

PRIME YIELD GUIDE SEPTEMBER 2021

SECTOR	Sep-20	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Change	Market Sentiment
High Street Retail										
Bond Street	2.75% +	2.75% +	2.75% +	2.75% +	2.75% +	2.75% +	2.75% +	2.75%	-	STABLE
Oxford Street	3.00% - 3.25%	3.25% - 3.50%	3.50% +	3.50% +	3.50% +	3.50% +	3.50% +	3.50% +		STABLE
Prime Shops (Oxford, Cambridge, Winchester)	6.25% - 6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		NEGATIVE
Regional Cities (Manchester, Birmingham)	6.25% - 6.50%	6.50% +	6.50% +	6.50% +	6.50% +	6.50% +	6.50% +	6.50% +		NEGATIVE
Good Secondary (Truro, Leamington Spa, Colchester etc)	8.25% +	8.25% - 8.50%	8.25% - 8.50%	8.25% - 8.50%	8.25% - 8.50%	8.25% - 8.50%	8.25% - 8.50%	8.25% - 8.50%		NEGATIVE
Secondary / Tertiary	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++	10.00% ++		NEGATIVE
Shopping Centres (sustainable income)										
Regional Scheme	7.00% +	8.00%	8.00%	8.50%	8.50%	8.50%	8.50%	8.50%		STABLE
Sub-Regional Scheme	8.25% +	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%		STABLE
Local Scheme (successful)	9.50% +	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
Local Scheme (challenged)	12.50% +	15.00% +	15.00% +	15.00% +	15.00% +	15.00% +	15.00% +	15.00% +		NEGATIVE
Neighbourhood Scheme (assumes <25% of income from supermarket)	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +	9.50% - 9.75% +		STABLE
Out of Town Retail										
Open A1 (essential retailers)	7.00% +	7.00% +	7.00%	7.00%	6.75%	6.25% - 6.50%	6.00%	6.00%		POSITIVE
Secondary Open A1 Parks	8.75%	8.75%	8.25% - 8.50%	8.00%	7.75%	7.50%	7.50%	7.50%	-	POSITIVE
Bulky Goods Parks	7.00%	7.00%	7.00%	6.75%	6.50%	6.25%	6.00%	6.00%		POSITIVE
Secondary Bulky Goods Parks	8.50% +	8.50% +	8.25% - 8.50%	8.00%	7.75%	7.50%	7.50%	7.50%	-	POSITIVE
Solus Open A1 (15 year income)	6.50%	6.25%	6.00%	6.00%	5.75% - 6.00%	5.75%	5.75%	5.50%	-0.25%	POSITIVE
Solus Bulky (15 year income)	6.75%	6.50%	6.25%	6.25%	6.00% - 6.25%	6.00%	5.75%	5.50%	-0.25%	POSITIVE
Leisure										
Prime Leisure Parks	6.50% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +	7.00% +		STABLE
Good Secondary Leisure Parks	7.50% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +		STABLE
Secondary / Tertiary Leisure Parks	9.50% +	10.00% +	10.00% +	10.00% +	10.00% +	10.00% +	10.00% +	10.00% +		STABLE
Specialist Sectors										
Car Showrooms (20 years with fixed uplifts & dealer covenant)	5.25% +	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		STABLE
Budget Hotels London (Fixed / RPI uplifts 20 year+ term, strong covenant)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		POSITIVE
Budget Hotels Regional (Fixed / RPI uplifts 20 year+ term, strong covenant)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		POSITIVE
Student Accommodation (Prime London - Direct Let)	4.00%	4.00%	4.00%	4.00%	4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75%	-	POSITIVE
Student Accommodation (Prime Regional - Direct Let)	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%		POSITIVE
Student Accommodation (Prime London - 25 year lease, Annual RPI)	3.50%	3.50%	3.50%	3.50%	3.50%	3.25%	3.25%	3.25%		POSITIVE
Student Accommodation (Prime Regional - 25 year lease, Annual RPI)	3.75%	3.75%	3.75%	3.75%	3.75%	3.50%	3.50%	3.50%		POSITIVE
Healthcare (Elderly Care, 30 yr term, indexed linked reviews)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%		POSITIVE
Foodstores										
Annual RPI increases [NIY]	4.25% -	3.75% -	3.50% - 3.75%	3.50%	3.50%	3.50%	3.50%	3.50%		POSITIVE
Open market reviews	4.75%	4.50%	4.50% -	4.50% -	4.50% -	4.25%	4.25%	4.25%		POSITIVE
Warehouse & Industrial Space										
Prime Distribution/Warehousing (20 year income [NIY] with fixed/indexed uplifts)	4.00% -	3.50% -	3.50% -	3.25%	3.25%	3.25%	3.25%	3.25%		POSITIVE
Prime Distribution/Warehousing (15 year income, OMRRs)	4.25%	4.00% -	4.00% -	4.00% -	4.00% -	4.00% -	4.00% -	3.75%	-0.25%	POSITIVE
Secondary Distribution (10 year income, OMRRs)	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		POSITIVE
SE Estate (exc London & Heathrow)	4.25%	4.00%	4.00%	4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%	3.50% - 3.75%	-0.25%	POSITIVE
Good Modern RoUK Estate	4.75% - 5.00%	4.50%	4.50%	4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		POSITIVE
Secondary Estates	6.25% +	5.75%	5.75%	5.75%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.00% - 5.25%	-0.25%	POSITIVE
Offices (Grade A)										
City Prime (Single let, 10 years)	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00%	4.00%	4.00%	4.00%	4.00%	-	POSITIVE
West End: Prime (Mayfair & St James's)	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50% - 3.75%	3.50%	3.50%	-	POSITIVE
West End: Non-core (Soho & Fitzrovia)	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		POSITIVE
Major Regional Cities (Single let, 15 years)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
Major Regional Cities (Multi-let, 5 year WAULT)	5.50%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%		POSITIVE
South East Towns (Single let, 15 years)	5.25%	5.25% +	5.25% +	5.25% +	5.25%	5.25%	5.25%	5.25%		POSITIVE
South East Towns (Multi-let, 5 year WAULT)	6.00%	6.25%	6.25%	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
South East Business Parks (Single let, 15 years)	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE
South East Business Parks (Multi-let, 5 year WAULT)	6.50%	6.75% +	6.75% +	6.75% +	6.75% +	6.75% +	6.75% +	6.75% +		NEGATIVE
Bonds & Rates										
Libor 3 mth (09/09/2021)	0.06%	0.08%	0.09%	0.08%	0.08%	0.08%	0.07%	0.06%		
Base rate (09/09/2021)	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%		
5 year swap rates (09/09/2021)	0.16%	0.64%	0.68%	0.73%	0.70%	0.72%	0.70%	0.75%		
10 yr gilts redemption yield (09/09/2021)	0.20%	0.75%	0.79%	0.92%	0.92%	0.72%	0.66%	0.73%		

This yield guide is for indicative purposes only and was prepared on 09 September 2021.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has and continues to impact many aspects of daily life and the global economy - with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. On 17 May 2021 the Material Valuation Uncertainty clause was lifted from assets valued with reference to trading potential; further to the decision on 9 September 2020 to remove the clause from all other UK real estate sectors. The uncertainty clause can still be used at the Valuer's discretion. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend keeping valuations under regular review.