





# Prime Yield Guide – August 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 27<sup>th</sup> August 2024.



Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.

SECTOR		AUG-23	MAR-24	APR-24	MAY-24	JUN-24	JUL-24	AUG-24	1 MONTH CHANGE	MARKET SENTIMENT	
	<b>Student Property</b>	Prime London - Direct Let	4.00% +	4.25%	4.25%	4.25%	4.25%	4.25%		STABLE	
		Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
		Prime London - 25 yr lease, Annual RPI	4.00%	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +		STABLE
		Prime Regional - 25 yr lease, Annual RPI	4.25%	4.50% +	4.50% +	4.50% +	4.50% +	4.50% +	4.50% +		STABLE
	<b>Co-Living</b>	Prime London	4.00% +	4.25%	4.25%	4.25% +	4.25% +	4.25% +	4.25% +	STABLE	
		Prime Regional	4.75%	5.00%	5.00%	5.00% +	5.00% +	5.00% +	5.00% +	STABLE	
	<b>Build to Rent</b>	Zone 1 London Prime	3.50% +	3.90%	3.90%	3.90% +	3.90% +	3.90% +	3.90% +	STABLE	
		Zone 2 London Prime	3.70%	4.00% +	4.00% +	4.00% +	4.00% +	4.00% +	4.00% +	STABLE	
		Zones 3-4 London Prime	3.80%	4.15% +	4.15% +	4.15% +	4.15% +	4.15% +	4.15% +	STABLE	
		Greater London Prime	4.00%	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	STABLE	
		South East Prime	4.00%	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	STABLE	
		Tier 1 Regional Cities	4.10%	4.50%	4.50%	4.50% +	4.50% +	4.50% +	4.50% +	STABLE	
		Tier 2 Regional Cities	4.25% - 4.50%	4.75% +	4.75% +	4.75% +	4.75% +	4.75% +	4.75% +	STABLE	
		South East – Single Family Housing	3.75% +	4.00% +	4.00% +	4.00% +	4.00% +	4.00% +	4.00% +	POSITIVE	
Regional – Single Family Housing	4.00% - 4.25%	4.50% +	4.50% +	4.50% +	4.50% +	4.50% +	4.50% +	POSITIVE			
	<b>Seniors Housing</b>	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	STABLE	

Your partners in property.

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## KEY RESEARCH

### UK Student Market Update

Q2 2024

Delivery of new PBSA beds remains subdued which has supported strong rental growth across the market.

Investment in the UK student build-out accelerated in Q2 2024, supported by a 1.5% increase in the annual quarter of 2024, the strongest quarter for investment since 2020. Investment interest rose strongly following the August 2023 implementation of the Graduate Pathway. Although the deal pipeline remains quiet, the market is expected to see an increase in the UK sector value proposition as approximately 400k new beds are expected to be completed in Q3 2024, which will support rental growth. The UK student market is expected to see a recovery in the next few months as the market returns to a more stable state.

Fig 1 UK PBSA investment volume

Fig 2 UK PBSA investment volume by sector

Fig 3 UK PBSA investment volume by region

### UK BTR market update

Q2 2024

Strong IPI for investment supported by ongoing investor demand for single family housing.

Investment volume in the UK BTR sector supported Q2 2024 in the second quarter of 2024, up 10% over the same period compared to Q1 2024. Investment volume remained strong despite the ongoing challenging market conditions which have prolonged deal times. The market continues to be supported by strong investor demand for single family housing. The average value of deals which have been closed in Q2 has been £147 million, down from £150 million in the same quarter last year. Investor demand is also reflected in the number of deals which have been closed in Q2.

Fig 4 UK BTR investment volume

Fig 5 UK BTR investment volume by sector

Fig 6 UK BTR investment volume by region

[CLICK TO DOWNLOAD PBSA](#)

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Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q2 2024

## KEY CONTACTS VALUATIONS / RESEARCH

We like questions. If you would like some property advice, or want more information about our research, we would love to hear from you.



**Kitty De Conto**

Partner – Valuation & Advisory – Build to Rent  
+44 20 7861 1652  
[Kitty\\_DeConto@knightfrank.com](mailto:Kitty_DeConto@knightfrank.com)



**David Shapland**

Partner – Valuation & Advisory - Head of Build to Rent  
+44 20 7861 5455  
[David.Shapland@KnightFrank.com](mailto:David.Shapland@KnightFrank.com)



**Neil Armstrong**

Partner – Valuation & Advisory - Head of Student  
+44 20 7861 5332  
[Neil.Armstrong@KnightFrank.com](mailto:Neil.Armstrong@KnightFrank.com)



**Sarah Jones**

Partner – Valuation & Advisory – Student Property  
+44 20 7861 1277  
[Sarah.Jones@KnightFrank.com](mailto:Sarah.Jones@KnightFrank.com)



**Peter Youngs**

Partner – Valuation & Advisory - Head of Seniors Housing  
+44 20 7861 1656  
[Peter.Youngs@KnightFrank.com](mailto:Peter.Youngs@KnightFrank.com)



**Oliver Knight**

Partner – Research - Head of Residential Development  
+44 20 7861 5134  
[Oliver.Knight@KnightFrank.com](mailto:Oliver.Knight@KnightFrank.com)

## Knights Frank V&A

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- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

## KEY CONTACTS CAPITAL ADVISORY



**Lisa Attenborough**

Partner – KFCA - Head of Capital Advisory  
+44 20 3909 6846  
[Lisa.Attenborough@KnightFrank.com](mailto:Lisa.Attenborough@KnightFrank.com)



**Emma Winning**

Partner – KFCA - Head of Equity Advisory  
+44 20 7861 1509  
[Emma.Winning@KnightFrank.com](mailto:Emma.Winning@KnightFrank.com)

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