

Prime Yield Guide – December 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 6th December 2023.



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		DEC-22	JUL-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	1 MONTH CHANGE	MARKET SENTIMENT	
	Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% +	4.00% - 4.25%	4.00% - 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%	4.00%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	+	NEGATIVE
		Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	+	NEGATIVE
	Co-Living	Prime London	4.00%	4.00% +	4.00% +	4.00% +	4.25%	4.25%	4.25%	STABLE	
		Prime Regional	4.75%	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	STABLE	
	Build to Rent	Zone 1 London Prime	3.25% +	3.50% +	3.60%	3.75%	3.75% +	3.90%	3.90%	STABLE	
		Zone 2 London Prime	3.25% - 3.50%	3.70%	3.80%	3.90%	4.00%	4.00% +	4.00% +	STABLE	
		Zones 3-4 London Prime	3.50% +	3.80%	3.90%	4.00%	4.00% +	4.15% +	4.15% +	STABLE	
		Greater London Prime	3.75%	4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	STABLE	
		South East Prime	3.75% - 4.00%	4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	STABLE	
		Tier 1 Regional Cities	4.00%	4.10%	4.20%	4.25%	4.35%	4.50% -	4.50%	+	STABLE
		Tier 2 Regional Cities	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	STABLE	
		South East – Single Family Housing	3.75% +	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	STABLE	
Regional – Single Family Housing	4.00% - 4.25%	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	STABLE			
	Seniors Housing	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

Q3 2023 Knight Frank

Fewer than 15,000 new purpose-built student beds will be added to capacity in the 2023/24 academic year, a 28% fall on the previous year's delivery and notably below the five-year average before the pandemic of nearly 24,000.

Development stalls
A sharp decline in a combination of a longer-term trend of fewer new schemes being brought to the market. Just 50 new developments will be completed in 2023/24, down from 100 in 2022/23. The number of new developments is also down from 100 in 2022/23. The volume of new developments is also down from 100 in 2022/23. The volume of new developments is also down from 100 in 2022/23.

Student numbers rising
The latest student population data from HEA shows that 440,000 full-time students are expected to enrol in 2023/24, up from 430,000 in 2022/23. This is a 2% increase on the previous year. The volume of new developments is also down from 100 in 2022/23.

The upside
Given the sharp decline in new developments, the market is expected to be more stable in 2023/24. The volume of new developments is also down from 100 in 2022/23.

UK BTR market update

Q3 2023 Knight Frank

Despite a challenging backdrop, investment in UK Build to Rent (BTR) has been robust in H1 2023, supported by an uptick in Single Family Housing (SFH) deals. Meanwhile, supply shortages continue to support strong rental growth.

Investment volumes reflect strength of interest in the sector
Investment into the UK Build to Rent market for BTR in the second quarter of 2023, along with the investment in the first quarter of 2023. The volume of new developments is also down from 100 in 2022/23.

Notable growth in single family housing deals
Knight Frank Housing (KFH) reported the first of investment in UK Build to Rent in H1 2023 in a deal in London. The volume of new developments is also down from 100 in 2022/23.

UK capital investment
UK investors have been the most active in terms of spend in the UK, accounting for 47% of total investment in the UK Build to Rent market between 2020 and 2022 of 45%. North American investors were the second most active at 21% of total investment in the UK Build to Rent market between 2020 and 2022 of 45%.

[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 Q3 2023

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.



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Knight Frank V&A

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- Infrastructure
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- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

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