

# Prime Yield Guide – June 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only  
and was prepared on 10<sup>th</sup> June 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		JUN-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24	JUN-24	1 MONTH CHANGE	MARKET SENTIMENT
	Student Property	Prime London - Direct Let	4.00%	4.25%	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
	Co-Living	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
	Build to Rent	Zone 1 London Prime	3.25% - 3.50%	3.90%	3.90%	3.90%	3.90%	3.90% +	3.90% +	STABLE
		Zone 2 London Prime	3.60% +	4.00% +	4.00% +	4.00% +	4.00% +	4.00% +	4.00% +	STABLE
		Zones 3-4 London Prime	3.70% +	4.15% +	4.15% +	4.15% +	4.15% +	4.15% +	4.15% +	STABLE
		Greater London Prime	3.85% - 4.00%	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	STABLE
		South East Prime	3.85% - 4.00%	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	4.25% +	STABLE
		Tier 1 Regional Cities	4.00% - 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		
	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

Q1 2024

Investment was robust in the first quarter of 2024. Activity will pick up further once interest rates start to come down and as cost inflation continues to ease, but politics and policy will be key this year.

**Key findings:**

- Investment in the private multi-tenanted accommodation (PMSA) sector started the first quarter of 2024, following a burst of investment at the end of the year. In total, it has completed a combined value of nearly £2B so far.
- Higher rates will continue to support the sector, but the impact of inflation on the cost of construction will be a key factor.
- The impact of inflation on the cost of construction will be a key factor.

**Key metrics:**

- Fig 1: PMSA investment volume (£m)
- Fig 2: PMSA investment volume (£m)
- Fig 3: PMSA investment by transaction type (£m)
- Fig 4: PMSA investment volume (£m)

### UK BTR market update

Q1 2024

Record first quarter for BTR investment

UK BTR investment in Q1 2024 was £1.1 billion, up 10% on the £1 billion invested in the first quarter of 2023. Investment was supported by the £1.2 billion of new planning permissions granted in Q1 2024. Funding investment rose up the investment life cycle, with a focus on the early stages of the project.

**Key findings:**

- Record first quarter for BTR investment
- UK BTR investment in Q1 2024 was £1.1 billion, up 10% on the £1 billion invested in the first quarter of 2023.
- Investment was supported by the £1.2 billion of new planning permissions granted in Q1 2024.

**Key metrics:**

- Fig 5: BTR investment volume (£m)
- Fig 6: BTR investment volume (£m)
- Fig 7: BTR investment volume (£m)
- Fig 8: London's the region's BTR investment volume (£m)

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[CLICK TO DOWNLOAD BTR](#)

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q1 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.



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## Knight Frank V&A

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

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