

Prime Yield Guide – May 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only
and was prepared on 21st May 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 | | MAY-23 | DEC-23 | JAN-24 | FEB-24 | MAR-24 | APR-24 | MAY-24 | 1 MONTH CHANGE | MARKET SENTIMENT | | |
|----------------------------------|------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|------------------|--------|----------|
| | Student Property | Prime London - Direct Let | 3.75% - 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 | |
| | 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% | 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% | 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% + | | STABLE | | |

Your partners in property.

Prime Yield Guide – May 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 21st May 2024.



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 transactions at the end of the year. In total, 20 deals completed with a combined value of nearly £200 million. While that figure may not substantially rise over the £200 million recorded in Q4 2023, it does show a healthy market with a combined value of nearly £200 million.
- Investment in the private multi-tenanted accommodation (PMSA) sector started the first quarter of 2024, following a burst of transactions at the end of the year. In total, 20 deals completed with a combined value of nearly £200 million.

Deal structure shifting

While investors continue to seek exposure to the market, the investment of other investors has increased on that front, particularly in the building market. Consequently, the market is becoming more competitive for prime assets, capital is still in relatively short supply. While building is still the primary driver in prime secondary market deals, the market is particularly open to alternative structures. Joint venture (JV) structures are proving more successful.

UK BTR market update

Q1 2024

Record first quarter for BTR investment

UK BTR investment in Q1 2024 was £1.1 billion in the first quarter of 2024, up 10% on the £1 billion recorded in the first quarter of 2023. Investment in the sector was supported by a combination of factors, including a strong pipeline of deals, a robust market, and a focus on high-quality assets.

Key findings:

- Investment in the private multi-tenanted accommodation (PMSA) sector started the first quarter of 2024, following a burst of transactions at the end of the year. In total, 20 deals completed with a combined value of nearly £200 million.
- Investment in the private multi-tenanted accommodation (PMSA) sector started the first quarter of 2024, following a burst of transactions at the end of the year. In total, 20 deals completed with a combined value of nearly £200 million.

[CLICK TO DOWNLOAD PBSA](#)

[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.



Kitty De Conto

Associate – Valuation & Advisory – Build to Rent
 +44 20 7861 1652
Kitty.DeConto@knightfrank.com



David Shapland

Partner – Valuation & Advisory - Head of Build to Rent
 +44 20 7861 5455
David.Shapland@KnightFrank.com



Neil Armstrong

Partner – Valuation & Advisory - Head of Student
 +44 20 7861 5332
Neil.Armstrong@KnightFrank.com



Sarah Jones

Partner – Valuation & Advisory – Student Property
 +44 20 7861 1277
Sarah.Jones@KnightFrank.com



Peter Youngs

Partner – Valuation & Advisory - Head of Seniors Housing
 +44 20 7861 1656
Peter.Youngs@KnightFrank.com



Oliver Knight

Partner – Research - Head of Residential Development
 +44 20 7861 5134
Oliver.Knight@KnightFrank.com

Knight Frank V&A

Did you know

In addition to valuing assets in the main property sectors and having award winning teams in the Healthcare, Student and Automotive sectors, Knight Frank also has expertise in :

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- 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



Emma Winning

Partner – KFCA - Head of Equity Advisory
 +44 20 7861 1509
Emma.Winning@KnightFrank.com

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2024. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

Knight Frank Research Reports are available at knightfrank.com/research