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SECTOR		SEP-25	MAY-26	JUN-26	JUL-26	AUG-26	SEP-26	CHANGE	SENTIMENT
High Street Retail (institutional lot sizes)	Bond Street	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%		STABLE
	Oxford Street	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		STABLE
	Prime Towns	6.50%	6.25%	6.25%	6.25%	6.25%	6.25%		STABLE
	Regional Cities	7.00%	6.75%	6.75%	6.75%	6.75%	6.75%		STABLE
	Good Secondary	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
Shopping Centres (sustainable income)	Regional Scheme	7.25% - 7.50%	7.25%	7.25%	7.25%	7.25%	7.25%		POSITIVE
	Sub-Regional Scheme	8.75 - 9.00%	8.50%	8.50%	8.50%	8.50%	8.50%		STABLE
	Local Scheme (successful)	9.75 - 10.00%	9.50%	9.50%	9.50%	9.50%	9.50%		STABLE
	Neighbourhood Scheme (assumes <25% of income from supermarket)	10.00% -	10.00% -	10.00% -	10.00% -	10.00% -	10.00% -		STABLE
Out of Town Retail	Open A1 Parks	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%		STABLE
	Good Secondary Open A1 Parks	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		POSITIVE
	Bulky Goods Parks	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		STABLE
	Good Secondary Bulky Goods Parks	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		POSITIVE
	Solus Open A1 (15 year income)	6.00% -	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
	Solus Bulky (15 year income)	6.00% -	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
Foodstores	Annual RPI Increases [NIY] (20 year income)	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
	Open Market Reviews (20 year lease, 5 yearly reviews)	5.75%	5.75%	5.50% - 5.75%	5.50% - 5.75%	5.50% - 5.75%	5.50%	-	POSITIVE
	Discounters (20 years, 5 yearly indexation)	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		POSITIVE
Leisure	Prime Leisure Parks	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%		NEGATIVE
	Good Secondary Leisure Parks	9.00%	9.00%	9.50%	9.50%	9.50%	9.50%		NEGATIVE

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Offices	City Prime (10 years)	5.25% - 5.50%	5.25%	5.25%	5.25%	5.25%	5.25%		STABLE
	West End: Prime Core (Mayfair & St James's)	4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%		STABLE
	West End: Non-core (Soho & Fitzrovia)	4.50 - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%		STABLE
	Major Regional Cities (10 years)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50% - 6.75%	+0.25%	STABLE
	Major Regional Cities (5 years)	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%		STABLE
	Secondary, Regional Cities	11.00% +	11.00% +	11.00% +	11.00% +	11.00% +	11.00% +		STABLE
	South East Towns (10 years)	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%		STABLE
	South East Towns (5 years)	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%		STABLE
	Secondary, South East Towns	11.50% +	11.50% +	11.50% +	11.50% +	11.50% +	11.50% +		STABLE
	South East Business Parks (10 years)	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +		STABLE
	South East Business Parks (5 years)	10.50% +	10.50% +	10.50% +	10.50% +	10.50% +	10.50% +		STABLE
Warehouse & Industrial	Prime Distribution / Warehousing (20 years [NIY], higher OMV/index)	5.00%	5.25%	5.25%	5.25%	5.25%	5.25%		STABLE
	Prime Distribution / Warehousing (15 years, OMRRs)	5.25%	5.25% +	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%		STABLE
	Secondary Distribution (10 years, OMRRs)	6.00%	6.00% - 6.25%	6.00% - 6.25%	6.00% - 6.25%	6.00% - 6.25%	6.00% - 6.50%	+0.25%	STABLE
	Greater London Estates	4.75%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	5.00%	+	STABLE
	South East Estates	5.00%	5.00% - 5.25%	5.25%	5.25%	5.25%	5.25%		STABLE
	Good Modern Rest of UK Estates	5.00% - 5.25%	5.00% - 5.25%	5.25%	5.25%	5.25%	5.25%		STABLE
	Good Secondary Estates	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		STABLE
Specialist Sectors	Car Showrooms (20 years with indexed uplifts & dealer covenant)	6.00%	6.25%	6.25%	6.25%	6.25%	6.25%		STABLE
	Budget Hotels London (20 years, 5 yearly indexed reviews)	4.50 - 4.75%	4.75%	4.75%	4.75% +	4.75% +	4.75%		STABLE
	Budget Hotels Regional (20 years, 5 yearly indexed reviews)	5.25% +	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%		STABLE
	Student Accommodation Prime London (25 years, Annual indexation)	4.00% +	4.00% - 4.25%	4.25% +	4.25% - 4.50%	4.25% - 4.50%	4.50% - 4.75%	+0.25%	NEGATIVE
	Student Accommodation Prime Regional (25 years, Annual indexation)	4.25% +	4.25% - 4.50%	4.50% +	4.50% - 4.75%	4.50% - 4.75%	5.00%	+0.25%	NEGATIVE
	Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.50%	4.50% +	4.50% +	4.75%	4.75%	4.75%		STABLE
	Healthcare (SPV credit, 30 years, Annual indexed reviews)	5.75%	5.75%	5.75%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%		STABLE
	Data Centres (Leased, 15 years, Annual indexation)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Life Sciences (15 years)	4.75%	4.75%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.25% +	+	STABLE
	Income Strips (50 years, Annual RPI / CPIH+1% RRs, Annuity Grade)	4.00% +	4.25%	4.25%	4.25%	4.25% +	4.25% - 4.50%	+0.25%	STABLE
	Ground Rents (125 years, Annual RPI / CPIH+1% RRs, <15% EBITDA cover, Vacant Possession cover <40%)	3.50% +	3.75%	3.75%	3.75%	3.75% +	3.75% - 4.00%	+0.25%	STABLE

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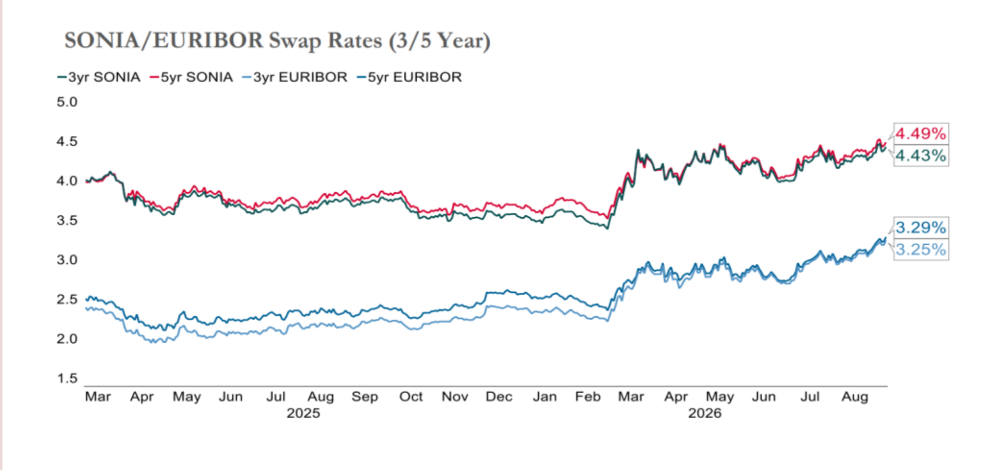
LEADING INDICATORS

Despite disruption, oil prices are still expected to normalise. Brent crude is higher again, reaching nearly $98 per barrel as renewed tensions and disruption to Middle East shipping routes fuel concerns over global supply. While prices are likely to remain volatile in the near term, Oxford Economics expects oil prices to ease as geopolitical tensions unwind, with Brent Crude falling from an average of around $85 p/b over the remainder of 2026 to $65 p/b by end-2027.

Global yields reset higher, bringing UK fiscal headroom into focus. Global bond yields have moved higher as a result of inflation, fiscal and policy uncertainty. In the UK, 10-year gilt yields have risen by +63bps YTD, compared with +200bps over the same period in 2022. Even so, borrowing costs are bringing the October Budget into focus, where the room for manoeuvre is likely to be constrained.

Lending recovers, but appetite remains selective. After a weak June, UK CRE lending rebounded to £1.53bn in July, returning to levels seen earlier in the year. Investment lending accounted for £1.47bn of activity, while development lending remained subdued. We expect lending activity to be resilient through H2, although higher gilt yields are likely to keep costs elevated and maintain selectivity.

DEBT MARKET – 08 September 2026



Source: Macrobond, ICAP

BONDS & RATES	SEP 2025	JUL 2026	AUG 2026	07 SEP 2026
Bank of England Base Rate	4.00%	3.75%	3.75%	3.75%
5-year SONIA Swap Rate	3.76%	4.08%	4.23%	4.49%
10-year Gilt Redemption Yield	4.64%	4.86%	4.99%	5.17%
10-year Indexed Gilt Yield	1.59%	1.75%	1.82%	1.82%

ESG

Solar, storage and the rise of "bring your own power"

Intelligence Lab

UK Logistics Market Dashboard

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KEY RESEARCH

UK Real Estate Navigator

The UK Real Estate Navigator outlines the key occupier and investment trends across the different sectors within commercial real estate.

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 :

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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

KEY CONTACTS

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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