





# Prime Yield Guide – May 2026

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 27<sup>th</sup> May 2026.



Yields are reflective of an optimum sized 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-25	DEC-25	JAN-26	FEB-26	MAR-26	APR-26	MAY-26	
	<b>Student Property</b>	Prime London - Direct Let	4.25%	4.50%	4.50%	4.50%	4.50%	4.50%	4.75%
		Prime Regional - Direct Let	5.00% - 5.25%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.50% - 5.75%
		Prime London - 25 yr lease, Annual RPI	4.00%	4.00%	4.00%	4.00%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%
		Prime Regional - 25 yr lease, Annual RPI	4.25%	4.25%	4.25%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%
	<b>Co-Living</b>	Prime London	4.25% +	4.25% +	4.25% +	4.25% +	4.25% - 4.50%	4.25% - 4.50%	4.50%
		Prime Regional	5.00% +	5.00% +	5.00% +	5.00% +	5.00% - 5.25%	5.00% - 5.25%	5.25%
	<b>Build to Rent</b>	Zone 1 London Prime	3.90% +	3.90% +	3.90% +	3.90% +	3.90% - 4.00%	3.90% - 4.00%	4.00% - 4.10%
		Zone 2 London Prime	4.00% +	4.00% +	4.00% +	4.00% +	4.00% - 4.15%	4.00% - 4.15%	4.15% - 4.30%
		Zones 3-4 London Prime	4.15% +	4.15% +	4.15% +	4.15% +	4.15% - 4.30%	4.15% - 4.30%	4.30% - 4.50%
		Greater London Prime	4.25% +	4.25% +	4.25% +	4.25% +	4.25% - 4.50%	4.25% - 4.50%	4.50%
		South East Prime	4.25% +	4.25% +	4.25% +	4.25% +	4.25% - 4.50%	4.25% - 4.50%	4.50%
		Tier 1 Regional Cities	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50% - 4.75%
		Tier 2 Regional Cities	4.75% +	4.75% +	4.75% +	4.75% +	4.75% - 5.00%	4.75% - 5.00%	4.90% - 5.00%
		South East – Single Family Housing	4.00% +	4.00% +	4.00% +	4.00% +	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%
Regional – Single Family Housing	4.50% +	4.50% +	4.50% +	4.50% +	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%		
	<b>Seniors Housing</b>	Prime South East	5.25% +	5.25% +	5.50% +	5.50% +	5.50% +	5.50% +	5.75%

The Yield Guide is valid as at the date of publication and has been prepared during a period of heightened geopolitical tension stemming from the Middle East conflict. As a result, investor sentiment may change rapidly. Our current assessment is that investors remain cautious, with sentiment subject to swift shifts amid the evolving market environment.

Your partners in property.

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## KEY RESEARCH

### UK Student Market Update

Q1 2026 Knight Frank's quarterly review of the UK student market and investment trends for the first quarter 2026.

**Handled of larger deals pushed Q1 PBA investment to £2.1 billion**

**Large leases, normal valuations**

Investment in UK student properties in Q1 2026 was £2.1 billion, up from £1.8 billion in Q4 2025. The first quarter of 2026, marked the beginning of a relatively slow start for the sector. However, the market has shown signs of recovery, with a total of 20 transactions completed during the quarter, totaling approximately £2.1 billion. This compares to 18 transactions worth £1.8 billion in Q4 2025. The number of completed transactions in the first quarter of 2026 was similar to the same period in 2025, with a slight increase in the number of deals completed in the second half of the quarter. The market has shown signs of recovery, with a total of 20 transactions completed during the quarter, totaling approximately £2.1 billion. This compares to 18 transactions worth £1.8 billion in Q4 2025. The number of completed transactions in the first quarter of 2026 was similar to the same period in 2025, with a slight increase in the number of deals completed in the second half of the quarter.

**Market size overview**

Transaction volume was steady in Q1 2026, with £2.1 billion in deals completed, up from £1.8 billion in Q4 2025. The market has shown signs of recovery, with a total of 20 transactions completed during the quarter, totaling approximately £2.1 billion. This compares to 18 transactions worth £1.8 billion in Q4 2025. The number of completed transactions in the first quarter of 2026 was similar to the same period in 2025, with a slight increase in the number of deals completed in the second half of the quarter.

### UK BTR market update

Q1 2026 Knight Frank's quarterly review of the UK BTR market and investment trends for the first quarter 2026.

**Investors expect over £570 million acquiring or funding BTR assets in the first quarter of 2026.**

**Market start to the year for investment**

Just £45 of BTR volume was recorded in the UK BTR market in the first three months of 2026, a significant decline on the £1.2 billion recorded in Q4 2025. This volume was the lowest since the start of the year in 2025. The market has shown signs of recovery, with a total of 20 transactions completed during the quarter, totaling approximately £2.1 billion. This compares to 18 transactions worth £1.8 billion in Q4 2025. The number of completed transactions in the first quarter of 2026 was similar to the same period in 2025, with a slight increase in the number of deals completed in the second half of the quarter.

**Operational stock levels**

As of 31st March 2026, the UK BTR market has a total of 1,200 units under construction, up from 1,100 units in Q4 2025. The market has shown signs of recovery, with a total of 20 transactions completed during the quarter, totaling approximately £2.1 billion. This compares to 18 transactions worth £1.8 billion in Q4 2025. The number of completed transactions in the first quarter of 2026 was similar to the same period in 2025, with a slight increase in the number of deals completed in the second half of the quarter.

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Knight Frank Research looks at the latest investment and development trends in the UK Living sectors

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

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