

Prime Yield Guide – August 2025

Knight Frank Intelligence

Based on rack rented properties and disregards bond type transactions

This yield guide is for indicative purposes only
and was prepared on 07 August 2025.



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	SECTOR		AUG-24	APR-25	MAY-25	JUN-25	JUL-25	AUG-25	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%		POSITIVE
		Oxford Street	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		POSITIVE
		Prime Towns	6.75%	6.50%	6.50%	6.50%	6.50%	6.50%		STABLE
		Regional Cities	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%		STABLE
		Good Secondary	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		STABLE
	Shopping Centres (sustainable income)	Regional Scheme	8.00%	7.50%	7.50%	7.50%	7.50%	7.25% - 7.50%	-	POSITIVE
		Sub-Regional Scheme	9.25%	9.00% -	9.00% -	9.00% -	8.75% - 9.00%	8.75% - 9.00%		POSITIVE
		Local Scheme (successful)	10.50%	10.00% -	10.00% -	10.00% -	9.75% - 10.00%	9.75% - 10.00%		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	5.75% -	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	7.00%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		STABLE
		Bulky Goods Parks	5.75% -	5.50%	5.50%	5.50%	5.50%	5.50%		STABLE
		Good Secondary Bulky Goods Parks	7.00%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%	6.50% - 6.75%		STABLE
		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)	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%		POSITIVE
		Open Market Reviews (20 year lease, 5 yearly reviews)	6.00%	5.75%	5.75%	5.75%	5.75%	5.75%		POSITIVE
		Discounters (20 years, 5 yearly indexation)	4.75%	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%		STABLE
		Good Secondary Leisure Parks	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%		STABLE

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LEADING INDICATORS

Markets see prolonged BoE easing cycle through 2026. The Bank of England has delivered its fifth quarter-point reduction, bringing the benchmark rate down from 4.25% to 4.00%. Swaps markets are still pricing in a roughly 75 per cent chance of a further quarter-point cut this year, compared with more than 90 per cent before the decision. The US Federal Reserve held rates steady last week.

The UK is expected to outperform European peers in latest economic projections. The IMF has updated its UK growth forecast, raising the 2025 outlook by +10bps to 1.2% and GDP growth of 1.4% in 2026. This forecasts the UK as the third fastest-growing economy in the G7, behind only the US and Canada. Notably, the UK is also expected to outpace all major European economies this year.

Logistics #1 in Q2 2025. In Q2 2025, the Logistics sector led with £3.5bn in investment. This was followed by Offices (£2.7bn), Retail (£2.2bn), the Living Sectors (£1.9bn) and Hotels (£0.5bn). Logistics (+71%), Retail (+24%), Offices (+6%) and the Living Sectors (+2%) were the only sectors to record an increase in investment QoQ - the uptick across key sectors could signal early signs of a broader recovery.

DEBT MARKET – 4 August 2025

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	AUG 2024	JUN 2025	JUL 2025	7 AUG 2025
Bank of England Base Rate	5.00%	4.25%	4.25%	4.00%
5-year SONIA Swap Rate	3.68%	3.83%	3.68%	3.67%
10-year Gilt Redemption Yield	3.99%	4.62%	4.55%	4.52%
10-year Indexed Gilt Yield	0.51%	1.43%	1.49%	1.44%

ESG



Key takeaways from the new UK Solar Roadmap

Intelligence Lab



Retail Investment Update

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KEY RESEARCH



The Scotland Report 2025

A cross-sector review of offices, manufacturing and retail real estate north of the border

Knight Frank V&A

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- Trading assets
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- 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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