

Prime Yield Guide – February 2026

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 04 February 2026.*

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SECTOR			JAN-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-26	CHANGE	SENTIMENT
	Offices	City Prime (10 years)	5.25% - 5.50%	5.25%	5.25%	5.25%	5.25%	5.25%		POSITIVE
		West End: Prime Core (Mayfair & St James's)	4.00%	4.00%	4.00%	4.00%	3.75% - 4.00%	3.75% - 4.00%		POSITIVE
		West End: Non-core (Soho & Fitzrovia)	4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%		POSITIVE
		Major Regional Cities (10 years)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%		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% +		NEGATIVE
		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% +		NEGATIVE
		South East Business Parks (10 years)	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +	8.00% +		NEGATIVE
		South East Business Parks (5 years)	10.50% +	10.50% +	10.50% +	10.50% +	10.50% +	10.50% +		NEGATIVE
	Warehouse & Industrial	Prime Distribution / Warehousing (20 years [NIY], higher OMV/index)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
		Prime Distribution / Warehousing (15 years, OMRRs)	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%		STABLE
		Secondary Distribution (10 years, OMRRs)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
		Greater London Estates	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
		South East Estates	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
		Good Modern Rest of UK Estates	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
		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%	6.00%	6.00%	6.00%	6.00%	6.00%		STABLE
		Budget Hotels London (20 years, 5 yearly indexed reviews)	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
		Budget Hotels Regional (20 years, 5 yearly indexed reviews)	5.00 - 5.25%	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE
		Student Accommodation Prime London (25 years, Annual indexation)	4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
		Student Accommodation Prime Regional (25 years, Annual indexation)	4.25%	4.25%	4.25% +	4.25% +	4.25% +	4.25% +		STABLE
		Healthcare (Not for Profit Operator, 30 years, Annual indexed reviews)	4.50%	4.50%	4.50%	4.50%	4.25% - 4.50%	4.25% - 4.50%		STABLE
		Healthcare (SPV credit, 30 years, Annual indexed reviews)	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%		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%	4.75%	4.75%	4.75%	4.75%		STABLE
		Income Strips (50 years, Annual RPI / CPIH+1% RRs, Annuity Grade)	4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00%		STABLE
		Ground Rents (125 years, Annual RPI / CPIH+1% RRs, <15% EBITDA cover, Vacant Possession cover <40%)	3.50%	3.50%	3.50% +	3.50% +	3.50% +	3.50%		STABLE

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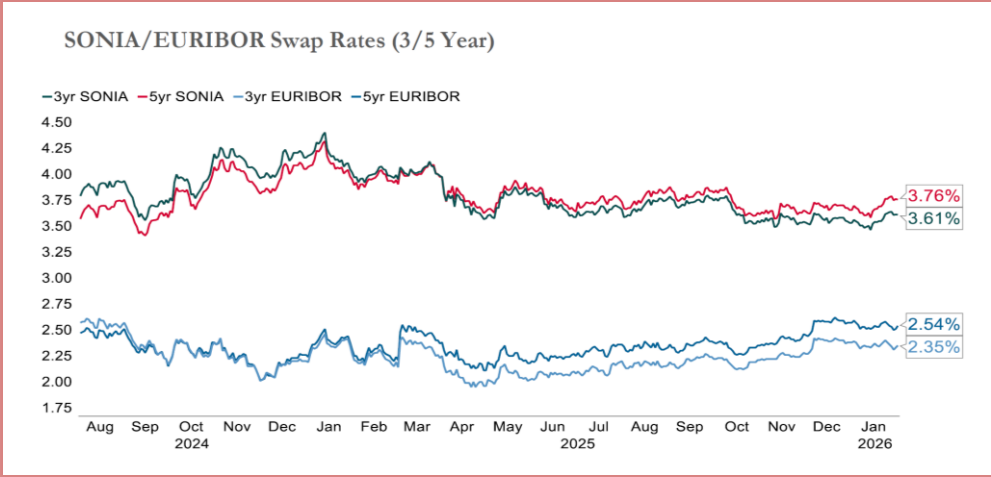
LEADING INDICATORS

The base rate is widely expected to remain unchanged at 3.75% on Thursday. With early signs of a cooling labour market alongside firmer domestic growth, money markets and economists widely expect the BoE to keep the base rate at 3.75% in February. Having already lowered rates from 5.25% since August 2024, the Monetary Policy Committee is likely to proceed cautiously with further reductions this year. Even so, economists anticipate two additional quarter-point cuts in 2026, to 3.25% by year-end.

Global capital favours the UK. In 2025 the UK established itself as the second largest destination for cross-border CRE investment, trailing only the US. Total investment into the UK reached £28.2bn last year, up +3% year-on-year. Looking ahead to 2026, our Active Capital survey identifies the UK as the leading global destination for capital, with 60% of respondents aiming to target the market.

UK CRE lending rebounds to post-pandemic high. Net lending to UK commercial real estate rose in December, reaching £2.47bn and lifting the three-month rolling total to £6.69bn - its highest level since May 2020.

DEBT MARKET – 26 January 2026



Source: Macrobond, ICAP

BONDS & RATES	FEB 2025	DEC 2025	JAN 2026	02 FEB 2026
Bank of England Base Rate	4.75%	4.00%	3.75%	3.75%
5-year SONIA Swap Rate	3.92%	3.62%	3.61%	3.76%
10-year Gilt Redemption Yield	4.51%	4.49%	4.44%	4.58%
10-year Indexed Gilt Yield	0.97%	1.49%	1.48%	1.48%

ESG



Connection reform update: a new pipeline announced

Intelligence Lab



Industrial and Logistics Outlook 2026: Looking ahead with cautious optimism

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KEY RESEARCH



London Offices Spotlight

A quarterly summary of the state of the London office market.

Knight Frank V&A

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- Income Strips
- Ground Rents
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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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