

Prime Yield Guide – January 2026

Knight Frank Intelligence

Based on rack rented properties and disregards bond type transactions

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and was prepared on 12 January 2026.



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	SECTOR		JAN-25	SEP-25	OCT-25	NOV-25	DEC-25	JAN-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%		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	7.50%	7.25% - 7.50%	7.25% - 7.50%	7.25% - 7.50%	7.25% - 7.50%	7.25% - 7.50%		POSITIVE
		Sub-Regional Scheme	9.00% -	8.75% - 9.00%	8.75% - 9.00%	8.50% - 9.00%	8.50% - 9.00%	8.50% - 9.00%		POSITIVE
		Local Scheme (successful)	10.00% -	9.75% - 10.00%	9.75% - 10.00%	9.50% - 10.00%	9.50% - 10.00%	9.50% - 10.00%		POSITIVE
		Neighbourhood Scheme (assumes <25% of income from supermarket)	10.00% -	10.00% -	10.00% -	10.00% -	10.00% -	10.00% -		POSITIVE
	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	6.75% - 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	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		STABLE
		Good Secondary Bulky Goods Parks	6.75% - 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)	4.75% - 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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 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)	4.75% -	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)	5.25% -	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE
	Student Accommodation Prime London (25 years, Annual indexation)	4.25%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Student Accommodation Prime Regional (25 years, Annual indexation)	4.50%	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% +		NEGATIVE
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% +		NEGATIVE	

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LEADING INDICATORS

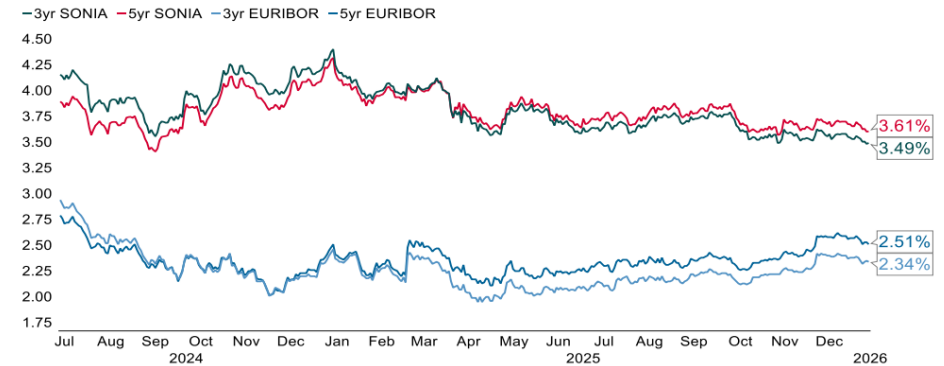
US Private Equity hits decade-high fundraising. US private equity is entering a new phase of deployment. In 2025, the top 10 funds captured 46% of all US fundraising, up from 35% in 2024 and above the 10-year average of 39%, marking the strongest level in over a decade. With US PE raising record capital, the potential for increased investment into UK commercial real estate could be significant.

Sovereign capital returns to UK CRE. As we move into 2026, lower oil prices could accelerate diversification by sovereign wealth funds (SWFs) into commercial real estate. For oil-rich nations, CRE offers liability matching, consistent returns, and portfolio stability. This trend is already visible - SWF investment into UK CRE rose to £1.83bn in 2025, a +161% year-on-year increase.

And UK Shopping Centres set to outperform... The latest IPF Consensus Forecast points to All Property total returns are projected at +8.4% in 2026, up from +7.1% in 2025. Between 2025-2029, Shopping Centres and Retail Warehouses are expected to be the best-performing sectors with a total return of +8.7% and +8.3% per annum, respectively.

DEBT MARKET – 24 November 2025

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	JAN 2025	NOV 2025	DEC 2025	12 JAN 2026
Bank of England Base Rate	4.75%	4.00%	4.00%	4.00%
5-year SONIA Swap Rate	4.30%	3.62%	3.62%	3.62%
10-year Gilt Redemption Yield	4.87%	4.47%	4.49%	4.49%
10-year Indexed Gilt Yield	1.26%	1.56%	1.49%	1.49%

ESG



More of the same? Sustainability & real estate for 2026

Intelligence Lab



What's in the Mix for '26?

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KEY RESEARCH



The Retail Note - Xmas 2025: so far, so decent

This Retail Note analyses the performance of the retail market over Christmas and tries to make sense of the usual mass of contradictions.

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

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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