

Prime Yield Guide – October 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 08 October 2025.*

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SECTOR			OCT-24	JUN-25	JUL-25	AUG-25	SEP-25	OCT-25	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%	4.00%	4.00%		POSITIVE
		West End: Non-core (Soho & Fitzrovia)	4.75%	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% - 5.50%	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% - 5.00%	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% -	5.00% - 5.25%	5.00% - 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)	4.75%	4.50%	4.50%	4.50%	4.50%	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)	3.75%	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%)	3.25%	3.50%	3.50%	3.50%	3.50% +	3.50% +		NEGATIVE

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LEADING INDICATORS

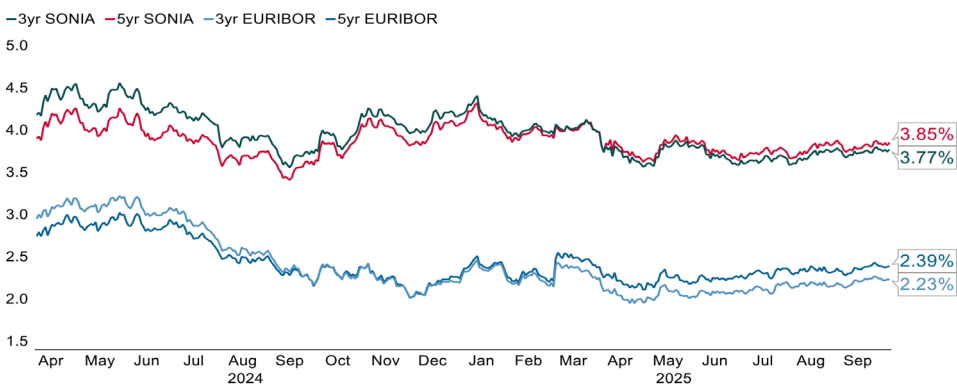
French yield rise narrows gap with UK gilts. The spread between UK and French 10-year yields may narrow in the near term. UK Gilts remain elevated at around 4.75%, while French government bonds have edged higher to roughly 3.59% amid political uncertainty. The UK’s relative political stability provides support for gilts, helping to stabilise spreads against a more uncertain European backdrop.

Refinancing and investment activity drive lending recovery. Net lending to UK commercial property rose in August, reaching the strongest monthly figure since May 2020. This lifted the 3-month total to £6.3bn, the highest level in 15 years, mostly seen against standing investments. Refinancing remains a key driver of activity, reflecting solid lender appetite and a supportive financing backdrop.

Softening PMIs reinforce the case for further policy easing? The UK services PMI fell to 50.8 in September, from 54.2 in the previous month. This easing in PMIs suggests softening demand, slower price growth, and cooling labour market dynamics. Markets currently expect the bank rate to hold until additional cuts in 2026.

DEBT MARKET – 6 October 2025

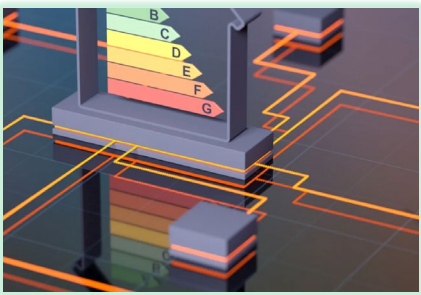
SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	OCT 2024	AUG 2025	SEP 2025	6 OCT 2025
Bank of England Base Rate	5.00%	4.00%	4.00%	4.00%
5-year SONIA Swap Rate	3.85%	3.67%	3.76%	3.85%
10-year Gilt Redemption Yield	4.24%	4.52%	4.64%	4.79%
10-year Indexed Gilt Yield	0.70%	1.44%	1.59%	1.70%

ESG



Unlocking value through EU

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Industrial Open Storage Report - 2025

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KEY RESEARCH



UK Logistics Market Dashboard

An overview of the UK investment and occupier markets as well as several key trackers we are currently following as we observe their impact on the industrial and logistics market.

Knight Frank V&A

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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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