

Prime Yield Guide – September 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 09 September 2025.*

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SECTOR			SEP-24	MAY-25	JUN-25	JUL-25	AUG-25	SEP-25	CHANGE	SENTIMENT
	Offices	City Prime (10 years)	5.25% - 5.50%	5.25% - 5.50%	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%	4.75% -	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)	5.50%	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	5.00% -	4.75%	4.75%	4.75%	4.75%	4.75%		STABLE
		South East Estates	5.25% -	5.00%	5.00%	5.00%	5.00%	5.00%		STABLE
		Good Modern Rest of UK Estates	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	6.75% - 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)	5.50%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 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

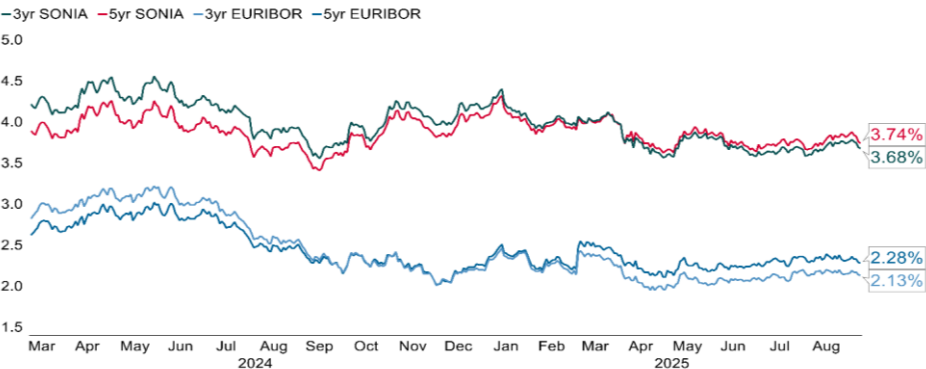
Global bond yields touch highs before easing slightly. Long-dated government bonds have moved higher across major markets, with UK 30-year gilts recently reaching 5.47%, the highest since the 1990s. While yields have pared back from their recent peaks, the adjustment highlights how global markets are repricing long-term rates amid persistent fiscal pressures and evolving policy expectations.

Resilient lending support H2 UK CRE outlook. UK CRE lending remained resilient in July at £1.8bn. The BoE’s Q2 Credit Conditions Survey shows banks have eased availability for the past 18 months, and the balance of lenders planning to improve availability over the next 3 months rose to 34.2%, the highest since 2007. With credit improving, lending should support investment.

Private equity patient in H1, as SWF’s increase activity . Cross-border sovereign wealth fund (SWF) investment into UK CRE surged +320% year-on-year in H1 2025, standing out against a quieter period for private equity. The scale of inflows highlights how long-term, less leveraged capital has been quicker to re-enter the market, while other groups remain more measured for now.

DEBT MARKET – 8 September 2025

SONIA/EURIBOR Swap Rates (3/5 Year)



Source: Macrobond, ICAP

BONDS & RATES	SEP 2024	JUL 2025	AUG 2025	9 SEP 2025
Bank of England Base Rate	5.00%	4.25%	4.00%	4.00%
5-year SONIA Swap Rate	3.59%	3.68%	3.67%	3.76%
10-year Gilt Redemption Yield	3.88%	4.55%	4.52%	4.64%
10-year Indexed Gilt Yield	0.52%	1.49%	1.44%	1.59%

ESG



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Intelligence Lab



UK Hotel Dashboard - H1 2025

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KEY RESEARCH



UK Real Estate Navigator

The UK Real Estate Navigator outlines the key occupier and investment trends across the different sectors within commercial real estate.

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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