

Values continue to rise with 2021 looking to be the strongest year since 2014.

▲ Focus remains on out of town retail with yields continuing to improve.
Retail

▶ High levels of demand and competitive bidding pushing prices to new levels..
Industrial

▼ Strong Central London and prime interest. More challenging secondary market.
Offices

	Dec 20 (%)	Mar 21 (%)	June 21 (%)	Sept 21 (%)	Nov 21 (%)	Trend
OFFICES						
West End	3.75	3.50	3.50	3.25	3.25	Stable
City of London	4.00	4.00	4.00	3.75	3.75	Stable
M25/South East	5.35	5.50	5.50	5.50	5.50	Weaker
Regional Cities	4.75	4.75	4.75	4.75	4.75	Weaker
Good Secondary	7.00	7.00	6.00	7.00	7.00	Weaker
Secondary	10.00	10.00	10.00	10.00	10.00	Weaker
INDUSTRIAL						
Prime Distribution	4.00	4.00	4.00	3.75	3.75	Stronger
Prime Estate (Greater London)	3.65	3.65	3.50	3.15	3.15	Stronger
Prime Estate (Ex Greater London)	4.25	4.25	4.25	3.85	3.85	Stronger
Good Secondary	5.25	5.25	5.25	5.00	5.00	Stronger
Secondary Estate	6.75	6.75	6.50	6.00	6.00	Stronger

	Dec 20 (%)	Mar 21 (%)	June 21 (%)	Sept 21 (%)	Nov 21 (%)	Trend
HIGHSTREET SHOPS						
Prime	6.50	6.50	6.50	6.50	6.50	Weaker
Good Secondary	8.50	8.50	8.50	8.50	8.50	Weaker
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	4.25	4.00	3.75	3.50	3.50	Stronger
SHOPPING CENTRES						
Prime	7.00	7.50	7.75	7.75	7.75	Weaker
Best Secondary	11.00	12.00	12.00	12.00	12.00	Weaker
Secondary	15.00	16.00	16.00	16.00	16.00	Weaker
RETAIL WAREHOUSE						
Park - Open A1 (inc fashion)	7.00	7.00	6.75	6.00	5.75 (6.00)	Stronger
Park - Prime - Bulky User	7.00	7.00	6.75	6.00	5.75 (6.00)	Stronger
Solus - Prime - Bulky User	6.50	6.50	6.00	5.25	5.00	Stronger
Park - Secondary	10.00	10.00	10.00	8.50	8.00 (8.50)	Stronger

Strong demand for all OPRE sub sectors with long income and good covenants.

▶ Pricing remains strong due to institutional demand and limited opportunities.
OPRE

▶ As the sector recovers, some sales possible before the end of the year.
Leisure

	Dec 20 (%)	Mar 21 (%)	June 21 (%)	Sept 21 (%)	Nov 21 (%)	Trend
HEALTHCARE						
Primary Care	4.00	4.00	4.00	3.75	3.75	Stronger
Care Homes Super Prime 1	3.75	3.75	3.75	3.75	3.75	Stable
Care Homes Prime 2	4.75	4.75	4.75	4.75	4.75	Stronger
Hospitals	4.50	4.50	4.50	4.50	4.50	Stable
LEISURE						
Prime Leisure Park	6.50	7.00	7.00	7.00	7.00	Stable
Prime Single Asset Leisure	5.50	5.50	5.25	5.25	5.25	Stronger
Good Secondary Single Asset	4.50	4.50	4.50	4.50	4.50	Stable
PUBS						
Prime London Corporate Pub	4.00	4.00	4.00	4.00	4.00	Stable
Prime Regional Corporate Pub	6.00	6.25	6.25	6.25	6.25	Stable

	Dec 20 (%)	Mar 21 (%)	June 21 (%)	Sept 21 (%)	Nov 21 (%)	Trend
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI lease	5.25	5.25	5.25	5.25	5.25	Stable
Petrol Filling Station Prime RPI lease	5.00	4.75	4.50	4.50	4.50	Stable
Car Park Prime RPI lease	4.75	4.75	4.75	4.75	4.75	Stable
FINANCIAL INDICATORS						
Base Rate	0.10	0.10	0.10	0.10	0.10	◀ ▶
5 Year Swaps	0.27	0.53	0.64	0.71	1.24 (0.73)	▲
10 Year Gilts	0.31	0.75	0.82	0.73	1.07 (1.01)	▲
RPI	1.30	1.40	2.90	3.80	4.90 (4.80)	▲
CPI	0.70	0.40	1.50	2.00	3.10 (3.20)	▼

Strong investor sentiment going into the final quarter of 2021

▲ Investment in both Regions & London remains strong, 5 deals in October, c.£530m committed.
Residential

▲ Continued investor demand for good quality assets across London and in strong regional cities,
Student

▶ Increased supply of hotel opportunities coming to the market.
Hotels

	Dec 20 (%)	Mar 21 (%)	June 21 (%)	Sept 21 (%)	Nov 21 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.25	3.25	3.25	3.25	3.25	Stable
London Zone 2 Good Secondary	3.65	3.65	3.65	3.65	3.65	Stronger
London Zone 2 Secondary	4.00	4.00	4.00	4.00	4.00	Stable
London Zone 3-6 Prime	3.50	3.50	3.50	3.50	3.50	Stronger
London Zone 3-6 Good Secondary	3.75	3.75	3.75	3.65	3.65	Stable
Outer London/ South East Prime	3.75	3.75	3.75	3.75	3.75	Stronger
Outer London/ South East Good Secondary	4.00	4.00	4.00	4.00	4.00	Stable
Regional Centres (excl. South East) Prime	4.25	4.25	4.25	4.00	4.00	Stable
Regional Centres (excl. South East) Secondary	4.75	4.75	4.75	4.75	4.50	Stable
Other Regional Centres Prime	4.50	4.50	4.50	4.40	4.40	Stable
Other Regional Centres Secondary	5.75	5.75	5.75	5.50	5.25	Stronger

	Dec 20 (%)	Mar 21 (%)	June 21 (%)	Sept 21 (%)	Nov 21 (%)	Trend
STUDENT ACCOMMODATION						
Central London Direct Let	3.90	3.90	3.90	3.75	3.75	Stronger
Super Prime Regional Direct Let	4.75	4.75	4.75	4.75	4.75	Stronger
Prime Regional Direct Let	5.25	5.25	5.25	5.25	5.15	Stronger
Secondary Regional Direct Let	8.00	8.00	8.00	8.00	8.00	Weaker
Central London RPI Lease	3.00	3.00	3.00	3.00	3.00	Stronger
Super Prime Regional RPI Lease	3.15	3.15	3.15	3.00	3.00	Stronger
Prime Regional RPI Lease	3.15	3.15	3.15	3.00	3.00	Stronger
Secondary Regional RPI Lease	4.25	4.25	4.25	4.00	4.00	Stable
HOTELS						
Prime London Vacant Possession	4.75	4.75	4.75	4.75	4.75	Stronger
Prime London Management Contract	5.75	5.75	5.75	5.75	5.75	Stable
Prime London Lease	3.85	3.85	3.85	3.75	3.75	Stable
Prime Regional Vacant Possession	7.25	7.25	7.25	7.25	7.25	Stable
Prime Regional Management Contract	8.00	8.00	8.00	8.00	8.00	Stronger
Prime Regional Lease	4.50	4.50	4.50	4.25	4.25	Stronger

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Notes and Definitions

Residential

Our residential yields refer to institutionally managed, private rented residential assets within the UK (build to rent).

- 1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to the previous month together with our own opinions and judgement.
- 2) Net yields account for operational costs and relevant purchaser's costs.
- 3) "prime" refers to assets located in close proximity to transport nodes, either brand new or with a high quality specification and level of amenity.
- 4) Zone 2 and Zones 3-6 refer to London travel zones system managed by transport for London.

Hotels

- 1) Vacant possession upscale, stabilised year cap rate
- 2) Management contract upscale, no guarantee or underwrite, operated by an internationally renowned brand
- 3) Prime London lease reflects Zone 1, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain
- 4) Prime regional lease reflects prime UK city locations, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain

Student accommodation

The net initial yield, which is growth implicit, rather than the equivalent yield, is the key driver in the purpose built student accommodation sector. Allowance for purchaser's costs is made in calculating the net initial yield. All the yields assume completed and stabilised properties and ignore any discount for forward funding. Yields assume a generic lot size of £25m and running costs which a hypothetical purchaser would assume.

- 1) Direct let a well located modern purpose built property of an operationally efficient scale with a strong letting track record and appropriate room mix.
- 2) Central London well located single asset in London zone 1.
- 3) Super prime regional towns and cities with restricted supply or restrictive planning policies.
- 4) Prime regional mature markets with healthy supply and demand ratio and generally more than one university. There is a spread of towns and cities from the prime level to our secondary benchmark.
- 5) Secondary regional towns and cities with perceived oversupply issues, new universities, secondary campus etc.
- 6) RPI lease well located, let to a strong university covenant, minimum of 25 years unexpired on FRI terms with annual RPI uplifts.