

UK PROPERTY INVESTMENT YIELDS | FEBRUARY 2013

KEY THEMES FOR THIS MONTH

- Positive news on UK jobs and service sector confidence in January suggests that a 'triple dip' recession may be avoided. FTSE 100 recorded its best January since 1989. Investor confidence in Eurozone improving but beware Spanish corruption scandal and political uncertainty in Italy.
- Traditional slow start in the UK property market with prime property pricing holding firm and Central London active.

	Mar-12	Jun-12	Sept-12	Dec-12	Feb-13	Trend
HIGH STREET SHOPS						
	%	%	%	%	%	
Central London	3.50	3.50	3.50	3.50	3.50	Stable
Prime	4.75	4.85	4.85	4.85	4.85	Weaker
Good Secondary	6.50	6.75	7.00	7.00	7.00	Weaker
Secondary	9.75	10.00	10.50	11.25	11.25	Weaker
SUPERMARKETS						
Prime	4.75	4.75	4.75	4.75	4.75	Stable
SHOPPING CENTRES						
Prime	5.50	5.50	5.50	5.50	5.50	Stable
Best Secondary	7.00	7.50	7.50	7.50	7.50	Stable
Secondary	9.00	9.50	9.50	9.50	9.50	Weaker
RETAIL WAREHOUSES						
Park - Open A1 (inc fashion)	5.00	5.25	5.25	5.25	5.25	Stable
Park - Prime - Bulky User	6.00	6.25	6.25	6.25	6.25	Stable
Solus - Prime - Bulky User	6.00	6.25	6.25	6.25	6.25	Stable
Park - Secondary	8.50	9.00	9.25	9.25	9.25	Weaker
LEISURE PARKS						
Prime	6.25	6.25	6.35	6.35	6.35	Weaker
OFFICES						
West End	4.00	4.00	4.00	4.00	4.00	Stable
City	5.00	5.00	5.00	5.00	4.75 (5.00)	Stable
M25/South East	6.00	6.00	6.00	6.00	6.00	Stable(Weaker)
Regional Cities	6.00	6.00	6.25	6.25	6.25	Weaker
Good Secondary	8.25	8.25	8.75	9.00	9.00	Weaker
Secondary	12.00	12.00	13.50	13.50	13.50	Weaker
INDUSTRIAL						
Prime Distribution	6.50	6.50	6.50	6.50	6.50	Stable
Prime Estate (GL ex HTW)	6.00	6.00	6.00	6.00	6.00	Stable
Prime Estate (Ex Greater London)	6.75	6.75	6.75	6.75	6.75	Stable
Good Secondary	8.00	8.25	8.50	8.50	8.50	Weaker
Secondary Estate	11.00	11.50	12.00	12.25	12.25	Weaker
FINANCIAL INDICATORS						
Base Rate	0.50	0.50	0.50	0.50	0.50	↔
5 Year Swaps	1.74	1.56	1.15	1.03	1.20 (1.03)	↑
10 Year Gilts	2.31	2.12	1.64	1.79	2.09 (1.84)	↑
RPI	5.40	3.90	3.50	3.20	3.10 (3.00)	↑
CPI	5.00	3.60	3.00	2.70	2.70	↔

NB Prime yields refer to the equivalent yield for a prime (well specified, well located and rack rented) property let to financially strong tenants, but not Govt, on a lease with 15 years unexpired (supermarkets 20 years) and open market rent reviews. Last month's figures in brackets if different.