

## UK prime high street yields harden for first time since November 2021 – Savills

3 years ago



According to Savills latest research, UK prime high street yields hardened to 6.25% last month, down from 6.5% in February, while prime retail warehouse (open A1 and restricted) yields fell from 5% to 4.75% over the same period.

This was the first compression in yields for UK high streets since November 2021, says the international real estate advisor.

James Gulliford, joint head of UK investment at Savills, comments: “Shopping centres, particularly those with a convenience and community focus, may join the yield hardening trend in the coming months in light of mounting investor appetite. Improving footfall, renewed occupier demand, the yield play against other sectors and potential repurposing angles have all culminated to boost investor interest across the wider retail property spectrum, albeit the focus remains very much on prime assets with robust fundamentals.”

At 42.1% below the five-year quarterly average, overall the number of commercial investment deals in Q1 2022 slowed significantly. In value terms, however, volumes were only 2.5% below the five-year average, says Savills.

Marie Hickey, director in Savills commercial research team, adds: “We suspect this slowdown in deal count was in response to the Omicron variant right at the start of the year and reluctant sellers, rather than reduced buyer appetite, as data for March points to improved activity. However, geopolitical tensions, inflationary pressures and their implications for the global economy will no doubt exert an influence on investor confidence in the short- to medium-term.

“At the same time, increasing passenger numbers at Heathrow Airport in recent months have had a

positive impact on hotel occupancy, which is now only 13% below equivalent 2019 levels. Headwinds continue but this does suggest the recovery in international visitors to London, and that of its hotel and West End retail markets, is becoming more entrenched.”

[Savills Market in Minutes April 2022](#)