

Long Income Index

Q2 2026

UK long income capital values fell by 0.4% in Q2 2026, with total returns driven by income return over the quarter.

Commentary

Following two quarters of value increases, UK long income capital values fell by 0.4% over Q2 2026, according to the CBRE UK Long Income Index. Total returns for the quarter were 1.0%, driven by income return at 1.4%.

Income Strips were the only long income segment to record a capital value increase over the quarter, with values rising by 0.6%. Sale & Leasebacks (-0.5%) and Ground Rents (-2.7%) both saw values fall in Q2. Ground Rent values particularly have come under pressure from higher gilt yield volatility. Capital performance across asset types impacted quarterly total returns, with Income Strips (2.1%) posting the highest total return in Q2, followed by Sale & Leasebacks (1.0%), and Ground Rents (-1.5%).

The long income net initial yield increased by 7bps throughout Q1 2026 to 5.3%, as capital values fell despite rental values increasing by 0.6%. The long income discount rate (Internal Rate of Return) also increased by 13bps over the quarter to 7.5%, as long-dated gilt yields remained elevated throughout the quarter.

All long income property, Q2 2026

1.0% _{QoQ}	1.4% _{QoQ}
Total Return	Income Return
-0.4% _{QoQ}	0.5% _{QoQ}
Capital Value Growth	Rental Value Growth
5.3% _{end-Jun}	7.5% _{end-Jun}
Net Initial Yield	Internal Rate of Return
20% _{by number}	1.42 _{Capital Value Ratio}
Over Rented	Vacant Possession Value

Source: CBRE Research, Q2 2026

Long Income Index

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Income Strips saw capital values increase in Q2 2026, while Sale & Leasebacks and Ground Rents posted value declines.

Sale & Leaseback, Q2 2026	Income Strip, Q2 2026	Ground Rent, Q2 2026
1.0% Total Return QoQ	2.1% Total Return QoQ	-1.5% Total Return QoQ
-0.5% Capital Growth QoQ	0.6% Capital Growth QoQ	-2.7% Capital Growth QoQ
5.4% Net Initial Yield end-Jun	5.3% Net Initial Yield end-Jun	4.9% Net Initial Yield end-Jun
7.0% Internal Rate of Return end-Jun	7.4% Internal Rate of Return end-Jun	8.6% Internal Rate of Return end-Jun

Source: CBRE Research, Q2 2026

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