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
Total Return

1.4% QoQ
Income Return

-0.4% QoQ
Capital Value Growth

0.5% QoQ
Rental Value Growth

5.3% end-Jun
Net Initial Yield

7.5% end-Jun
Internal Rate of Return

20% by number
Over Rented

1.42 Capital Value Ratio
Vacant Possession Value

Source: CBRE Research, Q2 2026

Long Income Index Q2 2026

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

Sale & Leaseback, Q2 2026

1.0% QoQ
Total Return

-0.5% QoQ
Capital Growth

5.4% end-Jun
Net Initial Yield

7.0% end-Jun
Internal Rate of Return

Income Strip, Q2 2026

2.1% QoQ
Total Return

0.6% QoQ
Capital Growth

5.3% end-Jun
Net Initial Yield

7.4% end-Jun
Internal Rate of Return

Ground Rent, Q2 2026

-1.5% QoQ
Total Return

-2.7% QoQ
Capital Growth

4.9% end-Jun
Net Initial Yield

8.6% end-Jun
Internal Rate of Return

Source: CBRE Research, Q2 2026

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