Bull & Bear

ST. BRIDE'S MANAGERS

Aphorisms & Alarm Bells

Headmaster: Come in, come in. Welcome back. I trust you enjoyed the summer holidays, and you are both refreshed and raring to go.



Bull: Oh, yes. Thank you, sir. I took the family up to the Scottish Highlands. The younger calves all voted for Ibiza, but Mrs Bull doesn't like the heat these days, so we opted for a converted croft house on the Ardnamurchan Peninsula. Nightlife was a bit quiet (save for the mosquitos) and there was no phone reception for the teenagers, but the fishing and the whisky were excellent. I had a great time.

Headmaster: Err…Right.

Bear: I think the headmaster is just being polite, Bull. I don't think he wants a full synopsis of your holiday.

Bull: Good point. I'll focus in. Best behaviour and all that.

Headmaster: So, I am hoping you've both had time to reflect on your end-of-academic-year reports. As I recall, there was some room for improvement. In all eight of the subjects.

Bear: Yes, sir. 'Audi omnes argumenti partes antequam ad conclusionem pervenias', if I remember correctly. 'Listen to all sides of the argument before reaching a conclusion.'

Headmaster: Very good, Bear. I'm glad our little conversation struck a chord.

Bull: [Under his breath] You shameless brown-noser, Bear. Have you spent the whole summer swotting up on Latin aphorisms?

Bear: [Under his breath] I am surprised you know what the word 'aphorisms' means, Bull. No, I am simply making sure this meeting doesn't end in another multi-vehicle pile-up. Just follow my lead and try not to upset him.

Bull: Got it.

Headmaster: Right. So, you both know why I have summoned you back. We need to set out St Bride's Managers house-view of the UK property market. The opportunities, the pitfalls, the likely performance. A state-of-the-nation address if you like.

Bull: Well, that's easy, sir. I can sum it up in one line. "Omnia bene erunt."

Headmaster: I beg your pardon?

Bull: "Everything's Gonna Be Alright", sir. You know. Bob Marley. 1977. The high point of the Jamaican reggae scene.

Bear: [Stifled] Oh, Christ.

Headmaster: I know who Bob Marley is, Bull. But reciting feel-good, reggae lyrics in Latin isn't going to impress me, nor the St Bride's readership for that matter. On what basis, if I may be so bold, is everything going to be alright?

Bull: Well, for starters, we have a fresh-faced, charismatic new Prime Minister, with a 'clear diagnosis' for what's gone wrong for the UK economy, and a plan to fix it.

The UK 10 year Gilt yield increased sharply at the start of September 2026, peaking at 5.29%



Source: Financial Times, All markets data

Bear: You wish! That's not what the bond markets have been telling us, Bull. UK borrowing costs have just hit their highest level since the 2008 financial crash. The markets are running scared because they don't believe Mr Burnham can contain public spending. He's only been in office since 20 July and the honeymoon bounce (if he ever had one) is already over.

Bull: You can't lay all the blame at the PM's door, Bear. Gilt yields have jumped because of a surge in oil and gas prices out of his control. Investors are concerned that the global economy is facing another bout of high inflation because of the continuing fall-out from the US-Iran conflict. That's a global macro-economic issue, not just a UK one.

Bear: True. But, as an energy importer, the UK is particularly vulnerable to higher oil and gas prices. Investors are demanding an extra premium for UK bonds compared with our peers, and that means the PM's fiscal headroom (and his fiscal credibility) is being squeezed. Some hefty tax rises are on the way in October. Mark my words.

Headmaster: Stop, stop. You are meant to be providing a consensus, house-view, not arguing over every point. You're almost as painful to listen to as those two Reform UK officials who've been accused of dodgy fundraising activity. And look what's happened to them. Out on their ear.

Bull: My apologies, Headmaster. Bear has always had rather a nervous disposition, which can make him sound overly pessimistic. We are just both relieved that we have a new PM firmly in situ and we have ended the revolving door of UK Prime Ministers. We all know that investors crave political certainty.

Bear: Speak for yourself, Bull. We still have no idea how the PM and his Chancellor intend to make good on their spending commitments and stick to the fiscal rules at the same time. Unless you wish to ignore the fact that government borrowing costs have just increased by £11bn.



Bull: I am not ignoring the financial markets nor the debt-burden, Bear. However, the UK has been weathering the impact of both the Ukraine and Iran-US conflict for an extended period. And our GDP is still growing. That's a testament to the UK's economic resilience.

Bear: Huh. We clearly have differing interpretations of what constitutes 'growth'.

Bull: Listen. I think we can both agree that at the macro-level the global and UK economies are facing some blustery conditions…

Bear: Severe, gale force headwinds…

Bull: But our esteemed headmaster is asking for our opinion on the UK property investment market. And conditions here are rather more Mediterranean.

Bear: What on earth does that mean?

Bull: It means they are hotting up, Bear. Prime yields have been substantially repriced over the last 3 years. That means higher income returns and, most important of all, better buying opportunities. It's time to get your wallet out.

Bear: You are as spendthrift as Andy Burnham and Co. Didn't you study the most recent CBRE Prime Yield guide? Regional office yields, trending weaker. Prime industrial yields, trending weaker. Student accommodation yields, trending weaker. Does that not ring any alarm bells with you?

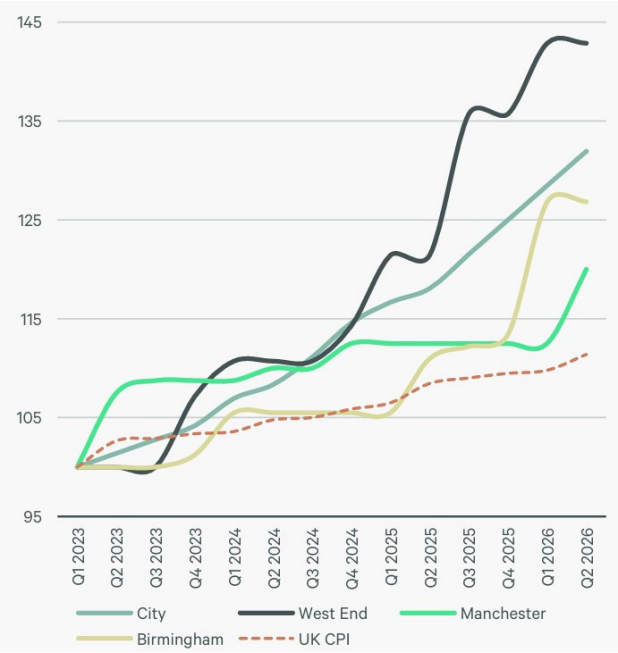
Headmaster: It rings alarm bells with me, Bear. I've got one of you telling the readers to 'get their wallets out' and the other one talking about softening yields and gale-force economic headwinds. You are as bad as my cohort of Year 9 teenage boys. Badly prepared and squabbling like would-be gangsters in a language I can't begin to understand. It's time to get a grip.

Bull: But I am very clear, Headmaster. The UK property market is attractively priced, and it's supported by resilient occupier fundamentals across most of the sectors. Just look at the inflation-busting, rental growth statistics in the (much-maligned) office sector. Prime rents in the City of London have now reached £100 psf, with trophy floors in the City's most prestigious towers achieving well in excess of that number. And prime rents in Mayfair and St James's are now more than £200 psf.

Bear: That's a masterclass in statistical cherry-picking, Bull. Prime London offices aren't representative of the UK property market as a whole. In fact, it's a serious misrepresentation!

Bull: But I am not just talking about London. Prime office rents in most UK regional cities also increased in H1 2026. Prime rents in Birmingham may not be into triple digits, but they have still reached £52.00.

Prime office rents v inflation, indexed (Q1 2023 = 100)



Source: CBRE Research

Bear: Again. 'Prime' is the operative word. We both know there is a massive dislocation in the performance of prime versus secondary office assets. Office leasing activity for prime assets has surprised on the upside, but the picture is nuanced. There is plenty of scope for things to go pear-shaped if you get your asset selection wrong.

Headmaster: I am not convinced I'll be buying anything on the back of this conversation. I was expecting a concise sector-by-sector overview of the market. You haven't covered any sectors at all! What about the residential market, the retail market, the ever-expanding market for alternatives? Are infrastructure investors going to actively target operational real estate, as the lines between property and infrastructure continue to blur?

Bull: Well….

Headmaster: Not now, Bull. You've wasted enough of my time this morning already. I'll see you both here again next Sunday. 9.30 a.m. sharp. And you are going to provide your agreed views and detailed recommendations on the UK Residential investment market. No ifs, no buts. And no more squabbling. Do I make myself clear?

Bull & Bear: Yes, sir. 100% clear.

Bull: [Under his breath] Istud omnino calamitosum fuit.

Bear: [Under his breath] What does that mean?

Bull: [Under his breath] That was a total &%$&% car crash.

Bear: No, it doesn't, you idiot. The Romans didn't have cars. Honestly, I despair.