

ECONOMICS



UK Commercial Property Monitor

Q1 2025



Market conditions remain generally subdued although faint signs of improvement are visible in some areas

- Office and industrial sectors see a marginal pick-up in occupier demand
- Investment enquiries series registers a small improvement amid stable credit conditions
- Prime office and industrial properties expected to deliver solid growth in rents and capital values over 2025, while many alternative CRE sectors display positive projections

The Q1 2025 RICS UK Commercial Property Monitor results remain symptomatic of a generally cautious mood across the market. Contributing to this, anecdotal evidence points to recent tax changes, domestic economic uncertainty and global trade tensions as factors weighing on occupier and investor decisions at present. Having said that, some elements of the latest feedback are slightly improved relative to last quarter, with one example being a marginal rise in the share of respondents that now feel the market has shifted into the nascent stages of an upturn (35% vs 33% beforehand).

Occupier conditions remain varied across sectors

Across the occupier market, the all-property tenant demand series posted a net balance of +1% in Q1. This was minimally changed from a figure of zero last time around and remains consistent with a flat headline picture. When disaggregated, both the office and industrial sectors saw a small uplift in tenant demand, returning net balances of +6% and +9% respectively (both of which mark a minor improvement compared to last quarter). Conversely, occupier demand reportedly fell across the retail sector according to a net balance reading of -13%. Alongside this, space available to lease rose across all mainstream sectors over the quarter, albeit this pick-up was more prominent for retail and only modest for industrials.

With respect to the outlook for rents, respondents' twelve-month projections stand at 2.2% for prime industrials and 2.1% for prime offices (with the latter seeing a small upgrade compared to the Q4 feedback). For prime retail meanwhile, respondents now envisage a flat to marginally negative trend in rents over the year ahead. On the same basis, secondary industrial rents are seen moving marginally higher although expectations have been trimmed slightly in each of the past three quarters. At the weaker end of the scale, secondary office and retail rents are expected to fall by a respective 2.6% and 3.2% over the year to come. Looking at some alternative sectors, data centres (+4%) multifamily residential (+2.7%), life sciences (+2.4%) and aged care facilities (+2.2%) all exhibit comfortably positive twelve-month point forecasts for rental prices.

Zooming in on different parts of the UK, the Central London prime office market is anticipated to continue to see stronger rental growth compared to all other parts of the country, with expectations pointing to a

near 5% increase over the year ahead. Alongside this, Northern Ireland and Scotland both produced the most upbeat assessment of rental growth prospects for prime industrial space relative to all other parts of the UK. For prime retail, Scotland and the North East of England are the only markets in which meaningful rental growth is expected.

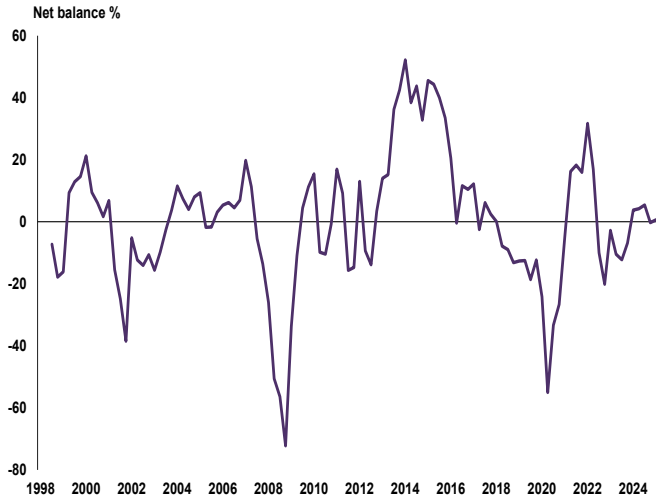
Faint signs of improvement in investor demand across some sectors

Switching focus to the investment market now, the headline investor demand series saw a small improvement in Q1, evidenced by a rise in the net balance to +4% from -4% in the previous iteration of the survey. Nevertheless, the latest reading is still indicative of a somewhat flat trend. Beneath the headline averages, industrial investment enquiries rose according to a net balance of +18% of contributors (up from +8% last time). Parallel to this, the net balance reading for office investment enquiries recovered to +1% following a negative figure of -11% beforehand. Conversely, the Q1 reading of -11% for retail signals continued weakness in investor demand across the sector. Looking specifically at overseas investment demand, both the industrial and office sectors experienced a slight pick-up in international enquiries this quarter.

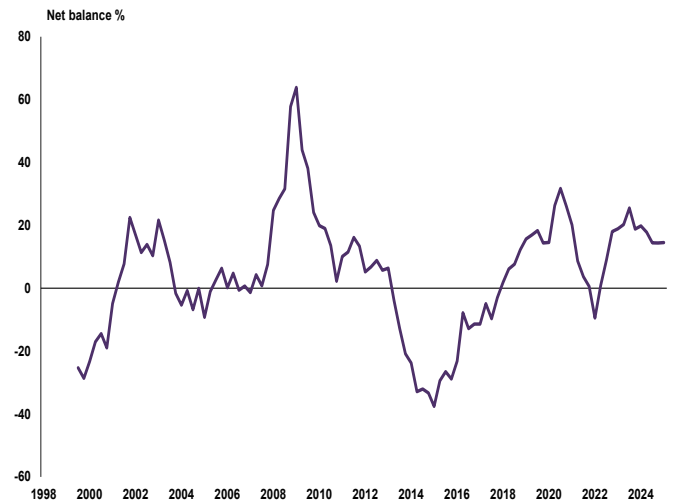
Regarding capital value growth prospects over the next twelve months, prime industrial and prime office assets are envisaged postings gains of close to 2%. Meanwhile, respondents foresee a generally flat outlook for prime retail values. Across secondary markets, industrial values are seen holding broadly steady over the year to come, while falls in the region to 2.5% are expected for secondary office and retail properties. By way of contrast, most alternative sectors tracked in the survey are expected to see some uplift in capital values. At the front of the pack, data centre valuations are projected to rise by close to 4% (albeit this is slightly more moderate than 5% annual growth expectations put forward last quarter). For multifamily residential, life sciences, student housing and aged care, respondents are pencilling capital value growth of between 1.5-2.5% for the coming year. Lagging this group however, leisure values are expected to come under slight downward pressure in the year ahead.

Commercial property all-sector average charts

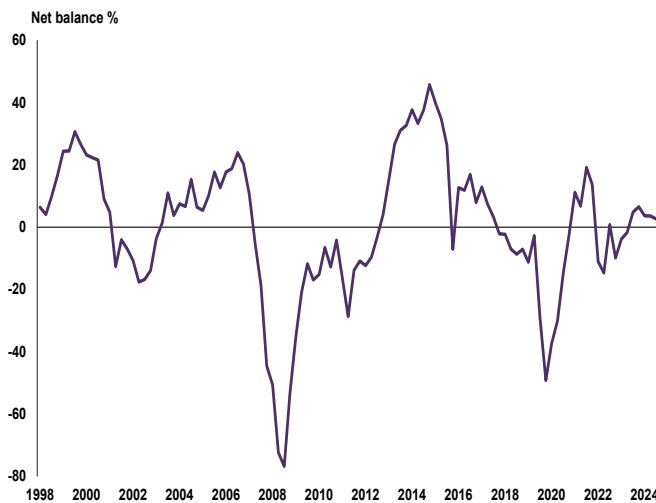
Occupier demand



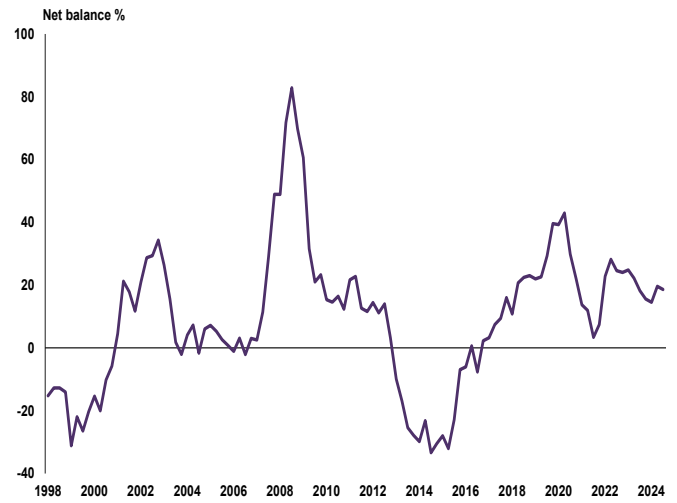
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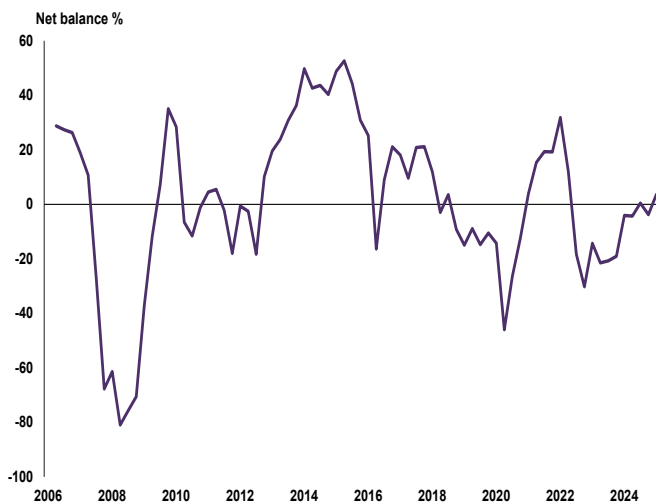
Rent expectations



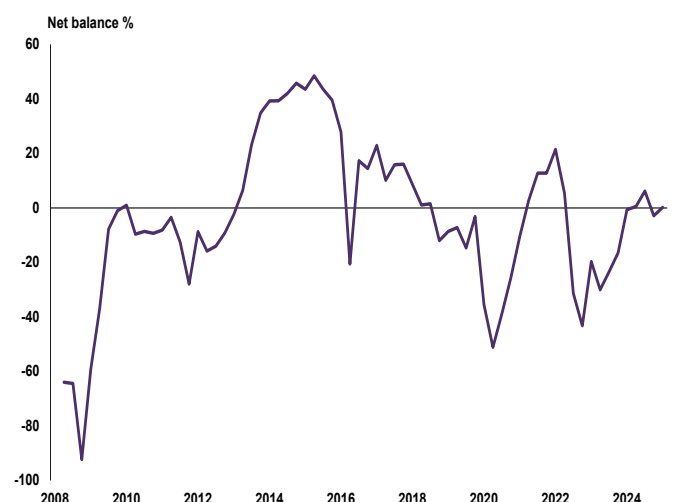
Inducements



Investment enquiries

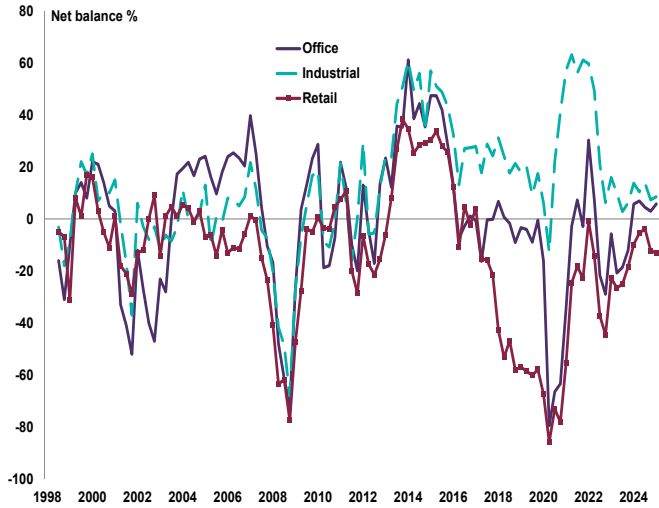


Capital value expectations

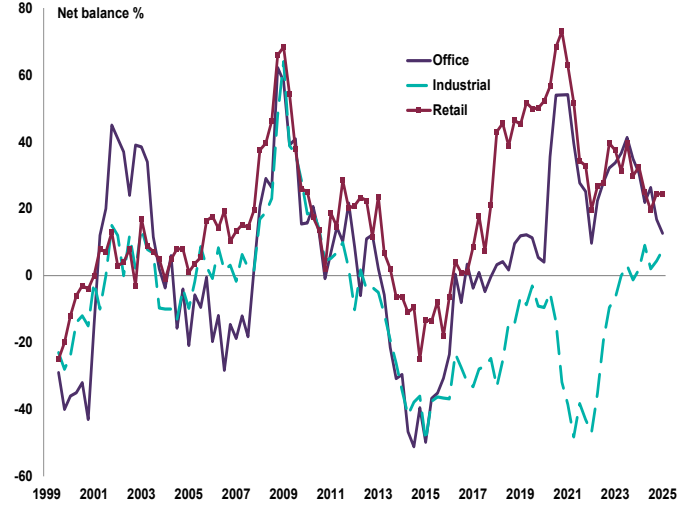


Commercial property - sector breakdown charts

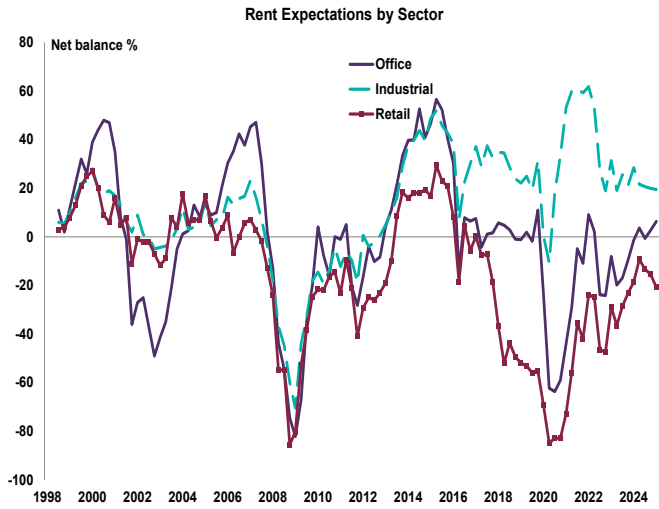
Occupier demand



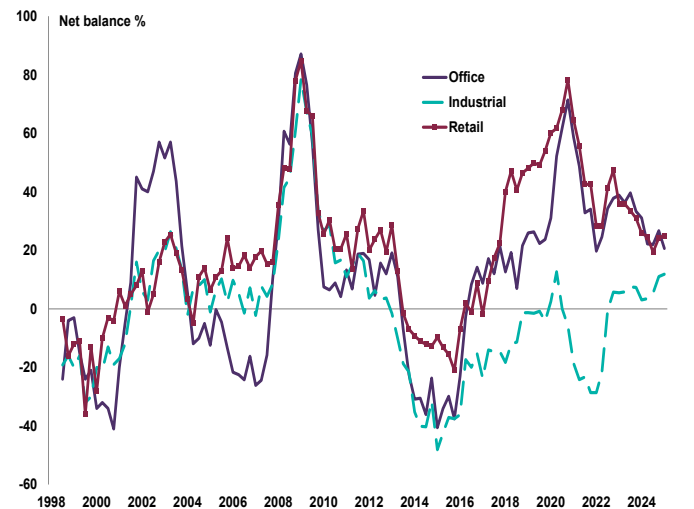
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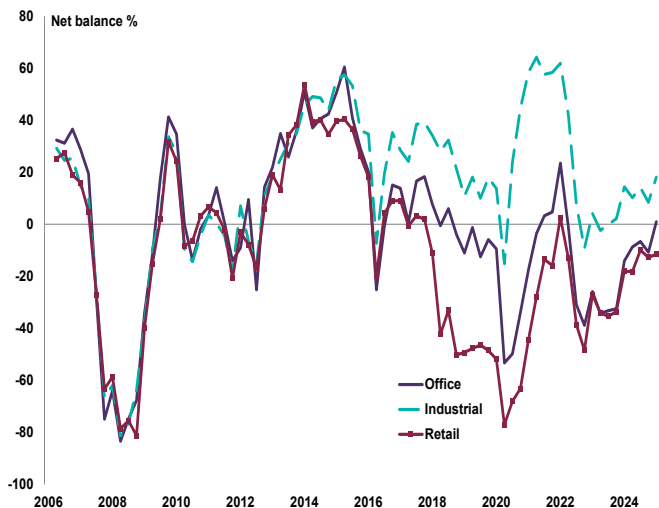
Rent expectations



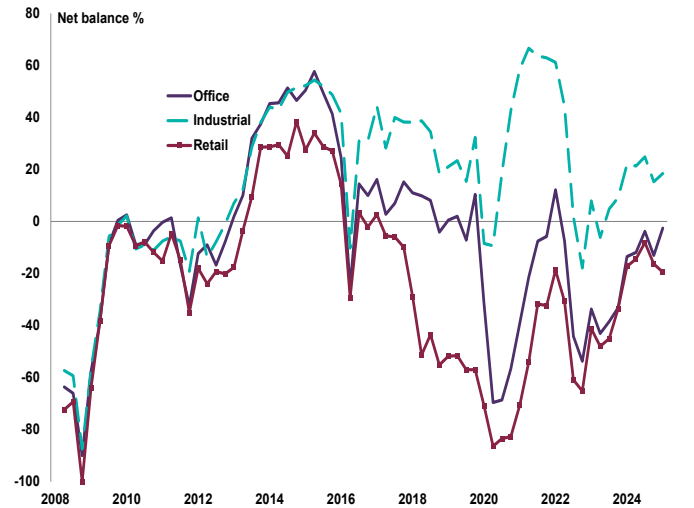
Inducements



Investment enquiries



Capital value expectations



Commercial property - additional charts

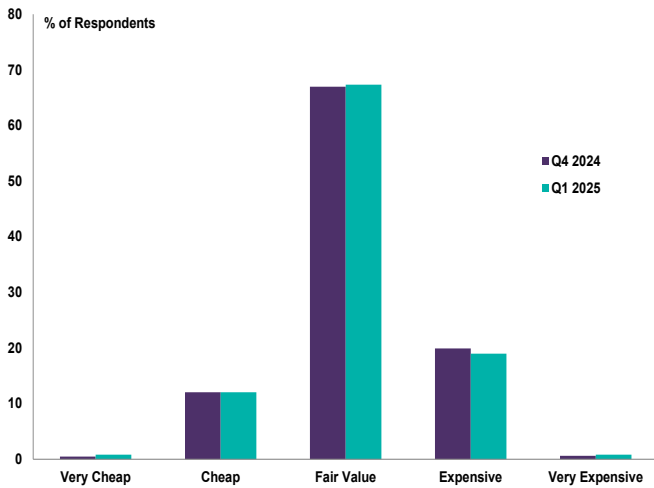
12-month capital value expectations



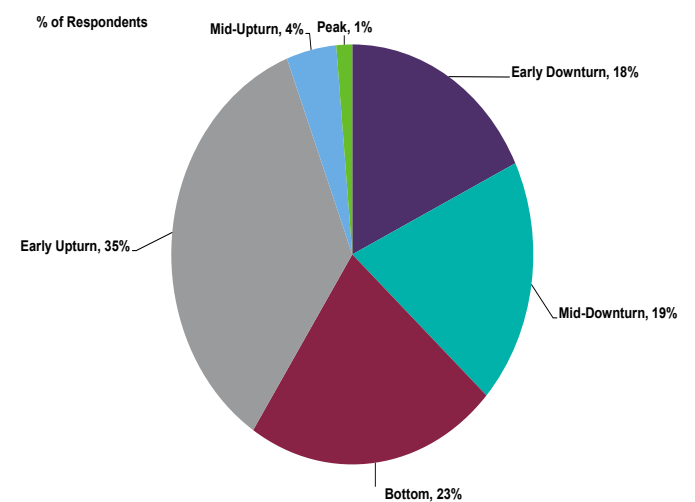
12-month rent expectations



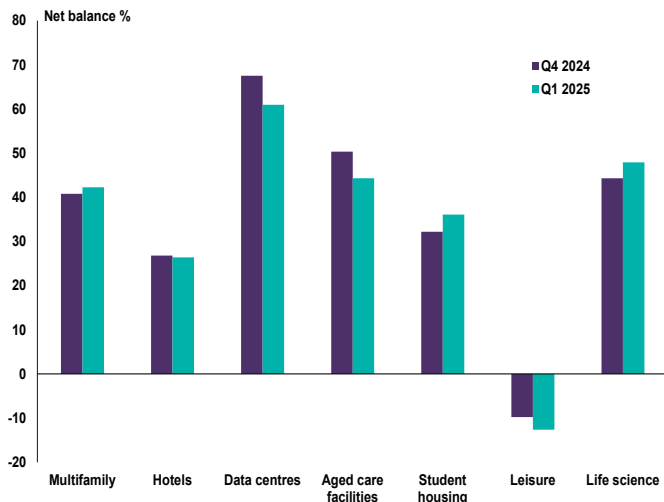
Market valuations



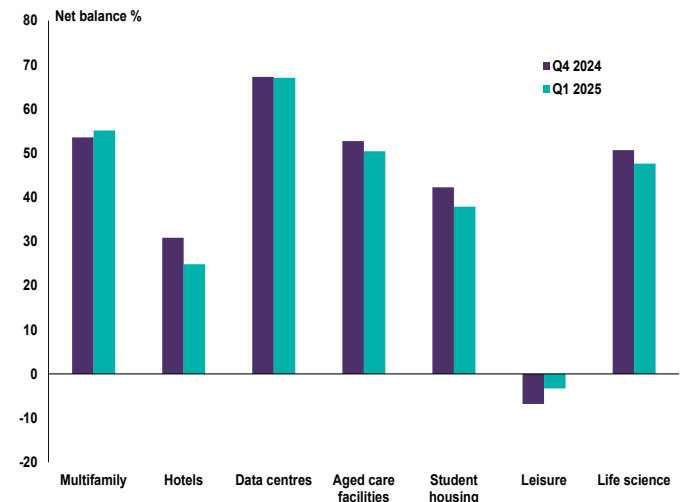
Property cycle



12-month capital value expectations alternatives



12-month Rental expectations alternatives



Chartered surveyor comments

East Midlands

Brendan Bruder, Northampton, Abbeyross Chartered Surveyors, brendan.bruder@gmail.com - Investors are there but with such significant distress in many occupier markets, caution is the watch-word. The impossibly broken rating regime, local authority crises and funding reticence all make potential early stages improvement a little more distant.

David Smith, Northampton, Drake and Partners LLP, dsmith@drakeandpartners.co.uk - Demand remains reasonable but we are seeing a steady increase in supply of small and mid box industrial/warehouse units through stock recycling rather than new development.

Ian Mcrae, Northampton, Chadwick McRae, icm@cmcre.co.uk - The increased employer costs of employee taxes are making warehouse automation a necessity. The increased cost of warehouse fitouts are making some developers retrofit lighting, frost protection and sprinklers to their warehouses that aren't letting. Capex is a major issue.

Eastern

Jeff Fuller, Norwich, OA Chapman & Son Ltd, jeffdfuller@hotmail.com - A good deal of economic uncertainty at present.

Jonathan Lloyd, Bury St Edmunds, Hazells, jonathan@hazells.co.uk - After all of the uncertainties in 2024 we were expecting a resurgence of demand and activity in the New Year. Sadly this turned out to be spluttering at best and the market is currently drifting without a great deal of emphasis for growth in any particular area. Home working should be dropped particularly by the public sector/quangos, to improve productivity/efficiency, train the next generation and improve localised economies.

Kevin Taylor, Norwich, kevin taylor associates, kevin.taylor@outlook.com - A difficult market with some towns more affected than others.

Martin Blackwell, Peterborough, Blackwell Consulting Limited, mcb@blackwellconsulting.com - The market picture between sectors is very mixed; office deals are happening out of centre, there is a need for better space with parking in the city centre; modern industrial and trade counters have continued to be sought after; leisure orientated retail is showing early signs of tentative improvement, although National Insurance changes are a definite worry to occupier clients. The back drop of business rates liabilities is deterring investment and upgrade projects.

Tom Nichols, Cambridge, 6879585, tom@everardcole.co.uk - Impact of Autumn budget yet to be felt but everyone bracing themselves for tougher business and trading conditions and decisions being postponed as a result.

London

Adrian Macarty, London, Buckland Securities Ltd, admssltd@gmail.com - Slow.

Alex Wilson, London, alexjwilson@gmail.com - In discussions with other Property Professionals and business owners, the general feeling is one of concern for the UK economy for the next few years.

Chris Adams, London, CBGA Limited, cadams@cbgaltd.com - Valuations are still above market value and there is diminishing confidence in the accuracy thereof.

Chris Jago, London, Houston Lawrence, chris.jago@houstonlawrence.co.uk - Slightly more positive level of enquiries coming in. More buyers entering the market. Still a long way to go before we see recovery of fringe office markets.

Christopher Ames, Mrics, London, Ames Belgravia, ca@amesbelgravia.co.uk - The market is still suffering from world uncertainty /USA tariffs. Office occupation still affected by too many working from home.

Duncan Locke, London, McWhirter Locke Ltd, duncan@mcwhirterlocke.com - Concern that the various tax rises, minimum wage, lowered national insurance threshold, loss of rates could seriously damage the pub trade, closure of public houses working on fine margins and perhaps restaurants as well.

Felix Fiennes, London, Triptych London, ff@triptych.london - Institutions wish to sell but cannot, due to artificially high valuations. At the same time the perception with foreign investors is that there is distress in the market and office change of use to residential / hotel is the way forward. The lack of active distress in quality assets means that this may lead to saturation in the change of use market.

Graham Chase, London, Chase Sinclair Clark, grahamfchase@btinternet.com - Uncertainty increased with implementation of USA tariffs.

Gregory Stalcup, London, Levy Real Estate, greg.stalcup@levyrealstate.co.uk - Business rates remain one of the biggest hurdles / considerations for retailers, leisure operators and restaurateurs. At the last revaluation they did not fall as much as expected and certainly didn't align with rents as at the antecedent date.

Javier Lauret, London, Hurford Salvi Carr, javier.lauret@h-s-c.co.uk - Some small and medium companies are moving out of serviced offices and becoming more active leasing secondary office space.

Jeremy Grey, London, James Andrew International, jhg@jamesandrew.co.uk - Grade A offices with good ESG credentials continue to attract both tenant and investor interest. Everything else is challenging due to MEES uncertainty and construction costs. Banks are likely to apply more pressure on borrowers who have LTV issues in the next 12 months.

John Macdonald, London, William Nash Properties Ltd, john@williamnash.co.uk - Various sectors of the market are being materially affected by Government policies, some to their benefit eg residential development but most others to their disadvantage by business rates, the impending increase in national insurance and changes to employment law.

Mac Lal, London, macneel, maclal66@gmail.com - Bottom of cycle for some time.

Malcolm Brackley, London, Farebrother, mbrackley@farebrother.com - The gap between the best and the poorest offices in Central London is now the widest we have seen, the key is getting buildings to move up the quality grading levels, so owners can benefit from the higher rents by investing in their real estate.

Martin Crossley, London, MC Retail Consulting Ltd, mc@mcretail.co.uk - Fragile confidence returning to all markets, will be improved by general economic stability and interest rate cuts.

Nicholas George Mager, London, Morgan Management Limited, nmager@morganman.com - Construction costs and planning delays more of a brake on growth than economic and fiscal considerations.

Nick Sewell, London, Urbn Partners, nick@urbn-partners.com - Early recovery, but possibly weakening with macro uncertainty although base rate reduction will counter.

Nigel Harrison, London, harrison leggett, nh@harrisonleggett.co.uk - Demand for Central London offices continues to be focused on Grade A stock showing continued take up and increasingly high rents. Secondary offices show very limited demand or letting activity. Flexi options continue to enter the market providing even more availability and may be reaching a peak of supply. Current Government policies creating uncertainty and negativity in the economy generally has impacted demand from occupiers.

Oliver Cully, London, Scallywag Entertainments, ocully@scallywagentertainments.com - The leisure and entertainment sector is extremely active right now with many tenants chasing the same spaces, particularly in London. This is driving rental growth and reducing landlord incentives.

Russell Francis, London, Colliers International, russell.francis@colliers.com - Uncertain times with the impact of political and economic upheaval in the USA and an anti growth chancellor in the UK countering the general benefits of lower global interest rates.

S P Dempsey, London, Boulton LDN Capital Limited, sean@boultonldn.co.uk - The market for good quality offices and retail has certainly improved over the last quarter and the range of funding options has begun to improve. However, tenants remain extremely cautious and fickle. Void and incentive periods appear to be improving but demand remains thin.

Stephen English, London, HBC Real Estate, stephen@hbcrealestate.co.uk - It is pleasing to see a return back to the office occurring and there is certainly a head of steam building. We suspect that this trend will continue and the pace of return will increase over the coming months.

Thomas David Whirlidge, London, David Whirlidge, david@whirlidge.com - Still very little movement. Finance also very tricky to obtain. Uncertain times.

Tim Edghill, London, Space Developments, tedghill@spacedevelopments.org.uk - Whilst business conditions remains challenging, there are tentative signs of forward movement and some greater optimism amongst investors. However, the full impact of budget changes is yet to be felt and occupiers remain under significant pressure.

Tristram Frost, London And Western Europe, Atlas Property Advisors Limited, twtfrost@googlemail.com - Still overall a mismatch between many sellers and buyers expectations.

William Nicol-Gent, London, Killochan & Co, louanna@blueyonder.co.uk - Increased movement (20 MPH) restrictions are proving near fatal in creating congestion & delaying access inc for repairs to a state where most traditional occupiers are questioning viability even on Retail Parks, hence on-line purchasing continues to grow & general social cohesion is damaged, with consequent effect on value.

North East

Barry Nelson, Newcastle Upon Tyne, Northern Trust Company Ltd, BarryNelson@northerntrust.co.uk - Within the North East, the occupancy levels of multi-let industrials remains high and demand consistent but there are signs of more lease termination events. The overall effects of stubborn energy costs inflation, Rateable Value increases, National Insurance increases are affecting small businesses and their decision making regarding property occupation.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - The market remains uneasy, following the Budget and pending the announcements in the Spring Statement. Transactions are still happening with some sectors more active than others. The lack of quality stock and the slow to turn on pipeline will uphold values for a while as there is still a strong demand for quality kit. General economic uncertainty arising from the unpredictability of US economic and international policy will continue to have a much wider impact globally.

David Jackson, Middlesbrough, Jackson & Partners, david@jackson-partners.co.uk - There is a continued shortage of premises for owner occupiers and this is the area where there is potential for most growth.

Keith Pattinson, Newcastle-Upon-Tyne, Keith Pattinson Ltd, keith.pattinson@pattinson.co.uk - Cost of occupancy rises with council tax, utilities, wages etc. leave many businesses losing money/closing. Rents will fall long term with reduced demand. Changes also with working from home. Retail parks with free parking replacing shopping centres. Town centres with congestion/parking charges, reducing shoppers buying/carting with internet free delivery/lower prices. Hospitality hit with wages/NHI. Buildings physically, structurally, economically obsolete unable to be repurposed.

Kevan Carrick, Newcastle Upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - A quiet market with some investment interest continuing.

North West

Andrew David Taylorson, Preston, Eckersley Property Limited, at@eckersleyproperty.co.uk - The new Labour Government's proposals to grow the economy have failed at the first point of calling, as the increase in employer NI contributions and lowering thresholds has impacted business confidence evidenced by the drop in enquiries and deals falling out of bed. The rhetoric around improving the planning system and building 1.5 Million new homes is not deliverable and delaying capital programmes around new highway infrastructure hinders growth. Time for a U turn!

Andrew Ellis Leah, Burnley, Burnley Borough Council, drewellis@duck.com - Difficult except for essential spending.

Gareth Riddell, Manchester, RiddellTps Ltd, gr@riddelltps.co.uk - Market is sluggish due to worldwide political tension causing uncertainty.

Henry Prescott, Liverpool, Prescott & Partners, henry@pandpartners.co.uk - Very uncertain market conditions at present.

Jason Rawson, Blackburn, Trevor Dawson, jason@tdawson.co.uk - Tough times and slowing down as NIC and min wage increases kick in. Employment rights bill a bad policy for business as it is stopping recruitment.

Michael Forster, Bolton, Bolton Council, michael.forster@bolton.gov.uk - A slight uplift in retail unit demand/take-up is apparent.

Mike Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Industrial demand reducing, but still outstrips supply, particularly for small units. Retail still struggling, with office demand flat.

Mr Charles Brendan Maunsell Mrics, Liverpool, Maunsell Valuation Consultancy, charliemaunsell@aim.com - Business Rates and the tailing off of "Covid" relief will increase occupiers' costs & deter new renters & investment.

Mr Richard G Crompton, Bolton, Lostock, Northern Prospects, northern.prospects@btinternet.com - I consider that the effects of the Autumn budget are yet to land.

Paul Michael Nolan, Bury, Nolan redshaw ltd, paul@nolanredshaw.co.uk - All markets have seen a slight loss in confidence after the last budget. The markets are still functioning but the national economy needs to grow to stimulate growth in the property sector .

Richi Peters, Liverpool, The UpCo, richi@theupco.co.uk - Challenging market conditions at present, F&B really struggling. Reductions on Hospitality relief are going to be the death knell for many businesses in the sector.

Russell Cain, Bolton, Bury Council, russell37cain@live.co.uk - Stable.

Tim Austin, Liverpool, SPM, tim@s-p-m.co.uk - The budget has had a negative effect on occupier levels which is still to be fully appreciated by the occupier and investor market.

Northern Ireland

Arthur Connell Hugh Nugent, Newry, Young -Nugent, achn488@outlook.com - Rates across the board are too severe resulting in loads of properties lying idle. Retail space lying idle everywhere due to same. Rates for retail space need to be cut by sixty percent.

Brigid Odonnell, Belfast, MRP INVESTMENT & DEVELOPMENT LIMITED, Brigid.odonnell@mrp.co.uk - The market is very flat with little to no signs that things are improving.

Scotland

Alan Creevy, Glasgow, CDLH, alan.creevy@cdlh.co.uk - The market is difficult and property is seen as less desirable than other investment classes.

Colette Brough, Glasgow, Whitelaw Baikie Figes, colette@wbfc.co.uk - Signs of slight recovery but this may change with current world events.

Euan Cameron, Dundee, Tayside Valuation Joint Board, Euan.Cameron@Tayside-vjb.gov.uk - Overall the retail and office market in NE Scotland remains flat, however, I don't believe retail rents will fall any further - they've bottomed out. Similarly little demand for offices. The market for good quality small industrial units remains healthy. The market for licensed properties is fairly grim at the moment.

Richard Lang, Aberdeen, Ryden LLP, richard.lang@ryden.co.uk - UK Government policy of charging windfall tax for oil and gas operators in the UK combined with UK and Scottish govt policies and indecision relating to fossil fuel extraction continue to undermine the economy, and occupational markets, in the area I work in more than any other factor. We continue to see oil and gas operators contract in size and withdraw from energy production in the UK as they move their capital and investment to other areas of the world.

Susan Pegg, Edinburgh, Drum Property Group Ltd, susan@drumpropertygroup.com - Constrained supply of new prime stock. Inflationary pressure on build costs, rent caps and cost of finance are a barrier to office and BTR development in Scotland.

South East

Bernard Smith, Uckfield, Oldfield Smith & Co, bernie@oldfield-smith.co.uk - Much uncertainty leading to fall in transactions.

Chris Thomas, Windsor, Christopher Thomas & Co Ltd, ct@cthomas.com - The altered UK Tax landscape combined with ongoing geopolitical uncertainty, the US step towards isolationism and a stubborn interest rates have greeted the first quarter of 2025 with a general lack of market enthusiasm. At micro regional level the logistics sector continues to flow against this with good activity, as does demand for both prime and secondary retail, whilst the office sector continues to rebalance. The market currently seems strongest in the evolving data centre market.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - Generally Q1 has been a quiet affair with little retail activity of note, just the usual churn in prime and good secondary location. Some indication of an increase in administration cases throughout The Lanes / North Laine independent shopping areas.

David P D C Martin, Brighton, SHW, dmartin@shw.co.uk - Generally the market in all sectors has slowed since the Autumn 2024 Budget statement with a lot of procrastination by potential occupiers. This is also been partially driven by the difference in rental expectations by Landlords and tenants. A growth stimulus is needed to encourage developers to build and for occupiers to commit. A relaxation of the proposed National Insurance increase would certainly help.

Dominic Clark, Worthing, Marshall Clark LLP, dc@marshallclark.co.uk - There is a general sense of nervousness with many tenants postponing or delaying decisions until further clarity on the macroeconomic environment is established.

Edward Iliffe, Uk, Yattendon Group, edwardi@yit.co.uk - Rachel Reeves has spectacularly destroyed the economy through the national insurance analysis and death duties onto trading private businesses. Capital taxes are bad and are always bad. Straightforward maths and a knowledge of the positive benefits of compounding would have led to a different strategy. I am not sure the Conservatives understand either but lets hope so.

Edward Simon Heppenstall, St. Albans, Elmsbrook, e.heppenstall@sky.com - Slow!

Iain Steele, Farnham, Steele Partnership Ltd t/a Park Steele, iain@parksteele.com - The market has become quite challenging with purchasers and tenants slowing up their decision making and unable to rush into making a final commitment. Even the previously buzzing industrial market can no longer be relied upon for a faster moving transaction. The legal process when that point is reached continues to be slow.

Ian B. Sloan, Banbury, Bankier Sloan, reception@centre-p.co.uk - We continue to receive excellent instructions, and continue to be surprised at the rent levels being achieved for industrial units of unit 5,000 sq ft. Demand remains good and I believe will stay high as sadly some are made redundant in the coming months , and decide to "go it alone" which will keep rent levels for small industrial units at a high level. No one is developing small units, so it is old stock that is available and rents are rising to above £10 / sq ft even in very rural areas.

Ian Gutteridge, Maidstone, Watson Day, iangutteridge@watsonday.com - Talking down of the economy by the new government negatively impacted enquiry levels as did the Autumn 24 budget. Increasing employment costs is a huge disincentive for businesses to grow/expand.

James Groves, Brighton, Clifford Dann/GRAVES SON & PILCHER LLP, jgroves@clifforddann.co.uk - Still sluggish with the economic outlook uncertain.

John Masters, London, Chase Realty, steve.masters100@icloud.com - Market remains quite difficult but with pockets of optimism. Retail still tough but some alternatives: F&B, Hotels, Student Accom. have seen increased activity and some small yield improvements.

Jonathan Large, Cranleigh, Bradda Capital Limited, jonathanlarge@braddacapital.com - Interest rate cuts will help but overall government policies including increased business taxation will lead to a sluggish economy and property market at best. Increasing unemployment a serious downside risk.

Jonathan Pugh, South East, Baker Pugh McLean, jonathan@bakerpughmclean.com - Build costs and affordable payments bearing down heavily on the BPSA, Co-Living and BTR sectors. Capitalisation yields on prime look stretched against 30 year Gilts.

Julian Scannell, Chatham, Watson Day Chartered Surveyors, julianscannell@watsonday.com - My concern is that the current economic headwinds (potential global protectionism, ever increasing welfare payments in the U.K., high percentage of working age population economically inactive) coupled with increases in both employers' N.I. contributions and the minimum wage will act as a brake on the retail, industrial/warehouse/distribution markets and, to a lesser extent, on demand for office space. As such, a fairly pessimistic view of the short to medium term performance of those markets.

Kevin Dempster, Sittingbourne, Watson Day, kevindempster@watsonday.com - Patchy market. Offices remain weak. Signs of increased enquiries for industrial. Low supply low demand at present.

Lisa Manley, Epsom, LJM Consulting Limited, lisamanley32@gmail.com - Growth should start to come through slowly.

Louis Stephens, Woking, Woking Borough Council, louis.stephens@woking.gov.uk - There is definitely more activity in the high street retail sector but offices continue to struggle - still concerning the Covid 19 aftermath and working from home affects on what size of offices should be acquired or downsized; though it appears more staff are visiting their offices more frequently. Secondary offices will suffer due to EPC requirements and general obsolescence of ageing building and M&E fit-outs. Retailers appear to be taking advantage of the bottom of market rents/incentives.

Mark, Guildford, Citicentric, mark.rymell@citicentric.co.uk - We thought 2025 would be a more consistent year with a gradual return of occupier and investor confidence. Current global events are doing nothing to support this.

Mark Llewelyn Jones, London, Vail Williams LLP, mllewelynjones@vailwilliams.com - The impact of the minimum wage increase, NI threshold and rate changes and, in the drinks industry the changes in duty rates, combine to have a significant impact on businesses. The knock on effect will be a reduction in employment levels and a corresponding downscaling in property.

Mark Minchell, Chichester, Flude Property Consultants, m.minchell@flude.com - We see the early signs of recovery in the general occupier and investment markets.

Mark Rymell, Guildford, Citicentric, mark.rymell@citicentric.co.uk - As a consequence of Trumps tariffs and its impact upon the global economy, its currently impossible to have anything other than the shortest of horizons. The cliché that we are in uncharted waters has never been more applicable.

Matthew Diamond, Basingstoke, Diamond Land, matthew.diamond@diamond-land.co.uk - The UK Labour/socialist government has severely hit business sentiment and as a consequence the property market. Job Tax and Business Rates a major factor.

Nick Reeve, Farnham, Curchod & Co, nreeve@curchodandco.com - It has been a very quiet winter with companies sitting on their hands and delaying cost decisions such as relocating. The investment market has also been painfully slow and difficult.

Nigel Riley, Woking, Citicentric, nigel.riley@citicentric.co.uk - The town centre development market is still extremely challenging outside the major cities and excluding the life sciences in certain locations. The costs of funding (debt and equity) and the world uncertainty have hampered this, along with construction inflation.

Patrick Mahoney, Aylesbury, Greenbrook Property Developments Limited, mahoneyn171@hotmail.co.uk - Global geopolitical activities are impacting the real estate sector at a macro level so that micro activities become severely devalued in impact.

PJ Thibault, London, HNB real estate, Pjthibault@hnbrealestate.com - Property still unattractive compared to other investment options.

Richard Gordon, Chichester, Stewart Montrose, rgordon@stewartmontrose.com - Investor confidence remains fragile, primarily due to uncertainty in the national and international economic markets. Geopolitical conditions are impacting on investment decision making.

Simon Lawson, Brighton, South Coast Surveyors, lawson6102@gmail.com - Unstable current world environment.

Stephen Ray, Redhill And Reigate In Surrey, SHW, sray@shw.co.uk - Uncertainty in global markets filtering down affecting local markets too.

Stuart Clark, Marshall Clark, Worthing, Marshall Clark LLP, s-clark@marshallclark.co.uk - The market we are finding is in a transitional stage awaiting the impact of increased NI and the minimum wage - particularly in the leisure & hospitality sectors.

Victor Forson, Belvedere, Tunbridge Wells Borough Council, Victor.forson@tunbridgewells.gov.uk - The market is still in early recovery.

William Giles, London, QIB UK Bank Plc, willgiles@hotmail.com - The prospect of reducing Bank of England base rates should increase real estate market activity, if the next BOE change were a 50bps reduction this could increase confidence in certain sectors.

South West

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon's commercial market has been bumping along during Q1 2025, with the general economic uncertainty/gloom weighing down on market sentiment.

Anne Brennan, Poole, Sibbett Gregory Chartered Surveyors and Property Consultants, anne@sibbettgregory.com - Supply lacking, High Street improving, incentives increasing, uncertainty still a factor, funding remains an issue. Confidence remains good in the industrial sector.

Bryan Galan, Poole, Mellawood Properties Ltd, Bryan.galan@outlook.com - Poor demand by retailers due to high rates, utility costs and increased wage bills for staff. E commerce has a big advantage over the High Street retailers.

Chris Wilson, Poole, Goadsby, chris.wilson@goadsby.com - The recent interest rate decreases have improved business confidence and investor demand. The recent dramatic increase in industrial rateable values has had a substantially detrimental effect on businesses who now have to pay considerably more business rates which has caused a number of small local businesses to close / not be able to continue leasing industrial premises.

Daniel Smethurst, Swindon, Smethurst Property Consultants, daniel@smethprop.co.uk - Commercial property transactions remain protracted, with geopolitical and economic concerns continuing to influence the decision-making process. While general enquiry levels remain subdued, those enquiries that do enter the market invariably end up transacting. Many occupiers are still adopting a "wait and see" approach although we are seeing glimpses of corporate activity which is encouraging.

David Hart, Devon, Rates Savings Limited t/a Hart Consult, Dihart@hartconsult.net - The market has generally paused in the Wake of the pending trade war.

Dean Speer, Salisbury, Myddelton & Major, deanspeer@myddeltonmajor.co.uk - Definite slowdown in occupier enquires since the beginning of the year. Businesses lacking confidence to invest in growth. Investors still keen on industrial stock.

Huw Thomas, Chippenham, Loveday, huw@lovedayuk.com
- The strongest sector of the market in this area at present is developers buying vacant office space, a lot of which is not that old and dated, for conversion to residential flats and apartments under Permitted Development Rights.

Ifan Rhys-Jones, Plymouth, Listers Property Consultants, Ifan.rhysjones@btinternet.com - Market is patchy and responding mostly to UK economic factors.

Leslie Warren, Portishead, Guinness, lesliegarren@gmail.com
- Unstable due to geopolitical actions harming both investor and occupier confidence.

Luke Sparkes, Cirencester, Marriotts Property LLP, luke.sparkes@marriotts.co.uk - A great start to 2025 with January seeing a number of retail and office premises on my portfolio previously 'sticking' now let, but with the onset of half-term school holiday this moment was lost.

Matt Norton, Cheltenham, Formal Investments, matt.norton@formalinvestments.com - We are seeing an uptick in enquiries across our industrial assets, however these EOI aren't quite materialising into done deals. Office occupiers continue to flip-flap between occupancy efficiency and trying to coax staff back into the office on a semi-permanent basis. Office preference seems to be sub 5,000 sq. ft. in the regions we operate in, mostly good secondary offices. Another tough year ahead for businesses once taxation takes effect from April.

Michael Oldrieve, Exeter, MO, m.oldrieve@btinternet.com - Bumping along the bottom with signs of life occasionally.

Nick Maffey, Truro, Miller Commercial, Nickmaffey@btinternet.com - Nervous.

Nigel Hatfield, Taunton - South West England, Hatfield White, nhatfield@hatfieldwhite.co.uk - Notable lack of confidence in many sectors. More activity in out-of-town retail, roadside, health & fitness and showroom sectors.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - At the end of 2024 we were all fearing the worst after the budget in October and a general sense of dread, however, the start of 2025 has been better than expectation with a significant increase in activity. We are not expecting a complete reversal of the past few years, but it feels like we are at least witnessing some green shoots of recovery - hopefully Mr Trump's tariffs do not halt this progress.

Richard Crabb, Cheltenham, thp Chartered Surveyors, richard@thponline.co.uk - There is a significant risk from the Trump presidency and current tariff turmoil.

Robert MCGuffie, Truro, RJM Property & Development Consultants Ltd, robert@rjmproperty.co.uk - The past few months have seen several fundamental issues that still need to filter through to the markets - these include Government changes to NI and other decisions that directly impact business, the Trump administration and changes that they are imposing and general financial uncertainty. I think there will likely be a softening across all markets as a direct result of both local and global interventions.

Scott Rossiter, Exeter, rossiter property, scott@rossiterproperty.com - Slow - agency.

Simon Walsham, Bournemouth, Poole And Christchurch, James and Sons, simonwalsham@jamesandsons.co.uk - Generally stagnant market conditions with only a few exceptions. Business sentiment poor as a result of higher taxation prospects.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net - Business confidence has been hit by the Government's policies and many companies are delaying making commercial property decisions. There are still a number of smaller companies looking for commercial properties, particularly industrial units where small business rates relief is available.

Wales

Chris Sutton, Cardiff, Sutton Consulting Ltd, chris.sutton@suttonconsulting.co.uk - The letting of the speculatively developed RYB1 50,000 sq ft unit in Ebbw Vale to Halton Flamgard means no Grade A industrial floorspace remains on the market in South Wales. By contrast, there is increased availability of secondary industrial floorspace. In the office market, developer JR Smart is on-site to complete the 110,000 sq ft No. 1 John Street in central Cardiff, pre-let Lloyds Bank. The challenge is to expand the office development pipeline for the medium term.

Emily Hayes, Monmouth, MCC Estates, emilyhayes@monmouthshire.gov.uk - Office space enquiries have increased for shorter term, flexible office accommodation where tenants are looking to pay a monthly all inclusive rent so that they can manage their finances and have flexibility over ending the agreement if they meet any business difficulties.

Michael Bruce, Cardiff, DLP SURVEYORS, michael@dlpsurveyors.co.uk - The general level of commercial property enquiries feels nowhere near what they should be at this time of the year. General business sentiment continues to be at a low ebb with many putting any potential expansion plans on hold. There seems to be no confidence whatsoever amongst the business community in either the UK or Welsh Governments.

Morgan Davies Ltd, Porthmadog, Morgan Davies Ltd, morgandaviesltd@aol.com - Main market activity is increasingly Residential. Rents rise from the steady incoming non-Local demand, confronted with steadily falling supply. New Central and local taxation and increased tenant rights legislation make it even worse for investors but potentially good returns for those willing to risk remaining in the market. We wonder where everyone is going to live though. Other non-tourism property sectors continue to slowly decline inline with Government carbon reduction targets.

Peter Graham Consultant, Cardiff & S Wales, sole, pjgraham911@gmail.com - Nervousness with world events.

West Midlands

Andrew Wood, Birmingham, Collingwood Rigby LLP, andrew.wood@cr-am.co.uk - Industrial letting demand is reasonable but I believe rents are no longer rising at the same rate they were in 2023-2024.

David Clews, Warwick, Clews & Co Chartered Surveyors, davidclews@clewsandco.co.uk - Stable, enquiries slightly down, deals take a long time to mature. World politics/economics are the biggest factors in not making decisions quickly plus a perception the Labour Gov will shred UK businesses with the increased min. wage and uplift in NI the first test cases next month.

Michael Jones Frics, Malvern Worcestershire, MICHAEL D JONES LTD., mjones5400@yahoo.com - The retail property market both in rental and capital value terms seems to have got ever worse with more and more empty retail units with no takers. Complete under supply of industrial and warehouse premises of quality leading to massive demand but buyers have nowhere to go.

Peter Fletcher, Birmingham, Solace Property Consultancy, peterf@solacepc.co.uk - Caveat is the uncertain global geo political current situation.

Richard David Calder, Coleshill Birmingham, CALDERS CHARTERED SURVEYORS, richard@calderssurveyors.com - Market demand for occupations and investment has collapsed together with general confidence since the present government took office.

Yorkshire & the Humber

Alex Mcneil, Huddersfield, Bramleys, alex.mcneil@bramleys.com - Still good levels of demand within the industrial market with values being resilient. Increasing town centre retail voids but stronger demand in suburban areas with better occupancy. Low demand for offices with some buildings being converted to residential.

Andrew Wilby, Wakefield, Clifford Lax, Andrew.wilby@clifford-lax.co.uk - The impact of the budget is starting to bite business hard. 2 of businesses main costs are people and property. The budget has generally increased both. The new 40% relief in reality is a massive reduction on existing relief. Employment costs are reducing profits and unemployment will grow during the year. Interest rates need to be cut to reduce costs and encourage investment. Business is seriously concerned about government policy which at present is doing nothing for growth.

Barry Crux, York, Barry Crux and Company, barry@barrycrux.co.uk - Overall the commercial property market is flat. Interest rates and global economic uncertainties are combining to hold everything back. Confidence is modest. York and North Yorkshire enjoys high levels of tourism which supports the local economy particularly retail, catering and hospitality. General shortage of small retail units to meet demand. Industrial units in short supply. Major development adjoining railway station now in hand should boost economy.

David Aspin, Leeds, Munroe K, daspin@munroek.co.uk - Improved occupier demand and greater number of investors seeing the marketing turning.

David Woodhead, Wakefield, Woodhead Investments & Development Services Ltd, dwoodhead@woodheadinvestments.co.uk - Poor. The Rachel Reeves budget is very anti-business. Examples of large firms which were previously growing eg farmfoods now retracting because of higher employers NI. Confidence at an all time low with more pain to come in the Spring Budget next week. Residential likely to get hit post April when all stamp duty reliefs gone.

Georgina Parker, Leeds, Ryden LLP, georgie.parker@ryden.co.uk - Demand and take up seem relatively unchanged in Q1.

Liz Askam, Leeds, Canal & River Trust, Elizabeth.Askam@canalrivertrust.org.uk - Whilst demand and activity levels are increasing, transactions are taking a very long time to complete. There is no sense of urgency from tenants/purchasers.

Mr Richard J Heslop, Ilkley, DE Commercial Ltd, richard@de-commercial.co.uk - One word can be used to describe the current status of the commercial property market - Uncertainty. There was a period of reflection amongst owner occupiers and investors following the Autumn budget and the market began to settle. Business does not like uncertainty and there is uncertainty everywhere you look - where are interest rates headed? Tax implications from the budget. Once business sees certainty, the market will settle down.

Oliver Andrew Mcbeath, York, McBeath Property Consultancy Limited, andrew@mcbeathproperty.co.uk - Generally flat with caution due to wider economy and geopolitical instability affecting sentiment.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - There appears to be generally a little more confidence in decision making since the start of the year, so previously stalled projects are advancing as far as occupiers are concerned. However, there is less growth in activity on the supply side apart from some refurbishment of prime office and industrial stock, so a diminishing supply is to be expected in the core commercial sectors.

Richard Flanagan, York, Flanagan James Property Consultants, richard@flanaganjames.com - General market activity has undoubtedly diminished following the November budget with business confidence dented.

Robert Austin, Leeds, Robert Austin and Co, robert.austin@robert-austin.co.uk - This is beginning to feel like a significant downturn with recession to follow.

UK Commercial Property Monitor

RICS UK Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the facilities management market.

Methodology

Survey questionnaires were sent out on 10 March 2025 with responses received until 11 April 2025. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 519 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

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