

ECONOMICS



UK Commercial Property Monitor

Q1 2026

Credit conditions deteriorate and capital value expectations weaken on the back of Middle East conflict

- Credit conditions indicator turns sharply negative, with capital value expectations downgraded amid renewed inflationary pressures
- Occupier demand largely unaffected by the geopolitical backdrop at this stage
- Twelve-month rental growth projections for prime office and industrial sectors remain in positive territory, though modestly scaled back

The Q1 2026 RICS UK Commercial Property Monitor results point to a more challenging market backdrop than was evident at the end of last year, particularly on the investment side. Unsurprisingly, respondents frequently cite the recent escalation of geopolitical tensions in the Middle East as weighing on sentiment. Two areas stand out as being particularly adversely affected: the credit conditions indicator, which has shifted sharply into negative territory this quarter, and the near-term outlook for capital values.

In parallel with this, the proportion of respondents viewing the market as being in the early downturn phase has risen to 27%, up from 17% in Q4, with a notable downward shift in the share seeing an 'early upturn'. That said, at least for now, conditions across the occupier market appear relatively less impacted, although the overall trend remains subdued.

Occupier Market

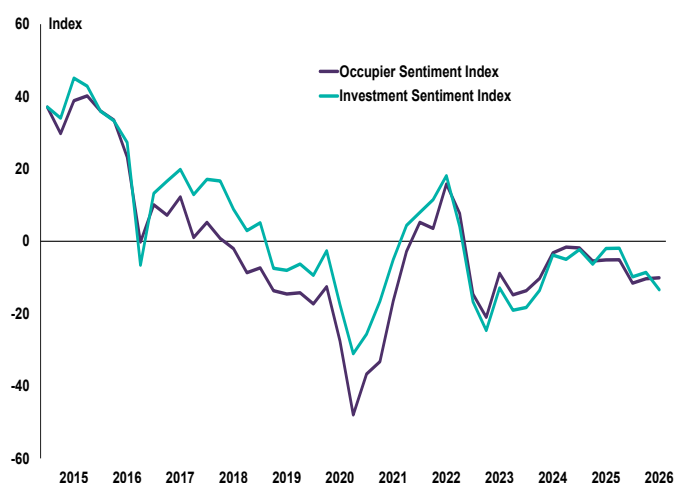
The headline Occupier Sentiment Index (OSI) came in at -10 in Q1 2026, essentially unchanged from the reading returned last quarter. Tenant demand at the all-property level posted a net balance of -8% (compared with -9% in Q4), with office and industrial demand effectively flat at -4% and -1% respectively

(against -5% and -2% previously). The retail sector again recorded the weakest demand reading at a net balance of -19%, although this is marginally less negative than the -21% seen in Q4.

The availability of leasable space edged higher, with the headline indicator posting a net balance of +19% (compared with +18% previously), while inducements continue to climb, according to a net balance of +22% of respondents. Taken together, these indicators suggest the occupier market has remained relatively steady through Q1, with the three-month picture showing little meaningful change compared with late 2025.

Likely reflecting broader macroeconomic uncertainty, twelve-month rental growth projections were scaled back modestly in some prime segments of the market but remain in positive territory for the best-quality space. Prime office rents are now anticipated to grow by 2% over the coming year (down slightly from 2.5% pencilled in during Q4), while the outlook for prime industrial rents held steady at 2.1%. Prime retail rents are now expected to edge very slightly lower over the next twelve months, at -0.5%. Secondary office, industrial and retail rental projections remain either broadly flat or modestly negative, consistent with the ongoing bifurcation across traditional sectors between prime and secondary stock.

Chart 1 - Occupier and Investment Sentiment Indices



Investment Market

On the investment side, the picture is more mixed. The investor enquiries net balance was unchanged at the headline level in Q1, at -11%. Meanwhile, little quarterly movement was seen across the mainstream sectors individually, with enquiry readings flat for industrial and modestly negative for both office and retail. Against this relatively stable backdrop, however, two indicators stand out as having deteriorated more noticeably.

The clearest shift came in the credit conditions indicator, which fell sharply to -44% in Q1 from +9% in Q4. This represents a marked reversal and is the most visible channel through which respondents perceive recent geopolitical developments to be feeding into market conditions, with commentary frequently referencing associated concerns around interest rate expectations, energy costs and inflation.

On the back of rising bond yields, capital value growth expectations have been revised lower. The all-property net balance for twelve-month capital value expectations came in at -18% (compared with -5% previously), with office expectations at -18% (versus -5%), industrial at -8% (versus +9%) and retail at -30% (versus -21%). Looking at the underlying point estimates, prime office capital values are now projected to rise by 0.7% over the coming year (down from 1.9% in Q4), while prime industrial value growth is pencilled in at 1.2% (down from 2.0%). Prime retail capital values are now expected to edge slightly lower at -0.7%, compared with +0.5% previously.

London Resilience

From a regional perspective, London continues to demonstrate relative resilience across prime occupier markets. Indeed, prime office rents in the capital are still expected to rise by 2.5% over the year ahead, albeit revised down from the 3.3% growth anticipated previously. The adjustment to expectations is more pronounced on the capital values side. Prime office capital values are now projected to increase by around 0.9%, compared with 2.8% in Q4. While this represents a degree of moderation, the outlook for prime London offices remains stronger than the UK-wide picture.

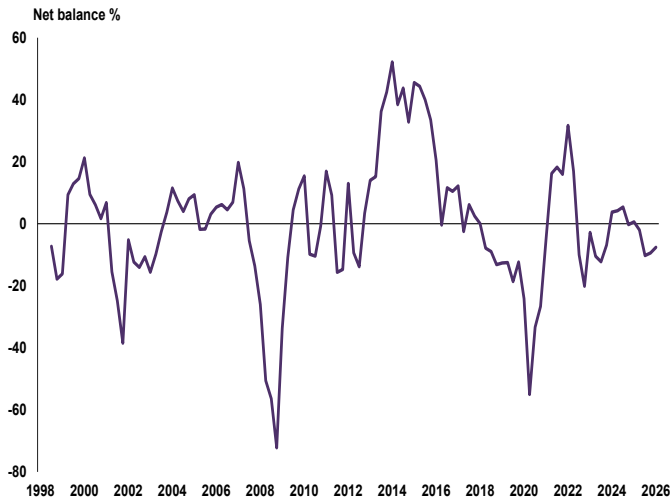
Alternative Sectors

Alternative sectors continue to offer a more positive outlook than the traditional mainstream sectors, even though projections across the category have generally been scaled back somewhat. Data centres remain the strongest performer, with rental and capital value growth now projected at 3.5% and 3.3% respectively (compared with 4.6% and 5.2% in Q4). Aged care facilities are expected to deliver rental growth of 1.7% and capital value appreciation of 1.6%, while multifamily residential is forecast to see rental growth of 1.4% and capital value growth of 0.7%. Life sciences projections remain modestly positive, with rents seen rising by 1.1% and capital values by 0.8% over the coming year. Student housing and hotels have moved closer to flat, while leisure remains the weakest-performing alternative sector.

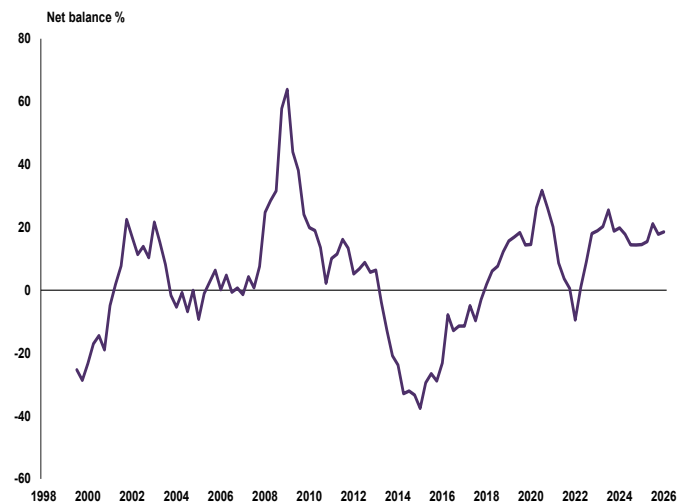


Commercial property all-sector average charts

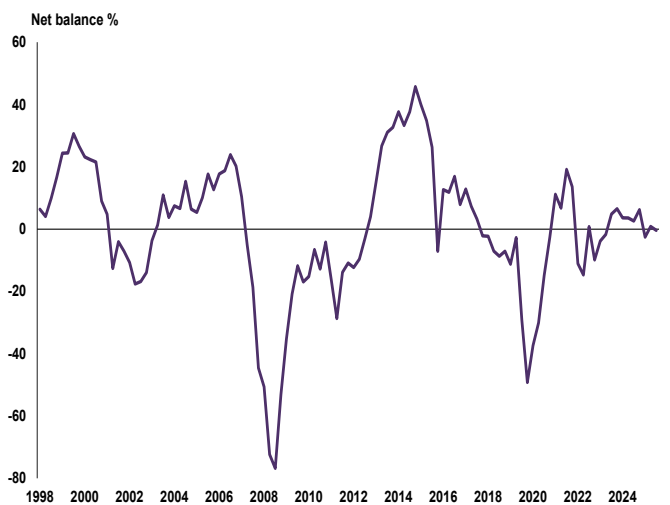
Occupier demand



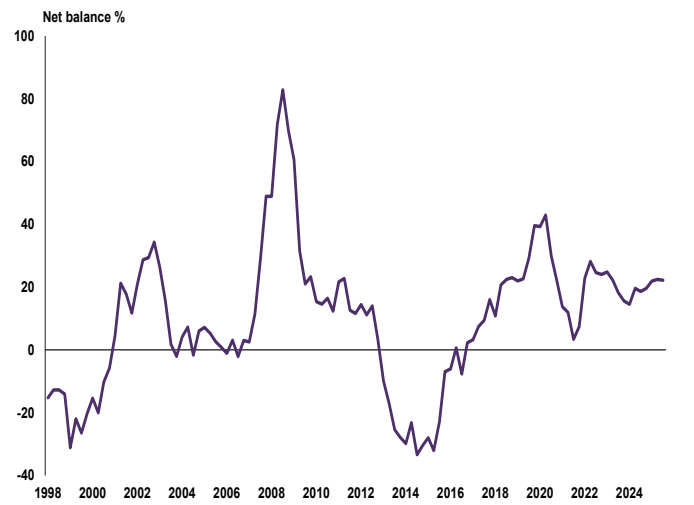
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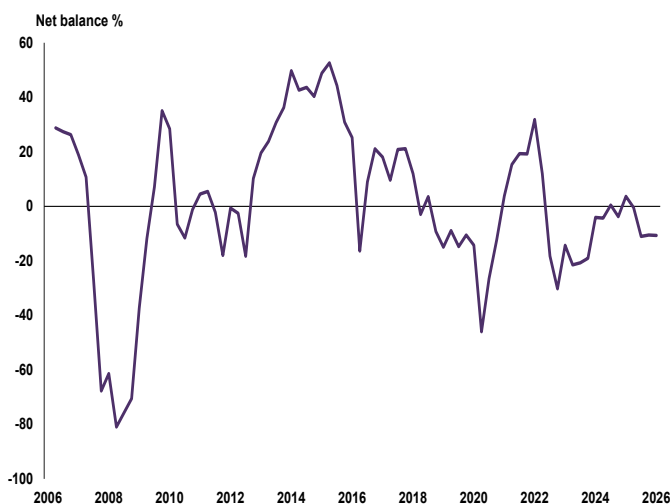
Rent expectations



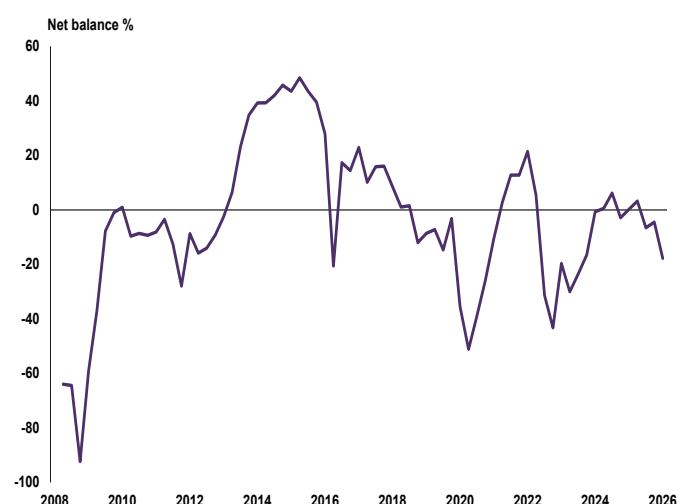
Inducements



Investment enquiries

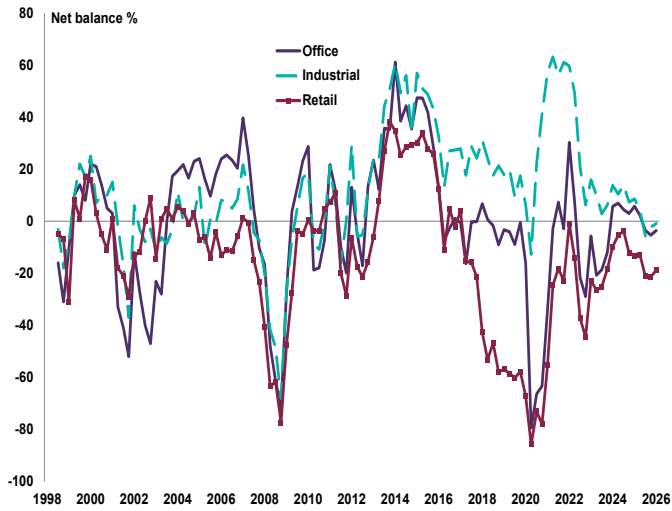


Capital value expectations

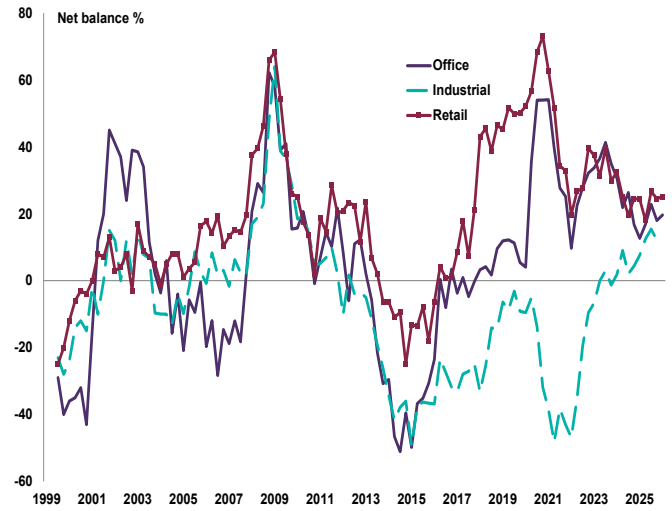


Commercial property - sector breakdown charts

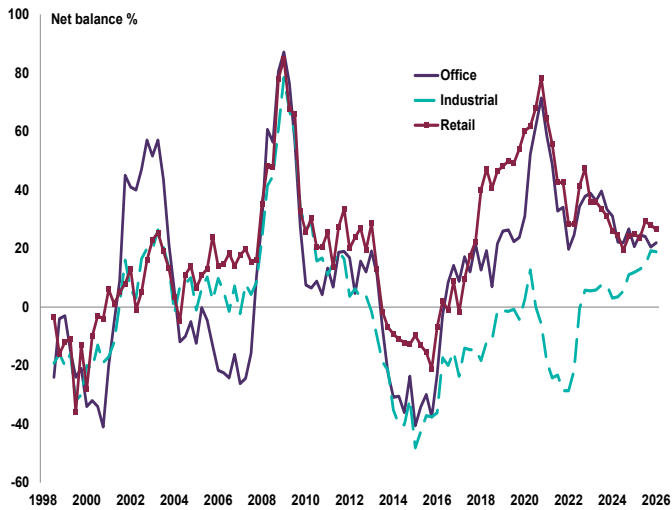
Occupier demand



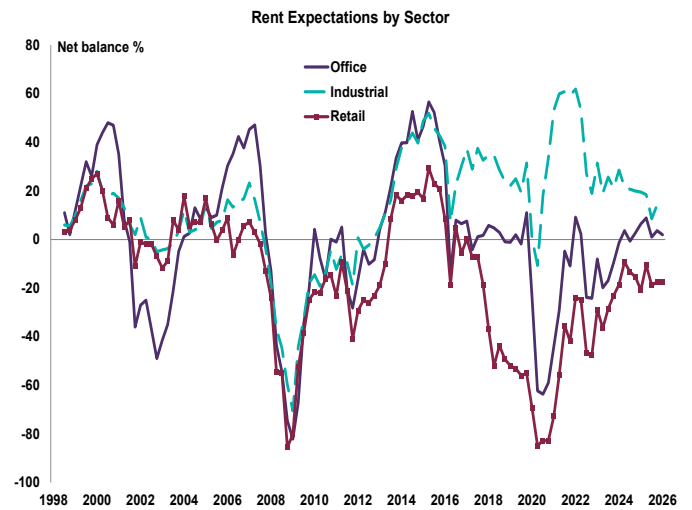
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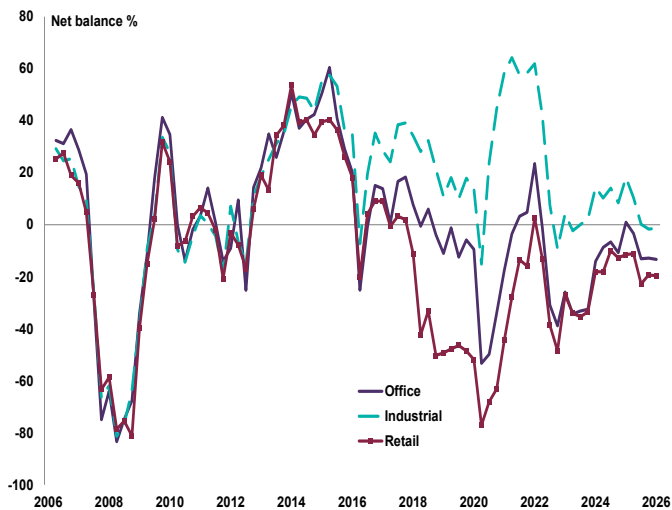
Inducements



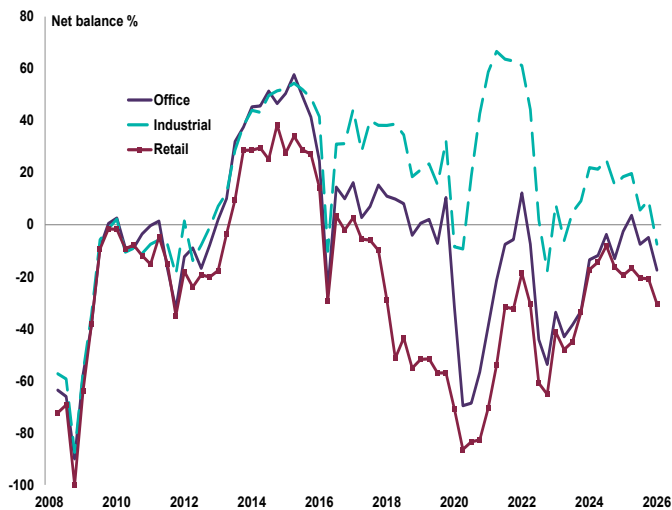
Rent expectations



Investment enquiries



Capital value expectations

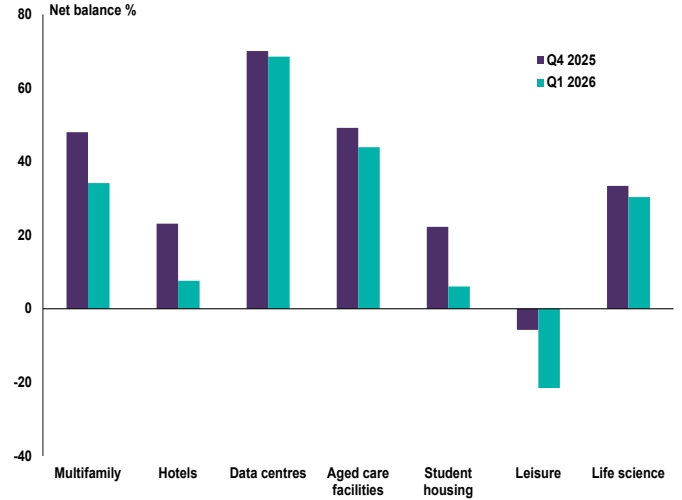


Commercial property - additional charts

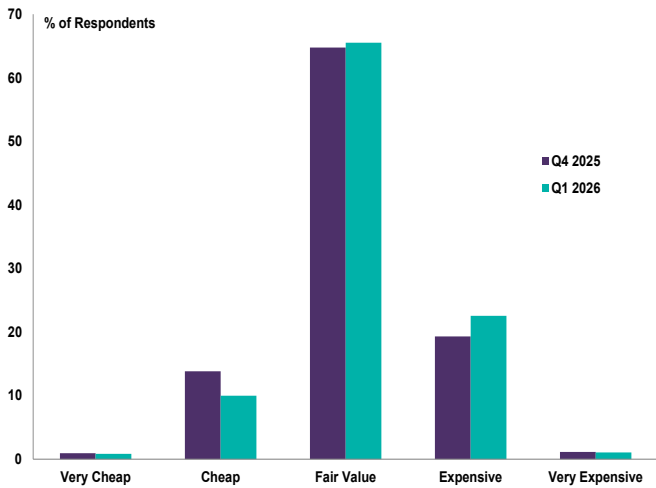
12-month rent expectations across mainstream sectors



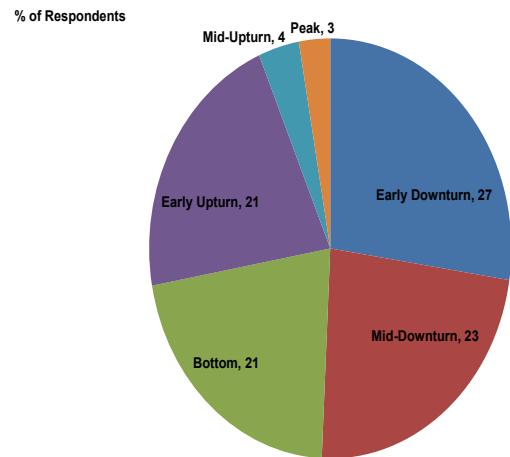
12-month rent expectations across alternatives



Valuation perceptions



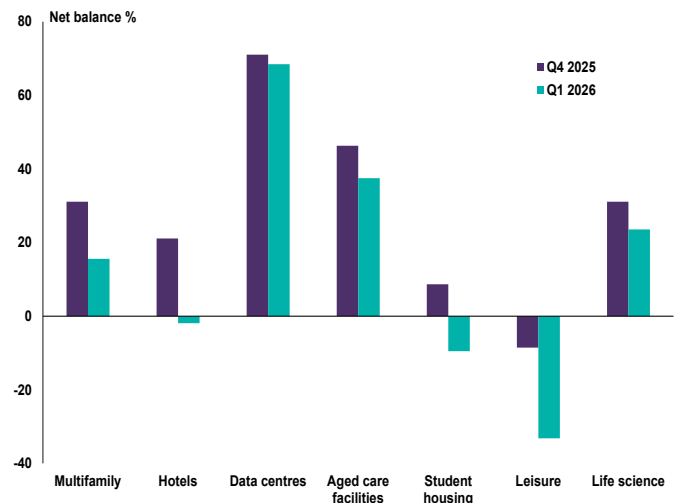
Property cycle



12-month capital value expectations across mainstream sectors



12-month capital value expectations across alternatives



Chartered surveyor comments

East Midlands

Brendan Bruder, Northampton, Abbeyross Chartered Surveyors, brendan.bruder@gmail.com - What the local and regional markets did not need is another macro setback. Unfortunately, changes in policy direction at council level have driven a wedge into relations with the business community, with car parking and clashes over planning cases in point. Business rates increases may well push marginal businesses under, particularly where decision-making is perceived to be shifting towards political considerations.

James Cameron, Lincoln, Brown & Co - Property & Business Consultants LLP, james.cameron@brown-co.com - Locally, the commercial property market has flatlined since the recent Middle East escalation. I suspect the inactivity in the market will continue until the situation stabilises, fuel prices fall back to 2025 levels, and Bank of England interest rates fall closer to 3%.

John Chappell, Skegness, Chappell & Co Surveyors Ltd, john@chappellandcosurveyors.co.uk - The local market is dominated by leisure and tourism, which is of course discretionary spend from household budgets. The pressures on domestic households caused by rising unemployment, cost-of-living pressures and general uncertainty are causing a fiscal drag in the sector, exacerbated by increased employment costs and a general lack of business confidence in investment.

John Rumsey, All UK, Riverstone Developments, johnrumsey@riverstonedevelopments.com - Lack of liquidity for long-dated income assets is impacting developments, together with construction cost increases.

Ollie King, London, Savills, oking@savills.com - The market feels in an uncertain place given the Middle East situation. We were at the bottom of the cycle at the start of the year, but with gilt yields and SONIA rates increasing, we may yet see further falls in average values.

Simon Ives, Market Rasen, Simon Ives Ltd, simon@simonives.co.uk - I work nationally and mostly in the logistics sector. Speculative starts of new buildings are well down, as occupiers are generally exercising caution. The impetus has shifted towards optimisation and efficiency, but there needs to be a compelling business case, or an event such as lease expiry, to stimulate a move. More occupiers want to own rather than rent, too, as they realise the implications of IFRS 16.

Tim Gilbertson, Nottingham, FHP, tim@fhp.co.uk - Becoming harder to transact successfully due to caution over world events, and demand decreasing due to occupier nervousness.

Eastern

Jeff Fuller, Norwich, OA Chapman & Son Ltd, jefffuller@hotmail.com - A good deal of concern about the economic outlook, even before the recent escalation in the Middle East. Most SMEs are deliberately looking to contract their businesses rather than grow, due to changes in Business Property Relief and employment costs.

Richard Newton, Ipswich, Engineroom, richard@engineroom.com - Uncertainties and lack of confidence from investors and developers.

Sam Kingston, Norwich, Roche Surveyors, samk@rochecs.co.uk - The market is reacting to the economic uncertainties caused by the Middle East conflict. The smaller requirements driven by local occupiers continue, but regional and national occupiers are more cautious. So far, there has been no reduction in either freehold or leasehold values, but with more availability, this may change.

London

Adam Perrin, London, Lomond Group, adamwperrin66@gmail.com - Global issues affecting sentiment.

Adrian Randall, London, RSA, adrian@r-sa.co.uk - Improving residential market.

Anna Bradford, London, Wellcome Trust Limited, spannastephens@hotmail.co.uk - We are experiencing micro-location sensitivities to rents - one Central London retail street can be very different from the street next door. It's very difficult to see patterns in this, except that occupiers are rightly fussy and perhaps have the market on their side.

Bruce Bossom, London, Orion Capital Managers, bbossom@orioncapman.com - Core capital starting to return.

Chris Jago, London, Houston Lawrence, chris@houstonlawrence.co.uk - Slow market across the board. The current Middle East situation has cut off green shoots of recovery for the time being.

Graham F Chase, London, Chase Sinclair Clark, grahamfchase@btinternet.com - We are in for a rough few months. Geopolitical events change things, especially through uncertainty and disruption to energy and food supplies.

J Cartmell, London, Bluelion Real Estate, jc@blrealestate.co.uk - It feels as if the ongoing chain of unforeseen global events since 2020, which have undermined stability, is causing analytical fatigue amongst investors and brokers alike.

Mr J P Huckerby, London, AMRO Commercial, jamesh@amrocommercial.co.uk - Prior to March 2026, I was looking forward to cheaper debt through base rate cuts and better investment transaction volumes, but the onset of the Middle East conflict has destabilised global markets, so the near future is now uncertain again. I expect, at best, a cautious economic outlook.

James Cooper, London, CCXP Real Assets Limited, James.cooper@ccxp.co.uk - The market is in a state of pause given current global events. We witnessed a slowdown in investment volumes at the start of the year, especially on the industrial side. In 2025, the logistics occupational market experienced a slowdown in customer decision-making, which spilled over into 2026, especially in London, given affordability issues. The market should show some positive recovery once the cost of borrowing reduces. Given global inflationary pressures, this could take some time.

James Linton, London, L3 Real Estate Limited, james.linton@victorproperty.co.uk - Weak demand for investment and commercial lettings in most of the areas I operate in. Government policy and negative sentiment weighing down businesses and cutting growth.

Jeremy Howard Grey, London, James Andrew International, jhg@jamesandrew.co.uk - At a high level, the recent Middle East escalation has had an immediate effect on the market. Our assumption is that this will be a short-term situation and the markets will get stronger later in the year.

John Graham, London, Douglas Advisory Ltd, j.graham12@icloud.com - General uncertainty impacts investor confidence. Continued negative effects of Brexit and current Middle East tensions.

John Vokins, London, Vokins, j.vokins@vokins.co.uk - It's been a fairly challenging Q1 2026, with caution prevalent amongst investors and occupiers. It feels like a 'risk-off' sentiment for businesses generally, across most sectors in the property market.

Jon Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com - The general 'vibe' when the year began had improved, although this did not immediately translate into actual activity. I was confident that the positive sentiment would eventually reflect market activity, not in a significant way but as an improvement compared to 2025. However, the Middle East situation seems to have created greater caution, and market activity has not really shown me the improved market I had anticipated.

Jonathan Coren, London, Assetguard Property Consultants Limited, jonathancoren@btinternet.com - Poor due to inactivity.

Kieran Cooke, West Molesey, Cooke Rowell Limited, kieran@cooke-rowell.co.uk - Very unsure now due to the Middle East situation.

Martin Crossley, London, MC Retail Consulting Ltd, mc@mcretail.co.uk - Current world events will determine the extent of the impact on UK real estate.

Michael Regan, London, Capital Real Estate Partners, mregan@capitalrep.co.uk - There was a fairly widespread expectation at the start of the year that the investment market for Central London offices was likely to improve over the course of 2026. However, the recent Middle East escalation has materially weakened sentiment, and the market is a lot more cautious.

Nick Christoforou, London, NC Real Estate Ltd, nick@ncre.co.uk - Lots of caution in all sectors and this may be the start of a downturn.

Nick Pemberton, London, Allsop LLP, nick.pemberton@allsop.co.uk - As at end March, London West End investment volumes tracked by Allsop are £729M of West End transactions in Q1 so far, either exchanged, or exchanged and completed, in 17 deals with an average lot size of £43M. However, only one of these occurred during March, following the emergence of Middle East tensions. Positive sentiment at the start of the year, particularly in prime offices, but the change in trajectory of interest rates is hard to ignore.

Nigel Harrison, London, Harrison Leggett, nh@harrisonleggett.co.uk - Demand for Grade A offices remains, but recent global events have stalled some occupier decision-making.

Patrick Evans, London, Colliers, Paddy.evans@colliers.com - Operational market buoyant. Demand strong for leasehold and freehold wholeco, and for secondary investment, but prime investment demand is relatively weak and yields have fallen.

Paul Harris, Rickmansworth, Trend & Thomas Surveyors, paul@trendandthomas.com - General inactivity across the board.

Paul Walugembe Kisekka, London, London Borough of Tower Hamlets, kisekkap@gmail.com - The secondary retail market in East London is reasonably vibrant. Letting enquiries are on the up, and hence vacancy rates are low. Rents are up due to current demand for small to medium-sized retail shops. These are shops owned by a local council.

Rod Welfare, London, Fifield Glyn, rod.welfare@fifieldglyn.com - The general market has become much more uncertain over the last few weeks, with decisions being put off and offers reduced.

Rosanna Lawes, London, Rosanna Lawes Consulting, rosanna@rosannalawes.co.uk - Challenging across all sectors, moderate sentiment, focused on income optimisation, with poor yield contraction and low sector risk appetite.

Sean Dempsey, London, Boulton LDN Capital Limited, sean@boultonldn.co.uk - Occupier confidence in both the office and retail sectors is fundamentally changing our approach to asset management. Increased lettings, an element of rental growth and some degree of interest rate stability are slowly improving investor demand. That is resulting in a more positive approach from valuers. We are certainly now adopting a marginally greater level of risk and cashflow interruption in our longer-term strategies.

Stephen Lewis, London, Celador Consulting Ltd, steveblewis2911@gmail.com - Acute uncertainty, with occupation costs and staff employment costs the major barriers to growth.

Tristram Frost, London based but cover Western Europe, Atlas Property Advisors Limited, twtfrost@googlemail.com - Most decisions are on hold until the Middle East situation is resolved. If material prices and general inflation start rising significantly, along with interest rates, we could be in for a difficult time. More stock, which owners have been holding on to, may start coming to market. But buyers will likely be pretty choosy about pricing.

William Nicol-Gent, South West London, Killochan & Co, killochan.co@gmail.com - Increasing restrictions (speed limits) are diverting interest and demand to locations outside Greater London, and affecting contractors' costs and willingness to quote.

North East

David Downing, Newcastle upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - There remains uncertainty in the market. UK economic performance was already dragging on market activity at the change of the year, and since then Middle East tensions have added another degree of uncertainty. While it is clearly too early to see any material impact on market activity, we have already begun to hear of cases where transactions have fallen through, with the Middle East situation being cited as the reason.

David Finnigan, Gateshead, UK Land Estates, dfinnigan@uklandstates.co.uk - We operate in the industrial sector and still see a dislocation between supply and demand. Occupiers have clear expectations as to what they want from a property, and landlords will need to provide this, otherwise they will not let the premises.

Gavin Black, Newcastle upon Tyne, Naylor's Gavin Black LLP, gavinblack@naylor.com - The uncertainties around the outcome in the Middle East are weighing heavily on the market in all areas.

Gerard Darby, Hartlepool, Hartlepool Borough Council, gerard.darby@hartlepool.gov.uk - Still stagnant.

Graham Hall, Durham, Graham S Hall Chartered Surveyors, ghall@grahamshall.com - Difficult to know where the markets are going, with renewed Middle East tensions and the effects these will have on the UK economy.

Helen Wall, Sunderland, Bradley Hall Auctions, helen.wall@bradleyhall.co.uk - The North East's commercial property market is performing strongly, with investor demand remaining high and cash buyers continuing to dominate. Speed and certainty are increasingly driving transactions, with auctions emerging as the preferred route to market for vendors looking to secure quick, reliable sales. This trend underscores the resilience of the region, as investors actively seek well-located assets offering immediate returns in a competitive, fast-moving environment.

Kevan Carrick, Newcastle upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - Market slowdown, but some increase in quality city centre office requirements.

Mark Peel, Newcastle, Lambert Smith Hampton, mpeel@lsh.co.uk - There have been some reasonable transactions, albeit a few. Still feels like a wait-and-see market. From a valuation perspective, instructions are good.

North West

Andrew Taylorson, Preston, Eckersley Property Limited, at@eckersleyproperty.co.uk - The market remains strong in the industrial sector, with noticeable rental growth in the secondary market as demand is outstripping supply. The retail market remains depressed, with some transactions noted but involving rents being rebased downwards. Development has slowed to a trickle due to problems with the planning process, and no obvious solutions to ease the burden despite the promises from government.

David Briffett, Blackburn, Thomas V Shaw & Co Ltd, david@thomasvshaw.co.uk - North Lancashire is a market within a market. There is little movement from outside the area into the small towns of North East Lancashire. The industrial market is the strongest, with demand for land for new build from existing companies wishing to relocate very strong.

Henry Prescott, Liverpool, Prescott & Partners, henry@pandpartners.co.uk - Uncertainty at a height.

Malcolm Brymer, Manchester, CorProp, malcolm.brymer@corprop.co.uk - Overpriced and volatile, with increasing concern for high street premises in all North West towns.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - A higher level of caution across all sectors, with expressed nervousness as to credit and interest rates. Every job takes longer as the level of diligence increases in endeavouring to future-proof transactions.

Michael Augustine King, Wilmslow, Making Properties Ltd, mikeking@makingconsulting.co.uk - Flat.

Mr Richard G Crompton, Manchester, Northern Prospects, northern.prospects@btinternet.com - I expect there to be a downturn due to uncertainty over current US policy direction and its wider global effects.

Stuart Wenman, Liverpool, Daniel Thwaites, stuartwenman@thwaites.co.uk - Generally speaking, the pub and leisure industry is fairly resilient but not buoyant. There are signs of many businesses still remaining on a strong footing, but this inevitably isn't across the board.

Northern Ireland

Arthur Connell Nugent, Newry, Young-Nugent, achn488@outlook.com - Recent developments in US policy have had a chilling effect on the property market across Europe, with the exception of agricultural land values - echoing patterns seen during Covid.

Guy Hollis, Belfast, Oakland Holdings, guy.hollis@oaklandni.com - Market quiet.

Scotland

David Rooney, Glasgow, Whitelaw Baikie Figes, david@wbf.co.uk - The global impact of the Middle East situation on the economy is a major concern.

David Smart, Edinburgh, J. Smart & Co. (Contractors) PLC, david@jsmart.co.uk - We are still seeing rental growth in industrial in the Central Belt of Scotland, although this is mainly due to lack of stock. We are starting to see vacancies on our office properties for a number of reasons. Significant concern about the UK economy and the impact of Middle East tensions on construction costs, inflation, tenant confidence and so on.

Denis Batts, Edinburgh, Denis Batts Property Consultants, denis@chl.uk.com - Uncertain times.

Gavin Anderson, Glasgow, Whitelaw Baikie Figes, gavin@wbf.co.uk - The Middle East situation will have an effect on confidence and the ability to spend in the next quarter.

Gillian Giles, Glasgow, Ryden LLP, gillian.giles@ryden.co.uk - Office market is positive: low Grade A supply, increasing rents.

Guy Strachan, Edinburgh, Smolka Strachan LLP, guy@smolkastrachan.com - A bit fragile due to world and local political uncertainty.

Iain MacIver, Stornoway, Assessor, iain.MacIver2@highland.gov.uk - General rental evidence or income may appear reasonably stable. However, when inflation and the devaluation of the £ are considered, rental income evidence may suggest a steady reduction, in my opinion, over the last few years in real purchasing power terms for the landlord.

John Duffy, Glasgow, Colliers, john.duffy@colliers.com - Stable but fragile due to Middle East tensions.

Pawel Adamus, Elgin, Grampian Assessors, wrp4448@googlemail.com - In terms of the commercial market in Elgin and the rest of Moray, there is low movement in offices, retail and industrial. Rents are increasing in line with 'everything else is increasing'.

Richard J Gordon, Edinburgh, Stewart Montrose, rgordon@stewartmontrose.com - The global geopolitical situation is having a negative impact across the property spectrum.

Shaun Crosby, Glenrothes, Fife Council, shaun.crosby@fife.gov.uk - Middle East tensions are likely to affect inflation and weigh on markets and confidence.

South East

Chris Thomas, Windsor, Christopher Thomas & Co Ltd, ct@chthomas.com - Headwinds hindering economic growth have strengthened in the short term to gale level on the Beaufort scale of global uncertainty, driving borrowing costs. The transactional shake-up across all sectors has yet to be seen, with some areas - particularly technology-driven - less likely to be affected. A 'ghost recession' seems already here. Given the hurdles thrown at the "keep calm and carry on" decade (2016 to 2026), businesses have built in resilience, with survival and growth at the core. Too much regulation hinders.

Clive Faine, Milton Keynes, Abbeygate Devts Ltd, Cfaine@abbeygate-dev.co.uk - The economic impact of Middle East tensions is increasingly being felt, with material global uncertainty. A new ceasefire might help, but it is too early to tell.

Daniel Onion, Oxford, Thomas Merrifield, danonion@thomasmerrifield.co.uk - A very difficult market to predict and analyse with the ongoing Middle East conflict.

David P D C Martin, Brighton, SHW, dmartin@shw.co.uk - A challenging period, with geopolitical events impacting all parts of the economy as well as business confidence. Leading up to this, there had been reasonable activity across all sectors. Prime city centre offices remain attractive, while turnover in the retail sector has been boosted by the presence of IKEA in Churchill Square. The availability of industrial stock in the city remains low, which has pushed occupiers to the Dolphin Road Estates in Shoreham, to the west of Brighton.

Edward Iliffe, Southampton, Yattendon Group, Edward.iliffe@yattendon.co.uk - Challenging conditions for UK business, with limited new house building, the removal of Business Property Relief, and changes affecting the rental market that are contributing to reduced employment mobility. One positive note is the reported intention to introduce financial literacy at school level.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - The market remains quite challenging in all sectors, with occupiers keeping a careful eye on world events. Legal process, when we get there, continues to be very slow.

Jim Culverwell, Alresford, Culverwell Consulting, jim@culverwellconsulting.co.uk - I see a slight turn by landlords towards greater openness and flexibility, but every situation is unique so it is difficult to generalise.

Julian Scannell, Medway, Watson Day Chartered Surveyors, julianscannell@watsonday.com - There has been a noticeable reduction in enquiries and activity in the last three weeks, following the commencement of the events in the Middle East. There is an expectation that interest rates, rather than falling, are likely to increase over the next six months. If interest rates do rise, that will have an adverse impact on demand and values.

Lavine Lammy, South East, Equinox Surveying Ltd, equinoxlammy@gmail.com - Recent changes to business rates for smaller lower-value units will have a positive impact on neighbourhood and local markets, and will drive demand for smaller units with a rateable value of less than £51,000 per annum.

Lloyd Spencer, Home Counties, Adroit Real Estate Advisors, lspencer@adroitrealestate.co.uk - After improved occupier demand towards the end of 2025, post-Budget, it would appear that Middle East tensions are now having an impact on occupier decision-making, resulting in lower demand.

Matthew Dichler, London, Knight Frank, matthew.dichler@knightfrank.com - Middle East tensions have changed sentiment, but this has not yet fed through to the investment market.

Nicholas Ekins, London, Gentian, nick@gentian.co.uk - General negativity. Concern over secondary retail locations as NI, employment costs and other issues bite smaller occupiers.

Nick Doyle, Cranleigh, Coplan Estates Ltd, nickdoyle@coplanestates.com - Tough to make any development project viability work, due to the normal factors but also additional regulation having an impact.

Nick Hanson, Farnham, Vospers Friend & Falcke, nick.hanson@vospersff.com - Regional demand dynamics are definitely starting to be affected by caution, given signals from central government regarding fallout from the international situation. At a local level, certain elements of the market are clearly being affected by rising local taxation. All in all, a cautious approach is being noted from property decision-makers.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - The publication of the new Rating List is having a dampening effect on demand due to the (mainly) increased occupational cost.

Russell Francis, London, Colliers, russell.francis@btinternet.com - Prior to the recent Middle East escalation, the market was anticipating further interest rate reductions and hopeful of a slow recovery.

Sarah Raggett, Maidstone, Sibley Pares LLP, sarah.raggett@sibleypares.co.uk - The global position at the moment is fast-changing, volatile and difficult to predict. Prior to the recent Middle East escalation I was moderately optimistic that things would improve; I am less so now. I had noticed some businesses were struggling, and anticipate this could become more widespread, with a risk of recession and higher inflation.

Simon Finlay, Bath, Co-operative Group Food Limited, S.c.finlay@talk21.com - Retail convenience food sector very competitive on new build opportunities in new housing schemes, transport nodes and universities.

Simon Lawson, Brighton, The South Coast Surveyors, lawson6102@gmail.com - Middle East issues create significant uncertainty, with the majority of outcomes having negative results.

Stephen Ray, Redhill and Reigate in Surrey, SHW, sray@shw.co.uk - The Middle East situation is in its early stages. Should it not end shortly, or should it escalate, there is potential for significant disruption to UK oil supply and the economy over the next quarter.

Stuart Clark, Worthing & Chichester, West Sussex, Marshall Clark LLP, s-clark@marshallclark.co.uk - We are finding hesitation across the commercial portfolios we manage, due to global uncertainties - in particular business rate costs, increased taxes on employment, and US tariffs and the Middle East situation. Potential investment buyers are waiting to see what happens before committing to a purchase.

William Staniland, London, Rumsey and Partners, will@rumseyandpartners.co.uk - Current US policy direction brings uncertainty, which undermines market confidence and reduces activity, leading to less business.

South West

Andrew Hardwick, Bristol, Carter Jonas, andrew.hardwick@carterjonas.co.uk - The duration of the current Middle East conflict is uncertain, and oil shortages are possible. Inflationary pressure may result and feed through to weakening in the employment market and a jolt to business confidence. Occupier demand continues to hold up well, but there are clearly issues in the recruitment sector already, and this may become more widespread. The backdrop to this is little change to the supply side at the higher end of the market, and as a result, prime rents remain high.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Enquiry levels are down, reflecting business uncertainty in the face of the Middle East conflict and its consequences for energy costs, inflation and interest rates, alongside wider economic and political uncertainty.

Anne Brennan, Poole, Sibbett Gregory, Anne@sibbettgregory.com - Volatile at present, with uncertainty a factor due to the Middle East situation in addition to US tariffs. Opportunities available for investors to purchase at reduced prices, though development is slow due to cost factors. Supply and demand imbalance drives prices, though rents have stabilised. Caution is a factor leading to reduced transactions.

Bryan Galan, Bournemouth, Mellawood Properties Ltd, bryan.galan@outlook.com - Poor demand for retail in high streets, and rents continuing to be rebased.

Charles Kingsley-Evans, Plymouth, CKE Property Ltd, Charles@ckeproperty.com - Generally challenging times, though there is still demand for quality assets.

Chris Wilson, Poole, Goadsby, chris.wilson@goadsby.com - Frustrating that the commercial market started to improve at the beginning of January 2026, but Middle East tensions and 1st April 2026 cost increases have substantially affected activity and demand.

David Wise, London, Active Value Capital, d-wise@hotmail.co.uk - The Middle East situation has undermined confidence in what was a recovering market.

Ifan Rhys-Jones, Plymouth, Listers Property Consultants Ltd, ifan.rhysjones@btinternet.com - The uncertainty created by the ongoing Ukraine conflict has now been compounded by Middle East tensions, with very real financial consequences and an impact on business premises decisions. The negative impact of the business rates revaluation and additional NI and minimum wage burdens is high, particularly in our region where wages are low, with more voids emerging, particularly properties with rateable values around the SBRR threshold.

Jon Stone, Exmouth, Jon Stone Surveyors Ltd, jon@jonstone.co.uk - Slow market across the board with caution and delays.

Leslie Warren, Bristol, Guinness Partnership, leslie.warren@guinness.org.uk - Investor confidence inevitably weakening in sync with the instability caused by the ongoing conflict in the Middle East.

Michael Oldrieve, Exeter, MO, m.oldrieve@btinternet.com - We have entered a period of stagnation whilst investors try to work out what's going on in the world.

Mike Nightingale, Truro, Miller Commercial, msn@miller-commercial.co.uk - The ramifications of the situation in Iran have yet to be fully seen, and this is causing nervousness across all markets at a time when they were showing signs of an early recovery. These events are outside our control.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - Since the late November budget, market sentiment seems to have improved significantly. We are hoping the increased confidence and optimism is not curtailed by geopolitical events unfolding.

Robert Quartley, Trowbridge, Quartley Surveyors, rdq@quartleysurveyors.co.uk - The market is generally flat and appears likely to remain so for some time.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net - The commercial property market remains fairly stable despite the subdued economic outlook and increased taxation. We are experiencing a lack of stock. Transactions are taking significantly longer to complete.

Will Barr, Exeter, VOA, william.barr@hmrc.gov.uk - Difficult to predict due to macroeconomic uncertainty following renewed Middle East tensions.

Wales

Chris Sutton, Cardiff, Sutton Consulting Limited, chris.sutton@suttonconsulting.co.uk - There is a lack of Grade A floorspace across both the office and industrial property sectors, particularly in Cardiff and the M4 corridor. In the office market, there is steady demand from occupiers using lease events to reshape their business environment, typically seeking a smaller footprint of a higher quality. There are signs that prime office rents are increasing, and this trend is needed if new development is to become viable again.

James Sanders, Cardiff, Powell Lloyd, jps@powell-lloyd.co.uk - Middle East tensions have halted all encouraging sentiment, and interest rates not falling has put a dampener on market conditions.

Richard Baddeley, Conwy, Richard Baddeley & Company, richardbaddeleyco@gmail.com - Ahead of the Senedd elections there is a general lack of confidence in the Welsh and UK economy, making existing companies reluctant to invest, and there is generally a lack of inward investment apart from the major centres in South Wales - Cardiff, Newport and Swansea - and Deeside in the north. Demand for industrial space in the north is particularly low and supply is low, with the exception of Wrexham and Deeside. Anglesey is anticipating growth with the Wylfa project and facilities at the Holyhead Freeport.

West Midlands

Ashley Hudson, Birmingham, Nurton Capital Ltd, ach@nurton.ltd - 2026 was looking like a year of improvement with confidence returning. However, the geopolitical environment has put any recovery back at least 12 months.

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk - Demand for industrial and logistics product from both occupiers and investors remains robust, taking account of all current headwinds including Middle East tensions.

James Maxwell Brookes, Stratford-upon-Avon, Badger Brook Estates Limited, badgerbrookestates@outlook.com - We are now in an incredibly tough funding market for development. I do not see this changing quickly, given the wider geopolitical situation.

Peter Benson, Lichfield, Portstone Properties Ltd, pb@portstoneproperties.com - Prime investments will continue to have significant money chasing the opportunity to purchase, but with expensive credit and limited faith in sub-prime tenants, non-prime markets will continue to see limited growth.

Richard Franklin, Tenbury Wells, Franklin Gallimore Ltd, richard@franklingallimore.co.uk - Market static given geopolitical uncertainties. Local employer has closed facilities and moved to the EU, given post-Brexit trading conditions.

Tim Reed, Hereford, Sunderlands LLP, t.reed@sunderlands.co.uk - Given the ongoing situation in the Middle East, it is very difficult, and more subjective than ever, to determine exactly what stage of the property cycle we are at; it could all change very quickly.

Yorkshire & the Humber

Andrew John Wilby, Wakefield, Clifford Lax, andrew.wilby@clifford-lax.co.uk - Challenging. Recent increases in business rates and National Insurance are starting to weigh on market confidence in key areas such as retail, hospitality and the motor trade. Town centre conditions and recent commentary on retail security from experienced operators such as M&S highlight the pressures businesses currently face.

Christopher Jenkins, York, Howard Jenkins, cj@howardjenkins.co.uk - The scale of the impact of the current Middle East conflict is difficult to predict in terms of extent and duration. Certainly, OECD forecasts of UK inflation and lack of growth are sobering; increases in interest rates would directly impact all aspects of the property sector. Meanwhile, the conflict in Ukraine also continues. Previous increases in NI and NMW are still being felt. In York, the financial position of our two universities is also a continuing concern.

Graeme Haigh, Huddersfield, Bramleys LLP, graeme.haigh@bramleys.com - There has been a sluggish start to the year, with evidence of activity being delayed pending anticipated interest rate falls. As these have not materialised, and with instability in the Middle East threatening an uptick in inflation and further delays to interest rate falls, additional caution is being introduced to all sectors. Although it is as yet too early to measure the impact on rents and prices, we expect the market to remain flat for the foreseeable future.

John Hornsby, York, John R Hornsby Chartered Surveyors, info@johnrhornsby.co.uk - I am mostly involved in the secondary retail market, where demand and supply of units has remained broadly at equilibrium. Demand is still reasonably strong for retail units in the York general area where I operate, and no lengthy marketing periods or incentives are required.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - Market predictions when a significant conflict is impacting upon the global economy can only be guesswork, but the market was starting to gain in confidence, and that has now largely evaporated except for decisions that fall well within the usual operating model of the investor or occupier. Anything beyond that scope is being deferred.

Mr Richard J Heslop, Bradford, Property Consultants, richard@de-commercial.co.uk - From mid-January there was an element of optimism. It appeared that owners, occupiers and investors had got to grips with the various tax implications from the two budgets in 2025 and were beginning to look forward. The market was in the early stages of recovery. The Middle East situation has brought that optimism to a shuddering halt.

Scott MacGregor, Leeds, Newmark Gerald Eve, scott.macgregor@nrmk.com - The last three months in general I have seen little change; however, the timing of the events in the Middle East is perhaps too early to tell the impact on valuations and the market. We have seen an increase in the price of fuel, which may well have a knock-on effect on consumer and investor sentiment. However, interest rates currently remain held by the central bank, and there has been limited time for transactions to show evidence within the market. Currently awaiting with bated breath.

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 17 March 2026 with responses received until 20 April 2026. 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 484 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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