ECONOMICS

UK Commercial Property Monitor

Q2 2026

Occupier demand improves across London, although regional markets remain more subdued

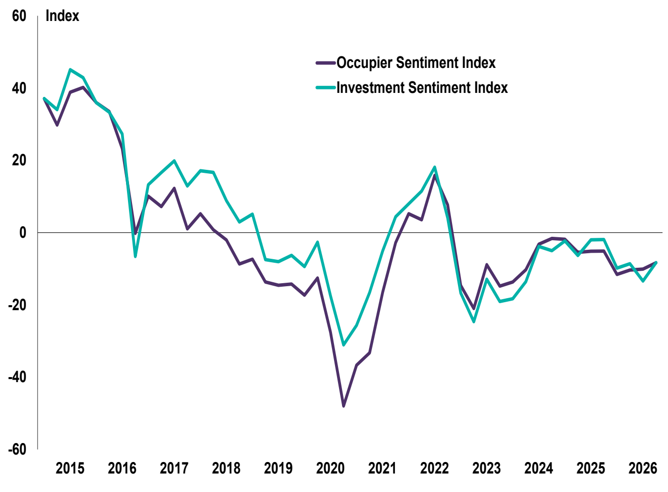
- London is showing signs of strengthening tenant demand growth, while much of the rest of the UK continues to report comparatively weaker market conditions
- Credit environment remains cautious amid geopolitical related volatility
- Expectations for rental and capital value growth have edged further into positive territory for prime assets over the next twelve months

The Q2 2026 RICS UK Commercial Property Monitor points to a modest improvement in headline demand indicators compared with the previous quarter. However, a closer look suggests that much of this uplift is being driven by a strengthening picture in London, while conditions elsewhere in the UK remain more subdued. At the aggregate level, perceptions of the market's position in the property cycle remain highly fragmented. Respondents are almost evenly split between those who believe the market is still in the midst of a downturn, those who feel it has reached a trough, and those who see the early stages of an upturn beginning to emerge.

Occupier Market

On a UK-wide basis, the all-sector occupier demand indicator returned a net balance of -5%. While this remains consistent with a generally subdued market backdrop, it represents the least negative reading since Q2 2025. Looking across the mainstream sectors, industrial demand strengthened slightly, with the net balance rising to +3% from -1% previously. By contrast, the net balance for office occupier demand remained unchanged at -4% for a second consecutive quarter and has shown little movement over the past year. In the retail sector, the latest net balance of -16% remains the weakest among the traditional property segments, although it is somewhat less negative than the -19% and -21% readings recorded in the previous two survey rounds.

Chart 1 - Occupier and Investment Sentiment Indices



With respect to availability, the headline net balance of +20% points to a modest increase in vacancies during Q2, with respondents reporting a rise in the volume of unlet space across all three traditional sectors. Similarly, the inducements indicator remains firmly in positive territory, suggesting landlords continue to offer significant incentives to attract occupiers. The value of such incentive packages was reported to have increased across both the retail and office sectors, highlighting the ongoing challenges faced by these segments.

Looking at twelve-month rental growth expectations, the difficult backdrop continues to be concentrated in the secondary segments of the market. Respondents still anticipate rental declines across both secondary retail and secondary office space over the year ahead, as reflected in net balance readings of -34% and -26%, respectively.

Away from these areas, however, rental growth expectations remain relatively solid, with the Q2 results showing improvements across several market segments. Notably, prime offices now exhibit the strongest rental growth expectations, with a net balance of +51%, up from +39% previously. This marks the strongest reading for the sector in the post-pandemic period, albeit only marginally above the figures recorded in Q4 2025. Alongside this, a net balance of +45% of respondents expect prime industrial rents to increase over the next twelve months, up from +41% in the previous quarter.

In a further sign of improving momentum across the industrial market, secondary industrial rents are now expected to rise over the coming year, with a net balance of +12% of respondents anticipating growth. This represents a notable improvement from the broadly flat outlook seen in recent survey results. Meanwhile, expectations for prime retail rents also strengthened modestly, with the net balance rising to +9% from +4%, representing the most optimistic reading for the sector since 2024.

Although the Q2 results are a little more upbeat than those seen in previous quarters, a closer look at the data reveals that London is driving much of the improvement, with the gap between the capital and the rest of the country widening in recent periods. Indeed, expectations for prime office rental growth in London now stand at a net balance of +67%, while expectations for prime retail rents, at +28%, are also comfortably ahead of the national average. In both cases, these are the strongest readings recorded for a couple of years. That said, when it comes to industrial rental growth, the strongest sentiment for the year ahead is evident across the Midlands and the North of England.

Investment Market

In keeping with the narrative from last quarter, conditions on the investment side of the market appear somewhat softer than those across occupier markets. The headline investment enquiries indicator posted a net balance of -8% in Q2, a modest improvement on the -11% recorded previously, but still consistent with relatively patchy market momentum.

The industrial sector was the standout performer, with the net balance for investor demand edging up to +4% from -1% in Q1. By contrast, investment demand for both office and retail assets remained in negative territory, as the office sector in particular saw a slight deterioration in sentiment compared with the previous quarter. In terms of overseas investor demand, net balance readings remain modestly negative across the board, marking the fourth consecutive quarter in which this has been the case.

Looking ahead, twelve-month capital value expectations remain comfortably positive for prime offices and industrials. However, the latest net balance reading of +29% for both sectors is less upbeat than the figures recorded at the end of last year, prior to the recent escalation of geopolitical tensions in the Middle East. Meanwhile, survey participants are projecting broadly flat capital values across prime retail and secondary industrial assets over the year ahead. Alongside this, respondents continue to anticipate declines in secondary office and retail values, although these projections are slightly less pessimistic than those returned in the previous quarter.

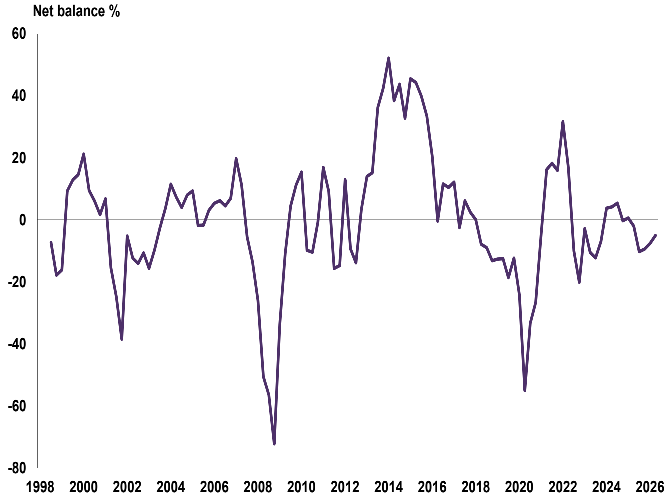
Once again, London is exhibiting notably stronger capital value expectations for both prime offices and prime retail than in other regions. This reflects the relative resilience of investor demand in the capital, which remains significantly firmer than elsewhere in the UK across these sectors.

Alternative Sectors

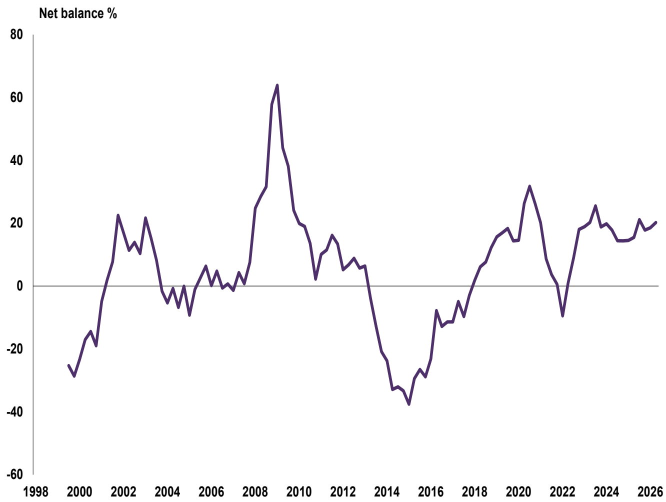
Away from the traditional market segments, data centres continue to lead the way when looking at twelve-month rental and capital value growth expectations, with the latest net balances exceeding +65% in each case. While a solid net balance of +51% of respondents anticipate growth in multifamily residential rents over the year to come, expectations for capital value appreciation in the sector are somewhat more measured (net balance +28%). Elsewhere, hotels and life sciences assets are expected to deliver modest gains in both rents and capital values over the next twelve months. The outlook for student housing is more mixed, with respondents envisaging a modest rise in rents but broadly flat to slightly negative capital value performance. By contrast, leisure appears to be the most challenged of the alternative commercial real estate asset classes, with survey participants anticipating downward pressure on both rents and capital values.

Commercial property all-sector average charts

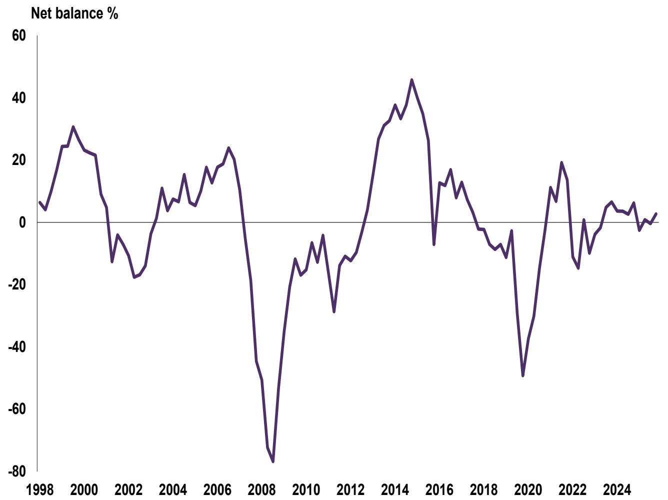
Occupier demand



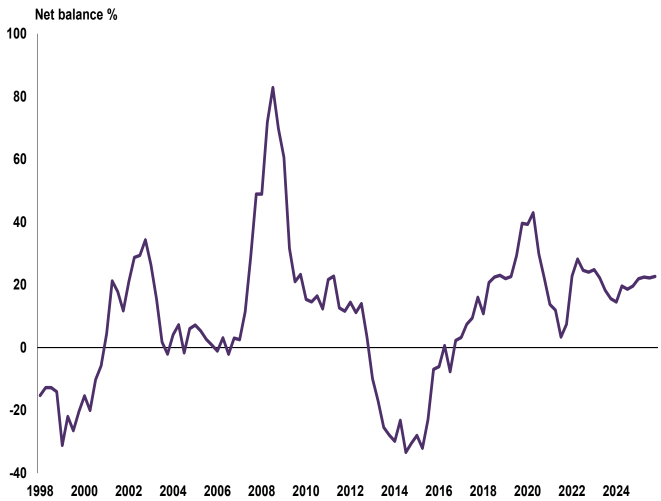
Availability



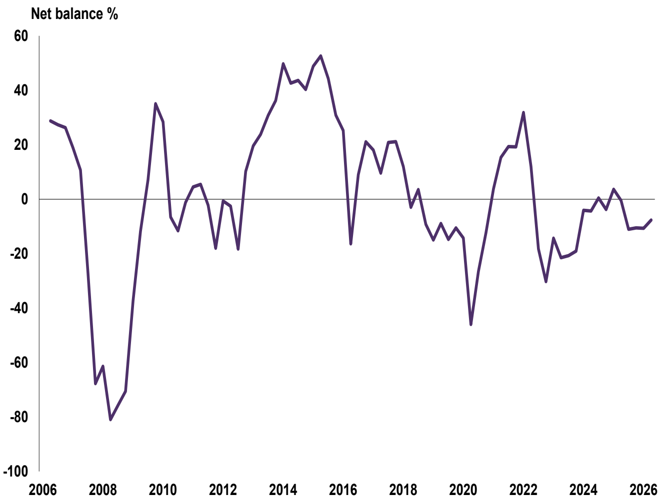
Rent expectations



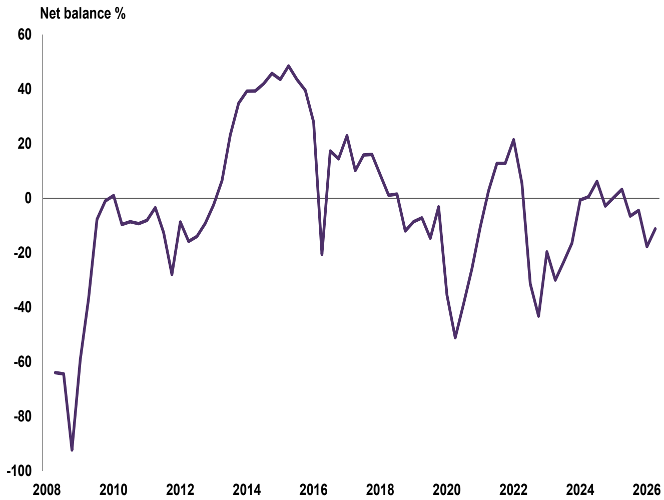
Inducements



Investment enquiries

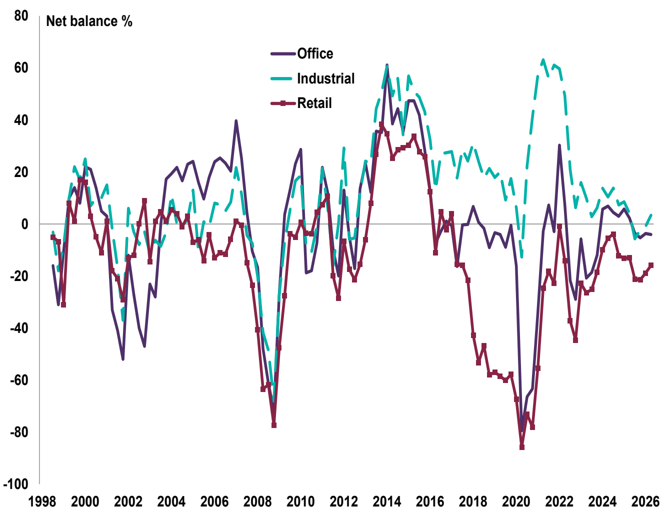


Capital value expectations

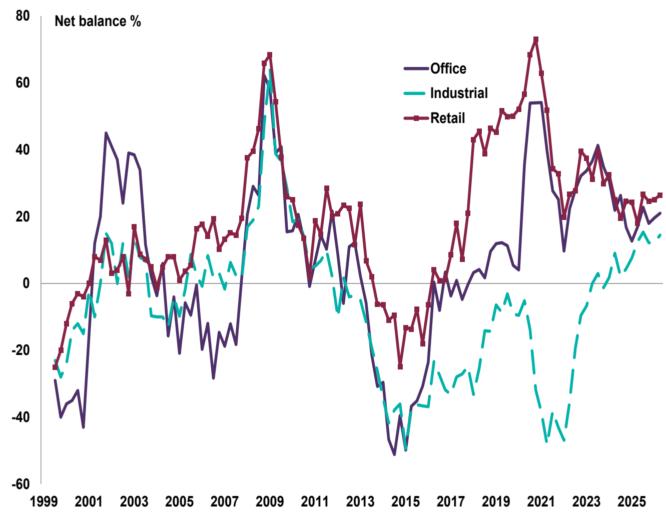


Commercial property - sector breakdown charts

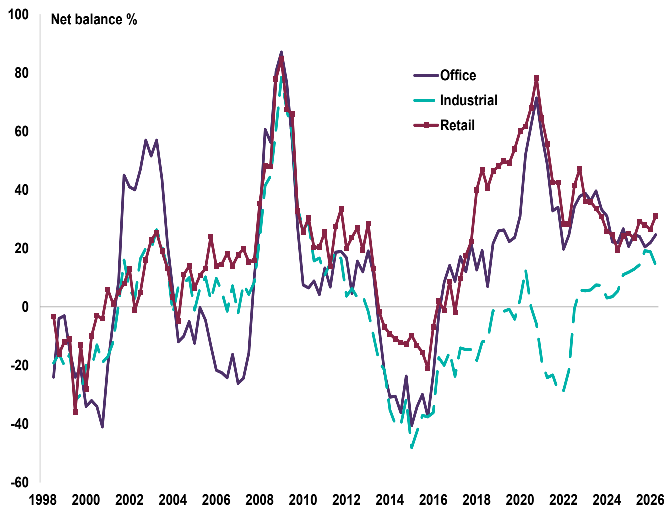
Occupier demand



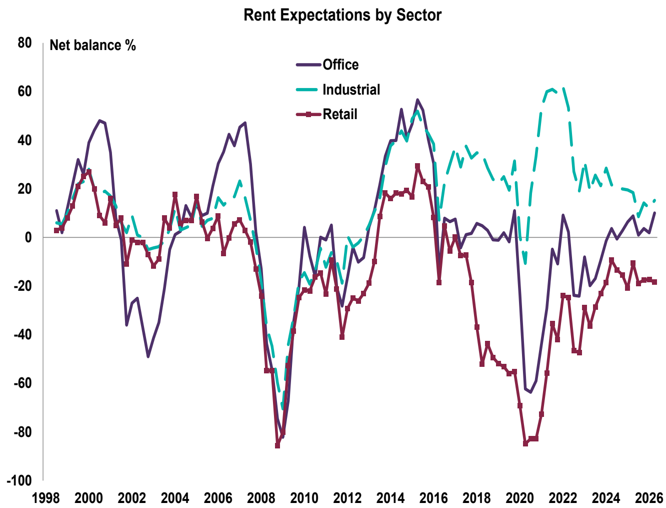
Availability



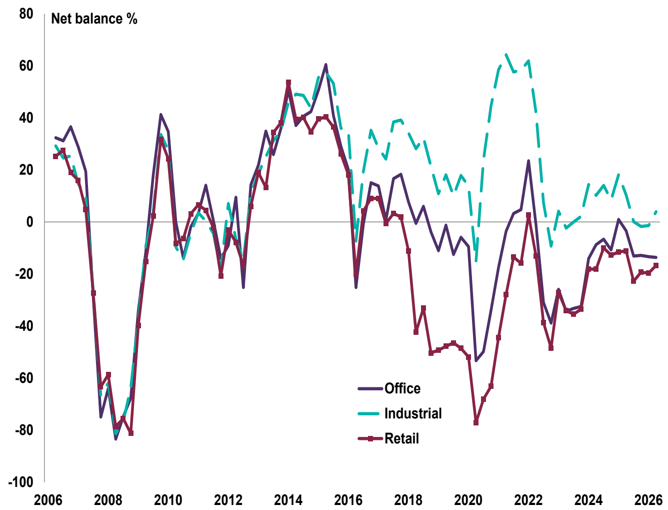
Inducements



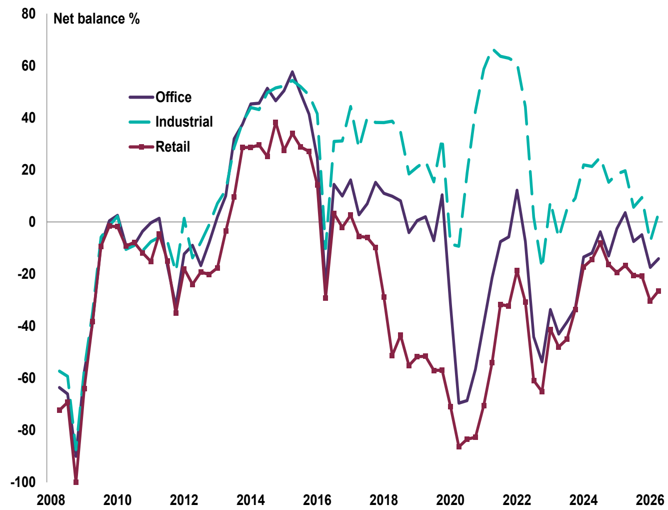
Rent expectations



Investment enquiries

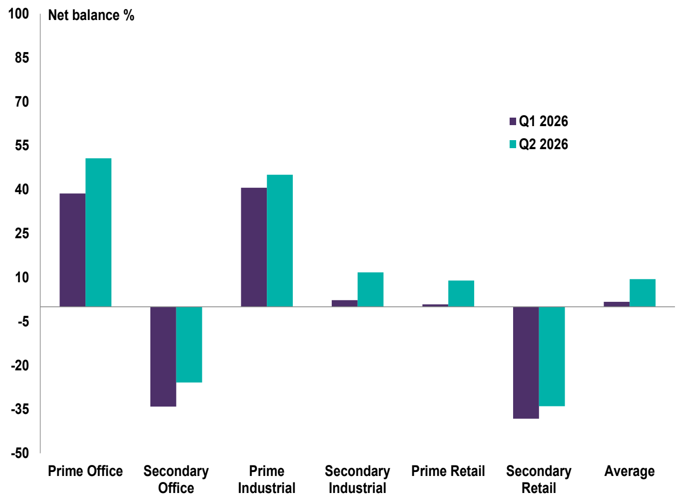


Capital value expectations

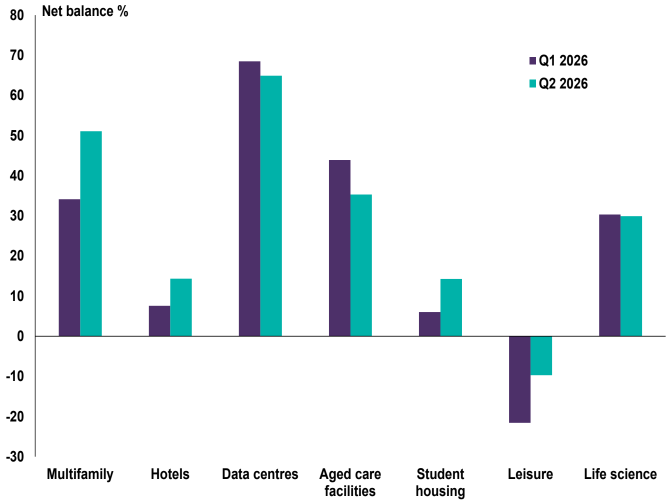


Commercial property - additional charts

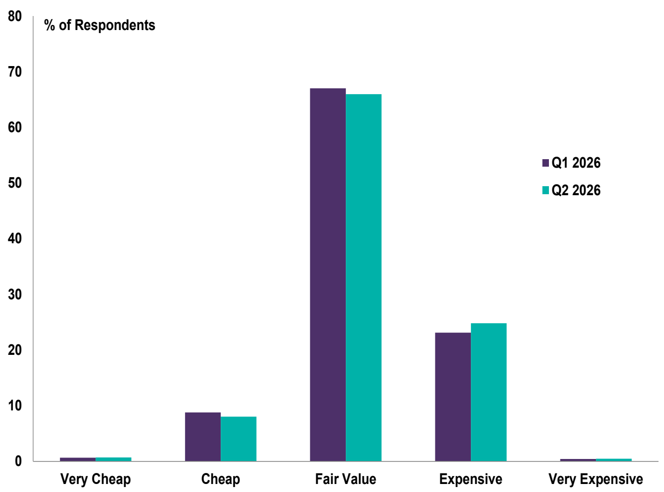
12-month rent expectations across mainstream sectors



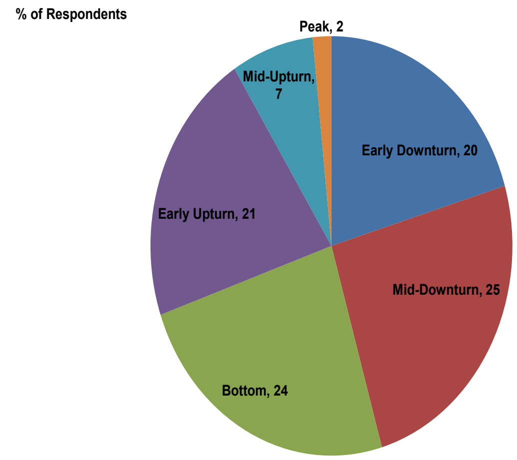
12-month rent expectations across alternatives



Valuation perceptions

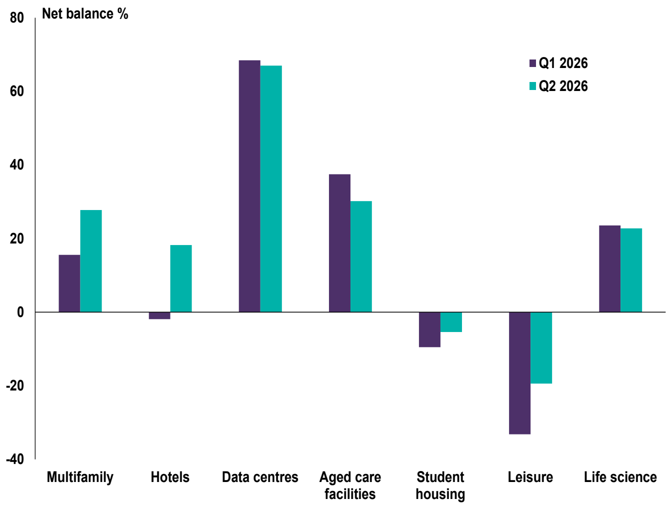


Property cycle



12-month capital value expectations across mainstream sectors

12-month capital value expectations across alternatives



Chartered surveyor comments

East Midlands

Andrew Nichols, Derby, Gadsby Nichols, andrewnichols@gadsbynichols.co.uk – Lethargic. Taxation and overhead cost rises are dampening demand, with no incentive to invest.

Ben Coleman, Northampton, Ben Coleman Associates, ben@bencolemanassociates.co.uk – The market hates uncertainty, and we have bundles of it at the moment. Conflicts in the Middle East and Ukraine, the economy flat-lining, and uncertainty as to who will be leading the country next week, have all contributed to a lack of confidence in the commercial property market.

Brendan Bruder, Northampton, Abbeyross Chartered Surveyors, brendan.bruder@gmail.com – Adding to the state of flux in international macro factors is the UK's move into political uncertainty. As if occupier markets didn't have enough to deal with on climate risk, finances and regulation, we now have a local and national political scene more fragmented than ever. Some challenges such as preserving the High Street, tax incentives, resourcing infrastructure and planning remain in the Government's gift, but promises need to be delivered on.

James AB Ottewell, Derby, Alexander Bruce Estates Ltd, james@alexanderbruce.co.uk – Prime and secondary industrial remains in strong demand throughout the East Midlands, with continued upward pressure on rents. City centre office demand is underpinned by requirements from professions, with limited demand for out of town offices. House prices remain flat with no growth across all areas and some downward pressure on pricing, particularly if homeowners "need" to sell rather than "wish" to sell. Residential rents have stabilised and perhaps peaked.

John Chappell, Skegness, Chappell & Co Surveyors Ltd, john@chappellandcosurveyors.co.uk – In my current experience, market conditions are all about the bottom line. Affordability of rent and rates, and the detrimental effects of the Gulf crisis, cost of living crisis and poor performance of an over-taxed, under-performing UK economy on consumer confidence, are the key influences and are likely to remain so whoever is in 10 Downing Street, north or south, unless the UK Government announces major policy shifts on spending, welfare benefits and taxation of the working population.

Martin Langsdale, Derby, Raybould & Sons, martin@raybouldandsons.co.uk – The slide began with the Autumn budget of 2024 and was compounded by the Autumn budget of 2025, with recent budgets weighing on the UK economy and commercial property market. Energy and staffing costs have caused contraction rather than growth. The conflict in Iran and the associated increase in the cost of fuel has compounded matters further. We are on a downward slope. A local bank manager advised that there is currently no requirement for borrowing, and that it has flat-lined.

Eastern

Adrian Fennell, Norwich, Roche Chartered Surveyors, adrianf@rochecs.co.uk – The Middle Eastern wars are having a direct impact on confidence and the market has definitely slowed down because of the global uncertainty.

Jeff Fuller, Norwich, OA Chapman & Son Ltd, jeffdfuller@hotmail.com – Investors actively seeking multi-let developments but seemingly confined to the industrial sector. Significant concern about the viability of the leisure sector, particularly licensed premises. Retail and office sectors remain quiet and secondary depressed.

Julian Wright, Great Yarmouth, East Commercial Chartered Surveyors, julian.wright@eastcommercial.co.uk – Increased regulation is negatively impacting residential letting and asset management. EPC requirements are impacting all sectors, with efficient new gas heating having a serious impact.

Mike Ayton, Cambridge, DTRE, mike.ayton@dtre.com – Life sciences sector continues to be challenging, with rising supply and a lack of investment restraining occupier demand. More positive trends in the mid-tech and aerospace/defence sectors.

Sam Kingston, Norwich, Roche Chartered Surveyors, samk@rochecs.co.uk – The occupier market across office and warehousing has been subdued, as businesses grapple with rising energy and employment costs coupled with uncertainty over the state of the economy. Lack of supply has helped the freehold market, but the leasehold market has seen increasing supply, which could lead to a softening of rents and an increase in incentives.

London

Aubrey J Sint, London, Sint, aubrey@sint.co.uk – We have mainly operated in the secondary markets across all sectors for the last 40 years. We have rarely seen such low confidence from occupiers and investors. Major investor clients such as family offices say they are 'done with property in the UK', due to taxation and unstable, unpredictable rising costs. Government policies and laws may be working to level off the 'haves and have nots', but at a detriment to wealth and entrepreneurial ability in the UK.

Christopher NB Lacey, London, Sir Richard Sutton Limited, Christopher@srsl.co.uk – Both occupier and investor markets have become more discerning, with strong interest in life sciences and data centres. Resilience also in modern, well specified warehousing and prime central London assets. The continuation of more selective lending policies and higher risk-free rates of return, with long-dated gilt yields moving upwards, has had a modest downward impact on less favoured assets.

Duncan Locke, London, McWhirter Locke Ltd, duncan@mcwhirterlocke.com – As a consultant I am not that close to the market, but I have noticed recent reports of redundancies, although these may be residential related rather than commercial. Redundancies in the commercial agency sector are often an indicator of nervousness, because management sees that annual fee targets are not going to be reached, leading to team leaders being encouraged to take early action. All of that does indicate weaknesses in the market in some sectors.

Edwin Luckham-Down, London, Lookout Development Partnership, info@lookoutdevelopment.com – Slowing activity in the self storage market and modest improvement in hotels and care.

Erikas Grig, London, Erikas Grig Surveyors Limited, erikas@erikasgrig.com – In my opinion, the UK commercial property market remains constrained. Ongoing political uncertainty continues to influence investor confidence, prompting some investors to reassess their exposure to UK commercial assets. This is compounded by interest rates remaining elevated relative to recent years, which continues to suppress investment activity, limit borrowing capacity, and curb overall demand across much of the market.

James Linton, London, Victor Charles Property Investments Limited, james.linton@victorproperty.co.uk – A weak market both for occupiers and investors. Primary causes being uncertainty regarding oil prices potentially leading into inflation. Government policies to increase taxation and regulation on businesses are viewed as anti-business, causing weak sentiment and capital flowing out of, or not being re-invested into, the UK.

John Graham, London, Douglas Advisory Ltd, j.graham22@icloud.com – Investors should see higher valuations for green energy buildings.

Jon Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com – This is a very challenging market. In January 2026 the 'vibe' seemed more positive from clients. However, since the beginning of the Iran conflict the positivity decreased overnight, with the view that interest rates were not set to decrease as most expected.

Leo Gough, London, Newton Perkins, Lg@newtonperkins.com – I think that the leasing market in the core city areas has remained steady over the past 12 months. Prime assets have seen strong demand, especially those with floorplates over 10,000 sq ft due to lack of supply. Secondary assets in prime locations have remained steady. Those in secondary locations have seen the worst performance.

Mac Lal, London, Macneel and Partners Ltd, Maclal66@gmail.com – Occupiers being more cautious and taking advantage of sustainability as a bargaining tool. Capital values and rents at a standstill due to continued market and government uncertainty.

Neil Miller, London, Lawrence Vacher Property Surveyors, neil.miller@lvpsurveyors.co.uk – Capital values very price sensitive.

Nick Haywood, London, Strettons, nick.haywood@strettons.co.uk – Within the industrial and logistics market, there has been little change in demand over the last 12 months. In my particular area of east and north London there remains a large supply of available units, particularly under 50,000 sq ft. This year is beginning to see a more pragmatic view being taken by landlords to get space let, with some relaxation on headline rents and greater incentives to tenants.

Nigel Harrison, London, Harrison Leggett, nh@harrisonleggett.co.uk – Central London office market remains two tier: a race to the top of quality for thriving industries such as financial, investment and the new technologies including AI, producing ever increasing rental levels and shortages of Grade A+ stock. Lower quality and secondary stock rents are stagnating with limited demand.

Ollie Leat, London, SHW, oleat@shw.co.uk – Out of town retail market continues to perform strongly, underpinned by growing rents and accessibility for customers.

Russell Francis, London, Colliers, russell.francis@btinternet.com – The conflict in Iran and wider geopolitical issues, resulting in a fear of higher inflation and therefore higher interest rates, have adversely impacted occupier and investor demand. The prospect of a change in leadership has also adversely impacted sentiment.

Simon O'Brien, London, O'Brien Real Estate, Simon O'Brien – In West London we are finding that demand is far outstripping supply for both secondary and tertiary retail units. In respect of secondary parades, I believe this is due to the fact that when the blue chip covenants vacate upon lease expiry, it is often the first time that these premises have been on the market for many years. Landlords are being realistic about the strength of covenant that will occupy and, more often than not, are taking a pragmatic view that with a rent deposit all is good.

Simon Kelly, London, BMA, simonkelly54@googlemail.com – The impact of US actions in the Middle East has paused some decision making temporarily but has not caused major market disruption. The financial stability provided by the current government, albeit without major growth initiatives, over the past two years is about to be tested with a new prime minister and cabinet. We'll have to see how markets react.

Toby Monckton, London, STONE RE, toby@stone-re.co.uk – Political turmoil is causing uncertainty.

Tristram Frost, Based in London but mainly covering Western Europe, Atlas Property Advisors Limited, twtfrost@googlemail.com – Refinancing/financing is getting trickier. Shortage of prime stock. Investors still seem to be chasing core-plus pricing for core stock, or value-add pricing for core-plus stock.

William Nicol-Gent, South West London, Killochan & Co, killochan.co@gmail.com – General conditions are steady but masked to a great extent by outside economic pressures, including increased traffic owing to reduced permitted speeds and access/parking. Residential transactions are increasing, but some frankly from personal, job security and schooling pressures, with the current climate perceived as un-friendly to private enterprise as a place for business in the current timescale.

North East

David Downing, Newcastle upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk – The market is definitely slowing, with occupiers and buyers delaying making decisions wherever they can, and using any excuse they can (the Iran conflict etc). Understandably, concern over the UK economic outlook and the potential leadership challenge in the Labour Party, and the resultant direction the government will take, are weighing on minds. That does not mean there is no appetite however; deals are still happening and some buyers have adjusted to this 'new normal' of perpetual uncertainty.

Kevan Carrick, Newcastle upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com – Market perception of wait and see. Office occupiers still active in the City Centre compared to out of town. Demand more for amenities and facilities to anchor staff.

North West

Daniel Harris, Manchester, Daniel Harris and Company, dh@dh-property.co.uk – Slow down in office demand. Leisure operators are more or less maintaining turnover, but profitability and viability are being hit by rising costs (labour, utilities, stock).

Jason Rawson, Blackburn, Trevor Dawson Limited, jason@tdawson.co.uk – Slow.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk – General confidence is down, with particular concerns over increasing construction costs, planning delays and labour availability.

Mike Forster, Liverpool, Sefton Borough Council, mike.forster@sefton.gov.uk – Very active demand for secondary retail, particularly feature tourism assets.

Northern Ireland

Gareth Howell, Belfast, Wirefox, gareth.howell@wirefox.com – The increase in the comparable risk-free rate of return has the greatest impact on market-wide pricing, but the divergence between true prime stock and increasingly stranded assets is becoming wider as a result of inflationary construction costs and fluctuating demand.

Scotland

James Macdonald, Edinburgh, JSM Developments, jim@jsmdevelopments.co.uk – There is a lot of uncertainty just now over the political direction, which could affect the market considerably. Until that is clear it is difficult to predict what might happen.

Len Kidd, Edinburgh & North East Scotland, Retired, len.kidd57@btinternet.com – I am a retired member of the RICS and my opinion of general market conditions is based on my observations of what is happening in the area where I reside. In my opinion, the general market is being affected by the change of use and/or demolition of commercial/industrial property, usually for the conversion into, or development of, domestic housing. I am aware of developers and the Local Authority demolishing property to provide vacant development sites. Any new development seems to be small retail units.

South East

Adrian Tutchings, South London and North Kent, Linays Commercial Limited, commercialproperty@linays.co.uk – Very poor, with a lot of negative attitudes.

Bernard Smith, Crawley, Bernard J Smith Ltd, bernie@bernardjsmith.co.uk – Growing uncertainty and loss in confidence. Small businesses struggling against higher occupational and operating costs. Interest rates remain stubbornly high. Fuel costs rising again with little to reassure on future trends. Global conflicts rising.

Chris Wilkins, Harpenden, Ashridge Estates Ltd, chris@ashridgeestates.co.uk – Speculation over potential changes to stamp duty and council tax is having an adverse influence on potential buyers looking to buy a new home. Policy uncertainty of this kind is having a negative effect on growth and is putting off developers from building more homes and commercial property.

Chris Thomas, Windsor, Christopher Thomas & Co Ltd, ct@chthomas.com – The geopolitical landscape of the western economy continues to be led with caution. Further UK uncertainty has been introduced by the recent resignation of the Prime Minister, with a negative effect on lending criteria, owner occupier and business outlook, although there is hope that change will introduce more business-friendly economics than currently.

Colin Thacker, Maidstone, Location 3 Properties Ltd, colin.thacker@L3P.co.uk – The impact of the Iran conflict has led to even more hesitation by investors. The biggest single hurdle in the market, still, is the planning system, which remains slow and in need of reform.

Dan Onion, Oxford, Thomas Merrifield, danonionthomasmerrifield@gmail.com – The market continues to be challenging due to international and domestic political headwinds and higher than anticipated interest rates in the first half of the year.

David P D C Martin, Brighton, SHW, dmartin@shw.co.uk – A little more activity than previously reported with prime offices proving attractive to occupiers from both inside and outside of the city. Retail continues as before with a fairly even number of retail acquisitions and shop failures. Industrially demand is fairly constant but with occupiers becoming more rent sensitive.

E C C Dodds, Ipswich, Whybrow Chartered Surveyors, ewandodds1959@gmail.com – Appears to me to be weak, unsurprisingly given Government interventions and an obvious lack of support for business, providing for a real lack of business confidence.

Frank Blanking, Braintree, Blanking Associates, francis.blanking.ba@hotmail.com – Market is slow and affected by the current state of the economy.

Graham Chase, London, Chase Sinclair Clark, GFC@chasesinclairclark.co.uk – The property market is volatile across most sectors. Residential development in many cases is no longer financially viable, reflecting reduced demand, increased construction costs and significant transaction costs and taxation. In commercial property the incidence of business rates increases is out of proportion to the service received and the true value of the property, adversely impacting on rental growth and occupier and investor sentiment. Vacancies will rise. Hospitality is under significant pressure.

Iain Steele, Farnham, Park Steele, Iain@parksteele.com – Our market continues to move steadily, although more slowly, with the decision making process more cautious from tenants and buyers. The legal process continues to be frustratingly slow, with deals taking longer to be processed. There continues to be take-up of offices from alternative users such as medical, leisure, health and wellbeing. Shops remain in demand from independents, albeit with budget constraints. Industrial continues to be most in demand, although rental growth has slowed.

Julian Scannell, Medway, Watson Day Chartered Surveyors, julianscannell@watsonday.com – The conflict between the United States, Israel and Iran, and the consequential inflationary and economic impacts, have definitely adversely affected demand, both from prospective purchasers and prospective tenants. The forthcoming change of prime minister and the lack of clarity of government policies will act as a further impediment to market activity in the short term, at least.

Kevin Dempster, Sittingbourne, Watson Day, kevindempster@watsonday.com – Patchy market, but activity picked up in May/June.

Kieran Cooke, West Molesey, Surrey, Cooke Rowell Limited, kieran@cooke-rowell.co.uk – A little depressed due to numerous uncertainties.

Nick Hanson, Farnham & Aldershot, Vospers Friend & Falcke, nick.hanson@vospersff.com – Market remains surprisingly resilient given many negative outlooks on both the national and international stage.

Nick Jacobs, London, Rowan Investment Management, nj@rowanasset.co.uk – The market is typified by a tendency to recovery shrouded in global volatility.

Nick Reeve, Farnham, Curchod & Co, nreeve@curchodandco.com – We have found that the occupier market has deteriorated significantly since the start of the year. Companies are delaying making expensive decisions and confidence is low.

Russell Walker, Hertfordshire, Russell Walker Real Estate Limited, rjw@jamiesonmills.com – We are beginning to see some retailer take-up in voids across the UK secondary shopping centre market, helped in a small way by the revaluation in rates and predominantly by small independent operators. However, this is counteracted in the F&B sector by taxation on employing people and cost of living pressures. We need a fundamental shift in central government thinking in order to see real growth.

Simon Harper, Beaconsfield, Jaggard Macland LLP, srh@jaggardmacland.co.uk – A difficult place to do deals at the moment.

Simon Lawson, Brighton, The South Coast Surveyors, lawson6102@gmail.com – Everything is dependent on the geopolitical climate.

Stephen English, London, HBC Real Estate, stephen@hbcrealestate.co.uk – Exciting times for the London market. A definite shift back to working in an office, with continuing pressure on buildings to offer attractive working spaces to maintain that momentum.

South West

Alastair Jestyn Coke, Blandford Forum, A Jestyn Coke, ajc@ajcoke.co.uk – Uncertainty in government policy is affecting investors, who are concerned that green measures may wipe out investments if EPC requirements are toughened and lessees have no capacity to comply with legislation.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk – Swindon & Wiltshire's commercial property market remains fairly subdued in the face of low economic confidence, rising costs, political uncertainty and the Middle East and Russia/Ukraine conflicts.

Anne Brennan, Poole, Sibbett Gregory Chartered Surveyors, anne@sibbettgregory.com – High level of uncertainty and caution. Investors frustrated. Government instability. Tenants now experiencing continued financial difficulties as a result of increased costs to operate successfully. Likely to see more businesses failing over the next 12 months.

Bryan Richard Galan, Bournemouth, Mellawood Properties Ltd, bryan.galan@outlook.com – Difficult market for commercial lettings due to high utility costs, rates, wages including NI, and lack of a suitable labour force, plus bureaucratic regulations.

Daniel Smethurst, Swindon, Smethurst Property Consultants, daniel@smethprop.co.uk – Market confidence remains subdued following the Iran conflict, with many occupiers adopting a cautious wait-and-see approach. Enquiry levels have softened, although active requirements are generally genuine. Higher borrowing, fit-out and relocation costs are causing some SMEs to delay decisions. Despite this, the supply of quality commercial space remains limited, requiring occupiers to plan well in advance of lease events to secure suitable accommodation.

Huw Thomas, Chippenham, Loveday, huw@loveday.uk.com – There is an increasing amount of caution in the market from occupiers and investors. Industrial demand has dropped for the first time in years, but retail demand, particularly in the food & drink sector, has increased. Investor demand has dropped significantly in the sub-£500,000 lot size, which historically has always been very strong in this area. As above, it has become a very cautious market.

Ifan Rhys-Jones, Plymouth, Listers Property Consultants, ifan.rhysjones@btinternet.com – The impact of rates revaluation will continue to distort the market for months to come, along with the effects of higher NI and other taxes for employers.

Jon Stone, Exmouth, Jon Stone Surveyors Ltd, jon@jonstone.co.uk – Weak and price sensitive.

Michael Oldrieve, Exeter, MO, m.oldrieve@btinternet.com – Stagnation as we bump along the bottom and sellers hold out for inflated values.

Nick Maffey, Truro, Miller Commercial, ngm@miller-commercial.co.uk – Quiet/sluggish.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk – Underlying conditions appear resilient, however national and global political headwinds are hampering the potential for increased levels of activity. Uncertainty prevails.

Robert Quartley, Trowbridge, Quartley Surveyors, rdq@quartleysurveyors.co.uk – All markets are flat, have been for some time and are likely to be for some time.

Simon Bennett, Bristol, Altitude, Sb@altitude-inv.com – Rising gilt yields hitting pricing and availability of investment product.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net – Commercial property enquiries are generally down, but there is also less quality stock on the market in the West Dorset region. The wars in Ukraine and the Middle East continue to have a depressing effect, as well as fuel prices and the current economic climate and political uncertainty in the UK.

Wales

Adina-Cristina Badulescu, Swansea, Rees Richards & Partners, 100adina@gmail.com – The industrial property sector is outperforming retail and offices, with modest rental growth and relatively low vacancy for quality units around Swansea. The office market remains stagnant due to hybrid working, with modern offices in demand while the existing stock is stagnant. The retail sector is the weakest sector in Wales, with the city centres being outweighed by the retail parks.

Chris Sutton, Cardiff, Sutton Consulting Ltd, chris.sutton@suttonconsulting.co.uk – There is a lack of available Grade A floorspace across both office and industrial markets. Developers face challenges including funding, planning delays and increased construction costs. There are, however, high quality occupier enquiries in the Cardiff office market, and a recognition that rents will need to rise to improve viability. In the industrial sector, developer Indurent has announced the final two phases of its landmark scheme in Newport, with quoting rents of £10-£12 per sq ft.

Jodie Al-Khafaji, Cardiff, Horizon Properties, jodie@horizonproperties.org.uk – Cardiff's student property market remains strong, driven by consistent demand from students attending institutions such as Cardiff University and Cardiff Metropolitan University. Growing student numbers, combined with a limited supply of high quality accommodation, continue to support healthy occupancy rates and rental growth. Well located, modern student properties are generally viewed as resilient investments, although affordability remains an increasingly important consideration for tenants.

Michael Bruce MRICS, Cardiff, DLP Surveyors, michael@dlpsurveyors.co.uk – Following June's Senedd elections we now have a Plaid Cymru government which replaced Labour. Too early to say what impact Plaid will have on improving various aspects of the Welsh economy, although their pledge to bring back some form of WDA-type agency will hopefully be seen as a positive step.

Sioned Evans, Cardiff, Llywodraeth Cymru, Sioned.evans@gov.wales – Busy but hard to convert.

West Midlands

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk – The occupational market is challenging, however there are still some very encouraging transactions occurring in certain size ranges and locations.

Ian Humphries, Worcester, I D Humphries, idh@ianhumphries.co.uk – This is a thin market. There is demand for industrials and warehousing, but very little for offices or retail.

Nicholas Bird, Birmingham, Homes England, Nicholas.bird@homesengland.gov.uk – Housing land market in a downward drift, but otherwise some glimmers of resilience, boding modestly well for when the geo/macro-economic backdrop improves.

Nick Yates, Birmingham, Colliers, nick.yates@colliers.com – Investors at certain levels are struggling to find stock in the market at the moment. Equally, uncertainty around global events is still impacting on investor confidence, but due to the longer term nature of some of the events this is settling and becoming a way of life.

Richard Franklin, Tenbury Wells, Franklin Gallimore Ltd, richard@franklingallimore.co.uk – Business confidence very low based on global uncertainty and, unless a property decision has to be made, it is being "kicked down the road".

Richard David Calder, Birmingham, Calders Chartered Surveyors, richard@calderssurveyors.com – Market conditions continue to generally deteriorate with falling confidence. The industrial and warehouse markets still show remarkable resilience, but do not have the impetus they did 12-24 months ago.

Thavaraja Kamalraj, Birmingham, Birmingham City Council, kamalrajt93@gmail.com – Within the Birmingham city centre region that I manage, there is strong demand for real estate investment, as well as from occupiers in the office and retail sectors.

Yorkshire & the Humber

Damian Kearns, Ilkley, Kearns and Partners, damian@kearnsandpartners.co.uk – Demand for property in good towns is strong across the region, but secondary property in less favourable towns remains difficult.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk – After a good year of office activity in the Yorkshire region, and in Leeds and Sheffield in particular, this sector has become fragile in the last couple of months as the impact of conflict destabilises decision-making, leading to delayed refurbishment of stock and development starts, as well as occupier commitment delays. However, industrial demand is more robust and an uptick in take-up is being seen.

Richard Heslop, Leeds, DE Commercial, richard@de-commercial.co.uk – The geopolitical situation is definitely impacting on both investor and occupier confidence. Until the Middle East situation is resolved, I expect the market to continue to perform sluggishly, with no growth and a lack of confidence being the overriding factors.

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 June 2026 with responses received until 15 July 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 440 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

Disclaimer

Economics Team

Simon Rubinsohn

Chief Economist

srubinsohn@rics.org

Tarrant Parsons

Head of Market Research and Analysis

tparsons@rics.org

Delivering confidence

We are RICS. As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards.

We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

Enquiries
contactrics@rics.org