

ECONOMICS



UK Commercial Property Monitor

Q3 2025

ECONOMICS

Macro pressures contribute to weakening investor and tenant demand at the headline level

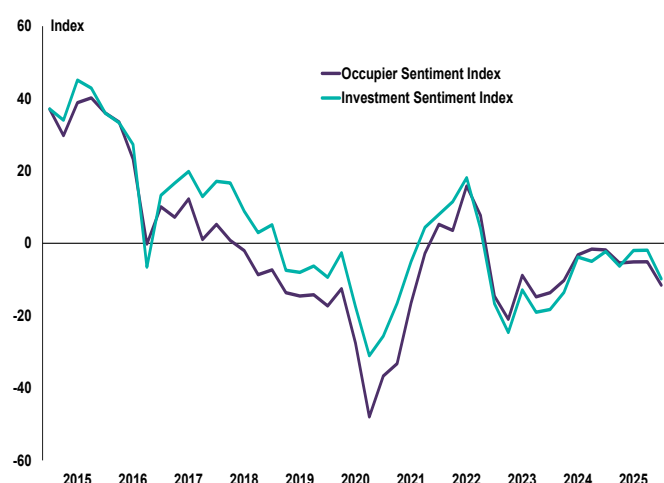
- Occupier demand reportedly softens across all sectors at the national level, although feedback is a little more resilient in London
- Investment enquiries decline, driven by falls across the office and retail sectors
- Prime commercial real estate still generally expected to post moderate capital value and rental growth over the year ahead, although projections have been trimmed

The latest RICS UK Commercial Property Monitor results point to a deterioration in market activity during Q3. The challenging macroeconomic environment, most notably rising inflation and elevated bond yields, are weighing on the outlook. In keeping with this narrative, both the Occupier and Investment Sentiment Indices (composite indicators of market conditions, shown in Chart 1) fell deeper into negative territory during the latest survey period. In aggregate, only 22% of respondents now feel conditions are consistent with the early stages of an upturn across the market, down from 35% in each of the two previous quarterly reports.

For the Occupier Sentiment Index, the latest reading of -12 is down from -5 previously and represents the weakest figure since the end of 2023. Driving this, tenant demand reportedly fell during Q3, posting a net balance of -10% at the all-property level. Within this, retail demand saw the steepest decline (in net balance terms), registering a figure of -21%. Meanwhile, the corresponding readings for the office and industrial sectors were -4% and -6% respectively. Crucially, excluding the first quarter of Covid lockdown restrictions, this marks the first negative return for the industrial occupier demand series since 2012.

At the same time, availability (vacancies) are seen rising in each mainstream market segment, with respondents also citing an increase in the value of landlord incentive packages offered to entice occupiers. Unsurprisingly, this has led to a downward adjustment in near-term rental

Chart 1 - Occupier and Investment Sentiment Indices



expectations, albeit the Q3 reading is signalling a flatter picture ahead, rather than an outright decline, at least at the aggregate level.

Looking at rental projections for the coming twelve months, all sectors exhibit some degree of downgrading in expectations relative to the previous iteration of the survey. Even so, the outlook remains positive for prime office and industrial rents, with respondents pencilling in growth of just under 2%. Conversely, all other traditional sectors now display flat or negative twelve-month rental growth projections, with secondary office and retail space anticipated to see an especially noticeable downward adjustment.

Focussing on the Investment market backdrop, the headline Sentiment Index returned a figure of -10 in Q3, slipping from -2 beforehand. Beneath the headline figure, investor enquiries declined for office and retail assets, and stagnated across the industrial sector. Coming through as an unfavourable development for the market, the credit conditions indicators fell to a net balance of -12%, breaking a run of two successive positive reading prior to this, and suggesting the lending environment became more restrictive in Q3.

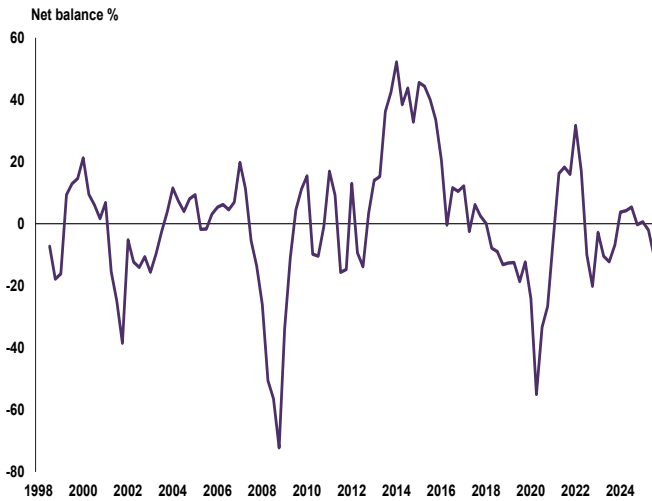
Echoing the overall more cautious tone to the latest data, capital value projections were pared back across all categories. Still displaying slightly positive expectations however, prime office and industrial values are seen moving marginally higher. All other traditional sectors are expected to see some degree of decline in capital values over the coming year, with secondary office and retail once again anticipated to bear the brunt of any downward pressure.

From a regional perspective, despite seeing a slight softening in Q3, the London office and retail sectors show greater resilience in terms of both occupier and investor demand readings (compared to the national average). As such, across prime tiers of these markets in London, rental and capital value growth is anticipated to outperform the UK-wide trend over the year ahead.

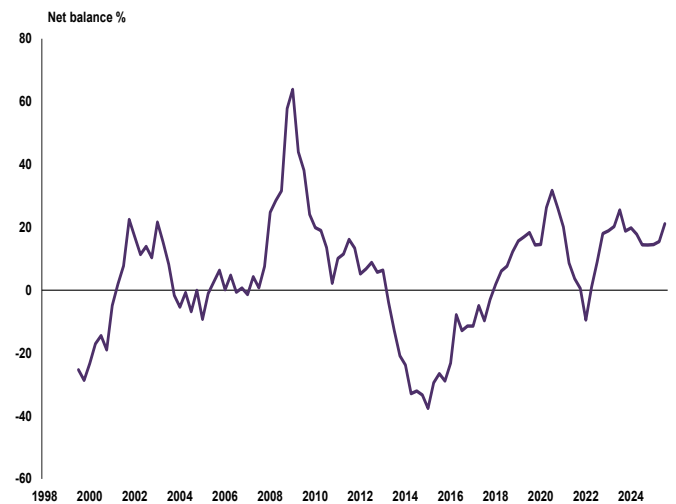
Also standing in contrast to the broader picture, alternative sectors offer a slightly brighter outlook. Optimism around data centres remains undiminished, while aged care facilities, multifamily residential, student housing, and life sciences are all expected to see growth in both rental and capital values over the next year.

Commercial property all-sector average charts

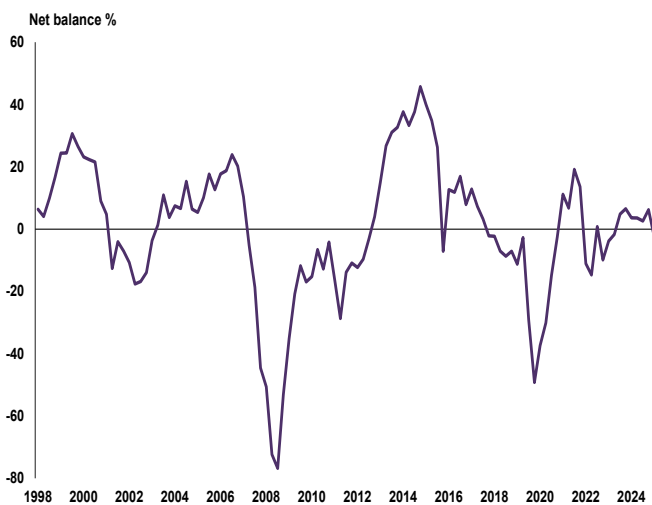
Occupier demand



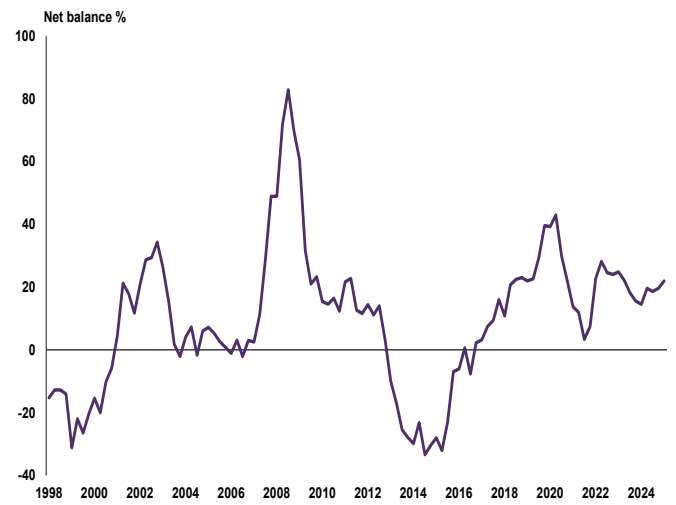
Availability



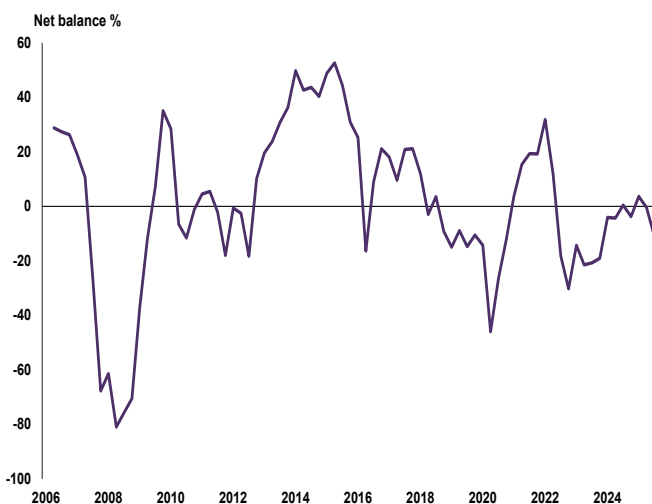
Rent expectations



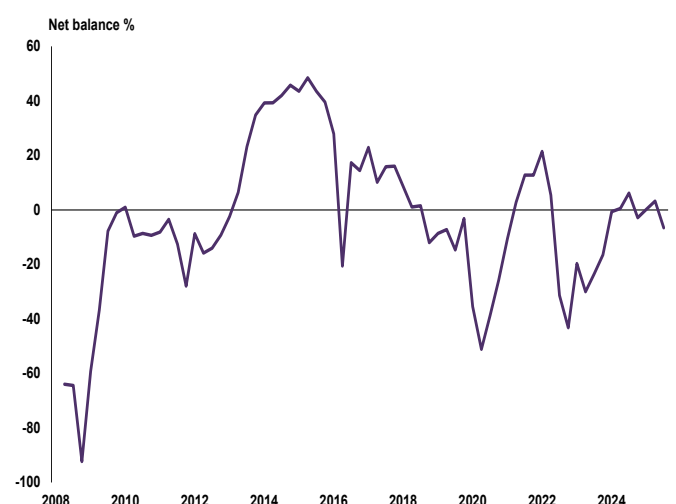
Inducements



Investment enquiries

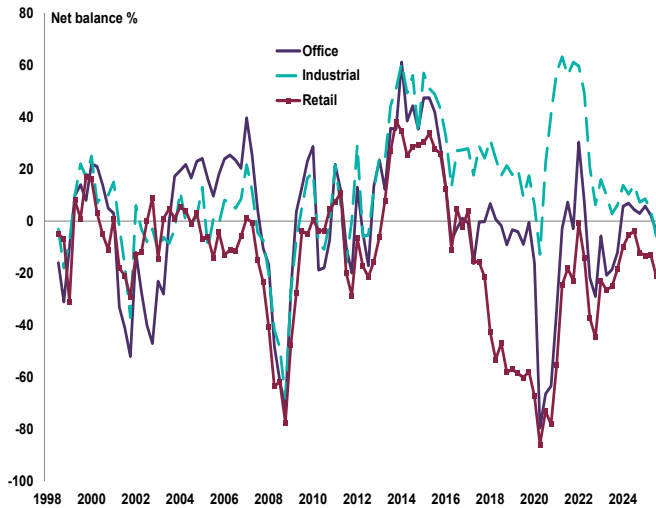


Capital value expectations

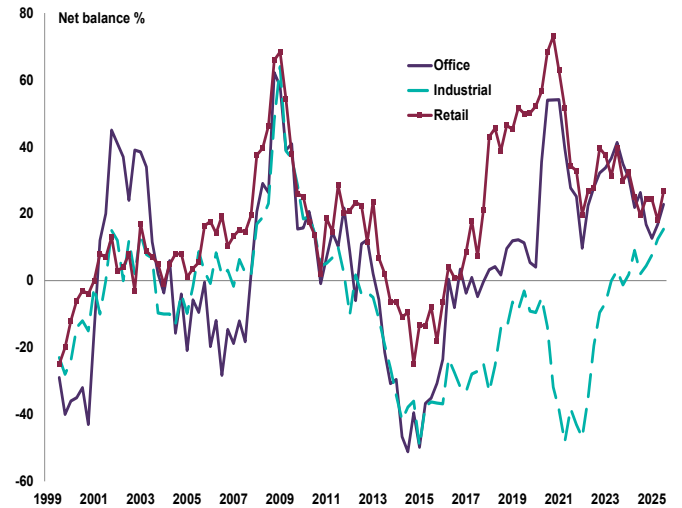


Commercial property - sector breakdown charts

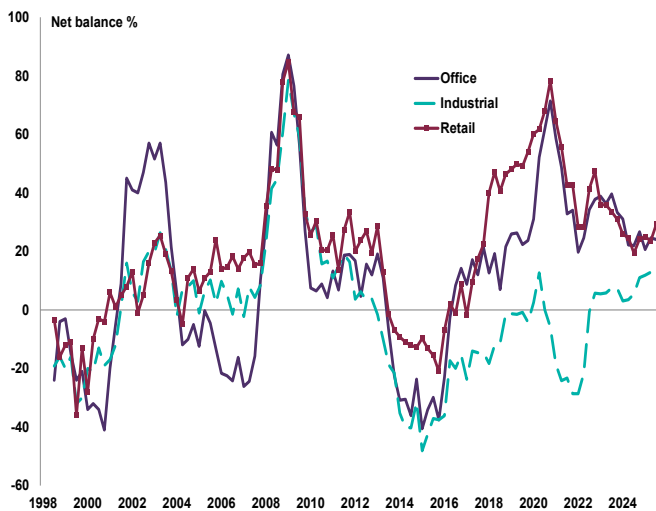
Occupier demand



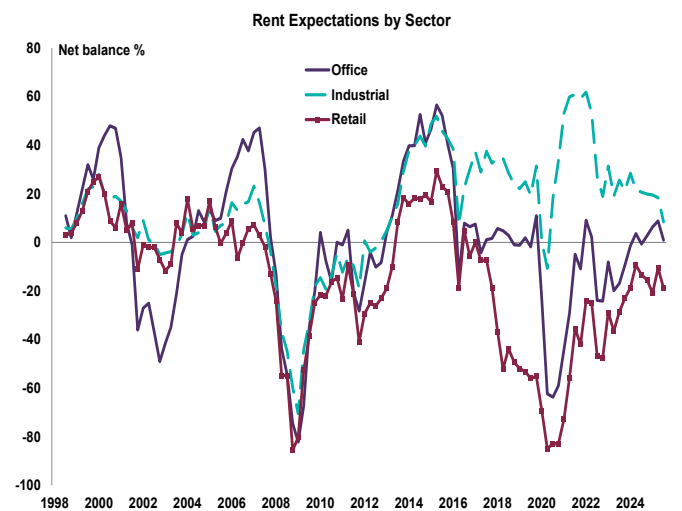
Availability



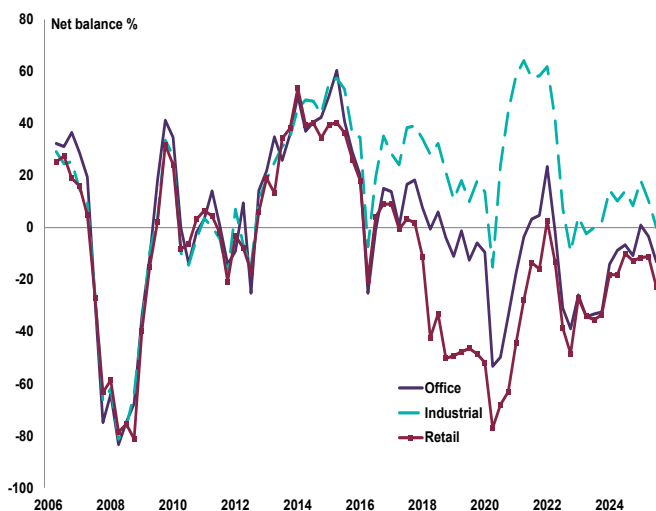
Inducements



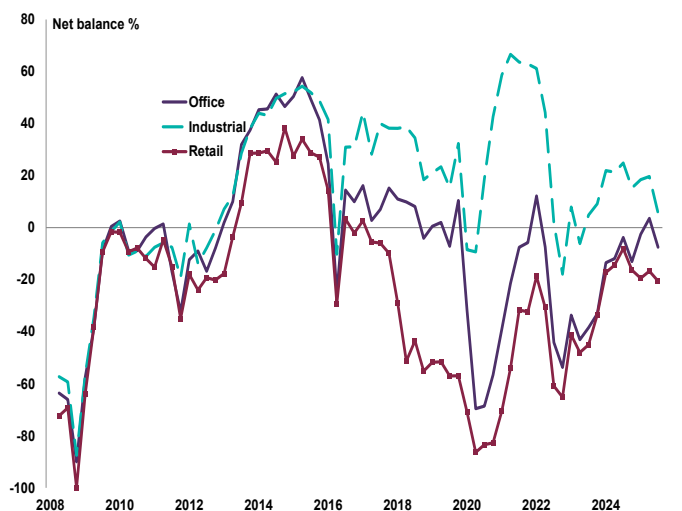
Rent expectations



Investment enquiries



Capital value expectations

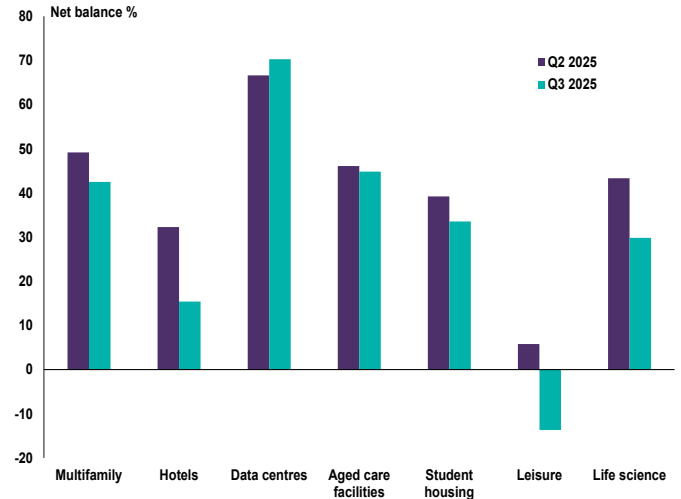


Commercial property - additional charts

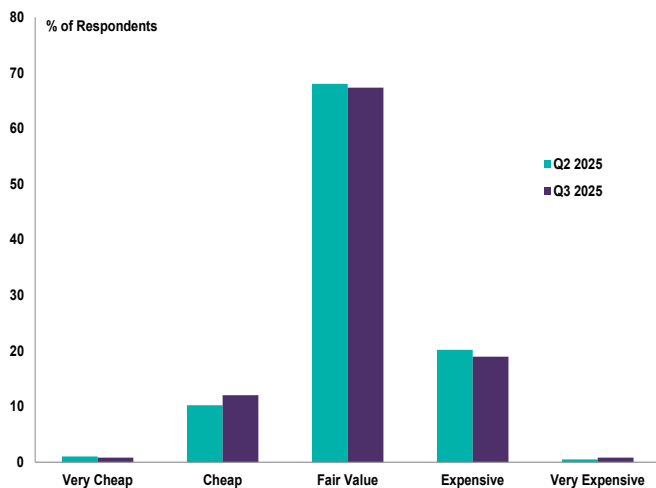
12-month rent expectations across mainstream sectors



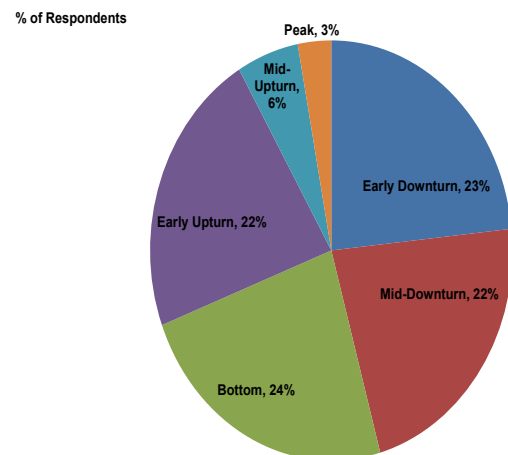
12-month rental expectations across alternatives



Valuation perceptions



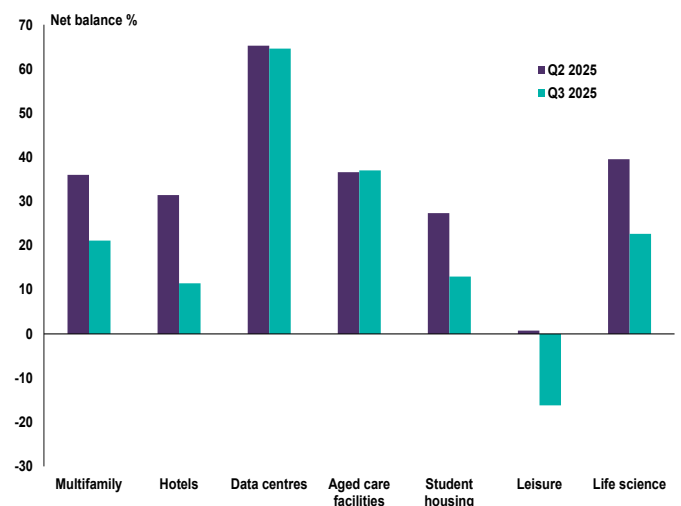
Property cycle



12-month capital value expectations across mainstream sectors



12-month capital value expectations across alternatives



Chartered surveyor comments

East Midlands

Andrew Coburn, Oakham, Rutland CC, andrew.coburn@yahoo.co.uk - Slow.

Andrew Lawson, Chesterfield, The Resort Group Plc, al@theresortgroupplc.com - The market is flat (like a deflated balloon) at the moment, NI / general tax increases / Utilities / Import and export issues (Brexit and Trump), plus the heavy and continued conflicts around the world are encapsulating and stopping growth.

Andrew Nichols, Derby, Gadsby Nichols, andrewnichols@gadsbynichols.co.uk - There is a large amount of uncertainty in the market with many occupiers and investors worried about further tax rises in the November budget. The continued speculation regarding targeting Pension Funds and a wealth tax are very damaging and causing stagnation in the market. We need clarity from the government now to prevent further damage.

Ben Coleman, Northampton, Ben Coleman Associates, ben@bencolemanassociates.co.uk - The general economic view is gloomy - not helped by the seemingly endless conjecture regarding the Budget. In my view, further small decreases in interest rates will do little to lift the mood.

Brendan Bruder, Northampton, Abbeyross Chartered Surveyors, brendan.bruder@gmail.com - The realisation in newly won Reform councils that changing local authority prospects without national power, is dawning. Urgent need of rates reform, central government support, unblocking planning delays, providing incentives through taxation rather than disincentives for development. The UK is at an inflection point and must remain competitive particularly in European markets.

Martin Langsdale, Derby, Raybould & Sons, martin@raybouldandsons.co.uk - In my experience, things are tough. I believe that businesses are only now feeling the real impact of Rachel Reeves 'Budget for growth' which is having entirely the opposite effect on investor and business confidence. The additional milking of every possible tax opportunity will only serve to drain confidence where it is currently most needed.

Robert Maxey, Nottingham, HEB, rmaxey@heb.co.uk - Increased nerves evident in the market due to economically illiterate and tax-hungry government, but so far no significant impact (possibly due to ongoing supply-side shortages).

Stephen Stephen, Derby, Salloway Property Consultants, ssalloway@salloway.com - Quite active.

Tim Gilbertson, Nottingham, FHP, tim@fhp.co.uk - Average to poor, businesses are sitting on their hands waiting for Rachel Reeves to give her bad news on 26 November, why delay and cause inertia, give us the bad news now so occupiers can adjust and progress as we all know what's coming.

Eastern

Adrian Fennell, Norwich, Roche Chartered Surveyors, fennelladrian1@gmail.com - The lack of economic and fiscal certainty created by the current Government is having a real effect on the market and slowing decision making and creating economic contraction.

Daniel Bycroft, Great Yarmouth, Managing Director, db@bycroftestateagents.co.uk - It seems there is inertia in all markets we are dealing with. Commercial property has slowed.

James Bunn, Norwich, Morston Palatine Limited, jbunn@morstonpalatine.co.uk - Depressed.

Jeff Fuller, Norwich, OA Chapman & Son Ltd, jeffdfuller@hotmail.com - Uncertainty and fear of recession.

Mr Gordon Ellis, Bury St Edmunds, Merrifields Ltd, gordon@merrifields.co.uk - The market has shown some growth over the last two quarters from well run businesses, the office market remains difficult, the secondary retail market in busy thriving towns is good.

Sam Kingston, Norwich, Roche Chartered Surveyors, samk@rochecs.co.uk - There has been strong interest in Grade A offices over the last 6 months, which has seen rents move upwards, and with a dwindling supply there should be further rental growth. Secondary offices see a lower tenant demand and accordingly rents remain static. The industrial market is more subdued than over the last 12-24 months, but there is still interest in freeholds, both from owner occupiers and investors.

Stephen David Scott-Fawcett, Ely, Martin & Mortimer Ltd, stevescottfawcett@live.co.uk - There is much discussion about the impact of AI going forward.

Stephen Power, Huntingdon, Eddisons, stephen.power@eddisons.com - The last 12-18 months have been much more challenging for the commercial property market with both occupiers and investors being wary of over extending themselves in an unpredictable economic environment with the late autumn Budget adding further concern to both business owners and investors.

Tom Nichols, Cambridge, Everard Cole, tom@everardcole.co.uk - Worsening rents in particular, capital values already fallen over last 12 months and expected to fall further, lack of finance/funding to sector in leisure market and decreasing profit so values fall as a result- expecting increased stock to come to market.

London

Adrian Tutchings, Bromley Kent, Linays commercial Limited, commercialproperty@linays.co.uk - Poor, few properties coming to the market.

Aubrey Sint, London, Sint, aubrey@sint.co.uk - Unless one is in the prime capital markets sector, property activity remains low. Aside from interest rates and inflation pressures, we have a government that normally would be able to kick start the economy by infrastructure projects. But they have nowhere to borrow the money without presenting ever increasing unhelpful taxation ideas. Their socialist policies on making the housing market fairer, seems to be working, but at a disastrous cost to the UK & zero business confidence.

Barry Bhalla Mrics, London, ACREWOODS Chartered Surveyors, enquiries@acrewoods.com - Commercial sales (occupier/investment) have been flatlining for some time. Largely the result of a lack of Bank lending, but accelerated in recent months by changes to property taxation, high interest rates and inflation. Current market conditions bear a resemblance to the onset of a recession. Demand for commercial lettings has been fueled by start-ups and individuals seeking an alternative source of income to a traditional 9-to-5 job. Landlord will take on a start-up with a 6-12 month deposit.

Chris Adams, London, CBGA Limited, cadams@cbgaltd.com - The cycle is close to the bottom but valuations do not properly reflect this - the lack of acceptance of the true position restrains markets from operating.

Chris Jago, London, Houston Lawrence, chris@houstonlawrence.co.uk - Random pockets of activity across all sectors.

Chris Mathias, London, Mathias and Co, chris@mathiasandco.com - The market is sticky due to cost of debt. This is starting to abate so see cheaper money coming in the next 12 months. Rating revaluation next year will have a positive impact on the off pitch Central London office leasing market.

Claudia Peart, Epsom, CVP surveyors, claudiapeart@hotmail.com - The sales market is steady at the moment.

Darrell Warren, London, John Arkwright & Co, darrellwarren12@outlook.com - Decisions are taking longer due to a lack of confidence in the business sector due to government and fiscal concerns.

David Shapiro, London, Ashurst Real Estate, London UK, ds@ashurstre.london - The central London office market remains flat with small peaks but large troughs for secondary / unfurnished offices. Retail and industrial appears stronger. Deals taking far too long with average timing moving from 8 weeks to 12 - 16 weeks.

Duncan, London, McWhirter Locke Ltd, duncan@mcwhirterlocke.com - I suggest that the threat of new taxation plus the impact of the last budget is creating caution overall, but that the return to the office culture in London is having some positive demand in contrast.

Graham Chase, London, Chase Sinclair Clark, GFC@chasesinclairclark.co.uk - Market uncertainty continues to prevail as the policies from a relatively new government continue to evolve with concerns over increased taxation and costs of employment, coupled with exponential IT advances. The middle layer of workers are the most vulnerable whereas the leaders of commerce and entrepreneurs, as well as those trades that cannot be replaced such as plumbing, electricity, heating and construction will remain in demand.

J Cartmell, London, Bluelion Real Estate, jc@blrealestate.co.uk - Transactions seem to be taking longer than ever, while the pool of real buyers / investors seems fairly shallow right now.

Javier Lauret, London, Hurford Salvi Carr Ltd, javier.lauret@h-s-c.co.uk - There is an increasing appetite for office investments from UK purchasers, although capital values remain depressed.

Jon Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com - Generally speaking I believe market conditions have been consistent over the past 12 months, despite interest rate cuts.

Jonathan Pugh, London, Baker Pugh McLean, jonathan@bakerpughmclean.com - Yield on long dated Gilts casting a shadow over markets.

Kieran Cooke, West Molesey, Cooke Rowell Limited, kieran@cooke-rowell.co.uk - Market de-stabilised by Government measures and uncertainties.

Lee Spencer, London (Heathrow), Heathrow Airport Ltd, lee.spencer@heathrow.com - Heathrow is experiencing a strong landlord industrial market with a low supply of available space compounded with industrial space being redeveloped for data centres despite some occupier uncertainty over expansion.

Mac Lal, London, Shaiyla Estates Ltd, maclal66@gmail.com - Flat-lining UK, unchanging.

Neil Miller, Middlesex London, Lawrence Vacher Property Surveyors, neil.miller@lvpsurveyors.co.uk - Moderately difficult with lack of consistency across most sectors.

Nick Sullivan, London, Dobbin and Sullivan, nick.sullivan@dobbinandsullivan.com - Market is still filtering through Covid factors, such as businesses and owners borrowing to keep trading, so they are more debt laden. This has a negative impact on profitability and the ability to further invest.

Paul Harris, Rickmansworth, Trend & Thomas Surveyors Ltd, paul@trendandthomas.com - Flat. Little significant interest in any leasehold office suites or buildings for rent.

R S Kelly, London, BMA, simonkelly54@googlemail.com - Looks like market sentiment is feeling the effects of US global trade disruption, UK government economic/taxation policy and the slowdown of interest rate reductions. Has the market peaked or is it just a pause in a recovery period, post Covid?

Rupert Cooper, London, Avenger Asset Management, rupert.cooper@btinternet.com - It is difficult to tell what is going to happen over the next 12 months given the uncertainty over taxation of all forms and the late delivery of the budget in November 26 which is stagnating businesses and holding off investment. Taxation of VAT on School Fees, NI etc have all reduced consumer spare capital which instead of being spent on areas like leisure and hospitality are being fed into non wealth creating government programmes.

Simon O'Brien, West London, O'Brien Real Estate, simon@obre.co.uk - We have found that the tertiary retail market is far outperforming the prime retail market throughout West London. Also it is very difficult to deal with so called prime covenants at the moment, as in our experience their surveyors agree Heads of Terms claiming they have Board Approval, instruct solicitors and then at the final hurdle claim that the Board have changed their mind and the transaction aborts.

Stewart Rolfe, London, Andrew Scott Robertson, srolfe@as-r.co.uk - General market sentiment remains cautious across all sectors with concerns surrounding November's budget. We have seen an increase in enquiries and viewings since the summer break but decision making continues to be slow. Incentive packages are increasing slightly but rents seem to be holding up.

Tony Parrack, London, T P Consult, tonyparrack@tpconsult.co.uk - My speciality (West End / Midtown offices) has too much written about large deals and not enough attention to the vast majority of transactions which is below 10k and arguably below 5k, where there is a massive sea change in terms of shorter leases (5yrs, with a 3 year tenant break) and for fully fitted CAT A+ space. The former means that the Govt proposals for upward and downward rent reviews will have no impact, and the latter is changing the offering and is reflected in smaller incentives.

Tristram Frost, London But Dealing With Europe, Atlas Property Advisors Ltd, twtfrost@googlemail.com - There is a reluctance to commit to deals by many investors unless the price is really attractive, given global geopolitical and economic headwinds.

William Nicol-Gent, London South West, Killochan & Co, killochan.co@gmail.com - Dismal.

North East

Barry Nelson, Newcastle Upon Tyne, Northern Trust Company Ltd, BarryNelson@northerntrust.co.uk - Enquiries for multi-let industrial properties are holding up, however, this is against a backdrop of an increase in vacancies and an increase in company defaults. The rate of industrial rental increase seen over recent years looks to be slowing. The small office market continues to be slow with rents having stagnated for several years and no real evidence of the push towards a 'return to the office' impacting on the sector.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - There is a degree of uncertainty in the air at present. Economic indicators are not great and we can see the market stagnating unless there is a significant change in the economic circumstances. It's perhaps still a bit too soon to see the impact of increased NLW and Employers NI on transactions in the trade related sector, but what we are hearing from operators is that they are all feeling the squeeze. We can therefore see an increase in distressed transactions occurring in H2, 2025.

Graham Stephen Hall, Durham, GSHCS, ghall@grahamshall.com - Uncertain given the political climate globally and nationally.

Kevan Carrick, Newcastle Upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - In general plans for development are in stasis. Otherwise a slow market, some nervousness and uncertainty in global and national economy, waiting for the outcome of the forthcoming budget.

Sean Heaney, Newcastle Upon Tyne, Paul Airey (Tyneside) Ltd, sean@paireyltd.com - There remains a lack of confidence and certainty.

North West

Andrew Taylorson, Preston, Eckersley Property Limited, at@eckersleyproperty.co.uk - The level of enquiries over the summer period dropped noticeably. In some sectors businesses appeared to have paused their occupational requirements. Feedback from clients generally is that government policy has affected business confidence not helped by speculation that further taxation in the Autumn statements will increase burdens. Private landowners are also voicing concerns on anticipated tax hikes for CGT. Market demand for residential and care sites, however, does remain buoyant.

Brian Bailey, Manchester, UK Plumbing Supplies Limited, brian.bailey@propertyservicecentre.co.uk - Buoyant overall.

Carol Stollery, Preston, Eric Wright Group, cstollery@ericwright.co.uk - General slowdown in decision making due to economic uncertainty.

Christopher Learmont Hughes, Merseyside, Burland limited, chris@burlandlimited.co.uk - Apprehensive.

Daniel Harris, Manchester, Daniel Harris and Company, dh@dh-property.co.uk - Office demand has fallen but tenants still require good quality space. Discounting rent for poorer space to secure a tenant isn't the answer.

Graham Cooke, Manchester, GEECEE Property consultancy Ltd., Gj.cooke@outlook.com - World politics remain very unstable creating uncertainty throughout the property investment market. Finance markets are not settled at present Government based intervention and increased laws on student accommodation and HMOs is creating uncertainty for investors. Immigration control is not controlled and is creating unrest in the UK as there is no property solutions available which are plausible.

Henry Prescott, Liverpool, Prescott & Partners, henry@pandpartners.co.uk - Awaiting the budget statement on 26th Nov, will be important.

Jason Rawson, Blackburn, Trevor Dawson, jason@tdawson.co.uk - Commercial property market worryingly quiet at present. Companies are sitting on their hands pre budget. Many firms contracting, laying off and not recruiting youngsters. A weak government is the problem that has removed business confidence and incentives to invest.

Lynsey Peacock, Manchester, Cranford and Summer Ltd, Cranfordandsummer@live.co.uk - Government policy causing uncertainty and lack of confidence across the sector in terms of investment and occupation, this is particularly apparent in the secondary market with investors pulling out.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - The overall commercial market is slowing down, but what is particularly noticeable, is that for the first time, this is reflected in a reduced demand for industrial, which is very concerning. Occupier comment is always focused on Government policy, or lack of.

Mike Forster, Bolton, Bolton Borough Council, michael.forster@bolton.gov.uk - There appears to have been a slight downturn in the market, possibly due to concerns arising from the likely content of the November budget and rising inflation.

Paul Nolan, Bury, Nolan redshaw ltd, paul@nolanredshaw.co.uk - The markets are becalmed and the pending budget is causing uncertainty and a loss of confidence.

Russell Cain, Bolton, Bury Council, russell37cain@live.co.uk - Slight recovery but patchy.

Stuart Wenman, Liverpool, Heineken, stuwenman@hotmail.com - The market I work within is moderately buoyant / stable, but consumer confidence needs to be nurtured as it's quite fragile and could easily dissipate.

Northern Ireland

Arthur Connell Nugent, Newry, Young -Nugent, achn48@outlook.com - The entire world is extremely volatile at present re wars and global warming. Caution in everything is everyone's motto.

Scotland

Al Kay, Dundee, Dundee City Council, alastair.kay@dundeecity.gov.uk - Difficult market with low number of transactions.

Euan Cameron, Dundee, Tayside Valuation Joint Board, Euan.Cameron@Tayside-vjb.gov.uk - Very little demand for office accommodation in my area. I feel that the retail market has "bottomed out", and rents are increasing, albeit marginally, as a result of inflationary measures, rather than demand. Rental values in the industrial market - especially small industrial subjects - remain healthy.

Jane Sanders, Aberdeen, Aberdeenshire Council, janesanders57@btinternet.com - Aberdeen is very dependent on oil.

Stuart Hall, Glasgow, Kingsmead Developments Ltd, stuart@kingsmeaddevelopments.co.uk - Market confidence is low due to world events, UK economic uncertainty and civil unrest.

South East

Alexander Maclachlan, Surbiton, Albury Land Limited, alex@alburyland.com - Occupier demand and office market still adjusting to hybrid working.

Chris Thomas, Windsor, Christopher Thomas & Co Ltd, ct@chthomas.com - Concerns about wider economic and fiscal outlook combined with questions over interest rates, stubborn inflation and a delayed Autumn Budget are stifling short term market activity. This has created a "wait and see" stage to the market cycle, primarily caused by weak, poor messaging and lack of direction, by the current Labour administration.

Colin Herman, Basildon, Kemsley LLP, colin.herman@kemsley.com - The market is in transition, with companies delaying decisions for a range of reasons, not least of which being economic uncertainty. Nevertheless, there is some sentiment that we can't delay decisions forever and we have experienced an uptick in activity, albeit rental and capital values are remaining static and, I perceive, incentives are increasing. Industrial remains the most resilient sector in commercial property.

Daniel Onion, Oxford, Thomas Merrifield, danonion@thomasmerrifield.co.uk - Office, technology, data and life sciences sectors are reasonable strong in Oxford and around but industrial and retail in particular struggling.

David P D C Martin, Brighton, SHW, dmartin@shw.co.uk - All sectors of the market are in a state of limbo, awaiting the November Budget. This is impacting the decision making processes of businesses. The Government needs to be more proactive in support of business, if it wants to see any economic growth. Rents are generally stable but deals are taking longer to complete with incentives having to be more creative to satisfy all parties in a transaction.

Francis Geoffrey Hildyard Tomlinson, Hitchin, Aitchison Raffety, francis.tomlinson@argroup.co.uk - Uncertainty as to the economic future, especially as a result of concerns with regard to the country's economy, the forthcoming budget, interest rates and world affairs in particular. Industrial rents may require some correction.

Howard Mecklenburgh, Watford, LP&M, Howard@lpandm.co.uk - Government interventions including Law reform and Tax changes are stifling the UK market and to some degree driving established investors away from property generally.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - Market has picked up following a slow summer. But, transactions taking a frustratingly long time to conclude through legal process.

Ian B. Sloan Frics, Banbury, Bankier Sloan, reception@centre-p.co.uk - We continue to be busy, may be because we have 40+ years experience dealing with industrial premises in the Cotswolds and North Oxfordshire, but more likely because the local economy is still good. Not great, but much better than many at a national level would suggest. We continue to get the highest rents ever paid for industrial units under say 10,000 sq ft be they freehold or leasehold. We have a number of clients with funds ready to invest in commercial premises.

Ian Sloan, Tring, SMA, ian.sloan19@gmail.com - Uncertain outlook due to geopolitical and government economic policy uncertainties - gloomy but probably unlikely to get much worse.

John Clark, Tunbridge Wells, Rts, but now engaged in caring, gisboon@yahoo.co.uk - I would say all markets will suffer under onerous legislation.

John Hempton, Lymington, Hempton Franks, jjh@hemptonfranks.co.uk - The current financial situation, government disarray and lack of performance together with perception that it has no understanding of economic reality results in lack of confidence with citizens, business operators and investors. World hostilities and political tensions are the cause of concern and indeed fear for many, leading to very poor prevailing market conditions. Uncertainty in the ability of the current Government and warnings from The Bank of England are having an adverse market impact.

Jonathan Miller, Milton Keynes, Milton Keynes Community Foundation, Mil9522@gmail.com - Industrial continues to see strong demand, secondary and tertiary office market very much price led. Strong strategic investment purchases going ahead.

Julian Scannell, Medway, Watson Day Chartered Surveyors, julianscannell@watsonday.com - Our practice is predominantly involved in the light industrial/warehouse/distribution sector. Since the start of 2025 there has been a marked change in enquiries and transactions. In addition, there are inconsistencies with some properties letting readily while other, similar properties, have languished for a considerable length of time without any real interest. The most likely outcome will be a reduction in rents and capital values over the next few months.

Mike Penlington, Bourne End, KEL Computing Ltd, mike.penlington@kel.co.uk - Recent lower volumes but detecting slight increase in confidence and activity.

Nick Hanson, Farnham, VOSPERS FRIEND & FALCKE, nick.hanson@vospers.net - Once again the market is showing pockets of interest but this can be very patchy. There is a perception that long term confidence is fickle, owing to both national (and international) influencers and commentators.

Nick Reeve, Farnham, Surrey, Curchod & Co, nreeve@curchodandco.com - Very slow 3 months, businesses are nervous about the future and delaying or putting decisions on hold.

Nigel Riley, Woking, Citicentric, nigel.riley@citicentric.co.uk - The development market outside major cities in the UK is very challenging. A combination of lack of funding, high funding

rates, significant build cost inflation over the past few years, and blockages in some parts of the building regulations system all coming together to render many schemes undeliverable.

Patrick Mahoney, Aylesbury, Greenbrook Property Developments Limited, mahoneyn171@hotmail.co.uk - Holding its breath due to the global uncertainties.

Patrick Warwick-Smith, Winchester, Warwick Martel, patrick@warwickmartel.com - Political events continue to destabilise the market due to a lack of confidence in the current Chancellor.

Paul Holder, Smallldole, Parsons Son and Basley, paulh@psandb.co.uk - Challenging times.

Peter Memmott, Rg6 7Lt, PM CONSULTING LTD, Pm@pmconsultingltd.com - Decreased confidence.

R J Winsor, Croydon, Richard Winsor Associates, richard@winsor.co.uk - Challenging market conditions.

Richard Harding, London, HSM, rjh@hsmuk.com - Due to the prevailing economic conditions, the investment market has been particularly subdued over the summer months, characterised by prolonged decision making.

Roger Holt, Southampton, Holt Consult Ltd, roger@holtconsult.co.uk - Market is flat.

Simon Browne, Brighton, Crickmay Chartered Surveyors, scb@crickmay.co.uk - Generally poor with significant uncertainty. Good purchases are to be had by experienced property investors. Value expectations are commonly too high particularly in respect of investment properties.

Stephen Ray, Redhill And Reigate, Surrey, England, SHW, sray@shw.co.uk - The commercial property market is waiting for the Chancellors autumn budget to be revealed before commitment.

Stuart King Bsc Mrics, Letchworth Garden City, Davies King Chartered Surveyors, Daviesking@talk21.com - General poor Government direction which is disincentivising investing/building up a business - will slow the economy more.

Tony David Chalkley, London, Grant Mills Wood, tonydc@grantmillswood.com - The market is tough at the current time. Occupiers are suffering from an increase in staff costs, business rates and in some cases rents. There is a lot of uncertainty in regard to what the budget in November will bring which is hampering decision making by occupiers. World issues, including tariffs imposed by the USA, also add to uncertainty in manufacturing and sales.

Victor Forson, Tunbridge Wells, Tunbridge Wells Borough Council, Victor.Forson@TunbridgeWells.gov.uk - The market is currently in mid-upturn.

Will Staniland, London, rumsey and partners, will@rumseyandpartners.co.uk - The consensus seems to be that there are no market expectations of significant confidence or stability returning in the next 18 months and therefore the market is open for cash rich opportunists, the brave and the informed, to "buy well" from reluctant vendors. But, for vendors with good product, there is the opportunity for them to hand pick potential buyers willing to pay "the right price for the right product".

South West

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon & Wiltshire's commercial property market remains stagnant in the face of continuing speculation on yet more tax rises, which continues to dampen business & consumer confidence. The Government's drive for growth seems to have been forgotten or shelved and so no incentives are being given to businesses to stimulate expansion & investment.

Charles Arkell, Cheltenham, Tayler & Fletcher, charles.arkell@taylorandfletcher.co.uk - We operate in a privileged tourist area (The North Cotswolds) that is not influenced so much by the general economic downturn.

Charles Kingsley-Evans, Plymouth, CKE Property Ltd, Charles@ckeproperty.com - The market is generally fragile, especially in the retail and leisure sectors, largely because of additional costs imposed by the present Government.

Daniel Smethurst, Swindon, Smethurst Property Consultants, daniel@smethprop.co.uk - The Swindon office market has seen an uptick in corporate demand in 2025, with occupiers competing for high-quality Grade A space. Appetite for permitted development rights (PDR) remains strong, as investors and developers continue to identify opportunities in this sector. However, access to finance is proving difficult, particularly for SMEs, with tighter lending conditions acting as a constraint on growth and development activity.

Ifan Rhys-Jones, Plymouth, Listers Property Consultants Ltd, Irf@listers.uk.com - Flat demand and limited supply.

Jennifer Cox, Bristol, Network Rail, jennifer.cox@networkrail.co.uk - My tenants are largely aggregate suppliers and that particular industry is more depressed than I've seen in my career (25 yrs).

Jon Stone, Exmouth, Jon Stone Surveyors Ltd, jon@jonstone.co.uk - Most sectors slowed up during the summer and taking time to get going again.

Leslie Warren, Bristol, Guinness Partnership, leslie.warren@guinness.org.uk - Unsettled, slight volatility; lack of investor, and occupier, confidence.

Luke Sparkes, Cirencester, Marriotts Property LLP, luke.sparkes@marriotts.co.uk - The commercial lettings market across all sectors continues to be fragile, investor demand still appears to be strong but hampered by the lack of supply to the market.

Matt Norton, Cheltenham, Formal Investments, matt.norton@formalinvestments.com - We are seeing an exodus of landlords from the PRS due to the Renters Rights Bill coming into effect. Labour's punitive taxation on business is clearly hurting the economy. Occupier demand for offices seems to vary on a case by case basis. Investors view UK property as cheap currently, particularly secondary offices which with an injection of CAPEX could be positioned to mop up the excess demand that was unable to secure one of the very few prime developments coming out the ground.

Michael Oldrieve, Exeter, MO, m.oldrieve@btinternet.com - Definite slowdown looking for signs of improvement before Christmas.

Mike Nightingale, Truro, Miller Commercial, msn@miller-commercial.co.uk - The markets appear to have stalled again. There is little sign that the latest interest rate reduction has done anything to boost confidence. The current government continues to expect business to fund UK expenditure and this is stifling growth. It appears that many businesses are deferring making decisions.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - The doom loop continues thanks to the rolling cycle of fear about tax rises. There are many businesses keen to grow but lacking in confidence. If we can enjoy a period without any fear of tax rises then there is potential for some green shoots but this seems unlikely at this stage. Most parties holding out until late November.

Russ Power, Bristol, M&P Property Consultants LLP, russ@mp-pc.co.uk - Uncertainty and a lack of confidence in economic policy negative impact decision making and stifle growth, particularly in markets that rely on multiple occupiers, such as retail and leisure. Committing to new sites when refurbishment and refitting costs are so high is truly a risk too far, for many occupiers. This

eliminates rental growth which, when combined with generally negative sentiment and the caution of lenders, significantly reduces investment transactions. Clarity is key.

Scott Rossiter, Exeter, rossiter property, scott@rossiterproperty.com - No one doing anything business-wise until budget on Nov 26.

Simon Walsham, Bournemouth, Poole And Christchurch, James and Sons, simonwalsham@jamesandsons.co.uk - Stagnation for nearly all sectors in anticipation of Budget in November.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net - The market continues to be relatively subdued but some locations/sectors are performing significantly better than others. The feedback is that occupiers and investors are concerned about government policy.

Timothy Christian Smith, Cheltenham, John Ryde Commercial, timsmith@johnryde.co.uk - Office occupational enquiries are improved and secondary retail occupational demand is also improved - investment market appears quieter.

Tom Wiseman, Cheltenham, Bear Associates, info@bear-associates.co.uk - The commercial market is in decline as a result of high interest rates, High Business Rates, a lack of demand, a lack of younger parties coming into the market place, a move to AI and a Labour government taxing anyone who has ambition.

Wales

Chris Sutton, Cardiff, Sutton Consulting Limited, chris.sutton@suttonconsulting.co.uk - There is a lack of modern Grade A employment floorspace across both office and industrial markets. Office occupiers are generally seeking to reduce their footprint but trade up in terms of quality, particularly formal and informal meeting space. The industrial market again lacks modern floorspace, although Indurent (formerly St Modwen) continue to develop at Llanwern, Newport.

James Perry, Cardiff, Middleton Perry Ltd, jperry@middletonperry.co.uk - I predominantly operate in the industrial sector and for the first time for several years enquiry levels have reduced.

Jonathan Phillips, Cardiff, Provinca Limited, jonathan.phillips@provincia.co.uk - The biggest change in the last 3 months has been the lack of confidence from occupiers across almost all sectors. This is likely to be further highlighted in the next 3 months as the Budget looms into view.

Michael Bruce Mrics, Cardiff, DLP SURVEYORS, michael@dlpsurveyors.co.uk - There continues to be general apathy in the South Walian commercial property market which has deteriorated even further over the past 12 months or so. Very few (if any) new commercial property developments taking place anywhere, particularly when compared to Bristol, Birmingham Manchester etc. Market confidence is sapping away, mainly as a direct result of Westminster and Cardiff Bay government policy, rising inflation, increasing fuel costs, etc.

Richard Baddeley, Glan Conwy, Colwyn Bay, RICHARD BADDELEY & COMPANY, richardbaddeleyco@gmail.com - There is still significant demand for both industrial land and industrial space on the A55 Corridor and the A483 at Wrexham but supply is extremely limited. Deeside Industrial Park continues to be popular given its proximity to the M56 and Merseyside and there is little availability. The Development Bank have been influential in the past 12 months in the growth programmes of existing companies and inward investment.

West Midlands

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk - Difficult to gauge - sentiment changes week to week as does activity. Overall the industrial and logistics sector is still performing relatively well from an occupational perspective but activity is often polarised.

David Heath Dip, Est, Man, Frics., Stoke On Trent, Butters John Bee, davewheath54@gmail.com - General wariness, caution and foreboding in market sentiment as to what is to come from the Chancellors Autumn Statement/Budget later this year. New taxes will further stunt growth and aspirations for businesses to invest and expand.

Ian McPhillips, Birmingham, IM Property Consultants Ltd, impropertyconsultants@outlook.com - Generally soporific.

Jim Roberts, Birmingham, Paarl Property Services Limited, jim.roberts@paarlprop.com - The markets seem generally stagnant and nervous due to UK Government issues and external global factors influencing northern hemisphere economies.

Luke Andrew Hedderwick, Rugby, Ravenscroft Consultancy., luke@rugbyinvest.co.uk - The complete lack of any sensible political decision making or direction is significantly harming confidence in business and investment in capital and staff.

Malcolm Wilcox, Birmingham, Cordwell Property, malcolm@cordwellgroup.com - Short -term budget considerations to be awaited so market is on hold and whilst UK property shows more attractive yields than elsewhere in EU, investment is concentrated in London.

Michael Jones Frics, Malvern, michael d jones ltd., info@michaeldjones-charteredurveyors.co.uk - Ongoing undersupply of good quality warehouse/workshop space causing huge bottled up demand particularly to buy locally. Continuing slide in the retail sector, lots of empty shops for sale is becoming the norm.

Richard Topps, Stratford Upon Avon, NFU MUTUAL, richard_topps@nfumutual.co.uk - The UK property market is still struggling to break out of its long term malaise. Global and domestic uncertainty continues to impede confidence returning to our markets but it needs to for property to remain an investment asset class of choice for asset allocators.

Yorkshire & the Humber

Andrew John Wilby, Wakefield, CLIFFORD LAX, andrew.wilby@clifford-lax.co.uk - The cost of running a business under this government has grown to a point where many firms are no longer viable, people and property are often the biggest costs and current policies are harming rents and values. The imposition of an ill thought out ban on upward only rent reviews will seriously distort the market as the implications will create anxiety in an already weak supply of business finance. Further concerns about Business rate reforms are also frightening Business operators.

Andrew Mcbeath, York, McBeath Property Consultancy Ltd, andrew@mcbeathproperty.co.uk - Very poor 2 years to date in terms of enquiries and transactions and very quiet summer this year but seeing some signs of uplift in the last 2 weeks.

Barry Crux, York, Barry Crux & Co/Garness Jones, barry@barrycrux.co.uk - Rather unsettled market with new lettings and sales taking a long time to come to fruition. General lack of confidence caused by worldwide events leaving businesses and individuals concerned for the future. Stability is needed, politically, economically and worldwide reduced tensions. York and North Yorkshire still enjoys a fair level of activity by virtue of tourism. This has positive effect on the economy and demand for property, especially retail and hospitality.

Carl Wright, Leeds, Jack Lunn (Properties) Ltd, carl.wright@jacklunn.co.uk - Market may be severely affected by the November budget and unlikely to be positive.

Christopher Jenkins, York, Howard Jenkins, cj@howardjenkins.co.uk - Current Government policies - particularly National Insurance and minimum wage - has adversely affected occupier market sentiment, resulting in a tendency toward longer void periods. Interest rates and cost of borrowing has adversely impacted on investment and freehold sales, in terms of effective market demand and pricing.

Colin Garvin, Beverley, Garness Jones (Commercial) Limited, colin.garvin@garnessjones.co.uk - Relatively static/stable at present.

Ian Elsworth, Bradford, Ian Elsworth Property Consultant, ianelsworth@outlook.com - Market activity across all sectors is very flat and there is little optimism / faith in the current Government. We have a flatlining economy with little evidence of this changing any time soon.

John Hornsby, York, John R Hornsby Chartered Surveyors, info@johnrhornsby.co.uk - The secondary retail market which is what I mostly deal with still remains reasonably buoyant although the challenging national economic situation is likely to start impacting on demand levels for some sectors.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - It was a long quiet summer with the prospect of the Budget now depressing what should be a bounce-back through to Christmas. Occupier confidence remains fragile.

Richard Flanagan, York, Flanagan James Property Consultants, rich.flanagan@btinternet.com - Occupier demand is still sluggish with high energy costs and increases in national insurance regularly cited by businesses as reasons preventing expansion/relocation.

Richard Heslop, Ilkley, DE Commercial, richard@de-commercial.co.uk - "Uncertainty" remains the key factor in this market. 2 budgets a year is not helping the market. Businesses and investors want to see a clear strategy from the government to enable companies to implement short and medium term investment strategies to grow their business. The market is being hampered by "what will the government look to tax next" syndrome. Consequently energy is being channelled into pension and capital gains strategy rather than decision making for business and employment growth.

Stephen Robert Holme, Sheffield, Element Development Management Ltd, stephen@elementuk.co.uk - Office market is seeing a slight improvement with a general move to encourage staff back to work. Distribution/light Industrial yields are softer than 18 months ago, though still commanding strong values and seeing a lot of activity in the right areas.

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 11 September 2025 with responses received until 13 October 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 485 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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Economics Team

Simon Rubinsohn

Chief Economist

srubinsohn@rics.org

Tarrant Parsons

Head of Market Research and Analysis

tparsons@rics.org

Adib Munim

Research Analyst

amunim@rics.org

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Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



rics.org