

ECONOMICS



UK Commercial Property Monitor

Q4 2025



Market confidence remains subdued, although tentative optimism is emerging that headwinds may start to ease

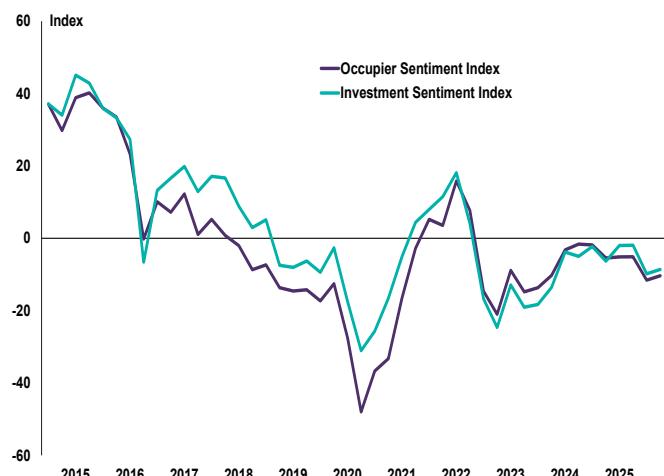
- Occupier demand remains soft across all sectors at the national level
- Investment enquiries yet to see any significant turnaround, with negative readings still being reported across the office and retail sectors
- Prime commercial real estate capital value and rental growth projections upgraded slightly for the year ahead

The Q4 2025 RICS UK Commercial Property Monitor results continue to point to persistently subdued market conditions, although there are some tentative signs of a more positive shift emerging. Overall, the macroeconomic backdrop remains difficult, with elevated borrowing costs continuing to weigh on sentiment. Against this, the Occupier and Investment Sentiment Indices (composite indicators summarising headline trends) remain in negative territory. In aggregate, 32% of respondents now feel conditions are consistent with the early stages of an upturn across the market, up from 27% in Q3, suggesting a gradual improvement in sentiment despite ongoing headwinds.

Occupier Market

For the Occupier Sentiment Index, the latest reading of -10 represents a marginal improvement from -12 in Q3, though it remains consistent with subdued momentum. Driving this, tenant demand continued to fall during Q4, posting a net balance of -9% at the all-property level. Within this breakdown, the retail sector continues to see the steepest decline, registering a figure of -21% (unchanged from Q3). Meanwhile, the corresponding net balance readings for the office and industrial sectors were -5% and -2% respectively, both showing marginally less negative trends than last quarter (-4% and -6% in Q3).

Chart 1 - Occupier and Investment Sentiment Indices



At the same time, the availability of leasable space continues rising across all mainstream market segments, with the headline indicator registering a net balance of +18% (albeit this represents a slight moderation from recent quarters). Respondents also cite an ongoing increase in the value of landlord incentive packages offered to entice occupiers, with the inducements indicator posting a net balance of +22%.

Looking at rental projections for the coming twelve months, there has been a slight upgrading of expectations across prime portions of the market. Indeed, prime office rents are now anticipated to grow by 2.5% (up from 1.7% in Q3), while those across the prime industrial sector are now seen rising by 2.1% (versus 1.6% pencilled in previously). For prime retail rents, the outlook is a little flatter in comparison. While the best quality space in prime locations continues to exhibit a more resilient rental growth picture, secondary properties remain under pressure. Reflecting this, twelve-month projections are still entrenched in negative territory for the secondary office and retail sectors, while respondents envisage a largely stable trend for secondary industrial rents.

Investment Market

Focusing on the investment market backdrop, the headline Sentiment Index registered a reading of -9 in Q4, marginally less negative than -10 in the previous quarter. Beneath the headline figure, the investor enquiries net balance remained subdued across all sectors. The reading for office enquiries held at -13% (unchanged from Q3), while industrial slipped marginally to -2% (from 0% beforehand) and retail moved to -19% (compared to -23% previously).

On a more positive note, the credit conditions indicator rose to +9% in Q4, up from -12% in Q3. While this points to a modest improvement in the lending environment, changes in conditions over recent quarters have been uneven, suggesting that credit availability continues to act as a headwind to activity.

Echoing the more upbeat tone in prime rental expectations, capital value projections have also been upgraded in some instances. Prime industrial values are now expected to appreciate by 2% over the coming year (up from 1.5% expected in Q3). For secondary industrials, values are seen holding broadly steady over

the year ahead. Meanwhile, prime office values are projected to rise by 1.9% (compared to 1% previously), although respondents' forecasts for secondary office values remain clearly negative at around -2%.

In the retail sector, prime assets are anticipated to see capital values edge up by just 0.5% (a slight improvement on the marginally negative view returned last quarter). On the same basis, secondary retail values still display firmly negative expectations at close to -2.5%. As such, the latest results continue to highlight the bifurcation within all traditional sectors between the highest quality properties and the rest.

From a regional perspective, London continues to demonstrate relative resilience compared to the national picture. Across the prime tiers of the London office and retail markets, rental and capital value growth is anticipated to outperform the UK-wide trend over the year ahead.

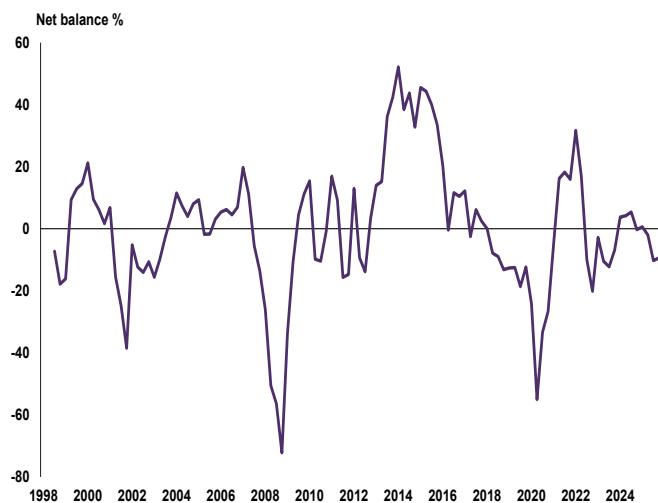
Alternative Sectors

Also standing in contrast to the broader struggles in some portions of the mainstream property markets, alternative sectors continue to offer a brighter outlook. Data centres remain the standout performer, with rental and capital value growth projected at 4.6% and 5.2% respectively over the next year. Aged care facilities are expected to see solid growth of 2.6% for rents and 2.3% for capital values, while multifamily residential is forecast to deliver 2.4% rental growth and 1.4% capital value appreciation. Student housing and life sciences are both anticipated to see more modest but still positive growth of around 1.3% for rents, with student housing capital values expected to remain broadly flat at 0.3% growth, while life sciences are projected to deliver 1.5% capital value appreciation.

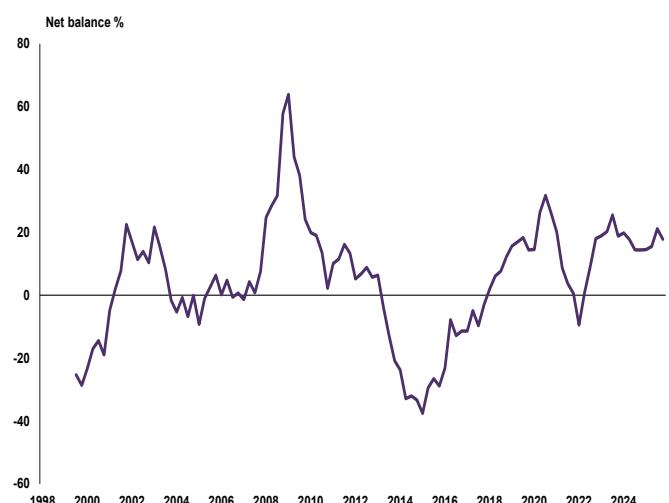


Commercial property all-sector average charts

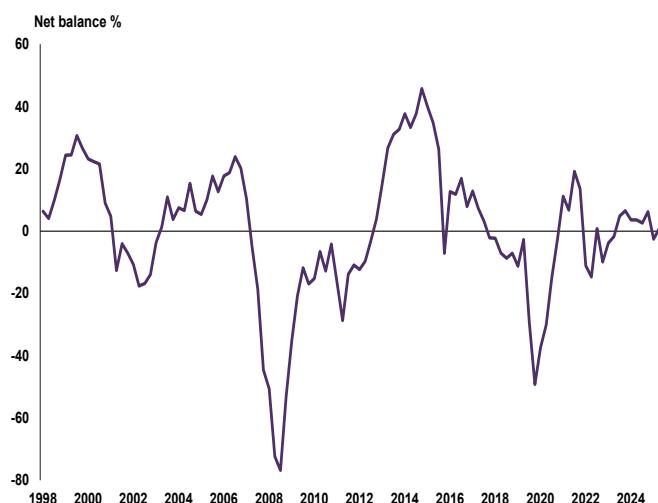
Occupier demand



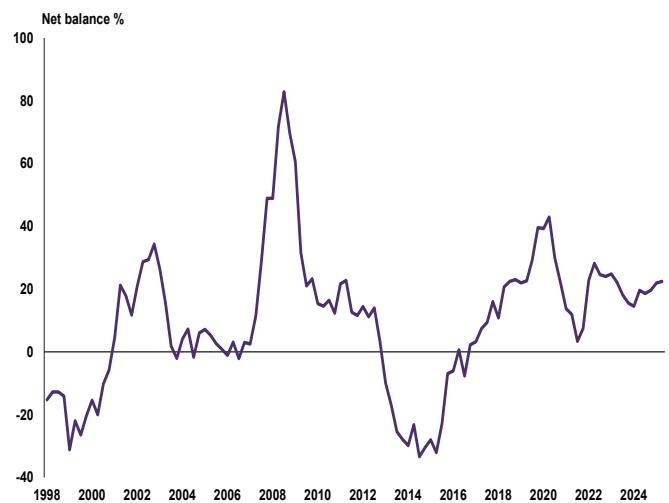
Availability



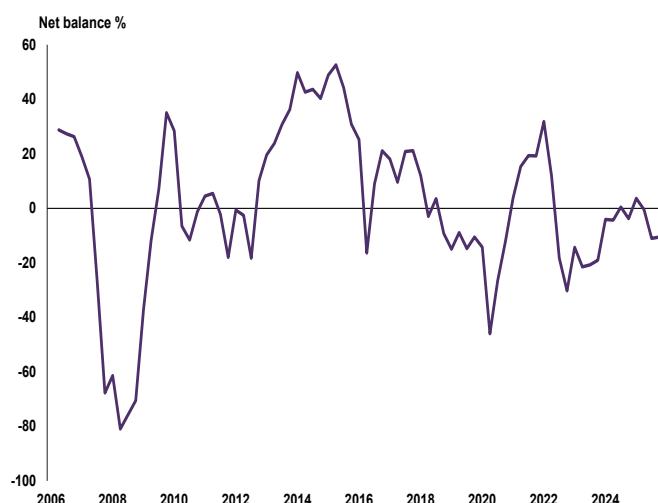
Rent expectations



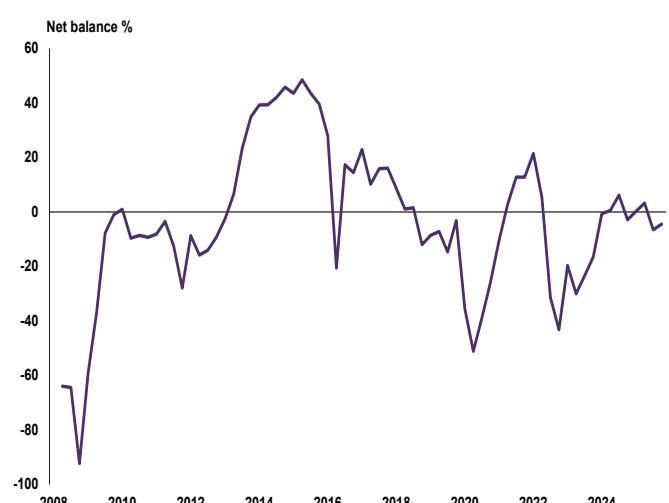
Inducements



Investment enquiries

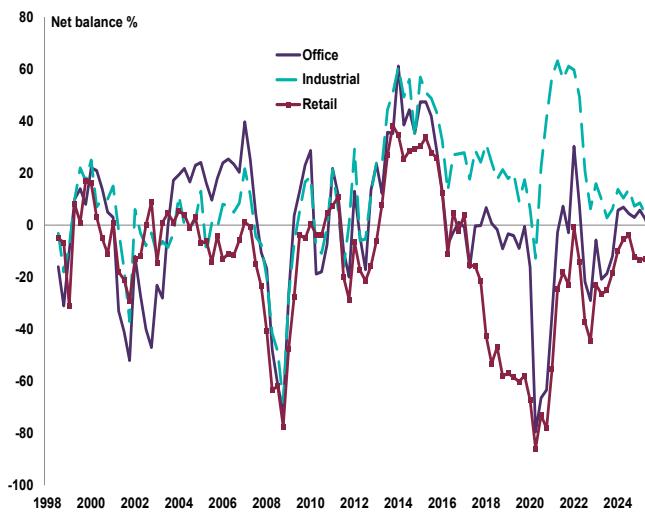


Capital value expectations

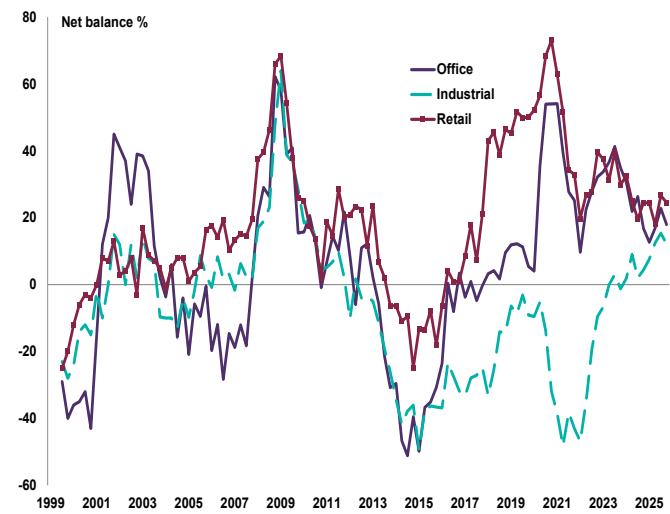


Commercial property - sector breakdown charts

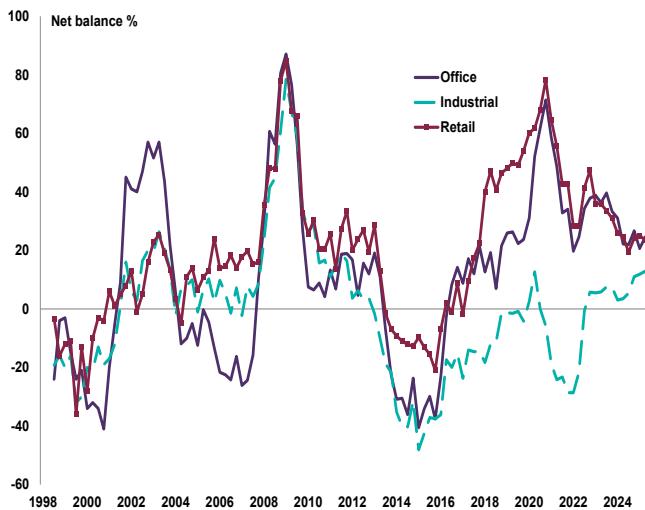
Occupier demand



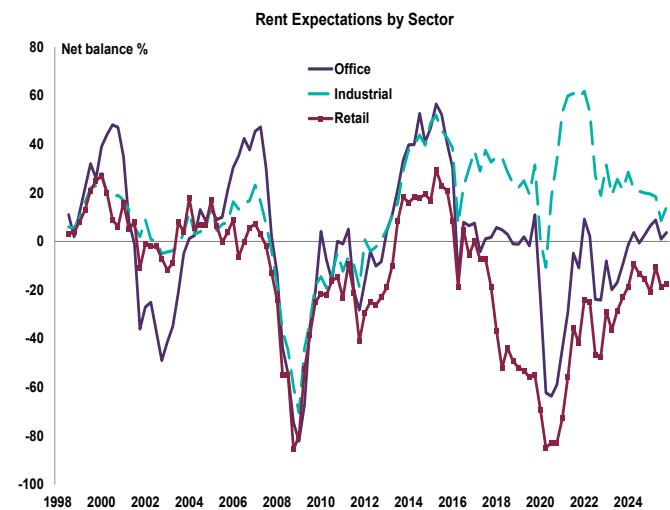
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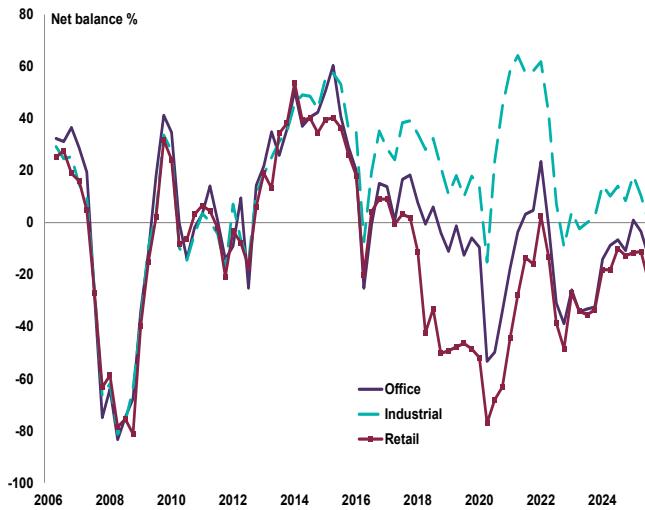
Inducements



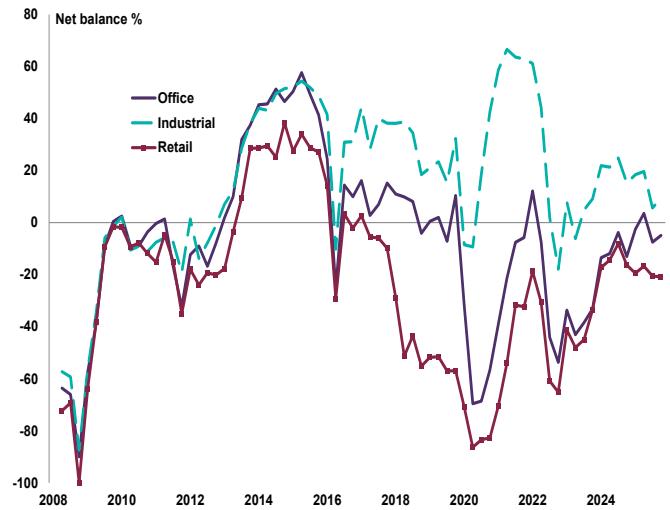
Rent expectations



Investment enquiries



Capital value expectations



Commercial property - additional charts

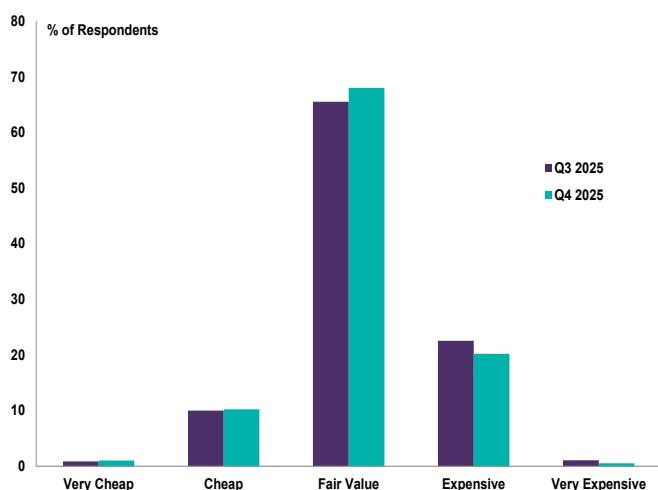
12-month rent expectations across mainstream sectors



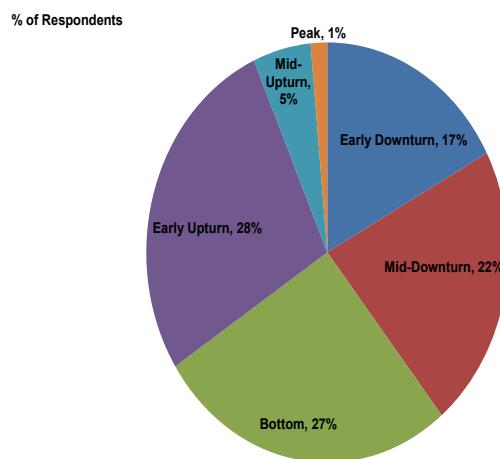
12-month rental expectations across alternatives



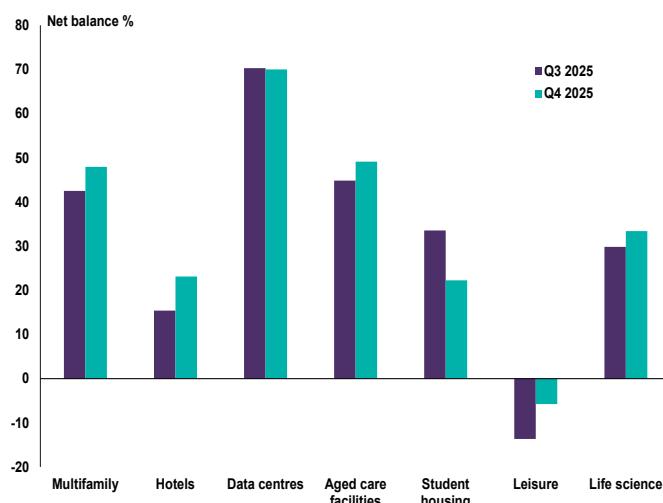
Valuation perceptions



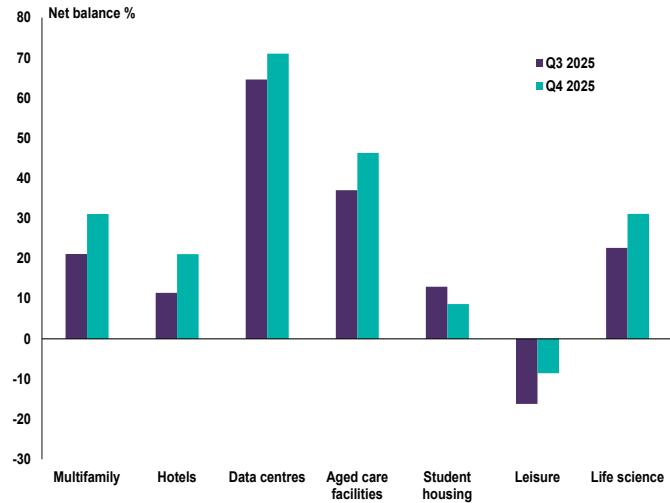
Property cycle



12-month capital value expectations across mainstream sectors



12-month capital value expectations across alternatives



Chartered surveyor comments

East Midlands

Brendan Bruder, Northampton, Abbeyross Chartered Surveyors, brendan.bruder@gmail.com - The reality of differing political control at local government level clashing with central government is a recipe for challenges. Rates reform has not been delivered and this situation worsens at each budget and statement. The squeeze on local government is forcing difficult decisions and micro businesses in particular are finding forward progress a real challenge.

James AB Ottewell, Derby, Alexander Bruce Estates Ltd, james@alexanderbruce.co.uk - Very challenging and flat demand.

Joseph Dodd, Leicester, Andrew & Ashwell, jpd@andash.co.uk - Freehold industrial demand remains strong across owner-occupier and investor markets. Businesses are slightly more hesitant on making long-term contractual decisions on a leasehold front, raising a greater number of queries and requesting consideration for earlier break options. Out-of-town office market is strong for good quality premises, however city centre office availability is increasing. Small retail premises remain sought-after but larger, prime units have stagnated.

Martin Langsdale, Derby, Raybould & Sons, martin@raybouldandsons.co.uk - The market hardened in the lead up to the Autumn Budget and with the Christmas period following closely afterwards it has yet to reveal itself so early in the new year. Many small businesses are suffering in the city centre and growth has been stifled by increased costs of production and employment.

Simon Ives, Market Rasen, Simon Ives Ltd, simon@simonives.co.uk - The market is in a state of limbo but it does vary by sector. Logistics property is being let, even when new, on shorter leases as developers try to manage their way out of sites they paid too much for three or four years ago. Data centres are a developing sector - everybody wants one but the property itself is just a low-value envelope for the kit they hold. Power and water supplies will determine where they go but if the AI boom goes bust, there will be fewer needed.

Steven Spivey, Lincoln, Mundys Property Services LLP, steven.spivey@mundys.net - Market conditions remain challenging given the current economic climate and the changing face of the office and retail sectors.

East Anglia

Barry George Trebes, Huntingdon, Trebes Consulting Limited, barry@trebes.co.uk - The general markets are showing the early signs of a downturn and loss of confidence.

Giles Ferris, Bedford, Stimpsons Eves, giles.ferris@stimpsonseves.co.uk - The commercial market has stagnated over the last 3 months due to a late budget and general lack of confidence in the current government.

Jeff Fuller, Norwich, OA CHAPMAN & SON LTD, jeffdfuller@hotmail.com - Companies pessimistic over economic outlook. Investors have either disappeared or are biding their time in expectation of price falls.

Nigel Handley-Howorth, Norwich, Bullen Group Limited, Nigel.handley@bullengroup.co.uk - A difficult market with unpredictability.

Nigel Morgan, North Walsham, Managed Property Supply Ltd, nigeldmorgan13@gmail.com - Pretty stagnant market in East Anglia.

Paolo Antonio Iacobucci, Ipswich, countywide properties, paul@countywideproperties.co.uk - Tenant and buyer/investor demand for prime and secondary office and retail remain weak whilst tenant and buyer/investor demand for prime and secondary industrial continue to attract enquiries. Overlaying all is the sense of buyer hesitancy and sensitivity to price whilst the UK economy continues to show poor growth.

Sam Kingston, Norwich, Roche Chartered Surveyors, samk@rochecs.co.uk - The occupational market has been subdued in Q4 2025, as occupiers waited to see how the budget would affect the economy and importantly business confidence. Demand across all sectors has been down and this is likely to carry through to Q1 2026. So far there have been no notable reductions in either freehold or leasehold values, but if there is a marked increase in supply, this is possible.

Yusuf Dawood, Cambridge, Westcott Surveyors Ltd, ydawood@westcottsurveyors.com - Cambridgeshire's commercial property market is ticking along steadily right now. Industrial and warehouse space is still in strong demand, especially around tech and science hubs, while offices are moving more slowly unless they're good quality and flexible, so overall it feels cautious but positive.

London

Adrian Macarty, London, ADM Surveying services Ltd, admssltd@gmail.com - Hard work. Recent Budget does not help.

Adrian Tutchings, Orpington Kent, Linays Commercial Limited, commercialproperty@linays.co.uk - Static market generally.

Andrew Miles, London, Castlebrook Properties Ltd, andymiles58@btinternet.com - Hopefully we are in the early stages of a recovery in capital values (good secondary retail).

Bruce Strong, London, Spelthorne Council, brucestrong@hotmail.co.uk - Noticeable lack of any movement in the office market in our area in Q3 and 4 in 2025.

Charles Hicks, London, Strandbrook Ltd, charleshicks@strandbrook.co.uk - The dearth of development activity immediately post pandemic coupled with a stronger than expected (back then) return to the office is now manifest in low volumes of prime Central London offices and increased demand with the market reacting to the inequality in the demand:supply ratio by driving up rental growth.

Chris Jago, London, Houston Lawrence, chris@houstonlawrence.co.uk - Massive variations in market sentiment but overall pretty static.

Christopher Lacey, London, Sir Richard Sutton Limited, christopher@srsli.co.uk - The UK has significant economic challenges to come over the next 2-3 years as the Government does not have the political appetite to reign in welfare spending. The debt markets have this priced into UK gilt yields however the premium over other developed markets could grow if the situation deteriorates.

Dean Lander-Jorden, London, Enfield Council, deanjorden123@hotmail.com - The market seems to be slowly recovering after a couple of years of high rates causing an impact to the market.

Duncan Locke, London, McWhirterLocke Limited, duncan@mcwhirterlocke.com - Speculation on the November 2025 UK budget caused many decisions to be delayed (perhaps except tax avoidance decisions). Let us hope that post budget some of those delayed decisions will now materialise in a positive way.

Federico Arnaldo FARAVELLI, London, H.I.G. Realty Partners, federico.faravelli@faravelli.org - It is going to be a bumpy journey towards recovery.

Freddie Dade, London, Tydus Real Estate, freddiedade@tydusre.com - Difficult market with deals taking much longer than previously. Having to corral all parties in the transaction to move forward.

Graham F Chase, London, Chase Sinclair Clark, grahamfchase@btinternet.com - Falling interest rates will strengthen capital markets and make commercial property more attractive as an investment option. Problem with low cost housing development will persist until supply is provided directly by government. Housing market is stagnant with current government policies acting as a brake. Retail sector showing signs of improvement, London offices look toppy but main centre regional offices strengthening. General undersupply in all industrial sectors.

James Preston, London, James Boatman Chartered Surveyors, jamesp@jamesboatman.co.uk - The effects of rising UK unemployment has yet to be felt on the UK economy generally. We may be seeing early evidence of that in some property sectors, i.e. car retail sales and leisure (gyms).

Javier Lauret, London, Hurford Salvi Carr, javier.lauret@h-s-c.co.uk - While prime office and retail rents and values are growing with strength, oversupply and new work patterns are still preventing any growth in secondary locations.

Joaquim Luis De Almeida, Hounslow, Perpetual development Ltd, joe.almeida12@yahoo.co.uk - I'm in the process of setting up my company. Previously I worked as a QS.

John Graham, London, Douglas Advisory Ltd, j.graham12@icloud.com - Stimulus in new house building & for first time buyers urgently needed.

John King, Wimbledon, ANDREW SCOTT ROBERTSON chartered surveyors and estate agents, jking@as-r.co.uk - In Wimbledon we have circa 1m sq ft of office space about 20% is vacant due to a change of use to residential. Rents for prime space is circa £50/55psf with incentives reducing the average rent to approx £45psf. Merton's retail market has lost out to Kingston and Croydon due to better facilities and rent. Industrial markets have remained stable as rents have peaked on average at £20/22psf. Secondary markets have declined across the board due to covenant strength, condition and unrealistic terms.

John Macdonald, London, William Nash Properties Ltd, john@williamnash.co.uk - Planning authorities in Greater London and within the M25 have a lack of appreciation of the shortage of new industrial/logistics space which is holding back economic growth.

John Vokins, London, Vokins Chartered Surveyors, j.vokins@vokins.co.uk - 2026 is likely, in my opinion to remain challenging in the commercial property sector, in the region in which I operate, as there is negativity amongst most businesses I speak to about the political and economic environment.

Jon Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com - Currently weak with no obvious positive signs. A drop in interest rates and a more flexible planning system would in my view make a difference.

Jonathan Coren, London, Assetguard Property Consultants Limited, Jonathancoren@btinternet.com - Lacklustre with no prospects of growth.

Kamil Chowdhury, London, Petrichor Property Consulting Limited, kamil@petrichorproperty.co.uk - General market inertia in almost all sectors. Budget didn't do anything for property or business in general.

Khalifa Forte, London, RES Property Surveyors, kforte@res-prop.com - Over the next 12 months, London retail is likely to continue with prime, well-located units showing relative resilience and secondary stock remaining under pressure. Occupier demand in core locations has stabilised, supported by returning footfall, tourism etc, which is expected to produce modest rental growth. Capital values, however, are likely to remain broadly flat overall.

Mac Lal, London, Shaiyla Estates Ltd, maclal66@gmail.com - Uncertainty.

Mark Larard, London, JCI, mark.larard@gmail.com - The economy is in considerably worse state than the news and the economic figures seem to demonstrate. However UK is in much better state than the rest of Europe (but not as good as USA).

Martin Crossley, London, MC Retail Consulting Ltd, mc@mcretail.co.uk - Cautious optimism but recovery is vulnerable to significant macroeconomic or geopolitical events.

Nick Pemberton, London, Allsop LLP, nick.pemberton@allsop.co.uk - The West End Commercial Market as at Early December has recorded £4.73bn of volume across 85 transactions almost £1bn ahead of the total for 2024 and way ahead of 2023 (£3bn). The 15-year average is slightly over £6bn. We estimate there is in excess of £1bn of further property under offer, some of which is likely to exchange in 2025. In 2025 the average deal size was £55M - The theme for the year is the return of larger lot sizes, and greater depth of office buyer - spurred on by strong rental growth.

Nigel Harrison, London, Harrison Leggett, nh@harrisonleggett.co.uk - New Grade A offices continue to be in demand although very location specific within the West End sub-markets. Flexible and Serviced Office buildings will be impacted seriously by the change in the structure of Business Rates charging for empty units within buildings, I anticipate release of a significant amount of office space.

Richard D Bowers MRICS, London, Informa Group PLC, richard.bowers@informa.com - As Head of Real Estate at Informa PLC I manage a global portfolio of c220 occupied offices, across 32 countries, as tenant/occupier representative. My market knowledge is office specific and my responses relate to central London only.

Richard Goldstein, London, Metrus, richard.goldstein@metrus.co.uk - There appears to be more transactional activity illustrating cautious optimism with a view to short term interest rates cuts which will further stimulate demand as borrowing costs ease.

Robert Ian, London, St Bride's Managers, robert.houston@stbridgesmanagers.com - The market has been suspended because of uncertainty surrounding the Budget. It won't be until Q2 26 that the market catches its breath again.

Sean Dempsey, London, Boulbee LDN Capital Limited, sean@boulbeeldn.co.uk - Leasing activity is marginally up, office reoccupation continues, debt funding availability is materially up and investor interest is firming. However, concerns about low economic growth, Government policy and a lack of consumer confidence continue to inhibit asset performance and transaction levels.

Simon Kelly, London, BMA, simonkelly54@googlemail.com - I feel that the employment costs increase in the previous budget and the delay to this year's budget have paused momentum and business investment decisions. The bond markets have reacted well to what I consider as relatively stabilising budget and the hope is that will translate to wider market confidence, of course with the property market being slower to react.

Tim Davis, London, Consultant, timjadavis@gmail.com - Pre-budget confidence fell affecting values and all activity.

Wafaajbari, London, WJ Consulting Group, wjconsultingltd@gmail.com - Prime offices and data centres remain strong, driven by ESG demand and AI-led growth, while secondary offices stay weak. Retail is mixed, with retail parks outperforming weaker high streets. Industrial remains resilient due to limited supply and steady logistics demand.

William Nicol-Gent, London, Killochan & Co, killochan.co@gmail.com - Traffic congestion & speed restrictions remain an adverse factor.

North East

Barry Nelson, Newcastle upon Tyne, Northern Trust Company Ltd, BarryNelson@northerntrust.co.uk - Multi-let industrial in the north east has seen a slowdown in enquiries and take up of vacant space. An increase in tenants vacating, partially through an increase in insolvencies, has resulted in modest floor area void increases. The general uncertainty in the economic performance of the current government is affecting business confidence.

David Downing, Newcastle upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - Uncertainty leading up to the budget certainly put a handbrake on market activity in the North East. Now that the market knows what was in the Chancellor's budget, we will see whether the announcements propagate activity or further curtail it. The increases in National Living Wage rates is a continuing problem for the hospitality and care sectors, where wages are a significant operational cost and an increase significantly above inflation only puts more pressure on profit margins.

Gavin Black, Newcastle Upon Tyne, Naylor's Gavin Black LLP, gblack@naylorsgavinblack.co.uk - Uncertain across the sectors due to delay in budget and then the tax and cost increases affecting viability and confidence. NI increases have caused much more damage than is believed.

Jonathan Smith, Darlington, Jonny Smith Surveying Services Ltd, jonathan7264@gmail.com - UK needs to reduce taxation to encourage investment which will lead to growth.

Kevan Carrick, Newcastle Upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - Office sector - improving take up with flight to quality in locations with good amenities. Industrial - rebound in demand with the Tees Valley Durham and Newcastle performing well compared to national picture. Availability across all sizes around 5%. Retail - early signs of back in favour with increasing confidence. Lack of new development should support rent levels. Income drives asset selection, price stability with good momentum going into New Year.

North West

Andrew David Taylorson, Preston, Eckersley Property Limited, at@eckersleyproperty.co.uk - The level of enquiries have dropped noticeably in Q4 across most sectors. Latent demand for industrial accommodation remains particularly in secondary market, however, limited churn due to shortage in supply. Prime and secondary retail markets continue to struggle with noticeable voids on the High Street. Signs of some businesses struggling due to poor economic outlook.

Andrew Mark Bather, Blackpool, Duxburys Property Consultants, andrew@duxburyscommercial.co.uk - Low levels of development primarily on the basis of low market confidence. The above compounded by local authority legal and planning timescales. Legislative changes proposed to the residential rental market will impact on yields particularly in the secondary student sector.

Ben Gilkes, Chorley, Peter E Gilkes & Co, Ben@peteregilkes.co.uk - Smaller retail leasehold and freehold demand reasonable with lack of Town Centre stock but a struggle for larger retail due to occupational costs. Industrial leasehold and freehold demand and values steady with lack of stock at all size ranges. Office market remains difficult resulting in HMO conversions.

David Briffett, Blackburn, Thomas V Shaw, david@thomasvshaw.co.uk - Industrial rents and capital values have risen sharply in the last two years starting from a low base. I see a lot of new build but take up is slowing significantly.

Edward Fifield, Northwich, Fifield Glyn, edward.fifield@fifieldglyn.com - Confidence and demand remain difficult.

Gabriel Kada, Manchester, Hallmark, gabriel@thehallmarkgroup.com - Little investor confidence and stagnant property market. High street retail via auction sales and popular for repurposing.

Geoffrey Lever, Bolton, Regency Estates, Commercial@regencyestates.co.uk - Very weak demand in the retail and office markets I operate in. Rating revaluation as of April 2026 will have a significant impact at the margins of the SBRR relief level.

Henry Prescott, Liverpool, Prescott & Partners, henry@pandpartners.co.uk - Significant uncertainty and lack of economic growth have a substantial effect on markets.

Martyn John Garner, Stockport, Cheshire, Garner + Sons, martyngarner@garnerandsons.co.uk - There is a general feeling that this government has policies that do not incentivise business entrepreneurs, resulting in a lack of business confidence and consequential adverse effects on the commercial property markets.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - The whole of the market is stalling, mainly over the budget uncertainties. The only exception being small industrial, which is still quite solid.

Mike Forster, Bolton, Bolton Borough Council, michael.forster@bolton.gov.uk - Town Centre retail centres continue to struggle but with increased interest and growth in the storage container industry.

Mike Haynes, London, McArthurGlen, mike.haynes@mcarthurglen.com - Outlet retail sector demand is increasing for mid to premium priced brands, which is having a positive impact on sales and rental values.

Richard Peters, Liverpool, The UpCo, richi@theupco.co.uk - The lack of effective government intervention on business rates continues to place disproportionate pressure on the pub sector. Absent reform, the trajectory points toward further widespread closures, with long-term consequences for local economies, employment, and community cohesion.

Tim Kenney, Chester, kennymoore property consultants, tim@kennymoore.co.uk - 2025 has been a challenging year with many investors choosing to delay their decisions due to market uncertainty. Markets need confidence, confidence begets investment decisions.

Northern Ireland

Frank Cassidy, Belfast, Consultant, fpcassidy397@gmail.com - Geopolitical issues and weak growth are major issues.

Guy Hillis, Belfast, Oakland Holdings, guy.hillis@gmail.com - Market remains weak, political stagnation here persists.

Martin Mallon, Derry, SOUTH BANK SQUARE LTD, martin.mallon@southbanksquare.net - Static.

Scotland

Grant Stewart, Inverness, Grant Stewart Chartered Surveyors, gs@gs-cs.co.uk - Central Government and Scottish Government taxation policies and potential Non-Domestic Rates Revaluations will continue to adversely impact the general commercial property markets/sectors.

Leonard Kidd, Scotland, N/A - Retired, len.kidd57@btinternet.com - Being retired, these are only observations. In the area, I have noticed an increase in demand for smaller, secondary industrial units, both to purchase and to rent/let. Lots of small storage (shipping container type) unit developments appearing. Some new unit development being undertaken mainly by Local Authority and small developers. Not seeing same demand for retail shops & offices, other than for demolition/redevelopment of site, usually for residential development or smaller managed units.

MR J S Macdonald, Edinburgh, JSM Developments, jim@jsmdevelopments.co.uk - We are still trying to digest the effects of the current budget as we were just getting to grips with the last one. It is, I think, generally felt, that the tax changes will not have strengthened demand but quite the opposite but time will tell.

Mr Ross Burnett, Edinburgh, Burnett Real Estate, ross@burnett-re.com - Flat 2025.

Steven Herd, Edinburgh, hendersonherd.co.uk - There has never been a market with so many structural changes to the investment and occupier sectors.

Stuart Hall, Glasgow, Kingsmead Developments, stuart@kingsmeaddevelopments.co.uk - There are so many factors contributing towards a fragile market at present, both in UK and worldwide. Whilst anticipated interest rate reductions will help, the lack of confidence felt by investors, occupiers, manufacturers and the public in general will continue to suppress property markets.

South East

Alastair West, Whitstable, Azure Property Consultants Ltd, al@azurepc.co.uk - Occupier demand generally is up since the budget but so is vacancy. We are definitely seeing more firms seeking to cease trading.

Colin Ellis Hearsum, Milton Keynes, MK City Council, colin.hearsum@btopenworld.com - Dealing primarily in secondary sectors within a cross section of household economies. Prime retail holding up in the Shopping Centre, footfall reasonable but spend possibly down.

Daniel Onion, Oxford, Thomas Merrifield, danonion@thomasmerrifield.co.uk - The difficult market continues with some brighter spots around life sciences and student housing.

David Shapiro, London, Ashurst Real Estate, London UK, ds@ashurstre.london - London office market within which I operate has been the most stagnant for decades with no sign of improvement. Retail appears to remain robust as does secondary industrial.

Douglas Lawson, Maidstone, Lawson & Partners, dougie@lawsonandpartners.com - We believe that the delayed budget & uncertainty running up to it have blocked many investors and business people in making investment decisions.

Edwin Luckham-Down, London, Lookout Development Partnership, info@lookoutdevelopment.com - Signs of a weak and slight recovery in certain sectors.

Geoff Scott, Fareham, DS Smith Plc, Geoff.Scott@DSSmith.com - Gap between prime industrial and secondary is widening. The rental difference makes it increasingly difficult for us to justify moving to good quality, more sustainable, industrial premises and disposing some of our ageing buildings.

Gordon Wood, London, Hunters Property, gordon.wood@dexterwood.co.uk - The biggest impact has been on retail and hospitality, mainly down to the Labour Government's budgets and policies - higher NI rates and lower instigation levels, has led to reduced employment, in particular hitting those looking for jobs. The Renters Rights Act has led to many Landlords selling their properties, leading to fewer choices for tenants and therefore higher and increasing rents, having exactly the opposite effect that the Government wanted.

Hugh Mc Shane, Brighton and Hove, crickmay chartered surveyors, hm@crickmay.co.uk - Weak macroeconomic factors, little business encouragement in budget in relation to property and jobs, high borrowing costs leave the markets (residential and commercial) flatlining.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - Market remains cautious with frustratingly slow pace post deal agreement by parties with agent. Hoping New Year with budget behind us will prompt some action although we have concerns about Rating Revaluation and wonder how some of the new Rateable Values were assessed!

James Sheridan, London and Kent, James F Sheridan FRICS, strattonestates@gmail.com - Poor overall economic confidence is affecting all markets.

Jeremy Pilgrim, Southend on Sea, Pilgrim James Associates, jeremypilgrim07@gmail.com - Global political uncertainty, high taxation and lack of economic growth in UK and Europe is likely to see continued stagnation in property investment.

Jim Culverwell, Winchester, Culverwell Consulting, jim@culverwellconsulting.co.uk - There has been a hesitation amongst business owners to make decisions in the sectors I operate in, in the months leading up to the budget but since then, normal service has been resumed and care is being taken over those decisions.

John Clark, Tunbridge Wells, Caresome, gisboon@yahoo.co.uk - Some areas closer to London improving, but many town centres stagnant.

Jonathan Large, Cranleigh, Bradda Capital Limited, jonathanlarge@braddacapital.com - Political backdrop extremely challenging with market uncertainty caused directly by political uncertainty or unhelpful policies. Too much taxation on businesses!

Julian Scannell, Medway, Watson Day Chartered Surveyors, julianscannell@watsonday.com - Our practice is primarily focused on the industrial/warehouse/distribution sector. In recent weeks there has been a noticeable decline in enquiries which has resulted in properties remaining available to let/for sale for longer than we have generally experienced during the last 3-4 years. That may have been partly as a result of uncertainty leading up to the presentation of the budget speech on 26th November. But there have been other constraints including increases in employment costs.

Katie whell, Reading, pure offices, katiewhell@pureoffices.co.uk - Still very tough, low demand, occupiers struggling, low business confidence.

Mr Tim Hardwicke, Brighton, SHW / Stiles Harold Williams, thardwicke@shw.co.uk - Market conditions challenging due to uncertainty in the UK economy & additional cost burden on business and anyone with ambition.

Nigel Derrick Mackenzie, Aylesbury, Bentley Property Developments Ltd, ndm@bentleyproperty.co.uk - Business confidence is low which is stalling investment in staff/employment and premises.

Nigel Riley, Woking, Citicentric, nigel.riley@citicentric.co.uk - The regional development market is still very challenging for urban mixed use developments. Very few schemes are viable and many developers are either mothballing sites or exploring exit strategies.

Patrick Mahoney, Aylesbury, Greenbrook Property Developments Limited, mahoney171@hotmail.co.uk - Both consumer and business confidence is low, but with the Autumn Budget now behind us, hopefully confidence levels will gradually increase from this Spring and for the rest of the year.

Philip Hay, London, Jackson Criss, phay@jacksoncriss.co.uk - We specialise in retail occupation and investment throughout the UK. We are seeing good demand for smaller lot sizes up to Â£2.5m from private investors, with demand albeit limited and at a price for Â£5m+ retail investments. Strong institutional demand for retail warehouse and supermarket investments and institutional investment returning for good rebased High Street stock.

Roger Holt, Southampton, Holt Consult, roger@holtconsult.co.uk - Market conditions affected by current political situation with challenging budget decisions.

Simon Browne, Brighton, Crickmay Chartered Surveyors, scb@crickmay.co.uk - Investor sales considerably reduced as many vendors not willing to accept falling prices. Lower value owner occupier demand is steady. Investors look for value enhancement on purchases. Industrial steady from owner occupiers and investors.

Simon Lawson, Brighton, The South Coast Surveyor, lawson6102@gmail.com - The state of the market for medium to larger lots is very unpredictable at present, due to world outlook being so difficult to read and potential for substantial contraction. Smaller properties on a letting side are dependant on local business and sector confidence, whilst investment properties continue to show strong demand for well let units.

Stephen Ray, Redhill and Reigate, Surrey., SHW, sray@shw.co.uk - The Budget has now been published and it's not encouraging with a steep rise in taxes. It's wait and see on the property sector effects. We should know more about the effects by end of Q1 26 hopefully.

Stuart King BSC MRICS, Letchworth Garden City, Davies King Chartered Surveyors, Daviesking@talk21.com - The current government's policies are challenging for growth and are creating an environment where there is limited incentive in growing a business.

Will Wright - Rother, South East, Rother District Council, willw@hotmail.co.uk - Challenging. Expect long voids for the wrong product.

South West

Alan Treloar, Truro, Vickery Holman, atreloar@vickeryholman.com - Across all sectors general economic pressures are suppressing demand but tenants and buyers are still engaging with the best located, best quality options when they present themselves. Build costs versus end values continue to make development a challenge.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon & Wiltshire's commercial property market has remained subdued as occupiers & investors await details of the Budget in the face of the Government's activities, which have created an unprecedented level of economic and market uncertainty.

Andrew Pearce, Exeter, Hector Pearce LLP, ap@pearceproperty.com - Occupational demand is still limited with increasing supply in the office sector. Still a flight to quality and downsizing.

Anne Brennan, Bournemouth, Sibbett Gregory, anne@sibbettgregory.com - Continued uncertainty due to geopolitical instability and unpredictable nature of US Government policies. Budget did little to support commercial sector. Interest rates held for longer than anticipated with expectations of a further decrease before year end leading to decision making being held in abeyance.

Bryan Galan, Bournemouth, Mellawood Properties Ltd, bryan.galan@outlook.com - Rates issue causing serious problems for the High Street.

Charles Kingsley-Evans, Plymouth, CKE Property Ltd, Charles@ckeproperty.com - The property market is suffering from the general malaise of the British economy.

Damian Cook, Exeter, Stratton Creber Commercial, damian@scceyeter.co.uk - Challenging market conditions with office occupancy levels still struggling, caution amongst retailers with business rates relief reducing and the industrial sector stable but likely to feel the increase in business rates in 2026.

Daniel Smethurst, Swindon, Smethurst Property Consultants, daniel@smethprop.co.uk - The Swindon office market in 2025 is on track to reach its highest activity level in five years. We have seen rental growth for Grade A office space, and an undersupply of prime office accommodation is likely in the not-too-distant future. This year has also marked the return of larger corporate requirements, although the SME marketplace has remained relatively quiet. Finance for freehold transactions remains difficult to secure for some occupiers, and the process can be incredibly protracted.

David Hart, Kingsbridge, Hart Consult, Dihart@hartconsult.net - The market remains relatively quiet in South Devon, although as my job takes me to other parts of the country I see pockets of positive energy, mainly in the South East of the country. Here, retail is faring much better than the South West. Industrial and Offices also more buoyant.

Dean Speer, Salisbury, Myddelton & Major, deanspeer@myddeltonmajor.co.uk - Market has been flat with the run up to the Budget - uncertainty and rumour a big factor.

Graham Thorne, Bournemouth, Thorne, graham@thornes.org.uk - The market remains generally poor with little activity running up to the budget.

Huw Thomas, Chippenham, Loveday, huw@loveday.uk.com - I think many owners of vacant office space will be very concerned about the 2026 Rating List increasing rateable values on their buildings. I think this could lead to Landlords cutting rents just in an attempt to mitigate the cost of void rates.

Jonathan Simon Reakes, Bristol, JS Reakes Ltd, jon@jsreakes.co.uk - It feels like we are at the start of a general downturn.

Leslie Warren, Bristol, Guinness Partnership, leslie.warren@guinness.org.uk - Lack of investor confidence driven by the recent budget prevails.

Luke Sparkes, Cirencester, Marriotts Property LLP, luke.sparkes@marriotts.co.uk - The past 3 months has seen the Commercial Market stall due to uncertainty surrounding The Budget, with the Christmas holidays just around the corner thereafter this seems to have created the perfect storm holding the Market back. One hopes we will start the New Year with a good head of steam and start moving forward again. Confidence is key.

Michael Oldrieve, Exeter, MO, m.oldrieve@btinternet.com - Sluggish and transactions taking longer to complete.

Mike Nightingale, Truro, Miller Commercial, msn@miller-commercial.co.uk - Calling a late budget has stalled the market and with it being so close to Christmas there is a lethargy amongst occupiers and investors. Our geographical area relies heavily on tourism and hospitality which continues to face taxation challenges. Confidence in this sector remains on the floor.

Mr Andrew D Theobold, Ringwood, IHCA Limited, andrew@ihcaltd.co.uk - Operational cost pressures including utility, rises in labour costs and consumables is mounting pressure on hospitality businesses and I would expect to see some business failures over the next 12 months. Foreign investment is on the rise in the UK which is underpinning the challenging climate.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - The market seemed to stop whilst everyone waiting with baited breath for the budget! The week after the anxiety raising event and the initial signs are more positive with enquiries and activity significantly increasing, hopefully this trend continues.

Peter Sammons, Salisbury, Myddelton & Major, Petersammons@myddeltonmajor.co.uk - Secondary asset sectors vary. Office market poor. Retail market improving but from very low base, and High Street sector still facing more pressures from multiple sources compared to other (out of town) retail which seems to get much freer rise from local and national government. Industrial sector still backbone of small to medium business sector but build cost increases are increasing pressure on developer profit and reducing affordability. Administrative burden on construction and transactions challenging.

Simon Bennett, Bristol, Altitude, sb@altitude-inv.com - Good levels of interest for smaller private client investment stock, but larger property companies and sector specialists proving more cautious and demand for larger lot sizes more limited.

Simon Walsham BSC FRICS ACIArb, Bournemouth Poole and Christchurch, James and Sons, simonwalsham@jamesandsons.co.uk - General concern for economic outlook and higher taxation.

Stephen Matcham, Plymouth, stratton creber commercial, steven@scplymouth.co.uk - In Plymouth and wider Devon and Cornwall, industrial remains fairly strong with new activity and defence spending benefits beginning to filter through. Also R and D in defence and marine sectors a new and growing feature. Retail generally weak, also leisure and hospitality.

Steve Cullis, Bristol, Hootons Commercial Ltd, steve@hootons.co.uk - Secondary retail is performing well in Bristol.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net - The commercial property market remains generally fairly weak with tenants and purchasers being cautious due to the Government's economic policies and the various conflicts in the world. Hopefully we will see an upturn as the New Year progresses.

Wales

Chris Sutton, Cardiff, Sutton Consulting Limited, chris.sutton@suttonconsulting.co.uk - There is now a crunch in terms of Grade A supply for both prime office and industrial property markets. Indurent are leading the industrial market with their next phase of 300,000 sq ft at Llanwern, Newport. There are large office relocation enquiries for Cardiff, typically seeking a smaller footprint but of a significantly higher standard. Rental growth is required to make new development viable; occupiers recognise rental growth will be required to stimulate new development.

Gerald R Thomas, Denbigh/Rhyl, Denbighshire County Council, gerald.thomas@denbighshire.gov.uk - Consumer & business confidence needs to improve.

Morgan Davies, Porthmadog, Morgan Davies Ltd, morgandaviesltd@aol.com - Slow steady drift downwards in stock condition, buyer interest, rent and capital values across most property sectors.

Stuart Hogg, Wales, Stuart Hogg Property Consultants, sh@stuarthogg.com - Consumer confidence remains weak and inflationary pressures affecting demand, higher employment costs and tax increases are restricting growth and business confidence. Property investors remain active seeking opportunities but prime supply is low. Demand for freehold roadside, trade counter and industrial is strong.

West Midlands

Ian McPhillips, Birmingham, IM Property Consultants, impropriertyconsultants@outlook.com - General malaise and lack of confidence/activity outside of prime office and prime industrial sectors.

John Bryce, Birmingham, KWB Office Agency Ltd, jbryce@kwboffice.com - Weak market, few enquiries.

John Shepherd, Birmingham, Shepherd Cullen, john@shepman.co.uk - The slowing economy is having an effect on the Commercial Market across all sectors and 2026 could see difficult market conditions.

Peter Fletcher, Birmingham, Solace Property Consultancy, peterf@solacepc.co.uk - A perception of stability with hints of positivity in certain sectors despite domestic and geopolitical crises.

Richard Franklin, Tenbury wells, Franklin Gallimore Ltd., richard@franklingallimore.co.uk - The commercial market remains strong and given the general trend of interest rates and poor returns on cash deposits indicators are this will continue into 2026.

Richard Topps, Stratford Upon Avon, NFU MUTUAL, richard_topps@nfumutual.co.uk - The UK property market is in need of a period of sustained growth and forward momentum allowing confidence in the sector to grow. Generally the occupational markets have remained surprisingly robust but the investment markets remain weak.

S Berg, Wolverhampton, Stephen Berg Associates, stephen@stephenberg.co.uk - The market has been sluggish overall probably in part due to market sentiment but generally because of lack of confidence and changed working practices.

Steve Perriton, Wolverhampton, Bulleys, steve.perriton@bulleys.co.uk - Supply is tight.

Tony Broad, Birmingham, Tony Broad Associates, timbroad1103@gmail.com - Steady.

Yorkshire & the Humber

Andrew John Wilby, Wakefield, CLIFFORD LAX, andrew.wilby@clifford-lax.co.uk - The current climate is very stressful for a lot of business owners, especially those in the Retail, Leisure and Motor trades. Whilst the tumble weed is not yet drifting down the High Streets, it will not be long coming unless Government accepts that recent budgets have destroyed consumer confidence and weakened businesses considerably. Where is the growth really coming from when people can't afford to employ people especially in those first job areas like Catering and Retail.

Andrew Mcbeath, York, McBeath Property Consultancy Limited, andrew@mcbeathproperty.co.uk - General slight upturn in buyer and vendor activity.

Graeme Haigh, Huddersfield, Bramleys LLP, graeme.haigh@bramleys.com - The market has been generally flat in the last quarter. There was some caution in the market as the impacts of the Spring Budget took effect on employment and inflation and interest rates remained stubbornly high. Further uncertainty around the Autumn budget also weighed on the market and while some of the more negative impacts did not come to fruition there are no signs of any significant market rebound - yet!

John Hornsby, York, John R Hornsby Chartered Surveyors, info@johnrhornsby.co.uk - We operate in the secondary retail, office and industrial markets where demand has remained relatively steady except for offices for which the level of enquiry is low. Small secondary shops in suburban locations continue to be popular with no lengthy marketing periods being necessary.

Jonathan Duck, Harrogate, Bramall Properties Limited, jonathan.duck@bramallproperties.co.uk - Quiet.

MR Richard J Heslop, Ilkley, Property Consultants, richard@de-commercial.co.uk - Media speculation pre-budget resulted in a market treading water at best. There was no appetite to invest, develop or relocate as uncertainty engulfed operators. Without economic growth this situation will not alter in the short term.

Nigel Newton Taylor, Nationwide, Healthcare Property Consultants Ltd, nnt@healthcarepc.co.uk - The potential exists in 2026 for a rise in care home sales (individual homes and small groups) as investors re-appraise existing estates post acquisition in Q3 & Q4 2025. Care home development will continue apace.

Richard Flanagan, York, Flanagan James Limited, richard@flanaganjames.com - No real sign of optimism from occupiers following the Autumn budget. Given the lack of any real growth initiatives it is difficult to see how and when market sentiment will improve.

Robert Barker, Leeds, Rob Barker consultancy, rob.barkerno5@gmail.com - The market remains fragile with uncertainties over global conflicts and political fractures still prevalent. However property remains a solid tangible investment and with interest rates and inflation reducing there are seeds of light appearing in the market.

Robin Beagley, Leeds, WSB Property Consultants LLP, rbeagley@wsbproperty.co.uk - "Flight to quality" remains a key trend and the supply of prime office stock remains limited with little sign of any new speculative built stock coming to the market during 2026.

Rod Appleyard, Bingley, Verification Associates, vasssc@aol.com - Large areas of the Yorkshire region are becoming challenging through lack of demand and high start-up costs.

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 6 December 2025 with responses received until 16 January 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 564 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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We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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