Global Commercial Property Monitor

Q3 2026

ECONOMICS



Global investment demand loses momentum as financing conditions tighten

- Headline Global Commercial Property Sentiment Index slips to post its softest reading in a year, with the investment side driving the decline
- Credit conditions metric turns negative at the global level and across most regions
- For the first time since mid-2024, a greater share of respondents globally place the market in a downturn than in an upturn

The Q3 2026 RICS Global Commercial Property Monitor results point to a softer tone across commercial property markets. The headline Commercial Property Sentiment Index (CPSI) fell to -4 from -1 in Q2, its weakest reading since Q3 2025. The deterioration was evident on both sides of the market, although more pronounced on the investment side, with the Investment Sentiment Index (ISI) falling to -6 compared with -2 for the Occupier Sentiment Index (OSI). Alongside this, respondents across all regions continue to highlight tensions in the Middle East and the associated implications for energy prices, inflation expectations and bond yields as an important source of caution.

Europe and the Americas weaken, while APAC remains negative but slightly less so than before

Chart 1 tracks the headline CPSI across the four broad regions covered by the survey. Europe recorded the sharpest decline, with the index falling to -11 from -6, its weakest reading since the end of 2023. The Americas reading slipped to +5 from +12, as a softer picture in the United States outweighed further strengthening in Canada. The MEA aggregate was unchanged at -1, although this masks contrasting trends at the country level, with conditions in Saudi Arabia weakening while the UAE became less negative. APAC was the only region to post an improvement, with the CPSI rising to -8 from -12, its least negative reading since early 2023, helped in particular by stronger momentum in Japan.

Chart 2 reinforces the considerable divergence in market conditions at the country level. Japan returned the strongest CPSI reading of any market covered, at +40, followed by Poland and Sri Lanka (both +19), India (+17) and South Africa (+16). At the other end of the spectrum, France posted the weakest reading at -54, while Austria (-35), mainland China (-32), Germany (-26) and Hong Kong (-21) also remain firmly negative.

Credit conditions indicator turns negative at the global level

Perhaps the most significant development this quarter is the further deterioration in financing conditions (Chart 3). The global net balance fell to -17%, from +3% in Q2 and +23% at the end of last year, marking the weakest reading since Q3 2023. Europe remains the most negative region at -43%, compared with -27% previously, while

Chart 1 - Commercial Property Sentiment Index by Region

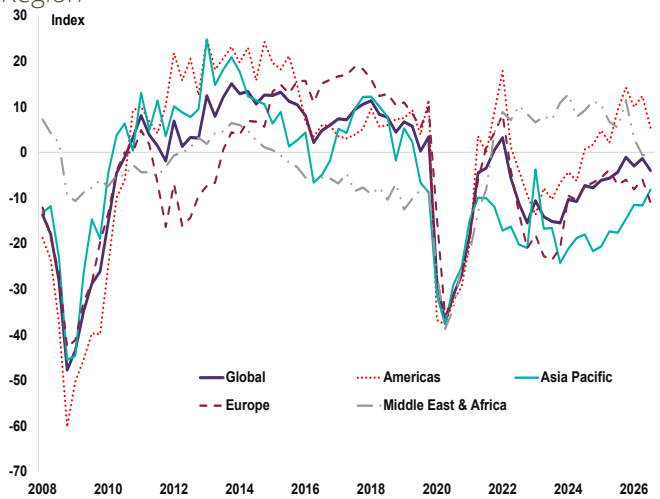
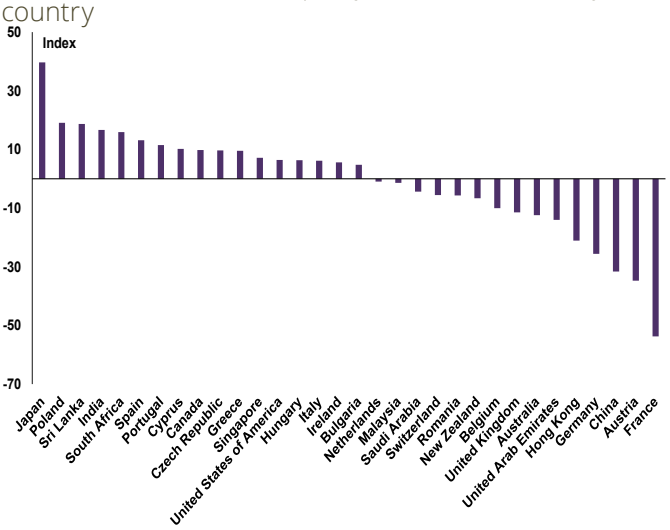


Chart 2 - Commercial Property Sentiment Index by country



the Americas reading fell to -15% from +14%, reflecting the first negative US reading since 2023. The MEA net balance slipped to -4% from +7%, while APAC fell back to 0% from +17%, reversing the improvement recorded in the previous survey. Consequently, no region now reports an overall improvement in credit conditions.

This more challenging financing backdrop has coincided with a clear loss of momentum in investment demand. The global net balance for investment enquiries fell to +1% from +10%, its weakest reading since Q2 2024. Office investment enquiries turned negative at -3% for the first time since Q3 2024, while the industrial reading moderated to +5% from +15%. Foreign investment enquiries also weakened further, returning a net balance of -11%.

Occupier markets hold up better than investment

Occupier indicators softened during the quarter, although the deterioration was less pronounced. The global net balance for tenant demand edged down to +7% from +10%, its weakest reading since Q2 2025 but still consistent with modest growth overall. Industrial remains the firmest traditional sector at +13%, while office demand eased to +7% from +14% and retail was broadly flat at +1%. Again, however, the regional figures conceal considerable variation. Occupier demand remains firmly positive across the Americas (+29%) and MEA (+8%), while net balances remain negative in APAC (-4%) and Europe (-8%).

Capital value expectations downgraded across most sectors

Forward-looking indicators also softened in Q3. The twelve-month capital value expectations net balance turned negative at -1%, from +13% in Q2, marking the first negative reading since Q1 2024. Rental expectations proved somewhat more resilient but nevertheless moderated to +9% from +14%.

Chart 3 - Credit Conditions Indicator by Region



Chart 4 - Twelve-month Global Average Capital Value Expectations by Sector

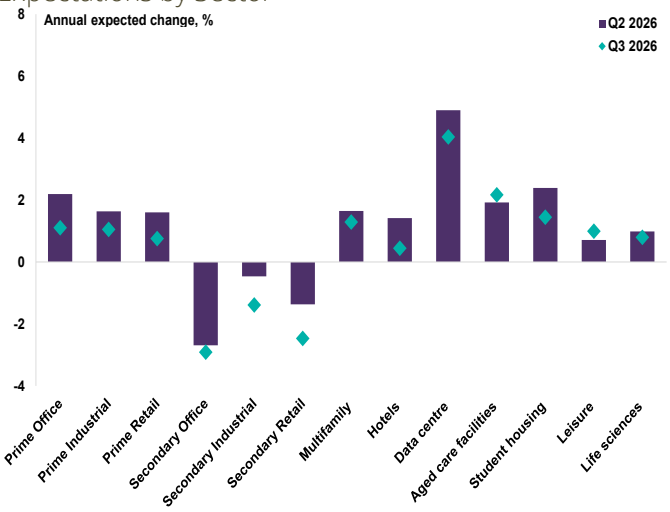


Chart 4 shows that capital value projections were scaled back across most sectors. Prime office expectations halved to 1.1% from 2.2%, while prime retail projections eased to 0.8% from 1.6%. Secondary assets continue to face the greatest pressure, with secondary offices expected to see values fall by 2.9% and secondary retail by 2.5%. Data centres remain the strongest sector, with capital values projected to rise by 4.0%, albeit down from 4.9% in Q2. Hotels and student housing also saw expectations revised lower, to 0.4% and 1.4% respectively, while aged care (2.2%) and leisure (1.0%) were the only sectors to see projections upgraded.

The country-level picture remains equally diverse (Chart 5). South Africa, Spain, Cyprus and Bulgaria sit firmly in the positive quadrant for both rental and capital value expectations, alongside Canada, while India and Sri Lanka continue to record some of the strongest projections across APAC. By contrast, France, Austria and Germany sit towards the weaker end of both measures, alongside mainland China and Hong Kong. The UAE and the Netherlands display a different pattern, with respondents continuing to anticipate rental growth over the coming year while expecting capital values to decline.

Cycle perceptions shift towards the downturn phase

Consistent with the softer tone across several of the headline indicators, perceptions of the global property cycle became more cautious during Q3 (Chart 6). The share of respondents viewing their market as being in a mid-downturn increased to 28% from 19%, making this the largest single category, while the proportion identifying an early upturn fell to 24% from 28%. Taken together, 41% of respondents now place their market in either an early or mid-downturn, compared with 35% identifying an early or mid-upturn. This is the first time since Q2 2024 that downturn perceptions have outweighed upturn views.

Chart 5 - Twelve-month Capital Value and Rental Growth Expectations

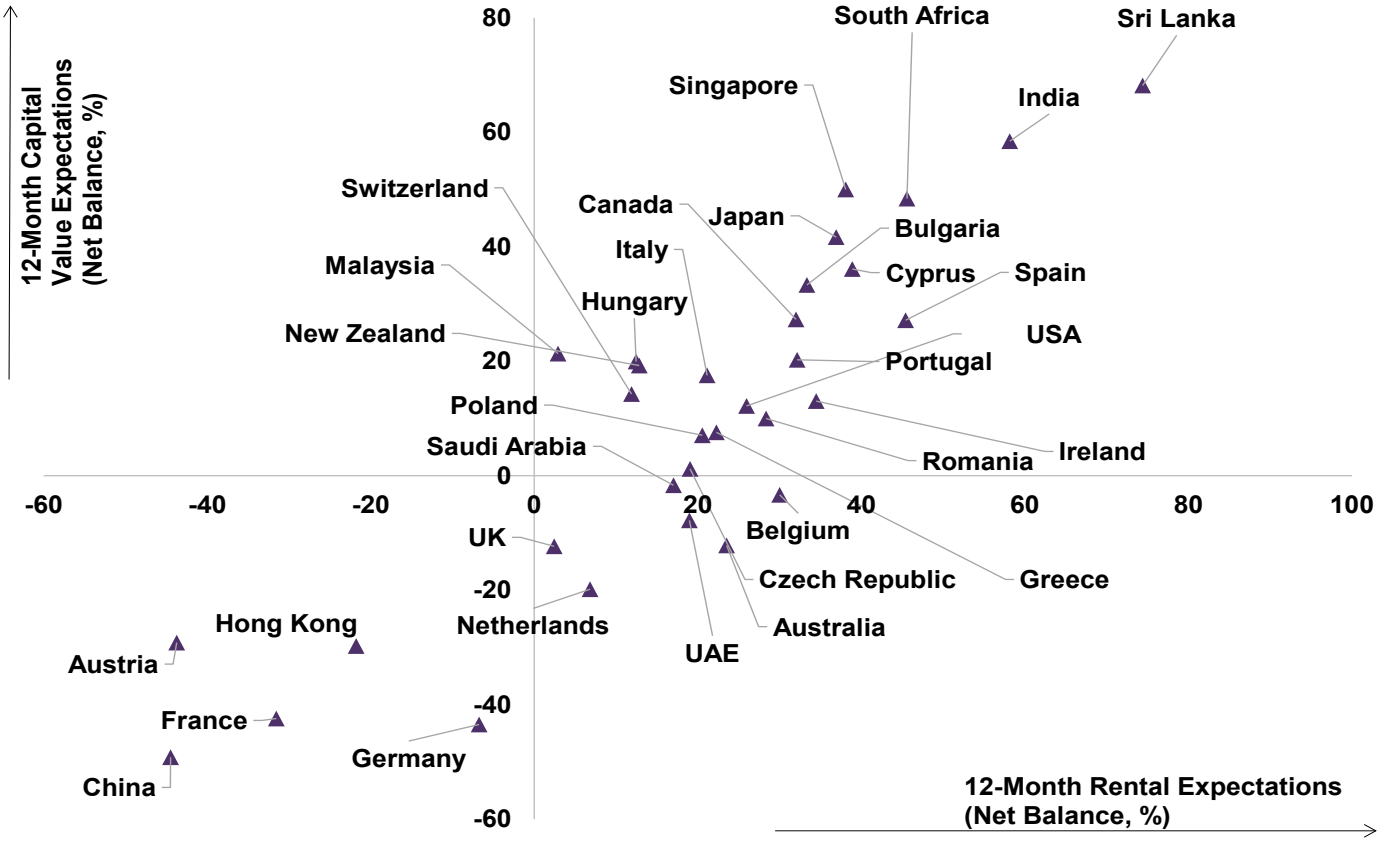
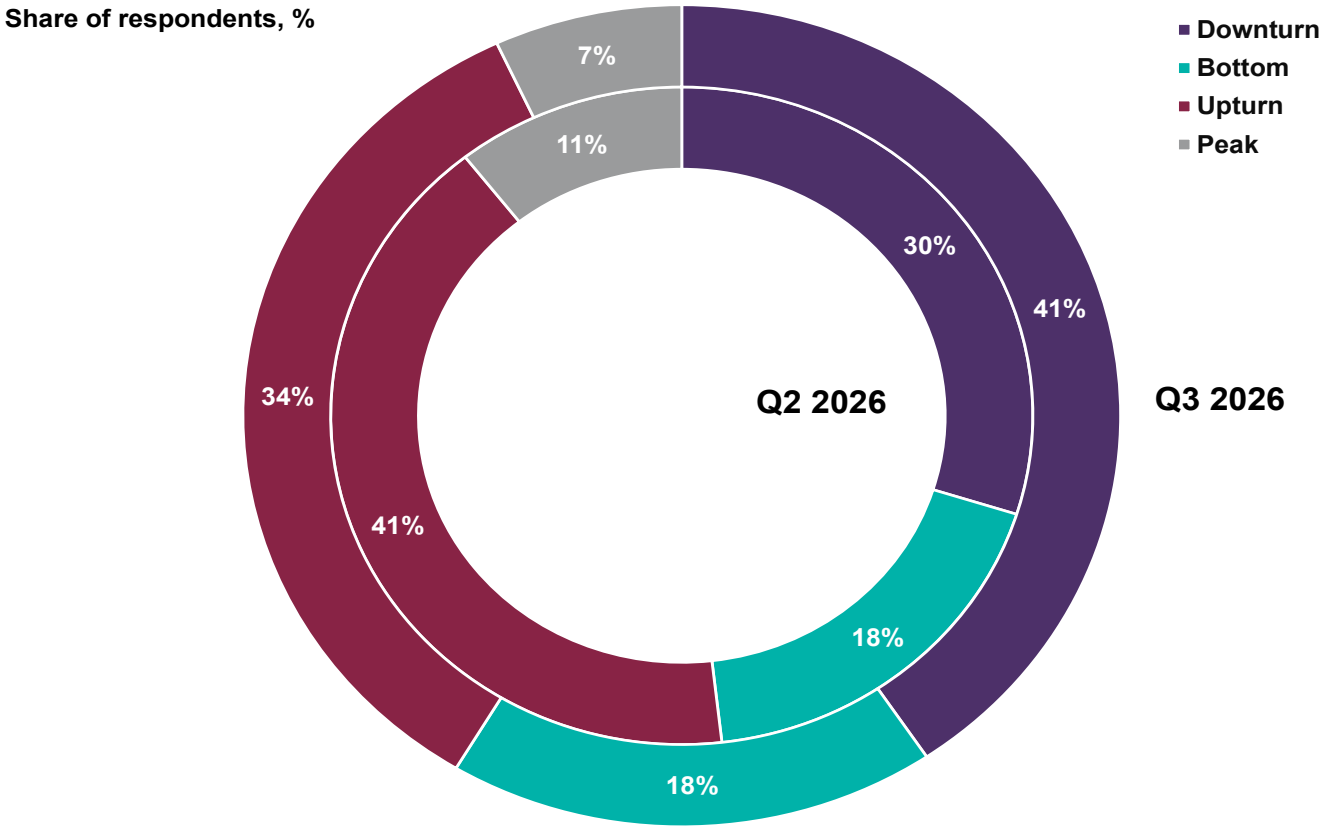


Chart 6 - Global Perceptions Regarding Point in the Cycle



Global Commercial Property Monitor

RICS' Global 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 9 September 2026 with responses received until 19 October 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 1236 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. The RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. The RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of properties for sale. The Commercial Property Sentimet Index is an unweighted average of the OSI and ISI. Regional indicators are weighted using estimates of the stock of commercial property provided by LaSalle Investment Management, and are adjusted on an annual basis.

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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