

ECONOMICS



UK Commercial Property Monitor

Q2 2025

ECONOMICS

Market activity remains stagnant at the national level, although trends appear stronger across Central London

- Occupier demand metrics largely flat across most mainstream sectors, albeit Central London continues to exhibit relatively stronger momentum
- Investment enquiries show little to no growth at the national level
- Moderate rental and capital value growth anticipated within the prime office and industrial sectors, although secondary markets continue to display negative projections

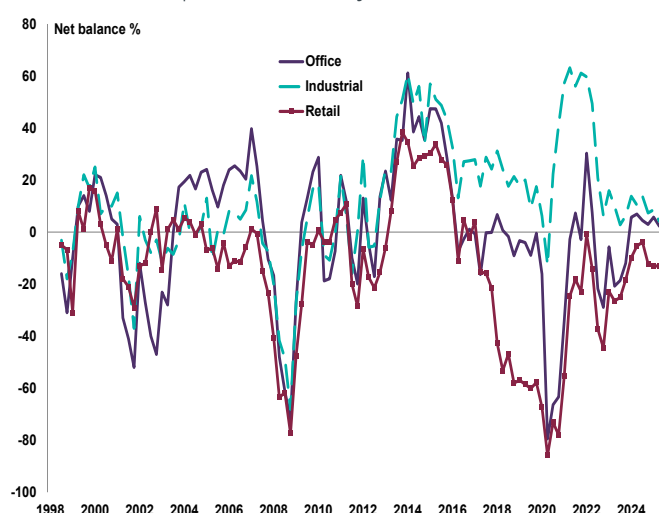
The Q2 2025 RICS UK Commercial Property Monitor results point to a broadly stagnant backdrop, with headline measures of demand sitting in neutral territory on both the occupier and investment sides of the market. Meanwhile, views on the current stage of the property cycle are deeply divided, with 35% of respondents sensing the early stages of an upturn are underway, while an identical share feel the market is still turning down.

Occupier market remains subdued with landlords offering more incentives to tenants

As shown in Chart 1, the occupier demand series nudged down across both the office and industrial sectors during Q1, with the latest (respective) net balances of +2% and +4% indicative of a largely flat quarterly trend. Alongside this, the tenant demand gauge remains moderately weaker across the retail sector, posting a net balance reading of -13% (unchanged from the Q1 results).

On the supply front, vacant space reportedly rose across all mainstream sectors to a greater or lesser degree during Q2, prompting landlords to increase the value of incentive packages being offered to tenants in each instance. In a further sign of the industrial sector losing some of its shine in recent quarters (having expanded robustly over much of the previous decade), a net balance of +13% for the industrial inducements metric points to the most sizeable pick-up in such incentives

Chart 1 - Occupier demand by sector



since 2012 (excluding the first quarter during the Covid lockdown).

Despite the relatively muted demand backdrop, respondents continue to foresee rental prices moving higher across both the office and industrial sectors over the year ahead. That said, this growth is anticipated to be concentrated in prime markets, while the outlook for secondary space is flatter for industrials and still negative for offices. Across the retail sector meanwhile, rents are seen edging up for prime space, but are expected to fall across secondary markets.

When looking at the regional data, Central London stands out as displaying an altogether stronger outlook for the office sector and, to a lesser extent, retail. Indeed, respondents based in central areas of the capital report firmer momentum behind occupier demand compared to the national data. Consequently, this is expected to translate into more robust rental price growth both in the near term and over the year ahead.

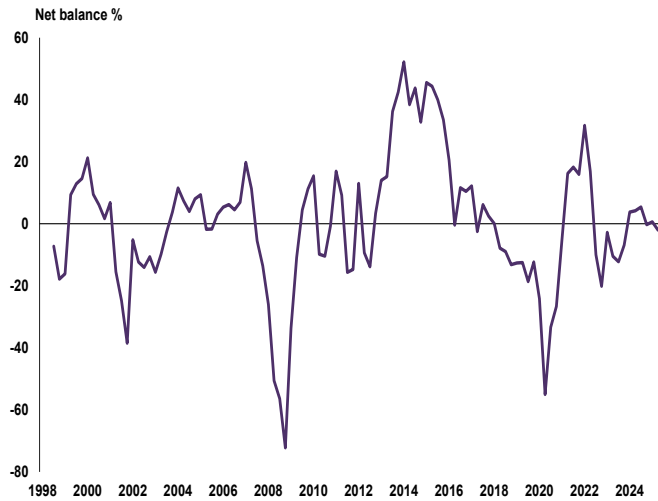
Investment market activity holds steady at a relatively soft level over the quarter

From an all-property average perspective, the investment enquiries indicator returned a net balance reading of zero, easing marginally from a figure of +4% beforehand. As such, this signals a flat picture for buyer activity during Q2. At the sector level, industrials continue to attract modest growth in investor demand, albeit the latest net balance of +10% suggests momentum is relatively lacklustre. For office and retail, respective net balances of -3% and -11% were registered in the Q2 results, consistent with a flat to slightly negative trend. On a slightly more encouraging note, a net balance of +9% of contributors saw an improvement in credit conditions in Q2 (the best reading since Q3 of last year). Going forward, a continuation of this trend will likely be pivotal if investment market activity is to gain impetus.

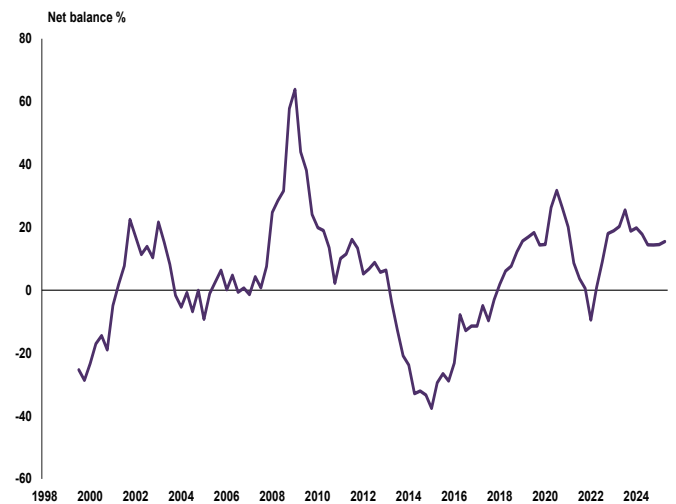
Regarding the outlook for capital values, it is once again the prime industrial and office sectors which exhibit a moderately positive assessment for the year ahead, while other portions of the market, particularly secondary assets, are projected to remain under pressure. Away from the mainstream sectors, alternatives such as data centres, aged care facilities, life sciences and multifamily residential are all expected to deliver a solid uplift in values over the coming twelve months.

Commercial property all-sector average charts

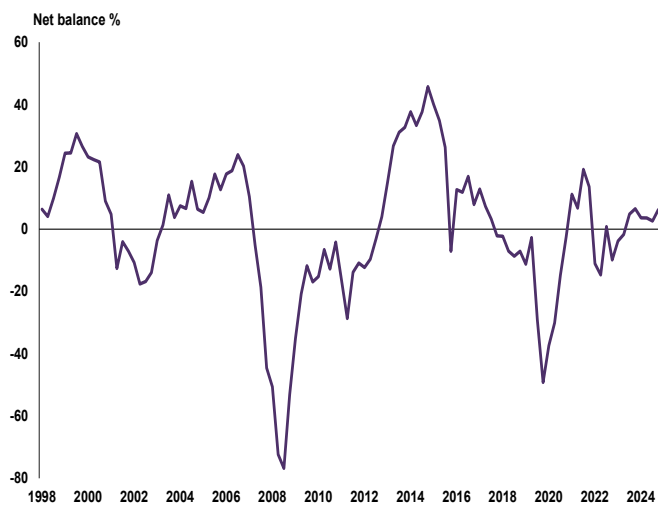
Occupier demand



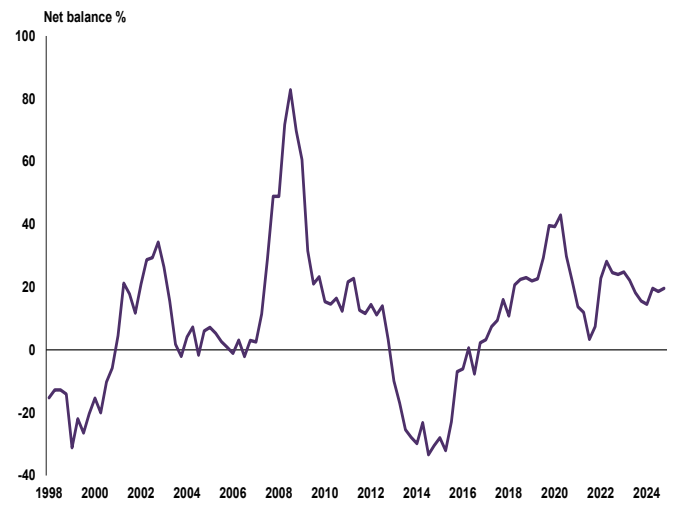
Availability



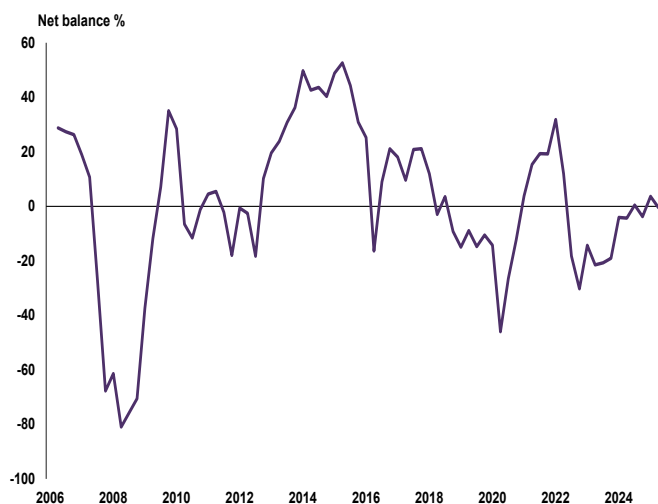
Rent expectations



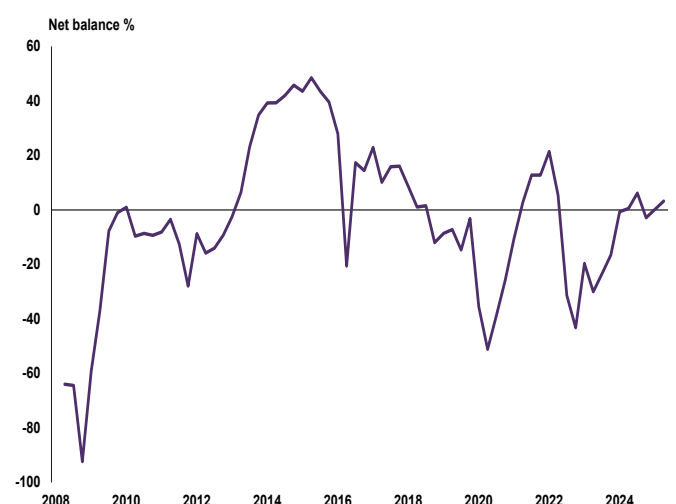
Inducements



Investment enquiries

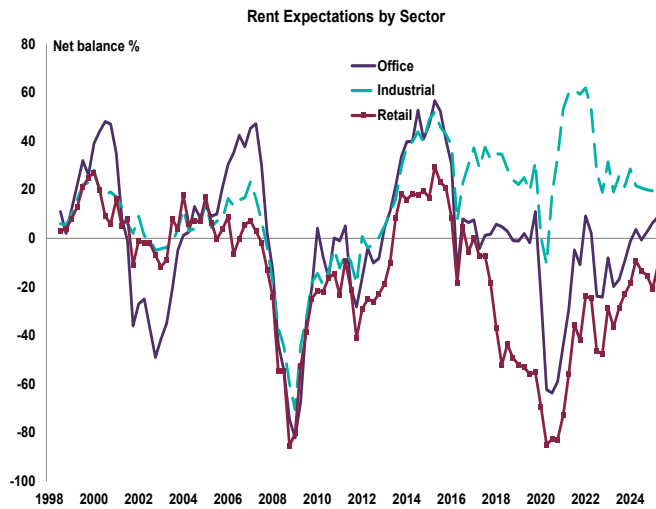


Capital value expectations

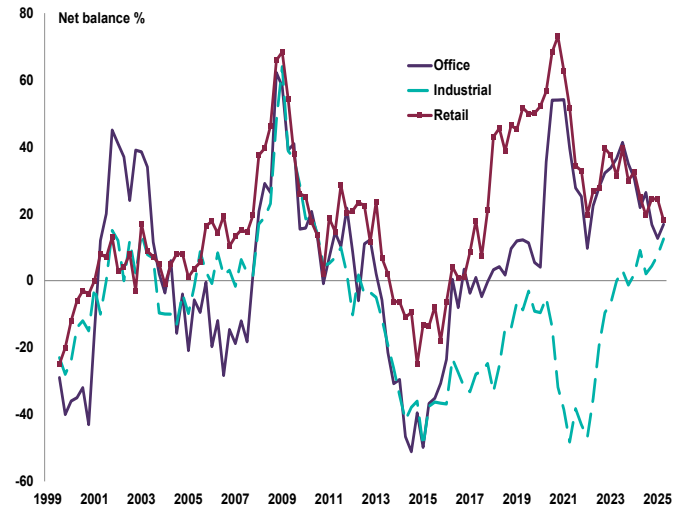


Commercial property - sector breakdown charts

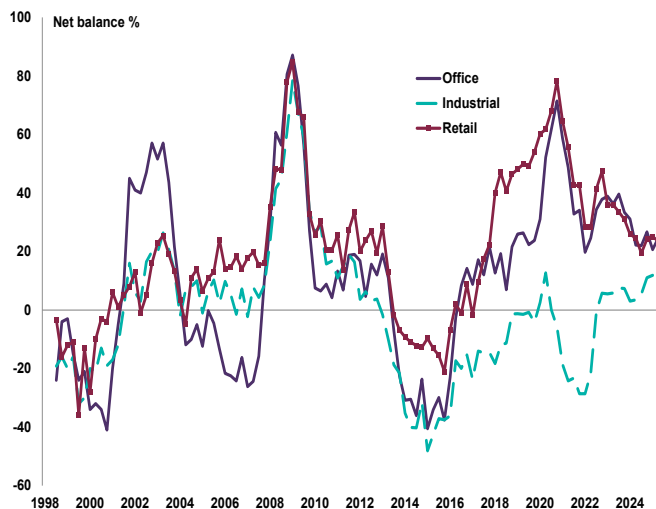
Rent expectations



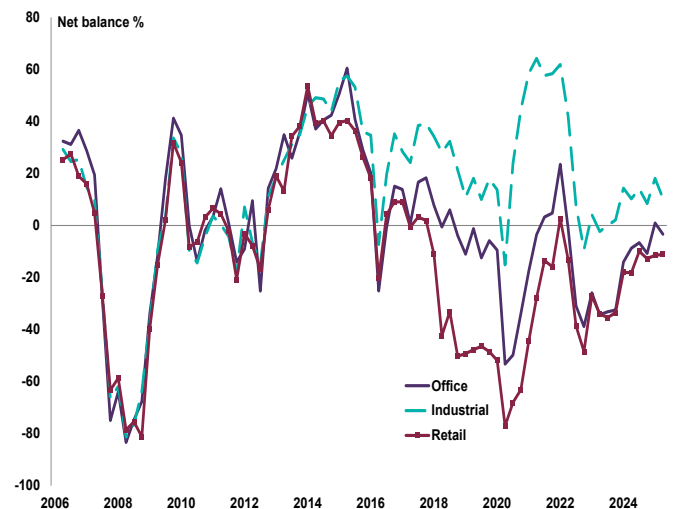
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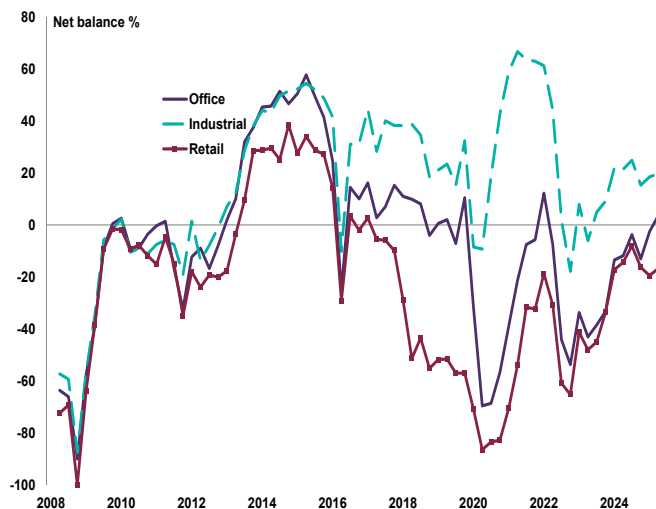
Inducements



Investment enquiries



Capital value expectations

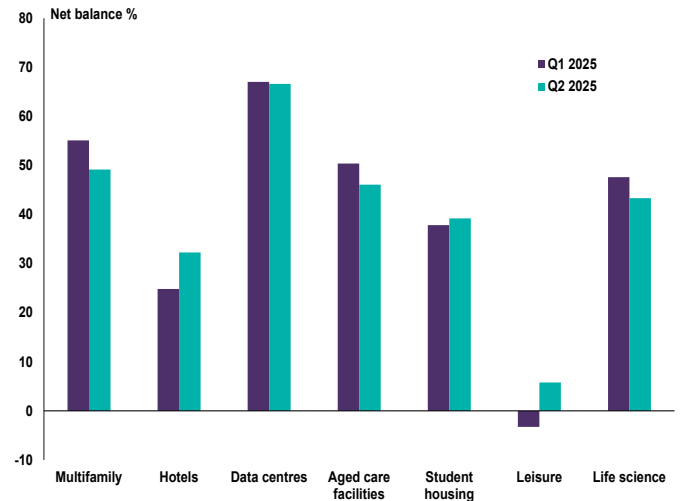


Commercial property - additional charts

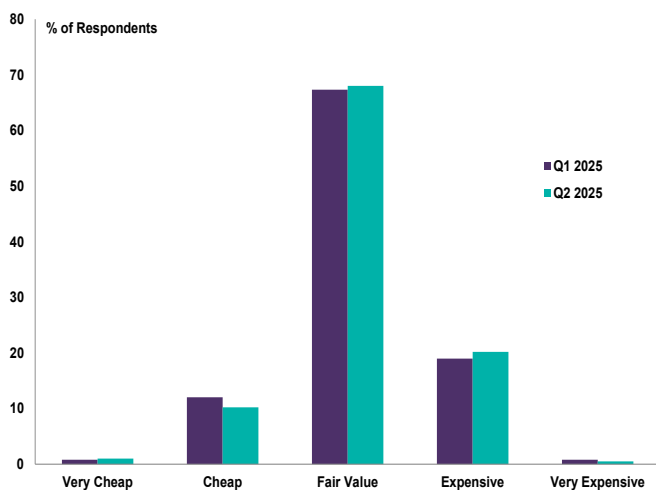
12-month rent expectations across mainstream sectors



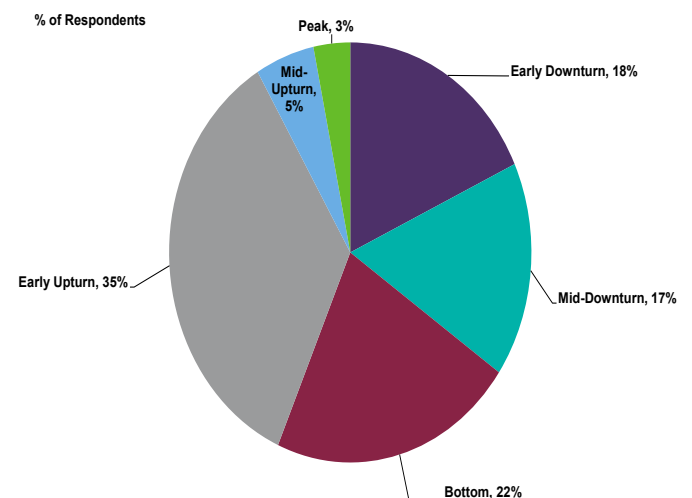
12-month rental expectations across alternatives



Valuation perceptions



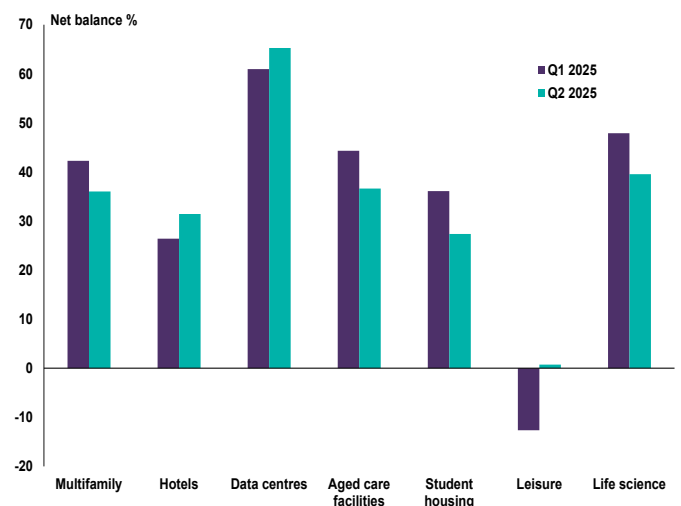
Property cycle



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 - Barriers to regeneration efforts in Northampton are now self-defeating. BSR, Officer capacity, ever changing policy and a political hiatus all hold up the shared desire to crack on. If one adds infrastructure shortcomings this is plain frustrating. Occupier markets are good and plenty to suggest consumer resilience.

Garry Wood, Newark, Wood Moore & Co, garry@woodmoore.co.uk - There has been noticeable upturn in market activity from the previous 2 quarters, particularly from light industrial occupiers. There has, however, also been significant increase in the volume of industrial/warehouse space coming on to the market in our area - this increased demand together with increased supply will inevitably offset each other. Investor demand remains fairly robust although it is still very apparent that those needing to buy using mortgage finance are at a disadvantage.

Ian Mcrae, Northampton, Chadwick McRae, icm@cmcre.co.uk - Capex for fit-outs is a very sensitive subject and the availability of partially fitted warehouses and offices is a critical part of the equation to cut down on initial costs.

John Chappell, Skegness, Chappell & Co Surveyors Ltd, john@chappellandcosurveyors.co.uk - It is still a very difficult market, due to uncertainties affecting micro and macro economics. Businesses are reluctant to expand due to increased costs of employing staff at a time of relatively weak demand for goods and services and it's tough for new businesses to start out.

John Rumsey, Whole Of Uk, Riverstone Developments, johnrumsey@riverstonedevelopments.com - Margins on new commercial developments are being squeezed. Construction costs have increased considerably over recent years. There are also less investors in the market while economic uncertainty has caused yields to shift as a result of increased gilt/interest rates/ lower REIT share prices etc. Increased operation costs are sometimes preventing occupiers from increasing terms/rent and the price expectation for development land or buildings doesn't appear to reflect these conditions.

Martin Langsdale, Derby, Raybould & Sons, martin@raybouldandsons.co.uk - The market has dipped noticeably with fewer enquiries. A late Easter resulted in a run of bank holidays very close together which may have disrupted commerce. I believe that the Government's so called 'Budget for Growth' has actually stifled growth by increasing the the minimum wage and employers NI contributions. These costs will ultimately be passed onto the consumer, resulting in them having less to spend - and the cycle goes on.

Robert Heywood, Swadlincote, veolia, lee.heywood@veolia.com - Unchanged.

East of England

Ian Hunter Archer, St Albans, Aitchison Raffety, ian.archer@argroup.co.uk - The market appears to be quiet at present, although it is always quiet in the summer. However, the drop in enquiries started earlier than usual, around April.

Jeffrey Fuller, Norwich, OA CHAPMAN & SON LTD, jeffdfuller@hotmail.com - Caution appears to be the watchword across the sector. A great deal of economic uncertainty.

Milo Creasey, Cromer, North Norfolk District Council (estates), milo.creasey@north-norfolk.gov.uk - We have seen an increase in demand for small industrial units (Starter units).

Sam Kingston, Norwich, Roche Chartered Surveyors, samk@rochecs.co.uk - The market is subdued. Occupier demand is lower for industrial and warehousing space, but conversely there is good demand for offices, but this is driven by a small number of requirements, with limited depth below. Freeholds continue to sell well, providing they are realistically priced.

Stephen David Scott-Fawcett, Norfolk, Martin & Mortimer Ltd, stevescottfawcett@live.co.uk - The macro-economic outlook appears uncertain given difficult geopolitical world events. Microeconomic activity ploughs on, regardless and with variability.

William Rose, Peterborough, Savills, wrose@savills.com - Enquires and viewings remain at a good level. The uncertainty in the market is stopping these progressing to transactions.

London

Christopher N B Lacey, London, Sir Richard Sutton Limited, christopher@srsi.co.uk - The increasing level of UK Government spending and national debt levels risk a further rise in the required risk premium inherent in UK Gilts potentially preventing property yields falling.

Duncan Locke, London, McWhirter Locke Limited, duncanfglocke@gmail.com - This is written during the Iran/Israel/ USA war, Ukraine War etc. In all the circumstances of war the markets seem relatively calm, as though it is not that relevant to the UK, which is questionable.

Graham Chase, London, Chase Sinclair Clark, grahamfchase@btinternet.com - Property market is turgid with reducing interest from pension fund investors who are bailing out where and when they can.

James Heyworth, London, Ingleby Trice, jhd@inglebytrice.co.uk - Investors are becoming more confident. Occupiers focused only on best in class buildings.

James Linton, London, L3 Real Estate Limited, james.linton@victorproperty.co.uk - Weaker occupational demand in most CRE Sectors caused by a mixture of factors, primarily concern over the economy, negative business and HNW sentiment and stubborn inflation slowing down progress of rate decreases. General sentiment is that negative governmental messaging and policy is the primary cause of these effects.

James Sheridan, London, James F Sheridan FRICS, strattonestates@gmail.com - Fairly flat demand.

Javier Lauret, London, Hurford Salvi Carr, javier.lauret@h-s-c.co.uk - The return to the office of small and medium companies is bringing some activity to the secondary office market after years of stagnation.

John Roe, London, Drivers&Norris, poetryboy@hotmail.co.uk - Transitional property market.

Jon Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com - Not too much change over the past three months. Still an uncertain market. However, property people seem to have got used to it and adapted.

Kamil Chowdhury, London, Petrichor Property Consulting, kamil@petrichorproperty.co.uk - Planning delays and new govt regulation is stifling construction starts, particularly in the housing sector.

Mac Lal, London, Macneel, Maclal66@gmail.com - No change at all.

Nigel Harrison, London, harrison leggett, nh@harrisonleggett.co.uk - Prime offices in West End and City continue to drive up rents due to lack of supply. Secondary offices across Central London continue to experience limited demand.

Nigel Miles, London, INTO University Partnerships, nigel.miles@intoglobal.com - Restrictive government policy particularly in relation to immigration is adversely affecting market sentiment in investment, finance and development of real estate assets.

Peter Friend, Croydon, HNF Property, psf@hnfproperty.com - The market in which we operate has no clear sense of direction but investors generally appear to be operating a watching brief unless they perceive an opportunity as having little risk. It's easier to do nothing than make a mistake.

Richard Auterac, London, Acuitus Ltd, richard.auterac@acuitus.co.uk - Neither ebbing nor flowing.

Richard D Bowers, London, Informa Group PLC, richard.bowers@informa.com - As an occupier with a +100,000sqft potential central London office requirement within the next 4-years, the supply chain of quality product is concerning.

Richard Golding, London, Gleeds, richard.a.golding@gleeds.com - The London commercial real estate market is showing early signs of recovery. Prime, sustainable assets are in demand, while secondary stock lags. Investor interest is returning cautiously, with a focus on Grade A and ESG. Regulatory pressures and changing occupier needs continue to drive a shift towards retrofit and repositioning strategies.

S P Dempsey, London, Boultee LDN Capital Limited, sean@boulteeLDN.co.uk - The market remains poised in anticipation of a recovery, which fails to arrive. The expected interest rate reduction over the next 9 months should have an effect. If we can reach a base rate of 3.5%, it will improve return margins and should create some investment activity. The progressive return to office occupation continues and is at some point likely to give confidence to commercial investors that the risks are worthwhile.

Stewart Rolfe, Wimbledon, Andrew Scott Robertson, srolfe@as-r.co.uk - There has been a slightly increased level of enquiries across the main sectors but the frustration remains with the timescales for completing transactions.

Tony Parrack, London, TP Consult, tonyparrack@tpconsult.co.uk - As a general market comment, some investors are looking for buildings that have the potential for conversion to a more green building - so it might be misleading to suggest there isn't interest in a non-green buildings. There is concern about the cost of conversion to comply with projected statutory requirements.

William Nicol-Gent, Richmond, Surrey, Killochan & Co, killochan.co@gmail.com - Bungled Highway management is a constant concern both to traders & servicing/repair contractors, eg "Hammersmith Bridge". A number of new "small Traders" on the High Street may I suspect be unaware of what they have taken on.

North East

Barry Nelson, Newcastle Upon Tyne, Northern Trust Company Ltd, BarryNelson@northerntrust.co.uk - Enquiry levels for the smaller sized multi-let industrials are holding up well and indicate a resilience to economic conditions. Office demand is more sporadic and office vacancy rates remain higher than the industrials.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - Market remains busy, but lack of quality stock is beginning to impact on values, in certain sectors lack of stock is pushing rentals up, although prime office rents appear to have plateaued recently. Industrial and Logistics remains strong, but with little new speculative development underway. The cost/value imbalance remains an issue in appraisals.

David Jackson, Middlesbrough, jackson & partners, david@jackson-partners.co.uk - Strong demand and limited supply particularly for industrial premises is restricting the market. We need new stock but construction costs and lack of development land is a major obstacle.

Guy Gilfillan, Middlesbrough, Colliers International, guy.gilfillan@colliers.com - There is an increasing difference between the logistics and advanced manufacturing markets in the UK to the extent that they are becoming different asset classes with different occupational and investment criteria. I work on major projects targeted at advanced manufacturing and low carbon industries where the general property market and our profession has yet to fully appreciate the drivers for these fast growing sectors.

Sean Heaney, Newcastle Upon Tyne, Paul Airey (Tyneside) Ltd, sean@paireyltd.com - The removal of 'uncertainty' is an imperative.

North West

Andrew Taylorson, Preston, Eckersley Property Limited, at@eckersleyproperty.co.uk - The market is subdued. Enquires have dropped and we are seeing businesses and investors sitting on their hands rather than looking to progress capital investment, preferring to remain liquid and open top options. Demand for residential development opportunities remain but land values being hit hard by planning gain costs and the processing of applications by LPA's is getting worse.

Jack Mcewan, Liverpool, Onyx Real Estate, jackmcewan2@googlemail.com - Although Liverpool has a strong office market, the clear lack of larger and more corporate tenants within the City Centre dictates the need for smart and energy efficient buildings. The outer areas of the City see higher levels of interest in the Industrial and Retail markets as rents currently hold strong and they have more autonomy over their commercial space. Liverpool currently has a selection of prime office spaces available but, in my opinion, nowhere near the right level of demand.

Keith Mitchell, Keswick, Edwin Thompson, k.mitchell@edwin-thompson.co.uk - Rents in areas of higher demand than supply tend to be determined, initially at least, by their ability to pay rather than an observation of the market rent.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Demand continues to be poor for retail and offices and is slowing for industrial apart from the smaller starter units - where demand continues to outstrip supply and is a hinderance to economic growth for the area.

Michael Forster, Bolton, Bolton Borough Council, michael.forster@bolton.gov.uk - There appears to be a slight uplift in market conditions possibly as a result of active regeneration programmes being implemented by the Local Authority.

Mr Charles Maunsell, Liverpool, Capita, charliemaunsell@aim.com - A slow upturn in the local property market, with better credit facilities now available.

Richi Peters, Liverpool, The UpCo, richi@theupco.co.uk - Still a tough environment out there. A meaningful reduction in interest rates is urgently needed to breathe life back into the market. But it's not just borrowing costs — energy prices continue to impact everyone, whether you're a Landlord or Tenant, Vendor or Purchaser. Right now, our collective response feels like fingers in ears, shouting "la la la, not listening." We need clear, immediate, decisive action — not avoidance.

Robin Lawrence, Darwen, Monte Blackburn, Robinlawrence182@icloud.com - Occupier market weakening as is the investor market - but to a lesser extent.

Russell Cain, Bury, Bury Council, r.cain@bury.gov.uk - Slight improvement in some sectors, stagnant in others. Some cause for optimism.

Northern Ireland

Frank Cassidy, Belfast, Frank Cassidy consultant, fpcassidy397@gmail.com - An uncertain time.

Scotland

Euan Cameron, Dundee And Surrounding Area, Tayside Valuation Joint Board, Euan.Cameron@Tayside-vjb.gov.uk - The general market conditions for small industrial properties remains strong, but retail is suffering - particularly large retail properties - very little demand. There is still little demand for office accommodation in my geographical area. The licensed market, public houses & hotels is still suffering - I wouldn't advise anyone to invest in such a property.

James McGee, Wemyss Bay, James McGee, james@jamesmcgee.com - There is a distinct 'wait and see' attitude prevailing amongst a significant portion of the market at present. Whenever the market demand looks like recovering the government appears to do something that unsettles it again.

South East

Adrian Godfrey Tutchings, Petts Wood, linays commercial limited, commercialproperty@linays.co.uk - Static generally with a distinct lack of available properties.

Catherine Alleyne, Kent, SDC, ktease71@hotmail.co.uk - A very cautious market. Looking for low risk options, with Green credentials.

Chris Thomas, Windsor, Christopher Thomas & Co Ltd, ct@chthomas.com - Global geopolitics is drawing market fissures similar in size to the seismic changes seen post 1945, post 1979 and now post 2025. Different reasons, similar cycles. A step into "what". Unsurprisingly "the markets" are watching with caution. Effects reach from macro right through to micro level - domestic decisions, household decisions, cultural identity, financial governance, regulatory, pay, work life balance, health - so on and so forth. A lot to contend with.

Colin Brades, Brighton, Avison Young, colin.brades@avisonyoung.com - Activity in the central Brighton retail market is sluggish albeit there is no indication of the low vacancy rates (when compared to the UK overall) increasing. High profile store arrivals include Charlotte Tilbury in East Street.

Courage Ikonagbon, London, Royal Borough of Greenwich, courage.ikonagbon@royalgreenwich.gov.uk - Demand for secondary industrial space has fallen considerably in the area of my operation due to rise in business rates, increased running cost and economic uncertainty. There are also concerns in the area of tariffs. The retail sector in the area of my operation has fortunately recovered from years of closure when shops were boarded up especially during the Covid period. We are now seeing high demand even in some tertiary locations.

David P D C Martin, Brighton, SHW, dmartin@shw.co.uk - There is still a sluggishness across all sectors in getting transactions to complete. The volatility of the global economy and the UK taxing regime are being given as significant factors in this slowing down process. The best quality and energy efficient buildings across the board are attracting the strongest interest in a market where occupiers are paying greater attention to the complete package of running costs, both current and projected.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - The market remains a little unpredictable with occupiers taking time over decision making process. Investors remain acquisitive in the market but are looking for the right deal for them with good yield and the opportunity to add value. Industrial has cooled and rents have plateaued for now. Small affordable retail is in demand from local independents. Offices remain challenging and invariably are redeployed to other commercial uses but employers encouraging a return to the office may help.

Ian B. Sloan, Banbury, Bankier Sloan, reception@centre-p.co.uk - The demand for industrial units for both occupation and investments remains strong. I am beginning to wonder if the expression "Prime Retail" will shortly be confined to the history books. Very few market towns have a heart any-longer and those that do may shortly stop beating.

John B.Clark, Tunbridge Wells, RTS, gisboon@yahoo.co.uk - In general markets are improving.

Julian Scannell, Chatham, Watson Day Chartered Surveyors, julianscannell@watsonday.com - In the markets within which we are active, activity has remained relatively subdued during the last 3 months. The increases in employer's National Insurance payment and in the minimum wage, coupled with concerns relating to the performance of the U.K. economy within the short term, appear to be the main factors that are affecting markets and businesses' decisions. We will have to await the effects of the government spending review/ fiscal stimulus and the economy.

Louis Stephens, Surrey, Council, Louis.Stephens@woking.gov.uk - Offices suffering. Retail upturn as bottom of market bargains are taken up from diminishing stock. Industrial always in short supply.

Mark Llewelyn Jones, London, Vail Williams LLP, mllewelynjones@vailwilliams.com - Rental levels have not caught up with high industrial construction costs which has resulted in a mismatch between market rents and sustainable rents for new developments. Occupiers industrial occupancy model needs to reflect this situation looking at smaller footprints and more height, smaller/more flexible occupancy or moving to lower cost but still well connected locations.

Matthew Dichler, London, Knight Frank, matthew.dichler@knightfrank.com - It's a patchy market.

Nick Reeve, Farnham, Curchod & Co, nreeve@curchodandco.com - Occupier demand has dropped considerably in 2025, companies are nervous about spending money and are choosing to delay expensive decisions around property moves / expansion etc.

Nigel Riley, Woking, Citicentric, nigel.riley@citicentric.co.uk - The global economic uncertainty is impacting on business decisions at all levels. The high cost and uncertain availability of debt is especially challenging to developers that are trying to bring forward complex mixed use and multi storey urban schemes.

Richard J Gordon, Chichester, Stewart Montrose, rgordon@stewartmontrose.com - There is a distinct lack of confidence in the economy and property market. This sentiment is growing.

Robert Taylor, South Of England, Timpson, robert.taylor@timpson.com - I only deal with retail and a bit of industrial. The Landlords I deal with seem to be starting to act a little more 'bullishly' than they have for a while.

Simon Browne, Brighton, Crickmay Chartered Surveyors, scb@crickmay.co.uk - Market remains patchy. Investor demand much more selective and price sensitive. Reasonable prices still being paid by owner occupiers for lower value commercial premises.

Stephen Ray, Redhill And Reigate, Surrey, SHW, sray@shw.co.uk - In the current economic climate there is resistance from some Landlords to increase their factory EPC rating before they chronologically have to. For example to C by 2027; and B by 2030 for industrial property.

Will Staniland, London, rumsey and partners, will@rumseyandpartners.co.uk - Pricing between buyers and sellers is getting closer, but sellers are still often very unaware at the start of the process as to how low they will eventually go.

South West

Andrew Dixon, Bristol, Bristol Airport, andrew.dixon@bristolairport.com - Market conditions are relatively good in the South West. There is demand, although demand for office space is slow due to the change in the way we work (hybrid working). There is a move towards converting vacant office space into residential accommodation. Overall market conditions are solid and sustainable for the foreseeable future.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Local market conditions subdued in the face of weak business confidence and continuing uncertainty from wars & Trump tariffs.

Anne Brennan, Bournemouth, Sibbett Gregory, anne@sibbettgregory.com - Uncertainty and instability due to impact of US tariffs on UK trade, in turn leading to higher inflation and potentially interest rate increase rather than expected decrease. Investors reluctant and holding off making decisions until stability returns.

Bryan Galan, Poole, Mellawood Properties Ltd, bryan.galan@outlook.com - Due to lack of reduction to realistic levels in rates for the high street, demand by occupiers will be muted until this very important issue is actioned.

Charles Kingsley-Evans, Plymouth, CKE Property Ltd, Charles@ckeproperty.com - All sectors are under pressure, with little market confidence in the present Government and its handling of the property sector.

Ifan Rhys-Jones, Plymouth, Listers Property Consultants Ltd, irj@listers.uk.com - Market is patchy with uncertainty on economy, tariffs, war and tax.

John Jeffery Hempton, Lymington, property consulatncy, jjh@hemptonfranks.co.uk - World hostilities and very bad UK Government performance are causing considerable uncertainty and reluctance to acquire for occupation and/or investment due to lack of demand.

Jon Stone, Exmouth, Jon Stone Surveyors Ltd, jon@jonstone.co.uk - All fairly static.

Juliet Souter, Cirencester, Marriotts Property LLP, luke.sparkes@marriotts.co.uk - With a strong start for commercial lettings across all sectors in the early New Year, demand appears to have tapered off somewhat and has not gained back its full momentum. Scratch the surface and there appears to be a lot of uncertainty for local businesses in our locality. The only way is up (we hope).

Matt Norton, Cheltenham, Formal Investments, matt.norton@formalinvestments.com - Despite challenging market conditions for employers, anecdotally, occupiers will pay a premium for highly energy efficient and sustainable assets. At lease events occupiers are taking their time to consider options, with a move to smaller but better quality space being popular. Prohibitive costs to build quality prime assets will force landlords to retrofit their decent secondary sites to capture demand. More HNWI looking to invest in the UK than foreign funds, but I expect the UK to look cheap.

Michael Oldrieve, Exeter, MO, m.oldrieve@btinternet.com - Sluggish and could go in either direction at this stage depending on external factors like Government policy, economy etc.

Mike Nightingale, Truro, Miller Commercial, msn@miller-commercial.co.uk - Q1 showed signs of recovery; Q2 showed stagnation. The government's handling of the economy has done little to boost confidence which suffers stubbornly high interest rates leading to low investor interactions.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - After a positive start to the year, the market has returned to a subdued state after the impact of government tax increases on employers. Macro events are also causing concern and impacting the narrative that there is something better to come.

Stephen Matcham, Plymouth, Stratton Creber commercial, Stevem@sccplymouth.co.uk - Slightly improved sentiment.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net - The market remains fairly stable although business confidence is low as a result of government policies. There is still a lack of quality new building smaller industrial/business units in the area.

Wales

Andrew Morgan, Swansea, Morgan and Davies, andrew@morgananddavies.co.uk - A difficult market generally across all communities and sectors.

Chris Sutton, Cardiff, Sutton Consulting Limited, chris.sutton@suttonconsulting.co.uk - There is a lack of Grade A floorspace across both office and industrial markets which will hold back the Welsh economy. This is due to a range of factors, including increased construction costs, which have reduced viability. There is an opportunity for the public sector to facilitate new development through a focus upon the allocation and servicing of 'shovel ready' sites, improving the planning process and direct support where appropriate.

Stephen Anthony Myers, Cardiff, Rombourne Ltd, smyers@rombourne.co.uk - There is an overall decline in occupier demand in both the office and industrial markets in South Wales. It is also taking much longer for occupiers to commit once they have narrowed their search to a particular property. Conversion rates for end leasing are lower with companies holding out to make sure they have identified the best property within their budget and location. Landlords are having to work much harder to secure lettings with incentives for both offices and industrial increasing.

West Midlands

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk - The industrial and logistics market continues to suffer from global and more local economic and political uncertainty but is performing reasonably well given all factors.

Iain Mills, Letchworth, ETEL, iainmills@hotmail.co.uk - Reasonably positive.

James Maxwell Brookes, Stratford-Upon-Avon, Badger Brook Estates Limited, badgerbrookestates@outlook.com - Making developments stack up is extremely difficult, land values, build costs, planning process, government red tape (Gateway system) and lack of increase in exit values. Feels like everything is against developers currently, Labour's push to get Britain building is not working as they are not looking at some of the delay problems that have been created.

John Emms, Dudley, West Midlands, John Emms Commercial, john@johnemmscommercial.co.uk - Many large office buildings have been, or are being, repurposed for residential use. The industrial property market is holding up well while the retail market continues to face challenging conditions.

John Shepherd, Birmingham, Shepherd Vine, john@shepman.co.uk - There is a good deal of uncertainty and lack of commitment in the market place.

Michael Jones FRICS, Malvern Worcestershire, michael.d.jones@frics.com, info@michaeldjones-chartered-surveyors.co.uk - The downward spiral / lack of demand for, in particular, secondary retail space continues with a revolving door of quick entry/exit of poor covenant being ongoing. Continued lack of quality industrial space for sale/to let an issue with demand for such space outstripping supply.

Yorkshire & the Humber

Graeme Haigh, Huddersfield, Bramleys LLP, graeme.haigh@bramleys.com - The market is mixed. Industrial continues to be the best performing sector with strong demand from owner occupiers and investors continuing. Retail is becoming increasingly location specific and, while there is still demand in popular parades and centres, more secondary pitches and regional town centres are struggling. In the office market there has been renewed interest in out of town business park units in commutable locations but the in-town market continues to struggle.

Ian Elsworth, Leeds, Ian Elsworth Property Consultant, ianelsworth@outlook.com - The market is still floundering across all sectors - serious global instability and lack of faith in the current Government not helping at all.

Oliver Andrew McBeath, York, McBeath Property Consultancy Ltd, andrew@mcbeathproperty.co.uk - Still a lot of caution but slight improvement in sentiment although yet to be noticeably transmitted to transaction volumes and values.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - A quieter period has set in, which was unexpected after a good start to the year. Economic uncertainty is impacting upon decision making across the board.

Richard Flanagan, York, Flanagan James Limited, richard@flanaganjames.com - Market sentiment remains largely unchanged with enquiry levels down on a year ago. Increases in national living wage and national insurance contributions together with high energy costs are often being cited as reasons for curtailing/cancelling expansion plans.

Richard Heslop, Leeds, DE Commercial, richard@de-commercial.co.uk - The market appears to be somewhat becalmed as investors, developers and occupiers wrestle with uncertainty.... uncertainty over interest rate movement, macroeconomic uncertainty, uncertainty as to inflation rate. The market needs economic stability.

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 June 2025 with responses received until 13 July 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 418 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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