

Commercial Outlook



This report is based on a survey of Propertymark Commercial agents.

propertymark

The professional body
for the property sector

Q1

2026



The commercial property sector continues to play extreme strategic relevance across the entire of the UK, often taking the lead on shaping the success of communities by accurately provisioning to both current and future needs.

Investment across the commercial sector is closely powered via data-driven insight to ensure appropriate investment happens in the right areas and at the right time.

Over the last decade, we have seen consumer behaviour vastly evolve, which has fundamentally changed how the commercial property sector invests and operates. In some categories, we have seen the deployment of new technology universally upend traditional ways of thinking. For example, the presence of some restaurant chains commonly seen on the high street less than ten years back is a key sector that has faced immense pressure over recent years due to changing consumer demand.

However, it is important to note that where one commercial sector might have seen vast change, with innovative thinking, other individual sectors have flourished. There is no doubt there will be future evolution ahead; however, for the time being, the focus continues to be keeping a close check on the here and now.



Michael Sears
Commercial Advisory Panel
Member and Propertymark
Board Member



Already, 2026 has proven just how challenging the domestic economy can be when exposed to external factors. We approached the year with a sense of optimism; however, we then witnessed vast and rapid change as unrest started to unfold within the Middle East, ultimately placing unforeseen pressure domestically for many businesses.



Nathan Emerson
Propertymark CEO

While many current large-scale regeneration projects continue to see positive progression across the entire UK, some investors continue to keep future aspirations more tightly under review, while the economy remains more volatile than usual.

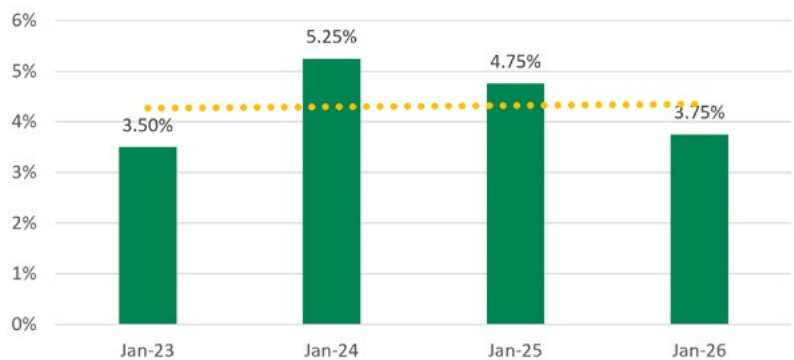
“Consumer habits continue to see a degree of flux regarding their impact on the commercial property sector, partly down to cost-of-living-related issues and down to changing trends across society in general. However, with an ever-growing population, the commercial focus remains on continuing to provide high-quality base infrastructure capable of serving the needs of communities with both appropriate amenities and providing a solid base for long-term growth.

Economic outlook

BASE RATE REMAINS STEADY AT 3.75%

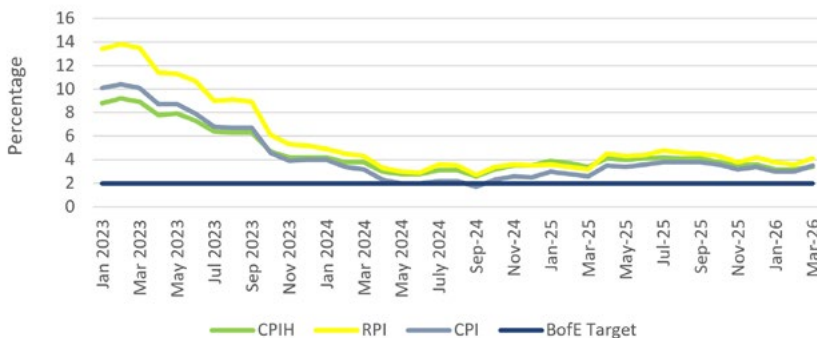
The Bank of England base rate sat at 3.75% for the latter part of March 2026 (Figure 1).

Figure 1: Bank of England base rate



Source: Bank of England

Figure 2: Inflation percentage change



INFLATION STOOD AT 3.5%

In March 2026, inflation stood at 3.5%. However, this remains significantly above the Bank of England’s targeted figure of 2%.

Source: Office of National Statistics

GDP SEES FURTHER GROWTH

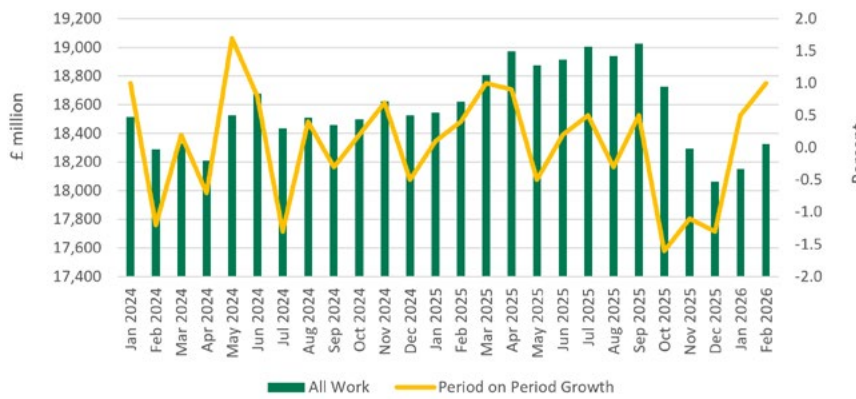
GDP is estimated to have climbed marginally to 103% in March 2026 (using the latest figures available) (Figure 3).

Figure 3: UK GDP



Source: Office for National Statistics

Figure 4: Construction output all work summary



Source: Office for National Statistics

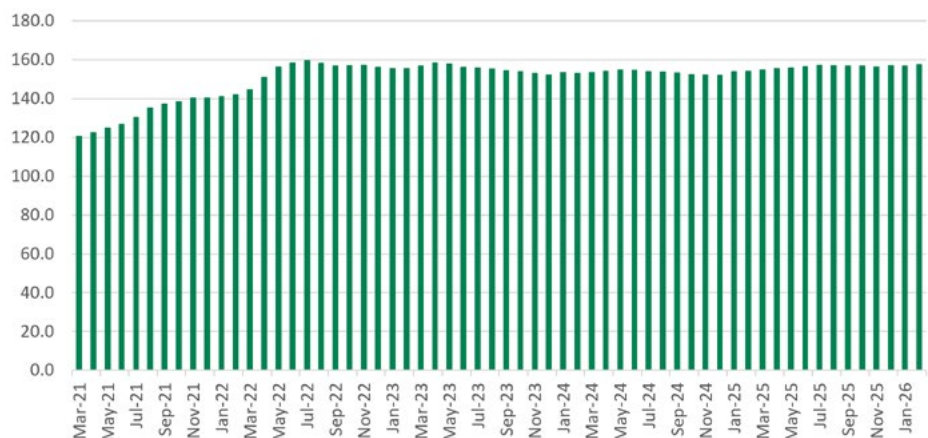
CONSTRUCTION SECTOR OUTPUT PRICE DATA SHOWS A GROWTH

Using the latest data available, the monthly construction output price data has shown a progression in the first quarter of 2026.

CONSTRUCTION MATERIAL PRICES CONTINUE WITH A STABILITY

Using the latest data available, the construction material price index shows a long-term trend of general stability heading towards the end of February 2026 (Figure 5).

Figure 5: Construction material price index



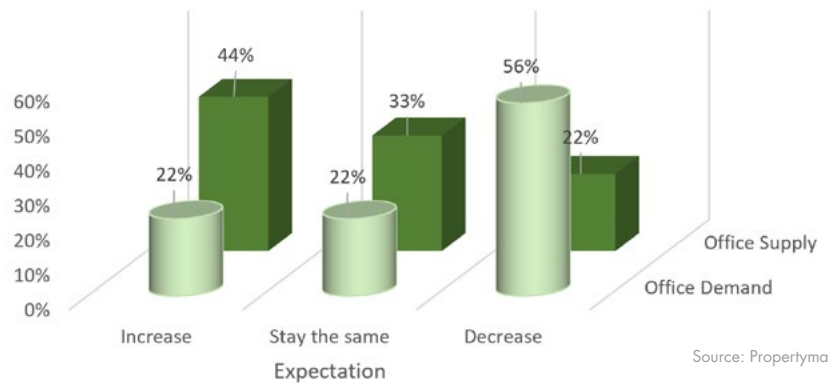
Source: Department for Business and Trade

Supply and demand

OFFICE SECTOR

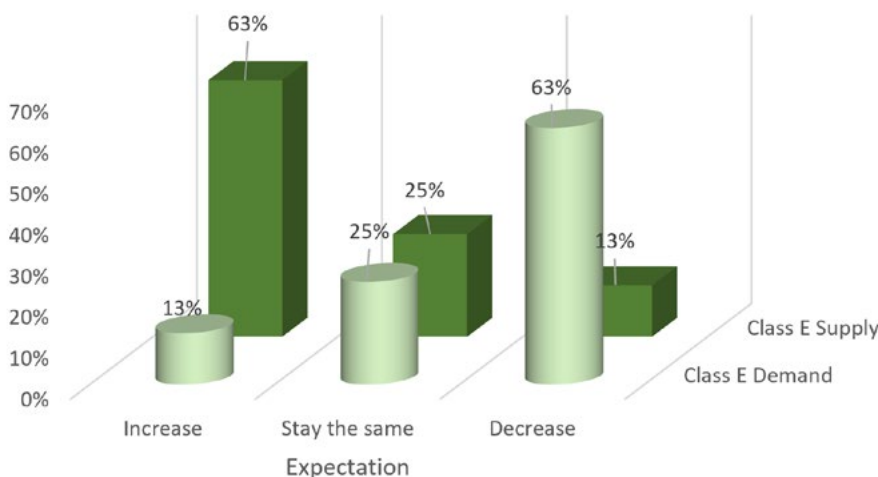
We asked our members what they expected to happen to supply and demand levels within the Office sector over the next 12 months. 44% forecast an increase in supply, with 56% also forecasting a potential increase in demand (Figure 6).

Figure 6: Twelve month supply and demand forecast



Source: Propertymark

Figure 7: Twelve month supply and demand forecast



Source: Propertymark

CLASS E SECTOR

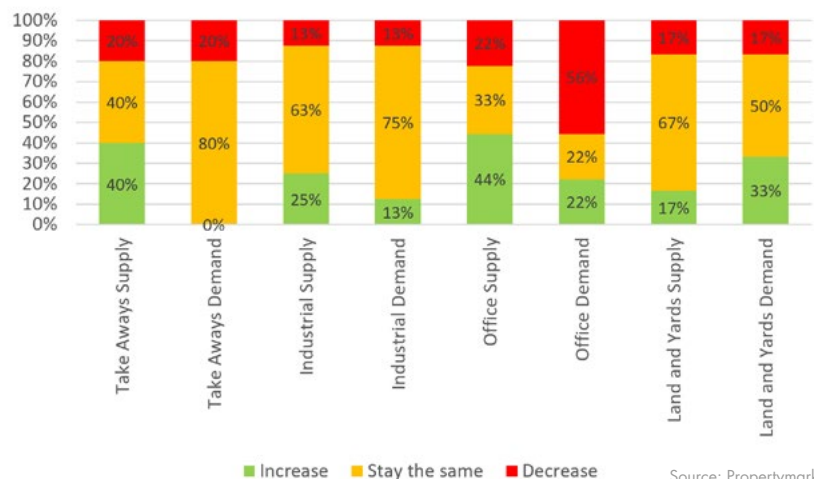
We also asked our members what they expected regarding supply and demand levels within the Class E Sector over the next 12 months. 63% forecast supply to increase, and 25% foresee demand within the Class E sector to remain steady. (Figure 7).

ALL SECTORS

Supply and demand expectations continue to show change every quarter across the sectors our members operate in (Figure 8).

In the Takeaways Sector, 40% of agents forecast that supply will remain static. In the Land and Yards Sector, 33% of agents forecast an increase in demand, with 13% feeling this will also be the case within the Industrial Sector.

Figure 8: Twelve month supply and demand forecast (other sectors)



Source: Propertymark

Capital values

ALL SECTORS

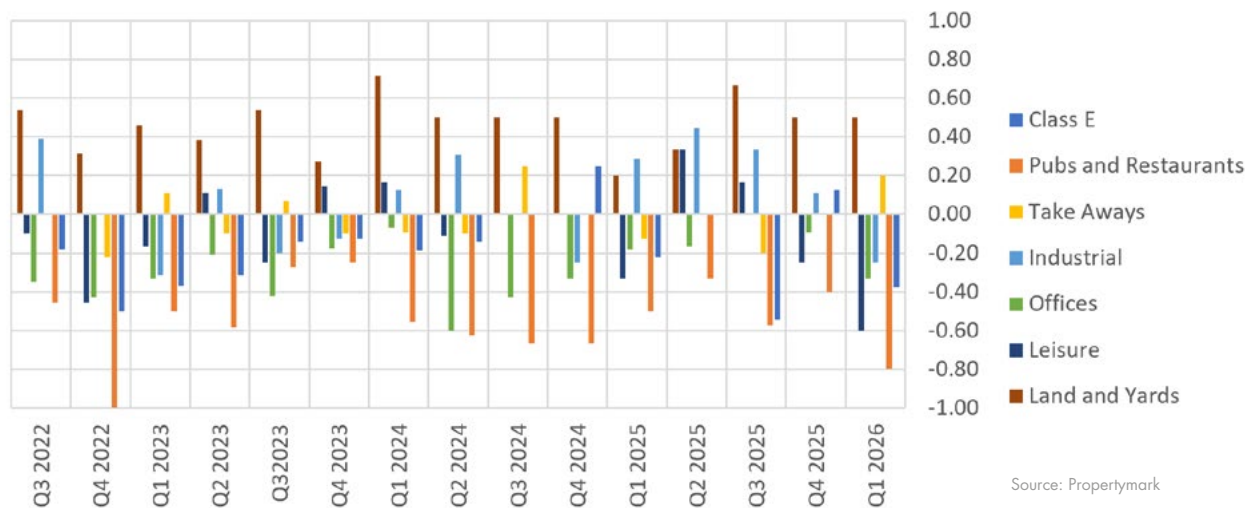
We asked our members whether they expect capital values to increase, decrease, or stay the same over the next year within each of the sectors in which they operate. Their responses are converted to a numeric scale bounded by 1 and -1 and reported below.

Positive values indicate that most respondents expect capital values to rise or remain the same over the next year.

Negative values indicate that most respondents expect capital values to fall or remain the same.

In the Land and Yards Sector, sentiment continues to remain positive. However, sentiment in the Pubs and Restaurants Sector continues to remain negative, forming part of a now long-running set of trends. (Figure 9).

Figure 9: Capital value expectations over the next 12 months (all sectors)



* The same methodology is adopted for our insights into rent levels and net yields.

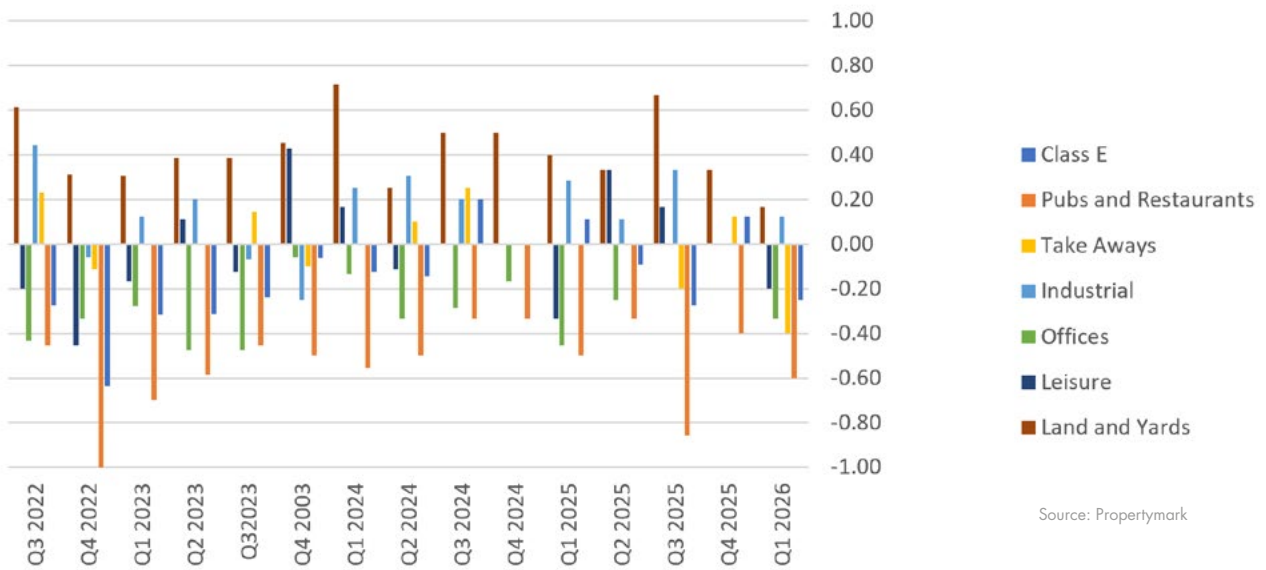
Rent levels

ALL SECTORS

We also asked our members about their expectations for rent levels in the coming twelve months.

Members are upbeat regarding rents in the Industrial Sector. However, sentiment in the Pubs and Restaurant Sector is negative. (Figure 10).

Figure 10: Rent level expectations over the next 12 months (all sectors)



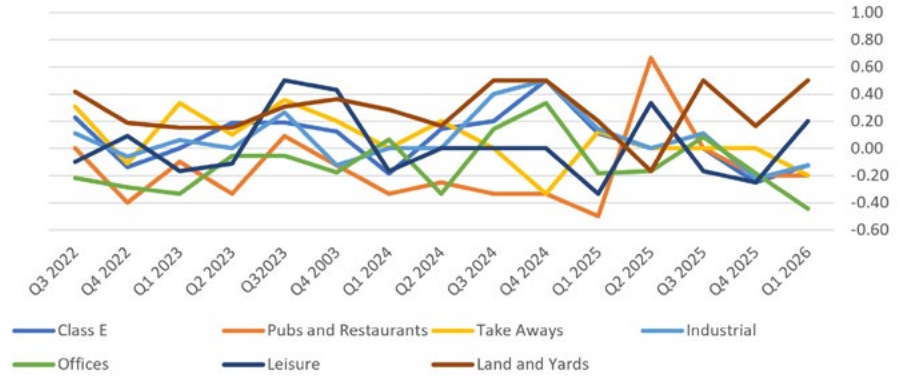
Source: Propertymark

Investment yields

ALL SECTORS

Expectations for investment yields in the coming twelve months vary by sector, with swings in sentiment visible within the Takeaways and Office Sector dipping downwards, and Pubs and Restaurants remaining stable. (Figure 11).

Figure 11: Trends in investment yield sentiment (all sectors)

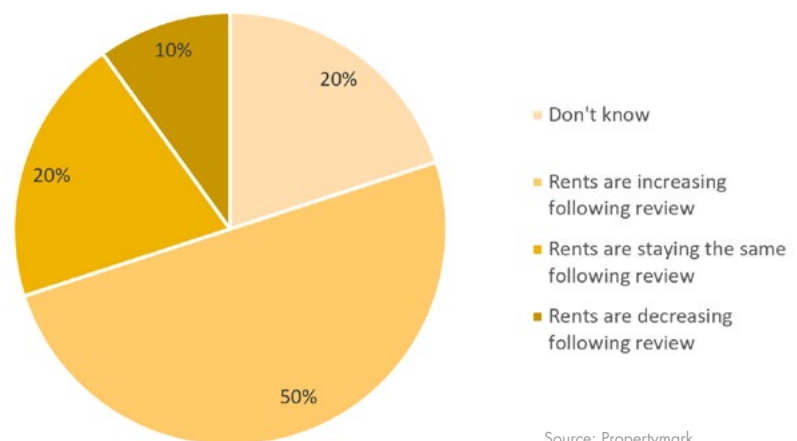


Source: Propertymark

Rent reviews

We asked our members about the outcome of rent reviews undertaken in Q1 2026. 50% reported that rents were increasing, while 20% reported that rents were staying the same, and 10% said rents were decreasing following the review (Figure 12).

Figure 12: The outcome of rent reviews undertaken



Source: Propertymark

Key challenges

Each quarter we ask our members to highlight the biggest challenges they face operating within the sector.

Finding long-term tenants who are successful and letting office space.

Owner-occupiers and SIPP investors skewing the market for the traditional investment portfolios.

Big drop in business confidence and a fall in new enquiries.

Member insights

We are seeing an increasing number of properties coming available as commercial landlords/occupiers decide to sell. General enquiries are well down.

Still a reasonable demand for industrial, but overall, a shortage of space as virtually no new construction in our area. This will keep rents high.



The views and figures in this Propertymark Commercial Outlook refer to the UK. Specific geographic locations and markets will vary (e.g. city centre, suburban etc).

We recommend contacting a Propertymark Commercial Agent in your area to discuss opportunities that suit you. You can find your local agent at: propertymark.co.uk/find-an-expert

Why use a Propertymark Commercial Agent?

INTEGRITY

Propertymark Commercial Agents have a proven dedication to professionalism within the commercial sector.

CUSTOMER PROTECTION

Propertymark regulates its members. This is a nationally recognised regulatory brand providing high standards of service.

COMPLIANCE

Propertymark Commercial Agents have access to the latest legal and best practice guidance.

ABOUT THE PROPERTYMARK COMMERCIAL OUTLOOK

This report is based on a survey of Propertymark commercial agents and supplemented with an analysis, conducted by Propertymark, of key statistics relevant to the commercial property market.

ABOUT PROPERTYMARK



Propertymark is a leading professional body comprising commercial and other property sector agents. We are member-led with a Board of practising agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.



The Commercial division of Propertymark represents members who practice from over 650 offices and aims to reassure the public that by appointing a Certified and Accredited Propertymark agent to represent them, they will be safeguarded and receive the highest level of integrity and service for all property matters.

EDITOR NOTES

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