

propertymark

Commercial Outlook



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

Q3

2025

KEY HIGHLIGHTS:

0.1%

GDP grew marginally by 0.1%, reaching 102.7% in September.

3.8%

Inflation held at 3.8%, which is above the 2% targetted.

33%

33% of agents expect supply to increase over the next 12 months within Office sector.



"The year to date has brought challenges and reasons to be optimistic about the commercial market in close measure. The wider economy currently continues to bring instabilities that may persist into forthcoming quarters; however, it is important to note that we have seen steady progress in terms of inflation and base rates across the last twelve months.

"As we prepare for the year ahead, it is extremely positive to see such anticipated positivity regarding potential rental yields within the lands and yards, industrial and office sectors, all of which influence growth within the wider jobs market and economy.

"There are still pressures to navigate in the medium and long term. However, as the population continues to expand over the coming years, there will be well-placed opportunities for growth available to pursue."



Michael Sears
Commercial Advisory
Panel Member
and Propertymark
Board Member



Nathan Emerson
Propertymark CEO

“When taking an overarching view of the commercial property sector, there are numerous reasons to feel confident. As the wider economy continues to further stabilise, there is increasing positivity and enthusiasm in many key commercial sectors, especially regarding industrial demand.

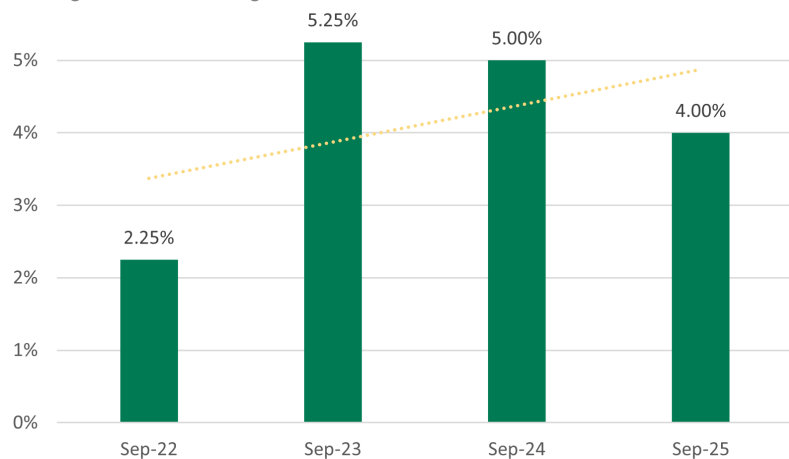
“There is no denying that previous years have brought immense challenges across the entire board. However, it now feels like there are defined opportunities firmly on the horizon again.”

Economic outlook

BASE RATE REMAINS STEADY AT 4%

The Bank of England base rate sat at 4% during September 2025 (Figure 1).

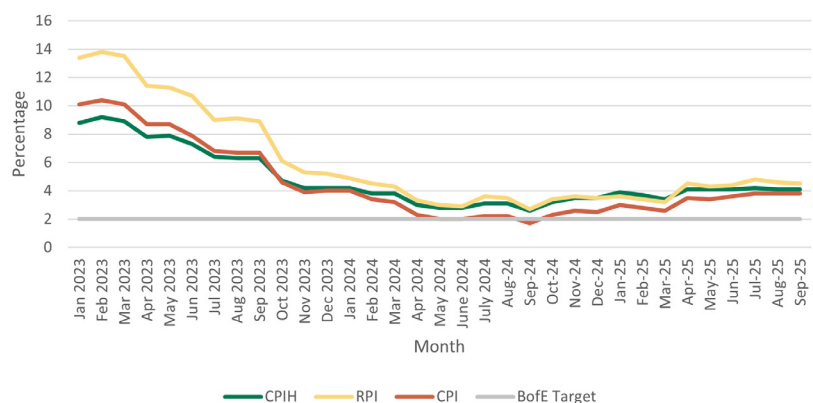
Figure 1: Bank of England base rate



INFLATION REMAINED STATIC IN SEPTEMBER 2025

In September 2025, inflation remained static at 3.8%. However, this still remains significantly above the Bank of England's targeted figure of 2%.

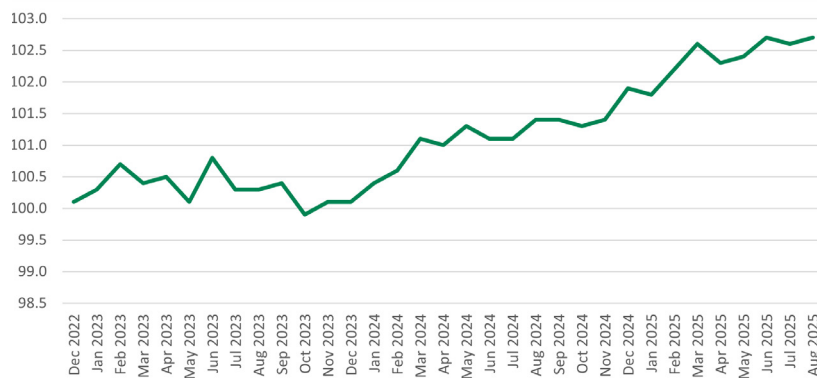
Figure 2: Inflation percentage change (12-month period)



GDP SEES SLIGHT GROWTH

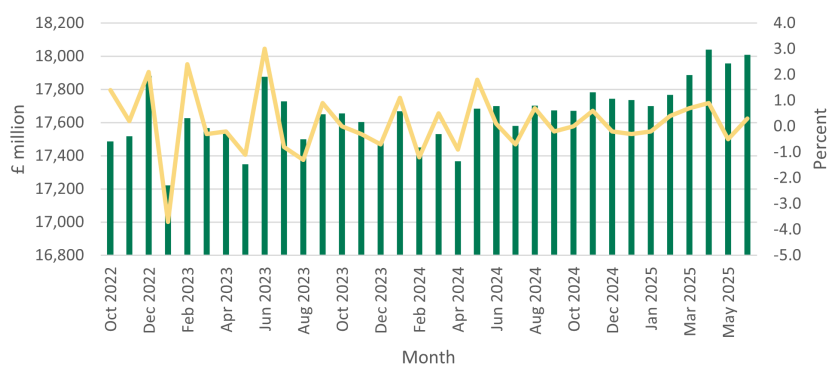
GDP is estimated to have climbed marginally by 0.1% to 102.7% in September 2025 (using the latest figures available) (Figure 4).

Figure 3: UK GDP



Source: Office for National Statistics

Figure 4: Construction output all work summary



Source: Office for National Statistics

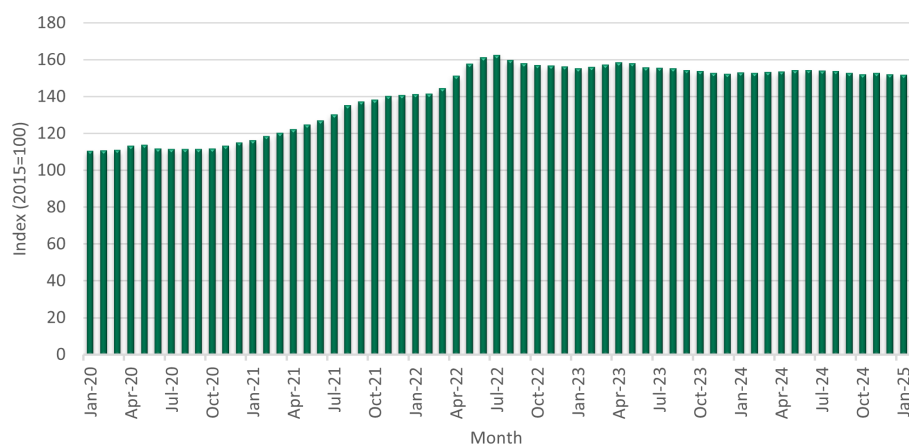
CONSTRUCTION SECTOR OUTPUT PRICE DATA SHOWS FLUCTUATION

Figure 4 demonstrates that the monthly construction output price data has fluctuated within the third quarter of 2025.

CONSTRUCTION MATERIAL PRICES CONTINUE WITH A GRADUAL SLOWDOWN

Based on the latest data, the construction material price index indicates a gradual slowdown as it approached 2025 (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. 33% forecast an increase in supply, with 25% also forecasting a potential increase in demand (Figure 6).

Figure 6: 12-Month Supply and Demand Forecast

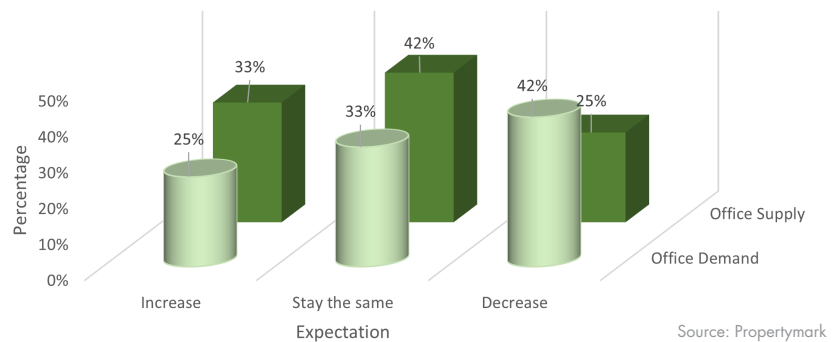
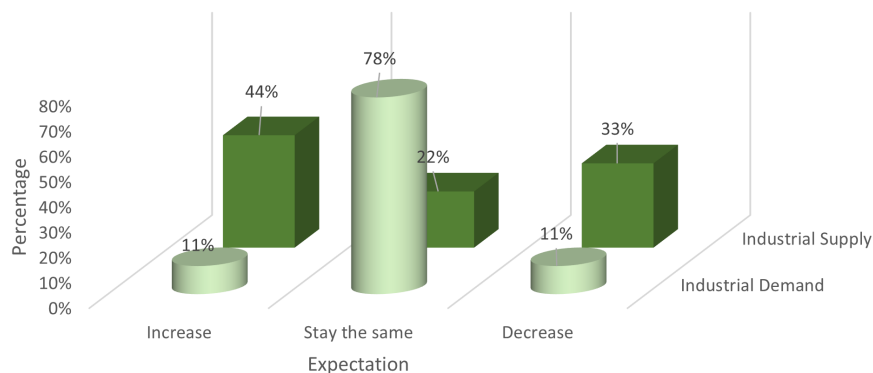


Figure 7: 12-Month Supply and Demand Forecast



Source: Propertymark

INDUSTRIAL SECTOR

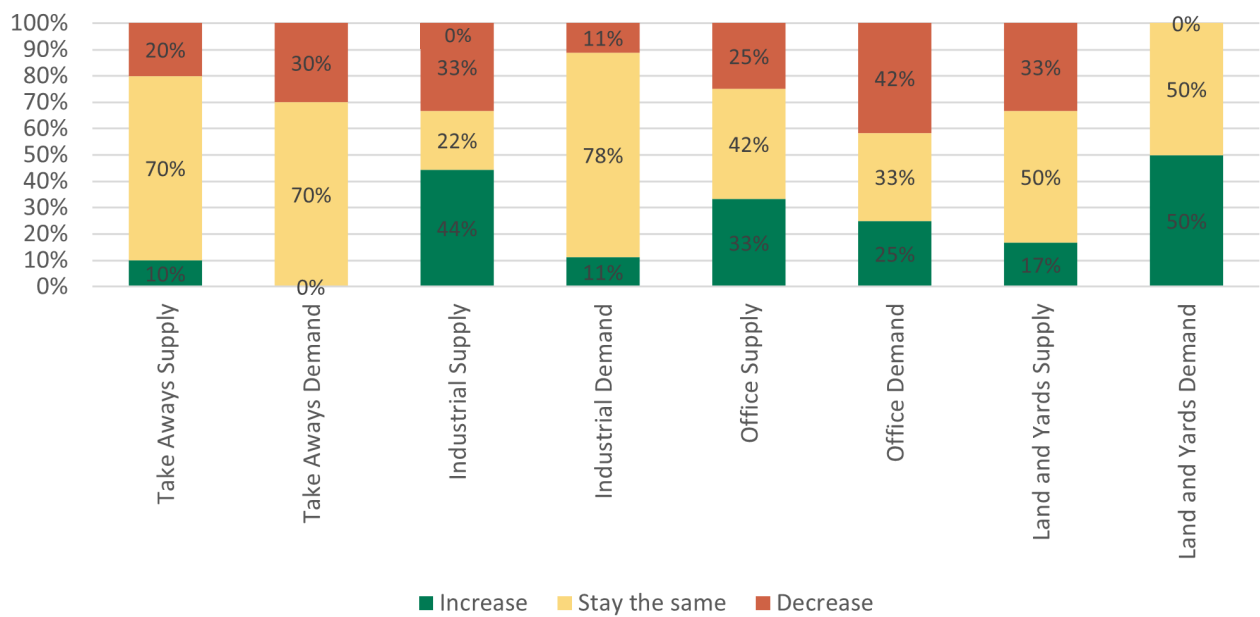
We also asked our members about their predictions for supply and demand in the Industrial Sector over the next 12 months. They stated that 44% expect supply to increase, while 78% anticipate demand to stay steady (Figure 7).

ALL SECTORS

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

In the Takeaways Sector, 70% of agents forecast that supply will remain static. In the Land and Yards Sector, 50% of agents forecast an increase in demand, and 11% feel this will also be the case in the Industrial Sector.

Figure 8: 12-Month Supply and Demand Forecast (Other Sectors)



Source: Propertymark

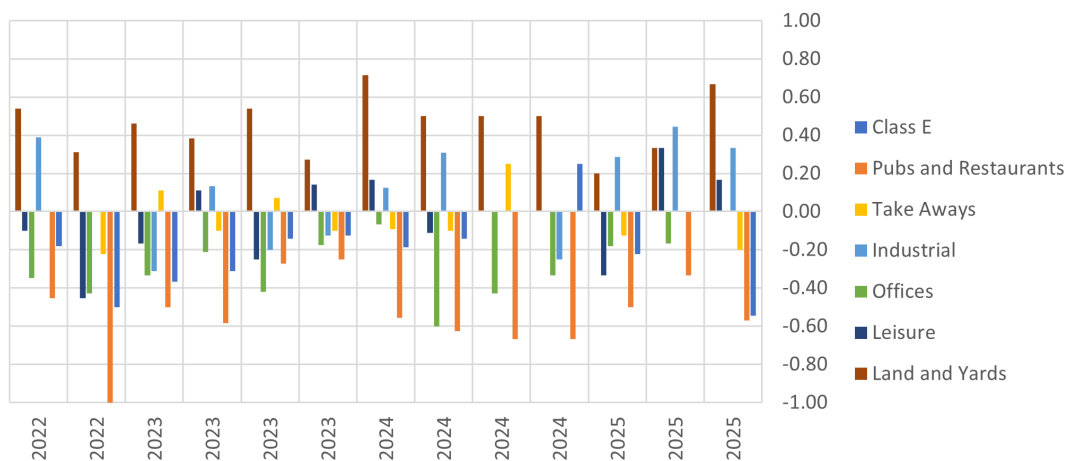
Capital values

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 long-running trend. (Figure 9).

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



Source: Propertymark

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

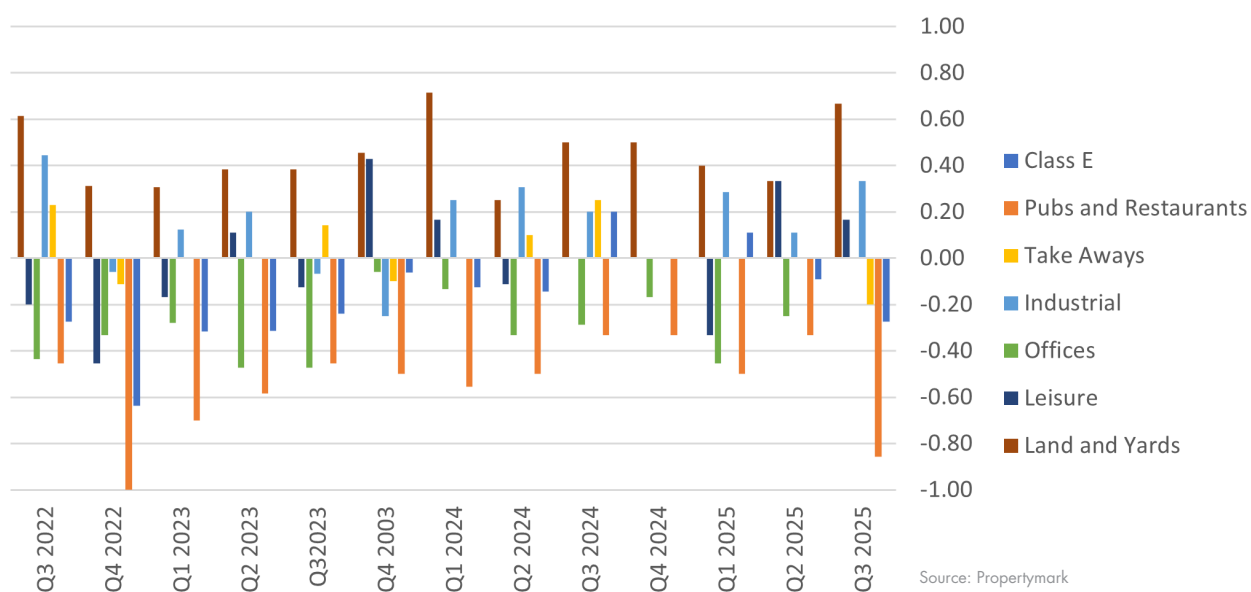
Rent levels

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 Land and Yards Sector and the Industrial Sector. However, sentiment in the Takeaways Sector is negative, and agents remain cautious. (Figure 10).

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

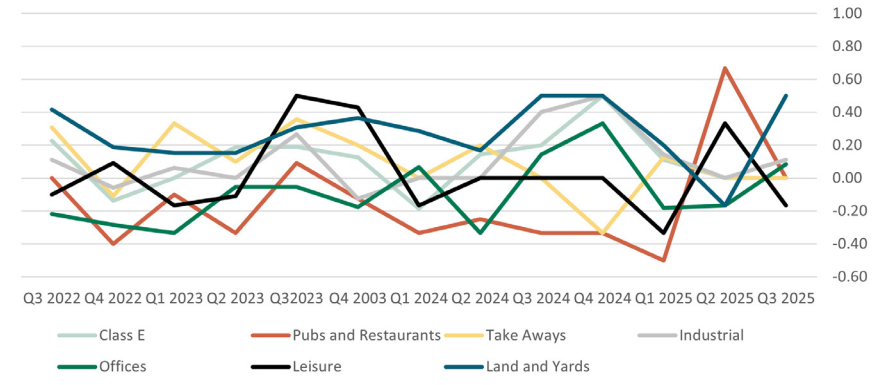


Investment yields

ALL SECTORS

Expectations for investment yields in the coming twelve months vary by sector, with swings in sentiment visible within the Leisure Sector dipping downwards and the Land and Yards Sector displaying positivity. (Figure 11).

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

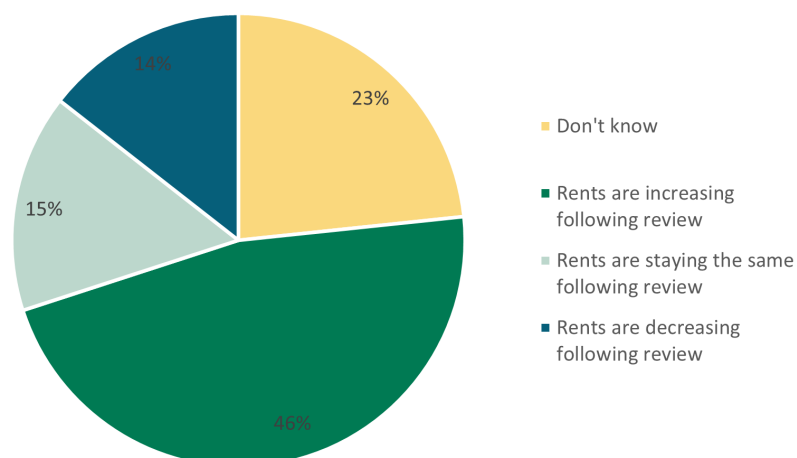


Source: Propertymark

Rent reviews

We asked our members about the outcome of rent reviews undertaken in Q3 2025. 46% reported that rents were increasing, while 15% reported that rents were staying the same, and 14% said rents were decreasing following review (Figure 12).

Figure 12: The outcome of rent reviews undertaken in Q1 2025



Source: Propertymark

Key challenges

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

Units that 18 months ago would have let quickly now struggle to find occupiers.

Unrealistic property value expectations, bearing in mind the state of the economy.

The UK economy and the lack of business confidence in the government.

MEMBER INSIGHTS

Pre the election demand was very strong, which drove up rental and capital values. Demand has significantly shrunk, so units are taking much longer to find occupiers.



Occupier demand has dropped considerably in 2025, and companies are nervous about spending money and are choosing to delay expensive decisions around property moves/expansion, etc.

TAKE THE NEXT STEP

The views and figures in this Propertymark Commercial Outlook refer to the UK. Specific geographic locations and markets (city centre/suburban/etc.) will vary. We strongly recommend

you contact 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

There are several reasons why you should use a Propertymark commercial agent over any other:

INTEGRITY

As members of Propertymark, our agents have a proven dedication to professionalism within the commercial property sector.

CUSTOMER PROTECTION

Propertymark regulated its member agents. This is a nationally recognised regulatory brand and provides high standards of service.

COMPLIANCE

Our members have access to the latest legal and best practice guidance.

ENDS

ABOUT THE PROPERTYMARK COMMERCIAL OUTLOOK

This report is based on a survey of Propertymark commercial agents conducted during Q3 of 2024. It is 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 Propertymark Protected 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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