

propertymark

Commercial Outlook



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

Q4

2025

KEY HIGHLIGHTS:

102.8%

GDP is estimated to have marginally climbed to 102.8%.

22%

In the industrial sector, 22% forecast an increase in demand.

62%

62% of members reported that rents increased following reviews undertaken in Q4 2025.



“Overall, it is fair to say the year has been challenging and rewarding in near close measure. We do sit in a more positive position with aspects such as inflation and base rates seated more favourably for both consumers and investors alike, and this will prove to be the foundation for how 2026 will likely play out.

“The last decade has, in many ways, reformatted what the commercial property landscape looks like. There has been a profound change regarding retail provision, office space, and extreme upheaval regarding how the leisure sector looks. However, upcoming success relies on staying ahead concerning ever-changing consumer habits and delivering innovation that outpaces the ‘here and now’ regarding how future provision is designed, constructed, and managed. There remains enormous scope to better use industry-wide data insights and technological advancements to push the sector forward, as well as employing cutting-edge know-how regarding the provision of new builds in terms of location and demand.”



Michael Sears
Commercial Advisory
Panel Member
and Propertymark
Board Member



Nathan Emerson
Propertymark CEO

“It is extremely pleasing to see growing resilience across the commercial property sector, despite what has been a year of wider economic challenges to navigate. Across the forthcoming months, it is hoped that new levels of investor confidence will further flow through the system, and with aspects such as the base rate further tracking downwards, we remain optimistic for renewed growth and flexibility regarding asset financing.

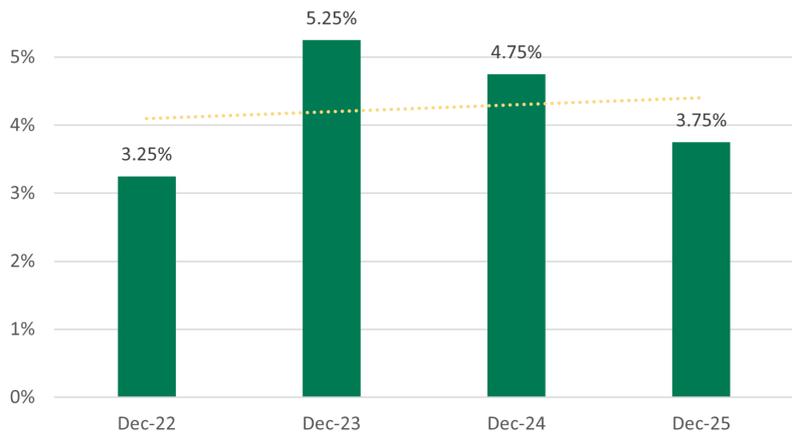
“We are witnessing many long-term town and city centre regeneration projects progressing well, plus an increasing interest in future commercial redevelopment across time-expired developments. As always, some considerations must be reflected regarding the pace of evolution, the cogs are starting to turn well, and the sector is positioned well for future sustained growth.”

Economic outlook

BASE RATE REMAINS DIPS TO 3.75%

The Bank of England base rate sat at 3.75% for the latter part of December 2025 (Figure 1).

Figure 1: Bank of England base rate

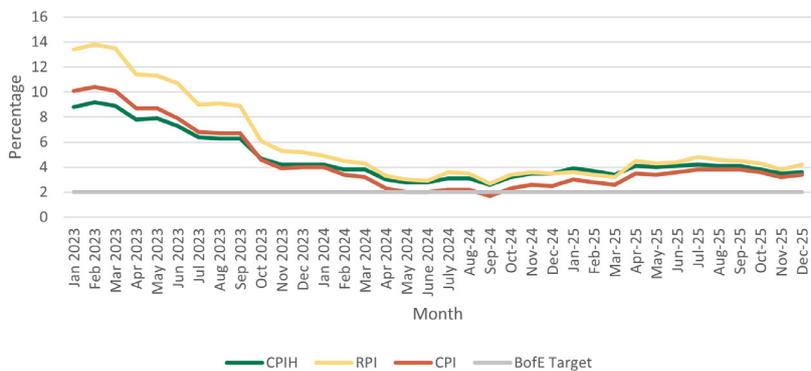


Source: Bank of England

INFLATION STOOD AT 3.6% IN DECEMBER 2025

In December 2025, inflation stood at 3.6%. However, this remains significantly above the Bank of England’s targeted figure of 2%.

Figure 2: Inflation percentage change



Source: Office of National Statistics

GDP SEES FURTHER GROWTH

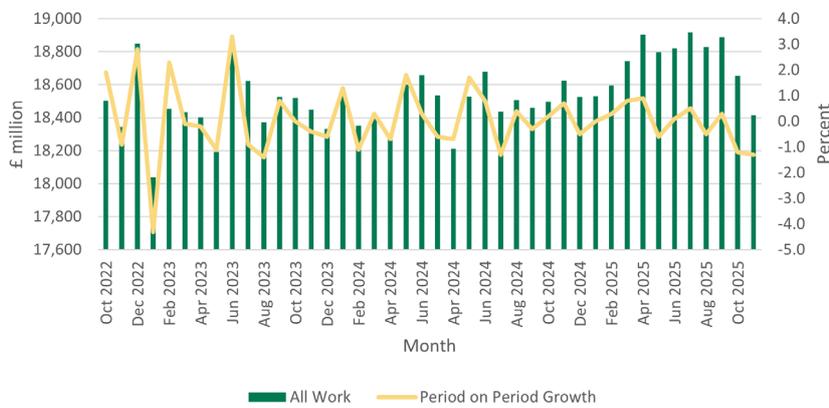
GDP is estimated to have marginally climbed to 102.8% in November 2025 (using the latest available figures) (Figure 3).

Figure 3: UK GDP



Source: Office for National Statistics

Figure 4: Construction output all work summary



Source: Office for National Statistics

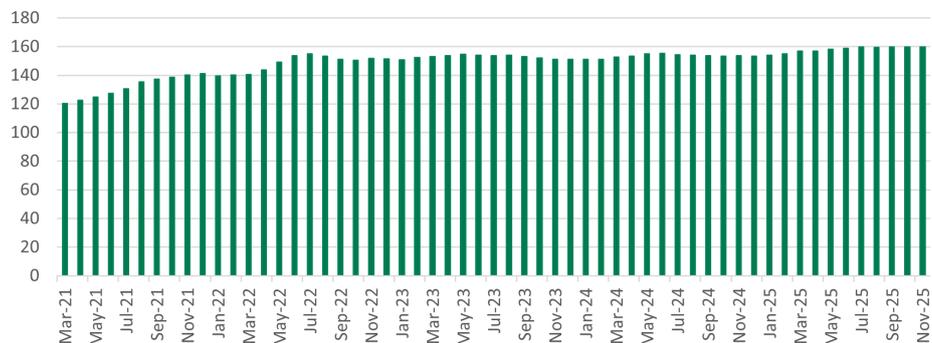
CONSTRUCTION SECTOR OUTPUT PRICE DATA SHOWS A SLOWDOWN

Using the latest available data, the monthly construction output price data has shown a slowdown in the final quarter of 2025.

CONSTRUCTION MATERIAL PRICES CONTINUE WITH A GRADUAL LIFT

Using the latest data available, the construction material price index shows a long-term trend of slow growth heading towards the end of 2025 (Figure 5).

Figure 5: Construction material price index



Source: Department for Business and Trade

Supply and demand

LEISURE SECTOR

We asked our members what they expected to happen to supply and demand levels within the Leisure sector over the next 12 months. 50% forecast an increase in supply, with 25% also forecasting a potential increase in demand (Figure 6).

Figure 6: 12-Month Supply and Demand Forecast

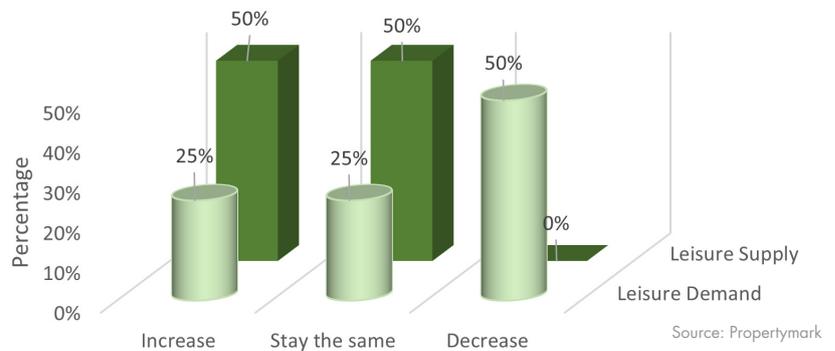
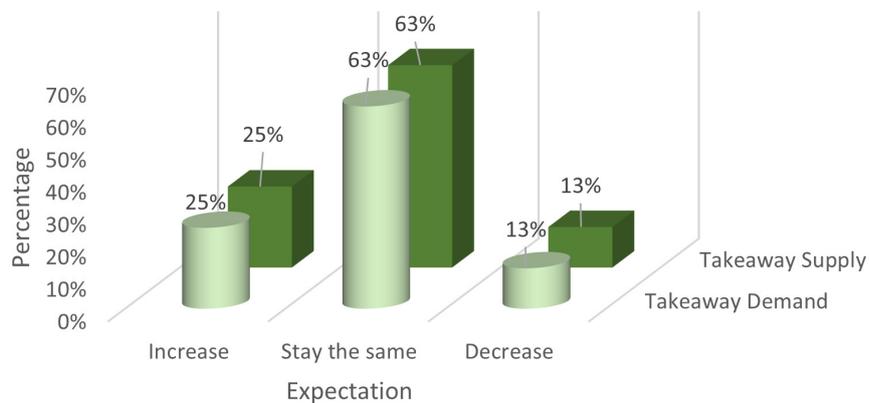


Figure 7: 12-Month Supply and Demand Forecast



INDUSTRIAL SECTOR

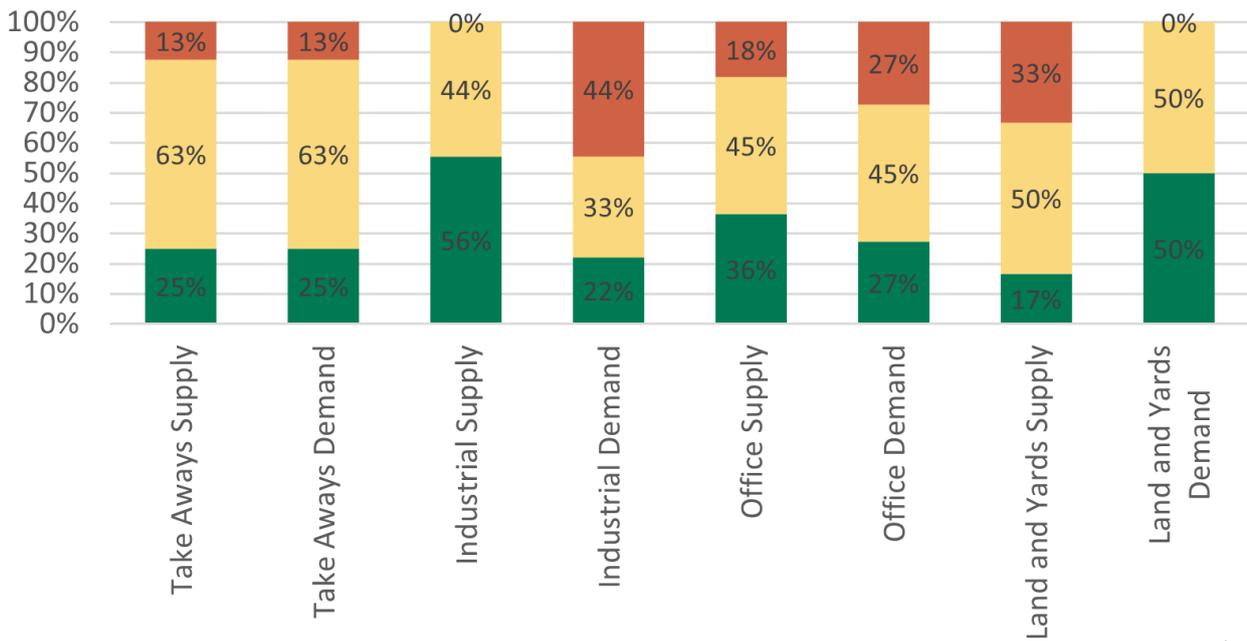
We also asked our members what they expected regarding supply and demand levels within the Takeaway Sector over the next 12 months. 25% forecast supply to increase, and 25% foresee demand within the industrial sector to remain steady. (Figure 7).

ALL SECTORS

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

In the Takeaways Sector, 63% of agents forecast that supply will remain static. In the Land and Yards Sector, 50% of agents forecast an increase in demand, and 22% feeling this will also be the case within the Industrial Sector.

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



Source: Propertymark

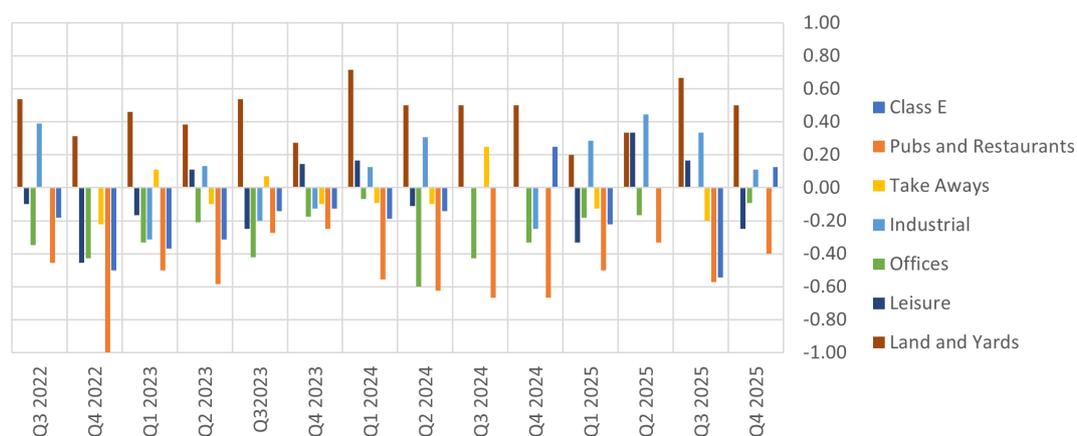
Capital values

ALL SECTORS

We asked our members whether they expect capital values to increase, decrease, or remain the same over the next year in each sector 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 remains positive. However, sentiment in the Pubs and Restaurants Sector continues as 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)



Source: Propertymark

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

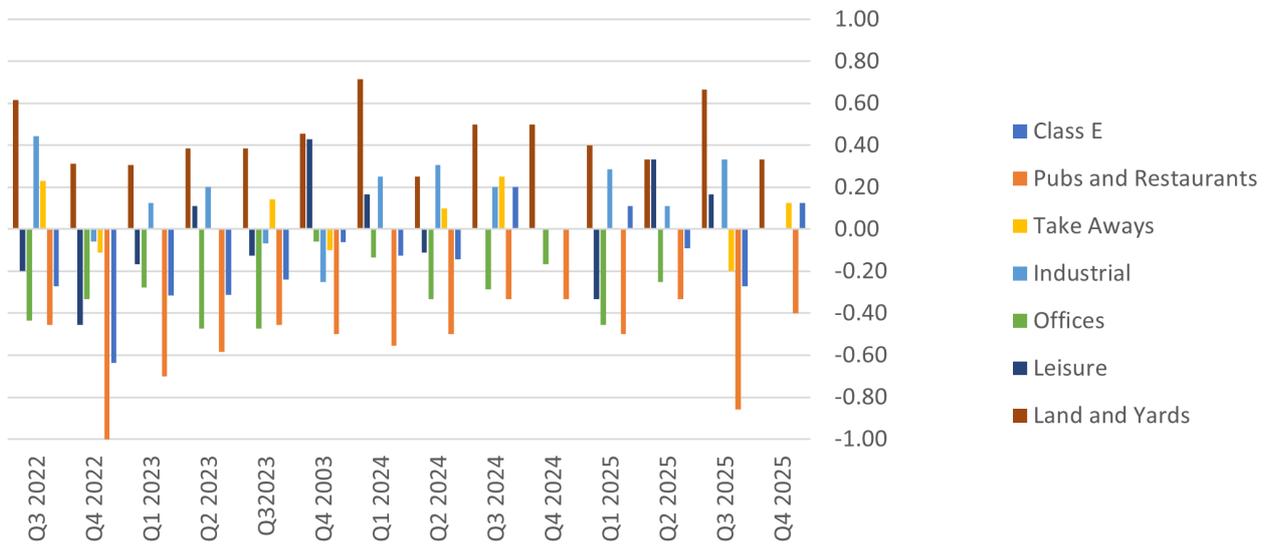
Rent levels

ALL SECTORS

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

In the Industrial Sector and Takeaway Sector, members are upbeat about rents. However, sentiment in the Pubs and Restaurant Sector is negative. (Figure 10).

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



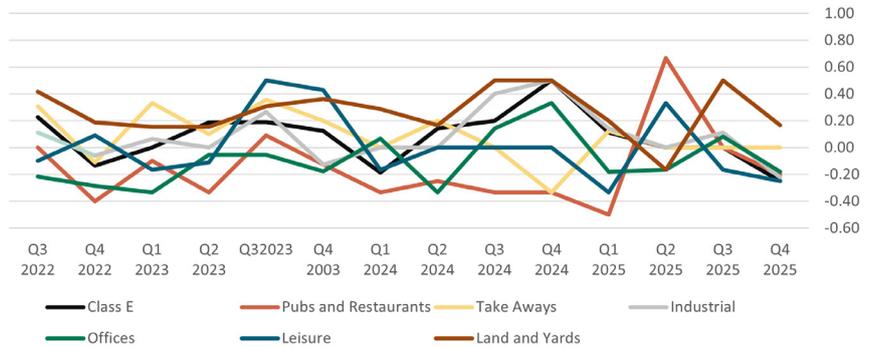
Source: Propertymark

Investment yields

ALL SECTORS

Expectations for investment yields in the coming twelve months vary by sector, with swings in sentiment visible across the Lands and Yards Sector, which has dipped, and Takeaways have remained stable. (Figure 11).

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

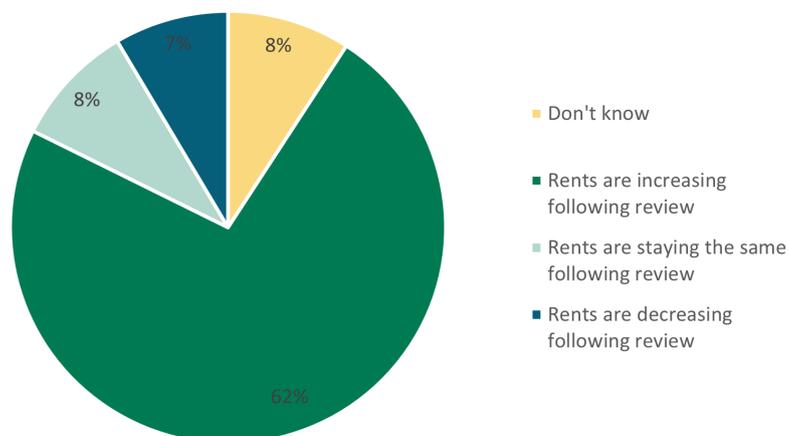


Source: Propertymark

Rent reviews

We asked our members about the outcome of rent reviews undertaken in Q4 2025. 62% reported that rents were increasing, while 8% reported that rents were staying the same, and 7% said rents were decreasing following the review (Figure 12).

Figure 12: The outcome of rent reviews undertaken in Q4 2025



Source: Propertymark

Key challenges

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

Business rates & EPC

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

Government is causing havoc with uncertainty over business rates and what relief they will commit to offering occupiers by way of a financial lifeline, and the ongoing planning regime delays

MEMBER INSIGHTS

“We are still seeing a strong demand for small workshop units and expect this to continue and increase as more premises are drawn into becoming liable for payments. To continue and increase due to the forthcoming hikes in business rates, which will result in numerous premises becoming liable for rates.”



It is a concern that the time taken in creating leases is around 4 months, when a decade ago it was 1 month; the number of solicitors providing leases for commercial property has shrunk, and the cost to the client for preparation of a lease has increased several-fold.

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](https://www.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

For further information contact:
Propertymark Press Office
Tel: 01926 496 800
Mob: 07595 214 302
Email: mediaenquiries@propertymark.co.uk

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