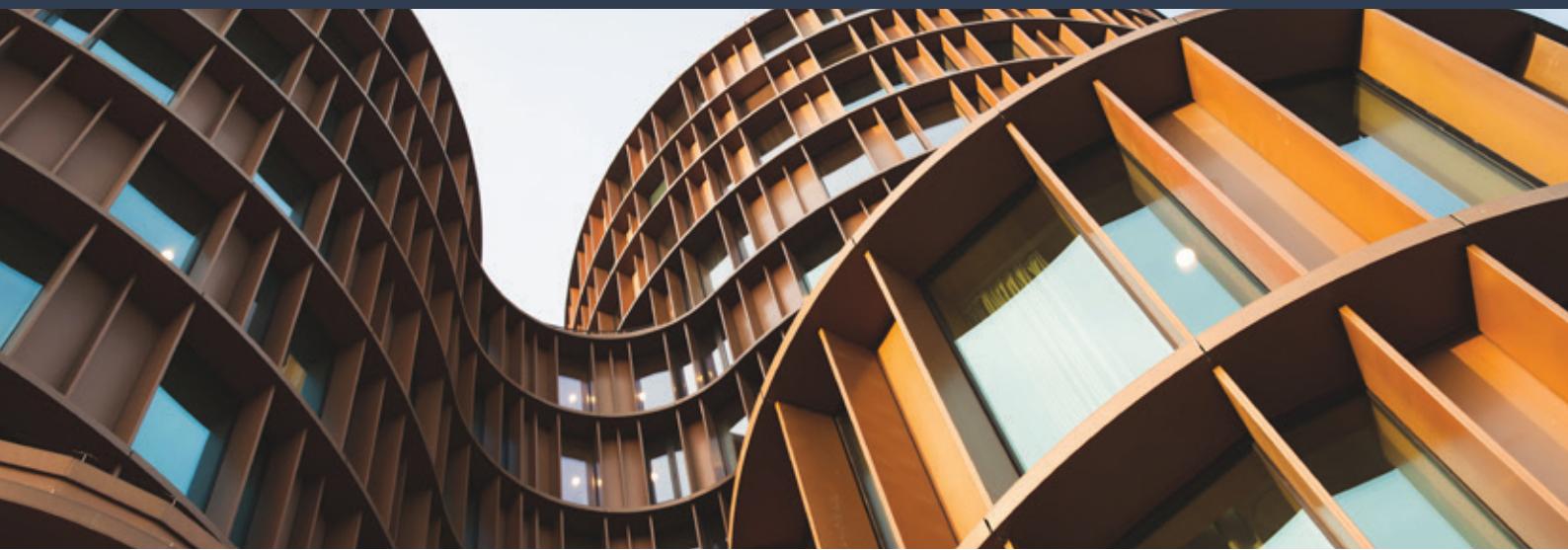


Commercial Property Market Review

December 2025



Business rate changes announced in Budget

In the Autumn Budget 2025, the Chancellor announced changes to the business rates system, which have been met with mixed responses across the industry.

From April 2026, eligible retail, hospitality and leisure (RHL) properties valued below £500,000 will benefit from lower tax rates – their standard multiplier will drop by 5p. To offset these reduced rates, properties valued at £500,000 or higher will see a 2.8p increase in the standard multiplier. The intention behind the increased rates was to target online retailers with large warehouses; however, some industry experts have expressed concern that other businesses will be affected too.

Jon Fletcher at the British Property Federation commented, *"This is not, as the Chancellor suggested, a de facto tax on online retailers, it will hit all businesses in larger, high value buildings including manufacturing, life sciences and logistics businesses in warehouses, as well as financial and professional services based in modern office space."*

Regional offices see rapid prime rental growth

Prime rents in the UK's regional office markets increased at a record pace this year, a report has found.

The data from Lambert Smith Hampton (LSH) shows that, in the 15 key regional office markets, prime rents are set to have risen by 8.2% in 2025. Growth is even stronger in the 'Big Six' markets (Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester), as prime rents are on track to have increased by 10.2% in 2025. In the first three quarters of the year, Leeds was

the regional city that saw the strongest growth, with prime rents rising by 18%.

LSH attributed the record growth rates to increased demand for state-of-the-art offices that are ESG-friendly. But these top-quality spaces are currently relatively low in supply, so rents have increased significantly. At the moment, prime offices account for only 5% of total supply in the regional markets, which is down from 9% in 2023.

West End investment market update

Data from Savills indicates that October was a positive month for the West End investment market.

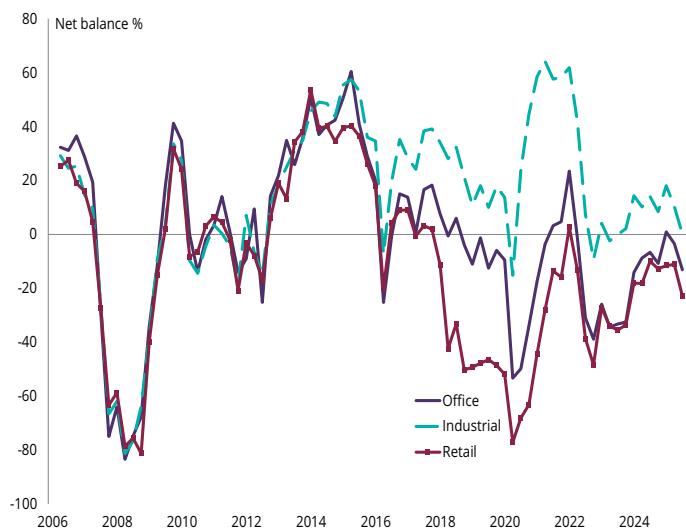
In October, investment in the West End market generated £437m - there were seven transactions in total, two of which were over £100m. This brings the number of £100m+ transactions this year-to-date (YTD) to nine, with a combined value of £2.2bn.

Overall, the cumulative value of West End investments this YTD is £4.3bn, meaning transactions above £100m represented over half of this year's sales. Institutional investors accounted for 71% of this year's transactions above £100m, highlighting that this group is targeting higher-value assets. The largest West End transaction of the YTD was the sale of 1 Newman Yard, W1 – the 121,252 sq. ft property was purchased by Royal London in October for £250m.

Looking ahead, Savills forecasts that total West End sales could reach £5.5bn by the end of 2025, notably higher than last year's total of £4.4bn.

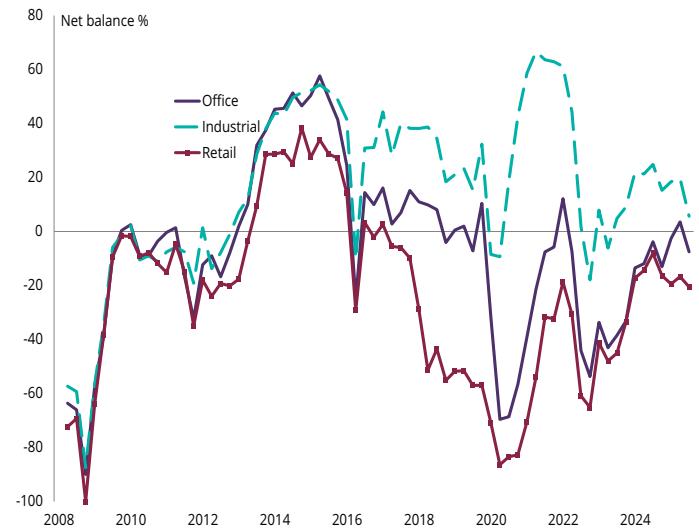
Commercial property outlook

Investment enquiries – broken down by sector



- The headline net balance for investment enquiries in Q3 2025 was -10
- Investor enquiries declined for office and retail assets
- There was stagnation of investment enquiries across the industrial sector.

Capital value expectations – broken down by sector



- Capital value projections were pared back across all categories
- Prime office and industrial values are expected to move marginally higher
- All other traditional sectors are expected to see some degree of decline in capital values over the coming year.

Source: RICS, UK Commercial Property Monitor, Q3 2025

Increased demand for 'let-ready' offices in Glasgow

Research from Knight Frank shows that 'let-ready' office space is in high demand in Glasgow.

The report found that, in Q3, about 75% of office take-up in Glasgow was for fully fitted premises. During that period, 86% of deals were for offices under 4,000 sq. ft, indicating that the preference for 'let-ready' accommodation is a particular priority among occupiers of smaller spaces. Simon Capaldi, office agency partner at Knight Frank Glasgow noted that, in response to this demand, *"an increasing number of landlords are looking to enhance their product offering within their buildings beyond the traditional model."* For example, some commercial landlords offer fully furnished offices so tenants can move straight in.

Overall, Glasgow's office market should end 2025 on a positive note – despite seeing a slower Q3, the city is on track to record the highest level of office take-up since 2021.

Research from Knight Frank shows that 'let-ready' office space is in high demand in Glasgow

All details are correct at the time of writing (17 December 2025)

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.

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