

## Commercial Property Market Review

April 2026

*Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.*

*We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice.*



### Commercial market update

*Data from CBRE shows that capital values for UK commercial real estate held steady in Q1, while total returns were at 1.4%, driven by income returns.*

In Q1, the retail sector recorded the highest total returns at 1.7%. In March, retail rental values rose by 0.3%, driven by a 1.0% increase in shopping centre rents. Meanwhile, office total returns were slightly more modest in Q1 at 0.9% and capital values fell by 0.1% in March due to a decline in outer London/M25 and central London offices.

The industrial sector recorded the highest month-on-month total returns in March (0.6%). It was therefore the secondstrongest sector in Q1, with quarterly returns of 1.6% and with all industrial segments showing consistent performance.

Steven Devaney at CBRE said, *"We expect that income will remain the primary driver of performance through the rest of the year, with better performance anticipated from markets that have strong occupational fundamentals."*

### Business rates revaluation

*The rateable values of non-domestic properties have recently been updated, so businesses may notice changes to their tax bill.*

Every three years, the rateable value of non-domestic properties is updated, which local councils use to calculate Business Rates bills. The latest revaluation came into effect on 1 April 2026 and will run until March 2029.

A rateable value is based on the amount of rent that a property could have reasonably been let for on a certain date – in the latest revaluation, this date is 1 April 2024. The rateable value is not necessarily the actual amount of rent paid on that date, nor is it the same as the actual Business Rates bill.

Not all businesses will be affected in the same way - some will face higher bills and some will see reductions. Businesses are able to challenge valuations they believe are incorrect.

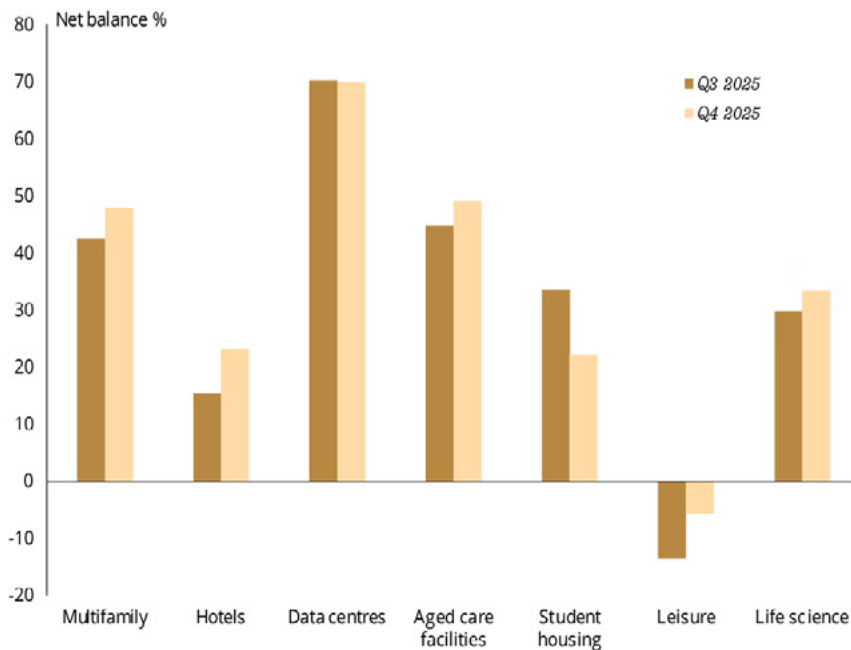
### Resurgence in retail

*At the start of the decade, the retail sector was one of the weakest commercial asset classes due to the rise of online shopping. However, the sector is showing signs of strong recovery as it enters a new era.*

Retailers have been forced to get creative and find new ways to bring consumers through their doors. Due to this, there has been a shift towards 'experiential retail' – where stores offer meaningful experiences that shoppers can't get online. To achieve this, some shops now have interactive areas, cafes or product customisation to increase footfall. As a result, retail was the best performing property asset class in 2025, achieving a total return of 9.6% according to Knight Frank. Meanwhile, CBRE noted that vacancy rates decreased last year, with retail parks and central London streets being particularly popular areas. The improved sentiment is expected to continue in 2026, with CBRE forecasting annual retail sales growth of 1.9%.

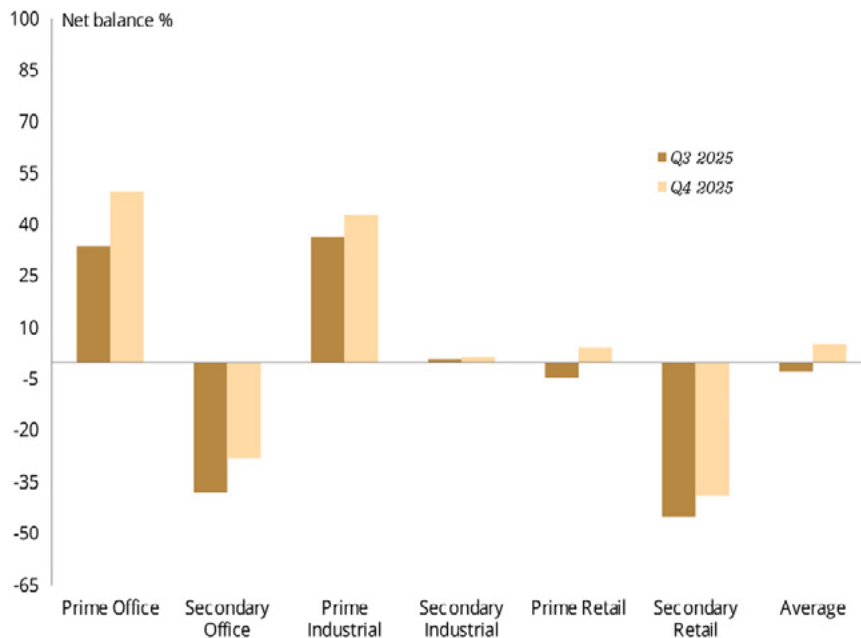
## Commercial property outlook

### 12-month capital value expectations – broken down by sector



- Prime commercial real estate capital value projections upgraded slightly for the year ahead
- In the retail sector, prime assets are anticipated to see capital values edge up by just 0.5%
- Prime office values are projected to rise by 1.9% (compared to 1% previously).

### 12-month rent expectations – broken down by sector



- Rental growth projections upgraded slightly for the year ahead
- Prime office rents are now anticipated to grow by 2.5% (up from 1.7% in Q3)
- Prime industrial sector rents are now rising by 2.1% (versus 1.6% pencilled in previously).