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# Commercial Property Market Review

*June 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

*The latest Commercial Market Outlook from Carter Jonas offers an insight into current market trends. The data indicates an uneven recovery in investment volumes, with £10.7bn traded in Q1 2026 - below the higher levels seen in Q4 2025 but slightly above the total for Q1 2025.*

The report also notes that transaction activity is increasingly deal-specific, with the office and retail sectors proving to be more resilient than expected. Return-to-office mandates have led to a shortage of prime supply in many key city centre markets as demand continues for high-quality office spaces. This has supported annual rental growth of 3% in April 2026 for all UK offices, according to the MSCI Monthly Index.

The industrial market saw a softer quarter, as demand continues to be shaped by a variety of economic, political and technological factors. More retailers are expected to outsource their operations to third-party logistics (3PLs), which will continue to affect supply chains.

## Logistics market overview

*A recent report from Knight Frank shows how the logistics market is faring so far this year. The sector saw £1.64bn in transactions in Q1 this year, which is 5% lower than the same period last year.*

The outbreak of war in the Middle East has caused a rise in swap rates and alternative asset yields, so investors are now scrutinising deals more carefully. However, they will likely be under pressure to deploy capital and there have still been some significant transactions in Q2.

Occupier take-up reached 9.0 million sq ft in Q1, which is in line with the total for Q4 2025. Meanwhile, the vacancy rate increase to 8.3% due to lower quality second-hand units returning to the market. At the end of Q1, there was 8.3 million sq ft of speculative space under construction across 56 units – this is expected to remain suppressed due to inflationary pressures.

## The rise of infrastructure capital

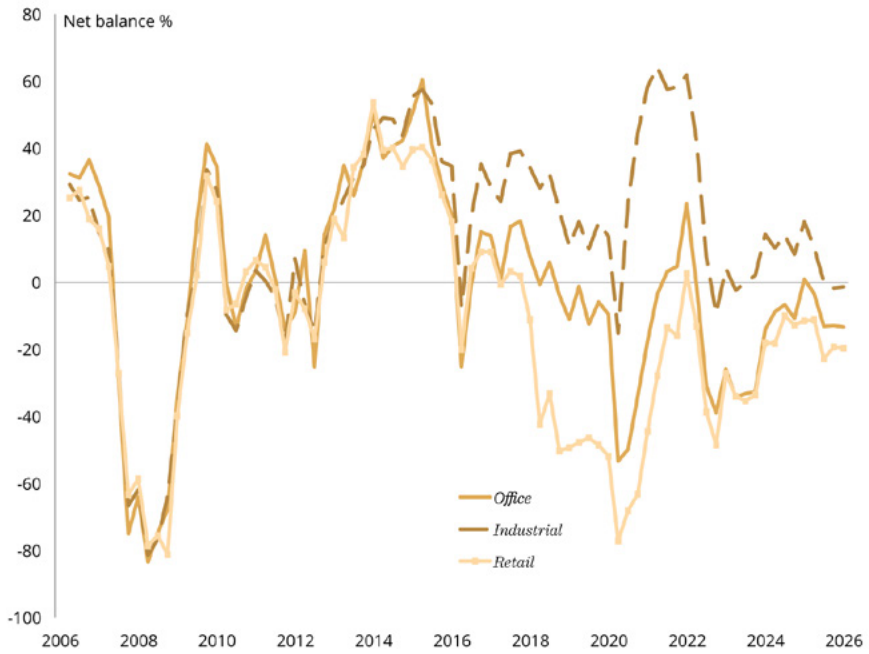
*A report from CBRE has highlighted that infrastructure capital has become an increasingly important driver of commercial real estate investment.*

In 2025, £29.9bn was invested in the UK Alternative and Living sectors, which includes £13bn into Healthcare. Infrastructure capital accounted for 44% of investment into real estate last year, a sharp increase from 15% in 2016. This trend is expected to continue, with a survey of institutional investors across the globe finding that 98% were expecting to either increase their allocations to infrastructure or keep them the same over the next 12 months.

CBRE notes that investors may be attracted to infrastructure as it can be seen as a more stable asset class than others, as income is often underpinned by long-term government contracts. However, these sectors are also more reliant on government funding which can affect long-term income assumptions. Plus, there can be greater operational complexity, which may impact returns.

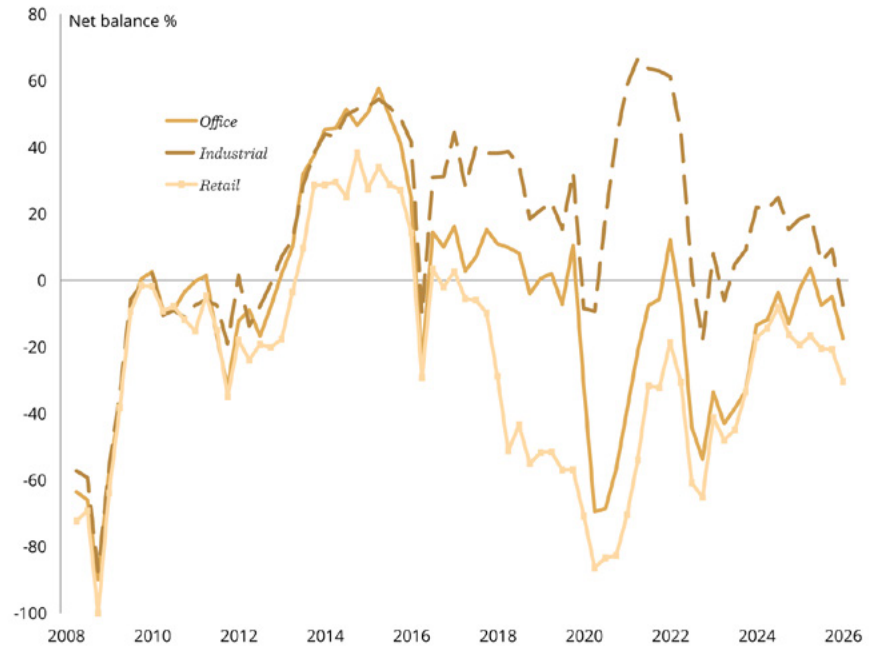
# Commercial property outlook

*Investment enquiries – broken down by sector*




- The investor enquiries net balance was unchanged at the headline level in Q1, at -11%
- Little quarterly movement was seen across the mainstream sectors individually
- Enquiry readings were flat for industrial and modestly negative for both office and retail.

*Capital value expectations – broken down by sector*




- On the back of rising bond yields, capital value growth expectations have been revised lower
- The all-property net balance for twelve-month capital value expectations came in at -18%
- Prime office capital values are now projected to rise by 0.7% over the coming year.

All details are correct at the time of writing (17 June 2026)

Source: RICS, UK Commercial Property Market Survey, Q1, 2026

*It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.*