

MARKETBEAT INVESTMENT

JULY 2025 - IN BRIEF

Better never settles

INCOME DEPENDENT

During the last quarter we saw yields come in 25 basis points across three of our 45 markets – prime retail centres, as well as West End and City offices. Yields were stable across all other markets.

MSCI Monthly Total Returns came in at 0.6% - broadly where they have been during the course of 2025 so far. This continues to be driven by income, with just 0.1% capital growth, and 0.2% yield impact driving returns during June. In a turn up for the books, the star performer for the month was high street retail, which saw total returns of 1.2% for the month, leaving the subsector at 6.5% for the year.

Retail Warehouses and Shopping Centres saw growth more subdued at 0.5% and 0.9% respectively for June – although on a 12 month basis, returns remain strong at 11% and 13.2% respectively. Industrial total returns continue to run at 10.6% for the year, while in the offices sector, there is a difference between West End – 6.9% - and the rest of the office sector – broadly at ~2% for the year. The hotels sector saw a negative total return of -0.5%, taking the sector to 7% for the year, while residential continues to hold up well at 9.5% for annual returns.

THE ONLY WAY IS UP?

On 10th July, the English Devolution and Community Empowerment Bill was announced to include a proposal to ban upward-only rent review clauses with the Act. This would apply to all new leases and would mean that all rent review models would no longer be allowed if they only permit a rent to rise. Additionally, tenants would gain the right to initiate rent reviews.

While there is still some way to go on this becoming a reality, there are a number of potential implications – which you can read in more detail from our Lease Advisory experts [here](#). From an investment perspective, it is worth noting that the UK’s model has long been a draw for investors. The changes would likely create greater uncertainty around income, affecting valuations, while also potentially increasing rental demands to compensate for downside risk (where markets allow) and drive further bifurcation in the market.



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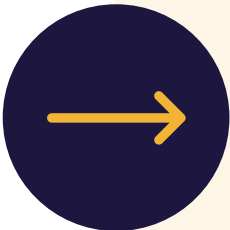
KEY TAKEAWAYS



Once again MSCI monthly total returns came in at 0.6%. Monthly Total Returns have been broadly similar throughout the course of 2025. The star performer was high street retail.



On an annual basis, MSCI monthly Index total returns are at 8.6%, with rental value growth increasing by 3.4% during the time period.



According to our Prime Yield coverage, there was movement across three markets during the month – Prime Retail centres, West End and City offices all coming in 25 basis points.



On 10th July, the UK government announced its intention to ban upwards only rent reviews in commercial leases.

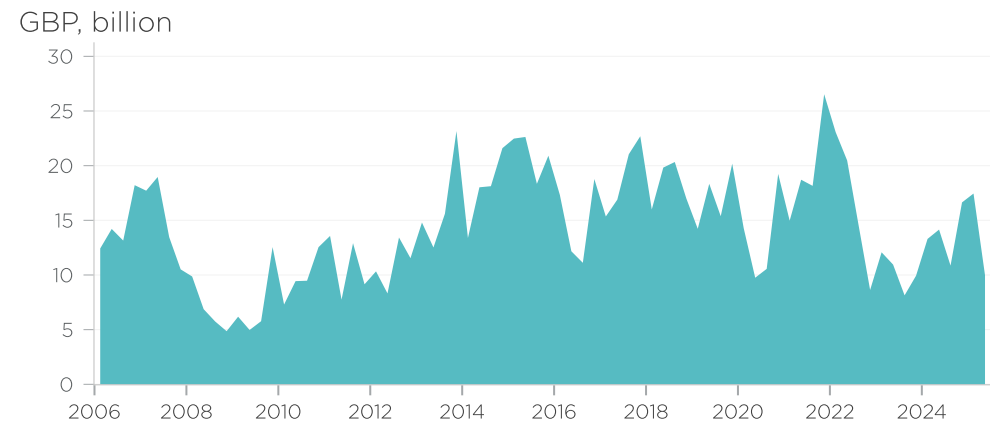


Provisional investment volumes suggest Q2 totalled £10 billion, taking H1 2025 to £27 billion, with offices in particular seeing an uptick.

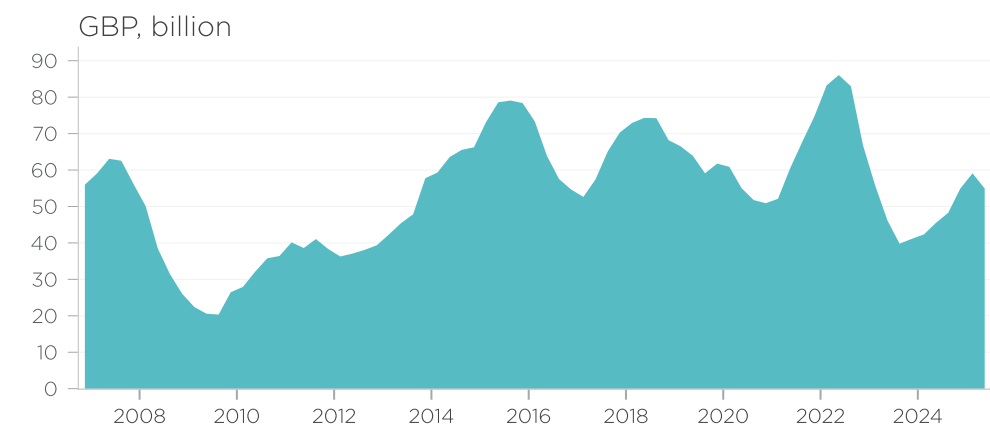
MARKET STATISTICS

Source: MSCI, Chatham Financial, Bank of England, Macrobond, Cushman & Wakefield

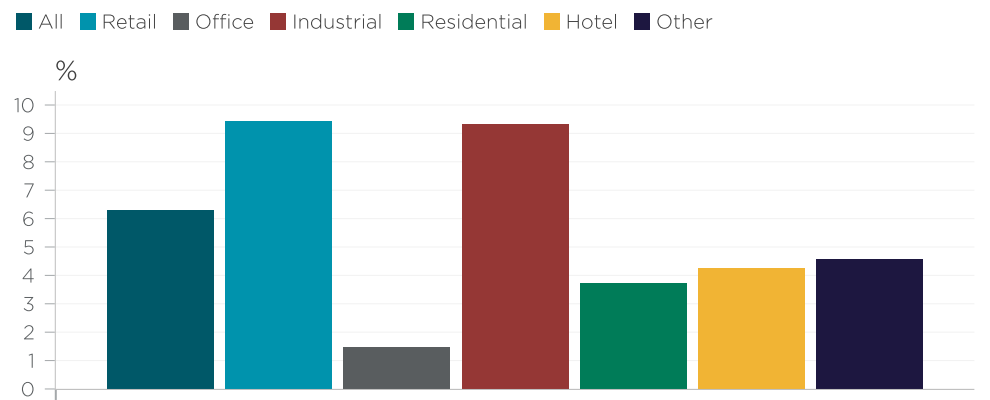
QUARTERLY INVESTMENT VOLUMES (BILLIONS)



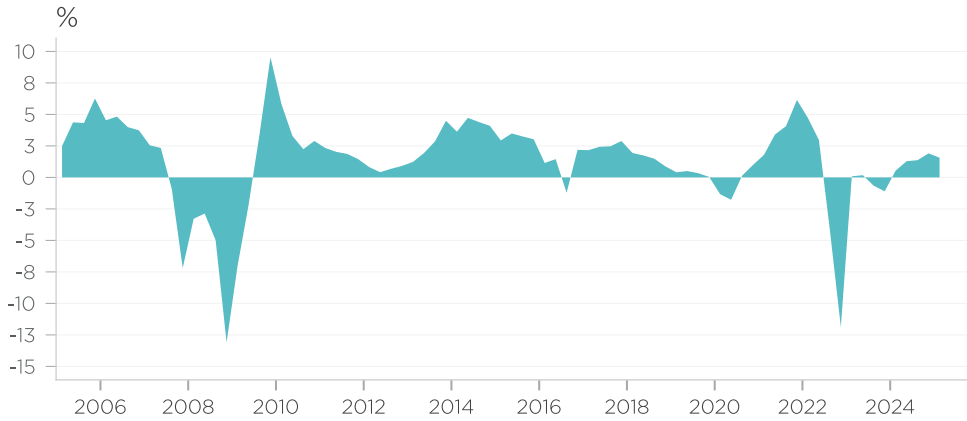
ROLLING ANNUAL INVESTMENT VOLUME (BILLIONS)



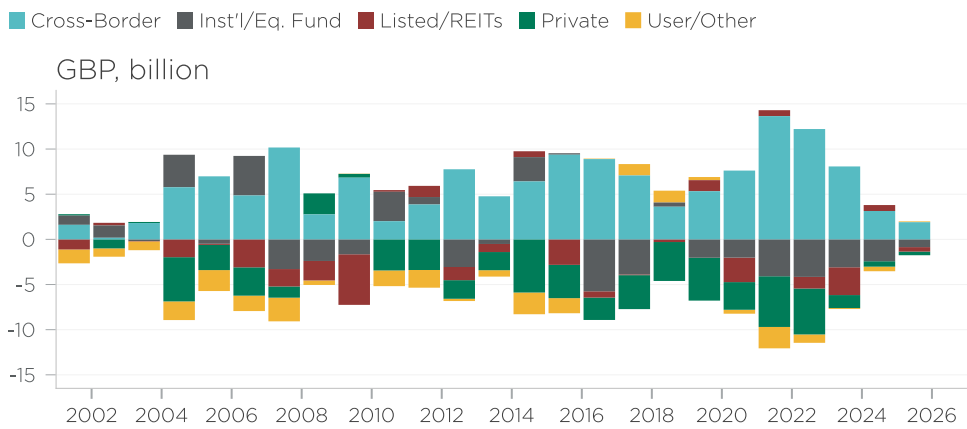
ANNUAL TOTAL RETURN BY SECTOR



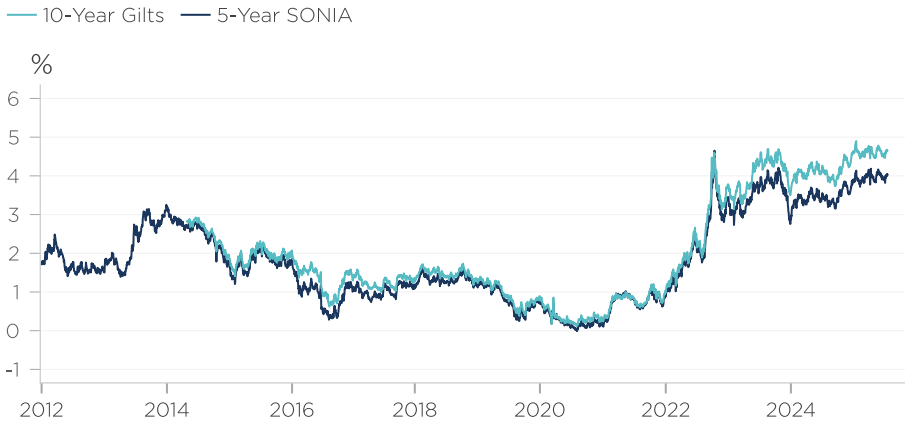
TOTAL RETURNS (%)



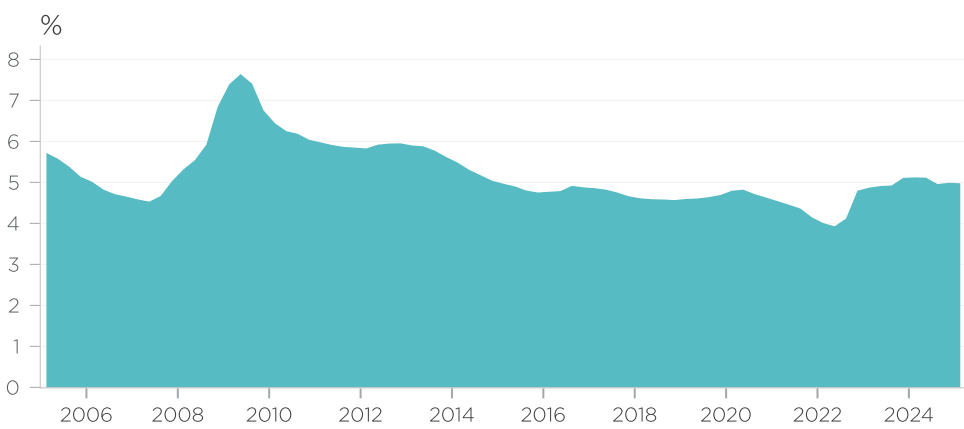
SOURCES OF CAPITAL



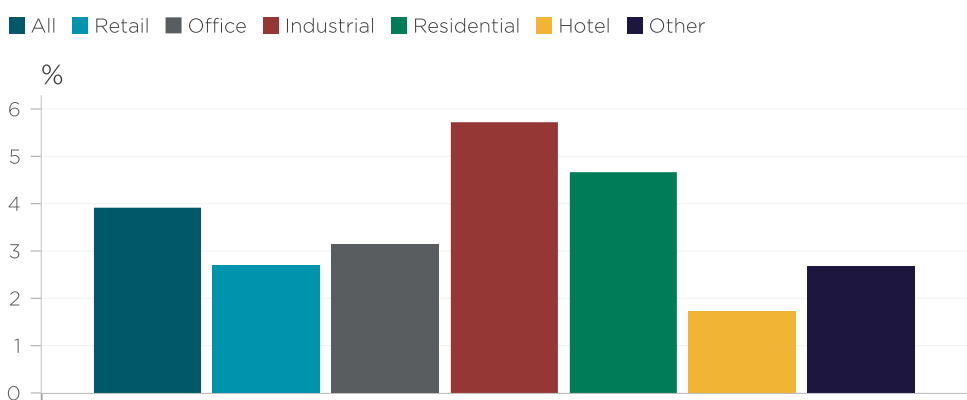
10 YEAR GILTS, 5 YEAR SONIA



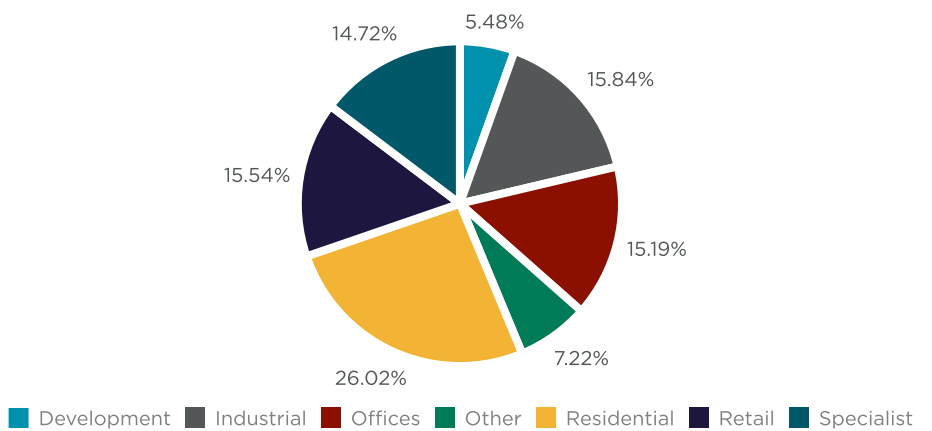
NET INITIAL YIELDS



ANNUAL AVERAGE RENTAL GROWTH BY SECTOR



ANNUAL INVESTMENT VOLUMES BY SECTOR



YIELD SCHEDULE

Sector	Previous Year	Previous Quarter	Previous month	Present	Annual Change (bps)	Quarterly Change (bps)	Monthly Change (bps)	
Sector	July 24	Q2 25	June 25	July 25		Q-to-Q		Outlook
Town Centre Retail								
Prime Retail Centres	7.00%	6.50%	6.75%	6.50%	-50 bps	-25 bps	-25 bps	Stable
Secondary Retail Centres	10.50%	10.00%	10.00%	10.00%	-50 bps	0 bps	0 bps	Stable
Prime London - West End	3.00%	3.00%	3.00%	3.00%	0 bps	0 bps	0 bps	Stable
Shopping Centres								
Regional	8.00%	7.75%	7.75%	7.75%	-25 bps	0 bps	0 bps	Stable
Sub-Regional	11.00%	11.00%	11.00%	11.00%	0 bps	0 bps	0 bps	Stable
Local	12.00%	12.00%	12.00%	12.00%	0 bps	0 bps	0 bps	Stable
Retail Warehouses (Greater London and SE in brackets)								
Prime Open A1 Retail Park	5.75%	5.25%	5.25%	5.25%	-50 bps	0 bps	0 bps	Inwards
Prime Bulky Park	6.25%	5.75%	5.75%	5.75%	-50 bps	0 bps	0 bps	Inwards
Prime Supermarkets (RPI linked)	5.00%	4.75%	4.75%	4.75%	-25 bps	0 bps	0 bps	Inwards
Prime Solus (Bulky)	6.50%	5.75%	5.75%	5.75%	-75 bps	0 bps	0 bps	Inwards
Prime Leisure Parks	8.75%	8.25%	8.25%	8.25%	-50 bps	0 bps	0 bps	Inwards
Multi-Let Industrial								
Prime Greater London	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Prime South East	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Stable
Prime Regional	5.25%	5.25%	5.25%	5.25%	0 bps	0 bps	0 bps	Stable
Distribution Warehousing								
Prime Long Income	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Stable
Prime Medium Income	5.50%	5.50%	5.50%	5.50%	0 bps	0 bps	0 bps	Stable
Prime Short Income	6.00%	5.75%	5.75%	5.75%	-25 bps	0 bps	0 bps	Stable
In Town Offices								
Greater London	7.00%	6.75%	6.75%	6.75%	-25 bps	0 bps	0 bps	Stable
Prime City Offices	5.75%	5.50%	5.75%	5.50%	-25 bps	-25 bps	-25 bps	Stable
Prime West End Offices	4.00%	3.75%	4.00%	3.75%	-25 bps	-25 bps	-25 bps	Stable
Prime M25	7.25%	7.00%	7.00%	7.00%	-25 bps	0 bps	0 bps	Stable
Prime Regional	7.00%	6.50%	6.50%	6.50%	-50 bps	0 bps	0 bps	Stable
Out of Town Offices								
Prime South East	8.25%	8.00%	8.00%	8.00%	-25 bps	0 bps	0 bps	Stable
Prime Regional	9.25%	9.00%	9.00%	9.00%	-25 bps	0 bps	0 bps	Stable

Sector	Previous Year	Previous Quarter	Previous month	Present	Annual Change (bps)	Quarterly Change (bps)	Monthly Change (bps)	
Sector	July 24	Q2 25	June 25	July 25		Q-to-Q		Outlook
Co-living								
Greater London	4.75%	4.50%	4.50%	4.50%	-25 bps	0 bps	0 bps	Stable
Prime Regional	5.75%	5.00%	5.00%	5.00%	-75 bps	0 bps	0 bps	Stable
Build to Rent								
Prime London - West End	4.00%	4.00%	4.00%	4.00%	0 bps	0 bps	0 bps	Stable
Greater London	4.50%	4.50%	4.50%	4.50%	0 bps	0 bps	0 bps	Stable
Prime Regional	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Hotels								
Prime London Fixed Income	4.50%	4.25%	4.25%	4.25%	-25 bps	0 bps	0 bps	Stable
Prime Regional Fixed Income	5.25%	5.00%	5.00%	5.00%	-25 bps	0 bps	0 bps	Stable
Prime London Trading	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Stable
Prime Regional Tradting	8.00%	8.00%	8.00%	8.00%	0 bps	0 bps	0 bps	Stable
Life Sciences								
Golden Triangle	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Inwards
Regional Centres	6.25%	6.25%	6.25%	6.25%	0 bps	0 bps	0 bps	Stable
Care Homes								
Prime	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Prime SPV	5.75%	5.75%	5.75%	5.75%	0 bps	0 bps	0 bps	Stable
Medical								
Prime	4.50%	4.50%	4.50%	4.50%	0 bps	0 bps	0 bps	Stable
Secondary	5.75%	5.75%	5.75%	5.75%	0 bps	0 bps	0 bps	Stable
Student Accommodation								
Prime London	4.00%	4.00%	4.00%	4.00%	0 bps	0 bps	0 bps	Stable
Greater London	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Super Prime Regional	5.25%	5.25%	5.25%	5.25%	0 bps	0 bps	0 bps	Stable
Prime Regional	5.50%	5.50%	5.50%	5.50%	0 bps	0 bps	0 bps	Stable
Self Storage								
Primary	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Secondary	6.00%	6.00%	6.00%	6.00%	0 bps	0 bps	0 bps	Stable



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