

# MARKETBEAT INVESTMENT

NOVEMBER 2025

Better never settles



PRE-BUDGET

Investment volumes totalled just £10.4 billion for Q3 2025, the lowest quarterly investment volume since Q4 2023, albeit broadly in line with the amount of activity seen during the same quarter last year. The positive news, is that since the quarter-end, we have already seen a number of large transactions complete and more go under offer.

UK commercial real estate performance continued to show resilience in the third quarter, with the MSCI UK Quarterly Property Index delivering a total return of 1.4% for Q3 2025, marking stable performance over the last three quarters, and bringing 12 month total returns to 6.6%. Retail was the standout performer on both a 3- and 12- month basis, delivering total returns of 2% and 9.2% respectively. Shopping centres, in particular, posted quarterly returns of 2.7%, with Rest of UK Industrial the second best performing sub-sector of the quarter at 2.4%. However, at present, while investor conviction on the former has strengthened, the depth of investor demand for industrial and logistics has eased somewhat.

Average equivalent yields have moved out across a number of sectors during the last two quarters. At the prime end of the market, yields remain by and large stable, with the only monthly movement being across two markets – prime London BtR and prime Leisure Parks, both of which came in 25 basis points.

The divergence between the UK NAREIT index and the FTSE100 remains pronounced – a continuation of the trend observed earlier in the autumn – suggesting that equity investors remain considerably less bullish on real estate than they are on other parts of the economy. Sentiment is muted in advance of the Autumn Budget.

For more information, including on the interest rate decision see our *Economy and Housing Marketbeat*.



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KEY TAKEAWAYS



Q3 investment volumes totalled just £10.4 billion, the total of the first three quarters to £40 billion. This was 3.9% up on the same time last year.



MSCI Total Returns totalled 1.4% for the quarter and are up positive for the sixth consecutive quarter. Annual Total Returns are currently running at 6.6% -slightly down on the previous quarter of 6.7%.



According to our Prime Yield coverage, there were just two movers during the month - Prime London BtR and Prime Leisure Parks - which both came in 25 basis points.



The MPC voted narrowly to hold the base rate at 4%, suggesting there is a chance of a rate cut in the December meeting.



Many investors continue to cite the November Budget as a source of uncertainty, potentially putting a pause on some late-year investment activity.



**Martin Lay**  
Head of London Offices Capital Markets  
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CENTRAL LONDON OFFICES

**Market Trends** – In Q3 2025, 49 deals totalling £1.67 billion transacted in Central London, taking volumes for the year so far to £6.43 billion, surpassing investment recorded for the entirety of 2024. Furthermore, there are ten deals over £100 million that are currently under offer or have exchanged since quarter end, suggesting continued improvements in liquidity of larger lot sizes. Activity remains strongest in the West End for the eighth consecutive quarter, with £1.24 million trading – a 74% market share.

**Dynamics** – While activity in core locations is ticking up, and reflected in the inward yield movement of last quarter, there remains limited evidence across non-core submarkets to support yield compression, and as such pricing and sentiment have remained broadly flat. UK investors continue to be the most active purchaser group, acquiring half of the total traded in Q3, and are also the top vendor group. Institutional investors are beginning to show sign of more activity, both on the buy and sell side, which we have not had in recent times and is encouraging for the market

**Outlook** – Prime yields were held stable across all Central London submarkets in Q3, at 5.50% in the City and the West End at 3.75%, where they are expected to remain year-end. There is expectation for further base rate cuts over the next six months, and together with strong occupational fundamentals, could aid in unlocking further opportunities for investors in Central London and lead to further yield compression in 2026.

BAROMETER DEAL



**12-15 Finsbury Circus, EC2**  
Yield – 5.48% NIY  
Price – £143m  
Status – Sold (July 2025)  
Comments – Freehold office. Multi let building with rent reflecting £57.50-£60.00 psf and 5.5 year WAULT.



**Andrew Meikle**  
Head of National Capital Markets  
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REGIONAL OFFICES

**Market Trends** – Investment volumes across the regional markets reached £441.8 million in Q3 2025, marking the second consecutive quarter of growth and a 3.6% increase on the previous quarter. However, this figure still remains 53% below the five-year quarterly average, indicating that investment activity is still recovering from a subdued baseline.

**Dynamics** – While there is a growing pool of opportunistic buyers targeting distressed assets, investor focus across the regional markets remains concentrated on best-in-class and core-plus opportunities. Israeli investors and French SCPIs continue to be active, while US private equity also retains interest in core and core-plus assets. UK institutional investors, by contrast, have been net sellers in the regional office market this year albeit a number are now actively seeking core stock in the larger cities outside of London which is a first for some years.

**Outlook** – Although anticipated rate cuts are expected to lift investor appetite, overall activity is likely to remain constrained by the limited volume of stock coming to market. Investment focus is expected to stay centred on the Big Six regional cities, where supply is tightening and the development pipeline remains subdued in the near term. Deeper interest in the sector is growing and largely underpinned by a combination of strengthening returns, rental growth for prime assets in core locations, and improving return-to-office data. However, this has yet to translate into firmer pricing.

BAROMETER DEAL



**Quatermile One, Edinburgh**  
Yield – 7.20%  
Capital Value - £400 psf  
Status – Sold  
Comments – BauMont Real Estate Capital purchased from Epic UK with plans to lease recently-refurbished floors.



**Rory MacGregor**  
Partner, Life Sciences  
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LIFE SCIENCES

**Market Trends** – In Q3 2025, investment volumes in the Golden Triangle life sciences real estate market reached £133.5 million across three transactions—an increase on the previous quarter and the highest quarterly total of the year so far, but still down on the long-term quarterly volumes average. The standout deal was Deutsche Finance Group’s £89 million acquisition of Catalyst Bicester, an automotive and mobility R&D hub, reflecting a net initial yield of 5.4% on the incoming producing element and a future commitment on the development plots.

**Dynamics** – The anticipated development pipeline, alongside a period of slower occupier take-up, has encouraged a more selective approach from investors. We are observing a polarisation emerging in investor appetite between prime and non-prime assets, with the definition of prime becoming more focused, taking into account factors such as microlocation, quality of tenant lineup and how established the ecosystem is.

**Outlook** – It remains uncertain whether anticipated rate cuts will provide significant stimulus against a backdrop of geopolitical and macroeconomic headwinds. Meanwhile, constrained occupier funding is weighing on demand and could in turn lead to an increase in vacancy rates, creating a challenging environment for development sales without a pre-let in tow. Investors will therefore likely continue to show most interest in high quality, well let and income producing opportunities where leasing risk is reduced.

BAROMETER DEAL



**Catalyst Bicester, Oxford**  
Yield – 5.40%  
Capital Value – £328 psf on standing investment and £124 psf for development plots upon PC.  
Status – Sold  
Comments – Albion Land sold Catalyst Bicester - an automotive and mobility R&D campus - to Deutsche Finance Group’s new ‘Techbox’ platform.





**Ed Cornwell**  
International Partner, UK Logistics &  
Industrial Capital Markets  
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LOGISTICS & INDUSTRIAL

**Market trends** – Investment totalled £1.7bn during Q3 2025, marking a second consecutive quarter of improved activity. Despite this recovery investment remains 14% below the volume recorded at the same point during 2024 and 26% below the 5-year pre-pandemic average.

**Dynamics** – Returning strength within the occupational market has helped to calm any nervous sentiment that had lingered around the sector during early 2025. Rental growth now appears stable, and supply side conditions have begun to contract potentially indicating a strong year in 2026. However, the sector continues to grapple with pricing challenges, which have recently surfaced as a result of lower levels of transactional evidence, and ongoing economic pressures. This has meant that a number of assets are subject to a pronounced spread between buyer and sellers' aspirations, or alternatively are resulting in a more selective deployment of the substantial dry powder targeting the sector.

**Outlook** – Economic stability will be key to unlocking opportunities for logistics and industrial investors as we enter 2026. This will help to more closely align the sectors expectations around rental growth and forecasting assumptions. Further improvement in occupier market conditions will likely help to close the gap in pricing aspirations, bringing with it a greater volume of transactional evidence and potential upside.

BAROMETER DEAL



**Click, Aylesford, Kent**  
**Yield – 4.95%**  
**Pricing – c. £100 million**  
**Status – Completed**  
**Comments- Purchased by DWS from Bridges**



**Marcus Wood**  
International Partner, UK Retail & Leisure  
Capital Markets  
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RETAIL & LEISURE

**Market trends** – Total investment into the retail sector fell to £1.1bn during Q3 2025 a 15% reduction versus the Q2 2025 volume, and 5% below the volume recorded during Q3 2024. Despite this investment throughout 2025 remains 7% ahead of the volume recorded at the same point during 2024 and in line with the long term average.

**Dynamics** – The retail market remains a stand-out sector from an asset performance perspective with pricing having now stabilized and the sector offering strong income growth. Perhaps the most pronounced challenge for the market is a limit of investment grade product currently on the market, which comes as a number of investors look to hold assets as the outlook for the sector continues to improve. Out of Town retail parks continue to offer a compelling entry point for many investors, although much of the available product is being acquired at aggressive levels by Realty, leaving limited opportunity for institutional and core plus capital. Improving attitudes towards retail lending, are also helping higher lot size shopping centres, but again volumes remain limited by low levels of supply.

**Outlook** - Limited investment grade supply may continue to limit volumes for prime investment grade assets. However, activity is expected to improve from September onwards, following a quiet summer period. The August interest rate cut will continue to support occupier market conditions and reduce lending costs, encouraging liquidity.

BAROMETER DEAL



**Manchester Fort, Manchester**  
**Yield – 7.25%**  
**Pricing - £90 million**  
**Status – Completed**  
**Comments – PGIM Purchase from Nuveen**



**Ed Fitch**  
Head of Hospitality UK&I  
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HOTELS

**Market trends** - Volumes to the end of Q3 2025 are c.£2.9bn, compared to £4.7bn last year. The principle difference is lack of larger hotel portfolios and platforms transacted to date, nonetheless, volumes remain robust propped up by an increase in single asset trades, particularly in London.

**Dynamics** - There is still a deep pool of investment capital seeking UK hotel investments; however, much of that is focused on larger tickets which, absent portfolios, have been scarce outside of London, whilst private investors appear hesitant in the run-up to the November Budget. Core capital is scarce, with the bulk of investors seeking value-add opportunities, nonetheless, London continues to attract and is delivering available product.

**Outlook** – Operating performance is under scrutiny, particularly as revenue growth consolidates and uncertainty over the impact of the Budget on operating costs grows. That said, there are a number of major deals under offer notably in London (such as the Curio Westminster, W Leicester Square and St Giles Hotel) as well as a couple of large regional portfolios either in advanced marketing or under offer that should support healthy volumes in 2025 and into Q1 2026.

BAROMETER DEAL



**Holiday Inn London Kensington High Street**  
**Yield – 6%**  
**Price – £275 million**  
**Status – Sold**  
**Comments – 708 Keys in an attractive area.**



**Peter Farnes**  
Head of Healthcare Investment  
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HEALTHCARE

**Market Trends** – Trends have continued from the previous quarters with the market being dominated by Specialists and US Capital. There has been huge investment with year to date reaching £9.8bn in Care Home transactions alone, with the total for the whole of 2024 being at only £3.15bn. Expectations are that the whole sector will top £12bn by the end of the year. In terms of what is being transacted, there are many platform purchases but there is still appetite for other types of assets within the sector.

**Dynamics** – The US investors and specialists continue to occupy the market, with the biggest privately owned Care Home operator of Barchester being sold to Welltower, closing at £5.22bn. Other platform deals have been coming through the market, with Welltower also purchasing HC-One. Outside of platforms, the market is still active especially in the forward funding space. There is activity from UK funds who are focusing on triple net leases with strong covenants and good quality assets.

**Outlook** – The market has had a strong year, driven by platform and large-scale portfolio acquisitions. We are expecting transactional activity across all healthcare sectors to continue with momentum as we head towards the end of the year.

BAROMETER DEAL



Barchester Healthcare  
Yield – N/a  
Price – £5.22 bn  
Status – Sold  
Comments – Platform sale to Welltower



**James Dunne**  
Head of Living  
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BUILD TO RENT

**Market Trends** – In Q3 £954mn was invested, almost double Q3 last year. We estimate that around 38% of investment in Q3 was SFH, a trend which has played out over the last few quarters. So far in 2025 there has been £2.85bn invested, we expect investment volumes to hit £4bn by the end of the year, continuing the trend we have seen over the last few years.

**Dynamics** –The continued shortage of homes available to rent has caused some upward pressure on rents, with rental growth picking up over the last couple of months. Affordability has seen slight improvements as earnings growth overtook rental growth in 2024 but value for money will remain an investor focus. Despite a strong investment case for BTR, interest rates being held, wider economic and geopolitical uncertainty and the late Autumn Budget have held the sector back. However, the development route to market is improving with increased and more competitively priced lending and recent announcements to boost housing delivery in London should help support BTR delivery.

**Outlook** – Investment is expected to hit £4bn by then end of the year, with a significant pipeline of transactions anticipated, most notably L&Q’s £1.1 billion BTR portfolio. With a lack of completions coming forward and more development finance available, those who can mobilise now will have ‘first restarter’ advantage.

BAROMETER DEAL



Barking Wharf  
Yield – TBC  
Price – c.£170 million  
Status – Sold  
Comments – Greystar purchased Barking Wharf from Invesco, with a business plan around efficiency in place to drive NOI.



**Russell Hefferan**  
Head of Student Investment  
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PBSA

**Market Trends** – A strong Q3 with £1.4bn invested, around twice the five-year average. Going forward, Q4 normally averages around £1.6bn, and despite there being £1.5bn currently under offer, we only expect to see around half of this transact before the end of the year. This will still mean PBSA will reach £4bn, in line with last year.

**Dynamics** – This academic year has very much seen winners and losers in specific markets and assets, driven by a fall in postgrad international student numbers and a big focus on value for money. Investor attention is increasingly focused on prime modern assets with a lot size of £30-100mn but little of this stock is coming forward. Investors are also interested in first generation assets with refurbishment and value add angles, allowing affordability issues in the sector to be addressed and investors can hit higher returns in an environment where there is less confidence on rents. Investors are being more conservative on rental growth underwriting and are factoring in increased operational costs (incentives and marketing), caused by nervousness around PBSA let up.

**Outlook**– The outlook for the PBSA sector remains positive, the sector has undeniably strong structural drivers paired with a shortage of new assets coming forward. That being said, the market is nuanced and varies asset to asset and location to location, so knowledge is key. We expect to see focus remain on value for money in undersupplied locations. Like the BTR sector, the Renters Right Act and development viability continues to remain an issue.

BAROMETER DEAL

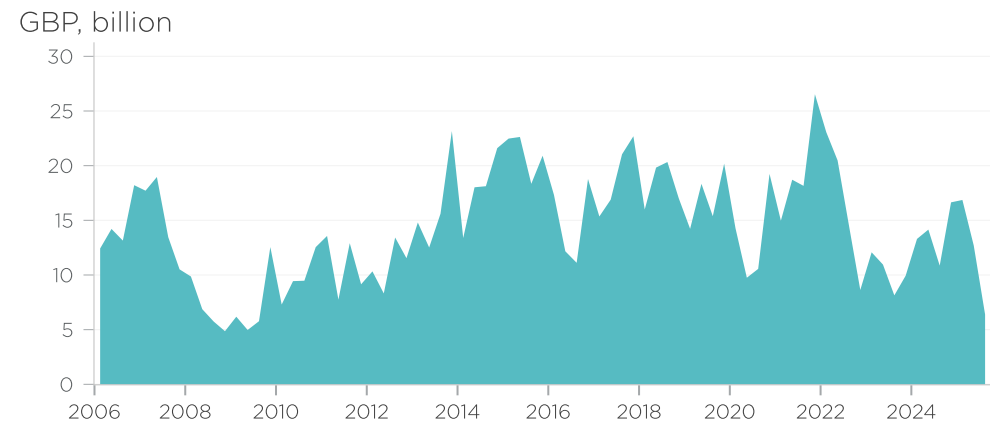


Ropemaker Court, Manchester  
Yield – 5.70%  
Price - £42 million  
Status – Sold  
Comments – Highly convenient access to University of Manchester.  
Image Source: Manchester Metropolitan University

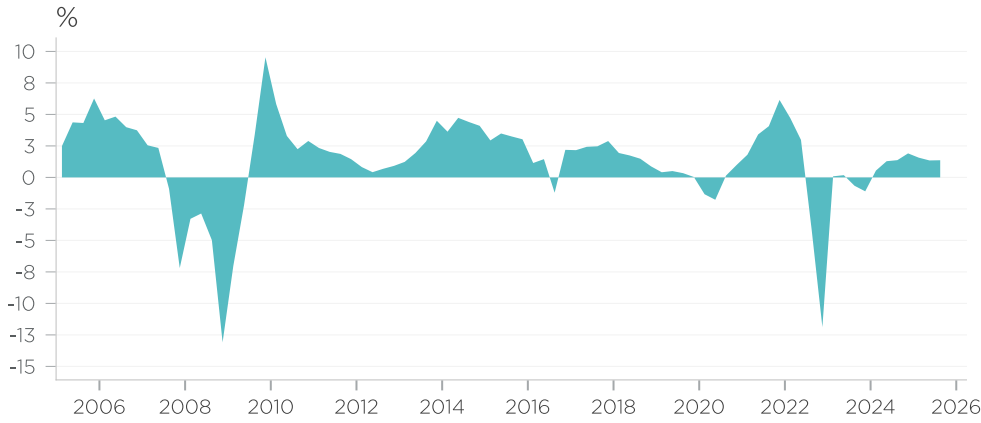
MARKET STATISTICS

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

QUARTERLY INVESTMENT VOLUMES (BILLIONS)



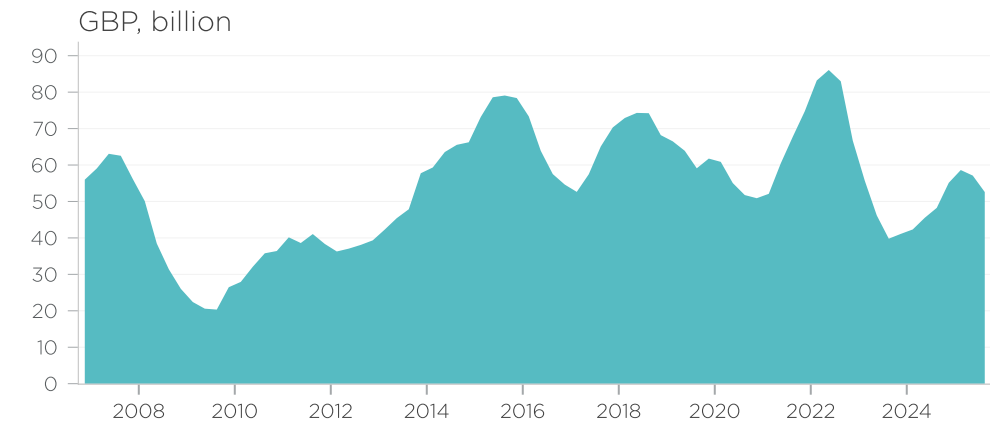
TOTAL RETURNS (%)



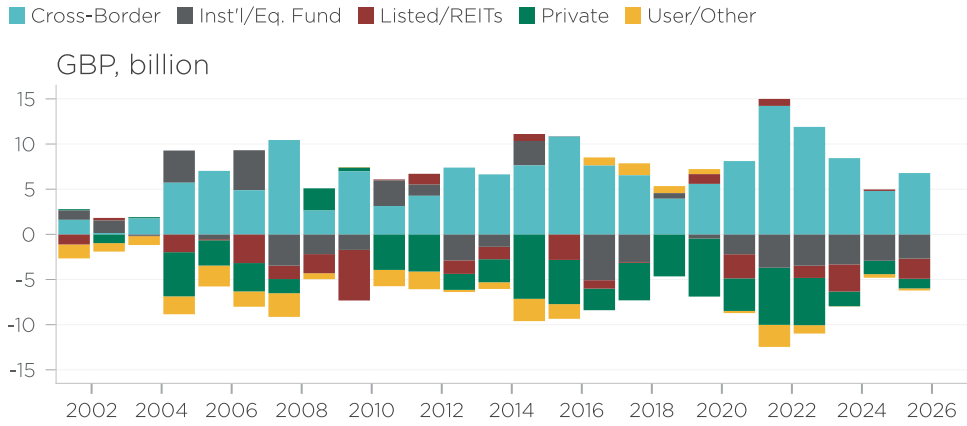
10 YEAR GILTS, 5 YEAR SONIA



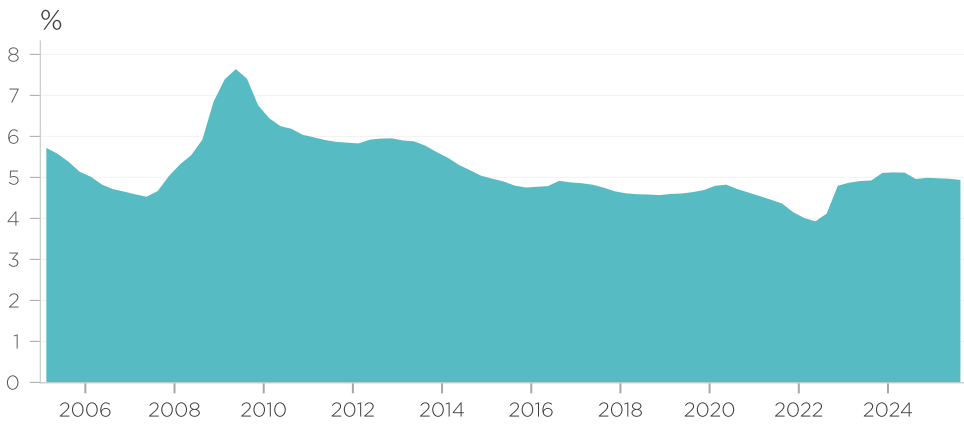
ROLLING ANNUAL INVESTMENT VOLUME (BILLIONS)



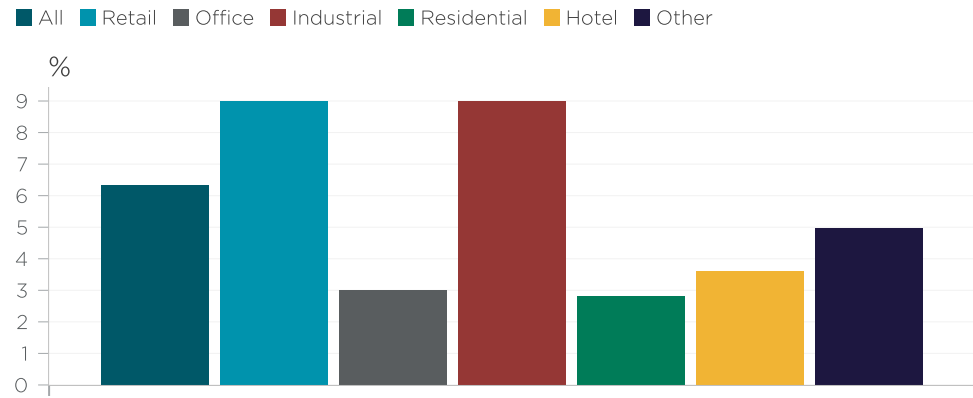
SOURCES OF CAPITAL



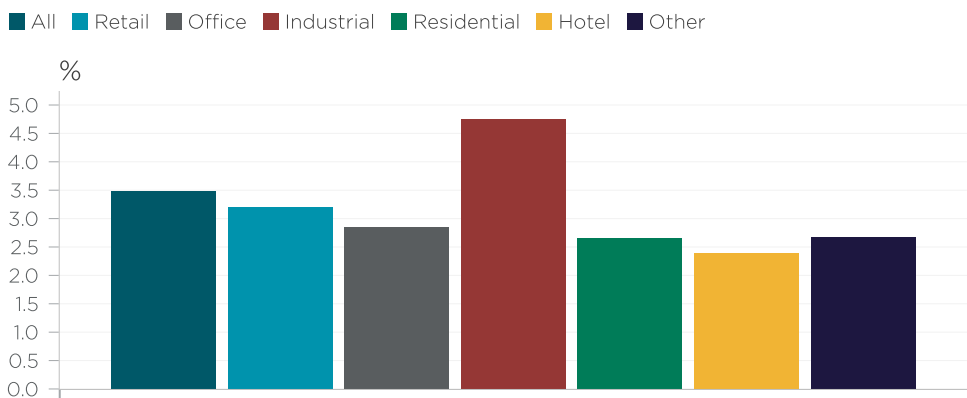
NET INITIAL YIELDS



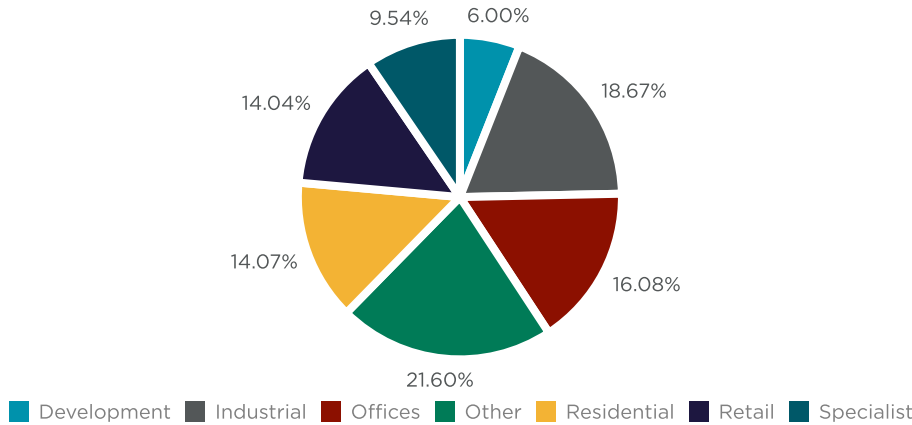
ANNUAL TOTAL RETURN BY SECTOR



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	November 24	Q2 25	October 25	November 25		Q-to-Q		Outlook
Town Centre Retail								
Prime Retail Centres	7.00%	6.50%	6.50%	6.50%	-50 bps	0 bps	0 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	7.75%	7.75%	7.75%	7.75%	0 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	5.50%	5.25%	5.25%	5.25%	-25 bps	0 bps	0 bps	Stable
Prime Bulky Park	6.00%	5.75%	5.75%	5.75%	-25 bps	0 bps	0 bps	Stable
Prime Supermarkets (RPI linked)	4.85%	4.75%	4.65%	4.65%	-20 bps	-10 bps	0 bps	Stable
Prime Solus (Bulky)	6.00%	5.75%	5.75%	5.75%	-25 bps	0 bps	0 bps	Stable
Prime Leisure Parks	8.25%	8.25%	8.25%	8.50%	25 bps	0 bps	25 bps	Outwards
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	6.75%	6.75%	6.75%	6.75%	0 bps	0 bps	0 bps	Stable
Prime City Offices	5.75%	5.50%	5.50%	5.50%	-25 bps	0 bps	0 bps	Stable
Prime West End Offices	4.00%	3.75%	3.75%	3.75%	-25 bps	0 bps	0 bps	Stable
Prime M25	7.25%	7.00%	7.00%	7.00%	-25 bps	0 bps	0 bps	Stable
Prime Regional	6.75%	6.50%	6.50%	6.50%	-25 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	November 24	Q2 25	October 25	November 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	5.50%	5.00%	5.00%	5.00%	-50 bps	0 bps	0 bps	Stable
Build to Rent								
Prime London - West End	4.00%	4.00%	4.00%	4.25%	25 bps	0 bps	25 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	Inwards
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%	6.50%	6.50%	25 bps	25 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%	4.25%	4.25%	4.25%	25 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





# MARKETBEAT INVESTMENT

## NOVEMBER 2025

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