

Acuitus Commercial Property Annual Auction Report

Year-end Review
December 2025

The Acuitus cPad report reviews activity in the UK commercial real estate auction market. The report is produced by Acuitus Research and is powered by analysis of the long-running cPad data series.

These reports provide a comprehensive analysis of key performance metrics, sale trends across asset types, the geographical preferences of investors, and movements in yields. The latest sales data for this year-end review of 2025 has been provided by The Essential Information Group. It is a subset of commercial property auction sales and focuses solely on investment-grade assets and income-producing property with development potential.

The UK commercial property auction market is in the process of delivering a record-breaking year despite a challenging macro-economic backdrop.

This exceptional performance reflects a shift in investor sentiment towards trading stock, coupled with portfolio rebalancing strategies and sustained demand for quality assets across diverse sectors.

RECORD TURNOVER AND VOLUME

The final quarter of 2025 has maintained the strong momentum established throughout the year, with turnover of £168.7m from the sale of 270 lots sold during October and November. This brings year-to-date activity (excluding December auctions) to £836.3m. Given the sales that the December auctions are expected to generate, full-year activity is expected to reach approaching £900m – which would surpass the previous high of £877.3m set in 2017.

A total of 1,498 lots have been sold in the year-to-date with end-year expectations in the range of 1,540-1,575 lots. This represents a significant increase on the 2024 level and underscores the market's continued momentum and the breadth of opportunities available to investors.

2025 quarterly volumes (to 15.12.25)

Q1 £234.24m/338 lots: a strong start to the year with a 12.7% increase by value on Q4 2024.

Q2 £191.36m/395 lots: the market began to pivot towards smaller lots and there was improved sentiment towards retail.

Q3 £242m/457 lots: continued momentum delivering a record Q1-Q3 cumulative total.

Q4 to date £168.7m/270 lots: indicating a new record annual volume level.

SECTOR ANALYSIS: A MARKET IN TRANSITION

Retail: stabilisation at lower pricing levels

Retail assets remained the largest sector by value, accounting for 56.2% of all lots sold year-to-date, representing a modest increase on last year's 55.3% but below the long-run average of 67%. This reflects the structural shifts that have reshaped the sector over the past decade.

The retail sector has undergone a fundamental repositioning. High street properties, once the dominant investment vehicle for family offices and private investors, have faced well-documented headwinds due to the collapse of some major national multiples including department stores, the rise of e-commerce, and the shortening of lease lengths. The cPad analysis suggests that the market reached bottom in pricing terms in Q1 2024; however, subsequent performance has shown no discernible trend.

Notably, Q2 this year saw a temporary spike in retail activity (63.6% of sales), representing a near 50% increase on Q1. This resurgence was driven by renewed investor appetite for smaller (sub-£500,000) well-located, value-add retail assets and ground-floor retail units with mixed-use or residential potential above.

Industrial: strong demand but constrained supply

Industrial properties remain a popular asset class for investors. Q1 2025 proved particularly robust, with industrial volumes nearly tripling from Q1 2024 (£12.8m) to reach £36.5m and showing a strong sales rate of 87.8%.

The resilience of the industrial sector reflects ongoing structural demand drivers: supply chain imperatives, the acceleration of e-commerce penetration, and limited availability of quality stock continue to underpin investor interest.

Industrial yields tightened by 193 basis points in Q4 2025, the only sector to record yield compression over the quarter, indicating continued demand and relative scarcity. Particularly popular are second generation multi-let industrial estates, but supply is constrained as owners are often unwilling to sell these assets because of their present returns and future potential.

Covent Garden, London



Central London office investment.

Sold for £5.46m,
yield of 4.6%.

Alternatives: sustained demand

The sale of alternative assets – which predominantly encompass the leisure, healthcare and mixed-use properties – have accounted for more than a fifth of 2025 activity by value which is well above the long-run average of approximately 14%.

Investors are increasingly attracted to alternative sectors when the assets have longer lease lengths and relatively greater financial strength of the tenants. Leisure assets, in particular, have benefited from investors seeking resilient, consumer-driven income streams. Properties that have large floor areas on large plots offer both stability and potentially a change of use and asset management upside, making them attractive in the current environment.

Quasi-industrial and retail investments such as builders' merchants and trade counters have remained extremely popular with investors attracted by financially-sound occupiers and relatively long leases on sites which have usually low site coverage.

Office: a divided market

The office sector continues to display divergent performance across the quality spectrum. Good quality, grade A/B+ offices attract stronger investor demand and have achieved yield compression of 129 basis points year-on-year. In contrast tertiary office stock continues to face challenges, with investors remaining cautious amid ongoing workplace trends and refurbishment requirements.

A challenging letting market has led to lower rents and this has presented an opportunity for investors who can acquire buildings at prices significantly below replacement cost. The investors will require active management skills in order to achieve higher levels of occupation through refurbishment and rental inducements. However, improved sentiment towards offices in the wider investment market and an expected decrease in working from home could signal a turning point for the sector.

The change of use to residential for redundant office stock has been well-documented and is still a significant driver of investor demand if residential is a permissible and viable alternative.

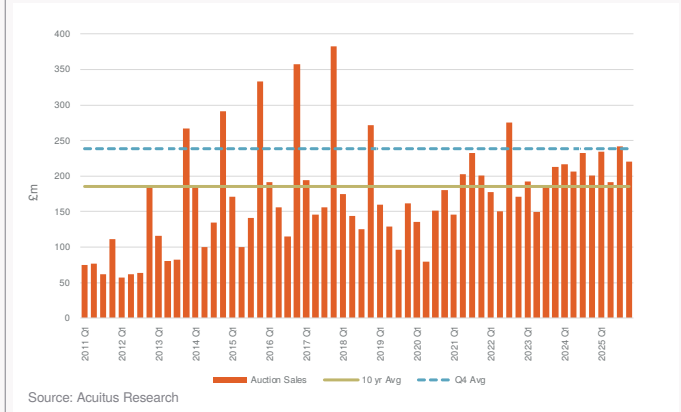
Q1 2025 illustrated these market dynamics: office sale rates declined to 62.1% from 86.7% in Q4 2024, highlighting buyer selectivity and the need for careful pricing by sellers. However, better quality and more substantial assets are now coming to market as shown by the increase of the average office lot size selling at auction rising from £1.02m in 2024 to £1.68m this year.

Woodley, Reading



Suburban retail parade with residential upper parts investment.
 Sold for £4.06m,
 yield of 8.75%.

Quarterly sales volume £m 2011-2025 Q4



GEOGRAPHIC ANALYSIS

London consolidation

Since late 2021, London has generated £780m of property auction sales, underscoring the capital's position as a cornerstone of the UK commercial property market with the highest concentration of investors.

London assets continued to play a central role in the auction market, representing 32.5% of all transactions by value year-to-date, albeit slightly below last year's 34.9% but well ahead of the long-run average of 22.1%. This sustained demand reflects London's enduring appeal as a prime investment destination for both domestic and international investors.

The regions: steady sales growth

Sales activity across the rest of UK activity has remained steady this year and accounted for 70.9% of volumes across Q1 2025 (£166.2m), Q4 2024 (£149.4m) and Q1 2024 (£136.3m). This sustained regional momentum reflects growing investor interest in diversification, lower entry costs, and the attractive yields available outside London.

LOT SIZE TRENDS

Average auction sale prices grew to £624,000 in Q4 2025, up from £529,500 in Q3, reflecting an increase in higher-value transactions during the quarter.

Across the regions, average sale prices this year have risen to around £550,000 to slightly narrow the gap with London lots which have been selling for an average of around £932,000.

Larger lots continued to command investor interest. In Q4 2025, lots above £1m raised £91.2m from 39 transactions, whilst year-to-date figures reached £390.8m from 200 lots sold. This represented 47% of total amount raised. Full-year transactions above £1m are expected to exceed £400m, demonstrating sustained demand for the higher value properties.

This size of asset typically attracts cash investors who are seeking asset management opportunities to add value and achieve higher returns.

However, the full-year picture reveals greater complexity.

In contrast, there is also a significant segment of buyers who are targeting smaller, more manageable properties with reduced risk exposure and potential for trading.

This further illustrates that online auctions have now given access to a far greater number of buyers to direct property. The buyers will have a wide range of investment criteria based upon the level of risk, geographic location and amount available for investment.

SALES RATES

An increase in properties brought to auction has exerted downward pressure on sales rates. The provisional Q4 sales rate of 71.4% represents the lowest level since Q2 2014 and sits significantly below the long-run average of 81.1%. However, this average masks differing levels of success among auctioneers and also the sometimes unrealistic price expectations of sellers.

Pricing is sensitive in what is still a fragile market for some assets and careful analysis of the asset's investment characteristics and the investor demand criteria are pre-requisites for successful sales.

However utilising pre-registration insights and bidder engagement data through online auctions does offer sellers increasingly sophisticated tools to determine optimal sales strategies whether proceeding with auction, accepting pre-auction offers, or withdrawing for later repositioning.

YIELDS: HOLDING STEADY

All-Property yields:

The Acuitus cPad All-Property yield has remained largely unchanged this year standing at 9.09% as we entered the final quarter, up from 8.95% in Q3 2025.

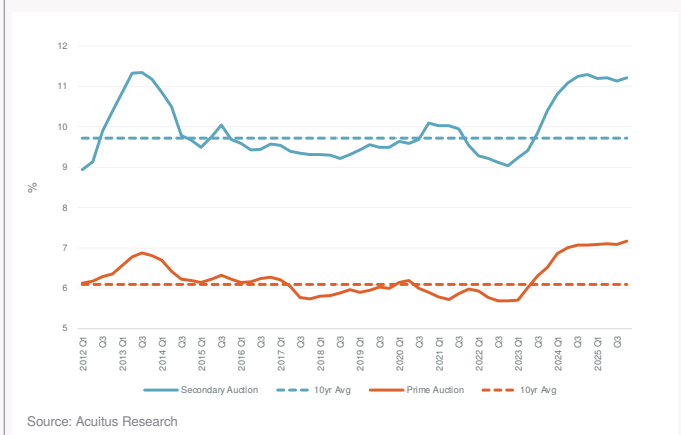
Prime vs. Secondary divergence:

The cPad Prime yield increased marginally from 7.08% in Q3 to 7.17% in Q4 but has been constant through the year as the market has stabilised. The Secondary yield has also remained largely unchanged and is now at 11.22%.

Sector yield movements:

- **Retail:** yields have weakened slightly from 9.04% to their present level of 9.26% but overall have seen little change during the past 12 months.
- **Office:** this sector has shown the most significant compression over the year and stands currently at 10.7% having hardened from 11.99% twelve months previously.
- **Industrial:** yields have remained fairly stable and now stand at 7.75%. This is close to the long run average of 7.64%.
- **Leisure:** maintained its yield during the year and currently stands at 7.75% hardening from 8.87% as measured a year ago.

Prime and Secondary auction yields



THE AUCTION MARKET'S EVOLVING ROLE

The expansion of auction activity beyond traditional retail assets – now encompassing industrial, leisure, development land, and mixed-use properties – reflects the broadening utility of auctions as a capital recycling tool. The shift to online live-stream auctions has enhanced accessibility for a diverse range of investor profiles.

Auctions now serve institutional portfolio rebalancing, private investor opportunism, and disciplined pricing discovery across a broader spectrum of commercial property types. This evolution has strengthened the market's liquidity and price transparency.

THE LENDING MARKET

The lending market in 2025 has been reasonably stable, with decreasing interest rates during the year. Lenders have funds to deploy and as the end of the year approaches, they are working hard to try and complete loans, which shows they are behind targets. The challenges during the year have come from reduced valuations, with bank valuers operating nine to twelve months behind the market sales values.

The budget has not had a great impact on lending markets. Prior to the budget, gilt and swap rates increased, and after it they both reduced slightly and were back to the range of a few months ago. From the market's point of view there was no major funding gap and taxes have been raised to pay for spending. The five-year swap rate is now around 3.7% which is keeping fixed rates at their lowest levels since interest rates started rising.

The majority of borrowers are leaning towards floating rates with the expectation of more base rate decreases, or a split fixed and floating strategy to keep some insurance in place. Looking forward to early 2026 there appears to be lots of liquidity in the market from lenders, with rates reducing and all in rates should continue to fall slowly during the year. From a pricing angle, margins have been reducing quite aggressively, which is expected to continue. Investors looking to borrow for either purchase or refinance, normally will find the first quarter of the year one of the most attractive times for funding deals.

OUTLOOK

We are cautiously optimistic for the UK commercial property auction market in 2026, and expect strong but selective demand focused on well-priced, income-producing and value-add assets.

Economic growth and easing inflation, alongside progressive interest rate cuts, are expected to reduce debt costs and support the risk-return case for commercial property, albeit selectively with modest overall growth. We expect commercial investment volumes and capital values to edge up.

Private investors, including family offices and small funds, will remain active. They are likely to find attractive auction yields (our All-Property average yield is around 9%, with Prime nearer 7% and Secondary above 11%) and will also capitalise on bottom-of-the cycle prices for certain property sectors such as high street shops and offices. This demand will be especially strong where income is resilient and inflation-linked.

Live-stream online auctions have now become the primary choice for selling and buying commercial property. Our online platform has improved accessibility and liquidity, particularly for the diverse market of smaller, UK-wide and value-add properties.

As a consequence, we expect our commitment to providing transparent, accurate and comprehensive information to all our buy-side and sell-side clients combined with the quality of assets we bring to market, will increase the pool of active investors investing and trading through Acuitus auctions throughout 2026.

Leicester



City centre mixed-use investment.
Sold for £2.895m.

Winchester, Hampshire



Out-of-town office campus investment.
Sold for £2.41m.

Yields by sector

RAYS*	2025 Q4	2025 Q3	2024 Q4	10-year average
All-Property	9.09	8.95	9.23	7.94
Retail	9.26	9.04	9.57	8.10
Office	10.7	10.81	11.99	9.09
Industrial	7.75	7.81	8.03	7.64
Leisure	7.75	7.87	8.87	7.47

*Four-quarter rolling average yield (RAYS)

Source: Acuitus cPad EIG

Spot yields	2025 Q4	2025 Q3	2024 Q4
All-Property	10.28	8.85	9.73
Retail	10.06	9.16	9.20
Office	12.56	10.26	13.02
Industrial	7.70	9.63	7.92
Leisure	8.62	7.09	9.06

Source: Acuitus cPad EIG

By location

RAYS*	2025 Q4	2025 Q3	2024 Q4	10-year average
London	7.35	6.69	6.21	5.62
Rest of UK	9.89	9.85	10.70	8.66

*Four-quarter rolling average yield (RAYS)

Source: Acuitus cPad EIG

Spot yields	2025 Q4	2025 Q3	2024 Q4
London	8.55	7.15	5.92
Rest of UK	10.96	9.69	10.80

Source: Acuitus cPad EIG

Prime and Secondary

RAYS*	2025 Q4	2025 Q3	2024 Q4	10-year average
Prime	7.17	7.08	7.07	6.19
Secondary	11.22	11.13	11.30	9.85

*Four-quarter rolling average yield (RAYS)

Source: Acuitus cPad EIG

Spot yields	2025 Q3	2025 Q2	2024 Q3
Prime	7.43	7.08	7.06
Secondary	12.03	10.84	11.69

Source: Acuitus cPad EIG

Nottingham



City centre mixed-use parade investment.
Sold for £1.55m, yield of 5.9%.

Queenborough, Kent



Drive-thru leasehold investment.
Sold for £1.47m, yield of 6.09%.

A selection of sales from 2025 Acuitus auctions



Nottingham

Industrial estate investment.
 Sold for £1.85m.



Coleshill, Birmingham

Modern office investment.
 Sold for £1.08m.



Cheltenham, Gloucestershire

City centre leisure investment.
 Sold for £1m.



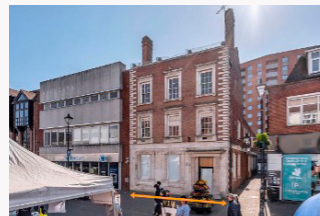
Morrisons Car Park, Nottingham

Sold for £1.05m.



Royal Tunbridge Wells, Kent

Public house investment.
 Sold for £2.4m, yield of 7.6%.



Staines-upon-Thames, Surrey

A vacant former bank.
 Sold for £1.45m.



Billericay, Essex

Leisure investment.
 Sold for £1.13m, yield of 7.0%.



Chiswick High Road, London

London suburb retail and residential investment.
 Sold for £2.5m.



Wokingham, Berkshire

Petrol filling station and shop investment.
 Sold for £1.35m, yield 3.5%.



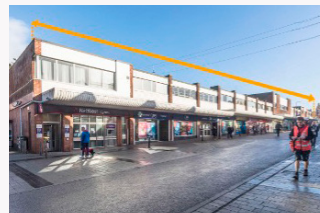
Rotherham, South Yorkshire

Out-of-town industrial and office park investment.
 Sold for £2.11m.



Banbury, Oxfordshire

Trade counter investment.
 Sold £775,000, yield 4.8%.



Barry, South Glamorgan

Retail and residential parade investment.
 Sold for £2.43m.

