

# UK Commercial Property Auction Data Report

## May 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 Q1 2025 review 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.

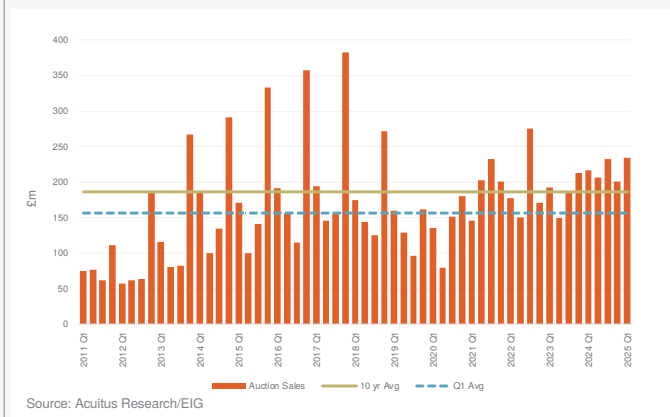
### Overview

The UK commercial property auction market started 2025 with renewed vigour, building on a foundation of growing investor confidence, shifting regional dynamics, and evolving sector performance. The latest data for Q1 2025 reveals a market which is both resilient and adaptive, with volume, pricing, and yield trends reflecting broader economic and sector-specific forces.

### Market overview: Strong start and sustained growth

In Q1 2025, the total commercial property auction volume reached £234.24m, representing a 12.7% increase from £207.73m in Q4 of last year and an 8% year-on-year rise from £216.99m in Q1 2024. This growth signals sustained investor confidence and a positive momentum that has carried forward from the previous year, despite ongoing macroeconomic uncertainties.

### The pattern of auction activity has changed



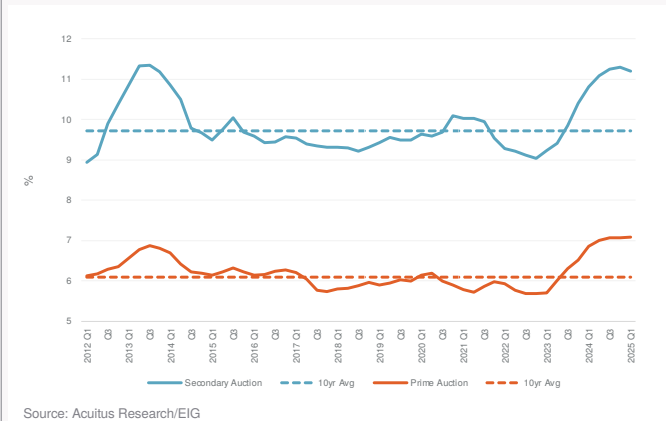
### Sector performance: Industrial surges, Retail holds, Office and Leisure diverge

- **Retail** remained the largest sector by volume, accounting for £115.1m (49.1% of total), up from £90.2m in Q4 2024 but down from £132.7m in Q1 2024. The sector's sale rate improved to 80.5%, suggesting renewed buyer appetite for well-located or value-add retail assets despite structural headwinds.
- **Industrial** properties saw a remarkable surge, with volumes rising to £36.5m (15.6% of the total) – almost doubling from Q4 2024 (£19.6m) and nearly tripling from Q1 2024 (£12.8m). Industrial's sale rate remained robust at 87.8%, reflecting strong demand for logistics and warehousing assets as supply chain resilience and e-commerce continue to drive the sector.
- **Office** volumes stood at £30.3m, down from Q4 2024 (£39.6m) but notably higher than Q1 2024 (£18.4m). However, the office sale rate dropped to 62.1% from 86.7% in Q4, highlighting ongoing investor caution amid changing workplace trends and a continued "flight to quality" for energy-efficient, prime offices.
- **Leisure** remains a significant property sector for investors because of the length of lease but volumes did fall to £21.7m (22.4% of the total), with a sale rate of 69.8%.

### Resurgent regions

- **Greater London** auction volumes rose to £68.1m, up from £58.4m in Q4 2024 but below £80.7m in Q1 2024. London's share of total auction volume was 29.1%, slightly up quarter-on-quarter but down year-on-year.
- **Rest of UK** achieved £166.2m in auction sales, up from £149.4m in Q4 2024 and £136.3m in Q1 2024. The regions accounted for 70.9% of total volume, underscoring growing investor interest outside London and highlighting the resilience and opportunity in regional markets.
- Sale rates in Greater London dipped to 79.3%, while the Rest of UK improved to 79.1%, marking a convergence in buyer engagement across geographies and signalling a more balanced national market.

## Primary and Secondary auction yields



## Lot sizes: Stability amid fluctuations

- The average lot size for all commercial property auctions in the first three months of this year was £622,968. This was slightly higher than Q4 2024 (£612,785) but lower than Q1 2024 (£632,615). This stability suggests a consistent market environment, with neither a pronounced shift toward smaller nor larger assets. Having said this, the larger lots (over £1m) accounted for 50% by value of sales.
- By sector, office and industrial lot sizes saw significant increases. Office lots averaged £1.68m (up from £1.02m in Q4 2024), while industrial were at £1.01m (up from £561,000). Retail and leisure lot sizes decreased.
- Regionally, London's average lot size declined to £932,291, while the Rest of UK rose to £548,445, narrowing the historic gap.

## Yields: Compression signals market strength

- The All-Property rolling average yield fell to 8.84% in Q1 2025 from 9.23% in Q4 2024 and 9.10% in Q1 2024. Yield compression is a clear indicator of strengthening market conditions and heightened competition among buyers.
- Early indications of changes in trends can be taken from looking at the spot yields. The All-Property spot yield dropped sharply to 8.60% from 9.73% in Q4 with the spot yield for office seeing the most dramatic change, falling to 7.09% from 13.02% in Q4.
- Sector yields mostly strengthened: retail rolling average yield hardened to 9.13%, office to 10.76%, and industrial to 7.86%.
- With the Prime (lower quartile) rolling average yield at 7.09% and the Secondary (upper quartile) yield at 11.20% the yield gap has remained relatively stable. However, the spot

Secondary yield (upper quartile) came in by 108bps which may be an early signal worth watching.

- Regionally, Greater London yields continued to compress, falling to 6.1% (rolling average), while Secondary yields in the regions hardened to 10.04%. However, the spot yields again provide an early indication of change which may reflect growing investor interest and confidence outside the capital. The Greater London spot yield actually weakened to 7.02% from 6.18% at the end of 2024 whilst the spot yield for the Rest of UK hardened to 9.58% from 11.27%.

## Market drivers and outlook

Several factors are underpinning the current market dynamics:

- **Investor sentiment:** Improved liquidity and positive sentiment are driving increased activity, particularly as interest rates are expected to stabilize or fall, making debt more affordable and unlocking further demand.
- **Sectoral shifts:** Industrial remains the standout performer, with logistics and warehousing assets in high demand. Retail is stabilizing, with investors seeking value in repositioning or repurposing assets. The office market is bifurcated, with prime, sustainable assets attracting premium pricing, while secondary stock continues to face challenges. Interestingly, active management investors are beginning to get to grips with older office stock providing the purchase price is at a realistic level to allow for refurbishment/repurposing and a profit.
- **Regional rebalancing:** The shift toward regional markets continues, fuelled by better yields, lower entry costs, and growing economic activity outside London. This trend is likely to persist as investors diversify and seek growth in emerging locations.
- **Yield compression:** The ongoing compression of yields across most sectors and regions signals strengthening market fundamentals and increased competition, particularly for quality assets.

## A market in transition, poised for opportunity

The UK commercial property auction market in Q1 2025 presents a picture of resilience, adaptability, and cautious optimism. Robust growth in volumes, improving sale rates, and yield compression all point to a market that is regaining momentum after a period of uncertainty. The ongoing shift toward regional markets, the outperformance of industrial assets, and the stabilisation of retail underscore the evolving landscape.

As the year progresses, the interplay of interest rates, investor sentiment, and sector-specific trends will continue to shape market dynamics. For buyers and sellers alike, staying attuned to these shifts will be essential for capitalising on opportunities in what remains a dynamic and competitive auction environment.



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