

MARKETBEAT INVESTMENT

DECEMBER 2025 - IN BRIEF

Better never settles

MIXED SENTIMENT ABOUND

The late Budget put pay to a sharp increase in activity during the final month of the year. For more information on the Budget, we cover that in the *Economy and Housing Marketbeat*.

As we go into the new year, we see sectoral interest still relatively diverse:

Across *central London* offices, while volumes remain muted, there have been a number of larger deals transact during the last few weeks, with a significant amount under offer. We have seen a noted uptick in institutional activity, and North American and German private buyers. Regional offices nevertheless remain subdued, with an increase in North American capital and UK institutional interest for core opportunities. This marks a step change.

Liquidity remains strong across all *retail* sub sectors including leisure, with core investors active, despite a final-quarter slow down in the out-of-town market.

Industrial interest remains steady, with a number of larger deals expected to close before year-end across a wide range of buyers.

Value-add capital remains active across the *PBSA* market, particularly for older stock needing capex or operational resets. A number of the larger portfolio transactions are taking longer to complete and may fall into early 2026.

Hotels has seen a quieter Q4, but 2025 should be in line with the ten-year average, with a significant amount of stock on the market.

The star performer of the year in terms of volumes has been the *Healthcare* sector, which prior to year-end had already seen investment of c.£10 billion, excluding hospitals and primary care. Most of this activity has been driven by US REITS.



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KEY TAKEAWAYS



The most recent MSCI monthly total returns came in at 0.5%. This was a slight increase on the previous month, driven by 0.6% rental value growth.



On an annual basis, MSCI monthly Index total returns slowed to 7.7%, with Shopping Centres by far the strongest performing sector at 12.5%



According to our Prime Yield coverage, no markets moved during the last month.



The MPC voted to cut the Base Rate by 25 basis points to 3.75%,



In October, net lending to commercial property softened, dropping to £1.47 billion from £1.65 billion in September. This pushed the rolling three-month total down to £5.7 billion.

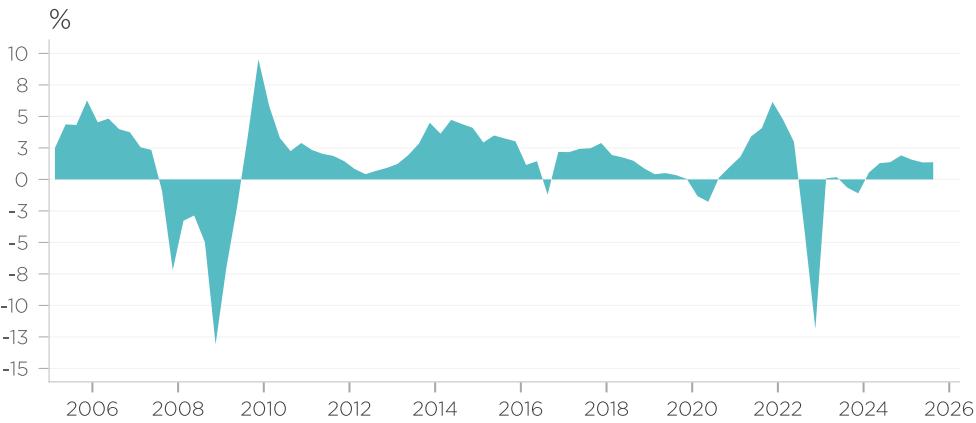
MARKET STATISTICS

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

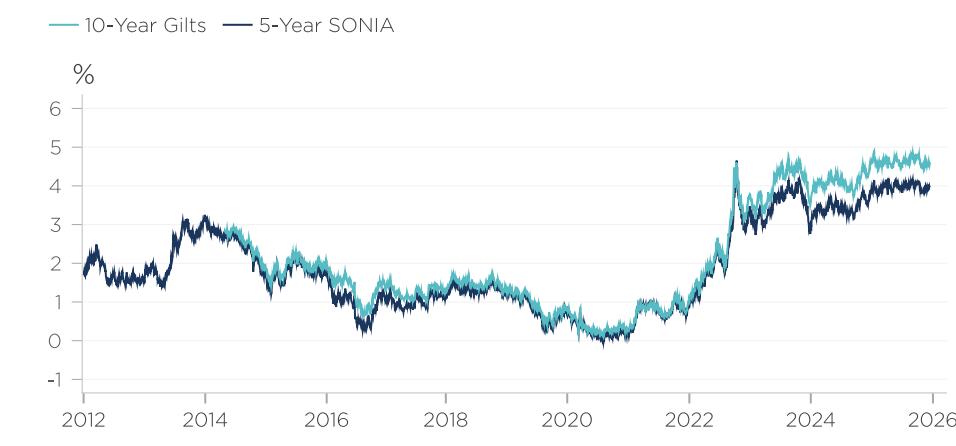
QUARTERLY INVESTMENT VOLUMES (BILLIONS)



TOTAL RETURNS (%)



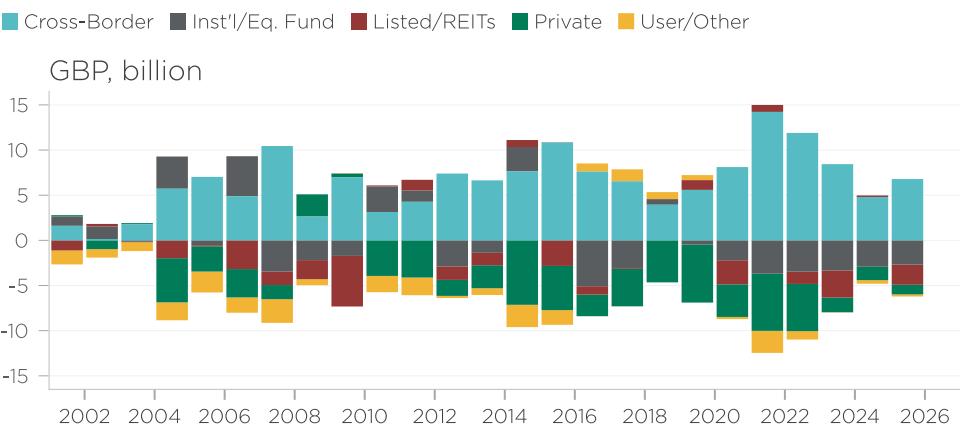
10 YEAR GILTS, 5 YEAR SONIA



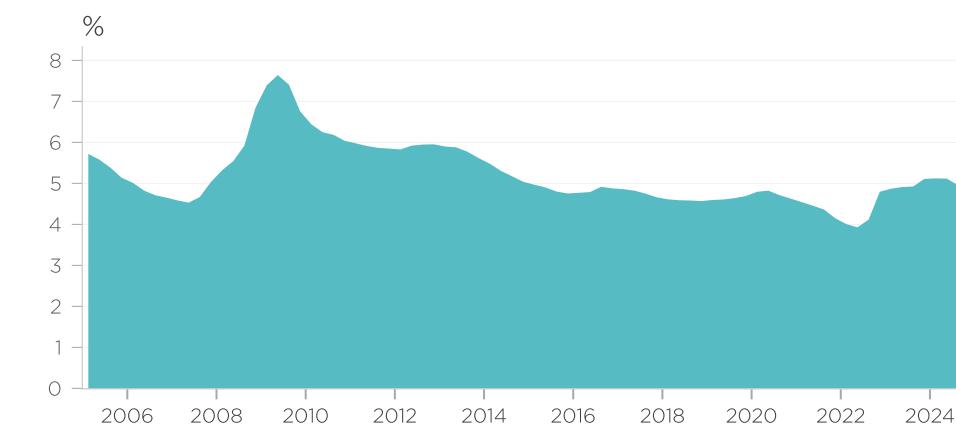
ROLLING ANNUAL INVESTMENT VOLUME (BILLIONS)



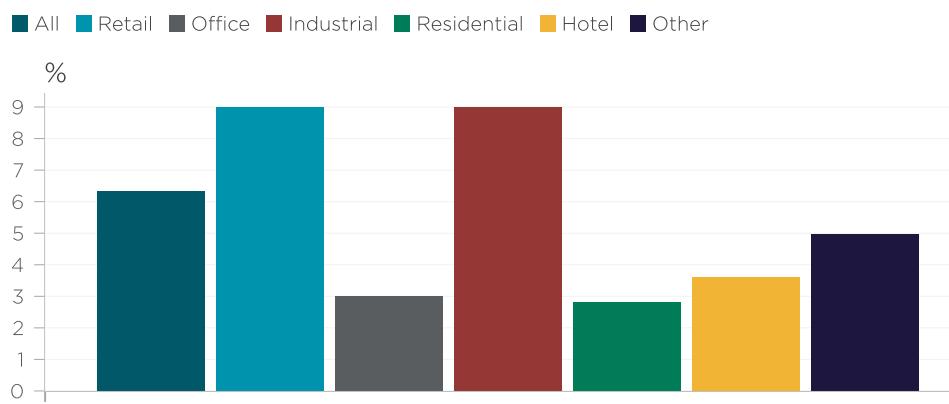
SOURCES OF CAPITAL



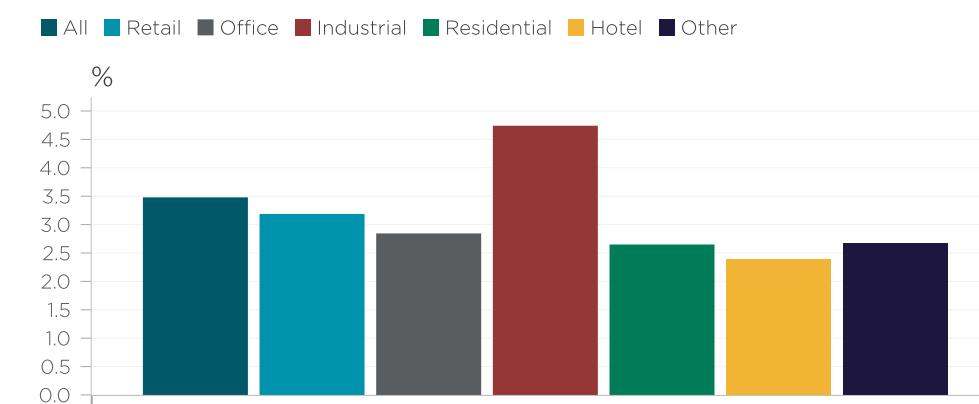
NET INITIAL YIELDS



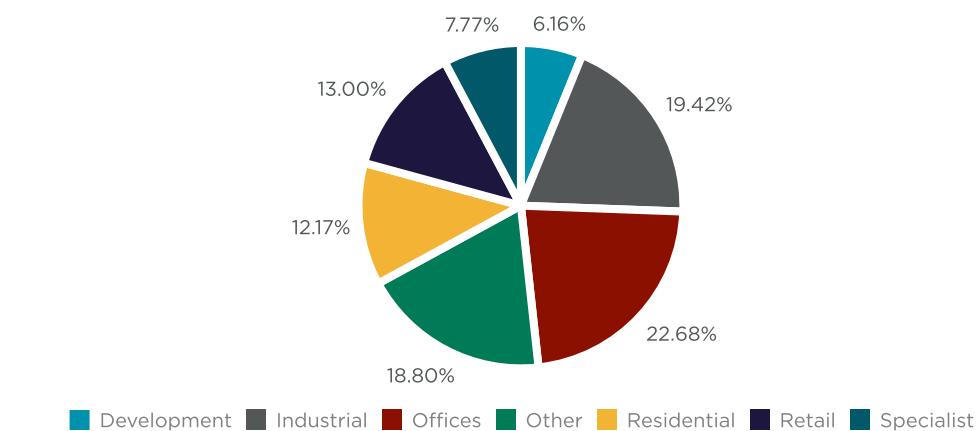
ANNUAL TOTAL RETURN BY SECTOR



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	Previous Year	Previous Quarter	Previous month	Present	Annual Change (bps)	Quarterly Change (bps)	Monthly Change (bps)	
Sector	December 24	Q3 25	November 25	December 25		Q-to-Q		Outlook	Sector	December 24	Q3 25	November 25	December 25		Q-to-Q		Outlook
Town Centre Retail									Co-living								
Prime Retail Centres	6.75%	6.50%	6.50%	6.50%	-25 bps	0 bps	0 bps	Stable	Greater London	4.50%	4.50%	4.50%	4.50%	0 bps	0 bps	0 bps	Stable
Secondary Retail Centres	10.00%	10.00%	10.00%	10.00%	0 bps	0 bps	0 bps	Stable	Prime Regional	5.25%	5.00%	5.00%	5.00%	-25 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	Build to Rent								
Shopping Centres									Prime London - West End	4.00%	4.25%	4.25%	4.25%	25 bps	0 bps	0 bps	Stable
Regional	7.75%	7.75%	7.75%	7.75%	0 bps	0 bps	0 bps	Inwards	Greater London	4.50%	4.50%	4.50%	4.50%	0 bps	0 bps	0 bps	Stable
Sub-Regional	11.00%	11.00%	11.00%	11.00%	0 bps	0 bps	0 bps	Inwards	Prime Regional	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Local	12.00%	12.00%	12.00%	12.00%	0 bps	0 bps	0 bps	Inwards	Hotels								
Retail Warehouses (Greater London and SE in brackets)									Prime London Fixed Income	4.50%	4.25%	4.25%	4.25%	-25 bps	0 bps	0 bps	Inwards
Prime Open A1 Retail Park	5.25%	5.25%	5.25%	5.25%	0 bps	0 bps	0 bps	Stable	Prime Regional Fixed Income	5.25%	5.00%	5.00%	5.00%	-25 bps	0 bps	0 bps	Inwards
Prime Bulky Park	5.75%	5.75%	5.75%	5.75%	0 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 Supermarkets (RPI linked)	4.85%	4.65%	4.65%	4.65%	-20 bps	-10 bps	0 bps	Stable	Prime Regional Tradting	8.00%	8.00%	8.00%	8.00%	0 bps	0 bps	0 bps	Stable
Prime Solus (Bulky)	6.00%	5.75%	5.75%	5.75%	-25 bps	0 bps	0 bps	Stable	Life Sciences								
Prime Leisure Parks	8.25%	8.50%	8.50%	8.50%	25 bps	0 bps	0 bps	Outwards	Golden Triangle	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Inwards
Multi-Let Industrial									Regional Centres	6.25%	6.50%	6.50%	6.50%	25 bps	25 bps	0 bps	Stable
Prime Greater London	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable	Care Homes								
Prime South East	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Stable	Prime	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Prime Regional	5.25%	5.25%	5.25%	5.25%	0 bps	0 bps	0 bps	Stable	Prime SPV	5.75%	5.75%	5.75%	5.75%	0 bps	0 bps	0 bps	Stable
Distribution Warehousing									Medical								
Prime Long Income	5.00%	5.00%	5.00%	5.00%	0 bps	0 bps	0 bps	Stable	Prime	4.50%	4.50%	4.50%	4.50%	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	Secondary	5.75%	5.75%	5.75%	5.75%	0 bps	0 bps	0 bps	Stable
Prime Short Income	5.75%	5.75%	5.75%	5.75%	0 bps	0 bps	0 bps	Stable	Student Accommodation								
In Town Offices									Prime London	4.00%	4.25%	4.25%	4.25%	25 bps	0 bps	0 bps	Stable
Greater London	6.75%	6.75%	6.75%	6.75%	0 bps	0 bps	0 bps	Stable	Greater London	4.75%	4.75%	4.75%	4.75%	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	Super Prime Regional	5.25%	5.25%	5.25%	5.25%	0 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 Regional	5.50%	5.50%	5.50%	5.50%	0 bps	0 bps	0 bps	Stable
Prime M25	7.25%	7.00%	7.00%	7.00%	-25 bps	0 bps	0 bps	Stable	Self Storage								
Prime Regional	6.75%	6.50%	6.50%	6.50%	-25 bps	0 bps	0 bps	Stable	Primary	4.75%	4.75%	4.75%	4.75%	0 bps	0 bps	0 bps	Stable
Out of Town Offices									Secondary	6.00%	6.00%	6.00%	6.00%	0 bps	0 bps	0 bps	Stable
Prime South East	8.25%	8.00%	8.00%	8.00%	-25 bps	0 bps	0 bps	Stable	Tertiary	7.00%	7.00%	7.00%	7.00%	0 bps	0 bps	0 bps	Stable
Prime Regional	9.25%	9.00%	9.00%	9.00%	-25 bps	0 bps	0 bps	Stable									



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