

MARKETBEAT INVESTMENT

DECEMBER 2025 - IN BRIEF

Better never settles

MIXED SENTIMENT AROUND

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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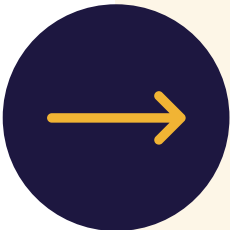
KEY TAKEAWAYS



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%,

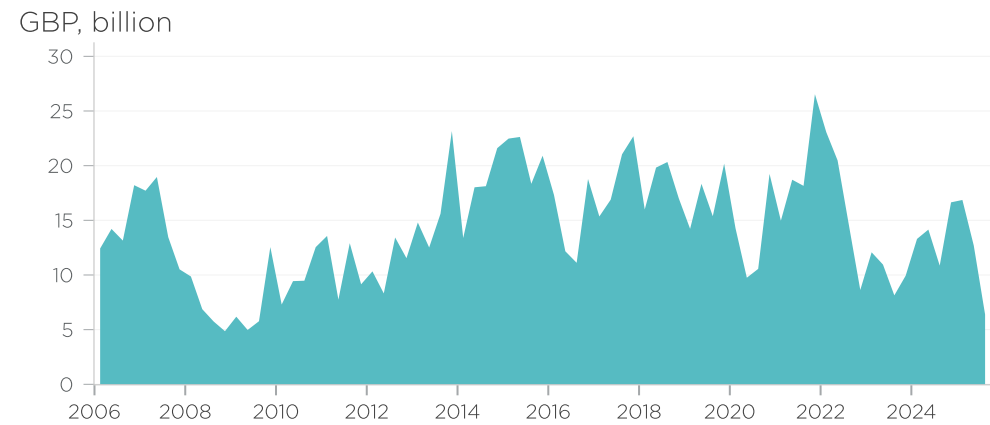


In October, net lending to commercial property softened, dropping to £1.47 billion from £1.65 billion in September. This pushed the rolling three-month total down to £5.7 billion.

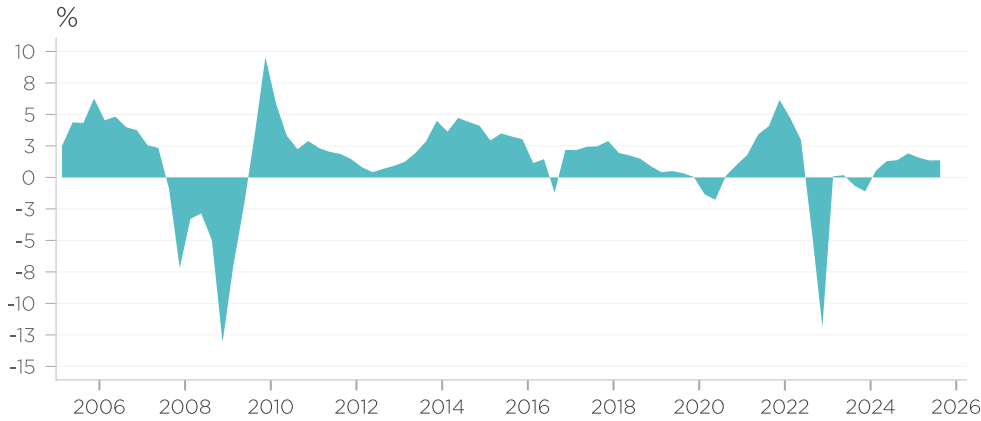
MARKET STATISTICS

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

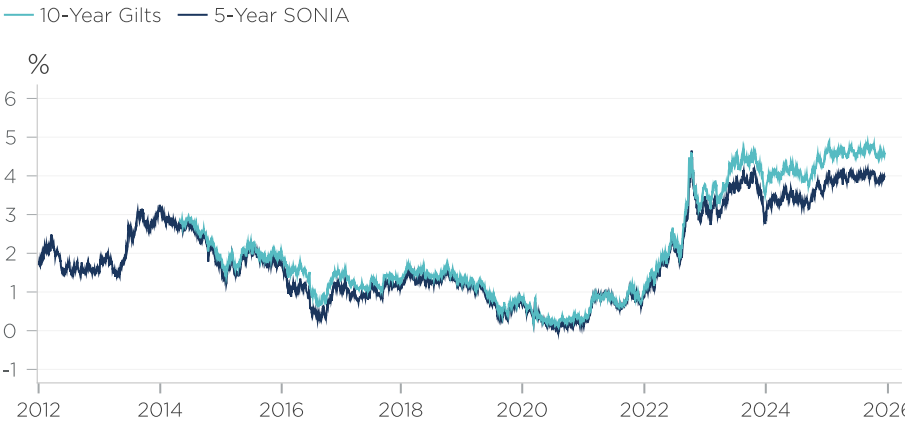
QUARTERLY INVESTMENT VOLUMES (BILLIONS)



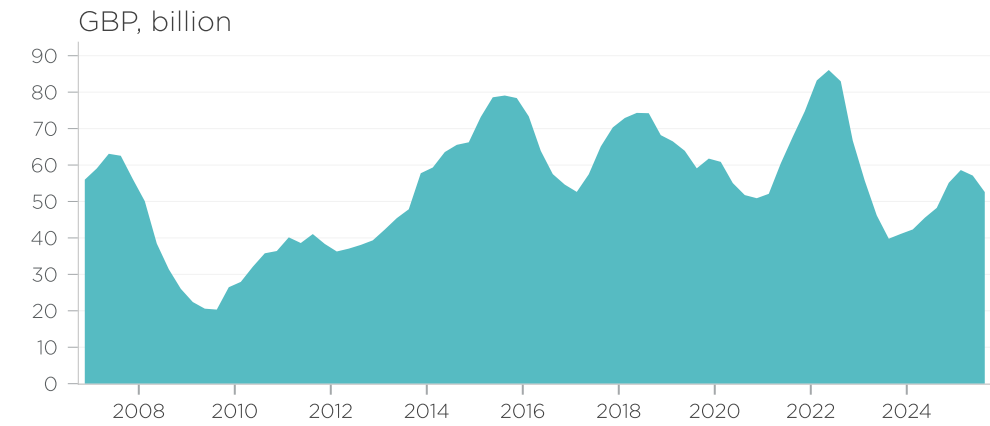
TOTAL RETURNS (%)



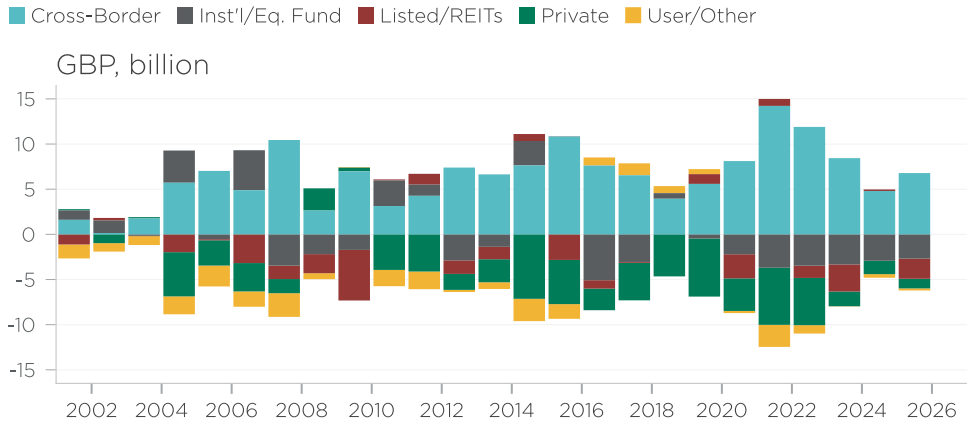
10 YEAR GILTS, 5 YEAR SONIA



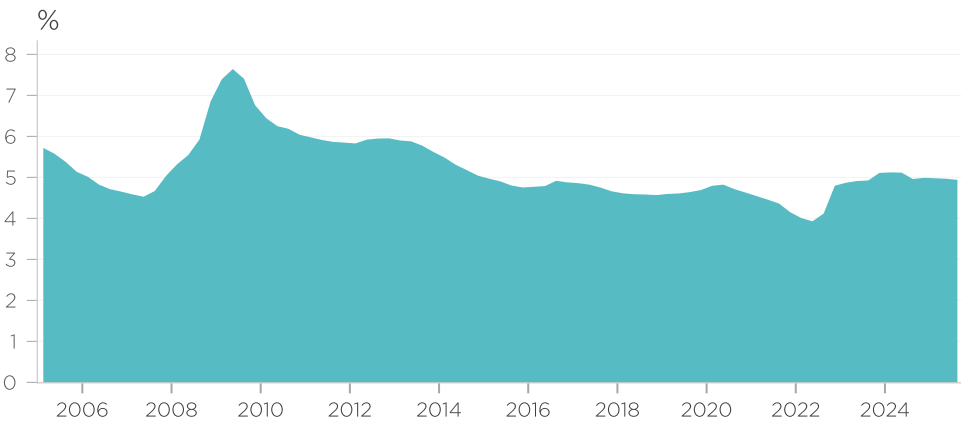
ROLLING ANNUAL INVESTMENT VOLUME (BILLIONS)



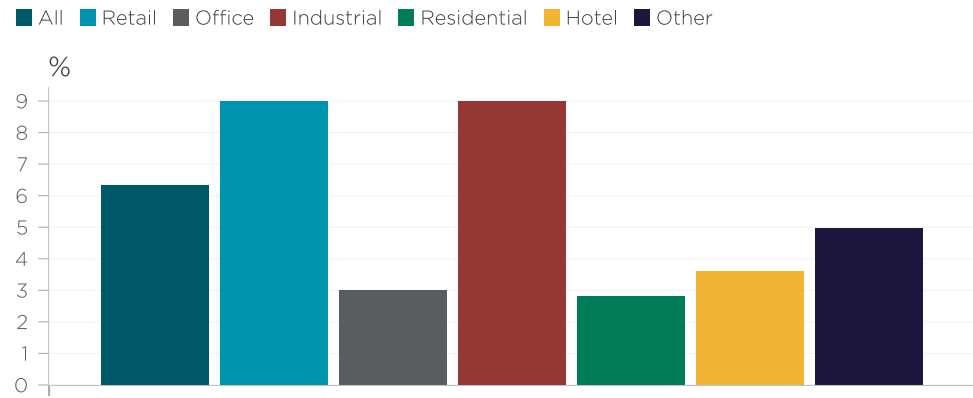
SOURCES OF CAPITAL



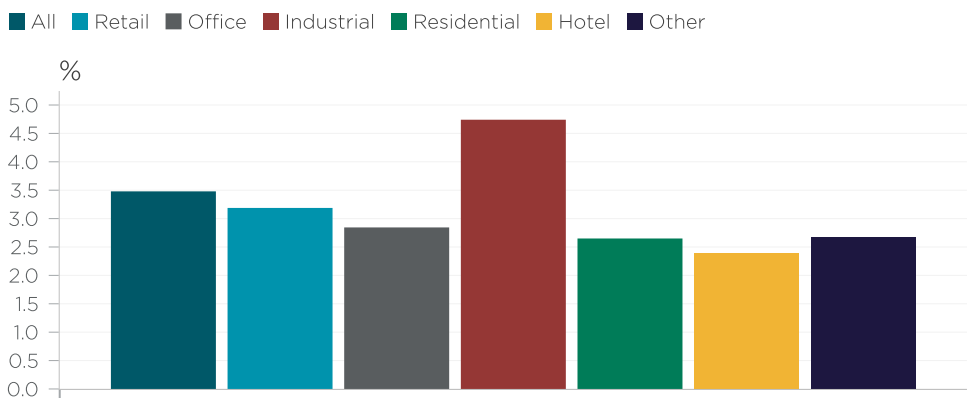
NET INITIAL YIELDS



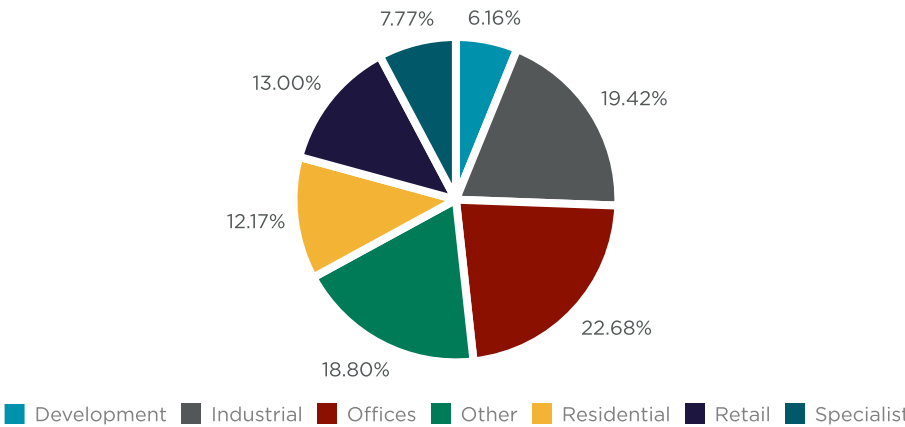
ANNUAL TOTAL RETURN BY SECTOR



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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