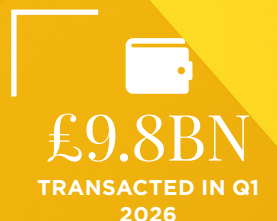
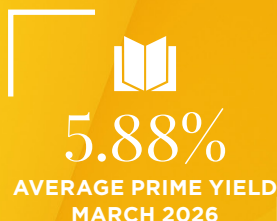


UK Commercial Investment

March 2026

savills

KEY
STATS

Investors pause for thought

Unsurprisingly, the ongoing conflict in Iran has resulted in investment volumes falling when compared to previous quarters with uncertainty rising amongst investors leading to completion delays. Preliminary UK Q1 2026 investment turnover is estimated to total £9.8 billion which was 33% below the five year average for the first quarter. The heightened caution amongst investors has been reflected in our prime yields with eight sub-sectors removing their downward arrows from the previous month. Albeit, there has been no outward prime yield movement recorded.

Positive sentiment had been building amongst investors prior to the Iran conflict, which was supported by robust occupational market performance. Despite the geopolitical backdrop, quarterly take-up levels have improved year-on-year in certain sectors. This trend has been evident in both the national logistics and Central London office markets where Q1 2026 take-up increased by 11% and 6% when compared to the same time period in 2025, respectively.

Looking forward investment volumes are expected to remain subdued in the short term with limited prime assets being launched across all sub-sectors, while the uncertainty persists. The duration of a slowdown will be partially determined by interest rate movements. The Bank of England appear to be presently adopting a “wait and see” approach to future base rate changes, reflecting the uncertain macro and geopolitical climate.

SAVILLS PRIME YIELDS

	Mar 2025	Feb 2026	Mar 2026
West End Offices	4.00%↓	3.75%	3.75%↑
City Offices	5.25%	5.25%↓	5.25%
South East Offices	7.50%	7.50%	7.50%
Regional Offices	7.00%	6.50%	6.50%
High Street Retail	6.50%	6.50%↓	6.50%
Shopping Centre	7.75%↓	7.25%↓	7.25%
Retail Warehouse (Open A1)	5.25%↓	5.25%↓	5.25%
Retail Warehouse (Restricted)	5.75%↓	5.75%↓	5.75%
Foodstores (OMR)	5.50%↓	5.50%↓	5.50%
Ind/Distribution (OMR)	5.00%	5.25%	5.25%
Industrial Multi-let	5.00%↓	5.00%	5.00%
Leisure Parks	8.00%↓	8.00%↓	8.00%
London Leased (core) Hotels	4.50%↓	4.50%↓	4.50%
Regional Pubs (RPI)	6.50%	6.50%	6.50%

Source: Savills Research

Return of the office?

The divergence in the performance of the office occupational and investment markets in recent years has been stark. Despite continued subdued levels of investment activity, occupational market dynamics have remained robust. An ongoing flight to quality amongst corporate occupiers, coupled with limited supply of well-located prime space, has supported strong prime rental growth.

This trend has been evident across both the regional and Central London office markets. Across the Big Six regional cities, average prime rents rose by 6% and 7% over the last two years, the strongest back-to-back performance on record. In Central London, average prime rents also recorded strong growth in 2025, increasing by 7% in the City and 6% in the West End.

Despite weak economic growth, we

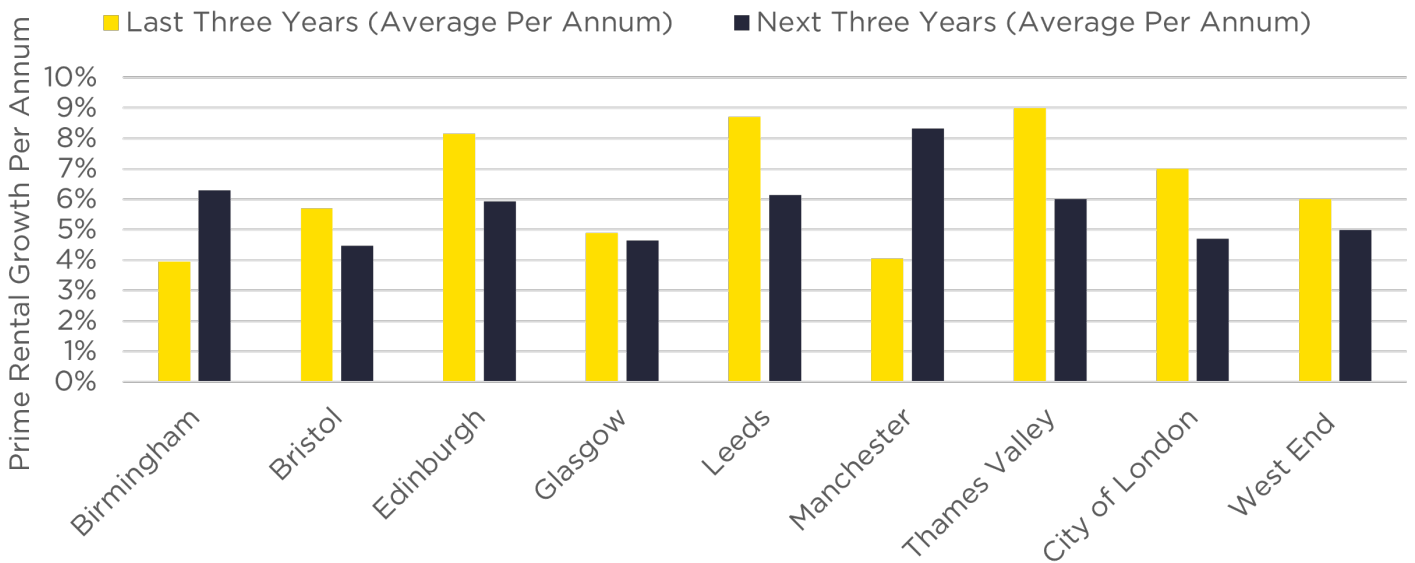
forecast average prime rental growth of 6% per annum across major UK office markets over the next three years (see chart below). Record headline rents were achieved in Birmingham and Bristol in Q1 2026, representing uplifts of 13% and 5% respectively from the previous tone. Importantly, this rental growth is being driven primarily by constrained supply rather than rising demand, which helps insulate our projections from wider macroeconomic uncertainty.

Occupier demand is also increasingly polarised, core-located buildings are experiencing the highest levels of demand, while fringe assets have generally seen weaker leasing activity, even in markets that remain structurally undersupplied. This dynamic is supporting the above average levels of rental growth the market is currently experiencing.

Looking ahead, the undersupply of prime core stock is unlikely to ease in the short to medium term, as the development pipeline remains constrained. This is particularly evident in the regional market, with no recorded starts of new-build speculative developments in 2026 across the Big Six cities. These dynamics are increasingly attractive to investors, reflected in the prime regional office yield compressing by 25 basis points in February 2026 to 6.50%, the first inward movement in 12 months.

Attractive relative pricing versus other asset classes, alongside the supportive occupational fundamentals, has led Savills to select offices as its most favoured investment pick for 2026 ([Savills UK Cross Sector Outlook](#)).

UK OFFICE RENTAL GROWTH FORECASTS



Source: Savills



Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view copies of our previous Spotlight publications, go to www.savills.co.uk/insight-and-opinion/



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