

UK Retail Monitor



Q4 2025

The Knight Frank Retail Monitor provides a quarterly update on key data across all retail sub-sectors and current market sentiment.

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“Best in class. Retail retained its crown as the top-performing commercial real estate asset class in 2025, achieving a total return of ca. 9.6% - the banker of high income return (5.9%) supported by accelerating capital growth (3.1%). Investment markets maybe not as buoyant as we’d like, but a hive of shopping centre activity at the tail-end of the year auguring well for 2026.”

Stephen Springham, Head of Retail insight

KEY HEADLINES

Ongoing geopolitical unrest and a sluggish macro-economy exacerbated by a fairly brutal Autumn Budget. However, this did not destabilise consumer demand to the degree expected and Christmas proved far stronger than anticipated (and has since been reported). Retail property's renaissance continued apace and while retail warehousing witnessed a marked slowdown in investment volumes, in-town retail showed far more signs of life, with a flurry of shopping centre deals in November in particular.

CONSUMER MARKETS

Massively misleading mismatches between the narrative and the hard numbers. Consumer confidence was remarkably stable across Q4, with no discernible reaction to the Budget. GfK's Consumer Confidence Index actually ticked up between September and December (from -19 to -17).

The ONS was at pains to play down consumer demand in Q4, reporting that retail sales volumes declined QoQ by -0.3% (despite a +0.4% MoM uptick in December). However, these figures were subject to massive and excessive 'seasonal adjustment' to hypothetically exclude Christmas. The raw data show that Q4 volumes were actually up +15% on Q3.

A more accurate and meaningful read on the data was that retail sales values (exc fuel) increased by +4.8% YoY in Q4, with volumes ahead by +3.0%. There was decent YoY growth in both Food (vals. +4.9%, vols. +1.1%) and Non-Food (+3.9%, +3.5%), inflation proving stickier in the former than the latter (+3.8%, +0.4%). Reports of Christmas being 'drab' at best (or a disaster at worst) were very wide of the mark.

Consumer Confidence

Confidence over the next 12 months



Retail Footfall

Monthly y-o-y change over the last 4 years, %

*March 2021–March 2023 figures are compared to 2019 levels



ONS Retail Sales

Monthly y-o-y change over the last 4 years, %

— All Retailers, Ex Fuel: Value
— All Retailers, Ex Fuel: Volume



BRC Retail Sales

Monthly y-o-y change over the last 2 years, %

— Like-For-Like ■ Total



Average Weekly Earnings

Annual change over the last 4 years, %

■ Average Weekly Earnings — CPI — RPI



Online Retail Sales Index

July 2019 = 100

— All Retail



OCCUPIER MARKETS

The fact that consumer demand held up over Q4 was largely echoed in most retailers' post-Christmas trading statements. In Food, Tesco, Sainsbury's and M&S all reported strong like-for-like growth, while Aldi and Lidl both reported record performance, albeit as much through new store openings as like-for-like improvement. A more mixed picture on the Non-food side, with Argos, JD Sports, Pets at Home and B&M Bargains amongst those retailers to report disappointing festive performance.

There was also some evidence of occupier distress in the immediate aftermath of Christmas. Luxury operators LK Bennett and Russell & Bromley both entered administration but were acquired by Gordon Brothers and Next respectively. Having being bought by Modella Capital as recently as last year, The Original Factory Shop and Claire's have since re-entered administration and are potentially facing liquidation.

INVESTMENT MARKETS

Total retail investment volumes were £2.16bn in Q4, a significant upswing on the £1.21bn reported in Q3. This owed much to a flurry of shopping centre deals (Silverburn and Braehead in Glasgow, The Lexicon Bracknell, The Rock Bury and 50% of The Oracle Reading). Indeed, a bumper November saw one third of annual deal volumes transacted in a single month.

Total volumes for the year stood at ca. £5.83bn, a -17% decline on 2024 and -8% down on the 10-year average. This shortfall was largely supply-driven and masked contrasting directions of travel between OOT and in-town retail sub-sectors. The former had a strong H1 and softer H2, whilst momentum built considerably at the latter as the year unfolded.

Retail Vacancy Rate

Last 12 years, %

— UK Shop Vacancy Rate



All Retail - Rental / Capital Value Growth

Rolling 12 month growth, last 10 years, %

■ Rental Value Growth ■ Capital Value Growth



Retail Rental Growth by sector

Monthly growth, last 5 years, %

— All Retail Warehouses ■ All Standard Retail

— All Shopping Centres ■ All Retail



Shopping Centre Transactions

Last 10 years

■ Q1, lrhs ■ Q2, lrhs ■ Q3, lrhs ■ Q4, lrhs

— No. of Transactions, rhs

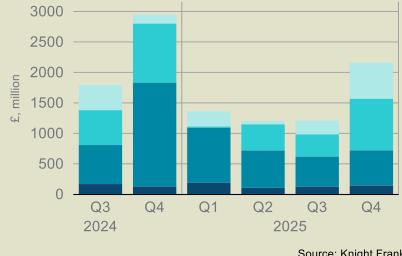


Investment Volumes by sub-sector

Last 6 quarters, £ millions

■ High Street ■ Shopping Centres

■ Retail Warehousing ■ Foodstores



Yields

Last 10 years, %

— HS-Good Secondary ■ HS-Prime

— SC-Regionally Dominant ■ SC - Sub-Regional

— OOT-Open A1/Fashion Parks

— OOT-Bulky Goods Parks

— Foodstores - Annual RPI Increases Yield



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