UK Retail Monitor

Q2 2026

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

knightfrank.co.uk/research

> "Globally, ongoing wars in Ukraine and the Middle East, plus a World Cup. Domestically, more political unrest and a new Prime Minister, plus the warmest Summer in living memory. Investment markets remain cautious and nervous in equal measure, retail occupier markets characteristically resilient and the UK consumer steadfastly defiant – or just indifferent."
>
> Stephen Springham, Head of Retail insight

KEY HEADLINES

The Good, the Bad and the Cautious. The Bad encapsulated in ongoing geopolitical unrest, both globally and domestically. The Cautious the response to these events amongst real estate investment markets (with some notable exceptions). The Good represented in consumer and retail occupational metrics, plus retail real estate performance, all of which continue to defy perceived economic wisdom.

CONSUMER MARKETS

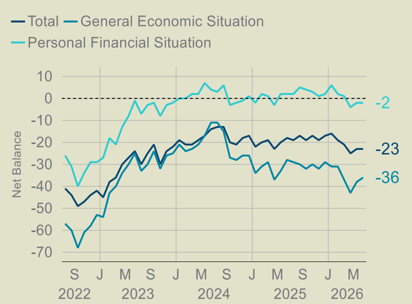
Wild assumptions on consumer confidence are not reflected in the actual data. Having only dipped slightly, overall confidence has since recovered any ground it may have lost (Mar: -21, Jul: -17). Over the same period, confidence in Personal Finances (which correlates more closely to retail sales than other metrics) returned to positive territory (Mar: +1, Jul: +1). Confidence is stronger and more stable than widely credited.

Retail sales performance has been extremely robust YTD, the cost-of-living crisis in no way manifest in the numbers. A weak April was followed by two consecutive months of stellar growth. Retail sales values (exc fuel) in Q2 were up +6.3% YoY, with volumes ahead by +4.1%. Growth was strong across both food (vals: +3.4%, vols. +1.2%) and non-food (+7.8%, vols. +6.0%).

Expected inflationary pressures in the wake of the war in the Middle East have yet to materialise. Shop price inflation actually decelerated in Q1, declining from 2.3% in March to 1.7% in June. While inflation aftershocks are still a possibility, the war in the Middle East has to date had no impact on consumer demand.

Consumer Confidence

Confidence over the next 12 months

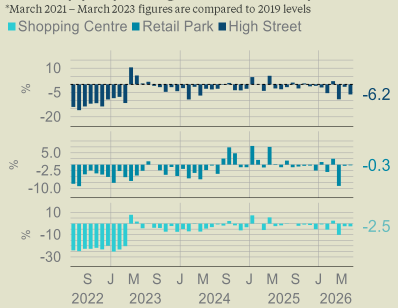


Source: GfK

Retail Footfall

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

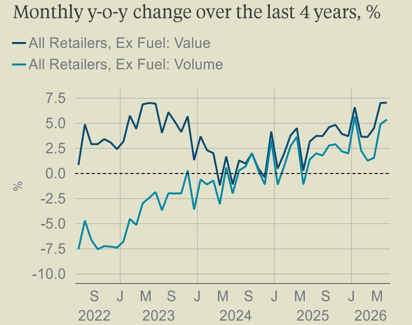
*March 2021 – March 2023 figures are compared to 2019 levels



Source: BRC, Springboard

ONS Retail Sales

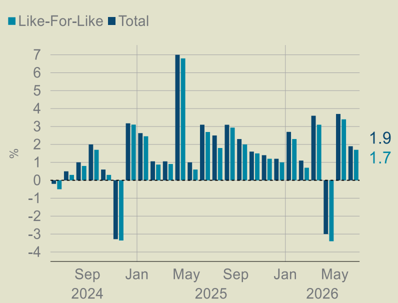
Monthly y-o-y change over the last 4 years, %



Source: ONS

BRC Retail Sales

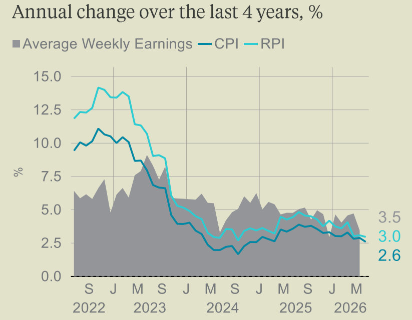
Monthly y-o-y change over the last 2 years, %



Source: BRC

Average Weekly Earnings

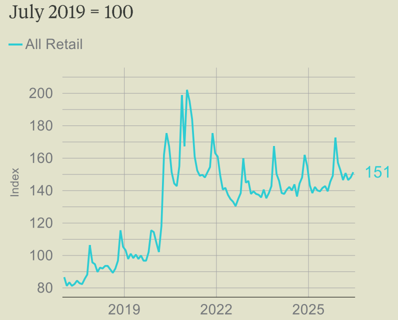
Annual change over the last 4 years, %



Source: ONS

Online Retail Sales Index

July 2019 = 100



Source: ONS

OCCUPIER MARKETS

There has been fairly limited occupier distress in the first half of the year. The Centre for Retail Research lists just 12 business 'failures' (those undertaking some sort of restructuring, a CVA or administration), with some 509 stores affected. By far the largest protagonist was TG Jones (formerly WH Smith's high street business) with ca. 450 stores. Rather than a sign of wider malaise, this represents the latest in the string of failures of businesses owned by Modella Capital (Original Factory Shop, Claire's, Hobbycraft) that have suffered a similar fate.

Against this backdrop, high street vacancy rates (14.3% overall, 13.2% exc. Leisure) were stable in Q2 and remain at their lowest level since Q3 2020, according to Green Street.

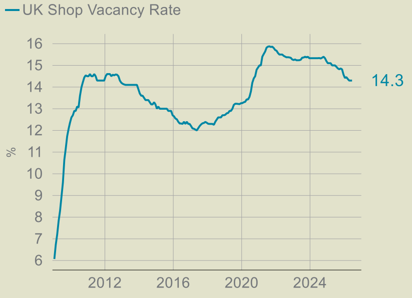
INVESTMENT MARKETS

A slight mismatch between retail real estate market performance and investment markets, the former strong, the latter slightly subdued. Retail remains the top performing property sector, achieving total returns of 8.6% in the 12 months to June 2026 (vs. 5.9% for All Property), with Shopping Centres (10.3%) outperforming both Retail Warehouses (8.4%) and High Street Shops (8.2%)

Total retail investment volumes totalled £2.09 billion in H1 2026, down -17% on the same period in 2025. Investment markets remain far more sensitive to geopolitical events, leading many owners and would-be investors to delay or defer investment decisions. Shopping Centres bucked this trend, with volumes up +95% to £870m in H1 2026. These figures were boosted by big ticket deals such as Merry Hill. With a strong pipeline of Shopping Centre stock coming to the market, volumes should return to long-term averages this year.

Retail Vacancy Rate

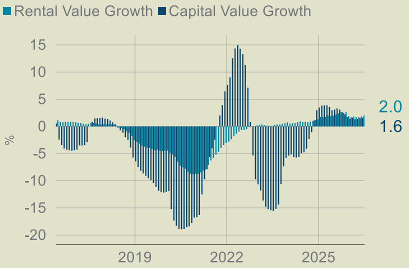
Last 12 years, %



Source: Green Street

All Retail - Rental / Capital Value Growth

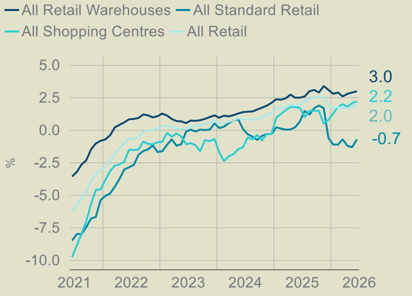
Rolling 12 month growth, last 10 years, %



Source: MSCI

Retail Rental Growth by sector

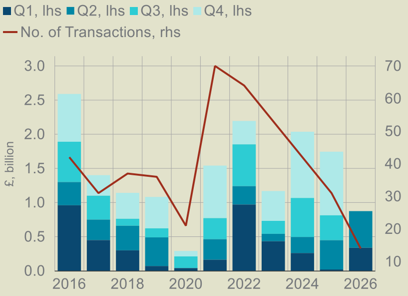
Monthly growth, last 5 years, %



Source: MSCI

Shopping Centre Transactions

Last 10 years



Source: Knight Frank

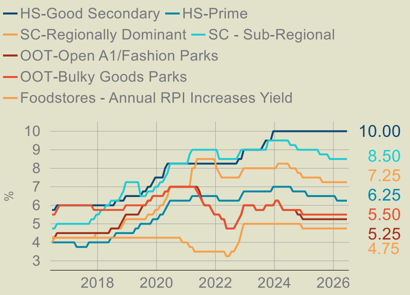
Investment Volumes by sub-sector

Last 6 quarters, £ millions

Source: Knight Frank

Yields

Last 10 years, %



Source: Knight Frank

Keep up to speed with retail markets with our quarterly dashboards and weekly Retail Note

SIGN UP ONLINE

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you

COMMERCIAL INSIGHT

Stephen Springham
Partner, Head of Retail Research
+44 20 7861 1236
stephen.springham@knightfrank.com

AGENCY

David Legat
Partner, Head of Retail Agency
+44 20 7861 5119
david.legat@knightfrank.com

CAPITAL MARKETS

Will Lund
Partner, Head of Retail Capital Markets
+44 20 3909 6819
will.lund@knightfrank.com

Dom Walton
Partner, Head of OOT Retail Capital Markets
+44 20 7861 1591
dom.walton@knightfrank.com

Knight Frank

© Knight Frank LLP 2026. This document has been provided for general information only and must not be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Use of our data on AI platforms, for AI training or machine-learning purposes is strictly prohibited. Reproduction of this document in whole or in part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears.