

*FMX URBAN
PROPERTY
ADVISERS*

*2025
PREDICTIONS*





OCCUPATIONAL

- As the recovery of UK Retail is now back on track, we will continue to see rental growth in prime locations, which in turn will mean rent reviews will be back centre-stage.
- Demand is outstripping supply when it comes to the best stores in the super-regional centres, leading cities and market towns. This is great news for landlords but is likely to mean in these more dominant areas, we will see those retailers that sought total flexibility with concessionary leases following administrations now at risk of losing those stores as the gamble starts to switch back to favour landlords.
- On the flipside, we anticipate that secondary and tertiary locations will continue to remain more of a challenge. This is because we expect to see retailers being more selective when it comes to store expansion plans as a result of the increased costs associated with last autumn's Budget. The impact of the Budget is starting to be felt this year, with an anticipated shift in capex spending likely to go towards store refits and refreshes rather than new store openings.
- Where retailers remain expansionary, we predict the big winners this year will be food stores, tech retailers, beauty and lifestyle brands. Grab 'n' Go cafes will also continue to thrive.
- We are also starting to see longer leases becoming more prevalent in prime locations, with 10+ terms returning, creating greater stability in shopping centres and town centres.





INVESTMENT

- The retail investment market is also looking strong for this year, despite interest rates remaining high and debt still being harder to come by, there remains confidence in the long-term prospects for UK Retail.
- On the shopping centre side, higher-yielding centres are very popular, and we are also seeing increased private equity coming into this space too. Councils will also continue to find money for the right assets.
- The super-prime shopping centre market will remain in a league of its own and following the deals for schemes including Liverpool One and centre:mk last year, we could see some more changing of hands for these leading assets among the larger institutions and sovereign wealth funds.
- Over on the high street, the buyers this year will generally be private investors, family offices, private equity and opportunistic buyers. Out-of-town retail remains very robust and will continue to prove a popular investment choice for institutional money.
- Across all asset types, we anticipate an increase in off-market deals, meaning having the right contacts in the industry will be more important than ever. And as higher-yielding assets trade hands, buyers will need to ensure they secure the best advice and have strong asset management strategies and capabilities in place.

OVERALL

The road will be bumpy this year as owners and occupiers alike continue to adjust to the fallout from the Budget and with the macro-economic and political uncertainty this year, but we feel confident that the industry is now in a stronger position to weather what may come.

