



Q2 2025

COMMERCIAL MARKET & AUCTION OUTLOOK



Welcome to our Commercial Market Report

At Landwood, we specialise in selling a wide range of property across the UK, regularly dealing with all types of commercial sectors, land and large residential investor portfolios.

Leading this quarter's commercial property insights is Amy Selfe, a chartered surveyor with nine years at Landwood. Amy is an expert in commercial valuations, sales and acquisitions, with a proven track record of spotting opportunities and adding value.

Whether it's single commercial units or large-scale investor portfolios, Amy's nationwide experience ensures this report is packed with actionable insights to help you navigate your next steps.



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Our Insight

Amy comments: *"The market remains in flux, like secondary stock, facing challenges. For commercial investors, business owners and sellers the key to success in Q2 will be working with the right experts to stay agile and responsive to market shifts."*

"For investors and business owners, it's crucial to focus on assets that align with evolving consumer demands, particularly in the leisure and experience-led sectors. In commercial property, maintaining a focus on quality, including ESG compliance, will help keep assets competitive. There is a market out there for secondary stock and often careful repositioning can unlock value for sellers."

"For secondary retail units facing declining demand, buyers here are focusing on repurposing opportunities in areas with potential for residential or mixed-use development. Part-developments attract investors seeking value-add opportunities, though deals may take longer due to due diligence, planning hurdles and financing. Land in growing regions remains in high demand, particularly for residential and mixed-use schemes, while areas with less development potential may struggle. Overall, investors are cautious, with a focus on location, adaptability and strong long-term prospects, particularly in areas undergoing regeneration or infrastructure improvements."

"Sellers should be strategic in timing and marketing their assets. Whether it's upgrading assets to meet demand for higher quality or capitalising on opportunities in mixed-use developments, working with industry experts will ensure you're maximising value."

"GDP rose by 0.5% in February, but with rates still at 4.5% and economic pressures mounting, confidence remains fragile. Potential US tariffs could further hit business sentiment, risking a dip in March's GDP."

"At Landwood, we understand the pressures investors, landlords and business owners are facing. Every asset sale is partner-led and handled by specialists who know how to navigate shifting market conditions. We take a strategic approach to maximise value, even in uncertain times."

Market Snapshot



Economic Growth: GDP grew by 0.5% in February 2025, rebounding from a 0.1% dip in January - the UK remains broadly on a slow path to recovery



Interest Rates: Rate held at 4.5% in March 2025. A rate cut to 4% may be considered in response to US trade tariffs



Planning Reform Progress: Changes are set to streamline the planning process, though its success will depend on effective implementation and adequate local resources

- Business Confidence: Lloyds Barometer shows confidence at a four-year high. 49% optimistic about the economy, up from 37% February
- Investor Sentiment: Capital is available, but deployment is slow due to limited prime stock. Strong competition when quality assets hit the market
- Distressed Sales: Anticipated to rise by a net balance of +42 % due to several economic factors
- Residential Activity Cooling: Early-year surge in transactions is tapering off
- Supply & Demand: Supply is outpacing demand and high-quality spaces are increasingly scarce



KEY SECTOR GROWTH

Industrial and Logistics

The UK logistics sector remained stable in 2024, with positive take-up and a vacancy rate of 5.6%, indicating a balanced market. Prime assets continued to dominate demand, accounting for 73% of total take-up, driven by operational efficiencies and ESG commitments.

Investment in the sector reached £8.2 billion coming from both domestic and international investors, with a significant portion from overseas capital, a sign of continued strength despite broader market challenges and meaning a strong pipeline of new developments forecast.

Offices

The office market demand remains concentrated on high-quality, ESG-compliant office space with the overall market still uneven and secondary stock continuing to lag behind without strategic intervention of expert support.

This imbalance is especially clear in Manchester, where strong take-up is offset by a glut of lower-grade space. With a shortage of Grade A stock, rental growth is likely and landlords with older properties may need to invest in modernisation or consider alternatives like office-to-residential conversion to maximise returns.

While the lack of immediate tax rises offers short-term relief, longer-term volatility means strategic planning is essential, particularly for those holding secondary assets.

In a market like 2025, where tenant expectations are evolving fast, leaning on expert advice will be key to making smart, future-proof decisions.



KEY SECTOR GROWTH

Retail and Leisure

City centres like Manchester continue to shift towards leisure, largely through repurposing former retail units. Manchester has seen a 76% increase in leisure units over the past decade and the trend is gaining momentum.

The Retail, Hospitality and Leisure Business Rates Relief Scheme will provide temporary support this quarter with a 40% discount on business rates. However, it won't solve long-term challenges, like rising operational costs, skill shortages and inflation. Once phased out in mid-2025, businesses may still face financial issues.

For investors looking to retail in Q2, focus on properties that cater to evolving consumer preferences, particularly experience-driven spaces. Prioritising flexible lease terms, diverse tenant mixes and energy efficiency will help attract long-term tenants and ensure resilience in a competitive market.

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Retail and
Leisure





What does this all mean for me?

Amy comments: *"As we transition through Q2, we are seeing a mix of opportunities and challenges across the commercial property market."*

"The commercial market entered 2025 on a subdued note. While office take-up reached its highest annual total since 2019 it reflected a modest uptick in occupier activity rather than a full recovery. Logistics held steady, but elevated availability across all sectors underlines the ongoing imbalance between supply and demand. As a result, investors remain cautious, with attention increasingly limited to high-quality, prime assets."

"On the construction side, developers hit hardest by planning reforms are now reporting fewer concerns around materials and labour, a sign that peak cost volatility may be easing. However, proposed new US tariffs add a fresh layer of complexity and uncertainty, potentially stalling projects and new developments where there are global supply chains."

"Over in the residential sector, housebuilding has dropped to a seven-year low, with completions continuing to fall due to planning delays and uncertainty. For the commercial market, this sustained supply squeeze could push up land values, particularly in under-utilised sites."

"While there was a surge in residential transactions before the stamp duty changes in April sparking a frenzy of deals, demand is beginning to soften and buyer enquiries and agreed sales indicators move into negative territory."

"Looking ahead, easing inflation and interest rates may offer some relief, but any market recovery is likely to be slow. With the impact of rates over the last five years lingering and remaining still well above historic levels, refinancing pressures remain, potentially leading to a rise in distressed sales. For those with the right capital, there are opportunities to capitalise on these distressed assets and reposition them for long-term growth."

Upcoming Listings

At Landwood, we understand that successfully selling a property takes more than simply listing it online and waiting for buyers to reach out. Every one of our listings are partner-led, with a tailored approach that reflects the unique nature of each site to deliver the best possible outcome for our clients.

We're proud to have been appointed by FRP as selling agents for a selection of land, property and car park assets, which will be sold individually. This includes:



Chapel Lane, Wilmslow

FREEHOLD COMMERCIAL
INVESTMENT

Offers invited in excess of £325,000



Netherfield Road North, Liverpool

RESI DEV OPPORTUNITY – 49 APTS
(PLANNING PENDING)

Offers invited



Wilderspool Causeway, Warrington

VACANT PUB WITH REDEVELOPMENT
POTENTIAL (STP)

Offers invited

Our Insight - Auctions

James Ashworth, partner and head of Landwood Property Auction and Agency team, shares key auction market trends and insights:

The UK property auction market has shown resilience, with key trends and regional variations becoming increasingly apparent. According to the latest data from the Essential Information Group (EIG), February 2025 saw a 4% drop in lots sold compared to last year, although total revenue rose by 6.2% to £661.4 million.

Residential auctions experienced a 4.8% decline in lots sold, but a 9.2% increase in funds raised, suggesting demand for well-located assets. Commercial auctions, however, saw a 4.4% drop in revenue, reflecting a more cautious approach from investors.

James comments: *"The February dip in lots sold was expected given broader market conditions, but it's encouraging to see total revenue rise, particularly in the residential sector. This suggests continued investor confidence, particularly in high-yield, redevelopment-ready assets outside of London, where interest remains robust."*

"While EIG reports a slight slowdown in commercial auctions, we're still delivering strong results for clients by focusing on value-added opportunities and targeted marketing, particularly for properties with clear potential and fair pricing."

"Looking ahead, Q1 showed mixed results and while fundamentals remain steady, we enter Q2 with caution. The lingering impact of interest rates and inflation continuing to affect investor behaviour, but there's still demand for well-priced, income-generating assets with potential for added value."

"Residential is holding up, with demand for development-ready properties in Q2. Commercial may remain under pressure, but for the right assets, there's still interest. Mixed-use properties are particularly attractive to investors seeking flexibility and income diversity."

"Success in Q2 will depend on smart marketing, realistic pricing and strong regional insight. Sellers who understand buyer demand and work with knowledgeable agents will be best positioned."



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Recent Success Stories

Our weekly online auctions continue to deliver strong results, whether it's for local authorities, lenders or private clients.

One standout example is Silverdale Road in Gatley, a well-located redevelopment opportunity which went under the hammer with a guide price of £400,000 and ultimately sold for £532,000, showing the clear appetite for sites with potential in sought-after areas.

In Dukinfield, we brought a surplus council asset to market on behalf of the local authority, a row of former shops on Church Street at £18,000. It went on to sell for £114,750, proving how our auctions can generate significant capital receipts even from assets that might seem low value on paper.

Meanwhile in Birmingham, we acted on behalf of an LPA Receiver on the sale of a large residential block on Highfield Road. Guided at £750,000, the property attracted strong interest and eventually sold for £1,282,500, enabling the lender to recover their full debt and associated costs.

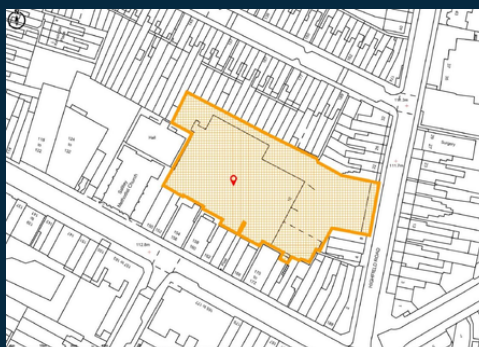
From public sector portfolios to lender-led disposals and development hotspots, our online platform continues to unlock value and reach a global audience of serious buyers.



Silverdale Road, Gatley



Church Street, Dukinfield



Highfield Road, Birmingham



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About Us

Established in 2008, Landwood Group are leading chartered surveyors, asset managers and auctioneers providing an unrivalled service across property and plant & machinery assets.

Our partner-led approach ensures your assets are handled by seasoned professionals, able to excel in extracting value from unique and challenging instructions. Trust our expert team to exceed your expectations.

Our Key Sectors:

- + Business recovery & restructuring
- + Accountants
- + Banks
- + Commercial finance
- + Specialist & asset based lenders
- + Peer-to-peer lenders
- + Corporate finance advisors
- + Lawyers
- + High-net-worth individuals
- + Property owners and investors
- + Asset managers
- + Local authorities

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