

# Prime UK Commercial Property Rents Increased 1.5% in Q3 2022 but Yields Also Rise

4 years ago



CBRE's latest quarterly Prime Rent and Yield Monitor showed growth in rents across office and industrial sectors, with retail warehouses the only segment showing a fall in rents. At the all-property level, yields increased 41bps throughout the quarter.

Industrial prime rents showed the strongest growth of all sectors, with 2.7% in Q3 2022. Rental growth was driven by industrials in West Midlands, South West and North East. Rental values remained flat in Scotland over the quarter, making it the only region not to report rental growth. Industrial prime yields showed the greatest movement in Q3 increasing 57bps to 4.5%. Q3 2022 is the second consecutive quarter that industrial yields have risen, after gradually falling since Q2 2020.

Office prime rents rose 1.0% in Q3 2022. Yorkshire & Humberside and Eastern reported the largest increase in rents. In the capital, Fringe London and West End posted the strongest rental growth, while in Southbank and City, rents declined. The average yield for the office sector increased 41bps to 5.6% while the Central London office yield increased 39bps to 4.3%. While this reflects evidence available at the time in an uncertain market, price discovery is ongoing.

High street shop prime rental growth remained flat throughout the quarter. Prime rents fell in the Eastern and South East markets, while all other regions were unchanged. High street shop yields reported upward movement, rising by 23bps to 7.0% over the quarter. Retail warehouses yields also increased, moving by 25bps in Q3 2022, to 6.9%.