

2023 commercial property market activity hotspots

2 years ago



[Sirius Property Finance](#) conducted market analysis showing that whilst the South East and London are expected to see the highest level of commercial property market activity in 2023, total sales are forecast to fall by half when compared to 2022.

We analysed data on the level of commercial property transactions seen across each region of Britain last year and how the market is forecast to perform in 2023.

The figures show that some 2,682 commercial transactions completed in 2022, with London topping the table in terms of the highest level of market activity with 507 transactions, followed by the South East (419) and North West (309).

These three regions are expected to remain Britain's commercial property hotspots in 2023, however, the sector is forecast to see a notable reduction in overall market activity.

Our analysis shows that commercial property market activity is forecast to fall by 50% across Britain in 2023.

Yorkshire and the Humber is expected to see the largest reduction in market activity, with transactions falling by -65%.

London (-56%), Scotland (-55%), the South West (-52%) and East of England (-51%) are also forecast to see total transaction levels fall by more than half.

While total transaction levels are expected to fall, the South East is forecast to sit top of the table in terms

of share of total market activity, accounting for 18% of all commercial sales.

London is forecast to benefit from 16% of all commercial transactions, with the North West ranking third at 12%.

Table shows estimated level of commercial market activity in 2023, the market proportion and annual change

Ranking Market Proportion	Location	Est transaction -2022	Est transaction 2023 (Full year estimate)	Est Annual Change %
1-18%	South East	439	238	-45%
2-16%	London	503	221	-56%
3-12%	North West	309	166	-46%
4-10%	West Midlands region	260	136	-48%
5-8%	South West	230	110	-52%
6-7%	East of England	199	98	-51%
7-7%	East Midlands	167	85	-49%
8-7%	Scotland	189	89	-53%
9-6%	Yorkshire and the Humber	221	79	-65%
10-5%	Wales	97	62	-36%
11-4%	North East	74	42	-43%
TOTAL	Great Britain	2,682	1,352	-49%

Head of Corporate Partnerships at Sirius Property Finance, Kimberley Gates, commented:

“Commercial market activity is forecast to reduce considerably this year and while this suggests the sector may be in crisis, it’s simply a reflection of the current landscape and the uncertainty that has come due to a flurry of interest rate hikes.

Like the residential sector, commercial buyers are trading with greater caution not just because of the current cost of financing a purchase, but in anticipation that this cost may climb in the short to mid-term.

While we expect this to dampen enthusiasm for commercial bricks and mortar this year, we don’t expect any long-term decline to materialise as the economic picture improves.”