

UK Retail Monitor

Q3 2025

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

“Wishin’ and Hopin’. The spectre of the forthcoming Autumn Budget may be all-pervading in the narrative, but thankfully it is not reflected in many of the actual retail metrics. The likely difference between this and last year’s Autumn Budget? 2024 was more corporate-/occupier-unfriendly, while consumers/shoppers are likely to more in the firing line this time around.”

Stephen Springham, Head of Retail Insight

KEY HEADLINES

Hoping for the best, but braced for the worst. In common with other sectors in the UK economy, the retail market is apprehensively awaiting the outcome of the Autumn Budget on 26 November. While still absorbing the cost-based aftershocks of last year’s Budget, retailers are facing up to the prospect of destabilisations to consumer demand through more punitive tax measures. But, as yet, this negativity has not filtered through to many of the key retailing performance KPIs to any great degree.

CONSUMER MARKETS

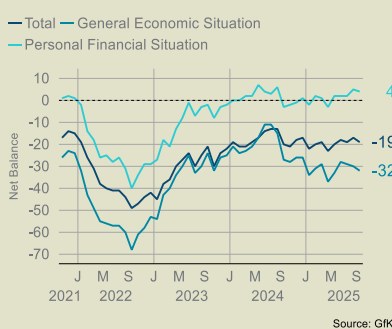
Negative, or rather lazy, assumptions around consumer confidence ahead of the Budget are not borne out in hard data. GfK’s Consumer Confidence Index was largely stable in Q3 and actually ticked up marginally (to -17) in October, driven by improvements in sentiment to both personal situations and, perhaps more surprisingly, general economic prospects.

Retail sales also remain robust. In Q3, YoY retail sales values (exc fuel) grew by +3.2%, while volumes (exc fuel) were ahead by +1.5%. Strong in their own right, the Q3 figures also marked considerable acceleration on the first half of the year (Q1 vals. +1.4%, vols. +0.1%; Q2 vals. +2.1%, vols. +0.7%). This was despite relatively soft demand for food in Q3 (vals. +1.6%, vols. -1.7%).

On a quarter-on-quarter basis, retail sales volumes grew by +0.9% in Q3. Compare this “real growth” in retail sales with the performance of the wider economy, with GDP expected to grow by just +0.2% in Q3. In simple terms, retail sales continue to outperform the wider UK economy.

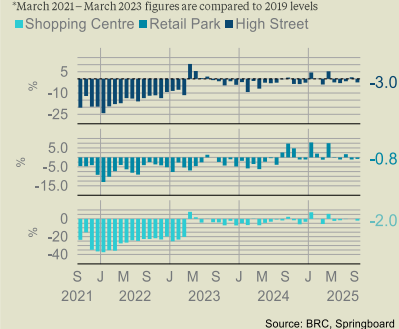
Consumer Confidence

Confidence over the next 12 months



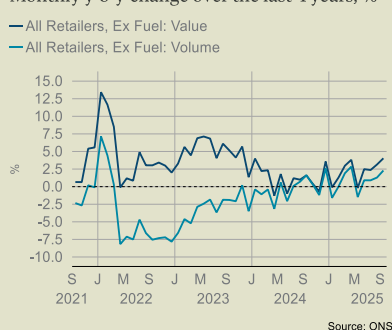
Retail Footfall

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



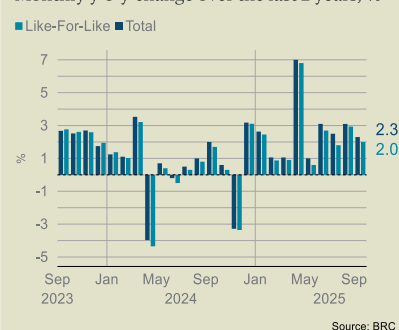
ONS Retail Sales

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



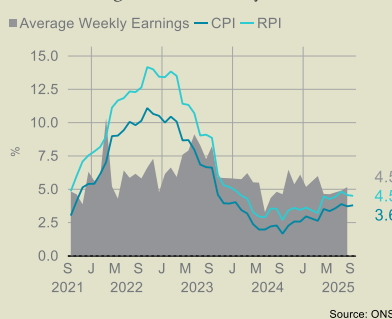
BRC Retail Sales

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



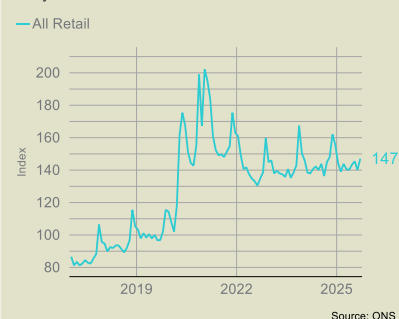
Average Weekly Earnings

Annual change over the last 4 years, %



Online Retail Sales Index

July 2019 = 100



OCCUPIER MARKETS

As ever, the media microscope disproportionately fell on retail occupier distress, with Bodycare (147 stores) and Claire's (306 stores) the two major high street casualties in Q3. Both entered administration, but have since been bought out and will live on, on a streamlined basis, under new ownership. Meanwhile, Amazon's decision to shutter its 20-strong Amazon Fresh chain again underlined its ongoing struggles to transition into a truly multi-channel retail operator.

Beyond this turbulence, retail occupier markets are generally stable. In Q3, overall retail vacancy rates dipped below 15% for the first time since 2020. Vacancy rates improved across all retail channels – retail warehouses have the lowest rate (6.1%), shopping centres showed the most positive quarterly trend (Q3: 16.5% vs Q2: 16.9%). Accordingly, retail rents remain on a slow upward trajectory, increasing by +2.6% on an annualised basis to September.

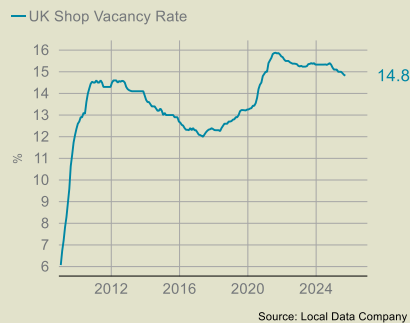
INVESTMENT MARKETS

By virtue of being more sensitive to both national and global political and economic sentiment, retail investment markets remain fairly muted. Total retail investment volumes totalled £1.17bn in Q3, a marginal (-4.1%) dip on Q2 (£1.22bn) and a -36% decline on the corresponding quarter in 2024 (£1.82bn). This took total YTD volumes in 2025 to £3.75bn, below the £4bn recorded at the same juncture last year.

A relative lack of large shopping centre deals (Q3 volumes of £365m across four transactions) was one of the key factors behind the shortfall in Q3. However, a number of bellwether transactions (e.g. Lexicon Bracknell, Braehead, Silverburn, Merry Hill) should complete in Q4 or early in 2026.

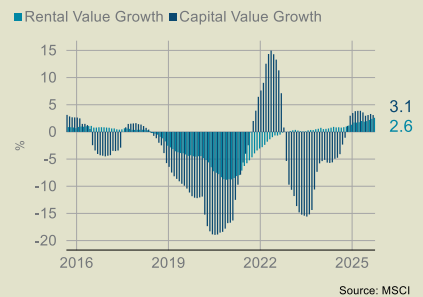
Retail Vacancy Rate

Last 12 years, %



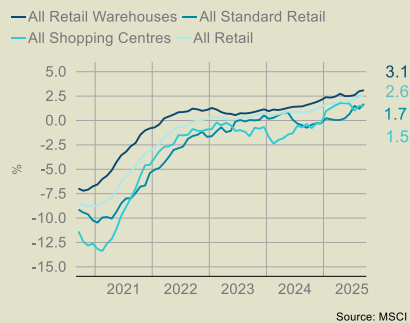
All Retail - Rental / Capital Value Growth

Rolling 12 month growth, last 10 years, %



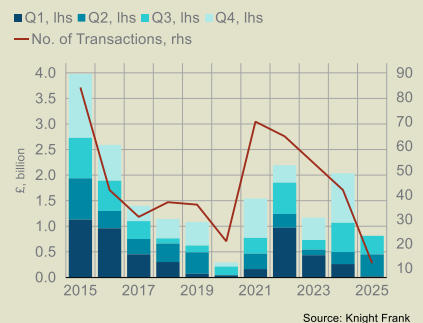
Retail Rental Growth by sector

Monthly growth, last 5 years, %



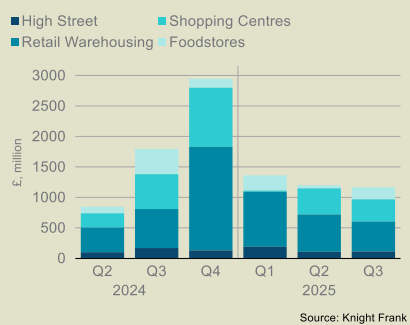
Shopping Centre Transactions

Last 10 years



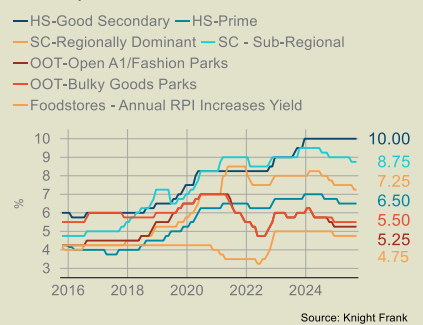
Investment Volumes by sub-sector

Last 6 quarters, £ millions



Yields

Last 10 years, %



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



Emma Barnstable
Associate, Commercial Insight
+44 20 8106 1385
emma.barnstable@knightfrank.com

CAPITAL MARKETS



Charlie Barke
Partner, Head of Retail Capital Markets
+44 20 7861 1233
charlie.barke@knightfrank.com

AGENCY



Jonathan Eastwood
Partner, Head of Retail Agency
+44 20 86827769
jonathan.eastwood@knightfrank.com



© Knight Frank LLP 2023 – This presentation has been prepared for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this presentation. As a general presentation, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this presentation in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.