Intelligent Investment

Central London Retail Market Report

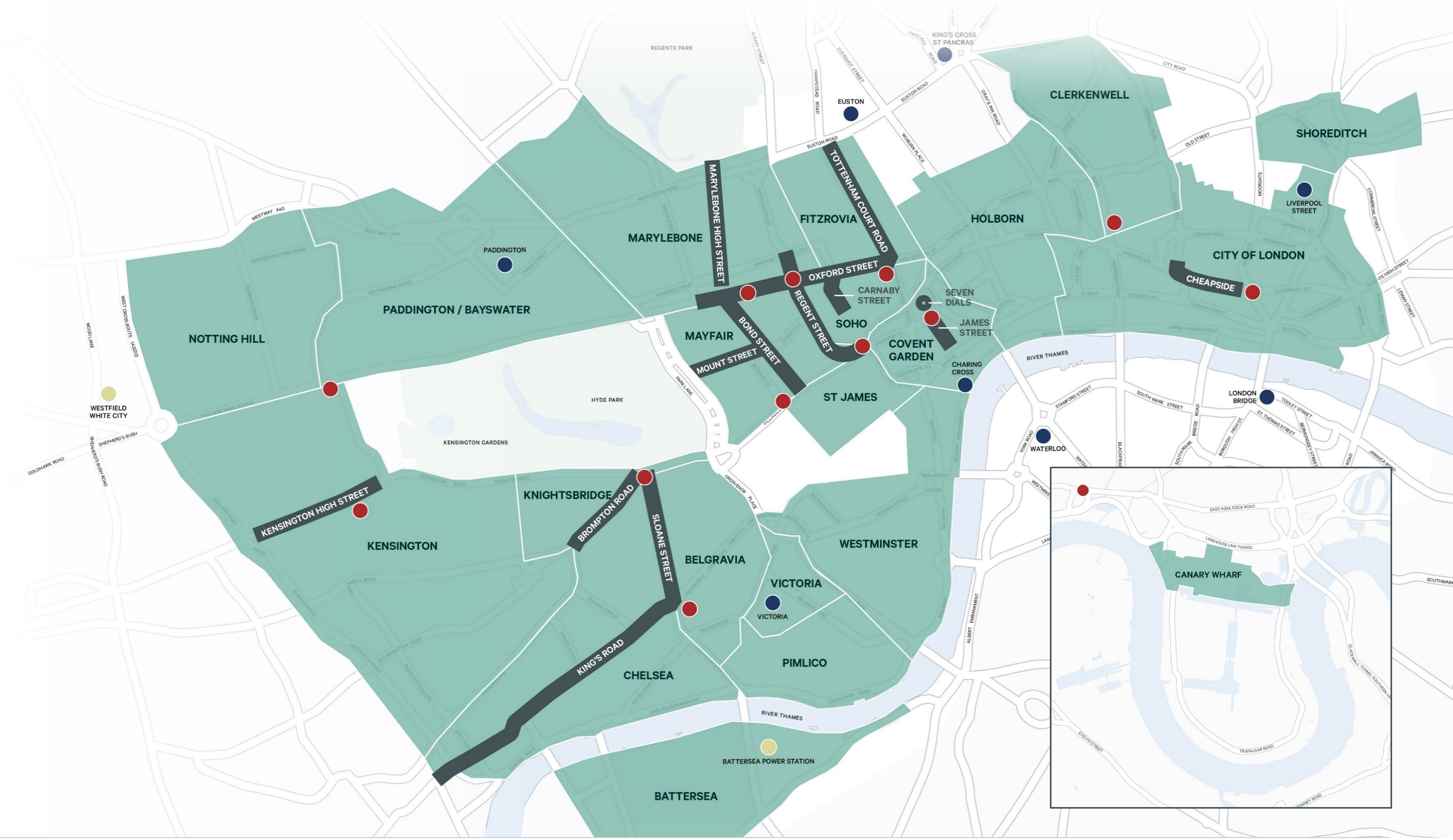
H2 2025

REPORT

CBRE RESEARCH
FEBRUARY 2026

Contents

London's key retail districts and streets



Key transport hubs
Key tube stations
Key shopping centres
Key high streets

01

Consumer trends

A more positive outlook for personal finances, however caution remains for discretionary spending

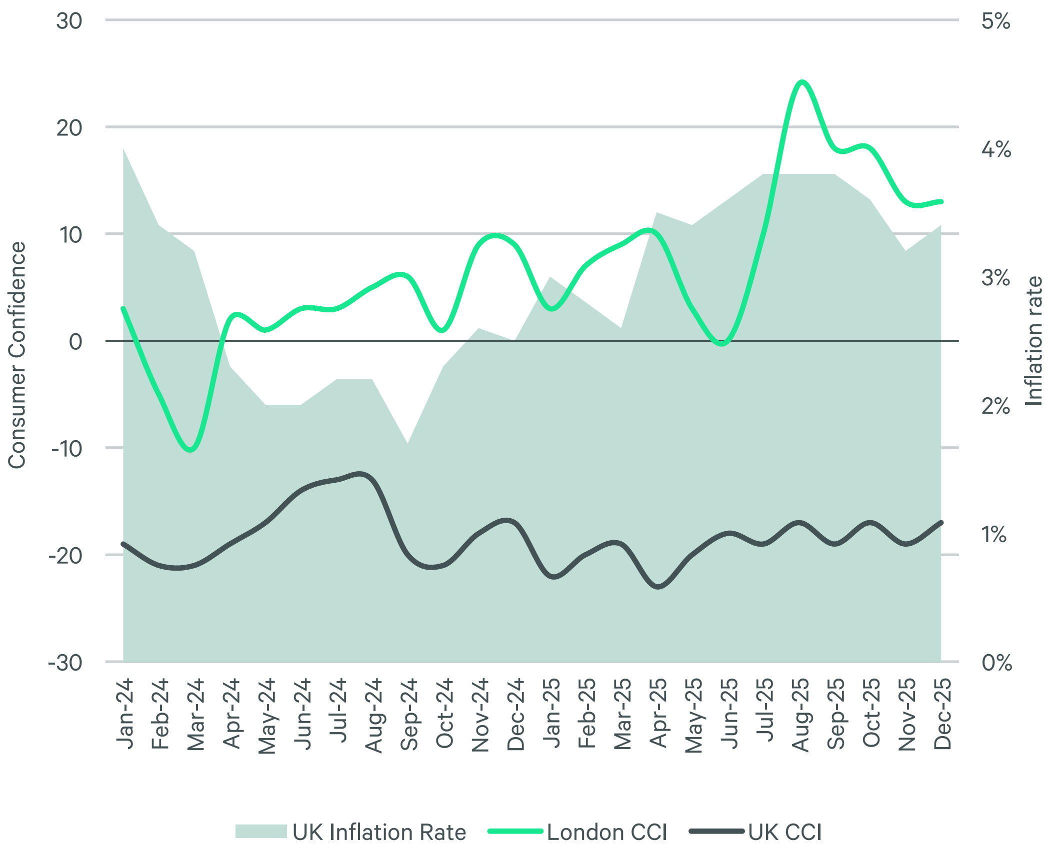
London consumer confidence* witnessed a significant increase in 2025, firmly above wider UK consumer confidence. August marked the highest level seen over the past two decades. Wider UK consumer confidence improvement (to -16), seen in the latest release in January 2026, was led by improvement in sentiment of personal finances, with remaining concerns around the wider economy.

Although inflation trended downward during the second half of 2025, it rose to 3.4% in December 2025. This uptick was largely due to temporary and volatile factors such as higher Christmas air fares and increased tobacco duties introduced in the Autumn Budget. CBRE forecasts inflation to fall to 2.3% in 2026, as of January 2026, moving closer to the Bank of England's 2% target. Additionally, lower interest rates are expected to support real wages and underpin household consumption. Despite this, alongside improved consumer sentiment, households are expected to remain cautious and maintain savings, with limited discretionary spending growth in 2026. Additionally, consumers are likely to continue prioritising spending on experiences over material goods.

3.4%	2.3%
UK inflation rate in the 12 months to December 2025	January 2026 forecast UK inflation rate Source: CBRE Forecasting

*The GfK Consumer Confidence Index (CCI) is a widely recognised economic indicator measuring how consumers feel about the overall economy and their personal finances which can influence spending habits.

FIGURE 1:
Consumer confidence index & consumer price index (inflation rate)



Source: GfK and ONS

Increase in footfall did not translate into sales growth

Central London footfall year-on-year (YoY) growth varied over 2025. Analysis of monthly average passenger numbers at Central London tube stations* reveals H2 2025 levels broadly comparable to those recorded in H2 2024 (+0.6%). Focusing on the West End, data from NWEC indicates a positive trend for footfall in H2, with September the strongest month.

However, this did not translate into sales growth. While full-year transactions were up 1.3% compared to 2024, spend declined by -1.7% and average transaction value (ATV) by -3.0%. Bond Street was the only street to witness an increase in spend (2.3%) and transactions (5.7%), although ATV declined (-3.2%). There is evidence of a tax-free shopping gap between the UK and Europe, according to recent research by Walpole, with the UK less competitive compared to France, Italy, and Spain. This is having a direct impact on retail sales.

Spend was particularly negative in December (-5.7%), however Leisure & Entertainment spend increased by 3.6% YoY. This indicates more people visited the West End in the festive period for other activities, also shown by robust footfall levels, rather than primarily shopping.

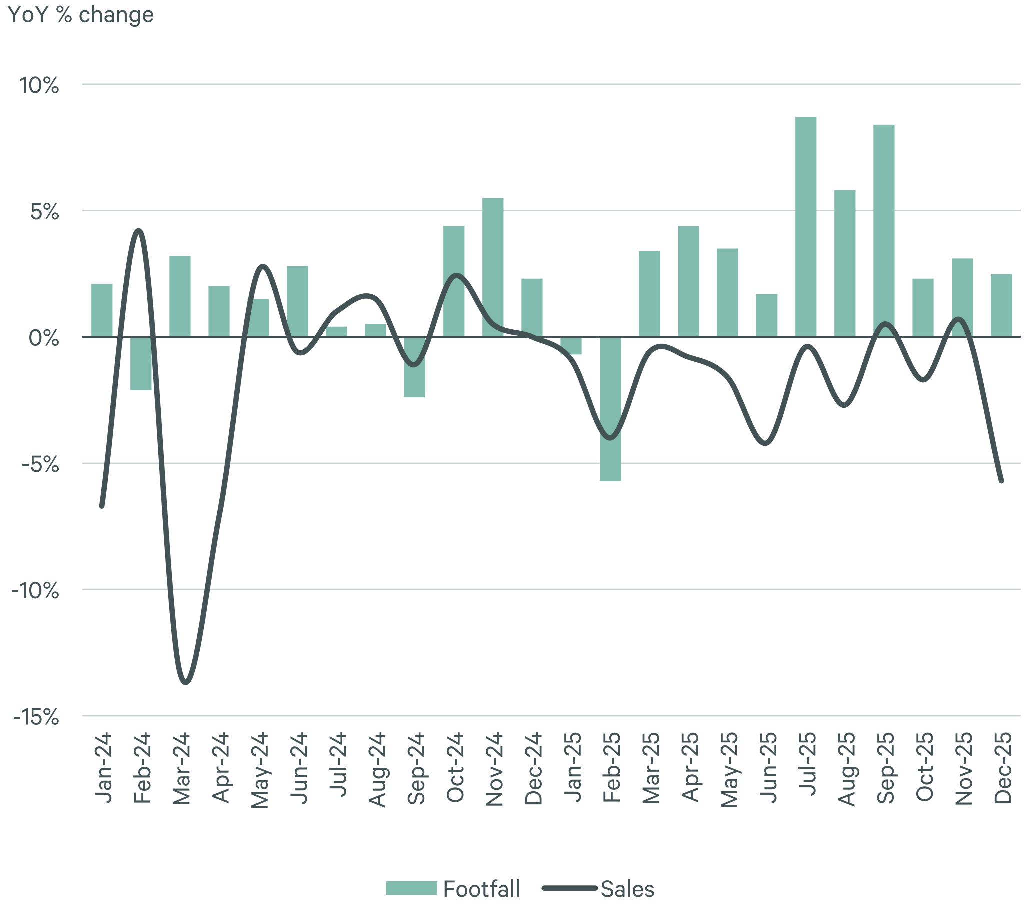
London's tourist demand remains stable. Heathrow passenger numbers increased by 1.2% YoY in the second half of 2025, with the strongest performance in October and November. The EU remains the largest group, followed by North America, while passengers from the Middle East saw one of the largest increases over the Golden Quarter.

+2.5%
December West End Footfall
YoY change

+8%
Middle East Heathrow Passengers
YoY change in both November and December

*Stations include Baker St, Bond St, Covent Garden, Green Park, High Street Kensington, Knightsbridge, Marble Arch, Oxford Circus, Piccadilly Circus, Sloane Square, and Tottenham Court Road.

FIGURE 2:
West End footfall and sales growth



Source: NWEC

02

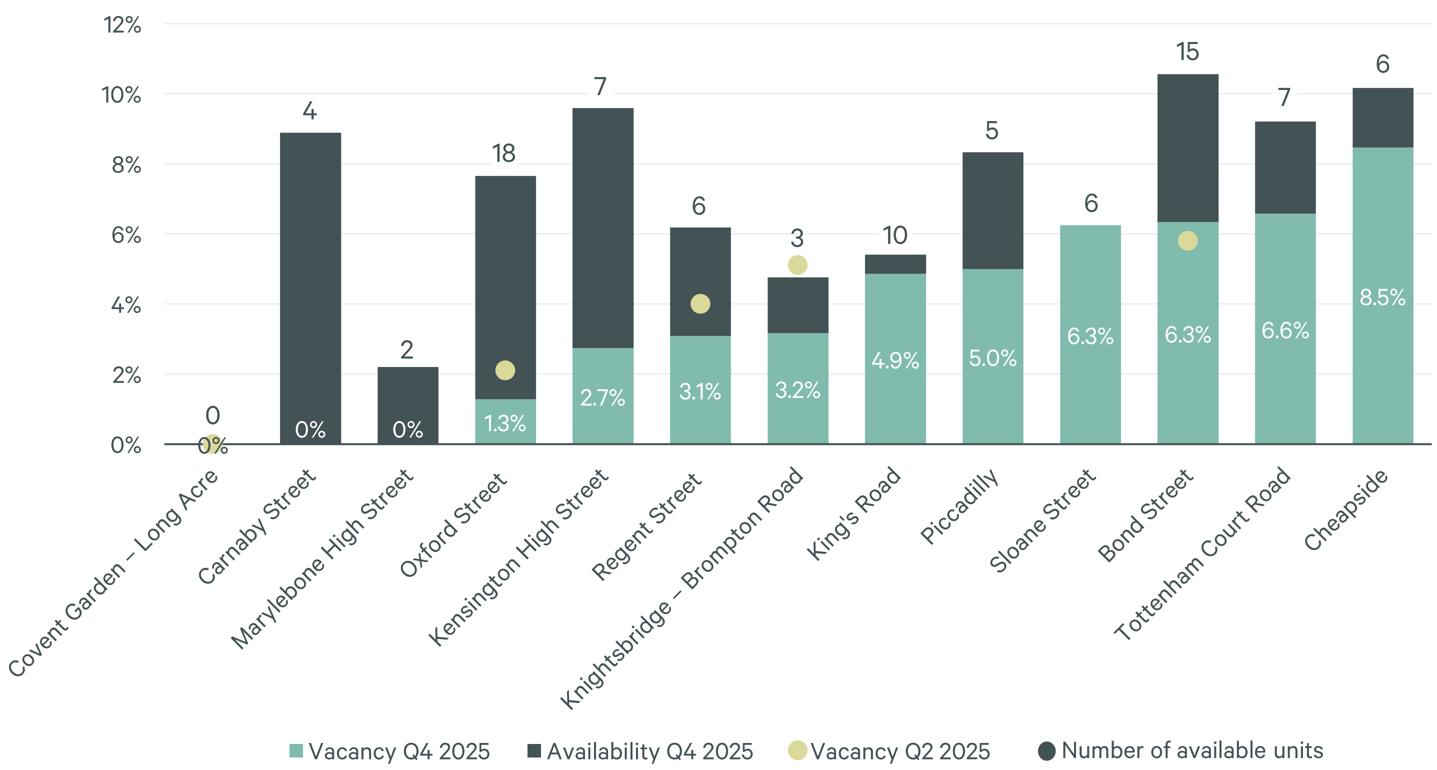
Leasing overview

Supply has continued to tighten on London's prime streets

CBRE tracks vacancy and availability* across 13 key London retail streets. The majority exhibit vacancy rates of 5% or below, following strong leasing activity in the prime retail destinations:

- Oxford Street has continuously seen contraction from 4.3% (Q4 2024) to 2.1% (Q2 2025) with current vacancy at 1.3%. This is the lowest level achieved in 20 years.
- At the end of 2025, Long Acre in Covent Garden, Carnaby Street, and Marylebone High Street had no vacant units, and the former also has no available space. This emphasises the strong demand for London's major Estates that are proactively managed.
- Bond Street has the highest availability although this is concentrated at the evolving northern end pitch, where the figures now include the Lazari Building, which comprises four units.
- Regent Street has very limited availability in the prime pitch. There are only six units available, and three of those are situated within the Venture House development, which is due to be ready for retailer fit-outs in July 2026.
- Knightsbridge has seen the greatest decline in vacancy (out of the five streets tracked in Q2 2025), compressing by 360bps due to strong demand for The Knightsbridge Estate and at Scotch House.

FIGURE 3:
CBRE Central London prime retail streets vacancy and availability rates (%)* Q4 2025 vs Q2 2025 and number of available units



Source: CBRE

*Vacancy is calculated on a unit basis rather than total floor space. It includes unoccupied units that are being actively marketed. It does not include properties which are under offer or subject to development >12 months out.

Availability accounts for vacant units or units on the market (including those currently occupied or under construction) and available in the next 12 months

Low vacancy has boosted rental growth

Of the 14 streets included in CBRE's in-house Prime Zone A rents, 10 experienced prime rental growth over last year. Limited supply on prime streets is driving rental growth:

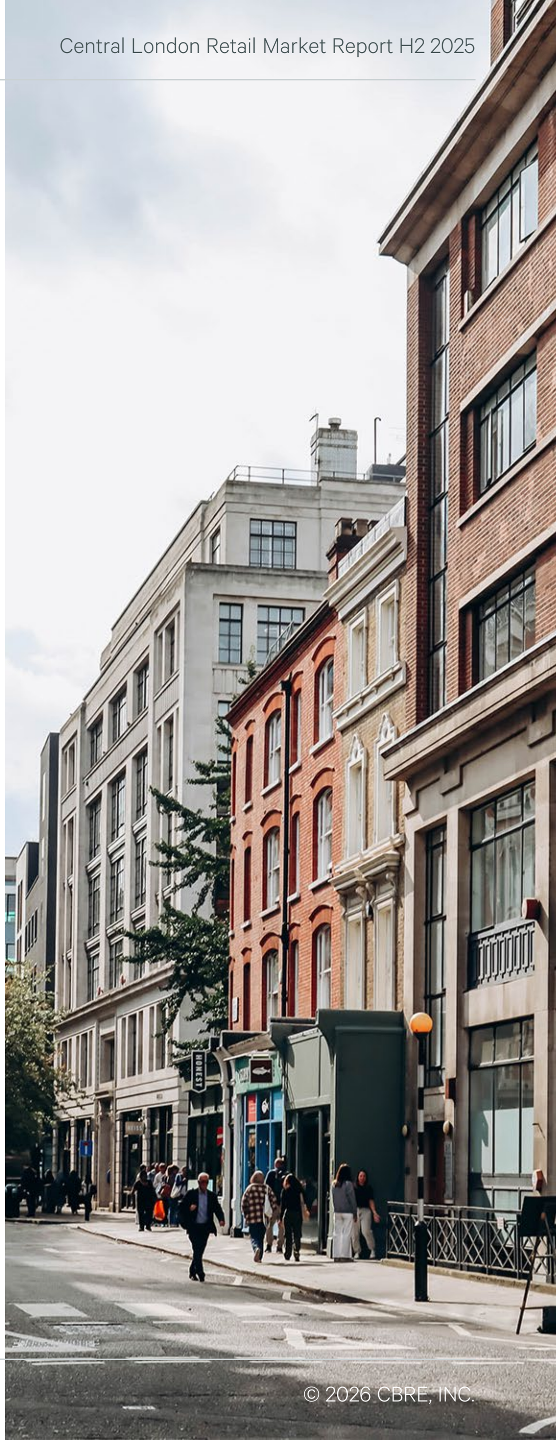
- Bond Street continues to achieve the highest Zone A of all Central London streets at £2,800 psf, up 17% YoY. Rental growth has been experienced in all the individual blocks. Many contemporary and aspirational brands are being priced out with the significant rent increases due to long-term occupation and own-to-occupy strategies. It is important to note that there are significant rent variations according to pitch.
- Oxford Street prime rents grew by a significant 19% YoY to £950 psf in Q2, with rent recovery occurring across the whole street. Within the prime pitch near Selfridges, leases set record Zone As, albeit these were small units. The Marble Arch end has been the slowest to recover, however recent lettings within GPE's Mount Royal mean the asset is now fully let. The lack of supply across the street is expected to continue to drive rental growth in 2026.
- Carnaby Street's significant rental increase was driven by the fact no vacant units exist on the street, following several flagship lettings.
- Knightsbridge and Mount Street also saw significant increases, driven by their positioning as global luxury retail destinations that are more affordable than Bond Street.
- Though behind pre-pandemic levels, the City has seen an increase in rental tone due to reduced voids and improving trade and footfall evidenced by growth on Cheapside.

FIGURE 4:
Central London prime zone A rents*

Street	Q4 2025 Rents (Zone A £/ft²)	% YoY Change
Bond Street	2,800	17%
Sloane Street	1,180	0%
James Street, Covent Garden	1,150	5%
Oxford Street	950	19%
Regent Street	850	6%
Brompton Road, Knightsbridge	775	24%
Mount Street	700	17%
Carnaby Street	630	33%
King's Road, Chelsea	575	6%
Marylebone High Street	450	6%
Piccadilly	350	0%
Kensington High Street	240	0%
Tottenham Court Road	220	0%
Cheapside	190	19%

Source: CBRE Research

*Rents are assessed on 100% prime notional unit of 2,000 sq ft. Bond Street, Oxford Street, Regent Street, Piccadilly, and Kensington High Street are 30 ft zones.



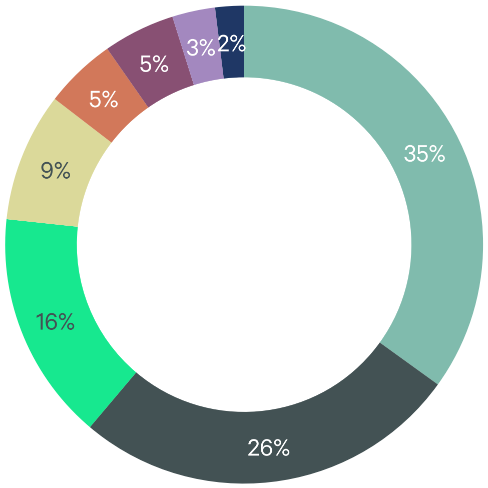
CBRE's leasing deals highlight London's continuing appeal as a global fashion hub

During the 2025, CBRE's Landlord Leasing team completed 215 deals. Figure 5 outlines the profile of the deals by product category:

- Clothing & Footwear represented the largest share of deals at 35%. Over 60% of these deals involve premium or luxury retailers, reflecting major demand in the West End.
- Food & Beverage (F&B)* demand also remained high at 26% of all deals, largely dominated by Grab & Go operators including coffee shops, bakeries, and lunchtime destinations.
- Health & Beauty leasing deals increased, accounting for 16%, with strong demand from fragrance brands.
- Occupiers from the Fitness, Healthcare and Wellness (FHW) sector, which focuses on service provision, rather than product sales, accounted for 13% of all deals, with several new health clubs leasing space in central and neighbourhood locations.

*F&B includes restaurants, Grab & Go, and bars.

FIGURE 5:
CBRE Central London landlord leasing deals, 2025



Third Space, The Whiteley

Zimmermann, 162B Sloane Street

HOFF, 124 Long Acre

Mr Marvis, 52 King's Road

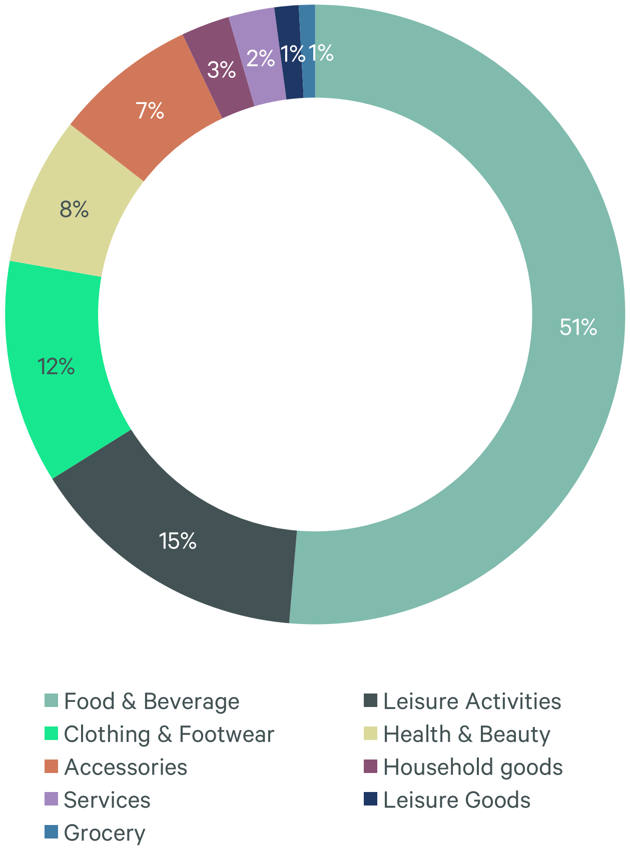
Significant increase in occupier demand fuelled by rise of health & wellness requirements

Over 2025, CBRE recorded a significantly higher number of new requirements (+58%) compared to 2024 reflecting the strength of demand for London as a key global retail destination. Requirements equated to 3.8m sq ft from over 700 retailers. Of these, 28% were new market entrants.

- F&B accounted for the greatest share of requirements, up from 34% in 2024 to 51%. This is despite challenges around funding, rising cost of fit-out, and increases in the minimum wage and National Insurance Contribution (NIC), which has impacted the sector significantly.
- In 2025, 38% of total new demand registered was from FHW tenants, including new wellness concepts, padel clubs, and clinics.
- International demand has remained at similar levels, with a higher proportion of European requirements. This may reflect the improved relationship with the EU. There were also twice as many requirements from retailers in the Middle-East, particularly Arabic fragrance brands, with recent lettings on Oxford Street to Reef Perfumes and Gissah.

*F&B includes restaurants, Grab & Go, and bars.

FIGURE 6:
Central London requirements data, 2025



3.8m sq ft
New requirements

38%
Fitness, Healthcare & Wellness tenants

28%
New market entrants

Tracked by CBRE across the Central London market in 2025

Central London leasing commentary

Oxford Street

Oxford Street maintains its position as a global retail destination. The speed of progress and the proposed pedestrianisation has given major global brands further confidence in the street's future.

We have seen the return of well-known UK brands such as The Body Shop and Clarks, who have both committed to two stores (east and west) on the street. Nike also opened their temporary flagship at Oxford Circus in July, while works are undertaken to expand Nike Town to 80,000 sq ft.

Oxford Street's appeal to new international entrants continues with the arrival of Canadian fashion retailer Garage in spring 2026. Additionally, there were two lettings that completed opposite Selfridges to Gissah and Qadeem, both Middle Eastern fragrance brands.

Strong demand has resulted in vacancy being its lowest in 20 years at 1.3%. There are only 18 units immediately available in the next 12 months with very limited flagship opportunities. Nearly 150,000 sq ft is currently under offer, including five major flagship lettings, positioning the street for a strong Q1 2026.

Additionally, the increase in rates payable caused by the business rates revaluation in the Autumn Budget has not been as large as many market analysts predicted.

Central London leasing commentary

Regent Street

Regent Street is a sought-after flagship destination for new concepts, with limited availability driving premiums for leases.

American fashion and lifestyle brand KITH was a major opening in H2 2025, choosing the northern end of Regent Street for their first UK flagship. The 19,000 sq ft store features a standalone restaurant Ronnie's and KITH Treats bar. This letting supports Regent Street's positioning as a hotspot for international new entrants. Alongside this, NEOM launched their 'Global Wellbeing Hub' concept at 143, and Gerard Darel signed on 221, which is set to open in early 2026.

Limited availability on Regent Street has resulted in the return of significant premiums being paid and this trend is expected to continue in 2026. Some retailers may start to consider lease assignments which could create some further availability over the course of the year.

Working in partnership, Westminster City Council and The Crown Estate have published proposals for development of the south side of Piccadilly Circus and Regent Street St James's to be traffic-free, creating and improving over 35,000 sq m of free public space.

Source: CGI, Lazari

Central London leasing commentary

Bond Street

Bond Street remains one of the most desirable luxury locations, making it the most expensive street in London with several new developments in the northern pitch set to strengthen the retail offering.

The most recent large store lettings occurred at the former Victoria's Secret store, now split into three units, two of which have been let to Acne Studios and Peter Millar. In the same block, Amiri also signed their first London flagship store at the former Del Core. The redevelopment of the former Fenwick department store, which is being reimagined into a best-in-class office and luxury retail, will further enhance this part of Bond Street. International law firm McDermott, Will & Schulte secured a 15-year lease across the second to ninth floors in June 2025, taking all 115,000 sq ft of office space.

164 New Bond Street, a 49,000 sq ft development in the prime pitch generated competitive bidding for what was considered a once in a lifetime opportunity. The store was let to Saint Laurent, who will take occupation in Q1 2026 to fit-out. On completion, they will relocate from 32-33 Old Bond Street (OBS) and Omega, who owns the building, will replace them.

This supports the trend of apparel retailers moving north, expanding the prime luxury pitch, which has paved the way for mono watch brands and jewellery boutiques to move South. For example, jeweller Boodles is relocating and upsizing from New Bond Street, following Richemont's purchase of the store, to Stella McCartney's former store on OBS to the south.

Source: Cadogan Estates

Central London leasing commentary

Sloane Street

Sloane Street is one of London's most exclusive luxury retail destinations enhanced by several new developments and flagship openings.

Luxury brands continue to prioritise flagship locations in prime destinations such as Sloane Street to reinforce brand status and create immersive stores which fosters consumer loyalty.

In September, Dolce & Gabbana relocated and upsized on the street to a new 5,000 sq ft store. In October, Erdem and Toteme opened their new flagship boutiques, picking Sloane Street to offer a more intimate and exclusive customer experience. LA brand Ulla Johnson secured its first London store at 150 Sloane Street.

Sloane Street's offering is being enhanced further with new F&B concepts. Martino's opened at Sloane Square and Guy Ritchie has acquired The Gloucester Pub at 187 Sloane Street. Furthermore, five-star hotels on Sloane Street and within the immediate vicinity reported high occupancy rates throughout 2025.

Central London leasing commentary

Mayfair

Demand continues to outstrip supply across Mayfair, with sustained demand across key streets such as Mount Street, Conduit Street, and Bruton Street. The district has recorded notable rental growth, with Mount Street achieving the strongest YoY uplift.

Mount Street is reaffirming its status as one of the world's leading luxury retail locations and a more accessible alternative to Bond Street with recent commitments from sought after luxury brands including Phoebe Philo and Adam Lippes.

East Mayfair has also attracted a range of premium retailers, further strengthening the vision for Savile Row, Clifford Street, and Old Burlington Street as global destinations for tailoring, craftsmanship, and contemporary luxury.

A carefully curated mix of specialist brands have been secured including; Carmina shoes opening its first London store, P. Johnson relocating from Fitzrovia whilst existing tenant, Thom Sweeney, has expanded its flagship location into 25 Old Burlington Street. Audemars Piguet will also shortly open a new, larger flagship "AP House" at 8 Clifford Street to offer a more immersive luxury experience with lounges, bars, and rotating art.

Source: Shaftesbury Capital

Central London leasing commentary

Covent Garden

Covent Garden continues to attract a diverse mix of international and premium brands, reinforcing its position as one of Central London's most sought-after destinations.

In luxury beauty, Byredo and Parfums de Marly opened in 2025, with Matière Première and Initio Parfums Privés set to launch their UK debut stores in early 2026. On Long Acre, footwear operators Hoff and Office have secured space, contributing to record Zone A rental levels during this leasing cycle.

The F&B market remains equally strong across the wider district. In Seven Dials, French bakery Copains opened its first UK site on Neal Street, while French bistro Buvette is set to launch an 80-cover restaurant in Neal's Yard. Floral Court will welcome Burro, a new Italian concept in early 2026, and Harry's Bar has opened at 11–12 Russell Street. Additionally, the Guinness Open Gate Brewery opened at the end of 2025 at the historic Old Brewer's Yard site, which is expected to drive further footfall and enhance the district's leisure offer.

Strong demand has led to continued rental growth across most of Covent Garden's prime streets. There is no vacancy or availability on Long Acre, James Street, or King Street as at the end of 2025, with the administration of Russell & Bromley likely to provide an opportunity on Long Acre.

Source: Shaftesbury Capital

Central London leasing commentary

Carnaby Street & Soho

Throughout H2 2025, there were several landmark deals across Carnaby Street and Soho.

Charlotte Tilbury opened a new 'Beauty Wonderland' store in an anchor gateway unit on Carnaby Street. Other key lettings included French outerwear brand K-Way, signing for its West End debut. At the southern end of Carnaby Street, US fashion brand Edikted committed to a European standalone debut, also a first store outside of the US, opposite TALA, which itself opened a national debut to great acclaim in 2025.

Demand for F&B has continued to grow, from restaurateurs and visitors alike. Notable openings included a revitalised concept in The Shaston Arms, alongside new additions from the likes of ALTA, Heard, and Ria's. Revered Italian restaurant, Padella, has meanwhile taken a first West End site on Kingly Street.

In wider Soho, Ron Dorff has relocated into 32 Berwick Street, with other openings including London's only Alohas standalone on Beak Street, and a first-ever physical space for Sheep inc on Newburgh Street.

Central London leasing commentary

Knightsbridge

Brompton Road experienced several high-profile lettings to premium retailers during H2 which has resulted in limited availability.

There have been a raft of lettings in the prime pitch between Harrods and Harvey Nichols. The Knightsbridge Estate announced lettings to On Running (7,500 sq ft), Coach, and Aurelien in H2 2025. Aurelien will open its first UK flagship at 59 Brompton Road, which is its first permanent presence in London following pop ups at Harrods and Selfridges.

On the opposite side of the street, there has also been strong demand for Scotch House, the former Burberry site, where renowned Turkish confectionary brand Mazlum has opened its first European store at 10 Brompton Road. Further lettings will be announced in 2026.

There are currently no vacant units in the prime section, with only three units being marketed. The lack of supply is creating competitive tension which will increase prime Zone A rents further, and some sites are expected to exceed pre-pandemic levels this year.

BEAM has now obtained planning consent for their 1 Knightsbridge Green scheme, which will further enhance Brompton Road as one of London's most prestigious retail destinations.

Source: Cadogan Estates

Central London leasing commentary

King’s Road

King’s Road continues to thrive with new international entrants, independent retailers, restaurants openings, and the completion and letting of new development schemes.

International retailers and direct-to-consumer retailers continue to choose King’s Road to open their first London and global stores, as seen with Jonak, Mr Marvis, and Needle & Thread. US retailer Janie & Jack featuring Hatch has secured the last unit in The Gaumont development.

The Willet Building development is now fully let to DeMellier for its first ever global flagship store, Ralph Lauren for its first European Men’s standalone store, and Martino’s restaurant.

The Trafalgar Pub opened making it the first new pub on King’s Road in over 100 years.

The strong demand for King’s Road, Sloane Square, and Duke of York Square, and lack of availability has resulted competitive tension and Zone A rents exceeding pre-pandemic peaks.

Source: The Howard de Walden Estate

Central London leasing commentary

Marylebone

Marylebone continues to generate significant interest with a long list of brands wishing to open stores in the area, albeit there is limited availability across the Estate.

New names on Marylebone High Street include Tekla, who opened their first store outside of Copenhagen, Vince who have opened their European flagship, Soeur and Flabelus both opening their third London boutiques, and Scottish perfumery Jorum, making their debut in London. Meanwhile, Waitrose reopened their refitted 30,000 sq ft supermarket and a newly upsized Space NK has also opened. WNU (With Nothing Underneath) is the latest signing on the High Street, in the former Space NK unit, who will open their third London store shortly, and this marketing campaign generated over 20 offers.

Restaurant openings have included Farmer J, who opened on Thayer Street, Kudu, who relocated from Peckham, Gails who took the former LPQ site on Marylebone High Street, Café Murano on Dorset Street, and The Hart opening on Blandford Street.

Source: Battersea Power Station

Central London leasing commentary

Battersea Power Station

Battersea Power Station saw high levels of footfall and store launches in H2 2025.

There were various new retail openings in 2025 including from sportswear brands On Running and Alo Yoga, alongside All Saints, Manière De Voir, Waterstones, and Diptyque. Lone Design Club (LDC) also opened a five-month residency pop-up store in the summer, which brings emerging designers and immersive experiences together in one location.

On the pedestrianised Electric Boulevard, Bonbon Pottery Studio opened, as well as WatchHouse, The Salad Project, and Renault. Jenki are due to open in Q1 2026.

Central London leasing commentary

Canary Wharf

Canary Wharf has transformed into a seven-day retail and leisure destination, welcoming over 76.1 million visitors in 2025.

Canary Wharf recorded 47 new leasing deals, which has driven an increase in occupancy, standing at 98% in the malls, and 97% across the wider estate. Full-year footfall for 2025 was up by 5.4% YoY.

New leases included fashion retailers, Wax London, Office, TM Lewin, and Intimissimi, beauty retailers The Fragrance Shop and Pureseoul, pop-up Fortnum & Mason, and homeware shop Søstrene Grene. Within the F&B sector, Jenki opened a new matcha bar, alongside chocolate shop Läderach. In the summer of 2026, the Sea Lanes Lido from Brighton will open in Eden Dock.

Wood Wharf has a significant 400,000 sq ft dedicated to vibrant retail and community amenities. 2025 marked major additions, including the opening of the Troubadour theatre – a 1,200-capacity venue with two bars and a restaurant, launched impressively with The Hunger Games stage production. New culinary destinations like Nora, Crate Brewery, Din Tai Fung, and Signorelli also opened their doors, with Whole Foods anticipated in early 2026.

Source: British Land

Central London leasing commentary

The City & Spitalfields

The City remains a destination for occupiers catering to the growing office population, particularly around the key hubs of Liverpool Street, Spitalfields, Bank, and St Paul's.

British Land has launched Broadgate Central, the City's newest retail, leisure, and dining destination, at its Broadgate campus. Broadgate Central spans 120,000 sq ft across the ground and lower ground floors of 1 Broadgate and 100 Liverpool Street, linking Liverpool Street station to Finsbury Avenue Square. The new retail and leisure space is 90% let or under offer. Some of the new brands include Mango, Luca Faloni, Hobbs, Laduree, Läderach, and Molton Brown, highlighting strong demand for well-located retail near transport hubs. At One New Change, Rituals has taken a unit on Cheapside following successful openings by Aesop and John Henric.

F&B continues to account for the majority of demand in the City, and Spitalfields Market continues to be a hotspot for occupiers with no current vacancy. F&B demand at the latter from Kerb Food Market, Bread and Truffle, Holy Carrot, and Bread Store. New retailers included Ronning, eyewear brands Bloobloom and Ollie Quinn, Percival, and Nobody's Child.

There has been strong leisure demand. Both eGym and Third Space leased space in Paternoster Square, set to open this year, with brands such as Jab Boxing Club and Urban Gym Group actively seeking new space. Competitive socialising concepts, Five Iron Golf, and Pool House will open this year, joining the likes of Fairgame and Clays.

Food & Beverage

Mayfair

Mayfair experienced a strong H2 with high profile launches from a range of domestic and international operators proving its strength as a global destination for restaurateurs.

Hotels The Chancery Rosewood and Cambridge House have secured tenants, Carbone and The Major Grill, respectively, both part of Major Food Group. A reimagined speak-easy style restaurant, Automat opened on Mount Street. The Marlborough Pub also reopened by the team behind cult pizza restaurant Crisp Pizza and The Devonshire. Other new restaurants include Fenix, which took the former Henry's on Piccadilly, Chargal on Berkley Street, and Mazarine on Hanover Square.

Covent Garden

Covent Garden solidifies its reputation as a spot for international concepts with a number of high-profile and chef-led openings.

Guinness Open Gate Brewery opened with chef-led concept Gilroy's Loft, offering skyline views. A number of Asian restaurants opened, including Aqua Group's Dim Sum Library at the former Luci, Vietnamese Co Thanh, and Sri Lankan street concept Adoh!. Caprice's Italian restaurant Harry's opened on the Piazza and Conor Gadd, the chef and co-owner behind Trullo, is set to open a new Italian concept, Burro, on Floral Street.

Public realm works on Henrietta Street are planned to improve the dining experience with new greenery and al fresco dining.

The City

The City of London continued to demonstrate strong momentum in H2, supported by resilient weekday footfall and high levels of discretionary spend. Operator confidence remains, reflected in a series of new openings.

Notable additions included Evolv Group's Liverpool Street Chophouse at former New Street Grill; Humble Grape within St Mary le Bow; Fire Starter, Electric Star Pubs' new live fire restaurant; as well as Notto and Velvet Taco.

The premium casual market is set for an equally active start to 2026, with anticipated openings including The Horsemen, an Irish American free house in Broadgate developed by the team behind Sunday in Brooklyn, alongside Bancone City on Princes Street, Evolv Group's Sartoria, and The Cloth, opening in Cornhill.

Soho

The area continues to reinforce its position as one of London's most dynamic F&B destinations, driven by the proliferation of premium led concepts and consistently strong operator demand.

A series of notable transactions in H2 2025 including Tangra, Roas, Kaho Bird, Black Tap Craft Burgers & Beers, Noodle & Beer, and Head Burger Soho, demonstrates the enduring attractiveness of the area, particularly along key thoroughfares such as Wardour Street and Frith Street. Forthcoming openings, including Marjorie on Fouberts Place and Sohohas on D'Arblay Street, together with Padella's anticipated spring launch, are expected to further enhance footfall and reinforce the area's momentum.

The Soho market is defined by limited supply and rising premium levels, especially for fully fitted premises with late night licences, reflecting robust trading potential and intensifying competition among operators for high-quality opportunities.

03

Investment overview

Total year investment increased by over 40% YoY

Over H2 2025, £350m transacted, up 45% compared to H2 2024. This takes full-year volumes to £1.27bn across 22 deals, a 43% increase YoY.

Investor confidence has returned in the London retail market, underpinned by strong occupational demand which has fuelled rental growth. For example, Oxford Street prime Zone A rents increased by 19% over 2025, and yields compressed by 25bps to 4.25%, now in-line with Regent Street for the first time in six years. Covent Garden, King's Road, and Marylebone High Street prime retail yields also contracted by 25bps over the year.

The increased investor demand is partly attributable to the return of the institutional investors into the London retail market. This includes Aberdeen Investments' acquisition of Standbrook House on Old Bond Street for just under £120m, the largest transaction in H2. The asset, let to luxury retailers Richard Mille and Tod's on the ground floor, was sold by Hong Kong property investor Lai Wing.

London Estates sales have helped drive volumes in 2025 with Norge's acquisition of a 25% stake in Shaftesbury Capital. This is a trend we expect to continue in 2026 with the potential sale of St Christopher's Place.

Owner-occupiers continue to be the most dominant purchasers, but their requirements are very location and asset specific. Examples of this include Pop Mart's acquisition of 149-151 Oxford Street for £63m, and Graff's purchase of 43 Conduit Street for £11.25m.

Bond Street has been the most active of the London submarkets, with four assets transacting which accounted for 32% of London retail volumes. The most recent of these was the sale of Herno at 31 Old Bond Street for £36.28m.

Looking forward, we expect more stock to continue coming to the market over the first half of the year, with Asian investors being the dominant vendor type.

FIGURE 7:
Central London retail investment volumes and prime yields

Source: CBRE Research

04

Key takeaways

Key takeaways

Growth in footfall

The West End recorded positive YoY footfall growth. However, this did not impact sales performance, which was in negative territory. This suggests more people visited the West End for activities beyond shopping.

Lack of supply

There is a lack of supply on London's prime streets with the majority exhibiting vacancy rates of 5% of below, following strong leasing activity. This resulted in rental growth with over a third of prime London streets experiencing double digit rental growth during 2025.

Hotspot for new entrants

London continues to be a hub for international entrants opening their first global or European flagships. This includes fashion retailers, as well as an increase in demand from health and wellness occupiers.

Robust investment

Total year investment increased by over 40% in 2025. The strong fundamentals of occupational demand and rental growth has attracted a return in investor confidence in the London retail market. Estate sales and own-to-occupy continue to be major themes.

Contacts

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