

UK RETAIL | 2025

UK Prime Shopping Centre Leasing Trends 2025



This summary outlines how key metrics and leasing trends in shopping centres have changed since the pre-pandemic period and throughout recent years.

CBRE has reviewed market activity to identify how these indicators have changed across four periods: 2019, 2023, 2024, and 2025 (to Q3). We looked at new leases or renewals from a sample of properties within the top tier* of UK shopping centres over four periods.

**Shopping centres considered being in the top 30 across the UK.*

COVID-19 is often attributed as the cause of the collapse in the retail market. While it caused stress and accelerated some changes, the market already faced challenges such as affordability and e-commerce. Since COVID-19, we have seen recovery with vacancy falling and the best centres nearing full occupancy. The market is polarised, and a clear three-tier environment has emerged: prime (successful experience-led destinations), local (convenience and services generally showing strong recovery), and the squeezed middle (a distressed sector, with oversupply and a lack of value-add, experience, and investment).

Today's market is highly flexible, with landlords balancing occupier needs and income security through mechanisms such as leases outside the Landlord and Tenant Act 1954, capped rent reviews, and break penalties. Global brands led the charge for shorter and turnover-linked leases. Landlords are now more sophisticated and increasingly have embraced the upsides of turnover leases. Competitive tension and proactive tenant mix strategies help them maintain control and maximise income. The future lies in flexible leasing aligned with diverse occupier models without compromising rental security.

UK prime shopping centre leasing trends

Q1-Q3 2025 SAMPLE FINDINGS

91%

Of retail leases* are outside the Act

80%

Of all retail leases have a tenant break clause or expiry within the first five years

7.2

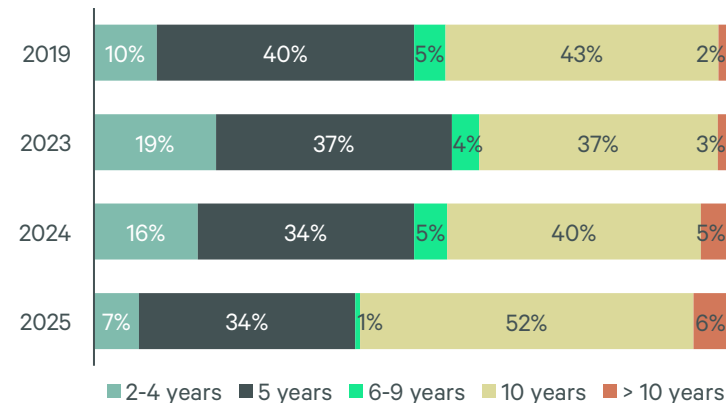
Average retail lease length (years) across the four periods

Note: *2025 YTD

Retail lease length has remained steady between seven to eight years for leases signed in 2019/24/25 and 6.4 in 2023. The majority follow the historic five-year rent review pattern. In 2023, leases were shorter driven by occupier flexibility caution post-COVID and an imbalance of supply and demand. Recently, there has been an increase in the proportion of longer leases as competition for space and retailer confidence has grown. However, a higher proportion of these have lease breaks (tenant or mutual) and therefore a minimum term certain of five years and under remains steady across the periods.

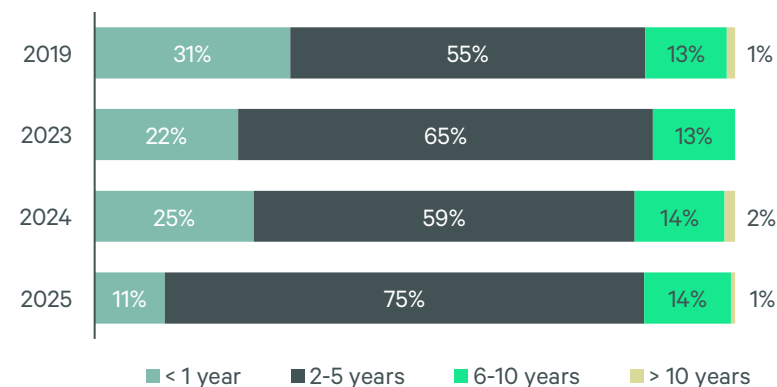
Across the four samples, the composition of product category has remained consistent with Clothing & Footwear dominating followed by Food & Beverage (F&B). Lease length analysis excludes F&B and Leisure Activities as these occupiers typically have significantly longer leases, on average 10 and 12 years, respectively, across the four periods. This is driven by the need for longer terms to write down and secure returns on substantial CapEx. Shopping centres are increasing the amount of F&B and leisure to diversify tenant mix and create more attractive destinations.

FIGURE 1: Retail lease length (excluding break clauses)



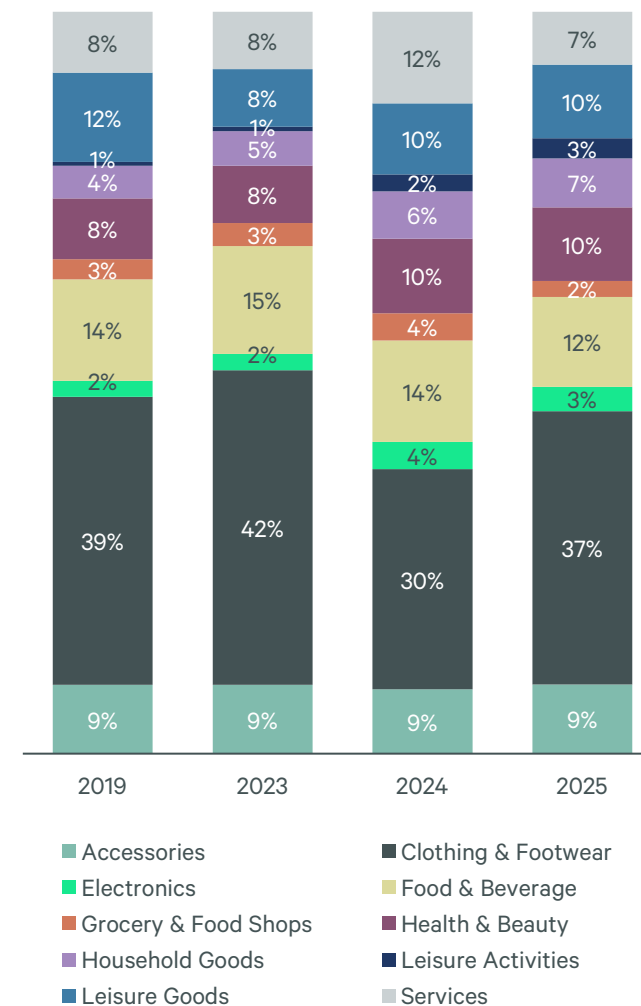
Excludes temporary leases (<1 year)

FIGURE 2: Retail lease length, minimum term certain



Excludes landlord breaks and temporary leases (<1 year), and includes tenant/mutual breaks

FIGURE 3: Product category distribution



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Q1-Q3 2025 SAMPLE FINDINGS

44%

Of all retail leases have turnover provision

9%

Average turnover rent percentage

55%

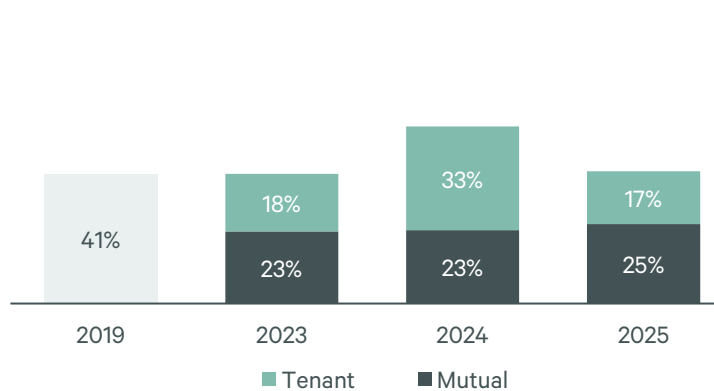
Of all retail leases have a tenant/mutual break clause

The market has become more comfortable with break clauses; 46% of leases signed in 2019 and 55% in 2025 had break clauses. The driver for break clauses is flexibility and can be used by both parties to replace brands or exit stores if they do not perform as expected. 2023 had a higher proportion of mutual break clauses. This may have been driven by landlords wanting more flexibility to upgrade the tenant mix as the pool of brands was generally considered to be weaker in covenant than it is now.

The majority of ten-year leases contain a break clause. This does not tell the whole story as it is now very common for tenant break options to be granted subject to break penalties which has made the negotiating position around activating breaks more even.

In 2019, outside of outlets, it was not common for leases to contain turnover provisions as part of a deliberate leasing strategy. The wave of Company Voluntary Arrangements (CVAs) in 2018/19 resulted in many turnover related leases. Almost 50% of all leases signed in 2025 included a turnover provision. This indicates a more sophisticated approach by the best asset managers who better understand retail trading performance. There has also been a marginal decrease in the proportion of sales that retailers will offer as rent. Anecdotally, the level of base rents has increased over the period with turnover increasingly offering an upside.

FIGURE 4: Five-year leases, proportion with breaks and types



2019 break type unavailable

FIGURE 5: Ten-year leases, proportion with breaks and types

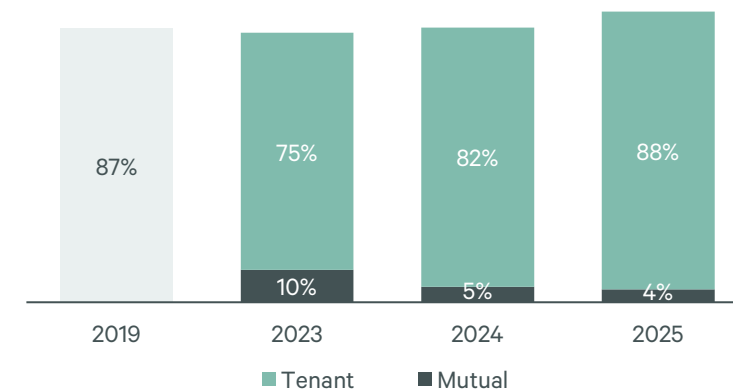
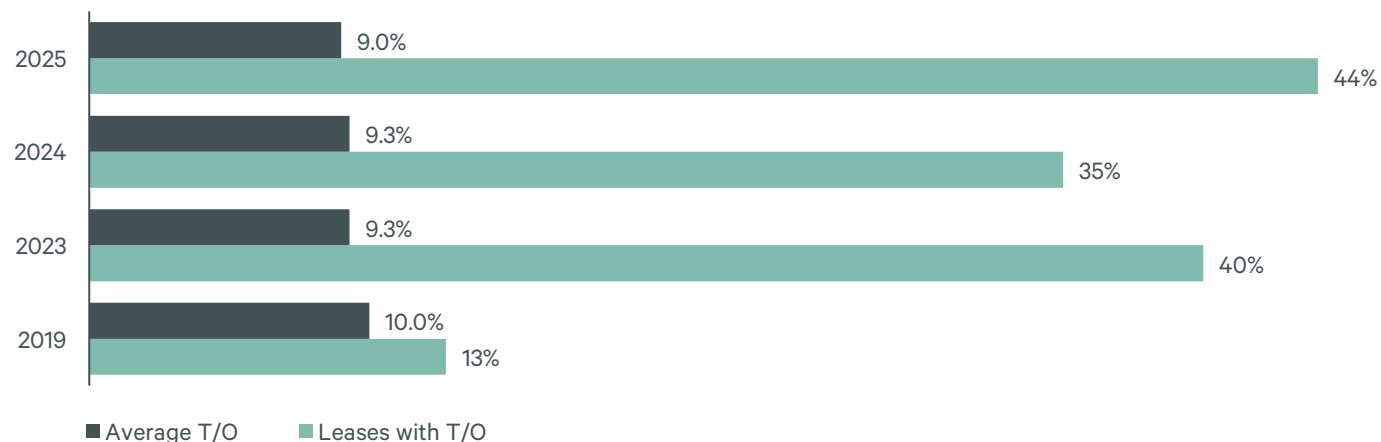


FIGURE 6: Turnover lease proportion and percentage





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