Re-Leased

Commercial Real Estate Live Data

UNITED KINGDOM

Tenant Health Index

Unlock deeper understanding of tenant dynamics.
The Tenant Health Index (THI) provides a clear, data-driven assessment of tenant occupancy health across the United Kingdom.

Market Lens

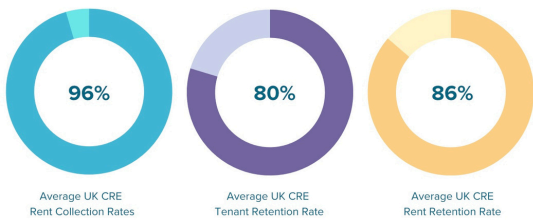
The Re-Leased platform captures live rental collection data directly from over 90,000 unique leases from across the country. The report looks at the United Kingdom picture and also provides segmented analysis across major property asset classes (Office, Industrial, Retail and Hospitality).

This report does not rely on surveys or secondary collections, and the data has been collected, anonymised and aggregated in line with the Re-Leased Terms and Conditions as at the time of publishing .

Core Metrics of the THI

The Tenant Health Index provides a detailed view of tenant dynamics within commercial properties, offering insights into key performance areas. High collection rates ensure reliable cash flow, while strong tenant retention reflects long-term stability and enduring relationships. Robust rent retention shows the preservation of rental income, even when tenants change. Additionally, the Rent to Lease Retention Variance highlights shifts in rental income relative to tenant retention, providing valuable information for pricing and negotiation strategies.

By combining these metrics, the Tenant Health Index empowers landlords and investors to benchmark tenant health, enabling more informed decisions that optimise property performance and investment strategies.



Collection Rates

Measures: Percentage of rent paid within 30 days of the due date.
Significance: Indicates tenants' payment reliability and financial health.

Tenant Retention

Measures: Percentage of tenants remaining after 12 months.
Significance: Reflects tenant loyalty and long-term occupancy potential.

Rent Retention

Measures: Percentage of rent paid by retained tenants compared to the previous year.
Significance: Assesses whether rental income is maintained with existing tenants.

Rent Variance

Shows: Difference between rent retention and tenant retention rates.
Positive Variance: Retained tenants are paying more, possibly due to rent increases or leasing more space.
Negative Variance: Tenants are paying less despite staying, indicating potential revenue decline.

Collection Rates

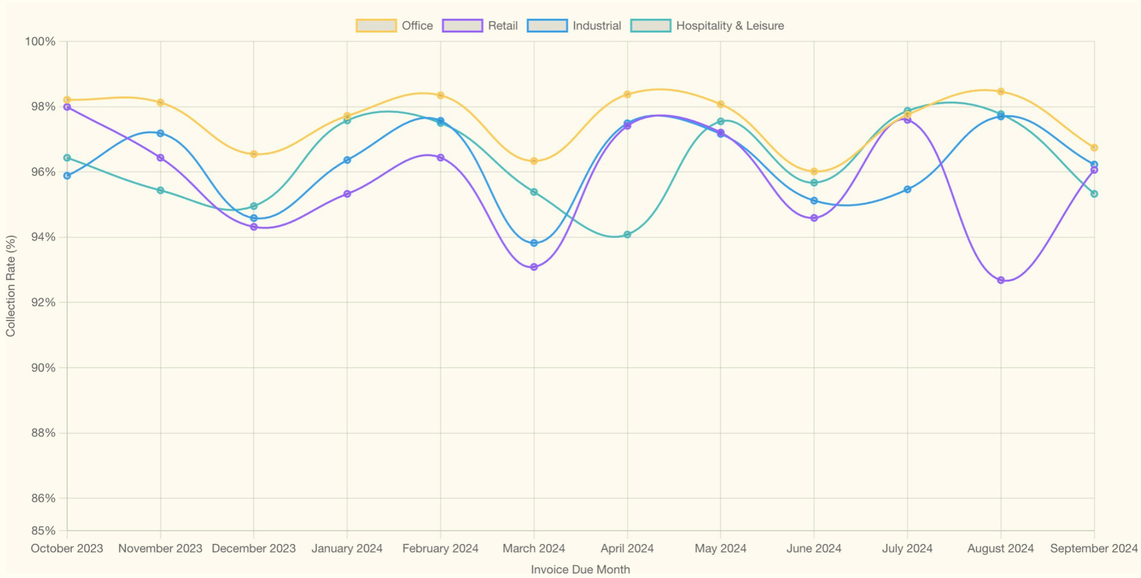
This measures the percentage of rent that is paid within 30 days of the due date, reflecting how reliably tenants are meeting their payment obligations. A high collection rate indicates strong financial health and cash flow consistency.

Commercial Real Estate Rent Collection

UK commercial property rent collection bounces back to pre-COVID levels, reaching 2019 rates. This recovery marks a strong rebound from the pandemic low of May 2020, when landlords collected just 50% of due rent.

Average collection rate: 96%

The UK commercial real estate market shows healthy rent collection rates across all sectors, which is a strong indicator of tenant reliability and positive cash flow for landlords. Sectors like industrial, office and hospitality exhibit particularly high collection rates, suggesting minimal risk of arrears. However, slight variability in the retail sector may require closer monitoring.



Office Collection Rate

Average collection rate: 97.50%

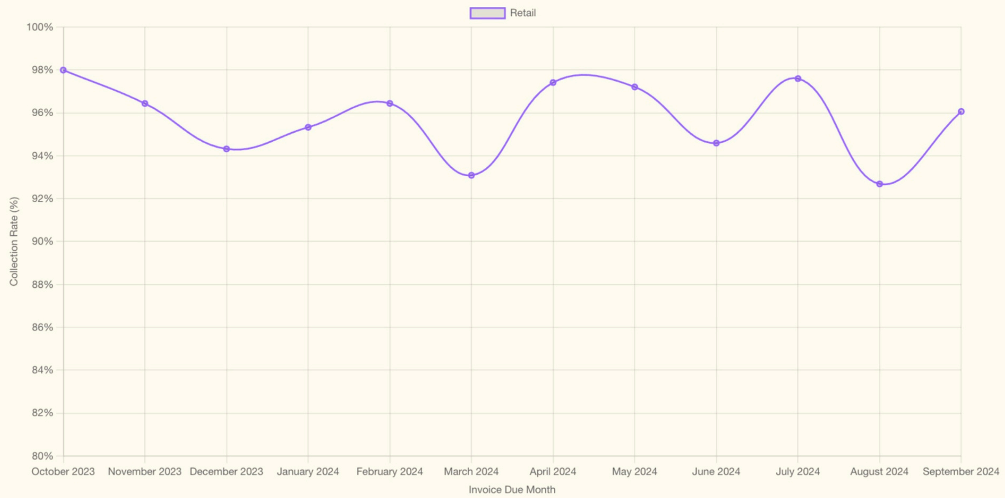
Office rent collection rates are robust, consistently above 95%, and recovered from the pandemic lows of 64% in May 2020. This suggests that most tenants are meeting their obligations, with minor arrears risk.

Invoice Due Month	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Collection Rate	98.2%	98.1%	96.5%	97.7%	98.3%	96.3%	98.4%	98.1%	96.0%	97.8%	98.5%	96.7%

Retail Collection Rate

Average collection rate: 95.76%

Retail has demonstrated stable rent collection with minimal fluctuations, reflecting strong tenant reliability. With an average collection rate of 96%, the sector has experienced the most robust recovery across all asset classes, bouncing back from a low of 44% in May 2020.

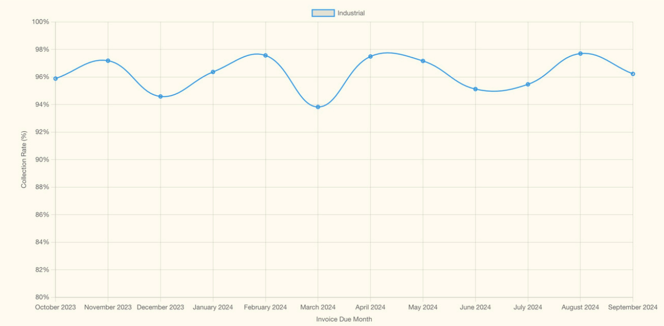


Invoice Due Month	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Collection Rate	98.0%	96.4%	94.3%	95.3%	96.4%	93.1%	97.4%	97.2%	94.7%	97.6%	92.7%	96.1%

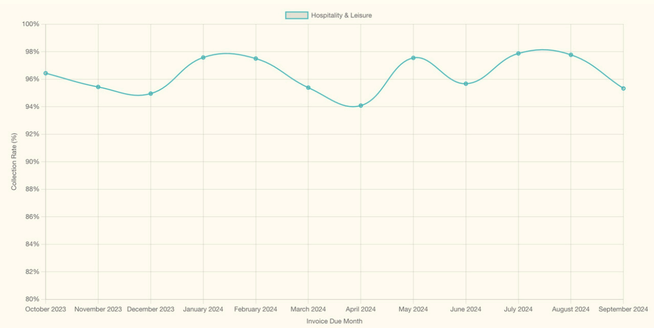
Industrial Collection Rate

Average collection rate: 96.21%

Industrial tenants demonstrate a high collection rate, with minimal variance (only 1.3% deviation), indicating consistent financial stability. This sector's strong performance reflects the demand for logistics and warehousing spaces, making arrears less of a concern.



Invoice Due Month	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Collection Rate	95.9%	97.2%	94.6%	96.4%	97.6%	93.8%	97.5%	97.2%	95.1%	95.5%	97.7%	96.2%



Invoice Due Month	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Collection Rate	96.4%	95.4%	95.0%	97.6%	97.5%	95.4%	95.4%	94.1%	97.5%	95.7%	97.9%	95.3%

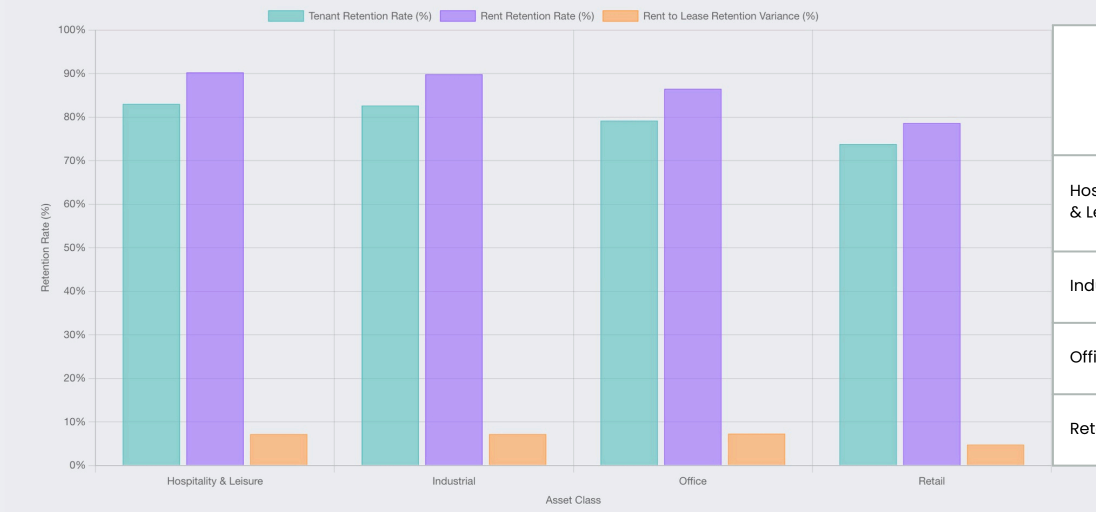
Hospitality and Leisure Collection Rate

Average collection rate: 96.30%

This sector has strong rent collection, with rates consistently above 95% for most months. The high collection rate suggests that tenants in this sector are reliably meeting their rent obligations, which is positive for arrears management.

Tenant and Rent Retention

Based on the dataset provided and industry trends, we can identify several key insights regarding tenant retention, rent retention, and the rent to lease retention variance in the UK commercial real estate market, particularly in sectors such as industrial, office, retail, and hospitality.



	Tenant Retention Rate	Rent Retention Rate	Rent to Lease Retention Variance
Hospitality & Leisure	83.03%	90.27%	+7.2%
Industrial	82.65%	89.84%	+7.2%
Office	79.19%	86.49%	+7.3%
Retail	73.81%	78.63%	+4.8%

Tenant Retention Rate

Tenant retention rates across sectors reflect the stability and loyalty of tenants over a 12-month period. In the dataset:

- The **industrial** sector has seen a high tenant retention rate of 82.65%. Strong demand for logistics and warehouse spaces, driven by the rise of e-commerce, supports this retention rate. Prime areas remain stable, although some locations are experiencing minor fluctuations in demand.
- **Office spaces** in the UK have a tenant retention rate of 79.19%, pressured by the shift to hybrid work models. Businesses are reassessing their space needs, leading to higher turnover as tenants downsize or adjust their footprints to align with evolving work environments.
- The **retail sector** faces significant structural challenges, with a tenant retention rate of 73.81%. The shift toward online shopping and changing consumer behaviour is impacting retention, with tenants often seeking more flexible spaces, downsizing, or relocating to areas with lower rents.
- **Hospitality & Leisure** boasts the highest tenant retention rate at 83.03%, reflecting resilience as consumer activity in dining and entertainment recovers post-pandemic. Despite some urban challenges, tenants in this sector have shown stability.

Rent Retention Rate

Rent retention tracks the amount of rent retained from tenants who stay in the property year-over-year. The dataset reveals:

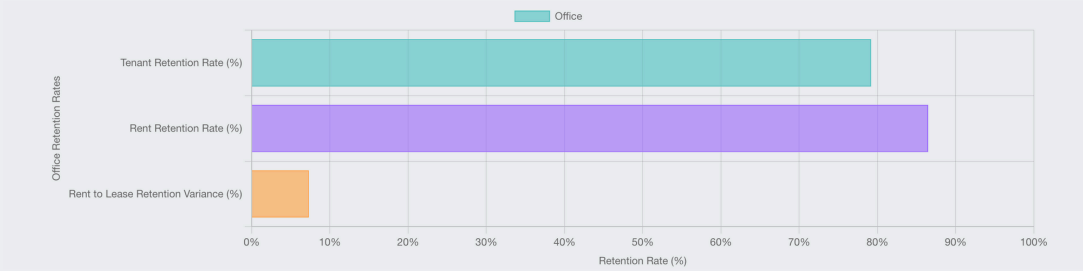
- **Industrial** rent retention is strong at 89.84%, as demand for logistics and warehouse spaces enables landlords to maintain or increase rents for retained tenants. While tenant turnover occurs, those who stay often pay premium rents for desirable locations.
- Rent retention for **offices** is at 86.49%, despite fluctuating tenant retention rates. Landlords in prime locations can command higher rents from tenants who remain, with retained tenants often occupying larger or higher-quality spaces to adapt to their changing needs.
- **Retail** rent retention is 78.63%, indicating that landlords in prime locations have managed to retain tenants at favourable rates, though concessions to maintain occupancy may have been offered, reflecting the pressures facing physical retail spaces.
- **Hospitality & Leisure** rent retention stands at 90.27%, supported by a recovery in consumer activities. Landlords have generally succeeded in retaining or raising rents for long-standing tenants, particularly in high-demand locations.

Rent to Lease Retention Variance

The variance between rent retention and tenant retention reveals how retained tenants are affecting rental income. The dataset shows positive variances in all sectors:

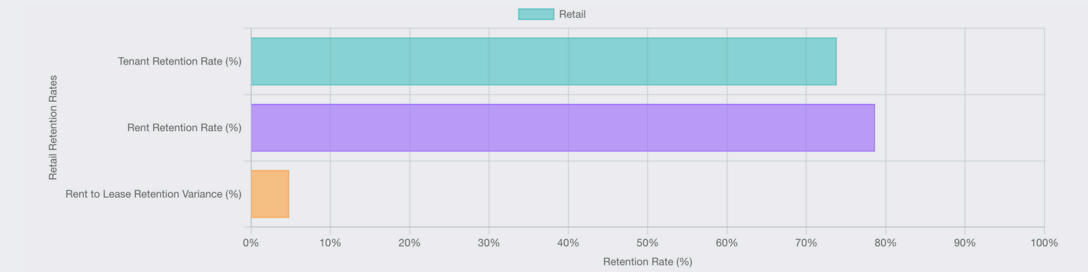
- The **industrial** sector shows a positive rent-to-lease retention variance of +7.20%. High-demand areas enable landlords to capitalise on competitive conditions by raising rents on retained leases, while other locations may offer more moderate rent increases.
- The **office** sector has a variance of +7.30%, reflecting landlords' ability to command higher rents from tenants who remain in prime locations. This suggests that retained tenants are opting for premium spaces, paying increased rates to secure quality offices that match evolving work requirements.
- **Retail** shows a positive variance of +4.82%, the lowest among sectors. Landlords are often renegotiating rents to retain tenants, offering concessions where needed, as physical retail spaces adjust to consumer shifts toward online shopping.
- **Hospitality & Leisure** exhibits a positive variance of +7.24%, with retained tenants often willing to pay higher rents as consumer demand rebounds. While growth is moderate, landlords have managed to increase rents on renewed leases in high-demand areas, benefiting from a recovery in leisure activities.

Office Tenant and Rent Retention



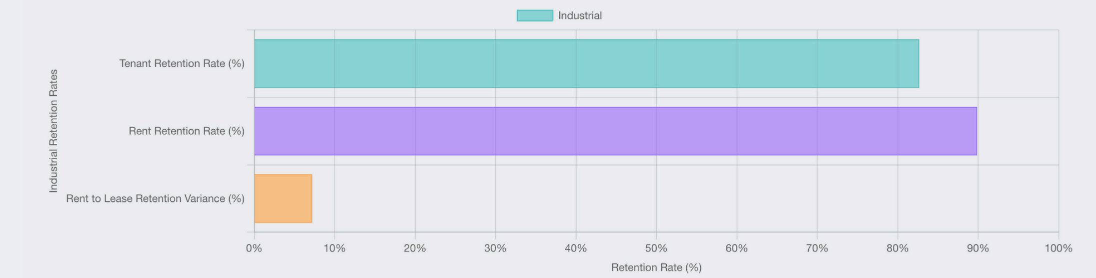
The office sector is experiencing downward pressure due to hybrid work models, resulting in lower tenant retention rates. However, the relatively high rent retention and positive variance suggest that landlords in prime office locations can command higher rents from tenants who remain. This may indicate that retained tenants are leasing larger or higher-quality spaces, even as overall demand for office space fluctuates.

Retail Tenant and Rent Retention



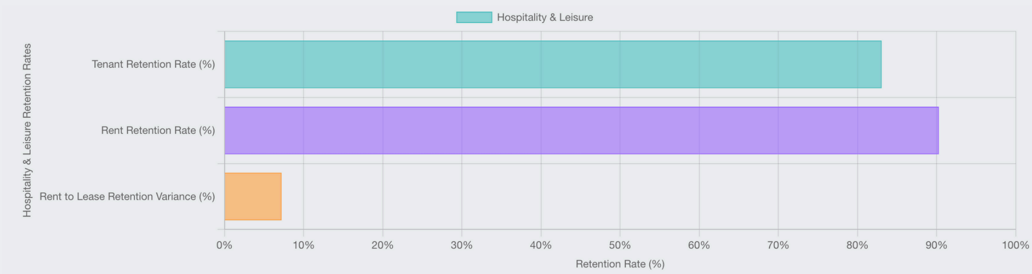
Retail is facing ongoing challenges due to the shift toward online shopping. While tenant retention is relatively low, the rent retention rate is still positive, though with a smaller variance than in other sectors. This suggests that landlords are offering concessions or renegotiating rents to retain tenants, reflecting the broader challenges in the retail market as physical stores adapt to changing consumer behaviour.

Industrial Tenant and Rent Retention



The industrial sector continues to show strong performance, driven by demand for logistics and warehouse spaces, especially in light of the rise in e-commerce. Both tenant retention and rent retention are high, with a positive variance indicating that landlords are able to increase rents on renewed leases. The industrial sector is benefitting from strong economic fundamentals, including the expansion of supply chains and distribution networks, leading to high tenant demand and rent growth.

Hospitality and Leisure Tenant and Rent Retention



Hospitality & Leisure properties show strong rent retention relative to tenant retention, which may be due to a post-pandemic recovery in consumer activities such as dining and entertainment. The positive variance indicates that landlords are successfully raising rents on renewed leases or benefitting from an increased willingness to pay in high-demand locations.