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The Alternatives Series

Why Alternatives Have Become the
Investment of Choice

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The New Normal: Why Alternatives Have Become the Investment of Choice



Philip Waite, Partner

National Head of Alternative Sectors

For decades, commercial real estate followed a predictable playbook. Investors allocated the vast majority of their capital to the 'Big Three' traditional sectors: retail, offices, and industrial. But the traditional stranglehold on commercial real estate capital has officially been loosened.

The Historic Flip

Historically, traditional sectors accounted for 70% to 90% of overall UK investment activity. However, a decade long shift culminated in a historic milestone in 2025 when investment into alternative real estate sectors accounted for 51% of all UK real estate investment.

Growth of Alternatives vs. Traditional Sectors (Private Treaty)

2015–2022 Average Share:

33% Alternatives / 67% Traditional

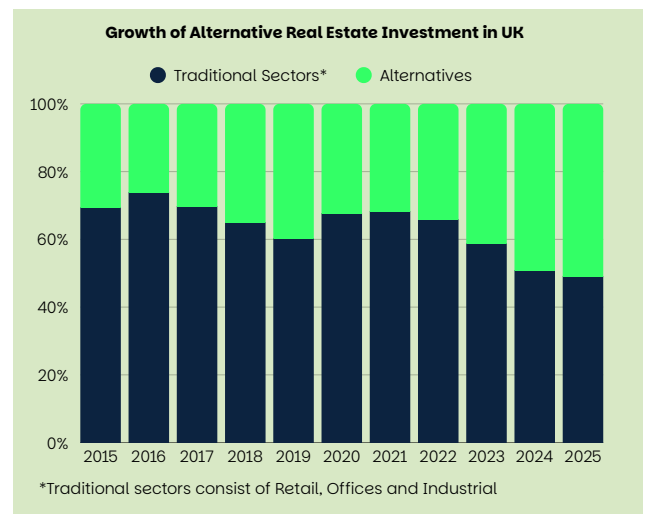
2023–2025 Average Share:

50% Alternatives / 50% Traditional

2025 Share:

51% Alternatives / 49% Traditional

This shift is driven by a fundamental search for yield. As macroeconomic pressures squeeze traditional office and retail valuations, alternative assets, ranging from student housing and healthcare to leisure and community hubs, offer robust, diversified income streams.



Resilient Volumes

Despite a challenging global economic climate, total UK commercial real estate investment approached its 10-year average in 2025, recording just under £60 billion in activity. This resilience was heavily propped up by alternatives.

What we are witnessing is not a temporary trend or a defensive posture; it is a lasting reallocation of capital. Institutional investors have realised that sectors addressing core societal needs, such as senior living, specialised healthcare, and student housing, are fundamentally insulated from the cyclical downturns that plague traditional office and retail spaces.



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enquiries@sw.co.uk

0800 122 3050

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