Spring4

Newsletter Q2 2025

Are Occupiers Increasingly Becoming Owners of their Real Estate?

A notable trend is emerging in Central London's commercial real estate market: occupiers are increasingly choosing to own the buildings they occupy.

Ferrero Rocher has become the latest high-profile example, agreeing to acquire St Paul's House, 8-12 Warwick Lane, EC4 for £40 million. The 37,000-square-foot office block is largely vacant and the transaction is understood to be an owner-occupier purchase.

Whilst still rare, office occupiers are increasingly opting to purchase rather than lease their space. This shift comes as Grade A Central London rents continue to climb, while capital values remain below historic highs. In such a context, buying rather than renting is becoming a more attractive long-term option for certain occupiers.

Ferrero Rocher's move is not an isolated case. Other occupier-led acquisitions have made headlines recently, further supporting this trend. The London School of Economics (LSE) agreed to acquire the freehold interest in Centrium, 61 Aldwych, WC2, for £170 million. US bank State Street purchased 100 New Bridge Street for £333 million; JD Property Group, part of Chinese ecommerce giant JD.com, secured 20 Greycoat Place in Victoria for £37 million; and VakifBank, Turkey's second largest bank, acquired Asia House at 31-33 Lime Street. These deals span a range of sectors and suggest that ownership appeals across diverse occupier profiles.

The rationale is clear. By acquiring their real estate, occupiers can shield themselves from rental volatility, secure long-term operational stability and exert greater control over their working environment. For institutions like LSE, whose presence in Central London is both historic and strategic, ownership offers permanence and the ability to tailor buildings to their academic and administrative needs without landlord constraints.

Centrium, 61 Aldwych

The motivation for these purchases is partly economic but also strategic. Amid a recalibration of workspace requirements post-pandemic, occupiers are reassessing their footprint. For some, particularly institutions and corporates with long-term commitments to a location, owning offers a hedge against future uncertainty.

This trend is well established globally within the luxury retail sector where brands have made very substantial real estate purchases to secure flagship locations in perpetuity. Kering (owner of Gucci) paid over $900m for a building on New York's Fifth Avenue whilst LVMH spent approximately €1bn on a Champs-Élysées property.

While not all occupiers have the balance sheet or appetite for ownership, this growing trend indicates a subtle rebalancing in Central London's office market. As costs rise and availability of best-in-class space tightens, more occupiers may see ownership as not just an investment – but as a strategic decision rooted in control, longevity and flexibility.

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Spring4 Spotlight – What Have We Been Up To?

Spartan House, RH12

Location: Horsham

Client Sector: Insurance

Success Story: Acquisition of new 21,000 sq ft self-contained leased office building. Successfully negotiated exit of existing 150,000 sq ft office building, including settlement of all dilapidations obligations.

5 Churchill Place, E14

Location: London

Client Sector: IT Services

Success Story: Negotiation of 11,000 sq ft lease renewal, in addition to acquisition of 9,000 sq ft expansion space. Total transaction size of 20,000 sq ft.

Old Street WorkRooms, EC1

Location: London

Client Sector: AI

Success Story: Acquisition of new serviced offices for growing AI company. Flexible terms achieved with bespoke fit out delivered by serviced office operator.

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