



Leveraging **owner occupier** opportunities

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As Britain's commercial property landscape shifts beneath our feet, a quiet revolution is underway: SMEs who once viewed themselves strictly as tenants are now reimagining their futures as property owners. This isn't just about bricks and mortar – it's about control, certainty, and unlocking value that rental agreements can never deliver.

But what's really fuelling this fundamental change in how businesses think about their premises? We explore the obstacles that stand in their way, and how specialist commercial lenders such as InterBay are turning property ownership from an aspirational dream into a strategic reality that powers long-term growth.

Marc Callaghan

Head of Commercial Mortgages at OSB Group



Owner occupiers

The SME advantage

While institutional investment markets tend to receive the majority of attention, the owner occupier market remains a critical barometer of business confidence – particularly among SMEs, professional services firms, and industrial and logistics operators. It's a sector that's performing strongly, according to latest data from CoStar¹, over the past 12 months, the total volume of commercial property acquired for owner occupation in the UK was £2.5bn, a significant portion of the overall £39bn transacted in UK commercial real estate.

Owner occupiers behave differently from investors. Their property decisions are primarily operational, not financial, and therefore take a longer-term view. These differing

motivations often create relative stability in the owner occupier market, even during broader market volatility.

Owner occupier demand drivers across commercial sectors

- **Industrial & warehouse**
According to market intelligence from Savills² and CBRE[FCG1]³, owner occupier activity remains strongest in the industrial and warehouse sector. This is partially driven by low supply of quality mid-sized units (20,000-100,000 sq ft) across many regions, which is pushing SMEs to consider buying rather than leasing. Another factor is the long-term

¹ Based on analysis of data made available by CoStar.

² <https://pdf.euro.savills.co.uk/uk/market-in-minute-reports/uk-commercial-market-in-minutes---august-2025.pdf>

³ <https://www.cbre.co.uk/insights/books/uk-real-estate-market-outlook-mid-year-review-2025>

cost certainty that ownership provides by mitigating exposure to rising industrial rents, which have seen high growth over the last decade.

- **Offices**

While office owner occupier activity is complicated, reflecting hybrid working and corporate consolidation, demand persists in certain areas. These include professional practices (legal, accountancy, regional HQs), life sciences, R&D and medical occupiers seeking bespoke fit-outs. Public sector bodies and regulated organisations requiring long-term occupational security are also bucking the trend for downsizing.

Avison Young⁴ highlight that the flight to quality is influencing owner occupiers just as much as

tenants, with EPC requirements, ESG agendas, and employee office experience serving as key drivers.

- **Retail**

The retail owner occupier market remains steady, concentrated among convenience store-based operators, pharmacies, veterinary practices, opticians, and dental surgeries, as well as local service businesses acquiring premises for control and stability. These occupiers are increasingly motivated by the desire to secure prime locations in their communities, protect themselves from landlord decisions that could disrupt their operations, and benefit from the asset appreciation potential that property ownership offers in well-established catchment areas.

⁴ <https://www.avisonyoung.co.uk/news-releases/-/aynp/view/2025/07/24/regional-office-markets-see-strongest-h1-take-up-since-2019/in/uk>



Transaction volumes generally track local consumer market resilience, which commentators note varies significantly by region, with stronger activity observed in affluent suburban areas and market towns where demographic trends support sustained footfall and spending power.

Additionally, the ability to customise premises to specific operational requirements without landlord constraints, coupled with favourable lending conditions for established businesses with strong trading histories, continues to underpin steady demand in this segment.

Challenges remain

The owner occupier market continues to face several challenges, including economic uncertainties such as inflation and rising interest rates, which impact affordability and borrowing costs.

Additionally, a shortage of available

properties, in the face of high demand⁵, makes it difficult for potential buyers to find suitable properties. Navigating changing occupier needs, such as hybrid working patterns and the need for sustainable spaces, adds another layer of complexity.

InterBay's impact

InterBay is well-placed to help brokers and their clients navigate such intricacies. We support a variety of asset classes, from florists to children's nurseries, distribution warehouses and small retail units.

When it comes to SMEs, we know the market, have clear criteria and our team of experts work closely with brokers to help borrowers secure the funding they need.

For instance, when reviewing cases, we:

- **use the last two years' finalised accounts so we see three years' worth of figures;**
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“As the UK commercial market enters its next cycle, owner occupiers have more influence – and more decisions to make – than ever before. At InterBay, we remain committed to supporting SMEs through expansion, providing expertise, funding solutions and market-leading service.”

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worth of figures;

- **look at the performance of the business, the experience of the owners and the specifics of the property;**
- **aim to meet with the borrowers directly for loans over £4m, so that we can fully understand their background and plans.**

We also may look at securing on another property to help get the borrowing level required or mitigate risk in other ways. This includes requesting capital and interest payments to help bring the risk down over the term or including other assets of the business in debentures. When reviewing accounts, we look at EBITDA

(earnings before interest, taxes, depreciation, and amortisation) where necessary. This means that on occasion, despite a company reporting a loss, our affordability requirements may still be met.

In addition, we take exceptional items into consideration, such as legal costs, repairs, research and development.

Every business and property is different so we look at each loan on its merits and balance out risks (where possible) to solve clients' complex cases.

⁵ Based on analysis of data made available by CoStar.

Contact us

At **InterBay**, we pride ourselves on offering a personal service to all our intermediaries. If you'd like more information about our products and services, or to discuss a complex case you're working on, please speak to your **specialist finance account manager** - their expertise in our broader criteria could help you find the best way to handle complex cases.

Alternatively, call us on **0345 878 7000** to speak to our team of experts.

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