



Glasgow City Council
City Administration Committee

Item 14

26th March 2026

Report by George Gillespie, Executive Director of
Neighbourhoods, Regeneration and Sustainability

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**AUTHORITY TO ENTER NEGOTIATIONS, TO ACQUIRE THE OFFICE
BUILDING KNOWN AS EASTGATE, 727 LONDON ROAD, GLASGOW, G40
3BQ**

Purpose of Report:

To seek Committee approval to enter formal negotiations with the current owner of the office building known as Eastgate, 727 London Road, Glasgow, G40 3BQ, and if a fiscally prudent transaction can be negotiated, to progress the acquisition of the asset using prudential borrowing, with said borrowing being funded by existing budgeted revenue.

Recommendations:

It is recommended that the committee:

1. notes the content of this report.
2. approves officers to enter formal negotiations with the current owners of the office building known as Eastgate, 727 London Road, Glasgow, G40 3BQ regarding its acquisition; and
3. approves the prudential borrowing of capital matching the acquisition value using existing budgeted revenue, noting that authority to finalise the purchase would be sought at an appropriate future Contracts and Property Committee.

Ward No(s):9- Calton

Citywide:

Local member(s) advised: Yes No consulted: Yes No

1 Introduction

- 1.1 This report relates to the request for authority to enter negotiations with the current owners of the office building known as Eastgate, 727 London Road, Glasgow, G40 3BQ on the possible acquisition of the asset, and to approve the necessary prudential borrowing of the acquisition value.

2 Subjects

- 2.1 The subjects are located to the north side of London Road in the east end of Glasgow within the Clyde Gateway regeneration area. The surrounding area is a mix of commercial and residential.
- 2.2 The subjects comprise a 56,537 sq ft (5,252.5 sqm) office building over ground and three upper floors with 94 on-site car parking spaces, of which 22 are electric charging points.

3 Background

- 3.1 Glasgow City Council (GCC) leases the building from the owners Zirconia Cathures Unit Trust (the landlords). The lease expires 1st April 2032.
- 3.2 Due to the impending lease expiry, the landlord approached GCC around the end of 2024/beginning of 2025 to discuss our longer-term operational requirements. At the time, the Council was unwilling to commit, and the landlord subsequently marketed the investment opportunity.
- 3.3 Dialogue continued between the parties during this period. Whilst the investment attracted interest, there were ultimately no proposals to the landlord's satisfaction.
- 3.4 The landlord subsequently provided the Council with a proposal to extend the existing lease beyond 2032 to 2037 on more favourable terms.

4 Proposal

- 4.1 The Council evaluated the proposal and other options that arose as a result. Consideration was given to both the operational requirements and financial implications.
- 4.2 Operational Considerations

- Building provides strategic geographic location within GCC boundaries
- The asset is an established Council location
- Currently accommodates the Glasgow Operations Centre (GOC)
- Potential to keep GCC services within Council owned building
- Building presents further co-location opportunities

4.3 Financial Considerations

- Continued occupation – do nothing and leave in 2032.
 - Requirement to identify alternative accommodation at end of lease.
 - Significant increase in lease costs due to contractual rent review
- Re-gear – extend lease.
 - Allows time to assess future requirements.
 - Offers a more financially favourable lease deal than the current arrangements.
- Purchase –
 - acquires an asset,
 - Offers a more financially favourable arrangement than the current or re-gear lease deals.
 - Capital required would be of a similar value to the existing revenue costs to the end of the current lease in 2032.
 - No dilapidations expenditure at end of the lease

5 Recommendation

- 5.1 The council have the opportunity to acquire a building which has been identified as suitable for medium to long term operational purposes.
- 5.2 The cost of prudential borrowing for the estimated acquisition value would be broadly similar to, or less than, the current lease costs. The recommendation, therefore, is that the borrowing costs are met by the existing revenue budget that pays the current lease costs to 2032. The additional benefit being that an acquisition secures an asset for the Council and avoids end of lease dilapidations costs.
- 5.3 Authority is therefore sought to enter formal negotiations with the current owners over the possible acquisition of the Eastgate office building at 727 London Road. Additionally, authority is sought to approve prudential borrowing for the acquisition providing it is within the already budgeted revenue funding available. Final authority to conclude the acquisition would be sought from the Contracts and Property Committee.

6 Policy and Resource Implications

Resource Implications:

Financial: There would be financial benefit to the council in acquiring an asset and avoiding dilapidations costs at the end of the lease.

Legal: All transactions will be subject to review and conclusion by the Council's Corporate and Property Law section.

Personnel: No personnel implications

Procurement: There are no procurement issues.

Council Strategic Plan: The proposal supports the theme of Grand Challenge Four

Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2025-29? Please specify.

The proposal does not directly support the Equality Outcomes

What are the potential equality impacts as a result of this report?

There are no direct equality impacts.

Please highlight if the policy/proposal will help address socio-economic disadvantage.

The proposal will show commitment to the East End of Glasgow and Clyde Gateway

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

The proposal does not directly support Climate Plan actions

What are the potential climate impacts as a result of this proposal?

At present there are no potential climate impacts

Will the proposal contribute to Glasgow's net zero carbon target?

Not at present

Privacy and Data Protection Impacts: None.

7 Recommendations

It is recommended that the committee:

1. notes the content of this report.
2. approves officers to enter formal negotiations with the current owners of the office building known as Eastgate, 727 London Road, Glasgow, G40 3BQ regarding its acquisition; and
3. approves the prudential borrowing of capital matching the acquisition value using existing budgeted revenue, noting that authority to finalise the purchase would be sought at an appropriate future Contracts and Property Committee.