Ueno-Park in Taxation Magazine: Family Offices and Investment in UK Real Estate: Tax, Structuring and Market Outlook

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Haynes Boone Partner **Alexandra Ueno-Park** authored a three-part series for Taxation Magazine outlining the tax issues, structuring and market outlook for family offices investing in real estate in the United Kingdom.

Read an excerpt from the first article below.

This is the first of a three-part series of articles that will consider the tax issues, structuring and market outlook for family offices investing in UK real estate.

Although there is no universally accepted legal definition, a family office is generally understood to be a dedicated entity established to manage the wealth, investments, governance and personal affairs of ultra-high net worth families. While the origins of the modern family office are often traced to the late 19th century and institutions established by families such as the Rockefellers in the US, the sector has expanded significantly in recent decades.

Growth accelerated noticeably following the turn of the 21st century and especially after 2010, driven by rising global wealth and an increasing demand for bespoke wealth management and governance structures. According to Deloitte, the aggregate wealth of families served by family offices could reach approximately US$9.5tn by 2030, while family offices themselves are expected to manage around US$5.4tn of assets, placing the sector among the most influential pools of private capital globally.

This trend is equally evident in the UK, where family offices have become an increasingly important force in the private markets ecosystem. Since 2016, the number of family offices investing in private markets has grown by 524%, rising from 651 to 4,067 and significantly outpacing growth among wealth management firms and endowments. As family offices continue to professionalise and institutionalise their investment strategies, real estate remains a fundamental component of many long-term portfolios. Real estate features prominently in allocation decisions, with direct real estate ranking as the third most common investment allocation and indirect real estate investments also featuring strongly, ranking seventh overall (see The Knight Frank 150: Global family office investment strategies – tinyurl.com/4npzydjw).

For family offices investing in real estate, tax is far more than a compliance consideration – it is a strategic driver of investment outcomes. Because real estate assets are typically illiquid and require substantial capital commitments, tax efficiency can materially affect both the net realisable value of investments and the long-term preservation and transfer of family wealth across generations.

This article examines the principal UK tax considerations for family offices investing in UK real estate, including the impact of recent and forthcoming tax developments on investment structures and the implications for future transactions.

Market fundamentals: UK real estate

The UK continues to present a compelling environment for real estate investment. In an increasingly uncertain global landscape, UK property remains widely regarded as a relatively stable store of value, underpinned by the strength of its legal framework, institutional transparency and the deep liquidity available in its core markets. London continues to occupy a unique position as a global gateway city, while regional centres such as Manchester, Birmingham, Leeds and Bristol have emerged as significant investment destinations in their own right. Investor demand has also expanded beyond traditional asset classes, with operational real estate sectors – including logistics, build-to-rent residential, data centres and life sciences – attracting substantial capital. Market conditions are becoming increasingly supportive, with forecasts pointing to continued recovery through 2026, driven by strengthening rental growth, renewed domestic and international capital deployment, and a more favourable financing environment as interest rates stabilise.

Yet the attractiveness of the UK market cannot be considered in isolation from the tax and regulatory landscape in which investments are made. Over the past decade, the UK has reshaped the framework governing overseas investment in real estate. Reforms such as the extension of UK taxation to indirect disposals of UK 'property-rich' entities from April 2019, together with enhanced transparency requirements, most notably the register of overseas entities introduced under the Economic Crime (Transparency and Enforcement) Act 2022, have fundamentally altered traditional structuring approaches for international investors. As a result, careful consideration of tax, regulatory and governance implications has become an essential component of investment planning.

Family office investment objectives

Family office allocations to UK real estate are typically driven by long-term capital preservation rather than short-term return optimisation. Investments are often structured with an intergenerational horizon, directly affecting legal form and tax planning. Key implications include:

> *Tax considerations arise throughout the investment life cycle – not only at entry and exit but throughout the holding period, including in connection with refinancing, restructuring and intergenerational transfers.*
>
> *The relative treatment of income versus capital returns, opaque versus transparent entities and exposure to inheritance tax or equivalent succession regimes, all influence the initial structuring decision.*
>
> *Holding structures are often driven less by immediate UK tax efficiency and more by the need to accommodate cross-border succession planning, financing flexibility and long-term capital deployment.*

Read the full article from *Taxation Magazine* **here**.