



Realising the Potential of Real Estate

Supporting a sustainable & inclusive Scottish economy

An Action Plan for a Sustainable & Inclusive Real Estate Sector

This action plan outlines the measures the Scottish Property Federation believes should be taken by the next Scottish Parliament to enable the Scottish real estate sector to play its part to achieve a sustainable and inclusive economy.

The real estate sector is a factor of the wider economy and society. As such the sector is facing critical challenges in the years ahead as Scotland grapples with rebuilding its economy in the aftermath of COVID-19. The pandemic and the measures required to defeat it have fundamentally affected the use and occupation of our built environment across Scotland, with huge reductions in demand for commercial property space and empty high streets often the result.

The impact on investment into the commercial property sector has been colossal: 2020 saw a fall in year-on-year investment in commercial property of some 50%, representing a reduction of £1bn in activity. Our largest commercial centre, Glasgow, experienced a fall in new office demand of over 50% compared to 2019.

Meanwhile, the Scottish Retail Consortium reports that some 1 in 7 shops across Scotland are now lying vacant. Combined with rapidly changing consumer habits this is likely to contribute to increased numbers of distressed assets in our town and city centres as emergency measures to support the economy are withdrawn. This outcome will do nothing to support Scotland's recovery from COVID-19 or the delivery of a sustainable and inclusive economy.

We call on the next Scottish Government to work with the real estate industry to urgently implement a cross-government and industry strategy to adopt a three-pronged approach to support the recovery of our built environment:

- 1. Introduce measures to support new property development and the regeneration of existing buildings to be brought back into effective use.**
- 2. Deliver key infrastructure to drive new growth and accelerate change in the use and occupation of our built environment.**
- 3. Support for adaptation to sustainable energy supply and sustainable buildings in the property sector, to aid the achievement of a net-zero built environment.**

We would welcome your views on our proposals and look forward to working with the next Scottish Parliament on the issues outlined.

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We urge the next Scottish Government to adopt the following 16 actions to support a sustainable and inclusive real estate sector.

A Wellbeing Economy

- Greater capitalisation of the Scottish National Investment Bank and enhance the remit of the Bank to directly support investment in the built environment.
- The implementation of a business rates system that is more responsive to changes in the economy and more closely reflects the commercial property rental market of the day.
- The reduction or removal of punitive and unfair empty property rates charges, which deter investment, are a tax on distressed assets, and contribute to the decline of our high streets.
- Review of LBTT (Land & Building Transaction Tax) rates and thresholds to support people and families to move within the housing market depending on their individual circumstances.

Net-Zero Emissions

- Action to ensure the capacity of the electricity grid can support the electrification of the Scottish economy and handle the increased load from zero carbon heat and electric vehicles.
- Ensure zero carbon heat and energy is affordable to all, and incentivise the adaptation of existing buildings to more sustainable sources of heat.
- Set a clear and consistent route map to achieving net-zero carbon for both new and existing buildings.

Better, Greener Places

- Establish a national delivery agency to co-ordinate infrastructure that will provide a platform for sustainable transport, mass transit, active travel, green spaces, drainage, sewage and flooding resilience.
- Deliver regulations that support a flexible and efficient planning system to enable development and investment with effective collaboration between private, public and community stakeholders.
- Planning policy that supports a presumption in favour of sustainable development to stimulate a green recovery from COVID-19.
- Planning, funding and tax support to encourage the adaption and repurposing of heritage buildings to help create great destinations and support the unique character of our towns and cities.

Resilient Communities

- Use planning and tax incentives to encourage mixed-use developments to support regeneration and help realise the ambition of 20-minute neighbourhoods.
- Establish Green Ports and development zones to create places for employment in both rural and urban communities through targeted support for investment and jobs.
- A national strategy to fund education facilities and well distributed primary and secondary healthcare facilities to enable investment and new development.
- A consistent basis for calculating housing need across all tenures including supported living and student accommodation, followed by allocation of sufficient land supply.
- Build on the transparency and fairness of the Private Housing (Tenancies) (Scotland) Act 2016 by developing robust rental data to support decision making on rent pressure zones.

Delivering Sustainable & Inclusive Growth with the Property Industry

A Wellbeing Economy

The Scottish real estate industry creates a roof over the head of our economy and our communities. The sector offers employment opportunities across a vast range of skills and professions, from construction workers to chartered surveyors, accountants, and legal advisers. The property industry also directly supports our world beating higher education institutions through supplying much needed quality student accommodation.

Yet the industry needs a fair and effective business environment in which to invest, develop and support the occupation of commercial, residential, and public buildings and places. That is why we seek key reforms to property taxation and a reduction or removal of charging empty property rates on shops and other business properties that often simply cannot be re-let. We need an efficient and effective planning system, and an alignment of public and private capital to deliver infrastructure. We believe strong collaboration with our industry will be needed more than ever in the wake of the pandemic, and to meet the huge challenges of addressing the climate emergency.



Net-Zero Emissions

We are committed to working with political leaders and decision makers to decarbonise the built environment and play our part in achieving net-zero carbon by 2045. Our industry has come a long way in recent years with vast improvements in energy efficiency and the adoption of low and zero carbon heat. Since the 1990 benchmark, carbon emissions from buildings have fallen some 24%.

However, fundamental changes will still need to be made to the way we build, heat, and cool our buildings in the future if we are to meet our legally binding targets. It is therefore vital that we have a clear policy trajectory to net-zero which gives stakeholders time to adapt and overcome practical challenges and additional capital costs. In the short-term, Scotland needs to ensure that its energy grids can support the vast electrification of heat and transport and do this in a way that keeps costs manageable for all consumers.

Delivering Sustainable & Inclusive Growth with the Property Industry

Better, Greener Places

Our future towns and cities will need to adapt to greener modes of transport, as well as greener energy and heat sources. The maintenance and enhancement of green spaces and active travel opportunities are also high priorities for communities and local authorities.

The real estate sector can work with authorities to plan for these amenities to create sustainable development. It will be important to maximise the potential of blue and green infrastructure around new developments and to maintain and improve such infrastructure. We must also strive to reuse existing buildings, adapted as necessary for modern use and occupation.



Resilient Communities

Our members build Scotland's workplaces, homes, shops, schools and other facilities and the infrastructure that serves them. The SPF is committed to ensuring that the positive impact that the real estate sector delivers for local communities and our cities continues. It is people who generate the need for infrastructure, and no matter how well designed and constructed a town centre is, the major factor in how it performs will be how it is used, and whether it is seen as a desirable destination where people want to spend time.

A fundamental tenet of good placemaking is mixed-use developments that meet the needs of all age ranges and are flexible and adaptable. Good infrastructure (particularly transport) is vital for placemaking along with access to a mixture of property uses including retail outlets; employment; housing; and leisure. This is central to creating resilient communities and if applied pragmatically will support the aspiration to strengthen our existing towns and cities and achieve 20-minute neighbourhoods.

About the Scottish Property Federation

The Scottish Property Federation is the voice of the real estate industry in Scotland. As a part of the wider British Property Federation our diverse membership includes property investors, including major institutional pension and life funds; banks; developers; landlords of commercial and residential property; and professional property consultants and advisers.

The real estate sector is a key catalyst for jobs, investment and creating places to support the economic recovery. For every £100m of new demand for commercial property, the sector creates an additional £73m for the wider Scottish economy. The SPF is committed to ensuring that the positive impact that the real estate sector delivers for local communities continues.

Our members develop, manage, and invest in...

...Scottish offices to support business and employment throughout Scotland but particularly in our major city and urban centres.

...major serviced land to support new homes of all tenures and communities, including the delivery of social and green infrastructure.

...retail, hospitality, and leisure buildings to support those industries throughout Scotland.

...industrial and logistics buildings throughout Scotland, providing the platform to create and deliver goods.

...purpose-built student accommodation vital to providing accommodation for our higher education institutions.

...older and heritage buildings to help regenerate our town and city centres.

Our members also attract and deliver major investment and finance for Scottish real estate on a global basis for all forms of property, as well as through traditional sources such as major banks and pension funds based in the UK.

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