



SPF VOICE

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Kevin Robertson

SPF Chair

MD, KR Developments Group Ltd

With extra time, COP26 did end with agreement and will now face the test of time to see if it has aided us all to meet the challenges of climate change. As is so often the case, with so many different political actors and interests, it was a compromise. However, it has certainly added to the industry's impetus for energy efficient buildings and net-zero sources of power and heat.

The momentum for change to more sustainable policies is palpable at all levels of government – and it is impacting our industry comprehensively. Glasgow has recently promoted car-free zones and the Scottish and UK Governments are both consulting on EV charging points for new homes and commercial buildings.

It was little surprise therefore that the long-anticipated Draft National Planning Framework 4 enhanced the planning system's demands for net-zero developments and sustainability measures. NPF4 strengthens policy towards brownfield sites and restrictions on 'out-of-town' developments. The devil is, as ever, in the detail of specific planning guidance and applications, and sometimes what is 'brownfield' or 'out-of-town' may be as much in the eye of the beholder. However, NPF4 is a key area of our work in the next few months, and we seek your views in response to the Scottish Parliament's call for evidence - we expand on this and other policy issues later in this newsletter.

The combination of COP26, recovery from the pandemic and planning reform have constantly featured in our latest round of meetings with key council officials. We have met in the last week Dundee, Highland, Edinburgh and Glasgow councils to discuss development and investment in their areas. Recovery from the pandemic was a recurring theme in all areas as was the drive to seek investment in city living.

Looking to our industry's newest colleagues and future, I am delighted to welcome James's overview of opportunities to join the BPF Futures leadership. Despite the lockdowns and fall-out from the pandemic, the recent expansion of BPF Futures into Scotland and the development of LAUNCHPAD have been a success, and I am delighted to see a space on the influential Futures Advisory Board open for a Scotland based member over the next few months.

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POLICY INSIGHTS

DRAFT NPF4 PUBLISHED

We look forward to hearing your views and comments on the long awaited Draft National Planning Framework 4 (NPF4). Parliament has 120 days from 10 November to report on the framework, and the Local Government, Housing and Planning Committee has launched a call for views on some specific questions as to how space, land and environments in Scotland should be designed and planned. The Committee will then take evidence in early 2022.

Many policy proposals will gain support at national level but the rub, as always, will be the tension between top-down central government policies set against empowering community planning and local policy responses. Members have already offered early concerns about a lack of direction and focus on delivery, and the thorny issue of infrastructure delivery.

The gap in local plans between now and when the NPF4 eventually comes into force remains a concern given the effects of the COVID pandemic. Flexibility will be essential around changing priorities and repurposing.

SFT PUBLISH A GUIDE TO PLACE

Place-making is at the heart of much of the thrust of planning reform proposals. To aid communities, investors and authorities with decision-making on place, the Scottish Futures Trust has published a [Guide to Place](#).

The guide is not simply focused on the built environment. It is intended to aid decision-making on governance issues and wider policy considerations. This includes collaborative measures for wellbeing and the transition to net-zero for public sector buildings, the Infrastructure Investment Plan and as covered above, the NPF4.

The guide is intended to provide a holistic view of how major investments and capital projects will fit with place-making policies. As such, it may offer a useful insight into public authority perspectives on major development proposals.

A LOOK AHEAD

We expect the policy landscape in December to be dominated by business rates and local development planning. On 9 December, Scottish Finance Secretary Kate Forbes will present her budget proposals for 2022-23 to Holyrood. The business community will keenly watch the government's proposals on business rates. The government has already moved to restrict ratepayer appeals on Covid-19, affecting around 47,000 appellants the right to appeal. With the 100% relief for Retail, Hospitality, Leisure and Aviation subjects due to end by April, there are key expectations around further business rate support as the impact of the pandemic on high streets continues to drag down economic recovery. We have also called for the Scottish

Government to match or better the business rates incentives for 'green' property improvements proposed by the UK Chancellor for England.

Still on the subject of business rates, in December a wide-ranging government consultation on the future reforms to the NDR revaluation system and the procedures for making appeals will close. These reforms have the potential to affect most ratepayers across Scotland. The consultation closes on 15 December

2021, with the SPF's response being led by our Business Rates Working Group.

On 20 December, the opportunity for representations to be made on the proposed Edinburgh CityPlan 2030 (which will run from 2022-2032) will close. Significant issues raised by members thus far include the potential for viable businesses to be removed from land earmarked for housing development; and the requirements for affordable housing contributions for BTR and PBSA sites at a level of 35%. A further proposal could see PBSA developments include a minimum level of non-student residents. While this has been a city policy aspiration for years, there is concern as to how widely supported the measure is among residents. The importance of higher education to the city economy is enormous. It is critical, therefore, that the right balance is struck to support both our higher education institutions and the city's resident communities.



REGIONAL SPOTLIGHT

Inverness

The SPF met with senior officials from Highland Council to discuss development and investment across the region. There was significant focus on Inverness and aspirations for development to the east of the city, noting key transport initiatives were required to facilitate development. Opportunities for renewables manufacturing, servicing and assembly were also highlighted as strong contributors to local business demand.

Dundee

This month, a meeting of SPF with the Dundee City Council was held virtually with key themes of COVID recovery, the city office market and attracting quality residential investment to the city centre. Members highlighted the potential for PBSA investments in the city, noting the strength of higher education institutions in the city and wider region.

Glasgow

On 23 November the SPF met with the council's recently appointed Divisional Director for Planning, Housing and Building Standards, Stephen Gibson. In a well-attended meeting with investors from members across the UK present, Stephen outlined his approach to working with the industry and other stakeholders in collaboration. He also welcomed further input from SPF on key issues facing the city.

Edinburgh

Recovery from the pandemic, new transport investments led by the city and the revitalisation of the West End were among key issues discussed in a recent SPF - Edinburgh Council event.

Core issues raised by SPF representatives included proposals for 35% affordable housing contributions, and proposals to mix PBSA developments with residential housing.

£685M

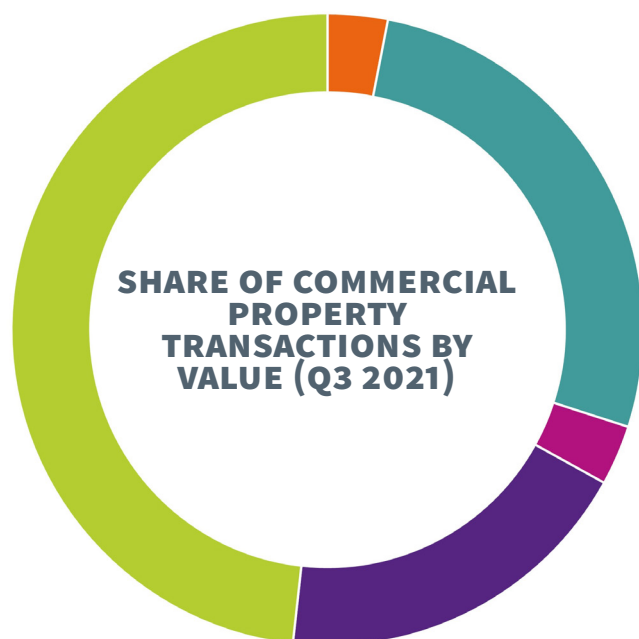
TOTAL VALUE OF COMMERCIAL PROPERTY SALES IN Q3 2021

1,001

NUMBER OF COMMERCIAL PROPERTY SALES IN Q3 2021

↑ **46%**
↑ **£217M**
UP FROM Q3 2020

↑ **14%**
↑ **125**
UP FROM Q3 2020



ABERDEEN £21M

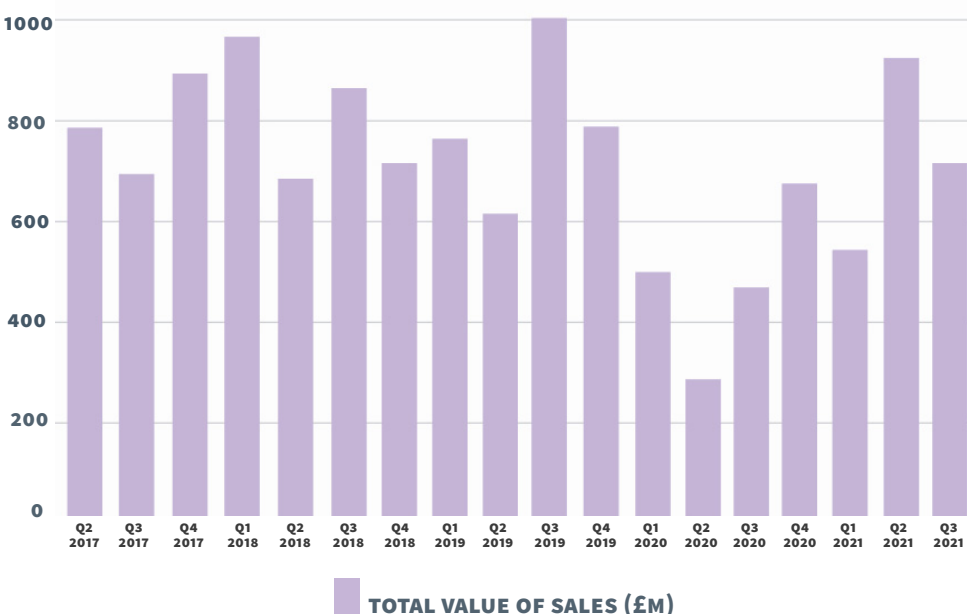
GLASGOW £184M

REST OF SCOTLAND £330M

EDINBURGH £128M

DUNDEE £21M

TOTAL VALUE OF COMMERCIAL PROPERTY SALES IN SCOTLAND (Q3 2021)



OVERVIEW

The SPF's analysis of the latest commercial property sales data from Registers of Scotland has shown that the total value of sales in Scotland rose by 46% (to £685m) in Q3 (July - September) 2021 compared to the same quarter in 2020. The data continues to show a recovery in commercial property sales following the impact of last year's COVID-19 restrictions.

Meanwhile, the rolling one-year total value of commercial property sales in Scotland also rose for the third consecutive quarter to £2.83bn, an increase of 8% compared to Q2 2021.

CITIES

Scotland's four largest cities (Aberdeen, Dundee, Edinburgh & Glasgow) accounted for just over half (52%) of all commercial property sales in Scotland by value at £354m.

Q3 2021 saw Glasgow overtake Edinburgh as the city with the highest total value of sales (£184m) for the first time since Q4 2019 and accounted for just over a quarter of all sales (by value) in Scotland.

Edinburgh saw commercial property sales fall to £128m in the quarter, down £43m against the same quarter in 2020. The Capital's share of the Scottish property market by value fell to 19%.

£5M+ SALES

There were 24 sales that transacted at a value of £5m or over in Q3 2021, a fall from 31 in the previous quarter but significantly higher than the 10 sales recorded in Q3 2020. Sales at the section of the market had a combined value of £339m.

INDUSTRY INSIGHT



Posh flats for rich kids?

Robin Blacklock

Managing Director - Dowbrae
Chair of the SPF Residential Investment & Management Committee

“Build to rent? That’s just posh flats for rich kids. We don’t need that type of housing in this city”

I’m not even paraphrasing. These were the words and this was the attitude of an elected member in the city chambers of one of Scotland’s leading cities as recently as the latter half of the last decade. Such was the lack of understanding of the opportunity - and a lack of appreciation of the benefits - that the BTR ‘concept’ was not even considered to be a positive contribution to the existing housing mix.

This week saw the publication of the excellent ‘Who lives in Build to Rent’ research produced collectively by the BPF, UKAA, Dataloft and London First, assessing exactly what it says on the cover. Whilst only covering England, it accounts for 20,000 residents in 15,000 homes over nearly 90 schemes across the country. Almost 25% of the operational BTR units. Comprehensive, by any measure.

So what do we learn? Lots.

Posh flats for rich kids? Not really. Let’s break that down.

The ‘rich’ bit first. The ONS states that the average UK income in 2020 was £100 short of £30,000. This report shows that around one-third of residents earn under £32,000. In addition, on average the rent accounts for 30% of a resident’s income. This is right on the commonly accepted benchmark. A sustainable level. Affordable, even.

‘Kids’? A little trickier to measure. But if we generously extend the definition to being a ‘young person under the age of 25’ we can analyse a little better. And in this respect around 30% of residents fall into this bracket. The largest group is those aged 25-34, accounting for 40% of all residents.

So 70% of residents are over 25. Or 70% of residents are under 35. Choose your narrative.

As for the ‘posh flats’ bit? Well, let’s discard ‘posh’. They are great homes with fantastic amenity. Most have concierge services, parcel management and a calendar of social events. Workspaces, gyms and resident lounges are commonplace too. A transparent approach with customer service at the forefront. The testimonials are well worth a read.

Build to Rent? Great homes for average people. This is exactly the type of additional housing we need in our Scottish cities.



Who lives in Build-to-Rent?

NOVEMBER 2021 - ENGLAND

An analysis of Build-to-Rent occupancy across England



The British Property Federation’s ‘Who Lives in Build-to-Rent?’ publication can be found [here](#).

For any questions or queries regarding the study, please contact James Simondson, Assistant Director of Policy - jsimondson@bpf.org.uk

BPF FUTURES ROUNDUP



A Year in Review and Futures Advisory Board Opportunities

James Simondson

Assistant Director of Policy (BPF) and BPF Futures Lead (jsimondson@bpf.org.uk)

In Summer this year, we launched BPF Futures across the border in Scotland - with the hope that Scottish young-in-career property professionals could get the same value that their English counterparts receive from the BPF Futures Network. Alongside this expansion, we also announced [BPF Futures LAUNCHPAD](#), a reorganised and clearly-stated engagement framework for young-in-career property professionals.

The BPF Futures LAUNCHPAD seeks to engage young-in-career property professionals by:

- Influencing - shaping the industry's future through a strengthened voice - including initiatives such as our new Policy Congress, the BPF Futures Challenge and access to senior committees.
- Learning - finding out more about key issues affecting the industry including through topical webinars and seminars and the monthly BPF Futures Newsletter.
- Mentoring - connecting with senior leaders through a mentoring programme and webinars and seminars from industry leaders.
- Networking - building relationships with peers through in-person and virtual networking events, the MyBPF Portal and the BPF Futures LinkedIn page.

This year has been an establishment and growth year for BPF Futures - despite being nearly 4 years old now, we took 2021 as an opportunity to refresh, as detailed above.

In August, we kicked off our first mentoring programme pilot with 65 pairings meeting regularly between August 2021-April 2022 - after which point we shall expand and embed the programme into BPF Futures

LAUNCHPAD. We also hosted our first BPF Futures Policy Congress in October, where BPF Futures members produced expectations of government, industry and themselves in the face of the Climate Crisis.

Scottish young-in-career property professionals are strongly encouraged to get involved - membership is free and you can [sign up here](#) to access all things BPF Futures.

To solidify and grow the BPF Futures Network, we are expanding our Futures Advisory Board (FAB) - which has served as a key part of our governance structure since the inception of BPF Futures in 2017. It oversees the direction of the network and organises events, activities and programmes. The tenure of existing board members is coming to an end, so we are looking to appoint an all-new FAB for a two-year tenure across 2022-2023.

Crucial to our new FAB cohort is a new Vice Chair position, exclusively for representing Scottish young-in-career property professionals and helping shape and deliver BPF Futures' agenda north of the border. There are also a range of other roles available that are non-specific to Scotland and cover the network's operation across the country.

I would strongly encourage SPF members who have their junior colleagues in mind to encourage them to apply. And of course, if you are a Scottish young-in-career property professional reading this note, then please apply!

To apply for the BPF Futures Advisory Board, please read the information and access the application form [here on our website](#).

Many thanks,

James