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SPF VOICE

ANNUAL DINNER SPECIAL



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The need for certainty

Maria Francké

SPF Chair

Director Maria Francké Planning

A warm thank you to all those who were able to attend the SPF's annual dinner earlier in October where Baroness Ruth Davidson provided a tour de force insight of the political landscape across the UK. The recent by-elections across the UK suggest a significant political change is on the cards soon and I know the BPF and SPF are speaking to all parties as we near electoral milestones. In Scotland we have also seen the close of detailed comments on the critical issue of a long term PRS rent control policy which has remained a key concern of our members and wider industry. We still await the final detailed proposals of the Scottish Government.

We have this month engaged with Rettie & Co to support an excellently organised meeting between the Housing Minister Paul McLennan with investors in London, while our SPF Policy Committee met with Tenants' Rights Minister Patrick Harvie in the Scottish Parliament. It is clear the next 2-3 months will be critical to the evolution of the Scottish Government's rent control policy and with it, the longer term health of investment in build to rent and the wider health of the PRS market. We continue to underline the need to attract investment to deliver new supply for all tenures in housing, with a keen focus on the need to improve the availability of homes for rent.

This month we continue our engagements with both local and central government in Scotland on a range of fronts, including not just the PRS, but business rates reform, sustainability, planning and investment. As I said in my address at our annual dinner, I am hugely grateful to you for your continued engagement and support for SPF as we carry out these representations and engagements. Please do continue to check our SPF Weekly Update and LinkedIn platform to keep up to date with our activities and feedback from government!

With best wishes, Maria

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INDUSTRY INSIGHT



Clyde Gateway: Sustainable Development - EastWorks

MARTIN MCKAY

Chief Executive
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Clyde Gateway, a significant urban regeneration project in Glasgow's East End, plays a pivotal role in aligning with the Scottish Government's National Planning Framework 4 (NPF4), which sets out a vision for spatial development and investment priorities across Scotland. Our work to date is closely aligned to NPF4's strategic objectives, especially in terms of sustainable development, economic growth, and environmental responsibility.



Image credit: Keith Hunter

In Dalmarnock, our EastWorks development has shown what can be achieved with long term policy, planning and delivery.

The former gas purifier shed which dates to 1843, was one of Dalmarnock's few buildings from that Victorian era. The transformation has seen the building become a modern office space and studio accommodation that is highly adaptable to today's more flexible office working cultures.

Our approach in Dalmarnock has been to intervene with sensitivity to the history of the area – and retaining the building to form EastWorks underpins

that. The design celebrates the heritage by retaining the exposed roof structure and columns along with the original brick façades whilst introducing a new glass façade. A new steel structure supports mezzanine levels and provides open flexible floor space.

EastWorks provides 2,970 sqm of business space across ground and mezzanine levels, with the potential of creating up to 300 jobs and attracting new occupiers to Dalmarnock. We hope to focus on high value job creation within EastWorks and our wider Green Regeneration Innovation District.

INDUSTRY INSIGHT

The development was part funded by the Scottish Government's Regeneration Capital Grant Fund and Glasgow City Council which reflects the challenges of developing commercial office development in emerging regeneration locations. Achieving the wider benefits of NPF4 will require public and private sectors to work together to achieve the best possible outcomes.



Accredited with an EPC 'A' rating EastWorks is also the first commercial building to be connected to Clyde Gateway's District Heating network. The high temperature network provides heat via hot water to the building and has been designed with a firm focus on low carbon principles to promote sustainability.

The first EastWorks unit is now home to Utopi, an environmental social governance (ESG) technology specialist. The building was partly chosen due to its environmental credentials which fits with their ESG focus.



Image credit: Keith Hunter

Alongside EastWorks, Dalmarnock is seeing a buoyant residential market. Keepmoat Homes are the first developer to connect to District Heating and their homes for sale sit alongside developments by Springfield Homes and Swan Group with PfP capital. These homes connect easily to sustainable transport choices including walking, wheeling and cycling to lever



Image credit: Keith Hunter

the benefit of a well connected place where people will want to live and work. Our investment in district heating and cooling systems contributes significantly to achieving NPF4's goals and targets, particularly in the context of supporting the development of new homes alongside commercial real estate.

The wider challenge of continued growth in Clyde Gateway remains but we are encouraged that NPF4 emphasises the importance of sustainable development, aiming to create inclusive and resilient places while addressing climate change and achieving net-zero emissions. In this context, Clyde Gateway could serve as a model for sustainable urban regeneration.



INDUSTRY INSIGHT



Is Reform Essential for Scotland's Property Market?

CALUM MACAULEY

Business Development Manager, Bonham & Brook

WOULD YOU LIKE TO RAISE AN ISSUE?

We are keen to showcase a variety of industry topics. If you would like to write for our next Voice, please get in touch with spf@bpf.org.uk.

The Land and Buildings Transaction Tax (LBTT) in Scotland has come under scrutiny recently, with prominent voices within the property industry calling for reform. According to the head of a leading property body, the LBTT is having a "negative impact" on Scotland's property market and needs revision to stimulate buyer activity, particularly in the mid-market segment. The crux of the issue appears to be the 10% tax imposed on properties valued between £325,000 and £750,000, which is posing additional obstacles for homeowners in this bracket.

Scotland introduced the LBTT in 2015, replacing the Stamp Duty Land Tax (SDLT) with a system tailored to its unique property market. However, concerns have arisen as to whether the tax rates and thresholds currently in place are serving the best interests of the property market and its participants.

One organisation that has been at the forefront of advocating for LBTT reform is Bonham & Brook, a respected name in the property industry. Their insights and research have contributed significantly to the ongoing discussions about the necessity of change. Bonham & Brook has been actively involved in studying the effects of the LBTT on Scotland's property market and has presented compelling evidence supporting the need for reform.

Additionally, Kishan Kavi, a prominent figure in the property tax arena, has been playing a pivotal role within the tax committee, working diligently on assessing the implications of the current LBTT structure. His expertise and dedication to finding practical solutions have been invaluable in shaping the conversation around reform.

The LBTT comprises various bands with different tax rates, and properties falling within the bracket of £325,000 to £750,000 are currently subject to a 10% tax rate. While the tax may have initially been intended to target the higher-end luxury properties, it has inadvertently affected a substantial portion of the mid-market segment.

For potential buyers looking to purchase homes in this price range, the 10% tax can be a significant financial hurdle. This not only deters some from entering the property market but also results in reduced transactional activity, leaving sellers with fewer potential buyers. In essence, the LBTT in its current form could be stifling mid-market transactions and potentially causing stagnation in a crucial price range.

The concerns raised by the head of the property body, supported by research from organisations like Bonham & Brook and contributions from experts like Kishan Kavi, are not unwarranted. A well-functioning property market is essential for economic growth, and obstacles like excessive transaction taxes can hinder that growth. To address these concerns, reforms to the LBTT seem necessary.

Revisions could take various forms, such as adjusting the tax bands and rates to provide relief for properties in the £325,000 to £750,000 range. This could encourage more buyers to invest in this bracket, which, in turn, might stimulate activity and make it easier for homeowners to sell their properties.

It's important to strike a balance, as any tax policy should consider both government revenue needs and the health of the property market. While reducing the tax rate for mid-market properties may result in a short-term revenue decrease, it could potentially lead to higher transaction volumes and, in the long run, a more robust and sustainable property market.

The call for LBTT reform serves as a reminder that tax policies should adapt to changing market dynamics and economic conditions. Scotland's property market is a critical component of its economy, and it should be supported by policies that facilitate transactions and homeownership. The current challenges faced by those in the £325,000 to £750,000 bracket underline the urgency of revisiting the LBTT to ensure that it fosters a healthy and thriving property market.

In conclusion, the concerns surrounding the impact of the Land and Buildings Transaction Tax on Scotland's property market are valid, and it is evident that reforms are needed to address the issues faced by homeowners and potential buyers. Carefully considered adjustments to the LBTT could revitalise the mid-market segment, stimulate buyer activity, and contribute to a more robust property market in Scotland. It remains to be seen how policymakers will respond to these calls for change and what shape the reforms may take, but one thing is clear: the property market and its stakeholders are eagerly awaiting a solution that strikes the right balance. With the insights of organisations like Bonham & Brook and the contributions of experts like Kishan Kavi, the path to reform becomes clearer and more promising.

"We are delighted to support the Scottish Property Federation once again with this tenth annual dinner. The SPF is crucial in helping shape our shared ambitions for the whole real estate industry. Working together helps us create a future where our planet is cared for, people feel safe, included, individuals have access to quality housing and businesses and communities can thrive."

Graeme Steel

Director, Real Estate & Housing



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SPF ANNUAL DINNER 2023



Celebrating the Tenth SPF Annual Dinner

On Thursday 12 October, we celebrated our Tenth SPF Annual Dinner held at the EICC in Edinburgh. Over 400 industry professionals from over 200 organisations attended the event which was addressed by BPF President Mark Allan, SPF Chair Maria Francké, BPF CEO Melanie Leech and SPF Vice Chair Stuart Oag.

Ours sponsors:



After-dinner speaker, Ruth Davidson

The highlight of the evening was hearing from our after-dinner speaker Baroness Ruth Davidson, the former leader of the Scottish Conservatives who provided excellent and some humorous commentary on the state of the UK's current affairs.



Melanie Leech, Alasdair Humphery, Ruth Davidson

We were delighted to present our inaugural SPF Honorary Life Membership Award to Alasdair Humphery, who has recently retired from JLL. The award represents Alasdair's outstanding service and dedication to the SPF and wider real estate industry over a significant period of time.



BPF President Mark Allan



SPF Chair Maria Francké



We also heard from Tom Cromar, Chair of Spifox on the work they do to provide incredible support to Scotland's children. We are proud to have raised over £7,100 for Spifox so thank you for your generous donations!

Turley Planning Scotland



Image courtesy of 3DReid/Graeme Nicholls Architects

Image courtesy of shedkm

Image courtesy of 3DReid

Image courtesy of Keppie

We are delighted to support the
SPF in its role as the voice for
the Scottish property industry

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SPF POLICY BITES

Planning update

Council Consults on Expanding West Edinburgh



The opportunity for Edinburgh to expand Westwards is a welcome ambition aimed at addressing the city's additional housing needs and is especially logical given its proximity to other Scottish towns and cities. The west of the city benefits from a nearby airport, a major retail and business park and two universities. The vision for a new Western neighbourhood was outlined in Edinburgh's City Plan 2030, Place Policy 16 with the City of Edinburgh Council recently additionally consulting on its Placemaking Framework and Strategic Masterplan and its spatial strategy, 'Towards West Edinburgh 2050'. This month, we provided feedback on the Council's spatial strategy which we broadly agreed with but made several points particularly around an economic strategy required to attract and support existing jobs as well as improving national connectivity and ensuring infrastructure has the capacity to support net zero development. We suggested the Glasgow – Edinburgh express train should stop at Edinburgh Park to enhance local and national mobility as well as supporting the extension of a tram network. To read our full response click [here](#).

Rent Cap Update



This month, attention on Scotland's rent control policy has been focused on the questionnaire released by the government which asks questions on various aspects of a rent control mechanism such as whether rent increases should be extended to restrict in between tenancies and the length of the rent control period. There are also questions on the potential for allowing pets and to allow tenants to decorate their rented property. The survey coincides with the latest review period covering 1 June to 30 September which was published earlier this month. The provisions of the emergency Act require regular review to ensure the measures are necessary and proportionate with Scottish Ministers confirming they remained satisfied with the status and operation of the current legislation. In terms of our engagement on the rent control policy, October has been a busy month with two independent ministerial meetings with the tenants Rights' Minister Patrick Harvie MSP at the Scottish Parliament and the Housing Minister Paul McLennan MSP in an event organised by Rettie in London. We completed the rent control questionnaire which was supported by [further comments](#) submitted alongside.

Sustainability Update



The sustainability agenda remains a top priority for the Scottish Government in their objective to achieve net zero by 2045. This month the EPC reform consultation and Building warrant consultation closed, you can read our responses [here](#). Earlier this month, our Sustainability & Building Design committee also met with Stephen Garvin, the Head of Building Standards, Scottish Government. He updated the committee on buildings standards in place that came into force in February this year. There were changes in section 6.1 & 6.2 covering energy performance, overheating and ventilation in residential and commercial buildings.

The upcoming standards such as Scottish Variant of Passivhaus, New Build Heat Standard and even the reformed EPC metrics focus on fabric improvement. These standards are expected to come in force by 2025 and we expect the New Heat Build Standard consultation to be out by the end of this year.



Energy & Carbon

A holistic approach to decarbonisation

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SPF POLICY BITES

Non-Domestic Rates

Business rates reform working groups progress



The Scottish Government's New Deal for Business sub group looking at short, medium and long term reforms to the rates system this month considered incentives to support property investment, including for property improvements as well as new build. Members have raised concerns that the Business Growth Accelerator reliefs (new build/fresh start) have simply been insufficient to support substantive property improvements, including renewable energy related improvements. The property incentives group is one of a number of work stream on rates reform identified by the new Deal for Business sub group and the SPF will also be involved with an industry/public sector team considering the impact of the devolution of empty property rates relief to local authorities.

Land Reform

Register of Persons Holding a Controlled Interest in Land



The Scottish Government introduced new legislation to make information on land ownership or a controlling interest, more transparent and publicly available. The Register of Persons Holding a Controlled Interest in Land (RCI) was launched on 1 April 2022. To comply with the new legislation individuals, need to check if they are legally required to submit to the register. The last date to submit is 1 April 2024, failing which an offence provision applies for non-compliance and a fine of up to £5000 could be levied. To get more information on who should register [click here](#). To read more about the legislation, you can visit this [link](#).



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