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# SPF VOICE

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**Stuart Oag**  
Director, Drum Property Group

### The unforeseen consequences of political intervention.

During the last month we have seen yet more barriers created to the supply of housing investment caused by the impact of sudden, unexpected political interventions. Having effectively stalled Build To Rent (BTR) Housing in Scotland, it is now the turn of the Purpose-Built Student Accommodation (PBSA) to see how politics can negatively impact a sector.

I should say at the outset that due to the swift action of the SPF and others, it looks likely that the unwelcome interventions will be reversed. However, the damage to investor confidence cannot be reversed and nor can the inevitable delays in investment decisions and PBSA development start dates. Let me summarise the events of the last few weeks...

Despite assurances that the Housing Bill was not intended to include PBSA, we find ourselves with an opposition led stage 2 amendment to the Housing Bill passed in Committee at Holyrood which extends rent control regulations to PBSA. Following this unexpected and potentially devastating turn of events, the Scottish Government made clear its opposition to the inclusion of PBSA within the rent control regime and its intention to reverse this at Stage 3 (good). But then, in the same week, the government suddenly and unexpectedly announced that it would move to introduce an amendment to enable a 28-day notice period for students to terminate their tenancies early (bad!)

The view of our members was that this 28-day notice announcement was arguably worse than the extension of student accommodation to the rent control regime, and this was quickly communicated to both the government and MSPs from across the Chamber. We made clear that it required an early signal from the Scottish Government on how they intended to implement a statutory power for students to terminate their tenancies early, with a preference for basing these rights on specified circumstances and existing industry best practice. We made the point this clarification needed to be done at pace.

positively to our request for clarification on their 28 day notice intentions and confirmed that this is to be based on existing industry best practice, it is clear to us that this unexpected political intervention caused significant uncertainty and disrupted investment. This is a sector which is more than usually time sensitive in relation to bringing forward new PBSA to support student accommodation.

The Housing Bill "experience" has reinforced my view that government does not place sufficient emphasis on the role our real estate sector plays in the delivery of its socio-economic objectives. If the government is serious about resolving its self-declared housing emergency and delivering on its economic, health and education agenda then it must properly engage with and support our sector. This issue will feature in the SPF's manifesto which is being prepared now for discussion with all political parties in the run up to the May 2026 Scottish Election.

As my last column to you as your chair, I am delighted to welcome Jonathan Guthrie as your new SPF Chair for 2025-26 and also to welcome Cameron Stott from JLL as your new vice-chair. Both are very well known to the industry in Scotland and across the UK and I wish them every success in their tenures. I would like to add a warm thank you to Jonathan for his support as my vice-chair this year and to the SPF team for their work on all of our behalf.

With best wishes,

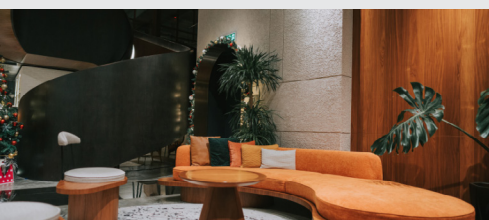
**Stuart**

While Scottish Ministers did respond

## Featured Industry Insight:

Exploring the Growing Appetite for Operational Real Estate (OPRE)

**Eilidh MacVicar**  
Associate Director, CBRE



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## Eilidh MacVicar

Associate Director of Operational Real Estate at CBRE

# Industry Insight

## Exploring the Growing Appetite for Operational Real Estate (OPRE)

Operational Real Estate (OPRE) is no longer considered alternative. It is a firmly established property sector, with unique drivers which is outperforming traditional asset classes. CBRE is a leading adviser across the OPRE market and we are working with a range of investors who seek to balance risk and diversify their portfolios, with increasing exposure to operational assets.

Following an exceptional year, with a total of £9.6bn transacted in OPRE in 2024, the market has maintained momentum into 2025, with investment volumes holding steady and confidence remaining high.

### What is Operational Real Estate?

At its core, OPRE focuses on real estate where returns are directly linked to the revenues and profits generated by the businesses operating on or from the Property. Unlike traditional real estate - where returns are primarily derived from leasing property to occupants - OPRE assets tie returns to the operational performance of the property itself.

As more investors aim to add operational assets to their portfolios, notable sectors gaining popularity include:

- Healthcare
- Hotels
- Pubs
- Leisure
- Roadside & Automotive
- Self-Storage

Each of these sectors encompasses a

variety of sub-sectors which all offer their own unique factors.

### Key Trends Impacting OPRE

Several key trends are shaping the landscape across various OPRE sectors, including but not limited to:

#### Increased Regulation and Compliance:

Particularly within the healthcare sector, regulatory requirements are stringent. Additionally, government mandates around sustainability and minimum Energy Performance Certificates (EPCs) are becoming more prevalent.

#### Rising Costs:

Inflationary pressures have led to price increases across many operational sectors, with the average price of a pint in the UK now reaching £5.01 up from £4.79 the previous year. Businesses face the challenge of passing these costs onto consumers to maintain profitability. Rising utility costs and recent changes in the National Living Wage and National Insurance are all key examples of increased costs that have impacted businesses.



### Changing Demographics and behaviours:

The UK's ageing population is placing significant pressure on the healthcare sector. For instance, the current number of care beds in Scotland falls short of demand, a situation that provides opportunities for new development as well as asset management initiatives for older stock. Additionally, younger generations are increasingly prioritising health and wellness, which has influenced trends in the pubs but created new opportunities in experiential leisure sectors as well as gyms.

### Value Enhancement:

Strategies aimed at improving operational efficiency and asset value are critical. These may include sustainability initiatives to reduce operational costs and embracing technology including AI to boost productivity and efficiency. OPRE assets are no exception to these evolving demands.

As the OPRE sector continues to evolve, the best-in-class operators remain ahead of the curve and provide innovative solutions to overcome challenges.

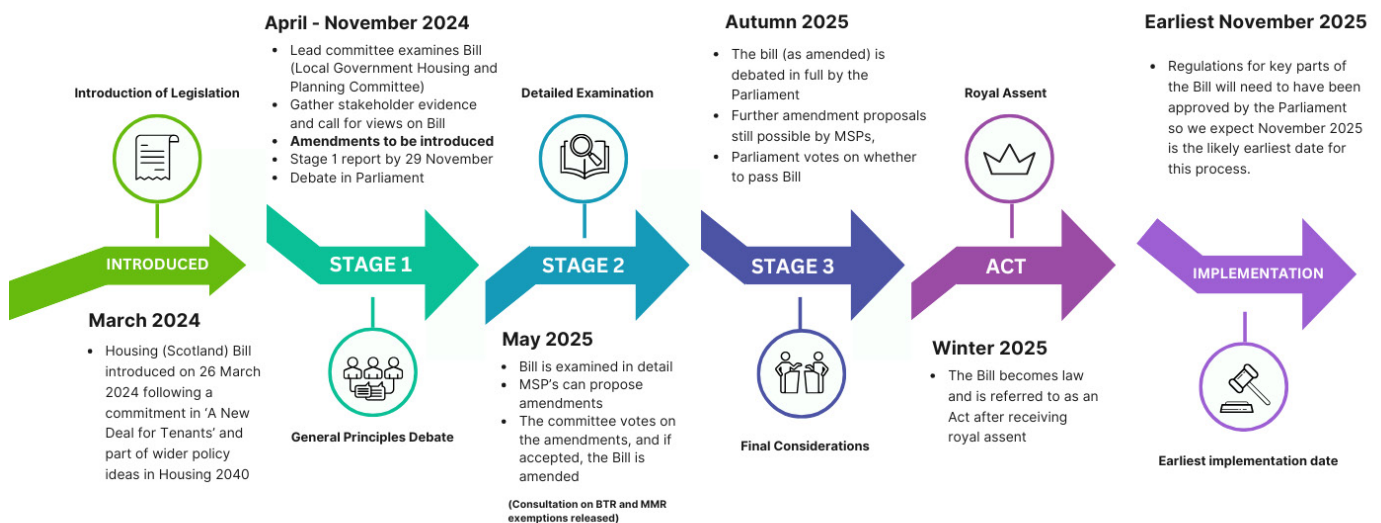
Staying informed about these trends will be essential for industry professionals seeking to successfully navigate this burgeoning market. CBRE are well placed to assist you.

# SPF Policy Bites

## Housing (Scotland) Bill Update

The Housing (Scotland) Bill is now nearing the end of Stage 2 following several lengthy and, at times, fraught series of committee meetings. Over 700 amendments have been tabled to the Bill making it the second most amended Bill in the Scottish Parliament's history.

### Expected Timeline of the Housing (Scotland) Bill



Following the rather straight forward voting process on the Bill's homelessness provisions under the scrutiny of the Social Justice and Social Security Committee, the rent control and evictions proposals of the Bill have been far more contentious during the Local Government Housing and Planning (LGHP) Committee sessions. Scrutiny of these sections proved difficult from Day 1 (6 May) when an unexpected amendment to include 'student tenancies' within the rent control provisions was successfully passed.

Although this was a 'probing amendment' - a type often used by MSPs not with the intention of being passed but to rather prompt discussion or as likely in the case here to test the government's position - it was tabled by Conservative MSP Graham Simpson and nonetheless passed by the Committee, despite being opposed by the Government.

Following a challenging session led by the Housing Minister Paul McLennan, Cabinet Secretary Shirely-Anne Sommerville MSP has since taken the lead in representing the Government during the rest of the committee sessions.

### 28 Day Notice to Quit for PBSA

Since the controversial passing of the amendment to bring student tenancies within the scope of rent controls, the government have confirmed they will work with opposition parties to take PBSA out of the rent control regime. At the same time, Ministers have sought to address student concerns by notifying stakeholders (issued on weekend of 16 May) of its intention to introduce a Stage 3 amendment to allow a 28 day notice to quit period in PBSA under 'special circumstances'.

However, following widespread industry concern and support from the Scottish Liberal Democrats regarding the limited and unclear definition of 'special circumstances', a letter was later circulated by the Cabinet Secretary (on the 19 May) to clarify that students experiencing bereavement, illness or those moving or withdrawing from university would be entitled to a 28 day notice to quit period.

Whilst this has been informed by industry best-practise and responses to the 2024 October consultation on the 28 day notice to quit period, it nevertheless has raised concerns around the future of PBSA investment in Scotland.

A subsequent amendment from Green MSP Ross Greer to include a 28 day notice to quit period for PBSA at Stage 2 was not moved and neither was a similar amendment tabled by Scottish Labour's Pam



# Housing (Scotland) Bill Update Continued...

Duncan-Glancy MSP. We hope the Government's tightly defined list of exceptional circumstances will be enough to reinstate investor confidence.

## Other Key Amendments Passed

A list of all the amendments passed can be found on our [Housing \(Scotland\) Bill dashboard](#) however, we have noted some key ones below:

- Rents within designated rent control areas can be increased by CPI + 1%, capped at a maximum of 6%.
- Amendment 220 - Landlords must provide a clear explanation for any rent increase within the terms of the tenancy agreement.
- The deadline for local authorities to submit evidence on whether a rent control area is necessary has been extended to 31 May 2027.

## Reaction from the Industry

There was some surprise at the position taken by the Scottish Conservatives in tabling the amendment on student tenancies and objecting to the inflation linked rental increases which

many including ourselves have been actively advocating for. The unexpected inclusion of rent controls for PBSA particularly at such a late stage has undoubtedly caused widespread concern and frustration across the sector as it fundamentally undermines the certainty needed to support long-term investment decisions. However, based on our engagement with MSPs on the sidelines during the committee sessions, there is cautious optimism that rent controls on student tenancies will be reversed before reaching its final form.

We are also encouraged that the amendment allowing rent increases within designated rent control areas, linked to CPI + 1% up to a maximum of 6%, was successfully passed, albeit by a narrow 4-3 vote. The vote of Scottish Labour's Mark Griffin MSP was crucial in seeing this government amendment pass.

## Next Steps

The last meeting of the LGHP committee to complete Stage 2 deliberations is scheduled for 3 June. Over the summer, the government will seek to address many commitments it made to engaging with the committee on wide ranging issues. This includes reviewing responses to the consultation

launched in April on potential exemptions to rent controls, which covers Mid-Market Rent (MMR), Build-to-Rent (BTR), and properties that can demonstrate either significant improvements or that they are let at below market rent.

The Bill is likely to enter Stage 3 after summer recess at which point MSPs can propose final amendments before the Bill is debated in its amended form by the full parliament.



Housing (Scotland) Bill **Consultation** on powers to exempt certain properties from rent controls: **closes 18 July**



The SPF team has been the only organisation present at every Local Government, Housing and Planning Committee session at Holyrood to debate the proposed amendments to the Bill. This has been an invaluable opportunity for us to engage with MSPs on the sidelines and to keep track of the key amendments being proposed.

# Programme for Government Summary



On 6 May, the First Minister, John Swinney announced the Programme for Government which set outs the legislative programme for the next parliamentary year. The key areas of focus are on:

- growing the economy
- eradicating child poverty
- tackling the climate emergency
- ensuring high quality and sustainable public services

**Below we have identified the key commitments affecting the Scottish real estate sector:**

## Land & Environment

- A commitment to introduce the Heat in Buildings Bill this year
- Establish statutory targets to improve biodiversity
- Progress the Land Reform Bill

## Housing

- Introduce the Building Safety Levy before Summer recess
- Allow for exemption from rent controls for build to rent and mid-market rent to encourage investment
- Unlock investment across all housing tenures informed by the Housing Investment Taskforce
- A more ‘interventionist approach’ from public bodies to fund development
- consult on mechanisms to accelerate house building
- Deliver 110,000 affordable homes by 2032
- Remove barriers on stalled housing sites to deliver up to 20,000 new homes
- Deliver an equivalent of Awaab’s Law in Scotland to ensure landlords adequately address hazardous issues to tenant’s health (consultation expected this year on enforcing rental property repairs and standards)

## Investment

- Consult before summer recess on how Co-Ownership Authorised Contractual schemes (CoACS) are used for those looking to invest and the role of LBTT to encourage commercial investment in Scotland

## Planning

- Working with the UK government to reform the consenting process through the Planning and Infrastructure Bill to help reduce timescales
- Boost planning capacity and reduce barriers to delivery
- Appointment of 18 future planners at Scottish government
- Undertake audits of key agencies to reduce complexity cost and speed up processes
- Utilise the planning hub for all local authorities
- Support delivery of x3 Masterplan Consent Areas – inc. Inverness and Cromarty Firth Green Freeport



## LBTT UPDATE

In May, SPF met with the Scottish Government’s Land and Buildings Transaction Tax (LBTT) team to discuss the upcoming LBTT review and the positive comments by Deputy First Minister Kate Forbes when addressing our annual conference in Glasgow on 2 April. Since then, and as reported elsewhere, the commitment to consult on relief for Co-ownership Authorised Contractual Schemes

(CoACS) was also made in the programme for Government on 6 May.

The engagement with the LBTT follows up on earlier proposals to amend the LBTT regime to achieve parity with the UK Stamp and Land Duty Tax (UKSDLT) regime in the context of the UK’s Reserved Investor Fund (RIFs) regulations approved in February 2025. RIFs are of key interest for major funds

and asset managers and any failure to align with wider UK tax structures risks Scottish assets effectively being frozen out of new investment fund structures. With RIFs now being structured, time is of the essence to bring forward LBTT amendments.



# SPF Snapshot

A round-up of our key engagements, events and policy work to support our members in driving a diverse, successful and sustainable real estate industry in Scotland.



## SPF at UKREiif

The UK Real Estate Investment and Infrastructure Forum (UKREiif) goes from strength to strength. This year it is estimated some 17,500 delegates attended and it is expected that many more were in Leeds as part of the wider events. A huge number of issues and debates on topics from inner city regeneration, energy infrastructure, co-living and BTR were aired. There was a strong UK Government presence with several Ministers and a number of platforms and MPs from across England. Scottish cities and wider local government were also strongly represented led by the Scottish Cities Alliance and Glasgow City Council. With the exception of Labour's Daniel Johnson MSP, Holyrood was not however present and we have already made representations to the Scottish Government that this is an opportunity for Scotland to take a lead and promote its opportunities.



## BPF FUTURES X BCO NEXTGEN PANEL SESSION



Despite Glasgow's challenges, the tone of the event was very positive with 'people, friendly, industrial, historic' as the key words our audience used to describe the city.

We are hugely grateful to the panellists for their expert insights and to HFD for their kind sponsorship of the evening.

**'Glasgow is bursting with opportunity - it's just finding out how to unlock it'.**

That was a key message from expert panellist Sarah Hagen of CBRE, echoed by others on the night during a lively discussion about the future of Glasgow.

On 28 May, BPF Futures and BCO NextGen hosted a joint panel session at the landmark Aurora building in Glasgow. The packed auditorium reflected the keen interest in Glasgow's evolution and the audience's eagerness to hear a diverse range of expert panellists including Elliot Cumming from HFD Property Group, Alison Laurence from Glasgow City Council, Anthony

Newman from MLA and Sarah Hagen from CBRE.

The conversations ranged widely from the importance of the public sector in helping to de-risk development and enabling vital infrastructure to the benefits of Business Premises Renovation Allowance (BPPRA) and similar tools to unlock stalled regeneration projects.

With strong positivity expressed over the city's 'good set of bones', the panel noted that its success also lies in developing a clear identity and strengthening its unique neighbourhoods with Shawlands and Dennistoun highlighted as particular success stories.



# SPF Snapshot: Our work at a glance

## 1 Parliamentary Evidence Session - Leases (Automatic Continuation) Scotland Bill



**Alan Cook**, Chair SPF's Commercial Real Estate Committee and Partner at Eversheds Sutherland

This month, Chair of SPF's Commercial Real Estate Committee and partner at Eversheds Sutherland, Alan Cook gave evidence at the Scottish Parliament on the Leases (Automatic Continuation etc.) Bill as part of Stage 1 evidence gathering. Overall, we welcomed the Bill as an important step towards modernising and making aspects of commercial lease law more accessible.

## 2 Parliamentary Evidence Session - Natural Environment (Scotland) Bill



**Jacqueline Cook**, Vice Chair SPF's Planning and Development Committee and Senior Legal Director at DCS Legal

This month, our Planning & Development Committee's Vice Chair, Jacqueline Cook of DCS Legal gave evidence on behalf of SPF to the Scottish Parliament's Rural Affairs and Islands Committee on the Natural Environment (Scotland) Bill. This Bill seeks to modification of the EIA and Habitats regulations relevant to planning applications replacing EU provisions. You can watch the evidence session [here](#) and you can also read our detailed [response](#).

## 3 Reform of Circular 3/2012 on section 75 - developer contributions

Following the decision to stop work on the Infrastructure Levy, the Scottish Government is now updating its guidance on planning obligations. The update focuses on aligning with the Infrastructure First approach, integrating contributions into new-style Local Development Plans and Delivery Programmes, clarifying the use of zone-based policies, and improving processes to reduce delays. On 14 May, our Planning Committee member, Alasdair Sutherland of Burness Paull, took part in the stakeholder workshop to represent members' views. We expect the draft guidance to be published for public consultation this summer, with final publication anticipated in November.

## 4 Building Standards Stakeholder Group

This month, Chair of SPF's Sustainability and Building Design Committee Chair Alan Stark attended the Scottish Government's Building Standards Stakeholder Group. Discussions were based on fire safety, including the potential for a national regulator for construction materials as well as on flooding, Passivhaus, and recruitment and learning in the Scottish building standards hub.

## 5 ATCM: Empty Property Rates

On 15 May in Edinburgh's St James Quarter, the SPF addressed the Association of Town Centre Managers' Scottish committee on the issue of empty property rates policy. We highlighted the impact of rates policies on listed buildings and valuations and underlined the need for an empty rates policy that worked with investors to bring vacant properties and sites back into effective use.

## 6 Major Planning Applicants Stakeholder Group

Our Planning Committee Vice Chair again represented us at the Scottish Government's Major Planning Applications Stakeholder Group meeting on 14 May. The main discussion at the meeting was around the Programme for Government announcement being pro-planning and delivery-focused, though it lacks a central support hub for applicants. The Scottish Government is investing in planning resourcing, including a graduate programme which received a high number of applications, and is encouraging the private sector to run similar programmes to bring more planners into the industry. Key concerns included high appeal fees, delays from statutory consultees, and the possibility of some planning authorities missing their LDP deadlines.



## RECENTLY SUBMITTED CONSULTATIONS

### EDINBURGH COUNCIL PBSA GUIDANCE

SPF responded to City of Edinburgh Council's Non-Statutory Planning Guidance on Student Accommodation which will be used as material consideration to determine PBSA applications in the city. In our response we highlighted member concerns over development viability challenges to be recognised and considered in this guidance. We also relayed wider concerns on site allocation, design requirements, standards and clarity on cluster sizes, advocating for policies reflecting actual student demand and market conditions. Click [here](#) to read our detailed response.

### NON-STATUTORY BODIES - CLIMATE CHANGE DUTIES

In our response, we welcomed the draft guidance and its recognition of the importance of scenario-based

planning in climate adaptation. However, we are concerned by the inconsistent application of climate risk assessments by statutory bodies, particularly the Scottish Environment Protection Agency (SEPA) which are often based on worst-case scenarios such as RCP8.5. This overly cautious approach is creating significant barriers to development and regeneration, especially on brownfield land.

To support more effective and sustainable development, we urge the Scottish Government to ensure greater consistency in the application of climate guidance across public bodies. In particular, we advocate for the adoption of a more flexible, proportionate, and pragmatic planning framework, one that enables site-specific mitigation measures to be properly considered and incorporated. Read our full response [here](#).

### CITY OF EDINBURGH COUNCIL'S NON-STATUTORY GUIDANCE ON DEVELOPER CONTRIBUTIONS

In our response to City of Edinburgh's non-statutory guidance on developer contributions we have strongly relayed member concerns regarding the Council's approach of adopting this guidance as non-statutory without addressing critical industry feedback from previous consultation. We have highlighted the level of contributions, particularly for education and healthcare being disproportionately high and could deter development and also raised serious concerns over the viability of developments, especially housing. We urge a more balanced, evidence-based approach through formal consultation and proper scrutiny to support the much-needed housing delivery amid the ongoing housing emergency. Read our response [here](#).



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## SPF Annual Dinner 2025



After Dinner Speaker:  
**Sarah Smith**  
BBC News, North America Editor

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