

Building a Better Scotland

The SPF 2025-2026
Election Manifesto

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About the SPF

The Scottish Property Federation is the Voice of the Scottish Real Estate Sector

The Scottish Property Federation is the voice of the real estate industry in Scotland. We work closely with our members to support the **growth of the real estate industry and to improve Scotland's built environment** - key pillars that underpin a productive, thriving society.

Our industry-wide membership enables us to provide government and regulators with **expert insight and informed guidance**, helping shape effective policy and regulation. Our members reflect the **diversity of the real estate sector** - ranging from property owners and developers to funders, agents, and professional advisers.



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Foreword

Scotland stands at a pivotal moment. A national housing emergency has been declared, economic headwinds are testing development viability, and our towns, cities and communities are under pressure to adapt to new ways of living and working.

At the same time, the opportunities are significant: to build the homes we need, to deliver the workplaces that sustain our economy, and to grow the experience economy that attracts people, jobs and global investment.

With so much to be done, we need to adopt a much closer working relationship, between and within, the public and private sectors. We also need to adopt new ways of working, to accelerate the pace of investment, development and delivery. We must work as genuine partners not simply transact, if we are to move faster.

The property sector is the partner that delivers the physical infrastructure of Scotland's economy.



Jonathan Guthrie
SPF Chair, Director
Robertson Group

It plays a central role in attracting investment from across the UK and internationally, supporting growth, creating employment, and shapes the places where people live, work, and thrive. Our sector brings in investment, opens up opportunities and helps revive communities. But to do so, we need a policy environment that provides certainty, welcomes investment, and enables collaboration.

Our manifesto - Building a Better Scotland - offers a new collaboration between the property industry and the next Government to support some of the most important cornerstones of our society.

Jonathan Guthrie
Chair
Scottish Property Federation



Credit: Campus Central,
Stirling University
Robertson Group

Executive Summary

Scotland's success in housing its people, supporting its businesses, and attracting global recognition is inseparable from the strength of its real estate sector. The sector plays a central part in achieving this not only as an economic driver but as a creator of social value. Whether it's new housing or workplaces, shops or restaurants, every development leaves its mark on Scotland's communities.

This manifesto sets out a new partnership between the next Government and the sector, where the years ahead must be marked by long-term certainty, forward looking policy, and investment confidence.

We have set three overarching priorities that apply to all sectors in the real estate industry:

1

Development Viability

Adopt a clear national framework for assessing development viability, ensuring that essential homes, workplaces, and community spaces are not stalled by inconsistent application of regulation.

2

Urban Centre Regeneration

Support housing-led urban regeneration through stronger incentives, modernised tools, and place-based renewal.

3

Planning, Tax and Regulatory Reset

Reset planning, tax and regulatory policy to streamline delivery, unlock land, and attract long-term investment.

Alongside these, we highlight sector-specific actions to create the modern, thriving society we all want Scotland to see:



Living Sector

Treat housing as strategic infrastructure and commit to the delivery of 25,000 homes a year across all tenures.



Employment Spaces

Enable next-generation workplaces through planning reform, tax incentives, and innovation-led development.



Experience Economy

Unlock Scotland's visitor and cultural potential through better transport, smarter incentives, and flexible planning.



Credit: Holland Park, Glasgow. Moda

Creating the Conditions for Growth: Our Cross- Sector Priorities



Creating the Conditions for Growth: **Our Cross-Sector Priorities**

Investment as the Foundation of Growth

The ambitions set out in this manifesto all depend on Scotland's ability to attract and retain investment. While we focus on three overarching sectors – Living Sector, Employment Spaces and the Experience Economy – investment in each is reliant on confidence in the market; confidence is built on clarity, consistency and certainty. Without these fundamentals, even well-conceived plans will falter, and the projects needed to support people, places and economic growth will struggle to get off the ground.

Real estate investment is long-term, capital-intensive and highly sensitive to risk. For Scotland to deliver the homes, workplaces and regenerated centres outlined in this manifesto, we must create a coordinated and enabling environment – one that allows investment to flow, planning to progress, and development to proceed with confidence. While the ambitions we describe are sector-specific, there are some challenges which are universal.

Universal Constraints Across the Sectors

At the heart of this is the viability gap. Higher interest rates, construction cost inflation, policy uncertainty, and uncoordinated regulation have combined to make many projects undeliverable.

What may have been viable five years ago may not be viable now – even in sectors where demand has remained constant, development viability has been compromised by other market factors.

If we don't address this, Scotland risks allowing regulation which restricts development and a planning system that encumbers rather than enables.

These issues are not confined to housing. The same constraints are evident across employment spaces, where demand for life sciences, logistics and digital infrastructure is growing, but speculative development remains rare. They are equally present in the experience economy, where mixed-use regeneration schemes are held back by outdated policies and fragmented delivery structures. Without the right conditions – viable returns, modernised tax and planning frameworks, and a more coordinated public-private interface – these opportunities will continue to be missed.

Unlocking Delivery: **Three Cross-Sector Priorities**

There are three universal priorities we believe are essential to unlocking delivery: **development viability, urban centre regeneration, and a reset of the planning and tax environment.**

These are fundamental issues. They go to the core of how Scotland delivers investment and growth. Getting these right is a critical for progress across the **Living Sector, Employment Spaces, and the Experience Economy.**



Our Three Key Priorities:



Development Viability



01

- Adopt a national viability methodology, aligned with industry standards to ensure consistency.
- Ensure an economically sustainable development profit level is recognised in policy.
- Embed viability testing at the front-end of planning.



Urban Centre Regeneration



02

- Prioritise housing-led regeneration to bring life to our centres.
- Encourage the conversion of vacant stock into viable uses.
- Expand financial mechanisms and tools such as the Business Premises Renovation Allowance (BPRA), the Scottish Partnership for Regeneration in Urban Centres (SPRUCE) and modernising Compulsory Purchase Orders (CPOs).
- Integrate active travel, cultural uses, and green space into renewal.



Planning, Tax and Regulatory Reset



03

- Ensure cross-agency collaboration to reduce delays.
- Lead a comprehensive review of the National Planning Framework 4 within the first 100 days of the next government.
- Review the proportionality of developer contributions to ensure development is viable.
- Ease the regulatory burden when vacant and derelict land is brought back to use.
- Review and rationalise the tax environment to incentivise development and long-term investment.

The Living Sector

Our key asks for the next Government

Treat housing as **strategic national infrastructure**, supported by long-term certainty, financing reform, specialist housing, and city centre regeneration.



The Living Sector

Housing as National Infrastructure

The Living Sector is a vital component of Scotland's social and economic framework, providing homes across our communities: from working families to retired pensioners; from students to key workers. Building new homes keeps communities resilient, supports the workforce, and brings fresh investment into local economies.

Pressures on Scotland's Housing System

However, the sector is under sustained pressure, culminating in a nationally declared housing emergency in May 2024. There is a convergence of challenges affecting supply, affordability, viability, and investment. Construction output contracted by 4% in 2023, with new build delivery falling by 13.3%. Developers and landlords face tight margins as costs remain 27% above pre-Covid levels, compounded by inflation and higher interest rates.

In the Build to Rent sector, these conditions have directly affected development viability and investor confidence. Evidence from Rettie & Co. and the Scottish Property Federation shows more than £3 billion of investment into this area stalled due to the 2022 Rent Freeze and proposed rent controls, leaving 17,000 homes in limbo.

This weakening of investor confidence is particularly significant given that the private sector supplies three-quarters of all new housing in Scotland. Yet recent figures show that the delivery of new homes is falling. Underpinning conditions for private investment is critical to arresting this trend, increasing supply, and ensuring a balanced housing strategy across all tenures.

It is also important to recognise that the living sector is deeply interconnected. Pressure in one area or sector impacts across the market, and without cross-tenure consideration and consultation, unintended consequences will continue to harm delivery.

Credit: Solasta, Glasgow (Build-to-Rent), CoStar



More than £3 billion of Build-to-Rent investment stalled due to the 2022 Rent Freeze, leaving 17,000 homes in limbo.

Collaboration to Deliver a **Balanced Housing Supply**

Overarching all of this, and fundamental to society, is the fact that access to a quality home is a basic social need. Housing must be treated as strategic national infrastructure. This requires policies that create a stable environment for investment and provide the long-term certainty needed to deliver resilient communities, sustainable growth, and future-proofed housing.

Local Authorities must be encouraged and empowered to play a more active role in delivery. With significant land holdings, they can help expand supply through joint ventures and new delivery models.

Long-term growth depends on regulatory alignment and a presumption in favour of development. Government must support diverse and viable delivery platforms that enable progress across all tenures.

Unlocking public finance, attracting private capital, aligning planning with viability, and accelerating regeneration are all essential if Scotland is to build the housing system its people and economy demand.

This manifesto outlines a strategic framework to accelerate the delivery of new homes, and to future-proof Scotland's housing system for long-term growth.

Challenge:

- Construction output has contracted by 4% (2023); costs are 27% above pre-Covid.
- Scotland declared a national housing emergency in May 2024.
- £3bn in BTR investment stalled, risking delivery of 17,000 homes.
- Affordable housing supply is lagging (only 26% of the 110,000-target met).
- Development viability is impacted by rising costs and policy interventions.
- Housing policies fail to address ageing demographics. Under-occupancy also impacts on family housing supply.
- Reduced construction activity has led to falling contractor capacity, exacerbated by an ageing workforce and increasing skills gap, affecting delivery capabilities and costs.
- Infrastructure issues and coordination yet to be acknowledged at regional level.

Solution:

Treat housing as strategic national infrastructure, supported by long-term certainty, financing reform, specialist housing, and city centre regeneration.



Credit: Casa, Vista Park, Glasgow. Moda

Government Action:

Treat Housing through a National Strategic Infrastructure Approach

- Commit to 25,000 homes annually across all tenures.
- Support the private sector to deliver a wider range of living sectors (BTR, Co-Living, Later Living, MMR) with incentives.
- Consider reintroducing schemes such as Rental Income Guarantee Scheme (RIGS) to underpin confidence and mobilise this sector.
- Develop a national skills strategy for housing delivery.
- Create regional planning/viability partnerships to front-load infrastructure.

Later Living

- Incentivise downsizing and build 'housing-with-care', addressing a 50,000-home gap.
- Adopt international best practice (5% provision target).
- Engage investor appetite to unlock delivery (39% of investors plan to target senior housing).

Affordable Housing Finance

- Engage private capital to help deliver 10,000 affordable homes annually.
- Provide long-term funding certainty and flexibility for local authorities.
- Attract pension funds and institutional investors to grow the pipeline, taking forward the proposals in The Housing Investment Taskforce Report.



Credit: The Avenue, Barton
(Later Living). Cruden Homes

Employment spaces

Our key asks for the next Government

Enable speculative development, regenerate obsolete stock, and expand next-generation facilities in **life sciences, digital infrastructure and the knowledge economy.**



Employment Spaces

Employment Spaces: The Foundation of Economic Growth

Employment spaces are the bedrock of our economy. From indigenous occupiers to emerging industries, they provide the infrastructure that enables organisations to operate, innovate and grow across all sectors.

The real estate industry supports the development of offices, logistics hubs, manufacturing plants, life science labs and knowledge sector facilities. These provide a home for businesses and a base for our future workforce to learn, train, and to grow into our industry leaders. As working trends evolve post-Covid, developers think beyond bricks and mortar and focus on providing better quality employment spaces that are energy efficient, focused on wellbeing, and promote a culture of collaboration and co-working.

The Cost of Inaction: Economic and Social Consequences

Without the appropriate workplaces, and without supportive work practices, we risk losing leading organisations and talent from our communities.

The resultant impact on local shops, services and transport infrastructure leads to a diminishing spiral having a significant detrimental impact on economic growth.

Yet, the sector faces mounting challenges. Hybrid working has reshaped demand, with employers seeking better quality spaces that promote wellbeing, collaboration and sustainability.

At the same time, construction costs and financing pressures have left development at historic lows, while many older buildings risk obsolescence. Developers working to bring these buildings back into use often face punitive empty rates during the planning and redevelopment process, eroding viability and deterring investment.

The risks are significant. If we don't provide modern, sustainable workplaces, Scotland risks losing the industries that should be driving our economy – sectors that are central to the future economy. Evidence from the Fraser of Allander Institute shows that every £100m of new commercial property demand generates a further £73m across

construction, professional services and ongoing investment. Offices also support wider city centre economies by driving retail and hospitality footfall.



Credit: 30 Sempole Street, Edinburgh. MLA

Every £100m of new commercial property demand generates a further £73m in construction activity.

Scotland's **Competitive Advantage** and **Industrial Potential**

Scotland has the potential to be a global leader in a wide range of industries such as renewable energy; life sciences; the knowledge sector; digital technologies and fintech; food and drink innovation; advanced manufacturing and the space sector.

The speculative development of workspaces for these sectors - offices, light industrial, large scale logistics hubs and so on - is critical to creating the supply that will react to demand that cannot wait for buildings to be built.

The opportunity is clear: by supporting speculative development, modernising incentives and removing barriers to reuse, Scotland can secure the next generation of employment spaces. Without action, stalled investment will leave the country at a competitive disadvantage, with growth and jobs going elsewhere.

We ask the next government to support pre-development, safeguard employment sites in local plans, and promote sites for innovation hubs to encourage speculative development and create industry-ready spaces to attract demand.

Challenge:

- Hybrid working, enhanced specification, high costs, and uncertain demand risk underinvestment.
- New office development is at historically low levels, while older offices face obsolescence.
- Limited supply of suitable scale-up facilities including specialist infrastructure for wet and dry labs.
- Scotland risks losing HQs and emerging sector opportunities if sites and facilities are not delivered.

Solution:

Enable speculative development, regenerate obsolete stock, and expand next-generation facilities in life sciences, digital infrastructure and the knowledge economy.



Credit: Capital Park, Edinburgh. CoStar

Government Action:

Support development

- Recognise development viability challenges and work to bridge any gaps.
- Provide 100% empty rates relief where a valid pre-application is in place.
- Reintroduce an updated and expanded Business Premises Renovation Allowance to bring vacant buildings back into use.

Protect employment land

- Ensure local plans and regional strategic plans retain a balance of office and industrial sites, so future businesses are not locked out of our urban centres.
- Recognise employment spaces as a key driver of local economies.

Promote innovation hubs

- Invest in the digital and knowledge economy, alongside the necessary infrastructure and faster planning processes, particularly for data centres and life sciences.
- Back higher education and innovation districts with local authority partnerships to deliver viable new facilities in these growth sectors and innovation districts.



The Experience Economy

Our key asks for the next Government

Position Scotland's Experience Economy as a **catalyst for Regeneration, Investment and Global Competitiveness**



The Experience Economy

A New Cornerstone of Economic Growth

The experience economy is an increasingly important cornerstone of the national economy, reflecting a societal shift geared towards pursuing more memorable and enriching experiences.

The experience economy is central to the fabric of Scotland's economic and social life, built on the country's cultural, historic and natural strengths. Spanning tourism, hospitality and hotels, through to cultural venues, events and retail - the experience economy is a catalyst for regeneration, investment and greater international recognition.

This sector generates over £10bn a year, supports one in eleven jobs, and boosts Scotland's global reputation. The property sector builds the places and brings the upfront investment needed to make the experience economy possible.

Barriers to Revitalising Places

The sector is grappling with increasing challenges. Consumer demand is shifting towards immersive experiences, but the infrastructure and strategic coordination needed to meet this isn't always in place. Limited transport options restrict accessibility to destinations and events, and many high streets still struggle with vacancy and underuse which in turn can undermine their desirability to visit.

Developers and investors, often the first movers in breathing life back into underutilised spaces such as older retail or industrial areas, face barriers that prevent or delay the unlocking of new destinations or revitalising older ones. These include outdated business rates policy, restrictive planning rules - including onerous Section 75 obligations - challenges in coordinating infrastructure and utility providers, and difficulty in attracting speculative occupiers.

The Cost of Falling Behind

Without the cultural venues, hotels, hospitality and public realm improvements that underpin the experience economy, Scotland risks falling behind competitor nations in attracting visitors, talent and investment. Edinburgh alone generates more than £600m annually from major events, while a single concert series can inject millions into local businesses.

Beyond economic metrics, the sector provides vital employment opportunities, particularly for younger people and often serving as a first point of entry into the workforce. The sector enhances Scotland's soft power, helping the country rank highly among sub-national regions globally - a standing that rests heavily on the strength of its cultural and experiential offering.



V&A, Dundee

57% of UK adults would rather spend money on **experiences** than possessions – a 5-point increase since 2018.
(Barclays 2023)

Position Scotland's Experience Economy as a catalyst for Regeneration, Investment and Global Competitiveness

The opportunity is clear. With targeted support for improving strategic coordination and accessibility to destinations, incentivising investment, and modernising regulation, the experience economy can continue to drive regeneration, diversify local high streets and strengthen Scotland's international profile.

Without support, underused assets and policy barriers will stall growth, and the chance to translate Scotland's natural and cultural advantages into lasting economic impact will be missed.

We ask the next government to improve accessibility to destinations, unlock private investment through targeted incentives, and remove planning barriers that delay or deter redevelopment.

Challenge:

- Tourism generates £10.8bn annually and supports 1 in 11 jobs, yet infrastructure lags demand.
- 57% of consumers now prioritise experiences over possessions, highlighting the need to allow traditional / high street retail space to evolve.
- Neglected urban areas and vacant buildings impact perception and appeal, reducing the area's footfall.
- Business rates and rigid planning constrain innovation.
- VisitScotland's budget falls behind competitor nations such as Tourism Ireland

Solution:

Utilise changing consumer trends and global demand by improving access, incentivising investment, and reforming regulation to **support destinations and events.**



Credit: The W Hotel, Edinburgh. Keppie Design

Government Action:

Investment Incentives

- Introduce BPRA2 for regeneration zones.
- Expand Fresh Start Relief eligibility to include a wider range of properties.
- Boost 'VisitScotland' budget to have parity with similar sized countries, such as Tourism Ireland.
- Ring-fence visitor levy for reinvestment in public realm/tourist facilities.

Improving Accessibility

- Ensure better integration between different transport modes (e.g., bus-bike-tram-train), with a pragmatic approach to parking.
- Introduce flexible schedules during peak tourist seasons, bank holidays, weekends and late-night services with particular focus on being responsive to major events such as concerts or sports.
- Expand travel choices by introducing greater access to car club and cycle hire schemes, exploring the Glasgow Metro, expanding the Glasgow subway and Edinburgh tram routes, and supporting the growth of Scottish aviation routes.

Long-term Reform

- Modernise business rates and introduce reliefs for listed or heritage assets.
- Create "meanwhile use" permits for temporary activation.
- Support late-night venues via zoning flexibility and a national Night-Time Economy Strategy.
- Actively promote and encourage mixed use buildings that support experience-led development.

Conclusion

Scotland's future depends on a vibrant, collaborative property sector that delivers homes, workplaces, and experiences to drive economic and social prosperity. Our manifesto - *Building a Better Scotland* - outlines a bold vision for partnership with the next government, grounded in streamlined planning, policy certainty, and investment-friendly reforms.

Treating housing as national infrastructure, modernising employment spaces, and championing the experience economy are key to unlocking Scotland's potential. With an urgent review of NPF4 within the first 100 days, aligned regulatory frameworks, and a presumption in favour of sustainable development, we can overcome barriers and deliver growth.

Central to this is an approach based on tackling the challenge of **development viability and targeting the regeneration of our urban centres**. This can be achieved with a renewed focus on **planning, tax and regulatory frameworks, using these to help not hinder investment and development**.

The Scottish Property Federation and its members are ready to work with the next Government to realise the vision in this document. **With shared purpose and determined action, we can build a better Scotland.**



Credit: Port Ellen, Distillery. MLA Architects



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