

## Scottish Property

# VOICE

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## Chairman's Column

This has been a productive month  
taking forward your interests  
across a range of policy areas.



We've met with senior government officials, representatives of the Scottish Land Commission, and Scottish Futures Trust; highlighted issues of diversity, inclusion, and mental health awareness; discussed planning (my favourite topic), infrastructure delivery, build-to-rent, and wider residential market issues; and crunched the numbers on LBTT and business rates.

We are pleased with the positive reaction to my call at our annual conference for cross-party cooperation at this critical time for the Planning Bill. As we approach summer recess, we are optimistic that our concerns have been considered and the Bill will now revert to its original intention of creating a more streamlined planning system. We will, of course, remain alert to any amendments lodged by MSPs.

Going forward, we hope to engage with the Infrastructure Commission for Scotland, which aims to shape Scotland's infrastructure strategy for the next 30 years. Members have expressed concern regarding the lack of practical experience at present in the Commission and its ability to create a workable infrastructure strategy.

We hope to offer those on-the-ground insights to ensure a holistic approach to infrastructure that also enables development.

We have continued to strive towards improving the property sector with new initiatives on inclusion, diversity and mental health awareness. Recently, the BPF launched a social media campaign for Mental Health Awareness Week with emphasis on #FeelGoodPlaces and #BeBodyKind. SPF staff supported this successful campaign, which aimed to reduce stigma and allow for open conversations about mental health in the workplace. The campaign was widely welcomed with participation from staff, members, and even Property Week giving it a nod as a top tweet.

We also hosted an industry event in Glasgow on 9 May in line with our commitment to diversity and inclusion. The *Growing Glasgow & An Industry for All* panel provided a platform to discuss how we can generate interest and participation in the property sector by younger professionals from all backgrounds.

... continued on page 2

Speakers Virginia Beckett and Alison Andrews spoke to supporting greater diversity in the property sector through graduate or apprenticeship programmes, leading by example in hiring practices, and taking opportunities to discuss the multifaceted career paths in property to younger audiences. Meanwhile, Glasgow City Council Leader, Susan Aitken, highlighted the need to promote city-living in the Glasgow region and the importance of infusing diversity within the concepts of new development and urban settlements.

Glasgow City Council is determined to increase city-living and aspire to boost significantly the estimated 30,000 residents of Glasgow's city centre. By increasing the numbers of people living in the city centre, the council hope for a knock-on boost to the economy as people utilise services and amenities in their neighbourhoods. The city-living agenda is also a great opportunity to deliver effective place-making in the centre of Glasgow. I am delighted to see that the nascent build-to-rent sector is responding vigorously to this opportunity and challenge.

Susan Aitken noted that she expected at least three major build-to-rent led schemes to be on site this year, and we know there are already over 3,000 units consented in Glasgow, by far the largest number of consents in Scotland.

It is truly heartening to see the scope of development interest astir in Glasgow. The western Central Belt remains our most populated urban region, and the breadth of its economy, makes Glasgow attractive to inward investment. The city has also inherited a transport infrastructure that is arguably the most integrated in Scotland. Of course, there are challenges of a long-standing, socio-economic nature still flowing from its industrial heritage, but there is plenty of opportunity and ambition too.







# 8th Annual Dinner 2019



Thursday 7 November 2019  
Edinburgh International Conference Centre  
150 Morrison Street, Edinburgh EH3 8EE



## Keynote Speaker **ED BALLS**

Former FT leader-writer, new Labour economic architect and UK Treasury Minister.

For further information and to secure your table, please visit our [website](#). Should you wish to discuss our sponsorship opportunities for this event, please contact Gail Hume: [email](#) or DDI: 0131 357 8667.

To stay up to date on #SPFdin19 follow us on [Twitter](#) and [LinkedIn](#).

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## Land Reform is not just a rural agenda

**Shona Glenn**

Head of Policy & Research for the Scottish Land Commission

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When the Land Commission was established back in 2017 a lot of people thought - and possibly still do - that our interest would be limited to rural land; but that couldn't be further from the truth. The Land Commission exists to make more of Scotland's land - and that means all of it - not just the bits with no buildings. Our work is as relevant to urban Scotland as it is to rural Scotland.

Over the past 18 months, for example, we have been looking closely at the operation of the housing and development land market and asking whether more should be done to enable publicly created uplifts in land value to be used to support better place-making. We published detailed recommendations in May and the short answer is yes - but it's easier said than done.

We think part of the solution is to get better at using the planning system to actively shape land values, but this will only take us so far. In the longer term, we think Scotland needs to move to a more plan-led system in which decisions about what to develop, where and when are driven more by the public interest than market forces.

Achieving this will require the public sector to take a more proactive role in initiating and driving forward major development. This implies that, in return for securing a greater share of the returns from major development, public bodies must also be prepared to accept more of the risks.

This approach will be particularly relevant to parts of the country that are blighted by a legacy of long-term vacancy and dereliction and where we know market forces alone will not deliver.

There are currently around 11,000 hectares of derelict and urban vacant land in Scotland and the approach for tackling this is, at best, disjointed. In a bid to address this, the Land Commission set up a national task force last year with the aim of finding a more joined up approach.

There's a lot to be done. First, we need put in place a sensible approach for prioritising sites for investment. Then, we need to make sure public funding is aligned in support of these priorities. If we can do that, then, maybe, some of our problem sites might start to look more like opportunities.

### **But culture change is also needed.**

Vacant and derelict land and buildings present real challenges for communities across Scotland, often acting as magnets for crime and anti-social behaviour. This not only damages quality of life for residents but can also deter inward investment and make regeneration more difficult.

In many parts of Scotland this has become normal, but it shouldn't be. We want to move to a situation where it is no longer acceptable for sites that are harming communities to continue to do so indefinitely. To do this, we need to embed a commitment to prompt productive reuse as a standard component of corporate social responsibility obligations. To be effective, this must apply to all types of landowners - public and private - but the commercial property sector is particularly well placed to lead by example.

Any serious attempt to bring about urban renewal must also, of course, reflect the aspirations of the communities affected. To do that, it is vital that communities are engaged effectively in decisions about land that are likely to affect them.

Our work on this is still at an early stage, but we're particularly interested in how it might be possible to enhance engagement at the pre-application stage. The benefits of this for communities are obvious but initial discussions with industry suggest that there could also be real benefits for developers. Good engagement can be an effective way of reducing opposition to schemes, but it can also add real value by helping developers to identify opportunities that may otherwise have gone unnoticed. So, if you have experience of this - or have ideas about how existing pre-application engagement processes could be improved - then we'd love to hear from you.

To find out more visit our website [www.landcommission.gov.scot](http://www.landcommission.gov.scot), email us [info@landcommission.gov.uk](mailto:info@landcommission.gov.uk), or follow us on Facebook or Twitter.



# SPF Commercial Property Sales Update

## Q1 (Jan-Mar) 2019

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### Commercial Property Sales in Q4 2018

Following the most subdued fourth quarter since 2012, the first quarter of 2019 saw the total value of Scottish commercial property sales pick up by £48m (7%) to £763m. The number of commercial property sales, however, fell by 171 (14%) against Q4 2018.

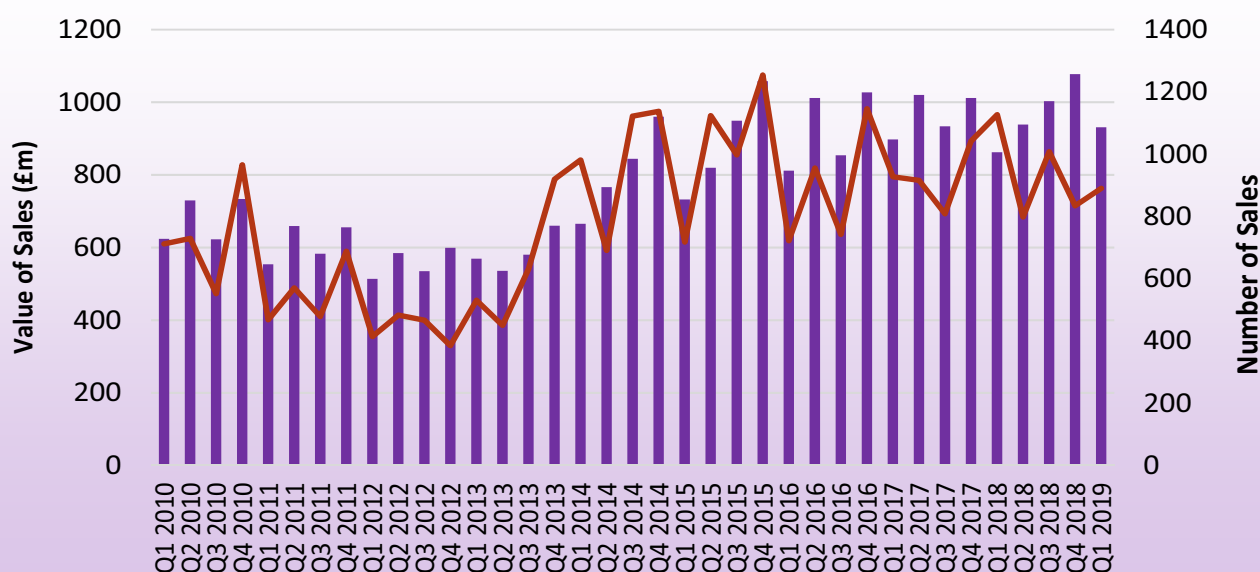
A comparison of the total value of commercial property sales in Q1 2019 with the same quarter in 2018

shows a fall of £203m (21%) year-on-year, despite the number of transactions increasing by 80 (8%). Fewer high-value transactions are likely responsible for the drop in total values, with the number of transactions of commercial properties above £5m falling by 13% year-on-year.

On a rolling one-year basis, there was £3.03bn of commercial

property sales in Scotland up to the end of Q1 2019. This is the lowest total since Q2 2014, with Q1 2019 also seeing the second consecutive quarterly drop for the rolling one-year figure. Conversely, the number of commercial property sales, on a rolling one-year basis, increased to its highest levels in recent times, with 4,608 sales (of all values) in the year to the end of Q1 2019.

Value and Number of Commercial Property Sales in Scotland (2010-2018)



### Commercial Property Sales at £5m and Over

When compared to the previous quarter, the number of commercial property sales in Q1 2019 that transacted at a value of £5m, or more, increased from 26 to 28. The combined value of these sales was £394m, which represents an increase of £101m (34%) on Q4 2018.

Against the same quarter in 2018, however, the value of £5m+ sales in

Q1 2019 fell by £174m (31%) - with the number of sales over the same period also falling by four (13%).

On a one-year rolling basis, the total value of commercial property sales at £5m+ in Scotland fell for the second consecutive quarter. At £1.4bn, the rolling one-year total in Q1 2019 is the lowest since Q4 2013.

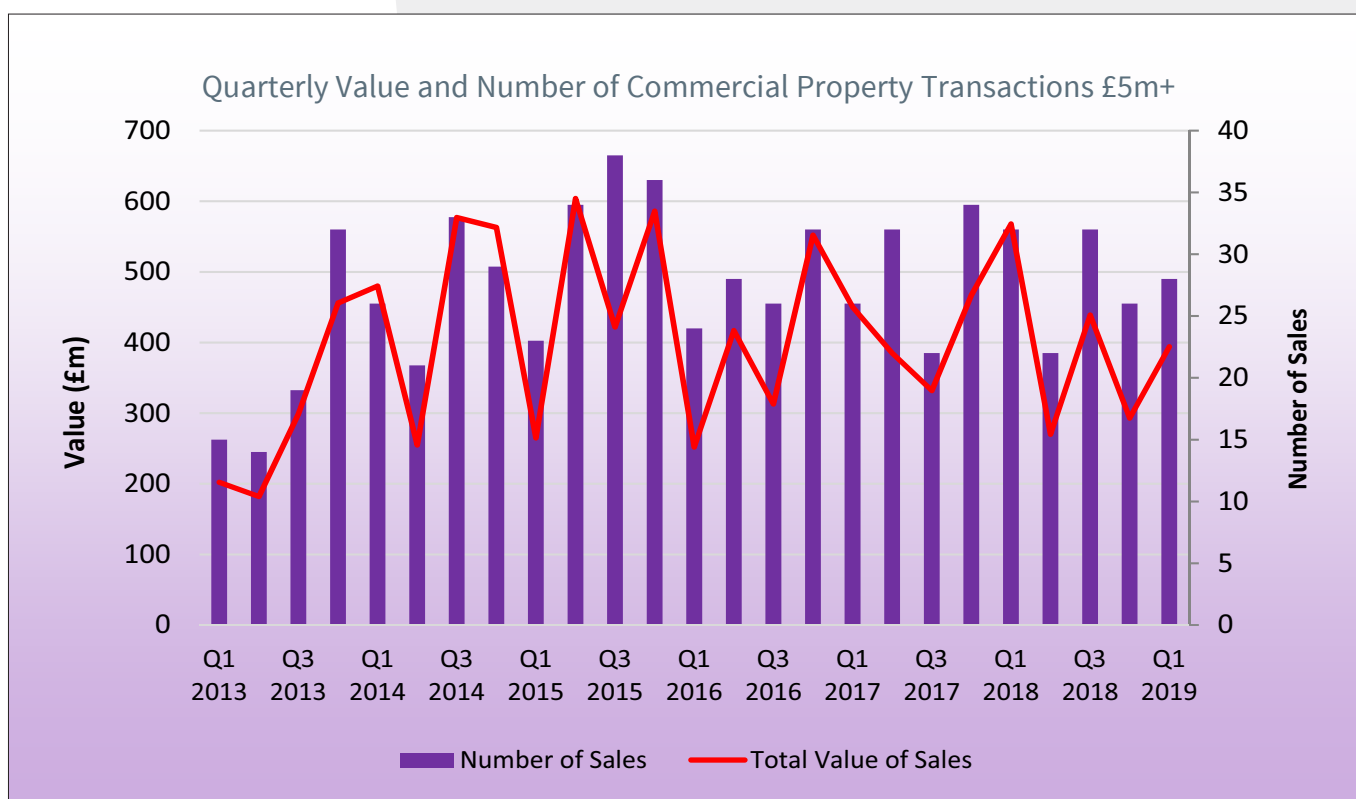
The geographical spread of sales at this section of the market also

increased against the previous quarter, with nine of Scotland's 32 local authorities having at least one commercial property sale at, or above, £5m. This is up from six local authorities in Q4 2018 but down from 12 in Q1 2018. Edinburgh had half of the total number of £5m+ transactions in Q1 2019, while Glasgow was the only other area to see multiple sales (seven).



## SPF Commercial Property Sales Update

Sales £5m+ Area	Number of Sales	Total Value of Sales (£m)
Aberdeen City	1	13
Aberdeenshire	1	13
Edinburgh, City of	14	207
Fife	1	27
Glasgow City	7	102
Highland	1	10
North Lanarkshire	1	7
South Lanarkshire	1	7
West Dunbartonshire	1	6
<b>Scotland</b>	<b>28</b>	<b>394</b>



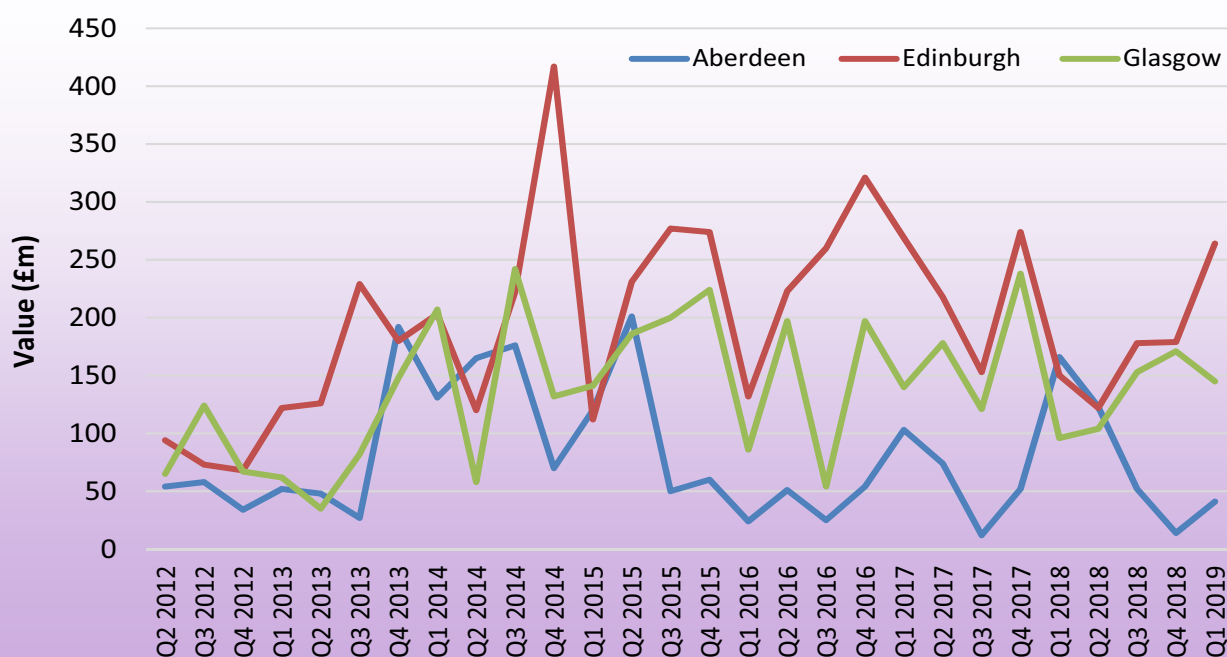
### Commercial Property Sales in Aberdeen, Edinburgh & Glasgow

**Aberdeen** - When compared to the previous quarter, the total value of commercial property sales in Aberdeen rose slightly, to £41m, in Q1 2019. This is an increase of £27m (193%). However, year-on-year sales were significantly lower, with Q1 2019 generating £125m (75%) less than in the same quarter in 2018.

**Edinburgh** - In Q1 2019, Edinburgh had the highest combined value for commercial property sales of any city in Scotland for the third quarter in a row. At £264m, the city's sales were up £85m (47%) on the previous quarter and up £114m (76%) on Q1 2018 (which saw sales total £150m). Significantly, Edinburgh had a 35% share of the total value of commercial property sales in Scotland in Q1 2019.

**Glasgow** - The total value of commercial property sales in Glasgow fell by £26m (15%) in Q1 2019 against the previous quarter, with sales totalling £145m. However, against the same quarter in 2018, the total value of sales in Glasgow rose by £49m (£51%). Glasgow had a 19% share of the total value of commercial property sales in Scotland in Q1 2019.

Total Value of Commercial Property Sales in Edinburgh, Glasgow & Aberdeen



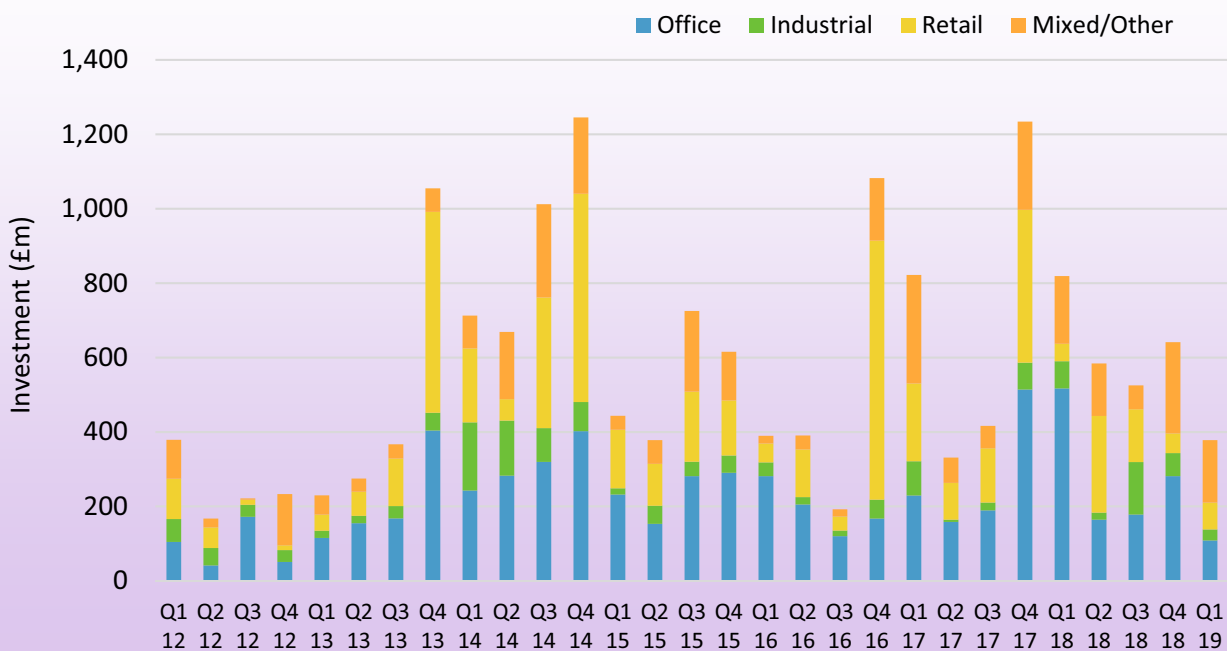
### Commercial Property Investment

Property data experts Costar UK has reported that £378m was invested in Scottish commercial property in 2019, which is considerably down on the quarter and the year, by 41%

and 54%, respectively. Costar pointed to investment into alternative assets as the key drivers of activity in Q1 2019 - with notable investments including L&G's

forward-funding for 324 built-to-rent apartments at Glasgow's Buchanan Wharf and the purchase of Clifton and Stewart House for £22m.

Costar - Quarterly Commercial Property Investment Volumes by Sector





## Policy Round-Up May 2019

### Some key policy developments for the industry

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May started with a flurry of activity around **investment** as the SPF submitted comments on the **new Infrastructure Commission for Scotland (ICS)** and to a **Scottish National Investment Bank Bill** investigation by the Scottish Parliament's Economy Committee. The ICS sought initial views on its remit and guiding principles. While much of the emphasis was welcome, we questioned how the proposed new ICS would operate with the existing Scottish Futures Trust, which is already active in infrastructure delivery. On the Scottish National Investment Bank Bill, we emphasised that the level of capitalisation may be too low to support ambitions for the Bank.

On the residential front, the Scottish Government announced that an **additional £80m will go towards the delivery of affordable homes across Scotland**. Scottish Labour Leader, Richard Leonard, announced plans to progress the **Mary Barbour Bill** after questioning Nicola Sturgeon about the private rented housing sector at First Minister's Questions. **The Bill, which has been introduced to Parliament by Pauline McNeill MSP, will include proposals to cap rent increases for private sector renters.** A consultation on the proposals closes on 6 August 2019. Separately, **the Scottish Government has launched a consultation on the regulation of short-term lets.** This consultation is open until Friday, 19 July 2019.

**Continuing the residential theme, the SPF contributed to two round-table discussion on Build-to-rent (BTR) in Scotland, hosted by Addleshaw Goddard.** Main discussion points from the meetings of industry representatives included: capitalising on the growing consumer appetite for BTR while finding sustainability for long term investments; understanding the unique residential needs of individual Scottish cities; and the challenge of creating a sense of place with dynamic, millennial renters. More recently, we **met with officials from the Scottish Government's More Homes Division to discuss how we could further liaise on policy development and priorities going forward.**

May also saw the SPF host a **range of trade bodies to meet Dr Lucy O'Carroll, Director of Taxation for the Scottish Government**, as a multitude of recent tax changes has raised concerns for business representatives across Scotland.

The SPF Planning and Development Committee met with the **Planning Bill Team Leader** prior to **Scottish Ministers lodging their first proposed**

**amendments to the Bill.** It was noted that political parties had worked more collaboratively to reach a workable conclusion that would bring the Bill back to its original intentions; and the concerns raised by the SPF briefing paper had been considered and largely addressed. However, it is important not to lose sight of the risk of further political impact from beyond the planning system. We will monitor amendments as they come forward and continue to engage, as required, in the lead up to the Stage 3 debate.

Unfortunate timing from the Planning Bill perspective saw **Scottish Ministers reject the second proposed Strategic Development Plan for the South East of Scotland.** Ministers also published guidance on section 36 applications related to the construction or extension, and operation, of electricity generating stations.

Building Standards also featured this month as we broadly supported the **Scottish Government's proposals to amend the Building Standards regulations to require the provision of Changing Places Toilets** in certain new developments, extensions and conversions. The proposals would see the mandatory provision of a Changing Places Toilet in shopping centres with a gross floor area of 30,000m<sup>2</sup> or more; single retail premises with a gross floor area of 10,000 m<sup>2</sup> or more; or places of entertainment or assembly with a capacity of 2,000 persons or more.

Meanwhile, the Scottish Parliament's Finance Committee has issued a call for comments on the **Financial Memorandum that accompanies the Non-Domestic Rates (Scotland) Bill.** The Bill estimates a direct increase of rates payable by ratepayers of some £41.9m over the next five years. However, the Scottish Government estimates an additional increase in rates revenue of £25.8m over the next five years as a result of penalties to be introduced by the Bill. The deadline for comments is Friday, 7 June 2019. We also attended a **meeting of the Scottish Ratepayer Forum**, organised by the Scottish Assessors' Association.

Most recently, we updated members on the **final year outturn for LBTT, including the Additional Dwelling Supplement.** Based on this data, we submitted views to the Scottish Parliament's Finance Committee and attended a round-table discussion on 29 May at Holyrood. The discussion focused on the implementation of ADS and its impact on the housing market.