



SPF VOICE

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SPF Chair

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With the Scottish Parliament in recess, we've taken the opportunity to connect with Scottish Ministers and officials over the past month ahead of several key policy decisions expected this year.

At the start of the August, I chaired a meeting between members of the SPF Policy Committee and Scottish Business Minister Ivan McKee MSP focused on promoting investment into Scotland's built environment. The discussion centred around the industry's transition to net zero, green freeports, business rates and planning, but we also got the opportunity to highlight the impact of the weak economy and inflation. I'm glad to report that in the background the SPF team have been keeping the discussion going with officials on many of the points raised during the meeting, and we look forward to touching base with Mr McKee again soon.

Elsewhere, our Residential Investment and Management Committee chair, Robin Blacklock, will join an industry roundtable with Scottish Government Minister for Tenants' Rights Patrick Harvie MSP on the government's significant proposals to reform the private rented sector, which may involve a form of rent controls. We are also digesting the government's analysis of its New Deal for Tenants consultation, which closed

in spring, and we look forward to continuing to engage with the Minister and his colleagues on the next steps.

With so much dynamism in our industry, the economy, and politics, I'm delighted that our Annual Dinner will be returning from its COVID enforced break on the evening of Wednesday, 26 October 2022. As ever, it promises to be an excellent evening at the Edinburgh International Conference Centre, and I'm excited to announce that we will be joined by veteran broadcaster John Pienaar. John's work as the former deputy political editor for the BBC and his current role with Times Radio (to name but a few) make him the ideal candidate to help us navigate the political drama both sides of the border and further afield. Indeed, he recently hosted the Conservative leadership hustings in Birmingham so will no doubt have a better understanding than most of how our next Prime Minister will tick. My thanks go to our sponsors Bank of Scotland, HFD Group, TFT and Turley as without their support the event would not be possible.

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POLICY INSIGHTS

BUILDING STANDARDS: DASH TO NET ZERO

Major changes to building standards in Scotland are at the forefront of the Scottish Government's drive to meet its ambitious climate change targets. New building regulations, published in June, will come into force on 1 December requiring greater energy efficiency in new builds, primarily through changes to the building's fabric. This is the first change to Section 6 (energy) in 7 years, and the Scottish Government says it will deliver a 32% aggregate reduction in building emissions for new domestic buildings and a 20% aggregate reduction for new non-domestic buildings.

It's likely that the wait for the next update to Section 6 will be much shorter, with changes expected to be introduced in 2024 that will fundamentally change the way we heat new buildings. The New Build Heat Standard is currently subject to its second consultation and if passed by MSPs will ban the use of direct emissions heat and cooling technologies, such as gas and oil boilers in new buildings consented from April 2024. The requirement for zero direct emissions heat technologies (such as heat pumps) will apply to both domestic and non-domestic properties. If you have any comments that you would like to feed into the consultation, particularly on the consequences for commercial buildings, please get in touch.

The final major change to building standards expected is the provision of electric vehicle (EV) chargers in new buildings. Proposals published this month could mean that all new dwellings with a parking space will have to have at least one EV charge point. New non-residential buildings with 11 parking spaces or more, will require 1 charging point for every 10 parking spaces. Existing non-domestic buildings, however, will not see a requirement for EV provision as suggested in the government's original plans. You can read the full detail [here](#).

GREEN FREEPORTS DECISION NEARS

In our recent meeting Trade and Investment Minister Ivan McKee MSP, we asked for more certainty on the process for selecting the successful

Scottish Green Freeports. Five Scottish ports have applied for the status but only two are likely to be successful. This will leave three ports disappointed, and we urged Mr McKee to consider how the government could work with the unsuccessful submissions to help realise their ambitions. Another issue around the selection process is that both UK and Scottish Ministers must agree on the successful bids. With the UK Government currently awaiting a new Prime Minister, there is a concern that the decision point may slip from August to mid-September or later.

PBSA REPORT NEARS SUBMISSION TO MINISTERS

The draft UK Collaborative Centre for Housing Evidence (CaCHE) report into the role and student experiences of the purpose build student accommodation (PBSA) in Scotland is now with Scottish Government officials. The report will be used for the submission of advice to Ministers this autumn on potential reforms to the sector. While the findings do not cover the complex issue of local taxation, they do consider issues around affordability, supply and demand. The report also includes an assessment of PBSA development and investment activity over recent decades. We anticipate that the report will be published ahead of advice being given to Ministers and we will share with members when we can.

COMMERCIAL PROPERTY MARKET RESEARCH

To support our representations to government and the wider public, we have commissioned research from the University of Glasgow into the commercial property market in Scotland. The first stage of this work will give members the opportunity to contribute to a [short survey](#) that will be managed by the university. We would be very grateful if you could take the time to contribute and share the link with your colleagues, as this will help us to get the best possible understanding of industry perspectives.



The Scottish Property Federation

cordially invites you to our

Annual Dinner *2022*

Wednesday 26 October 2022

6.30pm - late

Attire: Black tie

EICC

150 Morrison Street

Edinburgh

EH3 8EE

**For tickets and sponsorship information
email spfevents@bpf.org.uk**

Thank you to our sponsors



Commercial property sales: Q2 2022



£746m

Value of commercial property sales in Q2 2022



£178m/19%

Down from Q2 2021



1,116

Number of commercial property sales in Q2 2022



92 / 8%

Down from Q2 2021

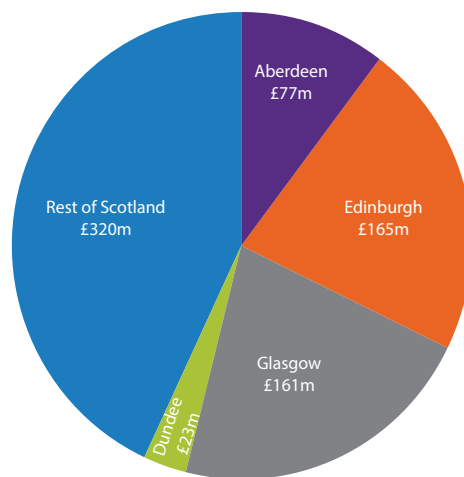
Overview

Our analysis of the latest commercial property sales data from Registers of Scotland (RoS) has shown that the value of commercial property sales in Q2 (April-June) 2022 fell by 178m (19%) compared to the same quarter in 2021 to £746m. The number of commercial property sales in Scotland also fell by 92 (8%) compared to the same quarter in 2021 to 1,116.

Glasgow was not far behind the Capital with combined sales of £161m, up £56m from the same period last year.

Both Aberdeen and Dundee saw the value of transactions rise compared to Q2 2021 to £77m and £23m respectively.

Breakdown of Commercial Property Sales (by value)



High Value Sales

Across Scotland there were 26 commercial property sales at or above £5m.

These sales generated £353m, some 47% of the total value of all Scottish commercial transactions in Q2 2022.

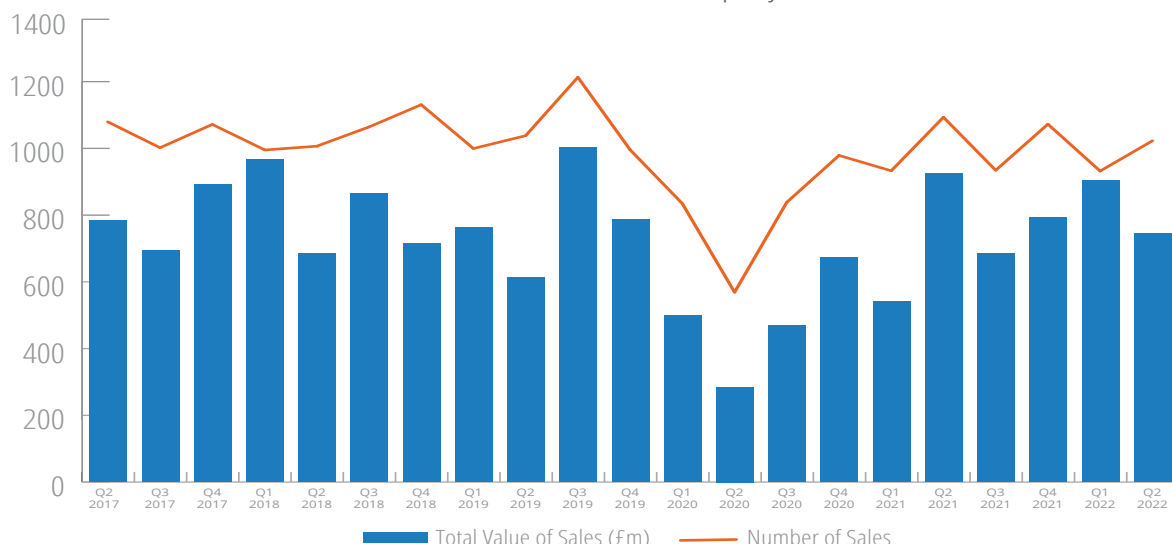
The one-year rolling total for the value of sale in this section of the market stood

at £1.57bn in Q2 2022 – £0.29bn (23%) higher than the total in Q2 2021.

Cities

Scotland's four largest cities (Aberdeen, Dundee, Edinburgh, and Glasgow) accounted for 57% of Scottish commercial property sales by value in Q2 2022, with transactions in these locations totalling £426m. Edinburgh accounted for the largest share of this total with some £165m in sales capturing a 22% share of the market during the quarter.

Value and Number of Commercial Property Sales in Scotland



Introducing Therme's Vision for Improving Urban Wellbeing

Last November at COP26, [Therme Group](#) announced that it will be building a Therme in Glasgow. Therme Scotland will sit at the intersection of the Kelvin and Clyde rivers and with a peak daily visitation of 8,000+ it will deliver a positive human impact in Glasgow and beyond.

The site is part of Therme Group's nationwide development programme with Therme Manchester as the first and locations in Wales and London being finalised. This rollout is part of Therme's 90/90 vision - aiming to make a Therme destination accessible to 90% of the UK population within a 90-minute travel time.

Glasgow was a key target city for the Group. It is both one of the largest cities in the UK and one of the most unequal in terms of health disparities. [50% of Glasgow's population are living in areas classified as the most health deprived in Scotland](#). According to [Public Health Scotland](#), the gap in healthy living is one of the worst in Europe, roughly 23 years for males and 24 years for females.

It is clear that, in Scotland, there is a particular need to address urban health disparities and, with the global population living in cities expected to grow to 68% by 2050, to ensure the wellbeing of urban populations cities must become places where people want to be, rather than escape from.

It's time to rethink our approach to cities, what they are for and how they will be fit for the future. This change has already begun in Scotland. Urban regeneration projects that focus on green and blue space, such as the proposed £1 billion transformation of the Dundee waterfront, including the New Eden Project, put wellbeing at the centre of their offer, providing spaces for city dwellers to relax, exercise and connect with nature. In Glasgow, approximately £115 million is being invested in Glasgow city centre to deliver the '[Avenues](#)' programme, making Glasgow's streets more "people-friendly", more attractive, greener, more sustainable and more economically competitive.

Therme Group believes it can help accelerate this change by bringing healthy living, nature and community experiences into daily life.

Therme resorts are integrated wellbeing experiences which include thermal bathing, a next-generation waterpark, botanical gardens and wellbeing treatments and experiences for everyone. As well as this, its sites include other elements that focus on wellbeing, sustainability and education such as hydroponic farms, immersive art and live entertainment. All these elements combine to make Therme destinations social and cultural centres, offering inclusive community activities with the aim of helping people live healthier, happier lives with enhanced wellbeing.

Therme Group has been working closely with its public partners in Scotland to ensure that Therme Scotland will bring positive benefits to community wellbeing, including creating schemes for people with health challenges from all backgrounds at reduced rates.

Therme Group will also look to work closely with academic institutions to ensure that the services it offers provide the best wellbeing outcomes for its guests. In 2021, Therme Group launched a 5-year research

project with COGITO, the University of Glasgow's epistemology research centre, to develop a deeper understanding of the dimensions of wellbeing. Recently, Therme Group was announced as one of the recipients of the Scottish Government and Interface's Scottish Inward Investment Catalyst Fund. The company will use this fund to build on its existing relationship with the University of Glasgow and conduct a feasibility study focusing on creating a global wellbeing centre of excellence at Therme Scotland. The centre of excellence will not only seek to develop research into wellbeing intelligence but also apply its findings and measure the corresponding impacts on wellbeing in real-time.

Therme's vision is to help connect all those working to improve urban wellbeing across its destination cities. Through this approach, it will seek to help alleviate many of the current challenges facing urban life such as health equity, air quality, sustainability and social isolation. We are pleased to welcome Therme Group to the SPF and look forward to working with them as they deliver Therme Scotland.

"In Scotland, there is a particular need to address urban health disparities and ensure the wellbeing of urban populations cities must become places where people want to be, rather than escape from. "
