



# Market Report

A Snapshot of your Market Sector

## Property Development and Maintenance

This pack has been designed to provide information on setting up a business in the property development and maintenance industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website ([www.bgateway.com/businessplan](http://www.bgateway.com/businessplan)), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in February 2019. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

## What do I need to know about the Property development and maintenance market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Revenue is forecast to increase at a compound annual rate of **4.5% over the five years through 2018-19 to reach £27.9 billion**. In the current year, revenue is expected to grow by a comparatively modest **2.5%**, while profit margins are expected to fall to **23.4%** of industry revenue as EU referendum-related uncertainty limits investment into the UK property market and an adverse exchange rate inflates procurement costs for developers. (IBISWorld, *Building Project Development in the UK*, May 2018)
- ◆ New construction work grew by **8% in 2017 to £87.3 billion**, representing a small slowdown in growth but still strongly ahead of GDP development. By contrast, repair and maintenance (R&M) activity grew by **6%**, as improvement activity increased more strongly than in 2016. The Brexit decision has created economic uncertainty for companies, which is affecting investment decisions. Naturally, the construction market is reflecting that hesitancy, though there remain areas of strong growth. The ever-increasing imbalance between housing supply and demand is fuelling house price inflation, which, in turn, is encouraging construction and repair and maintenance activity. (Mintel, *Construction - UK*, April 2018)
- ◆ Despite ongoing political and economic uncertainty, 2017 was a much stronger year for the UK commercial property market than many anticipated, with the total capital value believed to have increased by **5% to £931 million**. This reflects more resilient economic growth than initially predicted, low unemployment levels, favourable exchange rate conditions and robust occupier demand in a number of sectors. However, the continued squeeze on household finances is exerting a dampening effect on consumer spending, and is starting to negatively affect investment sentiment in the retail sector. (Mintel, *Commercial Property - UK*, June 2018)
- ◆ The performance of the industry is forecast to decelerate, with an anticipated **CAGR of 4.9% for the five-year period 2017 - 2022**, which is expected to drive the industry to a value of **\$224.5bn by the end of 2022**. Comparatively, the French and German industries will grow with **CAGRs of 4.2% and 4.2%** respectively, over the same period, to reach respective values of **\$172.4bn and \$165.5bn in 2022**. (Marketline, *Construction – UK*, October 2018)
- ◆ The national organisation for this industry is the [Scottish Building Federation](#). Other industry bodies include [Construction Scotland](#), the [Federation of Master Builders](#), the [Scottish Property Federation](#), [Construction Industry Training Board](#) and the [Construction Industry Council](#).



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## Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email [info@bgateway.com](mailto:info@bgateway.com).

- ◆ **IBISWorld – Residential Building Construction in the UK (October 2018)**. Despite current housing market uncertainties, a supportive policy backdrop has driven new residential work, boosted by new funding and measures for housebuilding committed in the 2017 Autumn Budget. According to home construction warranty and insurance provider the National House Building Council (NHBC), housebuilders registered plans to start 160,606 new homes across the United Kingdom in 2017, up 6% from 2016.
- ◆ **IBISWorld – Commercial Building Construction in the UK (June 2018)**. Political and economic uncertainty caused by the snap election and EU referendum has caused extended lead times for budget approvals on several projects, as commercial property developers delay riskier and major planned projects. While lucrative opportunities remain, demand for offices and other large-scale commercial expansion projects has slowed considerably amid low business confidence. Industry operators are expected to rely heavily on long-term contracts from the public sector-funded ProCure22 and PSBP frameworks as a means of generating substantial revenue, while increased spending by universities could generate profitable yield.
- ◆ **Mintel – Construction - UK (April 2018)**. The only new construction sector to decline in 2017 was the public non-residential sector, where government spending restrictions are still evident. There was strong growth in both public and private housing output, where there continues to be a demand and supply imbalance, resulting in strong house price inflation. Industrial activity remains subdued, with the uncertainties surrounding Brexit leading to delays in investment decisions. Some sectors of the commercial construction market are displaying a similar feature.

There are also a number of online resources you may find helpful:

- ◆ **CITB, Construction Skills Network Forecasts 2018-2022**. ([tinyurl.com/ycrtp2w2](http://tinyurl.com/ycrtp2w2)) This report contains key insights into the UK construction industry, providing information on industry sectors, employment and regional growth.
- ◆ **Savills, Market in Minutes: Prime Scotland, January 2019**. ([tinyurl.com/y8hepy9n](http://tinyurl.com/y8hepy9n)) Scotland's prime market outperformed the rest of the UK, with a 2% annual rise in values. Market growth was led by the city areas of Edinburgh and Glasgow, where values increased by 7% and 3% respectively. Edinburgh is the fastest-growing prime market in the UK. With a thriving financial sector and globally recognised tech hub, it is catching up with prime university cities in the UK. Growth in Glasgow was supported by a lack of supply, particularly of £1 million-plus properties in the West End and Park.
- ◆ **Build Scotland**. ([tinyurl.com/ybxdp18j](http://tinyurl.com/ybxdp18j)) This website provides the latest industry news, as well as job listings, a company directory and training information.

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## How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#), [Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**



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## What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please [info@bgateway.com](mailto:info@bgateway.com) or by calling **0300 013 4753**.

## Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](#) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

## How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

### Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

### Funding

[Practical information](#) on finance and funding for starting and growing your business

### Insurance

[Business insurance guide](#)

### Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

### Pricing

Business Companion [Pricing & payment guide](#).

**Please note:** the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

### Promotion

[BG guides to Marketing](#)

### Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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**Last updated:** February 2019

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