



# 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 **October 2020**. 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:

- ◆ **In 2020-21 alone, industry revenue is forecast to plummet by 25.1% and fall to approximately £14.1 billion**, which, in nominal terms, is a level not seen since the financial crisis era. The COVID-19 (coronavirus) pandemic and resultant economic shock has caused widespread operating difficulties and severe supply chain disruption. Construction contractors have reported a reduction in business activity, reflecting temporary site closures as firms reviewed their operating procedures to assess the feasibility of continuing developments already in motion or otherwise starting new ventures during the pandemic. (IBISWorld, *Commercial Building Construction in the UK*, June 2020)
- ◆ **In 2020-21, turnover earned collectively by industry operators is forecast to plummet by 15.1%, valuing the industry at just under £30.6 billion**. While the full extent of the coronavirus outbreak remains uncertain, early evidence of an exogenous economic shock, resulting in severe investment market disruption, weakened commercial activity and hampered supply chains, is indicative of a potentially lacklustre period for property development activity. (IBISWorld, *Building Project Development in the UK*, November 2019)
- ◆ In total, the expectation is for the market to be slightly stronger by 2024 than it would have been without COVID-19 – this only counters an element of the lost business in 2020 and 2021. In total, it is expected that the market will see a **£34.6 billion reduction in output over the 2020-24 period**. (Mintel, *Construction: Inc Impact of COVID-19 - UK*, April 2020)
- ◆ In 2019, the total value of invested and owner-occupied commercial property in the UK **declined by an estimated 3% to £924 billion**. This follows growth of 6% and 2% recorded in 2017 and 2018 respectively. The decline in 2019 was largely due to the **struggling retail sector**, where the capital value fell by 12%, according to data from CBRE. Shopping centres have performed particularly badly during the year, where investment volumes reached a near-record low. (Mintel, *Commercial Property: Inc Impact of COVID-19 - UK*, July 2020)
- ◆ 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](#).

## 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 (January 2020)**. In 2020-21, revenue is forecast to decline by 29.3% to just under £53.4 billion, valuing the UK housebuilding market at a level not observed since the post-financial-crisis era. A fall in revenue in the current year distorts the compound annual growth forecast over the five-year period through 2020-21 (-3.4%). The average profit margin is estimated to be just 3.8% in 2020-21, wearing thin as contractors face cash flow issues, while indebted contractors unable to remain commercially viable are expected to exit the industry, cutting the number of enterprises by 11.2% in 2020-21.
- ◆ **IBISWorld – Commercial Building Construction in the UK (January 2020)**. With business activity sharply declining and equity investment markets becoming pessimistic, a combination of weaker demand for commercial space and concerns among clients with regards to the feasibility of starting new projects during the pandemic has limited prospects for non-residential building contractors. Lacklustre output and a pressured revenue base are expected to result in cash flow issues and profit concerns among contractors with a weak balance sheet. Revenue is forecast to decline by 25.1% in 2020-21 alone.
- ◆ **Mintel – Construction: Inc Impact of COVID-19 - UK (April 2020)**. In the past few years, the housing construction sector has been relatively buoyant (though only in a short-term comparison), and all the factors would point to further growth over the next few years. Clearly this will be impacted by the COVID-19 social distancing measures, in the short-term, but the temporary situation is unlikely to affect the overall demand or supply in the medium-term significantly.

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

- ◆ **Scottish Construction Leadership Forum, Scottish Construction Industry Draft Recovery Plan, August 2020** ([tinyurl.com/yxlfj9v9](https://tinyurl.com/yxlfj9v9)) Construction and related business leaders, wider industry, trade, professional and trades union representatives and Scottish Government have come together to collaboratively develop a draft Industry Recovery Plan with clearly defined actions to be delivered and tracked over the short, medium and long term to support the industry to rebuild better.
- ◆ **The Chartered Institute of Building, The Real Face of Construction 2020** ([tinyurl.com/y4d7rtf9](https://tinyurl.com/y4d7rtf9)) The CIOB's report sets out the sector's reach into the economy, which counts for about 6% of economic output of the UK and provides employment for 2.3 million people. The report puts the economic influence of the UK construction sector at almost double that of the officially recorded figures by the Office of National Statistics (ONS).
- ◆ **Build Scotland**. ([tinyurl.com/ybxdp18j](https://tinyurl.com/ybxdp18j)) This website provides the latest industry news, as well as job listings, a company directory and training information.

**Disclaimer:** This report has been updated in **October 2020**, and we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.

Connect with us



## 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**

## 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 [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

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 websites, 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](#).

Although every effort has been made to ensure the accuracy of the information provided, Business Gateway will not be held liable for any inaccuracies or omissions in the data supplied, or for the content of any website that the document above may contain links to. By using this information, you accept this disclaimer in full. Also, please note that Business Gateway does not endorse any business or individual that may be referred to above.

You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

**Last updated: October 2020**

**Updated by: Fiona Elliot**

**Connect with us**