



Market Report

A Snapshot of your Market Sector

Real Estate & Letting Agent

This pack has been designed to provide information on setting up a business in the **Real Estate & Letting Agent** 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), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **January 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 Real Estate & Letting Agent 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:

- ◆ The Estate Agents industry is highly fragmented, with thousands of local and regional players. The four largest players are estimated to account for **14.1%** of industry revenue in 2018-19. Estate agents tend to operate in their local areas, and the range of services offered by the industry means that agents can specialise. For example, estate agents often specialise in either commercial or residential property (IBISWorld, *Estate Agents in the UK*, August 2018).
- ◆ The industry has grown over the past five years, though revenue has been somewhat volatile. IBISWorld estimates that industry revenue will grow at compound annual rate of **1%** over the five years through 2018-19 to reach **£11.1 billion**. This largely reflects the recovery in the property market following the economic downturn, which had caused revenue to fall sharply prior to the beginning of the period (IBISWorld, *Estate Agents in the UK*, August 2018).
- ◆ The commercial sector rose by **0.7%**, surprising many in the process, with many expecting the market to falter alongside heightened caution in the aftermath of the mid-2016 EU referendum. However, this uncertainty has contributed to the consolidation of the lettings sector, which has benefitted from the reduced appetite for risk (Mintel, *Estate Agents – UK*, November 2018).
- ◆ In 2022, the United Kingdom real estate market is forecast to have a volume of **11,547.1 thousand** housing units, an increase of **10.9%** since 2017. The compound annual growth rate of the market in the period 2017–22 is predicted to be **2.1%**. The United Kingdom accounts for **15.7%** of the European real estate market value. Germany accounts for a further **25.7%** of the European market (Marketline, *Real Estate in the United Kingdom*, April 2018).
- ◆ Some national organisations related to this industry include [Let Scotland](#), the [Council of Letting Agents](#), [NAEA Propertymark](#) (National Association of Estate Agents), [ARLA Propertymark](#) (Association of Residential Letting Agents) and [RICS](#) (the Royal Institution of Chartered Surveyors).

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.

- ◆ **Mintel - Estate Agents UK (November 2018).** Mintel thinks that demand in the UK property market has been rocked by the uncertainty introduced by Brexit headwinds, limiting revenue across the estate agents industry. The market has nevertheless rebounded to maintain resilient growth over the past two years, but its impact is reflected in narrowed increases in both 2017 and 2018. Moreover, uncertainty has manifested differently along regional lines. London and the South East - two important markets for the industry - have shown greater sensitivity to Brexit headwinds, so estate agents with operations focussed on these areas have suffered disproportionately in the past two years.
- ◆ **IBISWorld - Estate Agents in the UK (August 2018).** The level of competition between companies varies depending on location and specialisation, but new entrants often find that it takes time to develop a referral base and centres of influence in order to build a critical mass of customers and sales. Extensive expenditure on advertising and marketing initiatives is often required during this time in order for firms to break into the market. Success in the retail market in particular depends on maintaining a significant online presence, usually with a dedicated website and listings that can be viewed on property portals. This is a more recent trend that has arisen with the increase in popularity of the internet. Many industry operators have invested significant sums in building a multichannel offering over recent years, and there has been a rise in the number of online-only operators. This has increased competition in the industry.
- ◆ **Marketline - Real Estate in the United Kingdom (April 2018).** For final consumers, the main alternative to renting is to buy a property. Whether this is costlier or not is not always easy to determine and depends on certain variables, particularly mortgage rates. Interest rates in the UK have been low in recent years, and they were cut further in May 2016 to 0.25%. In this way, mortgages are more affordable so that the option of buying a house becomes more attractive. However, this cheap money has led to the surge of properties' prices in recent years, and with the added uncertainty caused by Brexit, renting properties tend to seem a safer and less expensive option.

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

- ◆ **The Registers of Scotland** (tinyurl.com/y89qoj92) published Property Market Report 2007-08 to 2017-18 with a statistical overview of the Scottish property market.
- ◆ **The Scottish Government's** Housing statistics quarterly update (tinyurl.com/ya8eruzm) which focuses on trends in the Scottish housing market in particular.
- ◆ **Citylets** Quarterly Report (tinyurl.com/y7e3v7le). It covers market overview for Scotland and regions.
- ◆ **RICS - UK Residential Market Surveys** (tinyurl.com/grfxoc9). These market intelligence reports give monthly indications of current and future conditions in UK residential sales and lettings.



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- ◆ **NAEA Propertymark - Housing Market Reports** (tinyurl.com/mkpvsls). Monthly residential property market reports covering average number of house hunters and sales per branch, housing supply and speed of sales.

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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 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 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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