



Market Report

A Snapshot of your Market Sector

Real Estate and Letting Agent

This pack has been designed to provide information on setting up a business in the **Real Estate and 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 **April 2024**. 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 and 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:

- ◆ Estate agent **revenue is forecast to grow** at a compound annual rate of **3.9% over the five years through 2028-29 to £16.3 billion**. The economic environment is set to stabilise in the short term as interest rates likely peak, resulting in prices and transaction volumes bottoming up, supporting revenue growth. The rise of online-only and hybrid estate agents will continue to gather momentum as e-commerce grows. Yet, bricks-and-mortar agencies remain the preferred method of selling thanks to their expert regional knowledge and personalised services. (IBISWorld, *Estate Agents in the UK*, January 2024).
- ◆ **The largest segment is residential transactions, accounting for 37.1% of industry revenue** amounting to £5bn with **non-residential transactions** a close second accounting for **36.3% (£4.9bn)**. **Residential lettings and non-residential lettings account for 9.3% and 9% respectively (£1.3bn and £1.2bn)**. **Ancillary services** which includes advisory services related to a given transaction or letting, property viewing arrangement, escrow services and fiduciary consulting and management, is the smallest segment which accounts for **8.3% and £1.1bn of industry revenue**. (IBISWorld, *Estate Agents in the UK*, January 2024).
- ◆ Commercial real estate consultants provide advice, guidance and operational assistance to businesses and other organisations. The principal areas of consultation include strategic consulting, valuation and transaction services, and risk management. Over the five years through 2028-29, **industry revenue is forecast to climb** at a compound annual rate of **3.7% to £1 billion**. Subsiding economic and investor uncertainty will pump up commercial property transaction volumes, benefiting industry demand. Strong forecast growth in the office, retail, hospitality and industrial market will pump demand for long commercial property leases, driving demand for industry services. (IBISWorld, *Commercial Real Estate Consultancy in the UK*, August 2023).
- ◆ Over the five-year period through 2023-34, the UK House Price Index (HPI) is forecast to increase at a compound annual rate of **3.9% to reach 145.2 points**, which would indicate that UK house prices in 2022-23 are, on average, **forecast to be some 45.2% higher** when compared to those recorded by HM Land Registry in the index base month (i.e., January 2015). (IBISWorld, *House Price Index*, November 2022).
- ◆ The national organisations for this industry include the [Scottish Association of Landlords](#), the [Letting Protection Services](#), [Propertymark](#) (a professional body for property agents), [UK Association of Letting Agents](#) and [RICS](#) (the Royal Institution of Chartered Surveyors).



Connect with us

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.

- ◆ **Statista – Real Estate in the United Kingdom (2023)**. This dossier presents a range of facts about real estate in the United Kingdom (UK). It includes the most important statistics about the residential market, such as tenure, the development of house prices, and rental rates in the UK and in different regions or cities, as well as mortgage lending and interest rates. Furthermore, it provides insight into the commercial real estate sector and the volume of investment into the main subsectors: office, industrial and logistics, and retail. Lastly, it includes forecast for the development of the market in the next five years.
- ◆ **IBISWorld – Residential Real Estate Agents in the UK (September 2023)**. The proliferation of online-only and hybrid agencies, like Purplebricks and Yopa, has exacerbated the competitive nature of the residential real estate agent industry. Their low-cost business models and the price-sensitive approach towards home selling means revenue can move independently to the rate of property price inflation. To maintain lead generation, estate agents will set the rate of commissions charged in line with broader market expectations to remain competitive. However, the differing pricing strategy of online agencies has put downward pressure on commissions and, in some instances, outpriced traditional estate agents.
- ◆ **IBISWorld - Commercial Real Estate Agents in the UK (September 2023)**. The market for industrial property has outperformed other commercial property markets elsewhere during the pandemic and should continue expanding over the coming years. The UK Warehousing Association (UKWA) reported in May 2021 that online retailers increased their warehouse footprint by 614% between 2015 and 2021, while third-party logistics companies increased their warehouse occupancy by 42% over the same period.

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

- ◆ [Registers of Scotland have produced Property Market Report 2022-2023](#) and [Data and statistics](#) for you to explore
- ◆ [Citylets publish Quarterly Rental Market Reports](#) provide residential letting market overviews for Scotland as a whole and also Scottish regions.
- ◆ [The Royal Institution of Chartered Surveyors carry out UK Residential Market Surveys](#) These market intelligence reports give monthly indications of current and future conditions in UK residential sales and lettings.
- ◆ [Propertymark provide monthly news and reports](#) on the industry.
- ◆ [Rightmove publish their own House Price Index](#) is the largest, most up-to-date monthly sample of residential property asking prices. The index monitors changes in house prices both annually and monthly, providing a comprehensive view on the current state of the property market in UK and Scotland.

Disclaimer: 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 or by calling **0300 013 4753**



Connect with us

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 [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: April 2024

Updated by: Carla Bennett

Connect with us