



Market Report

A Snapshot of your Market Sector

Real Estate and Letting Agent

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 **December 2022**. 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:

- ◆ MBD estimates that the estate agents market **grew by 5% to £10.9 billion in 2021** with growth driven by record levels of activity in the residential segment. A key reason for this record activity was the stamp duty holiday, which drove a flurry of activity until it was closed at the end of September 2021. MBD estimates the UK estate agents market to **grow by a cumulative 14% between 2021 and 2026 to £12.4 billion**. (Intel, *Estate Agents, UK*, 2021).
- ◆ In 2022-23, income earned by estate agents through fees and commissions associated with sales of **residential property and vacant residential land** is estimated to account for **40.1%** of industry revenue and sales of **non-residential property of any designation and commercial land** is estimated to account for **37.2%** of industry revenue. Income associated with **private rental and leasing of non-residential property** is estimated to represent **8.5%** of industry revenue with **private rental and leasing of residential property** estimated to derive **7.4%** of industry revenue in 2022-23. (IBISWorld, *Estate Agents in the UK*, October 2022).
- ◆ Over the five years through 2022-23, industry revenue is expected to contract at a compound annual rate of **1.3% to £1 billion**, largely due to industry revenue declining by 14.2% in 2020-21 as a result of the COVID-19 (coronavirus) pandemic. Closures of offices, hospitality operators and non-essential retail stores reduced demand for industry services in 2020-21. The reopening and gradual recovery of the economy is expected to drive industry revenue growth and profitability over the two years through 2022-23, including revenue **growth of 1.3% in the current year**. (IBISWorld, *Commercial Real Estate Consultancy in the UK*, May 2022).
- ◆ This report analyses total capital expenditure on dwellings in the United Kingdom. The data includes expenditure by both the private and public sector on the purchase of new residential property and work on existing residential real estate. Over the five-year period through 2027-28, capital expenditure on dwellings in the United Kingdom is **forecast to increase** at a compound annual rate of **2.8%**, to reach **£103.6 billion**. (IBISWorld, *Capital Expenditure on Dwellings*, May 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).



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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.

- ◆ **Statista – Real Estate in the United Kingdom (2022)**. 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. Last but not least, the dossier includes forecast for the development of the market in the next five years.
- ◆ **IBISWorld – Estate Agents in the UK (October 2022)**. The largest distribution of establishments in Scotland is concentrated in Glasgow City. This location accounts for 17.2% of the establishments in the region. Edinburgh City accounts for 14.47% of establishments in Scotland.
- ◆ **IBISWorld - Residential Real Estate Agents (November 2022)**. Escalating inflationary pressures in the United Kingdom have forced the Bank of England to rein in monetary stimulus, with the base interest rate currently at 2.25%. The prospect of inflation moving higher in the autumn means that the Monetary Policy Committee is likely to continue raising interest rates aggressively. This is expected to have mixed effects across the finance sector. On the one hand, higher rates are expected to benefit retail lenders, as these players will be able to generate higher interest income from consumers' deposits and from loans. On the other hand, higher borrowing costs are likely to negatively affect earnings, stock prices, M&A volumes, debt and equity issuance, and business activity in general. This will be detrimental for investors, including investment banks, brokerages and private equity firms.

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

- ◆ **Registers of Scotland** have produced **Property Market Report 2021-2022** (tinyurl.com/2zpkkpzt) and **Data and Statistics** for you to explore (tinyurl.com/hmv4pvk2)
- ◆ **Citylets Quarterly Reports** (tinyurl.com/ye24bwsp) provide residential letting market overviews for Scotland as a whole and also Scottish regions.
- ◆ **RICS - UK Residential Market Surveys** (tinyurl.com/2p982sba). 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. (tinyurl.com/yz25sjv6).
- ◆ **Rightmove House Price Index** (tinyurl.com/v9hhu4a9) 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 England, Scotland and Wales.

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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 [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 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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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.

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