



# 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](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 2018. 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:

- ◆ Over the past five years, the industry has grown, though revenue has been somewhat volatile. IBISWorld estimates that **industry revenue will grow at a compound annual rate of 4.9% to reach £11.2 billion over the five years through to 2017-18**. (IBISWorld, *Estate Agents in the UK*, December 2017).
- ◆ The industry is expected to grow over the next five years. **Revenue is projected to rise at a compound annual rate of 2.6% over the period to reach £12.7 billion in 2022-23**. (IBISWorld, *Estate Agents in the UK*, December 2017).
- ◆ Following **five years of consecutive growth**, the value of the residential estate agency sector has grown by 25.7% from £3.08 billion in 2013 to **£3.91 billion in 2017**, bolstered by growth of 1% over the past year. The growth of the residential sector was maintained through high price inflation, which rose by 5%, as well as strong housing demand, low interest rates, and the continuation of Help to Buy schemes, which were recently extended to at least 2021. (Mintel, *Estate Agents - UK*, December 2017).
- ◆ The UK real estate market **grew by 8.8% in 2016 to reach a value of \$85.9 billion**. In 2021, the market is forecast to have a value of **\$117.7 billion**, an increase of 37% since 2016, and to reach a volume of **10,649.8 thousand housing units**, an increase of 6.2% since 2016 (MarketLine, *Real Estate in the United Kingdom*, May 2017).
- ◆ The number of rental properties letting agents managed rose by 4% in December 2017. The average number of properties letting agents managed rose from 192 in November, to 200 in December – the highest since records began. This is 6% higher than December 2016. Demand for rental properties increased marginally in December, from 58 prospective tenants registered per branch in November, to 59. (ARLA Propertymark, *Private Rented Sector Report*, December 2017) (updates [tinyurl.com/lSz7gh4](http://tinyurl.com/lSz7gh4)).
- ◆ 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).



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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 - Estate Agents in the UK (December 2017)** Further government initiatives to expand the supply of housing, including the Housing Infrastructure Fund and the Home Building Fund, are expected to improve UK demand for residential property transactions over the coming five years. Revenue earned from lettings is expected to be constrained over the next five years, despite continued rises in demand, as the ban on lettings agents' fees takes full effect. Profitability is expected to be constrained over the next five years, being dampened by the ban on lettings agents' fees as well as rising competition due to higher enterprise numbers. The growth of online property portals over the past five years has placed downward pressure on margins and the presence of online-only estate agents has also increased
- ◆ **Mintel - Estate Agents - UK (December 2017)** Given its sensitivity to economic processes, the estate agents market has been at the forefront of Brexit uncertainties over the past year. The market was able to maintain growth as it continued its trajectory of year-on-year increases, but market conditions and evolving consumer behaviour have forced structural changes, elevating online portals and driving more consumers into the rental sector as home ownership is limited by decreasing affordability.

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

- ◆ **NAEA Propertymark - Housing Market Reports** ([tinyurl.com/mkpvs1s](https://tinyurl.com/mkpvs1s)). Monthly residential property market reports covering average number of house hunters and sales per branch, housing supply and speed of sales.
- ◆ **Scottish Government - Private Sector Rent Statistics, Scotland, 2010 to 2017 (November 2017)** (<https://tinyurl.com/y7sgqcm8>). Statistics on private sector rent levels in Scotland and its local authorities over the past 7 years, including information on average rent levels for different property sizes.
- ◆ **Scottish Government - Housing Statistics for Scotland 2017 - Key Trends Summary (September 2017)** (<https://tinyurl.com/y7rxrl6v>). Statistics cover topics such as new housing supply and Houses in Multiple Occupation (HMO).
- ◆ **Registers of Scotland - Monthly House Price Statistics** ([tinyurl.com/lge4ceu](https://tinyurl.com/lge4ceu)). These statistics detail the volume of properties sold, the total value of properties sold and the average selling price each month by local authority in Scotland. The House Price Search ([tinyurl.com/l63qhy5](https://tinyurl.com/l63qhy5)) is a free, online service with data on the latest selling price of properties on any street in Scotland within a 6-month period.
- ◆ **RICS - UK Residential Market Surveys** ([tinyurl.com/grfxoc9](https://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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## 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](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) 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 Account](#)" 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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**Updated by: Sharon D**



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