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# SPF VOICE

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## Welcome from the Chair

**Jonathan Guthrie**  
 Robertson Group

*This time of year is always packed, sunnier times ahead, certainly possible!*

Uncertainty and optimism do not normally sit beside each other in our industry. Yes, challenges are evident across the globe, in politics, our industry and financial sectors. Yet, there feels to be quiet optimism in 2026.

From Scottish Government, we had the budget... whether that was a 'good' or 'bad' budget is still being debated. We also had the announcement about More Homes Scotland, again met with a mixed reaction. More on these will follow as we get to grips with their impact across our members and related sectors. Perhaps more positively, the progression of the Housing (Scotland) Act has been encouraging, and the recent exemptions regulations are definitely positive.

Events for the year got off to a strong start. The Scottish Cities events in London were well attended, with insights

and engagement from UK and Scottish Ministers. Greg Clark was a skilled and enthusiastic host as always! This week we have a Parliamentary workshop day for the manifesto. The workshop will have happened by the time you read this, more on that from the team in the near future.

In March we have two major events. First MIPIM, which has attracted such strong support from across Scotland and the UK. The Scotland at MIPIM delegation have a very full programme of events over the 4 days, and an assurance it is not just Scotland speaking to Scotland! There is still time to join the team if you would like to do so, please reach out for a chat.

Immediately following MIPIM, we have the SPF annual conference on the 17th March. A packed agenda, high quality speakers and some truly engaging activities to look forward too. Not only is the agenda packed, we also have a large number already signed up. Make sure you register as soon as possible to avoid disappointment.

All the best to you all!

*Jonathan*



## Featured Industry Insight

# 2026 Scottish Property Outlook

By

**Cameron Stott**

SPF Vice Chair and  
 Head of Scotland, JLL

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# Industry Insight



## 2026 Scottish Property Outlook

**Cameron Stott**  
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### Scottish Commercial Property Market Outlook for 2026

Scotland's commercial property market enters 2026 positioned for selective growth, with flight-to-quality themes dominating across sectors.

Industrial maintains strong fundamentals, office markets face supply-driven rental growth potential, retail benefits from repriced expectations, and residential investment gains transformative legislative support that could unlock substantial institutional capital for Scotland's housing delivery challenges.

Therefore, Scotland's commercial property market enters 2026 with cautious optimism, having demonstrated notable resilience throughout 2025 despite broader socioeconomic challenges affecting UK and global

markets. The investor landscape reveals a tale of two markets, with premium assets attracting stronger levels of investor interest while secondary properties face ongoing headwinds. However, the main challenge, which remains very much to the fore is development viability, as a result, there is limited development pipeline across all sectors.

..... “ .....  
**Investment focus remains concentrated on prime, well-located assets and clear value-added opportunities and for such investments, transactional volumes primarily reflect constrained supply rather than weakened demand.**  
.....

### Office Sector: Supply Constraints Drive Opportunity

Edinburgh and Glasgow face a critical shortage of new Grade A availability with no speculative new build construction underway, creating a pre-let



**Semple Street, Edinburgh**  
*Image Credits: MLA*

environment. In Edinburgh, prime Grade A rents are now approaching £50per sq ft with Glasgow not too far behind, with rents forecast to rise in both cities. Take-up remained subdued during 2025, reflecting continued occupier caution, a focus on cost and limited supply resulting in many occupiers choosing to regear. However, there are a number of longer term, larger office requirements emerging, for occupiers with lease events in 2028-2031 starting to consider development pipeline options that could be delivered before the end of the decade.

There was a decline in office investment volumes year-on-year across Edinburgh and Glasgow, consistent with trends across the wider Big 6 markets. This, however, masked strengthening investor sentiment that

was evidenced by increased depth of interest and competitive bidding processes. Investment focus remains concentrated on prime, well-located assets and clear value-add opportunities and for such investments, transactional volumes primarily reflect constrained supply rather than weakened demand. This trend is particularly evident in markets with positive leasing fundamentals, while secondary assets in fringe locations continue to face waning demand, driven by a poor occupational outlook.



**Ocean Terminal**

*Image Credits: Keppie Design*

## Residential Market Divergence and BTR Revolution

Residential markets show geographic variation entering 2026. Edinburgh city centre prices hold steady despite reduced volumes, while suburban markets face softening with increased incentives. Glasgow maintains stronger activity, particularly in prime locations like the West End, with some developments narrowing the pricing gap with Edinburgh. Most significantly, Scottish housing legislation transforms the Build-to-Rent landscape. The [Private Housing Rent Control \(Exempt Property\) \(Scotland\) Regulations 2026](#) laid in the Parliament yesterday (29 January) exempts BTR and Mid-Market Rent developments from rent controls, depending on Parliamentary approval. This represents unprecedented government support for institutional investment.

Recent transactions including Hines' acquisition of Solasta at 5.1% yield and Granary Quay's European fund sale at 4.9% yield demonstrate renewed liquidity, though yields remain challenging for new development viability. Single-family rental housing emerges as particularly attractive given lower construction costs and phased development opportunities. Housebuilders increasingly adopt tri-tenure approaches combining sales, affordable housing, and investor exits on larger sites.



**Belgrave Logistic Park**

*Image Credits: Co-Star*

## Industrial: Landlord's Market Continues

Industrial emerges as a strong performer entering 2026, building on 2025's robust foundation. Glasgow's Industrial market still faces a chronic lack of supply with a vacancy rate under 4%. Good quality units are in short supply, and the projected development pipeline is not sufficient to meet high quality, occupier requirements. There is currently no Grade A, big box supply within the market (units over 100,000 sq ft). Edinburgh's market demonstrated exceptional strength with prime rents reaching £17 per square foot for top-quality assets. Supply-demand imbalance persists despite new developments coming through. JLL predicts continued rental growth in 2026, albeit at moderated rates compared to recent rapid increases.

Investment volumes reached £180 million in 2025, bolstered by the £26.5 million Malt Portfolio transaction comprising 37 units across six multi-let estates.

## Retail Recovery Gains Momentum

Retail dominated 2025 investment volumes through landmark transactions including Braehead Shopping Centre's £200+ million sale, St Enoch Centre at £54.4 million, and APG's St James Quarter stake disposal. This positions the sector strongly entering 2026 across multiple subsectors.

High street rents demonstrate growth in prime locations like Buchanan Street, where strong occupier demand combines with historically elevated yields to create compelling opportunities. Retail parks maintain appeal through index-linked income streams requiring minimal asset management. Shopping centers experience liquidity resurgence, with investor appetite deepening considerably over recent months.

## New Year, New Hopes for the Housing Sector

This year has opened with a renewed sense of momentum for Scotland's housing sector. Following Royal Assent for the Housing (Scotland) Act late last year, the first few weeks of 2026 have already brought a wave of policy activity and announcements signalling a more proactive phase for housing delivery.

On 22 January, First Minister John Swinney and Housing Secretary Mairi McAllan announced the creation of a new national housing agency, **More Homes Scotland**. The agency will work alongside the private sector and the Scottish National Investment Bank to drive forward housing delivery, tackle stalled sites, and deliver the infrastructure needed to support both market and affordable homes.

Adding to this positive momentum, the Scottish Government has now laid the secondary legislation establishing exemptions from rent control area powers. These exemptions apply to build-to-rent (BTR) and mid-market rent (MMR) homes, and the announcement has been much awaited by the industry. The Regulations, laid before Parliament yesterday (29 January), are expected to come into force in April, pending parliamentary approval. Their introduction represents a decisive step in re-establishing investor confidence and removing a key barrier to new development by providing much-needed clarity and certainty for long-term investors.

The Government also published its latest Scottish Housing Market Review (Q4 2025) this month. Drawing on Cylets and Rightmove data, officials note that rental growth has eased, averaging between 1.6% and 1.9% (or 1.8% in real terms once inflation is considered). For the first time in three years that real rent growth has turned negative. This signals a potential shift in the market landscape after several years of heightened rent pressures.

Another measure supporting tenant protection, Scotland's version of Awaab's Law - the Investigation and Commencement of Repair (Scotland) Regulations 2026, was laid before Parliament earlier this month. This legislation places time-bound duties on both private and social landlords to investigate and remedy cases of damp and mould in rented homes, coming into force on 26 October 2026.

For a sector that has been navigating uncertainty and constrained delivery, these early policy moves offer a welcome signal that 2026 may indeed be the year of renewed progress for Scottish housing.

## Budget Rates- a broken system nobody wants to fix?

This month's Scottish budget was a classic example of pre-election political theatre as the various parties gear up for the contest at the ballot box this Autumn.

For businesses there was at last some welcome rates relief for the retail, hospitality, and leisure sectors, albeit limited and leaving many in the sector facing a significant increase in their annual rates liabilities. Overall, Rating experts have assessed an increase of some 10% with large increases in the final year of the revaluation period for larger premises. This is not a purely Scotland issue and as this article is written, a limited amount of further relief has been granted for pubs and music venues in England.

The reality is that the constant tinkering with the Rating system and the decisions by government not to adjust UBR/Poundage rates sufficiently downwards - plus surcharges for higher value properties - in the face of overall revaluation uplifts means that this has been a classic stealth tax for many governments across the UK over the years and after 35 years the system is simply outdated and in need of fundamental reform. A government only needs to not adjust the UBR/Poundage rate in one cycle, to lock in revenue increases for future revaluations.

To be fair to the Scottish Government this time there was a limited reduction in Scottish poundage rates but not enough to cushion the overall Rateable Value increases reported by the Assessors. In similar fashion to income tax, with values increasing, then all governments face the temptation of enlarging their NDR revenue through simply maintaining UBRs/Poundage Rates without reducing them to balance the increase in RV. The need for rating system reform is clear. The problem is that there is little agreement on what shape any such reform should take.

## LBTT - no change but disappointment at lack of RIF relief

On one level there was relief that after several years of increases in LBTT rates for specific property transactions (commercial leases and the additional dwelling supplement) this Budget introduced no changes to rates or thresholds.

However, despite a considerable amount of work and evidence the Finance Secretary also delayed any further alignment or setting of LBTT reliefs for the purposes Reserved Investor Funds. This has become relevant in the context of recent relief from SDLT for the Local Government Pension schemes that have formed in England. Without alignment with this relief the fear is that Scottish assets are effectively frozen out of these considerable new sources of investment.

A wide-ranging and fundamental form of LBTT will also need to await the return of Parliament after the May elections. It is due to be preceded by the publication of the findings of a phased LBTT review that has been ongoing by the Scottish Government over the past twelve months. While the LBTT review is set to consider the tax, we noted from the Budget key references to the potential for consideration of reform for non-residential commercial lease reviews and a further look at exceptional circumstances provisions under the additional dwelling supplement Regulations.

# Scottish Building Safety Levy

The Scottish Building Safety Levy Bill has now reached Stage 2 of the parliamentary process, following a narrow approval at Stage 1 by 65 votes to 54. The SNP and Scottish Greens voted in favour, while the Conservatives, Labour and Liberal Democrats opposed the Bill.

Stage 2 is a critical phase, allowing MSPs to propose amendments. We will continue to work closely with industry partners and MSPs from across the political spectrum to ensure key concerns are addressed. With the Scottish Parliament due to dissolve in less than a month, there is now a very limited window for the Bill to progress.

## Key Provisions

- The enforcement date has been delayed by one year and will now apply to residential developments from 1 April 2028.
- The Scottish Budget reaffirmed that indicative levy rates will be published in June 2026.
- The Scottish Government aims to raise up to £30 million annually to fund the Cladding Remediation Programme.
- The levy will apply to all new residential development, calculated on a floorspace basis.

## Key Issues for the Industry

### Brownfield land

There is currently no specific provision or relief for brownfield development within the Bill. We are urging MSPs to introduce measures that recognise the higher costs and viability challenges associated with bringing brownfield sites forward.

### Sunset clause

The Bill contains no defined end date. Without a sunset clause, there is a risk the levy becomes a long-term tax on development. We are calling for a clear mechanism to bring the levy to an end once remediation objectives have been met.

### Single-site developments

Large-scale, single-site developments are likely to be disproportionately impacted because the levy will be liable at point of completion. This will mean significant cash-flow issues for BTR and PBSA as opposed to traditional new build for private sale which tends to be rolled out over a longer period of time. There is also no consideration of communal areas, which would be included in the floorspace calculation and could significantly increase levy liability.

### Ring-fencing of funds

We are urging the Government to ensure funds raised are strictly ring-fenced for cladding remediation, guaranteeing the levy directly addresses the issue it is intended to resolve.

### Review period

Regular reviews should be built into the legislation to assess whether the levy is operating as intended and to allow for adjustment if unintended consequences arise.

### Affordable housing

While affordable housing delivered with government subsidy is excluded from the levy, the Bill does not recognise the potential role of for-profit models in delivering affordable homes. This omission risks undermining new delivery routes at a time of acute housing need.

## Key Engagements

A round-up of our key engagements with the Scottish Government, local authority officials and stakeholders this month to support our members in driving a successful and vibrant real estate industry in Scotland.

### 9 January

Meeting with City of Edinburgh Council for Strategic Partnership for Student Accommodation

### 15 January

SPF's Tax Committee met. The meeting was kindly hosted by Ryden in their Edinburgh office.

### 19 January

SPF co-organised Scottish Cities Week Reception with Scottish Cities Alliance and CBRE in London.

### 22 January

We joined the ScotGov's PRS Stakeholder meeting to discuss the regulations on exemptions from rent controls.

### 28 January

We joined the meeting conducted by the ScotGov to discuss the Scottish variant of Awaab's Law.

### 12 January

SPF participated in the Scottish Government's PBSA Review Group

### 15 January

SPF's joined a NDR's consultative group meeting chaired by Public Finance Minister, Ivan McKee MSP.

### 21 January

SPF's Sustainability and Building Design Committee met with the Scottish Government official, kindly hosted by Brodies in their Edinburgh office.

### 28 January

We participated in the Scottish Building Safety Levy Stakeholder Group meeting organised by the Scottish Government.

### 29 January

We hosted a workshop on our manifesto - Building a Better Scotland at the Scottish Parliament for MSPs.

17 March 2026  
TIC, Glasgow

# SPF Annual Conference 2026

## Building a Better Scotland

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RONA DOUGALL

Conference Compere



PROFESSOR SIR JOHN CURTICE

Political Insights Speaker



KELLY BROWN

Keynote Speaker

### Political Question Time

### Panellists



Mairi McAllan MSP  
Cabinet Secretary for Housing,  
Scottish Government



Willie Rennie MSP  
Scottish Liberal Democrats,  
Scottish Parliament



Meghan Gallacher MSP  
Scottish Conservatives,  
Scottish Parliament



Mark Griffin MSP  
Scottish Labour,  
Scottish Parliament

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