

Scottish Parliament Economy, Tourism and Energy Committee: Call for Views on Pre-Budget

Scrutiny 2027/28

Response from Propertymark

October 2026

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising 19,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents, and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.¹
2. Propertymark Qualifications is the UK's specialist awarding organisation offering industry recognised qualifications in property and property affiliated disciplines. In Scotland, our Scotland-specific qualifications are credited and levelled within the SCQF (Scottish Credit and Qualifications Framework). This is helping to support adherence with the Scottish Letting Agent Register and Letting Agent Code of Practice.²

Call for views

The property sector has a role to play in growing the economy

3. As the Scottish Fiscal Commission has noted we do not know what the exact knock-on implications of rising inflation and energy prices will mean for the Scottish Budget³, however it seems clear that this will be a challenging budget, especially with other pressures that the Scottish Government faces such as the negative income tax reconciliation, pay award pressures and social security spending.
4. The temptation could be for the Scottish Government to look to raise taxes further to meet these pressures, but we would argue that this would stifle economic growth and the Scottish Government should resist and instead look at measures to stimulate the economy. Stronger growth will result in higher living standards. The housing and property market is a key part of the economy, and the Scottish Government can take action to stimulate the sector which is badly needed.

¹ <https://www.propertymark.co.uk/>

² <https://www.propertymark.co.uk/pmq.html>

³ Scottish Fiscal Commission (August 2026) [Fiscal Update](#), para 2.3



Scottish Government should review the impact of property taxes for better policy outcomes

5. The Trade Union Congress (TUC) has warned that monthly payments on mortgages have not yet peaked and at the same time, household rents are reflecting the increased cost of mortgage lending.⁴ The Scottish Government must do what it can to ease costs and certainly not take actions that will increase them which will penalise both renters and homeowners alike.
6. Propertymark would prefer to see measures taken to support the property market, such as cutting the rates of Land and Buildings Transaction Tax (LBBT) and the Additional Dwelling Supplement (ADS), which will get people into the right houses, increase buying and selling and ultimately support the economy. To this end, the Scottish Government should act upon the recommendations in the Housing Investment Task Force report published in June 2025, which says, "Taxation, and its ability to influence housing investment activity, merits a more detailed review not within the scope of the Taskforce. This review should include how taxation is affecting mobility through the housing system and how it can incentivise improvements in quality and support net zero ambitions."⁵
7. We think that this should at a minimum include the reduction and abolition of the 8% Additional Dwelling Supplement because at 8%, Scotland has the highest property surcharge in the UK. Furthermore, we don't want to see any further increases in ADS as any increased costs for landlords and investors could be passed on to tenants through higher rents. At the very least we think the government should consider an exemption from ADS for landlords who sell a property to another landlord as this could help to keep properties within the private rented sector and provide security of tenancy for renters.
8. We would also like to see as part of a review of property taxation the impact of the Land and Buildings Transaction Tax thresholds and whether the rates and bands have kept up with wage growth and house prices. Within this, we think that measures such as support for older people looking to rightsize would unlock significant sums of housing equity among over 60s, encourage movement in the market and help to remedy the significant underoccupancy of Scotland's housing stock.

Income tax on property income

9. This will be the first Scottish Budget where the Scottish Government sets the rate of income tax on property income in Scotland. We strongly urge the Scottish Government to keep this rate as low as it possibly can and not to follow the UK Government in raising it. When the UK Chancellor announced last year that it was her intention to raise the income tax rates on property income by two percentage points across the three UK bands from April 2027 in

⁴ Trades Union Congress (14 October 2026) [TUC submission for the 2026 budget](#), p.13

⁵ <https://www.gov.scot/publications/housing-investment-taskforce-report/>



England and Wales, the Office for Budget Responsibility said that this “successive eroding of private landlord returns will likely reduce the supply of rental property over the longer run. This risks a steady long-term rise in rents if demand outstrips supply”.⁶ We think this to be true in Scotland as well, especially as it comes on top of many other tax and regulatory changes that have come into force over a number of years. Affordability of rent is already an issue – increasing taxation further on landlords will only see rents increase further.

Properly resource the First-tier Tribunal for Scotland (Housing and Property Chamber)

10. The latest annual report of the Tribunal explains that the volume and complexity of cases has increased year on year and that for the third year in a row, there was a sizeable rise in application numbers and applications again reached their highest levels to date, up 13% (to 5,748 applications) on the previous year. The report also highlights the impact of legislation on cases: “Once again, further changes to housing legislation impacted on the complexity of cases being determined by the Chamber”.⁷
11. The First-Tier Tribunal, designed to be an accessible dispute resolution system, loses a lot of its value if it cannot resolve cases in a timely manner. The delays are detrimental to all parties involved: tenants, landlords and letting agents. Stress and expense accumulate. The Tribunal is made up of judges and ordinary members on a fee paid basis who are working hard and doing their best, but capacity is now insufficient to meet the demand that is growing year on year in terms of both the volume and complexity (due to changes in legislation). Cases in the Tribunal used to be processed within three months but it is now taking more than double that time.
12. We are calling on the Scottish Government to provide the Tribunal with more financial support and appoint around 15 full-time judges supported by the fee paid judges and ordinary members. This would help to cut the backlog and the timescales significantly and allow applications like eviction notices to be granted far more quickly.

Help to make homes more energy efficient

13. As households struggle with energy costs (which will increase further in January), the Scottish Government should continue to fund low-cost loans and grants for private landlords and owner-occupiers to carry out energy efficiency measures and advertise them widely, with close scrutiny of the quality of work carried out through any grant schemes. This will help to keep energy bills down for those who will be struggling to pay their energy bills.

Build more social housing

14. To ensure housing is both affordable and secure, the Scottish Government must commit to a sustained and ambitious social house building programme. Without such a programme, the

⁶ Office for Budget Responsibility (November 2025) [Economic and Fiscal Outlook](#), para 3.79

⁷ Scottish Tribunals Annual Report 2024-2025; [scottish-tribunals-annual-report-2024-25.pdf](#); p.18

private rented sector will continue to absorb demand it was not designed to meet, to the detriment of both tenants and landlords.

15. The Scottish Government's stated intention to invest in affordable housing falls well below identified need. The Scottish Government's own target of 110,000 social and affordable homes over ten years would average 11,000 per year and independent research commissioned by Chartered Institute of Housing Scotland, Shelter Scotland and Scottish Federation of Housing Associations (SFHA) found that 15,697 homes must be delivered each year to meet current needs.⁸

Bringing empty homes back into use

16. Building more houses is essential, but at the edges bringing empty homes back into use can ease the pressure on housing stock and it also helps improve and revive local communities. We call on the Scottish Government to strengthen the Scottish Empty Homes Partnership and resource councils with a greater number of Empty Homes Officers to expand their work. Redeploying empty homes is an efficient and cost-effective way to ease housing pressures and boost property values.

Influence the UK Government to unfreeze Local Housing Allowance

17. We support the Scottish Government in its calls to the UK Government to unfreeze the Local Housing Allowance (LHA), particularly in the context of rising mortgage rates and rent rises. More private renters are unable to pay their housing costs as rents outstrip wage growth. Gradually, Local Housing Allowance (LHA) will be capable of covering less and less of the private rented sector, making the sector very unaffordable and virtually out of bounds to households on benefits.
18. The three-year freeze to date imposed by the UK Government has had a significant effect on households in Scotland. In the third year of the freeze, LHA rates did not cover the rents of over 40,000 households in Scotland. Unfreezing LHA and re-linking it to local rent levels would restore financial viability for tenants and landlords. This would help to stabilise markets by improving the sustainability of an affordable and functioning private sector.

⁸ CIH Scotland (14 August 2026) [CIH Scotland response to the Public Service Reform Committee pre-budget scrutiny consultation](#)