

WRITTEN EVIDENCE FROM ESPC

Introduction

First, let us thank you for the opportunity to contribute written evidence on the Scottish Government's Draft Budget for 2013-14.

ESPC is an established member of the East Central Scotland property scene, having been part of the market for over 40 years. As an organisation comprising over 160 solicitor estate agent members, we market members' clients' homes through digital, online and print services as well as through events, sponsorships and walk-in branches.

Edinburgh-centric in name only, ESPC has long since expanded beyond the capital, now embracing the Lothians, Fife and the Borders. Our website alone – espc.com – attracts over 600,000 visits each month.

Our business:

- handles over 10,000 properties a year;
- commands around 90 per cent of the residential market in Edinburgh;
- has sold nearly £10 billion worth of residential property over the last six years;
- distributes over 30,000 copies of our free property newspaper each week.

ESPC also collects an unrivalled amount of hard housing information for the East Central Scotland region and, with growing coordination between ourselves and sister SPC organisations, has access to a comprehensive store of housing data.

Comments on the budget

ESPC welcomes the Scottish Government's continued commitment to helping households get on and up the housing ladder and its support for first time buyers in particular. This group has been disproportionately affected by the reduction in mortgage finance brought about by the financial crisis and ESPC believes continued investment in initiatives like the government's shared equity programmes are vital if we are to spread the virtues of a property-owning society.

However, providing the *right* assistance to *all* households looking to move will be absolutely essential in achieving and maintaining a healthy housing market. Every transaction creates knock-on effects further up the chain and keeps the market moving forward.

As such, it is disappointing to see that Draft Budget fail to mention any new incentives for households looking to purchase existing homes.

Although a raft of programmes already exist to help households purchase new builds, the existing home market continues to be largely forgotten. The government's continued failure

on this front becomes particularly glaring when one considers that existing homes constitute over 80 per cent of the total housing market.

It is clear that a bona fide rejuvenation of Scotland's housing market demands a radical rethink of current policy and there are many reasons why the government should consider a focus on existing homes to be of great importance.

For one, stimulating this sector of the housing market will carry with it beneficial implications for the government's housing supply targets. This is because developers, at root, build homes when they have confidence that their homes will be promptly sold and not sit empty. Increasing demand for existing homes will provide such confidence to home builders as it would demonstrate that households have the desire and ability to buy and sell property and move up the housing ladder, including into new builds.

A strong market for both new build and existing homes also leads naturally to greater labour mobility, a key determinant of Scotland's future economic success. Moreover, this mobility will happen as a natural by-product of a strong housing market rather than fallible planning assumptions, allowing the government and local authorities to thereby target their investments in housing with greater accuracy and efficacy.

Finally, a home is the greatest element of household wealth, providing a firm foundation for economic growth. Whilst we should not be striving to re-create the housing bubble that burst so dramatically in 2008, the government should nonetheless examine ways to assist those who are able to buy a home to do so, regardless of type.

Conclusion

It is of course necessary to acknowledge that important levers of influence over the Scottish housing market, like lending regulations, still reside in the hands of Westminster.

This, however, is not an excuse for inaction.

Our data indicates the desire for home ownership is strong in Scotland but too many people are being locked out of the market by prohibitive deposit requirements. We firmly believe, therefore, that the Scottish Government should be taking bold steps to release this pent-up demand.

ESPC would very much welcome the opportunity to offer the Committee our views and statistical expertise for any further work it may be undertaking in the future on housing issues.