

# Development Property Asset Profile

## 1. Context

Crown Estate Scotland manages property – including buildings, land, coastline and seabed – on behalf of the Scottish people.

### We work in a way that:

- Generates prosperity and value for all of Scotland;
- Supports the growth of sustainable business and industry in Scottish seas and on the coast;
- Makes places better for those who live, work and visit there;
- Promotes sustainable ways of producing energy, food, and other products; and
- Creates opportunities for people to use and benefit from the Scottish Crown Estate.

The Scottish Crown Estate Act 2019 requires us to manage the assets in a way that is likely to contribute to the promotion of improvement of economic development, regeneration, social wellbeing and environmental wellbeing. To do this, we need to understand the wider value delivered by the assets and our management activities.



Asset profiles have been developed for the Estate's 21 asset classes. The profiles include information on financial returns, the public benefits delivered through our management activities, and our view of the opportunities for wider value creation.

The analysis has been undertaken in-house, using qualitative assessment and expert judgment.

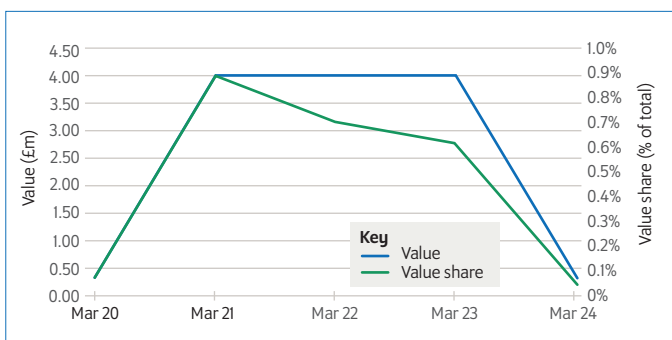
## 2. Asset summary

Through advancing new built development sites, Crown Estate Scotland can expand upon and beyond our existing assets. New built development projects offers us the opportunity to make meaningful investment into communities bringing about wider and directed change and benefit. Development could include mixed use developments which support sustainable communities in areas such as Whitehill Estate and Mosstodloch (Fochabers), or business and industrial development such as ZeroFour. Crown Estate Scotland will work collaboratively with stakeholders, the community and delivery partners to develop best practice to realise value for Scotland in line with our objectives and spatial priorities.

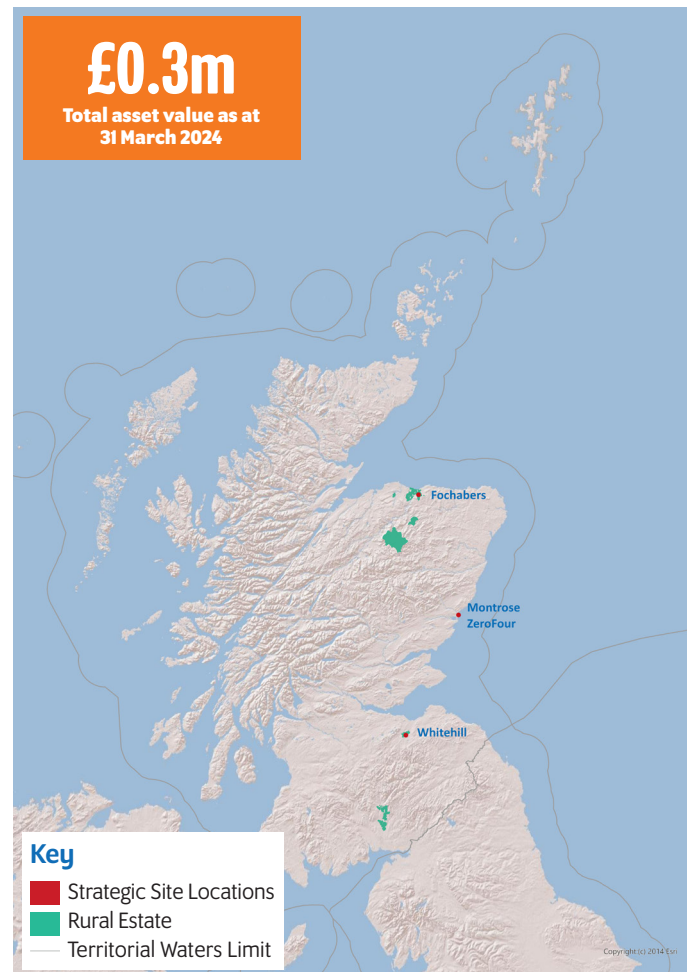
### Asset and financial information

Asset information	Value
No of agreements	2
Value (March 2024)	£0.3m
Value share (% of total Estate value, March 2024)	0.05

### Development property – change in value and value share over time

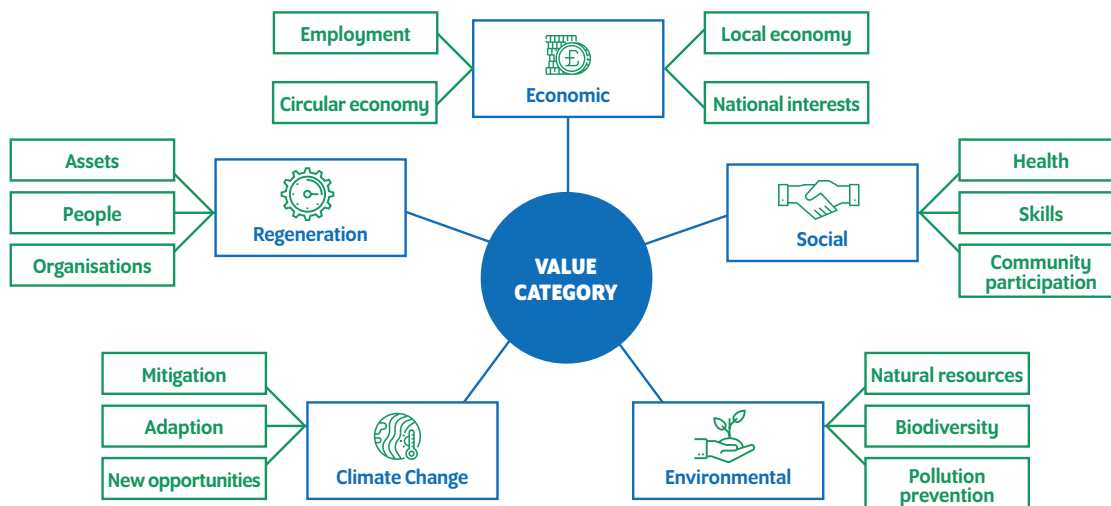


### Development property asset map



Map correct as at September 2024. Under the Open Government Licence, we give free access to our open datasets and map which can be found on our [Spatial Data Hub](#) which gives access to view and download spatial data, PDF maps for download, and our [interactive map](#).

### 3. Understanding Value



#### Five value categories have been identified:

- **Economic;**
- **Social;**
- **Environmental;**
- **Climate Change; and**
- **Regeneration.**

Each value category has a set of three or four indicators. The indicators are relevant for all Scottish Crown Estate asset classes and also align with Scotland's National Performance Framework and the UN Sustainable Development Goals.

#### Measures of success

##### Economic

**Employment** – jobs created or safeguarded

**Local economy** – local businesses are active in the supply chain and provide local employment

**National interests** – benefiting Scotland's national economy / showing leadership

**Circular economy** – increasing efficiency / reducing waste in processes and products

##### Social

**Health** – reflects / promotes good health at local or national level

**Skills** – stakeholders gain valuable skills

**Community participation** – community is an active stakeholder and participant

##### Environmental

**Natural resources** – resources used / maintained in a sustainable way

**Biodiversity** – biodiversity is protected/strengthened

**Pollution prevention** – pollution is decreased / not increased

#### Climate change

**Mitigation** – low or zero emissions

**Adaptation** – actions increase resilience / reduce risk

**New opportunities** – new, low or Net Zero emissions activities/ businesses/products pursued

#### Regeneration

**Assets** – positive impacts on associated assets

**People** – people are enabled or empowered

**Organisations** – activities involve collaboration with other organisations

#### Next steps

The Value Project started in 2019 as a direct response to this need to define the wider value of CES's activities.

In 2023, with the help of Savills Earth we completed development of our new Value Reporting Framework (VRF). This framework will support CES to shape data gathering to inform non-financial metrics and will help to inform our future decision-making, reporting, and monitoring processes.

The VRF seeks to measure the value created through all of CES's activities, producing quantitative and qualitative data for investment case decision making and annual reporting.

To achieve this a systematic process for measuring value was developed, in which our five wider value categories – climate change, social, economic, environmental and regeneration – were individually assigned a specific value indicator, with each indicator directly tied to its own value creation metric.

We have now incorporated indicators relating to employment, investment, and social cost of carbon into our annual reporting and further indicators will be added going forwards.

## 4. Potential for Wider Value

The diagrams below demonstrate the wider value currently generated by the asset class as a whole and indicate where we consider there is potential to deliver increased wider value. This is influenced by a range of factors including the inherent value of the assets, tenant activity, regulator activity and other external factors. For Development Property, key areas identified with potential for increased wider value as include:

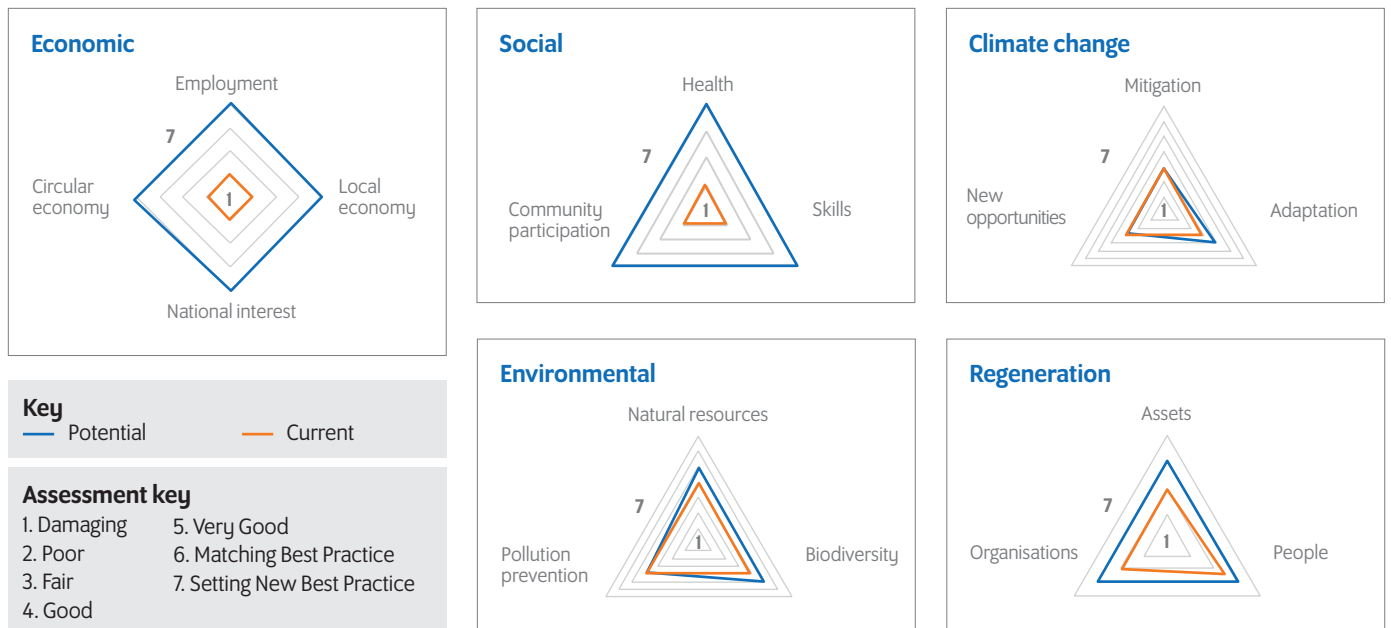
- **Economic** – Investment can deliver national, regional and local economy benefits and create jobs. Investment can also indirectly support education, housing, community and social projects.
- **Environment** – Development activities will offer opportunities to demonstrate best practice in terms of natural resources, biodiversity and pollution reduction.
- **Climate change** – New developments represent an opportunity to invest in innovative design which can set best practice in terms of reducing climate change impacts and minimise the carbon footprint of development, management and maintenance activities.

### Opportunities

- To pro-actively identify and pursue emerging opportunities that will deliver revenue and capital growth as well as broader environmental and socioeconomic benefit;
- Enhance the benefits of built development in terms of energy efficiency and climate change resilience;
- Target spatial properties in line with the corporate plan;
- Invest and enable development which supports regeneration; and
- Develop and invest in projects which generate lasting value for Scotland in line with the corporate plan.

### Threats

- Continuing economic and material price volatility;
- Development activity and land values suppressed by high costs of finance; and
- 2024 and 2025 political upheaval potentially creating a pause in private sector development activity.



This full value potential is indicated by the blue line. The actual average performance of the assets as currently managed is shown by the orange line. The opportunity for delivering enhanced value is the stretch between the orange line and the blue line.

Where potential and actual performance are the same the orange line will hide the blue line beneath it. No weighting has been applied to any indicator.

Current projects are exploring all opportunities to achieve maximum potential. Due to the nature of the built development function, the value outcome shown on the diagrams above, will not change until development is complete.

## 5. Benefits delivered by Crown Estate Scotland

### Our 2020-2026 Corporate Plan sets out our four roles:

#### Investor

Investing in, for example, property development, as well as building external partnerships and supporting staff.

#### Asset Manager

Careful management of leases and agreements, as well as direct management of forestry.

#### Co-ordinator

Supporting other Scottish Crown Estate managers by, for example, coordinating spatial information.

#### Enabler

Empowering others by supporting local plans and projects, providing access to property and helping address barriers to sector growth.

### For Development Property, some examples of our activities include:

#### Enabler

- Undertaken RIBA Stage 2 Gate review of ZeroFour and completed a Structured Outline Case and updated Market Appraisal.
- Completed first phase of work with communities and stakeholders to develop the Whitehill Estate 2030 Development Framework to form basis of collaborative working with Midlothian Council and will input into Local Development Plan Call for Ideas.

- Working with stakeholders and the community to develop a masterplan for Mosstodloch that recognises and produces a comprehensive place-based vision for the land that has been identified for development that places the community at the heart of the process.

#### Investor

- For ZeroFour, we are reviewing options to identify our next steps for the site.
- Funding a Local Place Plan in Mosstodloch to allow community input into the future of their region.
- Promoted 37 sites to Moray Council Call for Ideas – 355 homes over 27 housing sites, 9 industrial sites, mining and minerals and identifying six green energy sites.
- Undertaking a Call for Ideas at Whitehill as a first step in designing the masterplan for the long term evolution of the landholdings in Midlothian.
- Proactively seeking investment opportunities in income generating assets throughout Scotland.
- We have established a new Directorate focusing on Development, Capital Delivery and Decarbonisation to lead on this work

The table below presents our assessment of the significance of the benefits that we currently deliver through these four roles. Our Corporate Plan sets out actions against these four roles. Over time, we expect the significance of benefits to increase as considerations regarding wider value are embedded into decision making.

DEVELOPMENT PROPERTY	Investor	Asset manager	Enabler	Coordinator
<b>Economic</b>				
Employment	Medium	Low	Low	Inactive
Local economy	Medium	Low	Low	Inactive
National interests	Low	Low	Low	Inactive
Circular economy	Low	Low	Low	Inactive
<b>Social</b>				
Health	Low	Low	Low	Inactive
Skills	Low	Low	High	High
Community participation	Low	Low	Low	Inactive
<b>Environmental</b>				
Natural resources	Low	Low	Low	Inactive
Biodiversity	Low	Low	Low	Inactive
Pollution prevention	Low	Low	Low	Inactive
<b>Climate change</b>				
Mitigation	Low	Low	Medium	High
Adaptation	Medium	Low	Low	Inactive
New opportunities	Medium	Low	Low	High
<b>Regeneration</b>				
Assets	High	Low	Low	Inactive
People	Low	Low	Low	Inactive
Organisations	High	Low	Low	High

**Key**

- Inactive
- Low
- Medium
- High

Financial information as of March 2024, other information as of July 2024. Some figures in this profile have been rounded.

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