

Scottish Private Rented Sector

This is our first report covering 2012, a year which will be significant for the Private Rented Sector (PRS) in Scotland as it experiences ongoing expansion as well as an increase in regulation. Tenant Deposit Schemes will soon be operational and there are proposals for the introduction of a mandatory Tenant Information Packs. The Scottish Government has also recently launched its consultation on a Strategy for the PRS and it will be important for agents and landlords alike to contribute their feedback.

National & Urban Profile

The mix adjusted average for Scotland in Q1 2012 was £664, 2.6% up on the same period last year which suggests a reassuringly stable market for landlords and tenants alike. Three bed flats which account for 10% of all properties let via Citylets saw a more substantial annual rent increase of 5.8%. Two bed flats are still the most popular property type and account for 40% of all lets and in Q1 2012 rents for these were up 5.8%.

In Glasgow the mix adjusted average rent was up 2.8% on the year to £596, while in Edinburgh average rents rose 2.9% and are now £788. Rents in Aberdeen experienced a much smaller annual rise of 0.7% to £913 in Q1 2012, though it is worth mentioning that there has been rapid increase in rents of 5.9% since Q2 2012. Aberdeen rents are currently 37.5% more expensive than the average in Scotland, 53% greater than Glasgow and 15.9% more than Edinburgh. With international oil companies offering very generous accommodation allowances it is not a surprise that prices are higher than anywhere else in the country.

Time To Let

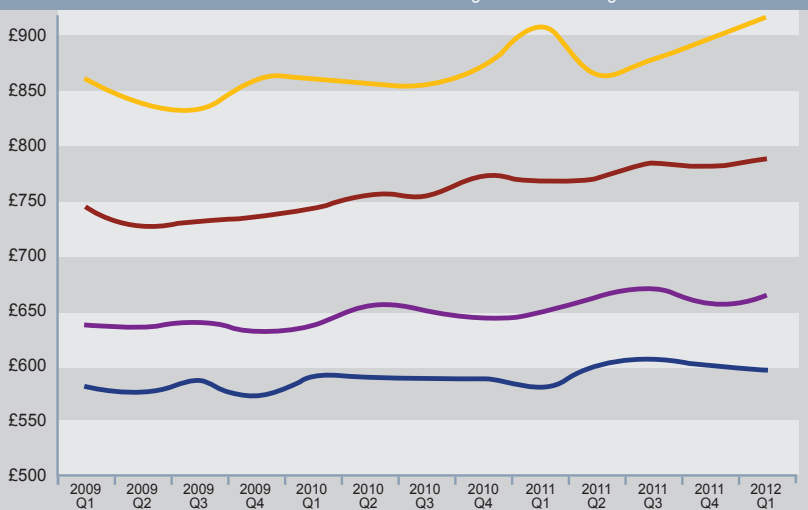
The average Time to Let (TTL) for properties across Scotland in Q1 2012 was 44 days which is two days longer than the figure of a year ago and five days more than reported in the previous quarter when TTL stood at 39 days.

The adjacent pie charts show that more than half (56%) of properties took longer than 4 weeks to let during Q1 2012 compared to 54% in Q1 2011. Our breakdown of TTL by period indicates a very slight deterioration in the TTL over the year, though it is encouraging that a quarter of all properties are let within just two weeks of being advertised.

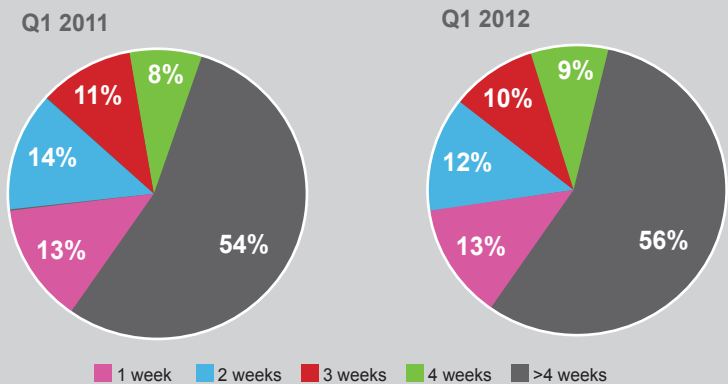
Our detailed chart of TTL across Scotland by property size shows that 1 bed properties remain the quickest to let at 38 days on average. In Q1 2012 2 bed properties took 45 days to let and 3 bed properties were on the market for 49 days, while larger 4 bed properties were on for an average 47 days.

It is evident that in Q1 2012 the TTL figures increased from the previous quarter for all property sizes apart from 4 bed properties. This would suggest that the supply of PRS properties has increased more rapidly than the demand from new tenants..

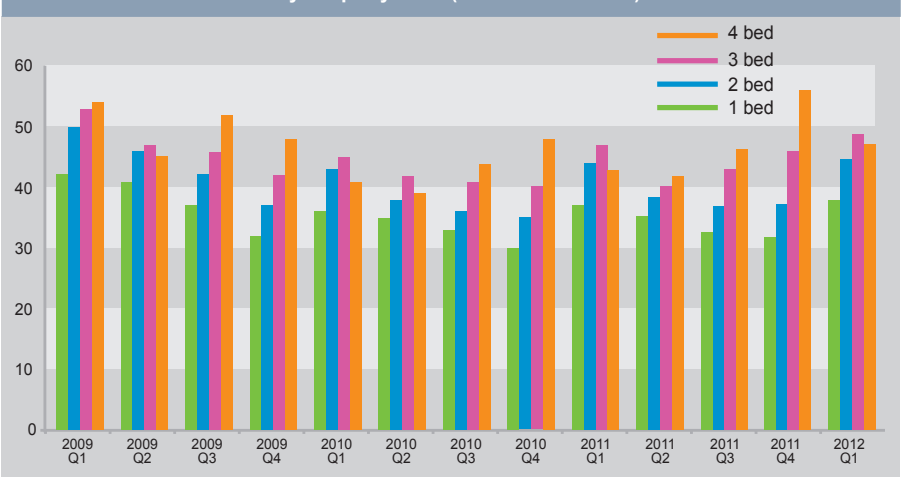
Trends in Scottish Rents
Q1 2009 - Q1 2012



Time to Let: Proportion of properties let by TTL period
Q1 2011 - Q1 2012



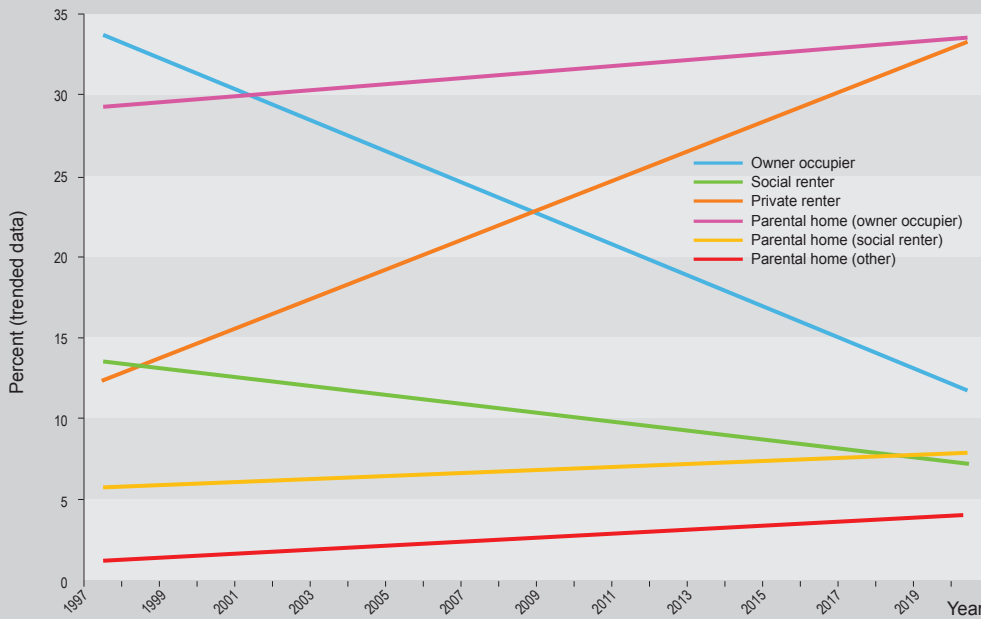
Time to Let in Scotland by Property Size (Q1 2009 - Q1 2012)



Economic and Social Trends

Trend-based tenure change and projections 1997 - 2020

(Source: Clapham et al (forthcoming))

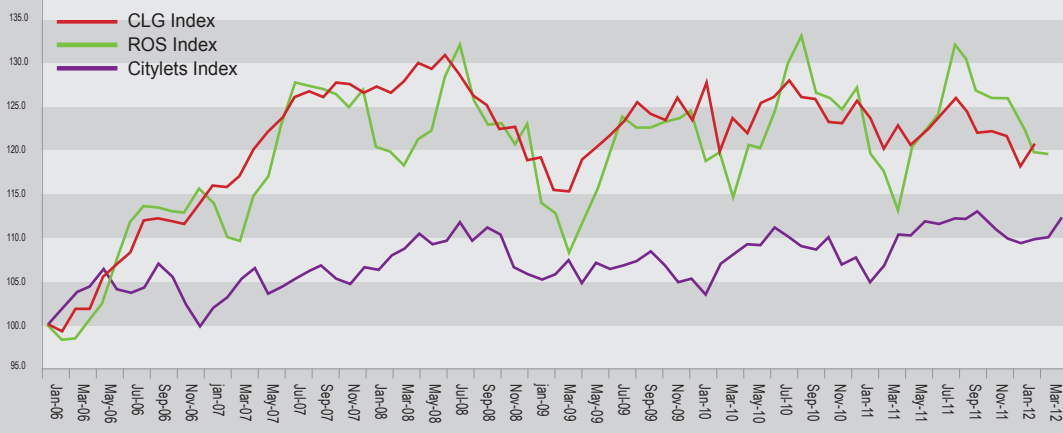


As the PRS becomes a steadily more significant component of the housing mix there is a growing body of research that is being undertaken in to the sector. As previously mentioned the Scottish Government is looking for feedback on its 'Strategy for the Private Rented Sector' and as part of this work it has carried out a thorough review of the PRS in Scotland. This review draws on recent work commissioned by the Joseph Rowntree Foundation which suggests that the PRS will continue to expand at its current rate and that the owner occupation levels are likely to decrease. The tenure change and projections for Britain for the period 1997-2020 are charted below and show how dramatic the increase in the PRS will likely be. The chart also shows a steady decline in the proportion of people renting from the social housing sector.

In Scotland the Government uses the Scottish Household Survey to assess the proportion of households living in each tenure and it has concluded that if change in tenure continue at the average rate of the past decade, then by 2014 the PRS would be the largest tenure for households under 35, and by 2020 the majority of under 35s would be housed in this sector. These are very significant shifts in tenure which were largely unforeseen 10 years ago and it is worth noting that these changes have not come about because of any Government housing policy but almost entirely as a reaction to the credit bubble and crunch combined with the near universal use of the short assured tenancy.

Citylets Rental Index v CLG House Price Index v ROS Index (January 2006 - March 2012)

Index level (Jan 2006=100)



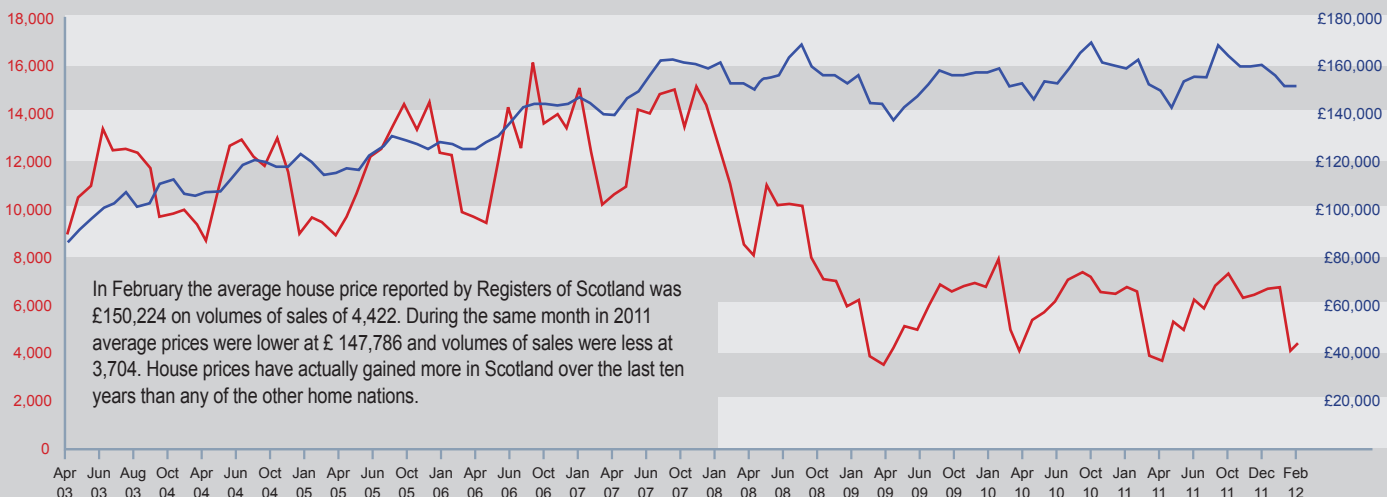
In March 2012 the Citylets Rental Index stood at 112.4 which is close to the all time high of 112.9 reported in September 2011. A slight upturn to the index in the months of February and March mirrors seasonal trends seen in other years. The overall upturn in the rental index since March 2011 has been 2.0%.

Communities and Local Government (CLG) recently reported that average house prices in Scotland in January were down 2.5 per cent over the year. In the same period (Jan to Jan) the Citylets Rental Index was up by 4.6%.

Monthly Residential Sales in Scotland

Monthly Residential Average Price in Scotland

Source: Registers of Scotland



In February the average house price reported by Registers of Scotland was £150,224 on volumes of sales of 4,422. During the same month in 2011 average prices were lower at £ 147,786 and volumes of sales were less at 3,704. House prices have actually gained more in Scotland over the last ten years than any of the other home nations.

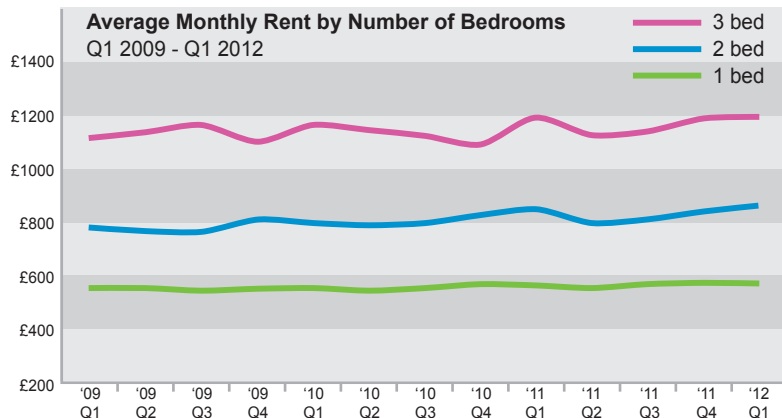
Aberdeen

With its thriving oil economy it is no surprise that Aberdeen is still the most expensive City to rent in Scotland, with a typical 2 bed flat costing an average £858 in Q1 2012 which compares to a national average of £627. The overall mix adjusted average, which includes all property sizes, now stands at £913 which is up just 0.7% on the year, but still the highest figure we have reported.

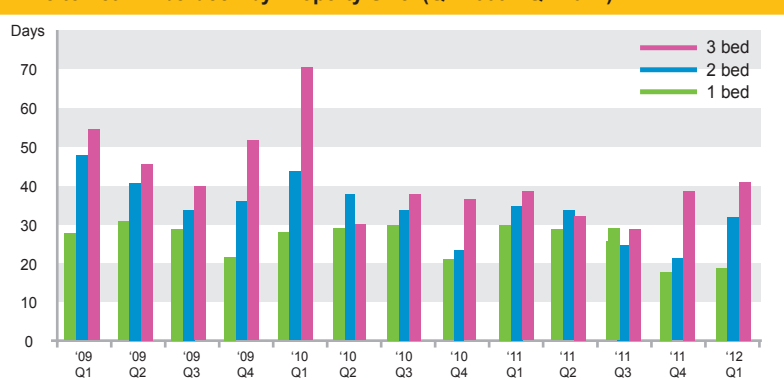
Average rents for 1 bed flats are now £573 which is up 0.9% on a year ago. However, with the TTL for a 1 bed flat staying so low at 19 days for Q1 2012 it would seem likely that demand pressure will push rents for 1 bed flats upwards in the near future. Rents for 2 bed properties are up 1.4% over the year to £858 and their TTL improved by 5 days, so a typical 2 bed property now takes 31 days to let. Average monthly rents for 3 bed property in Q1 2012 are £1,200 per month which is almost identical to the figure for last year while TTL lengthened by 2 days.

Aberdeen Analysis Q1 2012

Beds	Average Rent Q1 2012	Growth Q1 2011 Q1 2012	Average TTL (days) Q1 2012	Change Q1 '11 - Q1 '12	Let within a week	Let within a month
1 bed	£574	1.1%	19	-11	34%	81%
2 bed	£864	1.5%	31	-5	20%	57%
3 bed	£1,200	-0.1%	41	2	14%	47%



Time to Let in Aberdeen by Property Size (Q1 2009 - Q1 2012)



Aberdeen Average Monthly Rents Q1 2012

postcode	1 bed	2 bed	3 bed	4 bed	TTL days
AB10	£595	£832	£1126		25
AB11	£563	£808	£1151		20
AB15	£666	£1034	£1264	£1670	41
AB24	£563	£787	£1060		24
AB25	£561	£796	£1265		22

Dundee

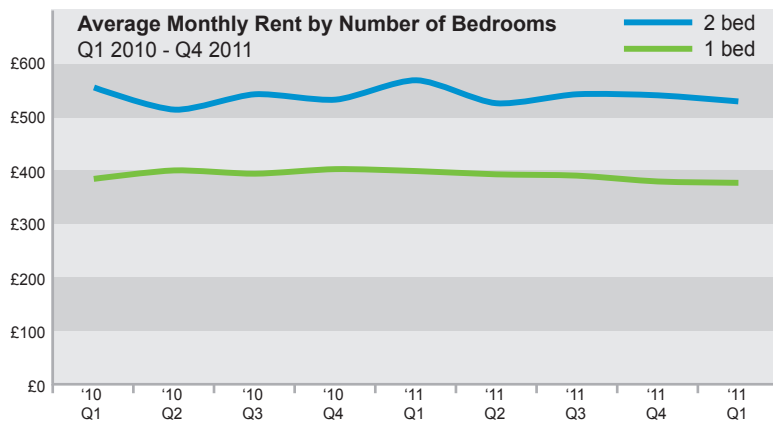
Our profile of the PRS in Dundee is one of relative affordability and stability with the average rent for the most popular 2 bed flat in Q1 2012 now at £534. It is somewhat of a surprise that this represents a 6.6% fall on the figure of a year ago, but we believe this drop is more a function of the inclusion of more rentals from affordable areas than a drop per se in the average rent.

Citylets increased the volume of lets advertised in Dundee by 80% over the year which is an indication of both the growing use of Citylets by agents and landlords as well as the expansion of the PRS as a housing tenure within the city.

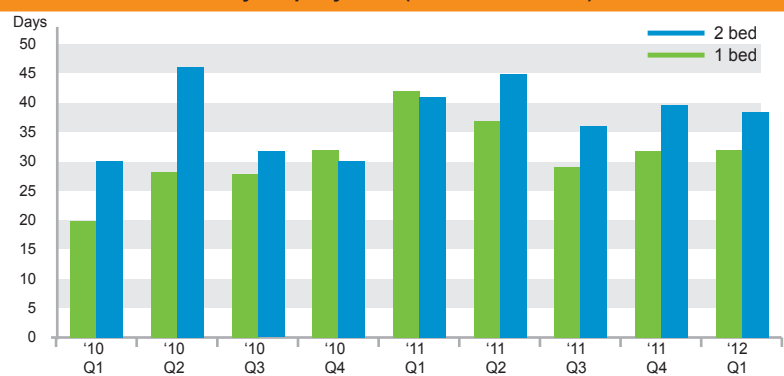
Dundee is still the most affordable city in Scotland to rent a property but with a massive waterfront re-development programme underway we can see this gradually changing. The typical rental value for a 1 bed flat is £377 which is 6.2% down on the figure of a year ago. The equivalent figure for 2 bed properties (including houses) is £530 which is down (7.3%) over the year.

Dundee Analysis Q1 2012

Beds	Average Rent Q1 2012	Growth Q1 2011 Q1 2012	Average TTL (days) Q1 2012	Change Q1 '11 - Q1 '12	Let within a week	Let within a month
1 bed	£377	-6.2%	32	-10	17%	67%
2 bed	£530	-7.3%	38	-3	15%	51%



Time to Let in Dundee by Property Size (Q1 2010 - Q1 2012)



The TTL chart shows a real improvement in the TTL from Q1 2011 to Q1 2012. Smaller properties (1 bed flats) now have a TTL of 32 days which is an improvement of 10 days on the same period a year ago. 2 bed flats currently have a TTL of 38 days which is 3 days better than the figure for Q1 2011.

As we increase our coverage of the Dundee lettings market we anticipate seeing more potential for variability in our statistics. We will endeavour to explain these changes with more local area based analysis which will gradually reveal the impact of the waterfront regeneration.

Edinburgh

In the first quarter of 2012 the average rent for a 2 bed property in Edinburgh was £720 which is 3.7% more than last year. In the same period 3 bed properties experience an annual increase of 5.0% and average rents now stand at £1,028. Typical 1 bed properties had an average monthly rental of £544 with annual growth of 1.9%.

Citylets started advertising properties to let in Edinburgh more than 10 years ago and we have collated statistics on the city since 2003. In that time the volume of properties let via Citylets in Edinburgh has increased more than threefold which reflects both the expansion of the PRS but also the growing recognition among agents and landlords that Citylets is the most effective way to reach prospective landlords that Citylets is the most effective way to reach prospective tenants

Edinburgh Analysis Q1 2012

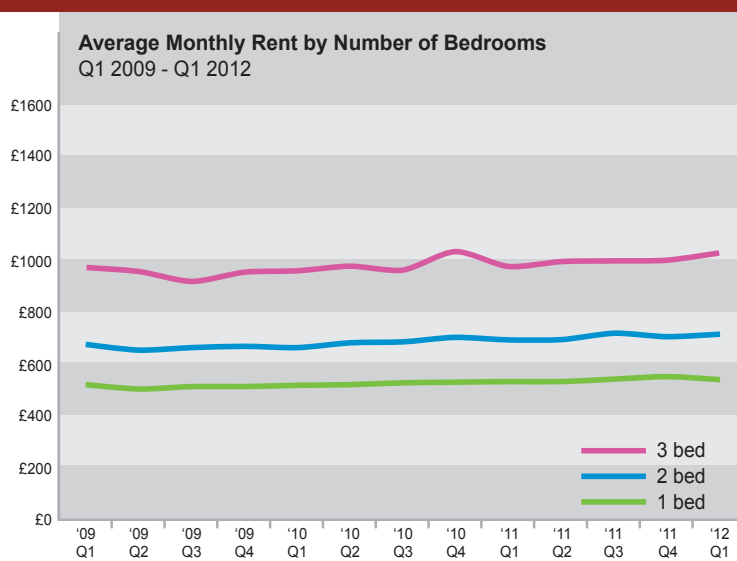
Beds	Average Rent Q1 2012	Growth Q1 2011 Q1 2012	Average TTL (days) Q1 2012	Change Q1 '11 - Q1 '12	Let within a week	Let within a month
1 bed	£544	1.9%	34	2	16%	53%
2 bed	£720	3.7%	39	3	14%	47%
3 bed	£1,028	5.0%	40	5	16%	53%
4 bed	£1,399	-1.3%	30	-3	30%	72%

Over the year 4 bed properties rents fell slightly by 1.3% to £1,399. It is worth mentioning that larger 4 and 5 bed properties account for just 12.1% of the volume of rentals in Edinburgh while 1 and 2 bed properties make up 71.9% of the total. The TTL for 1 bed properties is now 34 days which is down by 2 days on the previous year. Volumes of lets for Q1 2012 in Edinburgh were up 15.3% on a year ago which indicates that the PRS is continuing to expand in the capital.

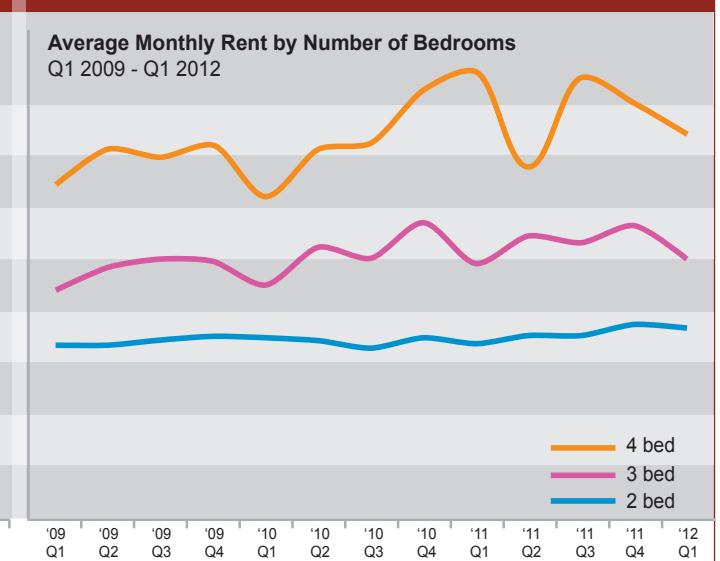
Edinburgh Average Monthly Rents Q1 2012

postcode	1 bed	2 bed	3 bed	4 bed	5 bed	TTL(days)
EH1	£603	£807	£1,062	£1,556	£1,893	28
EH2	£697	£999	£1,260	£1,295		25
EH3	£624	£882	£1,388	£1,545	£1,957	30
EH4	£584	£735	£929	£1,481		39
EH5	£508	£618	£843	£1,563		37
EH6	£518	£655	£836	£1,308		37
EH7	£523	£679	£911	£1,185	£1,652	34
EH8	£529	£675	£1,006	£1,283	£1,739	32
EH9	£574	£749	£1,085	£1,452	£1,840	28
EH10	£569	£769	£1,021	£1,467	£1,627	37
EH11	£512	£655	£879	£1,142		33
EH12	£561	£709	£1,014	£1,465	£1,978	39

1,2,3 Bed Flat Rent Trends

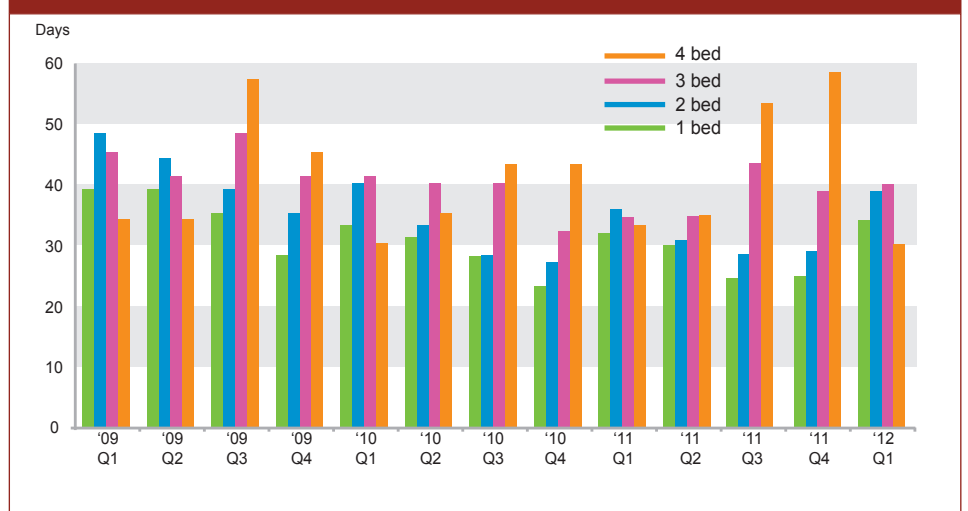


2,3,4 Bed House Rent Trends



The rather high TTL numbers we reported last quarter for 4 bed properties have improved from 58 days down to 30 days. These contrast with slightly longer TTL figures for smaller properties in Q1 as is clearly shown in the TTL chart. In our last report we also anticipated that the TTL for the larger 3 and 4 bed properties would revert to the long run average of below 40 days and are pleased to say that this is now the case.

Time to Let in Edinburgh by Property Size (Q1 2009 - Q1 2012)

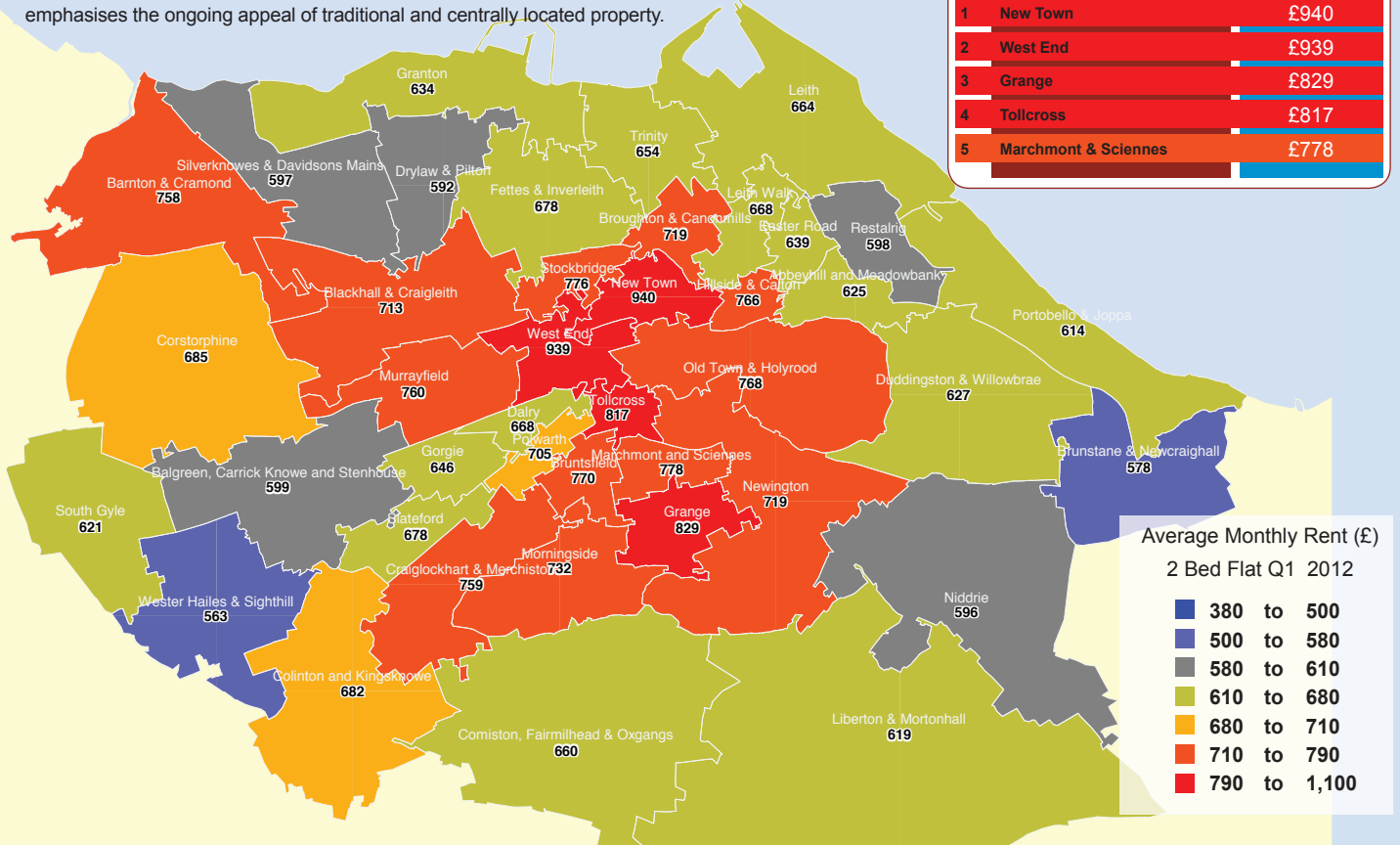


Average Monthly Rents for 2 Bed Flats in Edinburgh (all figures in pounds)

The New Town (£940) is still the most expensive area to rent a 2 bed flat in Edinburgh in Q1 2012, ahead of West End (£939) and Grange (£829) though it is worth highlighting that the volume of 2 bed flats let in the Grange is far smaller than any of the other top 5 areas. This quarter Tolcross was at No4 (£817) and Marchmont & Sciennes made it to No5 (£778). Our unique rental map of the city emphasises the ongoing appeal of traditional and centrally located property.

5 Most Expensive Areas in Edinburgh

Neighbourhood	Average Monthly Rent for 2 bed flat
1 New Town	£940
2 West End	£939
3 Grange	£829
4 Tolcross	£817
5 Marchmont & Sciennes	£778

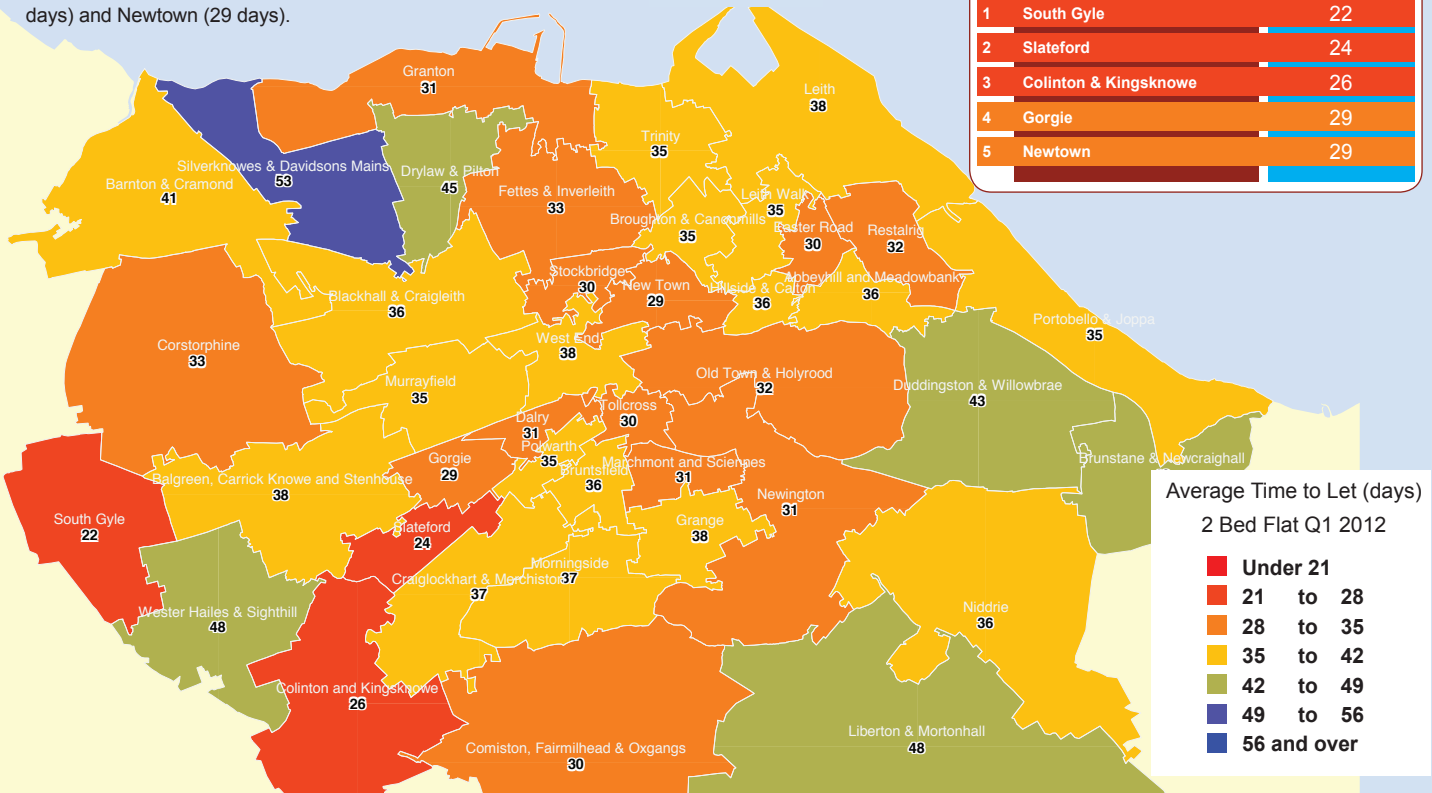


Average Time to Let (days) 2 Bed Flat Q1 2012

The TTL map of Edinburgh highlights the speed with which 2 bed flats are being let across the City. In most of the neighbourhoods TTL figures are less than 35 days. South Gyle achieved a TTL of 22 days in Q1 2012 while 2 bed flats in Slateford took 24 days to let on average. Other locations with short TTL figures below 30 days for the quarter include Colinton & Kingsknowe (26 days), Gorgie (29 days) and Newtown (29 days).

5 Shortest Time to Let in Edinburgh

Neighbourhood	TTL (days) 2 Bed Flats
1 South Gyle	22
2 Slateford	24
3 Colinton & Kingsknowe	26
4 Gorgie	29
5 Newtown	29



Glasgow

Glasgow's mix adjusted average rent in Q1 2012 was £596, just down from the high of the previous quarter but up 2.8% from Q1 2011. The larger properties (3 beds) had the largest annual rise of 10.6% to £832, while 2 bed properties were up 1.7% on the year to £605. The average monthly rent for 1 bed properties was up by 2.9% to £463.

In terms of volume of lets the PRS in Glasgow appears not to have expanded as much in the last couple of years as elsewhere in Scotland. Quite why this is the case has yet to be determined but the longer term picture for the city shows a shift from the social sector to the private rented sector. Latest Government survey data (2010) indicates 14% of Glasgow households are in PRS which is twice the figure of a decade ago, while social landlords now house 32% of households down from 46% in 2000.

Glasgow Analysis Q1 2012

Beds	Average Rent Q1 2012	Growth Q1 2011 Q1 2012	Average TTL (days) Q1 2012	Change Q1 2011 - Q1 2012	Let within a week	Let within a month
1 bed	£463	2.9%	40	6	15%	44%
2 bed	£605	1.7%	47	3	12%	39%
3 bed	£832	10.6%	53	2	7%	35%

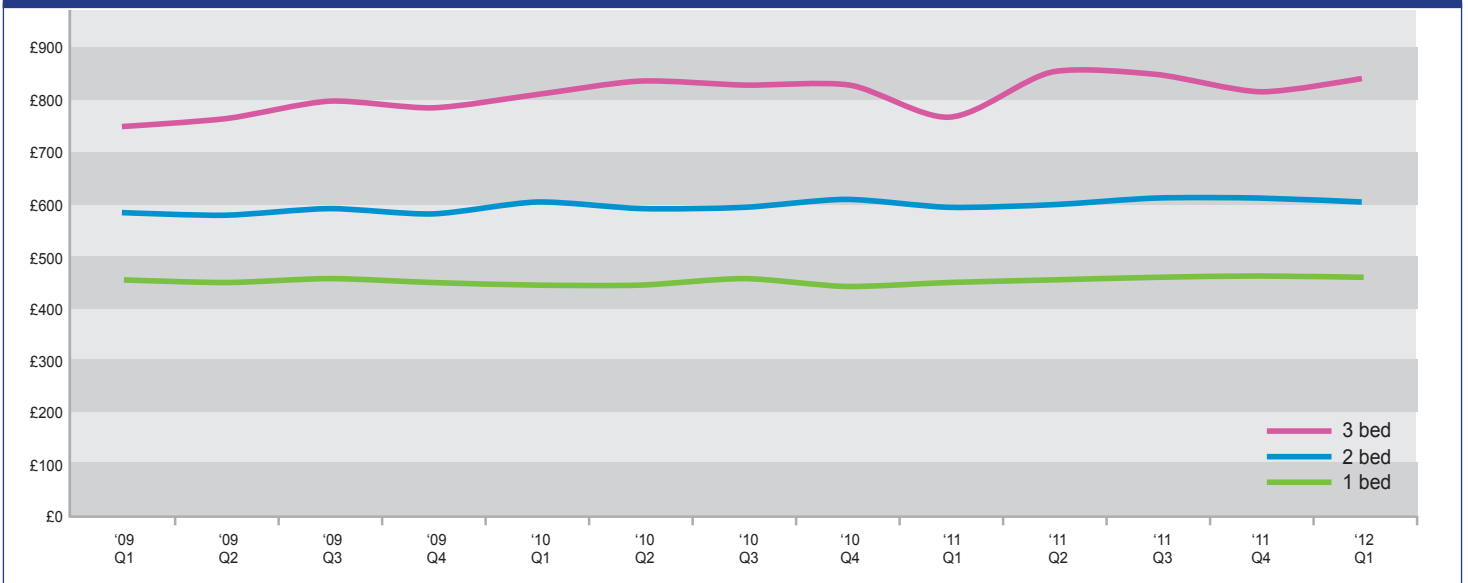
An analysis of the type of properties privately rented in Glasgow highlights the high proportion of property which is 1 or 2 bed flats (85%) while houses make up just 2.5% of lets. Equivalent figures for Edinburgh show that 70% of rentals are 1 or 2 bed flats while 5.6% are houses.

Glasgow Average Monthly Rents Q1 2012

postcode	1 bed	2 bed	3 bed	4 bed	TTL(days)
G1	£549	£743	£1,171		34
G2	£524	£703			30
G3	£523	£743	£1,089	£1,475	37
G4	£496	£649	£793	£1,444	35
G5	£489	£587	£768		47
G11	£515	£703	£1,022	£1,159	39
G12	£564	£738	£1,077	£1,475	39
G20	£464	£576	£717		45
G31	£405	£513	£588		41
G32	£366	£466	£637		46
G40	£394	£502	£660		49
G41	£442	£560	£726	£1,009	44
G42	£392	£504	£692	£738	48
G44	£399	£536	£605		48
G51	£383	£493	£605		47

1,2,3 Bed Flat Rent Trends

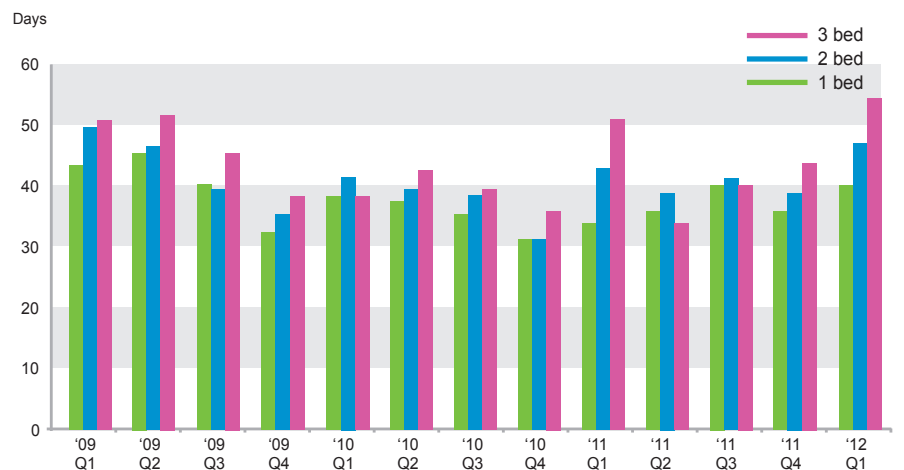
Average Monthly Rent by Number of Bedrooms Q1 2009 - Q1 2012



Time to Let in Glasgow by Property Size (Q1 2009 - Q1 2012)

For Q1 2012 the TTL increased over the year across all sizes of properties. TTL for larger 3 bed properties increased by 2 days over the year and now stands at 53 days while 2 bed properties saw a TTL deterioration of 3 days and now stand at 47 days. Smaller 1 bed properties have a TTL of 40 days which is 6 days up on the equivalent figure of a year ago.

While Glasgow TTL figures have increased over the year and now stand at 45 days this is only just above the current national average which is 44 days. It is worth emphasising that the core city centre and West End rental markets achieve TTL figures that are well below the city average.

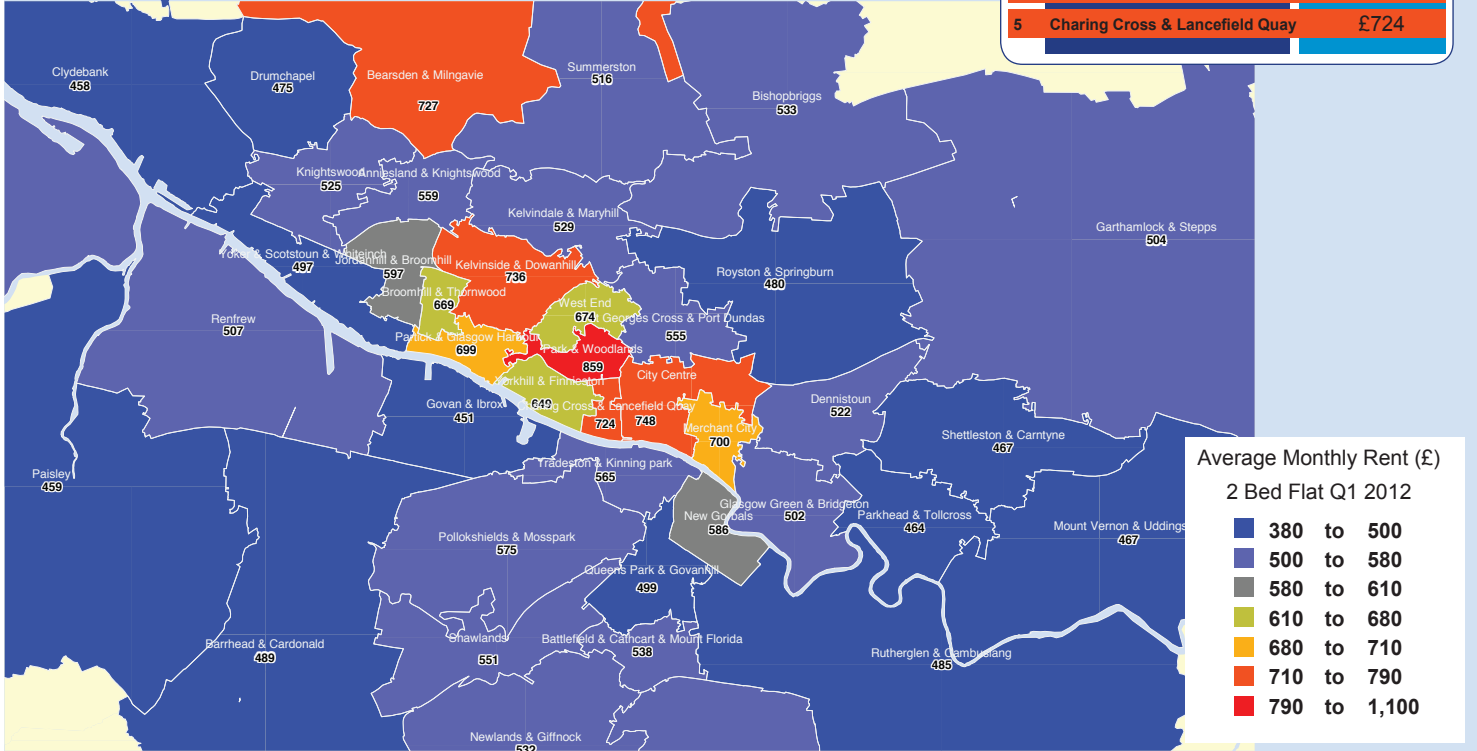


Average Monthly Rents for 2 Bed Flats in Glasgow (all figures in pounds)

As usual Park & Woodlands tops the list of most expensive neighbourhoods in Glasgow with an average rent for a 2 bed flat of £859, a jump of £64 on the figure reported last quarter. City Centre (£748) pipped Kelvinside & Dowanhill (£736) to second place while Bearsden & Milngavie (£727) and Charing Cross & Lancefield Quay (£724) were 4th and 5th respectively. The map highlights the fact that the premium rental areas for 2 bed flats in Glasgow are very much restricted to the centre and west end of the city.

5 Most Expensive Areas in Glasgow

Neighbourhood	Average Monthly Rent for 2 bed flat
1 Park & Woodlands	£859
2 City Centre	£748
3 Kelvinside & Dowanhill	£736
4 Bearsden & Milngavie	£727
5 Charing Cross & Lancefield Quay	£724

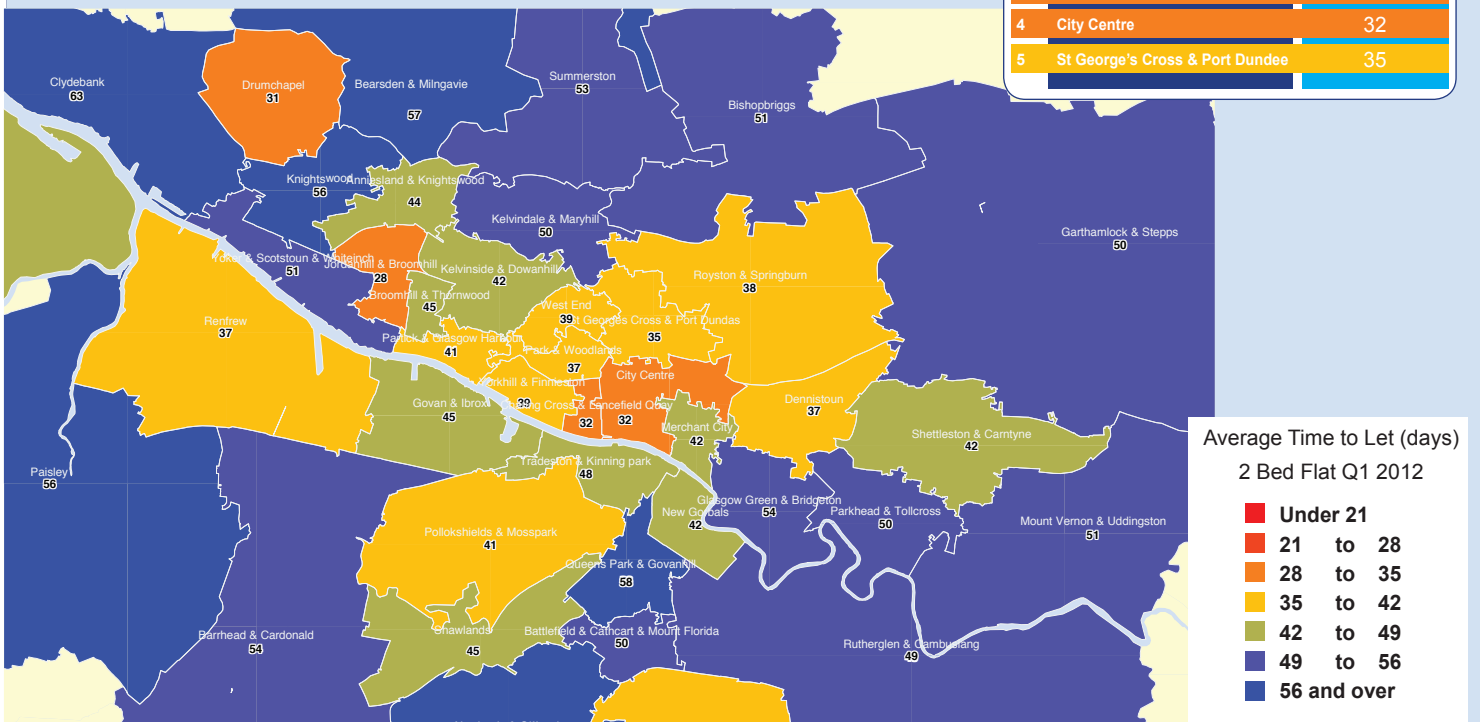


Average Time to Let (days) 2 Bed Flat Q1 2012

Jordanhill & Broomhill (28 days) topped the TTL ranking of Glasgow neighbourhoods and was still the only area to have a TTL of 4 weeks or less. Drumchapel was a new and rather surprising entry in 2nd place (31 days) though this figure is based on a comparatively low volume of lets. Both Charing Cross & Lancefield Quay and City Centre achieved TTLs of 32 days putting them in 3rd position. St. Georges Cross & Port Dundas made 5th spot with a TTL of 35 days. These figures clearly demonstrate how the centre of the city attracts the most demand for 2 bed flats.

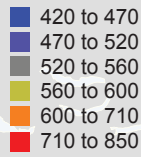
5 Shortest Time to Let in Glasgow

Neighbourhood	TTL (days) 2 Bed Flats
1 Jordanhill and Broomhill	28
2 Drumchapel	31
3 Charing Cross & Lancefield Quay	32
4 City Centre	32
5 St George's Cross & Port Dundas	35



Citylets Rent Map

Average Monthly Rent 2 Bed Flats Q1 2012



Average Monthly Rents Q1 2012 2 Bed Flats

Local Authority Region	Q1-12	Q1-11	Change (actual)	Change (%)
Aberdeen City	£849	£838	£11	1.31%
Edinburgh, City of	£712	£689	£23	3.34%
Aberdeenshire	£659	£640	£19	2.97%
East Dunbartonshire	£609	£582	£27	4.64%
Glasgow City	£591	£583	£8	1.37%
East Lothian	£567	£586	£-19	-3.24%
Midlothian	£561	£569	£-8	-1.41%
Stirling	£560	£566	£-6	-1.06%
Highland	£548	£589	£-41	-6.96%
Dundee City	£534	£570	£-36	-6.32%
East Renfrewshire	£532	£621	£-89	-14.3%
West Lothian	£518	£519	£-1	-0.19%
Perth & Kinross	£510	£534	£-24	-4.49%
South Lanarkshire	£495	£491	£4	0.81%
Angus	£485	£515	£-30	-5.83%
South Ayrshire	£484	£480	£4	0.83%
Renfrewshire	£475	£460	£15	3.26%
Fife	£473	£474	£-1	-0.21%
North Ayrshire	£467	£451	£16	3.55%
North Lanarkshire	£462	£436	£26	5.96%
Falkirk	£455	£463	£-8	-1.73%
Clackmannanshire	£440	£460	£-20	-4.35%
East Ayrshire	£430	£439	£-9	-2.05%

"We are starting to get an oversupply of new properties coming onto the market which is putting a downward pressure on rents especially in detached houses and traditional flats which have not been upgraded."

Neil Woodhead
Owner
Castle Estates,
Greenock

"Demand is such that property owners can often find tenants in hours or days rather than weeks. We've noticed more and more tenants looking for three bed houses with gardens."

Brian Callaghan
Joint Managing Director: Letting Solutions Ltd, West Lothian

"A good solid quarter with a healthy balance of supply & demand contributing to consistent strong but fair rental figures being achieved and minimum void periods which is equals happy landlords & satisfied tenants."

Steven A Currie
Director: Murray & Currie Property Sales & Lettings, Edinburgh

"With capital values of residential property at a recent low and demand for good quality rental property increasing daily; the returns in terms of yield are again growing."

Brian Philip
Director: Lomond Property Asset Management Limited

About Citylets

Founded in 1999, Citylets is Scotland and Northern Ireland's original residential lettings portal & network advertising more than 50,000 properties per year on behalf of over 300 letting agents. Citylets Network is an exclusive group of sites for property to rent including s1homes, FindaProperty, Primelocation and Globrix. Privately owned, Citylets is fully independent of any estate / letting agent group, media or financial organisation and is managed by its founding team in the West End of Edinburgh.



www.citylets.co.uk

Enquiries

Please feel free to get in touch with us if you would like to discuss any aspect of this report or would like to consider advertising property on the Citylets Web site.

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Methodology

The statistics are based on rental properties advertised on Citylets. Rather than employ snapshot sampling our observations are recorded when a property is removed from the site as let. We believe such transaction-based observations provide a better reflection of the market.

The data is cleansed to remove multiple entries and other anomalies. Our cleansing process continues to guide refinements to data recording.

Averages are calculated on a monthly or quarterly basis as weighted (mix-adjusted) means. Indices are constructed holding composition (property type and number of bedrooms) fixed at the average of the last three years. This ensures that changes in the index reflect rent changes and not changes in composition, which are likely to occur seasonally.

Disclaimer

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