

Trends in Scottish Residential Lettings

Residential rents in Scotland fell for the 3rd successive quarter in Q3 2009 but at 3.4% down year on year little change on Q2 (3.3%) and evidence to suggest that the downward trend may be levelling out. The average rent in Scotland in Q3 2009 was £640 down from £663 in the same period last year.

Mixed reports from a broad range of commentators in the sales sector leaves the picture unclear as to the precise state of the market however most agree that there has been a general stabilisation. This is reflected in rentals with agents reporting a slowdown in new 'reluctant landlords' and indeed a return to sales for a % of property from that genre of landlord. Other commentators suggest the sales market still has some way to fall with lending to first time buyers likely to remain restricted and expensive for the foreseeable.

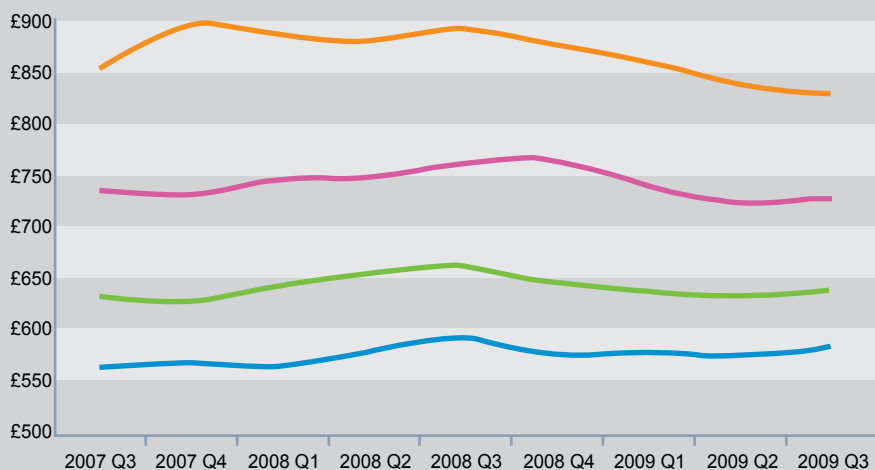
Rents in Edinburgh have been hardest hit overall with 2 bed properties in particular falling further year on year, down 7.7%, attributable in part to a combination of pocketed oversupply and weakened demand in the corporate sector. 1 bed properties in Edinburgh remain depressed year on year at 4.6% down broadly the same as Q2.

Q3 is a traditionally busy period for the market and this year was no exception with Citylets recording its largest ever monthly visitor traffic in August. With many larger properties being let to students over the period, rents for 4 & 5 bed properties in Edinburgh & Glasgow bucked the overall trend recording modest gains once again proving robust in challenging market conditions.

The outlook for 2010 should be one of relative calm after the drama of the last two years assuming the sales market has steadied. The credit crunch in Scotland has resulted in a general growth of the rental market with more properties available. The balance of supply and demand has shifted dramatically back and forward in a short space of time but appears to have settled once again which should be reflected to rent values going forward.

Trends in Scottish Rents
Q3 2007 - Q3 2009

— Aberdeen — Glasgow
— Edinburgh — Average all Scotland



The overall trend in Scottish rents remains down year on year.

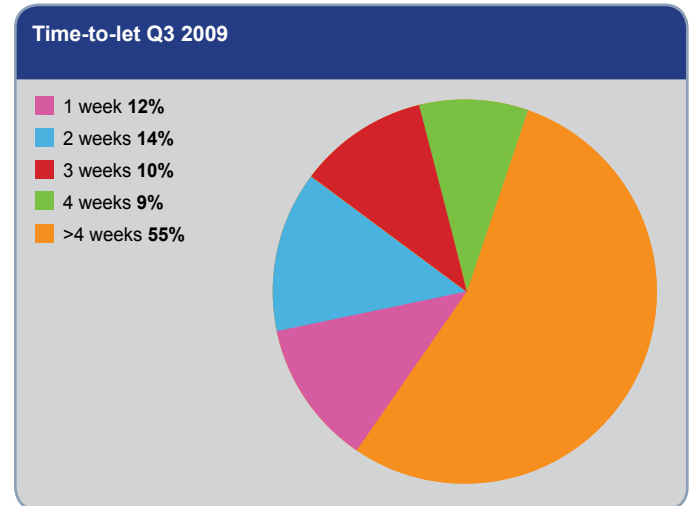
At £729 Edinburgh is down 4.3%, Glasgow down 1.5% at £584 and Aberdeen 6.8% at £830. Across Scotland, rents are down 3.4% at £640.

Index of Scottish Rents

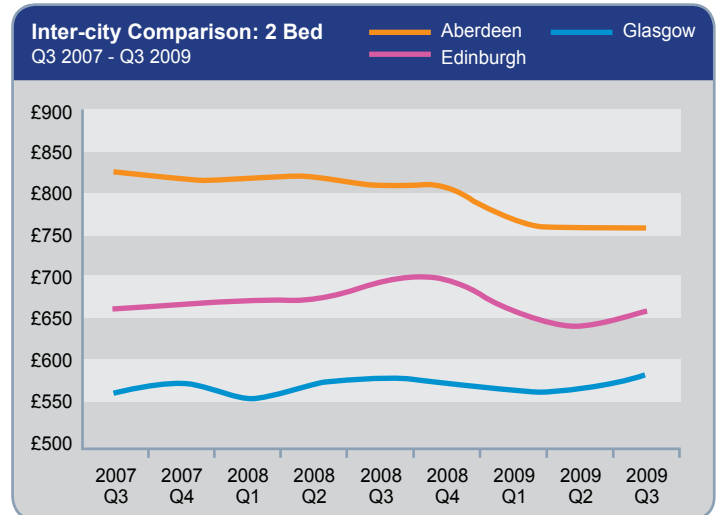
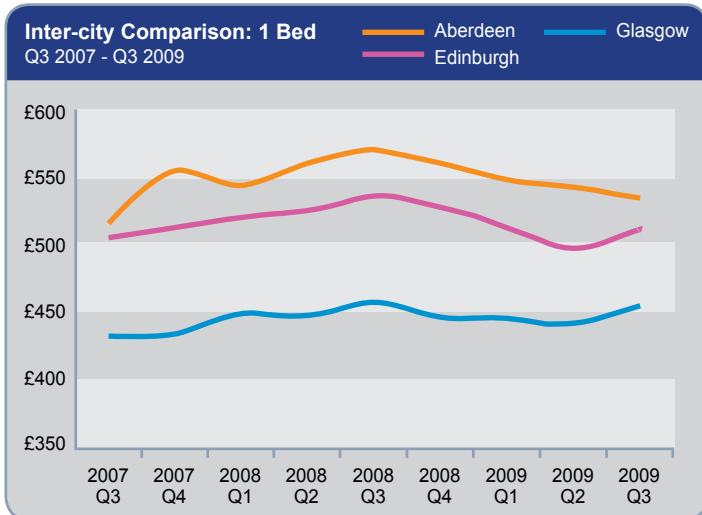
Scottish Rental Index					
Base: Jan 2006 = 100					
Month	2005	2006	2007	2008	2009
January	97.5	100.0	102.0	106.1	105.2
February	100.8	101.7	103.1	107.8	105.6
March	101.7	103.6	105.2	108.5	107.5
April	100.9	104.4	106.6	110.4	104.6
May	101.8	106.3	103.5	109.1	107.1
June	103.3	104.0	104.3	109.5	106.3
July	103.2	103.7	105.4	111.7	106.7
August	101.8	104.3	106.1	109.6	107.0
September	103.3	106.9	106.7	110.9	108.4
October	101.2	105.3	105.3	110.3	
November	101.6	102.4	104.7	106.6	
December	101.2	100.0	106.5	105.7	

The Citylets Rental Index is down 3.4% on last year for Q3.

Time-to-let



Seasonal strong demand saw the market quicken on Q2 2009 with 45% of all properties being let within 4 weeks however this is down on 56% for the same period last year.



1 Bed comparison

City	Average Rent Q3 2009	Growth Q3 2008-Q3 2009	Average TTL (days) Q3 2009	Change Q3 '08 - Q3 '09	Let within a week	Let within a month
Edinburgh	£516	-4.6%	35	15	17%	53%
Glasgow	£460	-0.6%	40	9	13%	48%
Aberdeen	£540	-6.1%	29	11	19%	59%

1 Bed Comparison

Annual negative growth for 1 bed properties continued in all Scotland's major cities with time-to-let (TTL) averages, though shorter than in the previous quarter, lengthening on the same period last year. **Edinburgh & Glasgow** recovered slightly on the previous quarter but **Aberdeen** continued its fall from -3.2% to -6.1%

2 Bed comparison

City	Average Rent Q3 2009	Growth Q3 2008-Q3 2009	Average TTL (days) Q3 2009	Change Q3 '08 - Q3 '09	Let within a week	Let within a month
Edinburgh	£645	-7.7%	39	14	13%	48%
Glasgow	£571	-2.6%	39	3	15%	48%
Aberdeen	£764	-5.9%	34	0	15%	52%

2 Bed Comparison

2 bed properties have been hardest hit over the last year with all major cities again recording negative growth- **Edinburgh** down 7.7%, **Glasgow** down 2.6% and **Aberdeen** 5.9%. Unsurprisingly, TTLs have also increased with the exception of **Aberdeen** which has remained the same at 34 days. The annualised falls in **Edinburgh** and **Glasgow** are worse than for Q2 2009 but likely represent the bottom of the curve.

Rent Guide.

The tables below show the average rents and time-to-let (TTL) over the last six months for a selection of postcodes in Edinburgh, Glasgow and Aberdeen. Gaps in the table occur where there are insufficient observations to comment authoritatively.

There are many factors other than location and number of bedrooms that can influence rental values. Accordingly, the tables should only be used as an indicator and not as a definitive guide to rents.

Edinburgh

Postcode	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	TTL
EH1	559	749	1077	1468	1767	31
EH2	575	708				38
EH3	571	781	1125	1367	1407	37
EH4	552	673	816	1236		39
EH5	490	593				46
EH6	477	615	872	1119		45
EH7	496	647	886	1304	1656	41
EH8	512	648	909	1242	1602	40
EH9	533	690	947	1476	1745	34
EH10	545	718	967	1361	1629	41
EH11	485	618	844	1218		40
EH12	512	673	899	1379		41
All Edinburgh	516	645	929	1335	1629	41

Glasgow

Postcode	1 Bed	2 Bed	3 Bed	4 Bed	TTL
G1	517	686	1039		36
G2	481	665			45
G3	487	689	1042	1172	36
G4	489	629	836	1193	40
G5	497	557	717		37
G11	484	650	894		35
G12	529	682	957	1340	34
G20	464	553	741		37
G31	384	517	606		44
G32	349	469	592		39
G40	406	517	580		49
G41	437	539	672		38
G42	392	490	610		48
G44	383	512	535		53
G51	402	476	620		50
All Glasgow	460	571	792	1155	40

Aberdeen

Postcode	1 Bed	2 Bed	3 Bed	4 Bed	TTL
AB10	561	772	1138		34
AB11	521	771	1183		33
AB15	667	889	1322	1540	54
AB24	529	743	900		28
AB25	537	724	1110		27
All Aberdeen	540	764	1169	1524	38

(Avs: 2009 H1)

Disclaimer

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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 manually cleansed to remove multiple entries and other anomalies.

The 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.

Acknowledgments

Gary Wales

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About Citylets

Founded in 1999, Citylets is Scotland and Northern Ireland's original residential lettings portal & network advertising c50 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. 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.

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