The Citylets Report | Issue 20 | Q4 2011

Scottish Private Rented Sector

This issue of the Citylets Rental Report is the 20th consecutive publication in the quarterly series that started in Q1 2007, and caps five full years of analysis. In that relatively short space of time the Scottish housing market has experienced dramatic changes, with housing sales volumes contracting by a half while the volume of rentals advertised on Citylets has more than doubled.

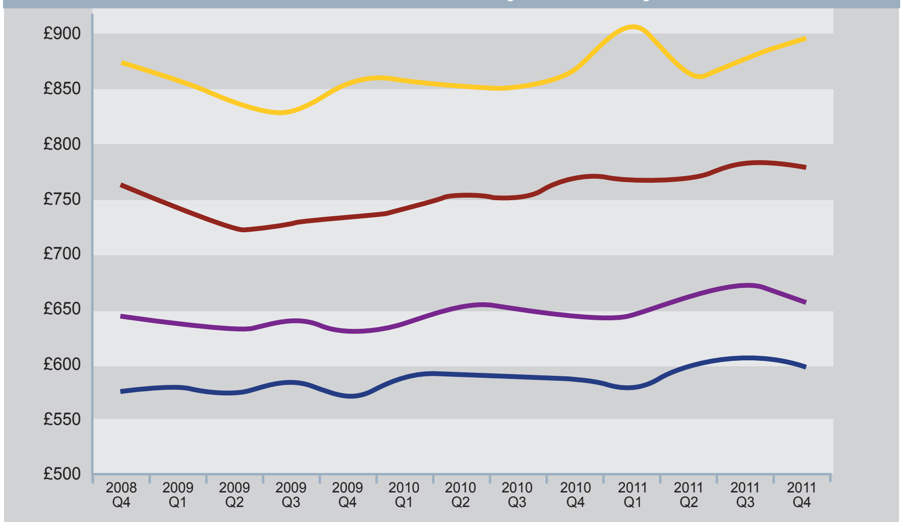
National & Urban Profile

The mix adjusted average for Scotland in Q4 2011 was £656, 1.9% up on the previous year which is a relatively modest rise well below the rate of inflation. This adjusted figure considers all sizes and types of property and it is worth noting that 1 bed flats, which represent 29% of all properties let via Citylets, saw a more substantial annual rent increase of 3.6%. The two bed flat is the most popular property type and accounts for 41% of the lets through Citylets, in Q4 rents for these were up by 1.5%.

In Edinburgh, the latest mix adjusted average rent was up 1.0% on the year to £779; though this figure is just down on the record value recorded in Q3 2011. Average rents in Glasgow also experienced a slight annual rise of 1.9% to £599 in Q4 2011, though 1 bed flats saw more significant growth of 4.7% during this period.

Aberdeen rents picked up again in Q4 2011 from last quarter and now stand at £894 which is 2.8% up on the figure of a year ago.

Trends in Scottish Rents
Q4 2008 - Q4 2011

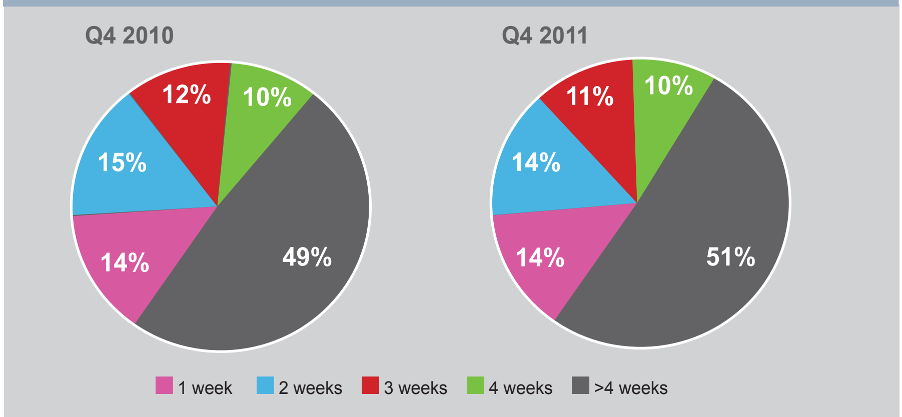


Time To Let

The average Time to Let (TTL) for properties across Scotland in Q4 2011 was 39 days, which is one day longer than the Q3 2011 figure and four days more than recorded a year ago when TTL stood at 35 days.

The adjacent pie charts show that just under half (49%) of properties took less than 4 weeks to let during Q4 2011 compared to 51% in Q4 2010. These figures show that the breakdown of TTL by the various duration bands remains remarkably consistent.

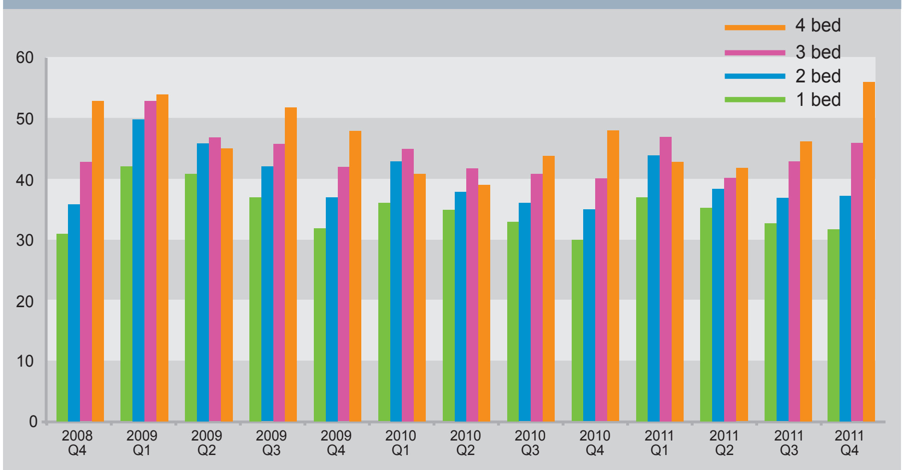
Time to Let: Proportion of properties let by TTL period
Q4 2010 - Q4 2011



Our detailed chart of TTL across Scotland by property size shows that 1 bed properties are still the quickest to let at just 32 days on average. In Q4 2011 2 bed properties took 37 days to let and 3 bed properties were on the market for 46 days, while larger 4 bed properties were on for an average 56 days.

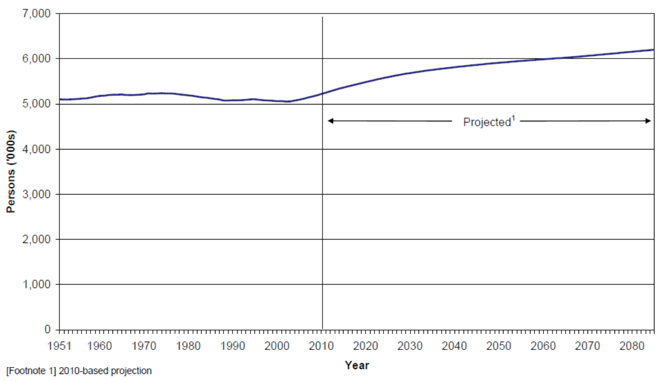
It is evident the market continues to perform well with TTL figures remaining stable in the quieter fourth quarter.

Time to Let in Scotland by Property Size (Q4 2008 - Q4 2011)



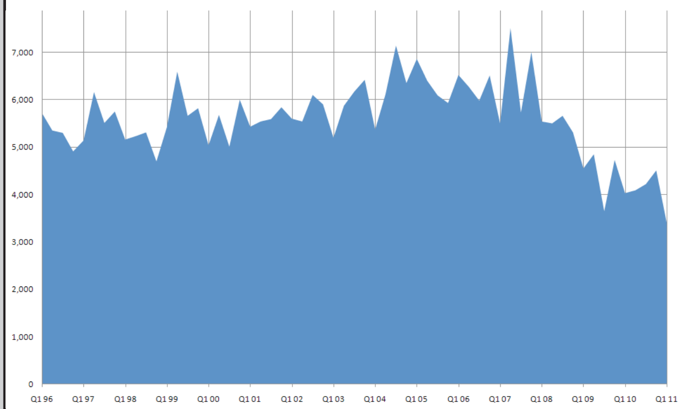
Economic and Social Trends

Estimated Population of Scotland, (Actual and Projected) 1951- 2085



[Footnote 1] 2010-based projection

Quarterly New Build House Completions in Scotland

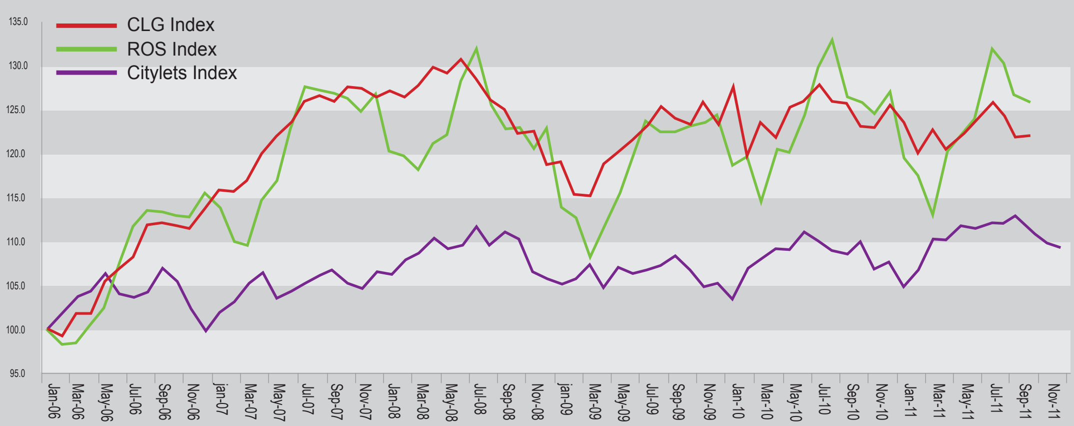


As usual in the section of the report we highlight some key socio-economic and demographic trends that are directly having an impact on the Private Rented Sector (PRS) in Scotland. New build house completions are at historically low levels in Scotland while the estimated population is on the increase and is projected to grow steadily. With the increased pressure of demand from a growing population and a downturn in new housing supply it is not surprising that the PRS is playing an increasingly prominent role in housing provision in Scotland.

The fluctuations in the Scottish housing sales market are summarised in the charts below. According to the latest data from the Council of Mortgage Lenders, the typical first time buyer in Scotland is now putting down a 21% deposit on their property. We calculate that this equates to an average deposit requirement of £25,037, a sum which is actually larger than the mean annual pay in Scotland (£24,546 Source: Annual Survey of Hours and Earnings, Office for National Statistics). With prospective home owners needing to save so much to get on the property owning ladder it is understandable why more people are staying within the PRS for longer.

Citylets Rental Index v CLG House Price Index v ROS Index (January 2006 - November 2011)

Index level (Jan 2006=100)

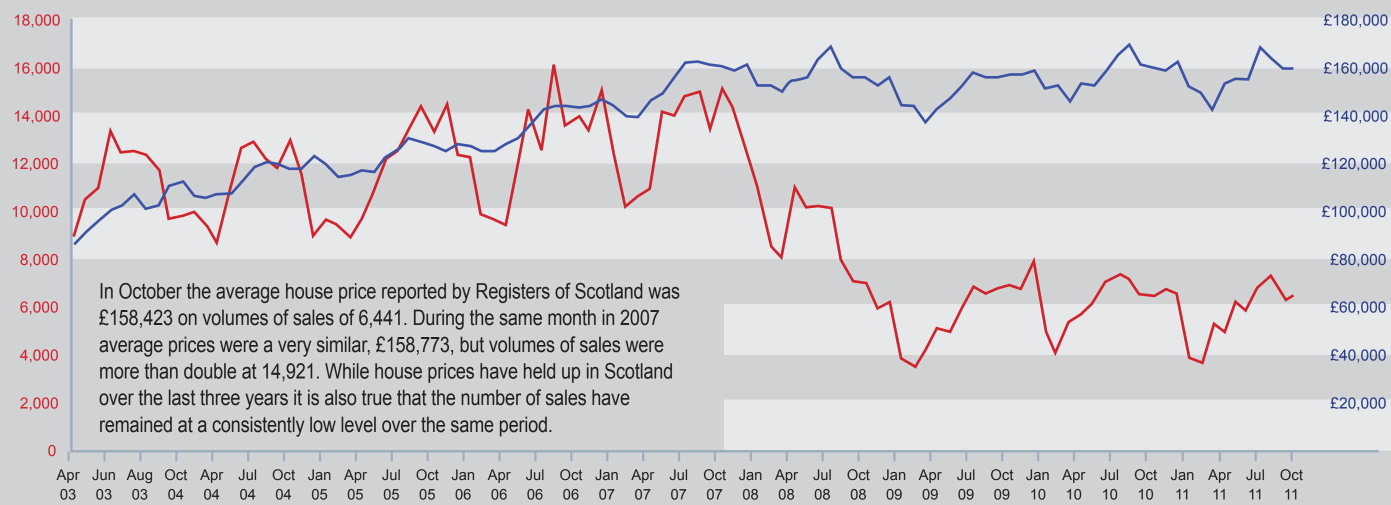


In December 2011 the Citylets Rental Index for Scotland stood at 109.4 which is down from the high of 112.9 reported in September 2011. This slight fall is not unexpected as the rental index usually does dip in the winter months in a similar way to the house price indices. The overall upturn in the rental index since January 2011 has been 4.3%.

Communities and Local Government (CLG) reported in October that average house prices decreased in Scotland by 1.5% over the year. In the same period (October to October) the Citylets Rental Index was up by 1.2%.

Monthly Residential Sales in Scotland — Monthly Residential Average Price in Scotland —

Source: Registers of Scotland

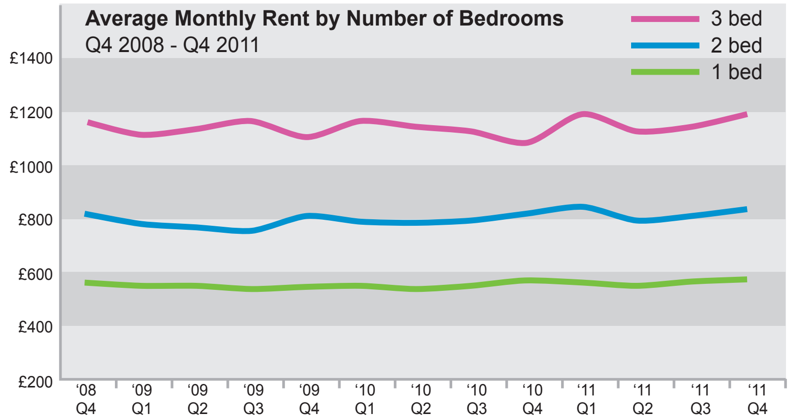


In October the average house price reported by Registers of Scotland was £158,423 on volumes of sales of 6,441. During the same month in 2007 average prices were a very similar, £158,773, but volumes of sales were more than double at 14,921. While house prices have held up in Scotland over the last three years it is also true that the number of sales have remained at a consistently low level over the same period.

Aberdeen

Aberdeen maintains its position as the most expensive city to rent in Scotland with a typical 2 bed flat costing an average £840 in Q4 2011, which compares to a national average of £626. The overall mix adjusted average which includes all property sizes in the City stands at £894 which is up 2.8% on the year.

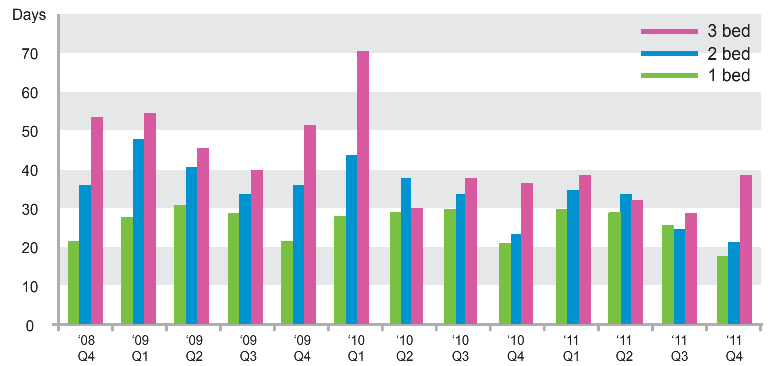
Average rents for 1 bed flats are now at £578 which is up just 0.5% on a year ago. The TTL for a 1 bed flat is now at 18 days which is one of the lowest figures seen and suggests demand is outstripping supply. Rents for 2 bed properties are up 2.1% over the year to £842 and their TTL improved by 4 days, so a typical 2 bed property now takes only 21 days to let. Rents for 3 bed property in Q4 jumped by 9.6% on the year though their TTL increased by 1 day.



Aberdeen Analysis Q4 2011

Beds	Average Rent Q4 2011	Growth Q4 2010 Q4 2011	Average TTL (days) Q4 2011	Change Q4 '10 - Q4 '11	Let within a week	Let within a month
1 bed	£578	0.5%	18	-4	40%	80%
2 bed	£842	2.1%	21	-4	26%	76%
3 bed	£1,199	9.6%	38	1	13%	50%

Time to Let in Aberdeen by Property Size (Q4 2008 - Q4 2011)



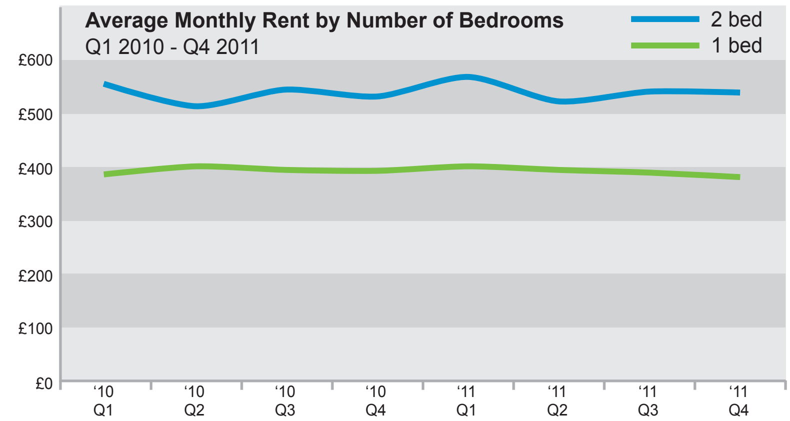
Aberdeen Average Monthly Rents Q4 2011

postcode	1 bed	2 bed	3 bed	4 bed	Total	TTL days
AB10	£592	£798	£1141		£753	£27
AB11	£559	£812	£1149		£755	£23
AB15	£644	£1013	£1234	£1764	£1268	£35
AB24	£570	£776	£1039		£744	£21
AB25	£561	£780	£1170		£728	£22

Dundee

In Dundee the average rent for the most popular property type (2 bed flat) increased little in Q4 2011 at £536, up 1.5% on the figure of a year ago. The volume of rentals processed via Citylets in Dundee increased by 48% over the year which suggests that the PRS is thriving.

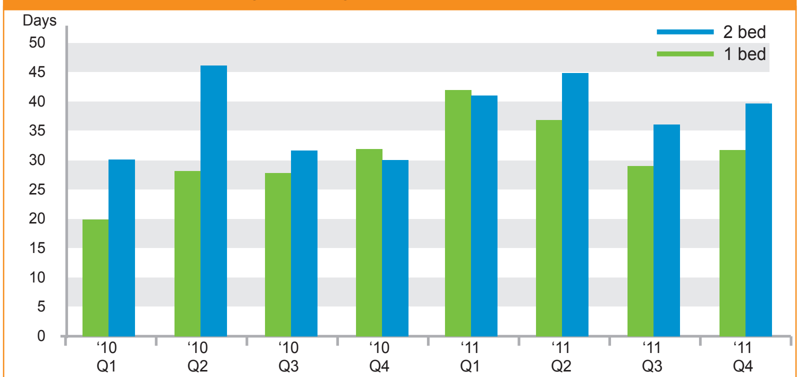
Dundee is still the most affordable city in Scotland to rent a property which is maybe not so surprising when one considers that it is also the cheapest Scottish city in which to purchase a property. In Q4 2011 the typical rental for a 1 bed flat is £381 which is 2.6% down on the figure a year ago. The equivalent figure for 2 bed properties (including houses) was £542 which very slightly down (0.4%) over the year.



Dundee Analysis Q4 2011

Beds	Average Rent Q4 2011	Growth Q4 2010 Q42011	Average TTL (days) Q4 2011	Change Q4 '10 - Q4 '11	Let within a week	Let within a month
1 bed	£381	-2.6%	32	0	6%	61%
2 bed	£542	-0.4%	40	10	8%	48%

Time to Let in Dundee by Property Size (Q1 2010 - Q4 2011)



The TTL chart shows a gradual improvement of the TTL from the beginning of 2011 to the third quarter, though there was a small lengthening of average TTL times at the end of the year in Q4. Smaller properties (1 bed flats) now have a TTL of 32 days which is same as Q4 2010, and 2 bed flats currently have a TTL of 40 days which is 10 days more than figure recorded last year.

Edinburgh

In Q4 2011 average rents for 1 bed properties in Edinburgh were £555 and they experienced the most growth over the year (4.1%) while 2 bed properties had annual increases of 1.0%. Typical 2 bed properties attained an average monthly rental of £711.

According to latest Scottish Household Survey figures from the Scottish Government an estimated 22% of all Edinburgh households rent their homes privately, which is twice the rate for Scotland. In fact Edinburgh is the only Local Authority in Scotland that has more households in the PRS than in the social rented sector.

Edinburgh Analysis Q4 2011

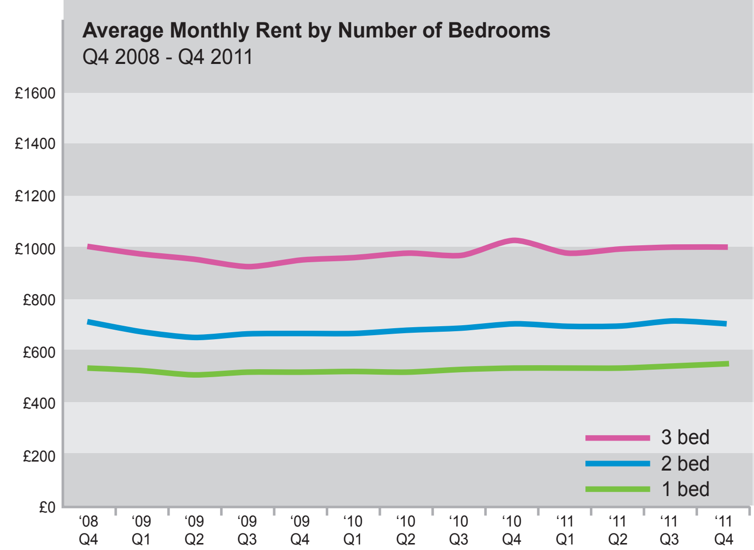
Beds	Average Rent Q4 2011	Growth Q4 2010 Q4 2011	Average TTL (days) Q4 2011	Change Q4 '10 - Q4 '11	Let within a week	Let within a month
1 bed	£555	4.1%	25	2	24%	67%
2 bed	£711	1.0%	29	2	19%	61%
3 bed	£1,025	-2.8%	39	7	13%	46%
4 bed	£1,426	-0.8%	58	15	11%	33%

Over the year 3 bed properties rents fell slightly by 2.8% to £1,025 and 4 bed properties were down 0.8% to £1,426. The TTL for 1 bed properties was 25 days which is down by 2 days on the previous year. More than two thirds of 1 bed properties are let within a month of being advertised and just under one quarter are let within a week. Volumes of lets for Q4 2011 were up 18.2% on a year ago which supports view that the PRS is continuing to expand.

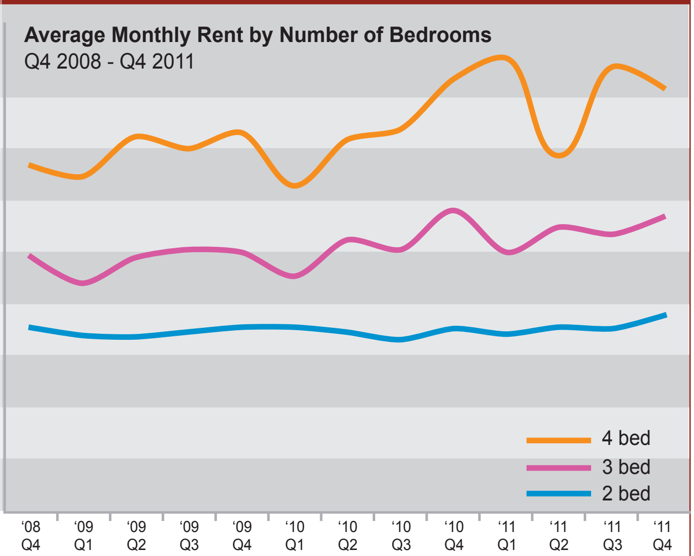
Edinburgh Average Monthly Rents Q4 2011

postcode	1 bed	2 bed	3 bed	4 bed	All	TTL(days)
EH1	£594	£791	£1,137		£813	30
EH2	£637	£835	£1,424		£985	28
EH3	£606	£886	£1,285	£1,581	£930	28
EH4	£595	£723	£904	£1,423	£784	33
EH5	£536	£628	£794		£662	36
EH6	£517	£651	£850	£1,262	£657	35
EH7	£522	£684	£948	£1,255	£678	30
EH8	£533	£670	£964	£1,233	£750	33
EH9	£558	£756	£1,080	£1,431	£936	33
EH10	£573	£770	£1,026	£1,516	£937	37
EH11	£512	£658	£876	£1,218	£633	29
EH12	£572	£721	£1,069	£1,433	£857	33

1,2,3 Bed Flat Rent Trends

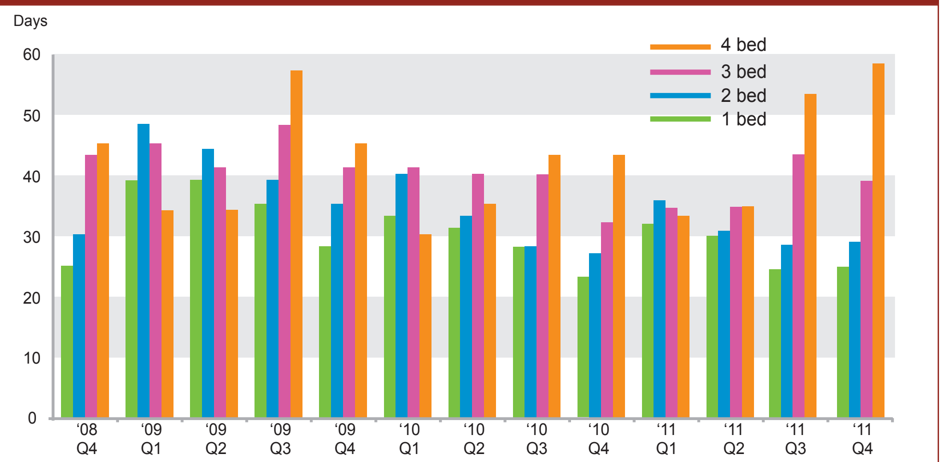


2,3,4 Bed House Rent Trends



TTL numbers for the larger 3 and 4 bed properties were slightly disappointing in Q4 with values of 39 days and 58 days respectively. These contrast with the better TTL figures for smaller properties in Q4 as is clearly shown in the TTL chart. We still anticipate the TTL for the larger 3 and 4 bed properties to revert to the long run average of below 40 days.

Time to Let in Edinburgh by Property Size (Q4 2008 - Q4 2011)

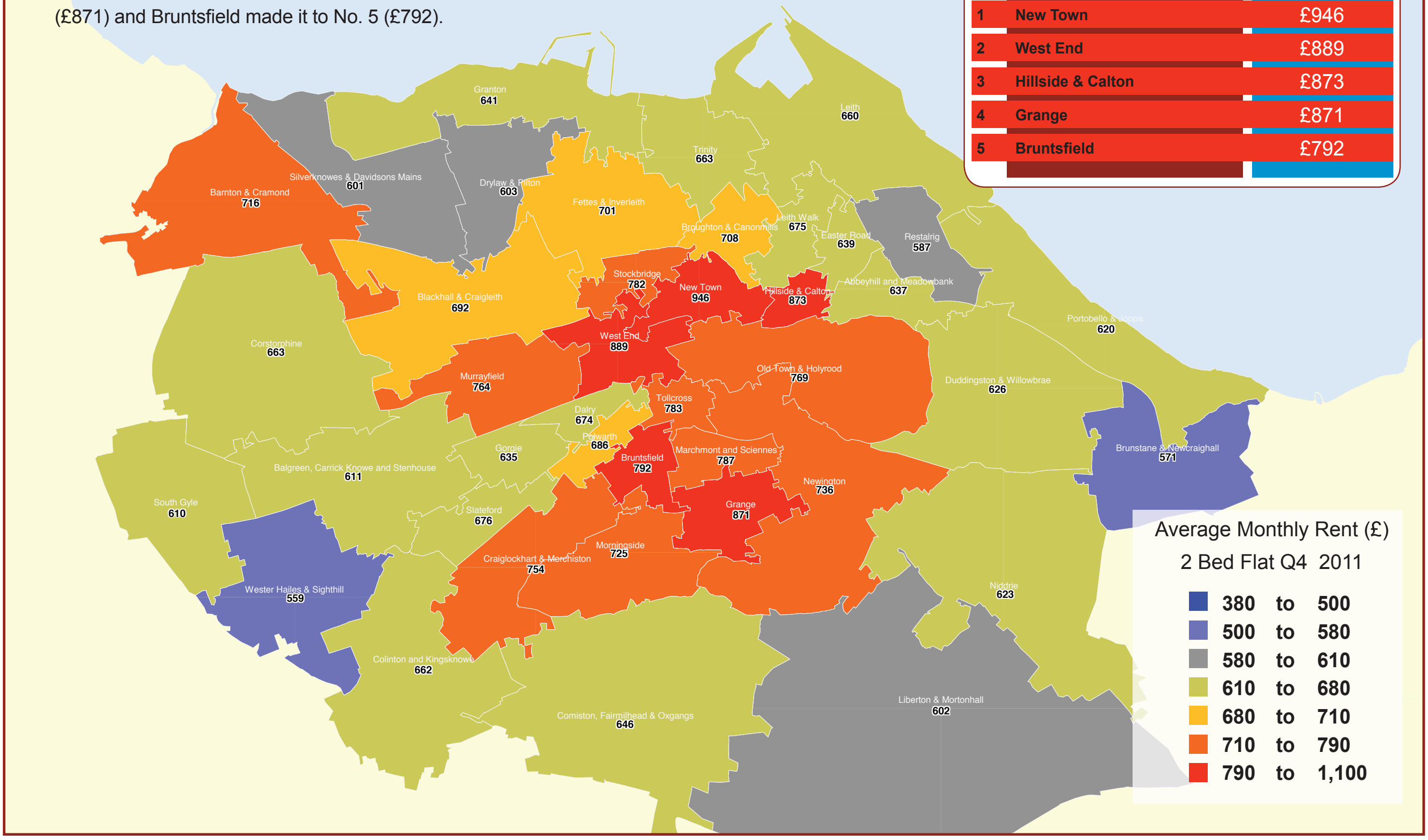


Average Monthly Rents for 2 Bed Flats in Edinburgh (all figures in pounds)

In Q4 2011 the New Town (£946) maintained its position as the most expensive area to rent a 2 bed flat in Edinburgh, ahead of West End (£889) and Hillside & Calton (£873). New Town average rents have never been higher and are approaching the £1,000 per month threshold for a two bedroom flat, a figure which has only ever been achieved by The Grange in early 2011. This quarter The Grange was at No. 4 (£871) and Bruntsfield made it to No. 5 (£792).

5 Most Expensive Areas in Edinburgh

	Neighbourhood	Average Monthly Rent for 2 bed flat
1	New Town	£946
2	West End	£889
3	Hillside & Calton	£873
4	Grange	£871
5	Bruntsfield	£792

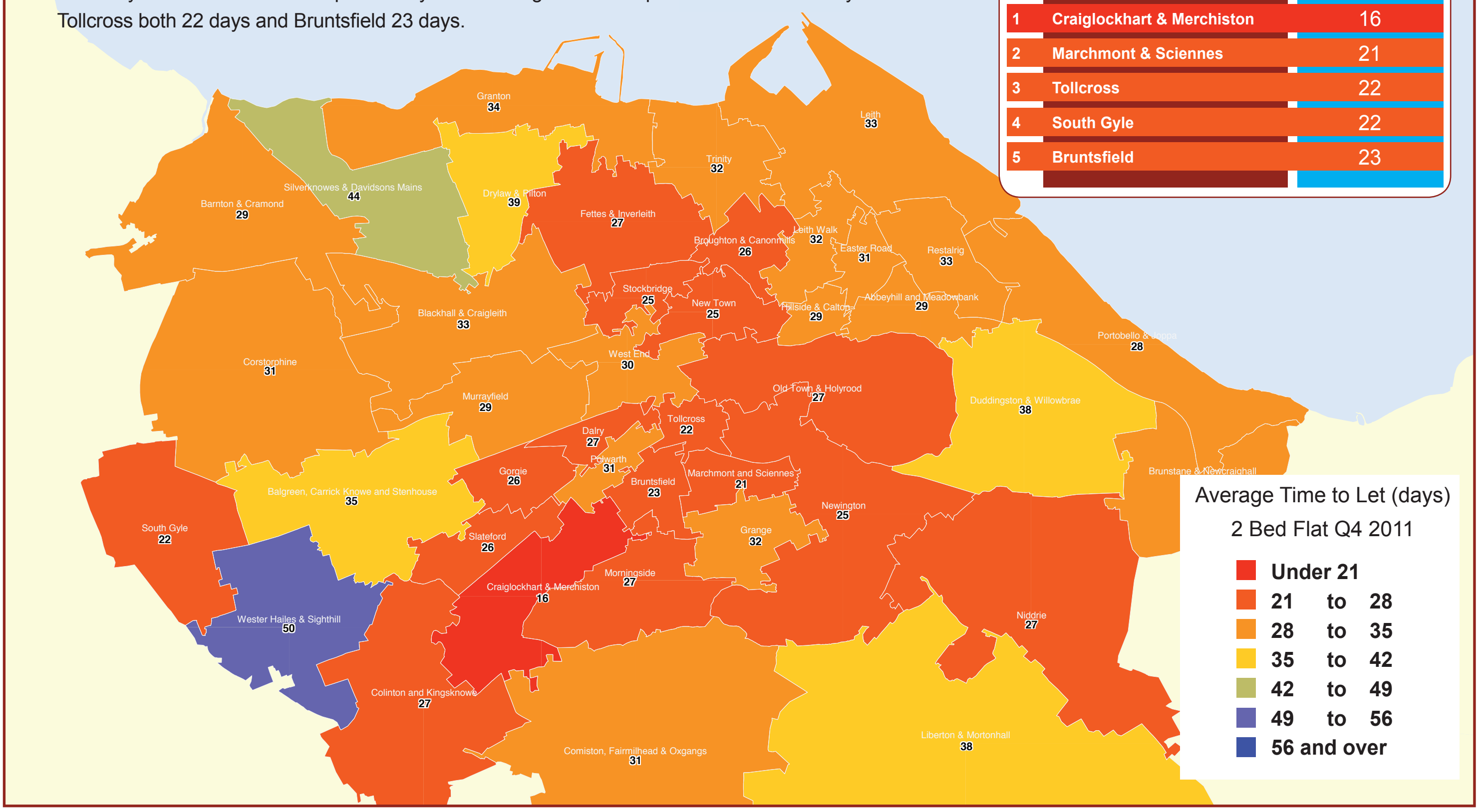


Average Time to Let (days) 2 Bed Flat Q4 2011

The TTL map of Edinburgh highlights the speed with which 2 bed flats are being let across the City. In the vast majority of neighbourhoods TTL figures are less than 35 days. Craiglockhart & Merchiston achieved a sub three week TTL in Q42011 of 16 days while Marchmont & Sciennes achieved TTLs of 21 days. Other locations with particularly short TTL figures in the quarter include South Gyle and Tollcross both 22 days and Bruntsfield 23 days.

5 Shortest Time to Let in Edinburgh

	Neighbourhood	TTL (days) 2 Bed Flats
1	Craiglockhart & Merchiston	16
2	Marchmont & Sciennes	21
3	Tollcross	22
4	South Gyle	22
5	Bruntsfield	23



Glasgow

Rents in Glasgow remain very stable; the mix adjusted average rent in Q4 2011 was £599, just down from the high of the previous quarter but more importantly up 1.9% from Q4 2010. The smallest properties (1 bed flats) had the largest annual rise of 4.7% to £465 while 2 bed properties were up 0.7% on the year to £611. The average monthly rent for 3 bed properties dropped slightly by 1.8% to £808.

Glasgow Analysis Q4 2011

Beds	Average Rent Q4 2011	Growth Q4 2010 Q4 2011	Average TTL (days) Q4 2011	Change Q4 2010 - Q4 2011	Let within a week	Let within a month
1 bed	£465	4.7%	36	5	12%	52%
2 bed	£611	0.7%	39	8	11%	49%
3 bed	£808	-1.8%	44	8	7%	42%

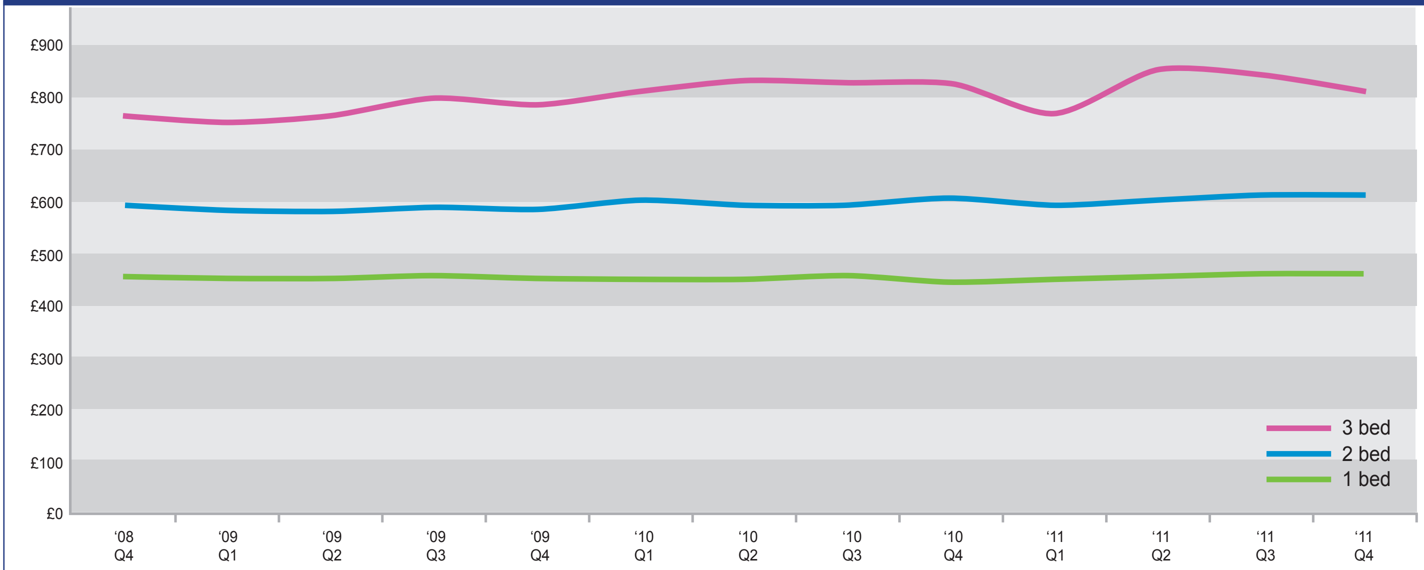
An analysis of the type of properties privately rented in Glasgow highlights the high proportion that are flats (97%) with houses making up the remaining 3% of lets. Equivalent figures for Scotland show that 80% of rentals are flats and 20% are houses, though a more useful urban comparison is with Edinburgh where the split is 93% flats to 7% houses.

Glasgow Average Monthly Rents Q4 2011

postcode	1 bed	2 bed	3 bed	4 bed	All	TTL(days)
G1	£535	£734	£1,203		£649	33
G2	£507	£708	£946		£656	34
G3	£530	£718	£1,014		£722	34
G4	£493	£629	£981		£650	34
G5	£472	£580	£777		£591	47
G11	£501	£707	£1,020		£658	35
G12	£544	£735	£1,009	£1,494	£780	31
G20	£466	£582	£730	£898	£587	39
G31	£406	£518	£631		£505	48
G32	£360	£472	£599		£455	51
G40	£384	£516	£609		£475	42
G41	£435	£556	£724		£560	44
G42	£397	£507	£641		£455	48
G44	£398	£529	£600		£492	45
G51	£389	£487	£587		£460	47

1,2,3 Bed Flat Rent Trends

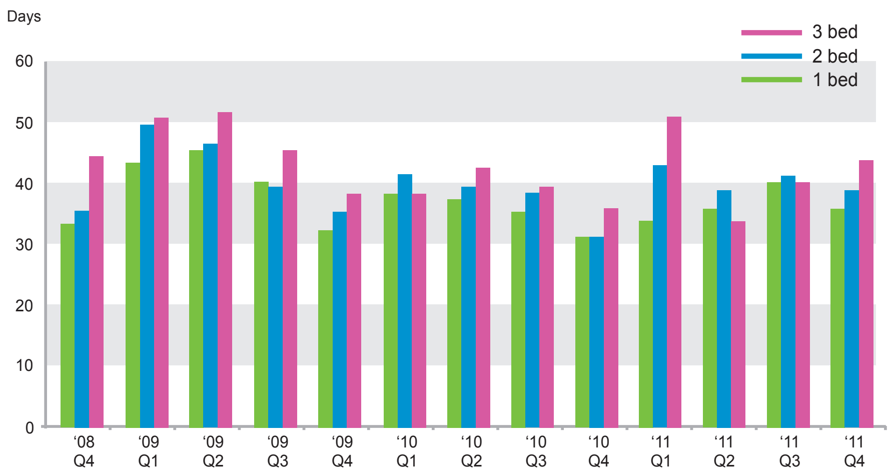
Average Monthly Rent by Number of Bedrooms Q4 2008 - Q4 2011



Time to Let in Glasgow by Property Size (Q4 2008 - Q4 2011)

In Q4 2011 the TTL for all sizes of properties increased somewhat over the year. TTL for larger 3 bed properties increased by 8 days over the year and now stands at 44 days while 2 bed properties had a smaller TTL deterioration of 8 days and now stand at 39 days. Smaller 1 bed properties have TTL of 36 days which is 5 days longer than the equivalent figure of a year ago.

While TTL figures have all increased somewhat, the extent of the increase is not alarming and the overall average TTL for the city is 39 days which exactly matches the national average TTL for Scotland.

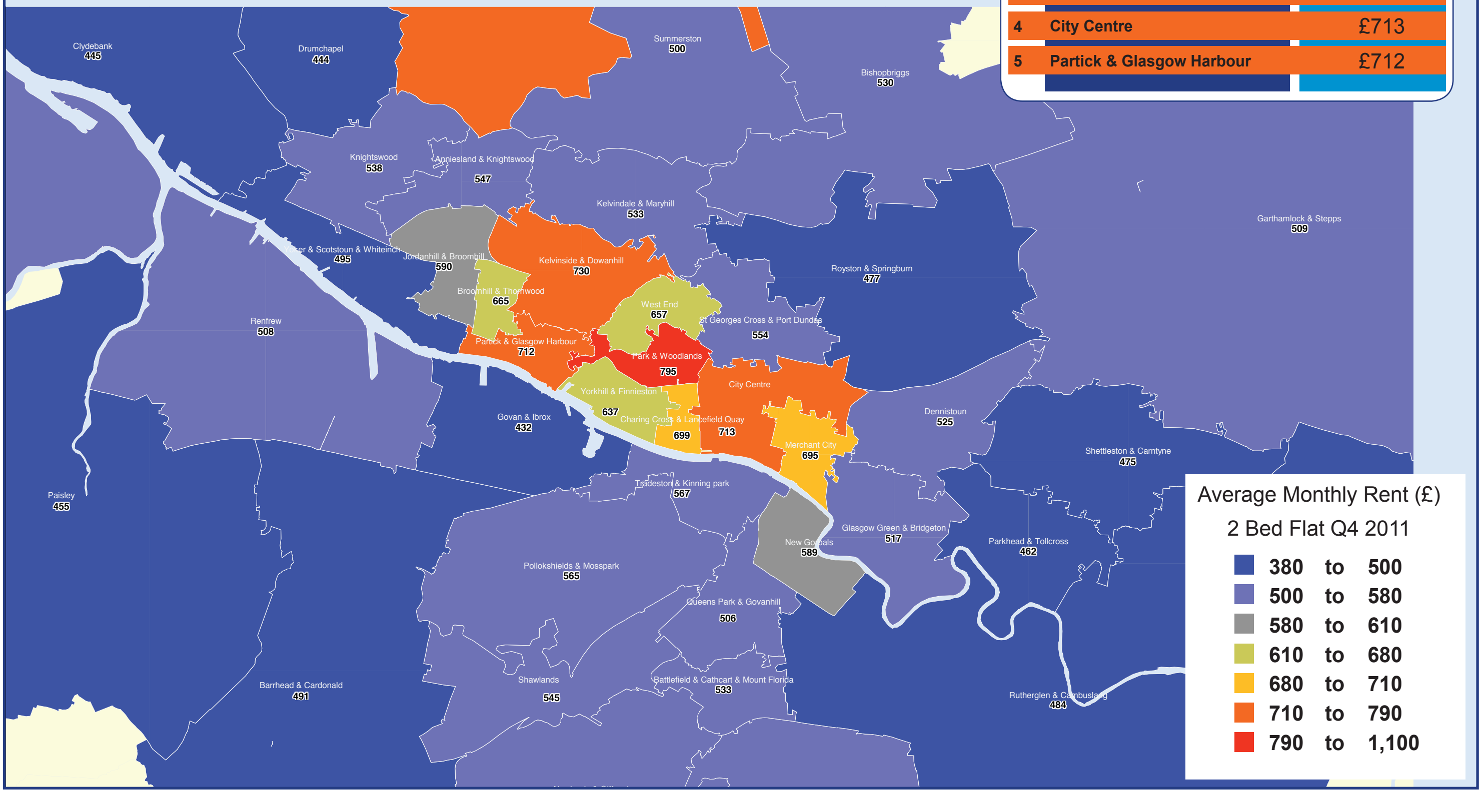


Average Monthly Rents for 2 Bed Flats in Glasgow (all figures in pounds)

Park & Woodlands again tops the list of the most expensive neighbourhoods in Glasgow with an average rent for a 2 bed flat of £795, just a pound down on the figure reported last quarter. Bearsden & Milngavie (£732) just overtook Kelvinside & Dowanhill (£730) to second place while City Centre (£713) and Partick & Glasgow Harbour (£712) were 4th and 5th respectively.

5 Most Expensive Areas in Glasgow

	Neighbourhood	Average Monthly Rent for 2 bed flat
1	Park & Woodlands	£795
2	Bearsden & Milngavie	£732
3	Kelvinside & Dowanhill	£730
4	City Centre	£713
5	Partick & Glasgow Harbour	£712

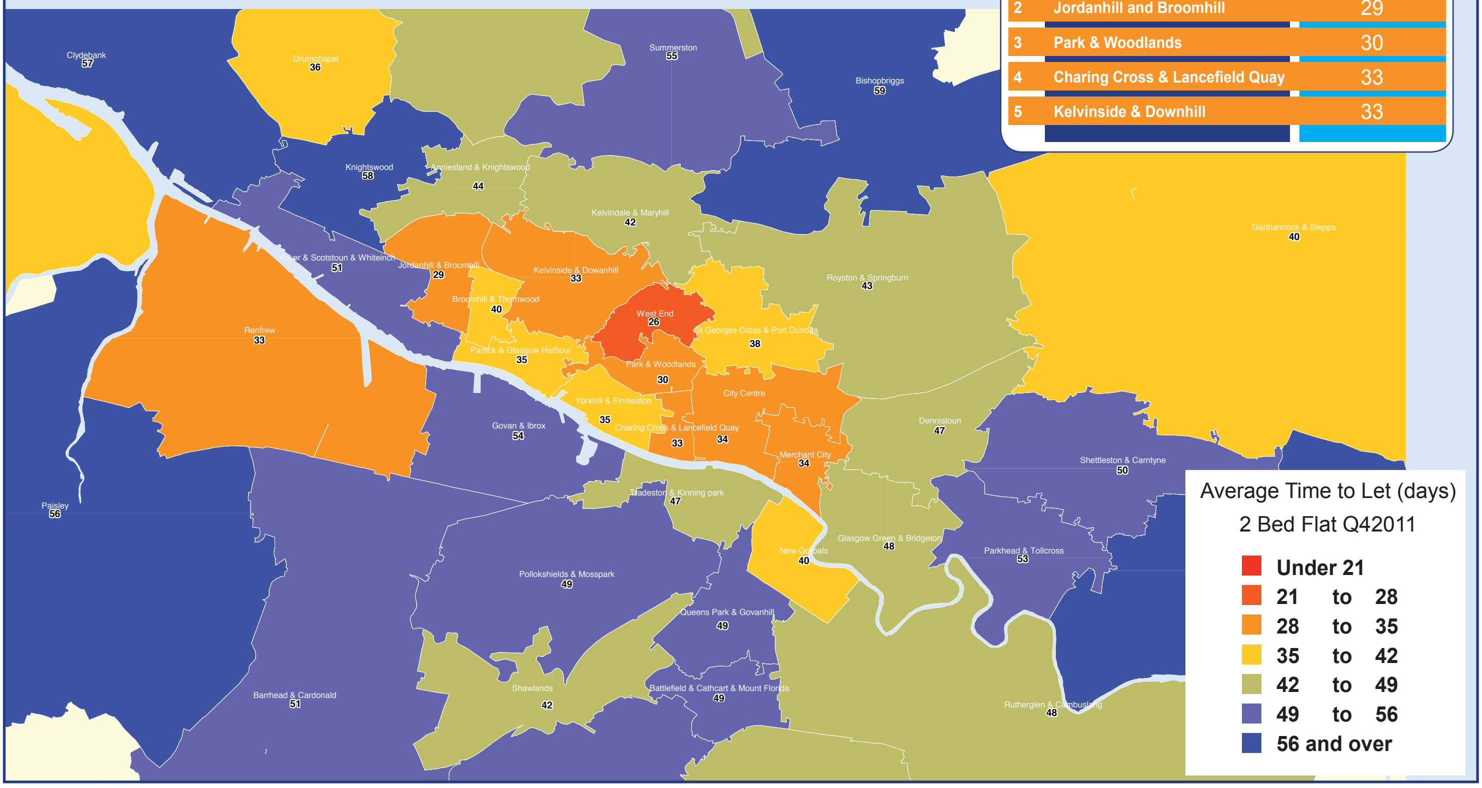


Average Time to Let (days) 2 Bed Flat Q4 2011

West End (26 days) again topped the TTL ranking of Glasgow neighbourhoods and was still the only area to have a TTL of less than 4 weeks. Jordanhill & Broomhill (29 days) came 2nd in the ranking closely followed by Park & Woodlands (30 days). Charing Cross & Lancefield Quay and Kelvinside & Dowanhill both had reported TTL averages of 33 days putting them in 4th= position. These maps and those for Edinburgh clearly show how the centres of the city still attract the most demand for private rental property.

5 Shortest Time to Let in Glasgow

	Neighbourhood	TTL (days) 2 Bed Flats
1	West End	26
2	Jordanhill and Broomhill	29
3	Park & Woodlands	30
4	Charing Cross & Lancefield Quay	33
5	Kelvinside & Downhill	33

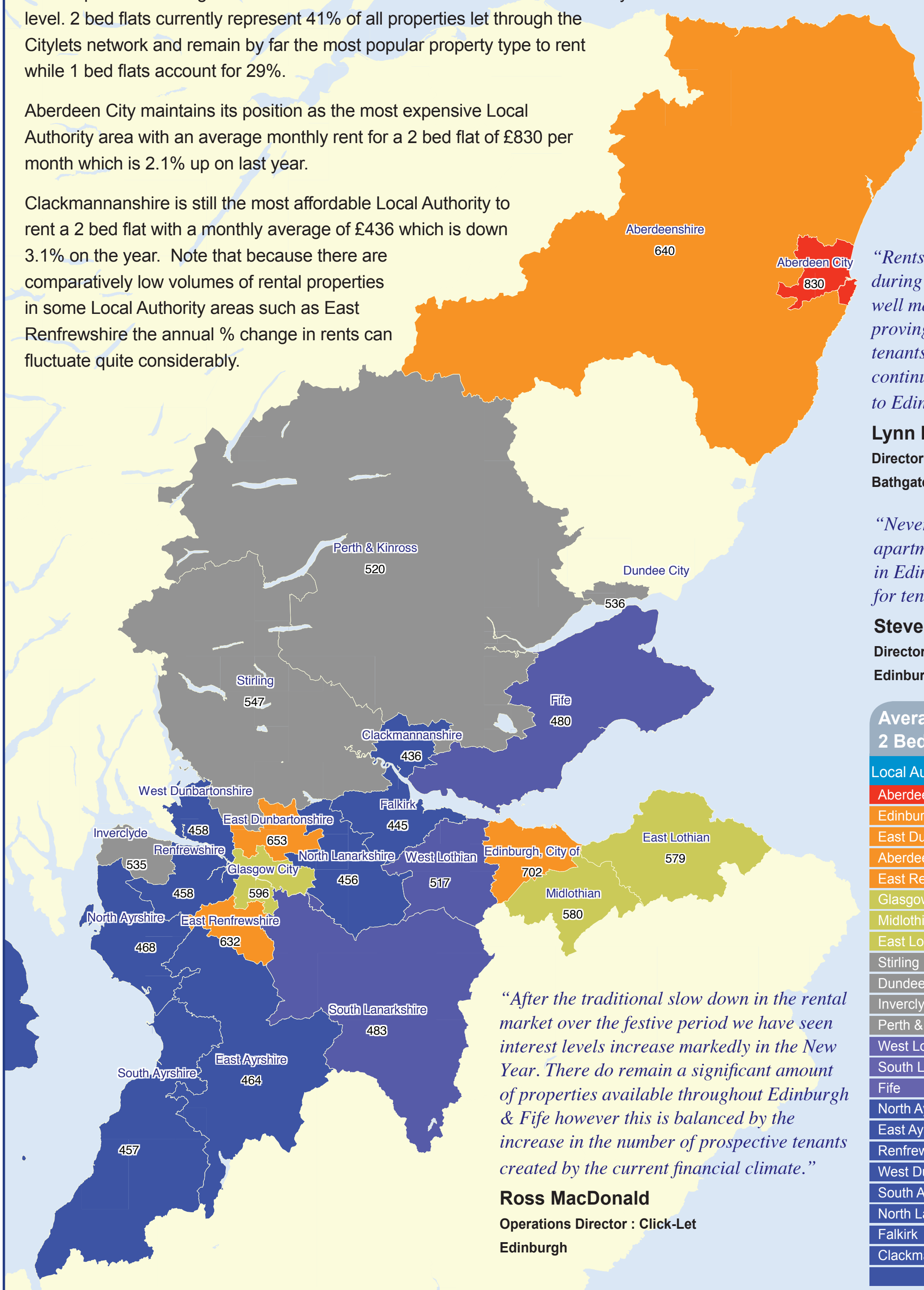


Citylets Rent Map

The map shows average rents in Q4 2011 for 2 bed flats at the Local Authority level. 2 bed flats currently represent 41% of all properties let through the Citylets network and remain by far the most popular property type to rent while 1 bed flats account for 29%.

Aberdeen City maintains its position as the most expensive Local Authority area with an average monthly rent for a 2 bed flat of £830 per month which is 2.1% up on last year.

Clackmannanshire is still the most affordable Local Authority to rent a 2 bed flat with a monthly average of £436 which is down 3.1% on the year. Note that because there are comparatively low volumes of rental properties in some Local Authority areas such as East Renfrewshire the annual % change in rents can fluctuate quite considerably.



Average Monthly Rent
2 Bed Flats Q4 2011

- 420 to 470
- 470 to 520
- 520 to 560
- 560 to 600
- 600 to 710
- 710 to 830

"Rents remained stable in West Lothian during the last few months of 2011 with well maintained and economical properties proving the most attractive to cost conscious tenants. Livingston and the Calder's continue to provide an affordable alternative to Edinburgh commuters."

Lynn McMurdo

Director: Castlebrae Sales and Letting Ltd.

Bathgate

"Never before have such quality studios, apartments and houses been available in Edinburgh and its surrounding areas, for tenants to make home"

Steven A Currie

Director: Murray & Currie Property Sales & Lettings

Edinburgh

"After the traditional slow down in the rental market over the festive period we have seen interest levels increase markedly in the New Year. There do remain a significant amount of properties available throughout Edinburgh & Fife however this is balanced by the increase in the number of prospective tenants created by the current financial climate."

Ross MacDonald

Operations Director : Click-Let

Edinburgh

Average Monthly Rents 2011 2 Bed Flats

Local Authority Region	Q4-11	Q4-10	Change (actual)	Change (%)
Aberdeen City	£830	£813	£17	2.1%
Edinburgh, City of	£702	£697	£5	0.7%
East Dunbartonshire	£653	£580	£73	12.6%
Aberdeenshire	£640	£639	£1	0.2%
East Renfrewshire	£632	£517	£115	22.2%
Glasgow City	£596	£595	£1	0.2%
Midlothian	£580	£580	£0	0.0%
East Lothian	£579	£579	£0	0.0%
Stirling	£547	£611	-£64	-10.5%
Dundee City	£536	£528	£8	1.5%
Inverclyde	£535	£507	£28	5.5%
Perth & Kinross	£520	£506	£14	2.8%
West Lothian	£517	£528	-£11	-2.1%
South Lanarkshire	£483	£526	-£43	-8.2%
Fife	£480	£470	£10	2.1%
North Ayrshire	£468	£443	£25	5.6%
East Ayrshire	£464	£449	£15	3.3%
Renfrewshire	£458	£459	-£1	-0.2%
West Dunbartonshire	£458	£504	-£46	-9.1%
South Ayrshire	£457	£460	-£3	-0.7%
North Lanarkshire	£456	£433	£23	5.3%
Falkirk	£445	£460	-£15	-3.3%
Clackmannanshire	£436	£450	-£14	-3.1%

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.

CITYLETS

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

Whilst we have made every effort to ensure information published in this report is correct Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.