

Singled Out



- Market Overview ▪ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen & more
- Agent Views ▪ Postcode & Town Analysis: Localised Rental Prices
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- SAL: Supporting Tenants during the Cold Weather
- ESPC: Demand for Edinburgh Homes Remains Strong
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Market Overview

Q4 2022 will go down in history as one of the most challenging periods for providers of private rented residential accommodation in Scotland. A disastrous September UK mini-budget unravelled spiking mortgage rates sharply to layer on concern for many (mortgaged) landlords already reeling from the legislative announcement of the Cost of Living (Tenant Protection)(Scotland) Bill introducing generalised bans on evictions and rent rises within pre-existing tenancies.

By quarter end having only passed into law in October, the social rented sector was swiftly exempt on provisos that many believe the PRS could also meet if given the requisite opportunity. Arguably the sector had never strayed out-with these parameters for in-tenancy rises at all. For the reported significant majority of landlords who do not adjust rents for their tenants in line with inflation or open market rents, the co-incidental timing of the combined events will have been unnerving and may destabilise the viability of their accommodation provisions at a time of chronic supply shortage.

Landlords saw near or medium term costs increase substantively through higher mortgage rates whilst at the same time their scope for mitigation

was reduced. Landlords will be querying why the social sector has been exempted from caps to rent rises and feeling the private sector has been singled out. Many will feel the rules have been changed beyond the informed consent at point of entry. The pre-conception that the majority of landlords can easily withstand all is being increasingly challenged.

Though predictions of landlord exodus have been historically dismissed, it may indeed be 'different this time' and certainly it would be hard to substantiate argument that small scale landlord sentiment in Scotland will have remained intact. Whether ideologically favoured or not, PRS homes are needed in Scotland and the question must be asked, if the number of homes available reduces, where will its inhabitants go?

Meantime, matters for tenants seem to have deteriorated. Rents in Scotland, as defined by initial rents on new tenancies, rose an unprecedented annualised 11.9%. Whilst rents had already been rising, the figures represent a clear acceleration of trend and will be of concern for legislators who presumably will be concerned to monitor the PRS for unintended consequences. Fears for continued

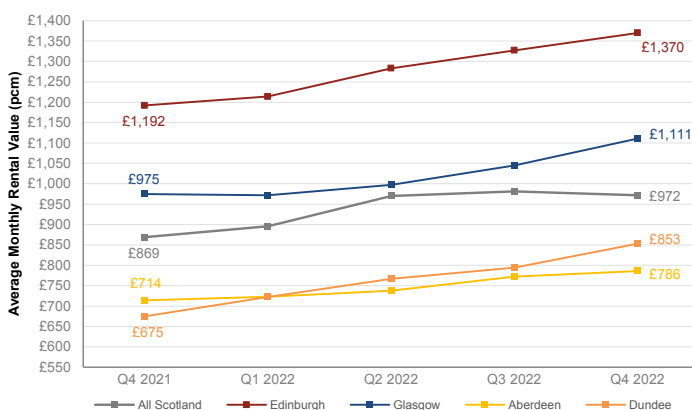
double digit rent rises in most areas, premised on low stocks relative to demand, look well founded.

With forecasts for the UK economy ranging from stagnation to recession, it is unclear whether levels of rental stock placed on the market will outweigh demand as seen in previous material economic downturns. Many would-be buyers understandably are postponing purchases and only a deluge of rental stock as per 2008/9 onto the market will overpower demand.

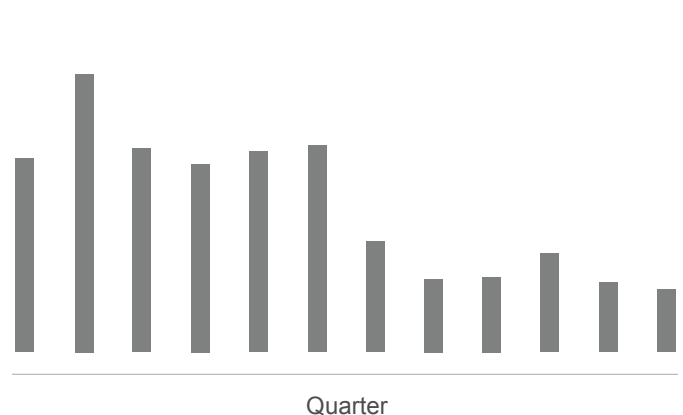
Rent caps over time will lay increasingly bare the differential between existing and new tenancy rents providing incentive for tenants to stay put rather than move within the PRS which will reduce turnover and see choice options stagnate.

Average rents in Scotland rose 11.9% Year on Year (YOY) in the final quarter of 2022 to average £972 per month with properties taking just 16 days to let. Competition for property to rent in Edinburgh and Glasgow remained fierce with average time to lets (TTLs) of 12 and 13 days respectively. Double digit growth was recorded for almost all major cities and regions covered by the report including 10.1% for Aberdeen with TTL now reduced significantly to 21 days.

Scottish Monthly Rent Analysis (Q4 2021 - Q4 2022)



Scotland - Average Stock Levels (Q1 2020 - Q4 2022)

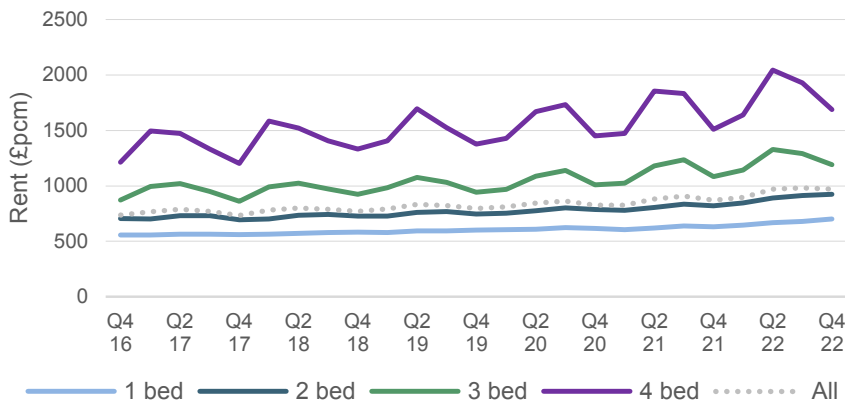


Scotland

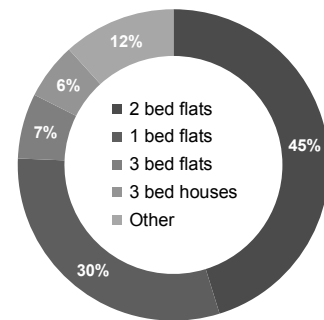
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£703	11.2%	25.5%	42.6%	13	-3	45%	89%
2 bed	£924	12.7%	32.8%	45.5%	15	-2	38%	85%
3 bed	£1,193	10.1%	38.2%	46.6%	21	4	25%	74%
4 bed	£1,689	11.9%	40.6%	45.1%	25	6	24%	68%
All	£972	11.9%	32.4%	44.9%	16	-1	38%	84%

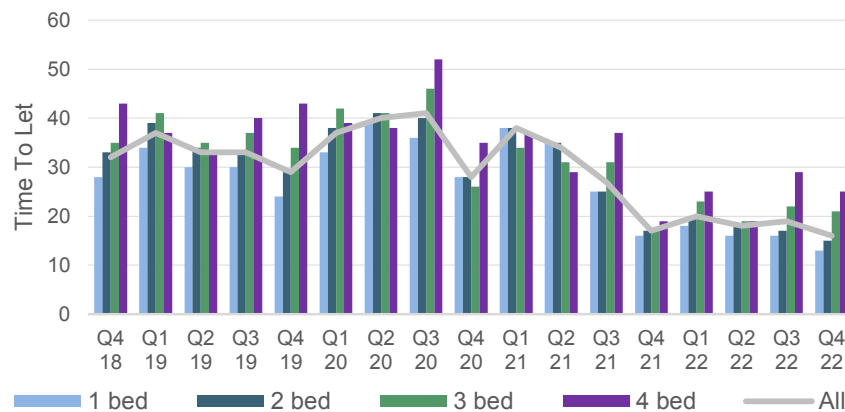
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

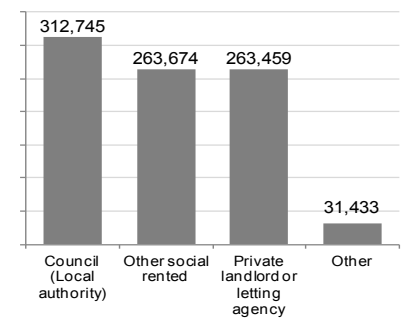


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	100.3	102.8	103.9	101.7
2012	102.9	104.2	105.0	104.0
2013	104.7	107.4	106.5	105.1
2014	108.4	112.1	114.1	113.5
2015	116.4	118.1	117.4	115.7
2016	118.9	120.5	120.2	114.6
2017	119.1	122.3	119.7	113.8
2018	120.9	123.9	122.3	119.5
2019	122.9	129.1	127.3	123.6
2020	125.7	130.9	134.1	128.1
2021	128.1	136.9	140.5	134.7
2022	138.9	150.4	152.1	150.7

Households: Rented



Source: Census 2011, Edinburgh



Adrian Sangster - Aberdeen Considine

"The chronic shortage of PRS properties available continues, whilst demand seems to be ever increasing. As a result, rents throughout Scotland continue to increase along with the stress levels of many people desperate to find a home. The reasons why there is such a shortage have been well documented so I won't repeat them. The political football that the Scottish PRS has become, was pumped up, kicked around and burst by politicians. It's now landlords and tenants who are suffering for their failures. I hope the New Year's resolution being written in Bute House is to apologise for the ideological policy failures which have created the mess, and to promise to take a common sense approach to sorting it out."

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PRS



Student



Housing Association



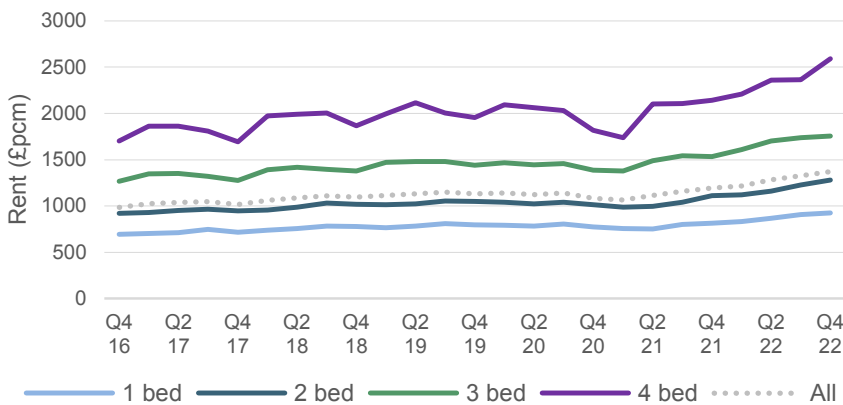
Estate Agency

Edinburgh

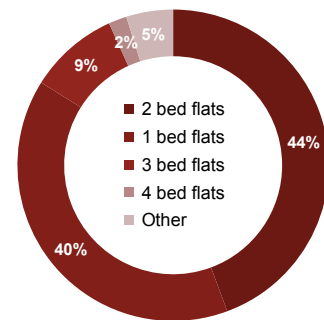
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£923	13.5%	28.6%	63.4%	10	0	57%	94%
2 bed	£1,279	15.1%	35.2%	71.9%	11	0	48%	92%
3 bed	£1,754	14.3%	37.2%	63.6%	20	5	32%	79%
4 bed	£2,590	20.9%	52.9%	73.1%	12	-3	46%	89%
All	£1,370	14.9%	34.8%	67.3%	12	1	50%	91%

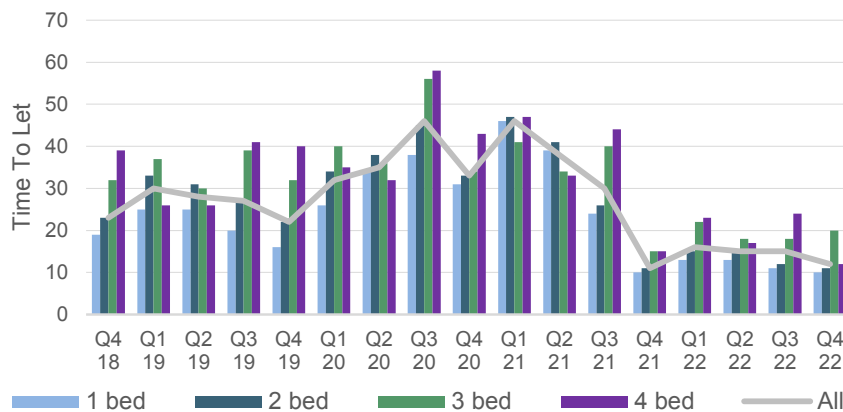
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	102.5	102.9	104.8	104.3
2012	105.5	105.9	106.2	109.6
2013	109.4	109.5	109.8	110.0
2014	113.5	115.1	117.3	120.5
2015	122.1	123.6	126.1	127.2
2016	130.1	132.0	135.6	131.7
2017	136.9	138.8	140.3	136.0
2018	142.2	145.5	148.3	146.6
2019	149.3	151.5	153.7	151.4
2020	152.9	150.2	152.5	145.2
2021	142.3	149.3	154.9	159.6
2022	162.5	171.8	177.6	183.4

Yield by Popular Postcodes (Flats)

	2017	2018	2019	2020	2021
EH3	4.0%	3.7%	3.9%	3.6%	3.8%
EH7	5.6%	5.0%	5.5%	5.0%	5.1%
EH8	7.0%	7.0%	6.3%	6.6%	6.4%
EH9	4.8%	4.8%	5.1%	4.7%	4.8%
EH10	4.2%	4.1%	4.2%	3.8%	3.9%
EH11	5.8%	5.8%	5.8%	5.6%	5.3%
EH12	4.7%	4.9%	4.9%	4.7%	4.6%



Andrew Markham - Burgh Property

"The Edinburgh market in quarter 4 settled into a steady rhythm with a lower level of available stock across all property types, helping to maintain rent levels seen in Q3. The latter end of the quarter has seen a slowdown in tenant enquiries, due to fewer tenants choosing to move nearer to the winter holidays – a slowing of the market and a trend not seen since 2019. Whilst stock levels remain low across the market, the demand for attractive properties remains good with rents holding at the same level or sometimes higher than the previous rent achieved. Economic uncertainty, the energy crisis and energy performance are factors very much in tenants' minds and will be decision making factors when shopping around for a property to rent."

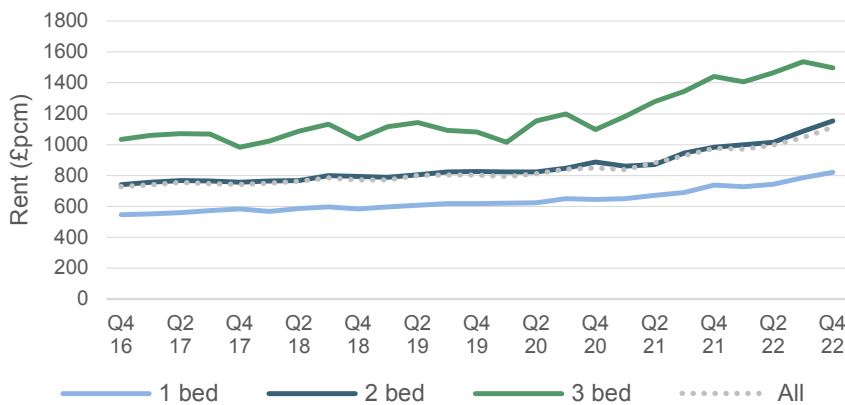


Glasgow

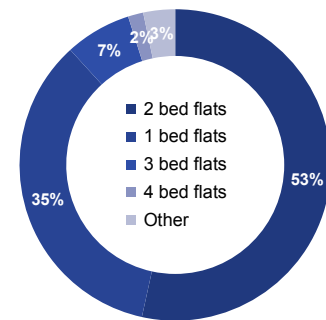
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£820	11.1%	40.7%	75.2%	10	3	51%	94%
2 bed	£1,154	17.4%	52.8%	83.2%	13	4	43%	89%
3 bed	£1,497	3.8%	52.4%	84.8%	18	5	30%	79%
4 bed	£2,096	-8.8%	62.6%	77.9%	23	8	33%	80%
All	£1,111	13.9%	49.7%	81.5%	13	4	45%	90%

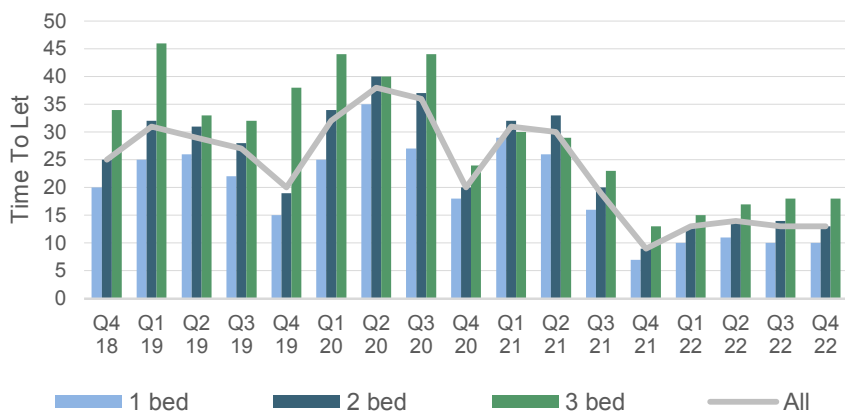
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	102.3	106.0	106.7	105.6
2012	105.1	107.4	108.5	107.9
2013	108.1	109.0	109.0	108.5
2014	110.8	115.7	118.0	118.7
2015	119.8	120.8	120.6	123.6
2016	125.2	126.8	129.3	128.6
2017	130.5	133.2	131.9	130.9
2018	132.1	134.6	138.4	136.0
2019	136.2	140.9	141.6	141.4
2020	139.7	142.9	148.3	149.4
2021	147.8	155.6	163.7	172.0
2022	171.4	175.8	184.3	195.9

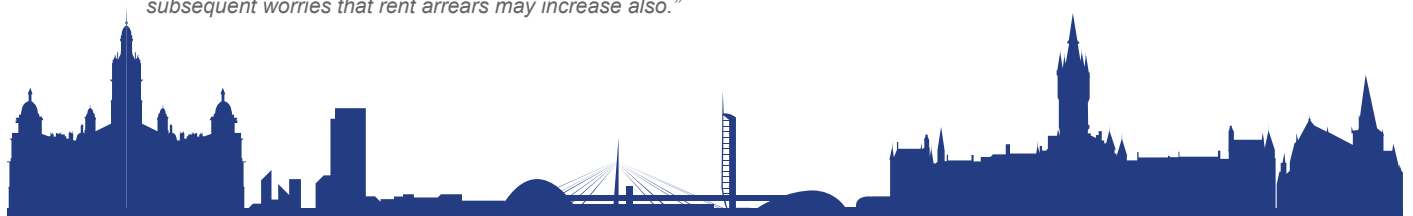
Yield by Popular Postcodes (Flats)

	2017	2018	2019	2020	2021
G1	5.7%	4.9%	6.0%	5.8%	6.2%
G2	6.7%	7.0%	6.6%	5.9%	6.6%
G3	5.4%	5.3%	5.3%	5.3%	5.0%
G4	6.6%	5.3%	6.0%	5.9%	6.0%
G5	6.7%	6.4%	6.7%	6.4%	6.7%
G11	5.3%	5.0%	5.2%	5.2%	5.3%
G12	4.7%	4.4%	4.8%	4.2%	4.5%



Colin Macmillan - Glasgow Property Letting

"The final quarter of 2022 has been challenging across the board, to say the least. Whilst the reality of the Scottish Government's sanctions and actions are filtering through the PRS, many traditional landlords have had enough and are exiting the market. With an over subscription of university places, we find ourselves in a perfect storm. Less properties available with unprecedented demand, equals hyper inflated rents. We also find ourselves in a cost of living crisis at probably the worst time of the year, with energy costs rising as the temperature is falling, and subsequent worries that rent arrears may increase also."

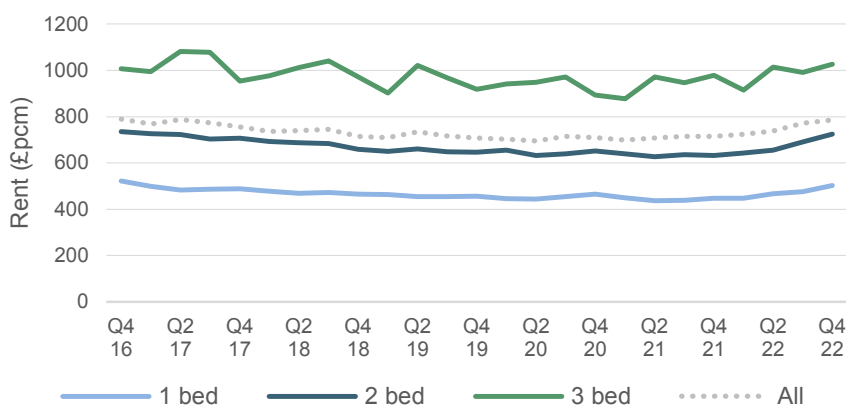


Aberdeen

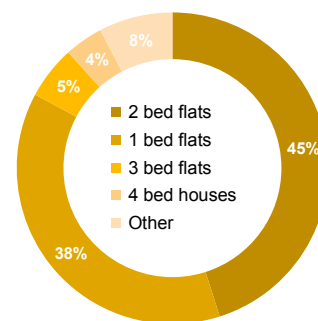
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£503	12.5%	2.9%	-15.6%	15	-17	37%	87%
2 bed	£725	14.5%	2.5%	-18.0%	22	-13	23%	75%
3 bed	£1,027	4.9%	7.8%	-21.3%	29	2	13%	56%
4 bed	£1,586	8.8%	3.3%	-19.9%	32	-4	13%	53%
All	£786	10.1%	4.1%	-17.3%	21	-12	27%	77%

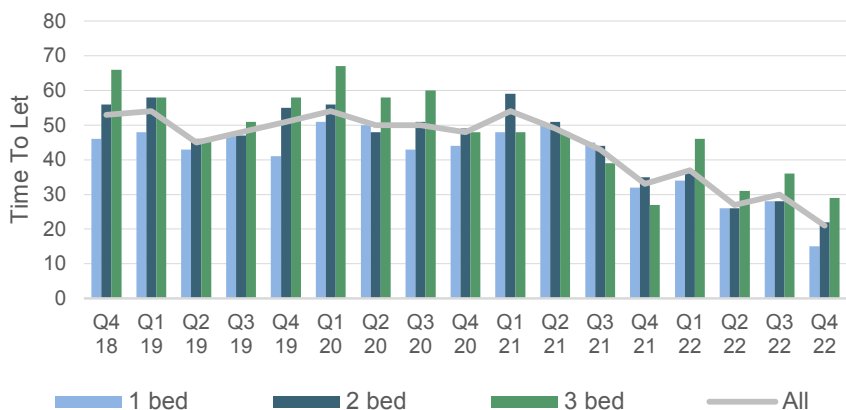
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	102.5	97.4	99.2	101.0
2012	103.2	101.8	101.6	107.3
2013	108.6	109.3	113.2	116.2
2014	120.5	122.5	120.6	125.4
2015	123.1	117.9	112.4	105.5
2016	97.7	93.9	93.7	89.2
2017	86.8	89.0	87.5	85.3
2018	83.2	83.6	84.2	80.8
2019	80.2	82.9	80.9	80.0
2020	79.3	78.6	80.7	80.1
2021	79.0	79.9	80.8	80.7
2022	81.7	83.4	87.2	88.8

Yield by Popular Postcodes (Flats)

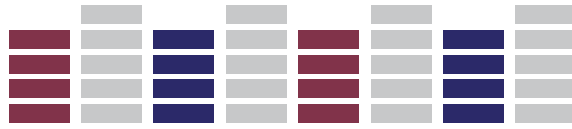
	2017	2018	2019	2020	2021
AB10	5.2%	5.4%	5.2%	5.3%	5.3%
AB11	5.6%	5.7%	6.0%	6.2%	6.1%
AB15	5.1%	4.9%	5.2%	5.2%	5.4%
AB24	6.6%	6.7%	6.4%	7.3%	7.4%
AB25	5.5%	5.3%	4.9%	5.6%	5.8%



Matt Pullinger - Northwood Aberdeen

"It has been an exceptionally busy period as demand across the city and shire continued to increase in Q4. Enquiries and applications have been at peak levels, however, not all accommodation requests have been fulfilled as the current supply of available properties in Aberdeen continues to be an issue. Increased demand and a shortage of supply has resulted in rent increases for all property types and sizes. We have also experienced a growing appetite of investors seeking to buy property portfolios locally. Overall, the outlook for Aberdeen is very positive as we look ahead to 2023 and embrace the potential investment opportunities currently available."





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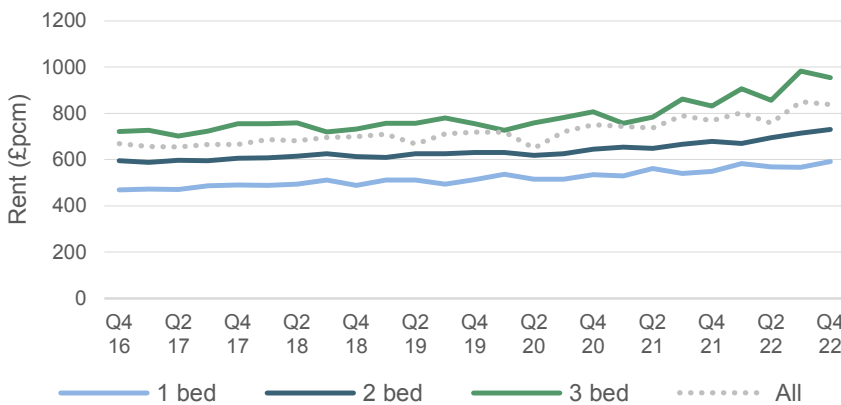
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West Lothian

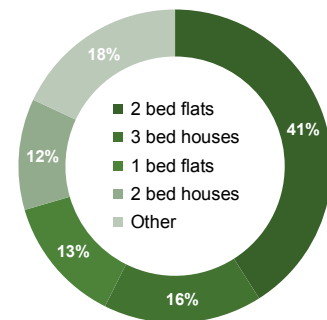
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£591	7.7%	20.6%	39.1%	22	11	29%	71%
2 bed	£731	7.8%	20.6%	33.4%	17	3	28%	78%
3 bed	£954	14.8%	26.4%	46.8%	19	5	15%	70%
All	£838	9.0%	26.0%	39.7%	18	5	25%	76%

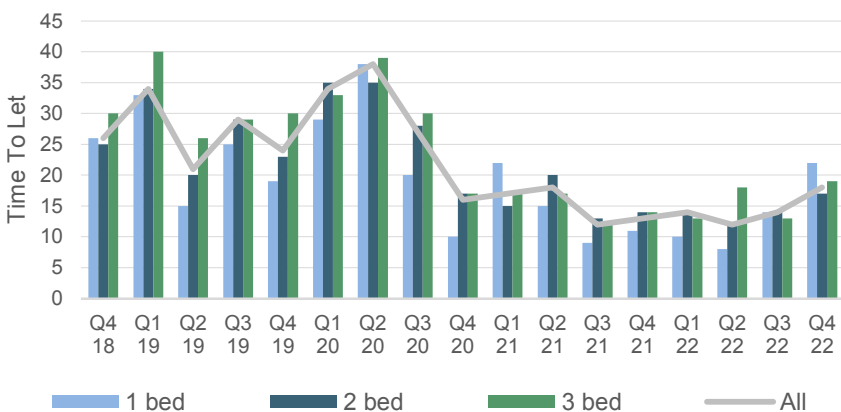
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	100.7	104.8	100.5	100.9
2012	98.1	102.8	103.3	103.4
2013	104.1	103.8	108.8	104.3
2014	103.3	103.6	105.2	104.1
2015	105.9	105.7	107.9	110.0
2016	107.4	112.4	113.3	115.3
2017	113.1	112.9	114.7	114.7
2018	118.3	117.6	120.0	120.5
2019	122.4	115.0	122.6	124.0
2020	124.0	112.1	124.1	129.3
2021	128.3	126.9	136.0	132.6
2022	138.4	130.5	146.7	144.5

Yield by Popular Postcodes (Flats)

	2017	2018	2019	2020	2021
EH48	7.5%	7.2%	7.2%	7.0%	6.8%
EH49	5.1%	5.3%	5.1%	5.2%	4.8%
EH54	7.0%	6.8%	7.1%	6.7%	6.7%



Callum McQueenie - Mavor & Company

"High demand and low stock in West Lothian has been a common theme throughout the year and continued into the first half of Q4 before the typical, quieter festive period. Diminishing stock means rental values continue to rise throughout the county. Tenants choosing to stay put is also having an impact on available stock levels. Factors including rising interest rates, the cost of living crisis, as well as temporary legislation introduced by the government appear to have existing landlords considering their options whilst also deterring new landlords entering the market. New investment and support are needed more than ever to plug an ever-increasing gap within the rental market."

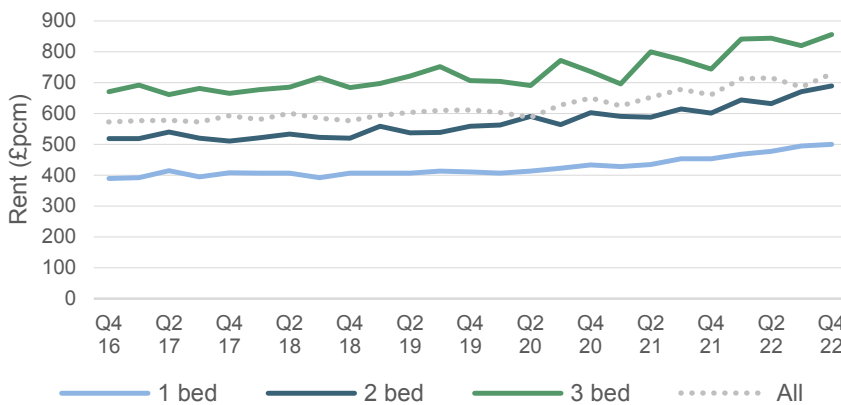


South Lanarkshire

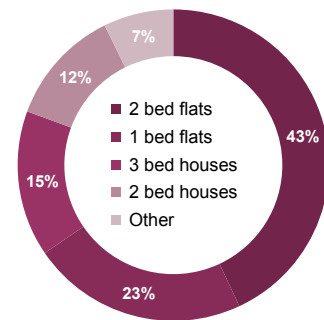
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£500	10.4%	22.5%	31.2%	12	-2	49%	90%
2 bed	£689	14.6%	35.1%	44.7%	12	-1	36%	89%
3 bed	£855	15.1%	28.6%	38.3%	18	7	7%	86%
All	£728	10.3%	22.8%	37.1%	13	0	34%	89%

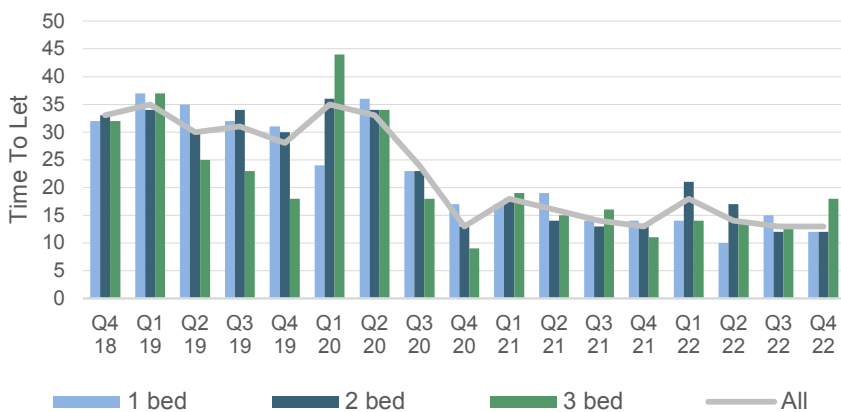
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	96.3	99.4	100.4	97.2
2012	100.6	99.3	102.9	97.8
2013	95.0	96.3	97.2	97.6
2014	95.9	103.1	104.1	95.6
2015	101.8	104.1	102.4	104.1
2016	101.1	105.3	108.3	105.3
2017	106.3	106.4	105.5	109.2
2018	107.0	110.7	107.6	106.3
2019	109.4	111.0	112.3	112.5
2020	111.0	108.1	115.5	119.7
2021	115.1	120.3	124.7	121.5
2022	131.1	131.7	126.3	134.1

Yield by Popular Postcodes (Flats)

	2017	2018	2019	2020	2021
G71	5.4%	5.5%	5.9%	4.9%	6.1%
G72	8.3%	7.5%	7.5%	7.4%	8.2%
G73	7.0%	6.6%	6.8%	6.6%	6.5%
G74	6.8%	7.0%	6.6%	6.7%	6.6%
G75	8.9%	8.8%	8.7%	7.9%	8.0%



Lesley Barclay - Happy Lets

"The South Lanarkshire market continues to perform well and demand continues to outweigh supply. I had thought this would change in the winter months, however, this was not the case. Time to let has reduced and the rents have increased. Demand is high and we are seeing an unprecedented number of applications for each property of all sizes. Landlords pulling away from the sector and selling also seems to have started to calm down which is great news for the sector. Hopefully with the cost of living crisis continuing, we don't see landlords reconsidering remaining in the sector."

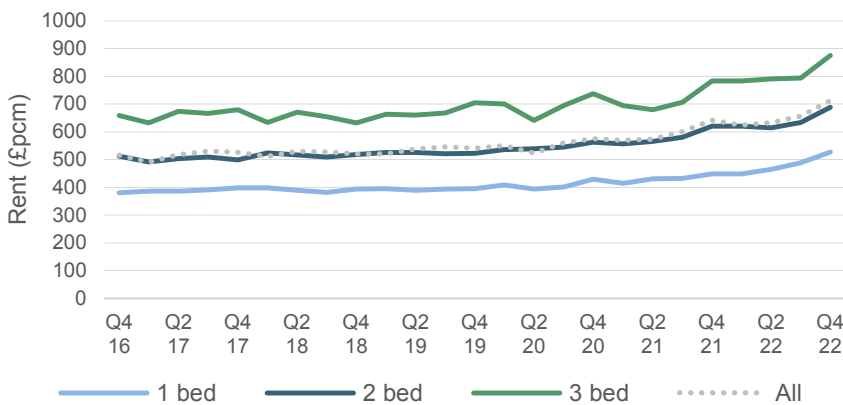


Renfrewshire

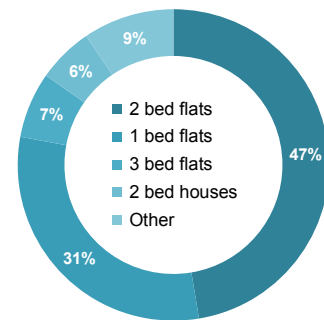
Market Overview - Q4 22

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£527	17.4%	32.4%	52.3%	13	1	45%	88%
2 bed	£689	11.1%	38.1%	43.8%	14	1	37%	85%
3 bed	£875	11.7%	28.9%	44.4%	17	-1	21%	84%
All	£713	11.1%	35.6%	49.8%	14	1	38%	85%

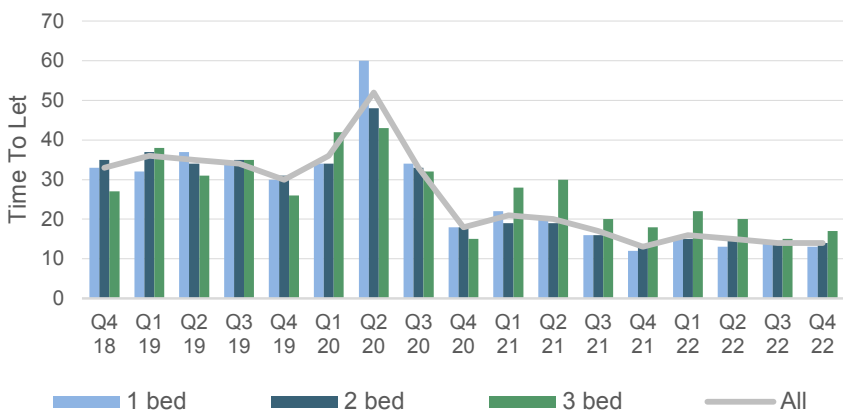
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2011	98.5	99.4	101.0	100.8
2012	101.0	101.5	101.5	99.8
2013	97.5	100.6	100.6	102.9
2014	100.6	98.1	103.8	104.0
2015	100.2	108.6	105.5	104.8
2016	107.5	107.5	106.1	108.2
2017	102.9	108.6	111.3	110.3
2018	107.1	110.9	110.7	109.2
2019	109.0	112.8	114.3	113.4
2020	115.3	109.9	117.6	120.8
2021	119.5	120.3	125.8	134.6
2022	130.8	132.7	137.7	149.5

Yield by Popular Postcodes (Flats)

	2017	2018	2019	2020	2021
PA1	7.1%	7.5%	7.0%	7.4%	7.3%
PA2	7.0%	6.7%	6.9%	6.4%	6.6%
PA3	9.6%	9.8%	8.9%	8.4%	8.4%
PA4	7.8%	7.9%	7.2%	7.7%	7.3%
PA5	9.1%	8.8%	8.7%	8.2%	7.8%



Holly Campbell - Castle Residential

"In the current situation, we have noticed an increase in demand for rental properties in the Q4 of 2022, increased urgency for properties, as well as landlords keen to rent prior to the Christmas break. The current uncertainty around the cost of living issues has caused movement within the rental market, with tenants looking for more cost effective living standards and ways to reduce outgoings moving forward. With 2023 fast approaching, we are keen to encourage new landlords and development of portfolios, alongside the new legislations being introduced which may produce new challenges."



Agent Views

Scottish letting agents give us their views on their local market.

Winchesters, Aberdeen – Chris Minchin



“Aberdeen’s rental market through Q4 has seen a massive reduction in available stock with the influx of tenants to the city from students, working professionals and international relocations. Rents are steadily recovering and the supply of 2 bedroom properties is reducing to pre oil crash numbers. We are starting to see the market for large family properties increase in both supply and demand, which has been long awaited. Enquiries, which are still high, are starting to slow as we approach the festive period. Modern and refurbished properties continue to outperform average rentals significantly with dishwashers and storage being at the top of tenants’ wish lists.”

One Stop Properties, Glasgow – Wendy Gallagher



“In Q4, we have seen the sales market slow right down and as such, properties destined for sale have been brought back to the rental market. This influx in availability has meant that rents have softened slightly and TTLs have modestly increased. With the cost of living crisis at the forefront of peoples’ minds, we have seen a higher demand for more affordable properties. High-end properties have lingered on the market a little longer than usual. Landlords are seemingly concerned about their own cost of living and with the added pressure of the costs associated with their investment (rising mortgage interest rates, maintenance costs, etc.), some are questioning continuing within the PRS.”

The Flat Company, Edinburgh – Matthew Wilcken



“It is currently a very exciting time to be a letting agent as despite the uncertainties in the economy, the impact on the rental market has been negligible and it’s very much business as usual with almost all our stock currently let at good rents. The recent interest rate rises are starting to have an impact on the sales market which has slowed dramatically, meaning we are getting an increasing number of enquiries from new landlords looking to benefit from the strong rental market in order to hang onto their investment. Although the recent ban on rent increases was of concern in the way it was announced, in reality mid tenancy rent increases are usually fairly modest and it is when there is a change of tenancy that rent increases are more significant, and thus the vast majority of landlords are unaffected by the ban.”

Rentlocally.co.uk, Edinburgh – Derek Hawson



“We have found that despite rather gloomy market predictions, the last quarter of the year has been busy with new landlords looking to let. This reflects the acute shortage of available property to rent perhaps made worse by the increase in mortgage rates, keeping would be first time buyers in their rental properties longer than expected. About 16% of landlords are aiming to sell their buy to lets, creating further pressure on the market for 2023. One interesting trend seems to be that tenants are looking for studio flats which could be a big growth area in the future. Tenant demand is up by 20% so we are hopeful the supply chain will respond positively next year.”



Agent Views cont...

Cullen Property Ltd, Edinburgh – Steve Coyle



“Autumn has seen demand for 1 and 2 bedroom properties ease slightly from the 100+ enquiries per property in August/September, but still high. Rents remain strong as a result and average tenant lease lengths are continuing to increase.

Student/HMO type properties have all let, yet demand is still high as city HMO numbers have reduced from c. 7,000 to less than 5,000 (source: CEC) in recent years. Overall, we continue to see occupancy levels of over 98% across the portfolio we manage. Investor activity has eased in response to tightening fiscal and monetary policies.”

Macleod Lettings, Glasgow – Ross Macleod



“The last quarter of 2022 has seen significant demand and a further lack of stock driving rental prices upwards. The continual assault of the Scottish Government on landlords has been the contributing factor to the current housing crisis. Until someone with actual credentials is appointed, rents will continue to rise and landlords will continue to exit the market. The uplift in ADS from 4 to 6% could be seen to be one more nail in the coffin of the PRS in Scotland. We are currently running at 98% occupancy, with little to no voids between tenancies and rents rising further still.”

Martin & Co, Aberdeen – Eduardo Prato



“Three points highlight the way the Aberdeen market behaved in Q4 2022. First, a clear demand from corporate tenants for properties in AB10 and AB15 (West End and Cults/Milltimber area in broad terms), which has led to an increase of rent above average and reduction of the Time To Let (TTL) in these

postcodes. Second, a very low stock of good quality 1 and 2 bedroom properties in town, which has translated in these properties being snapped in hours when they go on the market. And third, a wave of tenants extremely savvy when it comes to energy efficiency, which means that properties with the best EPC ratings (A to C) enjoy a premium rent. Sustainability and growth are the words for Aberdeen in 2023.”

Rettie & Co., Edinburgh – Karen Turner



“Edinburgh remains strong for tenant demand with properties still letting well. As we enter the winter months, we wait to see how the cost of living crisis will impact the market. Edinburgh faces the new short lets legislation which is going to severely impact supply after 1 April 2023. We are nationally facing a housing crisis and this, along with the Cost of Living (Tenant Protection) (Scotland) Bill, is a concern as to where the properties are going to come from to meet demand. We require to see positive solutions to aid more housing across all sectors.”

Cornerstone Letting, Edinburgh – Richard Burgoyne



“The Edinburgh market continues to be very strong for tenant demand. We have seen a decline in tenants visiting our office in desperate need of a property, but are still finding viewings are filling up quickly when we list new properties. Increasing rents

are starting to mean that tenants often now require a guarantor in order to pass affordability calculations. We have seen a few tenants get in touch confused with the recent rent control and eviction bans, there appears to be mass misunderstanding from the poorly communicated or thought out policies from the SNP and Greens.”

Western Lettings, Glasgow – Jack Gallagher



“Tenant demand has reduced as we head into winter, which means that those looking for a place to rent have some choice. Falling house prices have had a dampening effect on the exodus of landlords from the sector. It remains to be seen what impact the rent freeze will have on rent levels, as landlords are still permitted to increase rent when re-marketing properties. Tenants are coming to the realization that they can keep a lid on their rent by not moving home. As time passes, this will become a significant factor, with tenants balancing their need to move with their desire to keep rent payments manageable.”

Agent Views cont...

Cairn Lettings, Glasgow – Fiona Herbin



"Glasgow and Edinburgh still have a huge demand for all types of properties. Properties are taking slightly longer to let but this is purely down to the festive period. The introduction of the rent increase and eviction ban has raised questions but that said, we are continuing to work with new clients who wish to enter the sector and current clients looking to expand their buy to let portfolio. Many landlords are also taking the opportunity to upgrade their properties in between tenancies and we anticipate this area will only get busier next year with landlords upgrading internally to improve their energy performance ratings. Our pipeline for January and February is a very positive sign to the start of the new year."

Cox & Co., Edinburgh – Mike Erskine



"Demand remains high and with a few tenants giving notice, moving on to bigger and better things, tenancy turnover is positive and has allowed some rental increases between tenancies. The usual festive lull hasn't happened yet so it is great that we can continue to offer quality homes to new tenants. We haven't really felt impact of the rent freezes and eviction ban as yet, nearing the end of Q4, but it will be interesting to see what happens come spring/end of Q1 2023. With more properties due to come onboard, we are hoping for continued growth and property availability."

GF Property Leasing, Edinburgh – Grant Fairbairn



"Demand levels for rental properties in Edinburgh remain extremely high. All properties we are advertising see multiple applicants. It is hard for a tenant to find a rental property in Edinburgh. The Scottish Government's Cost of Living (Tenant Protection) (Scotland) Act 2022 is not helping the matter. A lot of landlords are being put off letting as a long term investment. We hope the new changes in the law around short-term lets may start to see some new long term rental stock. Short-term lets operators have until April 2023 before they need to apply for a licence, so this will take time."

Indigo Square, Glasgow – Brian Gilmour



"After the frenzy of August and September, where the influx of new students created headline news and government legislation, the rental market has settled down to more manageable levels. Monthly rents have slowed from their period of rapid growth, but this has been because of market conditions, not government action, as this only impacted upon rents for existing tenants. The announcement from the First Minister of no rental increases and a moratorium on evictions, and the delay between the announcement and legislative provision caused concern and confusion for landlords and tenants alike. Hopefully, such knee-jerk responses to freak market conditions will be replaced in the future by consultation and long-term planning."

Clan Gordon, Edinburgh – Jonathan Gordon



"It has been a very busy quarter with more new clients than ever before. The source of new clients has been mixed but for the first time in years we have seen clients who tried to sell their property take it off the sales market through lack of interest. This was something that helped us get going as an agent back in 2008 and may be a sign of things to come, with the recession and many predicting the property sales market will fall over the next 12 months by 10%. On the tenant demand side this has been really strong in October/November but we have seen less interest in December as things wind down for the year."

Glenham Property, Edinburgh – Charlie Inness



"The market continues to show resilience in the face of headwinds caused by the cost of living crisis and inflationary pressures. There remains a significant supply demand imbalance, with stock levels remaining at historically low levels. This means competition for a place to live amongst tenants remains fierce and shows no sign of diminishing, thus upward pressure on rents for new tenancies is likely to continue."

Agent Views cont...

Margaret Duffus Leasing, Aberdeen – Sarah Harley



"Where did 2022 go? Letting in Aberdeen has seen another very busy quarter with stocks across the city at low levels that we haven't seen for several years. Rents for properties coming back onto the market are rising and there is another influx of students due in early 2023 to add to the demand. The cost of living crisis is likely to mean more people have to rent for longer, so encouraging good landlords to stay or enter the letting market is key to keeping a strong supply of property and ensuring the quality and affordability on offer."

At Home In Edinburgh, Edinburgh – Rick McCann



"We have seen demand in Q4 cool as we move towards the festive period but it is still relatively strong for the time of year. Viewings for central properties are still oversubscribed and the average time to let remains low. The market remains difficult for students who continue to search for accommodation for the academic year that started back in September. Our landlords are expressing concerns about the inability to increase rents as their costs increase with their fixed term mortgages coming to an end. We wait to see if the emergency cost of living legislation is extended beyond the end of March 2023, but our expectation is that it will be for at least a further six months."

1LET, Edinburgh – Ken Bell



"We end an eventful 2022 with a definite slowing of the market. Demand is still high and continues to outstrip supply, but the gap is beginning to narrow. We are seeing the current cost of living situation begin to ripple into the PRS with tenants seeking cost effective and energy efficient homes. Rents are still holding firm for the time being and are still considerably higher than the same time last year but the PRS is certainly beginning to feel the pressure of the current economic climate."

Have Your Say!

If you'd like to contribute to forthcoming issues please contact info@citylets.co.uk

Postcode & Towns - Average Rents & TTL - Q4 22

Landlords and Letting Agents continue to require timely, accurate data to help them value rental properties in a variety of locations. At Citylets, robust information is paramount so we only include rents for postcode districts where there is substantial quarterly volume.

Edinburgh - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
EH1	1123	(15)				
EH3	1118	(11)	1521	(14)	2143	(24)
EH4	970	(12)	1265	(11)	1603	(30)
EH5	839	(8)	1170	(14)		
EH6	835	(10)	1122	(11)	1445	(17)
EH7	860	(7)	1239	(10)		
EH8	897	(11)	1143	(9)		
EH9	910	(8)	1359	(12)		
EH10	877	(11)	1420	(6)	1985	(16)
EH11	850	(8)	1170	(8)		
EH12	854	(9)	1420	(14)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£925	(7)	£1,279	(11)		
G3	£1,011	(11)	£1,421	(15)		
G4	£843	(10)	£1,168	(12)		
G5			£1,058	(11)		
G11	£826	(10)	£1,192	(9)		
G12	£894	(15)	£1,380	(16)		
G13			£935	(12)		
G14			£878	(8)		
G20	£799	(9)	£1,082	(10)		
G31	£699	(8)	£938	(9)		
G40			£862	(8)		
G41	£715	(14)	£1,018	(14)		
G42	£704	(10)	£986	(12)		
G44			£863	(14)		
G51			£1,003	(19)		
G72			£715	(11)		
G73			£725	(13)		

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£510	(15)	£735	(21)	£1,012	(31)
AB11	£495	(15)	£691	(19)		
AB12	£552	(23)	£735	(22)		
AB15			£878	(29)	£1,185	(35)
AB21	£642	(22)	£769	(27)		
AB24	£499	(15)	£691	(19)	£985	(24)
AB25	£506	(13)	£700	(20)		
AB41			£654	(17)		
AB51			£711	(32)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£560	(25)	£936	(13)		
DD2			£792	(11)		
DD3	£502	(13)	£695	(17)		
DD4			£732	(10)		
DD5			£875	(22)		
DD8			£553	(25)		

Towns - £pcm (TTL days)

based on 12 month rolling average

Town	1 Bed		2 Bed		3 Bed	
Airdrie			605	(16)		
Arbroath	420	(36)	553	(37)		
Ayr			594	(19)		
Bathgate			685	(14)		
Bearsden			1014	(18)		
Bo'ness			613	(16)		
Bonnyrigg			840	(11)		
Broughton	858	(12)	1259	(16)	1588	(13)
Cambuslang			706	(15)		
Coatbridge			574	(20)		
Cumbernauld			540	(19)	679	(19)
Dalkeith			840	(16)		
Dalry	816	(10)	1115	(11)	1522	(26)
Dumfries			539	(16)		
Dunfermline	530	(14)	665	(13)		
East Kilbride	483	(9)	631	(12)	876	(16)
Elgin	444	(12)	591	(9)		
Ellon			661	(21)		
Erskine	536	(14)				
Falkirk	474	(12)	618	(11)		
Forfar	398	(21)	544	(26)	726	(27)
Greenock			540	(22)		
Hamilton	471	(11)	627	(13)	828	(13)
Hillhead			1275	(14)	1684	(13)
Hillside			1236	(12)		
Inverurie			711	(30)		
Johnstone	449	(17)	570	(18)		
Kilmarnock	444	(16)	518	(20)		
Kirkcaldy	509	(21)	602	(15)		
Kirkintilloch			647	(32)		
Larbert			692	(10)		
Largs	429	(20)	625	(26)		
Law			650	(17)		
Linlithgow			706	(20)		
Livingston			738	(11)	965	(15)
Merchiston			1298	(14)		
Motherwell			627	(13)		
Musselburgh	700	(10)	864	(12)		
Paisley	474	(13)	613	(13)	820	(22)
Penicuik			802	(17)		
Perth	457	(41)	628	(23)		
Peterhead			560	(28)		
Renfrew	501	(16)	710	(14)	821	(15)
Rutherglen	611	(11)	797	(14)		
St Andrews			1395	(8)		
Stirling Town	635	(13)	858	(17)	1254	(25)
Stonehaven			685	(31)		
Trinity	838	(12)	1100	(14)		
Woodlands			1196	(11)	1517	(13)

Build To Rent News

Build to Rent – Partial Solution to the Cost of Living Emergency

There has never been greater need for highly insulated new build homes, non-reliant on high-cost energy sources. Such BTR homes are being delivered across the UK in growing numbers - 237,362 homes (source: BPF) – mostly in England.

In Scotland there are c.10,000 BTR homes in the pipeline. Progress currently halted by the Cost of Living (Tenant Protection) (Scotland) Act 2022 which denies tenants from accessing homes best placed to solve many current issues:

- **Cost of living** – BTR homes reduce costs - highly insulated/electrically heated
- **Interest rates** – BTR provides rental solutions to rising mortgages; rent caps often self-imposed
- **Climate** – BTR homes mostly net zero ready - air source heat pumps/green roofs
- **Fire standards** – BTR Funders require more stringent standards than current legislation

Green credentials are driven by institutional funds with strict ESG requirements; developers obligated to meet high environmental standards to qualify for funding. Developer funders with sustainability high on their agendas include: HUB/Bridges at Beaverhall, Edinburgh; Platform_/Heimstaden at Bonnington, Edinburgh, and Packaged Living/Aviva - partnering to develop a £200m single family portfolio.

With demand for sustainable homes currently insatiable - demonstrated by rapid let up of Moda's 'McEwan' and L&G's 'Solasta Riverside' (fastest let up of any of their UK BTR schemes), the Scottish Government must clarify the rules surrounding rental growth (through consultation) in order to switch the BTR supply back on.



Demand for Affordable BTR

On Friday 9th December, Rettie & Co launched 20 additional mid-market rent properties at Harbour Gateway and Harbour Point in Newhaven, Edinburgh. At the time of writing, only five days later, and despite not using external portals or marketing, we have received 626 enquiries for the properties, with 371 completed applications. As expected, the demand for affordable BTR in Edinburgh remains strong.

During the cost of living crisis, interest rates have increased, with the Bank of England base rate now at 3.5%, up from 0.1% in December 2021. This increase in interest rates, coupled with the surprise rent freeze introduced by the Scottish Government in September, may continue to force small-scale private landlords out of the sector.

For the first time since 2012, the average rental cost in Scotland is now cheaper than the cost of the average mortgage. As demand reduces in the sales market, rental demand is likely to increase, even further.

These factors could provide an opportunity for institutional investors to meet this housing demand. However, as detailed in our latest BTR Briefing, if the Scottish Government sees BTR as part of the solution to the housing crisis, institutional investors will need reassurance that the current rent freeze won't be extended past 31st March 2023.



Mid-Market Rent News

Lar Provides Housing Boost for Granton

Granton in Edinburgh has enjoyed extensive redevelopment over the last few years and we are delighted to be adding to the mix of good quality, affordable homes for the area.

We completed the purchase of Maldelvic, the oldest surviving electric car factory in Britain, in November from the Scottish Government and are now designing out the site, which has been derelict for decades. Our plans include providing c.28 townhouses within the façade of the old factory buildings together with new build flats and some new facilities for community use.



Madelvic Exterior

In its former life, Maldelvic was home to emerging technology of electric cars in the late 1800s, but it has now been lying empty and unused for many years. This is the latest complex project that Lar have taken on, as a key component of our long-term strategy to breathe new life into derelict properties. Our other current projects include the former naval barracks at Port Edgar, an abandoned church in Fountainbridge in Edinburgh and the regeneration of a former office block in Ruchill in Glasgow.



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Supporting Tenants during the Cold Weather

How landlords should help tenants during bad weather.

With many tenants struggling with the cost of heating their home, the SAL advice line has seen a big increase in calls about condensation and mould in properties, particularly since the tragic case of Awaab Ishak, who died in a social housing flat in Rochdale.

We know the overwhelming majority of landlords work constructively and positively with tenants to protect health, wellbeing and ensure a high quality, safe home for tenants. Landlords also know that at difficult times, that everyone is facing at the moment, we must ensure ongoing and proper communication with tenants to make sure any issues can be addressed.

In many cases, issuing guidance to tenants about how to tackle condensation will be sufficient to resolve the problem. SAL has a factsheet on damp and condensation which can be read here. The factsheet explains the difference between condensation and damp. It also contains guidance to help prevent condensation before it becomes a problem. The factsheet can be shared with tenants. North Lanarkshire Council also has a short video along with guidance on tackling condensation, which can be found here.

If tenants are still experiencing problems despite following the above guidance, then it is advisable

to engage a damp specialist to visit the property and provide a report on what they think is causing the problems. While condensation is usually caused by a lack of heating and ventilation, it can occasionally be caused or exacerbated by defects with the building, like insufficient or patchy insulation. Any building defect would need to be remedied by the landlord.

If the tenants are concerned about their ability to adequately heat the property due to rising energy bills



SAL is Scotland's largest membership association of landlords

then guidance is available from Citizens Advice Scotland at <https://www.citizensadvice.org.uk/scotland/consumer/energy/energy-supply/>. Landlords could also suggest that tenants speak to their utility supplier to see if they can offer any further help with bills.

If tenants are struggling with financial difficulties more generally, members can signpost them to this advice from Citizens Advice Scotland - <https://costofliving.campaign.gov.scot/>

SAL has a series of additional factsheets and guidance available for members, as well as our free advice line to help with individual queries. As the law and rules around being a landlord become more and more complicated, it is becoming increasingly important for landlords to keep up to date.

Membership of a body such as SAL can be a key part of making sure landlords continue to provide the best homes possible, and have unlimited access to support when needed.

www.scottishlandlords.com

Demand for Edinburgh Homes Remains Strong

Strong interest in home buying and selling recorded with high levels of the Home Report valuation being achieved.

The period of September-November 2022 takes in most of the recent significant changes in the financial market; a 0.75% increase in the Bank of England base rate to 3% and the increasing cost of living and rising energy bills, giving us some initial indication of the impact on the Scottish property market.

Between September and November 2022, new property listings in Edinburgh, the Lothians, Fife and the Borders were up 0.4%. It is encouraging to record the trends of seller confidence in the current property market. Corstorphine recorded the highest volumes of property sales from ESPC data.

Buyers were still keen to secure their next home between September and November 2022, with the average selling price in the City of Edinburgh rising 7.8% annually to £308,868. Following high demand for properties in the past year, two-bedroom flats were popular with Edinburgh buyers.

The average selling price of one-bedroom flats in Abbeyhill and Meadowbank increased by 17.3% to £189,175.

Three-bedroom houses in South Queensferry and Dalmeny saw a 17% increase in average selling price, bringing the average selling price in these areas to £306,347.

Blackhall, Davidsons Mains and

Silverknowes continued to be popular with home buyers, with average property prices increasing by 13.6% to £462,918 for three-bedroom homes.

Meanwhile, two-bedroom flats in Portobello and Joppa saw a rise of 13.1%, bringing the new average selling price to £290,409 and two-bed flats.



The period of September to November 2022 saw the property market in Edinburgh, the Lothians, Fife and the Borders continue to thrive, with buyers facing strong competition, despite the challenging economic markets.

Properties attained an average of 106.9% of their Home Report valuations at sale; 0.2 percentage points higher than the same period last year.

The median time for properties to go under offer was 16 days, one day slower than the previous year but still quicker than the pre-Covid norm. Homes sold the fastest in the North

West of the city with a median selling time of 14 days. When analysing specific housing types, one-bed flats in Polwarth and two-bed flats in Stenhouse and Leith Links sold the fastest, in 11 days (about one and a half weeks).

Paul Hilton, CEO of ESPC, explains:

“There were significant changes to the financial markets and politically in the period of September-November 2022.

“Despite this, activity levels for this time of year are very close to those seen in 2019, which was really the last year of normality before the pandemic, so this should provide some reassurance to buyers that the market is continuing to perform well despite speculation to the contrary.

“Edinburgh continues to be a desirable place to live with popular first-time buyer areas like Abbeyhill and Portobello seeing buyers paying over Home Report value to secure their dream home.

“ESPC solicitor estate agents are up to date with what is currently happening in the local market and have the skills and expertise to provide the guidance and support you need.”

This article was written in December 2022 and property market activity may have changed between then and the time of reading.

ESPC advertise thousands of properties through their website, weekly paper and information centres, offering unrivalled knowledge and expertise from their own team and member solicitor estate agents.

www.espc.com | facebook.com/espc.property | twitter: @espc



Breach of Repairing Obligations

Abatement of Rent and Damages.

The Upper Tribunal adopted the historical approach of the Sheriff Courts in its approach to quantifying compensatory awards for inconvenience in the recent decision of *Zhao v Dunbar* 2022 UT 25.

In this case a tenant raised an application for payment against her former landlord in respect of losses due to disrepair at the tenancy. On 14 July 2020 the tenant reported the appearance of fungal mould to her landlord. The landlord instructed an inspection which established this problem related to dry rot. The landlord arranged for works to be carried out to the property. However, during these works the tenant was unable to use the bedroom and staircase in the property for a three month period. The tenant vacated the property on 30 October 2020.

The tenant sought payment under a number of heads of claim, including a refund of rent for three months and a sum for inconvenience to be determined by the First-tier Tribunal.

The First-tier Tribunal found in favour of the tenant but awarded only £770 (which comprised a partial abatement of rent for three months for her inability to use the bedroom and staircase $£125 \times 3 = £375$) plus her out of pocket expenses. The First-tier Tribunal considered it was not reasonable to award her a full refund of rent, nor any compensation for the three month period she resided in the property while works

were undertaken.

The tenant appealed to the Upper Tribunal and the matter was considered by Sheriff Jamieson.

The Upper Tribunal upheld the First-tier Tribunal's decision in so far as it related to the quantification of the abatement of rent determining that its approach did not disclose an error



or law. However, Sheriff Jamieson considered that the First-tier Tribunal erred in its approach to the tenant's inconvenience claim by failing to deal with it.

The Upper Tribunal confirmed medical/expert evidence is not required to establish inconvenience as a result of the condition of property or associated repair works.

Accordingly, the Upper Tribunal re-made the First-tier Tribunal's decision by assessing the award of compensation for inconvenience. In doing so, the Upper Tribunal considered previous awards of inconvenience made in the Sheriff Courts and recognised such awards have "tended historically to be quite low".

Sheriff Jamieson stated "awarding compensation for inconvenience in housing cases is not an exact science and each case must turn on its own facts and circumstances". In this case he took a "generous approach" awarding £330 for inconvenience to the tenant in respect of the period from reporting of the mould, to her departure (3.5 month period).

Whilst Sheriff Jamieson confirms that there is no exact science, this decision provides welcome continuity of approach in respect of likely levels of damages to be awarded in respect of inconvenience occasioned by a landlord's breach of repairing obligations.

Citylets Research Services

The Citylets research team produces market-leading reports and indices as well as bespoke research and consultancy projects for clients including letting and sales agents, developers, investors, housing associations and local and central government.

In Scotland, Citylets has become the leading authority on the private rented sector and has built up a strong reputation for well-informed insightful commentary, market analysis and is now a trusted media source on local and national rental issues.

In its position as the UK's leading residential lettings site, Citylets enables the research team to utilise its unique data in addition to Registers of Scotland and Government data.

OptiletPro is an analysis tool which delivers robust data on the sales and rental residential property markets at a local level. The interface is designed to allow clients to analyse local trends and easily extract data into a variety of formats.

Metrics include:

- Average rental price and monthly stock volumes by city/region, area, postcode district postcode sector
- Average time to let (TTL) by city/region, area, postcode district and postcode sector
- Analyse by property type and bedroom count

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.

The Publication

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