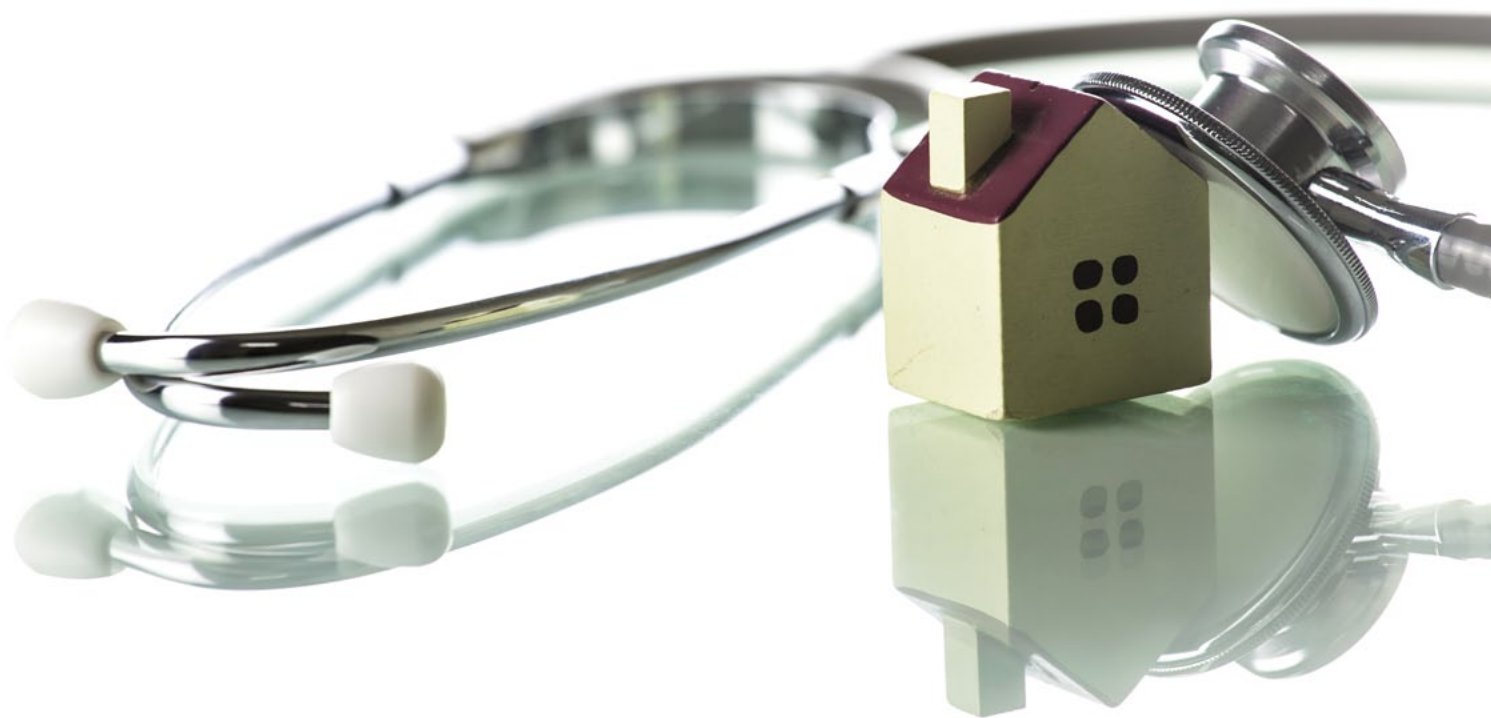


# Treating Symptoms, Damaging Cures?



- Market Overview ■ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more
- Postcode and Town Analysis: Localised Rental Prices
- Legislation Matters: Sign of the Times
- Scottish Association of Landlords: Summer Budget Tax Bombshell
- Agent Views

# Market Overview

As the Scottish Government presses on with proposals for rent controls, average rents in the country have started to head south. The latest Citylets Quarterly Report shows that rents have fallen from their Q2 2015 peak of £762 per month down to £757. Annual growth has slowed from 5.4% last quarter to 2.9%.

The national figures reflect strong competing forces from within the market of sustained growth in Edinburgh and falls in Aberdeen.

Aberdeen, which first recorded negative annual growth last quarter of 3.8%, has fallen further recording annualised falls now down 6.7% on last year with drops across all property sizes. Conversely Edinburgh continues its upward trajectory for the 10th successive quarter recording annual growth of 7.5%, the current going rate for the capital.

The changing fortunes in Aberdeen may pose questions for the Scottish Government's plans for rent controls. By the start of 2016, no

property type in Aberdeen will have outperformed inflation since the onset of the credit crunch. Rents may even fall to the same levels as 2008/9 which would be a significant drop in real terms.

Currently almost every single town

- **Aberdeen negative growth accelerates, down 6.7% YOY**
- **National average dips from peak of Q2 2015**
- **Edinburgh rises for 10th successive quarter**
- **Typical property takes 1 month to let**



in the country has underperformed inflation over the same period.

It would seem that Aberdeen now represents a classic example of how markets self regulate. With so much concern in the investor community in

relation to rent controls, the Scottish Government must surely want to consider whether the intended benefits outweigh the risks at this time.

Rent controls are a palliative. It is debatable whether they should be administered if they materially undermine a possible cure, namely institutional PRS investment. Edinburgh, unlike Aberdeen, is unlikely to suffer a sharp downturn anytime soon so the onus very much is on would be legislators not to thwart new supply from Build To Rent.

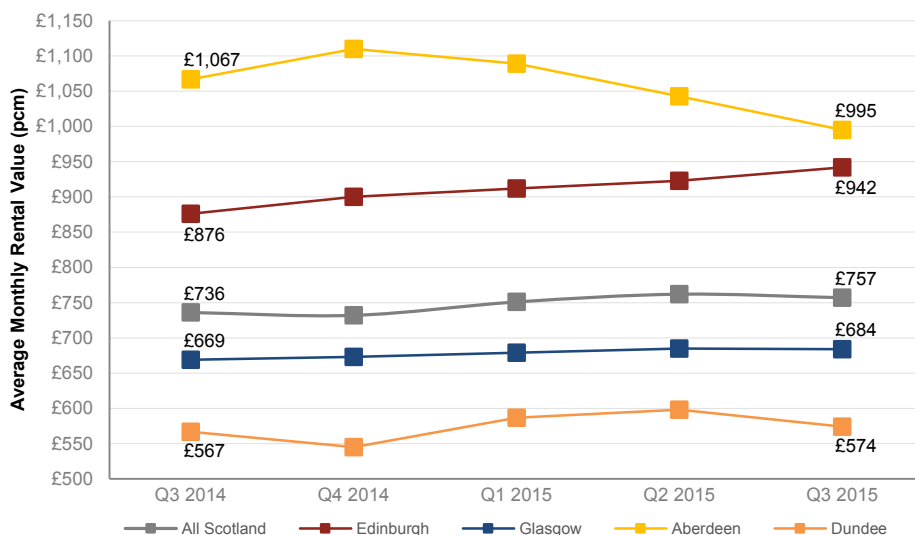
The average property in Edinburgh now rents for £942 per month and takes just 20 days to let. Popular 1 and 2 bed properties have shown the steepest growth at 7.3% and 8.5% respectively and taking just 16 and 19 days to rent.

Glasgow meanwhile is continuing to edge up modestly at 2.2% to £684 per month and taking just 24 days to rent. The annual rate of growth has slowed down from 4.4% last quarter.

Aberdeen's downward trend continues for the 3rd successive quarter, a trend which is likely to continue throughout 2016. Average rents are now below £1000 for the first time since Q2 2013 at £995 with average time to let at 34 days, more than double this time last year.

The Dundee market also enjoyed positive annual growth up 1.2% to average £574 per month and seems insulated against both the steep rises and falls in the markets less than 75 miles to the North or South.

Scottish Monthly Rent Analysis (Q3 2014-Q3 2015)

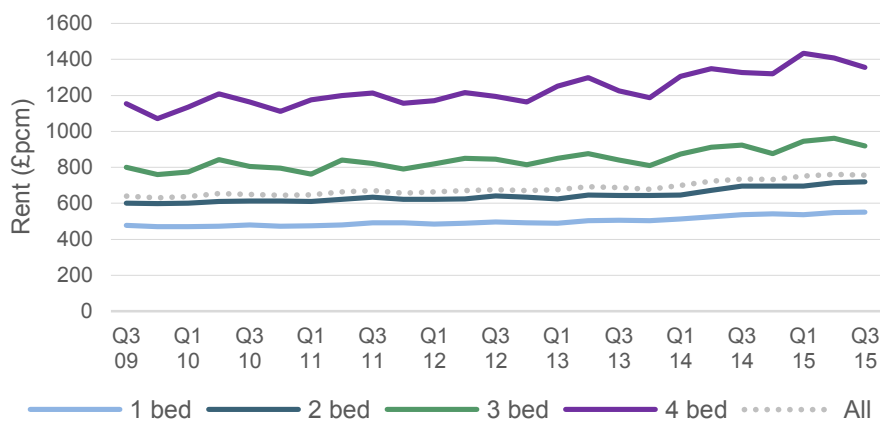


# Scotland

## Market Overview - Q3 15

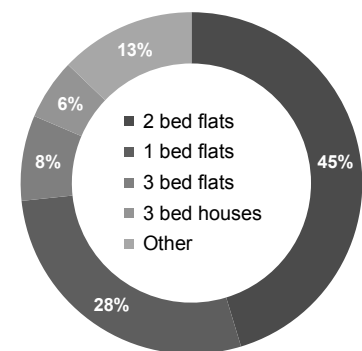
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£552	3.0%	11.3%	14.8%	26	2	28%	67%
2 bed	£720	3.6%	12.3%	17.5%	29	1	23%	63%
3 bed	£918	-0.6%	8.5%	14.0%	33	1	20%	58%
4 bed	£1,356	2.2%	13.6%	16.6%	37	2	15%	50%
<b>Total</b>	<b>£757</b>	<b>2.9%</b>	<b>11.8%</b>	<b>16.6%</b>	<b>29</b>	<b>1</b>	<b>24%</b>	<b>63%</b>

### Average Rent (pcm) by Number of Bedrooms

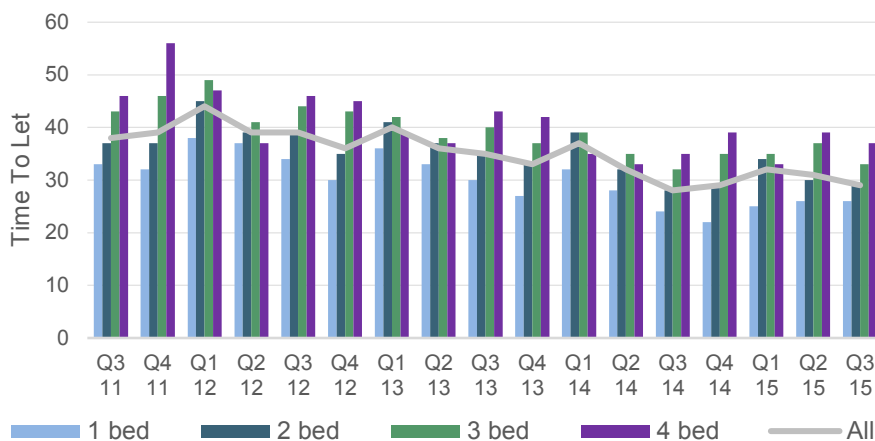


## CITYINFO

### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

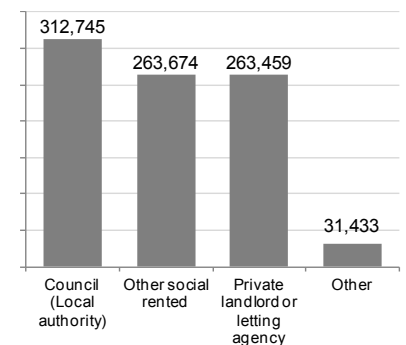


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.6	102.8	100.2
2009	98.8	98.1	99.2	97.7
2010	98.9	101.4	100.6	99.8
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	

### Households: Rented



Source: Census 2011, Edinburgh



### Rob Trotter - DJ Alexander Lettings

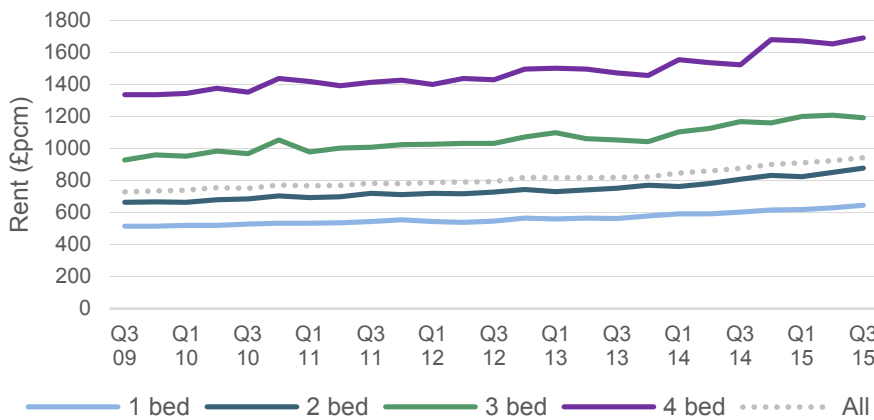
"We have enjoyed a busy summer with high demand from tenants at most levels in the market sub £2k per month. Supply is still lagging behind demand but we have witnessed a significant increase in the number of private investors entering the market looking to acquire good quality rental stock. This additional supply eases some of the pressures faced by tenants and allows investors to benefit from attractive rental yields."

# Edinburgh

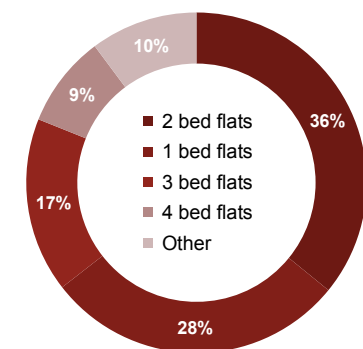
## Market Overview - Q3 15

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£646	7.3%	17.9%	22.1%	16	1	43%	84%
2 bed	£878	8.5%	20.4%	28.2%	19	0	36%	79%
3 bed	£1,191	2.0%	15.5%	23.0%	30	1	22%	63%
4 bed	£1,691	11.0%	18.3%	25.0%	31	-6	26%	57%
<b>Total</b>	<b>£942</b>	<b>7.5%</b>	<b>18.8%</b>	<b>25.3%</b>	<b>20</b>	<b>0</b>	<b>37%</b>	<b>78%</b>

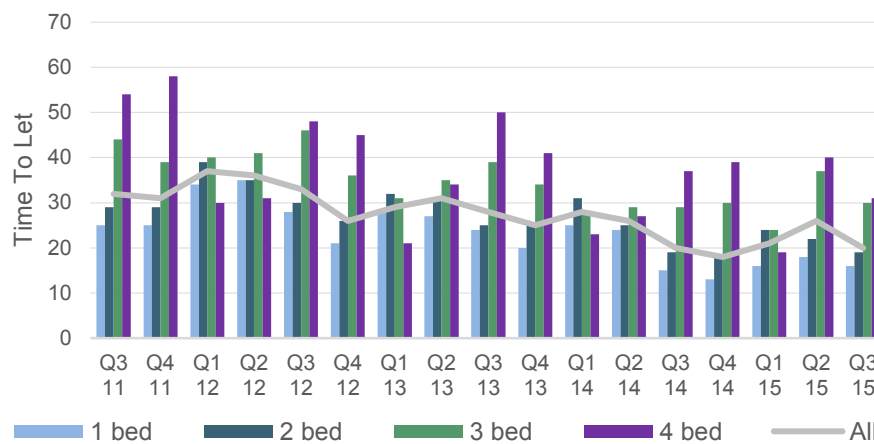
### Average Rent (pcm) by Number of Bedrooms



### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

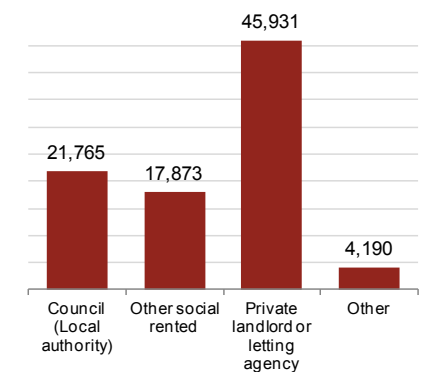


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	100.1	102.0	102.3
2009	99.2	96.9	97.6	98.3
2010	99.1	101.1	100.7	103.2
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	

### Households: Rented



Source: Census 2011, Edinburgh



### Jonathan Gordon - Clan Gordon

"With Scottish Government proceeding with tenancy reform, including limited rent control, it's interesting to note we have never seen as many landlords bringing newly bought properties onto the market. The new wave of legislation making multiple mains smoke/heat alarms, EICRs and PATs mandatory has not deterred new landlords investing either. Despite this new investment, we are still seeing unprecedented tenant demand and rent rises in our view of the market."

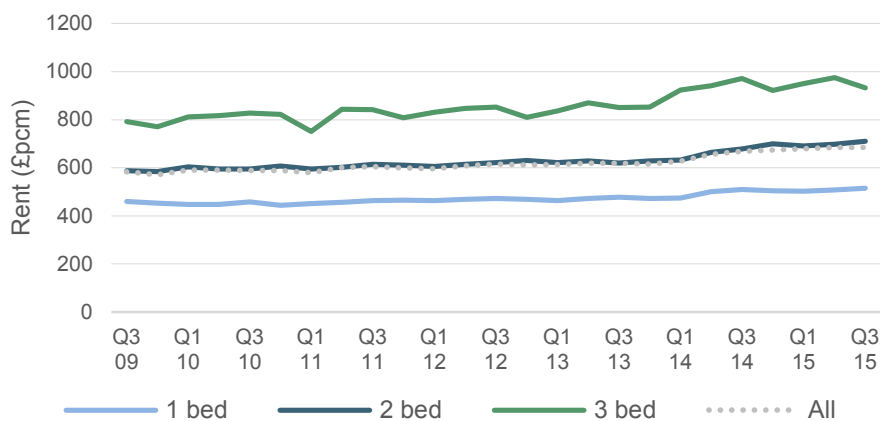


# Glasgow

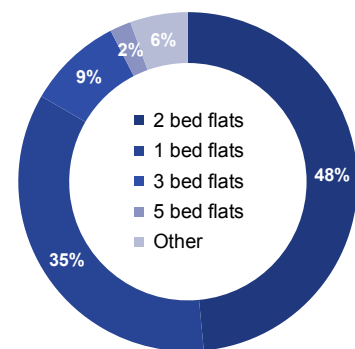
## Market Overview - Q3 15

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£514	0.8%	8.9%	12.2%	22	-4	30%	71%
2 bed	£710	4.6%	14.1%	19.3%	24	-3	29%	70%
3 bed	£932	-4.0%	9.3%	12.7%	30	-1	25%	59%
4 bed	£1,371	2.9%	14.4%	30.0%	41	9	6%	39%
<b>Total</b>	<b>£684</b>	<b>2.2%</b>	<b>11.2%</b>	<b>16.1%</b>	<b>24</b>	<b>-3</b>	<b>29%</b>	<b>69%</b>

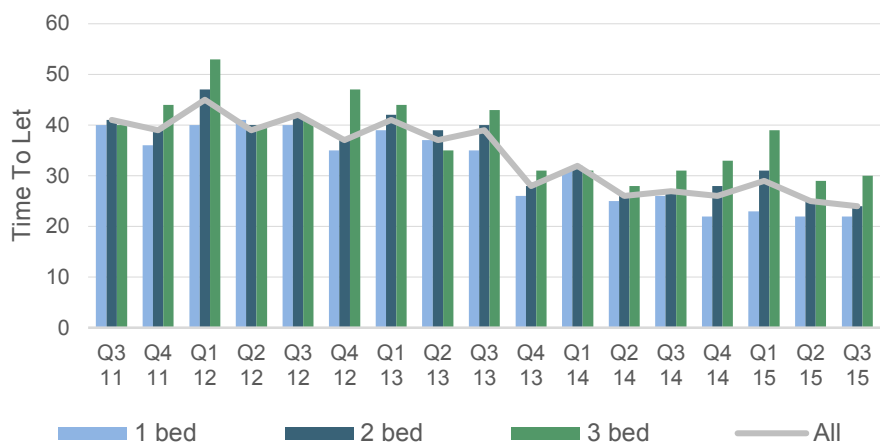
### Average Rent (pcm) by Number of Bedrooms



### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

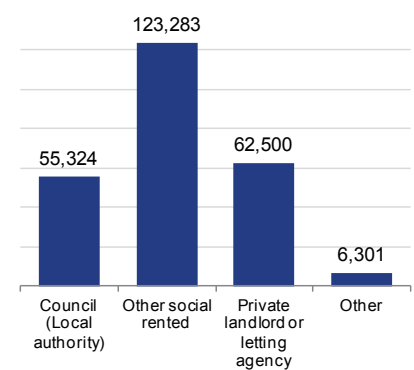


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	102.6	104.6	101.8
2009	102.3	101.4	103.0	100.7
2010	104.2	104.1	103.9	103.7
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	

### Households: Rented



Source: Census 2011, Greater Glasgow



### Robert Nixon - Speirs Gumley

"With the end of the 3rd quarter in sight, we are still seeing the benefits of the buoyant PRS along with increased rents for clients and no sign of this letting up in the 4th quarter. At present, there is a real thirst for good quality properties throughout Glasgow, with demand out stripping supply and the City Centre and West End out performing month on month. We are seeing on average six people trying to secure each property bringing down the average TTL to 72 hours in these areas."

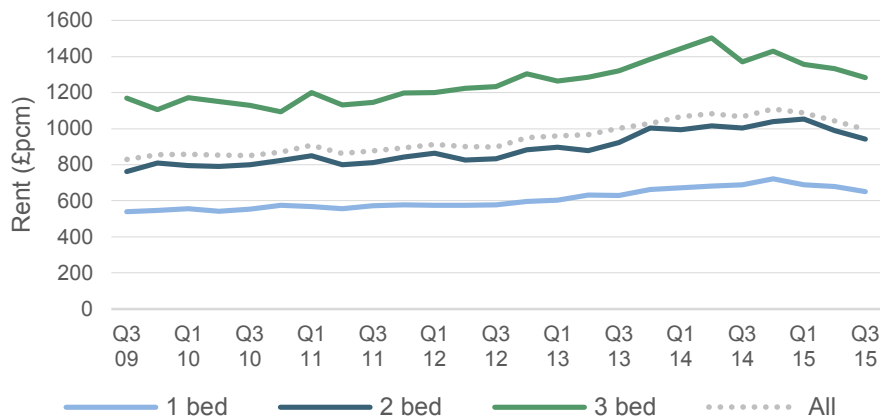


# Aberdeen

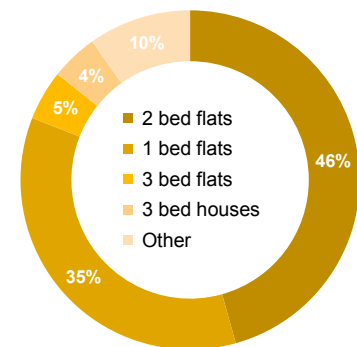
## Market Overview - Q3 15

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£650	-5.8%	12.7%	17.3%	30	21	13%	56%
2 bed	£943	-6.2%	13.2%	17.9%	36	18	14%	51%
3 bed	£1,283	-6.5%	4.1%	13.5%	31	8	27%	64%
4 bed	£1,776	-12.8%	1.5%	16.5%	50	18	10%	28%
<b>Total</b>	<b>£995</b>	<b>-6.7%</b>	<b>10.7%</b>	<b>16.8%</b>	<b>34</b>	<b>18</b>	<b>15%</b>	<b>53%</b>

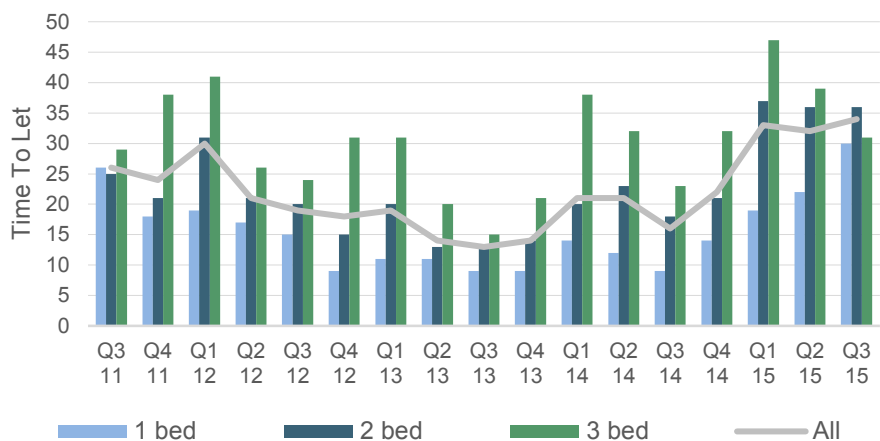
### Average Rent (pcm) by Number of Bedrooms



### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

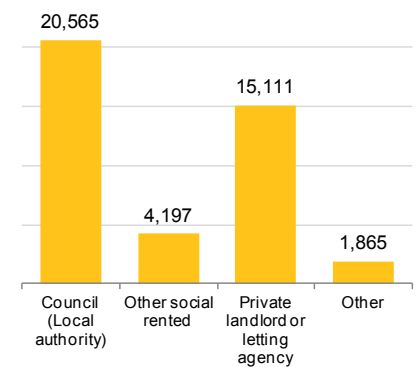


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.5	100.7	98.8
2009	97.1	94.6	93.8	96.8
2010	96.9	96.5	96.3	98.3
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	

### Households: Rented



Source: Census 2011, Aberdeen



### Matt Pullinger - Northwood

"Aberdeen has seen some contrasting statistics in Q3. Many properties across a variety of locations have seen an increase in time to let and a reduction in rental value whilst other sectors of the market continue to experience good demand and maintain rental values. With so much choice in the current market the key is effective marketing through portals like Citylets, finding the price point that generates demand for properties and making your property stand out from the rest."

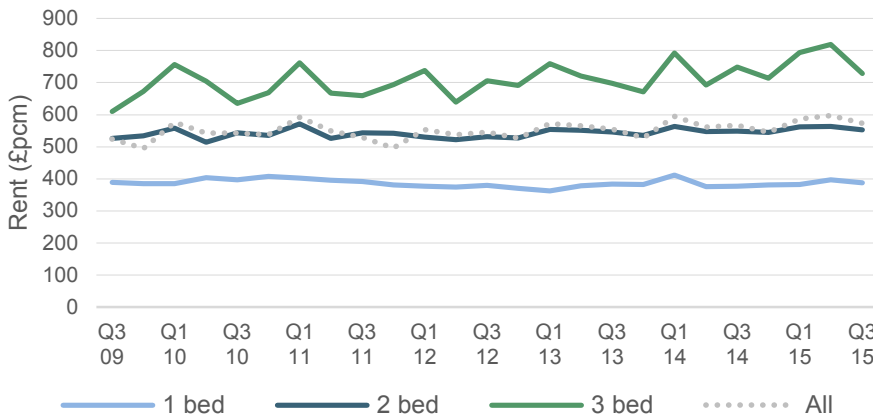


# Dundee

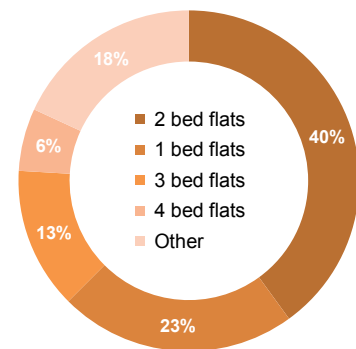
## Market Overview - Q3 15

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£387	2.7%	2.1%	-2.5%	46	-4	11%	45%
2 bed	£553	0.7%	4.1%	1.7%	50	4	9%	36%
3 bed	£728	-2.7%	3.1%	14.6%	53	14	13%	50%
4 bed	£1,049	2.0%	10.8%	23.8%	57	11	11%	26%
<b>Total</b>	<b>£574</b>	<b>1.2%</b>	<b>5.3%</b>	<b>5.7%</b>	<b>50</b>	<b>4</b>	<b>10%</b>	<b>40%</b>

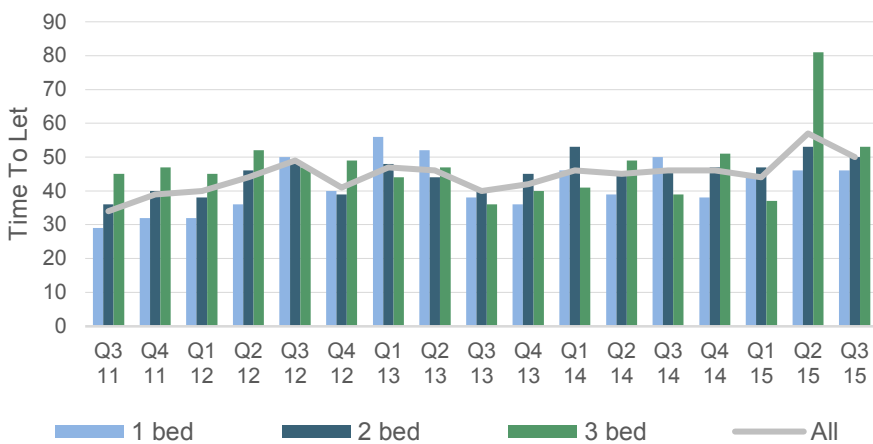
### Average Rent (pcm) by Number of Bedrooms



### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

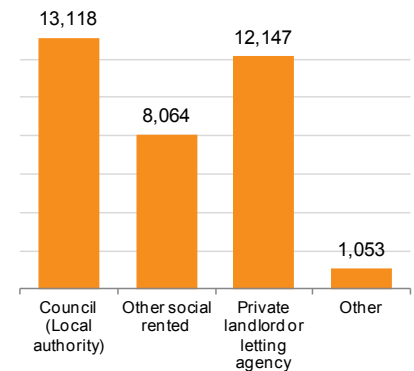


### Rental Index

(base: Q1 10)

Year	Q1	Q2	Q3	Q4
2010	100.0	94.3	94.3	93.4
2011	102.8	95.5	91.8	86.1
2012	96.2	93.2	94.6	91.5
2013	99.3	98.1	96.4	91.7
2014	103.3	97.4	98.4	94.6
2015	101.9	103.8	99.7	

### Households: Rented



Source: Census 2011, Dundee



### Lesley Davie - Direct Lettings

"Within the private rented sector in Dundee, demand is still strong for good quality one and two bedroom properties. Tenants are far more discerning these days and any property which a prospective tenant deems less than they had hoped for, will remain on the market longer than a property in move-in condition. Enquiries we have had from potential investors/landlords recently have been for two bedroom properties in Dundee."

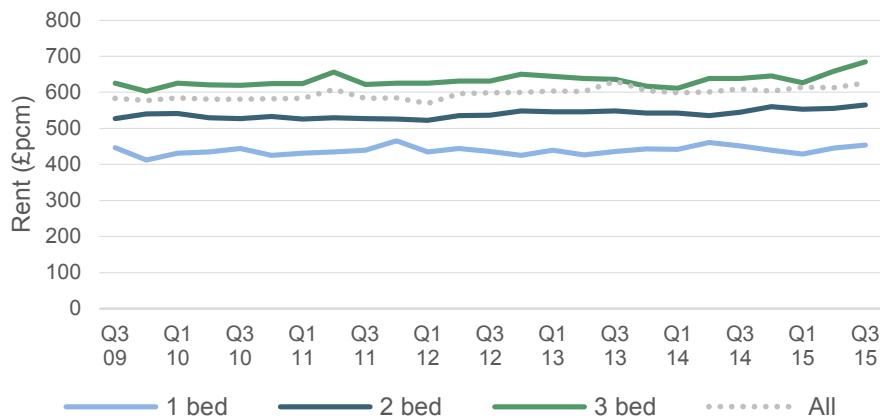


# West Lothian

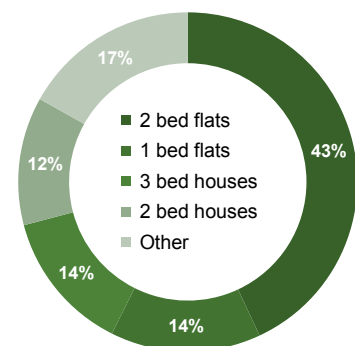
## Market Overview - Q3 15

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£454	0.7%	4.1%	2.3%	30	-9	27%	57%
2 bed	£565	3.7%	5.2%	7.2%	43	-6	12%	44%
3 bed	£685	7.2%	8.6%	10.5%	37	-8	16%	50%
4 bed	£893	3.7%	-2.0%	2.6%	40	11	12%	41%
<b>Total</b>	<b>£626</b>	<b>2.6%</b>	<b>4.5%</b>	<b>7.7%</b>	<b>40</b>	<b>-5</b>	<b>15%</b>	<b>47%</b>

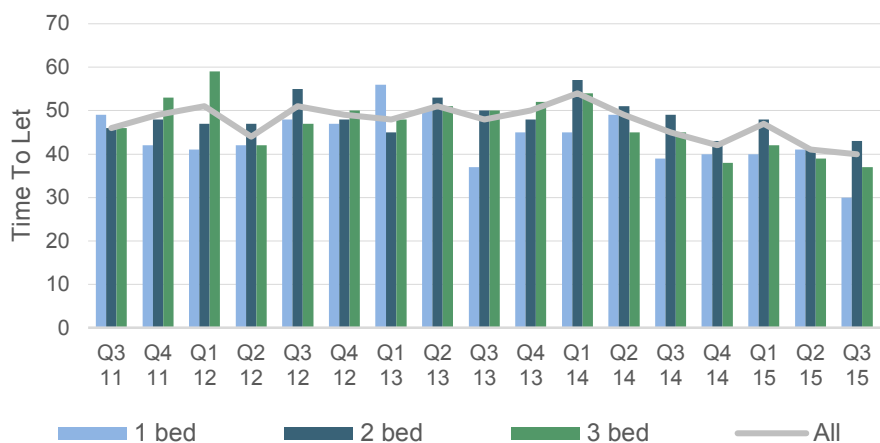
### Average Rent (pcm) by Number of Bedrooms



### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

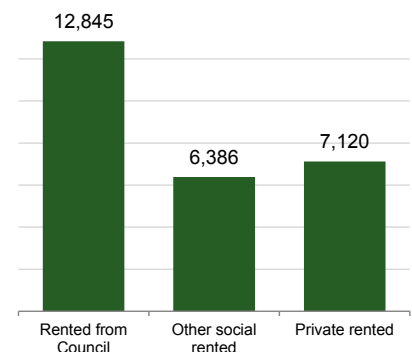


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.4	104.8	101.2
2009	101.9	98.4	100.5	99.7
2010	100.9	100.2	100.2	100.3
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	

### Households: Rented



Source: Census 2011, West Lothian



### Brian Callaghan - Letting Solutions

"Rental demand in West Lothian is at an all-time high, with multiple applicants for every property. As a result, it is noticeable that prospective tenants are increasingly anxious about missing out in the face of such high demand. To illustrate, of the numerous properties we have rented out over the past week, six were let in less than one day. Although two bed flats continue to be in greatest demand, three beds follow on closely"



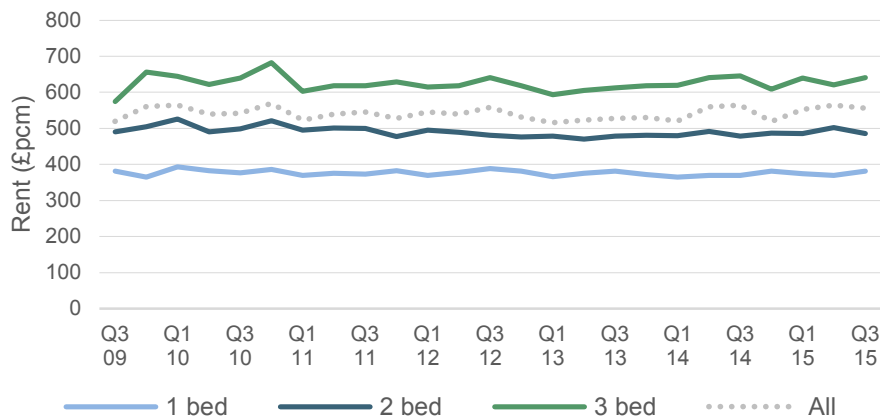


# South Lanarkshire

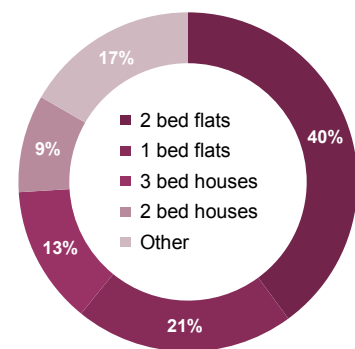
## Market Overview - Q3 15

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£382	3.2%	-1.8%	1.3%	42	-2	20%	51%
2 bed	£486	1.7%	1.0%	-2.6%	40	0	13%	48%
3 bed	£641	-0.8%	0.0%	0.2%	28	-12	20%	63%
4 bed	£1,059	10.2%	5.2%	21.7%	36	-8	23%	54%
<b>Total</b>	<b>£556</b>	<b>-1.6%</b>	<b>-0.5%</b>	<b>2.6%</b>	<b>39</b>	<b>-3</b>	<b>17%</b>	<b>51%</b>

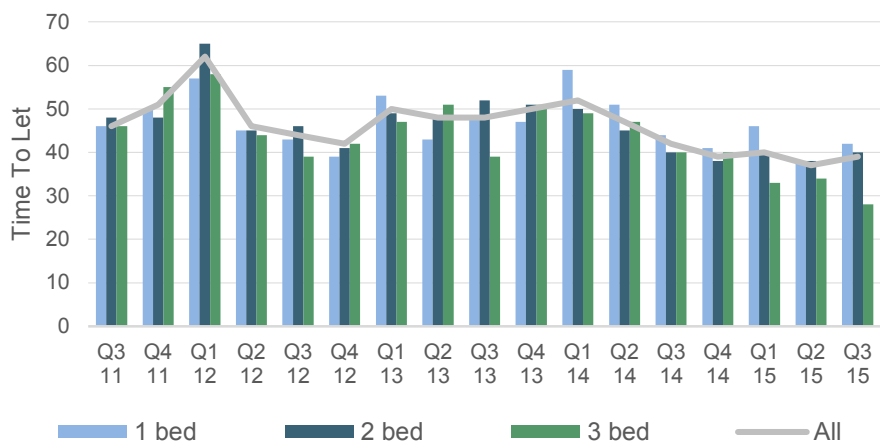
### Average Rent (pcm) by Number of Bedrooms



### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

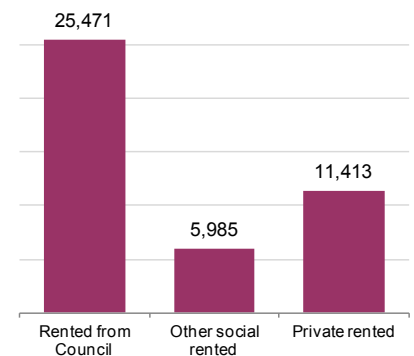


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.3	101.3	102.4
2009	103.3	96.7	95.6	103.3
2010	104.1	99.4	99.8	104.8
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	

### Households: Rented



Source: Census 2011, South Lanarkshire

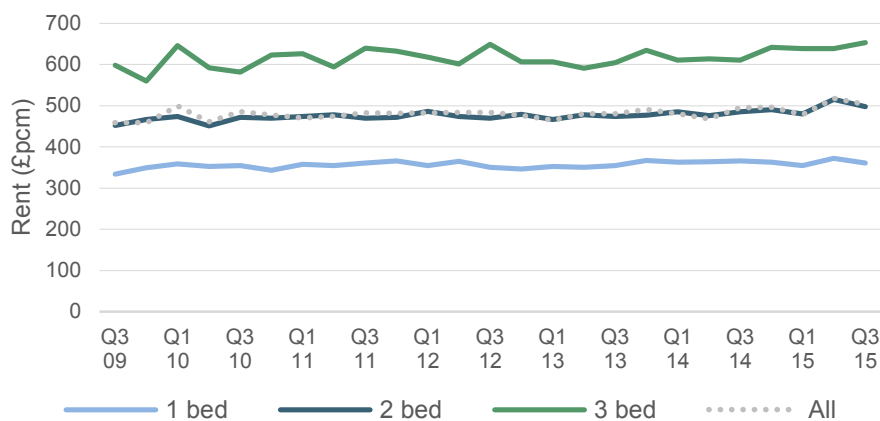


# Renfrewshire

## Market Overview - Q3 15

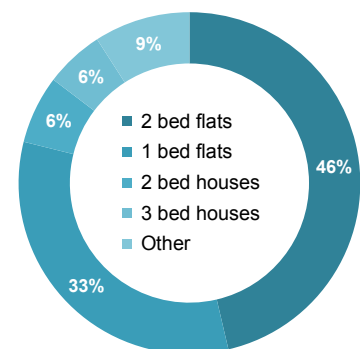
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£361	-1.4%	3.1%	2.0%	45	-1	18%	45%
2 bed	£498	2.7%	6.0%	5.5%	45	-5	11%	44%
3 bed	£653	6.9%	0.6%	12.2%	45	-2	16%	43%
4 bed	£862	-13.8%	-15.2%	-0.3%	32	1	9%	55%
<b>Total</b>	<b>£503</b>	<b>1.6%</b>	<b>3.9%</b>	<b>3.5%</b>	<b>45</b>	<b>-3</b>	<b>14%</b>	<b>45%</b>

### Average Rent (pcm) by Number of Bedrooms

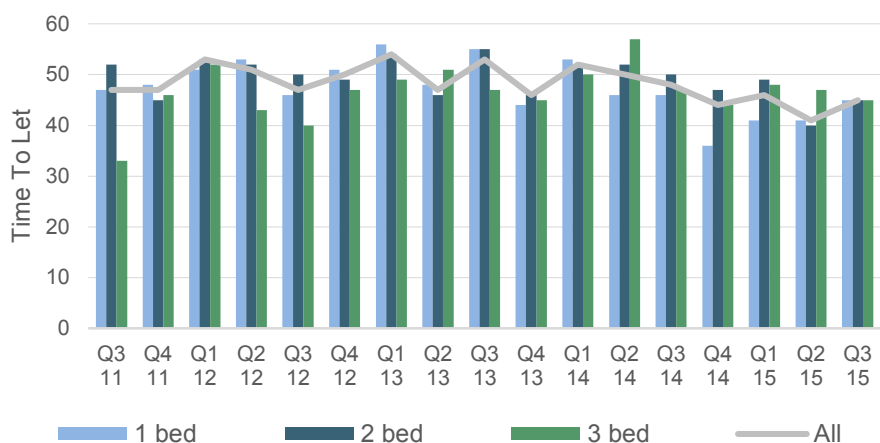


## CITYINFO

### Market Composition



### Average Time To Let (TTL) by Number of Bedrooms

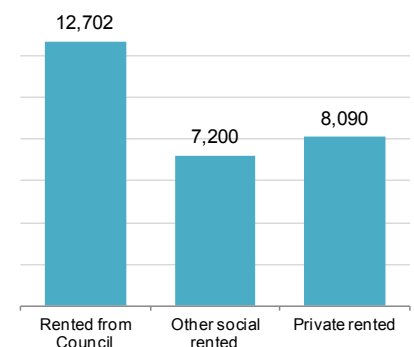


### Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.8	104.0	100.0
2009	98.7	99.0	96.2	96.2
2010	104.6	96.6	101.9	100.0
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	

### Households: Rented



Source: Census 2011, Renfrewshire



### Colin Roe - Let-it

"The Renfrewshire market is feeling the ripple effects from its Glasgow neighbours with even our 'hard to let' properties being snapped up. Just recently we rented a 2 bedroom property close to Paisley train station to 2 students studying at Strathclyde University because they simply couldn't find any place to stay in Glasgow! A sign of the demand just about everywhere now I feel."



# Agent Views

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

## Aberdeen Considine, Aberdeen – Adrian Sangster



*“Despite challenges in Aberdeen as a result of the reduced oil price, tenant activity has remained high. In August our city office completed over 400 viewings and reported a record amount of lets, beating their previous best by 30%. If properties are marketed at a realistic rent and presented to a good standard we’re finding tenant demand is still there. We’re also finding with reduced rentals it’s opening up the Aberdeen market to those who may have previously been priced out of it.”*

## Contempo Lettings, Aberdeen – Judith MacDonald



*“We continue to see a more challenging market place than we are used to in Aberdeen this quarter compared to this time last year. 2 bedroom properties seem to have been worst hit, however 1 bed properties and the larger family homes of 3 bedrooms or more still seem to be in reasonable demand, when presented well and priced according to the current climate.”*

## Stonehouse Lettings, Aberdeen – Ross Murray



*“The O&G industry down turn is really starting to take a grip. It means we as agents are having to work harder and smarter to get a property let. We have moved to more of a tenant favoured market with average rents decreasing especially in the 2 bed apartment market. We are working with landlords to be realistic about rent levels to get them a let that sees them through the next 6 to 12 months which is working well for them.”*

## Macleod Lettings, Glasgow – Ross Macleod



*“Demand for rental properties in key areas of G12, G20, G1-3, has seen an annual high. Despite the increase in student specific developments throughout Glasgow, demand remains for student beds in traditional properties. With forthcoming changes to tax laws for landlords we may experience a drop in BTL landlords (and properties) over the coming 12-18 months as landlords across all sectors start a disposal process to take advantage of the current tax breaks.”*

## Let-it, Glasgow – Colin Roe



*“The Glasgow rental market is quite simply crazy at the moment with insufficient stock available. At one point we had 1 Available property. Renfrewshire isn’t just as busy but still seeing a dramatic increase in tenants seeking accommodation. Rent levels are still rising steadily because of the shortage of stock. More investment in the sector needs to be encouraged on all levels.”*

## Click-Let, Edinburgh – Ross MacDonald



*“Demand for rental properties in Edinburgh continues to be very strong. Competition for properties is resulting in average time to lets falling across our portfolio. Such market conditions are making investing in a rental property or increasing an existing portfolio extremely attractive. However, prompt clarification on the proposed rent controls and changes to lease paperwork would be welcomed by all involved in the sector.”*

## Braemore Sales & Lettings, Edinburgh – Callum MacGregor



*“Current trends suggest a stable market for landlords with rental prices remaining strong in key areas with an abundance of good quality tenants looking to secure good quality homes. The market rapidly needs new property to meet demand.”*

## Umega Lettings, Edinburgh – Andy Whitmey

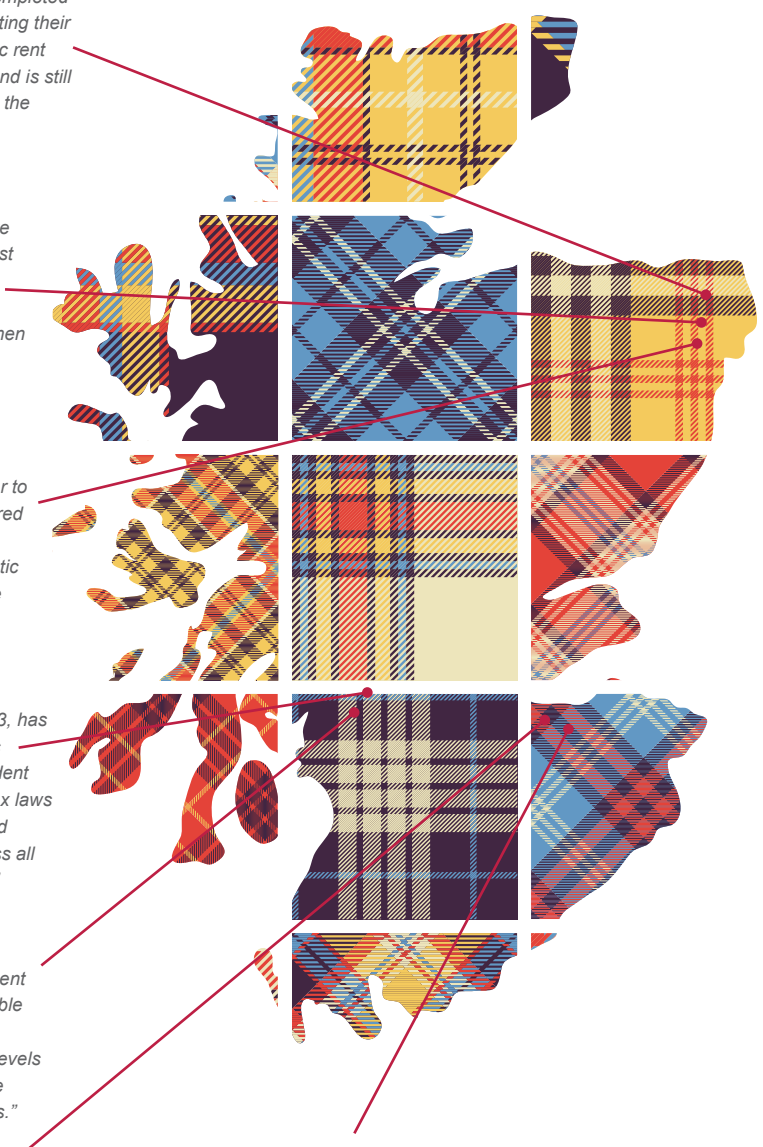


*“Rents continue to climb and we’ve surprised ourselves with the rents that tenants expect to pay for student and professional properties. There is a definite lack of supply of good quality properties coming to the market with quality properties being snapped up in a matter of days. We welcome the tightening of regulation in our industry in relation to electrical and fire safety and also proposed regulation of letting agents.”*

## Rentlocally, Edinburgh – John Horsburgh



*“We have been recording a noticeable increase in the numbers of enquiries on all our properties and this is starting to have a positive effect by reducing our average time to let. Rents are still increasing but, with what we perceive as a resurgence in the buy to let market, this should increase the available stock and help tenants find a wider selection of more affordable property.”*



# Postcode & Towns - Average Rents & TTL - Q3 15

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	£731	(16)	£1,003	(21)		
EH3	£777	(16)	£1,155	(22)	£1,518	(35)
EH4	£695	(16)	£870	(21)	£964	(29)
EH5	£594	(12)	£711	(15)	£995	(25)
EH6	£584	(16)	£754	(16)	£1,062	(29)
EH7	£619	(14)	£837	(17)	£1,091	(25)
EH8	£633	(12)	£798	(13)	£1,339	(32)
EH9	£683	(16)	£918	(15)	£1,247	(17)
EH10	£677	(16)	£952	(15)	£1,250	(29)
EH11	£595	(14)	£764	(14)	£967	(23)
EH12	£641	(16)	£919	(24)	£1,119	(27)
EH13			£701	(29)	£992	(24)
EH14	£576	(18)	£761	(23)	£968	(27)
EH15			£690	(18)		
EH16	£611	(17)	£778	(16)	£943	(36)
EH17			£654	(15)	£822	(12)
EH21	£560	(17)	£634	(23)		
EH22			£622	(16)	£744	(24)
EH23			£557	(12)		
EH30			£697	(29)		
EH48	£444	(28)	£538	(36)	£666	(30)
EH49			£608	(22)		
EH51			£474	(30)		
EH54			£571	(46)	£708	(38)

## Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£474	(46)		
Ayr	£401	(38)	£523	(38)	£603	(48)
Bathgate			£548	(36)		
Bo'ness			£474	(30)		
Cumbernauld			£499	(27)		
Dalkeith			£613	(16)		
Dunfermline	£405	(22)	£523	(19)	£680	(40)
East Kilbride	£365	(43)	£467	(33)	£642	(28)
Glenrothes	£381	(22)	£463	(36)	£534	(37)
Hamilton	£378	(49)	£497	(38)	£611	(47)
Inverness	£495	(21)	£644	(23)	£801	(23)
Kilmarnock	£360	(48)	£455	(42)	£518	(32)
Kirkcaldy	£390	(34)	£490	(32)		
Linlithgow			£608	(22)		
Livingston			£582	(45)	£677	(26)
Motherwell			£473	(32)		
Paisley	£358	(44)	£467	(47)	£583	(46)
Perth	£385	(34)	£531	(30)		
Stirling Town	£450	(24)	£596	(16)	£801	(19)
Troon	£375	(22)	£527	(34)		

## Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£630	(18)	£900	(19)		
G2	£650	(29)	£891	(18)		
G3	£589	(15)	£840	(14)	£1,148	(24)
G4	£576	(15)	£777	(17)	£1,079	(28)
G5	£543	(17)	£645	(24)	£871	(26)
G11	£555	(16)	£800	(14)	£1,030	(18)
G12	£637	(12)	£903	(18)	£1,237	(25)
G13	£489	(20)	£626	(27)		
G14	£447	(14)	£554	(30)		
G20	£541	(16)	£668	(20)		
G21	£411	(34)	£487	(37)		
G31	£434	(20)	£595	(23)	£691	(23)
G32	£392	(23)	£495	(36)		
G33			£518	(34)		
G40	£393	(41)	£522	(28)		
G41	£489	(14)	£616	(22)	£863	(22)
G42	£419	(31)	£559	(30)	£630	(27)
G43	£463	(19)	£580	(28)	£647	(43)
G44	£453	(24)	£573	(22)	£525	(44)
G51	£431	(22)	£592	(23)		
G52			£524	(34)	£581	(30)
G53					£672	(30)
G66	£409	(47)	£508	(39)		
G71			£588	(35)		
G72			£497	(40)		
G73	£444	(27)	£524	(45)	£559	(20)
G74	£366	(47)	£470	(32)	£624	(40)
G75	£363	(38)	£458	(37)	£655	(20)
G76			£583	(26)		
G81			£516	(38)		
G82			£444	(73)		
G84	£390	(39)	£524	(39)	£643	(29)

## Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£662	(30)	£941	(43)	£1,197	(32)
AB11	£633	(31)	£923	(36)	£1,261	(40)
AB12			£854	(43)	£1,085	(60)
AB15	£687	(27)	£1,078	(48)	£1,285	(46)
AB16			£777	(43)		
AB21	£620	(37)	£866	(41)	£1,019	(45)
AB22	£670	(37)	£885	(41)	£1,047	(43)
AB24	£649	(30)	£899	(30)	£1,299	(25)
AB25	£638	(30)	£905	(31)	£1,358	(19)
AB51			£794	(34)	£1,022	(35)

## Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£384	(64)	£619	(47)	£719	(66)
DD2	£406	(39)	£541	(47)	£788	(27)
DD3	£354	(51)	£507	(55)		
DD4	£383	(55)	£503	(55)		
DD5			£636	(36)		

## Sign of the Times

TC Young explain the new procedures for residential lease signing.

On 1 July 2015, the Legal Writings (Counterparts & Delivery) (Scotland) Act 2015 came into force marking a significant change in the way that residential leases can be signed.

Although there have been arguments within the legal profession regarding whether or not counterpart signing has always been possible, this point has not been widely accepted. Prior to 1 July 2015, the general consensus was that all parties to a lease must sign one principal document. This caused issues, for example, when joint tenants resided abroad and were not able to come into the agent's office to sign the documentation. The new Act confirms that execution of documents can be done in counterpart and further, that delivery of these documents can be done by electronic means.

The Act allows the agent (or landlord) to email the prospective tenant(s) a copy of the lease to be signed. Both landlord and tenant(s) each sign separate copies. These can then be exchanged either by sending hard copy by post, or scanning a signed copy by email to each of the other parties. Once all parties have received the other parties' signed copies, the lease is concluded. The counterparts are deemed to form a single document.

Alternatively, parties can agree that the counterparts must be returned to a "nominated person" (this can

be one of the parties or their agent). The tenant(s) print a copy of the lease, sign it and then send either a hard signed copy by post, or a scanned signed document by email, to the "nominated person". Once the "nominated person" has the full set of scanned signed leases, the lease is at that point concluded.

The explanatory notes to the Act state that parties who wish for registration of the lease or for other purposes, should gather in the hard copy signed pages in order to create



a collated version of the document for such a purpose.

With that advice in mind, it might be sensible that the landlord or agent request that the signed hard copy documents are sent to them by post (or hand delivered to their office) in order that the principal documents are retained, should the agent or landlord require to rely on that principal document in relation to legal action (i.e. repossession or debt recovery).

An alternative option is that the "nominated person" can send the lease by email to the tenant(s), who would each sign as many copies as there are parties to the lease (e.g. if there is one landlord and two joint tenants, then three copies each are signed). All of the signed copies would then be sent to the landlord or agent who would check that all have been signed appropriately and then provide a complete set of the documents to each party. The lease would be deemed to be properly executed at the point that all copies had been received by the "nominated person". By using this option, the landlord or agent can ensure that they hold the executed hard copy documents, for future use if required.

It is important to distinguish the options outlined above from the issue of digital signatures on leases. Digital signing presents great problems due to the requirement for formal registration of the digital 'signature' of both tenant and landlord with a licenced provider, something which most tenants are unlikely to have done.

Please feel free to contact Fiona Watson at TC Young if you wish to discuss any of this further and how this may affect your day to day practice.

## Summer Budget Tax Bombshell

SAL discusses the impact of the summer budget cuts to tax incentives for landlords.

The Chancellor announced tax changes in his emergency summer budget which will have a huge financial impact on many landlords and according to a recent Scottish Association of Landlords (SAL) survey, could mean that up to a third of rental businesses are no longer viable in their current form.

The changes announced are as follows: -

### End of the 10% wear & tear allowance

Landlords of fully furnished properties have been able to deduct 10% of their rental income from their taxable profit to account for wear and tear. The Chancellor is proposing to abolish this allowance and instead allow all landlords (including those of unfurnished and part furnished properties) to deduct the actual capital cost of replacing furniture, furnishings, appliances and kitchenware. Some might consider this to be a fairer and more logical system and the good news is that it will benefit landlords of unfurnished and part furnished properties who are currently unable to deduct the cost of replacing items such as white goods and carpets. However, it is likely to lead to a higher tax bill for many landlords of fully furnished properties.

HMRC has recently run a consultation asking for views on the proposed change which can be found [via this link](#). SAL submitted a response on

behalf of landlord and letting agent members.

### Cuts to tax relief on mortgage interest

Until now higher and additional rate tax payers have been able to claim mortgage interest relief at 40% and 45% respectively. A cap of 20% will be introduced in a phased manner between 2017 and 2020. Under the new system tax will be paid on income before the deduction of any



mortgage interest and this will push many basic rate taxpayers into the higher rate bands. For more about what is being introduced and how it might affect you, [see this link](#) to read a paper on the subject produced by the web portal Property118.

A survey of landlord members carried out in August has revealed that the cuts to tax relief on mortgage interest will have a very significant impact on landlords, with 31% saying their business will no longer be viable as a result of the changes, forcing them to sell or raise rents.

SAL believe the changes will cause

rents to rise and leave tenants facing homelessness as landlords are forced to leave the sector. In a recent joint press release with the Residential Landlords Association (RLA) in September SAL chief executive, John Blackwood, said:

“The Government has failed to do its homework. It is clear that these changes will affect many more landlords than suggested, and more importantly, many more properties and therefore tenants. By taxing gross profit many small landlords will be pulled into a higher tax bracket and others will be forced to pay tax when they have made a trading loss.”

“We are disappointed that the UK Government seems to have failed to understand the damaging effect this could have on the PRS across the UK. Recent surveys confirm that over half of landlords are considering raising rents as a result of this policy, while others are considering selling properties, leaving tenants homeless. The supply of private rented housing will shrink, forcing rents up further and leave already-struggling local authorities unable to cope with housing demand.”

A petition set up to oppose the tax changes has already received over 25,000 signatures. If you haven't already done so, please [sign the petition here](#). If you are not yet a member, please [join the Scottish Association of Landlords](#) to add your voice to our campaigns.

## Underinsurance - Are your Landlords and Tenants Underinsured?

Chartered Insurance Brokers Hazelton Mountford take a closer look at underinsurance.

As with all insurers, your premium is calculated based on your individual circumstances and the amount of cover you choose to take for the buildings and contents.

There are a huge variety of factors to take into account when you assess how much insurance you need, therefore it is important to obtain advice from a broker or valuation expert.

Landlords and tenants often get this wrong and the results can be costly as it can potentially impact the amount received for any claims.

For example, if the cost to rebuild or replace your property or contents is £100,000 but you have taken

out insurance that will cover you for £50,000, then you would be effectively underinsured by £50,000 or 50%. Any claim you make will only be paid on that basis of the amount of cover you chose; this is based on what's called the 'average clause'. So in this case your insurer would only pay 50% of any claim. This clause could leave any of your landlords or tenants needing to repay the remaining costs, which could be anything from hundreds to thousands, to millions of pounds.

### How do your landlords know if they might be underinsured?

- They haven't had their property professionally valued in the last 5 years

- They have altered or extended the property
- The insurance cover has been based on market value and not what it would cost to rebuild the property
- The Landlord hasn't factored in costs for gates, fences or car parking in the sum insured calculations
- The property is a listed building – the time and cost of repairs or re-builds are likely to be far greater than for a listed building
- In some cases planning applications need to be re-submitted in total loss claims
- Your landlord hasn't factored in the costs of professional fees such as an architect or surveyor or site clearance.

It has been reported that 6.8 million British households are underinsured, with £200bn of home contents at risk.

Specialist valuers, Barrett Corp & Harrington, say that on average 77% of the properties they survey are underinsured by 45% of the correct insurance.



If you or your clients would like to discuss underinsurance in more detail please contact Hazelton Mountford:

01905 721 249 | [sean@hazeltonmountford.co.uk](mailto:sean@hazeltonmountford.co.uk)

# 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 & 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. The team recently launched **OptiletPro**, 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 available:

- Localised average monthly rental prices
- Localised stock levels
- Supply and demand analysis
- Gross rental yield levels
- Localised demographics
- Affordable rent modelling

## 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

This document was published in Oct 2015. 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.

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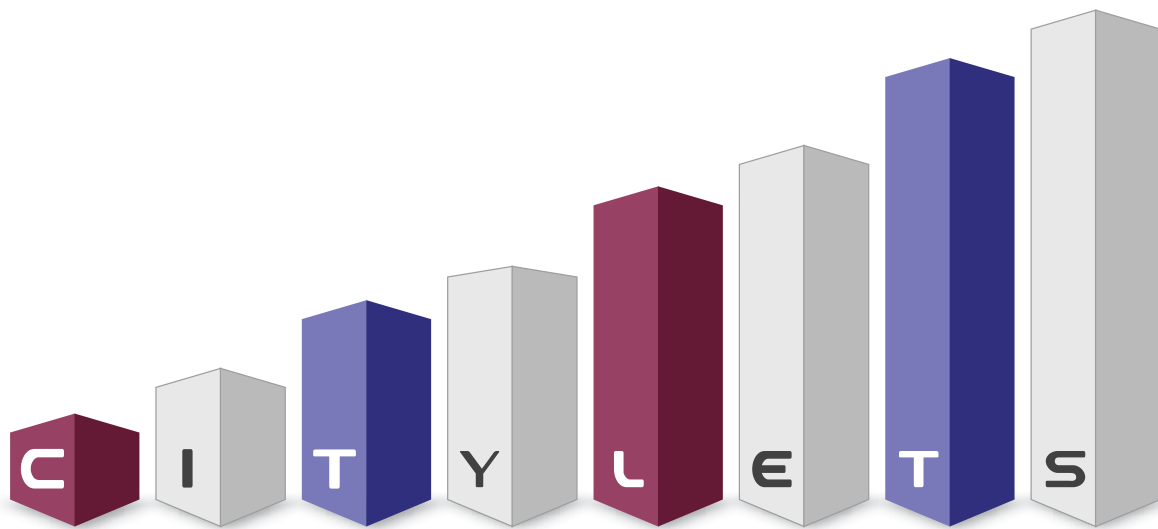
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