

Oil Cooled Market



- Overview of the Scottish Rental Market
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more.
- Postcode and Town Analysis: Localised Rental Prices
- Legislation Matters: Government Guidance on Electrical Safety
- Citylets Scottish Landlord Survey 2015
- Unclaimed Deposits
- Around the Country: Agent Views

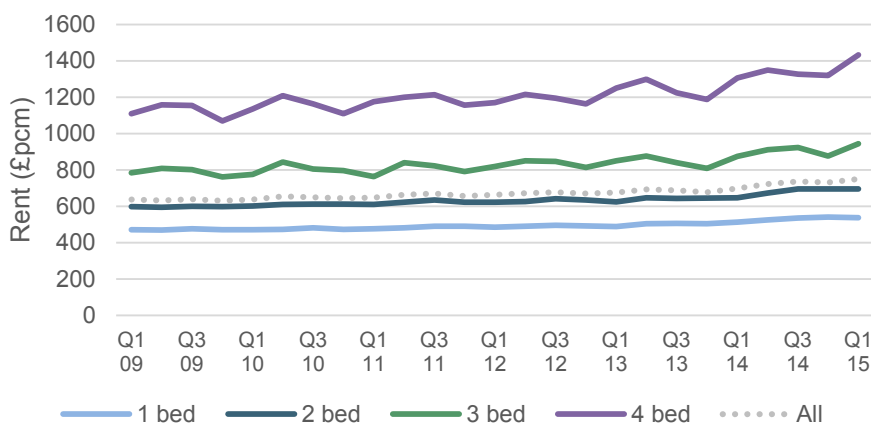
Scotland

Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£538	4.7%	26	-6	27%	69%
2 bed	£695	7.4%	35	-4	18%	55%
3 bed	£945	8.1%	36	-3	17%	53%
4 bed	£1,433	9.7%	34	-1	24%	59%
Total	£751	7.4%	33	-4	21%	59%

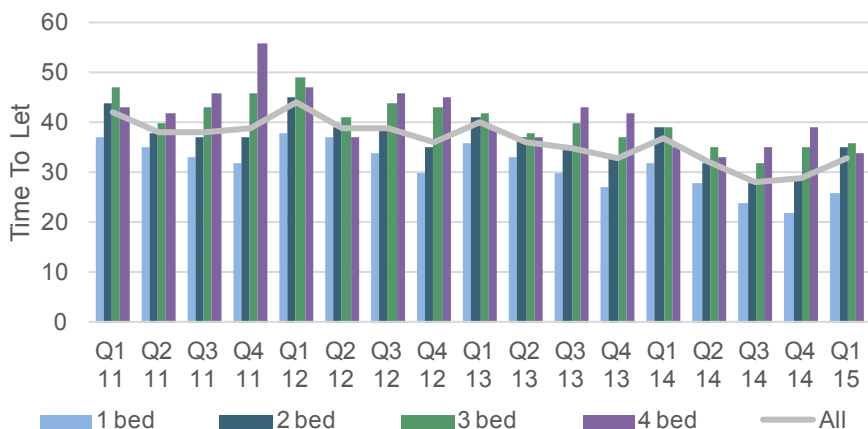
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets



Adrian Sangster - Aberdeen Considine

"The description of the Scottish market as a 'patchwork of local markets' is still very much prevalent. The Aberdeen market has seen a definite knock on effect from the low oil price with landlords having to reconsider their asking rentals due to supply of properties currently outstripping tenant demand. Notwithstanding this, when compared to the rest of Scotland, rental levels are still high. Our Perth and Stirling offices report that the market within their areas remain healthy and relatively unaffected by the troubles in the North sea, with the supply of properties appearing to meet tenant demand. Further south however the story is different once again with both Glasgow and Edinburgh offices reporting continued high tenant demand but a shortage of available properties."

The pivotal position of the oil industry to the North East economy is evident in our latest report to Q1 2015 with rents in the Granite city falling from recent highs and annual growth slowing significantly. However the Scottish PRS on the whole stands at an all time high with the average rent at £751 per month.

All property sizes (1-4 beds) increased over the year with 4 beds rising most at 9.7% reflecting the increased demand for family homes across the country. Whilst recent rises are noteworthy, so too is the fact that rents are 16.4% above their 2008 base, around 2.5% per year in line with long term inflation.

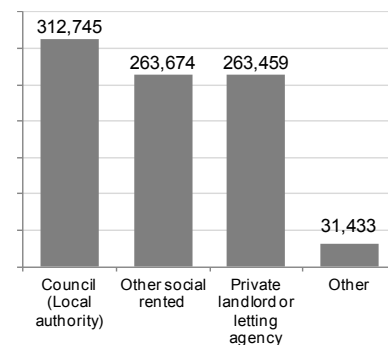
CITYINFO

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			

Households: Rented



Source: Census 2011, Edinburgh

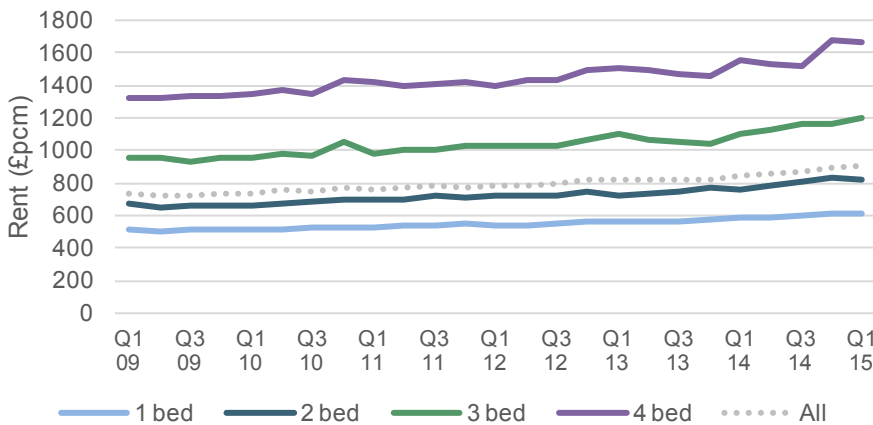
Edinburgh

Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£619	4.6%	16	-9	39%	83%
2 bed	£825	8.3%	24	-7	26%	69%
3 bed	£1,201	8.7%	25	-3	27%	69%
4 bed	£1,672	7.5%	19	-4	40%	76%
Total	£913	7.7%	21	-7	31%	74%

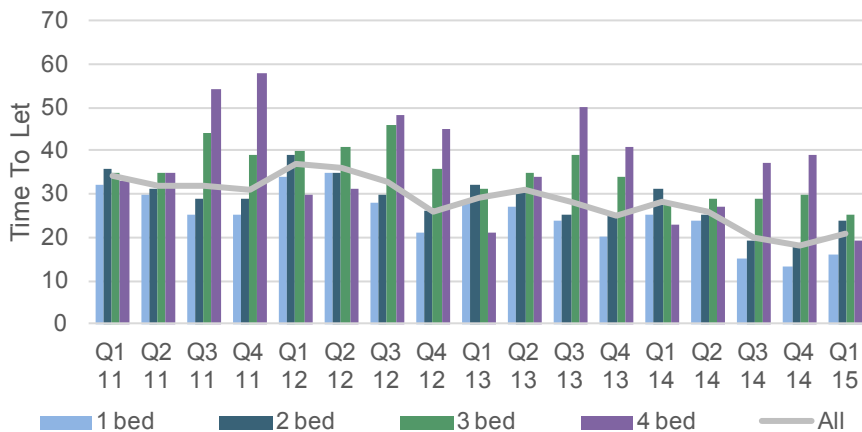
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets

The inexorable rise of the Edinburgh market continues, with average rents up 7.7% on last year to £913 per month. With 8 consecutive quarterly rises since Q1 2013, the trajectory for the Scottish capital now indeed mirrors that seen in Aberdeen in recent years.

Properties of all sizes (1-4 beds) recorded rises of between 4.6% and 8.7% and TTL falls with the average (mean) property now taking just 21 days to let. 1 bed properties are moving fastest at just 16 days on average and 83% are let within a month. Many agents report portfolio average TTLs - as measured by median - in single figures.

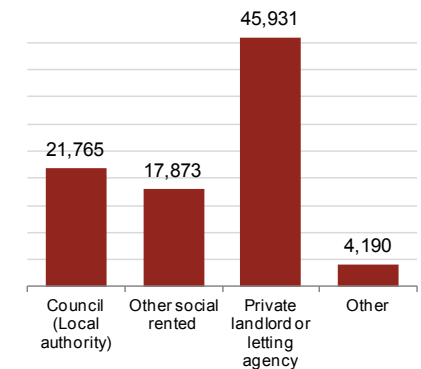
CITY INFO

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	122.2			

Households: Rented

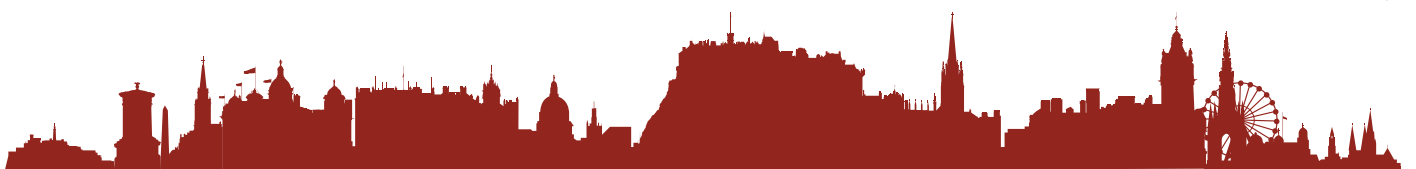


Source: Census 2011, Edinburgh



Laura Nisbet - Umega Lettings

"The lettings market is continuing to perform strongly in 2015 with rents increasing for all property sizes. There is still a shortage of good quality properties, investors appear to be getting back into the market which will hopefully see an increase in quality properties coming to the market over the course of the year. The drive towards inevitable regulation, which we are strongly supportive of, continues to gather momentum."



Glasgow

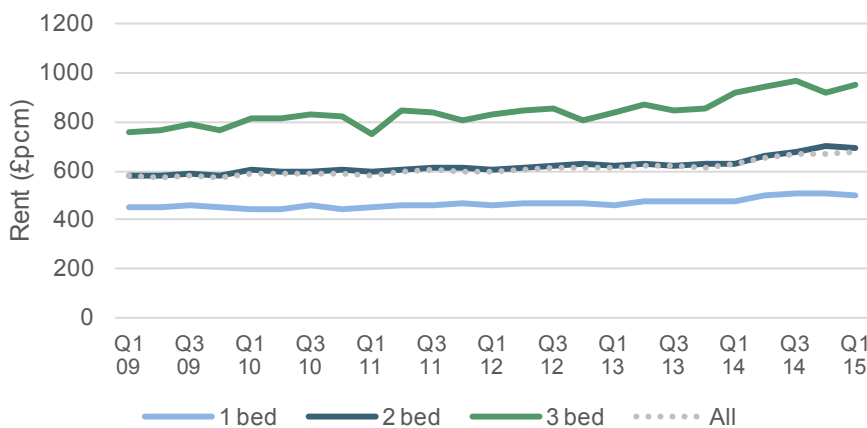
Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£502	5.9%	24	-7	28%	69%
2 bed	£690	9.2%	32	0	20%	59%
3 bed	£950	2.9%	42	11	12%	40%
4 bed	£1,547	17.1%	36	-2	3%	45%
Total	£679	8.1%	31	-1	21%	60%

Source: Citylets

Rents in Glasgow continue to edge up at a steeper rate than in previous years, now at an all time high of £679 per month, up 8.1% year on year. However TTLs are not falling across the board as per the capital but still moving well with the typical property taking 1 month to let, down only slightly on last year by 1 day.

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Popular 2 bed properties saw a significant 9.2% annual rise to £690 per month but again it was 1 bed properties moving fastest with 69% let within a month. The steep rise of 4 beds flatters the underlying growth trend through an influx of large student properties during this quarter.

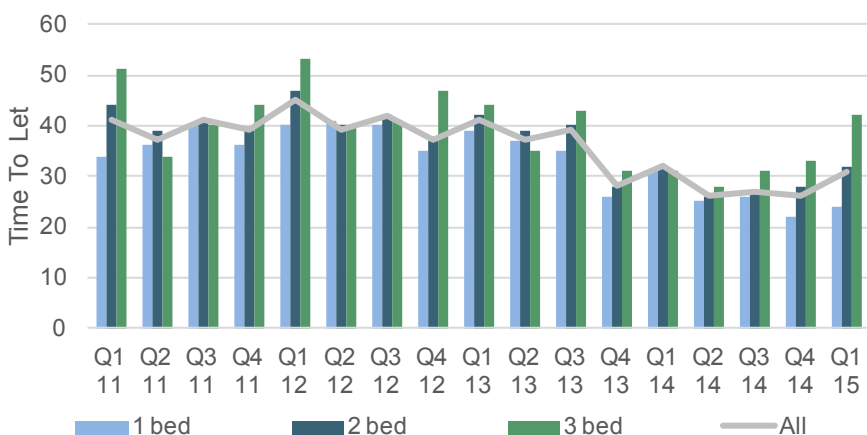
CITYINFO

Rental Index

(base: Q1 08)

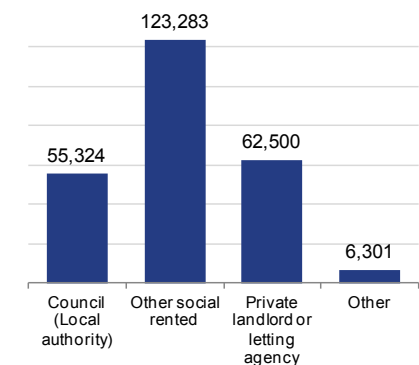
Year	Q1	Q2	Q3	Q4
2008	100.0	102.6	104.6	101.8
2009	102.3	101.4	103.0	100.7
2010	104.2	104.1	103.9	103.7
2011	102.3	106.0	106.7	105.6
2012	105.1	107.4	108.5	107.9
2013	108.1	109.0	109.0	108.5
2014	110.8	115.7	118.0	118.7
2015	119.8			

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets

Households: Rented



Source: Census 2011, Greater Glasgow



Colin MacMillan - Glasgow Property Letting

"During the 1st Quarter of 2015 we have witnessed sustained growth in the Private Rented Sector (PRS) with demand high and Time To Let (TTL) reducing for quality, well maintained properties situated across west central belt of Scotland. The PRS offers a secure and robust investment opportunity within the Student and Professional sectors and is still showing exceptional growth and we believe this trend is set to continue."



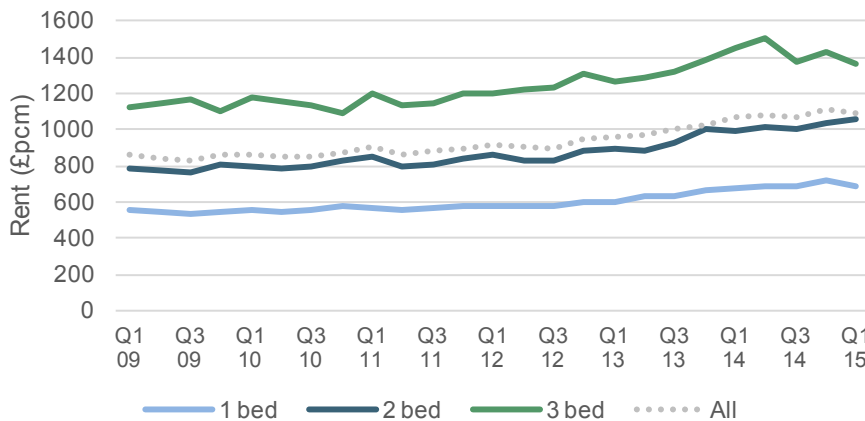
Aberdeen

Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£690	2.5%	19	5	30%	78%
2 bed	£1,053	5.9%	37	17	15%	54%
3 bed	£1,357	-6.0%	49	11	9%	31%
4 bed	£2,082	-3.5%	58	22	8%	30%
Total	£1,089	2.2%	34	13	19%	59%

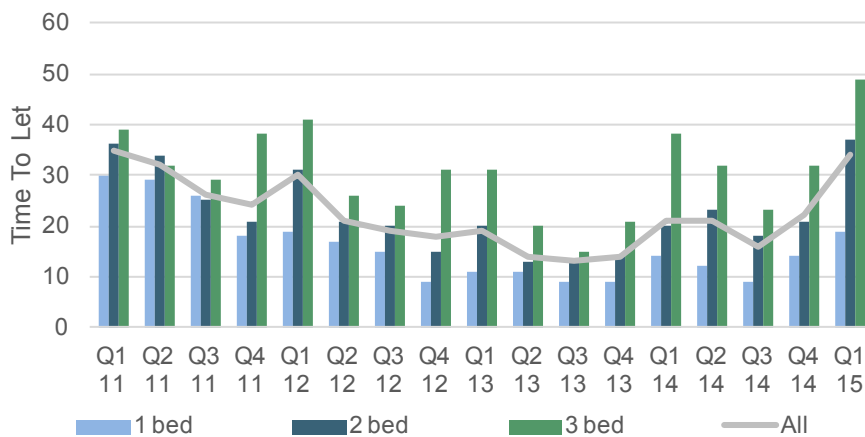
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets



Ross Murray - Stonehouse Lettings

"We are continuing to buck the trend with our average rents being some 15% higher than the Aberdeen average. The market is slowing due to the uncertainty around oil and gas. This is evident with 'Average time to let' increasing for the higher end of the market and a drop in pricing of around 0.5%. We are still seeing movement, like we did in 2014, for the lower rents at £1,000 and below which is encouraging. The next 6 months will be challenging in the Aberdeen market".

There are signs that the Aberdeen market may finally be cooling. Whilst rents are up 2.2% on the year at £1089 per month, this represents both a fall from Q4 2014 and a considerable slowdown in annual inflation between recent quarters, down from 8% as at Q4 2014.

However falls are attributable to the larger 3 and 4 bed properties, down 6% and 3.5% respectively, whilst 1 and 2 beds continue to record YOY rises. All property types took longer to rent than a year ago (13 days on average) however the typical property still takes around just 1 month to let at well over £1000.

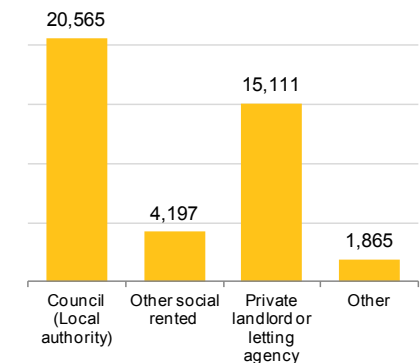
CITY INFO

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			

Households: Rented



Source: Census 2011, Aberdeen



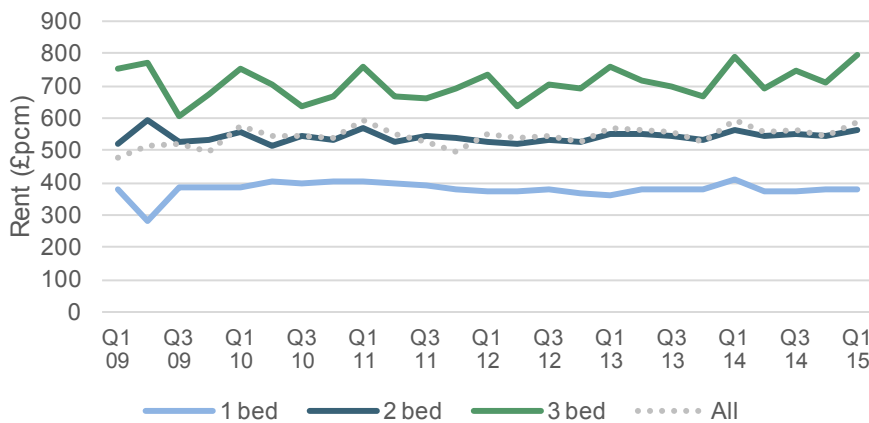
Dundee

Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£382	-7.3%	44	-2	16%	46%
2 bed	£562	-0.4%	50	-3	11%	37%
3 bed	£794	0.3%	37	-4	15%	42%
4 bed	£1,018	-8.5%	39	6	17%	33%
Total	£587	-1.3%	45	-1	14%	40%

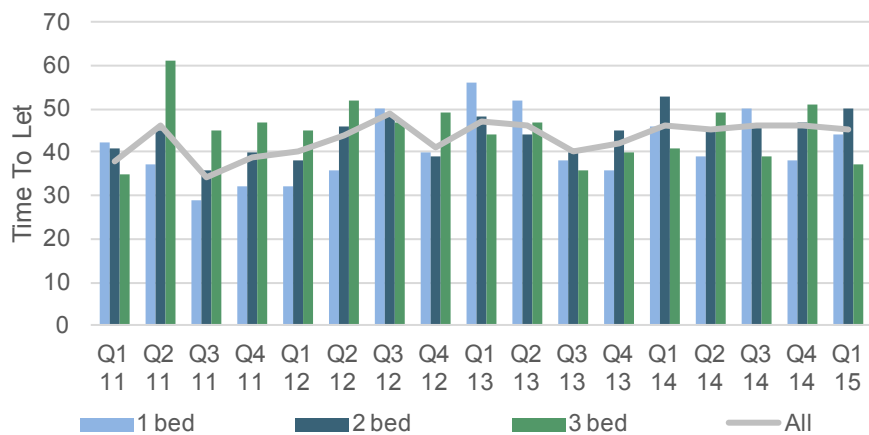
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets



Robert Murray - Lickley Proctor Lettings

"The first quarter of 2015 has seen a healthy uptake in the properties we have had on offer in Dundee. Our 'Availability List' consequently being smaller than normal (which is a good sign in successfully renting the properties) and is an indication that the Dundee market is still displaying encouraging trends in the private rental sector, offering a good investment opportunity for Landlords."

Dundee continues to buck the trend for major cities recording a 1.3% annual fall in average rents to £587 per month but with average TTLs remaining almost unchanged on last year at 45 days. Only 3 bed properties achieved positive annual growth at 0.3% and 4 bed properties saw the largest fall at 8.5% down to £1018 per month.

On average properties in Dundee rent for around 50% less than its oil rich neighbour and takes twice as long to rent as the capital where a chronic shortage of supply seems to have taken hold. On the whole, the Dundee market is broadly unchanged since 2010.

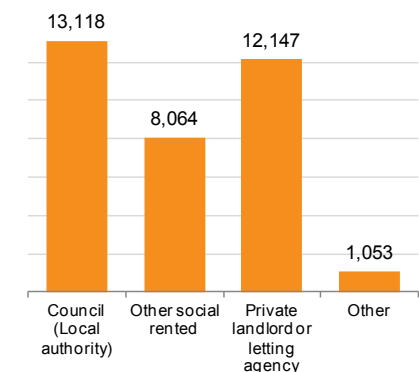
CITY INFO

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			

Households: Rented



Source: Census 2011, Dundee



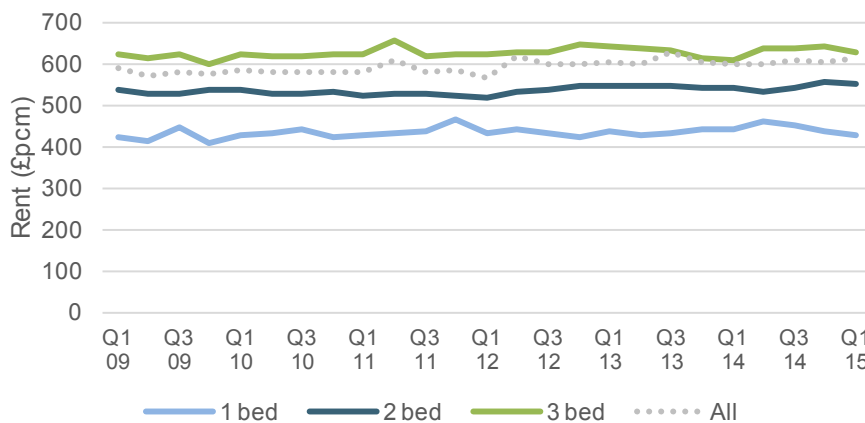
West Lothian

Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£429	-2.9%	44	-1	21%	54%
2 bed	£553	2.0%	49	-8	13%	39%
3 bed	£627	2.6%	42	-12	14%	52%
4 bed	£932	3.8%	61	11	13%	19%
Total	£614	2.5%	48	-6	14%	43%

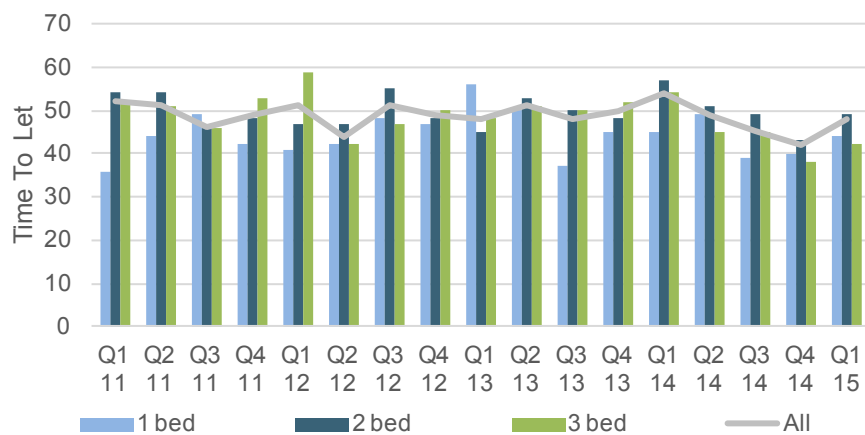
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets



Alistar J McMurdo - CastleBrae Letting

"The post festive rental market has been exceptionally strong with good demand for 'quality properties' outstripping supply. Clients continue to see the rental market as a serious alternative to buying in some cases. With flexible contracts, seasonal work and home working, we anticipate the market to continue to grow. However, landlords are increasingly reporting with continued legislation and increased costs being imposed on them, there is potential threat to supply in the future if this continues."

Just a few miles west of Edinburgh, the West Lothian region-encompassing towns such as Livingston and Bathgate also saw positive annual growth to Q1 2015 with average rents up 2.5% to £614 per month.

The market seems to be moving faster than in the same period of last year with average TTLs quickening by 6 days over the period to 48 days. Again, 4 bed properties saw the largest gains up 3.8% to £932 per month. It is likely that rents will continue to rise through the heart of the year to the end of Q3 before falling back in the quieter Q4.

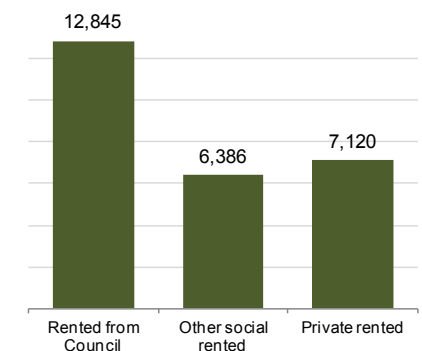
CITY INFO

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	107.1	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			

Households: Rented



Source: Census 2011, West Lothian



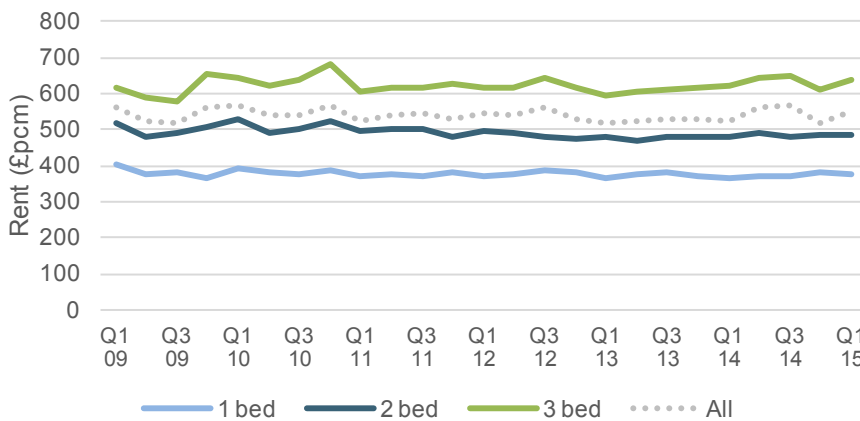
South Lanarkshire

Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£374	2.5%	47	-12	5%	35%
2 bed	£486	1.2%	41	-9	17%	50%
3 bed	£640	3.4%	34	-15	21%	53%
4 bed	£960	15.0%	45	-10	29%	57%
Total	£553	6.1%	41	-11	16%	48%

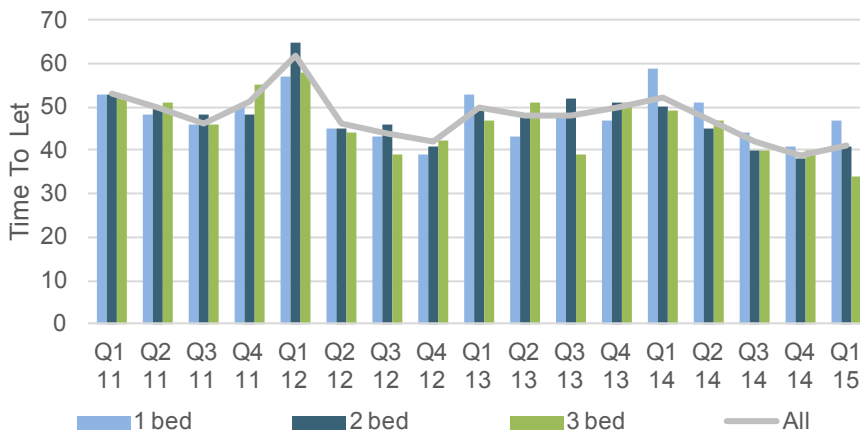
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets

The South Lanarkshire region, home to the large towns of Hamilton and East Kilbride, has recorded a strong year to Q1 2015 with average rents up 6.1% to £553 and TTLs falling by 11 days to average 41. As with Glasgow, positive rental growth was recorded for all property sizes with 4 bed properties also recording the largest increase but unlike Glasgow quicker TTLs were observed across the board.

However as with Renfrewshire, the index reveals that the market is almost unchanged on 7 years ago with last year's gains compensating for falls in recent years underlining the need for context in reporting.

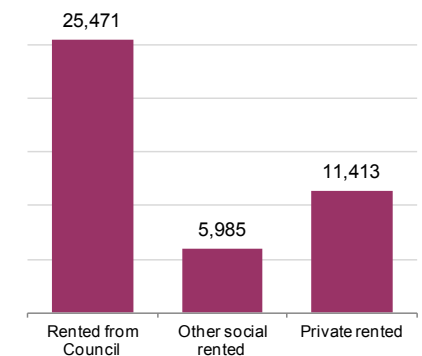
CITY INFO

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			

Households: Rented



Source: Census 2011, South Lanarkshire



Christopher Daly - Lanarkshire Letting

"Despite another year of turmoil in the economy and legislative upheaval tenant demand for properties remains healthy without pushing rents to excessive highs. Investment and new landlords in the sector has in the main kept pace with the attrition of investors leaving. Given that we are facing one of the largest potential legislative changes the industry has ever faced the PRS and it's importance to social housing is under the spot light now more than ever."



Renfrewshire

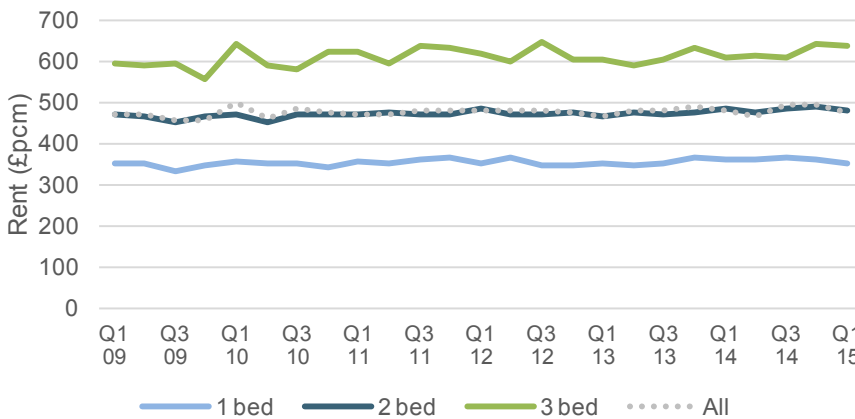
Market Overview - Q1 15

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£354	-2.5%	46	-7	9%	40%
2 bed	£480	-1.0%	52	0	7%	35%
3 bed	£638	4.6%	52	2	9%	38%
4 bed	£880	-7.8%	61	21	7%	20%
Total	£478	-0.4%	50	-2	8%	36%

Source: Citylets

Renfrewshire on the outskirts of Glasgow provides a very clear example that not all urban regions of Scotland are on an assumed perma-upward trajectory requiring government intervention (on rent levels). Rents fell by a modest 0.4% over the year to average £478 per month.

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

It is interesting to note the index records that the market on the whole is almost unchanged over the 7 year period from 2008 in sharp contrast to its Glasgow neighbour, up 19.8% over the same period. A property in Renfrewshire typically takes 50 days to rent with 1 beds moving fastest at 46 days.

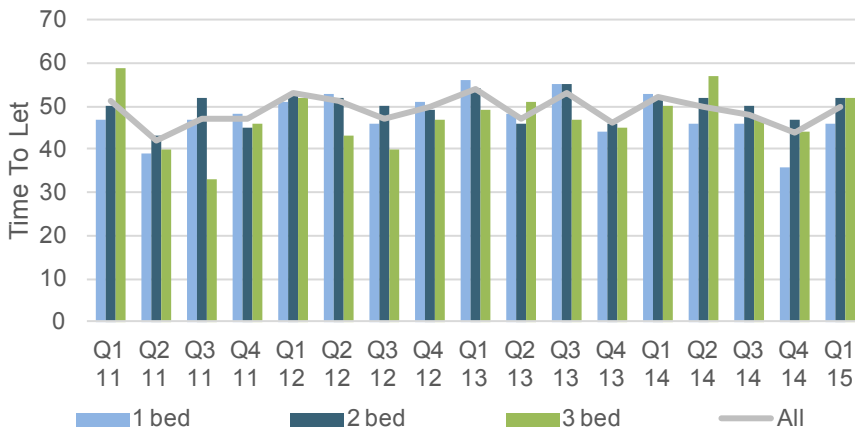
CITY INFO

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			

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets

Households: Rented



Source: Census 2011, Renfrewshire



Jazz Chowdry - Castle Residential

"Renfrewshire consistently churns out properties with yields of 10% and more, many of which we manage for our valued landlords. We have investors from all over the UK who have specifically targeted Renfrewshire as a focus for their buying due to these high yields and local amenities. High end, good quality properties in the PRS move relatively quickly with minimal void periods and houses in particular are in great demand, no matter the size."



Postcode & Towns - Average Rents & TTL - Q1 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	£693	(18)	£858	(26)	£1,290	(28)
EH3	£739	(17)	£1,052	(30)	£1,357	(28)
EH4	£672	(15)	£829	(28)	£1,107	(44)
EH5	£577	(24)	£674	(26)	£879	(34)
EH6	£562	(16)	£728	(22)	£1,025	(16)
EH7	£589	(20)	£797	(24)	£1,145	(22)
EH8	£601	(14)	£799	(20)	£1,223	(16)
EH9	£665	(18)	£877	(22)	£1,266	(17)
EH10	£672	(11)	£852	(22)	£1,211	(22)
EH11	£562	(17)	£739	(23)	£1,025	(25)
EH12	£628	(20)	£785	(21)	£1,220	(34)
EH13			£695	(26)	£835	(17)
EH14	£572	(12)	£721	(18)	£915	(29)
EH16	£597	(19)	£724	(29)	£1,046	(35)
EH17			£659	(24)		
EH21	£514	(24)	£615	(38)		
EH22			£594	(30)	£750	(43)
EH48	£431	(36)	£546	(45)	£608	(30)
EH49	£441	(29)	£589	(37)		
EH51			£462	(33)		
EH54			£555	(52)	£668	(53)

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£455	(59)	£521	(73)
Ayr	£389	(62)	£518	(53)	£662	(42)
Bathgate	£437	(41)	£555	(44)	£631	(31)
Boness			£462	(33)		
Cumbernauld			£471	(41)		
Dalkeith			£604	(25)		
Dunfermline	£413	(17)	£521	(23)	£625	(27)
East Kilbride	£368	(41)	£479	(37)	£654	(31)
Glenrothes			£456	(30)	£582	(48)
Hamilton	£383	(36)	£491	(45)	£572	(46)
Inverness	£492	(26)	£618	(29)	£795	(27)
Kilmarnock	£361	(46)	£442	(64)	£549	(48)
Kirkcaldy	£371	(40)	£485	(42)	£567	(24)
Linlithgow	£441	(29)	£589	(37)		
Livingston			£556	(51)	£665	(40)
Motherwell			£479	(54)		
Paisley	£347	(48)	£464	(51)	£614	(41)
Perth	£424	(31)	£546	(27)		
Stirling Town	£446	(37)	£556	(42)	£840	(38)
Troon			£535	(40)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£622	(21)	£861	(29)		
G2	£613	(20)	£824	(23)		
G3	£585	(15)	£901	(24)	£1,172	(50)
G4	£555	(17)	£678	(24)		
G5	£510	(23)	£636	(26)	£814	(51)
G11	£539	(23)	£781	(28)	£1,126	(49)
G12	£616	(24)	£885	(33)	£1,198	(32)
G13	£502	(32)	£604	(28)	£742	(43)
G14	£409	(26)	£544	(39)		
G20	£511	(16)	£685	(20)	£796	(28)
G21			£498	(49)		
G31	£413	(22)	£558	(30)	£729	(41)
G32	£387	(26)	£496	(39)		
G33			£516	(30)		
G40	£437	(24)	£524	(33)		
G41	£488	(19)	£603	(24)	£843	(34)
G42	£408	(29)	£520	(36)		
G43			£580	(15)		
G44	£436	(24)	£580	(43)		
G51	£391	(28)	£530	(36)		
G52			£523	(39)	£551	(60)
G53			£567	(42)	£713	(25)
G71			£578	(41)	£848	(29)
G72			£492	(35)		
G73			£513	(48)		
G74	£360	(43)	£495	(36)		
G75	£388	(37)	£448	(39)	£655	(33)
G76			£636	(24)		
G81			£496	(61)	£550	(65)
G82	£337	(50)				
G84	£406	(48)	£514	(59)		

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£722	(22)	£1,035	(42)		
AB11	£659	(20)	£1,000	(32)	£1,323	(41)
AB12			£856	(30)		
AB15			£1,255	(52)	£1,357	(46)
AB21			£936	(19)	£1,315	(49)
AB22			£921	(21)		
AB24	£685	(15)	£962	(33)	£1,333	(42)
AB25	£683	(20)	£945	(34)		
AB51			£878	(24)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£352	(42)	£627	(49)	£897	(59)
DD2	£412	(52)	£557	(54)	£833	(31)
DD3	£360	(43)	£504	(52)		
DD4	£384	(45)	£520	(47)	£722	(33)
DD5			£584	(41)		

Source: Citylets

New Scottish Government Guidance on Electrical Safety

TC Young discuss the new requirement for electrical safety checks in meeting the Repairing Standard.

The Scottish Government has recently published guidance on new electrical testing requirements for private landlords. This guidance is issued under sections 13(4A) and 19B(4) of the Housing (Scotland) Act 2006. Regard must be had to this guidance in determining whether a property meets the Repairing Standard in relation to installations for supply of electricity and in relation to electrical fixtures, fittings and appliances.

In terms of the 2006 Act, private landlords are currently required to ensure that a rented house meets the repairing standard at the start of the tenancy and at all times throughout. Part of that repairing standard is that the installations for the supply of electricity, electrical fixtures and fittings and any appliances supplied by the landlord, are in a reasonable state of repair and in proper working order.

The new guidance requires landlords to carry out an electrical safety inspection before a tenancy starts and thereafter at intervals of no more than 5 years. The inspection will have two parts: an Electrical Installation Condition Report (EICR) on electrical installations, fixtures and fittings and a Portable Appliance Test (PAT) on portable appliances. Although the minimum standard to comply will be a frequency of testing every 5 years, where the EICR or PAT certificate may stipulate a lesser

period for re-testing, such lesser period should be complied with. It is important to remember that Portable Appliance Tests will only be required to be carried out on all appliances provided by the landlord, and there will be no obligation to test items belonging to, or provided by, the tenant.

The timescale for complying with the guidance will be applied in two stages: those landlords of tenancies entered into on or after 1st December 2015 will be required to comply with the requirements at the date of



signing the tenancy. However, those landlords of tenancies in existence prior to 1st December 2015 will only be required to comply as of 1st December 2016. All EICRs completed on or after 1 December 2015 must have a PAT record attached to it.

Landlords must also ensure that all tests are carried out by competent persons. In Scotland, that will usually mean electricians who are members of SELECT (Scotland's trade association for the electrical industry) or NICEIC, a voluntary regulatory

body for the electrical contracting industry. Failing membership with one of these regulatory bodies, any electrician instructed to complete electrical testing on behalf of the landlord must be able to confirm their competency by confirming a number of points listed on a checklist form, which style form is provided for within the guidance itself (at Annex A of the published guidance.)

Any failure to comply with the new electrical check requirements may result in your tenant making a referral to the Private Rented Housing Panel on the basis that the property does not meet the Repairing Standard. This could result in the PRHP issuing a Repairing Standard Enforcement Order requiring you to carry out certain works to comply, within a set timescale. If you fail to comply with that Order, they can also make a further order restricting the amount of rent your tenant is legally required to pay. This may also affect your status as a "fit and proper person" for landlord registration purposes, as Local Authorities are notified of non-compliance of PRHP Orders.

The full wording of the guidance can be read here www.prhpscotland.gov.uk/prhp/137.26.33.html

Should you have any queries in relation to this guidance, or the Repairing Standard in general, please do not hesitate to contact Fiona Watson on 0131 220 7660.

Citylets Scottish Landlord Survey 2015

Citylets polled Scottish Landlords in early May 2015 to seek their views on key aspects of the Scottish Government’s consultations into the PRS and how they may affect supply.

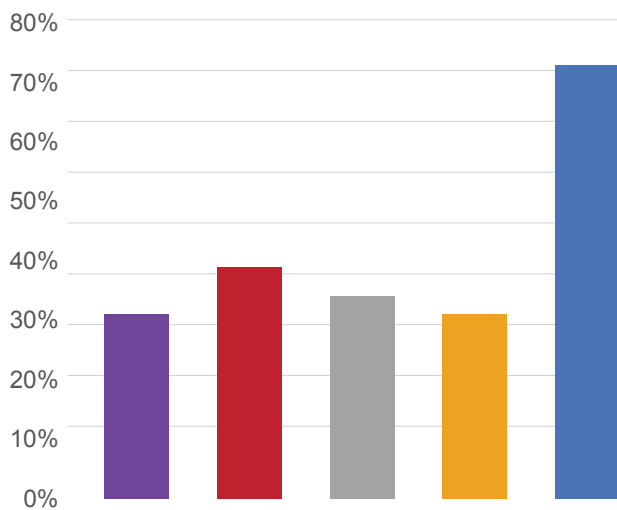
Like most others, Citylets recognises that the current tenancy regime could be improved in light of the changing demographic of the rental market including the growing numbers of families with children now residing in the sector. We also recognise that it is almost impossible to identify perfect solutions, but are the current

proposals striking the right balance between landlords and tenants?

The findings of our survey would suggest not. So much so that there seems to be clear indication of a material exodus should ‘no fault’ indeed be removed and / or rent controls introduced, if only in so called ‘rent pressure’ areas. As an

apolitical organization we presented our findings far and wide and trust they will find resonance with policy makers in tandem with other campaigns such as the e-petition from SAL.

For the full summary of findings, please see www.citylets.co.uk/survey2015



31% likely to leave or reduce their portfolios due to 'no fault' removal

39% likely to leave or reduce their portfolios upon introduction of rent controls

34% described the list of proposed grounds as comprehensive or fully comprehensive

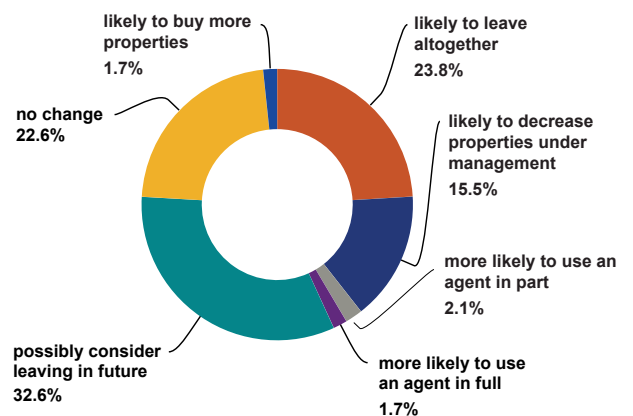
31% described the list of proposed grounds as inadequate or highly inadequate

73% felt vilified by policymakers

Based on information to date, that ‘no-fault’ grounds will be removed and replaced with mandatory grounds, how does this affect your willingness to remain as a landlord in the Scottish Private Rented Sector:

If rent controls in city hotspots are introduced, how would this affect your willingness to remain in the Scottish Private Rented Sector:

Answer Choices	Responses
likely to leave altogether	16.7%
likely to decrease properties under management	13.8%
more likely to use an agent in part	3.8%
more likely to use an agent in full	0.8%
possibly consider leaving in future	28.9%
no change	35.6%
likely buy more properties	0.4%



Wanted: Owners of Unclaimed Deposits

SafeDeposits Scotland takes a closer look at unclaimed deposits.

When tenancy deposit schemes were first introduced in Scotland, no one ever imagined that a tenant wouldn't want their deposit back when they moved out of the property they were renting.

But, strangely, this seems to be true in many cases as, at the time of writing, hundreds of thousands of pounds in tenant deposits lie unclaimed.

As Scotland's leading tenancy deposit scheme with over 60% of the market and over £60m of deposits currently under protection, SafeDeposits Scotland's job is to hold this money safely until the landlord or letting agent notifies us that a tenant has moved out. Then, once the tenant claims their deposit back, we arrange their money to be transferred back to them... except it's not always so easy.

At present, there are over 1,000 tenants who have left a property without claiming their deposit back. Our finance team spend a great deal of time trying to track down these 'missing tenants' to give them their money back, calling them, sending emails, texting, but often to no avail.

Of course people move on, change mobile numbers, etc., so tenancy deposit schemes rely on them getting in touch to claim their deposit,

and as a not-for-profit company we have no ambition to keep this money and would rather see it returned to the rightful owners.

Unfortunately, when the Tenancy Deposit Schemes (Scotland) Regulations 2011 were introduced there were no provisions to deal with the eventuality of unclaimed deposits, so we've taken advice from our solicitors and have been told that, like many other unclaimed assets, if money remains unclaimed after six



years then it reverts to the Crown.

With this in mind, we're pushing for all tenants out there to think about whether they paid a deposit, where it was paid, and ask themselves if they've claimed back. If not, do so – the money is yours!

In the event this money does go unclaimed, we are calling for a

change to the law which would see the money being put to good use and being reinvested in improving Scotland's increasingly important private rented sector.

This would mean hundreds of thousands of pounds – maybe even millions – being used to train people, create jobs, support tenants' groups, and generally improving the professionalism in the sector.

As Scotland's only not-for-profit deposit scheme, we will already gift-aid our surpluses to our related charity, the SafeDeposits Scotland Trust – a grant giving charity designed to improve education, training and best practice in the sector.

If we are ultimately unable to contact the 'missing tenants', we would suggest using this money to supplement this process, but ideally the thousands of Scotland's unclaimed deposits will be claimed.

For further information on SafeDeposits Scotland, see www.safedepositsscotland.com or call 03333 213136.

SafeDeposits Scotland is Scotland's largest tenancy deposit scheme, with a 60% share of the market and the only not-for-profit scheme based in Scotland.

www.safedepositsscotland.com | Twitter: @SafeDeposits | linkedin: SafeDeposits Scotland



Around the Country

Scottish Letting Agents give us their views on their local market.

Aberdein Considine & Co., Aberdeen – Adrian Sangster



"The Aberdeen market has seen a definite knock on effect from the low oil price, as landlords are having to reconsider their asking rentals with the supply of properties currently outstripping tenant demand. Those who are not prepared to negotiate on price are advised to expect increased void periods. However to be fair most landlords are aware of the current difficulties and are taking the view that they've benefitted from long periods of increasing rentals and acknowledge that this growth could not have continued indefinitely."

Contempo Lettings, Aberdeen – Judith MacDonald



"The Aberdeen rental market has seen a decline in demand for 2+ bedroom properties this quarter. This has resulted in a reduction in rents achieved for this type of property and a slightly longer time to let. 1 bedroom properties continue to do well however with healthy demand and reasonable rental income."

Let-it, Glasgow – Colin Roe



"There is real concern in the rental sector at the moment in part because of recent changes to the installations of smoke alarms and heat detectors in rented properties, the current hot potato of legionella testing in all properties as well as new changes coming to effect on 1st December 2015 requiring landlords to provide a full EICR (Electrical

Installation Report as well as an annual visual inspection which must now include a Portable Appliance Test of the landlord's electrical appliances.

The Annual costs for any landlord to continue in the sector is becoming exorbitant and with new consultation paperwork just recently issued which seems to strongly favour proving more rights to tenants and less to landlord's we are talking to more and more who are simply looking to sell and invest their cash in something not wrapped up in so much bureaucracy!"

RentLocally, Edinburgh – John Horsburgh



"Taking into consideration the evident upward trend in house prices, higher rental income and shorter void periods, the average total annual return on a rental property in Scotland stands at 8.2% in the year to February 2015. Great news for those would be Buy to let investors. If this trend continues we could be looking at 10% before the end of the year."

Braemore North, Edinburgh – Callum MacGregor



"Property in Edinburgh is renting quicker now than at any other time in the past 10 years which is great news for landlords and also for investors looking to purchase property. Net yields are pushing in the right direction with some excellent returns on offer. Huge tenant demand and lack of stock has meant an increase in rental values across the City with 1 bedroom property seeing the highest % increase. Tighter legislation has also ensured a better standard of property for tenants looking for quality accommodation."

Clan Gordon, Edinburgh – Jonathan Gordon



"Rising yields in the Private Rented Sector (PRS) are tempting many to consider becoming a landlord. Many over the age of 55 may also be considering using new 'mortgage freedom' rules to invest. Although buy to let can produce decent gross yields, investors should carefully consider all the cost, tax implications and investment risks. With new safety regulations and changes to the tenancy system on the way we would strongly recommend working closely with a financial adviser and a professional, regulated property manager."

Jonathan is Managing Director of Clan Gordon Limited, chartered surveyors and letting agents based in Edinburgh. Jonathan is also Chair of the RICS Scotland PRS Forum. Clan Gordon are Herald Group Residential Letting Agents of the Year 2014/15."



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 April 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.

Copyright

This report and all data contained within is copyright Citylets. The information contained within this report may be reproduced if the source is clearly identified.

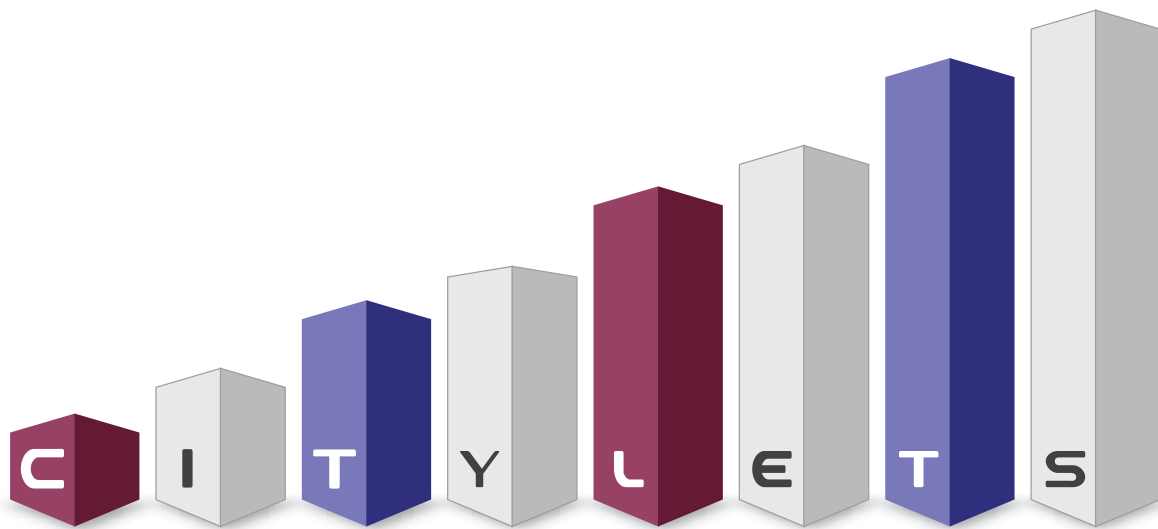
Citylets

21 Lansdowne Crescent
Edinburgh
EH12 5EH

t: 0131 467 4864 f: 0844 507 0400
✉ research@citylets.co.uk
🐦 twitter.com/citylets

CITYLETS

With over 500 agent offices and 4 million visitors per year*,
Citylets is Scotland's certified leading rental site



Home of Scottish LettingTM



*Google Analytics