The Citylets Report | Issue 14 | Q2 2010

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Trends in Scottish Residential Lettings

The Private Rented Sector (PRS) is playing an increasingly important role in the provision of housing in Scotland as increasing numbers of people are unable or unwilling to buy. With predictions of the proportion of households in the PRS growing from 14% to 20% by 2020* there will clearly be a need for more supply over the next few years to meet the demand.

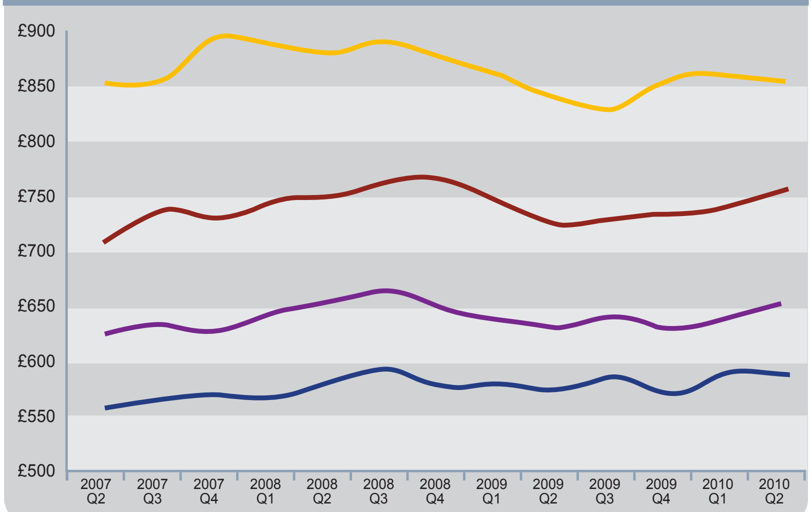
*Savills

In Q2 2010 Scottish average monthly rents stood at £654, a 3.3% rise over the year. Rents in the 3 main Cities have all moved up in that period. In Edinburgh Q2 2010 the average monthly rent was £755, and in Aberdeen £854 representing annual growth of 4.3% and 2.0% respectively. Glasgow rents were £590 up 2.6% on the previous year.

The Citylets rental index for Scotland has been mix adjusted and reflects movements in rent rather than changes in the types of property being rented which often has a seasonal component. Our index has been running for four and a half years (January 2006 =100) and at June 2010 stood at 110.9 which is the second highest monthly figure recorded in that time.

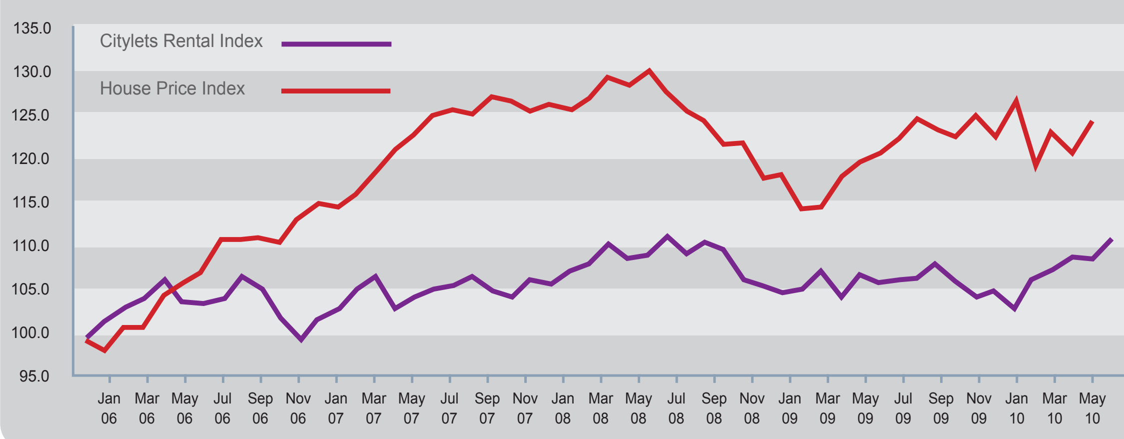
While the rental index growth over the whole period has been a relatively modest 10.9%, it is telling that the majority of that growth (7.5%) has come in the first six months of 2010. This contrasts with the housing sales market which has been moving in the opposite direction during the first half of 2010 with low volumes of sales and softening prices according to the latest Scottish figures from Communities and Local Government (CLG).

Trends in Scottish Rents
Q2 2007 - Q2 2010



Citylets Rental Index v CLG House Price Index (Jan 2006 - Jun 2010)

Index level (Jan 2006=100)



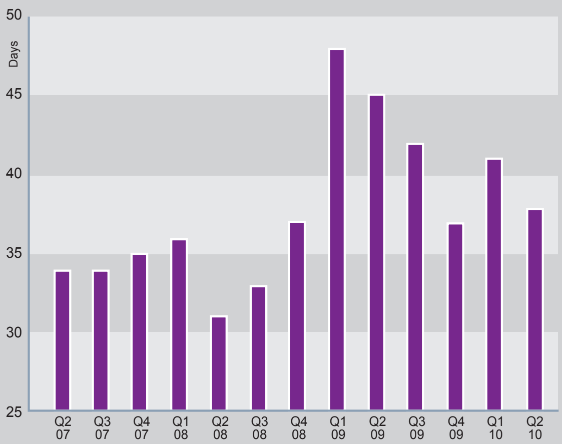
Citylets Rental Index
Base: Jan 2006 = 100

Mon	2006	2007	2008	2009	2010
Jan	100.0	102.0	106.1	105.2	103.4
Feb	101.7	103.1	107.8	105.6	106.9
Mar	103.6	105.2	108.5	107.5	107.9
Apr	104.4	106.6	110.4	104.6	109.2
May	106.3	103.5	109.1	107.1	109.1
Jun	104.0	104.3	109.5	106.3	110.9
Jul	103.7	105.4	111.7	106.7	
Aug	104.3	106.1	109.6	107.0	
Sep	106.9	106.7	110.9	108.4	
Oct	105.3	105.3	110.3	106.5	
Nov	102.4	104.7	106.6	104.9	
Dec	100.0	106.5	105.7	105.2	

Time to Let (TTL)

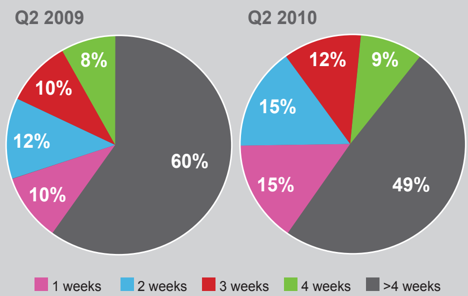
The Scottish TTL figure for Q2 2010 stands at 38 days which is 7 days less than a year ago. This considerable improvement in TTL since the highs of Q1 2009 bodes well for landlords and suggests that steadily increasing demand will put upward pressure on rents in the second half of 2010. Q3 is traditionally the busiest rental period and we can expect to see sub 35 day TTL figures for the first time since 2008.

Time to Let in Scotland Q2 2007 -Q2 2010



Time To Let Q2 2009 - Q2 2010

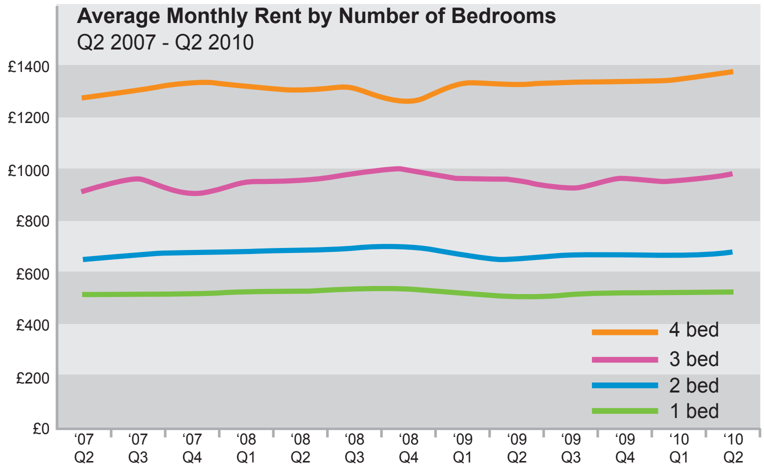
Another indication of the increased demand is that the proportion of properties taking over 4 weeks to rent has come down significantly in Q2 2010 (49%) from Q2 2009 (60%).



In association with jobsinletting

Edinburgh

Activity levels picked up significantly in Q2 from a relatively quiet Q1. Edinburgh saw steady and sustainable annual rent increases and good quality property was snapped up by tenants. Increased demand and continued constraints on the supply of new rental property caused by the tighter credit environment are likely to put upward pressure on rents in the Capital as it heads into the busiest Quarter of the year. The New Town retains its No1 position as the most expensive neighbourhood to rent in the City with an average monthly rent of £856 for a 2 bed flat.



Edinburgh has seen consistent rental growth across all sizes of property in the last year. 2 bed properties had the most growth (4.6%) and also the largest improvement in the time to let (down 11 days to 33 days).

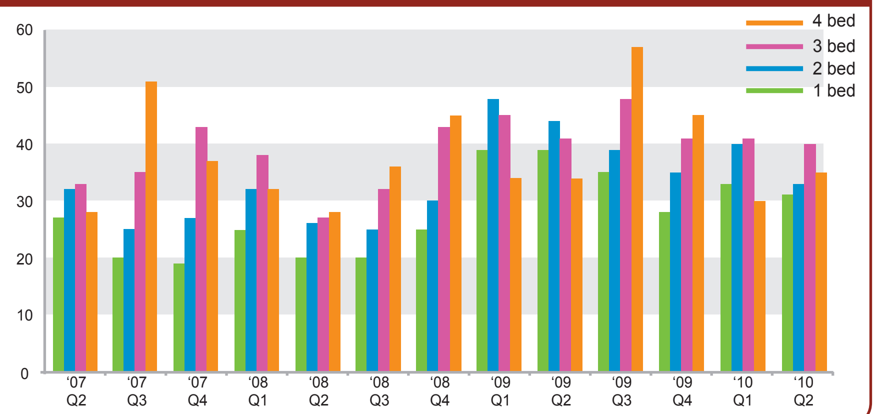
Edinburgh Analysis Q2 2010

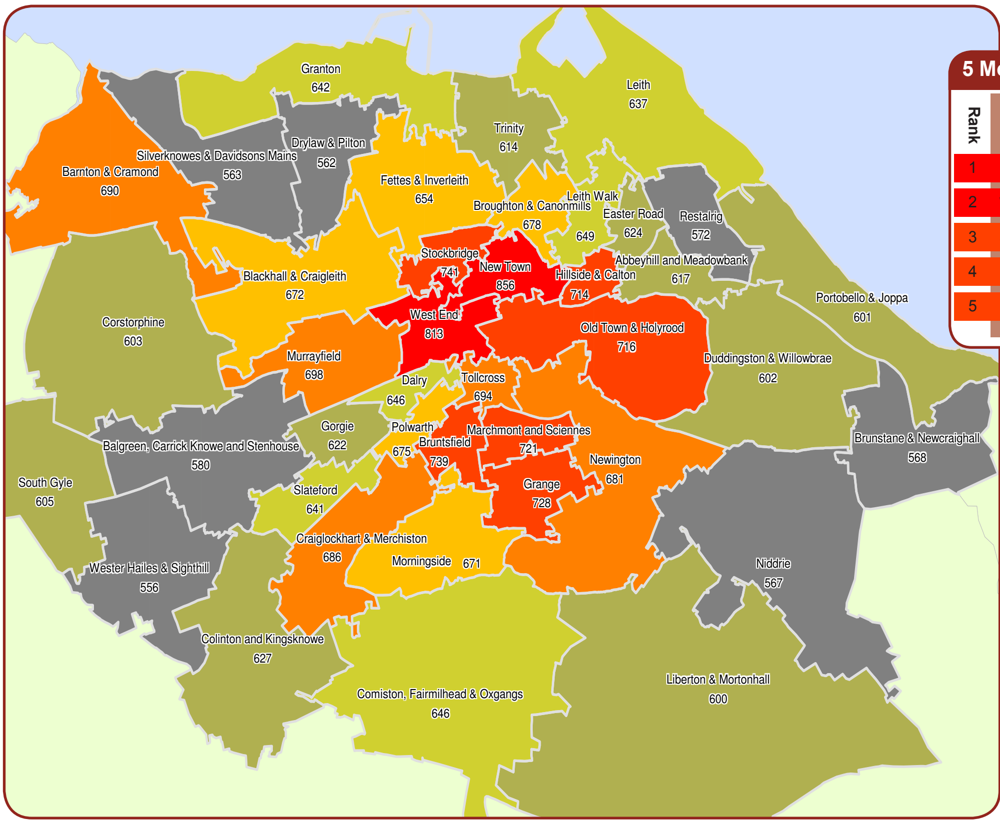
Beds	Average Rent Q2 2010	Growth Q2 2009 Q2 2010	Average TTL (days) Q2 2010	Change Q2 '09 - Q2 '10	Let within a week	Let within a month
1 bed	£520	3.2%	31	-8	21%	60%
2 bed	£680	4.6%	33	-11	17%	57%
3 bed	£985	3.0%	40	-1	18%	49%
4 bed	£1,377	3.9%	35	1	27%	59%

Edinburgh Average Monthly Rents Q2 2010

postcode	1 bed	2 bed	3 bed	4 bed	All	TTL(days)
EH1	£528	£724			£794	32
EH2	£600	£789			£823	33
EH3	£572	£782	£1,224	£1,509	£838	33
EH4	£555	£680	£842	£1,444	£758	40
EH5	£501	£602	£804		£603	42
EH6	£493	£620	£828	£1,196	£622	41
EH7	£500	£650	£883	£1,307	£636	38
EH8	£512	£648	£951	£1,344	£800	33
EH9	£525	£692	£978	£1,327	£889	28
EH10	£546	£714	£1,022	£1,315	£838	33
EH11	£485	£633	£837	£1,134	£593	35
EH12	£521	£671	£975	£1,282	£740	37

Time to Let in Edinburgh by Property Size (Q2 2007 - Q2 2010)





5 Most Expensive Areas in Edinburgh

Rank	Neighbourhood	Average Monthly rent for 2 bed flat
1	New Town	£856
2	West End	£813
3	Stockbridge	£741
4	Bruntsfield	£739
5	Marchmont & Sciennes	£721

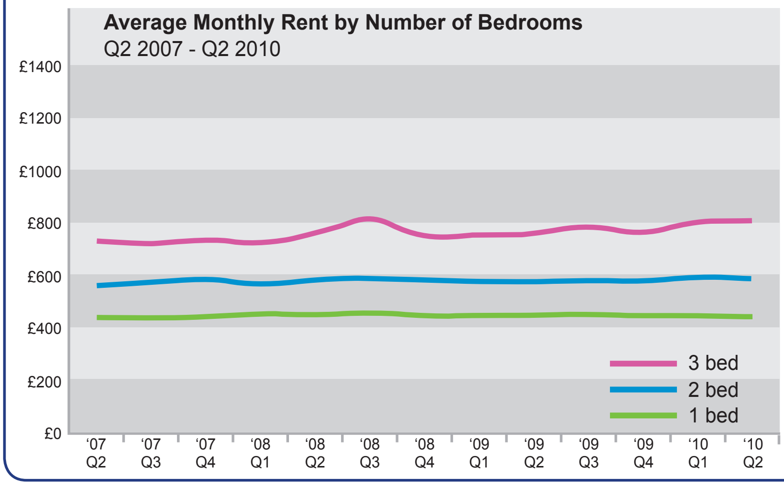
Average Monthly Rents 2 Bed Flat Q2 2010 (all figure in £ pounds)

430 to 470	630 to 650
470 to 510	650 to 680
510 to 540	680 to 710
540 to 600	710 to 780
600 to 630	780 to 1,000

Glasgow

Landlords in Glasgow will be encouraged by the reduction in the time to let seen over the last year as well as the slight upturn rental values.

The leafy 'Park & Woodlands' area of the City is currently the most expensive neighbourhood in Glasgow to rent a 2 Bed flat (£828) . However, there are plenty of more affordable areas to chose from as the rent map of the City shows.



Glasgow 3 bed properties have witnessed the largest increase in demand over the year with the strongest growth in rents (6.9%) and most improved time to let (down 9 days to 42 days).

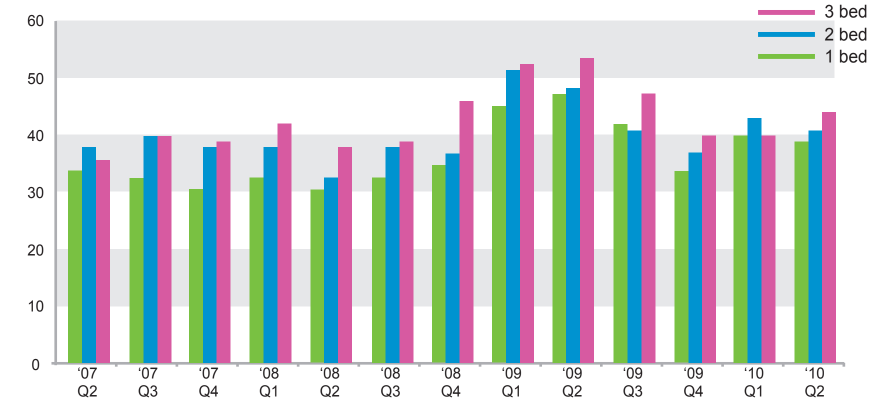
Glasgow Analysis Q2 2010

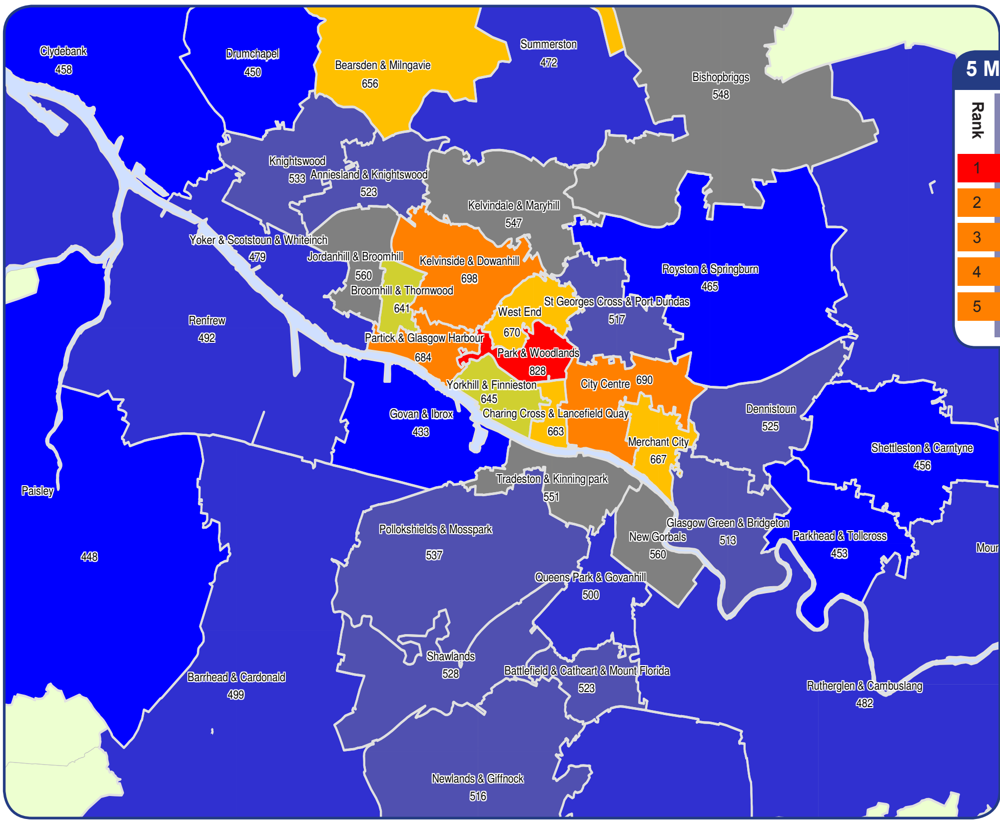
Beds	Average Rent Q2 2010	Growth Q2 2009 Q2 2010	Average TTL (days) Q2 2010	Change Q2 '09 - Q2 '10	Let within a week	Let within a month
1 bed	£448	-0.9%	37	-8	14%	50%
2 bed	£595	2.4%	39	-7	15%	48%
3 bed	£817	6.9%	42	-9	12%	47%

Glasgow Average Monthly Rents Q2 2010

postcode	1 bed	2 bed	3 bed	All	TTL(days)
G1	£517	£708		£624	29
G2	£504	£664		£632	29
G3	£498	£717	£961	£711	33
G4	£477	£614		£631	33
G5	£480	£566	£755	£593	32
G11	£478	£675	£963	£627	32
G12	£525	£758	£958	£771	31
G20	£452	£573	£699	£578	39
G31	£386	£509	£626	£485	39
G32	£366	£466		£445	43
G40	£403	£511		£484	46
G41	£436	£539	£678	£531	40
G42	£389	£499	£640	£456	49
G44	£391	£506		£479	47
G51	£390	£484		£453	50

Time to Let in Glasgow by Property Size (Q2 2007 - Q2 2010)





5 Most Expensive Areas in Glasgow

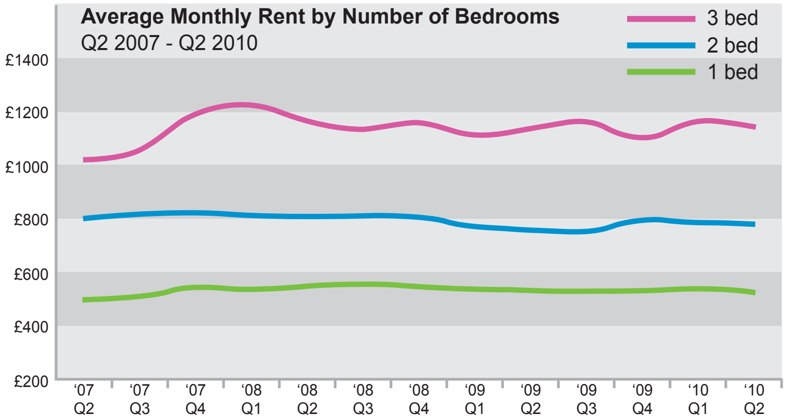
Rank	Neighbourhood	Average Monthly rent for 2 bed flat
1	Park & Woodlands	£828
2	Newton Mearns & Clarkston	£699
3	Kelvinside & Dowanhill	£698
4	City Centre	£690
5	Partick & Glasgow Harbour	£684

Average Monthly Rents 2 Bed Flat Q2 2010 (all figure in £ pounds)

- 430 to 470
- 470 to 510
- 510 to 540
- 540 to 600
- 600 to 630
- 630 to 650
- 650 to 680
- 680 to 710
- 710 to 780
- 780 to 1,000

Aberdeen

The Granite City has not seen particularly strong growth in rental values over the year (just 2% for all properties) but landlords will be pleased that they have consistently been able to achieve rents higher than any other Scottish City.



Aberdeen retains its title as the most expensive City to rent in Scotland. While rent levels have not grown as much as other Cities over the year the improved time to let suggest that it will not be losing this title in the near future.

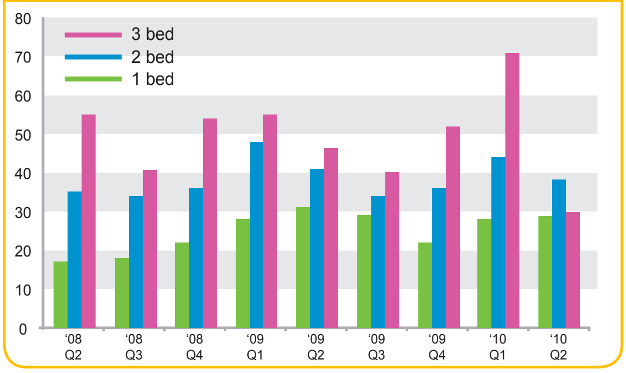
Aberdeen Analysis Q2 2010

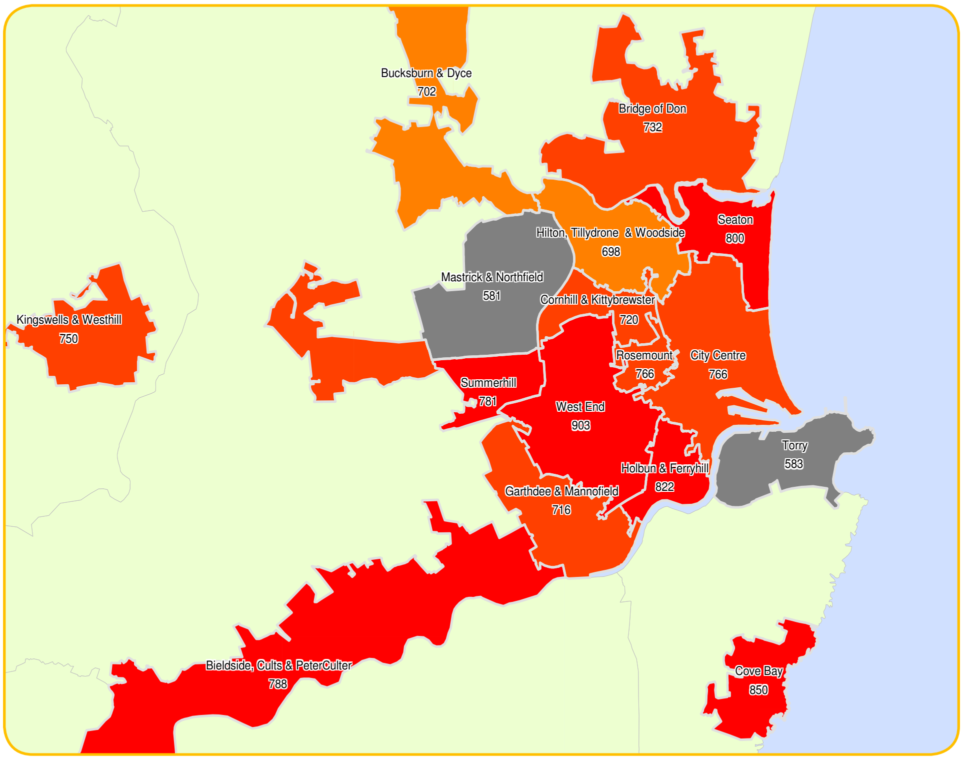
Beds	Average Rent Q2 2010	Growth Q2 2009 Q2 2010	Average TTL (days) Q2 2010	Change Q2 '09 - Q2 '10	Let within a week	Let within a month
1 bed	£543	-1.1%	29	-2	19%	61%
2 bed	£790	2.7%	38	-3	12%	51%
3 bed	£1,151	0.9%	30	-16	31%	67%

Aberdeen Average Monthly Rents Q2 2010

postcode	1 bed	2 bed	3 bed	4 bed	Total	TTL
AB10	£572	£791	£1,099		**£769**	**37**
AB11	£519	£809			**£710**	**33**
AB15	£714	£904	£1,218	£1,813	**£1,168**	**59**
AB24	£531	£759			**£698**	**34**
AB25	£563	£737			**£696**	**33**

Time to Let in Aberdeen by Property Size (Q2 2008 - Q2 2010)





5 Most Expensive Areas in Aberdeen

Rank	Neighbourhood	Average Monthly rent for 2 bed flat
1	West End	£903
2	Holbun & Ferryhill	£822
3	City Centre	£766
4	Rosemount	£766
5	Cornhill & Kittybrewster	£720

Average Monthly Rents
2 Bed Flat Q2 2010
(all figure in £ pounds)

430 to 470	630 to 650
470 to 510	650 to 680
510 to 540	680 to 710
540 to 600	710 to 780
600 to 630	780 to 1,000

About Citylets

Founded in 1999, Citylets is Scotland and Northern Ireland's original residential lettings portal & network advertising more than 50,000 properties per year on behalf of over 300 letting agents. Citylets Network is an exclusive group of sites for property to rent including s1homes, FindaProperty, Primelocation and Globrix. Privately owned, Citylets is fully independent of any estate / letting agent group, media or financial organisation and is managed by its founding team in the West End of Edinburgh.

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Enquiries

Please feel free to get in touch with us if you would like to discuss any aspect of this report or would like to consider advertising property on the Citylets Web site.

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Methodology

The statistics are based on rental properties advertised on Citylets. Rather than employ snapshot sampling our observations are recorded when a property is removed from the site as let. We believe such transaction-based observations provide a better reflection of the market.

The data is cleansed to remove multiple entries and other anomalies. Our cleansing process continues to guide refinements to data recording.

Averages are calculated on a monthly or quarterly basis as weighted (mix-adjusted) means. Indices are constructed holding composition (property type and number of bedrooms) fixed at the average of the last three years. This ensures that changes in the index reflect rent changes and not changes in composition, which are likely to occur seasonally.

Disclaimer

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