

Don't Need No Rent Control?

BUILD TO
RENT

ABERDEEN
DOWN

STUDENT
LETS

NO
FAULT

LANDLORD
SUPPLY



- Market Overview ■ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more
- Postcode and Town Analysis: Localised Rental Prices
- Legislation Matters: Scottish Government's Second Consultation
- Citylets Scottish Landlord Survey 2015
- Scottish Association of Landlords: Meeting The Challenge
- Happy Birthday SafeDeposits! ■ Agent Views

Market Overview

With the Scottish Government currently consulting on matters central to the new Tenancy regime, it can't have escaped anyone's attention that Aberdeen- for so long held up exemplar as to the need for localised rent controls- has just recorded negative annual growth for the first time in many years. And it is expected to continue falling.

Music to the ears of those supporting free market economics and those looking to institutional investors keen to assist the PRS with supply. If these facts are reflected to policy in due course that is and controls are adjudged obsolete.

Surveys and academic analysis suggest increased regulation and decreased control for landlords will reduce supply. Whilst large swathes of the country continue to enjoy a balanced market, local (city) hotspots continue to suffer from a dearth in supply and can ill afford to see it compromised in any way.

Edinburgh in particular is fast becoming the region of greatest

concern, a city with a robust and diversified economy which is not likely to see a sharp turnaround such as that seen in Aberdeen where the

- **Aberdeen sees negative growth -3.8%**
- **National average up 5.4% to £762**
- **Typical property takes 1 month to let**
- **Edinburgh continues steady rise + 7.3%**



downturn in a single industry has triggered a falling rental market.

With the removal of 'no fault' grounds for repossession already confirmed, one must hope that common sense will prevail to ensure a new granular system to provide for the niche student market which depends on a fixed end date culture. This is particularly so for Edinburgh where it fits hand in glove with the need for

short term Festival accommodation.

Our latest report sees rents in the Scottish PRS continue their upward climb as at Q2 2015 despite drag from Aberdeen. Average rents stood at an all time high of £762, up 5.4% on the year and taking just 1 month to rent. Annual growth however has slowed from 7.4% last quarter.

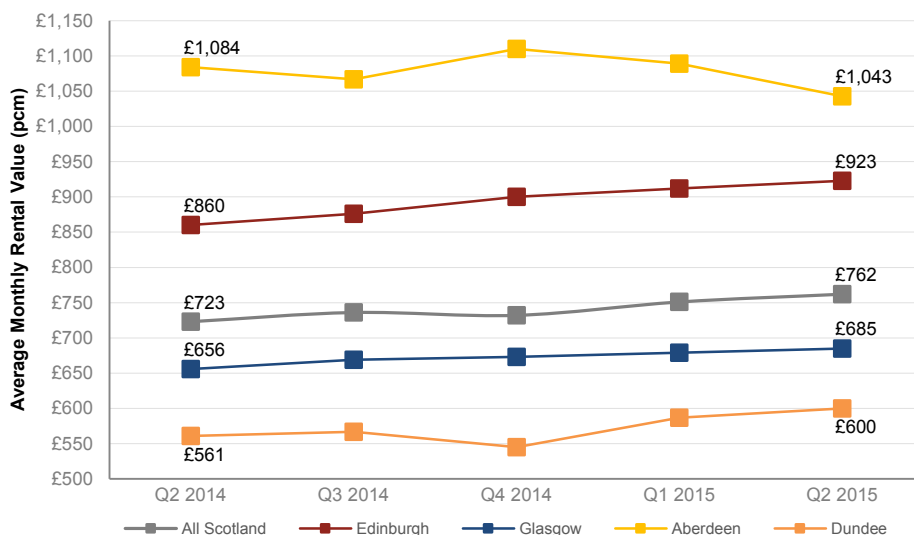
Aberdeen rents, still the highest of Scotland's key cities, fell from £1089 last quarter to £1043. Whilst we recorded annual decreases for larger 3 and 4 bed properties last quarter, all property sizes (1-4 beds) now saw rents fall contributing to a citywide fall of 3.8%. Larger properties fell hardest with steep falls of 11.2% and 7.6 % for 3 & 4 beds respectively but the more popular 1 & 2 beds now also saw negative annual growth down 0.3% to £680 and 2.7% to £989.

With large volumes of student properties due over the next year and with time to lets (TTLs) still rising, it is expected Aberdeen will continue to fall and may lose its 'most expensive' tag to Edinburgh where rents rose once again this quarter to stand at £923, up 7.3% on last year and part of a very consistent upward trend stretching over more than 2 years.

Glasgow also saw growth of 4.4% to £685 per month but down from 8.1% as at end of Q1. The market in Scotland's largest city continues to move well with a typical property letting in just 25 days and with 68% of properties let within the month.

Dundee also enjoyed positive growth of 7% to average £600, with marked seasonal gains for 3 and 4 bed student properties, many presented early leading to high TTLs.

Scottish Monthly Rent Analysis (Q2 2014-Q2 2015)

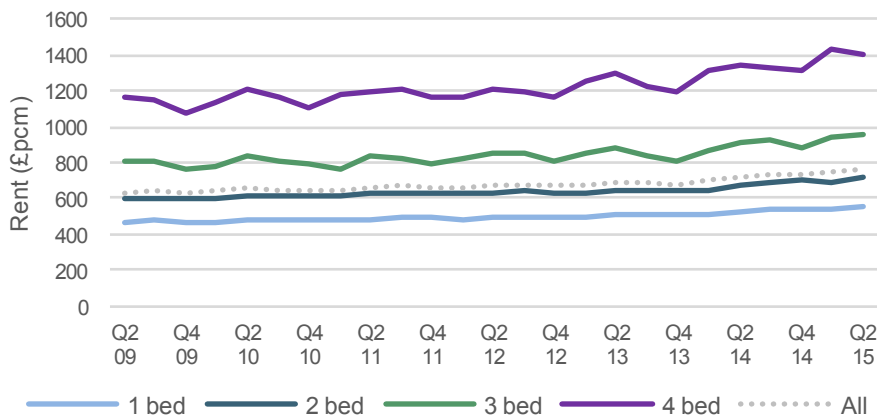


Scotland

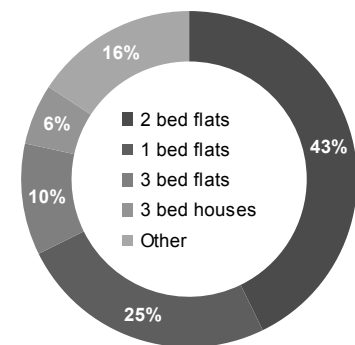
Market Overview - Q2 15

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	£550	4.6%	12.2%	16.0%	26	-2	23%	67%
2 bed	£714	6.1%	14.1%	16.9%	30	-2	21%	60%
3 bed	£962	5.6%	13.0%	14.1%	37	2	18%	53%
4 bed	£1,407	4.3%	15.7%	16.5%	39	6	20%	52%
Total	£762	5.4%	13.4%	16.5%	31	-1	21%	60%

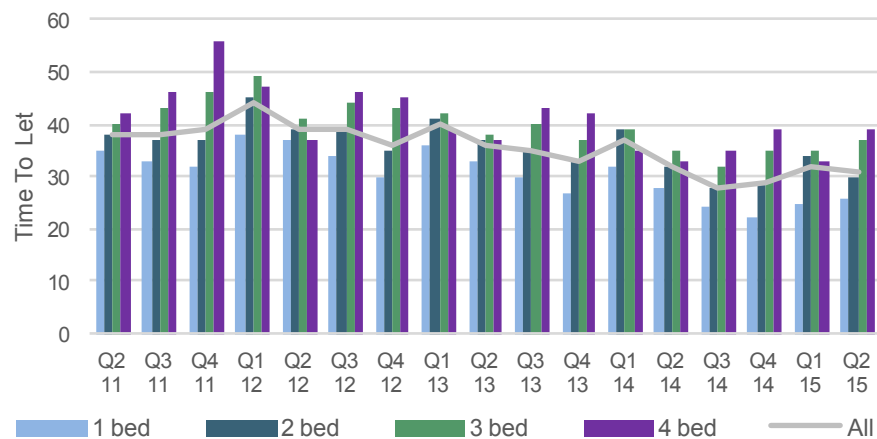
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

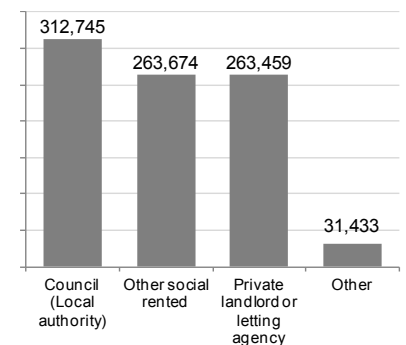


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.6	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		

Households: Rented



Source: Census 2011, Edinburgh



John Horsburgh - Rentlocally

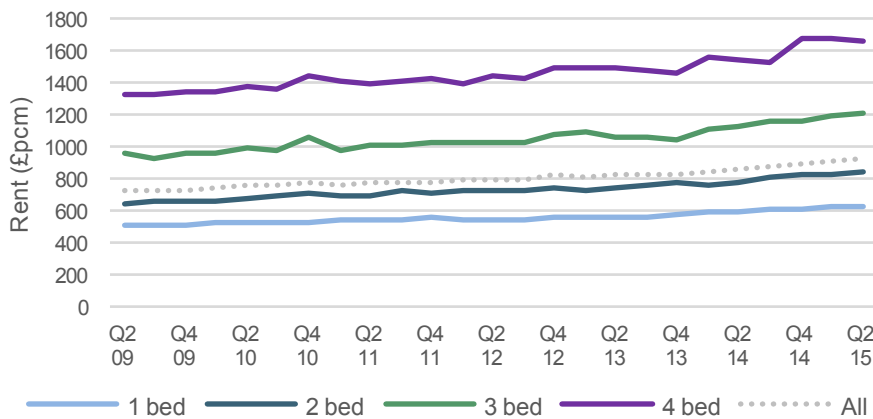
"The current shortage in supply of good quality properties is driving up rents with the consequence that some are finding it difficult to find an affordable property. Whilst we wholeheartedly support the new legislation and the general raising of standards we recognise that as a direct consequence of this there is now a greater need for increased investment in the private rental sector to meet demand at every level."

Edinburgh

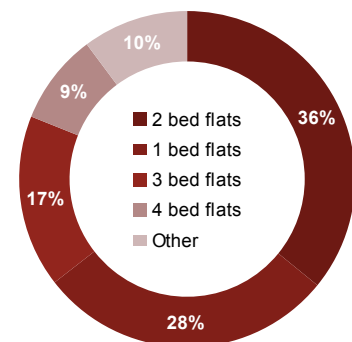
Market Overview - Q2 15

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	£631	6.6%	17.3%	21.3%	18	-6	32%	77%
2 bed	£850	8.8%	18.4%	25.0%	22	-3	29%	72%
3 bed	£1,207	7.2%	17.1%	22.5%	37	8	19%	54%
4 bed	£1,654	7.7%	15.2%	20.1%	40	13	25%	56%
Total	£923	7.3%	16.7%	22.3%	26	0	28%	68%

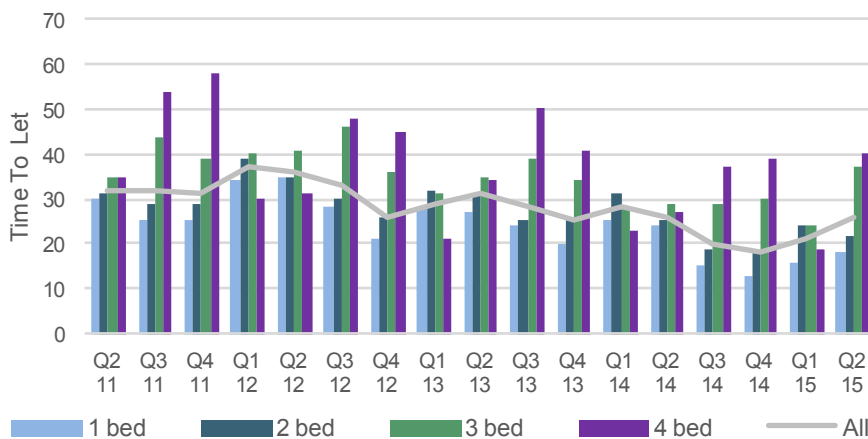
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

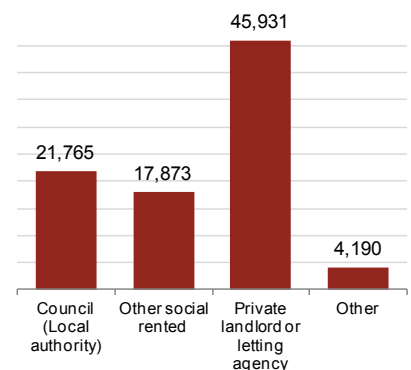


Rental Index

(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		

Households: Rented

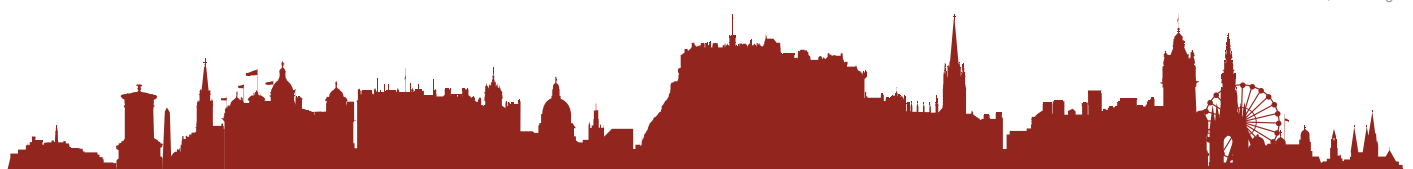


Source: Census 2011, Edinburgh



Rob Trotter - DJ Alexander Lettings Ltd

"We continue to see extremely strong demand for good quality rental accommodation in all parts of the city. Family homes and flatted accommodation are all in limited supply with demand far exceeding the supply. Although rental values are still increasing they are restrained by affordability and therefore closely linked to salaries within the local economy."

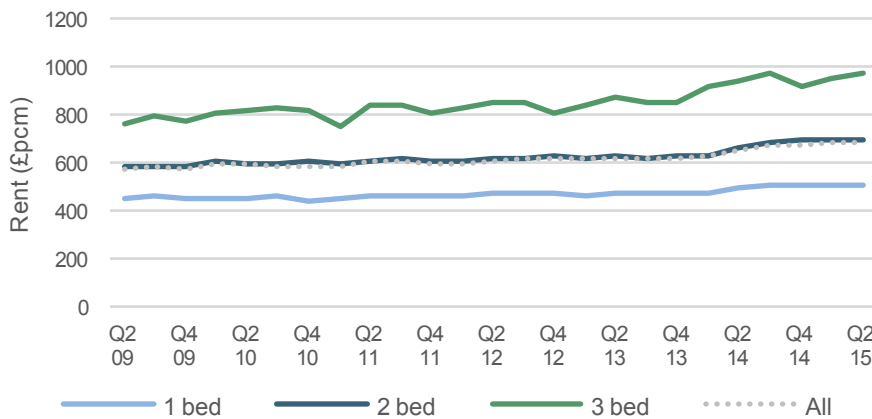


Glasgow

Market Overview - Q2 15

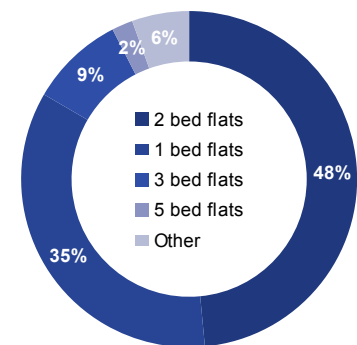
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£508	1.6%	8.5%	13.4%	22	-3	23%	69%
2 bed	£697	4.8%	13.5%	17.1%	25	-1	26%	69%
3 bed	£975	3.6%	15.1%	19.3%	29	1	24%	64%
4 bed	£1,387	6.3%	17.2%	14.3%	28	-2	21%	64%
Total	£685	4.4%	12.5%	16.1%	25	-1	25%	68%

Average Rent (pcm) by Number of Bedrooms

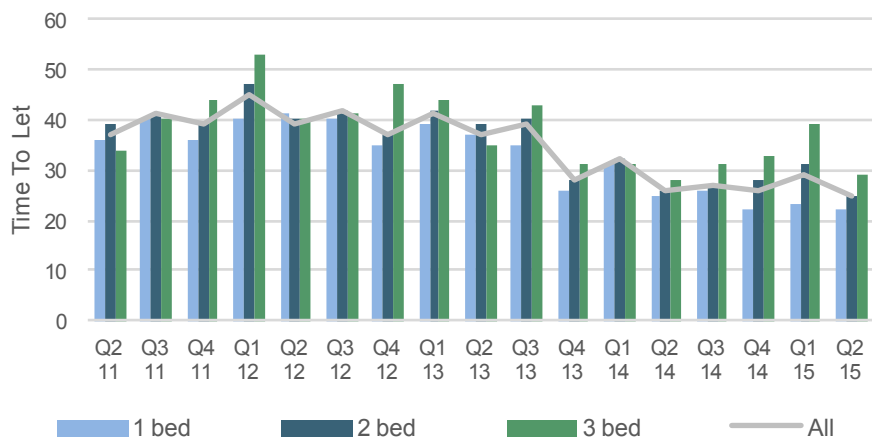


CITYINFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms

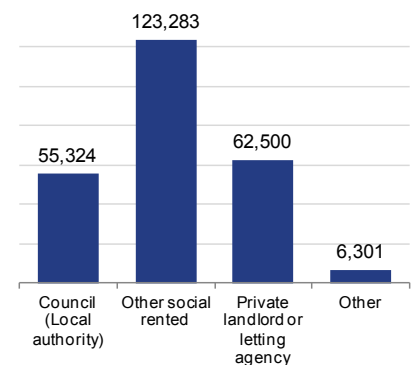


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	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		

Households: Rented

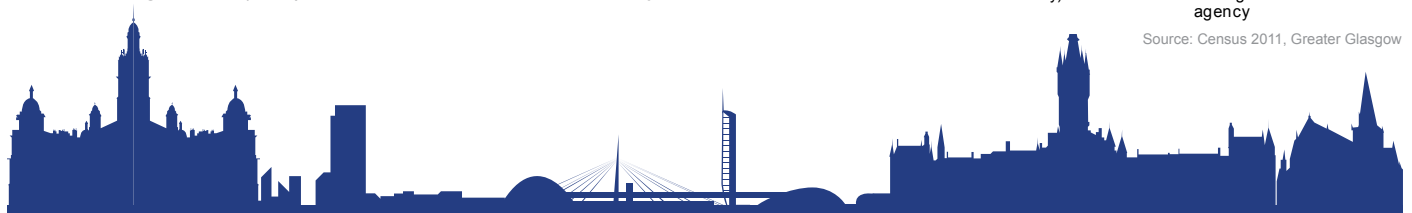


Source: Census 2011, Greater Glasgow



Colin MacMillan - Glasgow Property Letting

"There seems to be no let up in the demand for quality city centre / west end accommodation as the student sector is in the ascendancy with the pressure on to find quality accommodation for the coming academic year. Demand has been greatly outstripping supply in these ever popular locations with students (and parental guarantors) desperate to secure accommodation early to relax for the summer."

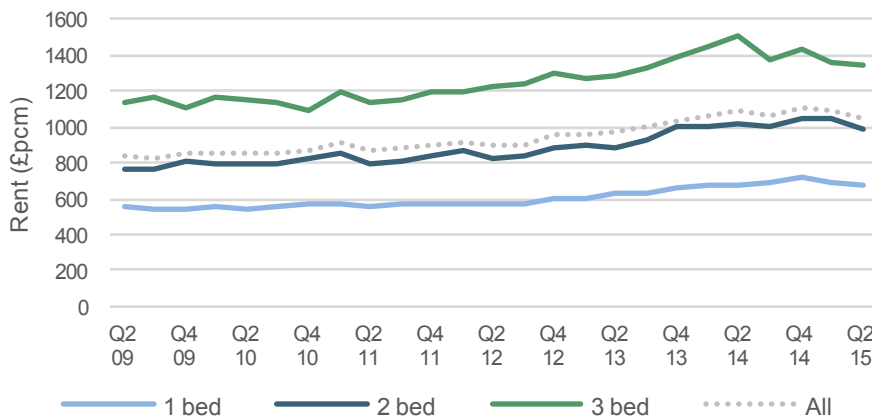


Aberdeen

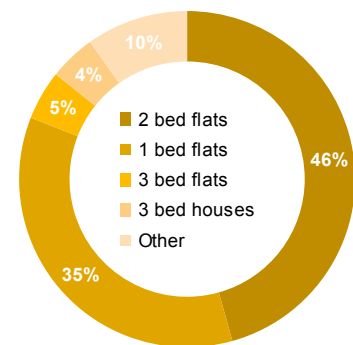
Market Overview - Q2 15

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	£680	-0.3%	18.1%	25.2%	22	10	20%	73%
2 bed	£989	-2.7%	19.6%	25.2%	36	13	13%	50%
3 bed	£1,337	-11.2%	9.1%	16.2%	39	7	11%	51%
4 bed	£1,898	-7.6%	5.1%	7.9%	39	2	33%	58%
Total	£1,043	-3.8%	15.8%	22.1%	32	11	16%	57%

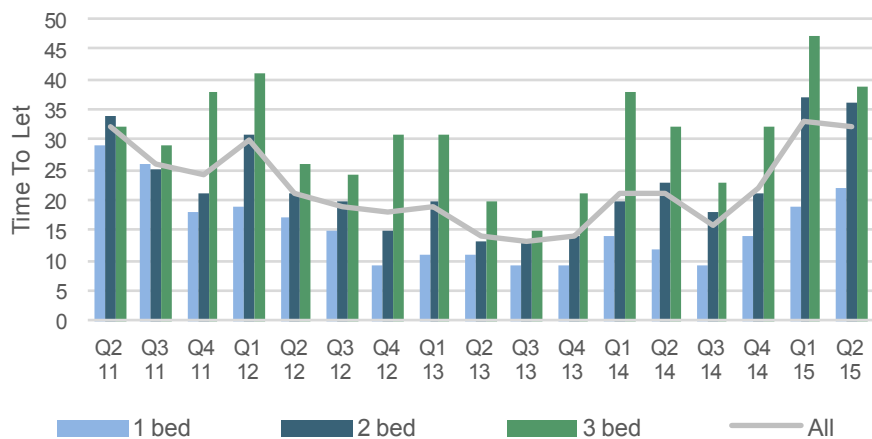
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

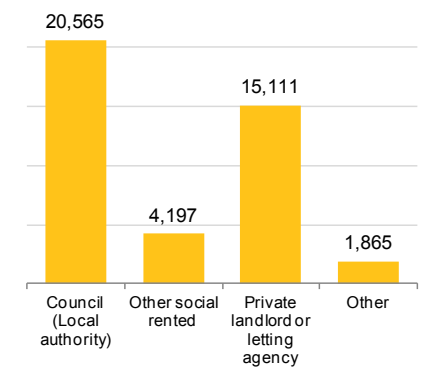


Rental Index

(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		

Households: Rented



Source: Census 2011, Aberdeen



Judith MacDonald - Contempo Property Letting

"As we enter Q2, there still seems to be uncertainty within the Oil & Gas industry which filters down a knock on effect to the rental market. Times to let are slightly longer than we have been used to, however demand is still strong within the £1000pcm or less price range."

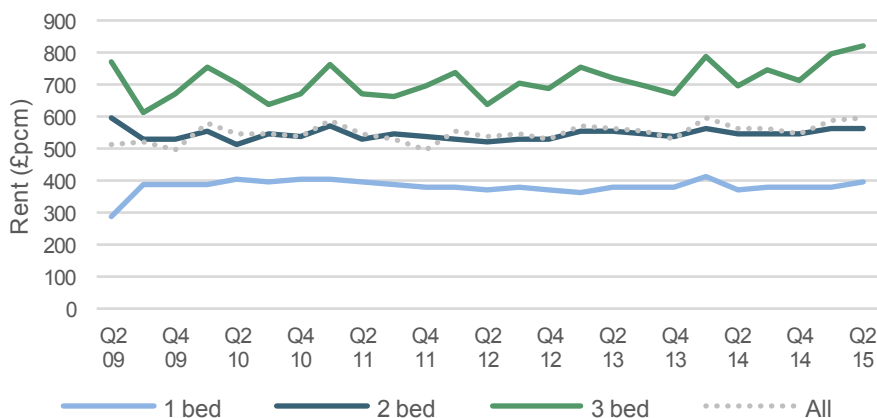


Dundee

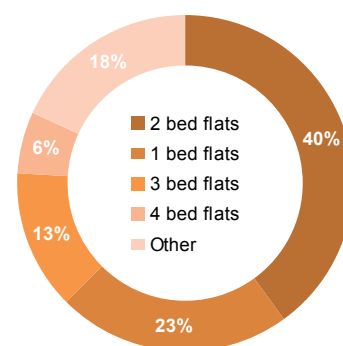
Market Overview - Q2 15

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	£397	5.9%	6.1%	-1.5%	47	8	8%	39%
2 bed	£565	3.1%	8.2%	9.9%	54	9	8%	37%
3 bed	£822	18.6%	28.4%	16.8%	67	32	6%	15%
4 bed	£1,072	13.1%	16.4%	16.4%	55	10	7%	33%
Total	£600	7.0%	11.7%	10.5%	57	12	7%	34%

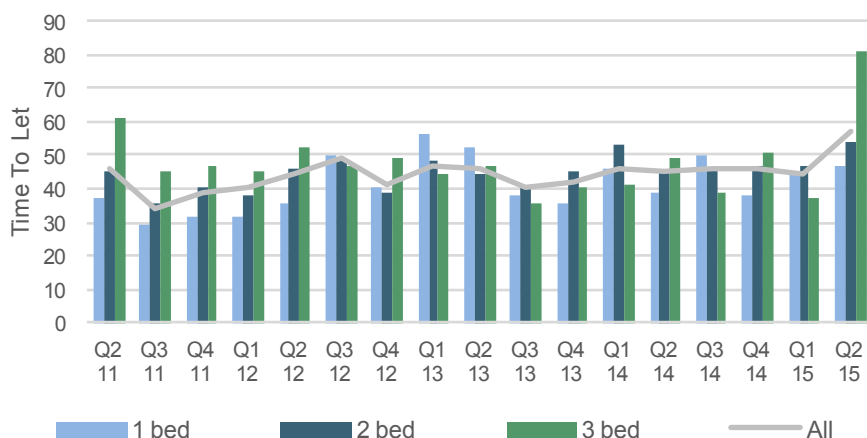
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

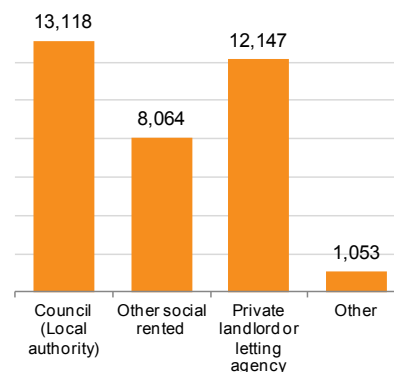


Rental Index

(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	104.2		

Households: Rented



Source: Census 2011, Dundee



Robert Murray - Lickley Proctor Lettings

"The second quarter of 2015 has maintained a steady record of properties being let – as far as our office records show. Quality properties being clearly in demand. Dundee, therefore, still presents itself as an attractive location for those wishing to invest in the Private Rental Sector."

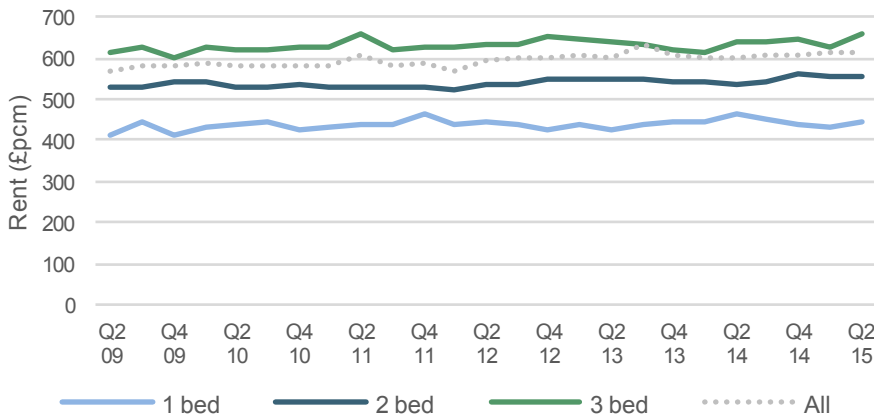


West Lothian

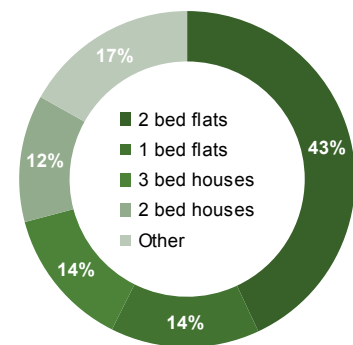
Market Overview - Q2 15

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	£445	-3.5%	0.2%	2.3%	41	-8	12%	45%
2 bed	£555	3.5%	3.7%	4.7%	41	-10	10%	44%
3 bed	£659	3.3%	4.4%	6.1%	39	-6	16%	43%
4 bed	£963	9.6%	3.9%	12.5%	35	-16	15%	55%
Total	£613	2.0%	2.9%	5.5%	41	-8	12%	45%

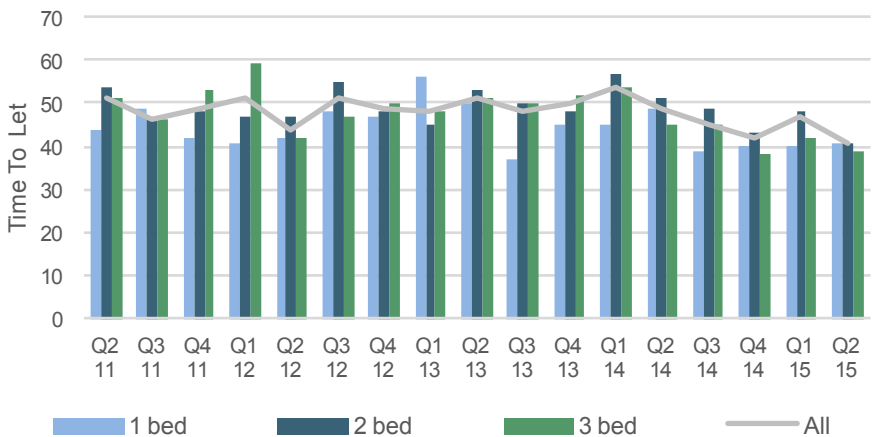
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

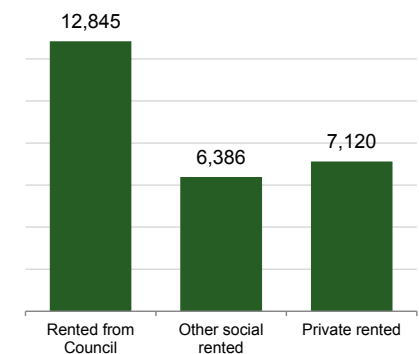


Rental Index

(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		

Households: Rented



Source: Census 2011, West Lothian



Brian Callaghan - Letting Solutions

"Tenant demand continues to soar in West Lothian, with tenants less rental sensitive than we've seen. Two bed flats are at the top of most wish lists with rents firm as a result. Despite the apparent resurgence in the sales market, we see no reduction in the number of property owners looking to rent as an alternative to sale after trying the sales market."

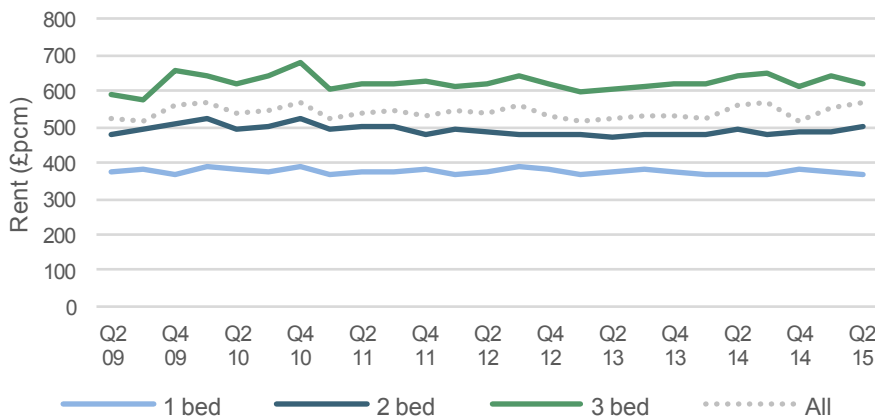


South Lanarkshire

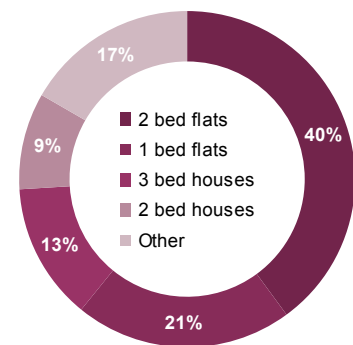
Market Overview - Q2 15

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	£370	0.3%	-2.1%	-3.4%	38	-13	13%	46%
2 bed	£502	2.0%	2.7%	2.2%	38	-7	13%	49%
3 bed	£621	-3.1%	0.5%	-0.2%	34	-13	13%	48%
4 bed	£975	-13.5%	8.5%	7.4%	29	-20	11%	44%
Total	£565	0.9%	4.8%	4.6%	37	-10	13%	48%

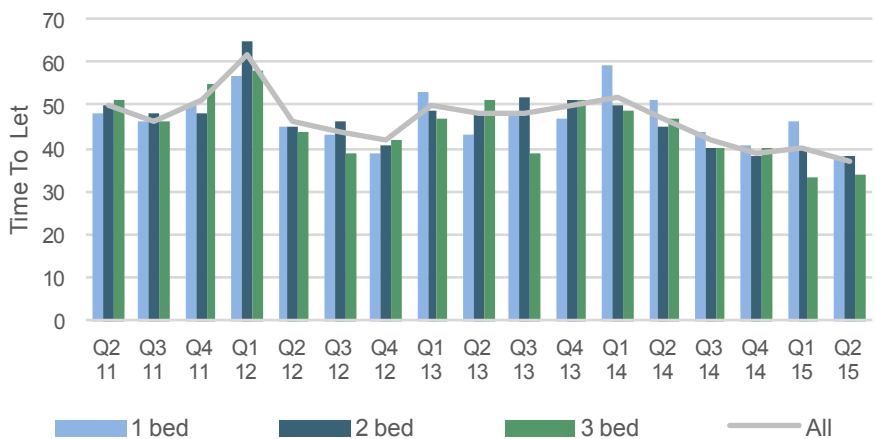
Average Rent (pcm) by Number of Bedrooms



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		

Households: Rented



Source: Census 2011, South Lanarkshire



Ann-Marie Stormonth - Let's Let Ltd (Hamilton)

"For certain areas it's not finding the tenants that's the issue, it's supply. As such, rental values remain very strong and are gradually increasing throughout the Area. With the sales market improving, reluctant landlords are selling when tenancies come to an end but on the other hand we have more enquiries from BTL investors. Houses of all sizes continue to be in the highest demand, although one bed city centre flats are very popular with commuters."

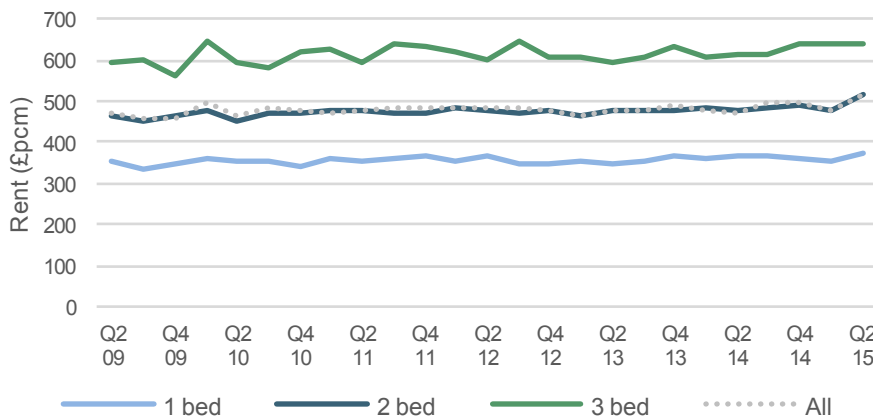


Renfrewshire

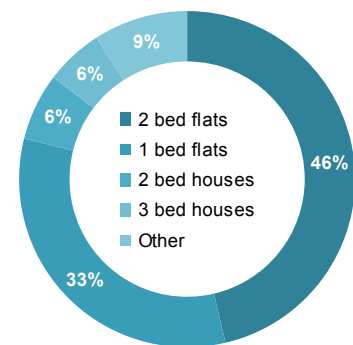
Market Overview - Q2 15

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	£372	2.2%	1.9%	5.7%	41	-5	13%	52%
2 bed	£515	8.2%	8.6%	14.2%	40	-12	11%	50%
3 bed	£638	3.9%	6.2%	7.8%	47	-10	13%	45%
4 bed	£939	11.4%	5.6%	24.7%	34	-10	13%	50%
Total	£518	10.7%	7.0%	12.4%	41	-9	12%	50%

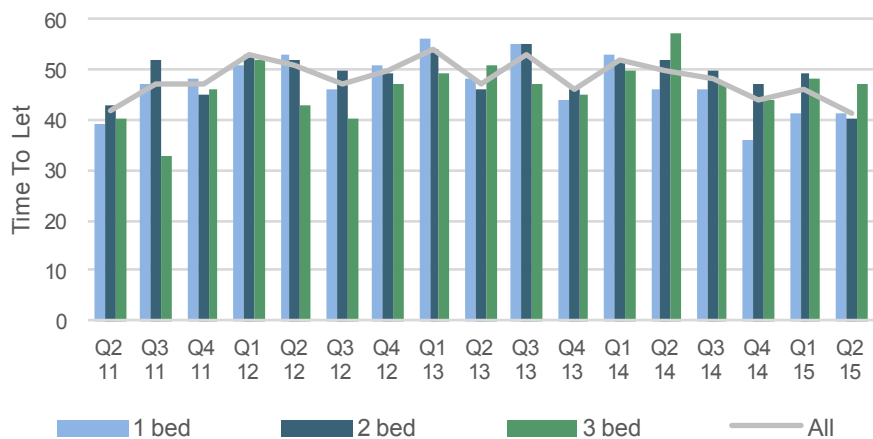
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

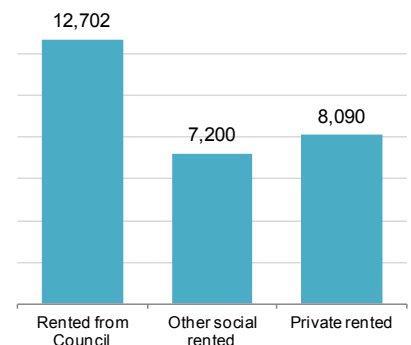


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.8	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		

Households: Rented



Source: Census 2011, Renfrewshire



Jazz Chowdhary - Castle Residential

"As we enter into the summer months, the Renfrewshire lettings market becomes incredibly active with a substantial surge in demand for our properties, with the time to let during this period reducing considerably and hence minimal void periods. Year on year, we continue to break our own records with the number of deposits we secure during this incredibly hectic quarter."



Postcode & Towns - Average Rents & TTL - Q2 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	£656	(24)	£984	(23)	£1,443	(38)
EH3	£749	(19)	£1,073	(26)	£1,392	(42)
EH4	£690	(14)	£873	(24)	£1,089	(33)
EH5	£576	(34)	£723	(27)	£967	(28)
EH6	£583	(16)	£746	(19)	£989	(55)
EH7	£594	(18)	£809	(21)	£1,050	(47)
EH8	£611	(20)	£821	(24)	£1,217	(46)
EH9	£617	(18)	£889	(20)	£1,277	(27)
EH10	£656	(18)	£923	(22)	£1,200	(39)
EH11	£567	(20)	£753	(20)	£1,045	(43)
EH12	£639	(22)	£807	(23)	£1,133	(26)
EH13			£702	(29)		
EH14	£568	(15)	£744	(18)	£918	(39)
EH15			£713	(17)		
EH16	£622	(23)	£717	(19)	£1,164	(42)
EH17			£665	(24)	£842	(30)
EH21	£509	(27)	£656	(30)		
EH22			£596	(26)	£696	(17)
EH26			£648	(26)		
EH47	£434	(33)	£501	(62)		
EH48	£449	(48)	£546	(44)	£659	(44)
EH49			£577	(24)		
EH51			£489	(20)		
EH52			£566	(33)		
EH54			£568	(44)	£676	(40)

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£489	(44)		
Ayr	£409	(31)	£529	(31)	£689	(41)
Bathgate	£456	(43)	£554	(45)		
Bo'ness			£489	(20)		
Cumbernauld			£483	(34)		
Dalkeith			£595	(27)		
Dunfermline	£403	(21)	£503	(22)	£656	(15)
East Kilbride	£358	(32)	£472	(34)	£638	(27)
Glenrothes			£481	(32)	£525	(33)
Hamilton	£381	(39)	£488	(42)	£630	(30)
Inverness	£515	(19)	£629	(21)	£784	(19)
Kilmarnock	£355	(47)	£464	(38)	£544	(39)
Kirkcaldy	£417	(26)	£489	(34)	£553	(18)
Linlithgow			£582	(23)		
Livingston			£569	(37)	£679	(39)
Motherwell			£480	(46)		
Paisley	£363	(44)	£467	(41)	£612	(44)
Perth	£425	(25)	£534	(28)		
Stirling Town	£460	(14)	£601	(21)	£767	(19)

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£645	(18)	£860	(21)		
G2	£609	(19)	£896	(26)		
G3	£587	(18)	£810	(18)	£1,262	(26)
G4	£548	(14)	£748	(19)	£1,104	(30)
G5	£515	(24)	£635	(26)	£761	(39)
G11	£555	(18)	£781	(21)	£1,079	(26)
G12	£630	(22)	£892	(23)	£1,177	(23)
G13	£450	(32)	£632	(28)		
G14	£427	(33)	£544	(26)		
G20	£511	(16)	£674	(28)	£839	(35)
G21	£388	(27)	£534	(38)		
G31	£408	(29)	£587	(30)		
G32	£404	(27)	£501	(39)		
G33			£534	(23)		
G40	£429	(25)	£542	(22)		
G41	£488	(24)	£619	(28)	£752	(27)
G42	£406	(32)	£549	(28)	£660	(29)
G43			£585	(30)	£694	(41)
G44	£436	(28)	£568	(31)	£545	(26)
G46			£600	(29)	£813	(15)
G51	£420	(22)	£541	(35)		
G52			£534	(31)	£565	(32)
G53			£592	(27)		
G71			£624	(26)		
G72			£491	(30)		
G73	£395	(37)	£485	(41)		
G74	£362	(35)	£503	(34)	£647	(23)
G75	£349	(23)	£456	(36)		
G76			£590	(25)		
G81			£495	(48)	£595	(51)
G82	£349	(53)	£452	(48)		
G84	£375	(41)	£483	(35)		

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£671	(27)	£965	(37)	£1,310	(33)
AB11	£666	(21)	£953	(30)	£1,221	(45)
AB12			£927	(23)	£1,042	(30)
AB15	£788	(30)	£1,144	(47)	£1,409	(44)
AB16			£782	(47)		
AB21	£658	(37)	£890	(38)	£1,054	(43)
AB22	£686	(26)	£951	(38)		
AB24	£676	(20)	£935	(33)	£1,380	(31)
AB25	£672	(24)	£933	(30)	£1,305	(31)
AB51			£869	(36)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£425	(40)	£619	(49)	£857	(89)
DD2	£400	(46)	£551	(55)	£879	(74)
DD3	£363	(42)	£498	(60)	£705	(86)
DD4	£373	(63)	£545	(60)	£742	(87)
DD5			£614	(33)		

Scottish Government's Second Consultation On A New Tenancy For The Private Sector

In October 2014, the Scottish Government published their "Consultation on a New Tenancy for the Private Sector", which received around 2,500 responses. After analysis of these responses, the Government published a second consultation which built upon some of the initial proposals. This second consultation ended in May 2015 and received around 7,500 responses.

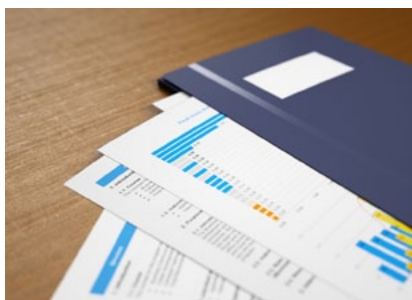
The first proposal is to introduce a model tenancy agreement for the private rented sector. This is aimed to protect both tenants and landlords, and the model would likely contain both mandatory and discretionary clauses, together with a statutory guidance note which would summarise the meaning of the clauses in plain language. It is anticipated that there will be a separate consultation on this.

The 2nd consultation reaffirms the proposal to remove the "no fault" ground of repossession (otherwise known as the "section 33 route"). Currently, landlords can currently bring a Short Assured Tenancy to an end at the wish by service of a Notice to Quit and a Section 33 Notice, giving two months notice, and without having to give reasons. The proposal is that this option will be removed completely.

Instead, landlords will have to rely on specific grounds of repossession to end a tenancy. There are currently 17 grounds of repossession contained within Schedule 5 to the

Housing (Scotland) Act 1988, split into mandatory and discretionary grounds. It is proposed that the number of grounds will be reduced to 11 and will cover the following circumstances:

Landlord is selling the home; the mortgage lender is selling the home; the landlord or a family member of the landlord wants to move into the property; refurbishment; change of business use; tenant has failed to pay the full rent for 3 consecutive months; antisocial behaviour; the tenant has otherwise breached the



tenancy agreement; abandonment; the tenant is no longer employed by the landlord; the property is required to house a full-time religious worker.

Some of these grounds would be mandatory, including sale of the property, mortgage repossession, tenant's failure to pay for three consecutive months, abandonment and antisocial behaviour with a criminal conviction.

There is also a proposal to replace the current Notice to Quit and Form AT6 with a new "Notice to Leave". Where issued by a landlord, and the tenant has been in the property for

6 months or less, the notice period would be 4 weeks. Where the tenant has been in the property for more than 6 months, the notice period would be 12 weeks. However, where the tenant is issuing a "Notice to Leave" to the Landlord then, where they have been in the property for longer than 6 months, they would only be required to give 8 weeks notice.

Furthermore it is proposed that where certain grounds are established, only 28 days Notice to Leave would be required. This includes where the tenant has failed to pay full rent over three months, has displayed antisocial behaviour or has otherwise breached their tenancy. This is intended to ensure that landlords can take swift action to remove a tenant on these grounds.

It must be stressed that these are simply proposals at this stage. However, it's clear that the Scottish Government intends to bring significant changes to the PRS's current regime and this is not surprising, given that the principal piece of legislation governing the assured tenancy regime is the Housing (Scotland) Act 1988. The PRS that we now have is entirely different to that which was in existence in the 1980s. Landlords and agents should ensure that they keep up to date with the outcome of this second consultation and any subsequent legislative changes and timescales, as and when they are announced.

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.

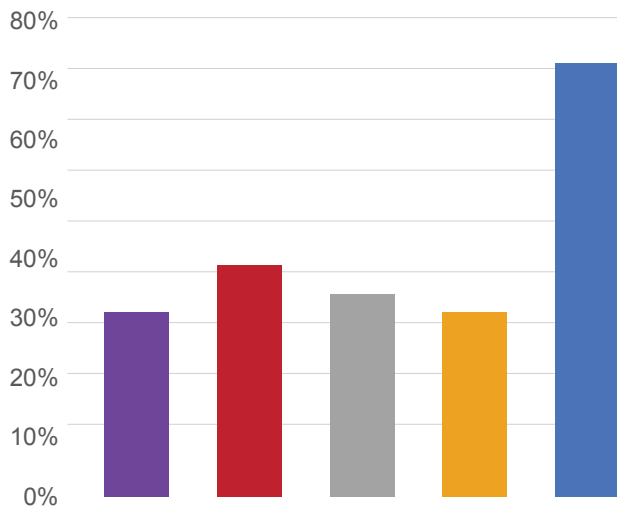
Like most others, Citylets recognises that the current tenancy regime could be improved in light of the changing demographic of the rental market including the growing numbers of families with children now residing in the sector. We also recognise that it is almost impossible to identify perfect solutions,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

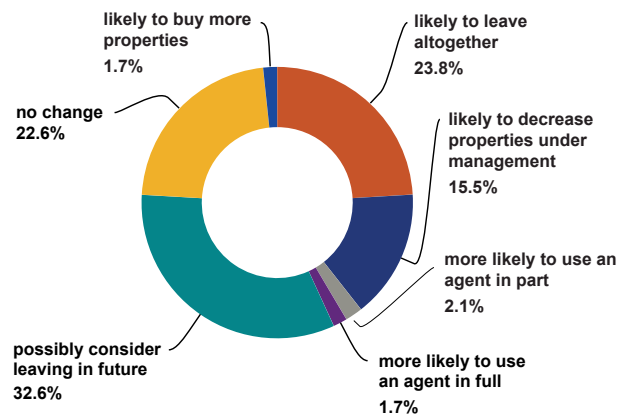
31% described the list of proposed grounds as inadequate or highly inadequate

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%



Meeting The Challenge

SAL Chief Executive discusses impending changes to the Private Rented Sector.

Landlords throughout Scotland might well be bracing themselves for some of the biggest changes to affect the Private Rented Sector (PRS) in a generation says SAL chief executive John Blackwood. Over the last year we at SAL have been informing members about the growing political interest in imposing rent controls on our sector and about removing the landlord's right to terminate a tenancy at the end of the agreed lease period.

Whilst many of us would welcome the opportunity to modernise our current tenancy regime, landlords currently lack confidence in knowing how in the future they can regain possession of their properties when it goes wrong. Cutting the red-tape and creating a new, more easily understood, tenancy for landlords and tenants is welcome, but SAL asks at what cost?

Inevitably change brings challenges and a degree of uncertainty and as with all investment vehicles, politicians need to be mindful of investors' reactions. Landlords are investors, choosing to invest in providing much needed housing and now, more than ever, we need to be growing and developing that investment potential rather than frightening investors off.

SAL will continue to campaign on behalf of members to meet those challenges head-on. We anticipate a seismic shift in the opinions of our elected members in our Scottish and UK Parliaments as to how they view and value landlords and letting

agents. As Scotland and the rest of the UK continues to struggle to find accommodation for a diverse range of households, the PRS is becoming increasingly relied upon to meet that need.

The answer to Scotland's growing housing crisis is in increasing social housing available to the neediest and giving those who aspire to home ownership the opportunity to own their own homes. Equally privately renting suits many people looking for flexibility and the ability to move in and out the sector with ease as their own housing aspirations and needs change.



So why do many politicians continue to introduce legislation that does nothing to stimulate growth and investment in the sector and threatens to make responsible landlords otherwise willing to invest, sell up and leave the sector all together?

We at SAL will tackle this issue as part of our campaign working with the Scottish Government, elected members in the Scottish Parliament and other like-minded organisations. Recently we worked in partnership on joint paper [A New Tenancy for Scotland's Private Rented Sector](#).

As a result, I'm delighted to report

that I met recently with the Housing Minister Margaret Burgess MSP as well as with the many other MSPs who requested meetings with us and are keen to engage in constructive dialogue.

A recent independent poll commissioned by SAL revealed that 78% of respondents valued a well-functioning PRS and more importantly that 43% of private tenants reported that they found it difficult to find accommodation in the last five years. We must as a sector show those in power how the PRS does function well and provides vital accommodation in Scotland.

SAL has seen our work highlighted in the media recently. This is welcome publicity for our campaigns. To hear of these media appearances, please do follow us on Twitter [@scotlandlord](#).

Striving to meet the challenges that lie ahead can only be achieved by working together in common purpose. For those of you who are not yet members of SAL, [please consider joining](#) to add your voice.

Please also [sign and share our e-petition](#) which calls upon the Scottish Government and MSPs to reflect upon the importance of the PRS to local economies and Scottish society as they consider changes to the tenancy regime between landlords & tenants.

John Blackwood | Chief Executive

Happy Birthday SafeDeposits!

SafeDeposits Scotland discusses 3 years in business.

Three years ago the introduction of the Tenancy Deposit Schemes (Scotland) Regulations 2011 meant SafeDeposits Scotland was born with the purpose of protecting millions of pounds worth of deposits in the private rented sector.

This meant we had to convince a nation's landlords and letting agencies that SafeDeposits Scotland was the organisation they should entrust their deposits with.

So three years on, where are we?

Over 60% of Scotland's private rented sector has complied with the new rules and registered their deposits with an approved scheme – although this means some have yet to comply, I personally think this is a big achievement in such a short space of time.

Of those who have complied, SafeDeposits has secured over 60% of the market – some £63m worth of deposits – which I also think is something to be celebrated.

But how did we do it and more importantly, how can we get even more letting agents onside?

We've found that the key to securing buy-in of the private rented sector is to focus more on the carrot than the stick. By that I mean it's about offering great service and adding real

value to the rental process, and not relying purely on the rule book.

Yes landlords are legally required to comply with the Regulations, but the approved deposit schemes out there – ourselves included – have an obligation to add value to letting agents and make it as easy as possible, which means doing more than just collecting the money.



It's about enhancing the experience of both the tenant and the landlord, providing a peace of mind that the money in this important transaction is safely protected and will be fairly returned or distributed. And it's about being there for both parties from the moment a landlord opens an account right through to a tenant moving out, whether there's a dispute over the money or not.

The process has to be hassle free and the dispute resolution service

has to do what it says on the tin, namely resolve disputes, fairly and quickly.

In the space of three years we've become the most popular deposit scheme in Scotland not because landlords have no choice (as they do), but because we've been able to prove our worth to them.

Our customer service team handles over 4,000 calls a month from our Glasgow HQ, answering 94% of them within 30 seconds without using a script. This might sound simple but anyone who's ever dealt with a faceless voice in a call centre continually repeating the same line and not answering your question will testify to how counterproductive not to mention annoying it is.

There may yet be an argument for greater enforcement of the Regulations which the Scottish Government might need to consider, but I believe Scotland's private rented sector is on the right track to successfully self-police this important issue and our landlords and letting agents are far more motivated by the carrot than the stick.

Jen Paice is CEO of SafeDeposits Scotland, Scotland's only not-for-profit tenancy deposit scheme.

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



Agent Views

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

Aberdein Considine, Aberdeen – Adrian Sangster



“The letting market in the north east is undoubtedly going through a period of transition. However if the property offered is of a good standard and the rent is set at a realistic level, with proactive marketing we’re finding that tenant demand is still there. They just have a wider choice and can afford to be more selective.”

McLeod Lettings, Glasgow – Ross McLeod



“The private rented sector in Glasgow has seen consistent growth over the last period with rents up by at least 10%. Despite the proliferation of private rented student blocks coming to market this summer, the demand for licenced HMOs throughout Glasgow City Centre and West End is greater than ever, with an average time to let of 48 hours. Room rents have also shown good growth and are up by 10-15%.”

Let-it, Glasgow – Colin Roe



“Despite the general upturn in the sales market which promised to bring more tenant traffic in the direction of the private sector we have still seen an unprecedented number of tenants staying in rented accommodation for 2 years or more with little signs of being tempted to buy. The continued pressure on new legislation is driving more landlords to look at selling given the increased financial obligations being placed on them.”

Click-Let, Edinburgh – Ross MacDonald



“The demand for rental properties continues to be strong in Edinburgh. We are finding average time to lets falling dramatically and in many cases we’re securing deposits after the 1st viewing. Still a concern to our clients is the continual increase in legislation, namely: Legionella’s risk assessments, smoke alarms, EICRs, carbon monoxide detectors and the forthcoming tenancy changes.”

Umega Lettings, Edinburgh – Andy Whitmey



“Student properties have let very well between February and April, with record rents being achieved for most of our HMO properties and we look forward to welcoming these new student tenants back to Edinburgh in August/September. Professional lets continue to perform very well and we’re seeing a huge demand for good quality, central properties as tenants struggle to secure properties due to a definite undersupply of good quality stock on the market.”

Clan Gordon, Edinburgh – Jonathan Gordon



“The Scottish Government is often accused of targeting landlords with ever tighter regulation. Many agents and industry bodies claim this will drive investment out of the sector. New requirements for multiple mains smoke alarms, battery carbon monoxide alarms, compulsory electrical testing and even a requirement to do risk assessments for Legionnaires’ disease. Consultations are also ongoing for a new tenancy regime to simplify the paperwork and establish a clearer set of obligations between landlord and tenant which also provides more security of tenure for tenants.”

We believe that our landlords are keen to provide safe properties for tenants to live in and to see a well-functioning tenancy regime. We’ve never seen so many enquiries from new landlords in Edinburgh as we have in the last three months so we can only assume that landlords are not put off by the changes the Scottish Government is making.”



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 July 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.

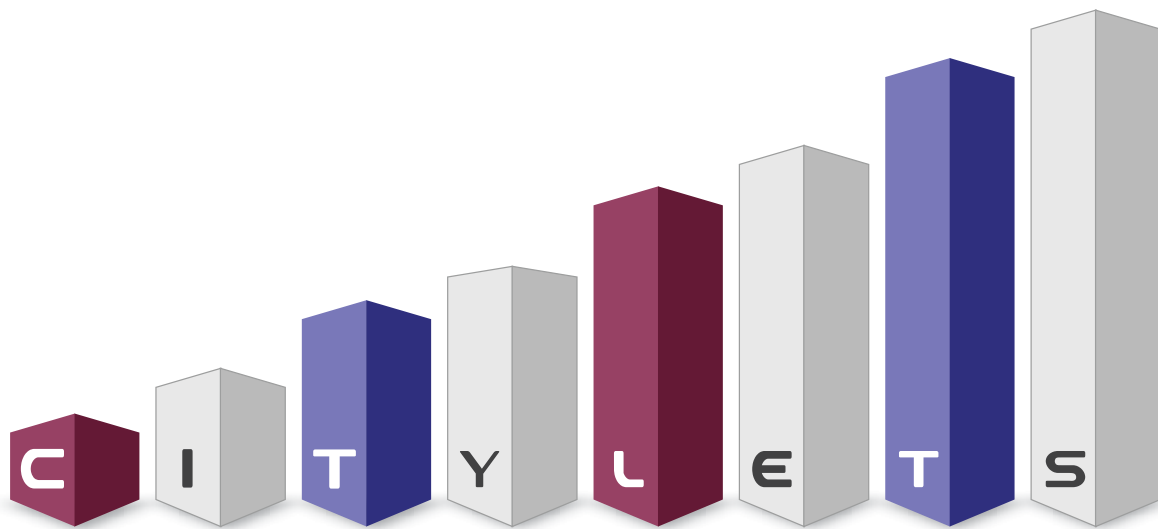
Citylets

21 Lansdowne Crescent
Edinburgh
EH12 5EH

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



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