

Local Markets, National Picture



- Overview of the Scottish Rental Market
- City Spotlight: Edinburgh, Glasgow, Aberdeen & Dundee
- Postcode and Town Analysis: Localised Rental Prices
- Legislation Matters: New duties under the Immigration Act 2014
- Deposits- Best Practice Pays a Positive Return

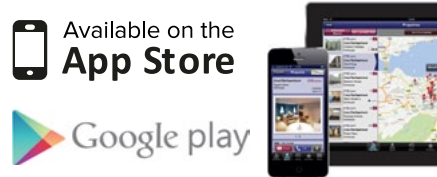
Citylets Audience Reach- Quarterly Update

Q4 (Oct-Dec) is traditionally the quietest time of the year for the lettings market and 2014 was no exception. However there was some evidence of a post referendum bounce with Q4 outperforming the same period of the previous year more than any other quarter of 2014. This translated to a large surge in tenant enquiries, up a full 21% on Q4 2013, keeping agents busy right up to the end of the year.

App usage continued to grow with Q4 2014 recording 15% of visitors

coming through our Apple and Android Apps. Clearly consumers with mobile devices like to have a choice of web or App as to how they browse on the go.

Citylets recently launched a new version of its iPhone App, a complete



overhaul of the tech behind the application to make it relevant for the latest versions of iOS and a new look and feel to match. Citylets is still the only Scottish lettings portal to have the full set of bespoke Apps for iPhone, Android & iPad and also a dedicated mobile site.

HOW THEY RATE*		
	Apple	Android
Citylets	★★★★★	★★★★★
Rightmove	★★★★	★★★★
ASPC	★★	N/A
ESPC	N/A	N/A
GSPC	N/A	N/A
S1rental	N/A	N/A

*Apple App Store & Google Play, Jan 15

'Mobile' (web browsing & App usage from mobile phones / tablets) has grown steadily over the year now recording more than half of all visits to Citylets at 53% up from 40% in 2013. Web browsing from mobile phones leads the mobile options representing 26% of all visits.

With such steep growth in Mobile, Citylets customers can expect to see further developments in our App portfolio and mobile offerings in 2015 to provide further homogeneity between consumer platforms.

Key Info Q4 2014

- 21% increase in tenant enquiries
- 53% visits from 'mobile' in 2014
- Best performing Scottish regional
- New iPhone App launched

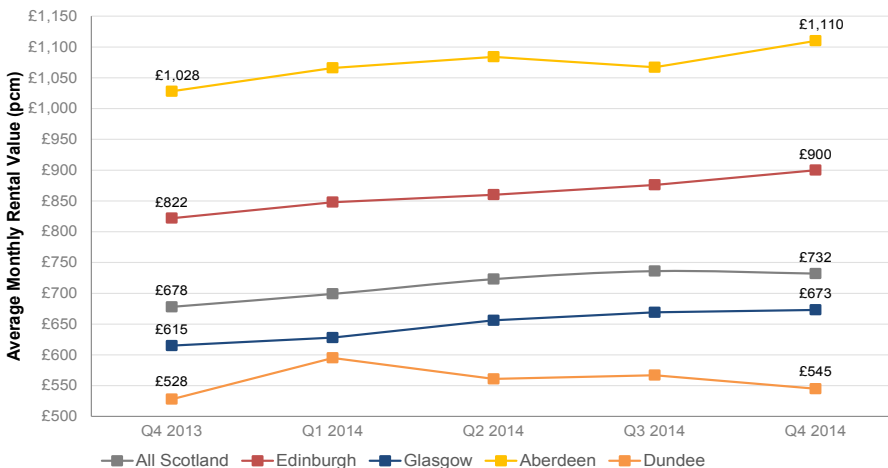
Scotland

The Scottish PRS can rarely have been more under scrutiny than in recent years: Regulation of Letting Agents following a ban on tenant fees and mandatory custodial deposit schemes... and now a consultation on tenancy regimes themselves. Scottish rents on the whole are rising,

up 7.9% on last year as at Q4 2014 to stand at £732 compared with growth of just 1% in the preceding year. The token fall of £4 over the last quarter from the all time high of £736 is nothing more than seasonal. For those content with headline figures and narrow timeframes, it's

easy to call for rent controls but the PRS is a patchwork of local markets and it is clear that growth is both predominantly an urban and recent phenomenon. Hot spots may indeed self regulate in 2015, perhaps led by falls in Aberdeen should oil prices remain at current historic lows.

Scottish Monthly Rent Analysis (Q4 2013-Q4 2014)



Source: Citylets

Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2005	98.3	100.9	100.0	100.3
2006	100.5	103.1	97.4	95.8
2007	96.3	97.1	98.3	97.5
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

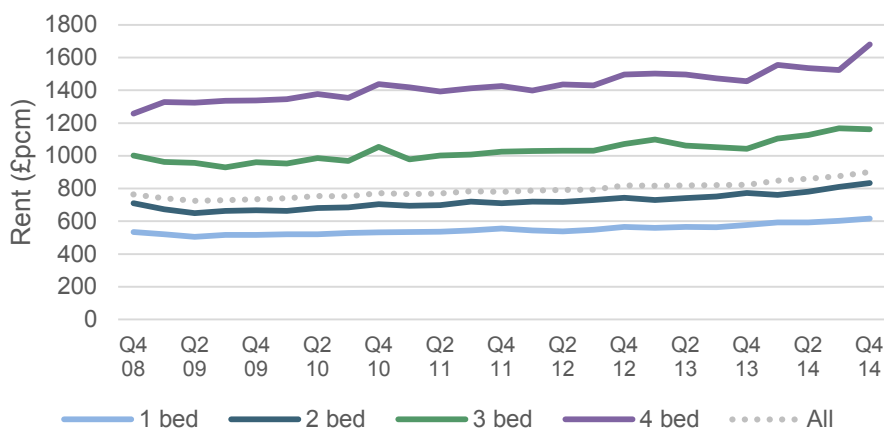
Edinburgh

Market Overview - Q4 14

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£616	6.6%	13	-7	48%	87%
2 bed	£833	7.9%	18	-7	39%	80%
3 bed	£1,161	11.4%	30	-4	21%	60%
4 bed	£1,681	15.5%	39	-2	13%	53%
Total	£900	9.5%	18	-7	40%	80%

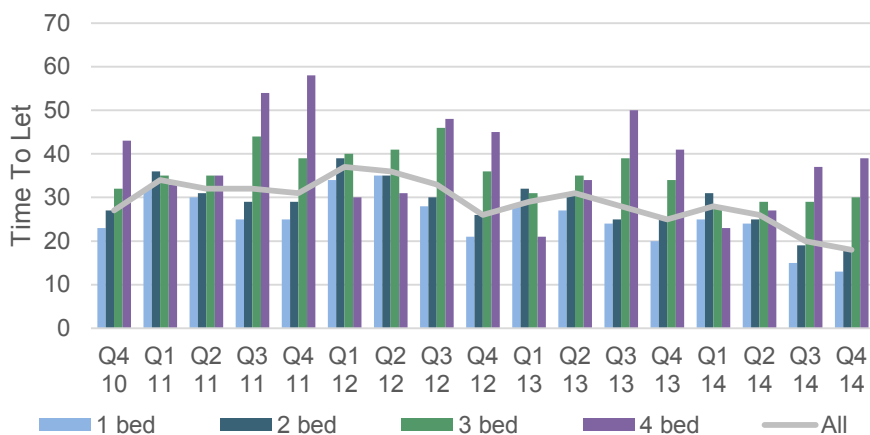
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets



Callum MacGregor - Braemore

"We continue to see very high tenant demand for good quality property within the private rented sector and coupled with a shortage of new property coming to the market and tenancy lengths increasing, this has resulted in an increase in rental values across the board. With industry standards moving in a positive direction through good practise and increased legislation, the PRS continues to play a vital role in the housing market."

The Edinburgh rental market stands at an all time high with average mix adjusted rents up 9.5% over the year to £900 per month. Seven consecutive quarterly increases since the start of 2013 leave the Edinburgh index 20.5% above its Q1 2008 base, equating to a modest c3% growth per year.

Larger 3 & 4 bedroom properties recorded the largest annual rises suggesting increased demand for family rental accommodation in the capital. 80% of properties are let within a month in a market where the average Time To Let (TTL) is just 18 days, the lowest on record, down from 25 a year ago.

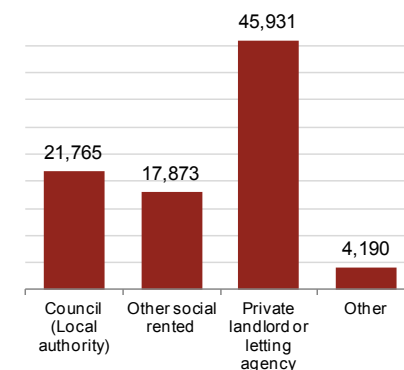
CITY INFO

Rental Index

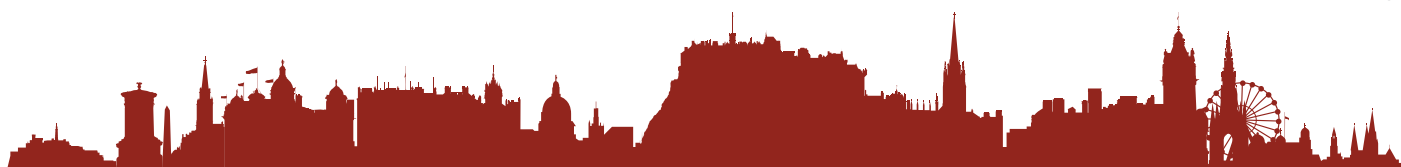
(base: Q1 08)

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

Households: Rented



Source: Census 2011, Edinburgh



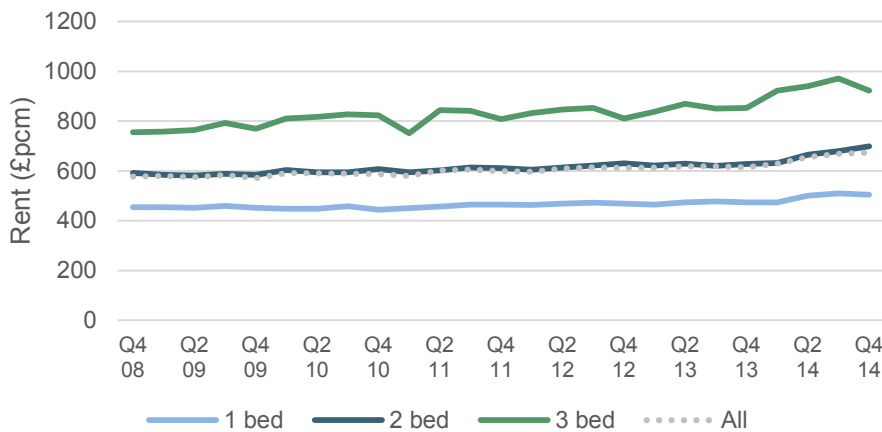
Glasgow

Market Overview - Q4 14

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£505	6.8%	22	-4	31%	72%
2 bed	£699	11.3%	28	0	25%	66%
3 bed	£922	8.1%	33	2	17%	59%
4 bed	£1,218	3.8%	39	-6	14%	50%
Total	£673	9.4%	26	-2	26%	67%

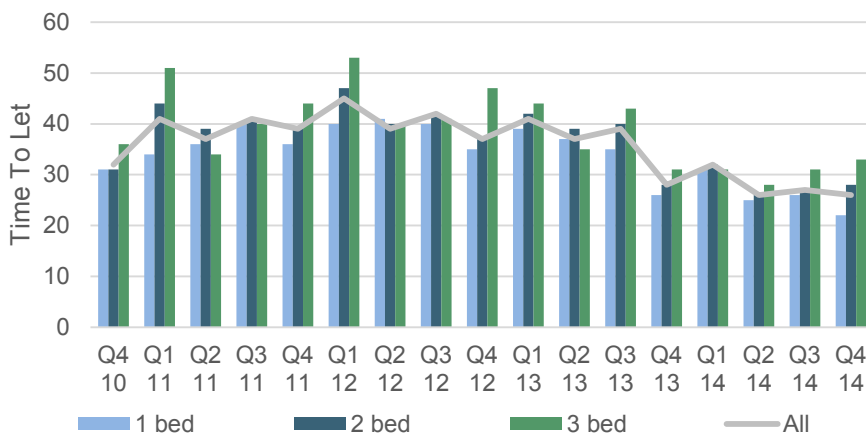
Source: Citylets

Average Rent (pcm) by Number of Bedrooms



Source: Citylets

Average Time To Let (TTL) by Number of Bedrooms



Source: Citylets



Colin Roe - LET-it (Glasgow)

"Q4 was still busy but looking at the same Q last year it seems to be down to a shortage of accommodation rather than more tenants looking. In the last Q of 2014 we let 15% LESS properties than the previous yr and as an overview comparison we let 13% less properties in 2014 compared to 2013! That's a big drop in 1 yr and its down to 2 things, less properties coming on to the market and tenants staying in properties longer so less turnover. This is great for existing landlords but the PRS needs more...much more!"

Rents in Glasgow recorded a 9.4% rise over the year to Q4 2014- almost identical to Edinburgh. The average mix adjusted rent now stands at a record £673 per month with the index at 18.7% above Q1 2008 base representing growth of around 2.6% per year.

2 bed properties saw the largest growth up 11.3% on the year to £699. TTL figures continued to drop across the city with the typical Glasgow property taking 26 days to let in Q4, down 2 days on last year. Four bedroom properties again saw the largest annual fall in TTL, down 6 days to 39 days on average.

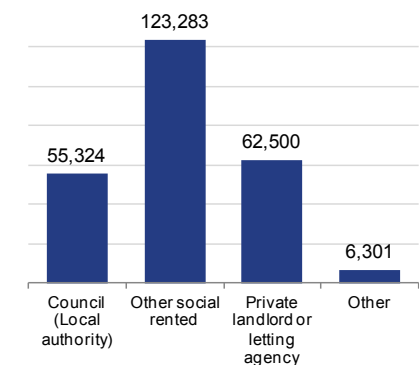
CITYINFO

Rental Index

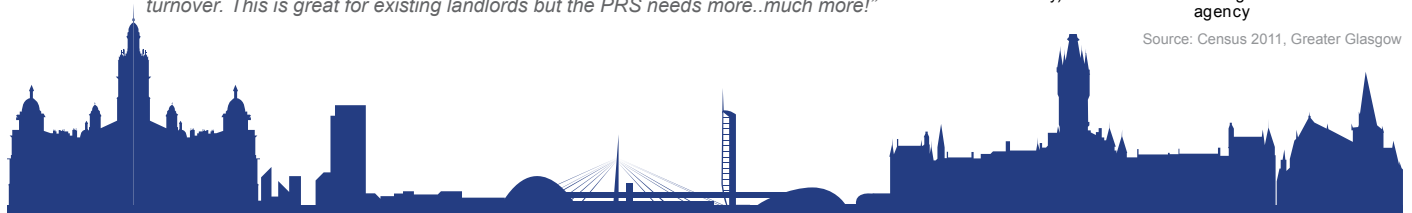
(base: Q1 08)

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

Households: Rented



Source: Census 2011, Greater Glasgow



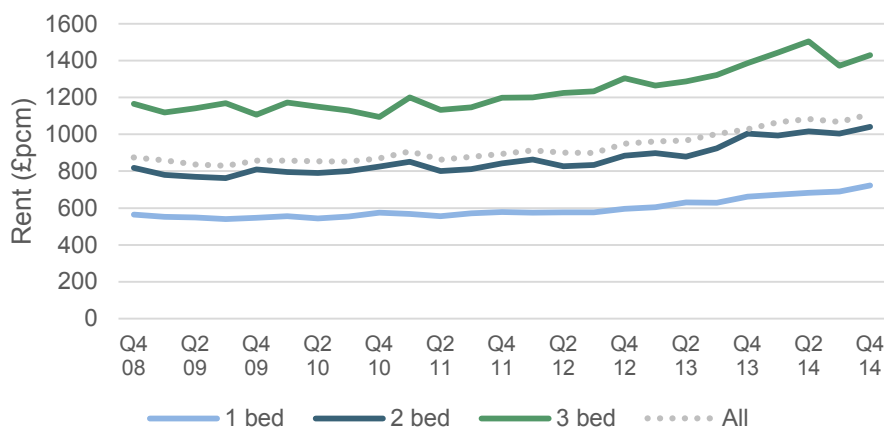
Aberdeen

Market Overview - Q4 14

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£722	9.1%	14	5	39%	88%
2 bed	£1,040	3.5%	21	7	24%	74%
3 bed	£1,430	3.2%	32	11	11%	55%
4 bed	£2,148	8.4%	49	18	4%	30%
Total	£1,110	8.0%	22	8	27%	74%

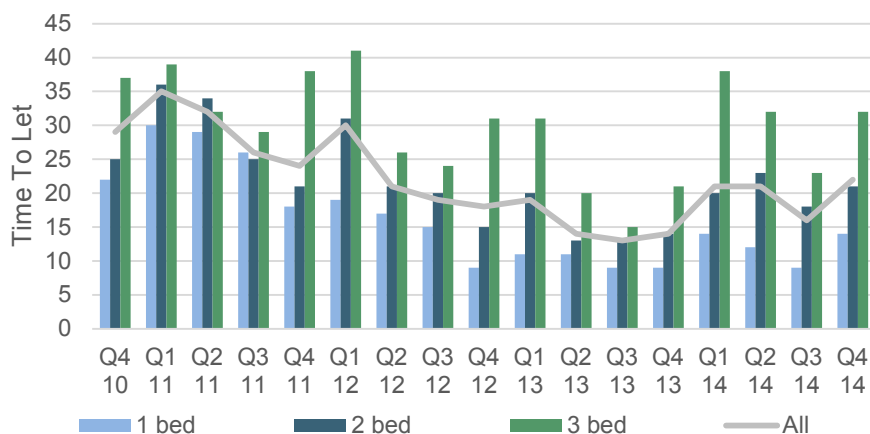
Source: Citylets

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 Aberdeen market has performed very strongly in the past few years resulting in increased rentals and lower void periods. Compared to the rest of Scotland I believe the market in 2015 will remain strong although I do not think we will see rentals increase at the same rate. I suspect unless oil prices improve we may see upper end rents retract slightly. Local relocation agents, who act for many oil companies, have reported they have very few planned moves into the north-east, however they are seeing an increase of families moving out. I believe however the demand remains as such that the lower to mid-range of the market will remain buoyant."

Aberdeen recorded a modest fall in average rents in Q3 2014 compared to Q2 sparking speculation of a slowdown related to the falling price of oil. Logical perhaps given Q3 is usually the peak rental period but premature with rents up again in Q4 to stand at a record £1110 per month, a rise of 8% over the year wiping out the Q3 dip and more.

The average TTL has lengthened by a full 8 days to 22 days but relatively speaking the market continues to operate at pace with nearly 40% of 1 beds letting within a week and ¾ of all properties let within a month.

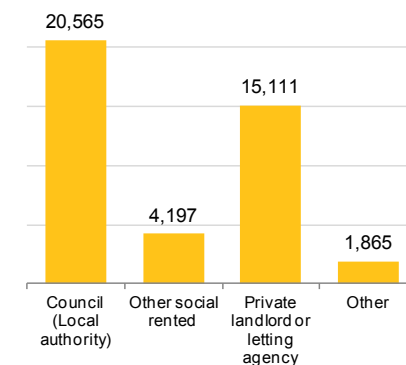
CITY INFO

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

Households: Rented



Source: Census 2011, Aberdeen



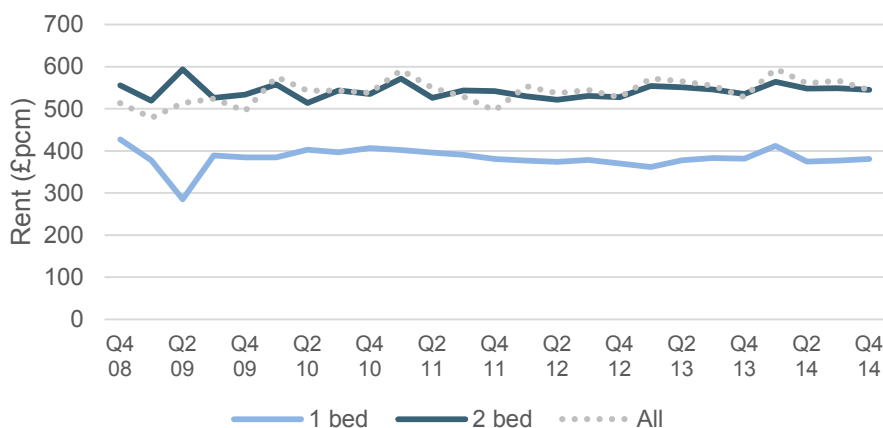
Dundee

Market Overview - Q4 14

Beds	Average Rent	Rent Change YoY	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£381	-0.3%	38	2	9%	55%
2 bed	£545	1.9%	47	2	6%	38%
3 bed	£714	6.4%	51	11	3%	47%
4 bed	£913	3.3%	52	-1	0%	29%
Total	£545	3.2%	46	4	6%	44%

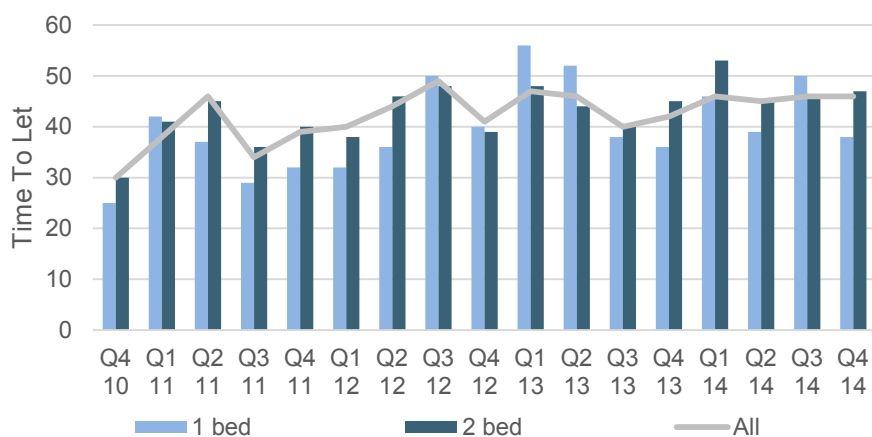
Source: Citylets

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

"Dundee continues to be an attractive city for investment in the rental market. We have found the Dundee market has been 'ticking along' nicely with no signs of a drop in enquiries. If rentals are fairly set in relation to the standard of property there have been very few problems in the uptake of available properties."

Dundee was the only major city to see rents fall in the final quarter of the year with average rents standing at £545 per month as at Q4 2014. However this is generally a seasonal norm and still represents positive growth over the year of 3.2% with 3 bed properties achieving the largest gain at 6.4%.

The market is moving slightly slower than Q4 2013 with average TTL at 46 days, approximately the same figure which has persisted throughout all of 2014. Only 6% of properties now let within a week but nearly half let within a month (44%).

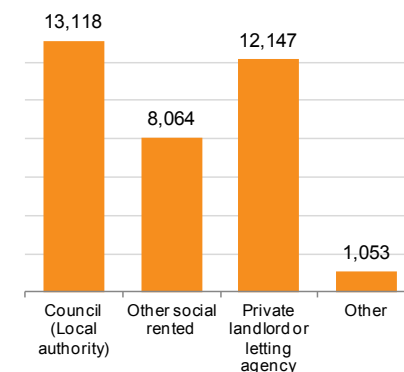
CITY INFO

Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	111.6	111.0	113.0
2009	105.3	113.0	115.2	108.8
2010	126.6	119.3	119.3	118.2
2011	130.1	120.9	116.3	109.0
2012	121.8	118.0	119.8	115.8
2013	125.7	124.2	122.0	116.0
2014	130.8	123.3	124.6	119.8

Households: Rented



Source: Census 2011, Dundee



Postcode & Towns - Average Rents & TTL - Q4 14

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	£694	(21)	£966	(21)		
EH3	£732	(13)	£1,111	(26)	£1,412	(38)
EH4	£684	(16)	£826	(21)	£1,059	(39)
EH5	£590	(22)	£695	(18)		
EH6	£560	(13)	£715	(13)	£986	(26)
EH7	£584	(12)	£755	(13)	£1,076	(23)
EH8	£592	(14)	£784	(15)		
EH9	£634	(8)	£890	(15)	£1,431	(23)
EH10	£659	(11)	£848	(21)	£1,197	(30)
EH11	£558	(10)	£728	(14)		
EH12	£629	(15)	£840	(21)	£969	(34)
EH13			£701	(19)		
EH14	£564	(17)	£739	(24)	£804	(19)
EH15	£511	(28)	£705	(28)		
EH16	£581	(13)	£698	(24)	£909	(39)
EH17			£670	(24)	£782	(36)
EH21	£484	(34)	£621	(27)		
EH22			£602	(23)	£756	(41)
EH26			£621	(27)		
EH47	£396	(33)	£510	(44)		
EH48			£550	(42)	£622	(31)
EH49			£602	(48)		
EH51			£471	(32)		
EH54			£565	(44)	£670	(45)

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£442	(32)		
Ayr	£402	(53)	£515	(48)	£730	(42)
Bathgate			£559	(42)	£622	(25)
Bo'ness			£471	(32)		
Cumbernauld			£470	(44)		
Dalkeith			£597	(28)		
Dunfermline	£399	(20)	£506	(17)	£638	(21)
East Kilbride	£355	(38)	£468	(38)	£623	(33)
Glenrothes			£480	(29)	£559	(22)
Hamilton	£384	(40)	£502	(36)	£632	(44)
Inverness	£488	(23)	£610	(22)	£753	(14)
Kilmarnock	£356	(43)	£449	(61)	£528	(32)
Kirkcaldy	£396	(26)	£491	(35)	£671	(43)
Linlithgow			£602	(48)		
Livingston			£565	(46)	£676	(46)
Motherwell			£469	(46)	£489	(23)
Paisley	£360	(36)	£468	(45)	£597	(38)
Perth	£415	(26)	£540	(26)		
Stirling Town	£451	(23)	£589	(34)	£708	(48)
Troon	£356	(68)			£636	(39)

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£631	(13)	£863	(16)		
G2	£635	(26)	£916	(24)		
G3	£572	(15)	£905	(18)	£1,223	(21)
G4	£556	(13)	£690	(16)		
G5	£544	(27)	£610	(28)	£806	(44)
G11	£528	(19)	£792	(31)	£1,053	(42)
G12	£585	(18)	£903	(24)	£1,208	(31)
G13	£480	(28)	£597	(34)		
G14	£422	(26)	£522	(34)		
G20	£525	(27)	£638	(29)		
G21			£499	(26)		
G31	£416	(24)	£530	(27)		
G32	£385	(18)	£494	(44)		
G33			£510	(29)		
G40	£400	(17)	£533	(20)		
G41	£488	(20)	£610	(21)	£749	(27)
G42	£414	(26)	£534	(34)		
G43			£664	(24)	£649	(31)
G44	£448	(29)	£570	(35)	£575	(42)
G51	£376	(25)	£509	(26)		
G52			£509	(30)		
G67			£438	(48)		
G71			£552	(27)		
G72			£489	(39)		
G73			£484	(34)		
G74	£349	(36)	£489	(38)	£627	(34)
G75	£363	(40)	£441	(38)	£616	(31)
G77			£707	(20)		
G78			£447	(36)	£694	(35)
G81			£511	(46)		
G84	£416	(41)	£497	(41)		

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£724	(16)	£1,020	(20)	£1,360	(30)
AB11	£681	(14)	£1,039	(22)		
AB12					£1,218	(43)
AB15	£786	(26)	£1,248	(29)	£1,466	(42)
AB21			£1,006	(22)	£1,122	(28)
AB22			£931	(28)		
AB24	£720	(15)	£984	(22)	£1,238	(27)
AB25	£698	(15)	£986	(18)		
AB51			£836	(14)	£1,162	(19)

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£414	(25)	£577	(49)		
DD2	£400	(32)	£544	(46)		
DD3	£337	(47)	£490	(56)		
DD4	£365	(40)	£521	(36)		
DD8			£392	(67)		

Source: Citylets

New duties under the Immigration Act 2014

TC Young discuss controversial reforms in the Immigration Act 2014 conferring duties on landlords to check the ID of potential tenants.

The Immigration Act 2014 received Royal Assent on 14 May 2014. It introduces a series of reforms aimed to ensure the UK's immigration system is fairer to British citizens, to make it more difficult for illegal migrants to live in the UK and also to address the small minority of private landlords who knowingly target and exploit illegal migrants.

The Act introduces a requirement for private landlords to carry out checks on prospective tenants of their right to reside in the UK. It is currently common practice for many letting agents and private landlords to carry out ID checks on prospective tenants and to retain copies of passports, photo driving licence etc. Scottish landlords and agents should note that at the time of print, this requirement is not in force in Scotland, and there is no fixed date for implementation as yet. However, such an ID check will become a legal requirement when the provisions of the Immigration Act 2014 are rolled out across the UK. The Act will require a private landlord to see certain prescribed documentation prior to entering into a lease with a prospective tenant.

The Act states that a person is disqualified from occupying premises under a residential tenancy agreement, as a result of their immigration status, where they are

- (a) not a relevant national and
- (b) they do not have a right to rent in relation to the premises.

Accordingly, a private landlord will require to obtain proof that a prospective tenant is either a British Citizen, a national of a EEA State other than the UK, a national of Switzerland, or that they have special permission granted by the Secretary of State to enter into a lease.



This will not be a retrospective provision and will only apply to new tenancies being entered into from the date of implementation going forward.

Letting agents should note that they can be held liable for any contravention of the Act where the agent acts "in course of a business" and was under an obligation to comply with the requirements on behalf of the landlord in writing (i.e. under Terms of Conditions or a Management Agreement). The

penalty for contravention of the Act is a maximum of £3000.

The Home Office has committed to assisting landlords in their compliance of the Act by providing an online checking resource, a phone enquiry service and an email enquiry service. Guidance has been published for landlords and letting agents affected by the introduction of right to rent immigration checks which can be found here <https://www.gov.uk/government/publications/right-to-rent-landlords-code-of-practice>.

The West Midlands will operate as an initial pilot area from 1 December 2014. It is anticipated that the requirements will then be rolled out in further areas in 2015. We will update landlords as to the progression of the implementation of this Act, when more information is available.

If you have any specific queries in relation to the Immigration Act 2014, please do not hesitate to contact Fiona Watson at TC Young on fjg@tcyoung.co.uk or 0131 220 7660.



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Deposits- Best Practice Pays a Positive Return

SafeDeposits Scotland takes a closer look at deposit disputes, prevention & adjudication.

The process for deposit repayment is very different now that tenancy deposit schemes have been introduced, especially if there is a dispute over any proposed deductions from the deposit.

SafeDeposits Scotland is here to help landlords, letting agents and tenants better understand how our alternative dispute resolution (ADR) process works and how best to present a claim to the adjudicator.

If a deposit repayment is referred to ADR, the adjudicator's starting position mirrors that of the courts: the deposit is first and foremost the tenant's money, unless the landlord can justify their claim to it. In this respect, the onus is on the landlord to show why they are entitled to claim money from the deposit. This is why documentary evidence is essential to prove a case.

The importance of the tenancy agreement cannot be overstated. The adjudicator must be able to establish the contractual obligations that apply to the landlord and tenant. For example, if the claim is for gardening, what does the tenancy agreement say the tenant must do? There must be a relevant clause in the tenancy agreement to support the claim.

It is also essential that the inventory process is thorough and clearly

documented at both the start and end of a tenancy – if there is a dispute, the adjudicator must be able to establish if the condition and cleanliness of the property has deteriorated during the tenancy. Completing the full inventory process normally consists of:

- Recording the condition of the property, together with any fixtures, fittings, contents and decoration, and with relevant meter readings (the 'inventory'), immediately before the tenancy starts;



- Getting the tenant's agreement to this record of condition (often by visiting the property with the new tenant to make sure they agree with the property's condition [the 'check in']); and
- Recording the condition of the property when the tenancy ends in order to identify what has changed (the 'check out').

Photographs are best used as an addition to, not a substitute for, the written word. To be considered useful as evidence, photographs should be of good quality and are best embedded into the check in and check out report, but if presented separately they should be clearly dated and signed.

The landlord must also substantiate the amount being claimed for. Landlords do not have to have work done or buy replacements before they can submit a claim – an estimate or quote, instead of an invoice, can be provided as evidence. The report should be on the contractor's headed paper, be dated and refer to the property.

It is essential that tenants participate in the ADR process – for example, by providing a statement in response to the evidence submitted by the landlord. The tenant can also submit any documentary evidence which they feel is relevant to the dispute.

Please note that this is not an exhaustive guide. For further information on how to present a claim well and what type of evidence is required, please visit the SafeDeposits Scotland website.

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.

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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 January 2015. Whilst we have made every effort to ensure information published in this report is correct, Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.

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