

Squeeze On Supply Pushes Capital To New Heights



- Market Overview ■ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more
- Agent Views ■ Postcode & Town Analysis: Localised Rental Prices
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- SAL - Letting Agent Code of Practice Comes into Force
- SafeDeposits Scotland Educates Students on Deposit Protection
- TC Young - Has the 2016 Act Inadvertently Killed the SAT?

Market Overview

After 2 consecutive quarters of mild negative growth, the Scottish PRS returned to the black in Q1 2018 with average rents rising 1.6% year on year (YOY) to stand at £780 per month. Competition for larger 4 bed properties in particular in key urban markets resulted in steep gains, likely reflecting the strong seasonal student demand where there is some evidence to suggest supply is further constrained this year. PRS supply, in terms of available stock, has been reducing steadily from its 2013 peak.

Rents in Edinburgh reached an all time high as at Q1 2018 standing at £1062 per month on average, up 3.8% YOY. Whilst this may be pleasing for landlords and concerning for tenants the annual rate of growth does appear to have settled at around 3% down from the circa 5% in recent years. All main 1-4 bed markets recorded positive annual growth of between 3 and 6% as supply in the capital continues to decline. The average rental property in Edinburgh takes 27 days to let, up slightly on Q1 2017 by 2 days.

below national average for the first time. Whilst the market continues to level off, the average property to rent in Aberdeen now stands at £736 per month, down 4.2% YOY, some £44 below national average which saw

- **Scottish average rises 1.6% to £780 per month**
- **Edinburgh continues upwards growth at 3.8% to all time high**
- **Glasgow overtakes Aberdeen as Scotland's second priciest PRS**
- **High demand for large properties pushes city averages higher**



a sharp uptick this quarter driven by strong quarterly gains in both Edinburgh and Dundee. The average property takes almost 2 months to let, a far cry from the 13 days seen in 2013 just 5 years ago.

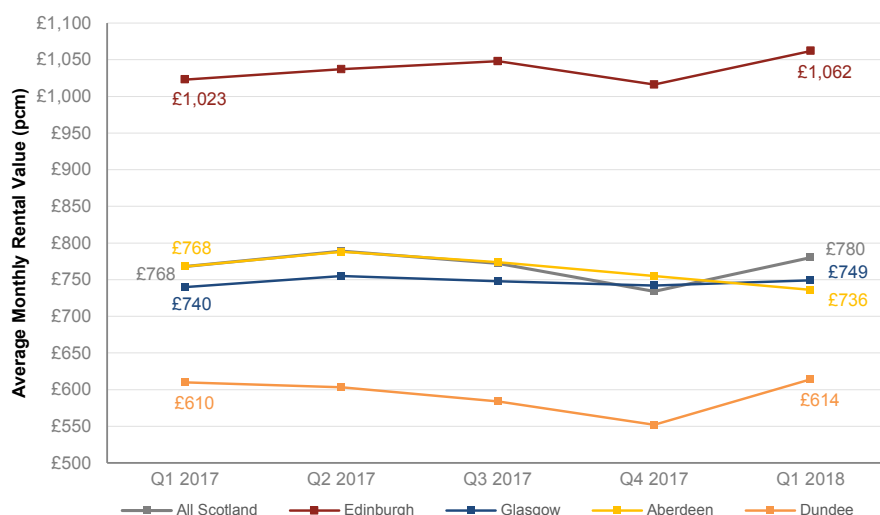
another significant milestone in its PRS history in Q1 2018 with average rents rising 1.2% YOY to reach £749 and bypassing the Aberdeen average. As with Edinburgh, it is notable that the annual rate of growth has settled at a lower amount than in recent years at circa 2%. The five year average for the city is 4.4% annual growth and the ten year average is 3.2%. The average property in Glasgow rents in 31 days, up 1 day on Q1 2017. As with Edinburgh, larger 4 bed properties rose most at 7.3% YOY.

Dundee rebounded strongly from a sharp drop last quarter where falls in larger properties weighed on the city average. Average rents rose from £552 in Q4 2017 to £614 in Q1 2018, up a modest 0.7% YOY consistent with its generally sanguine characteristic but with 1 beds up a significant 5.6% YOY. Similarly West Lothian saw a return to sharp annual growth up 4.6% YOY with all 1-4 bed markets recording strong growth. South Lanarkshire saw strong YOY growth in 1 bed markets at 3.8% contributing to growth of 0.7% across the region.

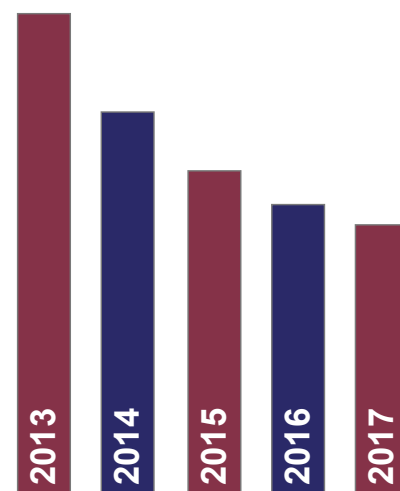
Q1 2018 saw rents in Aberdeen fall

The Glasgow rental market reached

Scottish Monthly Rent Analysis (Q1 2017 - Q1 2018)



Stock Volumes - Scotland

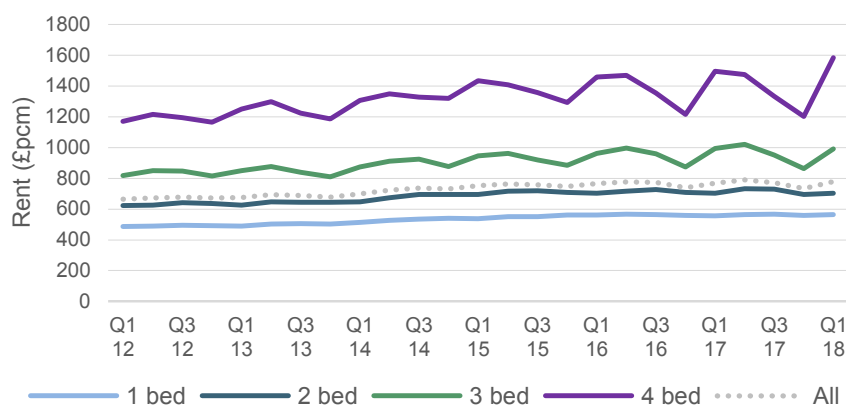


Scotland

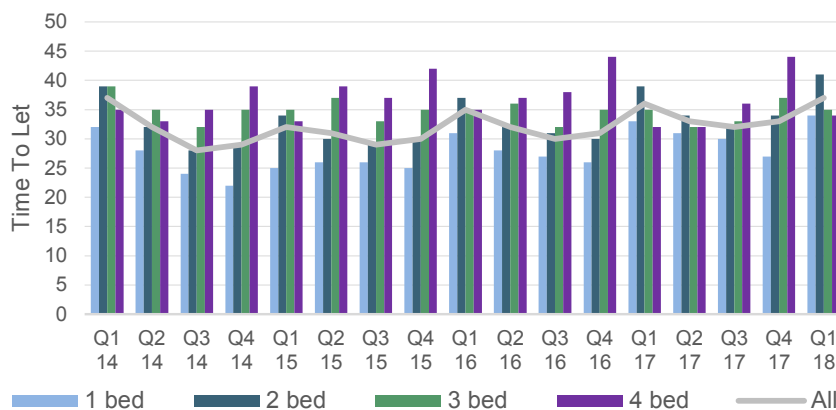
Market Overview - Q1 18

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£565	1.4%	15.5%	18.7%	34	1	17%	56%
2 bed	£703	0.0%	12.5%	16.2%	41	2	13%	47%
3 bed	£991	-0.3%	16.5%	24.5%	35	0	16%	56%
4 bed	£1,585	6.0%	26.8%	33.6%	34	2	20%	57%
Total	£780	1.6%	15.6%	20.9%	37	1	15%	52%

Average Rent (pcm) by Number of Bedrooms



Average Time To Let (TTL) by Number of Bedrooms

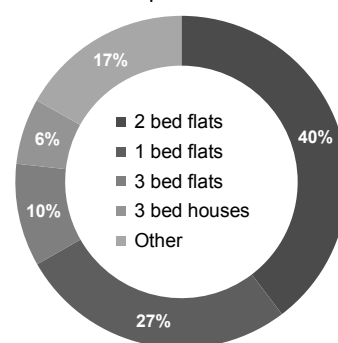


Adrian Sangster - Aberdeen Considine

"We believe we are seeing the first signs of a slowdown in the BTL market as tax changes from both Holyrood and Westminster begin to bite. The LBTT surcharge of 3%, which was designed to help first-time buyers by discouraging the competition of second home purchasers, does not appear to be having the desired effect. Recent research shows house purchase prices actually increased in 26 out of the 32 local authority areas. So whilst prices continue to increase it appears the supply of rented properties is falling."

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Market Composition

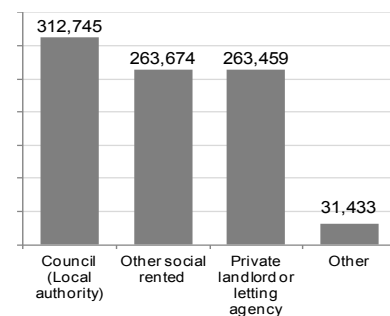


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.6	102.8	100.2
2009	98.8	98.1	99.2	97.7
2010	98.9	101.4	100.6	99.8
2011	100.3	102.8	103.9	101.7
2012	102.9	104.2	105.0	104.0
2013	104.7	107.4	106.5	105.1
2014	108.4	112.1	114.1	113.5
2015	116.4	118.1	117.4	115.7
2016	118.9	120.5	120.2	114.6
2017	119.1	122.3	119.7	113.8
2018	120.9			

Households: Rented

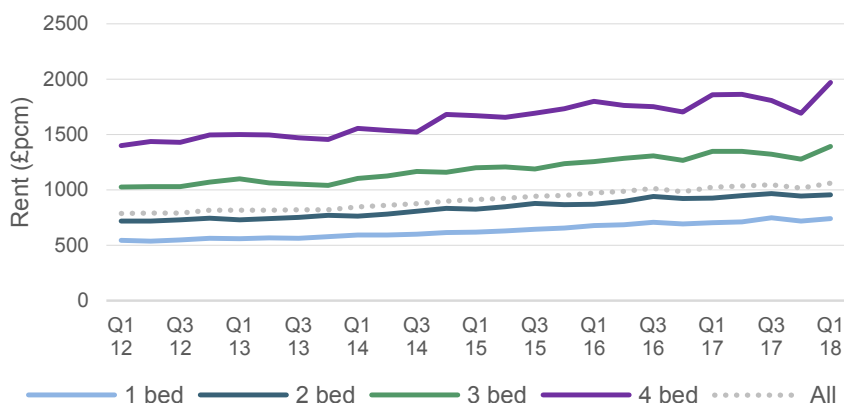


Edinburgh

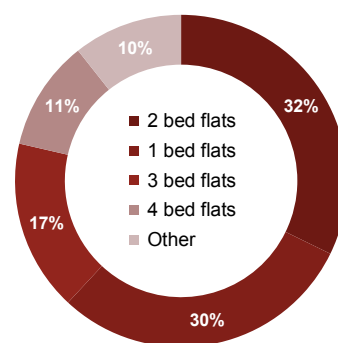
Market Overview - Q1 18

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£740	5.0%	32.1%	40.4%	27	3	20%	63%
2 bed	£956	3.0%	31.0%	40.0%	32	1	15%	55%
3 bed	£1,393	3.4%	26.6%	47.3%	24	1	23%	73%
4 bed	£1,972	6.0%	31.3%	49.3%	24	7	26%	71%
Total	£1,062	3.8%	30.0%	42.2%	27	2	19%	63%

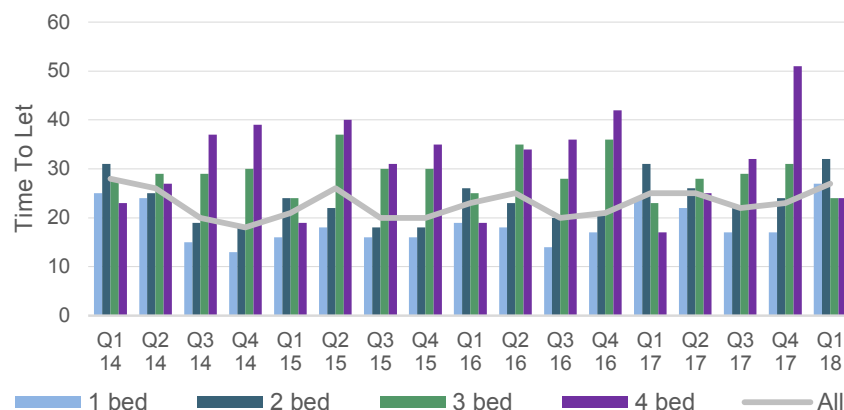
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	100.1	102.0	102.3
2009	99.2	96.9	97.6	98.3
2010	99.1	101.1	100.7	103.2
2011	102.5	102.9	104.8	104.3
2012	105.5	105.9	106.2	109.6
2013	109.4	109.5	109.8	110.0
2014	113.5	115.1	117.3	120.5
2015	122.1	123.6	126.1	127.2
2016	130.1	132.0	135.6	131.7
2017	136.9	138.8	140.3	136.0
2018	142.2			

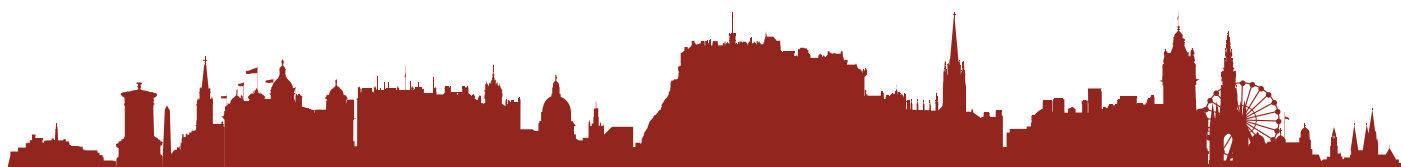
Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
EH3	3.9%	3.9%	4.1%	4.1%	4.0%
EH7	5.4%	5.5%	5.6%	5.6%	5.6%
EH8	6.8%	6.8%	6.6%	7.2%	7.0%
EH9	4.8%	4.7%	4.9%	5.1%	4.8%
EH10	4.5%	4.4%	4.3%	4.3%	4.2%
EH11	5.9%	5.8%	5.9%	6.1%	5.8%
EH12	4.9%	4.9%	5.1%	5.4%	4.7%



Jamie Kerr - Ben Property

"Q1 has been an exciting time for the Edinburgh market with the bedding in of the PRT and agent regulation coming into force. Whilst there have been a number of shorter tenancies, on the whole most tenants wish for longer term tenancies and we are continually asked by bamboozled tenants why they cannot have a guaranteed fixed term under the new tenancy regime. Rental levels continue to rise healthily albeit at a comparatively steady rate for both new instructions and re-lets. There is strong demand across the market from one-bedroom apartments all the way to large family homes which bodes well for Q2 and beyond."

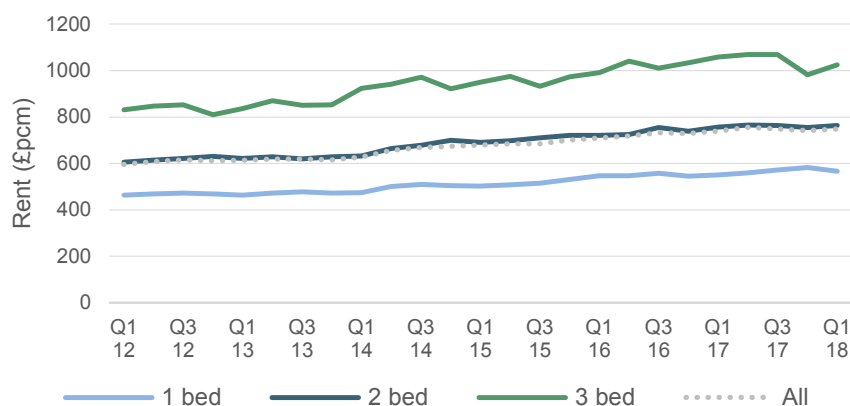


Glasgow

Market Overview - Q1 18

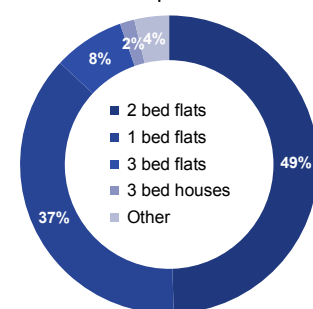
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£567	2.9%	22.2%	23.0%	25	0	24%	67%
2 bed	£764	1.1%	22.8%	33.8%	33	1	19%	57%
3 bed	£1,024	-3.3%	22.3%	40.5%	42	9	13%	46%
4 bed	£1,600	7.3%	27.0%	47.3%	29	-8	31%	50%
Total	£749	1.2%	22.2%	32.1%	31	1	20%	60%

Average Rent (pcm) by Number of Bedrooms

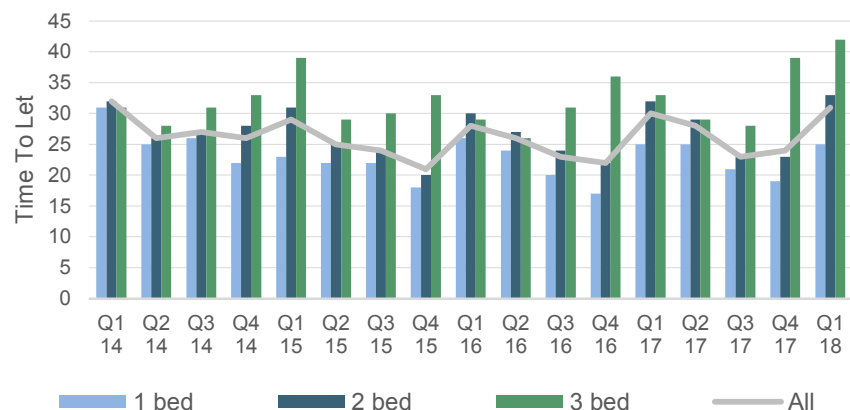


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Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	102.6	104.6	101.8
2009	102.3	101.4	103.0	100.7
2010	104.2	104.1	103.9	103.7
2011	102.3	106.0	106.7	105.6
2012	105.1	107.4	108.5	107.9
2013	108.1	109.0	109.0	108.5
2014	110.8	115.7	118.0	118.7
2015	119.8	120.8	120.6	123.6
2016	125.2	126.8	129.3	128.6
2017	130.5	133.2	131.9	130.9
2018	132.1			

Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
G1	6.7%	6.1%	6.0%	6.2%	5.7%
G2	5.6%	8.8%	7.3%	7.5%	6.7%
G3	5.4%	6.0%	4.8%	5.5%	5.4%
G4	6.4%	6.4%	6.4%	6.5%	6.6%
G5	7.2%	7.0%	7.1%	6.8%	6.7%
G11	5.1%	5.5%	5.7%	5.4%	5.3%
G12	4.6%	4.7%	4.6%	4.8%	4.7%



Colin Macmillan - Glasgow Property Letting

"2018 Q1 has seen a very busy time at GPL with many new instructions coming to the market and a bank of active tenants taking up new PRT leases. We have been adjusting to the new Code of Practice and getting to grips with the new Private Residential Tenancies whilst at the same time merging the business with another agency. We have seen an increase in the quality properties coming to the market as landlords are becoming increasingly aware of the repairing standards required in the marketplace. We are looking forward to seeing an improvement in the housing stock in the Private Rented Sector going forward."

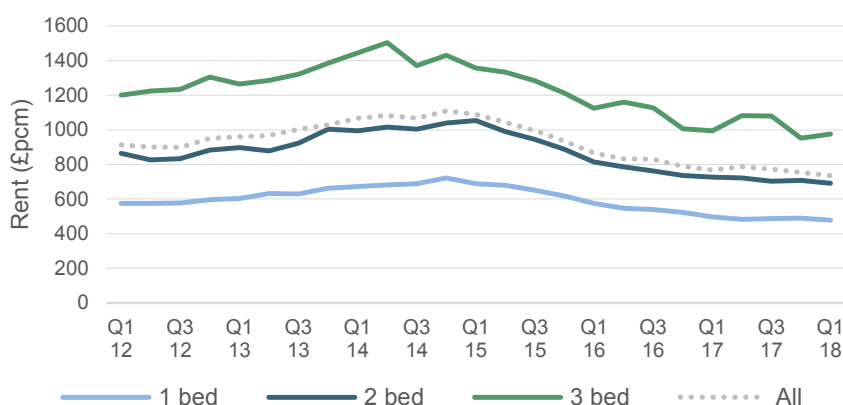


Aberdeen

Market Overview - Q1 18

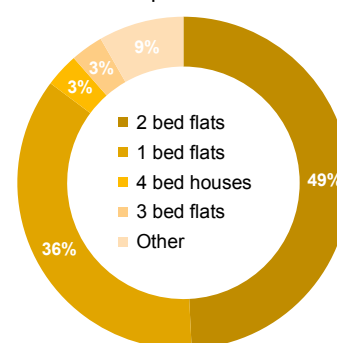
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£477	-4.2%	-21.0%	-13.1%	50	0	9%	37%
2 bed	£692	-4.8%	-22.9%	-16.2%	64	8	6%	23%
3 bed	£976	-1.9%	-22.8%	-21.0%	66	6	10%	27%
4 bed	£1,464	0.3%	-23.9%	-15.9%	56	-2	6%	31%
Total	£736	-4.2%	-23.4%	-16.8%	58	4	8%	29%

Average Rent (pcm) by Number of Bedrooms

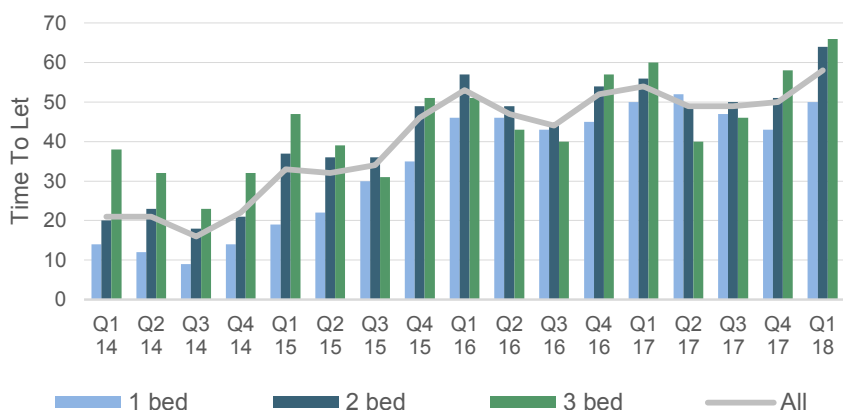


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.5	100.7	98.8
2009	97.1	94.6	93.8	96.8
2010	96.9	96.5	96.3	98.3
2011	102.5	97.4	99.2	101.0
2012	103.2	101.8	101.6	107.3
2013	108.6	109.3	113.2	116.2
2014	120.5	122.5	120.6	125.4
2015	123.1	117.9	112.4	105.5
2016	97.7	93.9	93.7	89.2
2017	86.8	89.0	87.5	85.3
2018	83.2			

Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
AB10	5.8%	5.4%	5.2%	4.9%	5.2%
AB11	6.0%	6.6%	6.3%	6.1%	5.6%
AB15	5.8%	5.7%	4.8%	5.1%	5.1%
AB24	7.4%	7.1%	7.0%	7.4%	6.6%
AB25	6.2%	5.9%	6.2%	5.5%	5.5%



Matt Pullinger - Northwood Aberdeen

"Q1 of 2018 has seen a seismic change in the industry with the introduction on 31st Jan 2018 of the Letting Agent Code of Practise (Scotland) which will improve the industry for all concerned. Q1 in Aberdeen has started with a very busy period for us at Northwood Aberdeen. We conducted on average over 200 viewings per month and have seen good movement of properties showing a continued stability of the rental market in Aberdeen as it continues to recover."

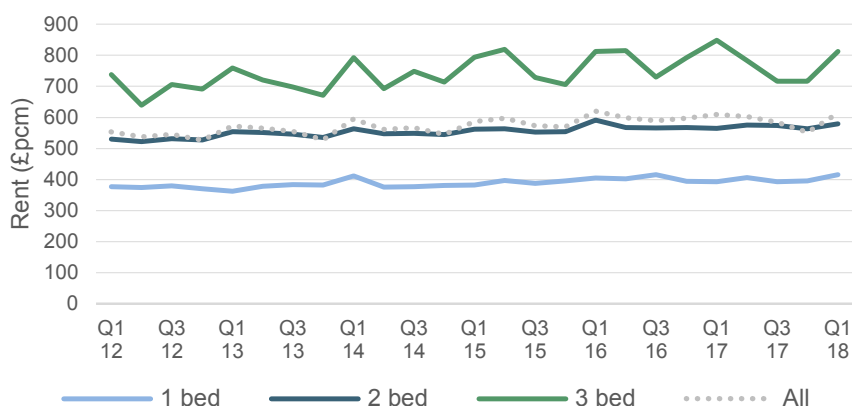


Dundee

Market Overview - Q1 18

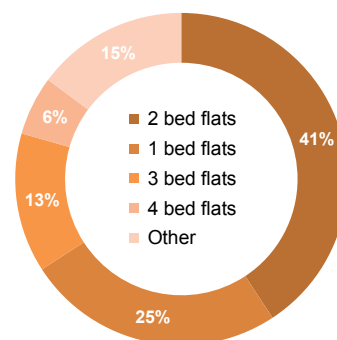
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£415	5.6%	8.6%	14.6%	46	-7	18%	41%
2 bed	£579	2.5%	3.0%	4.5%	50	2	11%	33%
3 bed	£813	-4.1%	2.4%	7.1%	44	-5	5%	40%
4 bed	£1,177	-1.1%	15.6%	13.9%	31	-7	25%	63%
Total	£614	0.7%	4.6%	7.3%	46	-2	13%	39%

Average Rent (pcm) by Number of Bedrooms

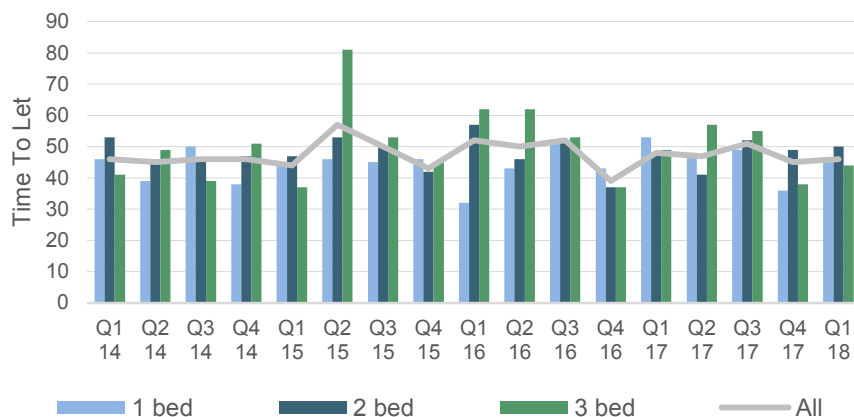


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 10)

Year	Q1	Q2	Q3	Q4
2010	100.0	94.3	94.3	93.4
2011	102.8	95.5	91.8	86.1
2012	96.2	93.2	94.6	91.5
2013	99.3	98.1	96.4	91.7
2014	103.3	97.4	98.4	94.6
2015	101.9	103.8	99.7	99.0
2016	107.6	104.0	102.4	103.6
2017	105.9	104.7	101.4	95.8
2018	106.6			

Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
DD1	6.7%	7.0%	7.8%	7.8%	7.7%
DD2	6.3%	6.2%	6.2%	6.6%	6.4%
DD3	7.4%	6.3%	7.1%	7.5%	7.8%
DD4	8.1%	8.5%	8.0%	8.1%	8.7%
DD5	5.1%	4.3%	4.8%	5.0%	5.0%



Robert Murray - Lickley Proctor Lettings

"We have found there has been no significant change in the market since the last quarter of 2017. Viewings have been disappointing on those properties at the lower end of the market but the upper end seems to be 'ticking along'. Again, rental values have been sustained on those we have let, with quality accommodation leading the way"

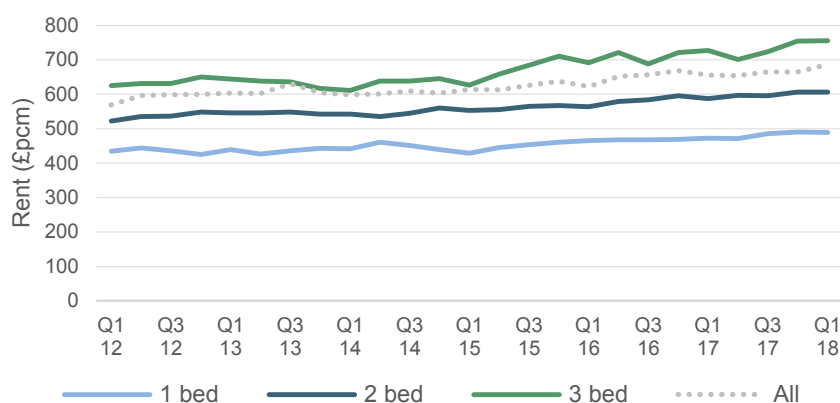


West Lothian

Market Overview - Q1 18

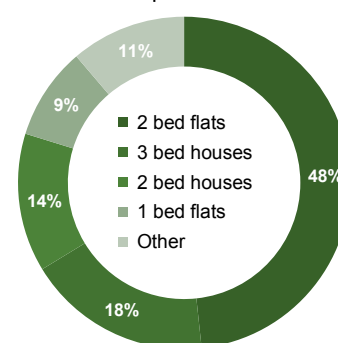
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£489	3.4%	11.4%	17.8%	31	-13	17%	67%
2 bed	£607	3.2%	11.2%	12.4%	40	2	8%	45%
3 bed	£756	4.0%	17.4%	21.9%	46	7	9%	37%
4 bed	£994	5.5%	5.7%	23.2%	40	-18	18%	45%
Total	£686	4.6%	13.6%	18.3%	40	-3	10%	46%

Average Rent (pcm) by Number of Bedrooms

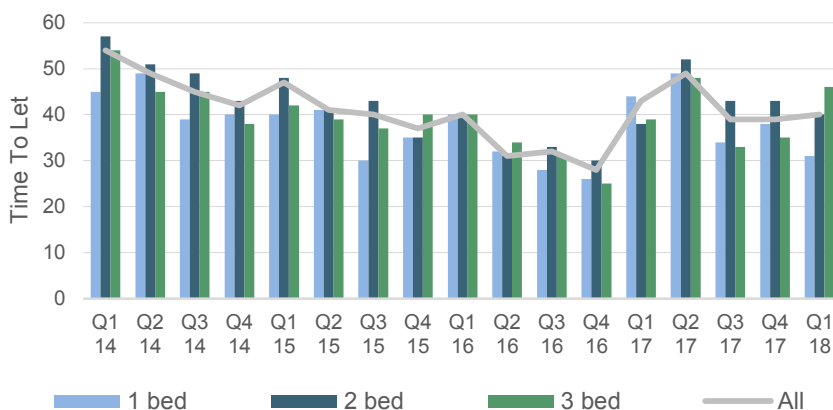


CITYINFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.4	104.8	101.2
2009	101.9	98.4	100.5	99.7
2010	100.9	100.2	100.2	100.3
2011	100.7	104.8	100.5	100.9
2012	98.1	102.8	103.3	103.4
2013	104.1	103.8	108.8	104.3
2014	103.3	103.6	105.2	104.1
2015	105.9	105.7	107.9	110.0
2016	107.4	112.4	113.3	115.3
2017	113.1	112.9	114.7	114.7
2018	118.3			

Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
EH48	8.2%	8.1%	6.5%	6.8%	7.5%
EH49	5.6%	5.2%	5.2%	5.1%	5.1%
EH54	7.3%	6.9%	7.0%	6.9%	7.0%



Pat Mavor - Mavor & Company

"Mavor & Company have continued to experience strong demand in West Lothian for all rental properties. The lack of supply, however, is having an adverse effect on the market with rents increasing as investors choose to leave the sector for different reasons. Affordability and choice of homes for tenants are key issues; however the reduced supply of rented properties is causing a problem for our generation of renters. The housing shortage in Scotland will continue for the foreseeable future, so for those landlords that decide to remain in the market the future is bright in West Lothian."

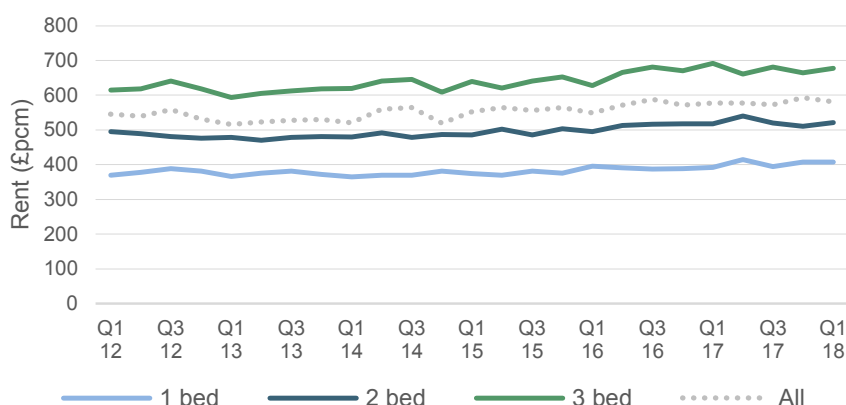


South Lanarkshire

Market Overview - Q1 18

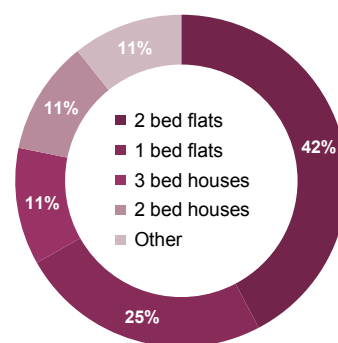
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£407	3.8%	11.2%	4.6%	42	4	16%	44%
2 bed	£521	0.6%	9.0%	4.4%	40	0	14%	48%
3 bed	£677	-2.2%	14.0%	12.8%	31	-9	18%	57%
4 bed	£1,086	-0.2%	32.8%	20.7%	55	3	7%	43%
Total	£581	0.7%	12.6%	7.0%	40	0	15%	48%

Average Rent (pcm) by Number of Bedrooms

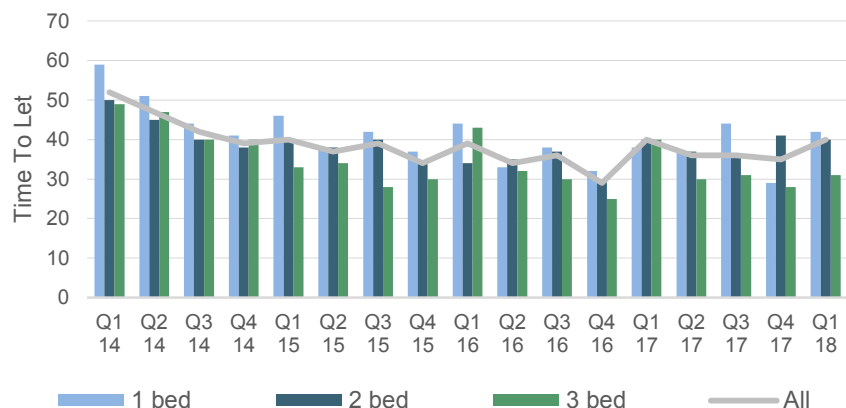


CITYINFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.3	101.3	102.4
2009	103.3	96.7	95.6	103.3
2010	104.1	99.4	99.8	104.8
2011	96.3	99.4	100.4	97.2
2012	100.6	99.3	102.9	97.8
2013	95.0	96.3	97.2	97.6
2014	95.9	103.1	104.1	95.6
2015	101.8	104.1	102.4	104.1
2016	101.1	105.3	108.3	105.3
2017	106.3	106.4	105.5	109.2
2018	107.0			

Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
G71	5.0%	5.4%	5.3%	5.5%	5.4%
G72	9.1%	8.5%	8.0%	7.5%	8.3%
G73	7.9%	7.5%	7.1%	6.7%	7.0%
G74	6.5%	8.3%	7.4%	7.4%	6.8%
G75	9.3%	9.0%	6.6%	9.6%	8.9%



Josh Wood - Clyde Property

"Q1 of 2018 has seen Lanarkshire's buoyant Private Rented Sector off to a great start. As ever there is a huge demand for larger, quality rental homes and as a result we have seen an increase in the average rent obtained. In particular, three and four bedroom houses in and around the Hamilton area continue to perform strongly and make for a great investment for any landlord looking to expand their portfolio."

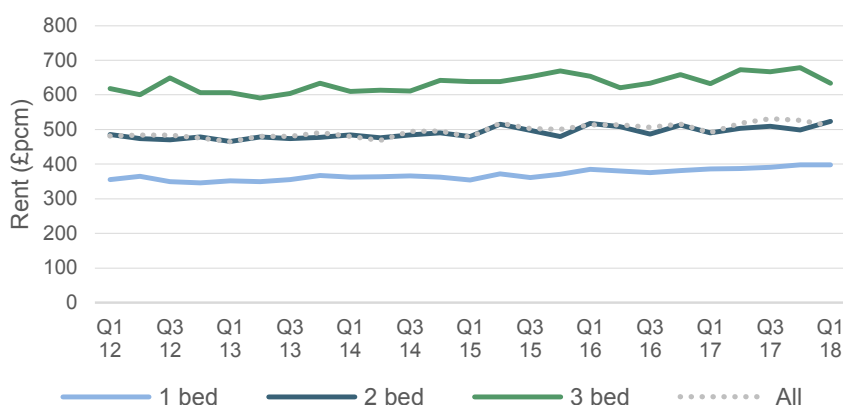


Renfrewshire

Market Overview - Q1 18

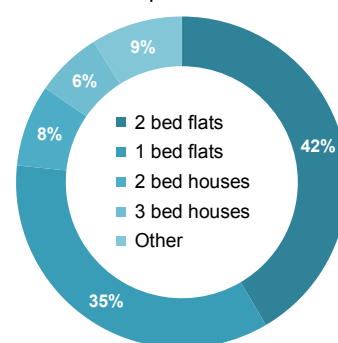
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£398	3.1%	13.1%	7.6%	34	-11	18%	57%
2 bed	£524	6.7%	12.4%	11.7%	37	-5	16%	53%
3 bed	£634	0.2%	4.6%	4.1%	34	-6	10%	56%
4 bed	£1,074	6.5%	29.9%	31.0%	61	29	0%	40%
Total	£511	4.1%	9.9%	7.1%	36	-7	16%	54%

Average Rent (pcm) by Number of Bedrooms

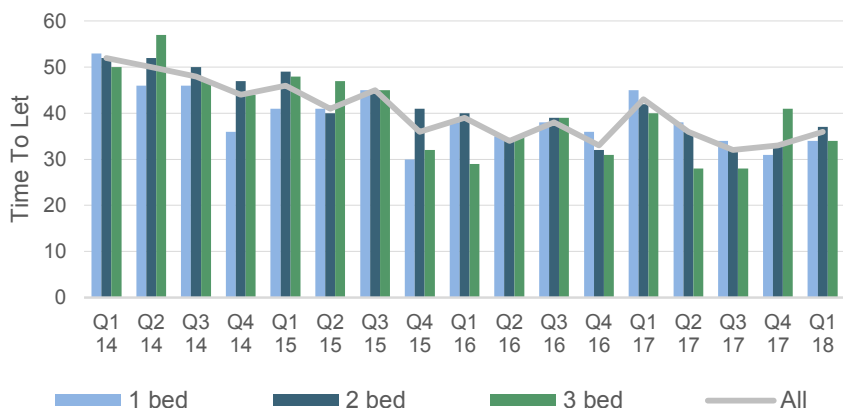


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.8	104.0	100.0
2009	98.7	99.0	96.2	96.2
2010	104.6	96.6	101.9	100.0
2011	98.5	99.4	101.0	100.8
2012	101.0	101.5	101.5	99.8
2013	97.5	100.6	100.6	102.9
2014	100.6	98.1	103.8	104.0
2015	100.2	108.6	105.5	104.8
2016	107.5	107.5	106.1	108.2
2017	102.9	108.6	111.3	110.3
2018	107.1			

Yield by Popular Postcodes (Flats)

	2013	2014	2015	2016	2017
PA1	8.0%	7.7%	6.5%	7.4%	7.1%
PA2	7.8%	7.4%	7.5%	7.1%	7.0%
PA3	9.6%	10.7%	10.7%	10.0%	9.6%
PA4	9.2%	7.8%	8.0%	7.8%	7.8%
PA5	10.2%	8.5%	9.5%	8.4%	9.1%



Colin Roe - Let-it

"Renfrewshire, it seems, has yet to feel the true impact of rent rises apparent in other cities. With 70% of housing stock restricted to 1 or 2 bed flats the average rental is £425 pcm. Only small rental increases are being imposed but many more landlords are feeling the impact of the tax relief being phased out and have chosen to exit the market. We've seen an 8% drop in stock levels with very few landlords entering the market. Properties in high demand are 3-bedroom cottage flats, semi-detached and 4-bedroom family homes but these are in very short supply and not encouraging to landlords are yields as significantly lower."



Agent Views

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

Margaret Duffus Leasing, Aberdeen – Sarah Harley



"It's been a strong start to the year and the pace is beginning to quicken as the new financial year approaches. We fully expect 2018 to be a busy summer with demand for high end, quality properties back at a level we haven't seen for a couple of years. Flats are still oversupplied, but once size, location and condition are taken into account, people will pay a good rent for the right property, and these properties are moving quickly."

Grant Fairbairn PL, Aberdeen – Grant Fairbairn



"The rental market in Aberdeen and Aberdeenshire is showing signs of improvement, however there is still a large supply of rental properties for tenants to choose from. Properties must be well presented and priced correctly. We have seen an increase in oil companies taking on tenancies for new staff, which is hopefully a sign of the local economy improving"

Be-Rented, Glasgow – Graeme McEwan



"The overall property market in Scotland is quite interesting right now. Property prices are now growing much faster than expected with the number of units coming to the market in comparison to demand likely to be the main influencer of this dynamic. Rental prices are also increasing rapidly as landlords raise rents to meet increasing operating costs. Although predicted to continue their upward trend, neither of these dynamics are sustainable and we should be cautious in 2018 as investor appetite could turn and a sell-off to take profits could occur."

Castle Residential, Renfrewshire – Matt McCusker



"Q1 in 2018 has been manic to say the least. The sales market has been relatively stable at the front end and little has deviated from the norm in terms of house price and interest. Our rentals side has been busy as always and the post festive blues seem to do nothing to change the fury of the lettings market. As expected, we begin to see a slight rise in rents moving into spring time, particularly for 3-4 bedrooms properties."

Rettie & Co, Edinburgh – Charles McCosh



"The first quarter of 2018 has been very active with high levels of qualified applicants across the board. We have seen plenty of activity throughout Edinburgh with plenty of options on the furnished two-bedroom market in particular, whilst the house market has had great activity from tenants, but not many options available. The corporate activity has been very positive as well with many applicants moving from down south or overseas for the quality of life in the capital, value for money and the fantastic schools."

Cullen Property Ltd, Edinburgh – Steve Coyle



"Q1 has been extremely busy. Tenant demand across all property types has been very strong. The student viewing season was the most intense ever recorded by Cullen, with up to 100 enquiries for some HMO properties. Student feedback suggests very few HMO properties came to market, possibly as a result of changes in landlord behaviour due to recent legislative changes. Student rents achieved circa 5% YOY increases in response to the demand. Smaller professional flats also performed well with some TTL figures being recorded in hours not days! However, a lack of stock coupled with ever increasing tenant demand is not healthy for a sustainable rental housing market. Build to Rent likely to grow significantly in coming years."



Agent Views cont...

Lets Make Homes, South Lanarkshire – David Kendall



"Lettings have quickly bounced back following the traditional slower market at the turn of the year. This combined with a reluctance of some landlords to expand their portfolio due to tax changes and/or more complex lending criteria, and other landlords taking the decision to exit the sector, has led to increased competition for good quality rental properties, amidst a backdrop of an improved sales market. Most tenants remain blissfully unaware of the introduction of the Private Residential Tenancy regime. It is even more important for agents to select tenants who are likely to be long term, to avoid some extremely short tenancies."

Murray & Currie, Edinburgh – Trevor Mapara



"We have seen the Edinburgh rental market strengthen in the 1st quarter and the forecast is for continued growth across the city after a slight seasonal cooling in Q4 2017. The new Scottish lease does not seem to have affected the market at all. There is lack of good rental properties and a growing professional population relocating into a city that offers a great quality of life, is seeing rental values rise and Edinburgh becoming a strong performer in the UK Buy to Let market with attractive rental yields and capital values. The murmurs of a hard or soft Brexit have not affected our positive outlook of the Edinburgh rental market."

The Key Place, Bo'ness – Robert Young



"After a couple of slower than expected weeks after the festive period (less falling outs over the festive period?), demand for rental properties in Central Scotland has been particularly strong this quarter to the extent that we were running out of rental stock at one point. It is early days, but we are beginning to see the impacts of the new Private Rental Tenancy – some good (we are evicting a tenant within the first 6 months; not possible under the old lease regime) and some bad (a tenant gave notice after only 6 days!)."

Clan Gordon, Edinburgh – Jonathan Gordon



"Q1 2018 has been one of adjustment following the introduction of the PRT in December. One positive outcome is landlords recognising that tenants are increasingly seeking high quality properties and preparing to invest in their assets; 100% of clients responding to our 2018 survey confirmed they would be likely to invest in improving their property. We have several landlords growing their portfolios through off-market sales, demonstrating maintained market confidence. Following on from 2017, tenant demand remains strong – especially for one and two-bedroom flats – and Edinburgh remains an attractive market for both national and international investors."

ESPC Lettings, Edinburgh – Nicky Lloyd



"As the first quarter of 2018 draws to a close it's been a reasonably modest start to the year. Changes in legislation have led to a more cautious approach from new landlords, and tenants are much more aware of their rights. We continue to see rents increase across the board, particularly with one bedroom properties seeing the greatest increase. For potential Buy to Let investors there has been relatively little in the way of new stock coming to the market resulting in an increase in purchase price with over 60% of properties going over Home Report valuation. It's certainly set to be an interesting Q2."

Letting Solutions, West Lothian – Brian Callaghan



"The strong demand for rental properties continues, with high levels of tenant enquiries for all areas in West Lothian. Although in the past tenants have noticeably been concerned not to lose out to others in the face of competition, more of them are now taking longer to make decisions. An interesting development is an increase in the number of elderly people renting, including some returning from European Union countries, perhaps influenced by Brexit. Although our recruitment of new landlords continues at a high level, paradoxically we are seeing a greater number of landlords keen to exit the sector, citing concerns about taxation and increasing regulation."

Umega Lettings, Edinburgh – Neil McInnes



"The first quarter of 2018 has been busier than expected as landlords get to grips with the changes brought in by the PRT. The PRT has led some landlords to assess the management of their property and, along with the introduction of the letting agent register, more landlords are changing agent than ever before. This has coincided with many Airbnb landlords feeling the winter occupancy crunch and moving over to long-term letting. 2018 is going to be an interesting year!"

Lomond Capital, Edinburgh – Ian Lawson



"The Edinburgh rental market continues to thrive as we enter Q2. Landlord enquiries remain strong albeit landlords have far more thinking to do today amongst the ongoing regulation changes and continued close competition from agents in the city where demand outstrips supply. There are still a lot of investors looking to buy into the Edinburgh market which is positive, predominantly 1 bed and 2 bed flats in the city centre as these offer the best returns. Good quality properties are being let very quickly and rent values are also very strong, especially in the 1-2 bed market."

Have Your Say!

If you'd like to contribute to forthcoming issues please contact jon@citylets.co.uk

Postcode & Towns - Average Rents & TTL - Q1 18

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	£858	(34)	£1,082	(31)	£1,603	(17)
EH2	£953	(37)				
EH3	£933	(37)	£1,212	(41)	£1,550	(25)
EH4	£766	(30)	£996	(35)	£1,047	(39)
EH5	£646	(20)	£814	(34)		
EH6	£659	(23)	£831	(25)	£1,131	(26)
EH7	£683	(23)	£910	(31)	£1,316	(25)
EH8	£684	(20)	£885	(25)	£1,491	(15)
EH9	£725	(24)	£1,016	(32)	£1,499	(16)
EH10	£749	(27)	£1,081	(33)	£1,410	(19)
EH11	£653	(22)	£828	(27)	£1,305	(19)
EH12	£704	(30)	£917	(40)	£1,302	(45)
EH14	£668	(26)	£811	(36)	£1,023	(42)
EH15			£774	(32)		
EH16			£821	(40)	£1,256	(23)
EH17			£780	(42)		
EH21	£562	(27)	£755	(29)		
EH22			£686	(20)		
EH26			£676	(30)		
EH48	£487	(44)	£593	(36)		

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£492	(48)	£676	(64)	£954	(75)
AB11	£451	(49)	£664	(64)		
AB12			£695	(61)		
AB15	£535	(51)	£819	(71)	£1,032	(66)
AB21	£580	(49)	£682	(54)		
AB22	£498	(55)	£663	(53)		
AB24	£475	(54)	£672	(62)	£1,004	(52)
AB25	£473	(51)	£641	(64)	£919	(56)
AB31			£691	(42)		
AB51			£672	(68)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£432	(38)	£669	(31)	£933	(27)
DD2	£414	(69)	£601	(44)	£919	(26)
DD3	£376	(58)	£518	(54)	£811	(29)
DD4	£413	(43)	£540	(41)	£798	(17)
DD5	£463	(28)	£660	(56)		
DD8			£479	(57)		
DD11	£369	(45)	£525	(77)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£664	(24)	£984	(36)		
G2	£700	(20)	£892	(43)		
G3	£632	(27)	£883	(33)	£1,496	(28)
G4	£606	(22)	£860	(25)		
G5	£567	(28)	£702	(26)		
G11	£630	(24)	£841	(36)		
G12	£703	(28)	£922	(44)	£1,329	(38)
G13			£672	(49)	£764	(20)
G14	£466	(28)	£559	(34)		
G20	£590	(26)	£736	(28)		
G21			£545	(44)		
G31	£475	(24)	£664	(30)	£727	(32)
G32	£430	(20)	£530	(28)		
G33			£589	(27)		
G40	£441	(16)	£625	(21)		
G41	£557	(23)	£682	(26)		
G42	£454	(35)	£580	(32)		
G43			£609	(47)		
G44	£490	(27)	£636	(34)	£614	(44)
G51	£460	(20)	£550	(33)		
G66			£617	(39)		
G67			£467	(46)		
G71			£638	(34)		
G72			£509	(30)		
G73	£486	(30)	£532	(42)	£582	(26)
G74	£391	(40)	£504	(36)	£721	(24)

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£456	(65)		
Ayr	£369	(42)	£529	(44)	£623	(41)
Bathgate			£604	(36)		
Boness			£495	(30)		
Cumbernauld			£467	(46)		
Dalkeith			£682	(26)		
Dunfermline	£431	(33)	£526	(42)	£692	(27)
East Kilbride	£392	(36)	£497	(37)	£710	(30)
Glenrothes			£484	(32)		
Hamilton	£390	(42)	£515	(42)	£665	(34)
Inverness	£537	(39)	£660	(40)	£776	(36)
Kilmarnock	£354	(32)	£460	(35)	£535	(48)
Kirkcaldy	£422	(47)	£501	(46)		
Linlithgow			£653	(30)		
Livingston			£614	(48)	£832	(37)
Motherwell			£522	(43)		
Paisley	£393	(33)	£503	(36)	£654	(42)
Perth	£410	(50)	£547	(54)		
Stirling Town	£478	(16)	£702	(20)	£1,155	(12)
Tron			£523	(48)		

Mid Market Rent News

Impressive growth set to continue for LAR

LAR has achieved much in its short history and the last quarter has seen a particularly busy period with a number of deals concluded or in the pipeline. We have over 200 homes already occupied and a further 250 in construction – that equates to buying a new home every other day since we launched in late 2015.

Our twin priorities when we were formed were to assist in reducing the shortage of affordable homes and to tackle the Aberdeen and Lothians markets in particular, with the former showing signs of an encouraging upturn this year after a difficult economic period for the region. We have a total of 133 properties in the north-east area and our developments at Shaw Road and Ocean Apartments on Park Road are both fully let with enquiries continuing. This certainly highlights the continuing attraction of city centre living.



Just outside the city centre is one of our first Aberdeen developments at Mugiemoos. Built by Stewart Milne Homes, we currently have a limited number of one and two bed houses available. These homes are in a popular location and benefit from double glazing, gas central heating, shared garden and off street parking. The properties come with all kitchen white goods, good quality floor coverings and window blinds. Rents are from £481.73 for a one-bed and £613.98 for a two-bed. These are expected to attract considerable interest and prospective tenants should contact us at: lettings@larhousingtrust.co.uk.

Meanwhile we have been very active in the Edinburgh market having recently completed our biggest ever deal for a development on the city's Gorgie Road. The site at Westwood House also marks our first conversion from a commercial building to residential.

Planning permission has just been granted to convert the former office block into 47 flats. The development will consist of 18 one-bed, 27 two-bed and two three-bed flats. We are in the process of appointing a builder with the aim of completing the project and welcoming the first tenants by summer 2019.

Our newest acquisition is literally next door to Westwood House at Chesser House – an eight-storey former office building built in the 1970s. We have just concluded the deal and will be developing 40 properties with a mix of one, two and three-bed flats. Our target is to complete this development by summer 2019 as well.

Build To Rent News

LIV Consult

Regional Build to Rent seems to have accelerated significantly in the last few months and here at LIV Consult we are seeing unprecedented activity outside of London, something like 75% of all of our current deals are outside the M25 at the moment.

The simple catalyst seems to be price, the land price is definitely better, but also rents are holding up well and growing, so it's twice as attractive to find good schemes. There are still a lot of schemes which are Build for Sale conversions and they take much more work to get across the line because of their historic designs. BTR wants modular sized units with dumbbell two beds and well-designed amenity and management space, you only get this when you Design for Rent, not for sale.



Moda's SOYO Development

Additional momentum also seems to be coming from the money sources, increasingly we are seeing funds which historically centred their investments around London, now looking into the regions (even into Scotland). It is also pleasing to see projects coming out of the ground, LIV client Moda's Angel Gardens project in Manchester is going to set a new standard, and probably a new rental comparison!

Dandara

Designed and constructed by Dandara and owned by LaSalle Investment Management, Forbes Place in Aberdeen is Scotland's first scale Build-To-Rent development, comprising of 276 fully furnished apartments and 16 townhouses.

Residents benefit from a wide range of services including: parcel receipt and refrigerated storage facilities for online grocery deliveries, underground parking, dedicated bike storage and high-speed broadband. The Dandara Living management team are based on-site 7 days a week and successfully achieved a 100% customer satisfaction rating in a recent survey to all Forbes Place residents.



Forbes Place Summer Social Event

At Forbes Place, residents are invited to attend social events hosted by the Dandara Living management team, including last summer's outdoor BBQ held within the communal gardens, as well as the annual Christmas Resident Party held within the exclusive on-site lettings suite.

The award-winning development secures some of the city's highest rental rates, with studios achieving up to £745, 1 bed units up to £875, 2 bed units up to £1195 and 3 bed townhouses renting up to £1495 pcm. With high demand from professionals, oil & gas sector employees and the construction industries, Forbes Place is nearing full occupancy and attracts a broad demographic from young professionals to those starting retirement.

Letting Agent Code of Practice Comes into Force

An update on the letting agent registration website and First-tier Tribunal

SAL welcomes statutory requirements that will improve standards in the sector and protect landlords and tenants, says chief executive John Blackwood.

From 31 January 2018 it became a legal requirement for all letting agents in Scotland to adhere to a statutory code of practice. The code can be read [here](#) and sets out standards for all aspects of letting agency work and requires agents to hold professional indemnity and client money protection insurance and client money in a dedicated client account.

If a current or former landlord or tenant believes that a letting agent they have let a property through or from has failed to comply with the code, and remains dissatisfied after raising their complaint with the agent, they can apply to the First-tier Tribunal. If the tribunal decides a letting agent has failed to comply with the code, it must issue an enforcement order setting out the steps the letting agent must take to rectify the problem and by when. An enforcement order may also require a letting agent to pay compensation.

SAL has campaigned for and welcomes the introduction of the code, which will improve standards in the sector and provide an effective means of redress for landlords and tenants who experience poor service from their agent.

Letting agent code of practice template documents

The SAL Council of Letting Agents (CLA) has published a collection of more than 30 template documents including written procedures, letters/emails and a management contract. Please contact SAL/CLA to enquire about joining and accessing these.

Letting agent registration

From 1 October 2018 all letting agents in Scotland must also be registered with Scottish ministers and meet a statutory training requirement. The registration website is open for applications online [here](#) and the Scottish Government recently announced the fees that agents will be required to pay to apply for letting agent registration, as follows:

Number of offices - 3-yearly fee

One office - £495

Two to three offices - £595

Four or more offices - £700

An additional fee of £270 will be payable if the application is submitted

late (the deadline to apply for first registration is 1 October 2018).

The Government is proposing to define an "office" as premises where the administration associated with letting agency work is carried out. Where a letting agent business is internet-based or a single letting agent operates a business from their home address, then this would count as one office.

Please note that landlords who manage their own properties only, do not have to comply with the above letting agent requirements.

SAL is delighted that Citylets is sponsoring The Agency Business 2018. Delegates can claim five hours of continuing professional development (CPD) training time and these hours will be recognised by the Scottish Government for the ongoing training requirement within the Letting Agent Code of Practice compliance requirements.



Scottish Housing Minister Kevin Stewart at last year's conference with the first wave of LETWELL learners

Scottish Association of Landlords - Scotland's Largest Professional Organisation Supporting Scotland's Landlords & Letting Agents.

www.scottishlandlords.com | Twitter: @scotlandlord



SafeDeposits Scotland Educates Students on Deposit Protection

SafeDeposits help students reclaim their deposits when moving out

With students making up a large proportion of the private rented sector in Scotland, it's important that this group have a clear understanding of what's involved in renting a property. That's why we spend a lot of time going out to universities and colleges and making sure students (and student bodies advising them) know about the process of protecting deposits. We also encourage them to engage with their landlord from the beginning of the process.

For a vast number of students, private rented accommodation is the most likely option when studying. Most tenancies run smoothly, however there are factors that can lead to disharmony during a student tenancy.

Disputes can arise from flatshare fall-outs, damaged property or someone falling behind on rent. Such scenarios are not uncommon, so we have been making sure students are armed with the information they need to ensure they get a fair deal at the end of their tenancy.

While the Bank of Mum and Dad may play a role in providing financial support and advice for students, if a parent hasn't rented a property in the last five and a half years, they won't necessarily be aware of what's in place to protect deposits.

You'll know that since July 2012 legislation has been in place in Scotland making it illegal for landlords not to lodge deposits with

Government-backed tenancy deposit schemes, such as SafeDeposits Scotland.

Parents and students unfamiliar with the system won't know that landlords are obliged to inform their tenants which scheme their money is being protected with. They may also not know about the free adjudication service that we offer too, should there be a dispute about the deposit being returned.



Victoria Smith

We find that a small but significant number of students don't claim their deposits back when they move out. It's hard to believe but it's something that we work hard to educate students not to do. The reasons for not claiming back a deposit could be that they've caused a bit of damage and don't think they'll get money back or maybe they aren't clear about the process.

Hundreds of thousands are unclaimed every year and many of them by students, particularly in St. Andrews, Glasgow and Edinburgh. We carried out research by identifying all tenants

who have a university email account registered against their name on the deposit account and currently 402 tenancy deposits remain unclaimed by students from Scottish colleges and universities, worth almost £159,259.45.

Of all unclaimed deposits, Glasgow has the second highest number overall after Edinburgh, with 671 deposits worth £188,908.03 not being reclaimed. Interestingly, renters in the student-heavy West End of Glasgow are most forgetful when it comes to getting their deposit back. For instance, in G12 (which includes Hillhead, Hyndland and Glasgow University) 48 renters have not claimed back over £17,000 worth of tenancy deposits.

It's interesting to see the disparity in rates of deposits left unclaimed by students across the country and the reasons behind it may be complex and varied. The process of claiming a deposit back is straightforward and should disputes over deductions arise, an independent adjudicator will work to find an amicable resolution for all parties.

By doing the work we do in visiting universities and colleges to talk to students about deposits we hope we're taking some of the mystery and misinformation out of renting. It's maybe not the most exciting thing to be happening in these young people's lives but being prepared saves money and time in the long run.

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



**SafeDeposits
Scotland**

Has the 2016 Act Inadvertently Killed the SAT?

TC Young explain the effect on Short Assured Tenancies

The rules relating to the new Private Residential Tenancy (PRT) came into effect on 1 December 2017. Introduced by the Private Housing (Tenancies) (Scotland) Act 2016, this tenancy heralds the most significant change in the private rented sector for nearly 30 years.

The side effect of the new tenancy is that it is no longer possible to create new assured or short assured tenancies (SATs).

The new Act did not have any provision which automatically converted existing assured or short assured tenancies to the new regime. Instead it made amendments to the existing legislation designed to stop the creation of new assured tenancies after 1 December 2017. The intention was to allow existing tenancies, particularly SATs, to continue until they ended in the normal fashion.

The 2016 Act initially removed the provision in section 32 of the Housing (Scotland) Act 1988 which allowed a new SAT to be brought into effect at the end of an existing one where the landlord and tenant had agreed a new contractual tenancy. Many SAT agreements contain a clause which agrees that the tenancy will continue after its initial six months for further periods. Under the 1988 Act the additional period was deemed to create a new contractual tenancy and that new contractual period could then run by tacit relocation and would continue to be an SAT even if the agreed period was only one month.

Unfortunately, the 2016 Act as originally passed created a situation where the only method of continuation of an existing SAT

was tacit relocation in its true sense, i.e. a complete absence of any "agreement" between the parties about what would happen at the end of the tenancy. In an attempt to plug this gap, the Government added a provision into one of the commencement regulations for the 2016 Act which was passed last September. However this attempt may have unwittingly led to the end of many SATs.



The regulations set out three situations in which an SAT could continue after 1 December 2017 where tacit relocation was not in effect.

1. The SAT was created before 1 December 2017 and was still in effect. In other words, still within its initial contractual period running towards an agreed end date after 1 December 2017.
2. The SAT was a new contractual tenancy which had started before 1 December and was in existence on that date (presumably following on from an SAT which had ended

before that date).

3. The third possibility allowed a short assured tenancy to be created where a new contractual tenancy was started after 1 December 2017 at the "ish" (or end date) of either of the two other situations. However the drafting of this specific provision makes it clear that such a contractual tenancy cannot be further renewed. Once it reaches its "ish", then whatever continues after that date cannot be a short assured tenancy. Such a new contract can only be brought into effect on the "ish" of either of the first two situations set out above.

There must be numerous such tenancies which are now not short assured tenancies.

Have they "converted" by default to become private residential tenancies using the definition in section 1 of the 2016 Act on the basis that a tenant has continued to pay rent and the landlord has allowed the tenant to remain in the property?

Have they become statutory assured tenancies using the provisions of section 26 of the 1988 Act?

This question may only be answered when someone raises an eviction action at the First-tier Tribunal based on the usual "no fault" grounds for an SAT and faces a challenge arguing that the tenancy now falls under PRT grounds or requires one of the grounds needed for recovery from an assured tenancy. Many landlords may believe they have a continuing SAT but may find that the law has unwittingly removed the protection they had understood existed.

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. **OptiletPro** is 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 include:

- Average rental price and monthly stock volumes by city/region, area, postcode district & postcode sector
- Average time to let (TTL) by city/region, area, postcode district & postcode sector
- Analyse by property type and bedroom count

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 Apr 2018. Whilst we have made every effort to ensure information published in this report is correct, Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.

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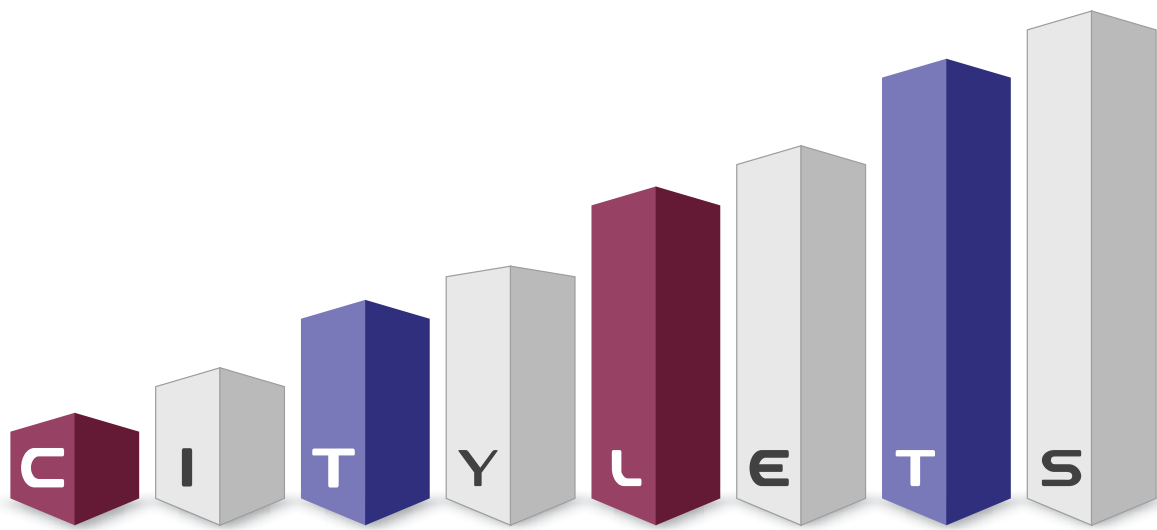
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