

Covid's Arrow



- Market Overview ▪ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more
- Agent Views ▪ Postcode & Town Analysis: Localised Rental Prices
- Pipeline: BTR and MMR News
- SAL - Coronavirus Concerns
- ESPC - Covid-19 and the Scottish Property Market
- SafeDeposits Scotland - The Hazards of Hosting
- TC Young - Coronavirus (Scotland) Act 2020

Market Overview

In the 14 years of the Citylets Quarterly Report, never has the market been subject to such abrupt and widespread change impacting simultaneously on both the supply and demand sides of the market. In a single month, March 2020, the stock of property to rent in Scotland rose 32%. In Edinburgh, supply rose 66% and 43% in Glasgow. The impact was less pronounced in Aberdeen and Dundee at 25% and 21% respectively.

Such has been the rate of change that, other than changes to stock volumes, the observations within this report may seem dated at publication date just one month after the quarter end. They are unlikely to reflect the market status quo or act as a portent to near term future quarters. Whilst activity slowed throughout March as more U.K. residents took note of the impending pandemic, the abrupt restrictions to movement hit hard only towards quarter end with an immaterial transactional volume thereafter. Our analyses for Q1 2020, being transaction based, are hence not materially impacted.

On this unique occasion, it seems more appropriate to offer an overview of the market.

Whilst the residential lettings market was of course affected by Government guidance that only essential house moves should proceed, it is at least a market that continued to receive revenues from existing tenants albeit with new downward pressures thereon. Both the property sales and short term holiday let markets all but ceased to exist at short notice, mandated by direct interventions such as the closure of the Registers of Scotland to mainstream business.

Supply saw an immediate and material fall out from the pandemic on a number of fronts. An unseasonal amount of tenants gave notice to quit. The underlying dynamic of tenancies ending continued with limited opportunity to offset with new. Most significantly, however, areas with strong holiday let markets such as Edinburgh, witnessed a deluge of short term rental stock making its way or indeed returning to residential use in the Private Rental Sector (PRS).

Many landlords, however, may have been disappointed to learn or be reminded that the PRS is, relatively, a highly regulated market with many legal requirements not currently designated for short term letting. Whether self managing landlords have made best efforts to comply with the

law in their haste to attempt to maintain revenues will be one of the very many hangovers from this crisis.

Some new lets have been generated, a trend which is growing as perhaps the definition of 'essential' begins to be more widely interpreted by prospective tenants and urgency naturally ramps up the longer the restrictions apply. Serious disharmony between cohabitants in households of all kinds is a natural and unfortunate consequence of lockdown and may have become a factor to this trend.

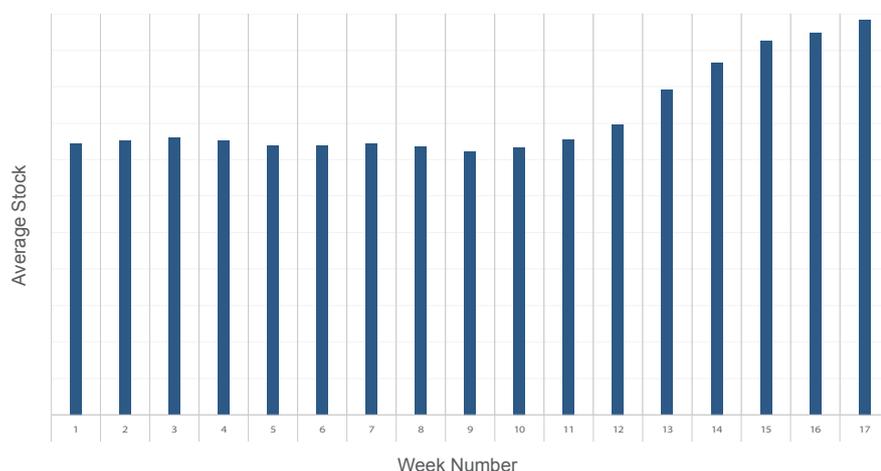
There is every reason to believe there will now be short term downward pressure on rents and an increase in Time To Let (TTL) and void periods, however it may not be long before we see a return to normal stock levels, possibly as early as end of Q3 2020 depending of course on the path of the pandemic and freedoms of movement. Landlords need properties let, deals will likely be negotiated with tenants.

It seems fairly certain that once movement restrictions are eased and new lets are again part of permissible daily life for all, demand will return and, as with the financial crisis of 2008/09, the subsequent recession and tighter mortgage lending may provide a net boost to the market of demand relative to supply. It was, after all, the credit crunch that began a general ten year upward trend after an initial deluge of stock and a dip in rents. Will crisis history repeat itself here?

With so many variables it may be sensible to return, briefly, to reporting what we observed in Q1 2020.

Business as usual with markets operating broadly to trend.

Scotland - Average Stock Levels 2020

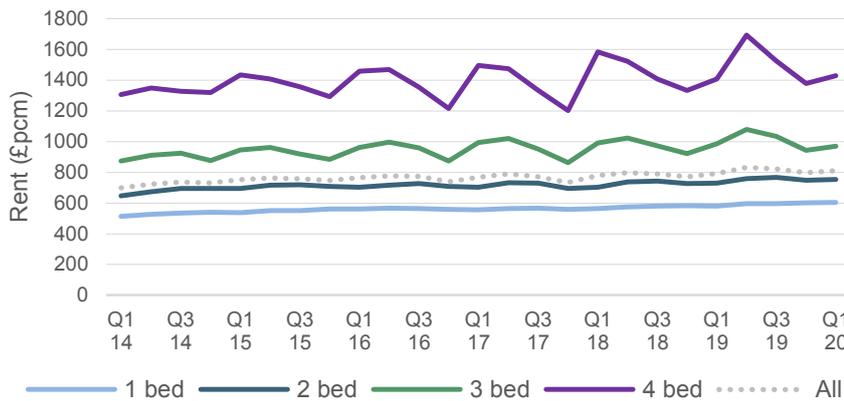


Scotland

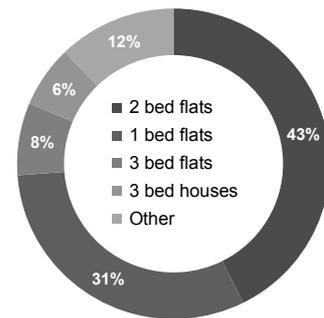
Market Overview - Q1 20

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	£605	4.5%	12.5%	28.5%	33	-1	17%	58%
2 bed	£754	3.4%	8.5%	25.5%	38	-1	14%	50%
3 bed	£969	-1.6%	2.5%	25.0%	42	1	12%	45%
4 bed	£1,428	1.4%	-0.3%	25.8%	39	2	15%	50%
All	£811	2.3%	8.0%	27.1%	37	0	14%	52%

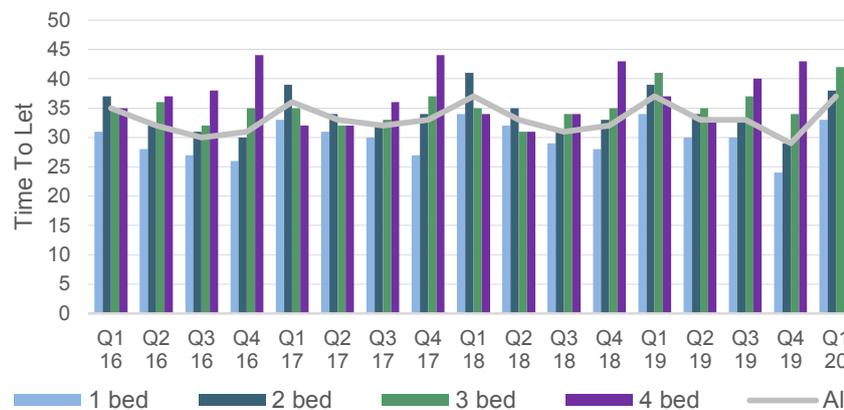
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

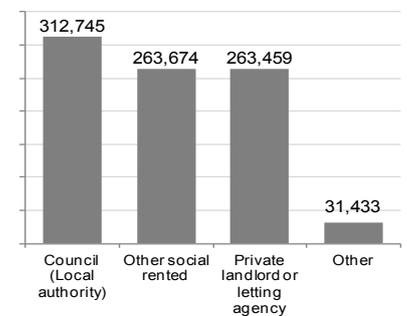
Year	Q1	Q2	Q3	Q4
2008	100.0	101.6	102.8	100.2
2009	98.8	98.1	99.2	97.7
2010	98.9	101.4	100.6	99.8
2011	100.3	102.8	103.9	101.7
2012	102.9	104.2	105.0	104.0
2013	104.7	107.4	106.5	105.1
2014	108.4	112.1	114.1	113.5
2015	116.4	118.1	117.4	115.7
2016	118.9	120.5	120.2	114.6
2017	119.1	122.3	119.7	113.8
2018	120.9	123.9	122.3	119.5
2019	122.9	129.1	127.3	123.6
2020	125.7			



Karen Turner - Rettie & Co.

"While the sales market may be on hiatus for the moment, with Registers of Scotland having been closed to regular transactions, the lettings market is seeing rapid restructuring as landlords who had been active in the short term let sector have seen demand and revenue evaporate. With regulation of the short term let sector primed for 2021, the outbreak of the Coronavirus has made a pending consideration an instant concern. In the past few weeks, we have seen many short term landlords move their properties into long term rental, as well as fielding new enquiries from Airbnb landlords who are trying to mitigate income loss caused by Covid-19."

Households: Rented



Source: Census 2011, Edinburgh

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- ✓ Maintenance
- ✓ Letting Manager
- ✓ New Business
- ✓ Accounts
- ✓ Office Support
- ✓ Sales Negotiator



PRS



Student



Housing Association



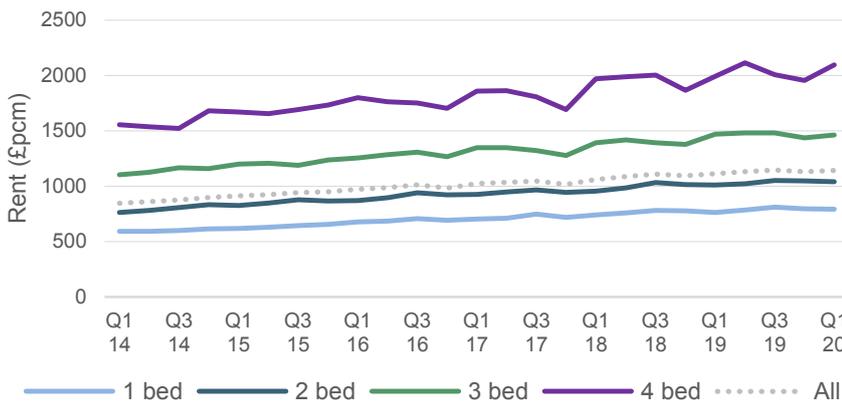
Estate Agency

Edinburgh

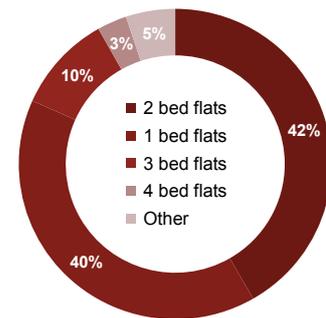
Market Overview - Q1 20

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	£793	3.8%	28.1%	52.5%	26	1	16%	65%
2 bed	£1,040	2.7%	26.1%	56.6%	34	1	13%	53%
3 bed	£1,465	-0.3%	22.0%	53.7%	40	3	11%	48%
4 bed	£2,095	5.1%	25.3%	55.8%	35	9	26%	58%
All	£1,142	2.4%	25.2%	54.3%	32	2	15%	57%

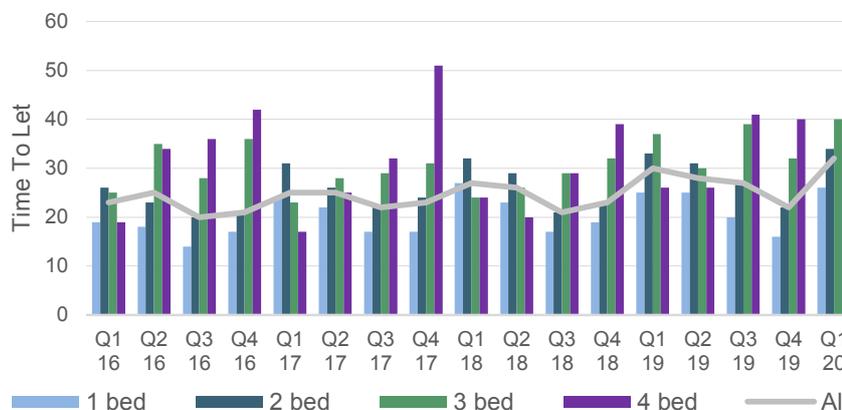
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	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	145.5	148.3	146.6
2019	149.3	151.5	153.7	151.4
2020	152.9			

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
EH3	4.1%	4.1%	4.0%	3.7%	3.9%
EH7	5.6%	5.6%	5.6%	5.0%	5.5%
EH8	6.6%	7.2%	7.0%	7.0%	6.3%
EH9	4.9%	5.1%	4.8%	4.8%	5.1%
EH10	4.3%	4.3%	4.2%	4.1%	4.2%
EH11	5.9%	6.1%	5.8%	5.8%	5.8%
EH12	5.1%	5.4%	4.7%	4.9%	4.9%



Andrew Markham - Burgh Property

"The market in Q1 was off to a flying start with generally strong demand and student HMO letting for 20-21 already underway by February. Covid-19 hit and started to disrupt the tenant demand around mid-March. We experienced a sharp spike in tenants vacating, thus bringing much more stock to market, further affecting the time to let and rental levels since. With the current climate being unprecedented, it remains to be seen how the market will settle in the coming months, but with more stock available, we anticipate that landlords will need to be competitive with rents in order to minimise voids or shorten the time to let. We do expect the demand to bounce back by the end of Q2."

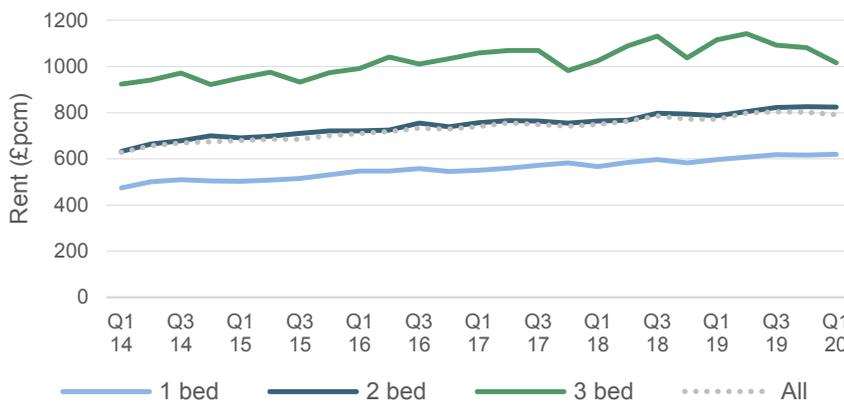


Glasgow

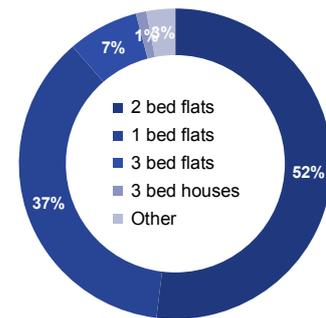
Market Overview - Q1 20

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	£620	3.9%	23.5%	38.4%	25	0	27%	68%
2 bed	£824	4.7%	19.4%	36.4%	34	2	19%	55%
3 bed	£1,016	-8.9%	6.9%	25.3%	44	-2	12%	43%
4 bed	£1,256	-15.8%	-18.8%	5.7%	40	-9	0%	64%
All	£792	2.6%	16.6%	34.0%	32	1	21%	59%

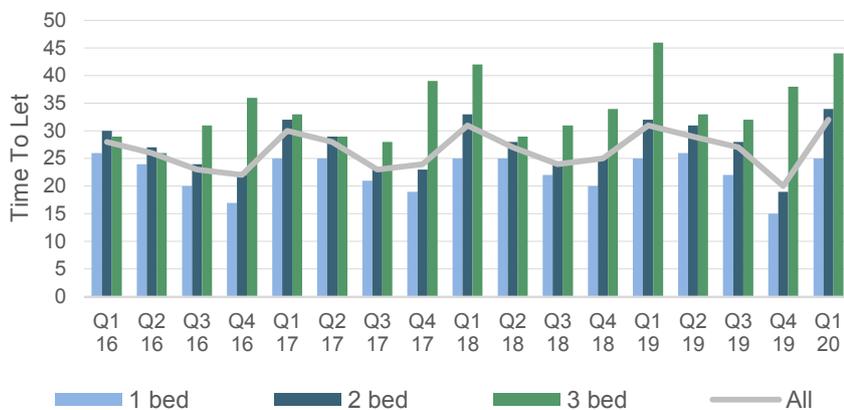
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	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	134.6	138.4	136.0
2019	136.2	140.9	141.6	141.4
2020	139.7			

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
G1	6.0%	6.2%	5.7%	4.9%	6.0%
G2	7.3%	7.5%	6.7%	7.0%	6.6%
G3	4.8%	5.5%	5.4%	5.3%	5.3%
G4	6.4%	6.5%	6.6%	5.3%	6.0%
G5	7.1%	6.8%	6.7%	6.4%	6.7%
G11	5.7%	5.4%	5.3%	5.0%	5.2%
G12	4.6%	4.8%	4.7%	4.4%	4.8%



Steven Strachan - Capital Letters

"Q1 2020 started very well with little movement of our existing tenants vacating properties and continued demand for the stock available. With the Scottish PRS continuing an upward trajectory in general, despite the unprecedented uncertainty Brexit brought in recent times, we continued to witness demand from tenants and investors. The new unprecedented situation surrounding Covid-19 will see further new challenges in the PRS, which has proven time and time again a resilience to outside factors, which have seen other markets ebb and flow dramatically."

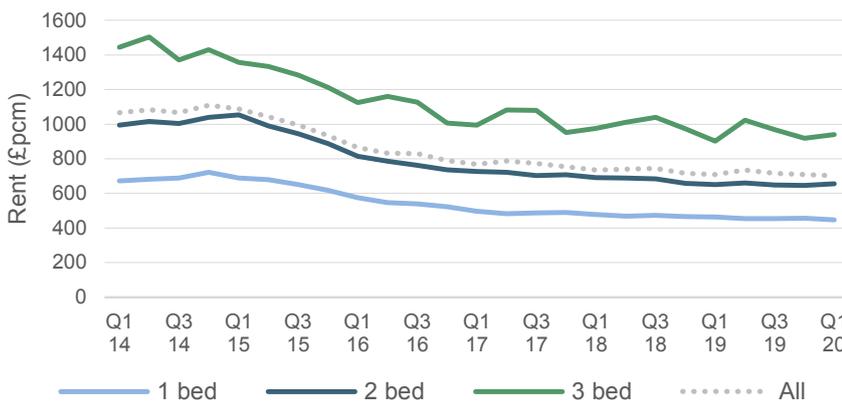


Aberdeen

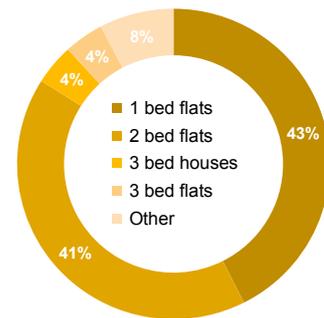
Market Overview - Q1 20

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	£446	-3.9%	-35.4%	-19.8%	51	3	9%	35%
2 bed	£655	0.8%	-37.8%	-17.7%	56	-2	7%	33%
3 bed	£941	4.2%	-30.7%	-19.7%	67	9	6%	25%
4 bed	£1,345	-3.7%	-35.4%	-17.1%	42	-25	14%	47%
All	£702	-1.1%	-35.5%	-18.2%	54	0	8%	34%

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	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	83.6	84.2	80.8
2019	80.2	82.9	80.9	80.0
2020	79.3			

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
AB10	5.2%	4.9%	5.2%	5.4%	5.2%
AB11	6.3%	6.1%	5.6%	5.7%	6.0%
AB15	4.8%	5.1%	5.1%	4.9%	5.2%
AB24	7.0%	7.4%	6.6%	6.7%	6.4%
AB25	6.2%	5.5%	5.5%	5.3%	4.9%



Karolina Robertson - Aberdeen Considine

"Q1 of 2020 has started very promising, there was healthy level of interest from private tenants and relocation companies, due to the oil and gas sector emerging from a 2015 downturn. However, Covid-19 and the lockdown had an adverse effect on the market, leading to a number of tenancies falling through and market gradually declining. Since then, we have noticed an increase in tenant online activity, especially from NHS staff and keyworkers. Some tenants make plans for after the lockdown. It remains uncertain how Covid-19 will affect prospects in the months ahead, however, the impact will likely be a legacy felt for a long time."

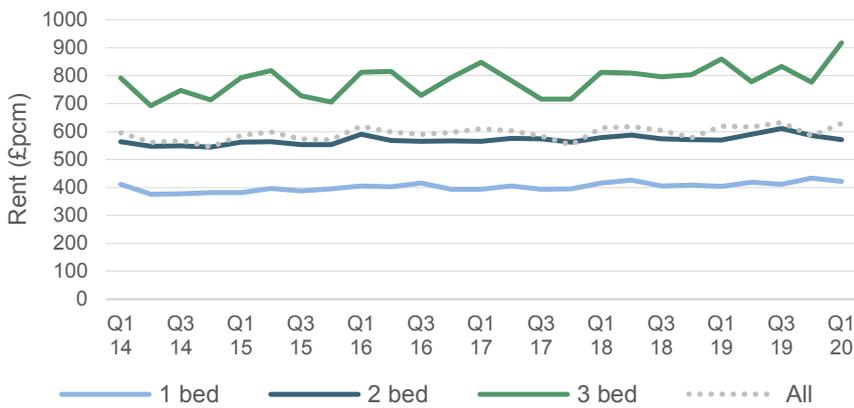


Dundee

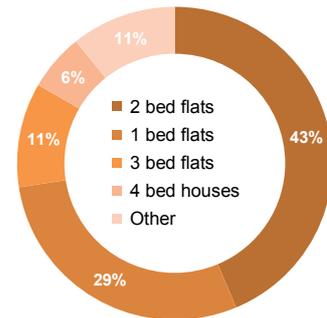
Market Overview - Q1 20

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	£422	4.5%	7.4%	10.5%	39	-1	14%	46%
2 bed	£571	0.2%	1.1%	1.6%	42	-6	11%	47%
3 bed	£918	6.7%	8.3%	15.6%	28	-14	20%	53%
All	£630	1.6%	3.3%	7.3%	36	-7	13%	50%

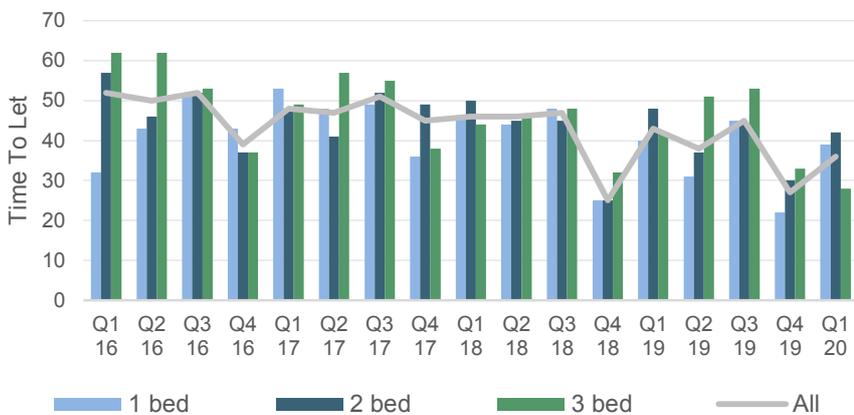
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q3 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	107.3	104.9	100.3
2019	107.6	106.9	109.9	101.7
2020	109.4			

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
DD1	7.8%	7.8%	7.7%	6.7%	6.7%
DD2	6.2%	6.6%	6.4%	6.6%	6.2%
DD3	7.1%	7.5%	7.8%	7.1%	7.1%
DD4	8.0%	8.1%	8.7%	7.4%	7.2%
DD5	4.8%	5.0%	5.0%	4.5%	4.5%



Robert Murray - Lickley Proctor Lettings

"Up until the coronavirus lockdown we at Lickley Proctor Lettings were finding the market in Dundee was still going steady for the first quarter in 2020. Again, rentals sought were being achieved with marginal increases. We are hopeful that when things get back to some normality, the market will pick up where it left off."

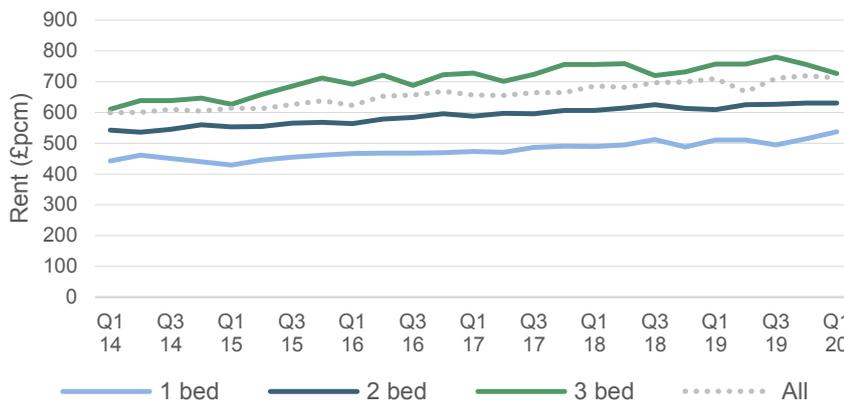


West Lothian

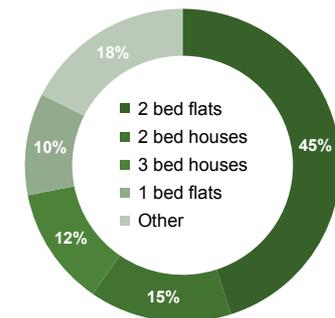
Market Overview - Q1 20

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	£537	5.1%	25.2%	24.6%	29	-4	26%	59%
2 bed	£630	3.4%	13.9%	16.5%	35	1	15%	51%
3 bed	£726	-4.1%	15.8%	16.0%	33	-7	13%	55%
All	£712	0.3%	16.0%	21.7%	34	0	16%	52%

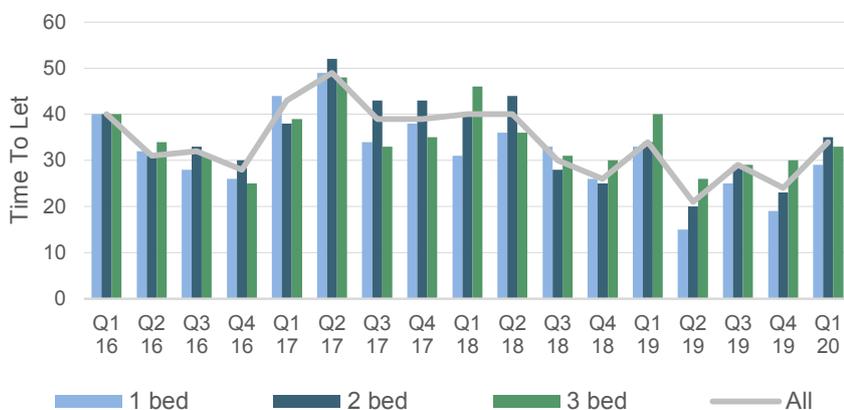
Average Rent (pcm) by Number of Bedrooms



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	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	117.6	120.0	120.5
2019	122.4	115.0	122.6	124.0
2020	122.8			



Pat Mavor - Mavor & Co.

"At Mavor & Co. we had a steady increase in enquiries over the first quarter of 2020 prior to lockdown, with number of viewings and rental levels continuing to rise within West Lothian. Our experience is that there has been a levelling off of landlords wishing to leave the private rented sector due to the changes in the tax regimes and indeed, we are encouraged to find that there are some new landlords emerging into the market. Since lockdown, we have seen an increase in tenants giving notice for different reasons. After social distancing measures are relaxed and face to face viewings are permitted, we believe there will be a surge in new lettings."

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
EH48	6.5%	6.8%	7.5%	7.2%	7.2%
EH49	5.2%	5.1%	5.1%	5.3%	5.1%
EH54	7.0%	6.9%	7.0%	6.8%	7.1%

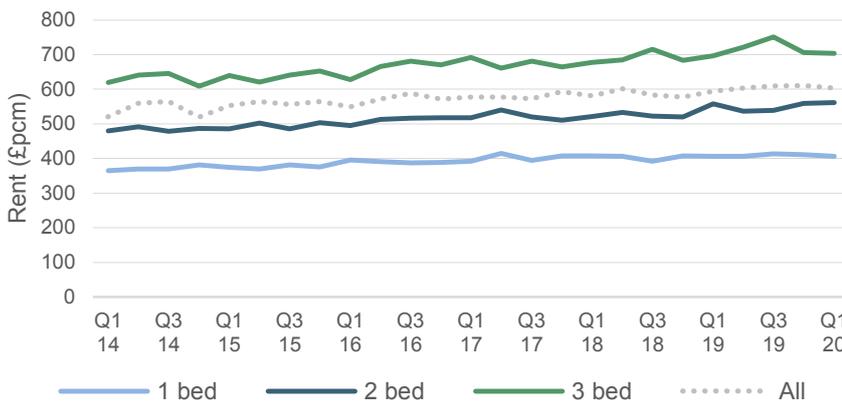


South Lanarkshire

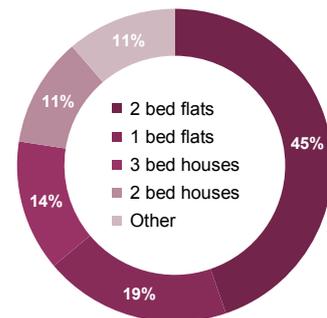
Market Overview - Q1 20

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	£406	0.0%	8.6%	3.3%	24	-13	27%	73%
2 bed	£562	0.7%	15.6%	6.8%	36	2	19%	55%
3 bed	£704	1.0%	10.0%	9.3%	44	7	19%	46%
All	£603	1.5%	9.0%	6.7%	35	0	20%	58%

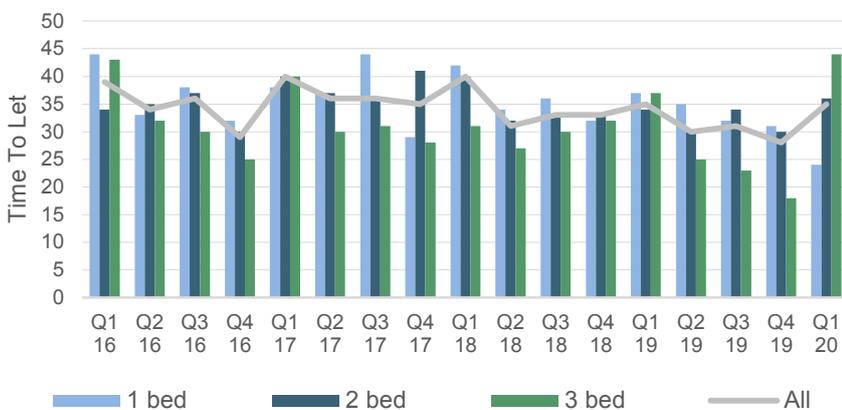
Average Rent (pcm) by Number of Bedrooms



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	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	110.7	107.6	106.3
2019	109.4	111.0	112.3	112.5
2020	111.0			

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
G71	5.3%	5.5%	5.4%	5.5%	5.9%
G72	8.0%	7.5%	8.3%	7.5%	7.5%
G73	7.1%	6.7%	7.0%	6.6%	6.8%
G74	7.4%	7.4%	6.8%	7.0%	6.6%
G75	6.6%	9.6%	8.9%	8.8%	8.7%



David Kendall - Lets Make Homes

"A very strong start to 2020 came to an abrupt halt with the terrible effects of the Coronavirus. Over the last few weeks new working practices have been swiftly adopted and the turnover of tenancies has been significantly lower than normal, indeed several tenants who gave notice have since retracted and decided to stay put. Maintaining tenancies has become paramount with many tenants simply requiring 'signposting' and reassurance in order to be able to remain in their homes and pay their rent. As we gradually emerge from this crisis the underpinning strength of the PRS will be the simple fact that people need somewhere to live and letting agencies must work together with their clients as we move into a new era."

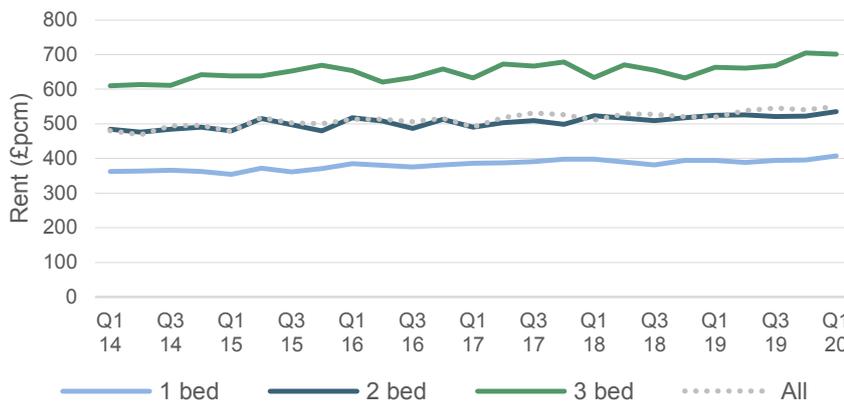


Renfrewshire

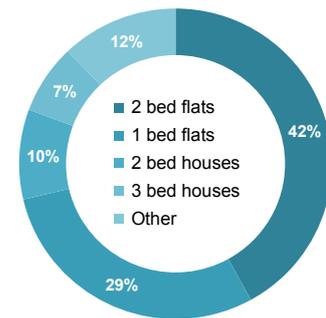
Market Overview - Q1 20

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	£408	3.3%	15.3%	13.6%	34	2	13%	56%
2 bed	£536	2.1%	11.7%	13.1%	34	-3	14%	56%
3 bed	£701	5.7%	9.9%	8.5%	42	4	6%	44%
All	£550	5.8%	15.1%	10.2%	36	0	12%	54%

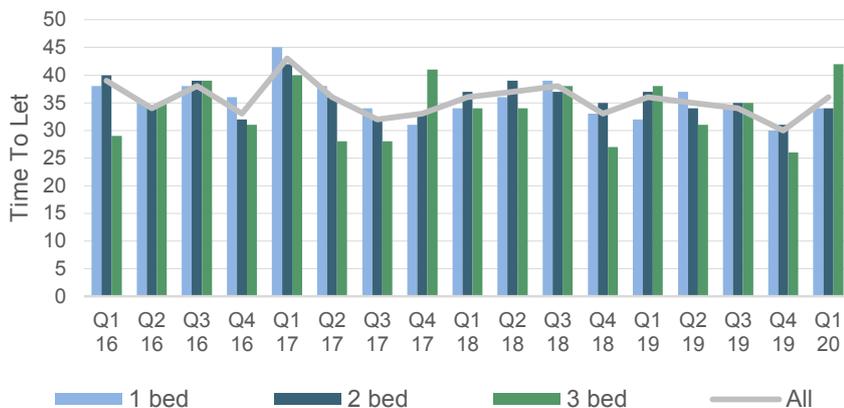
Average Rent (pcm) by Number of Bedrooms



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	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	110.9	110.7	109.2
2019	109.0	112.8	114.3	113.4
2020	115.3			

Yield by Popular Postcodes (Flats)

	2015	2016	2017	2018	2019
PA1	6.5%	7.4%	7.1%	7.5%	7.0%
PA2	7.5%	7.1%	7.0%	6.7%	6.9%
PA3	10.7%	10.0%	9.6%	9.8%	8.9%
PA4	8.0%	7.8%	7.8%	7.9%	7.2%
PA5	9.5%	8.4%	9.1%	8.8%	8.7%



Holly Campbell - Castle Residential

"In Q1 2020 we saw a steady increase in movement from the tail end of 2019. However, the unprecedented global pandemic has impacted all industries including the rental sector. New ways in which businesses work had to be sought. Virtual tours, electronic signing of leases, video conferencing etc. have ensured that the rental sector can continue to function. We are facing challenging times with rent arrears rising and an increased number of tenants serving notice to end their tenancies due to financial difficulties, however, we believe the key is to adapt and we remain confident that the PRS will overcome this difficult period."



Agent Views

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

Margaret Duffus Leasing, Aberdeen – Sarah Harley



"Like most of the planet we're currently in lockdown in Aberdeen and it's been a very busy time adapting to the current restrictions. Virtual and Skype viewings are great tools and have been an excellent help with anyone struggling to find something for an essential move. I think they will be here to stay! As time goes on we are seeing enquiries increasing, which is encouraging, as people look ahead and start planning for future moves. Landlords have also to be applauded for the speed and compassion with which they've reacted to their tenants' individual situations and it has been truly touching seeing everyone pull together."

Let-it, Glasgow – Colin Roe



"The first quarter of 2020 was showing positive signs, with new investors coming to the PRS despite a number of still looking to sell. Demand is still extremely high across all property sizes and styles, which in turn is driving rents upwards. It's worth stating that this was written in the midst of the lockdown and we are still seeing a considerable number of enquires coming in to us via email so there is no reason to believe the current situation will have any short term effect on tenants seeking housing."

Macleod Lettings, Glasgow – Ross Macleod



"2020 got off to a fantastic start for us and it was looking like it could be a record breaking quarter, however, there were news reports about a virus spreading throughout the world. We have managed to adapt our business practices, and have been able to provide accommodation to key workers throughout the initial lockdown, however, I suspect that the full impact of the situation has yet to be quantified and the effects of the lockdown I'm sure will be felt for many years to come."

One Stop Properties, Glasgow – Wendy Gallagher



"One Stop Properties found Q1 with stock levels sitting at an all-time high. We found a number of new investor landlords coming back to the rental market and this has increased the number of properties available. Properties continue to be of high quality and therefore in high demand achieving good rental yields. We believe that when the lockdown is over, we will see a very large increase of tenants looking to rent properties. Landlords who were renting properties through Airbnb will come to the rental market for extra security. This may have an impact on the rental price as the market could become saturated. We look forward to a very busy time ahead."

Ben Property, Edinburgh – Jamie Kerr



"Q1 started brightly with extremely good activity across the board. The obvious knock on effects since the advent of the Covid-19 pandemic and lockdown have severely affected the market as we know/knew it, but we have adapted with the likes of virtual/video viewings, 360 tours, more floorplans being available, being proactive and assisting prospective tenants where moves have been essential. Most if not all landlords have been understanding and tenants equally so. Supply to the market has seen a surge due to the collapse of the holiday let market which has increased mainly the supply of one and two bedroom properties online; this in turn will effect rental levels going forward. However, we are expecting a busy end to Q2 when and if lockdown restrictions are lifted slightly, and extremely busy Q3."



Agent Views cont...

Indigo Square, Glasgow – Brian Gilmour



"Q1 2020 now seems another lifetime ago. The biggest challenges in January and February were the volume of rain and keeping on top of repairs. Demand in Glasgow remained strong from tenants and we were looking forward to a busy spring.

Then as March progressed, the potential issues of the Covid-19 crisis loomed. There was quite a rush at the end getting people moved in and as students started to leave in certain locations, we had a week of quickly creating video tours and making rent reductions to get properties away in the final moments before the inevitable lockdown."

Glasgow Property Letting, Glasgow – Colin MacMillan



"The PRS has taken a comprehensive hit since lockdown kicked in, but we have adapted to new ways of carrying out business in these very difficult times. Where we previously relied on personal interaction with landlords and tenants alike, we are

now living in a virtual world with video viewings, and video calls and meetings will no doubt become the norm going forward! Most landlords appreciate the position that their tenants are in and are very sympathetic but also ultimately realise that without them they have no revenue stream or business."

Harvey Lets, Glasgow – Douglas Harvey



"We have a higher number of tenancies coming to an end than is normal and all other agents will be in the same position. Therefore, when restrictions are lifted it is certain the number of properties on the market will rise steeply. With an oversupply of properties available,

there may be a short-term impact on rent levels. In conjunction with an oversupply of properties we also must consider the level of tenant enquiries. At present there is a lower level of new tenant enquiries and this will increase significantly after restrictions are lifted. We anticipate there may be a 'staggered' period before the market can be deemed normal again."

Be Rented, Glasgow – Graeme McEwan



"Unprecedented times call for unprecedented methods of business. The letting business has seen dramatic drops as Covid-19 restrictions were announced. We quickly video toured all our empty properties and offered this as an alternative method

of viewing; within the first few weeks it was successful. Are people nervous about reserving a property they have not seen? Yes, but it allows them to reserve with the viewing point they can hand 28 days' notice when they move in, so the tie isn't too strong."

Martin & Co., Aberdeen – Eduardo Prato



"We experienced a good increase of average rent in January and February 2020. However, in March there was a clear change in trend as soon as the effects of the Covid-19 pandemic hit the industry.

Now landlords and letting agents need to prepare for how the residential letting business will look during and after Covid-19. The country economy will be fragile, and the Aberdeen economy will be in intensive care for a while. However, with the right treatment, attention to detail and correct expectation level, professional landlords and letting agents will go through these challenging times."

ESPC Lettings, Edinburgh – Nicky Lloyd



"We entered Q1 2020 with Brexit still looming, but the property market continued on trend with rent levels remaining mostly consistent with some increases, and demand levels as expected for the time of year. Investors were keen to make moves

into the market and the number of new and quality properties was fast increasing. However, Covid-19 turned this on its head and the industry came to a standstill on 23 March whilst we came to terms with new working patterns and changes in the market. In more recent weeks the number of enquiries from potential renters has risen. The indication is once we start receiving government instructions as to how and when restrictions can be eased we will see a surge in movement in the market."

Glenham Property, Edinburgh – Miles Gilham



"The market has been frozen for the last few weeks and we believe there is huge pent up demand both on the sales side and lettings. We believe that restarting the housing market will help kickstart the wider economy which is critical post lockdown. The

long term effects to the UK housing market will take time to develop but we are of the opinion that the Scottish and specifically the Edinburgh lettings market is well insulated and better placed than other regions to weather any short term turmoil and bounce back quickly."

Have Your Say!

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

Postcode & Towns - Average Rents & TTL - Q1 20

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	£892	(30)	£1,168	(35)	£1,995	(47)
EH3	£953	(29)	£1,329	(37)	£1,753	(53)
EH4	£834	(33)	£1,032	(38)	£1,267	(37)
EH5	£728	(32)	£879	(34)		
EH6	£727	(20)	£921	(28)	£1,187	(39)
EH7	£755	(25)	£967	(37)	£1,257	(43)
EH8	£760	(25)	£967	(34)	£1,517	(27)
EH9	£787	(19)	£1,126	(41)	£1,557	(24)
EH10	£827	(28)	£1,069	(39)	£1,504	(26)
EH11	£730	(24)	£945	(25)	£1,295	(31)
EH12	£751	(31)	£1,056	(35)	£1,260	(39)
EH14	£713	(27)	£884	(35)	£1,069	(52)
EH15	£694	(21)	£867	(31)		
EH16			£879	(30)	£1,145	(44)
EH17			£838	(24)		
EH19			£730	(23)		
EH21	£645	(28)				
EH22			£714	(24)		
EH26			£727	(23)	£793	(57)
EH48			£604	(41)	£712	(34)
EH54			£649	(31)		

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£458	(49)	£660	(53)	£914	(84)
AB11	£429	(50)	£613	(48)	£829	(51)
AB15			£778	(57)	£1,033	(61)
AB16			£556	(56)		
AB21	£543	(33)	£688	(50)	£930	(58)
AB24	£444	(51)	£622	(60)	£862	(46)
AB25	£440	(56)	£582	(57)		
AB41			£600	(39)		
AB42			£511	(36)		
AB51			£660	(81)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£447	(34)	£657	(28)	£1,020	(25)
DD2	£417	(35)	£596	(38)		
DD3	£383	(48)	£499	(40)		
DD4	£407	(38)	£527	(54)		
DD8	£363	(53)			£667	(49)
DD11			£476	(57)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£726	(18)	£1,079	(42)		
G2	£705	(31)	£942	(31)		
G3	£683	(15)	£965	(37)		
G4	£763	(25)	£827	(37)		
G5	£692	(23)	£768	(20)		
G11	£655	(24)	£881	(34)		
G12	£782	(25)	£971	(37)	£1,305	(48)
G13	£564	(31)	£665	(27)		
G14	£532	(32)	£583	(29)		
G20	£635	(33)	£779	(37)		
G21			£583	(24)		
G31	£511	(24)	£687	(35)		
G32	£412	(23)	£572	(37)		
G33			£608	(40)		
G40	£485	(15)	£630	(29)		
G41	£578	(27)	£734	(34)	£909	(46)
G42	£508	(24)	£665	(21)		
G44	£544	(21)	£727	(21)	£600	(41)
G51	£484	(16)	£646	(42)		
G52			£611	(31)		
G66			£604	(53)		
G67			£441	(29)	£503	(14)
G71			£663	(28)		
G72			£559	(26)		
G73	£465	(18)				
G74	£412	(19)	£525	(21)		
G75			£495	(29)		
G81			£516	(33)		

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£471	(36)		
Ayr	£408	(54)	£544	(39)		
Bathgate			£604	(40)		
Bo'ness			£503	(31)		
Cumbernauld			£533	(28)	£545	(15)
Dunfermline	£451	(20)	£558	(38)	£679	(43)
East Kilbride	£406	(18)	£506	(24)	£743	(38)
Glenrothes			£511	(34)	£586	(31)
Hamilton	£394	(28)	£530	(37)	£694	(50)
Inverness	£564	(28)	£680	(34)	£915	(23)
Kilmarnock	£361	(72)	£450	(61)		
Kirkcaldy	£401	(49)	£510	(55)		
Linlithgow			£680	(24)		
Livingston			£654	(31)	£793	(19)
Motherwell			£556	(42)		
Paisley	£398	(37)	£501	(35)	£668	(60)
Perth	£421	(55)	£553	(57)	£780	(42)
Stirling Town	£513	(17)	£707	(35)	£1,050	(46)
Tron			£525	(39)		

Pipeline: BTR and MMR News

BTR and MMR Pipeline by Scarlett Land and Development

Good news! Moda have secured funding for their Edinburgh BTR scheme from Apache and Harrison Street. However the BTR sector in Scotland faces serious challenges due to Covid-19, rental levels, build costs and potential 35% Affordable Housing (Edinburgh). Meanwhile MMR is powering ahead...

	BTR	MMR	TOTAL	TOTAL INC PRE-PLANNING
Glasgow	4,098	336	4,434	4,871
Edinburgh	2,820	2,843	5,663	6,389
Aberdeen	634		634	1,094
TOTAL	7,552	3,179	10,731	12,354

Glasgow has over 4,800 BTR and MMR units consented or in pre-planning, whilst Edinburgh has over 6,000 units if c.2,800 non-grant funded MMR units are included.

Stats and map of Scotland BTR/MMR deals can be found here: scarlettdev.co.uk/services/build-to-rent-btr/btr-pipeline

Key messages and trends:

- Non-grant funded MMR units are making a serious contribution to key worker unit numbers – over 3,000 across Scotland to date.
- Pre-planning BTR units (e.g. 726 in Edinburgh) could evaporate due to the threats to viability above.
- Post Covid-19 planning policy will need to relax in regional cities in order to encourage economic resilience; co-living schemes should be encouraged.

We cannot easily control the effects of Covid-19, and hopefully this will pass; rents will recover and institutional investors will return to the funding market. What we can and must control are costs, S75 and planning policy in order to encourage investment, development and economic recovery.

SCARLETT
LAND AND DEVELOPMENT

BTR in a Covid-19 World by Rettie & Co.

The challenges for individuals and households under the Covid-19 lockdown have tested many of the traditional assumptions and practices we expect for housing. Against this testing backdrop many of the qualities of the Build to Rent (BTR) delivery model and service-led rental offering, have emerged as advantageous.

In dealing with the most pressing human issues relating to Covid-19, the centralised management of BTR properties and BTR services offer real practical advantages under the lockdown. High speed internet enables consistent homeworking. Delivery lockers and cool rooms allow contactless delivery. Centralised management allow for easier cleaning and repairs. Existing communications channels with residents and neighbourhood community groups allow tenants to be kept up to date and remain socially connected. With mental health, as well as physical health, being a major concern during lockdown, pre-existing community cannot be overlooked. At Rettie & Co we have seen a marked increase in usage of our resident portal and engagement in community forums.

The institutional nature and professional management of the BTR block offering has also given us the ability to offer advice and knowledge to residents in regular communication on mass as well as individual assistance and signposting during testing times for anyone facing hardship. This has enabled us to show compassion and empathy whilst maintaining a 97.5% collection on rent roll. Showing it to be a robust investment during the most difficult of times.



 **RETTIE**

Coronavirus Concerns

The essential information for Scottish landlords and agents during the crisis

Scottish landlords and letting agents, in common with businesses all over Scotland, the UK and indeed the world have been hit by the devastating health, social, personal and economic effects of the current coronavirus crisis, writes John Blackwood, SAL Chief Executive. In daily contact with the Scottish Government and Scottish Ministers ensuring the views and issues faced by the sector are heard, John and his team have produced a huge amount of information and guidance for the sector. The details are wide ranging and the situation is still fast changing so for full details on any aspect of this article, please check the SAL Covid-19 webpage.

Changes to model lease

The Scottish Government has made changes to the model private residential tenancy (PRT) lease to reflect the Coronavirus (Scotland) Act including changes to notice procedures, updated smoke detector requirements and updated deposit legislation.

Financial help for landlords

SAL was pleased that following their lobbying the Scottish Government announced financial assistance to landlords who suffer a loss of income as a result of the coronavirus crisis, in the form of interest free loans. Click here for details. The SAL policy team is of

course aware that a loan is not as welcome as a grant. However, it is a significant and hard-won concession which we must welcome, particularly with it being interest free while bank finance remains relatively high cost for those who need it. It is worth noting this is available for landlords letting in Scotland only. So far there has been no such support for landlords made available in England and Wales. SAL will continue to press for additional support for this part of the sector which has fallen between the cracks of the business and individual support announced so far.

Financial help for businesses

There is a well-publicised coronavirus job retention scheme, self-employed income support scheme and various support packages have been put in place for businesses to assist them financially during the Covid-19 period, details of and links to these are available on the SAL webpage.

What has the crisis changed in the private rented sector?

There are huge changes to be aware of, including changes to eviction procedures, knowing what are “necessary” and “unnecessary” business activities during the lockdown period, plus other developments such as changes to the plans for implementing new

energy efficiency standards.

Helping your tenants

Signpost your tenants on how to get support and ensure you are aware of best practice in managing any rent arrears or requests for rent reductions. The SAL website also has social distancing advice for landlords/staff/contractors/tenants and updated data protection guidance.

Do you need individual help and advice? Please join SAL to have your questions answered by SAL expert advisers and have new and updated information sent to you as it is announced. Please also show your support by joining to add your voice to their campaigns. Now, more than ever all professionals involved in this sector must work together as providers of essential housing for Scotland.



John Blackwood and Kevin Stewart

Covid-19 and the Scottish Property Market

ESPC look at some of the initial impacts of Covid-19 on the Scottish property market

From mid-end March to mid-April 2020, ESPC noted a marked decrease in both property sales volume and the number of homes coming to market compared to the previous year. This is unsurprising, considering the Covid-19 social distancing measures put in place, which prevent in person viewings and valuations.

However, many ESPC agents adapted to the situation by offering virtual property viewings and valuations, allowing people to get started on their buying or selling journey at the present time.

The closure of the Application Record by Registers of Scotland (ROS) on 24th March affected the completion of property transactions. Whilst the Law Society of Scotland and ROS worked to establish interim measures to allow certain transactions to complete, the Scottish Government released guidance on 31st March that property moves should be delayed until after the social distancing measures have been lifted.

This has obviously impacted the volume of completed property sales in Scotland during this time, resulting in a significant year-on-year decrease.

The number of properties coming to market from mid-March to mid-April was also down year-on-year. Many ESPC agents are offering virtual property valuations to get people started on their selling journey during this time, however, most properties in Scotland need Home Reports before being brought to market, which require a surveyor to visit



the property. The completion of Home Reports has been delayed until after the social distancing measures have been lifted.

The properties that were brought to market at the end of March and during April had their Home Reports completed before the current social distancing measures were in place.

It has been noted that some of the properties brought to market at the end of March and early April appeared to have characteristics that would be associated with holiday lets. It is likely that short term let landlords are choosing to step away from this market due to the travel restrictions currently in place.

In ESPC's March 2020 House Price Report (covering data in Edinburgh, the Lothians, Fife and the Borders from the first quarter of 2020) we revealed that, while there had been decreases in sales volume and homes coming to market, both average selling prices and the average percentage of Home Report valuations achieved, remained relatively

steady.

Paul Hilton, CEO of ESPC, said: "Coronavirus Covid-19 has had a significant impact on the Scottish property market in terms of sales volume and the number of homes coming to market. This is to be expected with the current social distancing measures in place and the advice of the Scottish Government to delay moving home until after these are lifted. However, ESPC data from the first quarter of 2020 suggests property selling prices continue to remain relatively steady.

"Prior to the social distancing measures, we noted a strong start to 2020 in terms of property listings and sales. We therefore expect activity in the property market to resume once the current restrictions have been lifted."

Please note that this article was written mid-April 2020 and the data it was based on was taken from the first quarter of 2020.

ESPC advertise thousands of properties through their website, weekly paper and information centres, offering unrivalled knowledge and expertise from their own team and member solicitor estate agents.

www.espc.com | facebook.com/espc.property | twitter: @espc



SafeDeposits Scotland - The Hazards of Hosting

Observations and caution on sub-letting via peer-to-peer accommodation platforms

The matter of peer-to-peer accommodation platforms – Airbnb being the most widely known – is one that was being discussed within property media and indeed face to face among many of our customers prior to Covid-19 taking hold.

Last year the Scottish Government published a paper titled Short-Term Lets: Consultation on a regulatory framework for Scotland. Airbnb's presence in Scotland was featured within this paper, accompanied by some significant figures. Between March 2016 and March 2017 the platform had 21,900 active listings and 12,600 hosts in Scotland; Airbnb said that the economic activity of its hosts and guests in Scotland during 2017 was equal to £482.9 million.

The rise of Airbnb has however drawn some criticism. From a community point of view, common complaints include the noise of nighttime arrivals dragging suitcases up the stairs, disruption to neighbours from stag and hen weekends and the negative impact on built heritage as key boxes on entrances multiply to eyesore proportions.

Within the PRS, concern has been raised at an apparent trend for tenants to sub-let their rented accommodation for spells via Airbnb, or even taking up tenancies in tourist hotspots like Edinburgh

and the Ayrshire coast solely for this use. Some have commented that the advent of the private residential tenancy has put some strain on the availability of private rented property stock, particularly at seasonal peaks such as the start of the academic year. Sub-letting adds to this, with



Ian Potter, Chairman of SafeDeposits Scotland

tenancies continuing for longer and property being occupied by tourists rather than would-be tenants. Examples given include students prolonging tenancies in Edinburgh after term has ended to rent out for festival season, and similar scenarios surrounding golf events in St Andrews.

The appeal to tenants who might list their rented accommodation on Airbnb is understandable. In 2017/18, hosts in Scotland earned on average £3,800 a year through hosting via Airbnb.

The current global crisis shows how fragile the concept can be however. In 2017 there were 10,500 Edinburgh listings on Airbnb, but the cancellation of this August's festival will see demand for these properties drop significantly – even in an optimistic scenario where travel restrictions are eased sooner rather than later. A tenant who has rented accommodation with a view to earning via Airbnb may be faced with no takers and rent to pay until they give and complete their notice.

Before Covid-19 emerged we were also warning tenants on the day to day risks of sub-letting – particularly in relation to their deposit. To begin with, they could be in breach of their tenancy agreement if that prohibits them from carrying out business within a property without prior consent from their landlord. Landlords, for their part, can easily search the platform to see if the property is listed. If the Airbnb guests damage the property the responsibility will lie with the tenant, and it will be their deposit that a deduction may be made from.

While uncertainty remains over the timescales and impact of Covid-19, visitors will inevitably return to our beautiful countryside and great cities. Landlords and letting agents should be aware of the Airbnb trend, and tenants should be aware of its pitfalls.

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



Coronavirus (Scotland) Act 2020

Changes to the eviction process in the private rented sector – what do they mean for landlords?

The Coronavirus (Scotland) Act 2020 took effect on 7 April 2020 with the purpose of instilling a host of legislative changes in response to the Covid-19 pandemic. This article focuses on the legislative changes impacting on the private rented sector in relation to assured and private residential tenancies.

What has NOT changed?

It is useful to be clear at the outset that there is no legislative ban on evictions and that the changes relate to notices served during the period while the Act is in force only and do not impact on notices served prior to 7 April 2020.

What has changed?

In terms of the Private Residential Tenancies, the notice period has been extended from either 28/84 days to 6 months for all grounds with the exception of the tenant not occupying the let property which will remain 28 days; and 3 months for:

- landlord intends to live in the property
- a member of the landlord's family intends to live in the property
- the tenant has a relevant conviction
- the tenant has engaged in relevant anti-social behaviour
- the tenant associates in the property with a person who has

a relevant conviction or has engaged in relevant anti-social behaviour

- the landlord is not registered
- the HMO is unlicensed



For assured tenancies, the notice period for service of the AT6 has been extended from either 2 weeks or 2 months to 6 months in all cases with the exception of:

- 2 months if the tenant will be given alternative suitable accommodation
- 3 months if the landlord intends to occupy the property or the tenant has engaged in anti-social behaviour or been convicted of an offence punishable by imprisonment

For Short Assured Tenancies, the notice period for service of the 'no fault' s.33 notice has been extended from 2 months to 6 months. Accordingly, the landlord must now give 6 months' notice that he requires possession of the property.

All grounds are now discretionary whereby the Tribunal will require to consider the reasonableness of eviction. This includes the "no fault" eviction in terms of s.33.

What do the changes mean for private landlords?

Private landlords who serve notice while the Act remains in force will have a lengthy wait before they can raise actions. These landlords will have to be prepared to satisfy the Tribunal that eviction of the tenant is reasonable, possibly resulting in the requirements for hearings to be assigned thereby delaying the process further.

Private landlords will be reassured to know these changes are temporary. The Act provides that it will end on 30 September 2020, albeit Scottish Ministers have the power to extend the end date for two six month periods until 31 March 2021 and 30 September 2021.

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 2020. 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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