

Scottish PRS Reset To Positive Growth



- Market Overview ■ National Trends
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Market Overview

After 2 consecutive quarters without meaningful positive growth at National level, the Scottish PRS returned to the black. Significant further easing of the rate of decline in Aberdeen coupled with business as usual in the central belt saw the overall National average grow by 1.5% year on year (YOY) to stand at £789 per month. With a reported decline in new BTL instructions, Build To Rent at scale seems ever more requisite for Scotland's younger urban residents in major cities and the recent 'reset' on Indyref2 is likely to represent a welcome fillip for the Institutional investor market.

Rents in Aberdeen continued to level off, now down just 5.2% year on year (YOY) and a far cry from the minus 20% previously recorded a year ago. Property to rent in Aberdeen typically now stands at £788 per month, just £1 below National average. Interestingly, 4 bed properties recorded a 4.5% gain on last year, the first recorded rise for any property type in Aberdeen for 9 quarters. The average property

currently takes 49 days to let, up 2 days on the same period 2016.

Rents in the Scottish capital yet again recorded positive YOY growth to average £1037 per month, up 5.2% as per the growth

- **Strong annual growth of 5.2% in Edinburgh**
- **Glasgow's growth accelerates to 5% YOY**
- **Aberdeen market continues to level off at -5.2% YOY**
- **National average rises 1.5%, expected to go higher**



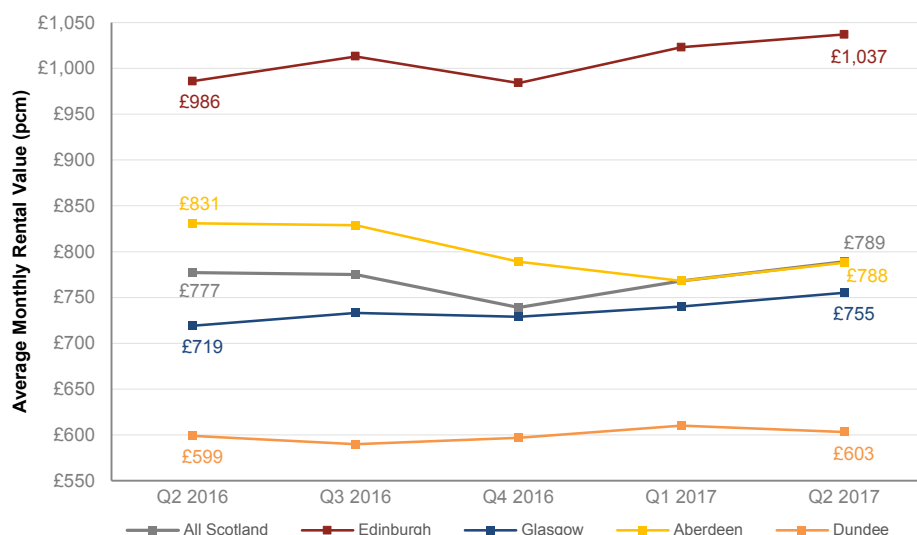
recorded in Q1 2017 and towering above every other location. Average TTLs were 25 days, the same as the previous quarter. All major markets recorded strong

gains with 2 beds performing best, up 6% at £950 per month. It's hard to foresee the capital market declining any time soon nor falling below the £1000 mark even during the quieter Q4 time of year.

Meanwhile on the other side of the central belt, the Glasgow market continues its rise recording 5% annual growth to stand at £755 on average. This represents consecutive rises in the rate of growth for Scotland's largest city in advance of the peak Q3 period and seems on a fixed upward trajectory as per Edinburgh. Whilst the city average is predominantly driven by growth in the 1 and 2 bed markets, 4 bed properties recorded a significant 10.1% growth on last year. Whilst growth has continued, Glasgow has not overtaken Aberdeen this quarter as the market in the Granite City continues to level off. With £33 per month separating their average rents, Q3 2017 will provide insight as to whether the markets may yet cross over.

Markets in other major locations around Scotland recorded steady figures with rents rising around 1% in Dundee, West Lothian, South Lanarkshire and Renfrewshire. The outlook for Scotland's PRS seems to be one of continued growth in major conurbations underpinned by the central belt and, should Aberdeen's market fully level off or indeed rebound, we could see YOY rises back to 3-4% mark at the National level in the near future.

Scottish Monthly Rent Analysis (Q2 2016-Q2 2017)

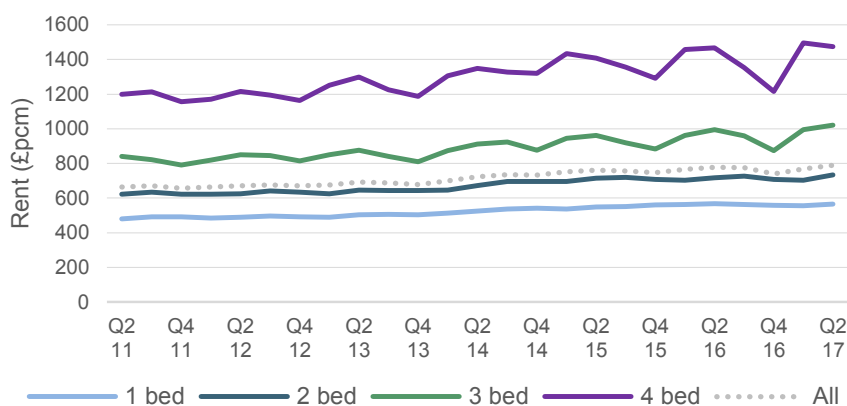


Scotland

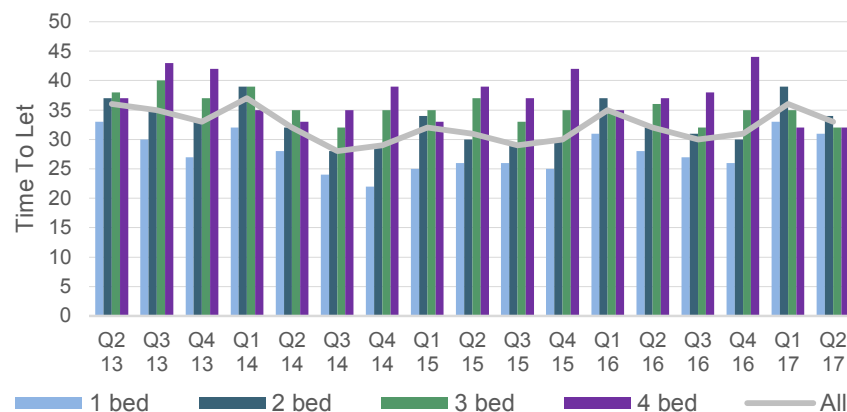
Market Overview - Q2 17

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	£565	-0.4%	7.4%	15.3%	31	3	19%	58%
2 bed	£733	2.2%	8.9%	17.1%	34	2	16%	56%
3 bed	£1,021	2.5%	12.1%	20.0%	32	-4	19%	57%
4 bed	£1,474	0.4%	9.3%	21.2%	32	-5	22%	58%
Total	£789	1.5%	9.1%	17.4%	33	1	18%	57%

Average Rent (pcm) by Number of Bedrooms



Average Time To Let (TTL) by Number of Bedrooms

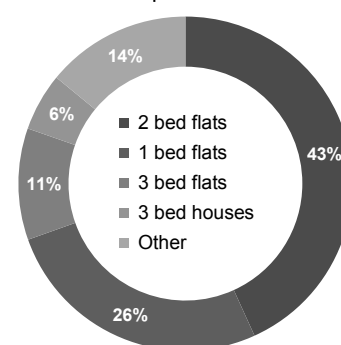


Stuart Montgomery - Rettie & Co.

"Build to Rent is now emerging in Scotland as a key new residential use class, with over 2,500 units now in the pipeline in Edinburgh and Glasgow. This is driven by a rising rental market and socioeconomic changes, in the overall context of weak housing supply, creating opportunities for developers and investors. Scottish cities compare favourably to other parts of the UK in terms of yields, entry prices and potential for growth. At nearly 7%, average gross rental yields in Glasgow are as high as they are anywhere else in the UK. Affordable BTR schemes are now well established in Scotland, with high levels of demand in appropriate locations, including Western Harbour in Edinburgh, where there were over 3,400 applicants for a 96-unit Mid-Rent development."

CITYINFO

Market Composition

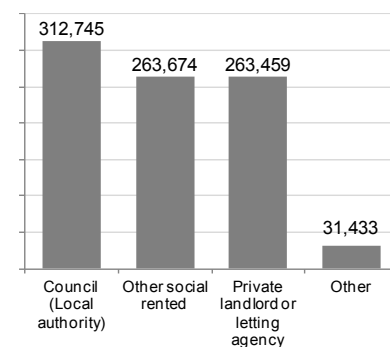


Rental Index

(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		

Households: Rented



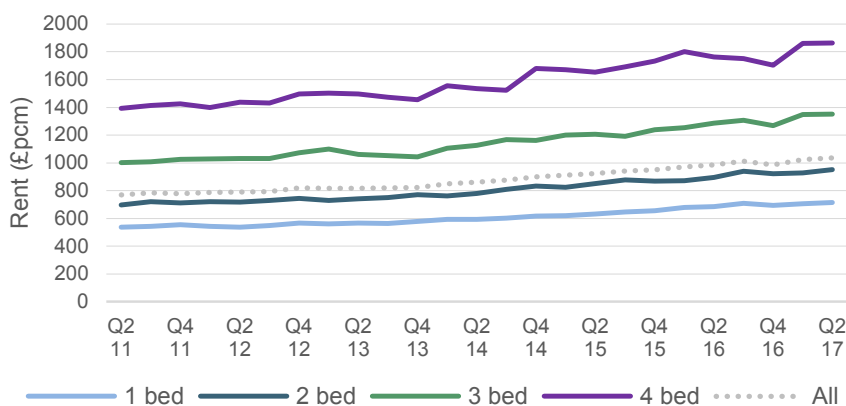
Source: Census 2011, Edinburgh

Edinburgh

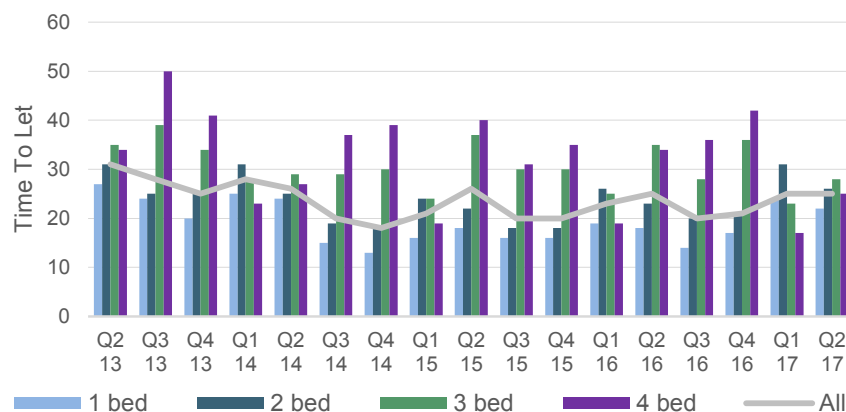
Market Overview - Q2 17

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	£713	3.9%	20.4%	32.5%	22	4	27%	72%
2 bed	£950	6.0%	21.6%	32.3%	26	3	22%	66%
3 bed	£1,350	5.0%	19.9%	30.9%	28	-7	24%	62%
4 bed	£1,863	5.7%	21.3%	29.7%	25	-9	34%	66%
Total	£1,037	5.2%	20.6%	31.1%	25	0	25%	67%

Average Rent (pcm) by Number of Bedrooms



Average Time To Let (TTL) by Number of Bedrooms

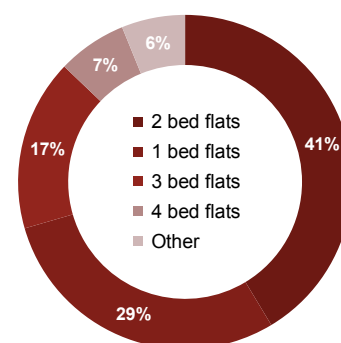


Jamie Kerr - Ben Property

"Q2 has seen a marked increase in activity in the Edinburgh market - especially at the middle to upper end. Properties have let increasingly quickly with improved TTL and at higher rental levels than previously seen and there is an ever-increasing appetite from overseas investors seeing the investment market strengthen. Contributing factors in this would be: the weakening of the pound; tax implications for potential UK purchasers with LBTT plus stamp duty on second homes (meaning that renting a home is more attractive and more cost effective than purchasing); political instability with Brexit; the recent General Election and a second potential Independence Referendum being constantly on the First Ministers agenda, creating further uncertainty in the sales market."

CITYINFO

Market Composition

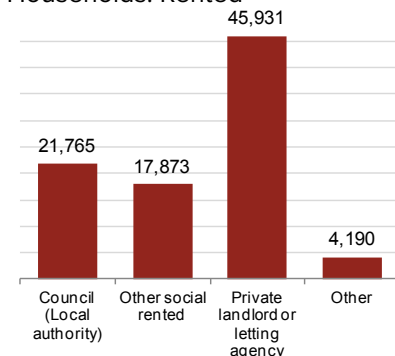


Rental Index

(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		

Households: Rented



Source: Census 2011, Edinburgh

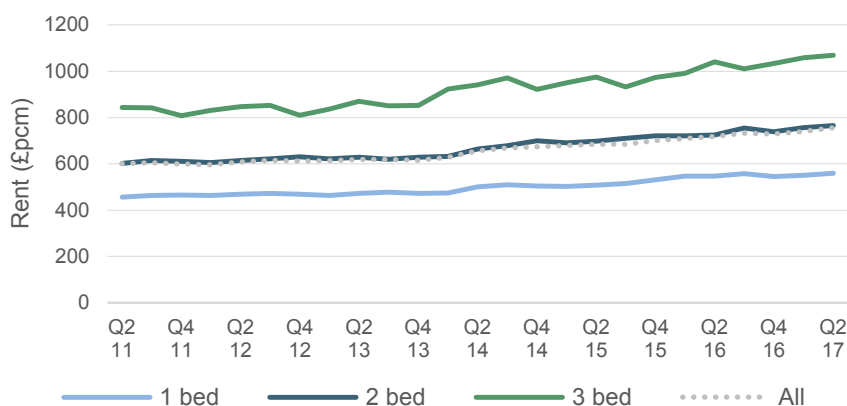


Glasgow

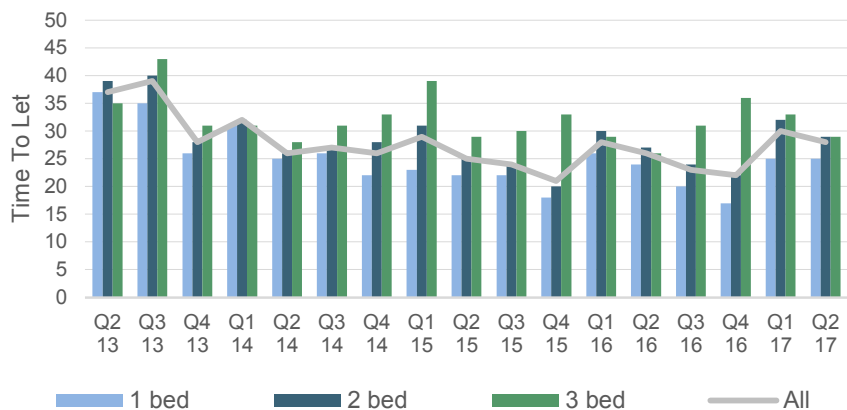
Market Overview - Q2 17

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	£560	2.6%	12.0%	19.7%	25	1	24%	66%
2 bed	£766	5.8%	15.2%	24.8%	29	2	19%	60%
3 bed	£1,070	2.9%	13.7%	26.3%	29	3	19%	63%
4 bed	£1,688	10.1%	29.3%	42.7%	31	-1	15%	65%
Total	£755	5.0%	15.1%	24.0%	28	2	21%	62%

Average Rent (pcm) by Number of Bedrooms

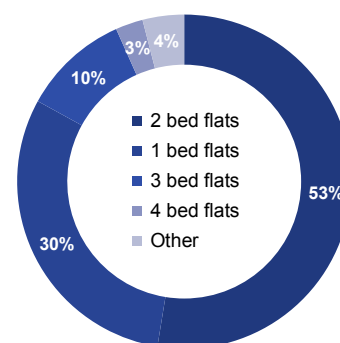


Average Time To Let (TTL) by Number of Bedrooms



CITYINFO

Market Composition

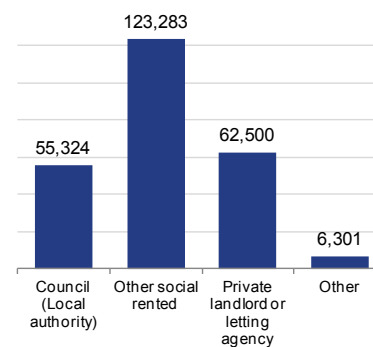


Rental Index

(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		

Households: Rented



Source: Census 2011, Greater Glasgow



Colin Macmillan - Glasgow Property Letting

"Q2 has been very buoyant with many new instructions coming to the market and plenty of new tenants seeking to occupy them. All this is happening in a very busy time for all letting agents as we all prepare for the new Code of Practice and registration of letting agents before 31st Jan 2018. This will no doubt be an opportunity for diligent professional registered agents to look at increasing their management portfolios as unregistered agents will be seeking to offload their properties. We're looking forward with a very positive perspective on the market going into 2018 and fully endorse and embrace the registration of letting agents in Scotland."

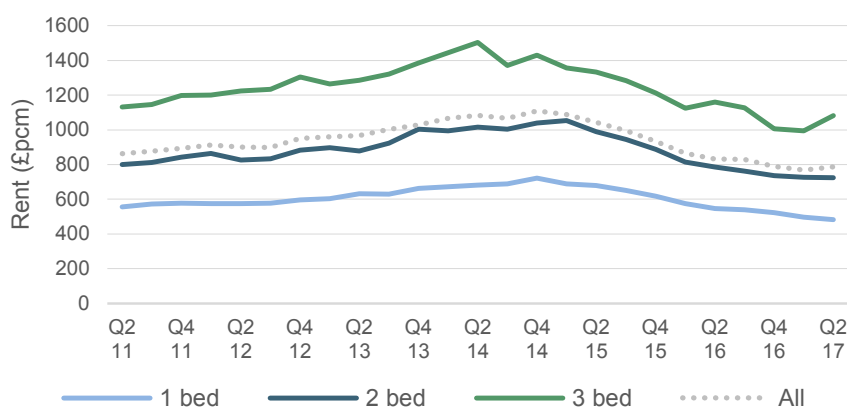


Aberdeen

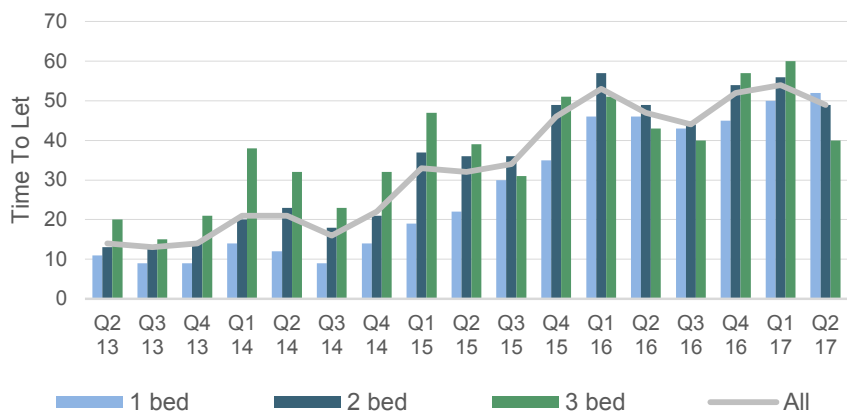
Market Overview - Q2 17

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	£482	-11.7%	-29.3%	-16.3%	52	6	9%	34%
2 bed	£724	-8.0%	-28.7%	-12.5%	49	0	8%	37%
3 bed	£1,082	-6.8%	-28.1%	-11.7%	40	-3	10%	49%
4 bed	£1,563	4.5%	-23.9%	-13.5%	39	-12	12%	43%
Total	£788	-5.2%	-27.3%	-12.5%	49	2	9%	37%

Average Rent (pcm) by Number of Bedrooms

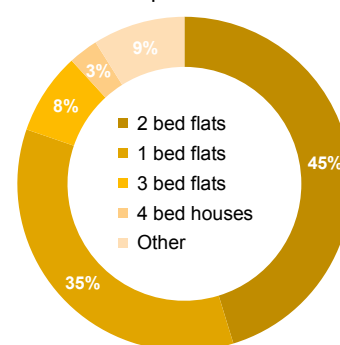


Average Time To Let (TTL) by Number of Bedrooms



CITY INFO

Market Composition

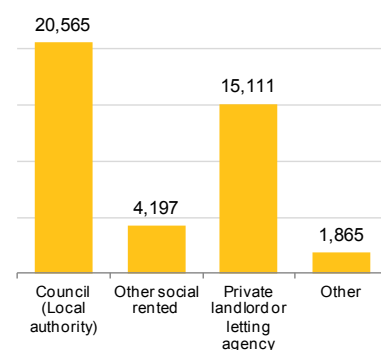


Rental Index

(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		

Households: Rented



Source: Census 2011, Aberdeen



Lisa Brebner - Stonehouse Lettings

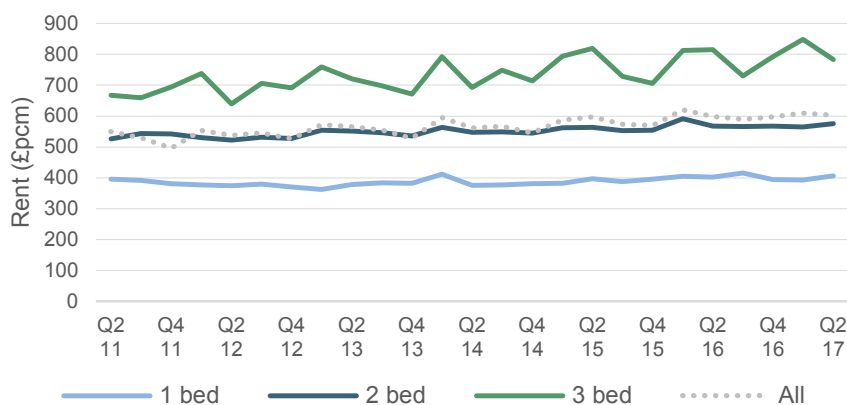
"Stonehouse have seen an encouraging first half to the year with the appetite for people renting property continuing to rise. 1 and 2 bedroom properties, in particular new builds, are the most sought after and as we head into the summer months the rental demand should continue to stay strong. There is also evidence to suggest that the decrease in rental levels is now beginning to stabilise. Stock levels in Aberdeen remain high, however, generally a well presented and fairly priced property will let quickly. A recent report from the Bank of Scotland has highlighted rising confidence in the North Sea oil and gas sector and slowing job cuts which is positive news all round."

Dundee

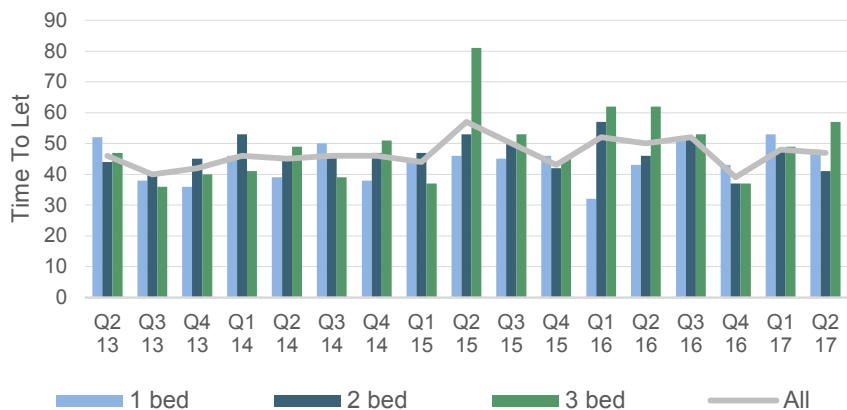
Market Overview - Q2 17

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	£406	1.0%	8.3%	8.6%	48	5	10%	35%
2 bed	£575	1.2%	4.9%	10.2%	41	-5	11%	42%
3 bed	£783	-3.9%	13.0%	22.3%	57	-5	14%	29%
4 bed	£1,093	0.6%	15.3%	18.7%	64	0	7%	26%
Total	£603	0.7%	7.5%	12.3%	47	-3	11%	37%

Average Rent (pcm) by Number of Bedrooms



Average Time To Let (TTL) by Number of Bedrooms

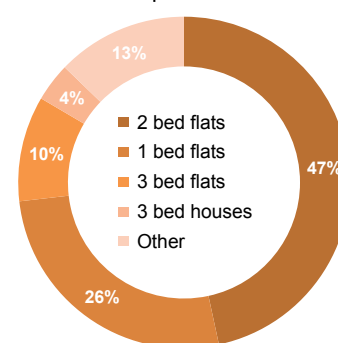


Robert Murray - Lickley Proctor Lettings

"It has been notable of late there has been less interest in the flats we have been advertising at the lower end of the scale. The upper end of the market has been continually doing well, emphasizing location and the quality of property playing a major part in attracting tenants."

CITY INFO

Market Composition

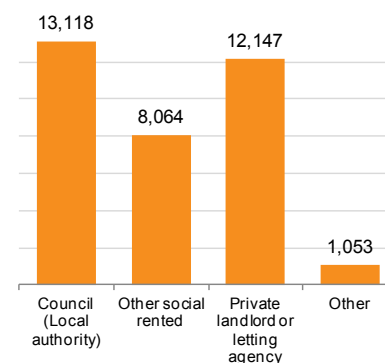


Rental Index

(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		

Households: Rented



Source: Census 2011, Dundee

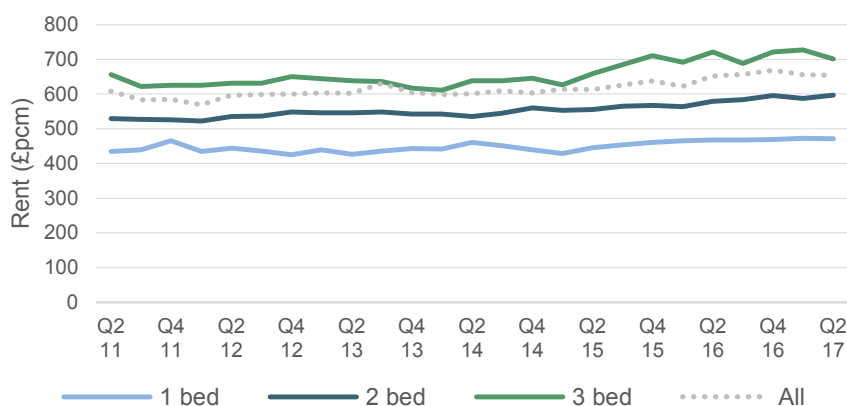


West Lothian

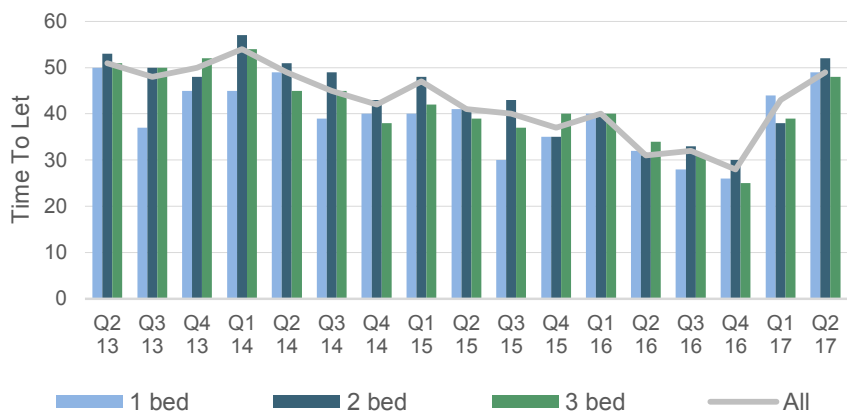
Market Overview - Q2 17

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	£471	0.6%	2.2%	6.1%	49	17	6%	33%
2 bed	£597	3.1%	11.4%	11.6%	52	21	9%	38%
3 bed	£701	-2.8%	9.9%	11.1%	48	14	2%	43%
4 bed	£991	0.4%	12.7%	6.9%	39	17	18%	59%
Total	£655	0.5%	9.0%	9.9%	49	18	7%	40%

Average Rent (pcm) by Number of Bedrooms



Average Time To Let (TTL) by Number of Bedrooms

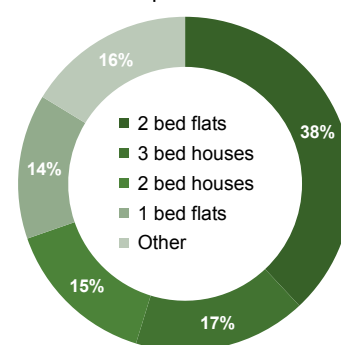


Alistair J McMurdo - Castlebrae Letting

"The rental market in West Lothian over the past few months has continued to show strong growth with new landlords entering the market despite the changes in taxation. It would appear that given the alternatives, property still remains a good place to invest, plus tenant demand is still outstripping supply. New certification / compliance legislation by the Scottish Government has contributed to higher rents as landlords need to recoup the increasing costs being imposed on them."

CITYINFO

Market Composition

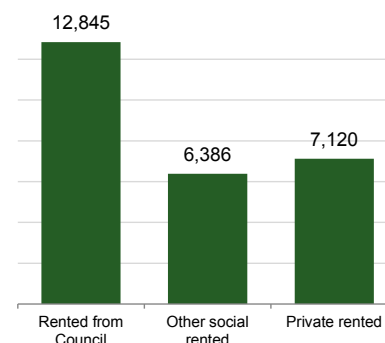


Rental Index

(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		

Households: Rented



Source: Census 2011, West Lothian

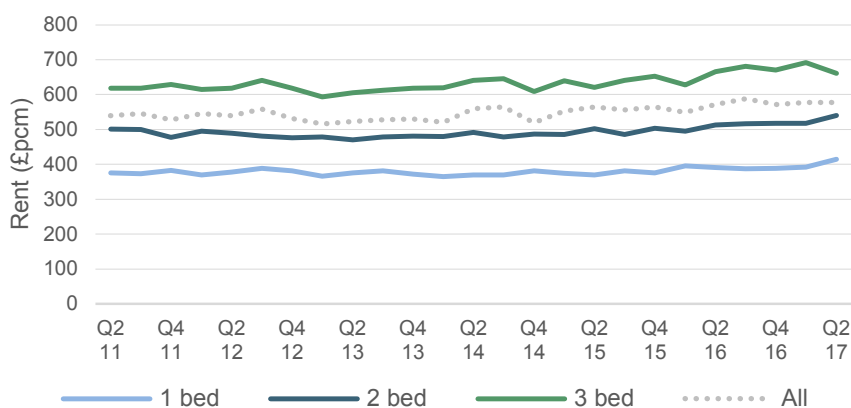


South Lanarkshire

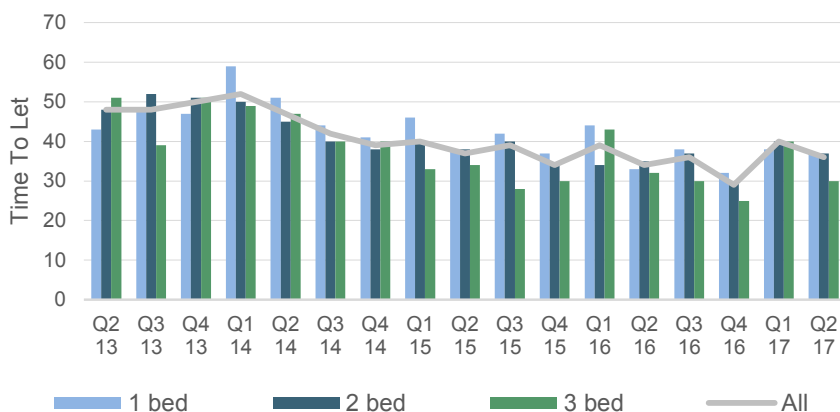
Market Overview - Q2 17

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	6.1%	12.5%	9.8%	37	4	12%	47%
2 bed	£540	5.3%	9.8%	10.4%	37	2	14%	46%
3 bed	£661	-0.8%	3.1%	7.0%	30	-2	21%	57%
4 bed	£1,017	-6.6%	-9.8%	13.1%	38	-2	20%	60%
Total	£578	1.0%	3.2%	7.2%	36	2	15%	49%

Average Rent (pcm) by Number of Bedrooms

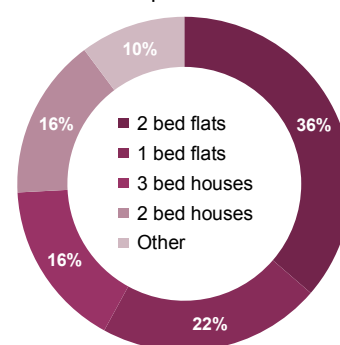


Average Time To Let (TTL) by Number of Bedrooms



CITYINFO

Market Composition

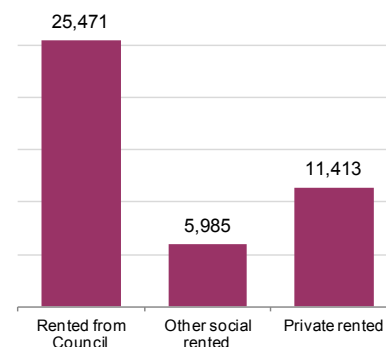


Rental Index

(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		

Households: Rented



Source: Census 2011, South Lanarkshire



Josh Wood - Clyde Property

"South Lanarkshire's rental market in quarter two has seen continuous growth from both new and existing landlords. A buoyant sales market has had a significant effect on the rental market as it has allowed for the expeditious purchase of quality buy to let investments. It is also encouraging that Clyde Property have experienced high levels of tenant applications far outweighing the supply. In particular, we have encountered an increasing desire for two and three bedroom houses in the South Lanarkshire area. Clyde Property's findings have shown that the rental market in South Lanarkshire continues to be vibrant and prosperous."

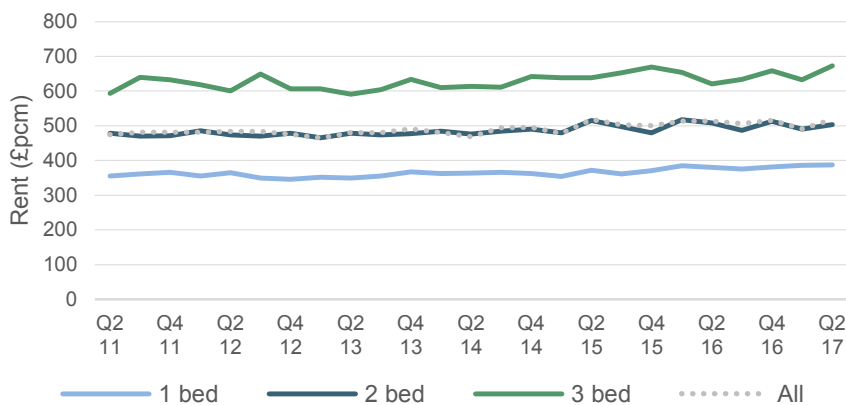


Renfrewshire

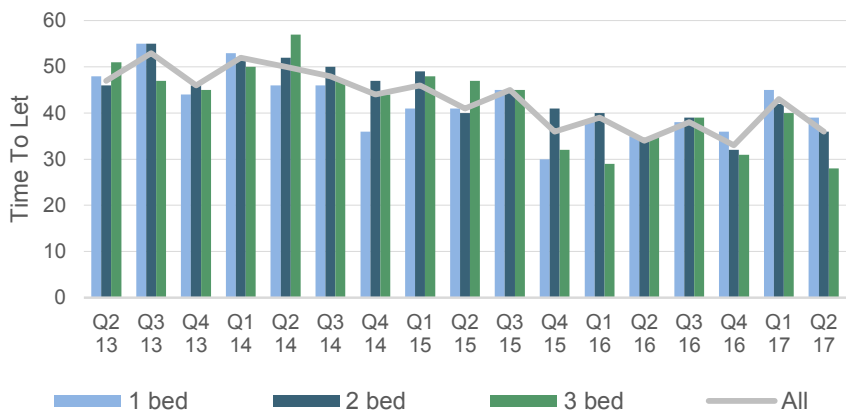
Market Overview - Q2 17

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	£387	1.8%	6.3%	6.0%	39	4	17%	51%
2 bed	£504	-0.8%	5.9%	6.3%	36	2	11%	52%
3 bed	£673	8.4%	9.6%	12.0%	28	-7	26%	68%
4 bed	£933	4.4%	10.7%	4.9%	28	-10	0%	60%
Total	£518	1.0%	10.7%	7.0%	36	2	15%	54%

Average Rent (pcm) by Number of Bedrooms

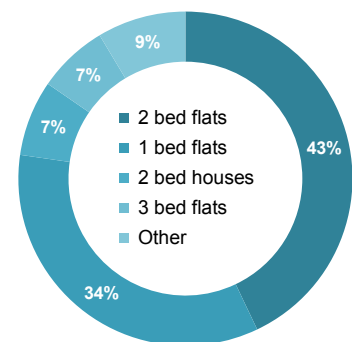


Average Time To Let (TTL) by Number of Bedrooms



CITY INFO

Market Composition

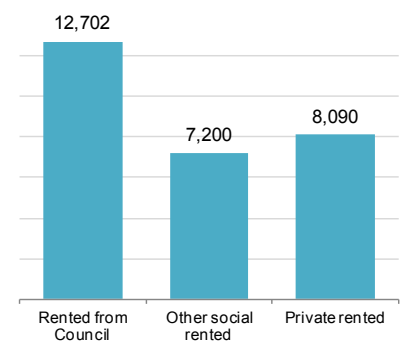


Rental Index

(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		

Households: Rented



Source: Census 2011, Renfrewshire



Matt McCusker - Castle Residential

"The ever busy Q2 has not disappointed in 2017, much the opposite in fact. With student lettings and the entire PRS on the rise, rents are still growing and competition for each property seems to be becoming fiercer than ever. Whilst we are seeing a number of renters moving on, this tends to be in order to upgrade, we're seeing a lot of tenants move within our company to larger accommodation simply due to time of life. Both of our Glasgow & Paisley offices have also increased sales figures, so growth in that side of the market doesn't seem to be slowing the PRS."



Agent Views

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

Aberdeen Considine, Aberdeen – Adrian Sangster



"There seems to be a cautious air of optimism returning to the Aberdeen market. Newspaper headlines predicting an uplift in the oil industry is feeding a general feeling that the worst is hopefully behind us. The spectre of Brexit and a possible Indyref2 are of course looming large in the background and the uncertainty caused by these may be the pin to pop this bubble of optimism. However, in the meantime tenant activity levels remain high with plenty of viewings and offers being made. Tenants do of course still have a wide selection of properties to choose from and it's those which are presented well and set at a realistic rental which are attracting the most interest. In our experience we find rental levels have stabilised and time to let figures are slowly improving. I believe this trend will continue in the latter half of the year."

Margaret Duffus Leasing, Aberdeen – Sarah Harley



"While the total number of properties available in Aberdeen doesn't appear to be on the way down just yet, optimism is increasing and we are seeing a lot of activity and offers with some properties going very quickly. Confidence levels are up in the North Sea oil and gas industry with reports of businesses planning growth, but with big projects at the Harbour and the Western Peripheral Route underway as well the Aberdeen market is looking more (dare I say it?) strong and stable..."

Be-Rented, Glasgow – Graeme McEwan



"Confidence in the PRS is still strong in our neck of the woods (despite continued political shocks) with investors now getting yield returns exceeding that of our southern counterparts. Whilst rents in Glasgow were under a degree of pressure during Q1, the downward movement seems to have been arrested by stronger demand in the following months. Given these signals, we expect the balance of the year to continue to strengthen overall with investors seeing Glasgow and Scotland more widely an excellent place to invest in property."

Clyde Property, Edinburgh – Nicholas Scott



"As ever the demand is for well-presented property within walking distance to the city centre. Hot spots Dalry and Fountainbridge have performed particularly well though they may not offer quite as high rents as the ever popular Morningside and Bruntsfield areas, but in terms of return and capital growth landlords and investors should look no further. We have set a number of closing dates for properties marketed in these areas and have achieved in excess of 10% over the asking price. With rents continuing to rise and TTLs decreasing this is great news for anyone thinking about investment in the capital."

Braemore Sales & Lettings, Edinburgh – Rachel MacDonell



"A very positive start to Q2 echoing Q1 performance for the rental market with lets per month consistently trending higher than previous quarters. We are advising landlords and investors around options to increase profitability of their properties either through seasonal short term market shifts or giving knowledge and guidance on renovation projects to provide increased rental yields through a full year term. December will see the introduction of the PRT; whilst it does not affect current SATs, we will guide landlords around the impact of PRT and this will undoubtedly change the market place into 2018."

Rettie & Co, Edinburgh – Charles McCosh



"The second quarter of 2017 has seen rents consistently go up with landlords keen to see this trend continue based on mortgage interest relief changes. The one and two bedroom market has been extremely active and with a limited amount of stock coming to the market we've seen high volumes of applications from prospective tenants and strong rents, which is great news for landlords. The larger properties (family house market in particular) have been a little more subdued, but an improvement from the first quarter saw a lack of applicant demand in this section of the market, which in turn saw the average time to let slow down. We've seen increased new business from landlords looking to change agency for better service or more professionalism given the coming legislative changes, with a slowdown in the number of first time BTL investors likely owing to the Additional Dwelling Supplement (LBT). Also, changes to HMO application frequency has been welcomed by landlords given the slow turnaround of the current standard one year license renewals."



Agent Views cont...

Northwood, Aberdeen – Matt Pullinger



"Q2 has seen continued positive movement in the Aberdeen market. We have noted in particular that the larger properties are now moving well as we approach the busy summer period. There still remains plenty of choice for tenants in the current market so there is a need for landlords to upgrade and improve the quality of stock of rental accommodation to ensure that their property rents in what is a very competitive market. Overall, the positive movement in the market compared to the last two years in Aberdeen gives great encouragement to the local economy in general."

Clan Gordon, Edinburgh – Jonathan Gordon



"The Edinburgh lettings market has enjoyed a continued high level of activity in Q2. The most notable trend has been the influx of investors looking to source buy-to-let opportunities. These investors want quality properties that will rent well, for which they are willing to pay a premium, demonstrating that, despite political turmoil, property is still seen as a sound investment. Although property prices are rising and buyer competition can be fierce, increasing rents have resulted in investment yields holding steady at around 4-6%. For tenants, one bedroom flats continue to be most in demand, resulting in increasing rents and strong competition."

Smart Property Mgt & Lettings, Edinburgh – Chris Duffy



"Following on from a successful start to 2017, Q2 has been extremely buoyant with lots of high quality applications for properties. We are successfully increasing rentals at the re-let stage across the board and the demand for properties has never been better with all that Edinburgh has to offer our tenants. Generally, we are seeing record rentals achieved and we are in the enviable position of being able to cherry pick the correct tenant for the property. Q2 is always busy with students looking for their next flat and this year has been no different, again with us picking the tenants from a large group."

Easthaven Property Mgt, Aberdeen – Malcolm Crombie



"Since the beginning of the year there are encouraging signs that the Aberdeen market has now bottomed out and rents are going up for certain properties. What is noticeable is that properties that are in good condition internally are still very much sought after, so we have had a lot of landlords refurbishing their properties over the last year or so and this has paid off for them in that the properties have rented out very quickly and achieved a good rental figure. Level of enquiries from potential tenants is very high at present so looking forward to a busy summer period."

ESPC Lettings, Edinburgh – Nicky Lloyd



"After a strong and predictable start 2017, Q2 has been a time of uncertainty in the political world leading to investors and tenants to take a more cautious approach. Whilst the demand from tenants remains high, we have found stock levels to be struggling, this is likely to be a result of low levels of properties on the sales market, meaning Buy To Let investors are finding it increasingly harder to secure a potential rental property. In turn, this has meant that for those properties on the rental market we are seeing rents increasing, especially for one bedroom properties which are recording unprecedented increases in YOY rent. We would now normally be entering what was traditionally known as the busiest time of year for the rental industry. However, it remains to be seen if this will be the case in 2017."

The Key Place, Bo'ness – Linda Bendle



"The Key Place offices are experiencing high demand for rental properties in our operating areas of Central and South East Scotland, reflective of the number of people calling the PRS home. All offices report low time to let and rents remain high. Looking specifically at the Central Belt, we have a huge demand for 3 bedroom homes. Average rents have increased in this area for 1 and 2 bedroom properties, with 1 bedroom at £395; 2 bedrooms at £510 and 3 bedrooms at £595. Average monthly yields are around 7%, making it an ideal investment area. The Key Place has also experienced an increase in the number of landlords keen to use our services in all areas."

Letting Solutions, West Lothian – Brian Callaghan



"The buoyant West Lothian market demonstrates that the fundamentals of the PRS remain in place here, despite the current political chaos and the misguided policies of the UK and Scottish Governments in this sector. People still want and need to rent property as their home; demand for rental property remains high; landlords favour physical assets as investments for income, with the alternatives unattractive; and financial returns are good, with rents increasing. As always, changing life circumstances such as a new job location, retirement and financial good fortune lead people into buy to let, despite the activities of the politicians."

Have Your Say!

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

Postcode & Towns - Average Rents & TTL - Q2 17

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	£849	(27)	£1,047	(22)	£1,483	(32)
EH3	£863	(24)	£1,230	(33)	£1,573	(35)
EH4	£777	(32)	£967	(28)	£1,248	(34)
EH5	£646	(17)	£798	(28)	£1,013	(37)
EH6	£654	(14)	£825	(23)	£1,082	(31)
EH7	£658	(17)	£881	(22)	£1,186	(36)
EH8	£684	(23)	£919	(23)	£1,409	(24)
EH9	£752	(24)	£971	(23)	£1,468	(19)
EH10	£721	(21)	£1,008	(28)	£1,359	(20)
EH11	£640	(20)	£831	(19)	£1,216	(23)
EH12	£705	(21)	£940	(31)	£1,284	(31)
EH13			£772	(20)	£1,305	(34)
EH14	£611	(13)	£774	(33)	£1,084	(30)
EH15			£812	(22)		
EH16	£655	(21)	£776	(19)	£1,067	(35)
EH17			£729	(36)	£832	(30)
EH21	£599	(27)	£705	(19)		
EH22			£674	(19)	£803	(21)
EH26			£640	(40)		
EH47			£569	(54)		
EH48			£600	(47)		
EH49			£612	(28)		
EH51			£502	(20)		
EH54			£596	(54)	£731	(46)

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£492	(50)	£714	(45)	£1,037	(41)
AB11	£471	(52)	£710	(51)	£998	(45)
AB12			£738	(61)	£844	(60)
AB15	£562	(58)	£850	(55)	£1,140	(49)
AB16			£617	(66)		
AB21	£600	(36)	£755	(49)		
AB24	£487	(46)	£701	(44)	£1,142	(38)
AB25	£479	(54)	£708	(55)	£1,002	(45)
AB41			£672	(36)		
AB51	£499	(36)	£679	(44)	£809	(51)

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£413	(54)	£651	(42)		
DD2	£417	(40)	£574	(44)	£815	(70)
DD3	£369	(59)	£487	(47)		
DD4	£385	(59)	£529	(47)		
DD5			£627	(43)		
DD6			£609	(43)		
DD8	£349	(57)	£428	(50)		
DD11			£468	(50)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£662	(23)	£913	(24)		
G2	£656	(24)	£903	(18)		
G3	£630	(19)	£859	(23)	£1,272	(31)
G4	£626	(24)	£820	(22)	£1,149	(21)
G5	£609	(21)	£684	(27)		
G11	£601	(19)	£809	(26)	£1,159	(18)
G12	£665	(24)	£922	(32)	£1,401	(30)
G13	£521	(29)	£627	(26)		
G14	£479	(22)	£563	(30)		
G20	£567	(20)	£735	(29)		
G21			£547	(46)		
G31	£476	(26)	£644	(22)	£767	(27)
G32	£411	(30)	£517	(41)		
G33			£571	(36)		
G40	£442	(29)	£565	(25)		
G41	£523	(27)	£642	(26)	£921	(35)
G42	£456	(31)	£592	(41)		
G43			£594	(20)		
G44	£489	(26)	£614	(32)	£601	(27)
G51	£421	(30)	£572	(40)		
G66			£567	(43)		
G67			£476	(33)		
G71			£617	(39)		
G72			£529	(38)		
G73	£437	(35)	£486	(49)	£578	(35)
G74	£393	(36)	£515	(45)	£734	(29)
G75			£492	(30)	£640	(31)
G78			£459	(56)		
G81			£486	(42)		
G84	£432	(46)	£558	(45)	£617	(56)

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£491	(42)		
Ayr	£404	(25)	£523	(42)	£604	(28)
Bathgate			£602	(51)		
Bo'ness			£502	(20)		
Cumbernauld			£510	(30)		
Dalkeith			£662	(16)		
Dunfermline	£421	(28)	£546	(29)	£710	(10)
East Kilbride	£383	(38)	£498	(36)	£683	(30)
Glenrothes			£506	(23)	£565	(30)
Hamilton	£401	(35)	£524	(36)	£720	(36)
Inverness	£519	(21)	£675	(22)	£794	(25)
Kilmarnock	£360	(45)	£459	(49)		
Kirkcaldy	£418	(23)	£504	(28)	£656	(20)
Linlithgow			£612	(28)		
Livingston			£599	(55)	£744	(44)
Motherwell			£517	(38)		
Paisley	£385	(39)	£474	(38)	£644	(29)
Perth	£422	(36)	£540	(37)	£663	(39)
Stirling Town	£480	(15)	£654	(20)	£840	(23)
Troon			£520	(47)		

Mid Market Rent News

OSPREY INITIATIVES, by Martin Gray, Leasing Services Manager

Osprey Initiatives, part of the Osprey Housing Group, currently manages almost 300 properties in the city of Aberdeen and the Aberdeenshire area.



We are delighted to announce a second phase of properties are being built by Kirkwood Homes for rent at mid market rates at Scoter Gardens, Blackdog, following the success of the first development. Demand for three bed homes in particular was very high.

Phase 2 will offer eight new three bed properties with construction and fitting out expected to be completed early in the autumn. The mix of terraced and semi-detached houses have solar panels, are highly energy efficient and all have their own enclosed back garden.

The first part of another high profile project at Countesswells (west of Aberdeen city centre), is due for completion from autumn 2017. Built by Stewart Milne Homes, the initial offering is for two and three bed homes in this spectacular new town.

In total Osprey Initiatives will be letting 12 brand new homes once the development is complete. Interest in this new community has been extraordinary.

Elsewhere in the city, at Cloverleaf Grange, we have nine two bed flats available in a highly sought after location.

For further information please contact enquiries@ospreyinitiatives.co.uk or visit www.openingnewdoors.co.uk

LAR HOUSING TRUST, by Ann Leslie, Chief Executive

We are delighted to have taken possession of two new developments in Aberdeen.

LAR launched in October 2015 to fill an important gap in the Scottish housing market for those who neither qualify for social housing nor can afford prices in the private rented sector. The Aberdeen area was earmarked at the outset as one most in need of our services.



LAR has now bought 15 properties at a Cala Homes development on Shaw Road, a prime location in the city's West End and 28 at Barratt's Ocean development just off Beach Boulevard.

These are high quality homes with brand new carpets and white goods; the properties look fantastic and will make impressive homes for our tenants.

Although there is already a waiting list, there are still some flats available at below market rates and given any increases in rent are protected and there are no additional factoring or service charges, it is expected that demand for these homes will be high.

The Shaw Road development consists of 10 one bed and 5 two bed flats and the Ocean development is made up of 20 two bed flats and 8 one bed flats.

LAR can be contacted at: lettings@larhousingtrust.co.uk

A Practical Guide To The PRT

Scottish Association of Landlords provide an update on how the new PRT will operate

The new private residential tenancy (PRT) regime, which is expected to be implemented from December 2017, is still a work in progress with secondary legislation yet to be finalised and approved by parliament. Most landlords and agents will not have had to get to grips with a new regime before and the prospect may seem daunting. Caroline Elgar, Policy Manager at the Scottish Association of Landlords, sets out the basics of what we currently know about how the new regime will operate on a practical, day to day level.

Starting the tenancy

The Scottish Government is producing a model lease for landlords and agents to use. It will contain two types of clauses – mandatory ones and optional ones. The optional ones can be removed and the landlord can add in their own clauses provided they don't contradict the mandatory ones.

Only one date is needed on the lease – the start date. The legislation does not allow the parties to agree a duration for the lease or an end date. The tenancy can be terminated at any point after the start date by the landlord or tenant.

The AT5 form and prior notice of grounds will no longer be needed. It is still to be decided whether landlords will have to issue a Tenant Information Pack to tenants.

Rent increases

As at present, the landlord will be free to decide on the initial rent. The first rent increase can be carried out at any time after the start date but thereafter it cannot be increased more than once a year. The tenant has to be given three months' notice of a rent increase. The landlord is free to decide on the amount in line with open market rates, unless the



property is in an area designated by Scottish Ministers as a Rent Pressure Zone (RPZ). In an RPZ there will be a cap on rent increases, but this must be at least 1% above the Consumer Prices Index (CPI).

Ending the tenancy

If the tenant wants to leave, they must give the landlord 28 days' notice in writing. They can issue this at any point after the start date.

The landlord can only end the tenancy if one of 18 grounds for

possession apply. These include where the landlord wants to sell or move into the property, where the rent is in arrears or the tenant has breached other terms of the tenancy.

The notice period for most grounds is 28 days if the tenant has been entitled to occupy the property for 6 months or less, and 84 days if the tenant has been entitled to occupy the property for more than 6 months. The breach of tenancy grounds require 28 days' notice, regardless of how long the tenant has occupied the property.

Eviction

If the tenant doesn't leave the property when asked to, then the landlord needs to apply to the Housing and Property Chamber (HPC) to have the tenant evicted. Applications to the HPC will be free of charge and the parties are not expected to need to use a solicitor. The HPC hearing will be run and determined by a panel comprising a solicitor who specialises in tenancy legislation and at least one property/housing expert.

Existing tenancies

The new regime does not affect existing tenancies such as short assured tenancies. These will continue to operate under the old regime until the tenant vacates or a new lease is signed.

SafeDeposits Scotland's Double Celebration

SafeDeposits Scotland celebrate 5 years since they received their first deposit

Here at SafeDeposits Scotland we are celebrating two significant milestones within a matter of days. In June we topped the £80 million mark in tenancy deposits held, the largest amount to date. This month, on 2nd July, will also be the fifth anniversary of the day we took our first deposit.

We came in to being five years ago when Scottish government legislation was introduced to protect tenant deposits and have since grown to become Scotland's largest approved scheme and the only one to be based in Scotland. We now hold almost 60% of the market's value in deposits and currently hold over 114k individual deposits, amounting to £80m.

The value of current deposits we hold ranges from £1 to £11,500. When the first deposit came in, the average value was £575.48 and since then it has risen to £691.30, a rise of 20% in five years. Since we launched, we have paid out over £130,400,000 in deposits. In the last year alone we have repaid over 87,000 deposits worth more than £37million.

Five years on from the introduction of legislated tenancy deposits north of the border, we have established ourselves as the clear market leader, due, in no small part, to the way that SafeDeposits Scotland was established.

We're an innovative partnership of leading private rented sector members, which positions us at the forefront of the industry. ARLA Propertymark, RICS, TDS, and SAL have been with us from the start and we are thankful to them for their ongoing support, advice and guidance along the way.

We pride ourselves on providing the quickest response times and a



system that is easy to use for agents, landlords and tenants alike. Being based in Scotland, our staff have an unrivalled knowledge of the Scottish rental market, with many of them having been landlords or agents before.

Despite being the largest player in the market, there is still room for us to grow and continue to refine our offering. There is potential for growth in the individual landlord

and mid-market rents, which is where we are focusing our business development efforts.

There are still some landlords who may not be aware of their legal obligation to join a scheme or be reticent to join one, so it is our duty to show non-compliant landlords the benefit of deposit protection.

As well as keeping deposits safe during tenancies, we also provide free alternative dispute resolution (ADR) services when there are disagreements between tenants and landlords. In the last five years we have adjudicated in over 9,600 cases. Over 95% of deposits are returned without going in to adjudication.

While we've had a very successful first five years, we are now focused on ensuring our position as the market leader for the next half a decade and beyond. By working closely with our partner organisations and heeding their advice, there is no reason that we can't continue to grow and deliver the best quality of service for our clients.

Victoria Nixon is Operations Manager of SafeDeposits Scotland.

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**

When Is A “Holiday Let” Not A “Holiday Let”?

TC Young remind landlords who offer ‘holiday lets’ to ensure they are offering short-term lets for the purposes of a holiday

The recent case of *St. Andrews Forest Lodges Ltd. v Jeremy & Iona Grieve* at Dundee Sheriff Court explored the issue of holiday lets and confirmed that agreements which claim to be holiday lets are unlikely to be construed as such by the courts unless they are genuinely let for the purpose of conferring “on the tenant the right to occupy the house for a holiday”.

Holiday lets are excluded from the Housing (Scotland) Act 1988. This means that such a tenancy cannot be an assured tenancy with consequential security of tenure.

In this case, the Pursuers purchased a holiday park from the Defenders. The Defenders only home was a property in the park. It was agreed that the Defenders would purchase this property from the Pursuers and continue to live there.

Until the sale completed, the Pursuers agreed that the Defenders could remain in the property so long as they paid a monthly fee. The details of this agreement were laid out in a ‘Holiday Let Agreement’.

For various reasons, the sale did not proceed. The Defenders refused to vacate the property and the Pursuers raised a court action to recover possession arguing that the Defenders had no right to occupy.

The Pursuers maintained that the agreement between the parties was a holiday let and therefore exempt under the Housing (Scotland) Act 1988 from being an assured tenancy. It was the Pursuers’ position that neither party had ever intended for the agreement between the parties to represent an assured tenancy.



However, the court took a different view finding that despite parties calling the written agreement a ‘Holiday Let Agreement’ – it was not a holiday let. The Defenders were clearly not on holiday and the property was their only home. Accordingly, the exception did not apply.

The Pursuers argued that the agreement was not a lease on the basis that the parties did not intend

to enter into a lease. However, the court took the view that all the essential elements of a lease were present (parties, subject, rent and duration) and in those circumstances parties’ intentions as to the agreements legal status were immaterial. The tenancy created was an assured tenancy and the tenants could enjoy the protection of security of tenure afforded to them under the 1988 Act.

This case will be equally applicable from December 2017 when the Private Housing (Tenancies) (Scotland) Act 2016 takes effect on the basis that holiday lets will also be excluded from being Private Residential Tenancies.

This case serves as a reminder to landlords who offer holiday lets to ensure they are offering short-term lets for the purposes of a holiday, merely describing the document as a “holiday let agreement” will not suffice to avoid the statutory protections of the Housing (Scotland) Act 1988 and the Private Housing (Tenancies) (Scotland) Act 2016 where the court is not satisfied the property was let for the purposes of a holiday.

Citylets Research Services

The Citylets Research team produces market-leading reports and indices as well as bespoke research and consultancy projects for clients including letting and sales agents, developers, investors, housing associations and local & central government.

In Scotland, Citylets has become the leading authority on the private rented sector and has built up a strong reputation for well-informed, insightful commentary & market analysis and is now a trusted media source on local and national rental issues.

In its position as the UK's leading residential lettings site, Citylets enables the research team to utilise its unique data in addition to Registers of Scotland and Government data. The team recently launched **OptiletPro**, an analysis tool which delivers robust data on the sales and rental residential property markets at a local level. The interface is designed to allow clients to analyse local trends and easily extract data into a variety of formats.

Metrics available:

- Localised average monthly rental prices
- Localised stock levels
- Supply and demand analysis
- Gross rental yield levels
- Localised demographics
- Affordable rent modelling

Methodology

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

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

The Publication

This document was published in July 2017. 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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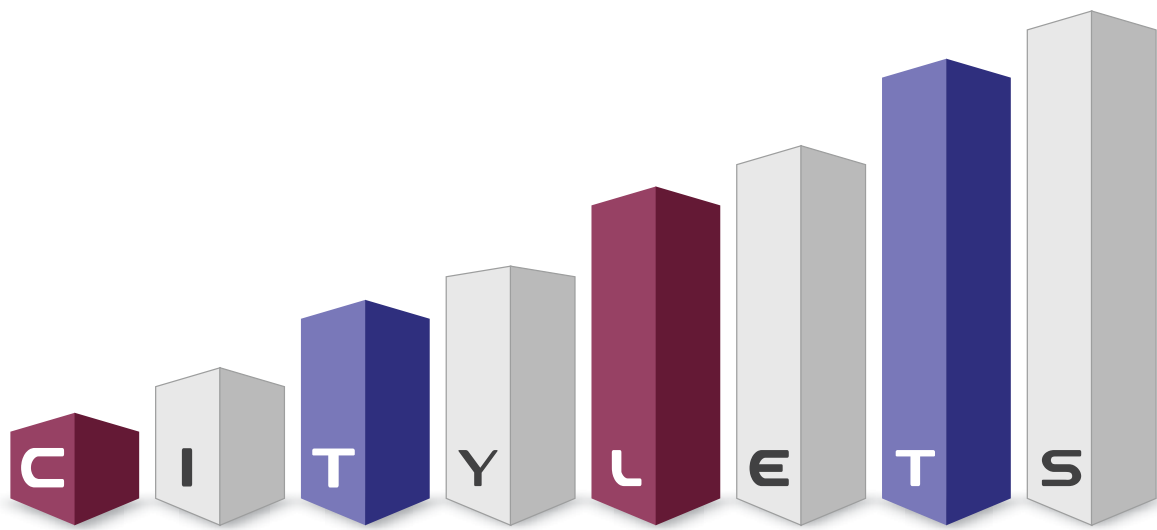
Citylets

21 Lansdowne Crescent
Edinburgh
EH12 5EH

t: 0131 572 0020 f: 0844 507 0400
✉ research@citylets.co.uk
🐦 twitter.com/citylets



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