

Business As Usual



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Market Overview

Scotland's PRS continued its recently rediscovered positive annual growth in Q2 2018, rising 1.3% to £799 per month on average representing an all time national high. All major urban markets continue to operate to trend but with Edinburgh recording an uplift in year on year (YOY) growth. Again, as per Q1 2018, 4 bed properties showed the strongest annual rise at 3.3% to stand at £1522. The average property to rent in Scotland takes just over 1 month to let at 33 days, unchanged from Q2 2017.

Property to rent in Edinburgh also reached an all time high in Q2 2018, rising 4.8% YOY to £1087 per month. It is a noteworthy acceleration on annual growth from the c3% recorded over recent quarters however the market continues to move at approximately the same pace as last year with an average Time To Let (TTL) of 26 days, just 1 day more than Q2 2017. All 1-4 bed markets rose sharply with 4 bed properties gaining most, up 6.8% YOY, outperforming the city average TTL at just 20 days, down 5 on last year and confirming the sustained

demand for larger properties in the capital's Private Rented Sector.

Having surpassed the Aberdeen average last quarter, the average rental in Glasgow continued to

- **Scottish national average moves to new high, up 1.3% YOY to £799**
- **Demand for larger 4 bed properties continues**
- **Edinburgh annual growth rate edges higher to 4.8%**
- **Glasgow continues steady low trajectory at 1.1%**



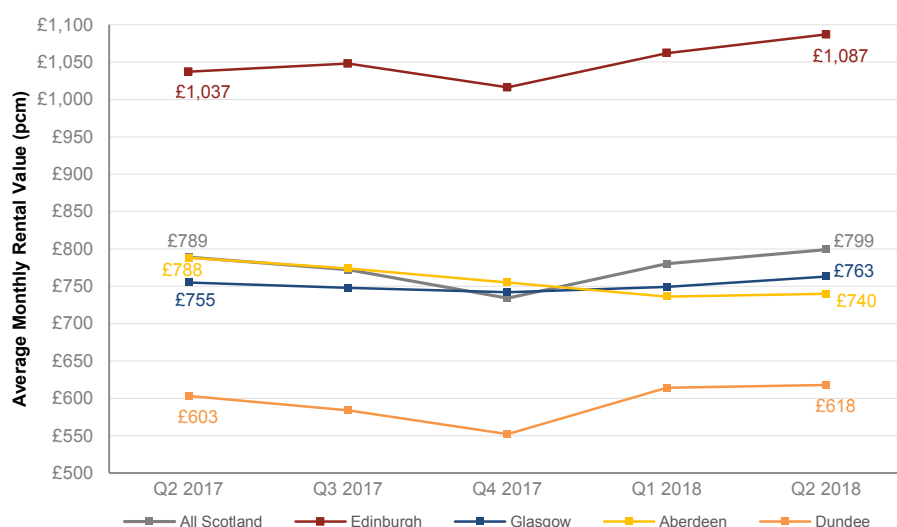
pull away in Q2 2018 at £763 per month, £23 above the granite city. Annual growth however remains low at just 1.1% which will be pleasing for tenants and continues a trend of low annual growth which is currently below inflation. The

market continues to move at almost the same pace as last year at 27 days on average, 1 day quicker than Q2 2017. Notably, 1 bed properties posted the largest rise at 4.5% YOY and the fastest TTL at 25 days. Of all Scotland's main cities, the market in Glasgow appears best balanced as between supply and demand and represents relative stability in the market.

The Aberdeen rental market continued its decline, albeit steady, in Q2 2018 recording a 6.1% YOY fall. The average property now rents at £740 per month with a TTL of 49 days, the same as previous year. The gap with the national average widened to £59 with the latter driven higher by increases in all Scotland's other 3 main cities. Landlords may be encouraged to note that 1 bed properties fared best at just 2.7% YOY decline with the average 1 bed renting 4 days faster than last year. The ten year average records a 1.6% annual decline.

All main Dundee markets recorded positive annual growth in Q2 2018 of between 2% and 5%. The city average rose to £618 up 2.5% YOY with 1 bed properties, as per Glasgow, posting the strongest gain at 4.9% and fastest TTL at 44 days. All markets appear to be moving at the same speed at 44-47 days with the larger 3 and 4 bed properties significantly faster than last year. West Lothian again posted strong annual growth at 4.1% to average £682 and moving 9 days quicker than last year. South Lanarkshire and Renfrewshire both posted positive annual growth of 3.8% and 2.1% respectively driven higher by sharp rises for larger 4 bed properties.

Scottish Monthly Rent Analysis (Q2 2017 - Q2 2018)

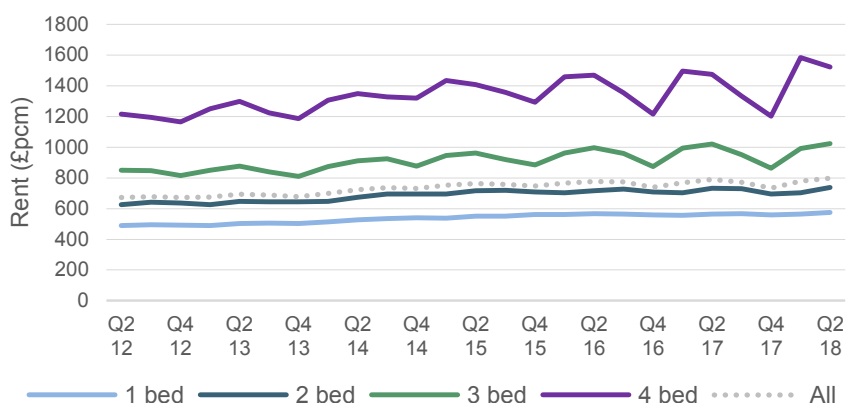


Scotland

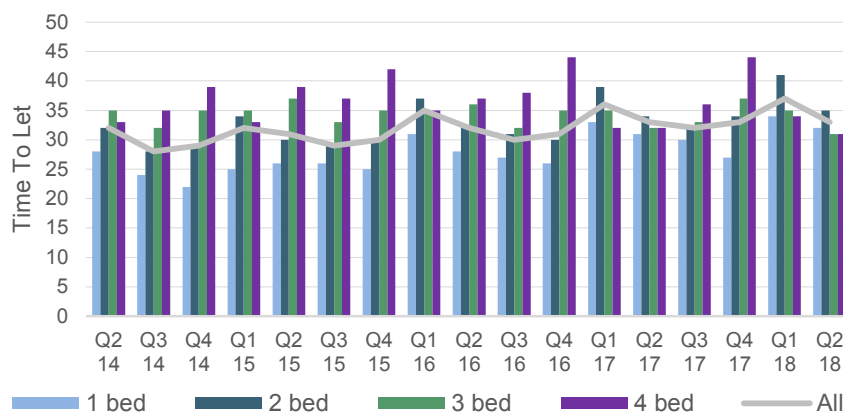
Market Overview - Q2 18

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£574	1.6%	13.9%	19.6%	32	1	18%	58%
2 bed	£737	0.5%	13.9%	20.8%	35	1	16%	54%
3 bed	£1,023	0.2%	16.6%	23.7%	31	-1	19%	59%
4 bed	£1,522	3.3%	17.3%	24.1%	31	-1	21%	60%
Total	£799	1.3%	15.3%	22.0%	33	0	17%	57%

Average Rent (pcm) by Number of Bedrooms

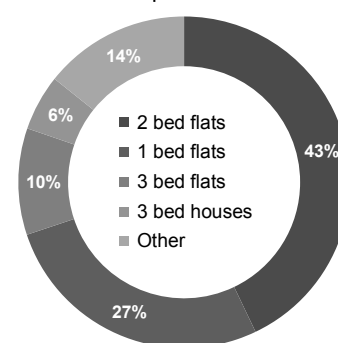


Average Time To Let (TTL) by Number of Bedrooms



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Market Composition

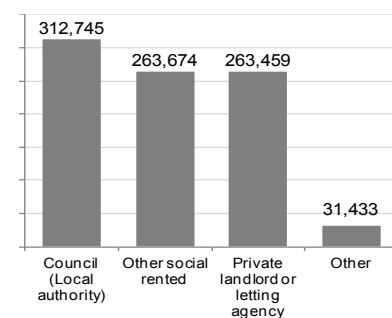


Rental Index

(base: Q2 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		

Households: Rented



Ian Lawson - Lomond Capital

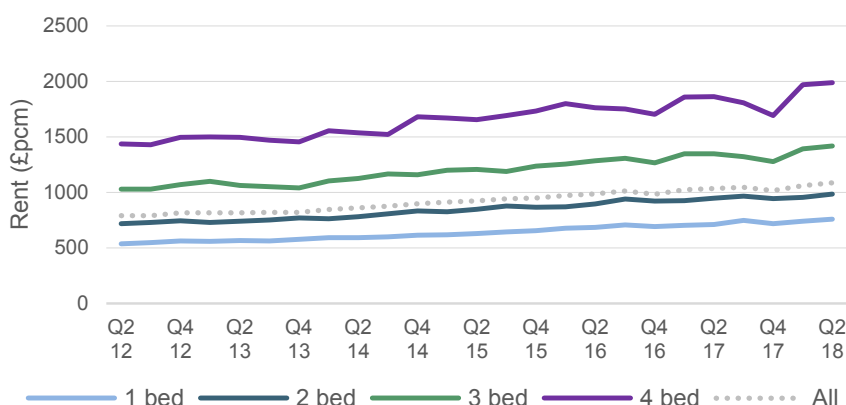
"Strong sustained demand for accommodation in Edinburgh and Glasgow continues to show through, with market conditions and overall mechanics of PRS largely running as normal despite the changes to PRT and still to arrive RPZ's. Demand in the 1-2 bed markets from an investment point of view is busy and continues to offer new investors a route in. Slow and steady in the other regions with some notable uplifts; Aberdeen is still attempting to claw its way back despite solid let numbers, and we expect to see more prominent rent shifts by the end of 2018."

Edinburgh

Market Overview - Q2 18

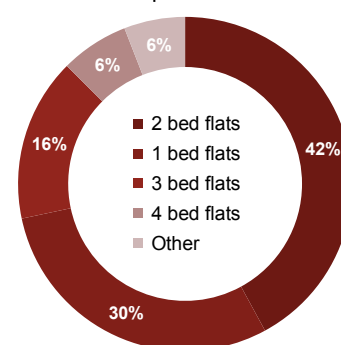
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£758	6.3%	33.9%	42.7%	23	1	24%	72%
2 bed	£986	3.8%	32.9%	44.2%	29	3	19%	62%
3 bed	£1,417	5.0%	33.4%	48.8%	26	-2	27%	65%
4 bed	£1,990	6.8%	32.9%	53.0%	20	-5	36%	75%
Total	£1,087	4.8%	32.9%	45.3%	26	1	23%	67%

Average Rent (pcm) by Number of Bedrooms

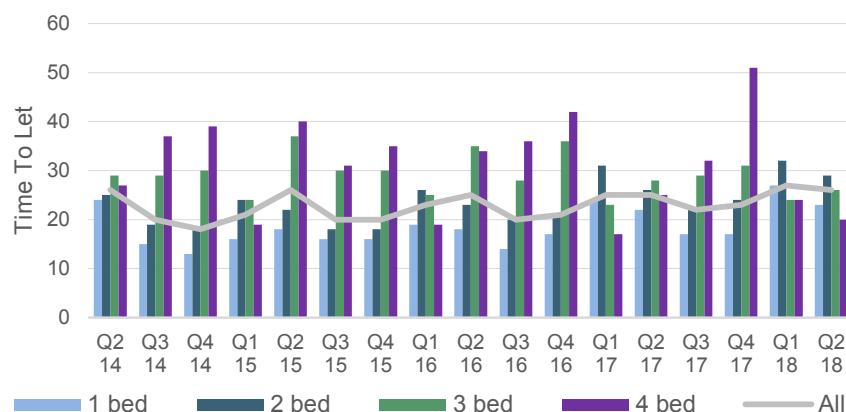


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Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q2 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		

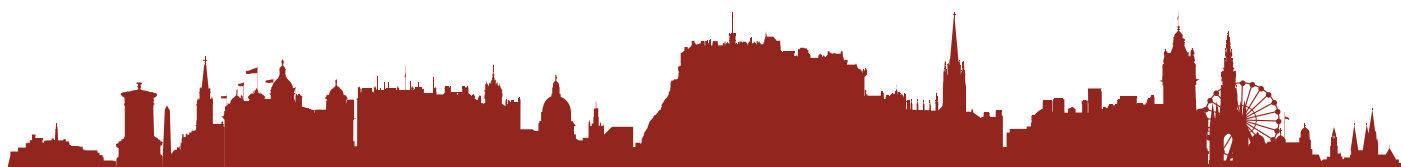


Jonathan Gordon - Clan Gordon

"Q2 has been a busy time for Edinburgh lettings. We have seen a significant increase in the number of investor clients who, unlike 'accidental landlords', are undeterred by higher stamp duty and are demonstrating their confidence in the sector by expanding their portfolios. Demand continues to outstrip supply, especially for one and two bedroom flats, increasing competition between applicants and pushing up rent levels. However, the strain on this area of the market may gradually reduce as landlords are increasingly finding the short term market is saturated, driving them to seek long term tenants."

Yield by Popular Postcodes (Flats)

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

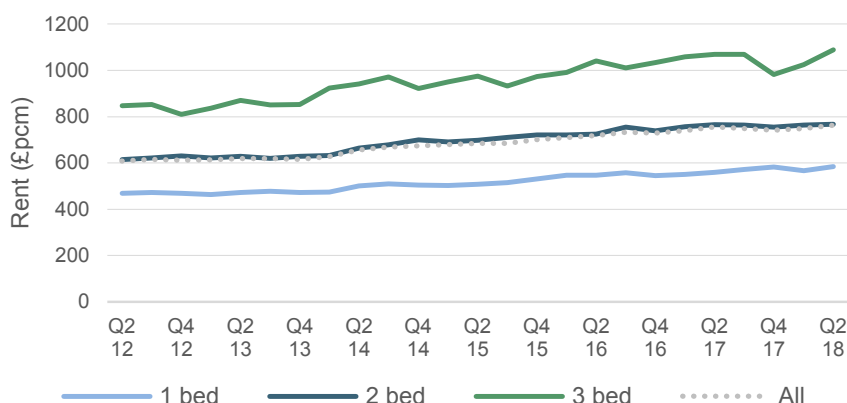


Glasgow

Market Overview - Q2 18

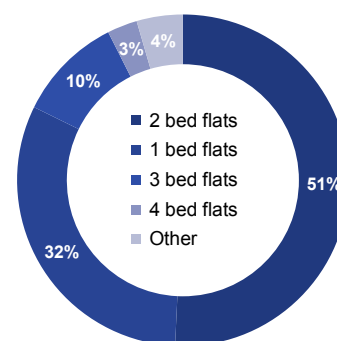
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£585	4.5%	23.7%	28.0%	25	0	25%	69%
2 bed	£768	0.3%	22.1%	30.4%	28	-1	22%	62%
3 bed	£1,088	1.7%	25.1%	42.2%	29	0	25%	62%
4 bed	£1,693	0.3%	39.5%	52.8%	28	-3	10%	67%
Total	£763	1.1%	23.5%	31.1%	27	-1	23%	65%

Average Rent (pcm) by Number of Bedrooms

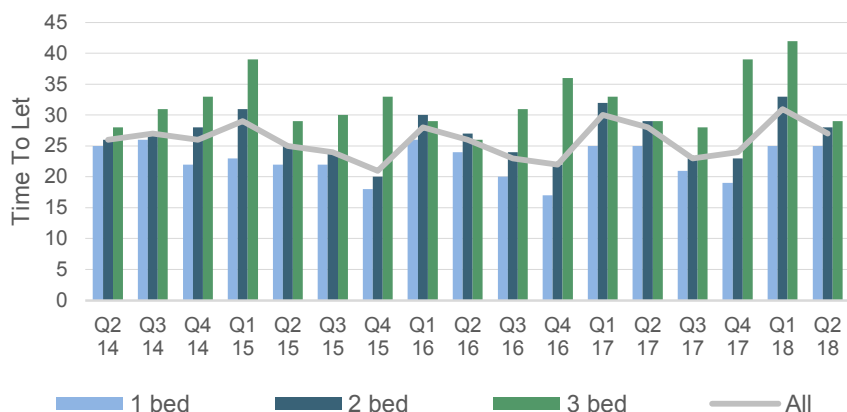


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Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q2 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		

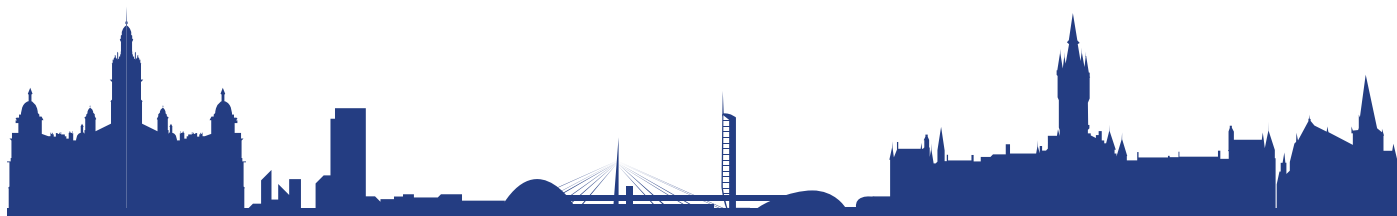
Yield by Popular Postcodes (Flats)

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



Kenneth Urquhart - Aberdeen Considine

"Q2 has seen a very busy time for Aberdeen Considine with high levels of applicants for every property. There has been plenty of activity throughout the city especially for 2 bedroom properties and this, highlighted with the number of tenants outstripping supply, will no doubt be the main reason for the increase we have seen in monthly rents."

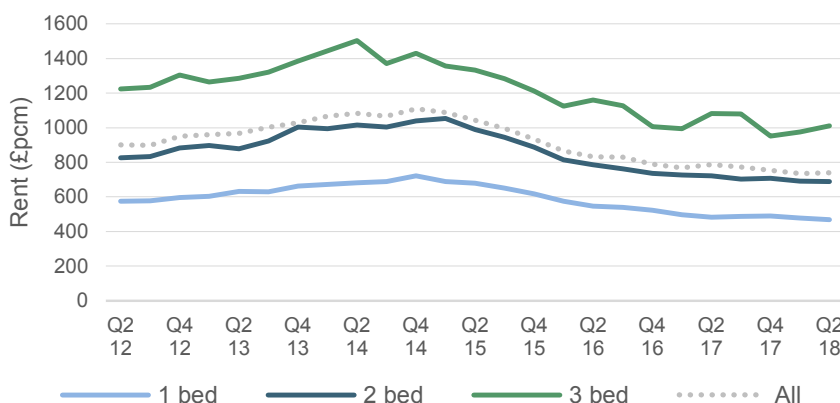


Aberdeen

Market Overview - Q2 18

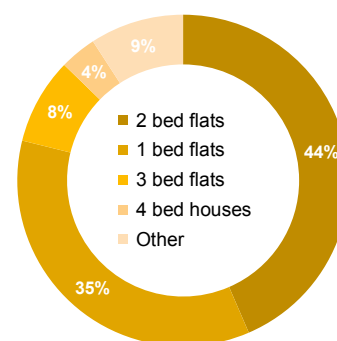
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£469	-2.7%	-25.7%	-17.0%	48	-4	9%	37%
2 bed	£688	-4.8%	-21.7%	-16.7%	53	4	6%	35%
3 bed	£1,012	-6.5%	-21.4%	-14.1%	45	5	6%	43%
4 bed	£1,464	-6.3%	-26.6%	-15.4%	37	-2	12%	47%
Total	£740	-6.1%	-23.5%	-16.0%	49	0	7%	37%

Average Rent (pcm) by Number of Bedrooms

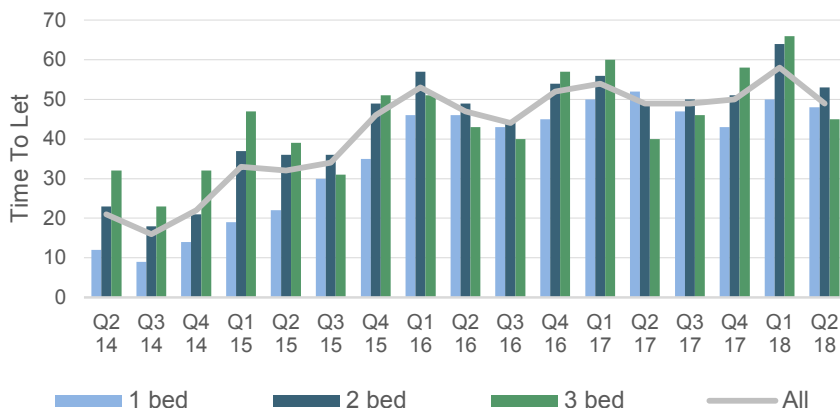


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q2 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		

Yield by Popular Postcodes (Flats)

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



Grant Fairbairn - Grant Fairbairn PL

"Demand has been gradually growing for rental properties in Aberdeen and Aberdeenshire, however there is still a lot of supply. This time of year is always busy in Aberdeen city with students looking for properties for the following term, however it will likely cool off towards the end of September. There is little doubt that the oil price being at a steady 70/75 Dollars a barrel is helping demand for rental properties. We should start to see more oil and gas professionals returning to the city and shire looking for properties to rent if the oil price stays in this region."

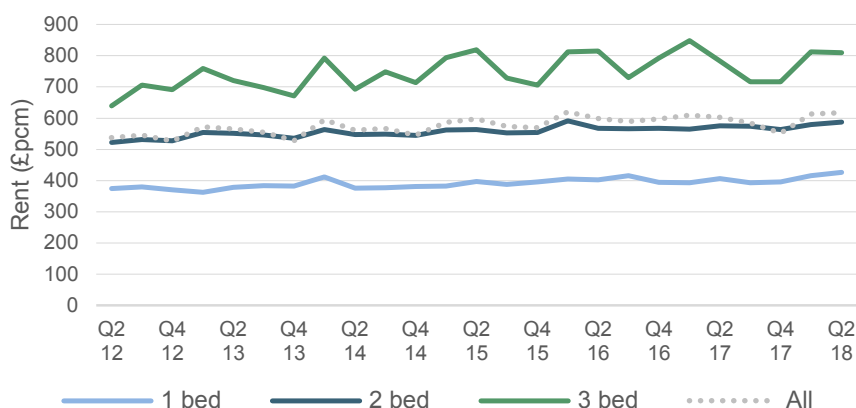


Dundee

Market Overview - Q2 18

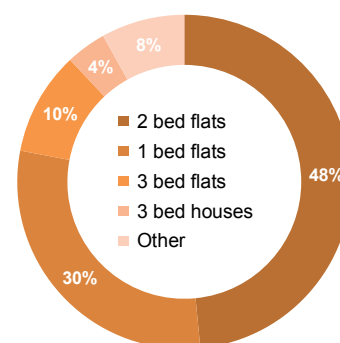
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£426	4.9%	7.3%	12.7%	44	-4	17%	49%
2 bed	£587	2.1%	4.1%	6.5%	45	4	10%	35%
3 bed	£810	3.4%	-1.1%	12.5%	46	-11	6%	34%
4 bed	£1,140	4.3%	6.3%	23.0%	47	-17	6%	29%
Total	£618	2.5%	3.3%	9.4%	46	-1	11%	39%

Average Rent (pcm) by Number of Bedrooms

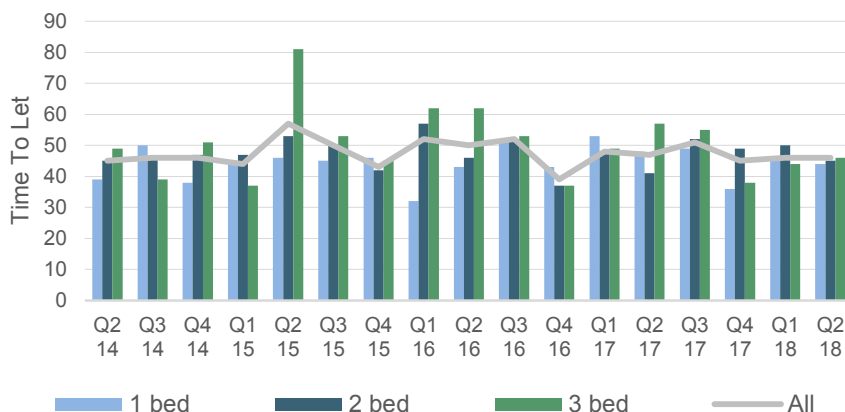


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index (base: Q2 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		

Yield by Popular Postcodes (Flats)

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



Robert Murray - Lickley Proctor Lettings

"Once again quality properties have been found to be more in demand than those at the lower end of the market albeit we are aware there has been an overall uptake in viewings of late, which is encouraging. Rents we had sought have been achieved and we think if the rentals being invited are realistic, this should continue to be the case and thus maintain what appears to be relatively consistent rent levels in the private rental market in Dundee."

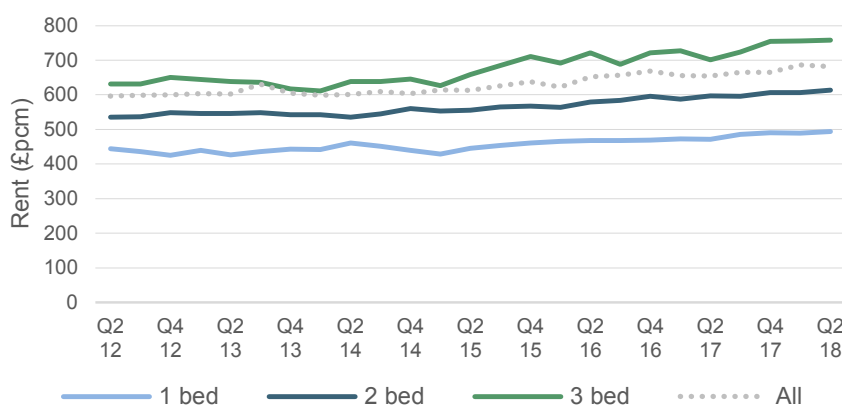


West Lothian

Market Overview - Q2 18

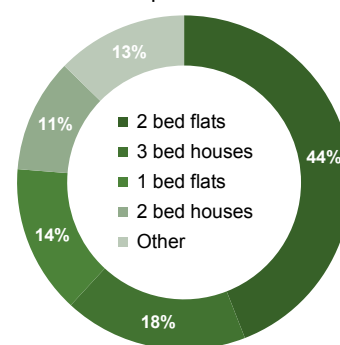
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£494	4.9%	15.7%	17.9%	36	-13	11%	53%
2 bed	£614	2.8%	12.5%	11.6%	44	-8	9%	47%
3 bed	£758	8.1%	18.6%	19.2%	36	-12	16%	45%
4 bed	£980	-1.1%	10.7%	22.8%	45	6	14%	50%
Total	£682	4.1%	13.3%	16.0%	40	-9	11%	47%

Average Rent (pcm) by Number of Bedrooms

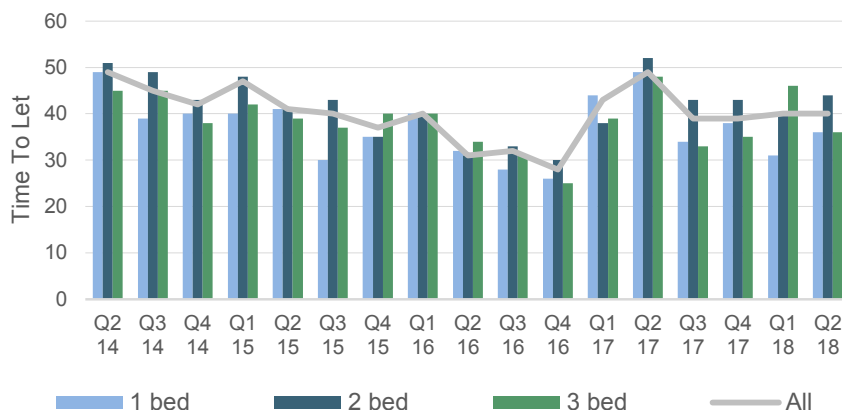


CITYINFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q2 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		

Yield by Popular Postcodes (Flats)

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



Brian Callaghan - Letting Solutions

"A great time to be a landlord in that exceptional demand from tenants is reassuring and provides quality tenants at strong rental levels. In two days we let seven West Lothian properties, and could have rented them out several times over. Fewer tenants moving on is another plus for landlords. However, there is a growing realisation among landlords of the increasing tax they face, while compliance places heavy demands on finances. More emphasis on creating a safer environment for tenants is to be welcomed, but sadly the contribution of landlords is not reciprocated by government through fiscal policy."

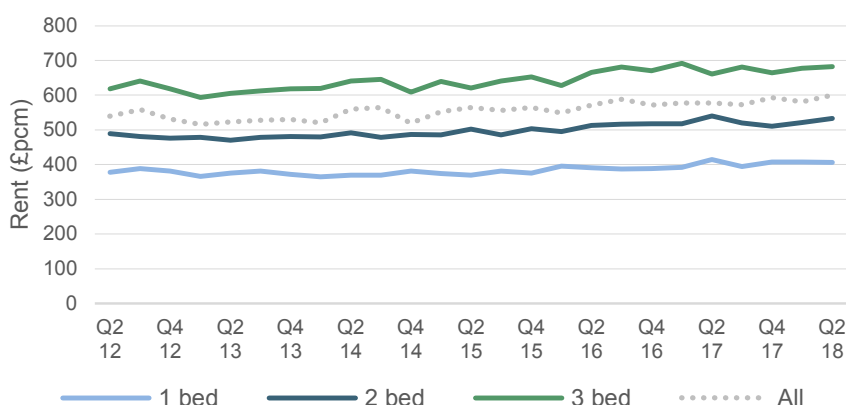


South Lanarkshire

Market Overview - Q2 18

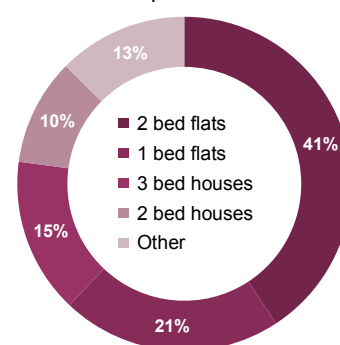
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£406	-2.2%	8.3%	7.7%	34	-3	14%	48%
2 bed	£533	-1.3%	13.4%	5.8%	32	-5	16%	54%
3 bed	£682	3.2%	12.7%	11.4%	28	-2	17%	61%
4 bed	£1,159	14.0%	28.3%	20.7%	33	-5	25%	56%
Total	£600	3.8%	14.7%	11.3%	31	-5	17%	54%

Average Rent (pcm) by Number of Bedrooms

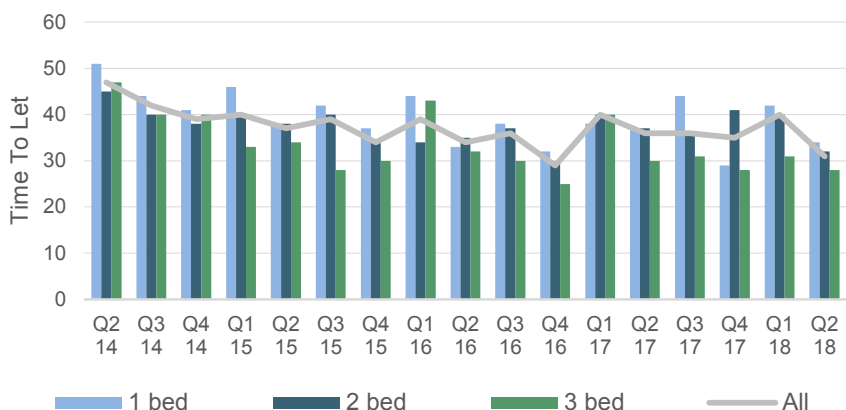


CITYINFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q2 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	110.5		

Yield by Popular Postcodes (Flats)

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



David Kendall - Lets Make Homes

"Demand for larger properties, particularly 3 and 4 bedroom houses, continues to outstrip supply leading to increased rents. Other types of property remain steady, with those in pristine condition being snapped up quickly. Increasing numbers of viewers are citing 'their landlord is selling' as a reason for their move. If this trend continues, against a back drop of more stringent regulations for buy to let finance and tax changes coming into force, then it is likely that supply will decrease among all types of property, leading to greater competition for the best homes to let and therefore higher asking prices."

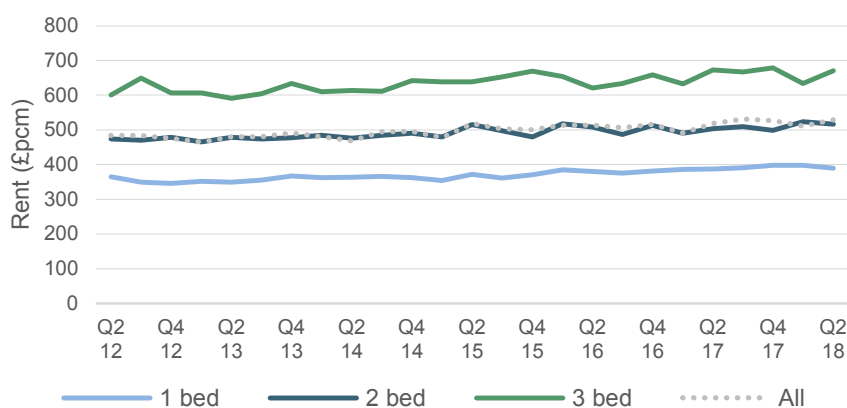


Renfrewshire

Market Overview - Q2 18

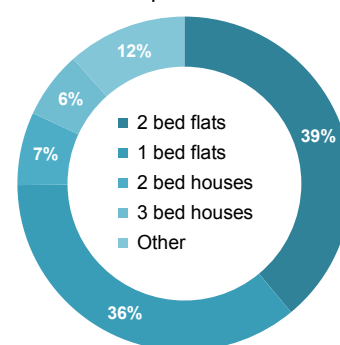
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£390	0.8%	11.4%	12.1%	36	-2	11%	45%
2 bed	£517	2.6%	8.2%	9.3%	39	3	13%	49%
3 bed	£671	-0.3%	13.5%	9.5%	34	6	17%	59%
4 bed	£1,038	11.3%	19.7%	9.0%	32	4	8%	62%
Total	£529	2.1%	10.2%	11.1%	37	1	13%	49%

Average Rent (pcm) by Number of Bedrooms

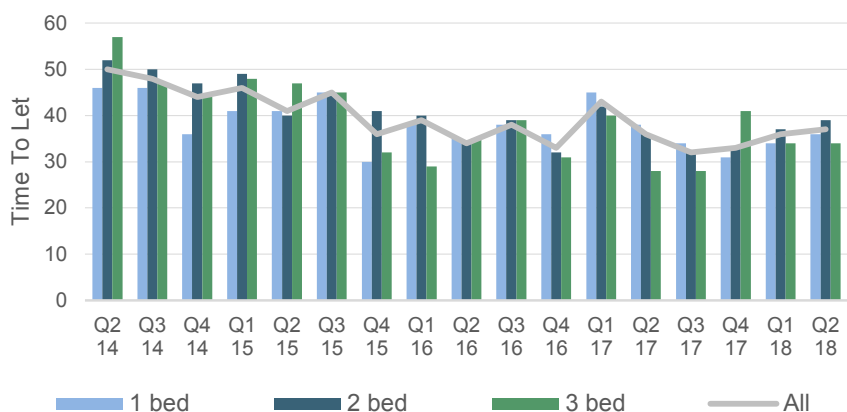


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q2 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		

Yield by Popular Postcodes (Flats)

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



Matt McCusker - Castle Residential

"As expected, Q2 has been a busy time for us and with the higher end of the sales market beginning to plateau, the higher end of rental market has bore fruit. The PRT hasn't hugely affected our stats as yet, but we feel it is only a matter of time until tenancies begin to shorten. Recent increased regulation coupled with the financial changes imposed by the government has seen fewer new landlords entering the game, while some have actually chosen to pull out all together. There doesn't seem to be an influx of new buyers to replace these BTL investors either, so it looks like the intentions of the government have yet to be realised."



Agent Views

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

Aberdeen Considine, Aberdeen – Karolina Robertson



"We have witnessed increased tenant activity in the Aberdeen lettings market in the last quarter. Good quality one bedroom flats in particular are much sought after with some achieving higher rentals than the asking price. The middle market remains challenging with supply outstripping tenant demand at the moment. However, properties in good condition with en-suite facilities and off street parking are proving to be more popular than those without. The top end of the market is also showing some signs of improvement with an increase of professional personnel moving to the area, which has meant we have been able to secure tenancies for some of our more exclusive properties."

Northwood, Aberdeen – Matt Pullinger



"Q2 of 2018 in Aberdeen has been a very busy period for us at Northwood with good movement for competitively priced and well maintained properties. The market seems to have stabilised somewhat rather than being a race to the bottom as it had been in previous quarters. The key remains for landlords to ensure that their property attracts tenants as there continues to be significant choice. For a successful let a landlord must present the property in immaculate condition, advertise at the correct market value so the property appears in tenant searches and market the property using successful platforms that reach prospective tenants on a timely basis."

Happylets, Glasgow – Bobby Sandhu



"Q2, as always, has been a busy period as the students populate the majority of the rental market, which has resulted in the continuation of healthy rents. However, we have seen a few more vacant periods than usual which has resulted from tenants being able to give notice more freely if they are on a PRT lease. However, this has not been a serious concern as there has still been a strong and plentiful demand throughout the months. Property sales are also continuing to pick up meaning rental properties are being lost to the sales market but there is still a steady flow of incoming landlords, especially from those interested in a tenant find only service."

The Key Place, Bo'ness – Robert Young



"The buy to let 'change train' continues to puff puff its way along the track. New landlords are entering the market recognising the great investment opportunity it represents. Some existing landlords are leaving the market as things are not as good as they were given the recent tax and legal changes. Some letting agents are implementing the new letting agent regulations but others are not, which is likely to result in future consolidation of the market. Interestingly, the one set of people who do not seem to be changing are tenants as there continues to be strong demand from them."

The Flat Company, Edinburgh – Matthew Wilcken



"Q2 is the time of year when we turn our attention to letting our clients' student properties for the next academic year. This year we have managed to grow our supply of student properties but in general the supply of student properties in Edinburgh does appear to be shrinking. This has led to upwards pressure on rents and our student properties being let out prior to Easter."

Umega Lettings, Edinburgh – Neil McInnes



"It's been a very busy 2018 in the PRS in Edinburgh. I can't remember another year where the clamour for properties from prospective tenants was so strong. This seems to highlight the continuing trend in the market of not enough good rental properties to meet the tenant demand. Consequently, rents continue to increase rapidly making it a tough time to be a prospective tenant in Edinburgh. Tougher taxes are deterring new landlords from entering the market but this is compensated by the increasing rents (and yields). It's hard to predict where this will lead; the council seem to be no nearer dealing with the proliferation of Airbnb and large scale build to rent blocks in Edinburgh are not going to appear anytime soon. It looks like the current conditions will continue for the rest of 2018 at beyond."



Agent Views cont...

1LET, Edinburgh – Ken Bell



"Q2 has seen the Edinburgh market continue to perform well with demand for all property classes far outstripping supply. Well-presented 1 bedroom traditional properties in particular have been attracting unprecedented levels of interest from young professionals. Landlords based in the UK and abroad, in particular Hong Kong, have continued to invest in Edinburgh to satisfy the seemingly never-ending demand for rental accommodation. The student market for traditional 3, 4 and 5 bedroom properties continues unabated even with the addition of the numerous purpose built student developments. With current market conditions 1LET see no reason for this strong market to cool."

Be-Rented, Glasgow – Graeme McEwan



"As mentioned in my last report for Q1, the frothiness of the rental market in the last quarter or so in Glasgow looks to be moving into a period of stability with landlords seeing reduced tenant turnover and solid returns on investment. There also appears to be some hesitation amongst new investors though as they get to grips with the weight of recent regulations - and this may well prove to be a factor with year-end prices possibly decelerating - again, into a period of stability."

Cullen Property Ltd, Edinburgh – Steve Coyle



"Q2 has exhibited the growing divergence between the availability of property-v-demand, especially in the one and two bed markets. TTL's remain numbered in days, not weeks. Rents continue to rise steadily. Possibly because of tighter stress testing by lenders and 'portfolio' testing since Oct 2017, smaller property BTL investors have diminished. Conversely, investor interest in Edinburgh from cash buyers and larger property investors has increased. Rent increases in HMO properties were between 3-5% this year. The student market remains extremely strong. And 6 months on from the introduction of PRT it appears to have bedded in well in the short term. What effect it may have on the holiday rental market, student 'cycle' and the Festival letting market remains to be seen in coming years given its perceived lack of forward planning allowances."

ESPC Lettings, Edinburgh – Nicky Lloyd



"The letting industry has continued to grow during Q2, with demand still outstripping supply and rents continuing to increase. The majority of movement in the market comes from people moving into the city, rather than existing renters moving around the city. As the summer approaches this expects to be a trend we continue to grow."

Cox & Co., Edinburgh – Mike Erskine



"We had a very strong Q2 and projections for Q3 are looking positive. Rents look to continue their growth and TTL will continue to reduce through the peak period of the year. The 1 and 2 bedroom flat market continues to be busy, with properties being on the market for minutes rather than days! There is still a shortage of quality properties, driving demand up. We have embraced the adjustments in our industry and with our positive approach, this has meant that we've seen little change to our daily operations. We hope that quality landlords will not be put off and will continue to seek to invest in our beautiful city."

Ben Property, Edinburgh – Jamie Kerr



"The second quarter of 2018 has been incredibly busy with both new investors coming to the market and a good deal of landlords formerly utilising Airbnb for short term lets coming to the longer term rental market. The threat of further regulation and other such restrictions on the short term/holiday sector can only be welcomed in order to redress the imbalance seen in this part of the market. Long term rental levels continue to rise at a moderate rate and the time to let is increasing low especially in the lower to middle levels of the market. Looking forward we envisage quarter three to be equally busy."

Arden Property Mgt, Edinburgh – Catriona Waugh



"Tenants driving rent reductions? Just had our first case of a tenant who signed up for a flat with us, moved in then got a better offer elsewhere so gave notice, the reason being cheaper rent. Could this signal the beginnings of a rent downturn as we try to keep hold of tenants? Will agents be keen to make deals so that their landlords avoid the extra costs associated with marketing and new leases in order to keep the landlords business? I think this is an interesting time coming up and though properties are still scarce, tenants are getting ever more savvy, so agents need to keep on their toes!"

Have Your Say!

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

Postcode & Towns - Average Rents & TTL - Q2 18

Landlords and Letting Agents continue to require timely, accurate data to help them value rental properties in a variety of locations. At Citylets, robust information is paramount so we only include rents for postcode districts where there is substantial quarterly volume.

Edinburgh - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
EH1	£833	(30)	£1,061	(29)	£1,501	(33)
EH3	£931	(25)	£1,247	(29)	£1,671	(36)
EH4	£815	(30)	£1,010	(37)	£1,277	(39)
EH5	£690	(32)	£845	(29)	£963	(55)
EH6	£669	(17)	£855	(26)	£1,143	(49)
EH7	£698	(21)	£923	(26)	£1,363	(26)
EH8	£719	(21)	£965	(28)	£1,473	(15)
EH9	£801	(25)	£1,067	(31)	£1,521	(14)
EH10	£768	(26)	£1,024	(29)	£1,395	(34)
EH11	£675	(18)	£862	(21)	£1,242	(24)
EH12	£740	(24)	£1,075	(34)	£1,222	(28)
EH13			£760	(37)		
EH14	£651	(25)	£833	(25)	£979	(34)
EH15			£815	(18)		
EH16	£659	(18)	£859	(29)	£1,280	(17)
EH17			£784	(39)		
EH21	£604	(19)	£744	(30)		
EH22			£682	(32)		
EH26			£695	(23)		
EH47			£574	(57)		
EH48	£492	(32)	£596	(41)	£741	(29)
EH49			£642	(18)		
EH51			£508	(41)		
EH54			£625	(39)	£753	(25)

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£472	(46)	£680	(56)	£986	(45)
AB11	£453	(57)	£688	(56)	£1,017	(50)
AB12	£511	(51)	£674	(48)		
AB15	£586	(47)	£799	(45)	£1,024	(42)
AB16			£568	(63)		
AB21	£604	(55)	£672	(53)		
AB22	£495	(54)	£663	(65)		
AB24	£465	(45)	£695	(41)	£1,122	(41)
AB25	£469	(38)	£658	(49)	£870	(36)
AB41			£648	(35)		
AB51			£655	(58)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£431	(51)	£641	(38)		
DD2	£437	(48)	£584	(41)	£826	(46)
DD3	£388	(49)	£521	(50)		
DD4	£416	(37)	£514	(47)		
DD5			£672	(48)		
DD8			£474	(43)		
DD11	£355	(62)	£494	(74)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£661	(25)	£956	(40)		
G2	£673	(15)	£880	(27)		
G3	£653	(20)	£887	(23)	£1,320	(22)
G4	£621	(27)	£819	(27)	£1,257	(30)
G5	£624	(27)	£713	(26)		
G11	£603	(22)	£862	(26)	£1,235	(31)
G12	£706	(27)	£921	(27)	£1,320	(25)
G13	£533	(35)	£647	(26)	£813	(38)
G14	£486	(43)	£564	(29)		
G20	£611	(27)	£717	(26)	£840	(36)
G31	£485	(31)	£674	(25)		
G32	£432	(26)	£549	(30)		
G33			£570	(36)		
G40	£446	(16)	£618	(25)		
G41	£554	(18)	£674	(23)	£915	(44)
G42	£473	(30)	£619	(28)		
G43			£587	(26)		
G44	£502	(40)	£622	(35)	£552	(24)
G51	£437	(45)	£577	(31)		
G52			£551	(29)	£586	(43)
G61			£835	(32)		
G71			£638	(28)		
G72			£563	(19)		
G73	£458	(34)	£560	(37)		
G74	£438	(41)	£525	(28)	£717	(25)
G75			£493	(36)	£673	(17)

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Ayr			£521	(30)		
Bathgate			£596	(42)		
Bo'ness			£508	(41)		
Cumbernauld			£482	(44)		
Dalkeith			£699	(29)		
Dunfermline	£427	(39)	£556	(29)		
East Kilbride	£393	(38)	£509	(28)	£687	(21)
Glenrothes			£490	(30)	£586	(21)
Hamilton	£386	(32)	£532	(27)	£696	(25)
Inverness			£656	(41)	£794	(20)
Kilmarnock			£446	(77)		
Kirkcaldy	£381	(33)	£516	(54)		
Linlithgow			£642	(18)		
Livingston			£636	(33)	£777	(19)
Motherwell			£520	(32)		
Paisley	£380	(42)	£485	(43)	£668	(53)
Perth	£423	(43)	£543	(45)	£725	(27)
Stirling Town	£505	(24)	£691	(15)	£932	(18)

News Round Up

Fresh Property Group

With Scottish Highers and A-level exams over for another year, many school leavers are getting ready to start university this September.

Fresh Student Living is opening a new scheme in Caledon Court, Aberdeen which will comprise of 199 beds in a fantastic location opposite RGU. There will be a choice of en-suite bedrooms in shared apartments as well as self-contained studios, which are ideal for post-graduates or students looking to share. The scheme also has several social spaces available, including a TV lounge, study room and outdoor area.



Aberdeen Caledon Court Social

Fresh Student Living's Purpose Built Student Accommodation (PBSA) consists of all-inclusive rent, on-site accommodation teams, CCTV and security. These factors can provide parents with peace of mind for when their children take the leap from school to higher education.

Jane Crouch, Fresh Property Group COO comments: "Lettings across our operational Scottish portfolio are up 12% year on year, demonstrating that PBSA is becoming the first choice for more and more students who are benefitting from living with a nationally accredited building manager who understands the needs of students studying away from home."

Fresh Student have nine schemes in Scotland: five in Glasgow, two in Edinburgh and one each in Paisley & Aberdeen.

Winner of Mid-Market Rent Development of the Year

Launched in 2017, Let's Choose is the marketing brand for Kirkgate Developments which is the wholly owned subsidiary of Grampian Housing Association. Their growing property portfolio comprises of 116 market and mid-market rental properties located throughout Aberdeen, Aberdeenshire and Moray. Let's Choose recently won the Scottish Federation of Housing Association's Mid-Market Rent Development of the Year Award. Built by Barratt Homes, the nominated development consists of seven stunning three bedroom houses at Osprey Heights, Inverurie.



The award winning development at Osprey Heights

Key workers and local families snapped up the chance of a brand new home at an affordable rent. Inverurie offers regular bus and train services to Aberdeen plus excellent shopping facilities and a full range of leisure pursuits including bowling, swimming, golf and tennis.

Another new Let's Choose affordable housing development is The Den at Milltimber. Launched in April 2018, these generous sized properties comprise of eight one and two bedroom cottage style apartments. Finished to an exceptionally high standard by Bancon Homes, they come complete with quality white goods, flooring and window dressings.

Future development at Burnside Gardens, Aberdeen is underway and will provide affordable accommodation of over a hundred one and two bedroom apartments to NHS & Aberdeen University Medical staff and other key workers who earn up to £40k per annum.

Don't Throw the Baby Out with the Bath Water

John Blackwood discusses short and long term rentals

With increasing interest from the public and landlords alike in short term lets, there is fear that the emergence of holiday lets in practically every street of our major towns and cities, will cause disruption to our local communities. But before we rush to regulate the sector, let's understand why it is happening and the value of short term lets to our local economy says John Blackwood, chief executive of the Scottish Association of Landlords (SAL).

Without a doubt what we need is more supply of private housing to meet the needs of our increasing population. With a lack of social housing and difficulty for many in getting on the home ownership ladder, people have no option other than to look to private landlords for their next home. This pressure on the sector, coupled with landlords opting to let to the holiday market may be contributing to increased rents and difficulties for many in finding a home.

But let's take a moment to look at why this is happening. Whilst it is easy to listen to the lobby for rent controls we must understand that rising rents are a symptom of the problem and not the problem in itself. It does seem perverse that the tax system incentivises landlords offering holiday accommodation over those willing to offer long term lets to those who desperately need a home to

live in. With the holiday let market practically unregulated and offering tax advantages to landlords, it is no surprise that many landlords are moving from the highly regulated long term housing market to offering only short term lets to tourists.



Landlords offering homes for people to live in have to jump through more hoops of regulation and tenancy control as well as paying more tax than those landlords who simply opt for the tourist market. Whilst we need landlords to offer short term lets, thus increasing tourism which boosts local economies, we also need those landlords offering to house people who can't find a home elsewhere.

The answer must be to get our priorities right, providing homes for people should be key. Both the Scottish and UK governments need to recognise that a well-functioning and well balanced private rented

sector is what we want to achieve, rather than rushing to regulate - which seldom works.

Incentivising landlords to come back into the long term market is one we need to seriously consider along with proportionately regulating short term lets as part of the answer.

What we need is a well-functioning private housing sector that meets the diverse needs of all tenants and it is time for imaginative thinking about how we can increase supply, support good landlords and offer quality affordable housing to tenants.

We know one size seldom fits all and the same goes to finding answers to our growing housing problem - but surely with a bit of thought we can find a solution that suits both landlords and tenants while protecting our local communities.

Find out more at www.scottishlandlords.com

SafeDeposits Scotland Trust Makes a Difference

Victoria Smith explains how projects around Scotland have benefited

I wrote about the SafeDeposits Scotland Trust for Citylets back in January 2017. At that time the Trust was about to make its first grants and it's incredible that since then more than £160,000 has been awarded.

The funds come from the unique way that SafeDeposits Scotland is set up – we're not for profit and any surplus that we make is passed to our charitable arm, the SafeDeposits Scotland Trust. The Trust's remit is to advance best practice in customer service by landlords, improve tenants' information, rights and obligations, and promote alternative dispute resolution (ADR).

The largest recipient so far has been Shelter Scotland, who applied for funding in 2017. The charity was awarded £43,500 from the SafeDeposits Scotland Trust to redevelop and relaunch the RentingScotland.org website, ahead of the recent legislative changes.

The Trust believes the website is an important resource for tenants, agents and landlords. It's especially needed now, with many unclear of the differences between the old assured and short assured tenancy agreements and the new private tenancy agreement.

More recently a grant of £20,200 was awarded to Strathclyde University Mediation Clinic to help launch The Housing Project. It provides PRS mediation services in the West of

Scotland and aims to help landlords and tenants resolve disputes amicably, efficiently and fairly. The Trust encourages the uptake of mediation and hopes the project will support landlords, agents and tenants across Scotland.

The Trust not only funds large projects, but also supports individuals. It welcomes applications to fund research projects which will have an impact on the sector. An example of



Victoria Smith

this is prospective PhD student at the University of Glasgow, Andrew Wilson, who was awarded £5,700 to fund and progress a research project on risk awareness and management practices of private landlords and the impact it's having on the PRS in general.

The Trust believes that Andrew's research could improve levels of compliance for landlords and better standards for tenants.

Over the last three years, nine organisations have been awarded

funding by SafeDeposits Scotland Trust totalling £163,113.40 to progress initiatives that will improve the PRS and this is just the beginning.

We believe that those that are actively involved in the private rented sector (PRS) will have the creative ideas and expertise to develop and advance the industry to make it the best it can be.

We are therefore always looking for exciting and innovative suggestions, proposals and projects and we're proud to have funded many inspiring initiatives that will help landlords, letting agents and tenants across Scotland to navigate the often-complicated landscape, improving standards and reducing conflicts.

The Trust welcomes applications to fund projects, large or small, throughout the year and is very keen to hear creative ideas and suggestions on how to improve the sector. All ideas will be considered and some may qualify for receiving funds quickly. Other proposals may need further development before they are eligible.

Find out more information at www.safedepositsscotlandtrust.com.

Victoria Smith is Chief Operating Officer 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.

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**SafeDeposits
Scotland**

Disability Discrimination Defences in the Private Rented Sector

TC Young advise landlords about discrimination against a disabled person

Private sector landlords will be all too familiar with possible eviction defences available to tenants in terms of reasonableness. However, they may be less aware of an additional defence under the Equality Act 2010 which is increasing in frequency.

s. 15 (1) of the Equality Act 2010 (“the Act”) provides: “A person (A) discriminates against a disabled person (B) if — (a) A treats B unfavourably because of something arising in consequence of B’s disability, and (b) A cannot show that the treatment is a proportionate means of achieving a legitimate aim.

Furthermore, s. 35 of the Act (1) provides “A person (A) who manages premises must not discriminate against a person (B) who occupies the premises ... b) by evicting B (or taking steps for the purpose of securing B’s eviction)”

Disabled tenants can claim the protection of these provisions when faced with eviction.

What can landlords do to protect their position?

Landlords should carefully consider the known circumstances of tenants when considering taking eviction action. In particular, the following questions should be considered:

1. Are you aware or could you reasonably be expected to know that your tenant has a disability?
2. Is that disability causing the behaviour which prompted you to consider eviction?

If the answer to the above is yes, in any eviction proceedings where such a defence is raised, landlords will require to satisfy the Tribunal that the decision to evict is a proportionate means of achieving a legitimate aim. In determining proportionality, the burden of proof rests with the landlord to satisfy the following:



- a. Is the objective (ridding the property of this tenant) sufficiently important to justify limiting a fundamental right?
- b. Is the measure rationally connected to the objective?
- c. Are the means chosen no more than is necessary to accomplish the objective?

Could other less intrusive measures be more appropriate in the circumstances?

- d. Is the disadvantage caused to the defender disproportionate to the legitimate aim?

Landlords should prepare for the possibility that a disability discrimination defence could be raised by tenants and carry out an assessment of such a possible defence prior to taking the decision to evict. It is not sufficient to assert that a landlord would treat a non-disabled person in the same way. Lady Hale has confirmed, in the case of *Akerman-Livingstone v Aster Communities Limited*, that the Equality Act provides disabled people with “rights in respect of the accommodation which they occupy which are different from and extra to the rights of non-disabled people. Landlords may be required to accommodate, or to continue to accommodate, a disabled person when they would not be required to accommodate, or continue to accommodate, a non-disabled person.”

It does not amount to unlawful discrimination if the landlord can show that they did not know, and could not reasonably have been expected to know, that the tenant had the disability. However, the practical reality is that such a position may be difficult for the landlord to maintain if the landlord is notified during the possession proceedings of the disability and continues to pursue eviction.

Roles in the Property Sector – What Opportunities are there?

Jobs in Letting present an overview of the variety of roles which their clients have recruited for over a 12 month period

Property Manager - dealing with all aspects of a portfolio of properties. Carrying out property inspections/move in's & outs, liaising with landlords, tenants and contractors. Dealing with all maintenance issues. Must have: full working knowledge of current legislation; full clean drivers licence; strong local area knowledge.

Senior PM – in some cases you may be in charge of a small team therefore 'people management' skills are required. Also, winning new landlords together with looking after a portfolio of properties.

Trainee PM – you may have been an Assistant PM therefore have excellent working knowledge of the administrative side of property mgt. This is the next step up.

Letting Co-ordinator – you will be responsible for the letting and occupancy of the properties within the branch/team. Must have: Excellent customer service skills; strong IT; exceptional organizational skills; good communication skills; full clean drivers licence.

Letting Negotiator - 'front-line' position dealing effectively with both landlord and tenant enquiries, securing letting valuations and prospective tenant viewing appointments. Managing a portfolio of pre-let and void properties, organising all advertising and promotional material to generate prospective tenant enquiries. You will manage the diary of the viewing representative and ensure landlords are kept fully updated on all progress. Must have: excellent time management; methodical thinker; extremely well organized; competent IT skills; strong communication.

Property Admin - assisting the letting team with all pre & post tenancy administration. Reference checking; utilities; lease agreements; notices; annual safety checks. Updating property adverts on website & other portals. Must have: strong organizational skills; eye for detail; excellent time management & planning. Can do attitude and take direction well.

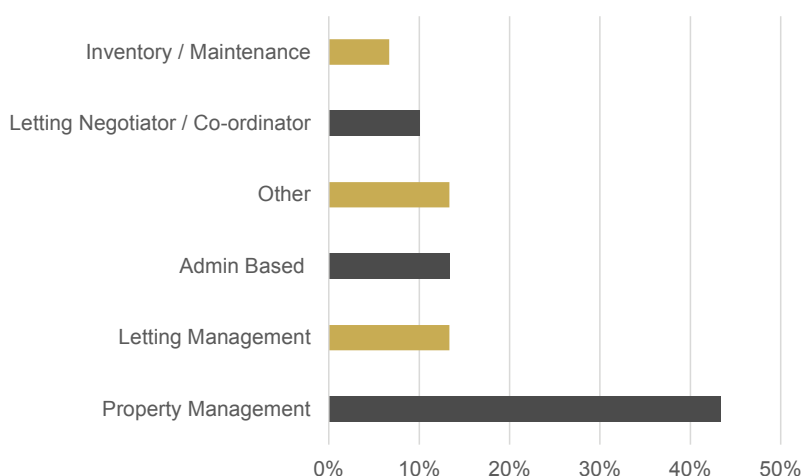
Inventory Clerk – you will be preparing detailed inventories, conducting routine inspections and doing check outs upon expiry of the tenancy and negotiating any deposit disputes with SDS. Must have: excellent customer service is an absolute must; a full clean UK driving licence; experience of taking full inventories will be an advantage; good area knowledge.

Maintenance Inspector – carrying out regular inspections of modern properties and traditional tenements ensuring compliance and assessing fire risk, health and safety issues. Carrying out check-ins and outs. Preparation

of inventories. Instructing contractors. Corresponding with property owners via phone, e-mail and letter. Providing a high level of customer service, building relationships, resolving any complaints. Co-ordinating any insurance claims on behalf of property owners. Must have: you should ideally have experience in a similar role. It is essential that you can handle a busy workload, have strong organisational skills and communicate well. A full clean drivers licence is essential.

Letting Manager – running the letting dept. Proactively winning new business. Managing the team. Networking at client events. Overseeing department budgets. Carrying out presentations. Market appraisals. Working to targets. Must have: experience of working within residential letting; successful track record of winning new landlords; management experience; working knowledge of current legislation; full clean drivers licence; people management skills.

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Citylets Research Services

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

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

In its position as the UK's leading residential lettings site, Citylets enables the research team to utilise its unique data in addition to Registers of Scotland and Government data. **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 Jul 2018. Whilst we have made every effort to ensure information published in this report is correct, Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.

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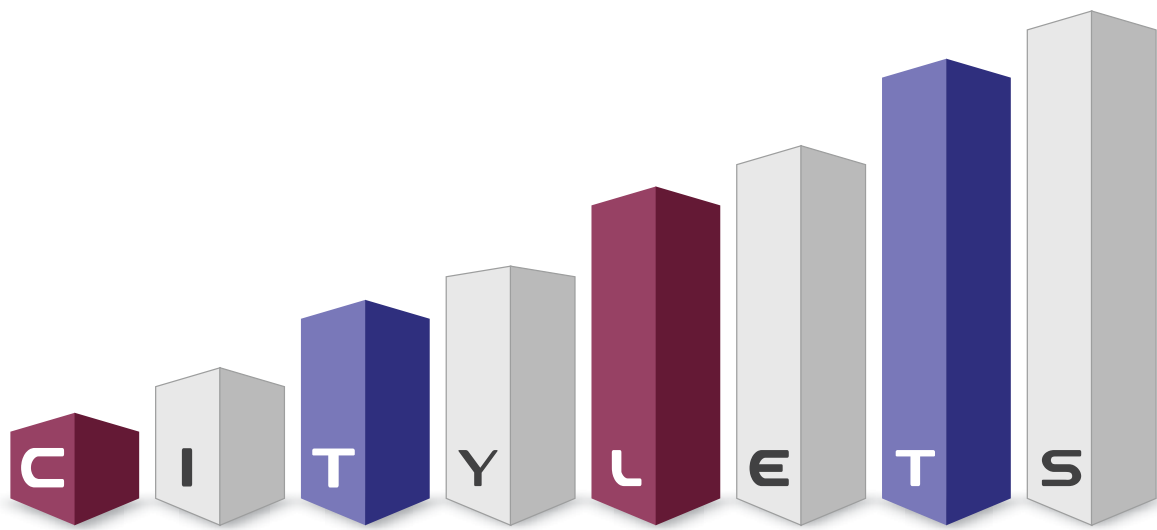
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