

Growth Slows As Controls Beckon



- Market Overview ■ National Trends
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Market Overview

Rents in Scotland eased slightly in Q3 2017 which may be a welcome surprise to many who fear an overheating market. Growth continued in the central belt but at lower levels than seen previously and coupled with continued falls in Aberdeen, albeit stable, resulted in slight negative growth of minus 0.4% year on year (YOY) for the country as a whole. The average rent in Scotland is now £772 per month. Rent caps in at least 2 council areas (Edinburgh and Glasgow) are likely to be requested when the new powers take effect from December however there are signs that the rate of growth has now peaked.

Rents in Aberdeen continue to level off, down 6.6% (YOY), and represent a vast improvement from the minus 20% or more previously recorded during 2016. Property to rent in Aberdeen typically now stands at £774 per month, just £2 above national average whereas it was £1 below last quarter. Also as per last quarter, 4 bed properties fared best down just 0.8% on

last year. The average property currently takes 49 days to let, up 5 days on the same period 2016.

Rents in the Scottish capital yet again recorded positive YOY growth to average £1048 per

- **Edinburgh rents continue to rise, up 3.5% year on year (YOY)**
- **Annual growth in Glasgow slows to 1.9%**
- **Renfrewshire posts 4.9% rise YOY**
- **Aberdeen market stabilised at -6.6% YOY**

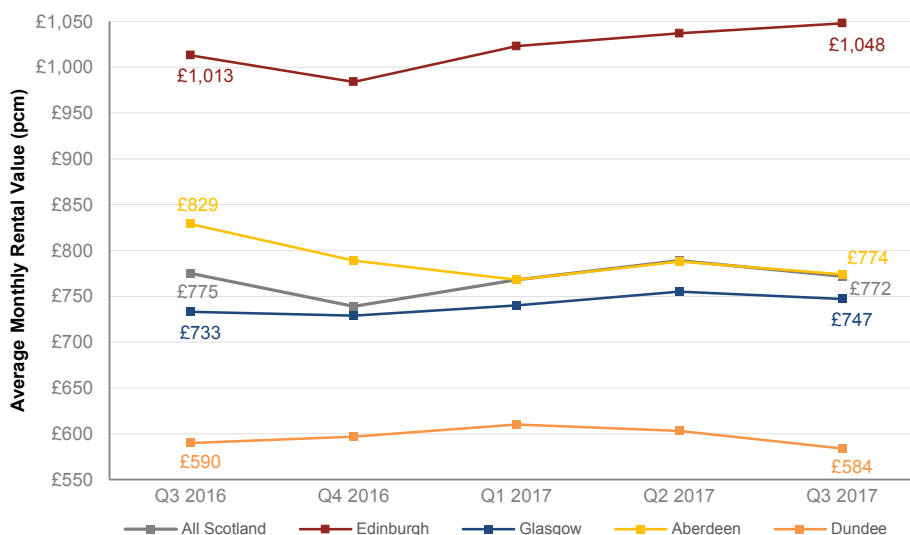


month, up 3.5%. However the rate of growth has eased on recent quarters and it will be interesting to see whether growth will now remain at this new level. Average

Time To Lets (TTLs) were 22 days, 2 days more than in Q3 2016 and further mild evidence of a slight market easing. 1 bed properties rose the most, up 5.5% at £747 per month and taking 17 days to rent on average. Over 3 and 5 years the growth has been 24.1% and 36.3% respectively.

The Glasgow market continued its rise in Q3 2017 recording 1.9% annual growth to stand at £747 on average. The average property to rent in Glasgow takes 23 days to let and 28% are let within a week. Growth has slowed from 5% recorded last quarter which may not have been expected but doubtless very welcome by tenants. Whilst the city average is predominantly driven by growth in the 1 and 2 bed markets, 3 bed properties gained the most over the year to up 5.5% 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 just £27 per month separating their average rents, down from £33 per month in Q2, it is unclear if rents in the two cities will now in fact cross over.

Scottish Monthly Rent Analysis (Q3 2016-Q3 2017)



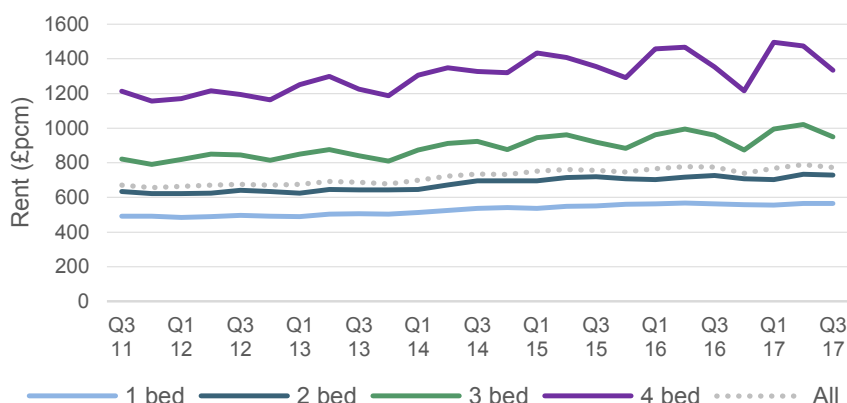
Markets in other major locations around Scotland recorded mixed fortunes with rents falling 1% in Dundee but rising 1.2% on average in West Lothian. Renfrewshire saw a 4.9% rise over the year in a quickening market with average TTLs at 33 days, 5 days faster than last year. Overall the market has been slightly softer than expected for the traditionally peak Q3 period leaving Q4's results perhaps more keenly awaited than usual for signs of a slowdown in the central belt.

Scotland

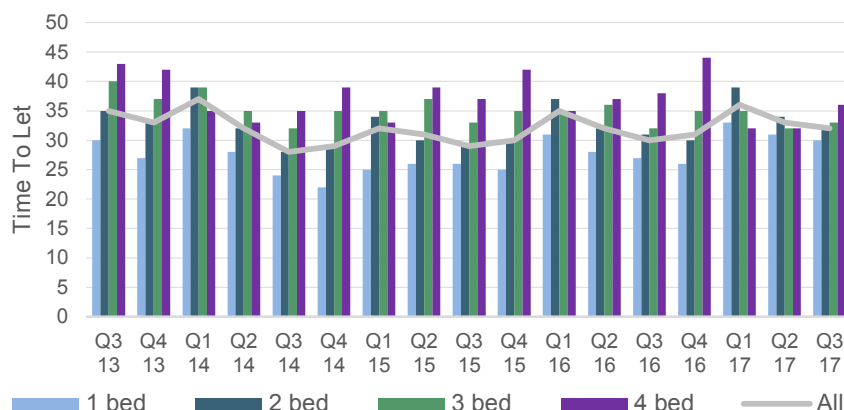
Market Overview - Q3 17

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	£566	0.4%	5.6%	14.1%	30	3	21%	62%
2 bed	£730	0.3%	5.0%	13.9%	32	1	18%	59%
3 bed	£951	-0.9%	2.9%	12.4%	33	1	17%	54%
4 bed	£1,334	-1.5%	0.5%	11.7%	36	-2	12%	53%
Total	£772	-0.4%	4.9%	14.0%	32	2	19%	59%

Average Rent (pcm) by Number of Bedrooms

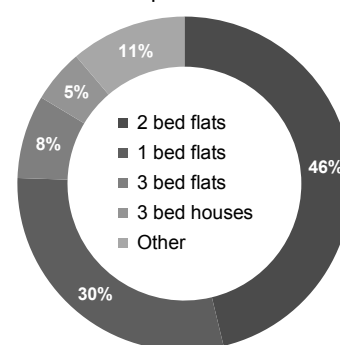


Average Time To Let (TTL) by Number of Bedrooms



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Market Composition

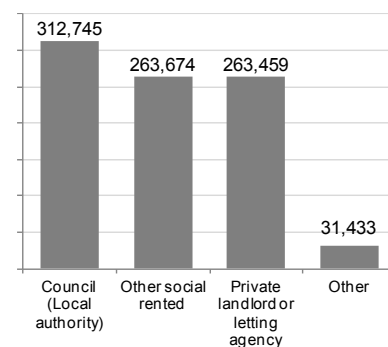


Rental Index

(base: Q1 08)

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

Households: Rented



Ian Lawson - CEO (Scotland) Lomond Capital

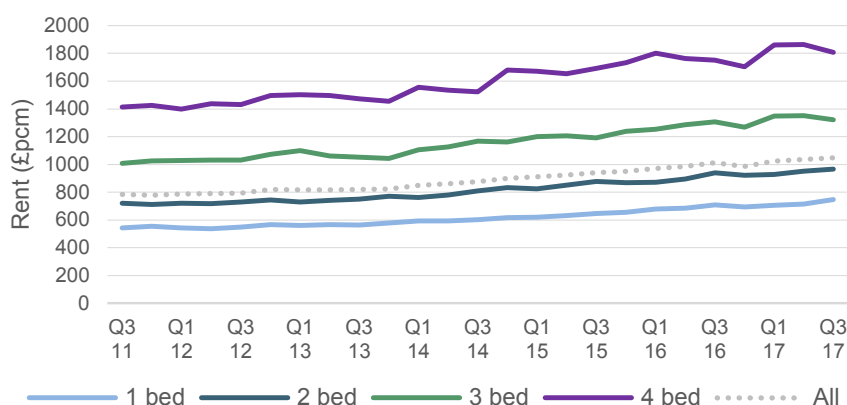
"BTL remains on the rise in the Central Belt with institutional investor activity in Scotland's property market remaining high. ROI in the key cities continues with emerging new markets also providing steady numbers in comparison to 18 months ago. With some economic and political hurdles still to overcome, we need to work hard to influence the rest of the UK, which may still be undecided in investing in Scotland due to the perceived onerous tenancy changes and changes to regulations. Investors need to be comforted that the changes will not restrict them from making gains in a growth market with high rental values, prospects for further income growth as well as growing capital appreciation."

Edinburgh

Market Overview - Q3 17

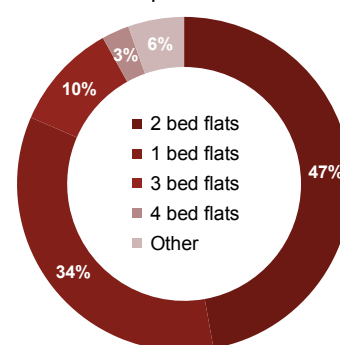
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£747	5.5%	24.1%	36.3%	17	3	32%	81%
2 bed	£967	2.8%	19.5%	32.6%	22	2	23%	73%
3 bed	£1,322	1.1%	13.2%	28.2%	29	1	23%	61%
4 bed	£1,808	3.3%	18.7%	26.4%	32	-4	11%	56%
Total	£1,048	3.5%	19.6%	32.2%	22	2	26%	74%

Average Rent (pcm) by Number of Bedrooms

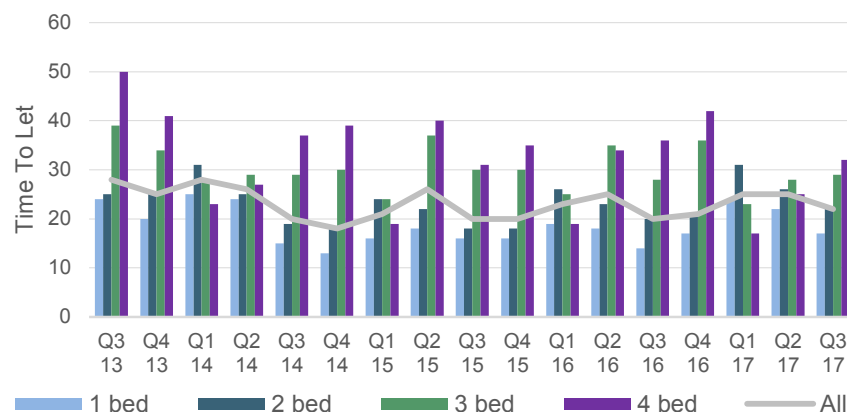


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Market Composition



Average Time To Let (TTL) by Number of Bedrooms

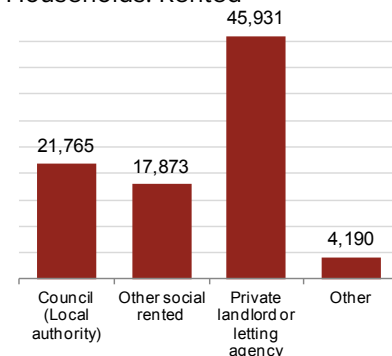


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	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	

Households: Rented



Source: Census 2011, Edinburgh



Steve Coyle - Cullen Property Ltd

"We continue to see very short 'time to let' figures with an average of just four days 'time to let' and each property is averaging a pleasing 100 viewings per day. Occupancy remains very high at 99.4% with rental growth increasing on average at 3.5% per annum. Immediate concerns for the future include a chronic shortage of quality property and the forthcoming legislative changes – The Model Tenancy (October) and December's Private Residential Tenancy will potentially complicate things in the short term both for agents and landlords. However, Cullen Property along with Edinburgh's other letting agents will embrace these changes."

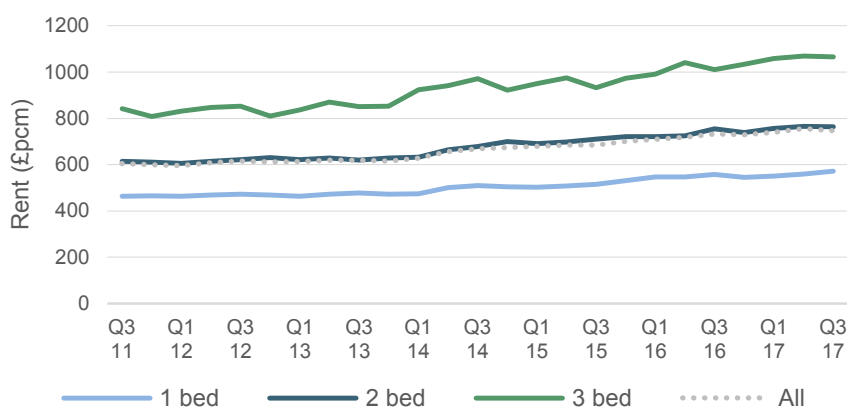


Glasgow

Market Overview - Q3 17

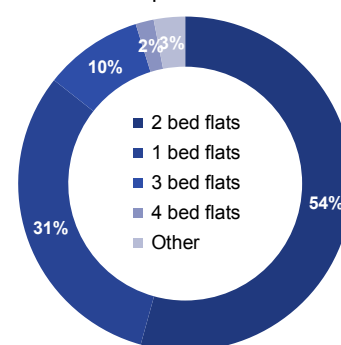
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£572	2.5%	12.2%	21.2%	21	1	30%	76%
2 bed	£764	1.3%	12.5%	22.8%	23	-1	28%	71%
3 bed	£1,066	5.5%	9.8%	25.0%	28	-3	21%	60%
4 bed	£1,395	-2.3%	4.7%	16.4%	26	0	19%	62%
Total	£747	1.9%	11.7%	21.5%	23	0	28%	71%

Average Rent (pcm) by Number of Bedrooms

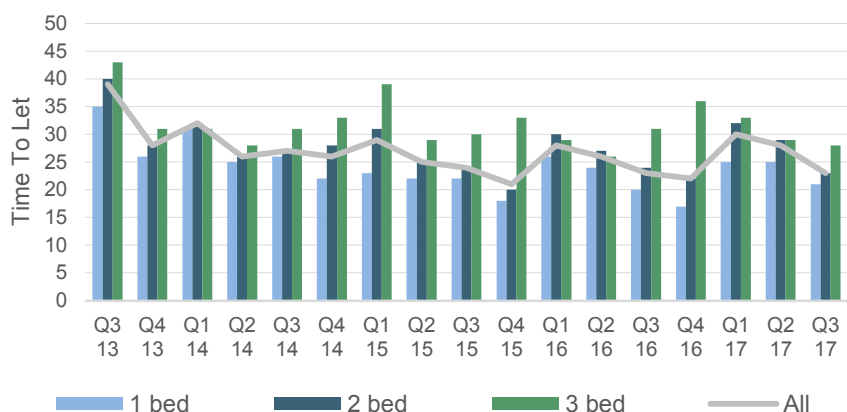


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Market Composition



Average Time To Let (TTL) by Number of Bedrooms

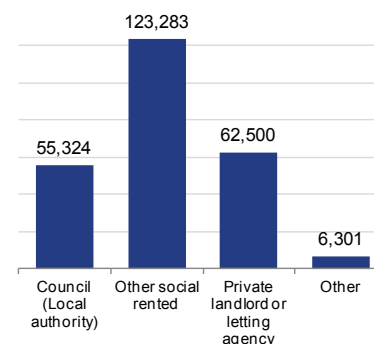


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	102.6	104.6	101.8
2009	102.3	101.4	103.0	100.7
2010	104.2	104.1	103.9	103.7
2011	102.3	106.0	106.7	105.6
2012	105.1	107.4	108.5	107.9
2013	108.1	109.0	109.0	108.5
2014	110.8	115.7	118.0	118.7
2015	119.8	120.8	120.6	123.6
2016	125.2	126.8	129.3	128.6
2017	130.5	133.2	131.7	

Households: Rented

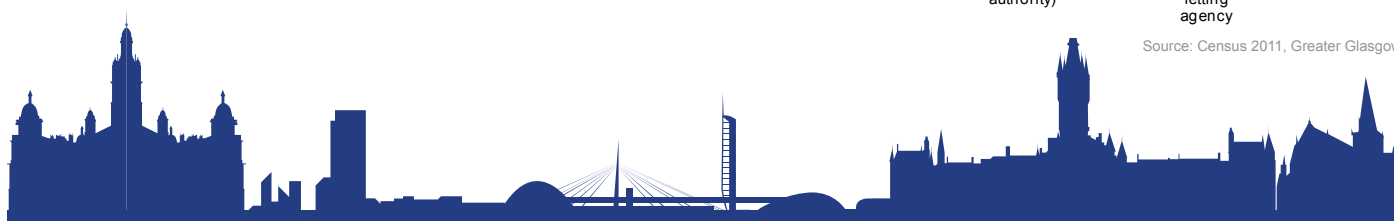


Source: Census 2011, Greater Glasgow



Ross Macleod - Macleod Lettings

"The Glasgow market has seen continued growth and demand throughout the summer months, with no signs of the market cooling off. The Scottish Government is discussing rent controls to curb an overinflated market, however, it is the pressure being put on landlords by way of removing tax breaks & increased legislation that has driven rents higher. The property market in Scotland cannot be labelled as one, as each city and each area within that city has its own marketplace. Only time will tell what impact this has on the PRS."

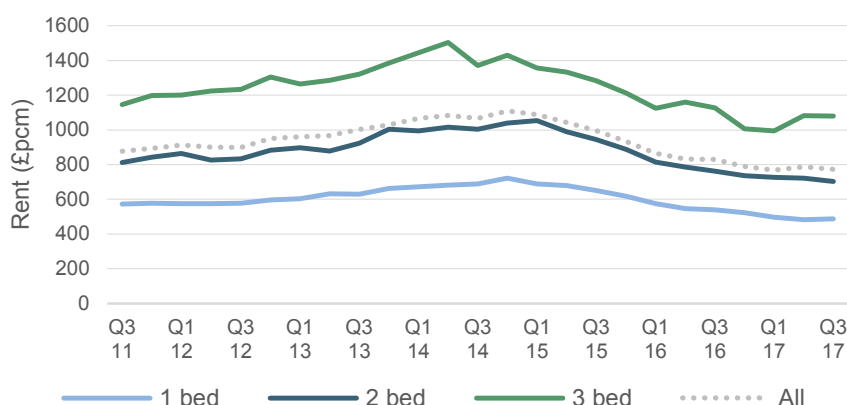


Aberdeen

Market Overview - Q3 17

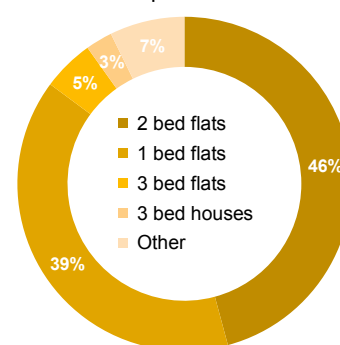
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£487	-9.8%	-29.4%	-15.6%	47	4	9%	39%
2 bed	£704	-7.7%	-30.0%	-15.5%	50	6	6%	36%
3 bed	£1,079	-4.2%	-21.4%	-12.5%	46	6	8%	33%
4 bed	£1,546	-0.8%	-24.1%	-11.7%	48	-1	5%	40%
Total	£774	-6.6%	-27.5%	-13.9%	49	5	7%	37%

Average Rent (pcm) by Number of Bedrooms

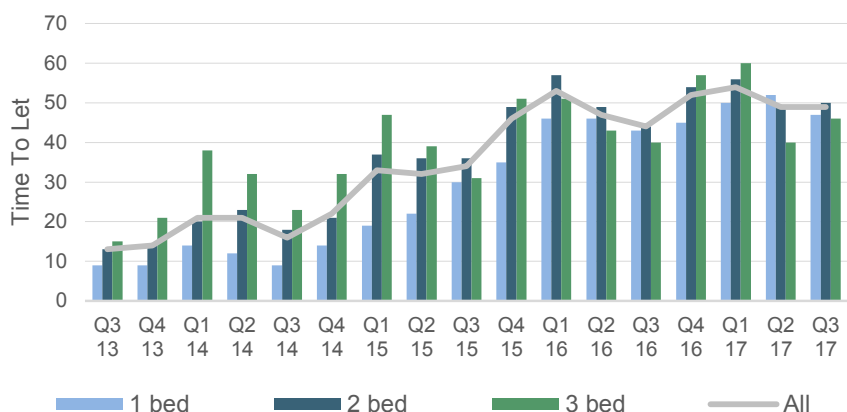


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms

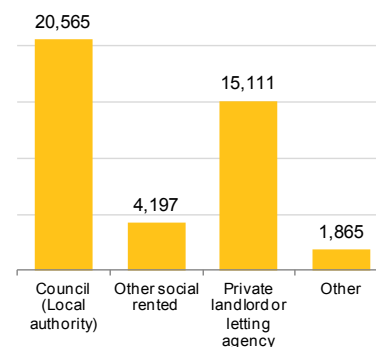


Rental Index

(base: Q1 08)

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

Households: Rented



Source: Census 2011, Aberdeen



Matt Pullinger - Northwood

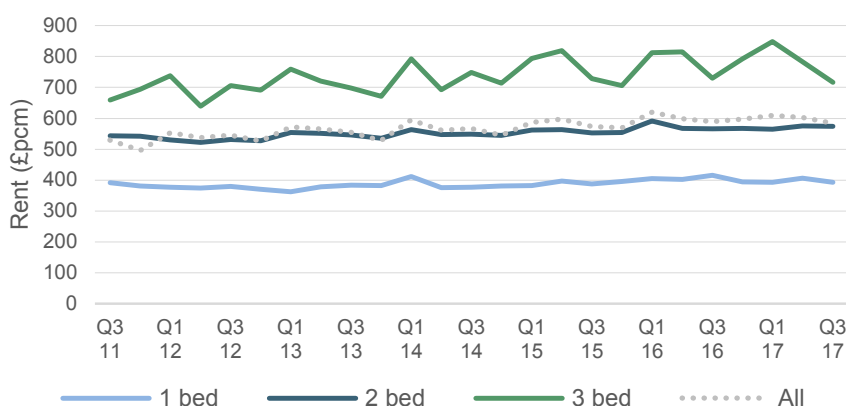
"Q3 has been a very busy period here in Aberdeen albeit at a new price level for the city. We continue to see stabilisation in the market in terms of price and time to let. We have seen some significant improvement with some rentals moving within a week of advertising however others continue to be closer to the two month mark. There has been positive movement with larger properties this quarter and the student market was buoyant this summer. There is still a greater demand than supply of the right kind of modern two bed with private parking in the city centre. It will be interesting to see how this trend continues as we approach the close of the year."

Dundee

Market Overview - Q3 17

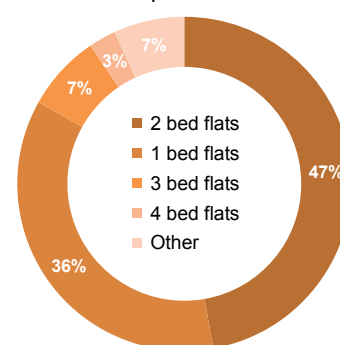
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£393	-5.3%	4.2%	3.7%	49	-2	10%	39%
2 bed	£574	1.4%	4.6%	8.1%	52	0	10%	42%
3 bed	£717	-1.8%	-4.1%	1.6%	55	2	3%	26%
4 bed	£999	-5.5%	-2.8%	5.5%	45	-16	0%	42%
Total	£584	-1.0%	3.0%	7.2%	51	-1	9%	40%

Average Rent (pcm) by Number of Bedrooms

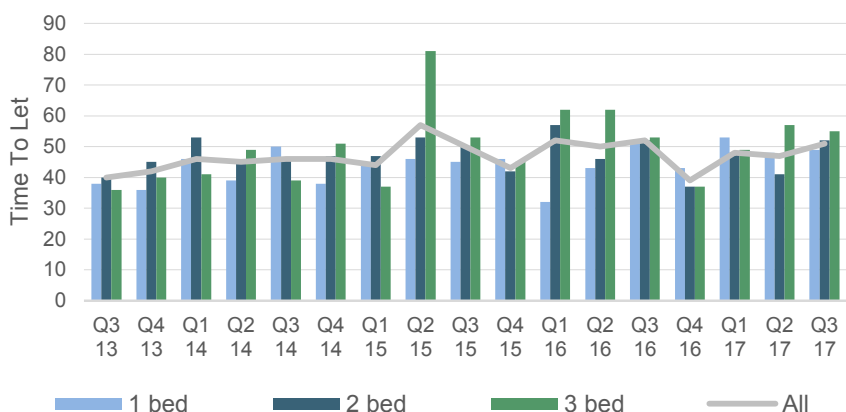


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms

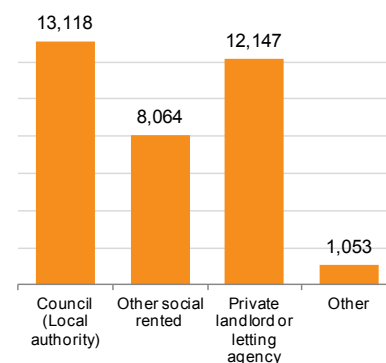


Rental Index

(base: Q1 10)

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

Households: Rented



Source: Census 2011, Dundee



Robert Murray - Lickley Proctor Lettings

"Lickley Proctor Lettings have seen no "let up" in the demand for rental property over this last quarter. Rental levels appear to be holding firm which, once again, would suggest Dundee is still displaying encouraging trends in the Private Rented Sector and a good investment for landlords."

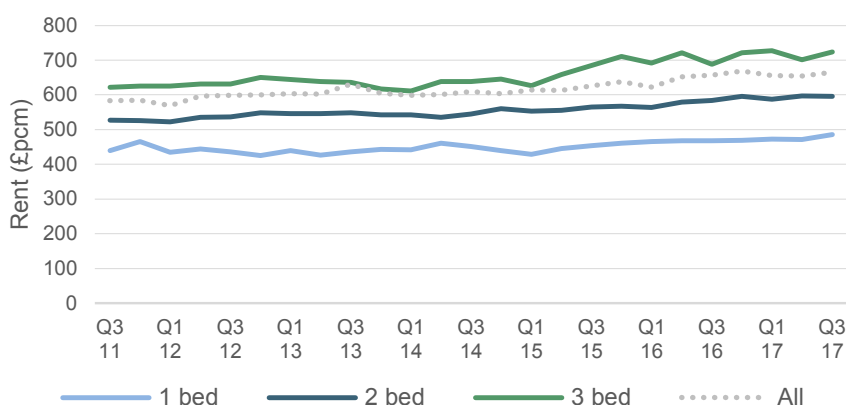


West Lothian

Market Overview - Q3 17

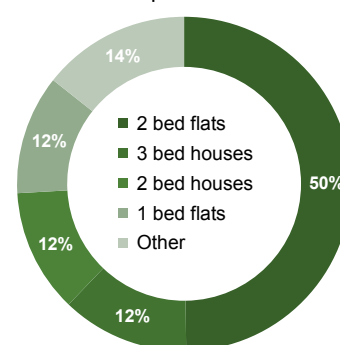
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£486	3.8%	7.8%	11.5%	34	6	6%	47%
2 bed	£596	2.1%	9.4%	11.0%	43	10	10%	43%
3 bed	£724	5.2%	13.3%	14.7%	33	2	14%	58%
4 bed	£980	-1.1%	13.8%	7.6%	32	5	8%	62%
Total	£665	1.2%	9.0%	11.0%	39	7	10%	47%

Average Rent (pcm) by Number of Bedrooms

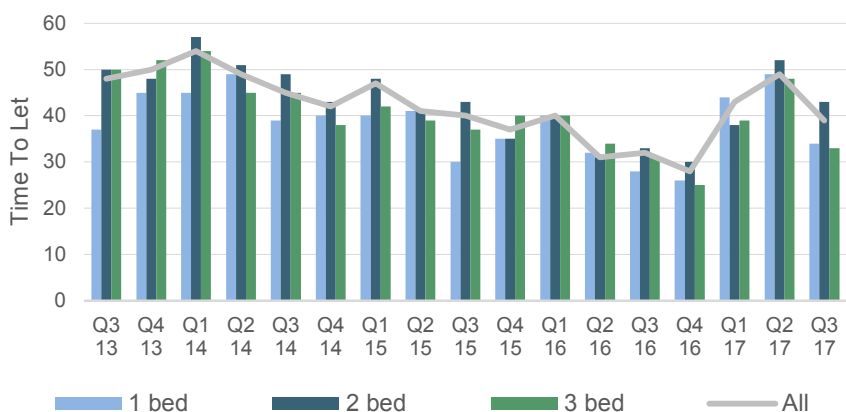


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Market Composition



Average Time To Let (TTL) by Number of Bedrooms

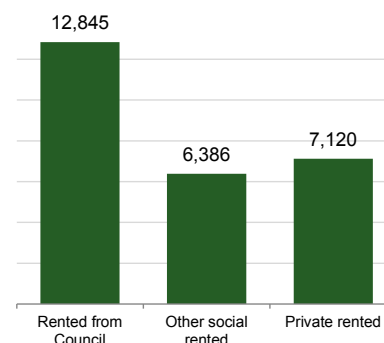


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	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	

Households: Rented



Source: Census 2011, West Lothian



Brian Callaghan - Letting Solutions

"West Lothian's market reflects the patchwork of opportunities and challenges faced by the modern landlord. Rental yields remain solid, and exceptional demand for rental property continues. Our landlords, like others, can take heart from more people than ever renting homes, with demand UK wide set to soar. Encouragingly we find no sign of landlords taking fright at the challenges the industry faces. They are however looking for our advice on the options open to them in these topsy-turvy times. This is where reliable agents should come into their own as landlords look at the options open to them."

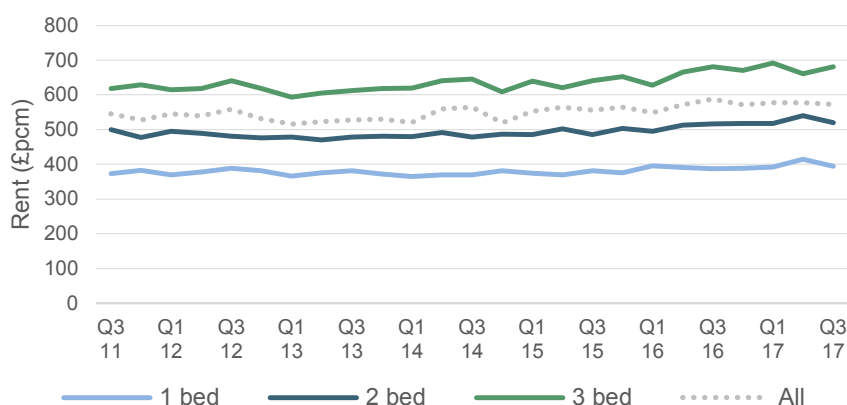


South Lanarkshire

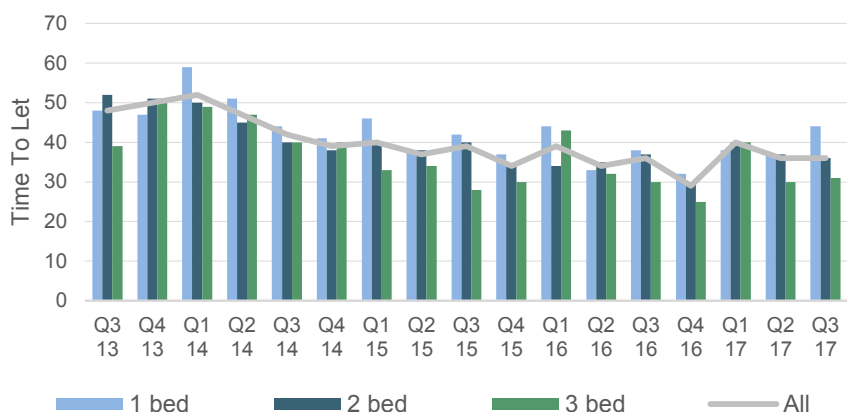
Market Overview - Q3 17

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	£395	2.1%	6.8%	1.5%	44	6	14%	45%
2 bed	£520	0.6%	8.8%	8.1%	36	-1	15%	52%
3 bed	£681	0.0%	5.4%	6.2%	31	1	19%	65%
4 bed	£1,057	-12.9%	10.0%	5.0%	25	-7	33%	67%
Total	£573	-2.6%	1.4%	2.5%	36	0	16%	54%

Average Rent (pcm) by Number of Bedrooms

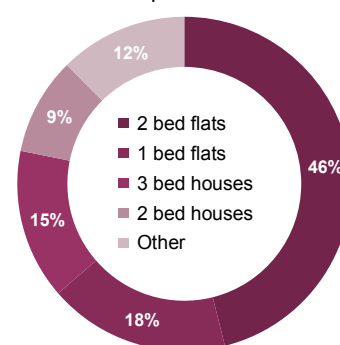


Average Time To Let (TTL) by Number of Bedrooms



CITYINFO

Market Composition

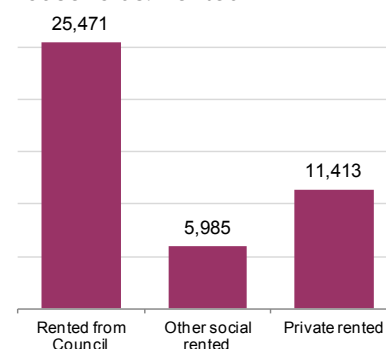


Rental Index

(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	105.5	

Households: Rented



Source: Census 2011, South Lanarkshire



Josh Wood - Clyde Property

"The rental market in South Lanarkshire shows no signs of slowing down. In quarter three we have experienced continued demand for larger, quality rental homes, particularly 3 and 4 bedroom properties in and around the Hamilton area. As these larger properties are rarer to the market, the average TTL has decreased and the rental yield increased. If it is buy to let investments with higher yields you seek, then look no further than the South Lanarkshire market."

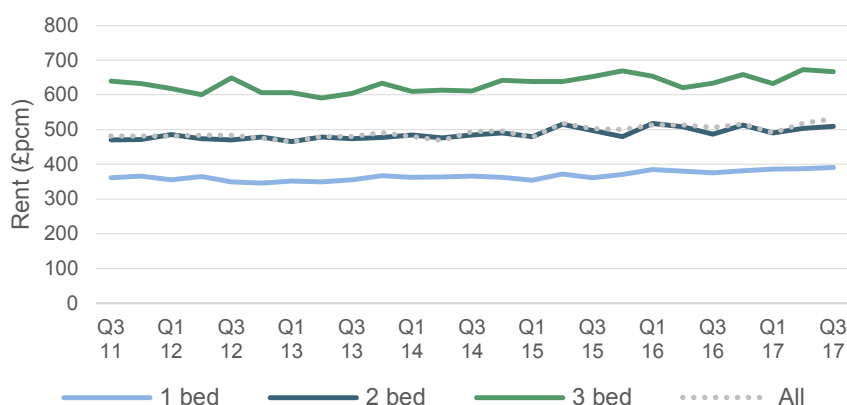


Renfrewshire

Market Overview - Q3 17

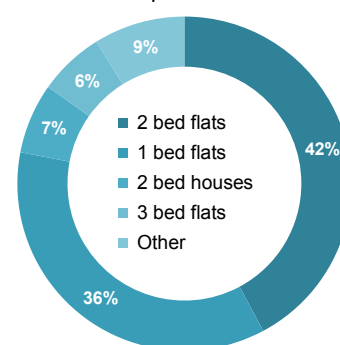
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£391	4.3%	6.8%	11.7%	34	-4	15%	53%
2 bed	£509	4.5%	4.9%	8.3%	32	-7	14%	56%
3 bed	£667	5.2%	9.2%	2.8%	28	-11	16%	68%
4 bed	£1,116	15.8%	11.6%	9.8%	38	6	0%	50%
Total	£531	4.9%	7.3%	9.7%	33	-5	14%	56%

Average Rent (pcm) by Number of Bedrooms

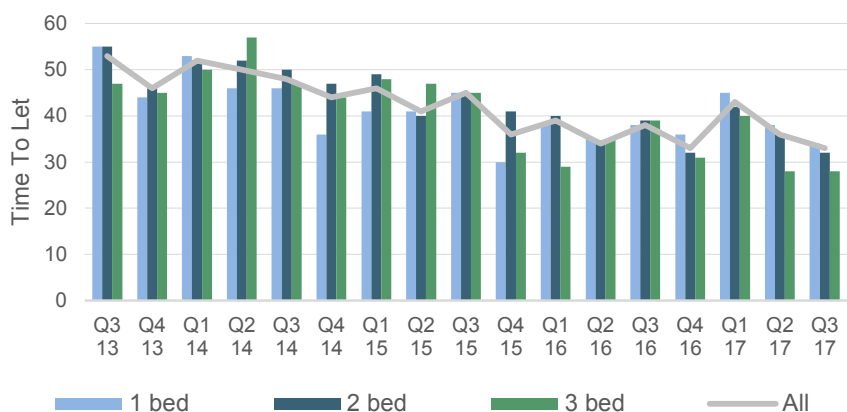


CITY INFO

Market Composition



Average Time To Let (TTL) by Number of Bedrooms

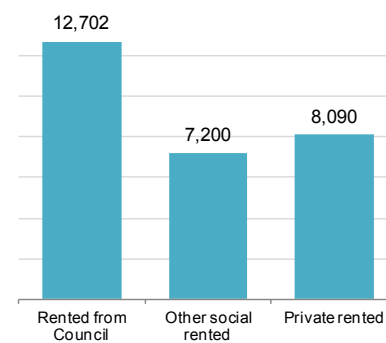


Rental Index

(base: Q1 08)

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

Households: Rented



Source: Census 2011, Renfrewshire



Jacqueline McLelland - Castle Residential

"Q3 is the time of the student, with HMO properties being re-let bringing in a batch of new student tenants and safety checks to stay on top of. During the period, there is no drop in demand for standard short assured tenancies, making it the busiest time for year for our agency. Higher end one bedroom and three bedroom properties have been the most popular recently. There has also been an influx of landlords choosing to rent through our agency rather than go through the process of qualification with the pending registration scheme so close."



Agent Views

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

Aberdeen Considine, Aberdeen – Yvonne Bryce



"The rental market in Aberdeen over the summer months has seen an increase of tenants looking to rent, especially for flats and smaller houses. Our Aberdeen city flagship office reported a record amount of tenancies secured in August and September (October looking positive), with high levels of tenant enquiries being received. The higher end of the market has slowly seen signs of activity from families coming into the Aberdeen area, which is good news for a City who previously relied on families linked to the oil industry. At the beginning of the year we noticed that rental prices had started to stabilize therefore if properties are well presented, they will rent quickly."

Margaret Duffus Leasing, Aberdeen – Sarah Harley



"As always, summer has been a busy period for the lettings market in Aberdeen, but the real difference this year is that we've not seen the same number of people leaving that caused the drop in rents last year. We won't be seeing all these people coming back to Aberdeen any time soon so rents are still lower, but overall we can see a slight reduction in the total number of properties available which is good news and hopefully this will continue to cover over the longer term."

Cairn Letting & Estate Agency, Glasgow – David Rowand



"A strong third quarter as usual as the return of the students adds to the already buoyant market. Strong tenant interest across all sectors means there is a need for new instructions and a greater level of stock. PRS is possibly the answer but I do wonder about all the purpose built student units and how the occupancy levels are in these blocks? It was recently suggested to me that occupancy in some is 80-85% leaving beds free."

Glasgow Property Lettings, Glasgow – Colin Macmillan



"The last quarter has witnessed an exceptionally busy period for Glasgow Property Letting with sustained growth and increased rents and stock across the board but especially in the traditional hotspots of the West End, City Centre and Southside markets. This has been without doubt the busiest time of the year with the traditional student surge but hopefully this is now slowing down as the new academic year is getting underway. All this has happened at a time when the lettings business in Scotland is preparing for the biggest shake up in its history with the Letting Agent Registration due to come into force on 31st Jan 2018."

Braemore Sales & Lettings, Edinburgh – Rachel MacDonell



"The Edinburgh market continues to perform well throughout Q3, with increased lets compared to last year and stock levels reducing consistent with continued high tenant demand. TTL remains steady over the period and reflective of the time of year. Rents continue to increase and performance shows a robust rental market ahead of the letting agency rule changes due in December. We are gearing up for the changes ahead and providing advice to our landlords. The team are undergoing the necessary training to ensure they are qualified ahead of the changes in 2018 with the Letting Agent Code of Practice."

Rettie & Co, Edinburgh – Charles McCosh



"We have enjoyed a very positive Q3 following on from the performance in Q2 with the lets per month consistently trending higher than previous quarters, especially in the one and two bedroom market around the city centre. Q3 tends to be the most active quarter being the "summer market" and tied in with the buzz of the festival it has not disappointed for landlords. Applicant levels have been incredibly strong which in turn has provided a shorter time to let, especially sub £1,300 per month. The lack of stock and the economic uncertainty (Brexit) has also meant that more people have turned their attention to renting, which increases the competition for properties."



Agent Views cont...

Murray & Currie, Edinburgh – John Forsyth



"The Edinburgh property market is once again front page headlines as UK and overseas investors hone in on central properties offering strong rental returns. Couple this with Edinburgh residents enjoying higher levels of disposable income (second only to London), rental prices remain strong and tenant demand for central properties high. With letting

regulation a matter of weeks away it's going to be an interesting final quarter as the last of the agents prepare for the new Letting Agent Code of Practice. We are expecting a number of private landlords to finally make the decision to opt for fully managed services to ensure they are fully protected and covered for 2018."

Clan Gordon, Edinburgh – Jonathan Gordon



"This year, following the summer festival period, we have seen an increase in the number of landlords using Airbnb style letting sites in an effort to maximise rental income and avoid safety certificate costs. This trend has resulted in much needed quality rental stock being lost to the short-term market and, most worryingly, these sites are also being used to secure long-term lets without complying with safety regulations. Despite the ongoing shortage of properties, applicant numbers have continued to increase in Q3, specifically those looking for one and two bedroom properties in the city centre, resulting in increasing rent levels."

Be-Rented, Glasgow – Graeme McEwan



"From the perspective of the first half year, it was inevitable that in a market dominated by weak housing supply it was always going to be the investor's opportunity and in Q3 this has come to pass. Average rents in Glasgow are now yielding for the investor as well as anywhere in the UK. We are expecting Q4 to continue with more confidence as

political volatility becomes better understood rather than a motive to watch from the side-lines. Buy-to-Let, Build-to-Rent and Renovating-to-Rent look set to ensure a busy year end and start to 2018."

The Key Place, Bo'ness – Linda Bendle



"The Key Place continues to experience buoyant rents and short time to let across all of our offices in Central and South East Scotland. Looking at Falkirk rents – 1 bedroom properties are going for an average of £425 per month; 2 bedrooms £550; 3 bedrooms £650; and 4 bedrooms £795. Well-presented properties are renting within around 2 weeks,

however less well presented properties are taking longer to let, which is reflective of tenant expectations. We anticipate positive rental growth will continue for the foreseeable future."

Stonehouse Lettings, Aberdeen – Lisa Brebner



"We have seen a strong amount of activity over the summer months. Stock levels have continued to stabilise, however, supply compared to demand is still greater and therefore the market is still exceptionally competitive. Good quality properties which are nicely presented continue to let well. Another promising stat shows that average rents continue to

improve. Our average time to let is 46 days and our average monthly rent is £840. New instructions also remain strong with many new properties coming to the market."

Umega Lettings, Edinburgh – Neil McInnes



"Rents continue to increase as tenant demand outruns property supply. This is not being helped by the tougher tax environment for landlords making the PRS a place where landlords have to be smarter to make their investments stack up. For many "accidental" landlords this is the time to sell up and we're seeing a more serious landlord base emerge. This

is good news for the quality of properties in the sector but we're seeing more upwards pressure on rents as the tenant market continues to grow faster than new properties coming on. For letting agencies, the focus is now on two seismic events happening in the next 4 months: the introduction of the new Private Rented Tenancy (PRT) and the opening of the compulsory letting agent register. If our sector thinks it's seen a lot of changes over recent years, 'we ain't seen nothing yet'."

Lets Make Homes, Hamilton – David Kendall



"The buoyant rental market in South Lanarkshire continues with particularly strong prices for larger houses as so few are currently available for let. The shortage of houses coming to the market for sale is also impacting, as people decide to rent after selling their own property in order to give time to find their ideal home. The increasing tax burden is

convincing some landlords to sell up and those hoping to become landlords, or expand their portfolio, are finding it harder to obtain funding with the impact of tightening BTL mortgage regulations. In short, less supply, but healthy demand for good quality rental properties."

Have Your Say!

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

Postcode & Towns - Average Rents & TTL - Q3 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	£831	(20)	£1,060	(21)	£1,737	(43)
EH2			£1,309	(23)		
EH3	£973	(24)	£1,332	(31)	£1,538	(28)
EH4	£824	(24)	£1,012	(25)	£1,277	(30)
EH5	£657	(16)	£812	(29)	£1,091	(36)
EH6	£650	(14)	£825	(19)	£1,130	(32)
EH7	£693	(17)	£885	(21)	£1,190	(35)
EH8	£693	(16)	£896	(21)		
EH9	£753	(22)	£1,018	(22)	£1,524	(26)
EH10	£765	(15)	£1,035	(24)	£1,427	(34)
EH11	£656	(15)	£855	(18)	£1,219	(13)
EH12	£675	(19)	£951	(25)	£1,075	(38)
EH13			£736	(30)		
EH14	£643	(18)	£795	(26)	£970	(26)
EH15			£763	(17)		
EH16	£649	(22)	£851	(21)	£1,130	(21)
EH17			£749	(30)		
EH21	£586	(30)	£801	(23)		
EH22			£665	(24)		
EH26			£689	(17)		
EH32			£721	(25)		
EH47			£544	(45)		
EH48			£594	(41)	£740	(31)
EH49			£603	(27)		
EH51			£501	(34)		
EH54			£603	(49)	£748	(43)

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£490	(39)	£686	(54)	£1,083	(48)
AB11	£486	(53)	£676	(57)	£921	(47)
AB12			£728	(53)		
AB15	£572	(51)	£825	(50)	£1,099	(46)
AB16			£561	(41)		
AB21	£511	(51)	£686	(63)	£812	(52)
AB22	£503	(34)	£653	(63)		
AB23			£653	(59)		
AB24	£474	(41)	£684	(46)	£1,061	(47)
AB25	£491	(49)	£686	(47)	£1,091	(37)
AB32			£725	(52)		
AB41			£609	(66)		
AB51			£664	(64)	£801	(73)

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£388	(53)	£653	(45)	£809	(51)
DD2	£387	(45)	£580	(54)		
DD3	£388	(51)	£506	(62)		
DD4	£394	(46)	£490	(54)		
DD8			£473	(41)		
DD11	£360	(33)	£499	(62)	£652	(51)

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£640	(17)	£954	(24)		
G2	£719	(15)	£994	(27)		
G3	£632	(17)	£902	(20)	£1,270	(35)
G4	£643	(25)	£771	(13)	£1,260	(24)
G5			£691	(21)		
G11	£600	(17)	£875	(21)	£1,225	(20)
G12	£677	(21)	£958	(26)	£1,341	(31)
G13	£530	(21)	£648	(24)		
G14	£506	(22)	£592	(34)		
G20	£576	(15)	£714	(21)	£897	(52)
G21			£542	(38)		
G31	£497	(18)	£649	(21)		
G32	£429	(21)	£512	(33)		
G33			£559	(27)		
G40	£461	(18)	£611	(22)		
G41	£533	(18)	£681	(23)	£1,002	(20)
G42	£450	(29)	£607	(23)		
G43			£595	(20)	£727	(41)
G44	£486	(24)	£591	(30)	£662	(34)
G51	£441	(30)	£582	(27)		
G52			£550	(19)	£571	(45)
G66			£548	(38)		
G71	£454	(48)	£643	(31)		
G72			£534	(32)		
G73			£529	(42)	£625	(18)
G74	£409	(36)	£501	(40)	£670	(17)
G75			£490	(26)	£696	(31)
G81			£500	(44)		
G83			£519	(30)		
G84	£395	(33)	£507	(56)		

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£446	(16)		
Ayr	£405	(48)	£517	(29)	£689	(33)
Bathgate			£597	(41)		
Bo'ness			£501	(34)		
Cumbernauld			£514	(22)		
Dalkeith			£665	(25)		
Dunfermline	£432	(34)	£534	(28)	£645	(37)
East Kilbride	£385	(34)	£495	(34)	£682	(24)
Glenrothes			£480	(20)	£567	(54)
Hamilton	£394	(44)	£522	(36)	£671	(20)
Inverness	£533	(25)	£664	(29)	£843	(30)
Kilmarnock	£373	(53)	£458	(47)	£541	(46)
Kirkcaldy	£412	(40)	£519	(40)		
Linlithgow			£603	(27)		
Livingston			£608	(47)		
Motherwell			£515	(39)		
Paisley	£384	(34)	£476	(33)	£715	(31)
Perth	£413	(48)	£534	(51)	£722	(39)
Stirling Town	£477	(13)	£687	(21)	£816	(20)
Troon			£487	(46)		

News Roundup

Purpose Built Student Accommodation

Fresh Student Living manage 9 schemes in Edinburgh and Glasgow, and have a new site opening in Aberdeen for 2018. With en-suite rooms in shared apartments and studios with their own mini-kitchens, huge social spaces and dedicated study rooms, this is not what you used to expect from student accommodation.

En-suite rooms have double beds, study desks and plenty of storage, and share a kitchen and living space between 4-6 people. Studios provide everything a student could possibly need, including an en-suite and very own mini-kitchen. They can even be shared by a couple at no extra cost.

The Mill House, Edinburgh, has a private outdoor courtyard exclusively for student use, including a gazebo and outdoor table tennis. Dedicated social spaces allow students to mingle (with weekly social events, from pizza parties to movie nights), study privately, or in groups.

Bridge House, Glasgow, has an on-site gym with motivational motifs to keep away those extra Freshers lbs. With rooms like these, you'd never need to leave. But social spaces like this (and social events/freebies from the accommodation staff) will encourage you to!

Fresh Student Living are all about creating quality student homes as unique as the people who live in them, but all with one thing in common... friendly, switched-on staff who take care of everything and make you feel at home so you're free to love your uni years.



Mid Market Rent

LAR Housing Trust has secured a multimillion pound deal that will give a significant boost to its MMR portfolio across Scotland. LAR has made a commitment to deliver approximately 1,000 high quality, affordable homes across the country in the next five years. Initially LAR focussed on delivering housing in Aberdeen and Lothian, however, it now has developments in other parts of Scotland and new proposals are under consideration.

Link Housing Association is to deliver 199 new mid market homes which will be erected on brownfield land at Salamander place. Located between Leith Links and the docks the new homes will be built in partnership with Cruden Homes and the Teague Group. The new homes will be built using a simple palette of high quality materials and constructed to meet the silver standard of sustainability. The work could begin as early as the end of the year.

Osprey Housing are building an additional 15 mid market units at their existing Scoter Gardens, Blackdog development which are due for completion at the end of this month. Osprey experienced a high level of demand, particularly for the three bedroom houses, following the first phase of development. The new properties will all be of this size and will include terrace and semi-detached, both with enclosed back gardens too.



Build To Rent News

Forbes Place - Dandara

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

The award-winning development is already at 80% occupancy due to increased demand from young professionals, those working in the oil & gas sector, and major energy and construction sector employers looking to secure high-quality, professionally managed properties for their employees. With the final block of apartments due for release in October 2017, the entire development of 292 units is expected to be fully let by January 2018.



A comprehensive client service is delivered by Dandara Living from their dedicated on-site management suite 7 days a week, providing residents with a wide range of services including: parcel receipt and refrigerated storage facilities for online grocery deliveries, underground parking, dedicated bike storage and high-speed broadband. As a result, the development was recognised in the Apartment and Lettings Agency categories for North East Scotland at this year's UK Property Awards.

Forbes Place continues to secure some of the city's highest rental rates, with studios achieving up to £745, 1 bed units up to £950, 2 bed units up to £1195 and 3 bed townhouses renting up to £1495 pcm.

Hazel Sharp Webb from Rettie & Co discusses the Build to Rent Sector

Latest research published by the British Property Federation (BPF) suggests that the Build to Rent (BTR) sector has almost hit a 100,000 milestone, with 95,918 homes complete, under construction or in planning across the UK. This represents an increase of almost 40% compared to the first quarter of 2017, but with little more than 1% of investment being directed to Scotland.

This may be partly due to some misconceptions. Yes, the new Private Residential Tenancy, due to come into effect on 1st December, has no initial term, but residents will have no real need or desire to move around continually, if they are living in a professionally managed, high quality home. There also continues to be a number of reasonable grounds for possession. In addition, it's worth noting that even if an area is designated an RPZ, the capped increase applies only to sitting tenants. New tenancies will continue to be market led.



Lower entry prices, strong yields, multiple dwellings relief on LBTT, and more certainty around the regulatory regime, relative to the rest of the UK, are all in Scotland's favour. The Scottish Government's (SG) proposed Rental Income Guarantee Scheme, should also send a positive message that they are intent on encouraging and growing the BTR sector in Scotland. A new planning advice note for BTR has also been published.

'The Build to Rent Opportunity in Scotland', commissioned by SG, is to be launched at the Movers & Shakers' BTR Forum in Edinburgh on 12th October.

Time For Smoke Detection Parity

The Scottish Government takes action after Grenfell

In June we were all saddened and shocked by the tragic fire at Grenfell Tower in London. The Scottish Government is keen to learn lessons from this catastrophe and Kevin Stewart MSP, Minister for Local Government, Housing and Building Standards announced a short term ministerial working group to review Scottish regulations, with the aim of ensuring they are robust and that necessary actions are taken.

In particular, the Minister asked all Scottish local authorities to report to him on the number of high rise domestic buildings, their original construction and what remedial works have been carried out, identifying the materials and construction techniques used. Findings are beginning to emerge and will no doubt lead to further tightening up of building regulations and retrofitting existing buildings to ensure the safety of residents.

In July the decision was taken by the Scottish Government to consult on cross tenure fire safety standards. Landlords in the private rented sector currently have to comply with much more onerous fire safety requirements than landlords of social rented housing.

The Scottish Government has now published a consultation which seeks views on possible changes to standards required for smoke and heat alarms in Scottish homes. It proposes requiring owner occupied

and social rented housing to meet a standard similar to that which is already required in private rented sector (PRS) homes, but relaxing the standard to allow sealed-unit long-life battery powered alarms in all tenures rather than requiring mains powered alarms.

This is in recognition of the fact that owing to technological improvements



sealed-unit long-life battery alarms which can interlink with other units are now widely available. The Scottish Association of Landlords (SAL) welcomes the prospect of a relaxation in the requirements for PRS homes, having campaigned for this to reduce the cost and disruption associated with installing and maintaining alarm systems.

As a member of the Scottish Government's common housing quality standard working group, set up to explore options for introducing

a cross tenure housing standard, SAL has previously urged the Scottish Government to focus on bringing safety standards in the social rented sector on par with those required in the PRS.

SAL welcomes the announcement of a consultation on this matter. The consultation can be found online at <https://consult.scotland.gov.uk/housing-regeneration-and-welfare/fire-and-smoke-alarms-in-scottish-homes/> and SAL encourages all landlords to respond by the deadline of 1st December.

If you are concerned about letting properties in high rise developments, the Scottish Association of Landlords operates a letting advice helpline for members and you can find out more about the benefits of membership via www.scottishlandlords.com



SafeDeposits Scotland Digs Deeper In To Unclaimed Deposits

The city you live in may determine whether you're more likely to claim back your deposit

We've been digging in to the data around unclaimed deposits here at SafeDeposits Scotland and some fascinating trends are standing out. We look after the majority of tenancy deposits in Scotland so have a vast amount of data at our fingertips.

Unclaimed deposits are a curious phenomenon. Most tenants claim their deposits back at the end of tenancy but, as hard as it is to believe, some tenants forget to do this. Maybe they don't know how to do it or perhaps they've caused some damage and don't think they're going to get any money back.

It's an issue that we've been aware of for some time and our tenant team go above and beyond to try and reunite tenants with their money. Since the start of April we've managed to reunite more than £150,000 in unclaimed deposits with tenants.

Our latest research has revealed that renters in some cities are more likely not to claim their deposit back than others. Currently, almost 2,700 tenancy deposits remain unclaimed by renters in Scotland, worth over £692,000.

Renters in Edinburgh have topped the list of unclaimed tenancy deposits, with over 900 people in the capital leaving £218,735 in

deposits unclaimed at the end of their lease. This is more than double the number for Glasgow and three times higher than Aberdeen.

Within Edinburgh, the EH3 postcode area, which takes in Fountainbridge and the New Town, had the highest rate, with 204 tenants not reclaiming their deposits. Next on the list is Newington and Blackford (EH9) where 139 tenants left their deposits unclaimed. The EH15 area around



Portobello had the lowest proportion of unclaimed deposits, with only three not requested by tenants.

Our research also revealed that nationally Glasgow has the second highest rate of unclaimed deposits, with 417 deposits worth £113,422 not being reclaimed. Interestingly, renters in the student-heavy West End of Glasgow are most forgetful when it comes to getting their deposit back. For instance, in G12 (which includes Hillhead, Hyndland and Glasgow University) 48 renters

have not claimed back over £17k worth of tenancy deposits.

At the other end of the scale, there are only a handful of unclaimed deposits in the Scottish Islands and we very much hope that we can reunite these few tenants with their monies. In the Shetland Islands, there is only one deposit that has not been reclaimed and there are less than six deposits left unclaimed in both Eilean Star and the Orkney Islands.

Some people may think that reclaiming a deposit is an inconvenience. We do everything we can to make the process as straightforward as possible and should disputes over deductions arise, an independent adjudicator works to find an amicable resolution for all parties.

Victoria Nixon is Operations Manager of SafeDeposits Scotland.



Victoria Nixon

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**

A New Abandonment Procedure

TC Young explain the procedural changes after 1st December 2017

There is currently no formal abandonment procedure for the Private Rented Sector under the Housing (Scotland) Act 1988 (1988 Act).

Despite the property appearing abandoned, generally private landlords have no legal right to recover the property in absence of a court order. Furthermore, obtaining a court order in circumstances where the whereabouts of the tenant are unknown poses difficulties in terms of service of the necessary pre-action notices and court action.

This problem should soon to be rectified with the introduction of the Private Rented Tenancies (Scotland) Act 2016 (2016 Act) which creates a new type of tenancy in the private rental sector called the Private Residential Tenancy (PRT). One of the benefits of the new tenancy is that there is now a 'ground' which allows the landlord to terminate the tenancy if the property has been abandoned.

The 2016 Act comes into effect on 1st December 2017. The legislation provides that new private sector tenancies granted after that date will be Private Residential Tenancies. The process for ending a Private Residential Tenancy involves service of a prescribed notice to leave within which the landlord must state one or more of the 18 grounds for eviction.

The grounds are split into four categories: grounds relating to the property being required for another purpose; tenant's status, tenant's conduct; and legal impediments to the continuation of the tenancy. If the tenant fails to vacate the property after the expiry of the notice period the landlord will be entitled to apply to the First-tier



Tribunal Housing and Property Chamber (the Tribunal) for an eviction order. Certain grounds are mandatory whereby the Tribunal must make an eviction order if the ground is established, certain grounds are discretionary whereby the court must be satisfied that the ground is established and that eviction is reasonable, and certain grounds such as the rent arrears grounds have both mandatory and

discretionary elements.

In terms of abandonment, paragraph 10 of Schedule 3 to the 2016 Act provides that where the tenant is not occupying the property as his only or principal home the landlord can serve a notice to leave giving only 28 days' notice.

Once the notice to leave expires the landlord can apply to the Tribunal for an eviction order. This ground is mandatory. The Tribunal must grant an eviction order if satisfied that (a) the let property is not being occupied as the only or principal home of the tenant or a person to whom a sub-tenancy of the let property has been lawfully granted, and (b) lack of occupation is not a result of the landlord's breach of the Repairing Standard.

The question remains: *How quickly can the Tribunal turn around an eviction action?*

At the moment there is no indication of exactly how long the eviction process will take in connection with abandoned properties. The intention is that the Tribunal will be a quicker and cheaper route to repossession owing to the specialist knowledge of the Tribunal members.

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 Sept 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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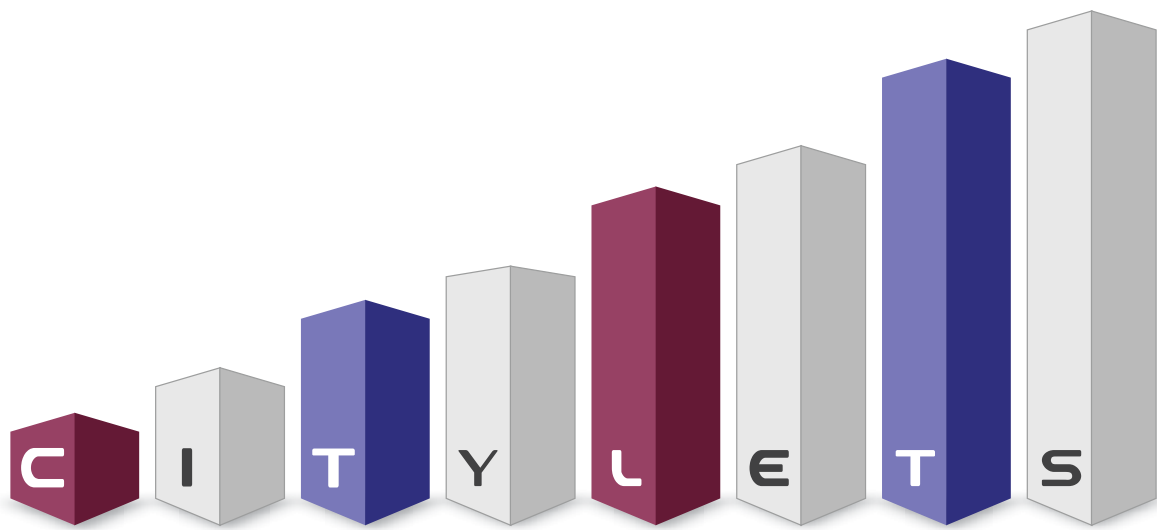
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