

## Race For Space



- Market Overview   ■ National Trends
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- Agent Views   ■ Postcode & Town Analysis: Localised Rental Prices
- Jobs in Letting: Recruitment & Personnel Barometer
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- ESPC: High Levels of Property Market Activity over Summer Months
- SafeDeposits Scotland: Battling a Burning Issue
- TC Young: Coronavirus (Scotland) Act 2020

# Market Overview

Widely anticipated pent-up demand was released at the start of Q3 which saw tenants take up their leases or begin their property search in earnest. Traffic to Citylets platforms was materially above average over the whole quarter and historically high levels of stock returned to normal with some markets rapidly overshooting to unseasonably low levels.

Indeed, the Scottish PRS was already in motion before the official end of lockdown on June 29th in so far as material volumes of properties were being taken off the market in advance of physical moves, and facilitated by an accelerated growth in technology that allowed many tenancies to be agreed without any direct contact between agent and tenant.

Rents in Scotland were driven higher in Q3 2020, led by double digit annualised growth for larger 3 and 4 bed properties. The increased demand for family homes in Scotland's PRS in recent years seems to have been further enhanced by tenants seeking more room for anticipated sustained home working and/or more living and outdoor space over the course of

COVID restrictions and in the event of a return to full lockdown. Thus far the furlough scheme seems to have materially supported the ability for tenants to pay rents, though Q4 and beyond may become more challenging for some segments.

There has been no evidence that Scotland's main cities have been substantively impacted by the pandemic in terms of a net balance of tenants seeking to move out of urban areas, as reported in some large English cities. Indeed, the Glasgow market experienced one of the most pronounced upticks in demand of all areas in Scotland, urban or rural, sending rents in Glasgow up a significant 4.7% in Q3 2020.

It is likely that many tenants sought to improve their choice of rental property rather than vacate the city but on any view the data re-affirms the region as having the strongest sustained growth in recent quarters. Fast rising rents point to very competitive times for tenants seeking quality property to rent in Scotland's largest city.

Elsewhere there were predictable rises in demand for property to rent

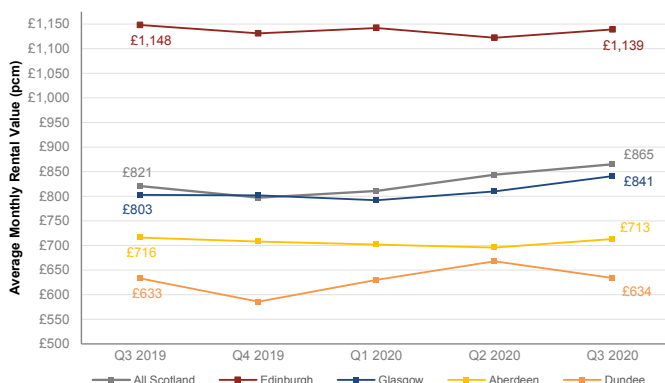
in the picturesque and accessible towns and villages, especially in the Scottish Borders and Perthshire.

TTL for many regions however recorded an annual rise, including Glasgow, reflecting the proportion of properties being let that had originally been marketed before or come up for re-let during lockdown. Additionally in Edinburgh, where excess stock was most prevalent, the large choice in some areas contributed to significantly longer TTLs disconnected from the usual material reduction in rents which eased in Q3 but only softly at minus 0.8 %.

The market uptick, so often seen in the third quarter of the year, looks set to be sustained throughout much of Q4 2020 with unseasonably high demand evident since the first announcement of renewed restrictions in West Scotland in September. The race for space seems on.

Despite the rising curve of the virus second wave, the property market will be optimistic that a shutdown even during a full lockdown can be avoided. Otherwise we would expect to see another quarter of disrupted and volatile market data.

Scottish Monthly Rent Analysis (Q3 2019 - Q3 2020)



Scotland - Average Stock Levels (Q1 - Q3 2020)

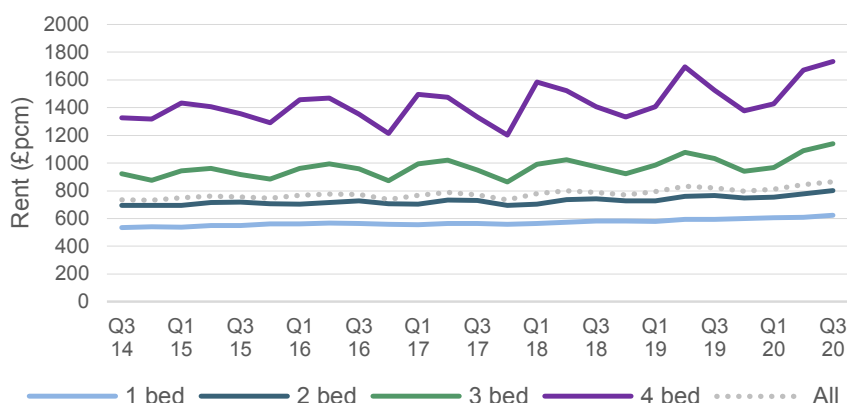


# Scotland

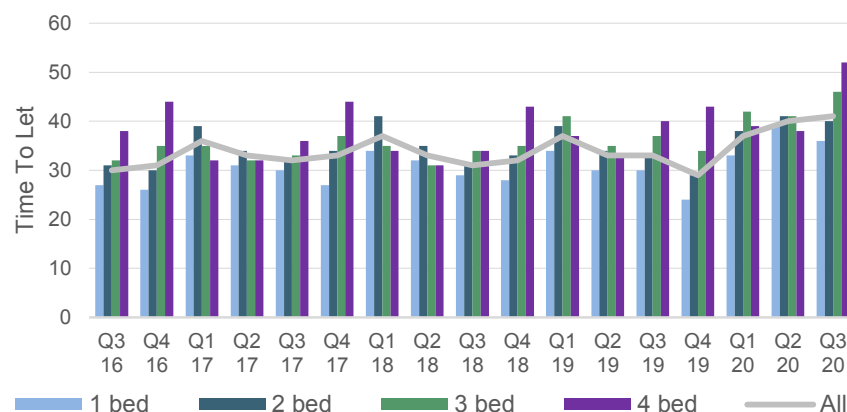
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£623	4.7%	13.1%	29.5%	36	6	21%	57%
2 bed	£801	4.4%	11.3%	30.7%	40	7	20%	52%
3 bed	£1,140	10.4%	24.2%	41.6%	46	9	19%	47%
4 bed	£1,733	13.6%	27.8%	49.0%	52	12	14%	39%
<b>All</b>	<b>£865</b>	<b>5.4%</b>	<b>14.3%</b>	<b>33.3%</b>	<b>41</b>	<b>8</b>	<b>20%</b>	<b>52%</b>

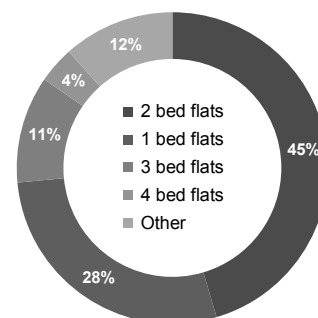
## Average Rent (pcm) by Number of Bedrooms



## Average Time To Let (TTL) by Number of Bedrooms



## Market Composition

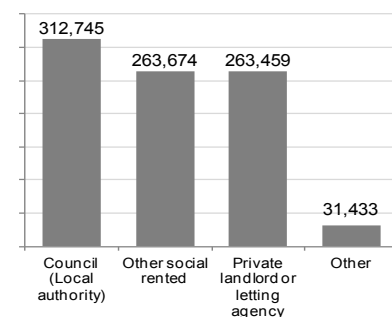


## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.6	102.8	100.2
2009	98.8	98.1	99.2	97.7
2010	98.9	101.4	100.6	99.8
2011	100.3	102.8	103.9	101.7
2012	102.9	104.2	105.0	104.0
2013	104.7	107.4	106.5	105.1
2014	108.4	112.1	114.1	113.5
2015	116.4	118.1	117.4	115.7
2016	118.9	120.5	120.2	114.6
2017	119.1	122.3	119.7	113.8
2018	120.9	123.9	122.3	119.5
2019	122.9	129.1	127.3	123.6
2020	125.7	130.9	134.1	

## Households: Rented



### Adrian Sangster - Aberdeen Considine

"The rental market throughout the Scotland continues to perform strongly despite the wider issues affecting the country. In particular we have seen increased demand for family homes in smaller towns and rural areas. I believe this may be a reaction to months of lockdown and people looking for more space. At the other end of the market we have also witnessed increased demand for one beds in university towns and cities from students looking for sole occupancy. Previously they would have been expected to be in halls or sharing HMO's with other students. These examples show how flexible and adaptable the private rented market is and how it remains such an important provider of housing in this country."

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PRS



Student



Housing Association



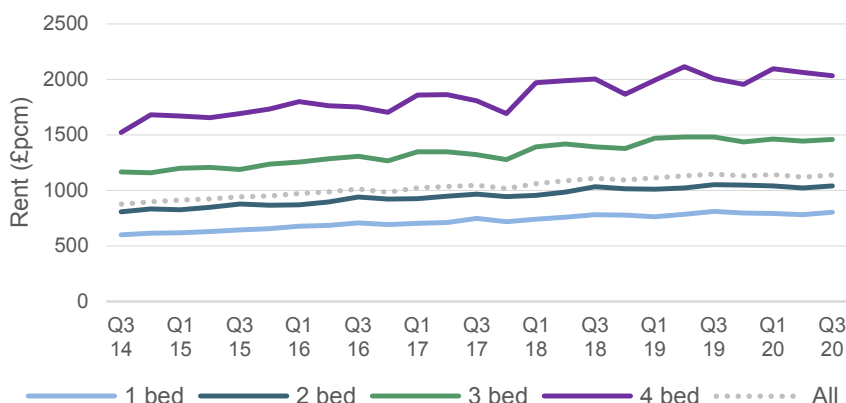
Estate Agency

# Edinburgh

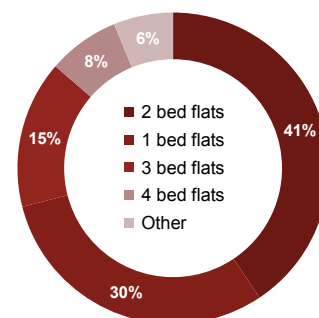
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£804	-0.7%	24.5%	52.0%	38	18	17%	53%
2 bed	£1,042	-1.1%	18.7%	52.1%	45	18	15%	46%
3 bed	£1,459	-1.4%	22.5%	50.7%	56	17	12%	37%
4 bed	£2,033	1.3%	20.2%	50.3%	58	17	12%	31%
All	£1,139	-0.8%	20.9%	51.5%	46	19	15%	45%

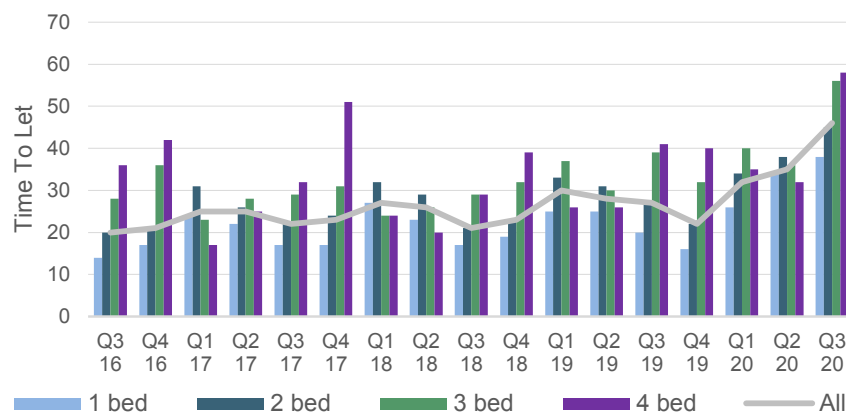
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



## Average Time To Let (TTL) by Number of Bedrooms



## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	100.1	102.0	102.3
2009	99.2	96.9	97.6	98.3
2010	99.1	101.1	100.7	103.2
2011	102.5	102.9	104.8	104.3
2012	105.5	105.9	106.2	109.6
2013	109.4	109.5	109.8	110.0
2014	113.5	115.1	117.3	120.5
2015	122.1	123.6	126.1	127.2
2016	130.1	132.0	135.6	131.7
2017	136.9	138.8	140.3	136.0
2018	142.2	145.5	148.3	146.6
2019	149.3	151.5	153.7	151.4
2020	152.9	150.2	152.5	

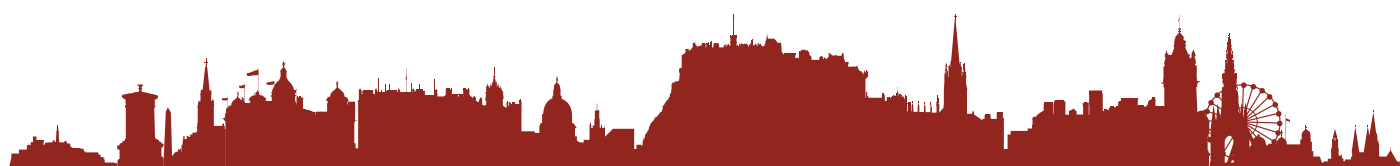
## Yield by Popular Postcodes (Flats)

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



### Charlie Inness - Glenham Property

"The enforced closure of the market resulted in a build-up of stock, leading to an oversupply which was especially severe in postcodes that had high concentrations of short term rentals. At the same time pent-up demand was also building from tenants who were unable to move and this was released once lockdown restrictions were eased. Once the market reopened we saw a significant surge in demand for viewings with properties letting fast. That said, the supply demand imbalance has caused downward pressure on rents across the city as landlords needed to adjust expectations to generate an income and reduce further void periods."

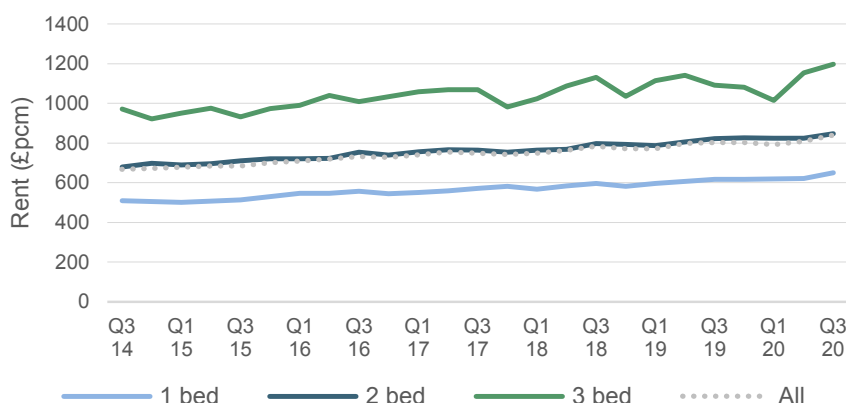


# Glasgow

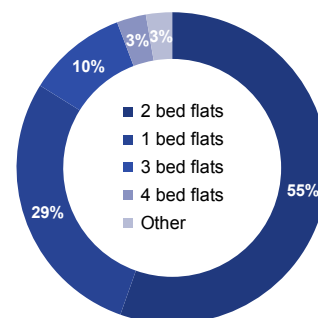
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£650	5.2%	26.5%	41.9%	27	5	32%	66%
2 bed	£848	3.0%	19.4%	42.5%	37	9	24%	56%
3 bed	£1,198	9.6%	28.5%	44.9%	44	12	22%	47%
4 bed	£1,803	8.3%	31.5%	70.9%	51	16	8%	37%
All	£841	4.7%	23.0%	42.8%	36	9	25%	57%

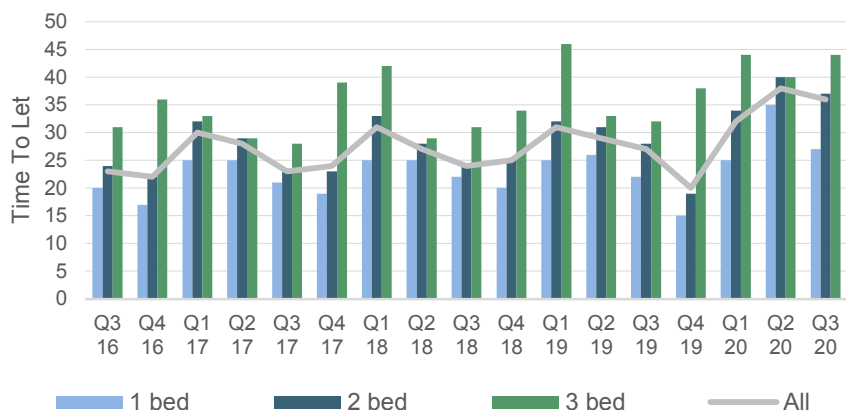
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



## Average Time To Let (TTL) by Number of Bedrooms



## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	102.6	104.6	101.8
2009	102.3	101.4	103.0	100.7
2010	104.2	104.1	103.9	103.7
2011	102.3	106.0	106.7	105.6
2012	105.1	107.4	108.5	107.9
2013	108.1	109.0	109.0	108.5
2014	110.8	115.7	118.0	118.7
2015	119.8	120.8	120.6	123.6
2016	125.2	126.8	129.3	128.6
2017	130.5	133.2	131.9	130.9
2018	132.1	134.6	138.4	136.0
2019	136.2	140.9	141.6	141.4
2020	139.7	142.9	148.3	

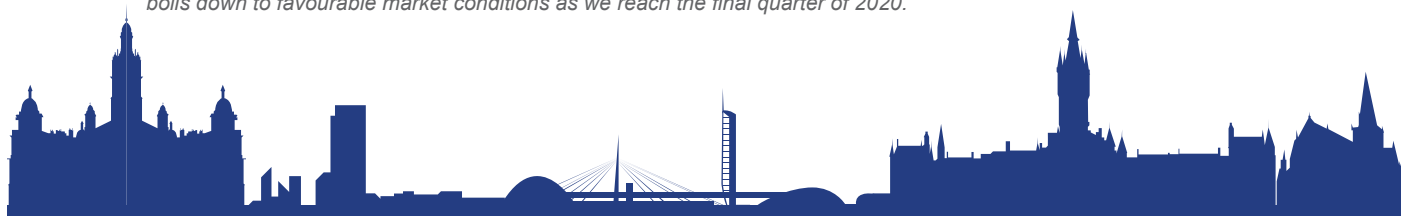
## Yield by Popular Postcodes (Flats)

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



### Chris Cockburn - Let-it

"Following the lifting of restrictions in the property sector at the end of June, we have experienced unprecedented demand from renters, with the available stock from during lockdown being rapidly snapped up. Furthermore, we have seen almost record levels of new instructions demonstrating that the appetite from landlords is still incredibly strong. An increasingly tougher mortgage market is only serving to keep demand from renters high as we reach the end of the quarter, with supply struggling to keep up despite the increased levels of instructions. This all boils down to favourable market conditions as we reach the final quarter of 2020."



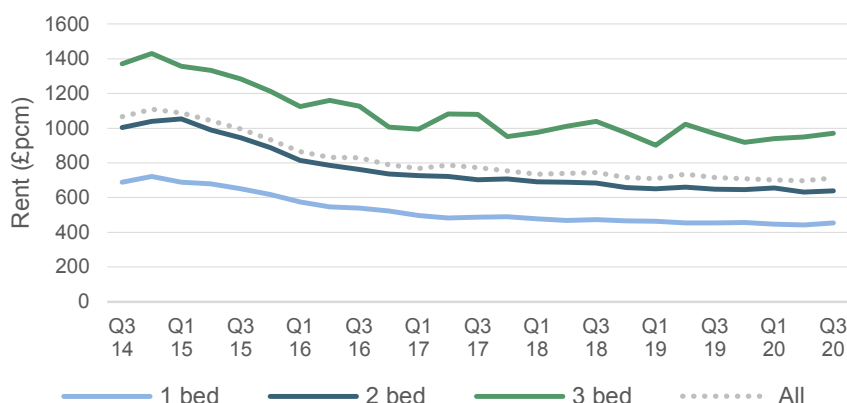


# Aberdeen

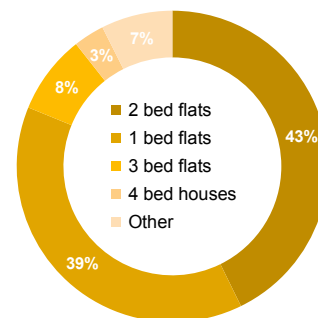
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£454	0.0%	-30.3%	-18.1%	43	-4	15%	48%
2 bed	£639	-1.4%	-32.3%	-20.1%	51	4	8%	39%
3 bed	£971	0.3%	-24.3%	-14.1%	60	9	8%	28%
4 bed	£1,415	-0.7%	-20.3%	-7.2%	60	8	9%	29%
All	£713	-0.4%	-28.3%	-16.3%	50	2	11%	41%

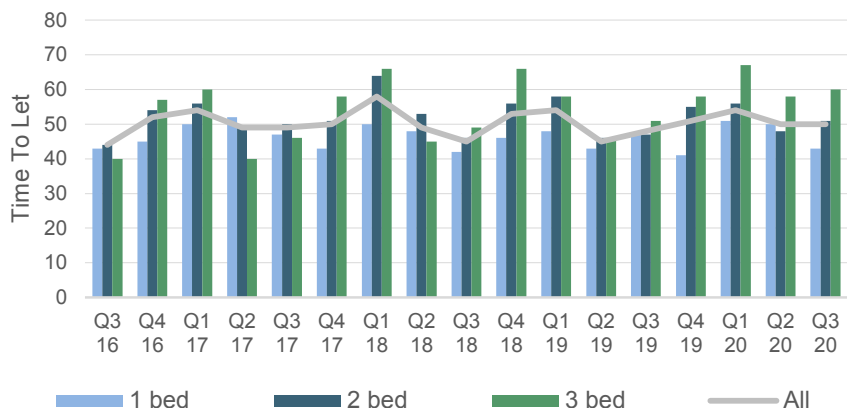
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



## Average Time To Let (TTL) by Number of Bedrooms



## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.5	100.7	98.8
2009	97.1	94.6	93.8	96.8
2010	96.9	96.5	96.3	98.3
2011	102.5	97.4	99.2	101.0
2012	103.2	101.8	101.6	107.3
2013	108.6	109.3	113.2	116.2
2014	120.5	122.5	120.6	125.4
2015	123.1	117.9	112.4	105.5
2016	97.7	93.9	93.7	89.2
2017	86.8	89.0	87.5	85.3
2018	83.2	83.6	84.2	80.8
2019	80.2	82.9	80.9	80.0
2020	79.3	78.6	80.6	

## Yield by Popular Postcodes (Flats)

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



### Grant Fairbairn - Grant Fairbairn Property

"Q3 2020 has been extremely busy; there seems to have been a large backlog of demand due to lockdown. Well-presented 2 and 3 bedroom houses seem to be extremely popular with some getting 15+ viewings requests and multiple offers, particularly in areas like Westhill, Bridge of Don and Sheddocksley.

Although a lot of students gave notice early at the start of lockdown, the student market has also done very well, with most students choosing to come back to the city, despite most of their lectures being online. Lower quality properties continue to struggle; landlords need to invest in their properties more than ever."



## Recruitment & Personnel Barometer

A look at the impact of the pandemic on the working practices and personnel in the Scottish PRS with Michelle Christie, Jobs in Letting

The Covid pandemic has had a clear impact on the operations of Scottish residential letting agencies. Online viewings and digital contracts have risen, enhanced health and safety measures introduced and, perhaps one of the biggest changes has been the introduction of home working.

So how have employers adapted to meet the challenges of the new landscape and what have been the stand out issues? Clearly the requirement to supply employees with PPE both inside and outwith the office will be universal and obvious but the dynamics of managing property with close knit teams being physically dispersed to their homes has also been altered.

Jobs in Letting has been speaking to employers around the country to take a reading of the recruitment and personnel landscape in our residential letting agencies.

Karen Turner, Director of Letting at Rettie & Co, noted that the key was to react quickly by changing processes and implementing new ones: "What Covid has shown is that we can all work from home and can adapt. This doesn't come without its challenges from a health

and well-being aspect and it's imperative that staff are included in meetings, updates and of course are encouraged to express how they are feeling about it."

"The use of PPE is now second nature when in the office and inside our properties. Has that changed the way we work? Of course it has; the majority of our staff are still at home with a small team based in the office. The safety of our staff, contractors, landlord and tenant clients is paramount."

There was a clear sense that the pandemic accelerated change that was already underway rather than affecting a wholesale shift in working patterns.

Fiona Kelly, Operations Director of LAR Housing Trust, observed: "The current situation perhaps hastened the transition to having team members spread around the country serving all our developments, rather than being based from one of our offices. This has given us access to a wider range of candidates but has also meant we've had to take different things into consideration when recruiting, such as what support and additional equipment

our employees need to work from home."

Charlie Innes, Director at Glenham Property agreed: "The impact of Covid on how letting agents run their offices was one of accelerating a move to a more flexible working approach. It didn't necessarily impact on staffing levels as property management, if done professionally, requires human interaction to maintain service levels."

Some employers noted that the changes were not only accelerating the inevitable but also led unexpectedly to positives.

Fiona Kelly at LAR commented: "We have enjoyed rapid growth and increased the number of developments across Scotland. It was perhaps inevitable that we would need to change our working practices anyway."

Kenny Miller, Senior Property Manager of Albany Lettings, agreed: "The adaptation of all staff to the new norm made a great challenge but it was a successful transition. Sounds small but it was big for us and for a new team to form. A lot more efficient and happier."



Jobs in Letting is Scotland's first recruitment service dedicated to the property letting sector. Our team has been working in Edinburgh's thriving property market for over 15 years with over 30 years collective experience.

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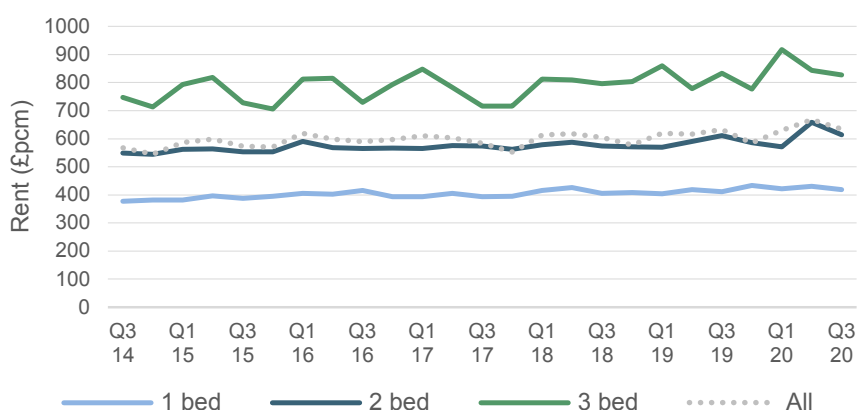


# Dundee

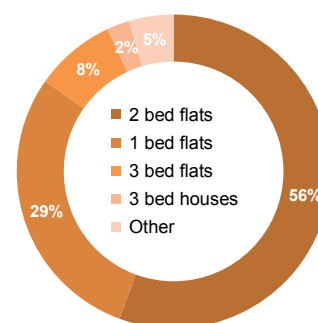
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£419	1.9%	6.6%	8.3%	46	1	17%	50%
2 bed	£614	0.5%	7.0%	11.0%	38	-6	23%	54%
3 bed	£827	-0.8%	15.3%	13.6%	34	-19	24%	62%
All	£634	0.2%	8.6%	10.5%	40	-5	21%	53%

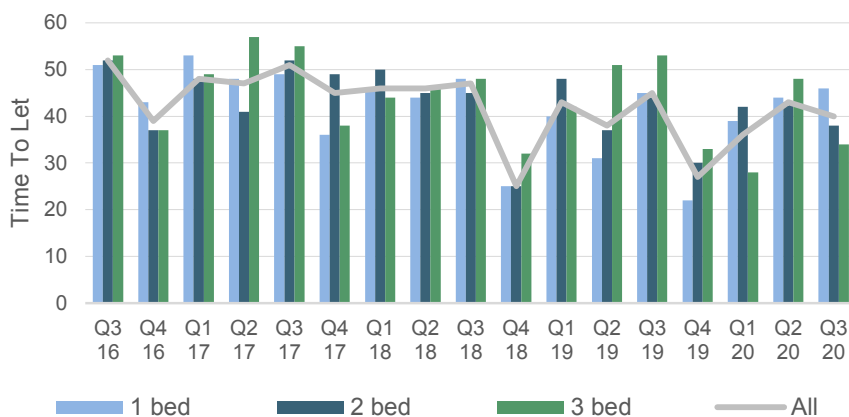
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



## Average Time To Let (TTL) by Number of Bedrooms



## Rental Index

(base: Q3 10)

Year	Q1	Q2	Q3	Q4
2010	100.0	94.3	94.3	93.4
2011	102.8	95.5	91.8	86.1
2012	96.2	93.2	94.6	91.5
2013	99.3	98.1	96.4	91.7
2014	103.3	97.4	98.4	94.6
2015	101.9	103.8	99.7	99.0
2016	107.6	104.0	102.4	103.6
2017	105.9	104.7	101.4	95.8
2018	106.6	107.3	104.9	100.3
2019	107.6	106.9	109.9	101.7
2020	109.4	116.0	110.1	

## Yield by Popular Postcodes (Flats)

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



### Malcolm Pickard - Tay Letting

"Since return from lockdown, we have been encouraged by the state of the rental market in Dundee. We have found there has been a healthy demand with the majority of our properties being let relatively quickly and achieving the rentals being sought. All seems encouraging at present."

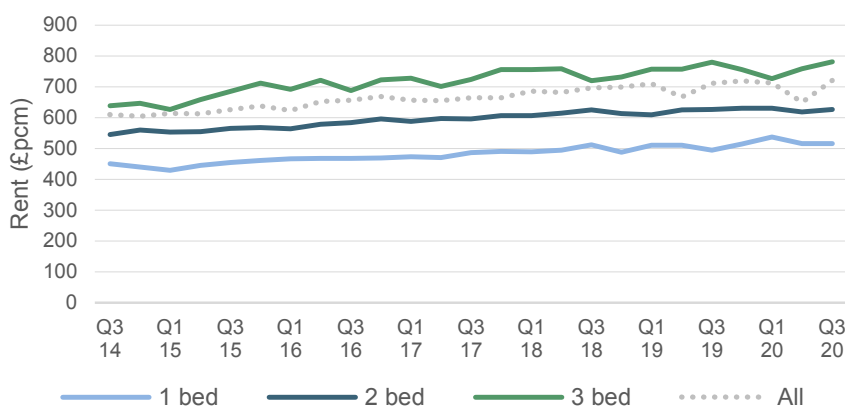


# West Lothian

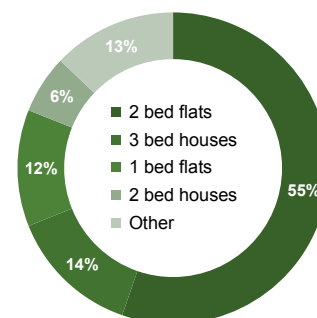
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£516	4.5%	13.7%	16.2%	20	-5	42%	79%
2 bed	£626	0.0%	10.8%	18.8%	28	-1	29%	63%
3 bed	£781	0.1%	14.0%	26.0%	30	1	28%	52%
All	£720	1.3%	15.0%	23.9%	27	-2	30%	63%

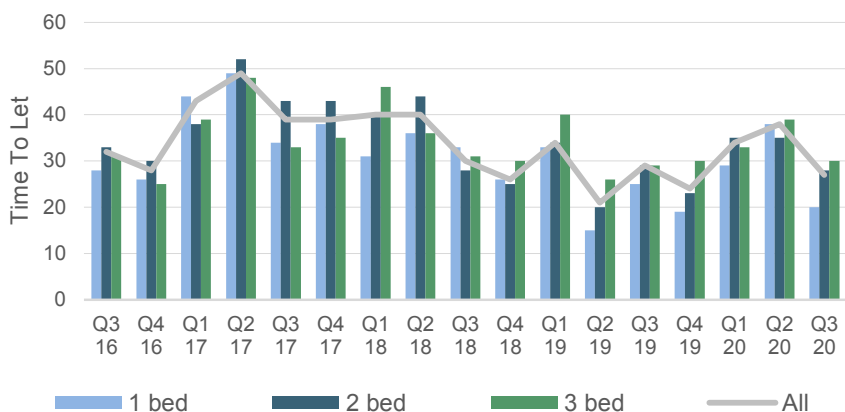
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



## Average Time To Let (TTL) by Number of Bedrooms



## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.4	104.8	101.2
2009	101.9	98.4	100.5	99.7
2010	100.9	100.2	100.2	100.3
2011	100.7	104.8	100.5	100.9
2012	98.1	102.8	103.3	103.4
2013	104.1	103.8	108.8	104.3
2014	103.3	103.6	105.2	104.1
2015	105.9	105.7	107.9	110.0
2016	107.4	112.4	113.3	115.3
2017	113.1	112.9	114.7	114.7
2018	118.3	117.6	120.0	120.5
2019	122.4	115.0	122.6	124.0
2020	122.8	112.1	124.1	

## Yield by Popular Postcodes (Flats)

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



### Callum McQueenie - Mavor & Company

"After a challenging Q2, we have found the rental market has bounced back stronger than pre-lockdown levels and almost all our stock over lockdown had applications accepted within days of restrictions being eased. I believe this proves the strength and demand of the rental market in West Lothian as new tenants also consider this area as an affordable alternative to Edinburgh with easier access to outdoor space. Rental prices have held strong and even increased in certain areas. As little as 3% of our managed portfolio are currently experiencing rent arrears as a direct consequence of lockdown and support is being provided to tenants where necessary."

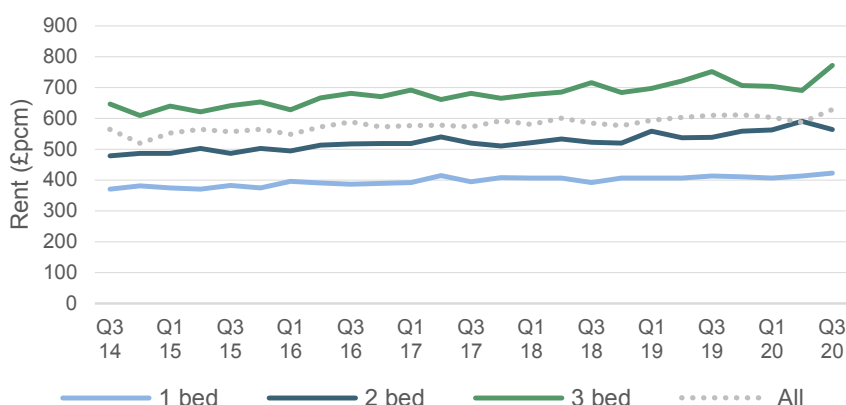


# South Lanarkshire

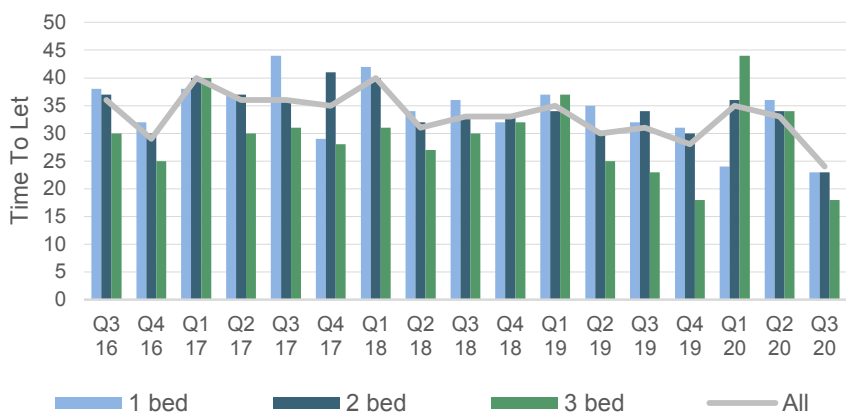
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£422	2.2%	10.5%	11.9%	23	-9	31%	76%
2 bed	£564	4.6%	16.0%	13.0%	23	-11	35%	75%
3 bed	£771	2.7%	20.3%	20.5%	18	-5	39%	89%
All	£628	3.0%	12.9%	15.9%	24	-7	34%	78%

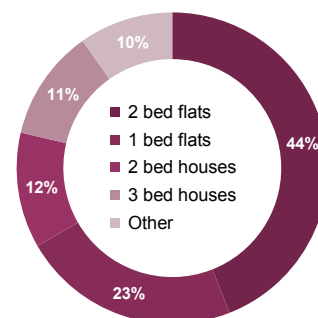
## Average Rent (pcm) by Number of Bedrooms



## Average Time To Let (TTL) by Number of Bedrooms



## 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	109.2
2018	107.0	110.7	107.6	106.3
2019	109.4	111.0	112.3	112.5
2020	111.0	108.1	115.7	

## Yield by Popular Postcodes (Flats)

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



### David Kendall - Lets Make Homes

"Since the reopening of the housing market, rentals have been exceptionally buoyant with incredible demand particularly for houses which currently attract numerous high quality prospective applicants. Many lets are agreed before properties are even advertised. 'Accidental' landlords are now able to sell their properties, further diminishing the supply of rental properties. On the downside, some tenants continue to struggle with their rental payments due to changes in their circumstances and as the furlough scheme comes to an end, more tenants are at risk of redundancy."

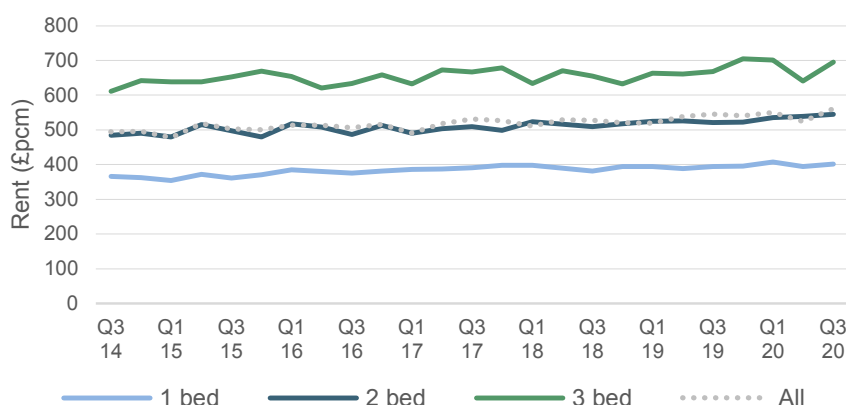


# Renfrewshire

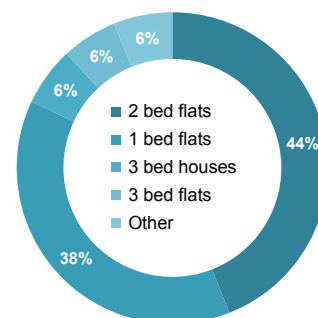
## Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£402	2.0%	11.4%	13.6%	34	0	25%	65%
2 bed	£545	4.6%	9.4%	15.5%	33	-2	29%	65%
3 bed	£695	4.0%	6.4%	19.4%	32	-3	30%	67%
All	£561	2.9%	11.5%	15.4%	33	-1	28%	65%

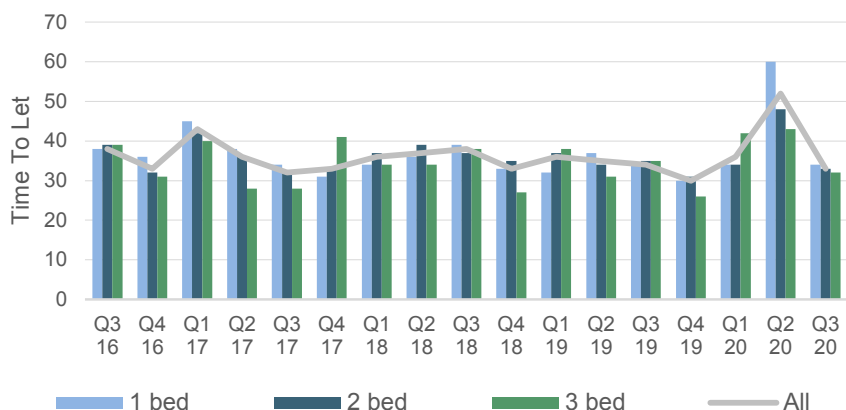
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



## Average Time To Let (TTL) by Number of Bedrooms



## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.8	104.0	100.0
2009	98.7	99.0	96.2	96.2
2010	104.6	96.6	101.9	100.0
2011	98.5	99.4	101.0	100.8
2012	101.0	101.5	101.5	99.8
2013	97.5	100.6	100.6	102.9
2014	100.6	98.1	103.8	104.0
2015	100.2	108.6	105.5	104.8
2016	107.5	107.5	106.1	108.2
2017	102.9	108.6	111.3	110.3
2018	107.1	110.9	110.7	109.2
2019	109.0	112.8	114.3	113.4
2020	115.3	109.9	117.6	

## Yield by Popular Postcodes (Flats)

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



### Holly Campbell - Castle Residential

"We think it's fair to say that the global situation has proven challenging and uncertain in all industries, including the rental market. With restrictions lifting and being reinstated, and the undercurrent of the pandemic, it has been a time to adapt and become proactive in terms of viewings and office procedures. It has allowed for new ways of working to be implemented on a semi-long term basis and creativity to be utilised, while ensuring properties remain compliant and that the market continues to remain in motion. Over the third quarter, maintaining properties and continuing to grow in such an uncertain time has become challenging yet rewarding."



## Agent Views

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

**Martin & Co, Aberdeen – Eduardo Prato**



*"We have seen a massive increase in demand for rental property in Aberdeen. Pre-lockdown typically we would let 10 to 15 properties in the quiet months and 20 to 25 in the busy months. Instead, thanks to online viewings, walk through videos and interactive virtual tours, we let 47 properties in June, 47 in July, 39 in August, and 26 by mid-September (time of writing). The learning points are clear: state-of-the-art marketing combined with proactive follow up calls will keep the right properties tenanted. With the exception of some early check-outs during lockdown, tenancies in general are getting longer, which shows that tenants are feeling more at home and the long-term rental industry is here to stay."*

**Aberdeen Considine, Perth – James McKay**



*"The Perth and Dundee rental markets have been extremely active since the lifting of lockdown. Demand has far outstripped supply at all levels, from 1 bedroom flats to detached villas. Consequently, monthly rents have increased up to 8% in some instances. There is no sign of the current levels of demand dropping anytime soon as available vacant properties remain at a premium."*

**Western Lettings, Glasgow – Jack Gallagher**



*"The market is fluctuating. Demand was unseasonably strong from July to mid-September. However, there has been a recent reduction in activity levels, which may be attributable to the threat of a second lockdown. Nevertheless, it remains common for us to receive over 20 notes of interest overnight when we list a West End property with a virtual tour. With such high demand, landlords are routinely achieving ambitious asking rents. Aggregate rent arrears are steady. We await the end of the furlough scheme next month with interest."*

**Rettie & Co., Edinburgh – Karen Turner**



*"The market since reopening has been buoyant with high levels of tenant demand. We are seeing our occupancy rates back to the expected levels, with rents staying steady after a marginal downturn. The new normal has settled in and PPE along with virtual viewings has been embraced. This has seen the volume of physical viewings reduced and tenant interest triaged. The next few months will be watched with interest as the furlough scheme ends and the wider impact on the economy starts to show."*

**Cox & Co., Edinburgh – John Cox**



*"The loosening of lockdown restrictions over Q3 allowed for the Edinburgh rental market to awaken from its slumber. As a result, we have seen exponential growth and a flurry of activity both from a landlord & investor perspective, along with a vast increase in tenant enquiries and move-ins to vacant stock. The BTL mortgage market has also got back on track, with lenders continuing to offer favourable terms, especially on higher returning properties across the central belt. With the most recent government updates leaning towards further restrictions, could the market again slump into hibernation?"*





## Agent Views cont...

Finlayson Gore, Dundee – Eilidh Finlayson



*"Q3 has continued to demonstrate increased market activity across the whole PRS since the easing of restrictions. We are delighted to be able to report back to nervous landlords, many of whom have suffered financial uncertainty throughout COVID-19, that asking rents are routinely being achieved and properties occupied with minimum voids. It remains to be seen how the looming end of the UK JRS may impact on our tenants' ability to continue to meet their rental commitments."*

Be Rented, Glasgow – Graeme McEwan



*"In strange times like 2020 the last four weeks have seen an influx of rental demand within Glasgow. The lack of stock is causing renters stress. Average let time is two days. The industry however always needs to ensure that the property to rent complies with all letting regulations and that due diligence is done on tenant vetting. No short cuts to put a head on a bed! Rent professionally."*

Umega Lettings, Edinburgh – Andy Whitney



*"After restrictions eased in June, the rental market exploded after almost 3 months of relative inactivity and by the end of Q3 the balance of property supply against tenant demand was back closer to the levels we're used to in Edinburgh. Our TTLs and voids have returned to 2019 levels and after a spike of agreed rent reductions in Q2, only a quarter of these reductions remain in place."*

1LET, Edinburgh – Ken Bell



*"After restrictions were lifted it felt like a cork popping and all of the pent-up property activity, which had stalled in the second quarter, suddenly exploded and we found ourselves in the middle of a boom. Both tenant and landlord enquiries soared with many tenants securing a new home using a virtual or video viewing. "Contactless" letting was new fashion. As we moved through the quarter the fizz began to die down with the market seeming to settle at a steady level. Whilst we are not pre-Covid levels of activity, the property market continues to perform well given the current situation."*

Littlejohns Ltd, Edinburgh – Grant Denholm



*"HMO properties started to move very quickly once restrictions were eased in July. We found that there was a large demand in the traditional student areas and rents generally remained in line with last year's figures. Whilst we feel that this has been a very positive outcome considering where we were in June, Coronavirus remains a very serious threat to this market as there is still a prospect that universities may have to curtail physical learning if there are further spikes in cases."*

Aberdein Considine, Aberdeen – Jade Shepperdson



*"The lift of lockdown restrictions brought good market activity and steady level of secured tenancies. The upward trend has continued over the last 3 months, with September showing the highest number of lets for us in Aberdeen City for the year to date. One bedroom properties along with the larger family homes continue to be under high demand, with vast oversupply of two bedroom flats. The HMO market has suffered this year due to the lack of students moving to the area and we are finding that they are opting for one bedroom flats over shared accommodation."*

At Home In Edinburgh, Edinburgh – Rick McCann



*"Q2 & Q3 have undoubtedly been tough for us all but necessity is the mother of invention and the beneficial adaptations of our processes e.g. virtual viewings, will continue as the new norm. Due to lockdown restrictions we entered Q3 with a record number of properties on the market. Excess supply in the Edinburgh rental market depressed rents by as much as 10% for some properties. The floodgates of pent-up demand were opened as restrictions lifted and most available properties rented within 4 weeks. We experienced a second wave of tenants serving notice as the scaling back of the furlough scheme impacted the job market. These properties rented quickly and saw rents return to pre-COVID levels."*

One Stop Properties, Glasgow – Wendy Gallagher



*"Demand still continues to outstrip supply and rental values have continued to rise during Q3. With a booming sales market, we have found that numerous "reluctant landlords" have opted to sell their rental properties, so current stock levels are at an all-time low. The letting industry is relying more on digital technology, with Zoom meetings, online referencing and remote lease signings. Thankfully, our fears surrounding rent arrears proved wholly unfounded, but we further anticipate issues when the Government's furlough scheme ends in October."*

Macleod Lettings, Glasgow – Ross Macleod



*"We've certainly faced challenging times during the Covid-19 pandemic, however, as a business we are extremely resilient and continuing on, albeit in a different operating structure. We've seen fantastic demand for properties as lockdown restrictions start to ease, and currently we are sitting at 97% occupancy, a first for us! We've seen a slight uplift in rents, whilst supply has been short and demand still strong."*



## Agent Views cont...

### Capital Letters, Glasgow – Steven Strachan



*"Since the restrictions put in place to temper the Covid-19 global pandemic began to ease, the demand from tenants has seen properties being viewed and reserved within 48 hours of being on the market due to the number of tenants moving for work, returning home to the city or looking for better accommodation should we go into lockdown again. We have also seen through our offices in Aberdeen, Stirling and Glasgow, higher than normal enquiries from investors of all sizes looking to buy property for the Scottish PRS, with the vast majority of those new investors coming from overseas."*

### Northwood, Aberdeen – Matt Pullinger



*"After the shockwave of the Covid-19 pandemic, we have experienced record levels of activity in the Aberdeen rental market. Times to let and enquiry levels have been strong throughout, with a surge in demand to balance out the plentiful supply. We have not seen the annual influx of student enquiries we would normally experience, with the uncertainty surrounding university courses, however, as schools and universities start to recommence, we are starting to see a steady flow of activity. The pandemic alongside plans within oil and gas services, will see more shifts in the market, however it's encouraging to see such buoyant activity in Q3."*

### Burgh Property, Edinburgh – Andrew Markham



*"Q3 2020 has been beyond buoyant with the bounce back from the lockdown easing, seeing a very strong demand from tenants. HMO student stock suddenly started to be in hot demand with students making the decision to return to Edinburgh for term starting, and with more 1-3 bed stock in the market being snapped up, rents returned to a near normal level from pre-lockdown. Our level of activity has been pretty much on course with last year, with our vacating properties average for the quarter being exactly the same compared to 2019, whereas properties moving in was up 30% - a symptom of tenants moving back to the city and pre-lockdown stock levels returning. We are confident that the market will settle moving in to Q4."*

### Indigo Square, Glasgow – Brian Gilmour



*"Q3 would normally see a large uptake in properties popular with students and whilst we have seen a reduction in numbers, it has not been sufficient to negatively impact upon rents. Significantly in a period of economic uncertainty, those properties that are of interest to families and single parent households have seen huge demand, however, the renters themselves seem largely unaffected with viewing levels remaining high and demand for properties pushing rents up."*

### Glasgow Property Letting, Glasgow – Colin MacMillan



*"The market is busy and everyone needs a place to live and we are seeing quality properties being snapped up at every opportunity and this on its own will improve the housing stock in the PRS with landlords having to ensure that their properties are presented in the best order to stave off the competition and prolong the length of the tenancy. If a tenant doesn't like the flat, they will just give notice and this will constitute a potential cost to the landlord with a void and remarketing cost coming into play and all this will reduce potential yield."*

### Cullen Property Ltd, Edinburgh – Steve Coyle



*"Q3 was extremely busy with the return of the student community to the city. The unsurety about the universities' plans in Q2 meant hectic tenant activity to 'see' and take flats from the start of Q3, only now just subsiding. HMO market rents fared very well; 2.5%-4.0% YoY increases despite COVID. 1 and 2 bed rents remained steady with very few rent payment issues. Furlough ending may yet have an impact. Virtual viewings and bespoke tenant assistance plus solution finding resulted in a strong letting season (92% of HMO flats let via virtual viewings). The Edinburgh property rental market has, so far at least, weathered the crisis well, and led to a swift resurgence in investor activity too. Long may it continue."*

## Have Your Say!

If you'd like to contribute to forthcoming issues please contact [info@citylets.co.uk](mailto:info@citylets.co.uk)

# Postcode & Towns - Average Rents & TTL - Q3 20

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

## Edinburgh - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
EH1	£922	(43)	£1,159	(58)	£1,601	(58)
EH3	£1,014	(40)	£1,334	(45)	£1,606	(54)
EH4	£824	(34)	£1,046	(34)	£1,305	(55)
EH5	£777	(36)	£893	(33)		
EH6	£715	(29)	£902	(39)	£1,252	(46)
EH7	£737	(31)	£969	(44)	£1,392	(63)
EH8	£755	(36)	£977	(46)	£1,537	(70)
EH9	£795	(34)	£1,092	(44)	£1,530	(52)
EH10	£813	(33)	£1,065	(46)	£1,520	(49)
EH11	£698	(37)	£918	(40)	£1,292	(54)
EH12	£788	(35)	£1,056	(54)	£1,360	(36)
EH13			£865	(36)		
EH14	£689	(34)	£850	(44)	£1,138	(53)
EH15			£900	(38)		
EH16	£737	(22)	£877	(32)	£1,305	(51)
EH17			£784	(24)		
EH21	£630	(13)	£774	(15)		
EH22			£726	(24)		
EH26			£754	(37)		
EH48			£634	(24)		
EH54			£655	(21)		

## Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£509	(37)	£637	(54)	£867	(70)
AB11	£430	(39)	£613	(46)	£998	(52)
AB12	£466	(41)				
AB15	£629	(41)	£785	(56)	£1,128	(46)
AB16			£537	(45)		
AB21			£634	(38)		
AB22			£686	(52)		
AB24	£444	(44)	£622	(51)	£943	(71)
AB25	£439	(42)	£610	(48)	£915	(52)

## Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1	£438	(27)	£689	(33)		
DD2	£424	(47)	£618	(41)	£822	(36)
DD3	£406	(42)	£542	(37)		
DD4	£404	(39)	£550	(29)		
DD8	£357	(31)	£470	(29)		
DD11			£525	(33)		

## Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£735	(32)	£986	(49)	£1,281	(41)
G2	£720	(33)	£955	(46)		
G3	£693	(21)	£930	(41)	£1,311	(49)
G4	£695	(18)	£865	(37)	£1,283	(65)
G5			£747	(35)	£948	(23)
G11	£656	(16)	£916	(24)	£1,207	(48)
G12	£753	(18)	£988	(26)	£1,350	(43)
G13	£545	(59)	£729	(24)		
G14	£513	(18)	£597	(26)		
G20	£624	(28)	£792	(29)	£1,059	(18)
G21			£561	(29)		
G31	£553	(22)	£723	(29)	£946	(25)
G32			£573	(34)		
G33			£614	(39)		
G40	£509	(11)	£690	(36)		
G41	£621	(22)	£773	(18)		
G42	£492	(29)	£738	(22)		
G43			£718	(31)	£691	(50)
G44	£543	(37)	£671	(24)		
G46			£670	(47)		
G51	£574	(29)	£635	(24)		
G66			£580	(27)		
G71			£728	(17)		
G72			£573	(33)		
G73			£565	(32)		
G74	£419	(16)	£553	(14)		
G75			£506	(25)		
G76			£728	(29)		

## Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Ayr			£506	(46)		
Bathgate			£638	(24)		
Cumbernauld			£550	(26)		
Dalkeith			£740	(23)		
Dunfermline	£456	(34)	£577	(28)	£730	(40)
East Kilbride	£414	(14)	£534	(19)		
Glenrothes			£534	(23)	£603	(23)
Hamilton	£414	(15)	£541	(16)		
Inverness	£532	(17)	£686	(28)	£908	(18)
Kilmarnock			£442	(28)		
Kirkcaldy	£412	(27)	£507	(21)		
Livingston			£662	(20)		
Motherwell			£530	(23)		
Paisley	£399	(29)	£528	(26)	£630	(36)
Perth	£440	(43)	£572	(45)	£843	(37)
Stirling Town	£512	(28)	£738	(49)	£1,051	(45)
Troon			£566	(8)		

# Build To Rent News

## Beds for Rent – The Emergence of Purpose Built Residential Accommodation

The coalescence of “beds for rent” (PBSA, BTR and Co-Living) under one Purpose Built Residential Accommodation (PBRA) umbrella is rapidly evolving as UK funds and PBSA developers recognise commonalities across rental sectors. This structural shift towards single investment portfolios challenges the traditional approach to residential real estate, whilst exploiting the opportunity for operational efficiencies, blended returns and yield compression.

Ed Crockett, Head of UK Residential Investment at Aberdeen Standard Investments, recognises the direction of travel:



Lochrin Quay, Edinburgh

“As the delivery of BTR becomes more sophisticated we are seeing the “nuts and bolts” operational design (plant, circulation space, security) share more and more characteristics with Purpose Built Student Accommodation, driven by the increased emphasis on community generation and management efficiency. This is to such an extent that we now consider BTR, PBSA and emerging rental models under one umbrella – Purpose Built Rental Accommodation.”

Coalescence is an entirely logical response to the maturity of the PBSA sector v’s the nascent BTR/Co-Living sector; a single platform and a blended approach will maintain momentum. At SLD we are witnessing this trend on the ground in Edinburgh and Glasgow where PBSA developer/operators are now acquiring BTR and Co-Living sites.



## What Next for BTR in a Covid-19 World?

There have been many anxieties over the impact of Covid-19 on the rental sector but having shown resilience BTR looks poised for the centre stage. From the demand side, if the recessionary pressure that affected the sales market and mortgage lending due to the global financial crisis is repeated, then the rental sector as a whole, will be well positioned to address the need for housing. The BTR offering with professional management, high quality amenity including high speed broadband, as well as virtual viewings and online management, all position BTR as the rental model for a Covid-19 world.

In addition to absorbing displaced sales demand and mainstream rental demand, the rise of decentralised working to suburban locations has the potential of expanding BTR into the suburbs and attracting the family market, a model Sigma has already proved viable. The BTR sector also has the potential to deliver more affordable housing models, including MMR, Co-Living and Sharer units, which could provide affordable housing options within the PRS. This will include providing homes for key workers whose employment has shown resilience during times of pandemic.

From the supply side, the shake up caused in the office and retail sectors has the potential to open up space within urban centres where demand for residential living remains high; indeed both Edinburgh and Glasgow have policies encouraging the diversification of use in city centres.

With emerging demand and development opportunities, and the weakening investment case for other real estate sectors, BTR is well positioned to meet housing needs, attract investment and drive development in a Covid-19 world.



## Mid-Market Rent News

### Demand Outstrips Supply across the Mid-Market

Mid-Market Rentals (MMR) - along with the market in general - have seen a significant increase in enquiries over the last three months since the easing of lockdown restrictions. Pent-up demand for people wishing to move over the lockdown period clearly had a large part to play in year-on-year figures across July and into August, however, interest has continued throughout August and into September.

The likelihood of people working from home on a more regular basis has seen a demand from city centre tenants in traditional tenements looking to more modern energy efficient new builds on the outskirts of the city. This, along with tenants on low to middle incomes exploring more cost-effective living has led to a sharp increase in interest in New Build to Rent Mid-Market developments across Edinburgh and the Lothians.

There is uncertainty for some, with many landlords looking to sell or move back into their own rental properties due to their own circumstances changing, and we have seen an increase in applicants unexpectedly having to move quickly. Demand is regularly outstripping supply across all areas and size of MMR property, with enquiries from both existing and new renters looking for long term security of tenure.



Lynne Morris, Portfolio  
Manager of Touchstone CPS



### Dandara Living Opened its Second BTR Development in Aberdeen

The company broke new ground in 2015, when its 292-property apartment and townhouse development at Forbes Place in the Aberdeen International Airport zone, became the first institutionally funded Build to Rent development in Scotland.

In September 2020 Dandara Living welcomed the first residents to The Point, its second Build to Rent development in Scotland, as coronavirus restrictions began to ease.

Featuring 342 apartments and co-living suites, The Point delivers a key element of Aberdeen City Council's masterplan for the city centre.

Designed around a zero-car ownership model, The Point is within walking distance of three major headquarters-style office developments, Aberdeen's improved regional bus and rail networks, and access to electric vehicle hire facilities.

"New generations and similarly to those in major financial centres worldwide, are increasingly choosing to rent rather than buy," said Paul Borrmann, Operations Director for The Point and Forbes Place.

"Demand remains strong in Aberdeen which is testament to the resilience of the city's business and property market. The Point's all-inclusive offering, which includes a gym, homeworking hub, resident's lounge and free high-speed broadband, gives those who prefer to rent the opportunity to enjoy a truly modern, connected lifestyle in the increasingly cosmopolitan heart of the city."



The Point, Aberdeen





# An Awakening to the Advantages of Selling Tenanted Properties

Emergency legislation is proving an eye-opener for many landlords, Portolio says

Extended eviction notice periods mean landlords cannot afford to overlook the financial positives of selling properties with tenants in situ.

That's the view of Chris Wood and Ross MacDonald, co-founders of Portolio, Scotland's only estate agency for landlords, who have seen a surge in interest following emergency legislation passed in the Scottish Parliament.

Measures introduced shortly after the Covid-19 outbreak began, which increased the notice period that landlords must give tenants from between one and three months to six months, in an effort to avoid evictions, have been extended until March 2021.

While the Edinburgh-based Portolio has championed the benefits of selling and buying tenanted flats and houses since its launch in 2017, the men behind the firm say the current notice period rules mean that, for many, this is the only option for a relatively quick sale.

This is a belief borne-out in figures, with the firm recording its busiest ever two months for landlords looking to sell properties during July and August, with enquiries double those of their monthly average.

August also saw a 300% increase in the number of new properties listed.

Portolio Managing Director, Chris

Wood, said: "Investors are coming to realise in greater numbers generally the benefits of selling properties without first asking tenants to vacate.

"The circumstances in which we find ourselves have highlighted the financial benefits - reduced risk and maximised net returns for buyers and sellers."



Chris (left) & Ross (right) have 40 years combined experience in Scottish property

"Landlords can take their property to market while not needing to lose rental income as the home sits empty. For investors buying the right properties at the right prices, they have the confidence of knowing they will immediately start collecting rent, and tenants face no stress or disruption. It's a triple win."

Portolio's extensive use of the 3-D viewing technology means that investors can buy a property without needing to cross the threshold to view it.

Even in a challenging financial climate generally, the potential for solid long-term returns from investment remains strong, with the attraction of buying a tenanted property particularly appealing as investors closely analyse their options.

Mr Wood added: "One thing seems clear in the world of property investment, and that is that investors are being cautious. They're being careful not to get carried away, or get caught up bidding at closing dates, and instead are looking for fixed price property that is available to buy at around the home report value."

So far in 2020, for sales completed, Portolio's average sale price is 2% above home report value. It's median time to sell is 31 days.

Mr MacDonald said: "It's our goal to secure a fair price for the seller, and what that is will depend on the location, style and yield of any property."

The Portolio sales package can include tenants, furniture, fixtures and fittings in the sales and all necessary safety certification. The firm's fee comes in the form of commission from the seller. No fee is charged to the buyer.

We sell tenanted property. Portolio is Scotland's only Estate Agent for Landlords and, whether buying or selling, we help successful people in property avoid delays, maximise cash-flow and enjoy a smooth hassle free process.

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 **Portolio**  
THE LANDLORD'S ESTATE AGENT

# Landlords Can't Foot the Bill for Free Housing for All

A long term solution is needed which works for the whole housing sector, by John Blackwood

At the beginning of the Covid-19 pandemic, governments were compelled to take action to help key sectors without knowing what all of the consequences might be. Along with the rest of society, landlords responded positively. Rents were reduced or written off and homes provided for key workers and the homeless, while fleets of cars previously used for zipping around cities for viewings, delivered meals to hospital staff and communities in need.

As we have moved through the different stages of the pandemic, government is looking at how to tackle the longer-term consequences of the widespread and likely long-lasting economic crisis that is already taking shape. This is where I can see errors creeping in.

I was dismayed to hear the announcement by the First Minister that the Scottish Government intends to continue the extended notice period on evictions in the PRS for another six months to the end of March 2021.

This seems to open the door to tenants choosing to live rent free but if the Scottish Government wants free housing for all, they cannot expect private individuals to foot the bill, especially when they are likewise losing their income and have their own families to support.

What landlords, tenants and the Scottish Government must focus on is how to sustain tenancies. Landlords should continue to be flexible and understanding, reducing rent and writing off arrears where possible for those affected by the pandemic, and tenants should ensure that their landlord is kept informed about changes to allow for reasonable solutions to be found.



John Blackwood, Chief Executive of SAL

Unless the Scottish Government does more to put money in the pockets of tenants so they can pay their rent, we will find ourselves back here in March 2021 only with a greatly amplified problem and even less flexibility to find a solution that works for everyone, exacerbating the effects of the pandemic and economic downturn.

The Scottish Parliament has powers

to help those tenants in need. Last week's announcement of a tenant loan fund is welcome, but I am concerned tenants will rightly be cautious of accessing a loan that would add to their debt, a concern we also expressed with the landlord loan scheme. What is needed is for the Scottish Government to bring additional support for tenants in grant form to help them pay their rent.

Government seems understandably overwhelmed by the sheer number of problems it is expected to tackle and their complexity, but the response cannot be to use short-term measures in the hope that a long-term solution will present itself. What is needed is a radical treatment to the root of the problem, not a sticking plaster to the surface which exposes a gaping wound when peeled off later.



## High Levels of Property Market Activity over Summer Months

There were high levels of activity in the Scottish property market throughout July and August due to relaxation of restrictions at the end of June

July and August were exceptionally busy months for the Scottish property market. The relaxation of lockdown restrictions on 29th June saw the pent-up demand from buyers and sellers released into the market, resulting in significant spikes in homes coming to market, valuation and viewing requests, and closing dates.

In July 2020, the number of homes listed with ESPC in Edinburgh, the Lothians, Fife and the Borders was up 56% compared to the same month last year. In August 2020, the number of homes listed in these areas with ESPC was up 42% compared to last August.

ESPC also received record numbers of valuation requests over the summer months, indicating strong demand to sell. In July, ESPC received 80% more valuation requests than in July 2019, while in August 87% more valuation requests were recorded than in the previous August.

There was a significant spike in buyer interest in the summer, with exceptionally high levels of property viewing requests and Home Report downloads which are useful indicators of buyer demand. In July, there were over 24,000 viewing requests (up 248% year-on-year) and 61,000 Home Report downloads (up 58% year-on-year). In August, Home Report downloads and viewing requests rose year-on-year by 58% and 220% respectively.

Anecdotal evidence from ESPC agents



during July, August and September indicated the high competition for homes due to the amount of buyer demand, resulting in them selling relatively quickly and often in excess of the Home Report valuation.

The high competition in the marketplace during the summer was further evidenced by the volume of closing dates. The number of closing dates held in July and August 2020 was up 76% and 70% respectively.

In July and August, we also noted an increase in the proportion of properties marketed as “offers over” compared to last year and a rise in the average asking price. This indicates confidence in market conditions from agents and sellers.

Paul Hilton, CEO of ESPC, said: “We have seen exceptionally high levels of property market activity in July and August. There has been a significant

jump in the number of homes coming to market compared to last year. This is good news for buyers as it means more choice of homes.

“However, there is also evidence of significant buyer demand and high competition for homes, meaning properties are often selling quickly and in excess of the Home Report valuation.

“We continue to live in uncertain times, and therefore it’s difficult to determine exactly what the future holds for the Scottish property market. However, based on recent activity, the market seems relatively robust and appears to be in a good position to face the uncertainties of the upcoming months.”

*This article was written in September 2020 and property market activity may have changed between then and the time of reading.*

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

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## Battling a Burning Issue

With its new SDS Resolution service, SafeDeposits Scotland hopes to ease some of the strain rent arrears are causing to landlords and tenants, by Mike Smith

Covid-19 has put the private rented sector under huge pressure. While there are many signs of positivity in the sector since lockdown restrictions on house moves were relaxed during summer, the issue of rent arrears is one that remains for landlords, letting agents and tenants alike.

Many tenants renting in the sector have experienced redundancy, wage cuts or being put on furlough, leaving them unable to keep up with rental payments. This in turn presents a significant financial challenge to landlords – some of whom will also have suffered job loss or insecurity – whether they rent out one or a hundred properties. A report from Citizens Advice Scotland recorded a 300% increase in the proportion of advice given on private sector rent arrears between February and July this year.

The Scottish Government introduced emergency legislation in April to extend the eviction notice period for tenants having trouble paying rent, however despite these measures and others, there are still people struggling to pay rent. With no clear exit from the pandemic currently in sight, this increased volume of rent arrears may sadly remain an issue for some time yet.

In response to the crisis that

Covid-19 has caused, SafeDeposits Scotland has launched a new service designed to help tenants and landlords who have experienced issues with rent arrears as a result of the pandemic.

SDS Resolution seeks to negotiate rent repayment agreements between



Mike Smith, Operations Manager of SDS

landlords and tenants in a bid to avoid tenants being evicted. The agreement will ensure landlords can recover some, if not all, of the arrears over an agreed period.

Once a satisfactory resolution has been reached by all parties, SDS Resolution will draft up a settlement agreement that sets out what has been agreed between the tenants and landlords. SDS Resolution is

completely free and available to all landlords and tenants, regardless of their deposit being protected by SafeDeposits Scotland or not.

The service is straightforward to use. The landlord or tenant should start by completing an online resolution referral form at [www.sdsresolution.com](http://www.sdsresolution.com); SDS Resolution will then provide written documentation outlining the attempts to resolve the rent arrears. If both parties agree to engage, a telephone appointment will be arranged where a mutually acceptable rent repayment plan will be discussed.

From our conversations with landlords, we know many have made significant steps to ease the financial burden tenants have experienced, but there is still a long way to go.

Any landlords that are trying to agree manageable rent payment plans with their tenants should get in touch with our team via the SDS Resolution website now. We will do all we can to find the most suitable approach for all parties involved.

SafeDeposits Scotland is Scotland's largest tenancy deposit scheme with a 60% share of the market and the only not-for-profit scheme based in Scotland.

[www.safedepositsscotland.com](http://www.safedepositsscotland.com) | twitter: @SafeDeposits | linkedin: SafeDeposits Scotland



**SafeDeposits  
Scotland**

# Coronavirus (Scotland) Act 2020

## Satisfying reasonableness in the Private Rented Sector

The Scottish Government recently confirmed that the temporary changes made under the Coronavirus (Scotland) Act 2020 will be extended until at least March 2021 (albeit changes have been made in connection with the notice period due to antisocial behaviour).

This means the extended notice period of 6 months in most cases will continue to apply for notices served after 6 April 2020 as will the requirement to satisfy the Tribunal that eviction is reasonable.

### Rent Arrears Grounds

In terms of evictions on the basis of the rent arrears grounds, in particular Ground 8 under the assured tenancy regime and Ground 12 under the private residential tenancy regime, the Coronavirus (Scotland) (No2) Act 2020 introduced a further temporary amendment known as pre-action requirements.

This change means compliance with the pre-action requirements will be a factor for the Tribunal to consider when it is determining the reasonableness of an eviction based on these grounds.

### What are the pre-action requirements?

The Rent Arrears Pre-Action Requirements (Coronavirus) (Scotland) Regulations 2020 have been published in draft form. These

Regulations propose the Tribunal must take into account:

1. The extent to which the landlord has provided the tenant with clear information about:

- the terms of the tenancy agreement
- the amount of rent in arrears
- the tenant's rights in relation to proceedings for possession
- how the tenant may access information and advice on financial support and debt management



2. Whether the landlord has made reasonable efforts to agree a reasonable payment plan with the tenant in connection with on-going rent and arrears; and

3. Whether the landlord has given consideration of:

- any steps taken by the tenant which may affect the ability of the tenant to make payment of the arrears within a reasonable period of time
- the extent to which the tenant has complied with the terms of any

reasonable agreed payment plan

- any changes to the tenant's circumstances which are likely to impact on the tenant's ability to comply with the terms of an agreed plan

### When do I need to comply with the pre-action requirements?

The pre-action requirements apply to applications for eviction based on notices served after 6 April 2020 and only where the application for eviction is raised on or after 6 October 2020. Compliance with these pre-action requirements ought to be undertaken before raising an application for eviction.

### What does this mean for PRS landlords?

Landlords with pending notices will have to take steps now to ensure that they comply with these new requirements and maintain records to establish their compliance prior to raising an application with the Tribunal. At first blush these requirements appear onerous especially when faced with a tenant who is failing to engage. However, landlords must bear in mind that there is a requirement to make the above attempts to engage with their tenants and provide this information. A tenant's failure to engage despite this additional effort will only serve to assist the landlord in satisfying the Tribunal that eviction is reasonable.

# 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 October 2020. Whilst we have made every effort to ensure information published in this report is correct, Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.

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