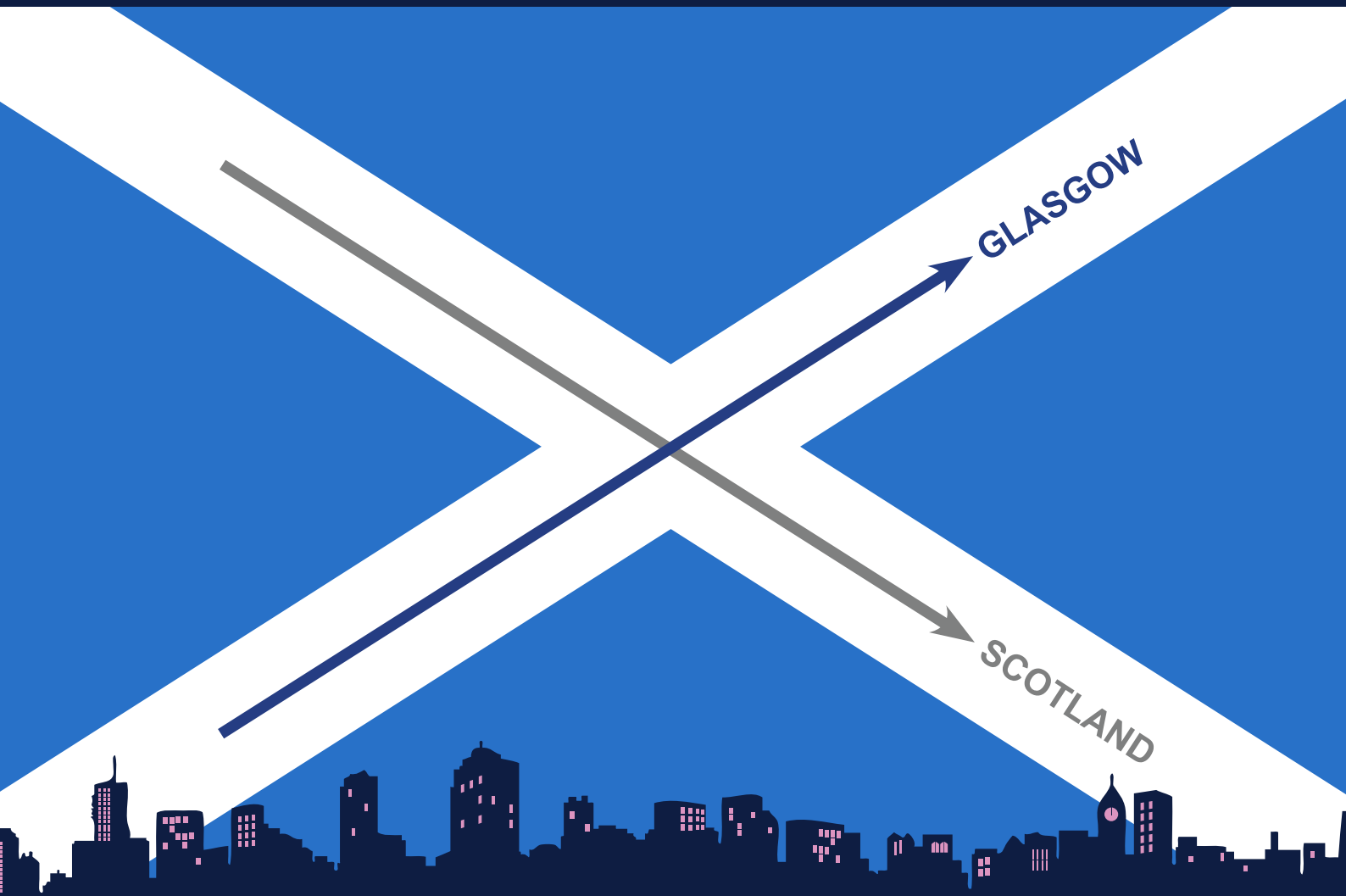


# Glasgow Cross



- Market Overview ■ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more
- Agent Views ■ Postcode & Town Analysis: Localised Rental Prices
- Mid Market Rent News
- SAL - New Rules: New Court
- SafeDeposits Scotland - Scottish Tenancy Deposit Academy
- TC Young - The Letting Agent Code of Practice

# Market Overview

Another quarter passes yet again heralding a new era with Q4 2017 marking the arrival of the new Private Residential Tenancy (PRT). With the official template being made available in November, it would be understandable that agents' minds may be elsewhere. Negative annual growth at the national level recorded in Q3 2017 has however continued with the Scottish average now standing at £734, down 0.7% YOY. Whilst this represents an increase in the rate of annual decline, it would be too early to confidently conclude whether this is the beginning of a new trend at the national level which, as usual, is determined materially by the growth and decline in the central belt and Aberdeen respectively. All 4 main cities recorded a seasonal dip in Q4 down from their previous Q3 averages however this is common at year end, the slowest time of the year.

The average rent in Aberdeen is now £755 per month, down 4.3% YOY, an improvement from minus 6.6% recorded last quarter. It is reasonable to believe that rents will fully level off in 2018. Rents are clearly above

the national average with properties taking an average of 50 days to let. As with last quarter, the larger 4 bed properties fared best indeed recording a noteworthy rise of 5.6% YOY.

- **Glasgow average rents above national average for the first time**
- **Annualised growth rate in Central Belt continues at lower levels**
- **Aberdeen edges lower but at further reduced rate**
- **1 bed properties perform strongly in most urban markets**



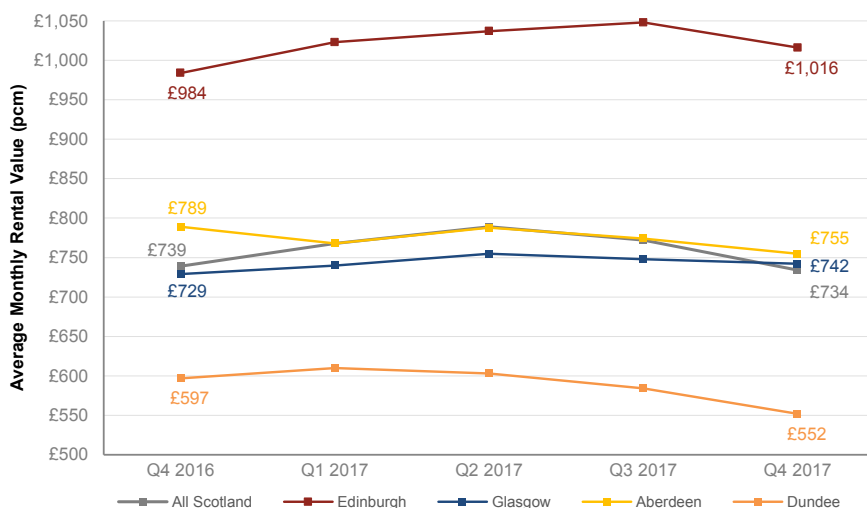
Rents in Edinburgh again rose at circa 3% YOY (3.3%) to stand at £1016 per month on average lending further support to the possibility that this is now the going growth rate for Scotland's capital city. The market is moving at around the same speed as last year taking 23 days to let on

average, up just 2 days on Q4 2016. 1 and 2 bed markets led the rise recording 3.5% and 2.7% growth respectively with 1 bed properties taking just 17 days on average to rent as per last quarter. Both markets are up 27% over the 5 year period. Quarters 1 and 2 of 2018 will be interesting for the capital with Tenants of course hoping that the annual rate of growth has indeed cooled.

Glasgow reached a significant milestone in its Private Rented Sector (PRS) history in Q4 2017 recording an average rent now higher than the national average. The average property in Glasgow now rents at £742 per month, £8 above the national, and now only £13 below Aberdeen, closing over recent quarters (£27 as at Q3 2017 and £33 as at Q2 2017) but still unclear if the two will cross with as much depending on Aberdeen's recovery as Glasgow's continued growth. The market in Scotland's largest city continues to move quickly at 24 days on average, just 2 days slower than Q4 2016. 70% of Glasgow properties are let within a month and as per Edinburgh, rental growth seems to have settled at a lower rate (of c2%) in recent quarters.

Falls in the average price of the larger 3 & 4 bed properties dragged down the average for Dundee to £552 per month, 7.5% lower than last year. Similarly in West Lothian, 4 bed properties fell heavily however the 1, 2 & 3 bed markets all rose continuing a general upward trajectory for the majority of the market. South Lanarkshire and Renfrewshire both rose driven by solid performance in the 1 bed markets.

Scottish Monthly Rent Analysis (Q4 2016 - Q4 2017)

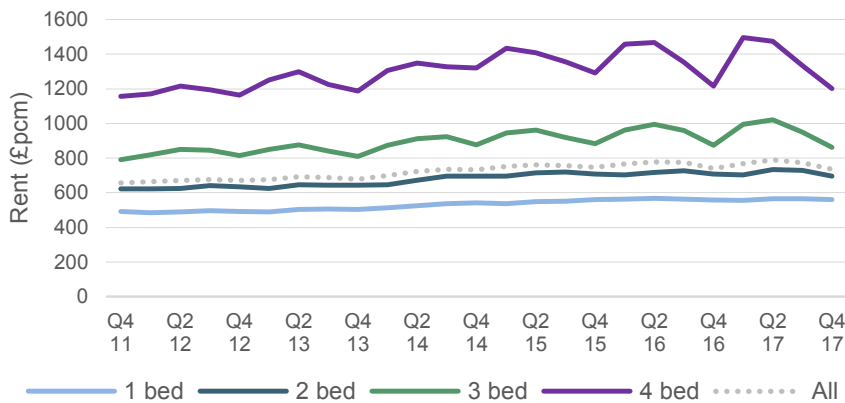


# Scotland

## Market Overview - Q4 17

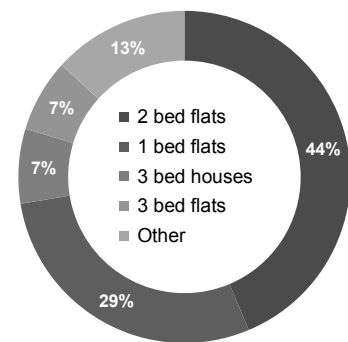
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£560	0.2%	3.5%	13.6%	27	1	21%	66%
2 bed	£696	-1.6%	0.0%	9.6%	34	4	15%	55%
3 bed	£863	-1.1%	-1.5%	6.0%	37	2	13%	51%
4 bed	£1,201	-1.2%	-8.9%	3.2%	44	0	12%	45%
<b>Total</b>	<b>£734</b>	<b>-0.7%</b>	<b>0.3%</b>	<b>9.4%</b>	<b>33</b>	<b>2</b>	<b>17%</b>	<b>58%</b>

### Average Rent (pcm) by Number of Bedrooms

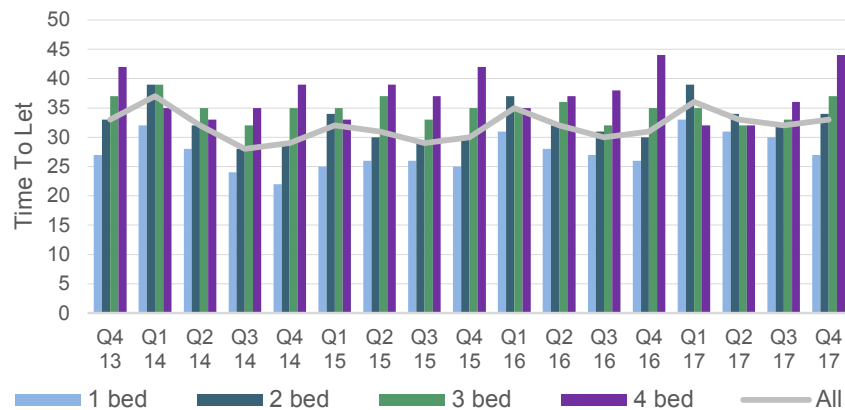


## CITYINFO

### Market Composition



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

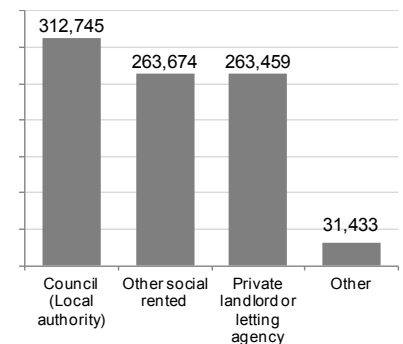


### Rental Index

(base: Q1 08)

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

### Households: Rented



Source: Census 2011, Edinburgh



### Andrew Meehan - Rettie & Co.

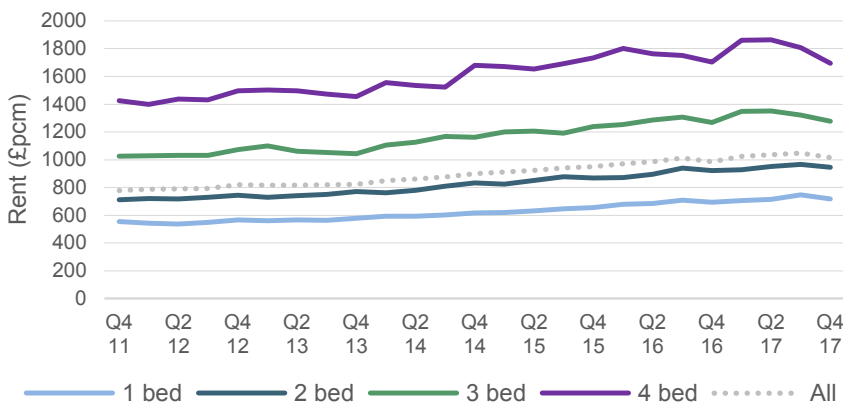
"Strong demand for accommodation in Edinburgh and Glasgow will likely continue to support the rental market 2018. A key factor to watch will be how the PRT impacts the rental sector, and whether increased tenant security and the removal of 'no fault' grounds will materially impact market operation. The festival rental market in Edinburgh will also be a key topic in 2018, as landlords seek to work around the restrictions of the PRT, and with the Scottish Government also considering possible restrictions on Airbnb. A final hot topic will be Rent Pressure Zones (RPZs)."

# Edinburgh

## Market Overview - Q4 17

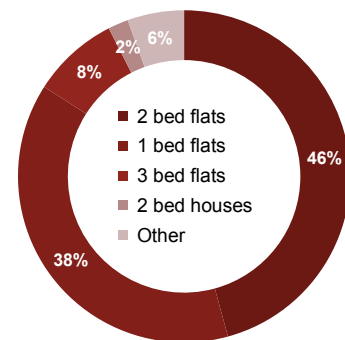
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£718	3.5%	16.6%	27.1%	17	0	33%	83%
2 bed	£946	2.7%	13.6%	27.2%	24	3	19%	68%
3 bed	£1,278	0.8%	10.1%	19.2%	31	-5	16%	58%
4 bed	£1,694	-0.5%	0.8%	13.2%	51	9	3%	25%
<b>Total</b>	<b>£1,016</b>	<b>3.3%</b>	<b>12.9%</b>	<b>24.1%</b>	<b>23</b>	<b>2</b>	<b>24%</b>	<b>72%</b>

### Average Rent (pcm) by Number of Bedrooms

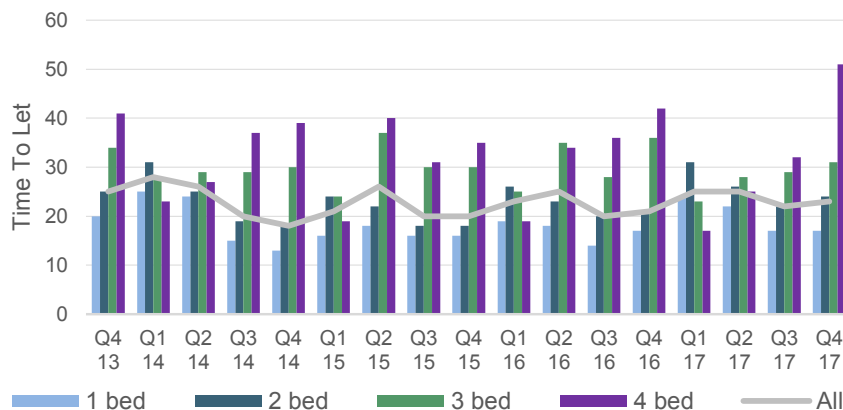


## CITYINFO

### Market Composition



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

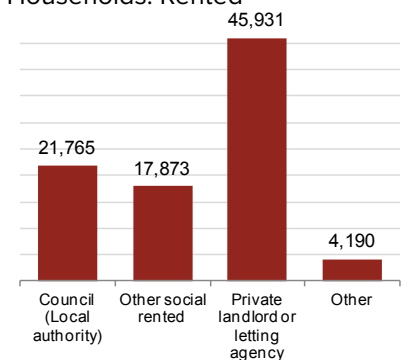


### Rental Index

(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

### Households: Rented



Source: Census 2011, Edinburgh



### Matthew Wilcken - The Flat Company

"The introduction of the new Private Residential Tenancy (PRT) at the start of December appears to have gone without any major hiccups (thus far!) and we are still seeing an extremely busy and buoyant PRS market. Landlord's yields have been increasing in the last couple of years especially for properties rented for a combination of long term and short term lets. For these properties it's possible to achieve rental yields of up to 10%, this compares very favourably to the historic yield for long term lets in Edinburgh of 3-4%. The trade-off for this increase in yield is that tenants now expect a higher standard of accommodation and a more professional and strictly regulated PRS."

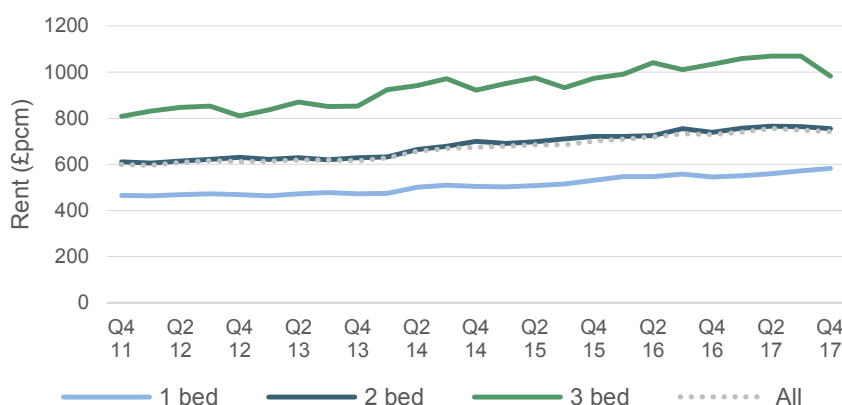


# Glasgow

## Market Overview - Q4 17

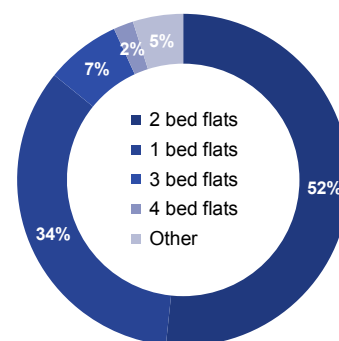
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£583	7.0%	15.4%	24.6%	19	2	29%	78%
2 bed	£755	2.2%	8.0%	19.8%	23	1	26%	69%
3 bed	£982	-5.0%	6.5%	21.2%	39	3	10%	45%
4 bed	£1,289	-8.5%	5.8%	9.4%	45	2	0%	54%
<b>Total</b>	<b>£742</b>	<b>1.8%</b>	<b>10.3%</b>	<b>21.2%</b>	<b>24</b>	<b>2</b>	<b>25%</b>	<b>70%</b>

### Average Rent (pcm) by Number of Bedrooms



## CITYINFO

### Market Composition



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

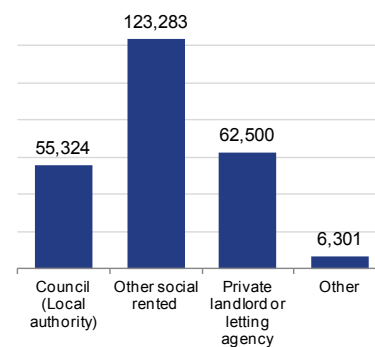


### Rental Index

(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

### Households: Rented



Source: Census 2011, Greater Glasgow



### Bobby Sandhu - Happylets

"Despite the general belief that the market is quieter in the year's final quarter, there was no shortage of tenants looking to start their tenancies during Q4. December saw a rise in valuations, with prospective landlords preparing for the New Year; properties came on the market until mid-December, with tenancies commencing right up until 23/12/2017. The team underwent extensive training to prepare for the introduction of the new 'Private Residential Tenancy' (PRT) which took effect on 1st December 2017. The focus was on ensuring our landlords and tenants were well-informed of how the legislative changes affected their rights and responsibilities."

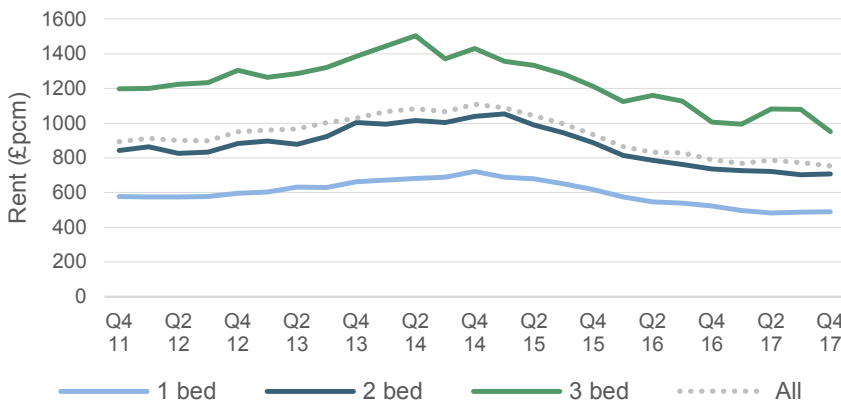


# Aberdeen

## Market Overview - Q4 17

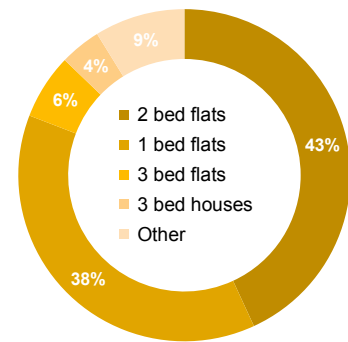
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£489	-6.3%	-32.3%	-18.0%	43	-2	11%	44%
2 bed	£707	-3.9%	-32.0%	-20.0%	51	-3	8%	36%
3 bed	£953	-5.4%	-33.4%	-27.0%	58	1	3%	24%
4 bed	£1,536	5.6%	-28.5%	-22.4%	70	5	7%	17%
<b>Total</b>	<b>£755</b>	<b>-4.3%</b>	<b>-32.0%</b>	<b>-20.5%</b>	<b>50</b>	<b>-2</b>	<b>9%</b>	<b>37%</b>

## Average Rent (pcm) by Number of Bedrooms

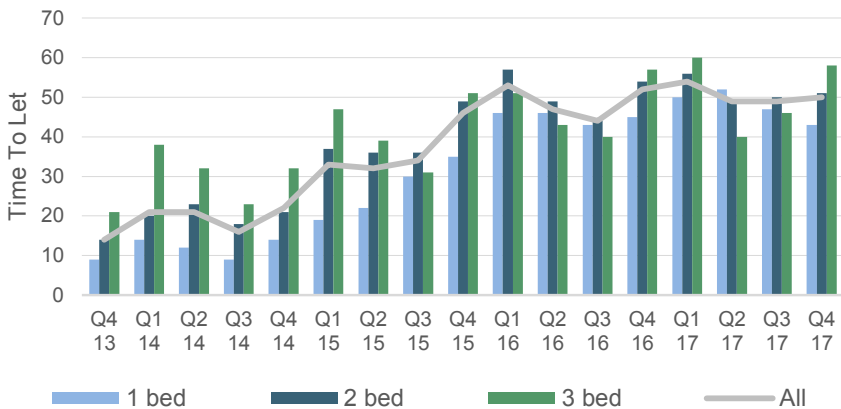


## CITY INFO

### Market Composition



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

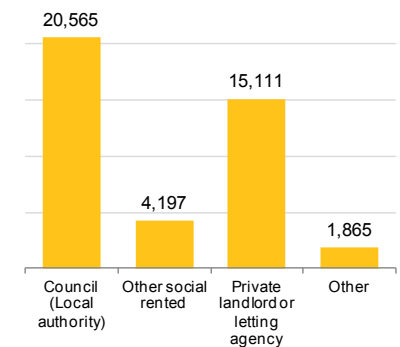


### Rental Index

(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	85.3

### Households: Rented



Source: Census 2011, Aberdeen



### Karolina Robertson - Aberdeen Considine

"After an exceptionally busy Q3, the market slowed down slightly during the fourth quarter of 2017, however, rent values have remained the same. With respect to the number of signed tenancies, our performance can be compared to Q4 of 2015. We expect 2018 will bring some stability with a better balance of supply and demand which should lead to a slow recovery of rental values. With the new legislation introduced on the 1st December, we have focused on staff training and implementing new procedures in preparation for the market conditions improving in 2018."

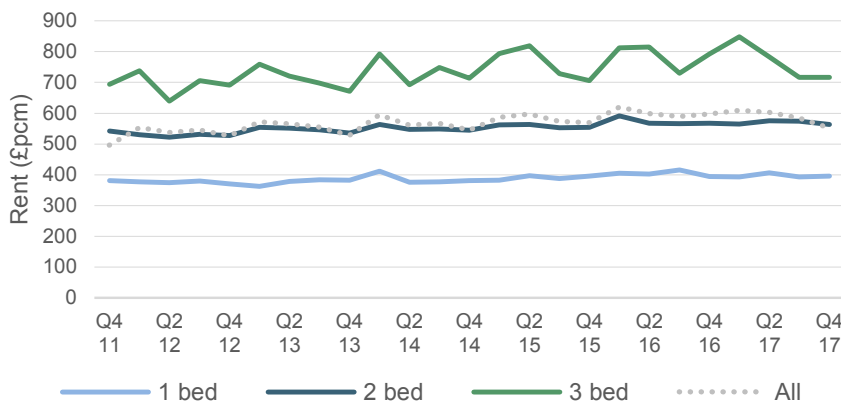


# Dundee

## Market Overview - Q4 17

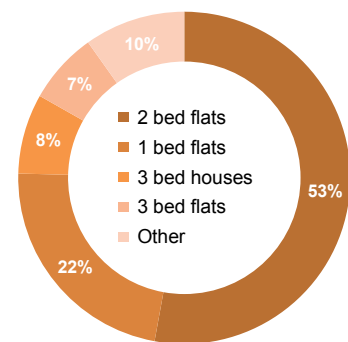
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£395	0.3%	3.7%	6.8%	36	-7	14%	54%
2 bed	£563	-0.7%	3.3%	6.6%	49	12	7%	36%
3 bed	£716	-9.7%	0.3%	3.6%	38	1	6%	42%
4 bed	£913	-16.3%	0.0%	2.2%	56	12	13%	25%
<b>Total</b>	<b>£552</b>	<b>-7.5%</b>	<b>1.3%</b>	<b>4.7%</b>	<b>45</b>	<b>6</b>	<b>9%</b>	<b>41%</b>

### Average Rent (pcm) by Number of Bedrooms

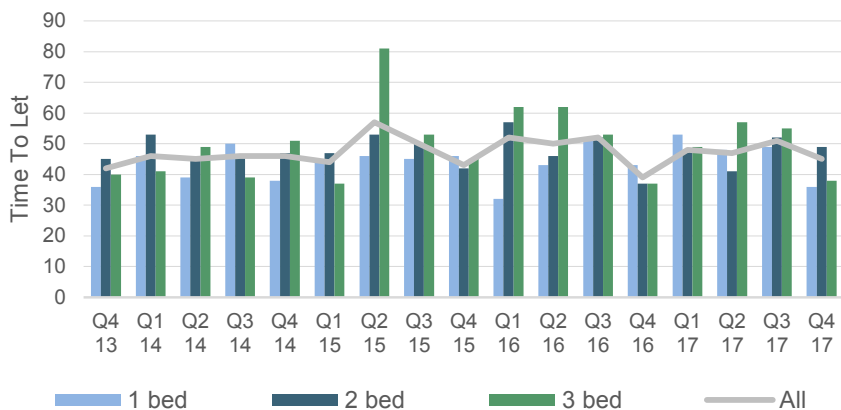


## CITY INFO

### Market Composition



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

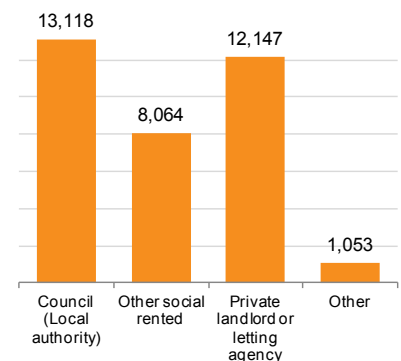


### Rental Index

(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	95.8

### Households: Rented



Source: Census 2011, Dundee



### Robert Murray - Lickley Proctor Lettings

"Although rental values have been sustained on the properties we have let, we have noted there has been less interest in the viewing of available properties over the last quarter of 2017. Whether this is due to the new tenancy regime, economic factors, simply the time of year or a combination of factors – we will have to wait and see!"



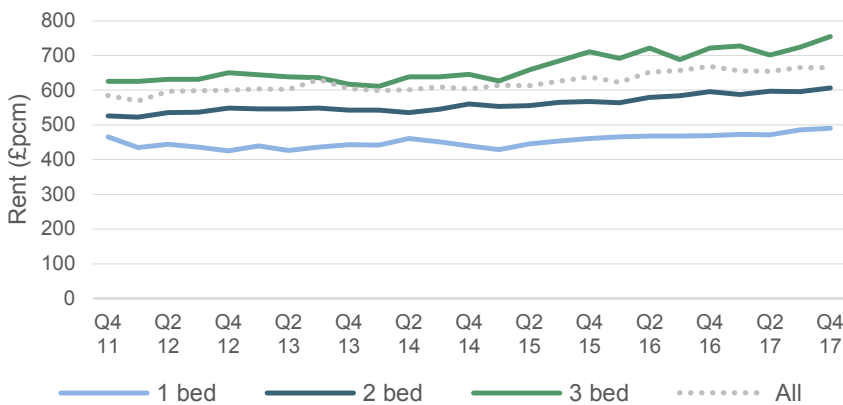


# West Lothian

## Market Overview - Q4 17

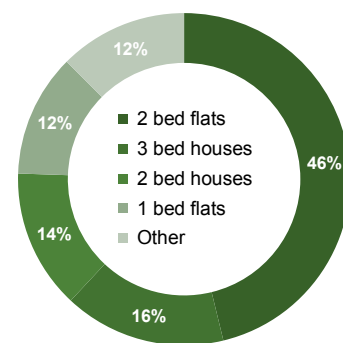
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£490	4.5%	11.4%	15.3%	38	12	12%	48%
2 bed	£606	1.7%	8.2%	10.6%	43	13	8%	42%
3 bed	£755	4.6%	16.9%	16.2%	35	10	5%	64%
4 bed	£821	-19.2%	-11.1%	-3.8%	23	-1	0%	67%
<b>Total</b>	<b>£665</b>	<b>-0.6%</b>	<b>10.1%</b>	<b>10.8%</b>	<b>39</b>	<b>11</b>	<b>8%</b>	<b>49%</b>

### Average Rent (pcm) by Number of Bedrooms

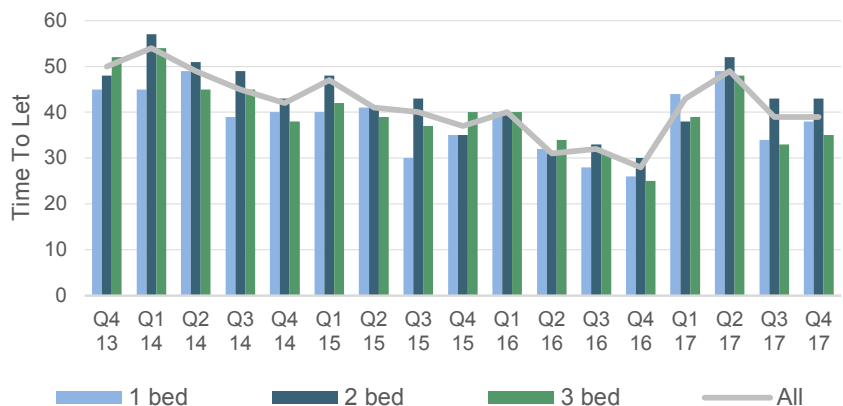


## CITYINFO

### Market Composition



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

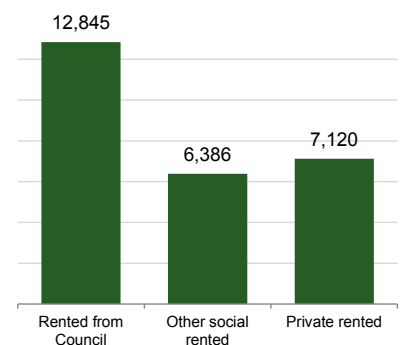


### Rental Index

(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

### Households: Rented



Source: Census 2011, West Lothian



### Brian Callaghan - Letting Solutions

"2017 ended positively with the introduction of the better than expected Private Residential Tenancy. Even-handed judgements from the new tribunal will be key. Tenant demand continues at exceptional levels, with lets frequently agreed within 24 hours. Recent reports of renting in Scotland being considerably cheaper than purchasing suggests continuation of this trend. The big question for 2018 will be how rental property availability is affected by hostile landlord policies throughout the UK, as phased tax changes hit profits. In West Lothian the impact so far has been limited."



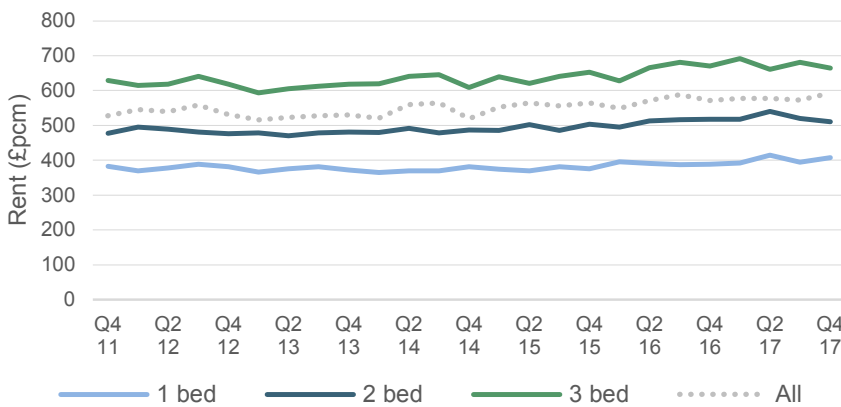


# South Lanarkshire

## Market Overview - Q4 17

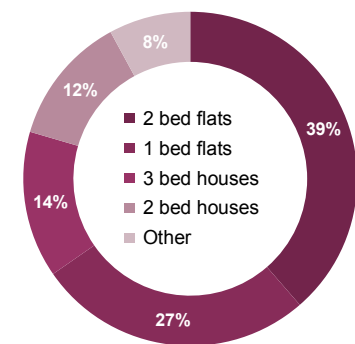
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£408	4.9%	7.1%	7.1%	29	-3	15%	60%
2 bed	£510	-1.5%	4.7%	7.1%	41	11	14%	48%
3 bed	£665	-0.7%	9.2%	7.6%	28	3	28%	59%
4 bed	£1,270	29.5%	36.1%	38.9%	43	20	14%	29%
<b>Total</b>	<b>£593</b>	<b>3.7%</b>	<b>14.3%</b>	<b>11.7%</b>	<b>35</b>	<b>6</b>	<b>17%</b>	<b>53%</b>

### Average Rent (pcm) by Number of Bedrooms

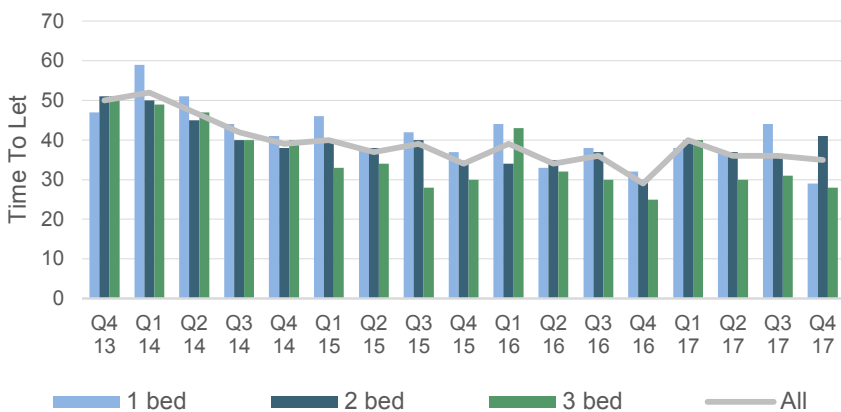


## CITYINFO

### Market Composition



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



### Rental Index

(base: Q1 08)

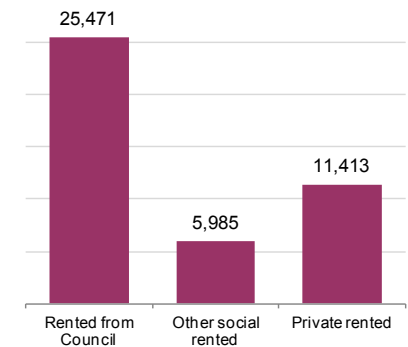
Year	Q1	Q2	Q3	Q4
2008	100.0	99.3	101.3	102.4
2009	103.3	96.7	95.6	103.3
2010	104.1	99.4	99.8	104.8
2011	96.3	99.4	100.4	97.2
2012	100.6	99.3	102.9	97.8
2013	95.0	96.3	97.2	97.6
2014	95.9	103.1	104.1	95.6
2015	101.8	104.1	102.4	104.1
2016	101.1	105.3	108.3	105.3
2017	106.3	106.4	105.5	109.2



### David Kendall - Lets Make Homes

"Lets Make Homes expect strong demand for good quality rental properties to continue to grow throughout Lanarkshire during 2018. Well-presented houses are particularly sought after and often let at first viewing. The BTL mortgage market has become increasingly complex, particularly with the introduction of more stringent underwriting rules for portfolio landlords. This combined with 3% LBTT supplement and the changes in taxation means less landlords will expand, whilst others may decide to decrease their portfolios."

### Households: Rented



Source: Census 2011, South Lanarkshire

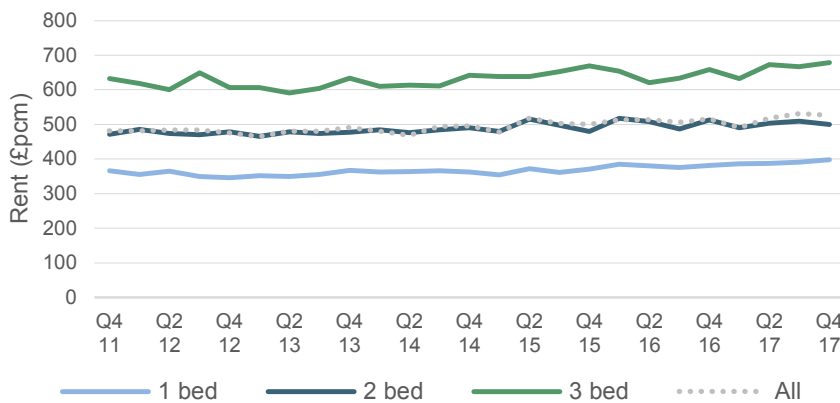


# Renfrewshire

## Market Overview - Q4 17

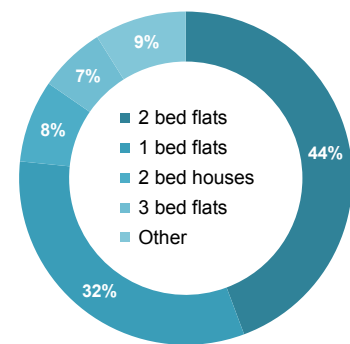
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£398	4.5%	9.6%	15.0%	31	-5	15%	61%
2 bed	£500	-2.5%	2.0%	4.4%	33	1	16%	53%
3 bed	£679	3.0%	5.8%	12.0%	41	10	11%	45%
4 bed	£1,185	16.1%	35.6%	33.4%	30	11	20%	40%
<b>Total</b>	<b>£526</b>	<b>1.9%</b>	<b>6.0%</b>	<b>10.5%</b>	<b>33</b>	<b>0</b>	<b>15%</b>	<b>54%</b>

### Average Rent (pcm) by Number of Bedrooms

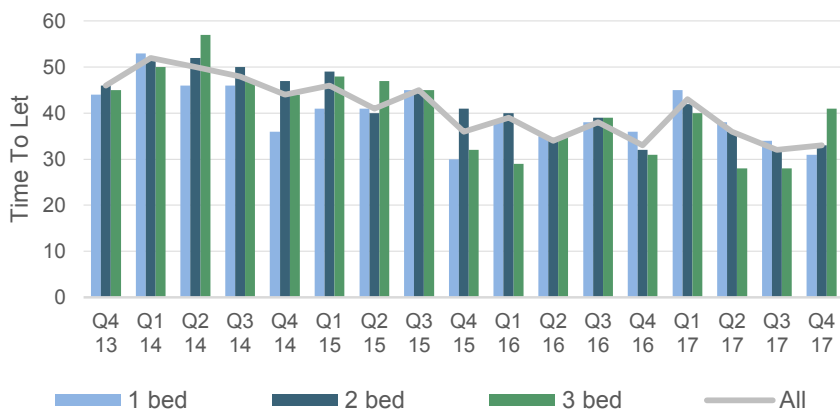


## CITY INFO

### Market Composition



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

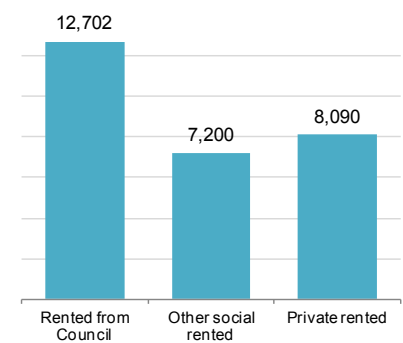


### Rental Index

(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	110.3

### Households: Rented



Source: Census 2011, Renfrewshire



### Matt McCusker - Castle Residential

"Despite the resurgence of the sales market, the market for lettings has remained very strong and shows no signs of slowing. With our toes now wet with the new PRT, it seems tenants and landlords alike have taken this in their stride and numbers remain positive across the board. Competition for properties continues to grow and we are actively looking for new landlords offering quality accommodation who require representation. There remains some BTL gold tucked away in the sales market, so the time is now for landlords looking to expand, particularly since we expect a sharp rise in competition early in 2018."



## Agent Views

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

### Margaret Duffus Leasing, Aberdeen – Sarah Harley



*"As 2018 beckons and we look back over the past 12 months there has been increasing positivity about the Aberdeen market through the 2nd half of the year and a growing confidence that Aberdeen is moving forward. While there is still a lot of choice for tenants, there is a solid demand that we expect to see grow. The new tenancy regime came into effect on 1st December and the model tenancy has been fairly straightforward to use, but we are already seeing landlords looking for more detailed information and thorough referencing about potential tenants now they've lost the right to terminate with no reason."*

### Northwood, Aberdeen – Matt Pullinger



*"Northwood Aberdeen has experienced a very busy end to 2017, which is very encouraging. There continues to be rental price stabilisation in the Aberdeen market. Demand remains high for top quality properties finished to a high standard, however, there still remains a plentiful supply of properties, meaning that tenants continue to have lots of choice and landlords must remain competitively priced. All signs are encouraging for continued stability in the Aberdeen market, with lots of positive talk for the city as we approach the spring of 2018, which is good news for all concerned."*

### Glasgow Property Lettings, Glasgow – Colin Macmillan



*"2017 has been a busy year in the lettings business with the Lettings Agent Registration coming into force at the end of Jan 2018 along with the Code of Practice. Mandatory staff training has been completed and qualifications gained. After a buoyant market in Q4 we anticipate a busy start to the year going forward and look forward to the challenges ahead. We anticipate that there will be many opportunities for the diligent letting agent to grow as some may find the legislation and compliance issues over-demanding and decide to sell up. We have seen many landlords deciding to offload properties, but we have also had a big upsurge in investors seeking opportunities which is very encouraging going forward."*

### Clan Gordon, Edinburgh – Jonathan Gordon



*"Q4 of 2017 has certainly been a memorable one, thanks to the introduction of the PRT on 1st December. Edinburgh landlords have realised the new regime brings significant benefits – including easier, and potentially faster, eviction if they wish to sell or move in themselves – so investor interest has not been affected. Even the possibility of rent pressure zones is not proving to be a hindrance as landlords would still have been able to increase rent by around 4% this year. 2017 has been a strong year for Edinburgh lettings, we predict that this trend will continue into 2018."*

### Lomond Capital, Edinburgh – Ian Lawson



*"Q4 saw a natural slow-down in movement across the market, with numbers reducing in terms of NTQ's from existing tenants, and new tenant enquiries. The counter to this was new landlord enquiries being more prominent than in Q3 which shows investors are still eager to take advantage of a rental market that is continuing to trend returns upwards. Suitable chat continues around new tax implications for PRS landlords and of course the new PRT tenancy framework, but landlords have in the main been positive and receptive to our view that the property market in Edinburgh will continue to thrive given the demographic and economic successes that make Edinburgh such a vibrant place to live and work."*



## Agent Views cont...

### Cullen Property Ltd, Edinburgh – Steve Coyle



*"Q4 continued to see decreasing TTL's and rising rents in all areas and for all sizes of properties. There is now a '1 bed mini-market' within the wider market. 1 bed TTL's are less than 7 days; rental growth continues to hover around 5.5% YOY versus that of larger properties which show an inflation tracking level of circa 2.5% YOY, except for student*

*properties where strong demand pays top prices for quality property. Rent caps are unlikely to solve the problem and do not impact on open market rents. Investors continue to buy and let."*

### The Key Place, Bo'ness – Robert Young



*"The PRS market in Central Scotland is interesting at the moment. Overall, the market is buoyant but the reasons why are a wee bit different from before. Less tenants are currently looking to move partly due to Brexit uncertainty and partly because, given the recent increases in rents, people are reluctant to move to new properties where rents are higher.*

*However, we are not seeing the much trailed sell off of rental properties as a result of the recent tax and regulation changes: I suspect because landlords are recognising that the returns from the PRS market are indeed still good!"*

### Murray & Currie, Edinburgh – Steven Currie



*"We have enjoyed another constant and healthy quarter. The positive and enthusiastic news that is being generated from Edinburgh is having a global reach. We know this by the applicants submitting their residential curriculum vitae to our office wishing to secure accommodation. Edinburgh is becoming the most searched city for investment in the UK*

*and has overtaken London. Edinburgh's tech industry is fizzing and the developments such as Quatermile, St Andrew Square, The Haymarket and rumours of the tram network being extended to Leith and beyond is not causing ripples of interest but waves."*

### Ben Property, Edinburgh – Jamie Kerr



*"The final quarter of 2017 saw a good deal of activity at all levels in the market with good returns rental wise and shorter time to lets across the board. This in turn has shown increased demand for investments across the capital with more and more buyers showing interest. This spells good news for the market where demand still outstrips supply,*

*something the Government must address sooner rather than later. Another area for concern is the holiday lets market which still remains unregulated and is draining properties from the Private Rented Sector."*

### Be-Rented, Glasgow – Graeme McEwan



*"Confidence in the Scottish property market continues unabated. Being in acquisition, investment, resale and the PRS we see all sides of the market playing out. Rents are still rising and units are letting faster than any time I can remember and both domestic and foreign investment appetite has not waned against the backdrop of new*

*regulations and higher inward costs. Given the investment alternatives, overall, Scottish property remains a solid place to invest, especially as yields are continuing to perform well. Our predictions from earlier in the year have proven to be accurate."*

### ESPC Lettings, Edinburgh – Nicky Lloyd



*"As 2017 reaches its end, the rental market has ended on a positive note for Q4. Whilst we would normally consider the last quarter of the year to be a fairly quiet time, we have seen demand from tenants remain high and rents continue to increase. The Buy to Let market is particularly buoyant with potential investors looking to move forward and have*

*plans in place for 2018. Whilst the economy and politics may not be predicable, and this will have an effect on the property market, I am delighted to conclude that Q4 was a stable and positive end to 2017."*

### Umega Lettings, Edinburgh – Neil McInnes



*"Rent levels in Edinburgh continued to increase and break records as demand for quality professional property continued to outstrip supply. Introduction of the additional dwelling supplement and tougher rules on tax relief for landlords reduced the number of properties in the market which caused further heating of market rents. In 2018*

*build-to-rent blocks will provide additional quality accommodation in prime locations which is welcome news for tenants. There is also the possibility of Edinburgh becoming a rent pressure zone which will provide more security for sitting tenants but won't affect market rent levels."*

## Have Your Say!

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



# Postcode & Towns - Average Rents & TTL - Q4 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	£822	(22)	£1,155	(31)		
EH3	£906	(21)	£1,163	(37)	£1,482	(48)
EH4	£748	(18)	£959	(31)	£942	(27)
EH5	£651	(20)	£810	(31)	£1,102	(36)
EH6	£673	(19)	£828	(23)	£1,017	(39)
EH7	£668	(16)	£913	(26)	£1,214	(19)
EH8	£702	(20)	£876	(20)		
EH9	£686	(15)	£1,043	(36)	£1,368	(30)
EH10	£752	(19)	£1,018	(29)	£1,368	(25)
EH11	£668	(18)	£832	(18)		
EH12	£688	(26)	£909	(23)	£1,247	(37)
EH14	£634	(24)	£822	(19)	£1,029	(39)
EH15			£849	(37)		
EH16	£649	(15)	£819	(23)		
EH21	£576	(14)	£732	(35)		
EH22			£680	(28)		
EH48			£602	(41)	£750	(38)
EH49			£673	(27)		
EH51			£499	(37)		
EH54			£622	(48)	£758	(38)

## Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£495	(45)	£660	(52)	£897	(61)
AB11	£467	(39)	£676	(52)	£845	(56)
AB12			£700	(49)		
AB15	£624	(49)	£910	(54)	£1,094	(66)
AB16			£606	(36)		
AB21			£672	(35)	£766	(45)
AB24	£470	(52)	£653	(48)	£880	(75)
AB25	£488	(51)	£625	(52)	£983	(68)
AB41			£603	(51)		
AB51			£647	(52)		

## Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1			£681	(28)		
DD2	£398	(34)	£568	(49)	£777	(50)
DD3	£365	(32)	£480	(59)		
DD4	£396	(46)	£536	(53)		
DD5			£637	(55)		
DD8			£458	(41)		
DD10	£397	(40)				
DD11			£514	(77)		

## Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£700	(26)	£917	(25)		
G2	£643	(18)	£901	(39)		
G3	£665	(25)	£895	(25)		
G4	£611	(14)	£782	(25)		
G5			£697	(20)		
G11	£606	(15)	£910	(21)		
G12	£714	(19)	£948	(29)	£1,243	(52)
G13	£499	(33)	£638	(24)		
G14	£471	(22)	£580	(20)		
G20	£596	(10)	£714	(25)		
G31	£492	(19)	£636	(20)		
G32	£411	(18)	£530	(26)		
G33			£580	(39)		
G40	£466	(18)	£595	(22)		
G41	£538	(19)	£666	(20)		
G42	£462	(24)	£588	(20)		
G44	£487	(19)	£605	(29)	£577	(55)
G51			£617	(22)		
G52			£540	(38)		
G66			£557	(36)		
G71			£616	(36)		
G72			£564	(42)		
G73	£432	(28)	£553	(33)		
G74	£387	(32)	£487	(51)		
G75	£370	(38)	£478	(38)	£659	(33)
G81			£511	(43)		

## Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£472	(41)		
Ayr	£401	(33)	£497	(24)	£659	(32)
Bathgate			£604	(44)	£771	(44)
Bo'ness			£499	(37)		
Cumbernauld						
Dalkeith			£680	(26)		
Dunfermline	£422	(41)	£536	(35)	£649	(28)
East Kilbride	£382	(34)	£478	(42)	£674	(32)
Glenrothes			£475	(40)	£539	(33)
Hamilton	£413	(29)	£501	(35)	£646	(28)
Inverness	£537	(29)	£649	(23)	£814	(21)
Kilmarnock	£361	(46)	£460	(43)	£566	(39)
Kirkcaldy	£397	(41)	£486	(48)		
Linlithgow			£673	(27)		
Livingston			£624	(46)	£785	(29)
Motherwell			£546	(40)		
Paisley	£394	(32)	£491	(32)	£669	(32)
Perth	£419	(41)	£534	(52)		
Stirling Town	£498	(21)	£646	(26)	£921	(42)
Tron			£544	(30)		

## Mid Market Rent News

### Minister opens Osprey's latest Aberdeenshire Development

Scottish Housing Minister, Kevin Stewart, has officially opened the second phase of a popular Aberdeenshire development for Osprey Initiatives. Mr Stewart was visiting the new homes at Blackdog and met some of the tenants who have just moved into the £3.6 million development. The second phase at Blackdog consists of 15 units and is a mix of social and mid market rental (MMR) homes.



Osprey Chief Executive Glenn Adcock said: "We are delighted that the Minister has been able to open our new development at Blackdog, which has proved to be extremely popular. In particular the three-bed MMR homes which, in addition to the social rented homes, are meeting real needs and this highlights the benefits of mixed tenure developments. Blackdog offers the perfect mix of city and rural living, situated just two miles from Aberdeen yet also within easy reach of the coastal walks and beaches."

Among the first tenants to move into the development are John Forsyth, his partner Emma Bugden and their two young children. They have moved into a three-bed mid market rental home and Miss Bugden, who works at Royal Aberdeen Children's Hospital, said: "Moving to Blackdog has made a massive difference to our lives and we were delighted to get the opportunity to move to such a high quality home. I don't think we would have been able to afford an equivalent property in the private sector even if we had been able to locate one. We now live close to my mum, which means the kids and I can see much more of her."

The Osprey Housing Group has 27 homes in total at Blackdog, which is part of the Group's £30.9 million development plans for Aberdeen, Aberdeenshire and Moray to 2020.

### High demand for new MMR homes by Sanctuary Scotland

Demand is high for 285 new-build homes Sanctuary Scotland has for mid-market rent (MMR). The final properties in Aberdeen and Glasgow are now available to potential tenants.



Sanctuary's MMR homes in Aberdeen are in Torry, a vibrant community on the banks of the River Dee with excellent transport links to the city centre and suburbs. The development has 106 flats and 18 houses, a mix of one, two and three bedroom properties. The spacious, energy-efficient homes have been built to a high specification by Robertson Construction. An attractive communal garden will soon neighbour the development, a public space inspired by the old Craiginches prison Sanctuary's homes have replaced.

In Glasgow, Sanctuary has 42 MMR flats for rent by the River Clyde in Ellerslie Road, Yoker. The innovative development built by CCG Scotland offers high quality, secure and accessible living. The one, two and three bedroom flats are sustainable, energy-efficient and easily maintained. Excellent transport links include a bus and train service giving access to the city centre and surrounding areas.

Sanctuary Scotland is the country's fourth largest social landlord with more than 6,500 homes. To learn more about Sanctuary's MMR homes, including the qualifying criteria, please visit [www.sanctuary-scotland.co.uk/mid-market-rent](http://www.sanctuary-scotland.co.uk/mid-market-rent).

# New Rules: New Court

## SAL discusses the new First-tier Tribunal for Scotland

The First-tier Tribunal for Scotland (Housing and Property Chamber) (HPC) is an independent and impartial judicial body separate from the Scottish Government and local authorities, writes John Blackwood, chief executive of the Scottish Association of Landlords (SAL).

On 1st December 2017 new legislation came into force which means that applications in respect of private rented sector civil cases are now dealt with by the HPC rather than the Sheriff Court. These cases include: -

1. Repossession cases – applications from landlords who wish to repossess their let properties
2. Wrongful/unlawful termination cases – applications from tenants who believe their tenancy has been terminated incorrectly
3. Deposit cases – applications from tenants who believe that their landlord has failed to comply with tenancy deposit legislation
4. Letting agent cases – applications from landlords or tenants who believe that their letting agent has not adhered to the Letting Agent Code of Practice (which comes into force 31st January 2018)
5. Landlord registration cases – including appeals from landlords who have been refused registration or removed from the

register by a local authority

This new caseload is in addition to work that the HPC already dealt with prior to 1st December 2017, including: -

1. Repairs cases - applications from tenants (or local authorities) who believe that their landlord has not complied with the Repairing Standard
2. Right of Entry cases - applications from landlords for help in enforcing their right of entry to fulfil their duties under the Repairing Standard
3. Property Factor cases - applications from property owners who are in dispute with their property factor
4. Rent cases - determination of issues relating to the amount of rent paid by a tenant in certain circumstances

Applications to the HPC are free of charge and landlords and tenants are expected to represent themselves rather than using a solicitor.

Hearings will normally be held in Scottish Courts & Tribunals premises within reasonable travelling distance for both parties. The HPC hearing will be run and determined by a Tribunal which will usually comprise of a 'legal member' who is a solicitor/advocate and at least one 'ordinary member' who is a property/housing expert. Hearings

are conducted as informally as possible.

All decisions made at Tribunal Hearings or Case Management Discussions will be issued to the parties on the day. All decisions made by the HPC (other than those related to Right of Entry applications) are published on its website.

Appeals for all First-tier Tribunal HPC cases are made to the Upper Tribunal for Scotland. Before an appeal can be submitted to the Upper Tribunal, permission to appeal must be sought from the First-tier Tribunal. More information on appeals can be found at <https://housingandpropertychamber.scot/who-we-are/appeals-and-reviews>.

Further information: Detailed guidance information, template application forms and details of previous decisions made by the HPC can be found on its website at [www.housingandpropertychamber.scot](http://www.housingandpropertychamber.scot).

The Scottish Association of Landlords (SAL) and its specialist letting agent wing, the Council of Letting Agents (CLA), support landlords and letting agents all over Scotland. Please contact SAL for a free briefing on the new Private Residential Tenancy.



## SafeDeposits and Landlord Accreditation Scotland launch Scottish Tenancy Deposit Academy

Two leaders in the Scottish PRS band together to provide training to property professionals

At SafeDeposits Scotland, we try to stay ahead of the curve, and with the upcoming requirements for agents to undergo 15 hours CPD, we realised there was an opportunity to help provide this.

By teaming up with Landlord Accreditation Scotland (LAS), we will be launching a new training scheme for landlords and property professionals. LAS is the sister organisation of the Scottish Association of Landlords (SAL), one of our founder members.

Our new Scottish Tenancy Deposit Academy will provide training in tenant communication, deposit protection and tenancy deposit disputes.

As well as being informative and useful for the day-to-day trials and tribulations that go along with private rentals, the sessions we host will count towards hours of Continuing Professional Development (CPD) for agents and landlords.

The Scottish Tenancy Deposit Academy will offer two five-hour sessions: one covering legislation, registration and preparation, and the other covering adjudication and dispute resolution. Dependent on demand both courses will take place throughout the year and across the country so everyone can access the training.

When deposit protection legislation was introduced in Scotland, it changed the way Scottish landlords and letting agents handled tenancy deposits. We believe that the new incoming legislation will change the way it operates for the better, requiring formalised training and raising standards – a key principle of ours.



We have always championed the improvement of standards in the private rented sector for everyone living and working within it. Having expert organisations like SAL, RICS, TDS and ARLA PropertyMark represented on our board means that we can tap into their expertise and deliver the very best training opportunities.

The training organised by the Scottish Tenancy Deposit Academy will be provided by leaders within the industry throughout the year and will potentially move between regions depending on the levels of demand.

Although there will be a modest fee to attend, the landlords and agents that do, will take significant steps towards their legal CPD requirement and will be better-rounded professionals with a deep knowledge of the ins and outs of deposit protection, tenancy management and dispute resolution.

As well as the Scottish Tenancy Deposit Academy programme, we're in the process of setting up our tenant's forum. It will be the first of its kind in Scotland and a place where tenants and organisations will come together to raise issues faced by leaseholders to improve the market.

By engaging with all sides involved in the PRS, we are hoping to raise standards and improve the experience of the sector in Scotland. As the largest deposit scheme in Scotland with over 60% of the market share and backed by leading players in the industry, we are in a unique position to make real improvements for those living and working in private rentals.

We are still in the process of finalising details, including locations and fees, but hope to announce the first courses in early 2018. We'll be posting further details once we have them on our social media channels.

Paula Guthrie is Adjudication Account Manager for SafeDeposits Scotland.

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

[www.safedepositsscotland.com](http://www.safedepositsscotland.com) | Twitter: @SafeDeposits | LinkedIn: SafeDeposits Scotland



## The Letting Agent Code of Practice - Requirements and Consequences

On 31st January 2018 Letting Agent Code of Practice (Scotland) Regulations 2016 (the Code) comes into force.

The Code lays down minimum standards of practice which must be met by all those operating as letting agents in Scotland.

The Code is written in plain English and should be read by all agents and staff in order to ensure they understand their obligations to landlords and tenants alike. The Code emphasises the need for clear policies and/or procedures in connection with various issues, including:

- debt recovery
- handling complaints
- collection and handling of rent
- notification of repairs and maintenance
- managing the ending of tenancies
- handling client money

All parties can apply to the First-tier Tribunal for Scotland (Housing and Property Chamber) for a determination that the agent has failed to comply with the Code. An application to the Tribunal cannot be made until the agent has been notified of the alleged breach.

The Code requires agents to apply policies and procedures consistently and reasonably. It is anticipated most complaints will be in connection with an agent's failure in this regard. Agents must maintain appropriate records in order to demonstrate to the Tribunal that they have adhered

to their policies, procedures and the Code.

The Code requires agents to incorporate specific clauses within Management Agreements with landlords such as:

- commencement date and duration
- services provided and the fees inclusive of tax for those services
- confirmation and extent of the agent's authority



- how the agent will communicate including timescales for responding
- agent's complaints procedure and the complainer's right to redress via the Tribunal
- declarations of any conflicts of interest
- confirmation that the agent holds professional indemnity insurance and client money protection insurance
- how client money is handled
- how parties can bring the agreement to an end

Agents should be revising

agreements now to ensure they meet the requirements of the Code. A Management Agreement devoid of the requirements will be in breach of the Code and susceptible to challenge.

The Code requires agents to cease acting for landlords where the landlord is refusing or unreasonably delaying complying with their legal obligations. Agents will be required to report landlords to the relevant authorities. Management Agreements should include a clause which permits termination on this basis.

If the agent is found to be in breach of the Code then the Tribunal has wide ranging powers to make any order necessary to rectify the failure. Orders made by the Tribunal will be called "Letting Agent Enforcement Orders" (LEAO). These orders must set out how long the agent has to comply and can provide for a compensatory payment to be made to the aggrieved party.

The Tribunal must inform the Scottish Ministers if an agent fails to comply with a LEAO. Contravention of a LEAO is a relevant consideration in the "fit and proper person test" applicable to registration. Failure to comply with LEAOs will impact on an agent's registration. It is also a criminal offence liable to a fine of up to £1,000.

# 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 Jan 2018. Whilst we have made every effort to ensure information published in this report is correct, Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.

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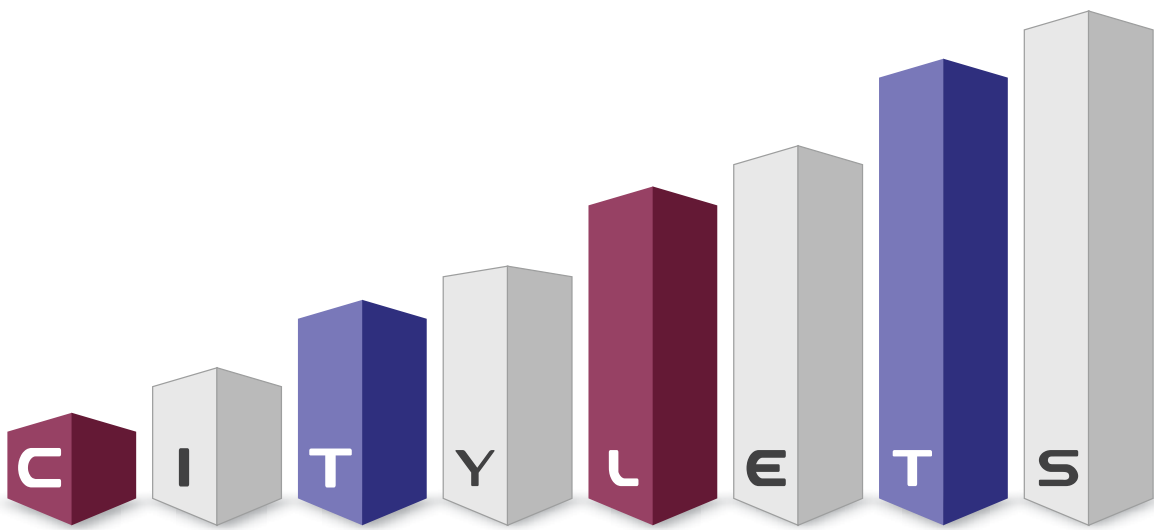
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