

# Family Matters



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# Market Overview

Rents in Q4 2018 eased from their Q3 highs as is traditionally the case in the final quarter of the year. However all major urban markets, with the exception of Aberdeen, maintained their upward trajectory propelling the Scottish average up by a material 5% YOY. The average rent in Scotland now stands at £771 per month. Larger 3 and 4 bed properties again recorded the largest annual rises, at 7% and 10.9% respectively, continuing the trend of 2018 and reinforcing the view that an increasing number of families are calling the PRS home. Recent estimates put the number of families living in the PRS at around 90 000, constituting 25% of households.

Scotland's capital is no stranger to annual rental growth with rises recorded quarterly for over 8 years. However Q4 2018 saw rents jump a significant 7.8% to £1095 per month, a level not seen since 2015-16 and led by strong demand for all property types. 4 bed properties saw the largest rise from both the one and ten year view (10.3% and 48.6%) and also a significant reduction in Time To Let (TTL) down 12 days

to 39 on average. 79% of 1 bed properties let within a month and the TTL for the Edinburgh rental market as a whole averaged just 23 days, unchanged on last year.

- **Major urban markets push Scottish national average up 5% YOY**
- **Larger, family properties remain in high demand**
- **Edinburgh records significant rise at 7.8% YOY**
- **Strong annual growth in Glasgow at 3.9%**
- **Negative annual growth remains stable in Aberdeen**



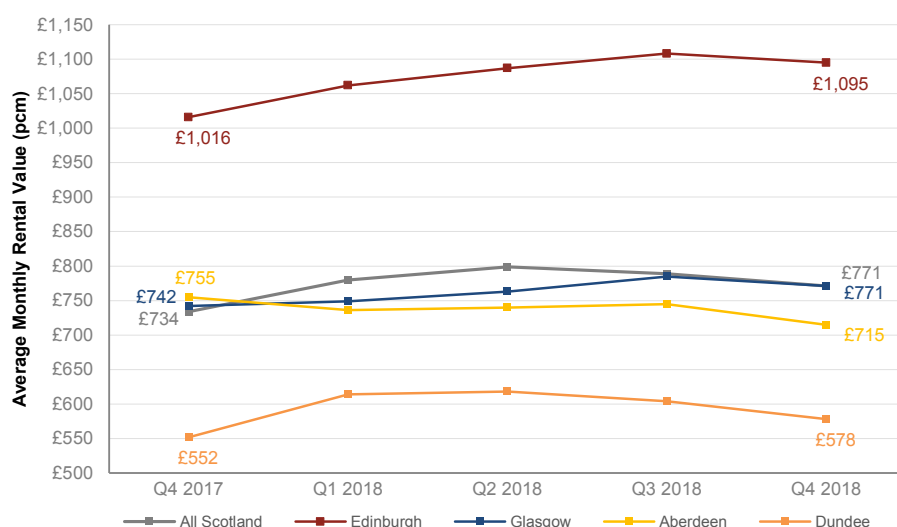
Landlords in Aberdeen may well be wondering when their market will fully level off with negative annual growth of 5.3% recorded in Q4 2018. Whilst this is understandable, the market moved consistently in the minus 3% to 6% range throughout the year representing stability in the rate of

(negative) growth. Office space take up in the region was reportedly up in 2018 suggesting a platform for recovery for the economy and related markets in 2019. Property to rent in Aberdeen currently averages £715 per month and takes 53 days to secure a tenant.

Rents in Glasgow had recorded a notable rise of 4.9% in Q3 2018, a jump from its long held sanguine growth rate of between 1% and 2%. This trend continued in Q4 2018 with average rents in Glasgow up 3.9% YOY to £771, the same as the national average. Larger 3 and 4 bed properties led the rises from both the one and ten year view. TTLs remain almost unchanged on Q4 2017 for the city at 25 days on average with 1 bed properties continuing to rent fastest at just 20 days on average. With Aberdeen continuing to fall, the gap between the two cities continues to widen at £56 per month on average.

Dundee posted positive annual growth throughout 2018, increasing steadily throughout the year from 0.7% at Q1 to 4.7% at Q4 and accompanied by decreasing TTLs. Together these metrics suggest the underlying dynamic in Dundee is presently weighted towards demand. As with other major urban markets, increases were led by the larger 3 and 4 bed properties. The average property to rent in Dundee is now £578 per month with a significant 66% of properties let within a month. Rents in West Lothian rose consistently in the 4-5% range throughout 2018 with the final quarter posting 5.1% YOY to £699 in a quickening market where properties let on average 13 days faster than Q4 2017.

Scottish Monthly Rent Analysis (Q4 2017 - Q4 2018)

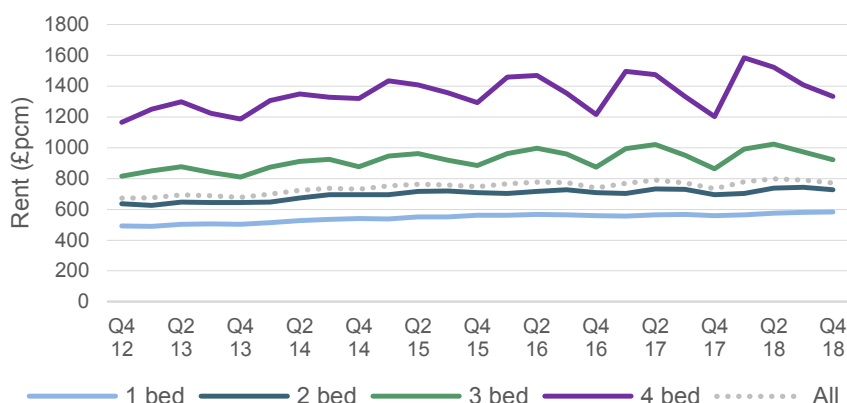


# Scotland

## Market Overview - Q4 18

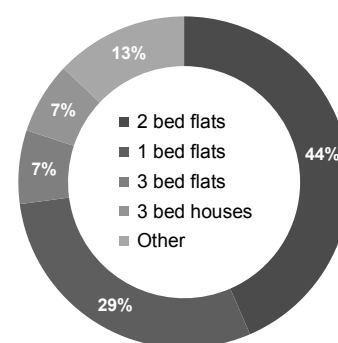
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£583	4.1%	15.7%	22.2%	28	1	20%	65%
2 bed	£728	4.6%	12.9%	18.6%	33	-1	16%	58%
3 bed	£923	7.0%	14.1%	15.4%	35	-2	16%	55%
4 bed	£1,332	10.9%	12.2%	20.5%	43	-1	10%	44%
<b>Total</b>	<b>£771</b>	<b>5.0%</b>	<b>13.7%</b>	<b>19.3%</b>	<b>32</b>	<b>-1</b>	<b>17%</b>	<b>59%</b>

## Average Rent (pcm) by Number of Bedrooms

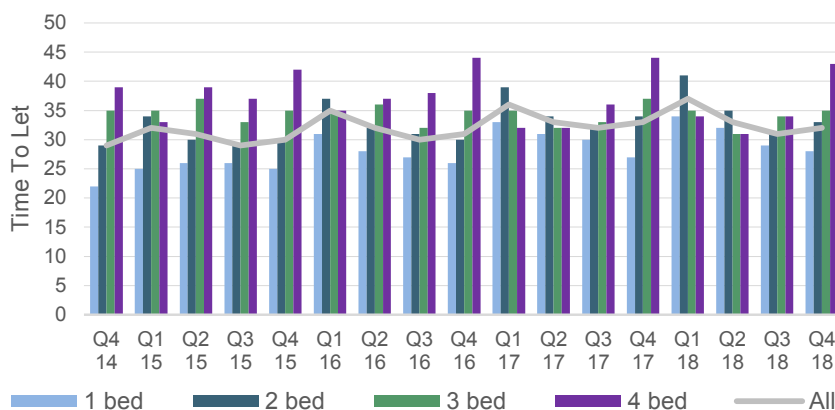


## CITYINFO

## Market Composition



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

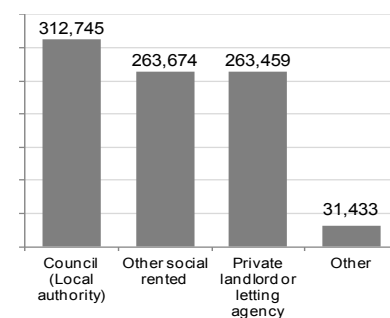


## Rental Index

(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
2018	120.9	123.9	122.3	119.5

## Households: Rented



Source: Census 2011, Edinburgh



### Adrian Sangster - Aberdeen Considine

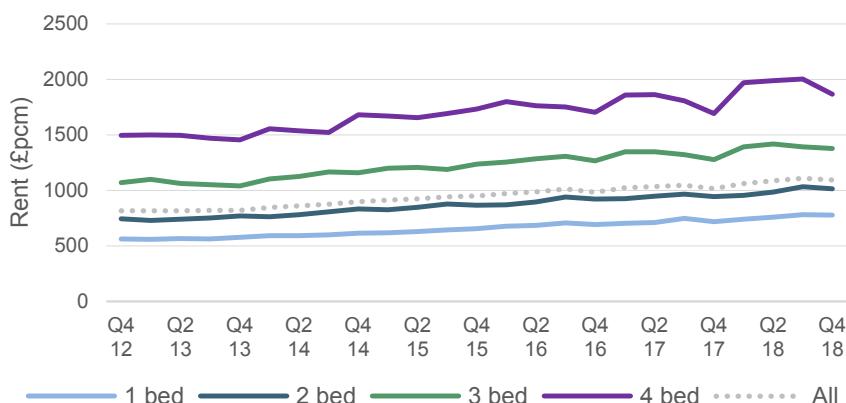
"2018 was very much a year of transition for the Scottish PRS. Agents, landlords and tenants were continuing to adapt to changes brought about by the new PRT, which went live at the end of 2017. Agents also had to prepare for the introduction of the Letting Agent Register during Q4. Any agent who has not applied and continues to trade, does so illegally. Therefore landlords and tenants need to carry out due diligence to ensure the agent they're using is fully compliant. All this took place at a time when more landlords left the sector in part due to the phased tax changes announced in the 2015 UK budget."

# Edinburgh

## Market Overview - Q4 18

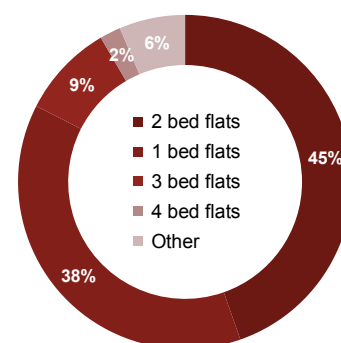
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£779	8.5%	34.8%	45.9%	19	2	27%	79%
2 bed	£1,017	7.5%	31.7%	43.2%	23	-1	18%	72%
3 bed	£1,378	7.8%	32.2%	37.7%	32	1	16%	61%
4 bed	£1,868	10.3%	28.4%	48.6%	39	-12	9%	44%
<b>Total</b>	<b>£1,095</b>	<b>7.8%</b>	<b>33.2%</b>	<b>43.3%</b>	<b>23</b>	<b>0</b>	<b>21%</b>	<b>72%</b>

## Average Rent (pcm) by Number of Bedrooms

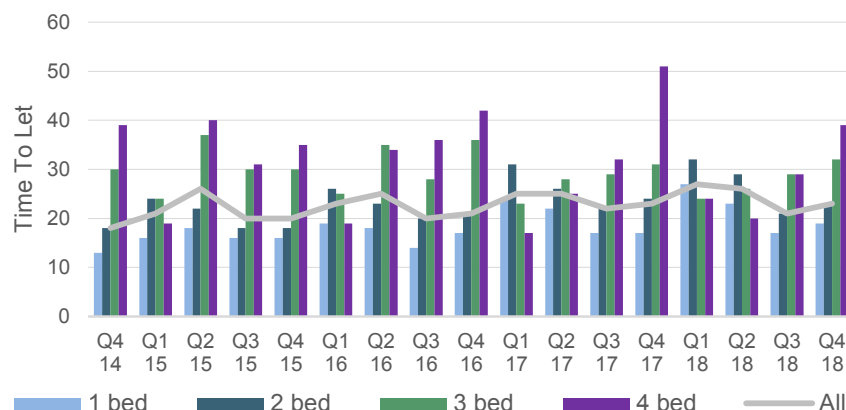


## CITYINFO

## 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
2018	142.2	145.5	148.3	146.6

## Yield by Popular Postcodes (Flats)

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



### Charles Inness - Glenham Property

"The PRS in the wider UK has diminished in size, however, Scotland has bucked this trend with the value of the PRS growing by 11.9% year on year, according to the recent Buy to Let Britain Report. Yields of 5.3% are also higher than the UK average of 4.4%. Much of this growth has been driven by Edinburgh, as the city continues to be the most prosperous outside of London with an expanding population. We have seen continued strong demand for good value properties across the board, with HMO's and one bed flats performing especially well. The market is proving resilient in the face of the head winds of political and economic uncertainty and we are optimistic that it will continue to perform well into 2019 with opportunities for the professionally advised investor."

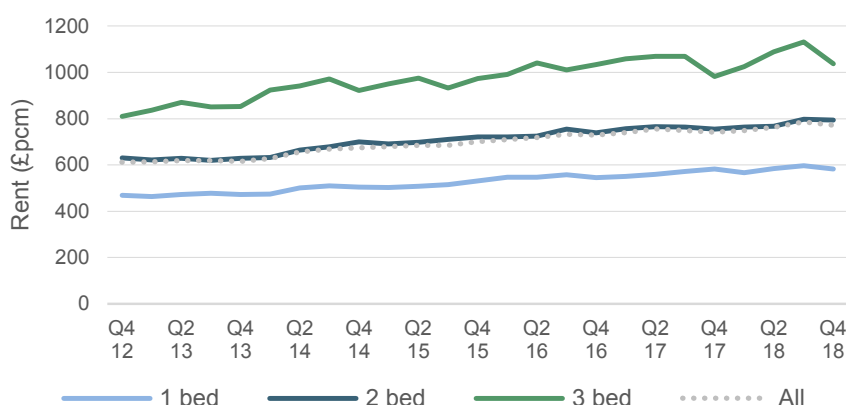


# Glasgow

## Market Overview - Q4 18

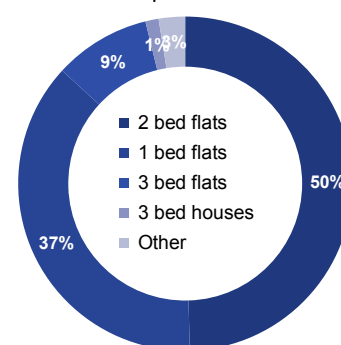
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£583	0.0%	23.3%	28.4%	20	1	27%	78%
2 bed	£794	5.2%	26.4%	34.1%	25	2	20%	67%
3 bed	£1,037	5.6%	21.6%	37.4%	34	-5	17%	54%
4 bed	£1,532	18.9%	30.6%	52.4%	65	20	0%	23%
<b>Total</b>	<b>£771</b>	<b>3.9%</b>	<b>25.4%</b>	<b>33.6%</b>	<b>25</b>	<b>1</b>	<b>22%</b>	<b>69%</b>

## Average Rent (pcm) by Number of Bedrooms

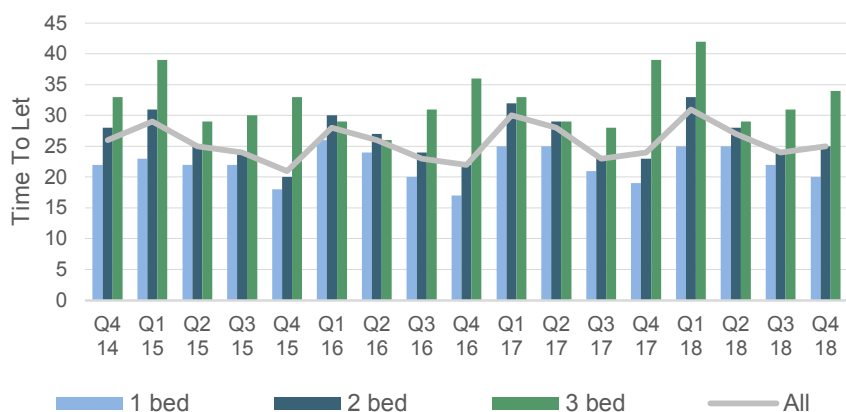


## CITYINFO

## 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
2018	132.1	134.6	138.4	136.0

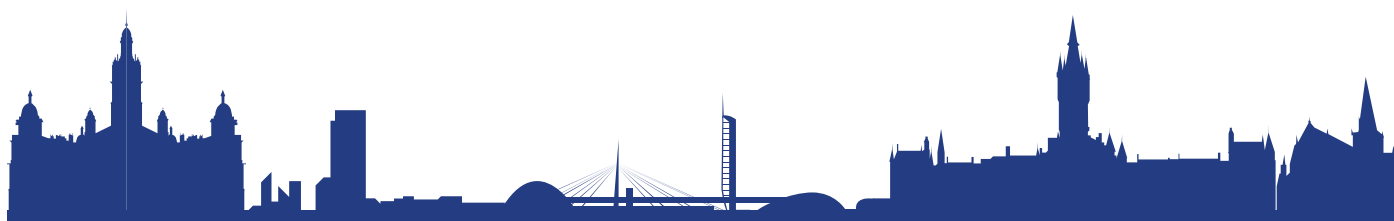
## Yield by Popular Postcodes (Flats)

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



### Colin Macmillan - Glasgow Property Letting

"2018 has been the most definitive year in the Scottish lettings industry for many years, with the introduction of the Register of Letting Agents and the Code of Practice. This has culminated in the lettings industry becoming much more respected and professional. At GPL we have had an exceptional year, with growth and expansion opportunities presenting themselves. Having just had our busiest December on record, we are waiting in anticipation as to what 2019 will bring and are looking forward to the many challenges that will arise."

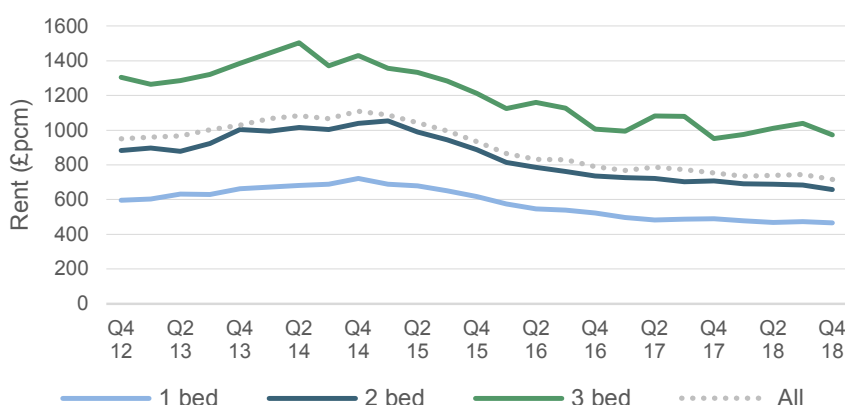


# Aberdeen

## Market Overview - Q4 18

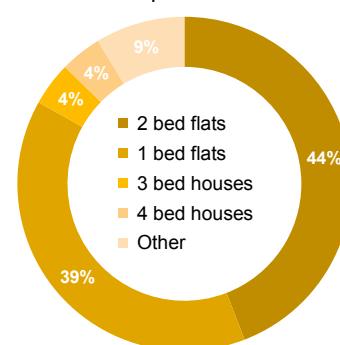
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£465	-4.9%	-29.8%	-17.7%	46	3	9%	39%
2 bed	£659	-6.8%	-34.4%	-19.5%	56	5	6%	28%
3 bed	£972	2.0%	-29.9%	-16.6%	66	8	7%	27%
4 bed	£1,367	-11.0%	-31.0%	-15.4%	67	-3	5%	16%
<b>Total</b>	<b>£715</b>	<b>-5.3%</b>	<b>-30.4%</b>	<b>-18.2%</b>	<b>53</b>	<b>3</b>	<b>7%</b>	<b>32%</b>

## Average Rent (pcm) by Number of Bedrooms

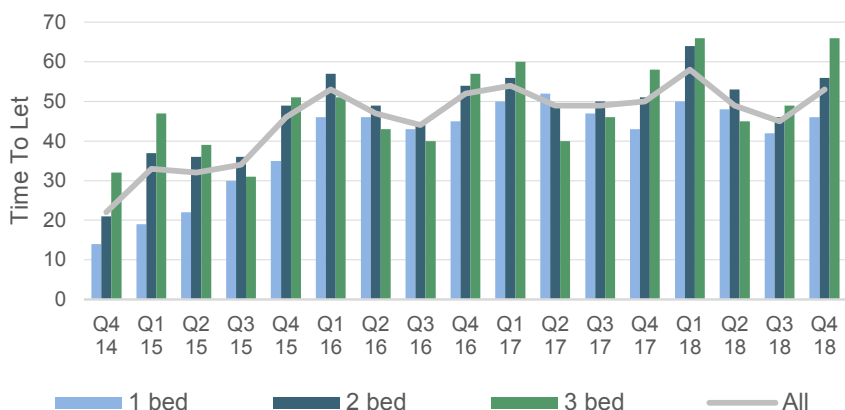


## CITY INFO

### 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
2018	83.2	83.6	84.2	80.8

## Yield by Popular Postcodes (Flats)

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



### Sarah Harley - Margaret Duffus Leasing

"Q4 saw the year draw to strong close. Supply is still plentiful, but both landlords and tenants better understand the current level of rents and standard required to ensure occupancy. December was brisk with a last minute rush for a few people to move before Xmas, as well as half an eye on 2019 with relocation being organised as far in advance as February for employees' arrival dates. It's been an exciting year with the roll out of the PRTs, but other than a few shorter than anticipated lets, it hasn't changed either tenant or landlord behaviour significantly. We anticipate increasing demand for property through 2019, but don't expect rents to rise until after the summer and there is less excess supply."

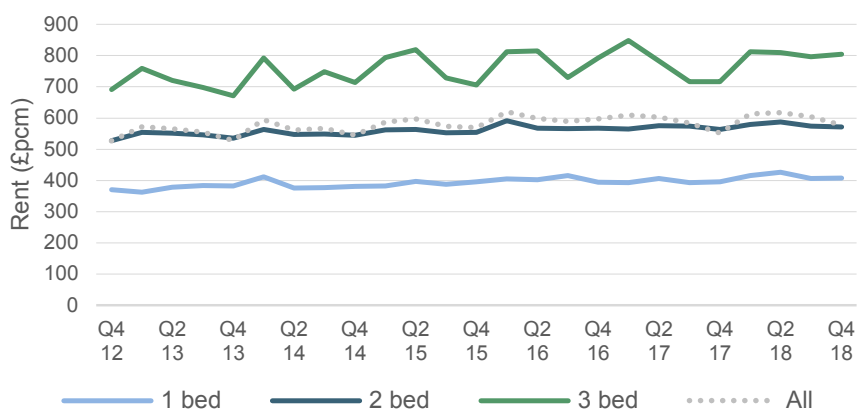


# Dundee

## Market Overview - Q4 18

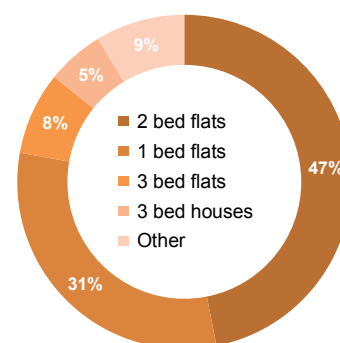
Beds	Average Rent	Rent Change 1yr	Rent Change 3yrs	Rent Change 5yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£408	3.3%	3.3%	6.8%	25	-11	24%	65%
2 bed	£571	1.4%	3.1%	6.7%	25	-24	24%	67%
3 bed	£804	12.3%	13.9%	19.8%	32	-6	9%	64%
4 bed	£950	4.1%	-7.2%	7.5%	20	-36	17%	67%
<b>Total</b>	<b>£578</b>	<b>4.7%</b>	<b>1.4%</b>	<b>9.5%</b>	<b>25</b>	<b>-20</b>	<b>22%</b>	<b>66%</b>

## Average Rent (pcm) by Number of Bedrooms

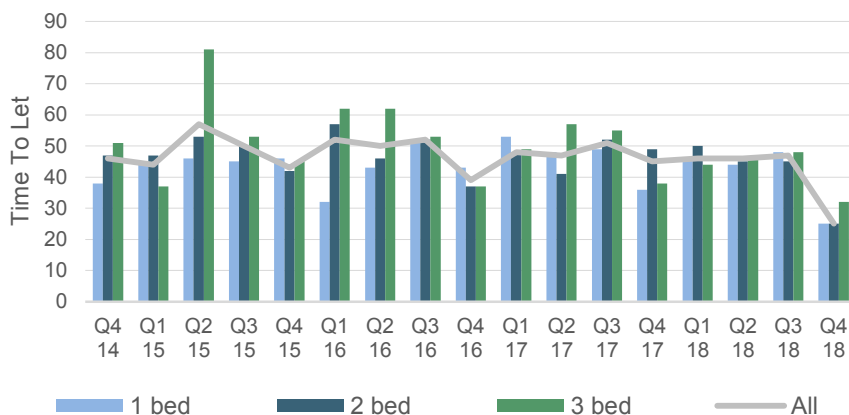


## CITY INFO

### 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

## Yield by Popular Postcodes (Flats)

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



### Robert Murray - Lickley Proctor Lettings

"Lickley Proctor Lettings have continued to see a constant demand for rented accommodation over the last quarter with rental levels being maintained. Better quality properties, as always, renting sooner. We find tenants are taking much more care in choosing a property, therefore a sensible level of rent being sought plays an important part in the equation."

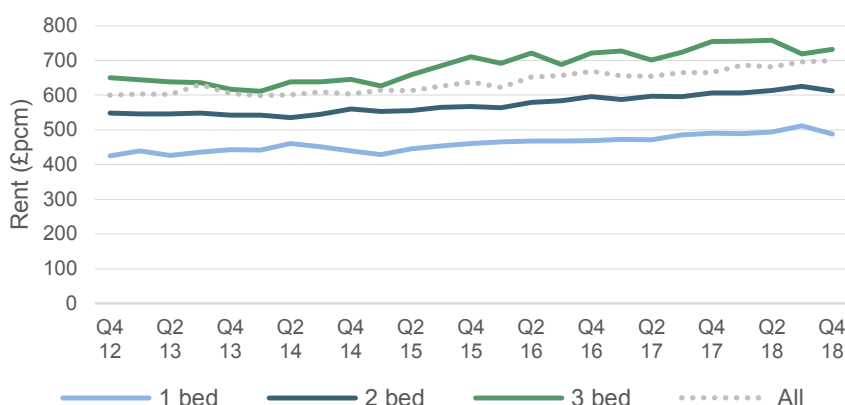


# West Lothian

## Market Overview - Q4 18

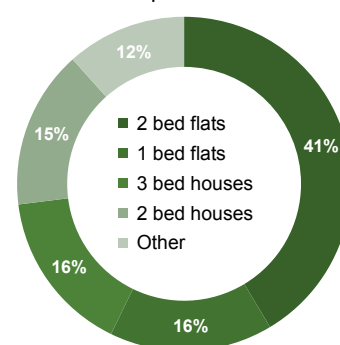
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£488	-0.4%	10.2%	18.7%	26	-12	25%	64%
2 bed	£613	1.2%	12.9%	12.3%	25	-18	22%	71%
3 bed	£732	-3.0%	18.6%	14.7%	30	-5	24%	63%
4 bed	£1,102	34.2%	24.4%	36.0%	32	9	0%	50%
<b>Total</b>	<b>£699</b>	<b>5.1%</b>	<b>15.5%</b>	<b>19.1%</b>	<b>26</b>	<b>-13</b>	<b>22%</b>	<b>67%</b>

## Average Rent (pcm) by Number of Bedrooms

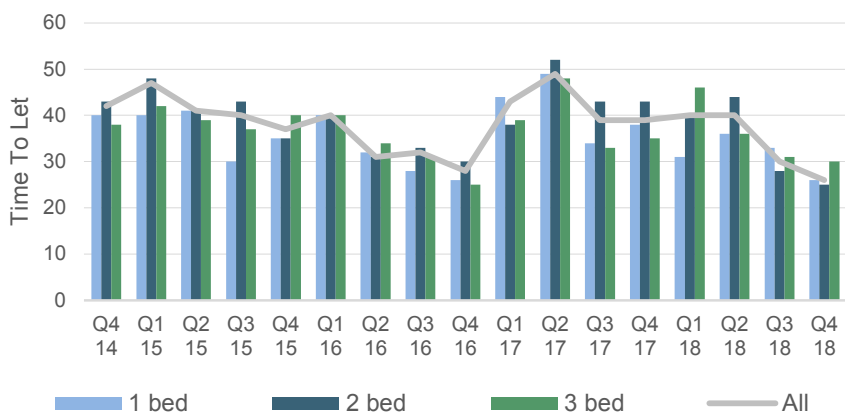


## CITYINFO

## 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
2018	118.3	117.6	120.0	120.5

## Yield by Popular Postcodes (Flats)

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



### Robert Young - The Key Place

"Perception is not always reality. The perception at the end of 2018 was that rental demand in the Falkirk and West Lothian Council areas was a bit weaker due to a combination of Brexit (non-UK nationals leaving Britain), increased number of first-time buyers and Christmas parties (meaning less people moving). However, the reality was that at the end of 2018/start of 2019, The Key Place had the lowest level of properties to rent in central Scotland ever... good news for landlords but not such good news for tenants looking for new rental properties as a result of festive period break-ups."



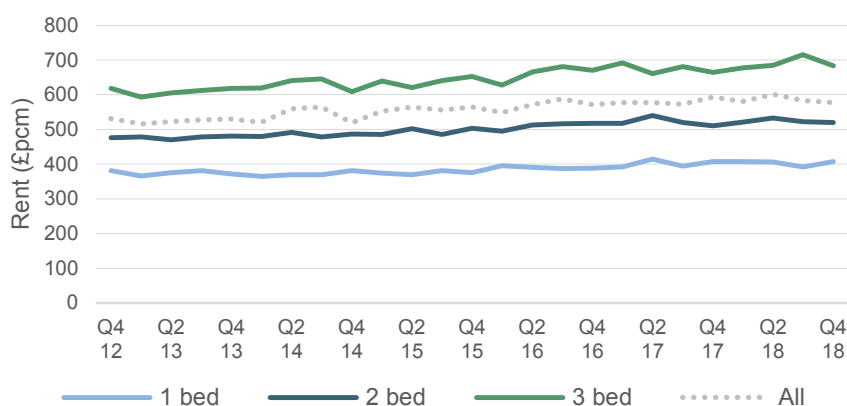


# South Lanarkshire

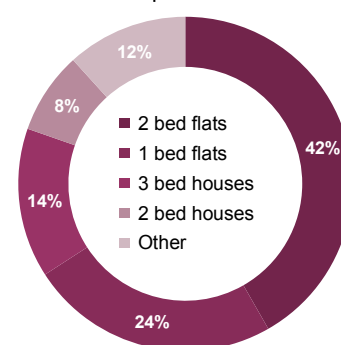
## Market Overview - Q4 18

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£407	-0.2%	9.4%	4.9%	32	3	31%	55%
2 bed	£520	2.0%	8.1%	4.2%	33	-8	18%	57%
3 bed	£684	2.9%	10.7%	11.0%	32	4	23%	59%
4 bed	£959	-24.5%	3.6%	-2.2%	35	-8	18%	45%
<b>Total</b>	<b>£577</b>	<b>-2.7%</b>	<b>8.9%</b>	<b>3.8%</b>	<b>33</b>	<b>-2</b>	<b>22%</b>	<b>56%</b>

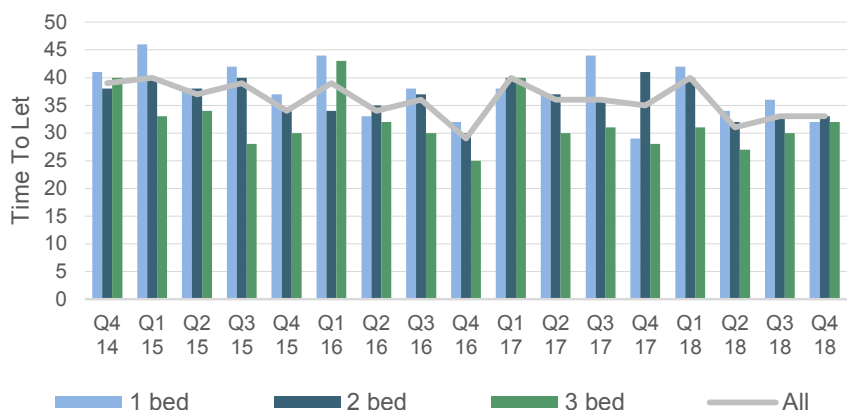
## Average Rent (pcm) by Number of Bedrooms



## Market Composition



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



## Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.3	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

## Yield by Popular Postcodes (Flats)

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



### David Kendall - Lets Make Homes

"2018 has concluded as a strong year for lettings in Lanarkshire with houses in short supply, but high demand. Compliance issues, higher taxes and mortgage availability for portfolio landlords continue to lessen investor's appetite for growth. The extra 1% on the Additional Dwelling Supplement, taking it to 4%, will act as a further deterrent on new BTL purchases. However, for those prepared to weather the storm there are plenty of tenants who continue to choose the PRS as their sector and given the right property they will become excellent long-term customers."

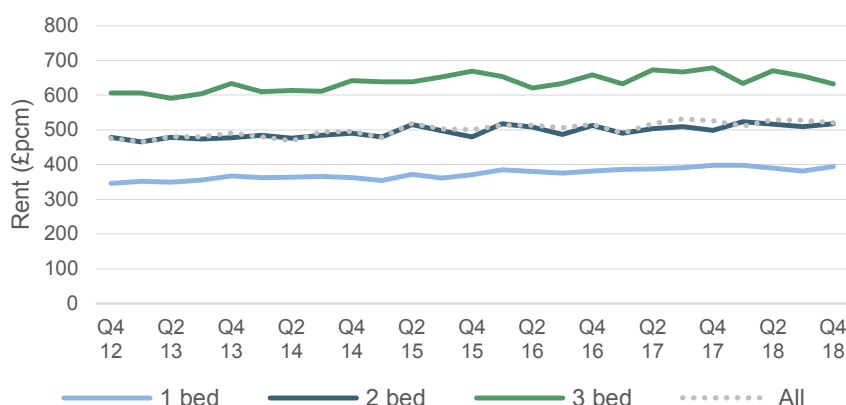


# Renfrewshire

## Market Overview - Q4 18

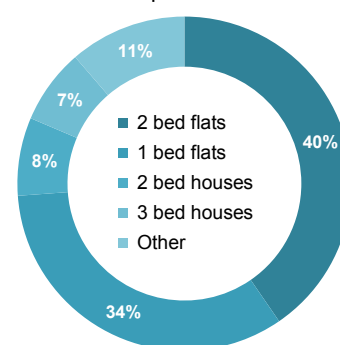
Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£394	-1.0%	7.4%	11.6%	33	2	13%	56%
2 bed	£518	3.8%	8.6%	9.5%	35	2	12%	52%
3 bed	£632	-6.9%	-0.3%	7.1%	27	-14	19%	63%
4 bed	£1,208	1.9%	35.3%	42.5%	20	-10	33%	67%
<b>Total</b>	<b>£521</b>	<b>-1.0%</b>	<b>6.1%</b>	<b>9.2%</b>	<b>33</b>	<b>0</b>	<b>14%</b>	<b>55%</b>

## Average Rent (pcm) by Number of Bedrooms

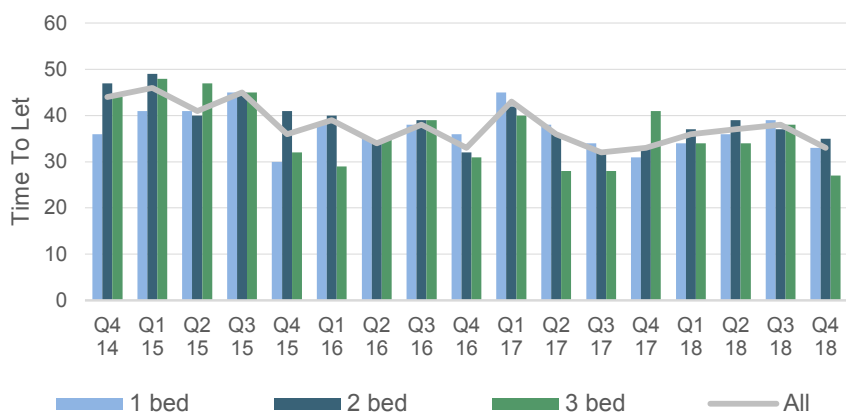


## CITY INFO

### 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
2018	107.1	110.9	110.7	109.2

## Yield by Popular Postcodes (Flats)

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



### Matt McCusker - Castle Residential

"The days of Q4 being a traditionally quiet time have long past and there are still a huge number of new tenants moving into quality rented homes. The recent ADS adjustment set in place by the Scottish Government will obviously play a role where landlords are concerned in 2019. However, with the continued deposit issue remaining for FTBs, we expect there still to be attractive sale deals and, of course, a plethora of quality potential tenants."



## Agent Views

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

### Northwood, Aberdeen – Matt Pullinger



"Q4 has seen a continuation of signs that the market is set to begin recovery in Aberdeen. With plenty of stock in the market, the properties presented in the best condition and competitively priced let first. Demand continues to remain high for one bedroom properties of exceptional high standard with private parking. All signs seem to indicate that the conditions are good in the market to maintain a beginning of recovery in all sectors of the Aberdeen market, which is good news and brings much needed positivity to Aberdeen."

### Aberdein Considine, Perth – James McKay



"The Perth rental market continues to go from strength to strength, with demand outstripping supply in some key areas. The likes of Oakbank, Viewlands, Craigie, Kinnoull, Scone and Bridge of Earn remain ever popular with families due to the proximity of schools and other services, and the shortage of stock in these areas is keeping rental rates high. 1 bedroom and 2 bedroom flats also continue to rent well so I am optimistic that this steady market will continue through 2019."

### Be-Rented, Glasgow – Graeme McEwan



"In Q1 2018, the average rental in Glasgow reached a new milestone with rent higher than the national average for the first time. That trend has continued with Glasgow still inside the top three performing areas for year-on-year price/rental growth. Indeed, the fastest growth was in the Glasgow and Clyde region, the third most expensive place to rent in Scotland, where prices recorded double-digit increases, creating landlord demand from outside of our borders. The average property to rent in Glasgow now lets at just over £690 per month, with about 50% of all property renting within one month. The average property investor in our portfolio enjoyed a rental yield approaching five percent."

### ACE Property, Edinburgh – Alan Nash



"Rolling in to 2019 I expect the Edinburgh rental market to remain a solid investment for landlords. However, being aware of recent changes to legislation and tax positions, is crucial to maximising returns."

### Cullen Property Ltd, Edinburgh – Steve Coyle



"Q4 rents remain robust. Steady increases on 1-2 bedroom properties (c.3-4%). However, YoY, 1-2 bed market rents in central Edinburgh rose by c.5% as demand continued to outpace supply. Airbnb stock returning to the lettings market may add pressure.

Investor activity remains positive despite Brexit, but it's not helping! Student property demand looks set to be high again in Q1 2019 with enquiries received throughout Q4 2018. Letting Agent Registration and PRT's have yet to take full effect on the market but we expect this to gain pace in 2019, with the former being watched with interest."

### Clan Gordon, Edinburgh – Jonathan Gordon



"2018 has ended in a whirlwind – as I imagine it has across the PRS – with our busiest ever November and December. A significant number of tenants, aware of their rights under the PRT, are using properties (particularly larger houses) for short-term accommodation whilst buying or relocating. We also hear from new tenants their previous tenancy was ended quickly so their landlord could sell; indicating the PRT is not being used as intended. On a more positive note, there's a continuous stream of new properties coming to the market, demonstrating confidence in the sector and providing much-needed homes for Edinburgh tenants."



## Agent Views cont...

### Cox & Co., Edinburgh – Mike Erskine



*"Q4 has remained buoyant but TTL have crept up a little. Rents have remained strong and interest in property high, with viewings right up to the week before Christmas. Looking ahead to the New Year and Q1, and the continuously reported Brexit, time will tell for the property market, but we will be business as usual extending our range of properties managed and growing our portfolio. We look forward to the TTL's reducing come spring and to getting our teeth into the challenges ahead. Our investors are still buying and have confidence in the PRS so we will continue doing everything we can for our clients, maximising rents and getting the best tenants possible."*

### 1LET, Edinburgh – Ken Bell



*"The final quarter of 2018 saw very little let up in the demand for quality residential property in Edinburgh. The one and two bedroom markets continued to dominate, with demand far outstripping supply. 1LET also noticed a spike in new landlord enquiries and landlords adding additional properties to their portfolios. The Brexit effect does not seem to be deterring landlords from the market and indeed Edinburgh appears to be a thriving haven for property investment. We look forward to a strong 2019 with continued growth underpinned by a thriving rental market."*

### Grant Fairbairn PL, Aberdeen – Grant Fairbairn



*"Q4 has been slightly slower than Q3, we would say this is likely due to student demand being a lot less from October onwards and the price of oil falling from \$80 per barrel to \$60 per barrel. On the plus side, we are seeing more relocation companies looking for properties on behalf of larger oil companies on almost a weekly basis, hopefully a good sign of more professionals coming to the city and renting. Some properties have also been renting within one week which is good to see, however a lot of properties are still taking over one month to rent."*

### Aberdeen Considine, Aberdeen – Karolina Robertson



*"We ended 2018 with a record number of lets secured in December. Demand remained high for 1 bedroom apartments in the city centre, with some achieving higher rentals. Overall, activity from potential tenants remained high for the time of year, which was reflected in number of viewings and applications received. The focus will now be on ensuring there is enough stock to meet the demand expected in spring/summer. We are optimistic that the lettings market in Aberdeen will continue to improve during 2019."*

### The Flat Company, Edinburgh – Matthew Wilcken



*"The final quarter of the year is usually a quieter period at The Flat Company as students settle in for the academic year. This year however has been much busier than usual and this may be a result of the PRT. During the final quarter we have taken the opportunity to carry out management inspections, routine maintenance and staff training and getting to grips with our new apps. We have also seen an influx of new landlords taking advantage of a combination of services bringing their properties whether student, professional, holiday or festival on board for 2019."*

## 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 18

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

## Edinburgh - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
EH1	£948	(28)	£1,121	(24)		
EH3	£950	(22)	£1,370	(23)	£1,956	(41)
EH4	£824	(13)	£1,019	(31)	£1,247	(35)
EH5	£700	(27)	£866	(23)		
EH6	£698	(15)	£881	(20)	£1,189	(24)
EH7	£732	(18)	£999	(22)	£1,227	(39)
EH8	£749	(14)	£933	(26)		
EH9	£727	(18)	£1,014	(22)	£1,310	(23)
EH10	£807	(26)	£1,013	(26)	£1,505	(31)
EH11	£706	(18)	£870	(19)	£1,074	(23)
EH12	£745	(19)	£1,007	(29)	£1,297	(39)
EH13			£783	(23)		
EH14	£692	(13)	£876	(29)	£1,203	(47)
EH15			£771	(29)		
EH16	£674	(17)	£804	(28)	£1,142	(33)
EH21			£752	(31)		
EH22			£713	(22)		
EH26					£933	(28)
EH32			£694	(38)		
EH47			£515	(48)		
EH48			£609	(22)	£702	(49)
EH49			£637	(22)		
EH54			£645	(22)		

## Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£464	(40)	£633	(62)	£1,005	(67)
AB11	£446	(53)	£642	(56)		
AB12	£512	(42)	£690	(57)	£754	(45)
AB15			£821	(47)	£1,055	(56)
AB21	£638	(51)	£735	(45)		
AB24	£475	(39)	£616	(66)	£823	(49)
AB25	£460	(52)	£618	(58)		
AB32			£617	(58)		
AB41			£580	(68)	£786	(52)

## Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1			£655	(36)		
DD2	£392	(25)	£604	(28)		
DD3	£391	(27)	£505	(24)		
DD4			£535	(32)		
DD5			£609	(27)		
DD8			£479	(46)		
DD11			£507	(37)		

## Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£675	(15)	£957	(24)		
G2			£962	(24)		
G3	£684	(19)	£1,007	(27)	£1,184	(35)
G4	£631	(20)	£800	(20)		
G5			£741	(23)		
G11	£617	(23)	£884	(29)		
G12	£711	(29)	£970	(34)	£1,423	(41)
G13	£548	(21)	£668	(34)		
G14	£488	(22)	£600	(25)		
G20	£576	(23)	£744	(25)	£939	(34)
G21			£527	(37)		
G31	£478	(18)	£664	(20)		
G32	£410	(19)	£577	(33)		
G33			£584	(30)		
G40	£444	(15)	£638	(24)		
G41	£579	(20)	£699	(33)	£952	(34)
G42	£471	(31)	£638	(21)		
G43			£619	(40)		
G44	£501	(17)	£648	(19)	£561	(39)
G51	£484	(27)	£636	(22)		
G52			£568	(27)	£577	(35)
G66			£573	(54)		
G67			£431	(34)		
G71			£652	(23)		
G72			£565	(30)		
G73	£424	(37)	£551	(16)		
G74	£388	(22)	£505	(26)	£746	(21)
G75			£487	(26)	£616	(36)
G78			£479	(33)		
G81			£530	(32)		

## Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Ayr	£402	(19)	£481	(53)	£647	(43)
Bathgate			£610	(23)		
Cumbernauld			£451	(36)		
Dunfermline	£423	(35)	£530	(37)		
East Kilbride	£391	(22)	£499	(26)	£675	(29)
Glenrothes			£496	(20)	£591	(18)
Hamilton	£397	(30)	£522	(30)	£653	(25)
Inverness	£541	(10)	£673	(23)	£855	(21)
Kilmarnock	£354	(59)	£449	(40)	£561	(21)
Kirkcaldy	£398	(32)	£504	(30)		
Linlithgow	£500	(15)	£637	(22)		
Livingston			£641	(22)		
Motherwell			£510	(38)		
Paisley	£376	(34)	£484	(34)	£669	(29)
Perth	£397	(37)	£580	(40)	£758	(48)
Stirling Town	£534	(32)	£668	(21)		
Troon			£558	(28)		



# Build To Rent News

## Breaking Ground on Build to Rent by Rettie & Co.

2018 was a year where activity in the Scottish Build to Rent sector finally began catching up with the expectations of recent years. The Build to Rent Forum Scotland, which was sponsored by Rettie & Co., saw a number of high-profile first-time attendees from UK funds and operators make the journey to Edinburgh to discuss the future and opportunities in the sector.

The rising interest in Scotland is perhaps unsurprising if you look at the fundamentals of the BTR market in Scotland. Unlike London, Manchester and Liverpool, where investment and BTR development is well established, there has been less competition north of the border and this has created an opportunity for pioneers to secure landmark sites within Scotland's main cities.



Moda Holland Park

Edinburgh is proving increasingly attractive to investors and residents alike having been ranked the most liveable city in the world by Arcadis, and continuing to place well in international rankings of lifestyle, business, tourism and education. With inward migration, wage growth, and a diversified economy, demand for housing has never been higher, yet low new supply and competition from the short-term rental sector for stock drives rental demand. Aberdeen Standard Investment's purchase of Lochrin Quay saw the arrival of the first BTR scheme in the capital, meaning that Dandara's Stoneywood development in Dyce is no longer Scotland's only operating BTR scheme. The progress of MODA's Springside development through planning will be the next step for the capital as it transforms the long neglected Fountainbridge area of the city.

Glasgow, which has the lion's share of the Scottish BTR pipeline, has also seen exciting new investment announcements, including Barclay's new business hub. The planned developments that have been announced in the city centre look set to revitalise the heart of Glasgow, drawing residents back to the area to not just work, but live. MODA's Holland Park development, as well as the recently granted Get Living Scheme in the Merchant City (their first scheme outside of London) will between them deliver more than 1,000 BTR units. This is around a third of the total potential BTR pipeline in the city.

On the back of the V&A and the £1bn waterfront redevelopment, Dundee has had a rising profile, including being placed 15th on the National Geographic's must visit places in the world in 2019. Two BTR schemes at Vox and Studio Dundee both embrace this rebirth, planning over 200 BTR units, targeting the emerging creative and entrepreneurial class within the city.

Overall, Scotland now has a pipeline of around 6,000 BTR units at different stages in the process which is a marked increase in just a couple of years. This said, with over 130,000 BTR units estimated in the UK and almost 70,000 in London, Scotland and its cities remain underrepresented in the sector.

Looking forward to 2019 we expect the positive developments in Scotland's BTR sector to continue, with ground being broken on the way to delivering the first volume BTR schemes in Scotland's cities.



## Mid-Market Rent News

### Seven Up for LAR in Aberdeen

Our latest development in Aberdeen is proving to be extremely popular with just one property still available after only a few days of marketing.

This latest development at Balgownie, Bridge of Don is our seventh in Aberdeen and brings the total number of LAR homes in the area to 142. We are delighted once again to be working with major housebuilders in the Aberdeen area and we now have more sites in the north east than anywhere else in Scotland. The development completed at the end of November, and offers high quality homes at mid market rents.



Balgownie

We purchased nine properties at the development consisting of six two bed and three one bed flats. This latest development follows on from recent deals at Ocean Apartments in Park Road and Shaw Road in Aberdeen's West End.

We are still looking for more quality homes in Aberdeen and elsewhere in Scotland. We would be interested in speaking to developers and construction companies who might have suitable properties for us.

It has been an impressive couple of years for LAR and in total we now have 24 sites either completed or under construction across Scotland providing over 600 homes.

### Mid-Market Homes Fill the Void

Port of Leith Housing Association and Persevere Developments just recently celebrated completion of 43 new mid-market homes, forming part of CALA Homes popular development in Leith – Ten Brunswick Road. The properties were built on the grounds of the former Royal Mail Sorting Office, demolished in 2010. The derelict site remained vacant until being fully regenerated by CALA, who delivered a total of 175 homes to the area.



Ten Brunswick Road

Keith Anderson, Chief Executive of POLHA, said: "With demand for high-quality, affordable homes so high, we are very proud to provide these brilliant places for people to call home with rents well below the level of the private rented sector."

The POLHA's block consists of 16 one bedroom and 27 two bedroom flats, featuring private decking and Juliette balconies, with designed pedestrian links and communal open space gardens.

This £5.8 million investment, including £1.2 million housing association grant from the Scottish Government, marks "a milestone in Edinburgh's affordable housing market."

Gavin Pope, Land Director with CALA Homes (East), commented: "The handover of these completed affordable homes ahead of schedule is a fantastic way to conclude the development of Ten Brunswick Road."

"A key focus of the development has always been to deliver high quality, tenure blind housing (...). These mid-market apartments fill an easily recognisable void."

# PRT Myth Busting

Scottish Association of Landlords help clear misunderstandings of the new PRT

Just over a year ago on the 1 December 2017 the new Private Residential Tenancy regime was introduced. To mark this milestone the Scottish Association of Landlords (SAL) is trying to dispel some of the common myths they hear about how the regime operates. They know from calls to their members' telephone helpline that the most common misconceptions about Private Residential Tenancies are:

## 1. Rent increases

Many landlords seem to be under the impression that the rent can't be increased during the first 12 months of the tenancy. This is not the case. The first rent increase can be carried out at any time. Once the first increase has been done, the rent cannot be increased more frequently than 12 monthly thereafter.

## 2. Notice period

It is a common belief that once the tenant has occupied the property for 6 months, landlords must give them 84 days' notice to end the tenancy. This is not the case if the tenancy is being ended because the tenant has breached a term of the tenancy agreement e.g. if they are in rent arrears or if there are problems with anti-social behaviour. If one of the breach grounds applies then the landlord is only required to give 28 days' notice, regardless of how long the tenant has been in occupation.

## 3. Rent arrears

Many landlords believe that tenants need to owe 3 months' rent before they can be evicted for rent arrears. Under the PRT tenants need to have owed some rent for a period of 3 months for the rent arrears eviction ground to apply. If they owe at least a month's rent when the tribunal hears the case then it is a mandatory eviction ground. If the



John Blackwood

arrears are below this level then it is discretionary. Landlords can serve the notice to leave as soon as the tenant falls into arrears. However, application can't be made to the tribunal for an eviction order until the tenant has owed some rent for a period of 3 months.

## 4. "Signing" electronically

Electronic "signing" is fine. The lease can be 'signed' by the tenant typing their name into the electronic

document and sending it back to the landlord by email. It is really important that the landlord retains the email sent back to them by each tenant as this is the landlord's evidence that the signature was completed by the tenant and not by a third party.

A letting agent can sign on behalf of a landlord by using the landlord signature box of the government's model lease. It is best practice to state alongside the signature "signed on behalf of the landlord by [the agent's name and agency name]".

For more information on the PRT regime landlords and letting agents are encouraged to join SAL to have all their questions about the PRT answered. Unlimited access to the SAL helpline is consistently rated as the number one SAL membership benefit.

See more on the SAL website.



## Seven SafeDeposits Scotland Staff Receive Industry-Leading ARLA Qualification

Victoria Smith explains why SafeDeposits Scotland staff received letting agent training

At SafeDeposits Scotland, we are always looking for new ways we can improve the service we offer to our members and opportunities for staff training and development. That's why, recently, seven of our colleagues studied for and passed an ARLA Propertymark qualification.

The Residential Letting and Property Management course is the same one taken by many letting agents across Scotland. It builds on the individuals' significant existing knowledge and has given our colleagues a clear understanding of the industry and the framework the scheme operates in.

I'm really pleased for the team who – through their desire to provide the very best levels of service – have worked hard and achieved industry-recognised qualifications.

We selected this ARLA Propertymark course for a number of reasons, not least its in-depth coverage, thorough syllabus and the training sessions available to assist our team.

The team now have an even deeper understanding of the pressures that letting agents face, helping us to improve the service we provide.

One of our colleagues that gained the qualification is Carol Bradburn, our Client Account Manager. After gaining the qualification, she told me: "While the course itself was tough, it's definitely given us a valuable insight into the sector we work in,

from the other side of things.

"When we're talking to agents about deposit protection, we have a better understanding of what else they have going on, and we can tailor our advice and approach to suit."

Daryl McIntosh, the Strategic Development Manager Scotland and Northern Ireland at ARLA Propertymark, also said: "As one of the partners of SafeDeposits Scotland, we are delighted at ARLA Propertymark that the SafeDeposits team have shown such commitment towards achieving their Residential Letting and Property Management qualifications. I congratulate all of those who have achieved the award."

Congratulations to all seven staff



Victoria Smith

members who were awarded the qualification: Fraser Johnston; Carol Bradburn; Allan MacDonald; Paula Guthrie; Barbara Saunders; Amy Gardner; Mike Smith.

More information on the qualification can be found at <http://www.arla.co.uk/training-qualifications/lettings.aspx>



Nick Hankey, Chief Operating Officer for SafeDeposits Scotland, Victoria Smith, Operations Manager at SafeDeposits Scotland, and Daryl McIntosh, Strategic Development Manager at Propertymark Scotland and Northern Ireland. (L-R) Nick Hankey; Fraser Johnston; Carol Bradburn; Daryl McIntosh; Allan MacDonald; Paula Guthrie; Barbara Saunders; Victoria Smith; Amy Gardner.

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**



## ESPC House Price Report November 2018

Seller confidence and buyer demand stay strong in east central Scotland property market

Between September and November 2018, there was a significant year on year increase in the number of homes coming to market in east central Scotland, with the volume of insertions up 14.1% compared to last year. Within Edinburgh, the number of homes coming to market increased by 5.5% during this period. This continued trend of an increase in the number of homes coming to market is a positive sign for buyers, and indicates the continued confidence of sellers, despite the uncertainty of Brexit.

The number of properties sold during this period increased by 1.4% annually. This rise is the positive result of a growing number of homes being brought to market in recent months.

The average selling price in east central Scotland rose to £246,142 during this period, a 5.3% increase on last year. Within the capital, the average selling price was £268,175 which was a 5.7% increase compared to last year.

In Edinburgh, two bedroom flats in the coastal districts of Portobello and Joppa saw the biggest year on year increase in average selling prices, rising by 22.5% to £254,442. Two bedroom flats in Trinity, Newhaven and Inverleith also rose by 18.7% to £258,898.

The average selling price of three bedroom houses in Liberton and Gilmerton dropped by 11.3% to £227,523.

From September to November 2018, the average selling price of properties in West Lothian rose by 12.2% to £185,358. In East Lothian, the average selling price rose by 11.7% to £242,689.

One bedroom flats in Leith Walk, Easter Road, Pilrig and Bonnington and two bedroom flats in New Town and West End were the quickest to sell, with a median selling time of 13 days. One bedroom flats in Polwarth, Shandon and Tollcross achieved the highest average percentage over Home Report valuation at 111.9%, followed by one bedroom flats in Dalry, Gorgie, Slateford and Chesser which achieved 109.8% of their valuation on average.

The top selling property type from September to November 2018 was two bedroom flats in Leith, followed by three bedroom houses in Dunfermline and two bedroom flats in Newington.

Jamie Fraser-Davidson, Business

Analyst at ESPC, said: "Despite approaching Brexit, it appears seller confidence in the east central Scotland property market is staying strong with the number of homes coming to market continuing to increase compared to last year. Average selling prices are also rising steadily, and properties are regularly achieving their Home Report valuation, as well as short selling times, indicating that the significant demand from buyers continues.

"The outcome of the Parliament vote on the Brexit deal may have an impact on the confidence of both buyers and sellers in the east central Scotland property market and it will be interesting to monitor the effects of this over the next few months. However, regardless of the result, we expect the east central Scotland property market to be relatively resilient throughout the changes that leaving the EU will bring, in comparison to other areas of the UK, some of which are starting to show signs of stress."



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# Citylets Research Services

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

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

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

Metrics include:

- Average rental price and monthly stock volumes by city/region, area, postcode district & postcode sector
- Average time to let (TTL) by city/region, area, postcode district & postcode sector
- Analyse by property type and bedroom count

## Methodology

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

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

## The Publication

This document was published in Jan 2019. 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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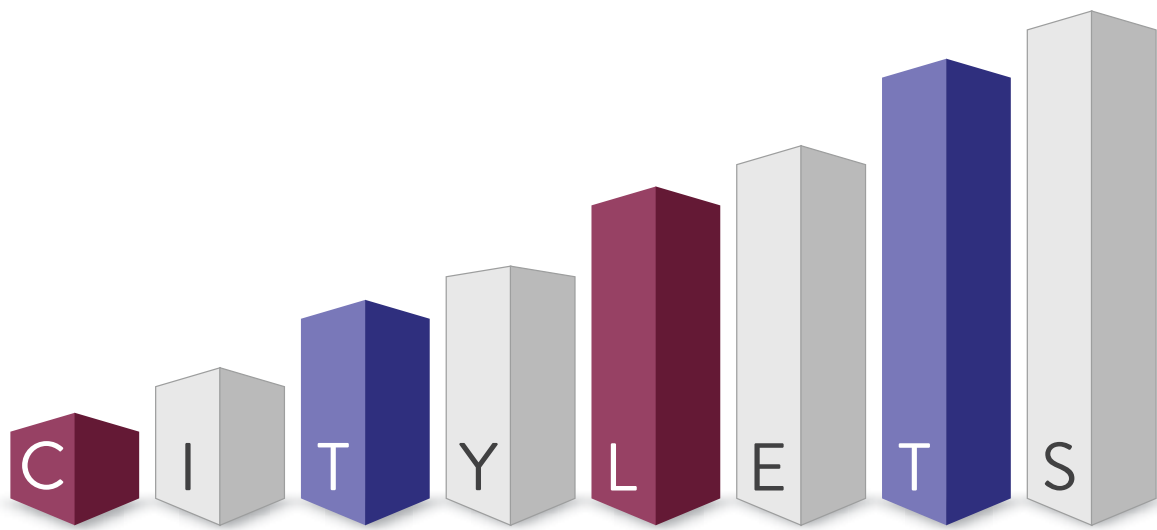
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