

Fast Finish



- Market Overview ▪ National Trends
- Spotlights: Edinburgh, Glasgow, Aberdeen, Dundee & more
- Agent Views ▪ Postcode & Town Analysis: Localised Rental Prices
- Build To Rent News ▪ Mid-Market Rent News
- ESPC - House Prices in Scotland Continue to Rise
- SafeDeposits Scotland - Confidence in the PRS Shows No Signs of Waning
- TC Young - Changes to Tenancy Deposit Scheme Regulations

Market Overview

The Scottish PRS seemed wholly unaffected by the sustained political uncertainty, and indeed general election, in Q4 2019 bringing the year and decade to an unusually fast finish. Time to Let (TTL) figures fell, particularly in Glasgow where the local market was unseasonably strong. Rental growth operated to recent trend with average rents in Scotland rising 3.5% year on year (YOY) to stand at £798 per month and taking just under 1 month to let at 29 days. The strong annual National rise in recent quarters seems materially driven by an increasingly buoyant west coast market as much as the long running strength of the capital.

Indeed, whilst property to rent in Edinburgh is still rising, the rate of growth has remained relatively subdued at 3.6% YOY and significantly down from a recent historic peak of 7.8% recorded a year ago. The market on the whole moved very quickly in Q4 with an average TTL of just 22 days. 1 bed properties in particular were snapped up quickly by prospective tenants at just 17 days on average TTL. 83%

of 1 bed properties and nearly three quarters of all properties (74%) let within a month. The 5 and 10 year average growth rate for the

just 15 days on average to find a tenant. A very significant 85% of 1 bed properties and 78% of the whole market let within a month. The average property to rent in Glasgow now stands at £802 and would seem set to remain above £800 having surpassed in the previous quarter. Rental growth in Glasgow is almost exactly 4% from the 1, 5 and 10 year view.

Rents in Aberdeen returned to trend in the last quarter of 2019 with the market recording a modest 1% YOY fall to stand at £708 on average. An encouraging 47% of 1 bed properties let within a month as did 36% of the market as a whole. Many leasing agents in Aberdeen report a confident outlook for the region into 2020 with signs of increased corporate activity.

Dundee continued its upward trajectory with rents rising 1.4% YOY to stand at £586 and taking 27 days to let. For the second year running, TTL in Q4 was much reduced compared to other quarters where the usual range has been 40-50 days. Rental growth for 1 beds was a marked 6.4%, though the 3 and 5 year average is a more sanguine circa 3%.

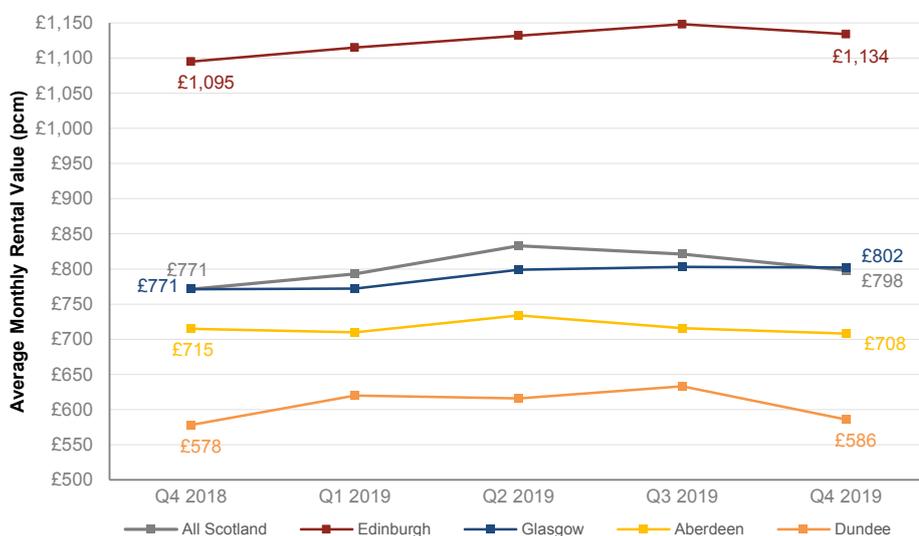
- **Strong close to 2019 sees rents rise and TTLs fall**
- **Glasgow posts 4% YOY rental growth, TTL down 5**
- **Edinburgh rents up 3.6% YOY, unchanged on Q3**
- **South Lanarkshire posts strong regional growth at 5.9%**
- **Modest 1% annual fall in Aberdeen**



Edinburgh market has been just over 5% YOY.

Growth in Glasgow outstripped Edinburgh for the second time in 2019 at 4% YOY. The market also moved at a greater pace than the capital at just 20 days TTL on average, down a material 5 days on Q4 2018. 1 bed properties took

Scottish Monthly Rent Analysis (Q4 2018 - Q4 2019)



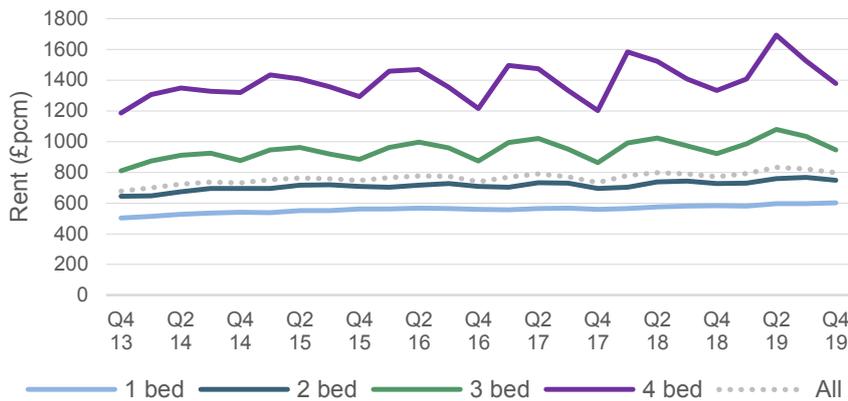
South Lanarkshire continues to post consistently strong growth at a substantial 5.9% YOY to average £611 per month. TTL for the market is down 5 to 28 days, a speed characteristic of the major cities, though growth from the 5 and 10 year view is somewhat less at 3.5% and 0.9% respectively. The index for the region ended the decade at a record high of 112.5 compared to its 2008 base and looks set for continued YOY growth.

Scotland

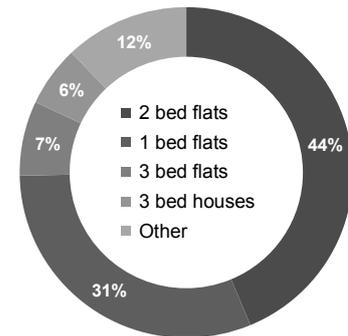
Market Overview - Q4 19

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	£601	3.1%	11.1%	27.6%	24	-4	25%	71%
2 bed	£747	2.6%	7.3%	24.7%	29	-4	18%	63%
3 bed	£947	2.6%	8.1%	24.4%	34	-1	12%	54%
4 bed	£1,377	3.4%	4.4%	28.7%	43	0	10%	44%
All	£798	3.5%	9.0%	26.7%	29	-3	19%	64%

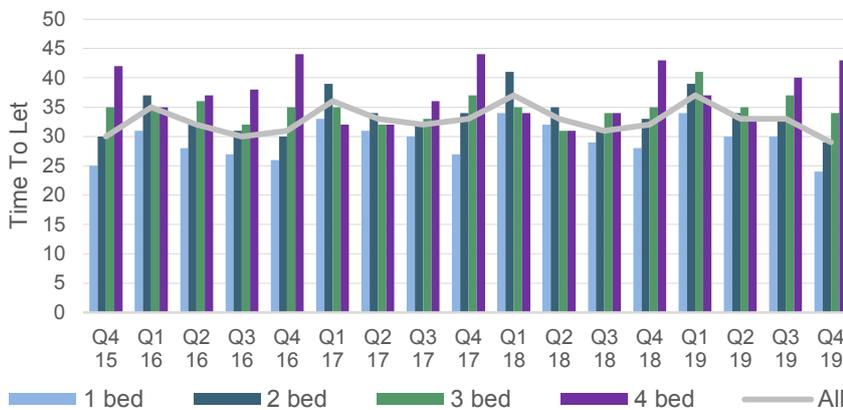
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms

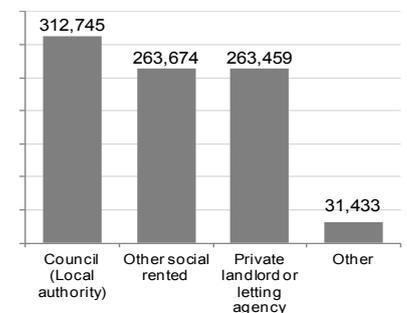


Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	101.6	102.8	100.2
2009	98.8	98.1	99.2	97.7
2010	98.9	101.4	100.6	99.8
2011	100.3	102.8	103.9	101.7
2012	102.9	104.2	105.0	104.0
2013	104.7	107.4	106.5	105.1
2014	108.4	112.1	114.1	113.5
2015	116.4	118.1	117.4	115.7
2016	118.9	120.5	120.2	114.6
2017	119.1	122.3	119.7	113.8
2018	120.9	123.9	122.3	119.5
2019	122.9	129.1	127.3	123.7

Households: Rented



Source: Census 2011, Edinburgh



Adrian Sangster - Aberdeen Considine

"Despite the legislative challenges being faced by landlords in Scotland, I feel as though there is generally a positive mood surrounding the PRS. Tenant activity levels throughout the country are healthy, with a noticeable improvement even in Aberdeen after a few challenging years. Relocation agents, who act for the larger corporate tenants, are also busier, which bodes well for the longer term. Other than a few areas where there is scarcity, overall there appears to be a good choice of properties available for tenants. Therefore, whilst undoubtedly 2020 will come with a few bumps along the way, my instinct is it will be a more favourable year for the Scotland's PRS."

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PRS



Student



Housing Association



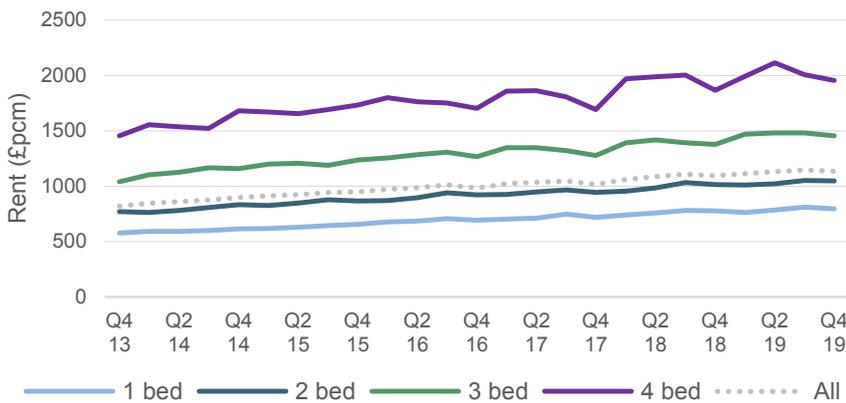
Estate Agency

Edinburgh

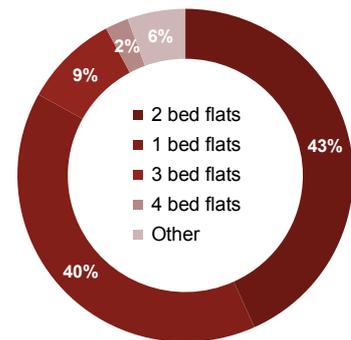
Market Overview - Q4 19

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	£796	2.2%	29.2%	54.3%	17	-2	31%	83%
2 bed	£1,050	3.2%	26.1%	57.4%	22	-1	21%	72%
3 bed	£1,455	5.6%	25.3%	51.6%	33	1	10%	53%
4 bed	£1,956	4.7%	16.4%	46.3%	40	1	3%	44%
All	£1,134	3.6%	26.0%	54.5%	22	-1	24%	74%

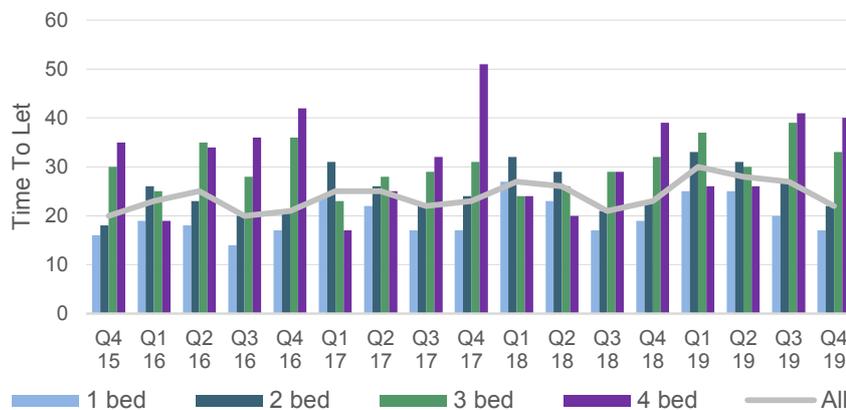
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	100.1	102.0	102.3
2009	99.2	96.9	97.6	98.3
2010	99.1	101.1	100.7	103.2
2011	102.5	102.9	104.8	104.3
2012	105.5	105.9	106.2	109.6
2013	109.4	109.5	109.8	110.0
2014	113.5	115.1	117.3	120.5
2015	122.1	123.6	126.1	127.2
2016	130.1	132.0	135.6	131.7
2017	136.9	138.8	140.3	136.0
2018	142.2	145.5	148.3	146.6
2019	149.3	151.5	153.7	151.8

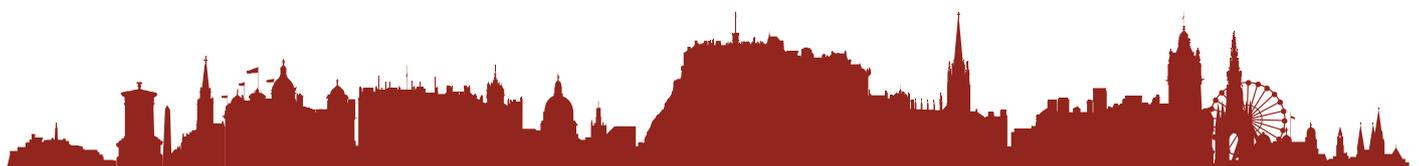
Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
EH3	3.9%	4.1%	4.1%	4.0%	3.7%
EH7	5.5%	5.6%	5.6%	5.6%	5.0%
EH8	6.8%	6.6%	7.2%	7.0%	7.0%
EH9	4.7%	4.9%	5.1%	4.8%	4.8%
EH10	4.4%	4.3%	4.3%	4.2%	4.1%
EH11	5.8%	5.9%	6.1%	5.8%	5.8%
EH12	4.9%	5.1%	5.4%	4.7%	4.9%



Steve Coyle - Steve Coyle

"2019 finished strongly with high demand and robust rent levels across all property types. The student market had a transitional year as PRT's took effect. Student customers seemed poorly informed/unaware of the new market nuances, with many starting to search too late and experiencing high demand/disappointment. We expect 2020's student consumer to be more aware and see greater demand in early spring with June/July lease starts. Landlord/Investor confidence remained bullish and initial signs for 2020 are more positive again."

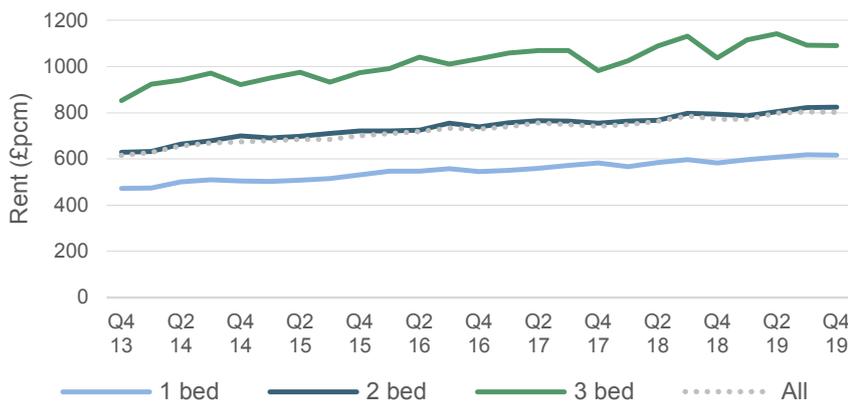


Glasgow

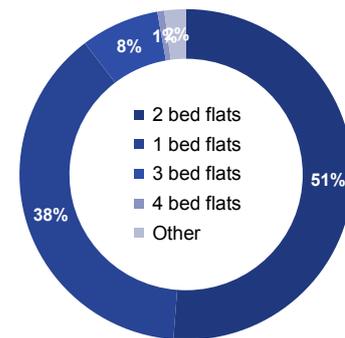
Market Overview - Q4 19

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	£617	5.8%	22.2%	36.5%	15	-5	36%	85%
2 bed	£824	3.8%	17.9%	41.1%	19	-6	26%	79%
3 bed	£1,091	5.2%	18.3%	41.7%	38	4	9%	45%
4 bed	£1,610	5.1%	32.2%	60.2%	44	-21	11%	33%
All	£802	4.0%	19.2%	40.5%	20	-5	28%	78%

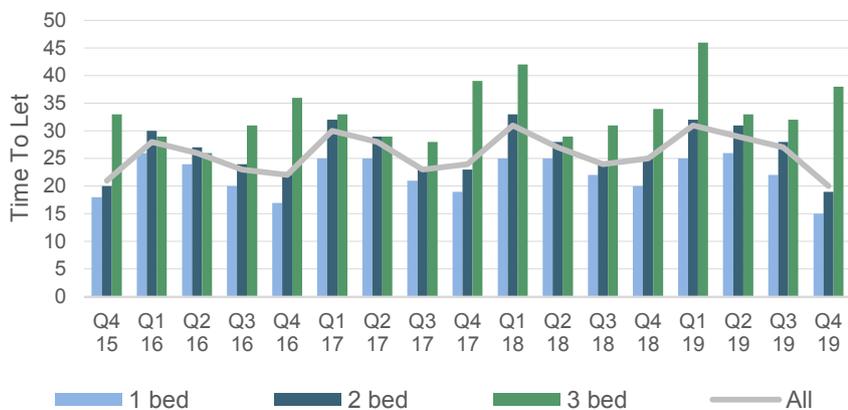
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

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

Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
G1	6.1%	6.0%	6.2%	5.7%	4.9%
G2	8.8%	7.3%	7.5%	6.7%	7.0%
G3	6.0%	4.8%	5.5%	5.4%	5.3%
G4	6.4%	6.4%	6.5%	6.6%	5.3%
G5	7.0%	7.1%	6.8%	6.7%	6.4%
G11	5.5%	5.7%	5.4%	5.3%	5.0%
G12	4.7%	4.6%	4.8%	4.7%	4.4%



Jack Gallagher - Western Lettings

"At Western Lettings we have just had our busiest Q4 on record. Nevertheless, there are some signs of weakening tenant demand, particularly for larger properties and HMOs. There can be little doubt that the supply of Purpose-Built Student Accommodation (PBSA) is reaching saturation point with approximately 20,000 bed spaces available across the city, predominantly in the West End. We have seen evidence of investor landlords exiting the sector due to increasing regulatory pressure and ratcheting tax burdens. On the plus side, yields remain high in a global context, and there is no shortage of investors eager to snap up attractive rental properties."





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Aberdeen

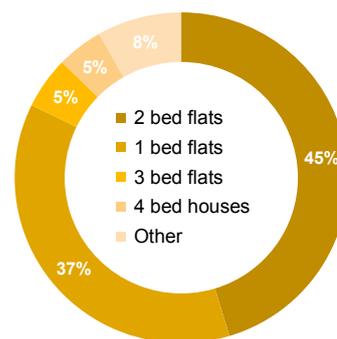
Market Overview - Q4 19

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	£457	-1.7%	-36.7%	-16.5%	41	-5	13%	47%
2 bed	£647	-1.8%	-37.8%	-20.0%	55	-1	4%	30%
3 bed	£919	-5.5%	-35.7%	-16.9%	58	-8	3%	34%
4 bed	£1,389	1.6%	-35.3%	-19.5%	61	-6	6%	29%
All	£708	-1.0%	-36.2%	-17.4%	51	-2	7%	36%

Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

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

Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
AB10	5.4%	5.2%	4.9%	5.2%	5.4%
AB11	6.6%	6.3%	6.1%	5.6%	5.7%
AB15	5.7%	4.8%	5.1%	5.1%	4.9%
AB24	7.1%	7.0%	7.4%	6.6%	6.7%
AB25	5.9%	6.2%	5.5%	5.5%	5.3%



Matt Pullinger - Northwood

"Northwood Aberdeen has experienced an exceptionally busy Q4. Typically a quieter time of year, we have recorded at least twice the activity of the same period last year, with enquiry levels and move-ins at very encouraging levels. Northwood Aberdeen celebrated 10 years in business and have seen various changes in market conditions over the years and Q4 2019 shows a continued improvement in activity and reduction in stock levels which bodes well with renewed positivity and more certainty in the market for 2020."



Dundee

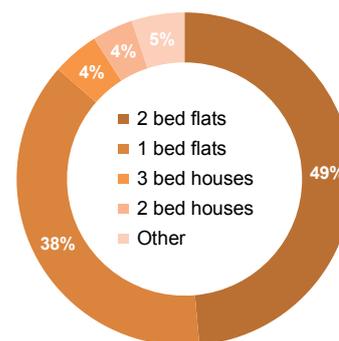
Market Overview - Q4 19

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	£434	6.4%	10.2%	13.9%	22	-3	23%	67%
2 bed	£586	2.6%	3.4%	7.5%	30	5	22%	53%
3 bed	£777	-3.4%	-2.0%	8.8%	33	1	18%	55%
All	£586	1.4%	-1.8%	7.5%	27	2	22%	58%

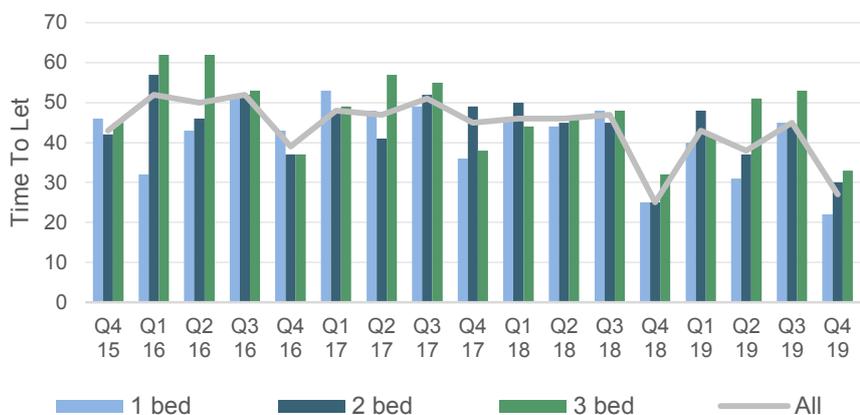
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q3 10)

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

Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
DD1	7.0%	7.8%	7.8%	7.7%	6.7%
DD2	6.2%	6.2%	6.6%	6.4%	6.6%
DD3	6.3%	7.1%	7.5%	7.8%	7.1%
DD4	8.5%	8.0%	8.1%	8.7%	7.4%
DD5	4.3%	4.8%	5.0%	5.0%	4.5%



Robert Murray - Lickley Proctor Lettings

"Although we have found December to have been quiet on the lettings front, Lickley Proctor lettings have, in the main, continued to see a steady performance in the Dundee residential property market over the last quarter. As before, most properties were let relatively quickly, achieving the rents being sought. Rental levels appear to continue the trend of showing marginal increases."

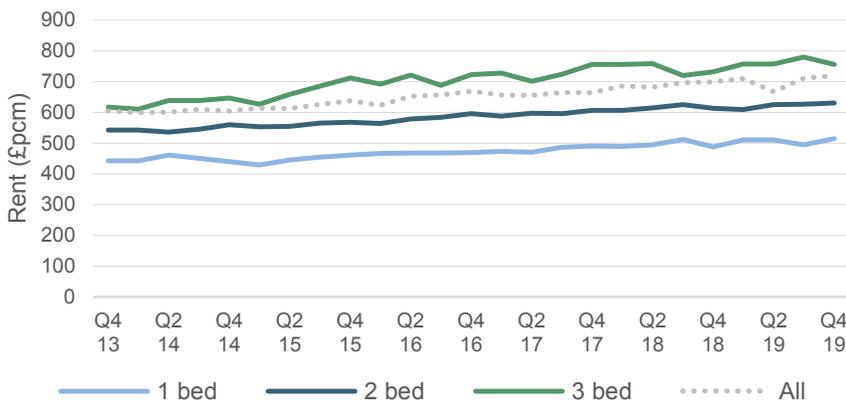


West Lothian

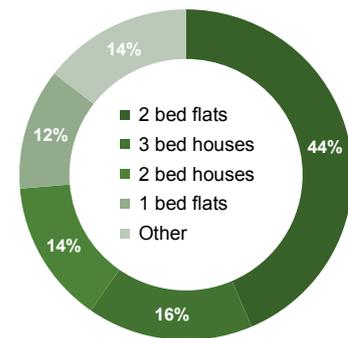
Market Overview - Q4 19

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	£514	5.3%	16.8%	24.8%	19	-7	43%	75%
2 bed	£630	2.8%	12.5%	16.7%	23	-2	21%	71%
3 bed	£755	3.1%	16.9%	25.2%	30	0	8%	66%
All	£719	2.9%	19.0%	24.4%	24	-2	23%	70%

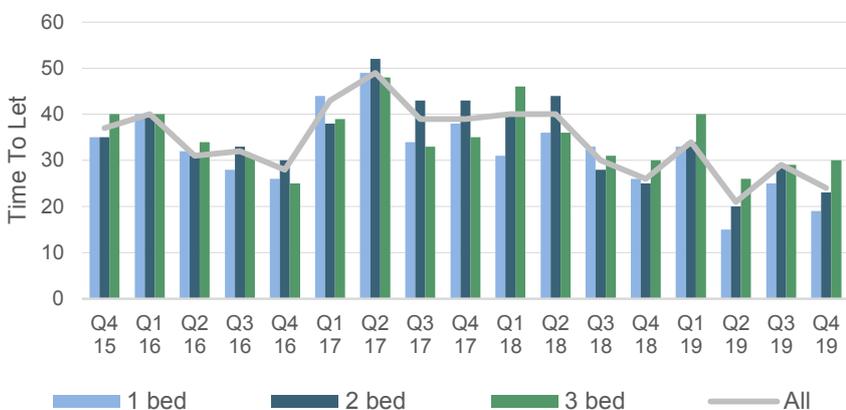
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

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

Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
EH48	8.1%	6.5%	6.8%	7.5%	7.2%
EH49	5.2%	5.2%	5.1%	5.1%	5.3%
EH54	6.9%	7.0%	6.9%	7.0%	6.8%

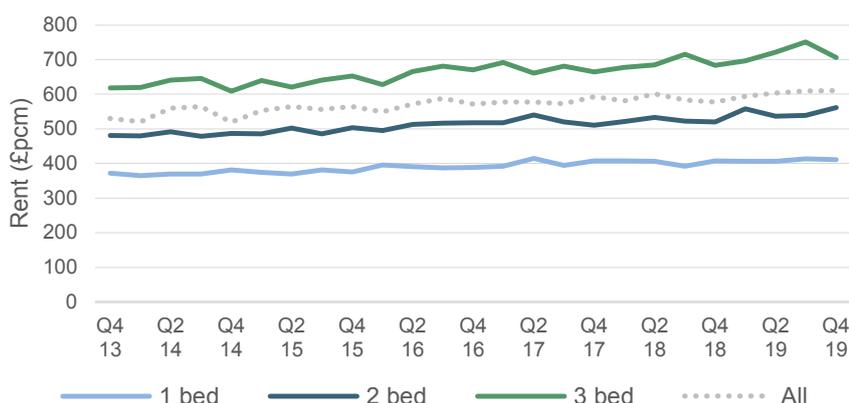


South Lanarkshire

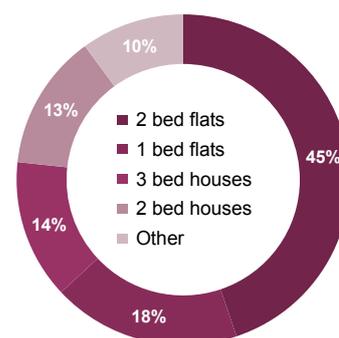
Market Overview - Q4 19

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	£411	1.0%	7.9%	12.6%	31	-1	19%	59%
2 bed	£561	7.9%	15.2%	11.1%	30	-3	15%	62%
3 bed	£706	3.2%	15.9%	7.6%	18	-14	28%	84%
All	£611	5.9%	17.7%	8.9%	28	-5	18%	65%

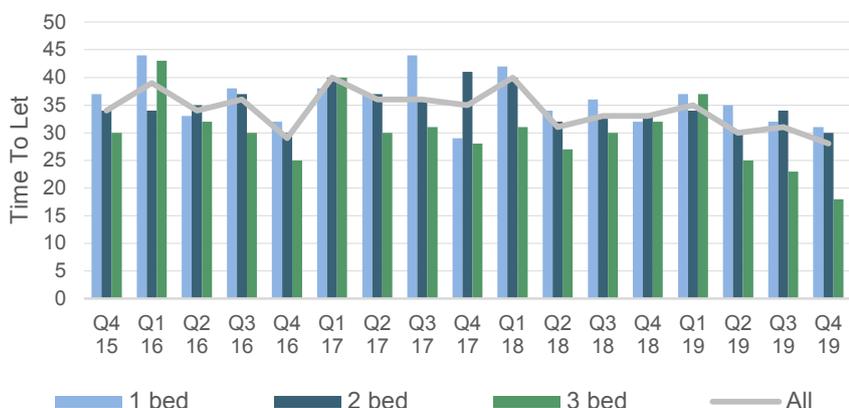
Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

Year	Q1	Q2	Q3	Q4
2008	100.0	99.3	101.3	102.4
2009	103.3	96.7	95.6	103.3
2010	104.1	99.4	99.8	104.8
2011	96.3	99.4	100.4	97.2
2012	100.6	99.3	102.9	97.8
2013	95.0	96.3	97.2	97.6
2014	95.9	103.1	104.1	95.6
2015	101.8	104.1	102.4	104.1
2016	101.1	105.3	108.3	105.3
2017	106.3	106.4	105.5	109.2
2018	107.0	110.7	107.6	106.3
2019	109.4	111.0	112.3	112.5



David Kendall - Let-it

"The usual end of year slowdown was much less pronounced with a steady level of enquiries maintained throughout Christmas and New Year. 2020 is already off to a strong start with a high level of enquiries. Anecdotal evidence suggests that there are a number of landlords exiting the market and those who are successfully increasing their portfolios are adopting a professional long term view. Ever more rigorous underwriting checks for new BTL lending, the 4% Additional Dwelling Supplement and punitive tax increases continue to stem the flow of new entrants."

Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
G71	5.4%	5.3%	5.5%	5.4%	5.5%
G72	8.5%	8.0%	7.5%	8.3%	7.5%
G73	7.5%	7.1%	6.7%	7.0%	6.6%
G74	8.3%	7.4%	7.4%	6.8%	7.0%
G75	9.0%	6.6%	9.6%	8.9%	8.8%

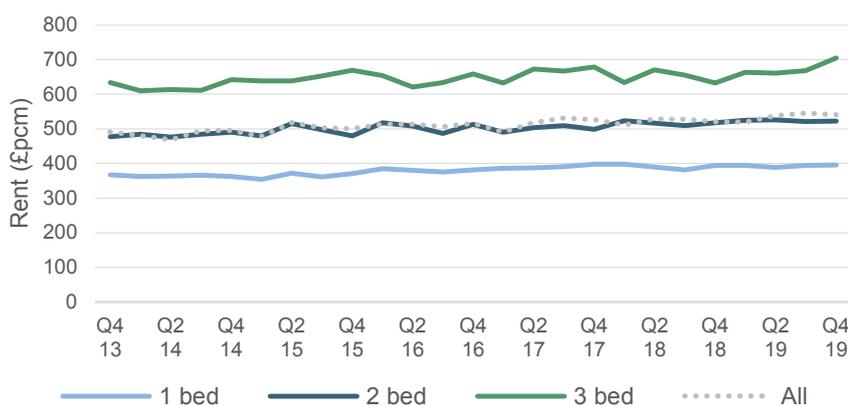


Renfrewshire

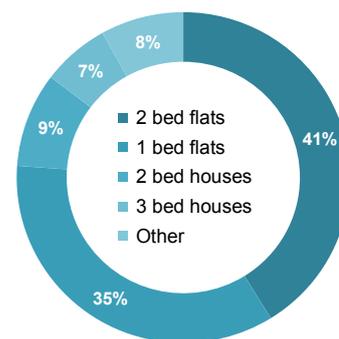
Market Overview - Q4 19

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	£396	0.5%	9.1%	13.5%	30	-3	16%	62%
2 bed	£522	0.8%	6.5%	12.0%	31	-4	19%	63%
3 bed	£705	11.6%	9.8%	25.9%	26	-1	19%	68%
All	£541	3.8%	9.1%	17.9%	30	-3	18%	63%

Average Rent (pcm) by Number of Bedrooms



Market Composition



Average Time To Let (TTL) by Number of Bedrooms



Rental Index

(base: Q1 08)

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

Yield by Popular Postcodes (Flats)

	2014	2015	2016	2017	2018
PA1	7.7%	6.5%	7.4%	7.1%	7.5%
PA2	7.4%	7.5%	7.1%	7.0%	6.7%
PA3	10.7%	10.7%	10.0%	9.6%	9.8%
PA4	7.8%	8.0%	7.8%	7.8%	7.9%
PA5	8.5%	9.5%	8.4%	9.1%	8.8%



Chris Cockburn - Let-it

"The final quarter of 2019 gave further strong indications to us that there is continued appetite from new landlords to enter the PRS, with Paisley and wider Renfrewshire proving a sound area for investors' strategies. The new properties being presented are to a high standard of presentation and their landlords refreshingly have a long term, sustainable approach. It's even more optimistic given that general election campaigning was in the background during this period. This promising trend will hopefully continue into 2020."



Agent Views

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

GF Property Leasing, Aberdeen – Grant Fairbairn



"Q4 has continued to be steady in Aberdeen with well-presented one and two bed flats often being let in under 7 days if priced correctly. Locally there seems to be more recruitment and confidence in the oil industry and the rental market continues to show signs of recovery. Dated properties continue to struggle. There was also a slight over supply of HMO rentals going into Q4, with a small number missing the student trade and sitting empty over Q4. Some landlords may have work to do early next year before marketing their property with the new EPC rules coming into place."

Newton Letting, Glasgow – Riccardo Giovanacci



"With 2019 almost behind us, I look back over the last 9 months and I'm happy to report that they've been very kind with excellent growth (around 20%) including the purchasing of Kite Lettings. The confidence to purchase another agent was off the back of the higher demand for letting property seen this year with stock moving quicker than ever and rents still increasing. In previous years, we've seen the market quieten down between October and December, however, I'm pleased to report that we saw strong rentals over the last 3 months especially in October when we had one of our best months. Going forward, I expect to see a strong start to 2020, now that we have the Brexit vote behind us."

Indigo Square, Glasgow – Brian Gilmour



"Q4 2019 was another strong quarter for landlords in Glasgow. The market continues to remain strong in all areas and price bands, with City Centre and Glasgow West End especially seeing rents rising above the rate of inflation. Stats show that the number of new landlords entering the market and existing landlords increasing their portfolios has stagnated over the past few years and with the number of potential tenants continuing to rise, we therefore expect the market conditions of the last few years to continue into 2020."

Glenham Property, Edinburgh – Charlie Innes



"2019 was another year that was dominated by ongoing political turmoil resulting from the grid lock in Westminster. The market in Edinburgh remained robust and the population in the city continues to grow. The result is tenant demand for good quality rental property remained strong, rents continued to rise and time to let numbers stayed largely stable. There is now at least some clarity around the Brexit debate though the terms of the divorce from the EU are yet to be thrashed out. This will continue to have some effect on the market but we feel the capital is well placed to ride out any further uncertainty in the wider political and macro-economic arenas."

Clan Gordon, Edinburgh – Jonathan Gordon



"We are primarily focused on property in or near the city centre and tenant demand shows no sign of abating. These tenants are now demanding much better quality properties though and are prepared to pay substantially higher rents to get them. With those higher rents comes a health warning. Every property and location is different so pushing rents up to the highest possible level with only 28 days to find a tenant under the PRT regime is a risk. We continue to have very limited void periods in any properties but it is often a close run thing. On the landlord and new property side we surveyed all our landlords last week and one key finding is that 94% of our landlord clients would be happy to renovate their property as required to improve rental returns."



Agent Views cont...

Aberdein Considine, Stirling – Stephen Simpson



“There continues to be a vibrant rental market in Stirling driven by a cross section of interested parties from students looking for flats in and around the city centre to professional couples and families having sold and awaiting new properties to purchase coming to the market. Demand for traditional and modern flats in the city tends to dip slightly in the autumn, with students having already secured accommodation and much of the tourist trade reducing. Airbnb is very much on the up in the city around the Christmas period, and demand is high for short term lets in the city. Families are still looking to secure six month to one year lets as they are on the lookout for new properties to buy in the spring.”

Littlejohns Ltd, Edinburgh – Grant Denholm



“Lettings continued to be strong in October and November with rents still rising for good quality properties in popular areas. December slowed as per previous years in the run up to Christmas. We welcome the recent Scottish Government led research on Airbnb style lets which showed a relatively positive attitude towards some form of regulation. We feel this needs to be implemented quickly and enforced to ensure a level playing field for all in the lettings sector and will hopefully release some much needed accommodation for longer term tenancies.”

Cox & Co., Edinburgh – Mike Erskine



“Demand as always at this time of year has slowed towards the end of the last quarter, but we are still managing to get properties out the door. We are working with clients on our new ‘Property Investment Management’ piece to help them grow their portfolios further and make more from their investment. As we grow across central Scotland we continue to enjoy meeting a variety of people and are delighted to continue to offer homes to them. We are looking forward to 2020 and hope to further increase our portfolio and to get more quality properties to the market.”

Glasgow Property Letting, Glasgow – Colin MacMillan



“The final quarter of 2019 and indeed the decade has been a busy time at GPL with the steady supply of good quality residential property in prominent residential areas. We have also seen a steady supply of investor landlords keen to get a foot on the market before Brexit kicks in. There was a slight cooling off period in the Private Rental Sector with the general election looming in December but that seems to have been only a slight blip in an otherwise productive market. We are now looking forward to embracing 2020 in a very positive manner.”

1LET, Edinburgh – Ken Bell



“The final three months of the decade saw the Edinburgh rental market end on a high with overall strong demand for good quality rental homes. With this comes the caveat that properties in lower demand areas and/or properties where décor/furnishing is not to modern taste saw a slight fall in demand with tenants choosing to rent more desirable properties. Renting is the only viable long-term option for many renters; we are seeing them opt for higher quality homes with the knowledge they will likely be living there a great deal longer than would have been the case in the past.”

ESPC Lettings, Edinburgh – Nicky Lloyd



“Overall, the rental market has remained strong throughout 2019 despite ongoing political uncertainties. As is seasonably usual Q4 was relatively quiet in terms of rental demand from prospective tenants, but we did see a surge in new landlords and investors purchasing buy-to-let properties. We are seeing a better quality of rental properties come to the market, and rents remaining robust as tenants are choosing their rental property as a long term housing option. 2020 looks set to be an interesting year, but we anticipate the rental market to remain steady and to offer growth by means of investment.”

Have Your Say!

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

Postcode & Towns - Average Rents & TTL - Q4 19

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	£1,084	(29)	£1,255	(25)		
EH3	£900	(14)	£1,318	(23)	£1,866	(36)
EH4	£827	(16)	£1,040	(28)	£1,294	(37)
EH5	£730	(20)	£901	(26)		
EH6	£723	(15)	£914	(21)	£1,236	(29)
EH7	£757	(19)	£965	(21)		
EH8	£768	(18)	£940	(23)	£1,187	(40)
EH9	£723	(15)	£1,093	(22)	£1,538	(28)
EH10	£786	(16)	£1,108	(25)	£1,570	(34)
EH11	£730	(18)	£900	(18)	£1,297	(26)
EH12	£788	(23)	£1,050	(21)	£1,179	(28)
EH14	£697	(20)	£870	(27)	£1,055	(16)
EH15			£876	(27)		
EH16	£666	(14)	£887	(22)		
EH21	£667	(21)	£810	(22)		
EH22			£762	(18)		
EH47			£543	(43)		
EH48			£611	(26)		
EH49			£649	(23)		
EH51			£530	(17)		
EH54			£658	(22)	£787	(25)

Aberdeen - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
AB10	£467	(37)	£642	(47)	£849	(47)
AB11	£435	(42)	£654	(53)	£916	(70)
AB12			£629	(52)		
AB15			£816	(49)	£1,042	(56)
AB21	£511	(36)	£660	(45)		
AB24	£455	(40)	£609	(57)		
AB25	£448	(47)	£592	(59)	£892	(70)
AB32			£636	(22)		
AB51			£664	(50)		

Dundee - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
DD1			£681	(21)		
DD2	£441	(18)	£564	(25)		
DD3	£381	(35)	£514	(36)		
DD4			£532	(42)		
DD5			£716	(30)		
DD8	£369	(50)	£499	(24)		
DD11			£497	(40)		

Glasgow - £pcm (TTL days)

Postcode	1 Bed		2 Bed		3 Bed	
G1	£715	(14)	£983	(18)		
G2	£638	(7)	£1,013	(22)		
G3	£660	(14)	£953	(18)		
G4	£669	(14)	£850	(17)		
G5			£766	(16)		
G11	£655	(16)	£911	(23)	£1,327	(43)
G12	£715	(14)	£979	(20)	£1,353	(42)
G13	£547	(24)	£669	(20)		
G14	£494	(23)	£587	(29)		
G20	£619	(21)	£763	(21)		
G21			£520	(26)		
G31	£507	(12)	£710	(19)		
G32	£438	(19)	£537	(21)		
G33			£594	(29)		
G40	£528	(8)	£644	(20)		
G41	£602	(20)	£725	(20)		
G42	£480	(19)	£651	(19)		
G43			£607	(23)		
G44	£526	(16)	£671	(28)	£593	(35)
G51	£491	(14)	£583	(25)		
G52			£587	(28)		
G66			£576	(39)		
G71			£663	(23)		
G72			£557	(28)		
G73			£574	(35)		
G74	£412	(14)	£562	(24)	£712	(13)
G75	£404	(23)	£490	(18)		
G81			£509	(22)		

Towns - £pcm (TTL days)

Town	1 Bed		2 Bed		3 Bed	
Airdrie			£488	(27)		
Ayr	£393	(34)	£503	(30)		
Bathgate			£614	(26)		
Bo'ness			£530	(17)		
Dunfermline	£438	(28)	£529	(33)	£707	(30)
East Kilbride	£406	(17)	£508	(21)	£715	(13)
Glenrothes			£503	(33)		
Hamilton	£420	(33)	£538	(31)	£705	(28)
Inverness	£571	(12)	£688	(23)	£811	(19)
Kilmarnock	£353	(35)	£459	(32)		
Kirkcaldy	£406	(32)	£500	(40)		
Linlithgow			£651	(24)		
Livingston			£650	(20)	£780	(23)
Motherwell			£543	(30)		
Paisley	£388	(29)	£494	(28)	£575	(33)
Perth	£437	(46)	£570	(47)	£789	(48)
Stirling Town	£555	(16)	£691	(23)		
Troon			£520	(20)		

Build To Rent News

Positives and Challenges by Scarlett Land and Development

The BTR pipeline continues to grow in Scotland; Scarlett Land and Development (SLD) are tracking 3,727 units in Edinburgh (excluding Mid-Market Rent) and c. 4,000 units in Glasgow; as these figures include “pre-planning” units they will be subject to variation. Our interactive map of BTR in Scotland can be found here: <https://www.scarlettdev.co.uk/services/build-to-rent-btr/btr-pipeline/>



Skyliner, Leith

However, our experience informs us that it’s not all plain sailing. BTR viability is increasingly difficult to achieve due to escalating build costs and limitations on rental values, especially outside Edinburgh. Build costs need to be controlled through modern methods of construction (MMC), or accommodated through land value and/or rising rental values – not easily achieved.

BTR planning policy can help viability; SLD are working closely with developers, Funds, The Scottish Property Federation and City of Edinburgh Council to influence the direction of BTR in Scotland, particularly in relation to affordable housing (where good progress is being made).

SLD are acting for L&G in the purchase from S1 Developments of 338 BTR units at Skyliner (Leith, Edinburgh). SLD also acted for Platform_ in their acquisition of c. 5 acre sites for BTR in Bonnington, Edinburgh. Working closely with CEC, significant progress has been made in achieving an affordable housing structure that satisfies both institutional investors and the Council.

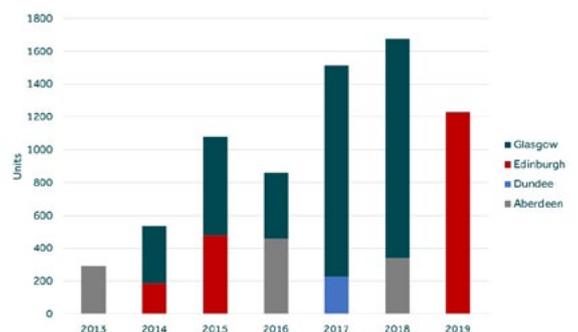


Delivering Promises by Rettie & Co.

As we start the new decade, there is expectation on the Scottish BTR sector to deliver on the promises made during the 2010s.

In Glasgow, over 2,500 BTR units have entered the planning system in the past two years, and now it is time for delivery. The hole in the ground at Pitt Street is physical evidence of MODA’s progress and with major mixed-use masterplans announced in the city centre and over 3,500 BTR units approved, the banks of the River Clyde have not seen such a promise of revolutionary change since the Red Clydeside.

Number of BTR Units by Planning Submission Date



2019 was a significant year for Edinburgh; over 1,200 BTR units entered the planning system in 2019. It was also the year that BTR met Edinburgh’s Planning System in earnest. This conclave resulted in a clarification of how the city’s affordable housing policy would cooperate with the new tenure in town. With operators allowed to manage the affordable rental stock to maintain a tenure blind approach, and with rent levels above LHA, it appears there has been a product union.

We have long been optimistic about the role of BTR in Scotland’s major cities, but with the progress made in the past few years, it looks like it might be a roaring decade for BTR in Scotland in the 2020s.



Mid-Market Rent News

Link2Let to Increase Mid-Market Rent Stock in Glasgow

Link2Let, one of the leading providers of mid-market rent homes in Central Scotland, is set to drastically increase their housing stock in Glasgow with the launch of their Butterbiggins Road development.

Butterbiggins Road, located in the Govanhill area of the city, will provide 186 brand new mid-market rent homes, anticipated to be available between May 2020 and March 2021. The development will include a mix of one and two-bedroom flats and three-bedroom houses – all of which come with floor coverings, blackout blinds, white goods, double glazing and gas central heating, bringing a much-needed supply of high-quality, affordable homes to the area.



Butterbiggins Road Development

To qualify for mid-market rent in Glasgow, tenant's annual (gross) income should not exceed £27,953 per household for single applicants or £45,836 for joint applicants.

Butterbiggins Road is part of Link2Let's ambitious development programme of mid-market rent homes in 2020/21. Upcoming Link2Let developments include: 132 homes at Granton Harbour (Edinburgh), 199 homes at Salamander Street (Edinburgh), 39 homes at Riverside (Dalmarnock) and 8 homes at Wauchope Richmond (Edinburgh).

Tenants who are interested in renting at Butterbiggins Road can register for updates at www.linkhousing.org.uk/butterbiggins

New Mid-Market Rent Homes in Leith Now Open

A new development by Port of Leith Housing Association and its subsidiary Persevere Developments Ltd was opened at West Bowling Green Street in Leith, Edinburgh in November 2019.

The new affordable housing consists of 15 homes for mid-market rent and a further nine homes for social rent. This mix of one and two bedroom flats was designed by Keenan CDM and employers' agent Pottie Wilson. Delivered by J. Smart and Co., these high quality homes offer great views over the Water of Leith.



West Bowling Green Street, Leith, Edinburgh

The project was co-funded by Port of Leith Housing Association who invested £1.6m into the development and City of Edinburgh Council who provided £1.2m of Scottish Government funding.

Keith Anderson, Chief Executive of Port of Leith Housing Association, said: "Demand for high-quality affordable homes continues to be very high in Leith and across Edinburgh. It is therefore extremely important that the resources necessary to enable projects such as this to continue to be available in the city for many more years to come."

House Prices in Scotland Continue to Rise Amidst Political Uncertainty

The capital boasts the highest average selling price while Glasgow achieved the greatest sales volume

The most recent quarterly house price statistics published by Registers of Scotland earlier this month, covering the period from July to September 2019, shows that the average selling price of a residential property in Scotland was £185,058, a 1.9% increase compared to the previous year.

The volume of residential property sales in Scotland was 28,665, down 0.2% compared to the previous year, while the total value of sales was £5,304,691,002, up 1.7% from the prior year.

Properties in Clackmannanshire saw the largest increase in average selling price, rising by 11.8% year-on-year to £160,833. West Lothian also saw a significant increase in average selling price, rising by 9.1% to £188,062.

Na-h-Eileanan Siar (Outer Hebrides) properties saw the greatest percentage increases in terms of both volume and value – however, this is partially due to sales volumes in this area being much lower, resulting in more volatile statistics year-on-year.

Looking at areas with a significant sales volume, West Dunbartonshire saw the greatest increase in sales volume, rising by 13% year-on-year, while Midlothian saw the greatest increase in total value, rising by 21.6% year-on-year.

Properties in Edinburgh boasted the highest average selling price at £273,753, which was a 2.7% increase



compared to last year. However, Glasgow achieved the greatest sales volume, with 11.5% share of the total Scottish residential property sales – Edinburgh's share was 11%. However, the sales volume in Glasgow dipped by 1.9% year-on-year, while the sales volume in Edinburgh rose by 1.1%.

Edinburgh also achieved the greatest total value of property sales, rising by 3.8% compared to the previous year and comprising 16.3% of the total value of Scottish sales. Glasgow had 10.2% of the total sales value.

South of the Central Belt, properties in the Borders saw a 5.2% decrease in average selling price and a 15.2% decrease in sales volume. In Dumfries and Galloway, average selling price held relatively steady, with just a 0.1% year-on-year decrease. There was also a 6.7% increase in sales volume in these areas.

Further north, properties in Dundee saw a 1.4% increase in average selling

price, along with a 2.1% increase in sales volume. In Aberdeen, there was a 3.3% year-on-year decrease in average selling prices, alongside a 0.4% dip in property sales volume.

Paul Hilton, Chairman of SPC Scotland, said: "The Scottish property market continues to perform well in the face of political uncertainty. Sales volume has remained relatively steady with a small increase in average selling price.

"It's interesting to see significant increase in sales volume and sales value in West Dunbartonshire and Midlothian respectively. This suggests a growing attraction to homes in areas outside of Edinburgh and Glasgow, yet with easy access to the amenities of the city. As demand for homes in the cities results in increasing competition for properties, we may see further increases in sales volumes in areas just outside of Edinburgh and Glasgow."

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

www.espc.com | facebook.com/espc.property | twitter: @espc



Confidence in the PRS Shows No Signs of Waning

Ian Potter, Chairman of SafeDeposits Scotland, explains that confidence in the PRS remains strong in Scotland according to research carried out by the tenancy deposit protection scheme

As an organisation that looks to improve the private rented sector for both landlords and tenants, it's important for SafeDeposits Scotland that we continually gauge the opinions of our members.

Earlier this year, we conducted thorough surveys of tenants and landlords, looking at their experiences of renting and their plans for the future.

The results were clear and positive, painting a picture of high levels of confidence in the long-term health of the PRS.

On the landlord side, there were welcome indications about the intention to continue to offer privately rented homes. The majority (almost 80%) of respondents are experienced landlords, with five or more years' experience, and 69% said they weren't planning to sell up in the next 12 months.

Perhaps the biggest vote of confidence in the sector was 88% saying that they could see themselves continuing to let out a property for the foreseeable future. Despite economic uncertainty and a fluctuating property market, the demand for PRS properties is likely to continue to be met by Scottish landlords.

We measured that demand and 71%

of tenants could see themselves as renting for the foreseeable future. It also appears that the commonly portrayed tenant in the media – a millennial who can't afford to buy – does not paint a true reflection of the private rented sector, as, according to the survey, 51.4% of respondents had been renting property for five



Ian Potter, Chairman of SafeDeposits Scotland

or more years, with many having rented for ten or more years.

The supply and demand for private rented properties is finely balanced and judging by our findings, looks set to continue.

Landlords' confidence in the Scottish private rented sector is well-placed as it continues to grow. There's a balance to be struck between supply and demand and currently the Scottish market seems to be in

relative equilibrium.

Confidence takes a long time to build and a short time to destroy, so standards of properties and professionalism in the PRS must continue to improve.

Organisations like SafeDeposits Scotland help make the private rented sector a more attractive prospect for tenants and landlords alike, by providing an impartial, government-backed protection service.

Whether renting is an active choice, an investment, or a stop-gap, it's important that landlords and tenants understand their rights and responsibilities. The private rented sector in Scotland is diverse and is growing. We want to help all parties in the sector to raise standards and ensure that it works for everyone.

Set up with backing from RICS, Scottish Association of Landlords (SAL), Association of Residential Letting Agents (ARLA) and The Dispute Service, SafeDeposits Scotland is the only deposit protection scheme that operates on a not-for-profit basis.

To find out more about SafeDeposits Scotland, please visit: www.safedepositsscotland.com

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 | twitter: @SafeDeposits | linkedin: SafeDeposits Scotland



Changes to Tenancy Deposit Scheme Regulations

What do landlords need to do to comply?

The *Tenancy Deposit Schemes (Scotland) Regulations 2011* came into force in 2012. Between December 2017 and June 2019 more than 200 landlords were found to be in breach of the regulations by the First-tier Tribunal for Scotland Housing and Property Chamber (FTT) resulting in awards granted against landlords. Such statistics suggest there remains, amongst certain landlords, a regrettable lack of awareness or understanding of the regulations.

On 11 November 2019 the *Tenancy Deposit Schemes (Scotland) Amendment Regulations 2019* made a number of changes to the 2011 provisions which are likely to raise the awareness of non-compliance with tenants. Landlords now more than ever would be wise to ensure they comply.

What are the requirements?

All private landlords, within 30 working days of commencement of a tenancy, must:

1. Pay a deposit into one of three Scottish Government approved deposit schemes; and
2. Provide certain information (known as “prescribed information”) to tenants, including:
 - the amount of deposit paid by the tenant and the date the landlord received it

- the date the deposit was paid into the scheme
- the details of the scheme it has been paid into
- a statement confirming the landlord is on the local authority register of landlords
- the circumstances where all or part of the deposit may be retained by the landlord at the end of the tenancy



What are the changes?

The most significant change is the new requirement for the scheme administrator to notify tenants of their potential claim against a landlord for failure to lodge a deposit or provide the specified information. This means where a landlord paid the deposit late and seeks to make deductions from the deposit, the scheme administrator must notify the tenant that sanctions can be sought against the landlord.

The only exception to this requirement is where the landlord proposes to return the deposit in full to the tenant. Landlords who have failed to comply with the scheme

rules will now require to consider the risks versus the benefits of making a claim against the deposit.

Further, there is now NO requirement to pay a tenancy deposit into an approved scheme where a private residential tenancy (PRT) is brought to an end and the full amount of the tenancy deposit received by the landlord is returned to the tenant by the landlord within 30 working days of the beginning of the tenancy. This change recognises that tenants under a PRT may give 28 days’ notice to leave immediately, thereby bringing the tenancy to an end before the 30 working day deadline.

Lastly, where the landlord and the tenant have agreed that the deposit can be paid by instalments, the requirement is that the landlord must pay each instalment of the deposit to the scheme and provide the tenant with confirmation of the cumulative amount of the tenancy deposit within 30 working days of receipt.

This change means landlords and agents will require to update their processes and procedures to ensure they comply with the new regulations.

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

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