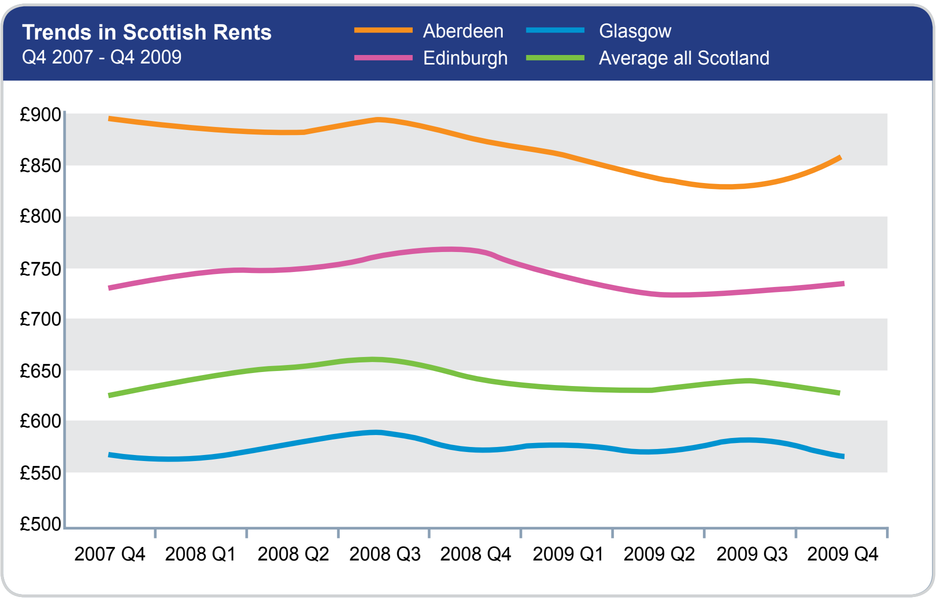
The Citylets Report | Issue 12 | Q4 2009

Trends in Scottish Residential Lettings

The final quarter of 2009 saw average residential rents in Scotland soften slightly to £630 representing a modest 2.5% fall compared to Q4 in the previous year. The latest quarter is just £10 down on the Q3 2009 figures but this masks recent slight upturns in the Edinburgh and Aberdeen markets.

With the latest house price analysis from the major lenders indicating a relatively static market throughout 2009 (Nationwide stating that Scotland saw 1% growth in 2009) but with an uncertain outlook for sales in 2010 and an election to come it is encouraging that the rental market appears to be resilient. Affordability issues for first time buyers caused by the increased deposit requirements is one reason the demand for 1 and 2 bed rental properties has continued into the fourth quarter of the year from the traditionally strong Q3. This demand has not been reflected in major changes to monthly rental values: Edinburgh has remained almost constant with an increase Q3 to Q4 from £729 to £734 and Glasgow a slight drop Q3 to Q4 from £584 to £571 though Aberdeen saw a more significant increase from £830 to £857 between Q3 and Q4.

However, the time-to-let (TTL) has come down dramatically in certain sectors of the market. Edinburgh for example saw 1 bed properties take a week less to rent in Q4 than in Q3 (35 days to 28 days). The same reduction in TTL was seen across all Edinburgh rental property (41 days to 34 days). Significant improvements in TTL were also seen in Glasgow which saw 1 bed properties taking 8 less days to let (40 days to 32 days) and 2 bed properties 4 less days (39 days to 35 days).



Overall these indicators suggest the private rental market has adapted well to the recent shifts in the housing sales market and will continue to provide good returns to landlords in 2010.

Index of Scottish Rents

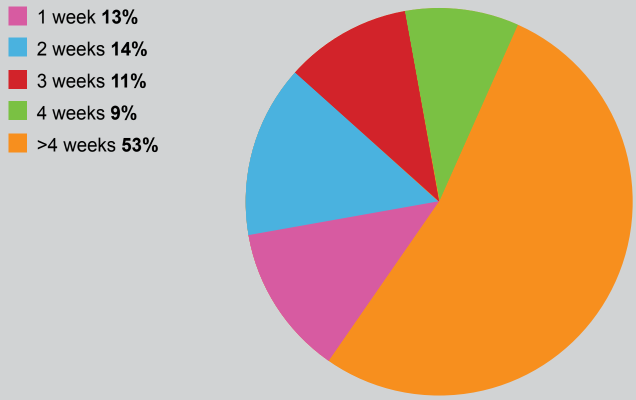
Scottish Rental Index
Base: Jan 2006 = 100

Month	2005	2006	2007	2008	2009
January	97.5	100.0	102.0	106.1	105.2
February	100.8	101.7	103.1	107.8	105.6
March	101.7	103.6	105.2	108.5	107.5
April	100.9	104.4	106.6	110.4	104.6
May	101.8	106.3	103.5	109.1	107.1
June	103.3	104.0	104.3	109.5	106.3
July	103.2	103.7	105.4	111.7	106.7
August	101.8	104.3	106.1	109.6	107.0
September	103.3	106.9	106.7	110.9	108.4
October	101.2	105.3	105.3	110.3	106.5
November	101.6	102.4	104.7	106.6	104.9
December	101.2	100.0	106.5	105.7	105.2

The latest Citylets Rental Index for December 2009 is 105.2 which is fractionally down on the same period last year.

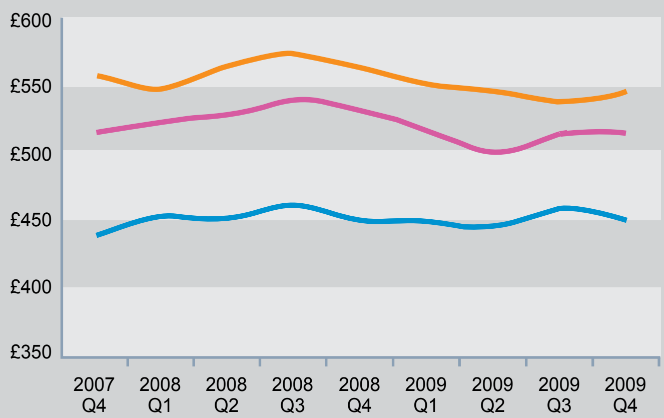
Time-to-let

Time-to-let Q4 2009

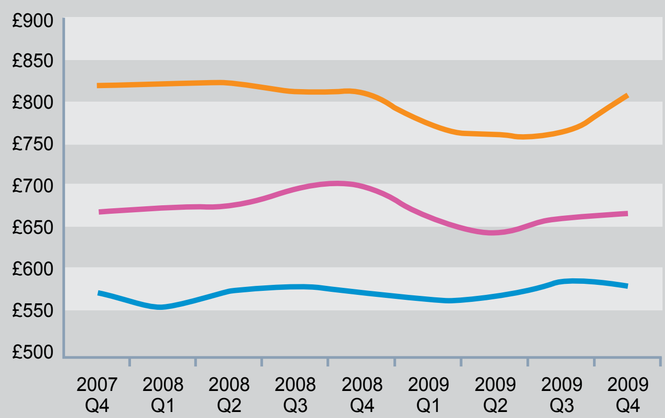


Continued demand saw the market quicken across the board. 47% of all properties let within a 4 week period with the average time-to-let is now 37 days down from 42 days in Q3. One bedroom flats in Aberdeen were the quickest to rent in Q4 taking an average of just 22 days. It will be interesting to note if this shortening in time-to-let is reflected in higher rentals next quarter.

Inter-city Comparison: 1 Bed
Q4 2007 - Q4 2009



Inter-city Comparison: 2 Bed
Q4 2007 - Q4 2009



1 Bed comparison

City	Average Rent Q4 2009	Growth Q4 2008-Q4 2009	Average TTL (days) Q4 2009	Change Q4 '08 - Q4 '09	Let within a week	Let within a month
Edinburgh	£516	-3.4%	28	3	22%	55%
Glasgow	£452	-0.4%	32	-1	17%	49%
Aberdeen	£547	-3.2%	22	0	22%	61%

2 Bed comparison

City	Average Rent Q4 2009	Growth Q4 2008-Q4 2009	Average TTL (days) Q4 2009	Change Q4 '08 - Q4 '09	Let within a week	Let within a month
Edinburgh	£667	-6.1%	35	5	16%	49%
Glasgow	£584	-1.4%	35	0	16%	50%
Aberdeen	£809	-1.2%	36	0	9%	53%

1 Bed Comparison

All 3 major cities saw a slight drop in one bed rental values in Q4 2009 compared to Q4 2008 however this year on year decline has reduced from the previous Q3 with **Glasgow** seeing the smallest drop of just 0.4%

Aberdeen one bed flats remain the most expensive at £547 per month and these are also the quickest to rent. More than half (55%) of **Edinburgh** one bed flats are letting within a month.

2 Bed Comparison

2 bed properties in the 3 cities also saw a small fall in average rental values in Q4 2009 in comparison with Q4 2008 though the values are up on the previous Q3 for both **Edinburgh** and **Aberdeen. Glasgow's** small annual decline of 1.4% is reflective of a stable market which fluctuates less than **Aberdeen** or **Edinburgh.**

Even though the **Edinburgh** Q4 time-to-let figures have increased by 5 days from Q4 2008 the encouraging sign is that the TTL is down from the consistently high (40+ days) seen through the first 3 quarters of 2009.

Rent Guide.

The tables below show the average rents and time-to-let (TTL) over the last six months for a selection of postcodes in Edinburgh, Glasgow and Aberdeen. Gaps in the table occur where there are insufficient observations to comment authoritatively.

There are many factors other than location and number of bedrooms that can influence rental values. Accordingly, the tables should only be used as an indicator and not as a definitive guide to rents.

Edinburgh

Postcode	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	TTL
EH1	540	752	1304	1412		31
EH2	586	764				30
EH3	565	793	1270	1532	1373	31
EH4	551	680	815	1453		37
EH5	510	600				38
EH6	491	618	833	1180	1255	39
EH7	504	656	908	1196	1238	34
EH8	520	659	903	1400		35
EH9	538	695	972	1207		27
EH10	548	717	1044	1350	1800	33
EH11	484	631	860	1134		31
EH12	504	670	916	1363	1515	31
All Edinburgh	516	667	960	1337	1608	34

Glasgow

Postcode	1 Bed	2 Bed	3 Bed	4 Bed	TTL
G1	517	711	1006		23
G2	483	687			23
G3	501	713	1048		27
G4	477	616	872	992	32
G5	488	573	727		30
G11	494	667	923		27
G12	528	738	978	1177	28
G20	446	572	671		33
G31	379	500	658		38
G32	369	468	525		42
G40	398	513	600		45
G41	443	545	660	868	37
G42	393	494	591		46
G44	377	515	573		48
G51	399	490			45
All Glasgow	452	584	770	1005	35

Aberdeen

Postcode	1 Bed	2 Bed	3 Bed	4 Bed	TTL
AB10	579	790	1083		31
AB11	480	814			30
AB15	715	938	1169	1784	59
AB24	526	788	965		33
AB25	570	729	1170		31
All Aberdeen	547	809	1106	1725	35

(Avgs: 2009 H2)

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 manually cleansed to remove multiple entries and other anomalies.
The 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.

Acknowledgments
Gary Wales
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About Citylets

Founded in 1999, Citylets is Scotland and Northern Ireland's original residential lettings portal & network advertising c50 000 properties per year on behalf of over 300 letting agents. Citylets Network is an exclusive group of sites for property to rent including s1homes. Privately owned, Citylets is fully independent of any estate / letting agent group, media or financial organisation and is managed by its founding team in the West end of Edinburgh.

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