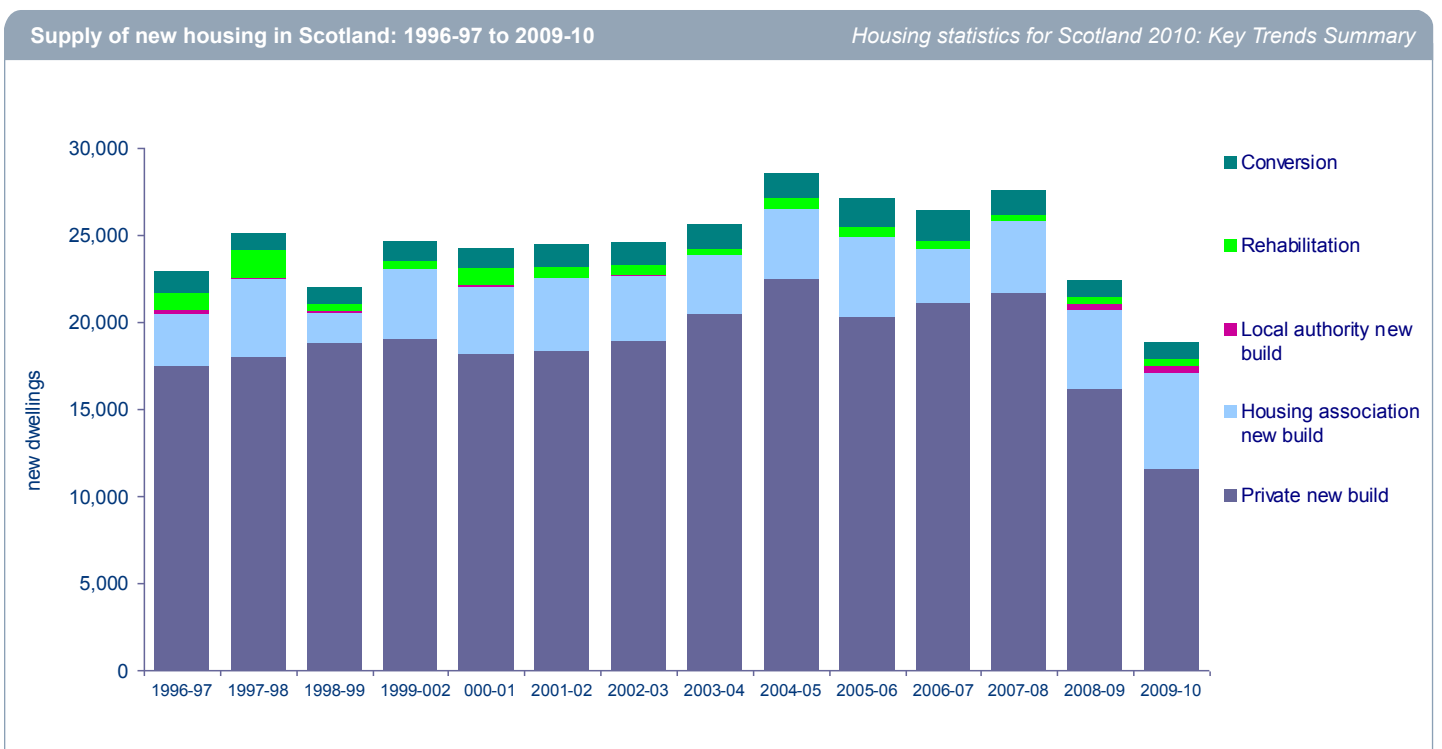
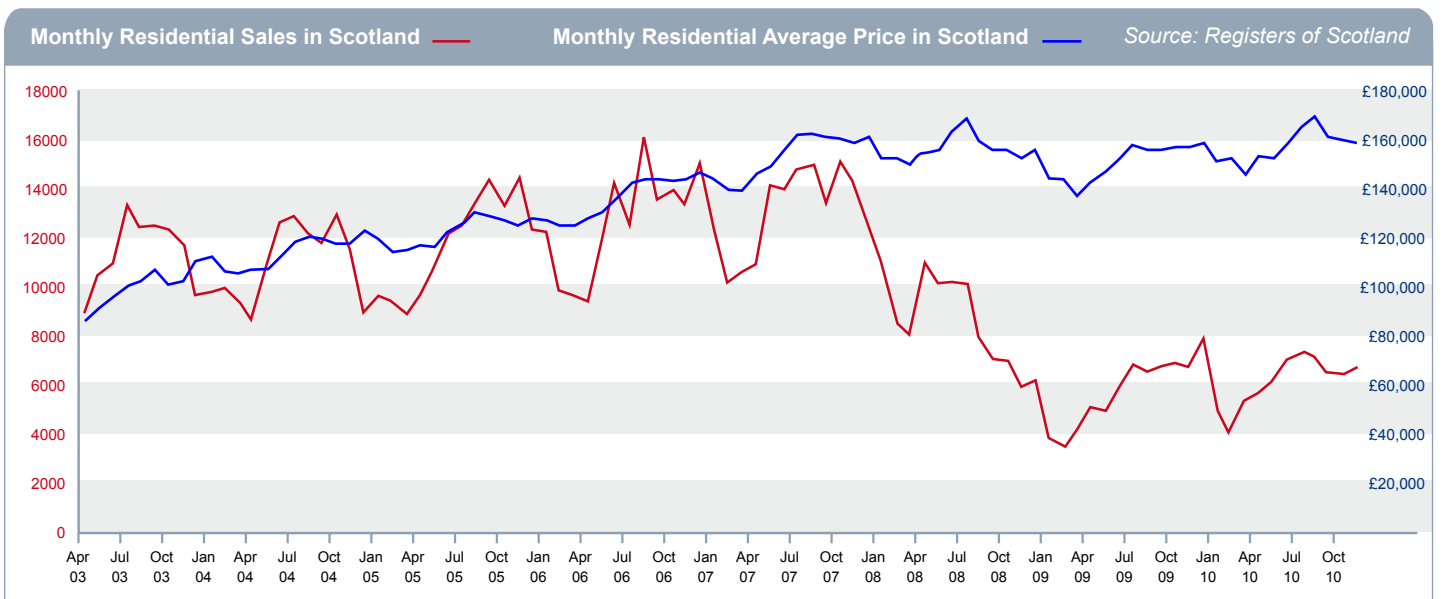


Scottish Residential Lettings

The fourth quarter (Oct, Nov, Dec) is traditionally the quietest period for the Private Rented Sector (PRS) and despite the coldest December on record Citylets saw clear signals that the demand for quality rental property in Scotland is on the up.

Scotland's property sales market continues to struggle with very low volumes of sales and negative year on year growth while the Scottish PRS has experienced positive growth in rent values (2.2%) as well as improved Time To Let (TTL) figures. The stark downturn in sales volumes over the last 3 years and the end of the period of rapid house price inflation are clearly shown in the Chart below which is based on monthly data from Registers of Scotland.

With the continued strong demand for private rented property the big question is where the new supply of rental properties will come from. The chart at the foot of the page illustrates the problem and shows that Private new build volumes have dropped off considerably in the last two years and while social housing supply has increased its not enough to satisfy the steadily lengthening waiting lists.



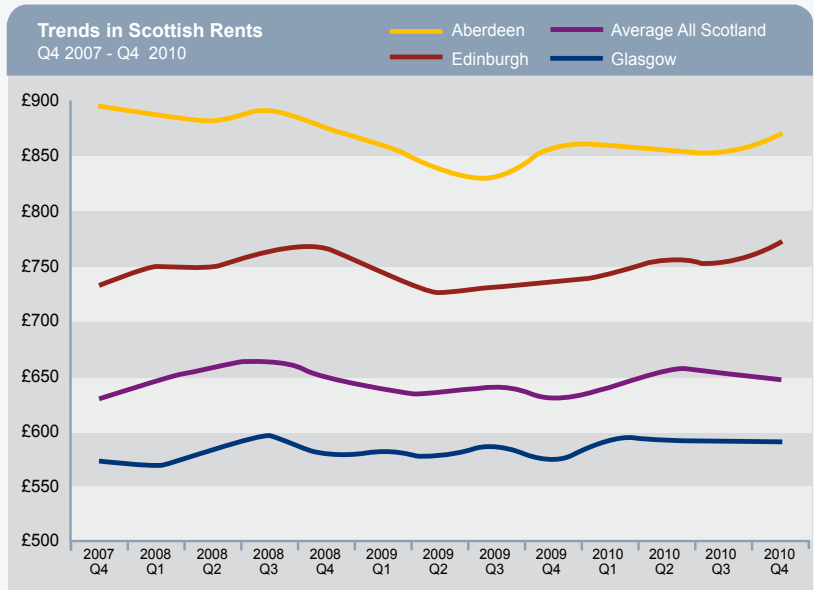
National and Urban Profile

The rent rises we have been anticipating in previous reports have begun to materialise and the average mix adjusted monthly rent figure for Scotland Q4 2010 now stands at £644; this represents a slight drop from the Q3 figure of £649 but is more importantly a 2.2% increase on the previous year.

Scottish house prices fell by 2.4% in the comparable period according to the latest figures from the Department of Communities and Local Government (CLG) (Nov 09 to Nov 10). While these changes in rent levels and house prices are not dramatic in themselves they do suggest a more positive outlook for rental yields going forward.

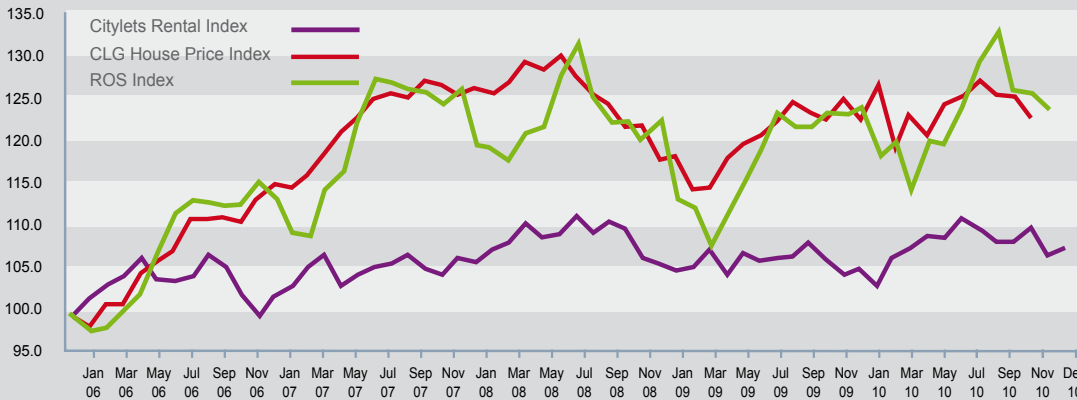
In Edinburgh, rents are now at their highest-ever levels with the mix adjusted price for all property being £772 up 5% on the previous year. Glasgow also had a positive end to the year with rent increases of 3% to £588 while Aberdeen had a more modest 1.5% rise to £870.

The Citylets Scottish Rental Index (Jan 2006 =100) has been mix adjusted and reflects movements in rent rather than changes in the types of property being rented which often has a seasonal component. In December 2010 the Index stood at 107.7 which is up slightly from the previous month but significantly up on the same period last year.



Citylets Rental Index v CLG House Price Index (Jan 2006 - Dec 2010)

Index level (Jan 2006=100)

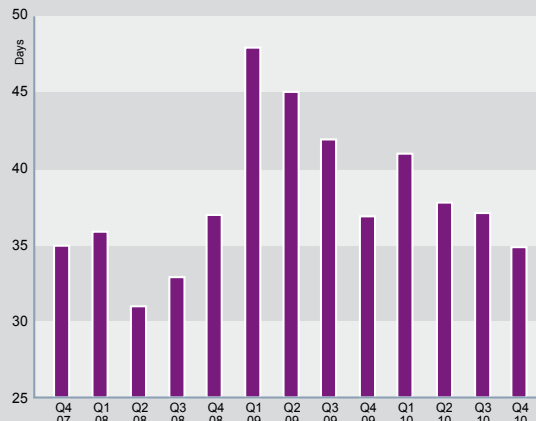


Citylets Rental Index					
Base: Jan 2006 = 100					
	Mon 2006	2007	2008	2009	2010
Jan	100.0	102.0	106.1	105.2	103.4
Feb	101.7	103.1	107.8	105.6	106.9
Mar	103.6	105.2	108.5	107.5	107.9
Apr	104.4	106.6	110.4	104.6	109.2
May	106.3	103.5	109.1	107.1	109.1
Jun	104.0	104.3	109.5	106.3	110.9
Jul	103.7	105.4	111.7	106.7	110.1
Aug	104.3	106.1	109.6	107.0	108.9
Sep	106.9	106.7	110.9	108.4	108.7
Oct	105.3	105.3	110.3	106.5	109.9
Nov	102.4	104.7	106.6	104.9	106.9
Dec	100.0	106.5	105.7	105.2	107.7

Time to Let (TTL)

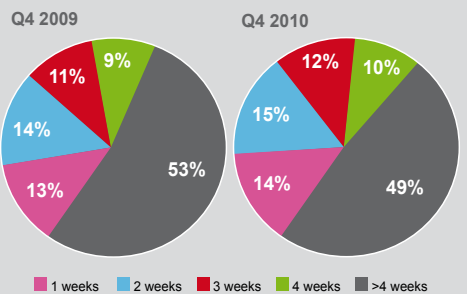
Time to Let in Scotland Q4 2007 - Q4 2010

Scotland's average time to let figure – a key indicator of demand for the private rental sector - was 35 days in Q4 2010, down from a high of 41 days at the start of 2010. The steady improvement in TTL over the last two years suggests that much of the sudden additional supply of rental property from 'reluctant landlords' in 2008/9 has been taken up.



Time To Let Q4 2009 - Q4 2010

In Q4 2010 51% of all properties were let within 4 weeks a slight improvement on the 47% figure for Q3 2009. The ongoing improvements in TTL can also be seen in the proportion of properties letting in less than two weeks which was 27% in Q4 2009 and 29% in Q4 2010.



Annual % Change in Average Monthly Rent for 2 Bed Flats at Local Authority Level Q4 2009 to Q4 2010

% Change in Rents for 2 Bed Flats

Q4 2009 to Q4 2010

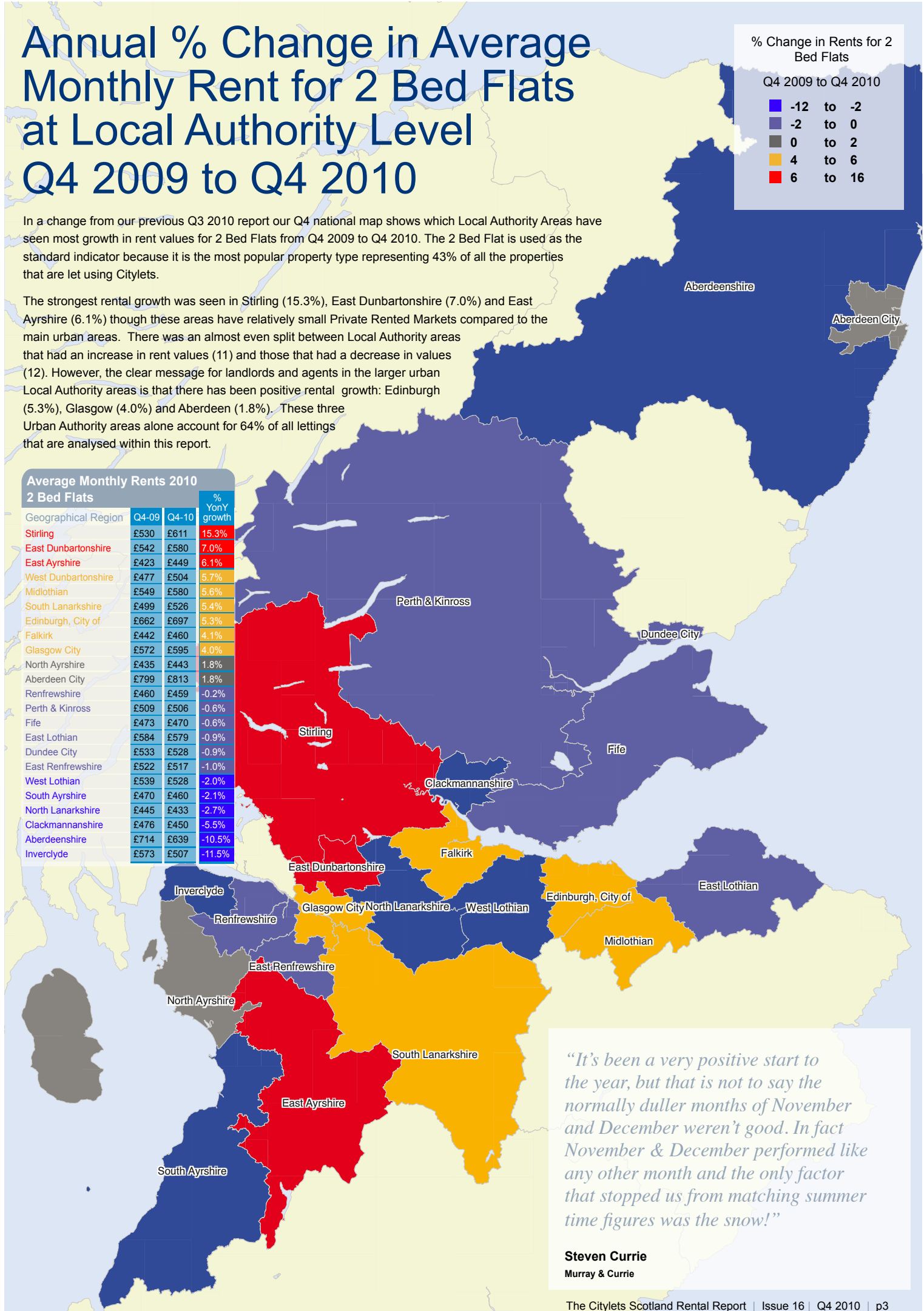


In a change from our previous Q3 2010 report our Q4 national map shows which Local Authority Areas have seen most growth in rent values for 2 Bed Flats from Q4 2009 to Q4 2010. The 2 Bed Flat is used as the standard indicator because it is the most popular property type representing 43% of all the properties that are let using Citylets.

The strongest rental growth was seen in Stirling (15.3%), East Dunbartonshire (7.0%) and East Ayrshire (6.1%) though these areas have relatively small Private Rented Markets compared to the main urban areas. There was an almost even split between Local Authority areas that had an increase in rent values (11) and those that had a decrease in values (12). However, the clear message for landlords and agents in the larger urban Local Authority areas is that there has been positive rental growth: Edinburgh (5.3%), Glasgow (4.0%) and Aberdeen (1.8%). These three Urban Authority areas alone account for 64% of all lettings that are analysed within this report.

Average Monthly Rents 2010 2 Bed Flats

Geographical Region	Q4-09	Q4-10	% YoY growth
Stirling	£530	£611	15.3%
East Dunbartonshire	£542	£580	7.0%
East Ayrshire	£423	£449	6.1%
West Dunbartonshire	£477	£504	5.7%
Midlothian	£549	£580	5.6%
South Lanarkshire	£499	£526	5.4%
Edinburgh, City of	£662	£697	5.3%
Falkirk	£442	£460	4.1%
Glasgow City	£572	£595	4.0%
North Ayrshire	£435	£443	1.8%
Aberdeen City	£799	£813	1.8%
Renfrewshire	£460	£459	-0.2%
Perth & Kinross	£509	£506	-0.6%
Fife	£473	£470	-0.6%
East Lothian	£584	£579	-0.9%
Dundee City	£533	£528	-0.9%
East Renfrewshire	£522	£517	-1.0%
West Lothian	£539	£528	-2.0%
South Ayrshire	£470	£460	-2.1%
North Lanarkshire	£445	£433	-2.7%
Clackmannanshire	£476	£450	-5.5%
Aberdeenshire	£714	£639	-10.5%
Inverclyde	£573	£507	-11.5%



“It’s been a very positive start to the year, but that is not to say the normally duller months of November and December weren’t good. In fact November & December performed like any other month and the only factor that stopped us from matching summer time figures was the snow!”

Steven Currie
Murray & Currie

Edinburgh

Edinburgh has witnessed strong rental growth across all property sizes. Annual growth rates were 7.6% for 4 bed properties and 3.3% for 1 bed properties. 3 bed properties which made up 12% of the Edinburgh rental market by volume in Q4 2010 saw the largest annual increase of 9.8% in average rents to £1,054 which further supports agent feedback that demand from families looking for rental property is on the increase.

Over the year 1 bed properties across the City saw a shortening in the TTL of 5 days and now take just 23 days to let on average. Nearly a quarter of 1 bed Edinburgh properties are snapped up within a week of being advertised.

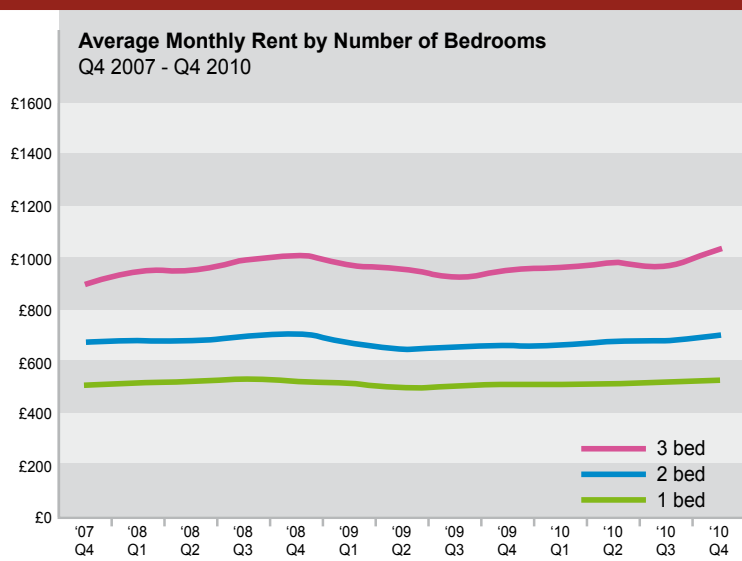
Edinburgh Analysis Q4 2010

Beds	Average Rent Q4 2010	Growth Q4 2009 Q4 2010	Average TTL (days) Q4 2010	Change Q4 '09 - Q4 '10	Let within a week	Let within a month
1 bed	£533	3.3%	23	-5	24%	72%
2 bed	£704	5.5%	27	-8	18%	65%
3 bed	£1,054	9.8%	32	-9	14%	55%
4 bed	£1,438	7.6%	43	-2	13%	47%

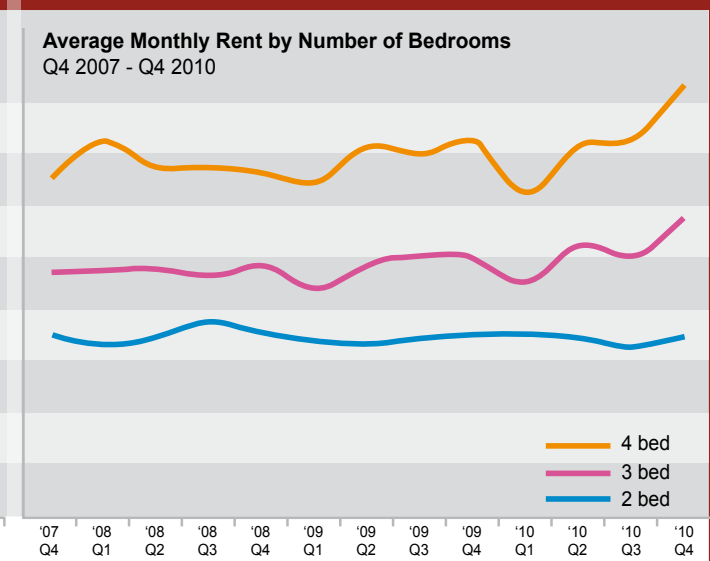
Edinburgh Average Monthly Rents Q4 2010

postcode	1 bed	2 bed	3 bed	4 bed	Total	TTL(days)
EH1	572	777	1225	1470	778	25
EH2	556	778	1314	1480	878	24
EH3	592	829	1265	1507	880	26
EH4	577	708	879	1383	758	29
EH5	509	622	796	1574	647	34
EH6	495	637	893	1090	629	33
EH7	510	678	908	1349	656	28
EH8	528	656	933	1218	677	26
EH9	537	716	1056	1356	863	29
EH10	551	732	1046	1485	860	29
EH11	493	647	856	1205	618	32
EH12	545	679	1004	1422	776	31

1,2,3 Bed Flat Rent Trends



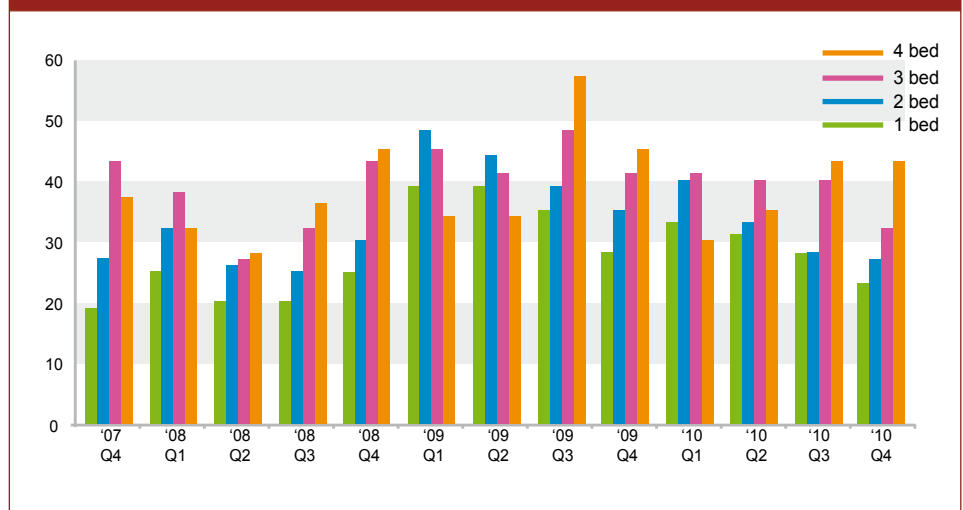
2,3,4 Bed House Rent Trends



“Family sized properties are currently much in demand, particularly as many of our tenants relocate for work. December lets were affected by weather and difficult transport conditions; however January has started strongly with properties of every size in high demand.”

Alistair J McMurdo
Castlebrae Letting

Time to Let in Edinburgh by Property Size (Q4 2007 - Q4 2010)

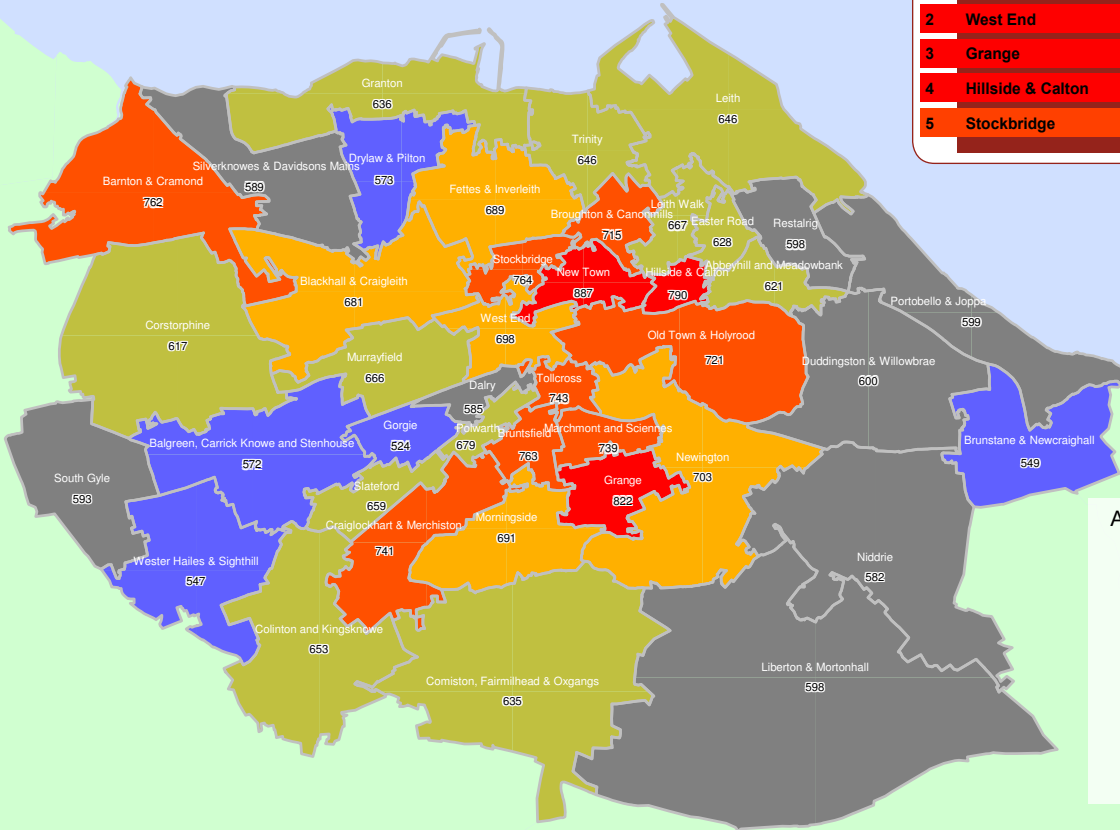


Average Monthly Rents for 2 Bed Flats in Edinburgh (all figures in pounds)

In Q4 2010 the New Town (£887) retained its No1 position as the most expensive area to rent a 2 bed flat in Edinburgh. In fact the five most expensive areas in Edinburgh all retained their positions with the West End (£859) in 2nd place and The Grange in 3rd (£822). All areas saw steady annual growth.

5 Most Expensive Areas in Edinburgh

Neighbourhood	Average Monthly rent for 2 bed flat
1 New Town	£887
2 West End	£859
3 Grange	£822
4 Hillside & Calton	£790
5 Stockbridge	£764



Average Monthly Rent (£)
2 Bed Flat Q4 2010

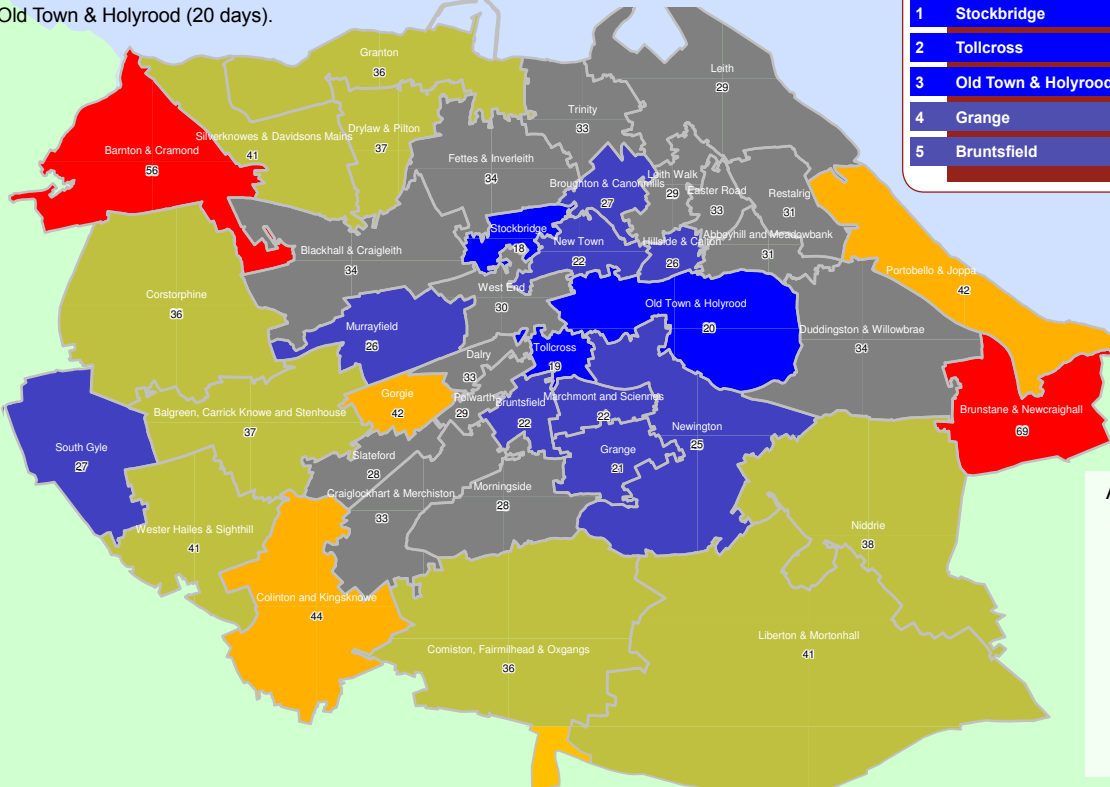
- 430 to 500
- 500 to 580
- 580 to 610
- 610 to 680
- 680 to 710
- 710 to 790
- 790 to 930

Time to Let in Edinburgh (all figures in days)

The TTL map shows how quickly 2 bed flats are letting across the City. The central City locations are taking around three weeks to let but Stockbridge now tops the list with a diminutive TTL of 18 days. This supports the view that supply is tightening and we can again expect upward rental pressure in the future. Other locations with particularly short TTL figures in Q4 2010 include Tollcross (19 days) and Old Town & Holyrood (20 days).

5 Shortest Time to Let in Edinburgh

Neighbourhood	TTL (days) 2 Bed Flats
1 Stockbridge	18
2 Tollcross	19
3 Old Town & Holyrood	20
4 Grange	21
5 Bruntsfield	22



Average Time to let (days)
2 Bed Flat Q4 2010

- Under 21
- 21 to 28
- 28 to 35
- 35 to 42
- 42 to 49
- 49 to 56
- 56 and over

Glasgow

Glasgow annual growth rates ranged from a substantial 6.9% for 3 bed properties to a negative -1.8% for 1 bed properties. 2 bed properties which made up just under half (49.1%) of the Glasgow rental property stock saw decent annual growth of 3.9% and average rents are now £607. Over the year the time to let for 2 bed properties has come down by 4 days and now stands at 36 days which is 9 days more than the overall Edinburgh figure.

Glasgow Analysis Q4 2010

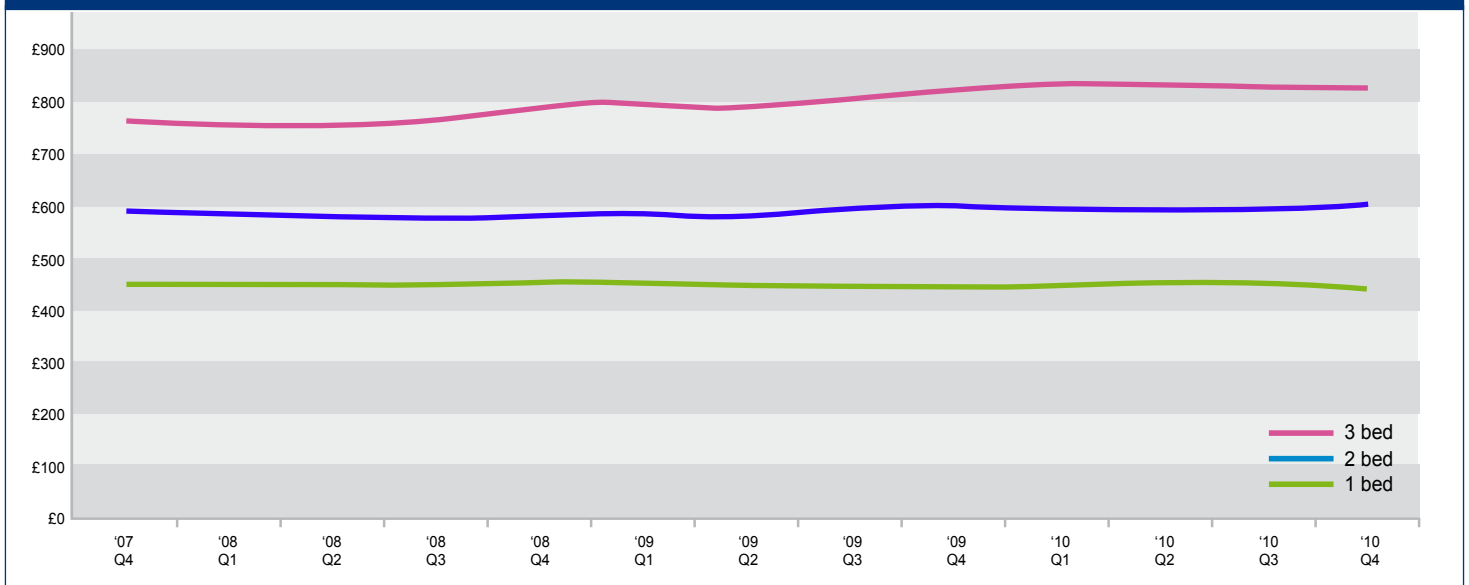
Beds	Average Rent Q4 2010	Growth Q4 2009 Q4 2010	Average TTL (days) Q4 2010	Change Q4 '09 - Q4 '10	Let within a week	Let within a month
1 bed	£444	-1.8%	31	-1	16%	59%
2 bed	£607	3.9%	31	-4	19%	62%
3 bed	£823	6.9%	36	-2	12%	52%

Glasgow Average Monthly Rents Q4 2010

postcode	1 bed	2 bed	3 bed	4 bed	Total	TTL(days)
G1	528	709	1219		641	30
G2	497	702	1280		644	31
G3	505	686	1101		695	27
G4	495	627	855		617	28
G5	476	572	756		586	34
G11	482	682	958		628	27
G12	528	725	1061	1237	790	30
G20	458	588	709	983	584	40
G31	382	520	613		487	39
G32	357	471	596		442	44
G40	382	512	589		476	40
G41	449	554	746		556	37
G42	388	503	624		464	42
G44	398	504	554		472	39
G51	369	492	605	812	462	47

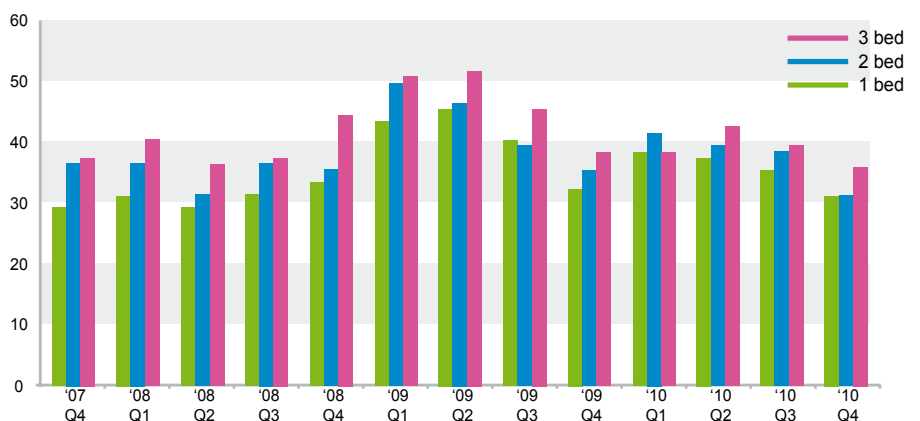
1,2,3 Bed Flat Rent Trends

Average Monthly Rent by Number of Bedrooms Q4 2007 - Q4 2010



Time to Let in Glasgow by Property Size (Q4 2007 - Q4 2010)

There have been steady but gradual improvements in TTL over the course of the year in Glasgow. Both 1 and 2 bed properties are now taking an average 31 days to let which is the shortest time since the 'rush to rent' during the credit crunch in early 2008.

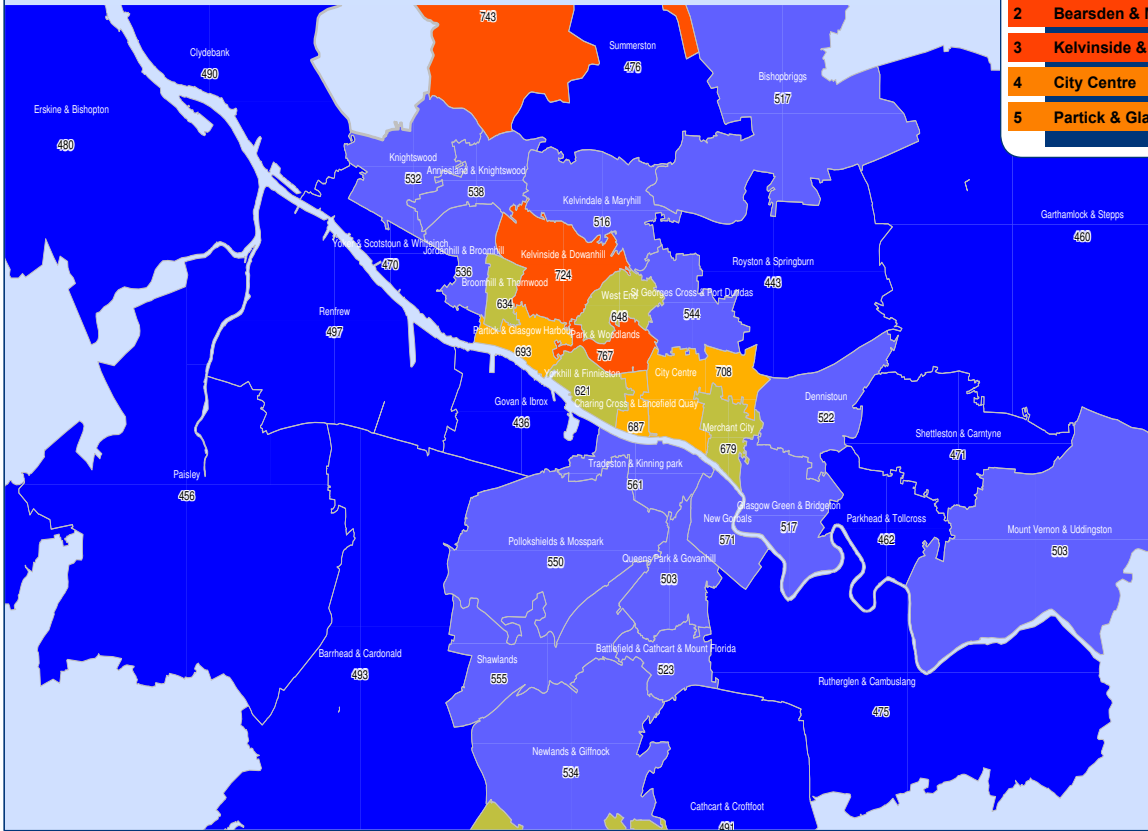


Average Monthly Rents for 2 Bed Flats in Glasgow (all figures in pounds)

The map of average rents for 2 bed flats at the neighbourhood level highlights how the majority of the popular and therefore expensive areas are close to the City centre. Park & Woodlands (£767) again tops the list of premium areas to rent a 2 bed flat in Glasgow. Bearsden & Milngavie (£743) and Kelvinside & Dowanhill (£724) come in 2nd and 3rd respectively.

5 Most Expensive Areas in Glasgow

Neighbourhood	Average Monthly rent for 2 bed flat
1 Park & Woodlands	767
2 Bearsden & Milngavie	743
3 Kelvinside & Dowanhill	724
4 City Centre	708
5 Partick & Glasgow Harbour	693



Average Monthly Rent (£)

2 Bed Flat Q4 2010

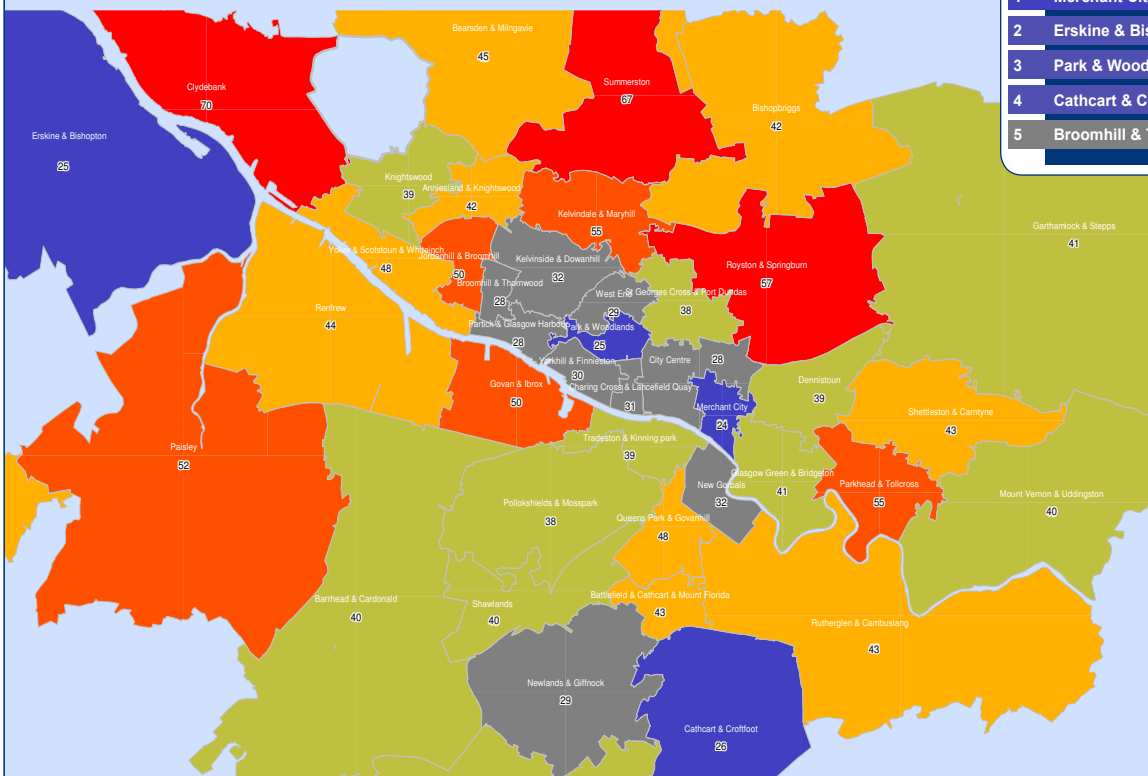
- 430 to 500
- 500 to 580
- 580 to 610
- 610 to 680
- 680 to 710
- 710 to 790
- 790 to 930

Time to Let in Glasgow (all figures in days)

The Merchant City has jumped up the rankings of areas with the shortest Time To Let. In Q3 2010 a 2 bed flat typically took 30 days to let in Merchant City but in Q4 this has improved to just 24 days. Most of the busy City centre locations have relatively short TTL figures which is a reflection of the high demand for cosmopolitan living. However, commuter areas such as Erskine & Bishopton and Cathcart & Croffoot have made it on to the Top 5 list though this is based on fewer lettings.

5 Shortest Time to Let in Glasgow

Neighbourhood	TTL (days) 2 Bed Flats
1 Merchant City	24
2 Erskine & Bishopton	25
3 Park & Woodlands	25
4 Cathcart & Croffoot	26
5 Broomhill & Thornwood	28



Average Time to let (days)

2 Bed Flat Q4 2010

- Under 21
- 21 to 28
- 28 to 35
- 35 to 42
- 42 to 49
- 49 to 56
- 56 and over

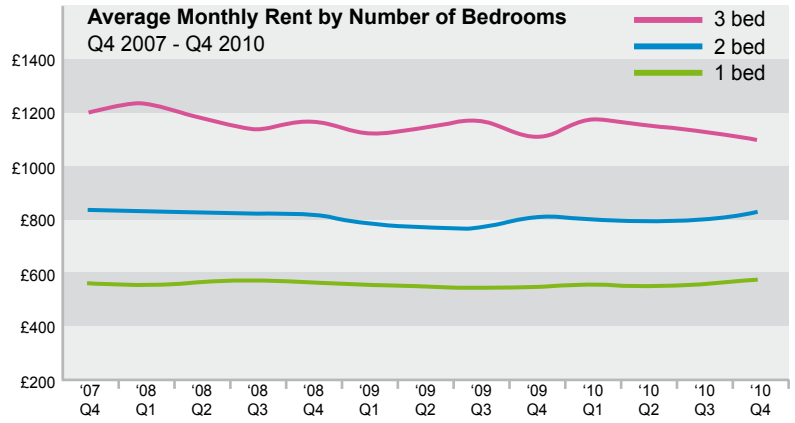
Aberdeen

Aberdeen retained its status as the most expensive City to rent in Scotland. At £928 per month The West End was the priciest neighbourhood to rent a 2 Bed Flat anywhere in Scotland.

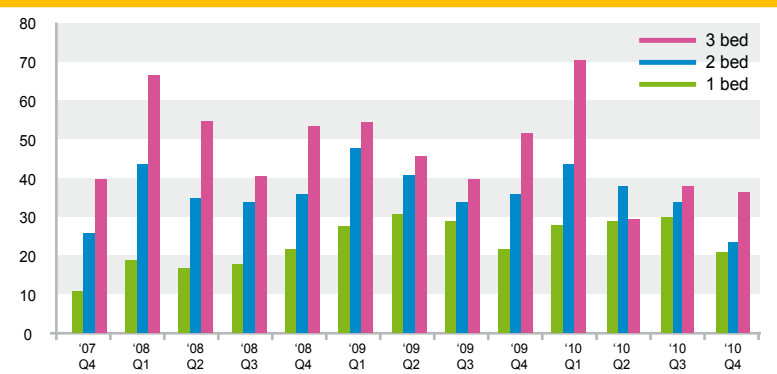
The market in Aberdeen appears to be gradually tightening with 1 Bed property appreciating at 5.1% to £575 and 2 Bed Property up 2% to £825 in the year to Q4 2010. The time to let figures for 2 and 3 bed properties have improved dramatically by 11 and 15 days respectively.

Aberdeen Analysis Q4 2010

Beds	Average Rent Q4 2010	Growth Q4 2009 - Q4 2010	Average TTL (days) Q4 2010	Change Q4 '09 - Q4 '10	Let within a week	Let within a month
1 bed	£575	5.1%	22	0	26%	75%
2 bed	£825	2.0%	25	-11	20%	68%
3 bed	£1,094	-1.1%	37	-15	11%	51%



Time to Let in Aberdeen by Property Size (Q4 2007 - Q4 2010)



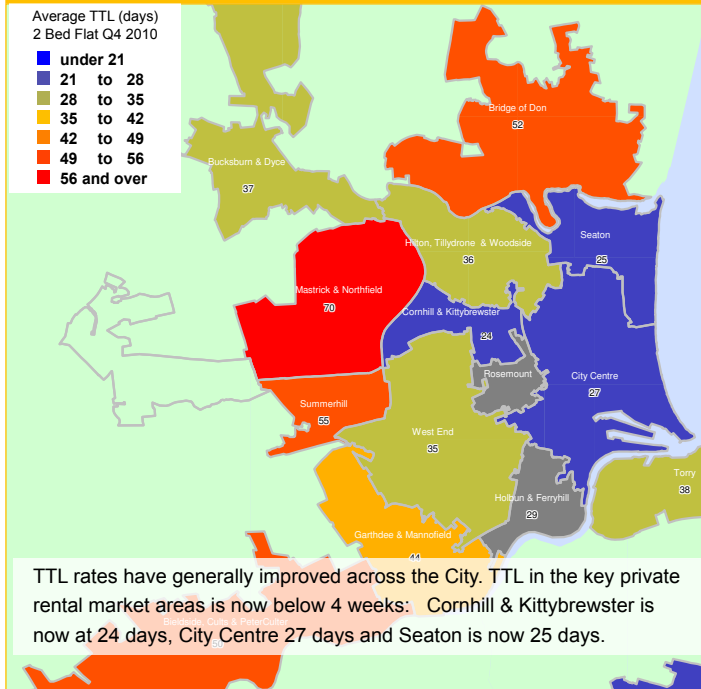
Aberdeen Average Monthly Rents Q4 2010

postcode	1 bed	2 bed	3 bed	4 bed	Total	TTL
AB10	£561	£769	£1,033	£1,370	£749	29
AB11	£554	£817	£1,287	£1,694	£807	33
AB15	£652	£972	£1,133	£1,699	£1,254	46
AB24	£562	£775	£980		£732	27
AB25	£559	£754	£1,066		£695	26

Average Time to Let for 2 Bed Flats in Aberdeen (in days)

Average TTL (days) 2 Bed Flat Q4 2010

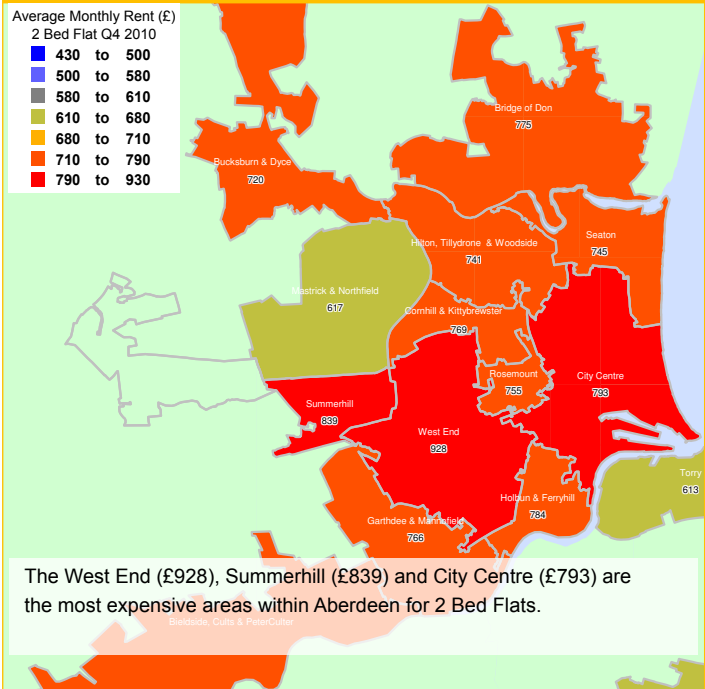
- under 21
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- 42 to 49
- 49 to 56
- 56 and over



Average Monthly Rents for 2 Bed Flats in Aberdeen (in £)

Average Monthly Rent (£) 2 Bed Flat Q4 2010

- 430 to 500
- 500 to 580
- 580 to 610
- 610 to 680
- 680 to 710
- 710 to 790
- 790 to 930



About Citylets

Founded in 1999, Citylets is Scotland and Northern Ireland's original residential lettings portal & network advertising more than 50,000 properties per year on behalf of over 300 letting agents. Citylets Network is an exclusive group of sites for property to rent including s1homes, FindaProperty, Primelocation and Globrix. 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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Enquiries

Please feel free to get in touch with us if you would like to discuss any aspect of this report or would like to consider advertising property on the Citylets Web site.

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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.

Disclaimer

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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