Lettingstats report • Issue 4 • Spring 2014

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making letting better

A healthy market

A report for Scotland's private rented sector.
Providing analysis and on-line resources for agents, landlords, investors, developers and government.

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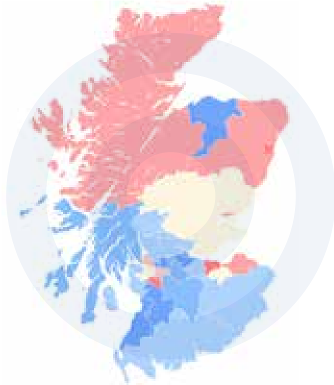

Change in Rents 2010 to 2014
j.mp/lettingstats2

Welcome to the latest *Lettingstats* report on Scotland's private rented sector (PRS). As Head of Research at *Lettingweb,* I am proud to present what I believe is our most in-depth and informative analysis to date.

This report demonstrates how committed we are to producing the quality and detail of analysis required to support the much-needed investment in the sector. At a time when rental housing stock shortages in Scotland are creating a situation where too many agents are competing for too few clients, leading to demand from tenants outstripping supply, this report is essential. It is far from a static report - it contains links to some of our innovative online mapping tools which provide information on rent trends, house prices, yields as well as detailed profiling of recently published Census data.

For example, this map j.mp/lettingweb1 provides a simple summary of those rental properties which were advertised in Spring 2014 (March, April, May), all colour coded according to the monthly rent. It illustrates the enormous volume and choice of properties made available through letting agents in Scotland.

Designed to work beautifully on almost any device - we anticipate these regularly updated maps will set a new standard for how property market information is presented in Scotland. *Lettingweb's* agent members will gain access to the most detailed analysis, enabling them to drill down to the local level to see the investment grade information at their fingertips. Our simple objective is to provide the best market information so that professional letting agents can better serve the needs of their existing clients and those of prospective investors. *Lettingstats,* the research arm of *Lettingweb,* is just one example of the value of *Lettingweb* membership.

Our research services will evolve as we respond and adapt them to meet specific requests from our clients. I should also add that we are open to joint research initiatives on the key issues facing the Scottish private rented sector, and will support the nascent build to rent sector with bespoke analysis whenever possible.

As you will see, the report shows a healthy private rented sector which works well for tenants, agents and landlord in most areas of the country, but which exposes the problems which can be caused by a lack of investment and supply.

I do hope you find the new look *Lettingstats* report useful, whether you are a letting agent, landlord, prospective investor, planner or developer. For more information on our work contact me at: dan@lettingweb.com

Dan Cookson, *Head of Research*

"The PRS can be a game changer, giving Scotland the volume of housing that it needs. Its main challenge, however, is finding the right size of sites in suitable locations - especially in and around our main cities. The PRS in Scotland has to be given special consideration in government housing need and demand assessments (HNDAs). It must be considered an equal partner in the housing mix, along with owner occupation and social rent, as well as in the planning process, perhaps with an allocation to PRS becoming a standard condition in suitable sites that meet a set of criteria."

RETTIE

Dr John Boyle *of Rettie*
Director – Research & Strategy
Rettie & Co. Ltd

Scottish Overview

The picture of the Scottish private rented sector is a healthy one. Average rent increases are considerably below inflation across the country. The cost of private renting over the four years from 2010 to 2014 has risen significantly less than the rate of inflation. It is clear private rental is good value in the markets where there is good supply but, as our detailed analysis illustrates, cities such as Aberdeen are facing particular pressures. Inflation-busting rent increases are caused not by unprofessional letting agents or even by profiteering landlords - it is caused directly by a mismatch between supply and demand.

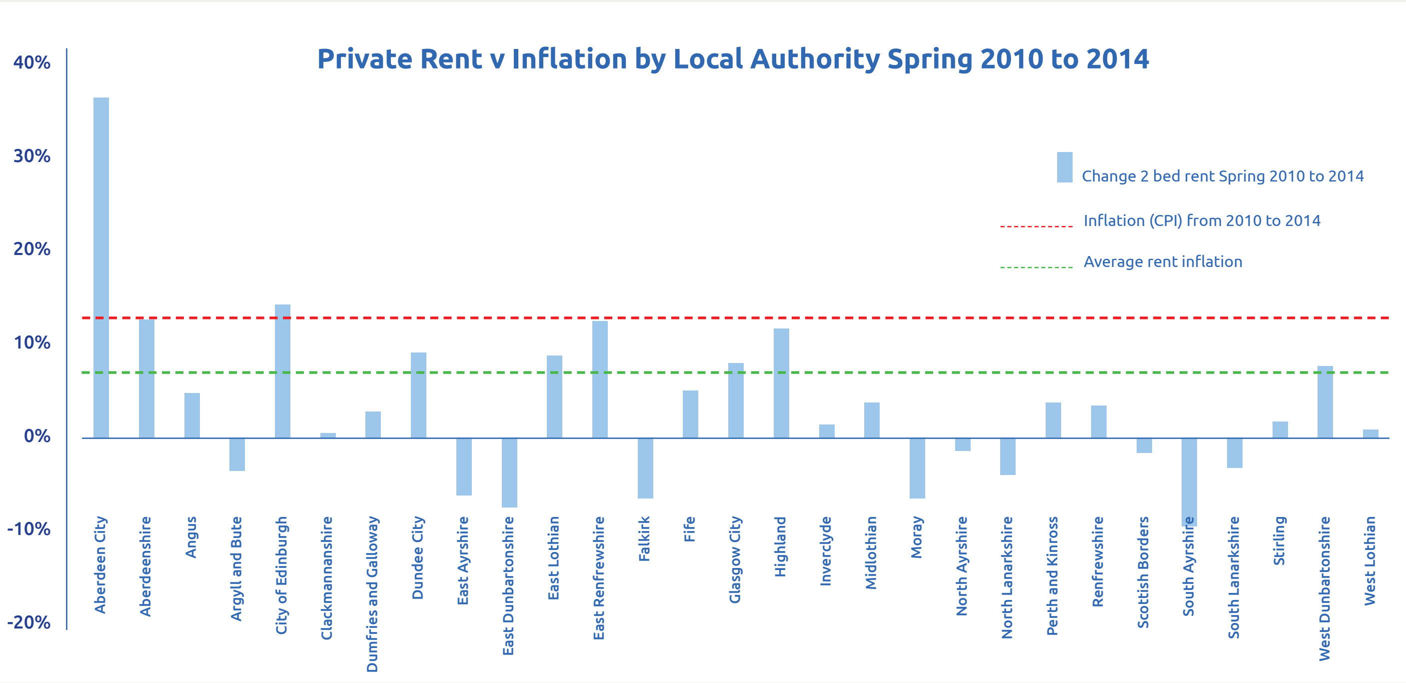
The average monthly rent for a two bed property in Scotland was £606 in Spring 2010. If rents had risen at the same rate as inflation that figure would now be £683. The actual figure for Spring 2014 is considerably less at £648.

Consumer Prices Index (CPI) measure of inflation from April 2010 to May 2014 rose by 12.8% as shown by the red dotted line in chart below.

From 2010 to 2014 average 2 bed rents have risen by just 6.9% in Scotland as shown by the green dotted line. And while the annual rise was 4.6%, which is above inflation, this is still considerably less than the rent rises seen in the social rented sector.

Local Authority Trends (2 bed properties)

Local Authority	2013 Spring (AVERAGE MONTHLY RENT)	2014 Spring (AVERAGE MONTHLY RENT)	% Spring 2013 to 2014	% Spring 2010 to 2014	Marketing Period 2014 Spring - days
Aberdeen City	£878	£1,007	14.7%	36.1%	19
Aberdeenshire	£745	£795	6.7%	12.3%	32
Angus	£479	£489	2.1%	4.5%	18
Argyll and Bute	£552	£498	-9.9%	-3.9%	50
City of Edinburgh	£735	£785	6.8%	13.9%	23
Clackmannanshire	£475	£484	1.9%	0.5%	42
Dumfries and Galloway	£463	£456	-1.5%	2.5%	37
Dundee City	£550	£561	1.9%	8.8%	29
East Ayrshire	£429	£425	-0.8%	-6.5%	35
East Dunbartonshire	£429	£606	-9.5%	-7.7%	39
East Lothian	£603	£612	1.5%	8.4%	29
East Renfrewshire	£490	£595	21.3%	12.7%	37
Falkirk	£486	£454	-6.7%	-6.7%	35
Fife	£488	£498	2.0%	4.7%	37
Glasgow City	£594	£642	8.1%	7.7%	28
Highland	£578	£606	5.0%	11.4%	30
Inverclyde	£506	£499	-1.4%	1.2%	34
Midlothian	£591	£610	3.2%	3.6%	26
Moray	£474	£487	2.6%	-6.8%	35
North Ayrshire	£465	£447	-3.7%	-1.8%	41
North Lanarkshire	£461	£440	-4.6%	-4.2%	36
Perth and Kinross	£516	£556	7.8%	3.6%	29
Renfrewshire	£480	£474	-1.2%	3.1%	36
Scottish Borders	£452	£477	5.6%	-1.9%	40
South Ayrshire	£508	£492	-3.2%	-9.6%	36
South Lanarkshire	£493	£477	-3.1%	-3.4%	37
Stirling	£587	£601	2.4%	1.5%	34
West Dunbartonshire	£496	£488	-1.6%	7.4%	47
West Lothian	£542	£542	0.0%	0.6%	38
Scotland	£620	£648	4.6%	6.9%	28



Aberdeen Overview

As our Scotland-wide overview illustrated, Aberdeen is an exception to the rule that rents are generally rising at below the rate of inflation. With a two bed property now costing an average of £1,007 per month - up 14.7% on the year - this is a perfect storm created by enormous demand from flexible high income workers meeting very low housing supply within the city. According to the Census (2001, 2011) Aberdeen City's PRS population has grown by almost 150% from 14,711 to 36,496. With little new supply on the horizon and projected population increases, the upward pressure on both private rents and purchase prices will only increase - a key issue for Aberdeen planners and politicians to address.

Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
AB10	£683	£1,036	£1,411	£2,517	17
AB11	£618	£1,034	£1,942	£1,700	14
AB12	£694	£883	£1,274	£2,129	24
AB13				£2,000	8
AB14	£675	£870	£1,000	£2,150	26
AB15	£903	£1,263	£1,491	£2,539	29
AB16	£688	£800	£898	£1,600	17
AB21	£738	£857	£1,049	£1,050	30
AB22	£680	£935	£1,225	£1,750	26
AB23	£625	£800	£1,000	£1,549	30
AB24	£669	£892	£1,236	£1,925	15
AB25	£693	£951	£1,685	£1,970	15
Aberdeen					19

Mean Rents by size

Bed	Mean Rent 2014 Spring	Growth YOY
1	£677	10.6%
2	£1,007	14.7%
3	£1,388	14.2%
4+ bedrooms	£2,172	-1.9%

Key City Stats from Census 2001 & 2011:

- Private Rented Population up from 14,711 to more than 36,496
- Council tenants down from 47,352 to 40,437
- Owner occupiers down from 131,283 to 127,591

Average Monthly Rents (Two bed) at neighbourhood level (2014)

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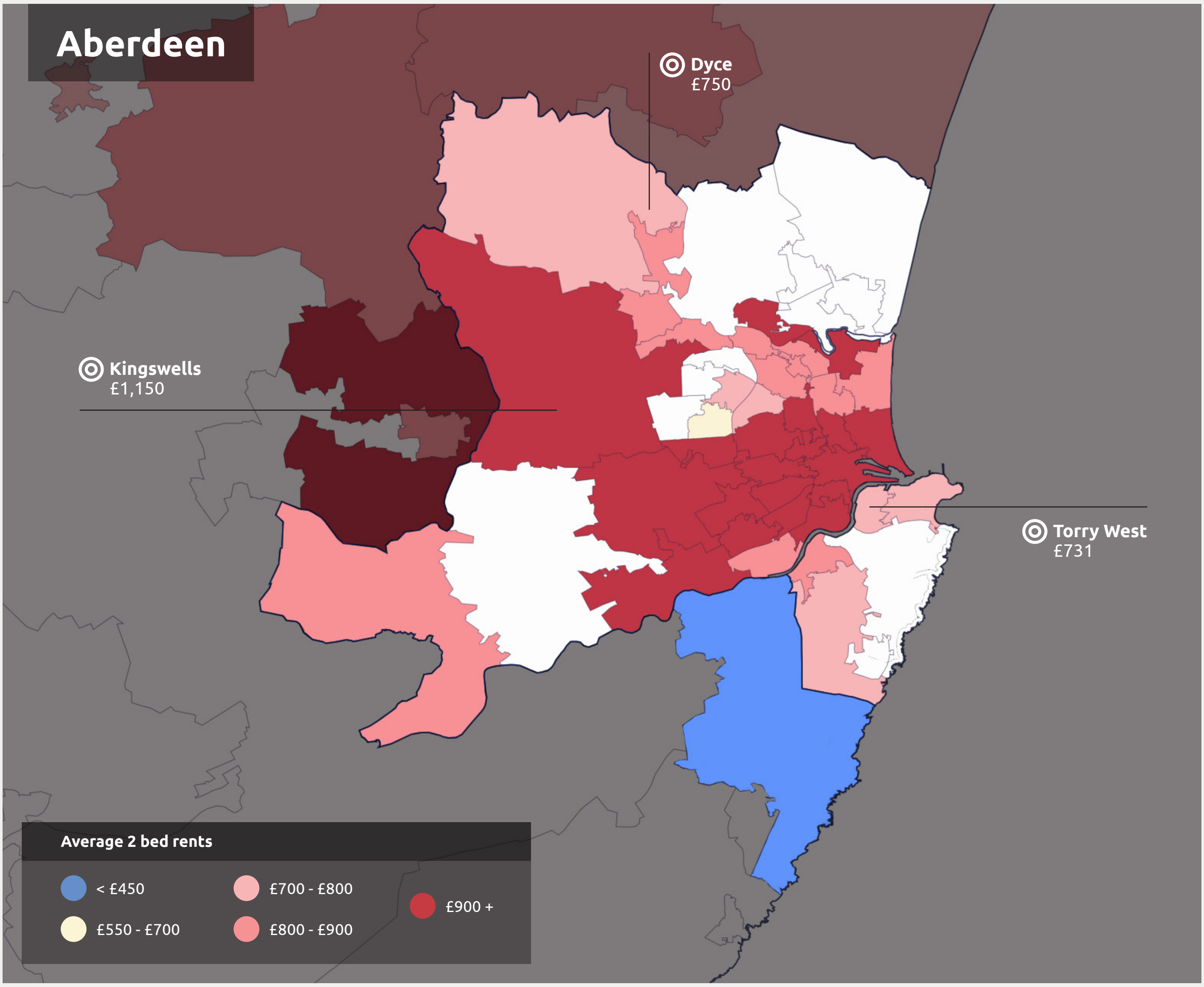
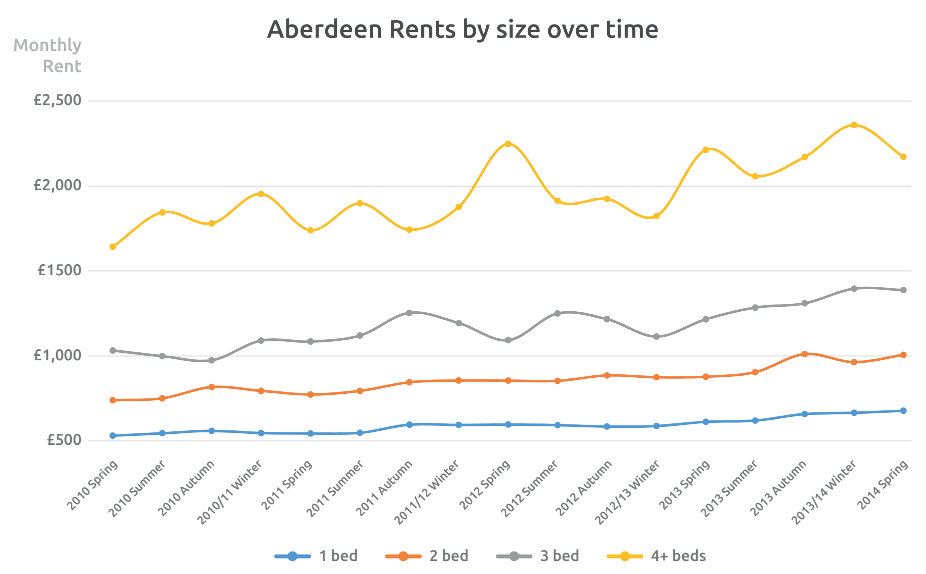
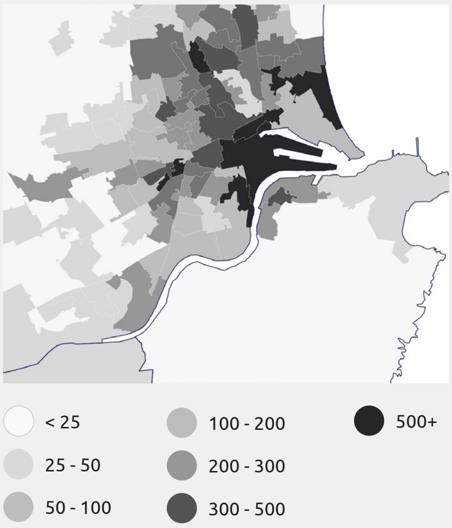




Count of PRS Households j.mp/lettingstats3

(Our Census maps show how many PRS households live where)



Glasgow Overview

Glasgow is beginning to trend closer to the Scottish average than it has historically, with the cost of a two bed rental which now averages £642 (the Scottish average is £648), rising 8.1% year-on-year since 2013. This may be related to a substantial increase in sales of flats (up 24.5% year on year) which may have reduced the supply of rental stock.

Glasgow's Marketing Period has reduced from 32 days to 28 days year on year, another indicator of rising demand.

The postcode districts of G3 in the City Centre and G12 in the West End display the highest rental figures, £814 and £832 respectively. But our more detailed map highlights Dowanhill as the most expensive neighbourhood in Glasgow with rents priced at £924.

Postcode Analysis (Mean Rents and Marketing Period)

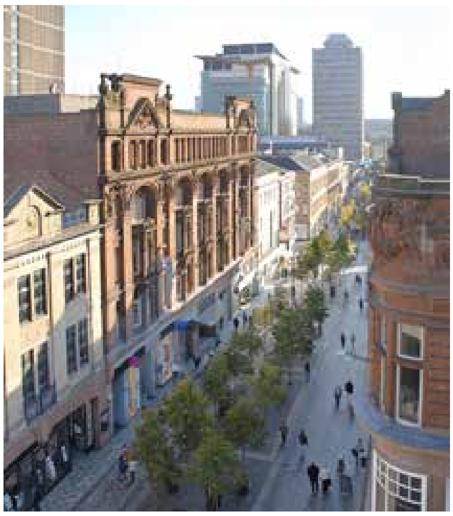
Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
G1	£595	£753	£1,150		18
G2	£547	£780		£1,648	15
G3	£556	£814	£1,349	£1,740	20
G4	£518	£684	£995	£1,782	29
G5	£487	£617	£888		29
G11	£525	£773	£1,015		23
G12	£622	£832	£1,113	£1,798	21
G13	£457	£588	£674	£1,600	36
G14	£391	£505	£762	£1,125	36
G20	£522	£669	£702	£1,700	30
G21	£370	£487	£495		37
G22		£508	£557		36
G31	£392	£561	£678		27
G32	£391	£497	£572	£750	30
G33	£438	£519	£647		36
G40	£401	£511	£800		31
G41	£458	£603	£729	£998	38
G42	£444	£531	£545		30
G43	£416	£529	£606		37
G44	£441	£567	£570		33
G46	£525	£567	£525	£1,008	36
G51	£413	£516	£582	£875	37
G52	£425	£509	£544	£900	32
G53	£488	£514	£640	£1,100	33
Glasgow					28

The rental market does not operate in isolation being inextricably linked to the sales market. Increasing sales are reducing the availability of flats for let, which in turn is increasing demand. If this continues we can expect rents to rise rapidly. Registers of Scotland reported a 24.5% annual increase in sales of flats in Glasgow in Q1 2014 and the average flat price now stands at £106,737 up 2.7%.

Mean Rents by size

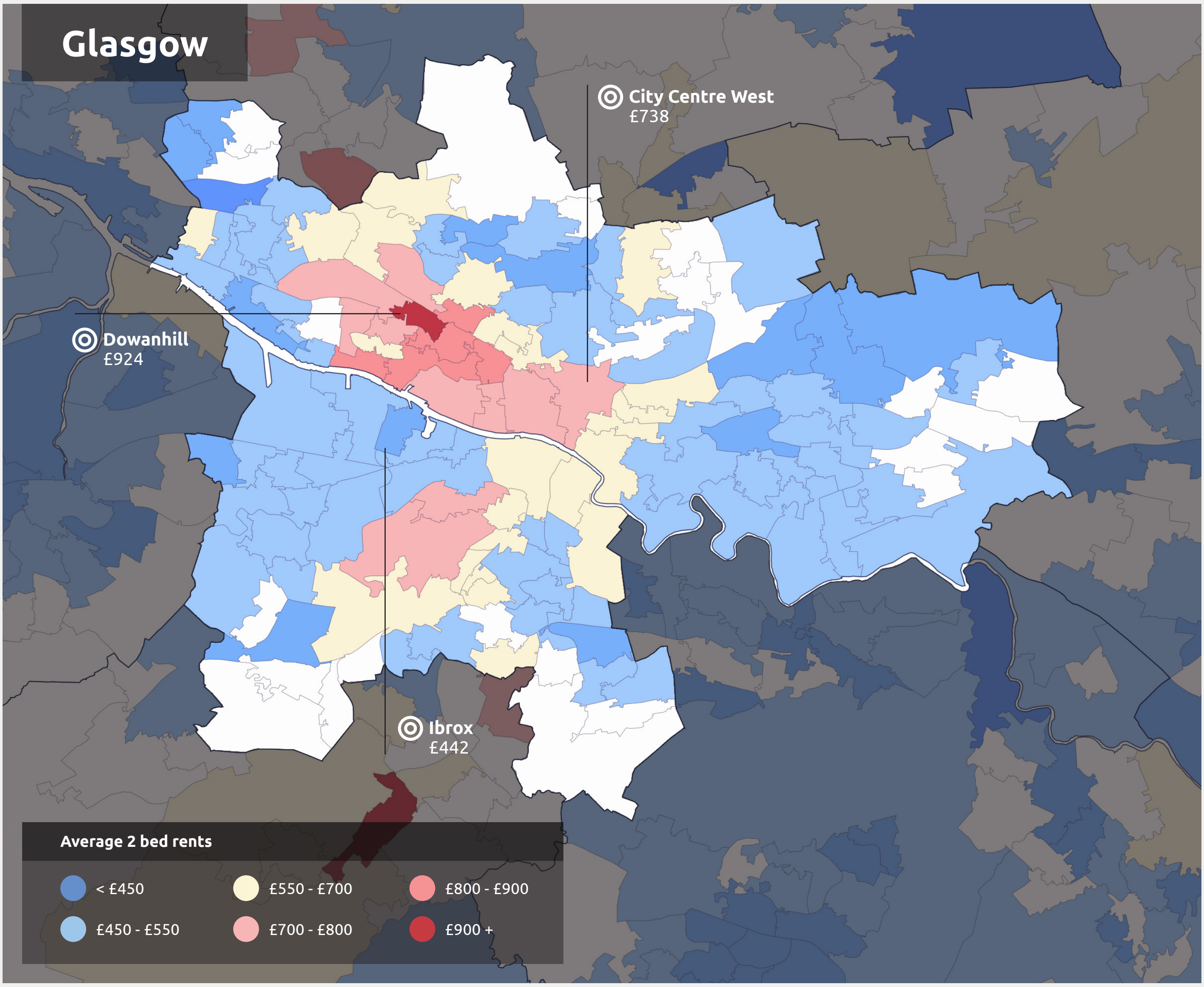
Bed	Mean Rent 2014 Spring	Growth YOY
1	£484	7.7%
2	£642	8.1%
3	£826	4.8%
4+ bedrooms	£1,507	9.1%

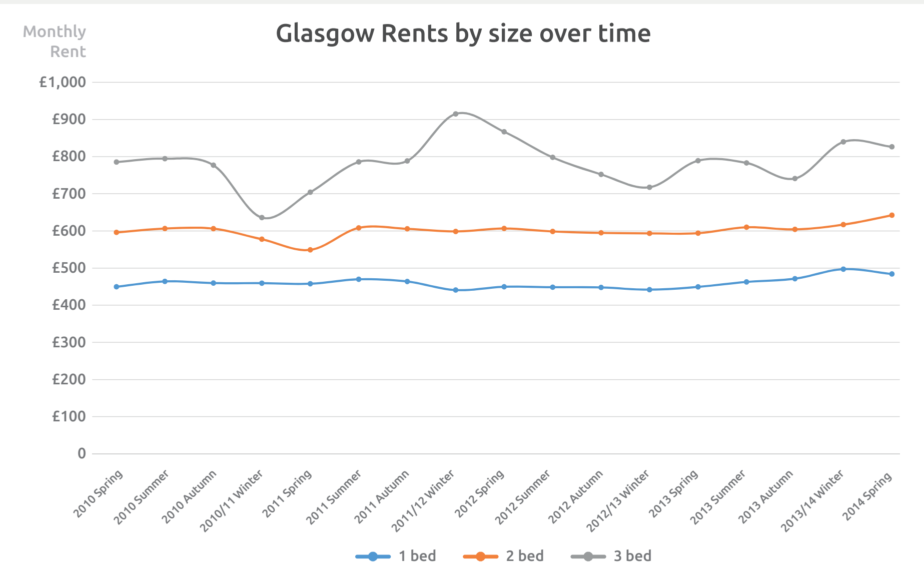
Average 2 Bed Rent
£642



Average Monthly Rents (Two bed) at neighbourhood level (2014)

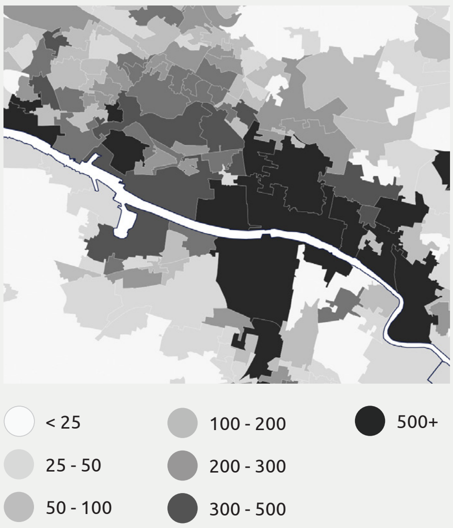
j.mp/lettingstats4 (Map will centre on Aberdeen but it's easy to zoom over to Glasgow)





Count of PRS Households j.mp/lettingstats3

(Our Census maps show how many PRS households live where)



Edinburgh Overview

Edinburgh is Scotland's largest private rental market, and it has seen its private rented sector population more than double in the last decade. Rents are up year-on-year, with two bed rents now averaging £785 - a 6.8% increase. This is a result of rising demand and competition for property caused by an improving economy, growing population and very limited new supply.

At 13.9% from 2010-2014, Edinburgh is the only local authority (other than Aberdeen) to record a PRS rise above the rate of inflation.

A significant increase in sales, along with insufficient investment in new-build are likely to have been contributing factors.

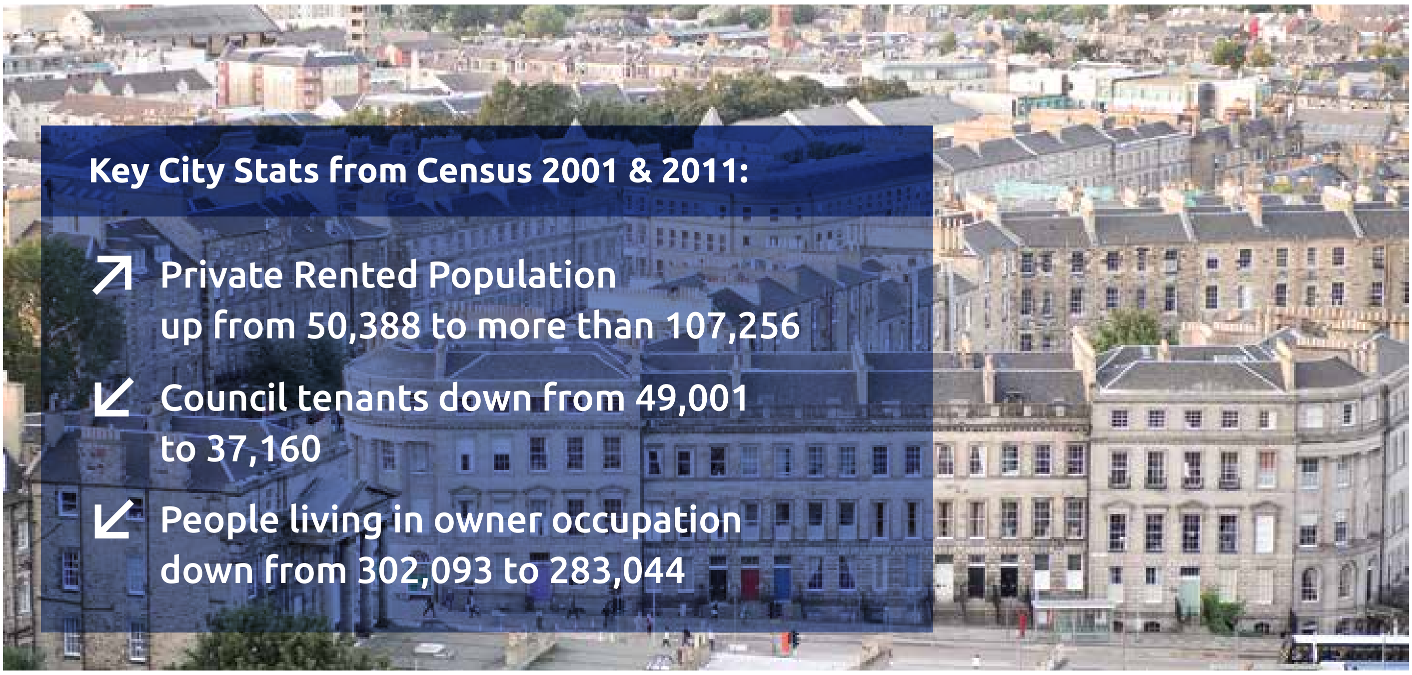
Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
EH1	£1,119	£1,050	£1,473	£1,747	19
EH2	£627	£1,383	£1,504	£2,888	28
EH3	£690	£1,002	£1,330	£1,686	22
EH4	£653	£822	£1,060	£1,792	26
EH5	£536	£658	£809	£1,008	25
EH6	£573	£708	£922	£1,259	25
EH7	£551	£734	£1,077	£1,524	25
EH8	£568	£759	£1,155	£1,657	19
EH9	£637	£843	£1,225	£1,702	17
EH10	£664	£880	£1,130	£1,726	25
EH11	£543	£697	£1,014	£1,397	23
EH12	£608	£761	£1,115	£1,682	21
EH13	£624	£631	£852	£1,550	27
EH14	£513	£691	£838	£1,656	28
EH15	£513	£661	£663	£1,250	23
EH16	£525	£683	£855	£1,603	25
EH17	£498	£618	£786	£885	31
Edinburgh					23

Mean Rents by size

Bed	Mean Rent 2014 Spring	Growth YOY
1	£610	7.3%
2	£785	6.8%
3	£1,107	5.6%
4+ bedrooms	£1,634	-1.9%

Registers of Scotland reported a 15.7% annual increase in sales of flats in Edinburgh in Q1 2014 and the average flat price now stands at £180,000 up 3.4.%

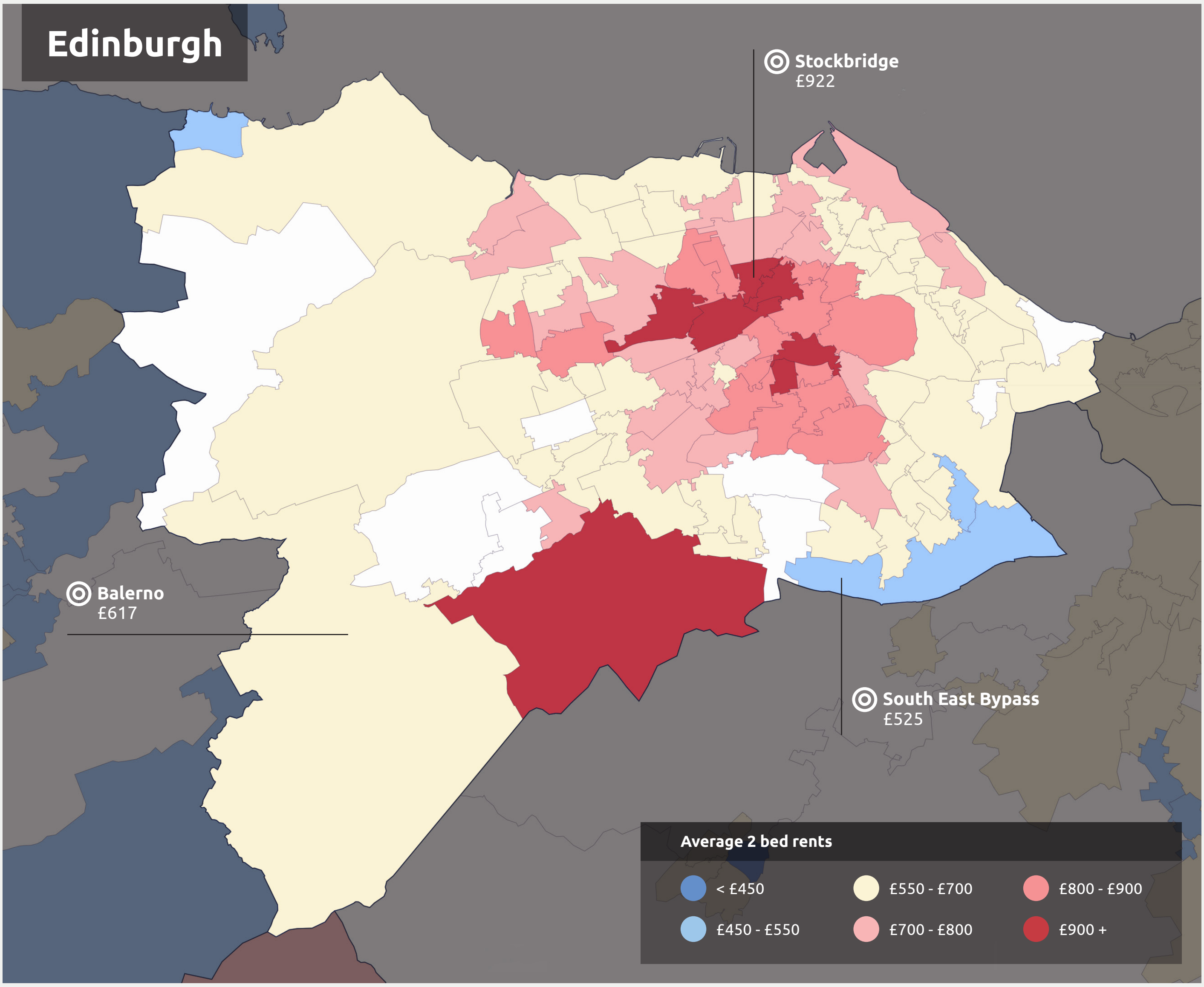


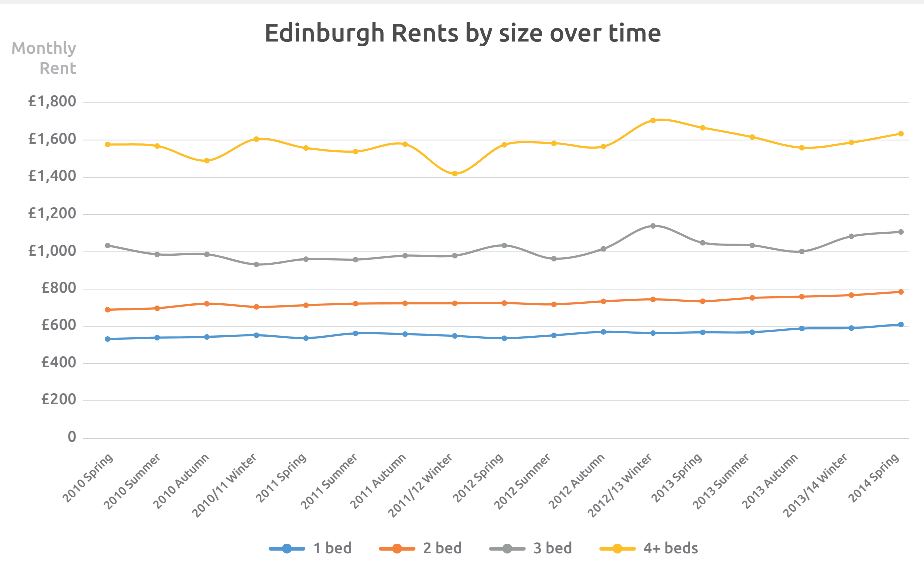
Key City Stats from Census 2001 & 2011:

- Private Rented Population up from 50,388 to more than 107,256
- Council tenants down from 49,001 to 37,160
- People living in owner occupation down from 302,093 to 283,044

Average Monthly Rents (Two bed) at neighbourhood level (2014)

j.mp/lettingstats4 (Map will centre on Aberdeen but it's easy to zoom over to Edinburgh)





Count of PRS Households j.mp/lettingstats3

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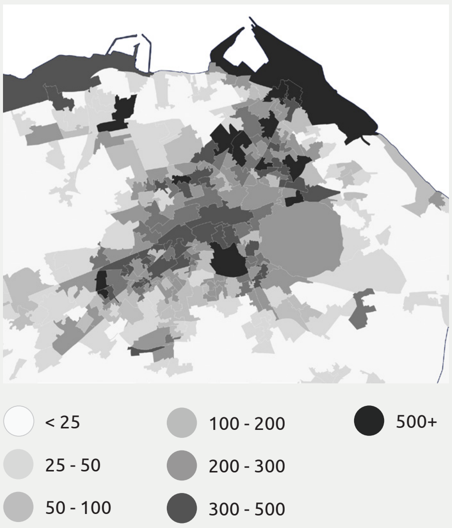

Dundee Overview

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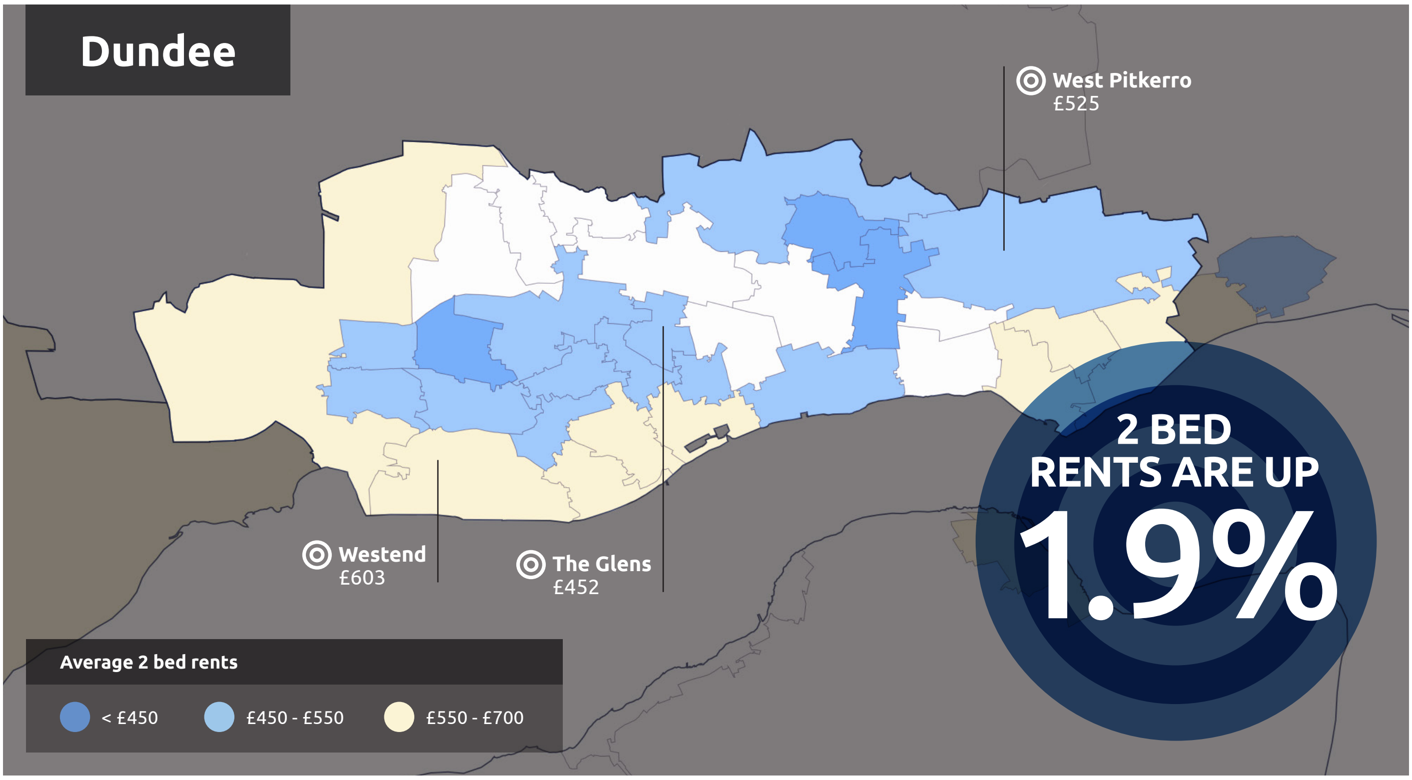

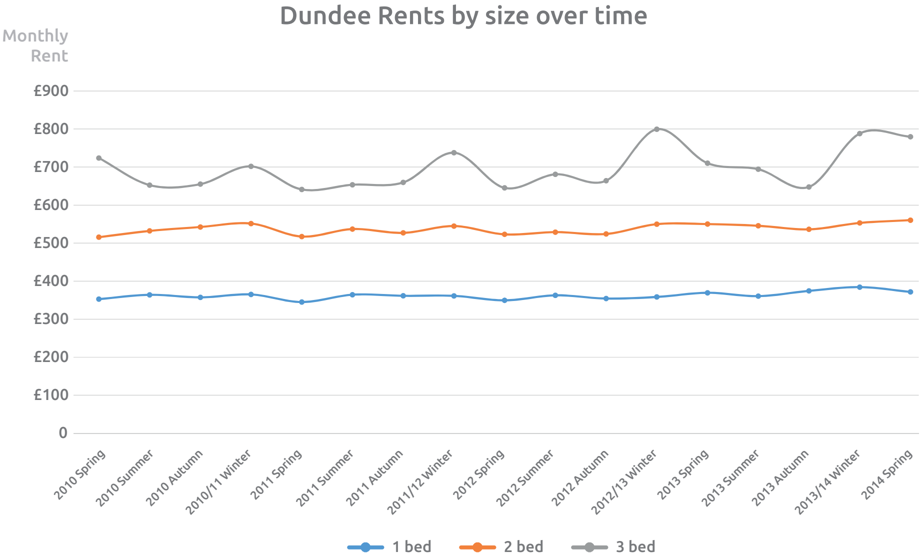

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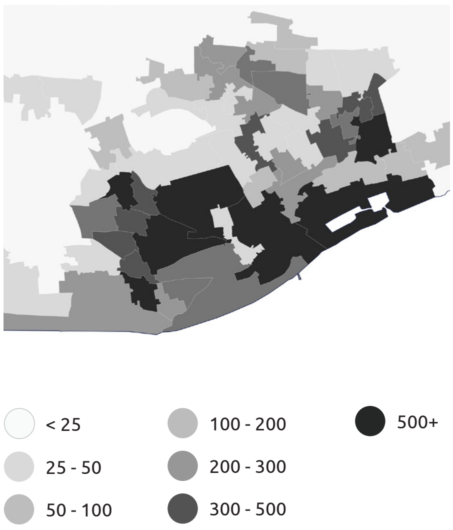

Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
DD1	£384	£634	£850	£1,090	24
DD2	£381	£542	£774	£988	31
DD3	£353	£493	£663	£700	29
DD4	£371	£503	£758	£775	36
DD5	£434	£630	£774	£1,000	24
Dundee					29

Mean Rents by size

Bed	Mean Rent 2014 Spring	Growth YOY
1	£372	0.6%
2	£561	1.9%
3	£780	9.8%
4+ bedrooms	£969	-8.8%

Stirling Overview

j.mp/lettingstats4 (Map will centre on Aberdeen but it's easy to zoom over to Stirling)

Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
FK7	£431	£555	£578	£890	35
FK8	£500	£618	£943	£1,426	35
FK9	£395	£593	£708	£1,365	30
FK15		£592	£699	£1,350	32
FK16	£450		£650		17
FK17	£400	£495		£775	41
G63		£607	£800	£1,100	47
Stirling					34

Mean Rents by size

Bed	Mean Rent 2014 Spring	Growth YOY
1	£462	4.1%
2	£601	2.4%
3	£849	5.3%
4+ bedrooms	£1,271	7.3%

2 BED RENTS ARE UP

2.4%

Key City Stats from Census 2001 & 2011:

- ↗ Private Rented Population up from 4,606 to more than 10,123
- ↗ People living in Owner occupation up from 56,701 to 59,309
- ↙ Council tenants down from 17,078 to 11,609

"Letscotland is the lobbying arm of Lettingweb. Our merger in early 2014 created by far the largest representative body for letting agents in Scotland, speaking on behalf of Lettingweb's 400-plus members.

Our recent profile in the press and parliament highlighting the damage which would have been caused by the proposed amendments to the Housing Bill are an illustration of the importance of a representative voice which speaks only for letting agents and not for tenants or landlords."

Find out more about our work at www.letscotland.org
or by following us on Twitter @Letscotland

Malcom Warrack, *Chairman of Letscotland*

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Enquiries

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