

Open doors

Private Rented Sector remains a critical part of Scotland's housing mix.

Analysis and online resources for agents, landlords, investors, developers and government.

Market

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Private Renting

Tenants Legislation

Social Supply




Summer report 2014


To help readers interpret this report we thought an explanation of our methodology would be useful. Our analysis is based on two fundamental property datasets - advertised rental data and sales transaction data. Rental data is derived from the many thousands of property advertisements that are uploaded by Scottish letting agents on to the Lettingweb and Zoopla web sites each month. While our sales analysis is based on bespoke data derived from Registers of Scotland registered sales.

At the end of each season we extract the rental data in 3 month batches. This gives us the volumes of transactions needed to produce meaningful statistics at various geographies such as the neighbourhood level, the larger postcode district level, the twenty-nine mainland local authorities and nationally. So for this particular Summer report we analyse properties marketed in June, July and August of this year and compare them to the same period last year.

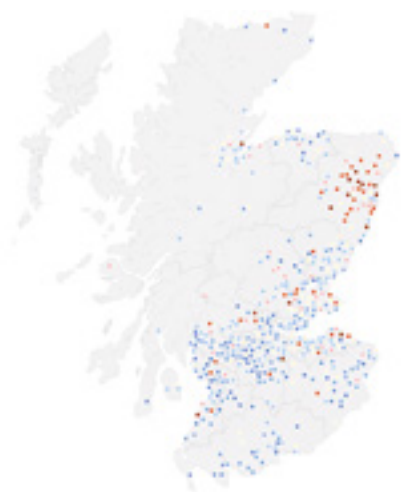
Our approach of comparing the same periods year on year helps remove the seasonality that is inherent in most property data series and it also removes the wild fluctuations often seen in month to month analysis reported by many other organisations. Recent headlines appeared declaring double digit rental increases in average Scottish rents between June and July only for the same source to report a fall in rents between July and August, clearly not much use to anyone who wants to seriously understand trends in private rents.

More than 80% of private rental property advertised in Scotland consists of flats so we also monitor the sale of all flats at both the neighbourhood, local authority and national levels. This enables us to provide definitive information on the number of flats being sold as well as the average price, which in turn lets us calculate gross initial yields at a number of levels. It is worth emphasising that Lettingweb's coverage of rental transactions across Scotland is second-to-none which lets us report on trends at local levels and also generate our popular online mapping analysis which provides a uniquely detailed insight of both the private rental and sales markets.

Any online links within this report are clearly identified  and I encourage you to follow these so you can explore the private rental market for yourselves. The online map below shows the wide selection and quality of private rental properties that was made available by letting agents across Scotland this Summer.

Go online to view interactive map of
Summer rental property here:  j.mp/summerlettings

Dan Cookson
Head of Research



What this report tells you



The rental statistics in this report:

- are based on latest advertised rent levels on lettingweb.com
- are not an indication of rent changes for existing tenants

78% of landlords have never increased rents during tenancy

Survey of 310 landlords conducted by the Scottish Association of Landlords July 2014

Average rent for Scottish 2-bed property £671 - up 8.6%



Private rents have been rising because of the supply crisis



HOT SPOTS

£826 - up 9.8%

Average rent for Edinburgh 2-bed property



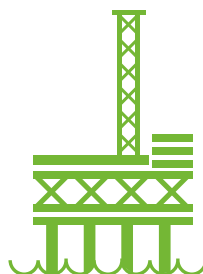
£680 - up 11.6%

Average rent for Glasgow 2-bed property



£989 - up 9.2%

Average rent for Aberdeen 2-bed property



SUPPLY VS DEMAND

Only 40% of houses that are needed are being built



June 2014 Mean Flat prices **£124,013 - up 4.7%**

Sales of flats up 28.5%

Largest quarterly number of first-time buyers in Scotland since 2007



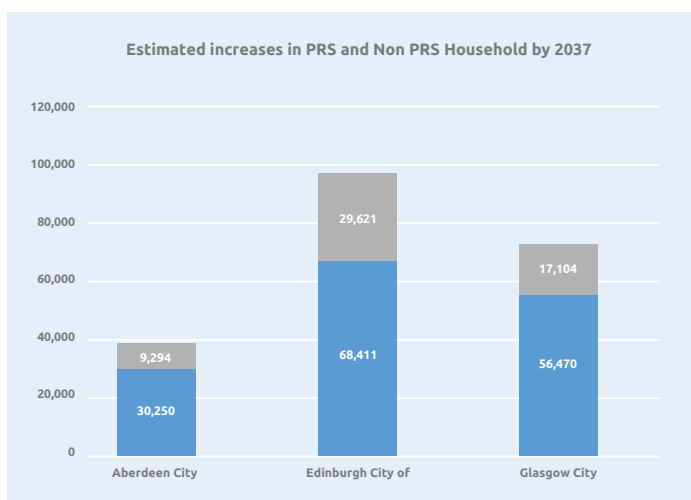
7,500 first-time buyer loans in Q2 2014 up 23%

Gross Initial Yield 6.5%

Social rents have increased by 34% from 2006 to 2013

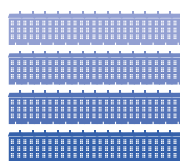
Estimated number of additional private rented properties required by 2037 88,000

Additional households in Scotland 400k by 2037



■ Non PRS New Build Requirement

■ Estimated PRS New Build Requirements to 2037 1.5 x current % PRS



Exploring Rent Levels

Dan Cookson
Head of Research

In the Scottish Government's forthcoming consultation on the Private Rented Sector (PRS) the Housing Minister has made it clear that it will explore issues that relate to rent levels. It is very much hoped that this exploration is evidence based. Of some concern is that the official published data on the private rental market in Scotland is somewhat limited and does not fully reflect its current state.

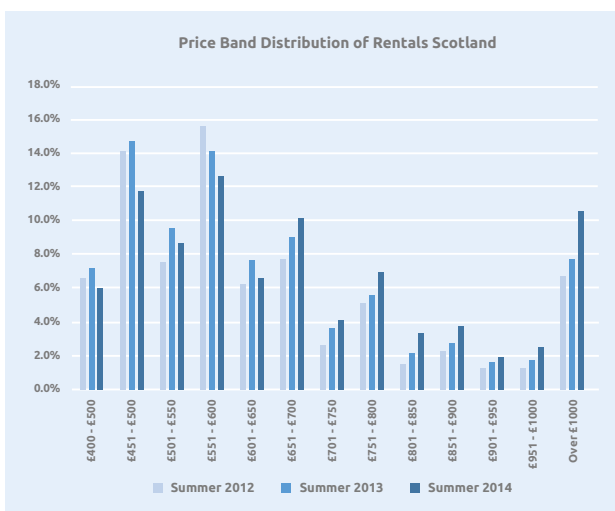
The Minister's response to a parliamentary question on the private rental market in Aberdeen can be seen here:

j.mp/scotgovresponse

The rental information referred to is currently only published by Rent Service Scotland at the 'Broad Rental Market Area' a large but little known geography, of which there are just eighteen covering Scotland. These figures only report the 30th percentile rent level, which is needed to calculate the Local Housing Allowance (LHA) rate, though this is of less use describing the wider private rental market. Of maybe more concern is that the updated Housing Need and Demand Assessment (HNDA) referred to by the Minister massively underestimates the true extent of the PRS in Aberdeen. On page 21 the HNDA states that the proportion of households renting privately in Aberdeen City is 9% when the actual figure is more than 17%. Clearly another update is required.

I mention this rather dry technical stuff because if private rents are to be effectively explored and understood it will need to be done at the local level using the most current and comprehensive data available. This is what clients from both public and private sectors receive when they commission us to carry out detailed appraisals of the private rental market.

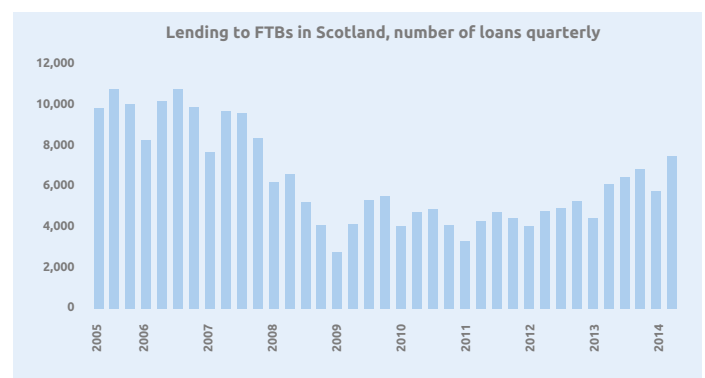
It is also fair to say that while the simple average effectively summarises rents in a way that most people can grasp, it does not fully describe the market. There is usually not enough scope in this report to explore why the average changes but this Summer average private rents for two bed properties were £671, an unusually large increase of 8.6% on last year. While this is only a single period of data it is a big enough jump to be worthy of further analysis.



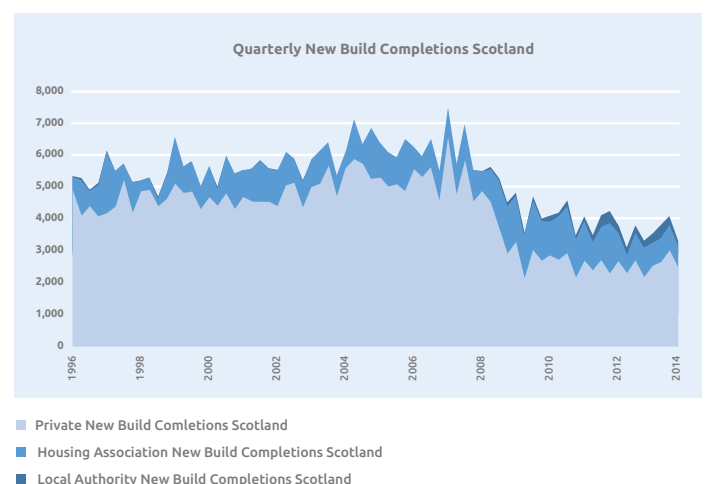
To do this we looked at the distribution of rents in various price bands over the last three Summers and discovered that the very upper end of the market, the £1,000+ per month properties, grew from 6.5% of the market in 2012 to 10.5% in 2014. Having a higher proportion of high end flats naturally drags the average price upwards. This implies that at the cheaper end of the market rent inflation is less than the average rate. We will explore this issue further in a forthcoming report.

The observations from our panel of experienced letting/sales agents highlighted the pressure on rental supply, increased sales activity but also undiminished demand from tenants making a positive choice to rent quality property.

Our own analysis shows that in the year to date more than 30,000 flats sold in Scotland up 28.5% on the year before. Other sources of housing market information lead us to believe that supply side of the rental market is constrained. Recent analysis published by Council of Mortgage Lenders showed a big increase in lending to first time buyers (FTBs) in Scotland and Dr John Boyle of Rettie & Co believes these FTBs are far outnumbering the B2Ls especially in new build.



And while on the subject of new build it is worth looking at the latest quarterly completion statistics to see the scale of the new build supply side crisis. Given that the Scottish household population is currently projected to increase by almost 400,000 by 2037 the time for a concerted build to rent program is now.



Regional Rents, Flat Prices and Yields

Mean Monthly Rent for 2 bed properties

Sales Analysis of Flats

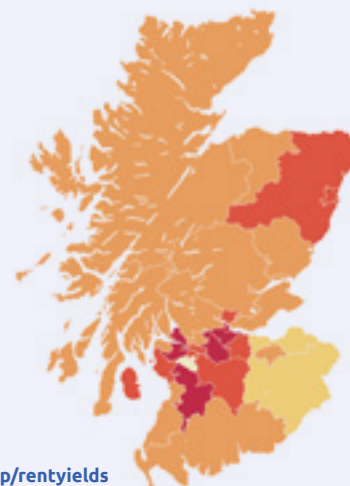
Compound Annual Growth Rate - CAGR

Local Authority	Summer 2013	Summer 2014	Annual Rent Change %	June 2014 Mean Flat prices	Annual Price Change %	10yr CAGR	5yr CAGR	Gross Initial Yield
Aberdeen City	£905	£989	9.2%	£157,686	8.3%	8.2%	4.0%	7.5%
Aberdeenshire	£758	£795	4.9%	£130,989	11.4%	8.9%	5.0%	7.3%
Angus	£502	£490	-2.4%	£87,526	9.1%	7.1%	1.0%	6.7%
Argyll and Bute	£554	£549	-1.0%	£98,527	0.7%	4.1%	-1.0%	6.7%
City of Edinburgh	£753	£826	9.8%	£191,035	3.3%	3.4%	0.7%	5.2%
Clackmannanshire	£496	£452	-8.9%	£75,497	11.5%	5.7%	-0.9%	7.2%
Dumfries and Galloway	£447	£443	-1.0%	£82,538	5.8%	4.4%	-3.6%	6.4%
Dundee City	£546	£571	4.6%	£98,850	8.7%	6.5%	2.4%	6.9%
East Ayrshire	£446	£416	-6.8%	£56,140	-1.3%	2.9%	-4.1%	8.9%
East Dunbartonshire	£620	£708	14.2%	£138,538	2.7%	5.1%	1.2%	6.1%
East Lothian	£674	£619	-8.1%	£140,289	-7.1%	4.0%	0.5%	5.3%
East Renfrewshire	£572	£552	-3.4%	£132,721	8.5%	2.6%	0.5%	5.0%
Falkirk	£482	£457	-5.1%	£63,481	1.1%	4.0%	-1.7%	8.6%
Fife	£491	£508	3.4%	£91,259	2.0%	5.4%	-1.9%	6.7%
Glasgow City	£610	£680	11.6%	£112,467	4.2%	2.4%	-0.7%	7.3%
Highland	£588	£593	0.8%	£113,633	0.6%	5.5%	0.0%	6.3%
Inverclyde	£495	£492	-0.6%	£87,622	8.3%	3.7%	0.5%	6.7%
Midlothian	£600	£600	0.0%	£103,634	2.6%	3.8%	-2.9%	6.9%
Moray	£481	£483	0.6%	£94,785	-3.0%	5.4%	0.2%	6.1%
North Ayrshire	£470	£474	0.9%	£75,989	-0.4%	4.2%	-1.8%	7.5%
North Lanarkshire	£451	£450	-0.2%	£59,190	-0.1%	3.5%	-2.6%	9.1%
Perth and Kinross	£534	£566	5.9%	£105,410	2.7%	4.9%	1.2%	6.4%
Renfrewshire	£478	£472	-1.2%	£67,752	2.1%	2.7%	-1.6%	8.4%
Scottish Borders	£442	£417	-5.7%	£93,831	8.2%	5.0%	0.1%	5.3%
South Ayrshire	£539	£516	-4.3%	£93,534	4.5%	2.9%	-2.4%	6.6%
South Lanarkshire	£494	£494	-0.1%	£76,930	2.0%	2.8%	-1.3%	7.7%
Stirling	£569	£583	2.5%	£112,627	-8.3%	2.2%	-2.7%	6.2%
West Dunbartonshire	£458	£501	9.4%	£70,955	5.2%	4.6%	-0.7%	8.5%
West Lothian	£554	£571	3.1%	£88,063	3.9%	3.5%	-1.5%	7.8%
Scotland	£618	£671	8.6%	£124,013	4.7%	4.3%	1%	6.5%

A word on rents and yields

During Summer 2014 (Jun, Jul, Aug) rents for a 2 bed property in Scotland averaged £671 - an 8.6 % increase on the same period in 2013. The typical cost of a Scottish flat in the 12 month period to June 2014 rose by 4.7% to £124,013.

Flats make up more than 80% of property being advertised on Lettingweb, so to determine the yields it is important to accurately track movements in the sale price of flats. We have partnered with leading house price analysts Acadata to define a seasonally adjusted price series at local level, which is based on all registered flat transactions from Registers of Scotland. Our regional yield map shows a summary of current gross initial yields across Scotland.



Go online to view interactive yield map here: <http://j.mp/rentyields>

Edinburgh Overview

Edinburgh's private rental sector plays a vital but rarely acknowledged part in the capital's thriving economy. Accommodating the huge numbers of people who need to make a home in the city on a flexible basis is critically important to the city's success.

Rents in the capital are up year-on-year, with two bed properties averaging £826 this summer, a 9.3% increase. We believe this rise has been caused by the continued high demand meeting a reduction in available rental stock, combined with tenants tending to stay longer.

More first time buyers are entering the market, and new-build completions for rental are barely scratching the surface of the demand.

Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
EH1	£662	£905	£1,190	£2,026	17
EH2	£766	£1,072	£1,100		10
EH3	£711	£1,053	£1,556	£1,975	16
EH4	£680	£812	£1,102	£2,026	20
EH5	£557	£706	£876	£2,568	17
EH6	£566	£722	£1,005	£1,274	15
EH7	£578	£771	£1,035	£1,590	14
EH8	£595	£750	£1,279	£1,534	16
EH9	£619	£892	£1,212	£1,599	19
EH10	£656	£893	£1,282	£1,541	18
EH11	£553	£728	£921	£1,394	16
EH12	£599	£790	£998	£1,405	16
EH13	£591	£681	£879	£2,083	20
EH14	£526	£702	£943	£1,444	18
EH15	£483	£685	£791	£1,540	23
EH16	£575	£710	£878	£1,299	14
EH17	£541	£650	£865	£920	21
Edinburgh	£609	£826	£1,133	£1,648	17

Mean Rents by size

Bed	Mean Rent 2014 Summer	Annual Change
1	£609	5.2%
2	£826	9.3%
3	£1,133	11.1%
4+ bedrooms	£1,648	3.5%

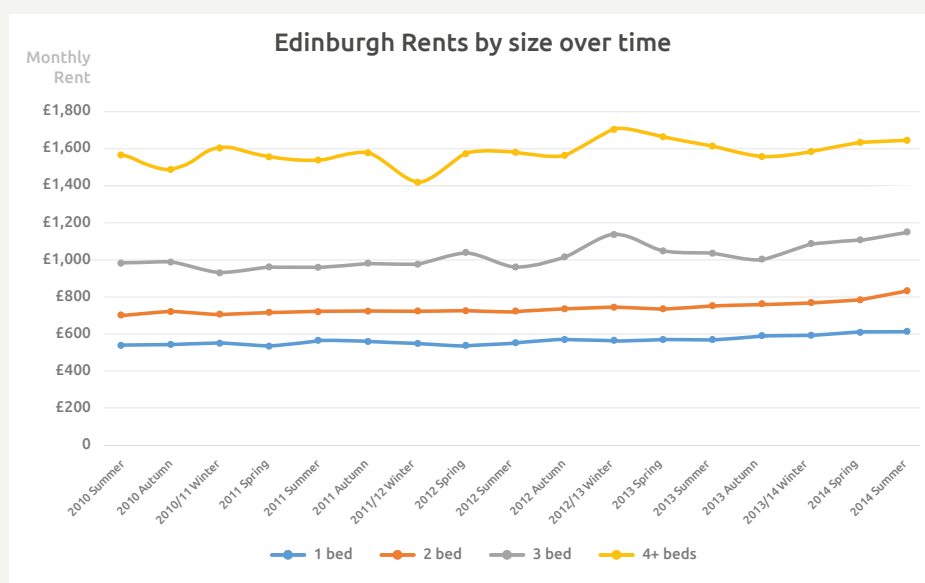
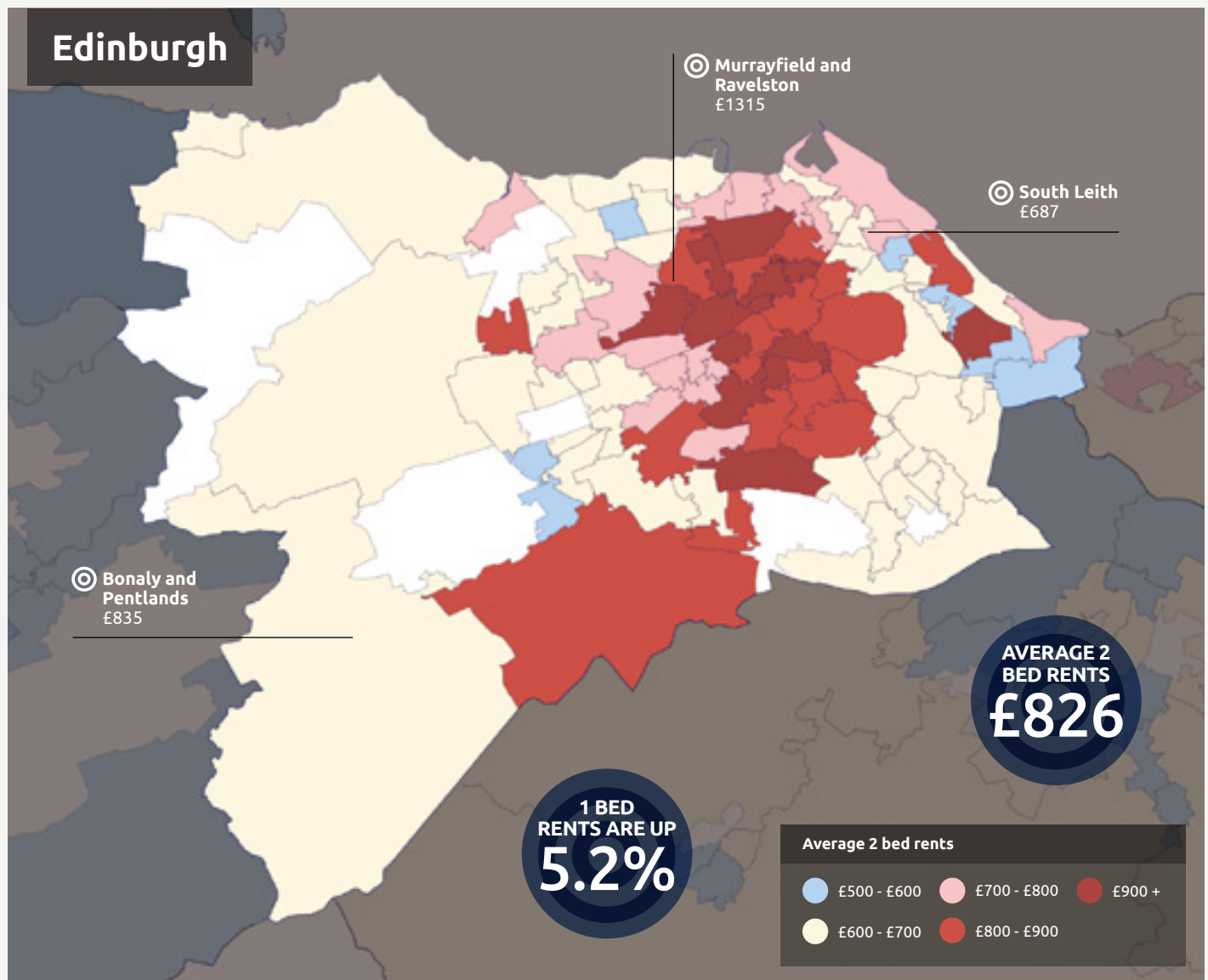
Rents in the capital are up year-on-year, we believe caused by the continued high demand facing a reduction in available stock.

Edinburgh Key City Stats:

- Household population is projected to grow 39% by 2037. This represents 88,158 additional households.
- Local Authority rents average £350 per month up 59% between 2006 to 2013
- Housing Association rents average £311 per month up 49% between 2006 to 2013

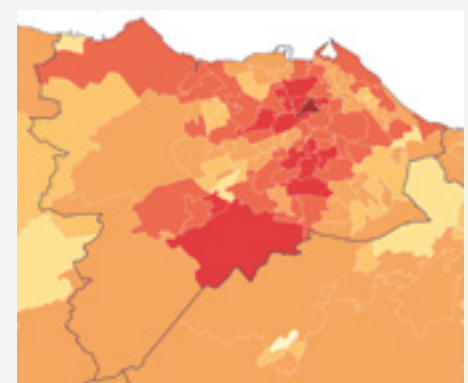
Average Monthly Rent for 2 bed property at neighbourhood level (Summer 2014)

Go online to view interactive map here: j.mp/scotrentmap

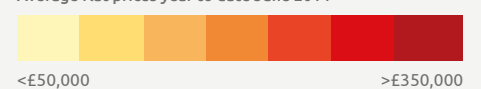


Flat prices and transactions j.mp/flatpricemap

(Our unique map reveals flat prices and sales activity at the local level)



Average flat prices year to date June 2014



Glasgow Overview

Average rents in Glasgow saw a surge in Summer 2014 and now stand at £680 for a two bed property which actually exceeds the Scottish average figure of £671. This jump represents a 12% increase over the same period last year. But as the chart at the foot of opposite page shows this recent increase follows more than three years of very little private rent inflation.

We suspect that these rent increases are caused by some of the same supply constraints that we described in Edinburgh with counts of Glasgow flat sales jumping 28% in the year to June. Many of these to first time buyers rather than buy to let landlords.

However, the Commonwealth Games is likely to have had a distinct impact on these rent increases, boosting demand significantly in the months preceding the event and reducing stock levels, though we believe this will be a temporary blip rather than a permanent feature.

Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
G1	£621	£808	£1,257		18
G2	£615	£973	£1,308	£1,873	11
G3	£574	£763	£1,201	£1,588	19
G4	£571	£708	£938	£1,418	20
G5	£507	£600	£754	£1,350	28
G11	£529	£753	£1,127	£1,395	19
G12	£598	£840	£1,114	£1,539	20
G13	£509	£613	£1,100	£1,600	21
G14	£416	£518	£755		22
G20	£495	£649	£825		19
G21	£370	£456	£475		12
G22	£410	£467	£575		25
G31	£417	£553	£644	£1,400	21
G32	£382	£518			25
G33	£402	£535	£647	£1,115	22
G40	£422	£513	£800		25
G41	£458	£564	£676	£1,308	17
G42	£385	£520	£832	£1,073	22
G43	£436	£513	£563		25
G44	£415	£526	£495		23
G46	£450	£592	£650	£813	13
G51	£369	£508	£676		22
G52	£395	£533	£535		28
G53		£503	£624	£850	20
Glasgow	£506	£680	£860	£1,362	22

Mean Rents by size

Bed	Mean Rent 2014 Summer	Annual Change
1	£506	8.9%
2	£680	12.0%
3	£860	10.4%
4+ bedrooms	£1,362	8.7%

Our own analysis shows annual sales of Glasgow flats (year to date June 2014) of 6,495 up 28% on previous year. The average flat price now stands at £112,000 up 4.2%.

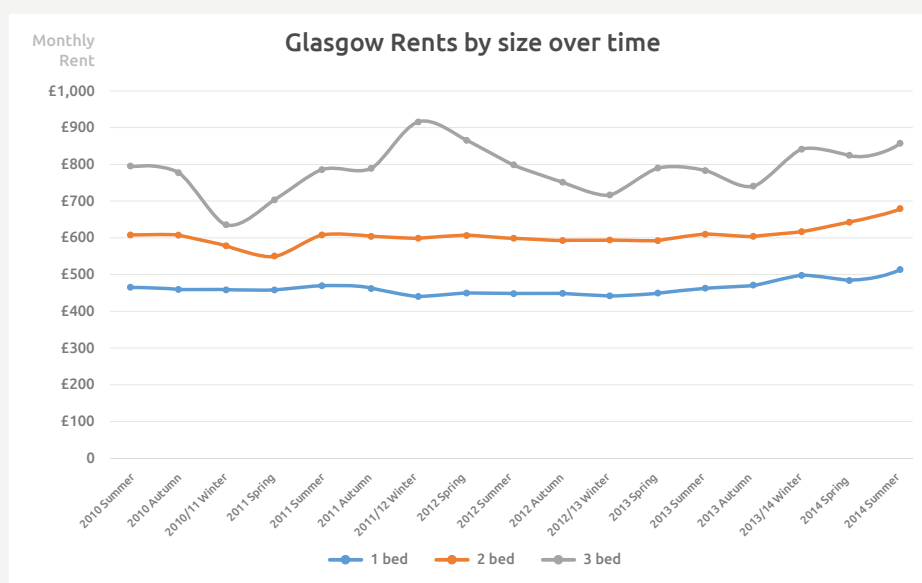
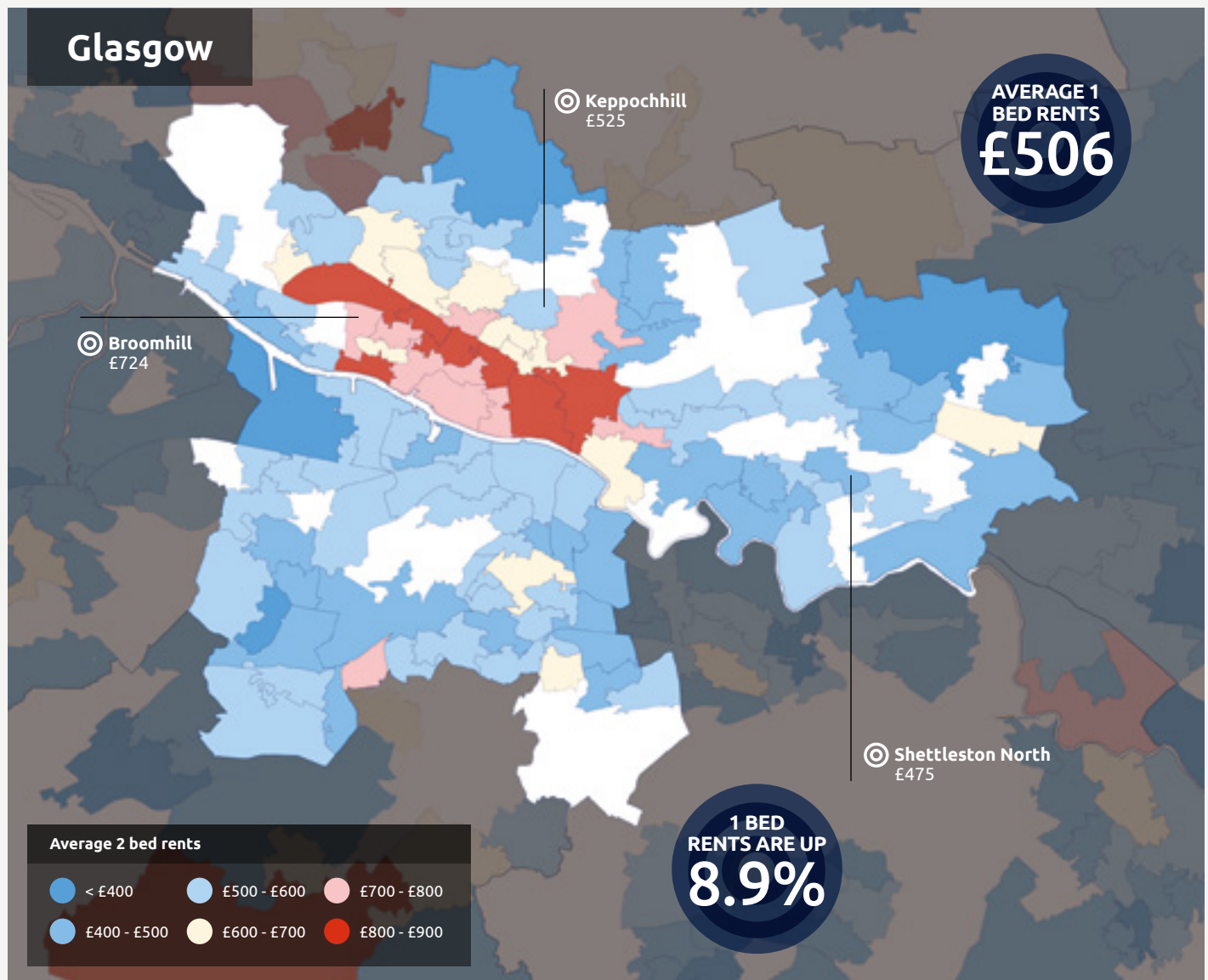


Glasgow Key City Stats:

- ↗ Household population is 286,134 in 2012 projected to grow 24% by 2035 to 354,000
- ↙ In the year to end Q1 2014 there were a paltry 286 Private New Build Completions

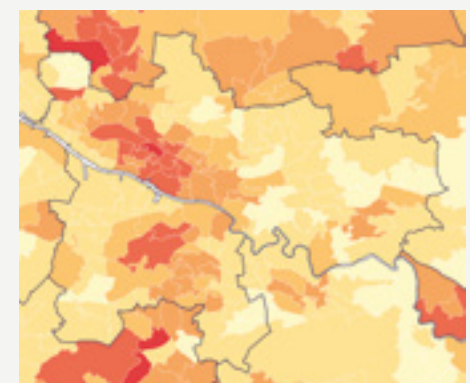
Average Monthly Rent for two bed property at neighbourhood level (Summer 2014)

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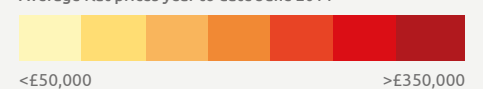


Flat prices and transactions j.mp/flatpricemap

(Our unique map reveals flat prices and sales activity at the local level)



Average flat prices year to date June 2014



Aberdeen Overview

Typical 2 bed property rents in Aberdeen were £989 in Summer 2014 which is 6.2% up on the same period last year though this figure is actually down on the high of £1,007 reported in the previous quarter. Single bed property in the oil capital rose by 12.4% to an average £699 and three bed property was typically £1,432 up 11.1% on the year. With 36,000 additional households projected to be living in Aberdeen by 2037 it is clear that there needs to be a significant increase in private rental stock in the city, and purpose built-to-rent developments will most likely offer the scale required to meet this enormous projected demand.

Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
AB10	£695	£1,000	£1,361	£2,345	14
AB11	£666	£914	£1,260		13
AB12	£723	£925	£1,160	£2,288	15
AB13				£1,888	41
AB14		£825	£1,183	£2,163	31
AB15	£719	£1,218	£1,537	£2,583	18
AB16	£595	£858	£1,125		17
AB21	£744	£940	£1,294	£2,450	26
AB22	£749	£996	£1,170	£1,925	28
AB23	£670	£892	£1,400	£1,438	28
AB24	£655	£934	£1,438	£1,814	13
AB25	£686	£954	£1,417	£1,725	10
Aberdeen	£699	£989	£1,432	£2,225	15

Mean Rents by size

Bed	Mean Rent 2014 Summer	Annual Change
1	£699	12.4%
2	£989	6.2%
3	£1,432	11.1%
4+ bedrooms	£2,225	4.0%

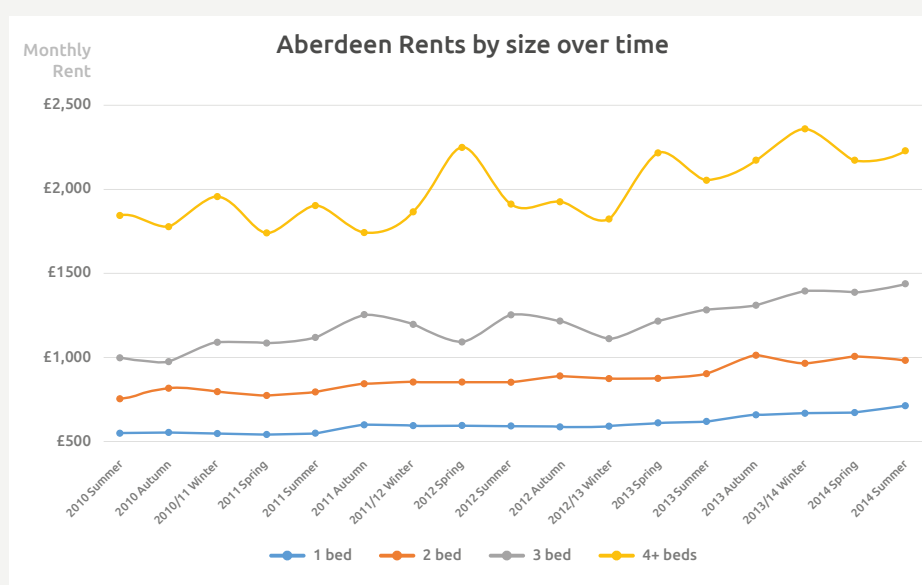
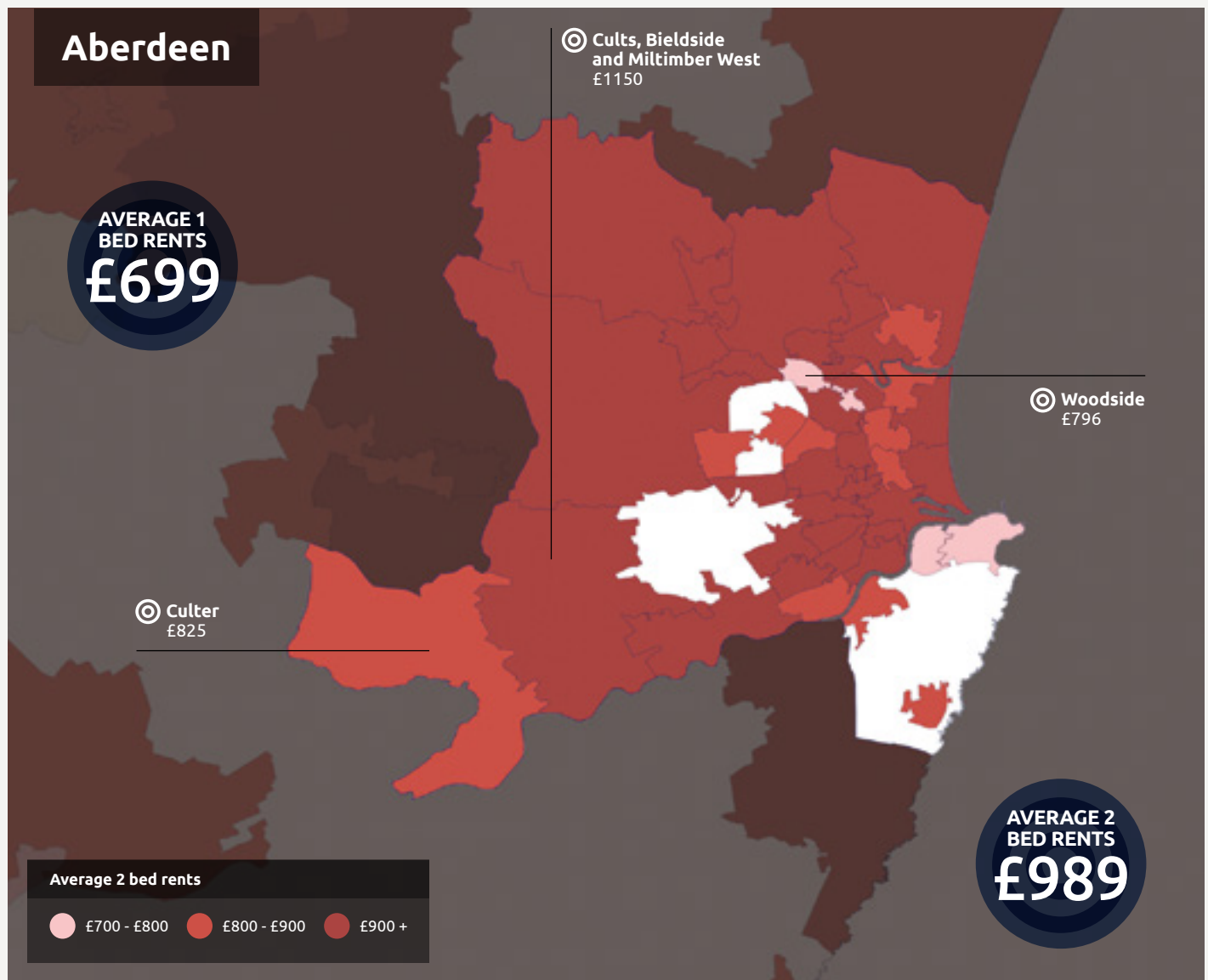


Key City Stats from Census 2001 & 2011:

- Household population is 103,934 in 2012 projected to grow 35% by 2037 to 140,380
- Average flat price June 2014 was £157,700 up 8.2% on year
- Sales of flats 2,352 in year to date (up 17.3%)
- Social rents average £293 per month up 34% between 2006 to 2013

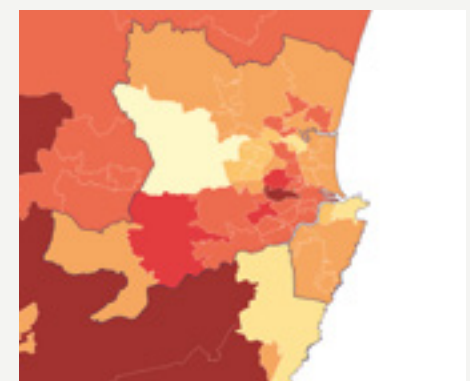
Average Monthly Rent for two bed property at neighbourhood level (Summer 2014)

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Flat prices and transactions j.mp/flatpricemap

(Our unique map reveals flat prices and sales activity at the local level)

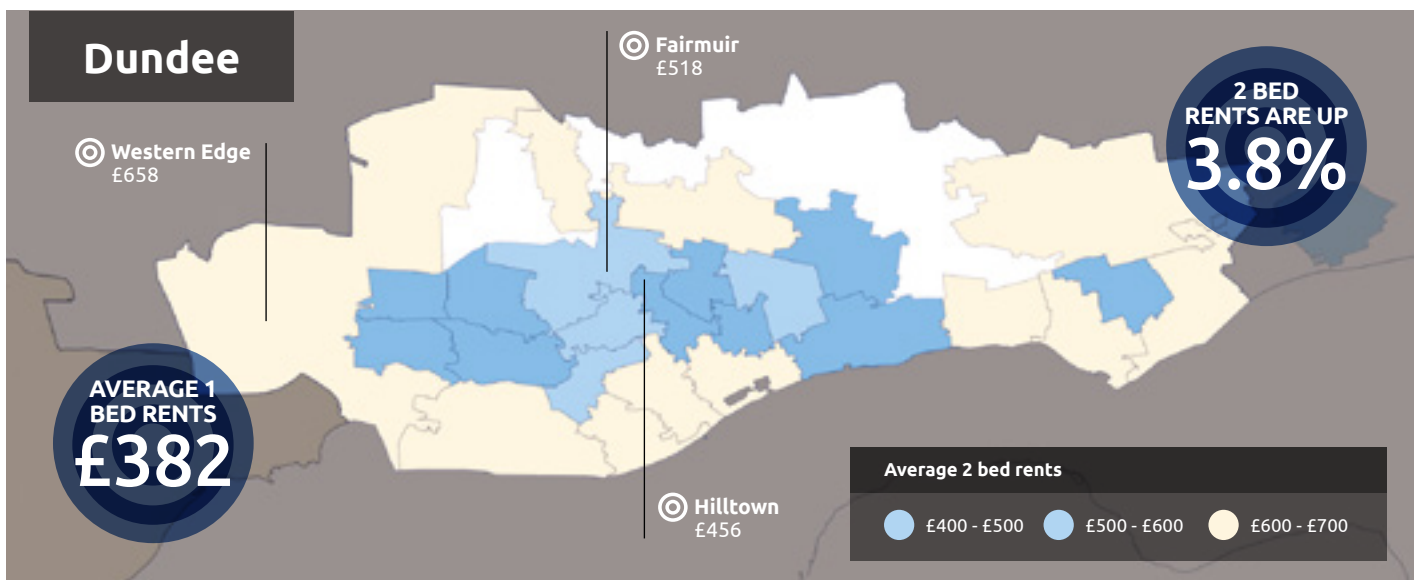


Dundee Overview

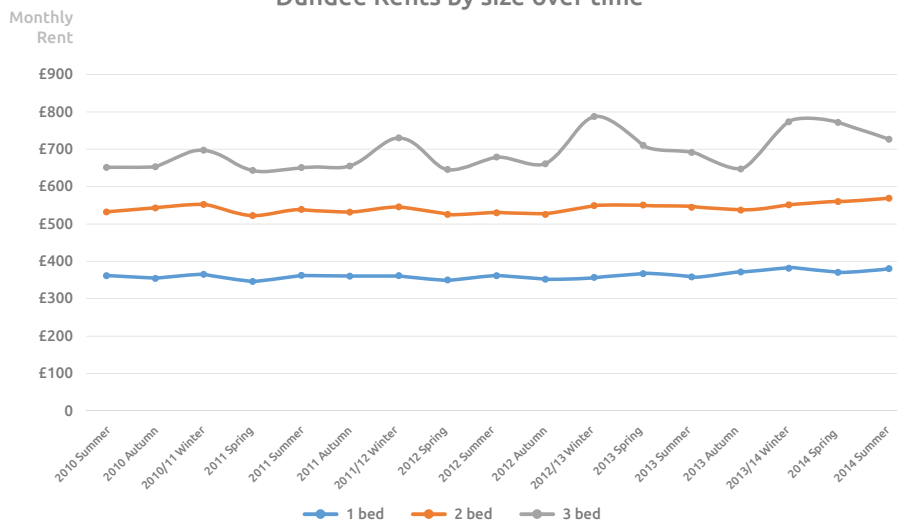
Dundee currently offers the cheapest city property to rent in Scotland with one bed monthly rents at £382 (up 4.7%) and two bed properties typically costing £571 (up 3.8%). However, the impressive redevelopment of its waterfront will soon see more higher end rentals within the city which will increase averages over time. In the year to June 2014 there were 959 flat sales at an average price of £98,850 (8.7% annual increase).

Average Monthly Rent for two bed property at neighbourhood level (Summer 2014)

Go online to view interactive map here: j.mp/scotrentmap

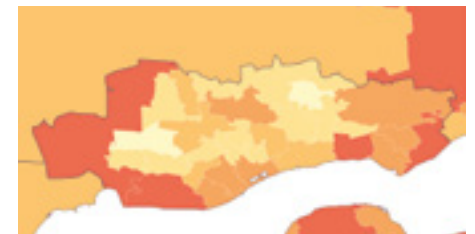


Dundee Rents by size over time



Flat prices and transactions j.mp/flatpricemap

(Our unique map reveals flat prices and sales activity at the local level)



Average flat prices year to date June 2014



Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
DD1	£385	£640	£788	£1,024	22
DD2	£386	£549	£748	£931	21
DD3	£358	£502	£618		22
DD4	£392	£509	£621		22
DD5	£474	£656	£748	£888	20
Dundee	£382	£571	£729	£977	23

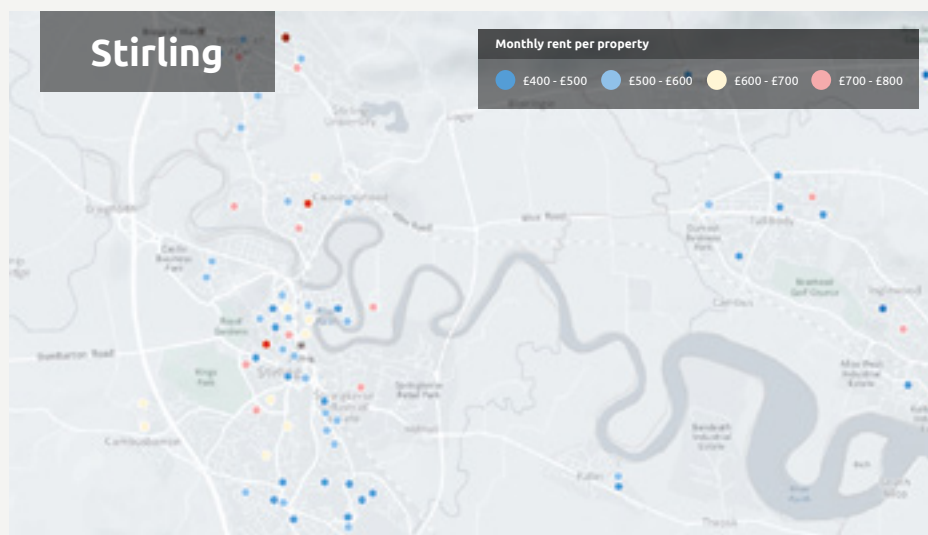


Mean Rents by size

Bed	Mean Rent 2014 Summer	Annual Change
1	£382	4.7%
2	£571	3.8%
3	£729	7.6%
4+ bedrooms	£977	-4.4%

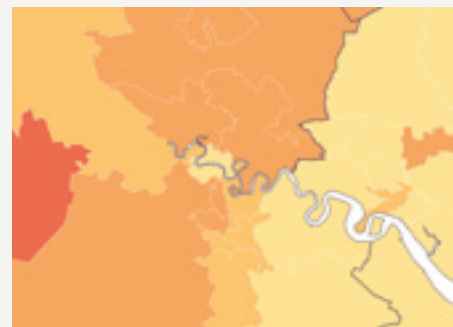
Stirling Overview

Map of Rental Properties on Market During Summer 2014: j.mp/summerlettings



Flat prices and transactions j.mp/flatpricemap

(Our unique map reveals flat prices and sales activity at the local level)



Postcode Analysis (Mean Rents and Marketing Period)

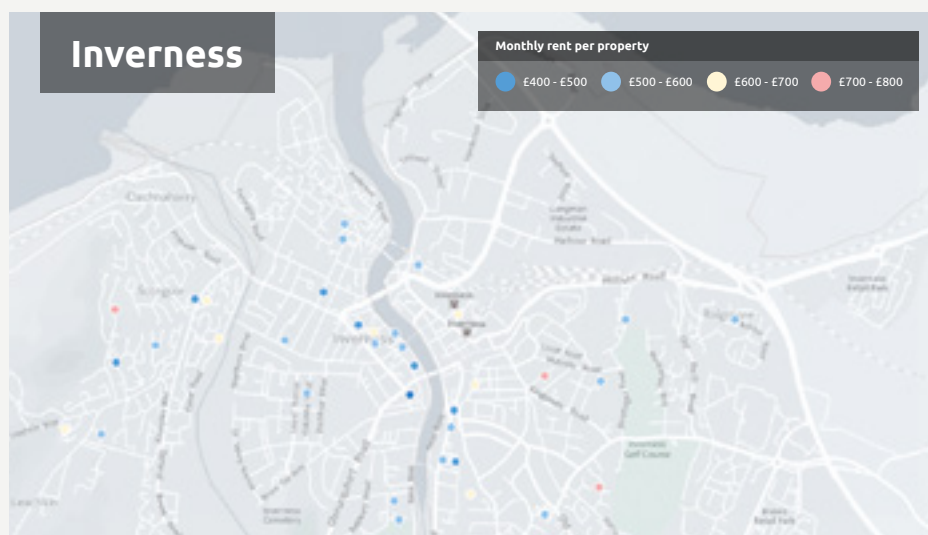
Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms	Marketing Period (days)
FK7	£430	£502	£648		18
FK8	£501	£608	£695	£988	20
FK9		£664	£718	£994	11
FK15	£495	£553	£573	£1,950	38
Stirling	£468	£583	£680	£1,097	19

Mean Rents by size

Bed	Mean Rent 2014 Summer	Annual Change
1	£468	2.6%
2	£583	1.4%
3	£680	-8.8%
4+ bedrooms	£1,097	2.7%

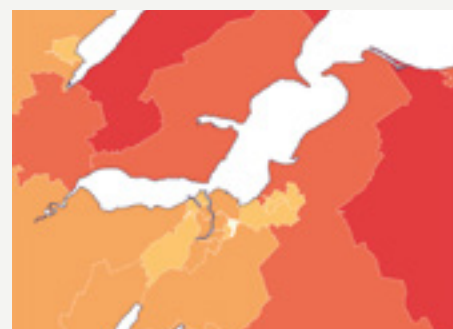
Inverness and Highlands Overview

Map of Rental Properties on Market During Summer 2014: j.mp/summerlettings



Flat prices and transactions j.mp/flatpricemap

(Our unique map reveals flat prices and sales activity at the local level)



Postcode Analysis (Mean Rents and Marketing Period)

Postcode District	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedrooms
IV1		£600		25
IV2	£493	£585	£756	18
IV3	£506	£647	£692	24
Highlands	£488	£593	£740	22

Mean Rents by size

Bed	Mean Rent 2014 Summer	Annual Change
1	£488	4.7%
2	£593	0.3%
3	£740	5.5%

Agent Views

"Demand drivers continue to dominate the market. The drying-up of the equity loan part of Help to Buy in Scotland, as well as new mortgage regulations (Mortgage Market Review), has slowed the sales market a bit, but not by much – flat transactions are up over 25% in Scotland and a lot of the pent-up demand from FTBs is being released. This also means that the reluctant landlord is now better able to sell and get out of the market – this will usually be flats and smaller properties that FTBs can again aspire to.

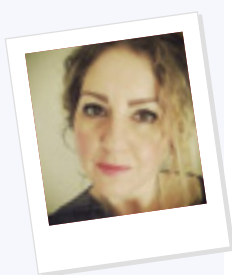
"There are a lot more FTBs than B2L landlords, so, with purse strings loosened by things like Help to Buy, they have had more fire power, particularly in the new build sector. The private rental market is experiencing reduced supply and still booming demand, a trend that will be with us for some time and which will lead to continued upward pressure on rents"

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



"So far this year the market in the PRS has been strong, with a number of properties being let before they have reached the advertising stage. There has been very few void periods for landlords. The demand for 3 bedroom properties has been particularly high in the Fife area, whereas in Edinburgh it has proved to be 2 bedroom properties. Tenants are also becoming less transient and we have seen a trend growing for longer term tenancies."

Melanie Greenwood,
Director, Moo-Let - Fife



"We have witnessed a shift in attitude within residential lettings. Increased legislation has forced numerous letting agents to raise their standards or face falling short of the PRS requirements. There is a healthy supply of high net-worth tenants keen to secure long term lease arrangements. There is continued interest from B2L investors both within the UK and further afield. We expect this to gain traction into 2015 when the results of Scotland's future are known."

John C Forsyth,
Director, Murray & Currie - Edinburgh



The Tenant Experience

We speak to Edinburgh tenant, Simon Maple, who rents a family home in Edinburgh city centre with his wife and son, Zach.

Simon Maple, 47, a management consultant living in Edinburgh, moved to the city from Chicago earlier this summer, having lived in Edinburgh for six months back in 2010. Simon and his wife Tamara owned their own home in Chicago for eight years. The great recession hit them like it did most people, however, and when it came to selling their property the price appreciation they had expected was not forthcoming. Speaking today, Maple is sanguine about how this financial position has translated to a rental life in Edinburgh.

"The bottom line is that freedom right now in our specific circumstances is what we want."

Simon works from his home office, so the professional transition to Scottish life was relatively simple. However, the reality of the supply and demand dynamics of the Scottish PRS were a shock to the system when it came to the family's urgent need for a home in the Scottish capital.

"We decided to move to Scotland in December last year. We wanted to sell our house first and we had set our son Zach up to start school this autumn, so we had to move somewhere in the summer. We got an offer on our house really quickly, which wasn't what we wanted financially, but we took it and closed in June."

"We were looking for a rental property in Edinburgh online using websites like Lettingweb.com," says Maple. "Every day and night my wife would be searching them to see what was available to rent with our criteria. We were just looking for something in New Town, Stockbridge and maybe Morningside. And I'll be honest, we couldn't find anything."

The current supply crisis in the housing market was reflected in Simon's frustrating search for his family home. *"We were looking at whatever would come up online. I work from home and we have a son, so we needed at least three bedrooms ideally with a garden, but it was hard to find. We like outdoor space and Edinburgh's actually quite limited in terms of having a garden but also having light. When our current place showed up it was one of only three we found in a space of six months. We finally moved in in June."*



Simon is ultimately hoping to buy a property in Edinburgh, but at the moment the rental lifestyle is a positive choice which suits his situation. *"We signed a 12 month lease in lieu of the standard six months here in Edinburgh," he says, "but we would have signed for longer. The whole idea of six or 12 months fixed and then a month-to-month is something we've never seen before in America."*

"The bottom line is that freedom right now in our specific circumstances is what we want. We lost money on our last home purchase so we're much more cautious. We used to look at housing as an investment as much as a home, but time has trained us and experiences have forced us to focus on our house as a home – to stop thinking that we're going to make money on it, but instead think about the home that best meets our needs. With renting though I can get on with the core aspects of my life."

"For half the price, I can have the same kind of property in Edinburgh as I did in the States, and that's what I'm living in now and it's even lovelier, so we're absolutely thrilled."

Mr Maple is currently a tenant with DJ Alexander.

Agent Views

"We are seeing a good supply of new properties adding to our portfolio but they are being snapped up immediately. Tenants tending to stay longer reduces the number of properties available for new tenants, which means our available property list is around half the size it was this time last year and we are renting less properties each month. Our occupancy is almost at 100%, with our portfolio the highest it's ever been. Demand is almost overwhelming. New B2Ls aren't coming anywhere close to filling the gap."



Rob Trotter,

New Business and Senior Property Manager,
DJ Alexander - Edinburgh

D.J.ALEXANDER

"We have seen a real upturn in the PRS, with demand for quality properties throughout Scotland outstripping the supply. Properties are being added daily and let within 24-48hrs. In previous years we have found that tenants were happy to sign an initial lease for 6 months, now with the demand for good quality properties increasing, tenants are, on average, signing up for an initial nine months. They are also staying longer, which has increased the returns for our landlords."



Robert Nixon,

Head of Residential Letting,
Speirs Gumley - Glasgow

speirs gumley
property management & residential letting

"The Inverness market continues to be buoyant. Under supply continues to be a feature although we are seeing steady investment in B2L. There are too many poorly managed, low quality properties around, which are tarnishing the reliability of letting as a viable housing option. Affluent professionals present a great opportunity for landlords prepared to adequately resource their investment."



John Gell,

Owner/Director, Simply Let - Inverness

Simply Let
Professional Residential Letting Specialists

More political change ahead for our industry



Last month, the Scottish Government announced plans to consult on changes for our industry.

The government is looking at two areas on which they intend to commence a consultation in October with a view to legislating before the end of this Parliamentary session (i.e. Spring 2016).

The first area is tenure reform and Margaret Burgess, Minister for Housing and Welfare has indicated her preference for the Short Assured Tenancy to be updated. The Minister has plans to consult on the proposal this autumn, following her acceptance of the stakeholder group's recommendations back in May. Letscotland will be at the heart of this consultation and its longer term strategy, working with our industry partners and peers for an outcome which benefits agents and landlords.

The second area for consultation this autumn concerns rent levels, on which the Minister has made public her intention to engage in an depth exploration of the key issues. Both of these key legislative issues for our industry make the publication of regular high-quality and informative Lettingstats reports an ever more important tool and one which we are dedicated to delivering alongside our colleagues at Lettingweb.

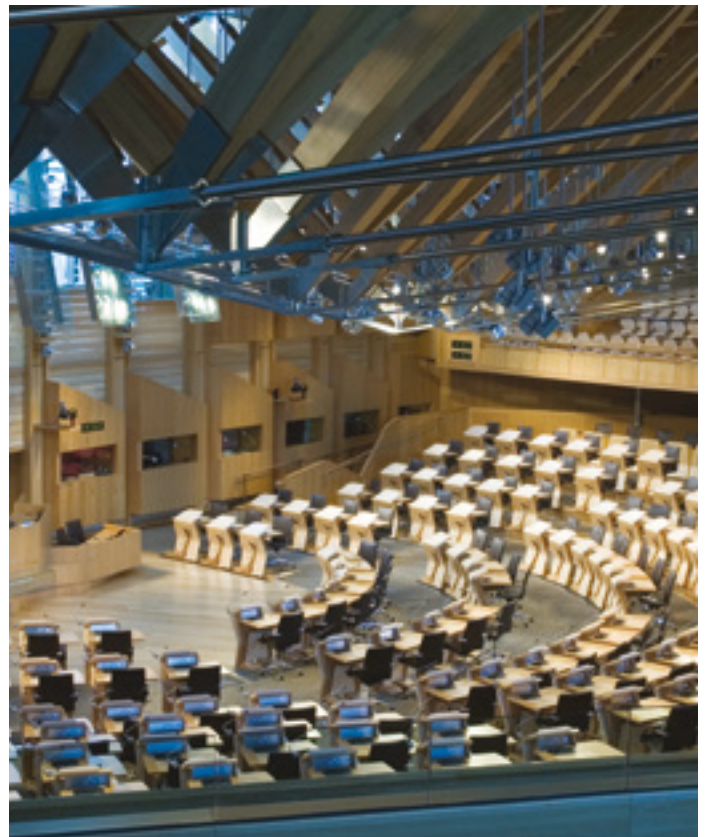
It is important to note that the industry is significantly better placed to ensure that any changes more fully consider letting agents' views than in the past. The creation of Letscotland, and creation of the Council of Letting Agents by the Scottish Association of Landlords, has hugely strengthened the voice of letting agents in Scotland. We are increasingly working collaboratively with our fellow industry professionals, to ensure that your voice is heard in the evolution and improvement of legislation, and that our recommendations for a simpler system, more conducive to the demands of the private rented sector is reflected in the new private tenancy agreement.

Letscotland's relations with the Scottish Government have been strengthened over the last year and are now extremely productive. **We cannot change the political weather. But we can ensure that the industry is appropriately clothed.**

We will continue to keep you up-to-date on our discussions with the Scottish Government through regular emails, Twitter and in the Winter Lettingstats report. Will also engage in a process of canvassing your opinion as the timetable for consultation becomes clear.

Yours,

Malcom Warrack,
Chairman of Letscotland



Here is the full text of Minister Margaret Burgess MSP's comments in the Scottish Parliament on 14th August (our emphasis):

*"In May last year, the Scottish Government published its strategy for the private rented sector. As part of the strategy, I established a stakeholder group to examine the suitability and effectiveness of the private rented sector tenancy regime. The group reported in May and recommended that **the current assured and short assured tenancies should be replaced by a new private tenancy.** I accepted the recommendation and plan to consult on proposals for a new private tenancy this autumn. **The consultation will also explore issues that relate to rent levels.**"*



Scotland's private rented sector reform - a timeline

September 2013 - Scottish Private Rented Sector Tenancy Review Group (the Review Group) established to examine the suitability and effectiveness of the current Private Rented Sector (PRS) tenancy regime and develop recommendations for the Scottish Government on how the current regime might work better and/ or the options for taking reform forward. Chaired by Professor Douglas Robertson from Stirling University.

7 October 2013 - Key issues for the Scottish PRS Tenancy Review Group to address agreed.

4 November 2013 - Tenancy Review Group meets to discuss future actions to improve the suitability and efficiency of the PRS tenancy regime and an overview of the Scottish Government's research project to explore the views of tenants and landlords.

21 November 2013 - The Housing (Scotland) Bill - a bill to make provision about housing, including provision about the abolition of the right to buy, social housing, the law affecting private housing, the regulation of letting agents and the licensing of sites for mobile homes, is introduced on by Nicola Sturgeon MSP.

4 December 2013 - Referred to Infrastructure and Capital Investment Committee for Stage 1 scrutiny by the Parliamentary Bureau.

20th December 2013 - Committee launches its Call for Views, receiving 105 written responses in total. You can read Letscotland's written evidence here.

21 January 2014 - Tenancy Review Group meets to discuss findings from the research project on the views of tenants and landlords.

19 February 2014 - Tenancy Review Group discusses options for reform and recommendations to be included in the Review Group's final report to Ministers.

24 April 2014 - Debate on the ICI Committee's Stage 1 Report on the Housing (Scotland) Bill held.

25 June 2014 - Stage 3 of the Housing (Scotland) Bill debated and passed.

15 August 2014 - The Minister for Housing and Welfare, Margaret Burgess announces plans to consult with PRS sector on short assured tenancy reform and rent levels in the Autumn of 2014 and legislate by end of Parliamentary session in Spring 2016

Short Assured Tenancy reform reading material:

The Scottish Government has carried out the following research into the operation of the Short Assured Tenancy:

Qualitative research to explore the implications for private rented sector tenants and landlords of longer term and more secure tenancy

<http://www.scotland.gov.uk/Publications/2014/03/7326/0> (2014)

Evidence review of the private rented sector in Scotland <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/privaterent/government/Tenancy-Review/findings/evidence-review> (2014)

Review of the Private Rented Sector: Volume 1: Key Findings and Policy Implications <http://www.scotland.gov.uk/Publications/2009/03/23153136/0> (2009)

Review of the Private Rented Sector: Volume 2: Views and Experiences of Tenants in the Private Rented Sector in Scotland <http://www.scotland.gov.uk/Publications/2009/03/23153402/0> (2009)

Review of the Private Rented Sector: Volume 3: Views and experiences of landlords in the Private Rented Sector <http://www.scotland.gov.uk/Publications/2009/03/23140128/0> (2009)



The Tenancy Deposit Scheme update



Ian Langley,
Director at mydeposits Scotland

In July 2012 tenancy deposit protection legislation was introduced to safeguard the tenant's deposit and ensure its return at the end of their stay, provided the terms of the Tenancy Agreement have been met. Ian Langley, Director at mydeposits Scotland, provides an update on the legal obligations...

A reminder of the basics:

When a landlord, or an agent acting on behalf of a landlord, takes a new deposit from their tenant, they must transfer the deposit to a government approved Tenancy Deposit Scheme within 30 working days from the tenancy start date. Key information about the deposit and the scheme - often called the Prescribed Information - must be given to the tenant within the same 30 working days deadline.

Importantly, the law is retroactive, meaning all deposits that landlords and agents were holding before the law was introduced in July 2012 should also have been transferred into a Tenancy Deposit Scheme by May 2013.

Penalties for non-compliance:

Fail to comply and the tenant can apply to the Sheriff Court for a penalty fine of up to three times the deposit amount and they can apply for this up to three months after the tenancy has ended. There have been several high profile cases of the

penalty fines, including one of £3450 for the failure to lodge a deposit worth £1150 in accordance with the legislation.

How it works:

There are three government approved schemes, including mydeposits Scotland. Once the landlord/agent has transferred the deposit, the scheme safeguards it in a secure bank account for the tenancy duration, and then returns it at the end of the tenancy once both parties have authorised its release. All the schemes are completely free to join and use, and are funded entirely from the interest earned on deposits held.

Deposit disputes:

If the landlord or agent believes the tenant has broken the agreed contract terms (such as unpaid rent or damage to the property) but the tenant disagrees, then a free alternative dispute resolution service is available to resolve the issue. Any undisputed deposit amount will be returned to the tenant, without waiting for adjudication. Both parties are invited to provide evidence, with the burden of proof placed on the landlord or agent to provide evidence to justify their claims. If no, or poor quality evidence is supplied then the adjudicator must award the deposit amount to the tenant.

For more information, visit us at **mydeposits Scotland**
www.mydepositsScotland.co.uk

Lettingstats is the research arm of the Lettingweb family:



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