

SCOTLAND - BUY-TO-LET INDEX

July 2017 data, August 2017 report

Capital gains: Edinburgh remains home to highest rents in Scotland

Fast Facts

- Edinburgh and Lothians has higher rents than any other area
- Average rent in capital and wider region reaches £662 in July
- Impressive yield levels to be found across Scotland with landlords seeing average return of 4.9%

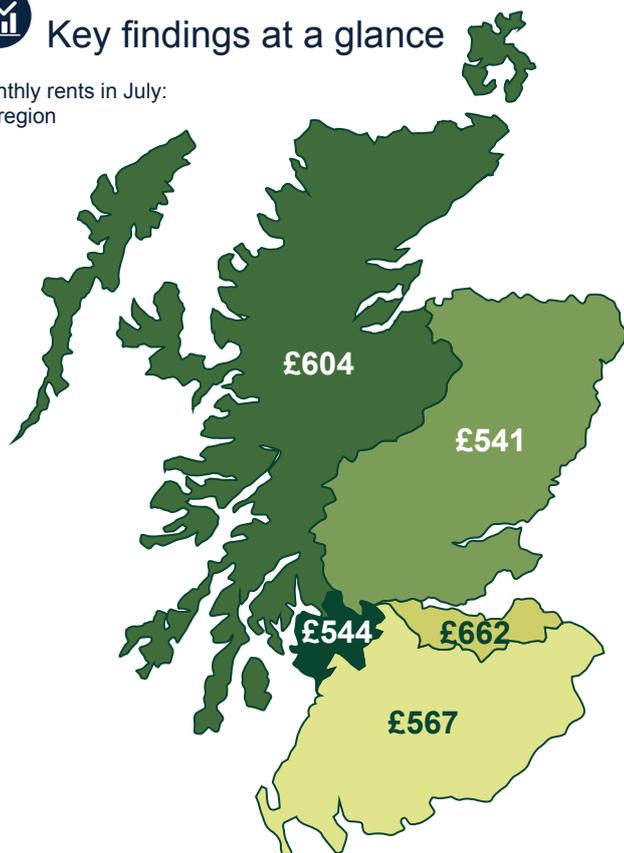
Quick Quotes

Brian Moran, Lettings Director, Your Move Scotland comments:

- “The rental market in Scotland continues to improve, with rents in July performing as well as they have all year.”
- “The next year will be an interesting time for the rental market due to the launch of a new style of tenancy agreement in December, while additional rules governing Scottish letting agents come into force in 2018.”
- “Whether you’re a landlord, tenant or letting agent now is the time to take stock and make sure the rental market is working for you and that you’re prepared for these changes.”
- “Looking ahead, we can expect the end of the summer to see a rise in letting activity as students move into new properties ahead of the academic year.”

Key findings at a glance

Monthly rents in July:
By region



Key insights about the data

- The Scottish property market continued to progress during July, with prices growing month-on-month and rental yields again performing strongly.
- The average rent in Scotland - not seasonally adjusted - was £575 during July 2017, according to Your Move Scotland. This is 1% more than the £569 recorded last month and the highest total recorded since February.

Capital continues to boast highest rents

- The Edinburgh and Lothians region is home to the highest rents in Scotland, with prices in the capital city and surrounding areas outstripping the rest of the nation.
- Your Move Scotland found the average rent in the region was £662 per month during July, well above the second most expensive area - the Highlands and Islands, which saw average rents of £604.
- At the other end of the scale, the East of Scotland continues to be the cheapest place to rent in the country. Despite containing a wide range of property types and housing the UK’s oil capital Aberdeen, the typical rent here is £541 per month.
- There was little change to rents on a monthly basis, with every region seeing price changes of less than 1%. The Highlands and Islands region saw prices nudge up 0.4% month-on-month and was the fastest growing area. By contrast, prices in the Glasgow and Clyde region saw a 0.8% fall between June and July.
- There are changes on the horizon for the Scottish rental market and letting agents are already preparing for the introduction of the Letting Agent Code of Practice in 2018. These rules are intended to increase professionalism in the sector and make sure that agents are able to handle money received from both tenants and landlords.
- Ahead of the code of practice being introduced there will also be changes to new tenancies beginning from December 2017. All tenancies which commence from that point will be open-ended, meaning landlords will not be able to ask a tenant to leave after a fixed period.
- This is intended to provide a more stable environment for tenants, but also sets out specific circumstances in which landlords can remove problem tenants from their properties.

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Key insights about the data

Investor returns stay strong

- Landlords and property investors continued to enjoy strong returns from the Scottish rental market this month.
- Your Move Scotland found that the average property gave a yield of 4.9% during July 2017. This is the same return as the previous month and higher than the 4.8% recorded in July 2016.
- This return compares favourably with properties in England and Wales, where the average yield was 4.4% this month - well below the Scottish figure.
- Only landlords with properties located in the North East and North West regions of England enjoyed higher or equal returns than those in Scotland. During July these two English regions offered yields of 5.2% and 5% respectively.

Financial picture improves for tenants

- Across all regions of Scotland some 16.6% of tenancies had arrears of one day or more during July 2017, Your Move Scotland found.
- This is an improvement on the previous month, when a ratio of 18.3% was recorded, and suggests that tenants' finances have improved between June and July.
- Scotland's arrears rate for this month remains above the level found in England and Wales. Across both nations, the average rate of arrears was 13.7% this month.
- The methodology used to calculate figures in this report is created and reviewed in partnership with Cebr. It is based on analysis of Your Move's rental properties across Scotland.

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Links, Downloads & Images

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