



RETTIE

# BUILD TO RENT

# EDINBURGH

Market Review  
Autumn 2023



**Jewel in the Crown**

The Scottish 'Coronation' of King Charles in Edinburgh this year, is a reminder of why Edinburgh is often seen as the jewel in the crown of Scottish investment. The city's role as a centre of government, education, law, commerce, culture and tourism, provides a diversified economy with a strong economic pull. Combine this with a multitude of quality-of-life awards, the allure for both people and investors becomes clear. The view of Edinburgh as the most desirable location for BTR investment in Scotland, alongside Glasgow, was a common theme repeated in interviews for our recent Assessment of Scotland's Rent Freeze and Impacts report for the BPF – click [here](#) to read the full report.

With strong fundamentals supporting BTR, nevertheless there is competition for development opportunities in the cities from housing for sale. More recently, government policy has constrained delivery of BTR. The pipeline of BTR units in the city has fallen over the summer for the first time and over a third remain in planning, with a further quarter having planning but yet to progress to construction.

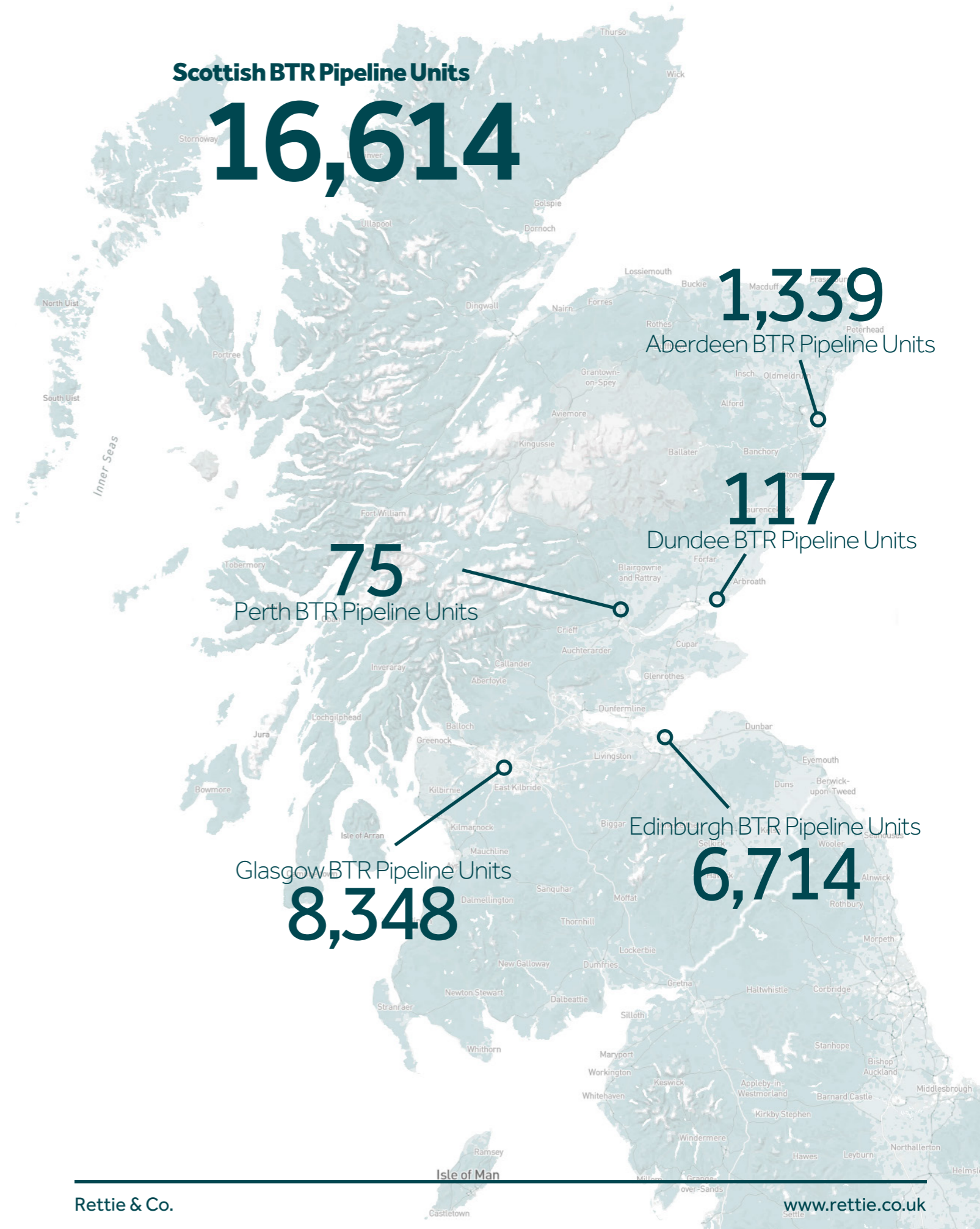
This means that over 60% of potential units remain far from being operational. Where units have been delivered, the picture is positive and compelling.

Average rents in the BTR sector in Edinburgh, across the currently operating schemes, are averaging over £2,300pcm and around £37/sqft. The rents being achieved in the BTR sector are in the top 95th percentile of advertised rents in the city, and are amongst the best performing in the UK.

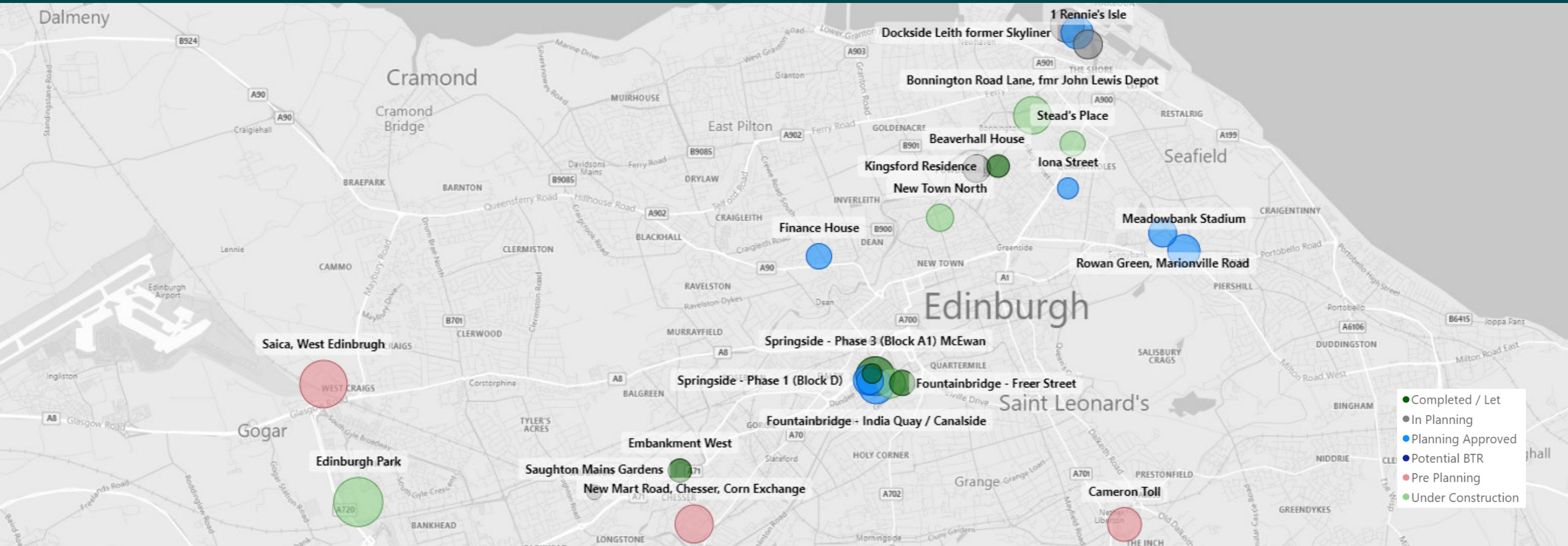
Our own experience in the sector bears this out, with application numbers for new rental releases massively outstripping supply. As we shall see in this report, whilst there are challenges for the sector, the underlying fundamentals are continuing to see BTR development continue in the Capital.



Gillian Mclees  
Director of BTR



# Edinburgh Pipeline



Meadowbank  
ECC/Graham&Miller  
259 Units



Edinburgh Park  
Parabola  
905 Units



Dockside  
Goodstone Living  
253 Units



The McEwan  
MODA  
461 Units



Lochrin Quay  
Aberdeen Standard  
113 Units



Freer Street  
Vastint  
189 Units



Stead's Place  
Drum  
110 Units



Iona Street  
Watkin Jones  
60 Units



Embankment  
Spindlehawk Ltd.  
85 Units



Saughton  
Manbay Homes  
31 Units



Ocean Point  
S Harrison  
120 Unit



Kingsford Residence  
Kingsford  
75 Units



Bonnington  
PLATFORM\_  
414 Units



India Quay  
Edinburgh Living  
323 Units



New Town North  
Ediston  
144 Units



New Mart Road  
Watkin Jones  
434 Units



Beaverhall House  
HUB  
205 Units



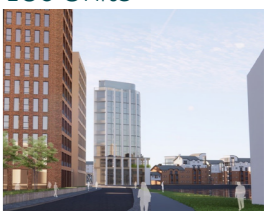
Ocean Terminal  
Ambassador  
540 Units



Rowan Green  
Dandara  
162 Units



Rennie's Isle  
VRS / Union Property  
180 Units



# Edinburgh BTR Pipeline

Edinburgh's BTR operational and pipeline is now 6,735 units, which is a small fall on previous figures and represents the first fall over the past decade. This decline in pipeline has been the result of some schemes moving from BTR to PBSA. While this is not the first time schemes have changed plans, the current investment landscape means that new schemes have not offset the loss of these units. There are only 5 schemes currently operating in the city with less than 800 units in total. The McEwan by MODA remains the only BTR scheme of true scale and the combination of first mover advantage and high-quality amenity is supporting rents at the top of the Edinburgh market, with demand remaining strong.

In the Edinburgh BTR market as a whole, average advertised rents for 1 bed units are now just under £1,600pcm and £38/sqft, with two and three beds achieving £36/sqft at £2,360pcm and £3,140pcm respectively. These values place the average advertised BTR rents in the top 95th percentile of rents within the city, which is in keeping with the high quality, high service and high amenity of the first generation of BTR delivery in the city being spearheaded by MODA. The strong uptake of high amenity living is testament to both the vision of first movers into the Edinburgh BTR sector, as well as the underlying fundamentals of city, whose residents were, up until this point, being underserved by the existing rental offering. Looking ahead, the pipeline of forthcoming developments, which are now under construction, are set to diversify the product being offered within the market. This diversification is typical of more established BTR markets and will be a welcome, and essential, addition to the Edinburgh rental sector.

Fig.1 - Count of New Listings by Month (Studio to 4 Beds)

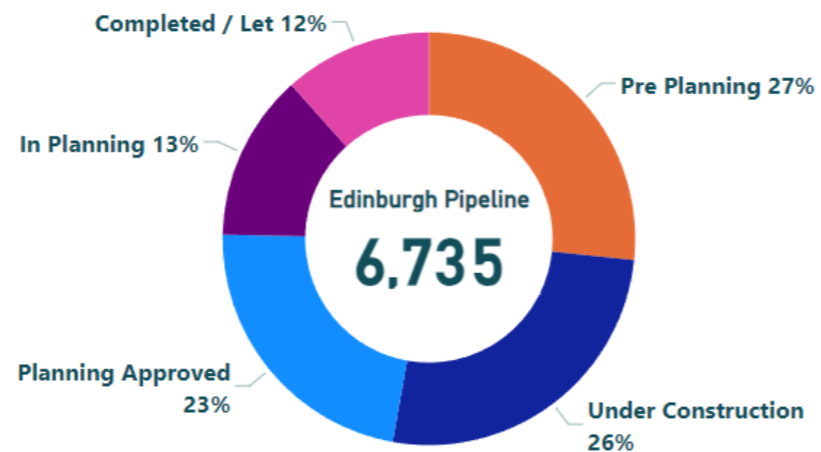


Fig.2 - Pipeline Growth in Edinburgh

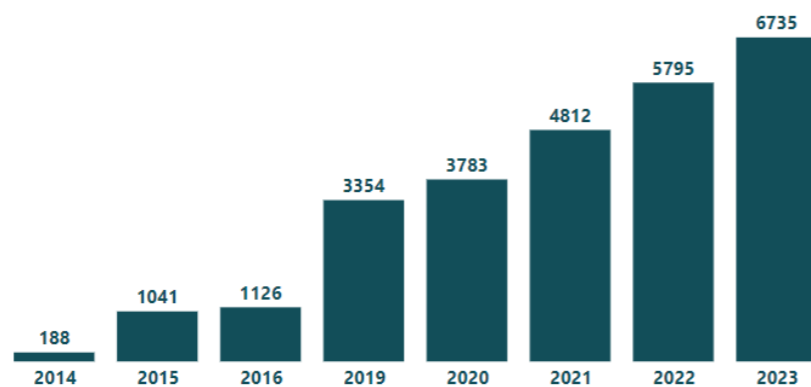


Fig.3 - Average Advertised BTR Rent and £/sqft in Edinburgh



# Edinburgh BTR Sector

The scheme formerly known as the development Skyliner has now broken ground under the new name of Dockside. Having replanned for 338 units and secured £67m debt financing with Natwest, Goodstone Living and McAleer & Rushe are now developing in Leith. With plans for the redevelopment of Ocean Terminal, the adjoining CALA residential development, and newly opened tramline, this BTR scheme will complete this corner of Leith Docks.



[www.goodstoneliving.com](http://www.goodstoneliving.com)

Also in Edinburgh, construction of PLATFORM\_ and Heimstaden Bostad AB's scheme in Bonnington is also well underway, with a 2024 launch date. The scheme will comprise 464 homes in total, just off the Water of Leith, and will include residents' terrace, lounge, gym and concierge.



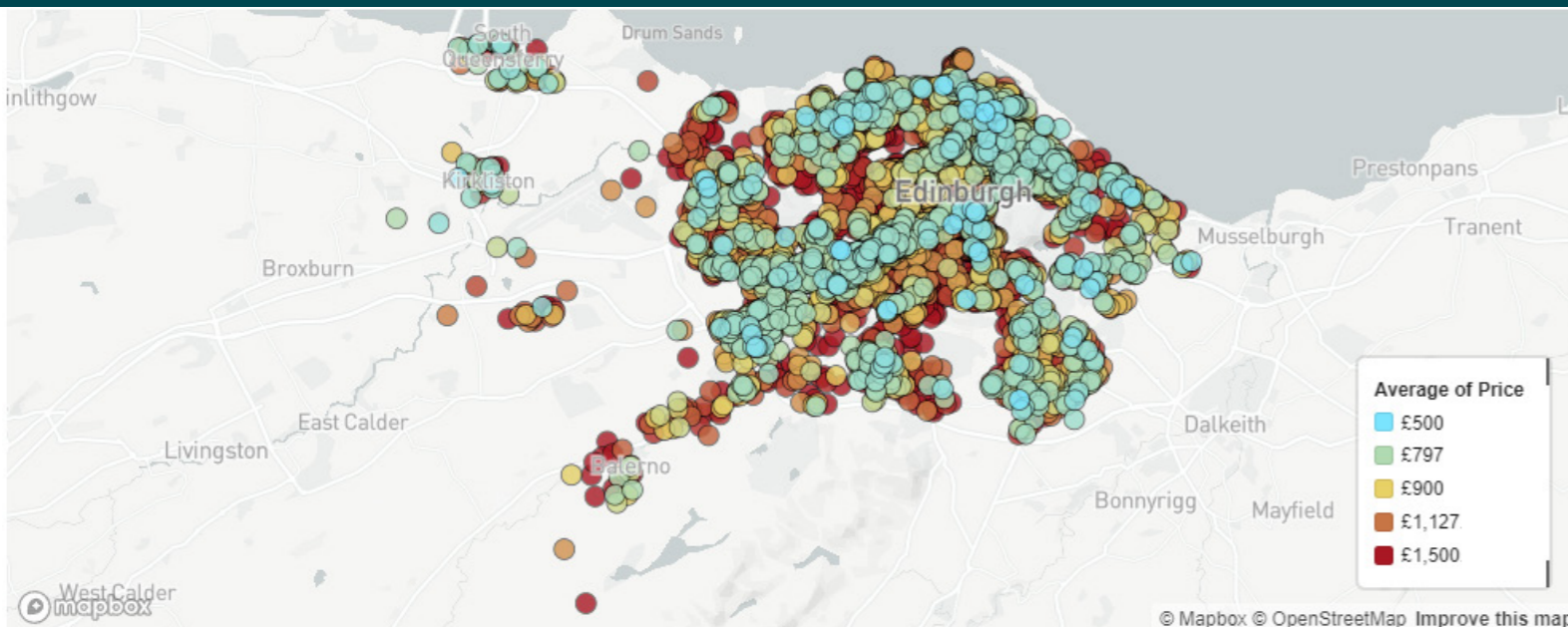
[www.platform-edinburgh.co.uk/](http://www.platform-edinburgh.co.uk/)

The long anticipated, and much discussed, redevelopment of the RBS site on Dundas Street in Edinburgh's New Town, is also seeing progress on site. While currently a rather sizeable hole in the New Town, the mixed-use New Town Quarter will deliver, 83,428sqft of Grade A office space, prime residential units for sale and rental, 50,000sqft of amenity and civic space, 4.4 acres of parkland.



[www.newtownquarter.co.uk/](http://www.newtownquarter.co.uk/)

# Edinburgh Rental Market



The rental market in Edinburgh has been characterised by falling supply and rising rents in recent years. In Q2 2023, the average advertised rent in Edinburgh is now approaching £1,600pcm, having risen from around £1,400pcm in the first quarter of the year. This is up on the £1,200pcm to £1,300pcm

that had been typical in previous periods. Current challenges in the sales and mortgage markets are likely to drive demand in the rental sector over the short to mid-term depending on the direction of macro-economic factors. With regulation, taxation and lending all impacting the private rental sector,

and individual investor's ability, and appetite, for investments, the trend of falling supply in the wider PRS has little hope for reversal. This is likely to support average rents in the city. The current rent cap and Government ambitions for rent control may further exacerbate this supply issue.

Fig.4 - Count of New Listings by Month (Studio to 4 Beds)

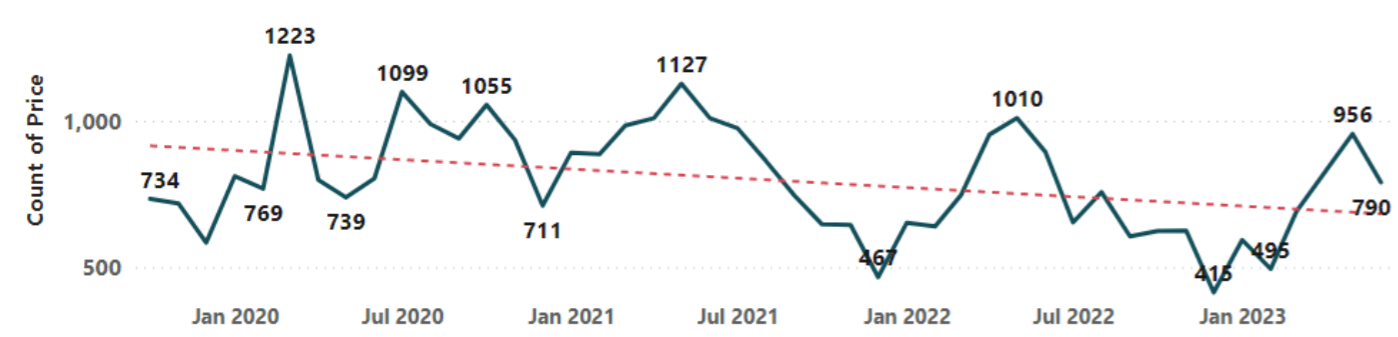
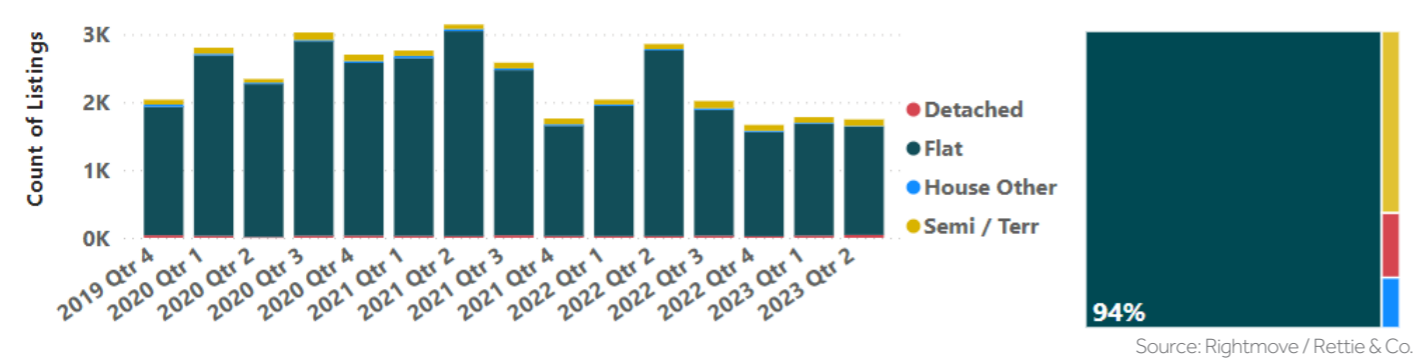


Fig.5 - Count of New Listings by Quarter by House Type (Studio to 4 Beds)



# Edinburgh Rental Market

Fig.6- Average Advertised Rent by Month (Studio to 4 Beds)



Fig.7- Count and distribution of rents by House Type (Studio to 4 Beds)

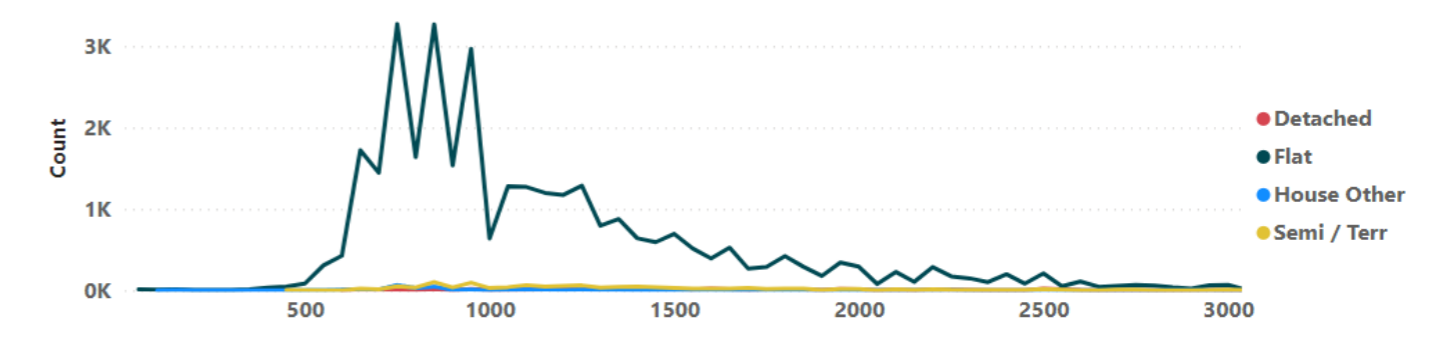


Fig.8 - Count and distribution of rents by Beds (Studio to 4 Beds)

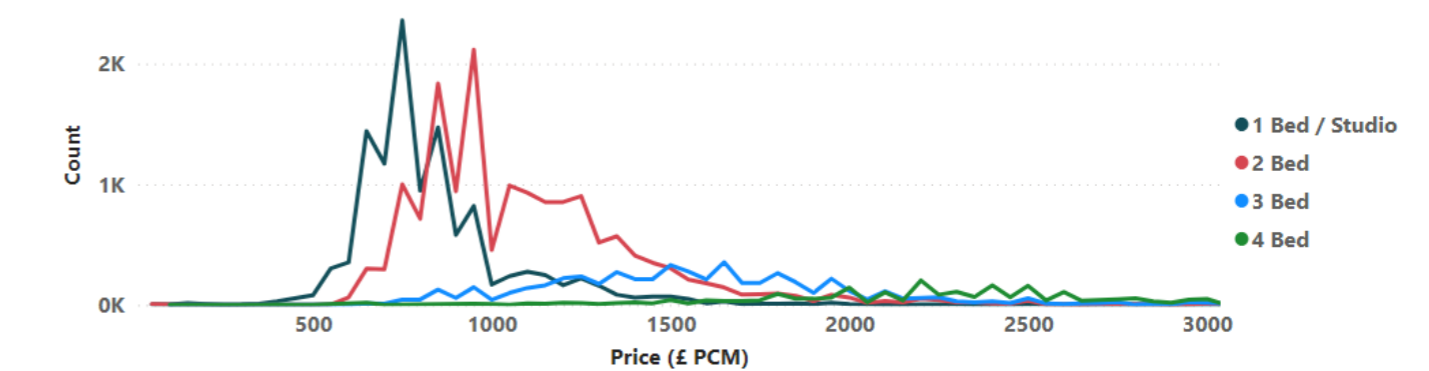
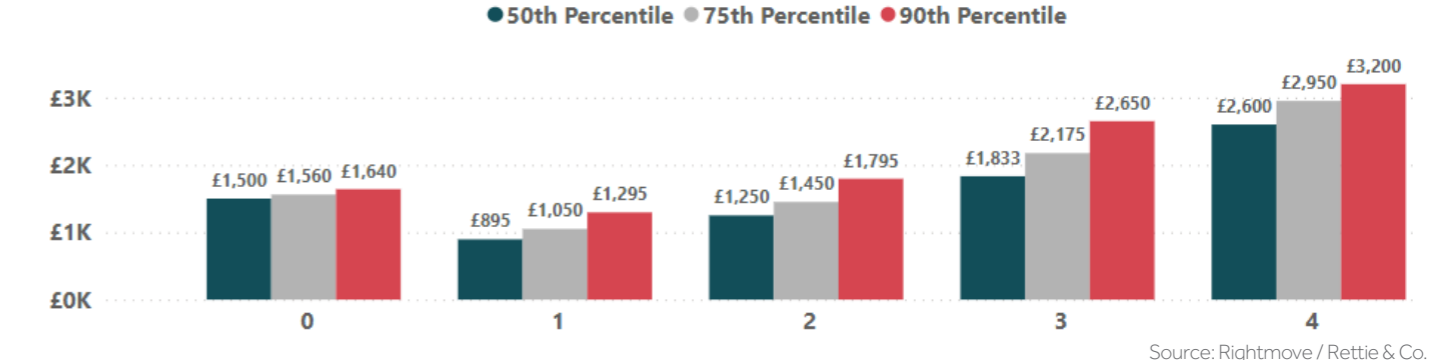


Fig.9 - Percentile Rents by Beds - Past 12 Months (Studio to 4 Beds)



# BTR Services

## Management & Operations

Our Build to Rent (BTR) team is at the heart of the private rented sector in Scotland, with almost £1bn in assets under management. We provide a comprehensive range of BTR services and have the research expertise, experience and network to make Build to Rent work north of the border.



## Consultancy & Research

Our Consultancy & Research team is the largest in the Scottish Private Sector and provides a broad range of services to both private and public sector clients. Covering all parts of the Scottish residential market, the team provides clients with in-depth, reliable and up-to-date information that enables evidence-based decision making.

## Land & Development

Our Land & Development team advises on land and property development projects, on residential investments and Build to Rent. We cover residential, nonresidential and mixed-use development sites and advise on every stage of the project cycle, from early appraisals and funding through to site disposals.

## Lettings & New Homes

In addition to our development services Rettie & Co. is a multidisciplinary Scottish property company with specialties in sales, new homes sales and lettings. This position, and market exposure, provides Rettie & Co. with a unique insight into the residential property sector in Scotland.

## Structured Finance

Our Structured Finance team provides innovative funding solutions for both private and public sector developments. We are expert in all project stages including: initial financial modelling; JV/contract structuring; sourcing and securing short- or long-term funding; legal negotiations; public sector procurement; and asset management and rental.

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