



Rental Rebound

"There was widespread uncertainty in the rental sector and among our clients as lockdown was introduced as fears over lease abandonment, the short-term rental market and the potential for extended voids all came in to sharp focus.

By keeping in close communication with our both our landlords and tenants, we have been able to avoid unexpected outcomes and mitigate many of the potential downsides of lockdown across our portfolio."



Karen Turner
Director of Lettings
0131 622 4160
karen.turner@rettie.co.uk

Key Findings

- Average rents in Edinburgh have marginally fallen by -1% year-on-year in Q3 2020, while under supply in Glasgow has supported +5% year-on-year rental growth.
- The average time taken to rent a property has increased as a result of the lockdown to 41 days across Scotland based on Citylets data.
- Rental stock levels have recovered in Edinburgh post lockdown but remain down in Glasgow, which has not seen the same level of stock moving from the short-term rental sector.

Lettings in the time of Covid

The Scottish rental market has experienced a period of strong growth with demand for rental properties, especially in core urban markets, supporting annual growth in average rents of between 3% and 5% over the past 10 years. In Edinburgh, the average advertised rent in the city is now £1,139pcm with the average rent in Glasgow now above £840pcm. This growth has seen advertised rents increase in Glasgow by over 40% in the past decade and in Edinburgh by over 50%. Both these cities have outperformed national Scottish growth, which has increased around a third in the past ten years. In contrast, Aberdeen has seen rents fall by -28% in the past 5 years since the shift in the oil market. The strong growth in rental demand and, in turn, average rents, started in around 2013 and persisted into 2019.

More recently, rental growth has slowed, averaging 2.8% per year in Edinburgh over the past 3 years and 4.0% in Glasgow. Dundee over this period has returned a 4.6% compound annual growth rate.

Over 2019 and into 2020, rents have flattened with the pandemic seeing a stalling in market activity. During the lockdown, stock levels in Edinburgh fell by around -42% year-on-year before recovering in the weeks after the restrictions were lifted. A spike of supply later in the year has seen the cumulative supply up 11% on the same period last year. In Glasgow, stock levels were down around -46% during the pandemic and have been slower to recover, still remaining -14% below last year's levels. This reduced stock supply in Glasgow has seen upward pressure on rents in the weeks following lockdown, while in

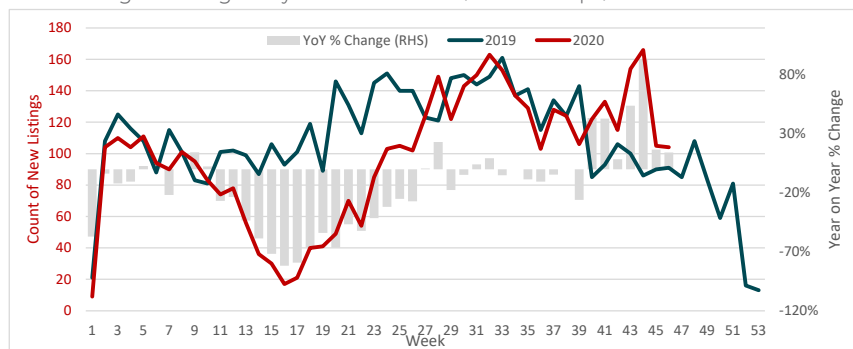
Edinburgh average rents remain broadly in the line with rents at this time last year.

The short-term rental market has been most acutely impacted, with listings on the likes of Airbnb falling to around 5,500 in Edinburgh during Spring. In August in Edinburgh, when there would typically be over 14,000 listings for the Festival, the figures were less than half this level, showing the scale of the retreat in this market. While some landlords have waited and kept listings active, many have decided to pre-empt the regulation of the sector and place their properties in management for long-term lets or on the sales market.

Looking ahead, rental demand remains strong as flexibility and lifestyle factors in urban markets continue to drive demand.

Fig.1 Rental supply in Glasgow has remained below 2019 levels

New Listings in Glasgow by Week and Year (1&2 Bed Apt)

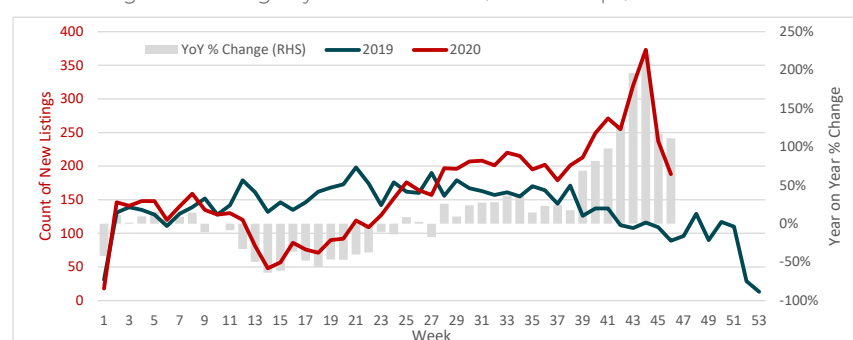


-14%

Year-on-year change in rental supply in Glasgow in 2020

Fig.2 Edinburgh has seen available rental stock return to pre-lockdown levels

New Listings in Edinburgh by Week and Year (1&2 Bed Apt)

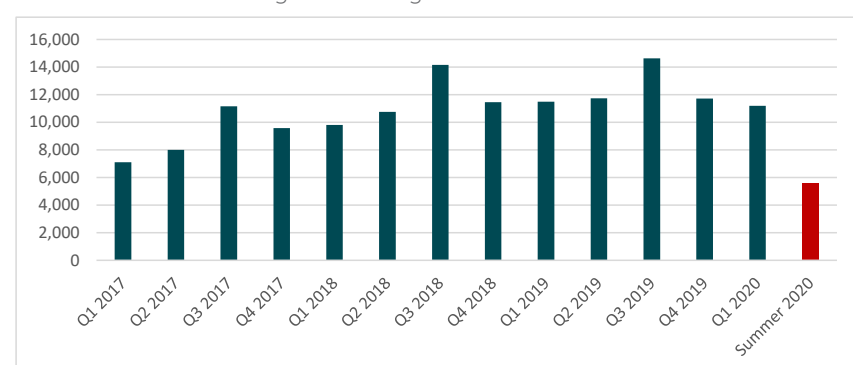


+11%

Year-on-year change in rental supply in Edinburgh in 2020

Fig.3 The supply of short term lets has fallen dramatically in 2020

Short Term Rental Listings in Edinburgh



-52%

Year-on-year change in Short Term Rentals supply in Edinburgh in Summer 2020

Fig.4 Average house prices in Edinburgh are around the same level as the same time last year

Average Rent by City

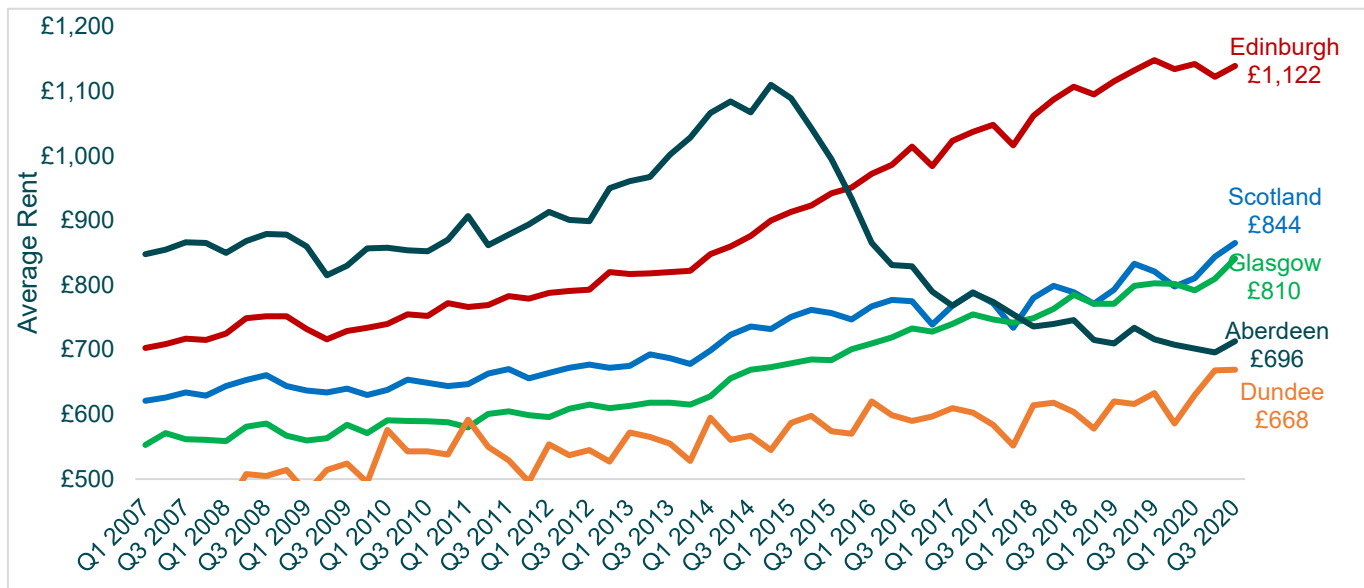


Fig.5 Edinburgh has led rental growth rates

Compound Annual Growth Rate by City

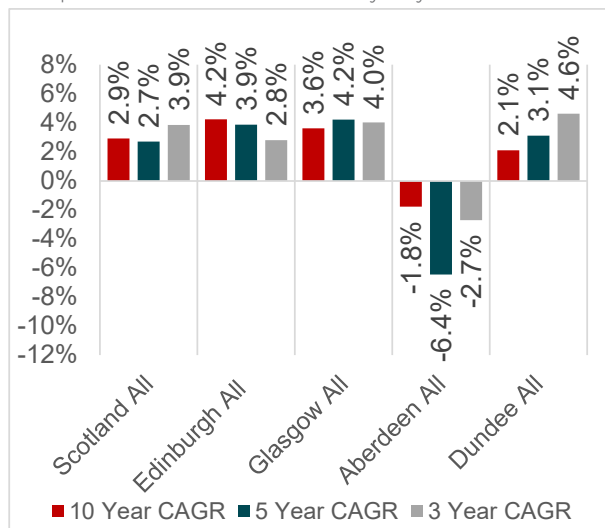


Fig.6 Edinburgh has led rental growth rates

Nominal Percentage Change by City

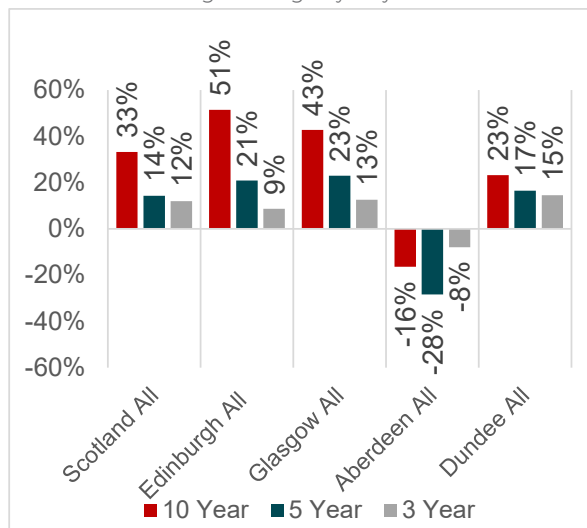
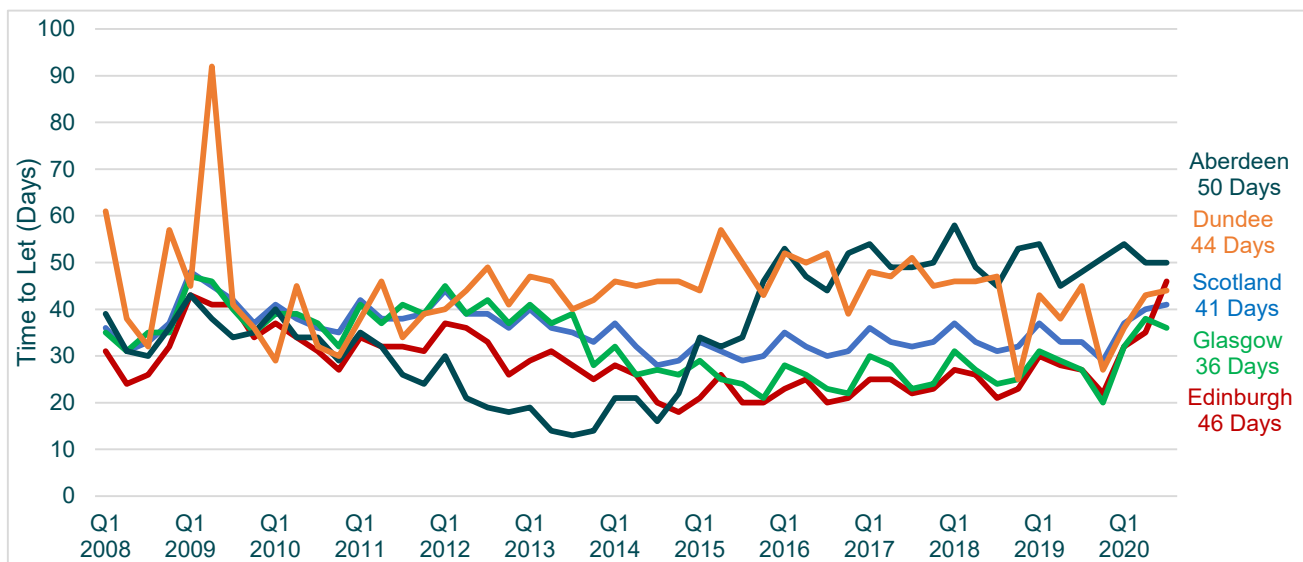
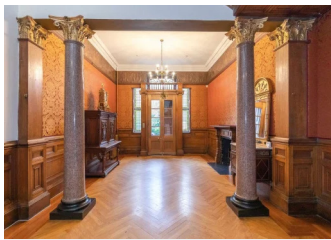


Fig.7 Time to Let has risen during the pandemic

Time to Let by Quarter and City



Properties to Let



Eglinton Crescent
West End, Edinburgh, EH12
£4,800 pcm
6 Bed Townhouse



Simpson Loan
Quartermile, Edinburgh, EH3
£1,900 pcm
2 Bed Apartment



Chester Street
West End, Edinburgh, EH3
£1,995 pcm
3 Bed Apartment



Rothesay Terrace
Edinburgh, EH3
£1,700 pcm
3 Bed Apartment



East Claremont Street
Edinburgh, EH7
£1,950 pcm
4 Bed Apartment



Circus Lane
Stockbridge, Edinburgh, EH3
£1,400 pcm
2 Bed Apartment



Donaldsons Drive
West Coates, Edinburgh, EH12
£2,250 pcm
2 Bed Apartment



West Ferryfield
Inverleith, Edinburgh, EH5
£900 pcm
2 Bed Apartment



Gladstone Gait
Bonnyrigg, EH19
£1,750 pcm
4 Bed House



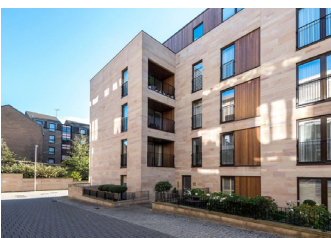
Howe Street,
Edinburgh, EH3
£1,700 pcm
2 Bed Apartment



Ledcameroch Road
Bearsden, Glasgow, G61
£3,500 pcm
4 Bed House



Queensborough Gardens
Hyndlands, Glasgow, G12
£1,495 pcm
3 Bed Apartment



Wallace Gardens
Murrayfield, EH12
£1,400 pcm
2 Bed Apartment



Park Quadrant
Park, Glasgow, G3
£1,695 pcm
2 Bed Apartment



Woodside Crescent
Park, Glasgow G3
£675 pcm
1 Bed Apartment



Dunbar Court,
Gleneagles Village, PH3
£900 pcm
2 Bed Apartment

Your Local Team



Karen Turner
Director of Lettings
0131 622 4160
karen.turner@rettie.co.uk



Hugh Rettie
Letting & Investment Valuer
0131 202 6286
hugh.rettie@rettie.co.uk



Ros Mills
New Business Manager
0131 622 4160
ros.mills@rettie.co.uk



Victoria Sanderson
Letting Manager Edinburgh
0141 622 4160
victoria.sanderson@rettie.co.uk



Grace Reilly
Letting Manager Glasgow
0141 223 7887
grace.reilly@rettie.co.uk



Vanessa Rettie
Short Lets Manager
0131 221 1646
vanessa.rettie@rettieshortlets.co.uk