

Headlines

Buy to Let mortgage rates rising

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Airbnb bookings and stock rise sharply

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Many Scottish tenants don't understand deposits

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Key Findings

The August base rate rise is now feeding through to BTL lending rates with increases on BTL products.

A study has found Airbnb bookings in Edinburgh jumped 70% in 2017.

A poll by SafeDeposit Scotland found over a quarter of respondents didn't know their deposit was protected by a Government backed scheme.

Themes & Trend Analysis

Property Master mortgage tracker shows monthly jump in BTL mortgage costs

The Property Master mortgage tracker follows a range of Buy to Let mortgages for an interest only loan of £150,000. Rates for new Buy to Let mortgages have moved upwards as August change to the base rate has taken effect. Average Standard Variable rates saw the cost of an interest only loan of £150k jump 2.8% from £603 per month to £620 per month.

Airbnb continues to rise while discussion on reform mount

A report by commercial agency Colliers and Hotelschool The Hague have found that, in 2017, Airbnb bookings jumped by 70% compared to the previous year. This jump meant that 20% of overnight stays in Edinburgh were through the platform. Our own monitoring of properties listed in Edinburgh has shown a c.30% increase in stock in 2018 compared to 2017.

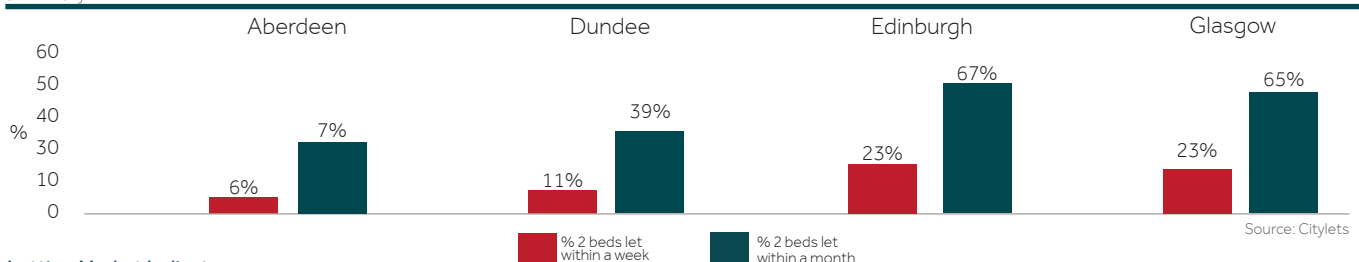
A survey of 4,500 tenants found over 1/3rd of tenants did not know how to claim back their deposit

In the largest survey of its kind, SafeDeposit Scotland surveyed 4,500 tenants about their knowledge of deposits. In the findings, 26.8% didn't know the scheme was Government backed, 36.4% didn't know how to claim back deposits and 55.8% weren't aware if they want to challenge the landlord's deductions there was a free adjudication service. With the Scottish Household Survey reporting that c.280k households are in the PRS and the average deposit protected by SafeDeposit Scotland being £723, this totals over £200m in held deposits.

Lettings Market Statistics

Area	Average Rents								Average Time to Let							
	Two-Bed Property				Three-Bed Property				Two-Bed Property				Three-Bed Property			
	2017 Q2	2018 Q2	Y-onYΔ	Y-onYΔ(%)	2017 Q2	2018 Q2	Y-onYΔ	Y-onYΔ(%)	2017 Q2	2018 Q2	Y-onYΔ	Y-onYΔ(%)	2017 Q2	2018 Q2	Y-onYΔ	Y-onYΔ(%)
Aberdeen	£724	£688	-36	-5.0%	£1,082	£1,012	-70	-6.5%	49	53	4	8.2%	40	45	5	12.5%
Edinburgh	£950	£986	36	3.8%	£1,350	£1,417	67	5.0%	26	28	2	7.7%	28	26	-2	-7.1%
Dundee	£575	£587	12	2.1%	£783	£810	27	3.4%	41	45	4	9.8%	57	45	-12	-21.1%
Glasgow	£766	£768	2	0.3%	£1,070	£1,088	18	1.7%	29	28	-1	-3.4%	29	29	0	0.0%

Source: Citylets



Letting Market Indicators

	Mortgage Rates (BoE)						
	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	
2 Year Fixed (75% LTV)	1.53%	1.70%	1.74%	1.73%	1.73%	1.75%	
5 Year Fixed (75% LTV)	2.02%	2.02%	2.06%	2.03%	2.05%	2.04%	
Standard Variable Rate	4.14%	4.18%	4.16%	4.06%	4.10%	4.33%	

Source: BoE

	Interest Rates (BoE)						
	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	
Official Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.74%	

Source: BoE

	Mortgage Rates (BoE)				
	Mar-18	Apr-18	May-18	Jun-18	Jul-18
BTL Loans	5,500	5,000	5,500	5,400	5,500
BTL Value (£m)	£800	£700	£700	£700	£800

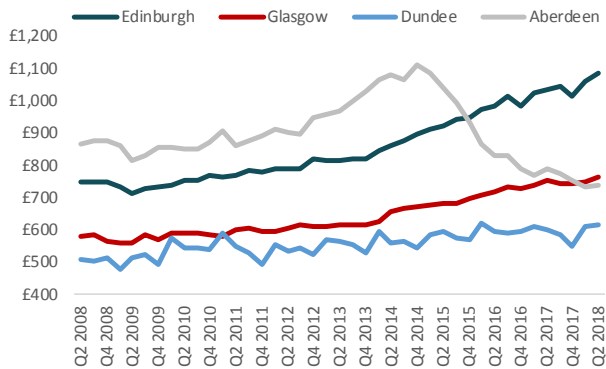
	Year	Complex Buy-to-Let Index			
		Q1	Q2	Q3	Q4
Loan to Value	2018	66%	-	-	-
	2017	68%	69%	69%	67%
	2016	67%	69%	67%	67%
Yield	2018	5.6%	-	-	-
	2017	5.7%	5.5%	5.5%	5.6%
	2016	5.8%	5.8%	5.6%	5.5%

Source: Mortgage for Business

Rental growth continues in the main cities

Average rents in all four major Scottish cities have continued to rise. Edinburgh led the pack with a 2.4% quarter on quarter increase, with the average rent now £1,087pcm. Glasgow came in second with a 1.9% rise then Dundee (0.7%) followed by Aberdeen reporting a 0.5% quarterly increase.

Average Rents by City

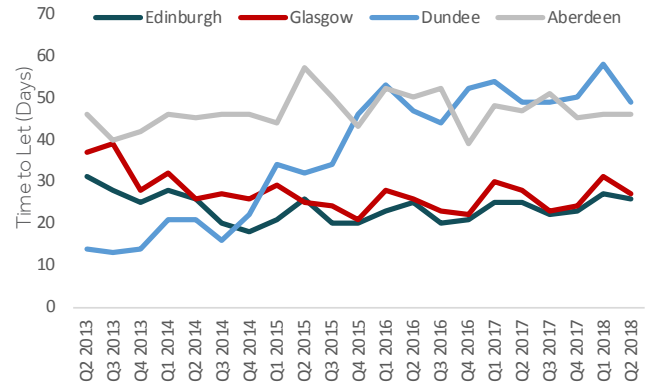


Source: Citylets

Time to Let time remains stable

Having seen fluctuations over the past few years the average time to let within Scotland's major cities continues to remain stable. Edinburgh and Glasgow are typically fluctuating in the 25-30 day range with Dundee and Aberdeen in the 45-50 day range over the course of 2017/18.

Average Time to Let by City

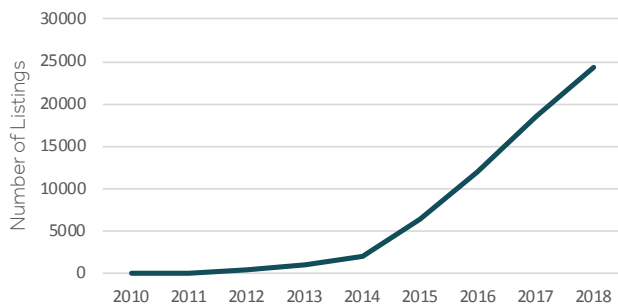


Source: Citylets

Airbnb continues to expand in Edinburgh

Airbnb has become an increasingly hot topic in Edinburgh in recent years, with the number of properties finding their way into the sector increasing every year, and causing a number of social issues in locations where the concentrations are highest.

Number of Airbnb Listings in Edinburgh

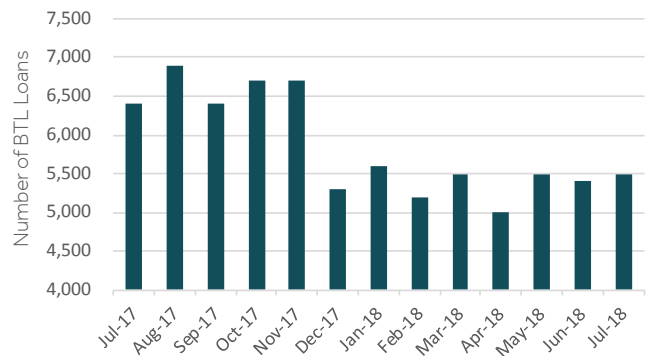


Source: AirDNA

BTL sector remains suppressed

Changes to the BTL sector continue to keep the market suppressed, with UK lending down 11% on the previous year, which was itself some 46% down on lending levels in July 2015 before changes to the sector bit. With a lack of new BTL market entrants and rental demand staying strong, while institutional BTR is still in the pipeline, pressure on the rental sector is likely to continue.

Number of BTL Loans by Month



Source: Mortgages for Business

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If you are considering letting a property or looking for advice from the people with the facts, then please contact us.



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