

SCOTLAND - BUY-TO-LET INDEX

May 2017 data, June 2017 report

Scotland rental market pauses for breath pre-election



Fast Facts

- Average Scottish rent dropped back ahead of general election
- Prices fell 2.3% between April and May but are up versus 2016
- Typical Scottish rental property let for £561 per month
- Investors continue to enjoy strong yields



Quick Quotes

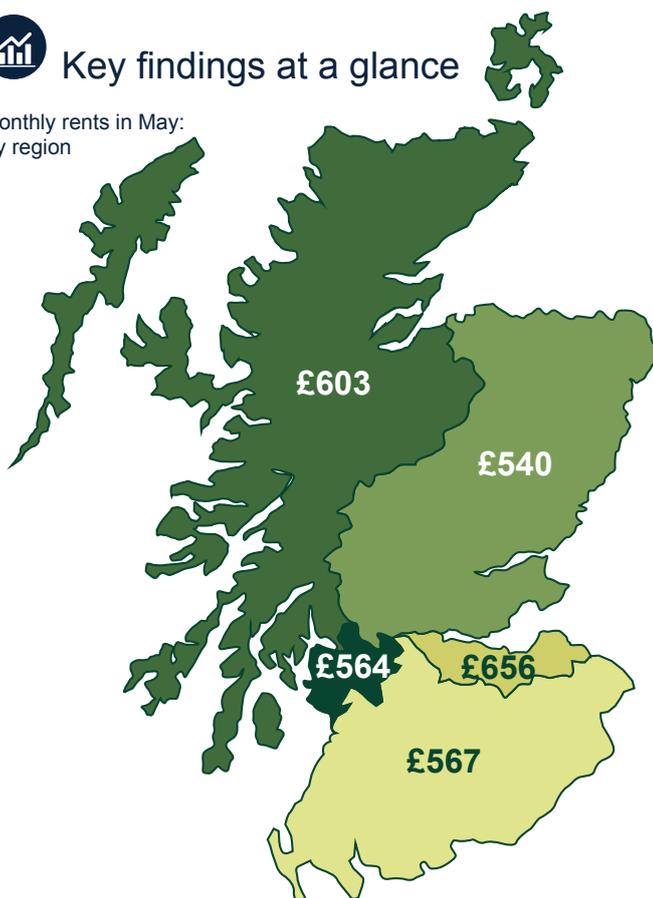
Brian Moran, Lettings Director, Your Move Scotland comments:

- “With the general election taking centre stage throughout May, it should come as no surprise that rents ticked down from their previous level.”
- “Prices in most areas remain above where they were a year ago, with growth coming across a number of areas.”
- “Tenants are drifting towards city centre living or completely rural life as it was these areas which saw the most interest during May.”
- “The Highlands and Islands saw prices rise sharply compared to last month while in the South rents are 8.8% more than a year ago.”



Key findings at a glance

Monthly rents in May:
By region



Key insights about the data

- The Scottish rental market paused for breath during May with prices ticking down ahead of the UK general election, Your Move Scotland found.
- The average rent stood at £561 by the end of the month - little over a week before the country went to the polls. This is 2.3% down on April's figure but is 2.2% higher than was found in May 2016.
- Prices in major city centres continued to perform strongly, as have rural areas such as the Highlands and South of Scotland - which prove highly attractive to people relocating.

Mixed month for Scottish rents

- It was a mixed picture across Scotland this month. With the general election imminent the recent growth in the market came to an end, Your Move Scotland found.
- The average rent was £561 this month, 2.3% lower than a month ago but still 2.2% up on the £549 recorded in May 2016.
- On a regional basis the trend towards both city centres and rural areas continued, with small towns and city suburbs seeing price growth slow.
- Four of the five regions surveyed saw rents increase in the last year, led by the South of Scotland where rents increased by 8.8% in the last 12 months. The other regions to post increases in the last 12 months were the East of Scotland (3.3% growth year-on-year), Highlands and Islands (3.2% up) and the Edinburgh and Lothians region (2.6%). The Glasgow and Clyde region was the only to post a fall in prices year-on-year, dropping back 0.3% compared to May 2016.
- On a monthly basis the same pattern was repeated as only Glasgow and Clyde saw a decline in average rent. Prices here fell 1% between April and May, to stand at £564 per month.
- The Highlands and Islands saw the biggest monthly increase with prices leaping 1.2% to reach an average of £603. This figure was buoyed by more people looking to move into rural areas.
- Edinburgh and Lothians continues to have the highest rents in Scotland. Prices in the capital city and wider region rose by 0.1% month-on-month to hit £656.

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Key insights about the data

Strong returns for landlords

- Despite the overall fall in rents property investors and landlords continue to see high yields on returns on their properties, Your Move Scotland found.
- The average yield this month was 4.9%. This is exactly the same rate as a year ago but fractionally down on the 5% recorded last month.
- The high yields offered by properties in Scotland compare strongly to property investment in other parts of the UK. Landlords in Scotland saw much better returns than the typical investor in England and Wales, where the average yield in May was 4.4%.
- Only landlords with properties in the North East and North West regions of England enjoyed higher or equal returns – 5.2% and 5% respectively – this month.

Tenant finances deteriorate slightly

- Across all areas of Scotland 12.3% of tenancies had arrears of one day or more during May 2017, Your Move Scotland found.
- This is slightly higher than the 11.3% recorded in April, suggesting tenant finances have deteriorated slightly this month.
- 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 9.6% 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.

Links, Downloads & Images

For more information, images, downloads including the full report, visit :

<https://www.your-move.co.uk/media-centre>

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