

SCOTLAND - BUY-TO-LET INDEX

January 2017 data, February 2017 report

Scotland rental market starts 2017 on a high



Fast Facts

- Positive start to 2017 for Scottish rental market
- Average property in Scotland now lets for £571 per month
- East of Scotland including Fife, Dundee and Perthshire remains cheapest place to rent
- Yield levels remain relatively consistent
- Edinburgh and the Lothians see the strongest growth in the last 12 months



Quick Quotes

Brian Moran, Lettings Director, Your Move Scotland comments:

- "It was a strong start to the new year for many landlords across Scotland as rents continued to perform well."
- "Edinburgh and Lothians is the best performing region with prices growing faster than anywhere else in Scotland."
- "Despite new government rules which cut tax relief on buy-to-let properties making business more complicated for landlords, yield levels have remained strong in the past 12 months."
- "Yields are exactly the same as a year ago and suggests the Scottish rental market continues to attract quality investment into its housing stock."



Key insights about the data

- It was a bullish start to the year for the Scottish rental market with growth across many regions compared to the same point in 2016. The average property in the nation now lets for £571 per calendar month, Your Move Scotland found – up 4% on the £548 recorded a year ago.
- On a regional basis, Edinburgh and the Lothians was the area with the highest rents and has also seen the strongest growth in the last 12 months.

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

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

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Edinburgh outperforms all other areas

- The Edinburgh and Lothians region dominated the Scottish rental scene once again this month. Prices in the capital and surrounding areas grew faster than any other part of the country in the last year, Your Move Scotland found.
- Prices in this region increased by 3.3% in the last 12 months to reach £648 in January 2017. However they were absolutely flat month-on-month.
- The next highest rents were to be found in the Highlands and Islands region. While rents in this area stood at £584 in January, they are 4.3% lower than a year ago – the biggest faller during that period. However, they did grow 0.6% between December and January.
- The only other region to post a year-on-year fall was Glasgow and Clyde where prices have ticked down 0.9% since January 2016. Properties in this region now rent for an average of £566.
- The cheapest place to rent continued to be the East of Scotland. Properties in this area now let for £533 per month, 1.3% higher than a year ago and up 0.4% month-on-month.
- Finally, in the South of Scotland, rents grew by 2.7% in the year to January. Properties in this region are now on the market for an average of £555 a month.
- Across the whole of Scotland the average rent stood at £571 in January 2017, this compares to £573 last month. A year ago the average rent in Scotland was £548.

Remarkable stability for investors

- Despite 2016 containing changes to the tax system for buy-to-let landlords, the UK's vote to leave the European Union and general economic uncertainty yield levels remained steady over the year.
- In January 2017 the average yield was 4.9%, Your Move Scotland found. This is exactly the same as in both January 2016 and the previous month.
- This yield also compares strongly to property investment in other parts of the UK. Landlords in Scotland continue to see much better returns than the average investor in England and Wales, where the average yield in January stood at 4.6%.
- Only landlords in the North East and North West regions of England enjoyed better returns – 5.3% and 5% respectively – this month.

Arrears levels remain flat

- Tenant arrears increased slightly following the Christmas period, Your Move Scotland found. Across all of Scotland some 11.75% of tenancies had arrears of one day or more during January 2017. This is higher than the 10.8% rate recorded in November 2016.
- Scotland's arrears rate for this month remains above the level found in England and Wales. Across those two nations the average rate of arrears was 9.1% during January.
- On an absolute basis, the number of Scottish households in serious arrears – defined as two months or more – was 10,413 in January 2017.