

Edinburgh rental market still strong

✘ Would-be homeowners struggling to purchase their first properties have contributed to a new boost in Scotland's rental market, according to the country's leading lettings portal.

Citylets has revealed that, while Scotland's property sales market continues to struggle, the rental sector is performing strongly – with rents continuing to rise across the country and properties being leased to tenants quicker than at any other time in the last three years.

According to the latest Citylets quarterly data report, which claims to be Scotland's most comprehensive rent guide, the average rental price in Scotland has risen by 2.2% over the past year to £644. The figures also show that the average time taken for properties to let in Scotland has fallen to 35 days – the lowest it has been since the height of the credit crunch in 2008, when there was a surge of demand for rental property.

And in Edinburgh, rents are now at their highest-ever levels with the mix-adjusted price for all property being £772 up 5% on the previous year.

The average rental price for a 2 bed property currently stands at £704 (up 5.5% on 2009 levels), while the average rent for 3-bed properties has risen by 9.8% over the past 12 months to £1054.

Dan Cookson, senior analyst at Citylets, said that the figures showed that the private rental sector in Scotland was booming as people across the country choose to forgo the ongoing problems that are currently being experienced in the country's property sales market.

He added: "There is still strong demand for rented accommodation in Scotland, and this is being shown in the fact that rents are continuing to rise and properties are being let out more quickly.

"The average time-to-let figure is now the lowest it has been since the middle of 2008, when Scotland was experiencing the worst of the credit crunch, and rents are performing well across the three biggest cities. In Edinburgh this growth has been especially impressive, as the average rents are now higher than they have ever been in the Capital.

"One of the main reasons for this continued growth is the fact that many would-be property buyers are continuing to find it difficult to purchase their first home. Tighter lending and higher deposit requirements remain a huge problem for many people who cannot secure the necessary funds to purchase a property, so they are choosing to rent until they can make the step onto the ladder.

"However, these tighter mortgage restrictions have also meant that fewer investors have entered the market, so there is a limited supply of properties to match demand. This means that tenants are now in greater competition for rented accommodation – which in turn has driven up rents and has led to properties being rented more quickly than before."

"It is interesting to note that in both Glasgow and Edinburgh the larger properties have seen the strongest growth. 3-bed properties rose by 9.8% in Edinburgh and 6.9% in Glasgow. This could be a function of more families considering rental as a long term option as 'owner occupation' doesn't offer the attractions of strong capital growth it once did."

www.citylets.co.uk was launched in 1999 and is the UK's No1 residential letting portal. Its quarterly Scottish reports are the country's only detailed and independent barometer of the rental market, based on over 50,000 annual lettings from more

than 400 agents. It is now a respected tool among investors, landlords and letting agencies.

The latest report, covering the Quarter 4 period between October and December 2010, shows that the average monthly rental in Scotland now stands at £644 – a rise of 2.2% on the average rent recorded in Q4 2009. In the equivalent period (Nov 2009 to Nov 2010) house prices have dropped by 2.4% according to the latest Communities and Local Government analysis published 18th January.

The report also shows that Scotland's average time to let figure – a key indicator of demand for the private rental sector – was 35 days in Q4 2010, down from a high of 41 days at the start of the year.

The best performing city in Scotland is Edinburgh, where rents have been rising across all property sizes. The average rent for a one bed flat in the city now stands at £533 – a rise of 3.3% on Q4 2009 – while the average rent for a two bed flat has risen 5.5% to £704.

In Glasgow, the average rent for a two-bed flat is now £607 – a rise of 3.9% on Q4 2009 – while the average rent for a three-bed property has risen by 6.9% to £823.

Aberdeen remains the most expensive city to rent properties in Scotland, with the average rent for a one-bed flat in the city now standing at £575 (up 5.1% from Q4 2009). The average rent for two bed properties in the city has risen by 2% to £825, while rents for 3-bed properties have fallen slightly by 1.1% to £1,094.