

Demand outstrips supply in Edinburgh's rental market

Letting professionals warn of low levels of property for let, as rents in Edinburgh hit new highs.

Scotland's private rental sector is in the grip of an unprecedented squeeze with demand outstripping supply – and the capital is being particularly hard hit.

Latest research from letting portal [Citylets](#) has revealed that the average monthly rent in Edinburgh's private rental sector rose by 9.8% to £1,191 in the last three months of 2021.

Meanwhile, the [firm's Quarterly report](#) also showed that properties were being snapped up at record speeds, with 52% of properties let within one week and 92% taking less than a month to be let.

This compared to Scotland-wide average monthly rents of £869, up 5.2% in the same quarter, with 40% of properties rented within one week and 83% secured within a month.

By postcode Edinburgh's rental hotspots for 1-bedroom properties were EH3 (Tollcross, West End, New Town, Inverleith) and EH9 (Grange, Marchmont, Newington and Blackford) where the time to let was only eight days, while for three-bedroom properties in EH3 and EH7 (Broughton, Hillside, Abbeyhill, Restalrig) the time was an average of only 10 days.

It is feared that many landlords are planning to sell up while the property sales market is buoyant, aiming to avoid a wave of greater regulation expected in the market. That will

further constrict the supply of available homes.

Thomas Ashdown, Managing Director of Citylets, revealed that the numbers of available properties being advertised was down two thirds on the same period just three years earlier.

He said: "High levels of rental activity continued to the end of 2021, sending stock levels down to record lows across Scotland. Competition for property to rent was frenzied in many locations. The average stock levels over Q4 2021 were just 32% compared to the same quarter in 2018."

Increased competition for properties of all sizes also meant rental homes were on the market for much shorter times. The Citylets report showed that Time to Let (TTL) averaged just 16-19 days across all property sizes.

In Edinburgh the TTL was just 11 days, a sharp decline from 33 days the previous year, echoing letting experts concerns around a lack of stock against a background of rent increases.

Ninety-three percent of one and two-bedroom properties in the Capital found new tenants within one month, with average rents reaching £813 (up 4.9%) for a one-bed, while two bed units achieved average rentals of £1,111, up 9.8%.

Letting agents are concerned that retaining the existing size of the Private Rented Sector (PRS) will be even more challenging, with landlords tempted to sell up. Significant changes to legislation are proposed in the Scottish Government's draft New Deal For Tenants consultation, while the tax burden on landlords is also increasing.

Callum MacGregor, New Business Director at Braemore Edinburgh, said: "It was no surprise to see tenant demand extremely high at the end of the year, with many tenants missing out on their dream property due to a severe lack of stock, as this has been the case for most of 2021.

“Despite a decent number of investors coming to market, we are still craving new landlords to meet this huge demand from potential tenants. Rents are up and the standard of tenant is superb so it’s easy to see why investors still see Edinburgh as such a strong market.”

Steven Coyle, Operations Director at Cullen Property, said: ““The demand for good quality rental property in Edinburgh has remained as strong as it has ever been with some properties generating hundreds of enquiries within 24 hrs of being marketed.

“A lack of student property supply in late summer drove demand into the one and two-bedroom markets too, impacting professional tenant type properties, and this has continued.

“Uncertainty re Covid caused most tenants to just stay put, especially if working from home. We expect this trend to continue well into 2022, exacerbated further with a possible high retention rate in the student market in spring, with tenants reluctant to let good flats go.”

The [Citylets](#) rental report was launched in 2007 and has since become a respected guide for housing professionals including social housing and public policy makers.

The report is available by clicking on the image below.

Taking Stock



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