

# Market Intelligence



## Increase in tenant demand since January 2015

Welcome to our Autumn/Winter 2015 market report, where we look at the latest lettings and sales trends in Scotland and highlight some of the country's property investment hotspots.

SCOTLAND

# LETTINGS MARKET

High levels of tenant demand coupled with low levels of supply continue to dominate the private rental market across Scotland. This helps to explain why we have seen average rents rise by 5.4% over the last year. Strong rental growth has been recorded across the country, while the average rent paid by Martin & Co tenants in northern Scotland has risen by as much as 12.7% in the past year.

## Market indicators

# 209

**PROPERTIES CURRENTLY  
MANAGED** PER BRANCH

# 1,500+

**PROPERTIES LET\***

# 8,500+

**VIEWINGS\***

# 32

**AVERAGE AGE OF A MARTIN & CO  
TENANT, RANGING FROM AN  
AVERAGE OF 24 IN GLASGOW  
TO AN AVERAGE OF 38 IN CUPAR**

# 4.2%

**INCREASE IN PROPERTIES  
INSTRUCTED TO LET BETWEEN  
JANUARY-APRIL AND  
MAY-AUGUST 2015\***

\*SOURCE: MARTIN & CO: January-August 2015

## TENANT DEMAND OUTSTRIPS RENTAL SUPPLY

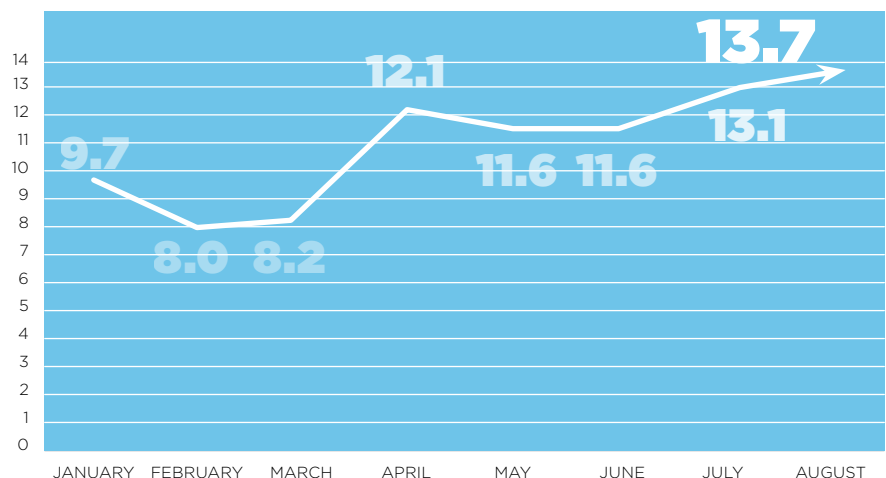
Our Scottish offices have reported a massive increase in tenant demand this year, with 77.5% more tenants registered on our books now than in January. Although we have seen a small increase in stock levels over the year, we now have a real need for good quality rental properties to meet demand from this growing number of applicants. By August we had nearly 14 tenants chasing each new property listed to rent, up from just under 10 at the start of the year.

Investor interest in the Scottish private rental sector continues to grow. Buy-to-let lending across the UK reached £8.8 billion in the second quarter, its highest level since quarter 2 of 2008. However, some concerns have been raised over the new private tenancies bill introduced to parliament on 7 October. The bill seeks to grant additional security and stability to tenants by restricting the power of landlords to end tenancies. It also protects against excessive rent rises by giving local authorities the ability to introduce rent controls if needed.

While we welcome the increased protection for tenants, these measures may deter future investment in the sector, which would have a detrimental effect on the market. We will be keeping a close eye on the impact of the bill over the coming months.

## Total applicants per available property in 2015

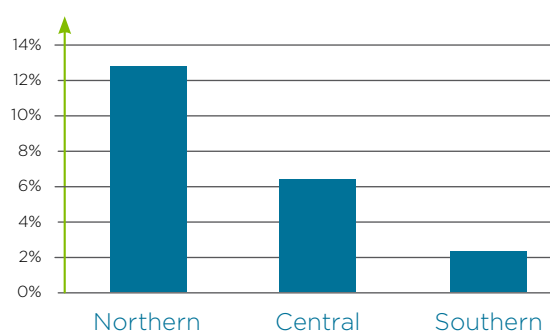
In August we had  
**13.7** tenants chasing  
each new property.



SOURCE: MARTIN & CO

## Annual change in average rents paid by Martin & Co tenants

**Q3 2014 TO Q3 2015**



SOURCE: MARTIN & CO

## Total viewings IN 2015



SOURCE: MARTIN & CO

# SALES MARKET

After a quiet start to the year, the housing market across Scotland gained momentum throughout the summer and we expect a buoyant end to 2015. Over 17,000 mortgage loans were approved in Scotland between April and June, the highest quarterly figure since quarter 1 of 2008 according to the Council of Mortgage Lenders. Transaction volumes between June and August were at their highest levels since 2007, recording a rise of 6% on the same period last year. Average sale prices also rose in August. They were 1.2% higher than a year ago, the first annual rise in prices noted by the Register of Scotland since May.

# 18%

Increase in property valuations

# 12%

Increase in new instructions

SOURCE: MARTIN AND CO (JUNE-AUGUST 2015 COMPARED TO MARCH-MAY 2015)

# £171,980

Average sales price of a property

SOURCE: REGISTER OF SCOTLAND, AUGUST 2015

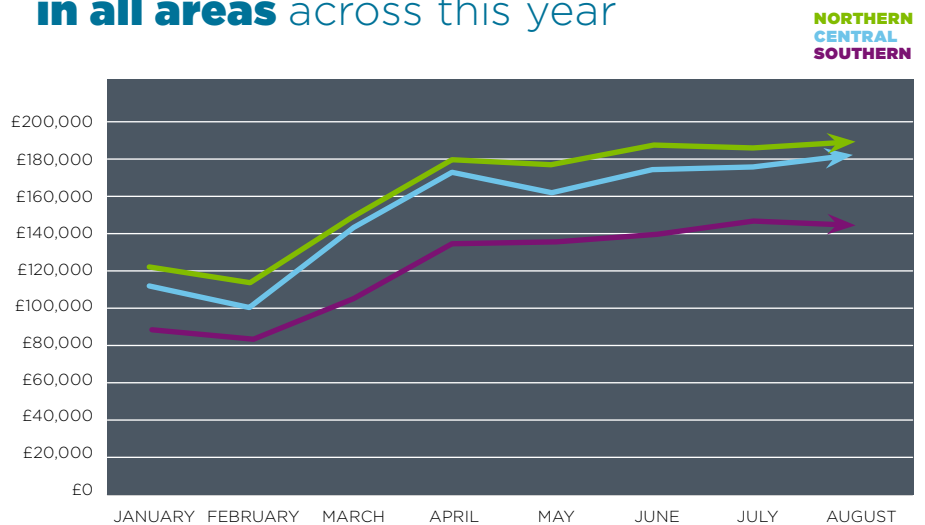
## MORE STOCK NEEDED TO MEET DEMAND

Although the new-build market is also vibrant – with more new homes started and completed in the year to March 2015 than at any time since 2008–09, and 113 major housing applications received across Scotland during 2014–15 – annual rates of construction remain well below long-term averages. However, with increased demand across the market there is still scope for more stock. At Martin & Co we have seen a 12% increase in new instructions and an 18% increase in property valuations over the summer compared to the three months previously.

## ECONOMIC INVESTMENT GOOD FOR THE HOUSING MARKET

The Scottish economy has reported continued growth over the past three years. The construction sector performed particularly well as it benefited from infrastructure investment. The opening of the £294 million (2012 prices) borders railway in September will stimulate economic investment across the borders from Scotland's property capital in Edinburgh. Proposals for a high-speed rail link – which will cut journey times to just three hours between London and Glasgow or Edinburgh – are also due to be announced early in 2016.

## Average sales prices have risen in all areas across this year



SOURCE: REGISTERS OF SCOTLAND (ROS)

# 37.9%

Increase in number of mortgage loans Q2 2015 compared to Q1 2015

SOURCE: COUNCIL OF MORTGAGE LENDERS (CML)

# £900 m

Value of loans to first-time buyers Q2 2015, equals peak of Q3 2007

SOURCE: COUNCIL OF MORTGAGE LENDERS (CML)

# WHERE TO INVEST OR BUY

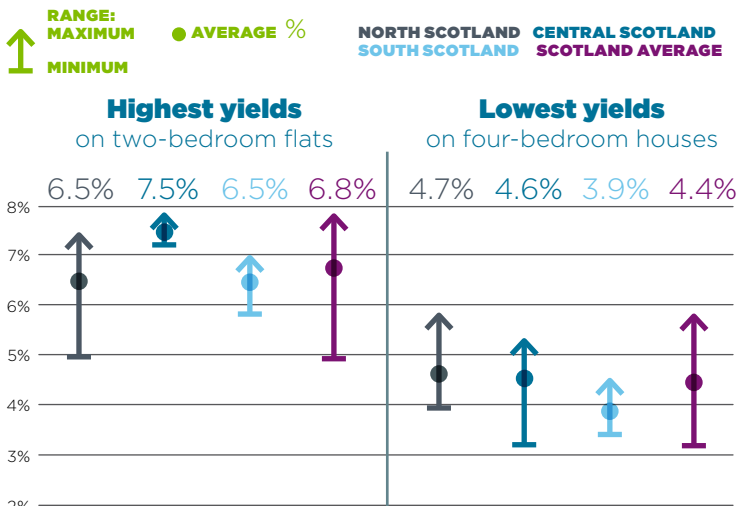
We have analysed yields from rental investments in almost 200 towns and cities covered by the Martin & Co UK-wide network. To calculate yields, we used average asking rents divided by average asking prices published on the Zoopla online database and based our analysis on two-bedroom flats and four-bedroom houses. We grouped all the towns and cities into different types, including university, seaside and tech growth. Our research reveals a significant range of yields within each group and plenty of scope for Scottish investors to look for high-yielding investments.

The highest ranked seaside location across the whole of the UK was Ayr in Scotland, with average yields for two-bedroom flats of 7.6%. Edinburgh came fourth in our league table of tech growth locations, with average yields of 5.8% for a two-bedroom flat in Leith. Tech growth towns feature clusters of technology activity and an above-average proliferation of digital companies incorporated between 2010 and 2013, based on Tech City UK rankings. These areas tend to attract young professionals seeking access to entertainment and on-site amenities.

Finally, of all the university towns studied, three of our top five are in Scotland: Aberdeen, Dundee and Glasgow, all demonstrating average yields of over 5% for a four-bedroom house. There are many investment opportunities in Scotland; our analysis highlighted locations that combine high-yielding residential property with economic growth.

## Highest and lowest yielding local areas

AVERAGE YIELD FOR AREA



SOURCE: MARTIN & CO, BASED ON AVERAGE YIELDS ACROSS LOCAL AREAS COVERED BY THE MARTIN & CO NETWORK

Rental data uses M&Co data for the following areas: **Central** = Ayr, Glasgow, Paisley, East Kilbride. **North** = Aberdeen, Dundee, Inverness, Kinross, Kirkcaldy. **South** = Bathgate, Cupar, Dunfermline, Leith, Stirling. Sales information is based on Registers of Scotland published data dividing Scotland into the three areas to most closely match the areas defined above.

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Compiled by DataLoft, [www.dataloft.co.uk](http://www.dataloft.co.uk)

Martin & Co is part of The Property Franchise Group, contributing **195 offices** to a network of nearly 300, spanning five property brands – this makes The Property Franchise Group the fourth largest estate agency business in the UK by number of offices.

Martin & Co has a combined portfolio of over 30,000 properties, with 45,000 across the Group. As such we have a nationwide reputation as a lettings specialist.

We bring a wealth of knowledge and expertise to the table, and this is on offer to all of our clients. We keep our finger on the pulse of the local property market, with offices throughout the UK ready to help you let or rent a property, or buy or sell a home.

As a current or potential landlord, you can rest assured that we know what keeps you awake at night and that our service is built around keeping properties fully let, minimising the risk of rental arrears through state-of-the-art credit checking, and using independent first-class local tradesmen to keep a lid on maintenance costs. We reject 'call centre' culture – all of our offices are based where your property is located so we can keep a close eye on things, just like you would if you had the time.

### Our offices in Scotland:

Aberdeen • Ayr • Bathgate • Cupar • Dundee • Dunfermline • Glasgow City • Glasgow Shawlands • Glasgow West End • Inverness • Kinross • Kirkcaldy • Leith • Paisley • Stirling

ARLA, LONDON RENTAL STANDARDS, PROPERTY OMBUDSMAN



**15**  
Offices in the region

**95%**  
Of our landlord clients said they would recommend us

**7 minutes**  
We sell or let a property in the UK every 7 minutes