

# Market Intelligence



## Increase in privately rented households over the past 30 years in Scotland.

2016 marks 30 years since Martin & Co let its first property in the UK. In this special anniversary edition **“30 Years in the Private Rented Sector”**, we take a look back at how Scotland’s lettings market has changed over the past three decades, as well as all of the latest trends in the property market.

SOURCE: CENSUS

SCOTLAND

# LETTINGS

## CURRENT MARKET

Tenant demand levels rose during 2015 in Scotland and the momentum has continued into 2016. Martin & Co Scotland saw a 14.5% increase in tenant applications in January 2016 compared with the same month in 2015. The amount of properties to choose from remains restricted, which means demand still outstrips supply. In 2015 we registered more than 10 prospective tenants for every property instructed to rent in Scotland.

Tenants are staying longer in their current rental homes, which is good news for landlords. The average length of residence for properties let by Martin & Co in Scotland has increased by 8.2% over the past year to 514 days. This is two months longer than the average length of residence of all Martin & Co tenants across the UK.

Good demand for rented properties boosted rental values during 2015, up from £560 per month in the first half of the year.

### Positive signs for the lettings market

Rent paid in second half of 2015 was

**£609**  
PER MONTH

**8.8% higher** than in the first half of the year

## OUR VIEW ON TAX AND STAMP DUTY CHANGES

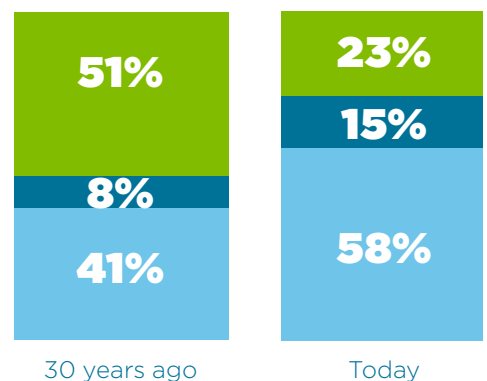
The private rented sector has gained considerable interest and, in 2015, the government announced further controls around mortgage tax relief to be staggered from 2017. In addition, the Scottish Parliament added a 3% Land and Buildings Transactions Tax (LBTT) charge for second home purchasers to come into force in April 2016. Despite this, demand for rented accommodation is building and landlords continue to be attracted by the significant returns that have been achieved by property over the last 30 years.

Our landlords are set to continue to make positive returns on rental properties. If the market is affected and landlords pull out, leading to lower rental stock levels, rental values will be pushed up. This will make the monthly yield figures more attractive to existing landlords and encourage investors to return to the market.

We foresee the private rented sector continuing to grow over the next 30 years, easily surpassing 20% of households renting from a private landlord.

### Significant increase in the private rented sector over last 30 years

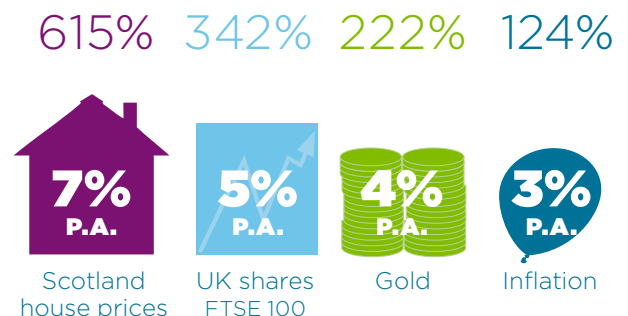
**SOCIAL RENTED  
PRIVATE RENTED  
OWNER-OCCUPIED**



SOURCE: CENSUS

### House price growth outperforms other investments over 30 years

SOURCE: NATIONWIDE,  
BANK OF ENGLAND,  
OFFICE FOR NATIONAL  
STATISTICS, FT.



**£27,028**

average income of a Martin & Co Scotland tenant

SOURCE: MARTIN & CO

**32.5 YEARS**

average age of a Martin & Co Scotland tenant

SOURCE: MARTIN & CO

**5.9%**

expected increase in number of households in Edinburgh and Aberdeen over next five years

SOURCE: NATIONAL RECORDS OF SCOTLAND

# 30 years in the private rented sector

The make-up of the Scottish housing market has changed dramatically over the last 30 years. Back then social housing dominated, accounting for half of all households. The key story over this period has been the dramatic reduction in this level of social housing, to a current 23%, and the corresponding growth in the private rental sector and owner-occupation. The number of households in the private rented sector has doubled from 8% to a current 15%. In key cities the level is higher. For example, in Edinburgh, 22% of all households are in private rented accommodation. The number of owner-occupied homes has risen to 58%.

## WILL THE PRIVATE RENTED SECTOR CONTINUE TO GROW?

Government forecasts suggest that the total number of households in Scotland will increase by over 18,000 a year in the next five years, which is equivalent to 4% growth over the period. Higher growth is expected in Edinburgh and Aberdeen, with the number of households forecast to rise by close to 6%. A key component of this forward momentum will continue to be migration. The private rented sector is typically the first choice for those choosing to come and live and work here (studies have shown that 75% of overseas nationals initially go into the private rented sector).

We anticipate, given the strong household growth forecast and the likely further decline in social housing, that demand for the private rented sector will continue to grow. We believe there will be demand for an additional 6,000 to 12,000 private rented homes a year over the next five years.

“Scotland’s private rented sector will continue to flourish.”

### Top 5 locations for private rented sector in Scotland

City of Edinburgh	22.4%
Dundee City	18.7%
Aberdeen City	17.0%
Glasgow City	16.8%
Perth & Kinross	14.6%

SOURCE: CENSUS

MAPS SHOW PROPORTION OF HOUSEHOLDS IN THE PRIVATE RENTAL SECTOR

UP TO 10% 10-15% 15+%

30 YEARS AGO

TODAY



# SALES

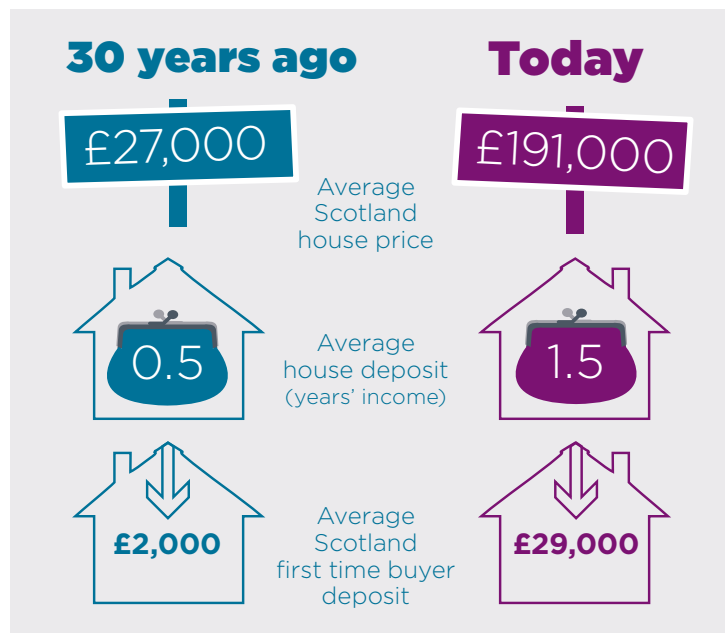
## CURRENT MARKET

Scotland's sales market has also changed significantly in the last three decades and average sales prices (currently £191,000) are now over seven times higher than they were 30 years ago. Growth in the value of property has outperformed many other alternative investments including stocks and shares and gold, making investment in property a hugely attractive and profitable proposition.

More recently, first time buyers in Scotland were encouraged by the introduction of the Land and Buildings Transactions Tax (LBTT) in 2015. This means that there is no payment for sales under £145,000 and has resulted in many buyers paying less than they would in England and Wales. The start of 2016 has also seen increased activity across the market from investors rushing to complete before the 3% LBTT surcharge for second property purchasers is imposed in April.

The Registers of Scotland report that the average price paid for properties across Scotland rose by 1.6% in the final quarter of 2015 compared to a year earlier, with a 14.5% increase in the number of transactions.

### The sales market over 30 years



SOURCE: ONS

Martin & Co is part of the MartinCo Plc Group of Companies. The Group manages 45,000 tenanted properties (equivalent to a town the size of Winchester) across the UK, from Falmouth to Inverness and the Chelsea Embankment.

Martin & Co is the Group's only national brand with **192 offices** and growing.

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

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**dataloft**  
PROPERTY MARKET INTELLIGENCE AND DESIGN

Compiled by Dataloft,  
www.dataloft.co.uk

**MARTIN & CO**  
Letting • Sales • Investment

**2,014**  
Average number of properties let per month in 2015

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

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