

## SCOTLAND'S PRIVATE RENTED SECTOR – FACTSHEET

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Scotland's **private rented sector has more than doubled**, from 115,000 dwellings (5% of all homes) in 1999, to 312,000 (13% of all homes) in 2013 (source: Scottish Household Survey 2013 & National Records of Scotland 2013).

According to Citylets 2014 Q3 Report, **the average rent in Scotland is now £736 per month**. With the seven hundred pound mark surpassed for the first time earlier this year, this shows how sustained demand for rental property is continuing to fuel price growth as volumes stay relatively stable. The average monthly rent in Edinburgh is £876, Glasgow £669, Dundee £567 and Aberdeen £1066 (source: Citylets).

Based on the average monthly rent of £736, it can be estimated that **the private rented sector generates around £2.75bn in rental income alone**.

In the recent past, the sector was viewed as a tenure most suitable for those seeking flexibility in their living arrangements. In this sense, the PRS has been viewed as a 'transitional' housing option on the way to owner occupation or social housing. Since the credit crunch, with home ownership harder to access for many, the role of the PRS is being **re-evaluated by many as a longer-term housing option** (source: Scottish Government Private Rented Strategy; 2013)

Research by the Joseph Rowntree Foundation predicts that **by 2020, the private rented sector will house 37% of all young people in the UK** (source: Housing Options and Solutions for Young People in 2020.)

**The proportion of 16-34 year olds within the PRS in Scotland has expanded rapidly** - from 13% in 1999 to 34% in 2011 - while owner occupation for this age group has decreased from 53% to 40% over the same period. This has led many commentators to coin the phrase '**Generation Rent**' (source: Scottish Government Private Rented Strategy; 2013).

**The majority of landlords in the private rented sector in Scotland own a small number of properties**. In 2009, just over 4 in 5 (84%) of PRS dwellings were owned by 'individuals, a couple or a family', while 14% were 'owned by a company, partnership or property trust', and 2% owned by an institution. In terms of the number of properties, around 7 in 10 of landlords own one property, and the vast majority (95%) between one and five properties (source: Scottish Government Review of the Private Rented Sector, 2009).

The scale of the letting agent industry in Scotland has grown in recent years and provides a range of property management services to landlords in the sector. It is estimated that there are around **500 letting agents businesses in Scotland**, accounting for around 50% of all annual lettings (source: Citylets).

**Requiring 465,000 new homes by 2035**, Scotland is a country with urgent yet diverse housing needs. Increasing the capacity of Scotland's growing rented sector has a major role to play in achieving a balanced tenure mix. It also offers new and significant opportunities for investment and development (source: Scottish Government).

In 2013, Homes for Scotland commissioned LSE/Cambridge Centre for Housing & Planning Research to determine how new sources of funding can be attracted into the Scottish rental market. **The research concluded that there has never been a better opportunity in our lifetimes to develop new models of rented housing**. The starting point is that investors will only bring funds into rental housing if the risk-adjusted return they can achieve is expected to be higher than that available elsewhere. Equally, developers must see the potential for profit if they are to build. The report's [twenty recommendations](#) set out measures to overcome barriers to the development of a healthy, profitable sector. They call for a great deal of co-ordination and co-operation – and for improved information about and understanding of what is a fast-moving market.

On 6 October 2014, the Scottish Government launched a [consultation](#) on a new tenancy regime for all future PRS lets.