



Living

with

2020
vision

Scotland Forecasts

UK Living Research | 2020



JLL

*Achieve
Ambitions*

Engines for Growth

The UK's seven largest regional economies are hugely important to the prosperity of the UK.

This report demonstrates that the city centre residential markets within these regions are all thriving and showing numerous signs of positive growth.

Together the big seven regional UK cities account for 17.5% of UK GDP.

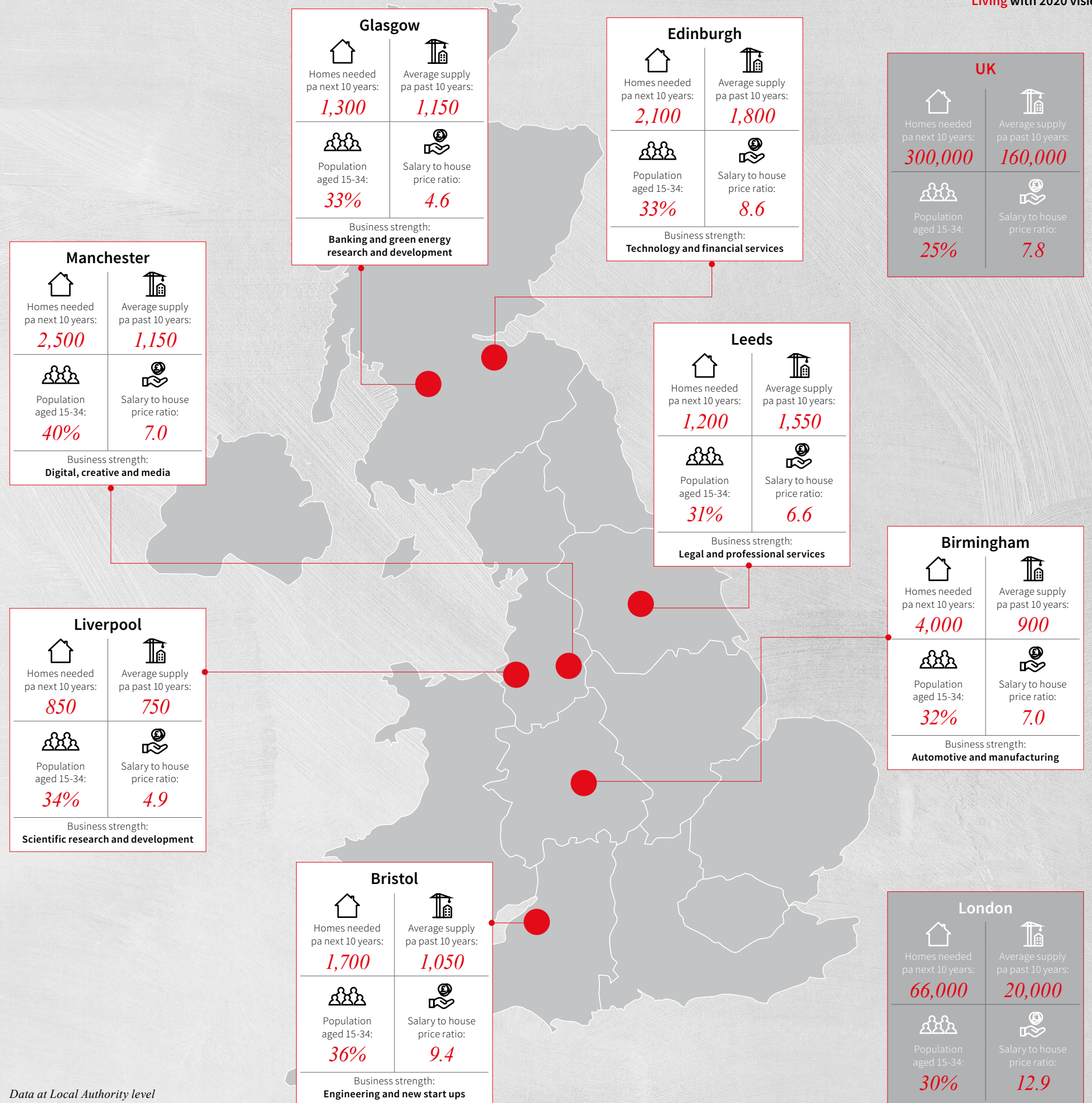
Their average GDP per capita is £32,500pa, 6.6% above the UK average. Such is their significance that the Government has identified these cities as engines of growth to boost the performance of the UK economy as a whole.

The UK2070 Commission, chaired by Lord Kerslake, has set out seven national priorities to pump prime these regional economies. At the heart of the action plan is accelerating devolution and encouraging the creation of major specialist regional employment hubs.

JLL has identified existing business strengths in each of the major regional cities. These strengths are outlined on the map on this page demonstrating that each city is starting from a strong position to encourage growth in a particular sector. But growing these employment hubs should be used as a way to facilitate growth in other sectors in each of the cities.

The regional cities are already attracting proportionally higher levels of students and young professionals than London, as the map shows.

If the regional giants can do more to retain talent by growing their respective employment hubs, all of them boast fundamental living advantages over the UK Capital – not least, they are all significantly more affordable places to buy a home. Their ability to offer a more balanced live-work package could just be their major trump card for their future growth.



Data at Local Authority level

Source: JLL, Oxford Economics, MHCLG, CACI, ASHE, Land Registry

Scotland

Economic and residential performance

- The Scottish economy is expected to grow by 1.9% pa over the next five years.
- Both Glasgow and Edinburgh are forecast to see considerably higher economic expansion compared with the Scotland average in the medium-term.
- Urbanisation is a growing trend in Scotland's two largest cities. This will help fuel further residential development but is unlikely to satisfy escalating demand.

Economic and demographic forecasts (2020-2024 % change pa)

	GVA growth	Employment growth	Population growth
Edinburgh	2.4	1.1	0.9
Glasgow	2.4	0.9	0.3



Edinburgh

- The population of Edinburgh is forecast to increase by 25,000 people over the next five years alone, one of the highest expansion rates of any UK city.
- The economy is also expected to grow strongly.
- Sales prices across the city increased steadily during 2019, rising by 3.5% with a lack of available supply being the key driver.
- The development market has been active in recent years, pursuing a range of new-build city centre apartment opportunities across the multifamily (build to rent) and private for-sale markets, despite increased competition from alternative land uses, especially from the student sector.
- Volume housebuilding around the City Bypass continues at great pace with attention now switching to the West Edinburgh greenfield suburbs. Meanwhile, Leith has seen a significant increase in development activity as a result of the popularity of the area and constrained land supply in the city centre.
- We forecast that sale prices will rise by 17.1% over the next five years – the joint highest growth rate of any UK city.
- Despite plenty of multifamily development interest, very little purpose-built rental product has been delivered to date. However, there are a number of low-rise schemes in the development pipeline.
- We expect rental growth will also be strong over the medium-term as living in Edinburgh city centre grows in popularity.

Average sales price (2019 % change) 2 bedroom flat	Average multifamily net yield (typical yield range)	Average rent £pcm (2019 % change) 2 bedroom flat	Sales price growth forecast (cumulative, next 5 years)	Rental growth forecast (cumulative, next 5 years)
£295k (3.5%)	4.35% (4.25-4.50%)	£1,050 (5.0%)	17.1%	15.4%

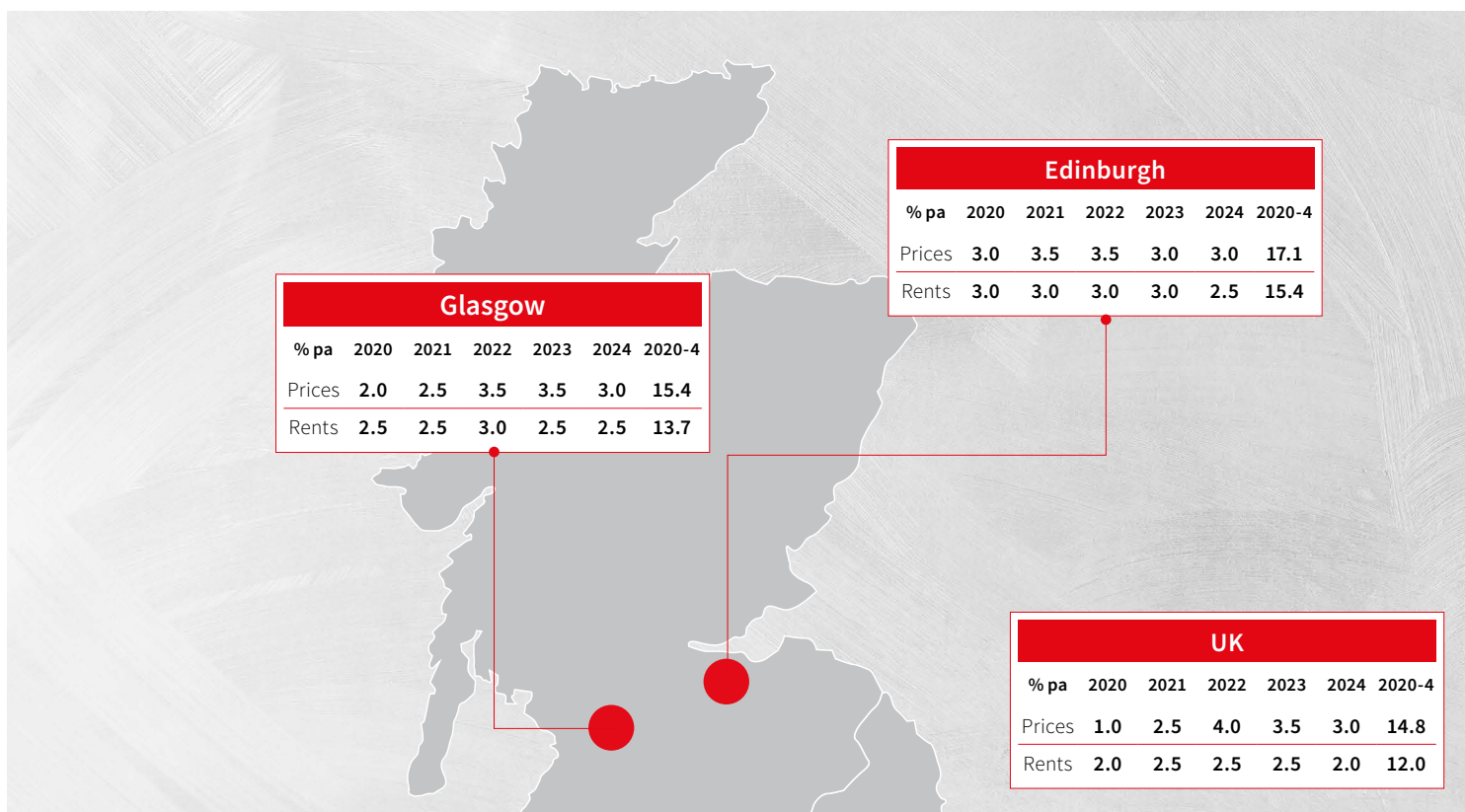
Glasgow

- The Glasgow economy is set to grow as strongly as Edinburgh's over the next five years.
- Glasgow now has a strong city centre pipeline for residential with interest and activity at its highest level for years. This is reflected in a recent Glasgow City Council commitment to double the core city centre population by 2030.
- We expect sales prices to rise faster than the Scotland average over the next five years, rising by 15.4% during this time.
- With circa 4,000 purpose built rental homes in the pipeline, multifamily schemes are currently the focus for investors and operators due to favourable demographics coupled with a strong economic background.
- We forecast that rents will rise by 13.7% over the next five years as the demand for city centre living in Glasgow increases further.

Average sales price (2019 % change) 2 bedroom flat	Average multifamily net yield (typical yield range)	Average rent £pcm (2019 % change) 2 bedroom flat	Sales price growth forecast (cumulative, next 5 years)	Rental growth forecast (cumulative, next 5 years)
£230k (1.8%)	4.75% (4.75-5.00%)	£860 (2.4%)	15.4%	13.7%

Source: JLL, Oxford Economics.
Note: Sales price and rental growth, both historic and forecast, is for new-build and modern stock.

Scotland Forecasts



Nick Whitten
Head of UK Living Research

nick.whitten@eu.jll.com
+44 (0)20 7087 5665



Neil Chegwiddden
UK Living Research

neil.chegwiddden@eu.jll.com
+44 (0)20 7087 5507



Andrew Frost
Head of EMEA Living

andrew.frost@eu.jll.com
+44 (0)20 7087 5566



Jason Hogg
UK Regional Living Director

jason.hogg@eu.jll.com
+44 (0)131 301 6710



Nina Stobie
Director – Residential & Development Land

nina.stobie@eu.jll.com
+44 (0)141 567 6622



@JLLUKResi



JLL Residential



JLL



JLL Residential

Insight | Agency | Advisory | Investment & Development



jll.co.uk/residential