

September 2017

Headlines

Jump in LBTT residential revenues

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Home movers return to the mortgage market

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First time buyer lending up but conditions challenging

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Market Barometer (YoY)

-- - 0 + ++

Transactions				
Average Price				
Market Turnover				

-- significantly down 0 no change ++ significantly up
- slightly down + slightly up

Themes & Trend Analysis

LBTT figures reach new high in £350k to £750k bracket.

Figures released for June and July LBTT returns show a marked upturn in transactions occurring above £350,000, an area of the market that had been experiencing lacklustre performance. In the £350,000 to £750,000 bracket, transactions hit a new high of £13.5m in June, then £14.6m in July, both exceeding the previous high of £12.1m in August 2015.

Home movers have returned to the market

The latest mortgage lending figures show that, after a year of falling lending for home moving in Scotland, the trend has reversed in Q2 2017, with lending to home buyers up 35% quarter-on-quarter and 18% year-on-year. Combined with strong FTB lending, Q2 2017 saw the highest lending figures since 2007.

A decade to save for a first deposit?

At 11 years and 2 months, Edinburgh has topped a chart calculating the time taken for first time buyers to save for a deposit for an average house based on median hourly pay. This is 3 years and 6 months longer than the national average. Glasgow offers first time buyers a shorter route to home ownership at 6 years and 2 months.

Housing Market Statistics

Area	Average Price (RoS)				Transactions (RoS)				Total Market Value (RoS)			
	Q2 2016	Q2 2017	YoY Δ	YoY Δ %	Q2 2016	Q2 2017	YoY Δ	YoY Δ %	Q2 2016	Q2 2017	YoY Δ	YoY Δ %
Scotland	£164,196	£170,798	£6,602	4.0%	25,601	26,741	1,140	4.5%	£4,203,588,069	£4,567,306,192	£363,718,123	8.7%
Aberdeen	£210,717	£201,483	-\$9,234	-4.4%	1,057	1,159	102	9.6%	£222,727,826	£233,518,469	£10,790,643	4.8%
Edinburgh	£234,824	£247,618	£12,794	5.4%	3,149	3,244	95	3.0%	£739,460,827	£803,273,631	£63,812,804	8.6%
East Dunbartonshire	£218,995	£228,746	£9,751	4.5%	464	492	28	6.0%	£101,613,566	£112,542,973	£10,929,407	10.8%
East Lothian	£204,108	£213,908	£9,800	4.8%	464	609	145	31.3%	£94,706,141	£130,270,122	£35,563,981	37.6%
East Renfrewshire	£241,364	£250,129	£8,765	3.6%	460	470	10	2.2%	£111,027,385	£117,560,715	£6,533,330	5.9%
Glasgow City	£135,565	£149,258	£13,693	10.1%	3,106	2,918	-188	-6.1%	£421,064,002	£435,533,614	£14,469,612	3.4%
Midlothian	£192,546	£195,739	£3,193	1.7%	451	477	26	5.8%	£86,838,119	£93,367,321	£6,529,202	7.5%
Perth & Kinross	£178,043	£195,288	£17,245	9.7%	747	754	7	0.9%	£132,997,917	£147,247,184	£14,249,267	10.7%
Scottish Borders	£161,550	£173,344	£11,794	7.3%	497	510	13	2.6%	£80,290,422	£88,405,413	£8,114,991	10.1%
Stirling	£186,802	£189,685	£2,882	1.5%	440	447	7	1.6%	£82,193,089	£84,789,067	£2,595,978	3.2%
West Lothian	£164,981	£157,196	-\$7,786	-4.7%	853	806	-47	-5.5%	£140,728,860	£126,699,610	-\$14,029,250	-10.0%

Source: Registers of Scotland

Housing Market Indicators

Type	Mortgage Rates (BoE)						Number of Mortgage Advances and Value (CML)					
	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2
Base Rate Tracker	2.31	2.31	2.33	2.33	-	-	6200	8300	8600	8300	7600	9500
2 Year (75% LTV) Fixed	1.42	1.42	1.35	1.35	1.48	1.41	(£650m)	(£920m)	(£940m)	(£900m)	(£810m)	(£1060m)
5 Year (75% LTV) Fixed	2.2	2.2	2.09	2.09	1.99	1.97	7300	8000	8400	8300	6700	9300
Standard Variable Rate	4.37	4.37	4.54	4.54	4.28	4.51	(£1100m)	(£1220m)	(£1280m)	(£1270m)	(£1030m)	(£1450m)

Source: CML

	Interest Rates (BoE)					
	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Official Bank Rate	0.25	0.25	0.25	0.25	0.25	0.25
3 Month Libor	0.34	0.34	0.33	0.33	0.32	0.32

Source: Bank of England

	House Price to Earnings Ratio					
	2016 Q1	2016 Q2	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Scotland FTB	3.3	3.3	3.3	3.3	3.3	3.3

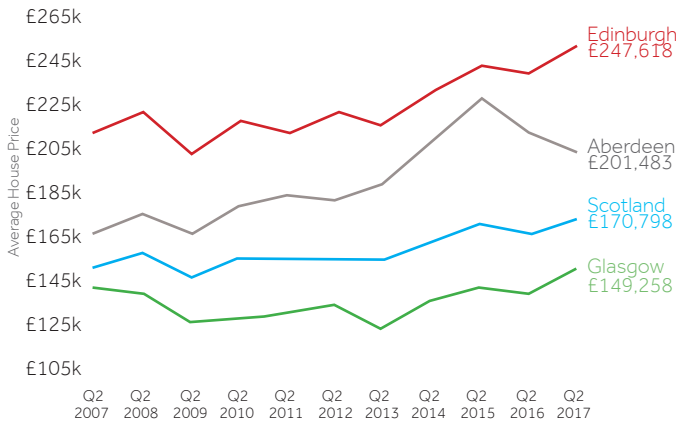
	Mortgage Repayments as Percentage of Income					
	2016 Q1	2016 Q2	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Scotland FTB	22.1	21.8	21.5	21.2	21.5	N/A

Source: Nationwide

Growth returns to average house prices

After a cooling market growth over late 2016 and early 2017, figures for Q2 2017 show house price growth returning to the major cities, with the exception of Aberdeen. This said, figures for Aberdeen in Q2 have shown some signs of stabilising at around £200,000, down from its peak of £228,000 in Q1 2015.

Average House Prices in Scotland and Main Cities, 2007-17

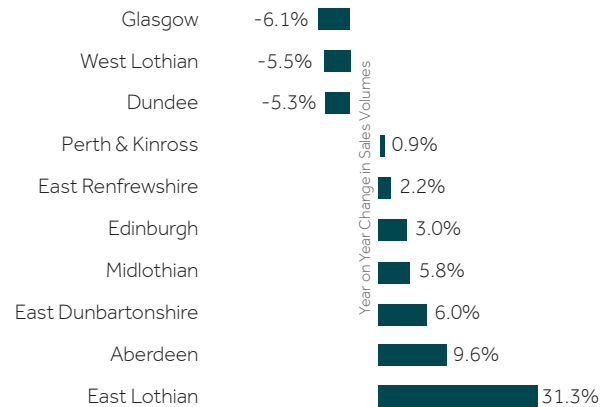


Source: Registers of Scotland

Growth returns to the Aberdeen market

The Aberdeen market is now showing signs of stabilisation, with average prices and transaction levels firming up and returning a positive year-on-year increase in activity. Commuter zones around Edinburgh and Glasgow have also shown strong growth with East Lothian, East Dunbartonshire, Midlothian and East Renfrewshire all reporting positive growth.

Change in Sales Volumes Q2 2017 vs Q2 2016

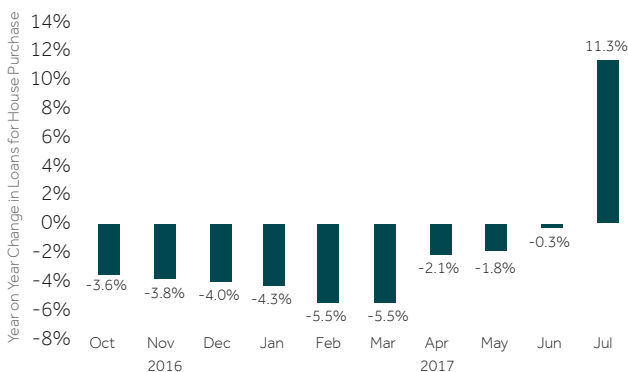


Source: Registers of Scotland

Home movers return to the market

Lending to home movers has seen a significant surge in July, both nationally and in Scotland. There was an 11.3% increase in lending for house purchase year-on-year, after a year of falling lending. This pattern in lending is reflected in CML figures for Scotland that show an 18% increase in lending to home movers.

% Change YoY in Number of Approvals for House Purchase in UK

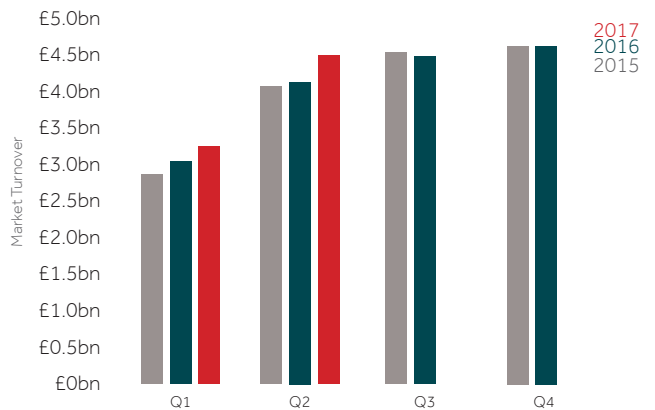


Source: Bank of England

Housing market activity rises again

Housing market turnover in Scotland is up 8.7% year-on-year in Q2 2017. This is an increase on the 5.5% year-on-year growth seen in Q1 2017 and reverses a marginal fall that occurred in Q4 2016.

Market Turnover of Property in Scotland, 2015-17

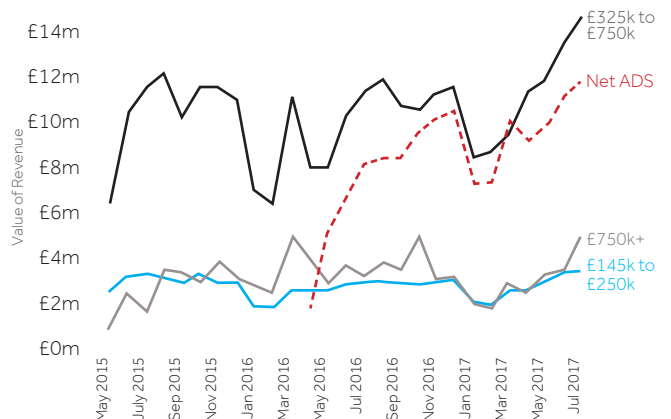


Source: Registers of Scotland

Upturn in LBTT revenues

LBTT figures for July show a marked upturn in activity in the upper end of the housing market, with transactions between £350,000 and £750,000 at their highest level since the tax was introduced. Transactions above £750,000 have also matched their previous high, suggesting some confidence is returning to the prime market.

LBTT Revenues by Property Price Band, 2015-17

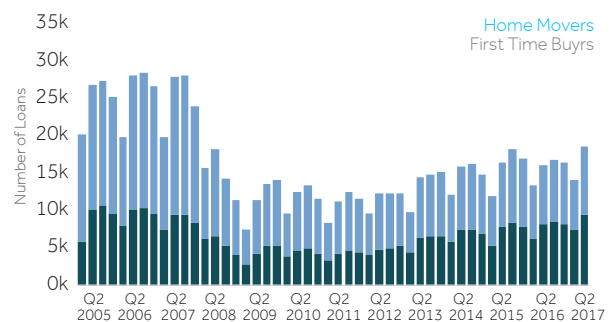


Source: Revenue Scotland

New high for FTB Lending

First time buyer lending in Scotland has reached a new post-recession peak, with 9,700 such loans in Q2 2017. Together with the rise in home mover lending, total lending is at their highest quarterly level since 2007.

Mortgage Lending in Scotland by Buyer Type, 2005-16



Source: Council of Mortgage Lenders