

Summer 2019

Headlines

Scotland the fastest place to sell a home

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RICS reports rising prices in Scotland

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HMRC transaction figures report fall

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Market Barometer (YoY)

	--	-	0	+	++
Transactions					
Average Price					
Market Turnover					

-- significantly down
- slightly down

0
no change

++ significantly up
+ slightly up

Themes & Trend Analysis

Scotland has replaced London as the fastest place to find a buyer according to Rightmove research	Research released by Rightmove has shown that Scotland has become the fastest market in the UK to find a buyer, replacing London. In 2014, it took 36 days in London to secure a buyer, but this has now risen to 60 days. The average time to secure a buyer in Scotland has fallen from 66 days in 2014 to 41 days in 2018. Scotland is also far faster in terms of days needed to complete, at under 120 days, compared to 155 to 180 days across England.
Scotland's price expectation bucks national downturn in RICS Residential Survey	The latest July figures from the RICS UK Residential Market Survey have reported the headline price indicator falling back into negative territory following a positive June. Scotland, along with Northern Ireland and Wales, have reported prices rising at 'a solid pace'. This trend is mirrored in price expectation with strong annual growth expected in Scotland, compared to a negative UK outlook.
The number of HMRC transactions in June in 2019 is down nearly a quarter on 2018 figures	Figures released by HMRC have reported that the number of UK housing transactions in June 2019 fell 16.5% compared to June 2018, with Scottish transactions down 24%. This decline in housing transactions has been seen as the first evidence of a slowdown in the market as political issues have come into sharper focus in 2019. However, previous figures released from the HMRC have been subject to later revisions, which may see the magnitude of change moderated.

Housing Market Statistics

Area	Average Price (RoS)				Transactions (RoS)				Total Market Value (RoS)			
	Q2 2018	Q2 2019	YoY Δ	YoY Δ %	Q2 2018	Q2 2019	YoY Δ	YoY Δ %	Q2 2018	Q2 2019	YoY Δ	YoY Δ %
Scotland	£176,188	£178,832	£2,644	1.5%	24,671	25,806	1,135	4.6%	£4,346,738,853	£4,614,945,519	£268,206,666	6.2%
Aberdeen City	£200,167	£201,801	£1,634	0.8%	1,050	941	-109	-10.4%	£210,175,792	£189,895,198	£-20,280,594	-9.6%
East Dunbartonshire	£241,749	£252,105	£10,357	4.3%	445	495	50	11.2%	£107,578,087	£124,792,065	£17,213,978	16.0%
East Lothian	£227,677	£260,499	£32,823	14.4%	554	567	13	2.3%	£126,132,822	£147,703,081	£21,570,259	17.1%
East Renfrewshire	£255,358	£245,849	£-9,509	-3.7%	394	395	1	0.3%	£100,610,960	£97,110,454	£-3,500,506	-3.5%
Edinburgh, City of	£261,557	£265,131	£3,574	1.4%	2,707	2,907	200	7.4%	£708,034,927	£770,735,797	£62,700,870	8.9%
Glasgow City	£154,866	£159,204	£4,338	2.8%	2,785	2,976	191	6.9%	£431,302,316	£473,791,193	£42,488,877	9.9%
Midlothian	£219,359	£223,514	£4,154	1.9%	451	439	-12	-2.7%	£98,931,008	£98,122,508	£-808,500	-0.8%
Perth and Kinross	£187,010	£194,637	£7,627	4.1%	790	752	-38	-4.8%	£147,738,002	£146,367,272	£-1,370,730	-0.9%
Scottish Borders	£177,450	£167,210	£-10,239	-5.8%	514	492	-22	-4.3%	£91,209,081	£82,267,455	£-8,941,626	-9.8%
Stirling	£196,086	£192,550	£-3,536	-1.8%	450	380	-70	-15.6%	£88,238,869	£73,168,984	£-15,069,885	-17.1%
West Lothian	£172,914	£173,429	£515	0.3%	802	839	37	4.6%	£138,676,784	£145,507,051	£6,830,267	4.9%

Source: Registers of Scotland

Housing Market Indicators

Type	Mortgage Rates (BoE)						Number of Mortgage Advances and Value (CML)					
	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
2 Year (90% LTV) Fixed	2.24	2.17	2.17	2.15	2.15	2.17	8,180	6,470	8,850	8,660	8,710	6,760
2 Year (75% LTV) Fixed	1.73	1.67	1.67	1.66	1.66	1.65	£940m	£750m	£1,040m	£1,10m	£1,040m	£800m
5 Year (75% LTV) Fixed	2.01	2.03	2.03	2	2	1.97	8,440	6,210	8,730	9,220	8,750	6,620
Standard Variable Rate	4.4	4.3	4.3	4.31	4.31	4.3	£1,320m	£990m	£1,390m	£1,480m	£1,140m	£1,080m

Source: CML

House Price to Earnings Ratio

Interest Rates (BoE)	House Price to Earnings Ratio					
Official Bank Rate	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1
0.75	3.2	3.2	3.2	3.2	3.2	3.1

Source: Bank of England

Mortgage Repayments as Percentage of Income

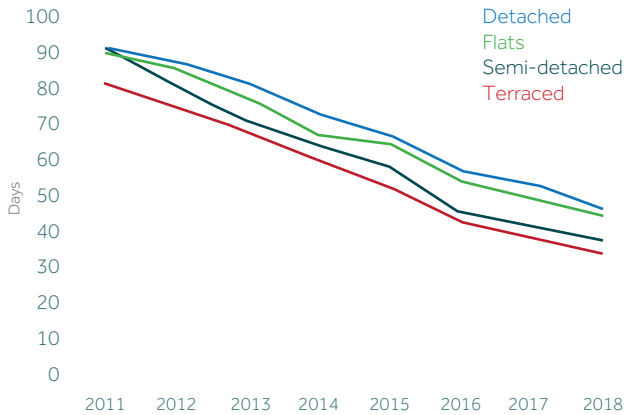
Scotland FTB	19.8	19.9	20.2	20.1	19.6	-
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Source: Nationwide

Scotland is the fastest market in the UK

The time taken to sell a property in Scotland has fallen dramatically according to the latest research by Rightmove. The figures for individual property types show that, since 2011, the number of days it takes to sell a home has fallen from over 80-90 to under 50. Semi-detached and terraced homes sell the quickest, averaging under 40 days to find a buyer.

Number of Days to Find a Buyer by Property Type

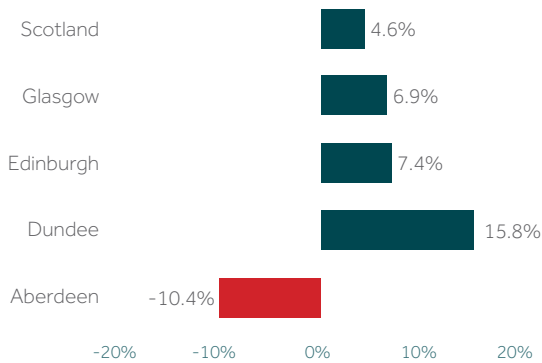


Source: Rightmove

Sales activity grows across much of the country

Sales figures released by the Registers of Scotland show an annual increase in Q2 2019 of 4.6% across Scotland, with most of the cities outperforming the wider average. Aberdeen continues to see issues in its market, as growth earlier in the year has weakened, with sales activity down -10.4% compared to the same period last year.

Year-on-year % change in sales volumes Q2 2019 vs Q2 2018

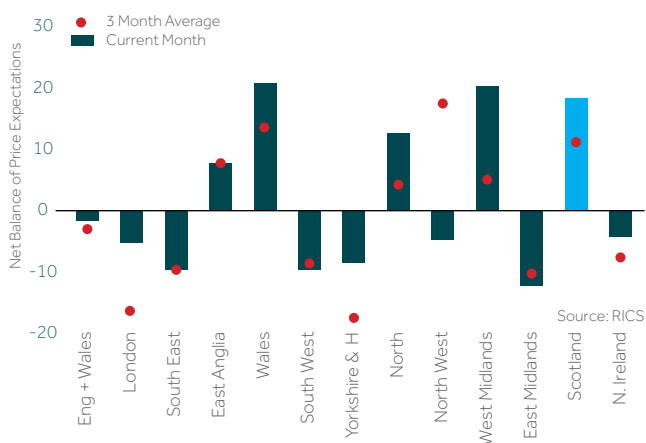


Source: Registers of Scotland

RICS reports positive price and activity levels for Scotland

Figures released by RICS for July have shown sales expectations and price expectations in Scotland are positive, contrasting negative UK wide expectations. Commenting on the UK market, Simon Rubinsohn, RICS chief economist, said: "The latest RICS results will provide little comfort for the market with all the key indicators pretty much flatlining."

Sales Expectation (Net Balance %) SA - Next 3 Months

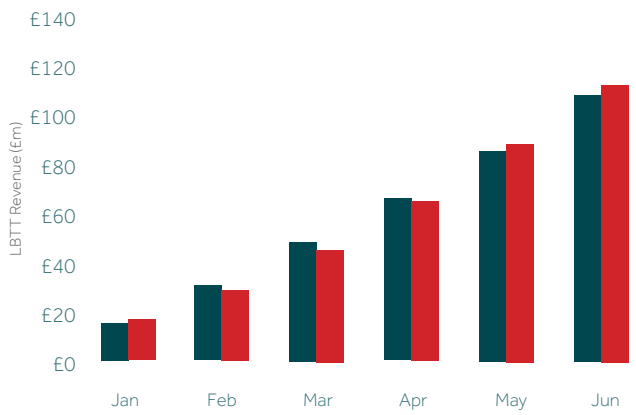


Source: RICS

LBTT revenue up so far this year

Having started the year up on January 2018, tax revenue from LBTT fell back to lag the cumulative revenue achieved last year. This position was due mainly to a particularly weak February market. Improved market performance in April to June has seen total revenue for the year turn positive.

Cumulative LBTT Revenue 2018 vs 2019



Source: Revenue Scotland

PwC forecast house price growth if No Deal Brexit is avoided

The July edition of the PwC Economic Outlook Report has predicted that UK house price will grow at an average of 1% this year, representing a small decline in real terms and down on the 3.2% seen last year and 4% per annum average since the financial crisis. PwC predict price growth recovery to pick up next year before accelerating slowly in the following years to 2025. These forecasts assume an orderly Brexit.

PwC Predict house price growth between now and 2025.

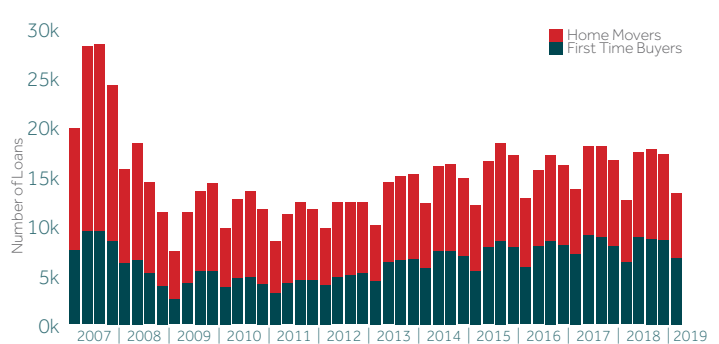


Source: ONS / PwC Analysis

Mortgage lending up year-on-year

Mortgage lending figures from financial body UK Finance have reported a year-on-year increase in Q1 2019. In Scotland lending to First Time Buyers was up 4% year-on-year, while lending to Home Movers was up by 7%. These figures bolster the increased level of transaction activity from Registers of Scotland data.

Mortgage Lending in Scotland by Buyer Type, 2005-16



Source: UK Finance