

BULLETIN | NEW HOMES SCOTTISH HOUSING MARKET

Winter 2017



Headlines

Scottish Planning Bill published by Scottish Government

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New Home registrations fall QoQ, but rise YoY.

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HBF report reveals 20% of house building workforce from overseas.

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Key Findings

The Scottish Government published its new planning bill on the 4th December, following a consultation process.

The National House Building Council's new home registration figures for Scotland in Q3 2017 are 50% up year-on-year, but down -18% on the previous quarter.

The House Builders Federation's (HBF) first ever workforce census of more than 37,000 workers across 1,090 housing sites found one-in-five workers were from outside the UK.

Themes & Trend Analysis

The Scottish Government has revealed its plans to transform the planning system.

The new Planning Bill introduces 20 core proposals for overhauling the planning system with the aim of greater public trust and involvement, as well being clearer on housing land requirements; bringing 'development ready' land forward; improvements in approaches to infrastructure; and shortening the gap between consent and delivery. The backdrop is a continuing stagnant level of new homes completions in Scotland.

New home registrations are positive in Scotland.

Figures released by the NHBC show that new home registrations in Scotland are up 50% YoY in Q3 2017, but fall -18% from Q2 2017 to Q3 2017. The 50% YoY increase in completions could be slightly misleading as Q3 2016 was the lowest level of delivery in recent years. In the UK new home registrations were up 6% YoY.

The House Builders Federation (HBF) workforce census suggests a higher dependency on foreign workers.

The Home Building Workforce Census 2017 of 40 house building companies has found that 17.7% of the house building workforce is from a European Union country, with a further 2% from elsewhere. Previous statistics released in June by the CITB, which covered all types of construction, had found that 12.6 per cent of workers were from overseas. Of the respondents, the leading nationality was Romanian (7.29%), followed by Poland (1.53%), Lithuania (1.25%) and then Ireland (1.25%).

Housing Market Statistics (All Sectors - Rolling 4 Quarters to Latest Quarter)

Area	All Sector Starts				All Sector Completions			
	Year to Q2 2016	Year to Q2 2017	Y-on-Y Δ	Y-on-Y Δ%	Year to Q2 2016	Year to Q2 2017	Y-on-Y Δ	Y-on-Y Δ%
Scotland	17,410	19,598	2,188	13%	17,364	17,178	-186	-1%
Edinburgh	2,116	2,435	319	15%	1,977	2,077	100	5%
East Lothian	691	526	-165	-24%	457	670	213	47%
Glasgow	880	1,730	850	97%	1,536	1,409	-127	-8%
Midlothian	857	679	-178	-21%	752	585	-167	-22%
Perth & Kinross	738	626	-112	-15%	620	452	-168	-27%
East Dunbartonshire	436	405	-31	-7%	353	443	90	25%
Scottish Borders	382	354	-28	-7%	337	296	-41	-12%
Stirling	258	223	-35	-14%	438	254	-184	-42%
West Lothian	1,029	554	-475	-46%	741	473	-268	-36%
Aberdeen	611	1,304	693	113%	788	905	117	15%

Source: Scottish Government

Housing Market Indicators

New Homes Construction Material Price Index (2010=100)							Area	Projected Annual Increase in the No. of Households, 2012-37	Current Annual Build Rate, Based on Completions	Current Annual Balance
2012	2013	2014	2015	2016	2017					
Annual Average	107.2	108.1	110.0	109.2	110.0	114.8	Scotland	13818	17178	3361
							City of Edinburgh	2803	2077	-726
							East Lothian	442	670	229
							Glasgow City	1857	1409	-448
							Midlothian	450	585	135
							Perth & Kinross	470	452	-18
							East Dunbartonshire	230	443	214
							Scottish Borders	178	296	118
							Stirling	299	254	-45
							West Lothian	496	473	-23
							Aberdeen	1003	905	-98

Source: HM Revenue & Customs

Number of Mortgage Advances and Values

	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3
Scottish First Time Buyers (FTB)	8,300	8,600	8,300	7,600	9,500	9,300
	(£920m)	(£940m)	(£910m)	(£810m)	(£1,060m)	(£1,040m)
Scottish Movers	8,000	8,500	8,300	6,700	9,300	9,500
	(£1220m)	(£1280m)	(£1270m)	(£1,030m)	(£1,450m)	(£1,510m)

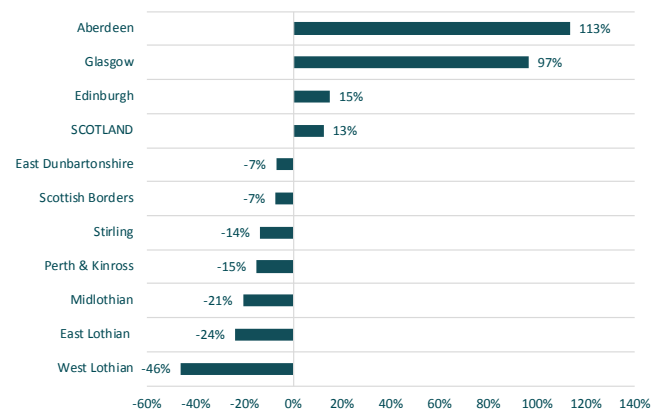
Source: Council of Mortgage Lenders

Source: NRS & Scottish Government

Aberdeen see a strong increase in year-on-year housing starts

Figures released by the Scottish Government for All Sector Housing Starts for Q2 2017 have shown a strong year-on-year increase in new housing starts in Aberdeen, with over double the starts as last year. However, whilst in Edinburgh and Glasgow over 70% of the new starts are private sector, this is less than 50% in Aberdeen, with housing associations starting 51% of the units.

Year-on-year change in housing starts Q2 2017 vs Q2 2016

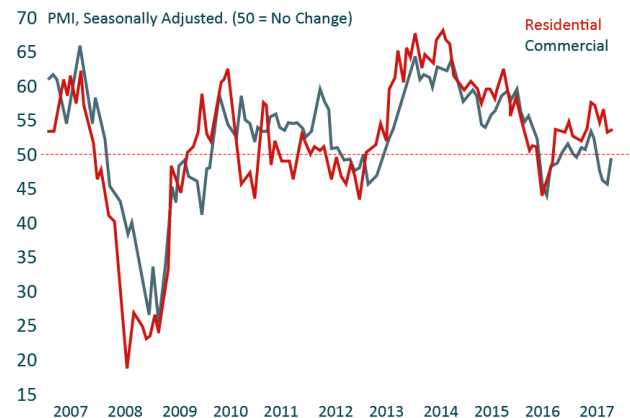


Source: Scottish Government

UK Construction Purchasing Managers Index rebounds then falls

The Construction Purchasing Managers Index (PMI) has seen a slight fall in the second half of the year, although the residential sector remains positive. The commercial sector has improved, but remains just in negative territory.

UK Construction PMI

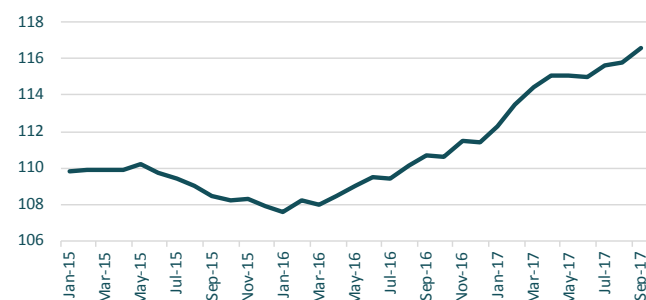


Source: Markit/CIPS

Building material prices increase again

The latest Building Material Price Index shows that the rapidly rising increases in building materials which have been prevalent over the course of 2016, slowed in early 2017, but have once again begun to rise.

Building Material Price Index (2010=100)

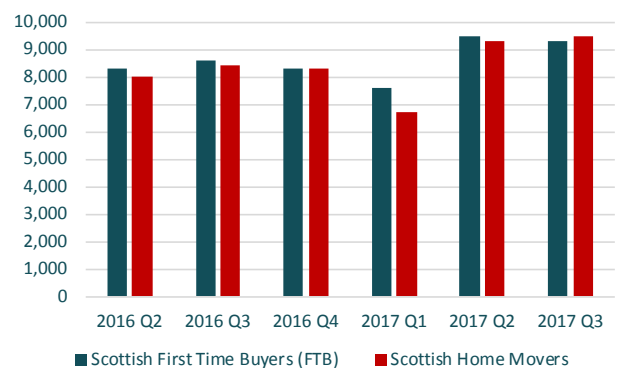


Source: ONS

Mortgage lending remains high in Q3

Having reached a post-crash high point in Q2 2017, mortgage lending in Q3 has been maintained for second quarter in a row, with home moving edging ahead of FTB lending.

Scottish Mortgage Lending by Buyer Type

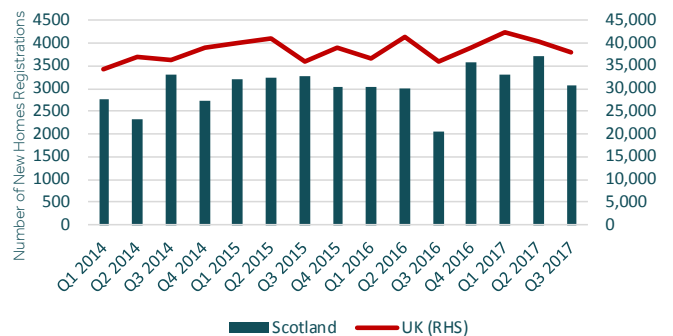


Source: CML

New Home Registrations Are Up YoY

New home registrations in Scotland fell back in Q3 2017, having reached their highest level for a number of years Q2 2017. UK-wide new home registrations fell slightly back on Q2 2017, but were at their highest Q3 level in the past decade.

New Homes Registrations (UK=RHS)

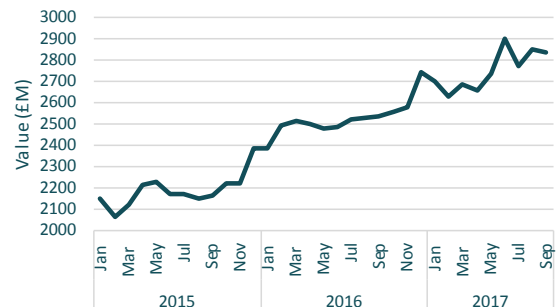


Source: NHBC

Construction Housing Output positive in 2017

Construction Housing Output has been positive in 2017, building on previous year's year-on-year increases. This increase has seen the total values of output up by double digit levels in Q3.

Total Housing Output (UK)



Source: ONS