



### Headlines

January lending falls to a near two-year low

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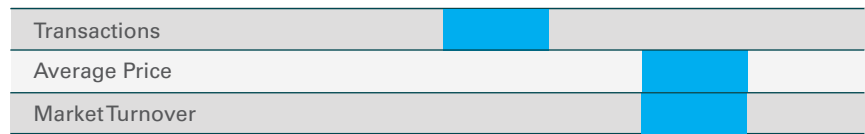
Average house prices inched up at end of 2016

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First time buyers spend more time saving

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### Market Barometer (YoY)



-- significantly down  
- slightly down

0  
no change

++ significantly up  
+ slightly up

### Themes & Trend Analysis

#### Lending remains subdued at the start of 2017

Mortgage lending at the start of 2017 is at the lowest level in almost 2 years according to data from the Council of Mortgage Lenders (CML). Activity in the re-mortgage sector was strong while buy to let and home buyers saw falls.

#### The overall average house price in 2016 was 1.9% down on 2015

The figures for 2016 as a whole from Registers of Scotland showed average prices were 1.9% lower while transaction volumes increased 3.3%. Average prices did increase slightly at the end of 2016.

#### First time buyers need to spend more time saving

A report by Which? Mortgage Advisers has reported that almost one-third of first time buyers spend more than 5 years saving for a deposit. A third of respondents also reported that they received financial assistance from their parents.

### Housing Market Statistics

Area	Average Price (RoS)				Transactions (RoS)				Total Market Value (RoS)			
	Q4 2015	Q4 2016	YoY Δ	YoY Δ %	Q4 2015	Q4 2016	YoY Δ	YoY Δ %	Q4 2015	Q4 2016	YoY Δ	YoY Δ %
Scotland	167,642	168,495	853	0.5%	28,107	28,088	-19	-0.1%	4,711,911,942	4,732,696,372	20,784,430	0.4%
Aberdeen	215,461	205,381	-10,080	-4.7%	1,261	1,055	-206	-16.3%	271,695,892	216,676,616	-55,019,276	-20.3%
Edinburgh	233,810	234,959	1,149	0.5%	3,459	3,291	-168	-4.9%	808,749,964	773,251,507	-35,498,457	-4.4%
East Dunbartonshire	214,944	220,150	5,206	2.4%	574	530	-44	-7.7%	123,377,570	116,679,432	-6,698,138	-5.4%
East Lothian	213,578	214,446	868	0.4%	554	563	9	1.6%	118,322,221	120,732,874	2,410,653	2.0%
East Renfrewshire	231,446	250,227	18,781	8.1%	541	475	-66	-12.2%	125,212,206	118,857,621	-6,354,585	-5.1%
Glasgow City	140,189	149,935	9,746	7.0%	3,288	3,131	-157	-4.8%	460,940,719	469,446,548	8,505,829	1.8%
Midlothian	187,507	191,106	3,599	1.9%	522	536	14	2.7%	97,878,750	102,432,750	4,554,000	4.7%
Perth & Kinross	188,078	190,496	2,418	1.3%	836	856	20	2.4%	157,233,468	163,064,913	5,831,445	3.7%
Scottish Borders	166,894	176,700	9,806	5.9%	550	586	36	6.5%	91,791,595	103,546,011	11,754,416	12.8%
Stirling	184,380	186,629	2,249	1.2%	442	462	20	4.5%	81,495,922	86,222,577	4,726,655	5.8%
West Lothian	163,955	156,631	-7,324	-4.5%	888	849	-39	-4.4%	145,592,207	132,980,012	-12,612,195	-8.7%

Source: Registers of Scotland

### Housing Market Indicators

Type	Mortgage Rates (BoE)						Number of Mortgage Advances and Value (CML)					
	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Base Rate Tracker	2.18	2.2	2.2	2.29	2.29	2.3	8,500	8,000	6,100	8,300	8,600	8,400
2 Year (75% LTV) Fixed	1.69	1.59	1.51	1.42	1.45	1.42	£920m	£870m	£660m	£920m	£940m	£910m
5 Year (75% LTV) Fixed	2.39	2.34	2.27	2.26	2.26	2.19	10,000	9,200	7,300	8,000	8,400	8,400
Standard Variable Rate	4.3	4.24	4.24	4.28	4.23	4.49	£1,500m	£1,400m	£1,100m	£2,200m	£1,280m	£1,290m

Source: CML

Interest Rates (BoE)						
Official Bank Rate	2.841	0.25	0.25	0.25	0.25	0.25
3 Month Libor	0.47	0.3627	0.3748	0.38	0.3775	0.34

Source: Bank of England

House Price to Earnings Ratio						
	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Scotland FTB	3.3	3.3	3.3	3.3	3.3	3.3

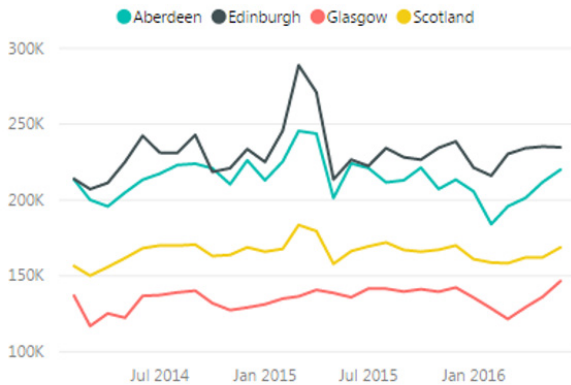
Mortgage Repayments as Percentage of Income						
Scotland FTB	22.1	21.8	21.5	21.2	21.5	N/A

Source: Nationwide

### Slight upturn in average house price at end of 2016

Average house prices in Scotland in Q4 2016 were 0.5% up year on year. Most areas across Scotland reported positive growth, especially Glasgow at 7.1% increase year-on-year, while Aberdeen continued to drop back (nearly 5% down).

#### Average House Price

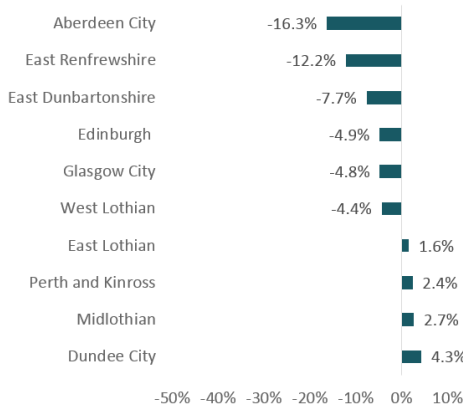


Source: Registers of Scotland

### Sales volumes slowed at the end of 2016

Sales volumes slowed in the major markets towards the end of 2016. Aberdeen saw the biggest decline as ongoing economic issues persist. Both Edinburgh and Glasgow experienced similar levels of cooling, falling back just under 5% year-on-year.

#### Change in Sales Volumes Q4 2016 vs Q4 2015

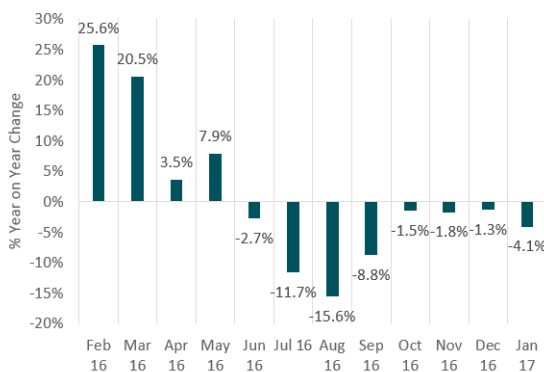


Source: Registers of Scotland

### Mortgage approvals for home purchase are down

Pre-empting the cooling trends in transactions and LBTT revenue, mortgage lending over 2016 has been slowing and this has continued into 2017. This trend would suggest the market will remain subdued in terms of growth in the early part of 2017 at least.

#### Year on Year Change in Mortgage Approvals

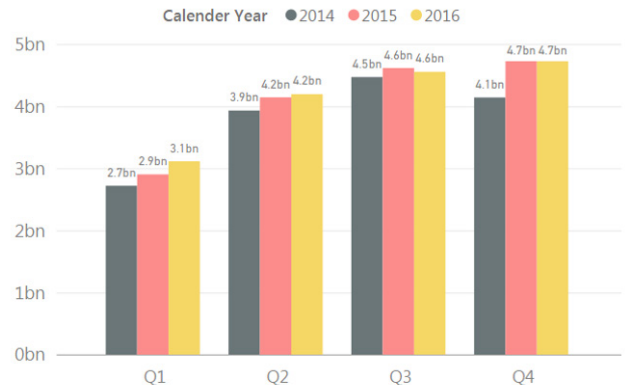


Source: Bank of England

### Housing market activity marginally slows

After positive year-on-year growth from 2013 onwards, the second half of 2016 saw the market flatten in terms of value for property sold (turnover).

#### Turnover of Property in Scotland

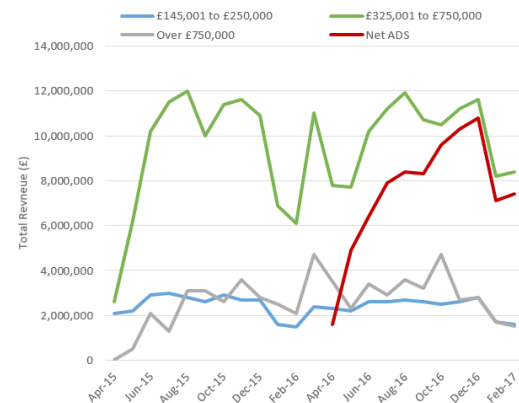


Source: Registers of Scotland

### LBTT & ADS revenues fall at start of 2017

LBTT revenues from transactions above £750k have fallen sharply at the start of 2017. While some seasonal lull is to be expected, revenues are down c.30% in January and February 2017 from the end of 2016, although were up year-on-year. Additional Dwelling Supplement (ADS) revenues have also slowed seasonally after a strong finish to 2016. ADS now accounts for around a third of all LBTT revenue.

#### LBTT Revenue

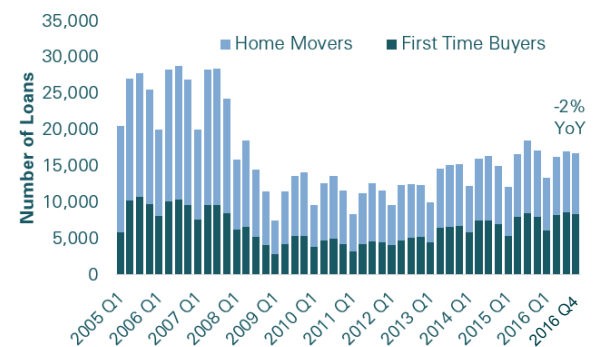


Source: Revenue Scotland

### First time buyer lending up, while home movers fall back

Mortgage lending in Scotland has fallen back over the last three quarters of 2016. This ebb was due to lending to home movers down 16% in Q3 and 9% in Q4 2016. Lending to First Time Buyers (FTBs) was up marginally, reflecting rising activity levels in the lower price bands of the market.

#### Mortgage Lending in Scotland



Source: Council of Mortgage Lenders