



### Headlines

Mortgage lending for FTB and Remortgaging show greatest year on year growth  
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Highest number of mortgage products since 2008  
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Increase in cash purchases in UK housing market  
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### Market Barometer (YoY)

	--	-	o	+	++
Transactions					
Average Price					
Market Turnover					

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

### Themes & Trend Analysis

<b>Mortgage lending rises for all buyer groups except home buyers</b>	Mortgage lending to first time buyers and remortgaging both returned over 20% year on year growth in the total value lent in Q1 2017. In contrast, lending to Home Buyers saw a -6% fall in the total value of borrowing year on year, and a -8% fall in the number of loans during the same period.
<b>Substantial growth in the volume of mortgage products.</b>	There has been a 24% rise in mortgage products in the past year, with 4,460 products in total according to Moneyfacts. There has been a particular rise in 60% LTV mortgages. It is thought that the low base rate has made some borrowers less inclined to switch, a key factor in this rise of products.
<b>Increase in cash purchases poses potential barrier for capital poor buyers</b>	There was a continued growth in cash purchases for residential property in 2016, up 12% on 2015 and 57% on 2013. Nearly 42% spent on residential property in 2016 was in cash form. Despite the rise in mortgage products, low wage growth, stagnant transaction levels, mortgage lending restrictions and access to capital is creating a bias toward cash buyers.

### Housing Market Statistics

Area	Average Price (RoS)				Transactions (RoS)				Total Market Value (RoS)			
	Q1 2016	Q1 2017	YoY Δ	YoY Δ %	Q1 2016	Q1 2017	YoY Δ	YoY Δ %	Q1 2016	Q1 2017	YoY Δ	YoY Δ %
Scotland	159,043	162,374	3,330	2.1%	19,438	20,090	652	3.4%	3,091,483,870	3,262,089,783	170,605,913	5.5%
Aberdeen	195,176	192,645	-2,532	-1.3%	813	730	-83	-10.2%	158,678,425	140,630,528	-18,047,897	-11.4%
Edinburgh	222,560	237,058	14,498	6.5%	2,441	2,250	-191	-7.8%	543,268,756	533,381,286	-9,887,470	-1.8%
East Dunbartonshire	205,139	215,094	9,955	4.9%	365	440	75	20.5%	74,875,754	94,641,408	19,765,654	26.4%
East Lothian	207,950	211,418	3,467	1.7%	362	414	52	14.4%	75,277,968	87,526,888	12,248,920	16.3%
East Renfrewshire	222,507	225,294	2,787	1.3%	285	322	37	13.0%	63,414,531	72,544,644	9,130,113	14.4%
Glasgow City	127,846	140,350	12,504	9.8%	2,380	2,490	110	4.6%	304,272,634	349,471,771	45,199,137	14.9%
Midlothian	190,653	189,105	-1,548	-0.8%	323	356	33	10.2%	61,580,796	67,321,211	5,740,415	9.3%
Perth & Kinross	182,127	188,326	6,199	3.4%	542	589	47	8.7%	98,712,803	110,924,014	12,211,211	12.4%
Scottish Borders	178,337	172,008	-6,329	-3.5%	373	439	66	17.7%	66,519,618	75,511,628	8,992,010	13.5%
Stirling	175,303	186,226	10,923	6.2%	336	305	-31	-9.2%	58,901,686	56,798,838	-2,102,848	-3.6%
West Lothian	155,308	141,689	-13,618	-8.8%	572	661	89	15.6%	88,835,928	93,656,657	4,820,729	5.4%

Source: Registers of Scotland

### Housing Market Indicators

Type	Mortgage Rates (BoE)						Number of Mortgage Advances and Value (CML)					
	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Base Rate Tracker	2.2	2.29	2.29	2.31	2.31	2.31	8,000	6,100	8,300	8,600	8,300	7,600
2 Year (75% LTV) Fixed	1.51	1.42	1.45	1.42	1.42	1.36	£870m	£650m	£920m	£940m	£900m	£810m
5 Year (75% LTV) Fixed	2.27	2.26	2.26	2.2	2.2	2.11	9,200	7,300	8,000	8,400	8,400	6,700
Standard Variable Rate	4.24	4.28	4.23	4.37	4.37	4.28	£1,400m	£1,100m	£2,200m	£1,280m	£1,290m	£1,030m

Source: CML

	Interest Rates (BoE)						House Price to Earnings Ratio					
	Official Bank Rate	3 Month Libor	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016				
Official Bank Rate	0.25	0.25	0.25	0.25	0.25	0.25	3.3	3.3	3.3	3.3	3.3	3.3
3 Month Libor	0.37	0.38	0.3775	0.34	0.34	0.33	3.4	3.6	3.7	3.8	3.6	3.9

Source: Bank of England

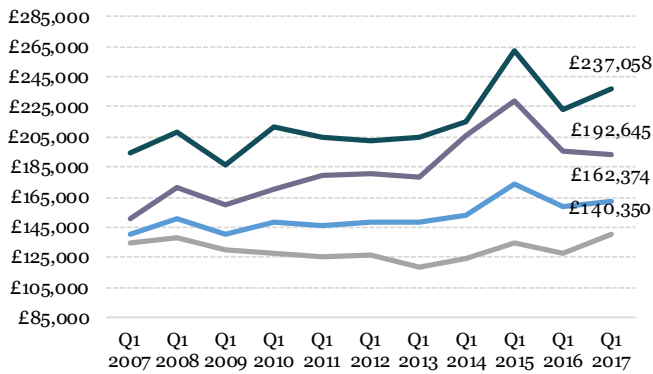
Mortgage Repayments as Percentage of Income						
Scotland FTB	22.1	21.8	21.5	21.2	21.5	N/A
Scotland All Buyer	19.4	20.4	21.4	21.5	19.8	21.1

Source: Nationwide & Halifax

### Increase in average house prices at the start of 2017

Average house prices in Scotland in Q1 2017 were 2.1% up year-on-year. Glasgow City experienced particularly high growth at 9.8%, while West Lothian fell considerably by 8.8%.

#### Average House Price 2007-2017

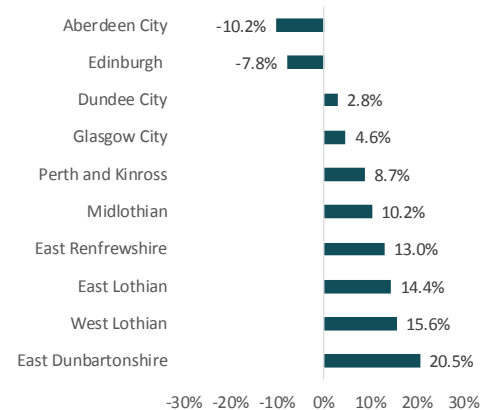


Source: Registers of Scotland

### Transactions grow in Glasgow but decline in Edinburgh

Glasgow City saw a return to growth in transactions, with a 4.6% increase between Q1 2016 and Q1 2017. Growth in transactions was broadly seen across Scotland at the start of 2017, with the notable exceptions of Aberdeen and Edinburgh. Aberdeen, however, saw a reduced rate of decline, while Edinburgh saw a third successive quarter of reduced sales volumes.

#### Change in Sales Volumes Q1 2017 vs Q1 2016

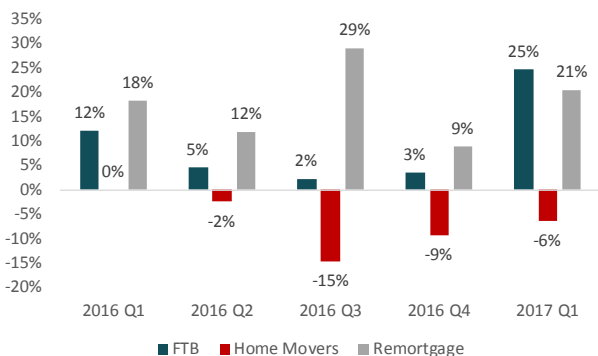


Source: Registers of Scotland

### Mortgage approvals for home movers are down year on year

The rise in re-mortgaging, alongside a decline in home mover lending, suggests owners are choosing to stay put in their homes despite record levels of mortgage product availability and low interest rates. Subdued market growth and capital requirements are likely to be driving this trend.

#### Year on Year Change in Value of Lending by Type (%)

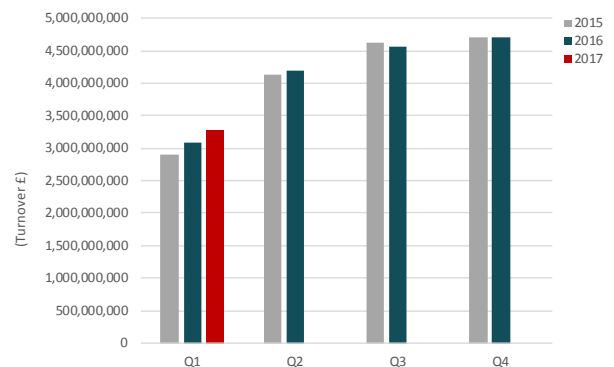


Source: Council of Mortgage Lenders

### Housing market activity rises again

After a levelling off in the latter half of 2016, the start of 2017 saw renewed growth in market turnover (total value of property sold), with a near 6% increase on Q1 2016. First quarter turnover has been increasing every year since 2011.

#### Market Turnover in Scotland 2015-2017

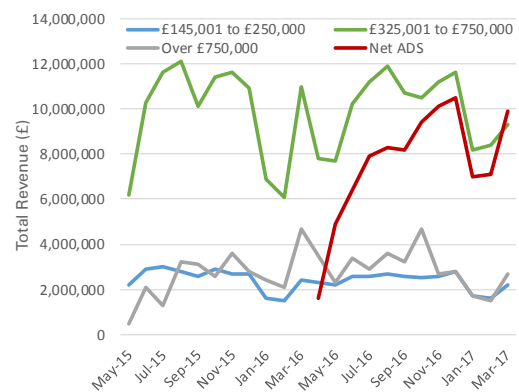


Source: Registers of Scotland

### ADS supplements LBTT revenues

The second year of LBTT has now completed and transactions at the upper end of the market remain constrained as the cost of moving has discouraged market participation. Additional Dwelling Supplement (ADS), which charges 3% on second dwellings, now accounts for about 20% of LBTT revenue.

#### LBTT Revenue by Price Band 2015-2017

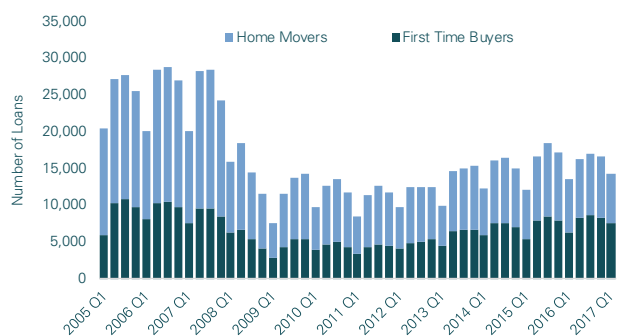


Source: Revenue Scotland

### Scottish FTB lending rises

The number of first time buyers active in the Scottish market increased 5% in 2016, rising to over 30,000 for the first time since 2007. However, home mover lending, saw a 7% decrease year-on-year. Q4 2016 saw the same number of first time buyers are home movers, a significant reversal of trend.

#### Mortgage Lending in Scotland by Type 2005-Q1 2017



Source: Council of Mortgage Lenders