

Headlines

Housing completions up year-on-year

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House builders share prices slide in July

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Mid Market Investment to deliver 1,000 new homes

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Key Findings

Scottish housing completions rose 5% year-on-year in 2017

Housebuilders see positive sales figures in H1 2018, while share prices continue to slide

Places for People and the Scottish Government announce an investment to fund 1,000 MMR units across Scotland

Themes & Trend Analysis

Housing completions up year-on-year but unequally across Scotland

Housing completions experienced a 4.8% increase year-on-year, which equates to 806 more new homes. Homes for Scotland have pointed to regional disparities across the country, with housing growth being driven by the South East of Scotland (up 20.8%) and Highland & Moray (up 18.4%), while East Central Scotland fell by 16.2%.

Despite positive H1 2018 sales figures leading housebuilders have seen share prices fall over the past month

Persimmon Homes have announced first half revenues have risen by 5% to £1.84bn from £1.75bn in the first half of 2017, as well as 3.6% rise in completions, 1.2% rise in average house price, 5% rise in forward sales and 6% rise in enquiries. However, soft market sentiment south of the border has seen the share price fall. This weakness contrasts positive sentiment north of the border.

Long-term Scottish Government funding of £47.5m has been employed to establish a new fund for the delivery of 1,000 MMR units

A £47.5m loan from the Scottish Government will underpin a fund that will be managed by PFP Capital, a UK alternative investment fund manager and a subsidiary of regeneration group Places for People, to deliver 1,000 new mid market rent homes across Scotland. Rettie & Co. has been appointed as exclusive agent for delivering the pipeline of affordable homes and will be working to identify and appraise suitable sites.

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

Area	All Sector Starts				All Sector Completions			
	Year to Q4 2016	Year to Q4 2017	Y-on-Y Δ	Y-on-Y Δ%	Year to Q4 2016	Year to Q4 2017	Y-on-Y Δ	Y-on-Y Δ%
Scotland	18,314	19,702	1,388	8%	16,933	17,739	806	5%
Edinburgh	2,553	2,425	-128	-5%	2,032	1,999	-33	-2%
East Lothian	692	705	13	2%	597	919	322	54%
Glasgow	944	1,727	783	83%	1,145	1,428	283	25%
Midlothian	947	459	-488	-52%	711	549	-162	-23%
Perth & Kinross	638	676	38	6%	659	510	-149	-23%
East Dunbartonshire	454	286	-168	-37%	477	351	-126	-26%
Scottish Borders	311	425	114	37%	325	189	-136	-42%
Stirling	207	196	-11	-5%	384	152	-232	-60%
West Lothian	911	800	-111	-12%	575	646	71	12%
Aberdeen	1,023	912	-111	-11%	732	1,088	356	49%

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
2013	2014	2015	2016	2017	2018					
Annual Average	108.1	110.0	109.2	109.5	115.2	119.5	Scotland	13818	17739	3922
							City of Edinburgh	2803	1999	-804
							East Lothian	442	919	478
							Glasgow City	1857	1428	-429
							Midlothian	450	549	99
							Perth & Kinross	470	510	40
							East Dunbartonshire	230	351	122
							Scottish Borders	178	189	11
							Stirling	299	152	-147
							West Lothian	496	646	150
							Aberdeen	1003	1088	85

Source: HM Revenue & Customs

Number of Mortgage Advances and Values

	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1
Scottish First Time Buyers (FTB)	8,300	7,600	9,600	9,400	8,500	6,900
	(£900m)	(£820m)	(£1070m)	(£1.050m)	(£1.010m)	(£800m)
Scottish Movers	8,400	6,800	9,400	9,600	8,800	6,600
	(£1.270m)	(£1.030m)	(£1.460m)	(£1.530m)	(£1.410m)	(£1050m)

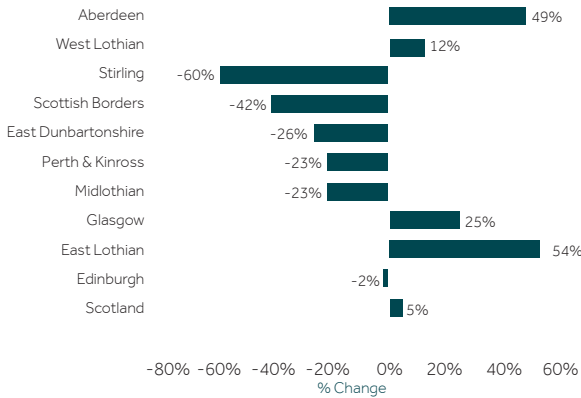
Source: Council of Mortgage Lenders

Source: NRS & Scottish Government

Completions rise in Glasgow & Aberdeen

Overall housing completions in Scotland rose 5% in 2017. Housing completions in Aberdeen and Glasgow rose strongly year-on-year, while Edinburgh treaded water with a marginal decrease. New developments in East Lothian saw a strong annual increase of over 50%.

Year-on-year change in housing starts 2015/16 vs 2016/17

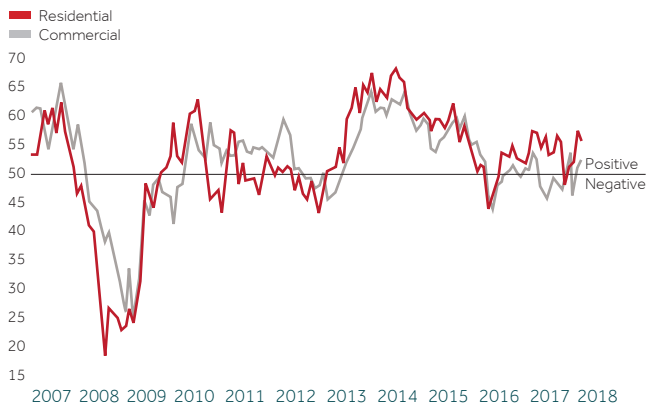


Source: Scottish Government

UK Construction Purchasing Managers Index stays positive

Overall construction activity remained positive, with modest improvement in May 2018. Residential work continues to remain the strongest sector for the third month running, falling back marginally from an 11-month high in April. Rising political and economic uncertainty is being blamed for hints of falling confidence in the sector.

UK Construction PMI

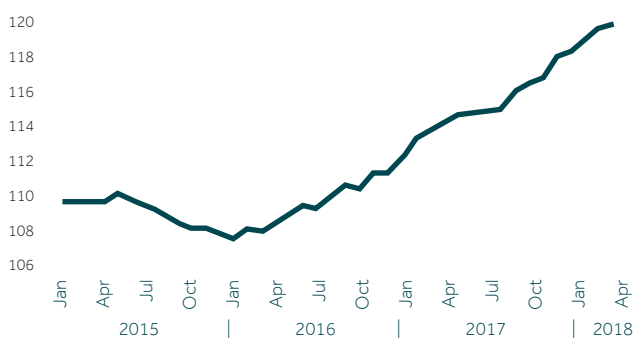


Source: Markit/CIPS

Building material prices continue to rise

The building material index saw its 16th consecutive monthly increase in April 2018, pushing the index above 120 for the first time. The largest year-on-year change in materials was found with concrete reinforcing bars (12%) and imported plywood (11%).

Building Material Price Index (2010=100)



Source: ONS

Housebuilders share price slides

Over the past month national house builders have seen their share price slip by between 10-20% as confidence in the market south of the border has waned, with falling house prices in the South East. This picture contrasts with positive conditions for house builders north of the border.

Housebuilders Share Price

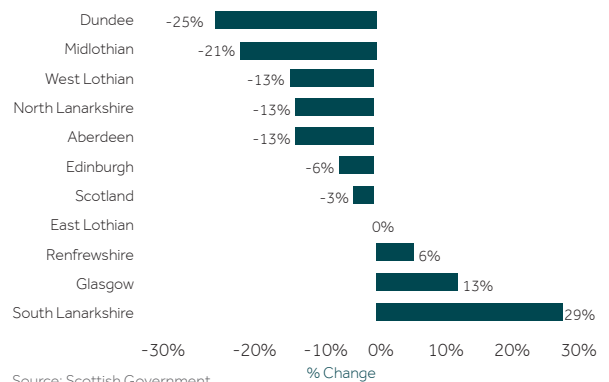


Source: Google Finance

Help to Buy uptake down year-on-year

The total number of properties bought through the Help to Buy Scheme fell 3% year-on-year and -8% in total value of sales. Glasgow & the Lanarkshires are the three largest HtB areas, accounting for one-third of all such transactions in Scotland.

New Homes Registrations (UK=RHS)

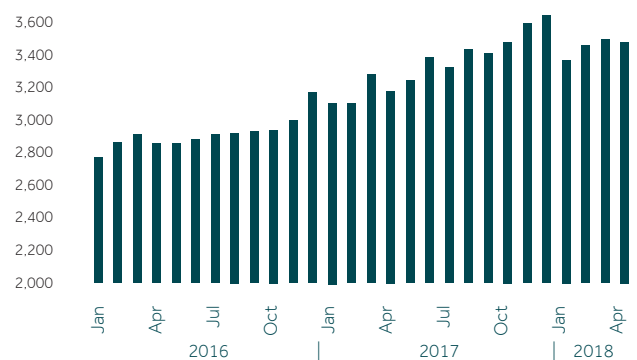


Source: Scottish Government

Public sector construction leads the way

Overall new housing output in Q1 2018 in the UK was up 9% due to an 11% increase in public sector offsetting a -5% decline in public sector output. This narrowed in April 2018, with the public sector output down -2% year-on-year.

New Housing Output (UK)



Source: ONS