

Autumn Market Briefing October 2025

Ticking Along - The Scottish housing market in 2025.



Headlines.

- As predicted at the start of the year, Rettie highlights average house prices are on track to rise by 3% in Scotland this year due to a slightly improving economic outlook. House price growth in Glasgow has been stronger than in the other cities.
- Our transactions forecast for 2025 of +2% has been upgraded to +5% as mortgage rate reductions and new government interventions have improved market conditions.
- Rental listings/availability has increased, which has moderated rent rises in recent quarters, but the new Housing Bill will push landlords to raise rents within existing tenancies to market value over the next two years in situations where they are below the current market.

The housing market in Scotland has experienced moderate price growth in the year to date up to August (up 3%) and stronger market activity growth (up 5%). This is in part due to lower mortgage rates and government support for first-time buyers, as highlighted in our recent **Mortgage Market Briefing**.

Average advertised rents continue to reach new all-time highs as the market adjusts to political change, but new listings are finally increasing again after four years of notable declines. The exemption of Build to Rent (BTR) from rent caps in the New Housing (Scotland) Bill will help to unlock delivery of new rental homes.





Introduction

“As we forecast at the start of 2025, the Scottish housing market has moved at a steady pace this year, with only modest uplifts in the key market metrics. The market remains in a delicate condition given that interest rates and mortgage rates remain high in a recent historical context and economic growth is limited. The new build sales market has also shown some improvement but is well down on pre-2022 levels. The rental market has cooled after substantial growth in rents and the increase in rental availability is a positive, but we are yet to see the full impacts of the new Housing Bill.”

Best wishes,

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Key findings.



01. Glasgow leads Scottish cities in house price growth.

The average house price in Glasgow has grown by 5% in 2025 (Jan-Aug), while Edinburgh has fallen behind the national growth rate.



02. New build market begins recovery.

New build transactions in 2025 to date have risen for the first time since 2022, but market activity remains low in historical terms, as the sector continues to struggle with rising costs and fewer land opportunities.



03. Rental market reaches new all-time high.

The average advertised rent in Scotland has continued to reach new highs and is averaging £1,250pcm in 2025. Recent increases in new listings indicates that rental availability is recovering but demand remains strong and landlords are incentivised to move their properties to market rent within the next two years.

Key findings *explored.*

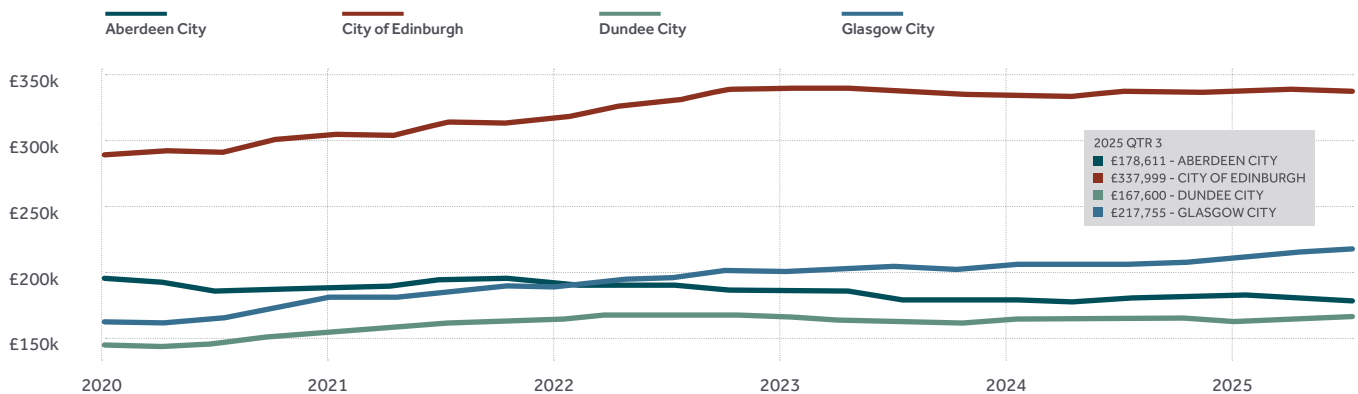
01. Glasgow leads Scottish cities on price growth.

On a 12-month rolling basis, the average house price in Glasgow has continued to outpace Scotland's main cities, growing by over 5% to nearly £218,000. Edinburgh and Dundee have both grown by c.1%, while the average price in Aberdeen has continued to decline (down 1.2%).

However, the average house price in Edinburgh (c.£338,000) continues to surpass other areas.

Figure 1: The average house price in Glasgow has grown by over 5% in 2025 (Jan-Aug).

12 month average price.



Source: @ Crown Copyright Registers of Scotland



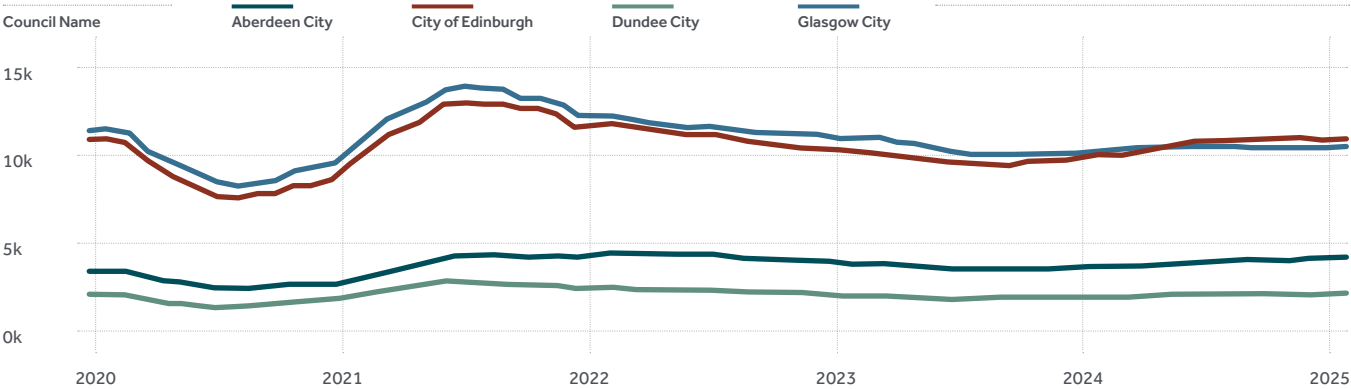
Rettie Research Report

In 2025, (Jan-Aug) the number of house sales has risen by 5.5% YOY as the market continues to recover from the slump over 2022-23 induced by sharp rises in mortgage rates and reductions in lending.

The ongoing recovery has been supported by improving mortgage affordability and declining deposit requirements through the recently implemented **Mortgage Guarantee Scheme**.

Figure 2: Transaction levels are recovering across Scotland's cities.

12 month average transaction volume.



Source: @ Crown Copyright Registers of Scotland



Key findings *explored.*

02. New build market begins recovery.

The rebound in overall market activity is finally extending into the new build market, which has had a similar increase in sales as the second-hand market in 2025 to date. The recent recovery is well overdue for a market that has seen total sales volumes more than halve since the Global Financial Crisis in 2008-09. It is also modest, with sales still around 50% down on where they were in 2021-22.

Despite the increase through the first half of 2025, new build sales continue to make-up a smaller proportion of Scotland's total sales. In 2025, new build sales only account for 10% of all Scottish house sales, down from the historical average of 15%.

New build average price growth is beginning to slow and is only up 0.8% in 2025 (Jan-Aug). The average price currently stands at c.£338,000. When comparing new build with second-hand semi-detached and detached house prices, new builds are near a historically high premium to second-hand houses. Part of this is due to product mix, with new builds having a higher proportion of larger house types, but it also reflects rising costs.

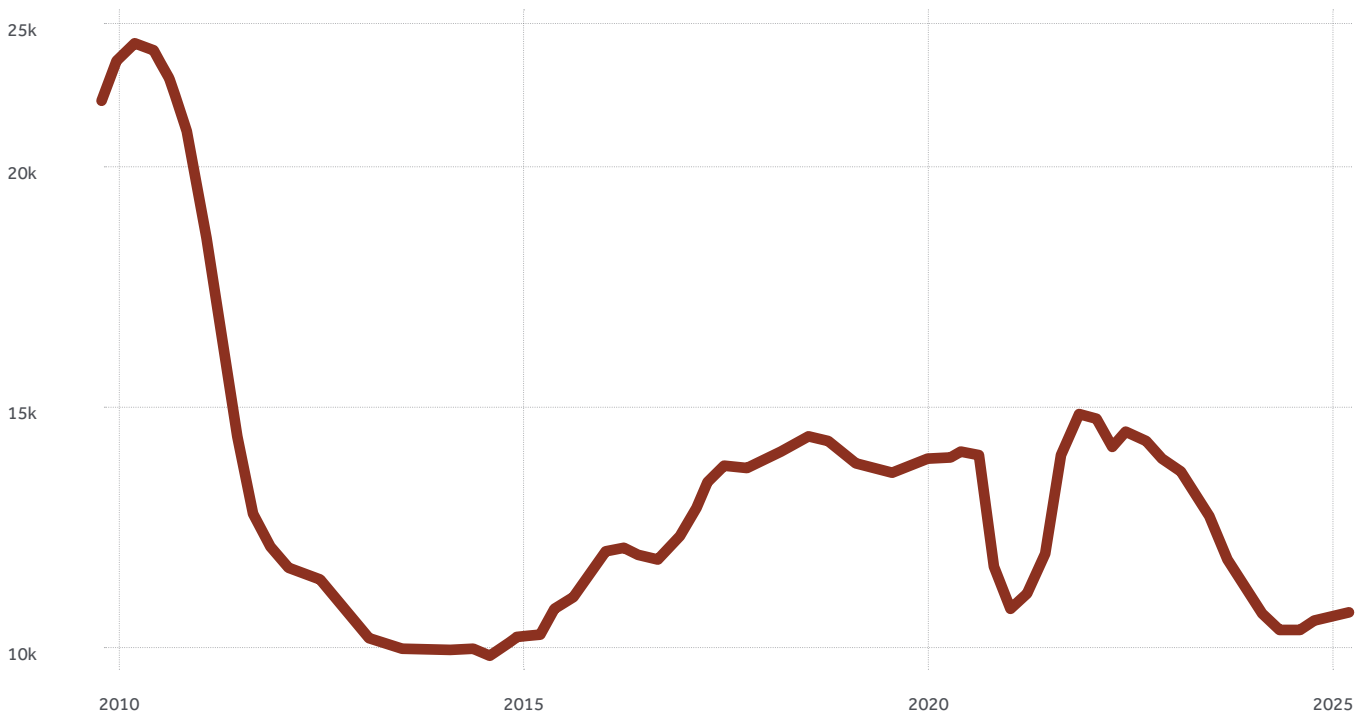


St. Andrews West

Key findings *explored.*

Figure 3: New build sales volumes are up 5% in 2025 (Jan-Aug).

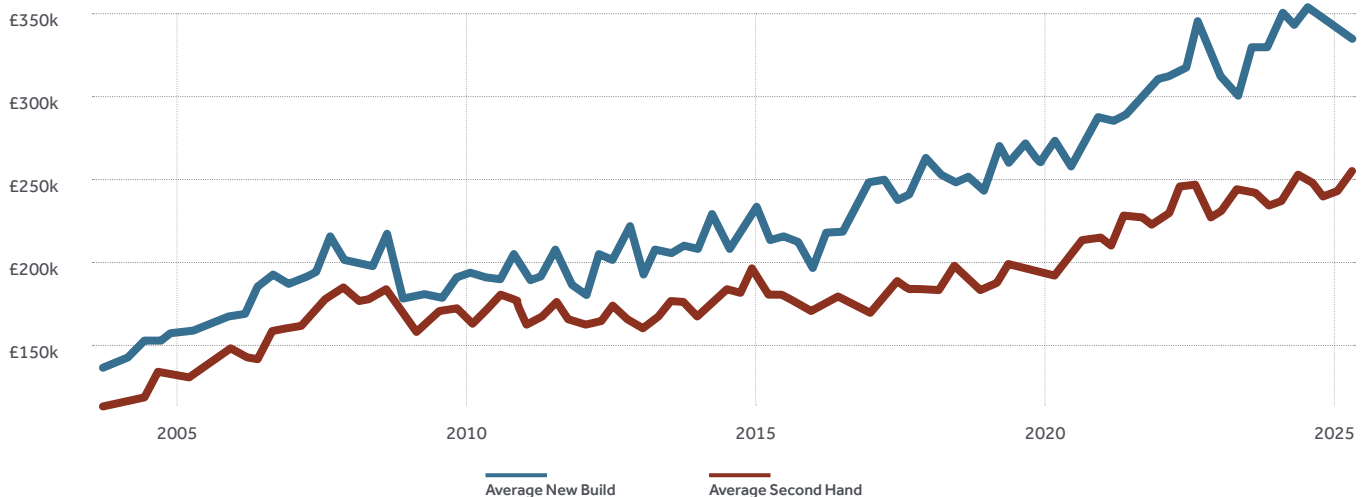
New Build 12 month rolling transaction volume.



Source: @ Crown Copyright Registers of Scotland

Figure 4: New build versus second hand average house price.

Average new build price vs. Average second hand price.



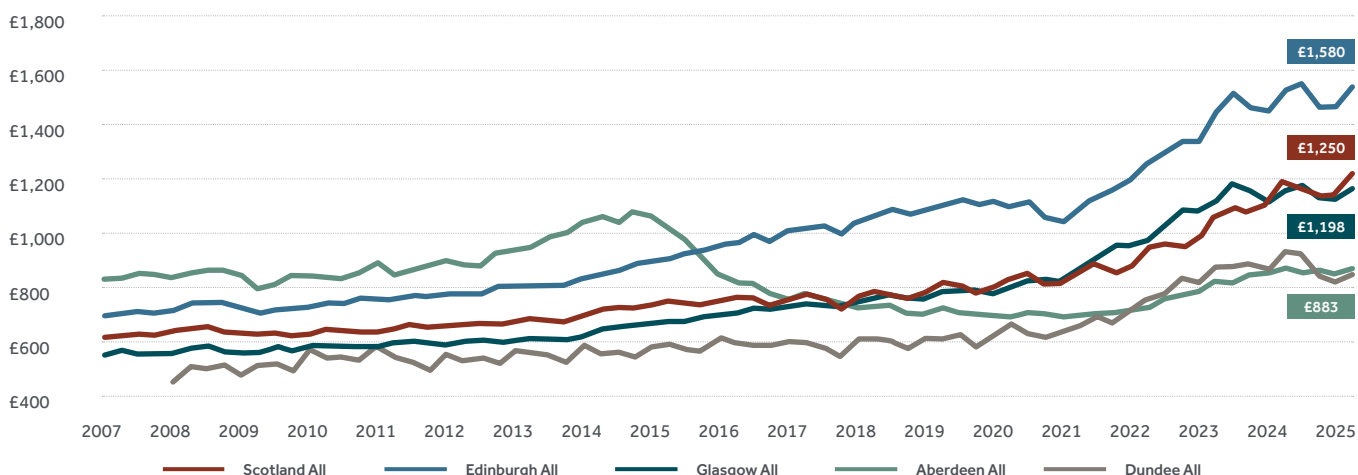
Source: @ Crown Copyright Registers of Scotland

Key findings *explored.*

03. Rental market reaches new all-time high

The average advertised rent in Scotland rose sharply following the Covid-19 pandemic and currently stands at £1,250pcm as of Q2 2025, which is the highest on record. Over the last three years, the average rent has grown at a compounded annual rate of 9.4% nationally, which is more than double the ten-year rate. The recent growth reflects the diminishing rental supply and persistent demand, particularly among students and young adults. However, it has also been caused by political intervention. The rent freeze and controls within tenancies led to greater mark-ups between tenancies (which the advertised rents pick-up) and new legislation has created an incentive for all landlords who had been 'under renting' to push rents to market value before rent controls are potentially introduced in their areas from 2027.

Figure 5: The national average advertised rent hits new all-time high



Source: Citylets



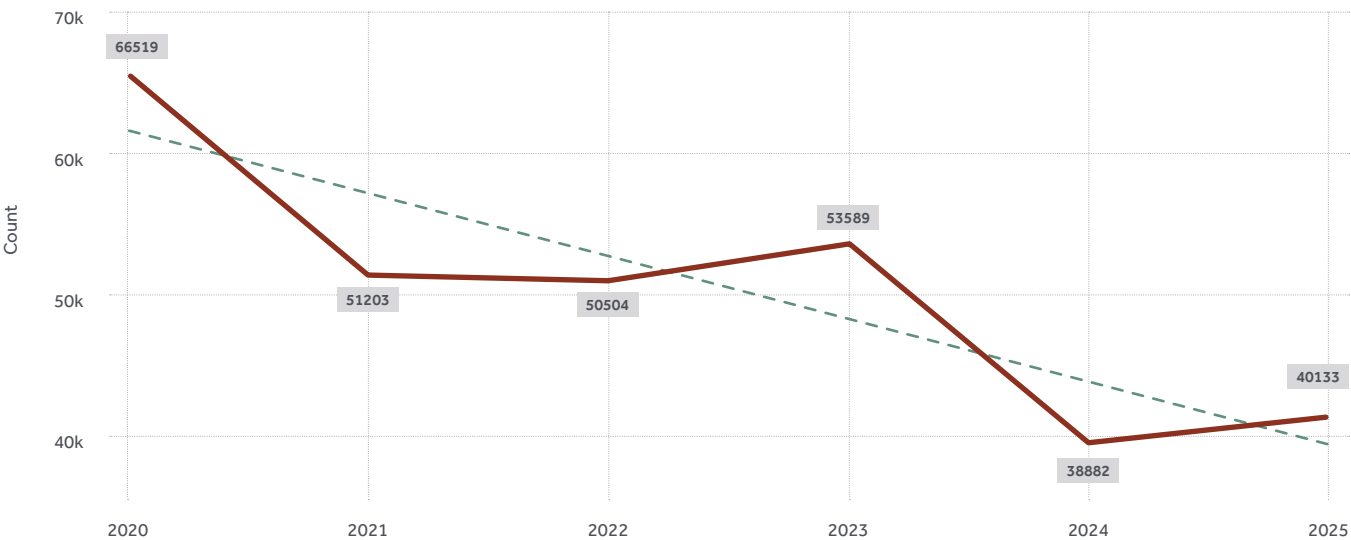
Rettie Research Report

The number of listings in the rental market in Scotland has fallen significantly since 2020, down by 40% at Q2 2025. This fall is likely due to some loss of supply, as landlords have exited the sector given the challenges of a stricter legislative and taxation environment in recent years, but is likely also due to tenants staying in properties longer given the lower levels of choice.

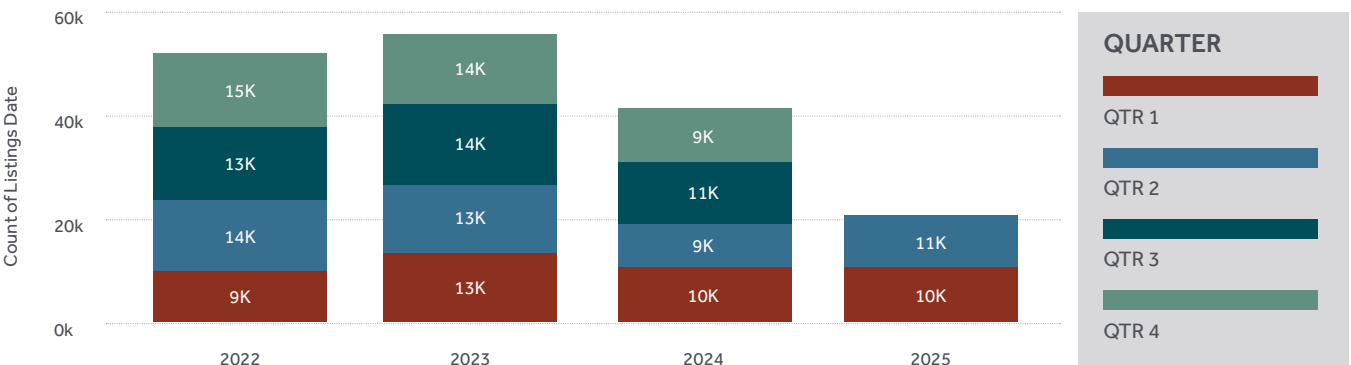
In the first half of 2025, the number of listings has increased modestly on a YOY basis (up 3%), indicating that rental availability may have bottomed out. The sector still faces significant headwinds going forward and its future is highly subject to the reaction to the Scottish Government's new Housing Bill, which was recently passed at Holyrood.

Figure 6: Rental property listings have recovered in 2025.

Count of new listings.



Count of listing by year.

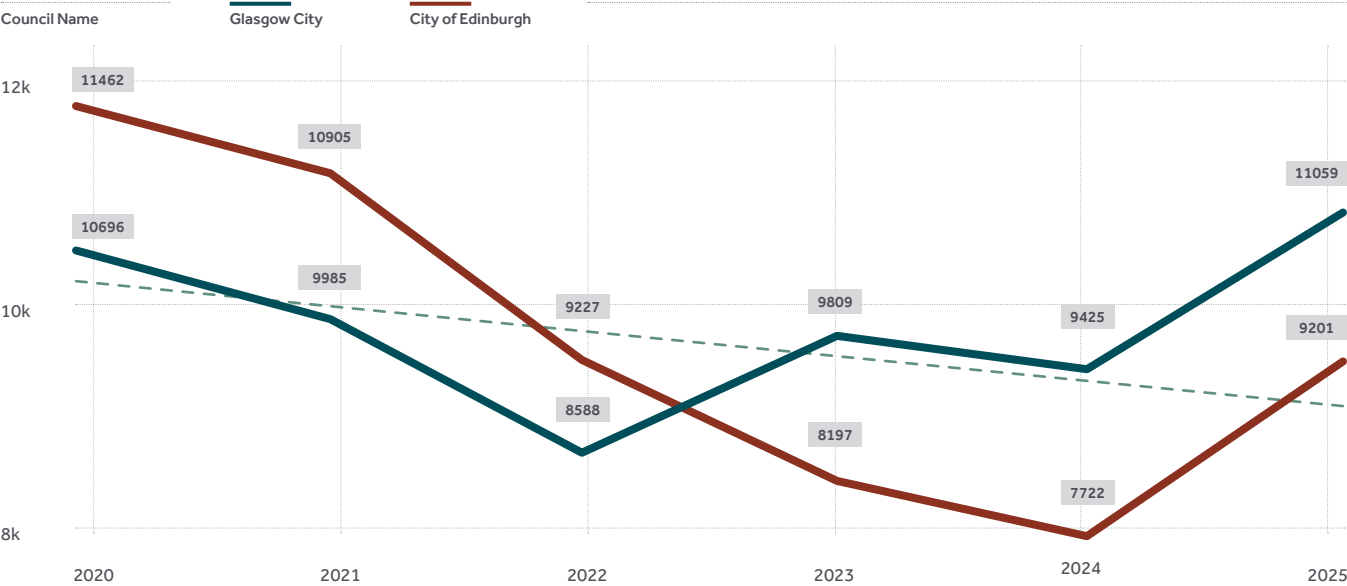


Source: Rightmove

In Scotland's largest cities, the rental supply has rebounded more in the first half of 2025. Glasgow's rental stock has completed a full recovery after suffering significant reductions in listings over 2021-24. Glasgow's rental market has been more robust compared to Edinburgh's, in part due to the release of new BTR developments such as Candleriggs Square. The count of rental listings in Edinburgh as of Q2 2025 is still more the 2,000 properties below 2020 levels (down 20%).

Figure 7: Glasgow's rental stock completes full recovery.

Count of new listings.



Source: Rightmove



Figure 8: Time to let remains low in an historical context.



Source: Rightmove

We will be commenting soon on the new Housing (Scotland) Bill and its implications for the rental sector. Of most importance is the potential introduction of rent controls (within and between tenancies) from 2027 in local authority areas. This will significantly change how landlords manage their rental properties.

The Bill gives local councils the power to designate Rent Pressure Zones (RPZs) in areas where they believe rents are rising too quickly and detrimentally. If a property is in one of these zones, annual rent increases will be permitted at Consumer Price Index (CPI)+1%, with a maximum permitted increase of 6%. When a tenant leaves, the property must be re-advertised at the same rent the previous tenant was paying.



Market Outlook & *Forecasts.*

Falling mortgage rates and rising rents are continuing to nudge the sales market in a positive direction. The implementation of the UK Government's mortgage guarantee scheme should provide further tailwinds to market activity through helping first-time buyers expand their access to credit.

Recent economic forecasts from the Bank of England Monetary Policy Committee report suggests modest GDP growth over the next three years. Market expectations are that interest rates will remain around 3.5-4% for the foreseeable future.

Our market forecasts throughout the first half of 2025 are on track for a rise in average prices of 3% by the end of the year. We expect similar growth in the following years, supported by modest disinflation and moderate increases in economic growth.

Sales activity has quickened slightly above expectations, in part due to government initiatives and falling mortgage rates. We forecasted a 2% rise in sales activity, equating to 100,000 sales for the calendar year. In 2025 (Jan-Aug), sales activity suggests a rise of 5% over the year to c.103,000 by the end of 2025. This will vary across geographies and property types.

In terms of the rental market, further rental growth may be limited due to a notable return of rental stock back onto the market. In addition, more renters may be able to access sufficient financing due to the mortgage guaranteed scheme to place a deposit on a house, where the average monthly payment is now 15% below the average rental payment. However, this will be counterbalanced to some extent by landlords moving rents to market values over the next two years in circumstances where they are currently 'under renting'.

Scottish Average House Price Forecasts

	Lower	Central	Upper
2025	2%	3%	4%
2026	2.5%	3.5%	4.5%
2027	3%	4%	5%
2028	3%	4%	5%
2029	3%	4.5%	6%

Scottish Transactions Forecasts

	Lower	Central	Upper
2025	100,000	103,000	105,000
2026	102,000	105,000	108,000
2027	103,000	107,000	111,000
2028	105,000	110,000	115,000
2029	105,000	110,000	115,000