

THE **PROPERTY MARKET**

A REVIEW OF THE KEY TRENDS IN THE
NATIONAL AND LOCAL HOUSING MARKET.



SCOTLAND

Analysis by Dataloft | Spring 2021

PRICE GROWTH AT FOUR-YEAR HIGH

SALES



↑7.6%

House prices

£249,633 November 2020 vs £232,100 November 2019



↑31.5%

Property sales

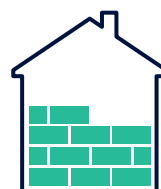
129,400 December 2020 vs 98,380 December 2019



↑3.7%

Mortgage approvals

818,537 2020 vs 789,125 2019



↓0.1%

New private homes built (completed)

35,260 Q3 2020 vs 35,300 Q3 2019



↑6.8%

Gross mortgage lending

£24.2bn* December 2020 vs £22.7bn* December 2019

Source: [dataloft](#), Bank of England, HMRC, ONS, MHCLG, Dataloft Rental Market Analytics (DRMA)
*Figures rounded to nearest £0.1bn

The desire to move remains on the agenda for many as the housing market proved one of the bright sparks of the economy during 2020.

A year like no other

2020, a year in which the housing market defied expectations. At 7.6%, annual price growth across the UK is at its strongest since the summer of 2016. Over 129,000 homes are believed to have changed hands in December, 32% more than in December 2019 with sales for the year projected to be just 11% lower than in 2019 (HMRC). The mortgage market has recovered. Approvals in 2020 were up 3.7% on the previous year (Bank of England) and with an estimated 9–10% more sales agreed in 2020 than in 2019, the start of 2021 has been positive.

Supply demand imbalance

The third national lockdown has exacerbated the supply demand imbalance evident across the housing market since the autumn. Rightmove reported its busiest ever start to a year, with demand up 12% and sales agreed in January up 9% year on year. However, new supply to the market has fallen by 12% and the number of homes for sale by 6% as new sellers remain cautious while restrictions remain (Zoopla). Many sales are currently in the conveyancing process, the flexibility to negotiate on price crucial to avoid fall throughs if the current stamp duty deadline of 31 March is missed.

Economic backdrop

Activity in the market is set against a backdrop of continued economic and consumer uncertainty. The UK economy shrank by a record 9.9% over 2020, despite growth of 1.2% in December. Although consumer spending fell sharply in January as restrictions were tightened, the vaccination rollout is on target and there is some optimism that restrictions may start to ease in the near future. The Chancellor's Budget on 3 March will set the tone for the year ahead, the economy currently forecast to return to pre-pandemic levels during the final quarter of 2022 (OBR).

LETTINGS



↑1.4%

Average rents

December 2020 vs December 2019



↔29%

Gross income spent on rent

December 2020 vs December 2019

Rental market

Average rents across the UK rose by 1.4% in the year to December, on par with growth throughout the year. Agents in virtually all parts of the country envisage rents rising over the near term, London the notable exception as supply continues to considerably outweigh demand (RICS). As in the sales market, interest in rental property out of city centres has surged. However, the majority of renters move less than five miles between tenancies.

26%

of renters move less than one mile from their previous address

Source: Dataloft Rental Market Analytics (DRMA)

Analysis by Dataloft



There is hope that a semblance of normality will return during 2021 as the vaccination programme continues apace and lockdown restrictions are gradually lifted. The housing market remains active and with lifestyle change the reason for a move for many, this should ensure continued activity throughout the year.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY PROFESSIONALS

HELP TO BUY: WHAT'S CHANGING?

Extension set to benefit 2,000 households



5%
Minimum deposit

15%
Maximum loan

£200,000
Maximum purchase price
Scotland

What is Help to Buy?

Since its introduction in the autumn of 2013, the Help to Buy (Scotland): Affordable New Build Scheme has helped support over 17,000 first-time buyers and existing homeowners in purchasing a new build home. While in England and Wales elements of the scheme criteria will change from 1 April 2021, the Scottish Government announced in June 2020 a 12-month extension of its existing scheme to 31 March 2022.

How does it work?

Purchasers require a minimum 5% deposit and are eligible for a low-interest government-backed loan of between 5% and 20% of the value of a new-build home, up to a current price cap of £200,000. Buyers require a repayment mortgage (80% or less) to cover the remaining amount, and the home must be purchased from a house builder who is registered with the scheme.

Repayment

Buyers own 85% of the home's equity on purchase and can pay back the loan to increase their share in 5% installments. If buyers choose to sell their home, they are required to repay the Scottish Government their share of the sale price, dependent on the equity they own.

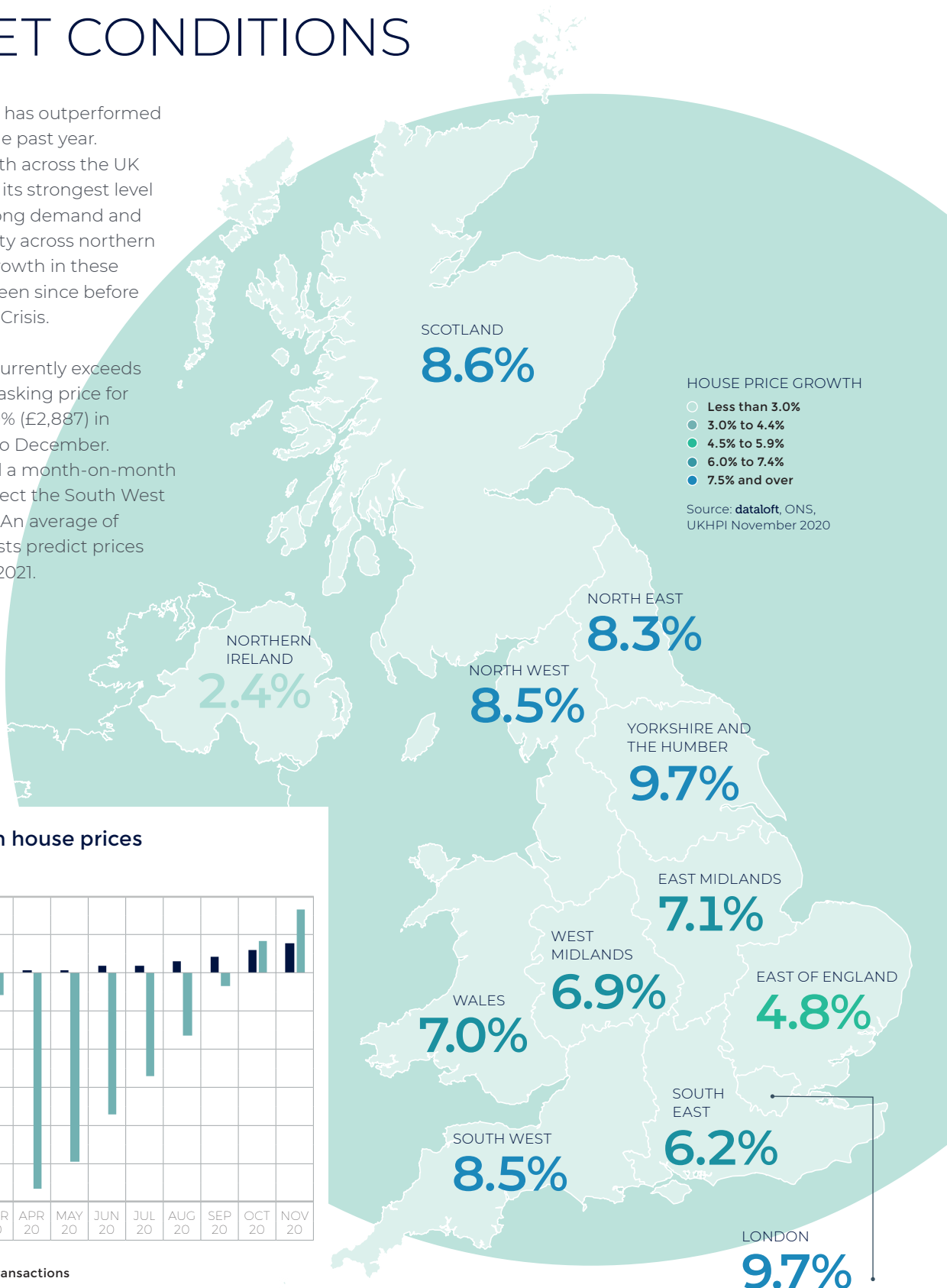
For general information only. Specialist mortgage advice must always be sought.

Source: [dataloft](#), Scottish Government

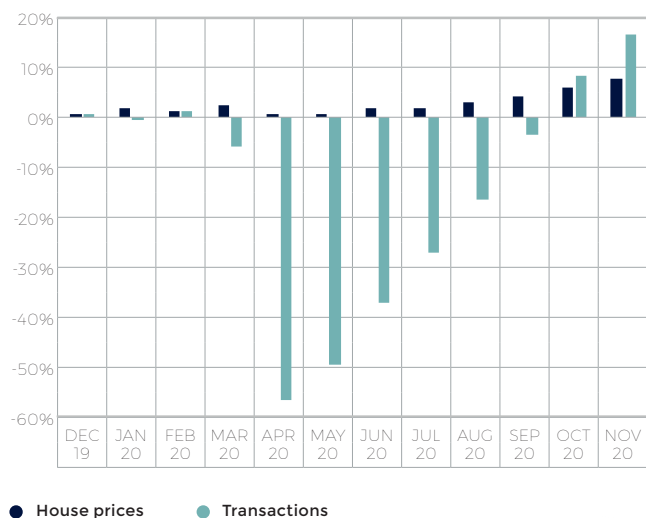
NATIONAL MARKET CONDITIONS

The housing market has outperformed expectations over the past year. Property price growth across the UK in November was at its strongest level since June 2016. Strong demand and attractive affordability across northern regions has led to growth in these areas at a level not seen since before the Global Financial Crisis.

Although demand currently exceeds supply, the average asking price for a property fell by 0.9% (£2,887) in January compared to December. Rightmove reported a month-on-month fall in all regions except the South West and West Midlands. An average of independent forecasts predict prices will stabilise during 2021.



Annual change in house prices and transactions



Source: **dataloft**, ONS, UKHPI November 2020

REGIONAL ACTIVITY

SCOTLAND

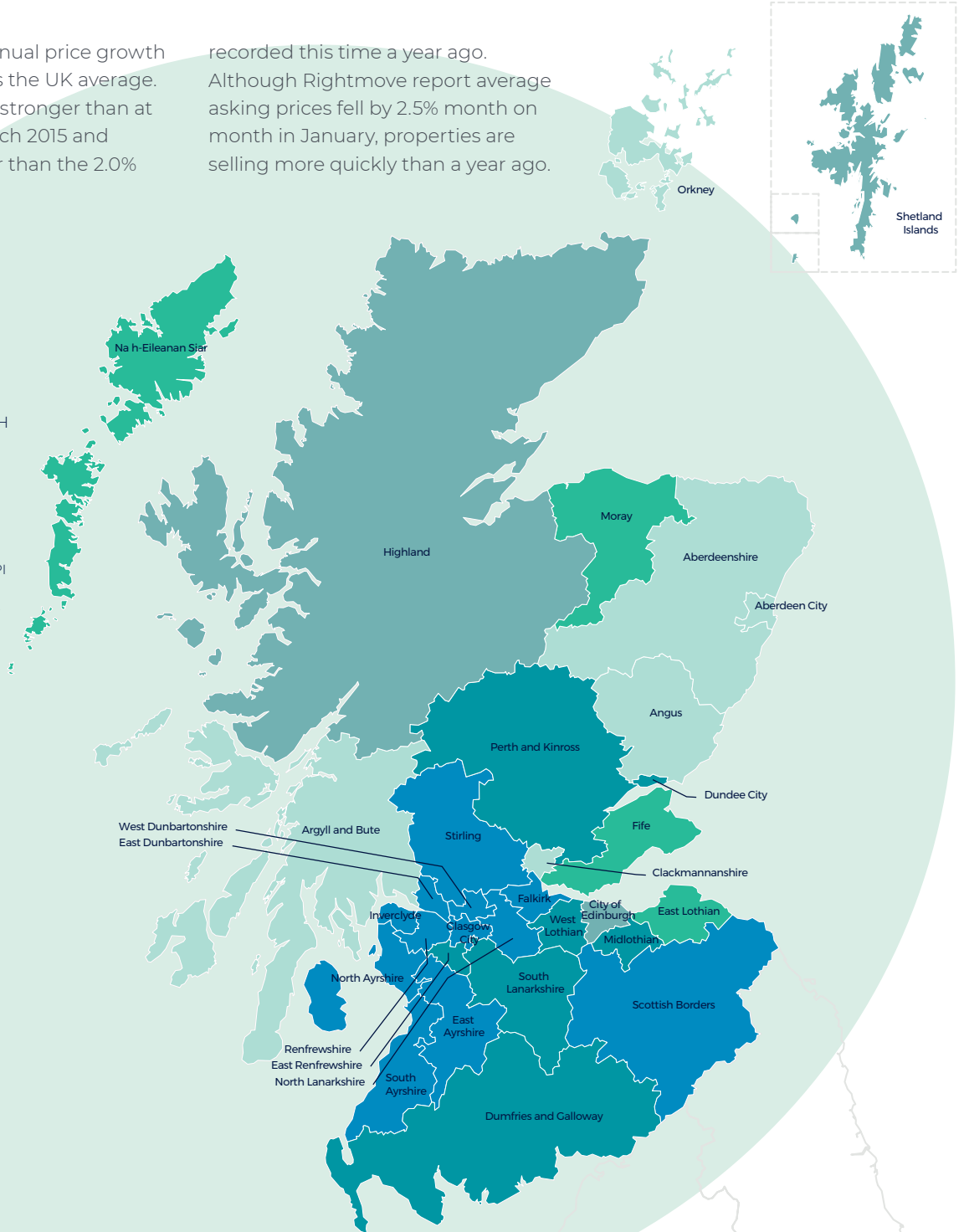
At 8.6%, average annual price growth in Scotland exceeds the UK average. Growth is currently stronger than at any point since March 2015 and considerably higher than the 2.0%

recorded this time a year ago. Although Rightmove report average asking prices fell by 2.5% month on month in January, properties are selling more quickly than a year ago.

HOUSE PRICE GROWTH

- Less than 3.0%
- 3.0% to 4.4%
- 4.5% to 5.9%
- 6.0% to 7.4%
- 7.5% and over

Source: **dataloft**, ONS, UKHPI November 2020. Contains OS data ©Crown copyright and database right 2016



Annual price growth has strengthened across the UK in recent months

5.7%

Midlothian

Most active housing market in this region

Source: dataloft, UKHPI

Most active housing markets across the region

| RANK | | % OF PRIVATE STOCK TURNOVER | AVERAGE HOUSE PRICE |
|------|---------------------|-----------------------------|---------------------|
| 1 | MIDLOTHIAN | 5.7% | £196,489 |
| 2 | EAST LOTHIAN | 5.5% | £252,964 |
| 3 | SOUTH LANARKSHIRE | 4.9% | £139,820 |
| 4 | WEST LOTHIAN | 4.8% | £173,455 |
| 5 | CITY OF GLASGOW | 4.7% | £149,735 |
| 6 | RENFREWSHIRE | 4.7% | £133,496 |
| 7 | CLACKMANNANSHIRE | 4.7% | £133,266 |
| 8 | NORTH LANARKSHIRE | 4.5% | £116,565 |
| 9 | FALKIRK | 4.4% | £140,488 |
| 10 | PERTH AND KINROSS | 4.4% | £207,151 |
| 11 | WEST DUNBARTONSHIRE | 4.3% | £117,877 |
| 12 | CITY OF EDINBURGH | 4.3% | £287,239 |
| 13 | NORTH Ayrshire | 4.2% | £116,314 |
| 14 | CITY OF DUNDEE | 4.2% | £131,418 |
| 15 | EAST Ayrshire | 4.2% | £110,073 |
| 16 | FIFE | 4.2% | £143,815 |
| 17 | ANGUS | 4.1% | £152,905 |
| 18 | STIRLING | 4.1% | £211,406 |
| 19 | SCOTTISH BORDERS | 4.1% | £170,790 |
| 20 | EAST RENFREWSHIRE | 4.1% | £244,950 |

Source: dataloft, UKHPI

Stock levels relate to 2011 Census data. Some areas have seen increased amounts of new development activity since then, which will enhance turnover rates

Robust activity

At £165,703 the average price of a property in Scotland is just over £13,000 more expensive than a year ago and activity across the market is robust. On average just 4.3% of private properties sell each year, with turnover in Midlothian and East Lothian more than 5%. Over 8,800 new homes were registered for sale during 2020, and nationally registrations have been on an upward trend since September.

8,814

New homes registered in 2020 across Scotland

(NHBC, 2020)

First-time buyers

First-time buyers were particularly affected by the closed housing market and the stricter mortgage lending that followed. However, buyer numbers have recovered steadily, with transactions just 2% lower year on year during the final six months of 2020 (UK Finance). The number of High Loan-to-Value (LTV) mortgage products has also increased, Moneyfacts reporting there were 169 products available at 90% LTV in January, over double the number available back in July. Lending rates remain low, the average mortgage rate the lowest in history.

2.12%

Average mortgage rate

(Bank of England, December 2020)



ABOUT THE

GUILD OF PROPERTY PROFESSIONALS

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If you want independent guidance on moving home or are looking for the best agent in your area, visit [guildproperty.co.uk](https://www.guildproperty.co.uk)

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Analysis by Dataloft

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Dataloft is an established property market intelligence company with a long track record of analysing and reporting on the housing market. We are committed to stripping away the mystique of complex data analysis and adding value for clients through interpretation, insight and creativity.

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