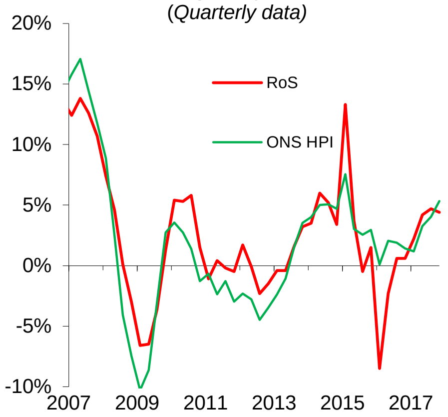
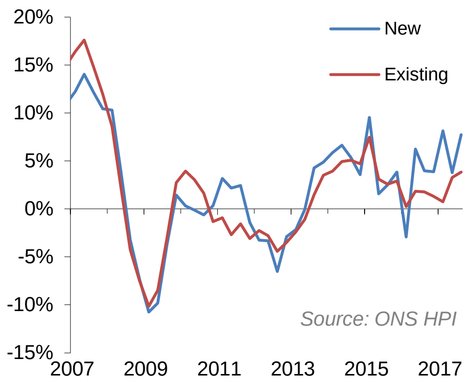
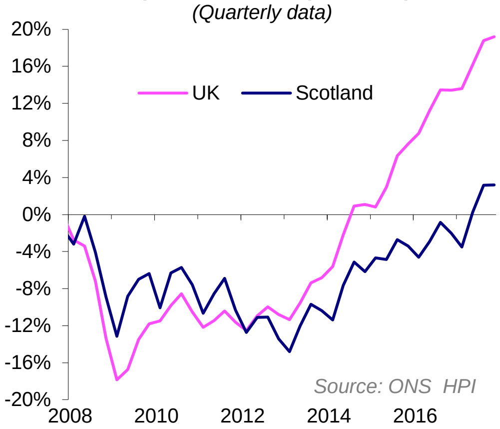
**Annual house price growth: Scotland**
*(Quarterly data)*



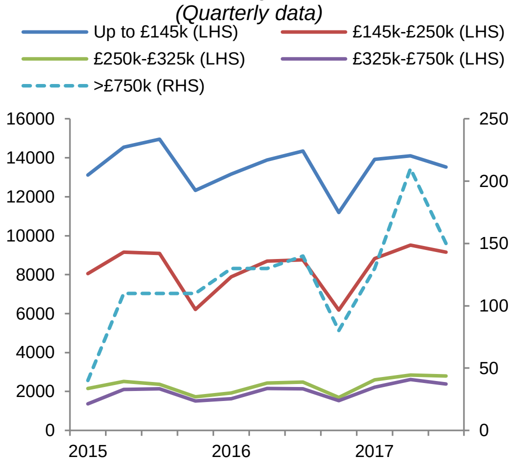

**Annual house price growth by type of dwelling: Scotland** *(Quarterly data)*



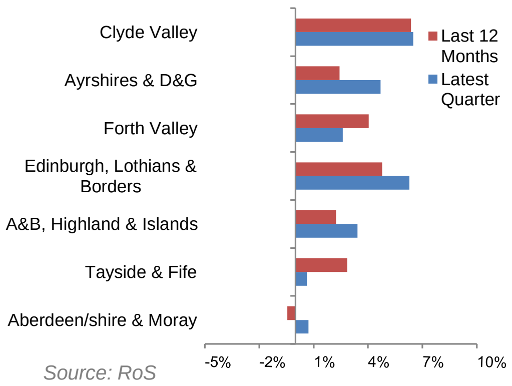

**House prices relative to pre-crisis peak**
*(Quarterly data)*



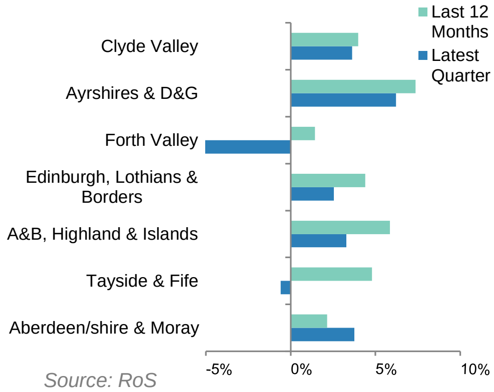

**Transactions by LBTT Band**
*(Quarterly data)*



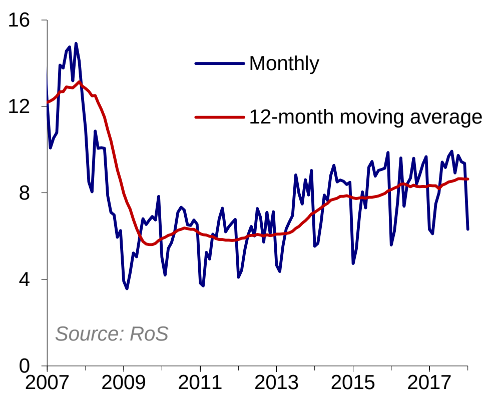

**Annual house price growth: Scotland Areas**
*(Q4 2017)*



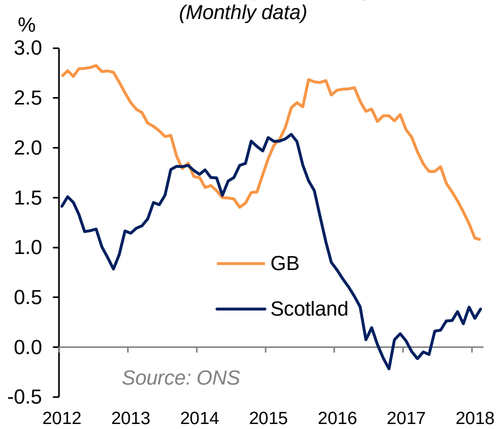

**Annual growth in transactions: Scotland Areas**
*(Q4 2017)*




**House sale transactions: Scotland**
*(000s)*




**Annual rate of change in rental prices**
*(Monthly data)*




The annual growth rate of the ONS House Price Index (HPI) rose from 4.0% in Q3 2017 to 5.3% in Q4 2017.

In Q4 2017, the average (geometric mean) of ONS mix-adjusted house prices was £147k in Scotland relative to £226k in the UK. The average (arithmetic mean) of non-mix-adjusted RoS data for all dwellings bought in Scotland was £176k.

The breakdown between new and existing build house price inflation is available with a lag. In Q3 2017 annual new build price growth increased to 7.7%, up from 3.8% in Q2. Annual price growth for existing build properties increased to 3.9% in Q3, up from 3.3% in Q2.

According to the ONS HPI, the average price of a new dwelling in Scotland in Q3 2017 was £203k. The average price of an existing dwelling was £145k in Q3 2017.

ONS HPI data shows that the Scottish HPI was 3.2% above its pre-crisis peak during Q4 2017. The UK HPI for Q4 stood at 19.2% above its pre-crisis peak (61.2% above in London).

According to data from Revenue Scotland, while the number of transactions above £750k (150) in Q4 2017 fell on the previous quarter (210), the level in Q3 2017 was the highest in this price bracket since the start of LBTT.

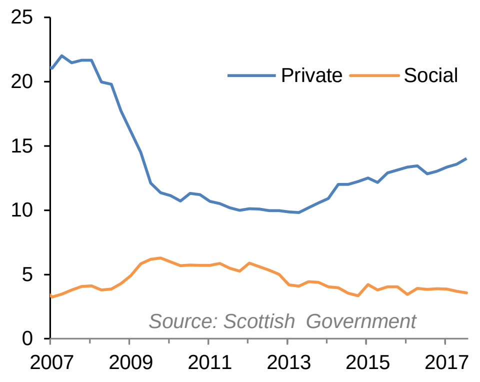
RoS data show that in Q4 2017, the highest annual house price growth (6.5%) was in Clyde Valley, whilst the lowest annual house price growth (0.6%) was in Tayside & Fife. The largest annual growth in transactions (6.2%) was in Ayrshires & D&G, however; transactions have fallen annually in Forth Valley by 7.1%.

In Q4 2017, there were 28,534 sales in Scotland according to data from RoS. This is up 2.4% compared to Q4 2016 and up 32.7% compared to the same quarter of 2009.

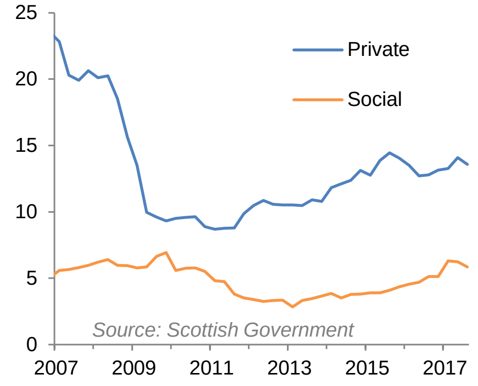
ONS experimental statistics show that annual rental growth in Scotland was 0.4% in February 2018, compared to 1.1% in Great Britain.

Data to 26th March 2018; Contact: Richard.Keatinge@gov.scot, Bruce.Teubes@gov.scot, chma@gov.scot

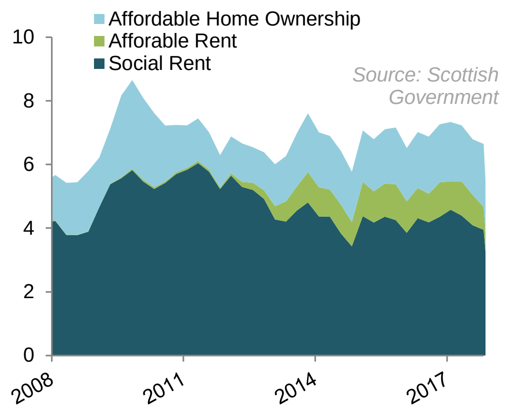
**New build completions: Scotland**
*(4-quarter moving total, 000s)*



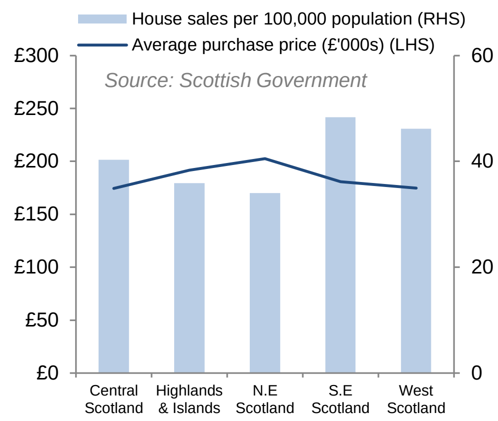

**New build starts: Scotland**
*(4-quarter moving total, 000s)*



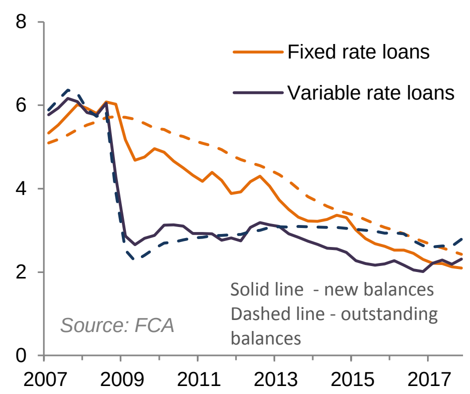

**Affordable Housing Supply Programme**
*(4-quarter moving total completions, thousands)*



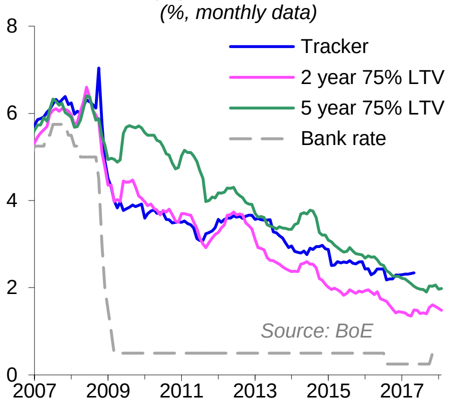

**Help to Buy (Scotland)**
(*April 2016 - March 2017*)



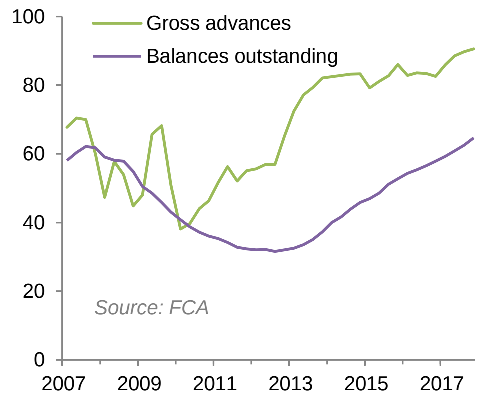

**Average interest rate on residential loans to individuals: UK** *(%, quarterly data)*



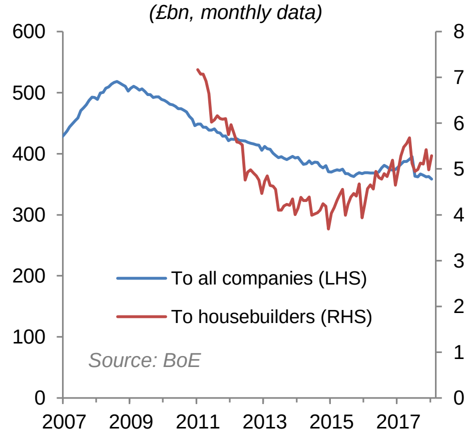

**Mortgage interest rates: UK**
*(%, monthly data)*




**Proportion of residential loans at fixed rates: UK** *(%, quarterly data)*




**Financial institutions' net loans outstanding: UK**
*(£bn, monthly data)*




Across all sectors, 17,601 new build homes were completed in the year to end September 2017, a 5.4% annual increase. Meanwhile, there were 19,440 starts, up by 8.6%.

Private sector completions in the year to end September 2017 totalled 14,041, up by an annual 9.3%. Meanwhile, private sector starts totalled 13,591 - up 6.3%.

Social new build completions totalled 3,560 in the year to end September 2017, a 7.4% annual decrease. Meanwhile, social new build starts were up by an annual 14.3% (at 5,849).

In the year to end December 2017, there were 6,647 completions through the Affordable Housing Supply Programme (AHSP), down by an annual 8.5%. In the same period, there were 9,552 approvals through AHSP, up by an annual 6.7%, and 9,442 starts, up by an annual 12.4%.

Applications are currently being taken for the Help to Buy (Scotland) Affordable New Build Scheme for 2018/19. The maximum purchase price for this year is £200,000, whilst the maximum Scottish Government equity share is 15%.

FCA data show that in Q4 2017 there has been a slight increase in the average interest rate for variable rate lending and a marginal drop for fixed rate lending, indicating that the bank rate rise in November 2017 had been priced in. The average rate on new variable rate lending (2.3%) is now slightly above fixed rates (2.1%).

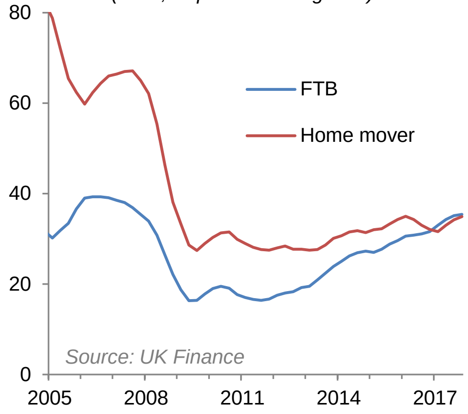
More recent Bank of England data show that the market does not expect a significant increase in bank rate in the short term, with the average interest rate on 2 year fixed mortgages dropping by 0.13 percentage points from November 2017 to stand at 1.48% in February 2018.

There has been a slight increase on the previous quarter in the share of new lending at fixed rates, which stood at 90.6% in Q4 2017.

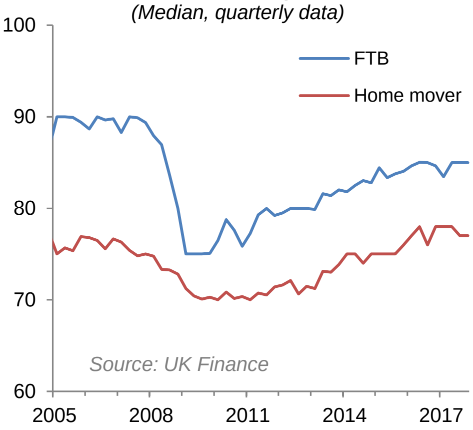
Net bank lending to housebuilders in the UK totalled £5.0bn in December 2017, up 7.2% annually.

Data to 26th March 2018; Contact: Richard.Keatinge@gov.scot, Bruce.Teubes@gov.scot, chma@gov.scot

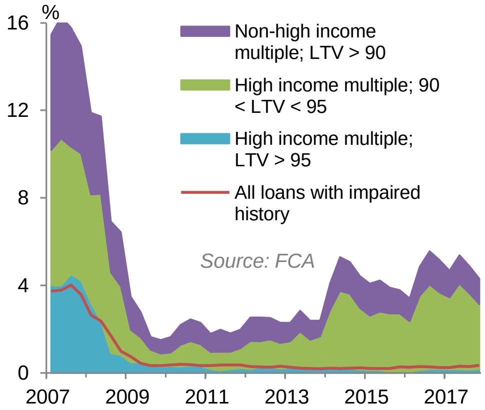
**Loans for home purchase: Scotland**
*(000s, 4-quarter moving total)*



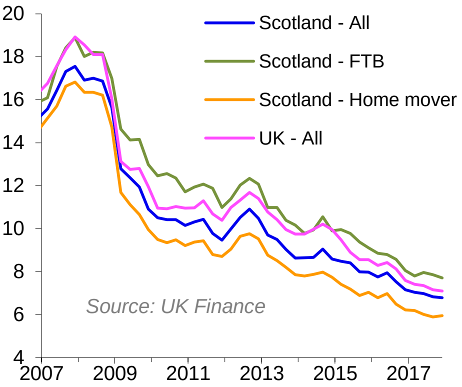

**Loan to Value ratio for home purchase: Scotland**
*(Median, quarterly data)*



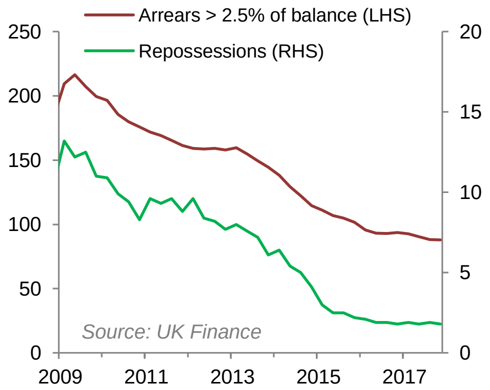

**Higher-risk lending as % of all regulated residential lending: UK** *(Quarterly data)*



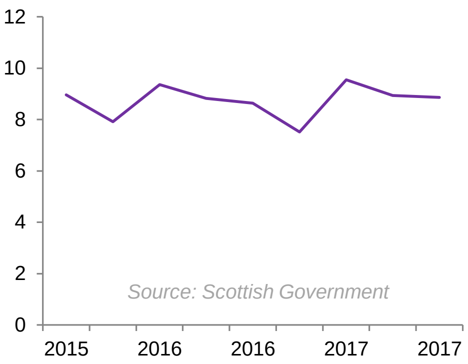

**Interest payments as % of income**
*(Median, quarterly data)*



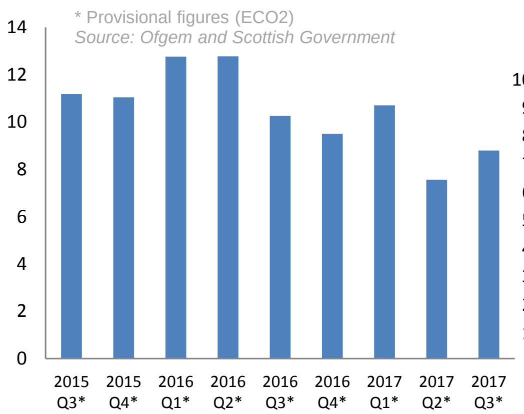

**Mortgages in arrears and repossessions: UK**
*(000s; Quarterly data)*



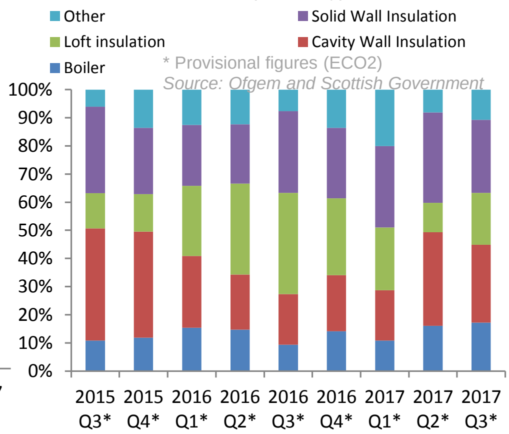

**Homelessness Applications: Scotland**
*(000s; Quarterly data)*




**Total Number of ECO measures in Scotland** *(Quarterly, thousands)*




**Breakdown of ECO measures in Scotland**
*(Quarterly)*




Data to 26th March 2018; Contact: Richard.Keatinge@gov.scot, Bruce.Teubes@gov.scot, chma@gov.scot

According to UK Finance data, there were 17,800 new loans for home purchase in Scotland in Q4 2017, up by an annual 5.3%. Loans to FTBs were up by an annual 3.5% and loans to Home Movers were up by 8.3%.

In Q4 2017, the average LTV ratio for FTBs and home movers in Scotland remained at 85% and 77%, respectively. The average FTB deposit is approximately £18,700 - equivalent to 54% of average annual FTB income, down from a peak of over 90% during the credit crunch.

According to FCA data, the proportion of all regulated residential loans with an LTV above 90% fell slightly to 4.31% in Q4 2017 - down from 4.89% in Q3 2017 and 5.17% in Q4 2016.

UK Finance data show that mortgage interest payments for all Scottish buyers remained at 6.8% of income in Q4 2017, compared to 7.1% for the UK.

UK Finance data also show that in Q4 2017 the total number of loans in the UK with arrears equivalent to 2.5% or more of the mortgage balance was 87,900, down by an annual 6.2%. The number of repossessions in Q4 2017 totalled 1,800, the same number as in Q4 2016.

Homelessness statistics are now published bi-annually. There were 8,861 homelessness applications in Q3 2017, up by an annual 2.6%. Homelessness applications were down 0.8% from Q2 2017 (8,936).

The number of ECO (Energy Company Obligation) measures delivered in Scotland in Q3 2017 was 8,793 compared to 10,253 in the same quarter of 2016. The most common measure installed in Q3 2017 was Cavity Wall Insulation (28% of measures), followed by Solid Wall Insulation (26%).

*Note:* All ECO measures are provisional until the end of the ECO obligation period.

## Special Feature: Trends in the Housing Revenue Account

**Chart 1. HRA Income and Expenditure**

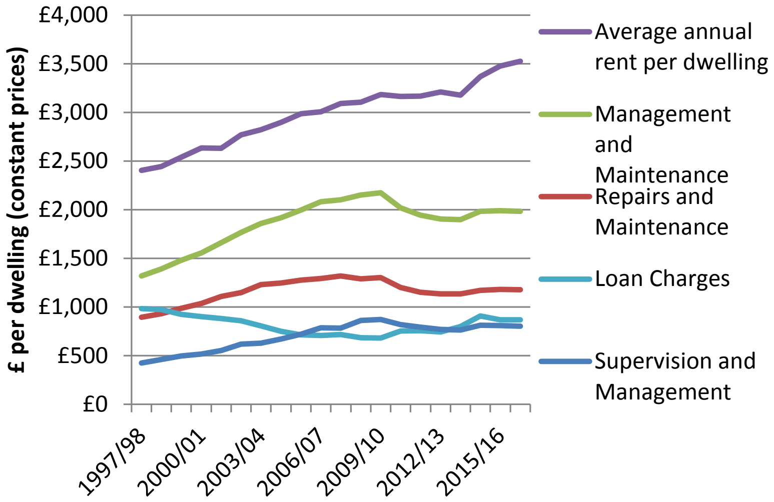



**Chart 2. Sources of HRA Housing Investment**

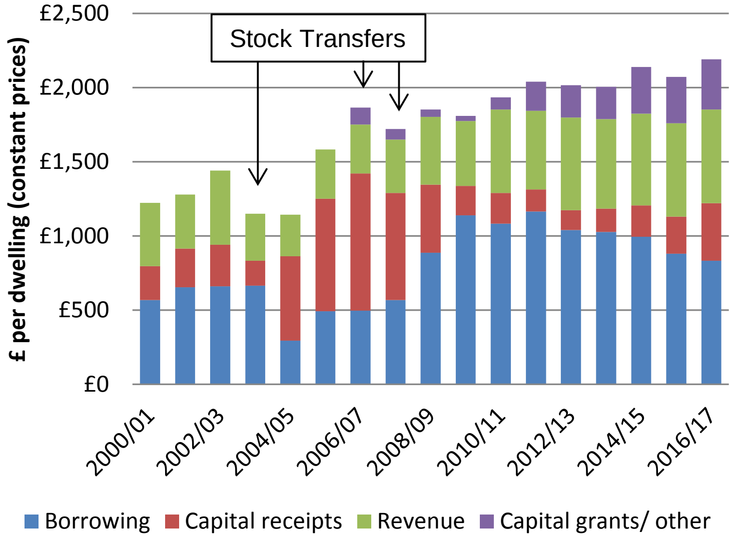
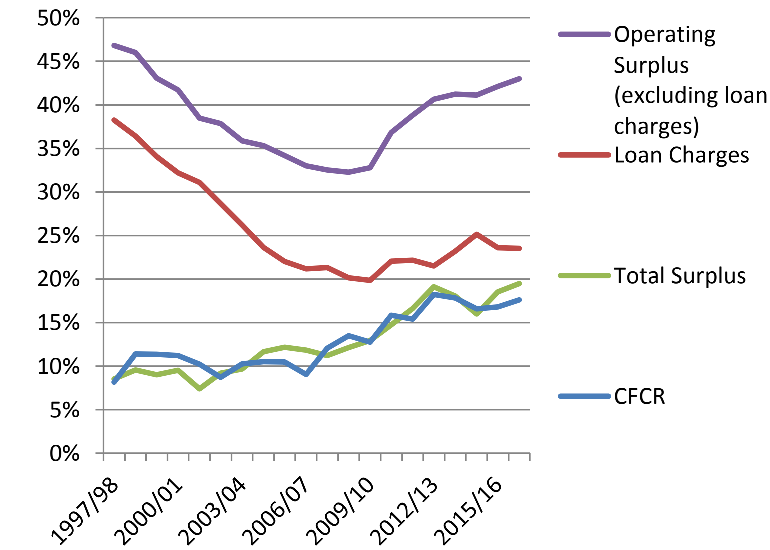



**Chart 3. HRA Surplus as a Percentage of Total Income**




Charts 1 and 3 contain data for the 26 local authorities that have retained their council housing stock, whilst Chart 2 contains data for all local authorities with an HRA in any given year.

This quarter's special feature identifies key changes in the trends in local authorities' Housing Revenue Account (HRA) income, expenditure and investment.

**Income and Expenditure**

In 2016/17, total HRA income was around £1.15bn, of which 94% was rents from dwellings. Total expenditure was just over £927m, or £2,971 per dwelling. Of this, repairs and maintenance costs accounted for £368m (40% of total HRA expenditure) or £1,179 per dwelling, whilst supervision and management costs were £251m (27%), equivalent to £804 per dwelling. Expenditure on loan charges amounted to £271m (29%), which is £868 per dwelling.

Since 2009/10, there have been notable changes in the trends of key components of HRA expenditure for the 26 local authorities that have retained their council housing stock, as shown by Chart 1. Adjusting for CPI inflation, management and maintenance costs have fallen in real terms from £2,175 per dwelling in 2009/10 to £1,984 in 2016/17, a 9% decrease. Both components of management and maintenance costs have fallen significantly since 2009/10: supervision and management costs have decreased by 8% and repairs and maintenance costs by 9%. One possible explanation for the decline in repairs and maintenance costs is that housing investment to meet the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESSH) has improved the quality of the council housing stock, reducing the need for ongoing repairs and maintenance.

Whilst management and maintenance costs have fallen, loan charges have increased in real terms from the 20 year low of £682 per dwelling in 2009/10 to £868 per dwelling in 2016/17, a 27% increase. This was due to increased borrowing to fund capital expenditure (discussed below), which was only partly offset by lower interest rates following the financial crisis.

**Investment**

Total HRA housing investment by local authorities on improvements and additions to their council housing stock totalled £684m in 2016/17. On a per dwelling basis, investment has increased by 92% in real terms since 2004/05. This has been driven by expenditure on the SHQS and, more recently, on the EESSH, as well as by the resumption of council new build.

A distinct change in the composition of this investment (illustrated in Chart 2) is that capital receipts from asset sales have become relatively less important since 2007/08, falling by 46% in real terms from £721 per dwelling to £390 per dwelling in 2016/17, despite an uptick in the past two years as the final Right to Buy sales are processed. Instead, the significant increase in capital expenditure since 2004/05 has been financed by higher borrowing as well as through capital expenditure funded from current revenue (CFCR), which has increased by 126% in real terms from £279 per dwelling in 2004/05 to £631 in 2016/17.

The increases in borrowing (with the associated loan charges) and CFCR have been financed through an increasingly large operating surplus on the HRA, as shown in Chart 3. This is because the difference between HRA income and expenditure has grown in real terms, owing to increased income from rents on houses and reduced management and maintenance costs.

Source: Scottish Government Housing Revenue Account Statistics: http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HRAmainpage/HRAStatistics2017