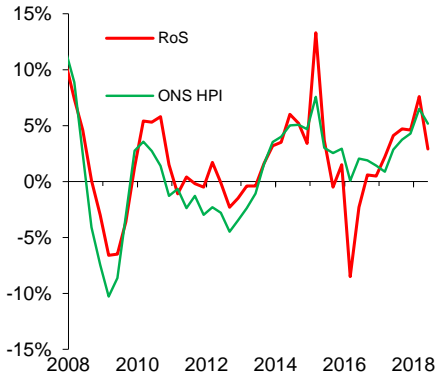
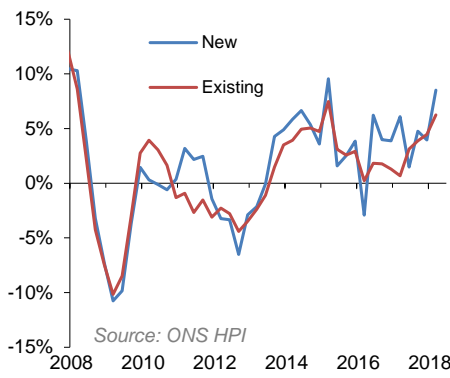


Annual house price growth: Scotland
(Quarterly data)



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



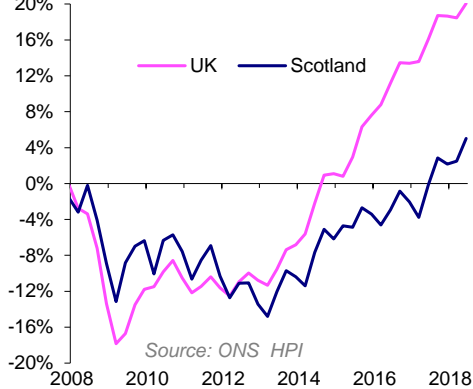
The annual growth rate of the ONS House Price Index (HPI) fell from 6.5% in Q1 2018 to 5.2% in Q2 2018.

In Q2 2018, the average (geometric mean) of ONS mix-adjusted house prices was £150k in Scotland relative to £228k in the UK. The average (arithmetic mean) of non-mix-adjusted RoS data for all dwellings bought in Scotland in Q2 2018 was £176k.

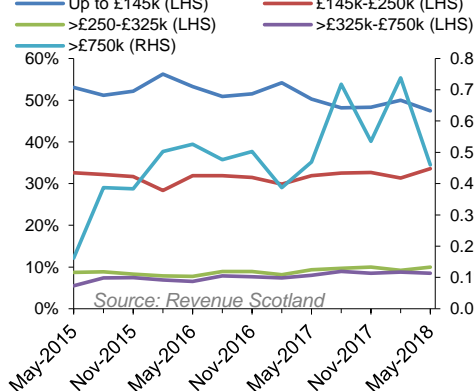
The breakdown between new and existing build house price inflation (ONS HPI) is available with a lag. In Q1 2018 annual new build price growth increased to 8.5%, up from 4.0% in Q4 2017. Annual price growth for existing properties increased to 6.3% in Q1, up from 4.5% the previous quarter. The average (geometric mean) price of a new dwelling in Scotland in Q1 2018 was £204k, while the average price of an existing dwelling was £143k.

ONS HPI data show that the Scottish HPI was 5.0% above its pre-crisis peak during Q2 2018. The UK HPI for Q2 stood at 20.1% above its pre-crisis peak (60.8% above in London).

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



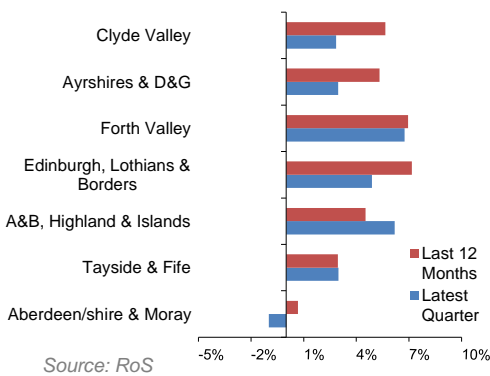
Share of Transactions by LBTT Band
(Quarterly data)



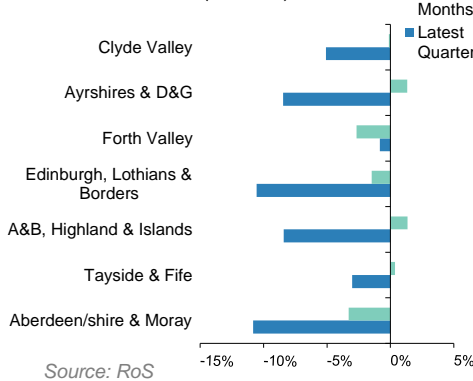
According to data from Revenue Scotland, in Q2 2018 the share of sales above £325k dropped by 0.5 percentage points on Q2 2017, whilst the share of properties under £145k fell by 2.8 percentage points. LBTT Revenue (excluding ADS) totalled £61.2m in Q2 2018, down 1.6% on Q2 2017.

RoS data show that in Q2 2018, house prices grew the fastest in Forth Valley, up 6.7% on Q2 2017. The lowest annual house price growth was in Aberdeen/shire & Moray, where house prices dropped by 1.0% on Q2 2017.

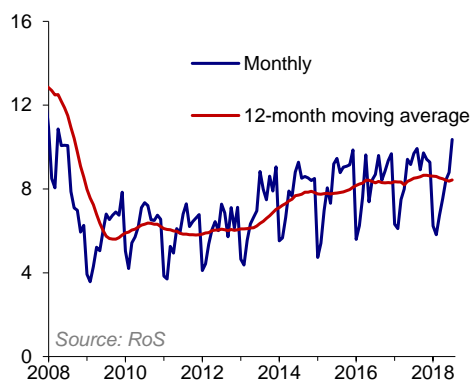
Annual house price growth: Scotland Areas
(Q2 2018)



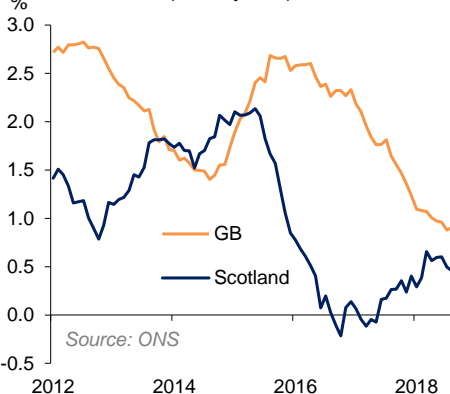
Annual growth in transactions: Scotland Areas
(Q2 2018)



House sale transactions: Scotland
(000s)



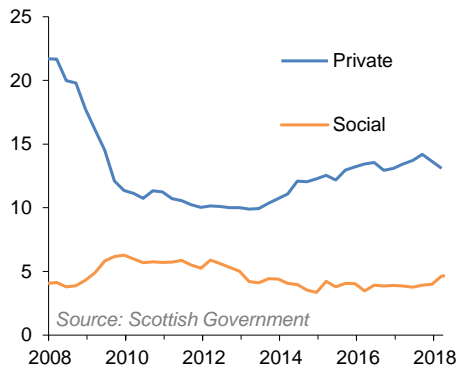
Annual rate of change in rental prices
(Monthly data)



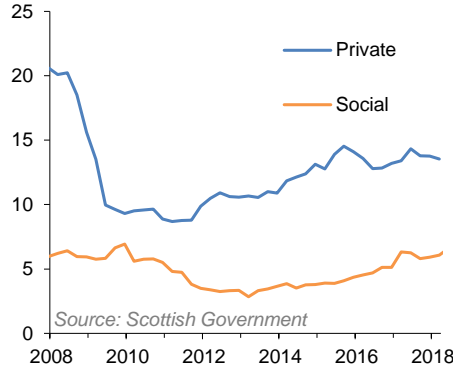
In Q2 2018, there were 24,769 sales in Scotland according to data from RoS. This is a drop of 6.8% on Q2 2017. Transactions fell by more than 10% for the second consecutive quarter in Aberdeen/shire & Moray (10.8%), whilst transactions also fell by more than 10% (10.5%) in Edinburgh, Lothians & Borders.

ONS experimental statistics show that annual rental growth in Scotland was 0.5% in August 2018, compared to 0.9% in Great Britain.

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



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

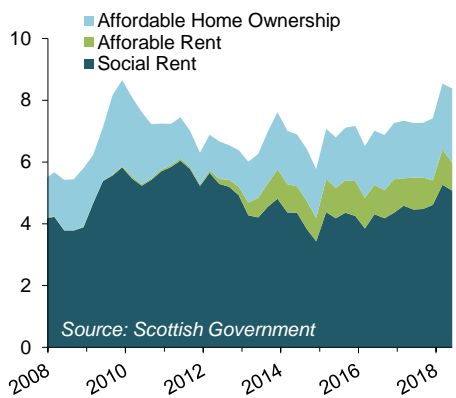


Across all sectors, 17,731 new build homes were completed in the year to end March 2018, a 2.5% annual increase. Meanwhile, there were 19,595 starts, down 0.7%.

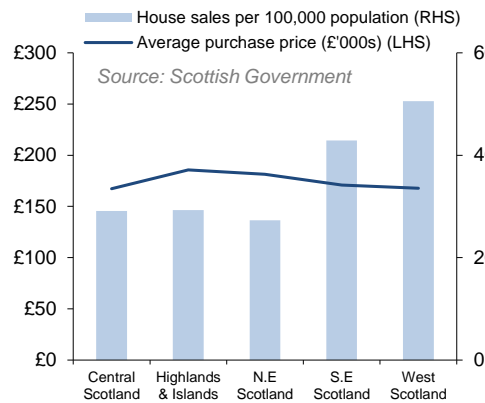
Private sector completions in the year to end March 2018 totalled 13,102, down by an annual 2.4%. Meanwhile, private sector starts totalled 13,527, up by an annual 0.9%.

Social new build completions totalled 4,629 in the year to end March 2018, an annual increase of 19.7%. Meanwhile, social new build starts were down 3.9% (at 6,068).

Affordable Housing Supply Programme
(4-quarter moving total completions, 000s)



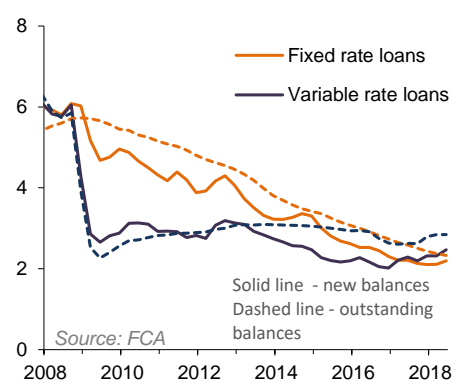
Help to Buy (Scotland)
(April 2017 - March 2018)



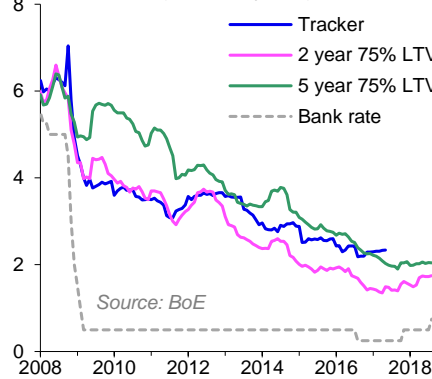
In the year to end June 2018, there were 8,381 completions through the Affordable Housing Supply Programme (AHSP), up by an annual 15.5%. In the same period, there were 11,926 approvals through AHSP, up by an annual 11.7%, and 10,285 starts, up by an annual 3.5%.

In 2017/18, there were 2,290 sales through Help to Buy (Scotland).

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



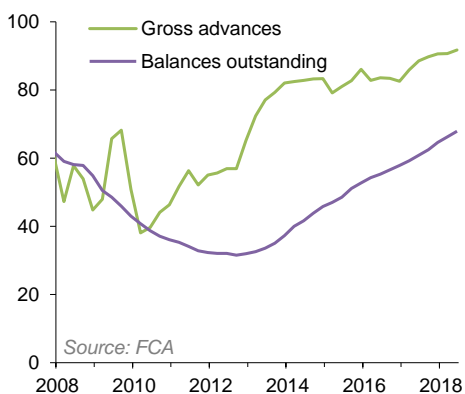
Mortgage interest rates: UK
(%, Monthly data)



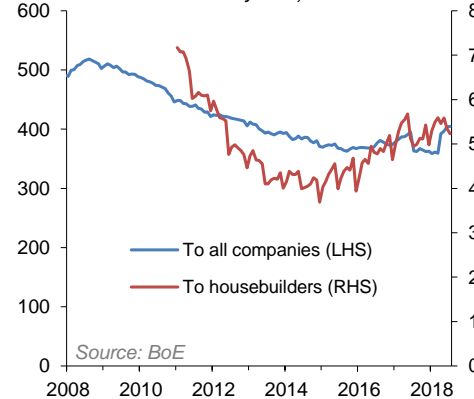
FCA data show that in Q2 2018, the average interest rate for new variable and fixed rate lending ticked up to 2.5% and 2.2%, respectively.

As reported in last quarter's SHMR, financial markets were anticipating a rise in the Bank Rate and had already priced it into fixed rate lending. Therefore, when the Bank of England raised Bank Rate to 0.75% on 2 Aug 2018, there were only marginal changes to average interest rates for fixed rate lending.

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

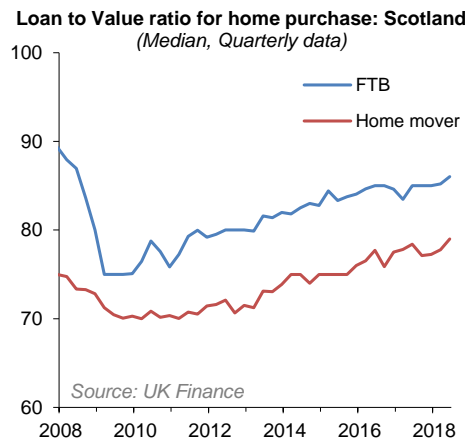
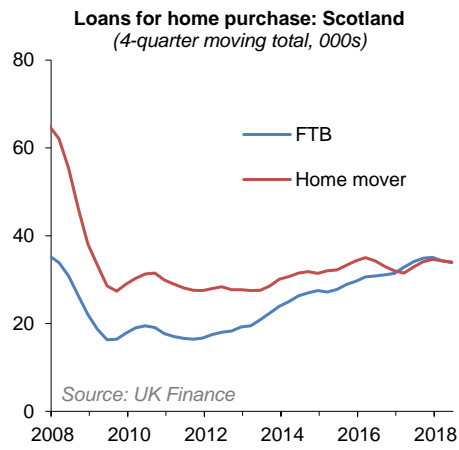


Financial institutions' net loans outstanding: UK
(£bn, Monthly data)



The share of new lending at fixed rates has increased to 91.7% as of Q2 2018, up 1.0 percentage points on the previous quarter.

Net bank lending to house builders in the UK totalled £16.4bn in Q2 2018, which is unchanged on Q2 2017.



According to UK Finance data, there were 18,300 new loans for home purchase in Scotland in Q2 2018, down by an annual 3.7%. Loans to FTBs were down by an annual 4.2% and loans to Home Movers fell by an annual 3.2%.

In Q2 2018, the average LTV ratio for FTBs in Scotland ticked up to 86.0%, up 0.8 percentage points on the previous quarter. The LTV for home movers increased to 79.0%, up 1.2 percentage points on the previous quarter.

The average FTB deposit is approximately £17,600 - equivalent to 50% of average annual FTB income, down from a peak of over 90% during the credit crunch.

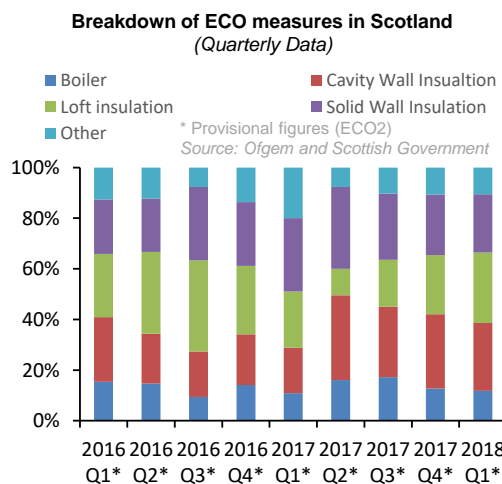
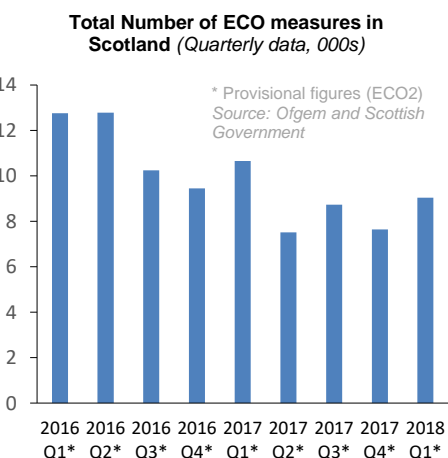
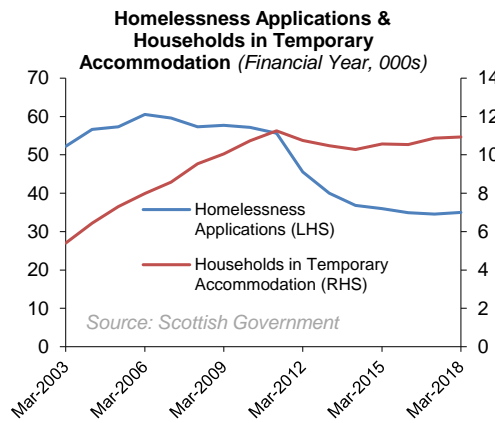
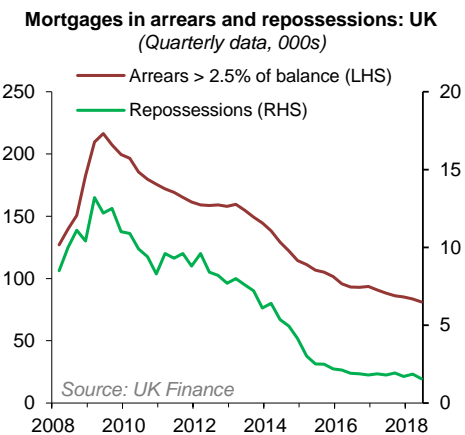
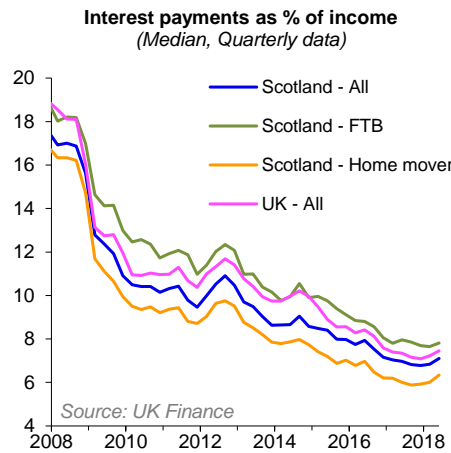
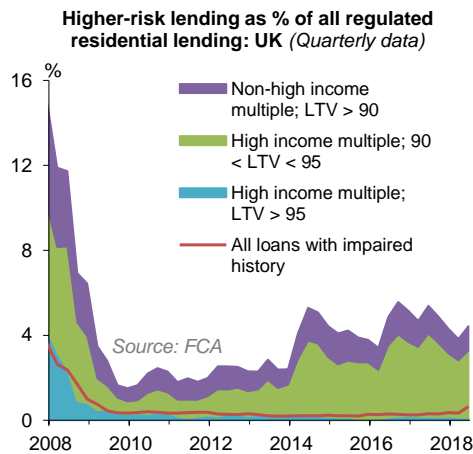
According to FCA data, the proportion of all regulated residential loans with an LTV above 90% increased to 4.4% in Q2 2018. This is up 0.6 percentage points on the previous quarter (3.8%) but down 1.0 percentage points (5.4%) since Q2 2017.

UK Finance data show that for all Scottish buyers, the average mortgage interest payment to income ratio increased to 7.1% in Q2 2018. This is 0.4 percentage points less than for the UK (at 7.5%).

UK Finance data also show that in Q2 2018 the total number of loans in the UK with arrears equivalent to 2.5% or more of the mortgage balance was 81,190, down by an annual 8.1%. The number of repossessions in the UK in Q2 2018 totalled 1,560, down 13.3% on Q2 2017

There were 34,972 homelessness applications in 2017/18, up by 1.2% on the previous year. The number of households in temporary accommodation was 10,933 in 2017/18, up by 0.6% on the previous year.

The number of ECO (Energy Company Obligation) measures delivered in Scotland in Q1 2018 was 9,041, down 15.2% on Q1 2017. The most common measure installed was loft insulation (28%), followed by cavity wall insulation (27%).



Special Feature: Health and Homelessness in Scotland

Figure 1. People in the ever homeless cohort were over-represented across health service datasets (the red line shows the one third share of ever homeless in the study population, and the graph shows that their share for various health indicators exceeds this).

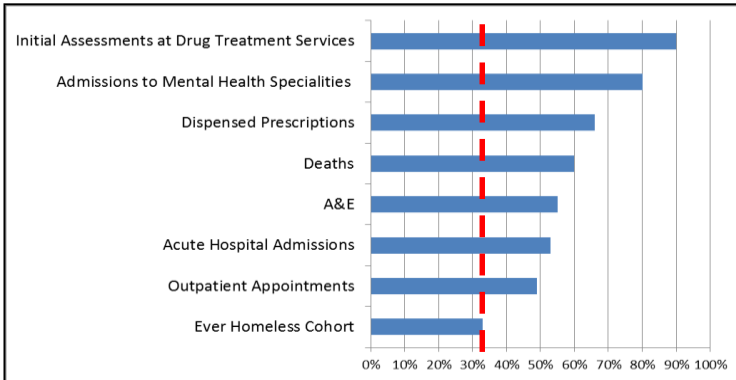


Figure 2. People in the ever homeless cohort ("EHC") are more likely to experience health conditions relating to mental health, drugs and alcohol than those in the most deprived cohorts ("MDC") and least deprived cohorts ("LDC").

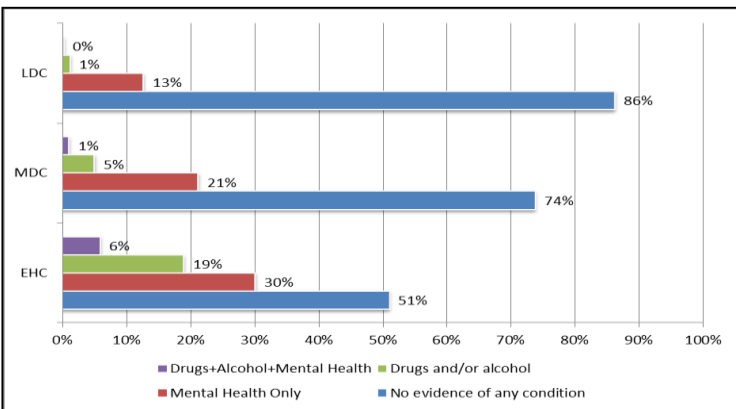
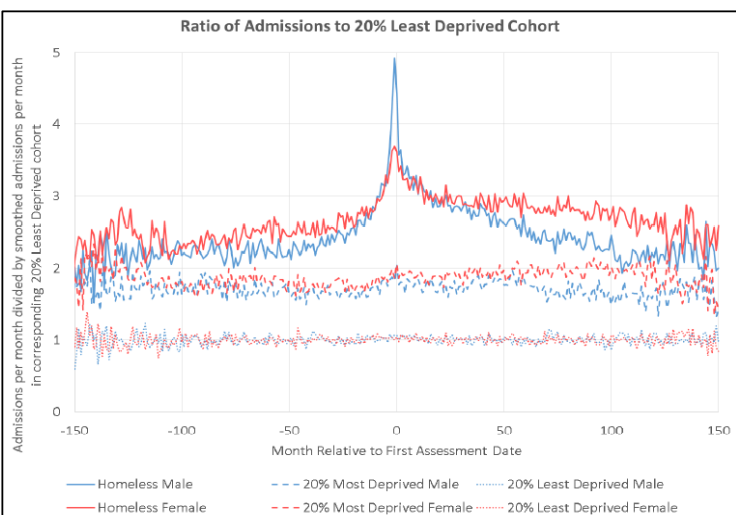


Figure 3. There is a peak in the ratio of acute hospital admissions at the time of the first homelessness assessment for those who have been homeless once



This quarter's special feature reports on the findings from the Scottish Government's "Health and Homelessness in Scotland" report, published in June 2018. This detailed research is the first study in Scotland to link health and homelessness datasets, providing evidence and a valuable insight into the relationship between health and homelessness in Scotland.

The study included just under half a million people who had been in households assessed as homeless or threatened with homelessness over a 15 year period up to the end of 2016. These people, the "ever homeless cohort", were matched to a non-homeless individual from the 20% least deprived areas and the 20% most deprived areas of Scotland to create two control cohorts. In total, the study covered over 1.3 million individuals. The research found that at least 8% of the Scottish population had experienced homelessness at some point in their lives, as at 30 June 2015. Of those who had experienced homelessness, 29% of males and 26% of females had been in households assessed as homeless on multiple occasions during the study period.

A key finding was that those who had experienced homelessness at some point during the study period were more likely to have evidence of health conditions relating to drugs, alcohol or mental health than those in the most and least deprived cohorts. While 74% of the most deprived cohort and 86% of the least deprived cohort showed no evidence of health conditions relating to drugs, alcohol or mental health, the figure was much lower for those in the ever homeless cohort at 51%, illustrated in Figure 2. Just under one third of those in the ever homeless cohort were found to show evidence of a mental health problem (with no evidence of drug or alcohol-related conditions at any point) at some during the study period, a greater share than those in the most and least deprived cohorts. An even greater discrepancy between the ever homeless cohort and the most and least deprived cohorts was found regarding evidence of drug and/or alcohol-related health conditions. Nearly one fifth of the ever homeless cohort showed evidence of drug and/or alcohol-related interactions with health services, nearly four times the share of the most deprived cohort.

The study also found that there was an increase in the level of interaction with health services prior to people becoming homeless. For example, in the four years prior to the date of the first homelessness assessment, the ratio of A&E attendances by those in the ever homeless cohort relative to the least deprived cohort grew from 2.25 to 3.25 at the time of the first homelessness assessment. This growth in health service activity was mirrored across other health service activities relating to drugs, mental health and alcohol, suggesting that becoming homeless was linked to a worsening health condition. In addition to this, the research noted that interactions with health services peaked around the time of the first homelessness assessment. This is illustrated in Figure 3, which shows a peak in acute hospital admissions at the time of the first homelessness assessment for those who have been homeless once. This suggests that there is a relationship between becoming homeless and health status.

Ending rough sleeping and homelessness are national priorities for the Scottish Government - more information on what we are doing to achieve this is available at:

<https://beta.gov.scot/policies/homelessness/>

Source: "Health and Homelessness in Scotland" (2018) available at <https://www.gov.scot/Publications/2018/06/7974>