

Scottish Housing Market Review Q4 2025

January 2026

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Key Points

The Scottish Housing Market Review collates a range of previously published statistics on the latest trends in the Scottish housing market.

Sales

- The number of residential property sales in Scotland increased annually by 6.2% to reach 29,464 in Q3 2025. This brings the total number of sales in the year ending September 2025 to 102,757, which is the highest level since the year ending September 2022. [Source: Registers of Scotland].
- More recent data relating to the number of residential LBTT returns shows that in October and November 2025 these were broadly similar to the levels recorded during the same months a year ago [Source: Revenue Scotland].

House Prices

- Average house prices in Scotland, as measured by the UK House Price Index (HPI), increased annually by 3.8% in Q3 2025. Annual house-price growth has been positive since Q1 2024, and in each of the last 4 quarters, annual price growth has exceeded the post-financial crisis long-run average of 2.7%. [Source: ONS]

Residential LBTT

- The provisional estimate for Residential LBTT revenue – excluding the Additional Dwelling Supplement (ADS) – for the period between April and November 2025 was £378.6m. This represents an 8.8% increase on the same period in 2024, and a 23.4% increase on the same period in 2023. [Source: Revenue Scotland]

Private Rental Sector

- Latest data from letting agents suggest that the downward trend in new-let rental growth continued into Q3 2023: according to the Citylets Rental Index, the annual growth rate has fallen from a peak of 13.7% in Q3 2023 to 1.9% in Q3 2025, which was below the CPI inflation rate for that quarter

Mortgage Lending

- The number of mortgages advanced to first-time buyers in Scotland increased annually by 7.8% in Q3 2025, while for home movers the increase was 4.3%. [Source: UK Finance].
- In Scotland, the mean Loan-to-Value (LTV) ratio for first-time buyers was 83.3% in Q3 2025, which was slightly down on the previous quarter (83.4%). Similarly, the mean ratio for home movers fell over the quarter, from 70.7% to 70.5% in Q3 2025, which is below its post-pandemic peak of 72.7%. [Source: UK Finance]
- The share of higher-risk regulated residential lending increased over the quarter from 7.8% to 8.1% in Q3 2025, which is the highest level since before the 2008 financial crisis. [Source: Financial Conduct Authority (Source: Financial Conduct Authority (FCA))]

- The total number of residential mortgage products increased by 136 over the month to stand at 7,054 in early December 2025, which is just below the series peak in September 2025 (7,062). The number of buy-to-let (BTL) products reached a new peak (5,237) in December 2025. [Source: Moneyfacts UK Mortgage Trends Treasury Report]
- Reflecting successive cuts in Bank Rate since August 2024, with the Bank of England cutting Bank Rate by a further 0.25% points in December 2025, the average interest rate for new floating-rate mortgage advances has fallen by 1.2% points over the 15 months to November 2025 to stand at 4.53%, while the average rate for new fixed-rate mortgages fell by 0.6% points to 4.13%. [Source: Bank of England]
- Despite this fall, average interest rates are still significantly above their level in December 2021 when the most recent tightening cycle began. Furthermore, the average interest rate on outstanding fixed-rate mortgages continues to trend up (from 3.35% in August 2024 to 3.75% in November 2025) as mortgages reaching their end of term are refinanced at higher rates. [Source: Bank of England].
- The number of regulated mortgage accounts entering arrears in the UK was 10,621 in Q3 2023, nearly a third (32%) lower than the post-pandemic peak in Q3 2023. The fall in new arrears is now also feeding into the stock of arrears, which in Q3 2025 was 10% below its post-pandemic peak. [Source: FCA]
- The improving trend in arrears has not yet translated into falling possessions: there were 1,328 new regulated mortgage possessions across the UK in Q3 2025, an annual increase of 37% which took new possessions to approximately their level in 2019, prior to Covid. [FCA] While BTL possessions in Q3 2025 fell by 13.9% on a quarterly basis, they rose by 28.6% on an annual basis, and remain above pre-Covid levels. [Source: UK Finance]

Housing Supply

- In the year to end of September 2025, there were 18,347 all-sector new-build completions in Scotland, an 8% fall on the corresponding period a year earlier; meanwhile, there were 14,846 starts, down by 5%. [Scottish Government]
- In the year to end of September 2025, Affordable Housing Supply Programme (AHSP) completions fell by 23% from 8,513 to 6,582; starts also fell, by 13% to 5,222. [Scottish Government]

Input and Output Prices for New Housing

- Annual growth in total pay in the construction sector in Great Britain (GB) slowed from 7.6% in the three months to March 2025 to 3.2% in the three months to October 2025. The annual growth rate in the construction-output price index for new housing has fallen from a peak of 12.3% in June 2022 to 3.3% in September 2025, which is similar to the level it has been at since early 2024. [ONS]

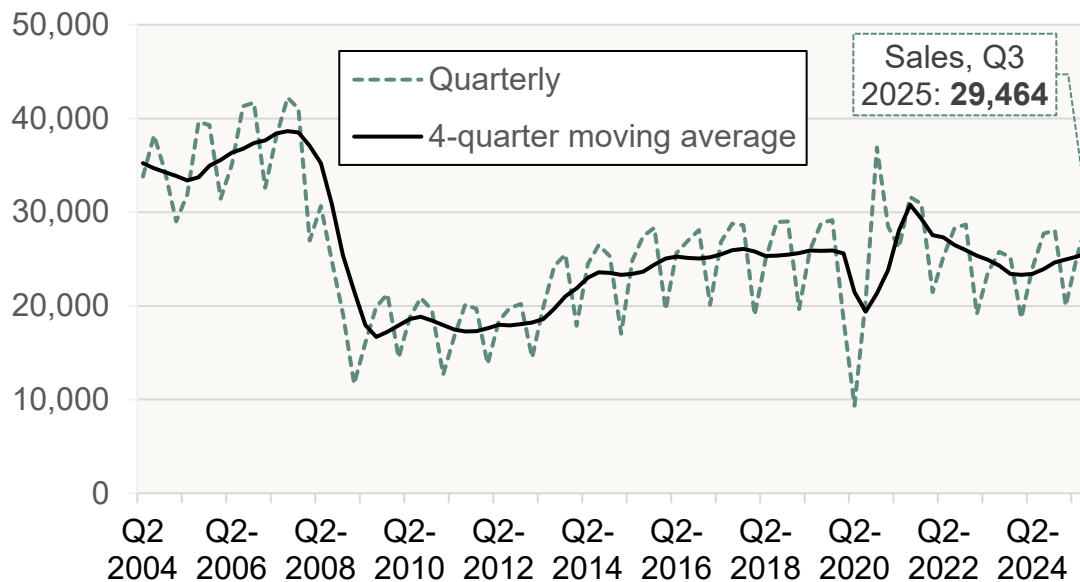
Data to: 7th January 2026

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1. Sales

1.1. Scottish Sales Performance: National

Chart 1.1 Number of residential property sales registered: Scotland (Quarterly data, to Q3 2025)



Source: Registers of Scotland

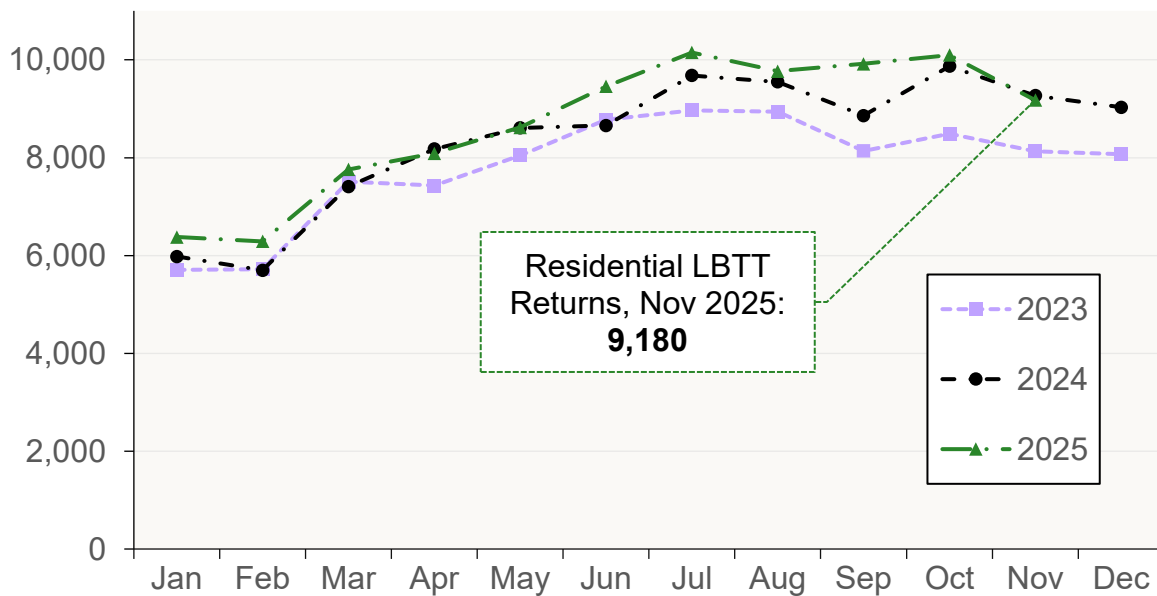
Chart 1.1 shows the volume of sales for each quarter and the 4-quarter moving average which gives a better indication of the longer-term trend.¹

There were 29,464 sales registered across Scotland in Q3 2025 representing an annual increase of 6.2%. This meant that the total number of sales in the year to end Q3 2025 was 102,757, an annual increase of 7.4%, which is the highest level since the year ending September 2022. The uptick in sales is likely due in part due to the recent fall in mortgage interest rates (see Section 6) and other improvements in lending conditions (see Section 5).

The number of residential LBTT returns in the year to end Q3 2025 was 104,610, an annual increase of 7.5%. Chart 1.2 shows that for the months of October 2025 (10,100) and November 2025 (9,180) the number of returns is similar to the same months in 2024.

¹ Since sales data in the UK HPI dataset (based on date of entry) is only available with a significant lag, Chart 1.1 and Table 1.1 use sales data from Registers of Scotland (based on date of registration) which is more recent.

Chart 1.2 Residential LBTT returns (Monthly data, to November 2025)



Source: Revenue Scotland

1.2. Scottish Sales Performance: Local Authorities

Table 1.1 sets out the level and annual change in quarterly transactions by local authority. The volume of transactions at local authority level can fluctuate significantly, particularly in smaller local authorities such as the island local authorities. To remove some of this volatility, the change in transactions in the last 4 quarters compared to the preceding 4 quarters is also presented.

Table 1.1 shows that the number of residential property sales has increased in most local authorities in Scotland: in the four quarters to Q3 2025 compared to the preceding four quarters, the only local authorities that experienced a fall in sales were Clackmannanshire (-9.9%), Orkney Islands (-4.5%), East Renfrewshire (-4.2%), and West Dunbartonshire (-1.1%). The local authorities with the highest growth rates were Angus (21.7%) and East Lothian (21.2%).

Table 1.1 Local Authority residential property transactions registered

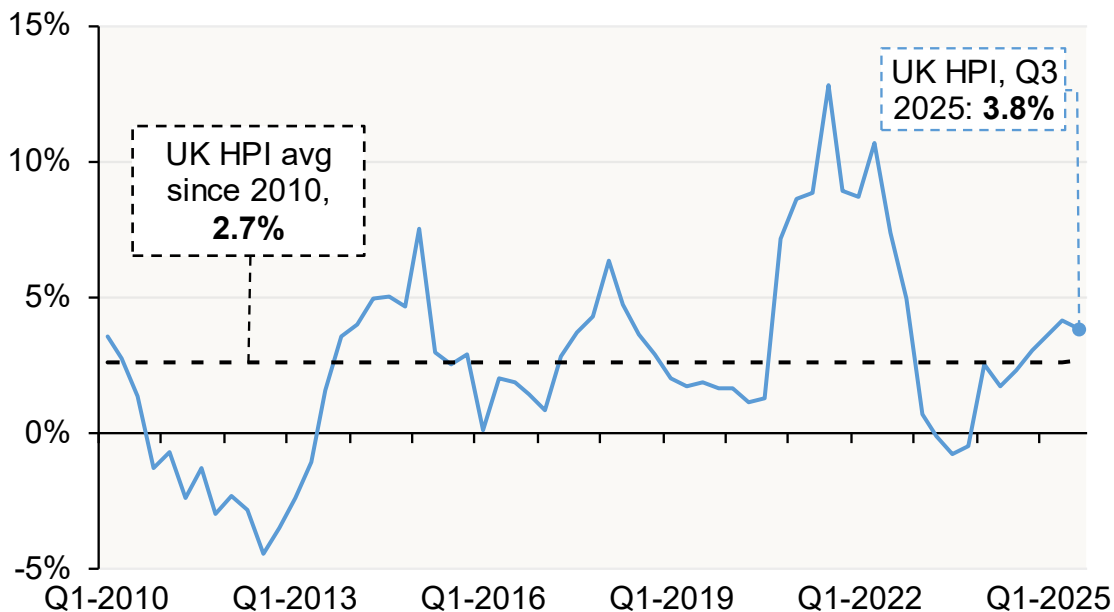
Local Authority	Sales - Q3 2025	Q3 2025 on Q3 2024	4 quarters to Q3 2025 on previous 4 quarters
Aberdeen City	1,516	16.3%	13.8%
Aberdeenshire	1,264	10.9%	19.6%
Angus	639	27.0%	21.7%
Argyll and Bute	503	-13.0%	1.8%
City of Edinburgh	3,177	0.8%	8.0%
Clackmannanshire	222	-8.6%	-9.9%
Dumfries and Galloway	697	11.0%	9.1%
Dundee City	799	10.2%	6.0%
East Ayrshire	591	12.1%	6.0%
East Dunbartonshire	518	0.8%	2.9%
East Lothian	789	32.8%	21.2%
East Renfrewshire	497	6.4%	-4.2%
Falkirk	785	4.2%	8.9%
Fife	2,046	8.7%	5.8%
Glasgow City	3,218	3.8%	1.6%
Highland	1,248	11.4%	10.0%
Inverclyde	392	18.8%	12.7%
Midlothian	611	12.3%	13.4%
Moray	528	16.3%	6.1%
Na h-Eileanan Siar	95	13.1%	10.1%
North Ayrshire	767	11.8%	11.5%
North Lanarkshire	1,528	3.6%	5.2%
Orkney Islands	96	-15.0%	-4.5%
Perth and Kinross	865	-2.5%	5.9%
Renfrewshire	1,064	1.4%	3.8%
Scottish Borders	591	8.0%	7.7%
Shetland Islands	79	-4.8%	3.9%
South Ayrshire	655	-0.8%	0.3%
South Lanarkshire	1,850	3.4%	7.4%
Stirling	466	-0.4%	7.9%
West Dunbartonshire	363	-6.4%	-1.1%
West Lothian	1,005	6.2%	11.5%
Scotland	29,464	6.2%	7.4%

Source: Registers of Scotland

2. House Prices

2.1. Scottish House Price Performance: National

Chart 2.1 Annual house-price growth: Scotland (Quarterly data, to Q3 2025)



Source: UK HPI

Average house prices in Scotland, as measured by the UK House Price Index (HPI), increased annually by 3.8% in Q3 2025. In each of the last 4 quarters, annual house-price growth has exceeded the post-financial crisis long-run average of 2.7% (measured from 2010). The average property price (mix-adjusted, geometric mean) in Scotland stood at £193K in Q3 2025.

Registers of Scotland data shows that the average (arithmetic mean) house price in Scotland increased annually by 2.2% to £237K in Q3 2025. Registers of Scotland data is not mix-adjusted, so it will be affected by the composition of properties sold.

2.2. Scottish House Price Performance by Dwelling/Buyer Type

In recent editions of the Scottish Housing Market Review, we have not included the UK HPI breakdown of new build and existing property price estimates in Scotland, because, as the ONS has noted, a fall in the proportion of transactions which are processed by HM Land Registry in time for their inclusion in initial HPI estimates has meant that revisions have been larger than usual.

UK HPI data shows that annual house price growth in Q3 2025 was highest for semi-detached properties at 5.5%, followed by terraced (5.3%) and detached properties (5.3%). Out of all property types, flats and maisonettes had the slowest rate of price growth during the year at 1.5%.

The UK HPI also shows that the average price of a property bought by former owner occupiers in Scotland increased annually by 4.2% in Q3 2025 to £240K. Meanwhile,

the average price of a property purchased by a first-time buyer increased annually by 3.5% to £158K.

2.3. Scottish House Price Performance: Local Authorities

Table 2.1 sets out the level and annual change in quarterly house prices by local authority. The small number of sales in some local authorities, such as the island local authorities, can lead to some volatility in estimated house prices despite the HPI methodology adjusting for the mix of houses sold; therefore, the change in average house prices in the last 4 quarters compared to the preceding 4 quarters is also presented.²

Focussing on the longer-term trend due to the volatility of quarterly data shows that 28 of the 32 local authorities saw an increase in their average house price in the four quarters to Q3 2025 relative to the previous four quarters. Average house prices increased the most in the Orkney Islands (9.9%), followed by Renfrewshire (7.0%) and North Lanarkshire (6.1%). The four local authorities that recorded decreases were Na h-Eileanan Siar (-4.9%), Aberdeenshire (-2.0%), Aberdeen City (-1.5%) and South Ayrshire (-0.2%).

Although these changes were calculated over a longer time period, the notable increase in Orkney Islands and the marked decrease in Na h-Eileanan Siar should be interpreted with caution due to the low number of sales in island local authorities (See Table 1.1).

² Note that because of this volatility, the ONS already uses a three-month average to calculate the local authority price for a given month, e.g. the published estimate for March is a simple average of the estimates for January, February and March. Therefore, in Table 2.1 for local authorities (although not for Scotland as a whole) the quarterly average price, which is based on 3 months of published UK HPI estimates, is based on data drawn from 5 months of transactions. A similar consideration applies to the 4-quarter moving average.

Table 2.1 Local Authority Prices

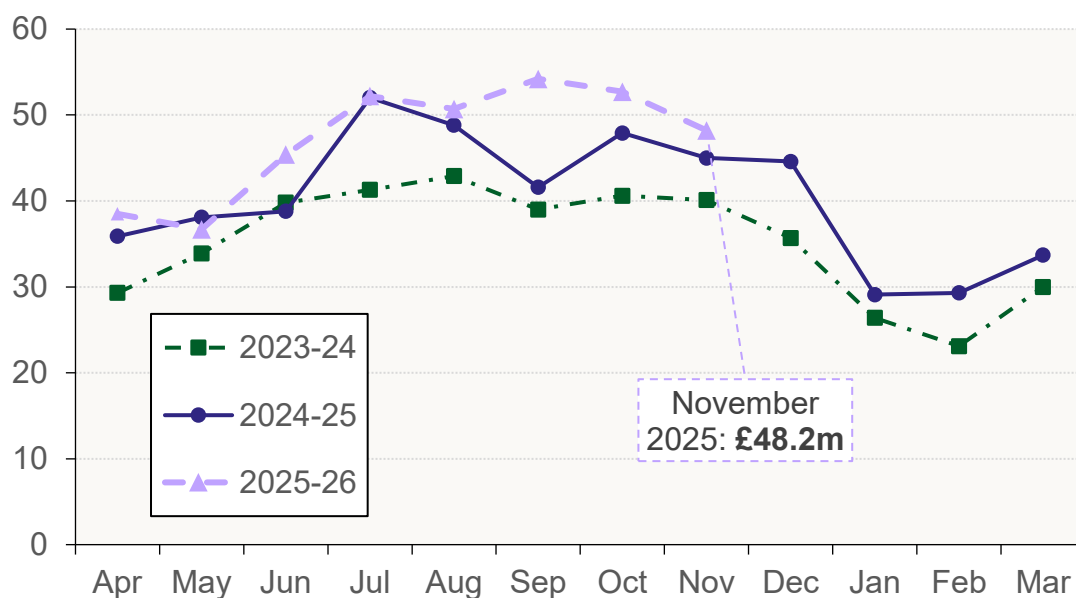
Local Authority	Prices - Q3 2025	Q3 2025 on Q3 2024	4 quarters to Q3 2025 on previous 4 quarters
Aberdeen City	£140,853	-4.1%	-1.5%
Aberdeenshire	£200,707	-1.6%	-2.0%
Angus	£168,093	2.3%	3.0%
Argyll & Bute	£183,482	7.7%	3.6%
Clackmannanshire	£172,600	4.1%	3.2%
Dumfries & Galloway	£161,709	1.6%	2.8%
Dundee City	£141,284	0.8%	0.7%
East Ayrshire	£132,816	6.6%	4.1%
East Dunbartonshire	£260,479	5.3%	3.3%
East Lothian	£285,983	2.8%	1.0%
East Renfrewshire	£293,930	1.4%	2.6%
Edinburgh, City of	£292,687	4.8%	4.3%
Falkirk	£167,306	3.2%	3.6%
Fife	£174,481	5.0%	4.3%
Glasgow City	£189,587	5.1%	5.6%
Highland	£209,537	-0.1%	1.6%
Inverclyde	£113,604	3.5%	3.6%
Midlothian	£291,063	7.9%	4.6%
Moray	£200,497	3.4%	2.5%
Na h-Eileanan Siar	£135,157	-0.7%	-4.9%
North Ayrshire	£134,321	4.1%	4.1%
North Lanarkshire	£155,136	6.6%	6.1%
Orkney Islands	£223,350	9.1%	9.9%
Perth & Kinross	£232,640	9.8%	5.3%
Renfrewshire	£163,185	10.4%	7.0%
Scottish Borders	£186,957	4.0%	3.1%
Shetland Islands	£203,056	1.7%	5.6%
South Ayrshire	£162,949	-1.8%	-0.2%
South Lanarkshire	£179,464	6.6%	4.9%
Stirling	£234,250	4.5%	4.0%
West Dunbartonshire	£123,525	1.8%	1.1%
West Lothian	£222,040	4.1%	4.0%
Scotland	£192,687	3.8%	3.7%

Source: ONS HPI

3. Residential Land and Buildings Transaction Tax

Provisional estimates indicate that Residential LBTT revenues (excluding Additional Dwelling Supplement) have been higher for most months in 2025-26 than they were in 2024-25, with the latest provisional estimate indicating that £48.2m was raised in November 2025, an annual increase of 7.1% (see Chart 3.1). Between April 2025 and November 2025, cumulative revenue totalled £378.6m, an increase of 8.8% on the corresponding period in 2024, and of 23.4% on the corresponding period of 2023.

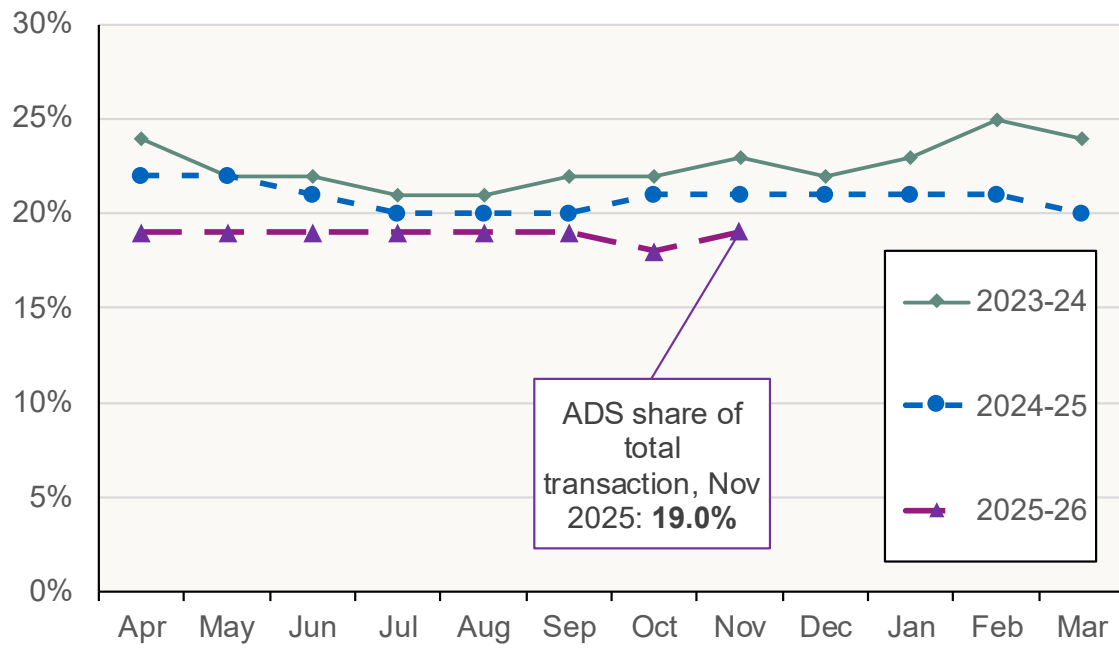
Chart 3.1 Residential LBTT revenue (excluding ADS), £ millions (Monthly data, to November 2025)



Source: Revenue Scotland

Chart 3.2 plots the percentage of total residential returns received where ADS was declared due on a monthly basis between 2023 and 2025. ADS is a flat rate tax on the purchase price of a property which was first introduced in 2016, with the tax rate initially set at 3%, before being increased to 4% in January 2019, to 6% in December 2022 and to 8% in December 2024. There was a significant decline in the share from February 2024 (25%) to April 2025 (19%). In November 2025, it stood at 19%, similar to the levels recorded so far during 2025–26.

Chart 3.2 Percentage of residential returns received where ADS was declared due (Monthly data, to November 2025)



Source: Revenue Scotland

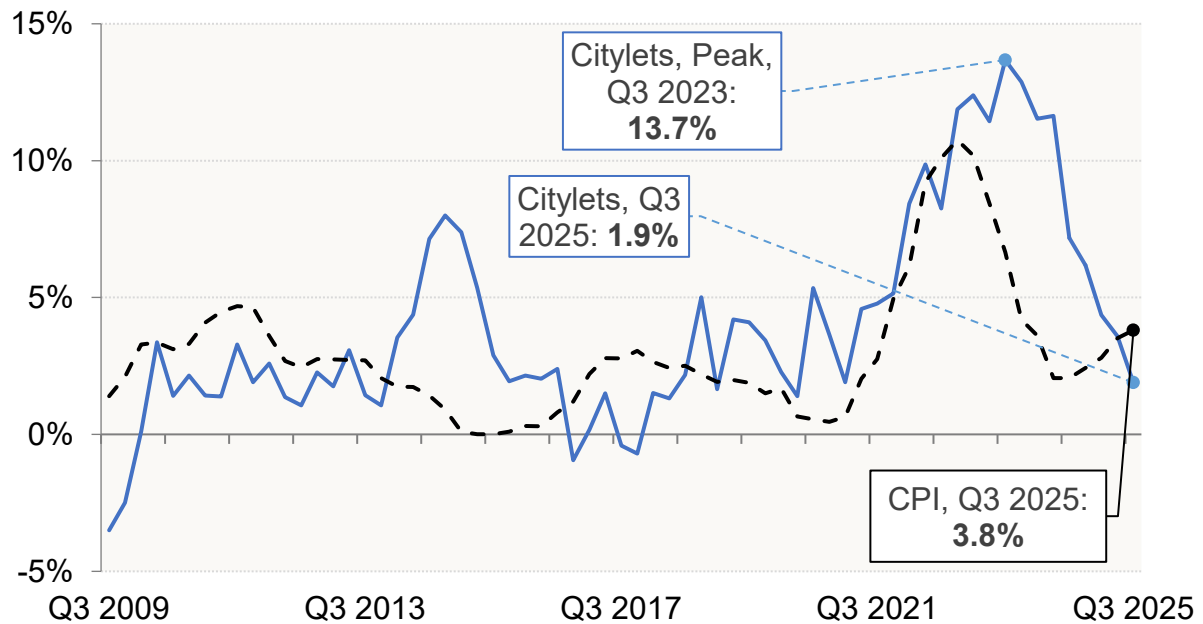
4. Private Rental Sector

4.1. Private Housing Rental Prices

Rental market data from several letting agents indicates a downward trend in annual growth for new-let rents in Scotland. Citylets data shows the average new-let rent increased annually by 1.9% in Q3 2025, which is the fifth consecutive quarter of decelerating growth and is significantly below the recent peak of 13.7% in Q3 2023. Rightmove data presents a similar trend, with the annual growth rate falling from 14.5% in Q3 2023 to 1.6% in Q3 2025. Based on Citylets data, after adjusting for inflation, new-let rents fell by 1.8%. This is the first time in three years that real rent growth has turned negative.

It should be noted that letting agencies only cover around half of the private rented sector, and each letting agent's data will be affected by its market coverage, which will vary by geography and market segment.

Chart 4.1 Annual change in Citylets Rental Index, Scotland, and Consumer Price Index, UK (Quarterly data, to Q3 2025)



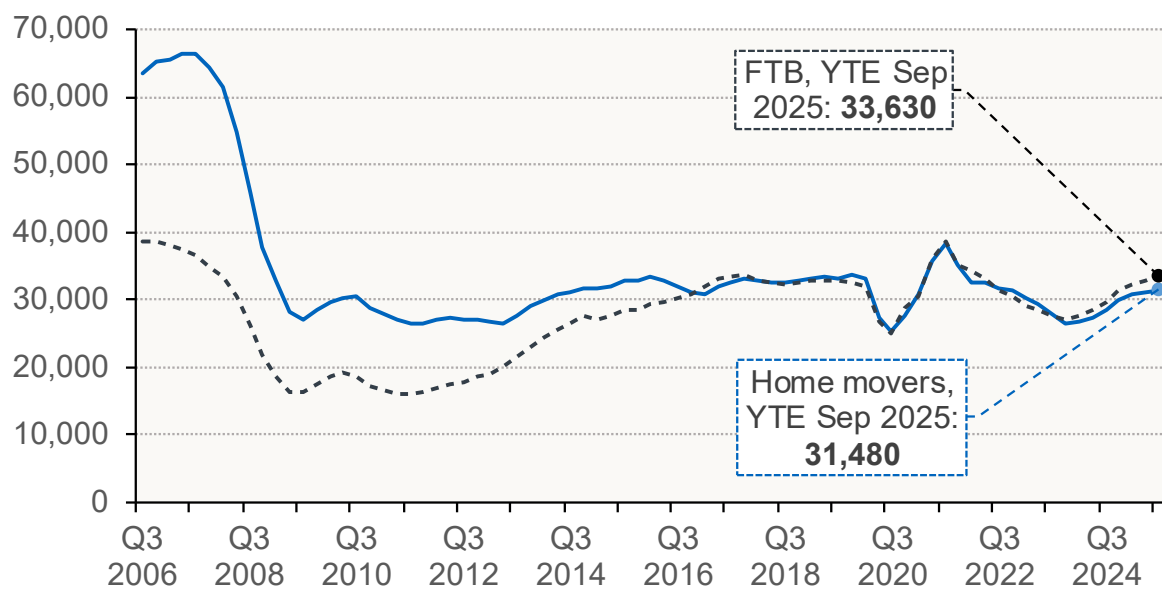
Source: CityLets and ONS

5. Mortgage Advances, Approvals and LTVs

5.1. New Mortgage Advances

There were 9,350 new mortgages advanced to first-time buyers for house purchase in Scotland in Q3 2025, an annual increase of 7.8%. Meanwhile, there were 8,820 new mortgages advanced to home movers, an annual increase of 4.3%. Chart 5.1 shows the trend in new mortgages advanced using a 4-quarter moving total. In the year to end Q3 2025, the 33,630 new mortgages advanced to first-time buyers was the highest since Q1 2022. Over the same period, the 31,480 new mortgages advanced to home movers was the highest since Q3 2022 [Source: UK Finance].

Chart 5.1 New mortgage advances for home purchase: Scotland (4-quarter moving total, to Q3 2025)



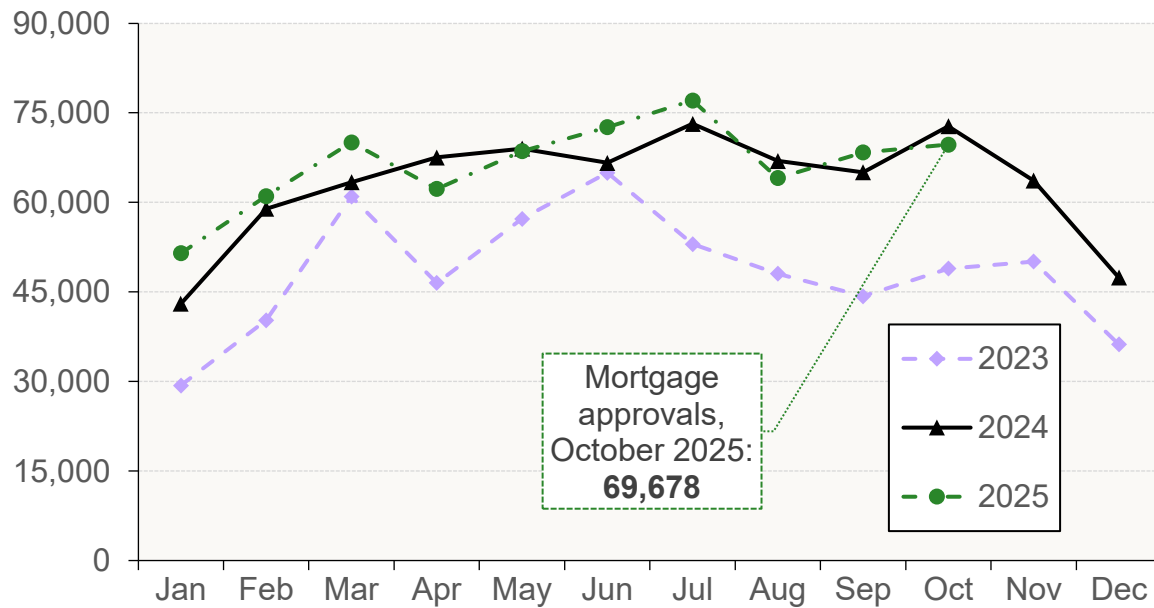
Source: UK Finance

5.2. Mortgage Approvals

Chart 5.2 plots the monthly number of mortgage approvals across the UK for house purchase by individuals. Mortgage approvals for house purchase, which are the firm offers of lenders to advance credit fully secured on dwellings by a first-charge mortgage, are a leading indicator of mortgage sales as they reflect activity early in the buying process.

The number of mortgage approvals in the UK between August 2025 and October 2025 was 202,112, an annual decrease of 1.3%. Focussing on the latest monthly data that is available, the number of mortgage approvals in October 2025 was 69,678, an annual decrease of 4.2%. [Source: Bank of England].

Chart 5.2 Mortgage approvals for house purchase by individuals: UK (Monthly data, to October 2025)



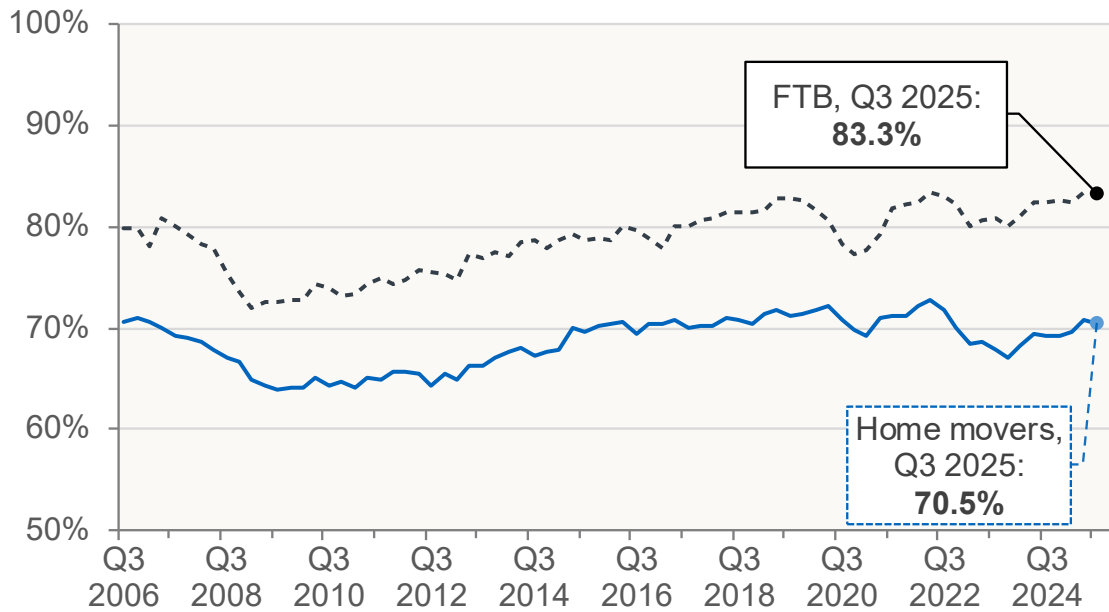
Source: Bank of England

5.3. Loan-to-Value (LTV) Ratios

Chart 5.3 shows that after initially falling following the Covid pandemic, mean LTV ratios on new mortgages advanced to both first-time buyers and home movers in Scotland recovered to their pre-pandemic levels, before declining again as the upward trend in interest rates beginning at the end of 2021 fed through to mortgage lending.

Subsequently, there has been an upward trend in mean LTV ratios for both first-time buyers and home movers in Scotland. However, after reaching a recent peak of 83.4% in Q2 2022, the mean LTV ratio for first-time buyers fell slightly to 83.3% over the following quarter. Similarly, the mean LTV ratio for home movers fell slightly from 70.7% to 70.5%. [Source: UK Finance]

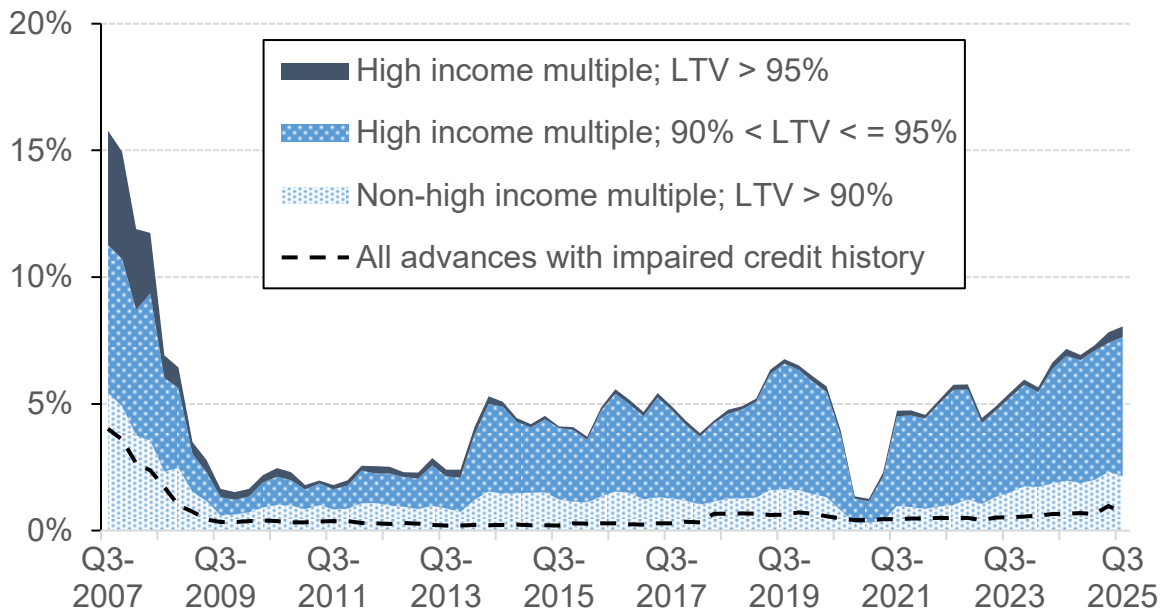
Chart 5.3 Mean Loan-to-Value ratio on new mortgages: Scotland (Quarterly data, to Q3 2025)



Source: UK Finance

The share of all regulated residential lending across the UK with an LTV greater than 90% increased over the quarter from 7.8% to 8.1% in Q3 2025. The share of all lending with both an LTV greater than 90% and a high income multiple also increased from 5.5% in Q2 2025 to 5.9% in Q3 2025. For both categories, these figures represent the highest levels seen since before the 2008 financial crisis.

Chart 5.4 Higher-risk lending as a share of all regulated residential lending to individuals: UK (Quarterly data, to Q3 2025)



Source: FCA. Higher-risk lending is classified by the FCA as an LTV over 90% or an income multiple greater than or equal to 3.5 for single-income purchasers or 2.75 for joint-income purchasers.

The total number of residential mortgage products increased by 136 over the month to stand at 7,054 in early December 2025, which is just below the series peak in September 2025 (7,062). Over the month, product availability increased across all LTV tiers except the 100% bracket. The largest rise occurred in the 90% LTV tier, where the number of mortgages grew by 20, reaching a total of 917. [Source: Moneyfacts UK Mortgage Trends Treasury Report]

There has been a significant increase in the number of buy-to-let (BTL) products, which have risen from 3,231 in December 2024 to 5,237 in December 2025, the highest level since Moneyfacts records for this series began in 2011. [Source: Moneyfacts UK Mortgage Trends Treasury Reports]

6. Mortgage Interest Rates

After a tightening cycle which took Bank Rate from 0.1% prior to the December 2021 Monetary Policy Committee (MPC) meeting to 5.25% following the August 2023 meeting, its highest level since 2008, the MPC held Bank Rate steady for the following 12 months. The MPC then cut Bank Rate in regular increments of 0.25% points until it stood at 4% in August 2025. In December 2025 there was a further 0.25% point cut which took it to 3.75%. The next MPC meeting is scheduled for 5 February 2026.

Chart 6.1 and Chart 6.2 shows the effective (or average) interest rates on new mortgage advances and outstanding mortgage balances in the UK. [Source: Bank of England] Reflecting successive cuts in Bank Rate since August 2024, over the 15 months to November 2025, the average interest rate for new floating-rate mortgage advances has fallen by 1.2% points to 4.53%, while for fixed-rate mortgages the average rate has fallen by 0.6% points to 4.13%.

While the average rate on outstanding floating-rate mortgages has also fallen over this period in response to the cuts in Bank Rate (by 1.23% points to 5.48%), the average rate on outstanding fixed-rate mortgages has continued to trend up (from 3.35% in August 2024 to 3.75% in November 2025) as mortgages which reach the end of their fixed period are refinanced at higher rates – this applies particularly to mortgages which had longer-duration fixes.

Effective monthly interest rates on mortgage lending to households: UK (Data as at month-end, to November 2025)

Chart 6.1 New balances

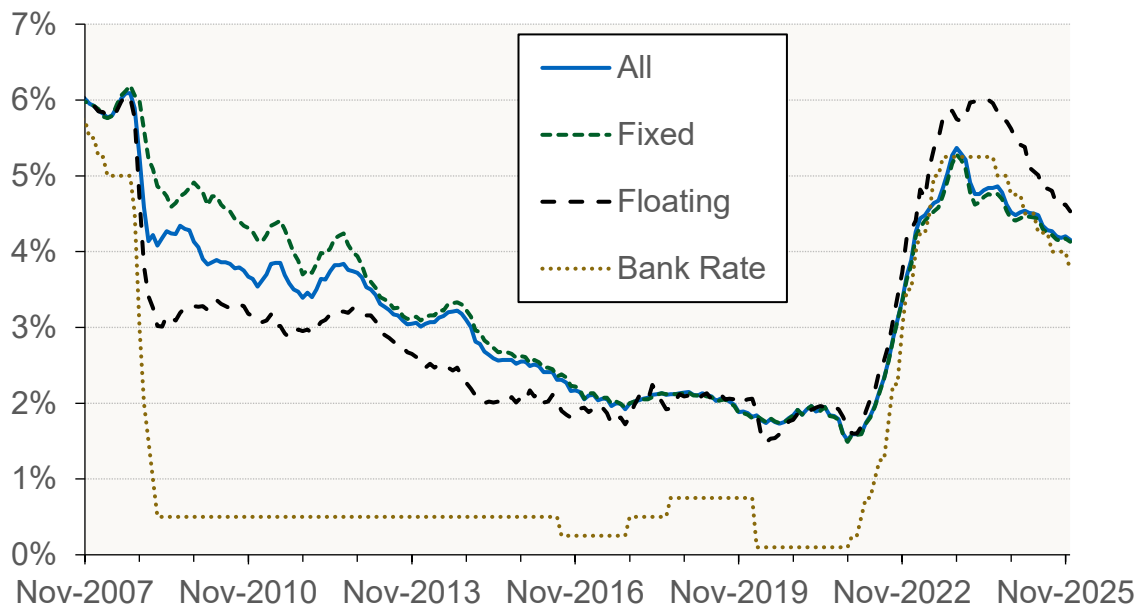
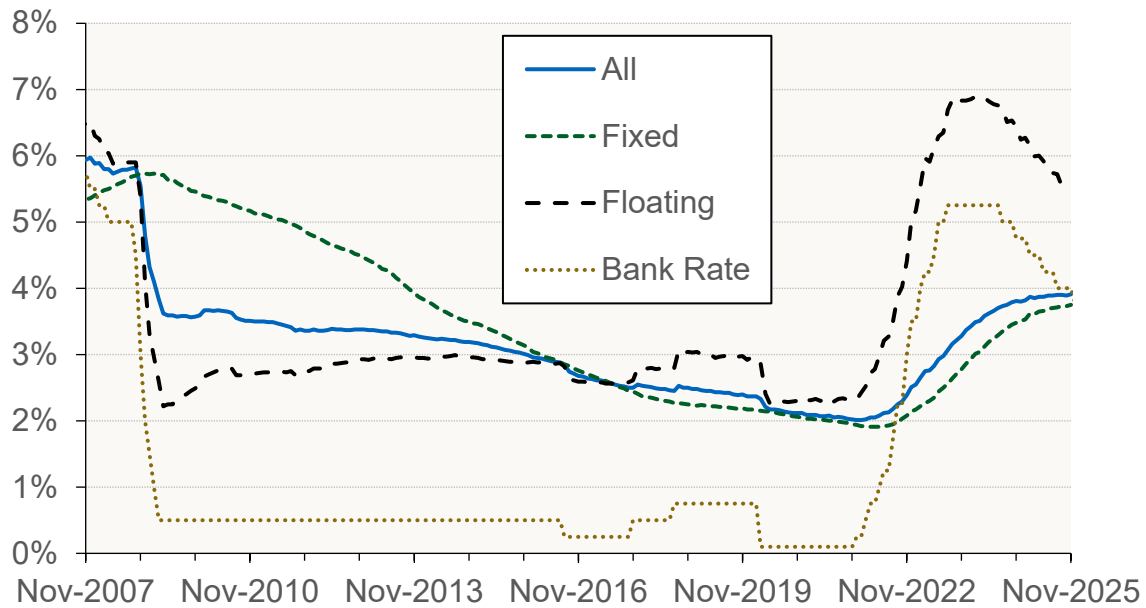


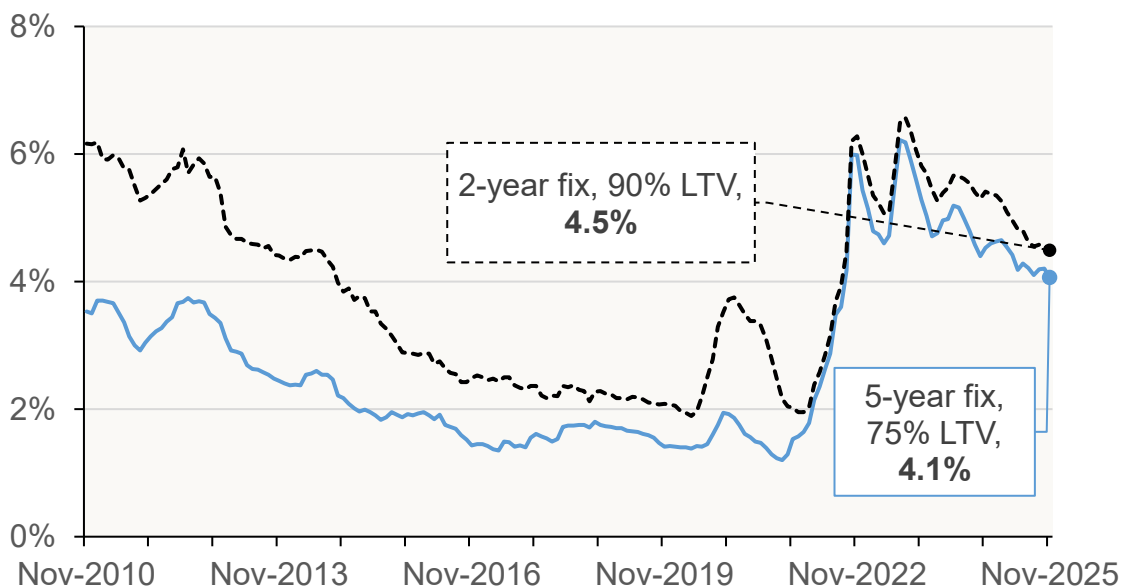
Chart 6.2 Outstanding mortgages



Source: Bank of England

Bank of England data on advertised mortgage rates (as opposed to data in Chart 6.1 which is based on interest actually paid) also shows that advertised mortgage rates are significantly off the peaks reached during the current interest-rate cycle. The average advertised two-year fixed rate for a 75% LTV mortgage has fallen from its post-pandemic peak of 6.22% in July 2023 to 4.06% in November 2025 (down 2.16% points), while the average advertised rate for a 2-year 90% LTV mortgage has fallen from its post-pandemic peak of 6.57% in August 2023 to 4.49% in November 2025 (down 2.08% points).

Chart 6.3 Average 2-year fixed-rate 90% and 75% LTV advertised mortgage rates, UK (Data as at month-end, to November 2025)

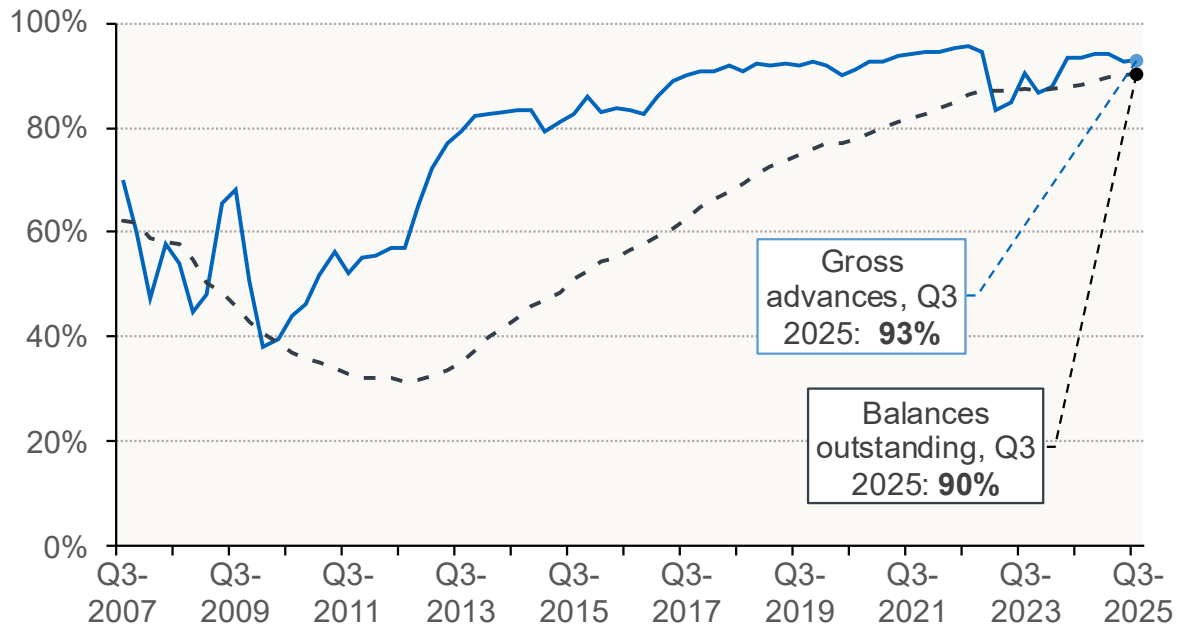


Source: Bank of England

Data from the Moneyfacts Treasury Report, also relating to advertised rates but averaged across LTVs,³ shows that the average 2-year fixed-rate mortgage was 4.86% in December 2025, down from 5.52% in December 2024. Over the year, there was also reduction in the average 5-year fixed-rate from 5.28% to 4.91%.

Chart 6.4 shows that the vast majority of regulated⁴ mortgages are on fixed rates. The share of gross advances on fixed rates in Q3 2025 was 93%, while the share of outstanding balances on fixed rates in Q3 2025 was 90%. (Source: FCA).

Chart 6.4 Share of regulated mortgage lending at fixed rates, UK (Quarterly data, to Q3 2025)



Source: FCA

³ Note that this data differs from data in Chart 6.1 and Chart 6.2 because it refers to the average of advertised rates rather than the average of interest actually paid, and differs from data in Chart 6.3 because it is the average across all LTV levels.

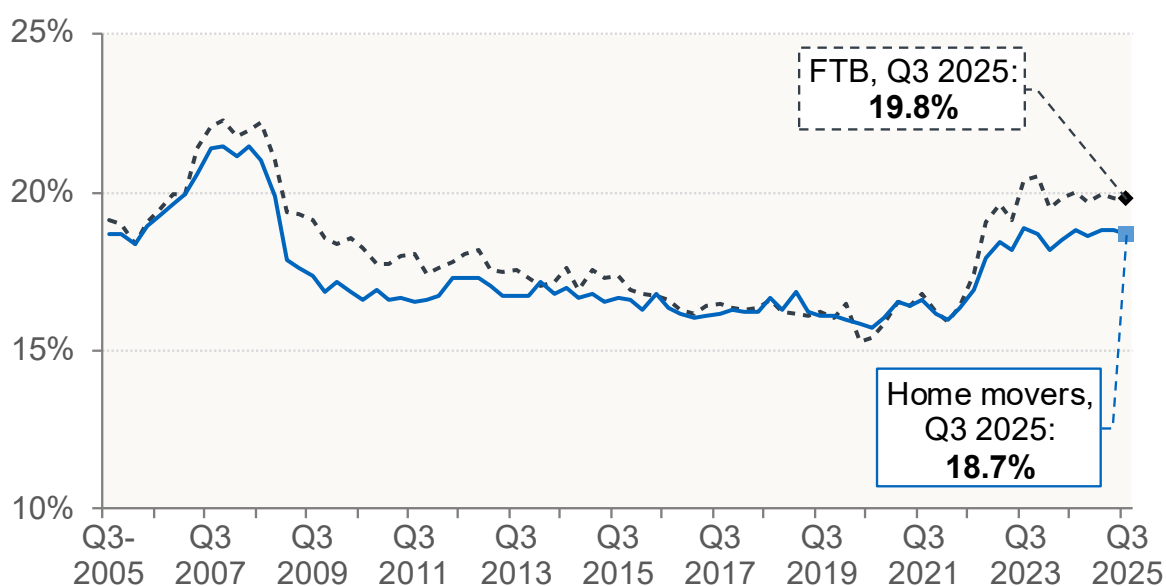
⁴ A regulated loan is a loan to an individual, secured by a first or second charge on residential property, where the property is for the use of the borrower or a close relative.

7. Mortgage Affordability

As illustrated by Chart 7.1, the share of borrower income taken up by capital and interest payments for new mortgages peaked at the end of 2023 due to the rise in mortgage interest rates. Subsequently, mortgage interest rates have been falling, which has led to increased affordability. Over the last year, the share of borrower income taken up by mortgage costs has stabilised, although it is still significantly above the post-financial crisis long-run average.

For first-time buyers, who tend to borrow a high proportion of the purchase price and are thus relatively more exposed to interest-rate risk (see Chart 5.3), the share increased from a low of 15.3% in Q2 2020 to 19.8% in Q3 2025, although this is down slightly from 20.0% a year previously. For home movers, the share has increased from a low of 15.7% in Q3 2020 to 18.7% in Q3 2025, which is similar to Q3 2024.

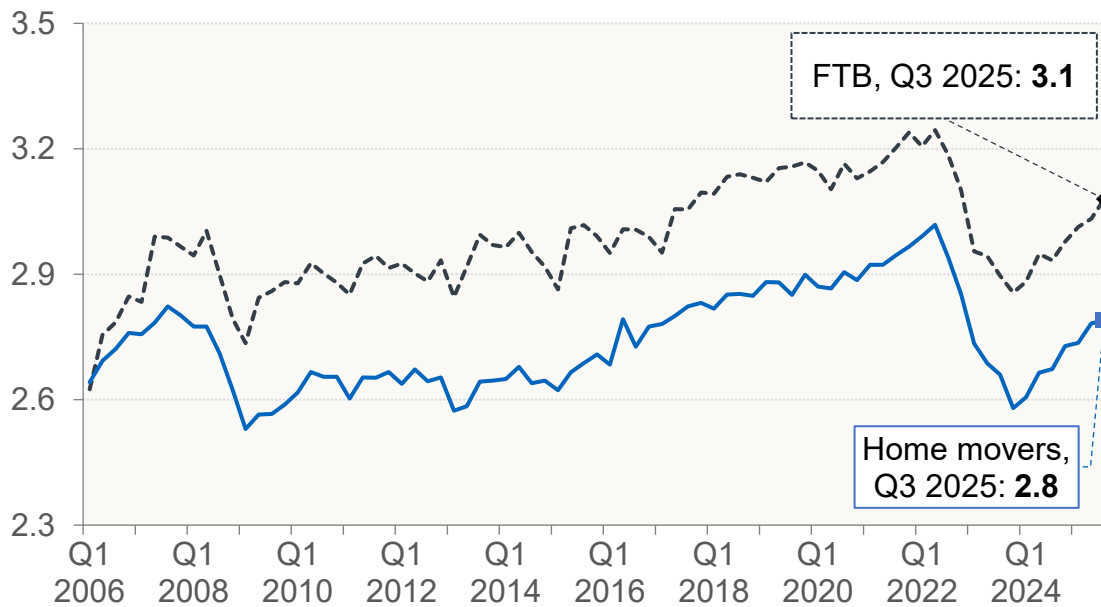
Chart 7.1 Average (mean) capital-and-interest-payments-to-income ratio for new mortgages to First Time Buyers (FTB) and Home Movers, Scotland (Quarterly data, to Q3 2025)



Source: UK Finance

Chart 7.2 shows that the average house-price-to-income ratio for new mortgages in Q3 2025 was 3.1 for first-time buyers and 2.8 for home movers, which for each series is similar to its long-term average since Q2 2005.

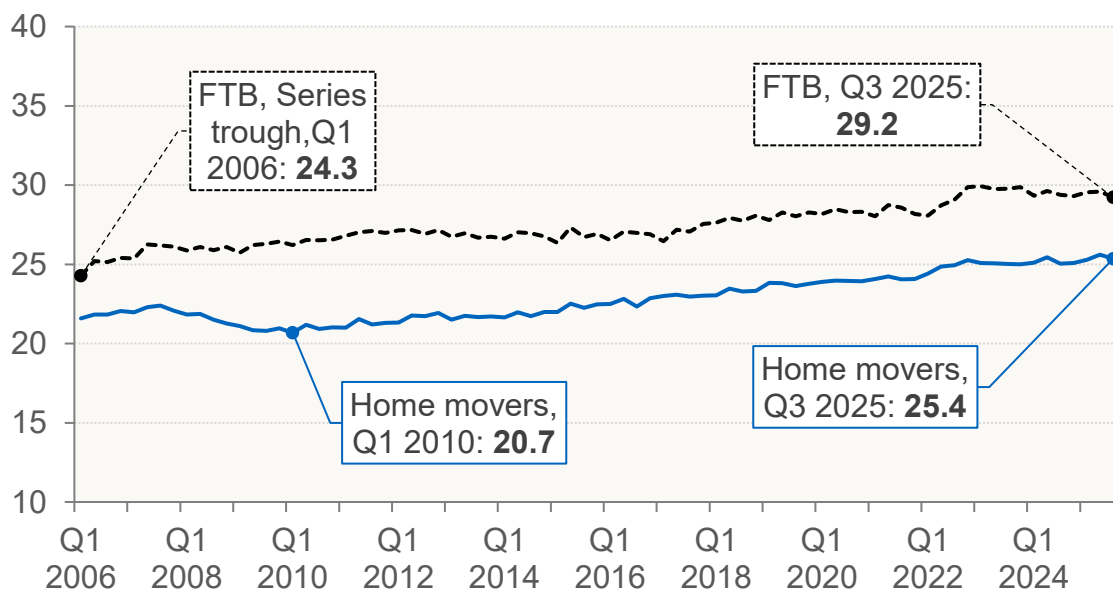
Chart 7.2 Average (mean) house-price-to-income ratio for new mortgages to FTB and Home Movers, Scotland (Quarterly data, to Q3 2025)



Source: UK Finance

To make their monthly repayments more manageable, an increasing share of borrowers have responded by taking out longer mortgages. Chart 7.3, which relates to Scotland, shows that this is part of a longer-term trend.

Chart 7.3 Average (mean) mortgage term in years for new mortgages: Scotland (Quarterly data, to Q3 2025)



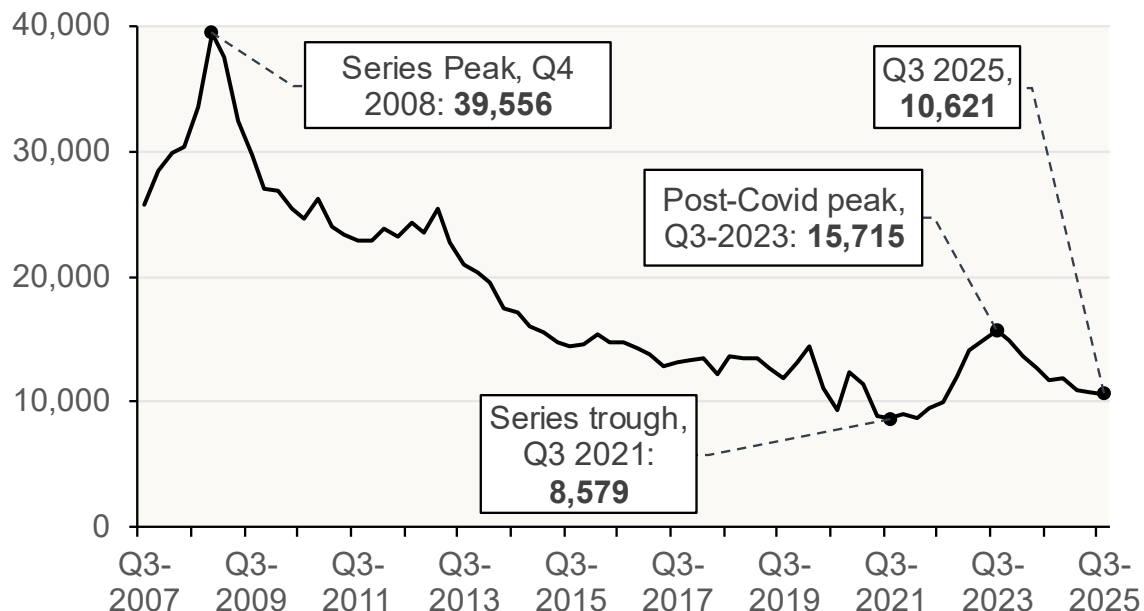
Source: UK Finance

8. Mortgage Arrears and Possessions

8.1. Arrears

The number of regulated mortgage accounts entering arrears in the UK nearly doubled (up 83%) over the period from Q3 2021 to Q3 2023 as interest rates rose. Since then, mortgages entering arrears have been on a declining trend, falling by nearly a third (32%). While this is in line with the decrease in interest rates on new mortgages (both fixed and floating-rate) as well as floating-rate existing mortgages over this period, it is worth noting that this fall has happened even though interest rates on fixed-rate existing mortgages have continued to trend up (see Chart 6.2, and also Chart 6.4 which shows that most existing mortgages are on fixed rates). At 10,621 in Q3 2025, the number of mortgages entering arrears is also significantly (17%) below the quarterly average in 2019 (12,731), prior to the pandemic.

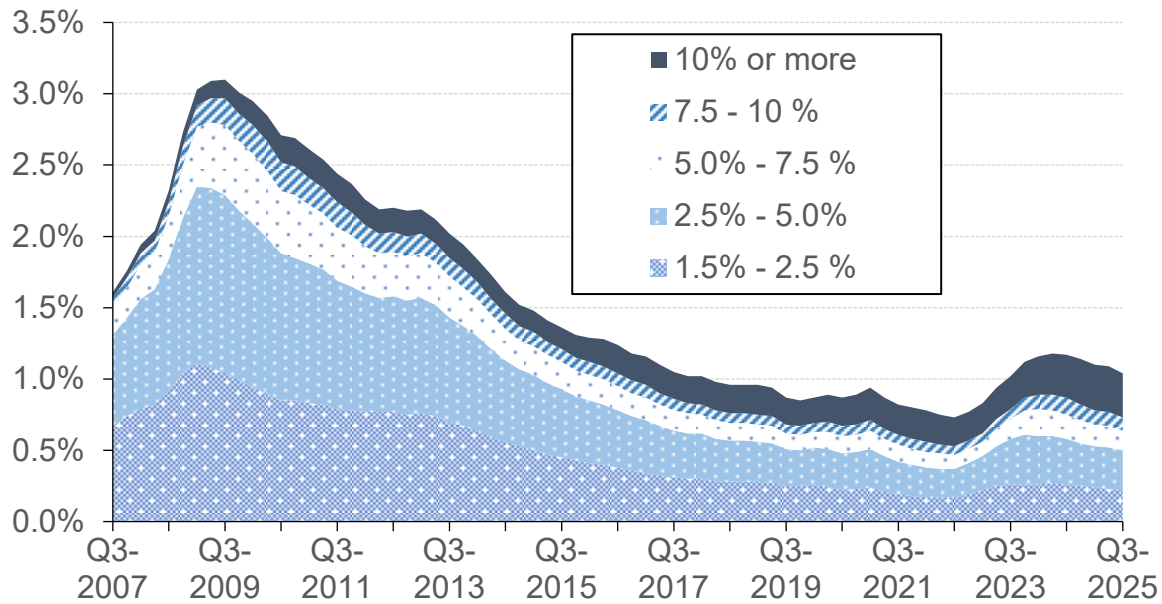
Chart 8.1 Number of regulated mortgage loan accounts entering arrears: UK (Quarterly data, to Q3 2025)



Source: FCA. Includes both securitised and unsecuritised loans.

The decrease in mortgages entering arrears has fed through to the total stock of regulated UK mortgage accounts in arrears, which has fallen by 10% from a post-pandemic peak of 148,943 in Q2 2024 to 134,055 in Q3 2025. [Source: FCA] Similarly, Chart 8.2, which breaks down arrears by degree of severity, shows that the share of lenders' outstanding regulated mortgage balances in arrears of more than 1.5% of the outstanding loan balance has edged down from a recent peak of 1.2% to stand at 1.0% in Q3 2025. However, this remains significantly above the post-pandemic low of 0.7% in Q3 2022.

Chart 8.2 Regulated mortgage balances in arrears by severity: UK (Quarterly data, to Q3 2025)



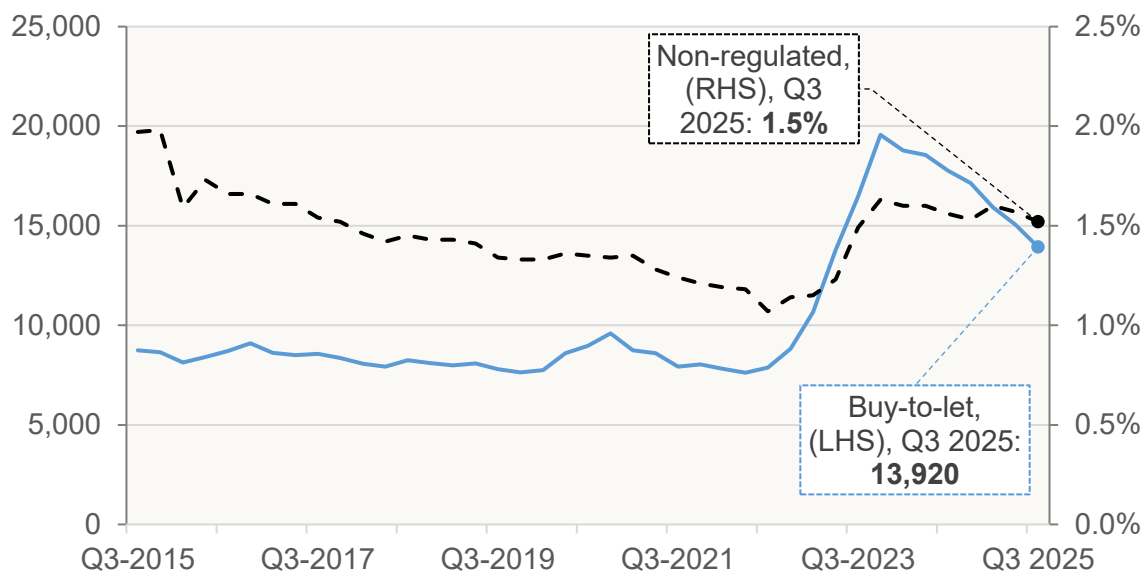
Source: FCA. Includes both securitised and unsecuritised loans; share is calculated as balances on cases which are in arrears expressed as a % of total loan balances.

UK Finance data shows that there were 13,920 buy-to-let (BTL) mortgages in arrears of 1.5% or more of the outstanding balance across the UK at the end of Q3 2025, down by 7.5% from the previous quarter. This is the seventh consecutive quarter-on-quarter fall, with the number of BTL mortgages in arrears falling by 29% since its recent peak of 19,570 in Q4 2023. BTL mortgages in arrears as share of total BTL mortgages has fallen from 0.99% to 0.72% over this period.

FCA data for non-regulated lending (which includes BTL lending but also some other types of lending and is collected on a somewhat different basis⁵) shows that at the end of Q3 2025 mortgages which were 1.5% or more in arrears represented 1.4% of the total non-regulated residential loans, down slightly from 1.5% the previous quarter.

⁵ FCA data is collected on an account basis, whereas UK Finance data is collected on a borrower basis and covers first-charge mortgage lending only.

Chart 8.3 Number of Buy to Let mortgages, and share of non-regulated mortgages, in arrears of 1.5% or more of loan balance, UK (Quarterly data, to Q3 2025)



Source: Buy to Let – UK Finance; Non-regulated loans – FCA. FCA data includes both securitised and unsecuritised loans; the share of loans in arrears is the number of loans in arrears as a percentage of all non-regulated loans.

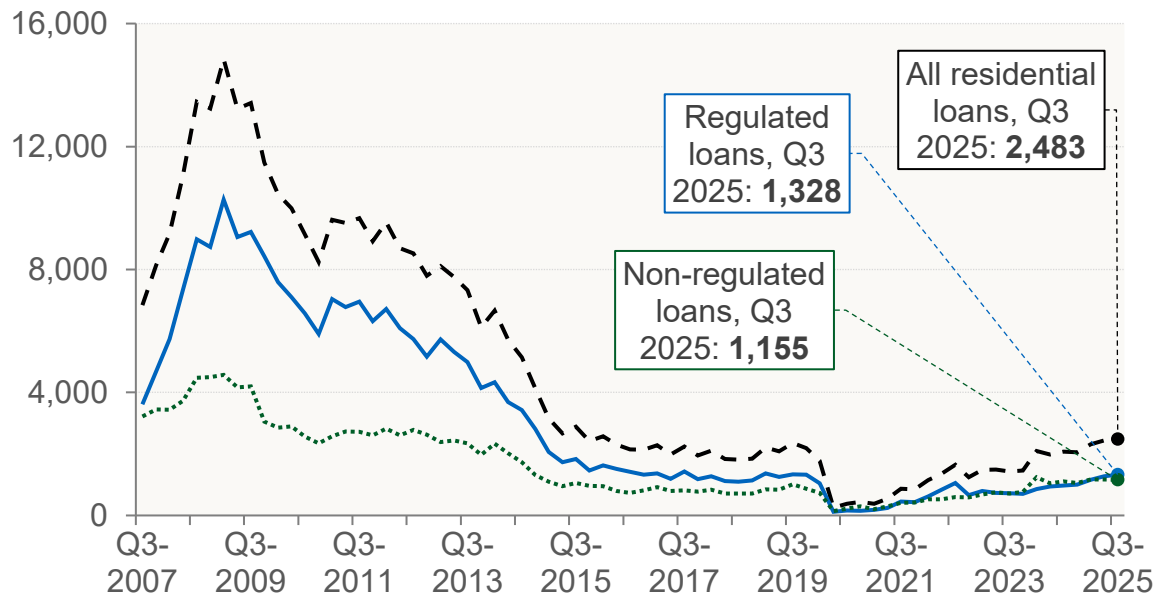
8.2. Possessions

For regulated mortgages, the downward trend in the number of mortgages entering arrears and the stock of mortgages in arrears described above have not yet translated into falling possessions, with the 1,328 new possessions in Q3 2025 representing an annual increase of 37%. However, new regulated possessions were similar to their pre-covid levels (a quarterly average of 1,318 in 2019). [Source: FCA]

Meanwhile, there were 1,155 non-regulated mortgage possessions in the UK in Q3 2025. This represents a 1.2% decrease compared to Q2 2025, but an increase of 4.4% compared to the same quarter in 2024. The number of non-regulated mortgage possessions remains above its pre-covid levels (a quarterly average of 889 in 2019). [Source: FCA]

With respect to BTL mortgages (a component of non-regulated mortgages), UK Finance data show that there were 900 BTL mortgages taken into possession in Q3 2025, a 13.9% decrease from the previous quarter, but an annual increase of 28.6%. New possessions were also above pre-Covid levels (the 2019 quarterly average was 668).

Chart 8.4 New possessions by type of mortgage: UK (Data as at end of quarter, to Q3 2025)



Source: FCA

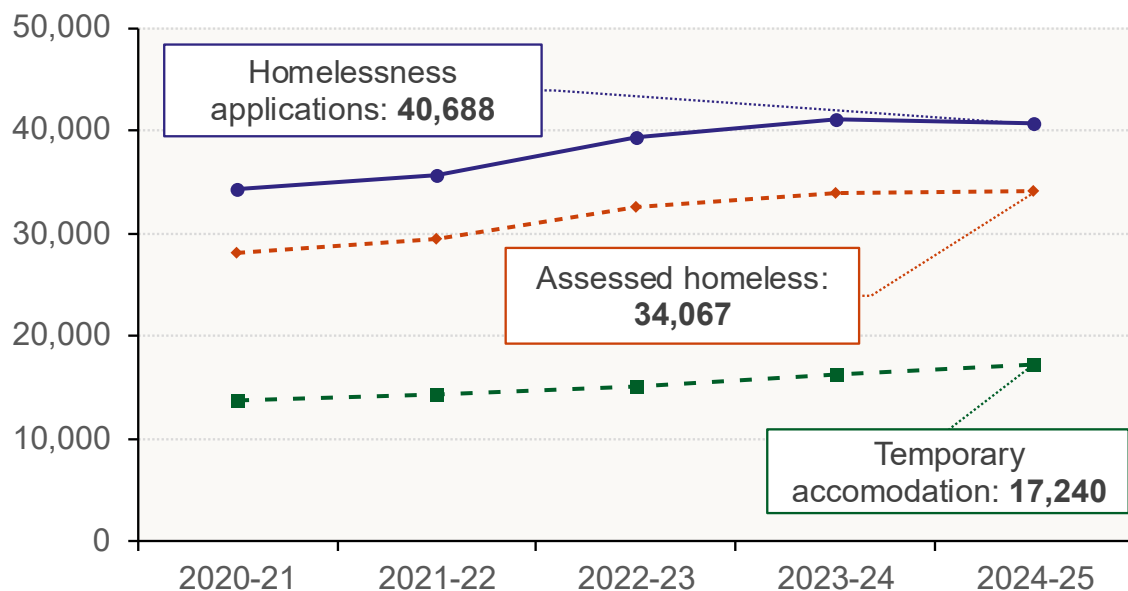
9. Homelessness

No new data on homelessness has been published since the last edition of the Scottish Housing Market Review. As a result, this section remains unchanged from our previous publication.

Between April 2024 and March 2025 in Scotland, more households were assessed as homeless (34,067) than during the same period the previous year (33,955), which represents an increase of 0.3%. There was also a rise in the number of households in temporary accommodation: as at 31 March 2025, 17,240 households were in temporary accommodation, compared to 16,330 a year earlier – an increase of 5.6%. In contrast, the number of households submitting a homelessness application fell over the year, from 41,054 in 2023-24 to 40,688 in 2024-25 (a decrease of 0.9%).

Across all local authorities in Scotland, Dundee City had the largest annual percentage increase in homelessness applications of 18% (an increase from 1,386 to 1,638). Additionally, Dundee City saw the largest percentage increase in the number of applications assessed as homeless or threatened with homelessness of 24% (an increase from 1,107 to 1,377). Meanwhile, Aberdeenshire had the largest percentage increase in households in temporary accommodation of 61% (an increase from 70 to 113).

Chart 9.1 Homelessness applications and assessments, and households in temporary accommodation: Scotland (Applications and assessments: fiscal year totals; Number of households in temporary accommodation: as at the end of each fiscal year)



Source: Scottish Government

10. Housing Supply

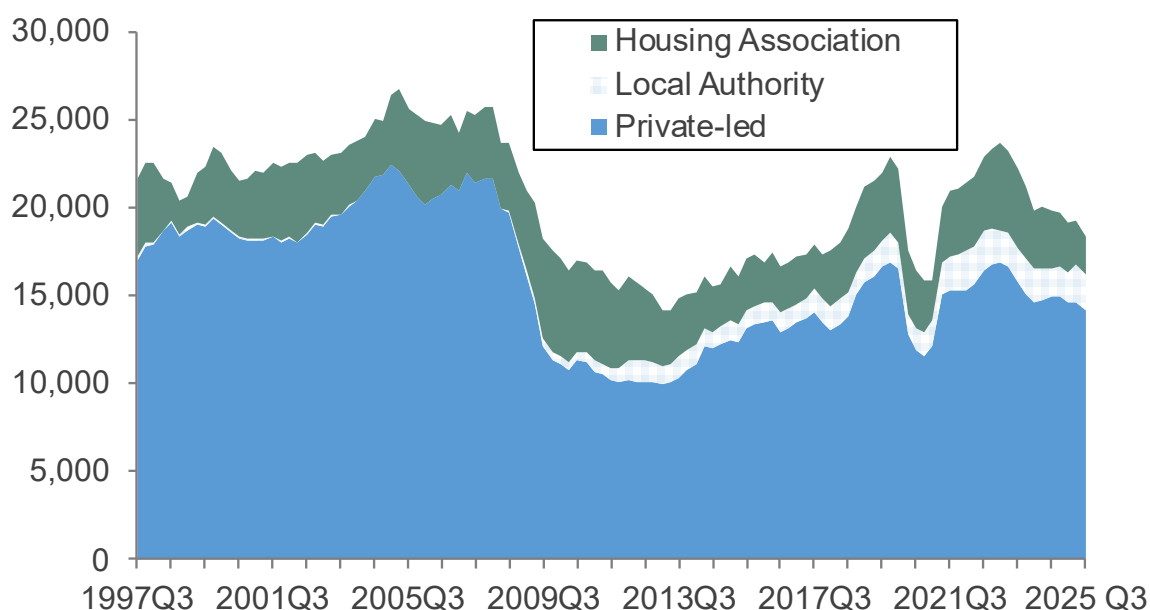
For a broader analysis of the latest housing supply data, which includes information on the geographical distribution of new build and affordable housing supply across local authorities, visit the [Housing Statistics for Scotland webpage](#).

10.1. New Build

In the year to end September 2025, there were 18,347 new-build completions in Scotland, 1,498 fewer (-8%) than in the same period a year ago. Within this period, private-sector completions fell from 14,976 to 14,225 (-5%). Meanwhile, social-sector completions also fell but at a steeper rate from 4,869 to 4,122 (-15%).

In the year to end September 2025, the number of new-build starts was 14,846, an annual fall of 5%. Within this time period, private-sector starts fell from 12,207 to 11,815 (-3%). Meanwhile, in the social sector, starts fell from 3,377 to 3,031 (-10%).

Chart 10.1 New-build completions by sector: Scotland (4-quarter moving total, to Q3 2025)



Source: Scottish Government

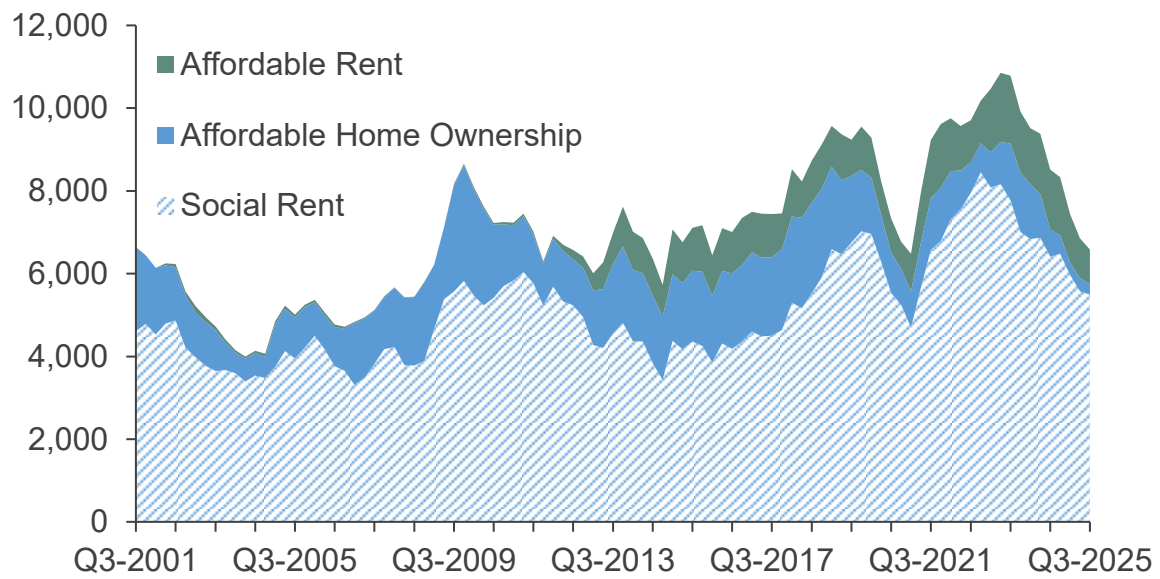
10.2. Affordable Housing Supply Programme (AHSP)

Quarterly affordable housing supply statistics are used to inform progress against Scottish Government affordable housing delivery targets, which set out an ambition to deliver 110,000 affordable homes by 2032, of which at least 70% will be for social rent and 10% will be in rural and island communities. So far, 31,064 affordable homes have been completed towards the target. These completions consist of 24,112 (78%) homes for social rent, 4,345 (14%) for affordable rent, and 2,607 (8%) for affordable home ownership.

The number of AHSP completions fell from 8,513 in the year to end September 2024 to 6,582 in the year to the end of September 2025, which is a reduction of 23%.

Meanwhile, over this period, the number of AHSP starts fell from 6,347 to 5,494 (-13%) and the number of approvals fell from 6,682 to 5,222 (-22%).

Chart 10.2 AHSP completions, Scotland (4-quarter moving total, to Q3 2025)



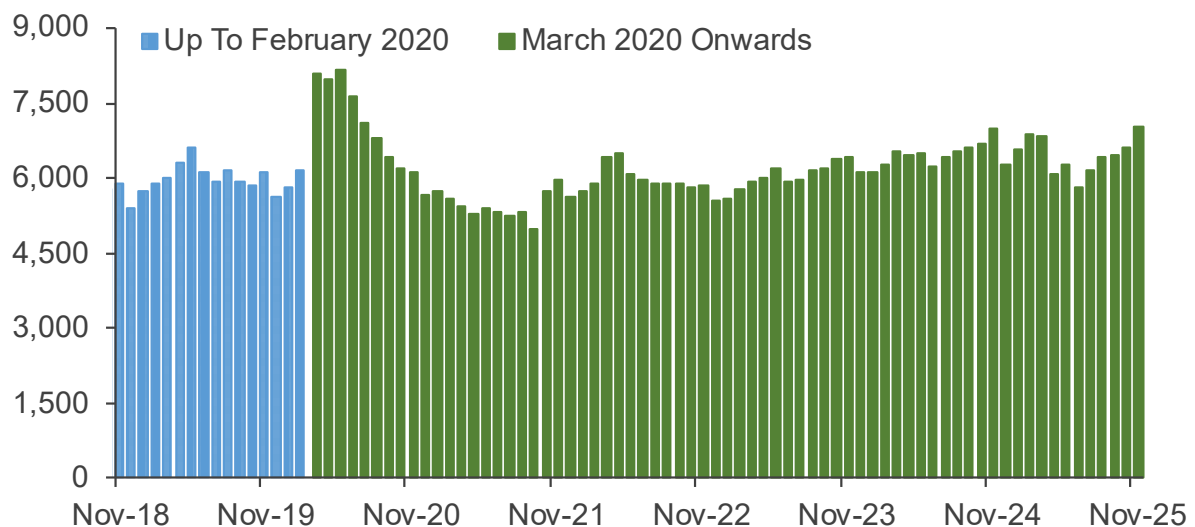
Source: Scottish Government

11. Lending to House Builders, Insolvencies and Construction Prices

11.1. Lending to House Builders

Between January and November 2025, the average monthly value of outstanding loans to UK housebuilders was £6.5 billion – almost unchanged from the same period in 2024 (down 0.3%), and 7.0% higher than in 2023.

Chart 11.1 Loans outstanding to firms involved in construction of domestic buildings: UK (£ Millions, Monthly data, to November 2025)

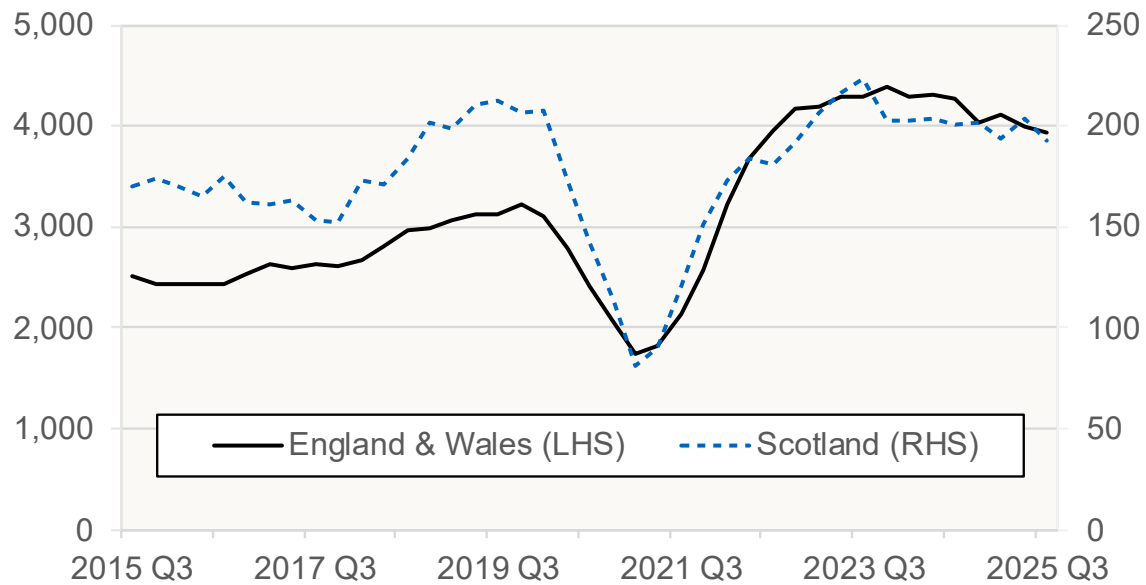


Source: Bank of England

11.2. Insolvencies

In the year to the end of Q3 2025, 193 construction companies registered in Scotland entered insolvency. This is slightly fewer (down 4%) than the 201 insolvencies recorded in the year to Q3 2024, and also represents a 13% decrease compared with the year ending Q3 2023. Meanwhile, the number of construction companies registered in England and Wales entering insolvency also fell, from 4,276 in the year ending Q3 2024 to 3,933 in the year ending Q3 2025 (-8.0%)

Chart 11.2 Number of registered company insolvencies in the construction sector (4-quarter moving totals, to Q3 2025)



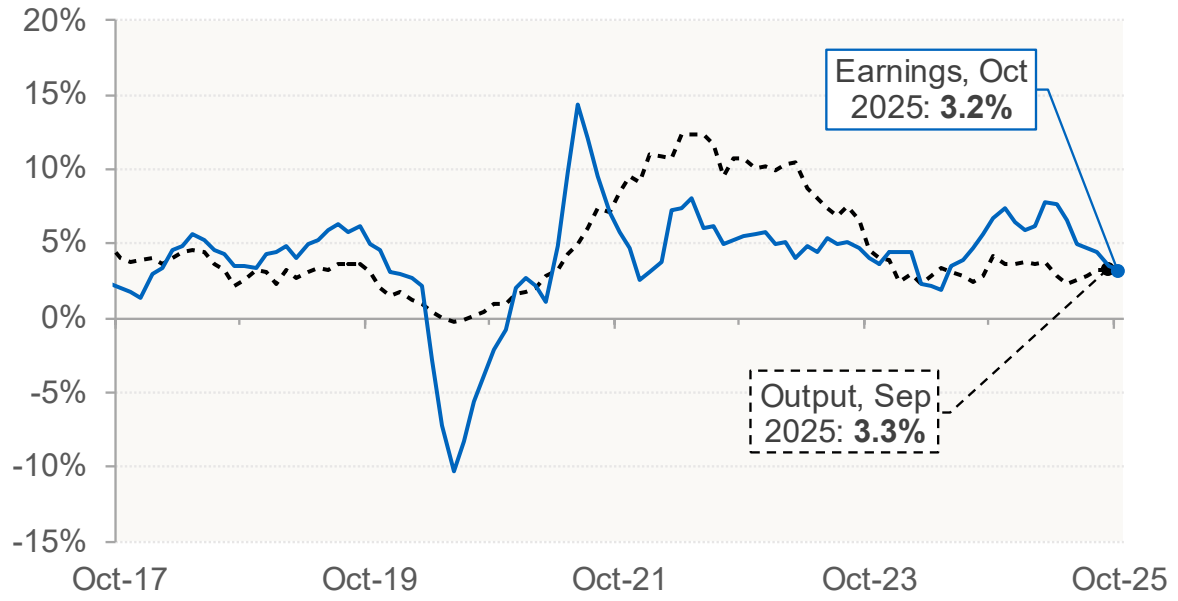
Source: The Insolvency Service

11.3. Input and Output Prices for New Housing

Note: In previous editions of the Scottish Housing Market Review, the construction materials price index for new housing was reported. However, the UK Government paused production of this index while the ONS undertook a review of producer price indices, due to an issue identified with the chain-linking methods used to calculate the indices. Now that the ONS review is complete, the UK Government intends to resume publication of its construction materials price indices soon.

Seasonally adjusted ONS average weekly earnings data show that annual growth in total pay in the construction sector in GB has slowed in recent months, from 7.8% in the three months to March 2025 to 3.2% in the three months to October 2025. Meanwhile, ONS data shows that the annual growth rate in the construction-output price index for GB, which had reached 12.3% in June 2022, before declining significantly from early 2023, has been relatively steady since the beginning of 2024, standing at 3.3% in September 2025.

Chart 11.3 Annual change in the output-price index for new housing and weekly earnings in the construction sector: GB (Monthly data, to September 2025 for output and October 2025 for earnings)



Source: ONS



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