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SCOTTISH HOUSING MARKET RECOVERY PAUSES

The Scottish housing market's recovery from the recession has paused, according to the latest Scottish House Price Monitor from Lloyds TSB Scotland. On an annual, underlying basis Scottish house prices have increased by 0.8%.

In the three months to 31 July 2010, the quarterly price index* for the average domestic property in Scotland fell 2.9% on the previous quarter. Following mix adjusting, the average Scottish house price is now £159,217.

The Scottish housing market has been slow, with a low number of sales taking place in the second quarter of 2010. However, the number of house purchases recorded by the Monitor this quarter has risen significantly, up by 20% on the previous quarter and a 20% rise on the same quarter in 2009.

For the market as a whole, Scottish house purchases in June of this year have risen 19% compared to June 2009. Although increasing in the latest months, the number of housing transactions in the Scottish market is still around half pre-recession levels.

Professor Donald MacRae, chief economist, Lloyds Banking Group Scotland, said: "The Scottish economy exited recession at the end of last year with growth of +0.3% in the last quarter. Since then growth has stalled with economic output unchanged in quarter one of this year. However, business surveys suggest growth resumed in quarter two.

"Although positive, consumer confidence is still well below pre-recession levels. Retail sales are increasing at an annual rate of 0.8% in July, indicating weak growth in the economy.

"The number of housing sales has increased for four consecutive months from the low point of February this year. The rise in Scottish house prices identified at the end of 2009 and spring of this year has stopped and has partially reversed. However, activity has picked up from the low levels of the winter months. It is clear that recovery from recession in the Scottish housing market has paused."

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AREA	UNDERLYING ANNUAL CHANGE
Dundee	+7.7%
Aberdeen	+11.0%
Central/Fife/Perth/Tayside (excl Dundee)	-0.1%
South West (excluding Glasgow)	+0.2%
North (excluding Aberdeen)	+0.3%
South East (excluding Edinburgh)	-2.9%
Edinburgh	-2.2%
Glasgow	-6.7%

Figures shown are for the year July 2009 to July 2010.

-Ends-

*The house price index is adjusted for changes in geographic area, property type and season. Information excludes local authority purchases and remortgages. The annual price change is measured by the average of the latest four quarters expressed as a percentage of the preceding four quarters.

Notes to Editors

The Lloyds TSB Scotland House Price Monitor, established in 1992, is the only such index devoted exclusively to Scotland.

A copy of the Scottish House Price Monitor is available on request by calling Wendy Evans on 0131 243 5448 or by sending an e-mail to wendy.evans@lloydstsb.co.uk

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