

**NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, SATURDAY 25 FEBRUARY 2017**

This is the annual **Bank of Scotland Affordable Cities Review** and tracks housing affordability in 61 cities (including seven in Scotland) across the UK. The review is based on Lloyds Banking Group's own housing statistics database and the Office for National Statistics (ONS). Earnings figures used are for the relevant local authority district of each city (see editor's notes).

## HOME AFFORDABILITY DETERIORATES FOR FOURTH YEAR IN SCOTLAND'S CITIES

There has been a further deterioration in home affordability in Scottish cities, according to the latest Bank of Scotland Affordable Cities review. The average Scottish city house price has risen by almost 3% from £181,061 in 2016 to £186,002 in 2017, a faster increase than the 1% for the whole of Scotland. This has resulted in average home affordability in Scotland's cities worsening in the last 12 months from 5.2 to 5.3 times gross average earnings; the fourth successive annual decline in home affordability.

Home affordability in Scottish cities is, on average, now at its worst level since 2009 (5.7) and is slightly worse than in Scotland as whole, where the ratio is 5.1. (See table 1)

### **Stirling is the most affordable city for homebuyers in both Scotland and the UK**

Not only is Stirling the most affordable city in Scotland, but it now takes the title of the UK's most affordable. At £173,848, the average property price in this city is 3.7 times average gross annual earnings. This is much lower than the UK cities average of 6.9. (See table 2)

### **Edinburgh is once again Scotland's least affordable city**

Edinburgh's average house price of £236,136 is six times annual gross average earnings, making it Scotland's least affordable city. Aberdeen (5.7), Perth (5.7), Dundee (5.5) and Inverness (5.5) make up the top five least affordable cities in Scotland. (See table 2)

Londonderry (3.8) in Northern Ireland is the UK's second most affordable city. Other most affordable Scottish cities to feature in the UK top 20 are Glasgow (9<sup>th</sup>), Inverness (15<sup>th</sup>), Dundee (17<sup>th</sup>) and Perth (20<sup>th</sup>). (See table 3)

House.../

## House price growth highest in Perth over the past decade

Perth has recorded the biggest price rise of any Scottish city over the past decade with a gain of 31% between 2007 and 2017, compared to the UK cities average of 21%. Edinburgh, Inverness and Aberdeen had the next highest price rise, with all seeing a gain of 16%. No Scottish cities feature in the top ten UK cities with highest house price growth this year. (See table 4)

## Perth house prices recover the strongest following the downturn

Over the past five years, Perth has recorded the highest house price growth with a rise of 27%. Dundee has the second highest increase in average house price (25%), closely followed by Glasgow (23%). (See table 5)

## Graham Blair, Mortgage Director at Bank of Scotland said,

“Homebuyers in Scotland’s cities have seen affordability levels worsen for the fourth consecutive year as average city house prices have continued to rise more steeply than average wage growth. However, the average price to earnings ratio in Scotland’s cities is 5.3 - lower than the UK cities average of 6.9.

“It’s little surprise that Edinburgh retains its title as Scotland’s least affordable city, with Aberdeen and Perth close behind. Stirling now takes the top spot as the UK’s most affordable city, as well as Scotland’s.”

**Ends**

**Table 1: City affordability, Scotland 2012-2017**

Year	Average Scottish city house price £	Average full time Mean earnings £	Price to Earnings ratio
2012	158,798	32,200	4.9
2013	155,215	32,711	4.7
2014	161,199	33,139	4.9
2015	173,940	33,755	5.2
2016	181,061	34,880	5.2
2017	186,002	35,251	5.3

Source: Bank of Scotland, 12 months to January, ONS, ASHE – All, Full Time

**Table 2: Affordable cities in Scotland, 2017**

Scottish cities	Price to Earnings ratio
Edinburgh	6.0
Aberdeen	5.7
Perth	5.7
Dundee	5.5
Inverness	5.5
Glasgow	5.2
Stirling	3.7
<b>Scottish cities average</b>	<b>5.3</b>
<b>UK cities average</b>	<b>6.9</b>
<b>Scotland average</b>	<b>5.1</b>

Source: Bank of Scotland, ONS

**Table 3: 20 Most Affordable UK cities, 2017**

UK cities	Region	Price to Earnings ratio
<b>Stirling</b>	<b>Scotland</b>	<b>3.7</b>
Londonderry	Northern Ireland	3.8
Bradford	Yorkshire and the Humber	4.4
Belfast	Northern Ireland	4.6
Hereford	West Midlands	4.7
Lisburn	Northern Ireland	4.8
Sunderland	North	4.9
Durham	North	5.0
<b>Glasgow</b>	<b>Scotland</b>	<b>5.2</b>
Swansea	Wales	5.2
Newcastle upon Tyne	North	5.3
Lancaster	North West	5.3

Liverpool	North West	5.3
Hull	Yorkshire and the Humber	5.4
<b>Inverness</b>	<b>Scotland</b>	<b>5.5</b>
Salford	North West	5.5
<b>Dundee</b>	<b>Scotland</b>	<b>5.5</b>
Preston	North West	5.6
Derby	East Midlands	5.6
<b>Perth</b>	<b>Scotland</b>	<b>5.7</b>
<b>UK cities average</b>		<b>6.9</b>
<b>UK average</b>		<b>7.1</b>

Source: Bank of Scotland, ONS

**Table 4: 10 Scottish cities with Highest House Price Growth, 2007-2017**

City	Average House Price 2007 (£)	Average House Price 2017 (£)	10 year % change
Perth	143,518	187,938	31%
Edinburgh	203,156	236,136	16%
Inverness	156,579	181,188	16%
Aberdeen	174,161	202,218	16%
Dundee	135,393	155,321	15%
Stirling	155,034	173,848	12%
Glasgow	150,819	165,370	10%

Source: Bank of Scotland, 12 months to January

Table 5.../

**Table 5: 10 Scottish cities with Highest House Price Growth, 2012-2017**

City	Average House Price 2012 (£)	Average House Price 2017 (£)	5 year % change
Perth	148,334	187,938	27%
Dundee	124,468	155,321	25%
Glasgow	134,267	165,370	23%
Edinburgh	206,008	236,136	15%
Stirling	149,095	173,848	17%
Aberdeen	178,220	202,218	13%
Inverness	171,193	181,188	6%

Source: Bank of Scotland, 12 months to January

## Notes to Editors:

A city is typically defined as 'a large town' or 'any town in the UK which has a cathedral'. However, there are notable exceptions to this including towns that were awarded city status to mark special occasions. For example, Chelmsford, Perth and St Asaph were awarded city status as part of Golden Jubilee celebrations. For more information please visit: <http://www.ukcities.co.uk/> There are seven 'official' cities in Scotland: Edinburgh, Glasgow, Aberdeen, Dundee, Stirling, Inverness and Perth.

The prices used in this research are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period. The data used in the release largely refers to the 12 months to January.

## Data sources:

This research is based on data from the Bank of Scotland's own housing statistics database and ONS data on average earnings.

### 1. House Prices

The prices used in this research are simple arithmetic ('crude') averages. These prices are not standardised and therefore can be affected by changes in the sample from period to period. The data used in the release refers to the 12 months to January. Source: Bank of Scotland House Price database.

### 2. Average Earnings

Average earnings figures are estimated from the ONS's "Annual Survey of Hours and Earnings" (ASHE) and refer to the means for full-time employees.

At a city level, figures for the relevant local authority (residence based) are used in the majority of cases. Where this has not been possible due to data unavailability, the nearest local authority average has been used.

# Press Release



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