

NOT FOR BROADCAST OR PUBLICATION UNTIL 00.01hrs on SATURDAY 2 FEBRUARY 2019

Scotland's most and least affordable cities revealed

- **Aberdeen sees biggest improvement in home affordability over the last five years**
- **Average house price in Stirling up 41% versus Scottish average (30%)**
- **Stirling ranked most affordable city in the UK for the sixth consecutive year**

Aberdeen has seen Scotland's biggest boost in home affordability as average house prices have risen by only 2% to £203,944 in the last five years. This is compared to an average of 30% (£219,746) in Scottish cities since 2013. (Table 1)

The latest Bank of Scotland research found that homes in the Granite City are more affordable than they were five years ago, improving to 5.0 from 5.6 times the average salary.

Perth, once Scotland's capital is the only other Scottish city to see affordability improve over the last five years – from 5.4 to 5.1. (Table 2)

Stirling is the most affordable city in the UK when comparing average house price to wages. The average house price in Stirling is now £192,326, which is more than four times local average earnings. This is below the overall average ratio in Scotland of 5.4 and the UK average of 7.5. (Table 3) Mary Queen of Scots was crowned at Stirling Castle and spent many a time there during her reign.¹

The average house price in Stirling has increased by 41% in the last five years, faster than any other Scottish city. In 2013, the average house price was £136,036, rising to £192,326 in 2018. The affordability of homes in Glasgow has declined the most in the last five years (4.5 to 5.5 times average earnings).

Home affordability in Scottish cities remains stable in last 12 months

The average house price across all Scottish cities increased by 3.7%, from £190,250 in 2017 to £197,308 in 2018. The average earnings increased by 3.3%, resulting in home affordability remaining broadly stable over the past 12 months – from 5.36 to 5.38 times average earnings.

Aberdeen and Perth are the only cities to see an improvement in average home affordability over the past year. Meanwhile, Inverness, Dundee and Stirling also saw a decline but still feature in the top 20 most affordable UK cities.

Ricky Diggins, director at Bank of Scotland said: "Although we've seen house prices rise dramatically in Stirling and homes in Glasgow become less affordable over the past five years,

¹ <https://www.historyscotland.com/articles/mary-queen-of-scots/mary-queen-of-scots-timeline-facts-about-the-life-of-mary-queen-of>

Bank of Scotland Press Team:

Kimberley Hamilton kimberley.hamilton@lloydsbanking.com 07557 257 298
Olwen Morris-Jones olwen.morris-jones@lloydsbanking.com 07741 291 601



Aberdeen has in fact seen the biggest improvement.

“With average earnings and house prices broadly on a par, it's good news for homebuyers looking to live in one of the UK's top 20 most affordable cities.”

Average house price in UK higher than in Scottish cities

In the last five years, house prices in the UK has increased by 37% to £265,405, compared to 30% in Scottish cities. The average house price in Scottish cities is now lower than the UK average, with the exception of Edinburgh, where the average house price is £266,455. (Table 1)

Six of the top 20 most affordable cities in the UK are in Scotland

Stirling (4.4), Londonderry (4.4) and Newry in Northern Ireland (4.5) are the top three cities in the UK in terms of affordability. Aberdeen (5.0), Perth (5.1), Dundee (5.4), Glasgow (5.5) and Inverness (5.8) also appear in the top 20 most affordable cities in the UK. Oxford is named as the least affordable city in the UK with an average house price to earnings ratio of 12.6. (Table 3)

Ends

Table 1: Scottish Cities with the highest house price growth, 2013-2018

City	Average House Price 2013 (£)	Average House Price 2018 (£)	5 year % change
Stirling	136,036	192,326	41%
Glasgow	136,775	180,254	32%
Edinburgh	202,380	266,455	32%
Dundee	133,931	163,865	22%
Inverness	156,703	190,271	21%
Perth	159,050	184,041	16%
Aberdeen	200,736	203,944	2%
Scotland Cities Average	168,959	219,746	30%
Scotland Average	148,841	180,814	21%
UK Average	194,314	265,405	37%

Source:BoS, 12 months to December

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Table 2: Least Affordable Scottish Cities – Mean earnings

Scottish cities	Average House Price 2017	Average full time Mean earnings 2017 £	PE ratio 2017	Average House Price 2018	Average full time Mean earnings 2017 £	PE ratio 2018
Edinburgh	245,349	41,296	5.94	266,455	40,741	6.54
Inverness	187,299	32,498	5.76	190,271	32,736	5.81
Glasgow	173,990	31,678	5.49	180,254	32,803	5.50
Dundee	156,791	29,220	5.37	163,865	30,104	5.44
Perth	181,329	33,240	5.46	184,041	36,050	5.11
Aberdeen	200,907	34,747	5.78	203,944	40,614	5.02
Stirling	186,084	45,974	4.05	192,326	43,703	4.40
Scotland City average	190,250	35,522	5.36	197,308	36,679	5.38
Scotland average	174,167	33,489	5.20	180,814	33,489	5.40
UK Average	255,183	35,398	7.21	265,405	35,398	7.50

Source: BoS, 12 months to December
ONS, ASHE - All, Full Time

Table 3: Top 20 Most Affordable UK cities, 2018

UK cities	Region	PE ratio
Londonderry	Northern Ireland	4.4
Stirling	Scotland	4.4
Newry	Northern Ireland	4.5
Bradford	Yorkshire and Humberside	4.6
Lancaster_La1	North West	4.7
Belfast	Northern Ireland	5.0
Aberdeen	Scotland	5.0
Perth	Scotland	5.1
Hereford	West Midlands	5.1
Sunderland	North	5.2
Carlisle	North	5.3
Liverpool	North West	5.4
Dundee	Scotland	5.4
Swansea	Wales	5.5
Glasgow	Scotland	5.5
Stoke On Trent	West Midlands	5.5
Durham	North	5.5
Hull	Yorkshire and Humberside	5.6
Inverness	Scotland	5.8
Derby	East Midlands	5.9
UK cities average		7.2
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Table 4: Scottish City Affordability, 2013-2018

	Average Scottish city house price £	Average full time Mean earnings £	Price to Earnings ratio (PE ratio)
2013	160,801	32,711	4.9
2014	172,657	33,139	5.2
2015	181,039	33,755	5.4
2016	186,827	34,887	5.4
2017	190,250	35,522	5.4
2018	197,308	36,679	5.4

Source: BoS, 12 months to December
ONS, ASHE - All, Full Time

Notes to Editors:

- 62 UK cities surveyed, including 7 Scottish cities

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/>

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 December (in previous releases this has been 12 months to January).

Data sources:

This research is based on data from the Lloyds Banking Group'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 largely refers to the 12 months to December. Source: Halifax 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.

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