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HIGHER LEVELS OF UNEMPLOYMENT HOLD BACK HOUSE PRICE GROWTH IN PARTS OF SCOTLAND

The gap in house prices between the areas with highest and lowest levels of unemployment has widened significantly over the past 10 years, according to the latest research from Bank of Scotland.

The average house price in Scotland has risen by £32,579 (24%) in the past decade, but homes in areas of Scotland with higher unemployment have seen growth of just £18,769 (16%). This contrasts to the average price gain of £45,151 (up 34%) in the ten areas with the lowest levels of unemployment.

House prices are also significantly higher in areas with low unemployment with an average price of £193,373 in the ten local authority districts with the lowest unemployment compared with £133,613 in the ten areas with the highest unemployment; a differential of £59,760 (or 45%).

The two areas with the lowest unemployment rates in Scotland over the past decade have recorded the highest house price growth over the period: Shetland Islands (85%) and Aberdeenshire (63%). At the other end of the scale, North Ayrshire has had the highest level of unemployment and house price growth of just 16%.

House price growth averages only 16% in areas of higher unemployment

From the ten local authority areas with the lowest levels of employment, only Dundee (34%) and Fife (25%) have seen house price growth above the Scottish average of 24%. West Dunbartonshire has seen just 4% house price growth – the lowest in Scotland - and has the second highest level of unemployment. Over the past decade prices in West Dunbartonshire have risen by £3,917 to £115,536, 45% lower than the average Scottish home (£168,292).

Lower levels of unemployment see stronger house price growth

House prices have risen on average by 34% over the decade in areas with an average unemployment claimant count of less than 2.5%.

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Higher unemployment in Scotland and house price growth below the UK average

The average unemployment claimant count in Scotland has been higher than the UK average over the past decade: 3.3% against 3.0%. Average house price growth has also been lower over the period: Scotland 24% v UK 34%. The average UK home now stands at £242,175 compared to the Scottish average of £168,292.

Unemployment not the only factor to consider

Nicola Noble, Bank of Scotland's Mortgage Director said: "Lower levels of unemployment help to support a strong housing market and we're seeing strong links between unemployment and house price growth in Scotland. Lower unemployment gives consumers more confidence in the future and provides them with the backing needed to get onto the housing ladder or move onto another home.

"However, there are other factors that support house prices, such as lower mortgage rates, improved affordability and low housing supply which will have all contributed to rising prices in past decade."

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Notes to Editors:

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 refers to the 12 months to March. Source: Halifax House Price database.

2. Unemployment data

Jobseekers Allowance (JSA) claimant count records the number of people claiming JSA and National Insurance credits at Jobcentre Plus local offices. The data refers to February each year and the average rate for 2006-2016 has been used. Figures are sourced from the ONS and NOMIS and are resident based estimates.

Table 1: House Price Performance in the 20 Areas with the lowest level of unemployment - 2006-2016

Local Authority	Average Claimant Count Unemployment Rate 2006 - 2016	Average house Price 12m to March 2006 £	Average house Price 12m to March 2016 £	House Price % Changes (2006-2016)	House Price £ Changes (2006-2016)
Aberdeenshire	1.2	£144,405	£235,174	63%	£90,770
Shetland Islands	1.2	£95,905	£177,289	85%	£81,384
Aberdeen City	1.7	£140,059	£209,579	50%	£69,521
East Renfrewshire	1.9	£191,476	£204,560	7%	£13,084
Perth and Kinross	2.0	£151,584	£179,850	19%	£28,267
East Dunbartonshire	2.1	£178,881	£212,826	19%	£33,945
Moray	2.2	£117,454	£162,505	38%	£45,051
East Lothian	2.4	£173,262	£201,318	16%	£28,056
Scottish Borders	2.4	£146,428	£171,228	17%	£24,800
Highland	2.5	£142,771	£179,402	26%	£36,631
Average 10 Areas	2.0	£148,222	£193,373	34%	£45,151
Scotland	3.3	£135,714	£168,292	24%	£32,579
United Kingdom	3.0	£180,599	£242,175	34%	£61,575

Source: Halifax and ONS/NOMIS

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Table 2: House Price Performance in the 20 Areas with the highest level of unemployment - 2006-2016

Local Authority	Average Claimant Count Unemployment Rate 2006 - 2016	Average house Price 12m to March 2006 £	Average house Price 12m to March 2016 £	House Price % Changes (2006-2016)	House Price £ Changes (2006-2016)
North Ayrshire	5.4	£109,761	£127,363	16%	£17,602
West Dunbartonshire	5.2	£111,619	£115,536	4%	£3,917
Glasgow City	4.8	£129,147	£147,412	14%	£18,265
East Ayrshire	4.8	£106,703	£118,864	11%	£12,161
Dundee City	4.6	£107,907	£144,528	34%	£36,621
Inverclyde	4.5	£113,656	£124,328	9%	£10,672
Clackmannanshire	4.1	£118,319	£143,325	21%	£25,006
North Lanarkshire	4.1	£115,023	£124,721	8%	£9,698
Fife	3.8	£120,065	£149,600	25%	£29,534
Renfrewshire	3.8	£116,241	£140,452	21%	£24,211
Average 10 Areas	4.5	£114,844	£133,613	16%	£18,769
Scotland	3.3	£135,714	£168,292	24%	£32,579
United Kingdom	3.0	£180,599	£242,175	34%	£61,575

Source: Halifax and ONS/NOMIS