

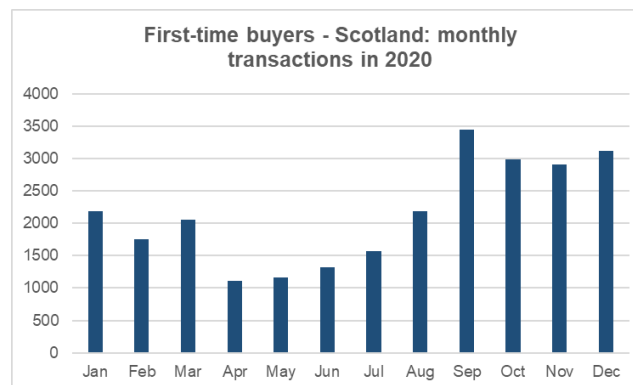
SCOTLAND'S FIRST-TIME BUYERS UNDETERRED BY HIGHER COSTS AS THEY SNAP UP HALF OF HOMES

- **Average first-time buyer deposit leapt to more than £35,000**
- **Number of first-time buyers fell by 21% but activity bounced back after first lockdown**
- **East and North Ayrshire still the most affordable areas for first-time buyers**

The overall number of first-time buyers in Scotland fell by around a fifth during 2020, as the housing market was curtailed during the first national lockdown, according to the latest research by Bank of Scotland.

With sales activity largely grinding to a halt during Spring, the overall number of first-time buyers in 2020 was down by over 6,800 (21%) compared to 2019 (25,826 v 32,630).

However, first-time buyer transactions bounced back strongly in the second half of the year (up 69% from 9,600 in H1 to 16,226 in H2) once the market reopened. Comparing the second half of 2020 to the same six-month period in 2019, first-time buyer transactions were down by just 5% (compared to 38% in H1).



In total, the number of first-time buyers as a proportion of all homes purchased with a mortgage in Scotland remained stable last year at 50% (also 50% in 2017, 2018 and 2019).

Looking across the UK, Northern Ireland (-23%) and Wales (-23%) experienced the biggest decreases in the number of first-time buyers last year. London's first-time buyer figure fell by the smallest percentage of any region, down by just 6% year-on-year.

Graham Blair, Mortgages Director, Bank of Scotland, said: "It's no great surprise that the overall number of first-time buyers fell last year, as the property market effectively ground to a halt during the first national lockdown. However, the underlying strength of the market was made clear in the second half of 2020, as activity bounced back sharply as the country opened up again."

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“While Scottish first-time buyers may have been spared the steep increases in average purchase price seen elsewhere over the last 12 months, the need to raise an ever-bigger deposit is still a significant barrier to home ownership.

“First-time buyers account for half of all home purchases, and affordability in certain areas of the country is amongst the best in the UK. With continued Land and Buildings Transaction Tax relief confirmed for those taking that first step onto the property ladder, home ownership should remain a realistic goal.”

Average purchase price

The average price paid by a first-time buyer in Scotland last year was £155,411, up by just £2,133 (1.4%) from 2019 (£153,278). This compares to the UK average first-time buyer purchase price of £256,057, up by £22,939 (10%) from a year earlier (£233,118).

Across the UK, London saw the biggest monetary increase in the average price paid by first-time buyers over the last 12 months, up by £33,486 (7%) from £455,611 to £489,098.

Average deposit paid

The average amount put down by a first-time buyer in Scotland in 2020 was £35,745, compared to £30,101 the year before, a rise of almost 19% (£5,644).

Meanwhile, the average UK first-time buyer deposit amount was £57,278, up from £46,449 the year before, a rise of over 23% (£10,829).

Average deposits for first-time buyers in London were up by £20,211 (18%), from £110,145 to £130,357, while other areas of the UK also saw big increases, such as Wales, up by 25% (£6,634) from £26,029 to £32,663.

Local affordability for first-time buyers

East and North Ayrshire remain the most affordable areas in Scotland for local first-time buyers – calculated by comparing average earnings to average house prices – with ratios of 3.2.

Eight out of the 10 UK’s most affordable areas are in Scotland, with Inverclyde (3.4), West Dunbartonshire (3.4) and Renfrewshire (3.5) also making the list.

The City of Edinburgh – where the average property price for a first-time buyer is almost five times average earnings (4.9) – tops the list of the least affordable areas in the country, taking over from Midlothian (4.5) which has fallen to from second to eighth over the last year. East Lothian (4.8) remains in second place, alongside Argyll and Bute (also 4.8).

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EDITORS NOTES:

DATA SOURCES:

This research is based on data from Bank of Scotland's own extensive housing statistics database, UK Finance statistics, and ONS data on average earnings. Final volumes for 2020 are modelled on BoE transaction data and the expected level of market completions.

'Regions' are based on Economics Planning Regions, with the exception of the affordability measure, which uses Government Office Regions.

House Prices

The prices used in this research are simple arithmetic ('crude') averages for 12 months to December each year. These prices are not standardised and therefore can be affected by changes in the sample from period to period.

Average Earnings

Average earnings figures are from the ONS's "Annual Survey of Hours and Earnings" (ASHE) and refer to the means for full-time employees. At local authority district level, figures for the relevant local authority (residence based) are used in the majority of cases and inflated by the change in Weekly Average Earnings to Q4 2020. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in weekly average earnings.

Table 1: Number of first-time buyers, Scotland 2010-2020

	Number of first-time buyers	Annual % change	First-time buyers as % of all house purchase loans
2010	17,170	-2%	38%
2011	16,220	-6%	37%
2012	18,610	15%	38%
2013	22,920	23%	41%
2014	27,550	20%	44%
2015	28,430	3%	47%
2016	30,660	8%	46%
2017	33,560	9%	50%
2018	32,480	-3%	50%
2019	32,630	0%	50%
2020*	25,826	-21%	50%

Source: UK Finance and *Bank of Scotland estimate for 2020

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Table 2: First-time buyers: Average price, average earnings and house price to earnings ratio, 2020

Local Authority District	Average house price (£s)	Average earnings (£s)	House price to earnings ratio
Aberdeen City	161,888	38,834	4.2
Aberdeenshire	177,630	40,055	4.4
Angus	152,731	32,336	4.7
Argyll and Bute	147,369	30,934	4.8
City of Edinburgh	211,303	43,154	4.9
Clackmannanshire	123,792	34,626	3.6
Dumfries and Galloway	132,285	32,049	4.1
Dundee City	141,710	32,018	4.4
East Ayrshire	112,066	35,432	3.2
East Dunbartonshire	200,890	46,575	4.3
East Lothian	181,982	37,955	4.8
East Renfrewshire	218,257	52,708	4.1
Falkirk	135,755	34,319	4.0
Fife	138,354	35,427	3.9
Glasgow City	150,461	36,984	4.1
Highland	157,884	35,112	4.5
Inverclyde	108,035	31,540	3.4
Midlothian	167,702	37,499	4.5
Moray	151,741	36,945	4.1
North Ayrshire	108,988	34,453	3.2
North Lanarkshire	127,809	35,322	3.6
Perth and Kinross	171,380	37,489	4.6
Renfrewshire	128,435	36,199	3.5
Scottish Borders	153,973	34,019	4.5
South Ayrshire	146,123	35,672	4.1
South Lanarkshire	136,760	38,407	3.6
Stirling	168,491	39,577	4.3
West Dunbartonshire	113,020	32,955	3.4
West Lothian	149,941	36,303	4.1

Source: Bank of Scotland, 12 months to December, ONS

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Table 3: 10 Most affordable LADs for first-time buyers, Scotland, 2020

Local Authority District	House price to average earnings ratio
East Ayrshire	3.2
North Ayrshire	3.2
Inverclyde	3.4
West Dunbartonshire	3.4
Renfrewshire	3.5
South Lanarkshire	3.6
Clackmannanshire	3.6
North Lanarkshire	3.6
Fife	3.9
Falkirk	4.0

Source: Bank of Scotland, ONS

Table 4: 10 Least affordable LADs for first-time buyers, Scotland, 2020

Local Authority District	House price to average earnings ratio
City of Edinburgh	4.9
East Lothian	4.8
Argyll and Bute	4.8
Angus	4.7
Perth and Kinross	4.6
Scottish Borders	4.5
Highland	4.5
Midlothian	4.5
Aberdeenshire	4.4
Dundee City	4.4

Source: Bank of Scotland, ONS

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Table 5: First-time buyers: Average price, loan amount and deposit by UK region, 2020

Region	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
East Anglia	241,814	190,688	51,126	21%
East Midlands	199,370	160,318	39,052	20%
Greater London	489,098	358,741	130,357	27%
North	147,081	117,518	29,563	20%
North West	176,808	142,460	34,347	19%
Northern Ireland	147,520	117,996	29,523	20%
Scotland	155,411	119,666	35,745	23%
South East	321,131	256,220	64,910	20%
South West	239,716	188,319	51,397	21%
Wales	166,048	133,385	32,663	20%
West Midlands	205,246	163,184	42,062	20%
Yorkshire and Humberside	168,046	134,733	33,313	20%
UK	256,057	198,779	57,278	22%

Source: Bank of Scotland/Halifax, 12 months December 2020, UK Finance

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