

## SCOTTISH FIRST-TIME BUYER REVIEW 2021

- **Clackmannanshire is the UK's most affordable area for first-time buyers**
  - **9 of the UK's 10 most affordable locations are in Scotland**
  - **Average Scottish FTB paid £166,919 for their home in 2021**

Clackmannanshire is both Scotland and the UK's most affordable area for first-time buyers (FTBs), according to new analysis from Bank of Scotland. The review also identified that the average Scottish FTB in 2021 was 31 years old, paid £166,919, and put down a deposit of £37,038 (22%).

### First-time buyer numbers up

Since 2009 the number of people getting on the housing ladder in Scotland has more than doubled. Having fallen in 2020, the number of people buying a first home jumped by almost a quarter in 2021 – rising 24% to 35,627.

**Table 1: Number of First-Time buyers in Scotland**

	Number of First Time Buyers	Annual % change	FTBs as % of all House Purchases Loans
2009	17,580		38%
2010	17,170	-2%	37%
2011	16,220	-6%	38%
2012	18,610	15%	41%
2013	22,920	23%	44%
2014	27,550	20%	47%
2015	28,430	3%	46%
2016	30,660	8%	50%
2017	33,560	9%	50%
2018	32,480	-3%	50%
2019	32,630	0%	49%
2020	28,740	-12%	51%
2021*	35,627	24%	49%



### Bank of Scotland Press Team

Jason Clarke | [jason.clarke@lloydsbanking.com](mailto:jason.clarke@lloydsbanking.com) | 07835 389293

Lynsey Cheshire Willis | [lynsey.cheshire-willis@lloydsbanking.com](mailto:lynsey.cheshire-willis@lloydsbanking.com) | 07595 124 294



## Price growth outstrips deposit growth

The average first home in Scotland now costs £166,919, up 8% on 12 months ago, while the average deposit grew by 4% to £37,038. The UK average FTB home was £264,140 - up 3%.

**Table 2: First-time buyers: Average price and deposit by UK region, 1 year change 2021**

	Average House Price 2020 (£s)	Average House Price 2021 (£s)	Average Deposit 2020 (£s)	Average Deposit 2021 (£s)	Deposit as % of purchase price 2021	1 Year % change in Deposit	1 Yr % change in Average Price
<b>Scotland</b>	<b>154,821</b>	<b>166,919</b>	<b>35,607</b>	<b>37,038</b>	<b>22%</b>	<b>4%</b>	<b>8%</b>
North East	145,254	151,814	28,643	26,769	18%	-7%	5%
North West	175,389	189,588	34,185	33,983	18%	-1%	8%
Yorkshire and The Humber	167,267	177,683	33,032	31,212	18%	-6%	6%
East Midlands	199,503	210,203	39,077	37,171	18%	-5%	5%
West Midlands	204,948	209,270	41,928	37,159	18%	-11%	2%
East of England	297,548	303,166	58,531	55,250	18%	-6%	2%
London	488,771	475,819	130,281	115,759	24%	-11%	-3%
South East	322,386	320,591	66,706	60,953	19%	-9%	-1%
South West	239,434	252,263	51,178	49,592	20%	-3%	5%
Northern Ireland	147,394	156,594	29,546	29,199	19%	-1%	6%
Wales	165,272	180,392	32,368	33,622	19%	4%	9%
<b>UK</b>	<b>256,057</b>	<b>264,140</b>	<b>57,278</b>	<b>53,935</b>	<b>20%</b>	<b>-6%</b>	<b>3%</b>

Source: Bank of Scotland, 12 months December 2021

The research also looked at the age of buyers entering the market. In 2011 the average age was 29 for both Scotland and the UK. Since then, FTBs have got older and the average has diverged slightly, with it now standing at 31 in Scotland, compared to 32 for the UK.

## Affordability better than most

Compared to the rest of the UK, affordability for first-time buyers in Scotland is relatively good. Nine of the ten most affordable areas to buy a first home are in Scotland, with only Allerdale in North West England preventing a clean sweep of Scottish local authorities (LAs). In Scotland's least affordable location, the City of Edinburgh, homes are more than twice as affordable as the UK's least affordable, Brent in London, where the average FTB home costs 12.3 times the average income, and below the UK average of 6.3x.



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Jason Clarke | [jason.clarke@lloydsbanking.com](mailto:jason.clarke@lloydsbanking.com) | 07835 389293

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However, based on a benchmark of no more than 4x income for a house price to be considered 'affordable', 17 of 29 local authorities in Scotland are now 'unaffordable', up from just seven in 2011. (See Table 3)

The growth of house prices has outstripped the growth of wages in all but three local authorities in Scotland over the last 10 years (also the only three in the UK): Moray and Clackmannanshire saw marginal improvements in their price to earnings ratio (P/E ratio), while in East Ayrshire there was no change. In all other Scottish local authorities, first-time buyer affordability fell, with Argyll and Bute seeing the biggest deterioration.

**Table 3. FTB affordability in Scotland**

Local Authority Area	Average price 12 months to Dec 2021	Ave earnings 2021 est	P/E ratio 2021	P/E ratio 2011
City of Edinburgh	£ 232,386	£ 42,244	5.5	4.1
East Lothian	£ 202,447	£ 36,865	5.5	4.1
Argyll and Bute	£ 153,833	£ 29,904	5.1	3.3
Aberdeen City	£ 176,920	£ 35,655	5.0	4.0
Midlothian	£ 179,725	£ 36,375	4.9	3.9
Highland	£ 167,990	£ 34,629	4.9	4.5
Aberdeenshire	£ 184,130	£ 38,387	4.8	4.2
Perth and Kinross	£ 165,766	£ 34,970	4.7	4.2
Scottish Borders	£ 155,173	£ 32,749	4.7	3.9
East Dunbartonshire	£ 213,480	£ 46,197	4.6	3.7
Glasgow City	£ 168,923	£ 36,602	4.6	3.5
Angus	£ 156,365	£ 33,926	4.6	4.2
Dundee City	£ 144,685	£ 31,477	4.6	3.7
West Lothian	£ 162,511	£ 36,431	4.5	3.3
Dumfries and Galloway	£ 136,341	£ 32,119	4.2	3.7
East Renfrewshire	£ 221,314	£ 54,034	4.1	3.6
Falkirk	£ 139,022	£ 34,266	4.1	3.2
Fife	£ 142,763	£ 35,896	4.0	3.1
Moray	£ 147,326	£ 37,308	3.9	4.0
Stirling	£ 179,658	£ 45,521	3.9	2.8



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South Ayrshire	£ 137,748	£ 36,130	3.8	2.9
South Lanarkshire	£ 143,374	£ 37,793	3.8	3.2
Inverclyde	£ 121,975	£ 33,862	3.6	3.0
North Lanarkshire	£ 126,034	£ 35,098	3.6	3.2
Renfrewshire	£ 133,379	£ 38,006	3.5	2.9
North Ayrshire	£ 119,064	£ 36,116	3.3	3.0
East Ayrshire	£ 113,551	£ 35,556	3.2	3.2
West Dunbartonshire	£ 114,697	£ 36,107	3.2	3.1
Clackmannanshire	£ 108,317	£ 35,725	3.0	3.2

**Graham Blair, Mortgages Director, Bank of Scotland, said:** “2021 was a busy year for housing transactions in Scotland, and despite prices growing faster than wages, that surge of sales was seen not just in those moving home but also those getting their foot on the housing ladder.

“While working from home and the ‘race for space’ was key for many, particularly movers, it’s clear that the Stamp Duty holiday increased the availability of first-rung homes as others moved up the ladder.

“Affordability for first-time buyers may be comparatively good in Scotland but it is falling, and fewer places than ever are seen as being within the reach of those getting on the housing ladder.”

**ENDS**

## Notes to editor

### DATA SOURCES:

This research is based on data from the BoS’s own extensive housing statistics database, UK Finance statistics, and ONS data on average earnings.

‘Regions’ are based on Government Office Regions, with the exception of the numbers of first-time buyers, as UK Finance use Economics Planning 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 2021. Where this has not been possible due to data unavailability, average earnings have been estimated using the change in weekly average earnings.



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# Press Release



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