

This is the annual **Bank of Scotland Affordable Cities Review** and tracks housing affordability in 61 cities (including 7 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).

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HOME AFFORDABILITY IN SCOTTISH CITIES IMPROVES BY NEARLY A QUARTER SINCE 2008

Home affordability for city dwellers in Scotland has improved by nearly a quarter since 2008, according to the Bank of Scotland Affordable Cities Review. The average price for a city home in Scotland (£159,450) stands at 5.15 times gross annual average earnings. This is significantly (22%) below the peak of 6.57 in 2008. City living in Scotland (5.15) is more affordable than the UK city average (5.60).

Whilst there was no national improvement in affordability over the past year, the ratio of house prices to earnings remains at its lowest level since 2004 (4.94).

The marked improvement in affordability in cities over recent years has been driven by the significant fall in city house prices. Since 2008, the average city house price in Scotland has fallen by 15% (£27,928) from £187,377 in 2008 to £159,450 in 2013.

Stirling is the most affordable city in Scotland and the fourth in the United Kingdom

Stirling is the most affordable city in Scotland and the fourth most affordable in the UK with an average property price that is 3.81 times gross average annual earnings in the area. The next most affordable Scottish city is Glasgow (4.23), which is also the seventh most affordable city in the UK.

Londonderry in Northern Ireland is the most affordable UK city with an average property price (£94,776) that is 3.38 times gross average annual earnings. The two next most affordable cities are also in Northern Ireland: Lisburn (3.50) and Belfast (3.67).

A decade ago, in 2003, Stirling was the second most affordable UK city (3.13) after Bradford (2.88).

Inverness is Scotland's least affordable city

The least affordable city in Scotland is Inverness where the average property price is 5.71 times gross average annual earnings in the area.

The least affordable city in the UK is Oxford where the average property price is 9.66 times gross average earnings in the area. Three cities in the South West of England are the next least affordable: Salisbury (8.6), Bath (8.2) and Truro (8.2). Lichfield (6.75) and Leicester (6.08) are the least affordable cities outside southern England. Oxford was also the least affordable UK city (9.96) in 2003.

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Nitesh Patel, housing economist at Bank of Scotland, commented:

"There has been a significant improvement in housing affordability in many of Scotland's major urban areas over the past five years, largely reflecting the general decline in house prices since 2008. The average price for a city home in Scotland is significantly below the peak of 2008 and is more affordable than the UK city average. Looking forward, the marked improvement in city affordability is likely to help support demand for those able to raise the necessary funds to enter the housing market."

Table 1: Scottish city affordability, 2003-2013

	Average Scottish city house price £	Price to Earnings ratio
2003	97,632	4.21
2008	187,377	6.57
2012	158,660	5.15
2013	159,450	5.15

Sources: Bank of Scotland, ONS

Table 2: Affordability in Scotland's Cities, 2013

Scotland cities	Average house price £	Price to Earnings ratio
Stirling	163,650	3.81
Glasgow	128,202	4.23
Dundee	121,509	4.67
Aberdeen	180,017	5.01
Edinburgh	196,903	5.59
Perth	167,459	5.65
Inverness	158,409	5.71
Scotland cities average	159,450	5.15

Sources: Bank of Scotland, ONS

Table 3: 10 most affordable UK cities, 2013

UK cities	Region	Price to Earnings ratio
Londonderry	Northern Ireland	3.38
Lisburn	Northern Ireland	3.50
Belfast	Northern Ireland	3.67
Stirling	Scotland	3.81
Bradford	Yorkshire and Humberside	3.98
Salford	North West	4.11
Glasgow	Scotland	4.23
Lancaster	North	4.28
Hull	Yorkshire and Humberside	4.32
Sunderland	North	4.43
Scotland cities average		5.15
UK cities average		5.60

Sources: Bank of Scotland, ONS

Table 4: 10 least affordable UK cities, 2013

UK cities	Region	Price to Earnings ratio
Oxford	South East	9.66
Salisbury	South West	8.57
Bath	South West	8.23
Truro	South West	8.15
Winchester	South East	8.04
Brighton & Hove	South East	7.67
Cambridge	East Anglia	7.55
Chichester	South East	7.44
Exeter	South West	7.25
St Albans	South East	7.09
Scotland cities average		5.15
UK cities average		5.59

Sources Bank of Scotland, ONS

Notes to Editors:

There are 69 'official' cities in the UK. City of London, Westminster, Wells, Armagh, Ripon, St Davids, St Asaph, Newry and Bangor have been excluded from the analysis due to an insufficient sample size. Greater London region has been included instead of Westminster and City of London. There are 7 'official' cities in Scotland: Edinburgh, Glasgow, Aberdeen, Dundee, Stirling, Inverness and Perth.

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 throughout the release refers to the 12 months to February.

Data sources:

This research is based on data from the Lloyds Banking Group's own housing statistics database, Registers of Scotland, Land Registry 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 throughout the release refers to the 12 months to February. Sources: Bank of Scotland House Price database, Registers of Scotland and Land Registry.

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 district average has been used.

For further information, contact:

Zoe Redhead, Bank of Scotland Press Office

0131 655 5405

ZoeRedhead@bankofscotland.co.uk

Web: www.lloydsbankinggroup.com/media.asp

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