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EAST DUNBARTONSHIRE IS UK'S MOST AFFORDABLE AREA FOR FIRST TIME BUYERS

With property prices averaging £97,089 – 2.6 times local annual average gross earnings - East Dunbartonshire is the UK's most affordable area for First Time Buyers (FTBs), according to Bank of Scotland's First Time Buyer Review.

Five of the UK's ten most affordable Local Authority Districts (LADs) for FTBs are in Scotland. Copeland in the North West of England is the UK's second most affordable area (2.9), closely followed by East Renfrewshire (3.0), West Dunbartonshire and Stirling (both 3.1). North Lanarkshire is the UK's eighth most affordable area (3.3). (See Table 1)

Angus is Scotland's least affordable LAD for FTB with a house price to average earnings ratio of 6.1. It is followed by Western Isles (5.8) and East Lothian (5.2). (See table 2)

The ten least affordable LADs in the UK for FTBs are all in London. The least affordable is Brent where the average FTB property price of £457,014 is 12.5 times gross average annual earnings in the area. (See Table 3)

The average Scottish FTB deposit in May 2016 was £21,751¹ – less than the UK average of £33,960. (See Table 4)

Over half (53%) of all FTB purchases in Scotland are below the £125,000 starting threshold for Stamp Duty. This is in contrast to Greater London where all FTBs are liable for Stamp Duty, with 85% of them paying more than £250,000. Nationally, 45% of properties bought by FTBs are priced between £125,000 and £250,000 with 24% of FTB purchases above £250,000. (See table 5)

The average age of a first time buyer in Scotland is 30; up from 28 in 2011. Regionally, the average age of a first time buyer is highest in London (32).

Nicola Noble, Mortgages Director at Bank of Scotland, said: "It's great news for Scottish First Time Buyers that five of the UK's most affordable areas are in Scotland, with East Dunbartonshire topping the table. Over half of first time buyers in Scotland are below the £125,000 Stamp Duty threshold, compared to the UK average of just under a third. Although many potential first time buyers are facing escalating house prices and deposit sizes, record low mortgage rates continue to make buying seem a more attractive option than renting."

Table 1: 10 Most Affordable LADs in the UK for First Time Buyers, 2016

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Local Authority District	Region	House Price to Average Earnings ratio
East Dunbartonshire	Scotland	2.6
Copeland	North West	2.9
East Renfrewshire	Scotland	3.0
West Dunbartonshire	Scotland	3.1
Stirling	Scotland	3.1
Pendle	North West	3.2
Blaenau Gwent	Wales	3.3
North Lanarkshire	Scotland	3.3
Northumberland	North East	3.3
Mid and East Antrim	Northern Ireland	3.4

Source: Bank of Scotland

Table 2: 10 Least Affordable LADs in Scotland for First Time Buyers, 2016

Local Authority District	House Price to Average Earnings ratio
Angus	6.1
Western Isles	5.8
East Lothian	5.2
City of Edinburgh	5.0
Highlands	4.7
Aberdeenshire	4.5
Moray	4.4
Midlothian	4.3
Perth and Kinross	4.3
Shetland Islands	4.3

Source: Bank of Scotland

Table 3.../

Table 3: 10 Least Affordable LADs in the UK for First Time Buyers, 2016

Local Authority District	Region	House Price to Average Earnings ratio
Brent	London	12.5
Hackney	London	12.0
Haringey	London	11.6
Hammersmith and Fulham	London	11.1
Waltham Forest	London	10.9
Lambeth	London	10.8
Harrow	London	10.6
Ealing	London	10.5
Newham	London	10.2
Islington	London	10.2

Source: Bank of Scotland

Table 4 First Time Buyers: Average Price, Loan and Deposit by Region, 2016

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North	120,554	102,459	18,095	15%
Yorkshire and the Humber	132,915	113,051	19,864	15%
North West	138,354	117,677	20,677	15%
East Midlands	146,053	123,660	22,394	15%
West Midlands	153,546	130,126	23,420	15%
East Anglia	187,231	153,394	33,837	18%
Wales	128,758	109,969	18,789	15%
South West	190,144	154,344	35,799	19%
South East	257,481	210,066	47,415	18%
Greater London	384,617	288,924	95,693	25%
Northern Ireland	110,675	94,068	16,607	15%
Scotland	135,479	113,728	21,751	16%
UK	199,414	165,454	33,960	17%

Sources: Bank of Scotland, CML. House price are simple arithmetic ('crude') averages.

Table 5.../

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Table 5: First Time Buyer Purchases by Stamp Duty Thresholds by Region

% of FTB Purchases by Stamp Duty Threshold - June 2015 to May 2016					
Region	<£125k	£125,000 to £250,000	£250,001 to £925,000	£925,001 to £1.5m	over £1.5m
North	64%	34%	2%	0%	0%
Yorkshire and the Humber	54%	42%	4%	0%	0%
North West	50%	45%	5%	0%	0%
East Midlands	41%	54%	5%	0%	0%
West Midlands	38%	55%	7%	0%	0%
East Anglia	15%	71%	14%	0%	0%
Wales	57%	40%	3%	0%	0%
South West	12%	75%	13%	0%	0%
South East	3%	54%	43%	0%	0%
Greater London	0%	15%	84%	1%	0%
Northern Ireland	71%	28%	1%	0%	0%
Scotland	53%	41%	6%	0%	0%
United Kingdom	31%	45%	24%	0%	0%

Source: Bank of Scotland

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EDITORS' NOTES:

¹ Based on average loan taken out by a new first time buyer

DATA SOURCES:

This research is based on data from Bank of Scotland's own extensive housing statistics database and ONS data on average earnings.

House Prices

The prices used in this research are simple arithmetic ('crude') averages for 12 months to May 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 May 2016. 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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