

Lloyds TSB announces Scottish Housing Market Remains Flat

Submitted by: Lloyds TSB

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According to the latest Scottish House Price Monitor from Lloyds TSB Scotland (<http://www.lloydstsb.com/>), in the three months ending April 2012, the quarterly price index* for the average domestic property in Scotland fell by 2.7%. On an annual, underlying basis, Scottish house prices have fallen by 4.4%.

Following mix adjusting, the average Scottish house price is now £148,024.

As with recent Monitors, the latest house price movement has been generated from a market with a low number of transactions, however, compared to the previous quarter, the number of transactions in the Monitor is up by 8% and by 19% when compared to the same quarter one year ago. Prices in all areas of Scotland are showing a corresponding increase in volatility over the last four years.

For the market as a whole, Scottish house purchase (<http://www.lloydstsb.com/mortgages.asp>) during the first three months of 2012 showed an increase of 8.6% on the same period of 2011. For the month of March, the number of transactions was up 2.1% on the same month in 2011. The uplift in activity in the first three months of 2012 has been influenced by the withdrawal of the stamp duty concession at the end of March.

Donald MacRae, chief economist, Lloyds TSB Scotland, said: "The Scottish economy exited recession at the end of 2009 with a rise in output of 0.1%. After four quarters of rising output, GDP fell in quarter four 2010. Growth followed in the next quarter at the beginning of 2011 but slowed in the middle of the year with unchanged output in quarter two but showed a substantial increase in quarter three 2011 of 0.4% before showing a marginal fall at the end of 2011 of 0.1%.

"The Bank of Scotland PMI indicator for the first four months of 2012 is positive (above 50) suggesting that the Scottish economy will show growth in quarter one 2012 and therefore avoid a "double dip" recession. The Scottish housing market has adjusted to the recession with a halving of sales and a period of volatile price movement. Average house prices are now 89% of their peak of three and three quarter years ago.

"Consumer confidence had been at recession levels at the end of 2011 but has since become less negative in the first quarter of 2012. A high level of retail price inflation in excess of the increase in earnings continues to squeeze disposable income. The Scottish housing market has shown a slight pick up in sales at the beginning of the year influenced by the change in stamp duty. There is no sign of a return to the levels of prices and transactions of 2007 but equally no precipitous falls in either house sales or house prices. The Scottish housing market remains in the doldrums."