

Scottish house prices outstrip the UK in 2007

by Stewart Paterson © [The Herald](#)

Originally published: 24.12.2007

House prices in Scots towns are growing faster than the rest of Britain, excluding the London area, according to the latest research.

Montrose, in Angus, recorded the highest growth in Britain during 2007 with the average house price rising by 39% to £172,000.

The figures from the Halifax Bank of Scotland house price index, showed four Scottish towns in the top 20, and 11 in the top 50, more than any other part of the UK except the south east of England.

Montrose, with a population of 12,000, has been boosted by the saving of 250 jobs at the town's biggest employer GlaxoSmithKline last year, after the pharmaceutical firm decided to invest £25m in the plant. As a port on the North Sea, it is also an important location for the north east's oil and gas industry.

Peterhead and Inverurie in Aberdeenshire, and Greenock in Inverclyde were also among the 10 highest growth towns in the UK. Peterhead saw prices increase by 33%, Inverurie and Greenock by 29%.

In Glasgow prices jumped by 15% to £172,000.

Four locations in Scotland now have average prices of more than £200,000, with Inverurie in Aberdeenshire taking over from Edinburgh as the most expensive. The average growth in Scotland was 14% and 11 towns showed growth of more than 20%.

Prices in Inverurie have reached an average of £231,000 in the last year compared with £229,000 in the capital.

Martin Ellis, chief economist with Bank of Scotland, said: "In 2007, 13 of the top 20 towns recording the biggest price rises are from Scotland and the south east of England.

"In 2006 the most affordable town was Lochgelly with an average price of £96,000. There are now no towns in Britain with an average price below £100,000.

"Strong economic conditions, highlighted by high employment levels, have boosted housing demand and driven up prices. Relatively good housing affordability in Scotland has also permitted strong price growth in several towns north of the border."

In 2007 Cumnock, in Ayrshire, took over as the most affordable town in Scotland with an average price of £111,000 after Lochgelly, in Fife held the title for four years.

Prices in Lochgelly rose by 22% in the last year, taking it through the £100,000 barrier to £119,000.

There are now 28 places with average prices above £150,000 and Inverurie, Edinburgh, Helensburgh and Aberdeen are the most expensive, all above £200,000. On Saturday, The Herald reported how Edinburgh and Helensburgh were the least affordable places in Scotland. In the capital, prices are 8.2 times the average income while in Helensburgh the ratio is 7.5 times higher.

Lerwick in Shetland and Cumnock were the most affordable at 3.5 and 3.8 times average earnings.

Concerns have been raised that prohibitive prices are preventing first-time buyers entering the housing market. Lenders are also requiring larger deposits, following the collapse of the sub prime market in the USA and the knock on effect of international borrowing markets. In some cases, lenders are asking as much as £25,000 or 95% of the average annual income.

Only 30,000 people entered the market as first time buyers last year, the lowest since records began in 1988. The average cost of a first home has increased from £58,000 in 2002 to £124,000 last year, a rise of 113%.