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**33,288**

Residential units securing planning approval in 2017

**17,650**

Number of residential units completed in 2017

**£210,121**

Average new build price (Jul 2018)

**+ 59.2%**  
on 2016

**+ 3.9%**  
on 2016

**+ 6.0%**  
on July 2017

## Annualised Statistics

The following statistics are totals for 2017 unless specified otherwise.

### Planning

Planning approvals surpassed the 30,000 mark for the first time in ten years with 33,288 homes granted permission in 2017<sup>1</sup>. This represents a 59.2% increase in approvals on the previous year, driven by a 62.2% increase in private and 73.5% increase in social sector approvals. Data suggests that this increase is representative of a number of large projects coming through the system, as the average size of projects increased by 47.6% while the number of projects grew by only 0.5% on 2016 figures.

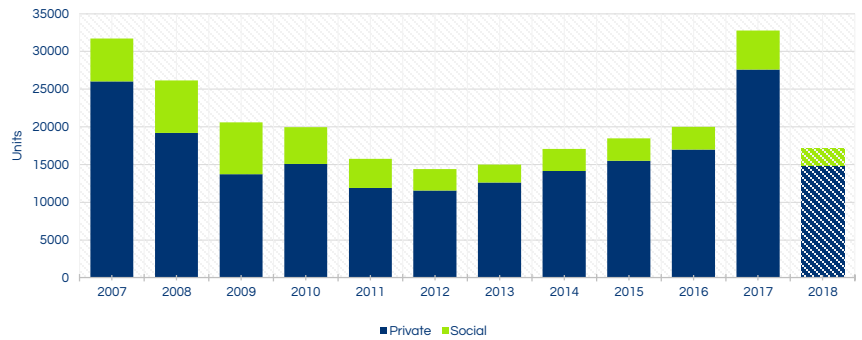
### Completions

The number of new homes completed in 2017 grew by 3.9% to reach 17,650<sup>2</sup>, surpassing output levels last seen in 2009. Output was driven by a 4.3% increase in private sector completions which hit 13,661 homes for the year, meanwhile social sector completions saw a modest rise of 0.5%, totalling 3,989 homes. Given the current challenges in obtaining technical consents, it is with cautious optimism that we wait to see 2017 planning approvals turn into new home completions.

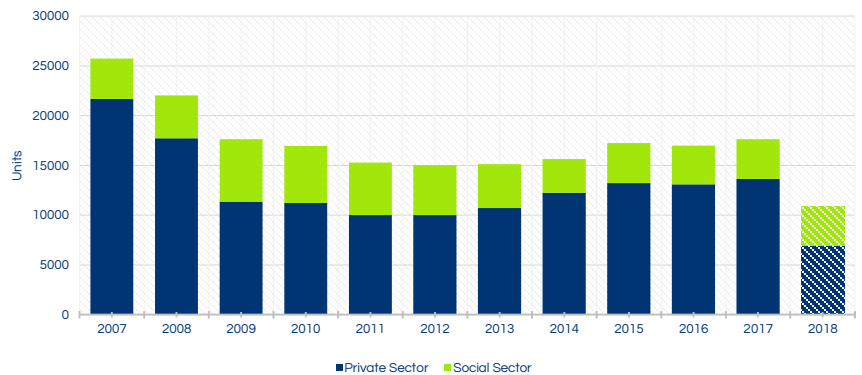
### Sales Volumes & New Build Price

New build homes took an 11.5% share of the market with 11,832 sales transactions recorded in 2017 representing a 3% increase on 2016<sup>3</sup>. The annualised average new build price came in at £193,012 in 2017, a 4% increase on the previous year. The average new build price registered in July 2018 was £210,121.

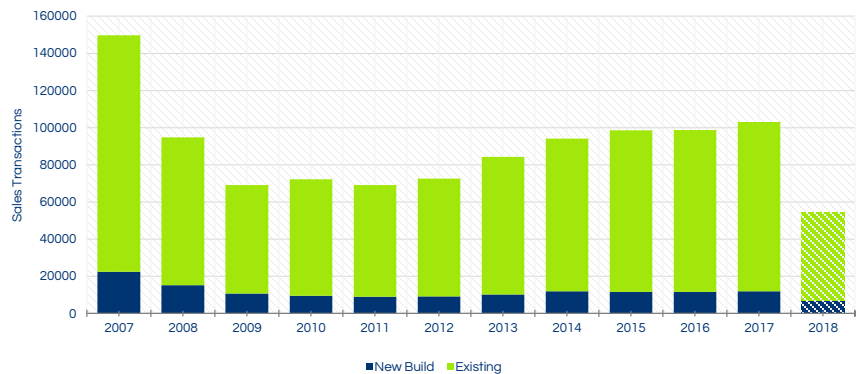
Residential Planning Approvals by Tenure (Annual) (up to Q2 2018)



New Build Housing Completions by Tenure (Annual) (up to Q1 2018)



Annual Transactions (up to June 2018)



## Footnotes

1. HBF Glenigan Planning Pipeline Report.
2. Scottish Government Housing Statistics for Scotland.
3. ONS UK House Price Index (source data is aggregated to provide a calendar year summary of figures. The average new build price data is an average of the 12 month period).

**7,530**

Units approved in Q2 2018

**-25.7%**

Decrease in units on same Q2 2017.

**35.6 units**

Average size of private development

Residential Planning Approvals (Quarterly)



Residential Planning Approvals by Tenure (Quarterly)



## The Planning Pipeline

7,530 homes were recorded as having obtained planning approval in Q2 2018. This represented a 25.7% fall in approvals against a strong Q2 in 2017, and a 22.5% drop on the previous quarter. This fall may be attributed to a similar reduction in the average size of project which fell 23.4% on the same quarter last year. The total number of projects fell only slightly, by 3% on the previous year.

6545 private sector homes secured approval in Q2, representing a 26.6% fall on the same period in 2017 and a 21% drop on the previous quarter. The number of private sector projects grew by 10.2%, reducing the average size of a private sector project by 33.4% on the same period last year.

The social sector statistically fared better this quarter with 914 homes securing approval. This represented a 14.4% decrease in approvals on Q2 2017, a fall of 154 homes. Social sector projects grew by 43.5% on the previous year, however again reducing the average size of a social sector project by 40.4%.

That said, following a strong Q1, accumulated totals for the first half of the year indicates that planning approvals remain on track to match or surpass 2017 totals. The 17,249 homes that have already secured approval in 2018 to date, represents a 3.2% increase on half year totals the previous year. We will need to wait for Q3 data to understand whether approvals will hit the highs of 2017. As previously noted, whilst the planning pipeline remains strong, it may take time to convert approvals into new homes given the challenges in obtaining development consents.



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The start to 2018 sees the continuation of the positive gains made last year. The increase in approvals reflects, in part, progress with some very big projects. However, the quantum of planning approvals is a risky and unreliable way to anticipate future completions.

In reality a lot of the 'paper homes' will never become real homes for real people. Our planning system doesn't favour proposals from those ready and willing to build, or on land which is available for development at a viable cost. And there are many more unresolved barriers to delivery. HFS and others have previously recognised that to meet growing demand and ease market pressures we must build at least circa 25,000 homes per annum. However, based on current growth levels this wouldn't be achieved until 2027, meanwhile need and demand continues to grow. We would need average annual growth of around 10.4% (2.7x the current rate of growth) to make reaching the above target a reality by the end of this parliamentary session.

After Planning Reform even fewer homes might be approved. Consider vague or absent NPF targets; planning authorities with a free reign to ignore them; Ministers powerless to act if councils keep choosing to under-plan; Councils freed from the risk that refusals can be appealed. Worryingly, half these things are in the Bill already. The others are still on the table.

# Insights|Starts & Completions

**5,079**

New homes completed in Q2 2018

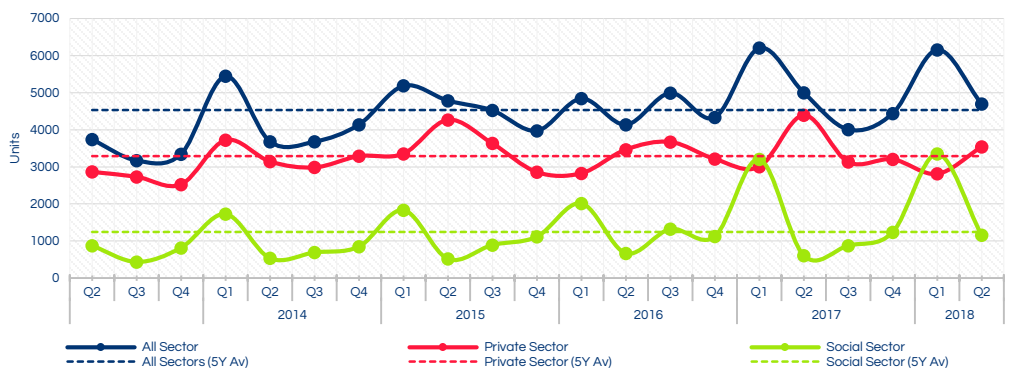
**+8.9%**

Increase in new homes completed on Q2 2017

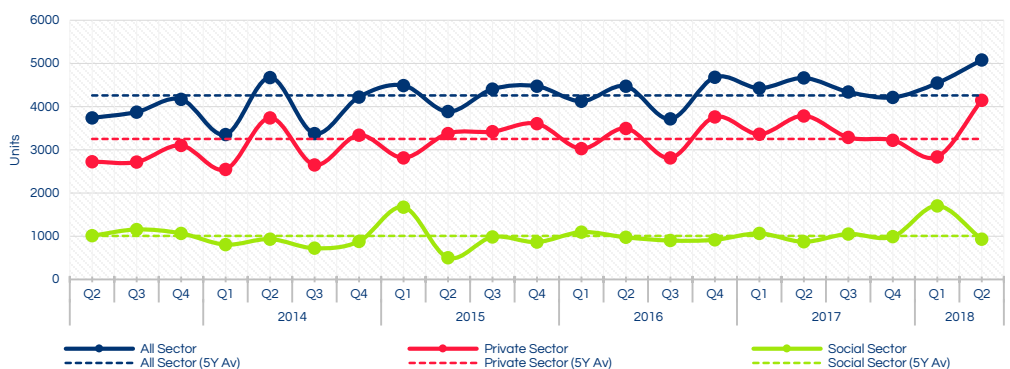
**+9.4%**

Increase in private sector new homes completions on Q2 2017

New Build Housing Starts by Tenure (Quarterly)



New Build Housing Completions by Tenure (Quarterly)



## Housing Starts & Completions

A total of 4,697 housing starts were recorded in Q2 2018, a fall of 6.1% on the same period in 2017 and a 30.2% fall on the previous quarter. Only Highland & Moray and Strathclyde regions experienced growth on Q2 2017 totals, with gains of 35.8% and 10.4% respectively. Grampian experienced the sharpest fall in the number of starts, dropping 36.1% on the previous year, whilst East Central and South East regions fell 11.7% and 10.6% respectively. Only the South East region experienced growth on the previous quarter at 7.8%.

At 3,539, private sector starts fell 19.5% on Q2 2017, but rebounded 12.2% on the last quarter. Strathclyde was the only region to experience year on year growth (8.1%) with East Central (-29.4%), Grampian (-14.7%), and South East (-37%) all experiencing significant fall in the number of starts. Meanwhile all regions (with the exception of Grampian which saw a 28.8% fall) experienced growth compared to the previous quarter. Social sector starts grew 90.1% on Q2 2017. Growth was driven by significant uplift in activity across East Central (236.2%), Highland & Moray (1070%), and South East (414.9%) regions. Activity in Strathclyde was more subdued with a more modest 19.9% increase on Q2 2017, whilst Grampian recorded zero social sector starts for this period.

At 5,079, housing completions grew 8.9% on Q2 2017 and 13.9% on the previous quarter. Outwith East Central region which saw a 9.7% decline on year on year completions, other regions experienced growth ranging from 10.3% in Strathclyde to 34.3% in Highland & Moray. Only Strathclyde region saw a fall in completions from the previous quarter, falling 11.9% on Q1 2018.

Private sector completions grew 9.4% on the same period last year, and 20.7% on the last quarter. This was driven by strong year on year growth in Highland & Moray (20.6%), South East

(17.7%), and Strathclyde (8.1%). Only East Central saw a year on year fall in completions, dropping 2.1% on Q2 2017. Private sector completions grew across all regions compared to the previous quarter. Social sector completions grew more modestly this quarter, showing a 6.7% increase on the same period last year. The picture was mixed across Scottish regions with Highland & Moray (86.8%) and Grampian (143.5%) enjoying significant gains. Only East Central and South East regions experienced a fall in social sector completions compared to Q2 2017, 31.1% and 12.1% respectively.



**Michael Barton-Maynard**

Technical Services Manager

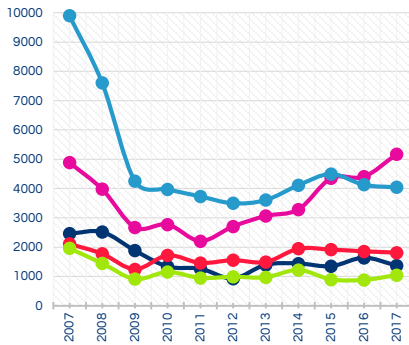
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Whilst Q2 2018 figures may look disappointing, deviating from the positivity of Q1, a look at longer term trends shows a more positive picture. Year on year social sector starts continue to grow and remain a positive indication for the delivery of the 50k affordable housing target. Meanwhile private sector starts have rebounded from its downward trajectory to sit above its five year quarterly average for the first time since Q2 2017. Completions continue to move in the right direction, with the private sector bouncing back from consecutive falls from Q2 2017 and output across each region growing.

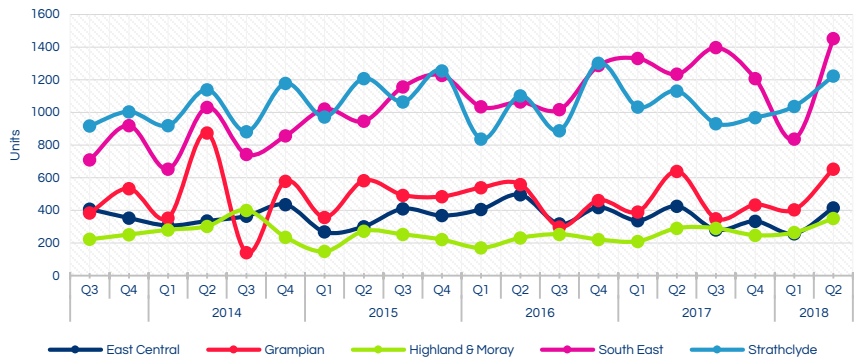
However, with 2017 showing a healthy increase in the number of homes gaining planning approval, we will be keen to monitor these datasets to understand whether known constraints relating to skills, capacity or challenges obtaining technical consents are having an impact on delivery.

# Insights|Regional Variances

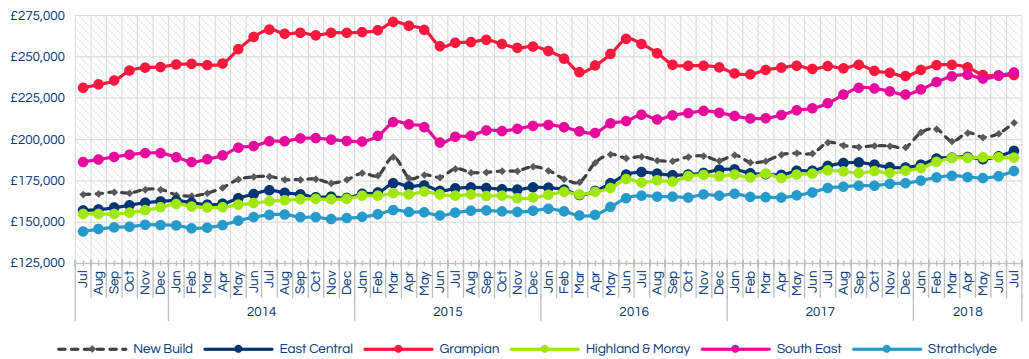
Private Sector New Build Housing Starts by Region (Annual)



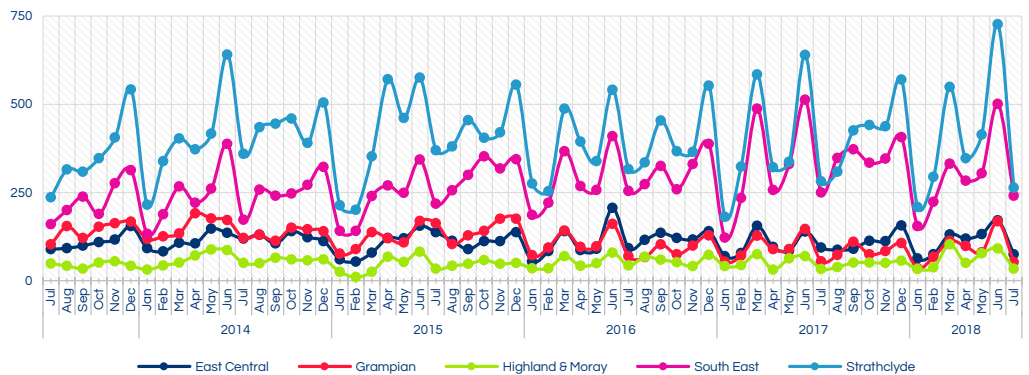
Private Sector New Build Housing Completions by Region (Quarterly)



Average New Build Price by Region (Monthly)



New Build Transactions by Region (Monthly)



**+6.0%**  
increase in average prices on July 2017

**7.6%**  
New build share of transactions for July 2018

**-6.8%**  
Fall in year on year transactions for July 2018

## Average Price & Transactions

The average price paid for a new build home in Scotland grew by 6.0% in the last year, reaching £210,121 in July 2018. Over the last 12 months the average price paid for a new build home has grown across all regions with the exception of Grampian which saw a fall of 2.7%. The South East saw the fastest growth in average price, increasing 9.4% from July 2017, meaning the South East now replaces Grampian as having the highest average new build price in Scotland.

New build residential transactions in July totalled 669, representing a 7.6% share of the market. This equated to a 6.8% fall on the same period last year and a 59.7% fall on the previous months total. The number of new build residential transactions contracted across all regions with the exception

of Highland & Moray (which grew by 0.1%), and experienced significant falls on the previous months sales.

For more information about HFS Insights you can contact the Homes for Scotland team at:

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1. ONS UK House Price Index (source data is aggregated to provide a quarterly summary of figures. The average new build price data is an average of the quarterly period).
2. Regional data is defined by HFS Local Area Committees. See page 5 for breakdown.

# Insights|Data Tables

Area	New Build Starts				New Build Completions				New Build Average Price			
	2017		2018		2017		2018		2017		2018	
	Q2	Q2	YoY	YoY%	Q2	Q2	YoY	YoY%	Jul	Jul	YoY	YoY%
Scotland	5003	4697	-306	-6.1%	4663	5079	416	8.9%	£198,163	£210,121	£11,957	6.0%
East Central	872	770	-102	-11.7%	576	520	-56	-9.7%	£183,958	£193,104	£9,146	5.0%
Grampian	654	418	-236	-36.1%	685	766	81	11.8%	£244,430	£239,047	£-5,383	-2.2%
Highland & Moray	299	406	107	35.8%	367	493	126	34.3%	£181,355	£189,000	£7,645	4.2%
South East	1726	1543	-183	-10.6%	1600	1774	174	10.9%	£221,936	£240,599	£18,664	8.4%
Strathclyde	1373	1516	143	10.4%	1341	1479	138	10.3%	£170,620	£180,840	£10,220	6.0%

East Central	872	770	-102	-11.7%	576	520	-56	-9.7%	£183,958	£193,104	£9,146	5.0%
Angus	224	139	-85	-37.9%	152	37	-115	-75.7%	£200,256	£203,635	£3,379	1.7%
Clackmannanshire	19	19	0	0.0%	40	40	0	0.0%	£146,971	£155,856	£8,885	6.0%
Dundee City	390	149	-241	-61.8%	122	53	-69	-56.6%	£146,157	£156,642	£10,485	7.2%
Falkirk	92	136	44	47.8%	107	128	21	19.6%	£175,609	£187,589	£11,980	6.8%
Perth & Kinross	85	319	234	275.3%	125	229	104	83.2%	£236,649	£246,645	£9,995	4.2%
Stirling	62	8	-54	-87.1%	30	33	3	10.0%	£198,106	£208,257	£10,151	5.1%

Grampian	654	418	-236	-36.1%	685	766	81	11.8%	£244,430	£239,047	£-5,383	-2.2%
Aberdeen City	360	261	-99	-27.5%	458	500	42	9.2%	£270,193	£263,862	£-6,331	-2.3%
Aberdeenshire	294	157	-137	-46.6%	227	266	39	17.2%	£218,667	£214,231	£-4,435	-2.0%

Highland & Moray	299	406	107	35.8%	367	493	126	34.3%	£181,355	£189,000	£7,645	4.2%
Highland	239	321	82	34.3%	272	413	141	51.8%	£166,834	£174,856	£8,022	4.8%
Moray	60	85	25	41.7%	95	80	-15	-15.8%	£195,875	£203,144	£7,269	3.7%

South East	1726	1543	-183	-10.6%	1600	1774	174	10.9%	£221,936	£240,599	£18,664	8.4%
East Lothian	143	315	172	120.3%	170	313	143	84.1%	£258,100	£281,115	£23,015	8.9%
Edinburgh, City of	738	551	-187	-25.3%	367	689	322	87.7%	£262,523	£284,517	£21,994	8.4%
Fife	535	249	-286	-53.5%	718	238	-480	-66.9%	£193,992	£205,704	£11,712	6.0%
Midlothian	121	128	7	5.8%	149	227	78	52.3%	£248,060	£275,860	£27,800	11.2%
Scottish Borders, The	113	46	-67	-59.3%	24	43	19	79.2%	£170,395	£174,647	£4,252	2.5%
West Lothian	76	254	178	234.2%	172	264	92	53.5%	£198,543	£221,751	£23,209	11.7%

Strathclyde	1373	1516	143	10.4%	1341	1479	138	10.3%	£170,620	£180,840	£10,220	6.0%
Argyll & Bute	14	13	-1	-7.1%	33	14	-19	-57.6%	£139,029	£148,812	£9,783	7.0%
Dumfries & Galloway	87	100	13	14.9%	86	40	-46	-53.5%	£166,344	£169,521	£3,177	1.9%
East Ayrshire	169	115	-54	-32.0%	134	124	-10	-7.5%	£138,920	£138,152	£-768	-0.6%
East Dunbartonshire	95	144	49	51.6%	94	75	-19	-20.2%	£257,482	£272,202	£14,720	5.7%
East Renfrewshire	63	39	-24	-38.1%	128	57	-71	-55.5%	£276,059	£288,335	£12,277	4.4%
Glasgow City	331	72	-259	-78.2%	178	189	11	6.2%	£161,325	£174,846	£13,521	8.4%
Inverclyde	37	2	-35	-94.6%	12	21	9	75.0%	£139,639	£144,973	£5,333	3.8%
North Ayrshire	8	59	51	637.5%	52	65	13	25.0%	£110,875	£118,073	£7,198	6.5%
North Lanarkshire	142	304	162	114.1%	79	269	190	240.5%	£145,604	£155,096	£9,491	6.5%
Renfrewshire	163	349	186	114.1%	170	320	150	88.2%	£152,441	£160,840	£8,399	5.5%
South Ayrshire	68	69	1	1.5%	54	37	-17	-31.5%	£181,419	£195,882	£14,463	8.0%
South Lanarkshire	170	208	38	22.4%	310	140	-170	-54.8%	£179,592	£191,235	£11,644	6.5%
West Dunbartonshire	26	42	16	61.5%	11	128	117	1063.6%	£169,329	£192,952	£23,623	14.0%

This report is based upon analysis of housing data held by the Scottish and UK Governments as well as summary data of housing projects tracked by Glenigan (as reported by the Home Builders Federation).

The figures in this report provide a statistical overview of the new build housing market in Scotland using the latest available datasets. Readers should note that there will inevitably be discrepancies between data sources due to reporting variants, therefore caution taken with further utilisation and interpretation of this report.

With regard to the Glenigan database please note the following restrictions and limitations to this analysis:

1. New build projects of all sizes are covered by the report (coverage was previously restricted to approvals for 10 or more units).
2. Housing schemes are included where the development is primarily identified as being: Apartments/Flats; Bungalows; Houses/Luxury Housing or Sheltered Housing; Key Worker Accommodation or Sheltered Housing.
3. Conversions of non-residential properties for housing are included.
4. Private and social housing data includes schemes of 3 or more units.
5. Total residential approvals include 1 & 2 unit schemes together with residential units on mixed-use developments
6. Elderly people's homes, hostels and student accommodation have been excluded from the analysis.
7. Approvals are recorded at the detailed planning stage. Where a project has secured outline planning approval and the detailed consent is being resolved through the approval of reserved matters, the date of the 'detailed consent' is deemed to be that of the approval of reserved matters. In the case of some projects, the reserved matters are approved piecemeal; in these circumstances the earliest approval date has been used in order to avoid double counting.

Average House Price and Transaction data is extracted from the ONS UK House Price Index statistical dataset. Whilst this data is derived from Registers of Scotland (RoS) House Price Statistics, and trends within the datasets are similar, the following restrictions and limitations should be noted:

1. There is a slight delay to changes appearing within the RoS figures as this data is based on the date of registration (i.e. the date that the application was received for registration by RoS). The UK-HPI is based on the date of entry (the date of the completion of the sale. Registration can occur up to several weeks after the date of entry.
2. RoS quarterly and monthly averages are higher due to the different calculation methodologies used. The UK-HPI uses a geometric mean to calculate an average figure. This will typically be closer to the median than an arithmetic mean (as used by RoS). The UK-HPI is less volatile to fluctuations in the market e.g. if a high number

of high value or low value sales are registered within a particular month. On average the UK-HPI average is 15.5% lower than the RoS monthly house price average, ranging from 5.2% to 28.4% lower than RiS statistical datasets.

## About HFS

Homes for Scotland is the voice of the home building industry in Scotland, representing some 200 organisations who together help deliver around 95% of all new homes built for sale each year as well as a significant proportion of affordable housing.

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