



The housing market bubble in Scotland

Steve Wilcox

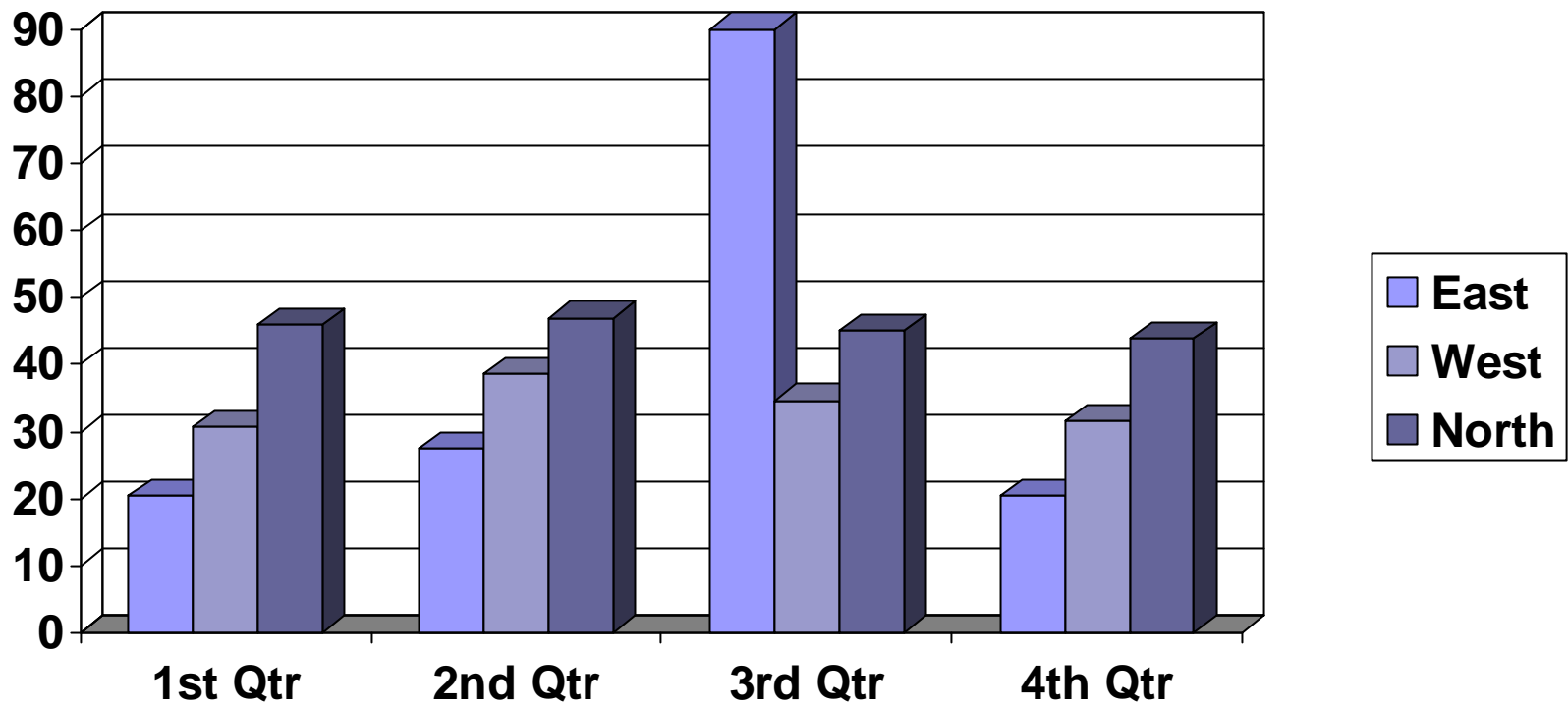
Centre for Housing Policy

University of York

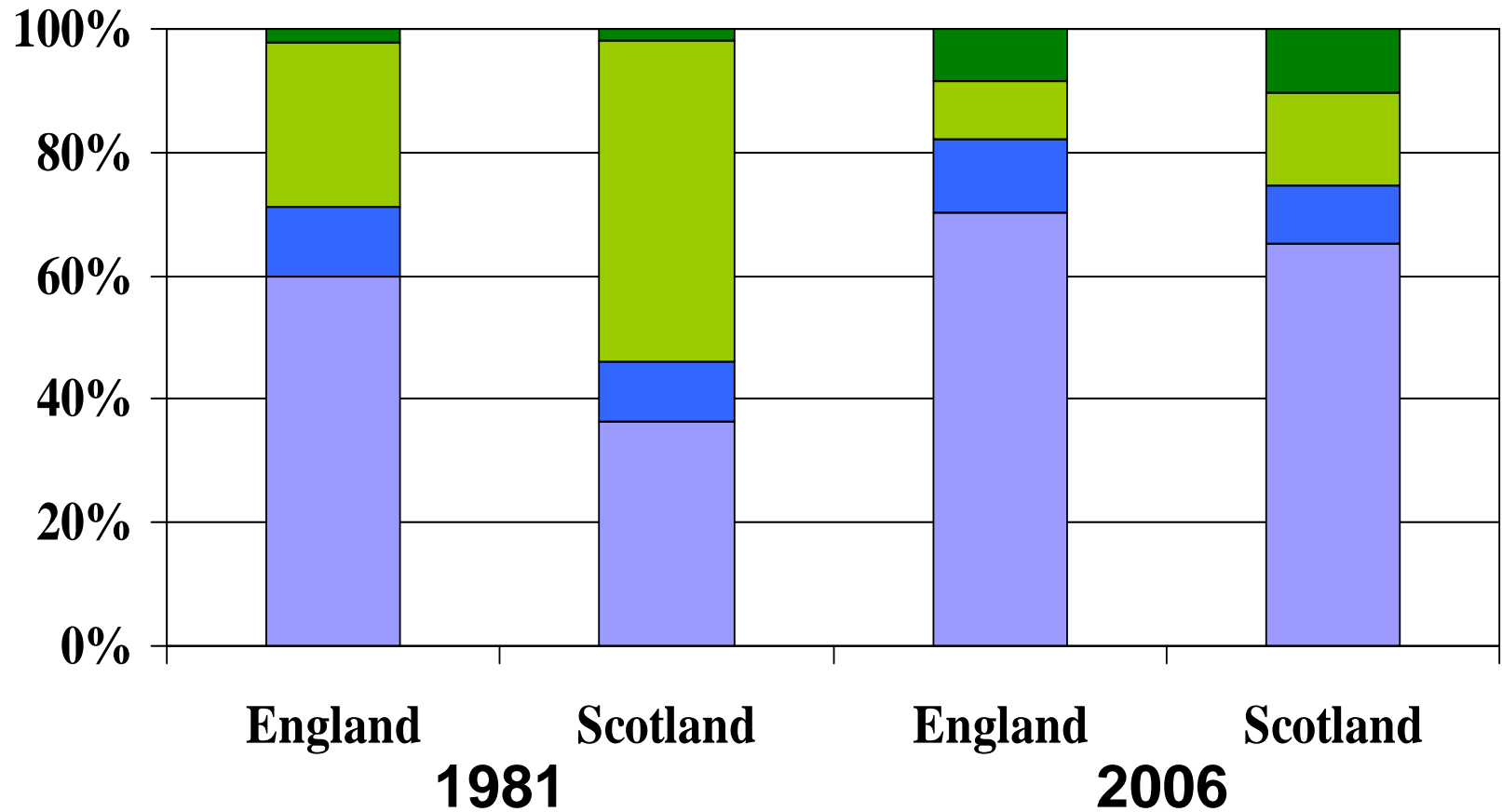


The housing market bubble in Scotland

- No 1990 boom and bust in Scotland
- 2007 same dynamic as rest of UK:
 - Sharp rise in prices & mortgage costs
 - rapid growth of private renting
 - household growth outstrips building
 - post Northern Rock crunch
- But most affordable part of the UK

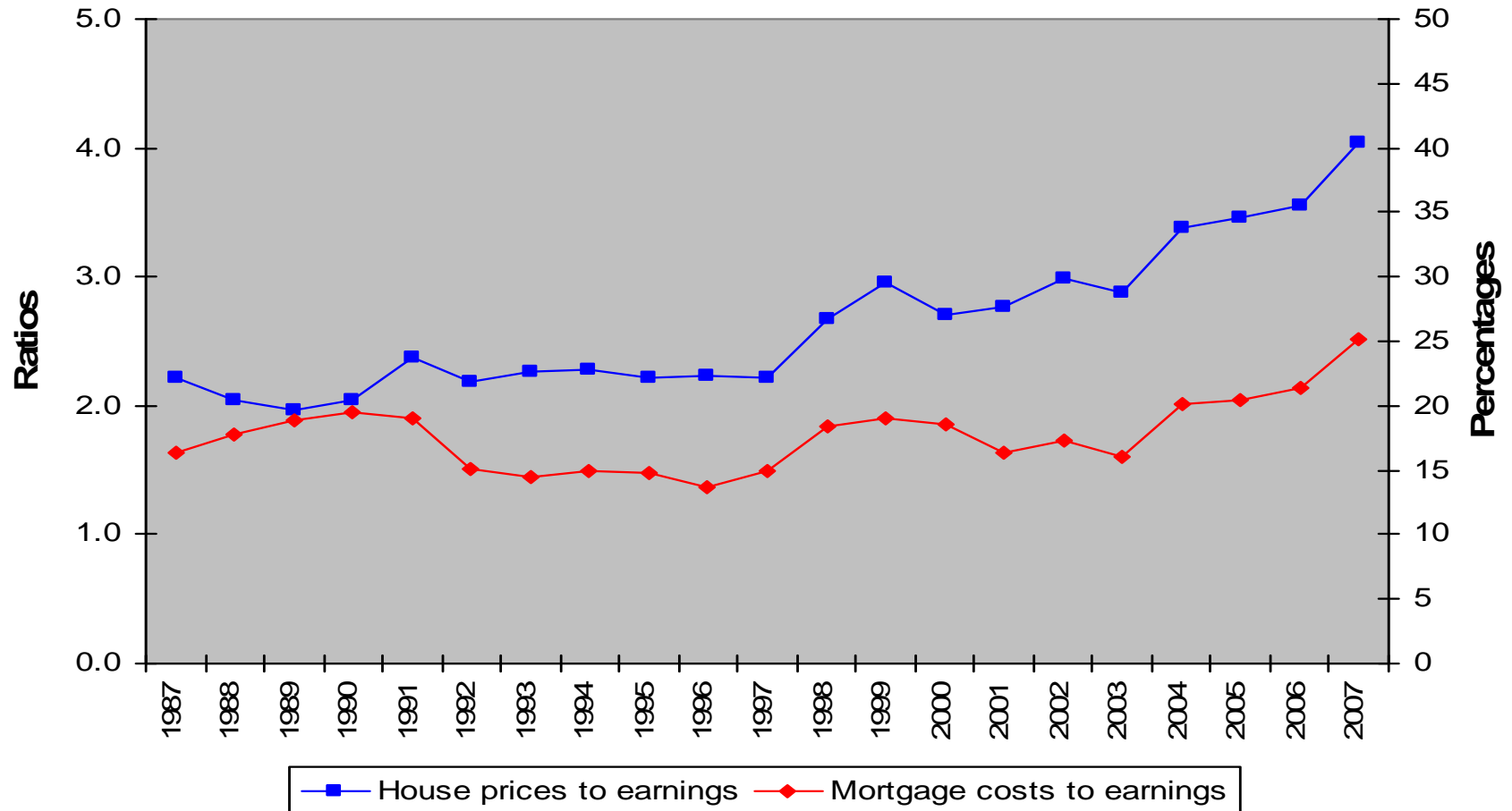


Tenure in 1981 and 2006



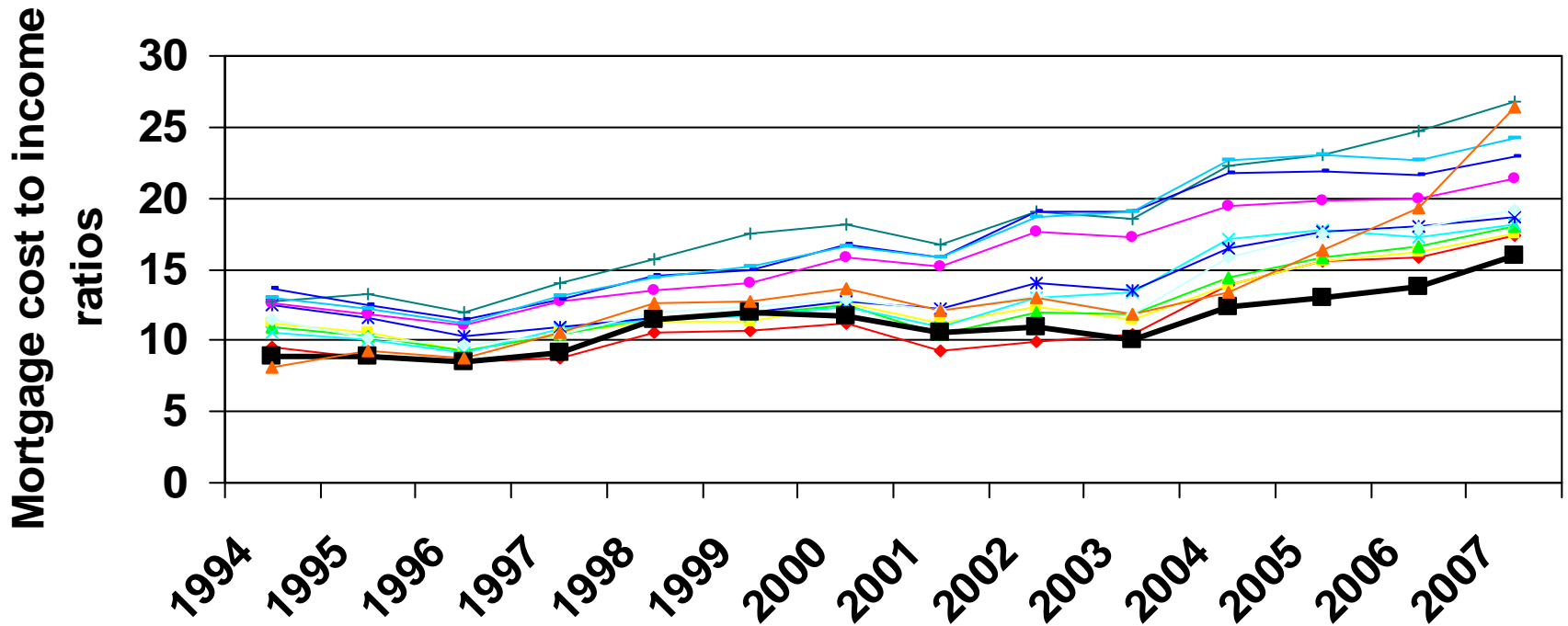
■ Home owners ■ Private renting ■ Local authority ■ Housing association

Housing market affordability in Scotland

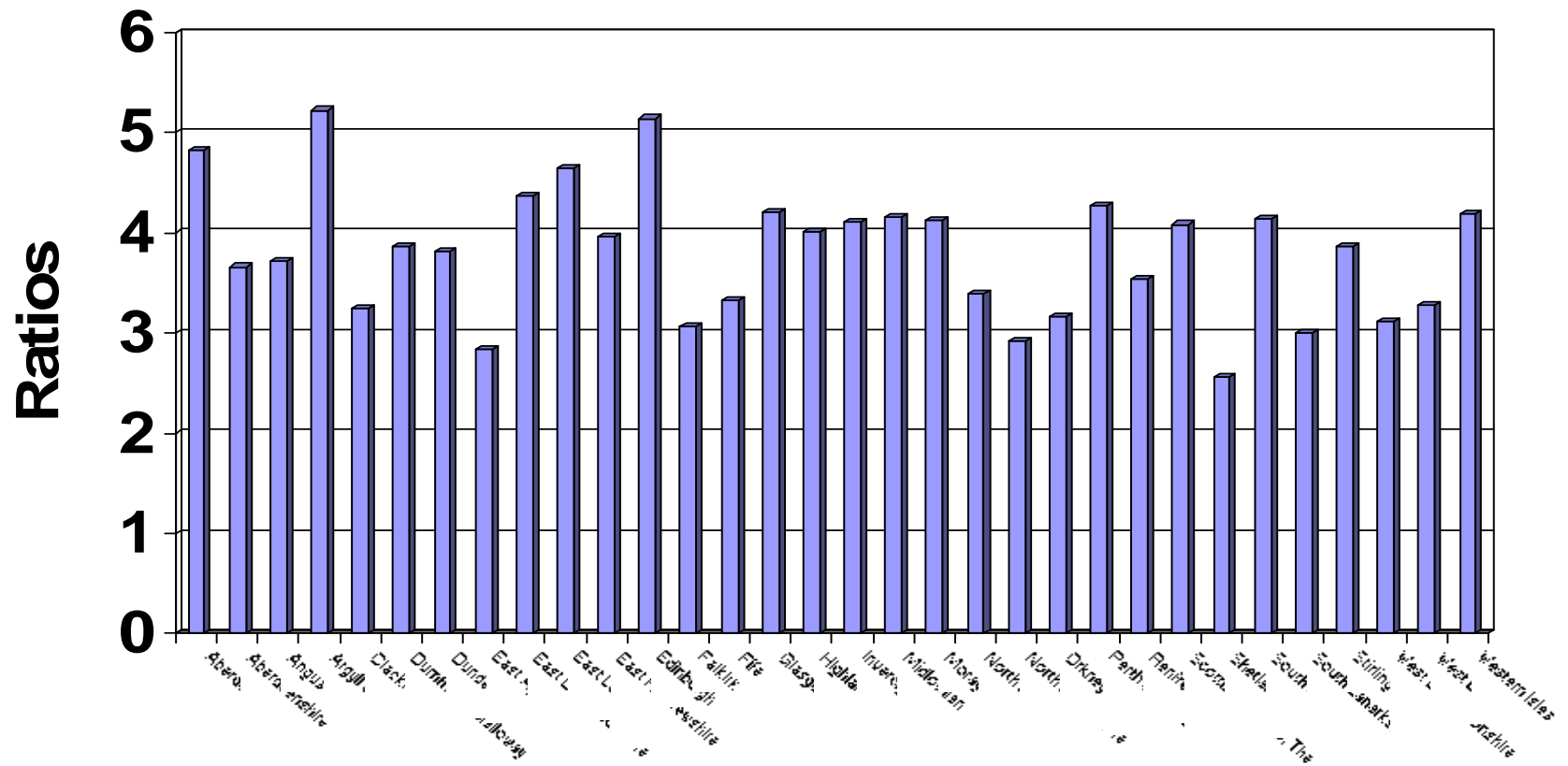


All full time earnings and first time buyer house prices

Regional trends in home owner affordability

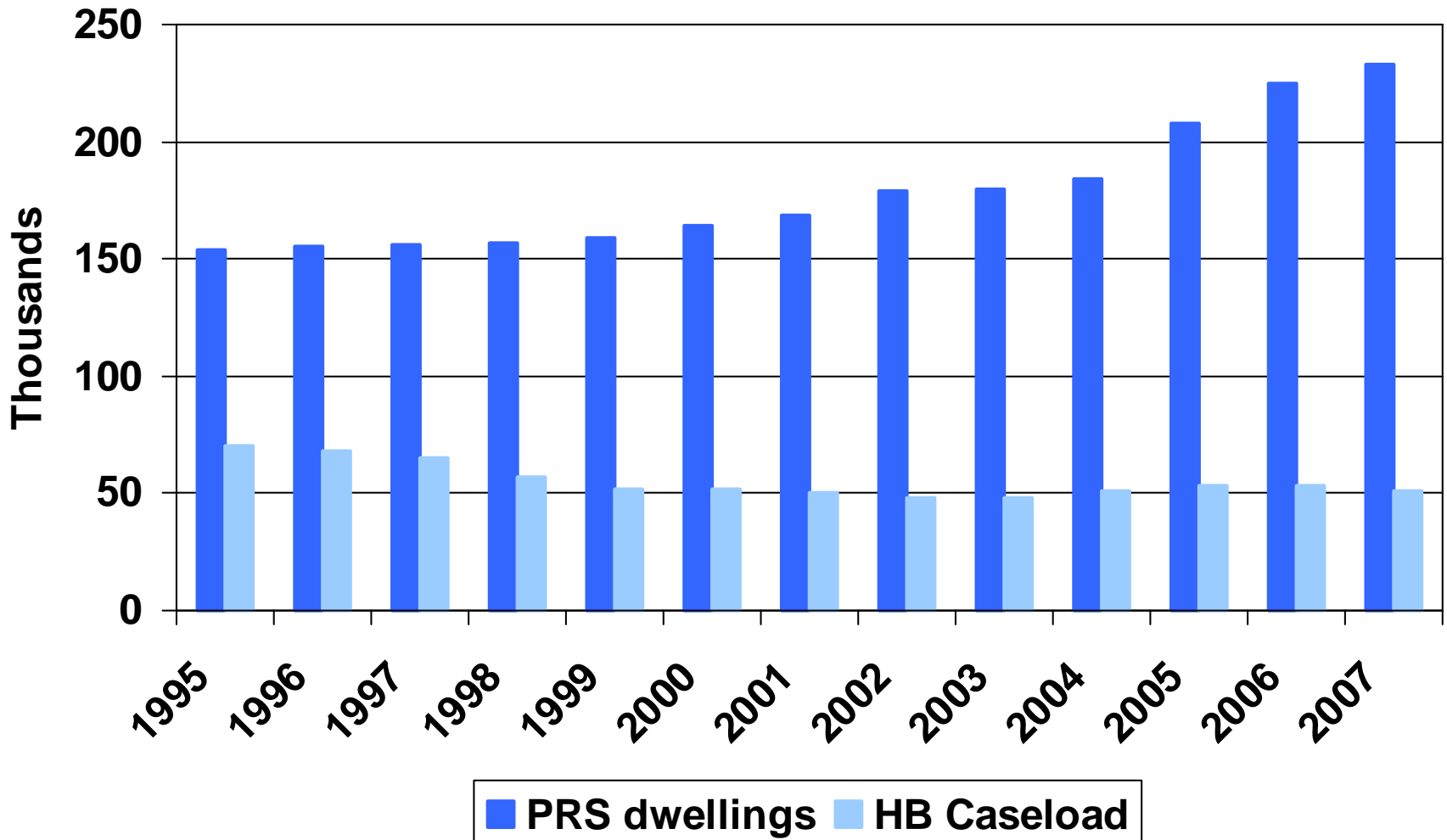


House price to household earned incomes in 2007

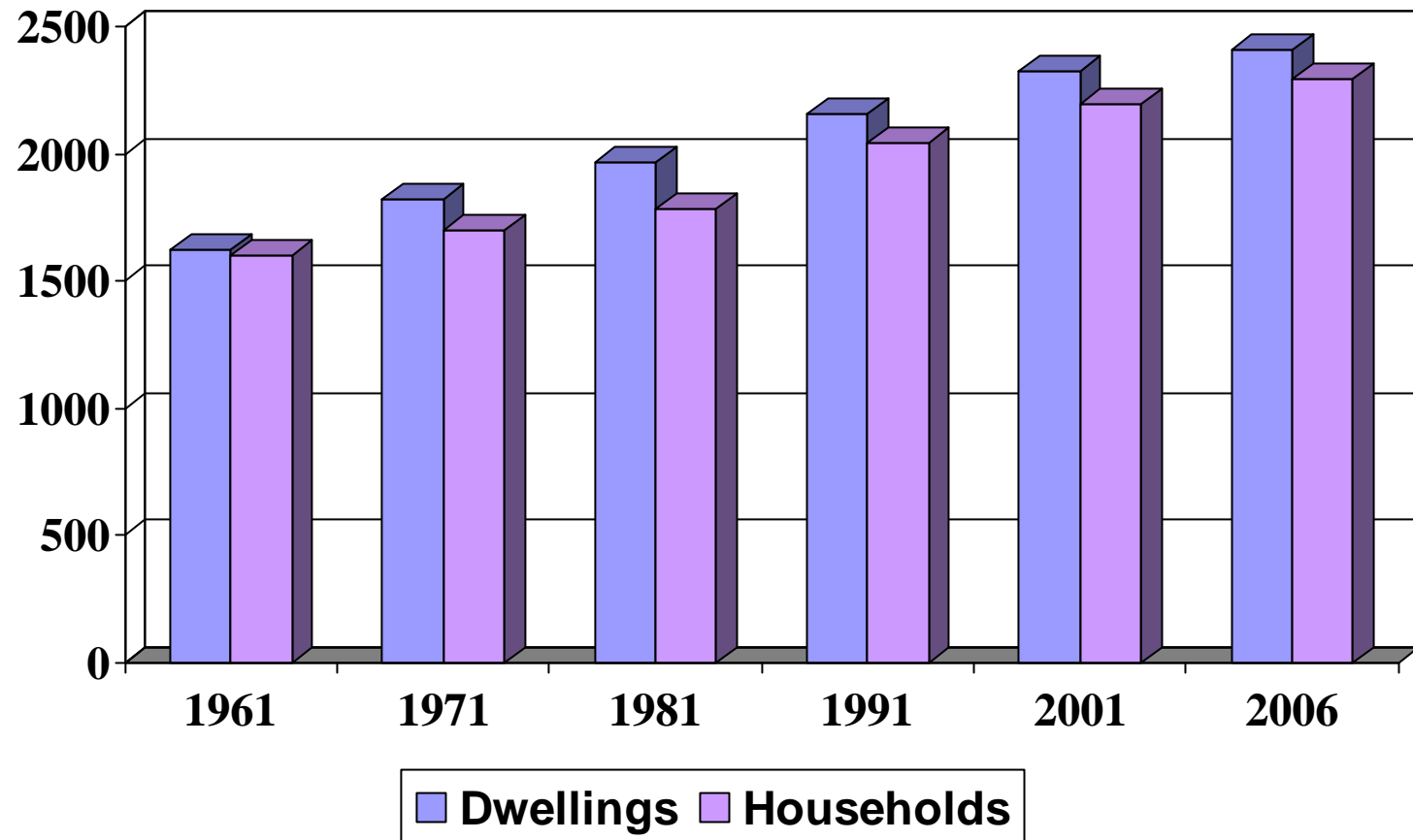


Source : Hometrack (forthcoming)

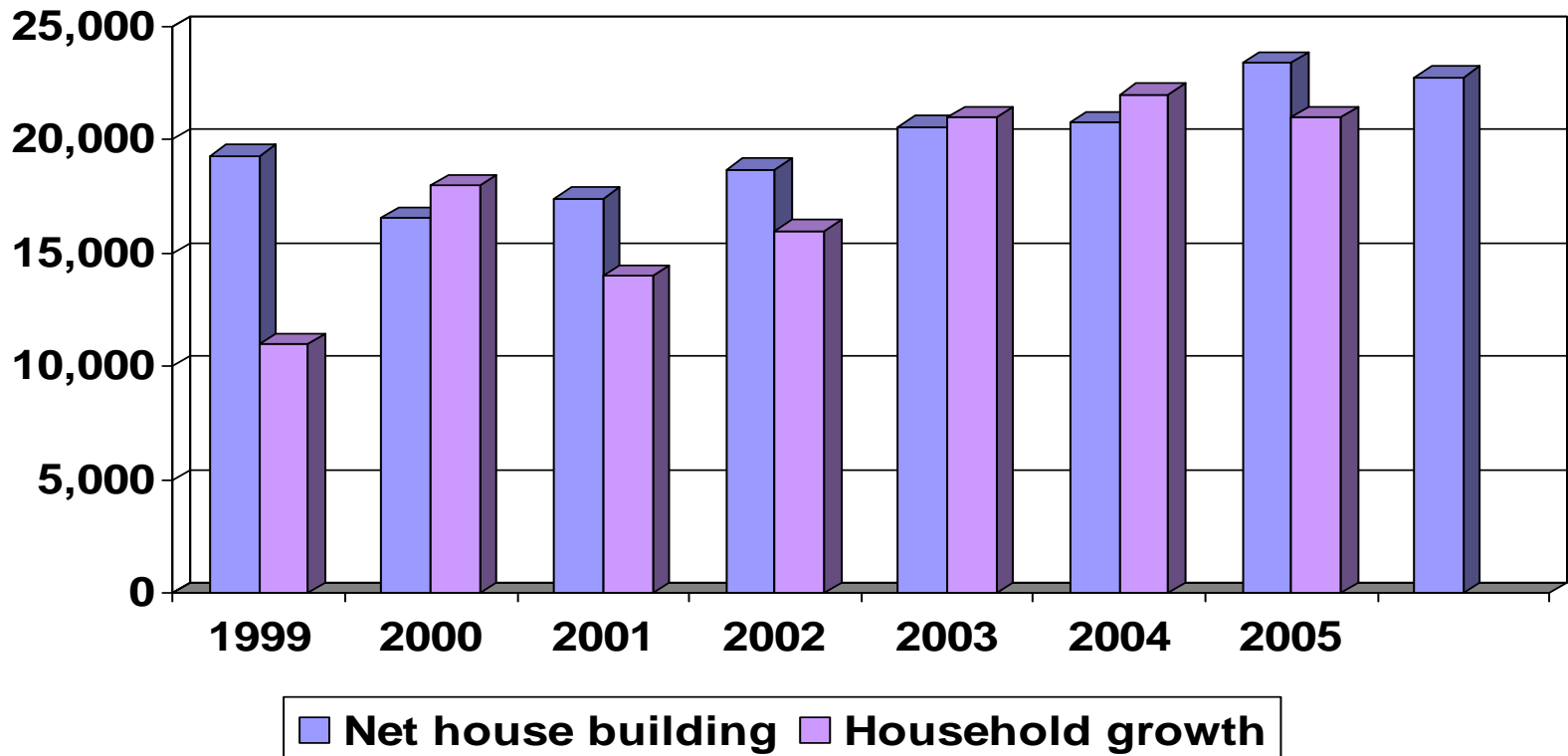
Rapid growth in PRS in Scotland - but not in lettings to HB claimants



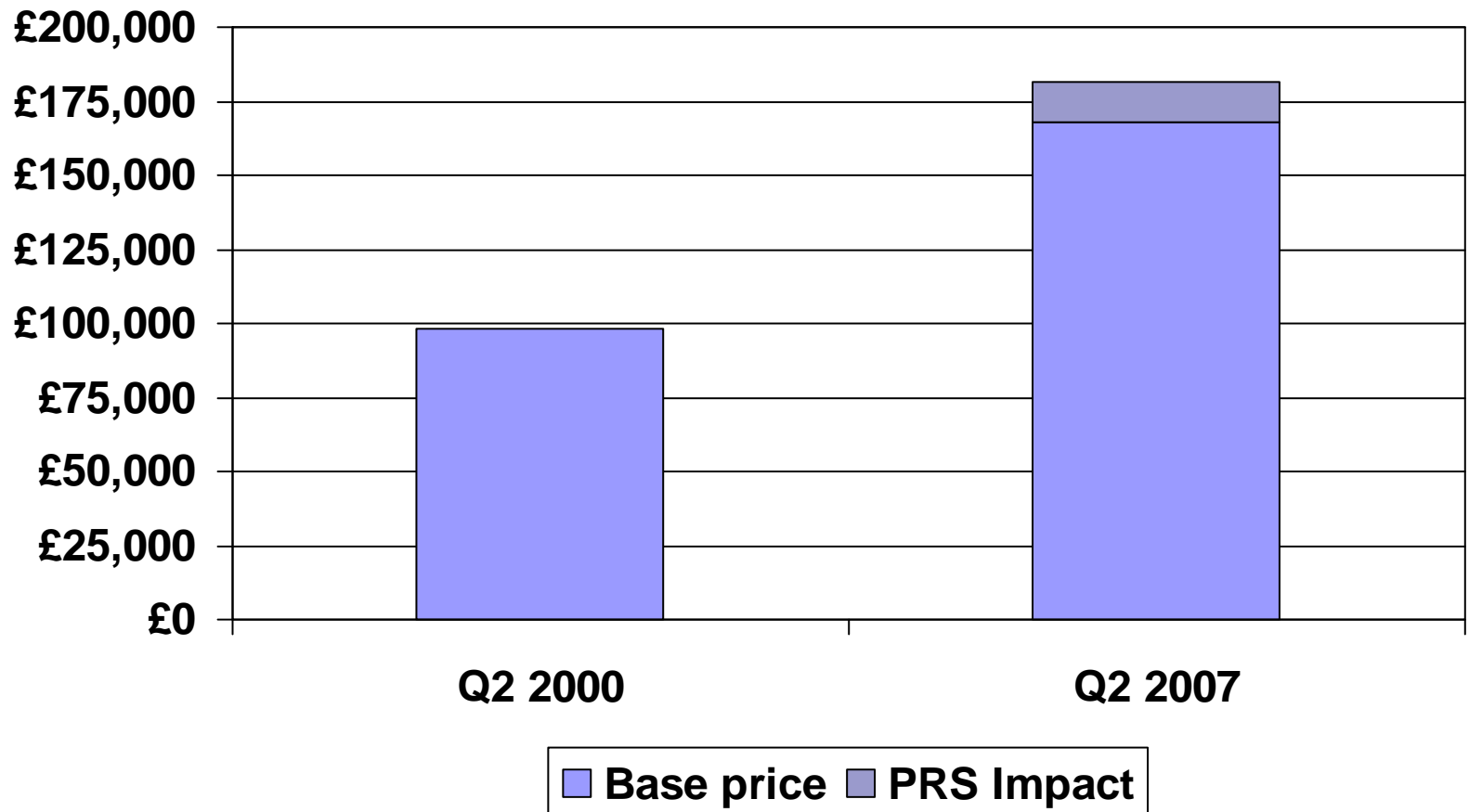
Households and dwellings



Household growth and net house building in Scotland



Impact of PRS growth on house prices



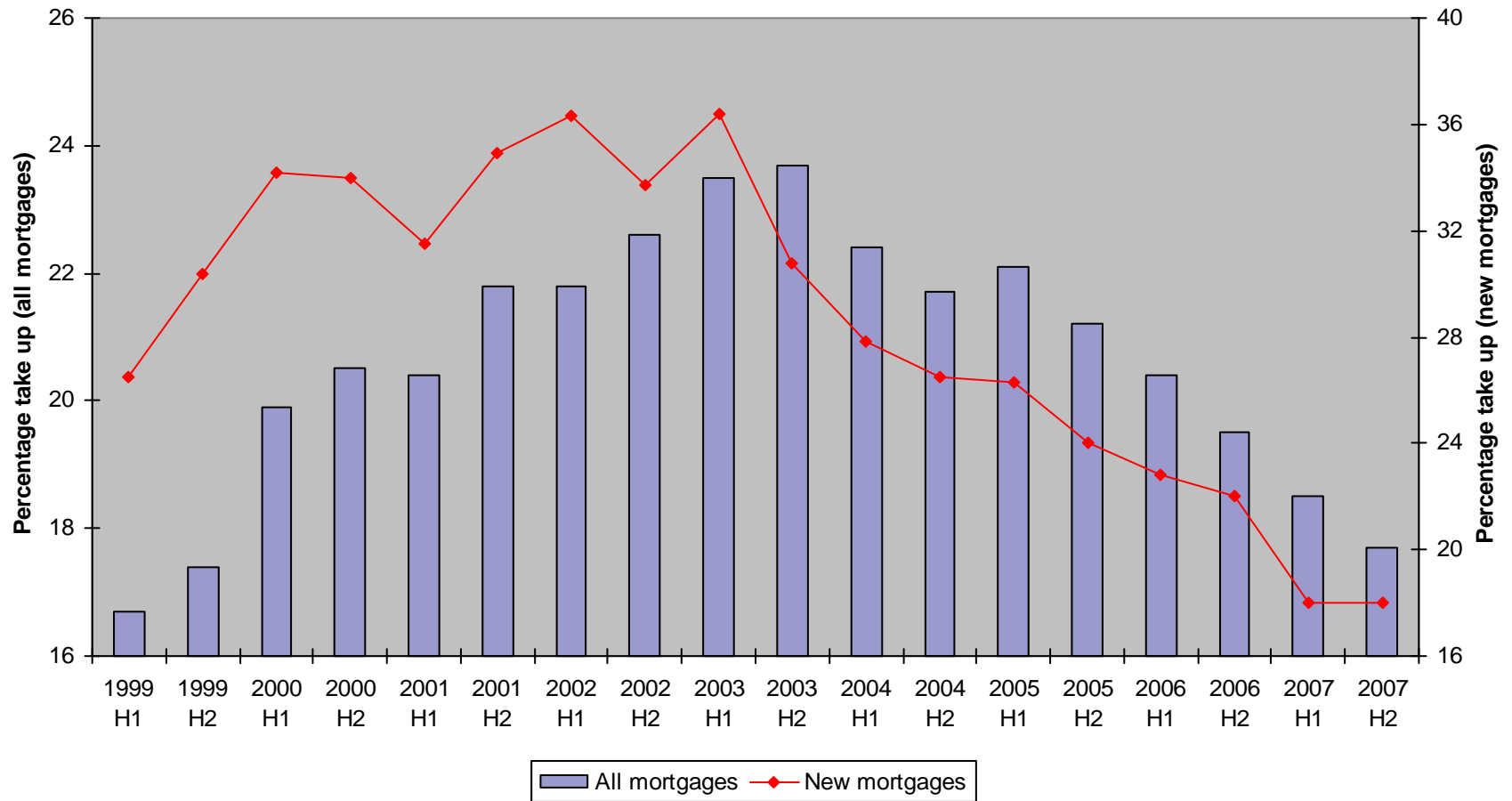
Source : NPHAU



Future market prospects

- Post credit crunch collapse – how far?
- Not a re run of past cycles
- A different configuration of factors
 - an active private rented sector
 - limited access to mortgage funds
 - high/uncertain inward migration
 - Inadequate home owner safety net
- Uncertain future for private renting

Take up of MPPI policies now declining



Source : CML Statistics, CML Website



The policy response

- Inflationary constraints on Base rates
- Bank of England financial measures
- Revised FSA regulatory regime
- ISMI reforms?
- English housing market package
- Scottish mortgage rescue schemes
- Mortgage guarantee schemes?