

# Gap between house prices and earnings narrows – but higher borrowing costs continue to weigh on affordability

- Scotland's house price-to-income ratio falls from 5.4 to 5.3, as earnings continue to outpace house price growth
- For first-time buyers, homes cost 4.0 times earnings, compared to 5.9 UK average
- However, monthly mortgage costs have increased by £70 over the last year due to higher interest rates
- Areas in the west of Scotland have seen the biggest property price increases over the last year
- Scotland also hosts many of Britain's most affordable local authorities, led by Inverclyde and Aberdeen

The typical Scottish home now costs around 5.3 times average earnings, down from 5.4 a year ago, according to new research from Bank of Scotland.

Nationally, the average property price increased by 3.9% over the last year to £223,277, while average earnings rose by 5%, narrowing the gap between average property prices and incomes.

For comparison, at a UK level, property prices rose by +0.5% over the last year, to £299,131, while average earnings rose by +4.5% to £40,790.

However, while house prices have become more affordable compared to earnings, higher interest rates mean average monthly mortgage repayments in Scotland have increased over the last year, rising from £793 to £863, an increase of 9%.

At a UK level, average mortgage costs have risen from £1,100 to £1,157, an increase of 5%.

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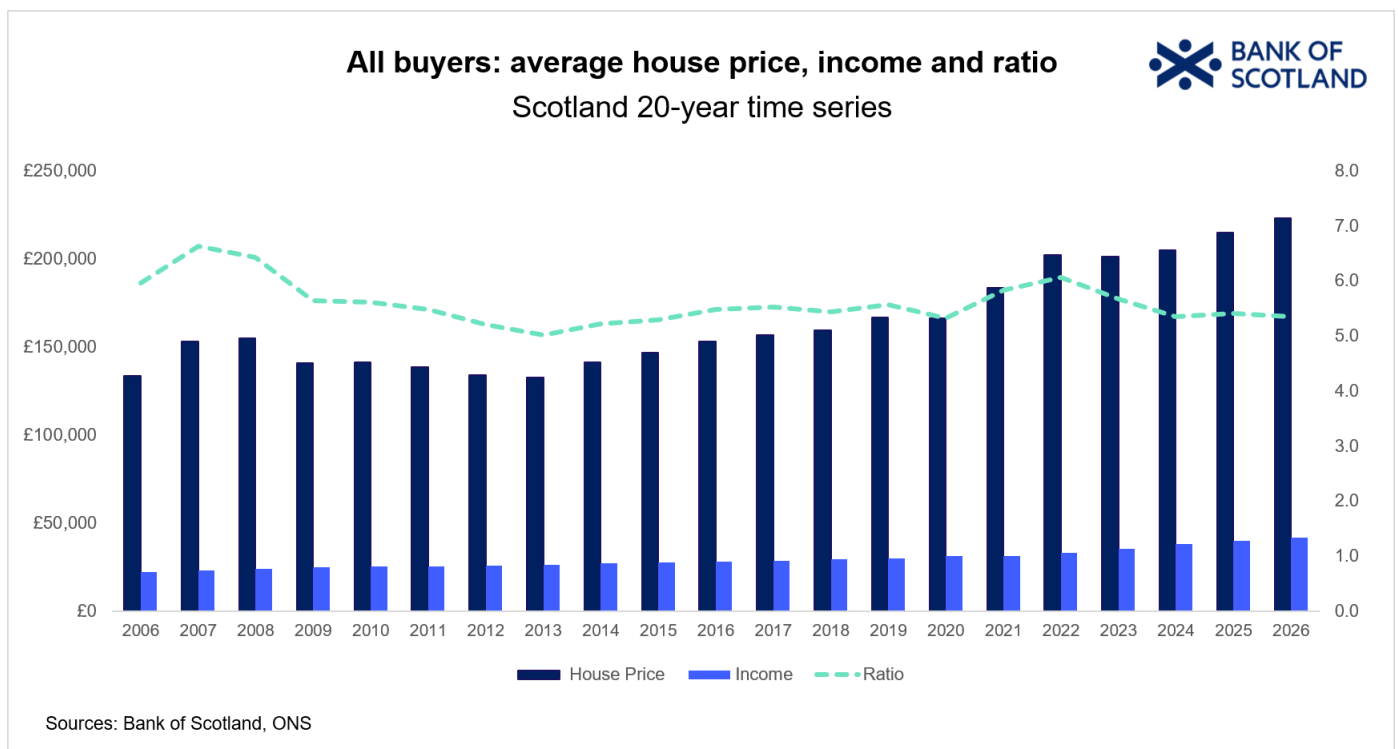
## Isla Benzie, Head of Mortgages, Bank of Scotland:

"House prices and earnings in Scotland have moved broadly in step over the last year, helping to keep the gap between incomes and property prices relatively stable.

"However, that doesn't tell the whole story. Higher interest rates mean borrowing costs have increased, while saving for a deposit remains one of the biggest hurdles facing many people hoping to buy their first home.

"For many buyers, where they choose to live is one of the biggest factors shaping affordability. Areas such as Inverclyde, Aberdeen and Dundee continue to offer some of the most affordable homes in Britain, while parts of Edinburgh and the surrounding areas are considerably more expensive.

"For those with flexibility over where they buy, relatively small shifts in location can make a substantial difference to what is within reach."



## First-time buyer homes cost four times earnings

For first-time buyers in Scotland, the typical property price also increased over the last year, rising by 4.6% from £161,384 to £168,817. With earnings growth keeping pace with property price inflation, the property price to income ratio for a first home remained unchanged at 4.0.

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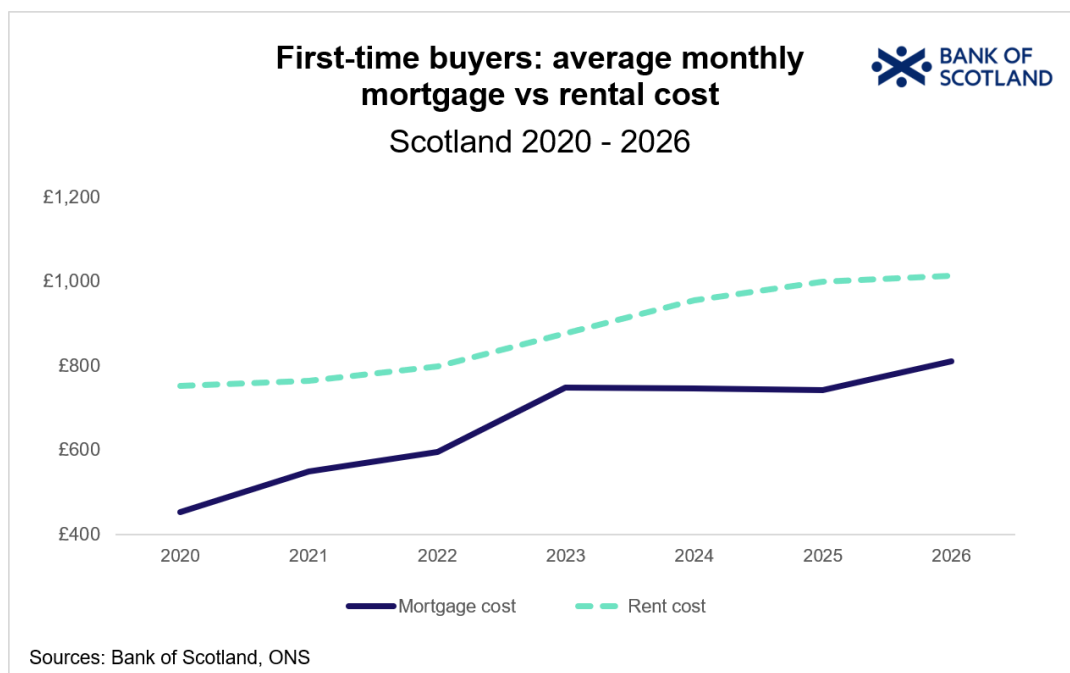
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A typical first-time buyer in Scotland would need to save almost £17,000 for a 10% deposit, highlighting why it remains one of the biggest barriers to homeownership. However, this is significantly lower than the average figure at a UK level of around £24,000. This has seen lenders introduce more low-deposit options, including Bank of Scotland's £5k deposit mortgage, helping to reduce the amount required upfront.

Higher borrowing costs are also an important consideration for first-time buyers, with average monthly repayments rising from £743 to £810 over the last year. But strong wage growth means that mortgage costs still account for a similar proportion of income compared to last year, up from 22% to 23%.

At a UK level, first-time buyer average mortgage costs have risen from £1,100 to £1,150 over the last year, amounting to 34% of average monthly pay.

For those able to save a deposit, mortgage repayments are often still lower than the equivalent rental costs, with the average monthly Scottish rent rising by +1.5% to £1,014, up from £999 over last year, accounting for around 29% of income for those renting (compared to 41% at a UK level).



## Where buyers can get the most for their money

At a local authority level, significant differences in house price affordability remain across Scotland.

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Inverclyde and Aberdeen are the most affordable local authorities, with the average home costing 3.5 times earnings in both areas. These are also the two most affordable areas in Britain.

They are followed by Dundee where homes cost 3.6 times earnings and Dumfries and Galloway (3.7).

At the other end of the scale, East Renfrewshire is Scotland's least affordable local authority with a house price-to-income ratio of 6.9. It's closely followed by Edinburgh at 6.8.

At a UK level, Elmbridge in Surrey (South East of England) is the least affordable local authority area with a house price to income ratio of 17.4.

**ENDS**

**Data tables on following pages.**

## Tables

| Local Authority Area                        | 2025                   |                       | 2026                   |                       | 2025 vs 2026          |
|---------------------------------------------|------------------------|-----------------------|------------------------|-----------------------|-----------------------|
|                                             | Average Property Price | Price to Income Ratio | Average Property Price | Price to Income Ratio | Property price change |
| Inverclyde                                  | £142,767               | 3.6                   | £146,030               | 3.5                   | 2.3%                  |
| Aberdeen                                    | £148,691               | 3.7                   | £147,851               | 3.5                   | -0.6%                 |
| Dundee                                      | £150,811               | 3.8                   | £152,072               | 3.6                   | 0.8%                  |
| Dumfries and Galloway                       | £157,985               | 4.0                   | £153,360               | 3.7                   | -2.9%                 |
| Angus                                       | £158,316               | 4.0                   | £160,928               | 3.9                   | 1.6%                  |
| East Ayrshire                               | £159,339               | 4.0                   | £162,459               | 3.9                   | 2.0%                  |
| West Dunbartonshire                         | £142,976               | 3.6                   | £163,174               | 3.9                   | 14.1%                 |
| North Lanarkshire                           | £156,672               | 3.9                   | £163,978               | 3.9                   | 4.7%                  |
| North Ayrshire                              | £148,516               | 3.7                   | £166,995               | 4.0                   | 12.4%                 |
| South Ayrshire                              | £166,202               | 4.2                   | £170,776               | 4.1                   | 2.8%                  |
| Aberdeenshire                               | £182,330               | 4.6                   | £172,355               | 4.1                   | -5.5%                 |
| Moray                                       | £180,853               | 4.6                   | £175,870               | 4.2                   | -2.8%                 |
| Falkirk                                     | £168,175               | 4.2                   | £176,773               | 4.2                   | 5.1%                  |
| Renfrewshire                                | £178,218               | 4.5                   | £182,211               | 4.4                   | 2.2%                  |
| Fife                                        | £171,176               | 4.3                   | £187,571               | 4.5                   | 9.6%                  |
| Scottish Borders                            | £204,944               | 5.2                   | £193,868               | 4.6                   | -5.4%                 |
| Glasgow City                                | £189,728               | 4.8                   | £199,148               | 4.8                   | 5.0%                  |
| Perth, Kinross & Clackmannanshire           | £204,959               | 5.2                   | £200,708               | 4.8                   | -2.1%                 |
| South Lanarkshire                           | £185,819               | 4.7                   | £209,624               | 5.0                   | 12.8%                 |
| West Lothian                                | £201,170               | 5.1                   | £214,189               | 5.1                   | 6.5%                  |
| Highlands, Western Isles, Orkney & Shetland | £200,080               | 5.0                   | £215,443               | 5.2                   | 7.7%                  |
| Argyll and Bute                             | £183,074               | 4.6                   | £215,815               | 5.2                   | 17.9%                 |
| Stirling                                    | £228,369               | 5.7                   | £226,572               | 5.4                   | -0.8%                 |
| Midlothian                                  | £241,688               | 6.1                   | £239,697               | 5.7                   | -0.8%                 |
| East Lothian                                | £260,421               | 6.6                   | £263,840               | 6.3                   | 1.3%                  |
| East Dunbartonshire                         | £275,482               | 6.9                   | £267,933               | 6.4                   | -2.7%                 |
| Edinburgh                                   | £278,924               | 7.0                   | £285,076               | 6.8                   | 2.2%                  |

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# Press Release



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|                          |                 |            |                 |            |             |
|--------------------------|-----------------|------------|-----------------|------------|-------------|
| <b>East Renfrewshire</b> | <b>£277,381</b> | <b>7.0</b> | <b>£288,665</b> | <b>6.9</b> | <b>4.1%</b> |
|--------------------------|-----------------|------------|-----------------|------------|-------------|

**Sources:** Bank of Scotland, ONS

## Regional breakdown: All buyers affordability – 2026

| Region                            | Property price | Income  | Price to income ratio | Monthly mortgage | Mortgage % income | Monthly rent | Rent % income |
|-----------------------------------|----------------|---------|-----------------------|------------------|-------------------|--------------|---------------|
| <b>Eastern England</b>            | £331,348       | £40,430 | 8.2                   | £1,281           | 38.0%             | £1,279       | 38.0%         |
| <b>East Midlands</b>              | £247,711       | £37,297 | 6.6                   | £958             | 30.8%             | £913         | 29.4%         |
| <b>Greater London</b>             | £534,831       | £51,777 | 10.3                  | £2,068           | 47.9%             | £2,292       | 53.1%         |
| <b>North East</b>                 | £181,133       | £36,013 | 5.0                   | £700             | 23.3%             | £776         | 25.9%         |
| <b>North West</b>                 | £248,218       | £39,211 | 6.3                   | £960             | 29.4%             | £953         | 29.1%         |
| <b>Northern Ireland</b>           | £229,000       | £38,425 | 6.0                   | £886             | 27.7%             | £876         | 27.4%         |
| <b>Scotland</b>                   | £223,277       | £41,736 | 5.3                   | £863             | 24.8%             | £1,014       | 29.2%         |
| <b>South East</b>                 | £381,654       | £41,817 | 9.1                   | £1,476           | 42.4%             | £1,416       | 40.6%         |
| <b>South West</b>                 | £299,532       | £38,988 | 7.7                   | £1,158           | 35.7%             | £1,233       | 37.9%         |
| <b>Wales</b>                      | £231,142       | £37,577 | 6.2                   | £894             | 28.5%             | £835         | 26.7%         |
| <b>West Midlands</b>              | £262,968       | £38,818 | 6.8                   | £1,017           | 31.4%             | £965         | 29.8%         |
| <b>Yorkshire &amp; the Humber</b> | £217,544       | £37,384 | 5.8                   | £841             | 27.0%             | £856         | 27.5%         |
| <b>UK average</b>                 | £299,131       | £40,790 | 7.3                   | £1,157           | 34.0%             | £1,382*      | 40.7%         |

**Sources:** Bank of Scotland, ONS

*\*Rental figure relates to Great Britain*

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## Notes

This information is intended for the sole use of journalists and media professionals.

The research has been carried out by Bank of Scotland (part of Lloyds Banking Group) in partnership with S&P Global.

All UK and regional property price figures are derived using the standardised Lloyds House Price Index (HPI) methodology. This incorporates mortgage approval data from Lloyds Banking Group, including customers of Bank of Scotland, Lloyds Bank and Halifax.

Note that an average of three months' worth of transactional data is used to calculate each metric, therefore UK and regional headline figures may differ from those published in the main monthly Lloyds HPI. Figures are based on Q2 (April to June) data in respective years unless otherwise stated.

Local Authority Area (LAA) data is based on a 'price per square metre' methodology, scaled up to a typically sized property for each LAA based on EPC data. In some cases, neighbouring LAAs have been combined to ensure a robust sample size. LAAs for Northern Ireland have not been included due to sample size.

Income figures are based on the annual median income for a full-time worker from the Annual Survey of Household Earnings published by the Office for National Statistics (ONS). Latest income figures have been forecast by S&P Global using Average Weekly Earnings Data, also published by the ONS. All ONS figures in this release were sourced in July 2026. The UK rental figure does not include Northern Ireland.

Average mortgage rates quoted reflect industry data compiled by the Bank of England.

### Support for first-time buyers

Here are some of the ways Bank of Scotland can help.

- **£5k Deposit mortgage**  
If you have £5,000 saved up, you can use this as your mortgage deposit and borrow more than the typical 95% of your home's value (on homes worth up to £300,000). This could help you get on the property ladder sooner.
- **First Time Buyer Boost**  
You could borrow up to 5.5x your yearly household income with a 10% deposit or more. It's designed to help eligible first-time buyers access a larger loan than a standard mortgage.
- **5% deposit mortgage**  
With this mortgage, you could borrow up to 95% of your home's value. This means you'll just need to pay a 5% deposit, reducing the time needed to save.

### Events for first-time buyers

From working out your budget to getting the keys to your first home, we're here to help. We run free online events for first-time buyers, available to everyone – you don't even need to be an existing Bank of Scotland customer.

Our mortgage experts will help you find out about:

- **Starting Out:** Saving for a deposit and government schemes available
- **House Hunting:** Finding the right property for you
- **Other costs:** Protecting you and your home, other costs to consider
- **Journey to Completion:** Valuations, surveys and the final stages to getting your keys.

Find a free event here: [Mortgage Events](#)

**The information in this release is not intended to constitute financial advice. Mortgage customers or applicants should refer to the Bank of Scotland website for full details, including terms and conditions, eligibility criteria, and how to obtain regulated**

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# Press Release



advice. You could lose your home if you don't keep up your mortgage repayments. For full details visit [Helping you find the right mortgage | Mortgages | Bank of Scotland](#). Information correct as at 30<sup>th</sup> September 2026 and subject to change thereafter.

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