

ABERDEEN HOUSING MARKET REPORT THIRD QUARTER 2015

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the third quarter of 2015. It also shows the change in house prices for Scotland and the UK as measured by the Halifax house price indices.¹ Figure 1 plots the house price indices for Aberdeen City and suburbs, Scotland, and the UK jointly with the Retail Price Index.

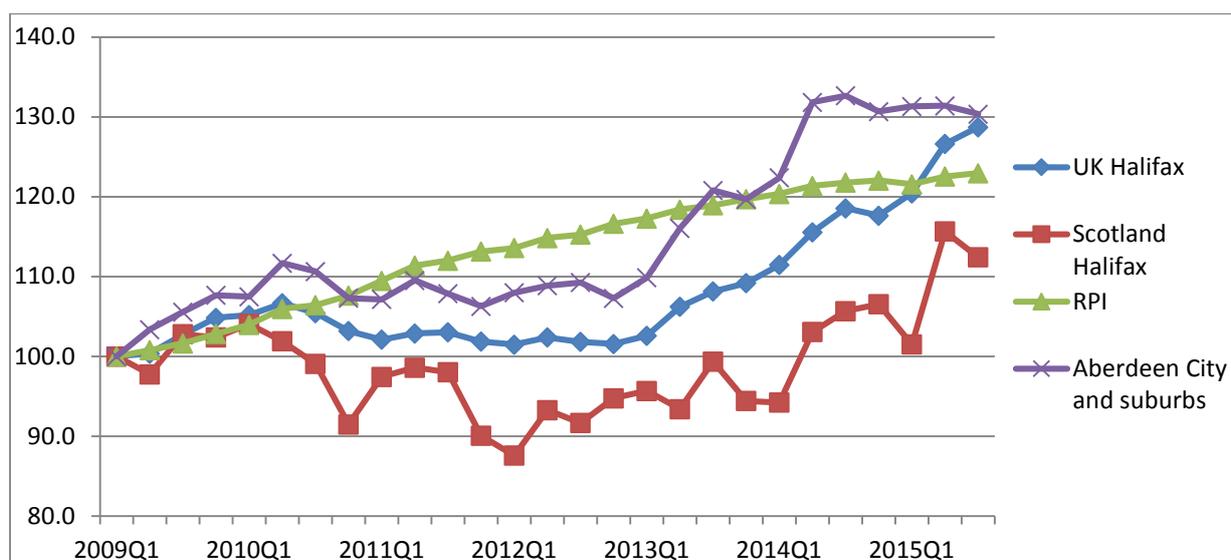
- In the third quarter of 2015, house prices in Aberdeen City and suburbs decreased by 0.8%. Over the same period, house prices in Scotland decreased by 1.3% and increased by 2.0% in the UK.
- The annual house price change in Aberdeen City and suburbs is -1.7%. The annual house price change is 6.4% in Scotland and 8.6% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is 3.3%. The annualised house price change over the same period is 2.6% in Scotland and 4.1% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2015Q3	Annual price change 2014Q3 to 2015Q3	Annualised price change over 5 years 2010Q3 to 2015Q3
Aberdeen City and suburbs	-0.8%	-1.7%	3.3%
Ellon	0.7%	2.7%	2.3%
Inverurie	-0.7%	-1.4%	2.7%
Stonehaven	-0.9%	-1.6%	4.0%
Other country areas	-0.4%	-0.1%	0.4%
Scotland (Halifax)	-1.3%	6.4%	2.6%
UK (Halifax)	2.0%	8.6%	4.1%
Retail Price Index (ONS)	0.3%	1.0%	2.9%

¹www.lloydsbankinggroup.com/Media/economic-insight/regional-house-prices/. The quarterly price change is seasonally adjusted.

Figure 1: House price indices for Aberdeen City and suburbs, Scotland, UK, and Retail Price Index from 2009Q1 to 2015Q3 (2009Q1=100).



Level of prices

Table 2 gives estimated constant-quality prices for three dwelling types in different areas. Constant-quality means that standard characteristics for the different dwelling types are assumed.

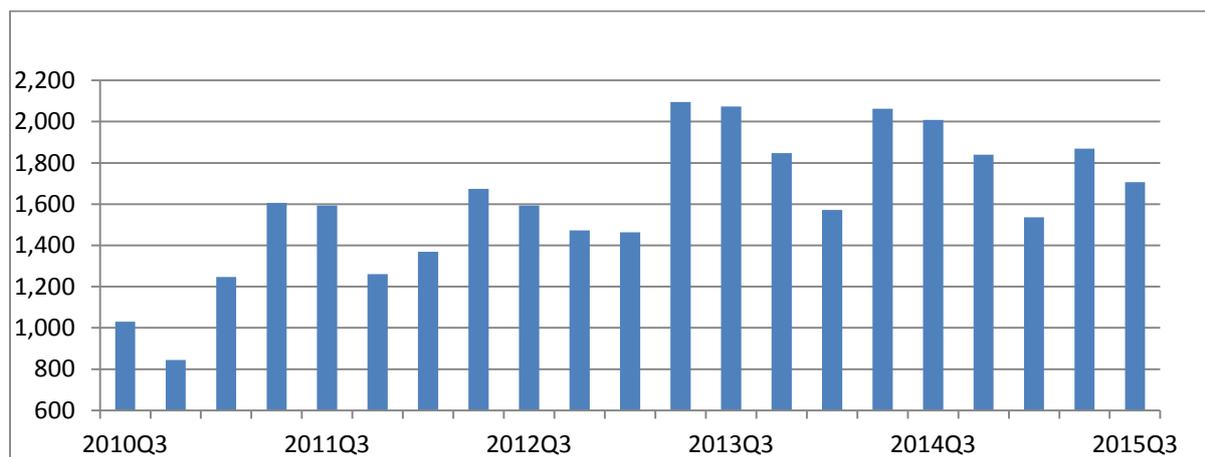
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2015Q3	£165,603	£141,259	£149,704	£151,138	£139,248
	2015Q2	£167,589	£142,772	£151,870	£150,840	£140,691
Semi-detached	2015Q3	£230,059	£185,125	£216,800	£225,114	£188,820
	2015Q2	£231,904	£183,753	£218,416	£227,135	£189,641
Detached	2015Q3	£350,337	£274,897	£305,050	£340,882	£316,381
	2015Q2	£355,782	£277,049	£305,199	£344,953	£318,688

Volume of sales

Figure 2 shows the volume of sales per quarter in Aberdeen and Aberdeenshire over the recent five year period. Table 3 shows the change in the volume of sales for different dwelling types.

Figure 2: Volume of sales from 2010Q3 to the current quarter



In the third quarter of 2015, the volume of sales was 1,706, a decrease of 8.7% from the previous quarter and a decrease of 15.1% compared with the volume of sales a year ago (2014Q3).

- The sales volume of flats decreased by 6.9%, the sales volume of semi-detached houses decreased by 7.2%, and the sales volume of detached houses decreased by 12.8%.

Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2015Q3	643	594	469
2015Q2	691	640	538
Percentage change	-6.9%	-7.2%	-12.8%

Comment by John MacRae

The third quarter figures are, normally, lower than the second quarter figures in each year, due to seasonal influences. This year is no different. It may be, however, because of the extent of the difference between second and third quarters, that we can see the effect of the current difficulties affecting the local economy beginning to affect our local market.

The volume of sales indicates a slight lessening of confidence in the market and may indicate that some people are “sitting tight” rather than exposing their property for sale. This factor is mainly felt in the mid to upper price range. In the market for flats there is still good activity and the cost of borrowing remains low.

Overall, given the difficulties being encountered in the local economy, the local housing market is showing an encouraging degree of resilience.

Note on methods

The information in this report is based on data provided by the Aberdeen Solicitors' Property Centre (ASPC) to the Centre for Real Estate Research, University of Aberdeen.

The price changes shown in Table 1 are calculated after having controlled for the quality of houses that are sold, thereby providing a reliable indication of the underlying market trend.² Three price changes are reported: The quarterly price change shows the percentage change in house prices over the past three months; the annual price change shows the percentage change in house prices measured over the most recent twelve month period; and the annualised price change over five years shows the average annual change in house prices calculated over a five year holding period. Table 1 also includes the Retail Price Index to show how the prices of goods and services in the economy have changed over the same time period.

The estimated price levels in Table 2 assume characteristics that are "standard" for the dwelling type in the respective area. For example, the standard semi-detached house in the Aberdeen City and suburb area has three bedrooms, two public rooms, one bathroom. Full details of the characteristics are available on the link below.

<http://www.abdn.ac.uk/business/research/aberdeen-house-price-index-156.php>

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² This differs from the information reported in previous Aberdeen House Price Reports where price changes were calculated as the differences in the average prices between two periods.