

ABERDEEN HOUSING MARKET REPORT

FOURTH QUARTER 2014

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the fourth quarter of 2014. 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.

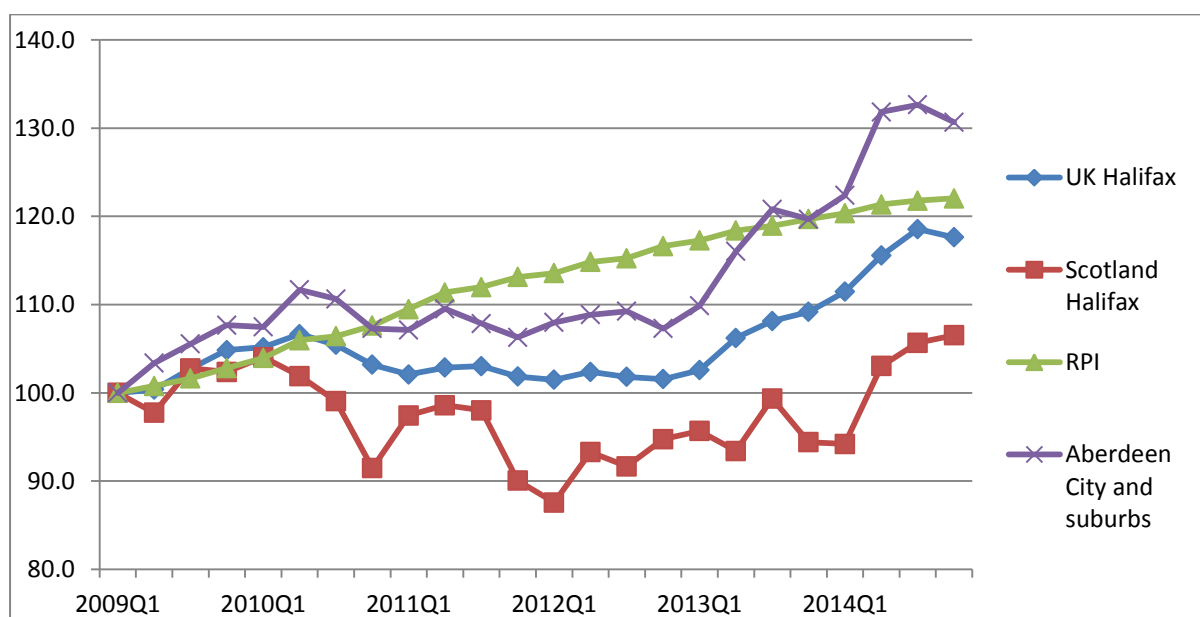
- In the fourth quarter of 2014, house prices in Aberdeen City and suburbs decreased by 1.5%. Over the same period, house prices in Scotland increased by 4.0% and increased by 0.3% in the UK.
- The annual house price change in Aberdeen City and suburbs is 9.2%. The annual house price change is 12.8% in Scotland and 7.8% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is 3.9%. The annualised house price change over the same period is 0.8% in Scotland and 2.3% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2014Q4	Annual price change 2013Q4 to 2014Q4	Annualised price change over 5 years 2009Q4 to 2014Q4
Aberdeen City and suburbs	-1.5%	9.2%	3.9%
Ellon	0.2%	8.1%	2.4%
Inverurie	-1.1%	9.8%	3.4%
Stonehaven	-1.4%	11.4%	3.9%
Other country areas	-1.0%	8.2%	0.6%
Scotland (Halifax)	4.0%	12.8%	0.8%
UK (Halifax)	0.3%	7.8%	2.3%
Retail Price Index (ONS)	0.2%	2.0%	3.5%

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 2014Q4 (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.

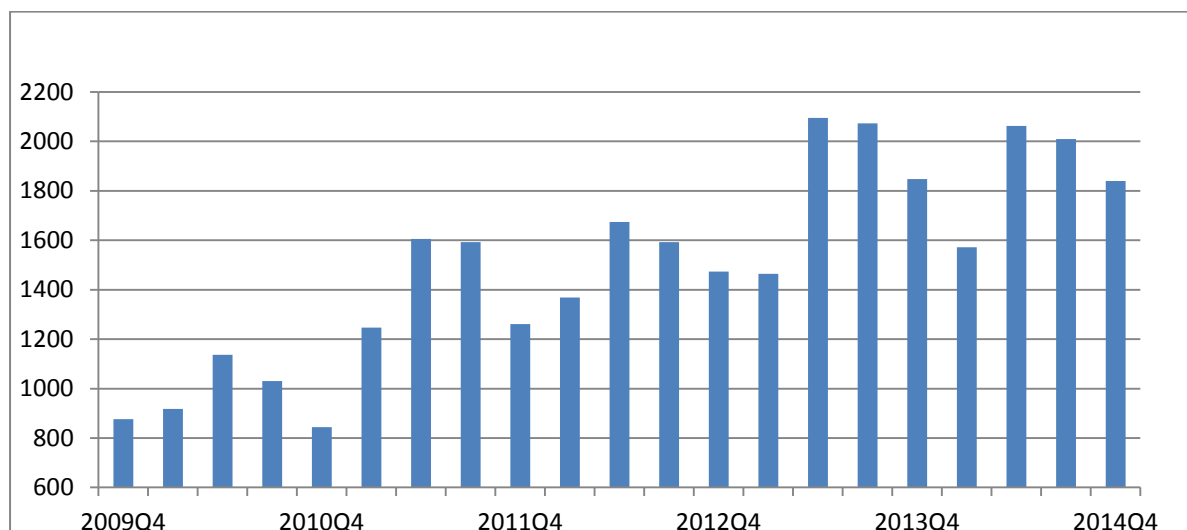
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2014Q4	£166,404	£140,996	£146,725	£148,141	£140,935
	2014Q3	£168,472	£142,788	£148,334	£150,510	£142,378
Semi-detached	2014Q4	£230,621	£180,592	£217,454	£225,420	£187,071
	2014Q3	£234,112	£180,290	£219,867	£228,717	£188,951
Detached	2014Q4	£351,569	£275,995	£302,684	£350,032	£316,474
	2014Q3	£358,905	£282,415	£307,945	£342,952	£320,622

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 2009Q4 to the current quarter



In the fourth quarter of 2014, the volume of sales was 1,840, a decrease of -8.4% from the previous quarter and a decrease of 0.4% compared with the volume of sales a year ago (2013Q4).

- The sales volume of flats decreased by 9.3%, the sales volume of semi-detached houses decreased by 9.3%, and the sales volume of detached houses decreased by 6.4%.

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

Period	Flat	Semi-Detached	Detached
2014Q4	656	615	569
2014Q3	723	678	608
Percentage change	-9.3%	-9.3%	-6.4%

Comment by John MacRae

Generally speaking, in the fourth quarter each year, prices tend to fall back slightly. The fourth quarter of 2014 has followed that general trend although the decrease is relatively small at an average of 1.5%. The annual position, comparing 2014 to 2013 discloses an annual rise of 9.2%. The volume of sales in 2014 has more or less matched the volume of sales in 2013 and both years have shown a return to levels of activity not seen since before the banking crisis. The house price index for Aberdeen, at the end of 2014, exceeds the Scottish and UK indices.

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.