

ABERDEEN HOUSING MARKET REPORT

THIRD QUARTER 2017

Change in house prices

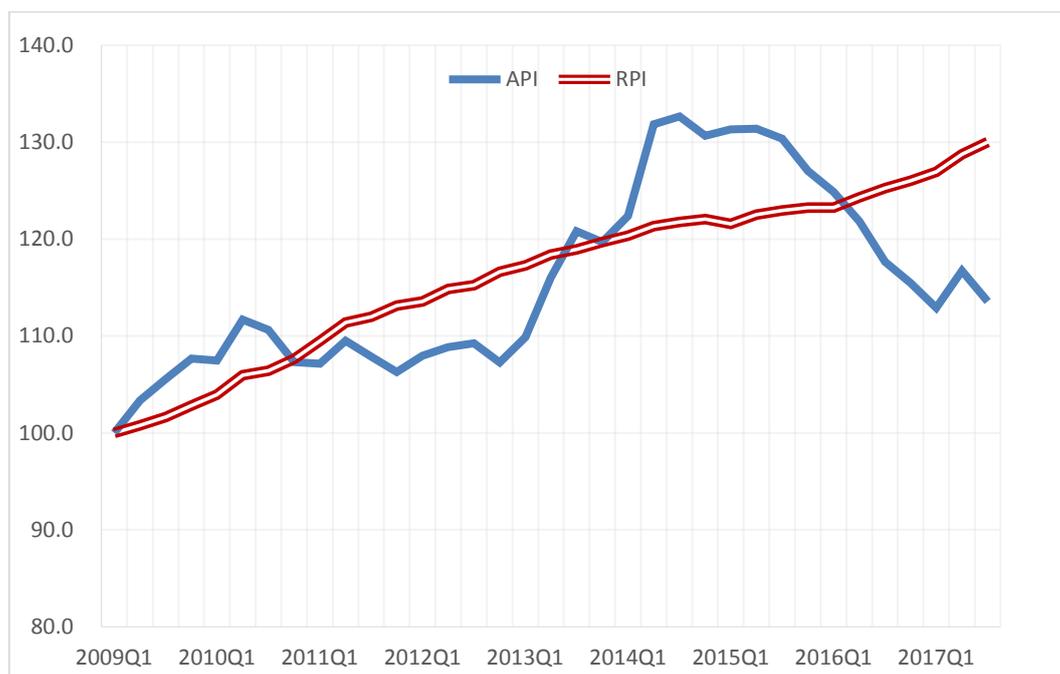
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the third quarter of 2017. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -2.7%.
- The annual house price change in Aberdeen City and suburbs is -3.5%.
- The annualised house price change over five years in Aberdeen City and suburbs is 0.8%.

Table 1: Change in house prices and retail price index in percent.

	Quarterly price change 2017Q3	Annual price change 2016Q3 to 2017Q3	Annualised price change over five years 2012Q3 to 2017Q3
Aberdeen City and suburbs	-2.7	-3.5	0.8
Ellon	-0.7	-0.1	1.4
Inverurie	-2.4	-1.0	1.3
Stonehaven	-2.2	-2.3	2.3
Other country areas	-2.3	-6.1	-2.5
Retail Price Index (ONS)	1.0	3.8	2.4

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2017Q3 (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 current and previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2017Q3	143,796	124,169	141,294	139,289	118,519
	2017Q2	148,055	126,538	143,802	140,928	120,691
Semi-detached	2017Q3	200,429	173,152	198,252	203,398	159,762
	2017Q2	206,009	174,345	203,039	207,902	163,535
Detached	2017Q3	306,642	241,378	267,302	294,492	265,332
	2017Q2	314,376	248,085	273,750	302,490	273,368

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.

- In the third quarter of 2017, the volume of sales was 1,339, a decrease of 7.7% from the previous quarter and an increase of 2.8% compared with the volume of sales a year ago (2016Q3)
- The sales volume of flats decreased by 10.2%, the sales volume of semi-detached houses increased by 3.7%, and the sales volume of detached houses decreased by 18.3%.

Figure 2: Volume of sales from 2012Q3 to the current quarter

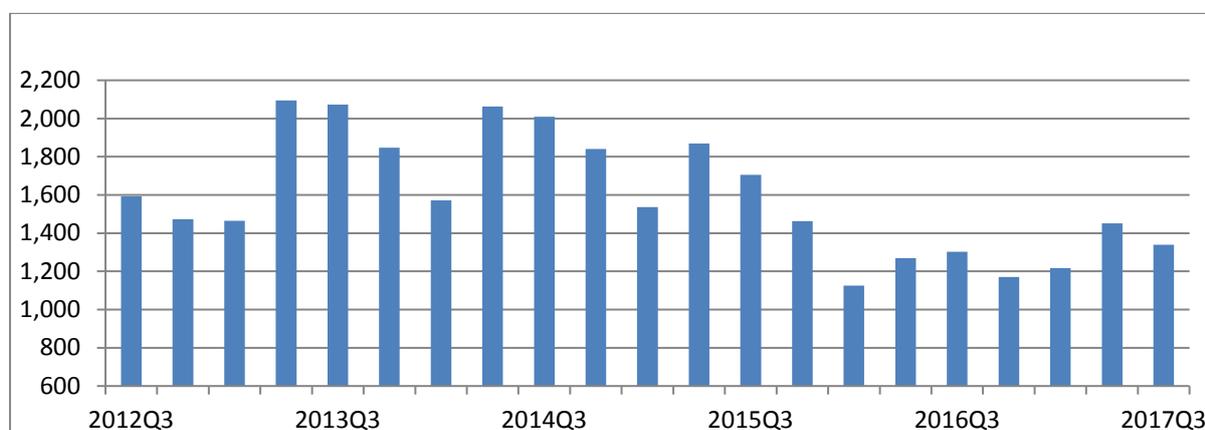


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2017Q3	387	560	392
2017Q2	431	540	480
Percentage change	-10.2	3.7	-18.3

Comment by John MacRae

Third quarter figures for our local housing market area are usually slightly down compared to the first two quarters of each year, as the first six months in our local market is usually the more active of the two halves in any year. In my second quarter report I pointed out that we had experienced, for the first time in quite a while, mildly encouraging increases in both volume of sales and price. However, as I said then, the figures had to be set in the context of comparing 2017 with 2016 – 2016 having been a very poor year.

While one should not read too much into one year's activity, it does look as if the third quarter, while demonstrating an expected reduction in activity, is continuing the trend of 2017 being a better year overall than 2016 e.g. in the second quarter the annual house price change in the city and suburbs was -4.2% but in the third quarter that has improved very slightly to -3.5%.

There should be no misunderstanding; the local housing market is still depressed and is still at a low level of activity. I expect the fourth quarter results to be more in line with the third quarter results but there is some ground, given the general economic activity in our area with some increase in oil industry activity that next year may see a continuation of the slow improvement in our market.

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.¹ 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/crer.php#-nbspaberdeen-house-price-indexnbsp->

Contacts for further details:

John MacRae
Chairman
ASPC
18 Bon Accord Square
Aberdeen
Telephone: 01224 596341
www.aspc.co.uk

Dr Rainer Schulz
Centre for Real Estate Research
University of Aberdeen Business School
Edward Wright Building
Dunbar Street, Aberdeen , AB24 3QY
Telephone: 01224 273126
www.abdn.ac.uk/business/research/crer.php
email: r.schulz@abdn.ac.uk

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¹ 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.