

ABERDEEN HOUSING MARKET REPORT SECOND QUARTER 2016

Change in house prices

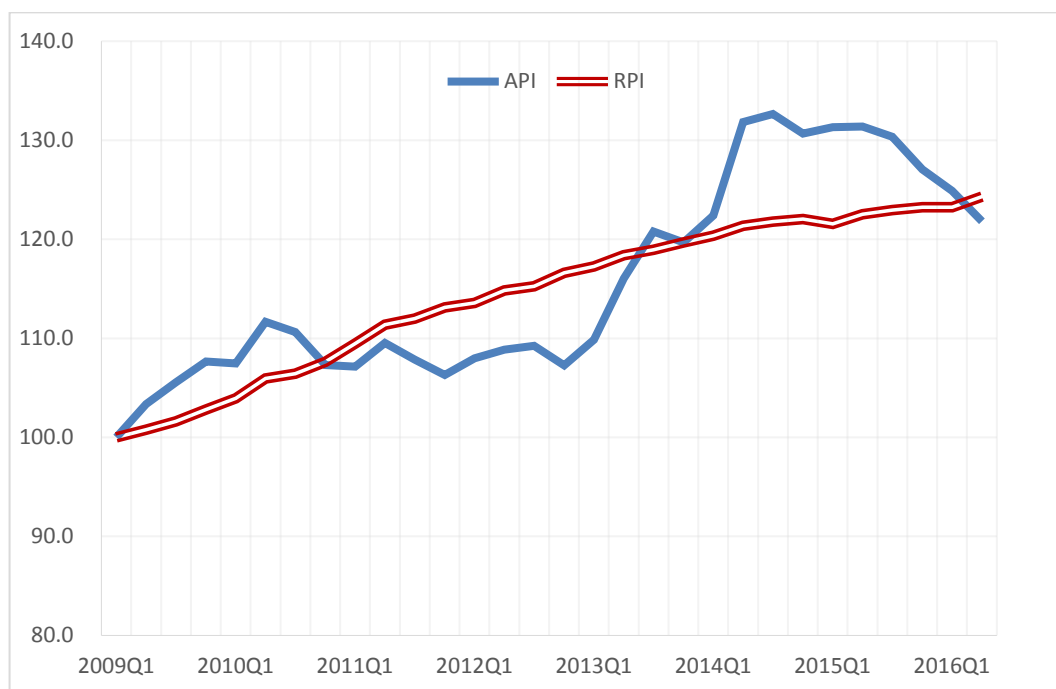
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the second quarter of 2016. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -2.4%.
- The annual house price change in Aberdeen City and suburbs is -7.3%.
- The annualised house price change over five years in Aberdeen City and suburbs is 2.2%.

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

	Quarterly price change 2016Q2	Annual price change 2015Q2 to 2016Q2	Annualised price change over five years 2011Q2 to 2016Q2
Aberdeen City and suburbs	-2.4	-7.3	2.2
Ellon	-1.6	-2.6	2.0
Inverurie	-1.8	-5.8	1.9
Stonehaven	-0.8	-4.4	3.2
Other country areas	-5.4	-7.9	-1.0
Retail Price Index (ONS)	0.9	1.4	2.2

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2016Q2 (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	2016Q2	155,863	132,204	145,178	144,855	129,098
	2016Q1	158,693	134,276	145,978	146,345	135,401
Semi-detached	2016Q2	215,011	178,971	205,648	217,206	174,671
	2016Q1	220,394	181,859	209,384	219,043	184,575
Detached	2016Q2	325,644	257,537	288,978	319,702	291,003
	2016Q1	334,920	262,941	292,913	325,751	305,588

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 second quarter of 2016, the volume of sales was 1,269, an increase of 12.7% from the previous quarter and a decrease of 32.1% compared with the volume of sales a year ago (2015Q2)
- The sales volume of flats increased by 2.5%, the sales volume of semi-detached houses increased by 21.1%, and the sales volume of detached houses increased by 14.5%.

Figure 2: Volume of sales from 2011Q2 to the current quarter

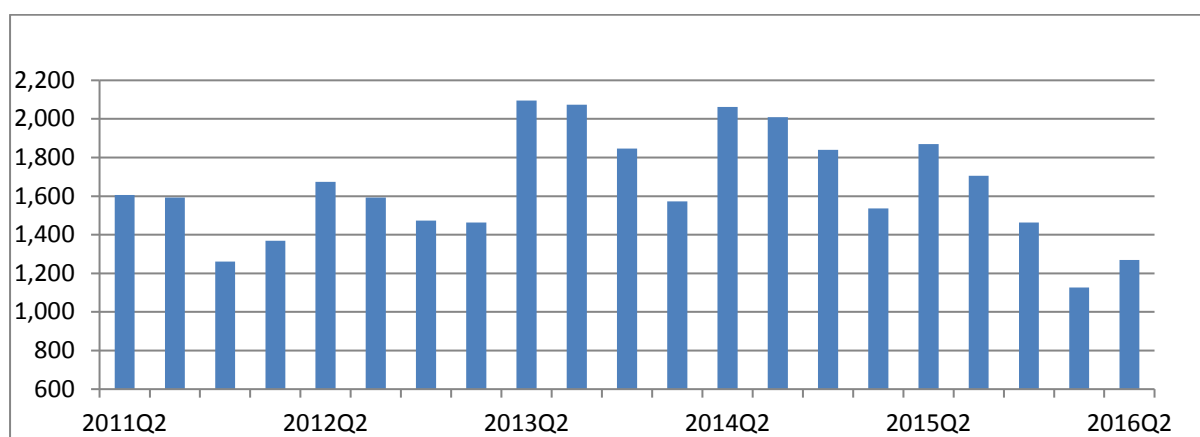


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2016Q2	408	505	356
2016Q1	398	417	311
Percentage change	2.5	21.1	14.5

Comment by John MacRae

The second quarter figures indicate the continuing effect the oil industry downturn is having on our local housing market. It is easy in times like this to fall into the trap of thinking that matters are more serious than they are but despite the downturn in the market, the local market is, in fact, continuing to perform reasonably well under pressure. A few figures may help. Sales volume across the 3 main types of property increased in the second quarter – flats by 2.5%, semi-detached houses by 21% and detached houses by 14.5%. Another indication of the state of the market is perhaps

provided by the activity on the ASPC website where, so far in 2016, there have been 6 million visits to the website. There is, on average, 40,000 visits a day to the site. ASPC's website is ahead of, or equal to, national sites for our local areas and almost two thirds of properties inserted sell within 100 days.

We changed the appearance of the Aberdeen Housing Market Report slightly. The Halifax house price indices are no longer available publicly and will no longer be reported.

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#-nbspaberndeen-house-price-indexnbsp->

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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.