

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2017

Change in house prices

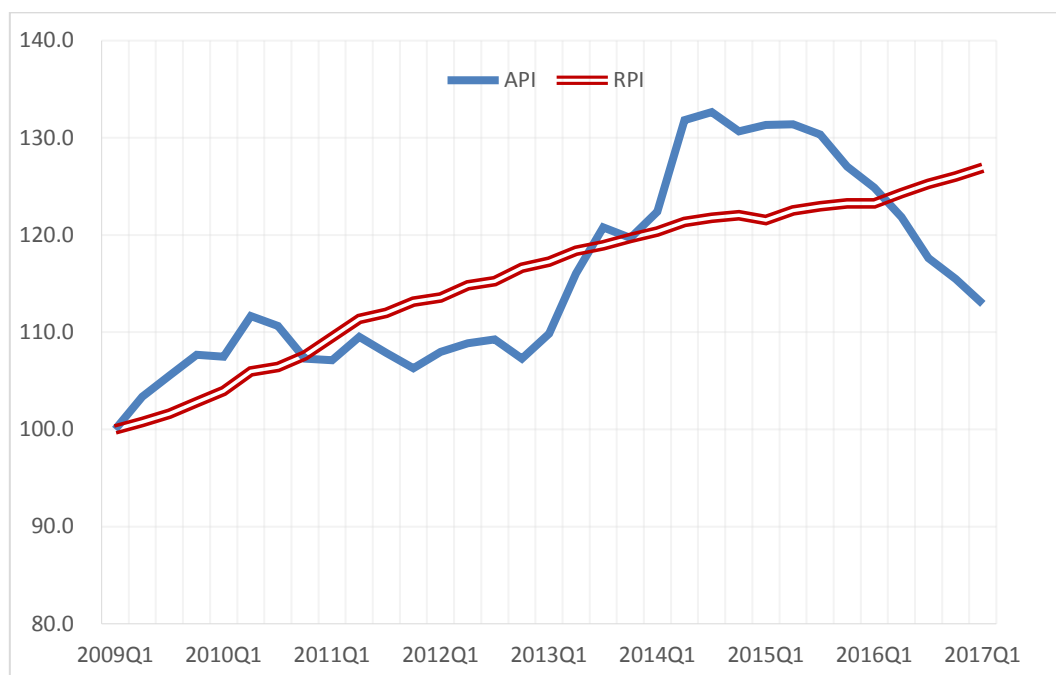
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the first quarter of 2017. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -2.2%.
- The annual house price change in Aberdeen City and suburbs is -9.6%.
- The annualised house price change over five years in Aberdeen City and suburbs is 0.9%.

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

	Quarterly price change 2017Q1	Annual price change 2016Q1 to 2017Q1	Annualised price change over five years 2012Q1 to 2017Q1
Aberdeen City and suburbs	-2.2	-9.6	0.9
Ellon	-1.9	-8.1	0.8
Inverurie	-0.9	-6.8	1.3
Stonehaven	-2.6	-8.1	2.1
Other country areas	-1.8	-11.4	-1.7
Retail Price Index (ONS)	0.7	3.0	2.2

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2017Q1 (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	2017Q1	142,985	121,398	137,507	135,208	119,500
	2016Q4	146,601	123,534	140,489	137,606	121,756
Semi-detached	2017Q1	199,261	167,082	195,139	201,294	163,584
	2016Q4	203,823	170,365	196,975	206,756	166,655
Detached	2017Q1	302,643	237,222	266,202	292,980	270,029
	2016Q4	309,526	242,252	271,745	299,349	276,384

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 first quarter of 2017, the volume of sales was 1,217, an increase of 4.0% from the previous quarter and an increase of 8.1% compared with the volume of sales a year ago (2016Q1)
- The sales volume of flats increased by 7.5%, the sales volume of semi-detached houses decreased by 1.6%, and the sales volume of detached houses increased by 7.5%.

Figure 2: Volume of sales from 2012Q1 to the current quarter

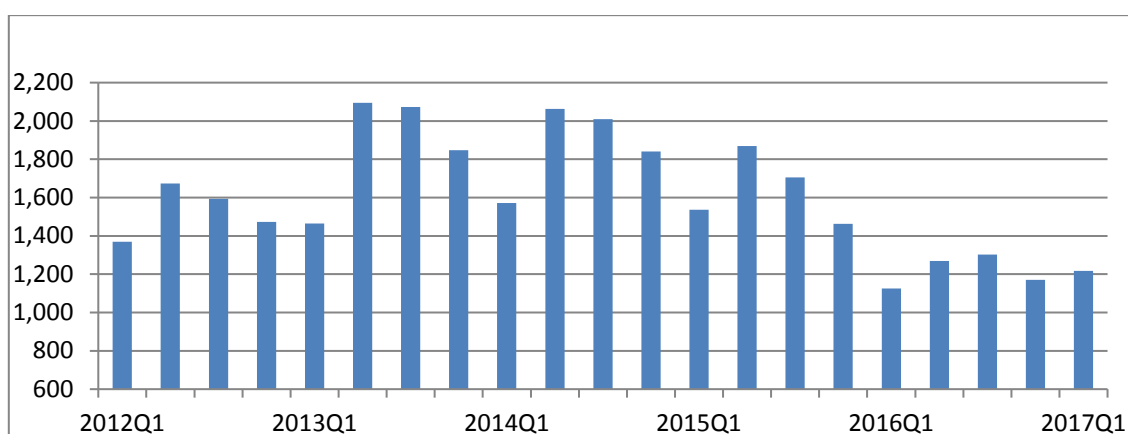


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2017Q1	402	443	372
2016Q4	374	450	346
Percentage change	7.5	-1.6	7.5

Comment by John MacRae

The first quarter figures for 2017 continue to show the effect of the background economic situation on our local housing market. There are some indications, however, that we are about to commence a slow recovery. Firstly, there is anecdotal evidence from member firms that more transactions are taking place and a feeling that the market reached bottom during 2016 and has, since about mid-2016, stabilised and, perhaps, slightly improved. The anecdotal evidence from members is fortified by the volume of sales figures and, in the first quarter of 2017, sales volume increased by 4%

compared to the last quarter of 2016 and, perhaps more significantly, increased by 8% compared with the volume of sales in the first quarter of 2016. Beyond our own local economic difficulties, colleagues in the rest of Scotland confirm that while their markets are reasonably buoyant, they are noticing a Brexit effect in that there is slightly less activity than they would expect. It seems that the general background, economic and political, both nationally and internationally, is slightly depressing confidence.

It will be interesting to see the second quarter's figures because, if they continue the recent trend, we may start to feel some optimism that there is a slight, but steady, recovery taking place.

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.