

ABERDEEN HOUSING MARKET REPORT

SECOND QUARTER 2015

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the second 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.

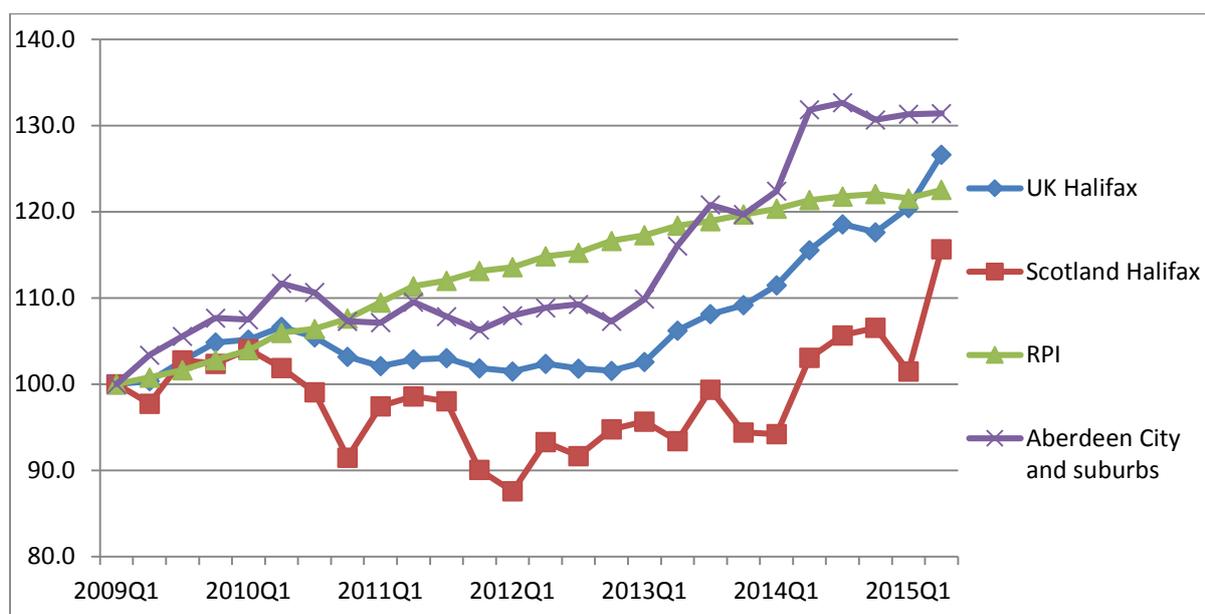
- In the second quarter of 2015, house prices in Aberdeen City and suburbs increased by 0.1%. Over the same period, house prices in Scotland increased by 8.5% and increased by 3.3% in the UK.
- The annual house price change in Aberdeen City and suburbs is -0.3%. The annual house price change is 12.2% in Scotland and 9.6% 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 3.5% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2015Q2	Annual price change 2014Q2 to 2015Q2	Annualised price change over 5 years 2010Q2 to 2015Q2
Aberdeen City and suburbs	0.1	-0.3	3.3
Ellon	1.1	0.0	2.1
Inverurie	-0.3	-0.7	2.7
Stonehaven	0.2	0.4	3.7
Other country areas	1.0	1.0	0.1
Scotland (Halifax)	8.5	12.2	2.6
UK (Halifax)	3.3	9.6	3.5
Retail Price Index (ONS)	0.8	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 2015Q2 (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.

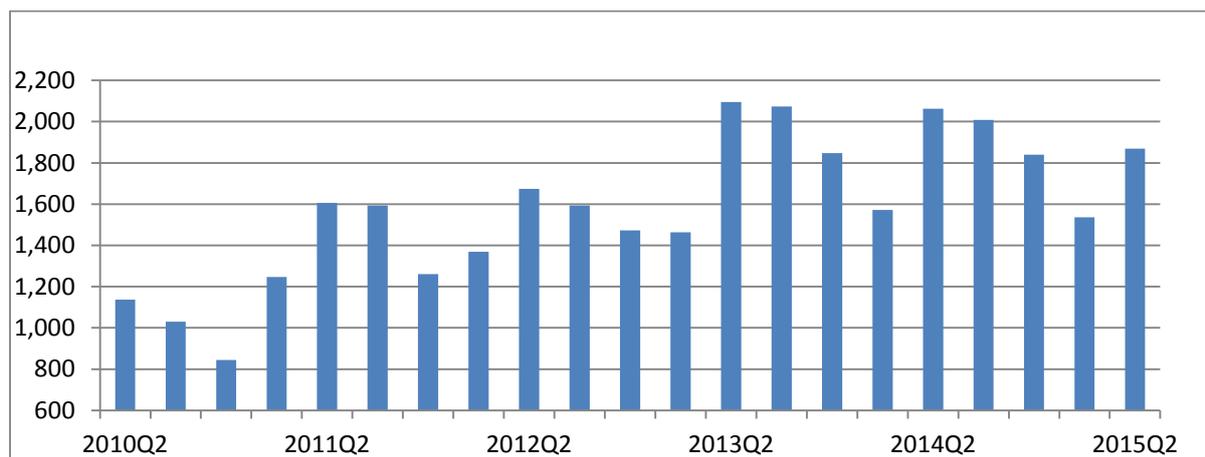
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2015Q2	£167,589	£142,772	£151,870	£150,840	£140,691
	2015Q1	£167,586	£142,646	£149,562	£150,193	£140,320
Semi-detached	2015Q2	£231,904	£183,753	£218,416	£227,135	£189,641
	2015Q1	£231,758	£181,812	£219,026	£226,641	£187,821
Detached	2015Q2	£355,782	£277,049	£305,199	£344,953	£318,688
	2015Q1	£354,147	£277,795	£304,525	£346,076	£319,243

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 2010Q2 to the current quarter



In the second quarter of 2015, the volume of sales was 1,869, an increase of 21.7% from the previous quarter and a decrease of 9.4% compared with the volume of sales a year ago (2014Q2).

- The sales volume of flats increased by 29.1%, the sales volume of semi-detached houses increased by 23.3%, and the sales volume of detached houses increased by 19.6%.

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

Period	Flat	Semi-Detached	Detached
	691	640	538
2015Q1	567	519	450
Percentage change	29.1%	23.3%	19.6%

Comment by John MacRae

The second quarter figures show that, generally, prices in Aberdeen and the surrounding area remained more or less static. The volume of sales in the second quarter increased by 21.7% compared to the first quarter (which is expected) but decreased by 9.4% compared with the second quarter of 2014. Everyone who lives and works in this area will be aware of the difficulties facing the oil industry and the direct correlation between the health of the oil industry and the health of the local housing market. Second quarter figures for 2015 tend to indicate that the difficulties being experienced in the oil industry are filtering through and having some mitigating effect on the level of activity in the area. There should not be too much read into that, however, as there are positive factors, such as low mortgage rates, competition amongst lenders and activity in the market for flats which give cause for optimism. While some effect is evident it appears to be more on volume than price.

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.