

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2014

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the first 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.

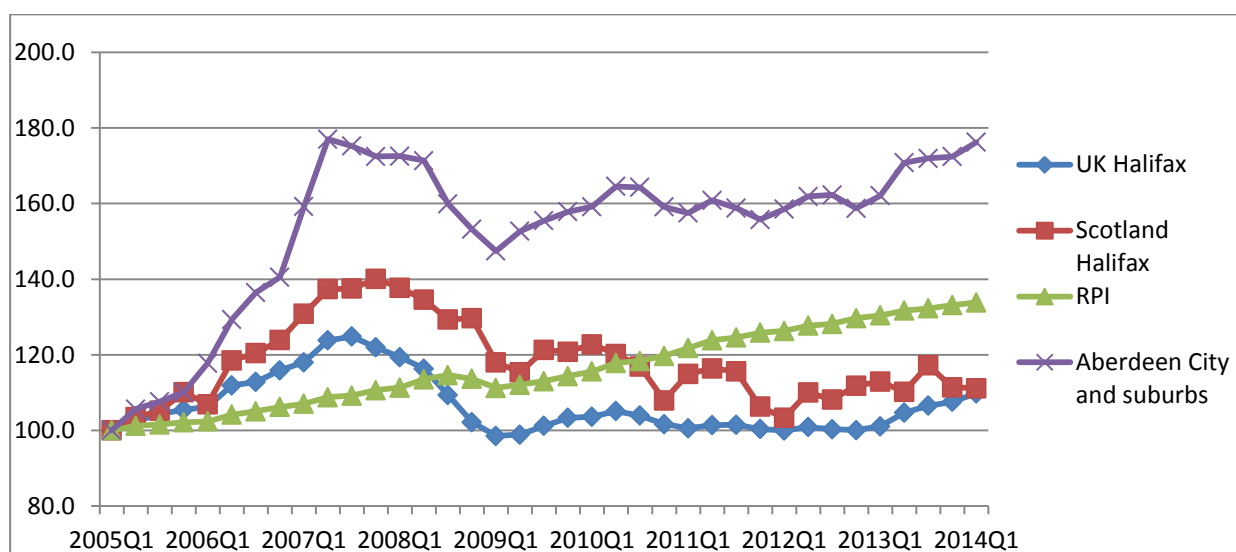
- In the first quarter of 2014, house prices in Aberdeen City and suburbs increased by 2.2%. Over the same period, house prices in Scotland decreased by 0.9% and increased by 2.3% in the UK.
- The annual house price change in Aberdeen City and suburbs is 8.7%. The annual house price change is -1.5% in Scotland and 8.7% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is 3.6%. The annualised house price change over the same period is -1.2% in Scotland and 2.2% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2014Q1	Annual price change 2013Q1 to 2014Q1	Annualised price change over 5 years 2009Q1 to 2014Q1
Aberdeen City and suburbs	2.2%	8.7%	3.6%
Ellon	2.0%	5.9%	2.9%
Inverurie	2.2%	5.8%	2.9%
Stonehaven	3.5%	11.8%	3.0%
Other country areas	2.0%	5.7%	1.4%
Scotland (Halifax)	-0.9%	-1.5%	-1.2%
UK (Halifax)	2.3%	8.7%	2.2%
Retail Price Index (ONS)	0.6%	2.6%	3.8%

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 2005Q1 to 2014Q1 (2005Q1=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.

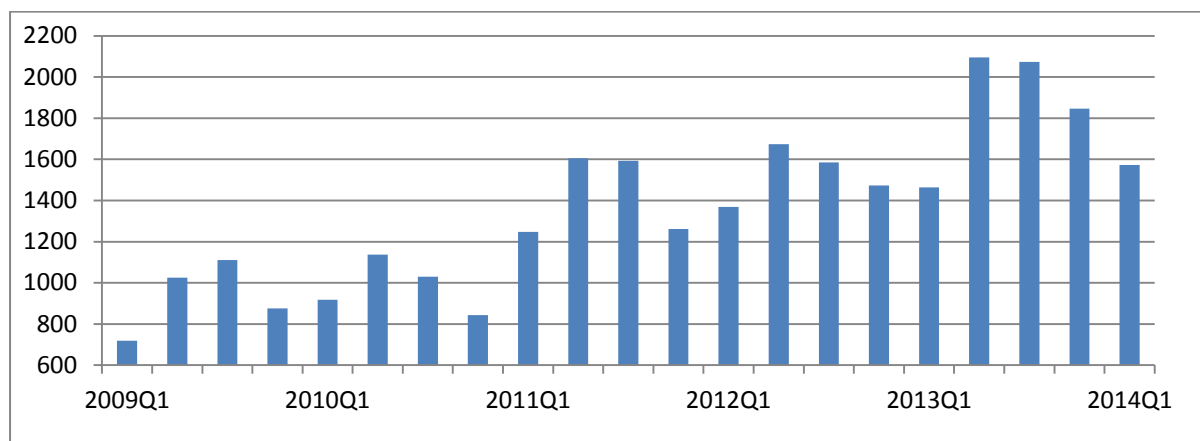
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2014Q1	£156,759	£142,057	£139,633	£146,251	£132,067
	2013Q4	£154,044	£143,594	£137,135	£144,005	£129,403
Semi-detached	2014Q1	£210,472	£170,857	£196,870	£196,974	£179,758
	2013Q4	£205,962	£167,482	£192,599	£190,264	£176,179
Detached	2014Q1	£335,354	£261,752	£291,768	£313,163	£310,881
	2013Q4	£329,978	£257,659	£286,227	£307,054	£304,760

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 2008Q4 to the current quarter



- In the first quarter of 2014, the volume of sales was 1572, a decrease of 14.9% from the previous quarter and an increase of 7.4% compared with the volume of sales a year ago (2013Q1).
- The sales volume of flats decreased by 9.9%, the sales volume of semi-detached houses decreased by 17.1%, and the sales volume of detached houses decreased by 18.2%.

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

Period	Flat	Semi-Detached	Detached
2014Q1	591	501	480
2013Q4	656	604	587
Percentage change	-9.9%	-17.1%	-18.2%

Comment by John MacRae

The first quarter figures for 2014 continue the trend shown in 2013, namely the Aberdeen market is still moving forward and is in robust health. Nearly all the areas show growth in house prices over the last 15 months and this is undoubtedly due to the strong local economy backed up by improvement in the general economic outlook nationally. Freer availability of mortgage funds is also responsible.

While other areas of Scotland are now showing growth, the gap between the average price in this area and other areas remains wide.

As is normal in the first quarter, the volume of transactions is slightly down compared to the last quarter of 2013 but that can be explained firstly, as a normal characteristic of the first quarter and secondly, as a result of the fourth quarter of 2013 having been exceptionally busy

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.