

ABERDEEN HOUSING MARKET REPORT

SECOND QUARTER 2013

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the second quarter of 2013. 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.

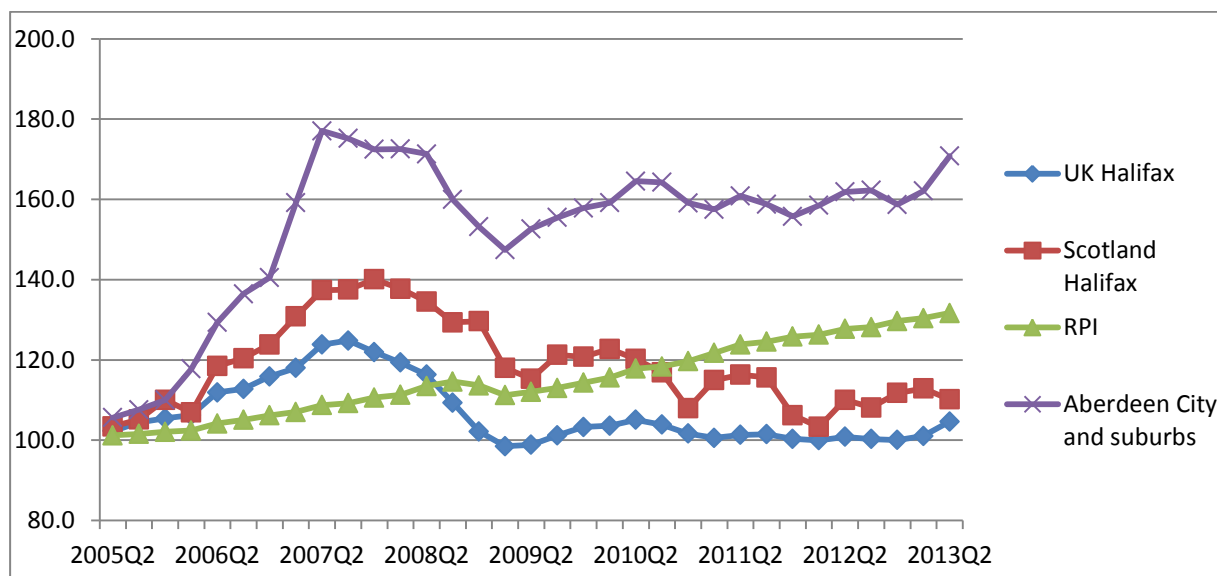
- In the second quarter of 2013, house prices in Aberdeen City and suburbs increased by 5.4%. Over the same period, house prices in Scotland decreased by 3.3% and increased by 2.1% in the UK.
- The annual house price change in Aberdeen City and suburbs is 5.5%. The annual house price change is 0.1% in Scotland and 3.7% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is -0.1%. The annualised house price change over the same period is -3.9% in Scotland and -2.1% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2013Q2	Annual price change 2012Q2 to 2013Q2	Annualised price change over 5 years 2008Q2 to 2013Q2
Aberdeen City and suburbs	5.4%	5.5%	-0.1%
Ellon	3.3%	3.3%	-0.3%
Inverurie	2.6%	2.9%	-0.4%
Stonehaven	5.6%	3.6%	-1.3%
Other country areas	4.2%	1.7%	-1.7%
Scotland (Halifax)¹	-3.3%	0.1%	-3.9%
UK (Halifax)¹	2.1%	3.7%	-2.1%
Retail Price Index (ONS)	1.0%	3.1%	3.0%

¹http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp. 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 2013Q2 (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.

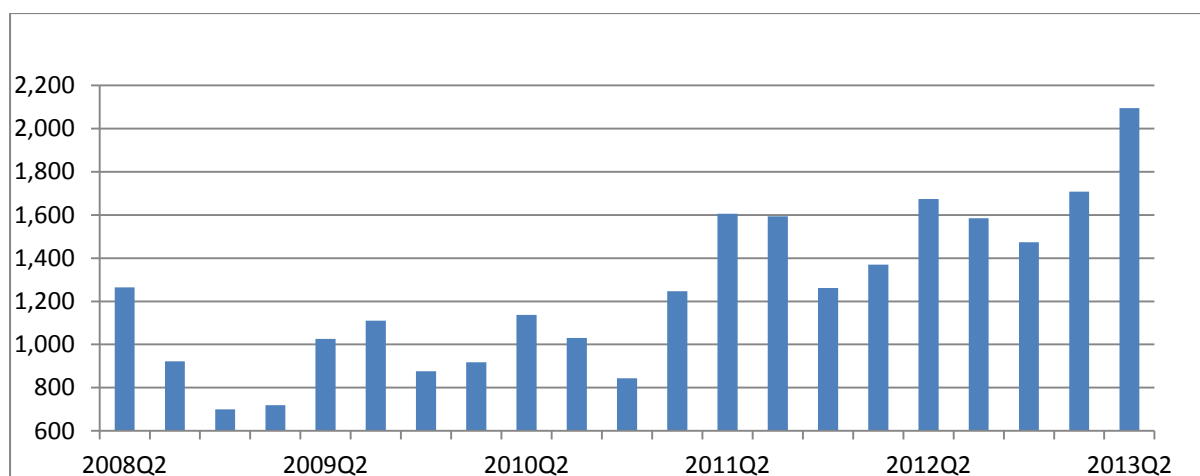
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2013Q2	£152,540	£142,220	£136,837	£141,810	£128,196
	2013Q1	£145,640	£132,540	£130,088	£136,099	£121,736
Semi-detached	2013Q2	£204,021	£166,587	£190,795	£186,108	£177,101
	2013Q1	£193,623	£161,276	£186,000	£176,168	£170,040
Detached	2013Q2	£326,734	£255,811	£280,223	£301,516	£304,688
	2013Q1	£313,297	£246,703	£267,122	£286,227	£291,531

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 2008Q2 to the current quarter



- In the second quarter of 2013, the volume of sales was 2,095, an increase of 22.7% from the previous quarter and an increase of 25.1% compared with the volume of sales a year ago (2012Q2).
- The sales volume of flats increased by 53.8%, the sales volume of semi-detached houses increased by 24.3%, and the sales volume of detached houses decreased by 2.3%.

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

Period	Flat	Semi-Detached	Detached
2013Q2	752	717	626
2013Q1	489	577	641
Percentage change	53.8%	24.3%	-2.3%

Comment by John MacRae

The figures for the second quarter are something of a surprise. Anecdotal evidence suggested that the market was continuing to recover levels of volume not seen since before the banking crisis but the second quarter figures have surprised both in price and volume. A quarterly increase of 5.4% in price in the City and Suburbs is substantial and contrasts sharply with figures in Scotland and the United Kingdom.

Of equal interest to those involved in the property market is the increase in volume, particularly the increase in volume in numbers of flats sold. An increase of almost 54% indicates that the lower end of the market is showing a significant increase in activity. With the growing level of volume, there is every expectation that the increase will percolate further up the 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.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.