ABERDEEN HOUSING MARKET REPORT
FOURTH QUARTER 2012

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the fourth quarter of 2012. 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 fourth quarter of 2012, house prices in Aberdeen City and suburbs decreased by 2.2%. Over the same period, house prices in Scotland increased by 6.7% and increased by 0.6% in the UK.

- The annual house price change in Aberdeen City and suburbs is 1.9%. The annual house price change is 5.2% in Scotland and -0.3% in the UK.

- The annualised house price change over five years in Aberdeen City and suburbs is -1.6%. The annualised house price change over the same period is -4.4% in Scotland and -3.9% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2012Q4	Annual price change 2011Q4 to 2012Q4	Annualised price change over 5 years 2007Q4 to 2012Q4
Aberdeen City and suburbs	**-2.2%**	**1.9%**	**-1.6%**
Ellon	-1.9%	0.6%	-1.1%
Inverurie	-3.5%	-0.5%	-1.6%
Stonehaven	-2.2%	-0.4%	-2.7%
Other country areas	-4.0%	-0.6%	-2.8%
Scotland (Halifax)[1]	6.7%	5.2%	-4.4%
UK (Halifax)[1]	0.6%	-0.3%	-3.9%
Retail Price Index (ONS)	1.2%	3.1%	3.2%

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[1]http://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 2012Q4 (2005Q1=100).
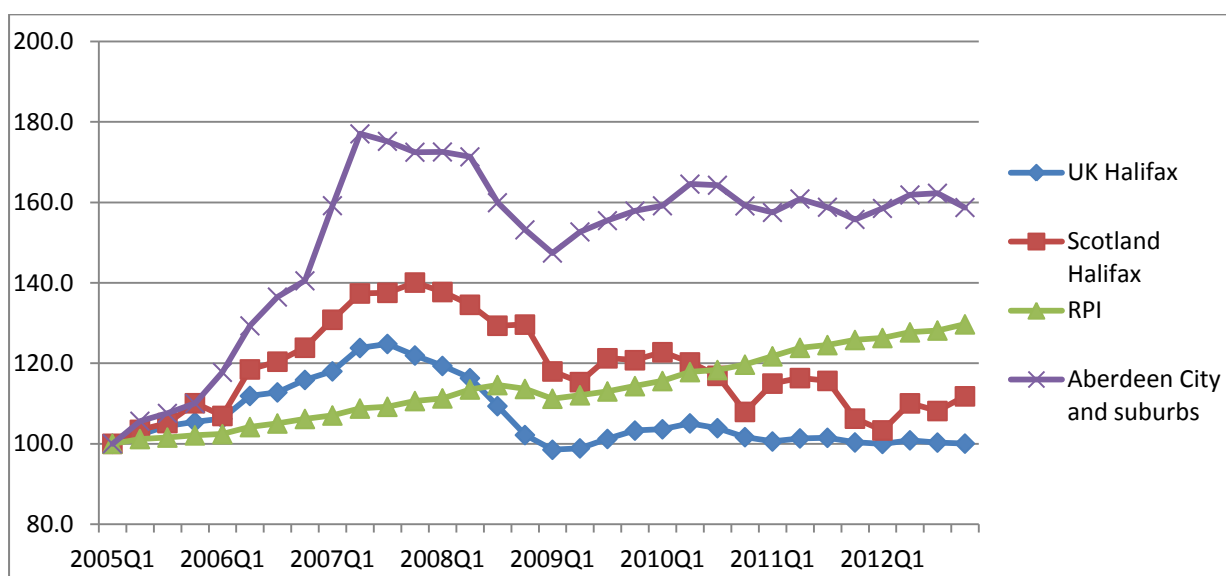
Level of prices

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	**2012Q4**	**£142,289**	**£125,557**	**£126,018**	**£133,172**	**£121,487**
	2012Q3	£145,665	£126,874	£129,113	£135,353	£124,602
Semi-detached	**2012Q4**	**£189,594**	**£159,513**	**£179,951**	**£172,968**	**£167,502**
	2012Q3	£193,841	£162,547	£186,418	£176,935	£174,419
Detached	**2012Q4**	**£306,290**	**£240,278**	**£263,159**	**£279,305**	**£286,376**
	2012Q3	£312,677	£245,528	£270,614	£286,530	£294,227

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 2007Q4 to the current quarter
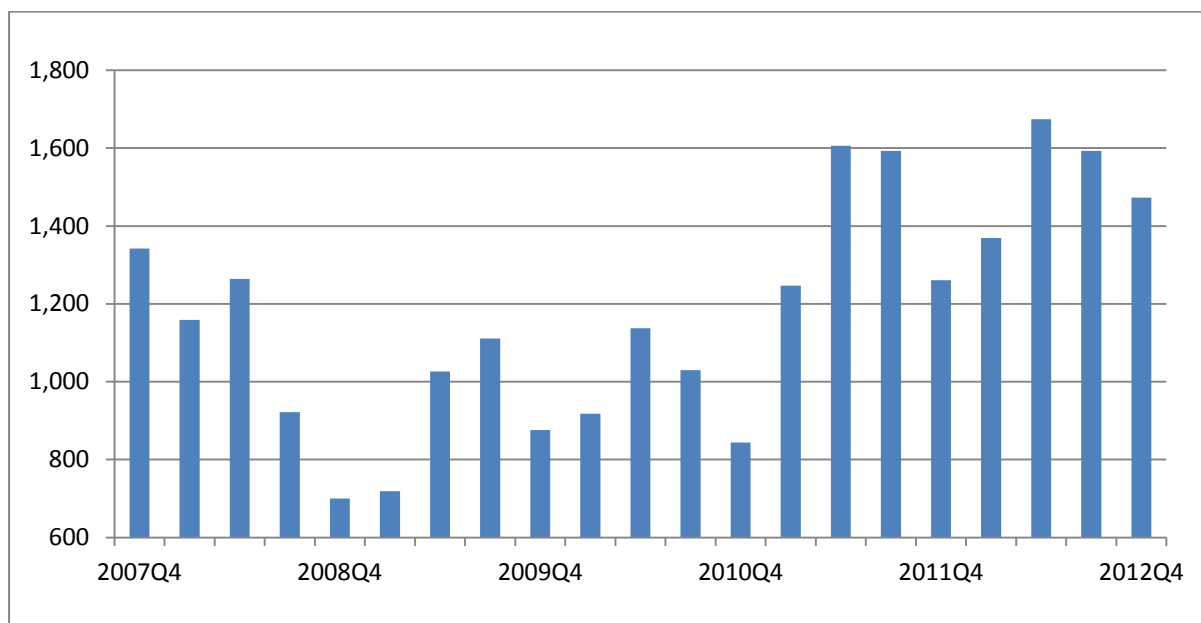
- In the fourth quarter of 2012, the volume of sales was 1473, a decrease of 7.1% from the previous quarter and an increase of 16.8% compared with sales volume a year ago (2011Q4).

- The sales volume of flats decreased by 5.4%, the sales volume of semi-detached houses decreased by 7.3%, and the sales volume of detached houses decreased by 10.5%.

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

Period	Flat	Semi-Detached	Detached
2012Q4	**548**	**509**	**416**
2012Q3	579	549	465
Percentage change	-5.4%	-7.3%	-10.5%

Comment by John MacRae

The figures for the fourth quarter in most years tend to show a decrease compared to the preceding quarter because of seasonal fluctuations. The market is generally somewhat subdued in the first and last quarters of each year. It is more pertinent to compare year on year, perhaps, and in this respect the last quarter of 2012 was better than the same quarter in 2011. The main point to take from the fourth quarter figures is the overall volume of activity in 2012 which was slightly greater than the activity in 2011 and, in my view, demonstrates that our local market is steadily, but slowly, regaining health.

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.