

ABERDEEN HOUSING MARKET REPORT

THIRD QUARTER 2012

Change in house prices

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

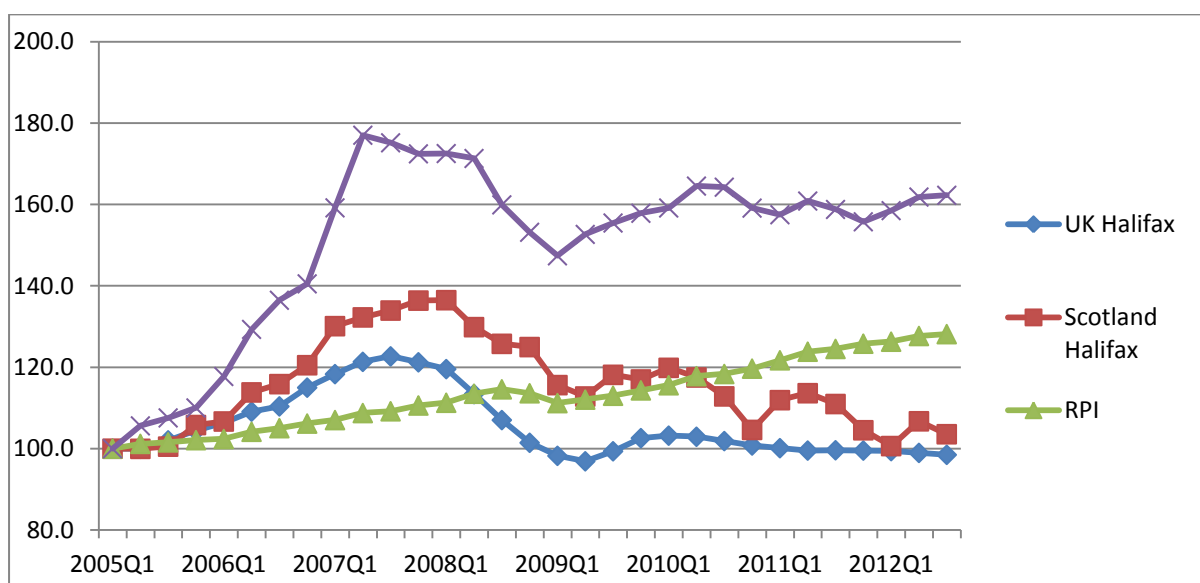
- In the third quarter of 2012, house prices in Aberdeen City and suburbs increased by 0.3%. Over the same period, house prices in Scotland decreased by 3.0% and decreased by 0.5% in the UK.
- The annual house price change in Aberdeen City and suburbs is 2.2%. The annual house price change is -6.5% in Scotland and -1.2% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is -1.5%. The annualised house price change over the same period is -4.7% in Scotland and -4.3% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2012Q3	Annual price change: 2011Q3 to 2012Q3	Annualised price change over 5 years: 2007Q3 to 2012Q3
Aberdeen City and suburbs	0.3%	2.2%	-1.5%
Ellon	0.8%	1.5%	-1.1%
Inverurie	0.5%	0.3%	-1.3%
Stonehaven	-1.5%	-0.6%	-2.6%
Other country areas	0.1%	1.7%	-2.3%
Scotland (Halifax)¹	-3.0%	-6.5%	-4.7%
UK (Halifax)¹	-0.5%	-1.2%	-4.3%
Retail Price Index (ONS)	0.4%	2.9%	3.3%

¹http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp. The annualised price change over 5 years is calculated using the unadjusted Halifax index values.

Figure 1: House price indices for Aberdeen City and suburbs, Scotland, UK, and Retail Price Index from 2005Q1 to 2012Q3 (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.

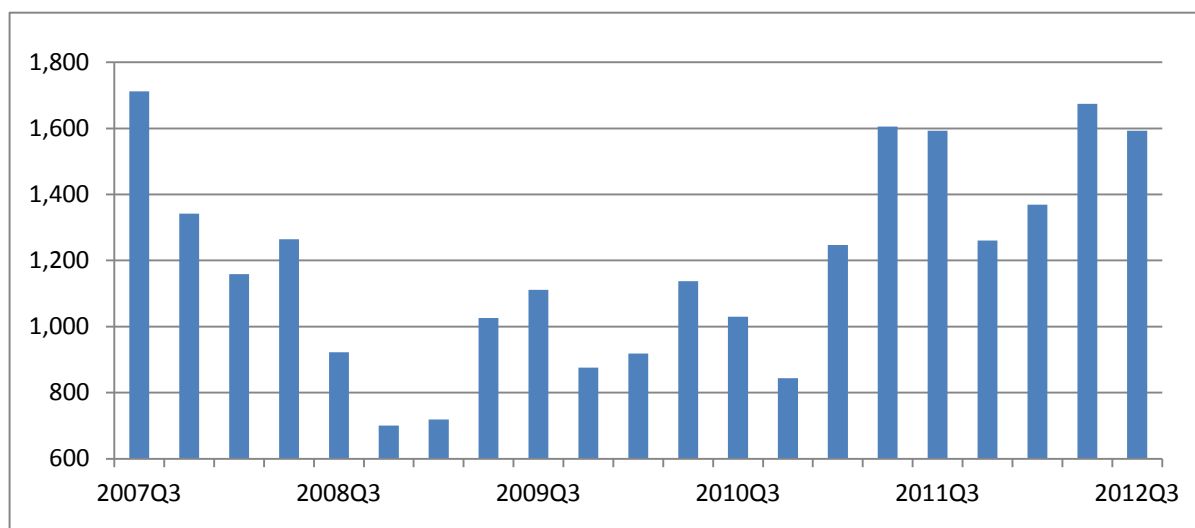
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2012Q3	£145,665	£126,874	£129,113	£135,353	£124,602
	2012Q2	£145,222	£126,440	£127,805	£134,562	£123,191
Semi-detached	2012Q3	£193,841	£162,547	£186,418	£176,935	£174,419
	2012Q2	£193,334	£161,320	£185,482	£179,603	£174,160
Detached	2012Q3	£312,677	£245,528	£270,614	£286,530	£294,227
	2012Q2	£310,678	£246,305	£270,827	£282,754	£292,981

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 2007Q3 to the current quarter



- In the third quarter of 2012, the volume of sales was 1593, a decrease of 4.8% from the previous quarter and the same volume as in the same quarter a year ago (2011Q3).
- The sales volume of flats decreased by 0.2%, the sales volume of semi-detached houses decreased by 8.0%, and the sales volume of detached houses decreased by 6.4%.

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

Period	Flat	Semi-Detached	Detached
2012Q3	579	549	465
2012Q2	580	597	497
Percentage change	-0.2%	-8.0%	-6.4%

Comment by John MacRae

The figures for the first three quarters of this year, regarding volume of sales, indicate that 2012 is very much in line with 2011, while both of those were significantly higher in volume than 2010, 2009 and 2008. The volume of sales indicates that the local market is operating at what may be regarded in the current climate as its normal level. Given the current economic circumstances, the local market is holding up reasonably well.

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.