

## ABERDEEN HOUSING MARKET REPORT SECOND QUARTER 2017

### Change in house prices

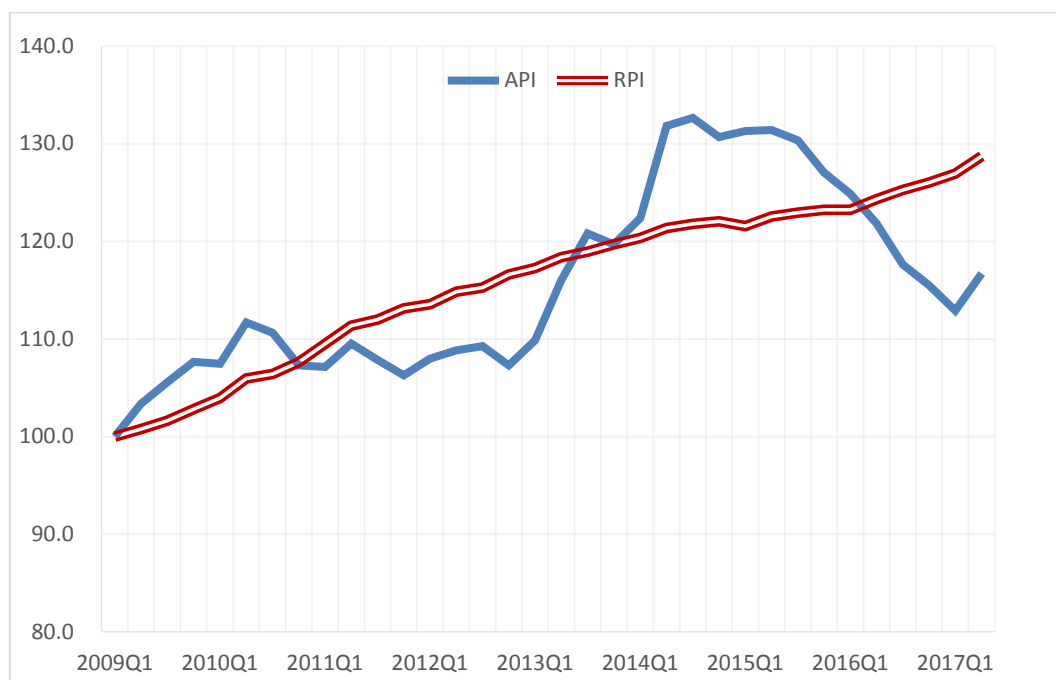
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the second quarter of 2017. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is 3.4%.
- The annual house price change in Aberdeen City and suburbs is -4.2%.
- The annualised house price change over five years in Aberdeen City and suburbs is 1.4%.

**Table 1: Change in house prices and retail price index in percent.**

	Quarterly price change 2017Q2	Annual price change 2016Q2 to 2017Q2	Annualised price change over five years 2012Q2 to 2017Q2
<b>Aberdeen City and suburbs</b>	<b>3.4</b>	<b>-4.2</b>	<b>1.4</b>
<b>Ellon</b>	4.3	-2.6	1.7
<b>Inverurie</b>	4.0	-1.3	2.0
<b>Stonehaven</b>	3.3	-4.3	2.5
<b>Other country areas</b>	0.0	-6.4	-1.9
<b>Retail Price Index (ONS)</b>	1.4	3.6	2.3

**Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2017Q2 (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 current and previous quarter**

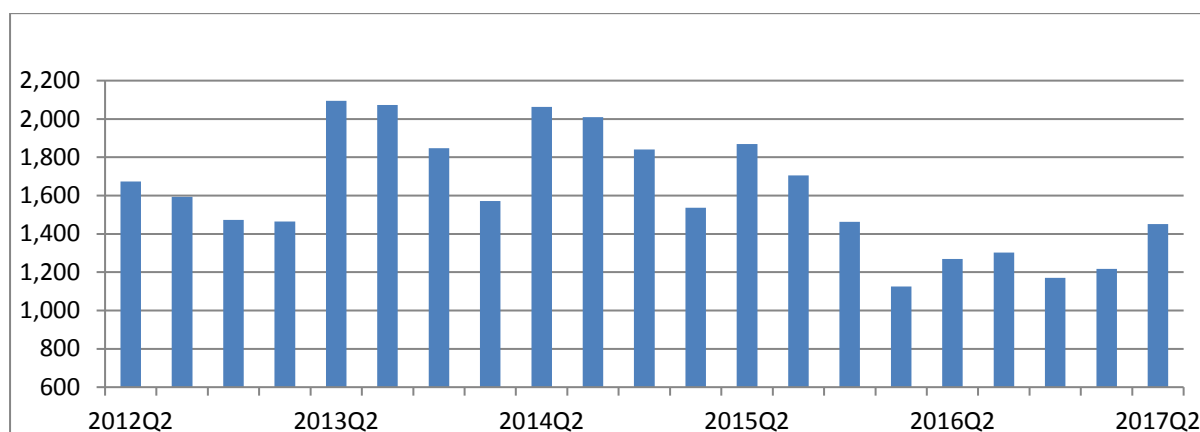
Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2017Q2	148,055	126,538	143,802	140,928	120,691
	2017Q1	142,985	121,398	137,507	135,208	119,500
Semi-detached	2017Q2	206,009	174,345	203,039	207,902	163,535
	2017Q1	199,261	167,082	195,139	201,294	163,584
Detached	2017Q2	314,376	248,085	273,750	302,490	273,368
	2017Q1	302,643	237,222	266,202	292,980	270,029

## 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.

- In the second quarter of 2017, the volume of sales was 1,451, an increase of 19.2% from the previous quarter and an increase of 14.3% compared with the volume of sales a year ago (2016Q2)
- The sales volume of flats increased by 7.2%, the sales volume of semi-detached houses increased by 21.9%, and the sales volume of detached houses increased by 29.0%.

**Figure 2: Volume of sales from 2012Q2 to the current quarter**



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

Period	Flat	Semi-Detached	Detached
2017Q2	431	540	480
2017Q1	402	443	372
Percentage change	7.2	21.9	29.0

## Comment by John MacRae

The second quarter figures for the Aberdeen area housing market are, for the first time in quite a while, mildly encouraging although not all the news is on the positive side. The good news is that volume of sales per quarter in Aberdeen and Aberdeenshire increased by 19.2% compared to the first quarter of this year but, more significantly, showed an increase of 14.3% compared with the second quarter of 2016. The volume of flats sold increased by 7.2%. The volume of semi-detached houses increased by 21.9% and the volume of detached houses improved by 29%.

Ordinarily, such figures would cause considerable satisfaction, but these figures have to be set in the context of comparing this year with 2016 and taking into account that 2016 was the fourth year of a steady reduction in volume of sales in our area. Nevertheless, having seen the first two quarters of this year show an improvement, the effect has to be mildly encouraging and reassuring. These figures back up the anecdotal evidence amongst the Solicitor profession that things have been slightly better than they were last year and, if the trend continues, we may be seeing the start of a gradual recovery in our local market.

We should not get too far ahead of ourselves, however, because increasing stability in the oil industry, which is beneficial to our area, has to be set against the national and international news background which can lead to a lack of confidence in consumers. We are certainly not out of the woods yet but this may well be the year that we saw our market start to pick up.

## 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.<sup>1</sup> 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/crer.php#-nbspaberndeen-house-price-indexnbsp->

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<sup>1</sup> 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.