

# ABERDEEN HOUSING MARKET REPORT

## FOURTH QUARTER 2017

### Change in house prices

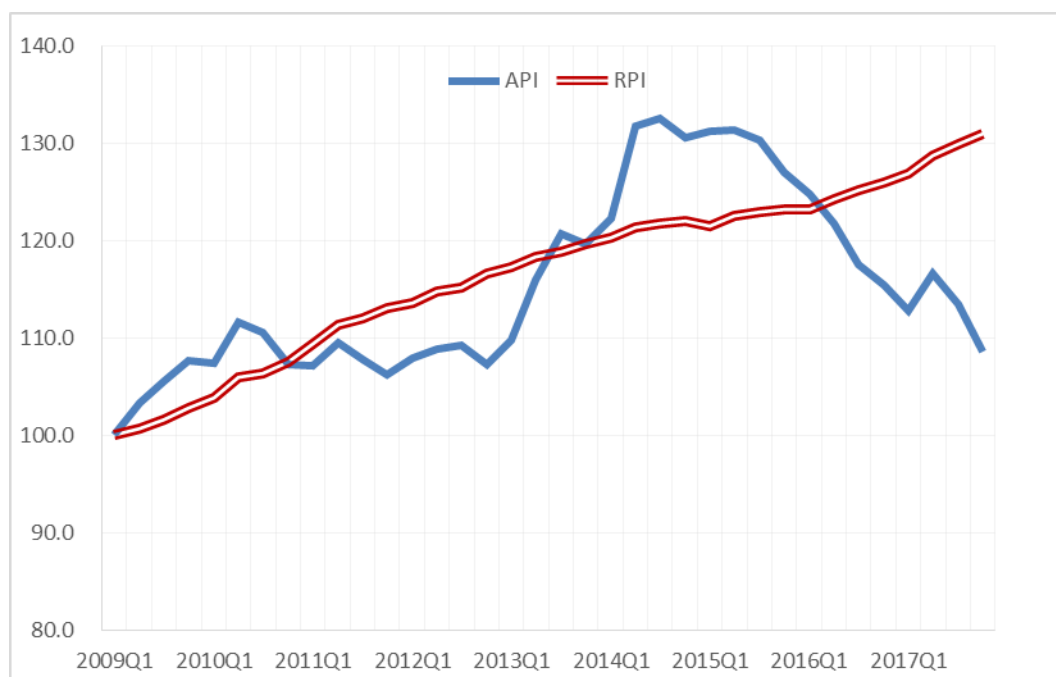
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the fourth quarter of 2017. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -4.4%.
- The annual house price change in Aberdeen City and suburbs is -6.0%.
- The annualised house price change over five years in Aberdeen City and suburbs is 0.2%.

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

	Quarterly price change 2017Q4	Annual price change 2016Q4 to 2017Q4	Annualised price change over five years 2012Q4 to 2017Q4
<b>Aberdeen City and suburbs</b>	<b>-4.4</b>	<b>-6.0</b>	<b>0.2</b>
<b>Ellon</b>	-4.8	-3.2	0.7
<b>Inverurie</b>	-5.0	-4.4	0.9
<b>Stonehaven</b>	-3.5	-5.1	2.0
<b>Other country areas</b>	-3.6	-7.6	-2.6
<b>Retail Price Index (ONS)</b>	0.8	4.0	2.4

**Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2017Q4 (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**

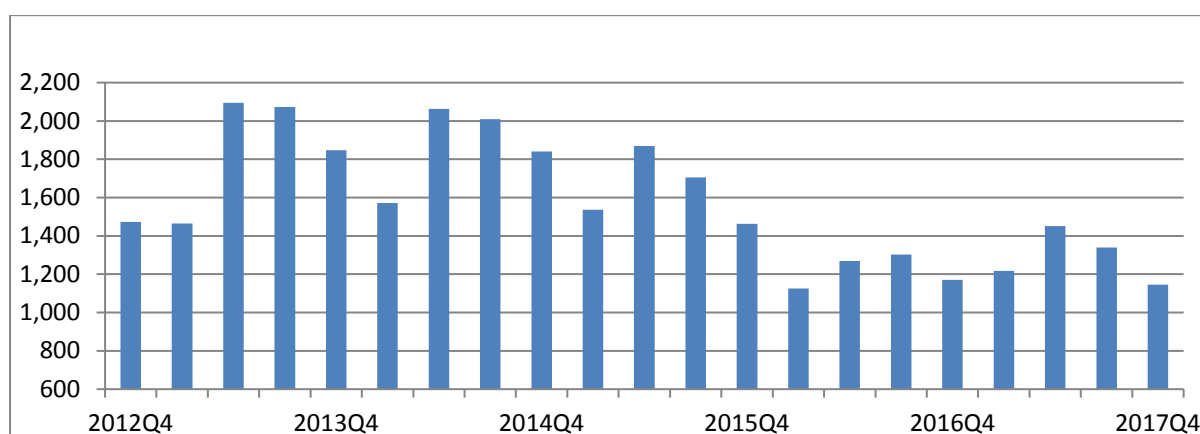
Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2017Q4	136,825	118,682	136,246	132,928	113,251
	2017Q3	143,796	124,169	141,294	139,289	118,519
Semi-detached	2017Q4	191,653	164,880	188,353	196,314	153,945
	2017Q3	200,429	173,152	198,252	203,398	159,762
Detached	2017Q4	291,630	230,935	258,984	278,654	254,126
	2017Q3	306,642	241,378	267,302	294,492	265,332

## 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 fourth quarter of 2017, the volume of sales was 1,145, a decrease of 14.5% from the previous quarter and a decrease of 2.1% compared with the volume of sales a year ago (2016Q4)
- The sales volume of flats decreased by 12.9%, the sales volume of semi-detached houses decreased by 22.0%, and the sales volume of detached houses decreased by 5.4%.

**Figure 2: Volume of sales from 2012Q4 to the current quarter**



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

Period	Flat	Semi-Detached	Detached
2017Q4	337	437	371
2017Q3	387	560	392
Percentage change	-12.9	-22.0	-5.4

## Comment by John MacRae

The first three quarters of 2017 gave some cause for guarded optimism that perhaps the bottom of our market had been reached in 2016 and, while things were certainly not improving quickly, there had been a slight increase in both volume of sales and total value of sales during the year.

The fourth quarter of 2017 (traditionally, the worst quarter in each year) does show that, despite earlier improvement in 2017, the local market is still at a comparatively low level of activity.

Overall, however, 2017 saw increased activity compared to the previous year - the figures for total number of sales in 2017 was higher, an increase of 6% compared to 2016. In addition the average value of property sold during 2017 increased by 1%. The increase in volume is the significant matter, I am not expecting much in the way of increase in price for some time yet.

The national economic background is improving and our local economic background is also showing improvement. There have been, in the last few months, one or two encouraging reports of increased investment by operators in the North Sea and oil prices have risen. The small improvement, in our local housing market, shown throughout 2017, may grow into something slightly more significant in 2018. There are some signs, at practitioner level, indicating that there is a reasonable prospect that the worst may be behind us. Any improvement will be modest and may take several years. Sellers will need to be realistic for price achieved but will equally be able to purchase at more realistic prices too.

## 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.