

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2018

Change in house prices

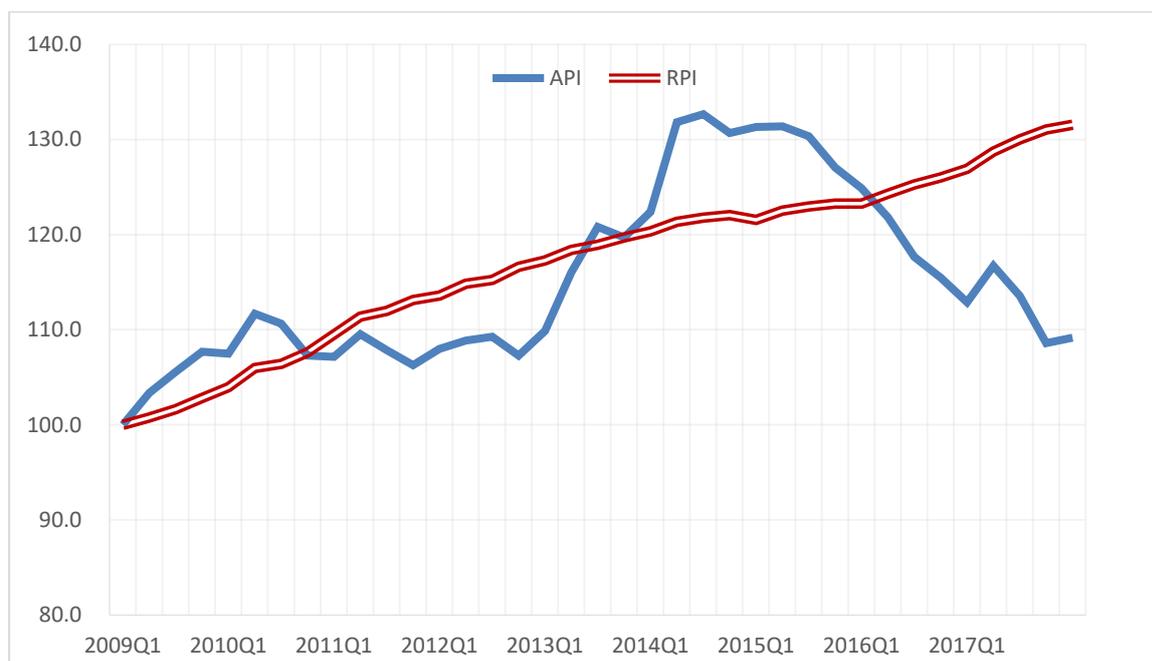
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the first quarter of 2018. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is 0.5%.
- The annual house price change in Aberdeen City and suburbs is -3.3%.
- The annualised house price change over five years in Aberdeen City and suburbs is -0.1%.

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

	Quarterly price change 2018Q1	Annual price change 2017Q1 to 2018Q1	Annualised price change over five years 2013Q1 to 2018Q1
Aberdeen City and suburbs	0.5	-3.3	-0.1
Ellon	-0.4	-1.7	0.4
Inverurie	1.2	-2.3	0.8
Stonehaven	0.7	-1.8	1.9
Other country areas	1.2	-4.7	-2.8
Retail Price Index (ONS)	0.4	3.6	2.3

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2018Q1 (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	2018Q1	137,303	119,903	136,385	133,976	113,835
	2017Q4	136,825	118,682	136,246	132,928	113,251
Semi-detached	2018Q1	192,651	164,291	190,608	197,590	155,837
	2017Q4	191,653	164,880	188,353	196,314	153,945
Detached	2018Q1	293,261	232,377	258,608	278,842	254,666
	2017Q4	291,630	230,935	258,984	278,654	254,126

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 first quarter of 2018, the volume of sales was 1,039, a decrease of 9.3% from the previous quarter and a decrease of 14.6% compared with the volume of sales a year ago (2017Q1)
- The sales volume of flats decreased by 7.4%, the sales volume of semi-detached houses decreased by 3.9%, and the sales volume of detached houses decreased by 17.3%.

Figure 2: Volume of sales from 2013Q1 to the current quarter

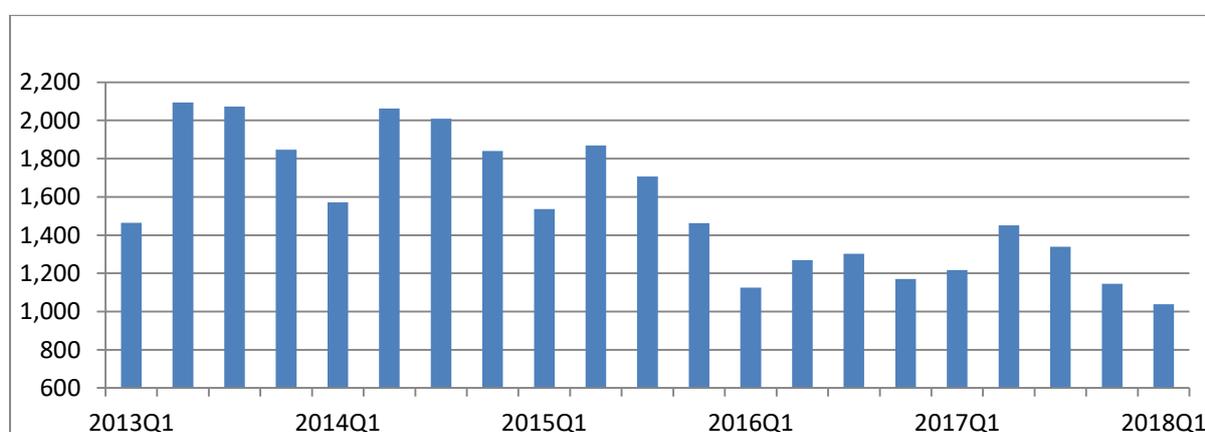


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2018Q1	312	420	307
2017Q4	337	437	371
Percentage change	-7.4	-3.9	-17.3

Comment by John MacRae

The figures from the Centre for Real Estate Research at the University of Aberdeen Business School, utilising a constant quality index and based on data supplied by ASPC, show that our market is still struggling to recover. The constant quality basis reduces volatility in the figures and gives a balanced indication of how we are doing. The details for the first quarter this year show a quarterly increase in price for our area of 0.5%, an annual price drop of -3.3% and a 5 year change of -0.1%.

The first quarter of 2018 has been affected by the prolonged winter and our market has been slow to pick up. This is not unusual. Insertions of properties to ASPC are now running at good levels, and there appears to be anecdotal evidence from member firms that there is an increase in activity.

There are indications that Oil exploration and production in the North Sea will increase in activity, to a modest extent, and there have been rises in the oil price on international markets. I hope these factors will lift the levels of confidence in this area, and encourage prospective purchasers to make their move. Prices in our area are now very competitive and sellers are being realistic. Mortgage rates are at a low level and appear to be relatively stable. This coming quarter could be a good time to buy.

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.¹ 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#-nbspaberdeen-house-price-indexnbsp->

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¹ 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.