

ABERDEEN HOUSING MARKET REPORT SECOND QUARTER 2018

Change in house prices

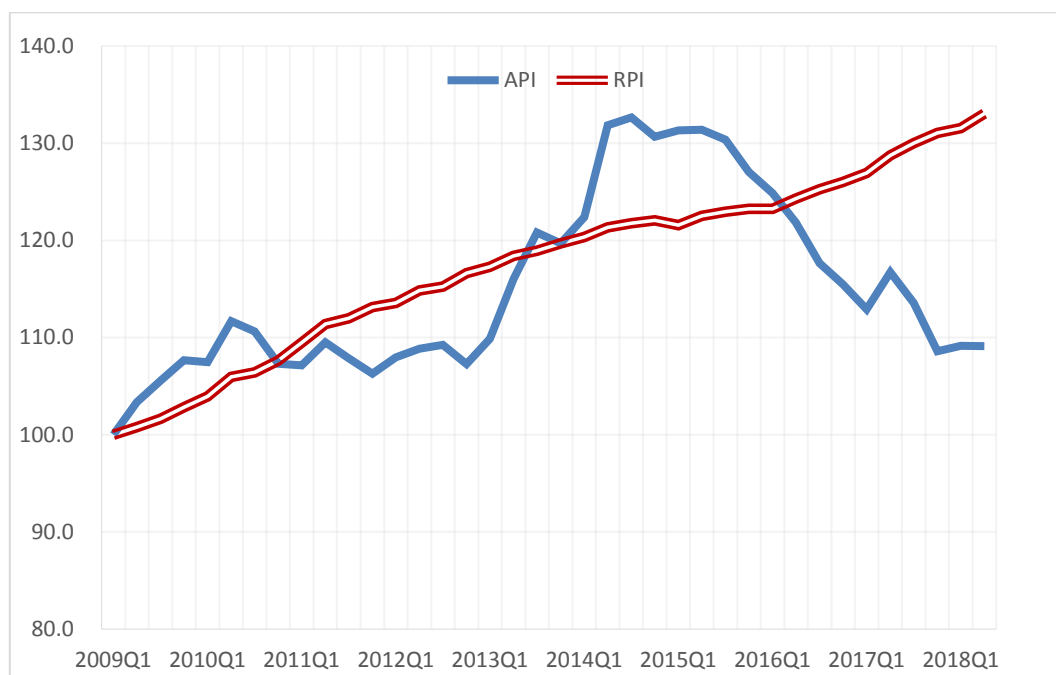
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the second quarter of 2018. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is 0.0%.
- The annual house price change in Aberdeen City and suburbs is -6.5%.
- The annualised house price change over five years in Aberdeen City and suburbs is -1.2%.

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

	Quarterly price change 2018Q2	Annual price change 2017Q2 to 2018Q2	Annualised price change over five years 2013Q2 to 2018Q2
Aberdeen City and suburbs	0.0	-6.5	-1.2
Ellon	0.2	-5.5	-0.3
Inverurie	0.4	-5.8	-0.1
Stonehaven	0.6	-4.4	0.9
Other country areas	0.0	-4.7	-3.6
Retail Price Index (ONS)	1.1	3.4	2.4

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2018Q2 (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	2018Q2	137,102	119,782	136,014	133,705	114,085
	2018Q1	137,303	119,903	136,385	133,976	113,835
Semi-detached	2018Q2	192,600	164,694	191,285	198,766	155,825
	2018Q1	192,651	164,291	190,608	197,590	155,837
Detached	2018Q2	292,308	231,131	258,982	280,055	254,215
	2018Q1	293,261	232,377	258,608	278,842	254,666

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 2018, the volume of sales was 1,270, an increase of 22.2% from the previous quarter and a decrease of 12.5% compared with the volume of sales a year ago (2017Q2)
- The sales volume of flats increased by 25.3%, the sales volume of semi-detached houses increased by 17.4%, and the sales volume of detached houses increased by 25.7%.

Figure 2: Volume of sales from 2013Q2 to the current quarter

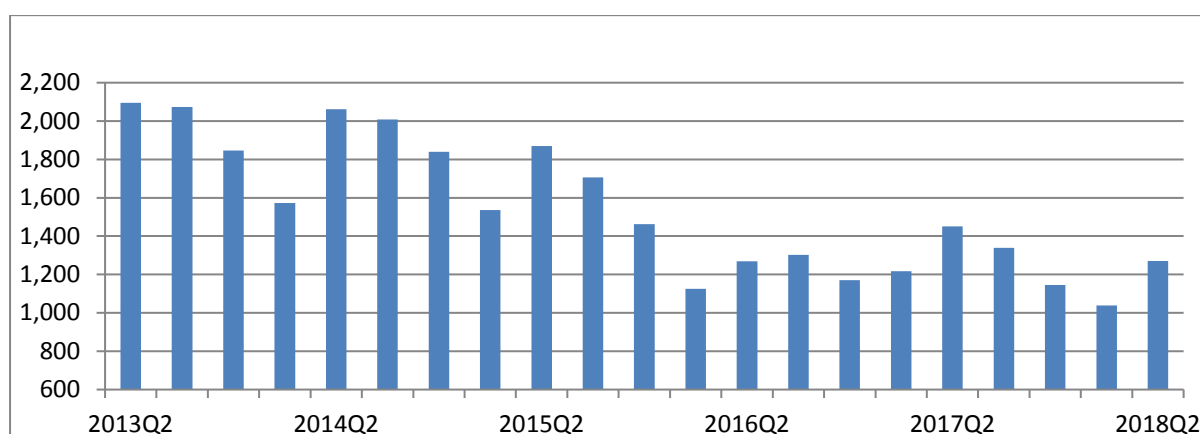


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2018Q2	391	493	386
2018Q1	312	420	307
Percentage change	25.3	17.4	25.7

Comment by John MacRae

The figures from the Centre for Real Estate Research at Aberdeen University Business School, utilising a constant quality index and based on data supplied by ASPC, demonstrate that the local area housing market is still sluggish. The figures indicate that “the change” in Aberdeen City and Suburbs is no change but the trend demonstrated by the annual house price change continues to be negative.

After a poor first quarter, adversely affected by extremely poor weather, there has been an increase in activity, as we would normally expect in the second quarter. Sellers are being more realistic in tying up deals around Home Report valuations in many cases. Confidence in the market seems to be steady as sellers are continuing to place properties on ASPC, with a normal level of insertions being experienced. New insertions are being marketed on realistic values and this is now the time for those who have had a property for sale for some time, to consider with their agent revisiting the Home Report valuation and perhaps taking a realistic view on the market value of their property.

The background economic situation continues to be slightly more optimistic with announcements of additional activity in the North Sea coupled with continuing Brent Crude price levels maintaining a reasonably healthy level.

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->

Contacts for further details:

John MacRae
Chairman
ASPC
18 Bon Accord Square
Aberdeen
Telephone: 01224 596341
www.aspc.co.uk

Dr Rainer Schulz
Centre for Real Estate Research
University of Aberdeen Business School
Edward Wright Building
Dunbar Street, Aberdeen , AB24 3QY
Telephone: 01224 273126
www.abdn.ac.uk/business/research/crer.php
email: r.schulz@abdn.ac.uk

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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.