

ABERDEEN HOUSING MARKET REPORT

THIRD QUARTER 2018

Change in house prices

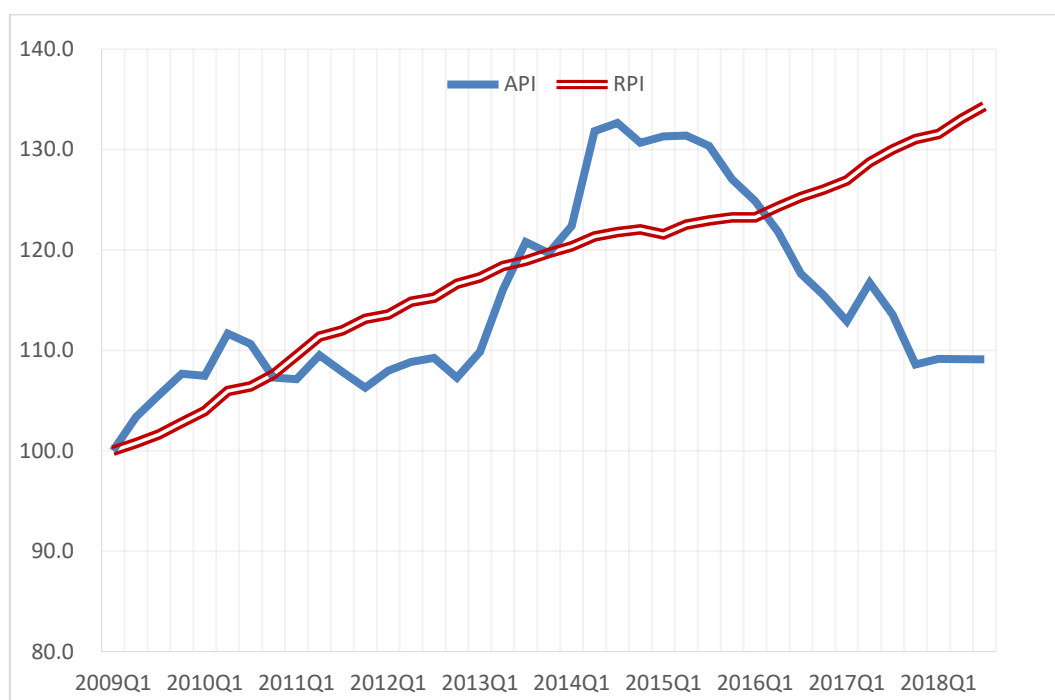
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the third quarter of 2018. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is 0.0%.
- The annual house price change in Aberdeen City and suburbs is -3.9%.
- The annualised house price change over five years in Aberdeen City and suburbs is -2.0%.

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

	Quarterly price change 2018Q3	Annual price change 2017Q3 to 2018Q3	Annualised price change over five years 2013Q3 to 2018Q3
Aberdeen City and suburbs	0.0	-3.9	-2.0
Ellon	1.4	-3.6	-0.1
Inverurie	-0.1	-3.6	-0.8
Stonehaven	-0.4	-2.7	0.1
Other country areas	0.8	-1.7	-2.5
Retail Price Index (ONS)	1.0	3.3	2.5

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2018Q3 (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	2018Q3	135,813	120,608	135,615	133,999	114,443
	2018Q2	137,102	119,782	136,014	133,705	114,085
Semi-detached	2018Q3	192,560	166,989	191,076	197,889	156,999
	2018Q2	192,600	164,694	191,285	198,766	155,825
Detached	2018Q3	290,966	231,199	259,125	288,129	254,690
	2018Q2	292,308	231,131	258,982	280,055	254,215

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 third quarter of 2018, the volume of sales was 1,367, an increase of 7.6% from the previous quarter and an increase of 2.1% compared with the volume of sales a year ago (2017Q3)
- The sales volume of flats decreased by 7.9%, the sales volume of semi-detached houses increased by 14.2%, and the sales volume of detached houses increased by 15.0%.

Figure 2: Volume of sales from 2013Q3 to the current quarter

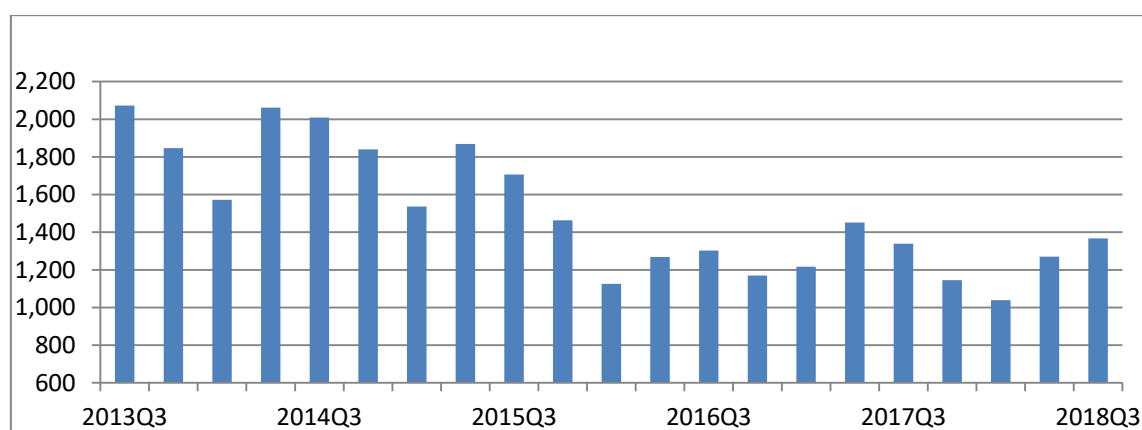


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2018Q3	360	563	444
2018Q2	391	493	386
Percentage change	-7.9	14.2	15.0

Comment by John MacRae

The figures released by the Centre for Real Estate Research at the University of Aberdeen Business School, based on data supplied by ASPC, while at first glance rather uninspiring are, for the first time in quite a while, promising. Instead of a downward spiral, the first three quarters of this year (albeit with a dip in the first quarter caused by the beast from the east) have shown a modest recovery and continued on a level plane. Doubtless there may be a fourth quarter downturn in level of activity but the hopeful sign this year is that prices are mainly holding steady and anecdotal evidence backs this up.

We are not out of the woods yet. This is simply one year of flat lining compared to three years of distinct downward progression in local house prices. Putting this in context however, Aberdeen house prices are still fairly high compared to national prices and it may be no bad thing that there has been some element of correction in local area house prices over the last few years. I think most people involved in housing in this area would like to see stability return to the market and, so far this year, that is more or less what we have seen.

Judging by what I hear from talking to colleagues in my profession, there is guarded optimism that as long as the economic background does not change and provided Brexit achieves a resolution, one way or another and soon, there is reasonable hope that we may see stability continue next year.

The situation is still not as good as we would like it to be but overall there seems to be better stability in price levels and there are small but consistent increases in numbers of properties being sold.

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.