

ABERDEEN HOUSING MARKET REPORT

FOURTH QUARTER 2018

Change in house prices

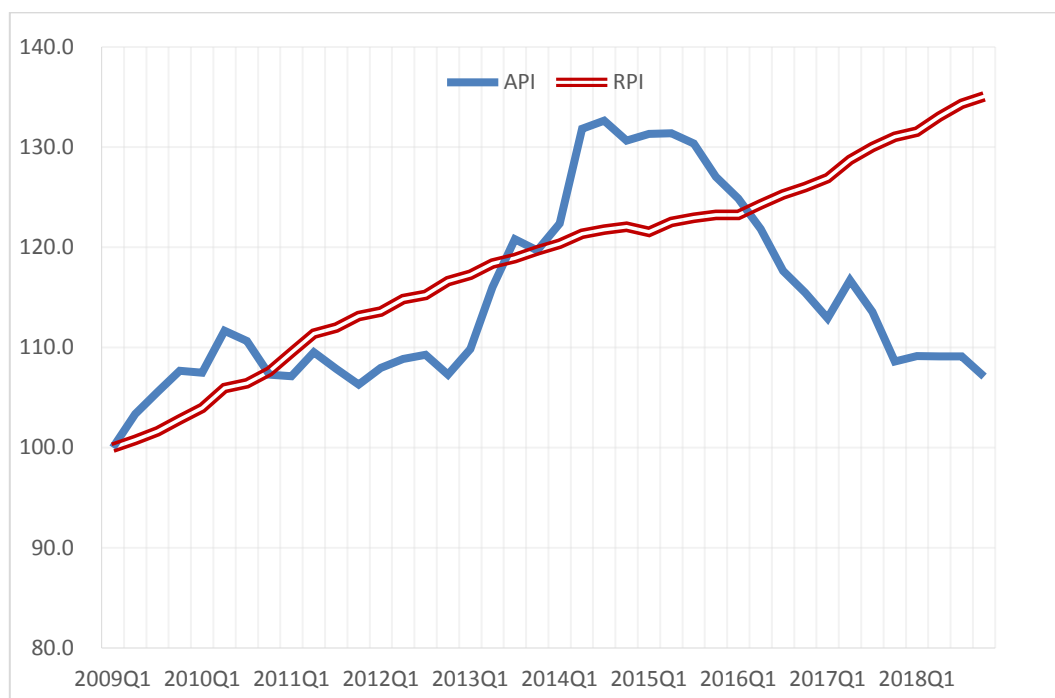
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the fourth quarter of 2018. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -1.8%.
- The annual house price change in Aberdeen City and suburbs is -1.4%.
- The annualised house price change over five years in Aberdeen City and suburbs is -2.2%.

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

	Quarterly price change 2018Q4	Annual price change 2017Q4 to 2018Q4	Annualised price change over five years 2013Q4 to 2018Q4
Aberdeen City and suburbs	-1.8	-1.4	-2.2
Ellon	-2.1	-0.8	-0.4
Inverurie	-2.1	-0.7	-1.1
Stonehaven	-1.5	-0.8	-0.8
Other country areas	-0.6	1.4	-2.0
Retail Price Index (ONS)	0.6	3.1	2.4

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2018Q4 (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	2018Q4	132,256	117,133	136,118	130,617	111,898
	2018Q3	135,813	120,608	135,615	133,999	114,443
Semi-detached	2018Q4	189,004	163,562	186,971	194,833	156,091
	2018Q3	192,560	166,989	191,076	197,889	156,999
Detached	2018Q4	284,702	229,849	260,119	282,734	248,096
	2018Q3	290,966	231,199	259,125	288,129	254,690

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 2018, the volume of sales was 1,278, an decrease of 6.5% from the previous quarter and an increase of 11.6% compared with the volume of sales a year ago (2017Q4)
- The sales volume of flats decreased by 1.4%, the sales volume of semi-detached houses decreased by 8.9%, and the sales volume of detached houses decreased by 7.7%.

Figure 2: Volume of sales from 2013Q4 to the current quarter

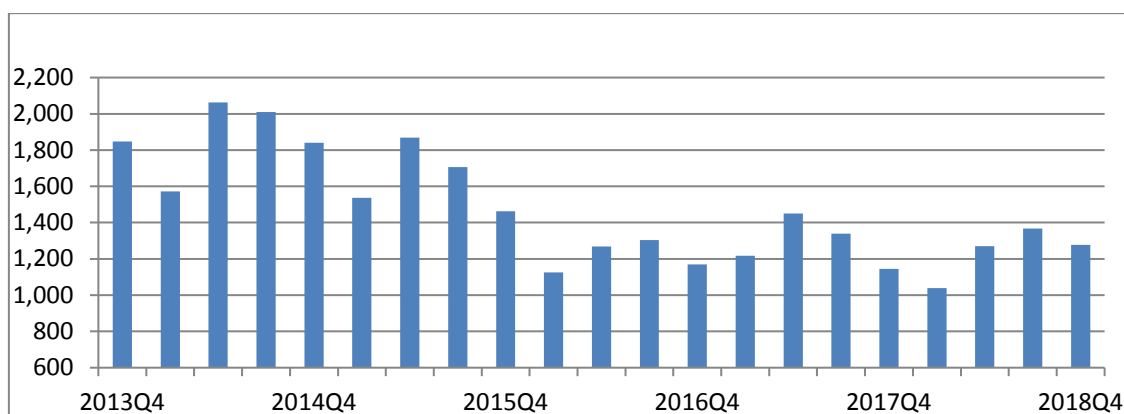


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2018Q4	355	513	410
2018Q3	360	563	444
Percentage change	-1.4	-8.9	-7.7

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, demonstrate that our local market is still facing substantial challenges. Nevertheless there are some modest signs that things are slowly improving or at least not continuing to deteriorate. The fourth quarter of each year and the first quarter of each year tend to be the two poor quarters in each year with the spring and summer quarters being the most active. Despite the continuing difficulty, the sales of properties in the third and

fourth quarters of 2018 exceeded the sales in the corresponding periods in 2017. Figure 2 of the housing market report shows this.

There was some cause for optimism towards the end of last year in that sales were increasing and there was a sense of realism in the market both on the selling side and the buying side. Properties were being priced to sell and buyers seemed to be appreciating that there might not be a better time to make a move, given the low prices and the current low interest rates.

It is a little early in this year yet to make any judgement as to how this year will be but we should know by the end of the first quarter how things are going.

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#-nbspaberndeen-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.