

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2019

Change in house prices

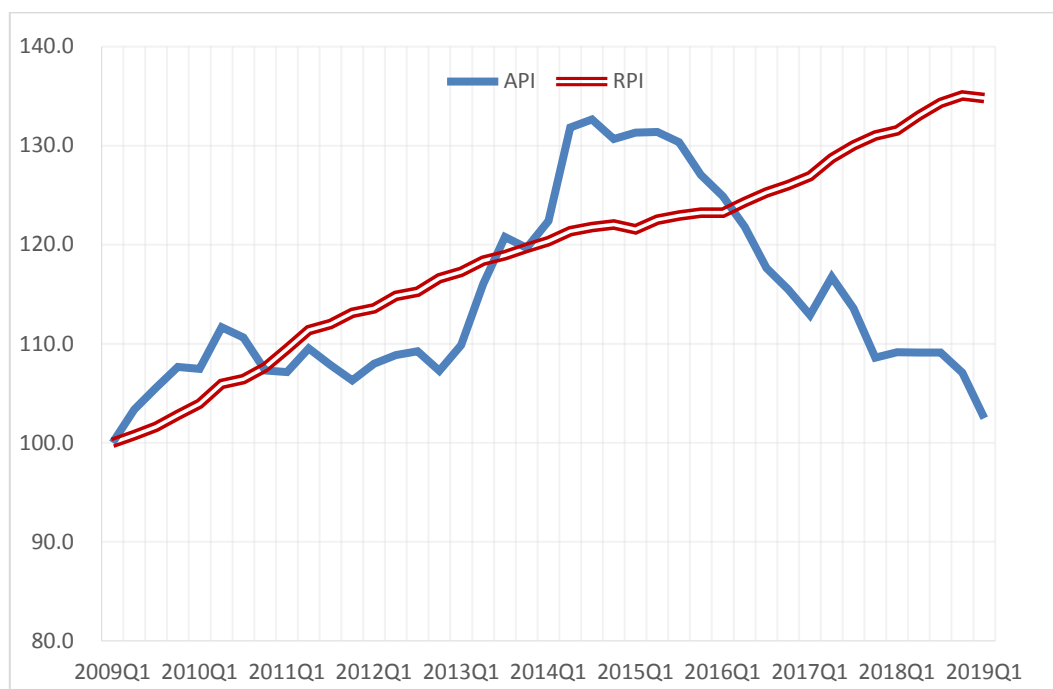
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the first quarter of 2019. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -4.3%.
- The annual house price change in Aberdeen City and suburbs is -6.1%.
- The annualised house price change over five years in Aberdeen City and suburbs is -3.5%.

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

	Quarterly price change 2019Q1	Annual price change 2018Q1 to 2019Q1	Annualised price change over five years 2014Q1 to 2019Q1
Aberdeen City and suburbs	-4.3	-6.1	-3.5
Ellon	-4.1	-4.5	-1.7
Inverurie	-3.5	-5.4	-2.5
Stonehaven	-4.7	-6.0	-2.4
Other country areas	-3.2	-3.1	-3.2
Retail Price Index (ONS)	-0.2	2.5	2.3

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2019Q1 (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	2019Q1	125,608	111,860	130,611	124,749	107,167
	2018Q4	132,256	117,133	136,118	130,617	111,898
Semi-detached	2019Q1	180,858	156,864	180,367	185,706	151,030
	2018Q4	189,004	163,562	186,971	194,833	156,091
Detached	2019Q1	271,034	218,618	250,735	274,435	236,382
	2018Q4	284,702	229,849	260,119	282,734	248,096

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 2019, the volume of sales was 1,139, a decrease of 10.9% from the previous quarter and an increase of 9.6% compared with the volume of sales a year ago (2018Q1)
- The sales volume of flats increased by 5.9%, the sales volume of semi-detached houses decreased by 16.4%, and the sales volume of detached houses decreased by 18.5%.

Figure 2: Volume of sales from 2014Q1 to the current quarter

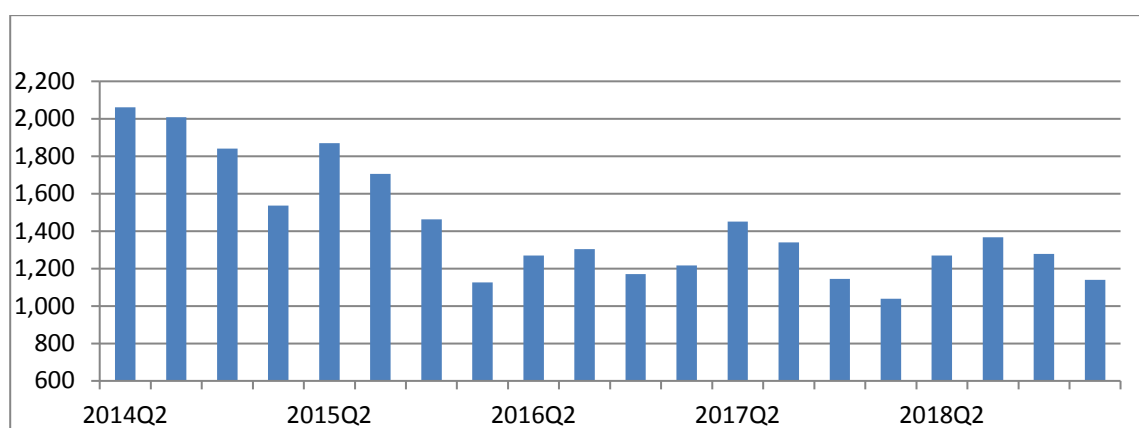


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2019Q1	376	429	334
2018Q4	355	513	410
Percentage change	5.9	-16.4	-18.5

Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the first quarter of 2019, based on data supplied by ASPC, continues to show that conditions in our local housing market remain difficult.

While it is the case that the first quarter of each year (along with the last quarter) is generally less active the figures do indicate that we continue to face difficult times in our local area.

There is one bright spot, however, in that there are signs of improvement taking place although the improvement is modest. The first quarter of 2019 followed the third and fourth quarters of 2018 by increasing volume of sales compared to the corresponding periods in the previous year. The first quarter of 2019, for example, showed an increase of 9.6% over the first quarter of 2018.

These are modest improvements, I acknowledge, given the background against which they must be set, but the fact that there have now been three successive quarters where the year on year figures for sales are showing an improvement does give some hope that we are slowly turning the corner.

It is often the case that the first quarter indicates how the rest of the year will continue and on that basis it looks as if 2019 will continue to be difficult but with some improvement in sales. Anecdotally colleagues are also reporting some small signs of improvement, with occasional closing dates being fixed.

It is very much the case that, in the current market, a well presented property, marketed through a solicitor agent and with the owner being realistic as to expectations, will sell. It is a factor in our market that there are too many houses advertised for sale with unrealistic asking prices and Home Reports that are now well out of date.

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.