

ABERDEEN HOUSING MARKET REPORT

SECOND QUARTER 2019

Change in house prices

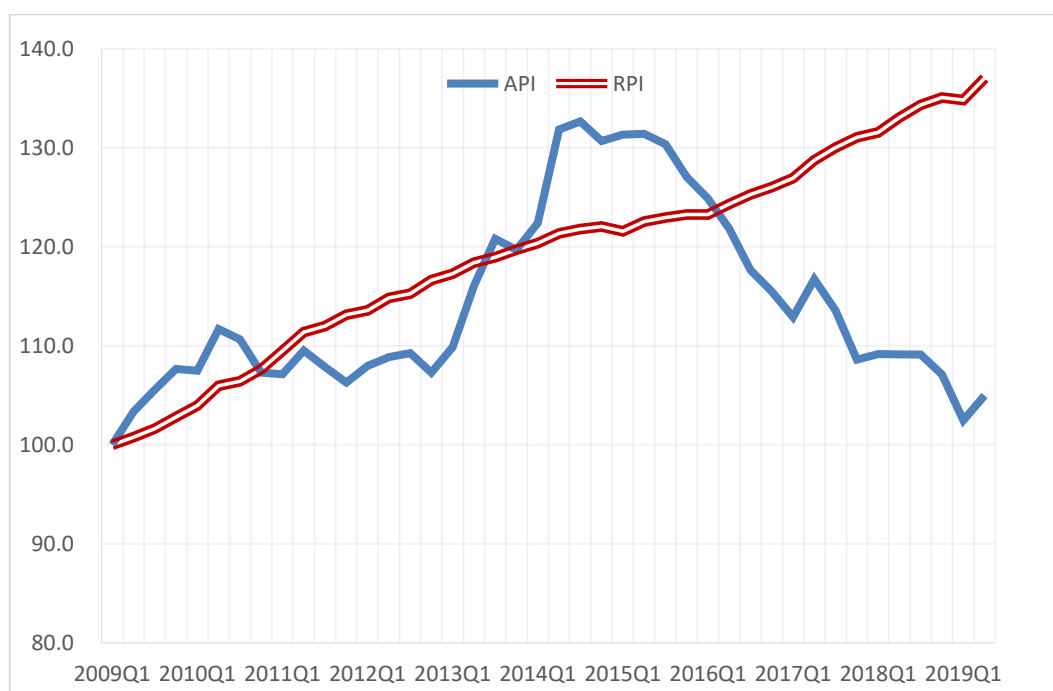
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the second quarter of 2019. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is 2.4%.
- The annual house price change in Aberdeen City and suburbs is -3.8%.
- The annualised house price change over five years in Aberdeen City and suburbs is -4.5%.

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

	Quarterly price change 2019Q2	Annual price change 2018Q2 to 2019Q2	Annualised price change over five years 2014Q2 to 2019Q2
Aberdeen City and suburbs	2.4	-3.8	-4.5
Ellon	3.4	-1.5	-2.5
Inverurie	2.6	-3.3	-3.4
Stonehaven	2.2	-4.5	-3.4
Other country areas	2.8	-0.4	-3.7
Retail Price Index (ONS)	1.6	3.0	2.5

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2019Q2 (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	2019Q2	127,606	113,472	133,985	128,345	110,214
	2019Q1	125,608	111,860	130,611	124,749	107,167
Semi-detached	2019Q2	185,267	162,230	184,992	189,838	155,202
	2019Q1	180,858	156,864	180,367	185,706	151,030
Detached	2019Q2	278,623	225,979	257,801	283,837	241,630
	2019Q1	271,034	218,618	250,735	274,435	236,382

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 2019, the volume of sales was 1,243, an increase of 9.1% from the previous quarter and a decrease of 2.1% compared with the volume of sales a year ago (2018Q2)
- The sales volume of flats decreased by 2.7%, the sales volume of semi-detached houses increased by 7.2%, and the sales volume of detached houses increased by 24.9%.

Figure 2: Volume of sales from 2014Q2 to the current quarter

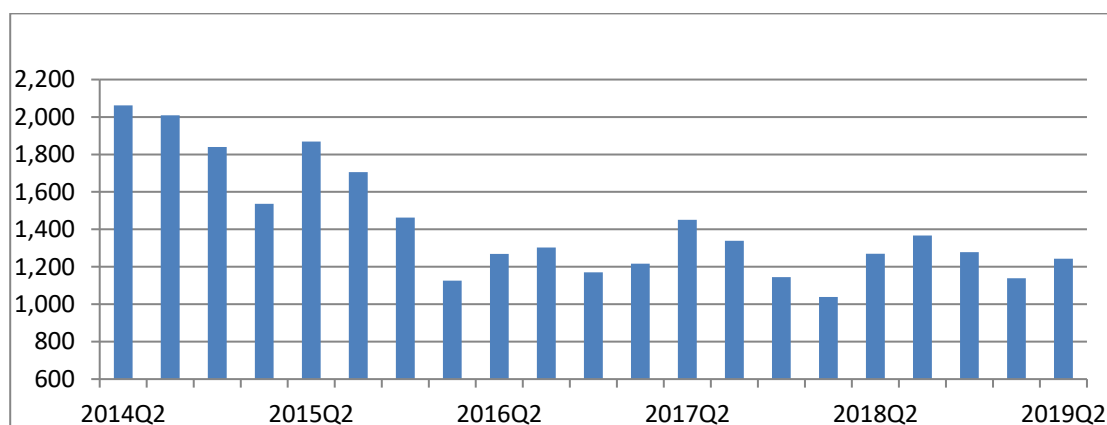


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2019Q2	366	460	417
2019Q1	376	429	334
Percentage change	-2.7	7.2	24.9

Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the second quarter of 2019, based on data supplied by ASPC, demonstrates, for the first time in a very long time, that house prices in our area have shown a small upturn. This is very welcome news, but we require to exercise caution and await results in the remainder of the year, to assess how viable the apparent improvement is.

The current level of prices in our area had decreased since a high point in 2014, so an increase in price, coupled with modest increases in volume, should be seen as an encouraging sign that we may be starting to recover. Over the last 12 months, while the local market has been a little unpredictable, we have seen modest increases in sales volume most months. An increase in price on top of that is the most encouraging our local market has been for some time.

Apart from the headline grabbing move on price, volume of sales is also important and, comparing year with year, the second quarter of 2019 has seen 2.1% of a drop in volume compared with the second quarter of 2018. I regard this as not too significant given that there is interesting subtext in the detail. Sales volume of flats decreased by 2.7% but sales of semi - detached houses increased by 7.2% and sales volume of detached houses increased by 24.9%.

This is probably the first time in 5 years that I have been able to indicate that there is an upward movement in price, coupled with continuing modest improvement in volume of sales. The hope is that it will not disappear but will continue in a modest and sustainable way.

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.