

ABERDEEN HOUSING MARKET REPORT

THIRD QUARTER 2019

Change in house prices

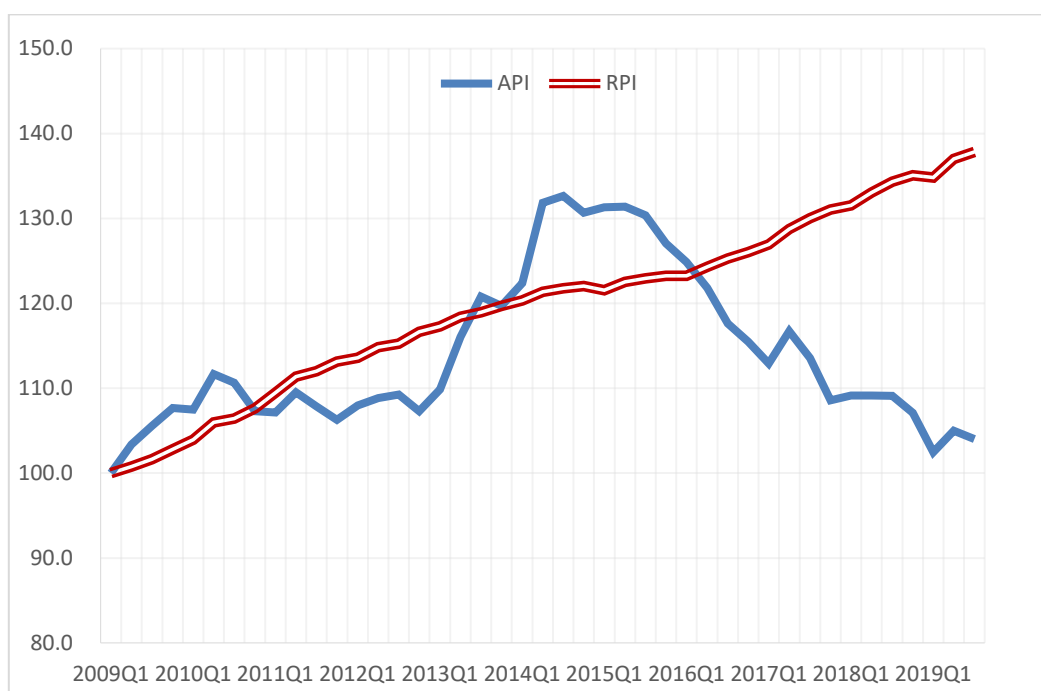
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the third quarter of 2019. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -0.9%.
- The annual house price change in Aberdeen City and suburbs is -4.7%.
- The annualised house price change over five years in Aberdeen City and suburbs is -4.7%.

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

	Quarterly price change 2019Q3	Annual price change 2018Q3 to 2019Q3	Annualised price change over five years 2014Q3 to 2019Q3
Aberdeen City and suburbs	-0.9	-4.7	-4.7
Ellon	0.6	-2.2	-2.0
Inverurie	-1.9	-5.1	-3.8
Stonehaven	-0.8	-4.9	-3.8
Other country areas	0.3	-0.8	-3.8
Retail Price Index (ONS)	0.6	2.6	2.5

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2019Q3 (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	2019Q3	125,061	114,993	133,441	127,160	110,294
	2019Q2	127,606	113,472	133,985	128,345	110,214
Semi-detached	2019Q3	183,556	163,264	181,403	188,253	155,738
	2019Q2	185,267	162,230	184,992	189,838	155,202
Detached	2019Q3	275,933	224,164	259,605	279,208	240,689
	2019Q2	278,623	225,979	257,801	283,837	241,630

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 2019, the volume of sales was 1,362, an increase of 9.6% from the previous quarter and a decrease of -0.4% compared with the volume of sales a year ago (2018Q3)
- The sales volume of flats increased by 5.5%, the sales volume of semi-detached houses increased by 14.1%, and the sales volume of detached houses increased by 8.2%.

Figure 2: Volume of sales from 2014Q3 to the current quarter

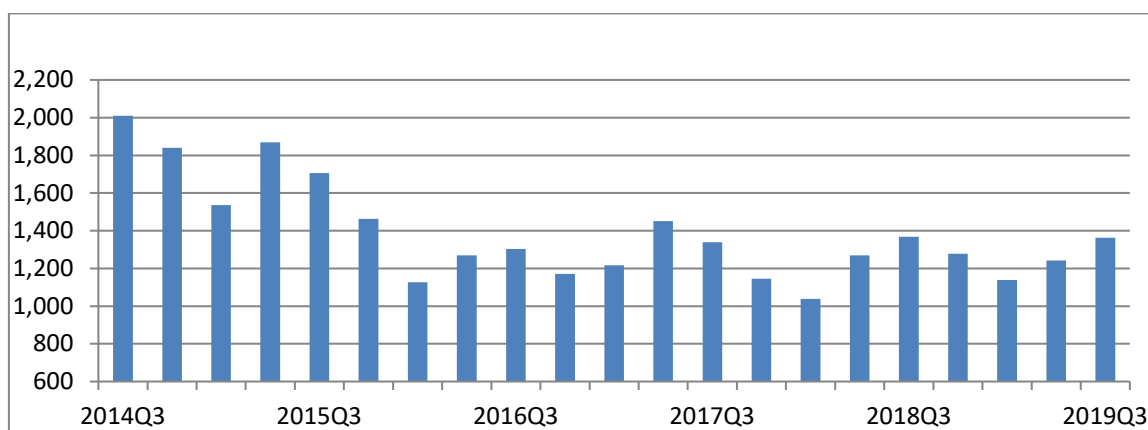


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2019Q3	386	525	451
2019Q2	366	460	417
Percentage change	5.5	14.1	8.2

Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the third quarter of 2019, based on data supplied by ASPC shows a downturn in house prices in our area, after having experienced a modest upturn in the second quarter.

While this is disappointing news we need to bear in mind that in the United Kingdom as a whole, housing markets are depressed. There is some continuing good news in the numbers of transactions taking place in that the third quarter of 2019 saw the

volume of sales increase by 9.6% from the previous quarter. While our market is still sluggish on price it is the case that the numbers of transactions taking place has been showing reasonably consistent increases and I regard that as being of some significance.

The general "mood" of the country is difficult to fathom at the moment as there is a great deal of uncertainty in both political and economic areas and this is bound to affect confidence. Housing markets rely on confidence and it is therefore not too surprising that the third quarter has gone back slightly.

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.