

# ABERDEEN HOUSING MARKET REPORT

## FOURTH QUARTER 2019

### Change in house prices

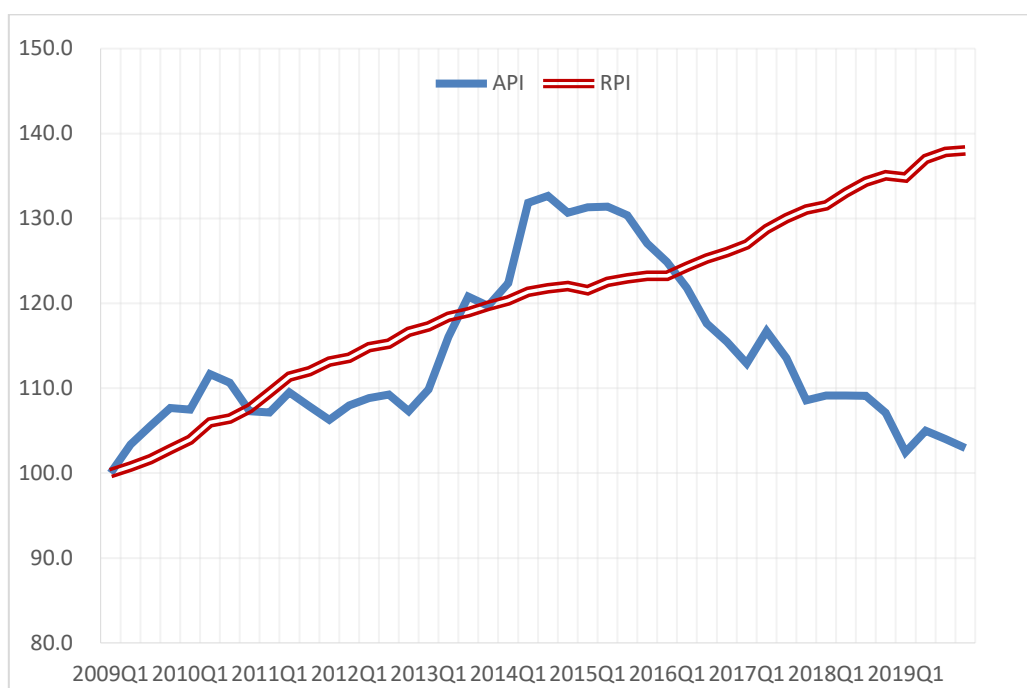
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the fourth quarter of 2019. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -1.0%.
- 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 -4.7%.

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

	Quarterly price change 2019Q4	Annual price change 2018Q4 to 2019Q4	Annualised price change over five years 2014Q4 to 2019Q4
<b>Aberdeen City and suburbs</b>	<b>-1.0</b>	<b>-3.9</b>	<b>-4.7</b>
<b>Ellon</b>	0.0	-0.2	-2.0
<b>Inverurie</b>	0.1	-2.8	-3.5
<b>Stonehaven</b>	-1.2	-4.6	-3.8
<b>Other country areas</b>	0.3	0.0	-3.5
<b>Retail Price Index (ONS)</b>	0.1	2.2	2.5

**Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2019Q4 (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**

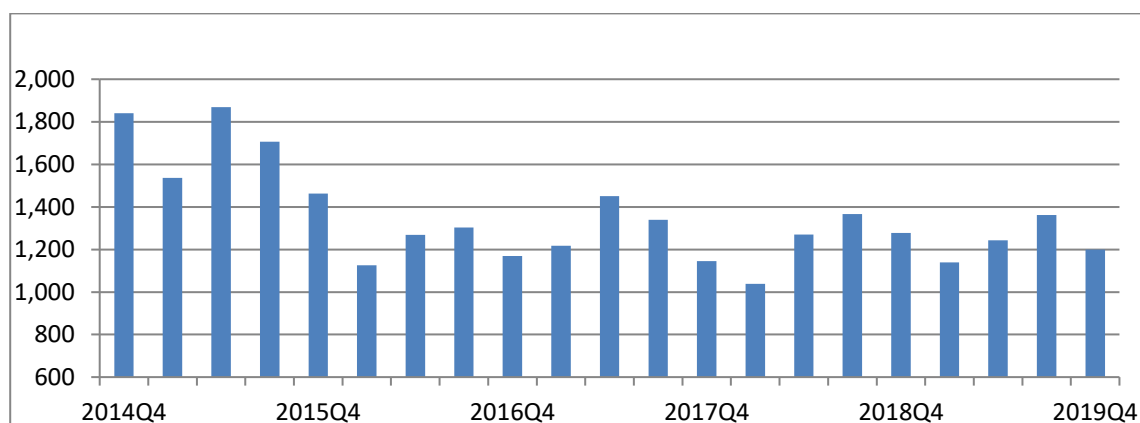
Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2019Q4	122,373	114,846	131,460	126,556	110,646
	2019Q3	125,061	114,993	133,441	127,160	110,294
Semi-detached	2019Q4	181,711	163,300	181,664	185,936	156,161
	2019Q3	183,556	163,264	181,403	188,253	155,738
Detached	2019Q4	275,260	225,990	257,719	277,204	239,200
	2019Q3	275,933	224,164	259,605	279,208	240,689

## 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 2019, the volume of sales was 1,199, a decrease of 12.0% from the previous quarter and a decrease of 6.2% compared with the volume of sales a year ago (2018Q4).
- The sales volume of flats decreased by 1.3%, the sales volume of semi-detached houses decreased by 11.0%, and the sales volume of detached houses decreased by 22.2%.

**Figure 2: Volume of sales from 2014Q4 to the current quarter**



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

Period	Flat	Semi-Detached	Detached
<b>2019Q4</b>	<b>381</b>	<b>467</b>	<b>351</b>
2019Q3	386	525	451
<b>Percentage change</b>	<b>-1.3</b>	<b>-11.0</b>	<b>-22.2</b>

## Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the fourth quarter of 2019, based on data supplied by ASPC continues to show a depressed market in our area.

The fourth quarter needs to be set in context as it is normally the worst or second worst quarter in a year due to seasonal influences. The fourth quarter of 2019 was perhaps made worse by national forces particularly concerns over Brexit compounded by a general election in December. Both of these factors would have

affected confidence and I am in no doubt these will have had some effect on our local market.

There are reports that the housing market in the south east of England has made a vigorous start to 2019 and the reason being given is a “bounce back” effect following on from the result of the general election. It is generally accepted that a decisive result in a general election will allow people to feel that they can plan ahead, short to medium term, and it is interesting to see if there can be discerned any sign in our own market of any such effect.

While I would urge caution, there are one or two straws in the wind in the figures which cause some interest.

In the first place the quarterly price change at -1% is holding fairly steady with the previous quarter. This is unusual in that we would expect the fourth quarter to fare more badly than seems to have been the case in 2019.

The second item of interest is that the annual price change has improved from -4.7% to -3.9% although the five year annualised price change remains steady at -4.7%.

A third, and intriguing local variation, is that the quarterly price change in Ellon is 0% and I am beginning to wonder if centres of population north of Aberdeen, on the main road, are beginning to see an effect from the greatly improved road links, particularly the western peripheral route. This will be something to keep an eye on in the forthcoming months.

I mentioned in my comments on the third quarter of 2019 that the “mood” of the country was difficult to perceive, allowing for a great deal of uncertainty in political and economic areas. As we start 2020 the indicators on the economic front are good and we now have the prospect of 5 years of a reasonably settled political environment. Coupled with low mortgage rates and low house prices this seems to me to be a very good time for purchasers to take the plunge in our local market.

## 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.<sup>1</sup> 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](http://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](http://www.abdn.ac.uk/business/research/crer.php)  
email: [r.schulz@abdn.ac.uk](mailto:r.schulz@abdn.ac.uk)

The University of Aberdeen makes no representation or warranty of any kind in relation to the information and/or data provided in this report, and all such representations or warranties, whether express or implied, including but not limited to warranties of accuracy, completeness, fitness for any particular purpose and non-infringement, are hereby, to the maximum extent permitted by law, excluded and extinguished.

---

<sup>1</sup> 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.