

ABERDEEN HOUSING MARKET REPORT

THIRD QUARTER 2020

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the third quarter of 2020. The report is based on data supplied by the ASPC and has been compiled by the Centre for Real Estate Research (CRER) at the University of Aberdeen Business School.

The report uses the following breakdown by areas: Aberdeen stands for *Aberdeen City and suburbs* and Aberdeenshire is divided into the towns of *Ellon, Inverurie, Stonehaven*, and other *Countryside*. The report provides information for the three types of dwelling: *flat, semi-detached house, and detached house*. At times, the report uses the format *yyyyQq* as shorthand for a quarter in a particular year. For instance, *2020Q3* stands for the third quarter of 2020.

The prices in this report are quality-controlled, which means that the characteristics of the dwellings are assumed to be standard and are fixed over time. This control of dwelling quality allows the pure change of prices to be measured. This is achieved by a well-established statistical method. The note at the end of the report links to further information.

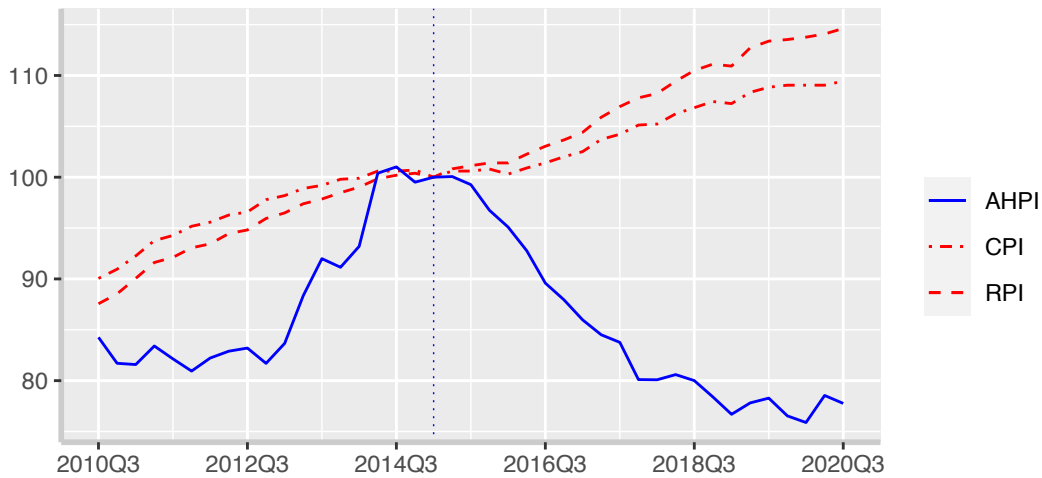
Aberdeen house price index

The index is based on the quality-controlled prices of a semi-detached house with standard characteristics. According to this index:

- The quarterly house price change in Aberdeen has been -1.0%.
- The annual house price change in Aberdeen has been -0.7%.
- The annualised house price change over five years in Aberdeen has been -4.8%.

Figure 1 shows the quarterly Aberdeen House Price Index (AHPI) jointly with the Retail Price Index (RPI all items, base year 1987) and the Consumer Price Index (CPI all items, base year 2015), the latter two are computed by the Office for National Statistics. The three price index series are each normalised to 100 in the base period 2015Q1. The base period is indicated by the dotted vertical blue line.

Figure 1: Price indices from 2010Q3 to 2020Q3



Change in prices

Table 1 collects the information on the change of house prices in Aberdeen and Aberdeenshire. The figures in the row *Quarterly* measure the house price change from the previous quarter 2020Q2 to the current quarter 2020Q3. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2019Q3 to the current quarter 2020Q3. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2015Q3 to the current quarter 2020Q3. The last two columns of Table 1 give the change of the RPI and the CPI for the UK.

Table 1: Change of prices in percent. Five-yearly change is annualised.

	Aberdeen	Ellon	Inverurie	Stonehaven	Countryside	RPI	CPI
Quarterly	-1.0	-1.9	0.2	-0.3	1.5	0.5	0.4
Yearly	-0.7	-5.3	1.6	-0.3	-5.2	1.1	0.6
Five-yearly	-4.8	-3.3	-4.2	-4.0	-0.8	2.5	1.7

Level of prices

Table 2 shows the imputed quality-controlled prices for the current and the previous quarter for the three dwelling types and the areas covered by the report.

Table 2: Prices by house type

	Date	Aberdeen	Ellon	Inverurie	Stonehaven	Countryside
Flats	2020Q3	126,865	106,127	128,411	133,537	125,695
	2020Q2	128,707	104,067	132,392	133,130	125,289
Semi-detached	2020Q3	180,221	156,926	174,736	183,531	180,950
	2020Q2	182,031	159,916	174,424	184,126	178,221
Detached	2020Q3	305,631	257,807	285,445	302,569	318,561
	2020Q2	303,039	256,422	282,305	308,407	315,107

Number of transactions and listings

Figure 2: Number of transactions from 2015Q3 to 2020Q3

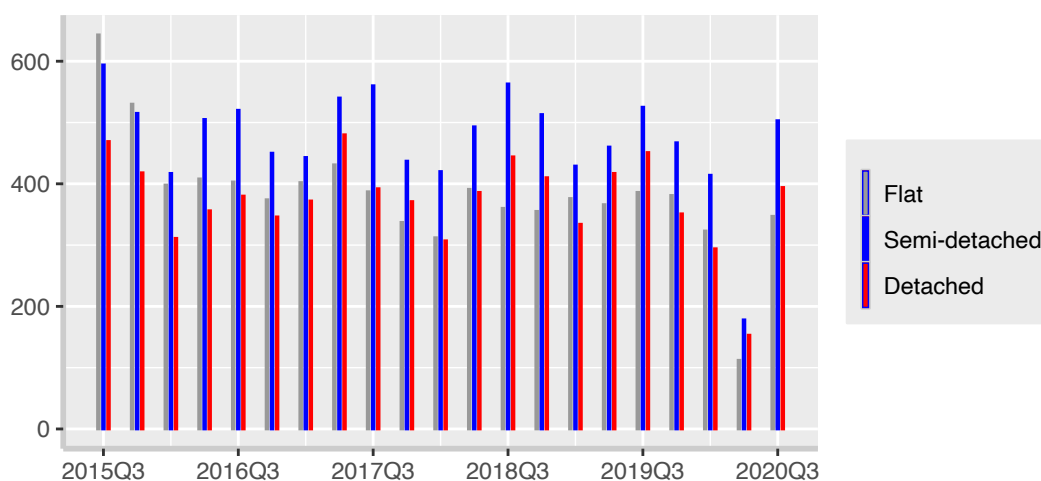


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2015Q3 to 2020Q3.

In the third quarter of 2020, 1,244 residential dwellings were transacted, a change of 180.8% compared to the previous quarter 2020Q2 and a change of -8.7% compared to the same quarter a year ago 2019Q3. The transactions by dwelling type were:

- 347 flats, a change of 209.8% compared to the previous quarter 2020Q2 and of -10.1% compared to the same quarter a year ago 2019Q3.
- 503 semi-detached houses, a change of 182.6% compared to the previous quarter 2020Q2 and of -4.2% compared to the same quarter a year ago 2019Q3.
- 394 detached houses, a change of 157.5% compared to the previous quarter 2020Q2 and of -12.6% compared to the same quarter a year ago 2019Q3.

Figure 3: Activity and mark-up from 2015Q3 to 2020Q3

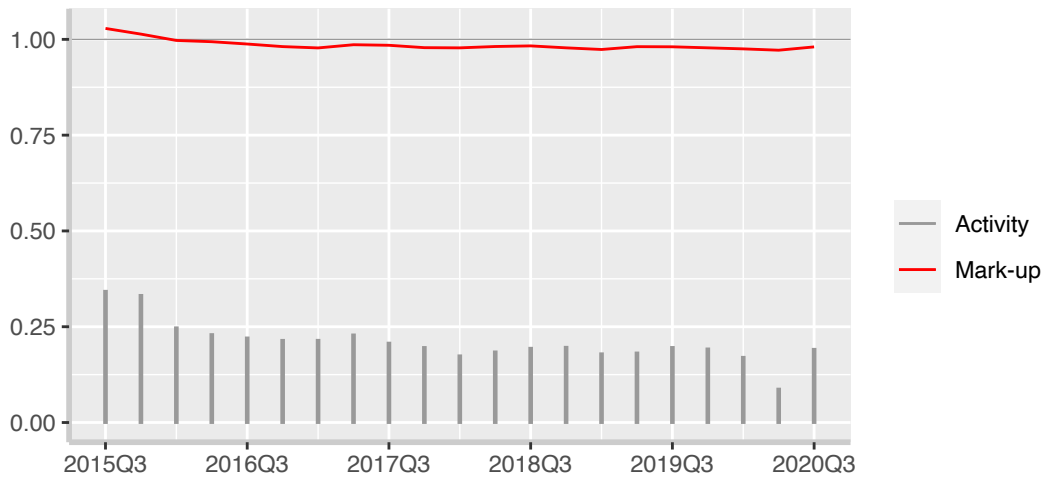


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the third quarter of 2020 is 19.10%. The share was 8.72% in the previous quarter 2020Q2 and 19.59% in the same quarter a year ago 2019Q3.

The mark-up in Figure 3 is the quality-controlled ratio of sale to ask price for properties. A mark-up of more than 1 means that properties sold for more than the ask price. A mark-up less than 1 shows that properties sold for less than the ask price. The mark-up ratio is 0.98 for the third quarter of 2020.

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 the year follows on from the severe consequences of lockdown disclosed in the report for the second quarter. Lockdown, for most of us, started on 23rd March. The report for the second quarter disclosed a sharp drop in the number of sales – reducing by a third. Even more severe was the dislocation to numbers of properties coming on to the market; in some cases, the drop was as severe as near 100% reduction.

Prior to lockdown, prices held up reasonably well, with some positive markers. This bore out our members' experience that the market was beginning to become more active than it had been. The lockdown certainly changed that.

Since the easing of lockdown our market has staged a good recovery. Insertions are at high levels; website traffic is up and in the last few weeks sales have been increasing in numbers such that we are seeing figures not seen for some time. This is almost certainly down to the market making up for lost time, but it is very encouraging. Evidence of the increase in market activity can be found in website traffic for August (up 37% on August 2019 at 1.36 million sessions and an increase in active myASPC users to a new high of 30,566 at the end of September.)

Prices are maintaining a reasonable level. People are still doing deals at slightly below Home Report valuation, but there are instances of quick sales, closing dates and some deals at a touch

over valuation. Presentation continues to be very important and a realistic expectation by sellers is also necessary.

In recent weeks we have seen sales levels close to the same levels as insertions. That is very encouraging.

Note

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 has three bedrooms, two public rooms, one bathroom. Full details of the statistical method and the standard dwelling characteristics are available under the following link:

[A local house price index for Aberdeen](#)

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