

ABERDEEN HOUSING MARKET REPORT

FOURTH QUARTER 2020

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the fourth 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, *2020Q4* stands for the fourth 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.

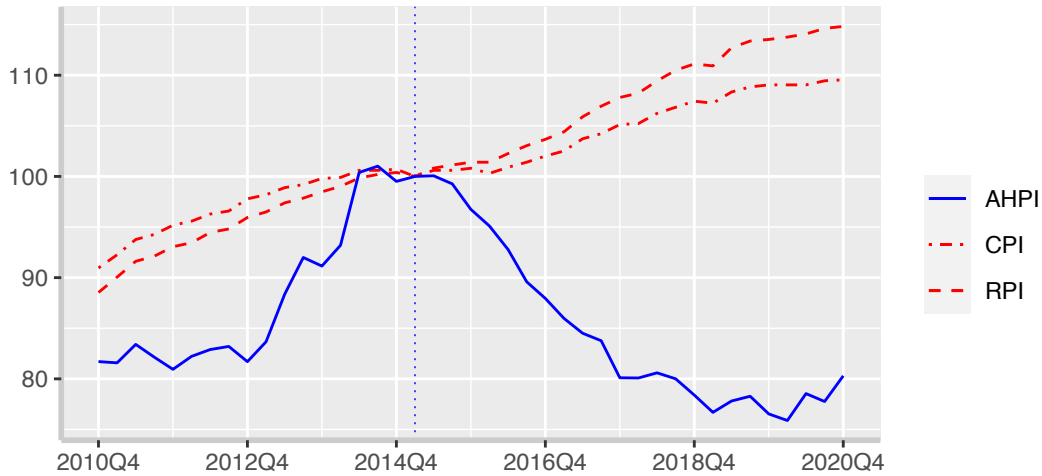
Aberdeen house price index

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 3.3%.
- The annual house price change in Aberdeen has been 4.9%.
- The annualised house price change over five years in Aberdeen has been -3.7%.

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 2010Q4 to 2020Q4



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 2020Q3 to the current quarter 2020Q4. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2019Q4 to the current quarter 2020Q4. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2015Q4 to the current quarter 2020Q4. 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	3.3	0.6	4.1	3.6	-0.2	0.2	0.1
Yearly	4.9	-6.5	6.4	5.6	0.0	1.1	0.5
Five-yearly	-3.7	-3.0	-2.9	-3.0	-0.6	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	2020Q4	129,958	106,057	130,545	139,640	123,620
	2020Q3	126,865	106,127	128,411	133,537	125,695
Semi-detached	2020Q4	186,095	157,839	181,839	190,069	180,538
	2020Q3	180,221	156,926	174,736	183,531	180,950
Detached	2020Q4	310,202	261,421	295,241	312,668	318,820
	2020Q3	305,631	257,807	285,445	302,569	318,561

Number of transactions and listings

Figure 2: Number of transactions from 2015Q4 to 2020Q4

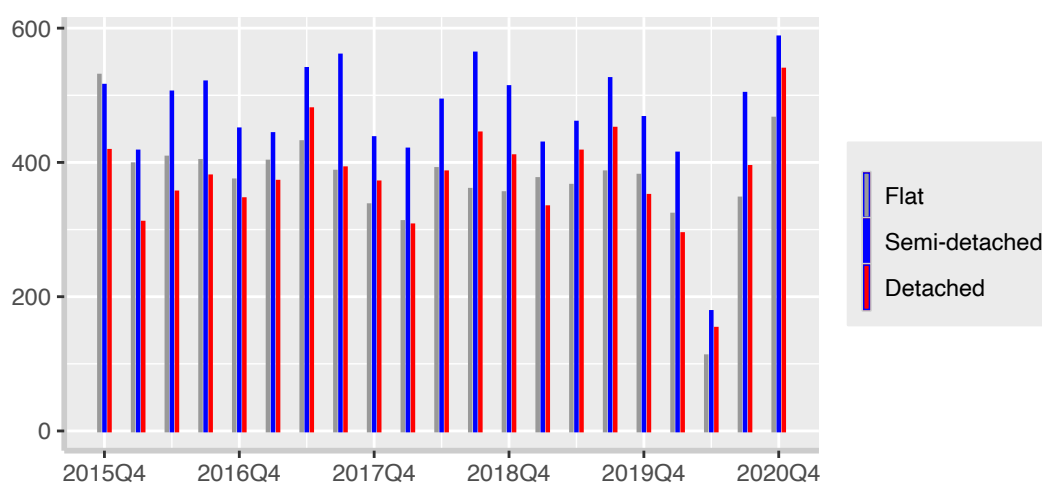


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2015Q4 to 2020Q4.

In the fourth quarter of 2020, 1,592 residential dwellings were transacted, a change of 28.0% compared to the previous quarter 2020Q3 and a change of 32.8% compared to the same quarter a year ago 2019Q4. The transactions by dwelling type were:

- 466 flats, a change of 34.3% compared to the previous quarter 2020Q3 and of 22.3% compared to the same quarter a year ago 2019Q4.
- 587 semi-detached houses, a change of 16.7% compared to the previous quarter 2020Q3 and of 25.7% compared to the same quarter a year ago 2019Q4.
- 539 detached houses, a change of 36.8% compared to the previous quarter 2020Q3 and of 53.6% compared to the same quarter a year ago 2019Q4.

Figure 3: Activity and mark-up from 2015Q4 to 2020Q4

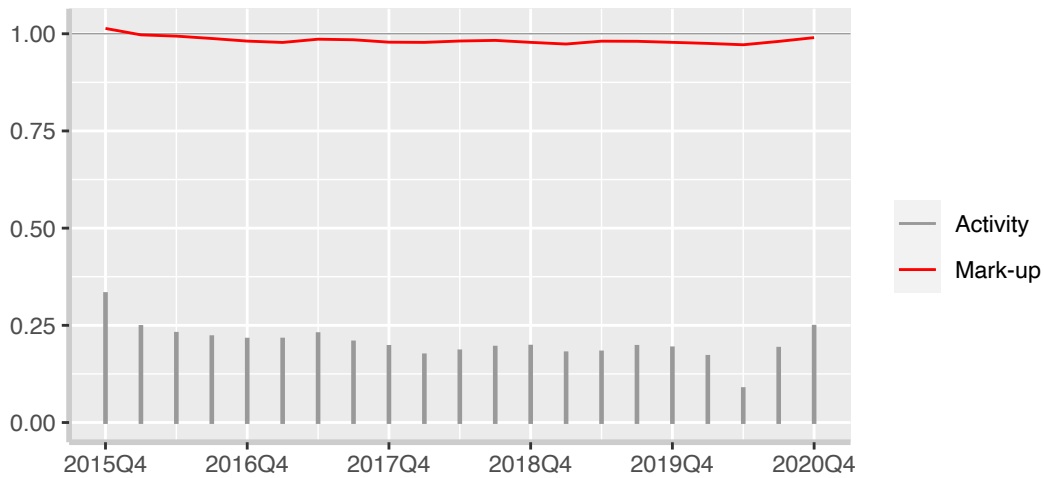


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the fourth quarter of 2020 is 24.76%. The share was 19.10% in the previous quarter 2020Q3 and 19.20% in the same quarter a year ago 2019Q4.

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 0.99 for the fourth 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 fourth quarter of the year, has produced a surprise. Normally, even in years when our local housing market had been active, the last quarter would disclose a lessening in activity as the year drew to a close.

In 2020, we have seen the 4th quarter produce the unexpected result of positive movements across 2 out of 3 categories. This is a surprise to me, and a rather welcome one, at that. Let me hasten to dampen speculation that this may herald a return to rising prices – I think the figures may be reflecting a particular set of circumstances rather than a trend.

As we all know last year was very different, with an almost complete cessation of activity from late March until mid-summer, because of lockdown. After lockdown ended, our market recovered quickly and activity was at a high level, presumed to be solely down to a “catch up” effect. While sales were at a healthy level, we did not think prices were affected to any great extent.

The latest figures show that prices did feel the effect of the increased activity, with the fourth quarter showing increases for quarterly and annual indices. The quinquennial index, however, remains a negative figure (-3.7%).

One thing that was noticeable in late 2020 was that properties coming to market that sold well, were presented well. “Staging” a property is now more important than ever in our very competitive

market and sellers should take the time and make the effort to plan their marketing, taking time to assess weak points, and, where possible, address them. In the last quarter of 2020, those properties that were well presented sold close to, or at, valuation.

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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