

# ABERDEEN HOUSING MARKET REPORT

## FIRST QUARTER 2021

### **Purpose and background**

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the first quarter of 2021. 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, *2021Q1* stands for the first quarter of 2021.

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.

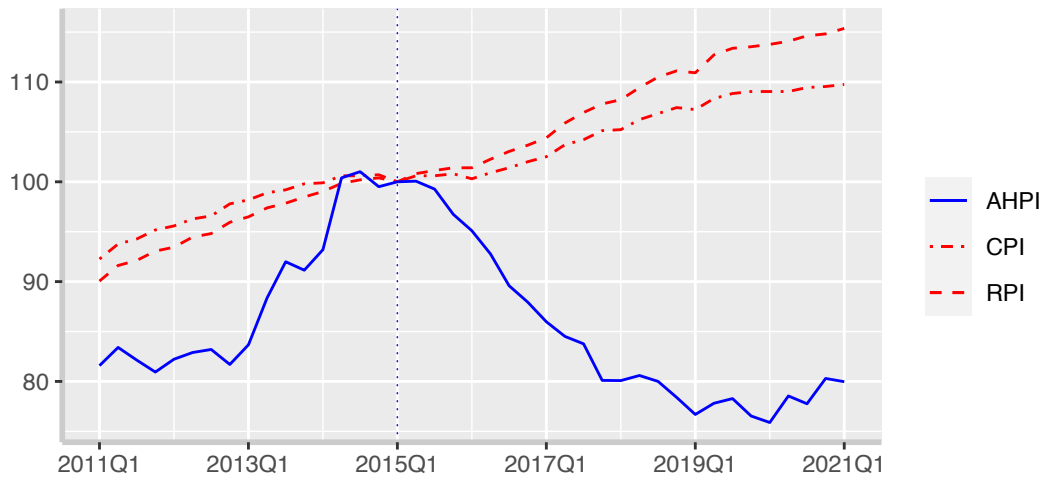
### **Aberdeen house price index**

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 -0.4%.
- The annual house price change in Aberdeen has been 5.4%.
- The annualised house price change over five years in Aberdeen has been -3.4%.

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 2011Q1 to 2021Q1



## 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 2020Q4 to the current quarter 2021Q1. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2020Q1 to the current quarter 2021Q1. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2016Q1 to the current quarter 2021Q1. 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	-0.4	-1.5	-0.4	-1.0	-3.7	0.5	0.2
Yearly	5.4	-3.7	6.6	4.0	-3.8	1.4	0.6
Five-yearly	-3.4	-3.1	-2.9	-3.0	-1.2	2.6	1.8

## 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	2021Q1	125,564	108,345	127,315	136,434	118,448
	2020Q4	129,958	106,057	130,545	139,640	123,620
Semi-detached	2021Q1	185,344	155,512	181,101	188,109	173,788
	2020Q4	186,095	157,839	181,839	190,069	180,538
Detached	2021Q1	309,804	262,868	292,197	313,098	308,024
	2020Q4	310,202	261,421	295,241	312,668	318,820

## Number of transactions and listings

Figure 2: Number of transactions from 2016Q1 to 2021Q1



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 2016Q1 to 2021Q1.

In the first quarter of 2021, 1,282 residential dwellings were transacted, a change of -19.5% compared to the previous quarter 2020Q4 and a change of 24.3% compared to the same quarter a year ago 2020Q1. The transactions by dwelling type were:

- 347 flats, a change of -25.5% compared to the previous quarter 2020Q4 and of 7.4% compared to the same quarter a year ago 2020Q1.
- 484 semi-detached houses, a change of -17.5% compared to the previous quarter 2020Q4 and of 16.9% compared to the same quarter a year ago 2020Q1.
- 451 detached houses, a change of -16.3% compared to the previous quarter 2020Q4 and of 53.4% compared to the same quarter a year ago 2020Q1.

Figure 3: Activity and mark-up from 2016Q1 to 2021Q1

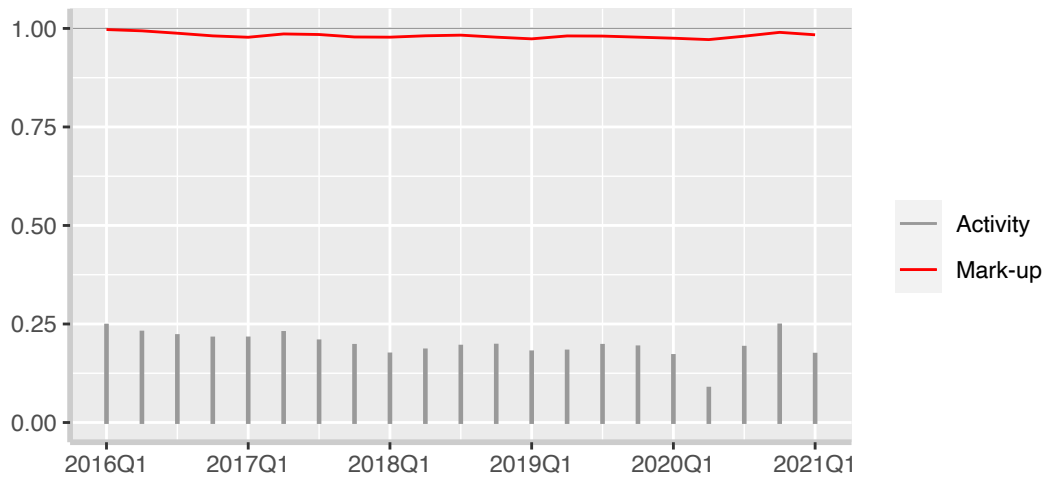


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the first quarter of 2021 is 17.34%. The share was 24.76% in the previous quarter 2020Q4 and 17.02% in the same quarter a year ago 2020Q1.

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 first quarter of 2021.

### Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the first quarter of the year, brings encouraging news.

This year, we have a strong positive indicator on prices, the first in several years.

The first quarter figures are always of interest because, by the end of March, we generally have a good indication how the market is likely to be during the year.

The last quarter of 2020 had seen unusually good activity in our local housing market, leading to positive movements across 2 out of 3 categories. This was very welcome, given the year that we had endured. I recall endeavouring to dampen expectations for 2021. I was concerned not to raise hopes.

It is invigorating, therefore, to see that results for the first quarter of this year continue to show improvement in our local housing market, albeit not yet of a comprehensive nature. Nevertheless, the first quarter results reinforce the anecdotal evidence of practitioners that we may be experiencing a recovery in our market. An additional sign of how our local market is doing is the increase in our website traffic. March this year has seen the highest ever traffic on aspc.co.uk.

Compared to prices 5 years ago, our market remains down by 3.4%. Compared to the last quarter of 2020, it is down 0.4%. Compared to the same time last year our market has risen 5.4%. These

figures require some context to help explain what I think is happening.

Last year was “unusual”. After a mildly encouraging start the local market was stopped in its tracks by lockdown, only to recover, strongly, later in the year. Understanding just how busy the market was, last autumn, allows the first quarter’s result of -0.4% to be seen in context, as essentially stable.

Additionally, 5 years ago, the first quarter’s report for 2016, indicated the annual house price change was -4.9%. The current change is +5.4% Given the mediocre performance of our local market since 2014, this is a very hopeful sign.

Finally, the annualised change (over 5 years) stands at -3.4%.

What all this means, I think, is this. Despite a severe knockback to activity, last year, we saw evidence of increasing confidence, and increased activity, after lockdown was lifted. The activity was not of “boom time” proportions but was welcome. The first quarter of this year appears to be continuing at similar levels of activity and is also having an upward effect on price.

Do bear in mind that we are in a recovery situation, prices are still, in the main, below the levels of 2014, but there are grounds for optimism that the recovery will continue.

## **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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