

ABERDEEN HOUSING MARKET REPORT

SECOND QUARTER 2021

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the second 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, *2021Q2* stands for the second 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.

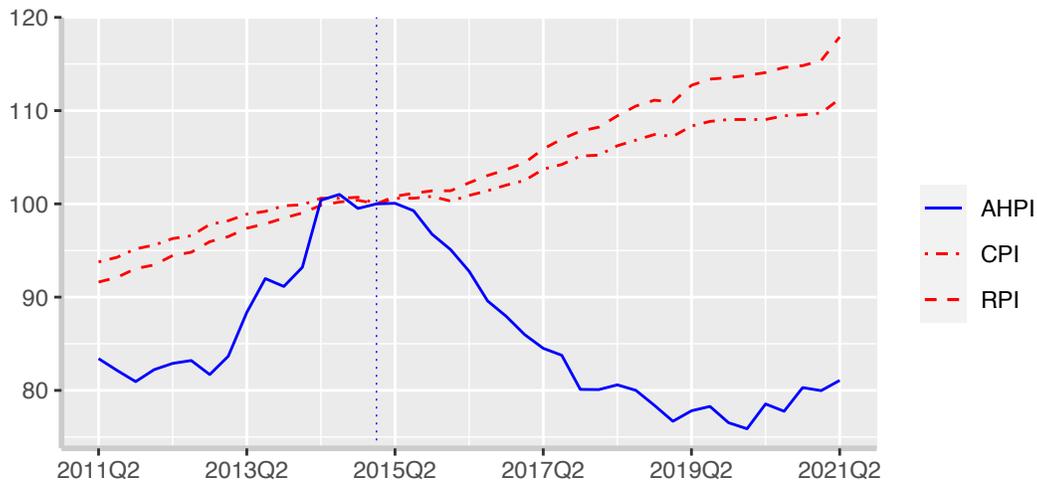
Aberdeen house price index

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 1.4%.
- The annual house price change in Aberdeen has been 3.2%.
- The annualised house price change over five years in Aberdeen has been -2.7%.

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 2011Q2 to 2021Q2



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 2021Q1 to the current quarter 2021Q2. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2020Q2 to the current quarter 2021Q2. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2016Q2 to the current quarter 2021Q2. 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	1.4	3.2	2.5	0.6	0.1	2.2	1.4
Yearly	3.2	0.3	6.5	2.7	-2.3	3.4	2.0
Five-yearly	-2.7	-2.2	-2.0	-2.7	-0.1	2.9	2.0

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	2021Q2	129,111	111,908	127,230	141,207	120,208
	2021Q1	125,564	108,345	127,315	136,434	118,448
Semi-detached	2021Q2	187,884	160,454	185,700	189,151	174,035
	2021Q1	185,344	155,512	181,101	188,109	173,788
Detached	2021Q2	320,004	266,759	297,615	314,103	315,487
	2021Q1	309,804	262,868	292,197	313,098	308,024

Number of transactions and listings

Figure 2: Number of transactions from 2016Q2 to 2021Q2

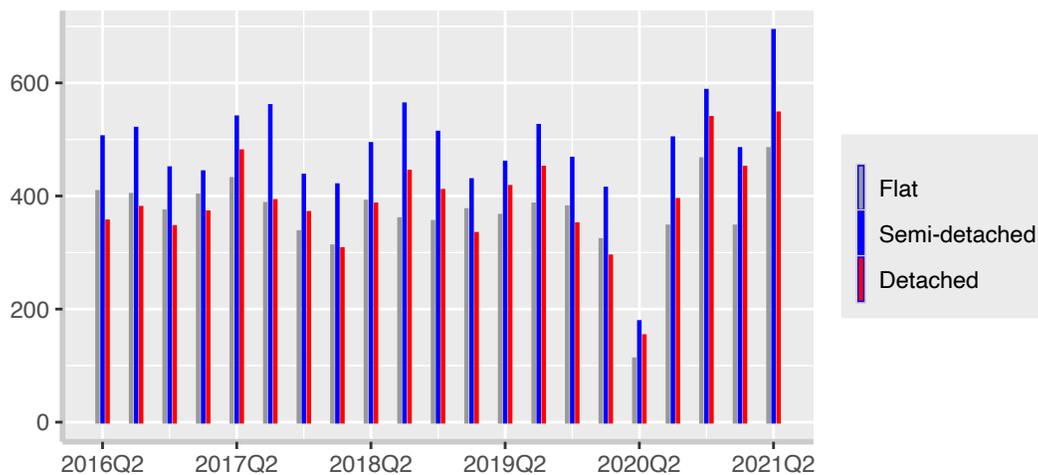


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2016Q2 to 2021Q2.

In the second quarter of 2021, 1,724 residential dwellings were transacted, a change of 34.5% compared to the previous quarter 2021Q1 and a change of 289.2% compared to the same quarter a year ago 2020Q2. The transactions by dwelling type were:

- 484 flats, a change of 39.5% compared to the previous quarter 2021Q1 and of 332.1% compared to the same quarter a year ago 2020Q2.
- 693 semi-detached houses, a change of 43.2% compared to the previous quarter 2021Q1 and of 289.3% compared to the same quarter a year ago 2020Q2.
- 547 detached houses, a change of 21.3% compared to the previous quarter 2021Q1 and of 257.5% compared to the same quarter a year ago 2020Q2.

Figure 3: Activity and mark-up from 2016Q2 to 2021Q2

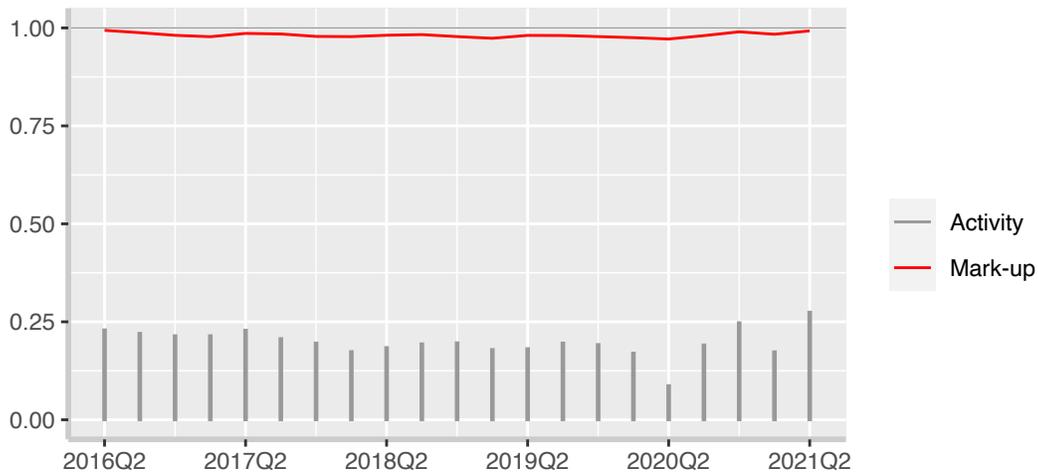


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the second quarter of 2021 is 27.46%. The share was 17.34% in the previous quarter 2021Q1 and 8.72% in the same quarter a year ago 2020Q2.

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 second 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 second quarter of 2021 continues the positive note set out in the report for the first quarter.

The second quarter figures are, in most years, a reflection of the fact that the second quarter is the most active of the year.

Since the easing, in part, of the lockdown around late summer last year, it became clear that our local market was showing good activity in property sales, across the board, as our market sought to “catch up” after the enforced shut down. It was a matter of some speculation just how long the increase in activity would last and what, if any, effect would be discernible in price movement.

In the first quarter of 2021, I was pleased to see that activity was remaining at an increased level, year on year – an increase in sales of 24.3%, compared to first quarter 2020. What I had not expected was the 5.4% price change.

The figures for the second quarter disclose two out of three indices showing positive movement. The quarterly price change is 1.4% and the annual price change is 3.2%. These are not inflammatory increases; they are, rather, a reassuring indication (taken with other indicators) that our local market may be recovering from the sharp decline after 2014/15. The other indicators include a rise in the number of transactions taking place. In the second quarter 1,724 sales were completed

– up 34.5% on the first quarter. Bear in mind we would expect some increase due to seasonal factors, but I am confident there is more than just seasonal factors at work. The increase in numbers is reflected reasonably consistently across the 3 main dwelling types.

Compared to prices 5 years ago, our market remains down by 2.7%, but that figure is a reduction on the first quarter figure of -3.4%.

Overall, I think these figures show a market where well presented properties with up to date Home Report valuations will sell reasonably well. I am hopeful that, barring unforeseen events, our local market is beginning to find its feet.

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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