

ABERDEEN HOUSING MARKET REPORT

THIRD QUARTER 2021

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the third 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, *2021Q3* stands for the third 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.

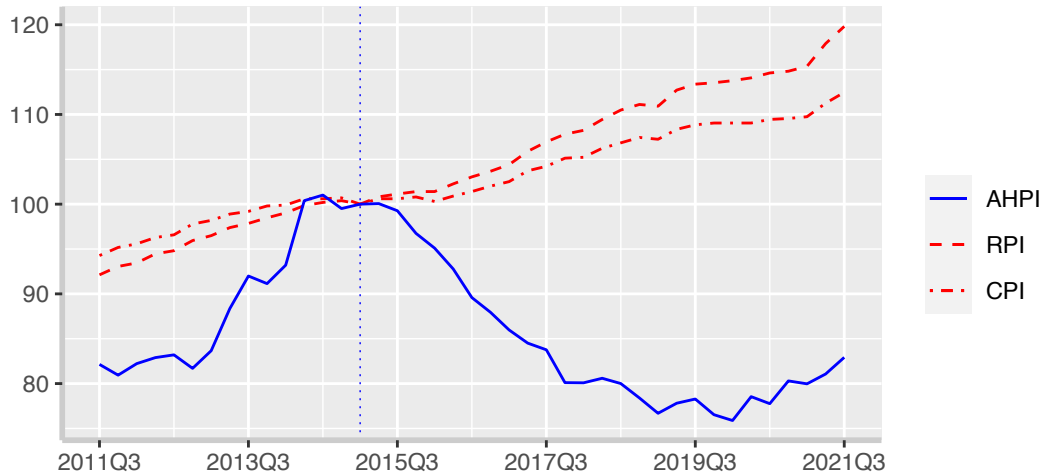
Aberdeen house price index

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 2.3%.
- The annual house price change in Aberdeen has been 6.6%.
- The annualised house price change over five years in Aberdeen has been -1.5%.

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 2011Q3 to 2021Q3



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 2021Q2 to the current quarter 2021Q3. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2020Q3 to the current quarter 2021Q3. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2016Q3 to the current quarter 2021Q3. 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	2.3	0.1	-0.2	1.6	0.2	1.6	1.1
Yearly	6.6	2.3	6.1	4.7	-3.6	4.5	2.8
Five-yearly	-1.5	-1.5	-1.5	-1.6	0.5	3.1	2.1

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	2021Q3	129,970	113,038	126,450	143,126	117,426
	2021Q2	129,111	111,908	127,230	141,207	120,208
Semi-detached	2021Q3	192,173	160,550	185,370	192,212	174,426
	2021Q2	187,884	160,454	185,700	189,151	174,035
Detached	2021Q3	324,212	270,929	299,251	322,705	317,055
	2021Q2	320,004	266,759	297,615	314,103	315,487

Number of transactions and listings

Figure 2: Number of transactions from 2016Q3 to 2021Q3

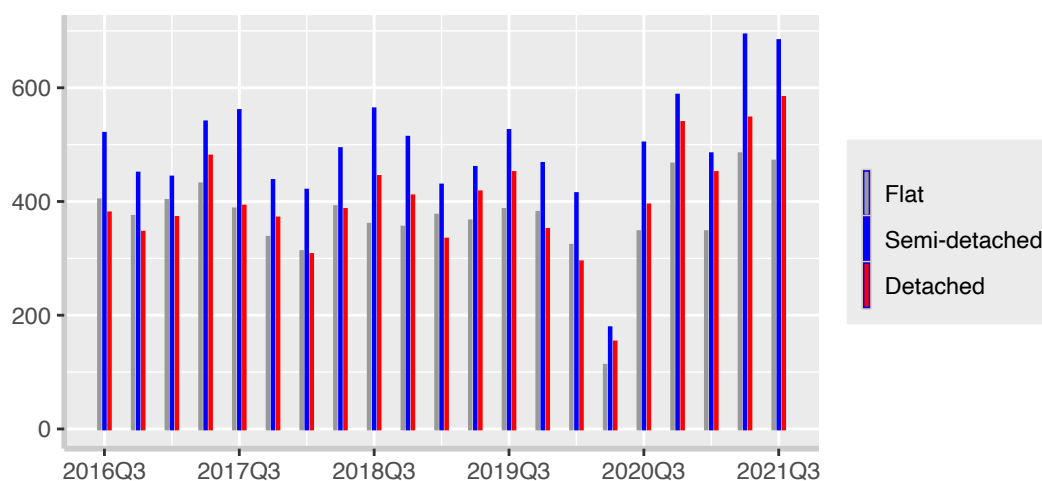


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2016Q3 to 2021Q3.

In the third quarter of 2021, 1,737 residential dwellings were transacted, a change of 0.8% compared to the previous quarter 2021Q2 and a change of 39.6% compared to the same quarter a year ago 2020Q3. The transactions by dwelling type were:

- 471 flats, a change of -2.7% compared to the previous quarter 2021Q2 and of 35.7% compared to the same quarter a year ago 2020Q3.
- 683 semi-detached houses, a change of -1.4% compared to the previous quarter 2021Q2 and of 35.8% compared to the same quarter a year ago 2020Q3.
- 583 detached houses, a change of 6.6% compared to the previous quarter 2021Q2 and of 48.0% compared to the same quarter a year ago 2020Q3.

Figure 3: Activity and mark-up from 2016Q3 to 2021Q3

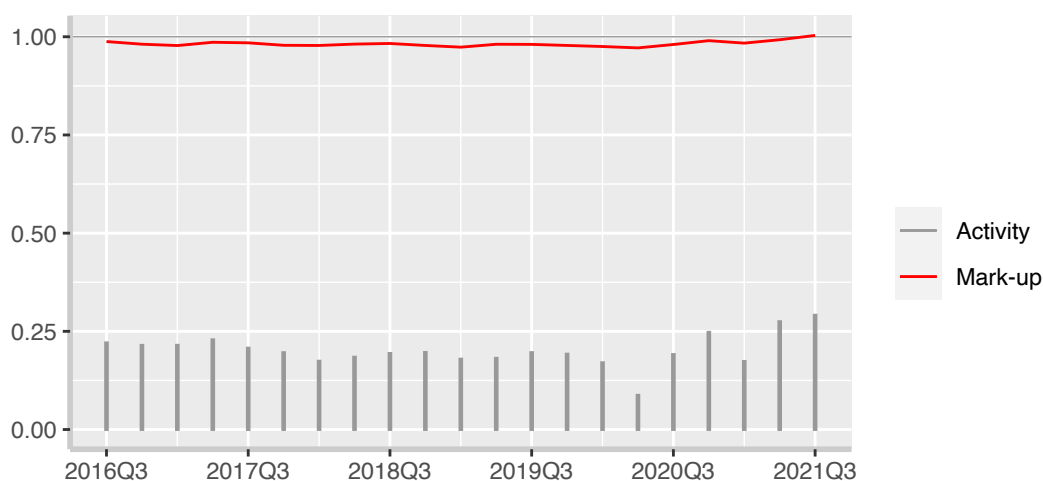


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the third quarter of 2021 is 29.11%. The share was 27.46% in the previous quarter 2021Q2 and 19.10% in the same quarter a year ago 2020Q3.

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 1.00 for the third quarter of 2021.

Comment by John MacRae

The report by the Centre for Real Estate Research at the University of Aberdeen Business School for the third quarter of the year has just been released.

This quarter, the results continue the improving picture set out in the reports for the first two quarters of 2021.

The third quarter figures are of interest because there can be years when the results foretell a disappointing year.

I am happy to be able to report that the third quarter results continue to show a steady improvement on previous years and show a small but significant “milestone” achieved.

I think it is common knowledge that this has been a year when we all hoped for signs of recovery – possibly stability. The first half of the year indicated there were signs of steady improvement, both in numbers of sales and in prices. The third quarter has confirmed that trend with each of the 3 key indices improving. Starting with the least impressive index, the 5 year comparison remains a negative quantity, at -1.5%. (The figures for the first and second quarters were, respectively, -3.4% and -2.7%.) This is very encouraging and reconciles with a further indicator, of which, more later.

The remaining two indices – quarterly and annual price changes – are also very encouraging, being

+2.3% and +6.6%.

These indicators do not apply to all sectors of the market, and flats are a sector where now may be the time to buy.

The number of transactions taking place during the third quarter is also up – by 0.8% which is possibly insignificant, statistically, were it not for the fact that we would expect the third quarter to be slightly down, compared with the preceding quarter.

There is one other result that I want to highlight. Figure 3 in the report illustrates levels of activity and “mark-up”. For the first time in, perhaps 7 years, mark-up has attained 1.00. The authors of the report will, I hope, tolerate my crude expression of their sophisticated research and analysis as demonstrating that in our market more and more properties are achieving asking price.

Last year was so unusual it was difficult to read much we could rely on from the figures. This year’s figures are confirmation that our local housing market is recovering. It is not complete, but things are definitely improving for sellers.

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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