

ABERDEEN HOUSING MARKET REPORT

FOURTH QUARTER 2021

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the fourth 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, *2021Q4* stands for the fourth 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.

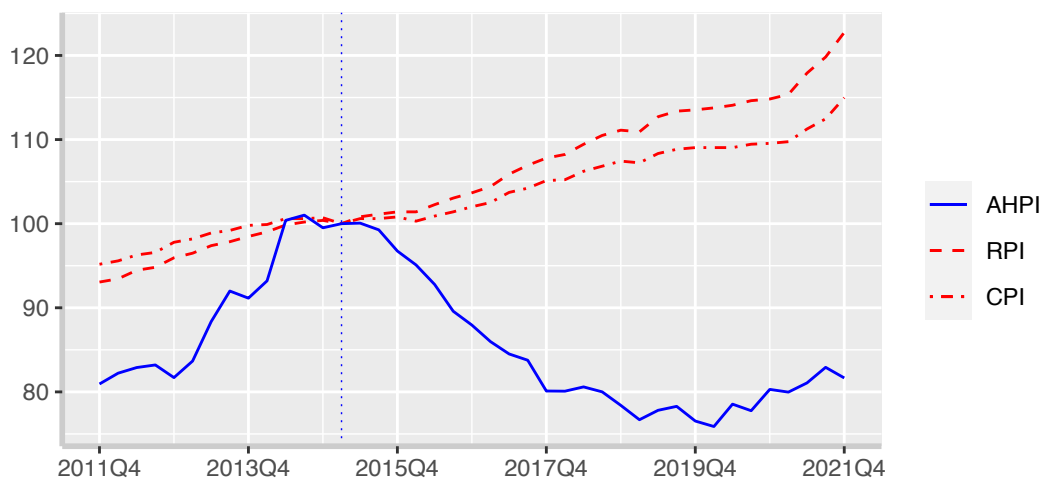
Aberdeen house price index

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 -1.5%.
- The annual house price change in Aberdeen has been 1.7%.
- 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 2011Q4 to 2021Q4



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 2021Q3 to the current quarter 2021Q4. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2020Q4 to the current quarter 2021Q4. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2016Q4 to the current quarter 2021Q4. 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	-1.5	-4.0	-1.4	-2.8	1.2	2.4	2.2
Yearly	1.7	-2.3	0.5	-1.7	-2.2	6.9	5.0
Five-yearly	-1.5	-2.0	-1.5	-2.0	1.2	3.4	2.4

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	2021Q4	127,889	113,853	127,888	136,845	116,754
	2021Q3	129,970	113,038	126,450	143,126	117,426
Semi-detached	2021Q4	189,253	154,132	182,722	186,911	176,586
	2021Q3	192,173	160,550	185,370	192,212	174,426
Detached	2021Q4	317,653	266,902	299,404	308,763	318,031
	2021Q3	324,212	270,929	299,251	322,705	317,055

Number of transactions and listings

Figure 2: Number of transactions from 2016Q4 to 2021Q4

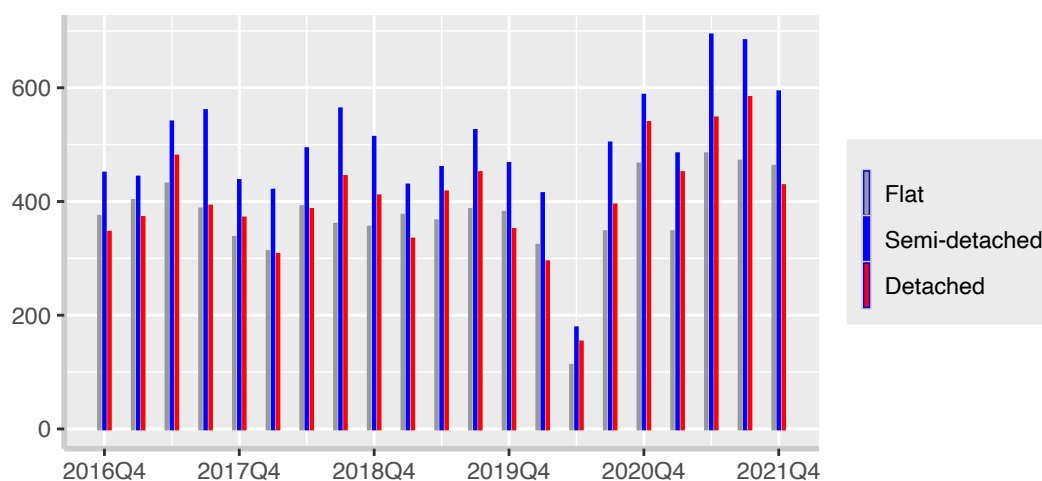


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2016Q4 to 2021Q4.

In the fourth quarter of 2021, 1,483 residential dwellings were transacted, a change of -14.6% compared to the previous quarter 2021Q3 and a change of -6.8% compared to the same quarter a year ago 2020Q4. The transactions by dwelling type were:

- 462 flats, a change of -1.9% compared to the previous quarter 2021Q3 and of -0.9% compared to the same quarter a year ago 2020Q4.
- 593 semi-detached houses, a change of -13.2% compared to the previous quarter 2021Q3 and of 1.0% compared to the same quarter a year ago 2020Q4.
- 428 detached houses, a change of -26.6% compared to the previous quarter 2021Q3 and of -20.6% compared to the same quarter a year ago 2020Q4.

Figure 3: Activity and mark-up from 2016Q4 to 2021Q4

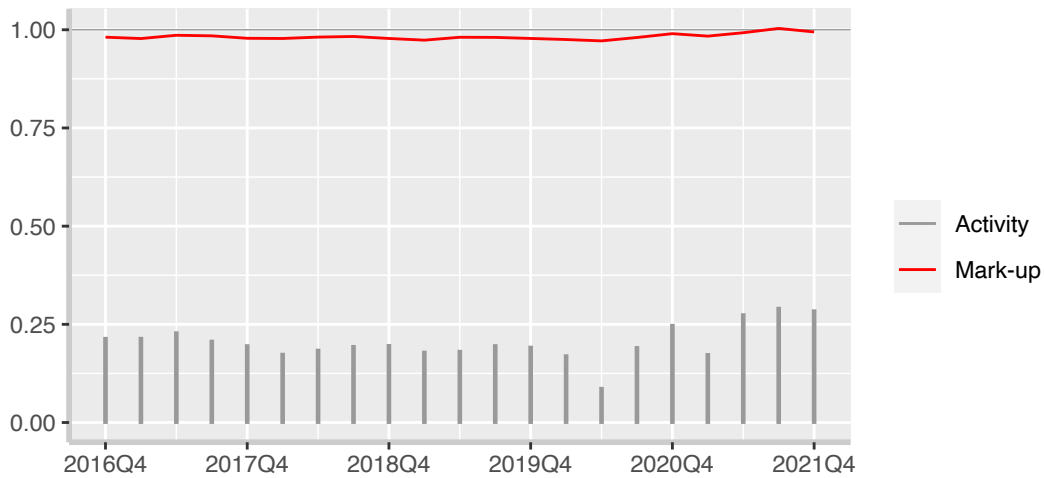


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the fourth quarter of 2021 is 28.46%. The share was 29.11% in the previous quarter 2021Q3 and 24.76% in the same quarter a year ago 2020Q4.

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 2021.

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 just been released.

While the results demonstrate a fall back, to some extent, from the position in the preceding (third) quarter, a significant part of that will be down, I suggest, to one main factor. The fourth quarter is often a relatively quiet quarter, when the activity decreases as the year end approaches.

Since then, other factors have arisen which may affect our local housing market, this year. The economic outlook is unclear – energy prices, inflation and a possible conflict in Eastern Europe – are likely to have some effect on confidence. On the other hand, oil prices have risen sharply.

Currently – 31st January, our experience is that our market is starting the year with good levels of activity. Insertions for January are 412, sales 336 (2021 - 357 and 341). These are up on last year and slightly better than we would expect. Last year we were still experiencing the “bounce back factor” to some extent, so the current year levels are grounds for optimism. Further encouragement can be gained from the facts that deals are being done at or near asking price, and in some cases closing dates are being fixed.

While there are some indicators in the general outlook to cause concern for housing markets, our local market has started the year in good heart and insertions and sales are at an encouraging level.

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 Aberdeen has four rooms, one bathroom, and a garden. 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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Contacts

John MacRae, Chairman ASPC, 40 Chapel Street, Aberdeen, Telephone: 01224 632949, [contact information](#)

Dr Rainer Schulz, University of Aberdeen Business School, Edward Wright Building, Aberdeen, Telephone: 01224 273126, [contact information](#)