

ABERDEEN HOUSING MARKET REPORT

SECOND QUARTER 2022

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the second quarter of 2022. 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, *2022Q2* stands for the second quarter of 2022.

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.

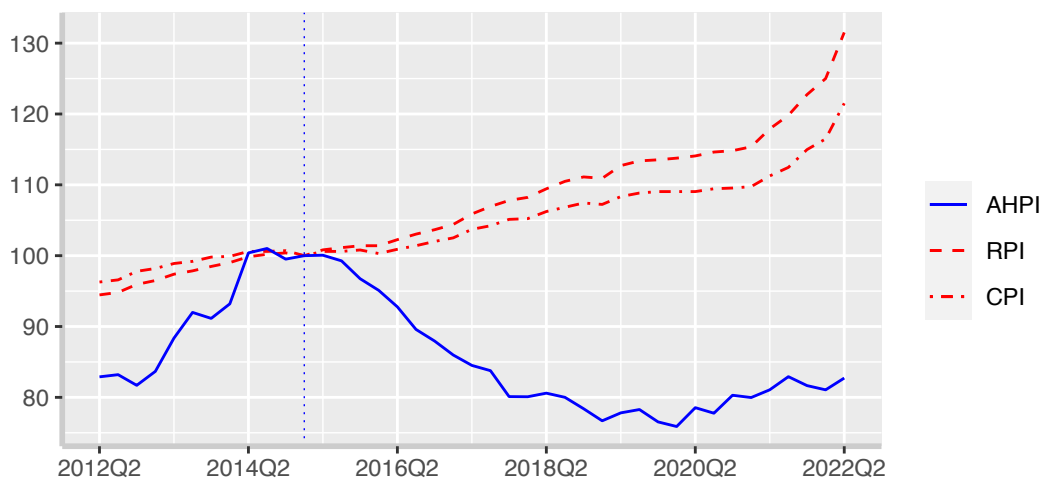
Aberdeen house price index

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 2.1%.
- The annual house price change in Aberdeen has been 2.0%.
- The annualised house price change over five years in Aberdeen has been -0.4%.

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 2012Q2 to 2022Q2



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 2022Q1 to the current quarter 2022Q2. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2021Q2 to the current quarter 2022Q2. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2017Q2 to the current quarter 2022Q2. 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	2.1	1.8	2.3	4.8	0.7	5.2	4.3
Yearly	2.0	0.5	0.7	0.2	3.0	11.5	9.2
Five-yearly	-0.4	-0.9	-0.4	-0.8	-0.8	4.4	3.2

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	2022Q2	126,070	120,244	125,958	137,727	118,017
	2022Q1	126,576	114,859	123,591	133,564	117,815
Semi-detached	2022Q2	191,718	161,316	187,083	189,437	179,233
	2022Q1	187,863	158,492	182,914	180,771	178,013
Detached	2022Q2	326,196	274,571	305,916	316,436	322,024
	2022Q1	320,026	268,633	298,115	302,066	319,877

Number of transactions and listings

Figure 2: Number of transactions from 2017Q2 to 2022Q2

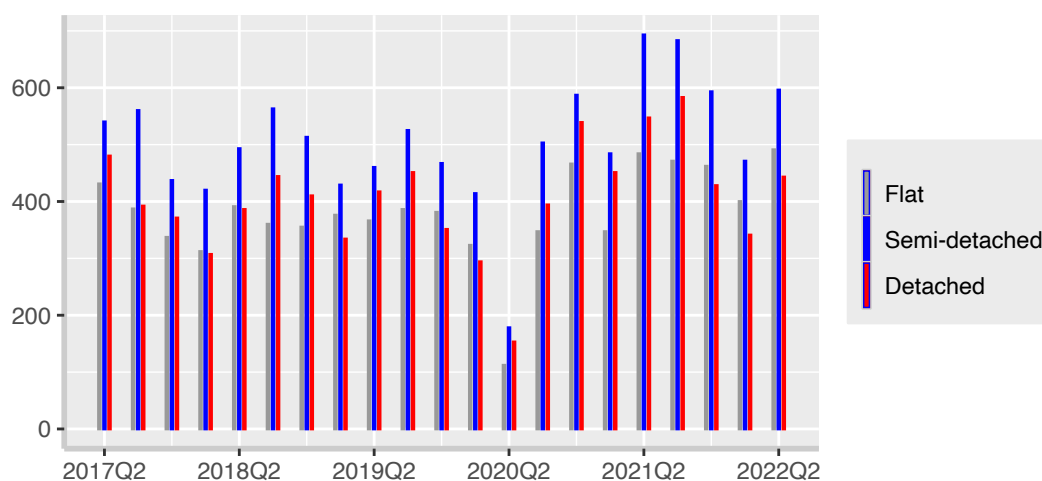


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2017Q2 to 2022Q2.

In the second quarter of 2022, 1,530 residential dwellings were transacted, a change of 26.2% compared to the previous quarter 2022Q1 and a change of -11.3% compared to the same quarter a year ago 2021Q2. The transactions by dwelling type were:

- 491 flats, a change of 22.8% compared to the previous quarter 2022Q1 and of 1.4% compared to the same quarter a year ago 2021Q2.
- 596 semi-detached houses, a change of 26.5% compared to the previous quarter 2022Q1 and of -14.0% compared to the same quarter a year ago 2021Q2.
- 443 detached houses, a change of 29.9% compared to the previous quarter 2022Q1 and of -19.0% compared to the same quarter a year ago 2021Q2.

Figure 3: Activity and mark-up from 2017Q2 to 2022Q2

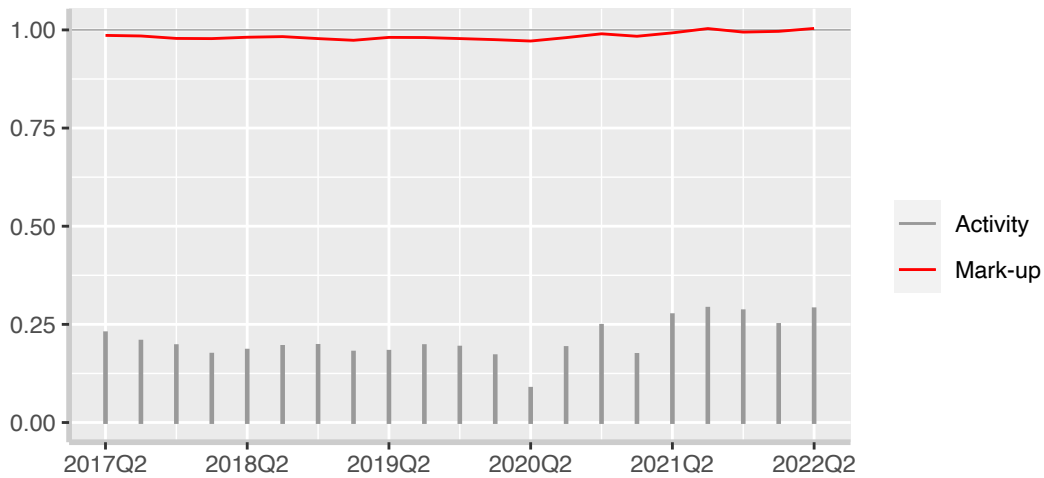


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the second quarter of 2022 is 28.97%. The share was 24.97% in the previous quarter 2022Q1 and 27.46% in the same quarter a year ago 2021Q2.

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 second quarter of 2022.

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 the year continues the trend disclosed in recent reports. We have seen signs that our local housing market has been improving and the second quarter statistics reinforce belief in a gradual but persistent improvement.

There are 3 bullet points in each quarter’s report, and, for the second quarter of 2022 these are: -

1. The quarterly house price change in Aberdeen is 2.1%
2. The annual house price change in Aberdeen is 2%, and,
3. The annualised house price change over 5 years in Aberdeen is -0.4%

What these figures show, I suggest, is that our market is almost fully recovered, in terms of property prices, from the downturn following on from the oil price deterioration.

While prices have, in general, steadily improved, there are still difficult areas. The stock of second hand flats is still stubbornly high, although small inroads have been occurring, reducing the level of stock, very slightly. Notwithstanding, it is still very important, in marketing flats to present the flat in the best possible light. Well presented, realistically priced flats are selling through ASPC.

From an unrelated source – our Search Engine Optimisation report, for June – we learn two interesting and encouraging facts. “Keywords related to purchasing flats have been an area of

particularly improved performance for the Aberdeen page (in June)”. “One of the most popular landing pages (in June) is the Aberdeen area page, which has recorded a 47% increase in organic traffic, year on year.”

In simple terms this means that, compared to last year, traffic on our site, directed at flats, has seen a significant increase in activity. This may well result in greater activity in the sales of flats.

In other sectors of the market, numbers of transactions are down, year on year, by 11.3%. I think we should not read too much into that as 2021 was, possibly, still influenced by the impact of recovery of confidence after covid lockdowns and may prove to have been an exception.

A matter of some encouragement is the information in Figure 3 of the report. Activity in our local housing market increased to 28.97%. The corresponding quarter in 2021 had a figure of 27.46%. In simple terms, I understand this to mean that a slow but steady increase in activity is happening. I also understand the information to mean that, on average, houses are selling at the asking price.

Given the general economic picture, and the peripheral political uncertainties, it will not be a surprise if progress continues to be of a modest nature, and we should not be downhearted if the second half of the year demonstrates a slight regression.”

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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