

ABERDEEN HOUSING MARKET REPORT

FOURTH QUARTER 2022

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the fourth 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, *2022Q4* stands for the fourth 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.

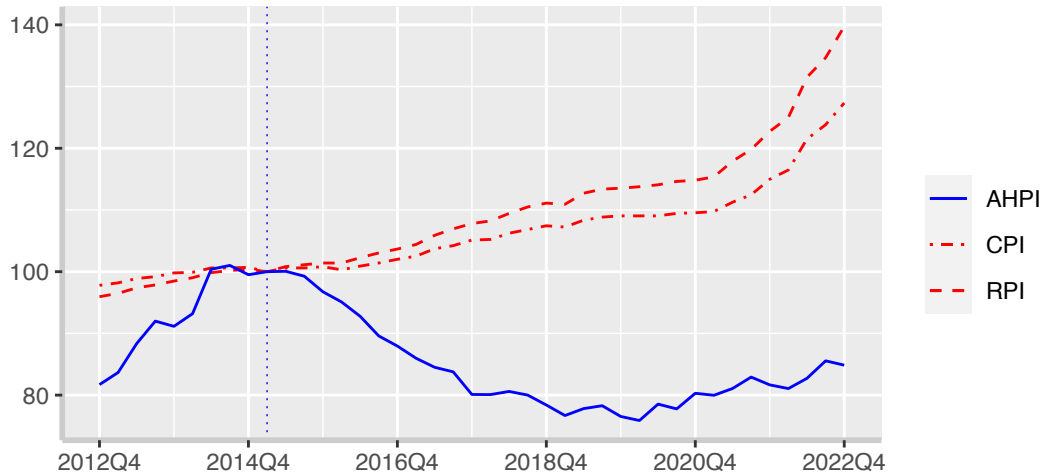
Aberdeen house price index

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 -0.8%.
- The annual house price change in Aberdeen has been 3.9%.
- The annualised house price change over five years in Aberdeen has been 1.2%.

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 2012Q4 to 2022Q4



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 2022Q3 to the current quarter 2022Q4. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2021Q4 to the current quarter 2022Q4. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2017Q4 to the current quarter 2022Q4. 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	-0.8	-0.9	-2.1	0.4	-2.7	3.8	2.8
Yearly	3.9	5.2	1.0	2.8	3.7	13.9	10.8
Five-yearly	1.2	0.0	0.5	1.2	0.3	5.3	3.9

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	2022Q4	124,728	113,212	132,268	132,211	118,430
	2022Q3	126,733	115,986	131,970	137,054	121,851
Semi-detached	2022Q4	196,656	162,096	184,487	192,113	183,156
	2022Q3	198,274	163,584	188,367	191,327	188,144
Detached	2022Q4	322,149	273,092	309,127	328,490	330,950
	2022Q3	328,272	277,579	310,817	325,735	339,386

Number of transactions and listings

Figure 2: Number of transactions from 2017Q4 to 2022Q4

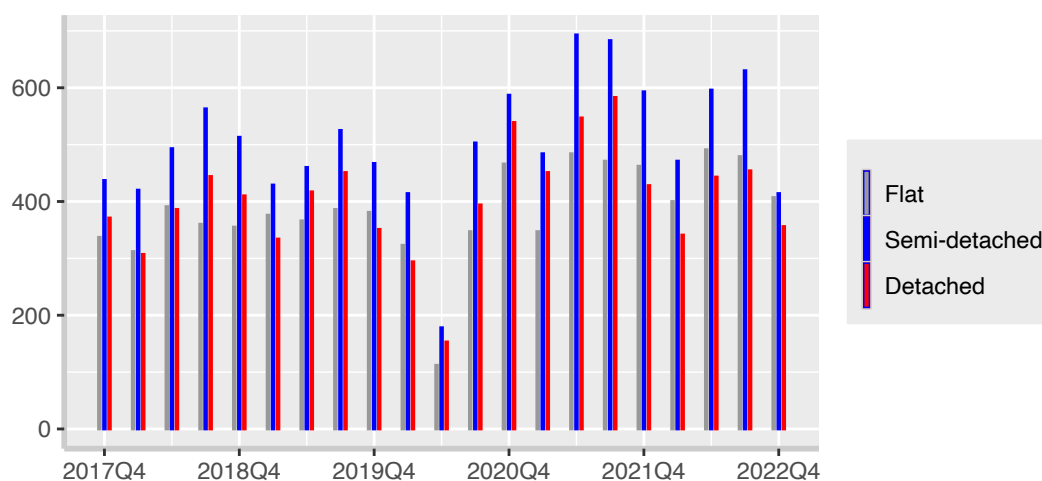


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2017Q4 to 2022Q4.

In the fourth quarter of 2022, 1,177 residential dwellings were transacted, a change of -24.7% compared to the previous quarter 2022Q3 and a change of -20.6% compared to the same quarter a year ago 2021Q4. The transactions by dwelling type were:

- 407 flats, a change of -15.0% compared to the previous quarter 2022Q3 and of -11.9% compared to the same quarter a year ago 2021Q4.
- 414 semi-detached houses, a change of -34.3% compared to the previous quarter 2022Q3 and of -30.2% compared to the same quarter a year ago 2021Q4.
- 356 detached houses, a change of -21.6% compared to the previous quarter 2022Q3 and of -16.8% compared to the same quarter a year ago 2021Q4.

Figure 3: Activity and mark-up from 2017Q4 to 2022Q4

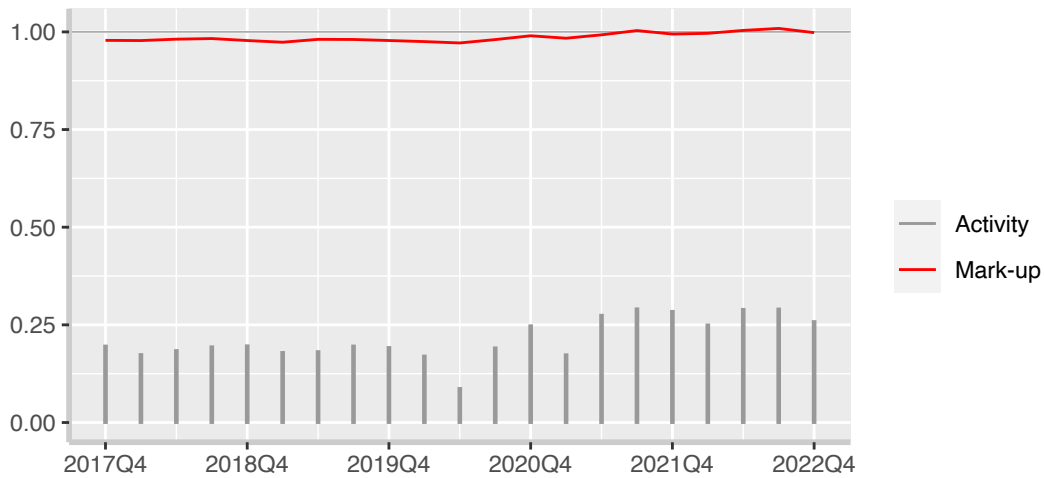


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the fourth quarter of 2022 is 25.84%. The share was 29.06% in the previous quarter 2022Q3 and 28.46% in the same quarter a year ago 2021Q4.

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 fourth 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 fourth quarter of the 2022, while showing a slight downward shift in our local housing market, compared to the third quarter, in fact contains evidence of a degree of resilience.

Bearing in mind the severe dislocation to money markets, caused by the Kwarteng mini budget, and the consequent reaction of mortgage lenders, most folk were expecting housing markets to be badly hit. There have been reports of serious dislocation in England, and we expected to see something similar, here. What we have seen, however, is a market that has shown some signs of lessening activity, but other signs of maintaining, broadly speaking, the modest recovery shown throughout 2022.

The fourth quarter is expected to be quieter due to perfectly normal seasonal fluctuations. What we see, therefore, this year, could be explained in those terms. I think we need to be careful not to read too much, either way, into the fourth quarter figures. I think we must expect there to have been some impact from the financial uncertainties, and we should acknowledge that, just at present, it is difficult to be able to say anything definite about the 4th quarter figures, other than they are, perhaps, better than we might have expected.

On the debit side, there is evidence of a modest drop in prices, in the fourth quarter. On the credit side mark up has remained steady at 1.

At the time of writing, 31st January 23, our records show that 2023 is starting off in a fairly normal way, with insertions building and sales, naturally, lagging behind. So far so good.

Purely on instinct, I feel our local market has performed reasonably well, given external factors, and I think we should expect activity to continue, at reasonably normal levels.

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](#)