

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2023

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the first quarter of 2023. 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, *2023Q1* stands for the first quarter of 2023.

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.

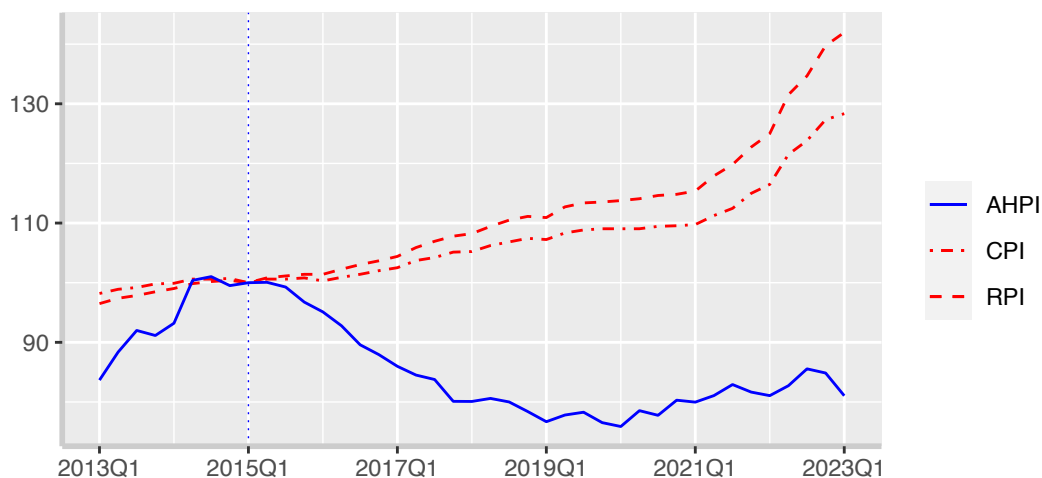
Aberdeen house price index

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 -4.5%.
- The annual house price change in Aberdeen has been -0.0%.
- The annualised house price change over five years in Aberdeen has been 0.2%.

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 2013Q1 to 2023Q1



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 2022Q4 to the current quarter 2023Q1. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2022Q1 to the current quarter 2023Q1. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2018Q1 to the current quarter 2023Q1. 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	-4.5	-3.1	-4.6	-7.1	-2.0	1.6	0.8
Yearly	0.0	-0.9	-3.7	-1.3	0.8	13.6	10.2
Five-yearly	0.2	-0.7	-0.2	-0.2	0.0	5.6	4.1

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	2023Q1	121,454	107,670	127,347	127,342	117,155
	2022Q4	124,728	113,212	132,268	132,211	118,430
Semi-detached	2023Q1	187,829	157,096	176,067	178,410	179,481
	2022Q4	196,656	162,096	184,487	192,113	183,156
Detached	2023Q1	318,377	265,857	298,712	312,319	326,887
	2022Q4	322,149	273,092	309,127	328,490	330,950

Number of transactions and listings

Figure 2: Number of transactions from 2018Q1 to 2023Q1

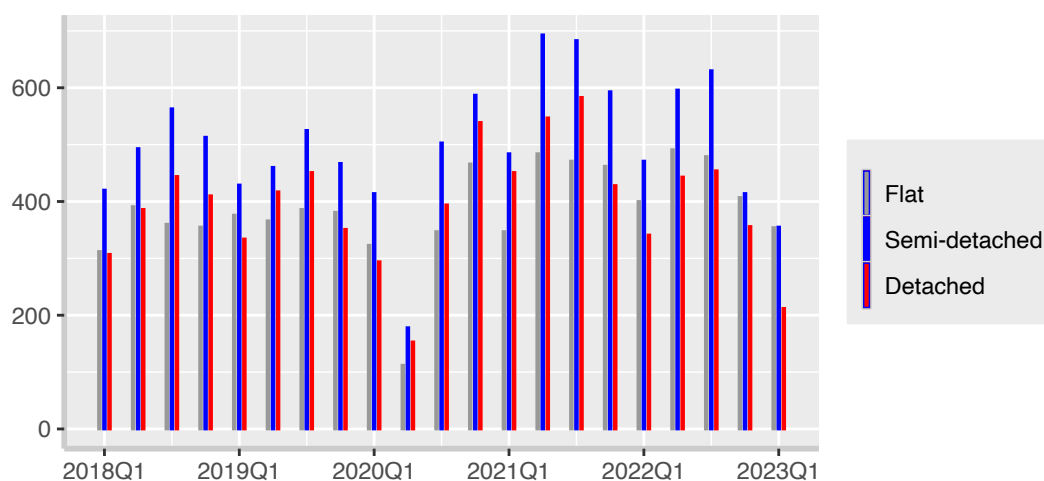


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2018Q1 to 2023Q1.

In the first quarter of 2023, 921 residential dwellings were transacted, a change of -21.8% compared to the previous quarter 2022Q4 and a change of -24.0% compared to the same quarter a year ago 2022Q1. The transactions by dwelling type were:

- 354 flats, a change of -13.0% compared to the previous quarter 2022Q4 and of -11.5% compared to the same quarter a year ago 2022Q1.
- 355 semi-detached houses, a change of -14.3% compared to the previous quarter 2022Q4 and of -24.6% compared to the same quarter a year ago 2022Q1.
- 212 detached houses, a change of -40.4% compared to the previous quarter 2022Q4 and of -37.8% compared to the same quarter a year ago 2022Q1.

Figure 3: Activity and mark-up from 2018Q1 to 2023Q1

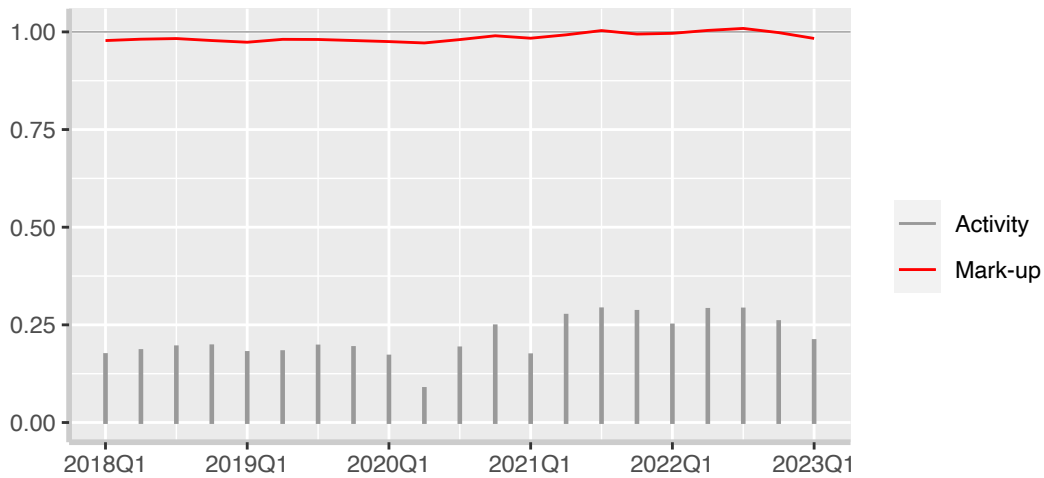


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the first quarter of 2023 is 20.99%. The share was 25.84% in the previous quarter 2022Q4 and 24.97% in the same quarter a year ago 2022Q1.

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 0.98 for the first quarter of 2023.

Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the first quarter of the year shows a dip in the house price index after a sustained period of steady improvement. The change in quarterly price is -4.5% ; the annual change is $-$ no change $- 0.0\%$. Over five years the index is marginally positive at 0.2% .

While this is slightly disappointing, it is not unexpected, given the general downbeat economic outlook, nationally. Also, the first quarter is often the “low point” in each year.

Given the rises in interest rates in recent months, it is not surprising that activity in housing markets, UK wide, has lessened. The effect on our local market is, currently, less than we might have expected. We are still seeing good levels of insertions, but sales in the first quarter are down. There are certain areas, satellite towns, where there is a shortage of family homes on the market, leading to atypical results. In these areas there appears to be competition for those properties, leading to closing dates and prompt sales.

We are in a period of adjustment, so it is probably prudent not to read too much into these first quarter figures, until we can see what the second quarter brings. Our local market may be poised on the brink of a recovery, or not. We shall have to wait and see.

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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