

# ABERDEEN HOUSING MARKET REPORT

## FOURTH QUARTER 2023

### **Purpose and background**

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the fourth 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, *2023Q4* stands for the fourth 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.

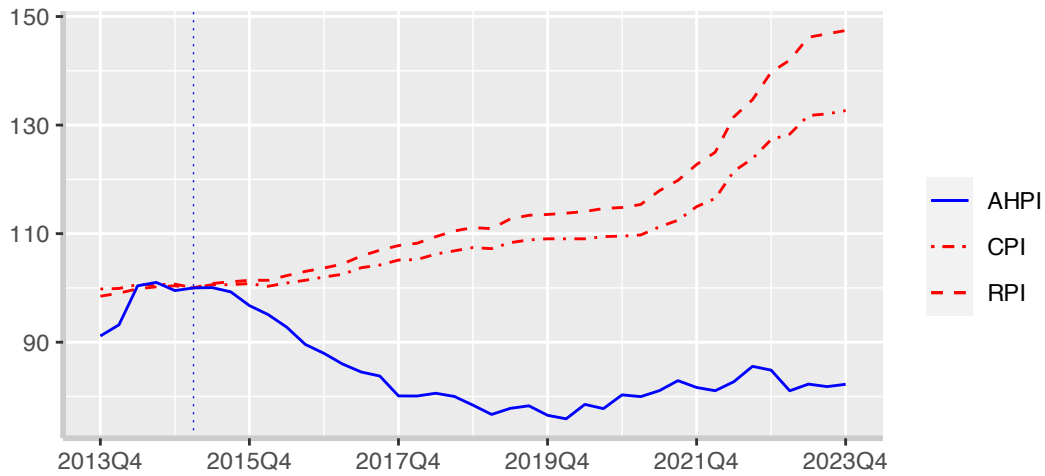
### **Aberdeen house price index**

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 0.5%.
- The annual house price change in Aberdeen has been -3.1%.
- The annualised house price change over five years in Aberdeen has been 1.0%.

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 2013Q4 to 2023Q4



## 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 2023Q3 to the current quarter 2023Q4. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2022Q4 to the current quarter 2023Q4. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2018Q4 to the current quarter 2023Q4. 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	0.5	3.1	1.0	1.2	0.9	0.4	0.5
Yearly	-3.1	2.4	-1.1	-6.9	2.1	5.5	4.2
Five-yearly	1.0	0.1	1.3	0.3	0.0	5.8	4.3

## 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	2023Q4	121,506	97,153	127,944	131,388	117,480
	2023Q3	121,801	97,943	128,924	130,492	119,110
Semi-detached	2023Q4	190,609	166,017	182,411	178,783	186,932
	2023Q3	189,619	160,983	180,581	176,725	185,271
Detached	2023Q4	323,237	274,278	319,188	325,599	346,544
	2023Q3	323,959	269,094	315,824	315,400	341,433

## Number of transactions and listings

Figure 2: Number of transactions from 2018Q4 to 2023Q4

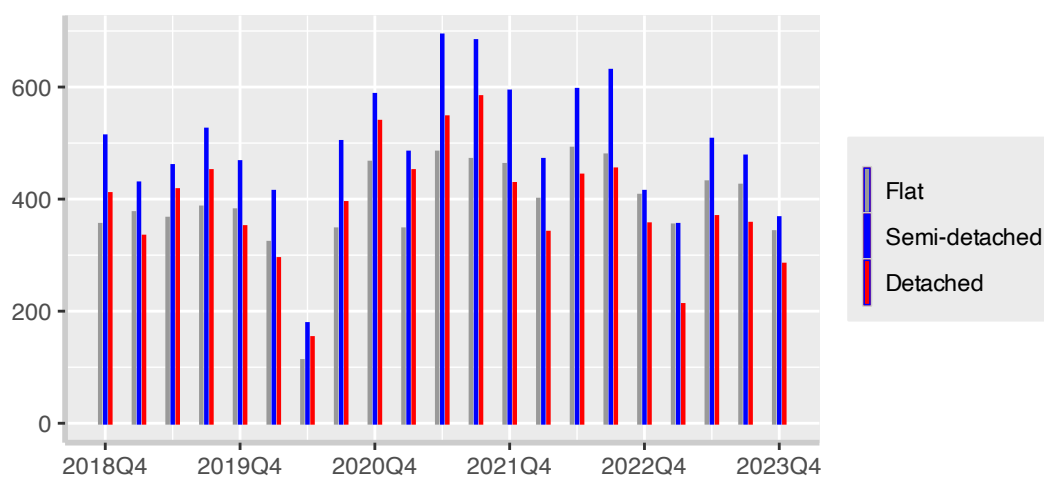


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2018Q4 to 2023Q4.

In the fourth quarter of 2023, 993 residential dwellings were transacted, a change of -21.1% compared to the previous quarter 2023Q3 and a change of -15.6% compared to the same quarter a year ago 2022Q4. The transactions by dwelling type were:

- 342 flats, a change of -19.5% compared to the previous quarter 2023Q3 and of -16.0% compared to the same quarter a year ago 2022Q4.
- 367 semi-detached houses, a change of -23.1% compared to the previous quarter 2023Q3 and of -11.4% compared to the same quarter a year ago 2022Q4.
- 284 detached houses, a change of -20.4% compared to the previous quarter 2023Q3 and of -20.2% compared to the same quarter a year ago 2022Q4.

Figure 3: Activity and mark-up from 2018Q4 to 2023Q4

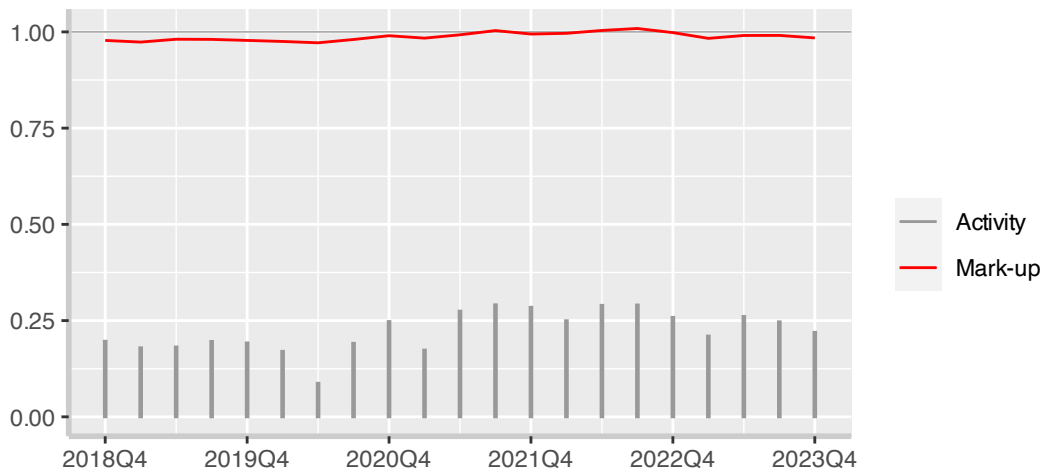


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the fourth quarter of 2023 is 21.96%. The share was 24.69% in the previous quarter 2023Q3 and 25.84% in the same quarter a year ago 2022Q4.

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 fourth 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 fourth quarter of 2023 indicates that, despite continuing uncertainties at this time, our local market is holding up, tolerably well.

In our area the annual price change is a reduction of 3.1%. That equates to a drop of £9,000, on a house valued at £300,000. The five year price change is a positive, albeit of only 1%. The quarterly change is an uplift of one – half of a percent.

These figures might, understandably, provoke a migraine in owners and sellers.

I hope I may be able to prescribe a small antidote.

I think the worst may be behind us. The most direct cause of present troubles might be the Kwasi Kwarteng 2022 autumn budget statement, but our local market had endured one or two setbacks before that, mostly due to changes in the prospects for oil. We had been recovering from those before autumn 2022, but the rise in interest rates had an inescapable adverse effect on markets.

We are now entering a phase where mortgage lenders are more optimistic regarding a downward trend in interest rates and are offering reduced rate fixed terms. Inflation does seem set to reduce even further.

We are not out of the woods, but there is a slightly better feel to things. I am expecting matters

to improve, slowly. I acknowledge that there are other factors in play that might affect confidence. The thing about housing, however, is that it is a necessity, and demographic factors influence things. This means, to a certain extent, people will still buy and sell, even in less than ideal situations.

Adversity seems to be almost the normal situation, nowadays, and folk have to get on with their lives, and so we adjust our plans and carry on. Fortification for that view can be found in the details in Tables 1 and 2. There are a significant number of positive price movements disclosed. It is a mixed picture, I accept, but the prospects do appear to be moving a little towards a more acceptable position

## **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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