

House Price Index

Scotland

Under embargo until 00:01

Friday 25th May 2018

MAR | Average House Price
2018 | in Scotland

£184,850

AVERAGE MONTHLY CHANGE:  1.2%AVERAGE ANNUAL CHANGE:  7.7%

Ever faster: Prices now growing 7.7% annually in Scotland

- Scottish house price increases leave England, Wales and Northern Ireland standing
- Affordability still the main driver of growth
- Edinburgh powers growth with 14.5% average annual increase
- 26 of 32 local authorities see prices rise on annual basis monthly increase

Headline news

Scottish annual house price growth has accelerated again, increasing by 7.7% in March. That compares to just 1.0% in England and Wales as a whole for the same month. Wales, bolstered by high value sales as buyers rush to beat the new Land Transaction Tax in April, also still trails well behind, with annual growth of 4.8%.

Moreover, while prices fell between February and March in England and Wales, they continued growing in Scotland, up 1.2%. That puts the average price at £184,850, up more than £13,000 in the last 12 months from £171,614 last March.

Quick Quotes

Christine Campbell, Your Move managing director in Scotland, said: “The Scottish market goes from strength to strength, with Edinburgh driving growth, but excellent performance found across the country. With property in Scotland still very affordable, it is possible this will continue, too.”

Alan Penman, business development manager for Walker Fraser Steele, one of Scotland’s oldest firms of chartered surveyors and part of the LSL group of companies, said: “We should welcome the growth we’re seeing in property prices in Scotland because it reflects a strong economy. We shouldn’t be blind to the fact that price increases reflect not just strong demand, but also a pronounced lack of supply in housing, however.”

Key Insights

The contrast in fortunes of the Scottish and English housing markets finds its starkest expression in the respective capitals. While average prices in London are down 2.5% in the 12 months to the end of March, they are up 14.5% in Edinburgh and continue strong. Edinburgh accounted for 45% of the £2,147 increase in Scotland’s average house price in March, on a weight-adjusted basis.

In part, the strong performance in Edinburgh is down to strong sales of high value properties. The number of transactions for £750,000 or over in the city in the first three months of the year – at 62 – is more than double last year (24). But this is hardly a complete explanation for the strength of the Scottish market, which is broad-based. Overall, 26 out of 32 local authorities in the country recorded growth in the last year with 10 setting new peak average prices in March.

They include several that, like Edinburgh, show double digit growth for the last year: Falkirk, which leads the way with annual price growth of 15.4%, bolstered by rising prices of detached properties and new builds sold off plan; East Renfrewshire,

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Key Insights continued...

the most expensive area outside Edinburgh and with prices growing almost as fast, up 13.4% annually; Midlothian (10.4%) and the Scottish Borders (12.0%), which also have above average prices; but also West Lothian (12.4%) and Fife (11.6%), where prices are below the average for Scotland as a whole. Glasgow City (up 10.5%), Dumfries and Galloway (10.6%) and Renfrewshire (10.5%) are also all still recording strong annual growth.

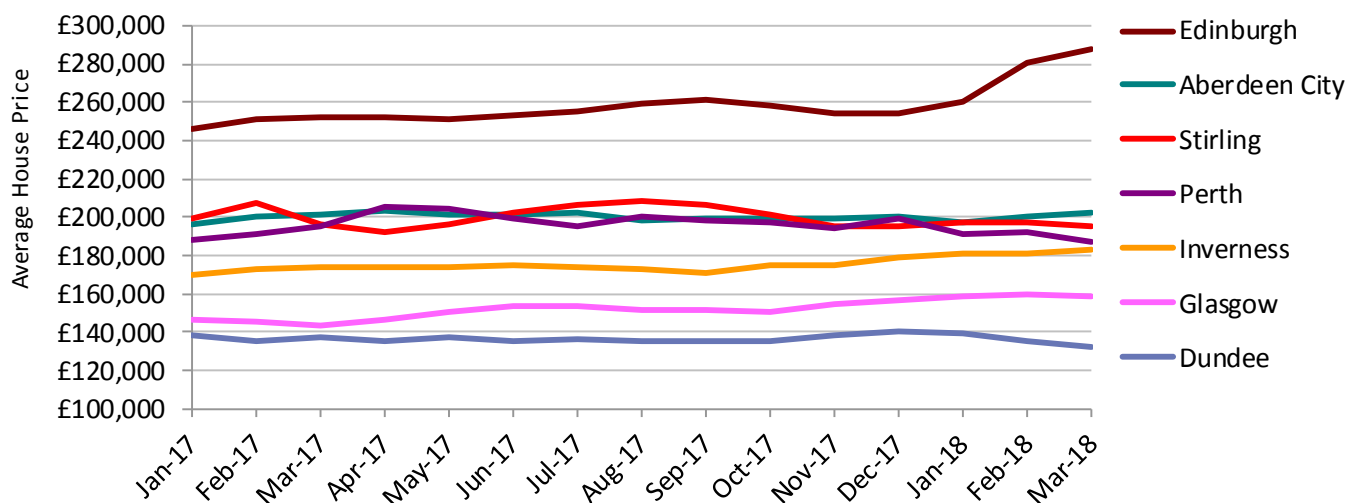
Rather, the strength in the market is a combination of factors

that include low interest rates and strong competition among mortgage providers; high employment rates and average weekly earnings that are the third highest of the 12 regions in the UK; and, crucially, average house prices that are still the second-lowest in the UK. Consequently, the affordability of housing in Scotland, measured by the median house price divided by median average weekly earnings, is the lowest in the UK. That should mean there's scope for continued house price growth.

Average House Prices in Scotland for the period March 2017 - March 2018

MONTH	YEAR	HOUSE PRICE	MONTHLY CHANGE %	ANNUAL CHANGE %
March	2017	£171,614	0.6	2.1
April	2017	£174,095	1.4	3.1
May	2017	£174,962	0.5	3.0
June	2017	£175,286	0.2	4.2
July	2017	£174,885	-0.2	4.1
August	2017	£175,100	0.1	4.0
September	2017	£175,696	0.3	4.2
October	2017	£175,221	-0.3	3.3
November	2017	£175,573	0.2	3.4
December	2017	£176,793	0.7	4.3
January	2018	£178,702	1.1	5.4
February	2018	£182,703	2.2	7.1
March	2018	£184,850	1.2	7.7

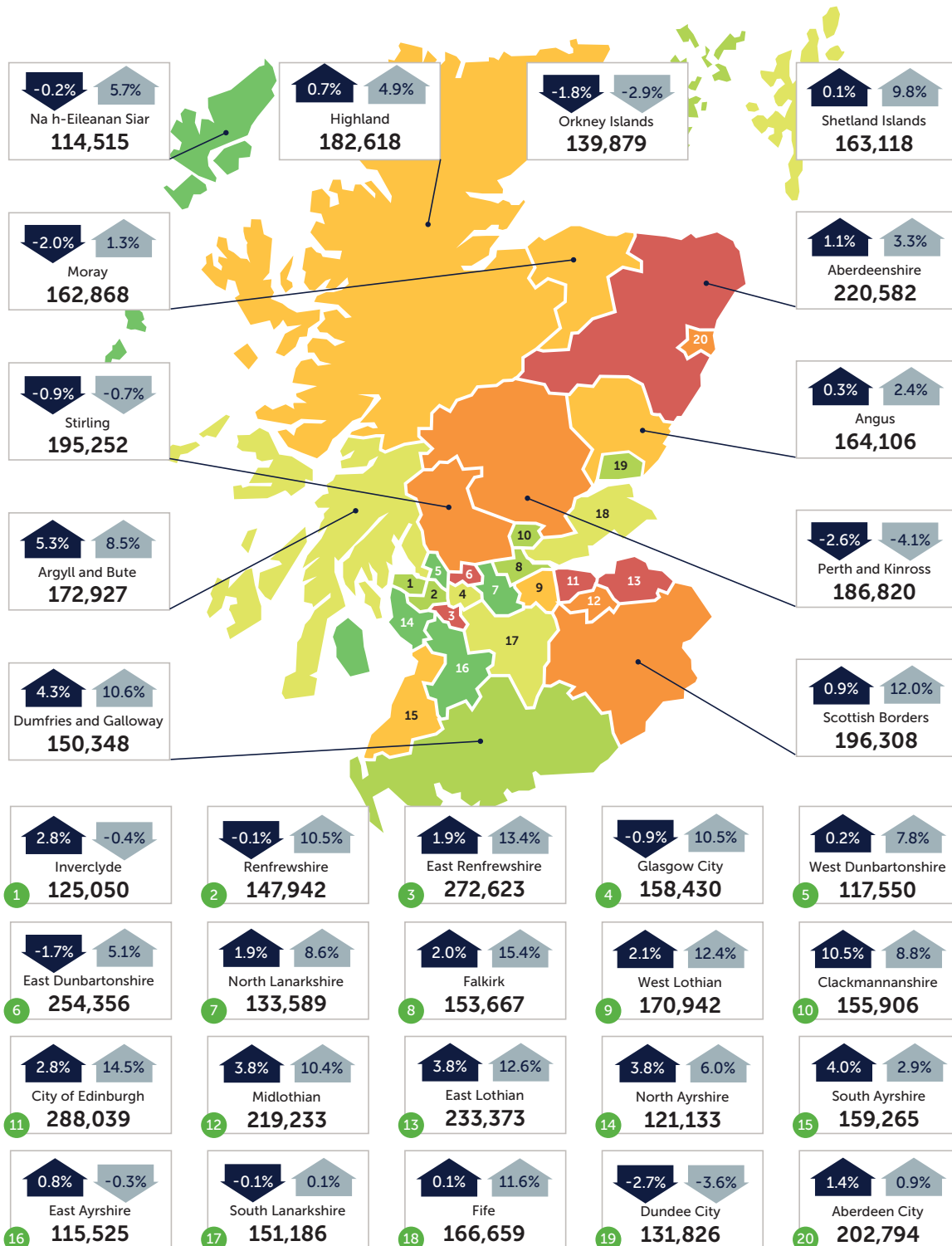
Average house prices for Scotland's seven cities from January 2017 - March 2018



Regional update

Average House Prices in Scotland, by local authority area, comparing March 2017 and February 2018 with March 2018.

AVERAGE MONTHLY CHANGE AVERAGE ANNUAL CHANGE



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