

Prices rise again in February to an annual 8.2%

- ✓ Shortage of housing stock continues to support prices
- ✓ Scotland's monthly rate of 1.5% is highest since August
- ✓ Private annual rental growth is at highest rate since records began, encouraging buy-to-let investment

Notes:

- The *Walker Fraser Steele Acadata House Price Index (Scotland)* was formerly named the *Your Move Acadata House Price Index*. Content and methodology are unchanged. Please refer to the Notes at the end for more information.
- Walker Fraser Steele is the trading name of e.surv Chartered Surveyors in Scotland.

House Price	Index	Monthly Change %	Annual Change %
£218,702	286.4	1.5	8.2

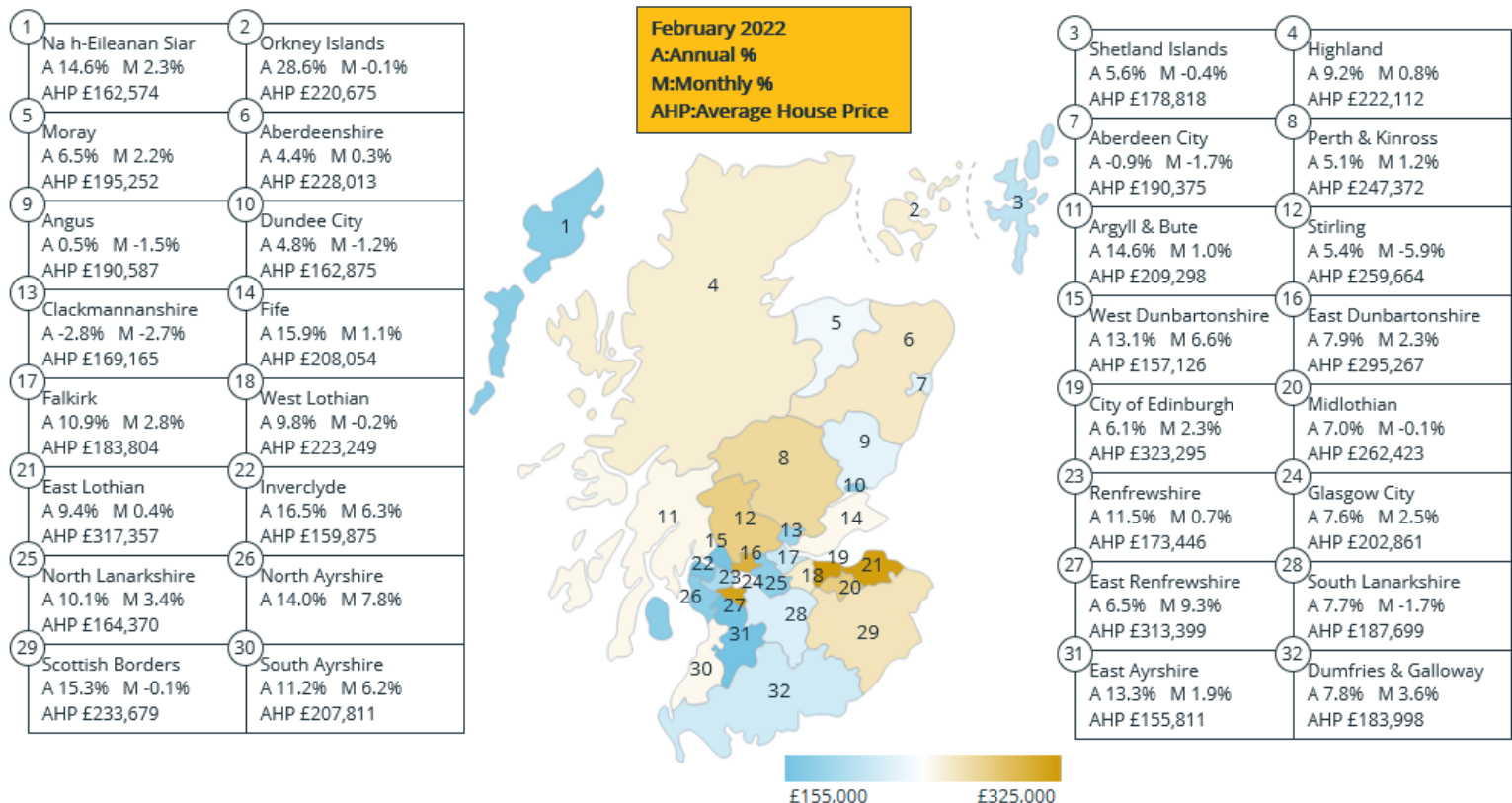


Table 1. Average House Prices in Scotland for the period February 2021 – February 2022
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
February	2021	£202,091	264.7	1.0	8.7
March	2021	£206,330	270.2	2.1	11.4
April	2021	£203,985	267.2	-1.1	10.6
May	2021	£203,873	267.0	-0.1	11.1
June	2021	£201,496	263.9	-1.2	8.3
July	2021	£206,826	270.9	2.6	10.4
August	2021	£210,265	275.4	1.7	11.8
September	2021	£212,388	278.2	1.0	13.0
October	2021	£212,281	278.0	-0.1	11.3
November	2021	£212,306	278.1	0.0	8.8
December	2021	£212,512	278.3	0.1	7.1
January	2022	£215,500	282.2	1.4	7.7
February	2022	£218,702	286.4	1.5	8.2

Note: The Walker Fraser Steele Acadata House Price Index (Scotland) provides the “average of all prices paid for houses”, including those made with cash.

Scott Jack, Regional Development Director at Walker Fraser Steele, comments:

“Scotland continues to see record average house price growth with the average price paid for a house in February this year reaching £218,702 – a price £16,600 higher than at the same time last year. It continues the trend from January and, on a monthly basis, this means prices in February rose by 1.5% - the highest increase in a month since August last year.

“As a piece of context, in February this year, all the regions in England and Wales established new record average house price levels, but it is fair to say that the Scottish property market has robustly withstood one of the most seismic events in living memory in the past couple of years.

“The reasons for this strong performance remain constant across the UK. We are still seeing the results of people choosing to change the way in which they work and where they choose to do this. While inflation and interest rates are rising (albeit it at different paces), we still enjoy relatively low borrowing costs. The supply of desirable property remains constrained so there is a lot of competition for the most desirable property.

“It seems that the pandemic’s impact on our ability to spend, which includes disposable income for socialising and holidays, has meant people have saved for more fundamental things such as a house purchase. Also, the rise in house prices during the period means that existing homeowners have benefitted from an increase in the equity in their homes meaning they can move up the ladder.”

Commentary: John Tindale, Acadata Senior Housing Analyst

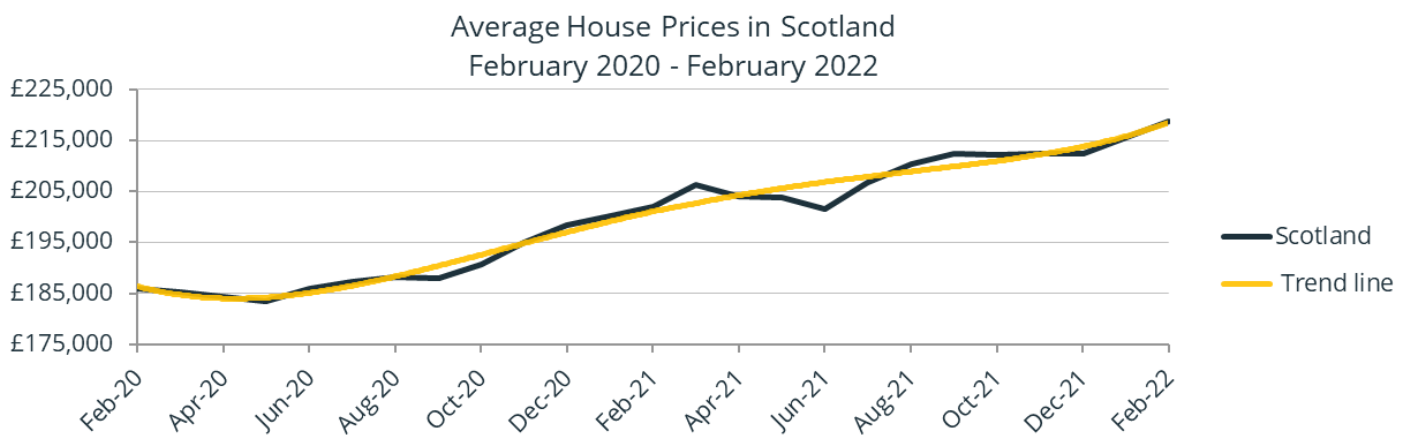
The February housing market

The average price paid for a house in Scotland in February 2022 was £218,702, which sets a record price for the country – this is the seventh occasion that this has happened in the last twelve months.

This price is some £16,600 higher than that seen in February 2021, indicating that prices have risen by 8.2% on an annual basis. This rate is also some 1.1% up on the 7.1% recorded in December 2021, with both January and February of 2022 having witnessed an increase in house prices.

On a monthly basis, prices in February 2022 rose by 1.5%, or around £3,200. This is the highest increase in a month since August 2021.

Figure 1. The average house price in Scotland over the period February 2020 to February 2022 with trendline ([Link to source Excel](#))



Scotland is not alone in seeing house prices continuing to rise. In February 2022, all nine GOR regions in England and Wales established new record average house price levels, although only Wales had an annual growth rate higher than that of Scotland, at 8.9%.

So what is causing this ongoing upward movement in prices, particularly at a time when many commentators had been expecting to see a slowing in the growth rate, as increased cost of living pressures begin to bear down on consumers? As we reported last month, in general terms we are still living with the effects of the pandemic, and the “lifestyle” changes this has brought about – in particular the “Work from Home” edict has encouraged many to move to larger premises with outdoor facilities – the so-called “Race for Space”. There is still high demand for such homes, but supply is limited, so there continues to be strong competition for the properties that do come onto the market, with resultant price increases.

Additionally, the ONS advises that private rental prices in Scotland have grown by 2.6% in the 12 months to February 2022, which is the highest annual growth rate for Scotland since records began in 2012. If this figure looks low, we should point out that the ONS private rental index not only measures the change in newly advertised rental prices, but also reflects price changes for all existing private rental properties. This increase in rental growth rates is encouraging some investors to consider purchasing buy-to-let properties, adding to the already buoyant demand for homes that currently exists.

Transactions analysis

Monthly transaction counts

Figure 2 below shows the monthly transaction count for purchases during the period January 2015 to February 2022, based on RoS (Registers of Scotland) figures for the Date of Entry. (February 2022 figures are based on RoS Application dates.)

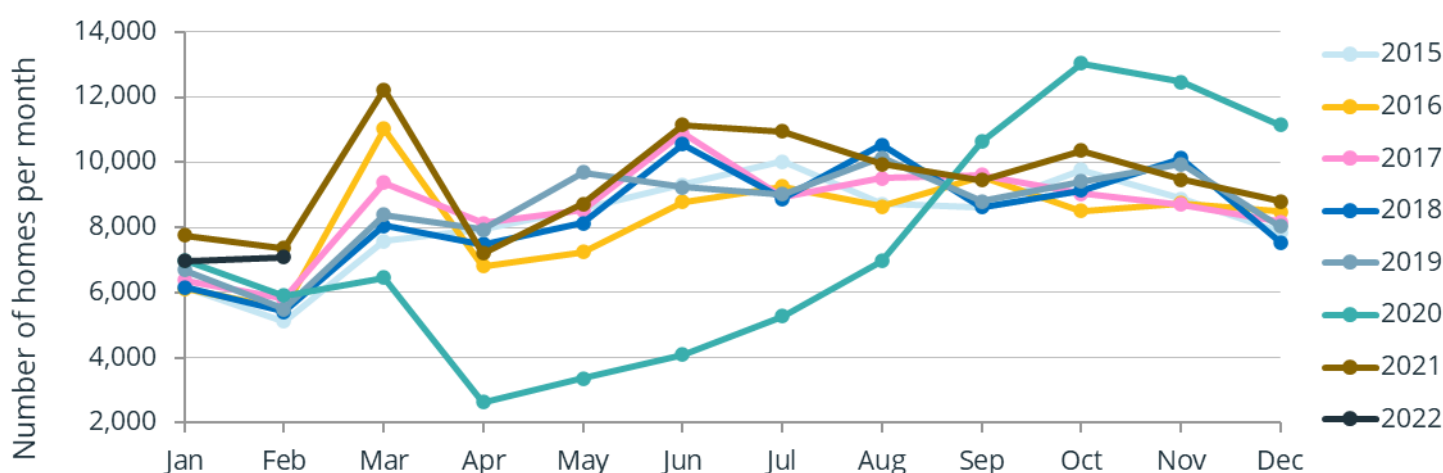
The graph shows that of the eight years on display, all - bar 2020 and 2022 - have February as being the month with the lowest transaction count of the year. This in part is a knock-on effect from the Christmas holidays, when estate agents are often closed from Christmas Eve to the New Year - with the Date of Entry on completion of the sale often taking five to six weeks from the date at which the property was first put on the market. In part, it is also due to the reduced daylight hours at the turn of the year, which restricts would-be buyers from visiting prospective properties.

If we remove the pandemic-related years 2020 - 2022 from our calculations, then the average number of sales in February for the seven years 2013 - 2019 amounts to 5,340 transactions, compared to August, which has the maximum number of sales of any month at an average 9,368 transactions - a 75% increase on February.

Our monthly statistics also show that there is a seasonal variation in the prices being paid across the year, with February typically seeing a 2.5% reduction in the average price paid, and the highest prices typically being achieved in September/October when prices are some 2.0% higher than average. Allowing for the five-to-six weeks' time span from putting a home up for sale to the Date of Entry, this will mean that generally the lowest prices are accepted for a property in December / January, and the highest prices are often achieved in August / September. In our house price calculations, we adjust the data to take these known seasonal variations into account.

Figure 2. The number of sales per month recorded by RoS based on entry date (RoS applications date for February 2022), for the period 2015 - 2022. (Source: Registers of Scotland.) ([Link to source Excel](#))

Housing Registrations in Scotland per Month 2015 - 2022



Scotland transactions of £750k or higher

Table 2. The number of transactions by month in Scotland greater than or equal to £750k, January 2015 – February 2022 ([Link to source Excel](#))

Sales of £750k+								
Month	2015	2016	2017	2018	2019	2020	2021	2022
1	33	27	19	35	43	49	65	80
2	42	20	15	52	26	33	63	39
3	231	57	25	34	35	30	115	
4	2	27	29	24	36	11	46	
5	14	20	31	32	54	16	63	
6	26	47	43	41	60	36	117	
7	15	36	55	44	61	41	120	
8	41	54	62	60	61	40	102	
9	46	44	56	70	59	67	127	
10	23	52	48	55	40	114	100	
11	48	38	37	59	58	109	98	
12	34	23	40	31	49	105	78	
Total	555	445	460	537	582	651	1094	119

Table 2 shows the number of transactions per month in Scotland which are equal to or greater than £750k. The threshold of £750k has been selected as it is the breakpoint at which the highest rate of LBTT becomes payable.

Table 2 shows that there were 39 sales in excess of £750k during February 2022, and we anticipate that this number will increase as further sales for the month are processed by the Registers of Scotland. However, as discussed earlier, February typically has the lowest number of property sales in the year, so there should not be too much concern about the relatively low number of high-value sales that occurred in the month.

The seven authorities with the largest number of the 119 high-value sales that have been recorded to date in 2022 are: Edinburgh (59); Glasgow City (11); Fife (8); East Lothian (5); East Dunbartonshire (4); East Renfrewshire (4); and finally Perth and Kinross (4).

The 59 high-value sales in Edinburgh amount to 4.6% of the total 1,292 sales that have been recorded in the capital in 2022 to date. This compares to a figure of 1.1% to the end of February - which the 119 high-value sales represent - when compared to Scotland's total number of 11,041 transactions recorded by the Registrar.

The high-value ratios for the remainder of the seven authorities listed above are - East Lothian 2.6%; East Dunbartonshire 2.4%; East Renfrewshire 2.1%; Perth and Kinross 1.3%; Fife 1.1%; and finally, Glasgow City 0.9%.

Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing February 2021, January 2022 and February 2022 ([Link to source Excel](#))

Prior Year Rank	Rank By Price	Local Authority Area	Feb-21	Jan-22	Feb-22	Month % Change	Annual % Change
1	1	City of Edinburgh	£304,659	£316,057	£323,295	2.3%	6.1%
3	2	East Lothian	£290,176	£315,957	£317,357	0.4%	9.4%
2	3	East Renfrewshire	£294,163	£286,719	£313,399	9.3%	6.5%
4	4	East Dunbartonshire	£273,538	£288,639	£295,267	2.3%	7.9%
6	5	Midlothian	£245,348	£262,807	£262,423	-0.1%	7.0%
5	6	Stirling	£246,390	£276,083	£259,664	-5.9%	5.4%
7	7	Perth and Kinross	£235,316	£244,319	£247,372	1.2%	5.1%
11	8	Scottish Borders	£202,676	£233,963	£233,679	-0.1%	15.3%
8	9	Aberdeenshire	£218,412	£227,269	£228,013	0.3%	4.4%
10	10	West Lothian	£203,298	£223,644	£223,249	-0.2%	9.8%
9	11	Highland	£203,353	£220,256	£222,112	0.8%	9.2%
21	12	Orkney Islands	£171,657	£220,787	£220,675	-0.1%	28.6%
17	13	Argyll and Bute	£182,683	£207,252	£209,298	1.0%	14.6%
18	14	Fife	£179,493	£205,746	£208,054	1.1%	15.9%
15	15	South Ayrshire	£186,949	£195,696	£207,811	6.2%	11.2%
14	16	Glasgow City	£188,553	£197,961	£202,861	2.5%	7.6%
16	17	Moray	£183,264	£191,053	£195,252	2.2%	6.5%
13	18	Angus	£189,715	£193,409	£190,587	-1.5%	0.5%
12	19	Aberdeen City	£192,074	£193,587	£190,375	-1.7%	-0.9%
19	20	South Lanarkshire	£174,311	£190,976	£187,699	-1.7%	7.7%
22	21	Dumfries and Galloway	£170,745	£177,544	£183,998	3.6%	7.8%
24	22	Falkirk	£165,699	£178,768	£183,804	2.8%	10.9%
23	23	Shetland Islands	£169,329	£179,484	£178,818	-0.4%	5.6%
25	24	Renfrewshire	£155,566	£172,163	£173,446	0.7%	11.5%
20	25	Clackmannanshire	£174,122	£173,849	£169,165	-2.7%	-2.8%
27	26	North Lanarkshire	£149,257	£158,933	£164,370	3.4%	10.1%
28	27	North Ayrshire	£143,110	£151,445	£163,191	7.8%	14.0%
26	28	Dundee City	£155,451	£164,796	£162,875	-1.2%	4.8%
29	29	Na h-Eileanan Siar	£141,907	£158,917	£162,574	2.3%	14.6%
32	30	Inverclyde	£137,231	£150,405	£159,875	6.3%	16.5%
30	31	West Dunbartonshire	£138,985	£147,351	£157,126	6.6%	13.1%
31	32	East Ayrshire	£137,557	£152,875	£155,811	1.9%	13.3%
All Scotland			£202,091	£215,500	£218,702	1.5%	8.2%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for February 2021, as well as for January and February 2022, calculated on a seasonal- and mix-adjusted basis. The ranking in Table 3 is based on the local authority area's average house price for February 2022. Local Authority areas shaded in blue experienced record average house prices in February 2022.

Annual change

The average house price in Scotland has increased by some £16,600 - or 8.2% - over the last twelve months, to the end of February. This is a £1,300 increase over the revised £15,300 growth in prices seen to the end of January 2022, and represents approximately half of the annual average gross pay of those working in Scotland in 2020/2021.

In February 2022, 30 of the 32 local authority areas in Scotland saw their average prices rise over the previous twelve months. The two areas with price falls compared to one year earlier were Clackmannanshire and Aberdeen City. In Clackmannanshire all property types, excepting terraces, saw a fall in their average values, but the authority has the lowest number of property sales per month of all the Local Authorities on the mainland, which tends to produce volatile movements in the average price, especially when measured in percentage terms.

In Aberdeen City, it is the average price of terraces and flats that have seen a fall over the last twelve months. However, in Aberdeen, there is a strong correlation between house prices and the price of crude oil, and as suggested last month, we anticipate that property values will begin to increase relatively soon, following the recent dramatic rise in oil prices.

The area with the highest annual increase in average house prices in February 2022 was the Orkney Islands, where values have risen by 28.6% over the year: however, like Clackmannanshire this statistic is based on a low volume of sales (13 transactions in the Orkney Islands in February 2022). On the mainland, the highest rise in prices occurred in Inverclyde, up by 16.5% over the year, this statistic having been assisted by the February purchase of the second-highest priced home in Inverclyde of the last twelve months. The property concerned is a five-bedroom detached home in Kilmacolm, located approximately 15 miles to the west of Glasgow, which sold for £1.45 million.

Monthly change

In February 2022, Scotland's average house price in the month rose by some £3,200, or 1.5%, which is the highest increase of the last six months. The average price of a home in Scotland now stands at £218,702, which sets a new record level for the nation for the seventh time in the last twelve months.

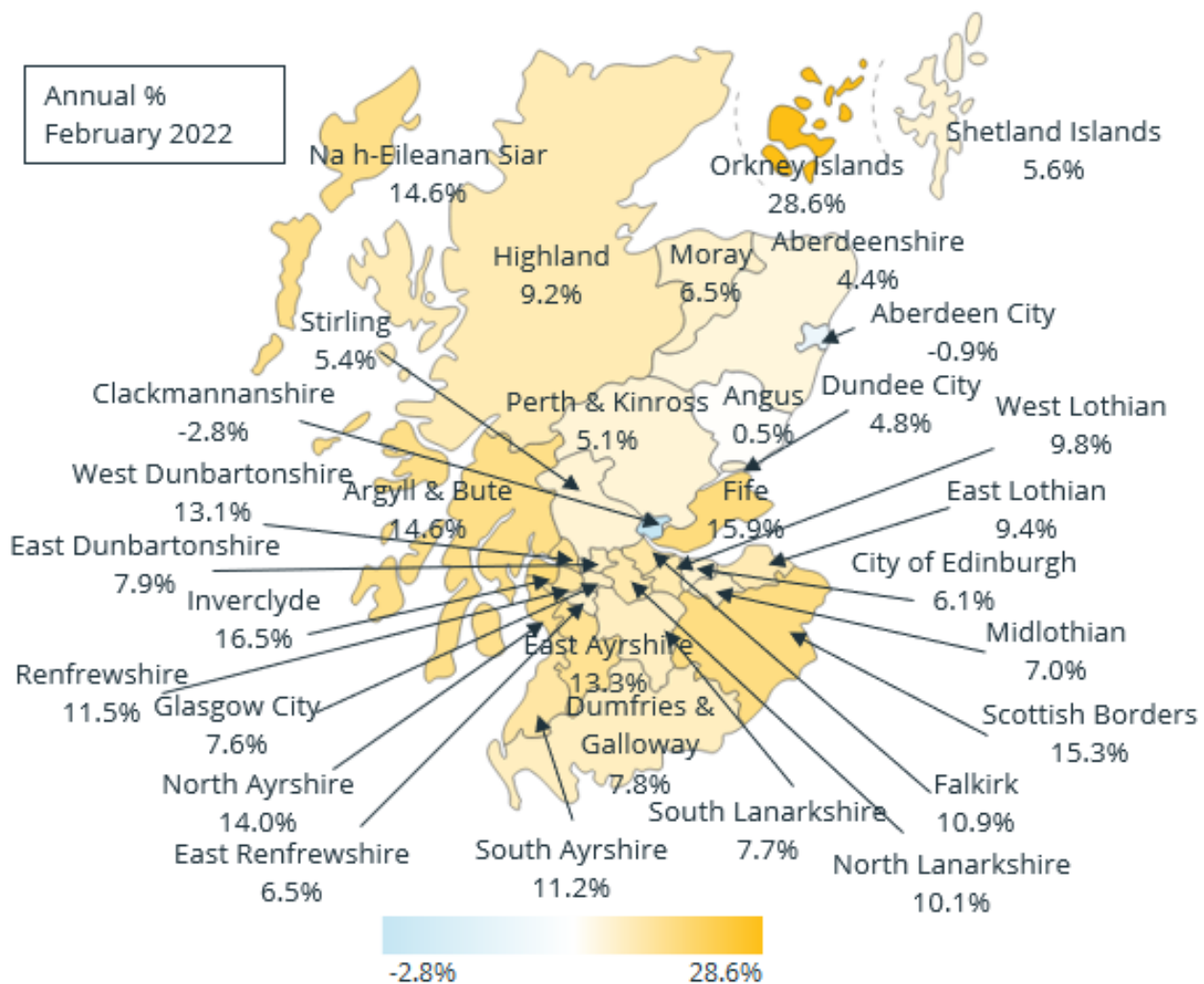
In February 2022, 21 Local Authority areas in Scotland experienced rising prices in the month, the same number as one month earlier. The largest increase in average prices in February, of 9.3%, occurred in East Renfrewshire. The price of all property types, except for flats, increased in East Renfrewshire in February, with the highest increase occurring in detached properties, up from an average £425k in January to an average £495k one month later. These dramatic changes in price are frequently seen in February, due to the low overall level of sales in the month. In this instance, the average price for East Renfrewshire has been elevated by the purchase of the area's most expensive detached property of the last twelve months for £1.95 million. The property, which is located in Giffnock, is some 6 miles to the south of Glasgow centre and is less than half a mile from Whitecraigs railway station, with a direct service into Glasgow Central station, having a journey time of approximately 20 minutes. Giffnock is frequently referred to as being amongst the most affluent areas in Scotland.

Peak Prices

Each month, in Table 3 above, we highlight in light blue the local authority areas which have reached a new record in their average house prices. In February there are 18 such authorities, three more than in January. We can also add that Scotland itself has set a record average price in February 2022 - the second of the year.

Heat Map

The heat map below shows the rate of house price growth for the 12 months ending February 2022. As reported above, all but two of the 32 local authority areas in Scotland are reporting an increase in their house values over the last year. The two areas with negative growth are Clackmannanshire and Aberdeen City, where prices over the year have fallen by -2.8% and -0.9% respectively. The highest increase over the twelve months to February 2022 was in the Orkney Islands at 28.6%, followed by Inverclyde at 16.5%.



Comparisons with Scotland

Figure 3. Scotland house prices, compared with England and Wales, Wales, North East and North West for the period January 2005-February 2022 ([Link to source Excel](#))

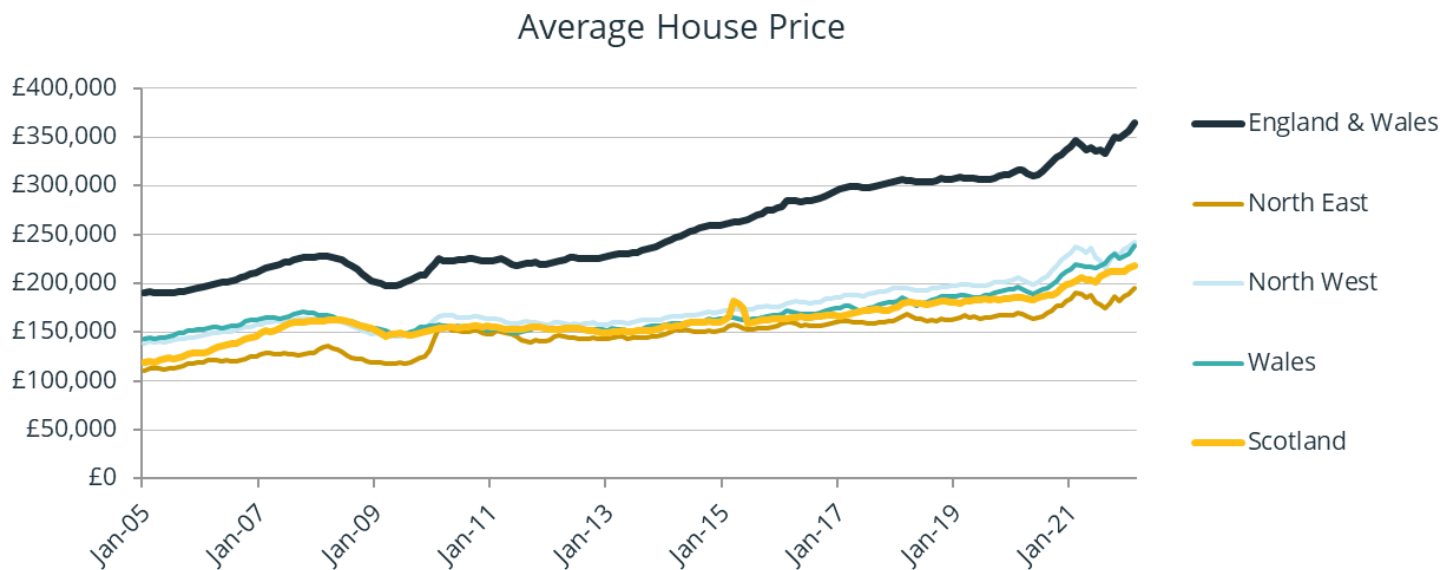
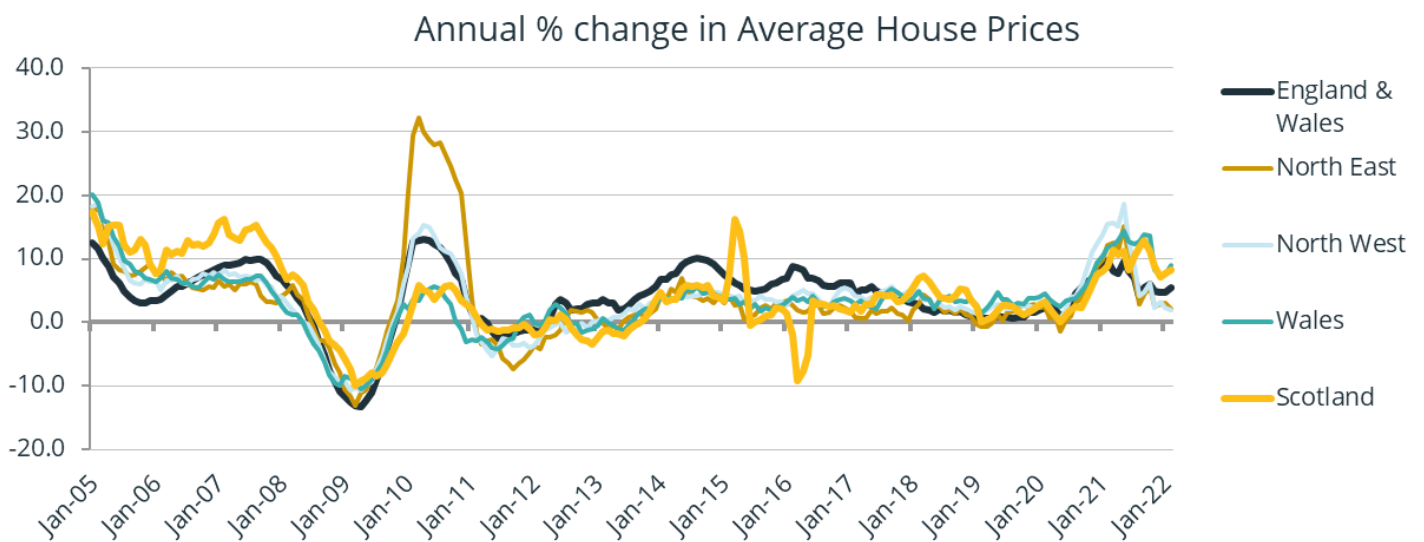


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-February 2022 ([Link to source Excel](#))



Scotland's Seven Cities

Figure 5. Average house prices for Scotland's seven cities from December 2020–February 2022 ([Link to source Excel](#))

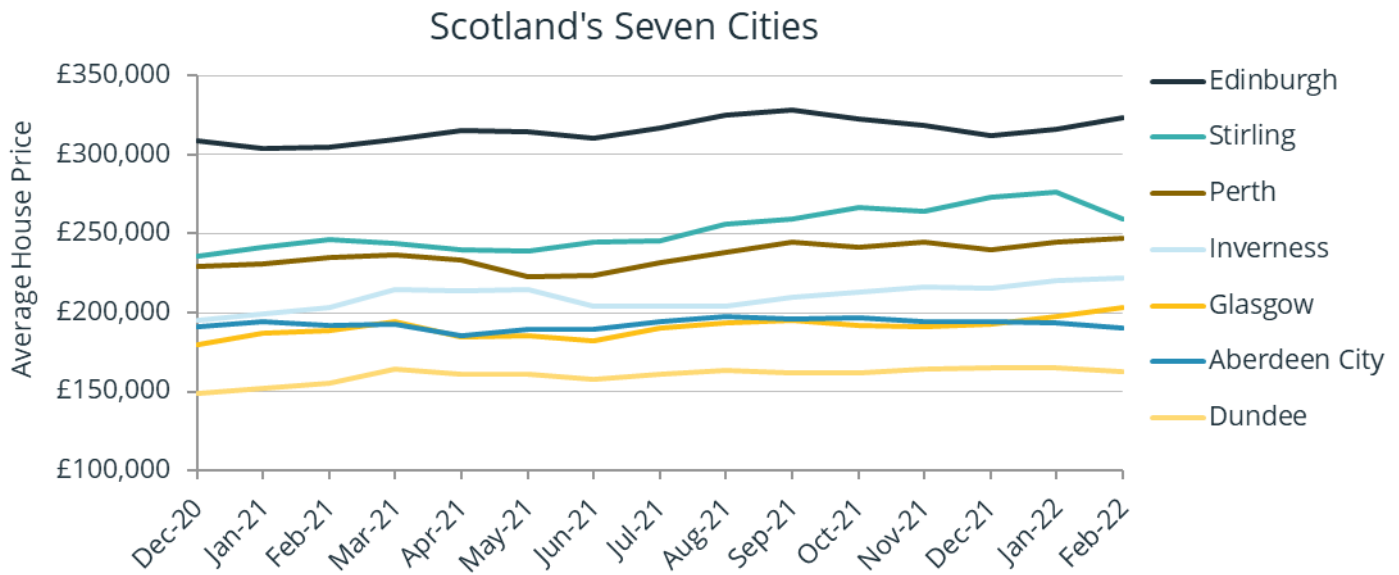
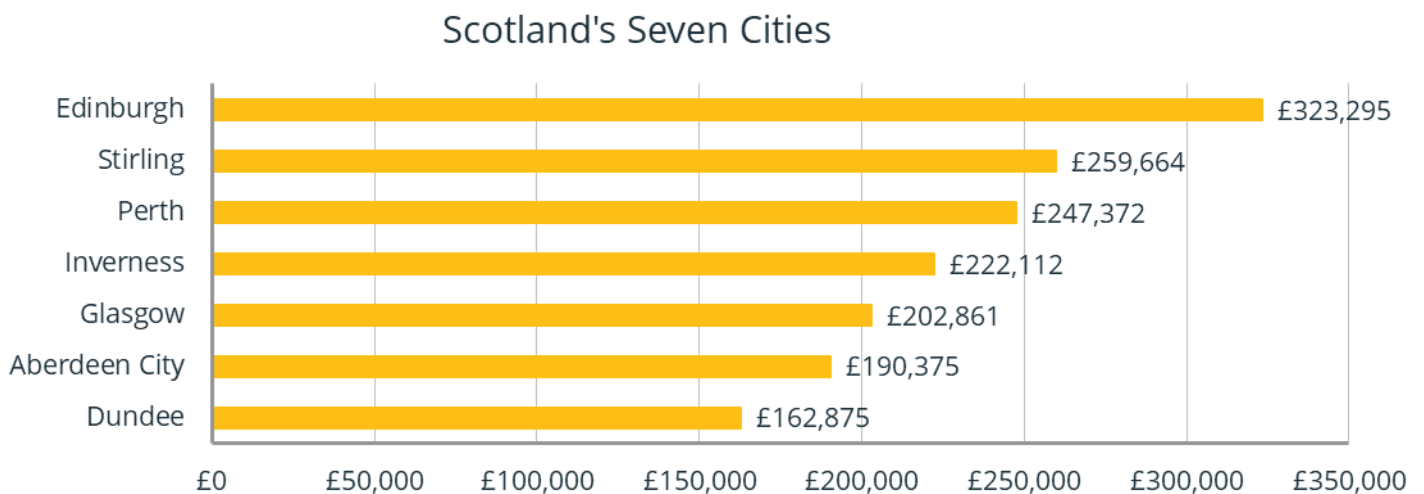


Figure 6. Average house prices for Scotland's seven cities February 2022 ([Link to source Excel](#))



Notes

The *Walker Fraser Steele Acadata House Price Index* was formerly the *Your Move Acadata House Price Index* and is produced by Acadata. Content and methodology are unchanged.

1. The Walker Fraser Steele Acadata HPI (Scotland) is a price series as opposed to a value series and uses:
 - the actual prices at which every residential property in Scotland was transacted, including prices for properties bought with cash, using the data provided by Registers of Scotland as opposed to valuation estimates or asking prices
 - the price of every single relevant transaction, as opposed to prices based upon samples
2. The current month Walker Fraser Steele Acadata HPI (Scotland) is not forecast, unlike the e.surv Acadata HPI (England and Wales) but is based on achieved prices. The first release of the Scotland results lag the first release of those for England and Wales by one month, as the former index does not use estimates of market prices.
3. While the Walker Fraser Steele Acadata HPI (Scotland), like the e.surv Acadata HPI (England and Wales), comprises a smoothed average of three months' prices, the Walker Fraser Steele Acadata HPI (Scotland) average reflects the average price at the month of the index and the prior two months' prices and is ascribed to the month of the index i.e. it is "end month smoothed" (ems) and not "centre month smoothed" (cms) as applied to the e.surv Acadata HPI (England and Wales). Since we provide only a national England and Wales average price in our current month e.surv Acadata HPI (England and Wales) and prices at region and lower levels are lagged one month, this procedure means that the Walker Fraser Steele Acadata HPI (Scotland) prices are contemporaneous with the prices published for the equivalent month for England and Wales and the regions. All Walker Fraser Steele Acadata HPI (Scotland) results are subject to change following receipt of updated data from Registers of Scotland.
4. The [Acadata](#) website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
5. Walker Fraser Steele Acadata HPI (Scotland) may not be used for commercial purposes without written permission from Acadata. Specifically, it may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold or for collateral valuation concerning which enquiries should be directed to MIAC Acadametrics.
6. Acadata is an independent privately owned consultancy specialising in house price data. Our associated company MIAC Acadametrics Limited is an independent asset valuation service provider, specialising in behavioural modelling, stress testing and collateral valuation for the financial services industry.

For further footnotes and a description of the methodology used in the Walker Fraser Steele Acadata HPI (Scotland) please click [here](#).

About Walker Fraser Steele

Walker Fraser Steele is one of the longest established Chartered Surveyor brands in Scotland. We're proud of our Scottish heritage and reputation, which has allowed us to stay at the forefront of the residential property market in Scotland for well over a century.

In June 2013, the business joined forces with [e.surv Chartered Surveyors](#) (part of [LSL Property Services plc](#)). e.surv is the UK's leading provider of residential valuation and surveying services and brings technical expertise and award-winning know-how to complement our in-depth knowledge of local markets. This is a unique formula that adds huge value for our clients and customers.

We provide Home Reports, Mortgage Valuations and Energy Reports to Scottish homeowners, and valuations and property risk advice to a large proportion of UK lenders.

For further information, please visit our website: www.walkerfrasersteele.co.uk

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