

# House Price Index

## Scotland

Under embargo until 00:01

Friday 21st April 2017

FEB 2017 | Average House Price in Scotland

£173,862

AVERAGE MONTHLY CHANGE: **1.4%**

AVERAGE ANNUAL CHANGE: **3.3%**

## Prices heading north

- Prices up 1.4% in February and growing 3.3% annually
- New peaks in five areas, and growth across the country
- First time buyers drive activity and prices, while top-priced sales slow
- Tight supply helping to push up prices

### Headline news

House prices in Scotland grew strongly in February, rising £2,340 (1.4%) to reach almost a two-year high. The average property in the country is now worth £173,862, the highest level since the surge in March 2015.

Prices have grown 3.3% in the last 12 months, compared to 3.1% in England and Wales.

This is driven by strong performance in Scotland's two biggest cities, Edinburgh and Glasgow, both up 8.4% annually. Prices are soaring in the two cities due to the lack of housing supply, partly caused by increased investment from overseas buyers as many look to secure affordable student housing. Prices are also up 12.2% annually, after a 6.6% surge in February, in Stirling, one of five areas to reach a new peak in February, along with Angus (up 7.2% annually), the Shetland Islands (9.4%), South Lanarkshire (8.2%) and Na h-Eileanan Siar (17.4%).

### Quick Quotes

**Christine Campbell, Your Move managing director in Scotland, said:** "First time buyers are continuing to drive the market in Scotland, but the window of opportunity opened by interest rate cuts last year may be narrowing. Tight supply coupled with their demand is pushing up prices across the country."

**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:** "While London remains sluggish, prices in the big beasts of the Scottish housing market, Edinburgh and Glasgow, are growing strongly. That reflects strength in both high value and affordable areas across the country and bodes well for the market as it faces up to the uncertainties following the triggering of Article 50."

### Key Insights

The 1.4% increase in February is the biggest monthly rise since March 2015, although unlike price surges ahead of the 3% LBTT surcharge in April 2016 and after the interest rate cuts last August, the cause is less clear. A range of factors in terms of both demand and supply contribute to increases all over the UK.

First time buyers continue to drive demand, with prices for flats leading growth at 5.1% annually. Again, Edinburgh, where the price of flats is up 10.8%, and Glasgow, up 9.3%, bolster the market. Affordable flats in Edinburgh are driving growth in the capital over semi-detached and detached homes as housing developers build more flats in and around the city. The housing supply and demand imbalance in the two cities has pushed price expectations up which has in turn slowed average selling times for other properties.

Together, Edinburgh and Glasgow account for a quarter of all transactions in Scotland.

Surveyors say this demand is not matched by an increase in supply, with sellers reluctant to put properties onto the market. The most recent ONS transaction figures show that despite 8,594 properties being sold in November 2016 (up 3% over the month) sales remained 2% lower in January to November 2016 compared to the same period in 2015.

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### Key Insights continued...

Relatively low levels of transactions can also distort prices, as in the case of Stirling where the sale of just one £1.7 million property led to a 12.2% average annual increase in prices.

Overall, though, high value homes are playing relatively little role in the market: just eight sales of houses over £750,000 have been recorded for February so far (though more may emerge), and 18 in January. That's against 20 and 26, respectively, in 2016 and more again in 2015.

Increases in house prices, meanwhile, are broad-based, with almost three quarters – 23 out of 32 – of local authorities seeing prices grow in February, and the same is true on an annual basis. As well as those mentioned, Argyll and Bute (up 12.1%) and Dundee (9.3%) also

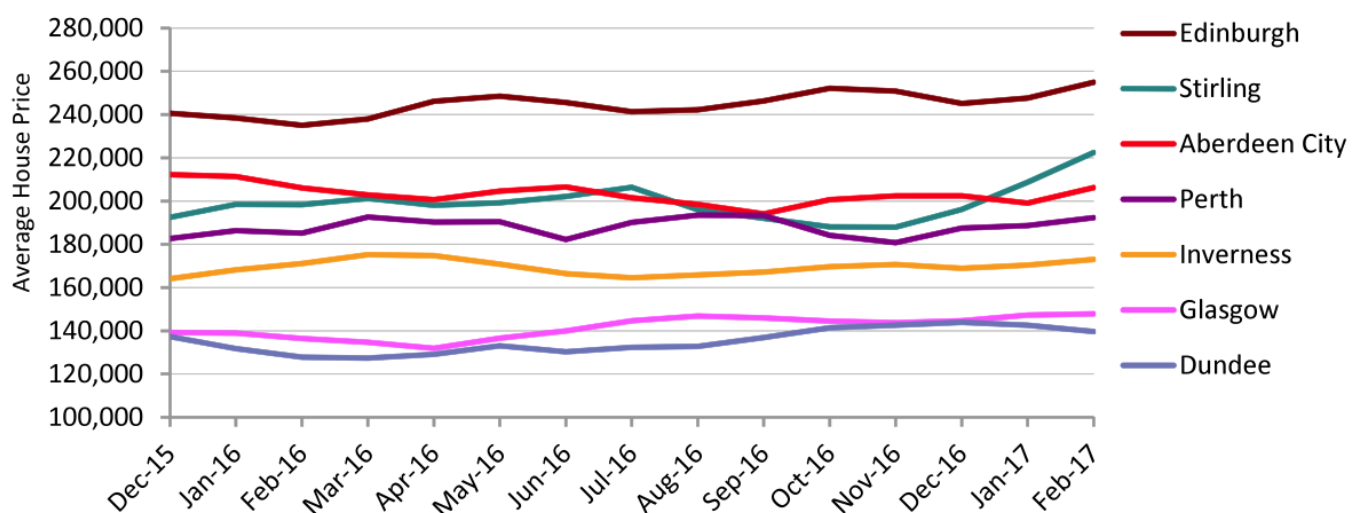
grew strongly in the last 12 months. Growth in South Lanarkshire (8.2%) can be attributed to the increased popularity of towns such as East Kilbride, a fast-growing area offering affordable living for families and professional couples due to the new build home development in the area. The town has rail links and bus services to Glasgow, Edinburgh and Ayrshire and has seen an economic boost thanks to a number of new businesses in the area including the Tax Office, Coca Cola, Dougall & Baillie engineering and Hairmyres Hospital.

Of those that have seen a decline in prices, the biggest falls have been in North Ayrshire, down 7% annually despite a 1.8% rise in February, East Lothian, down 6%, and the Scottish borders, down 4.3%.

### Average House Prices in Scotland for the period February 2016 - February 2017

MONTH	YEAR	HOUSE PRICE	INDEX	MONTHLY CHANGE %	ANNUAL CHANGE %
February	2016	£168,314	220.4	-0.3	-2.3
March	2016	£170,349	223.1	1.2	-9.5
April	2016	£170,195	222.9	-0.1	-8.0
May	2016	£170,356	223.1	0.1	-5.5
June	2016	£168,770	221.0	-0.9	3.1
July	2016	£168,774	221.0	0.0	2.4
August	2016	£169,359	221.8	0.3	2.1
September	2016	£169,777	222.4	0.2	1.9
October	2016	£171,539	224.7	1.0	2.3
November	2016	£171,646	224.8	0.1	2.0
December	2016	£171,118	224.1	-0.3	1.5
January	2017	£171,522	224.6	0.2	1.6
February	2017	£173,862	227.7	1.4	3.3

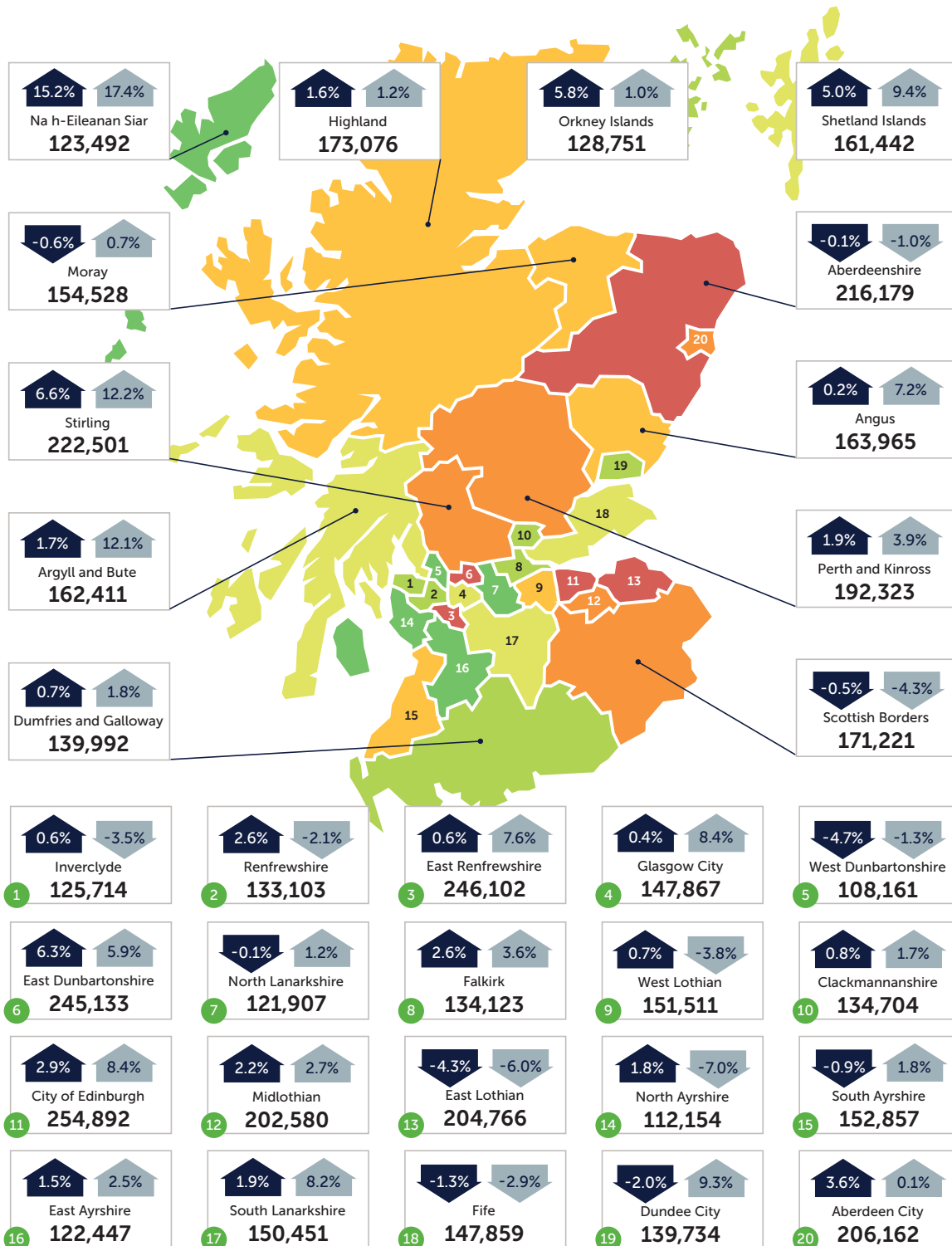
### Average house prices for Scotland's seven cities from December 2015 - February 2017



# Regional update

Average House Prices in Scotland, by local authority area, comparing February 2016 and January 2017 with February 2017.

AVERAGE MONTHLY CHANGE AVERAGE ANNUAL CHANGE



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