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November 2017

## Scottish property market powers ahead of the rest of the UK

- Transactions in Scotland at their highest since 2008
- Average home up £6,000 on last year as prices increase by 3.5%
- Glasgow drives annual growth
- Just five local authority areas see prices fall over the year

House Price	Index	Monthly Change %	Annual Change %
£175,882	230.4	0.3	3.5

After a slight dip in the previous month, prices returned to growth in November in Scotland, rising 0.3% and raising average annual growth in the country to 3.5%, from the 3.3% recorded in October. That compares with just 0.9% in the same month for England and Wales. Only the South West of England at 5.3%, the North West at 3.9% and Wales at 3.6%, are growing more strongly.

The increase means the average home in Scotland at the end of November was worth £175,882, up £6,016 on a year before. Transaction levels are also strong. Sales in the eight months to the end of August were up 5.4% on the same period in 2016 at 66,786 – the highest number in close to a decade.

**Christine Campbell, Your Move managing director in Scotland, said:** “The market in Scotland looks strong compared to almost anywhere else in the UK. A lot of that is down to the resilience of the market in Glasgow, but the performance has been good across the board. 2017 proved to be a positive year for the market.”

**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:** “The level of transactions in Scotland is even more notable than the consistently rising prices. If this is maintained, we can look to 2018 with considerable confidence.”

Glasgow is the big success story in Scotland. Average prices reached a new peak in November of £157,353 and are up 9.9% annually.

Combine that with solid transaction levels, and the city now accounts for more than a quarter (27%) of the increase in values in Scotland over the last year, on a weight-adjusted basis. Add in Fife, where prices are up 4.8%, Perth and Kinross (7.7%), Renfrewshire (7.9%) and West Lothian (7.5%), and these top five authorities account for more than half (54%) of the increase. Edinburgh, which has seen more modest growth over the last 12 months – just 1% – accounts for another 5% of the weighted average increase.

That’s not to say there’s not impressive growth elsewhere in Scotland, though. Areas with lower transaction volumes have seen some rises over 12 months. Prices in Stirling are up 9%, the biggest increase on the mainland after Glasgow. Offshore, where low sales volumes make pricing volatile, the Shetland Islands has seen growth of 10.1% and average prices in the Orkneys are up 13.3%.

The latter also set a new peak average price in the month (£157,311), as did East Renfrewshire, where they edged up 0.8% over the month to £264,510. The cost of an average house there is now 5.1% higher than a year ago and it remains the most expensive area in Scotland. At the other end of the market, Na h-Eileanan Siar has also seen solid growth, up 3.7% over the year to bring average prices to £107,756.

## House price index: historical data

Only five of Scotland's 32 local authority areas have seen average house prices fall over the last twelve months: Clackmannanshire (down 8.3%), Argyll and Bute (3.8%), Aberdeenshire (2.4%), Angus (1.1%) and Dundee City (0.4%).

For commentary by John Tindale, Acadata's senior housing analyst, see page 3.

**Table 1. Average House Prices in Scotland for the period November 2016 – November 2017**  
(The prices are end-month smoothed over a 3 month period)

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
<b>November</b>	<b>2016</b>	£169,866	222.5	0.1	2.1
<b>December</b>	<b>2016</b>	£169,548	222.1	-0.2	1.7
<b>January</b>	<b>2017</b>	£169,441	221.9	-0.1	1.6
<b>February</b>	<b>2017</b>	£170,488	223.3	0.6	2.8
<b>March</b>	<b>2017</b>	£171,575	224.7	0.6	2.1
<b>April</b>	<b>2017</b>	£174,068	228.0	1.5	3.0
<b>May</b>	<b>2017</b>	£174,958	229.1	0.5	2.9
<b>June</b>	<b>2017</b>	£175,360	229.7	0.2	4.2
<b>July</b>	<b>2017</b>	£174,959	229.1	-0.2	4.1
<b>August</b>	<b>2017</b>	£175,096	229.3	0.1	4.0
<b>September</b>	<b>2017</b>	£175,769	230.2	0.4	4.2
<b>October</b>	<b>2017</b>	£175,357	229.7	-0.2	3.3
<b>November</b>	<b>2017</b>	£175,882	230.4	0.3	3.5

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**John Tindale, senior housing analyst for Acadata, comments:**

**The November housing market**

This housing report relates to November 2017, the latest month for which we have data as provided by the Registers of Scotland (RoS). The average house price in Scotland now stands at £175,882, having increased over the last 12 months by around £6,000, or 3.5%. This annual rate has risen by 0.2 from the 3.3% recorded in October, and is the fifth highest annual rate seen in the last twelve months, with the four higher rates having been recorded over the summer months from June 2017 – September 2017.

Scotland’s 3.5% annual growth rate in November is the fourth-highest rate of the eleven countries/regions in Great Britain, trailing the South West of England at 5.3%, the North West at 3.9% and Wales at 3.6%. The average annual rate for England & Wales as a whole in November was 0.9%, with Greater London experiencing house price deflation of -4.1% over this period.

On a weight-adjusted basis, which takes into account both the annual change in an area’s average price, as well as the number of properties sold in the area over the year, it is Glasgow that leads the way in terms of the overall change in Scotland’s average house prices. Glasgow’s growth in prices over the year represents some 27% of the £6,016 increase in Scotland’s average house price over the last twelve months, on this weight-adjusted basis. Glasgow is followed by Fife, at 8%, Perth and Kinross at 7%, and Renfrewshire and West Lothian at 6%. These top five local authorities account for an overall 54% of the change in Scotland’s total average price over the year. On this same basis, Edinburgh is ranked in 7th position, having accounted for 5% of the £6,016 annual increase.

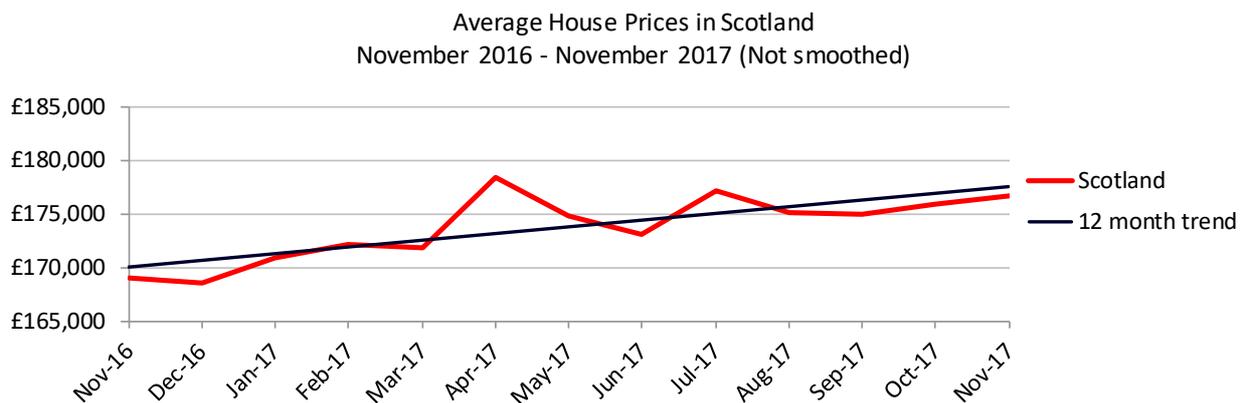


Figure 1. Average House Prices in Scotland, November 2016 – November 2017. The series is mix and seasonally adjusted. [link to source Excel](#)

The above graph tracks the movement in average house prices in Scotland over the last twelve months on a non-smoothed basis, and also displays the trendline over this period. As can be seen, prices were marginally below trend at the end of November but in general, with the exception of April 2017, prices have been increasing at a near steady pace over the last twelve months.

At this stage in the year, it is usual for ‘experts’ in the field to make forecasts of what may happen to house prices over the short- and medium-term. We look at a few of the published figures for Scotland:-

Table 2. Forecasts for annual house price change in Scotland and the UK 2018 - 2022

Year		2018	2019	2020	2021	2022
JLL:	Scotland	1.0%	1.5%	2.0%	3.0%	3.5%
JLL:	UK	1.0%	2.0%	2.5%	3.0%	3.5%
Savills:	Scotland	1.5%	3.5%	5.0%	3.0%	3.0%
Savills:	UK	1.0%	2.5%	5.0%	2.5%	2.5%
Knight Frank:	Scotland	1.0%	1.0%	2.5%	3.5%	3.5%
Knight Frank:	UK	1.0%	2.0%	3.0%	3.5%	4.0%
OBR:	UK & Scotland	3.1%	3.0%	2.9%	3.5%	3.6%

Interestingly all four forecasts shown anticipate a positive movement in house prices over the next five years, despite the fact that Brexit (if all goes to plan) will have happened during this period. JLL and Knight Frank believe the growth in house prices in Scotland will be marginally below the UK average for 2019 and 2020, while Savills shows a higher rate in Scotland than the UK for four of the five years. The OBR (Office for Budget Responsibility) assumes in its forecast for the LBTT tax take in 2018 – 2022 that Scotland’s house price growth will be at the same rate as the rest of the UK. The OBR forecasts for 2018-19 show a higher rate of price growth than most of the other forecasts, except for Savills predictions for Scotland in 2019. We will be monitoring the markets with much interest to see which forecast turns out to be closest to the actual events.

## Transactions analysis

In August 2017, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 9,282 properties. This total was 5% higher than that recorded in July 2017. This increase is above the seasonal ‘norm’ that sales in August are of the same magnitude as July. Sales in England & Wales in August were also ahead of their July totals, by close to 8%, having seen a minor dip in July, following the inconclusive result of the General Election, which was held early in June 2017.

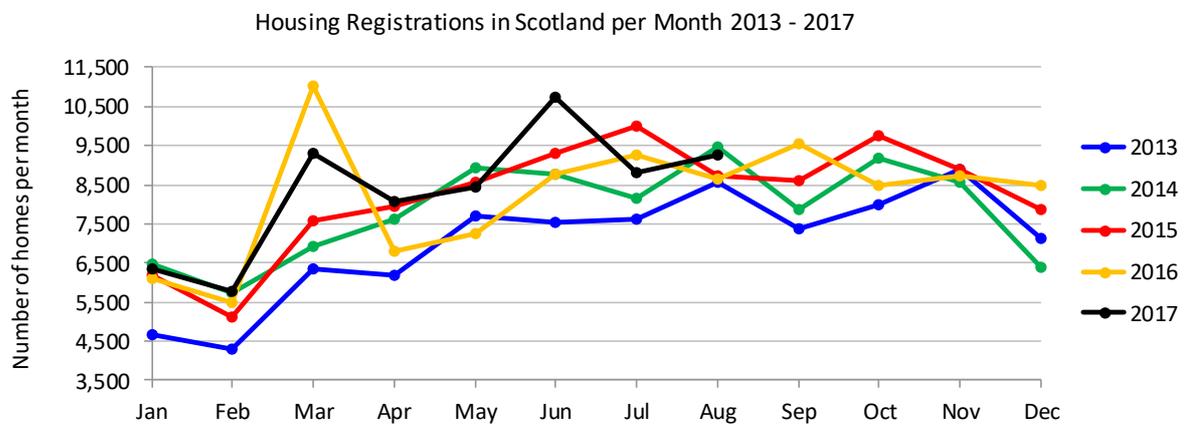


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period January 2013 – August 2017

Source: Registers of Scotland.

[link to source Excel](#)

Sales volumes for the period January – August 2017 total 66,786 and are 5.4% ahead of those seen during the same period in 2016, and 5.3% ahead of 2015 levels. The totals for the first eight months so far reported in 2017 are the highest seen since 2008, when sales were just starting to decline as the credit crunch began to have its effect on the market- this resulted in a collapse in the number of home sales in 2009, totalling just 41,462 transactions over the same period.

Table 3. Number of properties purchased per month 2015 - 2017 having a value of £750k, or higher

[link to source Excel](#)

Sales of £750k+			
Month	2015	2016	2017
1	33	26	18
2	42	20	15
3	231	57	24
4	2	27	29
5	14	20	30
6	26	47	43
7	15	36	55
8	41	54	61
9	46	44	57
10	23	53	44
11	48	38	24
12	34	23	
<b>Total</b>	<b>555</b>	<b>445</b>	<b>400</b>

In Table 3 we provide an update on the number of properties having a value of £750k or more which have been transacted in Scotland since January 2015, analysed by month of purchase – with a caution that data for November 2017 are still emerging, and will almost certainly be higher than the figure quoted.

Table 3 is dominated by the large number of sales that took place in March 2015, immediately prior to the introduction of the new LBTT rates. Additionally, there is a similar - but smaller - spike in transaction numbers in March 2016, prior to the introduction of the 3% LBTT surcharge on second homes and Buy-to-Let properties.

Since April 2017 we can see that sales totals for each month mainly exceed those of the previous years, suggesting that the market has now factored in the costs of LBTT that are, since April 2015, now payable on such high value properties. Transactions for the six months May – October 2017 total 290 properties, compared to 254 properties for the same six months in 2016 and 165 properties in 2015.

Table 4. Average House Prices in Scotland, by local authority area, comparing November 2016 and October 2017 with November 2017 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LOCAL AUTHORITY AREA	Nov-16	Oct-17	Nov-17	% Monthly Change	% Annual Change
1	1	East Renfrewshire	251,753	262,341	264,510	0.8%	5.1%
2	2	City of Edinburgh	249,505	258,249	251,895	-2.5%	1.0%
3	3	East Dunbartonshire	237,689	246,902	248,022	0.5%	4.3%
4	4	East Lothian	220,612	229,613	234,930	2.3%	6.5%
7	5	Midlothian	191,070	208,840	206,829	-1.0%	8.2%
5	6	Aberdeenshire	211,860	205,972	206,711	0.4%	-2.4%
6	7	Aberdeen City	200,483	198,971	201,335	1.2%	0.4%
8	8	Stirling	183,043	201,205	199,570	-0.8%	9.0%
10	9	Perth and Kinross	178,965	196,696	192,787	-2.0%	7.7%
9	10	Scottish Borders	179,092	184,182	181,386	-1.5%	1.3%
11	11	Highland	169,589	175,227	175,477	0.1%	3.5%
15	12	West Lothian	154,989	164,526	166,543	1.2%	7.5%
16	13	Moray	154,821	155,867	159,720	2.5%	3.2%
18	14	Shetland Islands	144,143	153,986	158,753	3.1%	10.1%
13	15	South Ayrshire	156,279	158,167	158,235	0.0%	1.3%
19	16	Glasgow City	143,115	150,827	157,353	4.3%	9.9%
24	17	Orkney Islands	138,790	150,801	157,311	4.3%	13.3%
17	18	Fife	149,385	156,670	156,521	-0.1%	4.8%
12	19	Argyll and Bute	162,206	154,541	155,992	0.9%	-3.8%
14	20	Angus	155,085	149,631	153,436	2.5%	-1.1%
20	21	South Lanarkshire	141,730	147,730	146,768	-0.7%	3.6%
25	22	Renfrewshire	133,725	139,820	144,278	3.2%	7.9%
23	23	Dumfries and Galloway	139,591	142,400	143,206	0.6%	2.6%
22	24	Dundee City	139,704	135,455	139,107	2.7%	-0.4%
26	25	Falkirk	130,734	134,749	136,802	1.5%	4.6%
21	26	Clackmannanshire	140,166	135,091	128,518	-4.9%	-8.3%
27	27	North Lanarkshire	121,139	125,546	125,561	0.0%	3.7%
28	28	Inverclyde	118,213	121,881	122,149	0.2%	3.3%
31	29	North Ayrshire	111,870	119,110	120,475	1.1%	7.7%
29	30	East Ayrshire	117,010	125,558	119,281	-5.0%	1.9%
30	31	West Dunbartonshire	112,428	113,571	119,210	5.0%	6.0%
32	32	Na h-Eileanan Siar	103,897	107,670	107,756	0.1%	3.7%
		All Scotland	169,866	175,357	175,882	0.3%	3.5%

Table 4 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for November 2016 and October and November 2017, calculated on a seasonal and mix-adjusted basis.

#### Monthly change

On a monthly basis, house prices have increased by 0.3% in November, up from the fall of -0.2% seen in October. This is the eighth month this calendar year in which prices have risen. The Bank of England raised its base interest rate from 0.25% to 0.5% on Thursday 2nd November, so the fact that prices have risen in the month - despite this increase in the interest rate - is encouraging, although it is perhaps slightly early to reach any final conclusion on this proposition, given that most purchase decisions which reached completion in November are likely to have been taken prior to the Bank announcement on rates having been made.

Looking at the change in prices in November 2017 at the local authority area level, 23 of the 32 Local Authority areas saw prices rise in the month, compared with 16 in October. The highest growth in the month on the mainland took place in West Dunbartonshire, where prices increased by 5.0%. West Dunbartonshire is currently ranked 31st out of the 32 local authority areas in Scotland in terms of average house prices. The sale of five new-build properties in Bonhill, Alexandria in November has helped to raise the average price for the area.

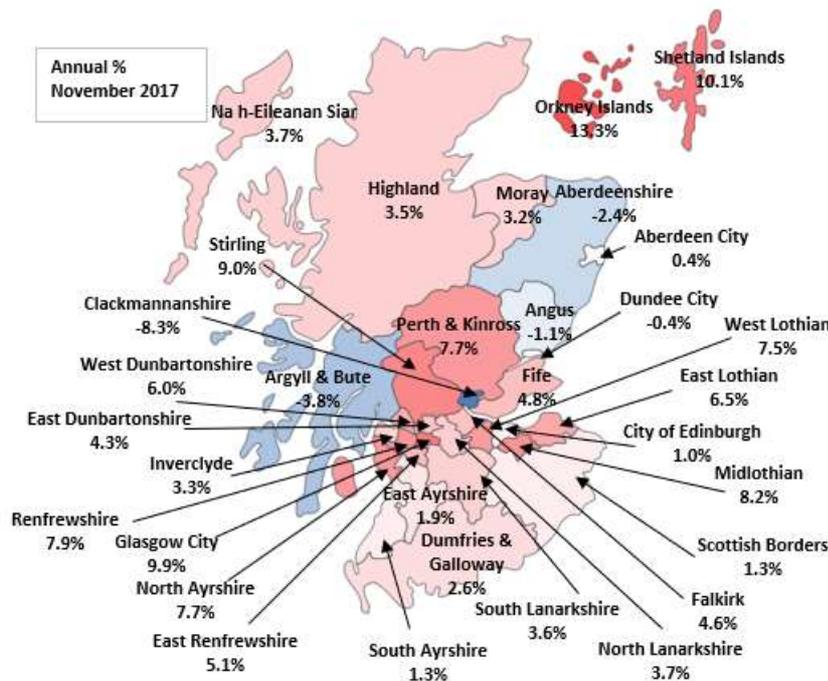
At the other end of the scale, the largest fall in prices in the month was in East Ayrshire, down by -5.0%. East Ayrshire is ranked 30th in Scotland in terms of average house prices. The most frequently sold properties in East Ayrshire are semi-detached homes, which have seen a fall in value over the month. This is due to some higher than average priced homes being sold during the previous month, which have overshadowed the prices achieved in November.

## Annual change

The average house price in Scotland at the end of November was £175,882, an increase of approximately £6,000, or 3.5%, over the preceding twelve months. The highest annual increase in prices by local authority area occurred in the Orkney Islands (+13.3%), followed by the Shetland Islands (+10.1%), but in both groups of Islands the number of housing transactions during the winter months are small, with some 58 sales in the Orkneys and 20 sales in the Shetlands taking place in November. These low sales volumes can result in volatile changes in average prices, especially when expressed in percentage terms. On the mainland, the highest increase in prices over the year occurred in Glasgow at 9.9%. In Glasgow, the most frequently purchased properties are flats (some 65% of total transactions in the area), and these have seen prices rise from an average £125k in November 2016 to £140k in November 2017.

There are five local authority areas that have seen average house prices fall over the last twelve months, coloured in blue on our heat map - they are Clackmannanshire (-8.3%), Argyll and Bute (-3.8%), Aberdeenshire (-2.4%), Angus (-1.1%) and Dundee City (-0.4%). These are the same five areas as last month, except that Argyll and Bute has joined the grouping, while Aberdeen City has dropped out, this area having seen positive growth in its house prices over the last twelve months.

During Q3 2016, Argyll and Bute saw two properties owned by the Eriska Hotel being sold for £1 million each, which helped raise the average price of properties in the area. No similar sale has taken place one year later, consequently the average price of homes in Argyll and Bute has fallen over the period.



## Peak Prices

Each month, in Table 4 above, we highlight the local authority areas that have reached a new peak in their average house prices. This month there are three such authorities, being East Renfrewshire, Glasgow City and the Orkney Islands.

East Renfrewshire currently heads our list as the authority with the highest average priced homes. Over the year we have seen a number of new-build properties being sold in Newton Mearns which has helped establish a new peak price for the area. In Glasgow, as noted above, the price of flats has been climbing over the year, which has raised the average price of purchases to their new peak. On the Orkney Islands 3 of the 5 most expensive transactions this calendar year have taken place in the last 3 months, (our averages are calculated over 3 months), consequently average prices in the area have reached a new peak. For those that may be tempted to move to the Islands, the most expensive of these three transactions was £520k for a farmhouse on St. Ola.

# Notes

## NOTES

1. Your Move Acadata Scotland HPI 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 Your Move Acadata Scotland HPI is not forecast, unlike the LSL Acadata E&W HPI, but is based on achieved prices. The first release of the Scotland results lag the first release of those for England & Wales by one month, as the former index does not use estimates of market prices.
3. Whilst the Your Move Acadata Scotland HPI, like the LSL Acadata E&W HPI, comprises a smoothed average of three months' prices, the Your Move Acadata Scotland HPI 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 LSL Acadata E&W HPI. Since we provide only a national England & Wales average price in our current month LSL Acadata E&W HPI and prices at region and lower levels are lagged one month, this procedure means that the Your Move Acadata Scotland HPI prices are contemporaneous with the prices published for the equivalent month for England & Wales and the regions. All Your Move Acadata Scotland HPI 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. Your Move Acadata Scotland HPI 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

# Comparison of indices

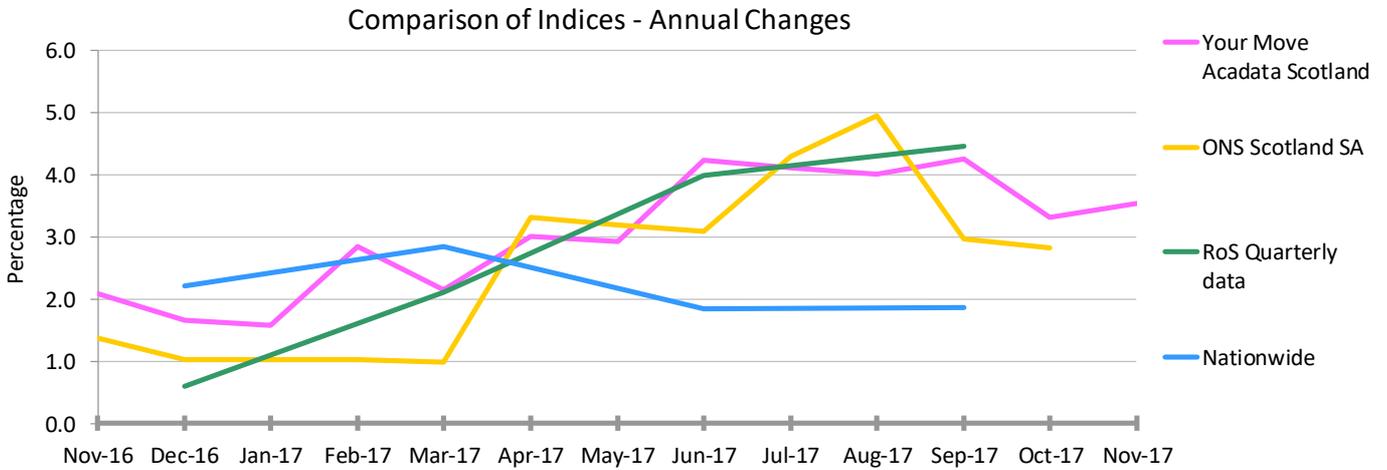


Figure 3. Annual change in house prices [link to source Excel](#)

The charts on this page show the main indices provided for Scotland. It should be noted that both Nationwide and RoS quarterly data provide prices for the Scottish market only on a quarterly basis and we have charted these by interpolating on a straight line basis. The Your Move Acadata index is based on an arithmetic mean, whereas the ONS Index is based on a geometric mean.

Nationwide estimates the 'price of the average house' as opposed to calculating the 'average price paid' for houses. As such its indices should be less affected by the influences of the LBTT than our own and those provided by the ONS and RoS.

Acadata has published a briefing note on the new "ONS UK House Price Index" which includes a discussion of the main differences between using an arithmetic mean (Your Move Acadata and RoS Quarterly) and a geometric mean (ONS Scotland). This briefing paper can be viewed or downloaded by clicking [here](#).

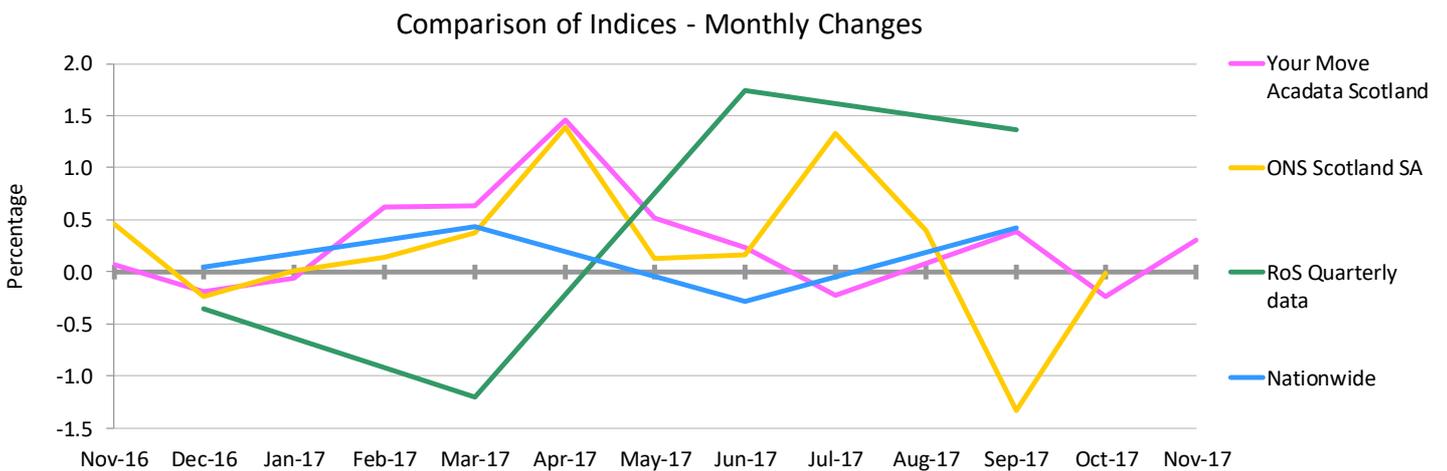


Figure 4. Monthly change in house prices [link to source Excel](#)

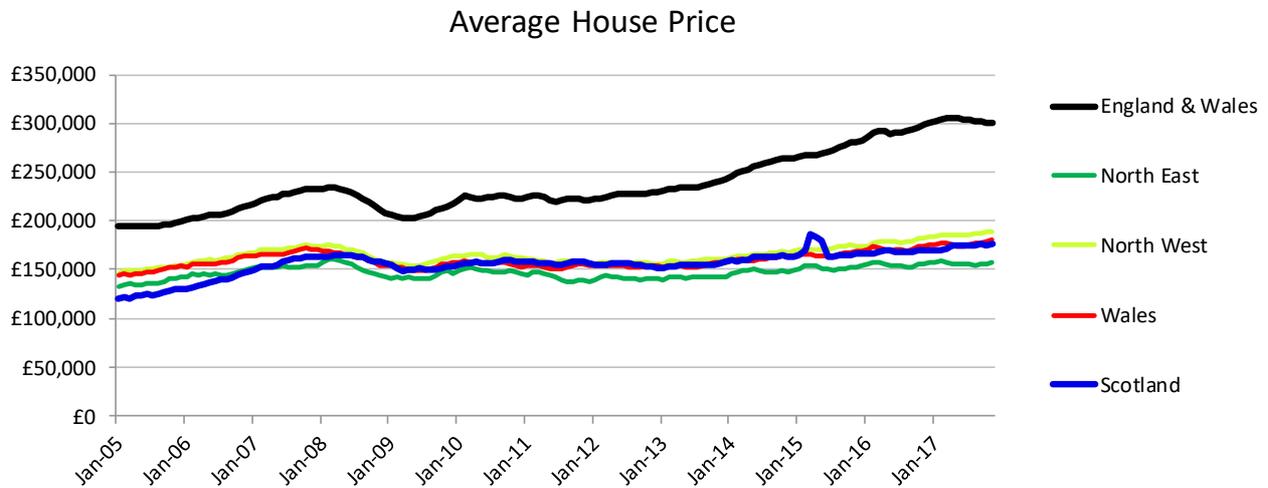


Figure 5. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005–November 2017 [link to source Excel](#)

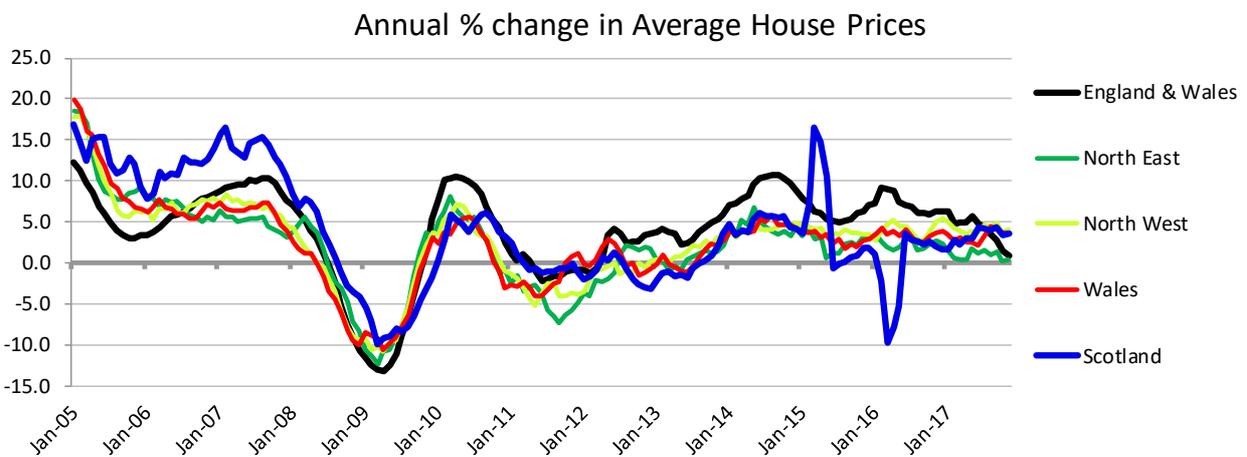


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005–November 2017 [link to source Excel](#)

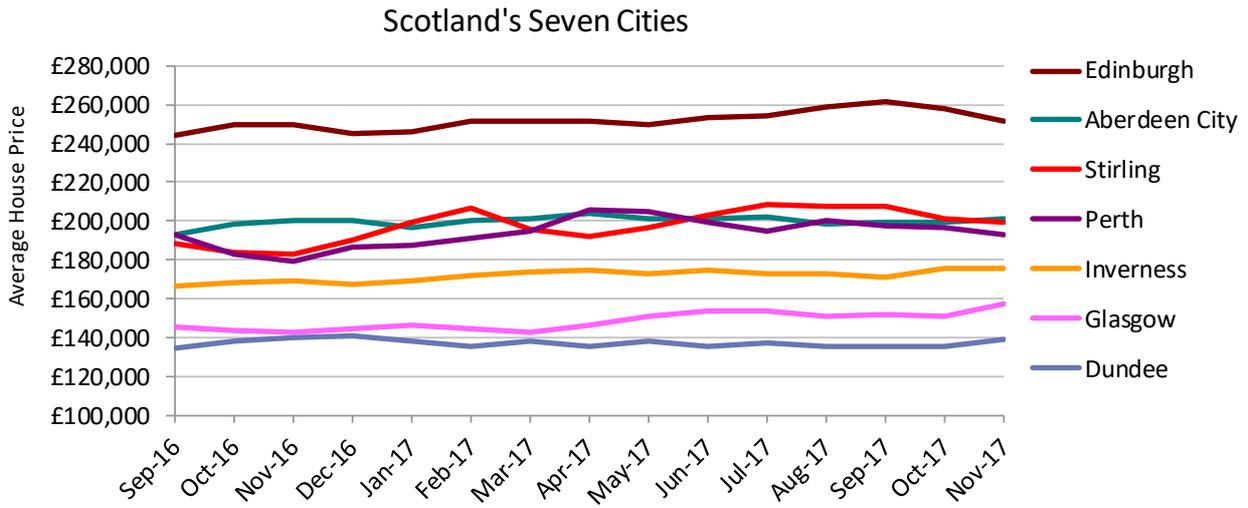


Figure 7. Average house prices for Scotland's seven cities from September 2016–November 2017

[link to source Excel](#)

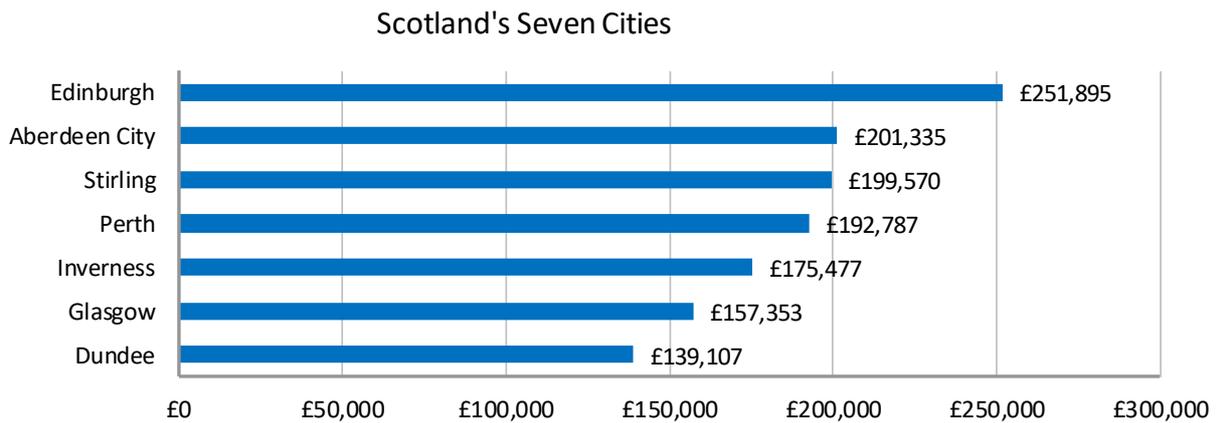


Figure 8. Average house prices for Scotland's seven cities November 2017

[link to source Excel](#)

1. Your Move Acadata Scotland HPI is derived from Registers of Scotland (RoS) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Registers of Scotland. The prices are smoothed to show underlying trends. Your Move Acadata Scotland HPI includes cash purchase prices and is based upon the complete, factual house price data for Scotland, as opposed to a sample.
2. Most indices employ data available to the provider as a result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; an asking price or an offer price series is not the same as a price series, such as Your Move Acadata Scotland HPI or ONS UK HPI; these can be prepared only when the prices at which properties have been transacted have been recorded at RoS (Your Move Acadata Scotland HPI) or when firm prices at mortgage completion have been made available by lenders (ONS HPI); asking or offer valuation series can be prepared whenever the data are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months.
3. Whilst the Your Move Acadata Scotland HPI, like the LSL Acadata E&W HPI, comprises a smoothed average of three months' prices, the Your Move Acadata Scotland HPI average reflects prices at the month of the index and those for the prior two months and is ascribed to the month of the index i.e. the prices are "end month smoothed" (ems) and not "centre month smoothed" (cms) as applicable to the LSL Acadata E&W HPI. Please note that:
  - we provide only a current month average price for England & Wales as a whole in our LSL Acadata E&W HPI, and that prices at region and lower levels are lagged one month
  - RoS monthly data comprises some 98% of the transactions for the current month and c.99% for the prior month

Hence, a smoothed average price using three months data ascribed to the index month (ems) for Your Move Acadata Scotland HPI provides the equivalent price, to all intents and purposes, to the centre month smoothed (cms) price at region/county level, lagged by one month, as provided by the LSL Acadata E&W HPI. An ems procedure allows the Scotland prices to be placed alongside the contemporaneous prices for E&W as a whole and for Wales as a whole, and those for the E & W regions for comparison purposes.

4. LSL Acadata E&W HPI provides prices from January 2005. RoS national data were available only from January 2001 and the constituents of RoS data changed between then and April 2003, showing a significant step change in prices between March and April. ONS HPI quarterly data were used to construct Your Move Acadata Scotland HPI from January 2000 to April 2001 with straight line interpolations used to construct prices by month. Data for 11 local authorities were unavailable for the period January 2001 to April 2003 and were constructed by back-casting. The underlying data by property type, for months when no sales of a particular property type in a particular area were reported, were in-filled using the same procedure used in LSL Acadata E&W and, by Eurostat, in preparing seasonal data.

5. Note that Your Move Acadata Scotland HPI is unable to identify different prices according to e.g. numbers of bedrooms; the lender hedonic indices and the ONS UK HPI do so. RoS data, and hence Your Move Acadata Scotland HPI, exclude commercial and thus auction sales, and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller.

6. Your Move Acadata Scotland HPI is prepared from RoS data using a methodology designed to provide a "true measure of house price inflation"; Acadata does not guarantee the accuracy of the Your Move Acadata Scotland HPI results and neither LSL nor Acadata shall be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; Your Move Acadata Scotland HPI is freely provided for publication with due attribution to Acadata. Permission is required for any commercial use of the data.

7. The monthly, smoothed, average RoS prices at local authority level provided at property type, which underlie Your Move Acadata Scotland HPI, together with historic data, can be purchased from Acadata.

8. LSL Acadata E&W HPI was published under the name FTHPI from September 2003 until December 2009. Until the October 2013 LSL Acadata E&W HPI was published, it was prepared by Acadametrics as was the Your Move Acadata Scotland HPI. Acadametrics then changed its name to Acadata to reflect its new focus entirely upon house price indices and data following its agreement to sell its 50% holding in MIAC Acadametrics to MIAC Analytics over a 4 year period.