



Under embargo until 00:01 Wednesday 20th May 2015

March 2015

## Scottish house prices rise twice as fast as in England & Wales

- House prices in Scotland rise 11.2% in the last twelve months – twice that seen in England & Wales (5.7%)
- In a single month, average property prices in Scotland rise £9,200 ahead of enforcement of new tax
- Number of transactions completed in March up 29% on February, mainly at the top end of the market
- 36 homes worth £1 million or more change hands in March, the highest number ever in a single month
- Edinburgh and suburbs see especially strong local surges, with East Lothian prices up 11.8% in one month

House Price	Index	Monthly Change %	Annual Change %
£178,930	234.3	5.4	11.2

**Christine Campbell, regional managing director of Your Move, comments:** “In what would have been an unimaginable trend just a year ago, house prices are now rising faster in Scotland than in London.

“In part this is due to a short-term scramble to avoid the new Land and Buildings Transaction Tax, or the LBTT, put in force by the Scottish government as of 1st April. For the top of the market especially, a pre-deadline rush has boosted the average price paid in March, so the latest surge in prices is unlikely to be sustained to quite the same extent in April under the new regime.

“Yet even before the one-off effect of looming tax changes, Scottish house prices were rising on an annual basis by 6% in February, already on a par with 6.8% south of the border. As prices cool across the rest of Britain, Scotland has seen the opposite trend, with prices accelerating upwards.

“Once the new tax regime has become an established feature of the property market, the effects could be different again. On the face of things, there are clear benefits for those buying a home for less than £254,000 as they will have to pay less tax than under the old system. But it remains to be seen if this will be quickly countered by higher prices for these properties, as buyers with a little more buying capacity just bid up the average price for these homes. On the other hand, by far the clearest effect is already for the top of the market – there were a record number of million pound transactions in March as wealthy buyers rush to save thousands before the onset of the new law. So while the majority of Scotland’s property market is likely to maintain its acceleration as we approach the summer, the next set of figures will almost certainly be held back artificially by a relatively sluggish top-end.

“Regional patterns illustrate this sprint finish for buyers of the most expensive properties. In Edinburgh, prices have jumped by an extraordinary £27,240 within a few weeks, going from £249,396 in February this year to stand at £276,636 in March. This 10.9% change in a single month takes Edinburgh property prices far beyond any previous record, while neighbouring East Lothian saw the biggest monthly price surge in percentage terms – up 11.8%.

“This is not a normal market and there will be a comparable bump on the other side, as the new tax takes hold. But there is also an optimistic vibe underlying this turbulent few months for Scotland’s property market.”

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

Table 1. Average House Prices in Scotland for the period March 2014 – March 2015

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
<b>March</b>	<b>2014</b>	£160,901	210.7	0.5	3.8
<b>April</b>	<b>2014</b>	£161,416	211.4	0.3	4.1
<b>May</b>	<b>2014</b>	£162,337	212.6	0.6	4.5
<b>June</b>	<b>2014</b>	£164,168	215.0	1.1	5.8
<b>July</b>	<b>2014</b>	£164,506	215.5	0.2	5.7
<b>August</b>	<b>2014</b>	£164,199	215.1	-0.2	5.7
<b>September</b>	<b>2014</b>	£163,611	214.3	-0.4	5.1
<b>October</b>	<b>2014</b>	£164,840	215.9	0.8	5.7
<b>November</b>	<b>2014</b>	£164,647	215.6	-0.1	4.3
<b>December</b>	<b>2014</b>	£165,186	216.3	0.3	4.3
<b>January</b>	<b>2015</b>	£166,920	218.6	1.1	4.6
<b>February</b>	<b>2015</b>	£169,732	222.3	1.7	6.0
<b>March</b>	<b>2015</b>	£178,930	234.3	5.4	11.2

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## Further commentary by John Tindale

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

In March, average house prices in Scotland rose by an average £9,200, or 5.4%; this is the highest increase seen in a single month, as recorded by the Registers of Scotland since its database became fully operational in June 2003. The reason for this exceptional rise in average prices is tax-related; the new Land and Buildings Transaction Tax (LBTT) came into force on 1st April 2015. Prior to this date, the Stamp Duty Land Tax (SDLT) rates applied, which had last been amended on 4th December 2014. Anyone purchasing a property after 1st April 2015 - and costing in excess of £254,000 - would be required to pay more tax under the incoming LBTT rates than under the established SDLT rates. There was hence a legitimate tax advantage to be gained in bringing forward the purchase of such properties into March 2015, or even earlier.

Many took advantage of this potential tax saving. Indeed, 36 properties were purchased in March having a value in excess of £1 million, compared to 15 such properties purchased in February, or just 6 in January 2015. The previous highest number of £1 million plus homes purchased in a single month was 33, which occurred in September 2007, at the peak of the last housing boom. On a similar theme, looking at properties purchased in excess of £254,000, there were 1,527 such sales in March, compared to an average 1,129 sales per month in 2014, a 35% increase.

Over the last year, the average house price in Scotland has increased by £18,029, or 11.2%. Although this is the highest recorded increase on an annual basis for the last seven years, Scotland has previously experienced a 17-month period of higher annual house price increases during the period July 2006 - November 2007.

We should perhaps issue two cautionary statements about this month's dramatic rise in average house prices. The first is that we only anticipate that the rise in average prices will last for one month. From April 1st, the tax advantage will no longer exist, and as a consequence we expect the market to return to its previous pricing levels. In fact, we anticipate that the fall in prices in April will be to a level below those seen in February 2015: this will be due to a distinct lack of higher priced transactions taking place, since where possible, these will have been brought forward by the purchasers into March.

The second caveat is that our House Price Index is based on the 'average price paid' for a house. This is a different concept from that of a change in the price of the 'average house'. Despite our headline figure of a rise in prices of 5.4% in the month, we do not believe that this change applies to the 'average house', or for that matter to any single house. Our figures arise from a shift in the pattern of purchases, which in March, for one month only and due to tax considerations, were concentrated more at the top end of the market than usual, resulting in the arithmetic average price paid for a home increasing.

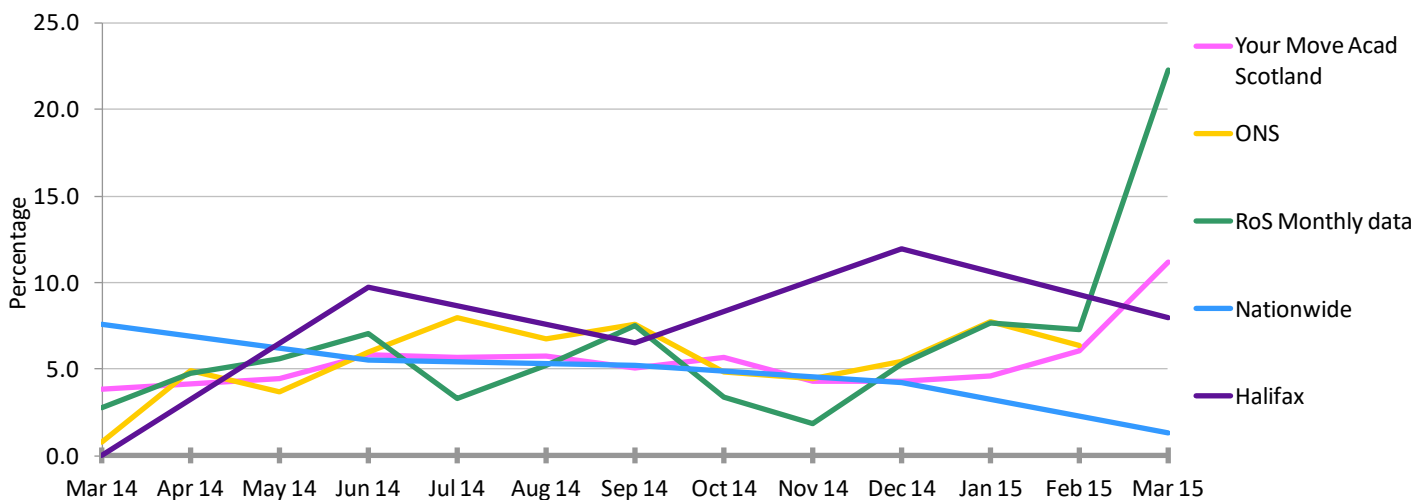


Figure 1. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS

[link to source Excel](#)

We repeat above the graph which we include as an appendix to our monthly reports. It shows the annual rate of change of prices in Scotland's housing market, as published by the various index providers. Both Halifax and Nationwide use the concept of a standardised 'average house' for their calculations. Thus the average house might include two bedrooms, a bathroom, a front room, a kitchen etc. The value of each of these separate components of the 'average' house is then calculated and summed to provide a total value for the property. According to both Halifax and Nationwide, these values have fallen during the first quarter of 2015. The alternative approach, adopted by ONS, RoS and ourselves, is to calculate the arithmetic average price paid for a home during the month. We then average our results over three months, whereas RoS publish its results for a single month. These calculations result in the dramatic rise in prices observed in March 2015.

# House prices analysis

Table 2. Average House Prices in Scotland, by local authority area, comparing March 2014 and February 2015 with March 2015 [link to source Excel](#)

RANK BY PRICE	PRIOR YR RANK	LOCAL AUTHORITY AREA	Mar-14	Feb-15	Mar-15	% Monthly Change	% Annual Change
1	1	Edinburgh, City of	228,979	249,396	276,636	10.9%	20.8%
2	6	East Lothian	203,840	229,242	256,263	11.8%	25.7%
3	5	Aberdeenshire	217,171	237,629	247,645	4.2%	14.0%
4	3	East Dunbartonshire	220,381	218,009	242,139	11.1%	9.9%
5	2	East Renfrewshire	221,624	223,527	241,721	8.1%	9.1%
6	4	Aberdeen City	218,029	224,875	233,031	3.6%	6.9%
7	8	Perth & Kinross	185,140	188,872	196,679	4.1%	6.2%
8	7	Stirling	193,801	188,512	195,816	3.9%	1.0%
9	10	Midlothian	164,591	179,452	188,050	4.8%	14.3%
10	9	Scottish Borders	171,986	178,765	179,990	0.7%	4.7%
11	16	Argyll & Bute	138,121	163,775	167,630	2.4%	21.4%
12	11	Highland	160,561	163,406	166,125	1.7%	3.5%
13	15	South Ayrshire	140,401	146,747	160,069	9.1%	14.0%
14	12	Moray	150,724	154,863	158,884	2.6%	5.4%
15	17	West Lothian	137,681	151,910	158,340	4.2%	15.0%
16	13	Angus	145,590	150,176	153,384	2.1%	5.4%
17	14	Fife	142,673	148,679	150,446	1.2%	5.4%
18	18	South Lanarkshire	134,864	143,219	148,581	3.7%	10.2%
19	20	Inverclyde	129,364	130,701	145,044	11.0%	12.1%
20	27	Clackmannanshire	118,358	129,895	144,845	11.5%	22.4%
21	22	Glasgow City	127,807	137,217	144,777	5.5%	13.3%
22	21	Dumfries & Galloway	128,576	137,880	143,511	4.1%	11.6%
23	19	Dundee City	130,658	130,138	138,689	6.6%	6.1%
24	23	Shetland Islands	126,300	159,691	134,759	-15.6%	6.7%
25	28	Orkney Islands	113,195	124,284	132,901	6.9%	17.4%
26	25	Renfrewshire	121,349	125,938	131,968	4.8%	8.8%
27	26	Falkirk	119,975	122,644	127,694	4.1%	6.4%
28	31	East Ayrshire	109,564	121,554	125,135	2.9%	14.2%
29	30	North Ayrshire	109,871	119,619	121,940	1.9%	11.0%
30	24	West Dunbartonshire	124,071	116,840	120,130	2.8%	-3.2%
31	29	North Lanarkshire	110,077	108,135	111,839	3.4%	1.6%
32	32	Eilean Siar	102,051	97,873	103,082	5.3%	1.0%
		All Scotland	160,901	169,732	178,930	5.4%	11.2%

Table 2 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for March 2014, February 2015 and March 2015. In March 2015, prices rose overall by an exceptional 5.4% in the month, with higher prices in 31 of the 32 Local Authority Areas (last month 22), on a seasonally adjusted basis. Looking at the change in house prices in the month, it was East Lothian, with an average price rise of 11.8%, that saw the largest percentage increase of all the Local Authority areas. In East Lothian, 3 properties changed hands in March 2015 for £1 million or higher, resulting in the average price of detached properties in the area increasing by £190,000 in the month. This compares with a total of 4 properties in excess of £1 million sold in East Lothian during the whole of 2014. Thus in that area we have almost an entire year's worth of expensive properties purchased in the one month of March 2015. A similar, if not so extreme, version of these events took place in Edinburgh, with 23 properties of £1 million or more changing hands in March 2015, compared to a total of 65 such properties being purchased during 2014.

On an annual basis, prices have risen in 31 of the 32 local authority areas, which is 3 more than last month. On the mainland, the area with the largest annual increase in average house prices was also East Lothian, where prices have risen by 25.7% over the year, followed by Clackmannanshire at 22.4%. The average price rises in Clackmannanshire have more to do with a new development of 22 detached homes coming onto the market in the village of Dollar, as opposed to the change in tax rates, although the latter may have encouraged purchasers to buy their new homes prior to 1st April.

In March, we have ten local authority areas experiencing new peak house prices, highlighted in turquoise above, compared to the six areas that had reached this status last month. The table shows that the top six local authority areas, ranked by average house values, have all recorded a new peak price, undoubtedly supported by buyers in the respective areas looking to avoid paying higher land tax duties post March 2015. West Lothian, Angus and Fife all have relatively high shares

## House prices analysis

of detached properties being sold, which will have helped these areas achieve new peak prices. In Dundee City, the average price of flats has risen by £8k over the last year to £100k, supporting the peak price that we see in March.

The number of transactions in March 2015 recorded by the Registers of Scotland was 6,970, up 29% on the previous month, and up 5% on the previous year. Traditionally, the number of sales in March increases by 9% from the levels recorded in February, in part due to the improving weather and in part due to the additional number of trading days in the month. The 29% increase in sales in March this year is therefore some 20% higher than our seasonal analysis predicts.

% Market Share of homes purchased above £254,000  
Jan 2008 - Mar 2015

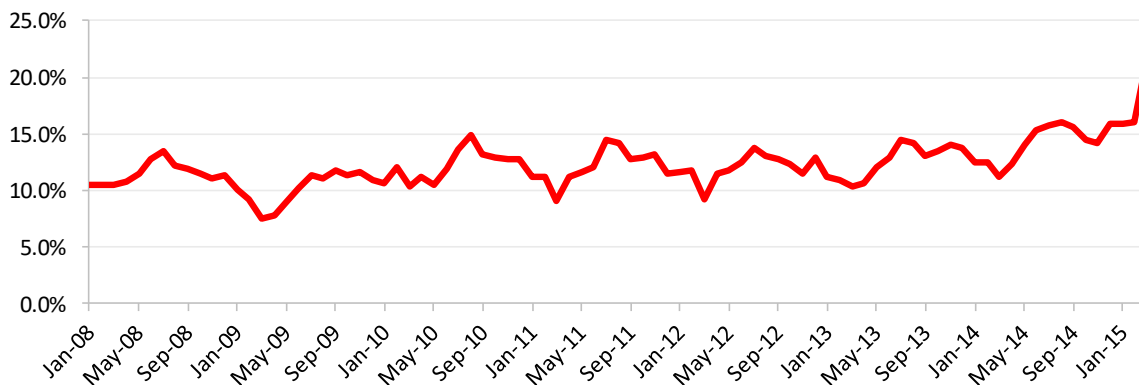


Figure 2. The market share of homes purchased for more than £254,000, analysed by month, for the period January 2008 – March 2015 (Not seasonally adjusted). Source: Registers of Scotland. [link to source Excel](#)

Figure 2 above shows the % share of sales in excess of £254,000, compared to the total number of transactions in Scotland’s housing market, analysed by month, for the period January 2008 to March 2015. The figures have not been seasonally adjusted. The cut-off point of £254,000 has been selected as it is the threshold price at which the new LBTT tax rates are higher than the previous SDLT rates. As can be seen, the typical market share over the six year period January 2008 - December 2013 of purchases in excess of £254,000 has been in the range of 10% - 15% of the total market. One can observe a peak in the share of these high value homes taking place around July/August of each year, with the troughs occurring in March. During 2014, the market share marginally increased to an average 14%, but this minor increase is dwarfed by the movement seen in March 2015, when the share of the higher value sales increased to 22%. Clearly, most of the additional sales that took place in March were at the more expensive end of the property market. We estimate that this increase in high value transactions is equivalent to some 600 additional sales in the month. These represent purchases that have been brought forward to enable the buyers to take advantage of the tax savings to be gained by concluding the purchase prior to the introduction of the LBTT on 1st April 2015.

Last month we advised that the number of transactions in the three-month period December 2014 – February 2015 was down 11% on the same three months a year earlier, with all 32 local authority areas seeing a fall over this period. One month on, comparing Q1 2014 with Q1 2015, the change in transactions over the year has reduced to a fall of 5%, with 10 local authority areas now having the same or positive increases in the number of properties sold. The change in transaction numbers differs by property type, with flats seeing an increase of 2% over the period, while the number of detached properties sold fell by 1%, with semi-detached and terraced properties both seeing a decline of 12% in volumes sold.

Looking at the local authority areas, East Renfrewshire saw the largest rise in the number of properties transacted from Q1 2014 to Q1 2015, at 19%. The highest increase within East Renfrewshire was in the number of terraced properties sold, which was up 41% over the period, going against the trend seen in Scotland overall. The area with the largest fall in transactions over this period was West Lothian, where sales were down across all property types by 26%, with semi-detached properties falling in terms of numbers sold by 37%.

The number of detached properties sold in each local authority area is perhaps of interest, with Edinburgh seeing the largest increase during Q1 2015 compared to a year earlier, at +56% (an additional 86 units), while the largest fall in the numbers sold was in Glasgow, where sales were down by 33% (being 32 fewer units).

# Notes

## NOTES

1. Your Move Acad Scotland HPI is a price series as opposed to a value series and is the only house price index for Scotland to use:
  - 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 Acad Scotland HPI is not forecast, unlike the LSL Acad 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 Acad Scotland HPI, like the LSL Acad E&W HPI, comprises a smoothed average of three months' prices, the Your Move Acad 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 Acad E&W HPI. Since we provide only a national England & Wales average price in our current month LSL Acad E&W HPI and prices at region and lower levels are lagged one month, this procedure means that the Your Move Acad Scotland HPI prices are contemporaneous with the prices published for the equivalent month for England & Wales, Wales and the regions.
4. all Your Move Acad Scotland HPI results are subject to change following receipt of updated data from Registers of Scotland
5. Acadata is an independent privately owned consultancy working with Dr Stephen Satchell, Economics Fellow Trinity College Cambridge, and specialises in the production of house price indices and data for the assessment of risk in property and mortgage portfolios.

# Comparison of indices and RoS average prices

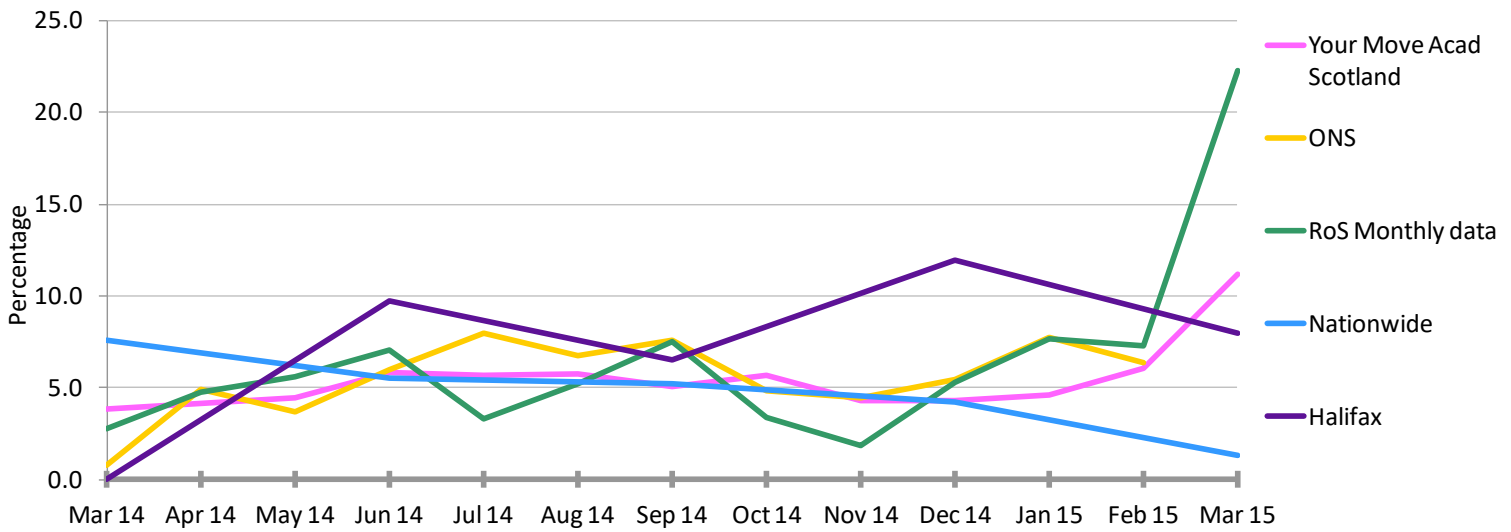


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS CHART

[link to source Excel](#)

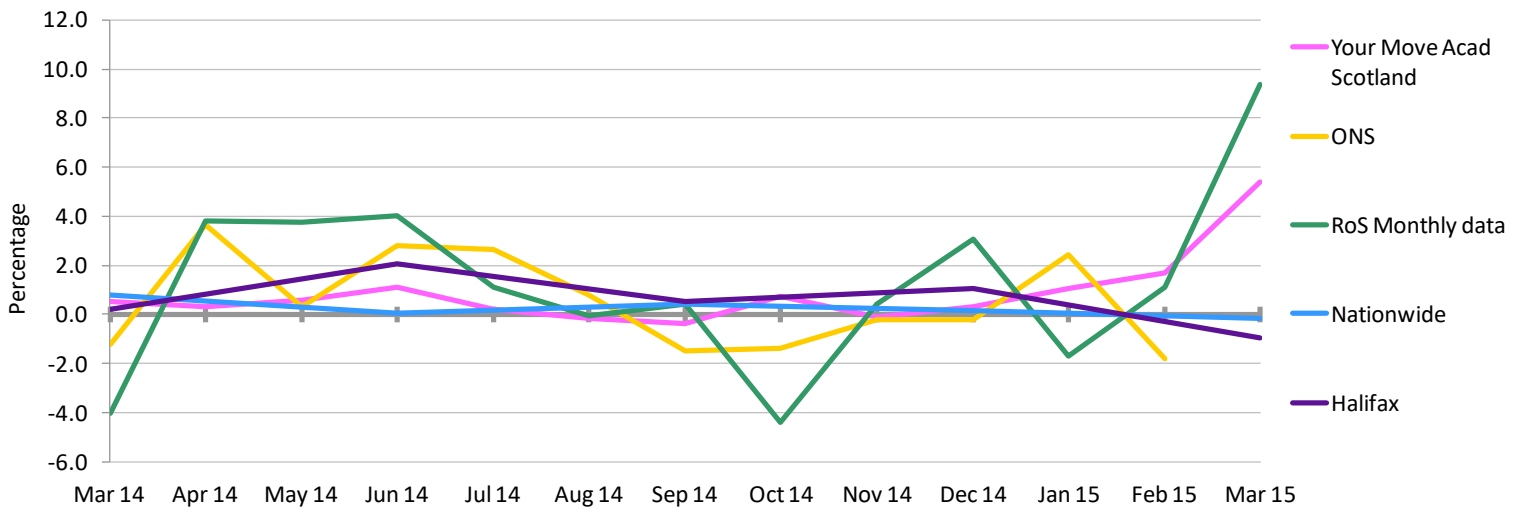


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS CHART

[link to source Excel](#)

The charts above compare the main indices provided for Scotland and the RoS arithmetic average prices. It should be noted that Halifax and Nationwide provide prices for the Scottish market only on a quarterly basis and we have charted these by interpolating on a straight line basis.



# Comparisons with Scotland

## Average House Price

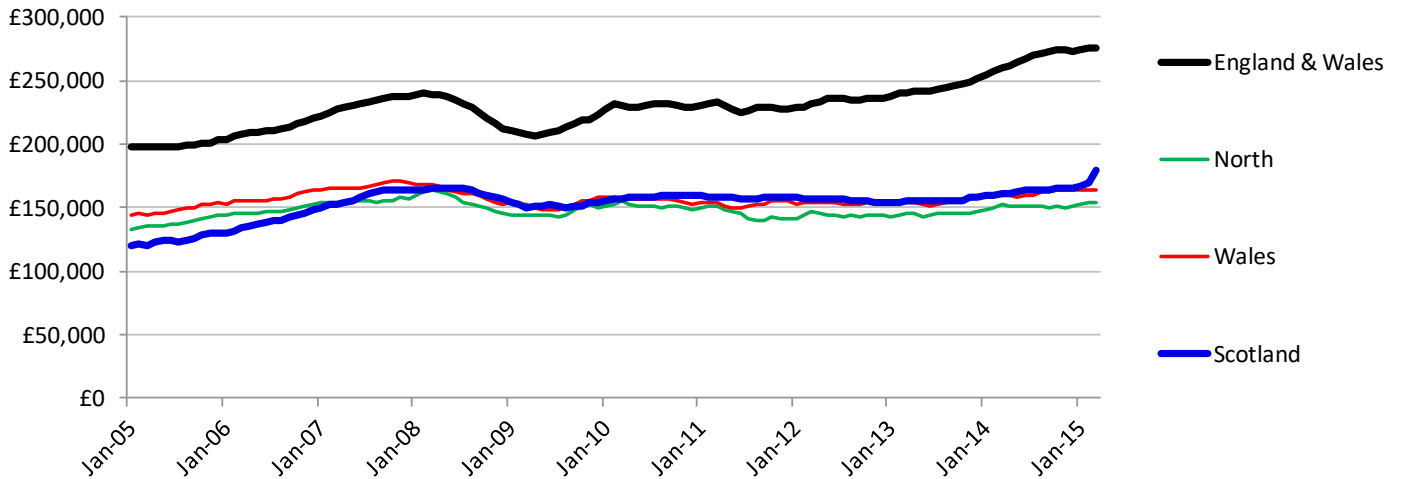


Figure 5. Scotland house prices, compared with England & Wales, Wales and the North for the period January 2005 - March 2015 [link to source Excel](#)

## Annual % change in Average House Prices

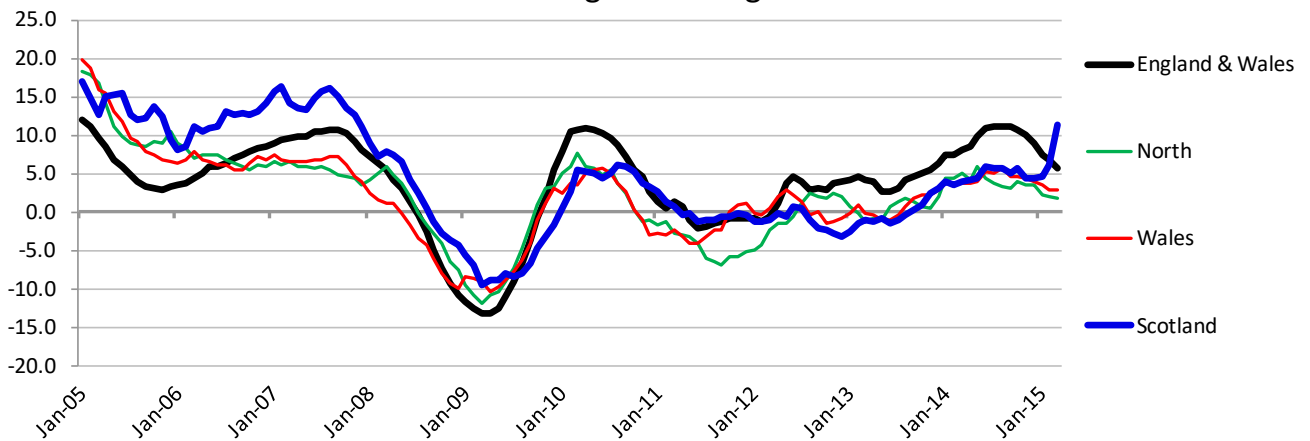


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales and the North for the period January 2005 – March 2015 [link to source Excel](#)



# Scotland's seven cities

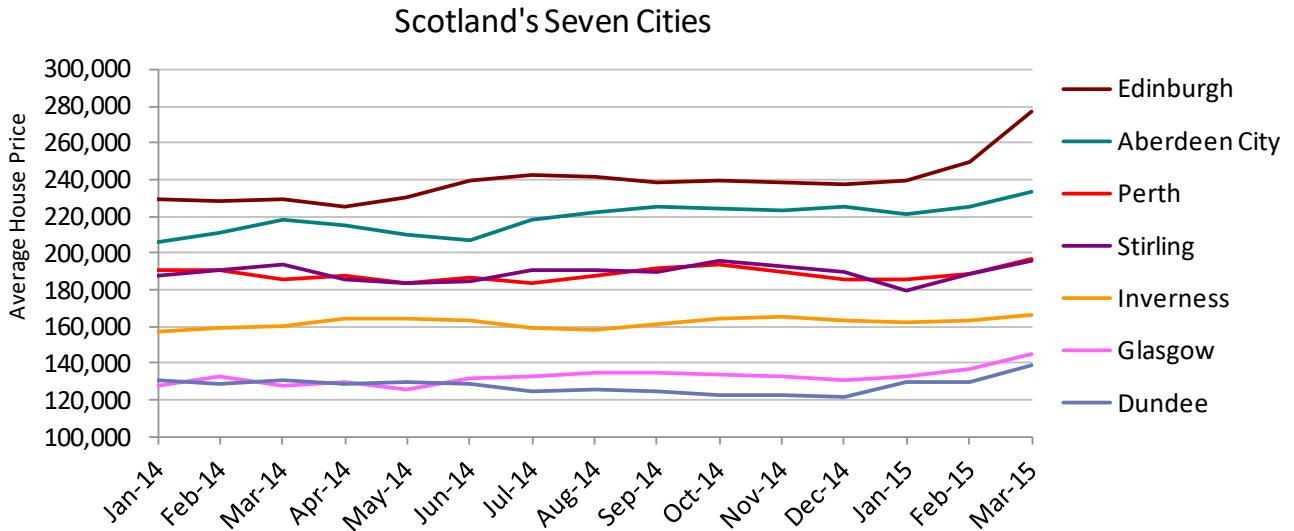


Figure 7. Average house prices for Scotland's seven cities from January 2014 – March 2015

[link to source Excel](#)

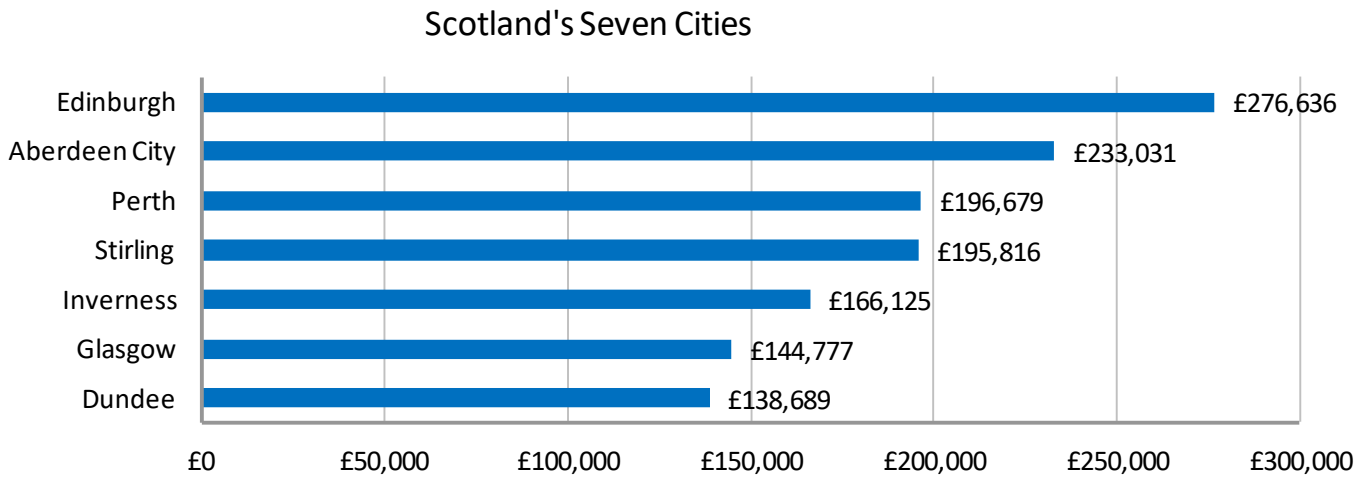


Figure 8. Average house prices for Scotland's seven cities March 2015

[link to source Excel](#)

## Footnotes on data and methodology

1. Your Move Acad 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 Acad Scotland HPI includes cash purchase prices and is the only index 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; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; a price series, such as Your Move Acad Scotland HPI or ONS HPI, can be prepared only when the prices at which properties have been transacted have been recorded at RoS (Your Move Acad Scotland HPI) or when firm prices at mortgage completion have been made available by lenders (ONS HPI); valuation series can be prepared whenever the data e.g. asking or mortgage offer prices 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. LSL Acad E&W HPI overcomes delay in the availability of all transactions for any given month from LR with an “index of indices” forecasting model, purpose developed by Dr Stephen Satchell Economics Fellow Trinity College Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School. Forecasting is assisted by the provision by LR of “emergent data”, being those current month transactions for which LR have received prompt notification.

3. The “emergent” data for Scotland necessary to repeat the E&W forecasting methodology are as yet unavailable from RoS, such that Your Move Acad Scotland HPI incorporates no forecasting procedure. Whilst the Your Move Acad Scotland HPI, like the LSL Acad E&W HPI, comprises a smoothed average of three months’ prices, the Your Move Acad 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 Acad E&W HPI. Please note that:

- we provide only a current month average price for England & Wales as a whole in our LSL Acad E&W HPI, and that prices at region and lower levels are lagged one month
- RoS monthly data comprises some 98% of the transaction 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 Acad 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 Acad E&W HPI. Our intention is to align the procedure for LSL Scotland HPI with that used for LSL Acad E&W HPI, as soon as the necessary data may be available. Meanwhile, 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 Acad E&W HPI provides prices from January 2000. 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 Acad 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 Acad E&W and, by Eurostat, in preparing seasonal data.

5. Note that Your Move Acad Scotland HPI is unable to identify different prices according to e.g. numbers of bedrooms; the lender hedonic indices and the ONS mix adjusted HPI do so. RoS data, and hence Your Move Acad 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 Acad 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 Acad 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 Acad 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 Acad Scotland HPI, together with historic data, can be purchased from Acadata.

8. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009. Until the October 2013 LSL Acad E&W HPI was published, it was prepared by Acadametrics as was the Your Move Acad 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.

## Note to editors