



Under embargo until 00:01 Wednesday 18th November 2015

September 2015

## House price growth quickens after tempestuous year

- House prices accelerate 1.4% annually, more than double 0.6% annual growth seen in the previous month
- Property values advance 0.5% (£850) in a month, with the average home now costing £167,505
- But growth is yet to hit a third of the speed seen in September last year, when annual growth was 5.4%
- Volumes outpace prices, as sales in September are the highest for eight years, up 10% on a year ago

House Price	Index	Monthly Change %	Annual Change %
£167,505	219.4	0.5	1.4

**Christine Campbell, Your Move managing director in Scotland, comments:** “House prices have taken off after a turbulent summer. Annually, house prices have increased by 1.4% (£2,282) compared to September last year, more than double August’s annual growth rate (0.6%), as momentum builds in Scotland’s property market again.

“Usually there is a decline in house purchase activity between August and September, as a lagged effect of the summer holidays. However, this month’s figures go against this trend. Despite other headwinds, this could be down to Scotland’s rising employment rate, increasing by 3,000 in the three months to September to 2,614,000 according to the ONS. With interest rates unlikely to change until 2017, low borrowing costs and near zero inflation should also help to pull up prices in the future.

“Regionally, this means that 23 of Scotland’s local authorities have seen annual price growth, up from 22 last month. However, prices are still lower in seven of the nine most expensive local authorities, as the Land and Buildings Transaction Tax is still preventing the top end of the market from taking off. There have been fewer high value sales since the introduction of the tax – keeping prices down.

“During September the average house earned £850 - equivalent to £28 each day - and is now worth £167,505. This would translate to 6.2% annual growth if it continued throughout the year. But we are currently still only seeing annual growth four times slower than a year ago, when house prices were rising by 5.4% annually in September 2014.

“Looking back at the past half-decade, Scotland has seen the second lowest house price growth across Great Britain. Only house prices in the North of England have risen more slowly. Scotland’s house price increases have been generally steadier, growing by a total of 4.3% over five years, an increase of £6,866. However, this house price growth is much more sustainable than the 26.7% total increase in Scottish house prices, seen between 2005 and 2010, when prices shot up by £33,826.

“Scotland’s sales have also bucked the usual seasonal trend, increasing 3% over the previous month, while sales in England and Wales fell by 1.5% over the same period. In Scotland, sales will typically fall by 6% during this period which makes the growth particularly significant. This month Scotland has had the strongest September sales since 2007, with 10% more sales this month than last year.”

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

## House price index: historical data

Table 1. Average House Prices in Scotland for the period September 2014 – September 2015  
(The prices are end-month smoothed over a 3 month period)

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
<b>September</b>	<b>2014</b>	£165,223	216.4	-0.3	5.4
<b>October</b>	<b>2014</b>	£166,200	217.7	0.6	5.8
<b>November</b>	<b>2014</b>	£165,937	217.3	-0.2	4.6
<b>December</b>	<b>2014</b>	£166,529	218.1	0.4	4.4
<b>January</b>	<b>2015</b>	£168,042	220.1	0.9	3.8
<b>February</b>	<b>2015</b>	£171,720	224.9	2.2	7.2
<b>March</b>	<b>2015</b>	£187,987	246.2	9.5	16.4
<b>April</b>	<b>2015</b>	£184,687	241.9	-1.8	14.5
<b>May</b>	<b>2015</b>	£180,780	236.8	-2.1	10.3
<b>June</b>	<b>2015</b>	£164,249	215.1	-9.1	-0.7
<b>July</b>	<b>2015</b>	£165,142	216.3	0.5	-0.1
<b>August</b>	<b>2015</b>	£166,652	218.3	0.9	0.6
<b>September</b>	<b>2015</b>	£167,505	219.4	0.5	1.4

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## Further commentary by John Tindale

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

In September 2015, average house prices in Scotland rose over the month by 0.5%, or £850 to £167,505. As Figure 1 shows, prices have been slowly recovering from the aftermath of the introduction of the Land and Buildings Transaction Tax (LBTT) in April 2015, with average prices in September 2015 being 1.4%, or £2,282 higher than one year earlier.

Average House Prices in Scotland  
September 2014 - September 2015 (Not smoothed)

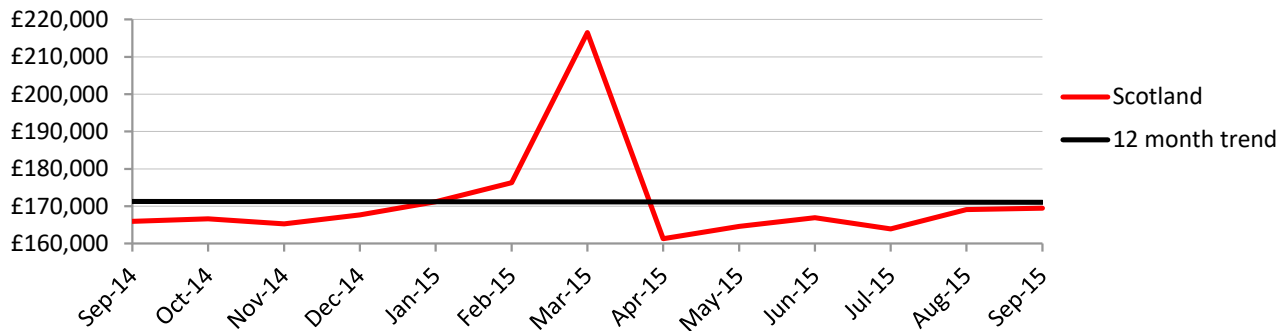


Figure 1. Average House Prices in Scotland, September 2014 – September 2015. Unlike Table 1 above the series has not been smoothed, but is seasonally adjusted [link to source Excel](#)

The main fundamentals for a buoyant housing market in Scotland, namely low inflation, wage growth, an increase in the economically active and competitive mortgage deals all remain strong. It is therefore no surprise to see sales in Scotland continuing to expand, even if detached home sales are reduced due to the increased levels of LBTT tax payable on higher priced properties - which we discuss in more detail on page 5.

Given that the factors listed above are likely to remain in place for the next three months, we can anticipate that the outcome for the housing market at the end of the year will be one of a positive increase in average house prices, although this is likely to be less than that recorded at the end of 2014, which showed an increase of 4.4%. The main brake on price rises in the current market are the high rates of LBTT which exist on the purchase of properties in excess of £325k.

We believe it might be helpful to place our estimates for 2015 in a historic context: Table 2 below therefore shows how rates of growth in Scotland, and in England and Wales have differed over the last ten years:-

Table 2. % change in house prices over a 1, 5 and 10 year period [link to source Excel](#)

Region	Sep 2014 - 2015	Sep 2005 - 2010	Sep 2010 - 2015	Total Period 2005 - 2015
Scotland	1.4	26.7	4.3	32.1
North	2.5	8.4	1.5	10.1
North West	3.3	8.2	5.7	14.3
East Midlands	4.1	2.9	12.4	15.7
West Midlands	3.8	7.4	9.2	17.3
Wales	1.3	4.3	5.1	9.6
Yorks & Humber	4.0	8.5	6.6	15.6
South West	4.3	12.9	12.5	27.1
East Anglia	6.2	13.7	17.3	33.4
South East	6.1	17.8	22.8	44.6
Greater London	4.4	33.5	52.6	103.7
<b>ALL REGION</b>	<b>4.7</b>	<b>16.3</b>	<b>23.3</b>	<b>43.5</b>

Table 2 shows that for the current year, Scotland has the second lowest house price inflation of all areas in Great Britain, which at 1.4% is marginally higher than Wales at 1.3%. The five year period 2010 – 2015 shows a similar picture, with Scotland second lowest at 4.3%, ahead of the North at 1.5%. However, for the ten year period 2005 – 2015, Scotland’s house price inflation of 32.1% places it in fourth position in Great Britain, trailing East Anglia, the South East and Greater London. Prices in Greater London over this ten year period increased by 104%, doubling the cost of houses in the capital and leading to considerable issues relating to affordability.

## House prices and transactions

Table 3. Average House Prices in Scotland, by local authority area, comparing September 2014 and August 2015 with September 2015.

[link to source Excel](#)

RANK BY PRICE	PRIOR YR RANK	LOCAL AUTHORITY AREA	Sep-14	Aug-15	Sep-15	% Monthly Change	% Annual Change
1	2	Edinburgh, City of	235,750	227,562	233,974	2.8%	-0.8%
2	5	Aberdeenshire	223,707	224,139	224,157	0.0%	0.2%
3	1	East Renfrewshire	238,306	223,237	222,698	-0.2%	-6.5%
4	4	East Lothian	224,185	209,903	220,252	4.9%	-1.8%
5	3	Aberdeen City	225,552	220,316	219,691	-0.3%	-2.6%
6	6	East Dunbartonshire	217,660	213,552	206,652	-3.2%	-5.1%
7	9	Midlothian	178,637	177,790	187,083	5.2%	4.7%
8	8	Perth & Kinross	193,256	187,233	183,920	-1.8%	-4.8%
9	7	Stirling	199,960	194,867	182,148	-6.5%	-8.9%
10	10	Scottish Borders	170,489	171,708	178,884	4.2%	4.9%
11	11	Highland	162,010	167,722	170,278	1.5%	5.1%
12	14	West Lothian	146,461	155,025	155,364	0.2%	6.1%
13	12	Moray	150,171	152,772	150,675	-1.4%	0.3%
14	13	Angus	146,797	147,399	149,553	1.5%	1.9%
15	16	Fife	139,353	147,766	148,768	0.7%	6.8%
16	17	Argyll & Bute	136,622	147,972	147,219	-0.5%	7.8%
17	15	South Ayrshire	143,800	149,175	145,047	-2.8%	0.9%
18	18	Glasgow City	132,598	139,575	139,432	-0.1%	5.2%
19	21	South Lanarkshire	127,887	135,096	138,273	2.4%	8.1%
20	26	Shetland Islands	118,879	132,670	137,004	3.3%	15.2%
21	19	Clackmannanshire	131,704	141,818	136,053	-4.1%	3.3%
22	20	Dumfries & Galloway	131,304	139,402	135,171	-3.0%	2.9%
23	25	Dundee City	124,633	136,197	134,284	-1.4%	7.7%
24	22	Orkney Islands	127,885	140,579	133,413	-5.1%	4.3%
25	28	Inverclyde	115,181	127,251	132,946	4.5%	15.4%
26	23	Renfrewshire	127,561	129,476	127,491	-1.5%	-0.1%
27	24	Falkirk	124,799	124,957	122,853	-1.7%	-1.6%
28	29	West Dunbartonshire	114,526	118,700	120,010	1.1%	4.8%
29	27	North Lanarkshire	115,887	116,896	116,827	-0.1%	0.8%
30	30	North Ayrshire	113,992	113,509	114,934	1.3%	0.8%
31	31	East Ayrshire	110,858	108,956	113,061	3.8%	2.0%
32	32	Eilean Siar	92,058	99,579	103,926	4.4%	12.9%
		All Scotland	165,223	166,652	167,505	0.5%	1.4%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for September 2014, August 2015 and September 2015. On a monthly basis, the average house price in Scotland has increased by £850 to £167,505, or 0.5%. The local authority area on the mainland that saw the highest rise in prices in the month was Midlothian, up 5.2%, where the average price of detached and terraced properties increased by £40k in the month, a result of a number of high value sales in the upmarket areas of Dalkeith.

On an annual basis, house prices have risen by 1.4%, up from the 0.6% recorded in the previous month. There are 23 local authority areas where prices have increased over the year, up from the 22 recorded last month, with just 9 areas recording price falls. Of the nine areas where prices are lower, seven are in the top nine local authority areas when ranked by their respective average house prices. Hence prices over the last year have fallen mainly at the top end of the market, while those authorities with lower priced housing have seen average values increase. The decline at the top end of the market continues to relate to the introduction of the new LBTT rates in April 2015, with fewer high value sales having taken place in subsequent months, following the introduction of the tax.

The local authority area on the mainland with the highest increase in house prices over the year is Inverclyde, at +15.4%. Inverclyde had the second lowest number of property sales in September of all the local authority areas on the mainland. Low transaction numbers tend to result in volatile movements in price when expressed in percentage terms. For the record, it was a number of upmarket property sales in Kilmacolm which helped Inverclyde to secure its top ranking position, including the sale over the summer of a detached property designed by local architect James Austen Laird.

The local authority area with the largest fall in prices over the twelve months is Stirling, where average prices have fallen by -8.9%. However, we note that the highest priced property transaction (£3.98 million) recorded by Registers of Scotland over the last ten years took place in Stirling in September 2014. Unsurprisingly, a sale of this magnitude was not repeated in September 2015, resulting in the fall in the average property price in Stirling over the last year.

# House prices and transactions

## Transactions

The number of housing transactions in September 2015 was 9,464, an increase of 10% over September 2014. This was the highest number of sales for the month of September since 2007, some eight years ago, when transactions totalled 13,324 in the month. The level of sales in September 2015 also represents an increase of 3% over the previous month, while south of the border, sales levels in England & Wales fell by 1.5% over this period. Traditionally, sales in Scotland in September fall by 6% from the previous month due to seasonal factors, so the increase of 3% in 2015 is more noteworthy than the straight percentage might suggest. September 2015 is the sixth month in 2015 when the number of transactions in Scotland has been higher than the equivalent month in 2014. Sales volumes in the first nine months of 2015 are now 2.5% ahead of 2014, despite a slow start to the year.

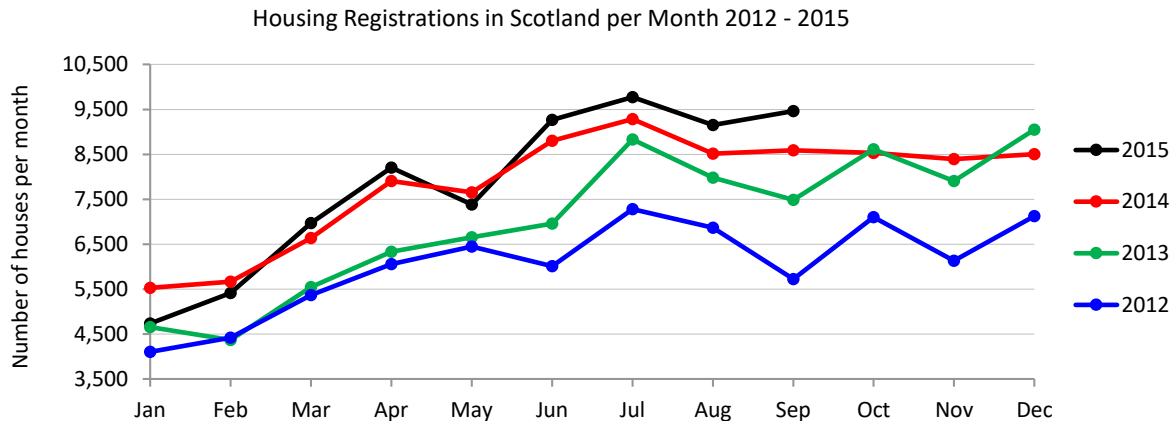


Figure 2. The number of applications received by Registers of Scotland for registration per month, for the period Jan 2012 – September 2015. (Not seasonally adjusted). Source: Registers of Scotland. [link to source Excel](#)

Looking at the three months July – September 2015 and comparing these months with one year earlier, transactions have increased by +5%. Over this time, the change in sales by property type has been flats +5%, terraces +3%, semi-detached +1%, while detached sales have fallen by -6%. The local authority area seeing the highest increase in transactions over this period is West Lothian, up by 24%, or 182 properties. In West Lothian, it is semi-detached properties that have seen the largest increase in sales volumes, up by +48%. It is interesting to note that semi-detached properties are out-selling detached properties, with the latter having seen sales decline, largely due to the higher levels of LBTT payable on the more expensive properties. The area with the largest fall in property sales over the three month period was Aberdeenshire, down by -15%, or 250 units compared to the previous year, of which 201 were detached houses. Aberdeenshire has the highest number of detached property sales per month of any local authority area in Scotland. It is therefore the area which is most susceptible to the increased levels of LBTT payable on the more expensively priced homes.

Table 4. The number of £ 1 million + properties sold by month, Jan 2015 – September 2015. [link to source Excel](#)

Monthly Sales	£1 million+
Total 2013	115
Total 2014	140
Jan-15	8
Feb-15	14
Mar-15	90
Apr-15	0
May-15	2
Jun-15	8
Jul-15	4
Aug-15	12
Sep-15	7
YTD 2015	145

Finally, we provide an update on the £1 million+ market. Table 4 shows the number of £1 million+ properties sold in Scotland for the whole of 2013 and 2014, and gives a monthly count for 2015. As can be seen, the number of properties selling for a value in excess of £1 million rose from an average 12 in 2014 to 90 in March 2015, immediately prior to the introduction of the LBTT in April 2015. Subsequent to the introduction of the LBTT, the number of £1 million+ sales has fallen to an average 5 per month over the last 6 months, although over the last two months that average has increased to 10. It would thus appear that the market is slowly edging back to include the same number of high value transactions to that experienced prior to the introduction of the LBTT. The reduction in high value sales had the effect of lowering the average house price in Scotland over the period April – July 2015, with prices rising slowly thereafter. This pattern of a reduction in high value sales is not limited to the £1 million+ market, and is likely to apply to all sales above £333k (which is the breakeven point between the new LBTT rates and the previous stamp duty rates). However, the £1 million+ analysis provides a useful benchmark against which progress in the market returning to pre-LBTT levels can be judged.

# 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

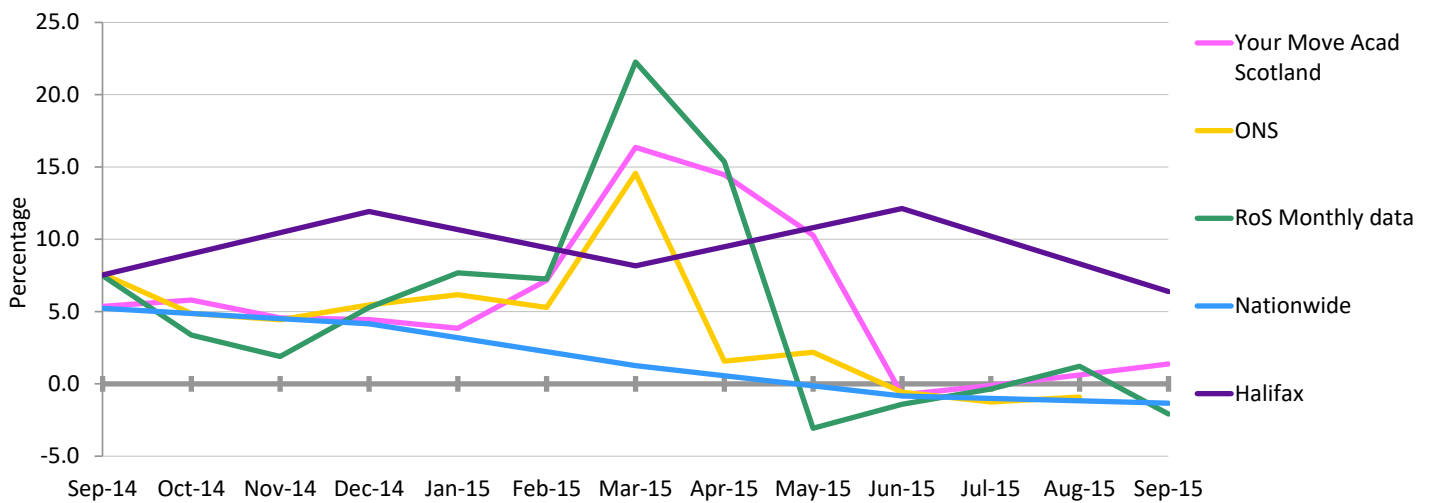


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS CHART [link to source Excel](#)

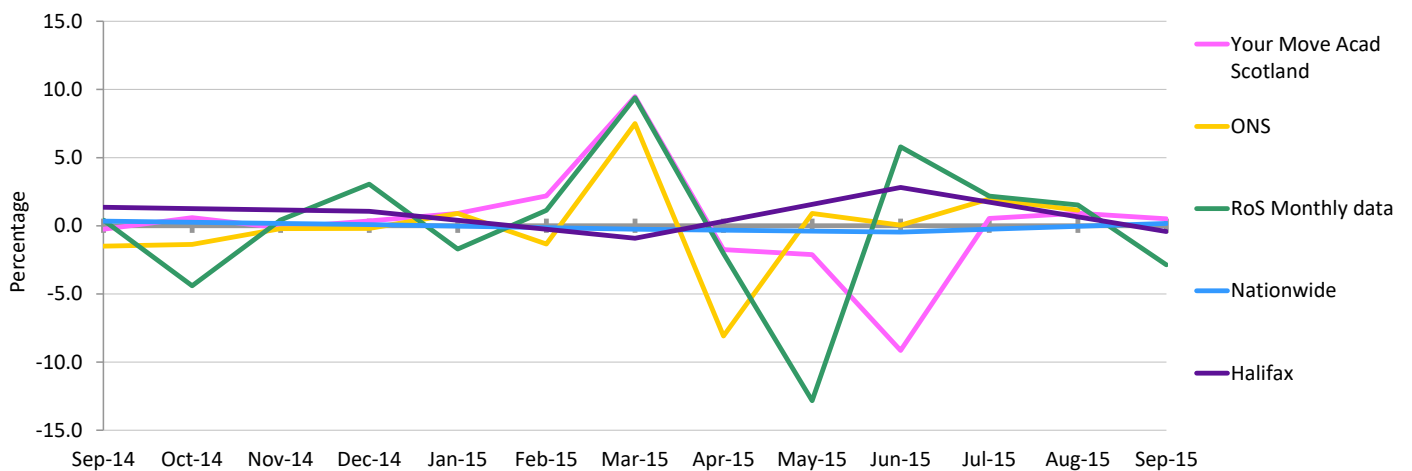


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS CHART [link to source Excel](#)

The charts above show the main indices provided for Scotland together with 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.

The RoS Monthly data are based on application date as opposed to the date of the legal transfer of title. As such, RoS received a number of applications in April relating to sales that took place in March, with these sales influencing the RoS average prices for April, but not for May.

Nationwide and Halifax both base their prices on the 'average house' as opposed to the 'average price' paid for a house. As such their indices should be less affected by the influences of the LBTT than our own and those provided by the ONS and RoS.

# Comparisons with Scotland

## Average House Price

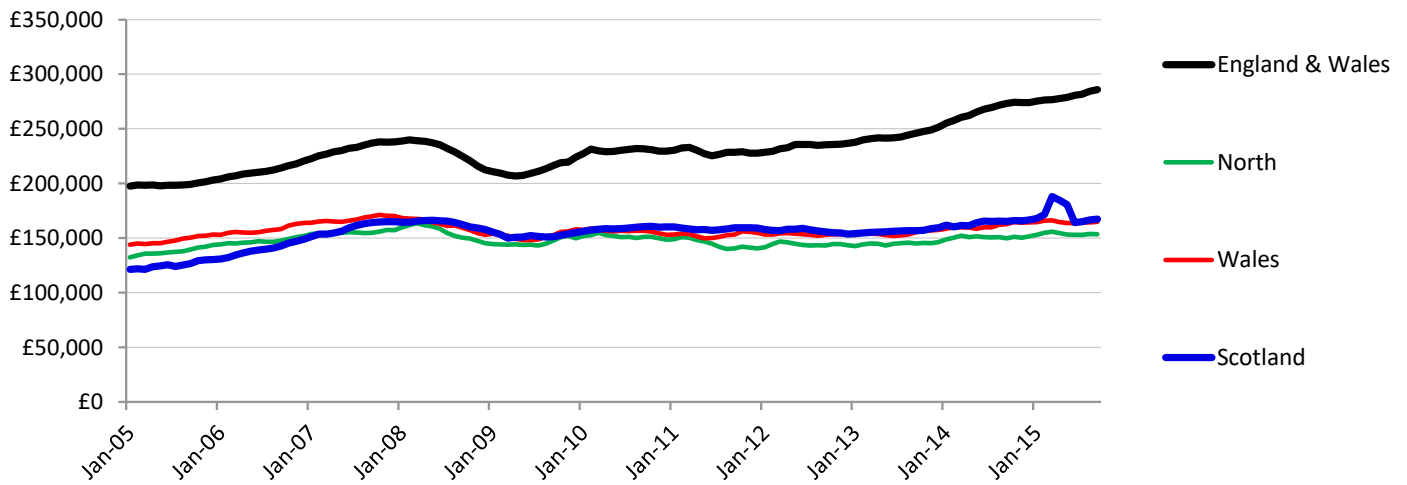


Figure 5. Scotland house prices, compared with England & Wales, Wales and the North for the period January 2005 - September 2015 [link to source Excel](#)

## Annual % change in Average House Prices

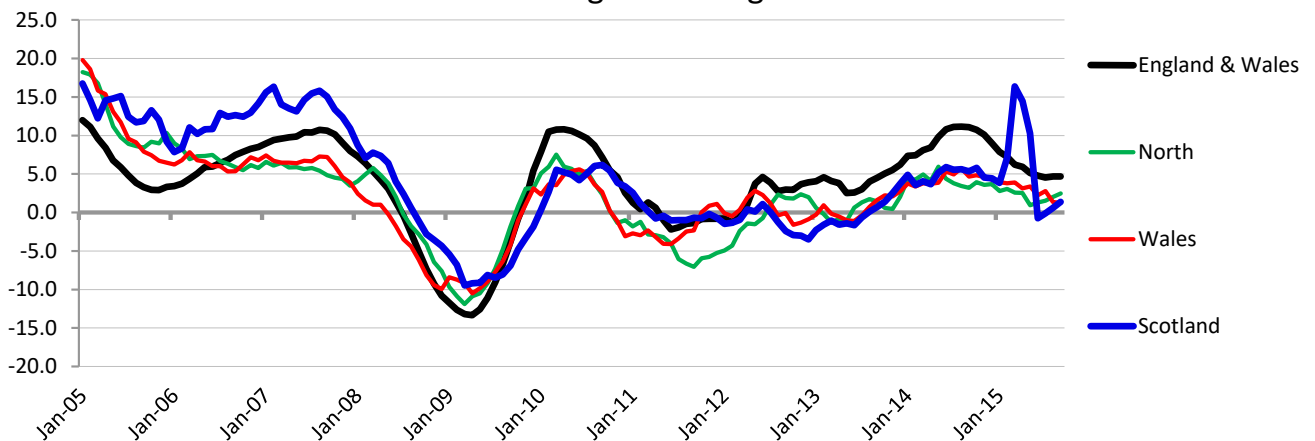


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales and the North for the period January 2005 – September 2015 [link to source Excel](#)



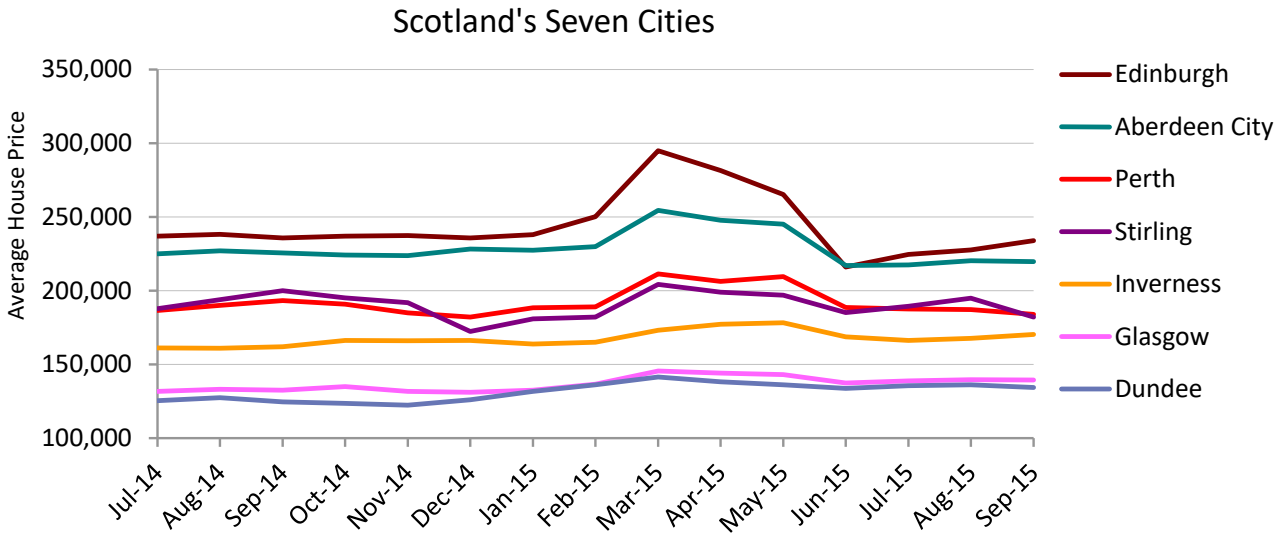


Figure 7. Average house prices for Scotland's seven cities from July 2014 – September 2015

[link to source Excel](#)

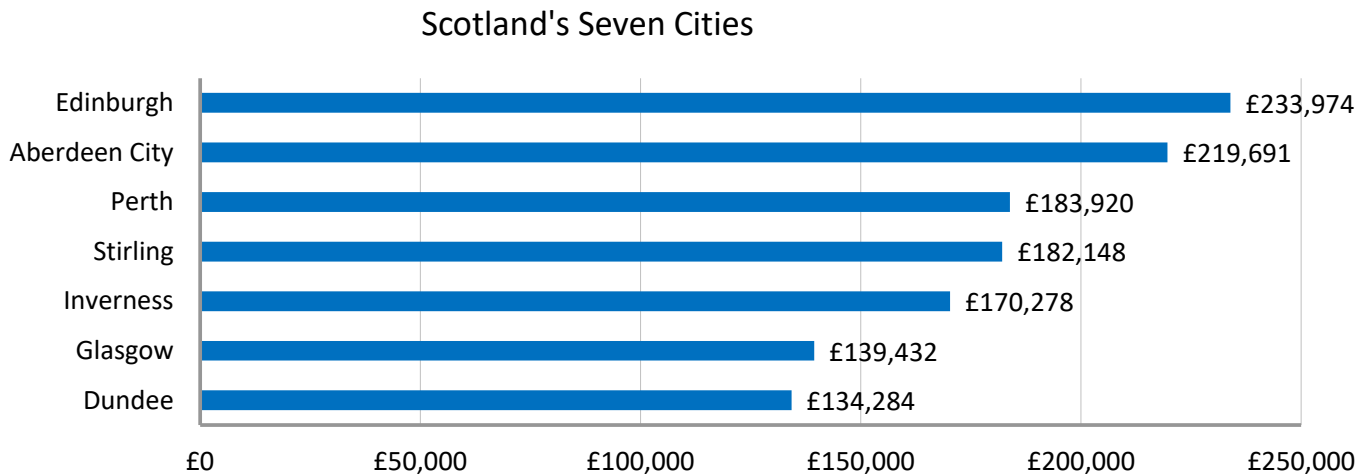


Figure 8. Average house prices for Scotland's seven cities September 2015

[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.