



Under embargo until 00:01 Friday 21st October 2016

August 2016

An Indian Summer for Scotland

- **New peak for the second month in a row in Glasgow**
- **Two thirds of local authorities see price growth in latest figures**
- **However LBTT changes see higher value property sales fall by as much as half**

House Price	Index	Monthly Change %	Annual Change %
£169,834	222.4	0.4	2.4

House prices in Scotland continued to push up in August with average house prices increasing by £700 – 0.4% – on the previous month to reach £169,834. It is now £4,000 above its level at the same time last year, growth of 2.4% annually.

The latest ONS transactions figures are also up, increasing 7% in May over April, with 7,131 transactions, but down 17% on the same month last year. This is due to large numbers of property purchases brought forward to March ahead of April's introduction of an additional 3% Land and Buildings Transaction Tax (LBTT) surcharge on second homes.

While high value property sales stall, cheaper areas in Scotland are growing strongly. Glasgow set a new peak price for the second month in succession in August – something that hasn't happened since the 2007 property boom. Average prices increased 0.8% to £147,974.

The average price in the city (which is mostly flats) is now exactly £9,000 more, 6.5% up, on the same time last year.

Glasgow, though, was largely unaffected by the introduction of LBTT rates in April 2015 of 10% on the proportion of the value of a property over £325,000 (and 12% for those above £750,000). In the first six months of 2016 there were only 208 such sales in Glasgow.

The impact on areas with higher value property has been substantial. In Edinburgh, there were 1,065 sales of properties over £325,000 in the first half of 2016, but this was down 17% on last year. (In fact, the fall in Glasgow was proportionally the same, but such properties represent a much smaller part of the market.)

Despite these falls in transactions for higher value property, transactions overall for the first half of 2016 are actually still marginally up, by 1%, on the same period last year.

Prices are also proving resilient across the country. Two thirds of local authority areas (21 out of 32) saw prices grow in August, led by Inverclyde (up 5.7%), Clackmannanshire (5%) and South Ayrshire and North Ayrshire (which both saw prices up 4.4%).

Despite a small fall in August (of 0.1%), prices in the capital continue to show strong annual performance. The average price in the City of Edinburgh is now £242,518, up £16,585 or 7.3% on last year. East Renfrewshire, with average prices almost as high (£241,472) as Edinburgh, has also seen strong annual growth, of 8.7%. The fastest growing areas over the past year, however, have been the Shetland Islands (up 11.7% annually), and Na h-Eileanan Siar (up 10.8%, despite a fall of 5% last month), which is also the cheapest local authority area in Scotland, with an average price of £105,755.

The biggest falls have been in Aberdeen City, down 8.8% over the year, followed by Dumfries & Galloway (down 6.1%).

Christine Campbell, Your Move managing director in Scotland, said: "Glasgow setting a new peak for the second consecutive month suggests a Scottish market that's proving remarkably resilient.

"While tax changes have seen a slowdown in transactions of high priced property in Scotland, the market overall is demonstrating broad-based growth. So far this growth seems to be holding steady in an uncertain future post-Brexit."

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 August 2015–August 2016
(The prices are end-month smoothed over a 3 month period)

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
August	2015	£165,866	217.2	0.6	0.3
September	2015	£166,673	218.3	0.5	0.8
October	2015	£167,724	219.7	0.6	1.0
November	2015	£168,304	220.4	0.3	1.8
December	2015	£168,516	220.7	0.1	1.6
January	2016	£168,819	221.1	0.2	0.9
February	2016	£168,271	220.4	-0.3	-2.4
March	2016	£170,360	223.1	1.2	-9.5
April	2016	£170,292	223.0	0.0	-8.0
May	2016	£170,620	223.5	0.2	-5.4
June	2016	£169,075	221.4	-0.9	3.3
July	2016	£169,133	221.5	0.0	2.6
August	2016	£169,834	222.4	0.4	2.4

Press Contacts:

Melanie Cowell, LSL Property Services
Richard Sumner, Acadata
Sophie Placido, Rostrum Agency

01904 698860
020 8392 9082
020 7440 8678

melanie.cowell@slps.co.uk
richard.sumner@acadata.co.uk
yourmove@rostrum.agency

House prices and transactions

John Tindale, senior housing analyst for Acadata, comments:

The July housing market

House prices in August rose by £700, or 0.4%, during the month and by £4,000, or 2.4%, over the previous twelve months. Average prices have now climbed back to a level above those recorded during the winter months of 2015, prior to the mini-peak which occurred in March 2016. This related to the 3% surcharge in LBTT on second homes and buy-to-let properties which was introduced in April 2016. Many purchasers in March sought to avoid paying this additional tax, especially on more expensive homes, which had the effect of raising the average price paid for a property in the month.

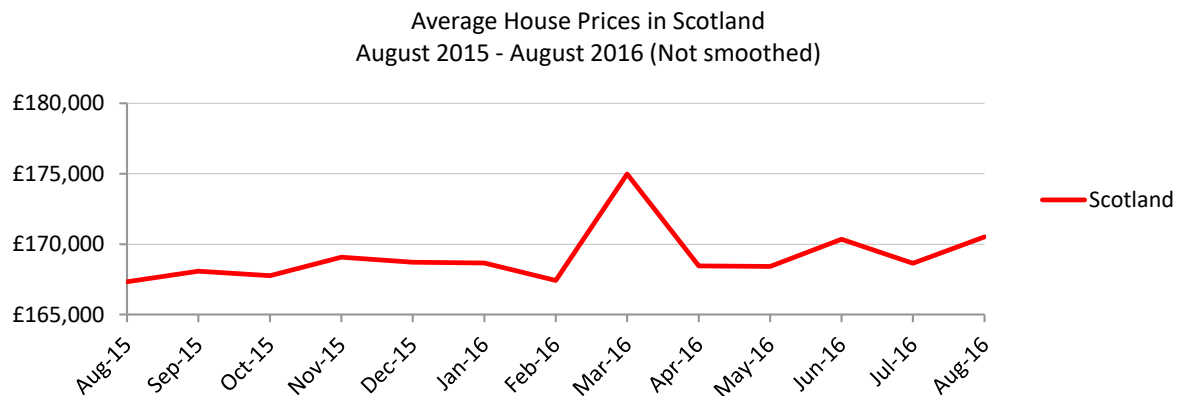


Figure 1. Average House Prices in Scotland, August 2015 – August 2016. Unlike Table 1 on page 2 above the series has not been smoothed, but is seasonally adjusted [link to source Excel](#)

In August, for the second month in succession, Glasgow City has established a new peak average house price at £147,974. The most popular property type of choice in Glasgow is flats, and these have seen an increase in their average cost from £123k in August 2015 to £139k one year later, a rise of 13%. The previous peak in Glasgow was established in October 2007, during the earlier property boom.

One of the reasons why Glasgow has reached a new peak in its average prices - whereas Edinburgh has not - is that Glasgow has fewer high-value homes in its mix of property sales. For example, in the first six months of 2016 there were 1065 sales of properties priced at £325,000 or more in Edinburgh, whereas there were only 208 such sales in Glasgow. It is the high-value homes that have seen the largest reduction in sales over the last eight months, which consequently lowers the average price of homes sold in an area.

It is suggested by many observers that the reduction in sales of high-value homes is a consequence of the increase in the rate of tax charged on top-end properties. Current LBTT rates are 10% on the proportion of the value of a property above £325,000, which rises to 12% above £750,000. Looking at the sale of homes in the first half of 2016 (by date of registration) compared to the first half of 2015, we find that transactions overall have increased by 1%. However, if we look at the sale of properties in excess of £325,000 we find that volumes in 2016 are down 18% compared to the first six months of 2015 and that this percentage reduction falls to 40% for properties valued over £750,000.

Table 2. Number of properties sold for £325,000 plus during the first half of 2015 compared to the same period in 2016.

Number of Properties sold for £325,000 +			
	H1 2015	H1 2016	Change
Edinburgh	1,283	1,065	-17%
Aberdeenshire	456	237	-48%
Glasgow	252	208	-17%
East Renfrewshire	170	183	8%
East Dunbartonshire	167	143	-14%
Scotland Total	4,080	3,358	-18%

Table 2 shows that overall in Scotland there has been an 18% reduction in the number of properties sold for £325,000 or more in the first six months of 2016, compared to the same period in 2015. The five Local Authority areas that have been included in the above Table have been selected on the basis that they have the highest number of sales of properties priced

House prices and transactions

above £325,000, but the selection excludes Aberdeen City where the decline in oil prices and associated employment is the main factor in the reduction in sales. Overall, in Table 2, Aberdeenshire shows the largest fall in numbers of high value sales at -48%, followed by Glasgow and Edinburgh, both showing a decline of -17% and East Dunbartonshire at -14%. The 8% rise in the number of £325k+ homes in East Renfrewshire is considered to be a special case, as there have been a number of new-build, high-value homes coming onto the market in Newton Mearns in 2016, which has distorted the number count for the area.

Transactions

In May 2016, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 7,131 properties. This total was up by 7% on the previous month, which is marginally ahead of the usual seasonal trend for the time of year, when an increase of 6% can be expected. However, sales in May 2016 were down by 17% on May 2015 and were also lower than the three years prior to that. The low level of sales in May 2016 was a consequence of the large number of property purchases that were brought forward into March 2016, as buyers sought to avoid paying the additional 3% LBTT surcharge on second homes and buy-to-let properties, which came into effect from April 1st. Taking the period January – May 2016 as a whole, sales are 3% higher than the similar period in 2015, and above the levels seen in each of the years 2009 – 2015.

Our own analysis suggests that sales volumes in both June and July 2016 will be comfortably ahead of the levels seen in 2013 and marginally above those seen in 2014.

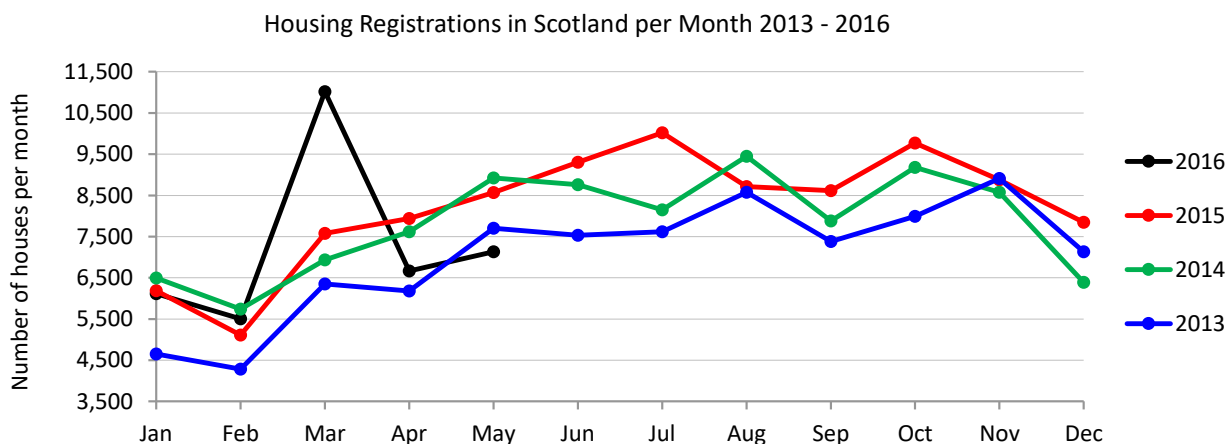


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period January 2013 – May 2016.

Source: Registers of Scotland.

[link to source Excel](#)

Figure 2 clearly demonstrates the extraordinary rise in March 2016 transactions, which were almost exactly double those of February 2016. The level of March sales, at 11,017, was the highest recorded in a single month since November 2007, some eight years earlier. This dramatic increase in the level of March sales, timed to avoid paying the additional 3% tax, is similar to that seen in England & Wales over the same period.

House prices and transactions

Table 3. Average House Prices in Scotland, by local authority area, comparing August 2015 and July 2016 with August 2016. [link to source Excel](#)

RANK BY PRICE	PRIOR YR RANK	LOCAL AUTHORITY AREA	Aug-15	Jul-16	Aug-16	% Monthly Change	% Annual Change
1	1	Edinburgh, City of	225,933	242,766	242,518	-0.1%	7.3%
2	3	East Renfrewshire	222,061	240,689	241,472	0.3%	8.7%
3	5	East Dunbartonshire	213,832	226,598	228,688	0.9%	6.9%
4	2	Aberdeenshire	224,040	216,480	217,257	0.4%	-3.0%
5	6	East Lothian	208,036	214,812	213,231	-0.7%	2.5%
6	4	Aberdeen City	218,047	202,724	198,831	-1.9%	-8.8%
7	7	Stirling	193,929	202,984	194,944	-4.0%	0.5%
8	9	Midlothian	177,237	190,213	191,876	0.9%	8.3%
9	8	Perth & Kinross	186,989	192,504	191,550	-0.5%	2.4%
10	10	Scottish Borders	170,684	173,110	175,230	1.2%	2.7%
11	11	Highland	166,845	164,851	167,581	1.7%	0.4%
12	12	West Lothian	153,661	159,809	157,866	-1.2%	2.7%
13	15	South Ayrshire	147,854	148,117	154,670	4.4%	4.6%
14	16	Angus	147,495	149,607	152,703	2.1%	3.5%
15	13	Moray	153,102	151,409	150,091	-0.9%	-2.0%
16	14	Argyll & Bute	149,006	150,672	149,880	-0.5%	0.6%
17	24	Shetland Islands	132,738	151,681	148,295	-2.2%	11.7%
18	20	Glasgow City	138,974	146,756	147,974	0.8%	6.5%
19	17	Fife	147,019	145,135	146,818	1.2%	-0.1%
20	23	South Lanarkshire	134,266	141,698	143,182	1.0%	6.6%
21	18	Clackmannanshire	142,804	130,951	137,460	5.0%	-3.7%
22	26	Inverclyde	125,283	126,843	134,040	5.7%	7.0%
23	21	Orkney Islands	136,538	133,214	133,818	0.5%	-2.0%
24	25	Renfrewshire	128,650	132,509	132,641	0.1%	3.1%
25	27	Falkirk	123,690	131,584	132,294	0.5%	7.0%
26	19	Dumfries & Galloway	139,534	126,768	131,021	3.4%	-6.1%
27	22	Dundee City	134,841	131,076	130,932	-0.1%	-2.9%
28	30	North Ayrshire	115,151	116,596	121,783	4.4%	5.8%
29	29	North Lanarkshire	116,487	118,101	119,273	1.0%	2.4%
30	28	West Dunbartonshire	118,998	116,696	119,122	2.1%	0.1%
31	31	East Ayrshire	109,506	115,070	115,697	0.5%	5.7%
32	32	Na h-Eileanan Siar	95,407	111,314	105,755	-5.0%	10.8%
		All Scotland	165,866	169,133	169,834	0.4%	2.4%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for August 2015, July 2016 and August 2016, calculated on a seasonal and mix-adjusted basis.

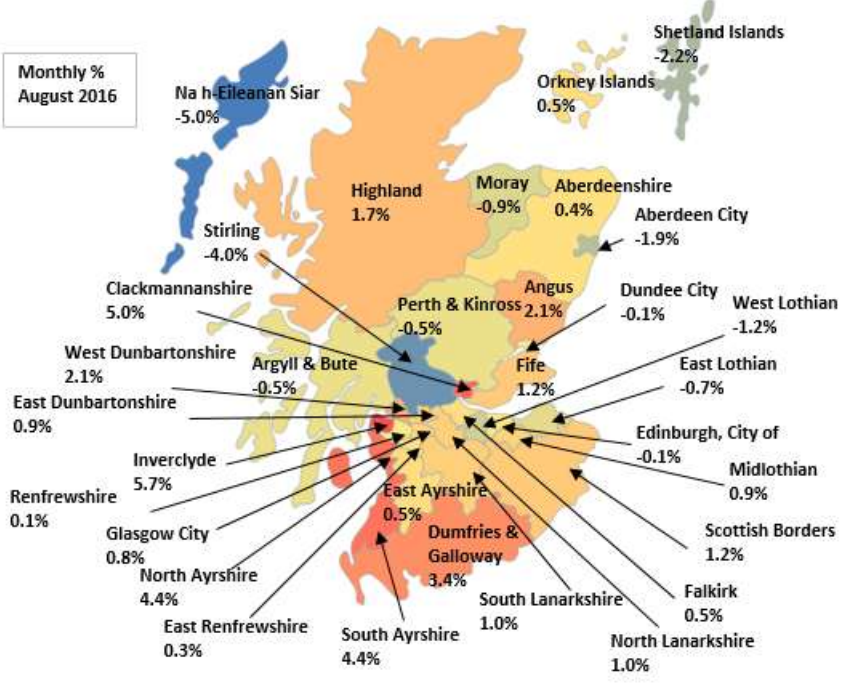
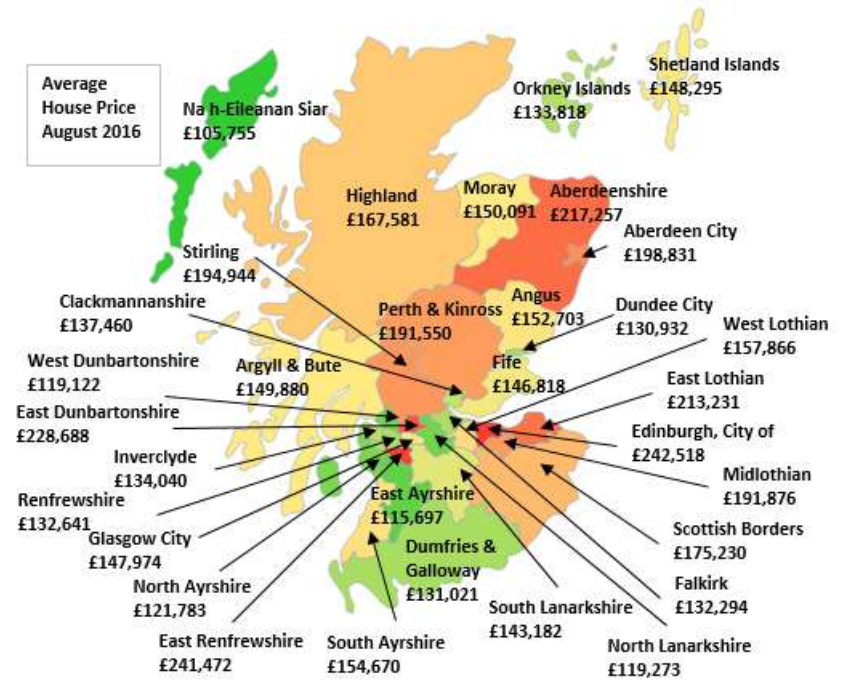
This month, Glasgow has set another new peak average price of £147,974 for properties in the city. This is the second month in succession in which Glasgow has established a new peak price, the previous occasion to this having occurred in October 2007, during the last housing boom. The majority of properties sold in Glasgow are flats, which have seen their average prices increase over the year from £123k in August 2015 to £139k one year later. No other Local Authority area recorded a peak during August, the area coming closest being Angus which was £3,000 off its record price achieved in March 2015, the month prior to the introduction of the then-new LBTT rates.

Looking at the change in prices during August, 21 of the 32 Local Authority areas saw prices climb, compared with just 12 in July. The largest rise in the month was seen in Inverclyde at 5.7%, where a number of higher priced properties changed hands in Kilmacolm. The area with the largest fall in prices in the month was Na h-Eileanan Siar, down -5.0%, but low transaction numbers on the Islands tend to produce volatile movements in average house prices. On the mainland, Stirling saw the steepest decline in prices in August of -4.0%, as a home sold earlier in the year for £1.3 million dropped out of the calculations.

On an annual basis, house prices have increased by 2.4%, or £3,968, over the year. The highest increase in prices on the mainland over this period, for the second month running, was in East Renfrewshire, up by 8.7%. Here, it is new-build housing, particularly in Newton Mearns, that has been the main driver of the increase in average house prices in the area. By way of contrast, the area with the largest decline in house prices is Aberdeen City, down 8.8% over the year. In Aberdeen City there have been falls of £20k in the price of semi-detached, terraced and flatted properties, while detached properties have seen a reduction of £50k in the average price achieved.

House prices and transactions

Heat maps



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, 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. These comparisons should be viewed in the light of the different data and different methodologies employed by the index producers. Please see our "[Which House Price Index?](#)" paper.
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. Our "[Which House Price Index?](#)" discusses.
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
8. The AcaData Library provides a portfolio of ready-to-use datasets and calculation series updated monthly, based upon the factual Land Registry and/or Registers of Scotland results ([free sample here](#)). Our comprehensive selections of geography (national/ regional/ unitary authority/ postcode) and of property types with arithmetic mean and median prices provide the "off the shelf" historic data series and analyses needed for rapid study and commentary. AcaData Library is available on subscription or on a one-off basis. It may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold, neither may it be used to determine interest payable on loans. Subscribers may use it for business planning and advisory purposes and for this it shows national and regional trends. For local builders, developers and estate agents it shows stock and new build results within postcode districts and enables analyses at town and street level.

Comparison of indices

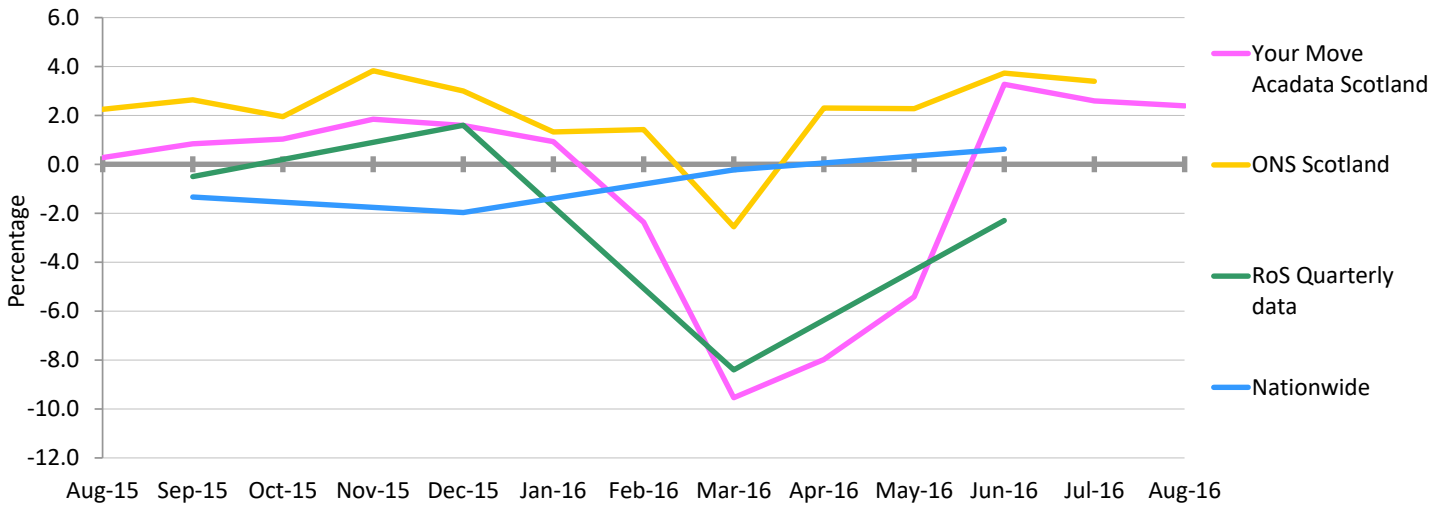


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES

[link to source Excel](#)

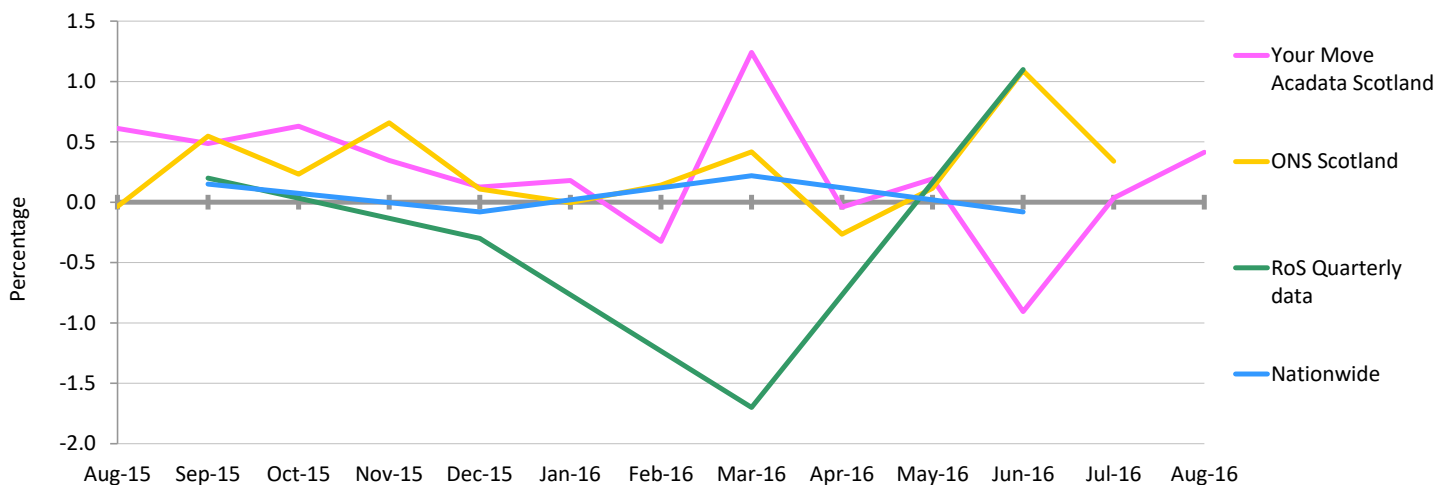


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES

[link to source Excel](#)

The charts above 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 free of charge by clicking [here](#).

Comparisons with Scotland

Average House Price

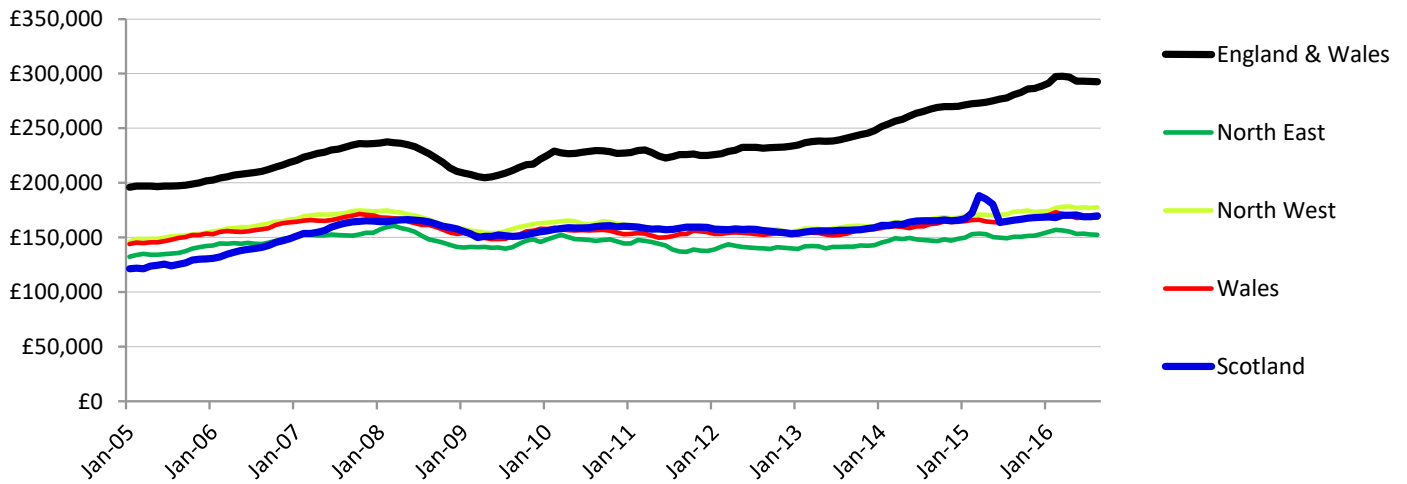


Figure 5. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005-August 2016 [link to source Excel](#)

Annual % change in Average House Prices

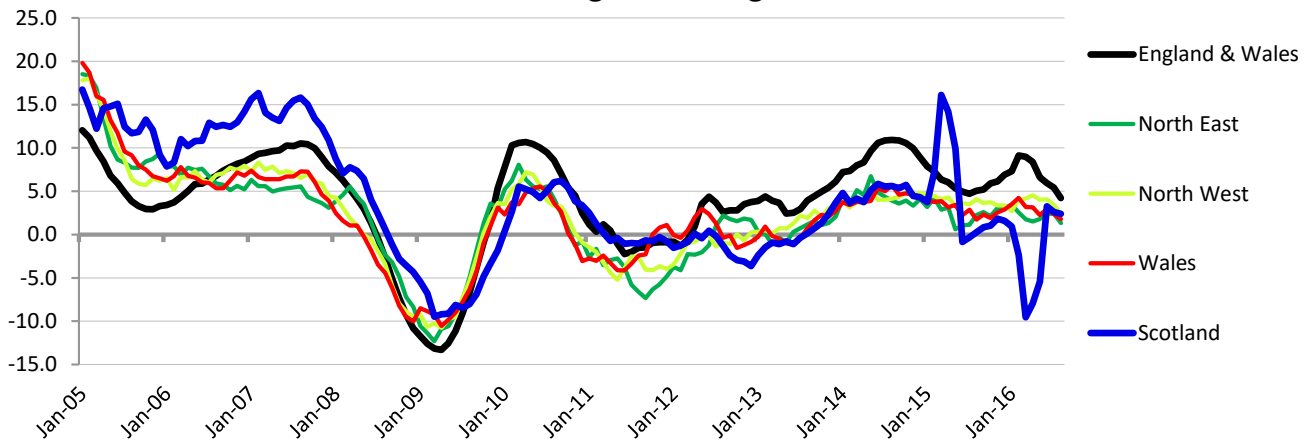


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005-August 2016 [link to source Excel](#)

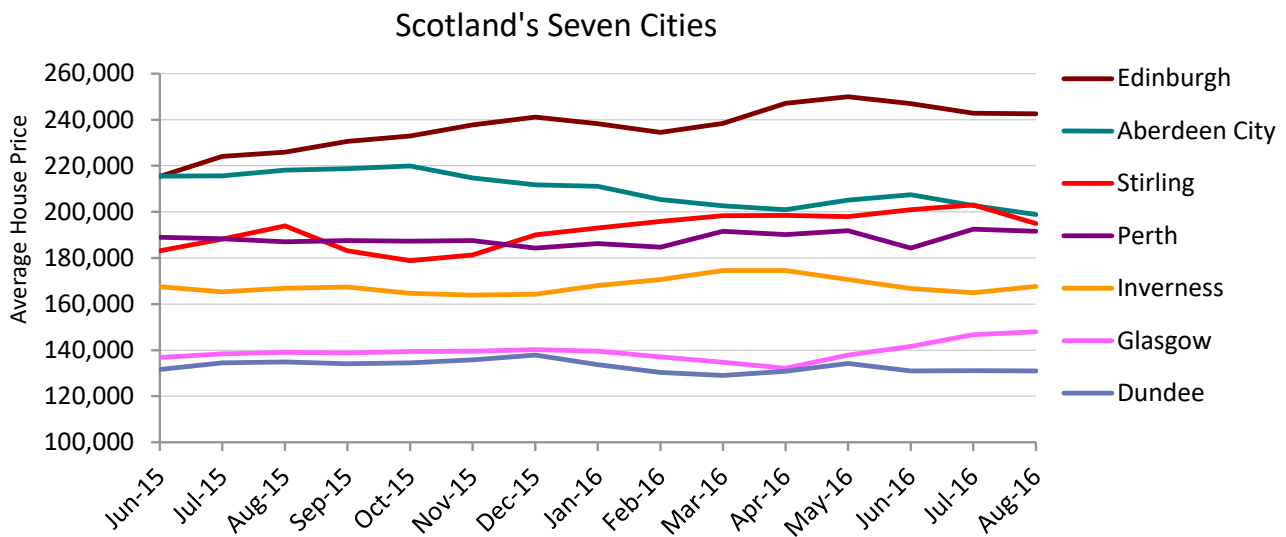


Figure 7. Average house prices for Scotland's seven cities from June 2015–August 2016

[link to source Excel](#)

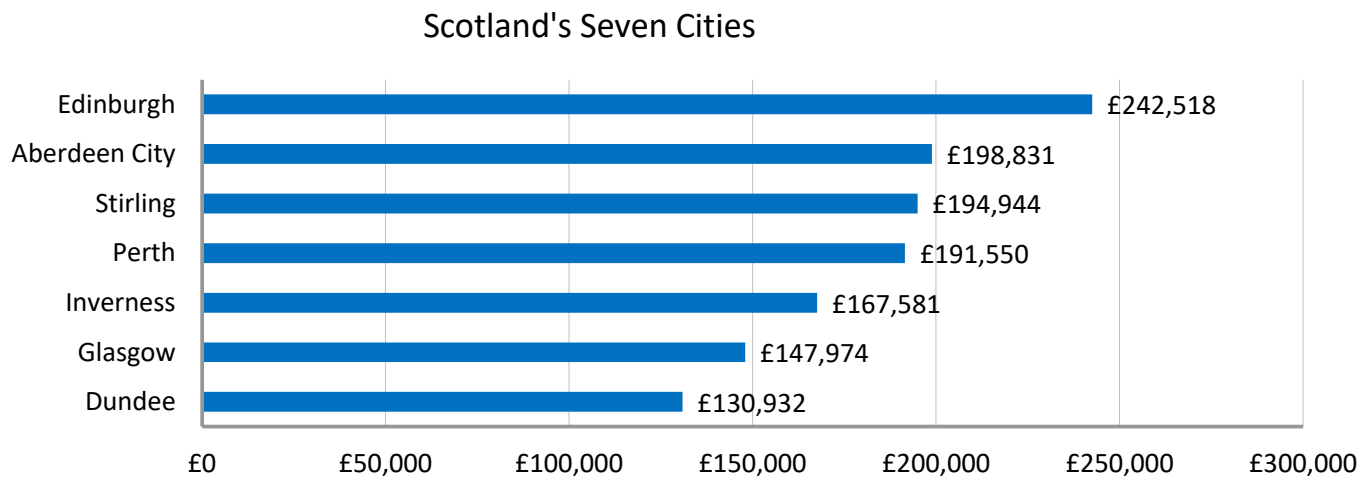


Figure 8. Average house prices for Scotland's seven cities August 2016

[link to source Excel](#)

Footnotes on data and methodology

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.

information@acadata.co.uk

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