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October 2016

Scotland sees highest October house price growth of all the UK GOR areas

- **West Dunbartonshire has largest gain in prices of all Local Authority areas**
- **Purchases of homes in excess of £325k on the increase**
- **First time buyers account for more than 50% of the Scottish market**

House Price	Index	Monthly Change %	Annual Change %
£172,561	226.0	1.5	2.9

The average house price in Scotland broke the £170,000 barrier for the first time since May, according to the latest Your Move/Acadata House Price Index for September 2016. A typical property in Scotland grew in price by 0.6% month-on-month to reach £170,762. This is up by more than £1,000 on August's figure.

On an annual basis, property prices have grown by 2.5% since last September's figure of £166,622.

Transactions data from the Office for National Statistics (ONS) showed that 8,620 housing registrations were completed in June. This is 20.9% higher than the previous month and demonstrates the start of a strong summer for housing transactions in Scotland.

Christine Campbell, Your Move managing director in Scotland, said: "The Scottish housing market continues to show its resilience, despite facing a number of challenges in recent months.

"Tax changes earlier this year prompted many buyers to bring their house purchases forward, while the uncertainty surrounding Brexit could have shocked the market, but the overall picture remains very positive."

Alan Penman, business development manager for Walker Fraser Steele, one of Scotland's oldest firms of chartered surveyors and part of the LSL group of companies, said: "While some areas face a specific set of challenges due to the ripple effect caused by the troubles of the oil industry, it looks remarkably like business as usual in the rest of Scotland.

"Transaction levels and house prices are performing well across all other areas of the country, for both high and low value properties."

There was strong growth at both the top and bottom of the Scottish housing market in the year to September. Three areas boasted property price growth of more than 10% in the last year.

House prices in East Dunbartonshire grew by 10.3% to reach an average of £229,240 while prices in East Renfrewshire increased by 10.2% to hit £245,122. At the other end of the scale, properties in East Ayrshire are now worth an average of £119,991, which is 10.1% more than a year ago.

On a monthly basis, Dundee City was home to the biggest house price growth. Prices in the city grew by 4.5% between August and September to reach £139,405.

The City of Edinburgh remains the most expensive place to buy property in Scotland. House prices in the capital rose by 3.1% between August and September to reach £250,477. Yearly growth was 8.9%, which is equivalent to an extra £20,000 on the average Edinburgh house price.

Na h-Eileanan Siar remains the cheapest place to purchase property in Scotland, despite impressive growth of 7.6% in the past year. The average house price on the islands is now £102,455.

While most areas of Scotland saw house prices grow, some areas did experience a softening in prices. The Scottish Borders (-4.7%) and Aberdeenshire (-4.2%) were the only areas to see house prices fall substantially in the last 12 months. In fact, only seven of the 32 local authority areas of Scotland saw prices drop on a yearly basis.

House price index: historical data

Clackmannanshire was home to the highest increase in sales volume in the past year. The third quarter of 2016 saw 73 more properties sold than a year prior, a percentage increase of 35%. On an absolute basis, Renfrewshire saw the biggest growth in property sales, boasting 163 more transactions than a year before.

Terraced houses were the only property type to grow in popularity in Q3 2016 compared to Q3 2015. The number of transactions for terraced properties grew 3.9%. Otherwise demand for semi-detached (-4.2%), detached (-3.3%) and flats (-1.5%) all fell.

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

Table 1. Average House Prices in Scotland for the period October 2015 – October 2016
(The prices are end-month smoothed over a 3 month period)

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
October	2015	£167,688	219.6	0.6	0.9
November	2015	£168,364	220.5	0.4	1.8
December	2015	£168,580	220.8	0.1	1.6
January	2016	£168,800	221.1	0.1	0.9
February	2016	£168,165	220.2	-0.4	-2.4
March	2016	£170,252	223.0	1.2	-9.6
April	2016	£170,229	222.9	0.0	-8.0
May	2016	£170,438	223.2	0.1	-5.5
June	2016	£168,872	221.2	-0.9	3.2
July	2016	£168,806	221.1	0.0	2.4
August	2016	£169,538	222.0	0.4	2.2
September	2016	£170,074	222.7	0.3	2.1
October	2016	£172,561	226.0	1.5	2.9

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Further commentary by John Tindale

John Tindale, senior housing analyst for Acadata, comments:

The October housing market

House prices in October rose by nearly £2,500, or 1.5%, during the month, and by £4,873, or 2.9%, over the last year. The increase is the largest rise seen in a single month since March 2015. Figure 1 below shows the movement in house prices over the last two years. The main spike in the graph occurred in March 2015, when prices were somewhat artificially inflated, immediately prior to the introduction of the LBTT in April 2015. The second - much smaller - spike occurred in March 2016 and was also tax-related, occurring just prior to the introduction of the 3% surcharge in LBTT on second homes, including buy-to-let properties. The price reached in October 2016 is marginally above that of March 2016.

Average House Prices in Scotland
October 2014 - October 2016 (Not smoothed)

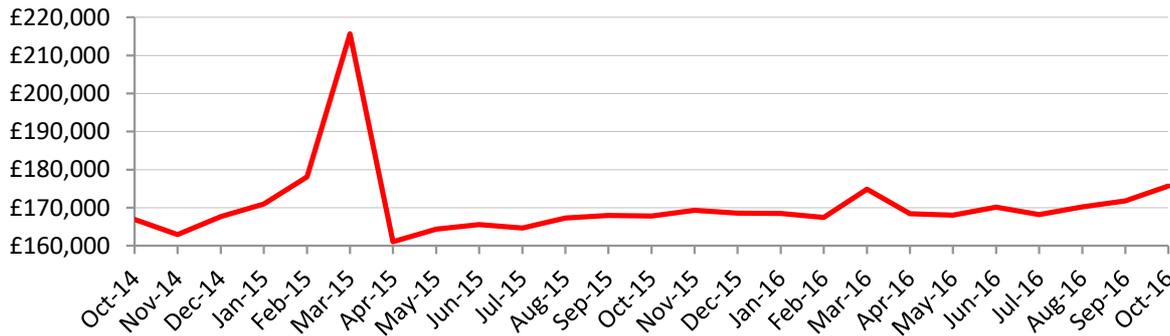


Figure 1. Average House Prices in Scotland, October 2014 – October 2016. The series is mix and seasonally adjusted [link to source Excel](#)

So why have prices risen so sharply in October? Two factors may help to answer that question. The first is that interest rates are now at a record low. The Bank of England base rate was reduced to 0.25% on 4th August 2016 – with Building Societies and Banks reacting to this move by lowering their own rates. For example, HSBC recently set a two-year fixed rate at 0.99%, its lowest rate yet. The second factor is that purchases of high value homes, which we analyse below, appear to be making a comeback, and so raising the average price paid for a house.

Table 2. Analysis of the number of properties sold in Q1 – Q3 2016, compared to Q1 – Q3 2015, having a value in excess of £325k
Source: RoS Price Paid dataset, using “Entry Date” [link to source Excel](#)

Number of Properties sold for £325,000 +	2016			Percentage change		2015			Percentage change	
	Q1 Jan - Mar	Q2 Apr - Jun	Q3 Jul - Sep	Q2/Q1	Q3/Q2	Q1 Jan - Mar	Q2 Apr - Jun	Q3 Jul - Sep	Q2/Q1	Q3/Q2
City of Edinburgh	545	526	704	-3%	34%	855	430	655	-50%	52%
Glasgow City	95	104	159	9%	53%	159	89	135	-44%	52%
East Renfrewshire	82	105	132	28%	26%	113	64	90	-43%	41%
East Dunbartonshire	62	80	97	29%	21%	105	60	89	-43%	48%
East Lothian	67	47	97	-30%	106%	107	48	76	-55%	58%
Scotland Total > £325k	1,739	1,623	2,199	-7%	35%	2,596	1,486	2,177	-43%	47%
Scotland All Prices	23,160	22,810	26,544	-2%	16%	18,748	25,531	27,540	36%	8%

Percentage change per quarter 2016/2015			
2016/2015	Q1 Jan - Mar	Q2 Apr - Jun	Q3 Jul - Sep
City of Edinburgh	-36%	22%	7%
Glasgow City	-40%	17%	18%
East Renfrewshire	-27%	64%	47%
East Dunbartonshire	-41%	33%	9%
East Lothian	-37%	-2%	28%
Scotland Total > £325k	-33%	9%	1%
Scotland All Prices	24%	-11%	-4%

Table 2 analyses the number of purchases in excess of £325k – the point at which LBTT rates increase to 10% - by Quarter. Comparing Q3 2016 with Q2 2016, we can see that the sale of properties in excess of £325k increased by 35%, whereas overall in Scotland’s property market there was an increase of 16% in total transactions. Thus the increase in the number of the more expensive properties sold between the quarters was more than double that of all property sales. Similarly, comparing Q3 2016 with Q3 2015, there has been a 4% decline in total property sales, whereas there has been a 1% increase in sales of property having a value greater than £325k.

It is suggested that this increase in sales at the higher end of the market will have raised the average price paid for a house in a number of Local Authority areas.

Further commentary by John Tindale

The increase in prices of 1.5% in October surpasses all of the rates experienced in the other GOR areas of Great Britain, with the average rate for England & Wales being 0.3%. The annual house price inflation rate of 2.9% places Scotland ahead of the North East, the North West, Yorkshire and Humberside, Wales and Greater London, where the annual rate has fallen to 0.1%. However, the annual rate is lower than that currently seen in the Midlands and all of the southern regions, except for London.

Transactions analysis

In July 2016, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 9,108 properties. This total was up 6% on the previous month, which is ahead of the usual seasonal trend for the time of year, when a decrease of 2% can be expected, largely due to school holidays. However, sales in the month of July 2016 were down by 9% on July 2015. The ONS statistics show an overall decline of 1% in sales for the period January – July 2016, compared to the same period in 2015. The major reason for the lower level of sales post-March 2016, compared to 2015 - and which are shown in Figure 2 below - is 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.

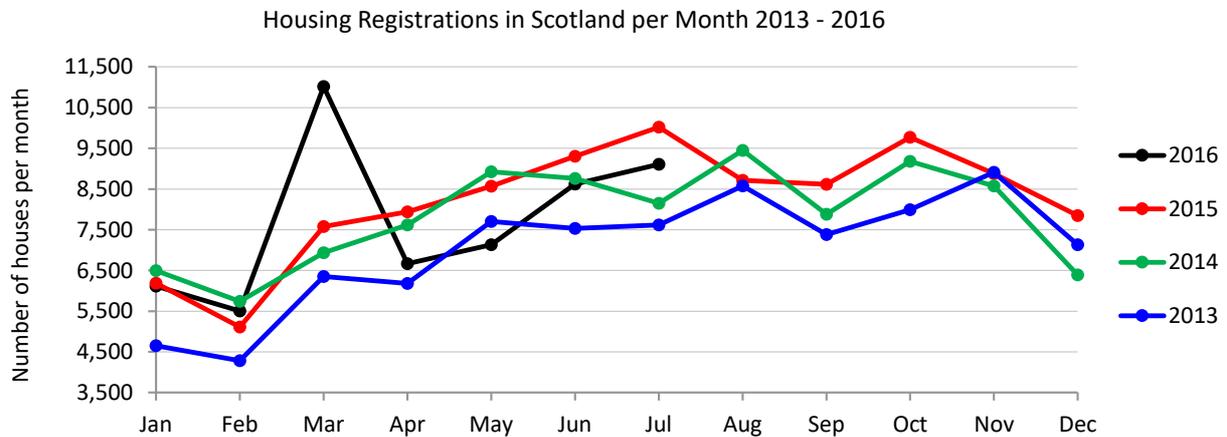


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period January 2013 – July 2016.

Source: Registers of Scotland.

[link to source Excel](#)

Our own statistics, which are based on the “Entry Date” in the RoS price paid database – that is the date on which legal title to the property changes hands – shows a total of 26,544 properties sold in Q3 2016, compared to 27,540 properties sold in Q3 2015 – a reduction of 3.6% between the years. CML Scotland has recently published its own figures for the number of home loans advanced for the same period. These show 17,100 loans for Q3 2016 and 17,900 for Q3 2015, a reduction of 4.5% between the years. The difference between the CML figures and our own will largely be due to cash sales and sales to buy-to-let landlords, which are not included in the CML totals. Interestingly, the CML reported that 8,600 loans had been taken out by first time buyers, up by 4.9% on the previous year, and 8,500 loans to home movers, a reduction of 12.4% on the previous year. We can conclude that first time buyers continue to be a major force in Scotland’s housing market.

House prices and transactions

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

RANK BY PRICE	PRIOR YR RANK	LOCAL AUTHORITY AREA	Oct-15	Sep-16	Oct-16	% Monthly Change	% Annual Change
1	1	City of Edinburgh	232,252	247,140	252,488	2.2%	8.7%
2	4	East Renfrewshire	225,992	245,042	249,422	1.8%	10.4%
3	6	East Dunbartonshire	210,662	228,740	245,427	7.3%	16.5%
4	2	East Lothian	231,638	224,732	231,740	3.1%	0.0%
5	3	Aberdeenshire	228,380	213,188	207,996	-2.4%	-8.9%
6	5	Aberdeen City	220,579	194,213	201,668	3.8%	-8.6%
7	8	Midlothian	183,011	193,811	196,993	1.6%	7.6%
8	9	Stirling	178,340	191,879	188,687	-1.7%	5.8%
9	7	Perth and Kinross	186,362	193,705	183,122	-5.5%	-1.7%
10	10	Scottish Borders	175,172	174,959	182,501	4.3%	4.2%
11	11	Highland	164,531	167,660	170,089	1.4%	3.4%
12	14	West Lothian	154,264	155,171	159,167	2.6%	3.2%
13	16	South Ayrshire	149,769	153,446	158,945	3.6%	6.1%
14	15	Moray	150,588	150,066	154,662	3.1%	2.7%
15	12	Angus	158,182	156,225	154,608	-1.0%	-2.3%
16	24	Orkney Islands	131,030	138,837	154,583	11.3%	18.0%
17	13	Argyll and Bute	154,917	150,596	153,019	1.6%	-1.2%
18	17	Fife	145,065	149,134	148,853	-0.2%	2.6%
19	19	South Lanarkshire	138,580	142,907	146,681	2.6%	5.8%
20	18	Glasgow City	138,887	146,422	146,414	0.0%	5.4%
21	25	Shetland Islands	128,469	140,342	144,844	3.2%	12.7%
22	23	Clackmannanshire	131,227	136,299	142,198	4.3%	8.4%
23	21	Dumfries and Galloway	134,577	134,173	139,289	3.8%	3.5%
24	22	Dundee City	133,312	137,981	138,358	0.3%	3.8%
25	27	Falkirk	125,737	130,972	133,144	1.7%	5.9%
26	26	Renfrewshire	127,482	129,023	133,123	3.2%	4.4%
27	30	West Dunbartonshire	116,222	109,905	130,304	18.6%	12.1%
28	20	Inverclyde	135,779	131,946	125,913	-4.6%	-7.3%
29	31	East Ayrshire	112,140	119,905	123,222	2.8%	9.9%
30	28	North Lanarkshire	118,125	120,759	120,958	0.2%	2.4%
31	29	North Ayrshire	117,067	117,009	114,698	-2.0%	-2.0%
32	32	Na h-Eileanan Siar	99,289	104,349	109,934	5.4%	10.7%
		All Scotland	167,688	170,074	172,561	1.5%	2.9%

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

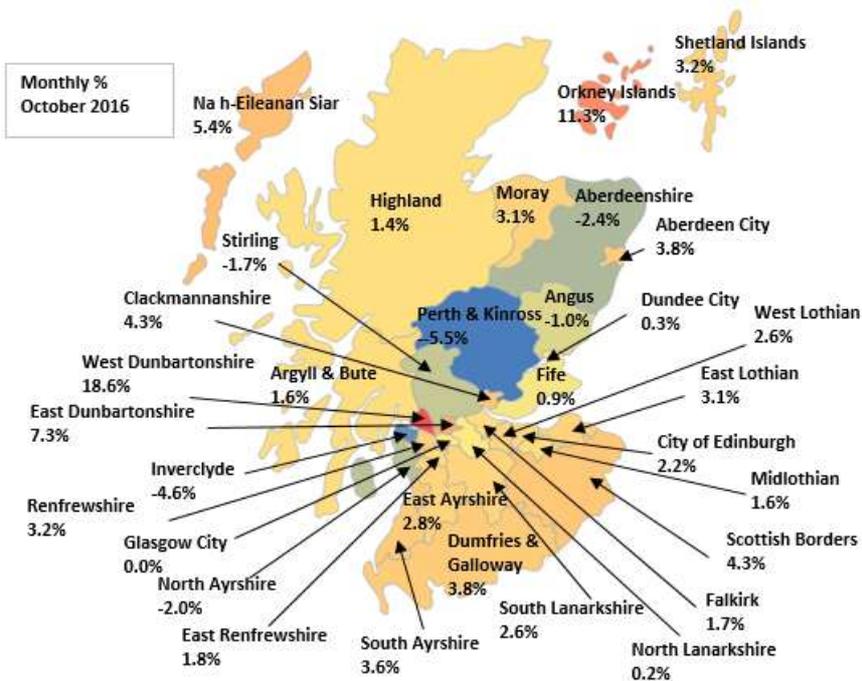
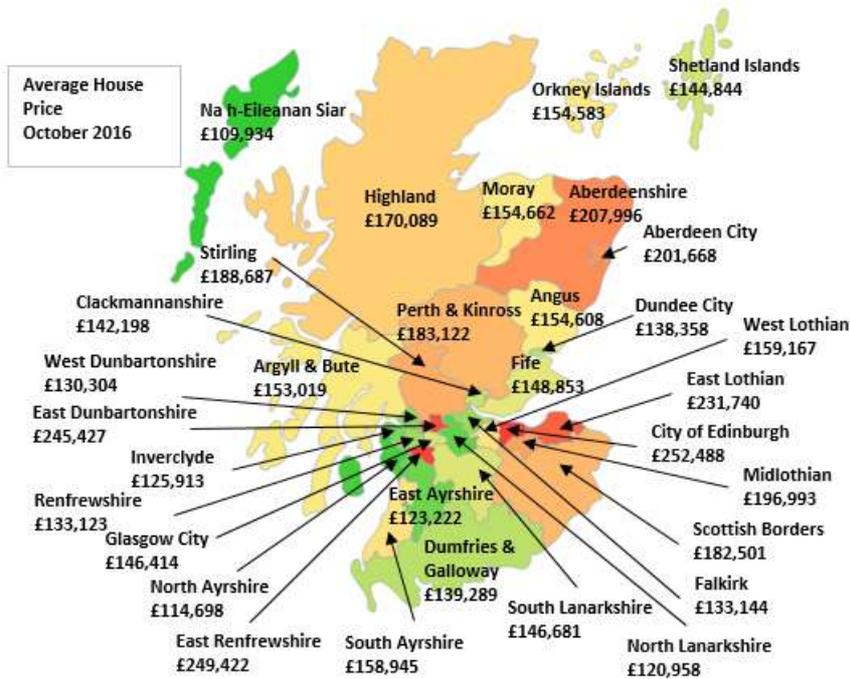
On a monthly basis, house prices in October have increased by an average 1.5%. This is the highest gain in a single month since March 2015, immediately prior to the introduction of the new LBTT rates in April 2015. Looking at the change in prices in the month, 24 of the 32 Local Authority areas saw prices climb, compared with just 19 in September. This is the highest number of local authority areas seeing prices rise in a single month since March 2015, when 31 areas saw prices climb.

The largest rise in the month was seen in West Dunbartonshire at 18.6%, this monthly increase being assisted by the sale of a detached property valued at £665k – the highest-priced property sold in West Dunbartonshire since March 2015. The area on the mainland with the second highest price rise was East Dunbartonshire, at 7.3%. A property of distinction sold in October in Bearsden, Glasgow for £1.5 million – this was the second most expensive home sold in East Dunbartonshire in 2016. The area with the largest fall in prices in the month was Perth and Kinross, down -5.5%, with the two most expensive properties sold outside of Edinburgh and Glasgow in 2016 dropping out of the Perth calculations this month.

On an annual basis, house prices have increased by 2.9%, or £4,873, over the year. This is the second largest gain in annual prices since May 2015. The highest increase in prices on the mainland over the last year was in East Dunbartonshire, up by 16.5%. One can see from the above Table that East Dunbartonshire has moved from being ranked in 6th place last year, in terms of the average value of properties sold by Local Authority area, to 3rd position this year. There have been six properties sold in East Dunbartonshire for more than £1 million over the last 12 months, of which 5 were located in Bearsden. Wikipedia describes Bearsden as effectively being a suburb of Glasgow, at a distance of approximately 6 miles from the City Centre. Bearsden's postcode (G61) was ranked 7th richest in the UK in a 2005 survey. By way of contrast, the Authority with the largest decline in house prices is Aberdeenshire, down 8.9% over the year. Last month it was Aberdeen City that had the largest decline in prices, but in October prices rose in Aberdeen City by 3.8%.

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.

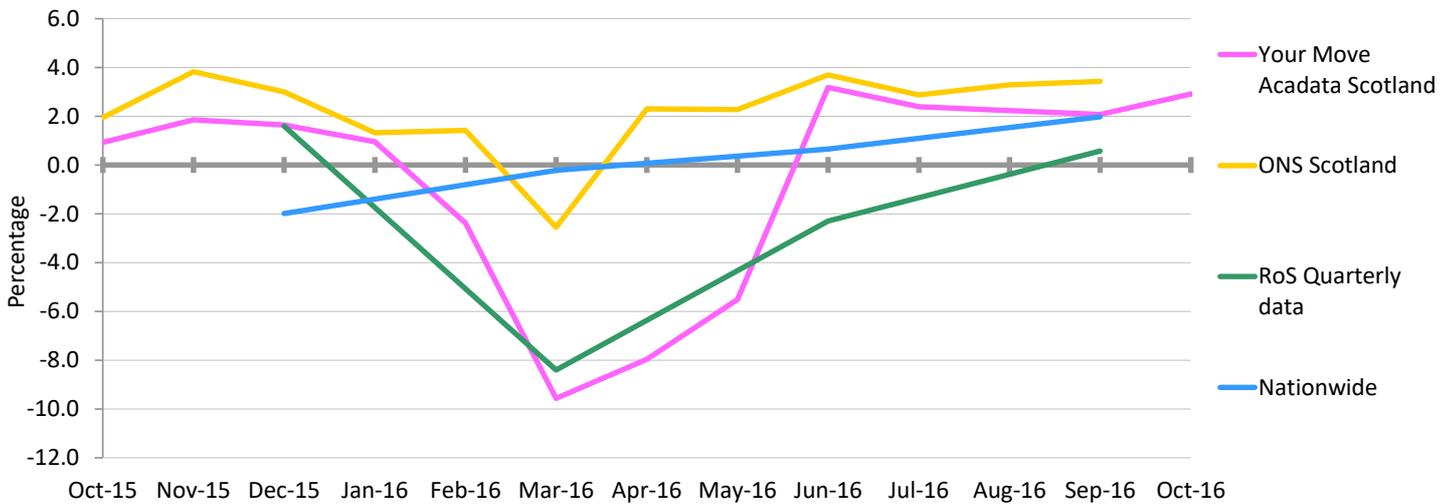
Comparison of indices

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

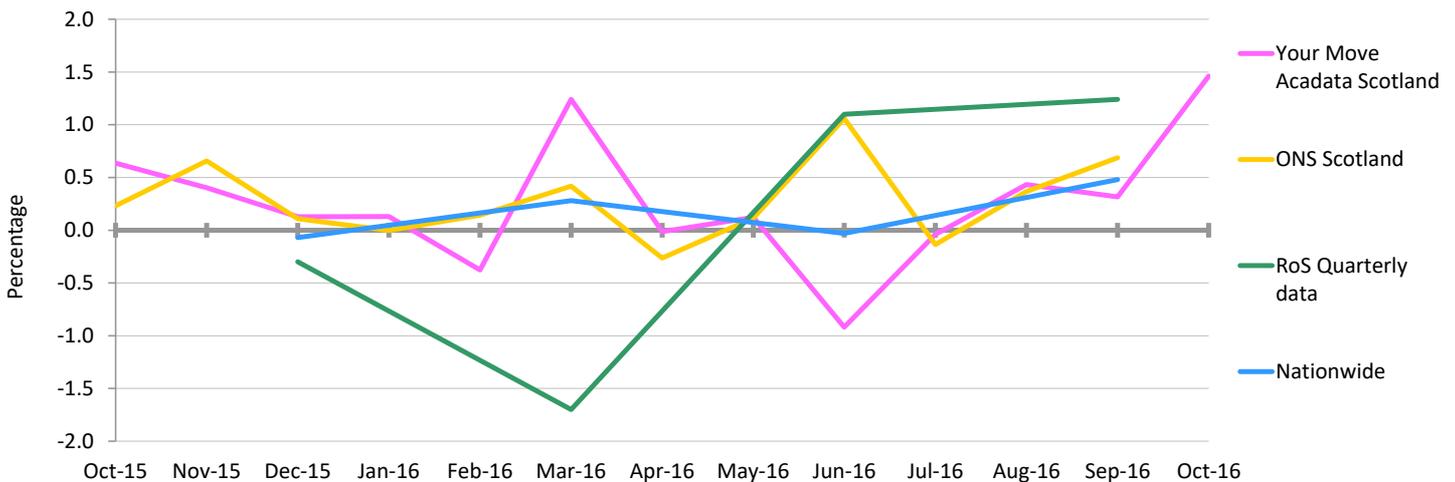
[link to source Excel](#)

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

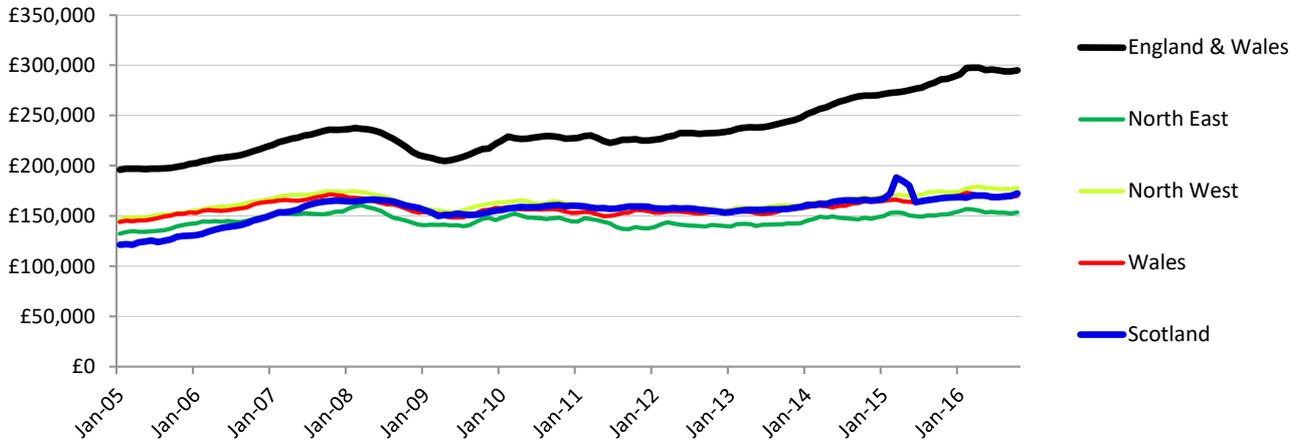


Figure 5. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005–October 2016 [link to source Excel](#)

Annual % change in Average House Prices

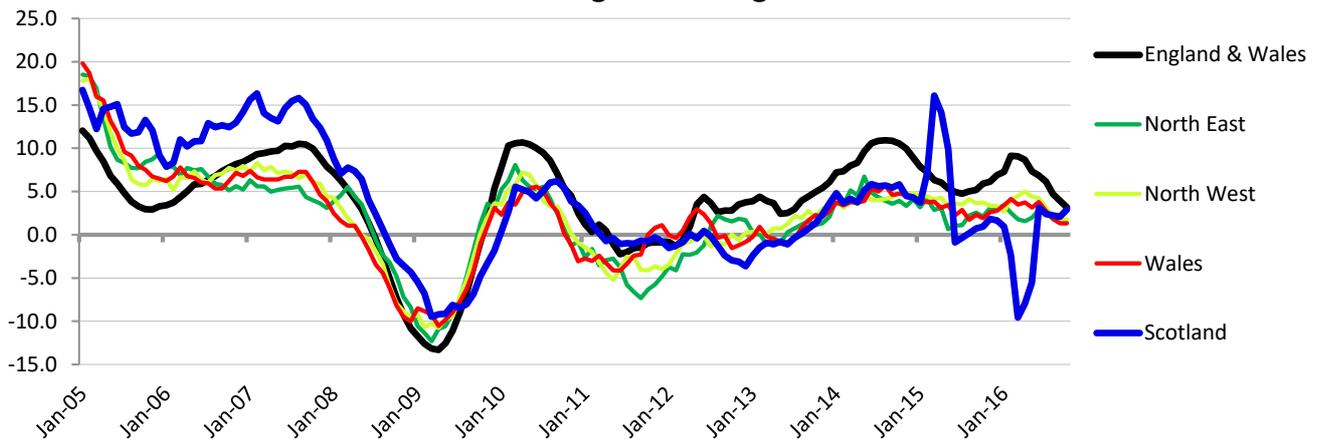


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005–October 2016 [link to source Excel](#)

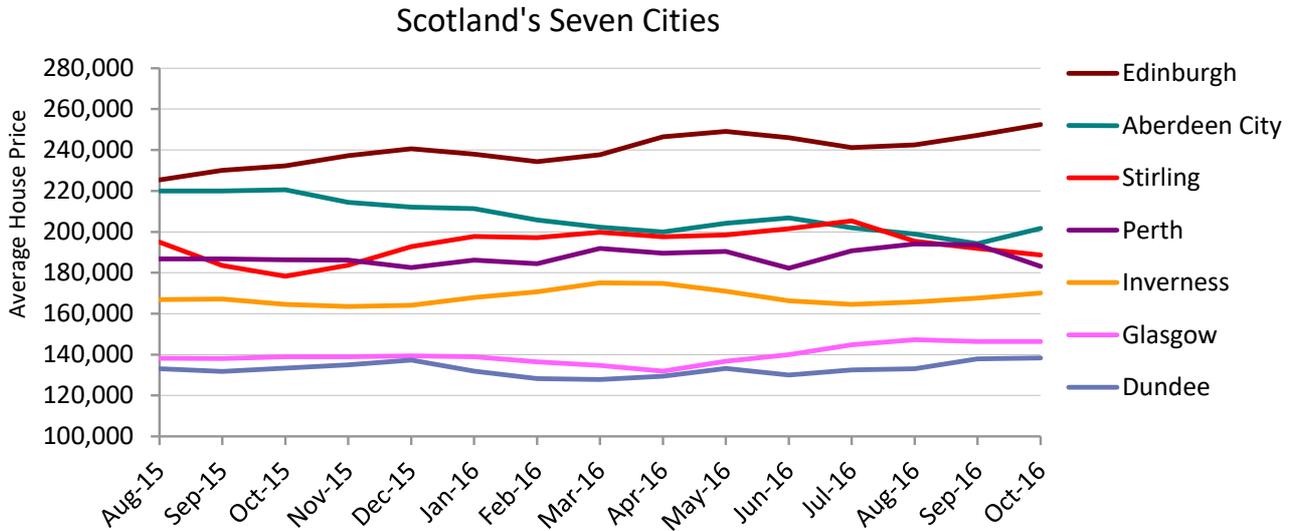


Figure 7. Average house prices for Scotland's seven cities from August 2015–October 2016

[link to source Excel](#)

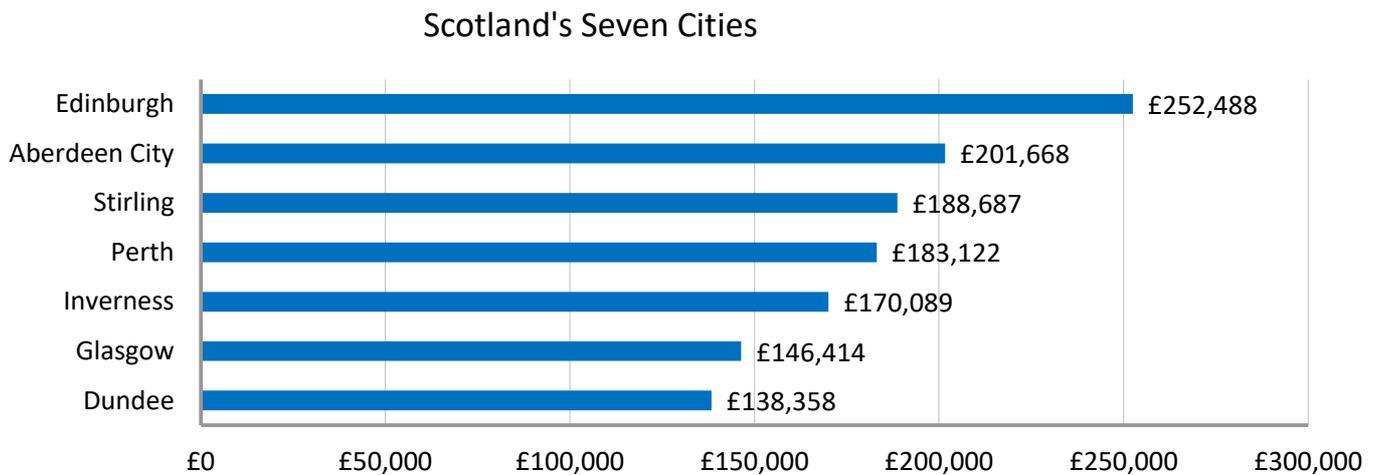


Figure 8. Average house prices for Scotland's seven cities October 2016

[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 monthHence, 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.