



Under embargo until 00:01 Friday 25th January 2019

November 2018

While England flatlines, Scotland continues to grow

- Scotland’s annual rate hits 6.0%
- Second new peak average price in two months
- Property still twice as affordable as south-east England
- Prices rise over the year in 29 of 32 authorities

House Price	Index	Monthly Change %	Annual Change %
£186,142	243.8	0.7	6.0

While annual price growth in England and Wales continues to fall, dropping under 1%, in Scotland it hit 6% in November, and set a new peak average house price. A 0.7% monthly increase took the average cost of a home in Scotland to £186,142 up from £175,541 a year before.

The Scottish market’s growth dwarfs not just every region of England, but also Wales (up 3.6% annually) and even Northern Ireland (up 4.8%).

Christine Campbell, Your Move managing director in Scotland, said: “The Scottish market continues to go from strength to strength and its performance in recent months has been highly positive. When we’re seeing a slowdown in house price growth south of the border, it’s encouraging to see that Scotland’s housing market continues to exceed expectations.”

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: “It’s certainly true that the Scottish market seems to be defying gravity. Looking at its strong fundamentals, though, it’s not immediately clear what’s going to bring it back down to earth.”

The rise in prices in Scotland is widespread, and average house prices in nine local authority areas hit new peaks in November.

Crucially that includes the two biggest cities, which have a significant impact on the overall average in Scotland. In Edinburgh, prices rose 3.3% in the month, accounting for half of the 0.7% increase across Scotland. That took average prices there to £295,665, up 16.0% annually, among the highest rises in the country. Only Clackmannanshire, up 18.5%, and Na h-Eileanan Siar, up 24.4% (and also hitting a new peak) did better. The latter is based on relatively few sales, though, and the former largely due to a £860k sale in November in the village of Rumbling Bridge, Kinross.

In Glasgow City, prices were up a more modest 0.1% over the month, but again it was enough to push prices to a new peak average of £165,245, up 6.7% annually. On an annual basis, the two cities account for nearly 60% of the increase in average prices.

A number of other areas across the country are performing strongly and also set records: Highland (up 6.4% annually), West Lothian (7.8%), Moray (6.1%), Angus (8.5%), the Orkney Islands (8.9%), and South Lanarkshire (4.2%) all set new peak average prices. Argyll and Bute, meanwhile, didn’t, with prices actually falling in the month, but it is still another area recording double digit annual growth, at 11.7%.

Overall, 29 of the 32 local authority areas recorded an increase in values over the last twelve months.

A big reason for this continued strength is that affordability in Scotland remains good. Taking the ONS definition – the median house price for an area divided by the average median earnings in that area – then Scotland is top of the 11 GOR areas in Great Britain. Scotland’s median house price in April 2018, at £149,125, was the second lowest of the 11 GOR areas, behind only the North East of England. Scotland’s median earnings, meanwhile, were the third highest at £29,286, behind only London and the South East.

The one area of slight concern for Scotland is that year-to-date transactions for the first eight months of 2018 were 4% lower than in 2017. Even here, though, Scotland continues to look relatively strong –with sales still 2% higher than both 2015 and 2016.

House price index: historical data

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

Table 1. Average House Prices in Scotland for the period November 2017 – November 2018
(The prices are end-month smoothed over a 3 month period)

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
November	2017	£175,541	229.9	0.3	3.4
December	2017	£176,964	231.8	0.8	4.4
January	2018	£178,545	233.8	0.9	5.5
February	2018	£181,478	237.7	1.6	7.0
March	2018	£182,922	239.6	0.8	7.5
April	2018	£183,512	240.3	0.3	6.6
May	2018	£182,932	239.6	-0.3	5.4
June	2018	£181,537	237.8	-0.8	4.1
July	2018	£180,673	236.6	-0.5	3.7
August	2018	£180,435	236.3	-0.1	3.4
September	2018	£182,565	239.1	1.2	4.3
October	2018	£184,787	242.0	1.2	5.6
November	2018	£186,142	243.8	0.7	6.0

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John Tindale, senior housing analyst for Acadata, comments:

The November housing market

In November 2018, for the second successive month, Scotland’s average house price reached a new peak, of £186,142.

The average house price in Scotland in November has increased by some £1,350, or +0.7%, in the month, and by £10,600, or 6.0%, over the last twelve months. This annual rate of house price growth is the highest in the UK. England is currently experiencing 0.9% annual growth, Wales has risen by 3.6%, while Northern Ireland is recording 4.8% (based on statistics from Q3 2017 to Q3 2018). The highest rate of regional growth in November in England is in the East Midlands, at 3.6%, with Greater London, at -0.3%, being the sole region in England currently with a fall in prices over the year.

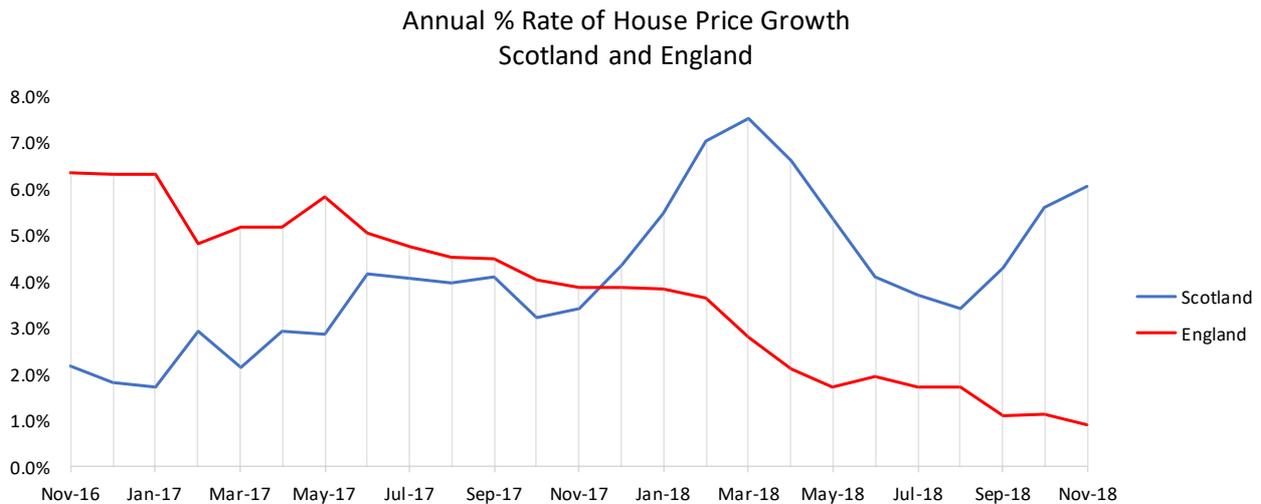


Figure 1, Comparison of England and Scotland annual house price growth for the two-year period November 2016 – November 2018.

(Source: LSL Acadata HPI)

[link to source Excel](#)

Figure 1 shows the annual % rates of house price growth for Scotland and England for the two-year period, November 2016 – November 2018. As can be seen, England started this period with higher rates of growth than Scotland, a state which lasted for the majority of 2017. However, from December 2017 onward the position reversed, with Scotland experiencing higher price growth than England - currently ahead by some 5.1%. The difference in the Scotland and England rates in November 2018 shows the largest divergence of the two-year period.

The rise in prices in Scotland is widespread, with 29 of the 32 Local Authority areas recording an increase in values over the last twelve months. In November, average house prices in nine Local Authority areas were also at a peak, being Edinburgh, the Highlands, West Lothian, Moray, Angus, Glasgow, the Orkney Islands, South Lanarkshire and Na h-Eileanan Siar.

So why are house prices in Scotland rising at a faster rate than in England? One of the main factors is that of affordability. If we use the ONS definition of housing affordability, which is that of the median house price for an area divided by the average median earnings in that area, then Scotland comes out top of the 11 GOR areas in Great Britain. Scotland’s median house price in April 2018 was £149,125, the second lowest of the 11 GOR areas, with only the North East of England having a lower value, of £138,950. However, Scotland’s median earnings, as published in the ONS ASHE survey (Annual Survey of Hours and Earnings), show Scotland having the third-highest level of annual earnings in Great Britain, at £29,286, only behind London (£37,086) and the South East (£30,638). The resultant affordability ratio for Scotland works out at 5.09, while in the North East it is 5.27, in Wales 5.67, in the South East 10.38 and in London 12.54. On the basis of this ratio, one can say that housing in Scotland is twice as affordable as it is in the south-east of England.

In this analysis of Scotland’s housing market, we need to mention Glasgow and Edinburgh. These two cities account for approximately 25% of the total house purchases in Scotland in any given year. Looking at the change of £10,600 in Scotland’s average price over the year, the two cities punch above their weight, accounting for nearly 60% of the change in price. Edinburgh is responsible for the larger contribution, accounting for 47% of this change in price, with the average price over the year of its detached homes increasing by £88k, to £540k, and flats by £37k, to £260k. Some of the upward movement in these average prices will have come about by an increase in the number of purchases of higher-value properties – as we show in Table 2 on page 4, there have been 276 properties with a value in excess of £750k sold in Edinburgh in the calendar year to the end of November, compared to 238 such properties in the whole of 2016, and 246 in 2017. In Glasgow, the majority of the increase in its average house price, up by 6.7% over the year, has come from a £7k increase in the average price of its flats, up from £139k in November 2017 to £146k one year later.

Transactions analysis

In August 2018, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 10,400 properties. This was 18% higher than the previous month, against a seasonal average (based on seven years data) of an 8% increase in sales volumes between July and August. Therefore, on a seasonally-adjusted basis, sales in August 2018 were up by 10% on July 2018. However, the previous month was down by 9% against the seasonal average, so one can conclude that the movements over those two months cancel each other out, leaving the average of the total sales in line with seasonal expectations.

Year-to-date transactions for the first eight months of 2018, at 64,661 sales, are 4% lower than in 2017, but are 2% higher than both 2015 and 2016. The shortfall in 2018 sales compared to 2017 occurred largely in Q1 2018, which was down by 10.1% in volume terms; this had fallen to a 5.4% reduction in Q2; and has turned into a +4.1% increase in Q3, this last figure being based on two months data.

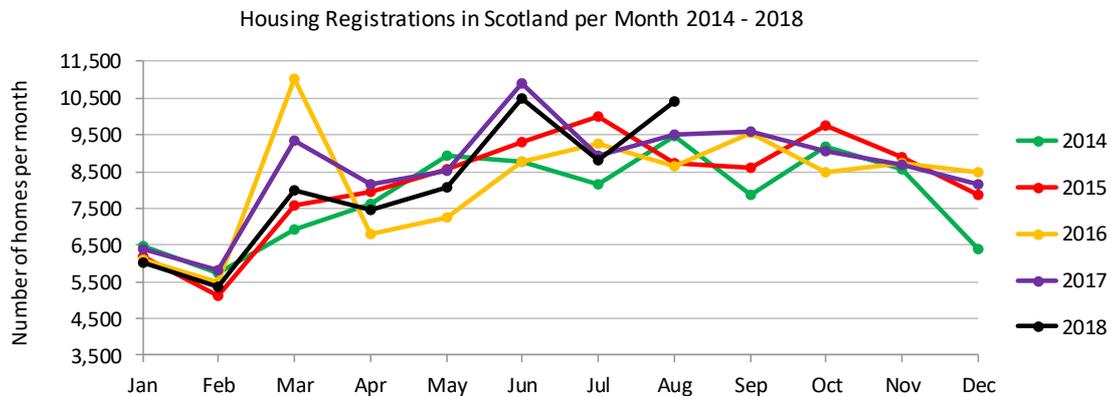


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2018

Source: Registers of Scotland.

[link to source Excel](#)

High value sales

In Table 2 below we set out the total number of sales per month having a value of £750k or greater for the City of Edinburgh for the period January 2016 – November 2018.

Table 2. The number of Edinburgh properties sold per month having a value of £750k or greater for the period Jan 2016 – Nov 2018 [link to source Excel](#)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016	11	12	25	20	12	28	19	25	27	31	15	13	238
2017	6	6	13	15	16	20	35	43	25	22	22	23	246
2018	16	33	16	11	12	23	27	37	44	35	22		276

The highest number of £750k+ sales in a single month occurred in September 2018 at 44, followed by August 2017 at 43 and August 2018 at 37. The pattern would appear to be that high-value sales tend to reach a peak in August, but are also prominent in the months either side of August, i.e. July and September. One can conclude from this simple observation that the summer months prove to be the most conducive for the purchase of high-value properties in the capital.

The average price statistics which we use for a particular month are based on the average of three months data, end-month named. So our November prices are based on data for September, October and November, while our October prices are based on a shift one month earlier, i.e. August, September and October. In Table 2 above, the highest group of three-month sales occurred in October 2018, at 116 sales, followed by September 2018 at 108 sales, then September 2017 at 103 sales and lastly November 2018 at 101 sales.

Ordinarily, the higher number of £750k+ sales for October 2018 in Edinburgh should translate into the City having the highest average price of the year in that month, whereas in practice the average price for November 2018 was higher than October (see Table 3 below). This was due to 5 sales at £2 million+ taking place in November 2018 against a total of 10 such sales for the whole of 2018 (to date), which has resulted in a new peak price for the capital being set in the month. We can anticipate that average prices in Edinburgh in December will take a fall from November's rather elevated status, if no further £2 million + sales take place in the month.

Table 3. Average House Prices in Scotland, by local authority area, comparing November 2017 and October 2018 with November 2018 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LOCAL AUTHORITY AREA	Nov-17	Oct-18	Nov-18	% Monthly Change	% Annual Change
2	1	City of Edinburgh	254,947	286,164	295,665	3.3%	16.0%
3	2	East Dunbartonshire	243,865	263,285	254,518	-3.3%	4.4%
1	3	East Renfrewshire	261,709	256,294	249,632	-2.6%	-4.6%
4	4	East Lothian	238,246	244,783	239,992	-2.0%	0.7%
6	5	Midlothian	203,328	215,890	217,543	0.8%	7.0%
5	6	Aberdeenshire	208,771	215,347	215,587	0.1%	3.3%
9	7	Stirling	194,332	196,534	199,917	1.7%	2.9%
8	8	Perth and Kinross	194,958	199,535	197,851	-0.8%	1.5%
7	9	Aberdeen City	200,597	195,435	193,994	-0.7%	-3.3%
11	10	Highland	176,099	182,088	187,447	2.9%	6.4%
10	11	Scottish Borders	183,917	184,093	185,278	0.6%	0.7%
12	12	West Lothian	165,082	173,737	178,030	2.5%	7.8%
19	13	Argyll and Bute	154,645	174,412	172,796	-0.9%	11.7%
14	14	Moray	159,380	162,858	169,025	3.8%	6.1%
17	15	Angus	155,764	167,762	168,968	0.7%	8.5%
18	16	Glasgow City	154,934	165,025	165,245	0.1%	6.7%
15	17	South Ayrshire	158,955	162,867	161,964	-0.6%	1.9%
16	18	Fife	156,757	160,272	160,821	0.3%	2.6%
21	19	Orkney Islands	146,418	158,505	159,416	0.6%	8.9%
20	20	South Lanarkshire	150,201	153,744	156,571	1.8%	4.2%
26	21	Clackmannanshire	129,337	149,931	153,215	2.2%	18.5%
24	22	Falkirk	138,578	144,529	148,130	2.5%	6.9%
22	23	Dumfries and Galloway	143,500	150,911	147,754	-2.1%	3.0%
23	24	Renfrewshire	143,408	145,931	146,000	0.0%	1.8%
13	25	Shetland Islands	164,373	137,904	145,758	5.7%	-11.3%
25	26	Dundee City	137,052	142,187	140,232	-1.4%	2.3%
32	27	Na h-Eileanan Siar	109,659	125,927	136,369	8.3%	24.4%
27	28	North Lanarkshire	127,182	136,953	134,422	-1.8%	5.7%
28	29	North Ayrshire	120,058	129,229	127,603	-1.3%	6.3%
30	30	Inverclyde	119,259	127,661	125,288	-1.9%	5.1%
31	31	East Ayrshire	118,616	120,395	120,865	0.4%	1.9%
29	32	West Dunbartonshire	119,384	120,312	119,587	-0.6%	0.2%
		All Scotland	175,541	184,787	186,142	0.7%	6.0%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for November 2017, as well as for October and November 2018, calculated on a seasonal and mix-adjusted basis.

Monthly change

In November 2018, house prices in Scotland have risen by some £1,350, or +0.7%. This is 0.5% lower than a revised +1.2% monthly increase in prices that occurred in October 2018, suggesting a slowing in the growth rate as we approach the end of the year. The main contributor to the increase in prices in the month has once again been Edinburgh, where the average purchase price of a home has increased by 3.3%, or some £9,500. On a weight-adjusted basis, which factors in sales volumes as well as price changes, Edinburgh accounts for approximately one-half of the month's increase in Scotland's average house price.

Looking at Table 3 above, we can see that the Authority with the highest monthly price growth was Na h-Eileanan Siar at 8.3%. In Na h-Eileanan Siar, the five highest properties sold in the period September – November 2018 were all priced in the range £240k - £250k, with 3 of these properties located on the Isle of Lewis, 1 on the Isle of Harris and 1 in Stornoway. This level of pricing is not considered exceptional for the area, although the sale of 5 such properties during the approach of winter maybe somewhat unusual.

On the Mainland, the highest % increase in average prices in November was seen in Moray, at 3.8%. In Moray, the average price of detached properties has edged up from £218k in October to £238k in November, with the price of semi-detached properties also nudging up over the period from £140k to £155k, assisted by the sale of a semi-detached home in Forres for £700k – the highest priced semi sold in Moray in 2018.

House prices and transactions

Annual change

The average house price in Scotland at the end of November 2018 was £186,142, an increase of some £10,600, or 6.0%, over the last twelve months. This rate is 0.4% higher than the marginally revised rate of 5.6% recorded for October 2018. Of the 32 local authority areas in Scotland, 29 have seen prices rise over the last year, up by 3 on the number with increasing prices in the previous month.

In November, the highest annual increase in prices by local authority area occurred in Na h-Eileanan Siar, at 24.4%, but the level of transactions on the Islands is relatively low, causing large changes in price when expressed in percentage terms.

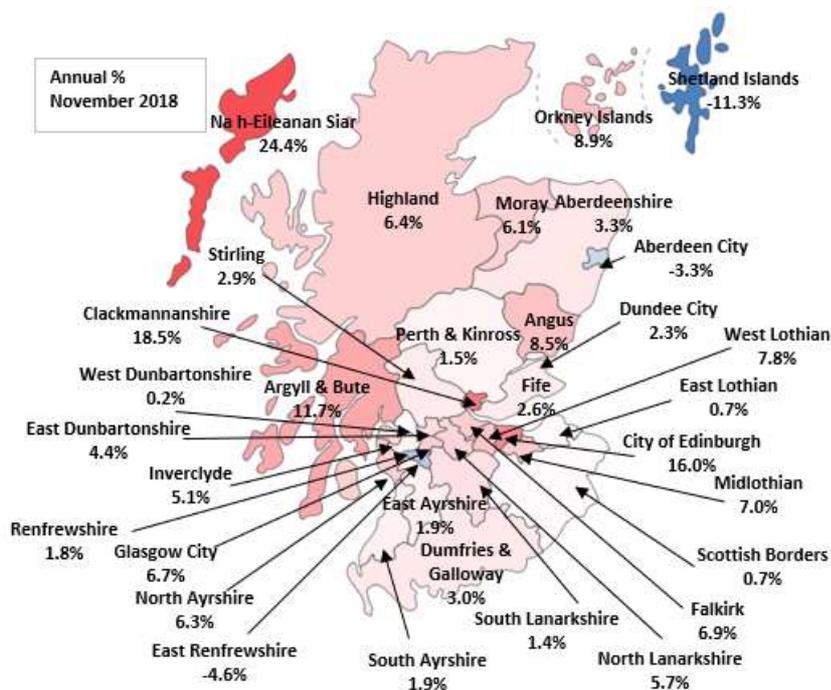
On the mainland, the highest increase in prices, at 18.5% over the year, occurred in Clackmannanshire. The highest-priced transaction of the year in Clackmannanshire - at £860k - took place in November, being the sale of a detached property in the intriguingly named village of Rumbling Bridge, Kinross. The name derives from the noise made by the River Devon as it cascades through the gorge, spanned by the bridge. Apparently, the Fife and Kinross railway was extended to Rumbling Bridge in 1863, which opened the gorge up to curious Victorians travelling out from Edinburgh. Sadly, the station and branch line have subsequently been closed.

Peak Prices

Each month, in Table 3 above, we highlight the local authority areas which have reached a new peak in their average house prices. This month there are nine such authorities, compared to five last month, being the City of Edinburgh, the Highlands, West Lothian, Moray, Angus, Glasgow City, the Orkney Islands, South Lanarkshire and Na-h Eileanan Siar, plus Scotland itself.

Heat Map

The heat map below - which shows the annual rate of house price growth for the year ending November 2018 - is mostly pink or red, which is indicative of the fact that 29 of the 32 local authority areas in Scotland are experiencing increases in their average house prices over the year. The deeper shades of red highlight the areas where prices have increased by 15.0% or higher over the year, being Na-h Eileanan Siar, Clackmannanshire and the City of Edinburgh. We then have a swathe of areas across the central belt with an increase in values mainly between 5.0% and 15.0%. Of the three areas coloured in blue - showing a negative movement in prices over the year - the largest fall in prices is in the Shetland Islands, at -11.3%, followed by East Renfrewshire at -4.6% and finally Aberdeen City, at -3.3%.



Notes

NOTES

1. Your Move Acadata Scotland HPI is a price series as opposed to a value series and uses:
 - the actual prices at which every residential property in Scotland was transacted, including prices for properties bought with cash, using the data provided by Registers of Scotland as opposed to valuation estimates or asking prices
 - the price of every single relevant transaction, as opposed to prices based upon samples
2. The current month Your Move Acadata Scotland HPI is not forecast, unlike the LSL Acadata E&W HPI, but is based on achieved prices. The first release of the Scotland results lag the first release of those for England & Wales by one month, as the former index does not use estimates of market prices.
3. Whilst the Your Move Acadata Scotland HPI, like the LSL Acadata E&W HPI, comprises a smoothed average of three months' prices, the Your Move Acadata Scotland HPI average reflects the average price at the month of the index and the prior two months' prices and is ascribed to the month of the index i.e. it is "end month smoothed" (ems) and not "centre month smoothed" (cms) as applied to the LSL Acadata E&W HPI. Since we provide only a national England & Wales average price in our current month LSL Acadata E&W HPI and prices at region and lower levels are lagged one month, this procedure means that the Your Move Acadata Scotland HPI prices are contemporaneous with the prices published for the equivalent month for England & Wales and the regions. All Your Move Acadata Scotland HPI results are subject to change following receipt of updated data from Registers of Scotland.
4. The Acadata website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
5. Your Move Acadata Scotland HPI may not be used for commercial purposes without written permission from Acadata. Specifically it may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold or for collateral valuation concerning which enquiries should be directed to MIAC Acadametrics.
6. Acadata is an independent privately owned consultancy specialising in house price data. Our associated company MIAC Acadametrics Limited is an independent asset valuation service provider, specialising in behavioural modelling, stress testing and collateral valuation for the financial services industry

Comparison of indices

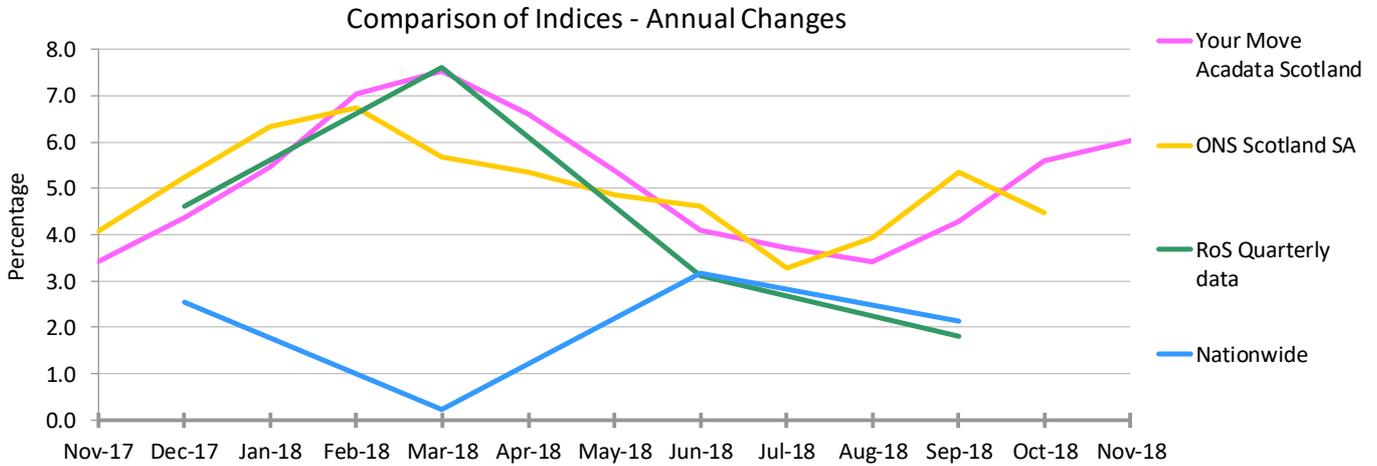


Figure 3. Annual change in house prices [link to source Excel](#)

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

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

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

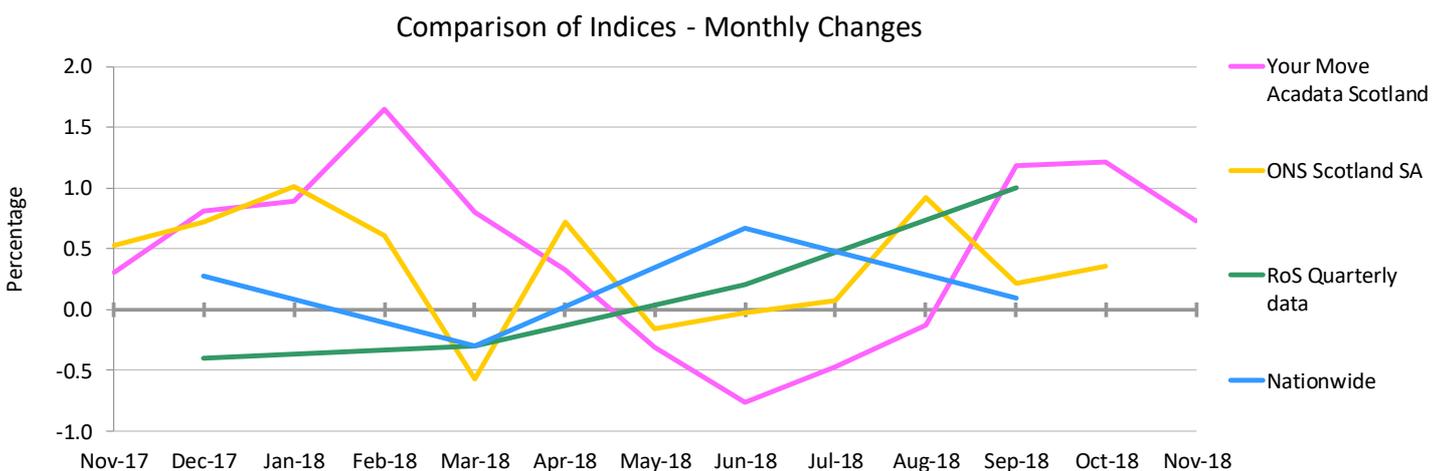


Figure 4. Monthly change in house prices [link to source Excel](#)

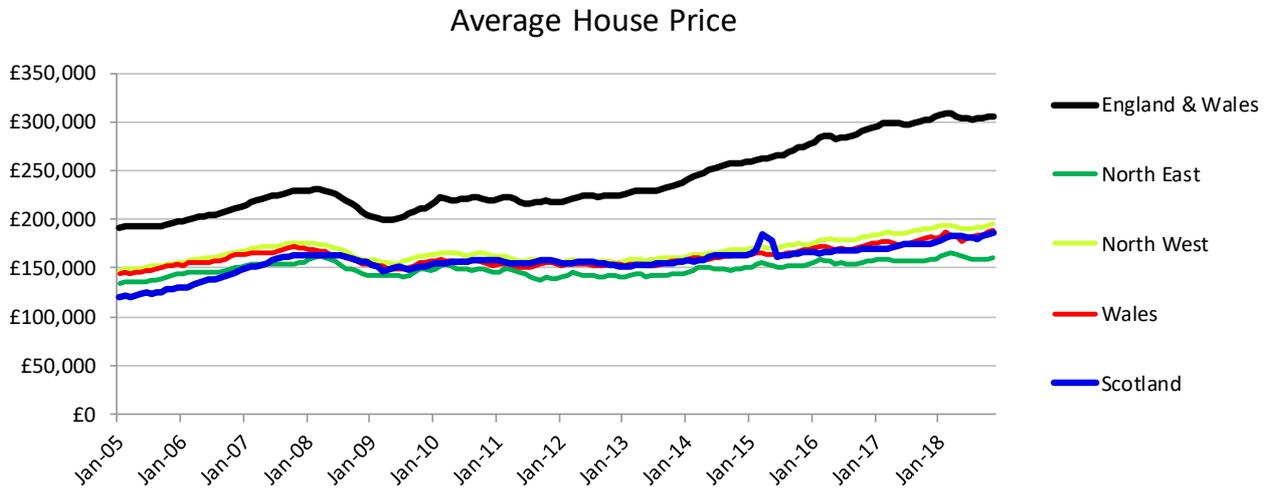


Figure 5. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005–November 2018 [link to source Excel](#)

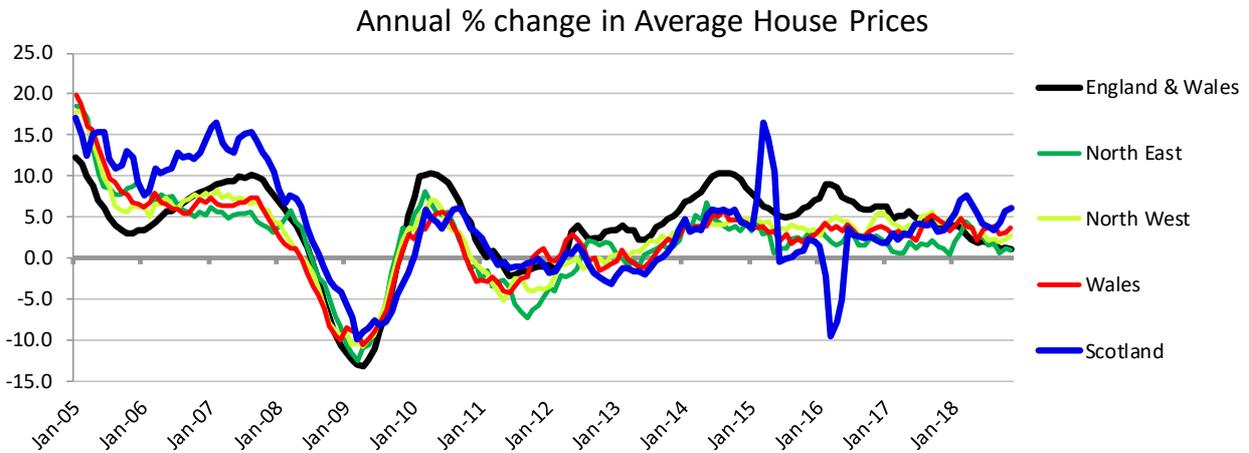


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005–November 2018 [link to source Excel](#)

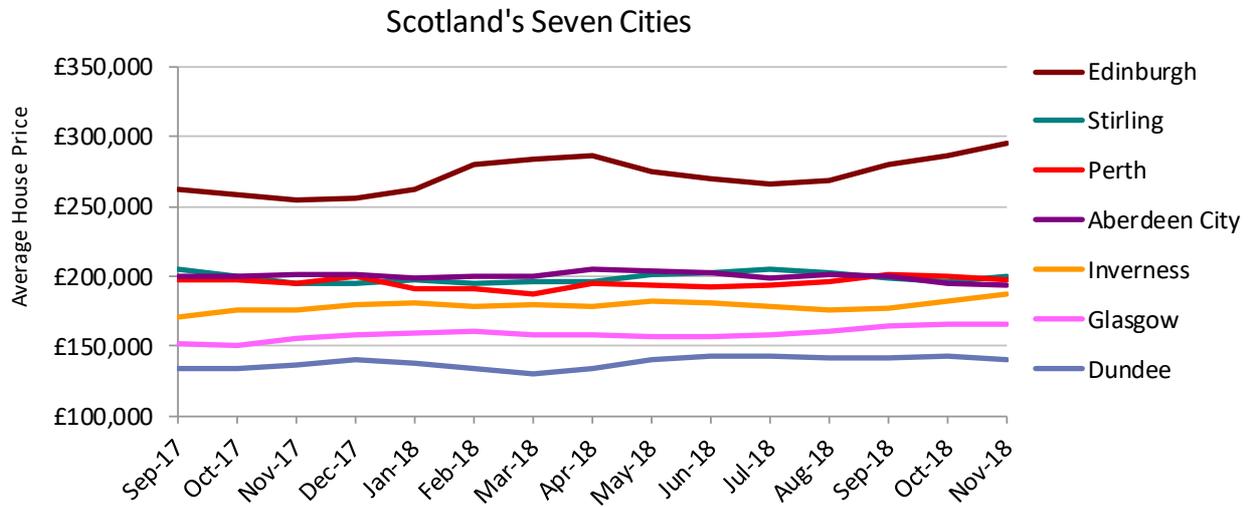


Figure 7. Average house prices for Scotland's seven cities from September 2017–November 2018

[link to source Excel](#)



Figure 8. Average house prices for Scotland's seven cities November 2018

[link to source Excel](#)

1. Your Move Acadata Scotland HPI is derived from Registers of Scotland (RoS) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Registers of Scotland. The prices are smoothed to show underlying trends. Your Move Acadata Scotland HPI includes cash purchase prices and is based upon the complete, factual house price data for Scotland, as opposed to a sample.

2. Most indices employ data available to the provider as a result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; an asking price or an offer price series is not the same as a price series, such as Your Move Acadata Scotland HPI or ONS UK HPI; these can be prepared only when the prices at which properties have been transacted have been recorded at RoS (Your Move Acadata Scotland HPI) or when firm prices at mortgage completion have been made available by lenders (ONS HPI); asking or offer valuation series can be prepared whenever the data are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months.

3. Whilst the Your Move Acadata Scotland HPI, like the LSL Acadata E&W HPI, comprises a smoothed average of three months' prices, the Your Move Acadata Scotland HPI average reflects prices at the month of the index and those for the prior two months and is ascribed to the month of the index i.e. the prices are "end month smoothed" (ems) and not "centre month smoothed" (cms) as applicable to the LSL Acadata E&W HPI. Please note that:

- we provide only a current month average price for England & Wales as a whole in our LSL Acadata E&W HPI, and that prices at region and lower levels are lagged one month
- RoS monthly data comprises some 98% of the transactions for the current month and c.99% for the prior month

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

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

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

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

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

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