



House Price	Index	Monthly Change %	Annual Change %
£185,747	243.3	0.1	5.0

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

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
December	2017	£176,961	231.8	0.8	4.4
January	2018	£178,581	233.9	0.9	5.5
February	2018	£181,549	237.8	1.7	7.1
March	2018	£183,013	239.7	0.8	7.6
April	2018	£183,581	240.4	0.3	6.6
May	2018	£183,027	239.7	-0.3	5.4
June	2018	£181,609	237.9	-0.8	4.1
July	2018	£180,734	236.7	-0.5	3.7
August	2018	£180,429	236.3	-0.2	3.4
September	2018	£182,448	239.0	1.1	4.2
October	2018	£184,490	241.6	1.1	5.4
November	2018	£185,543	243.0	0.6	5.7
December	2018	£185,747	243.3	0.1	5.0

John Tindale, senior housing analyst for Acadata, comments:

The December housing market

The average house price in Scotland in December increased by some £200 - or +0.1% - in the month, and by £8,790 - or 5.0% - over the last twelve months, and now stands at £185,747. Although this annual rate has slowed during this last month, it remains the highest in Great Britain. England is currently experiencing zero % annual house price growth, being the lowest rate seen in the country since March 2012, while prices in Wales have risen by 3.9%. The highest rate of regional growth in December in England is in the East Midlands, at 2.8%, with Greater London having the lowest rate, at -1.1%. Four regions in England are currently experiencing a fall in prices over the year, all located in the south of the country.

Northern Ireland is reporting a higher annual growth than Scotland, at 5.5%, but the Northern Ireland figure is based on the change in house prices from Q4 2017 to Q4 2018, as opposed to Dec 2017 to Dec 2018. If we calculate Scotland's annual rate of growth using a similar method to Northern Ireland, then Scotland's annual rate becomes 5.4%.

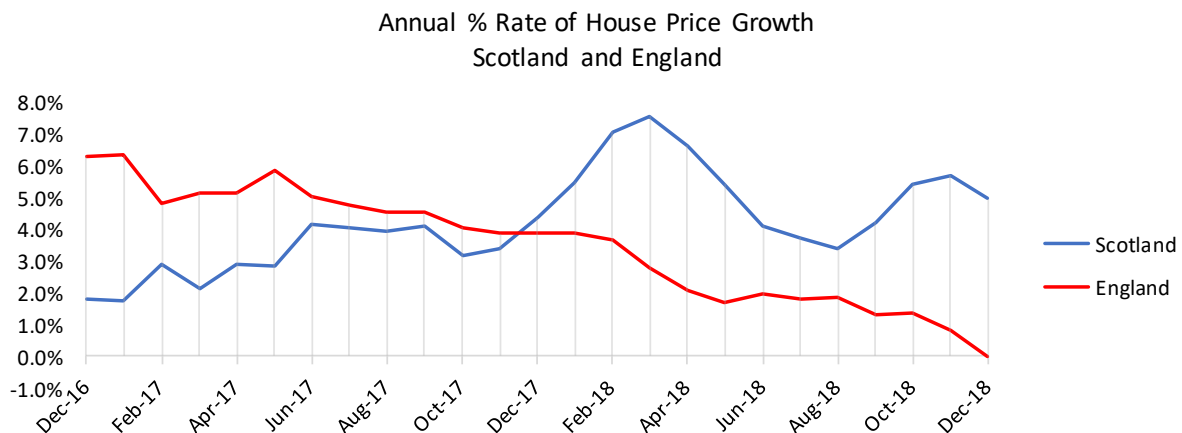


Figure 1, Comparison of England and Scotland annual house price growth for the two-year period December 2016 – December 2018.

(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, December 2016 – December 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 5.0%. The difference in the Scotland and England rates in December 2018 shows the largest divergence of the two-year period.

The rise in prices in Scotland is widespread, with 25 of the 32 Local Authority areas recording an increase in values over the last twelve months, although this is down from the 29 areas with positive rates last month.

Looking at the change of £8,786 in Scotland's average house price over the year to December 2018, we can allocate the composition of this change between the 32 local authority areas on a weight-adjusted basis – that is taking into account both the change in price as well as the number of sales involved in the individual areas. On this basis, the top six authorities in Scotland accounted for 70% of the change in price. The breakdown of these six authorities is as follows:- City of Edinburgh (46.0%), North Lanarkshire (5.5%), West Lothian (5.3%), South Lanarkshire (5.2%), Glasgow City (4.3%) and Midlothian (3.7%). The figures give an indication of Edinburgh's dominance of Scotland's housing market in 2018, accounting for nearly half of the £8,786 change in the national average house price.

There are a number of factors which have resulted in 2018 seeing prices rise over the year. In terms of buyer demand we can cite the low level of interest rates as an important factor: although the Bank of England increased its base rate to 0.75% in August 2018 - the first time in ten years that it had been above 0.5% - the mortgage market has been highly competitive, resulting in near-record-low rates for would be borrowers. The employment rate in Scotland at 75.3% (based on Sep – Nov 2018 data), whilst not at a peak, is close to the 10-year high of 75.8%. All these are factors that help raise buyer demand, along with the lowest affordability ratio of the 11 GOR areas, indicating that Scotland's house prices are among the most affordable in Great Britain. We should also mention the positive impact of the various Government schemes which are available to assist in the purchase of a property, such as Help to Buy (Scotland) and the LIFT initiative.

But in addition to all these factors, one also needs to recognise that there is a general shortage of properties coming to the market. This tends to result in increased competition for the properties that are put up for sale, with consequent pressure on prices. There is also the current negative effect of the Brexit negotiations on the market – in general terms potential purchasers dislike uncertainty in future employment patterns.

Transactions analysis

In September 2018, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 8,472 properties. This was 19% lower than the previous month, against a seasonal average (based on seven years data) of a 10% fall in sales volumes between August and September. Therefore, on a seasonally-adjusted basis, sales in September 2018 were down by 9% on August 2018. However, the previous month was up by 8% against the seasonal average, so one can conclude that the movements over these two months mostly cancel each other out, leaving the average in line with seasonal expectations.

Year-to-date transactions for the first nine months of 2018, at 73,300 sales, are 5% lower than in 2017, but are at the same level as in 2016 and 2% higher than 2015. The shortfall in 2018 sales compared to 2017 occurred largely in Q1 2018, which was down by 10% in volume terms; this had fallen to a 5% reduction in Q2 2018; and a 1% reduction in Q3 2018.

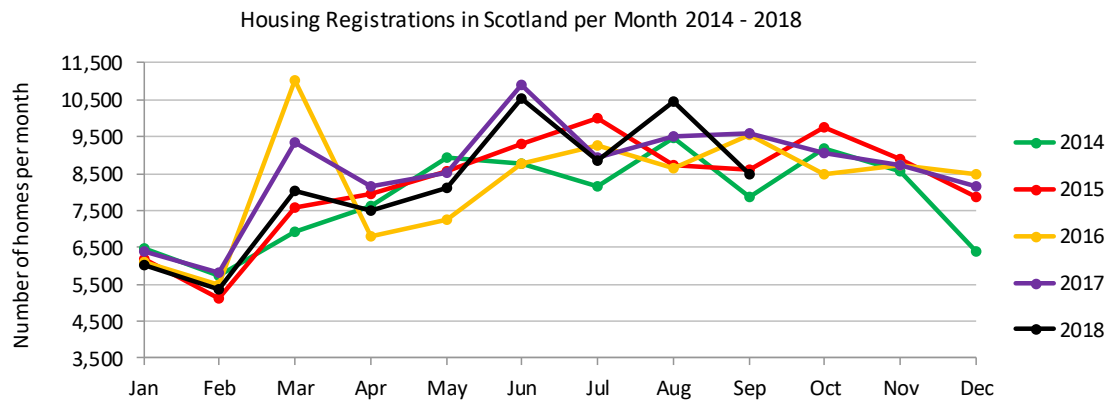


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2018

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 three year period January 2016 – December 2018.

Table 2. The number of Edinburgh properties sold per month having a value of £750k or greater for the period Jan 2016 – Dec 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	24	22	22	23	245
2018	16	33	16	11	12	23	27	37	44	35	32	17	303

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 four highest groups of sales over a three-month period occurred in October 2018, at 116 sales, followed by November 2018 at 111 sales, then September 2018 at 108 sales and lastly September 2017 at 102 sales.

In our news release last month, we suggested that Edinburgh was likely to record its highest average price of 2018 in November, due to 5 sales of £2 million+ taking place in the month, against a total of 10 such sales during the first eleven months of the year. This month, three more properties were added to our list of £2 million+ sales in Edinburgh, although only one of these had a completion date in December. The reduction in the number of properties sold in December at £750k or greater, as shown in Table 2 above, had the consequence of reducing Edinburgh's average price in the month.

The sale of the £2 million+ property in Edinburgh is interesting, being a penthouse suite forming part of three new-build apartment blocks with a total of 25 two-to-three bedroom flats which have been sold in the Morningside area of Edinburgh over the last three months. The individual apartments were mostly priced around the £600k level, although six of the flats will have been included in the £750k plus property count in Table 2, above.

Table 3. Average House Prices in Scotland, by local authority area, comparing December 2017 and November 2018 with December 2018

[link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LOCAL AUTHORITY AREA	Dec-17	Nov-18	Dec-18	% Monthly Change	% Annual Change
1	1	City of Edinburgh	255,812	290,978	288,756	-0.8%	12.9%
2	2	East Dunbartonshire	254,609	256,631	261,214	1.8%	2.6%
3	3	East Renfrewshire	254,303	253,734	254,675	0.4%	0.1%
4	4	East Lothian	234,497	245,532	249,719	1.7%	6.5%
7	5	Midlothian	201,033	217,725	219,140	0.6%	9.0%
5	6	Aberdeenshire	211,177	215,755	215,675	0.0%	2.1%
9	7	Stirling	194,989	199,672	211,778	6.1%	8.6%
8	8	Perth and Kinross	199,764	199,233	199,011	-0.1%	-0.4%
6	9	Aberdeen City	201,542	195,015	196,529	0.8%	-2.5%
11	10	Highland	180,030	185,445	184,170	-0.7%	2.3%
10	11	Scottish Borders	180,712	181,868	179,818	-1.1%	-0.5%
13	12	West Lothian	163,640	177,617	178,523	0.5%	9.1%
16	13	Argyll and Bute	159,102	174,201	171,261	-1.7%	7.6%
19	14	Angus	155,957	172,831	169,344	-2.0%	8.6%
14	15	Moray	162,094	168,520	168,910	0.2%	4.2%
21	16	Orkney Islands	150,657	159,813	164,495	2.9%	9.2%
17	17	South Ayrshire	158,632	162,819	162,319	-0.3%	2.3%
18	18	Glasgow City	157,559	163,688	160,771	-1.8%	2.0%
15	19	Fife	160,930	160,908	160,528	-0.2%	-0.3%
20	20	South Lanarkshire	152,232	156,128	159,862	2.4%	5.0%
12	21	Shetland Islands	167,118	132,498	155,924	17.7%	-6.7%
27	22	Clackmannanshire	127,712	148,742	152,193	2.3%	19.2%
23	23	Falkirk	140,863	147,185	151,409	2.9%	7.5%
22	24	Renfrewshire	143,960	146,088	149,434	2.3%	3.8%
24	25	Dumfries and Galloway	140,698	147,075	146,516	-0.4%	4.1%
25	26	Dundee City	139,824	142,439	140,661	-1.2%	0.6%
26	27	North Lanarkshire	128,559	135,187	137,621	1.8%	7.0%
30	28	North Ayrshire	118,488	126,733	125,935	-0.6%	6.3%
31	29	Inverclyde	117,446	124,552	121,864	-2.2%	3.8%
28	30	West Dunbartonshire	121,339	118,801	120,536	1.5%	-0.7%
32	31	Na h-Eileanan Siar	105,507	130,765	120,283	-8.0%	14.0%
29	32	East Ayrshire	120,316	120,965	119,050	-1.6%	-1.1%
		All Scotland	176,961	185,543	185,747	0.1%	5.0%

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

Monthly change

In December 2018, house prices in Scotland have risen by some £200, or +0.1%. This rate is 0.5% lower than the +0.6% increase in prices that occurred in November 2018, indicating a slowing in the growth rate as the market approached the end of the year. In December, the two power-houses of Glasgow and Edinburgh both experienced a fall in their average prices, so it was left to the likes of Stirling, Falkirk, South Lanarkshire, Renfrewshire and Clackmannanshire - which all recorded house price increases in the month in excess of 2.0% - to maintain the positive momentum in Scotland's average house price. Overall, 16 of the 32 local authority areas in Scotland saw prices rise in December, which was a decline of 3 from the 19 areas with price rises in November.

Looking at Table 3 above, we can see that the Authority with the highest monthly price growth was the Shetland Islands at 17.7%. However, in the Shetland Islands the growth in prices in December was more a return to 'normal' levels of pricing, than due to the sale of any outstandingly expensive homes – the average price of a property on the Islands in November 2018 of £132,498 having been at its lowest level since October 2015.

On the Mainland, the highest % increase in average prices in December was in Stirling, at 6.1%. In 2018 the average house price in Stirling had been hovering around the £200k mark until December, when it jumped to £211k, setting a new peak price for the area in the process. On inspection we have found that in December there was an increase in the number of properties sold in the Bridge of Allan district of Stirling, where prices tend to be higher than average for the area. This change in the location of the mix of properties sold in the month has resulted in the observed rise in average prices.

Annual change

The average house price in Scotland at the end of December 2018 was £185,747, an increase of some £8,790, or 5.0%, over the last twelve months. This rate is 0.7% lower than the marginally revised rate of 5.7% recorded for November 2018. Of the 32 local authority areas in Scotland, 25 have seen prices rise over the last year, down by 4 on the number with increasing prices in the previous month.

In December, the highest annual increase in prices by local authority area occurred in Clackmannanshire, at 19.2%, followed by Na h-Eileanan Siar, at 14.0%. We discussed both of these areas last month, when they were similarly in first and second positions in terms of annual growth. In third place this month is the City of Edinburgh at 12.9%.

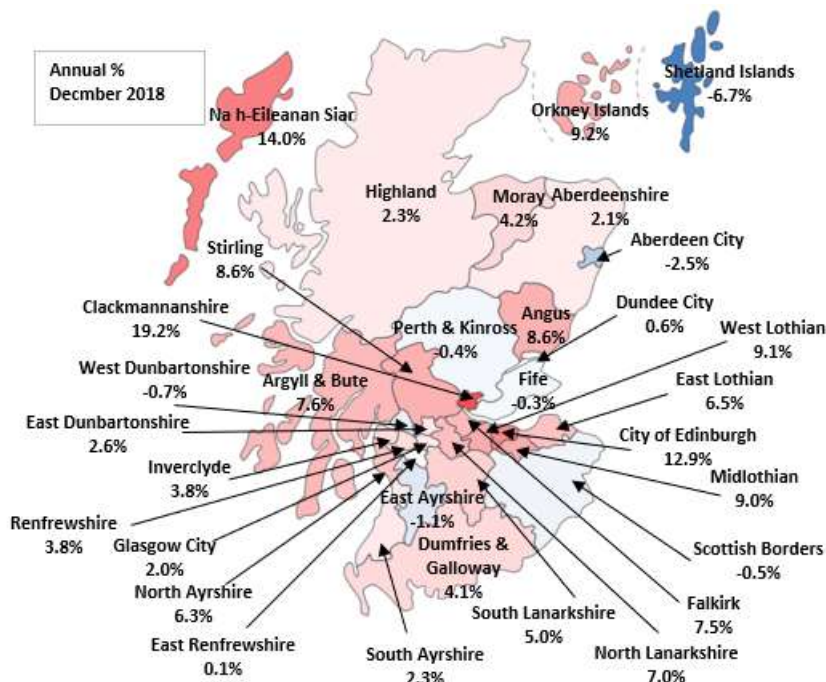
There have been six months in 2018 when Edinburgh has recorded house price growth in excess of 10.0%. This level of house price growth is currently something of an exception in the UK. The highest rate among the cities and conurbations in England is currently in Nottingham at 5.7%, followed by Leicester at 5.2% and Merseyside at 3.9%. The last period in which London recorded a rate of 10.0% or higher started in January 2016 and lasted for five months, before rates began to slow, reaching their lowest point in nine years in December 2018, at -1.1%.

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 five such authorities, compared to nine last month, being Stirling, West Lothian, Moray, the Orkney Islands and South Lanarkshire, plus Scotland itself.

Heat Map

The heat map below - which shows the annual rate of house price growth for the year ending December 2018 - is mostly pink or red, which is indicative of the fact that 25 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 three areas where prices have increased by 12.9% or higher over the year, being Clackmannanshire, Na-h Eileanan Siar and the City of Edinburgh. We then have a swathe of areas across the central belt with an increase in values mainly between 3.0% and 10.0%. Of the seven areas coloured in blue - showing a negative movement in prices over the year - the largest fall in prices is in the Shetland Islands, at -6.7%, followed by Aberdeen City at -2.5%, East Ayrshire at -1.1%, West Dunbartonshire at -0.7%, the Scottish Borders at -0.5%, Perth and Kinross at -0.4% and finally Fife, at -0.3%.



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

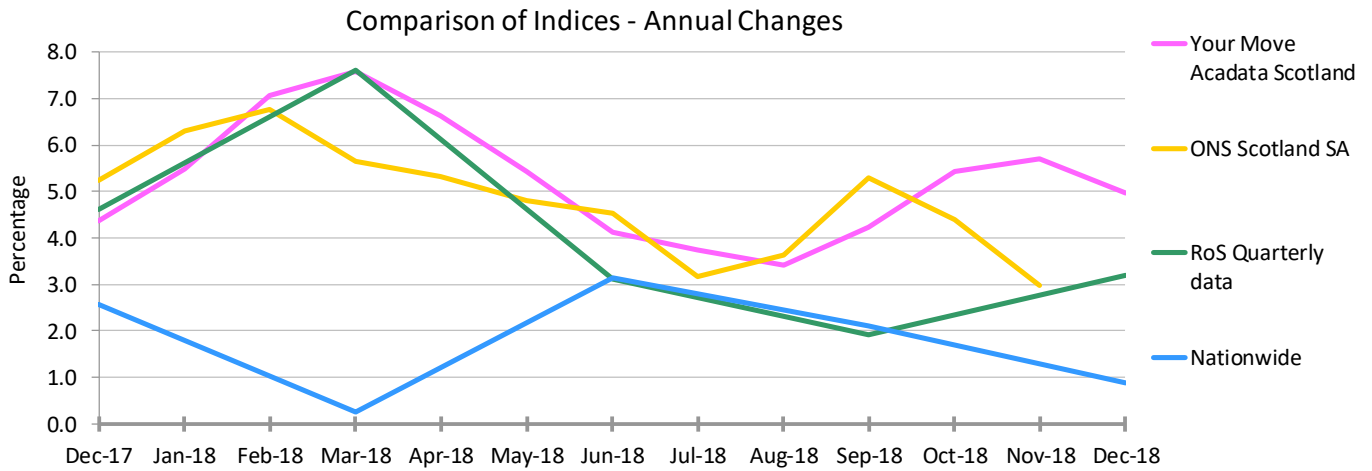


Figure 3. Annual change in house prices

[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](#).

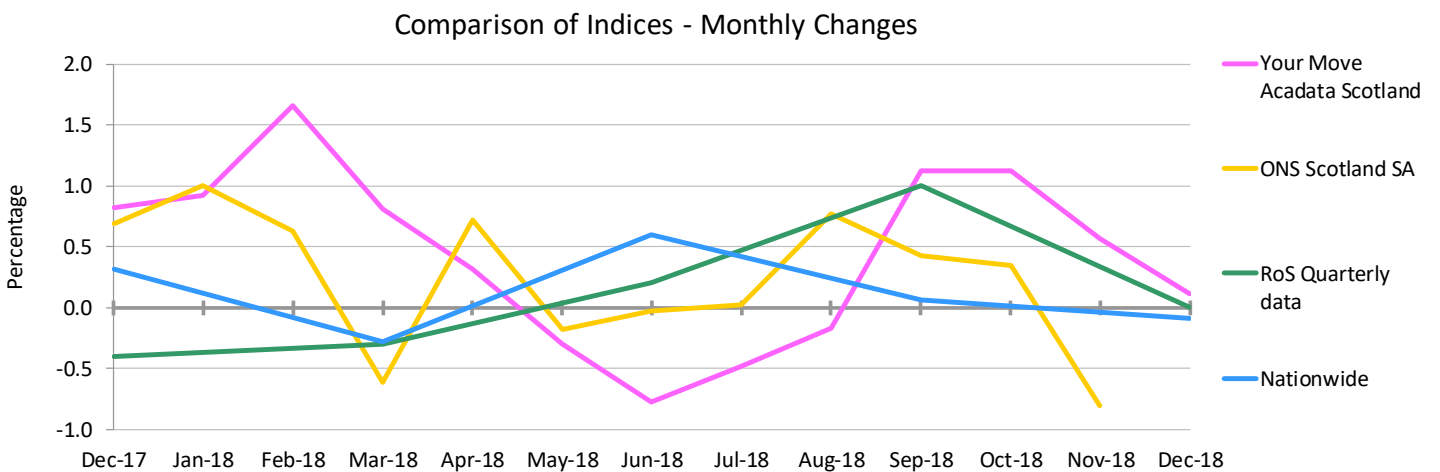


Figure 4. Monthly change in house prices

[link to source Excel](#)

Average House Price

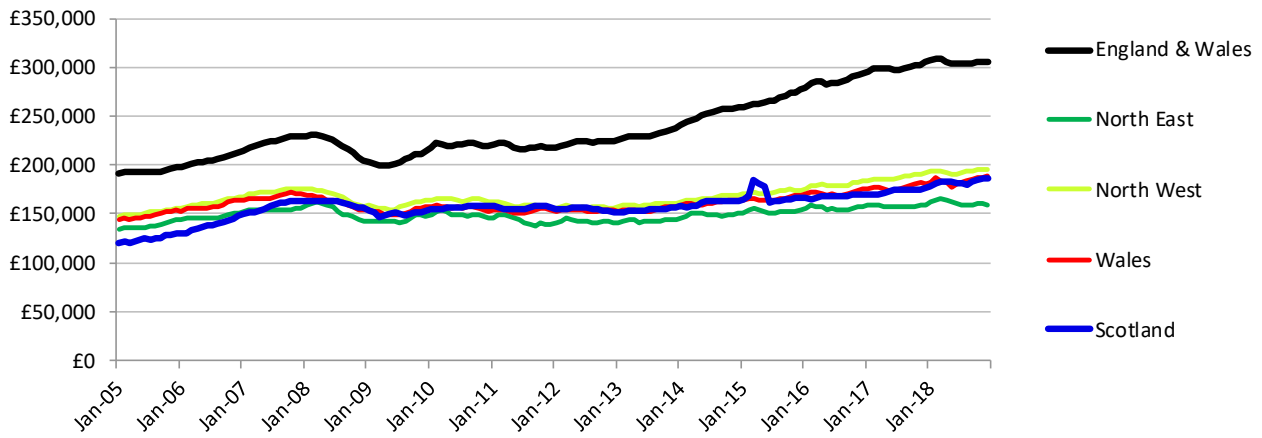


Figure 5. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005–December 2018 [link to source Excel](#)

Annual % change in Average House Prices

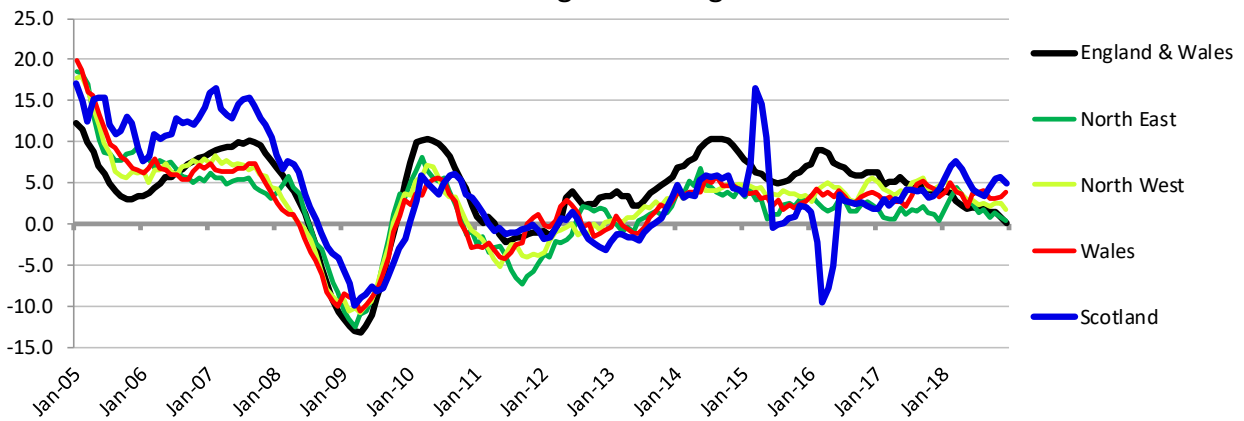


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005–December 2018 [link to source Excel](#)

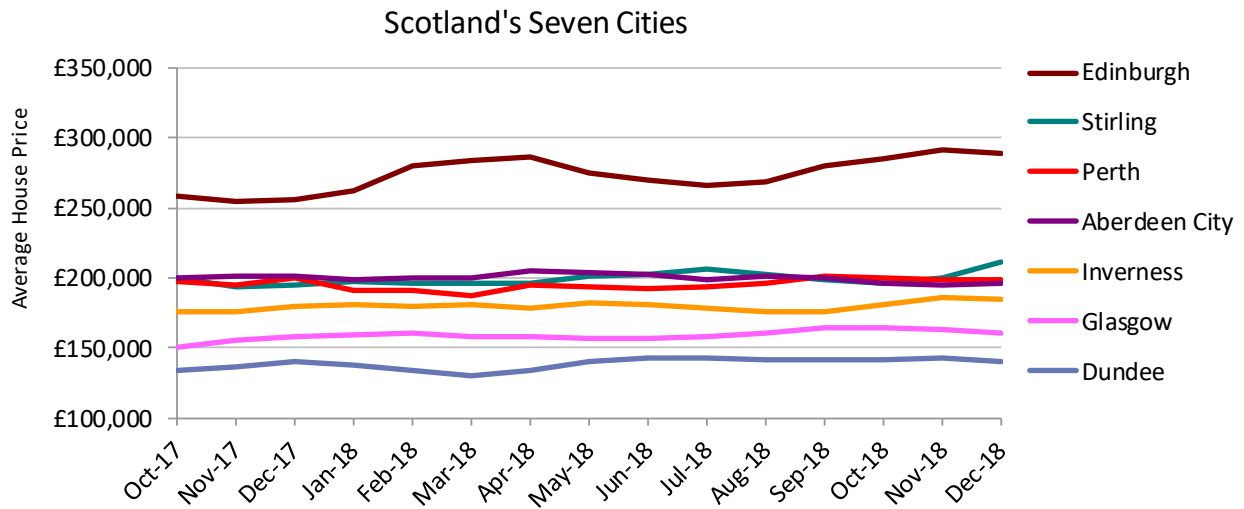


Figure 7. Average house prices for Scotland's seven cities from October 2017–December 2018

[link to source Excel](#)

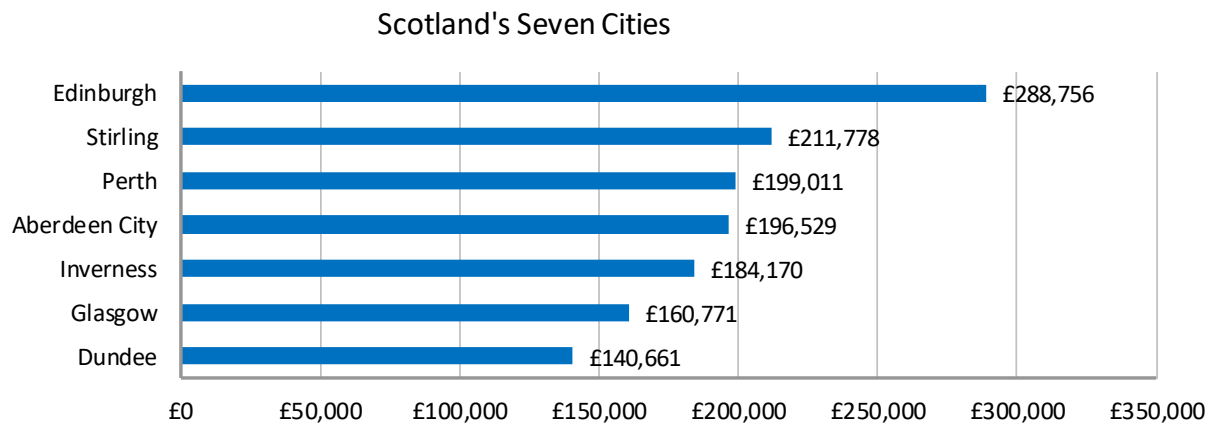


Figure 8. Average house prices for Scotland's seven cities December 2018

[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.