



Your Move / Acadata
Scotland

House Price Index October 2019



Under embargo until 00:01 Friday 20th December 2019

Scotland's housing is second most affordable in GB

- Falkirk's annual rate of house price growth climbs 8.9% on the back of new-build sales
- Glasgow house prices rise by 1.6% in the month
- Scotland's housing transactions to the end of July are up 2% on 2018

House Price	Index	Monthly Change %	Annual Change %
£185,642	243.1	0.4	1.5

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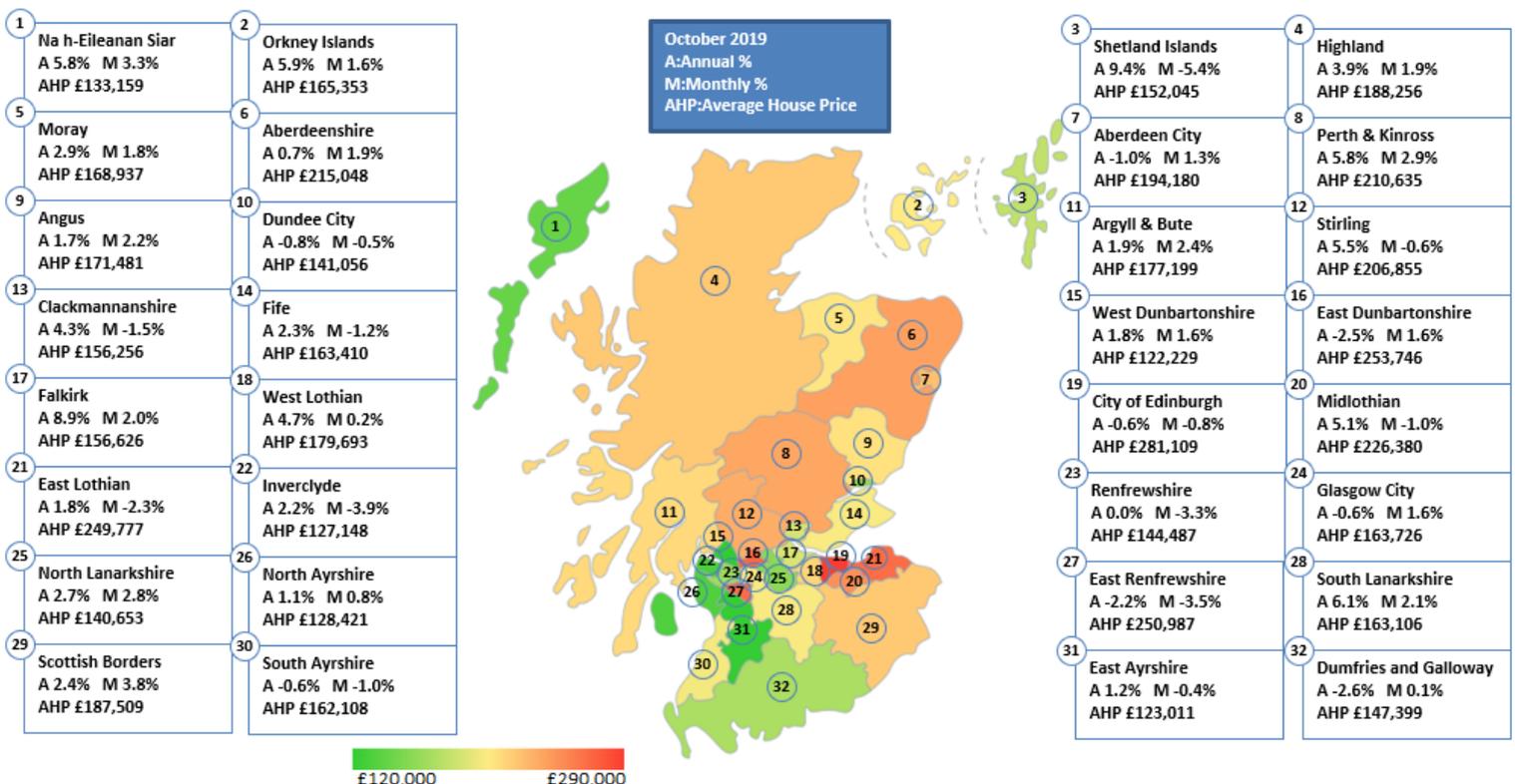


Table 1. Average House Prices in Scotland for the period October 2018 – October 2019
(The prices are end-month smoothed over a 3 month period)

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
October	2018	£182,962	239.6	0.8	5.4
November	2018	£183,715	240.6	0.4	5.5
December	2018	£182,963	239.6	-0.4	4.1
January	2019	£182,573	239.1	-0.2	2.8
February	2019	£181,564	237.8	-0.6	0.2
March	2019	£182,672	239.2	0.6	0.4
April	2019	£183,729	240.6	0.6	0.7
May	2019	£184,668	241.9	0.5	2.0
June	2019	£185,196	242.6	0.3	2.7
July	2019	£184,798	242.0	-0.2	2.7
August	2019	£184,218	241.3	-0.3	2.4
September	2019	£184,827	242.1	0.3	1.9
October	2019	£185,642	243.1	0.4	1.5

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Further commentary by John Tindale

John Tindale, senior housing analyst for Acadata, comments:

The October housing market

The average house price in Scotland in October has risen by £815, or +0.4%, and now stands at £185,642. This sets a new record average price for Scotland as a whole – and as prices continue to climb, albeit slowly, is the fourth occasion that this has happened in this calendar year.

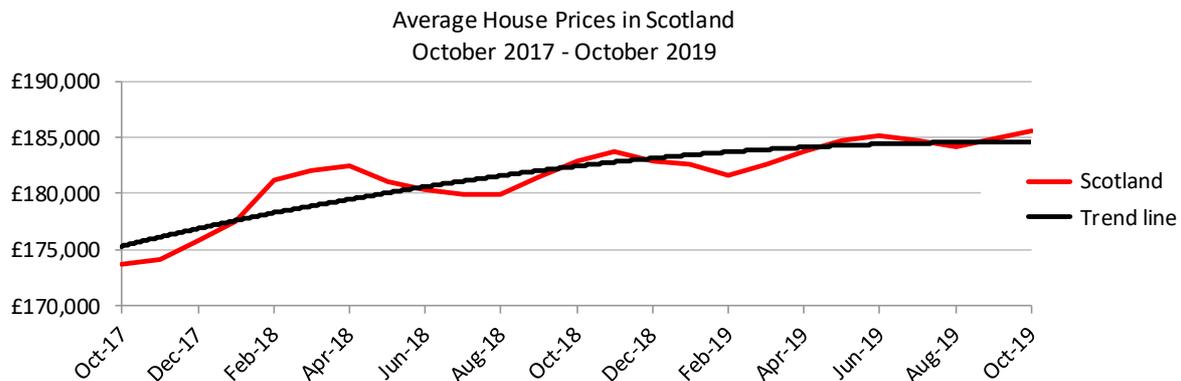


Figure 1, The average house price in Scotland for the two-year period October 2017 – October 2019. The series has been mix and seasonally adjusted (Source: LSL Acadata HPI) [link to source Excel](#)

Figure 1 shows a graph of the average house price in Scotland over the last two years. Prices have risen over this twenty-four-month period from £173,659 in October 2017 to £185,642, an increase of £11,983, or 6.9%. As can be seen from the graph, the rate of house price growth was higher during the first twelve months of the period, at 5.4%, with a lower rate of 1.5% over the last twelve months. The trend line covering the last four months of 2019 appears to be almost flat, indicating static prices in the market place, although as can be seen, there has been a small uptick in actual prices (the red line) over the last two months.

As we report on page 6, one of the reasons for Scotland’s continued increase in average house prices over the last few months is the sale of some 16 top-value residencies in Glasgow’s Park Quadrant project in Kelvingrove Park. These high-value sales have assisted Glasgow in becoming the month’s top contributor to the change in Scotland’s average house price, on a weight-adjusted basis. By way of contrast, the authority having the largest negative impact on Scotland’s average house price in October is the City of Edinburgh, where house prices fell in the month by -0.8%. There were two main factors in Edinburgh’s average price fall in October. Firstly, as we reported last month, the September statistics for Edinburgh included the sale of the second most expensive property in Scotland in 2019, being a terraced home for £3.1 million – however, this purchase dropped out of the calculations this month, causing the average price for terraces in the city to fall by some £24k. Secondly, as we report on page 5, the number of properties sold with a value of £750k, or higher, has started to diminish since August 2019, when compared to the previous year – see Table 3. This has had the effect of reducing the average price of homes sold in Edinburgh on a year-on-year basis. The same reduction in high-value sales can be seen across Scotland as a whole, although the statistics show the process did not start until one month later.

Table 2. Affordability Ratio for GB Regions and Countries as at April 2019 [link to source Excel](#)

AFFORDABILITY TABLE	Weekly Gross Earnings	Median Annual Earnings	Median House Prices	Affordability Ratio	Ranked Affordability	Ranked Earnings	Ranked House Prices
Apr-19							
North East	533.0	27,716	136,000	4.9	1	11	11
Scotland	576.7	29,988	148,345	4.9	2	4	10
Wales	535.0	27,820	155,000	5.6	3	10	9
North West	549.8	28,590	160,000	5.6	4	7	8
West Midlands	552.5	28,730	190,000	6.6	5	5	5
East Midlands	535.1	27,825	185,748	6.7	6	9	7
Yorkshire and The Humber	538.1	27,981	190,000	6.8	7	8	5
South West	551.4	28,673	245,000	8.5	8	6	4
East of England	581.0	30,212	281,500	9.3	9	3	3
South East	613.5	31,902	319,000	10.0	10	2	2
London	736.5	38,298	460,000	12.0	11	1	1

House prices and transactions

The ONS has recently published its Annual Survey of Hours and Earnings (ASHE), which are considered by many economists to be the most reliable data on earnings for the whole of the UK. The earnings data are published as ‘medians’, and we compare these to our data on the ‘median’ house prices, by UK Country and Region, to obtain an affordability ratio. This is defined as the median house price, divided by median earnings. The results are published in Table 2 above.

In 2018, Scotland had the third-highest median earnings, but the second-lowest median house prices, resulting in the country being defined as the most affordable area to live in GB. However, in 2019, Scotland has slipped a position in terms of median earnings, with the East of England moving up into third place. At the same time, the North East of England saw the highest increase in median earnings in 2019 - up by 5.2%, compared to an increase of 2.4% in Scotland - while the median house price in the North East fell by -2.1%, compared to a fall of -0.5% in Scotland. The combination of these events has meant that the North East has moved up the affordability league table, and is now ranked in first place, with Scotland moving down into second position, although two places of decimals were necessary to separate these two areas. [Back to page 1](#)

Transactions analysis

Monthly transaction counts

In July 2019, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 8,851 properties. This was a 3% decrease on the previous month, against a seasonal decrease of 8% (based on the last seven years data, excluding 2016), so sales volumes were 5% up on the level which would normally be expected for the time of year. However, comparing transaction numbers in July 2019 with one year earlier, sales volumes are down by 1% on the previous year.

Looking at the year-to-date figures (up to the end of July), transactions total some 56,000 sales and are 2% higher than the total for the first seven months of 2018. This compares to a 6% reduction in transactions in England & Wales over the same time period. Clearly, sales in Scotland in 2019 are maintaining their momentum at a higher level than south of the border.

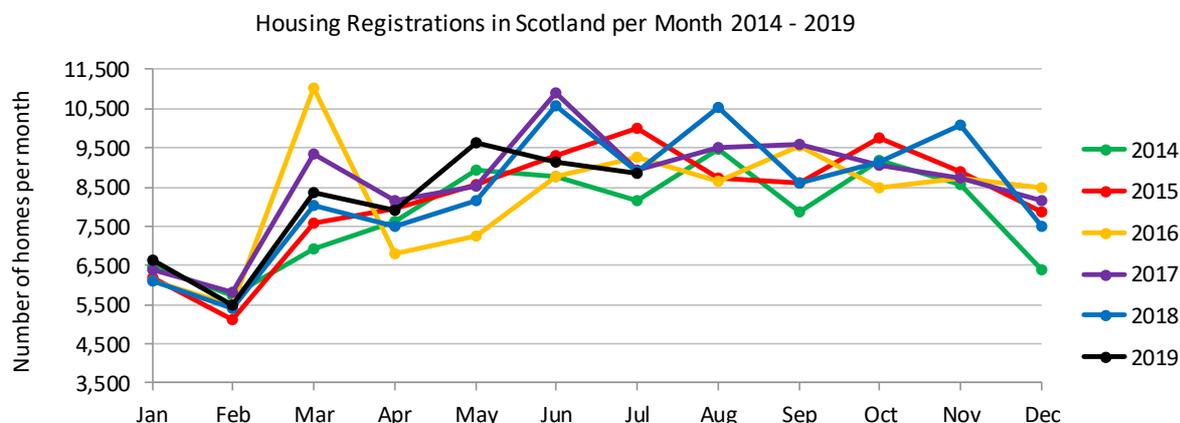


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2019
Source: Office for National Statistics.

[link to source Excel](#)

UK Finance

UK Finance has recently (28/11/2019) published its “Regional Mortgage Trends” for Scotland. The figures show that for the first three quarters of 2019, some 24,350 first time buyers have taken out a loan to purchase a home, around 1.5% more than for the same period in 2018. Additionally, 24,500 home movers have taken out a loan to purchase a property in the first three quarters of 2019, also 1.5% more than for the same period in 2018. The average loan size for a first time buyer in Q3 2019 was £122,510 with an LTV of 82.8%, indicating an average first time buyer house price of £147,960. Similarly, the average loan size for a home mover in Q3 2019 was £166,819 with an LTV of 71.3%, indicating a home mover average house price of £234,102.

House prices and transactions

Edinburgh transactions of £750k or higher

Table 3. The number of transactions by month in Edinburgh greater than or equal to £750k, Jan 2016 – October 2019

[link to source Excel](#)

EDINBURGH - Number of properties sold for £750k or higher

	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	18	33	16	11	12	23	27	37	44	35	33	20	309
2019	24	12	23	20	38	32	37	32	36	17			271

Table 3 shows the number of transactions per month in Edinburgh that are equal to or greater than £750k. The threshold of £750k has been selected as it is the breakpoint at which the highest rate of LBTT becomes payable. As can be seen from Table 3, the number of such sales in 2019 has exceeded that of 2018 in six of the first ten months of the year. We anticipate that the October 2019 total will increase as further data from the Registers of Scotland become available, but not by the requisite amount to allow October 2019 to out-perform the previous year. In Q3 2018 there were a total of 108 sales in excess of £750k, compared to a total of 105 in Q3 2019. There has therefore been a small reduction in such sales in Q3 2019, which we believe will extend into Q4 2019 - although we will need to wait until the end of the year to obtain an accurate assessment of the shortfall in the number of transactions involved.

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House prices and transactions

Local Authority Analysis

Table 4. Average House Prices in Scotland, by local authority area, comparing October 2018 and September 2019 with October 2019 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LOCAL AUTHORITY AREA	Oct-18	Sep-19	Oct-19	% Monthly Change	% Annual Change
1	1	City of Edinburgh	282,874	283,358	281,109	-0.8%	-0.6%
2	2	East Dunbartonshire	260,173	249,831	253,746	1.6%	-2.5%
3	3	East Renfrewshire	256,704	260,026	250,987	-3.5%	-2.2%
4	4	East Lothian	245,279	255,703	249,777	-2.3%	1.8%
5	5	Midlothian	215,374	228,686	226,380	-1.0%	5.1%
6	6	Aberdeenshire	213,620	211,113	215,048	1.9%	0.7%
7	7	Perth and Kinross	199,097	204,681	210,635	2.9%	5.8%
9	8	Stirling	196,137	208,093	206,855	-0.6%	5.5%
8	9	Aberdeen City	196,205	191,630	194,180	1.3%	-1.0%
11	10	Highland	181,129	184,691	188,256	1.9%	3.9%
10	11	Scottish Borders	183,082	180,715	187,509	3.8%	2.4%
13	12	West Lothian	171,681	179,332	179,693	0.2%	4.7%
12	13	Argyll and Bute	173,905	173,026	177,199	2.4%	1.9%
14	14	Angus	168,630	167,797	171,481	2.2%	1.7%
16	15	Moray	164,229	165,881	168,937	1.8%	2.9%
19	16	Orkney Islands	156,200	162,685	165,353	1.6%	5.9%
15	17	Glasgow City	164,732	161,131	163,726	1.6%	-0.6%
18	18	Fife	159,711	165,397	163,410	-1.2%	2.3%
20	19	South Lanarkshire	153,759	159,736	163,106	2.1%	6.1%
17	20	South Ayrshire	163,142	163,686	162,108	-1.0%	-0.6%
24	21	Falkirk	143,808	153,550	156,626	2.0%	8.9%
22	22	Clackmannanshire	149,820	158,560	156,256	-1.5%	4.3%
26	23	Shetland Islands	138,961	160,760	152,045	-5.4%	9.4%
21	24	Dumfries and Galloway	151,280	147,243	147,399	0.1%	-2.6%
23	25	Renfrewshire	144,459	149,391	144,487	-3.3%	0.0%
25	26	Dundee City	142,123	141,790	141,056	-0.5%	-0.8%
27	27	North Lanarkshire	136,901	136,822	140,653	2.8%	2.7%
29	28	Na h-Eileanan Siar	125,830	128,912	133,159	3.3%	5.8%
28	29	North Ayrshire	127,084	127,427	128,421	0.8%	1.1%
30	30	Inverclyde	124,426	132,246	127,148	-3.9%	2.2%
31	31	East Ayrshire	121,534	123,551	123,011	-0.4%	1.2%
32	32	West Dunbartonshire	120,077	120,299	122,229	1.6%	1.8%
		All Scotland	182,962	184,827	185,642	0.4%	1.5%

Table 4 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for October 2018, as well as for September and October 2019, calculated on a seasonal and mix-adjusted basis.

Monthly change

After two consecutive months of falls in July and August, average house prices in Scotland have risen in both September and October 2019 by some £1,425, or 0.8%, of which half occurred in October. The average price now stands at £185,642 – another new record level for Scotland. Overall, 19 of the 32 local authority areas in Scotland saw prices rise in October, which is five more than the number with price rises in September.

Looking at Table 4 above, we can see that the Authority with the highest monthly price growth is the Scottish Borders, up by 3.8%, or some £6,800, in the month. October has been a month of the second-highest priced properties of the year being sold in the Scottish Borders, with “The Old Abbey School”, a terraced property in Melrose, being sold as a home for £475k, the highest-priced terrace having also been sold in Melrose for £951k in August. The second-highest priced semi-detached home in the Scottish Borders, located in Duns, was also sold in October for £668k, with the highest-priced semi, being part of the “Old Kelso High School” conversion project, having been purchased for £725k in April.

On a weight-adjusted basis, which takes into account both the change in average value and the number of sales involved, it is Glasgow City that has contributed the largest positive movement to Scotland’s average house price, accounting for 16% of the increase in its value in October.

House prices and transactions

Over the last four months, the rise in the average house price in Glasgow has been assisted by the sale of 16 new build apartments for an average price of £500k, and forming part of the Park Quadrant residencies in Kelvingrove Park, in the West End of Glasgow. This new development consists of 98 new apartments and penthouses, completing the final quadrant of the Park Circus project, which had been started by the architect Charles Wilson in 1851. Charles Wilson developed proposals for a public park, which became Kelvingrove Park, along with a masterplan for a concentric pattern of streets at Woodland Hill. In 1854, this plan was changed to include the inner ring of terraces, Park Circus, along with the outer ring of Park Terrace and Park Quadrant. However, construction of the concentric ringed Park Circus area halted in the mid-1850s and the final quadrant lay undeveloped until now.

Annual change

The average house price in Scotland at the end of October showed an increase of £2,680, or 1.5%, over the last twelve months. This annual rate is 0.4% lower than the 1.9% recorded in September, and is the fourth month in a row in which the annual rate has been decreasing. Despite this reduction in rates, 24 of the 32 local authority areas in Scotland have seen prices rise over the last twelve months, which is one more than the number in September.

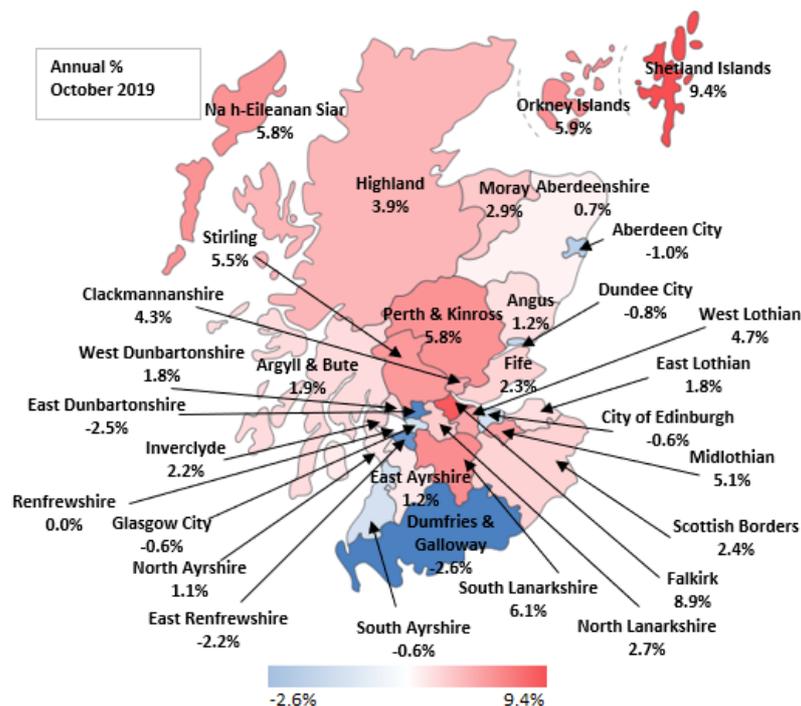
In October 2019, the highest annual increase in prices by local authority area occurred in the Shetland Islands, up by 9.4%, followed by Falkirk in second place at 8.9%. In Falkirk, the average price of a detached home has increased from £227k in October 2018 to £270k one year later. This advance in average house prices has been helped by the sale of a number of new-build detached homes in the area, which have tended to command a premium price over existing properties.

Peak prices

Each month, in Table 4 above, we highlight the local authority areas which have reached a new peak in their average house prices. In October there are 7 such authorities, compared to 5 in September.

Heat Map

The heat map below - which shows the annual rate of house price growth for the twelve months ending October 2019 - is largely pink or red, which is indicative of the fact that 24 of the 32 local authority areas in Scotland have experienced increases in their average house prices over the year. The deepest shades of red highlight the two areas where prices have increased by 8.9% or more over the year, being the Shetland Islands at 9.4% and Falkirk at 8.9%. We then have deeper pinks for the fifteen areas with growth rates between 2.7% and 8.8%, and lighter pinks and whites for the areas with growth rates between 0.0% and 2.5%. Of the eight areas coloured in blue - showing a negative movement in prices of -0.6% and below - Aberdeen and Dundee are to the north, with the remaining areas tending to be located on or to the south of Scotland's central belt.



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

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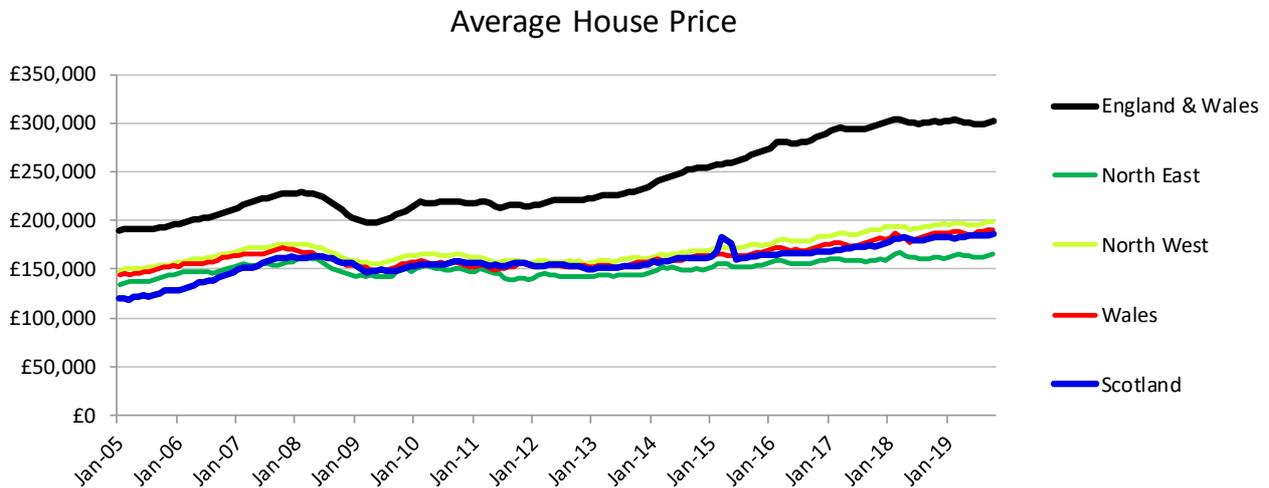


Figure 3. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005–October 2019 [link to source Excel](#)

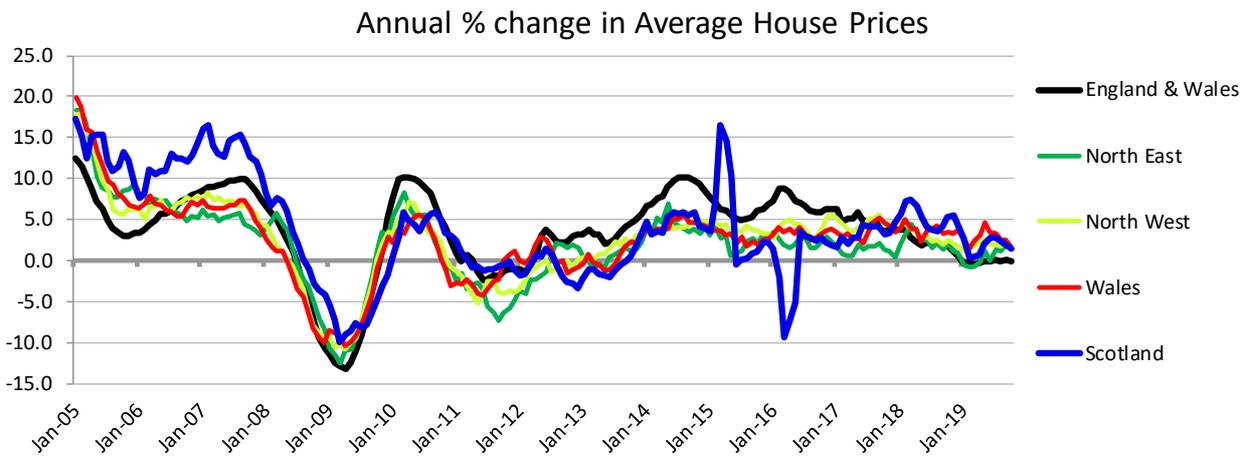


Figure 4. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005–October 2019 [link to source Excel](#)

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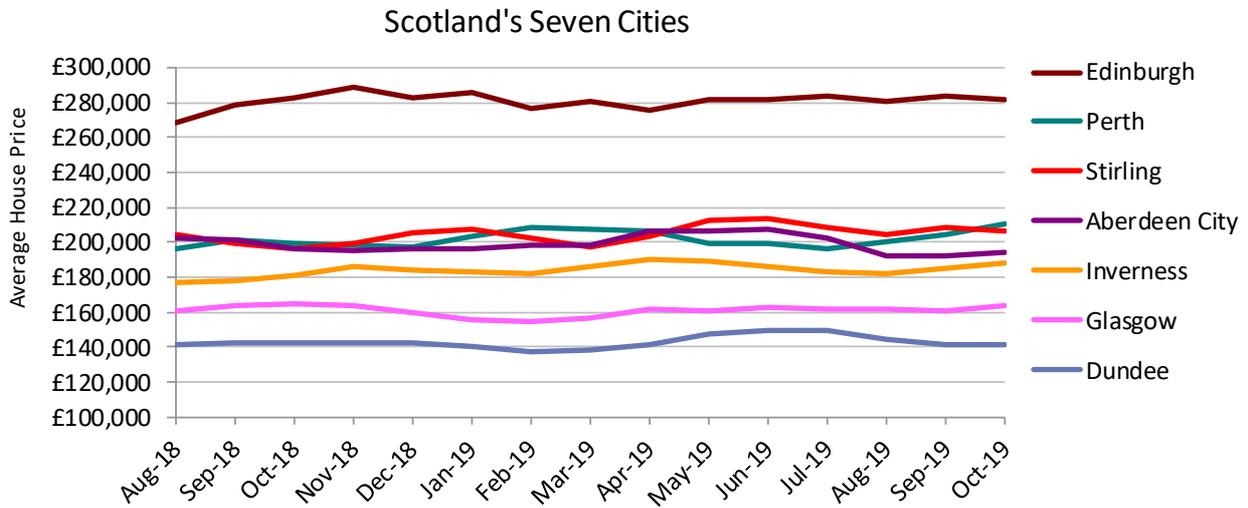


Figure 5. Average house prices for Scotland's seven cities from August 2018–October 2019

[link to source Excel](#)

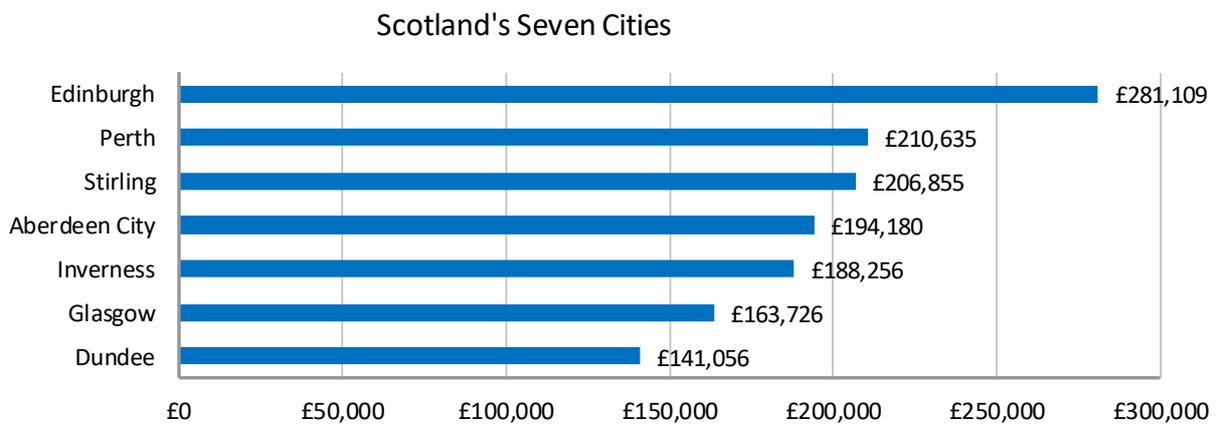


Figure 6. Average house prices for Scotland's seven cities October 2019

[link to source Excel](#)

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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.

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LSL PROPERTY SERVICES PLC

LSL is one of the leading residential property services companies in the UK and provides a broad range of services to a wide range of customers including mortgage lenders together with buyers and sellers of residential properties.

LSL's operations cover four key areas; surveying; estate agency; corporate services; financial services.

Surveying

LSL's [surveying](#) business operates under the e.surv Chartered Surveyors brand, and the Walker Fraser Steele brand in Scotland. e.surv is one of the largest employers of residential Chartered Surveyors in the UK and is the largest distributor and manager of mortgage valuations and private surveys.

Estate Agency

LSL's [estate agency](#) business operates under the Your Move, Reeds Rains, Intercounty and several independent brands.

In January 2010 the acquisition of the Halifax Estate Agency (HEA) business from Lloyd Banking Group saw LSL increase in size to become the second largest UK estate agency network - with around 570 branches. It is also the largest letting agency in the UK.

Corporate Services

LSL Corporate Client Services was launched in 2008 to provide asset management and lettings property portfolio management services to corporate clients. This business has grown through the addition of St Trinity Asset Management - which previously operated as HEA Corporate Services - and Templeton LPA, which LSL acquired in February 2010.

Financial Services

LSL offers financial services across its entire branch network. In May 2010 LSL acquired over 450 advisers from leading financial services network Home of Choice - these advisers now operate under the brand of First Complete.

In October 2010 LSL also announced the acquisition of mortgage distribution company, Advance Mortgage Funding Limited (trading as Pink Home Loans) and its subsidiary business BDS Mortgage Group Limited, (together known as Pink), from Skipton Building Society. It further confirmed LSL's position as one of the largest mortgage advisory businesses in the UK today.

For further information see www.lslps.co.uk