

House Price Index November 2019

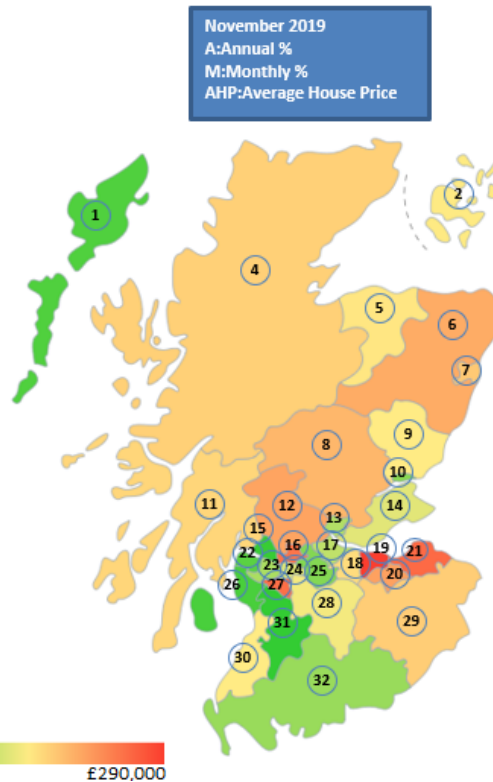
November has highest monthly price growth since September 2018

- Scotland's Housing is second most affordable in GB
- Highest annual price growth in November was in Shetland Islands at 15.5%
- Housing transactions in Scotland to the end of August are up 2% on 2018

House Price	Index	Monthly Change %	Annual Change %
£187,068	245.0	0.9	1.8

Quick Links		
The Housing Market	Transactions	Local Authority Areas
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Footnotes on Methodology		

1 Na h-Eileanan Siar A -0.6% M -3.0% AHP £128,504	2 Orkney Islands A 7.9% M 2.7% AHP £169,673
5 Moray A 2.7% M 3.0% AHP £173,557	6 Aberdeenshire A -0.3% M -0.4% AHP £213,048
9 Angus A -1.9% M -0.6% AHP £170,331	10 Dundee City A -0.7% M 1.5% AHP £141,724
13 Clackmannanshire A 2.3% M -2.7% AHP £151,929	14 Fife A 1.8% M 0.0% AHP £163,152
17 Falkirk A 5.4% M -1.6% AHP £154,674	18 West Lothian A 3.2% M 0.3% AHP £180,442
21 East Lothian A 4.9% M 2.7% AHP £258,142	22 Inverclyde A 7.7% M 1.6% AHP £130,950
25 North Lanarkshire A 4.0% M 0.1% AHP £140,861	26 North Ayrshire A 1.7% M -0.3% AHP £126,928
29 Scottish Borders A 4.4% M 2.6% AHP £190,306	30 South Ayrshire A 4.7% M 4.3% AHP £169,909



3 Shetland Islands A 15.5% M 1.7% AHP £156,933	4 Highland A 1.7% M 1.8% AHP £188,673
7 Aberdeen City A -0.8% M -0.9% AHP £193,363	8 Perth & Kinross A 3.6% M -1.0% AHP £205,290
11 Argyll & Bute A 6.8% M 5.3% AHP £184,479	12 Stirling A 9.6% M 4.3% AHP £218,575
15 West Dunbartonshire A 3.7% M 0.0% AHP £122,807	16 East Dunbartonshire A -1.1% M 1.2% AHP £250,747
19 City of Edinburgh A -0.1% M 1.5% AHP £287,805	20 Midlothian A 1.1% M -2.7% AHP £220,445
23 Renfrewshire A 3.7% M 2.4% AHP £149,946	24 Glasgow City A -0.7% M 0.6% AHP £162,203
27 East Renfrewshire A 0.5% M 0.5% AHP £254,745	28 South Lanarkshire A 7.4% M 2.5% AHP £167,253
31 East Ayrshire A -0.4% M -1.6% AHP £121,505	32 Dumfries and Galloway A -1.0% M -0.4% AHP £145,760



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

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
November	2018	£183,695	240.6	0.4	5.5
December	2018	£182,944	239.6	-0.4	4.1
January	2019	£182,582	239.1	-0.2	2.8
February	2019	£181,579	237.8	-0.5	0.2
March	2019	£182,683	239.3	0.6	0.4
April	2019	£183,718	240.6	0.6	0.7
May	2019	£184,638	241.8	0.5	2.0
June	2019	£185,151	242.5	0.3	2.7
July	2019	£184,750	242.0	-0.2	2.7
August	2019	£184,142	241.2	-0.3	2.4
September	2019	£184,567	241.7	0.2	1.7
October	2019	£185,399	242.8	0.5	1.3
November	2019	£187,068	245.0	0.9	1.8

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John Tindale, senior housing analyst for Acadata, comments:

The November housing market

The average house price in Scotland in the month of November has risen by some £1,670, or +0.9%, and now stands at £187,068. This sets a new record average price for Scotland as a whole – and as prices continue to climb, albeit slowly, it is also the fifth occasion that this has happened in this calendar year. Over the last twelve months, prices have risen by £3,373, or +1.8%. Thus we can see that the gain in values in the month of November is close to half that experienced over the last twelve months – perhaps indicating that 2019 has been a relatively quiet year for house price movements.

On a weight adjusted basis - which takes into account sales volumes as well as the increase in price - the five Local Authority areas with the highest increase in prices in November were the City of Edinburgh, South Lanarkshire, Argyll and Bute, South Ayrshire and Stirling. Together, these five areas accounted for 57% of the increase in Scotland's average house price in the month.

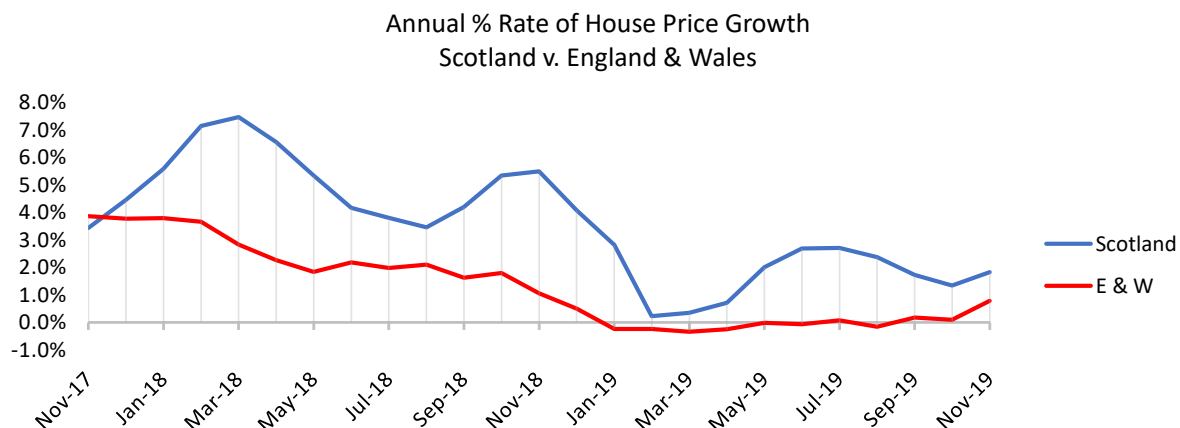


Figure 1, A two-year comparison of the Annual % House Price Growth in Scotland and England & Wales for the period November 2017 – November 2019. (Source: Acadata HPI) [link to source Excel](#)

Figure 1 shows a graph of the annual % rate of house price growth in Scotland over the last twenty-four months, comparing this with the % growth in England & Wales over the same period. As can be seen, in November 2017 England & Wales had a higher annual rate than Scotland (3.9% compared to 3.4%), but this was the only month in which this occurred: thereafter, Scotland's annual rate of growth has been higher than that south of the Border. The largest disparity between the two areas took place in March 2018, with the second-largest in November 2018. One can also observe that the growth rate in England and Wales has been hovering around zero for most of 2019, while in Scotland the rate for the calendar year has been an average +1.7%.

So why has Scotland seen higher rates of house price growth than England & Wales? As we discussed last month, the main reason has been that of affordability. We showed that in an 'affordability table' of all the GOR areas in Great Britain, Scotland was second to the North East in terms of affordability, but it was only a second place decimal that was the deciding factor between the two areas. Greater London, not surprisingly, was the least affordable area, ranked just below the South East, the East of England and the South West.

On page 4, we show that transactions in Scotland to the end of August 2019 are 2% up on the number of sales over the same period in 2018 – this compares to a 6% reduction in transactions in England & Wales over the same period. The reason for only taking sales to the end of August is that we need to wait for the official sales volume figures to be published by the ONS. However, as we show when looking at sales of high-value properties in Edinburgh, the number of sales - at least at the top end of the market - is beginning to fall compared to 2018 – so overall we are anticipating a lower sales volume outturn for 2019 compared to 2018.

In turn, lower transaction counts cause some problems when calculating average house prices, particularly for the Islands, where sales volumes tend to be low over the winter months. For example, in November to date (caveat: some more sales may be reported by Registers of Scotland over time), there were only 13 sales for Na h-Eileanan Siar (the Western Isles), 20 for the Shetland Islands and 29 in the Orkney Islands. By way of comparison, there were 638 sales recorded for Glasgow and 632 for Edinburgh. The low sales volumes for the Islands go some way to explain why the Shetland and Orkney Islands are ranked first and third in terms of annual house price growth in Table 3, page 5.

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Transactions analysis

Monthly transaction counts

In August 2019, the latest month for which the official ONS statistics are published, transactions in Scotland totalled 9,987 properties. This was 1,045, or 11.7%, more than the previous month, against a seasonal increase of 6% (based on the last seven years data, excluding 2016), so sales volumes were 6% up on the level which would normally be expected for the time of year. However, comparing transaction numbers in August 2019 with one year earlier, sales volumes are down by 5% on the previous year.

Looking at the year-to-date figures (up to the end of August), transactions total some 66,166 sales and are 2% higher than the total for the first eight months of 2018. This compares to a 6% reduction in transactions in England & Wales over the same period. Clearly, sales in Scotland in 2019 are maintaining their momentum at a higher level than south of the border.

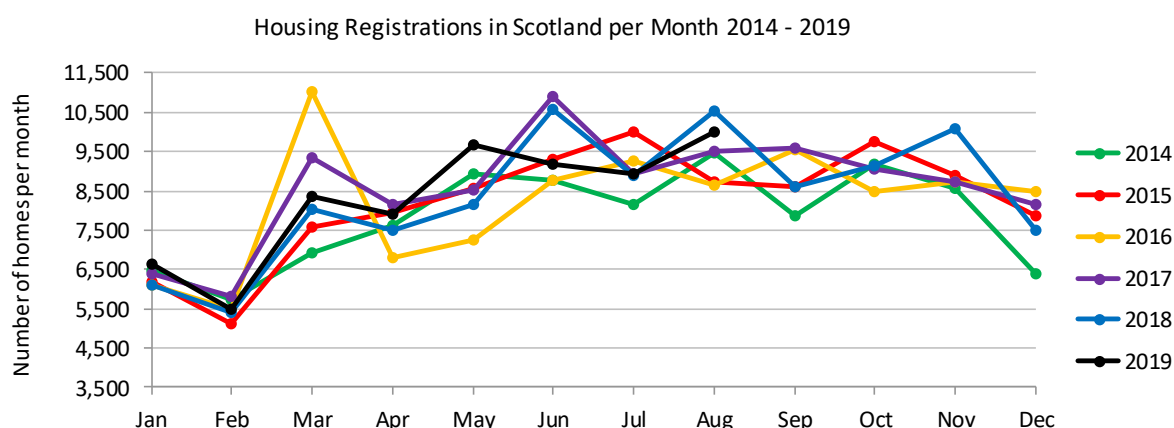


Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2019

Source: Office for National Statistics.

[link to source Excel](#)

Edinburgh transactions of £750k or higher

Table 2. The number of transactions by month in Edinburgh greater than or equal to £750k, Jan 2016 – November 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	28	19		301

Table 2 shows the number of transactions per month in Edinburgh which 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 2, the number of such sales in 2019 has exceeded that of 2018 in six of the first eleven months of the year. However, since August 2019 this position appears to have reversed, with a lower number of transactions in 2019 compared to 2018. We anticipate that the November 2019 total will increase as further data from the Registers of Scotland become available, but not by the requisite amount to allow November 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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Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing November 2018 and October 2019 with November 2019 [link to source Excel](#)

PRIOR YR RANK	RANK BY PRICE	LOCAL AUTHORITY AREA	Nov-18	Oct-19	Nov-19	% Monthly Change	% Annual Change
1	1	City of Edinburgh	288,213	283,528	287,805	1.5%	-0.1%
4	2	East Lothian	245,976	251,436	258,142	2.7%	4.9%
2	3	East Renfrewshire	253,549	253,448	254,745	0.5%	0.5%
3	4	East Dunbartonshire	253,487	247,786	250,747	1.2%	-1.1%
5	5	Midlothian	218,013	226,477	220,445	-2.7%	1.1%
7	6	Stirling	199,361	209,647	218,575	4.3%	9.6%
6	7	Aberdeenshire	213,620	213,989	213,048	-0.4%	-0.3%
8	8	Perth and Kinross	198,122	207,281	205,290	-1.0%	3.6%
9	9	Aberdeen City	194,987	195,077	193,363	-0.9%	-0.8%
11	10	Scottish Borders	182,271	185,440	190,306	2.6%	4.4%
10	11	Highland	185,574	185,411	188,673	1.8%	1.7%
14	12	Argyll and Bute	172,707	175,230	184,479	5.3%	6.8%
12	13	West Lothian	174,914	179,982	180,442	0.3%	3.2%
15	14	Moray	169,049	168,534	173,557	3.0%	2.7%
13	15	Angus	173,542	171,438	170,331	-0.6%	-1.9%
17	16	South Ayrshire	162,263	162,978	169,909	4.3%	4.7%
19	17	Orkney Islands	157,260	165,232	169,673	2.7%	7.9%
20	18	South Lanarkshire	155,736	163,250	167,253	2.5%	7.4%
18	19	Fife	160,212	163,129	163,152	0.0%	1.8%
16	20	Glasgow City	163,292	161,246	162,203	0.6%	-0.7%
26	21	Shetland Islands	135,872	154,316	156,933	1.7%	15.5%
23	22	Falkirk	146,700	157,185	154,674	-1.6%	5.4%
21	23	Clackmannanshire	148,483	156,185	151,929	-2.7%	2.3%
24	24	Renfrewshire	144,631	146,406	149,946	2.4%	3.7%
22	25	Dumfries and Galloway	147,245	146,300	145,760	-0.4%	-1.0%
25	26	Dundee City	142,695	139,612	141,724	1.5%	-0.7%
27	27	North Lanarkshire	135,440	140,755	140,861	0.1%	4.0%
31	28	Inverclyde	121,536	128,866	130,950	1.6%	7.7%
28	29	Na h-Eileanan Siar	129,220	132,414	128,504	-3.0%	-0.6%
29	30	North Ayrshire	124,864	127,248	126,928	-0.3%	1.7%
32	31	West Dunbartonshire	118,475	122,773	122,807	0.0%	3.7%
30	32	East Ayrshire	121,961	123,537	121,505	-1.6%	-0.4%
		All Scotland	183,695	185,399	187,068	0.9%	1.8%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for November 2018, as well as for October and November 2019, calculated on a seasonal and mix-adjusted basis.

Monthly change

In November, average house prices in Scotland have risen by £1,670, or 0.9%, from their level in October and now stand at £187,068. This price sets another record level for Scotland – the fifth time a new record has been set for Scotland this year. The increase of +0.9% is the highest monthly growth rate since September 2018. Overall, 21 of the 32 local authority areas in Scotland saw prices rise in November, which is two more than the number with price rises in October.

Looking at Table 3 above, we can see that the Authority with the highest monthly price growth is Argyll and Bute, up by 5.3%, or some £9,250, in the month. The November statistics include the sale of two flats for £500k each, being the highest price obtained for a flat - let alone two - in Argyll and Bute in the year. In addition, November also saw the sale of Argyll and Bute's most expensive semi-detached home of the year, for £630k – these sales have helped to boost November's average house price for the area.

At the other end of the scale, the area on the mainland with the largest fall in its monthly price growth is Midlothian, at -2.7%. Although the November figures include the most expensive Midlothian detached home of the year, sold for £1.1 million, there have been three high-value properties fall out of the statistics in the month – a new-build detached in Dalkeith, priced at £893k, a semi-detached property in Pathhead, valued at £855k, and a further detached property in Dalkeith sold for £800k.

Annual change

The average house price in Scotland at the end of November showed an increase of £3,373, or 1.8%, over the last twelve months. This annual rate is 0.5% higher than the 1.3% recorded in October, but more importantly it has halted the rate of decline in the annual rate which had been observed over the previous four months. Despite this increase in the rate of annual growth, there are two fewer local authority areas in Scotland with price rises in November compared to October.

In November 2019, the highest annual increase in prices by local authority area occurred in the Shetland Islands, up by 15.5%. However, property sales on the Islands tend to be small in number over the winter months - for example only 20 sales have been recorded in the Shetland Islands in November to date - which can result in large movements in average prices, especially when expressed in percentage terms.

In second place is Stirling, up by 9.6% over the year. Stirling is currently Scotland's second-highest priced City in terms of average house prices (see Figure 6, page 9). Sales in Stirling in November included Cairn Hall, a four bedroom detached home in Balfron with 5 acres of land, which sold for £1.18 million and a two bedroom flat, in Stirling itself, which sold for £525k. Interestingly, flats are the most frequently sold property type in Stirling, with an average cost of £135k, the price of £525k being the second-highest price achieved for a flat in Stirling in 2019.

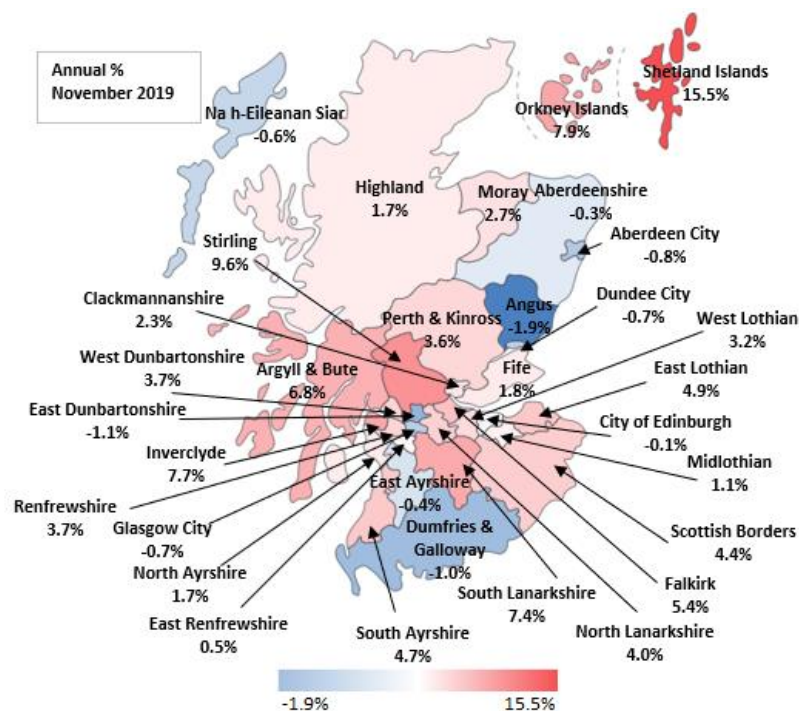
Peak prices

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

Heat Map

The heat map below - which shows the annual rate of house price growth for the twelve months ending November 2019 - is largely pink or red, which is indicative of the fact that 22 of the 32 local authority areas in Scotland have experienced increases in their average house prices over the year. The deeper shades of red highlight the five areas where prices have increased by 7.0% or more over the year, being Stirling, the Orkney Islands, South Lanarkshire, the Shetland Islands and Inverclyde. We then have lighter pinks and whites for the areas with growth rates between 0.0% and 7.0%. Of the ten areas shaded blue - showing a negative movement in prices - Aberdeen City, Aberdeenshire, Angus and Na h-Eileanan Siar are to the north of Scotland, with the remaining areas tending to be located on or to the south of Scotland's central belt.

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NOTES

1. 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 Acadata Scotland HPI is not forecast, unlike the 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 Acadata Scotland HPI, like the Acadata E&W HPI, comprises a smoothed average of three months' prices, the 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 Acadata E&W HPI. Since we provide only a national England & Wales average price in our current month Acadata E&W HPI and prices at region and lower levels are lagged one month, this procedure means that the Acadata Scotland HPI prices are contemporaneous with the prices published for the equivalent month for England & Wales and the regions. All 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. 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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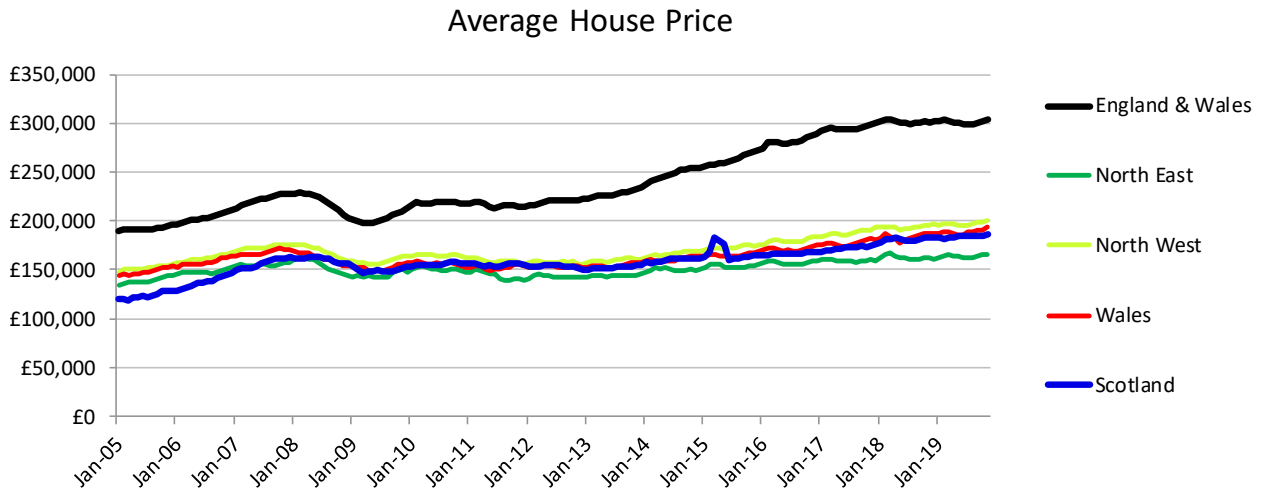


Figure 3. Scotland house prices, compared with England & Wales, Wales, North East and North West for the period January 2005–November 2019 [link to source Excel](#)

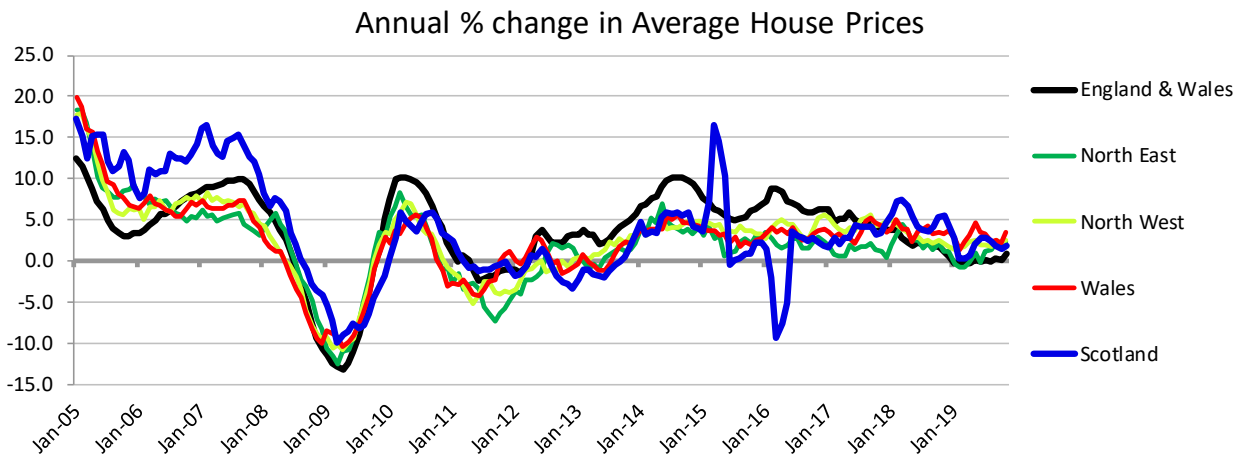


Figure 4. A comparison of the annual change in house prices in Scotland, England & Wales, Wales, North East and North West for the period January 2005–November 2019 [link to source Excel](#)

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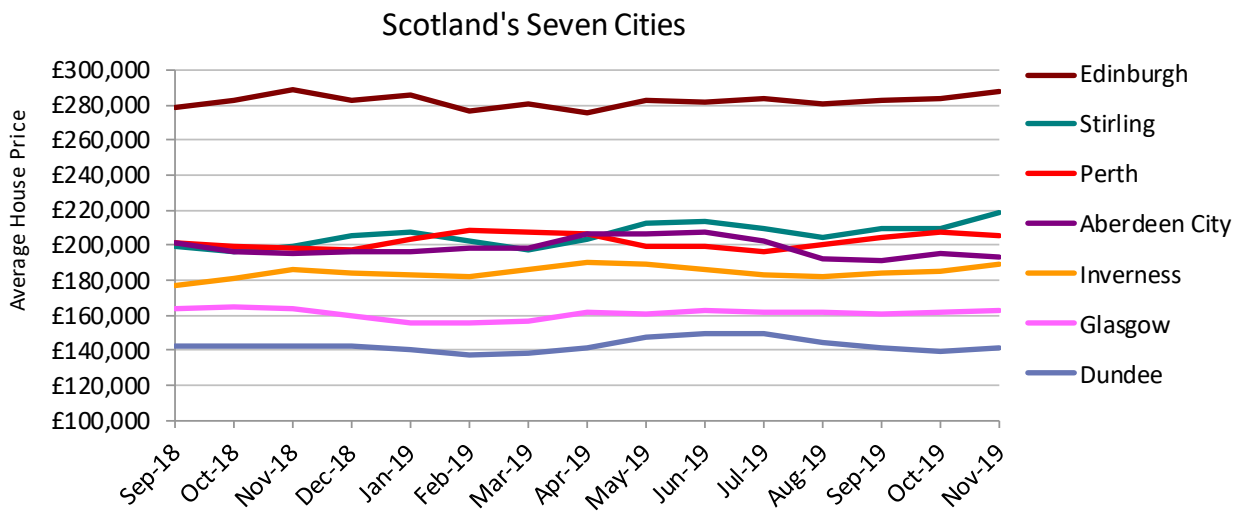


Figure 5. Average house prices for Scotland's seven cities from September 2018–November 2019 [link to source Excel](#)

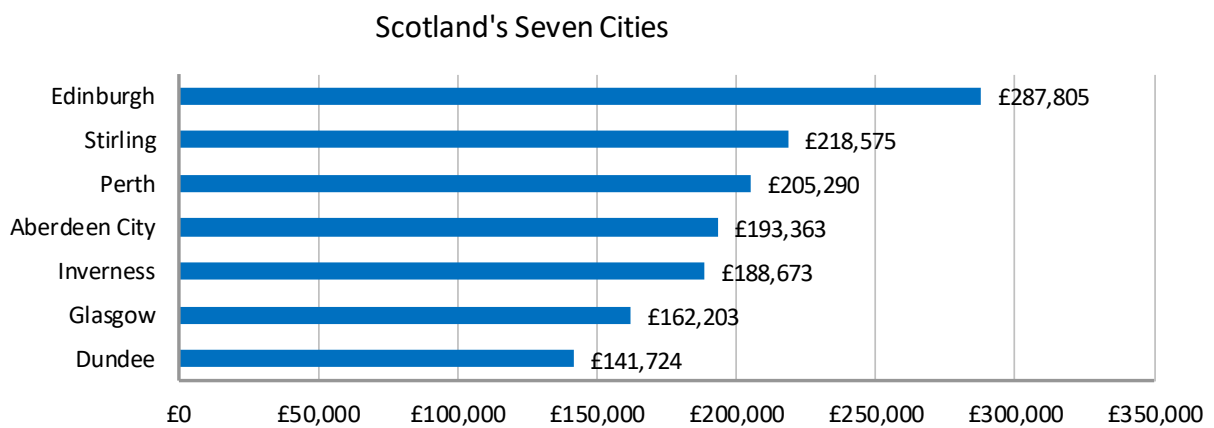


Figure 6. Average house prices for Scotland's seven cities November 2019 [link to source Excel](#)

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1. 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. 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 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 (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 Acadata Scotland HPI, like the Acadata E&W HPI, comprises a smoothed average of three months' prices, the 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 Acadata E&W HPI. Please note that:

- we provide only a current month average price for England & Wales as a whole in our 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 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 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. 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 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 filled using the same procedure used in Acadata E&W and, by Eurostat, in preparing seasonal data.

5. Note that 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 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. 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 Acadata Scotland HPI results and neither 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; 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 Acadata Scotland HPI, together with historic data, can be purchased from Acadata.

8. Acadata E&W HPI was published under the name FTHPI from September 2003 until December 2009. Until the October 2013 Acadata E&W HPI was published, it was prepared by Acadametrics as was the 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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