

Scotland's average house price exceeds £200,000

- ✓ Average house prices reach record levels in 22 local authority areas
- ✓ Transactions in October and November at their highest levels for last six years (December totals still being counted)
- ✓ Annual price growth at 8.5% - highest since March 2015

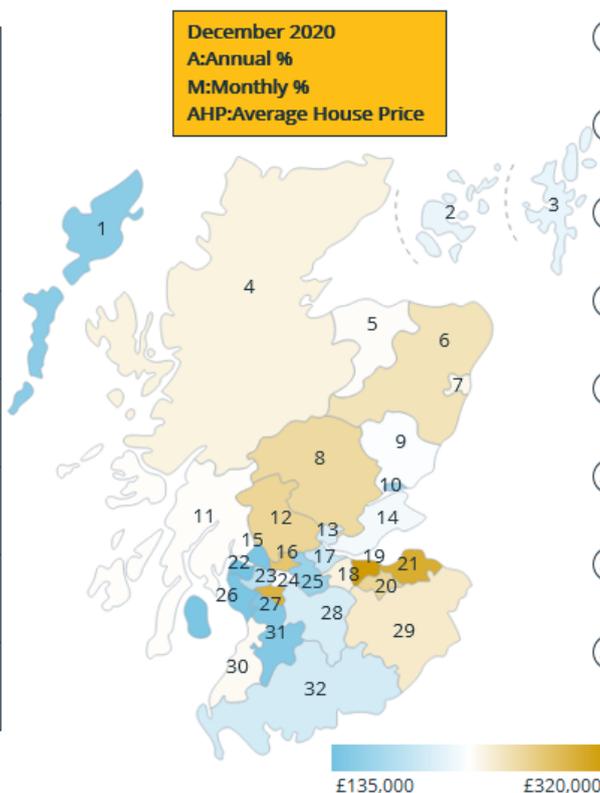
Notes:

- The *Walker Fraser Steele House Price Index (Scotland)* was formerly the *Your Move Acadata House Price Index*. Content and methodology are unchanged. Please refer to the Notes at the end for more information.
- Walker Fraser Steele is the trading name of e.surv Chartered Surveyors in Scotland.

House Price	Index	Monthly Change %	Annual Change %
£202,170	264.8	2.3	8.5

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1 Na h-Eileanan Siar A 18.7% M -0.3% AHP £144,797	2 Orkney Islands A -2.6% M 1.1% AHP £174,647
5 Moray A 7.0% M 4.2% AHP £185,315	6 Aberdeenshire A 4.7% M 2.5% AHP £219,978
9 Angus A 6.1% M 1.5% AHP £179,991	10 Dundee City A 6.9% M 0.4% AHP £150,732
13 Clackmannanshire A 11.3% M 1.1% AHP £170,289	14 Fife A 10.2% M 2.3% AHP £177,842
17 Falkirk A 7.2% M 1.1% AHP £164,936	18 West Lothian A 11.5% M 5.4% AHP £199,172
21 East Lothian A 12.5% M 2.3% AHP £293,157	22 Inverclyde A 9.8% M -1.0%
25 North Lanarkshire A 4.6% M 0.1% AHP £149,584	26 North Ayrshire A 10.7% M 2.9% AHP £139,938
29 Scottish Borders A 12.5% M 1.4% AHP £210,066	30 South Ayrshire A 12.4% M 1.3% AHP £188,186



3 Shetland Islands A 14.5% M 0.0% AHP £174,286	4 Highland A 6.4% M 3.2% AHP £198,745
7 Aberdeen City A -3.0% M 3.5% AHP £192,741	8 Perth & Kinross A 16.6% M 1.6% AHP £232,745
11 Argyll & Bute A 3.2% M 3.3% AHP £184,259	12 Stirling A 10.5% M 0.5% AHP £238,388
15 West Dunbartonshire A 8.7% M 1.4% AHP £140,381	16 East Dunbartonshire A -1.3% M 3.5% AHP £259,333
19 City of Edinburgh A 11.7% M 4.2% AHP £317,989	20 Midlothian A 7.6% M -0.2% AHP £238,855
23 Renfrewshire A 4.2% M 2.7% AHP £159,781	24 Glasgow City A 11.2% M 0.7% AHP £182,404
27 East Renfrewshire A 10.9% M 4.3% AHP £284,611	28 South Lanarkshire A 3.8% M 0.8% AHP £168,795
31 East Ayrshire A 14.9% M 3.3% AHP £142,346	32 Dumfries & Galloway A 10.8% M 1.5% AHP £167,302

Table 1. Average House Prices in Scotland for the period December 2019 – December 2020
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
December	2019	£186,256	243.9	0.3	2.3
January	2020	£186,595	244.4	0.2	2.7
February	2020	£186,728	244.6	0.1	3.2
March	2020	£186,180	243.8	-0.3	2.0
April	2020	£185,592	243.1	-0.3	1.2
May	2020	£184,346	241.4	-0.7	0.0
June	2020	£186,593	244.4	1.2	1.1
July	2020	£187,623	245.7	0.6	1.8
August	2020	£188,349	246.7	0.4	2.5
September	2020	£188,378	246.7	0.0	2.4
October	2020	£191,966	251.4	1.9	4.1
November	2020	£197,593	258.8	2.9	6.4
December	2020	£202,170	264.8	2.3	8.5

Note: The Walker Fraser Steele House Price Index (Scotland) provides the “average of all prices paid for houses”, including those made with cash.

Alan Penman, Business Development Manager at Walker Fraser Steele, comments:

“The Scottish housing market passed a notable milestone at the end of 2020, as the average property price rose above £200,000 for the first time ever. This new record follows a year of extraordinary growth in the Scottish market – the average price increased by over 8% during the last year and 11% over the last two years.

“The increase in the threshold for the Land and Buildings Transaction Tax (LBTT) played a key role in stimulating the market over 2020. Indeed, the average number of monthly property transactions in 2020 doubled since the measure was introduced in July, though the easing of Coronavirus restrictions may also have played an important part in the increase in activity.

“It’s also worth noting that the economic effects of Coronavirus have not been felt equally and while many Scottish households have struggled financially, some have been able to use the pandemic to bolster their savings. Working from home while cutting out the costs of commuting and socialising has provided an unexpected opportunity for some to save towards a deposit for a property.

“These buyers have also benefited from very low interest rates, which have encouraged many to enter the property market, while also disincentivising saving. The result of this cumulative stimulus has been a record-breaking year for the Scottish property market.”

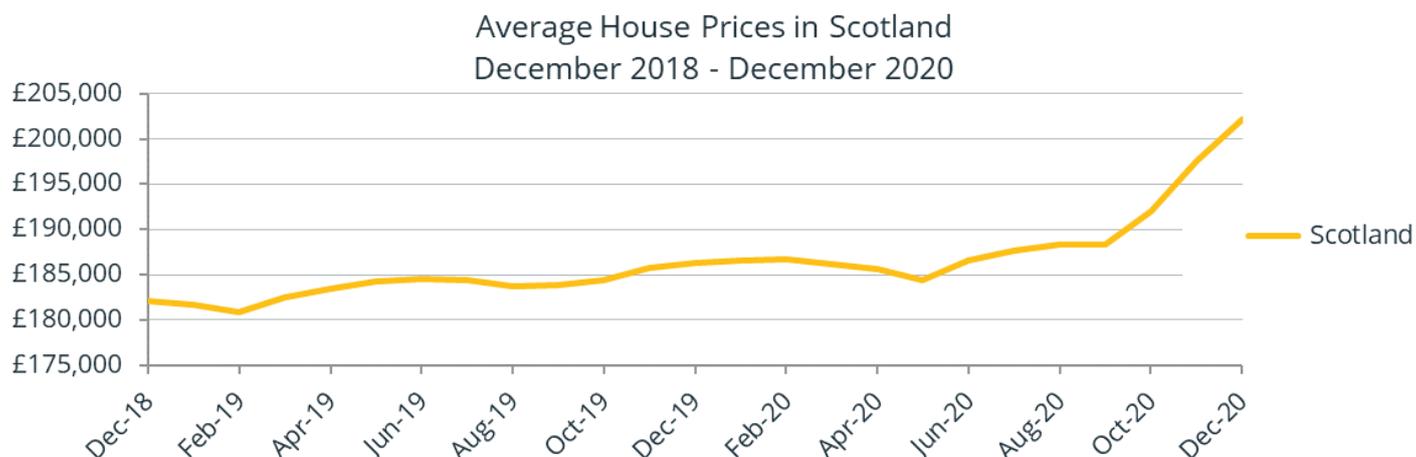
Commentary: John Tindale, Acadata Senior Housing Analyst

The December housing market

Figure 1 below shows the average price of homes in Scotland over the last two years. These are actual prices (nominal), not adjusted for inflation (real). They are however adjusted for the mix of property types and seasonal effects. Basically, there has been a relatively moderate rise in prices since December 2018, with an acceleration in the rate since mid-2020. As this suggests, recent activity has been shaped by the COVID-19 crisis with the various lockdowns having an effect. With the introduction of the Land and Buildings Transaction Tax (LBTT) holiday in mid-year, along with the ending of the first lockdown, the market gathered considerable momentum.

The average house price exceeded the largely psychological £200,000 barrier for the first time in Scotland in December, a notable milestone. Indeed, average prices in nominal terms in December were some 8.5% higher than a year earlier, and 11.0% up over the last two years. By way of contrast, consumer prices as measured by the CPIH – the Government’s preferred measure for consumer price inflation – has increased by 0.8% over the last year and 2.1% over the last two. Clearly, house price inflation has exceeded that of consumer prices over this period.

Figure 1. The average house price in Scotland, for the period December 2018 to December 2020 ([Link to source Excel](#))



Four local authority areas accounted for 40% of the rise of £4,577 in the average house price in Scotland in December, being the City of Edinburgh, up 4.2%, West Lothian, up 5.4%, Highland, up 3.2% and Fife, up 2.3%. As we show on page 5, there was a near record number of properties selling at prices higher than £750k in the month, both in Edinburgh and elsewhere throughout Scotland. Indeed, there has been a country-wide increase in demand for mid- to higher-priced properties, which has resulted in 28 of the 32 Local Authority areas recording price rises over the last month, as well as 29 over the last twelve months.

Scotland’s price increase of 2.3% in December is the second-highest monthly rate since March 2015, which was the month prior to the introduction of the pre-announced Land and Buildings Transaction Tax - replacing the former UK wide Stamp Duty Land Tax - with higher rates of tax being charged on properties having a value greater than £254k.

The LBTT tax, or rather the temporary holiday for some from having to pay it, is similarly having an effect on the behaviour of the current market. The LBTT used to start at £145,000, at a rate of 2%, but currently with the 'holiday' it now starts at £250,000, hence saving the purchaser up to £2,100 in tax.

Monthly transactions have more than doubled since the introduction of the LBTT holiday in July, although part of this increase is to do with seasonal factors. Within this overall increase, the price range from £145,000 to £250,000 has seen a 102% increase in the number of properties sold. But the highest increase in market share, subsequent to the introduction of the LBTT holiday, has occurred in the price range from £450,000 to £550,000, with a 177% increase in transactions in this particular sector.

As well as the LBTT holiday, there are two other main factors driving the market to its current record levels:-

i) "Lifestyle changes", and the lockdown. During the first phase of the pandemic, all who could were instructed to work from home, which led many to the realisation that with modern communications this could become a potentially permanent feature. Hence for some it was no longer necessary to be within commuting distance of a city. Features of the 'ideal' property changed to include homes with study areas, gardens, and proximity to open and possibly less crowded spaces. An appetite for larger homes had thus been created.

The up-market estate agents in London were also reporting that a number of their clients were preparing to move away from the Capital, with many selecting Scotland as their preferred destination.

ii) "Low Interest rates". Interest rates are currently close to an historic low. This has a two-fold effect on the demand for housing. Firstly, the long-term cost of owning a property is reduced, with interest payments being less of an outgoing for a given price. Secondly, because the interest earned on spare cash is minimal, there are many who are tempted to purchase a property as a 'buy-to-let' investment opportunity, as the rental yield is currently higher than leaving the cash in the bank.

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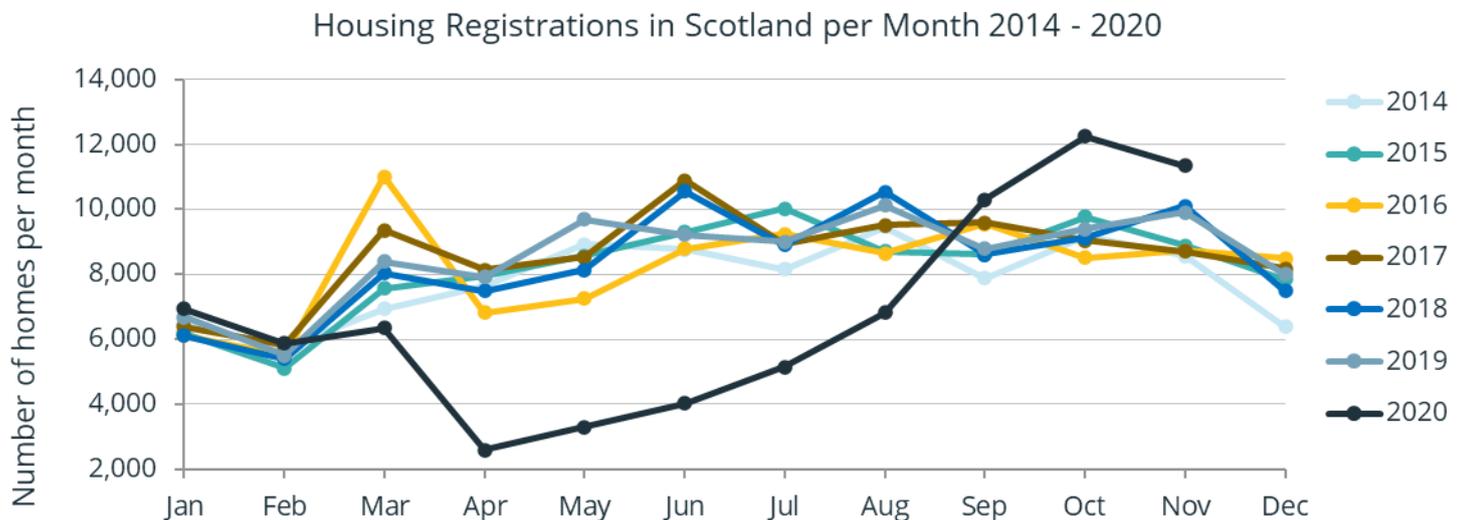
Transactions analysis

Monthly transaction counts

Figure 2, on the next page, shows the monthly transaction count for purchases during the period January 2014 to November 2020, based on RoS (Registers of Scotland) figures for the Date of Entry. The fall in the number of transactions for the period April 2020 to August 2020 is clearly visible. However, as the graph shows, the number of sales in both October and November 2020 has surpassed all the monthly totals of the previous six years. We anticipate that the December 2020 total will similarly match or exceed the previous year's figures. The number of transactions in October and November indicate a widespread increase in the demand for homes, and shows that the market is not solely being powered by a small number of purchases at the top end of the market.

Comparing the first eleven months of 2020 with the same period in 2019, Scotland's 2020 sales are running at 79% of their 2019 total. The equivalent figure for England and Wales combined for the same period shows that sales are running at 75% of the 2019 totals.

Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2020 (Source: Registers of Scotland.) ([Link to source Excel](#))



Scotland transactions of £750k or higher

Table 2. The number of transactions by month in Scotland greater than or equal to £750k, January 2015 - December 2020 ([Link to source Excel](#))

Sales of £750k+						
Month	2015	2016	2017	2018	2019	2020
1	33	27	19	35	43	49
2	42	20	15	52	26	33
3	231	57	25	34	35	28
4	2	27	29	24	36	11
5	14	20	31	32	54	16
6	26	47	43	40	60	34
7	15	36	55	44	61	39
8	41	54	62	60	61	37
9	46	44	56	70	59	67
10	23	52	48	55	40	108
11	48	38	37	58	58	101
12	34	23	40	31	49	82
Total	555	445	460	535	582	605

Table 2 shows the number of transactions per month in Scotland 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.

Table 2 shows that the number of such sales from January to December 2020 totals 605, which is the largest total of the last six years, despite the pandemic having had a depressing effect on the market during the first half of 2020.

As can be seen, the number of high-value transactions started to pick-up in September with sales in October and November exceeding the levels reached in all other months, except March

2015, which, as stated above, was the month preceding the introduction of the LBTT in April 2015.

The LBTT holiday, announced in July 2020, may well have incentivised many to purchase more expensive homes, spurred on by the desire to relocate to larger homes with more space. We anticipate that further properties may yet increase the totals for November and December 2020, as further data remain to be processed by Registers of Scotland for these months.

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Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing December 2019 with November and December 2020 ([Link to source Excel](#))

	Rank By Price	Local Authority Area	Dec-19	Nov-20	Dec-20	Month % Change	Annual % Change
1	1	City of Edinburgh	£284,790	£305,096	£317,989	4.2%	11.7%
3	2	East Lothian	£260,615	£286,549	£293,157	2.3%	12.5%
4	3	East Renfrewshire	£256,648	£272,987	£284,611	4.3%	10.9%
2	4	East Dunbartonshire	£262,695	£250,617	£259,333	3.5%	-1.3%
5	5	Midlothian	£221,901	£239,274	£238,855	-0.2%	7.6%
6	6	Stirling	£215,740	£237,296	£238,388	0.5%	10.5%
8	7	Perth and Kinross	£199,556	£229,131	£232,745	1.6%	16.6%
7	8	Aberdeenshire	£210,056	£214,541	£219,978	2.5%	4.7%
11	9	Scottish Borders	£186,698	£207,158	£210,066	1.4%	12.5%
13	10	West Lothian	£178,654	£189,002	£199,172	5.4%	11.5%
10	11	Highland	£186,763	£192,524	£198,745	3.2%	6.4%
9	12	Aberdeen City	£198,659	£186,298	£192,741	3.5%	-3.0%
17	13	South Ayrshire	£167,500	£185,792	£188,186	1.3%	12.4%
15	14	Moray	£173,271	£177,871	£185,315	4.2%	7.0%
14	15	Argyll and Bute	£178,500	£178,307	£184,259	3.3%	3.2%
18	16	Glasgow City	£164,025	£181,200	£182,404	0.7%	11.2%
16	17	Angus	£169,683	£177,379	£179,991	1.5%	6.1%
20	18	Fife	£161,342	£173,884	£177,842	2.3%	10.2%
12	19	Orkney Islands	£179,362	£172,725	£174,647	1.1%	-2.6%
24	20	Shetland Islands	£152,182	£174,333	£174,286	0.0%	14.5%
23	21	Clackmannanshire	£152,995	£168,423	£170,289	1.1%	11.3%
19	22	South Lanarkshire	£162,638	£167,494	£168,795	0.8%	3.8%
25	23	Dumfries and Galloway	£151,025	£164,847	£167,302	1.5%	10.8%
21	24	Falkirk	£153,912	£163,199	£164,936	1.1%	7.2%
22	25	Renfrewshire	£153,316	£155,523	£159,781	2.7%	4.2%
27	26	Dundee City	£141,062	£150,084	£150,732	0.4%	6.9%
26	27	North Lanarkshire	£143,050	£149,377	£149,584	0.1%	4.6%
32	28	Na h-Eileanan Siar	£121,973	£145,262	£144,797	-0.3%	18.7%
31	29	East Ayrshire	£123,850	£137,755	£142,346	3.3%	14.9%
28	30	West Dunbartonshire	£129,145	£138,501	£140,381	1.4%	8.7%
29	31	North Ayrshire	£126,437	£136,023	£139,938	2.9%	10.7%
30	32	Inverclyde	£125,293	£138,966	£137,632	-1.0%	9.8%
All Scotland			£186,256	£197,593	£202,170	2.3%	8.5%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for December 2019, as well as for November and December 2020, calculated on a seasonal- and mix-adjusted basis. The ranking in Table 3 is based on the local authority area's average house price for December 2020.

Annual change

The average house price in Scotland at the end of December has increased by some £15,900, or 8.5%, over the last year. This annual rate is +2.1% higher than our revised rate of 6.4% seen in November 2020. In December, 29 of the 32 local authority areas in Scotland have seen house prices rise over the year, which is the same number as seen in November 2020.

In December 2020, the highest annual increase in prices of the 32 local authority areas occurred in Na h-Eileanan Siar at 18.7%: however, areas which have low transaction numbers tend to have volatile movements in their average house prices, particularly when expressed in percentage terms. Na h-Eileanan Siar is a case in point - here only 24 transactions took place in December. Perth and Kinross is in second place, with a price increase over the last year of 16.6%.

Sales in Perth and Kinross for the period included the area's three most expensive detached properties of the calendar year. The first of these was a splendid home near to Acharn, with waterside access to Loch Tay, purchased for £1.9 million, with one of its many features specifically mentioned in the brochure as being "superfast broadband". The second had 5 bedrooms, a swimming pool, games room and home cinema, located close to Perth, which sold for £1.4 million and the third in Pitlochry, with direct access to the River Tay, which sold for £1.35 million.

In December, on a weight-adjusted basis - which takes into account both the percentage change in prices and the number of properties sold - the cities of Edinburgh and Glasgow collectively accounted for 36% of the uplift of £15,914 in Scotland's average house price over the last year. Indeed, if we add Fife and Perth and Kinross to these two cities, then we have explained 50% of the increase in prices that has taken place at the national level over the last year.

In both Glasgow and Edinburgh, it is the price of flats that has had the largest influence on prices over the last twelve months, with Glasgow flats up from an average £143k in December 2019 to an average £160k this December, while in Edinburgh the equivalent figures are up from £250k to £275k.

In Fife, all property types have seen an increase in prices over the year, with detached homes having the highest increase in prices from £255k in December 2019 to £280k one year later. The 'property of the month' must, however, be an apartment at the Hamilton Grand in St Andrews, Fife, overlooking the 18th green of the Old Course, which sold for £2 million. Hamilton Grand owners who are permanently resident are eligible to apply for a Links Ticket. This ticket gives residents the right to play on all seven golf courses in and around St Andrews (including The Old Course itself).

Monthly change

In December 2020, average house prices in Scotland have risen by some £4,575, or +2.3%, from their level in November, and now stand at £202,170. The December 2020 average house price sets another record level for Scotland, for the seventh month in succession.

In December, 28 local area authorities saw prices rise in the month, with 4 seeing price falls. This was one less local authority having a positive movement in house prices, compared to November.

The area with the highest increase in prices in the month was West Lothian, up by 5.4%. West Lothian's housing statistics for December include two detached homes both selling for £1 million,

which are the joint second-most expensive properties sold in West Lothian over the last twelve months.

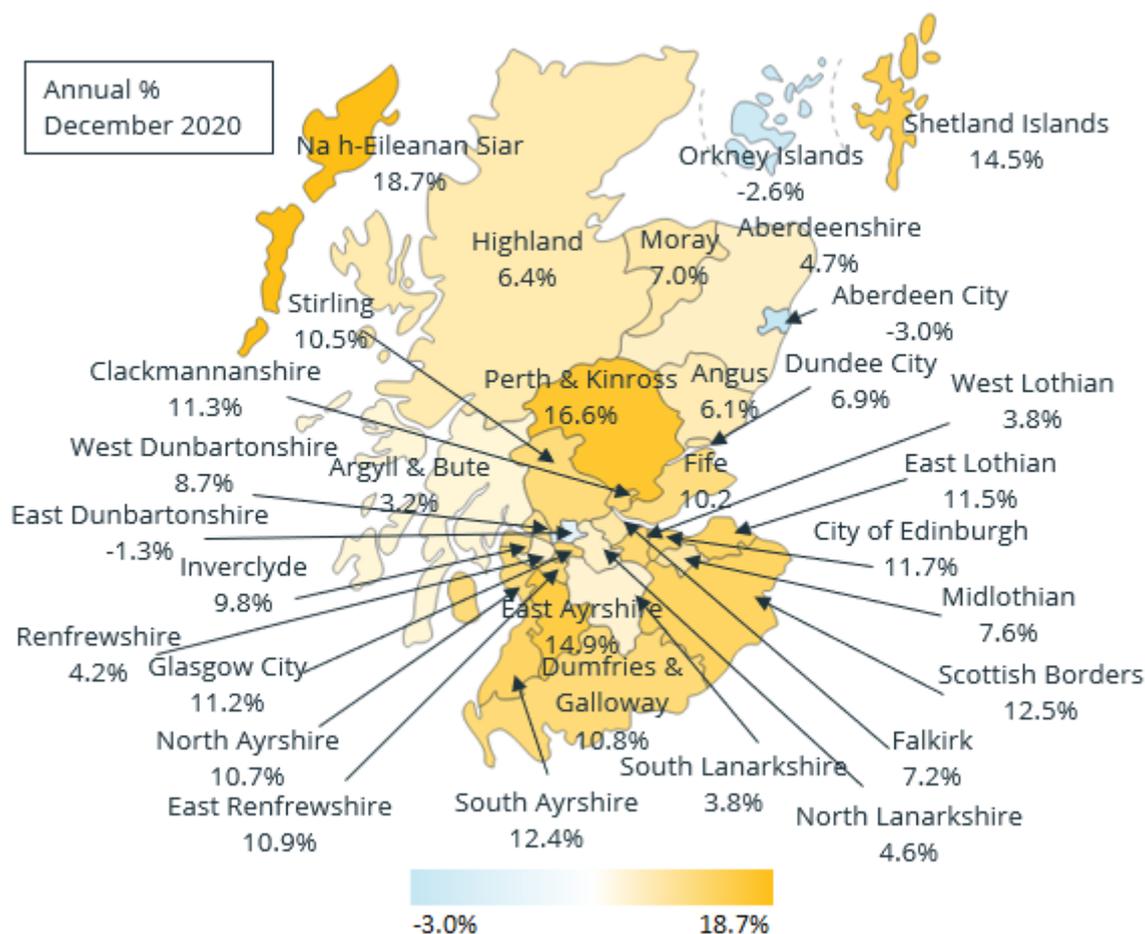
Peak Prices

Each month, in Table 3 above, we highlight in light blue the local authority areas which have reached a new record in their average house prices. In December there are 22 such authorities, up from 21 in November. This means that December 2020 takes the title as the month with the highest number of local authorities with record prices since January 2005, at the commencement of our database.

As we commented last month, it is perhaps not surprising that so many authorities are currently witnessing their highest-ever average prices for properties purchased in a month. As reported above, in the last four months there have been more homes selling at a price of £750k or higher than in any other month, bar one, over the last six years.

Heat Map

The heat map below shows the rate of house price growth for the 12 months ending December 2020.



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Comparisons with Scotland

Figure 3. Scotland house prices, compared with England and Wales, Wales, North East and North West for the period January 2005-December 2020 ([Link to source Excel](#))

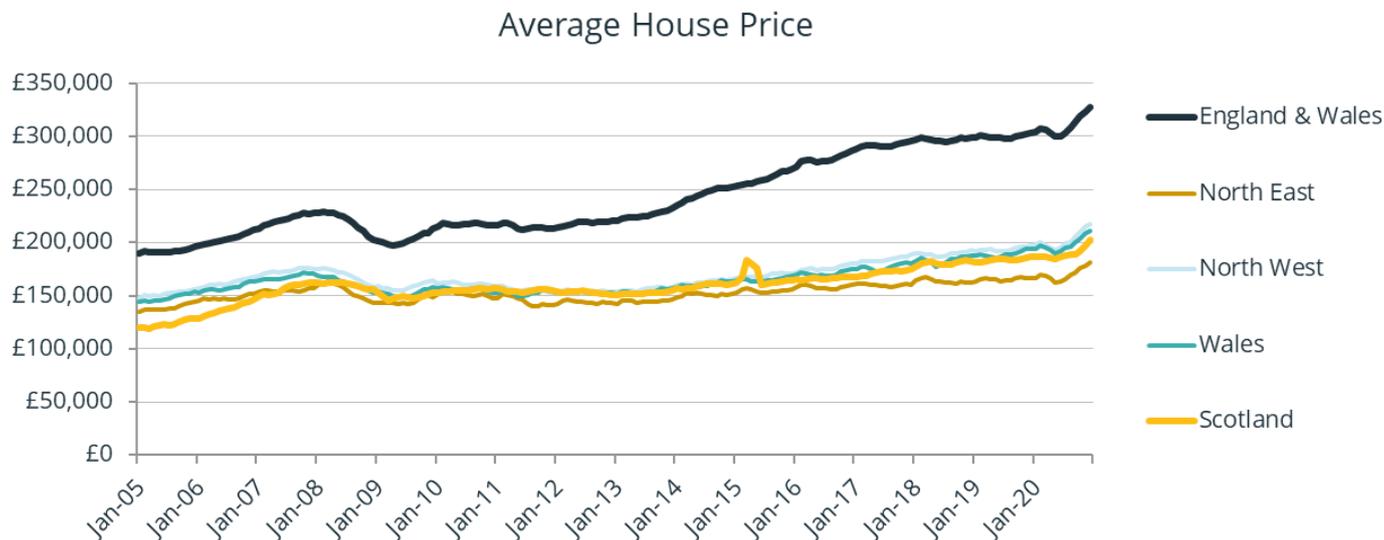
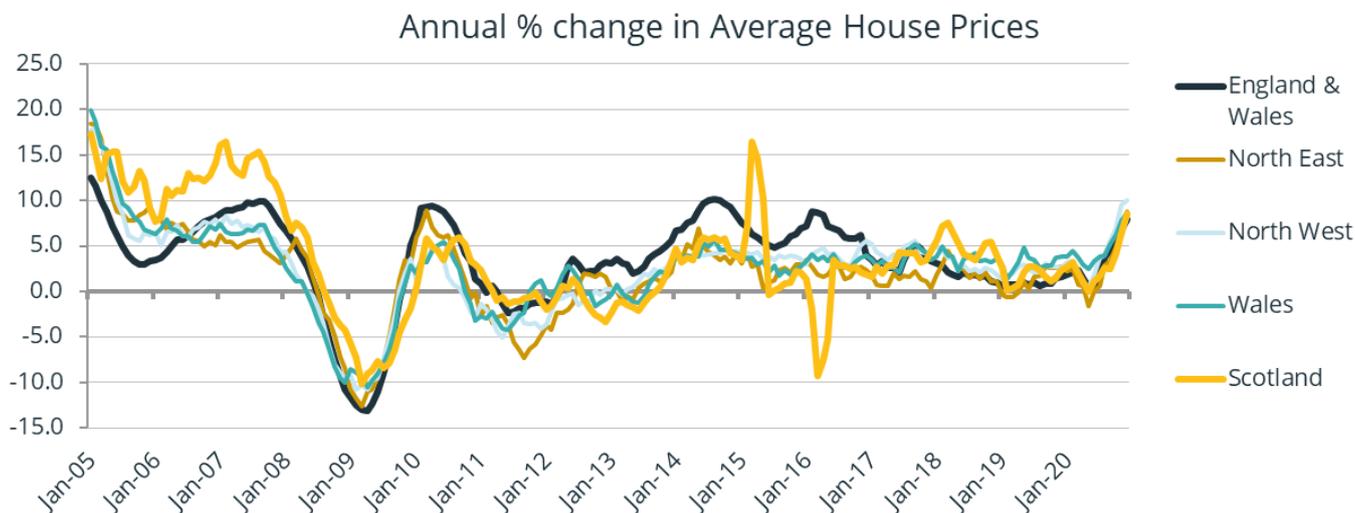


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-December 2020 ([Link to source Excel](#))



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Scotland's Seven Cities

Figure 5. Average house prices for Scotland's seven cities from October 2019–December 2020 ([Link to source Excel](#))

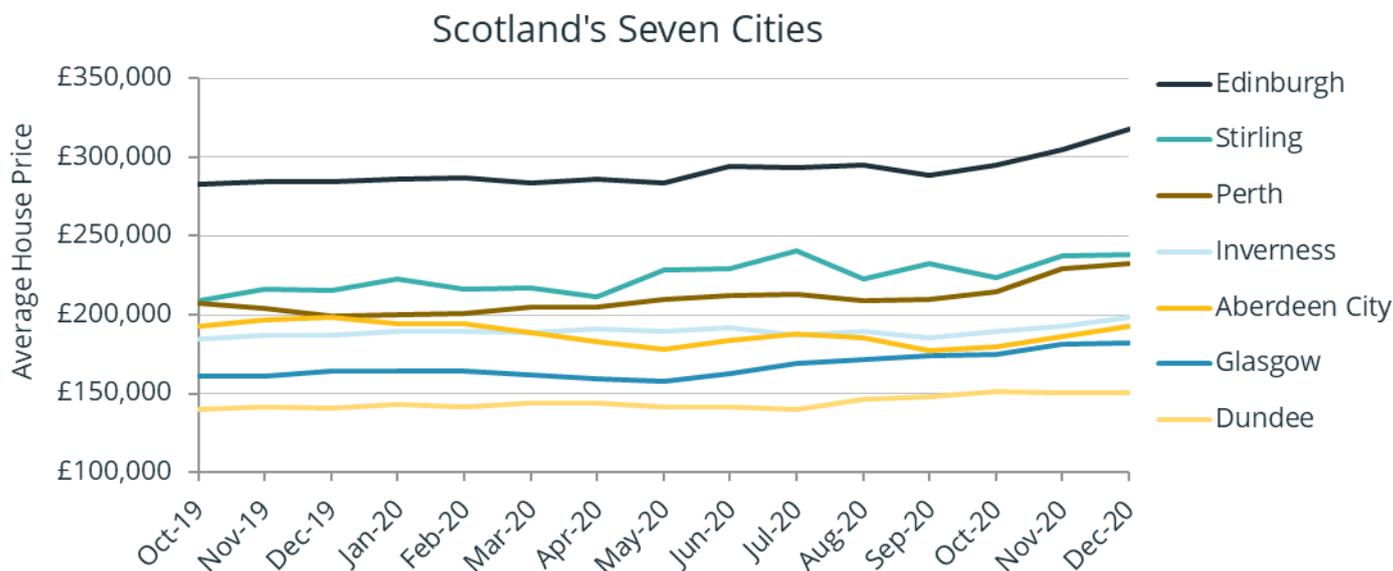
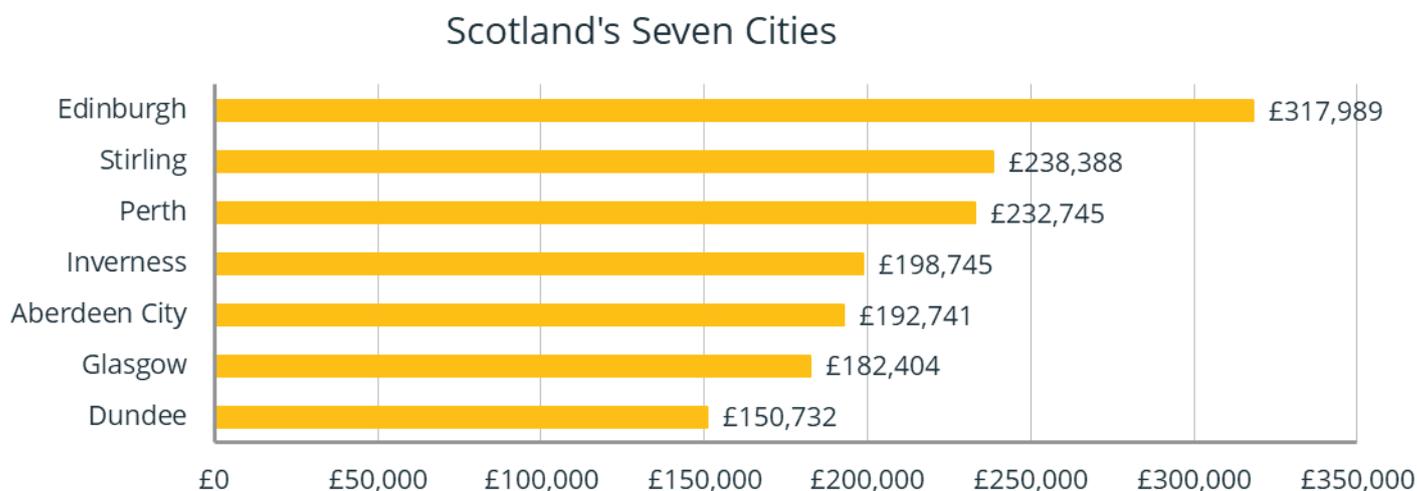


Figure 6. Average house prices for Scotland's seven cities December 2020 ([Link to source Excel](#))



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Notes

The *Walker Fraser Steele House Price Index* was formerly the *Your Move Acadata House Price Index* and is produced by Acadata. Content and methodology are unchanged.

1. The Walker Fraser Steele HPI (Scotland) 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 Walker Fraser Steele HPI (Scotland) is not forecast, unlike the e.surv HPI (England and Wales) but is based on achieved prices. The first release of the Scotland results lag the first release of those for England and Wales by one month, as the former index does not use estimates of market prices.
3. While the Walker Fraser Steele HPI (Scotland), like the e.surv HPI (England and Wales), comprises a smoothed average of three months' prices, the Walker Fraser Steele HPI (Scotland) 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 e.surv HPI (England and Wales). Since we provide only a national England and Wales average price in our current month e.surv HPI (England and Wales) and prices at region and lower levels are lagged one month, this procedure means that the Walker Fraser Steele HPI (Scotland) prices are contemporaneous with the prices published for the equivalent month for England and Wales and the regions. All Walker Fraser Steele HPI (Scotland) 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. Walker Fraser Steele HPI (Scotland) 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

For further footnotes and a description of the methodology used in the Walker Fraser Steele HPI (Scotland) please click [here](#).

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About Walker Fraser Steele

Walker Fraser Steele is one of the longest established Chartered Surveyor brands in Scotland. We're proud of our Scottish heritage and reputation, which has allowed us to stay at the forefront of the residential property market in Scotland for well over a century.

In June 2013, the business joined forces with [e.surv Chartered Surveyors](#) (part of [LSL Property Services plc](#)). e.surv is the UK's leading provider of residential valuation and surveying services and brings technical expertise and award-winning know-how to complement our in-depth knowledge of local markets. This is a unique formula that adds huge value for our clients and customers.

We provide Home Reports, Mortgage Valuations and Energy Reports to Scottish homeowners, and valuations and property risk advice to a large proportion of UK lenders.

For further information, please visit our website: www.walkerfrasersteele.co.uk

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