

Average house prices fall by £250 in May

- ✓ Orkney and Shetland Islands have highest annual house price growth in Scotland
- ✓ Aberdeen City sees largest rise in prices in May (on the mainland)
- ✓ Transactions return to near normal levels in May

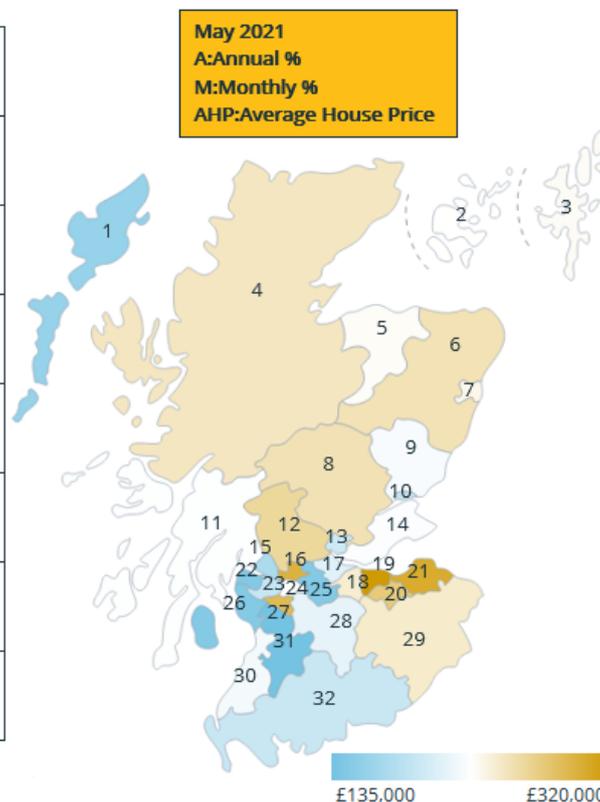
Notes:

- The *Walker Fraser Steele Acadata House Price Index (Scotland)* was formerly named 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 %
£203,811	266.9	-0.1	11.0

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1 Na h-Eileanan Siar A 5.1% M 9.4% AHP £146,539	2 Orkney Islands A 28.8% M -0.9% AHP £183,198
5 Moray A 12.0% M -0.2% AHP £187,326	6 Aberdeenshire A 7.9% M -0.6% AHP £221,960
9 Angus A 3.0% M -4.1% AHP £179,895	10 Dundee City A 13.6% M 1.0% AHP £162,685
13 Clackmannanshire A 13.0% M -2.6% AHP £165,254	14 Fife A 12.2% M 0.5% AHP £181,495
17 Falkirk A 10.2% M 1.2% AHP £172,189	18 West Lothian A 11.3% M 2.2% AHP £207,536
21 East Lothian A 11.1% M 1.3% AHP £292,874	22 Inverclyde A 9.0% M 0.5% AHP £139,800
25 North Lanarkshire A 10.5% M 1.4% AHP £153,459	26 North Ayrshire A 10.9% M -1.8% AHP £140,203
29 Scottish Borders A 11.9% M 1.9% AHP £210,041	30 South Ayrshire A 15.5% M -2.7% AHP £178,990



3 Shetland Islands A 27.7% M 9.5% AHP £188,317	4 Highland A 13.0% M 0.8% AHP £215,678
7 Aberdeen City A 8.9% M 3.7% AHP £193,355	8 Perth & Kinross A 5.1% M -4.3% AHP £222,125
11 Argyll & Bute A 7.8% M 1.8% AHP £182,033	12 Stirling A 3.1% M -2.4% AHP £234,891
15 West Dunbartonshire A 22.2% M 2.0% AHP £153,998	16 East Dunbartonshire A 14.1% M -0.7% AHP £283,967
19 City of Edinburgh A 11.5% M -0.2% AHP £315,517	20 Midlothian A 14.4% M -1.7% AHP £252,988
23 Renfrewshire A 6.2% M 2.3% AHP £162,903	24 Glasgow City A 16.2% M -0.3% AHP £183,282
27 East Renfrewshire A 9.9% M -0.6% AHP £272,791	28 South Lanarkshire A 8.1% M -1.9% AHP £174,251
31 East Ayrshire A 7.9% M -1.9% AHP £134,504	32 Dumfries & Galloway A 11.4% M -2.2% AHP £163,949

Table 1. Average House Prices in Scotland for the period May 2020 – May 2021
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
May	2020	£183,532	240.4	-0.5	0.1
June	2020	£186,065	243.7	1.4	1.3
July	2020	£187,294	245.3	0.7	1.9
August	2020	£188,121	246.4	0.4	2.5
September	2020	£188,009	246.2	-0.1	2.3
October	2020	£190,770	249.9	1.5	3.8
November	2020	£195,149	255.6	2.3	5.8
December	2020	£198,482	260.0	1.7	7.5
January	2021	£200,294	262.3	0.9	8.0
February	2021	£202,262	264.9	1.0	8.8
March	2021	£206,515	270.5	2.1	11.5
April	2021	£204,061	267.3	-1.2	10.7
May	2021	£203,811	266.9	-0.1	11.0

Note: The Walker Fraser Steele Acadata 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 market has undoubtedly softened in terms of transaction numbers. As the end of the LBTT (Land and Buildings Transaction Tax) holiday drew nearer, many purchasers made a concerted effort to bring forward their purchases into March 2021 to take advantage of the tax break. The impact of the tax holiday should not be underestimated. The number of sales in Q1 2021 and compared with Q1 2020 are up by 39% quarter on quarter.

“The decline in transactions since the end of March has dampened prices slightly. We saw the fall in April’s average house price of £2,450 (-1.2%), and May’s further decline of £250 (-0.1%). But this must be seen in the overall context of an otherwise very resilient Scottish housing market. The average house price in Scotland passed the £200,000 threshold in January 2021 and at the end of May now stands at £203,811.

“Many people will be wondering what next for Scottish house prices. The summer traditionally brings good tidings for sellers and buyers as longer days and better weather often means more viewings. Combined with a lack of overall supply, increased competition for the homes that are available can support values. But this market is unique and our collective confidence in the national response to the pandemic and appetite to continue moving as a nation at the current rate will underpin what happens next.”

Commentary: John Tindale, Acadata Senior Housing Analyst

The May housing market

House prices in Scotland in May continued to fall, albeit by the slenderest of margins, down by -0.1% in the month. This follows on from the ending of the LBTT (Land and Buildings Transaction Tax) holiday at the end of March 2021, with a consequential fall in April's average house price of £2,450 (-1.2%), and May's further decline of £250 (-0.1%).

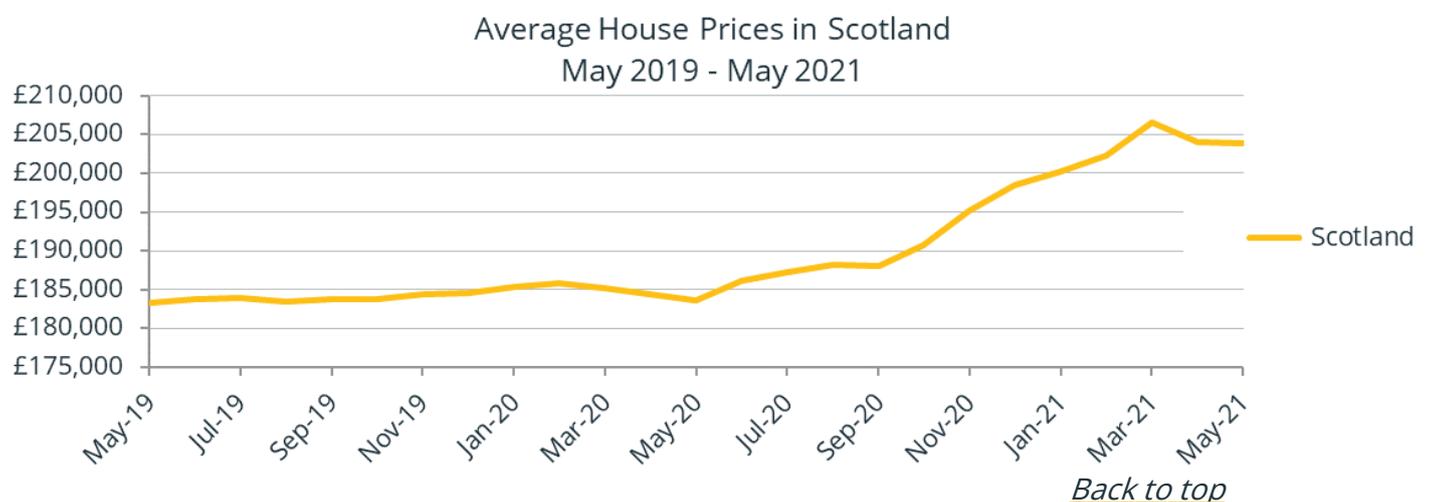
The annual growth rate in prices was similarly affected by the ending of the LBTT holiday, down from a peak of 11.5% in March to 10.7% in April. However, the annual rate has climbed back up to 11.0% in May, but this has more to do with the fall in prices twelve months earlier in May 2020 (down -0.5% in that month), as opposed to an increase in demand for higher-value properties in May 2021.

Looking at Figure 1 below, which tracks the average house price in Scotland for the last two years, from May 2019 to May 2021, we can see that house prices hardly changed over the first twelve months - in fact, the growth amounted to just +0.1% over this period. However, from May to September 2020 prices began to pick up, with the rate of growth accelerating from October 2020 through to March 2021, when these rates reached their peak of 11.5% per annum. The fall in prices in April can also be seen, and to a lesser extent in May 2021, following the ending of the tax holiday in March 2021.

The average house price in Scotland passed the £200,000 threshold in January 2021, and stands at £203,811 at the end of May. It will be interesting to watch the direction of travel in house prices over the next few months.

In general terms, house prices in Scotland tend to rise over the summer months, with more daylight hours for viewing properties, and usually better weather. An additional factor this year is the lack of properties coming to the market, as sellers look to find their next property before putting their existing homes up for sale. This shortage of properties for sale increases the competition for homes that are available, helping to maintain - or increase - their values. Against these positive factors, the ending of the tax holiday is currently having a negative impact on prices, and it is a question how long the impetus for moving to larger premises - which has become a feature of the pandemic - will remain?

Figure 1. The average house price in Scotland, for the period May 2019 to May 2021 ([Link to source Excel](#))



Transactions analysis

Monthly transaction counts

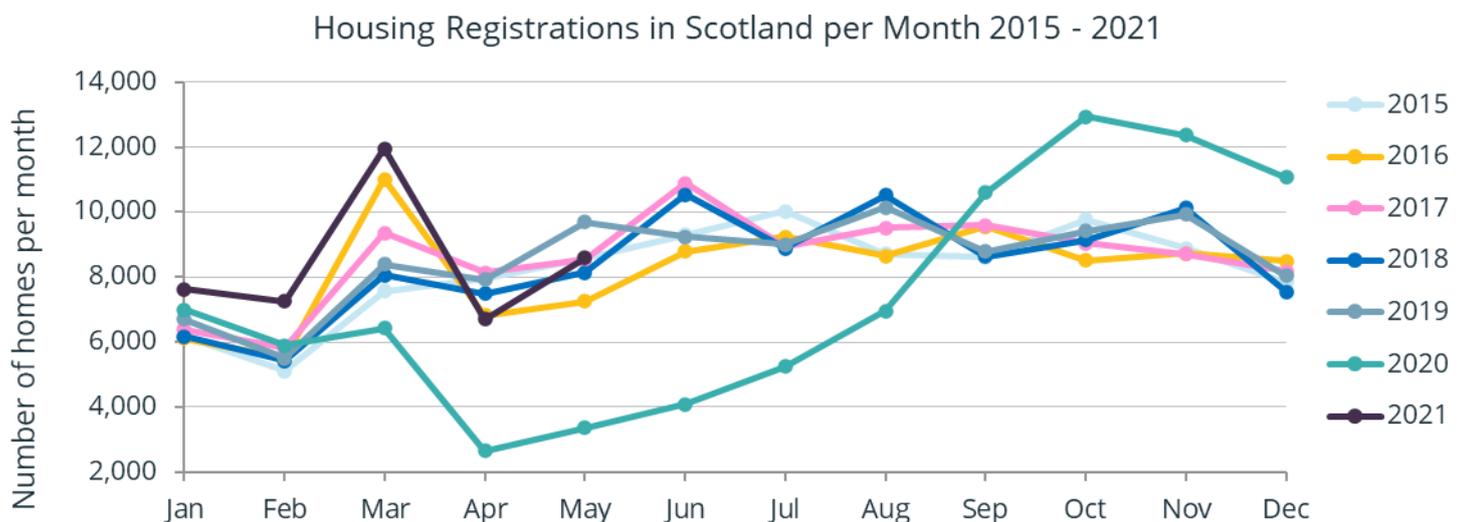
Figure 2 below shows the monthly transaction count for purchases during the period January 2015 to April 2021, based on RoS (Registers of Scotland) figures for the Date of Entry (Applications Date for May 2021). The fall in the number of transactions for the period March 2020 to August 2020 is clearly visible. However, what is also clearly demonstrated is that the number of sales for each month from September 2020 to March 2021 has surpassed that of the same month in the previous six years.

In addition, the spike in sales that took place in March 2021 - as the tax holiday expiry date came into view - is plain, although this total was exceeded by the sales in October and November 2020, as monthly sales during the pandemic reached their peak. Also clear is the fall in sales in April 2021 to levels below those in all previous years except for 2020, indicating the extent to which buyers had managed to bring forward their purchases into March 2021 to take advantage of the tax holiday.

For the record, the peak in sales in March 2016 was also tax-related, and came one month ahead of the introduction of the 3% LBTT surcharge on second homes and buy-to-let properties, which tax was pre-announced to commence from April 2016.

Comparing total sales in 2020 with those of 2019, there was a 14% fall in the overall size of the market. However, looking at the number of transactions in Q1 2021 and comparing with Q1 2020, sales are up by 39% quarter on quarter.

Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2021. May 2021 totals are based on RoS Application numbers, as entry date totals for that month are not yet available. (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 – May 2021 ([Link to source Excel](#))

Sales of £750k+							
Month	2015	2016	2017	2018	2019	2020	2021
1	33	27	19	35	43	49	65
2	42	20	15	52	26	33	62
3	231	57	25	34	35	29	113
4	2	27	29	24	36	11	43
5	14	20	31	32	54	16	37
6	26	47	43	40	60	35	
7	15	36	55	44	61	41	
8	41	54	62	60	61	40	
9	46	44	56	70	59	67	
10	23	52	48	55	40	113	
11	48	38	37	58	58	108	
12	34	23	40	31	49	104	
Total	555	445	460	535	582	646	320

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 totalled 646, which is the largest total of the last six years, despite the pandemic having had a dampening effect on the market during the first half of 2020.

The three highest monthly totals in the table were in March 2015, with 231 sales, and in October 2020 and March 2021, with both months having 113 sales. The March 2015 total was achieved one month ahead of the introduction of the LBTT in April 2015 and the March 2021 total one month ahead of the ending of the LBTT tax holiday in April 2021. October 2020 indicates the peak of monthly sales during the pandemic and is also clearly visible in Figure 2.

The lack of high-value sales that took place - or rather did not take place - in April 2021 can also be seen. However, the diminution in such high-value sales in April 2021 is not as severe as that of April 2015. Interestingly, in 2015 it took approximately six months for the high-value market to return to more normal levels of sales following the spike in transactions in March of that year. Will this same time-scale in the return of high-value sales similarly apply in 2021?

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Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing May 2020 with April and May 2021
([Link to source Excel](#))

Prior Year Rank	Rank By Price	Local Authority Area	May-20	Apr-21	May-21	Month % Change	Annual % Change
1	1	City of Edinburgh	£282,997	£316,231	£315,517	-0.2%	11.5%
2	2	East Lothian	£263,692	£289,088	£292,874	1.3%	11.1%
3	3	East Dunbartonshire	£248,774	£285,875	£283,967	-0.7%	14.1%
4	4	East Renfrewshire	£248,122	£274,311	£272,791	-0.6%	9.9%
6	5	Midlothian	£221,076	£257,445	£252,988	-1.7%	14.4%
5	6	Stirling	£227,765	£240,720	£234,891	-2.4%	3.1%
7	7	Perth and Kinross	£211,313	£231,986	£222,125	-4.3%	5.1%
8	8	Aberdeenshire	£205,799	£223,403	£221,960	-0.6%	7.9%
9	9	Highland	£190,831	£214,068	£215,678	0.8%	13.0%
10	10	Scottish Borders	£187,671	£206,186	£210,041	1.9%	11.9%
11	11	West Lothian	£186,515	£203,115	£207,536	2.2%	11.3%
12	12	Aberdeen City	£177,539	£186,450	£193,355	3.7%	8.9%
22	13	Shetland Islands	£147,464	£172,020	£188,317	9.5%	27.7%
15	14	Moray	£167,181	£187,769	£187,326	-0.2%	12.0%
18	15	Glasgow City	£157,707	£183,885	£183,282	-0.3%	16.2%
26	16	Orkney Islands	£142,251	£184,936	£183,198	-0.9%	28.8%
14	17	Argyll and Bute	£168,883	£178,756	£182,033	1.8%	7.8%
16	18	Fife	£161,904	£180,623	£181,495	0.5%	12.1%
13	19	Angus	£174,689	£187,572	£179,895	-4.1%	3.0%
20	20	South Ayrshire	£154,943	£184,006	£178,990	-2.7%	15.5%
17	21	South Lanarkshire	£161,151	£177,601	£174,251	-1.9%	8.1%
19	22	Falkirk	£156,278	£170,134	£172,189	1.2%	10.2%
24	23	Clackmannanshire	£146,240	£169,747	£165,254	-2.6%	13.0%
23	24	Dumfries and Galloway	£147,187	£167,607	£163,949	-2.2%	11.4%
21	25	Renfrewshire	£153,325	£159,308	£162,903	2.3%	6.2%
25	26	Dundee City	£143,242	£161,110	£162,685	1.0%	13.6%
31	27	West Dunbartonshire	£126,055	£150,942	£153,998	2.0%	22.2%
28	28	North Lanarkshire	£138,912	£151,342	£153,459	1.4%	10.5%
27	29	Na h-Eileanan Siar	£139,489	£133,978	£146,539	9.4%	5.1%
30	30	North Ayrshire	£126,467	£142,722	£140,203	-1.8%	10.9%
29	31	Inverclyde	£128,283	£139,159	£139,800	0.5%	9.0%
32	32	East Ayrshire	£124,659	£137,099	£134,504	-1.9%	7.9%
All Scotland			£183,532	£204,061	£203,811	-0.1%	11.0%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for May 2020, as well as for April and May 2021, 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 May 2021.

Monthly change

In May 2021, Scotland's average house price fell by £250, or -0.1%, and now stands at £203,811. Prices fell in 17 local authority areas in the month and increased in 15. Of the top 16 areas by average value, i.e. all those authorities above and including the Orkney Islands in Table 3, 10 saw prices fall, with only 6 having price rises. As discussed earlier, this follows on from the ending of the LBTT holiday at the end of March 2021. This acted as an incentive for purchasers to forestall the additional tax which became payable from April 2021 onwards, by bringing forward their purchase date into March 2021 or earlier where possible, thereby reducing the number of high-value sales which took place in both April and May 2021.

The highest increase in average prices in May took place in the offshore Island groups of the Shetland Islands, +9.5%, and Na h-Eileanan Siar, +9.4%, although the Orkney Islands did not fare as well at -0.9% in the month. However, it can be noted that the Orkney Islands are reporting average prices 28.8% higher than a year earlier – the highest annual increase of all the 32 local authority areas in Scotland.

On the mainland, the highest increase in average prices in May was in Aberdeen City, where values rose by 3.7%. Here, all property types saw an increase in their average prices in the month, with the largest increase being in detached properties, assisted by the sale of a detached home for £837,500, on an estate near to the Rubislaw Quarry. Although the quarry is no longer operational, it once was a major source of granite for the construction industry, and is the reason for the naming of Aberdeen as "The Granite City". We calculate that had this sale taken place in March 2021, when the LBTT holiday was still in place, the purchaser would have saved £2,100 on the amount of tax that was paid.

Annual change

The average house price in Scotland has increased by some £20,300, or 11.0%, over the last twelve months, to the end of May. This is 0.3% higher than one month earlier, but this increase has come about due to the reduction in house prices in May 2020, when values fell by -0.5%. At the time of this fall, in May 2020, Scotland was in lockdown due to the pandemic, with the consequent restrictions on opportunities for house viewings.

In May 2021, all local authorities have seen their average prices rise over the previous twelve months – again being assisted in this regard by the fall in prices which occurred one year earlier.

In May 2021, the two highest annual increases in price of the 32 local authority areas were, as discussed above, the Orkney Islands at 28.8% and the Shetland Islands at 27.7%, with the Islands suitably fitting the pandemic requirements of those looking for wide empty spaces in life-changing locations.

Comparisons with Scotland

Figure 3. Scotland house prices, compared with England and Wales, Wales, North East and North West for the period January 2005-May 2021 ([Link to source Excel](#))

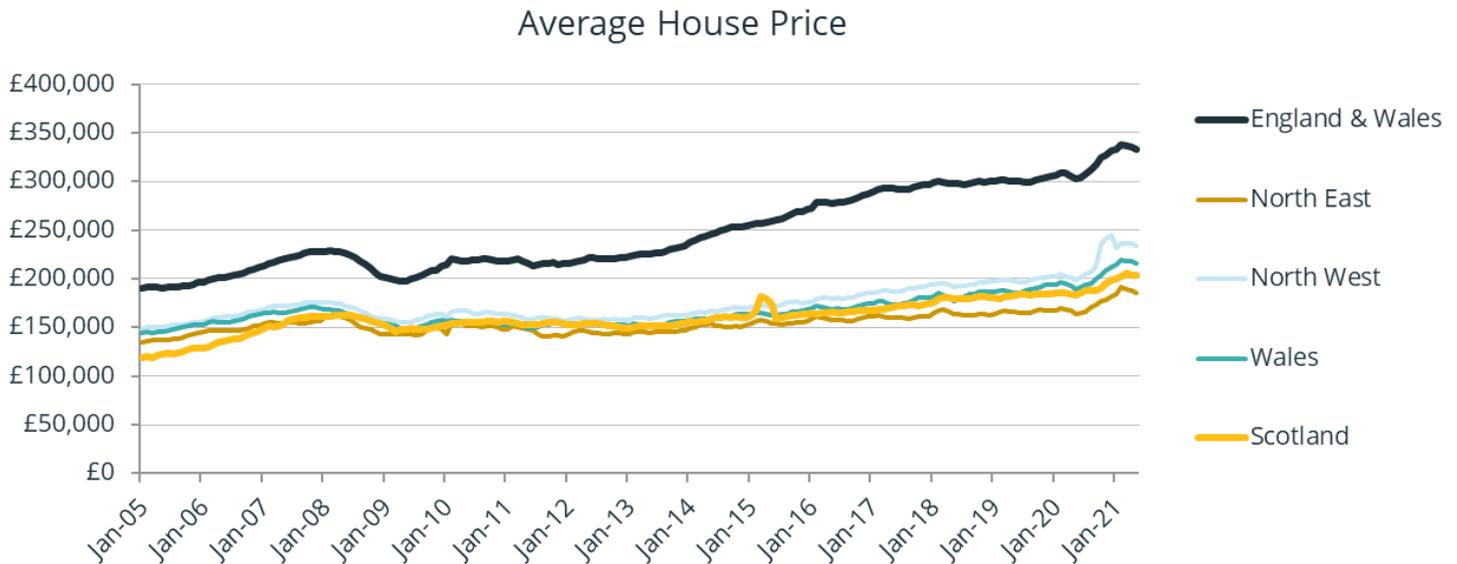
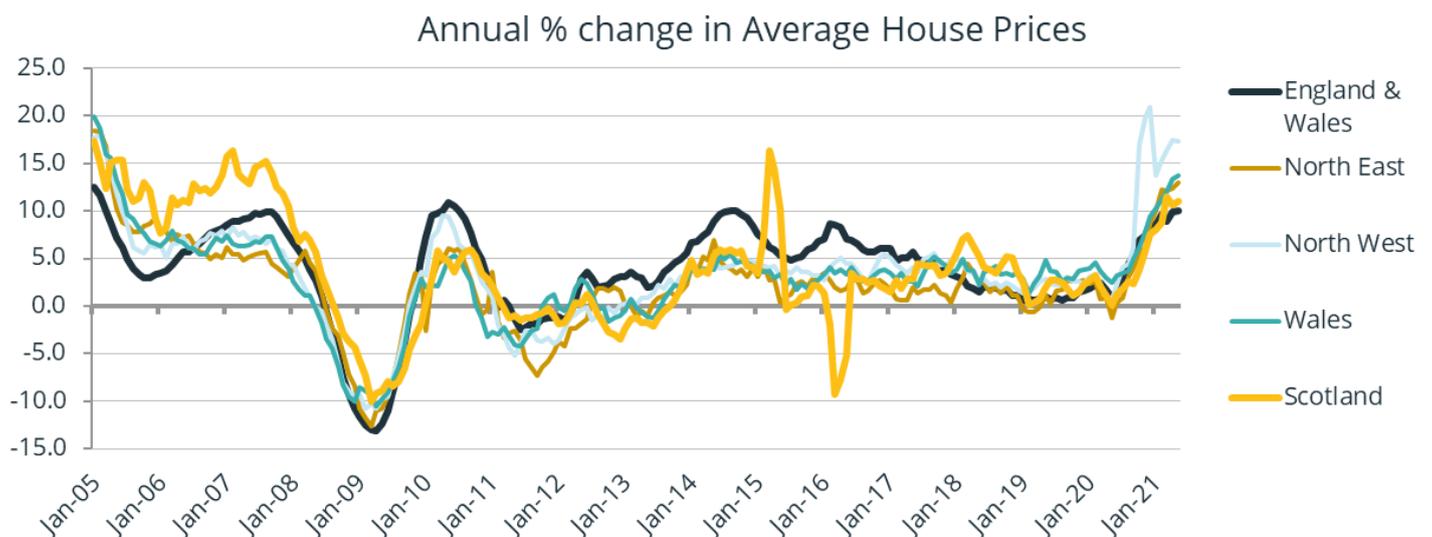


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-May 2021 ([Link to source Excel](#))



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Scotland's Seven Cities

Figure 5. Average house prices for Scotland's seven cities from March 2020–May 2021 ([Link to source Excel](#))

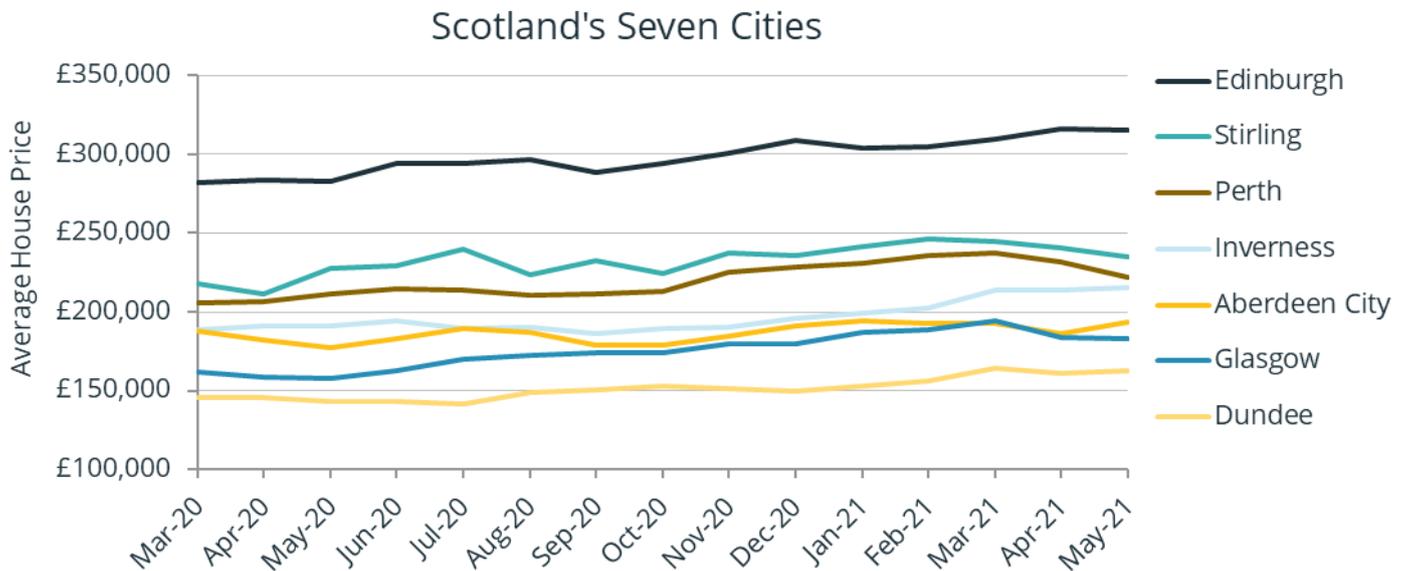


Figure 6. Average house prices for Scotland's seven cities May 2021 ([Link to source Excel](#))



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Notes

The *Walker Fraser Steele Acadata 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 Acadata 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 Acadata HPI (Scotland) is not forecast, unlike the e.surv Acadata 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 Acadata HPI (Scotland), like the e.surv Acadata HPI (England and Wales), comprises a smoothed average of three months' prices, the Walker Fraser Steele Acadata 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 Acadata HPI (England and Wales). Since we provide only a national England and Wales average price in our current month e.surv Acadata HPI (England and Wales) and prices at region and lower levels are lagged one month, this procedure means that the Walker Fraser Steele Acadata HPI (Scotland) prices are contemporaneous with the prices published for the equivalent month for England and Wales and the regions. All Walker Fraser Steele Acadata 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 Acadata 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 Acadata HPI (Scotland) please click [here](#). [Back to top](#)

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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