

Average house prices fall by more than £4k from March peak

- ✓ Ending of LBTT holiday now starting to be reflected in average prices
- ✓ Lack of properties on the market helping to maintain values
- ✓ First six months see 422 properties sold for more than £750k (LBTT threshold)

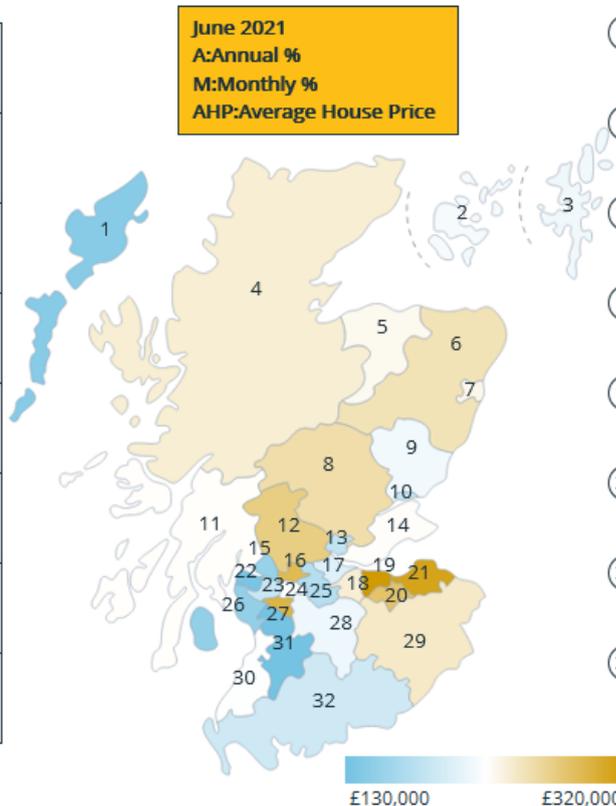
Notes:

- 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 %
£202,296	264.9	-0.9	8.7

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1 Na h-Eileanan Siar A -8.1% M 1.0% AHP £138,618	2 Orkney Islands A 20.1% M -2.6% AHP £176,107
5 Moray A 11.4% M -0.2% AHP £188,325	6 Aberdeenshire A 3.0% M -2.7% AHP £218,213
9 Angus A 3.2% M -3.6% AHP £175,079	10 Dundee City A 11.8% M -1.3% AHP £159,905
13 Clackmannanshire A 0.5% M -4.3% AHP £158,090	14 Fife A 12.3% M 0.6% AHP £182,312
17 Falkirk A 8.8% M -1.3% AHP £168,278	18 West Lothian A 7.3% M -2.0% AHP £202,886
21 East Lothian A 9.6% M 2.4% AHP £302,808	22 Inverclyde A 0.2% M -3.6% AHP £133,444
25 North Lanarkshire A 11.5% M 0.8% AHP £154,124	26 North Ayrshire A 10.9% M 0.1% AHP £142,323
29 Scottish Borders A 11.2% M 0.0% AHP £209,684	30 South Ayrshire A 10.9% M 0.1% AHP £178,699



3 Shetland Islands A 31.3% M -4.0% AHP £174,285	4 Highland A 4.8% M -5.3% AHP £203,454
7 Aberdeen City A 4.0% M 0.0% AHP £190,540	8 Perth & Kinross A 4.8% M 0.9% AHP £225,467
11 Argyll & Bute A 10.1% M -1.7% AHP £182,042	12 Stirling A 7.5% M 2.3% AHP £246,620
15 West Dunbartonshire A 13.1% M -4.7% AHP £143,735	16 East Dunbartonshire A 11.4% M -4.9% AHP £271,748
19 City of Edinburgh A 7.1% M 0.1% AHP £315,455	20 Midlothian A 19.4% M 3.0% AHP £260,315
23 Renfrewshire A 6.0% M -1.5% AHP £160,744	24 Glasgow City A 10.9% M -2.6% AHP £180,058
27 East Renfrewshire A 16.5% M 0.1% AHP £279,914	28 South Lanarkshire A 8.8% M -0.6% AHP £173,553
31 East Ayrshire A 1.9% M -2.1% AHP £131,430	32 Dumfries & Galloway A 14.7% M -0.3% AHP £162,522

Table 1. Average House Prices in Scotland for the period June 2020 – June 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 %
June	2020	£186,114	243.8	1.4	1.3
July	2020	£187,371	245.4	0.7	1.9
August	2020	£188,183	246.5	0.4	2.6
September	2020	£188,029	246.3	-0.1	2.3
October	2020	£190,775	249.9	1.5	3.9
November	2020	£195,134	255.6	2.3	5.8
December	2020	£198,474	259.9	1.7	7.5
January	2021	£200,239	262.3	0.9	8.0
February	2021	£202,195	264.8	1.0	8.8
March	2021	£206,414	270.3	2.1	11.4
April	2021	£204,037	267.2	-1.2	10.6
May	2021	£204,157	267.4	0.1	11.2
June	2021	£202,296	264.9	-0.9	8.7

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:

“This summer we are experiencing cooling prices and transaction levels.

“The average house price now stands at £202,296 which is 2% lower than the peak achieved in March 2021 just before the tax holiday expired. That said, as a piece of context, we should remember that all but one of the 32 local authority areas have reported an increase in their housing values over the last year – the exception being Na h-Eileanan Siar. The monthly movement of -0.9% reflects a reduction in prices in 21 local authority areas and a rise in 11, five of which were responsible for over 80% of the positive movement in the calculation of the national average.

“As we continue to move through the year we will continue to see the impact of the end of the Land and Buildings Transaction Tax holiday in April on both prices and transactions, which are from April to June of this year on a par with 2018 levels. The annual rate of price increase in the lead-up to the withdrawal had reached 11.4% per annum between October 2020 and March 2021.

“Prices however reflect many dynamics in a market and, like everywhere else in the UK, they are an expression of supply and demand as much as anything else. The Royal Institute of Chartered Surveyors reported recently that the lack of properties coming onto the market is continuing to support prices and this trend will continue over the coming months.”

Commentary: John Tindale, Acadata Senior Housing Analyst

The June housing market

House prices at the end of June stand at an average £202,296, which is £4,120, or 2.0%, lower than Scotland's peak average price which was reached in March of this year. The major reason for the fall in prices is due to the ending of the LBTT tax holiday, which had been effective in Scotland until the end of March.

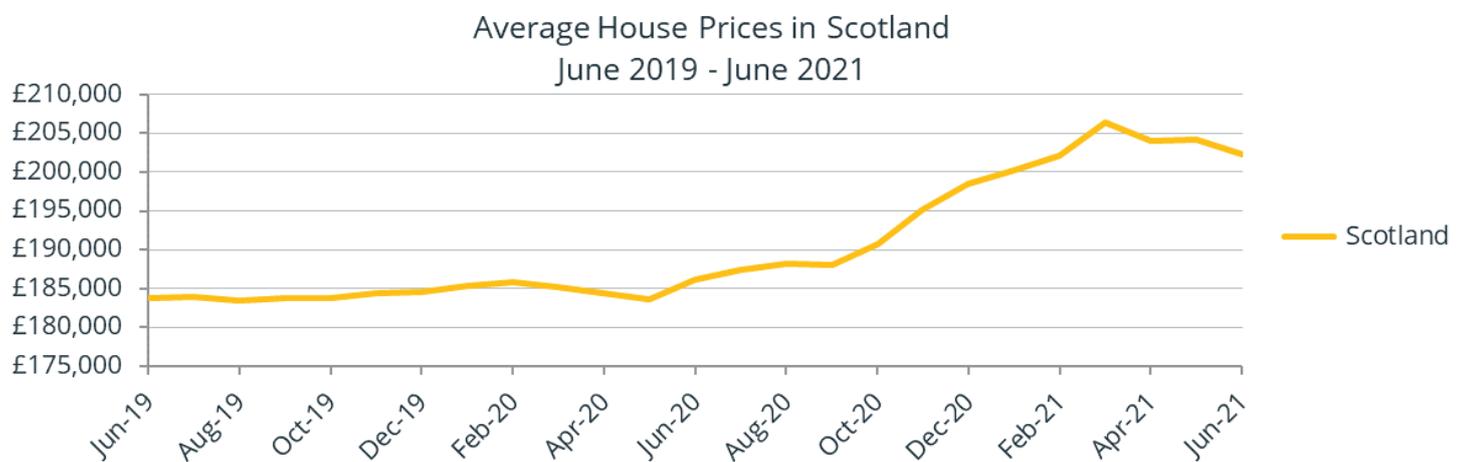
The Walker Fraser Steele Acadata House Price Index (Scotland) uses a three-month averaging process to smooth its reported house prices, which helps remove white noise from the data series, and enables underlying trends in prices to be identified more readily. The June house price quoted above is therefore an average of the reported prices for April, May and June 2021. The significance of this is that the price for June - quoted above - is the first month in which the March prices do not influence the HPI figures. Thus this month becomes the first opportunity to discover the extent to which the LBTT tax holiday was supporting house prices - the answer being 2%.

The monthly fall in the price growth for June of -0.9% is therefore reflecting approximately half of the loss arising from the ending of the tax holiday, and is also the main factor in the fall in prices seen in 21 of the 32 local authority areas in the month.

Looking at Figure 1 below, which tracks the average house price in Scotland for the last two years, from June 2019 to June 2021, we can see that house prices hardly changed over the first eleven months - in fact average prices actually fell by £200 over this period. However, from June 2020 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 11.4% per annum. We can then see the decline in prices from April through to June, associated with the withdrawal of the tax holiday.

RICS continue to report that there are a 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, so helping to maintain or increase their values. We anticipate that this will remain a strong feature of the market over the coming quarter.

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



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Transactions analysis

Monthly transaction counts

Figure 2 below shows the monthly transaction count for purchases during the period January 2015 to June 2021, based on RoS (Registers of Scotland) figures for the Date of Entry (Applications Date for June 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.

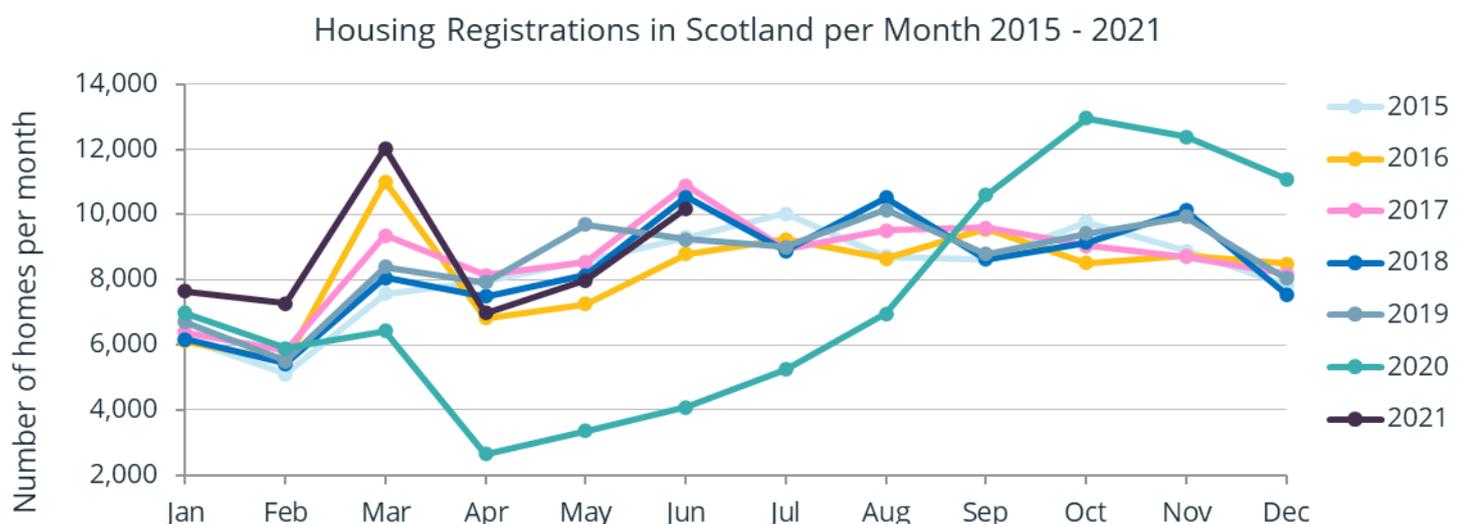
In addition, the spike in sales that took place in March 2021 - as the tax holiday expiry date came into view - is plain, although this total was exceeded by the sales in October and November 2020, when monthly sales during the pandemic reached their peak. Also clear is the fall in sales in April 2021 to levels below those in all previous years except for 2016 and 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.

Sales volumes for the period from April 2021 to June 2021 no longer exceed those of previous years, and appear to be roughly on a par with the levels seen in 2018.

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 for the first six months of 2021 and comparing with the same period in 2019 (2020 figures are distorted by the lockdown in the early stages of the pandemic), sales are up by 10%, although this does include the spike in March 2021, which will have enhanced the 2021 figures.

Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2021. June 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 – June 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	115
4	2	27	29	24	36	11	43
5	14	20	31	32	53	16	59
6	26	47	43	40	60	36	78
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	114	
11	48	38	37	58	58	108	
12	34	23	40	31	49	104	
Total	555	445	460	535	581	648	422

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 648, 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, in March 2021, with 115 sales and in October 2020 with 114 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 was the peak of monthly sales during the pandemic, and is also clearly visible in Figure 2.

The fall in high-value sales in April 2021 from their level one month earlier is understandable, as buyers pulled their purchases into an earlier month where possible to take advantage of the tax holiday. High value sales have started to increase since April, reflecting the Covid-influenced desire to move to larger premises with more space when working from home. It is interesting to observe that in every month in 2021 (except March) the number of high-value sales has exceeded those of the same month over the last six years.

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Local Authority Analysis

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

Prior Year Rank	Rank By Price	Local Authority Area	Jun-20	May-21	Jun-21	Month % Change	Annual % Change
1	1	City of Edinburgh	£294,405	£315,163	£315,455	0.1%	7.1%
2	2	East Lothian	£276,359	£295,709	£302,808	2.4%	9.6%
4	3	East Renfrewshire	£240,234	£279,506	£279,914	0.1%	16.5%
3	4	East Dunbartonshire	£244,045	£285,804	£271,748	-4.9%	11.4%
6	5	Midlothian	£218,075	£252,710	£260,315	3.0%	19.4%
5	6	Stirling	£229,503	£241,058	£246,620	2.3%	7.5%
7	7	Perth and Kinross	£215,171	£223,511	£225,467	0.9%	4.8%
8	8	Aberdeenshire	£211,783	£224,190	£218,213	-2.7%	3.0%
11	9	Scottish Borders	£188,551	£209,686	£209,684	0.0%	11.2%
9	10	Highland	£194,066	£214,832	£203,454	-5.3%	4.8%
10	11	West Lothian	£189,044	£207,015	£202,886	-2.0%	7.3%
12	12	Aberdeen City	£183,279	£190,559	£190,540	0.0%	4.0%
14	13	Moray	£169,031	£188,777	£188,325	-0.2%	11.4%
16	14	Fife	£162,371	£181,193	£182,312	0.6%	12.3%
15	15	Argyll and Bute	£165,351	£185,150	£182,042	-1.7%	10.1%
17	16	Glasgow City	£162,347	£184,942	£180,058	-2.6%	10.9%
18	17	South Ayrshire	£161,125	£178,530	£178,699	0.1%	10.9%
24	18	Orkney Islands	£146,599	£180,827	£176,107	-2.6%	20.1%
13	19	Angus	£169,621	£181,585	£175,079	-3.6%	3.2%
29	20	Shetland Islands	£132,730	£181,569	£174,285	-4.0%	31.3%
19	21	South Lanarkshire	£159,522	£174,651	£173,553	-0.6%	8.8%
21	22	Falkirk	£154,598	£170,539	£168,278	-1.3%	8.8%
26	23	Dumfries and Galloway	£141,732	£162,983	£162,522	-0.3%	14.7%
22	24	Renfrewshire	£151,637	£163,214	£160,744	-1.5%	6.0%
25	25	Dundee City	£142,969	£161,938	£159,905	-1.3%	11.8%
20	26	Clackmannanshire	£157,325	£165,121	£158,090	-4.3%	0.5%
27	27	North Lanarkshire	£138,213	£152,827	£154,124	0.8%	11.5%
32	28	West Dunbartonshire	£127,121	£150,750	£143,735	-4.7%	13.1%
31	29	North Ayrshire	£128,315	£142,147	£142,323	0.1%	10.9%
23	30	Na h-Eileanan Siar	£150,891	£137,221	£138,618	1.0%	-8.1%
28	31	Inverclyde	£133,183	£138,471	£133,444	-3.6%	0.2%
30	32	East Ayrshire	£128,938	£134,227	£131,430	-2.1%	1.9%
All Scotland			£186,114	£204,157	£202,296	-0.9%	8.7%

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

Annual change

The average house price in Scotland has increased by some £16,200 - or 8.7% - over the last twelve months, to the end of June. This is 2.5% lower than the 11.2% recorded one month earlier, but this reduction has come about mainly due to the March 2021 statistics dropping out of our house price calculations. In addition, high levels of price growth were seen twelve months earlier in June 2020, as the Scottish Government announced, on 28 May 2020, its first phase of the route out of Lockdown. This allowed the public to carry out more activities and to meet others outdoors. In March, April and May 2020, the average house price in Scotland had fallen by a cumulative -1.2%, but in June 2020 prices increased by 1.4% in the month. One year later and with no similar June 2020 price increase in the month, the annual rate has fallen by 2.5% to 8.7%. We would however point out that this is still the fifth-highest annual rate of the last six years.

In June 2021, all but one of the 32 local authorities in Scotland have seen their average prices rise over the previous twelve months - the one authority not to have done so being Na h-Eileanan Siar where only 6 sales took place in June 2020 - the Scottish government were discouraging house buyers to visit the Islands during the early stages of the pandemic - so average prices on the Islands were subject to dramatic change, due to the low numbers of transactions involved.

On the mainland, the highest annual June increase in prices occurred in Midlothian, up by 19.4%. In Midlothian, all property types except for semi-detached homes have seen prices rise over the last year, with the largest increase being in detached homes, up from an average £300k in June 2020 to £400k one year later. The rise in average prices in June 2021 has been helped by the purchase of the highest-priced detached home in Midlothian of the last eighteen months, for £1.95 million. The property has seven bedrooms and is located in Lasswade, approximately 8 miles to the south of Edinburgh.

Monthly change

In June 2021, Scotland's average house price fell by some £1,850, or -0.9%, and now stands at £202,296. Prices fell in 21 local authority areas in the month and increased in just 11. As we outlined earlier, the main reason for the fall in prices in June is due to the March element of the average price, which was higher than average, dropping out of our calculations.

Of the 11 local authority areas with price rises, five were responsible for 83% of the positive element of the movement in Scotland's average house price, although this positive movement was outweighed by the 21 areas with price falls. These five areas with a positive change in prices were East Lothian, Midlothian, Stirling, Fife and North Lanarkshire.

A common feature of each of the five authorities was that the area included at least one sale in its statistics in excess of £750k and included the locality's highest priced sale of 2021. This feature is perhaps somewhat surprising, in that following the cessation of the LBTT tax holiday at the end of March 2021, one might have expected to see fewer high-value homes being purchased. However, the statistics show that this is not necessarily the case. In fact, several housing commentators have suggested that the LBTT holiday - which had a maximum tax saving of £2,100 - was largely an irrelevance, the sum involved being too small to make a significant difference in relation to the purchase of a top-value home in somewhere like East Lothian, where prices reached £1.46 million.

Comparisons with Scotland

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

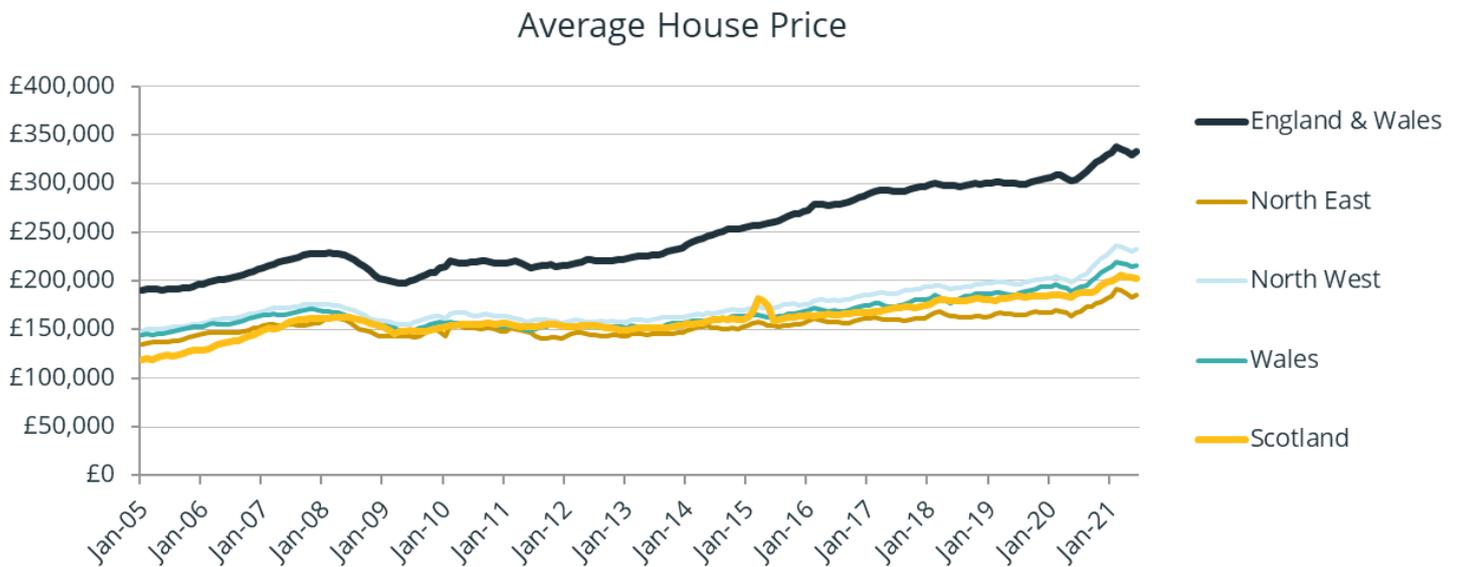
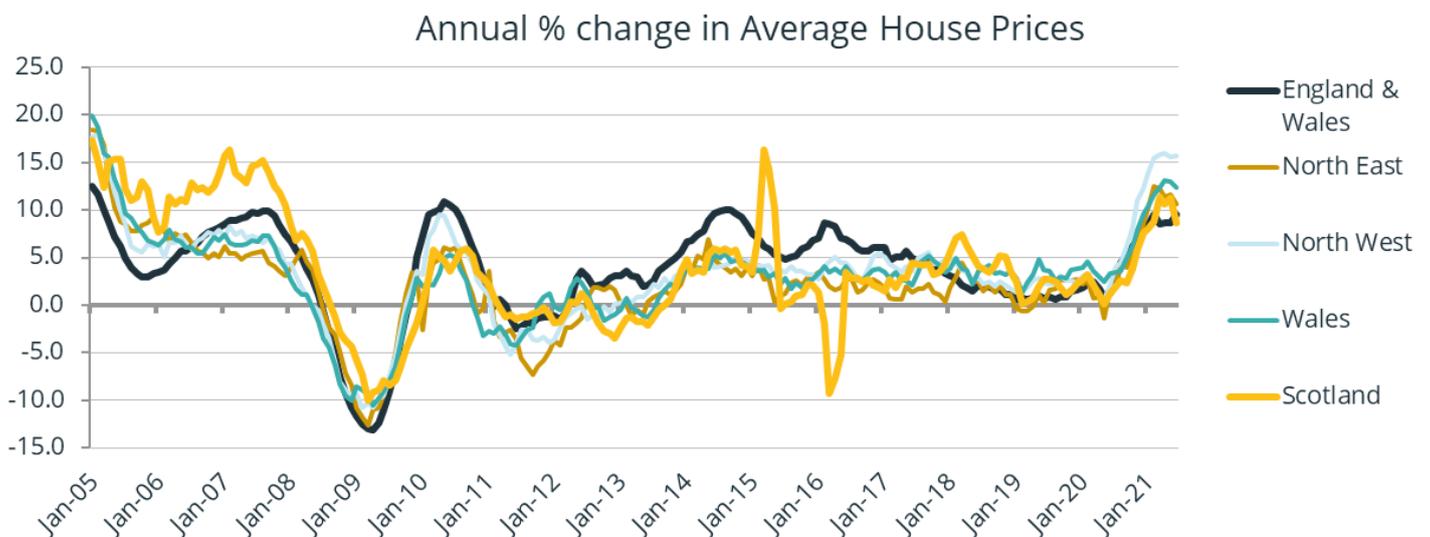


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-June 2021 ([Link to source Excel](#))



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Scotland's Seven Cities

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

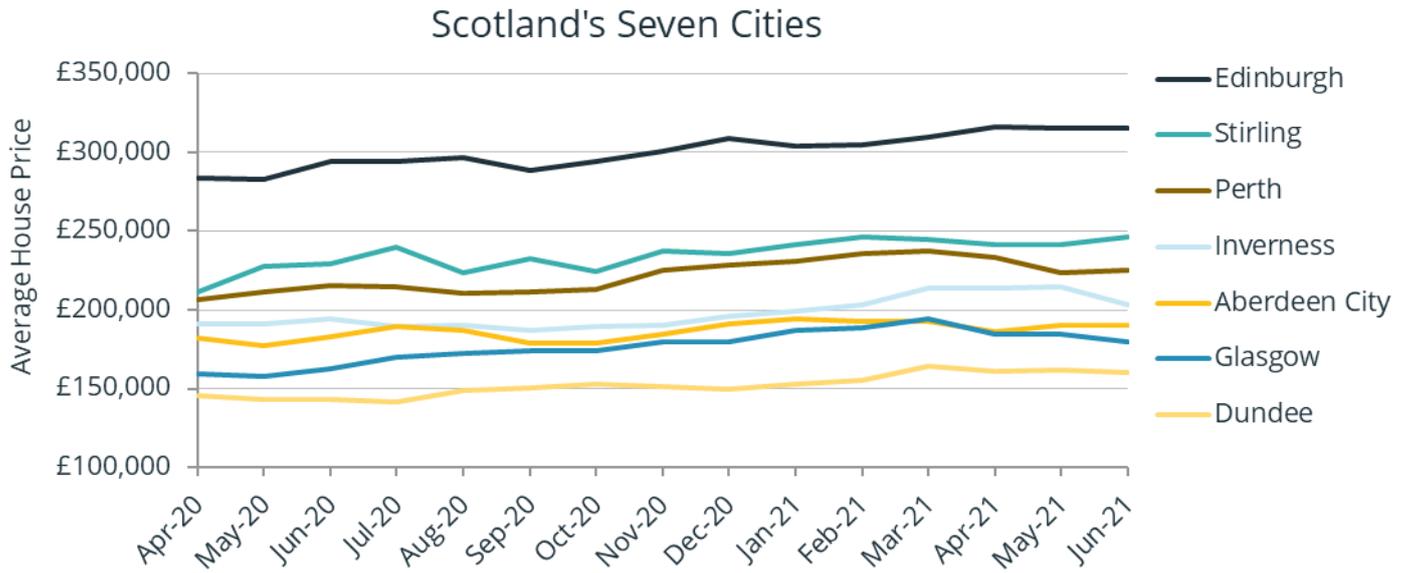


Figure 6. Average house prices for Scotland's seven cities June 2021 ([Link to source Excel](#))



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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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