

House prices in Scotland continue to climb

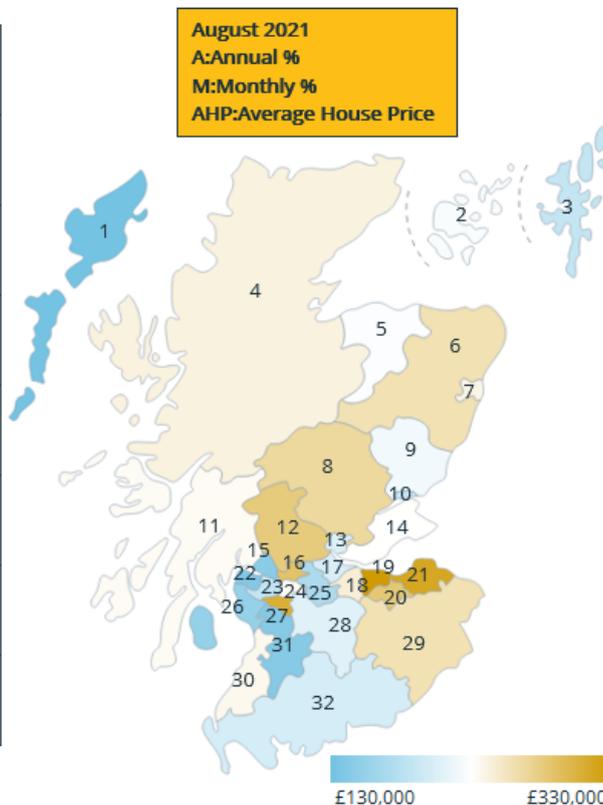
- ✓ All 32 local authority areas have seen prices rise over the year
- ✓ Demand for larger homes provides momentum for price gains
- ✓ Transaction levels in August at seven-year high

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 %
£211,029	276.4	1.8	12.1

1 Na h-Eileanan Siar A -8.1% M -1.7% AHP £134,280	2 Orkney Islands A 13.8% M 1.8% AHP £185,539
5 Moray A 8.9% M -0.6% AHP £186,677	6 Aberdeenshire A 9.1% M 1.2% AHP £229,751
9 Angus A 12.9% M -0.4% AHP £182,981	10 Dundee City A 11.8% M 2.2% AHP £166,017
13 Clackmannanshire A 8.7% M 2.8% AHP £174,687	14 Fife A 13.9% M 1.2% AHP £189,399
17 Falkirk A 14.7% M 1.0% AHP £173,659	18 West Lothian A 13.7% M 1.0% AHP £211,422
21 East Lothian A 11.0% M 2.0% AHP £309,570	22 Inverclyde A 13.9% M -3.2% AHP £140,251
25 North Lanarkshire A 10.5% M -1.0% AHP £156,438	26 North Ayrshire A 12.0% M 1.3% AHP £147,170
29 Scottish Borders A 28.4% M 3.9% AHP £230,177	30 South Ayrshire A 11.3% M 4.4% AHP £198,278



3 Shetland Islands A 0.7% M -6.7% AHP £165,604	4 Highland A 8.0% M 0.8% AHP £205,945
7 Aberdeen City A 7.9% M 3.2% AHP £202,189	8 Perth & Kinross A 14.7% M 4.1% AHP £241,568
11 Argyll & Bute A 15.0% M -1.1% AHP £194,329	12 Stirling A 16.8% M 5.9% AHP £260,122
15 West Dunbartonshire A 8.0% M 1.5% AHP £143,101	16 East Dunbartonshire A 12.6% M 0.0% AHP £271,703
19 City of Edinburgh A 10.1% M 2.7% AHP £326,655	20 Midlothian A 17.2% M 2.0% AHP £264,677
23 Renfrewshire A 10.3% M 1.5% AHP £164,763	24 Glasgow City A 13.3% M 1.7% AHP £194,701
27 East Renfrewshire A 19.5% M 3.5% AHP £298,443	28 South Lanarkshire A 8.6% M 0.9% AHP £176,396
31 East Ayrshire A 14.7% M 4.5% AHP £141,368	32 Dumfries & Galloway A 19.9% M 2.2% AHP £172,116

Table 1. Average House Prices in Scotland for the period August 2020 – August 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 %
August	2020	£188,173	246.4	0.5	2.6
September	2020	£188,004	246.2	-0.1	2.3
October	2020	£190,757	249.8	1.5	3.8
November	2020	£195,081	255.5	2.3	5.8
December	2020	£198,425	259.9	1.7	7.5
January	2021	£200,219	262.2	0.9	8.0
February	2021	£202,209	264.8	1.0	8.8
March	2021	£206,402	270.3	2.1	11.4
April	2021	£204,087	267.3	-1.1	10.7
May	2021	£204,011	267.2	0.0	11.2
June	2021	£201,814	264.3	-1.1	8.5
July	2021	£207,344	271.6	2.7	10.7
August	2021	£211,029	276.4	1.8	12.1

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:

“At the end of July, the average Scottish house price stood at £207,344 but by the end of August this figure was £211,029 – reaching a new record high, with a rise of £3,685, or just under 2% in the month. The race for space continues to support the prices of larger properties. The scarcity of this type of stock coupled with the continued high demand means prices remain strong.

“Property at the top-end has performed well throughout 2021 and there is no sign of any imminent let-up. We noted last month that the exceptional performance of larger properties was likely to continue and this month we have more evidence to support that view. People’s preference for more space and working from home has meant buyers have often sought properties that can accommodate new lifestyles. But we should remember that borrowers’ ability to afford these properties has in no small way been a result of the Land and Buildings Transaction Tax holiday earlier in the year, and the continued record low interest rates.

“In terms of the geographical performance of the Scottish regions, the area with the highest annual increase in average house prices in August was the Scottish Borders, where average prices have risen by 28.4%, which again reflects the fact that the mix of homes that have been sold in this area has trended towards the more expensive end of the market.”

Commentary: John Tindale, Acadata Senior Housing Analyst

The August housing market

Scotland's average house price at the end of August stood at £211,029, which set a further record, having risen by some £3,685, or 1.8%, in the month. The 1.8% growth rate represents a slight softening from the six-year high of 2.7% seen in July.

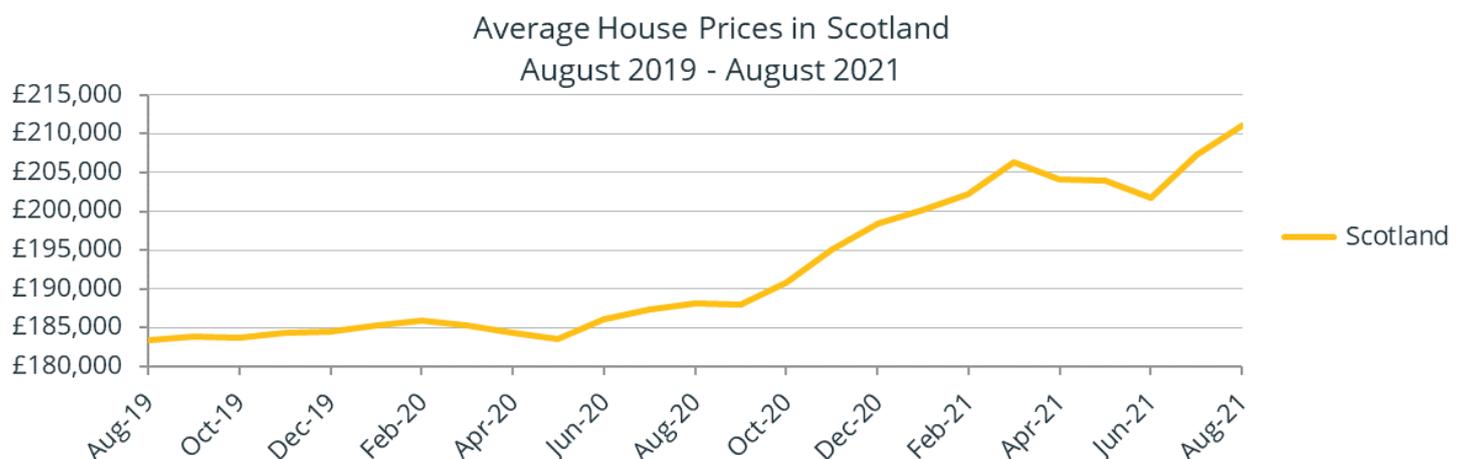
As we reported last month, one of the main reasons for the current upward movement in prices is a result of the lifestyle changes associated with "working from home", which has brought about a shift in housing preferences to larger properties, with space for home-working becoming a prime requirement.

The demand for larger premises has continued throughout August, and for some includes moving to Scotland from London, or from other major cities in the UK and beyond. However, the number of larger homes in Scotland available for purchase remains thin, with strong competition for those properties that do come onto the market, helping to keep prices high.

Looking at Figure 1 below - which tracks the average house price in Scotland - we can see that prices reached a mini-peak in March 2021, immediately prior to the ending of the LBTT tax holiday on 1 April 2021. Average prices then started to fall, as buyers of high-value properties reduced in number (see Table 2). However, the reduction in high-value sales only continued through April and May, with June and July seeing a return of the higher-value purchases. This was perhaps assisted by those who had decided to move away from buying properties in England, where the threshold on tax savings had reduced to £250,000 at the end of June.

In July and August 2021, we can see that prices once again regained their earlier momentum, with monthly price increases more than matching those experienced during the final quarter of 2020, despite the savings arising from the LBTT tax holiday no longer being available.

Figure 1. The average house price in Scotland, for the period August 2019 to August 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 August 2021, based on RoS (Registers of Scotland) figures for the Date of Entry (Applications Date for August 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.

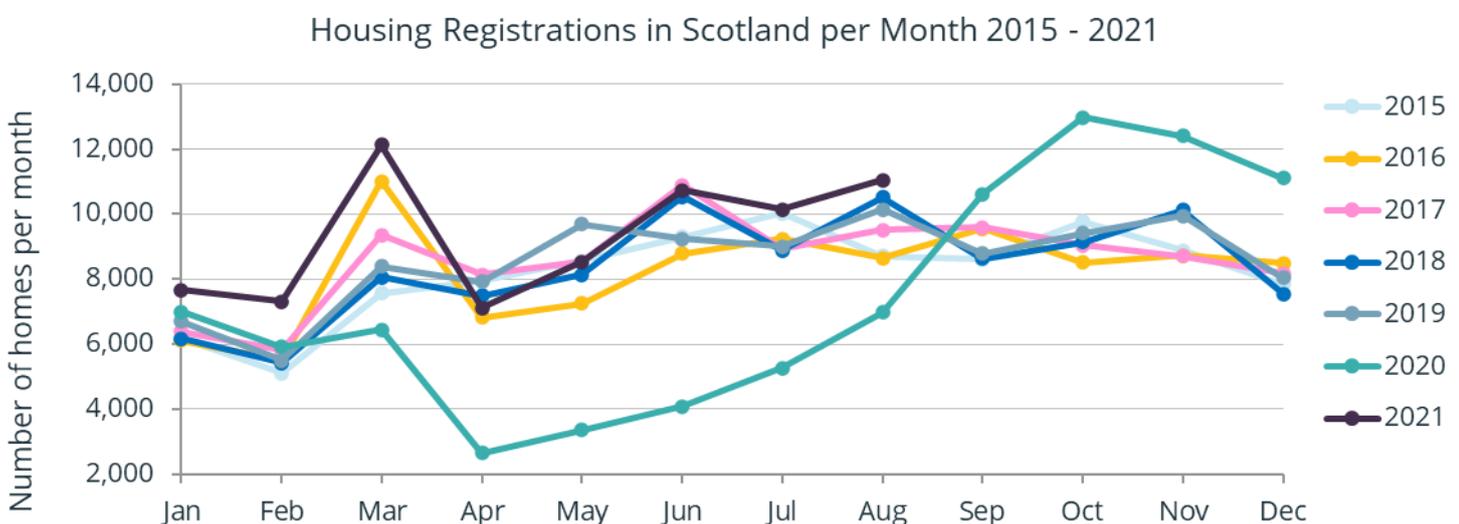
In addition, the spike in sales that took place in March 2021 - as the tax holiday expiry date approached - is plain, although this total was exceeded by the volume of sales in October and November 2020, when monthly sales during the pandemic reached their peak. Also clear is the fall in sales in April 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 then 3% LBTT surcharge (now 4%) on second homes and buy-to-let properties, which tax was pre-announced to commence from April 2016.

Sales volumes in April and May 2021 remained lower than the equivalent months in 2017 and 2019, and appear to have been roughly on a par with the levels seen in 2018. However, in July and August 2021 the number of properties sold once again appears to be higher than the same months in the previous six years.

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 eight 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 12%, 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 RoS based on entry date, for the period 2014 - 2021. August 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 – August 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	45
5	14	20	31	32	53	16	62
6	26	47	43	41	60	36	117
7	15	36	55	44	61	41	114
8	41	54	62	60	61	40	68
9	46	44	56	70	59	67	
10	23	52	48	55	40	114	
11	48	38	37	59	58	108	
12	34	23	40	31	49	104	
Total	555	445	460	537	581	648	648

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 there have been 648 sales in excess of £750k during the first eight months of 2021. By coincidence this happens to be the same number of sales over £750k that took place in the whole of 2020, ie in 2021 the same total as in 2020 has been reached after just eight months. It can also be noted that the 2020 total was the highest number of sales of properties in excess of £750k of the previous six years.

The reasons for this dramatic increase in top-end sales in 2021 are, as previously discussed, partly to do with the change in preference for larger properties. Home movers were thus encouraged to move to premises which better suited their updated needs. But additionally, we should mention the record low interest rates, which made the purchase of a top-end property more affordable, as well as the tax savings associated with the LBTT holiday, up to the end of March 2021. This encouraged the whole market to be more adventurous in its outlook.

As reported last month, we should also point out that one tends to get more “bang for one’s buck” in Scotland than in England. For example, the recent purchase of a £1 million home in the Scottish Borders included 5 bedrooms, 2.8 acres of garden grounds and 5 acres of grazing paddock. In London £1 million will, in some boroughs, enable you to purchase a three bedroomed Victorian terrace, with minimal garden space. It is therefore little wonder that some Londoners are looking to move to Scotland, if the workplace allows.

Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing August 2020 with July and August 2021 (Link to source Excel)

Prior Year Rank	Rank By Price	Local Authority Area	Aug-20	Jul-21	Aug-21	Month % Change	Annual % Change
1	1	City of Edinburgh	£296,732	£318,077	£326,655	2.7%	10.1%
2	2	East Lothian	£278,823	£303,502	£309,570	2.0%	11.0%
3	3	East Renfrewshire	£249,741	£288,280	£298,443	3.5%	19.5%
4	4	East Dunbartonshire	£241,284	£271,722	£271,703	0.0%	12.6%
5	5	Midlothian	£225,740	£259,445	£264,677	2.0%	17.2%
6	6	Stirling	£222,619	£245,589	£260,122	5.9%	16.8%
7	7	Perth and Kinross	£210,691	£232,151	£241,568	4.1%	14.7%
12	8	Scottish Borders	£179,242	£221,477	£230,177	3.9%	28.4%
8	9	Aberdeenshire	£210,627	£226,938	£229,751	1.2%	9.1%
11	10	West Lothian	£185,887	£209,256	£211,422	1.0%	13.7%
9	11	Highland	£190,724	£204,392	£205,945	0.8%	8.0%
10	12	Aberdeen City	£187,377	£195,852	£202,189	3.2%	7.9%
13	13	South Ayrshire	£178,144	£189,965	£198,278	4.4%	11.3%
14	14	Glasgow City	£171,910	£191,440	£194,701	1.7%	13.3%
16	15	Argyll and Bute	£168,954	£196,496	£194,329	-1.1%	15.0%
17	16	Fife	£166,260	£187,216	£189,399	1.2%	13.9%
15	17	Moray	£171,492	£187,758	£186,677	-0.6%	8.9%
19	18	Orkney Islands	£163,080	£182,275	£185,539	1.8%	13.8%
21	19	Angus	£162,037	£183,705	£182,981	-0.4%	12.9%
20	20	South Lanarkshire	£162,435	£174,766	£176,396	0.9%	8.6%
22	21	Clackmannanshire	£160,765	£169,900	£174,687	2.8%	8.7%
23	22	Falkirk	£151,468	£171,927	£173,659	1.0%	14.7%
26	23	Dumfries and Galloway	£143,572	£168,373	£172,116	2.2%	19.9%
25	24	Dundee City	£148,450	£162,497	£166,017	2.2%	11.8%
18	25	Shetland Islands	£164,524	£177,428	£165,604	-6.7%	0.7%
24	26	Renfrewshire	£149,370	£162,270	£164,763	1.5%	10.3%
27	27	North Lanarkshire	£141,574	£157,989	£156,438	-1.0%	10.5%
29	28	North Ayrshire	£131,460	£145,233	£147,170	1.3%	12.0%
28	29	West Dunbartonshire	£132,561	£141,023	£143,101	1.5%	8.0%
31	30	East Ayrshire	£123,258	£135,313	£141,368	4.5%	14.7%
32	31	Inverclyde	£123,178	£144,934	£140,251	-3.2%	13.9%
30	32	Na h-Eileanan Siar	£124,201	£136,640	£134,280	-1.7%	8.1%
All Scotland			£188,173	£207,344	£211,029	1.8%	12.1%

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

Annual change

The average house price in Scotland has increased by some £22,850 - or 12.1% - over the last twelve months, to the end of August. This is 1.4% higher than the 10.7% recorded one month earlier, and is the highest rate seen since March 2016, that date being just ahead of the introduction of the LBTT Additional Dwellings Supplement of 3% - which was introduced on the purchase of buy-to-let properties and second homes in Scotland (a rate which was subsequently increased to 4% on 25 January 2019).

This increase in the rate of annual growth in house prices comes as something of a surprise - we had assumed that since the ending of the LBTT holiday in March 2021 prices would begin to fall gently. However, it would appear that the shift in housing preferences for larger properties - with space for home working - rather than commuting to places of work, continues to influence strongly the current housing market.

In August 2021, all 32 of the local authority areas in Scotland have seen their average prices rise over the previous twelve months.

The area with the highest annual increase in average house prices in August was the Scottish Borders, where average prices have risen by 28.4%. This is not to say that each individual property sold in the Scottish Borders over the last year has increased in value by 28.4%, but rather the mix of homes that have been sold in the area has trended towards the more expensive end of the market. For example, in the Scottish Borders over the last three months there have been 12 properties sold with a value in excess of £750k, compared to just 2 such sales during the same three months in 2020.

Monthly change

In August 2021, Scotland's average house price rose by £3,685, or 1.8%, and now stands at £211,029. This rise is smaller than the £5,530 increase seen in the previous month of July, indicating a softening in the rate of price growth over the summer.

Prices rose in August 2021 in 24 of the 32 Local Authority areas in Scotland, down from the 28 areas which saw prices increase in July. The largest increase in average prices in August, of 5.9%, was in Stirling, although this increase was assisted by the sale of a £2.4 million, nine-bedroom detached home, on the outskirts of Strathblane.

On a weight-adjusted basis, which takes into account both the increase in average price and the number of transactions involved, 5 local authority areas in August were responsible for 52% of the positive movement in Scotland's average house price. The five areas concerned, in order of influence, were the City of Edinburgh, Glasgow City, Perth and Kinross, Aberdeen City and Stirling.

It is perhaps apposite that Aberdeen City appears in the top five authorities with the highest increase in prices in the month, as increases in oil and gas prices have been particularly newsworthy of late. All property types in Aberdeen City have experienced increases in their average prices in August, with the largest increase being seen in flats, up from an average £115k in July to £121k in August. Overall, the highest average property prices in Aberdeen occurred in March 2015 at £259,125, compared to an average £202,189 this August. At the time of the record prices in Aberdeen, the average price of flats

in the city had reached £205k – clearly there is still some way to go before Aberdeen City’s housing market returns to its previous record levels.

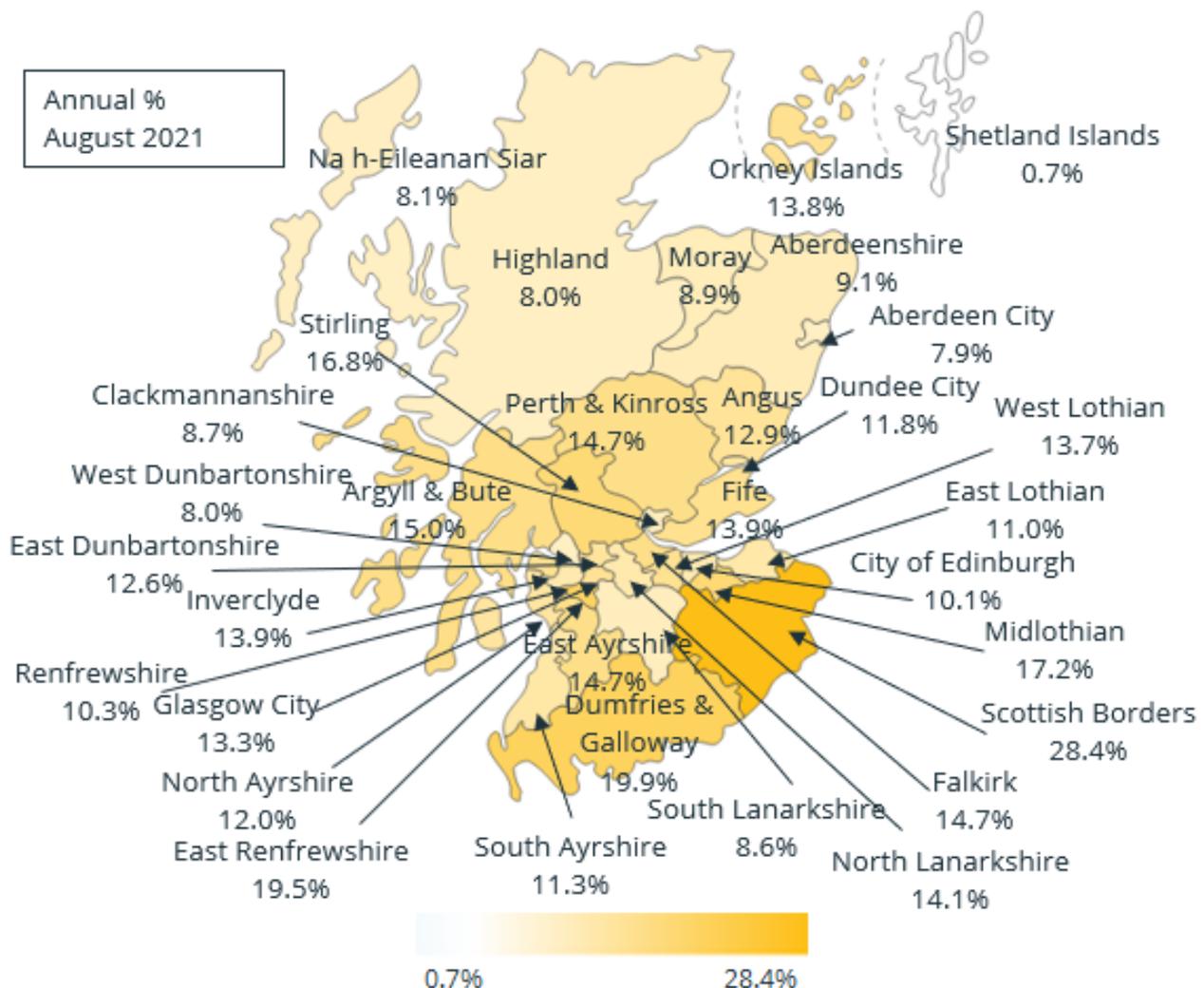
Peak Prices

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 August there are 16 such authorities, up from 12 in July. It is noticeable in Table 3 that eight of the top ten local authority areas ranked by price have reached new peaks, reinforcing the proposition that the main drivers of the current price increases seen in Scotland are associated with the price competition being experienced at the top-end of the housing market.

We can note that, in August 2021, Scotland’s overall average house price has itself also reached a new record level.

Heat Map

The heat map below shows the rate of house price growth for the 12 months ending August 2021. As reported above, all 32 local authority areas are reporting an increase in their housing values over the last year. The highest increase over the twelve months to August 2021 was in the Scottish Borders at 28.4% and the lowest in the Shetland Islands at 0.7%.



Comparisons with Scotland

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

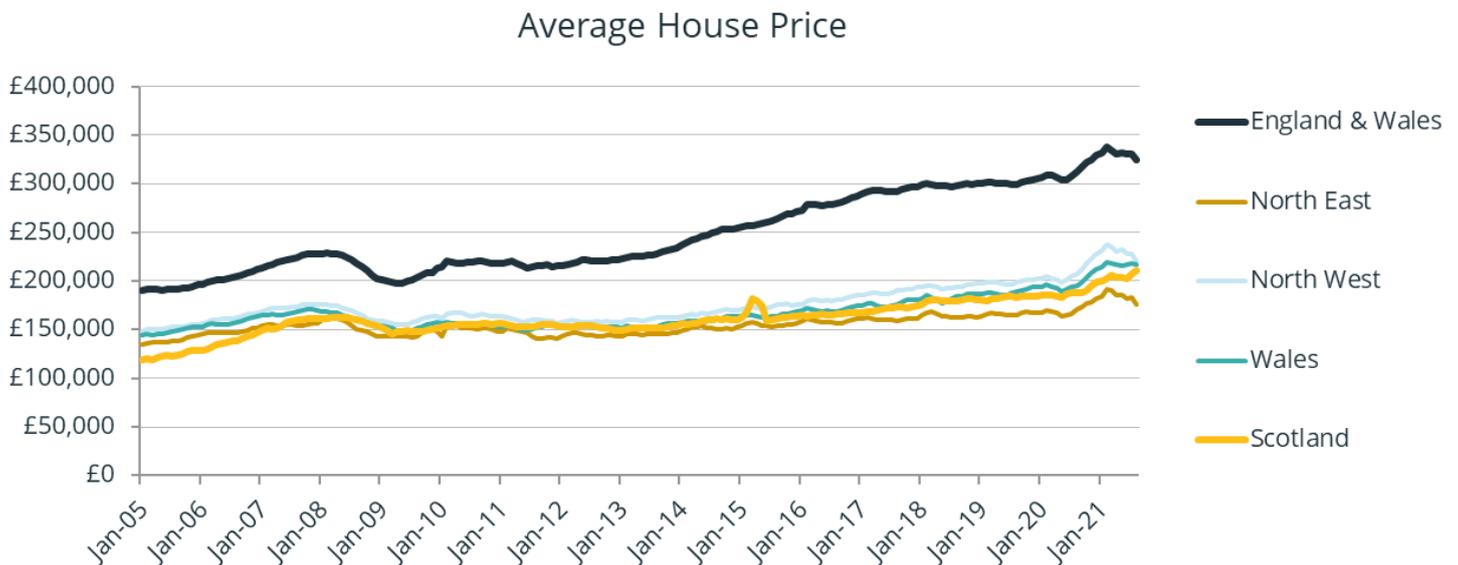
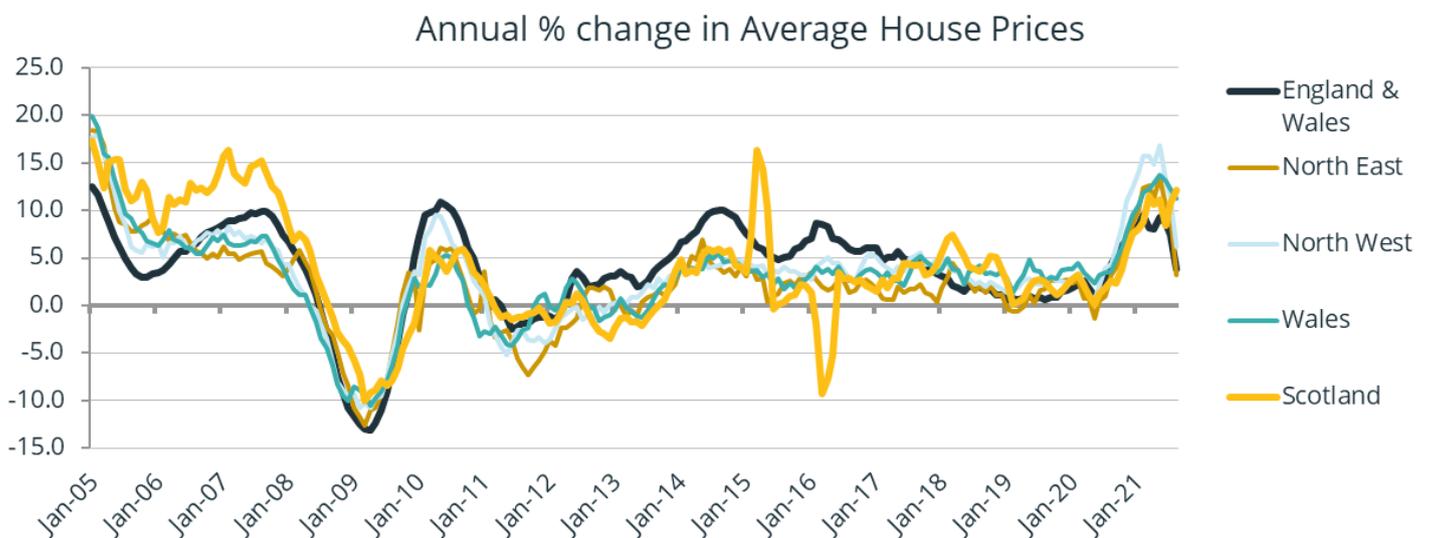


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-August 2021 ([Link to source Excel](#))



Scotland's Seven Cities

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

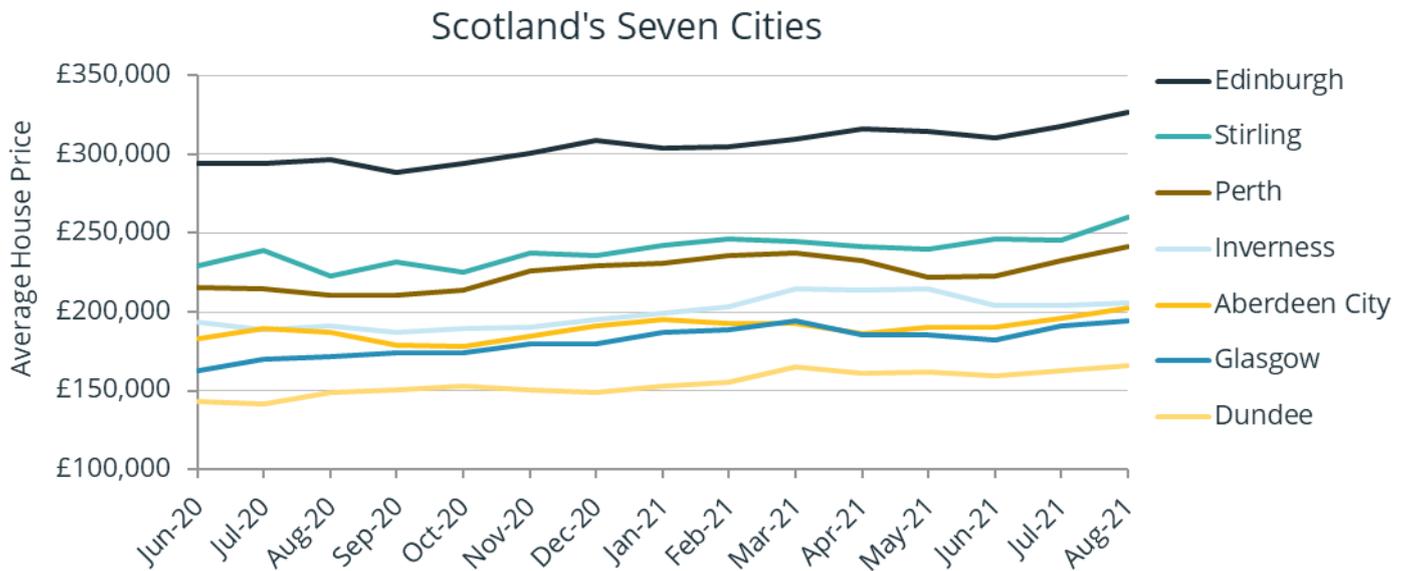
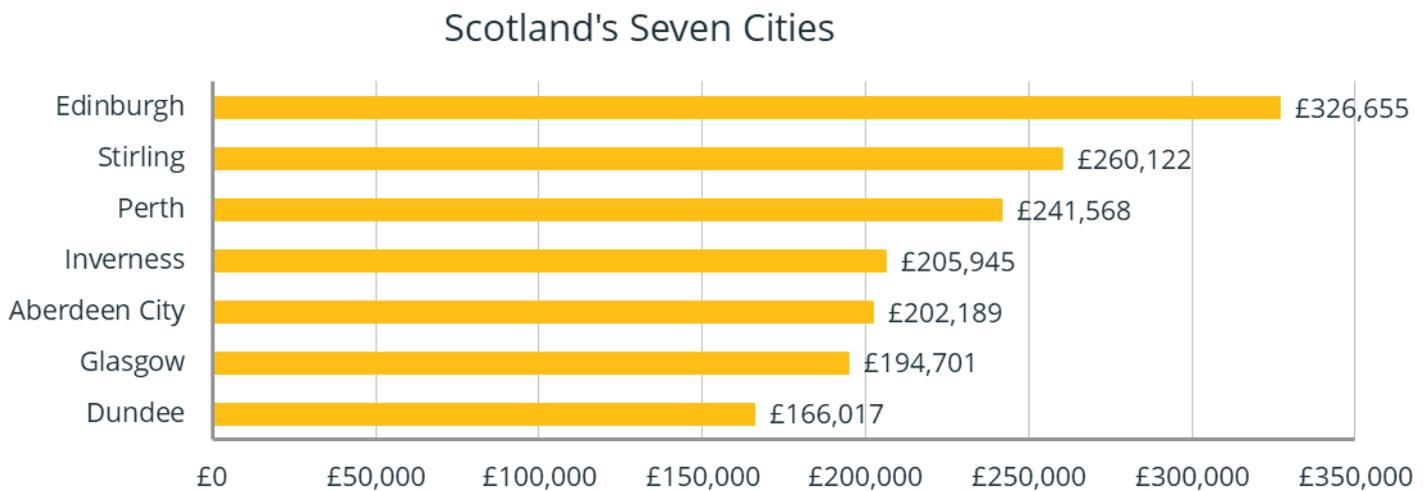


Figure 6. Average house prices for Scotland's seven cities August 2021 ([Link to source Excel](#))



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](#).

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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