

Price growth picks up in January

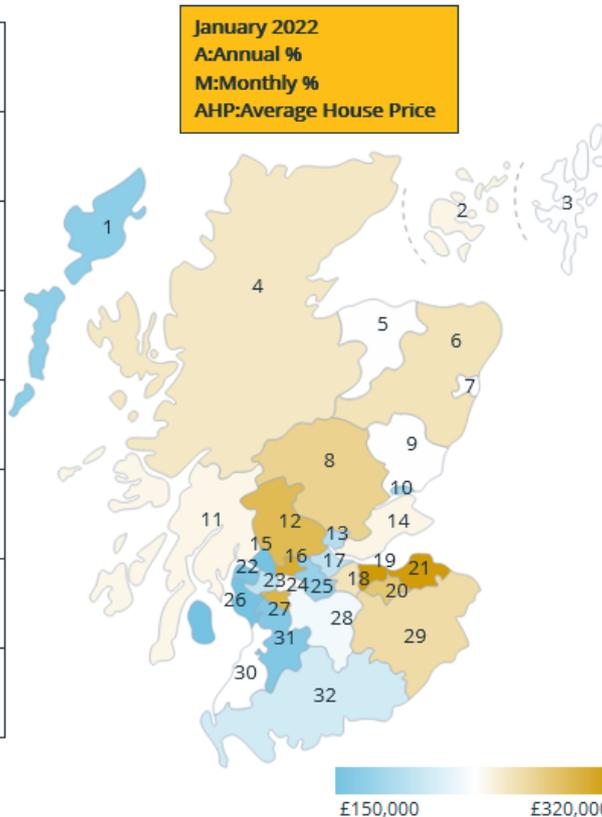
- ✓ Scotland's monthly rate of 1.2% is highest since August
- ✓ Fife sees £4 million sale
- ✓ Shortage of housing stock continues to support prices

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 %
£215,388	282.1	1.2	7.6

1 Na h-Eileanan Siar A 3.8% M 5.6% AHP £157,616	2 Orkney Islands A 19.6% M -6.5% AHP £204,666
5 Moray A 6.6% M -0.6% AHP £191,864	6 Aberdeenshire A 4.6% M 0.4% AHP £227,397
9 Angus A 5.5% M -1.1% AHP £191,786	10 Dundee City A 7.9% M -1.0% AHP £164,400
13 Clackmannanshire A 1.1% M -4.6% AHP £169,507	14 Fife A 14.8% M 1.6% AHP £204,824
17 Falkirk A 4.8% M -2.7% AHP £173,017	18 West Lothian A 13.0% M 4.4% AHP £226,848
21 East Lothian A 8.8% M 1.4% AHP £315,235	22 Inverclyde A 9.3% M 2.7% AHP £153,031
25 North Lanarkshire A 9.3% M 3.1% AHP £160,611	26 North Ayrshire A 7.6% M -0.1% AHP £150,740
29 Scottish Borders A 14.3% M 1.6% AHP £236,540	30 South Ayrshire A 4.3% M -1.9% AHP £191,975



3 Shetland Islands A 16.6% M 4.0% AHP £191,074	4 Highland A 11.2% M 1.8% AHP £221,207
7 Aberdeen City A -1.4% M -1.3% AHP £191,912	8 Perth & Kinross A 7.0% M 3.0% AHP £247,342
11 Argyll & Bute A 7.5% M -0.3% AHP £203,766	12 Stirling A 14.5% M 1.0% AHP £276,787
15 West Dunbartonshire A 10.4% M 1.8% AHP £150,297	16 East Dunbartonshire A 11.7% M 2.0% AHP £294,446
19 City of Edinburgh A 4.3% M 1.3% AHP £316,924	20 Midlothian A 8.6% M -0.8% AHP £261,885
23 Renfrewshire A 9.6% M 0.4% AHP £172,543	24 Glasgow City A 5.9% M 2.6% AHP £197,875
27 East Renfrewshire A -2.5% M 2.2% AHP £283,855	28 South Lanarkshire A 10.8% M 0.9% AHP £187,962
31 East Ayrshire A 13.7% M 2.4% AHP £154,207	32 Dumfries & Galloway A 6.4% M 3.7% AHP £178,295

Table 1. Average House Prices in Scotland for the period January 2021 – January 2022
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
January	2021	£200,188	262.2	0.9	8.0
February	2021	£202,099	264.7	1.0	8.7
March	2021	£206,310	270.2	2.1	11.4
April	2021	£203,965	267.1	-1.1	10.6
May	2021	£203,895	267.0	0.0	11.1
June	2021	£201,549	264.0	-1.2	8.4
July	2021	£206,896	271.0	2.7	10.5
August	2021	£210,328	275.5	1.7	11.8
September	2021	£212,475	278.3	1.0	13.0
October	2021	£212,369	278.1	0.0	11.3
November	2021	£212,482	278.3	0.1	8.9
December	2021	£212,816	278.7	0.2	7.3
January	2022	£215,388	282.1	1.2	7.6

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

Scott Jack, Regional Development Director at Walker Fraser Steele, comments:

“Our report this month shows that the average house price in Scotland has increased by some £15,200 - or 7.6% - over the last twelve months, to the end of January this year. This is an £800 increase over the revised £14,400 growth in prices we witnessed to the end of December last year. Of equal significance is the fact that this heralds a reverse to the slide in the annual rate which had started over the previous three months. While the growth rate here in Scotland trails that of Wales by 1.4%, it is still higher than the average 7.3% in England and Wales overall. The Scottish market is continuing to perform well.

“What we are seeing in this return to growth is that people are still living, moving, buying and selling in the aftermath of the pandemic and the “lifestyle” changes it brought about. Working from Home has encouraged many homebuyers to move to larger premises which can accommodate a different way of living and working. Many have been in search of more outdoor space too – the so-called “Race for Space”. The issue here is that while there is a high demand for such homes, the supply is limited, so there continues to be strong competition for the properties that do come onto the market, with robust price increases as a result.”

Commentary: John Tindale, Acadata Senior Housing Analyst

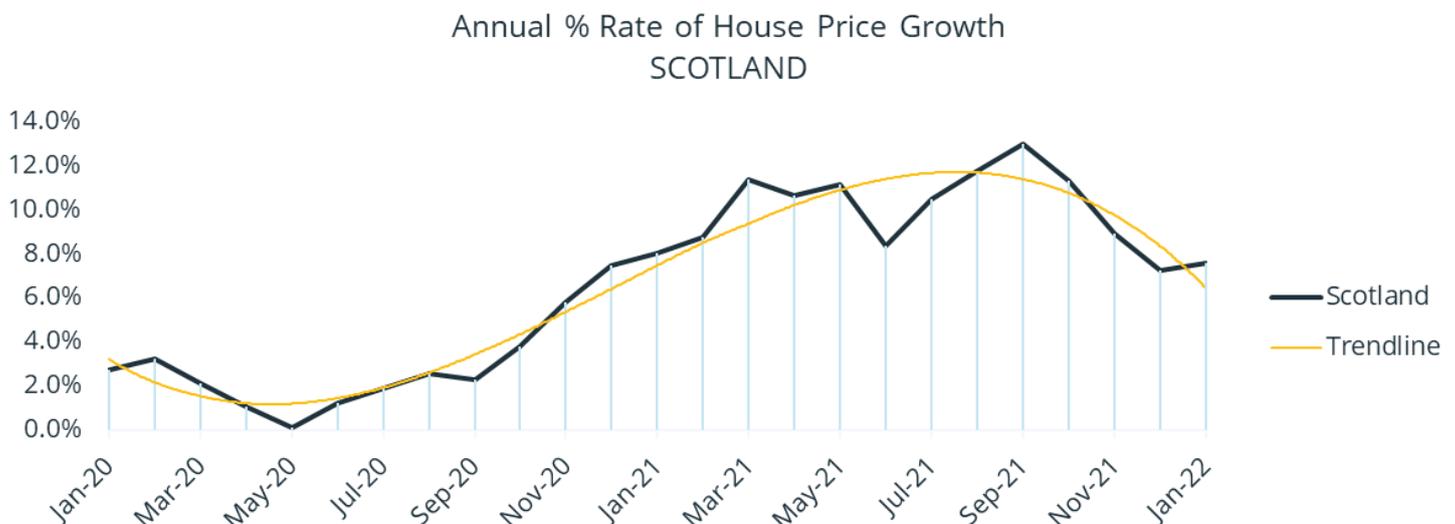
The January housing market

In January 2022, the annual rate of house price growth increased to 7.6%, from 7.3% in December 2021. This represents an increase of £15,200 over the average price of a property at the end of January 2021. The increase in the growth rate brings about a halt to the downturn in rates observed over the previous three months – as can be seen in Figure 1 below.

Over the last 12 months, there are six Local Authority Areas which between them have accounted for just under 50% of the £15,200 increase in the average price, on a weight-adjusted basis. (A weight-adjusted basis takes into account both the change in the authority's own average price as well as the number of sales involved.) The six areas are - in order of prominence - Fife, the City of Edinburgh, Glasgow City, South Lanarkshire, Highland and West Lothian.

On a monthly basis, prices in January 2022 rose by 1.2%, or £2,572, with Scotland's average house price now standing at £215,388. This is the highest increase in a month since August 2021, and sets a further record average price for Scotland – providing an additional indication of the general upward pressure on prices.

Figure 1. The annual rate of house price growth in Scotland over the period January 2020 to January 2022 with trendline ([Link to source Excel](#))



So what is causing the ongoing upward movement in prices? In general terms, we are still living with the effects of the pandemic and the “lifestyle” changes this has brought about – in particular the “Work from Home” edict has encouraged many to move to larger premises with outdoor facilities – the so-called “Race for Space”. There is high demand for such homes, but supply is limited, so there continues to be strong competition for the properties that do come onto the market, with resultant price increases.

Last month we showed that the highest rise in property prices over the last ten years had taken place during the pandemic, with the Lothians being the top three authorities in terms of price growth. We suggested this was due to many purchasers looking for a home with plenty of space outside of Edinburgh city centre, but still remaining within reasonable commuting distance of the capital.

Transactions analysis

Monthly transaction counts

Figure 2 below shows the monthly transaction count for purchases during the period January 2015 to January 2022, based on RoS (Registers of Scotland) figures for the Date of Entry. (January 2022 figures are based on RoS Application dates.)

The fall in the number of transactions at the onset of the pandemic in March/April 2020 is clearly visible – the March 2020 property sales that actually took place would largely have been agreed prior to the commencement of the first lockdown in Scotland on 24 March 2020. However, what is also clear is the recovery in sales during the summer of 2020, followed by an acceleration from August 2020 to a peak of 13,055 transactions in October 2020 – the highest number in a single month since November 2007.

It can be seen too that sales per month from September 2020 to March 2021 were at higher levels than the previous five years, as the market played ‘catch-up’ with the transactions lost during the spring and early summer months. It also benefitted from the LBTT tax reductions available from 15 July 2020 to 31 March 2021 (inclusive).

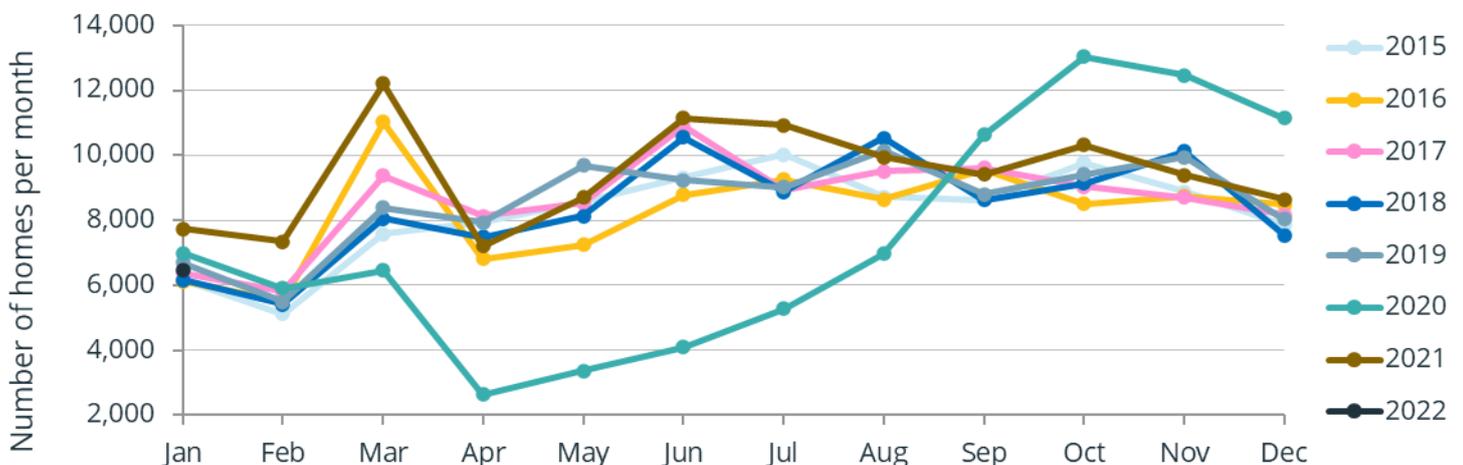
Noteworthy as well is the spike in sales in March 2021 - as the tax reduction expiry date approached – as is the fall in sales in April 2021, indicating the extent to which buyers had managed to bring forward their purchases into March 2021 to take advantage of the LBTT tax savings.

Sales volumes from May to December 2021 look roughly on a par with, or slightly ahead of, previous years, perhaps suggesting that the market has now returned to its pre-pandemic transaction levels.

Comparing total sales in 2020 with those of 2019, there was a 13% fall in the overall size of the market. However, looking at the total number of transactions in 2021 and comparing them to 2019 (2020 figures are distorted by the lockdown in the early stages of the pandemic), sales are up by 10%. 2021 had the highest number of transactions in a year since 2007.

Figure 2. The number of sales per month recorded by RoS based on entry date (RoS applications date for January 2022), for the period 2015 – 2022. (Source: Registers of Scotland.) ([Link to source Excel](#))

Housing Registrations in Scotland per Month 2015 - 2022



Scotland transactions of £750k or higher

Table 2. The number of transactions by month in Scotland greater than or equal to £750k, January 2015 – January 2022 ([Link to source Excel](#))

Sales of £750k+								
Month	2015	2016	2017	2018	2019	2020	2021	2022
1	33	27	19	35	43	49	65	54
2	42	20	15	52	26	33	62	
3	231	57	25	34	35	30	115	
4	2	27	29	24	36	11	46	
5	14	20	31	32	54	16	63	
6	26	47	43	41	60	36	117	
7	15	36	55	44	61	41	120	
8	41	54	62	60	61	40	102	
9	46	44	56	70	59	67	127	
10	23	52	48	55	40	114	100	
11	48	38	37	59	58	108	100	
12	34	23	40	31	49	105	80	
Total	555	445	460	537	582	650	1097	54

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 were 54 sales in excess of £750k during January 2022, and we anticipate that this number will increase as further sales for the month are processed by the Registers of Scotland.

In 2021, total sales in excess of, or equal to, £750k amounted to 1,097 in number - and we expect this total to reach 1,100 as RoS continues to process late registrations for the year. This is the largest number of high-value sales that we have recorded in a year.

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. During the pandemic the nation was instructed to “work from home”, which established an appetite for larger properties with areas which could be used as offices and ideally with outdoor facilities – the “race for space”. Home movers and office workers were thus encouraged to look for premises which better suited their updated needs.

The process of moving home was additionally assisted by the existence of 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, available up to the end of March 2021, which encouraged the whole market to be more adventurous in its outlook.

However, the peak of the “pandemic market” appears to have occurred in September 2021 (see Figures 1 and 2). As a result, it can be seen that in each month subsequent to that date, the number of homes purchased with a value of £750k or above, has been less than that recorded in the same month of the previous year.

Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing January 2021, December 2021 and January 2022 ([Link to source Excel](#))

Prior Year Rank	Rank By Price	Local Authority Area	Jan-21	Dec-21	Jan-22	Month % Change	Annual % Change
1	1	City of Edinburgh	£303,728	£313,006	£316,924	1.3%	4.3%
3	2	East Lothian	£289,771	£310,817	£315,235	1.4%	8.8%
4	3	East Dunbartonshire	£263,577	£288,723	£294,446	2.0%	11.7%
2	4	East Renfrewshire	£291,003	£277,694	£283,855	2.2%	-2.5%
5	5	Stirling	£241,805	£274,051	£276,787	1.0%	14.5%
6	6	Midlothian	£241,246	£264,050	£261,885	-0.8%	8.6%
7	7	Perth and Kinross	£231,196	£240,170	£247,342	3.0%	7.0%
9	8	Scottish Borders	£206,976	£232,911	£236,540	1.6%	14.3%
8	9	Aberdeenshire	£217,303	£226,472	£227,397	0.4%	4.6%
10	10	West Lothian	£200,772	£217,208	£226,848	4.4%	13.0%
11	11	Highland	£198,998	£217,366	£221,207	1.8%	11.2%
18	12	Fife	£178,495	£201,605	£204,824	1.6%	14.8%
19	13	Orkney Islands	£171,128	£218,859	£204,666	-6.5%	19.6%
13	14	Argyll and Bute	£189,472	£204,381	£203,766	-0.3%	7.5%
14	15	Glasgow City	£186,825	£192,812	£197,875	2.6%	5.9%
15	16	South Ayrshire	£184,094	£195,706	£191,975	-1.9%	4.3%
12	17	Aberdeen City	£194,554	£194,455	£191,912	-1.3%	-1.4%
17	18	Moray	£179,975	£192,942	£191,864	-0.6%	6.6%
16	19	Angus	£181,850	£193,849	£191,786	-1.1%	5.5%
24	20	Shetland Islands	£163,806	£183,741	£191,074	4.0%	16.6%
20	21	South Lanarkshire	£169,577	£186,222	£187,962	0.9%	10.8%
22	22	Dumfries and Galloway	£167,499	£171,956	£178,295	3.7%	6.4%
23	23	Falkirk	£165,064	£177,775	£173,017	-2.7%	4.8%
25	24	Renfrewshire	£157,420	£171,880	£172,543	0.4%	9.6%
21	25	Clackmannanshire	£167,667	£177,766	£169,507	-4.6%	1.1%
26	26	Dundee City	£152,300	£165,983	£164,400	-1.0%	7.9%
28	27	North Lanarkshire	£146,909	£155,722	£160,611	3.1%	9.3%
27	28	Na h-Eileanan Siar	£151,867	£149,253	£157,616	5.6%	3.8%
32	29	East Ayrshire	£135,595	£150,580	£154,207	2.4%	13.7%
30	30	Inverclyde	£140,054	£149,052	£153,031	2.7%	9.3%
29	31	North Ayrshire	£140,105	£150,956	£150,740	-0.1%	7.6%
31	32	West Dunbartonshire	£136,102	£147,630	£150,297	1.8%	10.4%
All Scotland			£200,188	£212,816	£215,388	1.2%	7.6%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for January 2021, as well as for December 2021 and January 2022, 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 January 2022. Local Authority areas shaded in blue experienced record average house prices in January.

Annual change

The average house price in Scotland has increased by some £15,200 - or 7.6% - over the last twelve months, to the end of January. This is an £800 increase over the revised £14,400 growth in prices seen to the end of December 2021, but importantly stops the slide in the annual rate which had been evident over the previous three months. Scotland's growth rate now trails the Wales rate of 9.0% by 1.4%, but in percentage terms is still higher than the average 7.3% in England and Wales overall.

In January 2022, 30 of the 32 local authority areas in Scotland saw their average prices rise over the previous twelve months. The two areas with price falls compared to one year earlier were East Renfrewshire and Aberdeen City. In East Renfrewshire, prices of detached homes have fallen from an average £440k in January 2021 to £415k in January 2022. Part of this reduction in the average price of detached homes in East Renfrewshire was due to a fall in the number of homes that sold for more than £750k - there were five such properties purchased in January 2021, but none in January 2022. As we reported last month, this is symptomatic of a general reduction in the purchase of high-value homes in Scotland during the final quarter of 2021, which is now extending into the first month of 2022.

In Aberdeen City the average price of flats has fallen by £5k over the last twelve months. However, in Aberdeen, there is a strong correlation between house prices and the price of crude oil, so we anticipate that property values will begin to increase following the recent dramatic rise in oil prices.

The area with the highest annual increase in average house prices in January 2022 was the Orkney Islands, where values have risen by 19.6% over the year. On the mainland, the highest rise in prices occurred in Fife, where average prices rose by 14.8%. Sales in the month included a magnificent apartment in the Hamilton Grand, overlooking the final hole of the Old St Andrews Golf Course, which changed hands for a reported £4 million. If you are an avid golf fan there is probably no better place in the world to live.

Monthly change

In January 2022, Scotland's average house price in the month rose by some £2,500, or 1.2%, which is the highest increase of the last five months. The average price of a home in Scotland now stands at £215,388, which sets a new record level for the nation for the eighth time in the last twelve months.

In January, 21 Local Authority areas in Scotland experienced rising prices in the month, compared to 19 in December. The largest increase in average prices in January, of 5.6%, was in Na h-Eileanan Siar. However, as often stated on these pages, Scotland's Island groups tend to see volatile price movements, due to the low number of sales that take place each month (in this case 18).

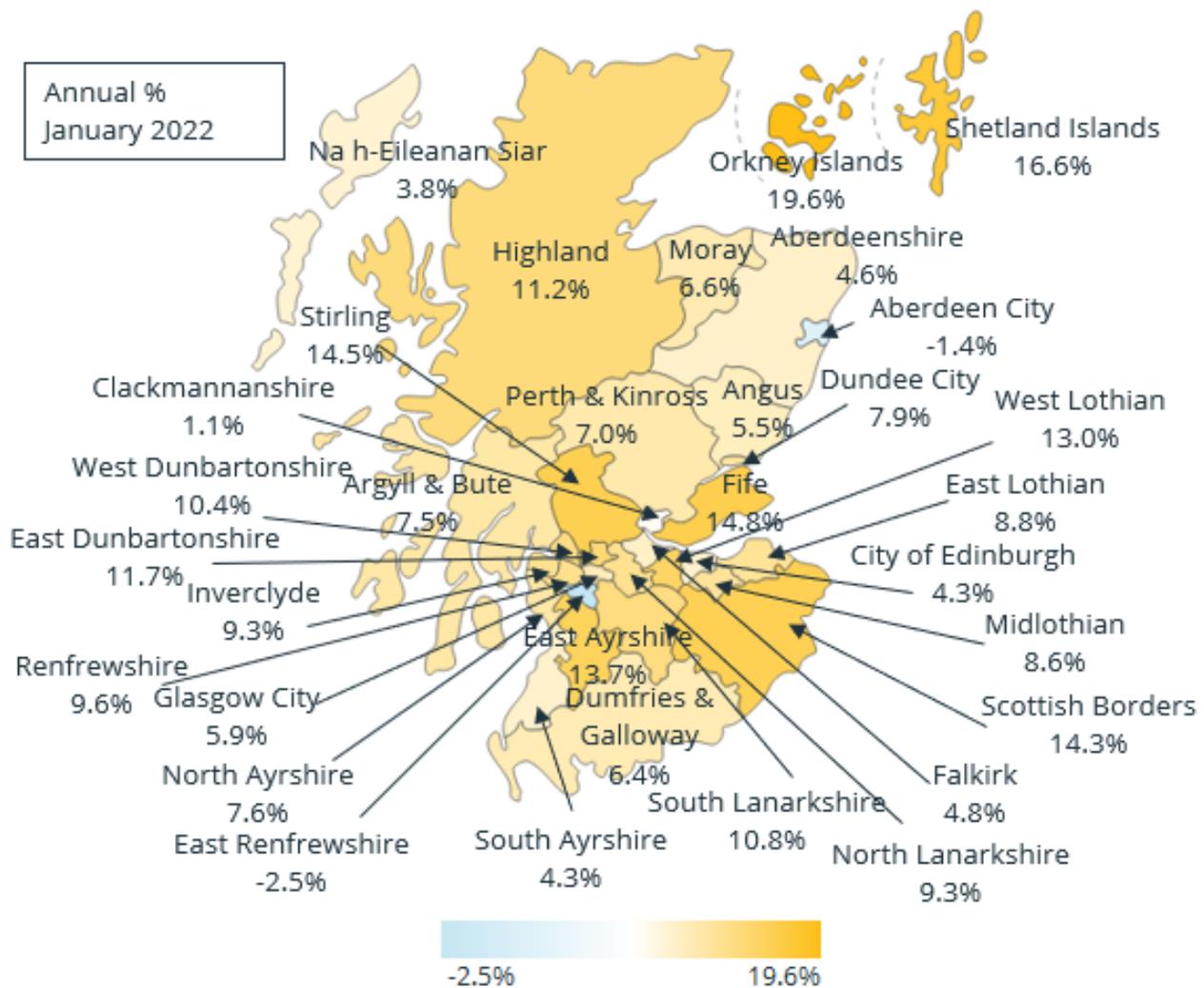
On the mainland, West Lothian saw the largest increase in prices in the month, of 4.4%. All property types saw an increase in prices in West Lothian, with the largest contribution to the increase coming from detached homes. The increase in the average price of detached homes was helped this month by the purchase of a resplendent four-bedroom property for £835k, located in Westfield, Bathgate, some fifteen miles to the west of Edinburgh. As mentioned earlier, the Lothians tick all the boxes in terms of 'pandemic living', with plenty of space, large properties and a relatively easy commute, if required, into Edinburgh.

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 January there are 15 such authorities, one more than in December. We can also add that Scotland itself has set a new record average price in January 2022 - the first of the year.

Heat Map

The heat map below shows the rate of house price growth for the 12 months ending January 2022. As reported above, all but two of the 32 local authority areas in Scotland are reporting an increase in their house values over the last year. The two areas with negative growth are East Renfrewshire and Aberdeen City, where prices over the year have fallen by -2.5% and -1.4% respectively. The highest increase over the twelve months to January 2022 was in the Orkney Islands at 19.6%, followed by the Shetland Islands at 16.6% - on the mainland it was Fife that was top with price growth of 14.8%.



Comparisons with Scotland

Figure 3. Scotland house prices, compared with England and Wales, Wales, North East and North West for the period January 2005-January 2022 ([Link to source Excel](#))

Average House Price

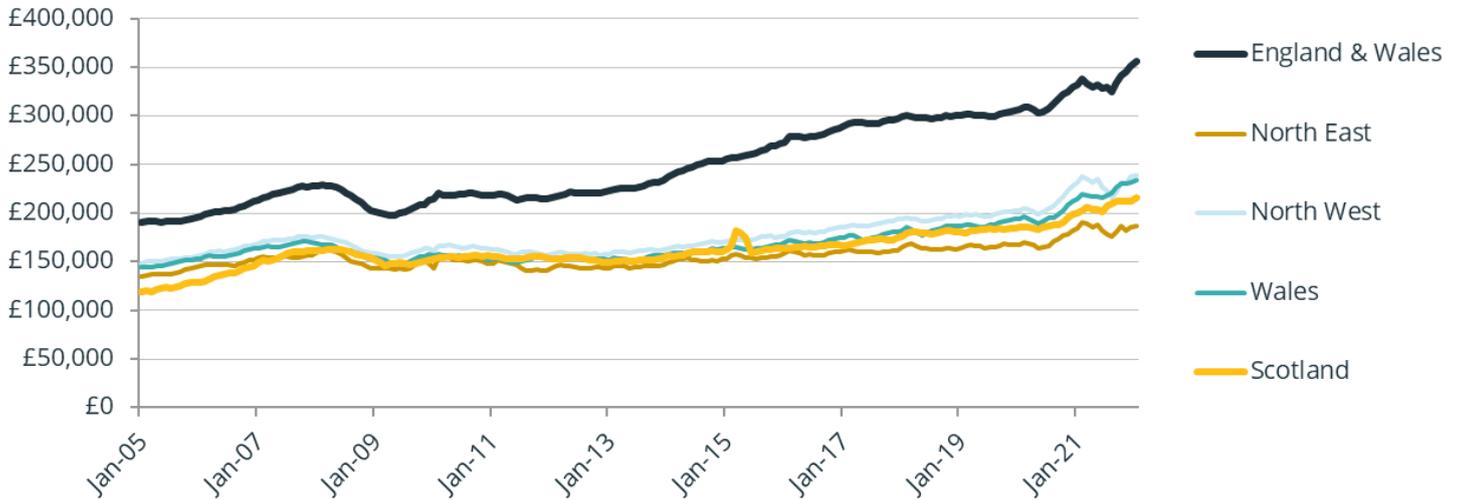
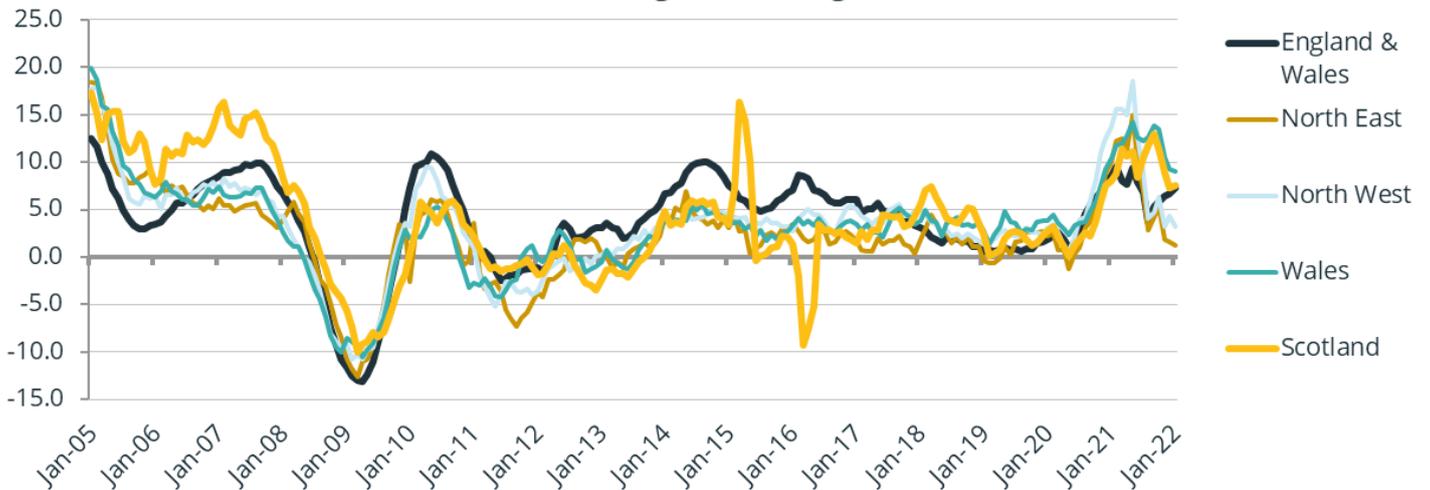


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-January 2022 ([Link to source Excel](#))

Annual % change in Average House Prices



Scotland's Seven Cities

Figure 5. Average house prices for Scotland's seven cities from November 2020-January 2022 ([Link to source Excel](#))

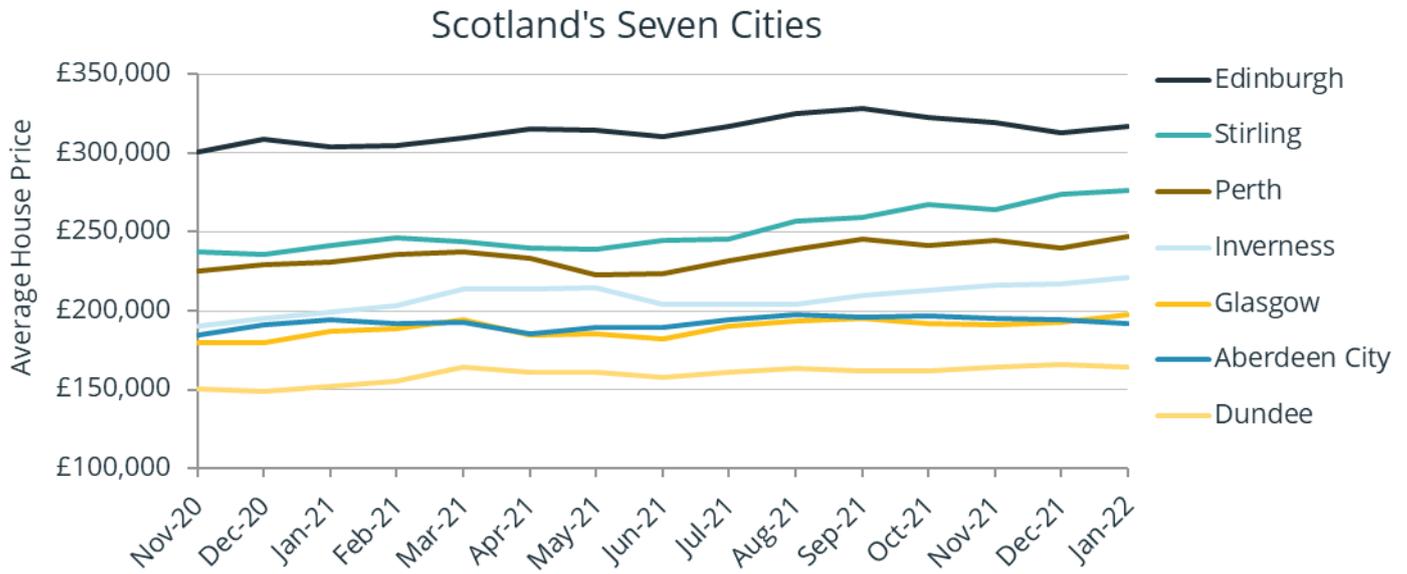
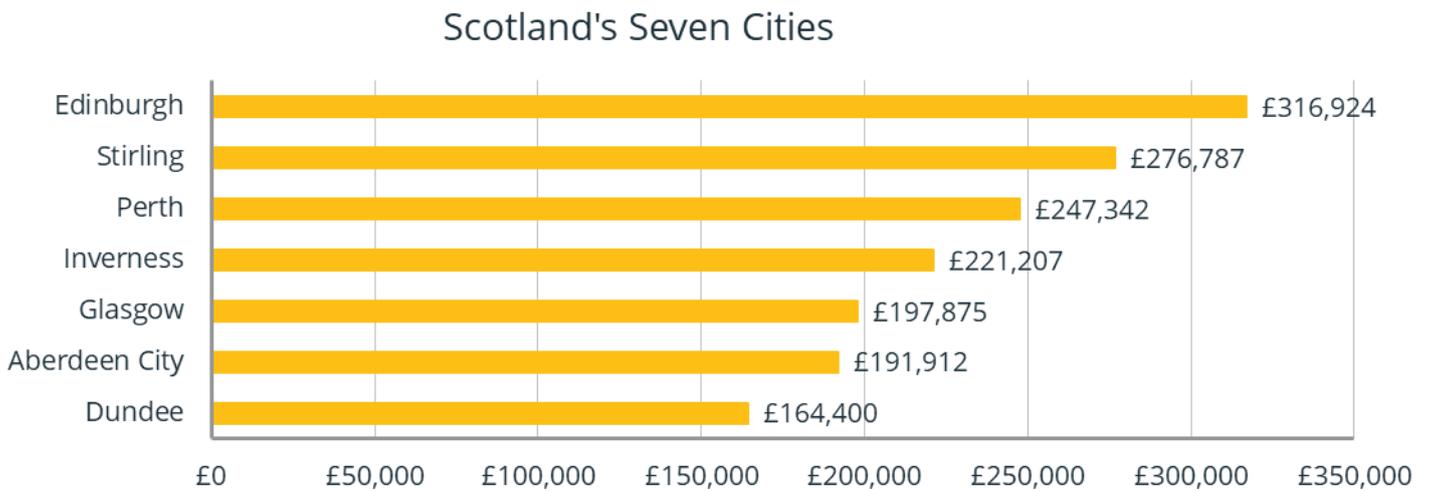


Figure 6. Average house prices for Scotland's seven cities January 2022 ([Link to source Excel](#))



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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