

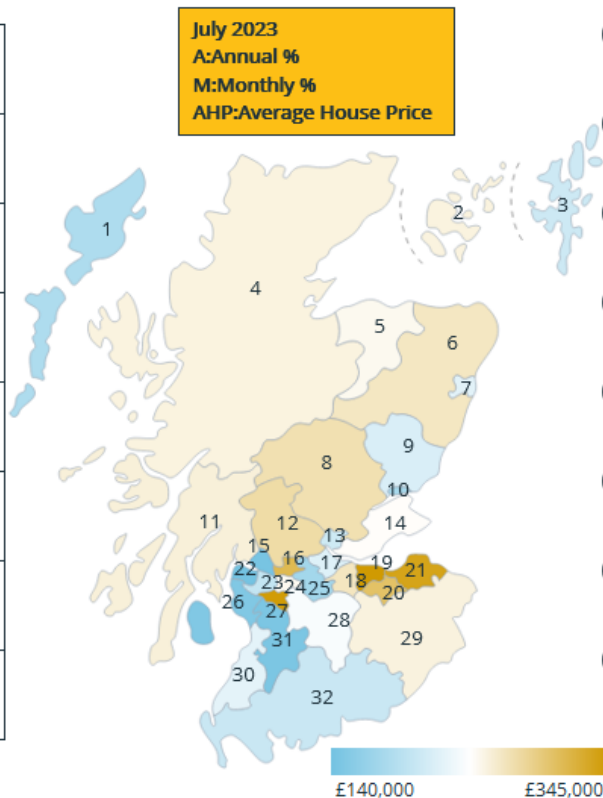
Prices in July edge down from record highs

- Transactions continue to languish
- Demand for higher-value properties decreasing
- A small majority of local authorities see annual price falls
- Glasgow reports record high prices

- Walker Fraser Steele is the trading name of e.surv Chartered Surveyors in Scotland
- **The *Walker Fraser Steele Acadata House Price Index (Scotland)***. Please refer to the Notes at the end for information on content and methodology.

House Price	Index	Monthly Change %	Annual Change %
£223,035	292.1	-0.4	0.3

1 Na h-Eileanan Siar A 21.5% M 3.0% AHP £168,483	2 Orkney Islands A 3.2% M -1.2% AHP £220,284
5 Moray A 1.6% M -0.8% AHP £211,593	6 Aberdeenshire A 1.3% M -1.4% AHP £236,398
9 Angus A -4.9% M -3.2% AHP £186,713	10 Dundee City A -2.5% M -1.8% AHP £166,070
13 Clackmannanshire A -6.3% M 3.8% AHP £182,258	14 Fife A 4.3% M 0.0% AHP £205,382
17 Falkirk A 1.1% M -0.7% AHP £189,011	18 West Lothian A 0.3% M -0.6% AHP £237,434
21 East Lothian A 4.8% M -3.8% AHP £328,610	22 Inverclyde A 3.5% M -3.8% AHP £143,821
25 North Lanarkshire A 0.8% M -2.6% AHP £164,078	26 North Ayrshire A -5.2% M -0.4% AHP £149,678
29 Scottish Borders A -1.6% M -5.4% AHP £221,082	30 South Ayrshire A -4.5% M 1.1% AHP £191,322



3 Shetland Islands A -5.1% M -3.0% AHP £181,836	4 Highland A -2.5% M -2.4% AHP £220,160
7 Aberdeen City A -2.8% M -0.5% AHP £190,409	8 Perth & Kinross A -4.2% M -1.3% AHP £245,640
11 Argyll & Bute A -0.8% M 5.2% AHP £223,690	12 Stirling A -6.4% M 0.0% AHP £251,719
15 West Dunbartonshire A -1.4% M 2.4% AHP £145,722	16 East Dunbartonshire A -2.0% M 1.7% AHP £297,217
19 City of Edinburgh A 1.1% M 1.4% AHP £340,944	20 Midlothian A 5.9% M -1.5% AHP £286,544
23 Renfrewshire A -1.0% M -5.7% AHP £177,341	24 Glasgow City A 1.9% M 1.4% AHP £210,814
27 East Renfrewshire A 7.7% M 1.9% AHP £339,056	28 South Lanarkshire A 3.1% M 0.8% AHP £199,903
31 East Ayrshire A -4.3% M -3.1% AHP £147,604	32 Dumfries & Galloway A -4.7% M -1.8% AHP £180,074

Table 1. Average House Prices in Scotland for the period July 2022 – July 2023
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
July	2022	£222,273	291.1	0.7	8.9
August	2022	£222,279	291.1	0.0	7.2
September	2022	£222,234	291.1	0.0	6.3
October	2022	£222,402	291.3	0.1	6.4
November	2022	£222,663	291.6	0.1	6.7
December	2022	£222,389	291.3	-0.1	6.5
January	2023	£221,032	289.5	-0.6	4.5
February	2023	£219,635	287.7	-0.6	2.8
March	2023	£219,375	287.3	-0.1	1.3
April	2023	£221,150	289.6	0.8	1.5
May	2023	£223,483	292.7	1.1	1.6
June	2023	£223,954	293.3	0.2	1.4
July	2023	£223,035	292.1	-0.4	0.3

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:

“With the end of interest rates rises perhaps in sight, we may yet see better news in the coming months for house price growth. But for now, the picture in July is less rosy as the housing market contracted due to the persistent challenges from rising interest rates, cost of living increases, and affordability pressures.

“All of these are conspiring to take the wind out of prospective buyers’ sails – not least new buyers who are particularly impacted by affordability challenges. However, with the announcement of the first sub-5% fixed rate mortgage in mid-September, we hope to see transactions increase and confidence to return to the market towards the end of the year.

“The pattern of slight monthly rises that we saw in prior months came to a stop when the average property price decreased by £900, or -0.4%. The average home price in Scotland is currently little over £223,000, which is still the third-highest month on record.

“Lack of supply of the right type of property will always support prices in the long-run, particularly given the news of builders slowing down or stopping developments. Not all sectors and geographies are affected equally by the headwinds either. There were almost equal numbers of local authorities reporting higher or lower prices in July 2023, with 15 of the 32 local authority areas in Scotland seeing their average prices rise above the levels of twelve months earlier and 17 authorities reporting price falls.”

Commentary: Bob Pannell, Acadata Senior Housing Analyst

July's housing market

Scotland's housing market retreated a little in July in the face of ongoing headwinds from higher interest rates, cost-of-living and affordability pressures. The average property price edged down by £900, or -0.4%, bringing to an end the pattern of small monthly increases seen in previous months. Scotland's average house price now stands a little above £223,000, still the third-highest month on record.

Figure 1. Scotland's average house price for the period from March 2020 to July 2023 ([Link to source Excel](#))

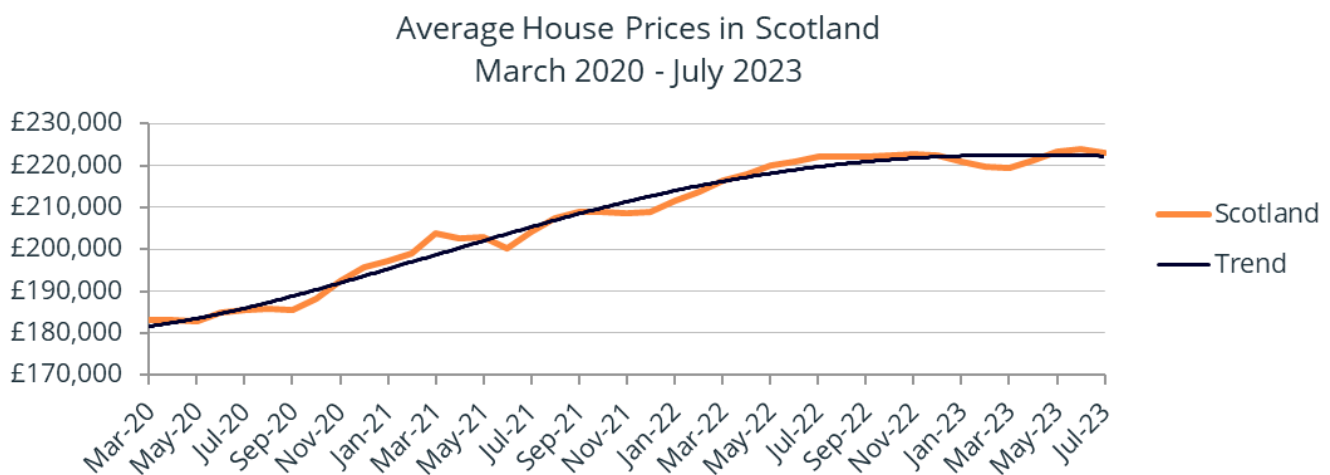


Figure 1 shows how average house prices in Scotland have changed since the start of the Covid pandemic in March 2020. Prices have risen by £40,000 from £183,000 to £223,000 as at July 2023. The increase of 21.9% over the period compares to one of 18.8% in the CPIH Index – so in real terms (after allowing for consumer price inflation) the average house price in Scotland since the start of the pandemic has risen by around 3%.

House price inflation, measured year-on-year, remains in positive territory but only just – up 0.3% compared with July 2022. This represents a sea-change from just over a year ago, when Scotland briefly witnessed double-digit percentage increase in house prices. It also marks the weakest performance since early 2019, that is before the Covid epidemic.

Much of the adjustment to the more challenging conditions facing the housing market is coming through as lower levels of activity, with sales so far this year about 10% lower than the corresponding months of 2022. Whilst a significant correction, this is only about half that seen in England & Wales.

This pattern of subdued market prices and turnover may continue for some while. Nevertheless, with continuing strong earnings growth and financial markets beginning to look forward to official interest rates peaking, there are grounds for optimism that Scotland's housing market will see a soft landing and subsequent recovery.

Local Authority Analysis

Table 2. Average House Prices in Scotland, by local authority area, comparing July 2022, June 2023 and July 2023
([Link to source Excel](#))

Prior Year Rank	Rank By Price	Local Authority Area	Jul-22	Jun-23	Jul-23	Month % Change	Annual % Change
1	1	City of Edinburgh	£337,375	£336,340	£340,944	1.4%	1.1%
2	2	East Renfrewshire	£314,813	£332,889	£339,056	1.9%	7.7%
3	3	East Lothian	£313,464	£341,741	£328,610	-3.8%	4.8%
4	4	East Dunbartonshire	£303,287	£292,375	£297,217	1.7%	-2.0%
5	5	Midlothian	£270,488	£291,004	£286,544	-1.5%	5.9%
6	6	Stirling	£269,026	£251,635	£251,719	0.0%	-6.4%
7	7	Perth and Kinross	£256,466	£248,862	£245,640	-1.3%	-4.2%
8	8	West Lothian	£236,675	£238,837	£237,434	-0.6%	0.3%
9	9	Aberdeenshire	£233,434	£239,837	£236,398	-1.4%	1.3%
11	10	Argyll and Bute	£225,560	£212,539	£223,690	5.2%	-0.8%
12	11	Scottish Borders	£224,735	£233,776	£221,082	-5.4%	-1.6%
13	12	Orkney Islands	£213,535	£222,906	£220,284	-1.2%	3.2%
10	13	Highland	£225,749	£225,544	£220,160	-2.4%	-2.5%
14	14	Moray	£208,339	£213,365	£211,593	-0.8%	1.6%
15	15	Glasgow City	£206,932	£207,851	£210,814	1.4%	1.9%
17	16	Fife	£196,855	£205,330	£205,382	0.0%	4.3%
21	17	South Lanarkshire	£193,986	£198,401	£199,903	0.8%	3.1%
16	18	South Ayrshire	£200,278	£189,216	£191,322	1.1%	-4.5%
19	19	Aberdeen City	£195,927	£191,410	£190,409	-0.5%	-2.8%
24	20	Falkirk	£187,033	£190,282	£189,011	-0.7%	1.1%
18	21	Angus	£196,230	£192,802	£186,713	-3.2%	-4.9%
20	22	Clackmannanshire	£194,556	£175,511	£182,258	3.8%	-6.3%
22	23	Shetland Islands	£191,508	£187,531	£181,836	-3.0%	-5.1%
23	24	Dumfries and Galloway	£188,978	£183,424	£180,074	-1.8%	-4.7%
25	25	Renfrewshire	£179,066	£188,025	£177,341	-5.7%	-1.0%
32	26	Na h-Eileanan Siar	£138,638	£163,578	£168,483	3.0%	21.5%
26	27	Dundee City	£170,257	£169,033	£166,070	-1.8%	-2.5%
27	28	North Lanarkshire	£162,753	£168,470	£164,078	-2.6%	0.8%
28	29	North Ayrshire	£157,916	£150,323	£149,678	-0.4%	-5.2%
29	30	East Ayrshire	£154,226	£152,342	£147,604	-3.1%	-4.3%
30	31	West Dunbartonshire	£147,749	£142,346	£145,722	2.4%	-1.4%
31	32	Inverclyde	£138,892	£149,425	£143,821	-3.8%	3.5%
All Scotland			£222,273	£223,954	£223,035	-0.4%	0.3%

Table 2 shows average house prices, calculated on a seasonal- and mix-adjusted basis, by Local Authority Area for July 2023, June 2023 and July 2022, together with the corresponding percentage price changes over the last month and year. The ranking figures are based on average house prices. Line items are shaded in blue in cases where average house prices in the Local Authority area or Scotland as a whole have experienced record highs.

Annual change

The average house price in Scotland in July 2023 has increased by £762 - or 0.3% - over the last twelve months. This represents the weakest annual rate of growth since early 2019, before the Covid epidemic.

Although there were almost equal numbers of local authorities reporting higher or lower prices in July 2023, with 15 of the 32 local authority areas in Scotland seeing their average prices rise above the levels of twelve months earlier and 17 authorities reporting price falls, this was in fact the first net negative balance since 2016.

East Renfrewshire was the area on the mainland with the highest annual increase in average house prices in July 2023 – up 7.7% - followed by Midlothian (5.9%) and East Lothian (4.8%). Meanwhile, Stirling had the largest fall in prices over the previous twelve months, at -6.4%.

Despite the more subdued nature of the housing market recently, several local authorities – East Renfrewshire, Midlothian, North and South Lanarkshire and West Lothian - have reported year-on-year price rises every month over the past year (albeit negligible increases in July in the case of North Lanarkshire and West Lothian).

At the other end of the spectrum, Aberdeen was the only local authority in July to have consistently experienced annual house price falls every month over the past year. However, a total of 10 authorities have seen annual price falls for the last three months or more in a row.

Monthly change

In July 2023, Scotland's average house price declined by some £900, or -0.4% – the worst outcome since February 2023, but broadly comparable with the modest declines seen over the first quarter as a whole.

In July 2023, 10 of the 32 Local Authority areas in Scotland experienced rising prices in the month, 20 saw price falls and price movements in two – Fife and Stirling – were negligible. The net balance fell from +2 in June to -10 in July.

The distribution of local authorities with price increases in July was reasonably even, with 5 in the top half when ranked by price and 5 in the lower half.

The largest increase in average prices in the month was in Argyll and Bute, up by 5.2%. In second and third places are Clackmannanshire (3.8%) and Na h-Eileanan Siar (3.0%).

Peak Prices

In Table 2 above, those areas which have reached a new record in their average house prices are highlighted in light blue. In July 2023, there were 3 such authorities, down from five in June.

Interestingly, the highest local authority area with a record average price this month is Glasgow, ranked in 15th place by value and featuring for the second month in a row.

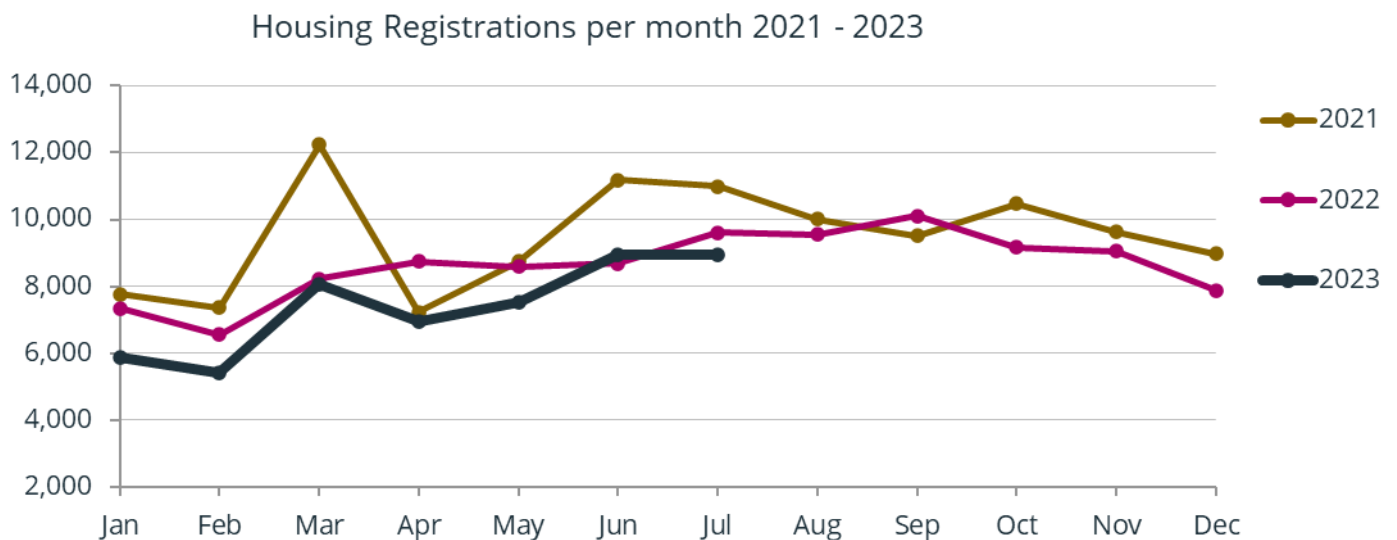
Transactions analysis

Figure 2 below shows the monthly transaction count for purchases during the period from January 2021 to date, based on Registers of Scotland (RoS) figures for the Date of Entry (except for July 2023, which is based on RoS Application Dates).

As the focus here is on recent market trends, we will not look closely at how the Covid epidemic, and measures taken in response, affected Scotland's property market (a topic covered in previous news releases). Suffice to say that 2021 - the brown line - was not a typical year, with the early months characterised by a peak in sales and subsequent slump associated with a LBTT tax-holiday being discontinued from the end of Q1. Sales returned slowly to relatively high levels as the mantra for "the race for space" and "working from home" took hold. Taken as a whole, 2021 proved to be something of a high-water mark for the market, with the year recording the highest number of sales averaging about 9,500 transactions per month.

Although 2022 - the pink line - started well with an average 8,400 sales per month to the end of August, Liz Truss came into power on 6 September 2022, with her mini-budget raising the interest rate to 2.25%, on 22 September 2022. Ms Truss departed as Prime Minister on 25 October 2022. The bank rate was further increased on 3 November and 15 December 2022, ending the year at 3.5%. The graph shows the decline in monthly transactions over the period from October to December 2022.

Figure 2. The number of sales per month recorded by RoS based on entry date from 2021 - 2023 ([Link to source Excel](#))



Finally, the black line charts 2023. This year started with the lowest volume of January sales of the last nine years, at 5,871 transactions. Although sales have picked up since then, total sales for the first seven months of the year - at nearly 52,000 - are about 10% lower than 2022 and (other than the Covid year 2020) the lowest since 2013. The Bank rate is one of the prime reasons for the slowing in sales, having reached 5.25% at the time of writing - its highest level of the last 15 years.

Scotland transactions of £750k or higher

Table 3. The number of transactions by month in Scotland greater than or equal to £750k, January 2015 – July 2023 ([Link to source Excel](#))

Sales of £750k+									
Month	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	33	27	19	35	44	49	65	88	75
2	42	20	15	52	26	33	62	68	53
3	231	57	25	34	35	30	115	80	76
4	2	27	29	24	36	11	46	70	67
5	14	20	31	32	54	16	63	90	67
6	26	47	43	41	60	36	119	111	100
7	15	36	55	44	61	41	121	135	66
8	41	54	62	60	61	40	102	126	
9	46	44	56	70	59	67	127	134	
10	23	52	48	55	40	114	102	124	
11	48	38	37	59	58	109	101	114	
12	34	23	40	31	49	105	79	82	
Total	555	445	460	537	583	651	1102	1222	504

Table 3 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.

There were 66 such transactions recorded by RoS relating to July 2023. Currently, this is the third-highest July total recorded to date, and although we can expect RoS will process further high-value properties for the month, it looks set to remain comfortably below corresponding levels in 2021 and 2022.

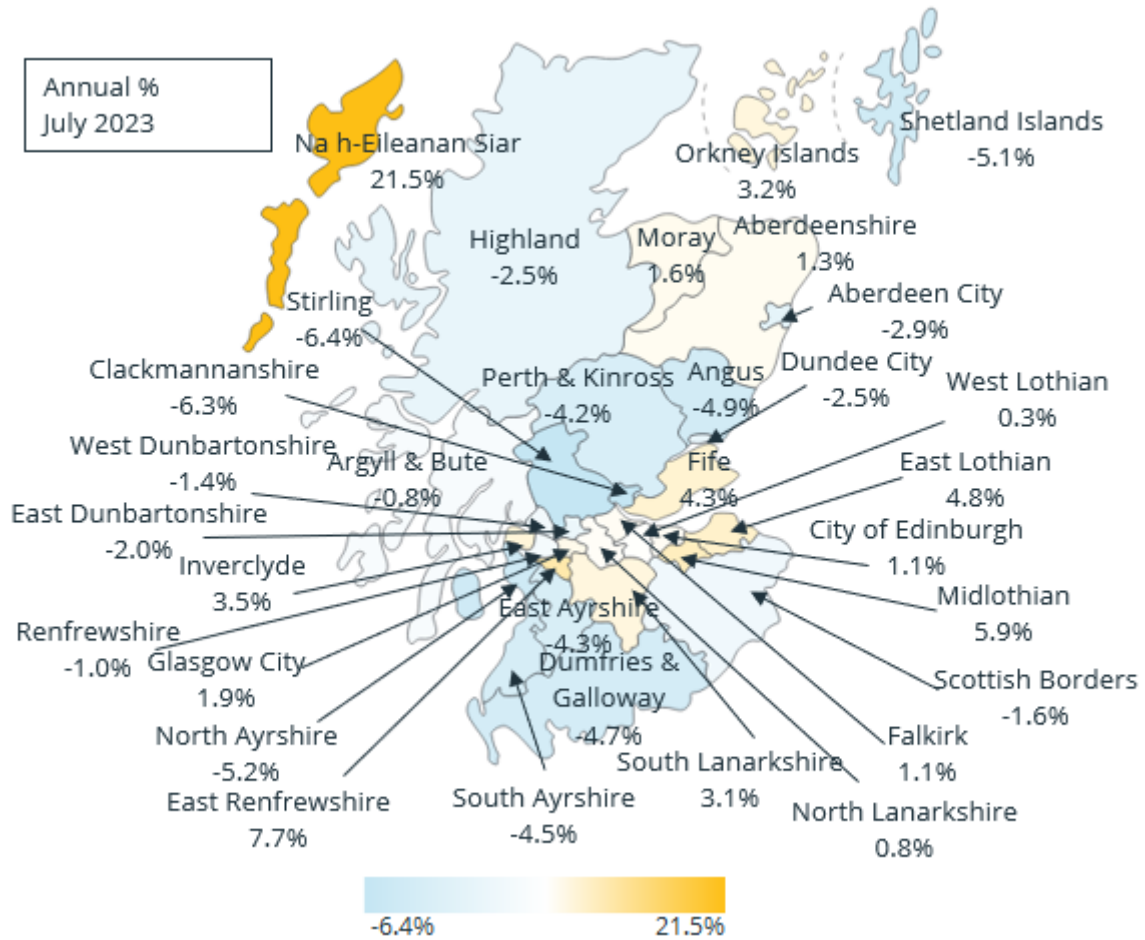
Looking at the number of high-value properties sold in the first seven months of each year in Table 3, 2022 is ranked first with 642 high-value sales, followed by 2021 – when sales were boosted prior to the ending of the Covid related LBTT tax-holiday in April of that year - with 591. 2023 is ranked in third place.

However, there is a clear trend, in that the totals in each of the first seven months of 2023 are lower than a year earlier. In aggregate, these declines are larger than the downturn in the market as a whole, indicating that last year's enthusiasm for the purchase of high-value homes has dissipated at least for the time being.

Edinburgh accounts for 246 of the 504 high-value sales (49%) that have been recorded to date by RoS in 2023. This compares to 50% in 2022 and is consistent with the gently declining importance of Edinburgh sales based on this metric, from its peak of nearer 60% a few years back. Glasgow and East Lothian continue to vie for second place, with cumulative sales of 32 and 30 high-value homes respectively so far this year. Several other local authorities – Fife, East Renfrewshire, Perth and Kinross, and Stirling – account for a further 20+ sales apiece, but these six local authorities combined account for just over 30% of this top-end market.

Heat Map

The heat map below shows the rate of house price growth for the 12 months ending July 2023. As reported above, 15 of the 32 local authority areas in Scotland have seen a rise in their average property values over the last year.



How Scotland Compares

Figure 3. Scotland house prices, compared with England and Wales, North East and North West for the period January 2005-July 2023 (Link to source Excel)

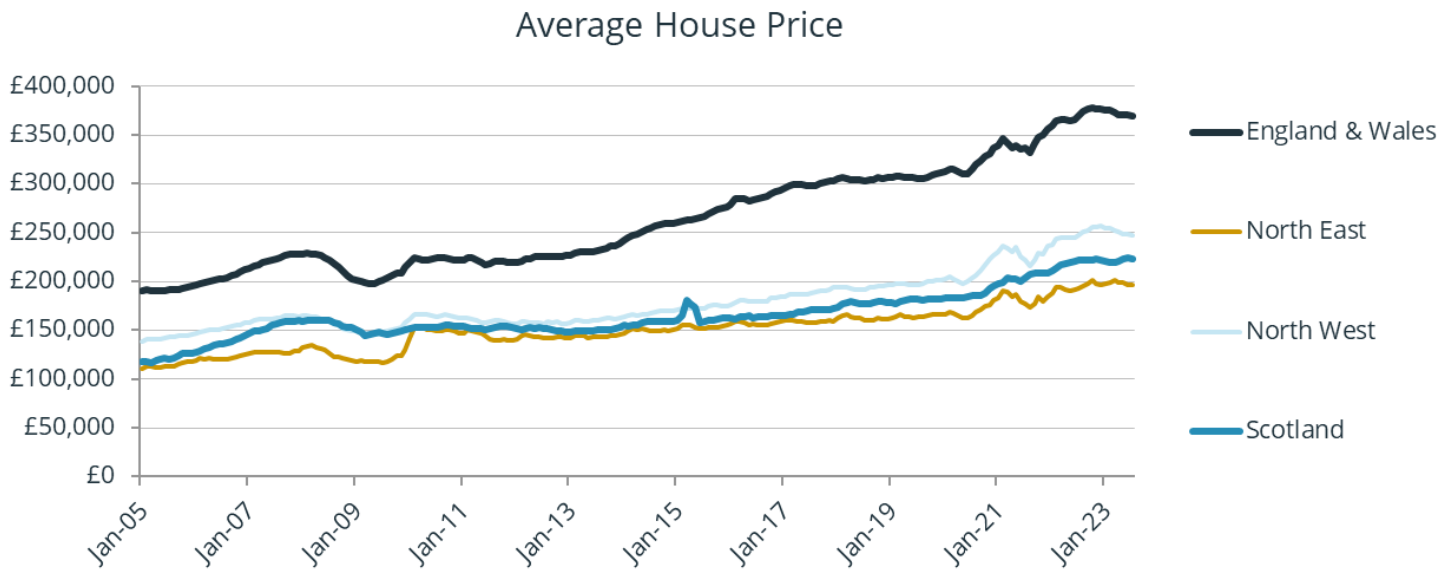
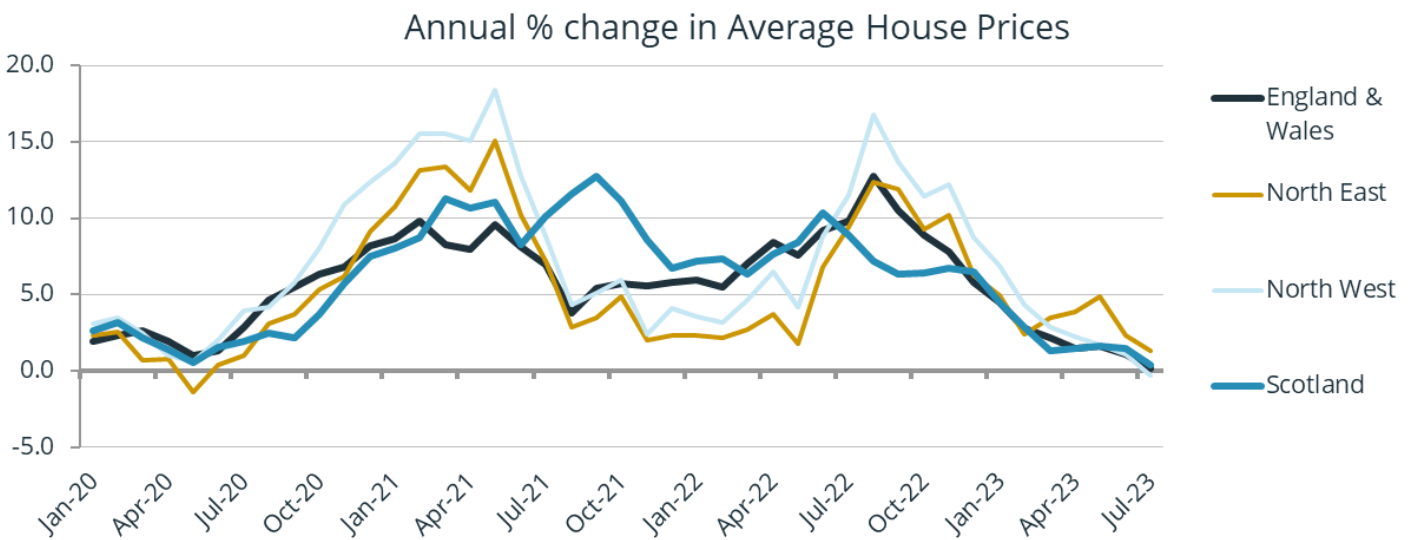


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, North East and North West for the period January 2020-July 2023 (Link to source Excel)



Scotland's Eight Cities

Figure 5. Average house prices for Scotland's eight cities from May 2022–July 2023 (Link to source Excel)

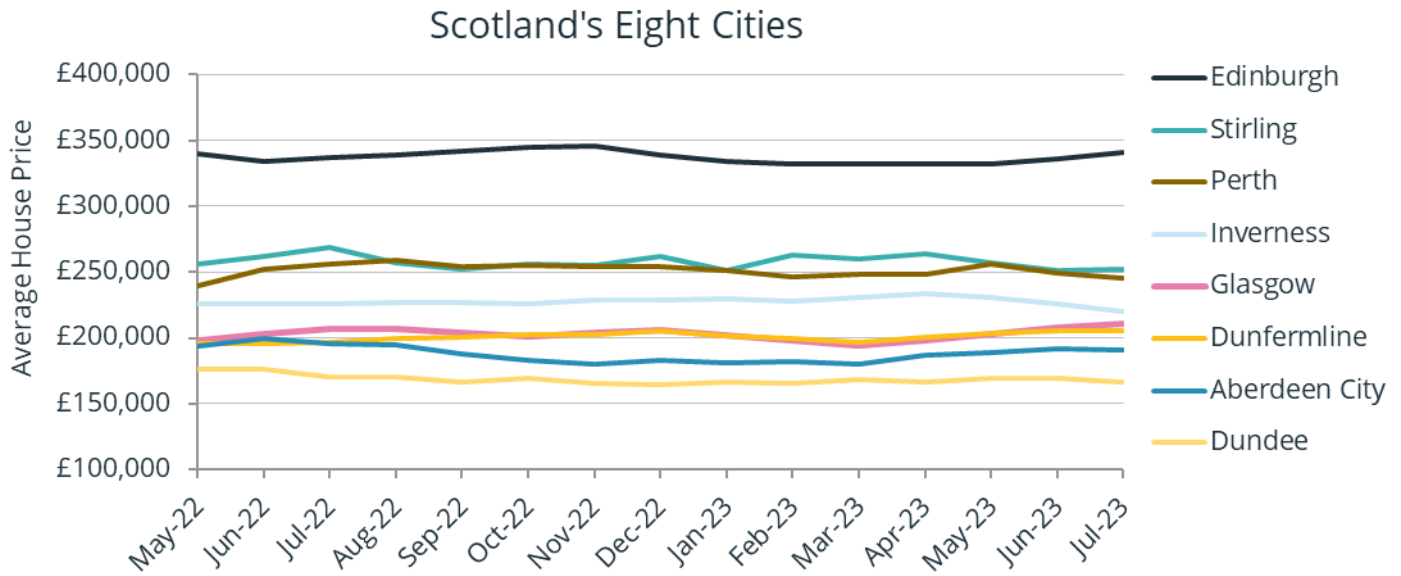
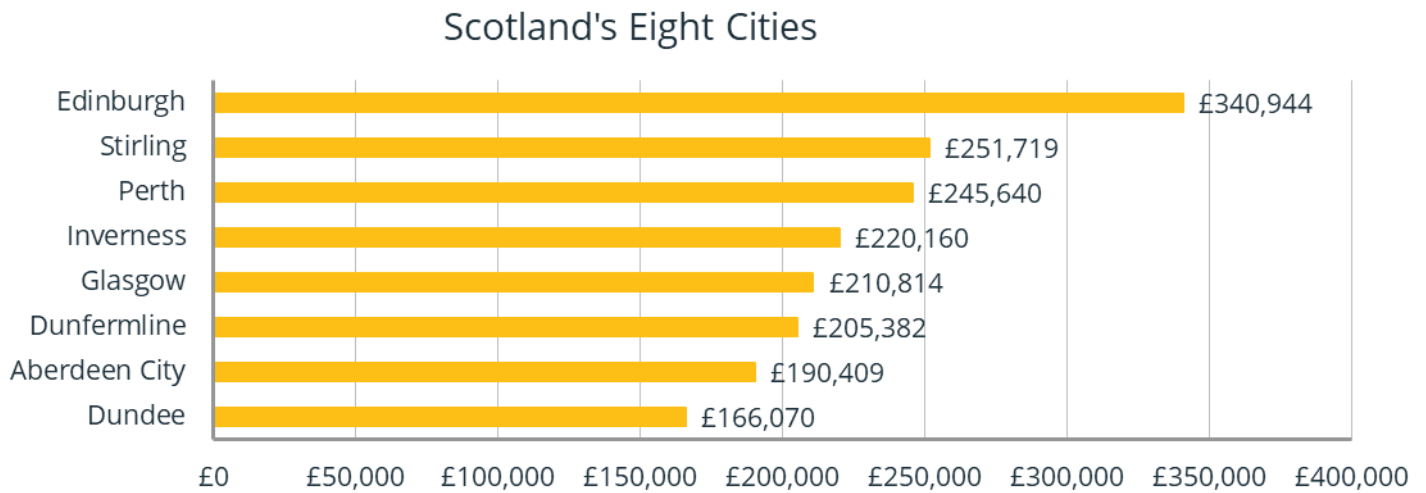


Figure 6. Average house prices for Scotland's eight cities July 2023 (Link to source Excel)



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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