

ABERDEEN HOUSING MARKET REPORT THIRD QUARTER 2016

Change in house prices

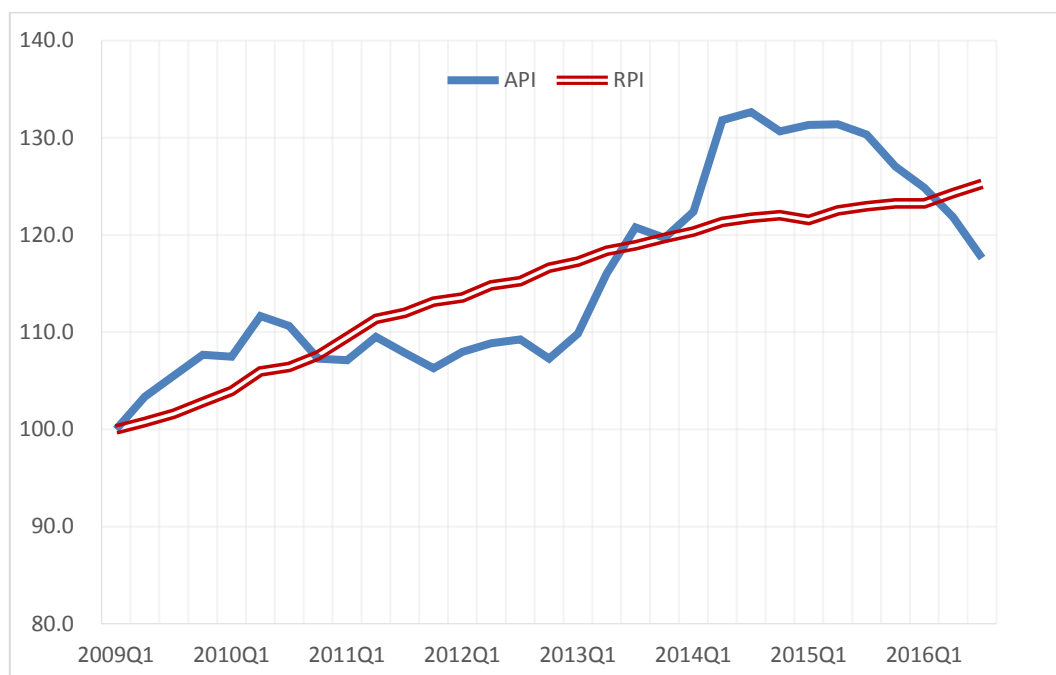
Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the third quarter of 2016. Figure 1 plots the house price indices for Aberdeen City and suburbs jointly with the Retail Price Index.

- The quarterly house price change in Aberdeen City and suburbs is -3.4 %.
- The annual house price change in Aberdeen City and suburbs is -9.8 %.
- The annualised house price change over five years in Aberdeen City and suburbs is 1.8%.

Table 1: Change in house prices and retail price index in percent.

	Quarterly price change 2016Q3	Annual price change 2015Q3 to 2016Q3	Annualised price change over five years 2011Q3 to 2016Q3
Aberdeen City and suburbs	-3.4	-9.8	1.8
Ellon	-3.1	-6.4	1.7
Inverurie	-2.6	-7.6	1.4
Stonehaven	-4.2	-7.5	2.7
Other country areas	-2.6	-9.9	-1.0
Retail Price Index (ONS)	0.8	1.9	2.3

Figure 1: Aberdeen City and suburbs house price index (API) and retail price index (RPI) from 2009Q1 to 2016Q3 (2009Q1=100).



Level of prices

Table 2 gives estimated constant-quality prices for three dwelling types in different areas. Constant-quality means that standard characteristics for the different dwelling types are assumed.

Table 2: Estimated prices (£) for different dwelling types for current and previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2016Q3	149,859	127,159	141,867	139,799	125,366
	2016Q2	155,863	132,204	145,178	144,855	129,098
Semi-detached	2016Q3	207,625	173,364	200,324	208,132	170,073
	2016Q2	215,011	178,971	205,648	217,206	174,671
Detached	2016Q3	315,146	247,649	278,538	308,581	281,400
	2016Q2	325,644	257,537	288,978	319,702	291,003

Volume of sales

Figure 2 shows the volume of sales per quarter in Aberdeen and Aberdeenshire over the recent five year period. Table 3 shows the change in the volume of sales for different dwelling types.

- In the third quarter of 2016, the volume of sales was 1,303, an increase of 2.7% from the previous quarter and a decrease of 23.6% compared with the volume of sales a year ago (2015Q3)
- The sales volume of flats decreased by 1.2%, the sales volume of semi-detached houses increased by 3.0%, and the sales volume of detached houses increased by 6.7%.

Figure 2: Volume of sales from 2011Q3 to the current quarter

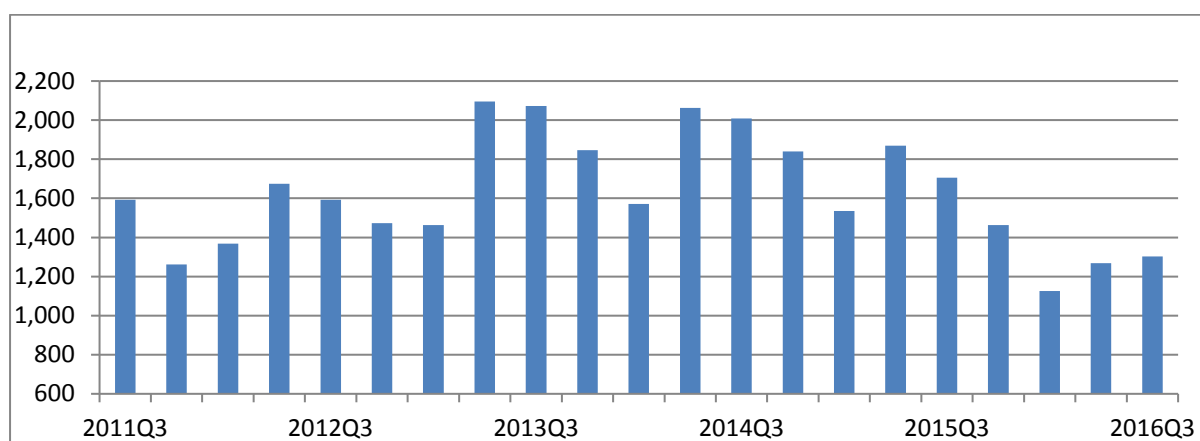


Table 3: Volume of sales by dwelling type for the current and the previous quarter

Period	Flat	Semi-Detached	Detached
2016Q3	403	520	380
2016Q2	408	505	356
Percentage change	-1.2	3.0	6.7

Comment by John MacRae

Our 3rd quarter statistics probably come as no real surprise to those living in our area. We are seeing evidence of the downturn in all aspects of life in the North East, pretty much, and the housing market is no exception. Volume of sales is running just above 70% of the level of previous years, although, encouragingly, the third quarter showed a small increase (2.7%) over the second quarter.

It can be easy to drift into negative thinking, but I would encourage folks to bear in mind that we have been here before, and we came through it. Our market is still functioning, sales are being completed and, occasionally we have closing dates. Sellers are, in the main, being realistic. There are purchasers who benefit from low interest rates. There are some signs that the oil industry is beginning to move beyond cutting and more towards continuing. There are bargains to be had and builders are offering incentives.

It is more important than ever to have the benefit of good advice, from your solicitor, at the outset, to plan the sale in advance, to attend to any small blemishes to make your property as attractive as you can and to use the marketing power of ASPC. Site traffic is holding up well and we introduce new features throughout the year to assist the public, sellers and buyers.

Note on methods

The information in this report is based on data provided by the Aberdeen Solicitors' Property Centre (ASPC) to the Centre for Real Estate Research, University of Aberdeen.

The price changes shown in Table 1 are calculated after having controlled for the quality of houses that are sold, thereby providing a reliable indication of the underlying market trend.¹ Three price changes are reported: The quarterly price change shows the percentage change in house prices over the past three months; the annual price change shows the percentage change in house prices measured over the most recent twelve month period; and the annualised price change over five years shows the average annual change in house prices calculated over a five year holding period. Table 1 also includes the Retail Price Index to show how the prices of goods and services in the economy have changed over the same time period.

The estimated price levels in Table 2 assume characteristics that are "standard" for the dwelling type in the respective area. For example, the standard semi-detached house in the Aberdeen City and suburb area has three bedrooms, two public rooms, one bathroom. Full details of the characteristics are available on the link below.

<http://www.abdn.ac.uk/business/research/crer.php#-nbspaberndeen-house-price-indexnbsp->

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¹ This differs from the information reported in previous Aberdeen House Price Reports where price changes were calculated as the differences in the average prices between two periods.