

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2016

Change in house prices

Table 1 shows the change in house prices in Aberdeen and Aberdeenshire to the end of the first quarter of 2016. It also shows the change in house prices for Scotland and the UK as measured by the Halifax house price indices.¹ Figure 1 plots the house price indices for Aberdeen City and suburbs, Scotland, and the UK jointly with the Retail Price Index.

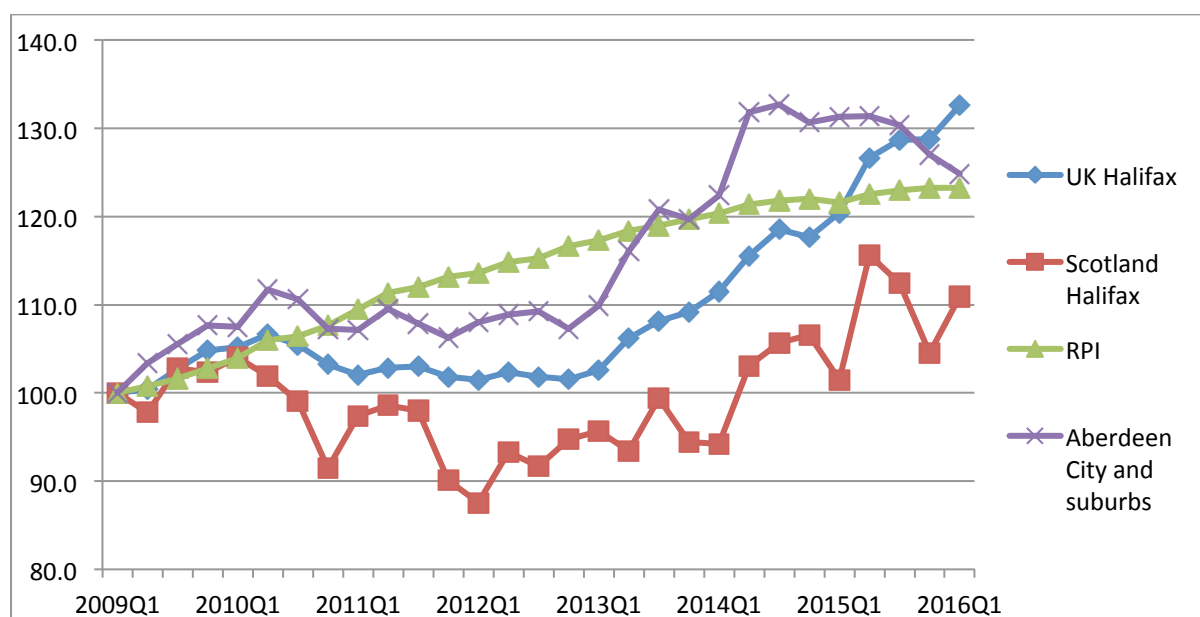
- In the first quarter of 2016, house prices in Aberdeen City and suburbs decreased by 1.7%. Over the same period, house prices in Scotland increased by 7.1% and increased by 2.9% in the UK.
- The annual house price change in Aberdeen City and suburbs is -4.9%. The annual house price change is 9.3% in Scotland and 10.1% in the UK.
- The annualised house price change over five years in Aberdeen City and suburbs is 3.1%. The annualised house price change over the same period is 2.6% in Scotland and 5.4% in the UK.

Table 1: Change in house prices for different areas

	Quarterly price change 2016Q1	Annual price change 2015Q1 to 2016Q1	Annualised price change over 5 years 2011Q1 to 2016Q1
Aberdeen City and suburbs	-1.7%	-4.9%	3.1%
Ellon	-1.1%	0.0%	2.6%
Inverurie	-0.7%	-4.4%	2.8%
Stonehaven	-1.0%	-3.4%	4.0%
Other country areas	-1.0%	-1.7%	0.6%
Scotland (Halifax)	7.1%	9.3%	2.6%
UK (Halifax)	2.9%	10.1%	5.4%
Retail Price Index (ONS)	0.0%	1.4%	2.4%

¹www.lloydsbankinggroup.com/Media/economic-insight/regional-house-prices/. The quarterly price change is seasonally

Figure 1: House price indices for Aberdeen City and suburbs, Scotland, UK, and Retail Price Index from 2009Q1 to 2016Q1 (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.

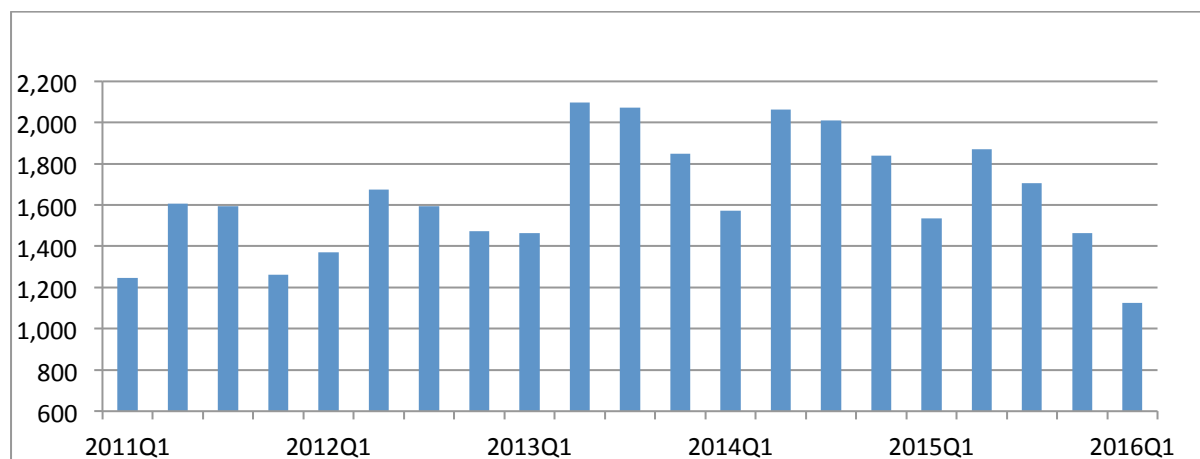
Table 2: Estimated prices for different dwelling types for the current and the previous quarter

Dwelling type	Period	Aberdeen City and suburbs	Ellon	Inverurie	Stonehaven	Other country areas
Flat	2016Q1	158,693	134,276	145,978	146,345	135,401
	2015Q4	161,416	137,750	147,774	147,823	136,439
Semi-detached	2016Q1	220,394	181,859	209,384	219,043	184,575
	2015Q4	224,215	183,866	210,760	221,286	186,519
Detached	2016Q1	334,920	262,941	292,913	325,751	305,588
	2015Q4	340,718	269,332	297,027	332,101	309,799

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.

Figure 2: Volume of sales from 2011Q1 to the current quarter



In the first quarter of 2016, the volume of sales was 1,126, a decrease of 23.0% from the previous quarter and a decrease of 26.7% compared with the volume of sales a year ago (2015Q1).

- The sales volume of flats decreased by 24.9%, the sales volume of semi-detached houses decreased by 19.0%, and the sales volume of detached houses decreased by 25.6%.

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

Period	Flat	Semi-Detached	Detached
2016Q1	398	417	311
2015Q4	530	515	418
Percentage change	-24.9%	-19.0%	-25.6%

Comment by John MacRae

The first quarter figures for 2016 bear out what most of us are aware of already, namely, the local market is experiencing a slowdown in activity because of the general economic background to our local economy caused by the depleted oil price. It is no comfort to find that statistics bear out the general consensus and anyone involved in the housing market in Aberdeen knows that things are not as good as they were.

It is important to note, however, that the market is still functioning. Despite the current situation, in the first quarter 1,126 sales took place through ASPC (2015 – 1,536).

The number of insertions was also down from 2,279 in 2015 to 1,986 in 2016. There is also an effect on price. The annual price change between 2015 and 2016 in the first quarter is now a reduction of 5%.

In the current market, sellers need to be realistic and there is evidence to suggest that sellers and buyers are approaching matters with a sense of realism.

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.² 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/aberdeen-house-price-index-156.php>

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² This differs from the information reported in previous Aberdeen House Price Reports where price changes were calculated