

**CENTRE FOR REAL ESTATE RESEARCH, UNIVERSITY OF ABERDEEN**

**ABERDEEN HOUSING MARKET TO 4TH QUARTER 2010**

**KEY FACTS**

**Change of constant-quality home prices in Aberdeen and surrounding areas**

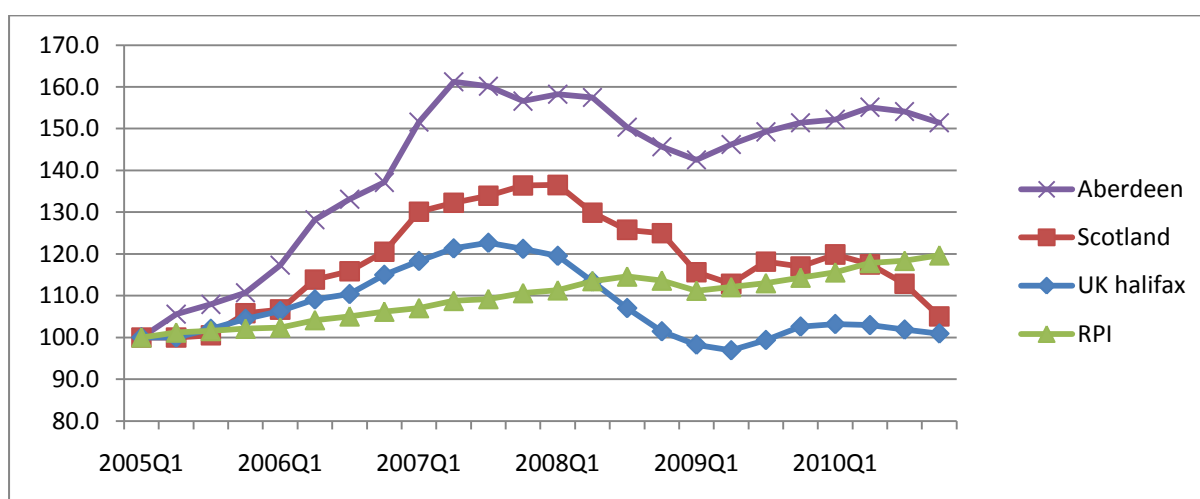
Table 1 shows changes in house prices in Aberdeen and Aberdeenshire to the fourth quarter of 2010. Growth rates are measured using constant-quality home price indices developed by the Centre for Real Estate Research at the University of Aberdeen. The note at the end of the leaflet explains how these indices are constructed. For comparison, Table 1 also reports price growth rate for Scotland as a whole and the UK as measured by the Halifax constant-quality indices.

In the fourth quarter of 2010, house prices in Aberdeen decreased by 1.7%. The rate of decline was slower than the Scotland figure of -6.9% while, over the same period, average prices were falling in UK as a whole. The annual change in prices is shown to be statistically insignificant. The last row of the table gives the annualised price growth of a five year holding period, where Aberdeen prices increased by 6.5% p.a., a large positive figure compared to Scotland and the UK overall, which recorded negative figures.

**Table 1: Rate of price changes in UK, Aberdeen and the surrounding areas for 2010Q4**

	Aberdeen	Ellon	Inverurie	Stonehaven	Other countryside <sup>1</sup>	Scotland (Halifax)	UK (Halifax)	RPI (ONS)
<b>Quarterly price change</b>	-1.7%	-4.1%	-2.7%	N/A <sup>2</sup>	N/A	-6.9%	-0.9%	1.1%
<b>Annual price change: 2010Q1 to 2010Q4</b>	0.0%	0.0%	0.0%	0.0%	2.7%	-10.2%	-1.6%	4.7%
<b>Annualised price change over 5 year holding period: 2006Q1 to 2010Q4</b>	6.5%	5.8%	6.9%	6.6%	5.8%	-0.1%	-0.7%	3.2%

**Graph 1: A comparison of house price performance in Aberdeen, Scotland, UK and RPI from 2005Q1 – 2010Q4**



**NB: The index numbers are based on 2005Q1=100**

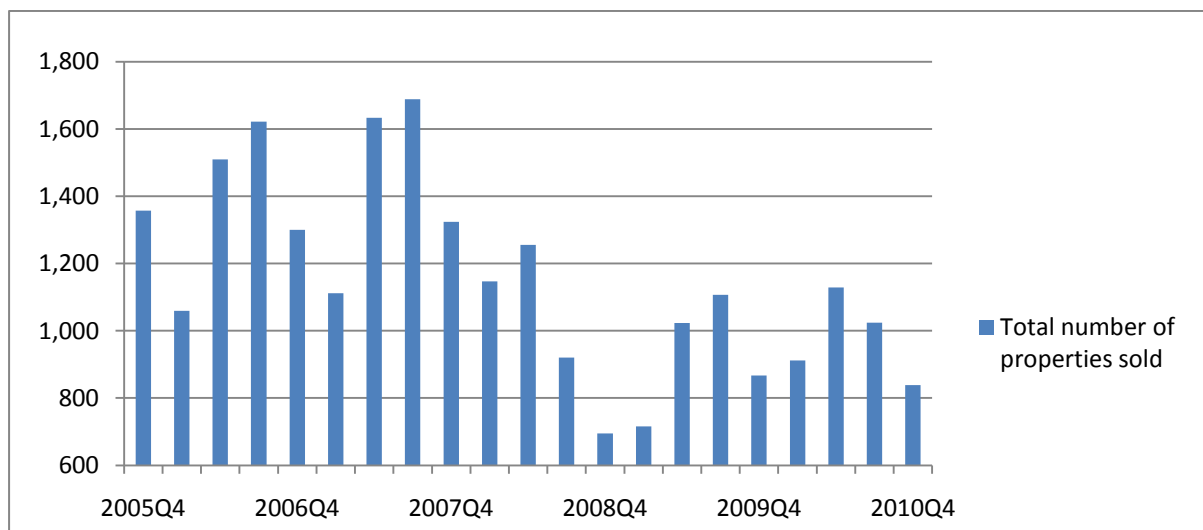
<sup>1</sup> The other countryside includes all the other surrounding areas in the Aberdeen region apart from Aberdeen, Ellon, Inverurie and Stonehaven.

<sup>2</sup> N/A means there was no statistically significant price change in the market during that period

### a) Volume of transactions in Aberdeen

Total volume of transactions in Aberdeen in the fourth quarter of 2010 was 839, a decrease of 18% from the previous quarter's volume of 1024, but only 3.2% from the previous year's (2009Q4) volume of 867. Graph 2 shows changes in the volume of transactions over a five year period.

**Graph 2: Volume of property transactions in Aberdeen from 2005Q4 – 2010Q4**



### b) Constant quality house prices in Aberdeen and surrounding areas

Based on the constant quality index, Table 2 compares average prices of properties in Aberdeen and surrounding locations:

**Table 2: Constant-Quality House Prices<sup>3</sup> in Aberdeen and the surrounding areas for 2010Q4**

	Aberdeen	Ellon	Inverurie	Stonehaven	Other countryside
<b>1 bedroom house price</b>	£77,410	£74,912	£75,388	£94,781	£81,752
<b>2 bedroom house price</b>	£121,144	£91,298	£102,965	£122,045	£107,725
<b>3 bedroom house price</b>	£225,019	£157,134	£181,039	£202,071	£171,997
<b>4 bedroom house price</b>	£311,432	£212,364	£262,381	£269,768	£263,865
<b>5 bedroom house price</b>	£414,489	£277,612	£389,316	£465,195	£340,944

<sup>3</sup> The characteristics of these houses are indicated in Table 5 below.

### c) Rate of price changes for the various dwelling types in Aberdeen

Since about 70% of the transactions took place in Aberdeen, we analyse below how the various dwelling types performed in the fourth quarter of 2010. Table 3 below reports the rate of changes. Detached houses are shown to have had the highest annual rate of change, falling by 3.2%.

**Table 3: Rate of price changes for the various dwelling types in Aberdeen**

	Aberdeen	Flat	Semi-detached	Detached
<b>Quarterly change</b>	-1.7%	N/A	N/A	-5.2%
<b>Annual price change: 2010Q1 to 2010Q4</b>	0.0%	0.0%	0.0%	-3.2%
<b>Annualised price change over 5 year holding period: 2006Q1 to 2010Q4</b>	6.5%	6.6%	6.5%	6.3%

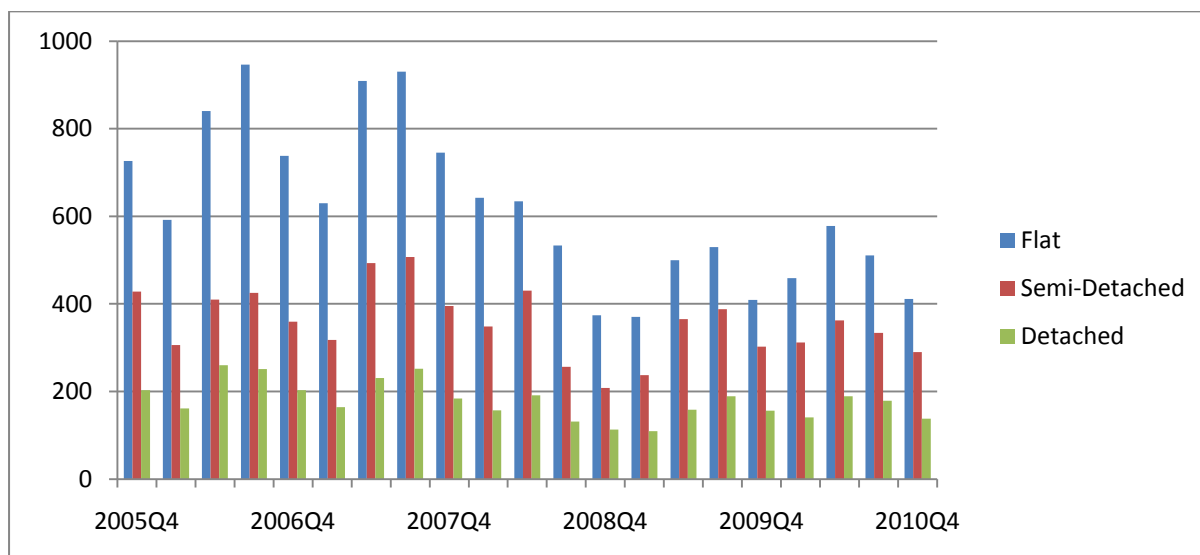
### d) Volume of transactions by dwelling types in Aberdeen

The volume of transactions for the various dwelling types for the last year (2009Q4), and over the last five years is shown in Table 4 and Graph 3 below. Flats were the most frequently transacted property type over the last five years. There was an increase in the volume of transactions for flat over the last year but a decrease for the other property types.

**Table 4: Volume of Property Transaction by dwelling type in Aberdeen for 2010Q4**

Period	Flat	Semi-Detached	Detached
<b>2010Q4</b>	411	290	138
<b>2009Q4</b>	409	302	156
<b>Percentage change</b>	0.5%	-4.0%	-11.5%

**Graph 3: Volume of property transaction by dwelling type in Aberdeen from 2005Q4 – 2010Q4**



**Note:** The information in this leaflet is based on house transaction data from the ASPC. This data is provided on a quarterly basis to the Centre for Real Estate Research at the University of Aberdeen. The data is used by the centre to compute constant-quality indices for different areas and different types of dwellings. The constant-quality indices control for the observed characteristics of the transacted properties. This is done by the use of regression techniques, whereby the transaction price is explained not only by the average market trend, but also by dwelling's type, number of bedrooms, etc. Whereas the average price can be heavily influenced by the characteristics of the transacted dwellings, thereby providing a biased picture of the general market trend, constant-quality indices are less prone to such problems. Table 5 below specifies the composition of the dwellings for which we report price information in this leaflet.

**Table 5: Other quality characteristics assumed for the bedroom type**

	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 Bedroom</b>	<b>5 Bedroom</b>
<b>All locations</b>	flat one floor one public room one bathroom no garden no garage	flat one floor one public room one bathroom no garden no garage	semi-detached two floors two public rooms one bathroom garage, garden	detached two floors two public rooms one bathroom garage garden	detached two floors three public room one bathroom garage garden
<b>Flat</b>	flat one floor one public room one bathroom no garage no garden	flat one floor one public room one bathroom no garage no garden	flat one floor one public room one bathroom no garage no garden	flat two floors two public rooms one bathroom no garage a garden	flat two floors two public rooms one bathroom no garage a garden
<b>Semi-detached</b>	semi-detached one floor one public room one bathroom no garage garden	semi-detached two floors one public room one bathroom no garage garden	semi-detached two floors two public rooms one bathroom garage garden	semi-detached two floors two public rooms one bathroom garage garden	semi-detached three floors two public rooms one bathroom garage garden
<b>Detached</b>	detached one floor one public room one bathroom no garage garden	detached one floor two public rooms one bathroom garage garden	detached two floors two public rooms one bathroom garage garden	detached two floors two public rooms one bathroom garage garden	detached two floors three public room one bathroom garage garden

The regression technique also allows us to consider aberrant influences on individual house prices, for example because of special buyer or seller circumstances. This introduces uncertainty into our estimates of the market trend. If this uncertainty is above a specific level, we do not report changes in market level, because they are not significant.

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