



PROPERTY
LEGAL
FINANCIAL

THE  TIMES
SCOTLAND

SCOTLAND'S PROPERTY MONITOR



SUMMER 2019

Scottish property sales
rise to an 11-year high
despite Brexit fears.

Property price growth
stalls in both Edinburgh
and Glasgow.

Surge in sale activity in
Aberdeen and Aberdeenshire
as confidence returns.



SUMMER

Introduction

Hello and welcome to the ninth edition of *Scotland's Property Monitor*, the country's most comprehensive property market research.

I had expected this introduction to be a sombre description of how Brexit had brought the Scottish property market to a halt. However, quite the opposite is true.

Instead, I am delighted to report that the value of property changing hands during the opening months of 2019 rose to its highest level since 2008.

However, what we have seen is a sudden halt to the house-price growth in our biggest cities.

Edinburgh, which has enjoyed its best period of property price growth since before the recession, has recorded falling prices so far this year. However, with an average sale price of £258,822, the capital remains the most expensive place to buy a home in Scotland.

Glasgow, like the capital, was also enjoying a strong period of house-price growth – but has seen prices fall so far in 2019.

Average prices continue to fall in Aberdeen and Aberdeenshire, Scotland's

other major market. But after years of decline caused by the oil and gas downturn, confidence is returning. Sales in Aberdeen alone are up by nearly 13% year-on-year.

With *Scotland's Property Monitor* entering its third year of publishing, regular readers will notice that it has been given a design revamp.

Also new in this edition is research on levels of consumer debt in Scotland, information which serves as a fantastic economic barometer for our communities. Increased borrowing can be an indicator of households being stretched. However, all but one of Scotland's 16 postcode regions have managed to cut the amount owed to lenders through personal loans.

Overall, debt levels in Scotland are falling at twice the UK average. Good news as we enter the summer market...

Jacqueline Law *Managing Partner*

**THE AVERAGE
SCOTTISH HOUSE
PRICE REMAINED
STATIC THROUGHOUT
SPRING**

“ I had expected this introduction to be a sombre description of how Brexit had brought the Scottish property market to a halt. However, quite the opposite is true. ”

**Scotland's
Property
Monitor**

**2019
AT A GLANCE**

Average price
up 0.2%



Sale volume
up 2.8%



Market value
up 2.4%



League Table

So far, 2019 has uncovered some interesting new trends.

The first quarter of 2019 saw the two hottest property markets in Scotland, Edinburgh and Glasgow, both retreat in terms of average prices, with more provincial areas enjoying the highest increases.

While the capital fell back 1%, it still maintained its position as the most expensive place in Scotland to buy a home, with prices hitting £258,822, a full 56% above the national average.

Likewise Glasgow also dropped 1.7% to £152,079, although this should be seen in the context of having previously experienced over a year of consecutive quarterly price rises.

Price growth throughout the rest of Lothian drove the overall cost in the region to £222,890, with East, West and Midlothian all advancing between 6% and 7%.

Dundee also continued to benefit from its recent economic revival, with a surge in demand for property pushing up average prices by almost 10% to £134,845.

The Western Isles has again proven its desirability with a 12.5% uplift to £121,262, building on increases throughout 2018. The growing demand for family homes within commuting distance of the biggest cities is also becoming more evident, with North Lanarkshire, Perth & Kinross and West Dunbartonshire all recording rises of over 6%.

**EDINBURGH
REMAINS THE MOST
EXPENSIVE PLACE
TO BUY A HOME IN
SCOTLAND**

Ranking (Q4 2018 ranking)		Q1 2018 Average	Q1 2019 Average	Annual % Change	% above or below Scottish average
1st (1st)	Edinburgh	£261,515	£258,822	-1.0%	55.6%▲
2nd (2nd)	East Renfrewshire	£264,840	£242,167	-8.6%	45.6%▲
3rd (3rd)	East Lothian	£225,773	£239,660	6.2%	44.1%▲
4th (4th)	East Dunbartonshire	£240,376	£228,733	-4.8%	37.5%▲
5th (5th)	Midlothian	£207,269	£221,421	6.8%	33.1%▲
6th (6th)	Aberdeenshire	£215,537	£202,493	-6.1%	21.7%▲
7th (8th)	Perth & Kinross	£189,275	£201,257	6.3%	21.0%▲
8th (9th)	Aberdeen	£190,686	£189,675	-0.5%	14.0%▲
9th (7th)	Stirling	£186,732	£189,242	1.3%	13.8%▲
10th (10th)	Highland	£177,634	£181,192	2.0%	8.9%▲
11th (12th)	West Lothian	£161,209	£171,658	6.5%	3.2%▲
12th (11th)	Scottish Borders	£180,905	£168,964	-6.6%	1.6%▲
13th (15th)	Argyll & Bute	£166,489	£167,362	0.5%	0.6%▲
14th (13th)	Angus	£161,102	£164,016	1.8%	-1.4%▼
15th (14th)	Moray	£159,241	£160,276	0.6%	-3.6%▼
16th (17th)	South Lanarkshire	£151,894	£155,247	2.2%	-6.7%▼
17th (19th)	Fife	£156,555	£154,394	-1.4%	-7.2%▼
18th (18th)	Glasgow	£154,775	£152,079	-1.7%	-8.6%▼
19th (21st)	Shetland Islands	£155,670	£149,930	-3.7%	-9.9%▼
20th (22nd)	Clackmannanshire	£143,055	£146,048	2.1%	-12.2%▼
21st (23rd)	Dumfries & Galloway	£148,288	£145,447	-1.9%	-12.6%▼
22nd (16th)	Orkney Islands	£137,213	£144,360	5.2%	-13.2%▼
23rd (24th)	Falkirk	£147,988	£140,846	-4.8%	-15.3%▼
24th (17th)	South Ayrshire	£161,305	£140,235	-13.1%	-15.7%▼
25th (25th)	Renfrewshire	£143,400	£138,663	-3.3%	-16.6%▼
26th (27th)	North Lanarkshire	£128,800	£138,561	7.6%	-16.7%▼
27th (26th)	Dundee	£122,674	£134,845	9.9%	-18.9%▼
28th (30th)	North Ayrshire	£116,460	£124,107	6.6%	-25.4%▼
29th (28th)	West Dunbartonshire	£113,450	£124,074	9.4%	-25.4%▼
30th (32nd)	Na h-Eileanan siar	£107,750	£121,262	12.5%	-27.1%▼
31st (29th)	East Ayrshire	£123,421	£115,327	-6.6%	-30.7%▼
32nd (31st)	Inverclyde	£113,108	£110,318	-2.5%	-33.7%▼
SCOTLAND		£166,075	£166,334	0.2%▲	

2019 AT A GLANCE

Average price
up 0.2% ▲

Sale volume
up 2.8% ▲

Market value
up 2.4% ▲

2019 Price Tracker

Q1 2019 £166,334
2018 £166,075

Q2 2019
2018 £169,450

Q3 2019
2018 £174,294

Q4 2019
2018 £174,290

Sale Volumes

Despite Brexit uncertainty, property sales are on the up.

After the devastating effect of the 'Beast from the East' at the same time last year, the Scottish housing market recovered with a bang, with transaction levels rising across the country.

Every region in Scotland bar two, Highlands and Islands and South Scotland, saw an increase in the number of properties changing hands, definitely a cause for optimism during what is traditionally the quietest period of the year.

Over 19,000 homes were sold, with the biggest uplift in the North-East, which enjoyed an overall rise of 6.1%. The figure was boosted by an impressive rise of 8.5% in Aberdeenshire, but it was Aberdeen itself which shone brightest, with the Granite City gaining nearly 13% year-on-year, second only in Scotland to East Lothian which saw a 29% increase.

A number of other more provincial areas also registered substantial growth, with activity in North Ayrshire up 13%, West Dunbartonshire rising 12.9%, West Lothian hitting nearly 12%, and perhaps surprisingly, volumes in Shetland substantially higher at 15%.

While the weather last year undoubtedly affected the level of transactions, the spread of activity across Scotland provides some evidence that a more geographically balanced market is emerging.

Region	Jan-18	Feb-18	Mar-18	Q1 2018 Sale Volume	Jan-19	Feb-19	Mar-19	Q1 2019 Sale Volume	Annual % Change
Aberdeen	221	199	276	696	300	235	251	786	12.9%▲
Aberdeenshire	231	212	265	708	264	237	267	768	8.5%▲
Angus	154	124	147	425	131	113	147	391	-8.0%▼
Argyll & Bute	90	109	135	334	128	103	132	363	8.7%▲
Clackmannanshire	46	55	53	154	56	46	50	152	-1.3%▼
Dumfries & Galloway	143	160	174	477	143	143	155	441	-7.5%▼
Dundee	183	144	161	488	199	136	178	513	5.1%▲
East Ayrshire	125	117	130	372	148	97	133	378	1.6%▲
East Dunbartonshire	131	132	112	375	120	84	139	343	-8.5%▼
East Lothian	111	111	128	350	174	122	158	454	29.7%▲
East Renfrewshire	106	94	118	318	111	77	114	302	-5.0%▼
Edinburgh	786	725	756	2,267	860	636	737	2,233	-1.5%▼
Falkirk	209	162	206	577	208	152	193	553	-4.2%▼
Fife	397	365	463	1,225	499	372	457	1,328	8.4%▲
Glasgow	806	654	763	2,223	784	670	773	2,227	0.2%▲
Highland	288	291	368	947	274	274	317	865	-8.7%▼
Inverclyde	66	87	89	242	103	68	72	243	0.4%▲
Midlothian	113	105	114	332	122	91	110	323	-2.7%▼
Moray	104	107	101	312	108	98	130	336	7.7%▲
Na h-Eileanan siar	18	35	20	73	29	20	27	76	4.1%▲
North Ayrshire	124	136	142	402	152	131	172	455	13.2%▲
North Lanarkshire	341	343	378	1,062	395	340	367	1,102	3.8%▲
Orkney Islands	24	22	32	78	21	34	22	77	-1.3%▼
Perth & Kinross	162	161	224	547	210	174	196	580	6.0%▲
Renfrewshire	242	209	258	709	272	233	231	736	3.8%▲
Scottish Borders	126	113	145	384	115	128	138	381	-0.8%▼
Shetland Islands	13	21	19	53	19	19	23	61	15.1%▲
South Ayrshire	132	111	134	377	142	138	120	400	6.1%▲
South Lanarkshire	453	376	467	1,296	516	384	495	1,395	7.6%▲
Stirling	114	123	115	352	122	99	97	318	-9.7%▼
West Dunbartonshire	79	67	86	232	87	97	78	262	12.9%▲
West Lothian	182	192	207	581	221	199	229	649	11.7%▲
SCOTLAND	6,320	5,862	6,786	18,968	7,033	5,750	6,708	19,491	2.8%▲

2019 AT A GLANCE

Scottish sales
up 2.8% ▲

Edinburgh sales
down 1.5% ▼

Aberdeen sales
up 12.9% ▲

Market Value

The overall value of Scottish property sales has risen again.

Almost £3.4billion of property was sold during the first part of the year, with the North-East, along with Mid Scotland and Fife, recording the highest year-on-year increases in market values.

Aberdeen continued its gradual recovery with a rise of 11.6%, over £15 million more sales than same time last year, and with Dundee also rising 15%, both cities contributed to an overall sales figure for the North-East region of £437,288,555.

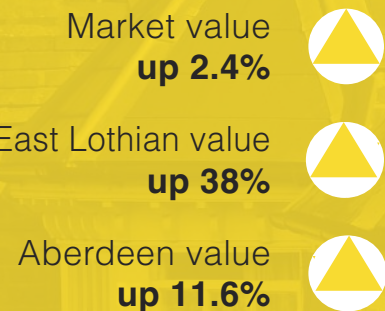
Reductions of 2.4% in Edinburgh and 1.5% in Glasgow, together with substantial rises in provincial areas, not least East Lothian with a hefty 38% surge, are providing some indications that the market may be re-balancing across the country.

In the Highlands and Islands, Shetland enjoyed a 12.8% rise, with the Western Isles gaining 16%.

Commuter areas are also benefiting from the shortage and higher cost of homes in the bigger cities, with double-digit growth in North Lanarkshire, Perth & Kinross and West Lothian, and sale values in West Dunbartonshire and North Ayrshire rising 24% and 21% respectively.

Region	Jan-18	Feb-18	Mar-18	Q1 2018 Market Value	Jan-19	Feb-19	Mar-19	Q1 2019 Market Value	Annual % Change
Aberdeen	£40,522,585	£37,313,912	£55,528,448	£133,364,945	£56,226,763	£46,413,319	£46,209,152	£148,849,234	11.6%▲
Aberdeenshire	£48,711,426	£45,958,529	£58,022,802	£152,692,757	£52,423,891	£49,634,124	£53,260,592	£155,318,607	1.7%▲
Angus	£24,212,732	£21,459,024	£22,494,251	£68,166,007	£21,072,445	£19,609,540	£23,175,232	£63,857,217	-6.3%▼
Argyll & Bute	£14,503,095	£18,486,888	£22,776,766	£55,766,749	£22,836,485	£15,924,113	£22,317,430	£61,078,028	9.5%▲
Clackmannanshire	£5,773,103	£9,044,729	£7,378,338	£22,196,170	£8,672,280	£6,644,980	£6,941,267	£22,258,527	0.3%▲
Dumfries & Galloway	£23,306,059	£22,645,169	£24,421,470	£70,372,698	£21,436,690	£21,607,129	£20,977,069	£64,020,888	-9.0%▼
Dundee	£22,974,748	£18,162,561	£18,732,247	£59,869,556	£27,617,892	£18,322,436	£23,323,169	£69,263,497	15.7%▲
East Ayrshire	£14,465,816	£14,550,313	£16,922,539	£45,938,668	£17,659,012	£11,961,355	£13,745,631	£43,365,998	-5.6%▼
East Dunbartonshire	£32,524,991	£30,918,736	£26,724,725	£90,168,452	£28,614,488	£18,323,344	£31,915,780	£78,853,612	-12.5%▼
East Lothian	£23,576,469	£26,491,732	£28,960,697	£79,028,898	£40,516,724	£28,078,163	£40,444,191	£109,039,078	38.0%▲
East Renfrewshire	£25,388,717	£27,723,735	£30,688,421	£83,800,873	£27,355,819	£19,305,170	£26,144,194	£72,805,183	-13.1%▼
Edinburgh	£200,559,681	£189,062,039	£203,064,793	£592,686,513	£224,856,064	£162,068,815	£191,751,843	£578,676,722	-2.4%▼
Falkirk	£31,053,147	£22,655,726	£32,040,105	£85,748,978	£32,529,150	£20,525,863	£25,304,374	£78,359,387	-8.6%▼
Fife	£64,672,988	£55,365,072	£71,799,745	£191,837,805	£77,833,594	£57,040,907	£70,316,878	£205,191,379	7.0%▲
Glasgow	£124,333,888	£102,444,766	£117,060,754	£343,839,408	£117,141,981	£102,704,034	£118,679,368	£338,525,383	-1.5%▼
Highland	£51,042,366	£53,846,525	£62,792,716	£167,681,607	£48,704,199	£49,584,944	£58,599,367	£156,888,510	-6.4%▼
Inverclyde	£7,811,317	£10,007,204	£9,429,322	£27,247,843	£9,986,561	£7,726,538	£8,666,712	£26,379,811	-3.2%▼
Midlothian	£22,696,917	£22,491,222	£23,569,316	£68,757,455	£25,777,844	£19,730,591	£25,976,487	£71,484,922	4.0%▲
Moray	£16,221,135	£17,515,064	£15,963,811	£49,700,010	£16,739,780	£14,912,100	£22,576,377	£54,228,257	9.1%▲
Na h-Eileanan siar	£1,925,230	£3,937,230	£2,076,000	£7,938,460	£3,681,517	£2,442,900	£3,096,725	£9,221,142	16.2%
North Ayrshire	£15,245,137	£15,293,560	£16,185,294	£46,723,991	£18,213,611	£16,140,225	£22,237,351	£56,591,187	21.1%▲
North Lanarkshire	£44,737,085	£43,327,176	£48,719,819	£136,784,080	£55,393,708	£46,218,487	£51,199,835	£152,812,030	11.7%▲
Orkney Islands	£3,551,250	£2,931,350	£4,173,638	£10,656,238	£3,460,500	£4,607,737	£2,920,995	£10,989,232	3.1%▲
Perth & Kinross	£30,297,537	£30,927,720	£42,269,604	£103,494,861	£43,805,372	£35,909,220	£37,004,844	£116,719,436	12.8%▲
Renfrewshire	£34,268,411	£30,815,962	£36,416,717	£101,501,090	£37,695,109	£32,450,845	£31,907,927	£102,053,881	0.5%▲
Scottish Borders	£22,916,774	£21,347,795	£24,928,080	£69,192,649	£18,022,240	£23,161,807	£23,353,115	£64,537,162	-6.7%▼
Shetland Islands	£2,060,500	£3,228,000	£2,941,099	£8,229,599	£2,499,500	£2,561,991	£4,218,116	£9,279,607	12.8%▲
South Ayrshire	£23,349,848	£16,042,222	£21,774,649	£61,166,719	£20,107,625	£20,536,218	£15,634,705	£56,278,548	-8.0%▼
South Lanarkshire	£74,518,502	£55,073,005	£67,580,125	£197,171,632	£79,269,834	£60,778,057	£76,150,945	£216,198,836	9.7%▲
Stirling	£20,427,197	£24,876,324	£20,557,586	£65,861,107	£25,144,387	£17,157,137	£18,266,934	£60,568,458	-8.0%▼
West Dunbartonshire	£8,029,918	£8,229,684	£9,965,097	£26,224,699	£11,409,389	£11,840,246	£9,283,120	£32,532,755	24.1%▲
West Lothian	£30,049,437	£29,421,309	£34,213,702	£93,684,448	£39,259,224	£33,934,269	£38,198,878	£111,392,371	18.9%▲
SCOTLAND	£1,105,728,006	£1,031,594,283	£1,180,172,676	£3,317,494,965	£1,235,963,678	£997,856,604	£1,163,798,603	£3,397,618,885	2.4%▲

2019 AT A GLANCE



Lettings Market

The cost of renting a home in Edinburgh has soared to a new record high, according to data from Citylets.

NATIONALLY, RENTS ARE RISING AT A RATE OF 1.7% PER YEAR ACROSS SCOTLAND

The average rent in the capital hit £1,115 a month in the first quarter of this year - a year-on-year rise of 5%. The five-year increase is 31.5% and the 10-year figure is 50.5%.

The UK experienced unprecedented political uncertainty in Q1 2019 due to Brexit - however, the Scottish private rented sector continued on its course, albeit with mixed reports of cooling from agents in the central belt.

Nationally, rents rose 1.7% year-on-year - similar to increases posted throughout much of 2018, with the average property to rent in Scotland now standing at £793 per month - just below the all-time high recorded in Q2 2018 of £799.

The marketplace on the whole is unchanged on last year with an average time to let (TTL) of 37 days and just over half of all properties (51%) let within a month.

It is unusual for an all-time high to be set in the first quarter of the year, making Q2's figures keenly awaited to establish whether this represents a high-water mark in a cooling market or the beginning of another year of rising rents in the capital.

In Glasgow, mixed signals have also been reported with tenants shopping

around more for properties.

The data for Q1 shows the Glasgow rental market remains steady overall, posting 2.9% annual growth to average £771 per month - the same as the last quarter.

The rental-cost gap with Aberdeen continues to widen and property to rent in Glasgow takes 31 days to let on average, unchanged on Q1 last year. Demand for one-bed properties is said to still be buoyant, with TTL of 25 days and 66% let within a month.

The Aberdeen rental market quickened in the first quarter of 2019, with TTL down four days year-on-year to 54 days.

The cost of the average property to lease in Aberdeen dropped 3.5% year-on-year to £710, which represents a better annual picture than any reported throughout 2018.

The average property to rent in Dundee now stands at £620 per month, up 1% year-on-year and takes 43 days to let - down three days on last year.

Property to rent in West Lothian continued to move upwards in Q1, rising 3.5% year-on-year to stand at £710 per month. TTL dropped six days, to average 34 days.

2019 AT A GLANCE

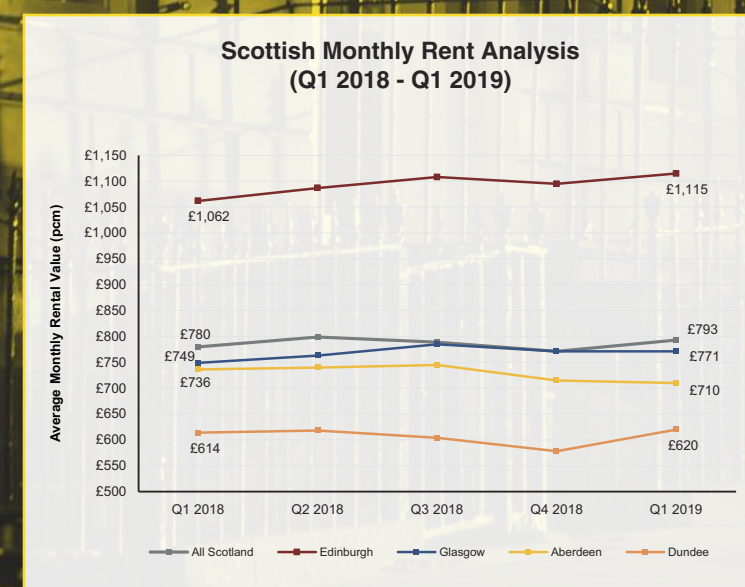
Average rents **up 1.7%**



Aberdeen rents **down 3.5%**



Edinburgh rents **up 5%**



Consumer Confidence

Once again, our consumer confidence survey throws up conflicting results.

SO FAR THIS YEAR, ALMOST THREE QUARTERS OF PEOPLE PAID HOME REPORT VALUE OR ABOVE FOR THEIR HOMES

Over seven out of 10 of the people we surveyed paid full home report value or above for their property, which suggests a strong underlying confidence in the market.

However, when asked directly about their confidence in the market – both now and looking ahead – the survey suggests underlying issues.

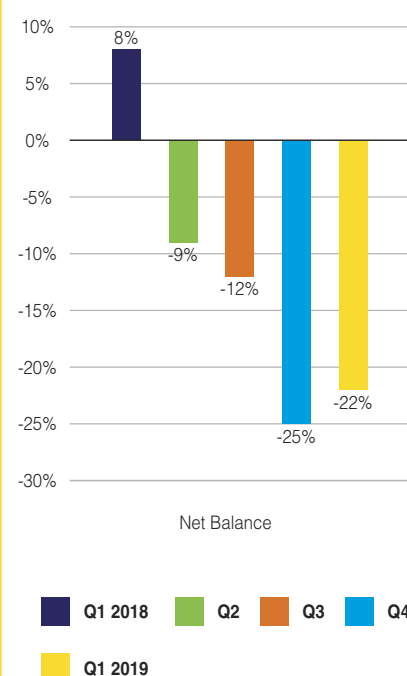
With a larger proportion of respondents reporting a decline in confidence than an improvement, the net balance score is

-22% (compared to +8% in Q1 2018).

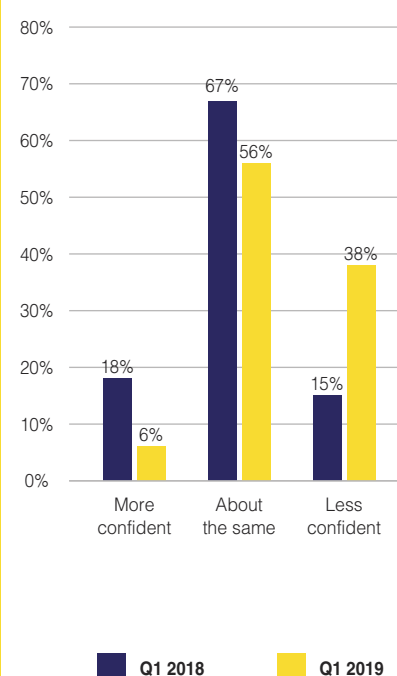
This demonstrates that overall consumer confidence in the Scottish property market has suffered over the past year.

When looking ahead three months, 38% of respondents said they are less confident about the regional housing market. This is a slight improvement from the 41% who were less confident last quarter, but a drastic decline from the 15% reporting lower confidence one year ago.

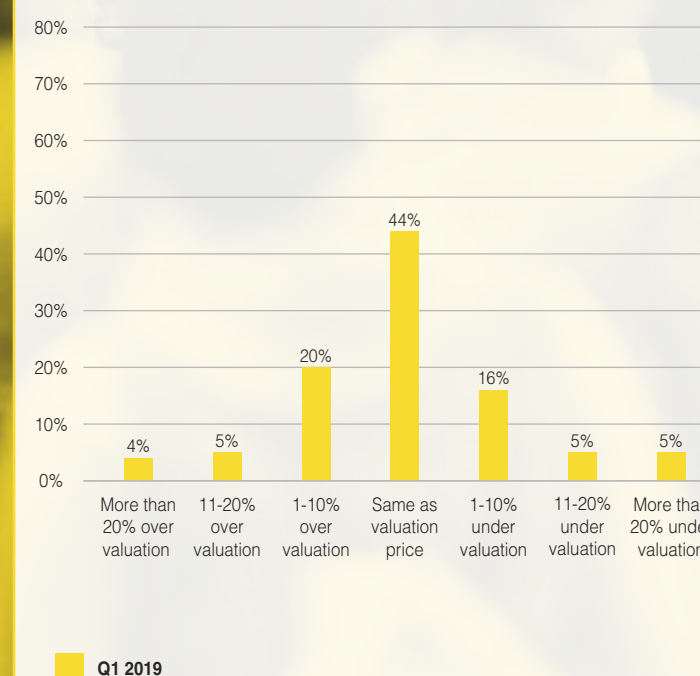
Compared to three months ago how confident do you feel about your regional housing market today?



Looking three months ahead, how confident do you feel about your regional housing market?



By what percentage did your final property sale differ from the valuation price?



**Scotland's
Property
Monitor**

2019 AT A GLANCE

Market confidence
up 3%



Paying over HR
29%



Paying under HR
26%



Consumer Debt

Consumers in Scotland have made significant progress in cutting their debt over the past year.

SCOTS HAVE CUT THE AMOUNT THEY OWE IN LOAN DEBT BY 8.3% OVER THE PAST YEAR

Research for *Scotland's Property Monitor* shows that UK consumers currently have balances totalling £68billion on credit cards, up £2billion on the same time last year, plus a further £34.9billion borrowed in personal loans. In Scotland, the amount borrowed in unsecured loans currently stands at £2.6billion.

However, that debt total is down a significant 8.3% year-on-year and is falling at more than twice the rate of the rest of the UK.



Every postcode area in Scotland, with the exception of the Outer Hebrides, has cut the amount owed to banks and lenders over the past 12 months

The biggest drop in debt (12.1%) is in the AB postcode region, an area in which many people have had to cut their cloth to deal with the effects of the oil and gas downturn. Debt there has fallen from a peak of £258million in 2015 to £243million.

The highest levels of personal loan debt in Scotland are in the EH and G postcode areas (Glasgow and Edinburgh), which is to be expected given the larger population. However, the combined debt of these regions has now fallen below £1billion.

Postcode	2013	2014	2015	2016	2017	2018	Change 2017 to 2018
AB	£252,829,116	£251,830,004	£282,034,057	£297,071,263	£276,681,995	£243,283,847	-12.1%▼
DD	£125,682,797	£111,856,150	£123,074,097	£132,372,736	£125,989,727	£115,982,050	-7.9%▼
DG	£59,490,200	£57,761,455	£62,668,416	£68,474,591	£68,296,621	£64,995,026	-4.8%▼
EH	£414,917,587	£394,248,278	£430,250,323	£474,097,174	£457,656,255	£428,386,959	-6.4%▼
FK	£145,724,021	£135,469,089	£146,643,363	£160,075,484	£153,944,262	£143,723,102	-6.6%▼
G	£553,485,854	£520,200,174	£590,555,511	£658,250,051	£626,659,613	£565,692,883	-9.7%▼
HS	£13,886,762	£11,610,403	£12,453,248	£14,678,767	£14,508,220	£14,729,462	1.5%▲
IV	£108,369,218	£106,235,557	£120,104,711	£128,712,551	£123,134,005	£116,714,608	-5.2%▼
KA	£182,620,194	£176,028,918	£193,282,134	£207,607,633	£200,878,678	£189,688,724	-5.6%▼
KW	£22,784,825	£20,965,509	£23,144,458	£25,453,290	£24,569,146	£23,909,253	-2.7%▼
KY	£195,216,530	£182,429,014	£200,836,382	£211,075,872	£200,642,512	£185,069,554	-7.8%▼
ML	£210,189,553	£212,647,764	£242,504,750	£264,113,677	£253,678,948	£225,565,597	-11.1%▼
PA	£167,436,432	£152,085,412	£171,359,661	£192,788,182	£184,904,743	£168,614,316	-8.8%▼
PH	£79,958,981	£77,351,336	£86,232,628	£95,879,708	£90,392,700	£82,638,335	-8.6%▼
TD	£52,583,227	£50,817,502	£55,392,336	£62,366,232	£59,967,441	£53,804,950	-10.3%▼
ZE	£10,807,673	£9,126,416	£9,724,337	£10,543,039	£10,477,269	£10,445,722	-0.3%▼
SCO	£2,595,982,970	£2,470,662,980	£2,750,260,413	£3,003,560,250	£2,872,382,133	£2,633,244,389	-8.3%▼
UK	£29,917,671,709	£30,531,452,165	£33,600,632,024	£36,952,003,605	£36,272,401,217	£34,906,786,910	-3.8%▼

2019 AT A GLANCE

- Scottish loan debt **down 8.3%** 
- UK loan debt **down 3.8%** 
- AB postcode debt **down 12.1%** 

Mortgage Market

Interest rates remain unchanged since our last edition and our data shows how the Scottish market has adjusted to the previous back-to-back rate rises.

There are still great deals out there for people who shop around with an independent mortgage broker and as a result, we have seen a sharp rise in remortgage applications.

Our latest **Property Monitor** research again shows an increasing level of financial fragility among homeowners in Scotland.

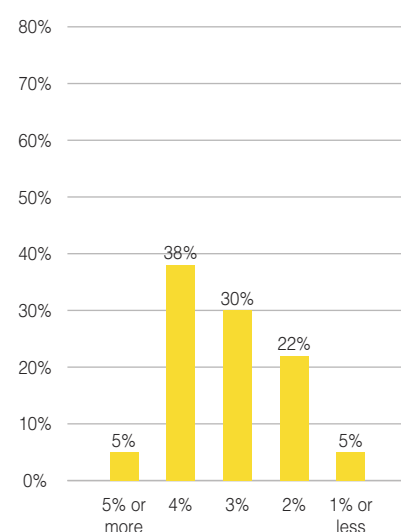
The results show that 87% of people

would find paying the bills more difficult if interest rate rises were to add just £100 to the monthly cost of their mortgage, up from 84% in our last edition.

Over a fifth (22%) reported that this increase would make things much more difficult. Over one in 10 (16%) believe that this would make things extremely difficult and a further 4% said this would make their home unaffordable.

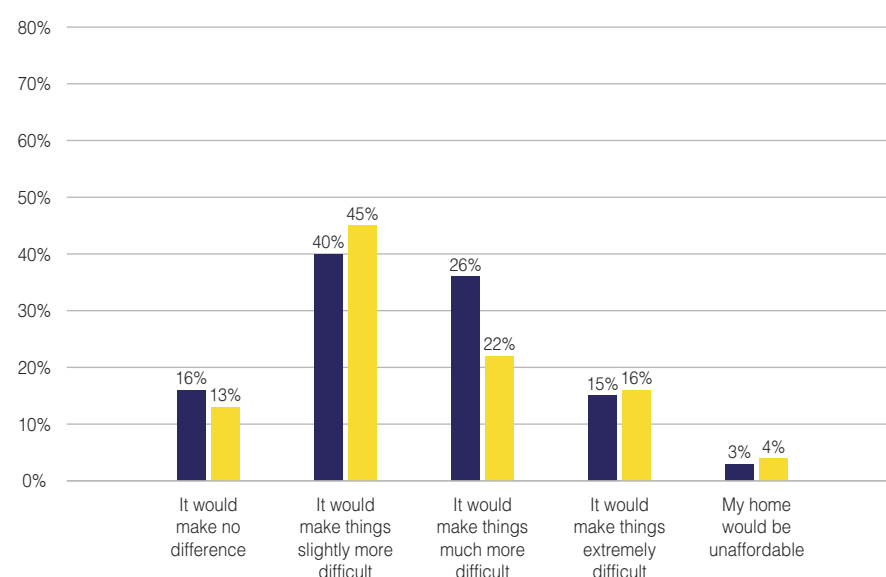
87% OF HOMEOWNERS WOULD FIND PAYING THE BILLS MORE DIFFICULT IF INTEREST RATES ROSE BY £100

What interest rate (to the nearest whole number) do you pay on your mortgage?



Q1 2019

If interest rates were to increase the cost of your mortgage by £100, what difference would this make to your finances?



Q4 2018

Q1 2019

Scotland's Property Monitor

2019 AT A GLANCE

Financial fragility up 3%



High mortgage rate payers 43%



Low mortgage rate payers 27%



Political Climate

Our research has demonstrated consistently that respondents generally regard Brexit as having a negative impact on the value of their property.

The latest survey reveals that there is almost an equal split of those who believe that Brexit will make a difference to their property value (49%) and those who don't (51%). The proportion of those anticipating a decrease in value has now eased slightly from Q4 2018 (50%) but has worsened when compared to Q1 2018 (37%).

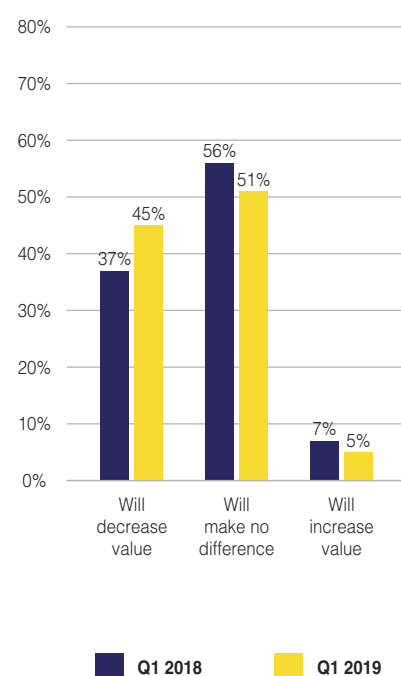
Only 5% expect an increase in value, which has remained fairly consistent since we began measuring this in 2017 and is in line with the 5% average

recorded over the past two years.

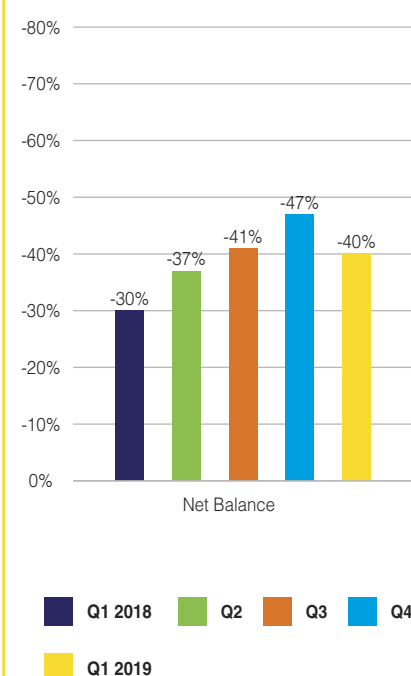
Comparing the net balance results (measuring those who feel it will decrease the value of their home against those who feel it will increase) shows that expectations for Brexit have improved slightly since the end of last year but remain extremely negative at -40%.

As mentioned earlier in this report, there has been little change on the ground, with activity levels still high throughout the market.

What impact do you think Brexit will have on the value of your home?



Homeowner attitudes towards Brexit



2019 AT A GLANCE

Brexit fears down 7%



Number of people who think Brexit will decrease property prices 45%



Additional Dwelling Supplement

Since 2017 we have asked respondents about the Additional Dwelling Supplement (ADS), a tax on second homes introduced by the Scottish Government in 2016.

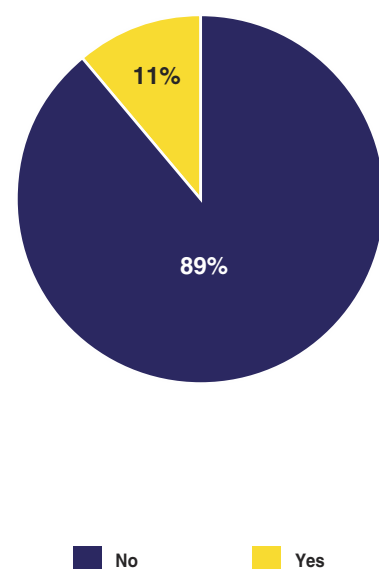
As of 25th January 2019, the ADS rate changed from 3% to 4%. When asked if the 4% Additional Dwelling Supplement would discourage respondents from purchasing an additional property, an aggregated 52% agreed to some extent whereas only 19% disagreed. As with previous quarters, this shows that a greater proportion of respondents would be discouraged by the ADS than wouldn't be.

Previous net balance results (measuring

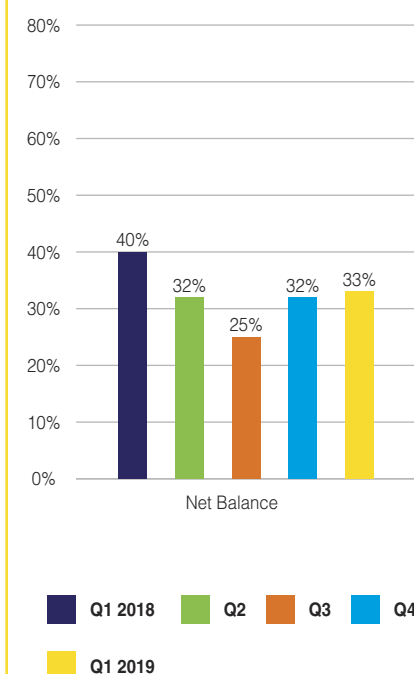
those who agree against those who disagree) show that until Q4 2018 there had been a steady decline in the proportion of respondents who agreed that the ADS would discourage them from purchasing an additional property in Scotland.

However, Q4 2018 was the first quarter where we began asking about the then proposed rise to 4%. The latest quarter remains relatively unchanged at a net balance of 33%.

Do you own more than one property in Scotland?



The 'Additional Dwelling' tax would discourage me from purchasing an additional property in Scotland



2019 AT A GLANCE

- Put off buying by ADS **up 1%**
- Current ADS tax rate **4%**
- Number of Scots with 1+ home **11%**

Jason and Lyndsey Paterson live in a three-bedroom house in Monymusk in Aberdeenshire with their new-born son, Harry. Jason works as a project engineer for The Oil & Gas Technology Centre and Lyndsey is a primary school teacher.

Jason enjoys going fishing and is a member of the local angling club. He also likes to do a bit of shooting both in Aberdeenshire and in his hometown on the west coast. Both Jason and Lyndsey enjoy the outdoors and are keen cyclists who regularly go road cycling. They both like running and like being so close to Bennachie. Jason is a keen gardener and likes to grow his own fruit and vegetables. Jason and Lyndsey have been renovating their property since they moved in and spend any free time they have doing DIY around the home.

What were your reasons for choosing to live in Aberdeenshire?

I'm originally from the west coast near Helensburgh and Lyndsey is from Edinburgh. I came back from Australia to do a master's degree at the University of Aberdeen and then subsequently got a job in oil and gas so that was really the main reason for being in the North-East. In my opinion, Aberdeenshire is one of the least well-known and most beautiful parts of Scotland. It's absolutely vast with lots of lovely little villages all over the place and the climate is far more appealing than the west coast – it's slightly cooler but a lot drier – so that aligns with our interests in being outdoors and outdoor sports.

Are you likely to move home or

purchase an additional property in the near future?

For us the location of our house is perfect, so we have no plans to move at the moment but it might be a consideration a few years down the line if the family starts to grow and we need a bit more space.

Do you regularly monitor property prices in your area?

Yes, I'm regularly scanning the local area to see what properties are up for sale and the prices they're going for. I like to see how property is moving and to see which ones are selling and which aren't.

Where do you see yourself in the property market 10 years from now?

I think in 10 years we could be looking at upsizing, our property has three bedrooms and a couple of reception rooms so that's fine for now but I think we'd quite like to have more land round about us maybe a small holding outside of a village. I'd say that would be the medium to long-term plan.

How would you describe your level of confidence in the housing market in your region? Can you tell me why that is?

I'm quite confident that the market is doing well – there were a lot of properties that went up for sale after the downturn

in oil and gas and that did have a huge effect on the property market. Now that there's been a rise in the oil price it's a bit flooded with properties. But the North-East is a stunning and attractive place to live and I think that's very appealing for people, so although any political unrest and uncertainty might have a short-term impact I think it will balance out in time.

What effect do you think Brexit will have on your property price?

I don't think Brexit will have a significant impact, certainly not as much as the oil downturn has here. I expect it will have a small impact and we might see a further slight depreciation in house prices locally but we didn't buy this house purely as an investment, it was bought to be our family home.

What other factors do you think will impact on your property price over the next two years?

I think if the SNP continue to push for IndyRef2 that would have the most immediate effect on property prices as well as the highest impact – and I think that would be a negative impact. I think any uncertainty affects consumer confidence, so more political stability should lead to a more stable property market.



2019 AT A GLANCE

- North-East prices up 0.1% 
- Sale volume up 6.1% 
- Market value up 5.6% 

2019 Price Tracker

Q1	2019	£172,758
	2018	£172,500
Q2	2019	£
	2018	£177,867
Q3	2019	£
	2018	£180,944
Q4	2019	£
	2018	£182,067

Highlands & Islands

Following a robust end to 2018, the market in Highlands and Islands was very much a mixed bag during the first three months of 2019.

**THE AVERAGE
HIGHLANDS AND
ISLANDS HOUSE
PRICE HAS
INCREASED
BY £3,903**

Overall the value of homes changing hands across the region fell by 1.5%, albeit there was still £240million of property sold. In addition, the number of properties sold also fell by 3.3% year-on-year.

The lack of housing stock continues to affect the market and this is to some degree reflected in both the number and value of properties sold, together with a year-on-year rise in average price of 2.6%, reaching £151,404.

The Western Isles was the standout performer in the region, with substantial rises across all categories. The value of homes sold rose by a hefty 16.2% to just over £9million, with a corresponding 12.5% uplift in average prices to £121,262.

Shetland, along with Moray, also saw some significant rises, with respective increases of 12.8% and 9.1% in market values.

Whilst the lifestyle benefits of the region

have been a great attraction for many years, the area has also benefited from EU investment, a skilled local workforce, with many EU citizens making their home here, as well as becoming the focus for an increasing number of businesses, not least those in food and drink and biosciences.

Last year, Highlands and Islands Airports also announced a £28million investment to future proof its operations, including those in Stornoway and Inverness.

For the moment at least the uncertainty around Brexit doesn't yet appear to be having a meaningful impact on the demand for housing and as we approach the summer market, there are no indications this will change in the short term.

Aside from the Highland mainland, houses prices in the region remain well below the Scottish average and for those looking for great value it could well be the perfect choice.

“ A lack of housing stock continues to affect the market and has contributed to rising property prices in the region. Despite this, buyers still get great value for money in the north. ”

**Highland
Moray
Na h-Eileanan siar
Orkney Islands
Shetland Islands**

2019 AT A GLANCE

Average prices
up 2.6%



Sale volumes
down 3.3%



Market value
down 1.5%



2019 Price Tracker

Q1	2019	£151,404
	2018	£147,501
Q2	2019	£
	2018	£158,194
Q3	2019	£
	2018	£157,572
Q4	2019	£
	2018	£159,642

North-East Scotland

The second half of 2018 saw the market in Aberdeen slowly gathering pace, and the start of the year has provided further evidence that a recovery is on its way.

THE AVERAGE NORTH-EAST HOUSE PRICE HAS INCREASED BY £258

For some months there has been a return of optimism in the Granite City, not just in the oil and gas sector but the wider economy, with a pipeline of investment projects now beginning to bear fruit.

The city enjoyed a year-on-year 11.6% rise in the value of property sold to £148,849,234 and a corresponding 12.9% jump in the number of properties changing hands.

Viewing appointments are increasing, along with notes of interest and offers being received. It has definitely been a promising start to the year, with properties that have been on the market for two or three years now moving on, albeit for under valuation. Importantly, the interest is there. Closing dates are also beginning to reappear as confidence grows.

Activity throughout Aberdeenshire also remained relatively steady with an 8.5%

increase in properties sold and £155million in market value - up 1.7%




Despite the increase in activity, prices remain at a relatively low level, and it's still one of the best times to be buying in almost 20 years. First-time buyers in particular should be looking to take advantage of current prices as the prospect of a potential new skills shortage in the oil and gas industry could soon trigger an influx of people to the city, increasing demand for homes and potentially inflating prices.

The market in Dundee, which has also been the recipient of significant investment, has continued to build on the growth experienced in the last few months with the city recording a 9.9% rise in average prices to £134,845 and a 15.7% increase in the value of homes sold, at £69,263,497.

“Aberdeen has recorded a 11.6% increase in the value of property sold year-on-year. Optimism is returning to the North-East market after a difficult few years.”

**Aberdeen
Aberdeenshire
Angus
Dundee**

2019 AT A GLANCE

- Average prices **up 0.1%** 
- Sale volumes **up 6.1%** 
- Market value **up 5.6%** 

2019 Price Tracker

Q1	2019	£172,758
	2018	£172,500
Q2	2019	£
	2018	£177,867
Q3	2019	£
	2018	£180,944
Q4	2019	£
	2018	£182,067

Central Scotland

The market in Central Scotland has experienced a busy start to 2019 following a very hectic end to 2018.

THE AVERAGE CENTRAL SCOTLAND HOUSE PRICE HAS INCREASED BY £1,991

For the second consecutive quarter all categories recorded increases, with the market value of homes sold rising 6.6% year-on-year to £447million.

The number of homes changing hands in the region was up 3.9% and average prices increased 1.4%, hitting £144,885.

Falkirk was the only area to experience a decline across the categories although this was on the back of a 15% rise in market values and an 8.3% uplift in properties sold in the final part of last year.

North Lanarkshire registered a 7.6% rise in prices to £138,561 as well as an 11.7% increase in the value of homes sold to £152,812,030. Likewise South Lanarkshire saw average prices rise 2.2% to £155,247, maintaining its position as the most expensive area in the region, alongside a 9.7% boost to sales, now at £216,198,836.

Edinburgh and Glasgow have undoubtedly been the engines of the housing market for the last few years but the first three months of 2019 saw a number of more provincial areas outside of these cities increasing activity, possibly reflecting the appetite for buyers to look for better value.

Average prices in all areas of Central Scotland remain below the national average and with the summer upon us, and shortages of property still an issue in the big cities, demand could well rise further.

“The number of homes changing hands across Central Scotland rose 3.9% year-on-year and average prices increased by a further 1.4%, hitting £144,885.”

Falkirk
North Lanarkshire
South Lanarkshire

2019
AT A GLANCE

Average prices up 1.4%

Sale volumes up 3.9%

Market value up 6.6%

2019 Price Tracker

Q1	2019	£144,885
	2018	£142,894
Q2	2019	£
	2018	£142,789
Q3	2019	£
	2018	£146,793
Q4	2019	£
	2018	£148,934

Mid Scotland & Fife

Mid Scotland and Fife emerged from 2018 as one of the most consistent performers in Scotland’s housing market, with each area in the region enjoying positive results.

**THE AVERAGE
MID SCOTLAND &
FIFE HOUSE PRICE
HAS INCREASED BY
£3,831**

The first quarter of 2019 saw the region continue this pace of growth with rises across all categories, including an overall 5.6% year-on-year increase in overall market value, to £404million.

Fife was again one of the busiest markets, with 1,328 properties sold, up 8.4%, and a 7% uplift in the value of property sold, to £205,191,379, the highest in the region.

Perth regained top spot as the most expensive place in the region to buy a home, with prices rising 6.3% to £201,257. The start of the year has been strong in Perth and Kinross, and there continues to be high demand for middle-market homes, particularly bungalows.

There are certainly fewer buyers for properties over the £300,000 mark but there is demand for new-build homes,

with developers including Bellway, Stephen Homes and Springfield Homes all active.

Prices in Stirling also increased slightly at 1.3%, reaching £189,242 and with the cost of a home almost 14% above the national average, there is no doubt that the city and surrounding areas remain a magnet for family buyers in particular.

Demand is strong across most price bands in Stirling and closing dates are being achieved on most sales, especially family homes in the three, four and five bedroom bracket. Demand is outstripping supply and buyers will pay anything from £200,000 to £400,000 for these types of properties.

Brexit notwithstanding, with the summer months approaching, it would be realistic to expect buying activity to rise.

“**Perth regained top spot as the most expensive place in the region to buy a home, with prices rising 6.3% to £201,257. The start of the year has been strong in the city.**”

**Clackmannanshire
Fife
Perth & Kinross
Stirling**

2019 AT A GLANCE

- Average prices **up 2.3%** 
- Sale volumes **up 4.4%** 
- Market value **up 5.6%** 

2019 Price Tracker

Q1	2019	£172,735
	2018	£168,904
Q2	2019	£
	2018	£170,645
Q3	2019	£
	2018	£178,801
Q4	2019	£
	2018	£180,880

West Scotland

A lack of available stock has made the start of 2019 a busy one for the West Scotland market, which is fast becoming one of Scotland’s most desirable locations.

THE AVERAGE WEST SCOTLAND HOUSE PRICE HAS FALLEN BY £3,243

West Dunbartonshire was by far the top performer in the region, recording substantial increases in every category including a 24% rise in the value of property changing hands, at £32,532,755. The number of homes sold also increased by 12.9%, with average prices receiving a 9.4% boost to sit at £124,074.

North Ayrshire has also been sharing the benefits, enjoying a 6.6% uplift in prices to £124,107, a 13% increase in homes sold, and a 21% rise in the value of sales to £56 million.

East Renfrewshire remains the most expensive place in the region to live, with average house prices of £242,167. However, like Edinburgh, the region has seen prices fall back from the highs reached last year.

Argyll & Bute recently had two locations – Mull and Port Appin – named in the

Sunday Times’ Best Places to Live guide and during Q1 of 2019 enjoyed an 8.7% increase in sales.

The guide describes Port Appin as an “out-of-the-way seaside haven” and its popularity is helping fuel property price increases on the island.

“It’s not one of those Highland villages where the pub door creaks open and everyone turns to stare at you,” says Charles Steuart Fotheringham, who moved there from Edinburgh five years ago and is a member of the community council. “Everyone goes out of their way to make people feel welcome.”

Kilmacolm in Renfrewshire was also described as “country commuter heaven, with a splash of cool” by the guide. The wider Renfrewshire area also saw an increase in sales during the quarter, up 3.8% on the same time last year.

“**Argyll & Bute recently had two locations – Mull and Port Appin – named in the Sunday Times’ Best Places to Live guide and during Q1 of 2019 enjoyed an 8.7% increase in sales.**”

- Argyll & Bute
- East Dunbartonshire
- East Renfrewshire
- Inverclyde
- North Ayrshire
- Renfrewshire
- West Dunbartonshire

2019 AT A GLANCE

- Average prices **down 2.0%** 
- Sale volumes **up 3.5%** 
- Market value **down 0.3%** 

2019 Price Tracker

Q1	2019	£162,203
	2018	£165,446
Q2	2019	£
	2018	£167,887
Q3	2019	£
	2018	£173,850
Q4	2019	£
	2018	£168,556



SUMMER

Glasgow

After a year of continuous growth and a very busy end to 2018, the start of the year saw the Glasgow market experience a slightly more stable period.

Average prices in the city remained relatively steady in the first three months of 2019 and while a 1.7% year-on-year fall was recorded, the cost of a home stood at £152,079.

This is a significant rise from the £128,625 average price recorded in the same quarter of 2016 and underlines the newfound strength in the Glasgow market, which was one of the last to emerge from the financial crash of 2008/09.

The value of property changing hands has also increased significantly in the last few years, with market values in the first quarter reaching £338million compared to £308million in the first quarter of 2016.

Sellers in Glasgow are regularly achieving Home Report values and above due to high demand and the relative scarcity of property.

There are buyers for all sections of the market but during this first quarter of the

year there has been a noticeable rise in first-time buyers, who seem ready to take the plunge and enter the market tempted in part by the wide range of affordable mortgage deals currently available.

Demand is strong across the Southside including Shawlands, Langside, Cathcart, Pollokshields, as well as the West End.

Sellers certainly have a preference to accept offers from buyers who are in a strong position, in contrast to previous months when they were happy to sell to those who were not yet on the market. This has pushed prices higher at the bottom end, allowing sellers to move to the next level.

Looking ahead to the spring and summer periods, there is an expectation that parents will be looking for university accommodation for their children. This does of course make for a positive time for vendors to bring these properties to market and tap into the additional level of demand.

**THE AVERAGE
GLAGOW HOUSE
PRICE HAS FALLEN
BY £2,863**

“Average prices in the city remained relatively steady in the first three months of 2019 and while a 1.7% year-on-year fall was recorded, the cost of a home stood at £152,079.”

Glasgow

2019 AT A GLANCE

Average prices
down 1.7%



Sale volumes
up 0.2%



Market value
down 1.5%



2019 Price Tracker

Q1	2019	£152,079
	2018	£154,942
Q2	2019	£
	2018	£154,520
Q3	2019	£
	2018	£166,155
Q4	2019	£
	2018	£162,291



SUMMER

**THE AVERAGE
LOTHIAN HOUSE
PRICE HAS FALLEN
BY £8,948**

Lothian

The Lothian market had what can best be described as a mixed start to 2019 after what was a record-breaking year in 2018.

Edinburgh suffered a rare double drop in both average sale prices and volume of transactions during the January-March period. However, whilst average prices in the city fell 1%, it remains the most expensive place in Scotland to buy a home at £258,822.

And despite a fall of 1.5% in the number of properties sold, at 2,233, and a 2.4% drop in the value of sales, at £578million, both figures still represent the highest in the country.

Buyer activity has been high both at the lower and upper levels of the market with a recognisable growth at the top end.

Whilst viewing numbers are slightly down year-on-year there are still a good number of closing dates, particularly with flats and family homes, and those looking at properties do appear to be serious buyers.

City-centre flats are in particular demand with a shortage of available properties continuing to be the main issue.

With more and more people being priced out of Edinburgh, the villages and towns throughout the rest of Lothian, with their excellent transport links, have continued their growth, with West Lothian in particular becoming an increasingly busy market.

Buying activity in the West Lothian area has been growing at a strong pace throughout 2018, and the start of this year has seen average prices rise 6.5%, to £171,658, the number of homes sold up 11.7% and the market value of property changing hands increasing 18.9% to £111,392,371. It is also no surprise that more developers are focusing on West Lothian, with thousands of new homes planned over the next few years.

East Lothian, for many years a challenger to Edinburgh in respect of house prices, also enjoyed some bumper figures, with market values rising 38% to £109million and the number of properties sold increasing by 29.7%.

“Edinburgh suffered a very rare double drop in both average sale prices and the volume of transactions during the January-March 2019 period.”

**East Lothian
Edinburgh
Midlothian
West Lothian**

2019 AT A GLANCE

- Average prices **down 4.0%**
- Sale volumes **up 3.7%**
- Market value **up 4.4%**

2019 Price Tracker

Q1	2019	£222,890
	2018	£213,942
Q2	2019	£
	2018	£219,772
Q3	2019	£
	2018	£223,406
Q4	2019	£
	2018	£230,713

South Scotland

Southern Scotland enjoyed a flurry of market activity at the end of 2018, but saw something of a slowdown in the first three months of 2019.

We've seen declines in both sales and average prices so far this year – with a 13% decline in average price in South Ayrshire pulling the value of a property in the wider region down to £142,493.

However, despite the falls, over £228million of property changed hands during the quarter and 1,600 properties were sold.

The Borders remained the standout area in the region with the highest average price at £168,964. The total value of property changing hands there topped £64million for the quarter.

Dumfries and Galloway was the top performer in the last three months of last year, with a 4.1% uplift in prices, following a 8% rise in the third quarter. However prices there have dropped 1.9% so far in 2019.

As the summer months arrive, we're forecasting an increase in demand for homes in South Scotland, due largely to price inflation in Edinburgh driving more people to look outside the city for value-

for-money family homes.

With a plentiful supply of property for sale across the area, the Borders region is not seeing the same pressures on the market from a shortage of properties – and with the Borders railway proving much more popular than originally projected, there is clear evidence emerging that more and more people are choosing to live in the Borders and work in Edinburgh.

Galashiels and Melrose, and the villages on their periphery, are also within 15 minutes' drive of the park-and-ride facility at Tweedbank are now considered within reasonable commuting distance of Edinburgh city centre.

The local schools enjoy a very good reputation, and the valley of the River Tweed offers all sorts of recreational activities for families from mountain biking to fishing and country walks. So if you are looking for affordable housing, a good quality of life and a great place to bring up your family, South Scotland is worthy of consideration in 2019.

THE AVERAGE SOUTH SCOTLAND HOUSE PRICE HAS FALLEN BY £10,987

“The Borders remained the standout area in the region with the highest average price at £168,964. The total value of property changing hands there topped £64million for the quarter.”


**Dumfries & Galloway
East Ayrshire
Scottish Borders
South Ayrshire**

2019 AT A GLANCE

Average prices down 7.2%	▼
Sale volumes down 0.6%	▼
Market value down 7.5%	▼

2019 Price Tracker

Q1	2019	£142,493
	2018	£153,480
Q2	2019	£
	2018	£150,047
Q3	2019	£
	2018	£158,365
Q4	2019	£
	2018	£153,858



Property sale data based on residential sales recorded by Registers of Scotland within the price range of £20,000 to £1,000,000. All rental market data is compiled and analysed by Citylets.

The research was conducted by the Research Unit at Aberdeen & Grampian Chamber of Commerce. An online survey was issued quarterly to residents of Scotland. The survey has been completed by respondents across the country (525 in Q1 2017, 549 in Q2 2017, 469 in Q3 2017, 536 in Q4 2017, 460 in Q1 2018, 723 in Q2 2018, 733 in Q3 2018, 1,102 in Q4 2018 and 1,003 in Q1 2019).

'Don't know' responses have been removed from the analysis of some questions and response rates have been rebased where necessary. The sample size in this latest survey ensures a 95% confidence level (the probability that the sample reflects the attitudes of the Scottish population) with a margin of error of up to 5%, with the exception of the analysis on the question 'If interest rate increases were to increase the cost of your mortgage by £100, what difference would this make to your finances?' and 'What interest rate (to the nearest whole number) do you pay on your mortgage?' where the Q1 2019 margin of error is 6% and 7%, respectively.

Throughout the report we use net balances to indicate trends and direction of change. Net balances are calculated by subtracting the number of 'down' responses from the number of 'up' responses and discounts those who provided a 'neutral' response.

If you have any queries about the research, please contact AGCC on 01224 343900.