



PROPERTY
LEGAL
FINANCIAL

SCOTLAND'S PROPERTY MONITOR

Q3 2018

Scottish property prices rise
to new record high during
Autumn market

Edinburgh remains the
most expensive place to buy
a home in Scotland

'Substantial' sale increase
recorded in Aberdeen as
market recovers

Introduction

Q3

Average price
up 3.0%



Sale volumes
up 1.5%



Market value
up 3.6%



Welcome to the seventh edition of Scotland's Property Monitor, the country's most comprehensive property market research carried out each quarter by Aberdeen Considine.

We are delighted to report that the summer heat in the property market continued into the autumn, pushing house prices to a record £174,294 during Q3 2018 (July-September), up 3% on the same time last year and almost £5,000 higher than the previous record set in Q2.

Edinburgh, with an average sale price of £267,035, has retained its place at the top of our league table, with the average home in the capital now worth almost £10,000 more than the same time last year.

It has now been joined by East Dunbartonshire and East Renfrewshire – both known for their leafy, upmarket suburbs – on the elite list of Scottish regions where the average price of a home is over £250,000.

The overheating market in these regions continues to force many people to buy before they sell, which is having a slowing effect in these areas and driving up prices.

And for the first time since launching this publication, we can report a substantial increase in sales in Aberdeen as



the Granite City begins to emerge from the downturn in the oil and gas sector.

During the quarter, Aberdeen Considine published research stating that people looking to purchase property in the Granite City are benefitting from the best buyer's market since 1998.

Our branches have seen savvy buyers and investors from other parts of the UK returning to the north-east market as the energy industry returns to prosperity.

And that has been backed up by the Q3 data, which shows that sales have increased by 7.9% in Aberdeen and that the decline in prices has levelled off at -0.5%.

We truly believe that first-time buyers should take advantage of lower prices amid warnings that a new skills shortage in the industry could trigger a similar worker influx to the one which almost doubled average property values in the late 1980s and 1990s.

Looking nationally, new research for this quarter's Property Monitor shows that almost three quarter of Scots paid home report valuation or above for their property.

Just 26% secured a property for under valuation price, underlining the strength of Scotland's economy in recent

years.

And there has been a slight increase in the number of Scots considering moving in the next two years, up from 9% to 10% over the past 12 weeks.

Our survey team has also found a further easing of concerns over the Additional Dwelling Supplement (ADS).

The tax, brought in by the then Finance Secretary John Swinney in 2016, charges an additional 3% levy on buy-to-let properties worth more than £40,000, on top of any other Land and Building Transaction Tax due. The changes added an additional £6,000 tax to the purchase of a second property at £200,000.

While the research still shows that many Scots feel put off a buy-to-let investment by the penalty, that opposition has fallen from 62% to 50% and now to 45% - perhaps indicating a reluctant acceptance of the levy.

Jacqueline Law *Managing Partner*

League Table

Average price
up **3.0%**



Q3

Edinburgh has retained its place at the summit of our Property Monitor league table, having regained top spot from East Renfrewshire in the previous quarter.

The capital recorded a 3.8% increase in average prices over the end of summer, pushing the average home in the city to £267,035.

East Dunbartonshire – known for its leafy, upmarket suburbs – has also joined the elite list of Scottish regions where the average price of a home is over £250,000. Both it and East Renfrewshire enjoyed an increase in property prices over the summer months.

And property prices are back on the rise in Aberdeenshire, rising 2.8% to £215,733, following a stabilisation in the north-east market.

It's worth noting that the top five areas in our league table are the five areas which the National Records of Scotland has predicted will see the biggest growth in population over the next eight years.

It is forecasting that the population will rise by 13.3% in Midlothian, 8.6% in East Lothian, 7.7% in Edinburgh, 7.6% in East Renfrewshire and 7.1% in Aberdeenshire.



Ranking (Q2 2018 ranking)		Q3 2017 Average	Q3 2018 Average	Annual % Change	% above or below Scottish average
1st (1st)	Edinburgh	£257,220	£267,035	3.8%	53.2%▲
2nd (2nd)	East Renfrewshire	£261,512	£265,240	1.4%	52.2%▲
3rd (3rd)	East Dunbartonshire	£229,202	£251,547	9.7%	44.3%▲
4th (4th)	East Lothian	£239,573	£241,242	0.7%	38.4%▲
5th (6th)	Aberdeenshire	£209,922	£215,733	2.8%	23.8%▲
6th (5th)	Midlothian	£209,841	£213,295	1.6%	22.4%▲
7th (10th)	Perth & Kinross	£203,398	£206,188	1.4%	18.3%▲
8th (8th)	Stirling	£208,763	£204,078	-2.2%	17.1%▲
9th (7th)	Aberdeen	£200,832	£199,834	-0.5%	14.7%▲
10th (11th)	Scottish Borders	£187,912	£184,599	-1.8%	5.9%▲
11th (12th)	Highland	£176,142	£181,292	2.9%	4.0%▲
12th (13th)	West Lothian	£165,465	£172,050	4.0%	-1.3%▼
13th (16th)	Argyll & Bute	£158,076	£166,433	5.3%	-4.5%▼
14th (17th)	South Ayrshire	£157,756	£166,334	5.4%	-4.6%▼
15th (19th)	Glasgow	£157,533	£166,155	5.5%	-4.7%▼
16th (20th)	Orkney Islands	£153,618	£164,600	7.1%	-5.6%▼
17th (15th)	Angus	£166,009	£164,098	-1.2%	-5.8%▼
18th (14th)	Moray	£157,899	£162,666	3.0%	-6.7%▼
19th (18th)	Fife	£160,643	£160,802	0.1%	-7.7%▼
20th (9th)	Shetland Islands	£163,557	£159,271	-2.6%	-8.6%▼
21st (26th)	Dumfries & Galloway	£139,403	£152,207	9.2%	-12.7%▼
22nd (21st)	South Lanarkshire	£154,399	£152,114	-1.5%	-12.7%▼
23rd (23rd)	Falkirk	£141,223	£148,778	5.3%	-14.6%▼
24th (22nd)	Renfrewshire	£140,417	£145,019	3.3%	-16.8%▼
25th (24th)	Clackmannanshire	£157,120	£144,135	-8.3%	-17.3%▼
26th (25th)	Dundee	£137,571	£144,113	4.8%	-17.3%▼
27th (27th)	North Lanarkshire	£126,619	£139,487	10.2%	-20.0%▼
28th (28th)	Inverclyde	£124,222	£134,623	8.4%	-22.8%▼
29th (29th)	East Ayrshire	£125,138	£130,321	4.1%	-25.2%▼
30th (31st)	West Dunbartonshire	£112,620	£128,162	13.8%	-26.5%▼
31st (30th)	North Ayrshire	£125,214	£125,926	0.6%	-27.8%▼
32nd (32nd)	Na h-Eileanan siar	£107,992	£120,031	11.1%	-31.1%▼
SCOTLAND		£169,275	£174,294	3.0%▲	

Sale Volumes Q3

Sale volumes
up 1.5%



Scottish property transactions rose by 1.5% over the summer, thanks largely to a buoyant July when more than 10,000 homes changed hands.

However, slower months in August and September give cause for caution heading into the final quarter of the year.

The story from our sale volume table is undoubtedly the stabilisation of the market in the north-east of Scotland, which appears to finally be emerging from a prolonged downturn.

Sales rose by 7.9% in Aberdeen, 1.6% in Aberdeenshire and by 12.5% in Angus as smart buyers and investors from other parts of the UK return to the local market due to the energy industry emerging from one of the most testing downturns in its history.

North Sea operators are expected to generate a £10billion cash surplus this year - the highest figure achieved since 2010 when the industry was enjoying a boom. That renewed sense of confidence appears to be filtering through to the region's property market.

In what is now becoming a regular trend, a shortage of properties on the market in Edinburgh is cutting sale volumes, which were down -10.2% during the quarter.



Region	Jul-17	Aug-17	Sep-17	Q3 2017 Sale Volume	Jul-18	Aug-18	Sep-18	Q3 2018 Sale Volume	Annual % Change
Aberdeen	390	312	326	1,028	421	329	359	1,109	7.9%▲
Aberdeenshire	400	383	335	1,118	418	373	345	1,136	1.6%▲
Angus	189	182	159	530	226	194	176	596	12.5%▲
Argyll & Bute	189	184	133	506	169	180	167	516	2.0%▲
Clackmannanshire	85	90	67	242	110	107	93	310	28.1%▲
Dumfries & Galloway	218	224	223	665	243	248	207	698	5.0%▲
Dundee	212	249	211	672	242	229	248	719	7.0%▲
East Ayrshire	184	211	203	598	196	204	174	574	-4.0%▼
East Dunbartonshire	186	206	192	584	200	217	142	559	-4.3%▼
East Lothian	216	204	211	631	248	214	173	635	0.6%▲
East Renfrewshire	172	176	126	474	163	177	175	515	8.6%▲
Edinburgh	1,058	1,310	1,110	3,478	1,159	1,013	951	3,123	-10.2%▼
Falkirk	281	270	284	835	330	304	224	858	2.8%▲
Fife	672	646	665	1,983	744	692	577	2,013	1.5%▲
Glasgow	1,138	1,189	1,026	3,353	1,166	1,200	982	3,348	-0.1%▼
Highland	402	435	413	1,250	406	458	422	1,286	2.9%▲
Inverclyde	102	124	103	329	112	136	113	361	9.7%▲
Midlothian	184	152	143	479	198	145	127	470	-1.9%▼
Moray	176	152	148	476	161	157	148	466	-2.1%▼
Na h-Eileanan siar	39	42	31	112	29	28	30	87	-22.3%▼
North Ayrshire	181	261	194	636	257	258	194	709	11.5%▲
North Lanarkshire	516	477	440	1,433	525	556	464	1,545	7.8%▲
Orkney Islands	33	47	30	110	31	27	40	98	-10.9%▼
Perth & Kinross	296	310	288	894	341	291	236	868	-2.9%▼
Renfrewshire	355	358	306	1,019	415	361	289	1,065	4.5%▲
Scottish Borders	176	234	193	603	232	227	195	654	8.5%▲
Shetland Islands	27	33	28	88	34	27	18	79	-10.2%▼
South Ayrshire	191	231	194	616	262	238	188	688	11.7%▲
South Lanarkshire	571	587	531	1,689	739	618	546	1,903	12.7%▲
Stirling	179	175	169	523	163	153	144	460	-12.0%▼
West Dunbartonshire	103	145	111	359	122	142	121	385	7.2%▲
West Lothian	314	347	307	968	306	318	247	871	-10.0%▼
SCOTLAND	9,435	9,946	8,900	28,281	10,368	9,821	8,515	28,704	1.5%▲

Market Value

Q3

Market value
up 3.6%



The value of property sales rose to over £5.2billion during the third quarter of the year, despite a sharp decline in the country's largest market.

Sales in Edinburgh topped £830million during Q3 – up by more than £100million on the previous quarter, but down 6.8% on last year due to less stock coming to market.

A rise in sales helped the Aberdeen market record a 7.3% increase in value, which is further evidence of the region's recovery from the oil and gas crisis.

Neighbouring Aberdeenshire also enjoyed an increase in the value of sales, helping the north-east corner to a £25million uplift on the previous year.

Like Edinburgh, Glasgow's buoyant market has been curtailed only by a lack of stock. However, unlike the capital, Scotland's second city recorded a rise in market value, up 5.3% to £555,542,122.

A busy summer at the top end of the market in Glasgow's suburb areas also pushed market value in East Renfrewshire up by 11%.



Region	Jul-17	Aug-17	Sep-17	Q3 2017 Market Value	Jul-18	Aug-18	Sep-18	Q3 2018 Market Value	Annual % Change
Aberdeen	£80,183,242	£59,761,889	£66,945,425	£206,890,556	£85,423,939	£64,017,628	£72,522,252	£221,963,819	7.3%▲
Aberdeenshire	£84,976,480	£80,769,258	£69,156,836	£234,902,574	£89,245,432	£77,140,538	£78,274,033	£244,660,003	4.2%▲
Angus	£32,914,089	£27,687,977	£27,307,748	£87,909,814	£37,264,826	£30,521,110	£29,934,274	£97,720,210	11.2%▲
Argyll & Bute	£30,586,965	£31,062,889	£19,095,201	£80,745,055	£26,049,691	£29,973,864	£29,892,374	£85,855,929	6.3%▲
Clackmannanshire	£13,928,129	£14,610,306	£9,725,930	£38,264,365	£14,811,153	£16,569,697	£13,289,812	£44,670,662	16.7%▲
Dumfries & Galloway	£29,780,398	£31,834,571	£31,104,626	£92,719,595	£36,208,510	£38,100,194	£31,874,800	£106,183,504	14.5%▲
Dundee	£29,990,106	£33,781,009	£28,607,830	£92,378,945	£35,179,465	£34,333,358	£33,986,292	£103,499,115	12.0%▲
East Ayrshire	£23,207,645	£25,487,144	£26,084,147	£74,778,936	£23,877,405	£26,634,986	£24,112,357	£74,624,748	-0.2%▼
East Dunbartonshire	£41,343,406	£48,048,098	£44,560,614	£133,952,118	£49,743,525	£55,105,396	£35,781,321	£140,630,242	5.0%▲
East Lothian	£49,772,271	£47,165,788	£54,245,636	£151,183,695	£62,378,639	£53,737,327	£38,248,822	£154,364,788	2.1%▲
East Renfrewshire	£44,875,358	£43,243,944	£35,019,017	£123,138,319	£42,087,398	£47,655,032	£46,948,595	£136,691,025	11.0%▲
Edinburgh	£269,952,223	£336,770,245	£285,374,478	£892,096,946	£296,514,319	£268,654,921	£266,339,627	£831,508,867	-6.8%▼
Falkirk	£40,484,726	£38,269,916	£39,150,988	£117,905,630	£51,278,671	£44,602,042	£32,306,827	£128,187,540	8.7%▲
Fife	£108,578,151	£106,058,641	£103,857,938	£318,494,730	£122,658,788	£107,475,457	£93,606,850	£323,741,095	1.6%▲
Glasgow	£181,043,933	£183,099,354	£163,663,660	£527,806,947	£191,063,610	£197,611,660	£166,866,852	£555,542,122	5.3%▲
Highland	£69,073,092	£80,262,790	£71,073,538	£220,409,420	£74,674,211	£79,577,505	£78,576,055	£232,827,771	5.6%▲
Inverclyde	£13,316,922	£15,784,225	£11,825,994	£40,927,141	£15,608,327	£17,570,011	£15,290,852	£48,469,190	18.4%▲
Midlothian	£39,525,094	£31,657,022	£29,521,324	£100,703,440	£43,924,929	£29,012,588	£27,680,365	£100,617,882	-0.1%▼
Moray	£29,358,368	£23,211,880	£22,818,561	£75,388,809	£26,079,169	£25,845,746	£23,886,377	£75,811,292	0.6%▲
Na h-Eileanan siar	£4,571,936	£4,196,800	£3,311,500	£12,080,236	£3,419,085	£3,062,900	£3,984,100	£10,466,085	-13.4%▼
North Ayrshire	£24,110,917	£30,625,705	£24,267,844	£79,004,466	£31,468,531	£31,646,873	£25,737,913	£88,853,317	12.5%▲
North Lanarkshire	£67,295,558	£61,023,558	£53,463,154	£181,782,270	£74,849,247	£75,941,372	£64,637,916	£215,428,535	18.5%▲
Orkney Islands	£5,423,285	£6,706,223	£4,614,782	£16,744,290	£4,941,055	£4,936,367	£6,063,326	£15,940,748	-4.8%▼
Perth & Kinross	£59,562,897	£65,027,956	£57,369,942	£181,960,795	£66,832,494	£62,824,726	£48,776,768	£178,433,988	-1.9%▼
Renfrewshire	£55,054,897	£48,699,492	£39,821,366	£143,575,755	£65,641,823	£48,453,294	£41,229,669	£155,324,786	8.2%▲
Scottish Borders	£29,135,723	£46,179,112	£38,762,857	£114,077,692	£43,471,667	£43,052,932	£34,467,842	£120,992,441	6.1%▲
Shetland Islands	£4,248,007	£5,612,225	£4,571,600	£14,431,832	£5,521,063	£4,406,900	£2,739,805	£12,667,768	-12.2%▼
South Ayrshire	£29,249,217	£38,140,038	£30,074,225	£97,463,480	£43,219,329	£39,303,415	£31,753,673	£114,276,417	17.3%▲
South Lanarkshire	£92,837,548	£93,681,551	£74,878,294	£261,397,393	£117,706,850	£92,175,054	£80,760,733	£290,642,637	11.2%▲
Stirling	£36,430,226	£38,567,508	£34,202,316	£109,200,050	£37,185,474	£30,178,048	£26,908,040	£94,271,562	-13.7%▼
West Dunbartonshire	£12,178,318	£16,748,952	£11,556,511	£40,483,781	£15,599,103	£18,279,824	£15,475,035	£49,353,962	21.9%▲
West Lothian	£50,899,659	£57,753,866	£51,532,057	£160,185,582	£53,556,122	£55,498,089	£41,152,230	£150,206,441	-6.2%▼
SCOTLAND	£1,683,888,786	£1,771,529,932	£1,567,565,939	£5,022,984,657	£1,887,483,850	£1,753,898,854	£1,563,045,787	£5,204,428,491	3.6%▲

Lettings Market

Q3

Average rents
up 2.2%

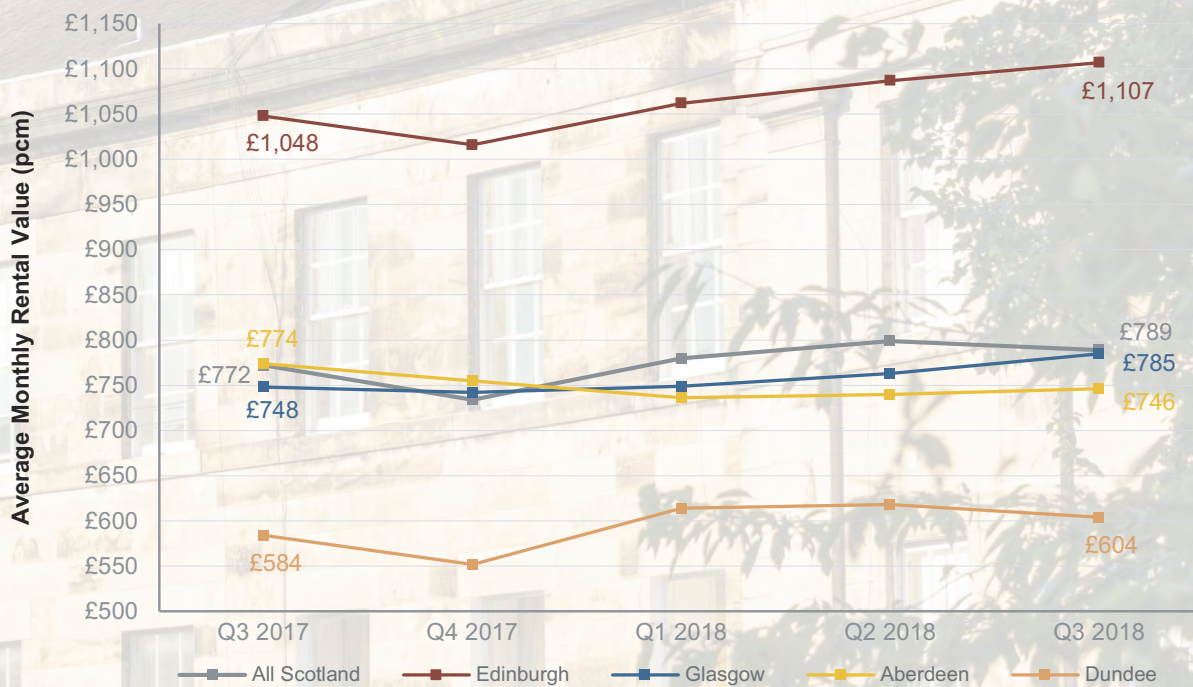


Whilst letting agents in Scotland will have been preparing for compulsory registration introduced at the end of Q3 2018, Scotland's Private Rented Sector continued unabated with a noticeable rise in Glasgow where rental growth spiked sharply.

Four-bed properties recorded the largest rise across the country as a whole for the 3rd consecutive quarter, according to the **Citylets** portal, underlining the strong demand for family accommodation. Rents in Scotland were up on Q3 2017 by a modest 2.2% overall year-on-year (YOY) to stand at £789 per month on average and taking 31 days to let, just one day faster than last year.

The rate of rental growth in Edinburgh, which quickened last quarter, has been sustained in Q3, now up 5.6% YOY to another all-time high at £1,107. Positive annual growth in the capital has now been recorded for 32 consecutive quarters, eight full years. Four-bed properties again saw the largest rises over the one year and ten year perspective, up 10.8% and 53% respectively. The average time to let in Edinburgh during the peak Q3 period was just 21 days and just 17 days for one-bed properties. The large majority of properties in Edinburgh are let within a month (76%).

Scottish Monthly Rent Analysis (Q3 2017 - Q3 2018)



Aberdeen continued its progress towards levelling off with -3.6% annual growth in Q3 2018 and a market speed which has improved by four days - £746 per month and 45 days respectively. One-bed properties again fared best at -2.7% annual growth and 42 days time to let (TTL). 42% of all Aberdeen rentals are let within a month, up from 37% last year. Numerous positive announcements for oil projects in the region have been made, though they will take their time to really filter through to the property market. The price of oil has trended broadly upwards from its low three years ago.

Property to rent in Glasgow posted a sharp uptick in Q3 2018 from its long established low rate of growth. Average rents rose a substantial 4.9% over the year to average £785 per month, widening the gap with Aberdeen materially and cementing its position as Scotland's second priciest rental city. As per Edinburgh, large four-bed properties posted the strongest growth from both the one and ten year view, up 17.1% and 46.7% respectively. The market continues to move at approximately the same speed as last year at 24 days

Dundee rentals continued to post positive annual growth in Q3 2018, up 3.4% to £604. Larger properties fared best

at 11% and 7.9% respectively. Properties are letting quicker than last year by 4 days at 47 days on average.

Property to rent in West Lothian continued to rise above 4% YOY to average just under £700 (£697) and, as per last quarter, the market is moving a full nine days faster than last year at 30 days. The majority of properties in the region are let within a month (64%). South Lanarkshire posted positive annual growth of 1.9% led by larger properties, whereas Renfrewshire fell by 0.6%



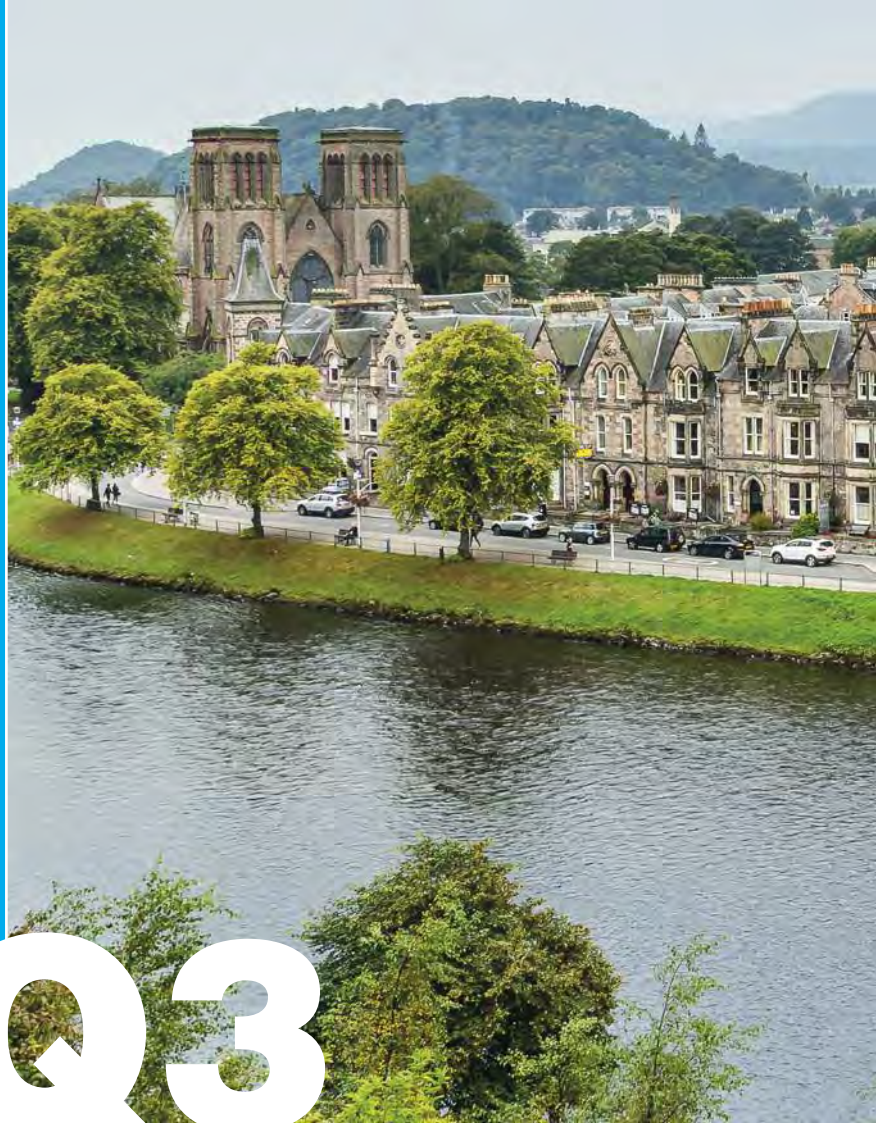
Scotland's Private Rented Sector continued unabated with a noticeable rise in Glasgow where rental growth spiked sharply.

Consumer Confidence

Market confidence
down 3%



Q3



New research for **Scotland's Property Monitor** shows that almost three quarters of Scots paid home report valuation or above for their property.

Just 26% secured a property for under valuation price, underlining the strength of Scotland's economy in recent years.

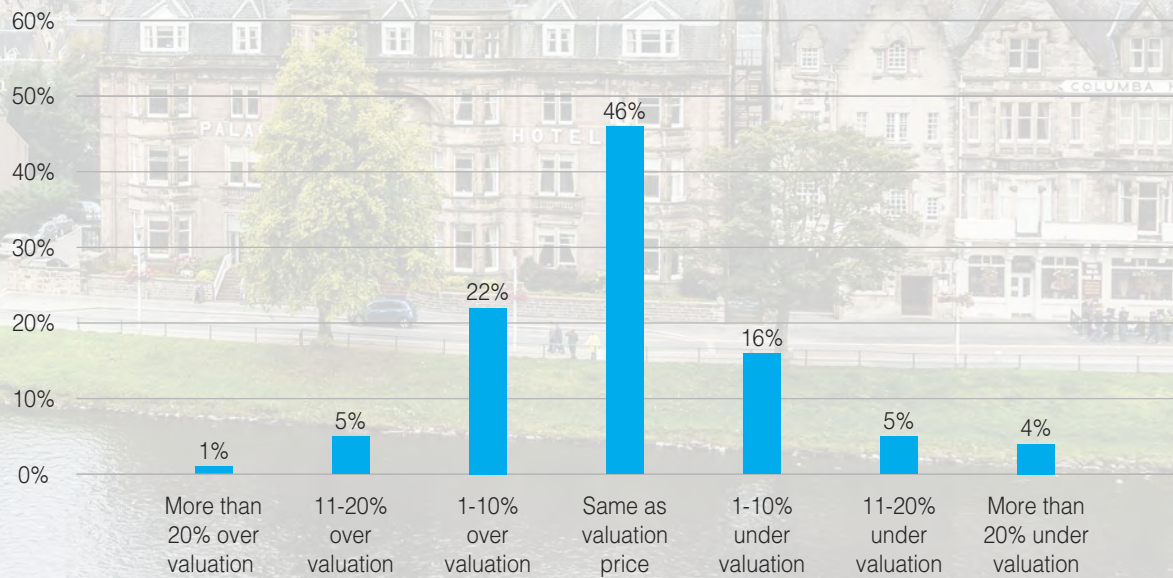
And there has been a slight increase in the number of Scots considering moving in the next two years, up from 9% to 10% over the past 12 weeks.

However, the consumer confidence picture continues to be clouded by the UK's looming exit from the European Union.

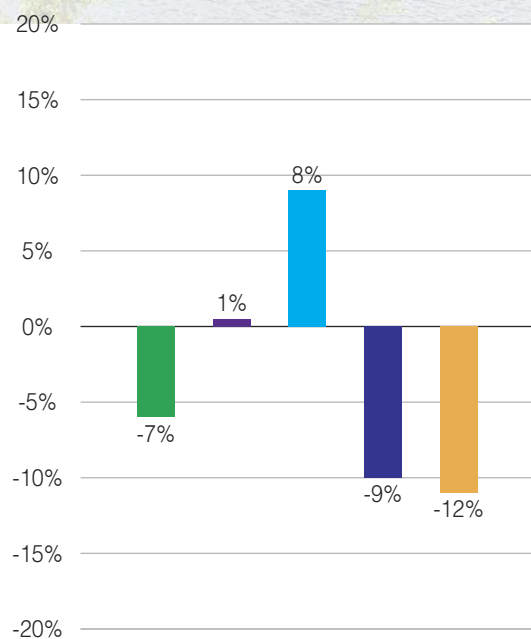
In comparison to the previous quarter, the proportion of respondents reporting a decline in confidence has increased marginally from 18% to 22% and remains slightly higher than reported in the previous three quarters.

With more respondents reporting a decline in confidence than an improvement, the net balance score is -12% compared to -9% in Q2 2018 and +8% in Q1 2018. This demonstrates that overall consumer confidence in the Scottish property market has continued to fall since the beginning of the year.

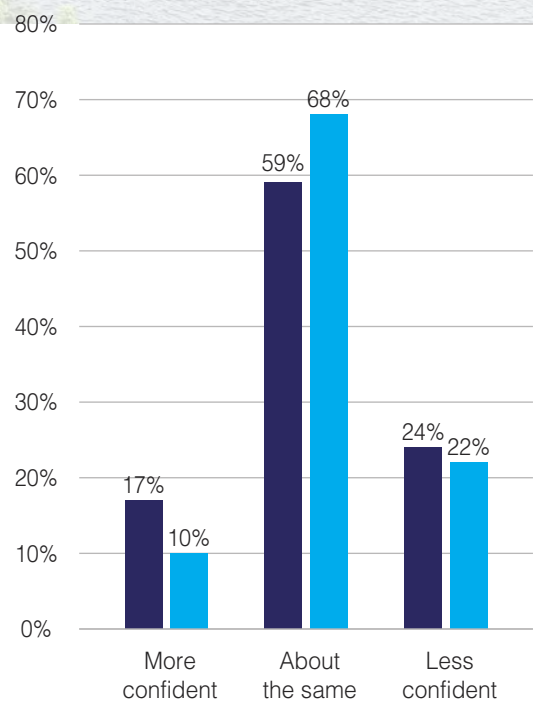
By what percentage did your final property sale differ from the valuation price?



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



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



Mortgage Market

UK Interest Rate
up 0.25%



Q3

The Bank of England's Monetary Policy Committee decided to increase interest rates by quarter of a percent to 0.75% during the last quarter, the highest level since March 2009.

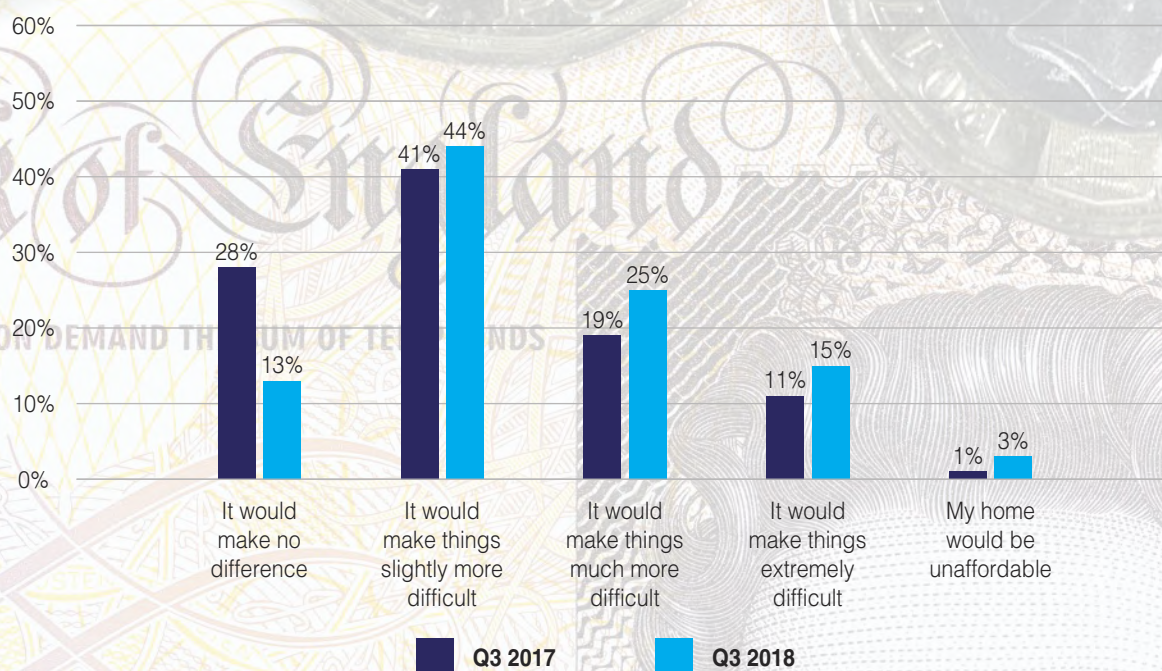
This is only the second rate rise in ten years.

The Committee had been expected to raise rates back in May but given the weaker performance of the economy, partly due to the severe weather conditions, they decided against the move at that time. It appears the Bank is now more confident that any weakness was temporary and that economic growth will recover.

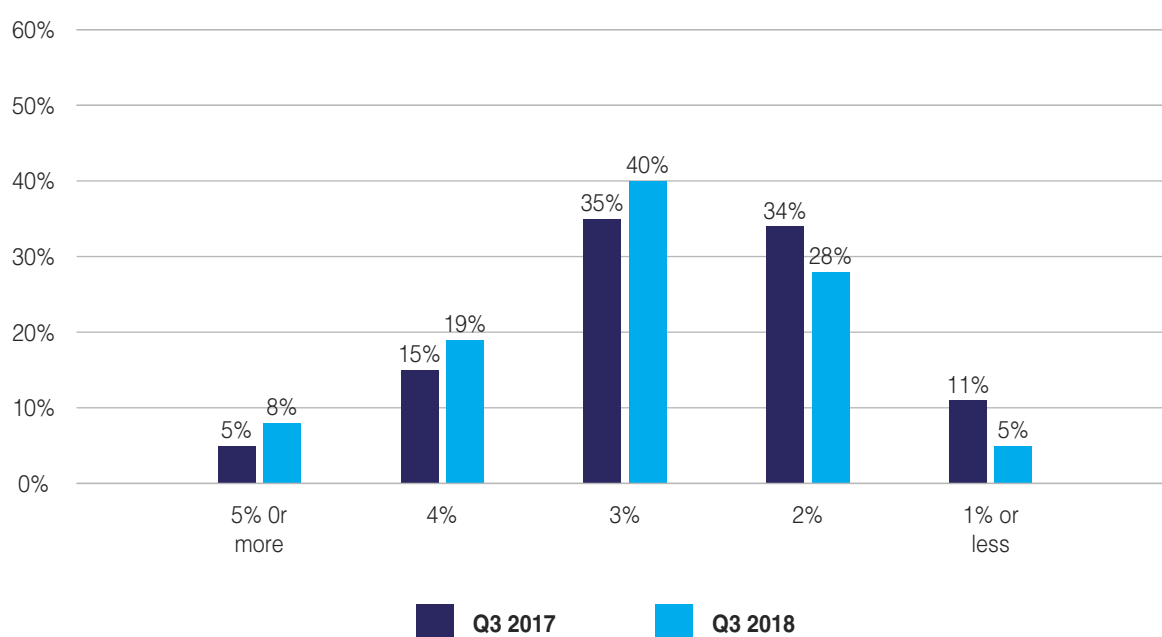
The decision to raise rates will have a direct impact for many mortgage holders, increasing the interest costs of more than three and a half million mortgages on variable or tracker rates.

Our latest **Property Monitor** research found that 87% of people surveyed would be adversely affected if interest rate increases were to add £100 a month to the cost of their mortgage, compared to 72% in Q3 2017. One quarter (25%) reported that this increase would make things much more difficult. Over one in ten (15%) believe that this would make things extremely difficult and a further 3% would no longer be able to afford their home.

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



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



Political Climate

Q3

Concerns about Brexit
up 4%



Homeowner fears over Brexit have risen to record levels, according to our **Property Monitor** research.

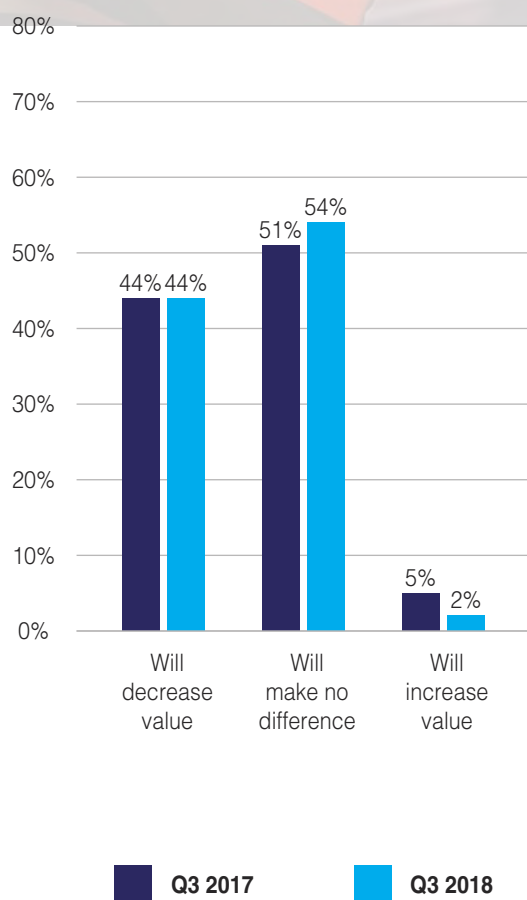
Respondents have generally regarded Brexit as having a negative impact on the value of their property. The latest results are similar to those recorded in Q3 2017.

We find that the majority (54%) believe Brexit won't impact their property value. The proportion of those anticipating a decrease in value had risen from the previous quarter and returned to the same level as Q3 2017, at 44%. In addition, with only 2% expecting an increase in value it is clear that very few respondents anticipate a positive outcome from Brexit.

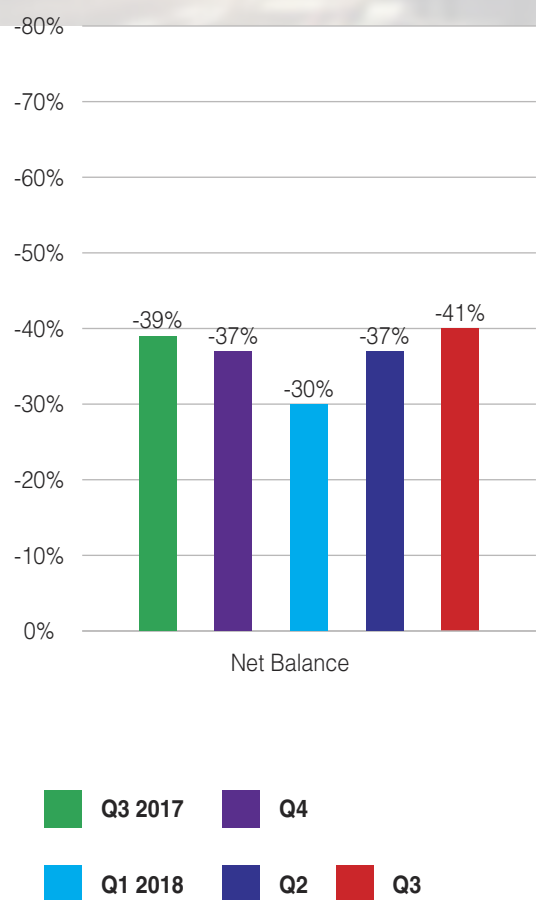
Comparing the net balance results (measuring those who feel it will decrease the value of their home against those who feel it will increase), shows that expectations of Brexit are similar (-41%) to the level observed at the same time last year (-39%), however are slightly more negative than measured in the past three quarters.



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



Homeowner attitudes towards Brexit



Additional Dwelling Supplement

People put off buying by ADS
Down 7%



Q3

Concerns over the Additional Dwelling Supplement (ADS) tax continue to ease, according to our research.

The tax – which came into force on April 1 2016 and adds a 3% levy to purchases of additional properties in Scotland of £40,000 or more – had been blamed for a slowdown in sales at the top end of the market.

And while our research still shows that many Scots feel put off a buy-to-let investment by the penalty, it also appears to show a reluctant acceptance of the levy.

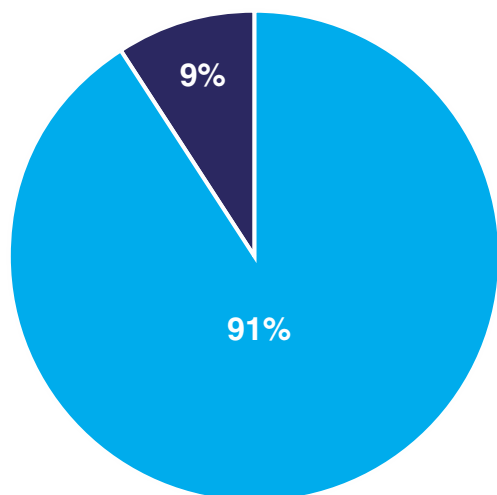
Previous quarters had opposition to the tax at 62%, 62% and 61% - but that fell to 50% during Q2 2018 and now to 45%

Looking at the net balance results (measuring those who agree against those who disagree) also shows that there has been a decline in the proportion of respondents who feel that the 3% Additional Dwelling tax would discourage them from purchasing an additional property in Scotland, down from 45% to 25%.

On the ground, we have seen an uplift in mid and top market transactions over the past six months, which backs this up.



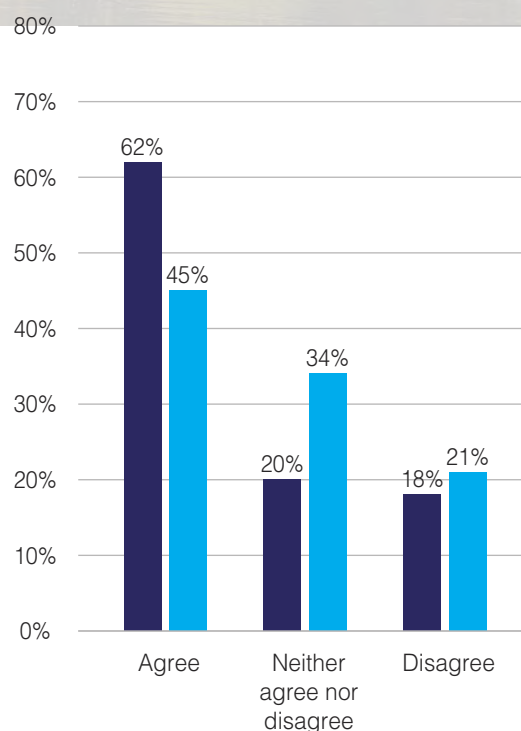
Do you own more than one property in Scotland?



■ Yes

■ No

The 3% 'Additional Dwelling' tax would discourage me from purchasing an additional property in Scotland



■ Q3 2017

■ Q3 2018

Case Study 1

Q3

Aberdeenshire average prices
up 2.8%



Dave Wesley and his wife Sarah currently live in Aberchirder with their two children, Hezekiah and Evyana. Dave is currently working as a Project Manager, although by trade is a Building Surveyor, and Sarah works as a Neonatal Nurse. As a family they like spending time outdoors and often go to the beach where the kids can go out on their bikes. They also enjoy socialising with friends as well as spending time together as a family in the house watching movies or TV.

The family moved to Aberdeenshire from Leicester in 2013 after Dave got a job as a Building Surveyor based in Banff. Having space for the family to spend time together is important to Dave so he likes that their property has a big garden and some open space inside where the family can congregate.

How would you describe property in your local area?

It depends, it's a mismatch. We've got quite a lot of older properties in the area, so my house is 218 years old and we're in a conservation area, but people have improved all the houses round about us and there are new builds at the other end of the village. There's still quite a lot of dark colours because the listed buildings have harl or stone. It's quite affordable in Aberchirder, where we live I'd say



it's a reasonable price. As you get to the newer builds I'd say the prices of the houses on the market are pretty much in line with the surrounding villages but I think if you want a bargain you can get one in the village.

Are you more or less confident about the housing market in your region compared to 3 months ago? Can you tell me why that is?

I think I'm probably a little bit more confident because I think the price of oil is going up and I'm hearing bits and pieces about how now is the time to get into the property market in Aberdeen. And we have a trickle-down effect, so when the prices in Aberdeen start going up, they'll start going up out here as well. And I think it's going to keep moving in that direction, I think the price of oil isn't going to go down very quickly anyway.

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

I think initially there may be a drop but it will depend on how they negotiate and what we end up with. If we end up with a no-deal Brexit then I think the value of all properties will probably drop for a while, but if the Government negotiate well and trade under World Trade Organisation rules then there are possibilities with it. I

don't think it's as doom and gloom as some people say, however I do think there will be some pain at the beginning. And then if we stay in the single market, I can't see that it's going to change at all.

Are you likely to move home or purchase an additional property in the near future?

Within two years we probably will move I'd imagine. And the reason for that would be down to location of work really, I currently work in Lossiemouth and my wife works in Aberdeen and my job is on a contract so once that's over I'll be looking elsewhere so the likelihood is that we'll consider moving for work, wherever that may be. So we would probably move either nearer Aberdeen or nearer a city – my wife is a Neonatal Nurse so her work would be a factor in looking at locations – but we're not particularly fussed about where that is really and it might not even be in the UK.

Do you think there are any other factors influencing the regional property values?

For where we are, work is a factor and location of work makes a huge difference as well as salaries. I think the nearer you get to Aberdeen then the prices go up just because salaries are, or at least were, better.

Case Study 2

Q3

Borders average prices
up 8.5%



Paul Fulton and his wife Amy live in Oxton in the Scottish Borders with their nine-month-old daughter Alice. Paul is a Marketing Manager and Amy is a Junior Doctor. Paul is a sporty person and enjoys playing tennis and golf while Amy likes crafting and knitting. They also like to go to the cinema together, although much of their time is dedicated to looking after their new baby.

They moved to Oxton as they were keen to live in the Borders but be close enough to Edinburgh for work. They had been living in big cities and decided to make the change to move to a small village as they loved the idea of living in a small, rural community. Having previously lived in shared accommodation or renting, they were keen to buy a property they could put their own stamp on and make their own. It was important to them that they found a property and a neighbourhood that would be safe and suitable to raise a family.

Are you more or less confident about the housing market in your region compared to 3 months ago?

Probably roughly the same. Obviously there's quite a lot of uncertainty about various different things including Brexit, meaning that people are maybe a bit more cautious when it comes to investing and obviously property is the



biggest thing you can invest in for most people. I would think it's slowed down a little bit possibly, I don't know if it's that much different to be honest.

And what about for the 3 months ahead, compared to now?

I'd probably say it's going to be even more up in the air with regards to Brexit, it's the big talking point that seems to be affecting everything just now. There doesn't seem to be any certainty as to what the deal is going to end up being, and if there is going to be a deal. I think people are more inclined to resist investing until there's more certainty as to what's happening. And also, people from abroad are less likely to invest in the country when there is uncertainty surrounding what's going to happen post-Brexit. I think until there's more certainty around Brexit, it's probably going to affect the housing market.

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

I think in the short-term I think it's probably going to at least level it off if not bring it down in value for the reasons I said before. There's people less likely to invest and less likely to take risks at a time when there is so much uncertainty about what's going to happen post-Brexit and what the

landscape will be once we leave the EU. But I don't know in the long-term if it's going to have much of a significant effect, as people will obviously always need somewhere to live. I think in the short-term it's going to at least stall if not bring down the house prices. I don't know if it's going to have a particular effect in our area but in general I'd say uncertainty isn't good for the property market.

Do you think there are any other factors influencing the regional property values?

Probably the fact that where we are the demand for property in the Edinburgh market is really starting to affect us more and more, and people are looking further out of Edinburgh. It's similar to London where people are getting pushed out of the centre and into the suburbs and people there can't afford to live in the suburbs and they're then pushed into the countryside. They're starting to build new houses where we are and we're thinking that property prices may start to go up as we're within commuting distance of Edinburgh and more people might start looking at property in our area.

Highland
Moray
Na h-Eileanan siar
Orkney Islands
Shetland Islands

Highlands & Islands

Q3

Average prices
up 3.8%



Sale volumes
down 1.0%



Market value
up 2.6%



Following a positive start to 2018, the summer months saw a continued rise in prices, with Shetland experiencing a 20% year on year rise.

The third quarter of the year saw average prices rise again across most areas with only Shetland seeing a fall, albeit by just 2.6%, to £159,271, after their previous bumper increase.

Moray and Orkney had been the stand out performers in terms of price in the first three months of the year, and whilst they saw respective year-on-year price increases of 3% and 7.1%, prices in the Western Isles shone brightest on this occasion, with an 11.1% rise to £164,600.

As we saw in the second quarter, sale volumes in the region remained steady at best, with only Highland registering a rise. The number of properties changing hands in the area rose 2.9%, whilst the Western Isles, Orkney and Shetland all saw double digit decreases.

Given the unique environment, the region doesn't always follow the same trends as other parts of Scotland, but it continues to offer a range of benefits which other areas can't, not least its ability to offer a somewhat less hectic way of life than the biggest cities and towns.



One area that has mirrored other parts of Scotland is the shortage of properties on the market, and it's reasonable to assume that this is contributing to the continuing rise in average prices and market values. The second quarter saw the value of property sold hitting £296,709,744, however this had risen to £347,713,664 in the third quarter, a year-on-year rise of 2.6%.

In recent years, the region has seen considerable investment and the movement of EU citizens into various areas however local authorities, residents and businesses will be keeping a close eye on Brexit negotiations as this final outcome could well have longer term ramifications for the wider economy.

“

The third quarter of the year saw average prices rise again across most Highland areas.

2018 Price Tracker

Q1

2018	£147,501
2017	£138,626

Q2

2018	£158,194
2017	£147,955

Q3

2018	£157,572
2017	£151,842

Q4

2017	£154,385
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Aberdeen
Aberdeenshire
Angus
Dundee

North-East Scotland

Q3

Average prices
up 1.3%



Sale volumes
up 6.3%



Market value
up 7.4%



The market in the north-east and particularly Aberdeen began 2018 at a reasonably slow pace although there were definite signs of some optimism returning to the market.

It's no secret that the last few years have been tough for the city and the region with the market sluggish at best but increasingly over the last few months there are more and more indications that the recent period of difficulty could be about to end.

Aberdeenshire has shown a significant degree of resilience during the oil and gas downturn, and the Granite city could now be seeing the beginnings of a turnaround.

In terms of average prices, Aberdeenshire enjoyed a 2.8% year on year rise to £215,733, and although Aberdeen saw a slight -0.5% fall, every area in the north-east saw increased levels of property changing hands. Angus experienced a substantial rise of 12.5%, with Aberdeen not far behind on 7.9%.

The increase in sale volumes in Aberdeen, together with a corresponding 7.3% rise to £221,963,819 in the value of property sold augurs well for the future and could be evidence that both buyers and investors are starting to





return to the market.

The UK's Oil and Gas Authority recently indicated that the cost cutting which saw thousands of job losses may be at an end, and North Sea operators are expected to generate a £10 billion cash surplus this year – the highest since 2010. This good news comes as an estimated £8.4 billion of investment in the wider north-east economy comes to fruition.

First time buyers in particular should be looking to take advantage of current prices with the prospect of a potential new skills shortage in the oil and gas sector triggering an influx of people to the city, driving up demand and prices.

At the 2014 market peak, there were around 3,000 properties on the market at any time, with that number now sitting at over 6,000, with a particular oversupply of city centre flats. This has created a buyers' market where properties are changing hands below home report value in many cases.

Property in the city is now more affordable than it has been for a long time and with mortgage rates remaining relatively low the coming weeks and months could prove to be an ideal time to buy.

2018 Price Tracker

Q1

2018	£172,500
2017	£169,870

Q2

2018	£177,867
2017	£177,360

Q3

2018	£180,944
2017	£178,584

Q4

2017	£178,561
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Falkirk
North Lanarkshire
South Lanarkshire

Central Scotland

Q3

Average prices
up 4.3%



Sale volumes
up 8.8%



Market value
up 13.0%



The market in Central Scotland saw a busy and healthy third quarter after what was a relatively tough second three months of the year.

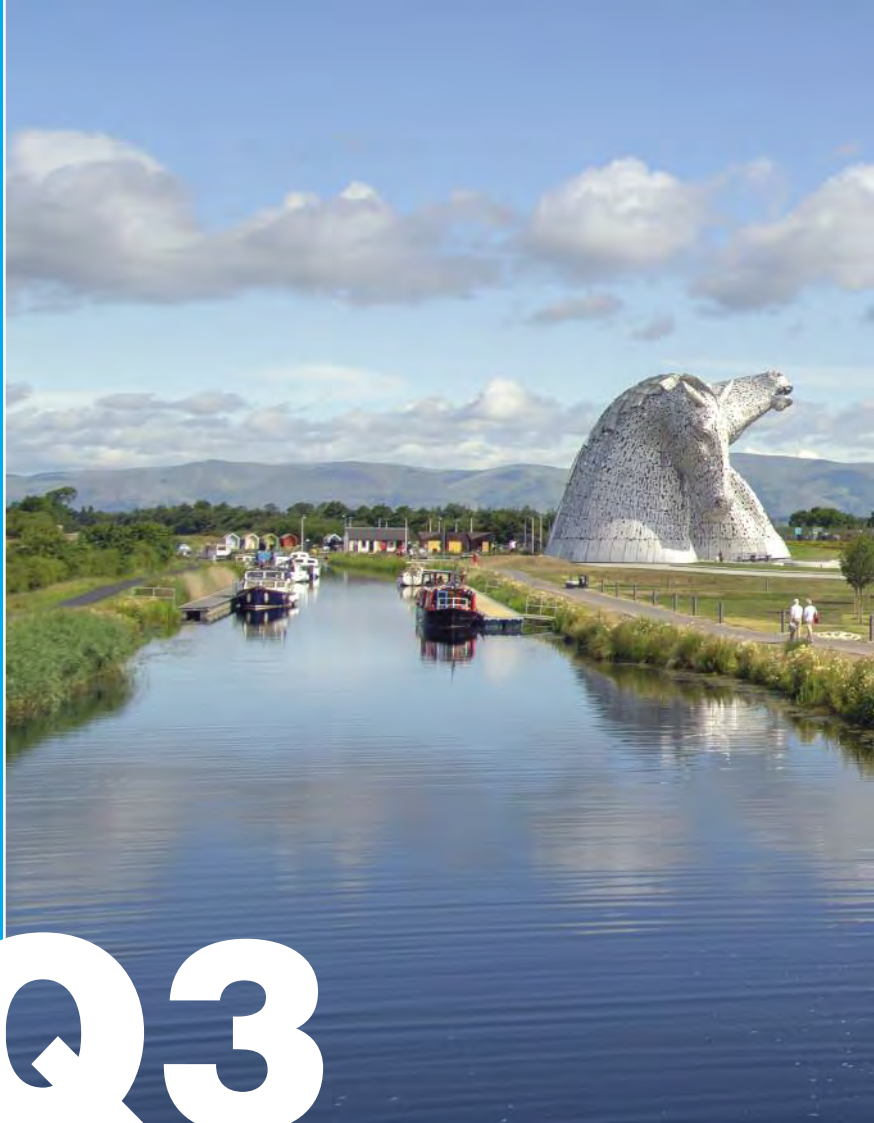
The region enjoyed rises in every category and in every area bar a -1.5% fall in average prices in South Lanarkshire to £152,114.

North Lanarkshire, by far the star of the show, saw a double digit rise in prices of 10.2% to £139,487, a 7.8% rise in sale volumes and an 18.5% increase in the value of property changing hands at £215,428,535.

Falkirk also saw a 5.3% rise in prices as well as an 8.7% rise in sale values, and with South Lanarkshire achieving an 11.2% rise in values, this could well suggest that the ongoing shortage of properties in Glasgow in particular is encouraging buyers to search further afield for value.

Affordable family homes in Glasgow and Edinburgh are at a premium, and it's no surprise that commuter towns in central Scotland as well as areas such as East and West Lothian are continuing to see prices rise.

Overall, sale values in Central Scotland were up 13% to £634,258,712 on the corresponding period last year, and as we head towards the winter months if we experience a





repeat of the final quarter last year, then we should see a fairly busy end to 2018.

“

Affordable family homes in Glasgow and Edinburgh are at a premium, and it's no surprise that commuter towns in central Scotland as well as areas such as East and West Lothian are continuing to see prices rise.

2018 Price Tracker

Q1

2018	£142,894
2017	£132,088

Q2

2018	£142,789
2017	£135,734

Q3

2018	£146,793
2017	£140,747

Q4

2017	£139,597
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Clackmannanshire
Fife
Perth & Kinross
Stirling

Mid Scotland & Fife

Q3

Average prices
down 2.0%



Sale volumes
up 0.2%



Market value
up 1.0%



The market in Mid Scotland and Fife saw a fairly positive second quarter and whilst the third quarter was mixed, the region continued to demonstrate a degree of resilience.

Perth bounced back from a 4.3% fall in average prices with a 1.4% rise to £206,188 to regain its position as the most expensive area in the region to buy a property, with Stirling falling back slightly with a 2.2% fall to £204,078.

Clackmannanshire had enjoyed respective price rises of 8.9% and 10.7% in the first two quarters of the year and although year on year average prices retreated 8.3% to £144,135 in the third quarter, the number of properties changing hands increased by 28.1%, the biggest rise in Scotland.

In Perth, the autumn market continued to see strong demand for middle market houses, and this could well continue for the remainder of 2018. The summer saw strong sales activity across all price bands but there was less demand for flats below £100,000 and larger properties above £300,000. Demand for property inspections and valuations continue to remain strong, with sellers of all types of property contacting us for up to date market advice.

The Stirling and Clackmannanshire markets are driven





mainly by families seeking excellent schooling, as well as a wide range of shops, restaurants and convenient transport links. For this reason demand for properties between £100,000 and £500,000 in and around Stirling continues to exceed supply.

The autumn and winter months are traditionally less busy but it's anticipated the market will continue in a positive manner as we move to the end of the year and into 2019.

“

Perth bounced back from a 4.3% fall in average prices with a 1.4% rise to £206,188 to regain its position as the region's most expensive area.

2018 Price Tracker

Q1

2018	£168,904
2017	£163,340

Q2

2018	£170,645
2017	£165,522

Q3

2018	£178,801
2017	£182,481

Q4

2017	£167,816
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Argyll & Bute
East Dunbartonshire
East Renfrewshire
Inverclyde
North Ayrshire
Renfrewshire
West Dunbartonshire

West Scotland

Q3

Average prices
up 5.7%



Sale volumes
up 5.2%



Market value
up 9.9%



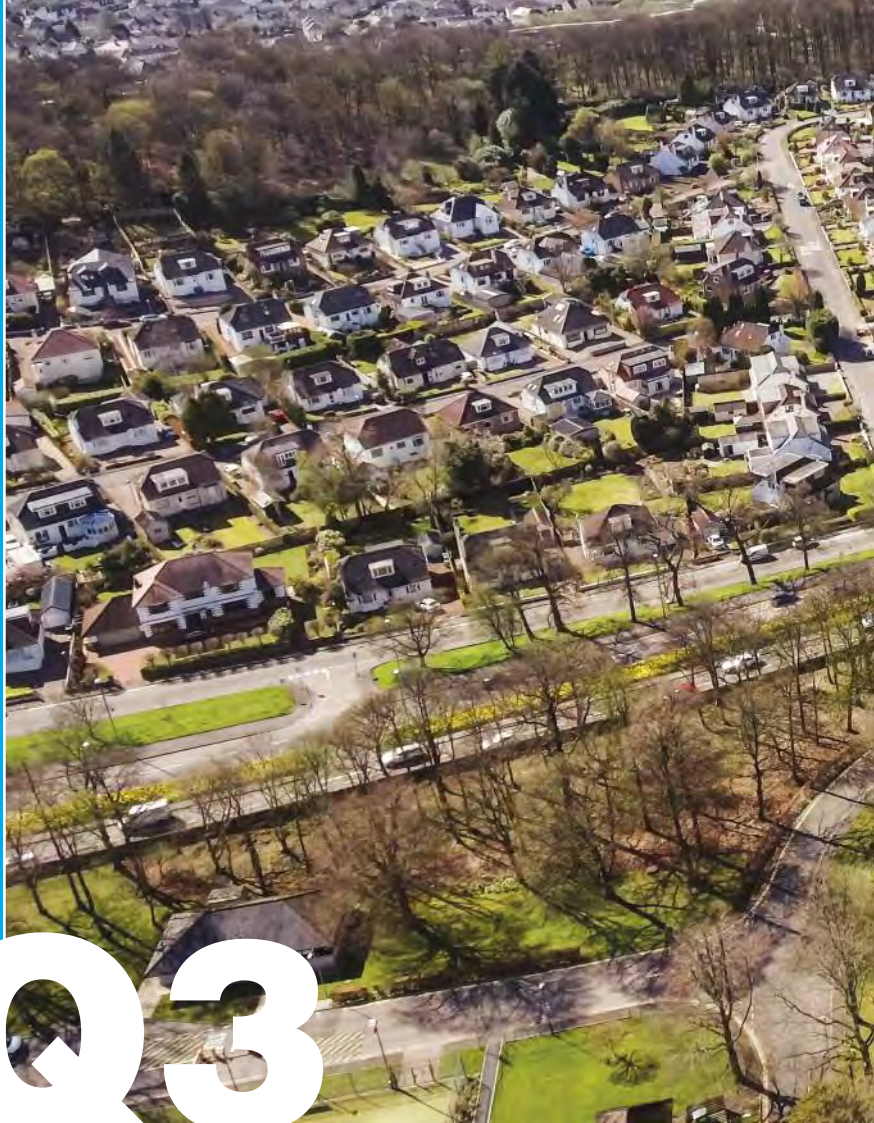
The second quarter saw East Renfrewshire lose its crown as the most expensive place in Scotland to buy a house but overall the region enjoyed a busy and active third quarter.

Average prices across the region saw a rise of 5.7% to £173,850 fuelled by significant increases in East Dunbartonshire and West Dunbartonshire of 9.7% to £251,547, and 13.8% to £128,162 respectively.

However, by far the stand out performer in the region was Inverclyde which experienced substantial rises across all categories. An 8.4% increase saw average prices hit £134,623, but the area also achieved a 9.7% uplift in sale volumes and an 18.4% rise in the value of property sold at £48,469,190.

With the market in Glasgow and its suburbs continuing to heat up, and with a particular shortage of affordable family homes in the city and surrounding areas, the rise in activity and prices in Inverclyde as well as North Ayrshire, which saw an 11.5% increase in sale volumes and a 12.5% rise in market values, suggests that an increasing number of people are looking further afield for value and the right property.

As we move towards the winter months, traditionally a





quieter time for many areas, there is confidence that the local market could remain positive if it replicates the same activity as the corresponding period last year where prices in all areas rose 6.1% in the final quarter.

“

Average prices across the region saw a rise of 5.7% to £173,850 fuelled by significant increases in East Dunbartonshire and West Dunbartonshire of 9.7% to £251,547, and 13.8% to £128,162 respectively.

2018 Price Tracker

Q1

Year	Price (£)
2018	£165,446
2017	£152,214

Q2

Year	Price (£)
2018	£167,887
2017	£161,382

Q3

Year	Price (£)
2018	£173,850
2017	£164,466

Q4

Year	Price (£)
2017	£168,397

Glasgow

Q3

Average prices
up 5.5%



Sale volumes
down 0.1%



Market value
up 5.3%



The fine weather during the summer months saw the market in the city continue to enjoy huge demand and there is no indication that this is about to slow down.

Glasgow saw a 5.5% rise in average prices to £166,155 building on the 3.3% increase in the second quarter, with continued demand for all styles and sizes of property. Market values also rose by 5.3% to reach £555,542,122 with the majority of properties reaching speedy closing dates and sales figures reaching 10 to 15 percent higher than Home Report valuations.

A number of large employers have announced plans to build new office developments cementing the city's reputation as a key job location and this in turn is likely to increase demand for property across the city and its suburbs.

The West End continues to be one of the most popular areas of the city, and with prices rising and the ongoing shortage of stock, it's hoped that favourable sales figures will draw further properties to the market.

The Southside, particularly Shawlands and Pollockshields, remains in great demand especially with first time buyers - and traditional two bed flats are now comfortably fetching between £130,000 and £200,000.



In general, properties in the price range of between £175,000 and £300,000 continue to be attractive to buyers, with second steppers among the most active in the market.

Whilst many are beginning to look outside the city for more affordable and available properties, the attractions of Glasgow are many and buyers are still prepared to pay the relevant premium to live here.

Demand for projects is also rising and with lenders still possessing a strong appetite to lend, this is a great option for first time buyers.

The winter months can be a little slower for many parts of Scotland but Glasgow very much bucked this trend in the final three months of 2017 with rises in every category. A corresponding level of activity this year should mean we enter 2019 with very healthy market.

2018 Price Tracker

Q1

2018	£154,942
2017	£140,775

Q2

2018	£154,520
2017	£148,786

Q3

2018	£166,155
2017	£157,533

Q4

2017	£156,578
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East Lothian
Edinburgh
Midlothian
West Lothian

Lothian

Q3

Average prices
up 2.5%



Sale volumes
down 8.2%



Market value
down 5.2%



The second quarter saw Edinburgh regain its crown as the most expensive place to buy a home in Scotland and the third quarter cemented the Capital's position at the top of the table.

Average prices in the city rose 3.8% to £267,035 on the back of an 8.3% uplift in Q2, and the market remains strong throughout the region as we enter the last quarter of the year. Buyer activity across all levels of the market has been high, but with a particular emphasis in activity from first time buyers and upsizers.

All areas of the region saw increased prices with West Lothian building on a 10.6% rise in the second quarter with a further 4% increase in the third quarter to £172,050.

Sale volumes were down -10.2% in Edinburgh following a -16% fall in quarter two, reflecting a significant but familiar shortage of properties in the city. The market value of properties changing hands in Lothian collectively exceeded £1.2 billion in the quarter although this was down -5.2% year on year.

The latest ESPC statistics show that the average time to sell in Edinburgh up to the end of September was 20 days which is 2 days lower than the same period last year. 79.6% of property sold achieve or exceed home report value.



City centre flats are in particular demand with a great shortage of available properties continuing to be the main issue in this sector. More stock is required to accommodate the high number of ready and waiting buyers.

Properties in the market towns of Mid and East Lothian are selling well, and West Lothian, especially Livingston, Uphall and Bathgate, are very active markets. Properties in these areas are selling in weeks and closing dates are starting to become the norm.

We have an increasing number of buyers on our register, mainly those looking for two, three and four bedroom properties and many are ready to go as soon as they have found the right house.

“

Properties in Mid and East Lothian are selling well.

2018 Price Tracker

Q1

2018	£213,942
2017	£194,801

Q2

2018	£219,772
2017	£202,620

Q3

2018	£223,406
2017	£218,025

Q4

2017	£214,193
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Dumfries & Galloway
East Ayrshire
Scottish Borders
South Ayrshire

South Scotland Q3

Average prices
up 3.8%



Sale volumes
up 5.3%



Market value
up 9.8%

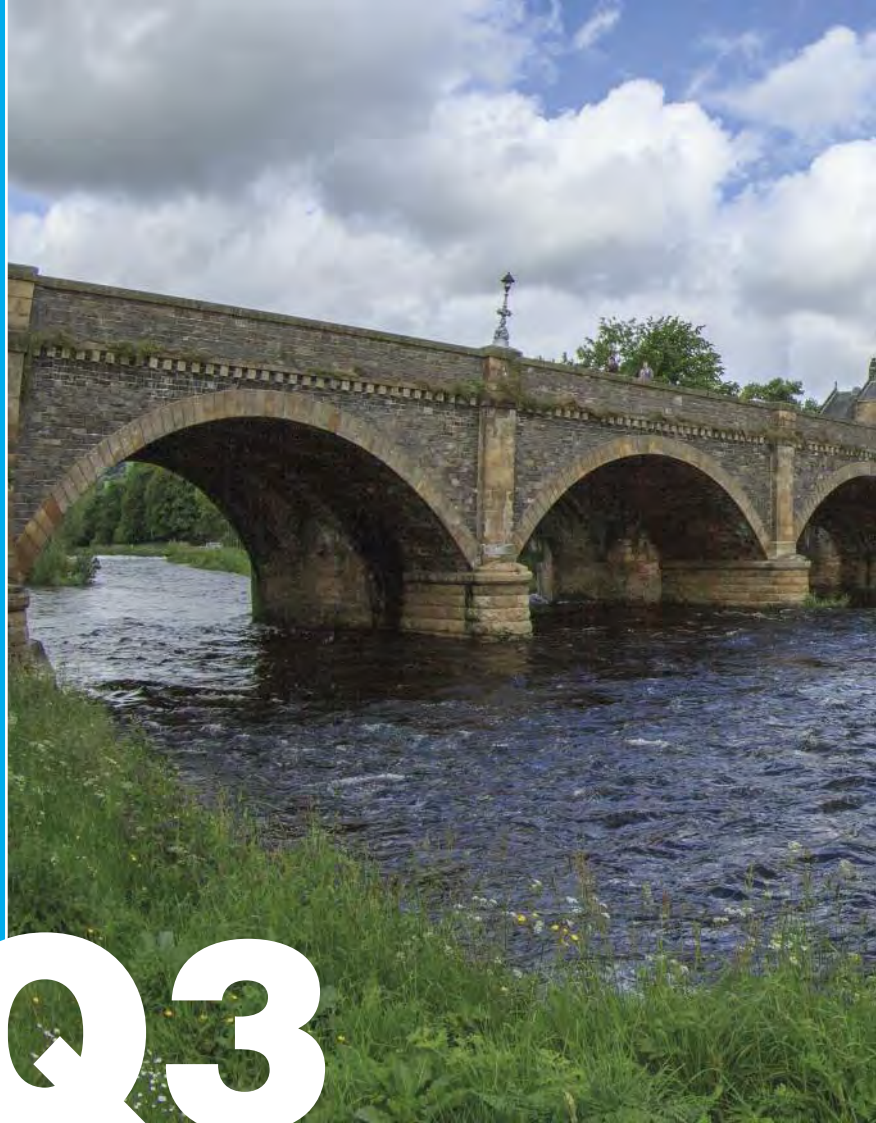


The market in South Scotland has enjoyed a reasonably strong 2018, with the summer months proving to be healthy and active.

The region saw rises in the majority of categories across most areas, with Dumfries and Galloway seeing a 9.2% rise in average prices to £152,207. The area could well be benefiting from the rising prices and lack of available and suitable properties in Edinburgh and Glasgow and it certainly offers value money, with prices currently sitting at -12.7% below the national average.

The Borders, much like the Highlands and other areas in the north of Scotland, offers a somewhat unique environment, combining a quieter rural style of living, whilst being very close to large urban areas and this is undoubtedly reflected in its popularity, especially those with families. It's no surprise the Borders maintained its position as the most expensive place in the region, although average prices actually fell -1.8% year on year to £184,599.

Sale volumes in the region rebounded in the third quarter, reversing a -5.7% fall into a 5.3% increase, with over 2,600 properties changing hands as pent up demand from the winter translated in transactions.





The market value of properties sold also saw a significant rise of 9.8% to £416,077,110.

There doesn't appear to be any sign yet that demand and prices in Glasgow and Edinburgh are likely to fall in the short to medium term and as such for those looking for great value, South Scotland could be the perfect choice.

“

The Borders, much like the north of Scotland, offers a unique environment, combining a quieter rural style of living, whilst being close to large urban areas.

2018 Price Tracker

Q1

2018	£153,480
2017	£140,316

Q2

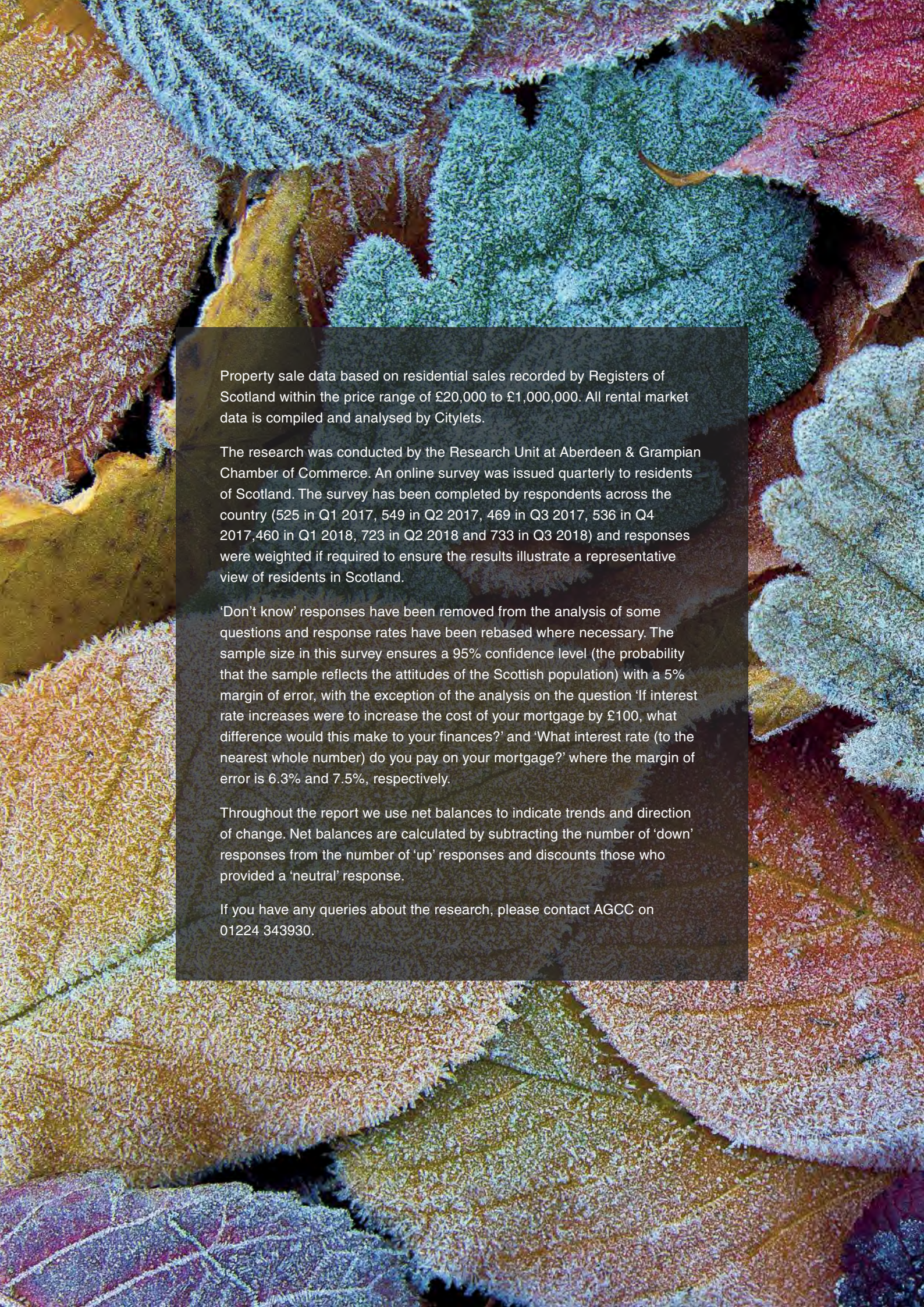
2018	£150,047
2017	£142,662

Q3

2018	£158,365
2017	£152,552

Q4

2017	£155,777
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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 and 733 in Q3 2018) and responses were weighted if required to ensure the results illustrate a representative view of residents in Scotland.

'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 survey ensures a 95% confidence level (the probability that the sample reflects the attitudes of the Scottish population) with a 5% margin of error, 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 margin of error is 6.3% and 7.5%, 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 343930.