

SCOTTISH COUNTRY HOUSE INDEX Q2 2018

PRIME PRICE GROWTH STRENGTHENS

Sales volumes and price growth in Scotland's prime residential housing markets have picked up in the first half of 2018.

MARKET UPDATE

Prime property prices in Scotland increased 1.2% between April and June, according to the latest Knight Frank Scottish Country House Index.

Prices have risen by 1.6% annually. While modest, this was the strongest rate of annual growth recorded by our index since the end of 2014, before the introduction of LBTT.

Prime values have been rising now – albeit modestly – for four consecutive quarters.

A shortage of prime homes being offered for sale is the main reason values are holding their own – despite wider uncertainty surrounding Brexit.

Knight Frank's analysis of listings data from Rightmove reveals that so far this year 25% fewer homes valued above £750,000 have been put up for sale across Scotland compared with the same period in 2017. Above £1m the fall was slightly less pronounced at 23%.

This is despite sales evidence from the Registers of Scotland which confirms a strengthening in demand for prime property. There was a 29% year-on-year increase in the volume of sales above £750,000 over the 12 months to March 2018, for example, while agents note that strong prices have been achieved amid competitive bidding in some cases.

PENT-UP DEMAND

A pick-up in prime sales is largely a result of a release of pent-up demand from buyers who, following a few years of fairly static price growth, are now more accepting of the higher rates of LBTT. Indeed, as a result, some rural property markets in Scotland look increasingly good value.

Increasing activity at the top end of the market has also helped boost Scottish government tax revenue, with recent figures from Revenue Scotland showing a notable uptick in LBTT receipts from the £750,000+ market.

OUTLOOK

Prime markets in Scotland, especially in rural areas within commuting distance of city hubs, are being perceived by buyers as offering value in comparison to many markets in the UK and this is expected to continue to drive demand and pricing this year, though growth is expected to remain modest. An imbalance between supply and demand looks set to continue throughout 2018 with no signs so far of a significant increase in the amount of stock that is set to come up for sale.

As a result, agents note that market conditions currently favour sellers.

1.6%
ANNUAL PRIME
HOUSE PRICE GROWTH

1.2%
QUARTERLY PRIME
HOUSE PRICE GROWTH

4.3%
5-YEAR PRIME HOUSE
PRICE GROWTH

“PRIME VALUES HAVE BEEN RISING NOW – ALBEIT MODESTLY – FOR FOUR CONSECUTIVE QUARTERS, WITH AN IMBALANCE BETWEEN SUPPLY AND DEMAND UNDERPINNING THIS GROWTH”.

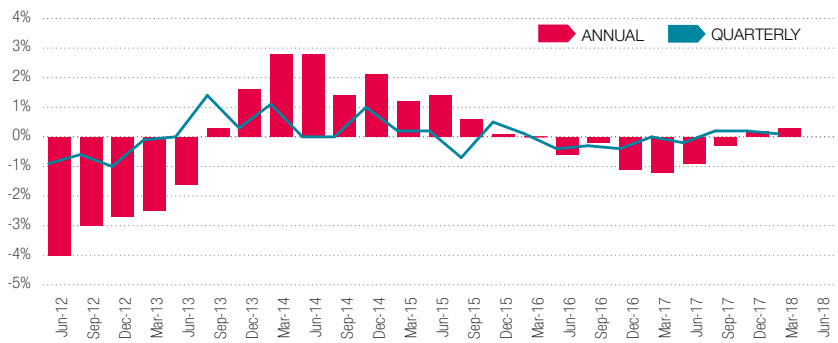
Oliver Knight, Residential Research
oliver.knight@knightfrank.com

If you would like further insight into prime residential markets please feel free to get in touch.

“PRIME MARKETS IN SCOTLAND, ESPECIALLY IN MORE RURAL AREAS AND WITHIN COMMUTING DISTANCE OF CITY HUBS, REMAIN GOOD VALUE IN COMPARISON TO THE REST OF THE UK”.

FIGURE 1
PRIME SCOTLAND PRICE CHANGE

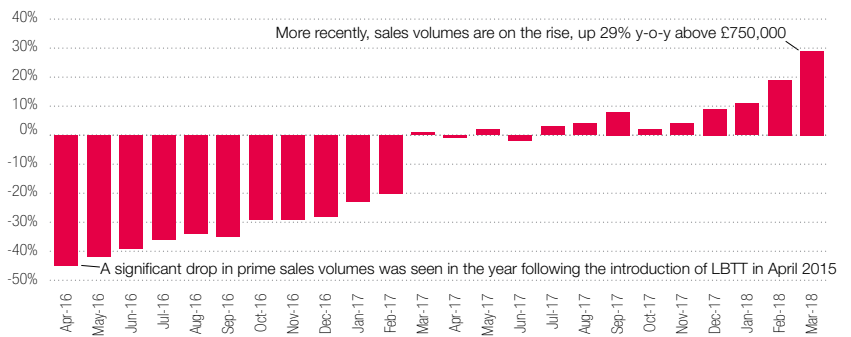
Annual and quarterly % change



Source: Knight Frank Research

FIGURE 2
PRIME SALES VOLUMES ON THE RISE

Annualised year-on-year change in transactions above £750,000



Source: Registers of Scotland

FIGURE 3
PRIME SCOTLAND PRICE CHANGE Q2 2018

	Cottage	Farmhouse	Small country house	Large country house	Average
3 month	3.4%	0.8%	0.9%	1.3%	1.1%
6 month	3.4%	0.9%	0.9%	1.3%	1.2%
1 year	3.4%	1.7%	1.3%	1.6%	1.6%
	up to £500k	£500k to £1m	£1m to £2m	£2m to £3m	£3m+
3 month	1.4%	0.7%	1.3%	1.6%	1.6%
6 month	1.4%	0.9%	1.2%	1.7%	1.8%
1 year	2.2%	1.3%	1.3%	2.4%	2.0%

Source: Knight Frank Research

Please contact us for further information

If you're thinking of moving in or out of Scotland, or would just like some property advice, please do get in touch.

Ran Morgan
+44 13 1222 9600
ran.morgan@knightfrank.com

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