

SCOTTISH COUNTRY HOUSE INDEX Q3 2018

PRIME PRICES RISE AT STRONGEST RATE SINCE 2014

Prime country house price growth picked up in the third quarter of 2018, but buyers remain cautious amid political uncertainty.

MARKET UPDATE

Scottish country house prices rose by 0.7% between July and September, a slightly more modest rate of growth than that seen in the second quarter, the Knight Frank Scottish Country House Index shows. On an annual basis, prices have risen by 2.1%.

While modest, this is the strongest rate of annual growth recorded by our index since the end of 2014. On a longer-term basis, prime country house prices in Scotland are up by 3.6% over the last five years.

The consequence of this relatively subdued growth, during a period when prices in some urban markets have risen by as much as 26%, is that many country locations currently appear comparatively good value, especially when compared with prime markets elsewhere in the UK.

PRIME SALES

Prime sales volumes remain subdued, however. The number of homes valued at more than £500,000 sold in non-city markets across Scotland fell by 4% over the year to July 2018 compared to the previous 12 month period, according to our analysis of transaction figures from the Registers of Scotland.

Agents note that this tick down in activity is not solely due to demand, but also due

to lack of supply of homes on the market, which in turn is supporting pricing.

Knight Frank's analysis of listings data from Rightmove reveals that so far this year 2.3% fewer homes valued above £500,000 have been put up for sale across Scotland compared with the same period in 2017. Stock levels were 6% lower than in 2016.

The wider political landscape is also causing short-term uncertainty in the market. Questions remain regarding what the UK's future relationship with the European Union will be following Brexit. As these questions remain unresolved, there is a more cautious attitude being adopted by some prospective vendors and buyers which has weighed on activity and supply.

The market above £1m has been more buoyant, with sales up by 4% year-on-year. However, much of this can be accounted for by an increase in transactions in urban markets, as well as in areas within commuting distance of city hubs.

OUTLOOK

An added factor at play in the current market is the relative value of sterling for buyers using dollars or other overseas currencies to purchase a home, providing an effective discount.

0.7%

ANNUAL PRIME
HOUSE PRICE GROWTH

2.1%

QUARTERLY PRIME
HOUSE PRICE GROWTH

3.6%

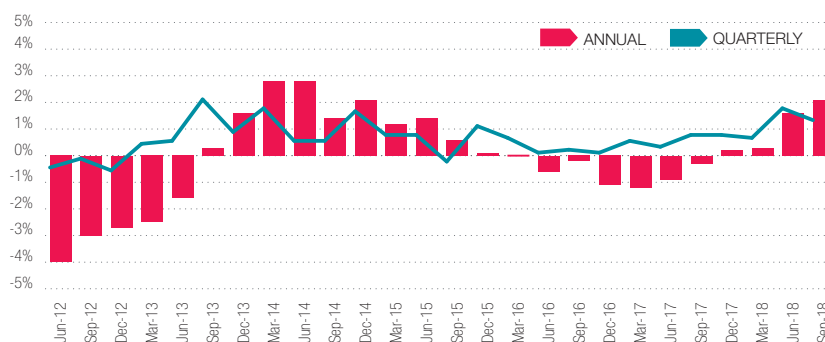
5-YEAR PRIME HOUSE
PRICE GROWTH

**“MANY COUNTRY
LOCATIONS CURRENTLY
APPEAR COMPARATIVELY
GOOD VALUE, ESPECIALLY
WHEN COMPARED
WITH PRIME MARKETS
ELSEWHERE IN THE UK”.**

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FIGURE 1
PRIME SCOTLAND PRICE CHANGE

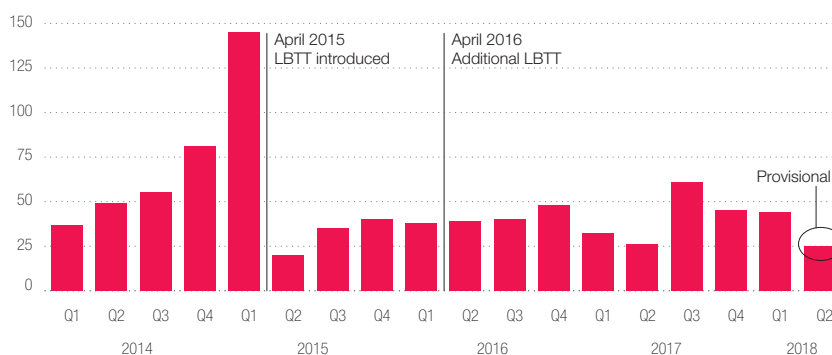
Annual and quarterly % change



Source: Knight Frank Research

FIGURE 2
SCOTLAND MILLION POUND MARKET

Quarterly sales volumes



Source: Registers of Scotland

FIGURE 3
PRIME SCOTLAND PRICE CHANGE Q3 2018

	Cottage	Farmhouse	Small country house	Large country house	Average
3 month	0.0%	0.9%	0.6%	0.8%	0.7%
6 month	3.4%	1.7%	1.5%	2.1%	1.9%
1 year	3.4%	2.2%	1.7%	2.2%	2.1%

	up to £500k	£500k to £1m	£1m to £2m	£2m to £3m	£3m+
3 month	0.6%	1.2%	0.1%	1.0%	0.1%
6 month	2.0%	1.9%	1.4%	2.6%	1.7%
1 year	2.4%	2.2%	1.3%	3.1%	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.

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