



# Price declines ease in Scottish property market

Prices in the Scottish Borders continue to rise as Edinburgh market activity springs back to life. Gráinne Gilmore examines the data

## Results for Q1 2012

Scottish prime house prices fell 0.4% in Q1, after a 1.3% decline in Q4 2011

Prices are down 3.6% year-on-year

Prices rose in the Scottish Borders between January and March, climbing by 0.4% on the quarter

Prices in Edinburgh were unchanged in Q1, ending three consecutive quarterly declines

Prime Scottish property prices outside Edinburgh fell again in the first three months of the year, but at a more modest rate than in previous quarters.

Average values of prime Scottish country houses have been falling or static for nearly two years now, but the 0.4% decline in the first three months of the year is the smallest fall since June 2010, when prices rose by 0.8%.

There are also wide regional variations in prices, with values in the Scottish Borders continuing to rise. Prices in the area are up 0.4% on the quarter, and are back at levels seen in June 2010. In contrast, prices in the North East of Scotland fell by 0.9% between January and March. However price falls in Argyll moderated noticeably, with prices declining by 0.7% after two consecutive quarterly falls of more than 2.5%.

Ran Morgan, head of Knight Frank's Scottish residential department, said:

"As we forecast back in December, activity in Edinburgh has bounced back during the first couple of months of the year, and we expect to see this ripple out to the regions."

"There has certainly been an influx of determined vendors in Edinburgh and outside the capital who are keen to achieve a sale, and have priced their property to suit the market in order to achieve this. Vendors who are still expecting prices in line with what they may have expected to received two or three years ago are struggling to attract interest from buyers. Buyer interest is strongest in the very best properties, priced correctly."

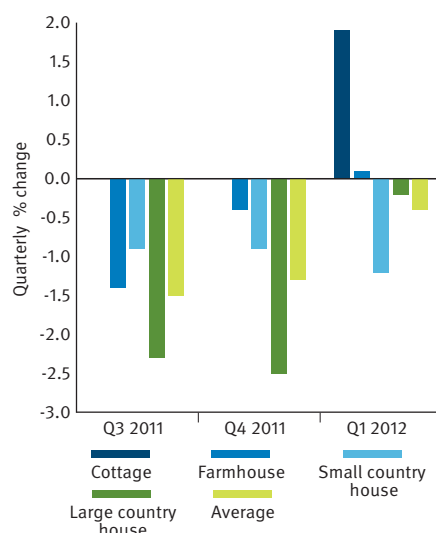
"While families can move within the major Scottish cities without necessarily uprooting their life – in terms of children's schools or their social life – moving across the country requires a bigger commitment, and there is evidence that some families are simply staying put, rather than making such a move."

"There are also wide regional variations in prices, with values in the Scottish Borders continuing to rise."



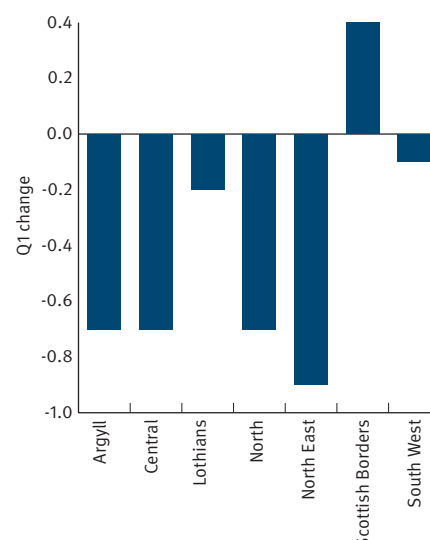
Gráinne Gilmore, Head of UK Residential Research

Figure 1  
Quarterly price change  
Prime Scottish Property Index



Source: Knight Frank Residential Research

Figure 2  
Q1 change  
Prime Scottish Property Index



Source: Knight Frank Residential Research

# RESIDENTIAL RESEARCH PRIME SCOTTISH PROPERTY INDEX

**Knight Frank**



“HOUSE PRICES IN AREAS WITH GOOD SCHOOLS OR TRANSPORT LINKS TO GLASGOW, EDINBURGH OR ABERDEEN CONTINUE TO LEAD THE WAY, WITH PRICES IN THE BORDERS UP 1.6% ON THE YEAR.”

“As such activity has been more muted as you move away from the capital. There is still strong interest in the very top-end properties among domestic and overseas buyers, especially if the property is unique or unusual.”

“House prices in areas with good schools or transport links to Glasgow, Edinburgh or Aberdeen continue to lead the way, with prices in the Borders up 1.6% on the year. Likewise prime property prices in the Lothians have fallen by just 1%, a modest decline compared to the 7% annual fall in prices in the South West, an area which doesn't benefit from such strong schooling or transport links.”

“The stamp duty changes are bound to have an effect on the “super-prime” properties, worth £10 million or more. However, they only apply to the residential element of the property and therefore very few houses will be affected in Scotland. Those buying such properties may consider an extra 2% charge a manageable burden. But for “non-natural” persons buying through a company, the stamp duty rise for purchases is 10%, taking the total stamp duty charge to 15%.”

“In Edinburgh, prices remained flat on the quarter, ending a near year-long slide in prices as activity levels picked up markedly.”

Matthew Munro, partner in Knight Frank's Scottish residential department, says: “The pace of activity since January has been frantic. There has been a sharp uplift in new stock coming onto the market and this has been matched by a rise in new applicant numbers.”

“There was a sense of frustration in the market at the end of last year, and the feeling is now palpable that buyers have decided to make their move, whether they are currently renting or are moving home.”

“The strongest sector in terms of activity has been properties up to and around the £1 million mark.”

“There has been a real sea-change among vendors, particularly over the last month, with many pricing their homes more competitively, which has in turn engendered even more buyer interest.”

“The signs are that after suffering in the fall-out after the financial crisis, the Edinburgh market is getting back onto an even keel.”

## Knight Frank Edinburgh

	House	Flat	Average
Quarterly change Q1 2012	0.0%	0.0%	0.0%
Annual change	-3.5%	-4.3%	-3.6%
Three-year change	-8.5%	-2.2%	-7.3%

## Knight Frank Prime Scottish Property Index – quarterly change

	Cottage	Farmhouse	Small country house	Large country house	Average
Q3 2011	0.0%	-1.4%	-0.9%	-2.3%	-1.5%
Q4 2011	0.0%	-0.4%	-0.9%	-2.5%	-1.3%
Q1 2012	1.9%	0.1%	-1.2%	-0.2%	-0.4%

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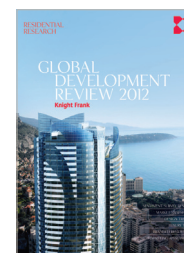
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