



Edinburgh market leads the way in Scotland

Prime Scottish property prices dipped again in the second quarter, but Edinburgh bucked the trend with a modest rise in values. Gráinne Gilmore examines the data

Results for Q2 2012

Scottish prime house prices fall 0.9% in Q2 taking the annual decline to 4%

New buyer registrations up 15%

Prime prices in Edinburgh rise 0.6% in Q2, but are down 0.4% year-on-year

Activity in Edinburgh rises, with a 50% rise in transactions

The average value of prime Scottish property fell for the fifth consecutive quarter between April and June. Prices have now been flat or falling for two years, slipping by 6% over that time.

Yet the market is highly regionalised, with property values in the Scottish borders remaining unchanged in the second quarter, and up 2.4% year-on-year. Prime house prices in Argyll fell by a marginal 0.2% in the quarter, compared to a decline of 2.1% in Lothian and 1.2% in the North of Scotland.

Ran Morgan, head of Knight Frank's Scottish residential department, says: "The lack of mortgage finance continues to impact the Scottish country house market, with many families choosing to stay in their current home rather than moving up the housing ladder."

"However it is notable that homes with the 'wow' factor are attracting attention, from

domestic, London and overseas buyers alike. This underlines the current trend of the very best properties continuing to outperform the wider market."

While there has been a rise in the number of prospective buyers registering interest, with a 15% increase in new buyer applicants in April and May compared to the same period last year, transactions over the same period were more muted, falling by 25%.

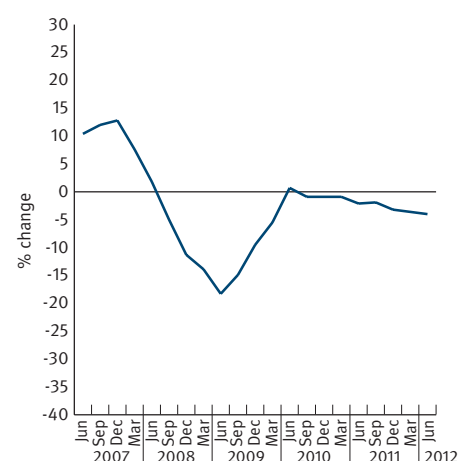
In contrast, activity in Edinburgh picked up markedly over the same period, with a 50% rise in exchanges, underpinning a 0.6% rise in prices in the second quarter. This is the first time prime prices have risen in the Scottish capital for more than a year, but average prices are still 0.4% lower than Q2 last year.

Other indicators also signalled a busy market in the second quarter, with a 31% rise in applicant volumes in May alone, and

Figure 1
Quarterly price change
Prime Scottish Property Index



Figure 2
Annual price change
Prime Scottish Property Index



"Prices have now been flat or falling for two years, slipping by 6% over that time."



Gráinne Gilmore, Head of UK Residential Research

Source: Knight Frank Residential Research

Source: Knight Frank Residential Research

RESIDENTIAL RESEARCH PRIME SCOTTISH PROPERTY INDEX

Knight Frank



“INDICATORS
SIGNALLED A BUSY
MARKET IN THE
SECOND QUARTER,
WITH A 31% RISE
IN APPLICANT
VOLUMES IN MAY
ALONE.”

a 89% rise in viewings during April and May compared to the same period last year.

Matthew Munro, partner at Knight Frank's Scottish residential department, says: "This year has been busier than any of the last four years since the market downturn in the wake of the financial crisis, especially in the market for flats and homes priced up to £1.2 million. Family homes in the well recognised and desirable residential areas such as New Town, Morningside and Murrayfield are in short supply and therefore attract attention when they come on to the market."

"The pick up in activity has been triggered by pent-up frustration in Edinburgh – supply has been limited and many prospective buyers have been forced into rental accommodation instead. The slight increase in stock has breathed some life into the market."

"Another notable trend has been the emergence of 'downsizers', couples or

families moving to smaller homes because they require less room or simply because they want to cut the size of their mortgage."

"But the narrative continues to be complicated by the lack of mortgage finance, which still casts a pall over the market, despite the recent resurgence in activity. Overall, the market is still bumping along the bottom, and there may still be negative as well as positive quarters going forward from here."

"While the market for properties priced at between £1.2 million and £2 million has also picked up so far this year, there has been limited activity in the market for £2 million plus properties, primarily because of the new 7% stamp duty charge."

"There may be a slowing in domestic buyer interest as the summer holidays commence, but the summer is traditionally a time when overseas buyers like to investigate the Edinburgh market."

Knight Frank Edinburgh

	House	Flat	Average
3-month change	0.7%	0.5%	0.6%
6-month change	0.7%	0.5%	0.6%
12-month change	-0.3%	-0.5%	-0.4%

Knight Frank Prime Scottish Property Index – quarterly change

	Cottage	Farmhouse	Small country house	Large country house	Average
3-month change	0.0%	-0.8%	-2.0%	-0.1%	-0.9%
6-month change	1.9%	-0.7%	-3.2%	-0.3%	-1.2%
12-month change	1.9%	-2.5%	-4.9%	-5.0%	-4.0%

Residential Research

Gráinne Gilmore

Head of UK Residential Research
+44(0)20 7861 5102
grainne.gilmore@knightfrank.com

Press Office

Charlotte Palmer

+44 (0)20 7861 5037
charlotte.palmer@knightfrank.com

Recent market-leading research publications



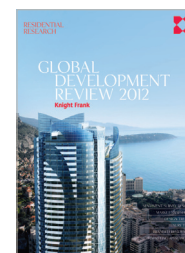
[Super-Prime Country House Market Report 2012](#)



[Super-Prime London Report 2011](#)



[Prime London expands 2011/2012](#)



[Global Development Review 2012](#)



For the latest news, views and analysis on the world of prime property, visit KnightFrank.com/GlobalBriefing

Knight Frank Research Reports are available at www.KnightFrank.com/Research

© Knight Frank LLP 2012 - This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Residential Research or Knight Frank LLP for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Residential Research. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Registered office: 55 Baker Street, London, W1U 8A