



Prime Scottish property prices slip by 3.2% in 2011

But values in the Scottish Borders buck the trend, rising by 1.2%.

Results for Q4 2011

Scottish prime house prices down 1.3% in Q4 after a 1.5% decline in Q3

Values are down 3.2% on an annual basis

Large country houses have fallen in value by 4.3% year-on-year, while cottages are down 1.5%

Prices are still rising in the Scottish Borders, with a 1.2% annual rise, but average values down 7% in the South West

Stock levels in Scotland are up 10% on the year

Prices in Edinburgh down 1% in Q4 taking the annual decline to 2.8%

Average prices of Scottish country houses outside Edinburgh fell by 1.3% in the final three months of the year, a more modest decline than the 1.5% decline in the third quarter. Average prices are down 3.2% year on year, but this masks some regional variations. Prices in the Scottish Borders have been resilient, rising by 0.2% between October and December, and 1.2% year on year. But the South West of Scotland has suffered larger falls, with prices down 7% year on year.

Ran Morgan, head of Knight Frank's Scottish residential department, said: "The prime market is hugely varied in Scotland but in general these figures show how tough market conditions have been in 2012. The further you go from London the more difficult life has been.

As usual in such tough economic conditions, a two-tier market develops. The best houses in the best areas continue to fare well. Oil has supported Aberdeenshire with some phenomenal prices paid for town houses in the city. Rural Aberdeenshire within commuting distance of the City has also done well with Midmar Castle being the highlight sale of the year at circa £3m.

Perthshire has also performed relatively well as long as the properties are of quality and well-priced. There has been no shortage of trade within the Central Belt which mainly appeals to domestic buyers but again this is incredibly price sensitive. Fife, Kinross and Stirlingshire have performed better than their commuting cousins south of the Central Belt.

Large houses with comparatively little land, outside the commuting areas, have been the worst affected properties in the downturn. Those with land or an ability to run a business have traded satisfactorily.

Both in the city and the rural markets we have been unseasonably busy with enquiries and offers during the recent weeks leading up to and including the festive period. This bodes well for 2012."

In Edinburgh, prices fell by 1% in the final quarter of the year, taking the annual decline to 2.8%.

Matthew Munro, partner in Knight Frank's Scottish residential department, said: "Although values in Edinburgh's prime residential market are down, activity has been steady throughout the year. The more

Figure 1
Quarterly price change
Prime Scottish Property Index

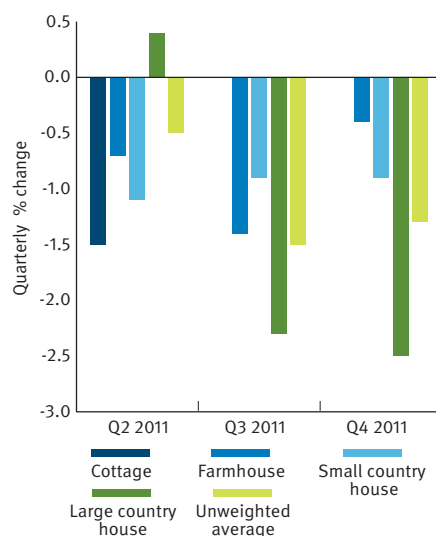
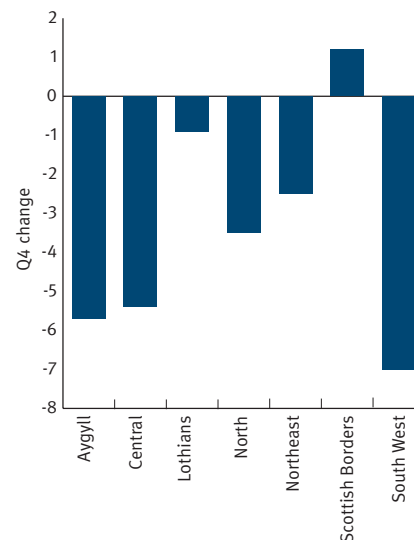


Figure 2
Q4 change
Prime Scottish Property Index



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

Source: Knight Frank Residential Research

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RESIDENTIAL RESEARCH PRIME SCOTTISH PROPERTY INDEX

Knight Frank



“BOTH IN THE CITY AND THE RURAL MARKETS WE HAVE BEEN UNSEASONABLY BUSY WITH ENQUIRIES AND OFFERS DURING THE RECENT WEEKS LEADING UP TO AND INCLUDING THE FESTIVE PERIOD. THIS BODES WELL FOR 2012.”

recognised seasonal trading periods have been replaced by steady and continuous activity throughout the year with an uplift towards the end of the year.

“Overseas buyers in particular are very much in evidence. These buyers clearly see Edinburgh’s prime housing stock as quality and good value. Our offices in Moscow and St. Petersburg have been particularly busy introducing buyers to our office here in Edinburgh.

Edinburgh’s residential middle market has seen the most resilience and shown genuine signs

of improvement in terms of the levels of activity and volume of sales compared to the previous twelve months.

Good quality flats in the New Town and West End sub-£750,000 and family houses sub-£1m in all the recognised residential areas of the city have been in demand with the greatest activity on the south side of the city. Our experience confirms that any property that is professionally marketed and competitively priced will sell successfully.”

Knight Frank Prime Scottish Property Index – quarterly change

	Cottage	Farmhouse	Small country house	Large country house	Unweighted average
Q2 2011	-1.5%	-0.7%	-1.1%	0.4%	-0.5%
Q3 2011	0.0%	-1.4%	-0.9%	-2.3%	-1.5%
Q4 2011	0.0%	-0.4%	-0.9%	-2.5%	-1.3%

Knight Frank Edinburgh

	House	Flat	Unweighted average
Quarterly change Q4	-0.9%	-1.0%	-1.0%
Six month change	-1.0%	-1.0%	-1.0%
Annual change	-2.6%	-3.6%	-2.8%
Three-year change	-9%	-3%	-8%

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

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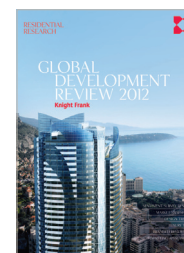
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