



# EDINBURGH CITY INDEX Q1 2019

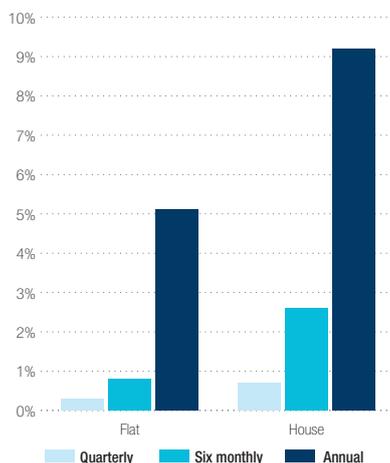
Price growth moderated in Edinburgh in the first quarter of 2019 amid political uncertainty.

Average prime property prices in Edinburgh rose by 0.6% in the first quarter of 2019, taking annual growth to 7.6%. The city remains the fastest growing prime market tracked by Knight Frank in the UK as demand continues to outstrip supply.

However, annual growth has moderated from 10.6% since the end of 2018, which is primarily due to a rise in political and economic uncertainty as the UK's planned departure from the EU nears. A lack of clarity surrounding Brexit has increased caution among some buyers and sellers of residential property.

Most notable has been a slowing in activity among more discretionary purchasers, including landlords and second home buyers,

FIGURE 1  
PRICE CHANGE BY PROPERTY TYPE



Source: Knight Frank Research

as they wait for more clarity as to what the impact of Brexit will be on the economy.

That said, properties that are priced to reflect current market conditions continue to attract buyers.

In particular, demand for family houses outside of the city centre has been robust, especially in areas such as Murrayfield, Morningside and Newington. As a result, the index shows that on average, values for houses rose 9.2% in the year to March, compared with growth of 5.1% for flats.

Values have also been underpinned by the continued shortage of supply relative to demand, which has been a feature of the market in recent years. The number of listings in Edinburgh was 5% lower in the first three months of the year compared to the same period in 2018 and the figure was 22% lower than Q1 2017.

This decline is steeper for properties valued at more than £500,000. There was a 22% drop in new listings between £500,000 and £1m and a 7.4% fall for homes valued at £1m and above in the first quarter. As a result of this decline, the ratio of new applicants to new instructions for homes priced at more than £1m rose to its highest level since 2015, Knight Frank figures show, which should continue to put a floor under pricing.

We expect this supply and demand imbalance to underpin values in 2019, which should help offset the impact of any political and economic uncertainty to some extent.

## KEY FACTS FOR Q1 2019

7.4%

ANNUAL HOUSE PRICE GROWTH IN THE EDINBURGH CITY MARKET



RISING DEMAND FOR FAMILY HOMES HAS UNDERPINNED **9.2%** ANNUAL PRICE GROWTH FOR HOUSES

22%

YEAR-ON-YEAR FALL IN NEW LISTINGS WITH A VALUE BETWEEN £500,000 AND £1M (JAN-MARCH 2019)

FOR SALE

AN ONGOING SUPPLY AND DEMAND IMBALANCE IS EXPECTED TO UNDERPIN VALUES IN 2019

## COUNTRY HOUSE MARKET

Scottish country house values were unchanged over the first three months of 2019. Annual growth currently stands at 2.3%.

Growth over course of the year was led by modest increases across the central belt, in the north and in the Borders, according to our index. More generally, rural locations within commuting distance of employment hubs have been the strongest performers.

Similarly to Edinburgh, values have also been underpinned by a shortage of supply relative to demand, with the number of prime listings with a value above £500,000 outside of Scottish cities 8% lower in the first three months of the year compared to the same period in 2018 and 23% lower than Q1 2017.

Agents note that a lack of clarity politically has made some vendors more cautious about bringing properties to market. The relative value on offer in prime Scottish markets compared to the rest of the UK should drive demand, with average prices still around 20% off the pre-financial crisis peak in 2007.



Banner image: Abercromby Place, Edinburgh, EH3

**Please contact us for further information**

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

**Edward Douglas-Home**

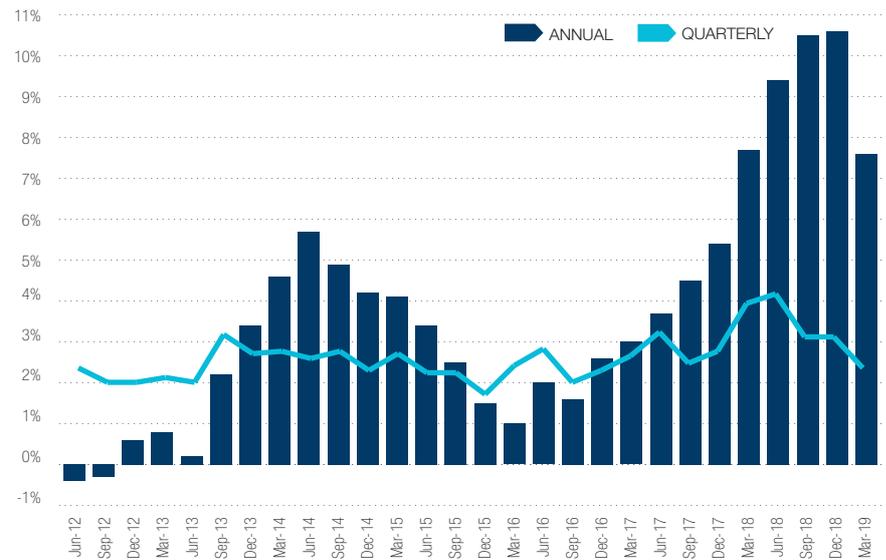
+44 13 1222 9606

edward.douglas-home@knightfrank.com

FIGURE 2

### EDINBURGH: ANNUAL AND QUARTERLY PRICE CHANGE

% change



Source: Knight Frank Research

FIGURE 4

### PRIME EDINBURGH PRICE CHANGE Q1 2019

	Edinburgh	New Town/West End	North	South	West
<b>3 month</b>	0.6%	0.2%	0.0%	0.7%	1.5%
<b>6 month</b>	1.9%	1.3%	1.1%	2.4%	2.5%
<b>1 year</b>	7.6%	8.1%	6.2%	8.1%	6.6%
<b>3 years</b>	19.5%	27.1%	20.3%	16.4%	11.4%

	Up to £500k	£500k to £1m	£1m to £1.5m	£1.5m to £2m	over £2m
<b>3 month</b>	0.0%	0.4%	1.1%	0.9%	0.2%
<b>6 month</b>	0.4%	1.4%	3.1%	3.4%	3.7%
<b>1 year</b>	6.6%	5.8%	9.4%	12.7%	10.7%
<b>3 years</b>	28.9%	15.8%	21.2%	22.0%	8.0%

Source: Knight Frank Research

**Important Notice.** © Knight Frank LLP 2019 – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to 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 not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.