

## STRONGEST QUARTERLY RISE IN EDINBURGH PROPERTY PRICES IN NEARLY A DECADE

Property prices in Edinburgh rose sharply in the second quarter of 2017, according to Knight Frank's latest analysis of the city market.

### Results for Q2 2017

Property values **rose by 2.1% in Q2 2017**, taking annual growth to 3.7%

There was a **17% increase in new prospective buyers** registering in the second quarter and a **3% increase in viewings y-o-y**

Quarterly price growth in the **£1.5m to £2m price bracket outperformed the wider average** for the city

Rising demand has **not been matched by an uptick in supply**, our analysis has found



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Associate

"An uptick in values comes on the back of a continued strengthening of demand for property in the city, with our data suggesting recent economic and political events have had a limited impact on buyers."

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The property market in Edinburgh weathered any political uncertainty in the run up to the General Election with prices rising by 2.1% between April and June, the strongest quarterly growth since the inception of our index in 2008.

On an annual basis, property values in the city increased by 3.7%, up from a 3% rise in the year to March.

This uptick in values comes on the back of a continued strengthening of demand, with our data suggesting recent economic and political events have had a limited impact on buyers.

Knight Frank figures point to an 17% year-on-year increase in the number of new prospective buyers registering in the second quarter and a 3% increase in the number of viewings over this time.

Demand has mainly focussed on the sub-£500,000 market where the tax burden is lower. Government initiatives have also supported activity in the new-build market below this level. However, there is anecdotal evidence of a pick-up in interest for larger properties valued above £1.5m – a section of the market that has been more

constrained by the higher rates of Land and Buildings Transaction Tax (LBTT).

This is supported by an above average increase in prices in the £1.5m to £2m bracket in the second quarter of 2.2%, driven by demand for properties located in the city centre.

But a steady increase in both property values and demand across the market has not been matched on the supply side. Our analysis of listings data shows there were 15% fewer homes available for sale over the three months to June compared with the same period in 2016.

This imbalance has resulted in heightened competition for best-in-class properties, which in turn has led to some selling for above their Home Report valuations.

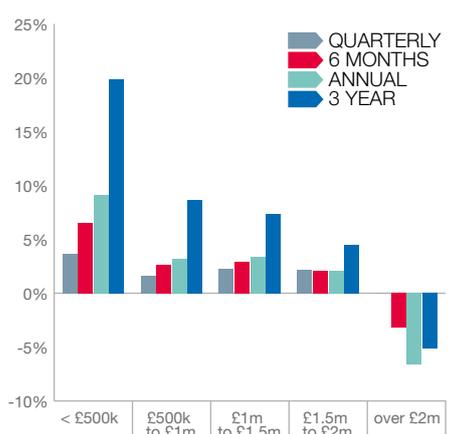
There remain challenges for the market, not least surrounding higher purchase costs as a result of LBTT, and uncertainty surrounding Brexit. However, the primary drivers of the city market remain unchanged and these are expected to continue to drive turnover.

FIGURE 1  
**Edinburgh: Annual and quarterly prime price growth**



Source: Knight Frank Research

FIGURE 2  
**Edinburgh: Price change by value Q2 2017**



Source: Knight Frank Research

Edinburgh City Index Q2 2017

	Edinburgh	New Town/ West End	North	South	West
<b>3 month change</b>	2.1%	3.9%	2.3%	1.1%	0.7%
<b>6 month change</b>	3.1%	5.5%	3.8%	1.8%	0.5%
<b>1 year change</b>	3.7%	7.1%	5.0%	1.8%	0.4%
<b>3 year change</b>	9.4%	14.3%	11.8%	7.1%	3.2%

Source: Knight Frank Research



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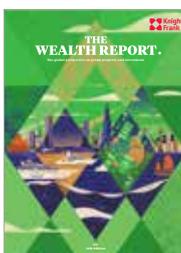
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