

EDINBURGH CITY INDEX Q3 2018

EDINBURGH CONTINUES TO OUTPERFORM

Residential property prices rose in the third quarter, buoyed by an increase in activity in the prime market.

Prime residential property prices in Edinburgh continued their strong performance during the third quarter of 2018, rising by 1.9% on average, according to Knight Frank's index for the city.

Annual growth over the year to September stands at 10.5%, up from 9.4% in the year to June and marks the highest level of price growth in any major UK city tracked by Knight Frank over the same period. Globally, Edinburgh was ranked sixth in terms of price performance in the most recent Knight Frank Prime Global Cities Index.

It is important to view the strong rate of price growth seen over the last 12 months in context. It follows nearly a decade of fairly subdued growth since the financial crisis. During this period, the market has had to adjust to changes to the tax landscape following the introduction of Land and Building Transaction Tax in 2015, as well as a greater degree of political uncertainty over that time.

UNDERSUPPLY

Over the last year however, values have been underpinned by an undersupply of new stock to the market. Our analysis of listings data from Rightmove shows the volume of homes being offered for sale remains suppressed.

These more depleted stock levels are now starting to impact on sales volumes,

which have slipped back across the market as a whole.

However, this has disguised varying performance at different levels of the market. Indeed, much of the decline is accounted for by a fall in activity for homes valued up to £200,000 over the year to July 2018. Sales above £500,000 by comparison were 8% higher year-on-year and currently stand at near record highs.

HIGH DEMAND

Central Edinburgh remains in high demand, aided by both the second hand and new-build market. Elsewhere, family homes in areas including Murrayfield, Morningside and Newington have been attracting interest.

Despite the positive sentiment surrounding the Edinburgh market, anecdotally there has been a slight cooling of demand of late, especially as the end date for Brexit nears, which could weigh on transaction volumes for the remainder of the year.

OUTLOOK

Agents note that uncertainty over Brexit is causing a degree of hesitancy among some prospective buyers. The UK will leave the European Union in March 2019, but there remain a number of unknowns including what type of deal, if any, will be agreed. This lack of clarity could weigh on sentiment.

1.9%
QUARTERLY PRICE
GROWTH

10.5%
ANNUAL PRICE GROWTH

17.4%
3-YEAR PRICE GROWTH

"IT IS IMPORTANT TO VIEW PRICE RISES IN CONTEXT. RECENT STRONG PERFORMANCE FOLLOWS A PERIOD OF FAIRLY SUBDUED GROWTH IN THE CITY."

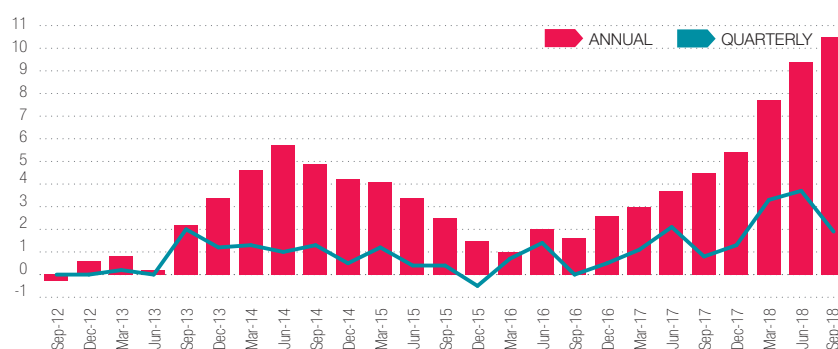
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If you would like further insight into prime residential markets please feel free to get in touch.

FIGURE 1

EDINBURGH: PRIME ANNUAL AND QUARTERLY PRICE CHANGE

% change

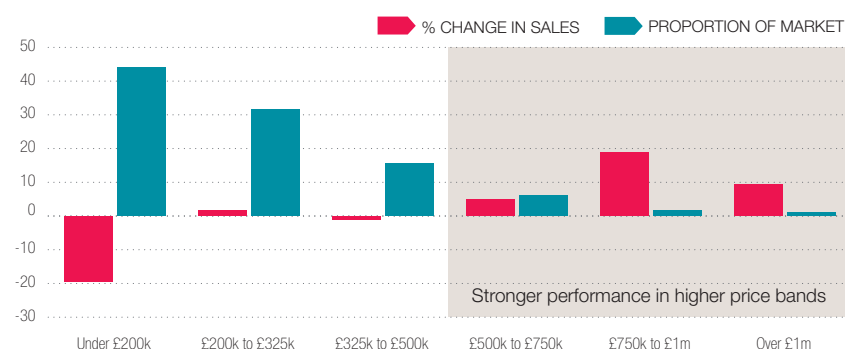


Source: Knight Frank Research

FIGURE 2

EDINBURGH: CHANGE IN SALES VOLUMES

Year to July 2018, by price band and as a proportion of total sales



Source: Knight Frank Research

FIGURE 3

EDINBURGH: PRICE CHANGE Q3 2018

	Edinburgh	New Town/West End	North	South	West
3 month	1.9%	2.2%	1.7%	1.8%	1.6%
6 month	5.6%	6.7%	5.0%	5.6%	4.0%
1 year	10.5%	13.1%	10.4%	10.0%	6.9%
3 years	17.4%	26.1%	19.6%	13.6%	8.4%

	Up to £500k	£500k to £1m	£1m to £1.5m	£1.5m to £2m	over £2m
3 month	1.9%	1.4%	2.3%	4.0%	0.6%
6 month	6.2%	4.4%	6.1%	9.0%	6.8%
1 year	14.0%	8.3%	11.5%	13.0%	11.6%
3 years	30.8%	14.5%	17.0%	17.1%	2.4%

Source: Knight Frank Research

Please contact us for further information

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

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