

FOURTH CONSECUTIVE QUARTER OF PRICE GROWTH

Transaction volumes and property prices rose between April and June. Oliver Knight examines the latest figures.

Results for Q2 2014

Property prices in Edinburgh rose by 1% in Q2 2014

Price growth was 5.7% in the 12 months to June

Sales volumes were 31% higher in Q2 2014 than the same period last year

Edinburgh accounted for 52% of all £1m+ sales in Scotland in Q1 2014

Property prices in Edinburgh rose by 1% in the second quarter of the year after a 1.3% increase the previous quarter. The increase means that property prices are 5.7% higher on an annual basis.

After 18 months of static pricing, values have now been growing for four consecutive quarters, the longest period of sustained growth recorded by our index and an indication that the market is recovering well since its low point following the financial crisis.

Over the three months to June, homes in the north of the city and the area around the New Town and West End areas enjoyed the greatest growth, with prices increasing in value by 1.5% and 1.2% respectively.

Stock levels increased over the course of the quarter – albeit from a very low base – but it is an indication that some vendors, who have been waiting on the sidelines, are deciding to enter the market. The increase in available stock helped contribute to a 31% increase in

sales in Q2 2014, compared to the same three month period last year.

Edward Douglas-Home, head of Edinburgh City Sales, said: “An increase in the number of homes available for sale is good news for potential buyers, who have a greater degree of choice when it comes to finding a new home. While the bulk of sales so far this year have been concentrated in the sub-£1m price band, we have completed a number of deals above this level for townhouses in the city centre.

“However, while stock levels have increased and the number of sales has risen, there are indications that some buyers are waiting until after the result of the referendum on Scottish independence is known before considering a purchase.”

One factor that tends to unsettle the housing market is periods of uncertainty, as individuals defer making long term decisions until the direction of policy is clearer.

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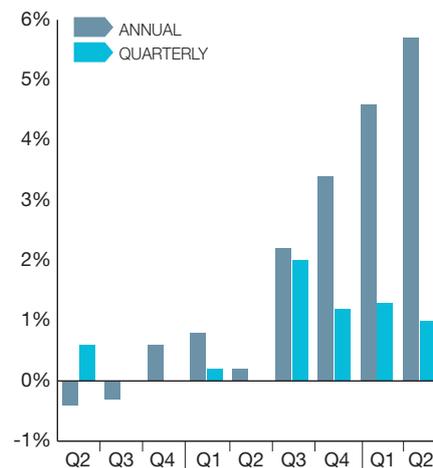
OLIVER KNIGHT
Residential Research

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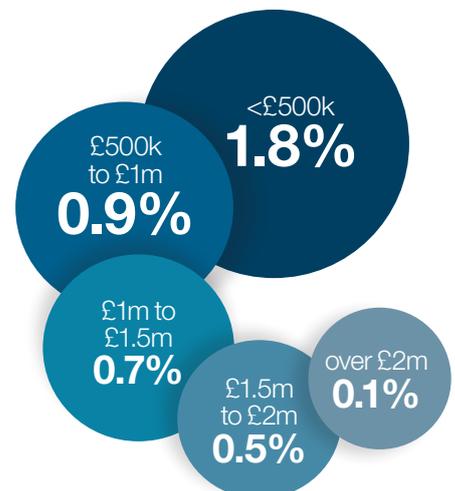
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FIGURE 1
Edinburgh price change
Annual and quarterly price change



Source: Knight Frank Residential Research

FIGURE 2
Quarterly price growth by price bracket
(Q2 2014)



Source: Knight Frank Residential Research

The number of prospective purchasers registering their interest in purchasing a home in the three months to June 2014 was 32% lower than the same period last year, while the number of viewings conducted was also down, by 18% over the same period. This suggests that the rate of growth in sales volumes could start to slow in the run-up to the referendum in September.

Focus on £1m+ sales

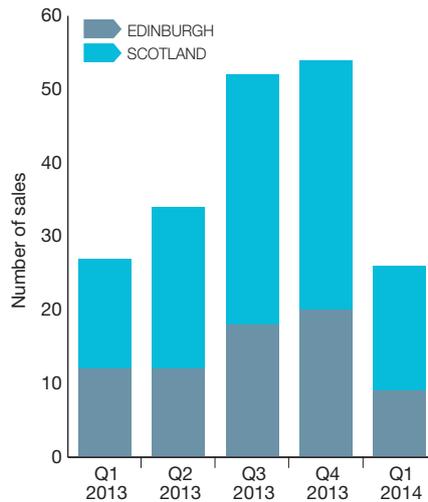
Edinburgh accounted for more than half of all £1m+ sales in Scotland in the first three months of 2014, according to data provided by the Registers of Scotland. The city is the traditional hub of the prime market in Scotland and over the last 12 months has accounted for 55% of all £1m+ transactions.

Interest is particularly strong for homes in the New Town and West End area of the city.

However, a closer look at our data suggests that buyers of £1m+ property are much more sensitive to price rises. While average values of sub-£1m

properties climbed by 1.2% between April and June, price growth in the higher price brackets was lower (figure 2). For homes valued at over £1m, prices rose by just 0.5% during the quarter.

FIGURE 3
£1m+ transactions in Scotland and Edinburgh



Source: Knight Frank Residential Research / Registers of Scotland

“An increase in the number of homes available for sale is good news for buyers, who now have a greater degree of choice.”

Edward Douglas-Home,
Head of Edinburgh City Sales

Knight Frank Edinburgh City Index, Q2 2014

	Edinburgh	New Town/ West End	North	South	West
3 month	1.0%	1.2%	1.5%	0.8%	0.8%
6 month	2.3%	2.8%	2.6%	2.1%	1.6%
1 year	5.7%	8.4%	2.9%	6.3%	2.8%
3 years	5.5%	7.7%	3.2%	6.0%	2.9%

Source: Knight Frank Residential Research

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RESIDENTIAL RESEARCH

Liam Bailey
Global Head of Research
+44 20 7861 5133
liam.bailey@knightfrank.com

Oliver Knight
Residential Research
+44 20 7861 5134
oliver.knight@knightfrank.com

PRESS OFFICE

Lizzie Copestake
+44 20 7861 1033
lizzie.copestake@knightfrank.com

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