

## Results for Q4 2016

Property prices in Edinburgh **rose by 0.5%** between October and December 2016, according to Knight Frank's index

Annual growth in the city market was **2.6% in 2016**

**Sub-£500,000 deals accounted for 55%** of all Knight Frank sales over the course of the year

Knight Frank transaction volumes were **20% higher in 2016 compared with 2015**



**OLIVER KNIGHT**  
Associate

"Despite a number of new headwinds in 2016, including further changes to property taxation and the EU Referendum, activity in the Edinburgh market has been robust"

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## EDINBURGH PRICES UP BY 2.6% IN 2016

**Despite another year of political uncertainty and changes to policy, the prime market has once again proved relatively buoyant**

Property prices in Edinburgh rose by 0.5% between October and December, according to Knight Frank's index for the city.

The annual change in property values was 2.6%.

Steady, rather than spectacular growth, has been the story of the year, with higher levels of property taxation and economic uncertainty acting as a brake on further price increases.

The introduction in April of a 3% LBTT surcharge for additional homes was the third major change to property taxation in Scotland since December 2014, while the UK's vote to leave the EU in June temporarily dented buyer sentiment.

But despite these headwinds, activity in the Edinburgh market has continued apace. Knight Frank figures show a 20% increase in sales volumes over the course of the year compared with 2015.

Agents note that much of this was driven by demand for good quality townhouses valued up to £2 million in the city centre and for smaller flats across the city. The latter have proven particularly attractive among investment buyers, as well as owner-occupiers.

Higher purchase costs mean that above £1.5 million in suburban locations, buyers are more price conscious, although some deals are still being completed. In some cases, prices have had to adjust accordingly and that is reflected by weaker price growth at the top end of the market, as figure 2 shows.

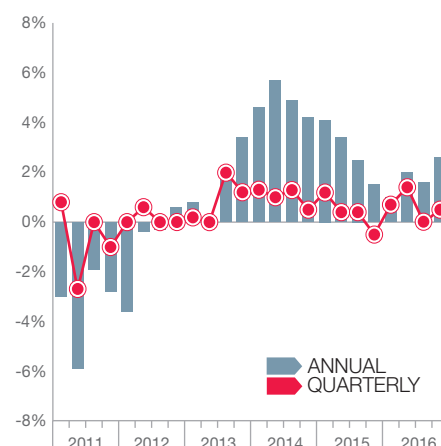
The strongest price growth has been seen for homes valued at sub-£500,000, a sector of the market which accounted for 55% of all Knight Frank sales in 2016.

"The Edinburgh market has proven to be fairly resilient to both political events and shifts in policy over the last year." Edward Douglas-Home, Head of Edinburgh City Sales, said. "But there has been a real flight to quality among buyers, either in terms of location or specification."

"As a result, a shortage of suitable properties for sale is among the biggest challenge facing the market as we head into 2017."

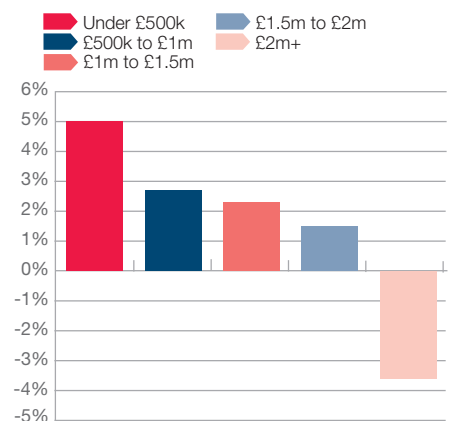
The majority of prime activity over the course of the year took place in the core central locations of New Town, West End, Inverleith and Stockbridge.

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



Source: Knight Frank Research

FIGURE 2  
**Annual growth by price band 2016**



Source: Knight Frank Research

Edinburgh City Index Q4 2016

	Edinburgh	New Town/ West End	North	South	West
<b>3 month change</b>	0.5%	1.1%	1.0%	0.0%	0.0%
<b>6 month change</b>	0.5%	1.2%	1.0%	0.0%	-0.1%
<b>1 year change</b>	2.6%	4.6%	3.1%	1.6%	0.8%
<b>3 years change</b>	8.5%	11.0%	10.4%	7.4%	4.4%

Source: Knight Frank Research

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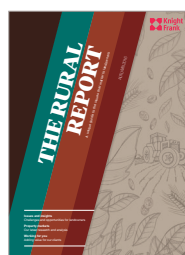
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