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“Prime Scottish country house prices remain, on average, more than 20% below their previous market peak which makes them look relatively good value when compared with some prime markets elsewhere in the UK.”

Key facts

Prime property values in Scotland rose by 0.2% between October and December

Annual growth was broadly flat at 0.2% in 2017

Data from the Registers of Scotland shows that sales volumes above £525,000 were 10.2% higher year-on-year between January and September 2017

SCOTTISH COUNTRY HOUSE PRICES FLAT IN 2017

Prime property prices in Scotland remain well below their previous peaks, with higher purchase taxes acting as a brake on growth.

Prime property values in Scotland ticked up slightly in the final three months of 2017, rising by 0.2%, according to our index. On an annual basis growth was 0.2%, this was an improvement from -1.1% in 2016 and 0.1% in 2015.

Prices have been fairly static following changes to purchase taxes in both 2015 and 2016 which increased the up-front cost of purchasing property for most country house buyers. More recently, uncertainty surrounding the political and economic landscape has also weighed on price growth.

Against this backdrop, prime Scottish country house prices remain, on average, more than 20% below their previous market peak. On this measure, prime property looks relatively good value when compared with some markets elsewhere in the UK.

Agents note that this has helped to underpin demand, especially for homes valued up to £750,000.

The latest data from the Registers of Scotland shows that while overall residential transactions in Scotland were 6.1% lower over the first nine months of 2017 compared with 2016, above £525,000 sales volumes increased by 10.2%.

An added factor at play in the market is the relative value of sterling for buyers using dollars or other overseas currencies to purchase a home, providing an effective discount for international and expat buyers, evidenced by a number of notable sales in the second half of the year.

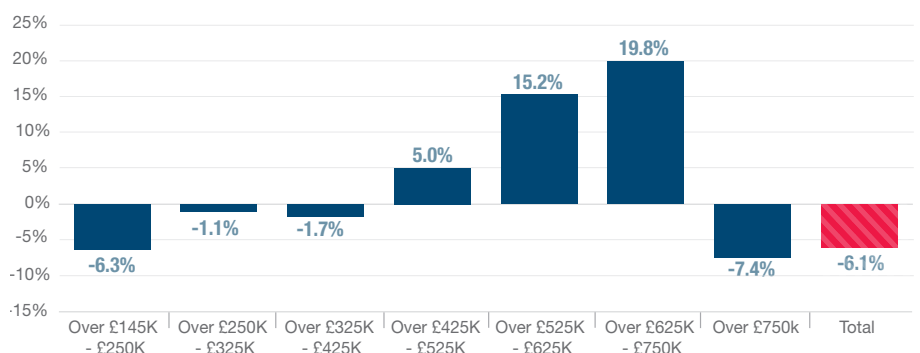
Agents note that properties within commuting distance of city hubs continue to generate a good level of interest from both local buyers and those looking to upsize or downsize from south of the border, particularly if these homes have been priced competitively.

As is the case across a number of markets in the UK, a shortage of properties being listed for sale remains one of the biggest challenges.

FIGURE 1

Scotland: Change in sales volumes

by price, Jan-Sept 2017 v 2016



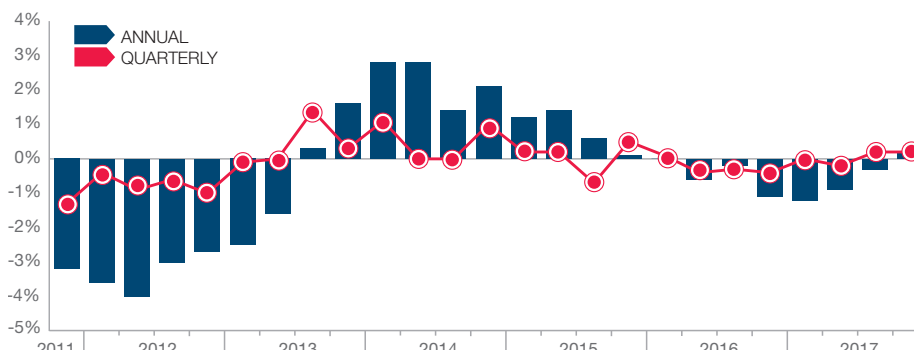
Source: Knight Frank Research / Registers of Scotland

PRIME SCOTTISH PROPERTY INDEX Q4 2017

FIGURE 2

Prime Scotland price change

Annual and quarterly price growth



Source: Knight Frank Research

Knight Frank Prime Scottish Property Index Q4 2017

	Cottage	Farmhouse	Small country house	Large country house	Average
3 month	0.0%	0.3%	0.2%	0.1%	0.2%
6 month	0.0%	0.8%	0.3%	0.3%	0.4%
1 year	0.0%	1.0%	-0.6%	0.4%	0.2%

	under £500k	£500k to £1m	£1m to £2m	£2m to £3m	£3m +
3 month	0.3%	0.2%	0.0%	0.4%	0.0%
6 month	0.8%	0.5%	0.1%	0.7%	0.1%
1 year	0.7%	-0.1%	-0.1%	1.3%	0.6%

Source: Knight Frank Research



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