

Prime property price declines come to a halt in Q2 2013

Prime Scottish property prices were unchanged in the second quarter, the first time since Q1 2011 that residential property prices in the country haven't fallen. Gráinne Gilmore examines the key figures.

Results for Q2 2013

Prime Scottish country house prices remained static in Q2 2013

Prices are down by 2.1% on the year

In Edinburgh the property market was more resilient and prime prices also remained unchanged in Q2 2013, and are up 0.2% on the year

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"A snapshot of searches for Scottish property on Knight Frank's global property website highlights Scotland's enduring appeal."



Gráinne Gilmore, Head of UK Residential Research

Prices for prime Scottish property were unchanged in Q2 2013 as buyer activity and interest in the market picked up. Prices remain 2.1% lower on an annual basis however.

While prices across the market were static over the quarter, activity levels suggest buyers are returning to the market. The ratio of buyers to available properties, which stood at 3.6 in Q2 2012, was 3.8 between April and June. The number of property viewings across the prime Scottish market was also up significantly year-on-year, by 67%.

This pick-up in buyer activity is especially noticeable in the sub-£1m price bracket. Here, the number of new applicants was up by 8% in the year to June compared to the same period of 2012.

Ran Morgan, head of Knight Frank's Scottish residential department, said that positive signs are emerging: "Sales tend to be concentrated in the sub-£1m price band. Here there are a good number of well-presented homes available. Vendors bringing their homes

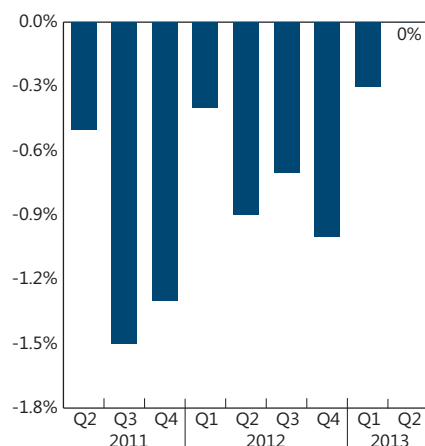
to market are also now generally more accepting of the need to price their homes more competitively, and this has helped spark interest among buyers.

"Over the past few months we have also noticed an increase in the number of local buyers looking to return to the market. Many remained on the sidelines towards the latter end of last year as prices continued to fall, but the feeling now is that they're ready to make a move.

"However, given the ongoing tough economic conditions, we are seeing variations in terms of market performance. In the £1m+ market, for example, there is very limited supply across all regions as well as a shortage of new applicants, and activity levels reflect this."

A snapshot of searches for Scottish property on Knight Frank's global property website highlights Scotland's enduring appeal for both domestic and international buyers. There was a 38% rise in total searches for Scottish property during the first five months of 2013 compared

Figure 1
Prime Scottish property prices
Quarterly change Q2 2011-Q2 2013



Source: Knight Frank Residential Research

Figure 2
Web searches for Scottish property
Jan 2013-May 2013

Rank	Country of origin (top 15)
1	United Kingdom
2	United States
3	Germany
4	Canada
5	Australia
6	Italy
7	Switzerland
8	France
9	Spain
10	Netherlands
11	Russian Federation
12	Ireland
13	Sweden
14	Austria
15	Norway

Source: Knight Frank Residential Research

RESIDENTIAL RESEARCH PRIME SCOTTISH PROPERTY INDEX



"The general feeling is that prices for sub-£1m homes now look good value for money, especially for buyers relocating from London and the South West."

Matthew Munro, Partner in Knight Frank's Scottish residential department

to the same period last year. The breakdown of nationalities searching so far this year is shown in figure 2.

Average values of prime property in Edinburgh, which rose in the first three months of the year, were stable in Q2. The annual increase now stands at 0.2%.

Matthew Munro, partner in Knight Frank's Scottish residential department, said: "The strongest sector in terms of activity in Edinburgh has been for properties up to and around the £1m mark.

"Since the beginning of the year activity and enquiries in this section of the market have noticeably picked up. The general feeling is for sub-£1m homes now look good value for

money, especially for buyers relocating from London and the South West.

"In fact, we have noticed a resurgence in the number of individuals looking to relocate to Edinburgh from England so far this year, with the city's excellent schools a particular draw. However, the market remains price sensitive with some buyers wary of committing immediately. Many are happy to wait up to eight months before making a decision. This is especially true for properties worth between £2m and £3m.

"As always, well-presented and competitively priced houses attract the greatest interest from potential buyers who, whilst cautious, continue to confirm their interest."

Knight Frank Prime Scottish Property Index

	Cottage	Farmhouse	Small country house	Large country house	Average
3-month change	0.0%	0.0%	0.0%	0.0%	0.0%
6-month change	-0.8%	-0.1%	-0.3%	-0.1%	-0.3%
12-month change	-2.5%	-2.1%	-2.1%	-1.7%	-2.1%

Knight Frank Edinburgh Index

	House	Flat	Average
3-month change	0.0%	0.0%	0.0%
6-month change	0.0%	0.8%	0.2%
12-month change	0.0%	0.8%	0.2%

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