

PRIME HOUSE PRICES STATIC IN Q2 2014

The volume of prime property for sale in Scotland has increased steadily through 2014 but, as Oliver Knight examines, buyers are becoming more cautious in the run up to the referendum.

Key facts for Q2 2014

Prime Scottish house prices remained unchanged between April and June 2014

Prices are 2.8% higher on an annual basis

At the end of Q2 2014, stock levels were 36% higher than at the end of the first quarter

At the end of June 2014, there were six potential buyers registered for each available property

Country house prices were unchanged in the second quarter of the year, following three consecutive quarters of price growth for prime Scottish house values. On an annual basis prime property values in Scotland are 2.8% higher.

Looking at supply, stock levels have increased over the course of the quarter and currently stand 36% higher than at the end of March 2014. The greater choice available to buyers ensured that the number of property viewings taking place between April and June was 3% higher year-on-year.

However, there are signs that buyers are becoming more reluctant to enter the market with the referendum just around the corner.

The number of individuals looking to purchase a prime country home in Scotland was 25% lower at the end of the second quarter compared to the same time last year, reflecting the uncertainty caused by the referendum.

Ran Morgan, head of Knight Frank's Scottish residential department, said:

"There is some hesitancy on the part of buyers to get involved with the market until the question over Scottish independence has been answered. This is especially true for buyers from outside of Scotland, who are waiting until after the result of the referendum is announced in September.

"However, an increase in the number of homes available for sale is good news for those who are looking to move as it affords them greater choice in their home search.

"And while activity and interest from buyers has been greatest for homes worth up to £1m, we have noticed a rise in interest for properties priced above this, with the sale of the Auch & Invermearan Estate in Argyllshire and Perthshire for over £10m a particular highlight."

While prices remained static across all regions over the course of the quarter, figure 2 shows the regional variations in price performance for prime Scottish homes over the year to June 2014. The Scottish Borders and the Central region lead the way with growth of 5.8% and 3.2% respectively.



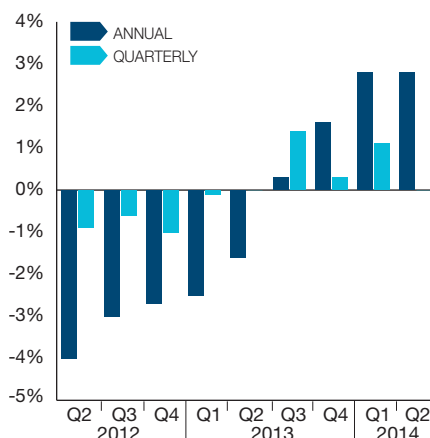
OLIVER KNIGHT
Residential Research

"Stock levels have been steadily increasing since the turn of the year and currently stand 36% higher than at the end of the first quarter."

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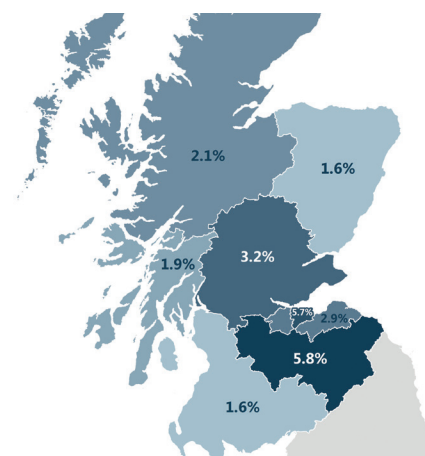
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FIGURE 1
Prime Scottish property prices
Annual and quarterly change Q2 2012-Q2 2014



Source: Knight Frank Residential Research

FIGURE 2
Annual change in prime prices by region (Q2 2013 - Q2 2014)



Source: Knight Frank Residential Research

Knight Frank Prime Scottish Property Index Q2 2014

	Cottage	Farmhouse	Small country house	Large country house	Average
3 month	0.0%	0.0%	0.0%	0.0%	0.0%
6 month	2.9%	0.6%	1.3%	1.2%	1.1%
1 year	6.7%	3.0%	3.0%	2.1%	2.8%

Source: Knight Frank Residential Research

“There are signs that buyers are becoming more reluctant to enter the market with the referendum just around the corner.”

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