

Prime Scottish property prices rise in Q3

Prices in the prime Scottish country house market increased in Q3 and there are growing signs that confidence in the wider housing market has returned. Oliver Knight examines whether the market has turned the corner.

Results for September 2013

Prime Scottish country house prices have increased by 1.4% in Q3 2013

Annually prices have increased by 0.3%

In Edinburgh prime property prices rose by 2% in Q3 2013

Sales were 36% higher year-on-year in Edinburgh during the third quarter

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Prime Scottish property values increased by 1.4% in the third quarter of 2013, the first time that prime property prices in Scotland have risen in over three years.

Our analysis of market activity over the past three months confirms a more positive picture is emerging, with a year-on-year increase in buyer activity across the market.

The number of viewings conducted in the prime Scottish house market was 19% higher in the third quarter of 2013, compared to the same time last year, and the number of exchanges was up by 10% over the same period.

Ran Morgan, head of Knight Frank's Scottish residential department, said: "We are seeing the green shoots of recovery in the prime Scottish country house market. Rising prices across the regions are reflective of the positive mood among both buyers and vendors.

"Activity and interest from prospective buyers has been greatest for homes worth up to £750,000, but we have also noticed a rise in interest for properties at the top

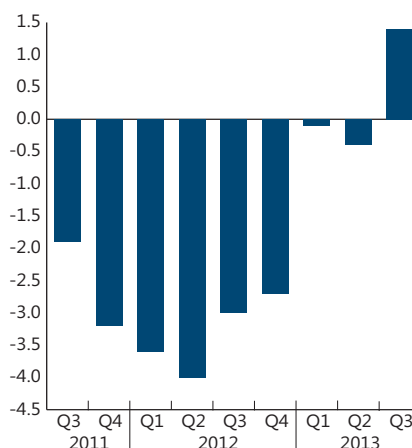
end of the market. Buyers are showing a particular interest in landmark properties – be they coastal homes, traditional estates or just properties that boast interesting architectural features.

"More generally, as the data suggests, there are signs that confidence has returned to the market. We expect that the introduction of Help to Buy Scotland will further boost housing market sentiment, as well as supporting the wider housing industry.

"It is also interesting to note that despite the uncertainty that has been created on the question of independence – with the referendum scheduled to take place in 2014 – interest from overseas buyers in prime Scottish property has not diminished."

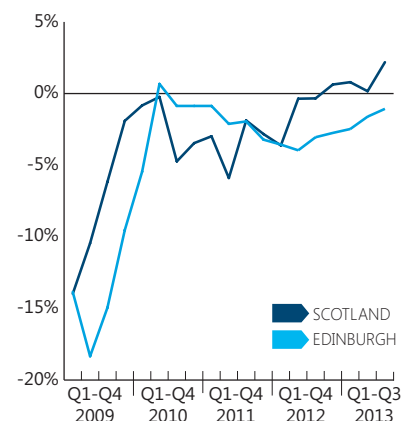
A snapshot of searches for Scottish property on Knight Frank's global property website highlights Scotland's appeal to international buyers. There was a 43% rise in total searches for Scottish property from outside the UK during the first nine months of 2013 compared to the same period last year.

Figure 1
Prime Scottish property prices
Quarterly change Q2 2011-Q3 2013



Source: Knight Frank Residential Research

Figure 2
Annual price change
Annual price change Q1 2009 - Q3 2013



Source: Knight Frank Residential Research



OLIVER KNIGHT
Editorial and Research Executive

"This is the first rise in prime Scottish country house prices since mid-2010."

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“Edinburgh’s lifestyle, education, and employment opportunities are increasingly being recognised by domestic and international purchasers.”

Edinburgh focus

In Edinburgh, a 36% rise in the number of exchanges over the past three months compared to the same period of 2012 has contributed to a 2% rise in prices over the quarter. Prices for homes in the Scottish capital are 2.2% higher on an annual basis.

There was a 78% rise in applicant volumes in the city over the last three months year-on-year, and more than twice the number of property viewings during the same period when compared to 2012.

Matthew Munro, partner in Knight Frank’s Scottish residential department, says: “The Edinburgh market has improved significantly this year with buyer interest and activity picking up noticeably. Family homes in well-recognised and desirable central residential areas, such as New Town,

are attracting much attention when they come on to the market.

“We have seen fresh enquiries from the south of England and from overseas, especially for sub-£1m homes which many buyers see as offering good value. Demand is particularly strong for good quality flats in the city centre and smaller family houses worth between £400,000 and £750,000 across the popular areas of the city, as such this market is very competitive.

“Edinburgh’s lifestyle, education, and employment opportunities are increasingly being recognised by domestic and international purchasers.

“At the higher end of the market buyers are still hesitant, but we have completed a number of deals for properties worth up to £3m. Our experience confirms that any property that is professionally marketed and competitively priced will sell successfully.”

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Knight Frank Prime Scottish Property Index

	Cottage	Farmhouse	Small country house	Large country house	Average
3-month change	3.7%	1.9%	1.5%	0.7%	1.4%
6-month change	3.7%	1.9%	1.5%	0.7%	1.4%
12-month change	1.9%	0.8%	0.0%	-0.7%	0.3%

Knight Frank Edinburgh Index

	House	Flat	Average
3-month change	1.6%	3.6%	2.0%
6-month change	1.6%	3.6%	2.0%
12-month change	1.6%	4.4%	2.2%

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