

EDINBURGH CITY INDEX Q2 2018

PRIME MARKET DRIVING PRICE GROWTH

Activity levels at the top end of the residential market in Edinburgh have picked up over the past year, supporting strong price growth across the city.

Rising demand for property in Edinburgh, especially at the top end of the market, has underpinned significant price growth in the city, with values increasing almost 4% between April and June alone. On an annual basis values were 9.4% higher.

Price growth has bucked the national trend – which has tended towards a moderation in values over the past 12 months – highlighting the current strength of the market in Edinburgh. It follows a period of fairly modest growth in the city as the market adjusted to changes to policy and a greater level of political uncertainty.

But while prices have continued to rise, there is little sign that this has impacted buyer demand.

This is especially the case in the prime market, with a sharp rise in sales volumes for properties valued over £500,000. Here our analysis of transaction data from the Registers of Scotland reveals a 17.3% year-on-year increase in deals agreed over the 12 months to April 2018.

Agents note that central Edinburgh remains in high demand, aided by the large scale redevelopment taking place there, including at Edinburgh St James.

Family homes in popular areas to the south of the city centre, including in Morningside, Newington and Merchiston have also been attracting renewed interest.

PRIME OUTPERFORMS

For properties valued over £1m, a number of notable deals have been agreed this year in excess of Home Report valuations. Accordingly, quarterly price growth of 4.4% was seen in Q2, above the wider average for the city and comfortably the highest rate of growth recorded for this section of the market since the inception of our index in 2008.

In fact, price growth for properties above £1m has outpaced the rest of the market for two consecutive quarters.

STOCK LEVELS DOWN

Despite the positive sentiment surrounding the Edinburgh market at present, there remains a relative shortage of houses being put up for sale. The number of properties launched so far in 2018 is 16% lower than the same period last year, for example.

In some cases, LBTT is still affecting supply. Potential home movers remain conscious about the high costs associated with moving and are therefore cautious about putting their home on the market.

OUTLOOK

Coupled with strong domestic and international demand for property in the capital, an imbalance between supply and demand will help underpin values as the year progresses.

3.7%
QUARTERLY PRICE
GROWTH

9.4%
ANNUAL PRICE GROWTH

26.5%
5-YEAR PRICE GROWTH

**“PRICE GROWTH HAS
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MONTHS – HIGHLIGHTING
THE CURRENT STRENGTH
OF THE MARKET IN
EDINBURGH”.**

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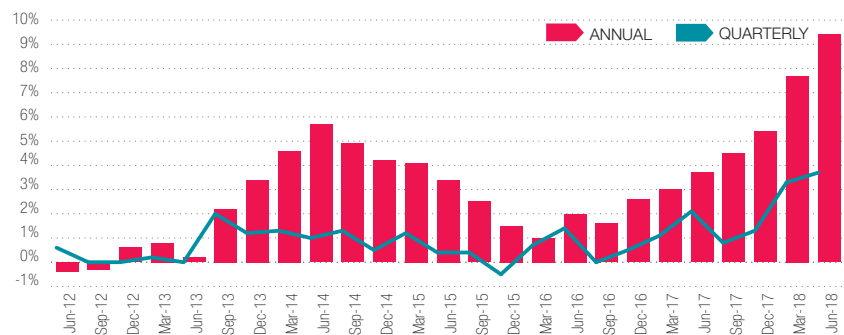
If you would like further insight into prime residential markets please feel free to get in touch.

“PRICE GROWTH FOR PROPERTIES ABOVE £1M HAS OUTPACED THE REST OF THE MARKET FOR TWO CONSECUTIVE QUARTERS.”

FIGURE 1

EDINBURGH: ANNUAL AND QUARTERLY PRICE GROWTH

Annual and quarterly % change

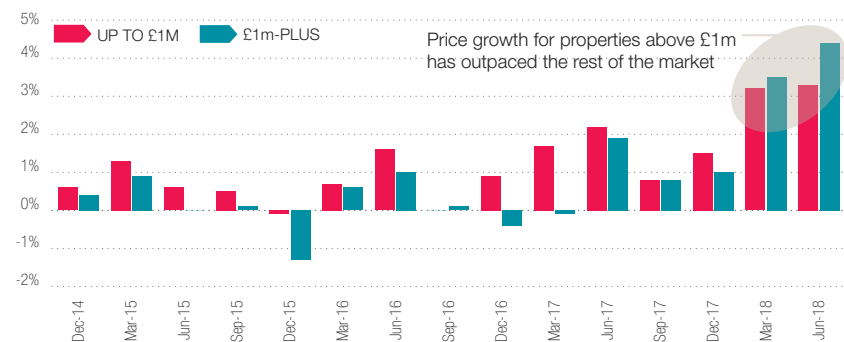


Source: Knight Frank Research

FIGURE 2

£1M-PLUS MARKET OUTPERFORMING

Quarterly % change in values, by price



Source: Registers of Scotland

FIGURE 3

EDINBURGH PRICE CHANGE Q2 2018

	Edinburgh	New Town/West End	North	South	West
3 month	3.7%	4.4%	3.3%	3.7%	2.3%
6 month	7.1%	8.8%	6.7%	6.9%	4.3%
1 year	9.4%	12.0%	9.9%	8.6%	5.9%
3 years	15.7%	24.0%	18.4%	11.8%	7.0%

	Up to £500k	£500k to £1m	£1m to £1.5m	£1.5m to £2m	over £2m
3 month	4.2%	2.9%	3.7%	4.8%	6.1%
6 month	9.5%	5.5%	7.7%	7.5%	10.9%
1 year	13.3%	7.5%	9.9%	10.1%	10.9%
3 years	29.7%	13.2%	14.5%	12.5%	1.8%

Source: Knight Frank Research

Please contact us for further information

If you're thinking of moving in or out of Scotland, or would just like some property advice, please do get in touch.

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