

PRICES RISE AS ACTIVITY PICKS UP

Annual price growth in Edinburgh rose to its highest level in three years in September 2017.

Results for Q3 2017

Prices **rose by 0.8%** in the third quarter and are **4.5% higher annually**

Growth comes on the back of a **continued strengthening of demand, with y-o-y increases in both new buyer enquiries and property viewings** between January and August

Some **17% of all transactions completed by Knight Frank in 2017 were for properties above £1 million**

There were **23% fewer homes listed for sale in the third quarter of 2017** compared with 2016

The Edinburgh city market remained buoyant between July and September with prices rising by 0.8%. This builds on the 2.1% growth seen in the second quarter. On an annual basis, prices are 4.5% higher.

This uptick in values comes on the back of a continued strengthening of demand, with our data showing a year-on-year increase in both new buyer enquiries and property viewings between January and August 2017, up by 21% and 16% respectively.

Sales volumes rose by 3%, Knight Frank data shows, with a notable pick-up at the top end of the market. Indeed, some 17% of all transactions completed by Knight Frank in 2017 were for properties worth more than £1 million, up from 10% for the corresponding period last year and 6% in 2015. Overall, though, data from the Registers of Scotland shows that the top end of the market remains constrained, in terms of sales volumes, by the higher rates of Land and Building Transactions Tax (LBTT).

Demand has focussed on central areas such as New Town, West End, Inverleith and Stockbridge. Agents note that prices equal to, or above, Home Report valuations have

been achieved, reflecting the rising levels of confidence among buyers in these markets.

Pricing has also been underpinned by a shortage of properties for sale relative to demand. Our analysis of listings data for Edinburgh shows there were 23% fewer homes listed for sale in the third quarter of 2017 compared with the same period in 2016.

As a result, there has been heightened competition for best-in-class properties launched onto the market at competitive prices.

This has also contributed to a reduction in the average time taken to sell a property, with a 13% fall in time on the market so far in 2017, compared with the same period the previous year.

There remain challenges for the market, not least higher purchase costs as a result of LBTT and uncertainty surrounding Brexit. But the primary drivers of the city market, which include schooling or a need to upsize or downsize, remain unchanged and these are expected to continue to drive turnover through the final months of 2017.



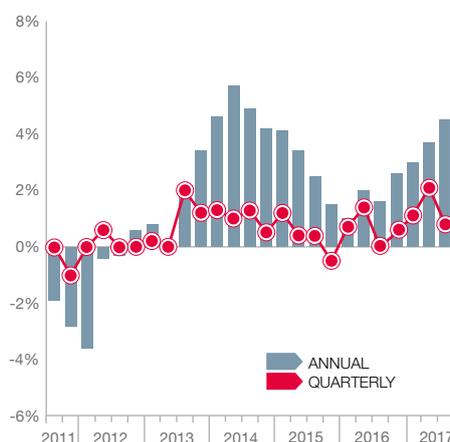
OLIVER KNIGHT
Associate

"Pricing has been underpinned by a shortage of properties for sale relative to demand with 23% fewer homes listed for sale in Q3 2017 compared with the same period in 2016."

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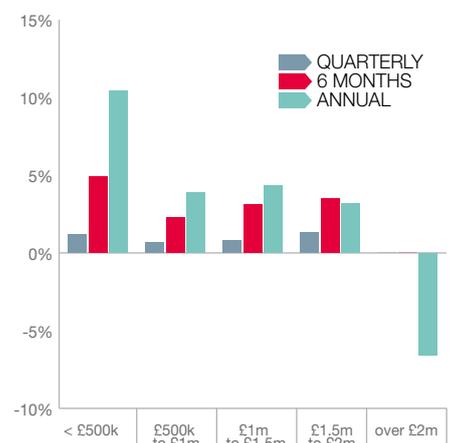
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FIGURE 1
Edinburgh: Annual and quarterly prime price growth



Source: Knight Frank Research

FIGURE 2
Edinburgh: Price change by value Q3 2017



Source: Knight Frank Research

Edinburgh City Index Q3 2017

	Edinburgh	New Town/ West End	North	South	West
3 month change	0.8%	1.1%	1.2%	0.5%	0.7%
6 month change	2.9%	5.1%	3.5%	1.6%	1.4%
1 year change	4.5%	8.2%	6.3%	2.3%	1.2%
3 year change	8.8%	14.2%	12.2%	6.0%	2.7%

Source: Knight Frank Research



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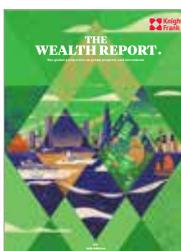
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