

Fourth consecutive quarterly price rise

A further rise in property prices was recorded in the first quarter of 2014, with demand picking up significantly as confidence among buyers strengthened. Oliver Knight examines the latest market trends.

Results for Q1 2014

Property prices in Edinburgh increased by 1.3% in the first three months of 2014 and by 4.6% annually

Rising demand from buyers has helped drive prices up, **with a 47% increase in applicant numbers in the three months to March y-o-y**

In the New Town and West End property prices **increased by 1.5% in Q1 2014**

Edinburgh accounted for 59% of all £1m+ Scottish property sales in 2013

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Property prices in Edinburgh increased by 1.3% in the first three months of 2014, the fourth consecutive quarter of price growth for homes in the Scottish capital.

In the year to March 2014, prices rose by 4.6%.

The property market in Edinburgh has been in recovery mode since spring 2013 with transactions and interest among buyers picking up noticeably over the autumn and winter months. This increase in activity has been taking place alongside a wider economic revival in Edinburgh, with the city coming second only to London for jobs growth since 2010, according to a recent analysis by the Centre for Cities.

The number of new applicants who registered their interest in buying a new home in the three months to March 2014 was 47% higher than the same period last year, while the number of viewings conducted was up by 66% over the same period. However, as figure 2 shows, stock levels remain low.

Much of this demand has been focused on the New Town and West End areas of the

city, where property prices increased by 1.5% between January and March – the strongest growth of all the regions covered by the index.

In the south of the city, demand for family homes, combined with a more general lack of stock across the market, contributed to a 1.3% rise in prices in the first quarter of 2014. This area is supported by good schools and excellent transport links to the centre of the city.

Edward Douglas-Home, head of Edinburgh City Sales, said: “There is a lack of good quality stock coming to the market, with many vendors cautious about putting their home on the market before the Independence Referendum in September.

“However, our analysis suggests that this caution may be misplaced, with the number of new applicants registering their interest in buying a home up significantly so far this year and the number of transactions completed in the three months to March more than double that of the same three-month period last year.”

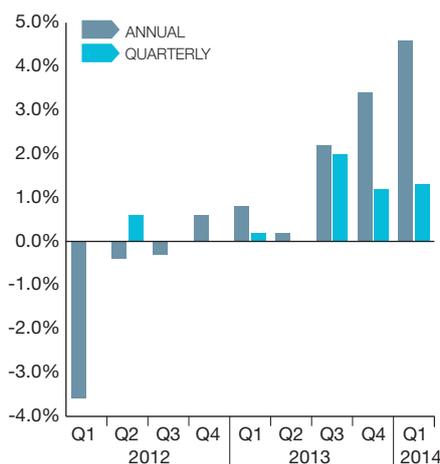


OLIVER KNIGHT
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“The property market has been in recovery mode from Q2 2013 onwards with transactions and interest among buyers picking up noticeably.”

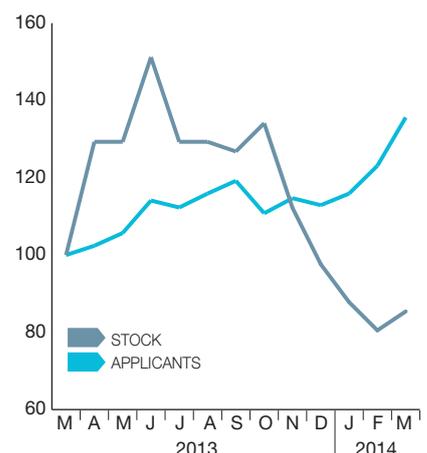
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FIGURE 1
Edinburgh price change
Annual and quarterly price change (Q1 2012 - Q1 2014)



Source: Knight Frank Residential Research

FIGURE 2
Stock falls as applicants rise
Change in stock and applicant levels (indexed to 100 in March 2013)



Source: Knight Frank Residential Research

Indeed, the question mark over whether Scotland will remain part of the UK following the Referendum in September 2014 does not seem to be having an impact on buyers. The total number of individuals searching for property in Edinburgh on Knight Frank's Global Property Search website in 2013 was 45% higher than a year previously. Excluding searches from within the UK, web traffic was 65% higher over the same period – highlighting the city's international appeal.

Focus on £1m+ sales

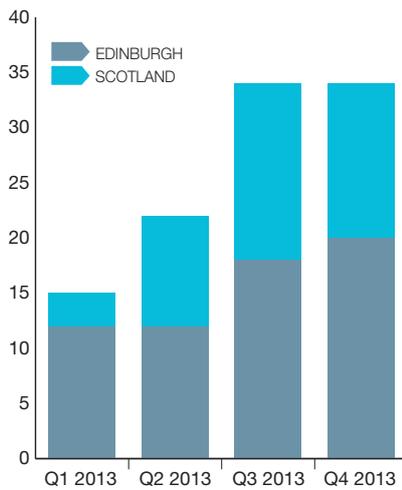
The number of million-pound sales in Edinburgh picked up over the course of last year, with 20 such transactions in the final three months of 2013, according to data provided by the Registers of Scotland.

The city is the traditional hub of the prime market in Scotland and last year accounted for 59% of all £1m+ transactions.

While the £1m+ market continues to recover, driven in part by increasing demand from both local, international and English buyers, it is important to note this sector of the market is still recovering from the impact of the financial crisis.

Prices for prime homes in the city increased in value by just 0.8% between January and March, below the wider average for the city. The indication is that buyers are price sensitive at the top end of the market.

FIGURE 3
£1m+ transactions in Scotland and Edinburgh



Source: Knight Frank Residential Research / Registers of Scotland

“The number of new applicants registering, and the number of sales completed, is up significantly so far this year compared to 2013.”

Knight Frank Edinburgh City Index, Q1 2014

	Edinburgh	New Town/ West End	North	South	West
3-month change	1.3%	1.5%	1.1%	1.3%	0.8%
6-month change	2.5%	3.6%	1.3%	2.6%	1.6%
12-month change	4.6%	7.1%	1.3%	5.4%	2.0%
3-year change	1.6%	4.4%	-0.4%	1.3%	-0.1%



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