

Strong demand for Scotland's top-value homes

- ✓ Lockdown-inspired 'lifestyles' influencing buyers' choice
- ✓ Transactions at 39% of 2019 levels
- ✓ Edinburgh and Glasgow accounting for nearly 50% of Scotland's 3.2% annual growth

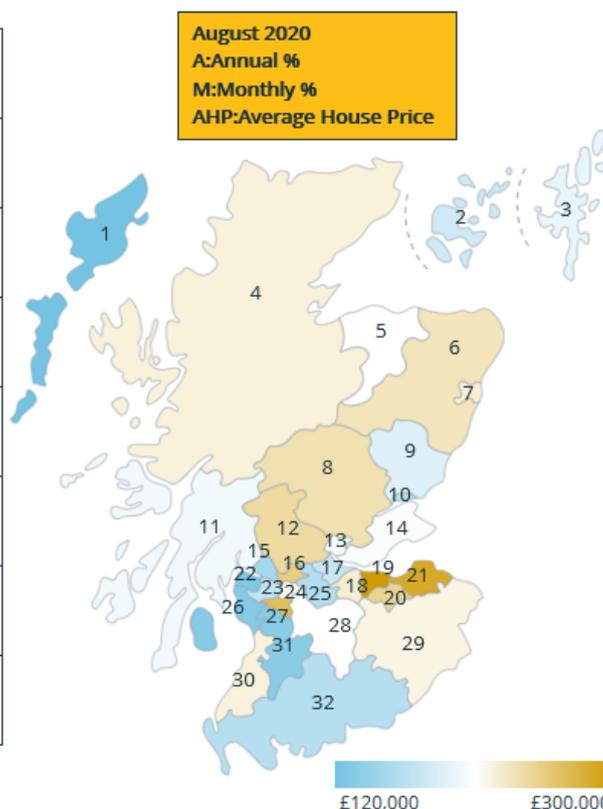
Notes:

- The *Walker Fraser Steele House Price Index (Scotland)* was formerly the *Your Move Acadata House Price Index*. Content and methodology are unchanged. Please refer to the Notes at the end for more information.
- Walker Fraser Steele is the trading name of e.surv Chartered Surveyors in Scotland.

House Price	Index	Monthly Change %	Annual Change %
£189,492	248.2	0.5	3.2

Quick Links		
The Housing Market	Transactions	Local Authorities
Comparisons with Scotland	Scotland's Seven Cities	Notes

1 Na h-Eileanan Siar A 4.0% M -9.4% AHP £123,014	2 Orkney Islands A -1.6% M 5.6% AHP £151,918
5 Moray A 3.1% M 0.5% AHP £169,076	6 Aberdeenshire A -5.5% M -3.5% AHP £203,510
9 Angus A -7.1% M -4.7% AHP £156,688	10 Dundee City A 0.2% M 3.9% AHP £144,059
13 Clackmannanshire A 3.3% M -0.8% AHP £164,218	14 Fife A 2.2% M 2.2% AHP £165,629
17 Falkirk A -0.8% M 0.0% AHP £150,119	18 West Lothian A 7.3% M 2.8% AHP £190,752
21 East Lothian A 9.3% M -1.7% AHP £280,901	22 Inverclyde A -0.4% M -2.5% AHP £126,689
25 North Lanarkshire A 4.6% M 0.3% AHP £143,560	26 North Ayrshire A 0.9% M -1.1% AHP £128,825
29 Scottish Borders A 4.8% M 1.5% AHP £182,233	30 South Ayrshire A 14.5% M 5.5% AHP £185,941



3 Shetland Islands A -8.9% M 12.1% AHP £159,955	4 Highland A 2.8% M -0.9% AHP £186,563
7 Aberdeen City A -1.1% M -1.2% AHP £188,758	8 Perth & Kinross A 3.7% M -0.9% AHP £208,597
11 Argyll & Bute A -1.6% M 3.0% AHP £162,953	12 Stirling A 6.4% M -7.4% AHP £217,345
15 West Dunbartonshire A 12.6% M 0.1% AHP £139,053	16 East Dunbartonshire A -8.6% M -5.7% AHP £233,465
19 City of Edinburgh A 6.8% M 0.7% AHP £300,224	20 Midlothian A -1.9% M -0.3% AHP £224,999
23 Renfrewshire A -2.5% M 1.0% AHP £148,480	24 Glasgow City A 7.8% M 2.2% AHP £174,482
27 East Renfrewshire A -2.8% M 2.9% AHP £253,264	28 South Lanarkshire A 4.9% M 4.8% AHP £168,338
31 East Ayrshire A 4.8% M 0.4% AHP £129,966	32 Dumfries & Galloway A -2.1% M 2.2% AHP £143,702

Table 1. Average House Prices in Scotland for the period August 2019 – August 2020
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
August	2019	£183,683	240.6	-0.4	2.4
September	2019	£183,920	240.9	0.1	1.7
October	2019	£184,370	241.5	0.2	1.1
November	2019	£185,751	243.3	0.7	1.5
December	2019	£186,279	244.0	0.3	2.3
January	2020	£186,608	244.4	0.2	2.7
February	2020	£186,590	244.4	0.0	3.1
March	2020	£186,144	243.8	-0.2	2.0
April	2020	£185,703	243.2	-0.2	1.2
May	2020	£184,845	242.1	-0.5	0.3
June	2020	£187,451	245.5	1.4	1.6
July	2020	£188,509	246.9	0.6	2.2
August	2020	£189,492	248.2	0.5	3.2

Note: The Walker Fraser Steele House Price Index (Scotland) provides the “average of all prices paid for houses”, including those made with cash.

Alan Penman, business development manager at Walker Fraser Steele, comments:

“In line with the rest of the United Kingdom, Scotland’s house prices have continued to rise in recent months, following the re-opening of the market. The increase is linked to tax holiday schemes, the release of pent-up demand following lockdown, and a shift in buyer habits.

“Indeed, the pandemic has not only had an effect on how the market operates in Scotland, but also on buyer preferences. Many prospective buyers appear to have changed their priorities and, as working from home has become the norm for so many, larger properties with more outdoor space have become increasingly popular. Increasing activity in this sector of the market has led to a corresponding increase in average prices.

“Additionally, following the Stamp Duty Holiday in England, Scotland raised the nil Land and Building Transaction Tax (LBTT) threshold from £145,000 to £250,000, saving buyers in this bracket 2% of their purchase price in tax fees, further incentivising activity in the market.

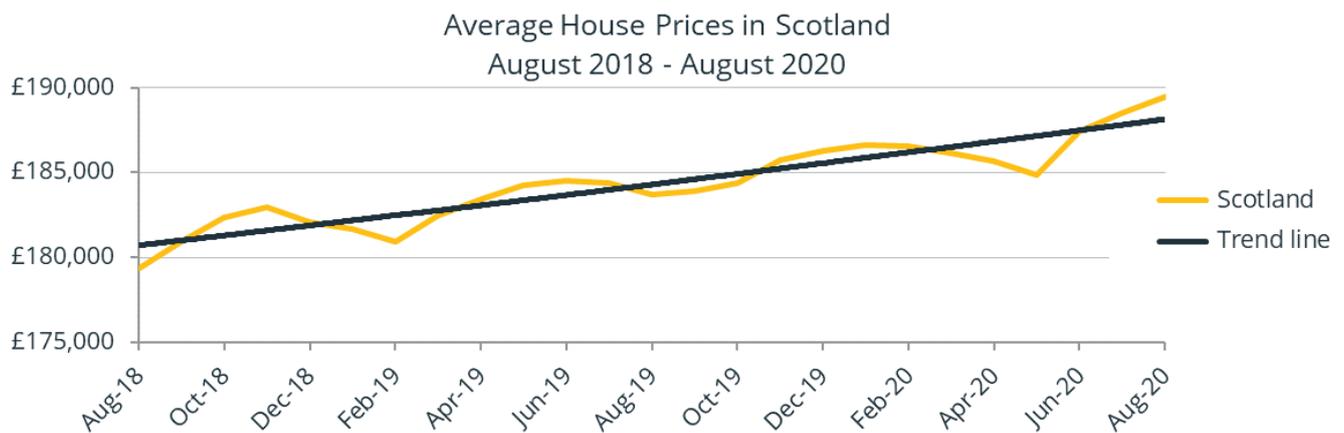
“The result of this stimulus has been that Scottish properties have risen in value by 2.5% since the housing market reopened for socially distant viewings in May, and 1.1% of this increase comes since the increase of the LBTT threshold.”

Commentary: John Tindale, Acadata Senior Housing Analyst

The August housing market

Figure 1 below shows the average price of a home in Scotland over the last twenty-four months. It can be seen that prices over the last few months of 2020 have almost returned to the trend of the last two years, despite the events of the COVID-19 pandemic. There was certainly a dip in house prices during the lockdown period from March to May 2020, when viewing properties became something of an impossibility, but once the market re-opened, demand for properties - particularly those suited to the potential new 'norm' of working from home - increased. Prices in June moved strongly upward as buyers began to compete for the homes that were available for purchase, with the positive movement in prices continuing in both July and August. The temporary holiday in LBTT rates, introduced in late July, is also likely to sustain demand for homes over the next few months.

Figure 1. The Average House Price in Scotland for the period August 2018 - August 2020 ([Link to source Excel](#))



Our report this month is dominated by a number of top-value homes being sold in August in various areas of the country, which has helped to sustain the increase in national prices of +0.5% in the month, and +3.2% over the last year. Estate agents across the country have been describing how purchasers are now more interested in buying a property in which they can live during a lockdown, rather than having an easy commute to the workplace. The examples of recently-purchased homes, described on the next few pages, attest to this.

One of the dampening factors looming over the current buoyant housing market is the reduction in the number of transactions that have been taking place. As we describe on the next page, home sales are currently at 39% of their 2019 levels, which may allow the markets to maintain current prices: however, should 'forced' sales become more of the norm, with more properties available for sale, price falls can be anticipated. The market also has to survive the imminent potentially harsher winter climate, the effects of rising unemployment, and the possibilities of a further lockdown, should the 'second-wave' of the pandemic materialise.

Perhaps we should conclude that the housing market is not yet out of the woods, despite this month's positive outturn.

[Back to top](#)

Transactions analysis

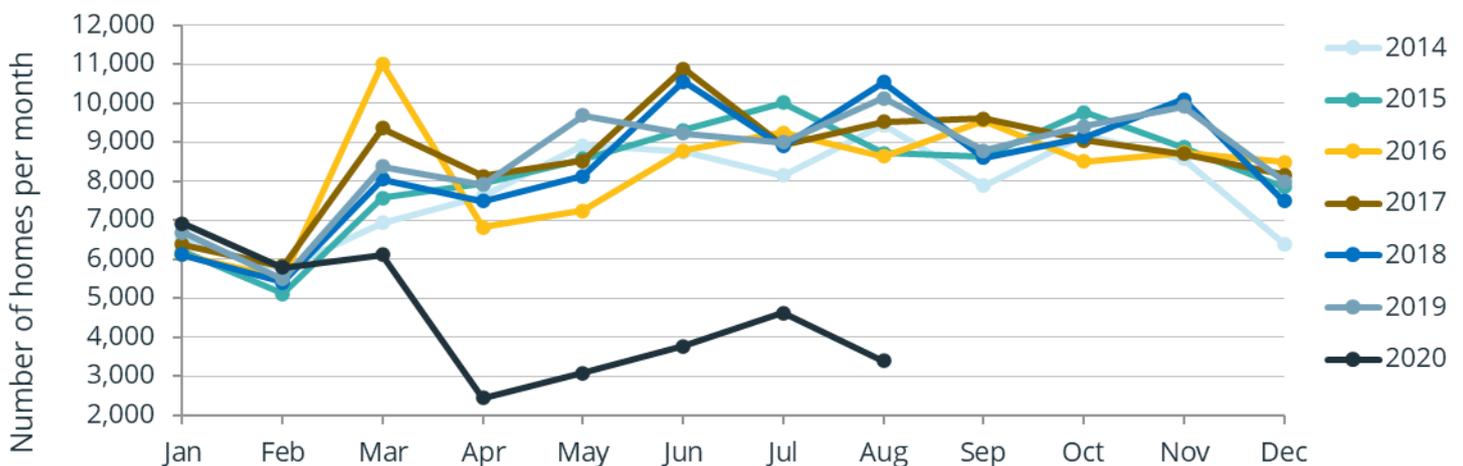
Monthly transaction counts

Figure 2 below shows the monthly transaction count for the period January 2014 to August 2020, based on RoS (Registers of Scotland) figures for the Date of Entry. The fall in purchases for the period April 2020 to August 2020 is clearly visible, although it is probable that the August 2020 total will be revised upwards next month as further data are processed by RoS.

Comparing the four months April – July 2020 with the same four months in 2019, Scotland’s 2020 sales are running at 39% of their 2019 total. The equivalent figure for England and Wales combined for the same period is 47%.

Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 – 2020 (Source: Registers of Scotland.) ([Link to source Excel](#))

Housing Registrations in Scotland per Month 2014 - 2020



Edinburgh transactions of £750k or higher

Table 2. The number of transactions by month in Edinburgh greater than or equal to £750k, January 2016 – August 2020 ([Link to source Excel](#))

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2016	11	12	25	20	12	28	19	25	27	31	15	13	238
2017	6	6	13	15	16	20	35	43	24	22	22	23	245
2018	18	33	16	11	12	23	27	37	44	35	33	20	309
2019	24	12	23	20	38	32	37	32	36	28	32	27	341
2020	29	17	16	9	9	19	20	10					129

Table 2 shows the number of transactions per month in Edinburgh which are equal to or greater than £750k. The threshold of £750k has been selected as it is the breakpoint at which the highest rate of LBTT becomes payable. Table 2 shows the number of such sales in 2019 exceeds that of 2018 by some 32 transactions. Although the number of sales above £750k for the period January - March was 3 higher in 2020 than in 2019, figures for April to July show the total in 2020 is 57 – a reduction of 70 properties (55%) of the 127 sold in 2019. It is interesting to note that the high-value transactions in Edinburgh have been less affected by the pandemic than Scotland’s housing market overall.

[Back to top](#)

Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing August 2019 and July 2020 with August 2020 ([Link to source Excel](#))

	Rank By Price	Local Authority Area	Aug-19	Jul-20	Aug-20	Month % Change	Annual % Change
1	1	City of Edinburgh	£280,991	£298,125	£300,224	0.7%	6.8%
3	2	East Lothian	£256,893	£285,790	£280,901	-1.7%	9.3%
2	3	East Renfrewshire	£260,666	£246,057	£253,264	2.9%	-2.8%
4	4	East Dunbartonshire	£255,300	£247,583	£233,465	-5.7%	-8.6%
5	5	Midlothian	£229,394	£225,625	£224,999	-0.3%	-1.9%
7	6	Stirling	£204,204	£234,782	£217,345	-7.4%	6.4%
8	7	Perth and Kinross	£201,169	£210,488	£208,597	-0.9%	3.7%
6	8	Aberdeenshire	£215,292	£210,916	£203,510	-3.5%	-5.5%
11	9	West Lothian	£177,749	£185,535	£190,752	2.8%	7.3%
9	10	Aberdeen City	£190,825	£191,086	£188,758	-1.2%	-1.1%
10	11	Highland	£181,393	£188,254	£186,563	-0.9%	2.8%
17	12	South Ayrshire	£162,384	£176,210	£185,941	5.5%	14.5%
13	13	Scottish Borders	£173,839	£179,522	£182,233	1.5%	4.8%
19	14	Glasgow City	£161,908	£170,693	£174,482	2.2%	7.8%
16	15	Moray	£164,031	£168,164	£169,076	0.5%	3.1%
20	16	South Lanarkshire	£160,526	£160,578	£168,338	4.8%	4.9%
18	17	Fife	£162,009	£162,122	£165,629	2.2%	2.2%
21	18	Clackmannanshire	£159,031	£165,567	£164,218	-0.8%	3.3%
15	19	Argyll and Bute	£165,584	£158,149	£162,953	3.0%	-1.6%
12	20	Shetland Islands	£175,661	£142,626	£159,955	12.1%	-8.9%
14	21	Angus	£168,706	£164,448	£156,688	-4.7%	-7.1%
22	22	Orkney Islands	£154,335	£143,815	£151,918	5.6%	-1.6%
24	23	Falkirk	£151,255	£150,162	£150,119	0.0%	-0.8%
23	24	Renfrewshire	£152,236	£146,997	£148,480	1.0%	-2.5%
26	25	Dundee City	£143,823	£138,614	£144,059	3.9%	0.2%
25	26	Dumfries and Galloway	£146,721	£140,543	£143,702	2.2%	-2.1%
27	27	North Lanarkshire	£137,300	£143,107	£143,560	0.3%	4.6%
31	28	West Dunbartonshire	£123,453	£138,848	£139,053	0.1%	12.6%
30	29	East Ayrshire	£123,995	£129,448	£129,966	0.4%	4.8%
28	30	North Ayrshire	£127,705	£130,269	£128,825	-1.1%	0.9%
29	31	Inverclyde	£127,232	£129,940	£126,689	-2.5%	-0.4%
32	32	Na h-Eileanan Siar	£118,265	£135,845	£123,014	-9.4%	4.0%
All Scotland			£183,683	£188,509	£189,492	0.5%	3.2%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for August 2019 and July and August 2020, calculated on a seasonal- and mix-adjusted basis.

Annual change

The average house price in Scotland at the end of August showed an increase of some £5,810, or 3.2%, over the last twelve months. This annual rate is the highest observed since the 3.9% recorded in December 2018, some 20 months earlier. This August, 19 of the 32 local authority areas in Scotland have seen house prices rise over the year, the same number as in July 2020.

In August 2020, the highest annual increase in prices of the 32 local authority areas occurred in South Ayrshire at 14.5%, which increase was assisted by the sale of the highest and second-highest priced properties of the calendar year in the area, for £1.5 million and £1.1 million respectively. Both properties were sizeable, detached homes located in Troon, close to the Royal Troon Golf Club, within a 50-minute commute of Glasgow Central by train. (We should perhaps add that low transaction numbers, such as occurred in July and August, tend to result in high value sales having a greater influence over average prices.)

In August, on a weight-adjusted basis, which takes into account both the percentage change in prices and the number of properties sold, the cities of Edinburgh and Glasgow collectively accounted for 48% of the annual upturn in Scotland's average house price of £5,810. Indeed, if we add East Lothian to this duo, then we have explained over 55% of the annual increase in prices that have taken place at the national level over the last twelve months.

In Edinburgh, it is the price of flats that has had the largest influence on prices over the last twelve months, up from an average £243k in August 2019 to an average £266k this August. In Glasgow, it is the average price of detached homes that has seen the largest rise over the year, up from £265k to £340k – undoubtedly helped by the sale of a magnificent £2.9 million detached home in Clevedon Drive, Glasgow – the second-highest price paid for a residential property in Scotland in 2020.

Meanwhile, in East Lothian the highest increase in prices have been seen in terraced homes, up from an average £204k in August 2019 to £236k one year later. East Lothian has the 'lifestyle' advantages of 40 miles of coastline, with several attractive towns located along the coast of the Firth of Forth, as well as being in close proximity to Edinburgh for employment and cultural amenities.

Monthly change

In August 2020, average house prices in Scotland have risen by £983, or 0.5%, from their level in July, and now stand at £189,492. This price sets another record level for Scotland, for the third month in a row, as prices climb back from the dip which occurred during the early months of the COVID-19 lockdown, from March to May 2020.

There are perhaps signs that the rate of recovery in house prices that took place in June 2020 is slowly losing momentum, with the monthly increases since and including June being +1.4%, +0.6% and +0.5% – however, the temporary cut in the rate of LBTT (as Scotland's Stamp Duty is now called) only took effect from 15th July 2020, which - given that the time lag from a decision to purchase a property to the Date of Entry is currently likely to be over a month - will probably only be reflected in an increase in demand for homes in Scotland from September onwards.

Looking at Table 3 above, it can be seen that the two Authorities with the highest price growth in August are the Shetland Islands and the Orkney Islands, up by 12.1% and 5.6% in the month respectively. However, the Islands have a relatively low number of transactions in a month; for example just 12 sales took place in the Shetland Islands in August and 9 in the Orkney Islands, so the change in average price from the previous month can prove to be quite volatile.

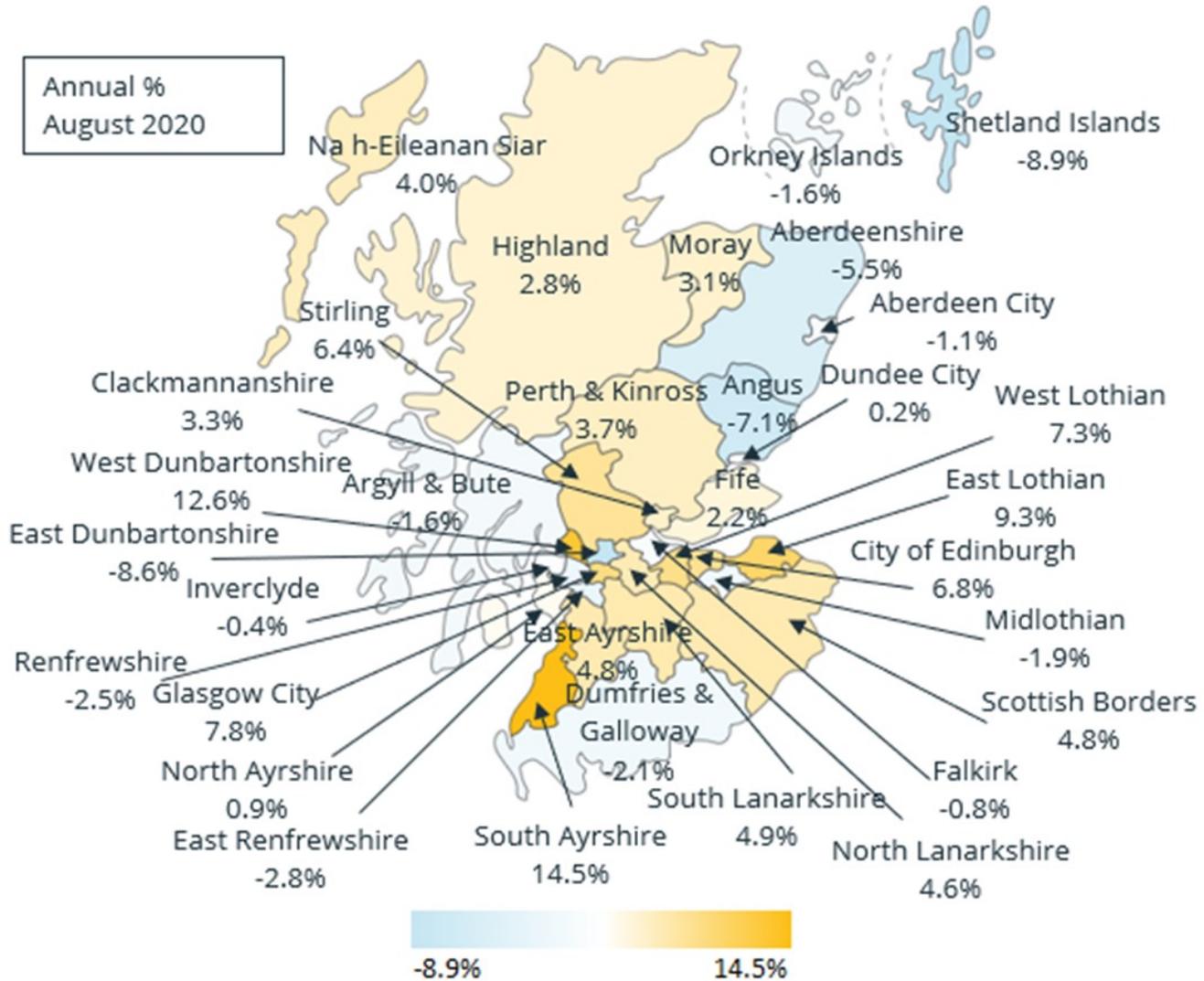
If we look at the weighted change in price in August, then it is South Lanarkshire that has seen the largest change in values in the month, followed by Glasgow and Edinburgh. South Lanarkshire saw two of the area's highest-valued properties of the year being sold in August, for £2.3 and £2.2 million. Both properties are located in Thorntonhall, which is an outlying village to Newton Mearns, some 6 miles distant from Glasgow, with a 25-minute train service to Glasgow Central.

Peak Prices

Each month, in Table 3 above, we highlight the local authority areas which have reached a new record in their average house prices. In August, there are 7 such authorities, compared to 8 in July. Of these 7 authorities, 6 all witnessed the highest-priced property of the year being sold in August, with most of these being detached homes, consistent with the reports that purchasers are looking for properties capable of being used as a home office. The one exception is Edinburgh, where no highest-priced property was sold in August, although the top-priced detached, semi-detached, terraced and flatted properties in August in Edinburgh all sold for a price of £1.3 million or higher.

Heat Map

The heat map below shows the annual rate of house price growth for the 12 months ending August 2020.



[Back to top](#)

Comparisons with Scotland

Figure 3. Scotland house prices, compared with England and Wales, Wales, North East and North West for the period January 2005-August 2020 ([Link to source Excel](#))

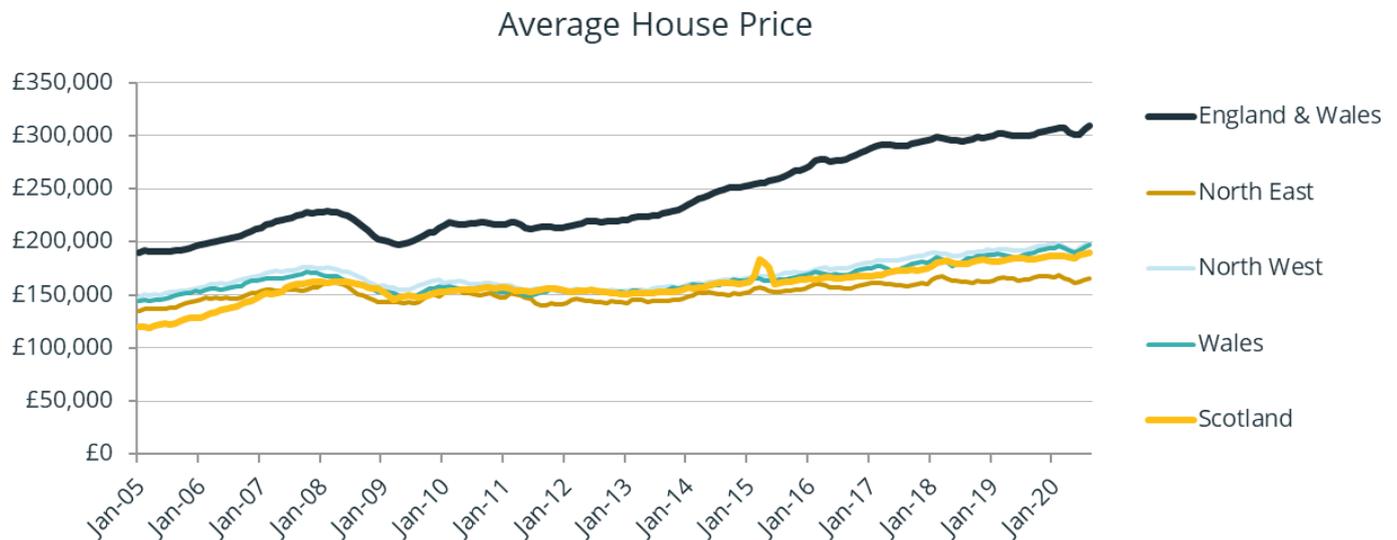
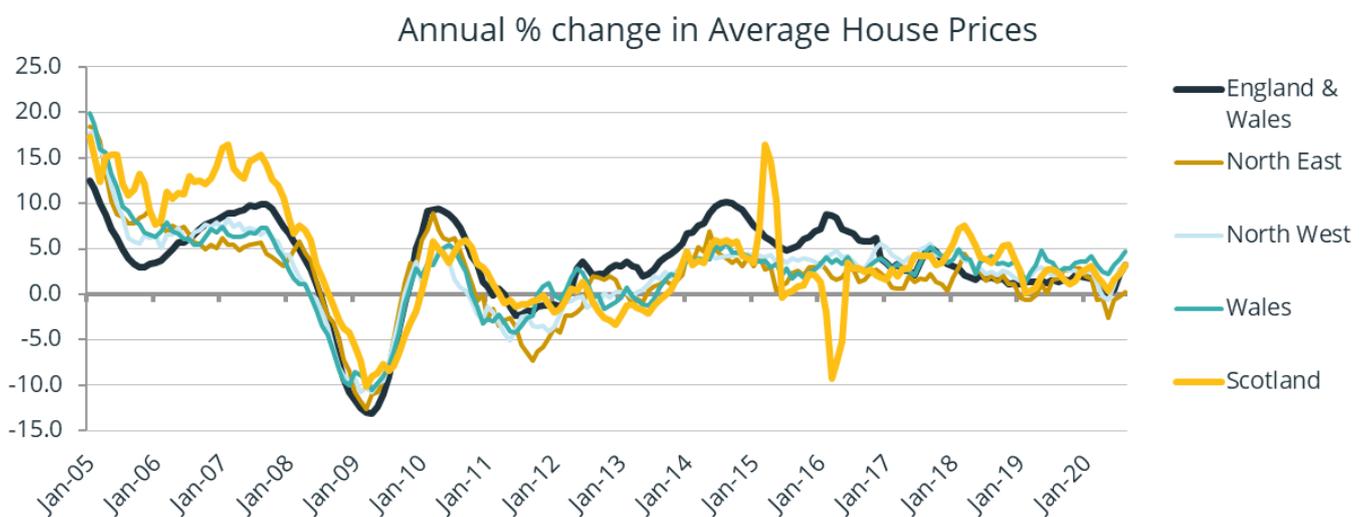


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-August 2020 ([Link to source Excel](#))



[Back to top](#)

Scotland's Seven Cities

Figure 5. Average house prices for Scotland's seven cities from June 2019–August 2020 ([Link to source Excel](#))

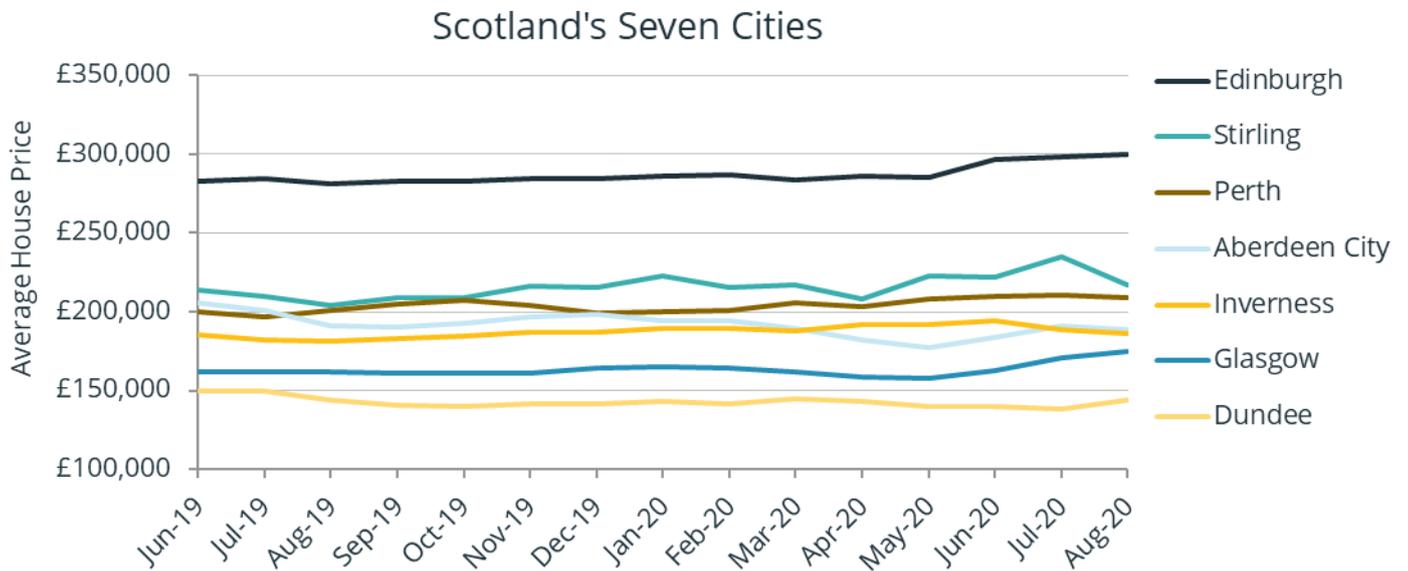
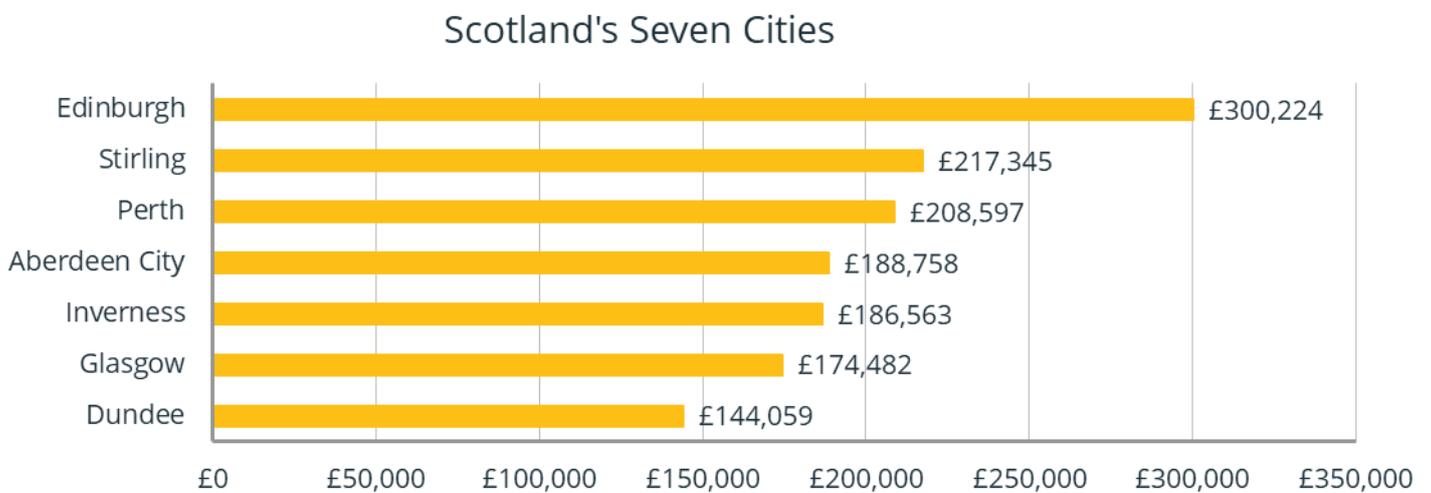


Figure 6. Average house prices for Scotland's seven cities August 2020 ([Link to source Excel](#))



[Back to top](#)

Notes

The *Walker Fraser Steele House Price Index* was formerly the *Your Move Acadata House Price Index* and is produced by Acadata. Content and methodology are unchanged.

1. The Walker Fraser Steele HPI (Scotland) is a price series as opposed to a value series and uses:
 - the actual prices at which every residential property in Scotland was transacted, including prices for properties bought with cash, using the data provided by Registers of Scotland as opposed to valuation estimates or asking prices
 - the price of every single relevant transaction, as opposed to prices based upon samples
2. The current month Walker Fraser Steele HPI (Scotland) is not forecast, unlike the e.surv HPI (England and Wales) but is based on achieved prices. The first release of the Scotland results lag the first release of those for England and Wales by one month, as the former index does not use estimates of market prices.
3. While the Walker Fraser Steele HPI (Scotland), like the e.surv HPI (England and Wales), comprises a smoothed average of three months' prices, the Walker Fraser Steele HPI (Scotland) average reflects the average price at the month of the index and the prior two months' prices and is ascribed to the month of the index i.e. it is "end month smoothed" (ems) and not "centre month smoothed" (cms) as applied to the e.surv HPI (England and Wales). Since we provide only a national England and Wales average price in our current month e.surv HPI (England and Wales) and prices at region and lower levels are lagged one month, this procedure means that the Walker Fraser Steele HPI (Scotland) prices are contemporaneous with the prices published for the equivalent month for England and Wales and the regions. All Walker Fraser Steele HPI (Scotland) results are subject to change following receipt of updated data from Registers of Scotland.
4. The Acadata website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.
5. Walker Fraser Steele HPI (Scotland) may not be used for commercial purposes without written permission from Acadata. Specifically it may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold or for collateral valuation concerning which enquiries should be directed to MIAC Acadametrics.
6. Acadata is an independent privately owned consultancy specialising in house price data. Our associated company MIAC Acadametrics Limited is an independent asset valuation service provider, specialising in behavioural modelling, stress testing and collateral valuation for the financial services industry

For further footnotes and a description of the methodology used in the Walker Fraser Steele HPI (Scotland) please click [here](#).

[*Back to top*](#)

About Walker Fraser Steele

Walker Fraser Steele is one of the longest established Chartered Surveyor brands in Scotland. We're proud of our Scottish heritage and reputation, which has allowed us to stay at the forefront of the residential property market in Scotland for well over a century.

In June 2013, the business joined forces with [e.surv Chartered Surveyors](#) (part of [LSL Property Services plc](#)). e.surv is the UK's leading provider of residential valuation and surveying services and brings technical expertise and award-winning know-how to complement our in-depth knowledge of local markets. This is a unique formula that adds huge value for our clients and customers.

We provide Home Reports, Mortgage Valuations and Energy Reports to Scottish homeowners, and valuations and property risk advice to a large proportion of UK lenders.

For further information, please visit our website: www.walkerfrasersteele.co.uk

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