

ABERDEEN HOUSING MARKET REPORT

SECOND QUARTER 2023

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the second quarter of 2023. The report is based on data supplied by the ASPC and has been compiled by the Centre for Real Estate Research (CRER) at the University of Aberdeen Business School.

The report uses the following breakdown by areas: Aberdeen stands for *Aberdeen City and suburbs* and Aberdeenshire is divided into the towns of *Ellon, Inverurie, Stonehaven*, and other *Countryside*. The report provides information for the three types of dwelling: *flat, semi-detached house, and detached house*. At times, the report uses the format *yyyyQq* as shorthand for a quarter in a particular year. For instance, *2023Q2* stands for the second quarter of 2023.

The prices in this report are quality-controlled, which means that the characteristics of the dwellings are assumed to be standard and are fixed over time. This control of dwelling quality allows the pure change of prices to be measured. This is achieved by a well-established statistical method. The note at the end of the report links to further information.

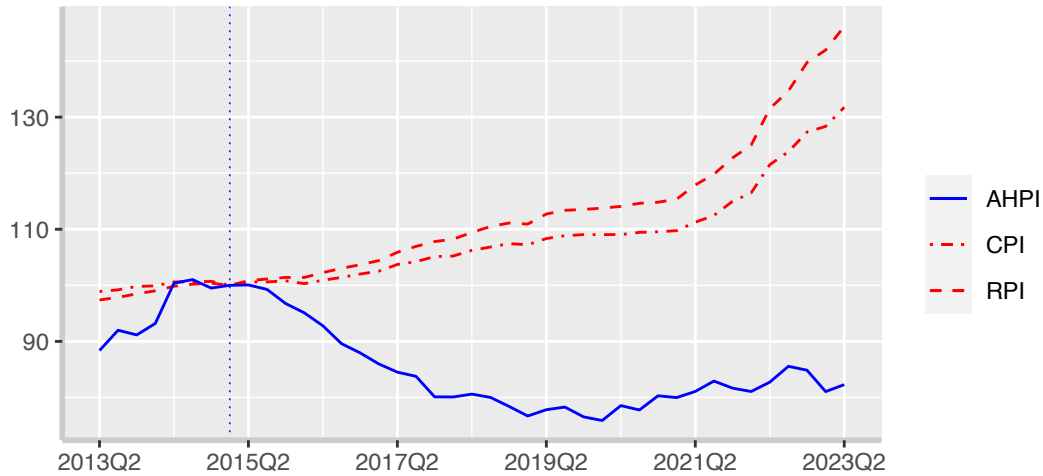
Aberdeen house price index

The index is based on the quality-controlled prices of a semi-detached house with standard characteristics. According to this index:

- The quarterly house price change in Aberdeen has been 1.5%.
- The annual house price change in Aberdeen has been -0.5%.
- The annualised house price change over five years in Aberdeen has been 0.4%.

Figure 1 shows the quarterly Aberdeen House Price Index (AHPI) jointly with the Retail Price Index (RPI all items, base year 1987) and the Consumer Price Index (CPI all items, base year 2015), the latter two are computed by the Office for National Statistics. The three price index series are each normalised to 100 in the base period 2015Q1. The base period is indicated by the dotted vertical blue line.

Figure 1: Price indices from 2013Q2 to 2023Q2



Change in prices

Table 1 collects the information on the change of house prices in Aberdeen and Aberdeenshire. The figures in the row *Quarterly* measure the house price change from the previous quarter 2023Q1 to the current quarter 2023Q2. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2022Q2 to the current quarter 2023Q2. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2018Q2 to the current quarter 2023Q2. The last two columns of Table 1 give the change of the RPI and the CPI for the UK.

Table 1: Change of prices in percent. Five-yearly change is annualised.

	Aberdeen	Ellon	Inverurie	Stonehaven	Countryside	RPI	CPI
Quarterly	1.5	1.6	2.3	-1.7	6.1	3.0	2.7
Yearly	-0.5	-1.0	-3.8	-7.4	6.2	11.2	8.4
Five-yearly	0.4	-1.0	0.4	-0.4	0.5	6.0	4.4

Level of prices

Table 2 shows the imputed quality-controlled prices for the current and the previous quarter for the three dwelling types and the areas covered by the report.

Table 2: Prices by house type

	Date	Aberdeen	Ellon	Inverurie	Stonehaven	Countryside
Flats	2023Q2	122,971	101,982	130,245	128,860	122,853
	2023Q1	121,454	107,670	127,347	127,342	117,155
Semi-detached	2023Q2	190,690	159,670	180,040	175,465	190,343
	2023Q1	187,829	157,096	176,067	178,410	179,481
Detached	2023Q2	326,052	274,433	311,038	313,211	343,175
	2023Q1	318,377	265,857	298,712	312,319	326,887

Number of transactions and listings

Figure 2: Number of transactions from 2018Q2 to 2023Q2

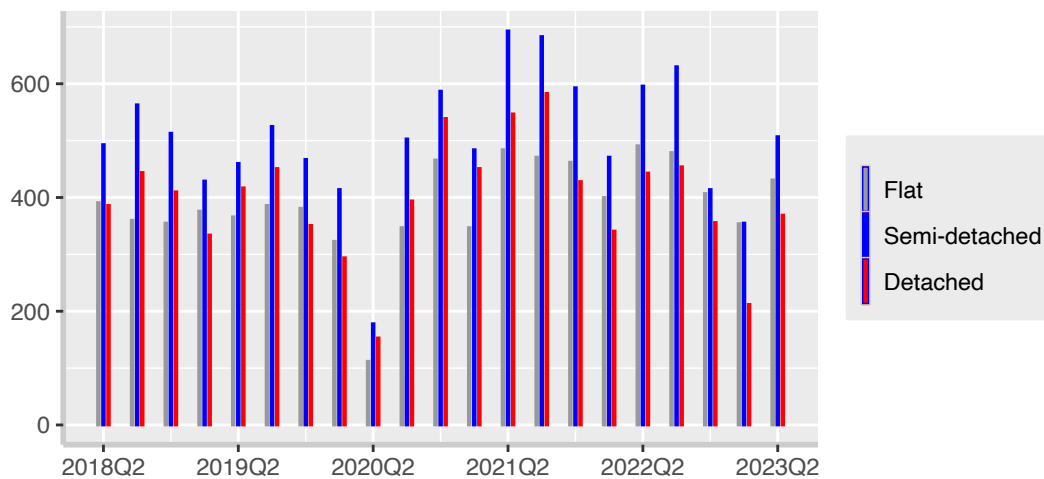


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2018Q2 to 2023Q2.

In the second quarter of 2023, 1,307 residential dwellings were transacted, a change of 41.9% compared to the previous quarter 2023Q1 and a change of -14.6% compared to the same quarter a year ago 2022Q2. The transactions by dwelling type were:

- 431 flats, a change of 21.8% compared to the previous quarter 2023Q1 and of -12.2% compared to the same quarter a year ago 2022Q2.
- 507 semi-detached houses, a change of 42.8% compared to the previous quarter 2023Q1 and of -14.9% compared to the same quarter a year ago 2022Q2.
- 369 detached houses, a change of 74.1% compared to the previous quarter 2023Q1 and of -16.7% compared to the same quarter a year ago 2022Q2.

Figure 3: Activity and mark-up from 2018Q2 to 2023Q2

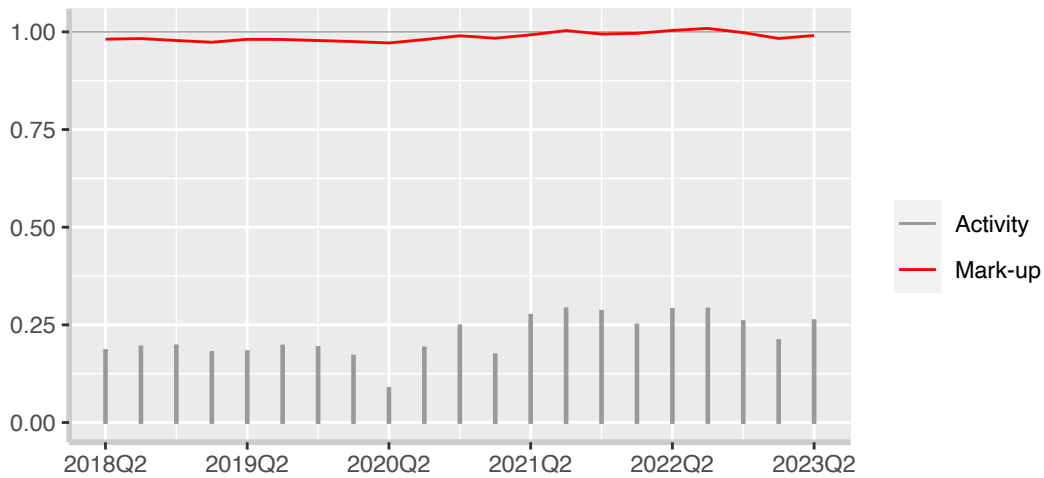


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the second quarter of 2023 is 26.08%. The share was 20.99% in the previous quarter 2023Q1 and 28.97% in the same quarter a year ago 2022Q2.

The mark-up in Figure 3 is the quality-controlled ratio of sale to ask price for properties. A mark-up of more than 1 means that properties sold for more than the ask price. A mark-up less than 1 shows that properties sold for less than the ask price. The mark-up ratio is 0.99 for the second quarter of 2023.

Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the second quarter of the year shows the house price index remaining, mostly, in the positive. The change in quarterly price is +1.5%; the annual change is – 0.5%. Over five years the index is marginally positive at +0.4%.

While the figures are reassuring, it may well be that our local market will feel the strain of the general economic background and only time will tell whether the next two quarters will show some reduction in the indices.

While interest rates are at levels not seen for some time, there are some encouraging signs. Inflation has started to reduce, albeit gradually, and energy prices have come down. There may be a feeling of wariness regarding the short term outlook.

One of the consequences of this may be that plans will be put on hold. People who do not have to move, but are planning to move, may delay, waiting for a clearer picture to emerge.

Transactions in the second quarter were up, compared to the first quarter, but down, year on year. It is the second comparison that may be more relevant to gaining insight to our local housing market. In broad terms there has been 15% less activity this quarter compared to 2022.

Despite the difficult conditions, there are some positive indicators. The second quarter figures are

better than we might have hoped. The level of activity and mark up (in figure 4 of the report) shows prices are holding up well, with the “average” sale price almost matching Home Report valuation.

At ASPC we see how individual cases progress. We are seeing good properties, well maintained, and well presented, selling quickly. Despite difficulties, our local market is holding up well. Sales are taking place and there are bargains out there, too.

Note

The estimated price levels in Table 2 assume characteristics that are “standard” for the dwelling type in the respective area. For example, the standard semi-detached house in Aberdeen has four rooms, one bathroom, and a garden. Full details of the statistical method and the standard dwelling characteristics are available under the following link:

[A local house price index for Aberdeen](#)

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