

Long-Term Picture Shows Steady Growth In Edinburgh Property Market

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A direct comparison of property prices in Edinburgh in March 2015 – the month leading up to the introduction of Land and Buildings Transaction Tax (LBTT) – and March 2016 reveals a 26% fall in average value, new figures show*. Taken in isolation, the March figures (2016: £237,226; 2015: £320,466) underline the stark distortion caused by LBTT last year.

However, the average value in March (£237,226) is significantly up on the average price in March 2014 (£209,624) and March 2013 (£200,744), indicating a steady upward trajectory in property prices.

Blair Stewart, Head of Edinburgh City Residential Sales at Strutt & Parker, said: "The drop in average value simply serves to underline the huge spike in sales before the introduction of Land and Buildings Transaction Tax in April last year and it highlights the importance of experience when interpreting housing market trends. It is not surprising that the 2016 average property price is less in comparison. It is more important to look back over the last three years during which time, taking 2015 out of the equation, we can see a steady rise in the city's average property price."

In March, there were 247 sales in Edinburgh (225 £300K to £750K; 13 £750K to £1m and; 9 £1m+), up from 159 in February and 146 in January but down from 363 in March 2015, again underlining the surge in sales before the introduction of LBTT.

Mr Stewart said: "The high volumes and associated lower values in Edinburgh are partly reflective of a surge in the purchases of investment properties before the LBTT surcharge was introduced at the start of April. In general, additional and investment properties are lower in value, which is illustrated by both the jump in transactions and drop in average value.

"Correspondingly, we have noticed an adjustment in the average sale prices of the properties we are selling in Edinburgh change from around £780,000 in 2015 to approximately £600,000 in 2016."

Mr Stewart said: "However, these figures also show a strong performance in the market in the first months of 2016 and I am confident we will see that continue into the summer. Behavioural changes following two tax regime changes in a year are still playing out so a true picture of the market will become clearer over the next six months once we are able to analyse figures which have not been distorted by either LBTT or the additional 3% surcharge."

* Strutt & Parker analysis based on aggregated statistics from Acadata using Registers of Scotland licensed data. It includes data on all sales (not simply Strutt & Parker).

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