

The average house price in Scotland reaches new record level

- ✓ July sees largest increase in average price in a month since March 2015, up by £6,000
- ✓ Lack of properties on the market helping to support values
- ✓ 2021 has highest number of sales over £750k of last seven years

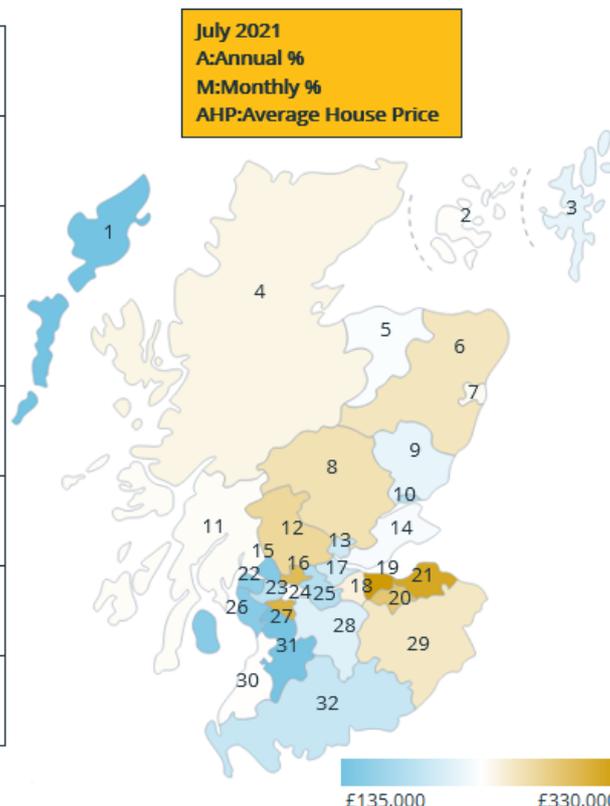
Notes:

- The *Walker Fraser Steele Acadata House Price Index (Scotland)* was formerly named 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 %
£207,877	272.3	2.9	11.0

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1 Na h-Eileanan Siar A -3.7% M -3.7% AHP £135,029	2 Orkney Islands A 30.8% M 9.9% AHP £192,263
5 Moray A 14.0% M 1.5% AHP £187,629	6 Aberdeenshire A 5.2% M 1.8% AHP £223,581
9 Angus A 8.5% M 2.6% AHP £180,163	10 Dundee City A 14.7% M 2.1% AHP £162,329
13 Clackmannanshire A 4.8% M 7.7% AHP £170,909	14 Fife A 15.0% M 2.0% AHP £186,102
17 Falkirk A 14.8% M 1.1% AHP £172,125	18 West Lothian A 11.5% M 1.5% AHP £207,986
21 East Lothian A 7.4% M 4.3% AHP £304,653	22 Inverclyde A 13.7% M 8.8% AHP £145,353
25 North Lanarkshire A 14.1% M 3.9% AHP £160,460	26 North Ayrshire A 8.8% M 1.3% AHP £142,981
29 Scottish Borders A 23.2% M 3.9% AHP £220,161	30 South Ayrshire A 12.4% M 6.0% AHP £190,811



3 Shetland Islands A 25.8% M 1.8% AHP £180,200	4 Highland A 7.7% M -0.5% AHP £203,491
7 Aberdeen City A 4.1% M 2.9% AHP £196,758	8 Perth & Kinross A 7.0% M 2.7% AHP £229,164
11 Argyll & Bute A 17.2% M 6.7% AHP £193,423	12 Stirling A 1.2% M -1.8% AHP £242,180
15 West Dunbartonshire A 5.5% M -1.2% AHP £141,997	16 East Dunbartonshire A 9.4% M 1.0% AHP £276,838
19 City of Edinburgh A 9.2% M 3.0% AHP £321,207	20 Midlothian A 14.8% M 3.8% AHP £263,877
23 Renfrewshire A 10.8% M 1.0% AHP £163,752	24 Glasgow City A 14.0% M 6.2% AHP £193,379
27 East Renfrewshire A 16.1% M 3.8% AHP £288,271	28 South Lanarkshire A 10.5% M 2.5% AHP £176,452
31 East Ayrshire A 8.6% M 4.3% AHP £136,506	32 Dumfries & Galloway A 20.3% M 2.1% AHP £167,037

Table 1. Average House Prices in Scotland for the period July 2020 – July 2021
(The prices are end-month smoothed over a 3 month period) ([Link to source Excel](#))

Month	Year	House Price	Index	Monthly Change %	Annual Change %
July	2020	£187,326	245.3	0.6	1.9
August	2020	£188,164	246.4	0.4	2.6
September	2020	£188,000	246.2	-0.1	2.3
October	2020	£190,770	249.9	1.5	3.9
November	2020	£195,118	255.5	2.3	5.8
December	2020	£198,462	259.9	1.7	7.5
January	2021	£200,237	262.3	0.9	8.0
February	2021	£202,201	264.8	1.0	8.8
March	2021	£206,399	270.3	2.1	11.4
April	2021	£203,989	267.2	-1.2	10.6
May	2021	£203,923	267.1	0.0	11.1
June	2021	£201,945	264.5	-1.0	8.5
July	2021	£207,877	272.3	2.9	11.0

Note: The Walker Fraser Steele Acadata 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:

“The average house price in Scotland at the end of July stands at £207,877, a new record level, having risen by some £5,950, or 2.9%, in the month. This is the largest increase in a month since March 2015 - just prior to the introduction of the Land and Buildings Transaction Tax in Scotland the following month.

“The average house price has increased by some £20,550 - or 11.0% - over the last twelve months. This is 2.5% higher than the 8.5% recorded one month earlier. The annual rate had been slowing over the previous three months from a high in March 2021 of 11.4%. But it is the continuing strong performance of larger properties that is supporting the current growth.

“Sales volumes, which now appear to be running at the levels seen in 2018, also suggest larger properties are supporting higher average prices. Lower transactions and strong prices at the top-end show that demand is exceeding supply with the focus of the market on higher value transactions supported by continuing record low interest rates.

“Combined with the previous tax savings associated with the LBTT holiday, these factors have encouraged the whole market to focus on larger properties and give cause to believe the exceptional performance of larger properties might continue for some months to come.”

Commentary: John Tindale, Acadata Senior Housing Analyst

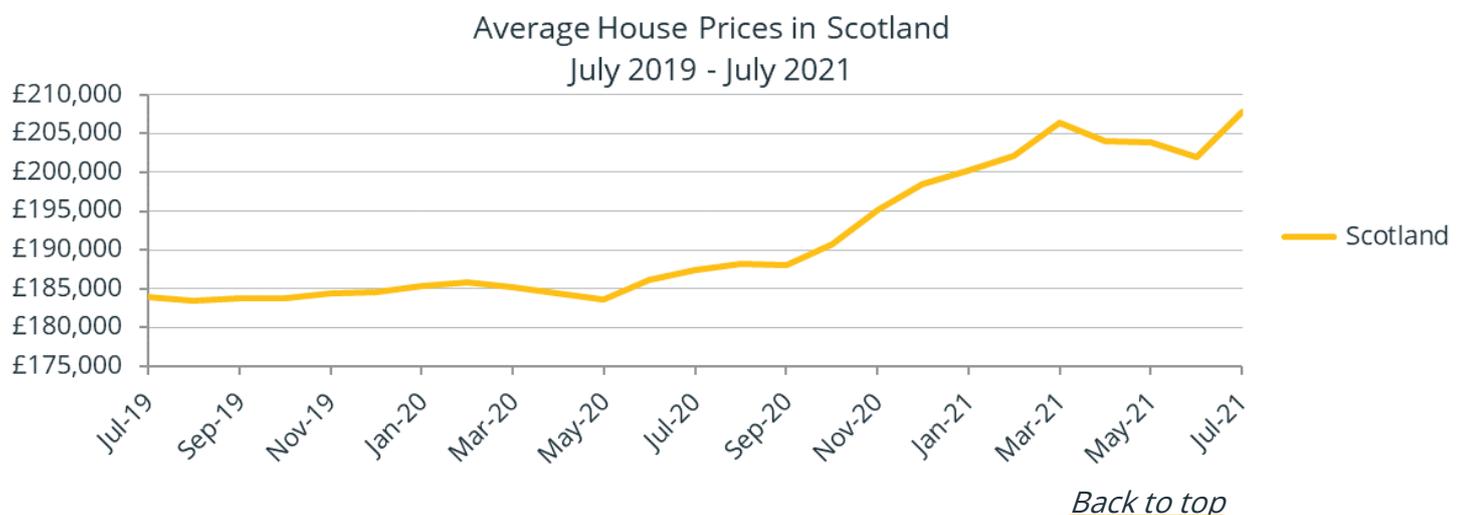
The July housing market

Scotland's average house price at the end of July stands at £207,877, which sets a new record level, having risen by some £5,950, or 2.9%, in the month. This is the largest increase in a month since March 2015, which was just prior to the introduction of the LBTT in Scotland in April 2015. One of the main reasons for the current upward movement in prices is a result of the lifestyle changes associated with "working from home", which has brought about a shift in housing preferences to larger properties - with space for home working - rather than commuting to-and-from one's place of work. The demand for larger premises continues to be strong, and for some includes moving to Scotland from London, or from other major cities in the UK and beyond. However, the supply of larger homes in Scotland remains thin, with strong competition for those properties that do come onto the market.

Last month we noted that the ending of the LBTT tax holiday in March 2021 made little difference to the high-value end of the housing market, with the number of purchases of £750k plus homes in June 2021 actually exceeding those of March 2021 (see Page 5). We suggested that this was probably due to the level of tax saving being limited to £2,100 in Scotland (compared to a saving of £15,000 in England), which is a relatively small sum in relation to a property costing £750k. The tax holiday was therefore more likely to influence buyer behaviour at lower price levels, with purchases at £250,000 qualifying for the maximum tax savings. With the number of lower-priced sales falling in July, due to the purchase of such homes having been brought forward into the earlier months of the year, this will have had the effect of raising the average price of the properties that were purchased in the month.

Looking at Figure 1 below - which tracks the average house price in Scotland - we can see that prices reached a mini-peak in March 2021, immediately prior to the ending of the LBTT tax holiday on 1 April 2021. Average prices then started to fall, as buyers of high-value properties reduced in number (see Table 2). However, the reduction in high-value sales only continued through April and May, with June and July seeing a return of the higher-value purchases. This was perhaps assisted by those who had decided to move away from buying properties in England, where the threshold on tax savings had reduced to £250,000 at the end of June.

Figure 1. The average house price in Scotland, for the period July 2019 to July 2021 ([Link to source Excel](#))



Transactions analysis

Monthly transaction counts

Figure 2 below shows the monthly transaction count for purchases during the period January 2015 to July 2021, based on RoS (Registers of Scotland) figures for the Date of Entry (Applications Date for July 2021). The fall in the number of transactions for the period March 2020 to August 2020 is clearly visible. However, what is also clearly demonstrated is that the number of sales for each month from September 2020 to March 2021 has surpassed that of the same month in the previous six years.

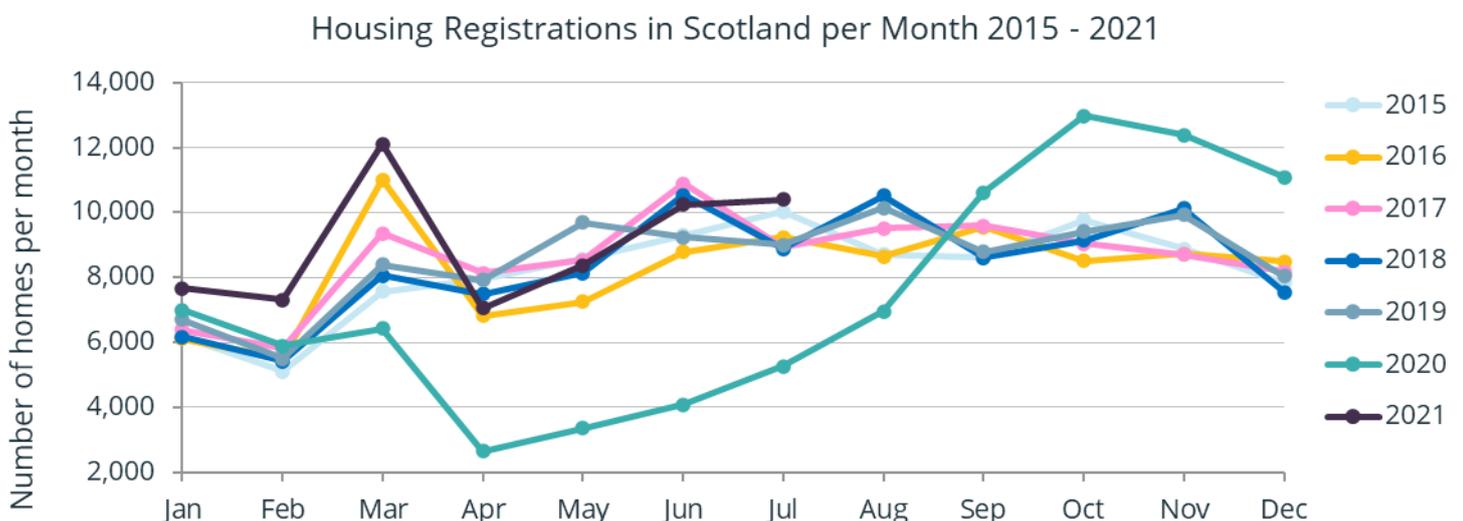
In addition, the spike in sales that took place in March 2021 - as the tax holiday expiry date approached - is plain, although this total was exceeded by the volume of sales in October and November 2020, when monthly sales during the pandemic reached their peak. Also clear is the fall in sales in April 2021 to levels below those in all previous years except for 2016 and 2020, indicating the extent to which buyers had managed to bring forward their purchases into March 2021 to take advantage of the tax holiday.

For the record, the peak in sales in March 2016 was also tax-related, and came one month ahead of the introduction of the then 3% LBTT surcharge (now 4%) on second homes and buy-to-let properties, which tax was pre-announced to commence from April 2016.

Sales volumes for the period from April 2021 to June 2021 no longer exceed those of previous years, and appear to be roughly on a par with the levels seen in 2018. We will await the "Date of Entry" data for July 2021 before making a comment on this latest month.

Comparing total sales in 2020 with those of 2019, there was a 14% fall in the overall size of the market. However, looking at the number of transactions for the first six months of 2021 and comparing with the same period in 2019 (2020 figures are distorted by the lockdown in the early stages of the pandemic), sales are up by 11%, although this does include the spike in March 2021, which will have enhanced the 2021 figures.

Figure 2. The number of sales per month recorded by Registers of Scotland based on entry date, for the period 2014 - 2021. July 2021 totals are based on RoS Application numbers, as entry date totals for that month are not yet available. (Source: Registers of Scotland.) ([Link to source Excel](#))



Scotland transactions of £750k or higher

Table 2. The number of transactions by month in Scotland greater than or equal to £750k, January 2015 – July 2021 ([Link to source Excel](#))

Sales of £750k+							
Month	2015	2016	2017	2018	2019	2020	2021
1	33	27	19	35	43	49	65
2	42	20	15	52	26	33	62
3	231	57	25	34	35	29	115
4	2	27	29	24	36	11	44
5	14	20	31	32	53	16	61
6	26	47	43	41	60	36	117
7	15	36	55	44	61	41	73
8	41	54	62	60	61	40	
9	46	44	56	70	59	67	
10	23	52	48	55	40	114	
11	48	38	37	58	58	108	
12	34	23	40	31	49	104	
Total	555	445	460	536	581	648	537

Table 2 shows the number of transactions per month in Scotland 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 that there have been 537 sales in excess of £750k during the first seven months of 2021. This total is greater than the first seven months of each of the previous six years, beating the 363 transactions seen in 2015 - which had the second highest total to the end of July - by some 174 sales. Clearly the expectation for the whole twelve months of 2021 is that high-value sales will be far in excess of all previous years.

The reasons for this dramatic increase in top-end sales in 2021 are, as previously discussed, partly to do with the change in preference for larger properties. But additionally we should mention the record low interest rates, which make the purchase of a top-end property more affordable, as well as the tax savings associated with the LBTT holiday, which encouraged the whole market to be more adventurous in its outlook.

There are perhaps two other features of interest that can be observed in Table 2. The first, also previously mentioned, is that sales of high-value properties in June 2021 exceeded those of March 2021, despite the earlier month having the advantage of the tax holiday. The second is that in every month in 2021 (except March) the number of high-value sales has exceeded those of the same month in the previous six years.

Perhaps while discussing high value homes we should also point out that one tends to get more “bang for one’s buck” in Scotland than in England. For example, the recent purchase of a £1 million home in the Scottish Borders included 5 bedrooms, 2.8 acres of garden grounds and 5 acres of grazing paddock. In London £1 million will, in some boroughs, enable you to purchase a three bedroomed Victorian terrace, with minimal garden space. It is therefore little wonder that some Londoners are looking to move to Scotland, if the workplace allows.

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Local Authority Analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing July 2020 with June and July 2021 ([Link to source Excel](#))

Prior Year Rank	Rank By Price	Local Authority Area	Jul-20	Jun-21	Jul-21	Month % Change	Annual % Change
1	1	City of Edinburgh	£294,029	£311,934	£321,207	3.0%	9.2%
2	2	East Lothian	£283,718	£292,101	£304,653	4.3%	7.4%
4	3	East Renfrewshire	£248,326	£277,731	£288,271	3.8%	16.1%
3	4	East Dunbartonshire	£253,113	£273,969	£276,838	1.0%	9.4%
6	5	Midlothian	£229,915	£254,278	£263,877	3.8%	14.8%
5	6	Stirling	£239,315	£246,540	£242,180	-1.8%	1.2%
7	7	Perth and Kinross	£214,229	£223,129	£229,164	2.7%	7.0%
8	8	Aberdeenshire	£212,603	£219,698	£223,581	1.8%	5.2%
12	9	Scottish Borders	£178,712	£211,851	£220,161	3.9%	23.2%
11	10	West Lothian	£186,521	£204,856	£207,986	1.5%	11.5%
10	11	Highland	£188,933	£204,484	£203,491	-0.5%	7.7%
9	12	Aberdeen City	£189,075	£191,170	£196,758	2.9%	4.1%
16	13	Argyll and Bute	£165,087	£181,296	£193,423	6.7%	17.2%
14	14	Glasgow City	£169,616	£182,089	£193,379	6.2%	14.0%
23	15	Orkney Islands	£146,938	£174,877	£192,263	9.9%	30.8%
13	16	South Ayrshire	£169,716	£179,968	£190,811	6.0%	12.4%
17	17	Moray	£164,536	£184,893	£187,629	1.5%	14.0%
19	18	Fife	£161,885	£182,489	£186,102	2.0%	15.0%
24	19	Shetland Islands	£143,213	£176,999	£180,200	1.8%	25.8%
15	20	Angus	£166,041	£175,566	£180,163	2.6%	8.5%
20	21	South Lanarkshire	£159,660	£172,232	£176,452	2.5%	10.5%
21	22	Falkirk	£149,891	£170,188	£172,125	1.1%	14.8%
18	23	Clackmannanshire	£163,073	£158,631	£170,909	7.7%	4.8%
28	24	Dumfries and Galloway	£138,895	£163,559	£167,037	2.1%	20.3%
22	25	Renfrewshire	£147,753	£162,076	£163,752	1.0%	10.8%
25	26	Dundee City	£141,565	£159,057	£162,329	2.1%	14.7%
26	27	North Lanarkshire	£140,660	£154,432	£160,460	3.9%	14.1%
31	28	Inverclyde	£127,832	£133,559	£145,353	8.8%	13.7%
30	29	North Ayrshire	£131,445	£141,203	£142,981	1.3%	8.8%
29	30	West Dunbartonshire	£134,552	£143,669	£141,997	-1.2%	5.5%
32	31	East Ayrshire	£125,657	£130,859	£136,506	4.3%	8.6%
27	32	Na h-Eileanan Siar	£140,171	£140,210	£135,029	-3.7%	-3.7%
All Scotland			£187,326	£201,945	£207,877	2.9%	11.0%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for July 2020, as well as for June and July 2021, calculated on a seasonal- and mix-adjusted basis. The ranking in Table 3 is based on the local authority area's average house price for July 2021.

Annual change

The average house price in Scotland has increased by some £20,550 – or 11.0% - over the last twelve months, to the end of July. This is 2.5% higher than the 8.5% recorded one month earlier, and comes as something of a surprise, given that the annual rate had been slowing over the previous three months from a high in March 2021 of 11.4%. We had assumed that since the ending of the LBTT holiday in March 2021 prices would begin to fall gently, but it would appear that the shift in housing preferences for larger properties - with space for home working - rather than commuting to places of work, continues to affect the current housing market.

In July 2021, all but one of the 32 local authorities in Scotland have seen their average prices rise over the previous twelve months – the one authority not to have done so being Na h-Eileanan Siar, where only 25 sales took place in July 2020. The Scottish government were discouraging house buyers from visiting the Islands during the early stages of the pandemic – so average prices on the Islands were subject to dramatic change, due to the low numbers of transactions involved.

On the mainland, the highest annual July increase in prices occurred in the Scottish Borders, up by 23.2%. In the Scottish Borders, all property types have seen prices rise over the last year, with the largest increase being in detached homes, up from an average £285k in July 2020 to £370k one year later. The rise in average prices in July 2021 has been helped by the sale of six properties in excess of £750k, compared to 11 such properties being sold during the whole of 2020.

Monthly change

In July 2021, Scotland's average house price rose by some £5,950, or 2.9%, and now stands at £207,877. This rise is the largest gain in a single month since the £15,316 increase seen in March 2015, immediately prior to the introduction of the Land and Buildings Transaction Tax (LBTT), which came into force in Scotland on 1 April 2015.

Prices rose in July 2021 in 28 of the 32 Local Authority areas in Scotland, indicating a near universal increase in prices across the country. The largest increase in July, of 9.9%, was seen in the Orkney Islands – but this was a reflection of the small number of transactions that took place on the Islands, with low sales volumes (32 in July) often being associated with high percentage changes in average prices.

On a weight-adjusted basis, which takes into account both the increase in average price and the number of transactions involved, 5 local authority areas in July were responsible for 52% of the positive movement in Scotland's average house price. The five areas concerned, in order of influence, were Glasgow City, the City of Edinburgh, North Lanarkshire, East Lothian and South Lanarkshire.

Some analysts have been suggesting that, in the pandemic, it is isolated rural areas that have benefitted most from the lifestyle changes associated with the move to “work from home”. However, looking at the five authorities identified as having the most influence on the price change in July, one would not necessarily draw this conclusion. It would appear that the two largest cities in Scotland are responsible for the movement of over half the change in average house prices, either in their own right, or through their influence over their major commuting hinterlands.

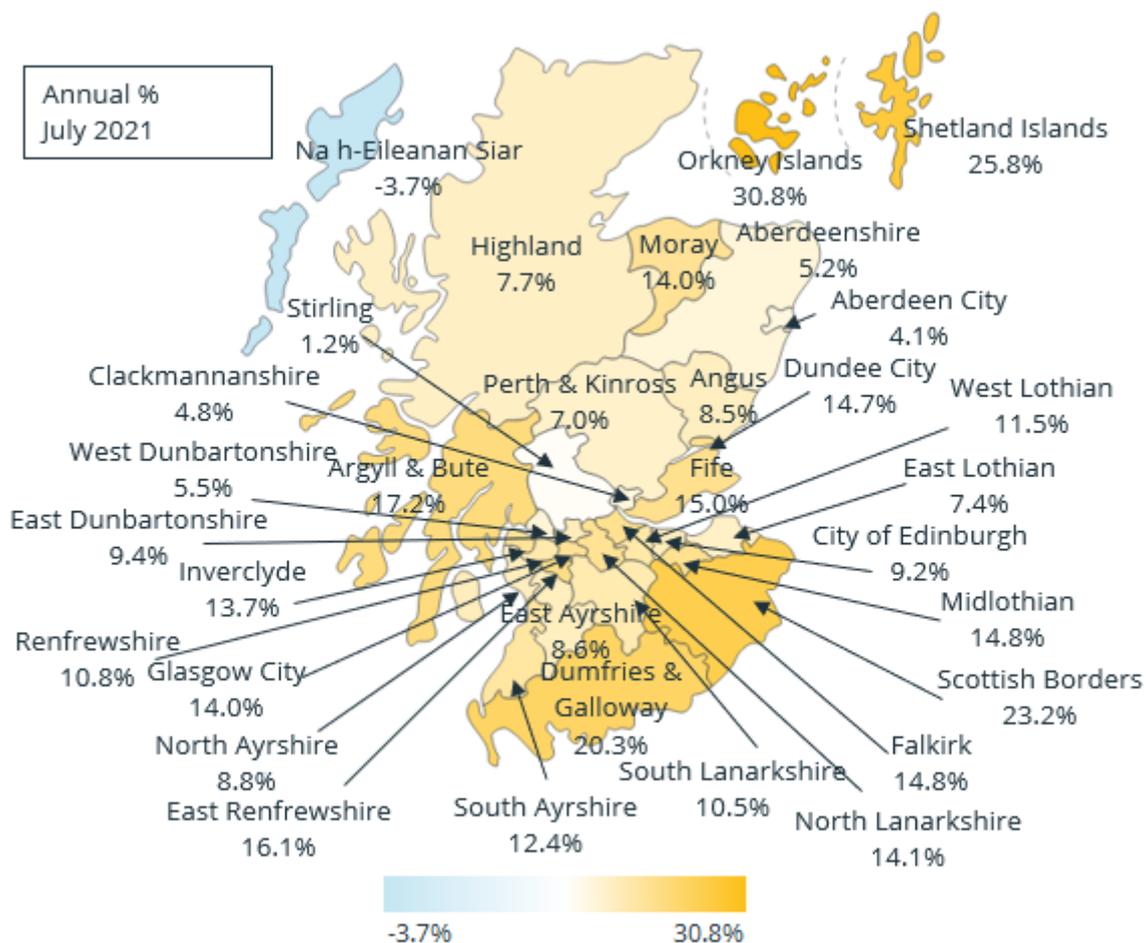
Meanwhile, the Highland local authority area, which one might assume is mostly rural by disposition and should therefore be attracting new residents, has seen its average house price fall by -0.5% in July. As we reported last month, all property types in the Highland area have seen prices fall, with the price of terraces dropping from £155k in June to £134k in July. There has also been a decline in the number of detached properties sold in the month. For example, in the Highland area in March 2021 there were 171 detached properties sold in the month, contrasting with 84 detached homes being sold there in July.

Peak Prices

Each month, in Table 3 above, we highlight in light blue the local authority areas which have reached a new record in their average house prices. In July there are 12 such authorities, up from 4 local authorities in June, as well as Scotland's own average price, which has also reached a new record level.

Heat Map

The heat map below shows the rate of house price growth for the 12 months ending July 2021. All but one of the 32 local authority areas are reporting an increase in their housing values over the last year, the exception being Na h-Eileanan Siar.



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Comparisons with Scotland

Figure 3. Scotland house prices, compared with England and Wales, Wales, North East and North West for the period January 2005-July 2021 ([Link to source Excel](#))

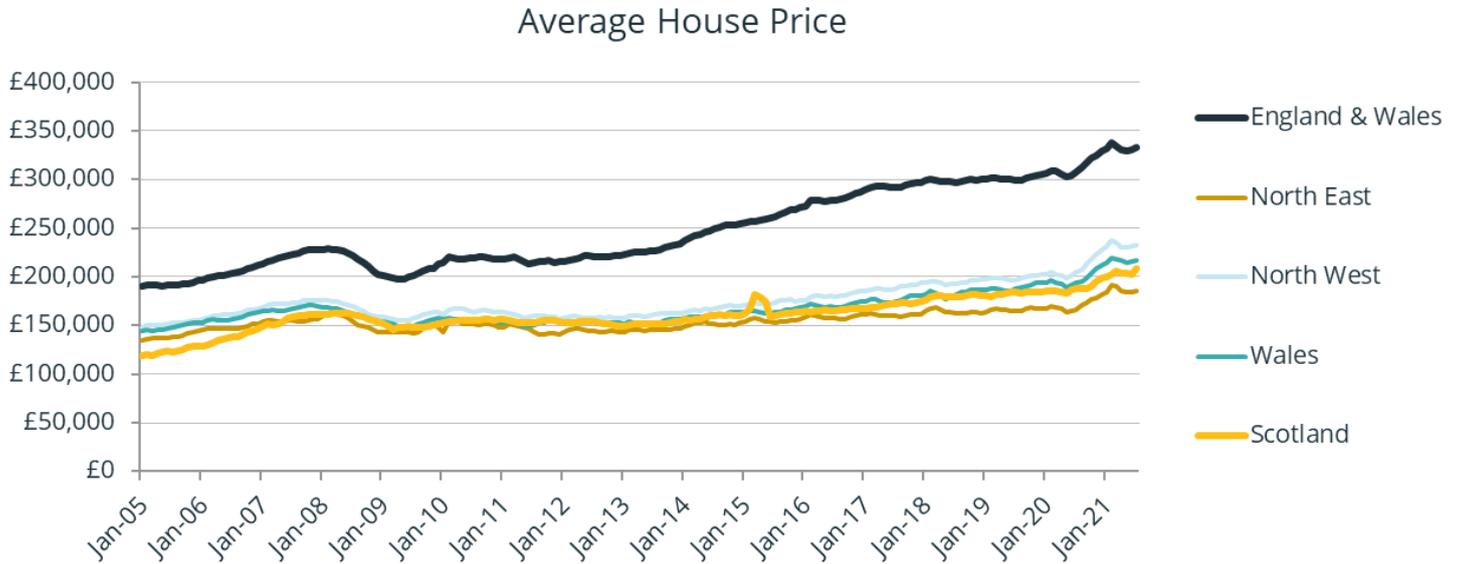
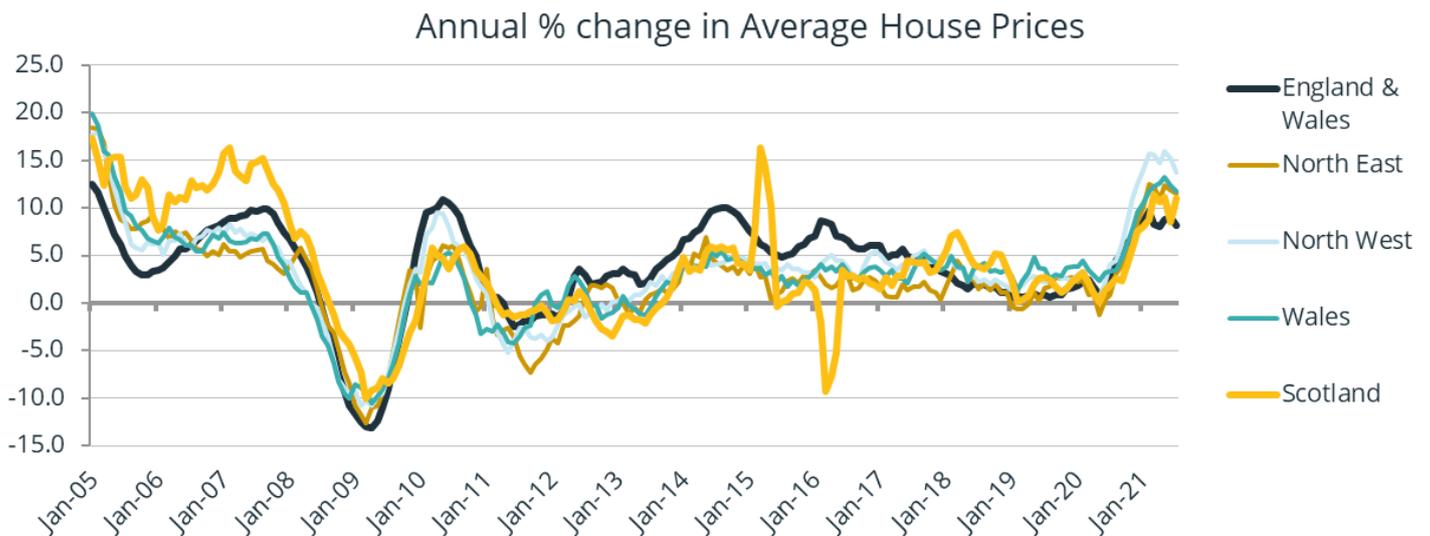


Figure 4. A comparison of the annual change in house prices in Scotland, England and Wales, Wales, North East and North West for the period January 2005-July 2021 ([Link to source Excel](#))



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Scotland's Seven Cities

Figure 5. Average house prices for Scotland's seven cities from May 2020-July 2021 ([Link to source Excel](#))

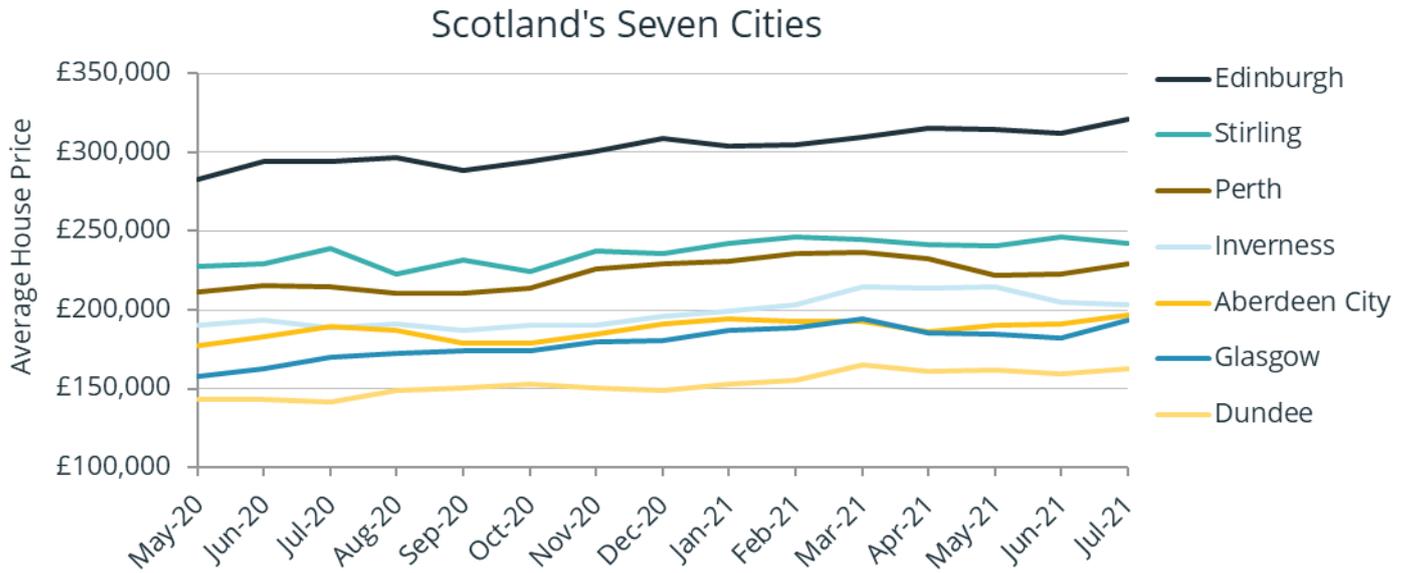
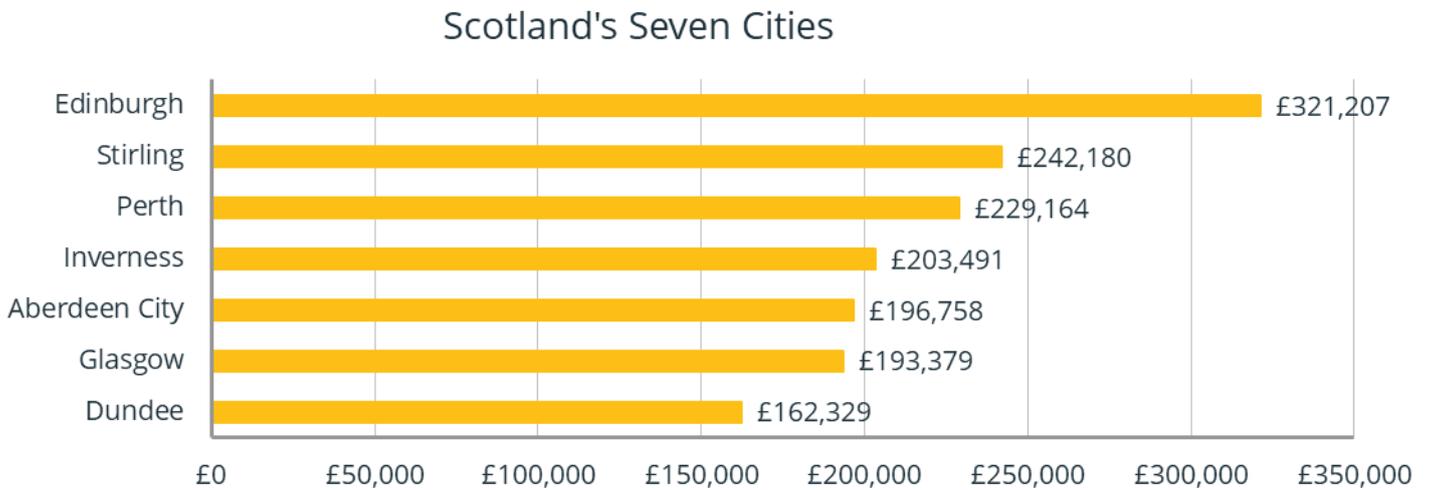


Figure 6. Average house prices for Scotland's seven cities July 2021 ([Link to source Excel](#))



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Notes

The *Walker Fraser Steele Acadata 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 Acadata 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 Acadata HPI (Scotland) is not forecast, unlike the e.surv Acadata 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 Acadata HPI (Scotland), like the e.surv Acadata HPI (England and Wales), comprises a smoothed average of three months' prices, the Walker Fraser Steele Acadata 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 Acadata HPI (England and Wales). Since we provide only a national England and Wales average price in our current month e.surv Acadata HPI (England and Wales) and prices at region and lower levels are lagged one month, this procedure means that the Walker Fraser Steele Acadata HPI (Scotland) prices are contemporaneous with the prices published for the equivalent month for England and Wales and the regions. All Walker Fraser Steele Acadata 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 Acadata 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 Acadata 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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