

ABERDEEN HOUSING MARKET REPORT

FIRST QUARTER 2024

Purpose and background

The report gives a summary of the activity in the housing market of Aberdeen and Aberdeenshire during the first quarter of 2024. 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, *2024Q1* stands for the first quarter of 2024.

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.

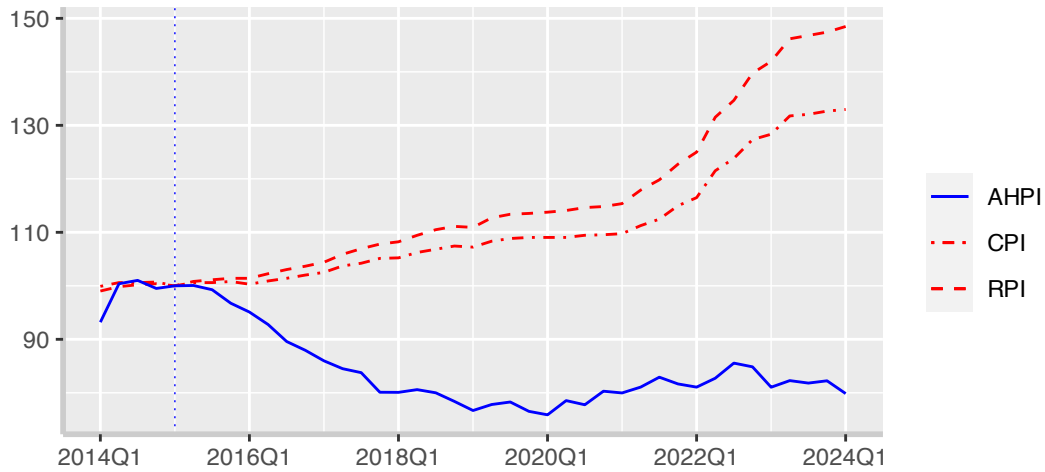
Aberdeen house price index

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 -2.9%.
- The annual house price change in Aberdeen has been -1.5%.
- The annualised house price change over five years in Aberdeen has been 0.8%.

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 2014Q1 to 2024Q1



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 2023Q4 to the current quarter 2024Q1. The figures in the row *Yearly* measure the house price change from the same quarter a year ago 2023Q1 to the current quarter 2024Q1. The figures in the row *Five-yearly* measure the annualised house price change from the same quarter five years ago 2019Q1 to the current quarter 2024Q1. 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	-2.9	-4.2	-3.1	0.2	-3.7	0.7	0.2
Yearly	-1.5	1.3	0.4	0.4	0.3	4.6	3.6
Five-yearly	0.8	-0.4	1.1	0.5	-0.2	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	2024Q1	122,235	101,483	127,427	129,152	112,898
	2023Q4	121,506	97,153	127,944	131,388	117,480
Semi-detached	2024Q1	185,072	159,103	176,764	179,061	180,072
	2023Q4	190,609	166,017	182,411	178,783	186,932
Detached	2024Q1	315,690	261,607	314,994	319,063	341,214
	2023Q4	323,237	274,278	319,188	325,599	346,544

Number of transactions and listings

Figure 2: Number of transactions from 2019Q1 to 2024Q1

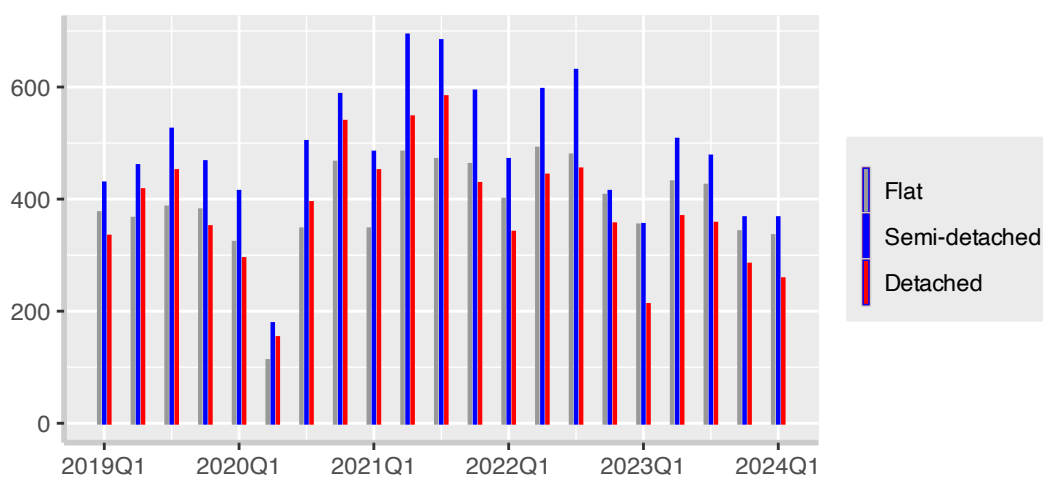


Figure 2 shows the number of residential transactions per quarter for the three dwelling types in Aberdeen and Aberdeenshire over the recent five-year period from 2019Q1 to 2024Q1.

In the first quarter of 2024, 960 residential dwellings were transacted, a change of -3.3% compared to the previous quarter 2023Q4 and a change of 4.2% compared to the same quarter a year ago 2023Q1. The transactions by dwelling type were:

- 335 flats, a change of -2.0% compared to the previous quarter 2023Q4 and of -5.4% compared to the same quarter a year ago 2023Q1.
- 367 semi-detached houses, a change of 0.0% compared to the previous quarter 2023Q4 and of 3.4% compared to the same quarter a year ago 2023Q1.
- 258 detached houses, a change of -9.2% compared to the previous quarter 2023Q4 and of 21.7% compared to the same quarter a year ago 2023Q1.

Figure 3: Activity and mark-up from 2019Q1 to 2024Q1

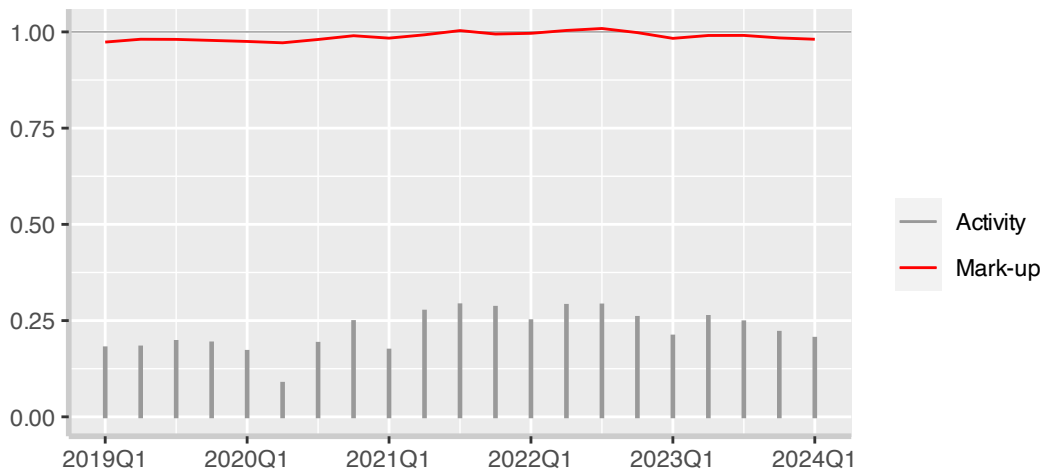


Figure 3 indicates the relative transaction and listing activity on the ASPC platform. Activity measures for each quarter the transactions as a share of all dwellings that were listed for sale on the ASPC platform. The share in the first quarter of 2024 is 20.42%. The share was 21.96% in the previous quarter 2023Q4 and 20.99% in the same quarter a year ago 2023Q1.

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 0.98 for the first quarter of 2024.

Comment by John MacRae

The report released by the Centre for Real Estate Research at the University of Aberdeen Business School, for the first quarter of 2024 indicates that our local area housing market is continuing to resist easy categorisation. The headline figures will cheer those looking to buy and may encourage prospective purchasers to consider making a move.

The condition of our local housing market is difficult to pigeonhole as there are variations across housing types and areas. For example, Stonehaven remained stable in the first quarter, while other areas showed negative movements. Equally, looking at housing types, flats in Aberdeen, Ellon and Inverurie showed positive movement or stability, while Stonehaven and country flats suffered decreases. Semi-detached and detached generally declined to some extent. The picture seems, on the whole, rather confused but slightly depressing. What are we to make of all this?

It is always worth looking at these figures, as they tell us what has happened. Elucidation or enlightenment might be found in looking further into additional information.

The first place to look, perhaps, is the general background. Local and national economic conditions will have an effect on folks' decisions. The situation, in that area, is complex, with some good news and some not so good news. Inflation has decreased, but not yet to the level forecast. Hoped for reductions in interest rates have not taken place and Banks have (very slightly) increased some fixed rate loans.

World affairs are far from cheerful, and the daily news in the UK, can be discouraging. Nevertheless, recent figures, from the beginning of the sale process in our area are mildly encouraging. Our raw figures show that, in the first quarter this year, insertions have risen 10% compared to 2023. Sales have increased by 4%. (The average price has also risen – by 3% - but “average price” is an unreliable guide.) These figures reflect the start of a process and, while they relate to only one quarter, they are mildly encouraging. Generally speaking, the main factor affecting private housing markets is confidence. If individuals feel confident about their future, they will take on mortgages and make decisions for their future. If confidence is lacking, people will sit tight. Confidence, at the moment is probably pretty low, due to various factors, some of which I have alluded to already. It is an election year (and at the time of writing it may be a year of UK and Scottish Government, elections.) A double whammy if you are pessimistic, a double shot in the arm if you are optimistic.

Little wonder then that the market seems uncertain, and difficult to read. I can offer a grain of hope, possibly. The first quarter this year seems to have been a touch improved, compared to last year. The second quarter of each year is, normally, the most active and we should know, by July, if this will be a year up, or a year down.

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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