



Price declines in prime Scottish market ease

Average values of prime Scottish property slipped again between July and September, but at a more modest rate than in Q2. New buyer interest picked up across the board, including a rise in international web searches for Scottish properties, confounding expectations of a summer lull. Gráinne Gilmore examines the data

Results for Q3 2012

Scottish prime house prices fall by 0.6% in Q3, taking the annual decline to 3%

New buyer registrations rise by 38%

Prime property prices in Edinburgh remain unchanged in Q3, and are down 0.3% year-on-year

Prime Scottish property prices fell by 0.6% in the third quarter, taking the annual decline in prices to 3%, a moderation from the 4% annual fall in the second quarter.

There was little sign of a summer lull in terms of buyer interest, with new buyer registrations up 38% in the third quarter compared to the same period last year. But signs on activity in the market remain mixed. While the number of concluded missives was up 18%, the data for sales under offer, which captures home purchases earlier in the sales process, showed a 12.5% fall.

However a snapshot of Knight Frank's global property search engine shows a 56% rise in searches for Scottish property by those in the UK and overseas in Q3 compared to

the same period last year. Some 30% of all web searches originate from overseas, underlining Scotland's international appeal. The top 15 nationalities searching for Scottish property over the last year are listed in figure 2.

Ran Morgan, head of Knight Frank's Scottish residential department, said: "It has been noticeable over the last six months the volume of our prime property which has sold to buyers from outside Scotland. Domestic buyers are still struggling with a lack of mortgage finance, which continues to impact the country house market, especially properties priced at up to £1.5 million.

"Transactions also remain sticky around the £2 million mark, given the new, higher,

Figure 1
Prime Scottish property
Annual growth



Source: Knight Frank Residential Research

Figure 2
Web searches for Scottish property

Rank	Country of origin (top 15)
1	UK
2	United States
3	Germany
4	Australia
5	Canada
6	Italy
7	Spain
8	France
9	Ireland
10	Switzerland
11	Netherlands
12	Russian Federation
13	Sweden
14	Austria
15	New Zealand

Source: Knight Frank Residential Research

"Some 30% of all web searches on Knight Frank's property search engine originate from overseas, underlining Scotland's international appeal."



Gráinne Gilmore, Head of UK Residential Research



“NEW BUYER REGISTRATIONS WERE UP 38% IN THE THIRD QUARTER COMPARED TO THE SAME PERIOD LAST YEAR.”

stamp duty charges, although activity picks up again in the market for properties worth £2.5 million or more.”

Price falls moderated in most regions, with luxury property values in the North of Scotland and the Borders holding firm during the three months to the end of September. There was also a marked improvement in price performance in the Lothians, where price declines moderated to 0.9%, after a 2.1% drop in the second quarter.

The marked pick-up in activity in the Edinburgh market noted in the second quarter continued throughout the summer, particularly for properties priced in and around £1 million. This was reflected in a doubling of concluded missives between July and September compared to the same period

last year. The rise in sales under offer was more modest at 16%. Prices remained stable in the third quarter and are down 0.3% year-on-year.

Matthew Munro, partner at Knight Frank’s Scottish residential department, said: “There has been an uplift in activity in Edinburgh this year, and a particular trend that has emerged has been the rise in cash buyers.

In many cases these are individuals or families who have sold their house and are now renting. This means they are ready to move quickly when new property comes onto the market. While these buyers may require mortgages, they are chain-free, and often at an advantage over those who have another property to sell.”

Knight Frank Edinburgh Index

	House	Flat	Average
3-month change	0.0%	0.0%	0.0%
6-month change	0.7%	0.5%	0.6%
12-month change	-0.3%	-0.5%	-0.3%

Knight Frank Prime Scottish Property Index

	Cottage	Farmhouse	Small country house	Large country house	Average
3-month change	0.0%	-0.9%	-0.5%	-0.3%	-0.6%
6-month change	0.0%	-1.7%	-2.5%	-0.4%	-1.4%
12-month change	1.9%	-2.0%	-4.6%	-3.1%	-3.0%

Residential Research

Gráinne Gilmore

Head of UK Residential Research
+44 (0)20 7861 5102
grainne.gilmore@knightfrank.com

Press Office

Charlotte Palmer

+44 (0)20 7861 5037
charlotte.palmer@knightfrank.com

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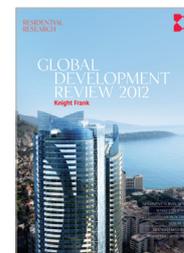
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