

Prime Scottish property prices rise 1.6% in 2013

The average value of prime Scottish property rose again between October and December. Oliver Knight examines the figures.

Results for Q4 2013

Prime property prices in Scotland increased by 0.3% in Q4 2013

The annual increase for Scotland's best homes is 1.6%

In the Central region prices rose by 1.3%, the biggest quarterly gain

Prices for homes worth sub-£1m increased by 1.8% in Q4 2013

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Prime property prices in Scotland increased by 0.3% in Q4 2013, the second consecutive quarter of price growth. The strong second half of the year means prices for Scotland's best properties have risen by 1.6% on an annual basis.

However, prices remain 24% below the market peak in Q4 2007.

Price performance in the final quarter of the year was mixed across Scotland. Prices rose or were unchanged during the quarter in six out of the seven main Scottish regions, with a 1.3% rise in the Central region the biggest increase.

Our analysis of market activity over the past three months confirms a more positive picture is emerging, with the number of sales agreed during the quarter 10% higher than the comparable period last year. The number of individuals registering their interest in purchasing a prime property in Scotland was up by over 50% over the same period, as were the number of viewings conducted.

In 2013, the appetite among buyers for sub-£1m homes in key regional towns has been strong and increased activity from buyers has had a knock-on effect on prices at

this level. Indeed, sub-£1m homes increased in value by 1.8% in the fourth quarter, outperforming the wider prime market.

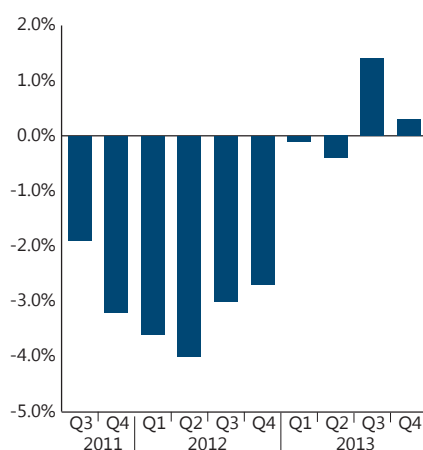
Ran Morgan, head of Knight Frank's Scottish residential department, said: "As evidenced by rising prices and an increase in transactions, the second half of 2013 has marked the start of a turnaround in fortunes for the prime Scottish country house market.

"It is encouraging to see that this recovery is taking place in rural as well as urban areas. Rising prices across almost all the regions is reflective of the more positive mood we have seen among both buyers and vendors.

"The coming year is likely to throw up its own unique challenges, with the referendum on independence scheduled to take place in September. We remain confident that the recovery in transactions and prices seen during the second half of the year will carry on into 2014 as the Scottish economy continues to strengthen."

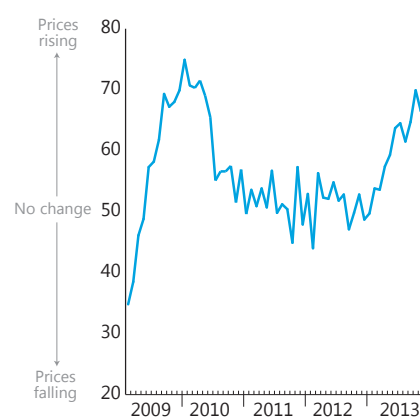
According to the Knight Frank/Markit House Price Sentiment Index, households in Scotland are more confident that the price of their property will rise over the next 12 months than at any time since April 2010 (figure 2).

Figure 1
Prime Scottish property prices
Quarterly change Q3 2011-Q4 2013



Source: Knight Frank Residential Research

Figure 2
Scotland: Change in future value of property (HPSI)



Source: Knight Frank Residential Research
NB: A score of 50 equates to no change, above or below representing growth or decline respectively.



OLIVER KNIGHT
Residential Research

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Knight Frank Prime Scottish Property Index

	Cottage	Farmhouse	Small country house	Large country house	Average
3-month change	0.0%	0.4%	0.2%	0.2%	0.3%
6-month change	3.7%	2.3%	1.7%	0.9%	1.7%
12-month change	2.8%	2.2%	1.4%	0.7%	1.6%

RESIDENTIAL RESEARCH

Liam Bailey

Global Head of Residential Research

+44 20 7861 5133

liam.bailey@knightfrank.com

Oliver Knight

Residential Research

+44 20 7861 5134

oliver.knight@knightfrank.com

PRESS OFFICE

Lizzie Copestake

+44 20 7861 1033

lizzie.copestake@knightfrank.com

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