The Edinburgh city market remained buoyant between July and September with prices rising by 0.8%. This builds on the 2.1% growth seen in the second quarter. On an annual basis, prices are 4.5% higher. This uptick in values comes on the back of a continued strengthening of demand, with our data showing a year-on-year increase in both new buyer enquiries and property viewings between January and August 2017, up by 21% and 16% respectively. Sales volumes rose by 3%, Knight Frank data shows, with a notable pick-up at the top end of the market. Indeed, some 17% of all transactions completed by Knight Frank in 2017 were for properties worth more than £1 million, up from 10% for the corresponding period last year and 6% in 2015. Overall, though, data from the Registers of Scotland shows that the top end of the market remains constrained, in terms of sales volumes, by the higher rates of Land and Building Transactions Tax (LBTT).

Demand has focussed on central areas such as New Town, West End, Inverleith and Stockbridge. Agents note that prices equal to, or above, Home Report valuations have been achieved, reflecting the rising levels of confidence among buyers in these markets. Pricing has also been underpinned by a shortage of properties for sale relative to demand. Our analysis of listings data for Edinburgh shows there were 23% fewer homes listed for sale in the third quarter of 2017 compared with the same period in 2016.

As a result, there has been heightened competition for best-in-class properties launched onto the market at competitive prices. This has also contributed to a reduction in the average time taken to sell a property, with a 13% fall in time on the market so far in 2017, compared with the same period the previous year.

There remain challenges for the market, not least higher purchase costs as a result of LBTT and uncertainty surrounding Brexit. But the primary drivers of the city market, which include schooling or a need to upsize or downsize, remain unchanged and these are expected to continue to drive turnover through the final months of 2017.
PRICES RISE IN Q3 AS DEMAND -3%

2015 2016 2017

NEW BUYER ENQUIRIES

Source: Knight Frank Research

RECENT MARKET-LEADING RESEARCH PUBLICATIONS

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UK Prime Country
Review - Winter 2016
UK Housing Market
Forecast - May 2017
UK Residential Market
Update - Sep 2017

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Scottish Country
House Index - Q3
2017
UK Prime Country
House Index - Q3
2017
Prime Central London,
Sales Index - Aug 2017

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