

Edinburgh Market Review

Market Briefing

Autumn / Winter 2019



Deanbank House, Stockbridge
Offers Over £2,000,000

Prime Performer

There are many reasons why people love Edinburgh and end up calling the city home. Whether arriving as a student, making the move from London, discovering the city during the Festival, or travelling here for work, the discovery of Edinburgh can take many forms. Once here, there are many reasons to stay, including the historical buildings, green spaces, and economic opportunity. It is a combination of these factors that has been underpinned the robust performance of the Edinburgh housing market

over recent years when other city markets have cooled in the face of political uncertainty. While there are some signs of the Edinburgh market taking a pause for breath this year, core locations and demand levels remain comparatively robust and the market outlook confident.



Andrew Meehan
Associate Director

Key Findings

- The Edinburgh housing market has returned an average annual compound price growth rate of c.3.7% over the past 5 years, outperforming many other UK markets.
- Demand for prime property remains high, with supply levels falling back slightly in 2019, e.g. by c.15% in EH3.
- Sales and rental demand in core locations has led to price growth and demand being displaced to neighbouring areas, e.g. average apartment yields in EH8 are now 7%.
- While there are signs that Brexit has impacted the market overall, this is not uniform across the whole market and undersupply remains a key driver in many locations.

Edinburgh Sales Market

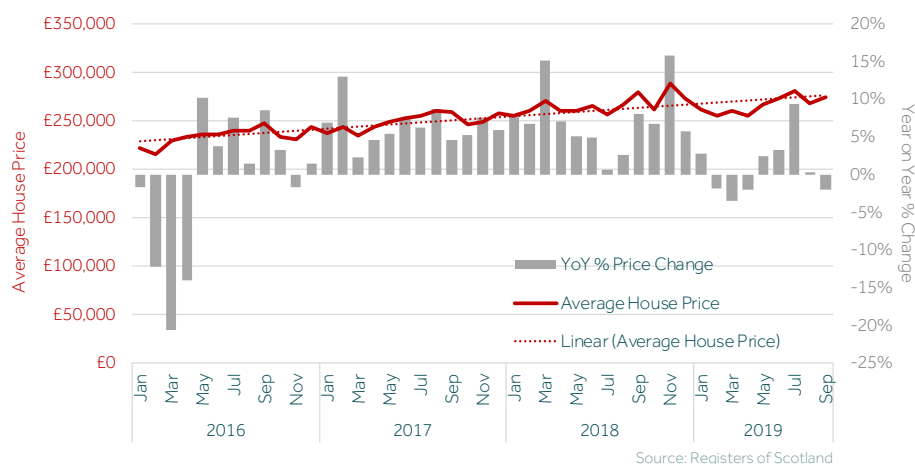
Over the past five years in Edinburgh, average house prices have risen by almost £45k, returning a compound annual growth rate of c.3.7%. This growth has occurred despite changes to the tax regime with the introduction of Land & Buildings Transaction Tax (LBTT) in 2015 and the political uncertainty which has characterised the market since the European referendum. While other UK markets have seen slowing price growth and investment, sentiment in Edinburgh has remained strong, outperforming other UK markets.

Within Edinburgh, the City Centre and prime family neighbourhoods are commanding strong values as demand continues to outstrip the supply coming to the market for desirable apartments and family homes. Analysis of available stock in Q2 2019 shows that, compared to last year, supply in these prime buying locations are down, resulting in rising competition amongst buyers active in the market. This means that where quality is made available, competition persists.

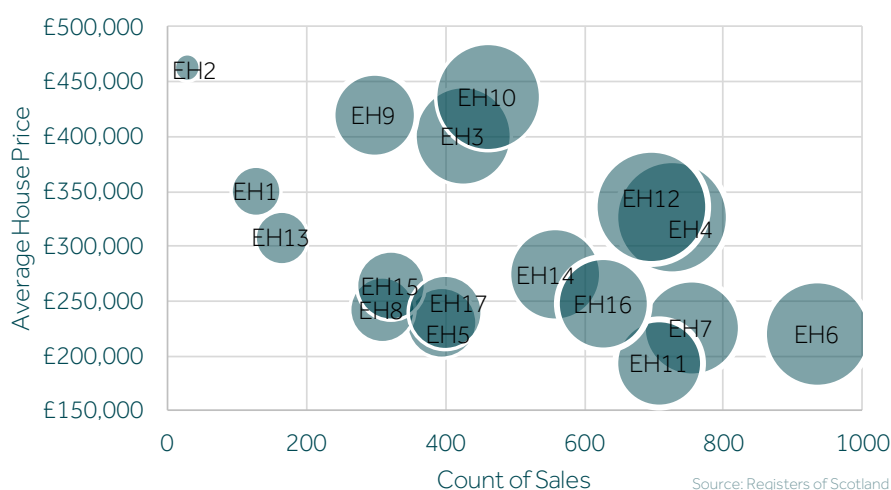
Some of the strongest house price growth in recent years have occurred as price pressure in central urban locations have led to displaced demand moving into areas bordering the most desirable neighbourhoods, leading to price growth and gentrification.

Over the course of 2019, there is evidence that annual house price growth and transaction activity in Edinburgh has slowed. However, despite the political headwinds impacting the wider market, Edinburgh continues to outperform many other UK markets.

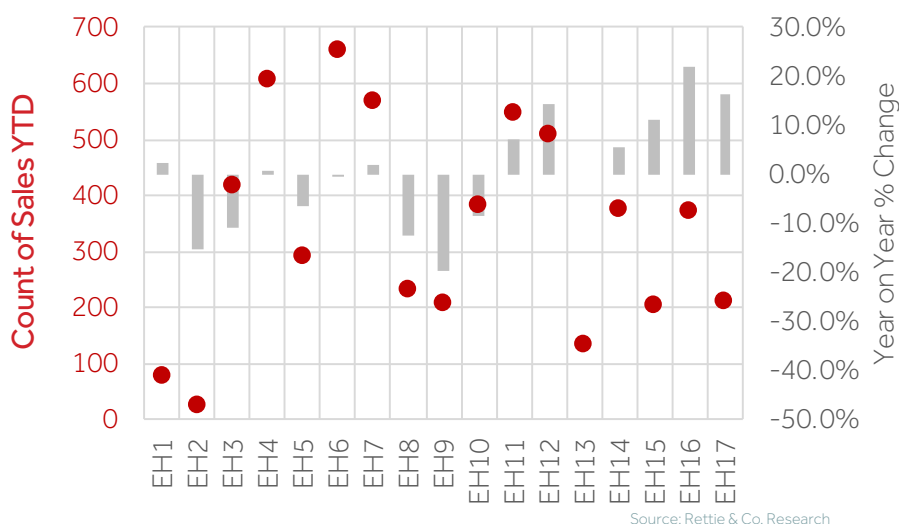
House price growth has been steady in Edinburgh over the last 5 years
Edinburgh Average House Price and Year on Year % Change by Month



House prices are highest in prime locations
Average House Price vs Count of Sales by Postcode Q1-Q3 2019 (Radius=Total Value)



Available stock levels are slightly down in 2019 in some areas compared to Q2 2018
Total Available Property Advertised in Edinburgh over £250k in Q2 2019



Edinburgh Rental Market

Average rents within Edinburgh have continued to see strong annual growth, with the average advertised rent in the city now £1,480pcm after returning 5.6% compound annual growth rates over the past 5 years. This strong level of growth leads the Scottish market and has made the city a favourite for investors.

Rising rents in the city, especially in the comparatively compact prime rental areas in the city centre, has seen demand move

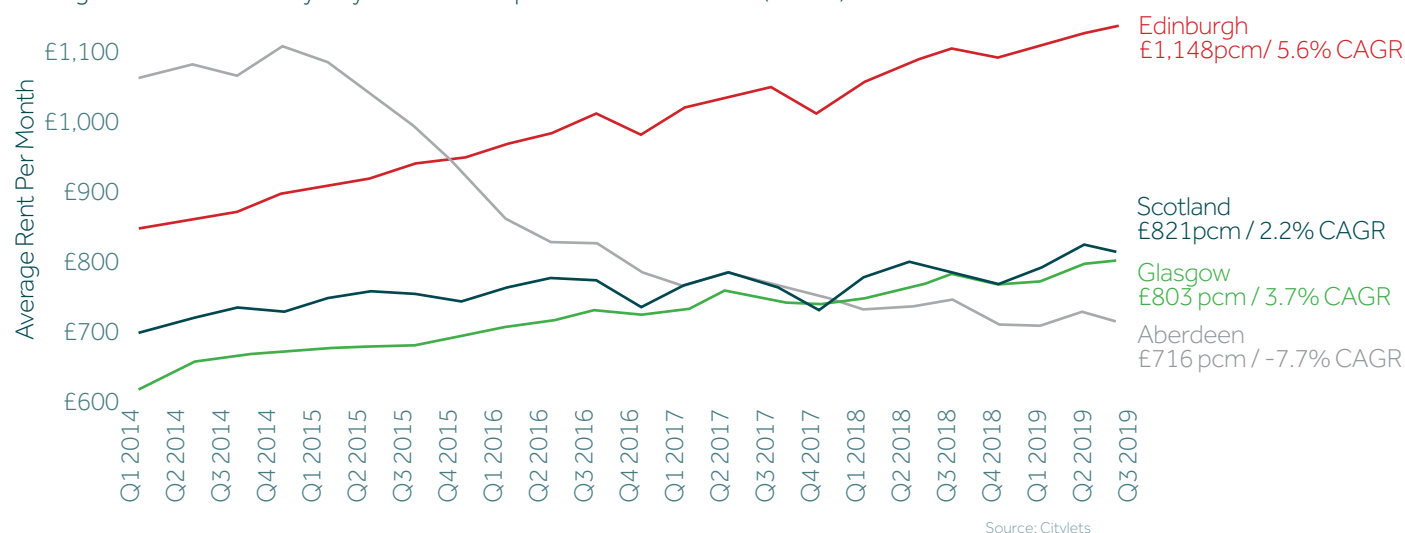
into bordering neighbourhoods where urban amenity and convenience is still available but at a more affordable level. Notably, areas to the East and West of the City Centre have seen clear increases in rental levels driving gross yields.

Time to let a property within Edinburgh remains short, and below other Scottish cities, reflecting the levels of demand within the city. However, there is some evidence in the latest

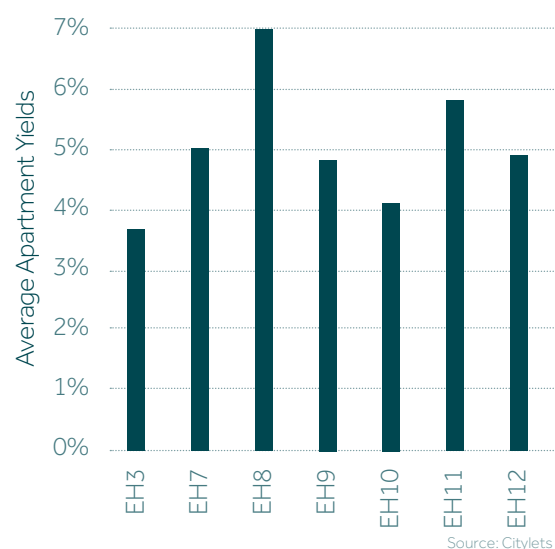
figures that this has increased marginally year-on-year, but still remains well below the wider market.

Positive demographic trends and economic sentiment, with limited new supply coming to the City Centre looks set to continue to support a buoyant and demand led rental market. Strong underlying fundamentals and a diversified economy continue to drive investor demand.

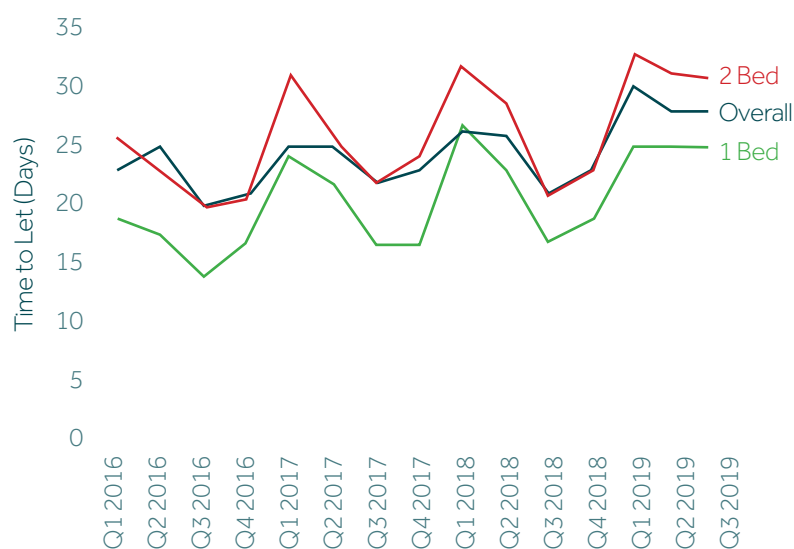
Rental growth has been strong across most Scottish cities with the exception of Aberdeen
Average Rent Per Month by City / 5 Year Compound Annual Growth (CAGR)



Secondary locations are supporting strong yields
Average Apartment Yields by Postcode



Time to let has risen slightly in 2019
Average Time to Let by Bed (Days)





Boraston House
Ravelston, EH4

Offers Over £3,750,000
7 Beds, 4 Reception



Regent Terrace
Edinburgh, EH7

Offers Over £2,250,000
7 Beds, 4 Reception



Napier Road
Merchiston, EH10

Offers Over £1,995,000
9 Beds, 5 Reception



Catherine Villa
Trinity, EH6

Offers Over £1,050,000
6 Bed, 3 Reception



South Learmonth Gardens
Edinburgh, EH4

Fixed Price £665,000
3 Beds, 1 Reception



Donaldson's, West Coates
Edinburgh, EH12

Fixed Price £580,000
2 Beds, 2 Reception



Buckingham Terrace
Edinburgh, EH4

Offers Over £360,000
2 Beds, 1 Reception



Simpson Loan, Quartermile
Edinburgh, EH3

Offers Over £295,000
1 Bed, 1 Reception

Properties To Let



Simpson Loan, Quartermile
Edinburgh, EH3

£2,000 pcm
2 Beds, 2 Reception



Northumberland Street
Edinburgh, EH3

£1,600 pcm
2 Beds, 1 Reception



Gardiners Crescent, Tollcross
Edinburgh, EH3

£1,300 pcm
2 Beds, 1 Reception



Telford Grove
Edinburgh, EH4

£1,195 pcm
3 Beds, 1 Reception

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