

Scotland Market Review

Market Briefing

Autumn / Winter 2019



Seton Castle, East Lothian
Offers Over £8,000,000

Apolitical activity

The Scottish housing market in 2019 has felt the headwinds of political uncertainty. While house price growth has continued, in many areas it has been marginal, with some areas reporting small year-on-year falls. However, this slowing down comes on the back of strong growth in recent years and, when compared to other parts of the UK, remains relatively strong.

The main economic centres of Edinburgh and Glasgow continue to experience high urban demand and the commuter belts are seeing rising values as families look for affordability and lifestyle.

This picture is also reflected in the rental market, where urban demand has been growing strongly, leading to sustained increases in average rents. Over 2019, there are some signs that the strong price growth of the past five years is slowing but only marginally.



Andrew Meehan
Associate Director

Key Findings

- Price growth has continued in the Scottish market, although the rate of growth has slowed in 2019 as the market pauses for breath to see how political circumstances develop.
- Demand for quality properties and prime locations remains strong and over-subscribed despite the political events that are cooling the wider UK housing market.
- To date in 2019, sales and price growth have been positive compared to the same period as last year for the majority of locations.
- Rental demand in Scotland's major cities remains high, supporting continued price growth, with Edinburgh leading the way with 5.6% CAGR over the past 5 years, followed by Glasgow at 3.7%.

Scottish Sales Market

The Scottish housing market in 2019 is experiencing a slight pause for breath as political issues, and the strong sustained growth of recent years, has led to a slowdown in activity and prices. However, compared to other UK markets, the housing market North of the Border has remained robust, especially in main Scotland's economic centres.

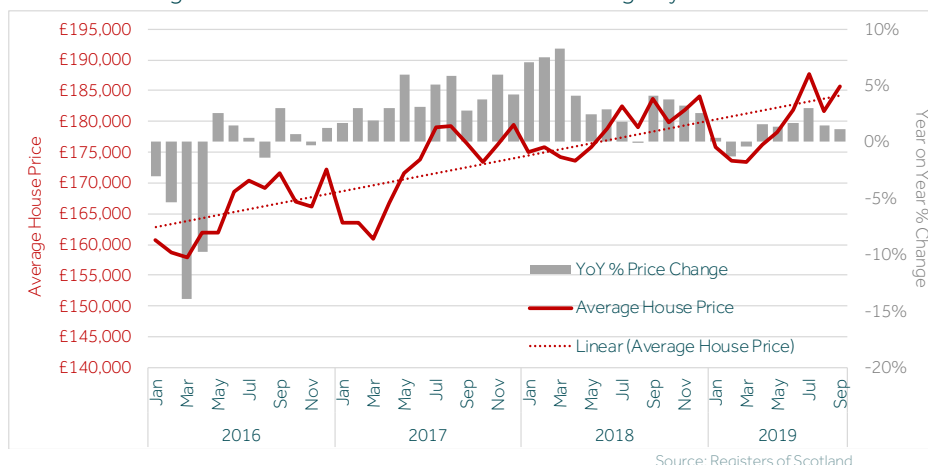
Edinburgh and Glasgow remain the leading regional markets, with demand for quality urban locations remaining high. This has led to the displacement of demand and gentrification of areas in both cities. The areas of strongest growth have been in locations bordering prime City Centre neighbourhoods as households seek urban amenity but at more affordable levels.

The rise in values in the most desirable neighbourhoods and displaced demand has also been a major factor in the commuter market, driving new development and rising values in each city's hinterland. Major new build developments surrounding Edinburgh and Glasgow have been the main driving force behind these local markets, with new build accounting for over 50% of sales in some locations and price brackets.

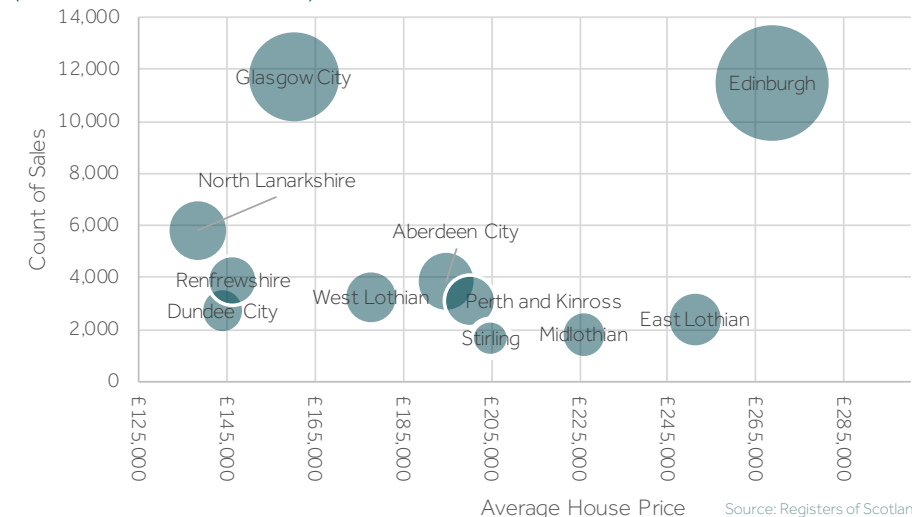
While the spectre of Brexit may be discouraging some from entering the market, the perceived impact referenced in the media has been more significant than the reality experienced in many locations. For many market participants, life factors, rather than political concerns, are proving more motivational, especially when they believe their short to mid-term outlook will remain relatively unaffected.

So, while sentiment may have cooled in 2019, trends remain mainly positive across the much of the country and activity levels and values are still at some of the highest levels in the past decade. This means that for those considering moving home in 2019, the Scottish housing market remains open.

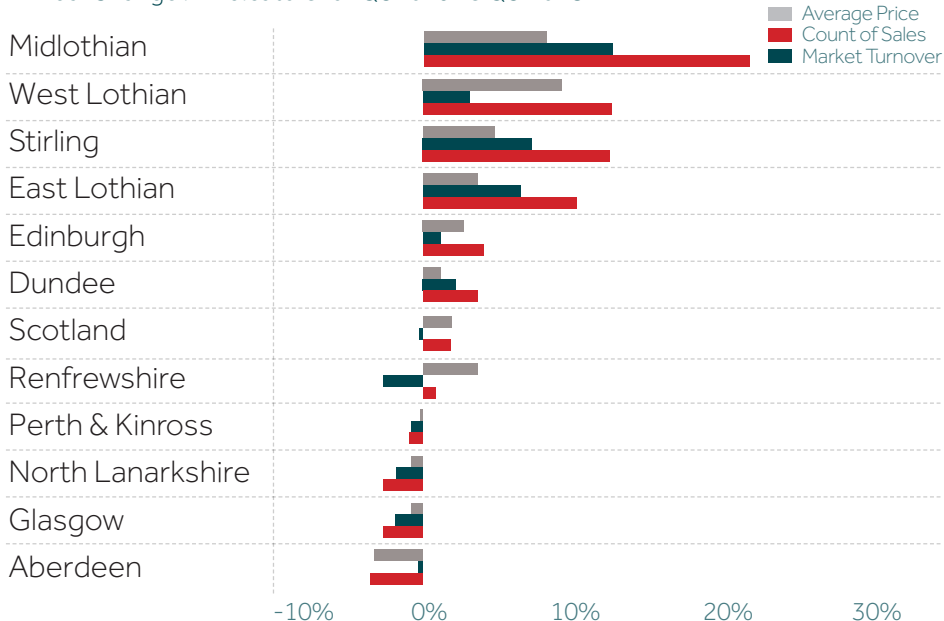
House prices continue to show an upward trend
Scottish Average House Price and Year on Year % Change by Month



Edinburgh and prime family commuter regions command the highest Scottish values
Average House Price vs Count of Sales by City 12 Months to Q4 2018 to Q3 2019
(Radius= Total Value of Sales)



Price and sales activity remained positive in 2019 despite political headwinds
Annual Change in Indicators for Q3 2019 vs Q3 2018



Scottish Rental Market

The Scottish rental market in the main cities has seen very strong growth in recent years as the tenure has become the choice for an increasing number of households. This has occurred at the same time as supply has remained constrained.

Across the country, average rents now sit above £820 pcm having risen by 2.2% per year over the past 5 years. Scotland's two main cities have outperformed national UK averages, with Glasgow recording a compound annual growth rate in average rents of 3.7% over the

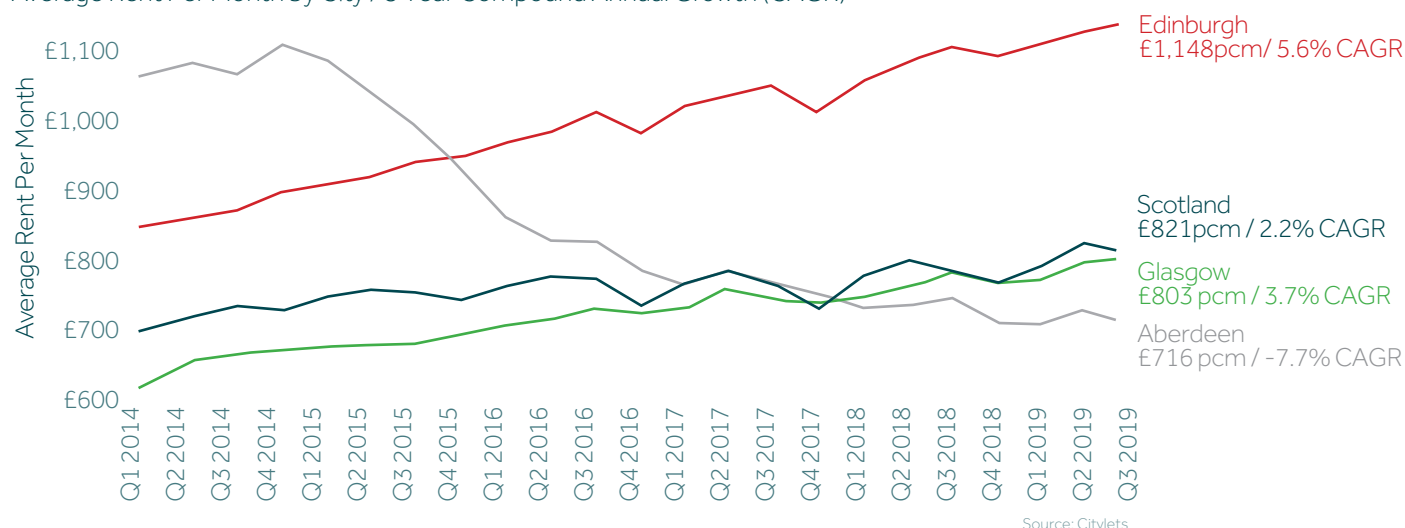
past 5 years and Edinburgh leads the pack with a 5.6% CAGR over this period. For those invested in the sector, this strong run has improved yields, while these headline figures have been proving attractive to new investors from the rest of the UK as well as overseas, where current currency rates offer an attractive discount.

Much like the for sale housing market, there have been some signs that, after a strong period of growth, the rate may be slowing but still remaining positive as the market consolidates.

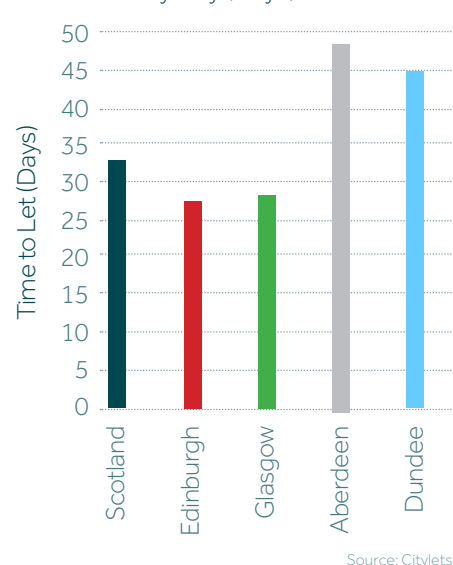
Also, in parallel with the sales market, rising demand and rents have seen affordability stretch and demand displaced into neighbouring areas, leading to rising rents in areas around the City Centre in Edinburgh and the West End in Glasgow.

The other forthcoming factor for urban rental markets is the arrival of institutional Build to Rent, with major schemes planned in both Edinburgh and Glasgow. This new provision looks set to offer tenants more choice as well as new levels of service and lifestyle living.

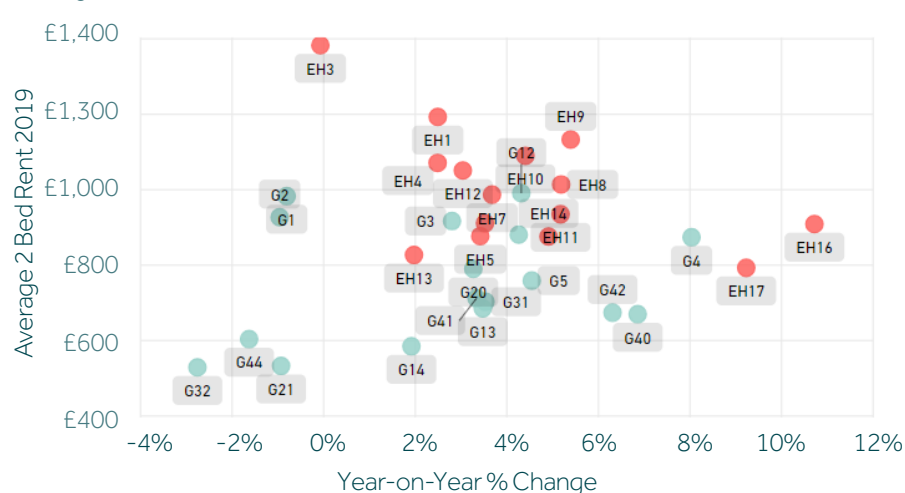
Edinburgh has led rental market growth in Scotland
Average Rent Per Month by City / 5 Year Compound Annual Growth (CAGR)



Demand remains strong in the main cities
Time to Let by City (Days)



Edinburgh commands a clear market premium
Average 2 Bed Rent - Q3 2019 vs Q3 2018





Boraston House
Edinburgh, EH4

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



Park Circus Place
Glasgow, G3

Offers Over £585,000
2 Beds, 1 Reception



Borthwick Hall
Midlothian, EH38

Offers Over £1,950,000
10 Beds, 4 Reception



Glendunning House
Dunning Glen, FK14

Offers Over £1,075,000
6 Bed, 4 Reception



Glenburn Road
Bearsden, G61

Offers Over £625,000
4 Beds, 3 Reception



Nether Auldhouse Road
Newlands, G43

Offers Over £270,000
3 Beds, 2 Reception



Beech Avenue
Newton Mearns, G77

Offers Over £425,000
4 Beds, 3 Reception



Ingram Street, Merchant City
Glasgow, G1

Offers Over £175,000
1 Bed, 1 Reception

Properties To Let



St Andrew Square
New Town, EH2

£7,000 pcm
3 Beds, 3 Bath



Abercromby Place
Edinburgh, EH3

£1,500 pcm
2 Beds, 1 Reception



Ingram Street
Merchant City, G1

£950 pcm
1 Bed, 1 Reception



Dumbarton Road
Partick, G11

£750 pcm
2 Beds, 1 Reception

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