



A guide to the compilation of the Registers of Scotland statistics

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1. Scope and purpose

The information for each quarter aims to cover all sales of residential properties, registered with Registers of Scotland (RoS) in the period; where the selling price of the property lies between £20,000 and £1,000,000. The data is comprehensive, capturing all changes of ownership, including cash sales. Right to buy sales of council houses to sitting tenants are **included**. The analysis also aims to **exclude** sales of blocks of properties.

2. Administrative procedures/ background information

The house price data in the tables comes from information supplied to RoS with new applications to register a house sale. The analysis aims to provide a summary, for each quarter, giving the total volume, total value, average price and median price of sales of residential properties, taken from information supplied at the time when a change in title is registered.

The processes for providing statistics from house price registration data meet the standards and have been approved by, the Scottish Government statisticians.

3. Concepts and definitions

3.1 Registration

Registration occurs when a transfer of title takes place, regardless of the amount of money involved. As part of the registration process an applicant's agent (usually a solicitor) records the 'Consideration' for which the title has been reassigned. It is possible for the consideration to be nil or below the true market value of the title. In such a case the applicant's agent (or solicitor) notes the basis of the consideration and also provides a value. Below market price transactions such as these are **excluded** from the analysis.



3.2 Periods covered

Figures for each quarter relate to registrations in the quarter rather than sales in the period. The registration date is the date at which the title to the property is transferred and is generally within a few weeks of the date of sale.

3.3 Coverage

Information supplied to the Land Register for each registration distinguishes transfer of title by land type. Land type distinguishes residential properties from those for commercial properties, land and other types.

The tables relate solely to registration of title to **residential properties** and exclude properties with values of less than £20k and over £1m.

- Registrations with a value of over £1m are excluded to ensure that a single large value sale does not distort the average and also to ensure that sales of a block of properties are excluded.
- Sales of a block of properties, identified from the existence of multiple addresses in a title, are also excluded.
- Registrations with a value of less than £20k are excluded from the calculation to ensure that, as far as practical, transfers of part of the title to a residential property are excluded from the analysis. Transfer of part of a title may happen when one of the joint owners of a shared property buys out the share of the other owner.

3.4 Analysis by region

From April 2008, the quarterly analysis is based on the local authority area in which the property is located. Prior to this, from the end of quarter 2 of 2004, the analysis was by seven broad regional areas across the country, and prior to that was based on the registration district in which the property was registered. Properties are allocated to local authority area through use of a grid reference applied to an automated Geographical Information System. As a result of incomplete, or wrong, grid references, a small number of properties cannot be allocated to a local authority area. The analysis identifies these separately.

3.5 Median Analysis

The median is defined as the number separating the higher half of a sample, a population, or a probability distribution, from the lower half. The median of a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle one. A simple example is shown below.

House	Price
A	1,000,000
B	750,000
C	500,000
D	400,000
E	200,000
F	100,000
G	100,000
Average Price	435,714
Median Price	400,000



4. Data quality

4.1 Data quality and content

The quality and content of the data is improved by Registers of Scotland on an ongoing basis. While reports are accurate at the time of publication, slight changes are common if the same report is repeated at a later date compared with the original report. The key reasons for these changes are as follows: unallocated sales are properly identified and added to the relevant Local Authority area, property types are changed from residential to commercial or vice versa, a very small number of prices paid have been incorrectly noted and are subsequently updated to reflect the true sale. These changes do not affect the meaning of the overall statistics.

4.1 Data validation/ records excluded from the analysis

Prior to producing the summary tables, a validation check is carried out on the database of registrations and the following records are excluded:-

- Registrations in which the Consideration is less than the Value. This ensures that the analysis excludes transfers of title which are not true sales.
- The Land Type Field is compared manually with the address data with the aim of ensuring correct classification of residential properties.

4.2 Data management

The spreadsheet based analysis systems used to produce the summary tables are designed and managed using procedures recommended to RoS following an independent audit of a pilot system. Key features, designed to ensure orderly and consistent outputs, are:-

- Archiving of base analysis data set for each set of tables showing full details of records included and excluded from the analysis.
- Detailed documentation of processes of data editing.
- Validated, automated spreadsheet based processes for producing summary tables from edited base data.
- Inbuilt consistency checks in spreadsheet summaries.

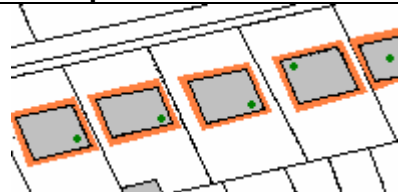
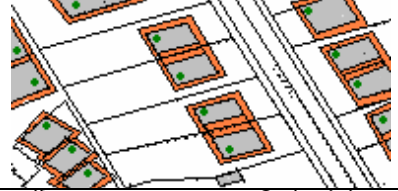


5. Summary of RoS House Type Methodology

5.1 Assignment of House Type to Sale

The House Type Price is calculated by using a House Price Classification system developed by RoS. The four RoS house type definitions have been derived from information created by Communities Scotland, a then Executive Agency of Scottish Government. RoS registers all property sales in Scotland, and we initially assign one of the four house types using Ordnance Survey (OS) mapping and address products.

The RoS methodology automatically classifies dwelling types according to the four pre-defined types and uses counts of addresses and neighbouring building polygons¹ to classify each property. This method of classification is detailed in the table below.

¹ Building polygons are building shapes identified on the OS digital map base.

House Type	Example	Method of Classification
Detached		A building with no adjacent addressed building.
Semi - Detached		A building with 1 adjacent singly addressed building.
Terraced House		A building with one or more singly addressed neighbours.
Flatted		Any building with 2 or more unique addresses in any single building.

The majority of house types can be identified using the above method to an accuracy rate of 96.4%. When all sale applications have completed the registration process, the house type can be assigned to one of the four house types by this method.

5.2 Allocation of Unidentified Sales

Sales which cannot be identified using this method are initially categorised as Unidentified. The Unidentified House Types fall into three categories as follows:

- **Unknowns:** - Represents approximately 4% of the monthly total. These are predominately New Build properties without OS seed points². The house type will be identified when the property transfer has been fully registered by RoS. Cancelled applications are also included in this category.
- **Unaddressed:** - Represents approximately 1% of the monthly total. These are applications with RoS title seeds that fall within buildings that have an unaddressed house classification e.g. garages, sheds and buildings without OS address points. These applications need to be examined manually to determine the accuracy of the sales data and OS address layer.
- **None:** - Represents between 10-25% of the monthly total and is linked to the date of the extraction of the application data. The closer the date of extraction is to the date the application was received by RoS the higher this figure will be. Approximately 80% of the "None" category have not yet passed through the Land Registration process.

A significant proportion (over 95%) of the Unidentified categories can be allocated to house type using the following methodology:

² A "seed point" is a point against which information is tagged within a specific geographic area. For example, a property registered in the Land Register will be identified by a seed point on our Geographic Information System.



The sale applications identified by the RoS house type classification are split into the following price bands for each Local Authority area for the previous 12 months.

Less than	£20,000		
Equal to or Over	£20,000	Less than	£60,000
Equal to or Over	£60,000	Less than	£125,000
Equal to or Over	£125,000	Less than	£250,000
Equal to or Over	£250,000	Less than	£375,000
Equal to or Over	£375,000	Less than	£500,000
Equal to or Over	£500,000	Less than	£750,000
Equal to or Over	£750,000	Less than	£1,000,000
Equal to or Over	£1,000,000		

This creates a statistical table that can be used to allocate the Unidentified sales for the reporting period for each price band into one of the four house types by the known house type proportions over the previous 12 months.

The associated sale price for each Unidentified sale is not allocated in this process. Therefore the market value calculated by multiplying the house type average price by the number of associated sales will differ from the actual market value of all sales in the period. The difference between the estimated value and the actual value indicates the accuracy of the allocation methodology.

A small proportion of sales cannot initially be allocated in this way as these properties have no geographical reference or seed point and therefore cannot be matched to a specific Local Authority. As more information is provided to RoS during the registration process the sale can be assigned a house type. These sales are described as Unallocated in the published statistical tables.

If you require further details on our methodology please get in touch with the RoS Business Development team, contact details available from the web link below.

<http://www.ros.gov.uk/productsandservices/lpd.html>