

Annual
Market Review
2016



**Registers
of Scotland**
ros.gov.uk

Precisely.

How our statistical review details
the Scottish property market
for the year 2016

Introduction

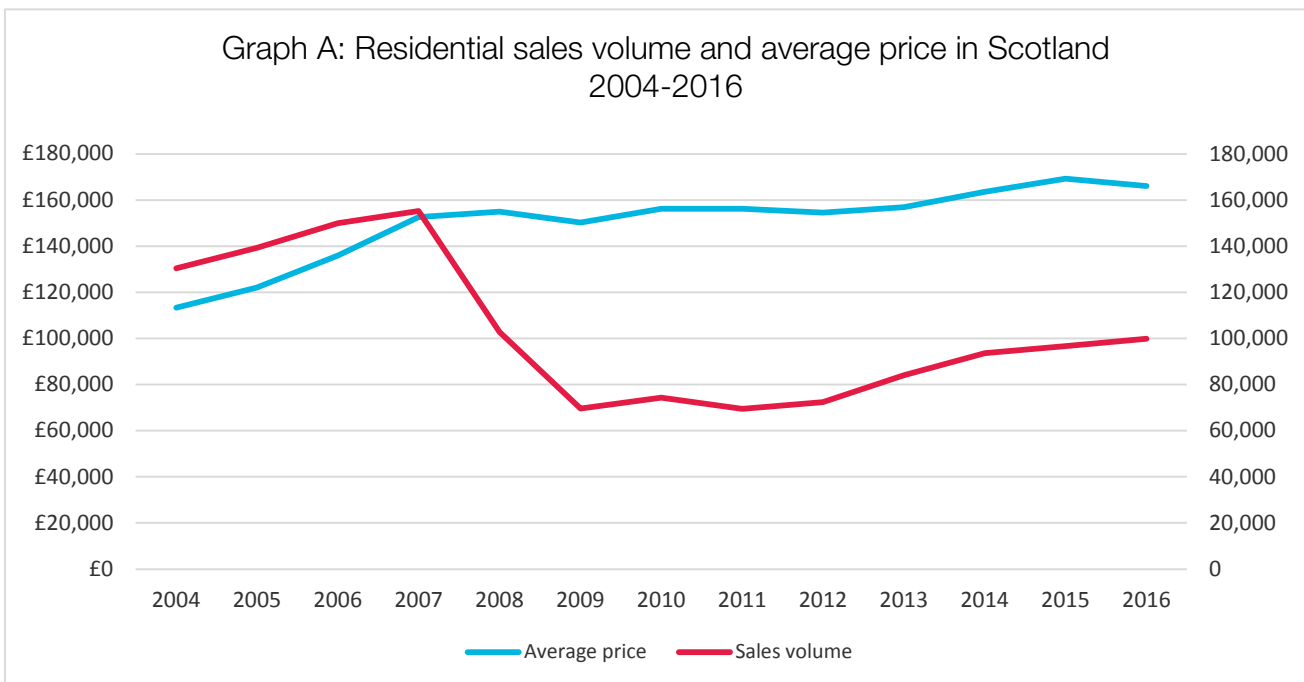
The 2016 calendar year was a relatively stable period for the Scottish residential property market, particularly when compared with 2015 during which the usual monthly pattern of transactions in the market was affected by the introduction of the new Land & Buildings Transaction Tax (LBTT). The year saw an increase in both the volume and market value of Scottish property sales, though the average price of a residential property fell slightly compared to the previous year.

This report provides a summary of data, encompassing average prices, volumes, sales by house type, sales by local authority area and more¹.

2016 Highlights

- The average price of a residential property in Scotland decreased by **1.9%**
- The volume of sales rose by **3.3%**
- The value of the residential market in Scotland was in excess of £16.5 billion, an increase of **1.3%**

[Graph A](#) below highlights the longer term trends in relation to house price averages and volumes of sales, comparing 2016 with previous years back to 2004².



¹ These figures are based on the methodology used in Registers of Scotland's quarterly house price statistics time series. More information on the methodology used in these statistics is in our [guidance notes](#)

² Registers of Scotland holds house price data back to 1 April 2003, so 2004 is the first full year of data available.

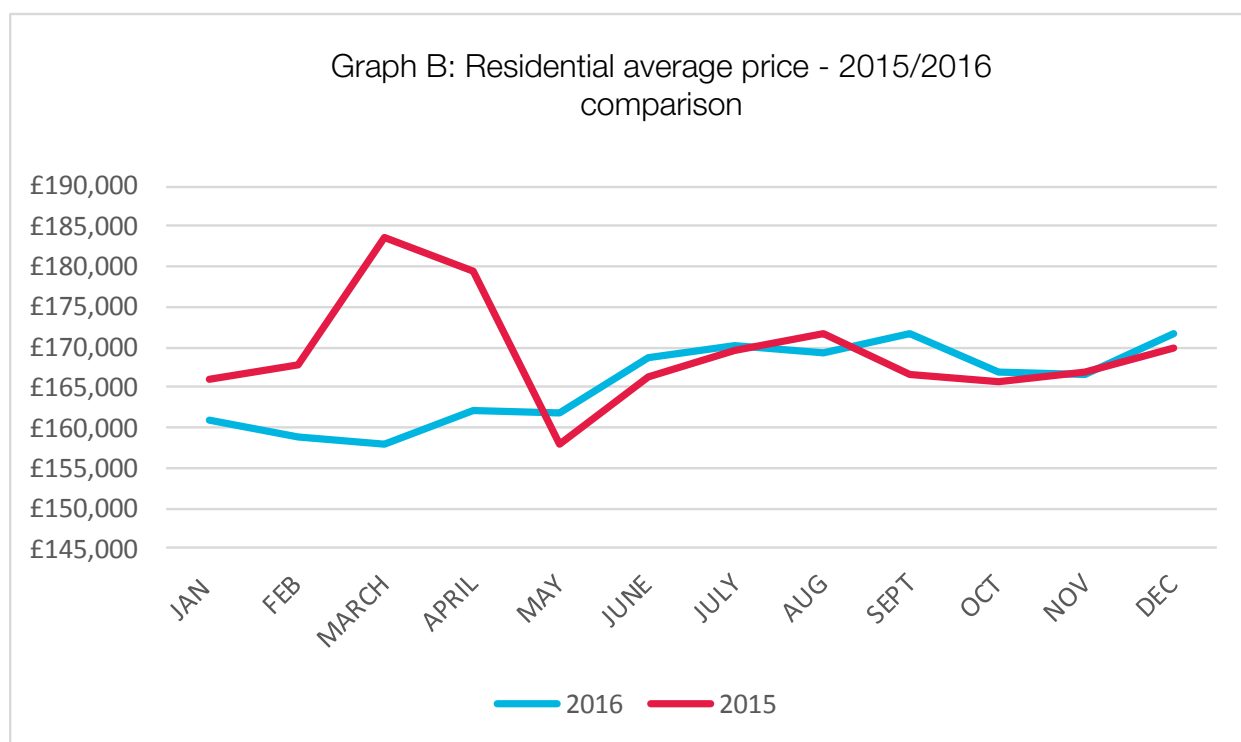
Average house prices

The average price for a residential property in Scotland in 2016 was £166,056³. This price was a decrease of 1.9 per cent compared to the average price in 2015 of £169,280. However, the market has seen considerable variability over different areas, and over the course of the year. [Graph B](#) below compares average prices per month in 2016 with average prices in 2015 (see [annex A](#) for a break down by local authority).

As demonstrated in [graph B](#), there were significant price increases in February and March 2015 followed by decreases in April and May 2015, likely due to sales of higher value properties prior to the introduction of the Land and Buildings Transaction Tax on 1 April 2015.

East Renfrewshire showed the highest average price at £242,003. It was also one of the areas with the highest annual change in average price, rising by 6.4 per cent. The Shetland Islands⁴ also showed a high annual change, rising by 7.2 per cent to £152,632.

The lowest average price in 2016 was in Na h-Eileanan Siar⁵, where house prices increased by 1.8 per cent when compared with the previous year to £106,190. The biggest annual decrease in average price was in Aberdeenshire, where the cost of a residential property dropped by 9.3 per cent to £211,907.



³ Average prices are based on the arithmetic mean of all market value residential sales from £20k-£1million as at date of registration at RoS, and are not mix-adjusted. More information on the methodology used in these statistics is in our [guidance notes](#). The methodology is different from that used in the UK HPI, which is based on case mix adjusted, geometric means. The key differences between the methodologies used for these annual statistics and the monthly House Price Index are highlighted in our [HPI / RoS quarterly house price statistics comparison document](#).

⁴ Please note that the volume of sales in the Shetland Islands is less than 1% of the all Scotland total. This means that price changes in this area are likely to be more volatile.

⁵ Please note that the volume of sales in Na h-Eileanan Siar is less than 1% of the all Scotland total. This means that price changes in this area are likely to be more volatile.

[Table A](#) below shows average house prices in Scotland's four city local authority areas⁶. The City of Edinburgh local authority area had the highest average price of all of Scotland's city local authorities in 2015, and maintained this position in 2016 though with an annual decrease in average price of 1.7 per cent. Aberdeen City remained in second place, but with the biggest decrease, of 7.8 per cent - a likely reflection of the impact of the downturn in the oil industry on the housing market in the area.

Table A: Average Price in Scotland's city local authorities

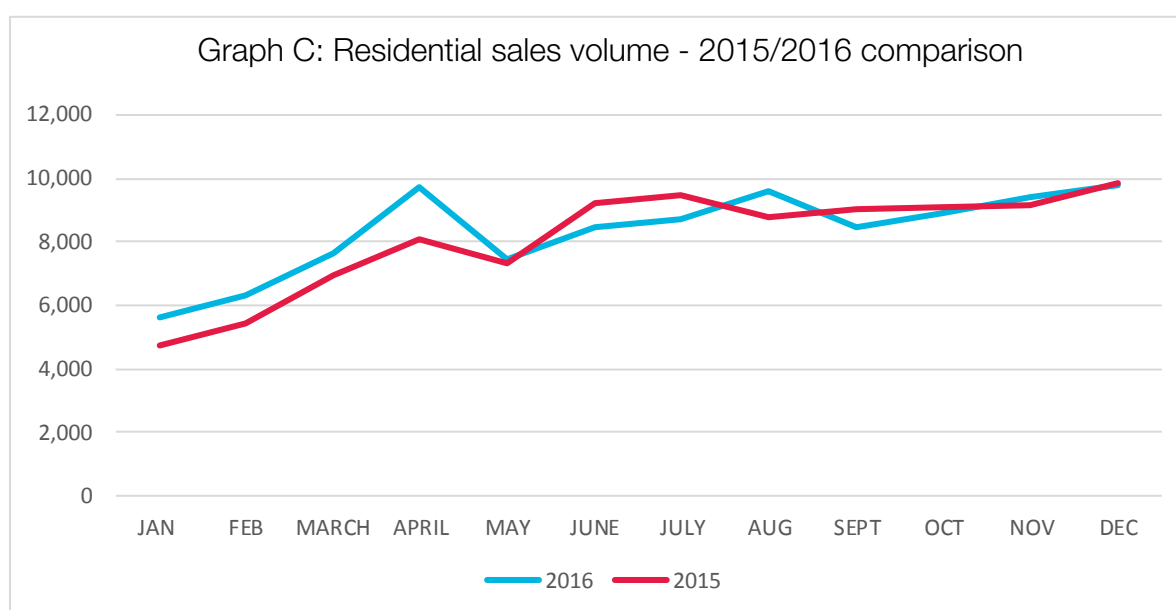
Local Authority	2016	2015	Annual % Change
Aberdeen City	£203,483	£220,751	-7.8
Dundee City	£132,770	£131,247	1.2
Edinburgh, City of	£234,226	£238,216	-1.7
Glasgow City	£141,093	£138,702	1.7

Sales volumes

Sales volumes in Scotland rose by 3.3 per cent in 2016 to 99,860. [Graph C](#) below compares sales volumes per month in 2016 with sales volumes in 2015 (see [annex B](#) for a break down by local authority).

The Orkney Islands⁷ showed the biggest increase in sales volumes over the year, rising by 25.9 per cent to 423 sales. This was followed by Renfrewshire, which had 3,707 sales, an increase of 18.5 per cent when compared with 2015.

Only five local authorities showed decreases – Aberdeen City, Aberdeenshire, East Dunbartonshire, East Renfrewshire and West Dunbartonshire. Aberdeen City and Aberdeenshire showed the biggest decreases at 19.1 per cent over the year.



⁶ Scotland's other three cities Inverness, Perth and Stirling fall within larger local authority areas and so have not been included in this comparison.

⁷ Please note that the volume of sales in the Orkney Islands is less than 1% of the all Scotland total. This means that a small volume of sales can have a big impact on the annual percentage changes.

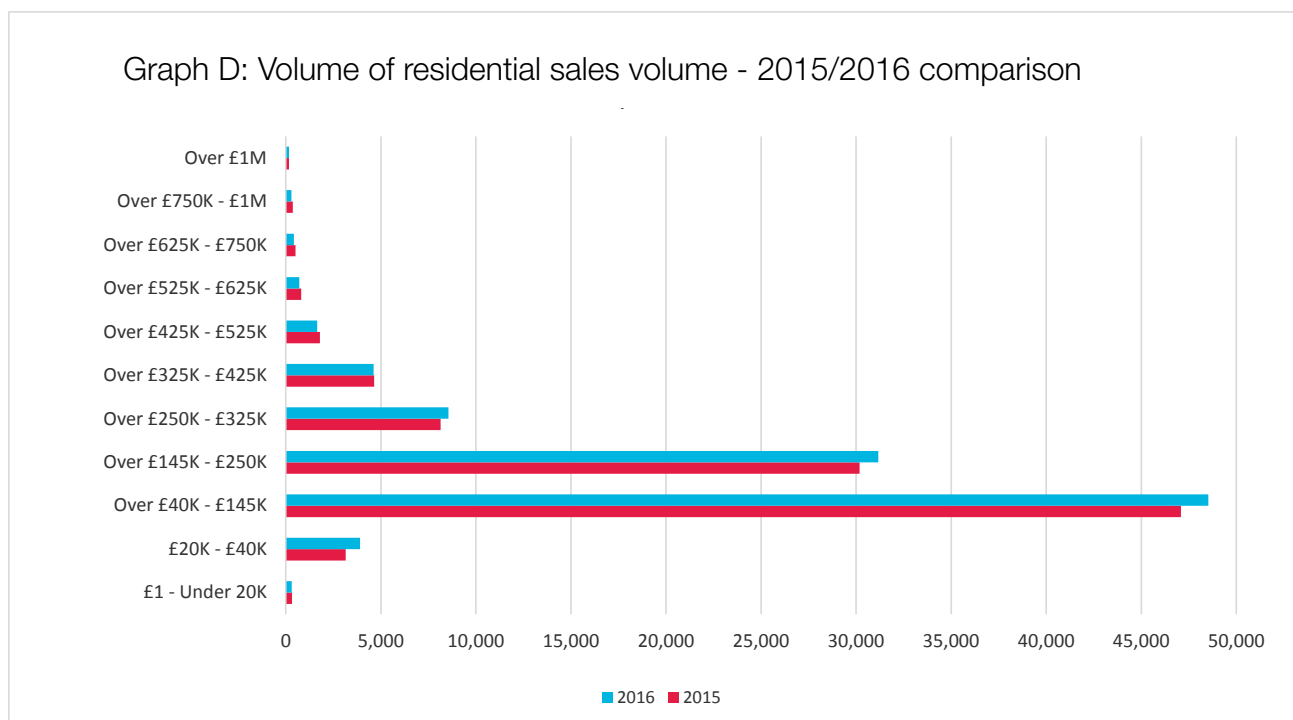
The City of Edinburgh and Glasgow City continued to record the highest volume of sales in Scotland, as shown in [table B](#) below which highlights volumes in Scotland's four city local authority areas (see also [annex B](#)). Dundee City had the biggest rise in volumes of Scotland's city local authorities, rising 13.3 per cent to 2,613 sales, while Aberdeen City had the only decrease, falling by 19.1 per cent to 3,970 sales in 2016.

Table B: Volumes in Scotland's city local authorities

Local Authority	2016	2015	Annual % Change
Aberdeen City	3,970	4,907	-19.1
Dundee City	2,613	2,306	13.3
Edinburgh, City of	12,196	11,879	2.7
Glasgow City	11,743	11,522	1.9

Volume of sales by price bracket

[Graph D](#) below shows a break down by price bracket for all residential sales in Scotland, comparing 2016 with 2015. The biggest proportion of sales is in the >£40k - £145k and >£145k - £250k price brackets. When compared with 2015, 2016 shows an increase in sales between £20k and £325k, but a decrease in sales in all other price brackets.



Volume of cash sales by price bracket

The table below shows the volume of residential properties bought with a mortgage and also cash sales⁸. In 2016, 32.5 per cent of all residential sales were cash sales. This is up slightly from 2015 when 31.1 per cent were cash sales.

The highest percentage of cash sales per price band was within the £40k and under price brackets, while the highest percentage of cash sales, when compared with the all Scotland cash sale total, is in the over £40k to £145k price bracket. Almost 50 per cent of all cash sales were within this bracket.

Price bracket	Total Sales	Cash Sale	% of total: Cash	Sale with Mortgage	% of total: Mortgage
£1 - Under £20K	314	298	0.3	16	0.0
£20K - £40K	3,910	2,449	2.4	1,461	1.5
Over £40K - £145K	48,526	16,167	16.1	32,359	32.3
Over £145K - £250K	31,171	8,516	8.5	22,655	22.6
Over £250K - £325K	8,551	2,633	2.6	5,918	5.9
Over £325K - £425K	4,616	1,508	1.5	3,108	3.1
Over £425K - £525K	1,648	492	0.5	1,156	1.2
Over £525K - £625K	714	229	0.2	485	0.5
Over £625K - £750K	426	142	0.1	284	0.3
Over £750K - £1M	298	111	0.1	187	0.2
Over £1M	159	73	0.1	86	0.1
Scotland total	100,333	32,618	32.5	67,715	67.5

Residential market value

[Annex C](#) shows the value of the residential market in 2016 compared to 2015, broken down by local authority area. In Scotland as a whole, the market value increased by 1.3 per cent in 2016 to £16.6 billion.

The City of Edinburgh continues to hold the biggest market value of all the local authorities in Scotland, with a share of 17.2 per cent of the total market value, equating to £2.9 billion. Glasgow City is not far behind, holding a 10.0 per cent share of the total market value, equating to £1.7 billion. The smallest market value, at 0.2 per cent of the Scotland total, is Na h-Eileanan Siar, with a value of just under £37 million.

The biggest annual increase in market value was seen in the Orkney Islands⁹, with an increase in value of 32.0 per cent to £58.1 million, while the biggest decrease was in Aberdeenshire, where the value fell by 26.7 per cent to £864.4 million.

⁸ A cash sale is defined as a property transfer where an application for registration of a mortgage deed has not been received within three months of the registration of the sale.

⁹ Please note that the volume of sales in the Orkney Islands is less than 1% of the all Scotland total. This means that a small volume of sales can have a big impact on the annual percentage changes.

Residential Property by House Type

The average price of a Semi Detached property in Scotland has decreased by 1.4 per cent in 2016 to £157,131. As shown in [Table C](#) below, this is the best performing property type as average prices across all property types have dropped.

Flat sales have the greatest volume in Scotland. Sales of flats have increased by 3.9 per cent since 2015 to 36,200. Terraced houses have shown the greatest annual change with an increase in sales of 7.9 per cent to 23,200.

Table C: Average, Volume and Market Value by house type

Average (Mean), Volume and Market Value of Residential Property Prices in Scotland comparing 2016 with 2015 by house type.

Average Residential Property Prices in Scotland

House Type	2016	2015	Annual % change
Detached	£246,810	£252,263	-2.2
Semi Detached	£157,131	£159,391	-1.4
Terraced	£135,622	£139,418	-2.7
Flat	£130,999	£135,228	-3.1
All*	£166,056	£169,280	-1.9

Volume of Residential Sales in Scotland

House Type	2016	2015	Annual % change
Detached	23,604	23,658	-0.2
Semi Detached	16,771	16,664	0.6
Terraced	23,200	21,504	7.9
Flat	36,200	34,848	3.9
All*	99,860	96,674	3.3

Market Value of Residential Sales in Scotland

House Type	2016	2015	Annual % change
Detached	£5,825,691,479	£5,968,035,540	-2.4
Semi Detached	£2,635,244,650	£2,656,092,760	-0.8
Terraced	£3,146,420,030	£2,998,045,125	4.9
Flat	£4,742,175,765	£4,712,421,271	0.6
All*	£16,580,184,382	£16,364,758,315	1.4

* The "All" figures will contain unallocated and unassigned sales, so the constituent parts will not equal the total. Unallocated sales are properties that could not be accurately located within a Local Authority area and as a result could not be allocated to a house type. Unassigned Market Value arises from the methodology used by RoS to assign house types. Further information about this methodology is available in Section 5 of the guidance notes.

New build property

The new-build methodology only relates to single properties sold out of a major builder's development title and not to smaller developments or single new build properties by private or small-scale builders.

Of the 99,860 residential property sales in the £20k to £1million price range in 2016, 11,879 were new builds sold out of builders' estate titles. This represents 11.9 per cent of sales. As can be seen in the table below, this is up by 10.2 per cent when compared with new build figures for 2015.

New build property	2016	2015
Total Scotland Volume (£20k - £1 million)	99,860	96,674
New build volume (builders' development titles)	11,879	10,775
% of total sales	11.9	11.1
% year-on-year increase	10.2	-

These figures, except where otherwise stated, cover all residential sales between £20k and £1m, including sales for cash not involving a mortgage for the calendar years of 2015 and 2016. Data is extracted based on date of registration – the date that the application was received for registration by Registers of Scotland.

About Registers of Scotland Statistical Data

Registers of Scotland (RoS) records and safeguards information on all property sales through our land register, making us the sole authority for complete property data in Scotland. These annual reports, along with our suite of other statistical reports and publications¹⁰, provide insight on numerous trends across the Scottish property market, making them a valuable resource for people and businesses in all sectors the Scottish economy.

The statistical information in this report is derived from applications for registration received by RoS and is largely based on the statistics published in the quarterly house price time series. Registrations normally take place within a few weeks from the date of the completion of the sale. The base data is comprehensive, capturing all changes of ownership, including cash sales. This base data is then subject to quality assurance to ensure that only appropriate data is included in the statistics.

In relation to residential sales, only properties with a sale price of between £20,000 and £1,000,000 are included in the average (mean) house price statistics, volume of sales and total value of sales. 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 that have been identified from the existence of multiple addresses in a title are also excluded.

Similarly, registrations with a value of less than £20k are excluded from the calculation to ensure that, as far as practical, a low value sale, or the sale of part of the title to a residential property, does not distort the average. The 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.

The data includes sales which are cash sales, i.e. without a mortgage, as well as those with a mortgage. Council “Right-to-buy” sales and sales by mortgage companies exercising their power of sale are also included. The dataset aims to exclude “non-true” sales e.g. transfer of ownership between family members, sales of a share of a property (e.g. one-half or one-third).

Although the residential property statistics include general data on house types, they are not seasonally adjusted or mix adjusted. The house type data is produced using a House Price Classification system developed by RoS, which identifies properties as Detached, Semi-Detached, Terrace or Flat.

Full information about the methodology Registers of Scotland uses to compile our statistics can be found in our [guidance notes](#). [Charts](#) are also available on our website to allow comparison between the methodology used in this annual market review and in the UK House Price Index Scotland.

Our next 10-Year Report will be published in June. Details of all of our property statistics releases and our publication timetable are available on our [website](#).

¹⁰ Please see the [property statistics](#) section of our website for further information about our other reports and statistics.

Annex A – Average Price

Average (Mean) purchase price of Residential Property Prices in Scotland comparing 2016 with 2015

House Type	2016	2015	Annual % change
Aberdeen City	£203,483	£220,751	-7.8
Aberdeenshire	£211,907	£233,742	-9.3
Angus	£160,304	£155,719	2.9
Argyll and Bute	£154,386	£154,399	0.0
Clackmannanshire	£132,482	£134,488	-1.5
Dumfries and Galloway	£136,451	£136,247	0.1
Dundee City	£132,770	£131,247	1.2
East Ayrshire	£116,425	£115,961	0.4
East Dunbartonshire	£217,421	£219,028	-0.7
East Lothian	£213,118	£215,691	-1.2
East Renfrewshire	£242,003	£227,435	6.4
Edinburgh, City of	£234,226	£238,216	-1.7
Na h-Eileanan Siar	£106,190	£104,345	1.8
Falkirk	£133,593	£127,889	4.5
Fife	£150,399	£147,757	1.8
Glasgow City	£141,093	£138,702	1.7
Highland	£169,025	£167,799	0.7
Inverclyde	£125,306	£133,977	-6.5
Midlothian	£192,905	£183,985	4.8
Moray	£153,658	£152,488	0.8
North Ayrshire	£114,399	£122,494	-6.6
North Lanarkshire	£121,571	£119,059	2.1
Orkney Islands	£137,372	£131,040	4.8
Perth and Kinross	£185,855	£190,467	-2.4
Renfrewshire	£135,438	£134,272	0.9
Scottish Borders	£173,195	£173,063	0.1
Shetland Islands	£152,632	£142,336	7.2
South Ayrshire	£154,755	£154,120	0.4
South Lanarkshire	£139,569	£137,906	1.2
Stirling	£186,328	£189,129	-1.5
West Dunbartonshire	£108,564	£117,249	-7.4
West Lothian	£159,221	£160,191	-0.6
Unallocated	£217,765	-	-
Scotland	£166,056	£169,280	-1.9

Annex B – Volume of Sales

Volume of Residential Property Prices in Scotland comparing 2016 with 2015

House Type	2016	2015	Annual % change
Aberdeen City	3,970	4,907	-19.1
Aberdeenshire	4,079	5,043	-19.1
Angus	2,011	1,950	3.1
Argyll and Bute	1,710	1,543	10.8
Clackmannanshire	968	848	14.2
Dumfries and Galloway	2,253	2,096	7.5
Dundee City	2,613	2,306	13.3
East Ayrshire	2,005	1,774	13.0
East Dunbartonshire	1,920	1,950	-1.5
East Lothian	1,930	1,845	4.6
East Renfrewshire	1,738	1,858	-6.5
Edinburgh, City of	12,196	11,879	2.7
Na h-Eileanan Siar	348	318	9.4
Falkirk	2,940	2,768	6.2
Fife	6,510	6,415	1.5
Glasgow City	11,743	11,522	1.9
Highland	4,471	3,935	13.6
Inverclyde	1,243	1,116	11.4
Midlothian	1,903	1,636	16.3
Moray	1,758	1,673	5.1
North Ayrshire	2,243	2,029	10.5
North Lanarkshire	5,365	4,990	7.5
Orkney Islands	423	336	25.9
Perth and Kinross	2,960	2,850	3.9
Renfrewshire	3,707	3,129	18.5
Scottish Borders	1,987	1,843	7.8
Shetland Islands	307	305	0.7
South Ayrshire	2,226	2,009	10.8
South Lanarkshire	6,056	5,681	6.6
Stirling	1,739	1,717	1.3
West Dunbartonshire	1,306	1,364	-4.3
West Lothian	3,147	3,039	3.6
Unallocated	85	0	-
Scotland	99,860	96,674	3.3

Annex C – Total Market Value

Total value of Residential Property Prices in Scotland comparing 2016 with 2015

House Type	2016	2015	Annual % change
Aberdeen City	£807,828,547	£1,083,226,290	-25.4
Aberdeenshire	£864,368,102	£1,178,758,635	-26.7
Angus	£322,371,826	£303,652,199	6.2
Argyll and Bute	£264,000,214	£238,237,658	10.8
Clackmannanshire	£128,242,192	£114,046,191	12.4
Dumfries and Galloway	£307,424,832	£285,574,436	7.7
Dundee City	£346,927,412	£302,656,257	14.6
East Ayrshire	£233,431,470	£205,715,323	13.5
East Dunbartonshire	£417,447,577	£427,104,712	-2.3
East Lothian	£411,317,263	£397,949,201	3.4
East Renfrewshire	£420,600,742	£422,574,926	-0.5
Edinburgh, City of	£2,856,622,904	£2,829,772,050	0.9
Na h-Eileanan Siar	£36,954,110	£33,181,727	11.4
Falkirk	£392,763,318	£353,998,020	11.0
Fife	£979,098,941	£947,862,580	3.3
Glasgow City	£1,656,860,806	£1,598,124,921	3.7
Highland	£755,709,514	£660,288,043	14.5
Inverclyde	£155,755,706	£149,518,654	4.2
Midlothian	£367,098,884	£300,999,707	22.0
Moray	£270,130,647	£255,112,249	5.9
North Ayrshire	£256,597,944	£248,540,666	3.2
North Lanarkshire	£652,230,154	£594,102,721	9.8
Orkney Islands	£58,108,287	£44,029,515	32.0
Perth and Kinross	£550,129,624	£542,830,427	1.3
Renfrewshire	£502,068,049	£420,137,823	19.5
Scottish Borders	£344,139,022	£318,956,014	7.9
Shetland Islands	£46,858,102	£43,412,605	7.9
South Ayrshire	£344,484,081	£309,627,400	11.3
South Lanarkshire	£845,228,674	£783,445,099	7.9
Stirling	£324,023,859	£324,735,228	-0.2
West Dunbartonshire	£141,784,515	£159,927,852	-11.3
West Lothian	£501,067,066	£486,659,183	3.0
Unallocated	£18,509,998	£0	-
Scotland	£16,580,184,382	£16,364,758,315	1.3