

For Immediate Release

6 October 2010

- ESPC HOUSE PRICE REPORT: Q3 2010 -

- **House prices rose in most areas of East Central Scotland during the third quarter but continued excess of supply over demand has shifted conditions in favour of buyers.**
- **There were clear differences in demand for different types of property. City centre properties and larger family homes saw significant rises in price while values of smaller flats remained static or declined.**
- **The average house price in Edinburgh rose by 10.3% annually to £229,787.**
- **Just over 1,500 sales were completed in Edinburgh during the three months to September – 11.6% up on the same period in 2009.**
- **The average house price in East Lothian increased by 7.8% year-on-year to £225,600. Other areas in the Lothians saw much smaller annual rises of less than 2%.**
- **The average house price in Dunfermline rose by 8.3% from £126,456 in Q3 2009 to £137,014 this year.**

[Regional Analysis – Edinburgh](#)

[Regional Analysis – Lothians](#)

[Regional Analysis – Fife & Kinross](#)

The latest figures from market leader ESPC reveal that the average house price across East Central Scotland continued to rise during the third quarter of the year. For most areas this marked the fourth consecutive quarter in which house prices had risen annually, but there was a clear disparity in the level of demand for different types of property. Family homes saw significant growth in value while the prices achieved by smaller flats generally remained static or declined slightly as tightened lending criteria continued to impact those at the bottom of the property ladder most.

more/2...

-2-

Overall, the average house price across East Central Scotland rose by 9.1% annually to £213,412. The level of annual growth was down from the figure of 11.4% recorded during the previous quarter. The number of completed sales increased annually for the fourth consecutive quarter. 2,243 home sales were recorded by ESPC during the third quarter of the year, up 10% compared to the third quarter of 2009. The number of sales was also the highest recorded since the second quarter of 2008 but was still roughly 50% below pre-credit crunch levels.

David Marshall, business analyst with ESPC, said: "Overall, while the average house price rose during the third quarter of the year there is a clear disparity in the level of demand for different types of property. The value of larger family homes has risen significantly whilst smaller one and two-bedroom properties have, in most cases, seen prices remain static or decline slightly. The comparatively high demand for family homes also means that larger properties now account for a higher percentage of sales than in previous years and this also has the effect of inflating the overall average house price.

Ultimately the difficulties which many still face in getting on the property ladder will have a knock-on effect on demand further up the ladder. This means the strong growth in the value of family homes we have seen recently is unlikely to be prolonged. The last seven months has been a period when supply has consistently exceeded demand resulting in more sellers competing for what is – in comparison to pre-credit crunch levels - still a relatively small pool of buyers. This has swung things back in favour of the buyer. Competitively priced, well-presented properties will continue to attract demand but sellers may find they have to be more willing to negotiate with buyers to secure a sale in months ahead.

Previously we had expected the growth in prices over recent months to be short-lived with prices easing back before the end of the year. It now appears likely this may not happen until early next year, but we still expect house prices to ease back to levels seen at the start of 2010 in the next few months."

[more/3...](#)

-3-

Regional Analysis - Edinburgh

The average house price in Edinburgh during the third quarter of 2010 was £229,787, 10.3% higher than in 2009. It was the fourth consecutive quarter in which an annual increase had been recorded in the Capital. Just over 1,500 sales were completed during the three months to September compared to 1,366 last year.

The most rapid growth was seen in the city centre. An annual increase of almost 18% was seen in the heart of the Capital, although the rate of growth was inflated by the sale of more £1million properties this year. Those aside, growth stood at a more modest, but still substantial, 12.4%. Elsewhere in the city demand varied across different stages of the property ladder. For example the average price of a four-bedroom detached house in the suburbs rose by 12.2% annually, while the average price of a one bedroom-flat in Leith Walk and Easter Road declined by 8% annually. Across the city as a whole the average price of a one-bedroom flat was almost unchanged, rising just £254 from £129,059 last year to £129,313 during the third quarter in 2010.

David Marshall commented: "We saw contrasting levels of demand for different property types during the first half of 2010 and this continued over the last three months. Difficulties in raising the deposit required to get access to the better mortgage deals is still of most concern to those looking to get on the property ladder resulting in an obvious constraint on the level of demand for smaller properties.

In addition, areas like Leith Walk had seen the most rapid growth immediately prior to the credit crunch so smaller properties in these areas are seeing a downturn even while prices elsewhere rise. Looking ahead we continue to expect that the house prices across the board will ease back towards the end of this year and into the first half of 2011. Thereafter prices should stabilise before starting to rise again, but at a much slower rate than we saw during much of 2010."

[Return to top](#)

more/4...

Regional Analysis – The Lothians

Average house prices rose across the Lothians during the third quarter of 2010 though growth in West and Midlothian eased following sharp rises during the second quarter. West Lothian saw a rise of 1.6% to £156,892 and in Midlothian an increase of just 0.2% took the average to £160,568. In East Lothian however, recent strong growth continued. The average house price rose by 7.8% year-on-year, marking the fifth consecutive quarter in which annual growth had exceeded 7%. The new average house price in the area of £225,600 was also the highest on record.

David Marshall, business analyst with ESPC explained: "As expected, the sharp rises seen in West Lothian and Midlothian in spring this year proved to be a short-term spike with prices for this most recent period back in line with the sort of figures we've been seeing over most of the last two years.

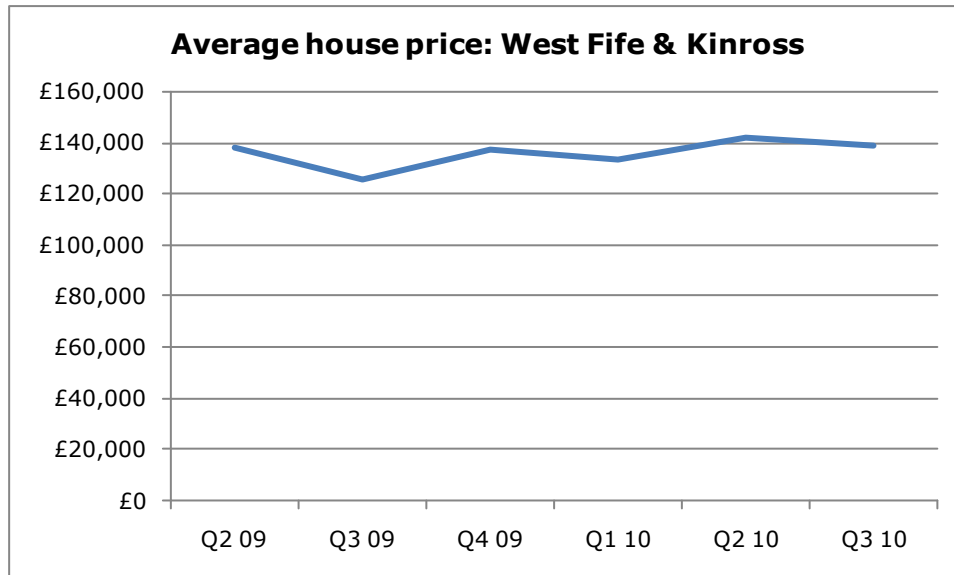
East Lothian continues to see some of the strongest growth of any area in East Central Scotland. Much of the reason for this is that there is a large stock of quality, family homes in the area and it is these properties which are continuing to attract buyers in the current market. The area is also underpinned by some strong fundamentals with good local amenities and schools, as well as it being within easy commuting distance of Edinburgh. Obviously no market works in isolation and such high levels of growth are unlikely to be prolonged, but the area has certainly bucked the trend somewhat over the last 18 months."

[Return to top](#)

Regional Analysis – West Fife & Kinross

In West Fife & Kinross the average selling price of a home sold between July and September rose by 10.8% annually to £139,217. This growth followed a decline of 12% during the same period in 2009 however, leaving the average for the area broadly unchanged for most of the last 18 months. In Dunfermline the average house price rose from £126,456 to £137,014.

more/5...



The number of homes sold in West Fife & Kinross increased annually for the fourth consecutive period with sales up 23% compared to the third quarter of 2009. Selling times also showed improvement with sales now taking around three months to complete, down by three weeks compared to 2009.

Malcolm Cannon, ESPC chief executive concluded: "The figures for the third quarter in Fife point to a strengthening in the market, but as with other areas it is important to frame these results in context. The number of homes selling is still below that seen prior to the downturn and, like the rest of the country, the local market is likely to be impacted by public sector cuts in the upcoming Spending Review. With more properties on the market the balance of power has shifted towards the buyer again over the last few months and sellers should be aware of this when they enter into negotiations in the months ahead."

[Return to top](#)

Notes to editors

- ESPC is the number 1 channel for marketing property in East Central Scotland
- 1,500 words
- Figures quoted are based on all residential sales recorded by ESPC in the quoted period. ESPC do not seasonally adjust figures and for this reason reference year-on-year price changes unless otherwise stated.
- ESPC was founded in 1971 and comprises 200 member solicitor estate agents across East Central Scotland.
- Press releases issued by ESPC can be viewed by visiting the '[Market Watch](#)' section at [espc.com](#)
- For more information or to arrange an interview contact David Marshall on 0131 624 8000

**ESPC STATISTICS SUMMARY
QUARTER 3 2010**

City of Edinburgh				
	Property Type	2010	2009	YOY %
Average Selling Price	All properties	£229,787	£208,358	10.3%
Sales Volume	All properties	1,525	1,366	11.6%
Total Sales Value	All properties	£350.4m	£284.6m	23.1%
City Centre				
City Centre	All properties	£266,164	£226,144	17.7%
Suburbs				
Suburbs	3 bedroom semi	£243,792	£238,097	2.4%
	4 bedroom detached	£419,677	£374,168	12.2%
Marchmont/Bruntsfield	2 bedroom flats	£263,131	£254,456	3.4%
Gorgie/Dalry	1 bedroom flats	£105,293	£108,902	-3.3%
Leith Walk/Easter Road	1 bedroom flats	£107,384	£116,779	-8.0%
Stockbridge/Comely Bank	2 bedroom flats	£239,567	£219,641	9.1%
Lothians				
East Lothian	All properties	£225,600	£209,187	7.8%
Midlothian	All properties	£160,568	£160,256	0.2%
West Lothian	All properties	£156,892	£154,396	1.6%
Other Areas				
Dunfermline	All properties	£137,014	£126,456	8.3%

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All statistics are based on all residential sales recorded through ESPC in the quoted period. ESPC strive to ensure all data are compiled with due care, however we offer no guarantee as to its accuracy. Persons wishing to employ data for commercial or other purposes do so at their own risk.