

CITY OF EDINBURGH RESIDENTIAL MARKET UPDATE

A review of the latest market data | Q3 2021 - 2022

AVERAGE RESIDENTIAL PROPERTY PRICE: Q3 2021 - 2022

£301,017

Year on Year Change

↑ **+2.6%**

VOLUME OF RESIDENTIAL PROPERTY SALES: Q3 2021 - 2022

3,433

Year on Year Change

↓ **-5.3%**

VALUE OF RESIDENTIAL PROPERTY SALES: Q3 2021 - 2022

£1B

Year on Year Change

↓ **-2.8%**

Source: Land and Property Data Team, Registers of Scotland.
House price statistics shown include residential sales in SCOTLAND between
£20,000 and £1,000,000.

Currently, it's impossible to avoid inflationary pressures. My mind is rather focused on shoving more loft insulation into my roof space to mitigate rising heating bills, and I'm pretty sure the caramel shortbread slice I buy most days from my favourite sandwich shop is getting smaller. This squeeze in people's income is often accompanied by house price's flattening, and there is a broad view that nationally, this may be the case, but perhaps not in Edinburgh.

It is not particularly helpful to generalise about the Edinburgh property market. The house price growth for dwellings, which have some private outside space, has been remarkable through this Covid period of fear and uncertainty, regardless of its locality in the city, and has seen strong house price growth. Quite the opposite has been seen from your typical first time buyer/Airbnb city centre flat, which have struggled through this period through lack of tourism and job insecurity. What can we expect in the coming year?

Despite much of West, Mid and East Lothian feeling like a building site with huge numbers of houses coming out of the ground, that's not enough to sate the appetite of Edinburgh and the Lothian's projected population growth. Edinburgh has always scored highly as a place to live and work, but this appears to have been turbo charged over the last two years. Foreign direct investment surpasses any other city in the UK with the exception of London. Any resident or regular visitor to the city can testify to the many changes to its skyline.

I am firmly of the view that the value of the typical first times buyer's flat within Edinburgh has now bottomed out. There looks to be a fair bit of value, be it in a one bed flat in Leith, or its equivalent in the Old Town and elsewhere, and I would expect there to be strong capital growth for these types of flats, running well into the year.

It would be hard for family homes to continue their meteoric house price growth, and I do not expect buyers to continue to pay the large premiums, as Home Report values catch up to sale prices. However, underlying all that is a chronic supply and demand imbalance underpinning this section of the property market.

Super Prime Edinburgh has perhaps seen the biggest house price growth of all in the recent past, fuelled by high earners moving to or acquiring property in the city. I still see great value in this area.

For those who own their own property, there should be plenty of paper profit, but it is not all 'milk and honey'. There is a growing social cost as property for many becomes ever more unaffordable. This is a concern that local authorities, businesses and the city's population as a whole need to address.



Fergus Mair
Partner
Fergus.Mair@g-s.co.uk
07787 228 937