

EDINBURGH RESIDENTIAL MARKET UPDATE

A review of the latest market data | Q1 2023 - 2024

AVERAGE RESIDENTIAL PROPERTY PRICE: Q1 23 - 24

£311,301

Year on Year Change

↑ **+2.29%**

VOLUME OF RESIDENTIAL PROPERTY SALES: Q1 23 - 24

2523

Year on Year Change

↓ **-9.44%**

VALUE OF RESIDENTIAL PROPERTY SALES: Q1 23 - 24

£785M

Year on Year Change

↓ **-7.12%**

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

When the mini-budget was introduced by Kwasi Kwarteng in September 2022 this undoubtedly led to turmoil within the UK markets. Whilst the government were forced to reverse some of these measures, economic uncertainty coupled with rising interest rates made the Scottish property market a difficult place to navigate.

Interest rates have continued to rise throughout 2023 with the Bank of England's most recent increase of 0.5% on the 22nd of June taking the base rate to 5% in order to curb rising inflation.

This has impacted the Scottish Property Market as mortgage affordability has decreased. Findings from Rettie and Co show that Scottish house sales were down 10% Jan-May when compared to the previous year as buyer confidence has been weakened. Furthermore, the rate at which house prices increase has also fallen. We should be mindful however, that we have seen a period of sustained house price growth, particularly in the period following Covid-19 where market activity was significantly higher than is normal and a market correction was almost inevitable.

It's not all doom and gloom!

Whilst the above reads negatively, we should take confidence in findings from the ESPC which show that the average selling price of a property across Edinburgh, the Lothians, Fife and Borders has increased by 1%, contrary to media reports suggesting that average house prices were likely to decline. Most encouragingly, ESPC find the average property achieved 103.3% of HR value between April and June 2023. For context, this figure mirrors the pre-pandemic figure of 102.4% in January-March 2019 which supports the argument we are returning to pre-Covid levels. Furthermore, the median selling time April-June 2023 was 20 days which indicates the Edinburgh, Lothians and Fife market remains healthy.

Recent figures announced on the 19th of July show the rate of inflation has slowed to 7.9% in the year to June, down from 8.7% in the year to May. As a result, several major lenders including Nationwide and HSBC have since cut interest rates for their mortgage products for the first time in two months. Whilst we anticipate another increase in the base rate by the Bank of England on the 3rd of August, the general feeling is that we are reaching the end of the aggressive increase in interest rates we have experienced since December 2021 and a more positive outlook beckons.

Legislation within the rental sector over the last few years has worsened the rental crisis as landlords continue to leave the sector thus leading to a shortage of rental properties, particularly within City Centre locations. Rettie & Co find that the average time to let a property is now 10-15 days, almost half the time required historically. As demand outstrips supply, the shortage of rental properties has driven rental costs up with the average rent in Edinburgh at £1,372 representing a 13% year on year increase. Additionally, with a shortage of supply, tenants are finding it more difficult to find a new rental property and are therefore remaining in properties for longer. Following legislation that came into effect on the 1st of April 2023 stipulating a maximum rent increase of 3%, it may suit long term renters who are currently in existing tenancies to stay longer in the same property.

We are a trusted name in the residential property market, acting for all major Building Societies, Banks and Lending / Financial Institutions and are listed on all the major lenders' panels. Our valuations, surveys and other reports are recognised and accepted by all key mortgage providers.

Our Residential Surveying team includes some of the most experienced Valuers and Surveyors in the business. Our team are all highly trained, and are registered to the Royal Institution of Chartered Surveyors (RICS). Thanks to this expertise, we can provide the highest level of service excellence. We offer competitive rates and comprehensive coverage across Scotland, through our network of local offices.

Have a question? Email us at homereports@g-s.co.uk.



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