

For Immediate Release

10 July 2008

ESPC HOUSE PRICE REPORT – Q2 2008

Second quarter statistics released today by ESPC provide clear evidence that following several years where demand continually outstripped supply, it's a buyer's market in East Central Scotland. Whilst the average price of a property across the region continued to show modest growth of 3.1%, the number of completed sales fell by some 40% reflecting the extent to which the market has cooled over the last three months.

With the same number of properties coming onto the market as in previous years but sales volumes falling, the number of properties available for sale has risen by over 50%. In the second quarter of 2007 around 4,000 properties on the market compared with over 6,100 today.

The increase in the selection of properties has also allowed buyers to offer lower bids to secure their home, with the average premiums achieved on properties marketed at Offers Over falling by 5% in most regions. In Edinburgh, for example, the average premium paid on an property sold at Offers Over during the second quarter of 2008 stood at 23.1%, down from 28.3% during the same period in 2007.

Commenting on the results Ron Smith, chief executive of ESPC said: "These figures illustrate that buyers are in a much stronger negotiating position than they have been for some time, and both sellers and buyers will have to adapt to this new reality. From the sellers' perspective, it is likely that they will have to moderate their expectations on the price their property will attract. The flip side of this is that they should be able to secure their next property for a lower price than they may have anticipated. Although most looking to move would be best advised to sell before they buy in the current market conditions, it is wise to start viewing potential purchases early to get a better idea of how much you will have to bid and be in a position to move quickly when you sell your current home."

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“For first-time buyers who are able to secure a mortgage, this change in market conditions offers them the opportunity to make slightly lower bids on a home secure in the knowledge that if they are unsuccessful there is likely to be a number of other suitable alternatives available on the market.”

In Edinburgh, the average selling price of a property rose by 2.6% annually to £233,840, though this came in the face of a 36% downturn in the number of sales in the Capital. The reduction in demand for property has been particularly evident toward the lower end of the market, where restrictions on credit availability have hit hardest. The average price of a one-bedroom flat rose by just over 1% annually in the three months to June. In contrast the average price of a three or four-bedroom house increased by 4% during the same period.

In most other regions, a similar pattern to Edinburgh was witnessed, low levels of growth were accompanied by a marked drop in sales volumes. In East Lothian the average price of a property is £213,977 following a year-on-year increase of 4.9%, but this was accompanied by a 27% decrease in the number of sales completed. Similarly, in West Lothian the average price of property increased by 1.7% over the last year, but the number of sales was some 28% down on 2007 levels.

Greater inflation was observed in Falkirk for the second consecutive quarter, however this reflects an increase in the proportion of sales accounted for by larger family housing. In the second quarter of 2007 three and four-bedroom properties accounted for just 50% of sales, but this figure had risen to 65% in the second quarter of 2008. When looking at the average price of similar property types in the town, inflation of around 3% was observed, in line with levels across East Central Scotland.

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Lesley Canavan, general manager of ESPC Money Management advised: “The price rises in recent years have been driven partially through the availability of cheap credit. This is no longer the case and affordability of debt is becoming much more important in the buying process. Working out what is affordable is a far better approach than looking to maximize what can be offered. Even for those not looking to move home, rising inflation has increased the likelihood of a rise in interest rates before the end of the year, so I would advise buyers to stress test their mortgage to see how their repayments would be impacted by any change if they are looking at a variable rate mortgage.”

Notes to editors

- **800 words**
- ESPC were founded in 1971 and comprise over 230 member solicitor estate agents across East Central Scotland.
- ESPC members accounted for over 17,500 residential sales worth more than £3.5bn last year.
- Previous press releases issued by ESPC can be viewed by visiting the '[News](#)' section at [espc.com](#)

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ESPC STATISTICS SUMMARY QUARTER 2 2008

| City of Edinburgh | | | | |
|-------------------------|--------------------|----------|----------|--------|
| | Property Type | 2008 | 2007 | YOY % |
| Average selling price | All properties | £233,840 | £227,912 | 2.6% |
| Sales Volume | All properties | 2,080 | 3,267 | -36.3% |
| Total Sales Value | All properties | £486.4m | £744.6m | -34.7% |
| City Centre | All properties | £264,588 | £286,733 | -7.7% |
| Suburbs | 3 bedroom semi | £258,664 | £250,366 | 3.3% |
| | 4 bedroom detached | £470,579 | £393,761 | 19.5% |
| Marchmont/Bruntsfield | 2 bedroom flats | £282,447 | £269,953 | 4.6% |
| Gorgie/Dalry | 1 bedroom flats | £121,756 | £126,427 | -3.7% |
| Leith Walk/Easter Road | 1 bedroom flats | £130,921 | £128,526 | 1.9% |
| Stockbridge/Comely Bank | 2 bedroom flats | £275,691 | £259,397 | 6.3% |
| Lothians | | | | |
| East Lothian | All properties | £213,977 | £203,902 | 4.9% |
| Midlothian | All properties | £178,080 | £172,448 | 3.3% |
| West Lothian | All properties | £191,775 | £188,640 | 1.7% |
| Other Areas | | | | |
| Dunfermline | All properties | £153,887 | £151,931 | 1.3% |
| Falkirk | All properties | £181,539 | £146,148 | 24.2% |
| Kirkcaldy | All properties | £159,919 | £155,014 | 3.2% |
| Stirling | All properties | £193,551 | £182,753 | 5.9% |

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.