

For Immediate Release

6 October 2008

- ESPC HOUSE PRICE REPORT: Q3 2008-

- **Average house prices starting to fall across most of East Central Scotland.**
- **1.2% annual drop brings the average house price in Edinburgh during the 3rd quarter to £219,345.**
- **West Lothian only major area to report an annual increase in price.**
- **Number of houses sold during the last 3 months down by 57.6% on the same period in 2007.**
- **Average premiums achieved on properties sold at offers over fall as buyers take advantage of strengthened negotiating position.**
- **Tightened lending criteria continue to be the major constraint on demand making a return to house price growth unlikely in the next 12-18 months.**

Latest figures released today by ESPC reveal that average house prices across much of East Central Scotland are coming down as tightened lending criteria and low consumer confidence continue to quell demand for property.

In Edinburgh an annual drop of 1.2% in the third quarter took the average price of a house sold in the Capital during the last three months to £219,345. Larger falls of over 11% in East Lothian and Midlothian took the average property price in these areas to £194,954 and £154,046 respectively. West Lothian was the only major region in East Central Scotland to report an annual increase with a modest rise of 2.5% taking the average house price to £174,587.

The number of house sales completed provided the clearest evidence of the drop in buyer demand with just under 2,200 sales recorded in East Central Scotland, 57.6% less than during the same period last year.

more/2..

-2-

Commenting on the results Ron Smith, chief executive of ESPC said: "Over the last two months in particular we have seen an acceptance among vendors needing to secure a sale that they will need to reduce their expectations in order to do so due to the reduced demand for property. Buyers who can secure finance are taking advantage of this by negotiating hard to purchase homes at lower prices."

The extent to which some buyers have been able to take advantage of the current market was illustrated by a marked drop in the premiums being achieved on properties sold at Offers Over. During the 3rd quarter the average home sold in this manner in Edinburgh went for 16.7% over the asking price, down from over 27% last year. Similarly over 70% of buyers purchasing a home at Fixed Price were able to secure the property for less than the asking price, up from 37.5% in the 3rd quarter last year.

Mr Smith continued: "Up until the end of July, prices had been continuing to rise in the Capital, and it is these July figures that have led to the relatively modest annual fall of 1.2% in Edinburgh when looking at the third quarter. More recently though we have seen an annual decline of 6% in Edinburgh in August and a 7% annual fall in September. As prices come down we would expect to see some buyers attracted back to the market resulting in the number of sales picking up slightly toward the end of the year. However, tightened lending criteria will continue to exert a downward pressure on demand, meaning active buyers who can secure financing will be able to continue negotiating better deals for themselves. We would therefore not expect to see the average price rise again over the coming year."

With lending restrictions impacting those on higher incomes less severely, modest growth continued to be observed for larger three and four-bedroom properties in Edinburgh. A sharp 20% annual rise in the average price of a four-bedroom detached property was influenced by a fall of 6.5% being observed during the 3rd quarter of 2007 however. Over the two year period from Q3 2006 to Q3 2008 a more moderate rise of 13% was observed on these properties."

more/3..

-3-

Outwith Edinburgh steeper falls in average price were observed in most areas. An 11.1% drop in East Lothian brought the average price back below £200,000, whilst in Midlothian an 11.7% fall took the average price to £154,046.

Lesley Canavan, of ESPC Money Management concluded: "These latest figures demonstrate that market conditions have dampened demand for property significantly. This has left those who are in a position to secure finance in a strong position to take advantage by haggling sellers down on price. Both buyers and sellers should be aware that the current conditions are not a short term phenomenon and are likely to continue throughout 2009. It would be prudent for those looking to take advantage of the market to consider what is affordable to them when looking for a mortgage rather than seeking to maximise the amount that they can borrow.

Notes to editors

- **767 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 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](#)
- For more information or to arrange an interview contact David Marshall on 0131 624 8000

more/4...

ESPC STATISTICS SUMMARY QUARTER 3 2008

City of Edinburgh				
	Property Type	2008	2007	YOY %
Average selling price	All properties	£219,345	£221,986	-1.2%
Sales Volume	All properties	1,322	3,092	-57.2%
Total Sales Value	All properties	£290.0m	£686.4m	-57.8%
City Centre				
	All properties	£239,049	£268,849	-11.1%
Suburbs	3 bedroom semi	£252,085	£250,685	0.6%
	4 bedroom detached*	£443,637	£366,821	20.9%
Marchmont/Bruntsfield	2 bedroom flats	£253,979	£270,780	-6.2%
Gorgie/Dalry	1 bedroom flats	£114,549	£126,330	-9.3%
Leith Walk/Easter Road	1 bedroom flats	£117,154	£127,233	-7.9%
Stockbridge/Comely Bank	2 bedroom flats	£251,011	£267,469	-6.2%
Lothians				
East Lothian	All properties	£194,954	£219,323	-11.1%
Midlothian	All properties	£154,046	£174,465	-11.7%
West Lothian	All properties	£174,587	£170,306	2.5%
Other Areas				
Dunfermline	All properties	£138,554	£153,071	-9.5%
Falkirk	All properties	£120,867	£147,799	-18.2%

*Followed a 6.5% year-on-year fall in Q3 2007. Total rise over two years of 13%.

Issued by ESPC (UK) Ltd
For further information please contact:
David Marshall
e: david.marshall@espc.com

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.

06/10/2008