

*For Immediate Release*

*8 January 2008*

### **- ESPC HOUSE PRICE REPORT: Q4 2008 -**

- **Average house price across East Central Scotland shows an annual fall of 8.5%.**
- **Average house price in Edinburgh stands at £193,354 after an annual drop of 10.1% in the fourth quarter.**
- **Number of properties selling remains constrained, down by over 60% in Edinburgh.**
- **Average premiums achieved on properties sold at offers over are squeezed further as buyers take advantage of strengthened bargaining position to secure better deals.**
- **Tightened lending criteria and lower consumer confidence in the economy remain major constraints on the market.**

Latest statistics released by ESPC show that the average house price in East Central Scotland decreased by 8.5% annually in the last three months of 2008. The fall means the average selling price of a property in the region now stands at £181,527.

In Edinburgh a year-on-year fall of 10.1% took the average price of a home in the Capital to £193,354. There were signs that the rate at which prices were falling slowed toward the end of the year, with a more modest annual drop of just over 4% observed during the month of December.

Commenting on the results, Ron Smith, ESPC chief executive said: "The quarterly average in Edinburgh has fallen back below £200,000. As the economic impact of the 'credit crunch' grew over 2008 a downward adjustment in prices became inevitable, however as yet the local market has avoided some of the larger falls being observed south of the Border."

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“There is no question that 2008 was a turbulent year. The situation in financial markets resulted in severe restrictions being placed on lending criteria meaning the housing market was impacted more swiftly and significantly than anticipated. In light of the current rate of change in the economic landscape it would be unwise to offer projections for house prices over the longer term. It would be reasonable to assume we will not see a return to house price inflation during 2009 although we may see a levelling off in the market during the second half of the year.”

Although the rate at which house prices fell showed some signs of steadying, the number of properties selling remains well below that witnessed in previous years due primarily to lending criteria restricting access to the market. 825 properties were sold in Edinburgh during the last three months of 2008 compared with just over two and a half thousand during the same period in 2007.

Evidence pointed towards successful sellers being those who were willing to negotiate with buyers on the price of their property. The average premium which buyers had to pay to secure a property in the Capital during the last quarter was just 11.5% - down from 26.1% in the previous year. Similarly, three-quarters of sellers of properties at fixed price accepted an offer below the asking price compared with less than one in two during the last quarter of 2007.

Outwith Edinburgh, similar trends in prices were observed with most regions observing a fall of around 10%. East Lothian observed a smaller 1.8% fall however the region had witnessed comparatively modest growth towards the end of 2007 meaning that the rate of change over the last two years was broadly in line with other areas.

Robin Stimpson, ESPC chairman, concluded: “Broadly speaking, the shifts we have observed in the market have taken prices back to the sort of levels being recorded at the start of 2007. Areas recording more modest growth since then observed more modest falls, whilst those which achieved superior growth have generally seen slightly larger offsetting falls.

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“Understandably, those who will be most negatively affected by short-term falls will be those who purchased at the peak of the market or those who have less equity in their property. Conversely many potential first-time buyers stand to gain significantly from the increasing affordability of property. The coming year promises to be an interesting one for the market as negotiations on price become more commonplace and buyers are able to take advantage of improved choice and affordability. Over the longer term the fundamentals of the local market remain solid with the number of households projected to continue rising. A return to rapid inflation witnessed in recent years would be neither sustainable nor desirable, but as lending criteria become more relaxed in the future we should see prices start to rise again at more modest levels which ultimately will benefit everyone involved in the market.”

### Notes to editors

- **728 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

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**ESPC STATISTICS SUMMARY  
QUARTER 4 2008**

| <b>City of Edinburgh</b> |                      |             |             |               |
|--------------------------|----------------------|-------------|-------------|---------------|
|                          | <b>Property Type</b> | <b>2008</b> | <b>2007</b> | <b>YOY %</b>  |
| Average selling price    | All properties       | £193,354    | £215,168    | <b>-10.1%</b> |
| Sales Volume             | All properties       | 825         | 2,510       | <b>-67.1%</b> |
| Total Sales Value        | All properties       | £159.5m     | £540.1m     | <b>-70.5%</b> |
| <b>City Centre</b>       |                      |             |             |               |
|                          | All properties       | £221,472    | £256,480    | <b>-13.6%</b> |
| Suburbs                  | 3 bedroom semi       | £228,261    | £245,382    | <b>-7.0%</b>  |
|                          | 4 bedroom detached   | £379,000    | £447,020    | <b>-15.2%</b> |
| Marchmont/Bruntsfield    | 2 bedroom flats      | £239,982    | £252,860    | <b>-5.1%</b>  |
| Gorgie/Dalry             | 1 bedroom flats      | £108,338    | £123,546    | <b>-12.3%</b> |
| Leith Walk/Easter Road   | 1 bedroom flats      | £114,567    | £125,187    | <b>-8.5%</b>  |
| Stockbridge/Comely Bank  | 2 bedroom flats      | £245,909    | £247,839    | <b>-0.8%</b>  |
| <b>Lothians</b>          |                      |             |             |               |
| East Lothian             | All properties       | £185,688    | £188,754    | <b>-1.6%</b>  |
| Midlothian               | All properties       | £160,084    | £179,152    | <b>-10.6%</b> |
| West Lothian             | All properties       | £154,842    | £169,200    | <b>-8.5%</b>  |
| <b>Other Areas</b>       |                      |             |             |               |
| Dunfermline              | All properties       | £123,144    | £150,653    | <b>-18.3%</b> |
| Falkirk                  | All properties       | £123,757    | £152,545    | <b>-18.9%</b> |
| Kirkcaldy                | All properties       | N/A         | £161,795    | -             |
| Stirling                 | All properties       | N/A         | £212,232    | -             |

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All statistics are based on all residential sales recorded through ESPC in the quoted period.  
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