

# Edinburgh's Effervescent Property Market Kept on the Boil by Stock Shortage

*By Nicholas Hancock*



Edinburgh has always been a law unto itself in the property market, but current conditions are curious. In terms of activity, it has been quiet with a dearth of good stock. A consequence is that, when a good home comes up, frenzy ensues.

Stock has been in short supply all year, leading to regular closing dates and some pretty inflated prices. Recent reports suggest uplifts of 20% in the past three months compared to the same time in 2016.

Increasingly anxious buyers who have missed out on previous closing dates are exhibiting a tendency to throw significant amounts of money at the next one in the hope of beating off the competition.

This an understandable strategy in such an intense contest, but such cavalier buyers might reflect that their spending could come back to bite them when it comes to their turn to sell.

The consistent theme from agents this summer is simply that they have not had enough to sell, though what they have handled has shifted handsomely.

At root, the shortage is still caused by uncertainty, a lingering hangover from the shock of Brexit – and the snap General Election in the middle of the year didn't do anyone any favours.

It came just as confidence was returning to the market, meaning that everything was put on hold again. It knocked the stuffing out of the Spring market and we segued straight into the slower paced Summer market.

It becomes self-perpetuating. People don't want to sell their own property if they can't be sure of finding something to buy. What we are seeing as a result of that is that new build sales are doing very well, with most sites sold out until Spring next year.

Untypically, builders are not having to offer incentives, as they normally would at this time of the year. People who want a bigger house are seeing the benefits of new build – no chain, a defined move-in date and relative certainty.

Another, quite visible, consequence of the current market is a spate of extensions, improvements and loft conversions as an alternative to moving. The lack of stock is making people ask: do I quite like living where I am?

Homeowners can acquire extra space without the costs of moving, such as Home Reports, removals and mortgages – although they pale into insignificance beside Land and Buildings Transaction Tax.

Central Edinburgh remains prime for Scotland but other hotspots are Stockbridge, with its village feel and good schools, Belleview and, pushing out from the New Town, Broughton.

To the south, Bruntsfield always does well and Marchmont is a great example of multiple types of occupiers, ranging from buy-to-let landlords, parents buying for student children and owner occupiers.

A two-bedroom flat in Marchmont with garden will need £450,000 to come out on top in a bidding war and three-bedroom tenement properties are going for up to half a million pounds.

Stockbridge properties, on the cusp of the New Town and with its own little high street, have seen sales in the £400,000 to £425,000 region, depending on the street.

Bungalows in districts such as Corstorphine and Willowbrae have not been transacting much but they are good family areas. An original two-bedroom, two reception room home should sell for £310,000 to £350,000 but buyers would have to add at least £100,000 to that for an extended four-bedroom.

The upper end is still slow, though good homes will sell well. An extended Belleview town house on the market recently at offers over £1.4 million had no trouble in going to a closing date.

There is still a lot of new build going on, particularly on greenfield sites with proximity to the bypass. A lot of speculative applications have been stopped by the publishing of the development plan but developers with permissions are confident of selling out a long way in advance.

In this market, expect land banks to be plundered.

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