

Capital scales begin to balance on 'red hot' property market

As we enjoy one of the hottest summers on record, good news may be on the horizon for capital buyers as the property market begins to cool.



According to [Warners Solicitors and Estate Agents](#), pressure has started to ease in Edinburgh's 'red hot' property market after an 18-month period that heavily benefited sellers.

During this time there was a shortage of properties available for sale, meaning that there had been an excess of demand relative to supply.

However, new findings from Warners shows that the supply of

properties to the market has improved while demand cooled slightly, meaning that house hunters are shelling out lower premiums in June than earlier in the year.

During the first two months of 2018, properties sold in Edinburgh and the Lothians were achieving an average of 7.4% over and above their Home Report valuation.

In June, this figure had fallen to 6.3%.



David Marshall, Operations Director with Warners, said: “Earlier in the year, there was a huge excess of demand over supply. Buyer activity was high, but the number of properties coming onto the market very low.

“More recently, we have seen a modest upturn in the number of homes coming up for sale.

“At the same time, buyer activity has eased a little which has meant the market has been a little more balanced and the premiums that buyers have had to pay to

secure a property have inched down.

“However, it’s important to keep things in perspective. Demand is still exceeding supply.

“Most properties are selling for more than their Home Report valuation and the market is still a challenging one from a buyer’s perspective.”

Despite signs that the market is beginning to strike a balance, those looking to purchase within the capital are still currently facing difficult conditions due to rising house prices.

Recent figures from the ESPC show that the average house price in Edinburgh rose by 5% annually in the first three months to June 2018. Earlier in the year annual growth was over 9% meaning that house price inflation has cooled, though it is well above the rate of wage growth and CPI inflation.

David added: “The message is therefore that it remains very much a seller’s market, but that conditions have at least become a little less challenging for property buyers over the last few weeks.

“As we move into the second half of the year we would expect to see the number of homes coming onto the market improve further as more sellers are tempted back by the rising house prices we have been seeing.

“That improvement in supply should help to further improve the balance in the property market.”