

Edinburgh property sales peak while UK stalls

Warners Solicitors say that Edinburgh's property market is at its most active in more than a decade. This is reported despite Brexit uncertainty contributing to other parts of the UK which are experiencing the slowest sales since the global financial crash.

New figures from the firm show that the capital is currently incubated from the struggles the rest of the country is experiencing with more homes for sale in Edinburgh and the Lothians than in recent years.

During the three months from May to July, Warners brought almost 300 homes for sale to the market. That marked an increase of 27% compared to the same period a year ago.

The number of homes being sold also rose sharply. Between May and July Warners sold over 260 properties across Edinburgh and the Lothians. That marked an increase of almost 24% over the figure of 214 homes sold during the same three months in 2018.

These figures are in stark contrast to the rest of the UK with the The Royal Institution of Chartered Surveyors (RICS) reporting significant drops in house prices as consumers exercise caution against a backdrop of political uncertainty.

David Marshall, Operations Director with Warners, said: "Although the number of homes being sold has risen substantially, we have also seen a notable and continuous increase in the volume of properties coming onto the market

during the last 18 months.

“This growth in supply has been vital to the market. Throughout 2017 and the first half of 2018, there was a huge excess of demand over supply. This meant that, in many cases, buyers had to pay substantial premiums over and above the Home Report valuation if they wanted to have a chance to secure a property.

“Today, most properties are still selling quickly and achieving good prices. During the last three months the average selling time that Warners recorded was just 20 days, with almost 85% of homes sold achieving a price equal to or above the Home Report valuation.

“With more homes available on the market there is a better balance between supply and demand, however, we have started to see the very high premiums that properties were achieving over the last year or two become less prevalent.

“Between May and July this year, 6% of homes going under offer achieved a price that was 15% or more above their valuation. A year ago, 13% of homes sold achieved an offer at this level, so there are clear signs that pressure on buyers has started to ease.”

Although there is a better balance in the local property market than in recent years, conditions remain challenging for those looking to get onto the property ladder. Demand for starter homes has been higher than for larger properties in most areas and this, along with some additional factors, have made it difficult for anyone hoping to secure their first home.

David added: “First-time buyers will often find that the properties that they are interested in also attract demand from buy to let investors and those looking to downsize. As a result, demand for starter properties is generally higher than for larger family homes. For example, the average premium paid

over valuation for a one bedroom flat in Edinburgh is 6%. For a four-bedroom house in the Capital this figure stands at just 3.4%

“Adding to the problems facing first-time buyers is the fact that lenders are only willing to lend up to the Home Report valuation. If the buyer wants to bid anything over the valuation – and in the current market they will often need to in order to secure a property – then they will need to have this money available up front in addition to their deposit.

“Indeed, if they are purchasing their first home using the Scottish Government’s LIFT scheme then they will not be allowed to offer anything over the valuation at all.

“As a result, for many first-time buyers the best advice is to focus more attention on properties that have been on the market for a period of time, or those that are marketed at a Fixed Price. New-build properties are also an attractive option for a lot of first-timer buyers as they allow them to purchase a property at a set price.

“Looking ahead, the prospect of Brexit continues to present the most notable downside risk to the market however there is little evidence as yet that it has affected the behaviour of buyers or sellers. As a result, we continue to expect activity to remain brisk through the remainder of 2019, with house prices rising at a rate broadly in line with CPI inflation.”