

Scottish house prices projected to rise by nearly 20%

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The average house price is predicted to be £35,000 higher in five years as “Brexit and election-related angst” subsides, according to a report.

Savills expects average house prices across the UK to lift from £231,000 in 2019 to £266,000 in 2024 – with the north outperforming those in the south.

There are also signs the prime central London property market could be set for a bounce, but elsewhere in London growth in house prices is

expected to lag behind the rest of Britain. North-west England is tipped to see the strongest percentage house price growth, with values predicted by Savills to surge by 24 per cent by 2024.

In Scotland and north-east England, house prices are expected to jump by nearly one-fifth (19.9%) over the same period, while in Yorkshire and the Humber growth of 21.6% is forecast.

Faisal Choudhry, Savills head of residential research in Scotland, said: “In Scotland, the key fundamentals of quality of life, good schools and economic growth in the hubs of Edinburgh and Glasgow will drive local markets, but pricing remains key and sellers will have to be pragmatic.”

Wales will also perform strongly, with house prices expected to increase by around 18%, Savills predicts.

Daniel Rees, head of residential at Savills in Cardiff, said the property market in Wales had “undoubtedly” been helped by the Severn Crossing tolls being abolished in 2018.

He said: “Our forecasts affirm the long-term popularity of Wales as an attractive and affordable place to live and work.”

By contrast, property values in London, where housing affordability is often worse than in other parts of the country, are expected to increase by just 4% by 2024.

House prices in London generally recovered more strongly after the financial crisis than elsewhere, but price growth there has been more subdued in recent years as the affordability of a home has become more stretched.

However, expectations for house price growth in prime central London are more positive.

Savills forecasts that prime central London values will rise 3% next year – the first annual price growth since 2014 – and increase by 20.5% over the next five years.

Recent falls in the value of sterling mean London’s most expensive properties will start to look relatively good value to those investing from overseas – and a build-up of recent interest from buyers indicates the market is set for a bounce, Savills said.

The firm said that while “Brexit and election-related angst” will generally continue to act as a drag on the market over the short term, house prices are expected to rise broadly in line with incomes thereafter.

It estimates that, while house prices will only increase by around 1% across 2020, 2021 will see a stronger 4.5% bounce.

Savills’ forecasts assume that the General Election on December 12 does not result in a significant shift in the policy environment, that the UK ultimately achieves an orderly exit from the EU over the course of 2020 and avoids recession. They also assume that the bank base rate increases gradually to 2.0% by the end of 2024, constraining mortgage affordability and house price growth.

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