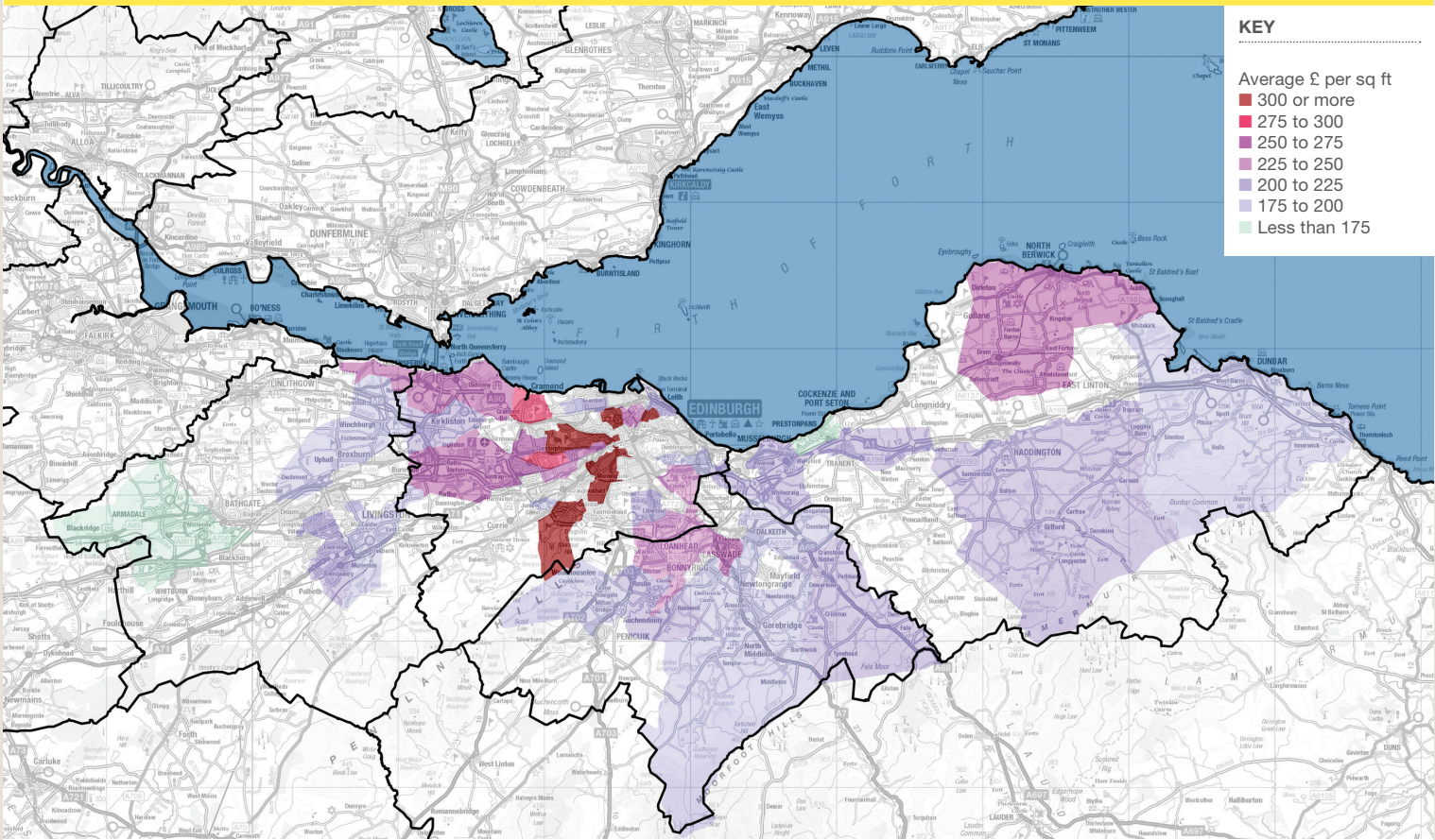


# Spotlight Residential Development in Edinburgh and the Surrounding Areas

Winter 2015



## SUMMARY

Private sector housing starts and completions are up, but still well below peak levels

■ The Scottish Government's latest figures report that whilst private sector housing starts and completions in Scotland are up 4% and 11% respectively year on year, they remain around 40% below peak (YT 2008 Q1).

■ Within the City of Edinburgh, both completions and starts are considerably down compared to the peak and previous year.

■ This is creating high demand for residential development sites, particularly within well established areas.

■ Across the Lothians, starts and completions have increased annually.

■ Midlothian in particular is achieving residential development well in excess of peak levels, including a number of large sites which are now nearing completion.

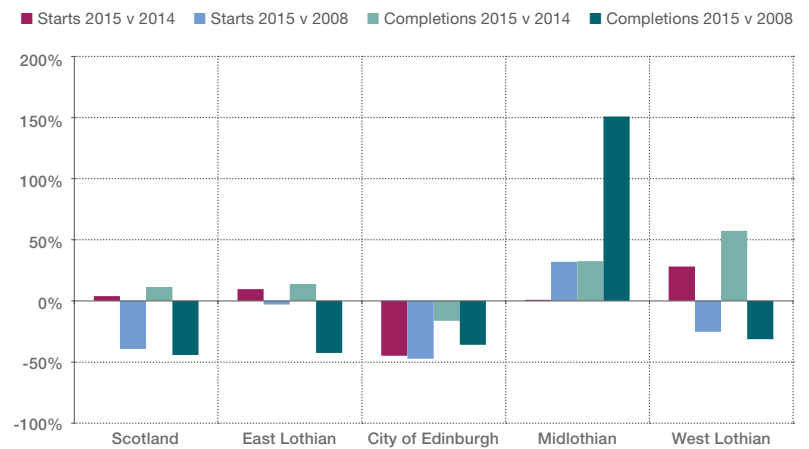
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 "There is high demand for residential development sites, particularly within well established areas"  
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## KEY POINTS

### Edinburgh at a glance

- The Edinburgh market remains strong.
- Supply remains low despite considerable demand from a population which is forecast to grow by over 2,000 households per year between 2012 and 2035.
- Residential developments in Edinburgh are commanding significant premiums.
- The regeneration of Edinburgh's waterfront areas has gained momentum, and expansion continues with the possible tram extension.

FIGURE 1  
Levels of starts and completions



Source: Savills Research

## EDINBURGH TOWN/CITY CENTRE

The traditional heart of Edinburgh, including the areas of the Old Town, New Town, Stockbridge, West End and Canonmills.

- Developments are typically small, averaging 15 units, and are predominately conversions.
- On average these developments launched seven months ago, and have achieved a rate of sale of two per month.

The average unit size for flats was 1106 sq ft, which is above the city average of 950, due to the nature of conversion accommodation.

Likewise prices per sq ft for flats ranged between £360 to £440, compared to an average of £294 across the city.



### THE APARTMENTS, KINNEAR ROAD, QUEENSBERRY PROPERTIES

An exclusive collection of luxury refurbished 2 bedroom conversion and new build apartments, with spectacular views of Edinburgh Castle and city skyline. Prices from £625,000.

## SUBURBAN HOTSPOTS

The popular suburban hotspots of Colinton, Cramond, Gyle, Morningside, Pilton, and Portobello areas.

- These areas have access to excellent transport links and a range of good state and independent schools.
- Prices per sq ft for flatted developments in Morningside and Murrayfield, which appeal

to downsizers, are reaching £400 for large flats on average in excess of 1300 square feet.

On average, detached and semi detached houses in these outer suburban hotspots are achieving £234 per sq ft, higher than flats at many developments. Developments along and within the bypass are providing highly sought-after family housing.



### WHITEHILL WOODS, ROSEWELL, WHITEHILL WOODS LTD

A niche development of 4 & 5 bedroom detached family homes set within a spectacular country estate, overlooking Whitehill House Golf Course. Prices from £695,000 to £950,000.

## REGENERATION MOMENTUM

Bonnington and Leith waterfront continue to be the focus of substantial development, with Leith now gaining a premium over Bonnington.

- Flats here are achieving on average £268 per sq ft which compares favourably to central Edinburgh in terms of affordability.
- By contrast, developments in Pilton and Newcraighall are attracting younger buyers.

The product is smaller at an average of 700 square feet, and prices are closer to £200 per sq ft.

- Developments in the West and South West are also gaining momentum.
- These areas are providing highly sought-after family housing on a large scale, with the average development density in these areas being 79 units.

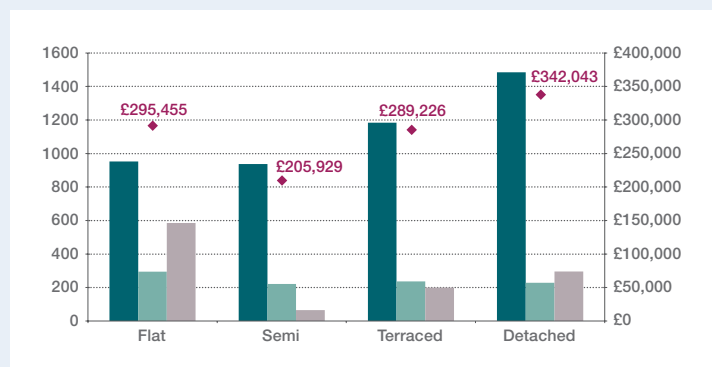


### THE SCHOOLHOUSE, NIDDRIE, CCG HOMES

A development of 32 terraced houses and apartments only five miles from the city centre. Launched in June 2015, with a sales rate of four per calendar month. Prices from £125,000.

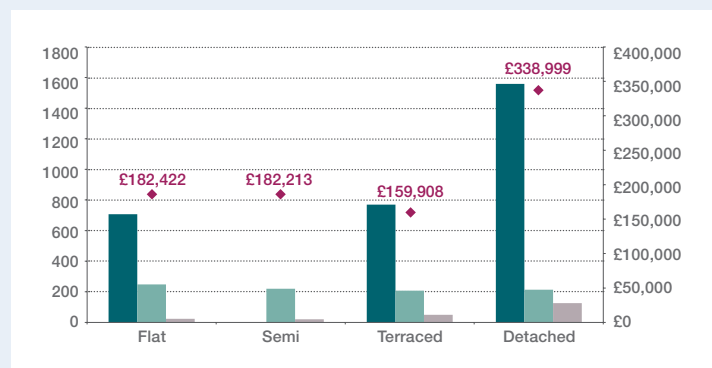
# AREA FACT SHEETS

■ Average sq ft ■ Average price per sq ft ■ Size of Dataset ◆ Average Price



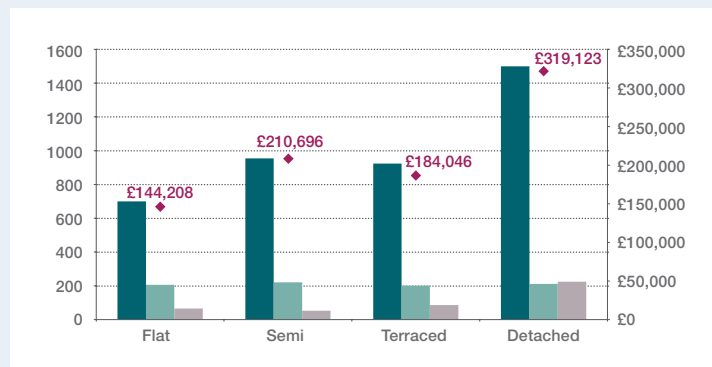
## Edinburgh

- Edinburgh is at the heart of the development market, and is also the most expensive location in the East of Scotland.
- Flats command a premium value with prices on average 62% higher than East Lothian, the second highest.
- Flats in Edinburgh are also comparatively the largest, reflecting the influence of central Edinburgh conversions and the downsizer market in the suburbs which commands larger properties.



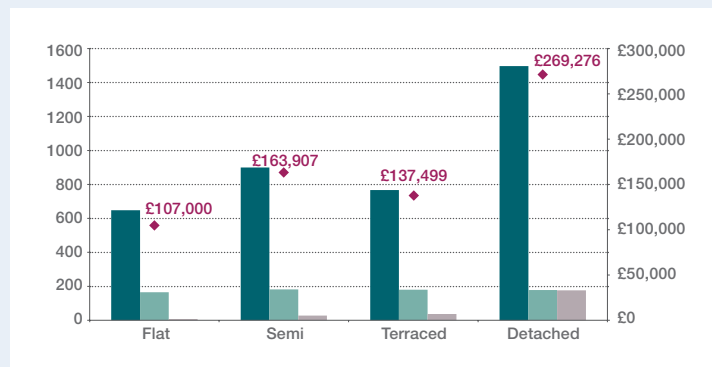
## East Lothian

- East Lothian has seen some of the lowest levels of development of all areas analysed, and despite a high average development density of 97 units, achieved an average rate of sale of two per calendar month.
- Detached properties in East Lothian on average exceed Edinburgh on both price and square footage. Despite this, the highest price per sq ft achieved is £259.
- For example, a 4 bed house at 1470 sq ft costs £267,000 in East Lothian but £249,847 in suburban Edinburgh.



## Midlothian

- Outside Edinburgh, Midlothian had the highest levels of development.
- There were on average 91 units per development, with around 26 units still to be released.
- Semi detached properties achieved the highest prices per sq ft reflecting the aspirations of first-time buyers and young families, along with the influence of Help to Buy.



## West Lothian

- West Lothian has the lowest prices across all property types with all averages less than £200 per sq ft.
- Values vary considerably according to the area's popularity; a 3 bedroom detached house at 1,008 sq ft in Armadale costs on average £171,500 whilst in Calderwood the same property costs £192,995.
- There are pockets, such as Linlithgow, where values are higher, but development is often on a smaller scale.

Source: Savills Research



## → LOOKING FORWARD

### Development land

The Savills development land index shows particularly large increases in development land values across Scotland over the last year: 15.5% for Greenfield and 26% for Urban. Areas within Edinburgh and the surrounding areas, where there has been notable house price growth and significant undersupply, have witnessed the largest increases in values.

### Central Edinburgh

Within central Edinburgh, the majority of opportunities comprise the redevelopment of former commercial sites or the renovation of existing properties.

Consequently, these are generally smaller in scale than family housing developments located on the

outskirts of the city and usually require consideration of issues such as site remediation, neighbouring uses and listed building conservation.

Higher density sites and those with substantial infrastructure requirements are increasingly in demand, as developers seek to consolidate their land bank in established areas. Savills recently sold the 4-acre former Royal Mail depot on Brunswick Road to CALA Homes.

### Suburban hotspots

Supply of suburban residential development land around Edinburgh's periphery is currently constrained, given site availability and planning issues. As a result, land in appropriate postcodes with suitable planning prospects is highly sought after.

This trend is likely to continue alongside the preference for premium flats in well established neighbourhoods which attract downsizers. Commuter sites suitable

for family housing are increasingly being progressed in the outer suburbs and across the Lothians, where larger acreages are available and increasingly viable.

For example, Savills recently sold a 23.4-acre site at Newcraighall to Barratt Homes after a marketing process which attracted a considerable level of interest.

### Regeneration momentum

As large-scale regeneration sites in the north of Edinburgh begin to gain momentum, developers are likely to select the most attractive opportunities on a piecemeal basis until a critical mass has been achieved at these locations.

In the short term, new private housing within these areas will emerge close to established neighbourhoods where local amenities are available. Developers will remain hesitant about sites which do not meet these criteria. ■

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