EDINBURGH RESIDENTIAL MARKET REVIEW

2025/2026

Amidst modest value growth, the Edinburgh residential market remains resilient as Scotland’s most expensive region with a positive outlook for 2026.

HIGHLIGHTS OF EDINBURGH RESIDENTAL SALES

- Robust and resilient performance for Edinburgh city sales versus the rest of the UK despite a challenging economic backdrop.
- Edinburgh remains the dominant region in value however it has fallen behind the national average price growth rate with some regions outperforming Edinburgh including Glasgow.
- While £1m+ market remains robust in Edinburgh, the second half of 2025 has seen moderate price growth and stronger sales from lower value properties in 2025 at <£500,000.
- The low supply of properties in Scotland has helped maintain Scottish house price growth.
- Properties in Scotland tend to sell faster than the rest of the UK and with a lower fall through rate from initial offers received.
- Property sales have generally taken longer to go Under Offer in 2024 however 2025 has outperformed 2024 month on month to October 2025 according to Rightmove.
- The reduced Bank of England interest rates in 2025 are helping offer a positive outlook to boosting confidence for buyers and we may see further rate changes ahead.

THE MARKET AT A GLANCE

Supply – Volume of Scottish property on the market remains scarce, acutely in Edinburgh.

Demand – Market shift in favour of buyers, imbalance between supply and demand levelling out in comparison to the Covid induced boom. Decreasing instances of strong premiums to Surveyors Home Report valuations. First Time Buyers market showing growth allowing mid-market to transact albeit usually via linked chains. Reductions in mortgage rates allowing others to step up the housing ladder, demand has still outweighed supply however. Edinburgh has continued to see enthusiasm from buyers based South of the border and abroad.

Value – Price growth of Scottish property continues to track ahead of the UK. Although Edinburgh value growth had lagged behind national average, in 2025 the capital remains the highest average value region despite stiff competition from popular East coast towns.

MARKET OVERVIEW

Market resilience with a positive Edinburgh outlook amidst a volatile UK economy.

Scottish Property – A lighthouse view

The Scottish housing market has outperformed the wider UK market in 2025 displaying some resilience during a challenging UK economy. While the UK economy may present a colourful and varied view, this may be offset somewhat by a predicted continuation of low-level reductions in the Bank of England base rate.

Transactions in Scotland have shown resilience during this more uncertain economic backdrop. This economic uncertainty has held back the Scottish market from growing at a greater rate and properties going Under Offer faster. Activity has recovered from 2024 lows, the post Covid hangover.

The Scottish housing market has outshone the UK with the official UK House Price Index shows Scottish average prices up +5.3% year on year to September 2025 to an average house price of £194,000 in Scotland.

More reasons for optimism are that while we are not seeing the high premiums during 2021-2022 on sale prices compared with Surveyor's Home Reports, we are seeing house prices remaining robust vs Home Reports albeit with slightly more modest sale premiums.

The Scottish property sale process remains faster than the English market. House sales in Scotland are generally still taking longer to go Under Offer than pre 2024 with indications of more tentative and cautious buyers during this uncertain economic & political outlook combined with a maintained higher cost of living.

Another variation to the English market as reported in the Scottish Legal News is that "Property sales fall through far less in Scotland than in England" with reasons such as smaller buying chains.

Spotlight on Edinburgh

Sub £500,000
A steady increase in demand has emerged with growth in First Time Buyers following lowering of mortgage rates, improved incomes and some choosing to downsize to manage cost of living.

We are starting to see green shoots of recovery in the new homes market seeing encouraging early days of a return to growth.

Fewer landlords are investing in property where returns are diminishing against increasing costs through greater taxation and increased legislation. Equally landlords are choosing to sell properties against these increasing pressures. With increasing costs of renting many First Time Buyers are now turning to buying and owning their property.

£500,000-£1m
Confidence has returned to this section of the market. Middle prime and upper family sectors in the £500,000-£750,000 has performed well with transaction growth where upsizing and movement for new family homes remains in high demand. With limited supply of family properties in the city boundaries, this has helped maintain some resilience in value and this is acutely the case in catchments for high performing state schools and popular private schools. A release from pent-up movers who previously delayed a move over higher mortgage rate periods. These areas have experienced a shorter time on the market, reflective of these highly sought-after areas such as Edinburgh South and North West. We have also seen interest from downsizers from £1m+ properties moving into high-spec townhouses or apartments.

£1m
The super prime market slowed in transactions in 2024 with some improvement in 2025. There is a high concentration of these properties in the New Town and West End EH3 and EH4 with EH10 and EH9 and EH12 making up the majority of the £1m market in Edinburgh.

While this market is less sensitive to mortgage changes, LBTT has slowed demand along with the pending November budget which has slowed performance in this market markedly in the second half of the year. Again, a modest supply of properties for this super prime market has helped maintain prices albeit at a slower growth rate than other high performing regional averages. We expect a slight release, assuming the UK Government does not impact matters in November 2025 dramatically.

Overall, we are observing lower levels of competition on closing dates although more popular areas maintain competitive closings.

We are seeing a greater number of offers on properties subject to selling their own property. This indicates a cautious and measured approach to house moves. The emergence of longer linked chains are equally notable so this can increase the jeopardy and possibility of sales falling through.

Overall, the city remains hardy and stable with reasons to be optimistic with a positive outlook for both buyers and sellers.

Political & Economic influence

Recent political uncertainty across both the Scottish and UK Government may have poured water on the rekindled fires of market growth in the latter stages of 2025. Sellers may need to remain patient over this period. Despite this, a positive outlook remains for green shoots of growth to emerge through 2026.

International appeal & buyer education

International interest remains strong for property in Edinburgh, with most notable growth from US buyers, echoed by high numbers registering with property search agents. A weak pound, an uncertain US economy and a divisive President are some influencers for those looking at a country house move or a second home. To avoid sales falling through, US buyers should be made aware of house purchasing costs upfront. Mentioning the LBTT (Land & Buildings Transaction Tax) and ADS (Additional Dwelling Supplement) taxes are key. Along with possible immigration constraints.

Scottish Council Tax rates can offer some light relief for US buyers with lower rates compared with the domestic US housing market.

Scottish property market and English property market – a snapshot: vs

- Scottish property sales generally take approximately half as much time to go Under Offer in Scotland compared with English properties.
- Demand vs supply ratio in Scotland lies in the region of at least 2:1 in 2025 versus English market with around 1:1 or less.
- Despite the short time on the market for Scottish properties, it has increased versus the 3 year average, this rate is at a slower growth rate versus English regions.
- Scottish properties have seen a reduction in time on the market versus 2024 in all bar one month of 2025 (Jan to Oct 2025).

Source: Rightmove data to October 2025.

THE MARKET IN NUMBERS

In Scotland, detached homes are outperforming the market up +9.3% year on year to May 2025.

Urban & Rural Classification	Volume of sales	Volume % of total	Median price 2024-2025	Annual change in median price
Large Urban Areas	**40,855**	**41%**	**£193,000**	**3%**
Other Urban Areas	29,367	30%	£164,000	6%
Accessible Small Towns	9,226	9%	£185,000	0%
Remote Small Towns	453	0.5%	£129,000	-1%
Very Remote Small Towns	1,306	1%	£135,000	0%
Accessible Rural Areas	13,877	14%	£270,000	4%
Remote Rural Areas	1,873	2%	£230,000	2%
Very Remote Rural Areas	2,287	2%	£195,000	1%

Source: Registrars of Scotland 2025.

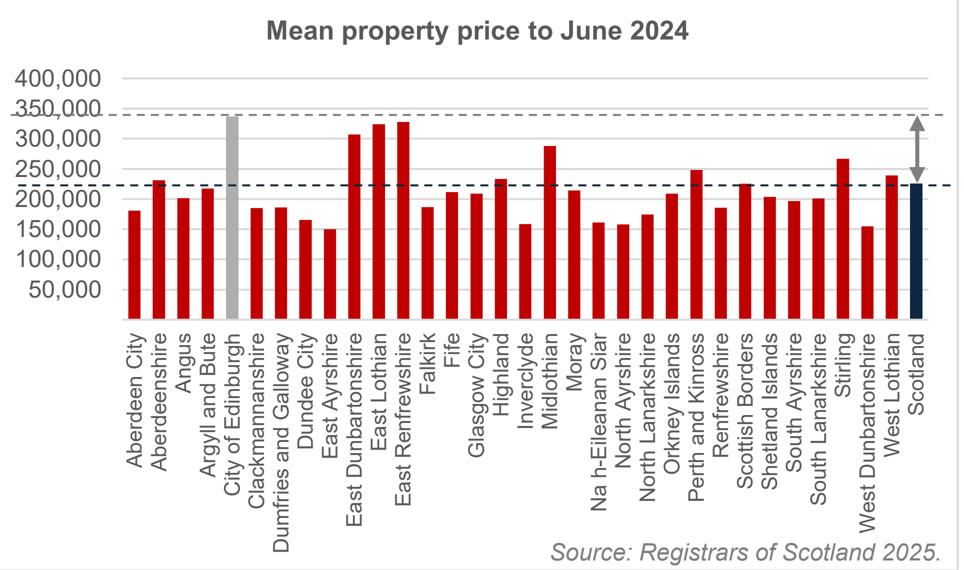
City snapshot

Average price increases (based on a 3-month moving average) were recorded in 28 out of 32 local authority areas, when comparing prices with the previous year.

A national average price growth of £10,654, while positive, hides a wider picture of high regional variation in performance. As a result, seeking local knowledge and expertise is critical to realise a successful outcome for homemovers. To May 2025 Large Urban Areas (up 3%) have been outperformed by Other Urban Areas (up 6%) from areas such as St Andrews and North Berwick being examples of strong demand and growth in pricing. It must be noted that accessible Rural Areas have also experienced a strong growth.

This growth in house prices has been driven by the East of Scotland (including Edinburgh), which accounted for nearly 80% of £1 million plus sales in Scotland in 2024.

The City of Edinburgh average property sale price hit circa £295,000 which is 52% greater than the national average of £194,000. Despite this Glasgow is outperforming Edinburgh as the leading growth city in Scotland albeit at a lower average sale value of £194,000. Aberdeen however remains to experience a decline in house prices.



Source: Registrars of Scotland 2025.

In 2024-25, Edinburgh recorded 11,525 sales in the 12 months to June 2025 with the highest median price across Scottish councils of £270,000. Of residential properties sold for more than £1 million, 2024-25. 391 houses sold for over £1m to June 2025 of which 80% are in Edinburgh showing great market resilience.

Mortgage market overview

The mortgage market has seen a modest reduction in the Bank of England rate twice in 2025 from 4.5% down to 4% at time of writing. While there is an ease in terms of affordability vs 2024, cost of living continues to impact some seller’s desire to make the house move and place their own property on the market for that next move.

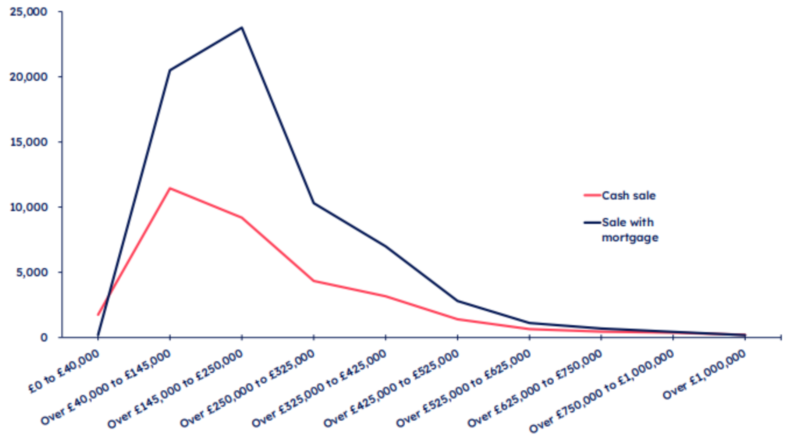
The majority of residential purchases in Scotland are with a mortgage sitting at 67% overall.

	Cash sale	Sale with mortgage	Cash sale % of Scotland Total
Volume of sales	32,971	67,004	33%
Median price	£180,000	£195,000	-
Market value (million)	£7,336	£15,388	32%

Source: Registrars of Scotland 2025.

<u>Cash sales as a percentage of house transactions</u>

There were greater cash sales for properties sold over £1 million (208 sales) than sales with a mortgage (183 sales). The peak of cash sales falls within a lower price band than the peak of sales with a mortgage.



Source: Registrars of Scotland 2025.

Private School Fee increase impact on house sales in prime state schools

Rising private school fees combined with the heavy impact of tax policy changes for VAT on independent schools are triggering families to move to high-performing state school catchments.

Most competitive neighbourhoods experiencing highest growth in demand and price inflation include:

- Morningside and Merchiston for Boroughmuir.
- Newington and Marchmont for James Gillespie's High School.

It must be noted the above areas were already popular due to the schools' high performance. Combined with the attraction of local retail shops, bars, restaurants and cafes on the doorstep, this strong demand and premium against Home Reports are set to remain.

Other notable popular areas include: North Edinburgh areas of Blackhall, Clermiston Davidson's Mains, Cramond and Silverknowes for Royal High. Also, West Edinburgh's Balerno and Currie also within the Balerno High catchment will help maintain strong property values.

Impact of new legislation

There have been two pieces of legislation in Scotland that impacts the cost of purchasing a property in Scotland. The Land and Buildings transaction Tax (LBTT) is a tax applied to residential and commercial land and buildings transactions (including commercial properties and leases) where a chargeable interest is acquired. This tax is a devolved tax to the English 'Stamp Duty' fees. Despite the premium of LBTT at 8% two percentage points above the English Stamp Duty of 6%, interest in Scottish property purchases remains strong.

The implementation of the Additional Dwelling Supplement (ADS) tax in Scotland has been in place since 5th December 2024 for purchasing tax on second home or buy to let homes, set at 8%. Combined with a potential higher council tax for second homes, implemented by regional council, may influence the potential buyer profile we are seeing. Despite these raised taxes, premium locations still perform well and recent uplifts in international interest such as an increase in US buyers are emerging. Overall, buyers do not appear put off to the extent of impacting the market, helped by a low supply of properties. The impact we may see on higher value properties are leveraged buyers and investors being replaced by demand from a greater percentage of higher net worth buyers interested in a second home lifestyle property.

MARKET OUTLOOK

The resilience of the Scottish market is likely to remain. The green shoots of growth predicted in 2025 may emerge through 2026. This doesn't mean buyers will not remain cautious. While some market analysts predict modest growth and interest rates reductions, economic and political uncertainty continues. Continued economic volatility is likely to hold back the Scottish market from surging forward at a faster pace in 2026. This optimism assumes the UK or Scottish Governments do not place more arrows into the heart of the residential property market with tax increases or new policy restrictions. Overall, we expect a measured recovery and reason to be cautiously optimistic despite the economic climate.

We are likely to see a continuation of restricted supply for properties coming to the market in 2026 which will help to maintain property prices. In the latter months of 2025, demand is likely to see a pause for many pending Westminster's November 2026 budget. This temporary cooling is likely to be heightened for middle to high end value properties. In 2026 detached (family) homes are likely to continue to grow ahead of city apartments based on a necessity or desire to move for growing or downsizing families. Realistic priced Edinburgh properties will be rewarded while demand continues. Demand for detached family homes will continue based on family requirements for greater space and downsizing requirements.

Whether the English market bounces back vs the Scottish market outperformance it is hard to predict. The proposition of a Scottish property purchase for English buyers remains although Government change in legislation may impact the market and this remains an area of uncertainty and the market is likely to remain on pause until these impacts are assessed. Despite this a desire for an Edinburgh lifestyle remains high for English buyers, International buyers and those wishing to return to their home roots. This should help keep the market buoyant and allow a stronger performance in 2026 as pressure releases.

Stamp Duty is devolved in Scotland which may limit the impact slightly and so we may see a stronger start for super prime properties in 2026 with unlikely runaway value growth rates and a maintained modest premium to Home Reports. Realistic and modest vendors will be rewarded.

Prime location houses near to leading state schools combined with popular independent schools will continue with areas of South and North West Edinburgh remaining to grow and have shorter times on the market with limited supply maintained.

Presentation & Pricing remains paramount

Well-presented homes continue to perform well throughout the country in a more uncertain market. With costs of renovating being more expensive a turnkey property has greater advantages where investment in renovations may take longer to payback. Rooms promoted with an annex or working from home spaces are an increasing requirement and an important consideration for home buyers such as a bedroom/office space.

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"Couldn't be happier with the support and service we received" Mr W

"Our engagement and experience with Andrew Ligertwood was seamless, over communicative, transparent and productive. Inevitably speed bumps occur however even out with our control I found he stepped up, raise the bar even higher and execute when it mattered most. Our experience was exceptional." Mr S

"A smooth sale process and had huge confidence in David and Ian in handling everything including all viewings and who ultimately secured us a sale in very short order." Mr M.

"David and his team did a superb job for us selling our family home… We would not hesitate to use them again" Mrs A

For more testimonials and confidence in us, check out our Google Reviews online.

STRUTT & PARKER SOLD EXAMPLES

Glenorchy Terrace, Newington

York Place, New Town

Murrayfield Avenue, Murrayfield

Old Kirk, Corstorphine

Rutland Square, West End

Ravelrig Wynd, Balerno

Cluny Drive, Morningside

Ravelston Dykes, Murrayfield

Blackford Avenue, Grange

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All reported data comes from Registrars of Scotland 2025 unless specifically referenced.

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