

# *Property values in Scotland, 1650-1850*<sup>1</sup>

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*This article seeks to demonstrate valuations on urban compared with rural property in Scotland and to offer some explanations for their disparate levels and trends. It illustrates the dynamics of the urban property market, especially in Edinburgh. In the absence of sources that systematically record years' purchase, incidentally recorded figures have been gleaned from estate papers, taxation documents, newspaper advertisements and court records. The latter include rentals and valuations for specific properties compiled in court cases (mostly sequestrations) by factors and agents. The figures used are sums realised when properties were sold and estimates (agreed or otherwise) of what estates and buildings were worth. Generalised estimates of regional prices are drawn principally from disputes over the obligations and privileges of landownership (e.g. taxation).*

## **1. Introduction**

The modern middle-class preoccupation with house prices does not seem to have transferred itself to economic historians of Britain in the long eighteenth century.<sup>2</sup> Discussions of the origins of the New Towns

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<sup>2</sup> M. J. Daunton, *A Property Owning Democracy? Housing in Britain*, (London 1987). A. Offer, *Property and Politics, 1870-1914: Landownership, Law, Ideology and Urban Development in England*, (Cambridge 1981), pp. 268-271.

of Edinburgh and Glasgow and of public buildings like their Exchanges have tended to focus more on ideas of civic improvement than on the financial underpinning of the projects.<sup>3</sup> Even those studies (some of them rather old) that cover many aspects of the economics, law and politics of building tend to deal with single projects and individual speculators, or they discuss prices and costs rather than values.<sup>4</sup> Agrarian historians of England have addressed the issue,<sup>5</sup> but those of Scotland debate the changing forms and level of rents and other payments, the productivity of holdings or the value per acre rather than the capital value of agricultural land, which reflects (among other influences) all these.<sup>6</sup>

<sup>3</sup> F. C. Mcarns, J. Russell, 'The new town of Edinburgh', *Book of the Old Edinburgh Club*, 22 (1938), pp. 167-200. J. Armet, 'Notes on the rebuilding in Edinburgh in the last quarter of the seventeenth century', *Book of the Old Edinburgh Club*, 29 (1956), pp. 111-12. M. Wood, 'Survey of the development of Edinburgh', *Book of the Old Edinburgh Club*, 34, 1 (1974), pp. 23-56. T.A. Markus (ed.), *Order in Space and Society. Architectural Form and its Context in the Scottish Enlightenment*, (Edinburgh 1982). A.J. Youngson, *The Making of Classical Edinburgh*, (Edinburgh 1966). G. Stell, "Urban buildings", in M. Lynch, M. Sparman and G. Stell (eds), *The Scottish Medieval Town*, (Edinburgh 1988), pp. 60-79.

<sup>4</sup> M. Wood, "All the stately buildings of ... Thomas Robertson" – a building speculator of the seventeenth century', *Book of the Old Edinburgh Club*, 24 (1942), pp. 126-51. J.R. Kellett, 'Property speculators and the building of Glasgow, 1780-1830', *Scottish Journal of Political Economy*, 8 (1961), pp. 211-32. C.W. Chalklin, *The Provincial Towns of Georgian England: A Study of the Building Process, 1740-1820*, (London 1974), p. 145, offers a figure of 30 years' purchase for land at Portsea in 1813. R.S. Neale, *Bath, 1680-1850: A Social History*, (London 1981). R. Rodger, *The Transformation of Edinburgh: Land, Property and Trust in the Nineteenth Century*, (Cambridge 2001). M.J. Daunt, *Progress and Poverty: An Economic and Social History of Britain, 1700-1850*, (Oxford 1995), pp. 76-78, pp. 257-258. G. Clark, 'Shelter from the storm: housing and the industrial revolution, 1550-1909', *Journal of Economic History*, 62, 2 (2002), pp. 489-511. E. McKellar, *The Birth of Modern London. The Development and Design of the City, 1660-1720*, (Manchester 1999).

<sup>5</sup> H. J. Habakkuk, "The English land market in the eighteenth century", in J. S. Bromley and E. H. Kossmann (eds), *Britain and the Netherlands* (London 1960), pp. 154-73. J. Habakkuk, *Marriage, Debt, and the Estates System. English Landownership, 1650-1950*, (Oxford 1994). C.G.A. Clay, "Landlords and estate management in England", in J. Thirsk (ed.), *The Agrarian History of England and Wales. Volume V: 1640-1750. II. Agrarian Change*, (Cambridge 1985), pp. 170-198. R.C. Allen, "The price of freehold land and the interest rate in the seventeenth and eighteenth centuries", *Economic History Review*, 2<sup>nd</sup> series, 41 (1988), pp. 33-50.

<sup>6</sup> I. D. Whyte, *Agriculture and Society in Seventeenth-century Scotland*, (Edinburgh 1979). L. Leneman, *Living in Aitboil: a Social History of the Estates, 1685-1785*, (Edinburgh 1986). R.A. Dodgshon, *From Chiefs to Landlords: Social and Economic Change in the Western Highlands and Islands*, (Edinburgh 1998). A.M. Smith, *Jacobite Estates of the Forty-Five*, (Edinburgh 1982). T.M. Devine, *The Transformation of Rural Scotland. Social Change and the Agrarian Economy, 1660-1815*, (Edinburgh 1994). A.I. MacInnes, *Clanship, Commerce and the House of Stuart, 1603-1788*, (East Linton 1996).

Scotland's urban property values receive virtually no attention for this period.<sup>7</sup>

The purchaser of an income-producing property obtains the right to receive a future flow of rents. The capital value of a building or piece of land is the discounted value of those future rents and that value was (until the twentieth century) measured as a multiple of the annual rent known as 'years' purchase'.<sup>8</sup> This reflects perceptions of the property's present and future value, which may be influenced not only by rents, but also by demand for real estate. Prices are determined by income capitalisation based on accepted rates.<sup>9</sup> Years' purchase allows a standard comparison of all sorts of complex valuations, including those of land, (venal) offices, annuities and bonds.<sup>10</sup> At any point in time years' purchase is the present value divided by the rent or yield.

The capital value of a property can alter up or down either because of rising or falling money rents, changing expectations about future rental trends, altered perceptions of risk and changing attitudes to property as a 'positional' or 'psychic' asset. In the late seventeenth and early eighteenth century, English estates increased in value because of an increase in the

<sup>7</sup> Rodger gives useful background and time series on property development, which stretch back into the mid-eighteenth century. However, the second half of the nineteenth century is better served in his book. Rodger, *op.cit.*, pp.135-138, analyses 195 Church of Scotland property transactions, 1870-1914. Rodger is only able to present sporadic figures for the late eighteenth and early nineteenth centuries. *Ibid.*, pp. 90, 149, 158, 161, 220, 225-2266.

<sup>8</sup> A. Offer, 'Farm tenure and land values in England, c.1750-1950', *Economic History Review*, 44, 1 (1991), p. 1. E. A. Wrigley, 'City and country in the past: a sharp divide or a continuum?', *Bulletin of the Institute of Historical Research*, 64, 154 (1991), pp. 107-20.

<sup>9</sup> The same was true of some continental cities. J-P. Chauvard, 'La formation des prix des maisons dans la Venise du XVIIe siècle', *Histoire et Mesure*, 14 (1999), pp. 331-368.

<sup>10</sup> G. Jacob, *The Land Purchaser's Companion: and the Laws Relating to Tenants and Tenures. Containing I. The Years Purchase of All Sorts of Lands*, (London 1720). Anon., *An Estimate of Places for Life, Showing How Many Years Purchase a Place for Life is Worth*, (London 1728). W. Campbell, *The Value of Annuities: from £1 to £1000 per annum, on Single Lives, from the age of one to ninety years, with the Number of Years Purchase each Annuity is Worth, and the Rate of Interest the Purchaser Receives*, (London 1810). J. Parnell, *Land and Houses: the Investor's Guide to the Purchase of Freehold and Leasehold Ground Rents, Houses and Land: and Various Interests connected therewith: with Observations on the Management of the same, and Tables showing the Rate of Interest per annum upon the Purchase Money, and the Number of Years Purchase Equivalent to such an Amount*, fourth edn., (London 1887).

number of years' purchase used to capitalise rents; from the 1760s to the 1810s the growth in annual rents increased the value.<sup>11</sup> In sum, the real rate of return on property is the gross return (income and capital gain) minus depreciation, inflation and a risk premium.

## 2. Urban v. rural values

Contemporaries needed no convincing of the attractions of agricultural land.<sup>12</sup> Adam Smith articulated the financial (and emotional) reasons for buying it:

“Upon equal, or nearly equal profits, most men will choose to employ their capitals rather in the improvement and cultivation of land, than either in manufactures or in foreign trade. The man who employs his capital in land, has it more under his view and command, and his fortune is much less liable to accidents than that of the trader”.<sup>13</sup>

Expectations about returns on urban properties were certainly very different from those on farmland in Scotland. Evidence given by Sir Robert Murray to a House of Lords committee in London during 1669 included a statement that ‘land near Edinburgh will give 20 or 22 years’ purchase and money rents will give 25. And the land in Scotland gives a better value to be sold than the land in England. The land in the highlands [is] worth 20 years’ purchase’.<sup>14</sup> Murray’s opinion was that ‘land in Scotland sells better in Scotland by reason of these registers’. He referred to the Register of Sasines – a consolidated record of title instituted in 1617<sup>15</sup> –

<sup>11</sup> Habakkuk, *op.cit.*, pp. 344-345. For continental studies of this topic see, among others, S. Vigneron, ‘Valeurs locatives et propriétaires Cambresiens au milieu du XVIIIe siècle’, *Revue du Nord*, 78 (1996), pp. 87-104; F. Andrés Robres, ‘Evolucion de la renta urbana en la ciudad de Valencia, 1700-1850: una primera aproximacion’, *Estudis*, 14 (1988), pp. 145-170.

<sup>12</sup> Parnell, *op.cit.*, p.38, summarises the attractions.

<sup>13</sup> A. Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 vols., edited by R. H. Campbell and A. S. Skinner with W. B. Todd, (Oxford 1976), p. 377.

<sup>14</sup> J. Thirsk, J. P. Cooper, *Seventeenth-century Economic Documents*, (Oxford 1972), p. 76.

<sup>15</sup> R.T. Younger, ‘Land ownership in Scotland’, *Proceedings of the Philosophical Society of Glasgow*, 20 (1888-89), p. 184, notes that burghage tenements were not subject to the same formal registration until 1681.

and he argued that greater certainty about ownership made land a more attractive investment in Scotland than in England.<sup>16</sup>

Whatever the validity of Murray's claim about title, the estimate of the value of agricultural land is notable in two ways. First, it seems to have been an accurate estimation of what estates were worth, at least around Edinburgh. Elsewhere, lower amounts were achieved.<sup>17</sup> Sums achieved at auction ("roup") in the first half of the eighteenth century for land in the central and north-east Lowlands ranged from 20 to 25 years' purchase.<sup>18</sup> English land values around this date seem to have been slightly lower than Scottish at about 16-18 years' purchase, though by the 1700s and 1710s the standard price was 20 years' purchase.<sup>19</sup>

Second, the values for Scottish estates are far higher than those for urban property. Single flats ("dwellings" or "lodgings"), apartment blocks ("lands" or "tenements") and (though they were rare in "pre-New-Town" Scotland) whole houses sold for 10-12 years' purchase in the late seventeenth and early eighteenth century. The disparity is clear when a house and lands owned by the same person and in the same place were offered for sale separately. Thus a tenement with half an acre of garden in the town of Douglas, Lanarkshire, was on sale for 12 years' purchase and the contiguous lands of Crossburn for 27.<sup>20</sup> By the first half of the nineteenth century the average multiple had only risen to 15-18, compared with more than 30 years' purchase for estates.<sup>21</sup> Even during booms, like the one that ran for a decade after the end of the

<sup>16</sup> R. G. Rodger, 'The law and urban change: some nineteenth-century Scottish evidence', *Urban History Yearbook* (1979), p. 80, notes that this system of land registration nevertheless raised the cost of transferring property.

<sup>17</sup> For example, lands in Glenluce in Kirkcudbrightshire sold for just 15 years purchase in 1650 and the barony of Girvanmains near Glasgow for 17 years purchase in 1697. NAS GD25/5/36a. GD27/1/338.

<sup>18</sup> National Register of Archives for Scotland (NRAS) 61/9/3. 3585/7/7/4. 3572/66/6. 332/C3/422. National Archives of Scotland (NAS) GD5/172. NAS GD5/372.

<sup>19</sup> Clay, 'Landlords', p. 173. Habakkuk, *Marriage, Debt, and the Estates System*, p. 509. Habakkuk regarded 20 years' purchase as the norm for much of the sixteenth and seventeenth century, but Clay sees this as a maximum for 1650-90. Clay, 'Price of Freehold Land', p. 174-175.

<sup>20</sup> *The Edinburgh Evening Courant*, no. 11, 239 (31 May 1790).

<sup>21</sup> Rodger, *Transformation*, p. 90, n. 44, p. 149.

Napoleonic Wars (see below), multiples never approached those for estates.<sup>22</sup>

### 3. Measuring and explaining urban-rural differences

The attractions of landowning went beyond Adam Smith's generalisations. Scottish landowners had considerable power over those who actually worked the land – their tenants – which made them able to shift the burden of risk onto working farmers. Tenants were normally responsible for taxes or “public burdens” as varied as the land tax and the schoolmaster's salary.<sup>23</sup> Leases were getting longer in the eighteenth century, but not all farmers had a written lease even then and the arm of landlords was long. Scotland had few landowners and the trend over the eighteenth and nineteenth century was for their numbers to decline and the size of estates to increase, thus enhancing their social, economic and political power.<sup>24</sup>

The divergence between urban and rural property in Lowland Scotland before the mid-eighteenth century may be because of the lower value of city buildings as a social or positional asset.<sup>25</sup> For however much investment decisions were based on conventional notions of risk and reward, a property's value was not wholly tied up in its income stream. In his 1700 *Interest of Scotland*, Seton complained that:

“So soon as a merchant has scraped together a piece of money ... Instead of employing it for promoting trade, or by projecting any new thing that may be serviceable to his country and to the augmenting of his stock, nothing will satisfy him, but the laying of it out upon a land[ed]

<sup>22</sup> D. G. Moir, ‘Extracts from an Edinburgh journal, 1823-1833 (Part I, to 1828)’, *Book of the Old Edinburgh Club*, 29, (1956), pp. 143-84.

<sup>23</sup> J. Robertson, *General View of the Agriculture of the Southern Districts of the County of Perth*, (London 1794), p. 133. G. Buchan-Hepburn, *General View of the Agriculture of the County of East Lothian*, (Edinburgh 1794), pp. 105-106.

<sup>24</sup> L. R. Timperley (ed.), *A Directory of Landownership in Scotland, c.1770*, (Edinburgh 1976). R. H. Campbell, ‘Continuity and challenge: the perpetuation of the landed interest’, in T. M. Devine (ed.), *Conflict and Stability in Scottish Society, 1700-1850*. (Edinburgh 1990), p. 126.

<sup>25</sup> Offer, ‘Farm Tenure’, pp. 2-3.

estate, for having the honour to make his son a laird [landowner], that is, an idle person who can find out as many methods of spending his father's money as he had of gaining it".<sup>26</sup>

The positional value of agricultural land was clear for both social and political reasons.<sup>27</sup> Lands entitling the owner to vote in parliamentary elections were specified as such in particulars of sale, ownership placing the "heritor" (heritable proprietor) among the select band of approximately 3,000 Scottish county electors.<sup>28</sup> In discussing the value of the estate of Linhouse in 1829, one assessor suggested 27 years rather than the 25 offered by a colleague. The grounds were that the lower value omitted improvements to farm buildings, the new mansion house and a standing wood. Finally the value placed on the franchise (£1000) was too low as 'a vote in the county of Midlothian now sells at upwards of £1400'.<sup>29</sup> Possession of broad acres conferred considerable political influence, though less directly after 1832. Until the mid-eighteenth century some landowners had the right to hold their own courts,

<sup>26</sup> Quoted in T. C. Smout, *Scottish Trade on the Eve of Union*, (Edinburgh 1963), p. 78. In 1826 the Duke of Hamilton commissioned a surveyor to tell him 'the number of years' purchase that should be paid upon a net income regularly paid at four terms in the year without expense whatever, and not subject to any taxes of any description, present or to come, in order to realize an equal net income from landed property in Scotland, subject to all government and county taxes, and other usual burdens and expenses'. The answer was nearly 50 years' purchase at a time when the average value of land was 34 years' purchase. His calculation took into account that on a estate generating £1,000 a year, collection expenses, defaults, repairs, minister's and teacher's stipends, church and school upkeep, roads, insurance, and legal fees would eat up £315. The percentage would be lower on higher-valued estates. NRAS 2177/500 (Duke of Hamilton papers), 'Report by John Douglas, surveyor in Perth, March 1826'.

<sup>27</sup> Allen, 'Price of Freehold Land', p. 48, concluded for England that 'freehold land was not trading at a price that exceeded its economic value'. G. Clark, 'Land hunger: land as a commodity and as a status good, England, 1500-1910', *Explorations in Economic History*, 35, 1 (1998), pp. 59-82, argues that land only really had a status rather than a commodity value in the nineteenth century.

<sup>28</sup> W. Ferguson, 'The electoral system in the Scottish counties before 1832', *Stair Society*, vol. 35, Miscellany 2 (1984), pp. 261-94. D.J. Brown, "Nothing but strugalls and corruption". The Commons' elections for Scotland in 1774', *Parliamentary History*, 15, 1 (1996), pp. 100-119. Devine, *Transformation*, p. 62. The estate of Harperland and Brounlee in the parish of Dundonald, offered for sale in May 1759, is an example. *Edinburgh Chronicle*, 22, p. 176.

<sup>29</sup> NAS CS96/4732, pp. 24, 34-5.

sometimes with extensive civil and criminal jurisdictions.<sup>30</sup> Coupled with a legal system that worked in their favour, this gave landlords what some might term a “non-economic” edge in surplus extraction. Thirlage was still found even in “advanced” areas of Scotland in the 1790s. Even small parcels of land had a positional value, entitling the owner to call him or her self ‘of’ that place. Such plots might be acquired by inheritance, the heirs being described as “portioners”.<sup>31</sup> Owning any acres endowed the possessor with social cachet, even if they had no franchise or other specified rights attached to them.<sup>32</sup>

The circumstances and intentions behind acquiring land are notoriously difficult to separate. Between 1660 and 1710 one contemporary reckoned that a quarter of estates changed hands because of bankruptcy, while Morison’s digest of decisions at the Court of Session, Scotland’s supreme civil court, shows that there were an unusually large number of cases involving land law 1660-1707.<sup>33</sup> Landowners were using the court to solve their financial problems and prevent further ones occurring: legislation of 1685 and 1690, for example, made “tailzie” (entail) easier. A rapid rise in deeds of entail came after 1760 and by 1825 perhaps a half of Scotland’s land was entailed.<sup>34</sup> Scarcity can only have added to the value of agricultural estates. Other legislation seems to have had more limited effects on valuations, at least in the short term. Notable among these is the 1770 act allowing proprietors to burden entailed estates with the costs of improvement. “Entails are thought necessary for maintaining

<sup>30</sup> Andrew MacDowal [Lord Bankton], *An Essay upon Feudal Holdings, Superiorities, and Hereditary Jurisdictions, in Scotland*, (R. Lee, London 1747). J. Rankine, *A Treatise on the Rights and Burdens incident to the Ownership of Lands and Other Heritages in Scotland*, (Edinburgh 1879), pp. 166-177.

<sup>31</sup> Primogeniture was the norm in Scots law and portioners were usually sisters inheriting in the absence of a male heir. Younger, ‘Land Ownership’, pp. 185-188.

<sup>32</sup> Urban franchises were quite different. R. A. Houston, “Bustling artisans”. Patronage disputes in South Leith during the 1740s and 1750s’, *Albion*, (1994) pp. 55-77. R. A. Houston, ‘Popular politics in the reign of George II: the Edinburgh cordiners’, *Scottish Historical Review*, LXII, 2, no. 194 (1994), pp. 172-95.

<sup>33</sup> W. M. Morison, *Dictionary of decisions at the Court of Session*, 42 volumes, (Edinburgh 1811), vol. 1.

<sup>34</sup> N. T. Phillipson, ‘Lawyers, landowners and the civic leadership of post-Union Scotland’, *Juridical Review* (1976), pp. 102-103. Devine, *Transformation*, p. 64. Campbell, ‘Continuity and Challenge’, pp. 124-6.

the exclusive privilege of the nobility", wrote Adam Smith.<sup>35</sup> By taking land off the market, entails further enhanced the value of what remained.<sup>36</sup>

Landed-estate values certainly rose in the late-eighteenth and early-nineteenth century. In 1810 an estate in Avoch parish (Ross-shire) was worth 30 years' purchase, but that was regarded as a full price by most standards.<sup>37</sup> Two decades earlier Professor John Ross of Main wrote to a friend expressing surprise that Lord Findlater had paid 20,000 guineas for the estate of Rannas, describing it as an "exorbitant price ... of 35 years purchase for an ill-paid rent of £600 a year".<sup>38</sup> Yet between 1818 and 1825 eight estates in Perthshire, of which the surveyor John Douglas had knowledge, sold between 29 and 39 years' purchase and Douglas gave "34 years purchase as the average price of a landed estate situated in ordinary circumstances".<sup>39</sup> In 1844 Lord Dacre wrote to Robert Graham of Lynedoch that buying an estate at 34 years' purchase was risky: "if the value of money should subsequently rise to 5%, you will find yourself with very diminished income".<sup>40</sup>

In short, the norm in the late-seventeenth and early-eighteenth century was 20-25 years' purchase for agricultural land, in the second half of the eighteenth century it was 23-28 years' purchase.<sup>41</sup> In the first half of the nineteenth century the long-term trend continued gently upward with land fetching 30-35 years' purchase. However, there were substantial variations between properties and the quality of land could make a considerable difference to valuations.<sup>42</sup> A study of Sutherland and Ross-

<sup>35</sup> Quoted in Campbell, 'Continuity and Challenge', p. 125.

<sup>36</sup> Allen, 'Freehold Land', p. 39, argues for England that strict settlement did not unduly affect the market price of land.

<sup>37</sup> NRAS 2177, bundle 1556.

<sup>38</sup> NRAS 0771, bundle 527 (1788). Jeremy Bentham reported that the 'normal' price for land was 30 years' purchase before the American War. Arthur Young that it averaged 31 years' purchase. During the war they variously thought it would fall to 18-21 years' purchase. *Ibid.*, p. 519. Pitt used 30 years' purchase during debates on taxation in 1798. *Ibid.*, p. 526.

<sup>39</sup> NRAS 2177/500, 'Report by John Douglas, surveyor in Perth, March 1826'.

<sup>40</sup> NAS GD155/1043. In a poem on the excesses of the South Sea Bubble, Allan Ramsay floated what was then an absurd rate of 45-50 years' purchase for land. Allan Ramsay, 'Wealth, or the Woody. A poem on the South-Sea. Wrote June 1720.'

<sup>41</sup> There seems to have been a convergence with England from the early eighteenth century. Habakkuk, *Marriage, Debt, and the Estates System*, pp. 408, 500-501, 502, 509 and 513.

<sup>42</sup> *Ley's The Noblemans's ... Complete Guide*, published in 1787, gave 28-30 years' purchase for remote and barren regions and 32 years' purchase in fertile regions. Quoted in Habakkuk, *Marriage, Debt, and the Estates System*, p. 526.

shire 1750-1850 shows that even within a decade one estate might sell for 22 years' purchase, another for 38.<sup>43</sup> Proximity to large cities enhanced the multiplier. In the 1790s land in Midlothian was assumed to be worth 30 years' purchase on average, though land adjacent to Edinburgh was considerably more valuable than upland estates to the south of the city.<sup>44</sup> Mineral rights, mature woods and a new house could add value. Small variations occurred depending on the feudal overlord: land holding from the Crown was slightly more desirable than other tenures. Finally, there was the influence of "new" or "outside" money. Sir William Douglas sought to show that the average price realised for arable estates in parts of southern Lanarkshire and Dumfriesshire was 20-23 years' purchase. He cited 10 transactions, 1712-28, at what "appear to be the ordinary rates, as the lands are improvable". However, he dismissed Sir John (Baron) Clerk's purchase of land holding from the Crown with a considerable wood at 26 years' purchase: "when a monied man buys a free hold, for particular reasons, that will not make the common rate of the country".<sup>45</sup>

The location and aspect of urban property was also important. For example, flats on the High Street of Edinburgh were more expensive than those in the Cowgate or Canongate. Four houses fronting the Glasgow road in Coatbridge, belonging to Thomas Smellie, smith and builder there, were valued in 1832-3 at 15 years' purchase, one on a back road at 9 years, another 12 years and land for building fronting the Glasgow road at 20 years' purchase.<sup>46</sup> Ground floor and uppermost flats were cheaper than intermediate levels.<sup>47</sup> Location was more significant than usage, because

<sup>43</sup> I owe this information to Malcolm Bangor-Jones.

<sup>44</sup> G. Robertson, *General View of the Agriculture of the County of Midlothian*, (Edinburgh 1793), pp. 21-22.

<sup>45</sup> Signet Library, *Session Papers*, vol. 8, case 128, 'Memorial and abstract ... Sir William Douglas [v.] [John Irvine of] Cove', December 1728.

<sup>46</sup> NAS CS96/4605.

<sup>47</sup> For examples see NAS CS96/1/65 (1725), CS96/10/1 (1681). ECA, *Dean of Guild Court*, vol. 7, 440-1 (1698). Even a top storey could become valuable for what modern developers call 'air space'. Thus in 1726 a top-floor dwelling fronting onto the High Street belonging to James Dowie, merchant in Edinburgh, was given an enhanced valuation (of 40%) 'in respect the said house is the uppermost storey and the land not high, the area above for the convenience of heightening the land (if the proprietor thinks fit)'. NAS CS96/1/67. A. T. Simpson, S. Stevenson and N. Homes, *Historic Edinburgh, Canongate and Leith: the Archaeological Implications of Development*, (Edinburgh 1981), p. 28.

shops and industrial premises like bakehouses fell within the same range of values as dwellings.<sup>48</sup> Finally, condition mattered. New builds were more valuable than old premises: derelict buildings fetched as little as 7 or 8 years' purchase<sup>49</sup>, new ones as much as 20 in the early nineteenth century.<sup>50</sup>

**TABLE 1. Years' Purchase Paid For Rural and Urban Property  
In Scotland, 1650-1850**

	1650-1700	1701-50	1751-1800	1800-50
Rural estates	17-20	20-25	23-28	30-35
Urban housing	10-12	10-12	14-16	15-18
Source: see text.				

#### 4. Property as an investment

That multiples for urban property were much lower than for rural estates is revealed in a dispute between the town council of Edinburgh and some of its heritors during the building of the first New Town in 1753. The dispute helps understanding of the urban-rural divergence and the particular circumstances of the urban property market. Petitioners against compulsory purchases of small properties noted that it was much more lucrative to rent than to sell a property and live off the interest, unlike most other British towns. The reason was the 'great difference between the rent of a house in Edinburgh and the interest of its highest selling price; the one, on an average or medium, being at least double the other'.<sup>51</sup> This is a situation which does not seem to have had an English

<sup>48</sup> NAS CS96/3537, CS96/3500.

<sup>49</sup> NAS CS96/3604.

<sup>50</sup> NAS CS96/3756.

<sup>51</sup> National Library of Scotland (NLS) MS.5.1148f11, iv, 9-10, 16-17.

<sup>52</sup> P. Langford, *Public Life and the Propertied Englishman, 1689-1789*, (Oxford 1991), pp. 40-42. Chalklin, *Provincial Towns*, p. 145, states: 'Most land on the edge of towns increased in value several times on its conversion to building use.' At Portsea in Hampshire in 1813 suburban land used for market gardening was worth £2-4 an acre, 'accommodation land' £7-10, building land £20-60. Yet the examples he gives later in the book suggest that houses sold for between 10 and 17 years' purchase in the late eighteenth and early nineteenth century. *Ibid.*, pp. 163-166.

parallel until the mid-eighteenth century.<sup>52</sup> The differences in rents between London and Edinburgh were determined by differences in the demand for space. Edinburgh people commonly rented a floor or a few rooms within a building rather than a whole building, as in London.<sup>53</sup> According to Adam Smith, renting property was expensive in Edinburgh because "the people who let lodgings have commonly no other means of subsistence". In other words, landlords (he must have meant those with only one or two properties) in Edinburgh were pure rentiers: "the price of the lodging must pay, not only the rent of the house, but the whole expence of the family".<sup>54</sup> Smith's observation was not original. *An address to the citizens of Edinburgh* dated 1746 claimed that rents in the city were higher even than London, discouraging "useful manufacturers to live with us".<sup>55</sup> Sellers really needed 20 years' purchase rather than just 10 in order to equalise the return on assets. The latter figure was regarded as the normal selling price during the first half of the eighteenth century.<sup>56</sup> One owner, Elizabeth Nicholson, was variously regarded as avaricious and unreasonable for refusing to sell her house and "park" to the directors of the Royal Infirmary for less than 15 years' purchase.<sup>57</sup> Nor was Smith entirely correct, for the discrepancy between rent and interest could also be explained by the high costs of letting houses in terms of management effort, property-specific expenses and cost of capital.

The parlous state of the property market in the early 1750s may explain why the town council finally decided to use the powers it had long had for compulsory purchase and to build the long-promised new harbour at Leith. A jury of city tradesmen ("substantial and disinterested persons")

<sup>52</sup> Tenements rather than terraced houses were built in Scottish cities because of low demand and high costs of land and building. Nineteenth-century urban Scots spent a larger proportion of their incomes on housing that was inferior to that in England. Overcrowding was much worse in Scottish than English cities as late as 1911. R. Rodger, *Housing in Urban Britain, 1780-1914: Class, Capitalism and Construction*, (London 1989), pp. 36-37. Rodger, 'The law and urban change', pp. 78-80.

<sup>53</sup> A. Smith, *Wealth of Nations*, vol. 1, p. 135. This argument, which no longer has currency in economics, is known as the 'cost of production' theory of value.

<sup>54</sup> *An Address to the Citizens of Edinburgh, wherein the Utter Unfitness of the Present Set of the City is Clearly and Evidently Demonstrated ...*, (Edinburgh 1746), p. 25.

<sup>55</sup> NLS MS.3.2848[3], 22-3.

<sup>56</sup> NRAS 0771, bundle 1236.

<sup>57</sup> NLS MS 5.1148[1], 9.

conducted valuations of property for purchase.<sup>58</sup> The jury might comprise as few as three men or as many as 15 if appointed by the Dean of Guild court (which policed building regulations and 'good neighbourhood').<sup>59</sup> The 1753 petitioners openly accused this system of producing artificially low valuations favourable to the city because the craftsmen and tradesmen who comprised the jury could be bribed by promises of official contracts. Perhaps they missed the point. There was no need for collusion in fixing valuations because the value of property was already low. The hard-nosed businessmen who made up the town council were not necessarily corrupt in their decisions, though they plainly were in some other areas of civic life.<sup>60</sup> They chose a rational option of buying when the market was low and funds were cheap. Whether they also made a rake-off from other aspects of the deals – such as building contracts – is another issue. Indeed, they may even have decided to begin the projects as a way of stimulating the urban economy. Their timing was astute, for the period c.1753-8 saw a building boom comparable with that in some other British towns.<sup>61</sup>

Whatever the short-term conditions of the early 1750s, the reasons for urban housing's long-term unattractiveness are not far to seek. Buildings were an illiquid asset with higher transaction costs and more outgoings than was the case for private or public debt. Problems for landlord investors are illustrated by the affairs of David Miln, tailor in the Canongate Head, whose wife raised a suit against him in 1733 seeking separation and alimony on the grounds of cruelty.<sup>62</sup> Pleading poverty was in his interest, but the general circumstances he described demand attention. Miln owned four buildings in different parts of Edinburgh and suburbs, yielding a notional £83 sterling a year from the several properties signed over to him by William Thomson, tailor, for servicing a substantial debt. Some dwellings were unrented, reducing his rental income by nearly a quarter; he owed £6 sterling for "cess" (local taxes), £9 for repairs and one of the buildings was described as "old crazy timber lands [tenements] ... [which] require very

<sup>58</sup> Edinburgh City Archives (ECA), *Dean of Guild Court*, vol. 6, pp. 37-38.

<sup>59</sup> Houston, *Social Change*, pp. 332-343.

<sup>60</sup> Neale, *Bath*, p. 168.

<sup>61</sup> NAS CCS/6/11.

<sup>62</sup> For an English comparison of the difference between gross and net yields see Chalklin, *Provincial Towns*, p. 164.

great reparations to keep them up".<sup>63</sup> Even for levies that the tenant was supposed to pay, such as the window tax and annuity tax, the "heritor" (landowner) had to accept a lower rent to account for its burden. As the heritors complained in 1749, "no man will talk of the rent he's to give, till the landlord previously agrees to pay, or allow the window tax out of it".<sup>64</sup>

The problems faced by urban property owners are shown in a report submitted by Mr John Swinton, junior, one of the "stentmasters" (assessors or observers) of the Faculty of Advocates, to his fellow lawyers. It dealt with the activities of the city's stentmasters, based on his having "attended" their collection in August 1760.<sup>65</sup> Swinton's observations provide a unique view of tax collection in operation around this time. The city was divided into eight "bounds" (zones),

"to each of which two stentmasters are allotted who visit each house, a duty attended with considerable trouble and fatigue. In that visitation they inform themselves of the real rent and state of each house, whether possessed or waste, and they carry about them a book containing three columns wherein after the name of the respective proprietor they insert in the first column the valued rent rating it at 4/5 of the real rent where that can be known or 10 per cent of the purchase money, abating of this as to them seems reasonable in case the house is in disrepair. In the second column they insert the cess on heritage which this year is 9 per cent of the valued rent. In the third column in case the proprietor is a trader they insert a stent on this trade for the land tax and guard money [police rate] without distinction".<sup>66</sup>

Swinton's conclusions, reached in the light of two previous Faculty reports, were cautious. "Many of these grievances", he wrote, "seem very

<sup>63</sup> NLS MS.3.2848[3], 6-7. Clay, 'Price of freehold land', pp. 180-181, discusses the effect on the land tax on English values.

<sup>64</sup> From 1696 advocates had been entitled to supervise the city's stentmasters. Exempt from local taxes themselves as members of the College of Justice, they did make voluntary contributions - to street cleaning in 1686, 1692 and 1712 for example. J.M. Pinkerton (ed.), *The Minute Book of the Faculty of Advocates*, vol. 1: 1661-1712, (Edinburgh 1976), p. XVI.

<sup>65</sup> ECA, *Valuation of Edinburgh, 1760-1761*.

difficult to be amended and require very deliberate consideration as to the reasonableness and practicability of altering inveterate customs". However, it was clear that "proprietors in Edinburgh pay for land tax above 7 1/5 per cent of the real rent of a property not worth above 15 years purchase; when reckoning the real rent of the shire to be four times the valued rent, heritors there pay only in land tax about 3 per cent of the real rent of a property worth 25 or 30 years purchase".<sup>67</sup> It may be that the high rental yields obtainable in the city were partly the result of landowners shifting risk such as default onto tenants and partly of their offloading tax burdens onto them. Yet the comments (above) about the window tax and the lower years' purchase achieved for properties in town suggests that demand was not as strong as in the countryside (or that there was excess supply in towns) and that owners' power was consequently less.<sup>68</sup> Moving was easier in town, the cost of withdrawal from a tenancy being much lower than for a farmer, while on the supply side barriers to entry were lower for urban housing than for agricultural estates.<sup>69</sup>

To the burden of taxes was added that of repairs. A petition to the Dean of Guild Court in 1697 spoke of how rents from a tenement in Castlehill were "very near exhausted partly by the cess, but most of all by reparations".<sup>70</sup> The 1724 accounts of incomings and outgoings for John Birnie's tenement at the head of the West Bow show that repairs and taxes reduced the gross rental return by 30%.<sup>71</sup> The Edinburgh cordiners (shoemakers) decided in 1740 to sell their tenement in St Ninian's Row for 10 years' purchase because it was expensive to insure against fire and "they have houses and lands sufficient besides to keep and repair as also the great losses they have and are daily sustaining by tenants in that land giving way".<sup>72</sup> The fact that many buildings were in disrepair was not an independent cause of low selling multiples. It was instead a reflection of

<sup>67</sup> ECA, *Valuation of Edinburgh*, 1760-1761.

<sup>68</sup> Rodger, *Transformation*, p. 90.

<sup>69</sup> Offer, 'Farm tenure', pp. 11-12. Devine, *Transformation*, 63-4, outlines the much greater (and growing) legal rights enjoyed by the small band of landowners who controlled nine tenths of Scotland's agricultural land.

<sup>70</sup> ECA, *Dean of Guild Court*, vol. 7, pp. 320-321.

<sup>71</sup> British Library ADD 28,850, f. 45v.

<sup>72</sup> NAS GD348/207, 15 November 1740.

the prevailing state of the property market and high building costs. Owners were not prepared to spend money on repairs because they knew that rental growth would not compensate them for the outlay. Property development and renting was not necessarily a licence to print money: taxes, repairs, management expenses, unlet properties, defaults on payment and insurance all had to be met from rental income. Edinburgh's (and indeed Britain's) history is littered with bankrupt building speculators.<sup>73</sup>

Finally, issues of tenure and title help to explain the lower value of urban property. Buildings were held on a variety of tenures, each with different tax burdens. In 1734 Mr George Home of Kello petitioned the council to rationalise the legal status of a building. Home had bought two burned-out tenements at the head of Liberton's Wynd and two adjacent ones; three of these buildings had been burgage, one a feu. On the site of these he had built one large tenement, meaning that three-quarters of the building was in one form of tenure, the remainder in another. He therefore asked the council to convert his feu into a burgage as it sometimes did "for the encouragement of builders".<sup>74</sup> The council agreed and did the same for James Wight, deacon of the listers (dyers), regarding a property he had rebuilt in the Meal Market.<sup>75</sup> However, the effect of changing tenure on the property market cannot have been great. With burgage plots held from the burgh superior, urban landholding in Scotland was more homogeneous than in England, where a "jumble of overlords and jurisdictions" existed.<sup>76</sup>

Title could be more of a problem. A petition of 1753 bemoaned the problems of securing title to property that changed hands frequently and for which legally satisfactory transfer deeds were rarely available.<sup>77</sup> It concluded that "the generality of Titles to the Properties in Edinburgh are very lame and defective".<sup>78</sup> In periods of rapid turnover, the burgh

<sup>73</sup> Wood, "Thomas Robertson". See also Daunton, *Progress and Poverty*, p. 257, for English speculators.

<sup>74</sup> ECA MB 55, 179-81.

<sup>75</sup> ECA MB 60, 70. MB 61, 202-3.

<sup>76</sup> E. L. Ewan, "The community of the burgh in the fourteenth century", in M. Lynch, M. Spearman and G. Stell (eds), *The Scottish Medieval Town*, (Edinburgh 1988), pp. 228-229.

<sup>77</sup> NLS MS.5.1148[1], 9-10.

<sup>78</sup> NLS MS.5.1148[1], 16.

Register of Sasines could take months or even years to be updated. Sir Robert Murray's belief that the Register helped explain superior Scottish property prices (see above) might have been true of agricultural estates, but the confidence it created cannot have been shared by Edinburgh's eighteenth-century builders and buyers.

## 5. Property and the wider economic climate

There is no need to rely on inferences or tendentious statements to understand how relatively unattractive was urban property. Even people with ample funds did not regard housing as an investment, even in Scotland's capital. Those who were designated "of" rather than "in" a place or who had a title such as Lord, Lady, Countess, Earl, Esquire or Sir rarely owned property in Edinburgh. Of 2,201 possessors assessed for the 1751 annuity tax, 93 women and 43 men fit into this category: 6% of the total possessors. At the 1754 tax the numbers are 95 and 34 respectively from 2,432 or 5% in all.<sup>79</sup> Owner occupation was rare in mid-eighteenth-century Edinburgh and was similarly restricted in other Scottish towns until recent times.<sup>80</sup> An even smaller proportion of lairds and titled in the assessed population were heritors of their dwelling: 13 of the men

<sup>79</sup> ECA, *Annuity tax*.

<sup>80</sup> N. J. Morgan and M. J. Dauntton, 'Landlords in Glasgow: a study of 1900', *Business History*, 25, 3 (1983), pp. 264-86, find that just 12% of properties were owner-occupied. Owner occupation also seems to have been unusual elsewhere in Britain and Europe. Of those assessed at 5d or more in the poor rates of Southwark 1621-2, 73% held property in addition to their dwelling house while over the city as a whole 84% of aldermen held property other than their own home. J. Boulton, *Neighbourhood and society. A London Suburb in the Seventeenth Century*, (Cambridge 1987), pp. 87, 204 and 290. Chalklin, *Provincial Towns*, pp. 161-162. Ownership was also concentrated in early modern Leiden. Rental growth fuelled by population expansion made property ownership a profitable investment. In 1606 785 people owned two thirds of all the private houses in the town, some having 20 or more properties. A. van der Woude, "La ville néerlandaise", in A. Lottin *et al.* (eds), *Etudes sur les villes en Europe occidentale*. Tome 2, (Paris 1983), p. 342. Ownership of land outside the city was uncommon in early eighteenth century Amsterdam, but house owning (and the holding of stocks and shares) was more widely diffused through all but the lowest reaches of society. J. Faber, "Inhabitants of Amsterdam and their possessions, 1701-1710", in A. van der Woude and A. Schuurman (eds), *Probate Inventories. A New Source for the Historical Study of Wealth, Material Culture and Agricultural Development*, (Utrecht 1980), p. 152.

and 10 of the women in 1751 and 14 males, 15 females in 1754. In his "Proposals" of 1752, Sir Gilbert Elliott asked rhetorically who from the élite would "exchange the handsome seats they generally possess in the country, for the scanty lodging and paltry accommodations they must put up with in Edinburgh".<sup>81</sup>

Men were more likely to buy than women and élite purchasers tended to be substantial (often titled) landowners whose estates were near Edinburgh.<sup>82</sup> In all but a handful of cases, they owned simply the flat in which they lived. The Earl of Dumfries lived in the first of the eight bounds into which the city was divided for taxation. He was assessed at £400 and paying £32 in 1751, while the Countess of Dundonald lived in the third zone with an identical rating. Both heritors were still there in 1754. The laird of Libberton was unusual in owning several homes. His seven flats in the eighth zone, assessed at £620 in all, were occupied by himself and a genteel selection of tenants: Mr Scott of Howden, a teacher, a gentleman's servant, a merchant, a wright and one other man. Lady Libberton was living there in 1754 with a new array of urban tenantry. Ownership was sufficiently unusual to be noteworthy. Elizabeth M'Ilfrish, a "merchant shopkeeper" and the wife of an Edinburgh wright (carpenter), was the object of neighbourly jealousy in 1764 because it was alleged that through her shop she "had accumulated such wealth and made her husband a laird".<sup>83</sup> Urban buildings might be called after the sole or principal heritor. For example, James, Earl of Bute, became heritable proprietor of "a great tenement or lodging called the abbot of Melrose lodging" in 1714.<sup>84</sup>

Despite the foregoing comment, contemporaries do not seem to have attached the same kudos to urban landownership as to rural. An appetite for suburban housing in large conurbations was matched by the growing interest of the bourgeoisie in owning property in the smaller towns and

<sup>81</sup> Mearns and Russell, 'The New Town of Edinburgh', pp.179-180.

<sup>82</sup> The predominance of male owner-occupiers among the élite residents of Edinburgh may be because women of this class were likely to purchase annuities, transferring heritable proprietorship of a house to someone else in return for accommodation and income.

<sup>83</sup> NAS CC8/6/24. In early nineteenth century Glasgow the term "laird" was used of rentiers or landlords who owned more than one dwelling. I owe this point to Christopher Smout.

<sup>84</sup> NAS RS71/7, f. 103v.

rural parishes of the Lothians, noted in the *Statistical Account* of the 1790s and addressed in the *General Views* of agriculture published in that decade. Around Aberdeen too, demand from urban merchants and professionals increased the number of heritors per parish during the eighteenth century, in contrast with the county as a whole, which saw a fall in the number of landowners.<sup>65</sup> Even if the social base of ownership was broadening, the effect on growth in values seems to have been more limited than was the case for landed estates. Many years ago, T.S. Ashton noted that while long term trends in building were determined by population and income levels, in the short term it was the expectation of profit and the financial resources available to builders or commissioners of houses that governed the cycle. The most significant factor was the supply of loanable funds. Ashton also predicted that the difficulties building concerns experienced in attempts to finance themselves would be reflected in cycles of bankruptcy related to interest rate trends.<sup>66</sup> For his part, Habakkuk explains the increasing valuations of English estates between the 1670s and 1740s as a lagged response to declining interest rates.<sup>67</sup> Subsequent trends in English freehold

<sup>65</sup> R. Callander, "The pattern of landownership in Aberdeenshire in the seventeenth and eighteenth centuries", in D. Stevenson (ed.), *From Lairds to Louns. Country and Burgh Life in Aberdeen, 1600-1800*, (Aberdeen 1986), p. 7. See also H. Dingwall, *Late 17<sup>th</sup> century Edinburgh: a Demographic Study*, (Aldershot 1994), p. 107, and T. M. Devine, "The merchant class of the larger Scottish towns in the seventeenth and early eighteenth centuries", in G. Gordon and B. Dicks (eds), *Scottish Urban History*, (Aberdeen 1983), p. 105. Peter Earle has found that nearly half the property owned by London's middle class 1660-1730 was in the city or suburbs, while a full half of the those owning land at their death held farms or large estates. P. Earle, *The Making of the English Middle Class. Business, Society and Family Life in London, 1660-1730*, (Berkeley 1989), p. 156. Earle's source, inventories, may present a different picture of landownership from those used here. In seventeenth century Waterford, Ireland, some merchant families had a long tradition of landholding, but others got into it by acquiring mortgages. J. Walton, "The merchant communities of Waterford in the 16<sup>th</sup> and 17<sup>th</sup> centuries", in P. Butel and L. M. Cullen (eds), *Cities and Merchants: French and Irish Perspectives on Urban Development, 1500-1900*, (Dublin 1986), p. 187.

<sup>66</sup> T. S. Ashton, *Economic Fluctuations in England, 1700-1800*, (Oxford 1959), pp. 84-87. See also R. J. Morris, "The middle class and the property cycle during the industrial revolution", in T. C. Smout (ed.), *The Search for Wealth and Stability*, (London 1979), pp. 91-113.

<sup>67</sup> Habakkuk, *Marriage, Debt, and the Estates System*, p. 344. Yet he allows that the legal maximum interest rates fell substantially in England over a prolonged period in the seventeenth century without a resulting increase in the years' purchase multiple. *Ibid.*, pp. 408-409.

prices were also related (in the short term at least) to the yield on consols: for example, when yields fell in the 1760s and early 1770s land prices rose.<sup>88</sup> Real house rents, on the other hand, did not always follow population trends either in the short or long term in European towns.<sup>89</sup> Yet it is hard to see why changes in the supply of funds would have a disproportionate effect on one class of property, for urban prices rose most obviously in the mid-eighteenth century whereas valuations for estates grew more steadily over the entire period.

Furthermore, differential access to credit facilities cannot explain the social structure of the urban property market.<sup>90</sup> It therefore seems unlikely that either the small number of urban owner-occupiers or the social distribution thereof can be attributed to a lack of capital of the sorts available to the already wealthy. Indeed, they may have perceived that there were more lucrative ways of using what capital they had. Urban property in Scotland before the mid-eighteenth century was for those who required a high income stream and who could tolerate the risk (and hard work) needed to maintain it.<sup>91</sup> Adam Smith continued his analysis of investment choices: "For the sake of superior security, indeed, a man of moderate circumstances, when he retires from business, will sometimes chose to lay out his little capital in land". The money would be secure, but those who took this course "must bid adieu, for ever, to all hope of either great fortune or great illustration [fame]".<sup>92</sup> Both the level of and the change in urban property values must be explained in terms other than the availability of credit.

<sup>88</sup> Daunton, *Progress and Poverty*, p. 77. Habakkuk, *Marriage, Debt, and the Estates System*, p. 345.

<sup>89</sup> They did in Ghent c.1590-c.1650, but by 1666 the real house rent index was nearly double the population index. J. Dambryne, 'De Gentse immobilienmarkt en de economische trend, 1590-1640', *Bijdragen en Mededelingen*, 104, 2 (1989), pp. 174-175. The discrepancy is unsurprising, since the age structure, income and employment levels of potential tenants also mattered.

<sup>90</sup> Clay, "Landlords", p. 172, suggests that restricted access to credit can explain the failure of lesser farmers to buy land in England.

<sup>91</sup> For comparison see Rodger, *Housing in Urban Britain*, p. 24, Daunton, *Progress and Poverty*, p. 258, and R. J. Morris, "The middle class and British towns and cities of the industrial revolution", in D. Fraser and A. Sutcliffe (eds), *The Pursuit of Urban History*, (London 1983), p. 295.

<sup>92</sup> A. Smith, *Wealth of Nations*, vol. 1, p. 423.

The conditions of the 1750s were temporary. Short-term interest rates (based on the Bank of England dividend yield) were lower in 1753 than in any other year 1710-1790.<sup>93</sup> At that point they were 3.2% a year: the closest they got to the yield on long term funds shown by 3% consols – 2.9% in that year – between 1731 (when both series are available) and 1769. During those years short-term funds offered a premium of roughly a third over consols. The low yield on consols may indicate a flow of funds into them at a time when money was abundant. Conditions also changed in the property market. The burgh boundary or “royalty” of the city was extended in 1767.<sup>94</sup> The royalty comprised the lands originally gifted to the city by the Crown and held by charters which conferred marketing and taxation privileges. Its geographical extent could only be changed by act of Parliament.<sup>95</sup>

Anticipation of this much-discussed “re-zoning” contributed to a buoyant market in the 1760s. The Canongate hammermen (an incorporation of metal workers) paid £4,300 Scots (approximately £360 sterling) for their meeting house in 1647 and sold it for £16,800 Scots (£1,400 sterling) in 1762. This equated to an increase in capital value of 290% and an average return of 2.5% a year excluding rents received or out-goings such as repairs and any interest payments on borrowed money.<sup>96</sup> It was generally thought that the market conditions of the early 1760s were unlikely to last. In 1764 the auditors of the Kirk Treasurer’s account (pooled poor relief funds for the city’s parishes) “were of the opinion that the Kirk Session [of the Canongate] should sell the subjects belonging to the poor [fund] as the expense of repairs was very high and as houses now sell at a very dear rate”.<sup>97</sup>

If these incorporations decided to cash in on rising prices, one man

<sup>93</sup> K. J. Weiller and P. Mirowski, ‘Rates of interest in 18<sup>th</sup> century England’, *Explorations in Economic History*, 27, 1 (1990), pp. 23-27.

<sup>94</sup> British Library, Add. 38,332, f. 196v. Rodger, ‘The law and urban change’, p. 85. It had already become more acceptable during the 1750s and early 1760s for those with trading privileges in Edinburgh to reside at Leith and other areas outside the royalty.

<sup>95</sup> Youngson, *Classical Edinburgh*, p. 297 and passim.

<sup>96</sup> M. Wood, ‘The hammermen of the Canongate, II’, *Book of the Old Edinburgh Club*, 20 (1935), p. 79 and 83.

<sup>97</sup> ECA, *Canongate Workhouse Minutes*, vol. 1, p. 100.

who thought the property boom would last was John Stevenson, professor of philosophy at the university. Around Martinmas 1762 he recorded in his notebook:

"I have entered into a different bargain with brother George upon the view I have of buying some more houses in town. He offers to collect the rents of these houses, to be at all the charge of reparations, run the risk of failing of tenants, pay the public burdens, and give me six per cent of the purchase money, which is to be paid as the rents fall due".<sup>98</sup>

The professor was getting a good return on his investment, clearing appreciably more than the return on consols, more than Bank of England dividends 1762-3 and a full percentage point more than the next best yielding security, East India Company bonds. Already the owner of a house and shop in Gray's Close, Stevenson paid £371 at Whitsunday 1763 for houses in the Pleasance; more than £1,320 for houses in Gray's Close, Pleasance and Canongate at Martinmas 1764; and a further £1,000 in November 1766 towards the same purchases. In common with other British towns, the boom did, indeed, last until the early 1770s.<sup>99</sup>

What started as slump turned into a prolonged upturn (1760-1800) when building costs rose more quickly than general prices.<sup>100</sup> Decisions to build Edinburgh's new Exchange and to proceed with other projects may have had their origins in civic humanism, but the precise timing was determined by economic conditions. Those decisions may have stimulated, or perhaps anticipated, the following boom which, among other things, increased property valuations.<sup>101</sup> Naturally, this was not the last boom. In the decade after 1815 new building went on apace in the New Town. The anonymous author of an Edinburgh diary remarked in 1823 how the addition to the stock in Edinburgh of 7-800 new dwelling houses a year for several years

<sup>98</sup> NAS CS96/1213, 94-5.

<sup>99</sup> Neale, *Bath*, p. 168.

<sup>100</sup> Rodger, *Housing in Urban Britain*, pp. 19-20. Rodger, *Transformation*, pp. 76-77.

<sup>101</sup> R. A. Houston, "The economy of Edinburgh, 1694-1763: the evidence of the Common Good", in S. J. Connolly, R. A. Houston and R. J. Morris (eds), *Conflict and Identity in the History of Scotland and Ireland from the Seventeenth to the Twentieth Century*, (Preston 1995), pp. 45-62.

had had little effect on rents; houses "are almost uniformly occupied as soon as finished, while the old houses if they lose one kind of tenants are not long of finding others".<sup>102</sup> Yet by April 1828 the same author could write in very different terms, which underline the volatility of property markets:

"A great fall is taking place now in the rents both of houses & shops particularly high priced ones. There are instances of expensive shops falling to one half of the former rent & it is not uncommon to hear of a reduction of nearly a fourth from house rents. The number of both houses & shops likely to be unoccupied after Whitsunday is unusually great. So that there is very little encouragement for new buildings".<sup>103</sup>

## **6. Conclusion**

The divergence between urban and rural property persisted far into the nineteenth century. In the 1870s and 1880s heritable securities in Edinburgh and other burghs changed hands for 22 or 23 years' purchase. The multiple rose to a high of 28.9 in the mid-1890s before falling back in the 1910s.<sup>104</sup> In England, too, the discrepancy between urban and rural real estate persisted. The surveyor John Parnell suggested to English buyers in the 1880s that weekly rented property commanded 10 years' purchase. A conservative multiple for buying good urban freehold premises was 16 years' purchase, while urban freehold ground rents should be bought at 20 years' purchase and landed estates at 28 years' purchase. Finally, a mortgage should command 20-25 years' purchase, depending on the subjects, and consols 33 years' purchase.<sup>105</sup>

Why then did urban buildings sell so much more cheaply than rural estates and why did the relationship persist, despite fluctuations in the value of both? None of the reasons usually adduced to explain changing

<sup>102</sup> Moir, 'Extracts', pp. 143-4. The extent of the 1815-25 boom is shown graphically in Rodger, *Transformation*, 79, pp. 184.

<sup>103</sup> Moir, 'Extracts', 180-1. The financial crisis around this time is noted by Rodger, *Transformation*, p. 76.

<sup>104</sup> Rodger, *Transformation*, p. 136.

<sup>105</sup> Parnell, *Land and Houses*, pp. 7, 14, 30, 36 and 39.

agricultural land values in eighteenth-century England can explain the rise in the price of urban buildings either there or in Scotland.<sup>106</sup> Supply had always been restricted and new building should have diminished rather than increased values. Interest rates had already fallen long before urban property values first rose appreciably in the mid-eighteenth century. Even if their effect was lagged, the disproportionate impact on urban values needs to be explained for estate values grew more steadily over time. Similarly, building values rose before many (English as well as Scottish) people from outside the landed classes and from outside the London area had begun to invest in government securities.<sup>107</sup>

Expenses associated with urban property ownership, notably maintenance, were slightly higher than rural. Yet the difference (and therefore the effect on net returns) cannot explain the discrepancy between the values of (or the trends in) town housing and agricultural land or why the net yield on buildings was at least 50% higher than that on estates. The disgruntled Edinburgh petitioners of the 1750s said they needed 20 years' purchase. If they expected the same return as rural estates, they would have asked for 25 or 30 – but, in fact, they had slightly higher management expenses and therefore needed more if they seriously expected parity. For positional or other reasons, urban property was enduringly less attractive than agricultural estates. Indeed, one might almost suggest that urban property had a negative positional value and that the high yield was a compensation for the time and effort of management.

For England, R. S. Neale has suggested that different systems of leasing had a profound effect on the capital value of land. He notes that in Somerset it was customary to value "lifelhold land" (let on long leases, usually for three lives) at 15-16 years' purchase, while land let at a rack rent commanded double this multiplier.<sup>108</sup> Yet agricultural leases in Scotland were by the eighteenth century much longer than urban ones, which tended to be for a year or less. Indeed, Neale does not explain why 15

<sup>106</sup> While using prices per unit rather than years' purchase, Chalklin, *Provincial Towns*, pp. 142-143, estimates that in towns like Birmingham and Sheffield land values trebled 1740-1820.

<sup>107</sup> Chalklin, *Provincial Towns*, p. 159.

<sup>108</sup> Neale, *Bath*, p. 101. Figures for Wells kindly provided by Tony Scrase show that this was the norm in Somerset for long-leasehold buildings.

years' purchase was the usual multiplier even in the late eighteenth and early nineteenth century – or why that multiplier did not change in Bath between the 1780s and 1820s.<sup>109</sup> A century earlier, following the great fire of Warwick in 1694, the standard multiple used to value both residential and commercial property in that devastated city was 20 years' purchase.<sup>110</sup> A similar figure was obtained in London of the 1690s.<sup>111</sup>

Indeed, much work remains to be done in this field. For example, it would be useful to know if there was much disparity from burgh to burgh, though the values quoted for comparable property seems to have varied little from place to place. For the second half of the nineteenth century Rodger believes that "there is an almost identical pattern to the Edinburgh and non-Edinburgh data".<sup>112</sup> A full historic time series of urban and rural property values would be a useful addition to the store of economic indicators for England as well as Scotland. For levels and trends in property valuations may tell us more about the development of the British economy than has been appreciated.

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