

# Guernsey Quarterly Residential Property Prices Bulletin

Quarter 2 2016

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The Guernsey Residential Property Prices Bulletin measures average price changes in residential properties sold on the island each quarter and provides a headline analysis of trends in average prices.



States of Guernsey  
Data and Analysis

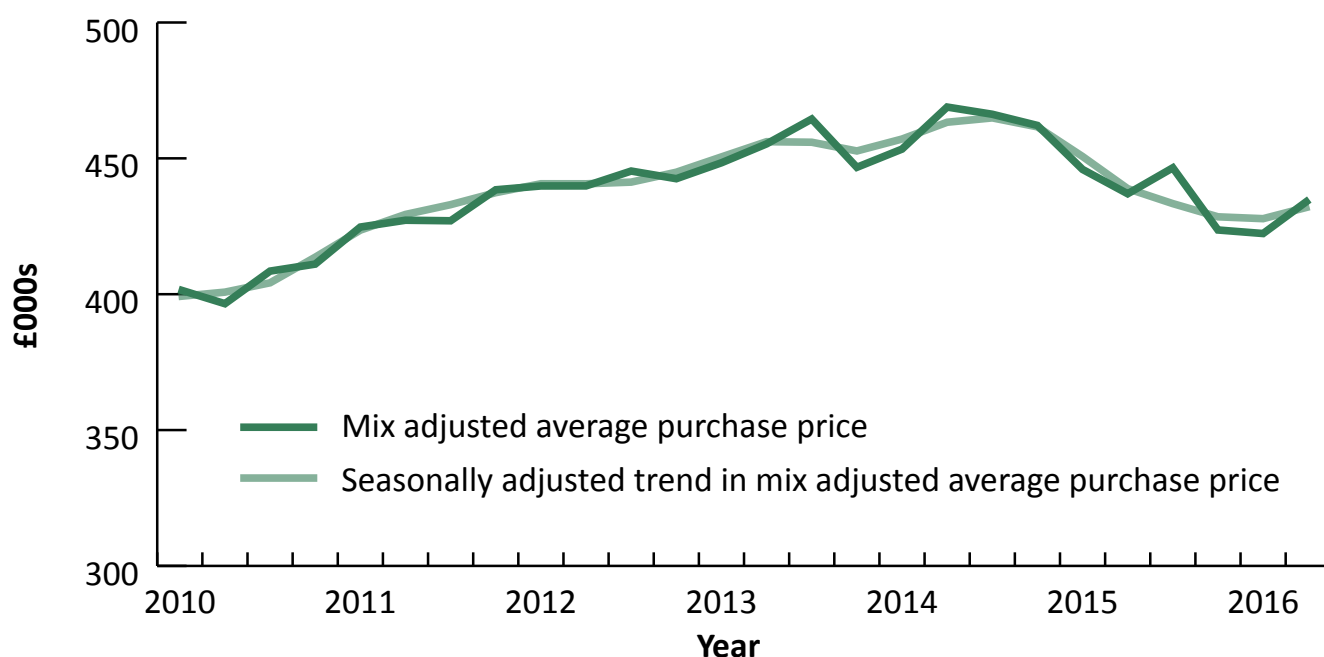
## 1.1 Introduction

The Guernsey Residential Property Prices Bulletin measures average price changes in residential properties sold on the island each quarter and provides a headline analysis of trends in average prices. Data compiled on the island's housing stock in 2011 enabled the development of new methods for calculating average purchase prices. Compared with previously published measures, the mix adjusted average, the method of calculation of which is defined in [section 2.1](#), is much less susceptible to changes from one quarter to the next in the profile of properties sold.

## 1.2 Headlines

- The mix adjusted average purchase price for Local Market properties was £434,571 in the second quarter of 2016, 2.9% higher than the previous quarter and 0.5% lower than the second quarter of 2015.
- There were 198 Local Market transactions during the second quarter of 2016, 69 more than in the previous quarter and 72 more than in the second quarter of 2015.
- The raw median price (realty only) of the six Open Market transactions in the second quarter of 2016 was £1,097,500 compared with £1,092,500 in the second quarter of 2015, when there were nine transactions.

**Figure 1.2.1 Local Market purchase prices**



## 2.1 Local Market purchases - mix adjusted average

The Local Market mix adjusted average purchase price is a measure of the average cost (including both realty and personalty) of purchasing a property in Guernsey.

Realty relates to fixed assets, e.g. buildings and land, and personalty is the term used for the moveable assets, such as carpets, fixtures and fittings. The mix adjusted average prices include a measure of personalty, which is included in most property purchases, better reflecting the actual prices paid for purchases.

In this method, transactions are weighted according to their type and number of bedrooms to reflect the profile (or “mix”) of all the island’s owner occupied and buy to let property units. The resulting average, presented in **Table 2.1.1** and represented graphically by the dark green line in **Figure 1.2.1** on **page 1**, is not affected by changes in the types of properties sold from one quarter to the next in the way that median average prices can be.

This measure was published for the first time in the first quarter of 2011. Average prices calculated using this methodology are available from the fourth quarter of 2008 onwards.

It should be noted that the measure is still susceptible to fluctuations due to the size, quality and location of properties of any particular type and number of bedrooms, varying from one quarter to the next. Due to the relatively small sample sizes it is not possible to eliminate these variations completely.

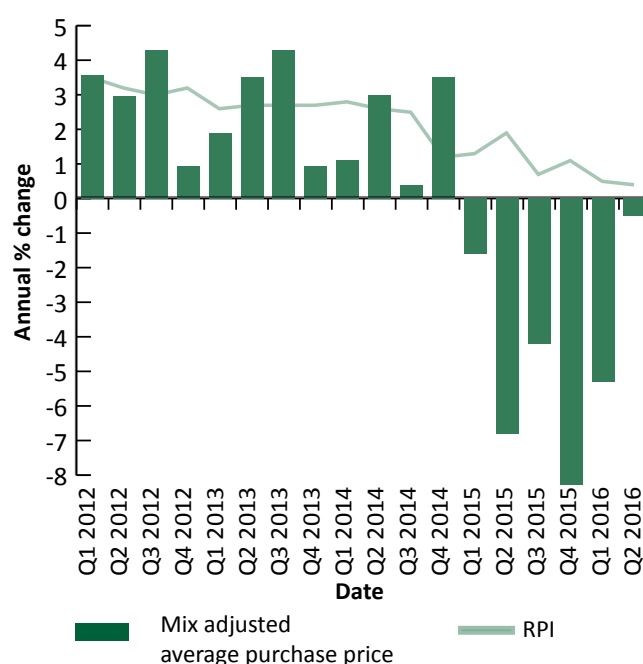
As shown in **Table 2.1.1**, in the second quarter of 2016, the mix adjusted average purchase price was £434,571, 2.9% higher than the previous quarter and 0.5% lower than in the second quarter of 2015.

The annual percentage change in house prices was lower than the annual percentage change in the Retail Prices Index (a measure of inflation) as shown in **Figure 2.1.1**.

**Table 2.1.1 Mix adjusted average purchase price**

| Date    | Mix adjusted average purchase price | Quarterly percentage change | Annual percentage change |
|---------|-------------------------------------|-----------------------------|--------------------------|
| Q2 2014 | £468,878                            | 3.4%                        | 3.0%                     |
| Q3 2014 | £466,228                            | -0.6%                       | 0.4%                     |
| Q4 2014 | £462,110                            | -0.9%                       | 3.5%                     |
| Q1 2015 | £445,923                            | -3.5%                       | -1.6%                    |
| Q2 2015 | £436,971                            | -2.0%                       | -6.8%                    |
| Q3 2015 | £446,519                            | 2.2%                        | -4.2%                    |
| Q4 2015 | £423,634                            | -5.1%                       | -8.3%                    |
| Q1 2016 | £422,331                            | -0.3%                       | -5.3%                    |
| Q2 2016 | £434,571                            | 2.9%                        | -0.5%                    |

**Figure 2.1.1 Annual percentage change in mix adjusted average purchase price**



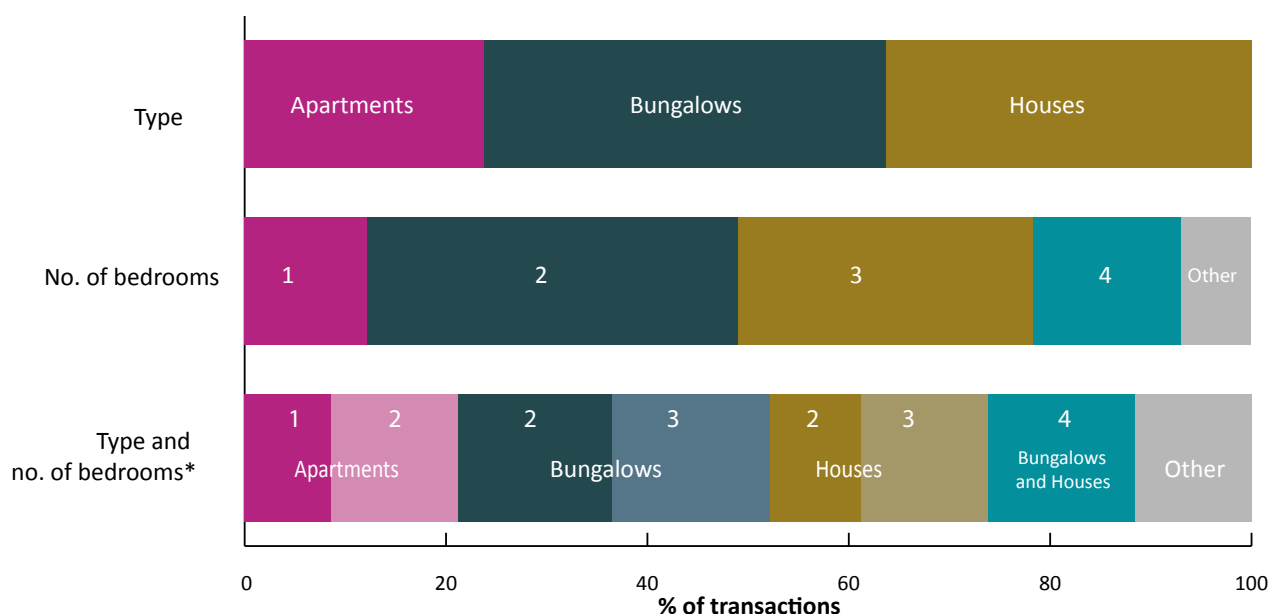
## 2.2 Local Market purchases - types

**Table 2.2.1 Percentage of transactions by property type and number of bedrooms**

| Date    | Percentage of total transactions by type and number of bedrooms |     |          |     |       |     |                    |       |
|---------|---|-----|----------|-----|-------|-----|--------------------|-------|
|         | Apartment   |     | Bungalow |     | House |     | House/<br>Bungalow | Other |
|         | 1   | 2   | 2        | 3   | 2     | 3   | 4                  |       |
| Q2 2014 | 11%   | 6%  | 11%      | 15% | 14%   | 15% | 12%                | 15%   |
| Q3 2014 | 11%   | 13% | 11%      | 10% | 12%   | 11% | 9%                 | 23%   |
| Q4 2014 | 9%  | 15% | 10%      | 16% | 10%   | 10% | 12%                | 18%   |
| Q1 2015 | 11%   | 9%  | 4%       | 10% | 8%    | 12% | 22%                | 23%   |
| Q2 2015 | 9%  | 10% | 10%      | 13% | 12%   | 17% | 11%                | 19%   |
| Q3 2015 | 10%   | 6%  | 13%      | 19% | 9%    | 13% | 10%                | 19%   |
| Q4 2015 | 9%  | 16% | 9%       | 17% | 10%   | 14% | 14%                | 11%   |
| Q1 2016 | 6%  | 8%  | 16%      | 13% | 12%   | 19% | 12%                | 15%   |
| Q2 2016 | 9%  | 13% | 15%      | 16% | 9%    | 13% | 15%                | 12%   |

The “mix” of property transactions in each quarter is shown in **Table 2.2.1** and illustrated in **Figure 2.2.1**. (N.B. Due to rounding, the total figure may not always add up to precisely 100%.) The proportion of transactions in each category varies from one quarter to the next. In the second quarter of 2016, the highest proportion (16%) of transactions was for three bedroom bungalows. Definitions of the types of properties which are included in the categories used (apartment, house and bungalow) are provided on the last page of this bulletin. Properties in the “Other” category are those which do not fall into the categories shown in **Table 2.2.1**, either because they have a different (or unknown) number of bedrooms or because they are a different type of property. These are excluded from the mix adjusted calculations described on **page 2**.

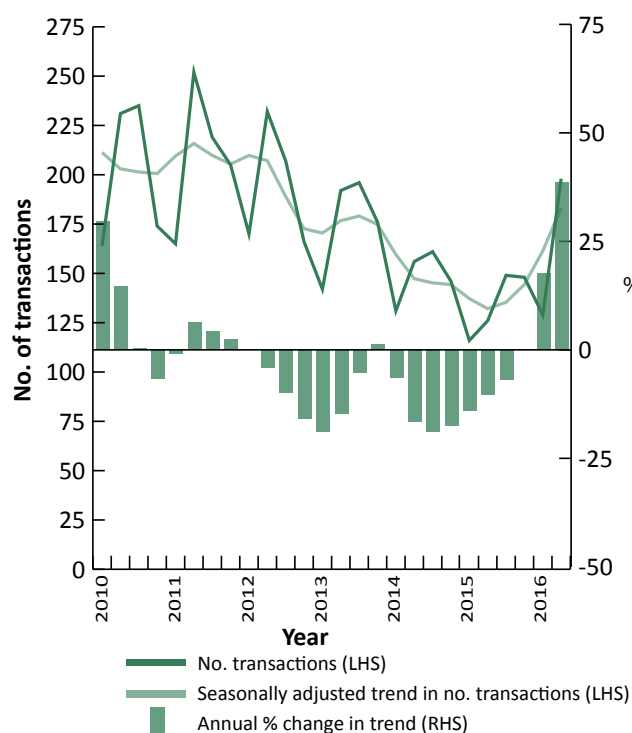
**Figure 2.2.1 Percentage of transactions by type and number of bedrooms**



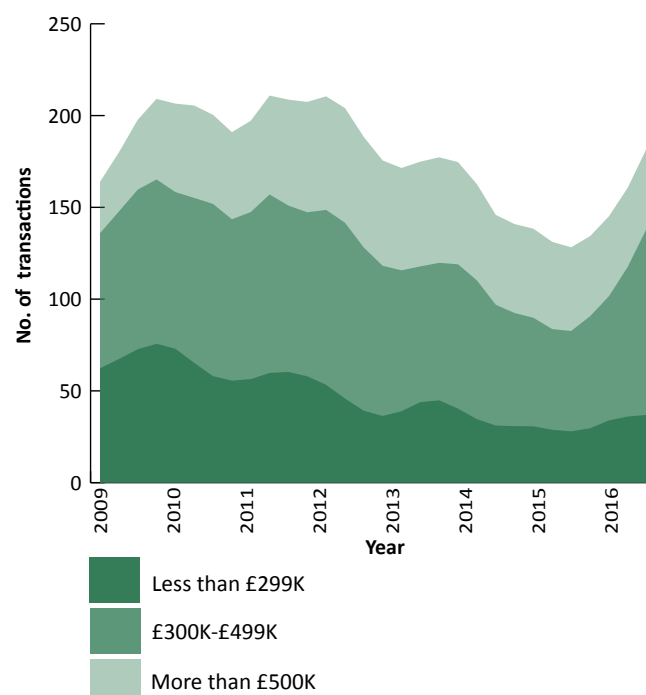
\*As used in mix-adjusted calculations and presented in **Table 2.2.1**

## 3.1 Local Market purchases - volumes by price

**Figure 3.1.1 Number of transactions and annual percentage change**



**Figure 3.1.2 Seasonally adjusted trend in number of transactions by realty price (nominal)**



**Table 3.1.1 Number of transactions by realty price (in £000s)**

| Date    | Less than<br>£200 | £200 to<br>£299 | £300 to<br>£399 | £400 to<br>£499 | £500 to<br>£599 | £600 to<br>£999 | More than<br>£999 | Total |
|---------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------|
| Q2 2014 | 4                 | 29              | 38              | 32              | 20              | 26              | 7                 | 156   |
| Q3 2014 | 8                 | 32              | 39              | 28              | 22              | 28              | 4                 | 161   |
| Q4 2014 | 6                 | 22              | 42              | 30              | 19              | 21              | 6                 | 146   |
| Q1 2015 | 6                 | 23              | 22              | 21              | 12              | 26              | 6                 | 116   |
| Q2 2015 | 8                 | 20              | 28              | 31              | 17              | 20              | 2                 | 126   |
| Q3 2015 | 5                 | 24              | 31              | 36              | 24              | 25              | 4                 | 149   |
| Q4 2015 | 8                 | 30              | 42              | 28              | 23              | 12              | 5                 | 148   |
| Q1 2016 | 6                 | 22              | 40              | 23              | 18              | 18              | 2                 | 129   |
| Q2 2016 | 14                | 27              | 59              | 54              | 18              | 22              | 4                 | 198   |

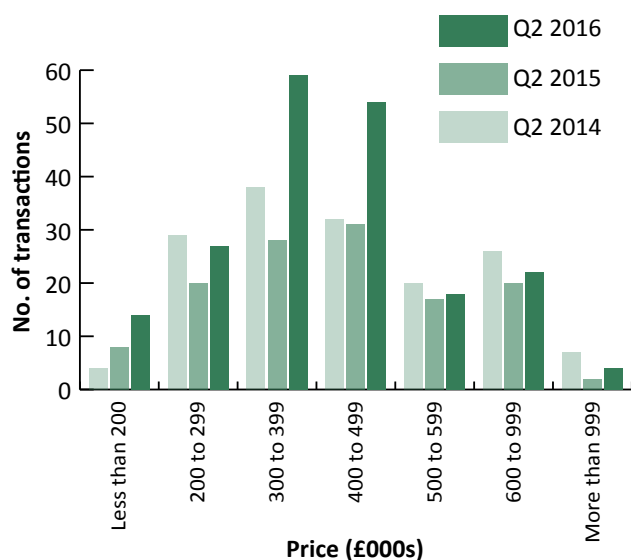
**Table 3.1.1** and **Figure 3.1.1** provide information on the number of Local Market transactions recorded by the States of Guernsey Greffe each quarter. In the second quarter of 2016, the Greffe recorded 198 Local Market transactions, 72 more than in the same quarter of 2015.

**Table 3.1.1** shows the number of Local Market property transactions each quarter by (realty only) price band, which can vary significantly from one quarter to the next. During the second quarter of 2016, the largest number of transactions (59) was in the £300,000 to £399,999 value band. There were four transactions of £1 million or more.

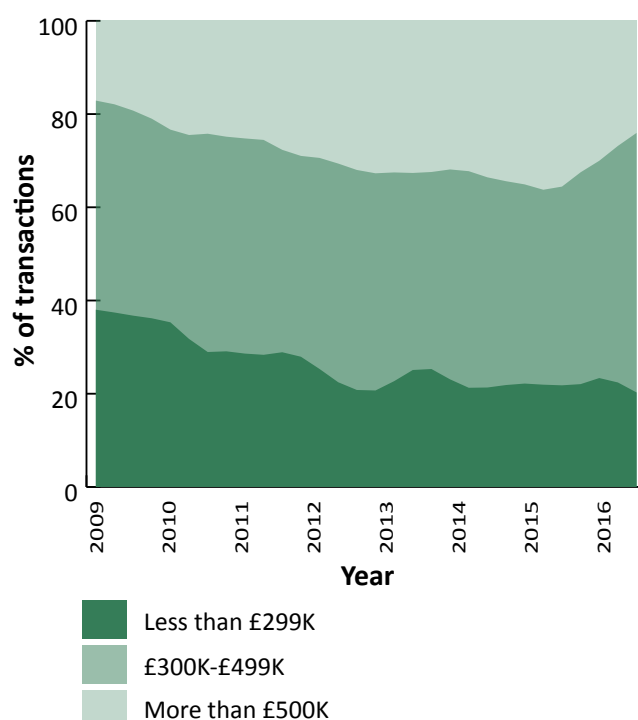
A seasonally adjusted trend in transactions by (realty only) price band is presented in **Figure 3.1.2**.

## 3.1 Local Market purchases - volumes by price

**Figure 3.1.3 Number of transactions by realty price (in £000s)**



**Figure 3.1.4 Seasonally adjusted trend in % of transactions by realty price (nominal)**



The number of transactions in each realty price band is shown as a distribution graph in **Figure 3.1.3**, comparing the distribution of transactions in the second quarters of 2014, 2015 and 2016. The distribution of sales in the second quarter of 2016 shows a peak in the £300,000 to £399,999 category.

In the second quarter of 2016, the number of transactions within the under £200,000 realty price category was higher than during the same period in 2014 and 2015. There were increases in numbers of transactions in all price categories from the same quarter in 2015. The percentage of transactions by price band is shown in **Table 3.1.2**. (N.B. Due to rounding, the total figure may not always add up to 100%).

**Table 3.1.2 Percentage of transactions by realty price (in £000s)**

| Date    | Less than 200 | 200 to 299 | 300 to 399 | 400 to 499 | 500 to 599 | 600 to 999 | More than 999 | Total |
|---------|---------------|------------|------------|------------|------------|------------|---------------|-------|
| Q2 2014 | 3%            | 19%        | 24%        | 21%        | 13%        | 17%        | 4%            | 100%  |
| Q3 2014 | 5%            | 20%        | 24%        | 17%        | 14%        | 17%        | 2%            | 100%  |
| Q4 2014 | 4%            | 15%        | 29%        | 21%        | 13%        | 14%        | 4%            | 100%  |
| Q1 2015 | 5%            | 20%        | 19%        | 18%        | 10%        | 22%        | 5%            | 100%  |
| Q2 2015 | 6%            | 16%        | 22%        | 25%        | 13%        | 16%        | 2%            | 100%  |
| Q3 2015 | 3%            | 16%        | 21%        | 24%        | 16%        | 17%        | 3%            | 100%  |
| Q4 2015 | 5%            | 20%        | 28%        | 19%        | 16%        | 8%         | 3%            | 100%  |
| Q1 2016 | 5%            | 17%        | 31%        | 18%        | 14%        | 14%        | 2%            | 100%  |
| Q2 2016 | 7%            | 14%        | 30%        | 27%        | 9%         | 11%        | 2%            | 100%  |

## 4.1 Local Market purchases - average loan to value

The loan to value is calculated for each of the property transactions for which a bond is registered with the Greffe. The median value of those figures each quarter is shown in **Table 4.1.1**.

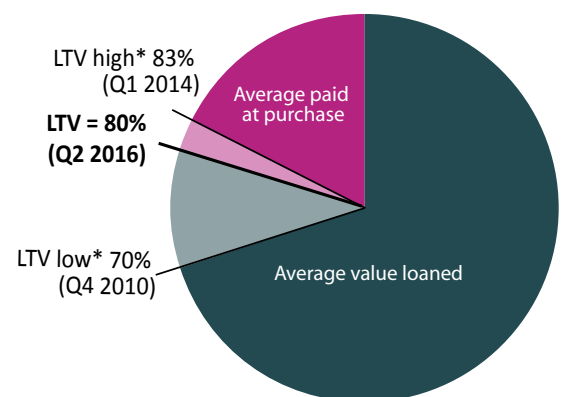
In the second quarter of 2016, the median loan to value was 80%. This is higher than it was in the second quarter of 2015, when it was 78%.

Since first measured, in the third quarter of 2009, the average loan to value has varied within a 13% range (see **Figure 4.1.1**).

**Table 4.1.1 Average loan to value**

| Date    | Median bond as a % of purchase price |
|---------|--------------------------------------|
| Q2 2014 | 75%                                  |
| Q3 2014 | 78%                                  |
| Q4 2014 | 75%                                  |
| Q1 2015 | 79%                                  |
| Q2 2015 | 78%                                  |
| Q3 2015 | 77%                                  |
| Q4 2015 | 80%                                  |
| Q1 2016 | 80%                                  |
| Q2 2016 | 80%                                  |

**Figure 4.1.1 Average loan to value**



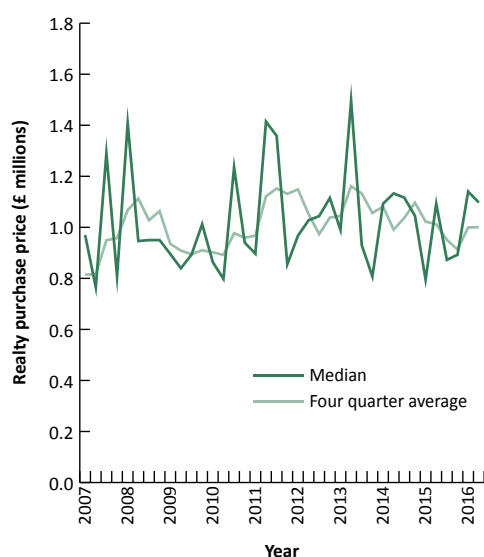
\*High and low since data first collected Q3 2009

## 5.1 Open Market purchase - raw median

**Table 5.1.1 Open Market median realty price**

| Date    | Median realty purchase price (£) | Four quarter average (£) | Annual % change in four quarter average | Five year % change in four quarter average |
|---------|----------------------------------|--------------------------|---|--|
| Q3 2014 | 1,116,250                        | 1,037,281                | -8.4                                    | 15.9                                       |
| Q4 2014 | 1,045,000                        | 1,096,656                | 3.9                                     | 20.5                                       |
| Q1 2015 | 795,000                          | 1,022,281                | -5.5                                    | 13.3                                       |
| Q2 2015 | 1,092,500                        | 1,012,188                | 2.2                                     | 13.5                                       |
| Q3 2015 | 872,500                          | 951,250                  | -8.3                                    | -2.7                                       |
| Q4 2015 | 892,500                          | 913,125                  | -16.7                                   | -4.8                                       |
| Q1 2016 | 1,140,000                        | 999,375                  | -2.2                                    | 3.3  |
| Q2 2016 | 1,097,500                        | 1,000,625                | -1.1                                    | -10.8                                      |

**Figure 5.1.1 Open Market median realty price**



**Table 5.1.2 Open Market transaction volumes**

| Date    | No. of transactions | No. of transactions as a % of total open market units |
|---------|---------------------|---|
| Q2 2014 | 12                  | 0.8%  |
| Q3 2014 | 10                  | 0.6%  |
| Q4 2014 | 11                  | 0.7%  |
| Q1 2015 | 11                  | 0.7%  |
| Q2 2015 | 9                   | 0.6%  |
| Q3 2015 | 15                  | 0.9%  |
| Q4 2015 | 8                   | 0.5%  |
| Q1 2016 | 5                   | 0.3%  |
| Q2 2016 | 6                   | 0.4%  |

Average residential property prices on the Open Market tend to fluctuate more than Local Market prices due to the very wide ranging sale types and prices, and the small number of transactions. Care must be taken when interpreting such volatile trends. Values of Open Market property sales are shown in **Table 5.1.1** and **Figure 5.1.1**.

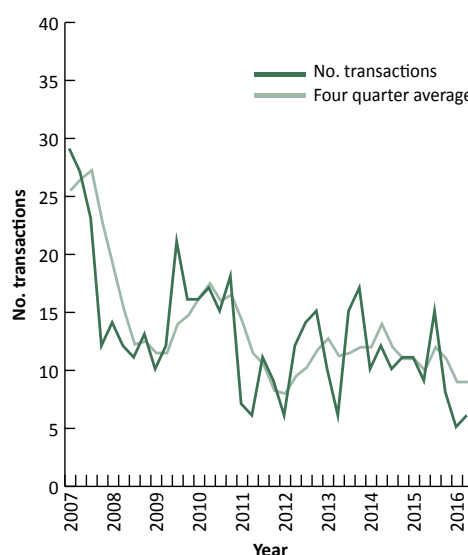
The (raw) median Open Market price calculated using realty only purchase prices, as recorded by the Greffe) was £1,097,500 in the second quarter of 2016.

The four quarter average, which reduces the effect of seasonal fluctuations, decreased by 1.1% between the second quarter of 2015 and the second quarter of 2016. In the five years ending in June 2016, the Open Market four quarter average decreased by 10.8%.

There were six Open Market transactions during the second quarter of 2016, three fewer than in the second quarter of 2015 (see **Table 5.1.2** and **Figure 5.1.2**).

The number of transactions as a percentage of all Open Market (Part A) property units (i.e. turnover) is also presented in **Table 5.1.2**. The turnover of Open Market properties was 0.4% in the second quarter of 2016.

**Figure 5.1.2 Open Market transactions**





## 6.1 Methodology

The mix adjusted measure used to measure Local Market property prices reflects the price of both realty and personalty and uses weighting to reduce fluctuations due to changes in the profile of properties sold from one quarter to the next. Average prices calculated using this methodology are available from the fourth quarter of 2008 onwards. Prior to this, purchase prices were calculated using a (raw) median average which reflected realty prices only. In order to calculate an overall average, first the average purchase price (realty plus personalty) is calculated for each category separately. Each of these averages is then weighted by category to reflect the proportions of the whole island's owner occupied and rented housing stock (see the Guernsey Annual Housing Stock Bulletin via [www.gov.gg/property](http://www.gov.gg/property)). The weighted prices are combined to give the mix adjusted average. The weights are updated annually in line with changes to the island's housing stock.

Seven categories of property are used in the calculation of the mix adjusted measure: 1 and 2 bedroom apartments, 2 and 3 bedroom houses, 2 and 3 bedroom bungalows and (combined as one category) 4 bedroom houses and bungalows. The building types (apartment, bungalow, house) are determined by the property's physical attributes and proximity to other buildings:

Apartment is the title used for a unit of accommodation that is attached to or contained within a larger building (the remainder of which may or may not be used for domestic purposes). This category covers flats, bedsits, wings, annexes, maisonettes the building. These units can span one or more storeys.

Bungalow is the title used for a property unit (including chalet bungalows and cottages), which has one or one and a half storeys, is not contained within a larger building and can be detached, semi-detached or terraced. It can also have an apartment identified by having a separate postal address.

Units which have two or more storeys and (as per bungalows), are not contained within a larger building, can be detached, semi-detached or terraced and can have an apartment attached or contained within them, referred to as houses.

## 6.2 Contact details

You may also be interested in other States of Guernsey Data and Analysis publications, which are all available online at [www.gov.gg/data](http://www.gov.gg/data). Please contact us for further information.

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