

Guernsey Quarterly Residential Property Prices Bulletin

Quarter 3 2017

Issue date 10th November 2017

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

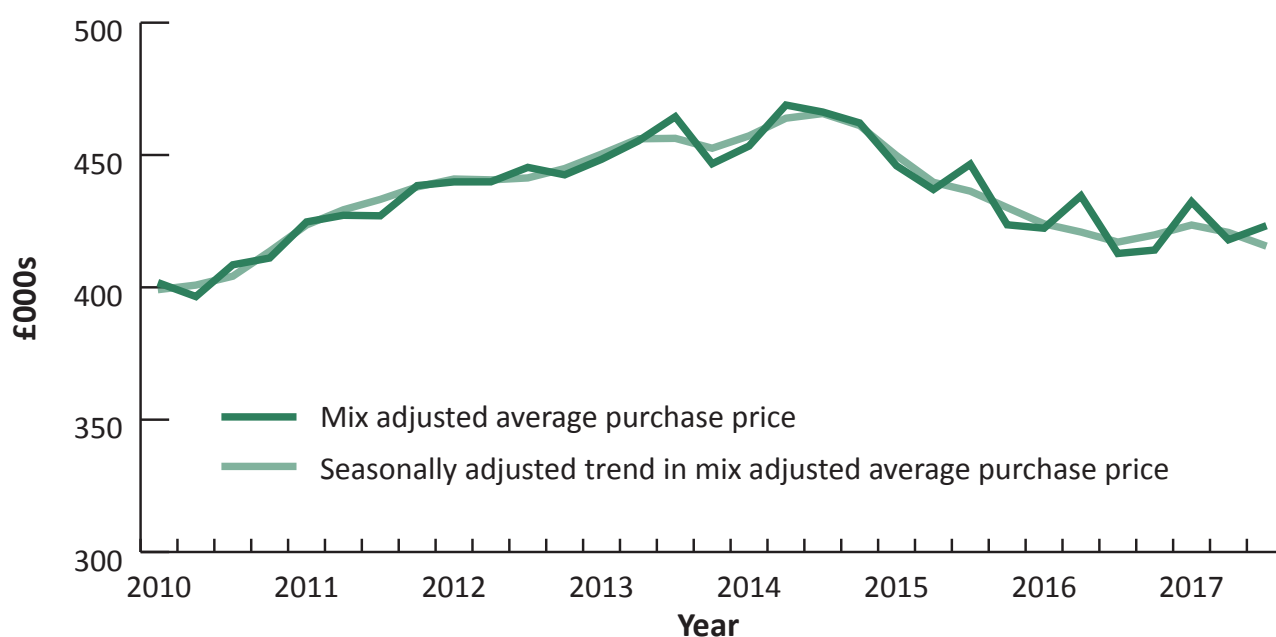
1.1 Introduction

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 £423,130 in the third quarter of 2017, 1.2% higher than the previous quarter and 2.5% higher than the third quarter of 2016.
- There were 200 Local Market transactions during the third quarter of 2017, 4 more than in the previous quarter and 41 more than the same quarter of 2016.
- New analysis has revealed that 3.0% of the properties transacted in the second quarter of 2017 had been built within the twelve months prior to being sold. 5.5% had been built within the three years prior to being sold.
- The raw median price (realty only) of the eight Open Market transactions in the third quarter of 2017 was £985,500 compared with £950,000 in the third quarter of 2016, when there were 15 transactions.

Figure 1.2.1 Local Market purchase price



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 2**, 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.

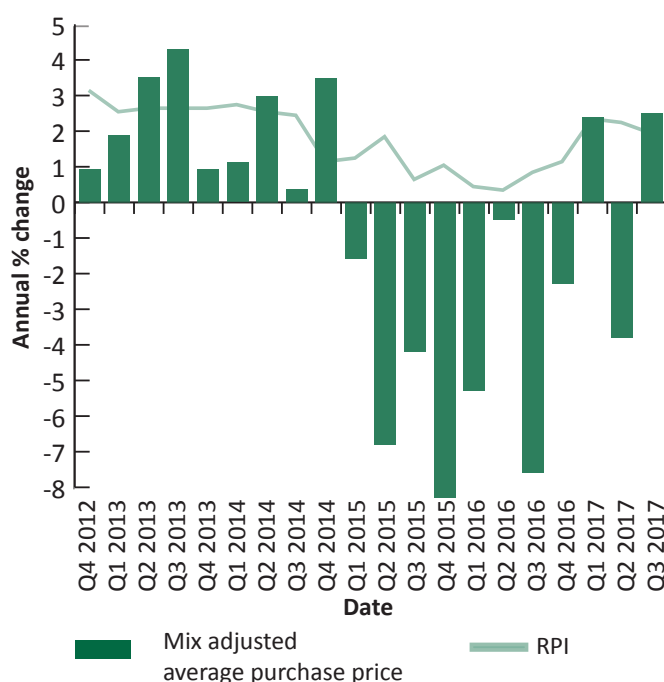
As shown in **Table 2.1.1**, in the third quarter of 2017, the mix adjusted average purchase price was £423,130, 1.2% higher than the previous quarter and 2.5% higher than in the third quarter of 2016.

For quarter 3 2017, the annual percentage change in house prices was higher 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
Q4 2015	£423,634	-5.1%	-8.3%
Q1 2016	£422,331	-0.3%	-5.3%
Q2 2016	£434,571	2.9%	-0.5%
Q3 2016	£412,792	-5.0%	-7.6%
Q4 2016	£414,086	0.3%	-2.3%
Q1 2017	£432,341	4.4%	2.4%
Q2 2017	£417,962	-3.3%	-3.8%
Q3 2017	£423,130	1.2%	2.5%

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/ Bungalow	Other
	1	2	2	3	2	3	4	
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%
Q3 2016	12%	8%	10%	25%	6%	11%	13%	16%
Q4 2016	7%	10%	8%	18%	12%	19%	15%	12%
Q1 2017	9%	11%	12%	12%	12%	16%	14%	16%
Q2 2017	9%	9%	10%	14%	9%	16%	16%	18%
Q3 2017	12%	8%	11%	17%	8%	17%	14%	16%

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 third quarter of 2017, two categories had the highest proportion (17%) of transactions: three bedroom bungalows and three bedroom houses. Definitions of the types of properties which are included in the categories used (apartment, house and bungalow) are provided on [page 12](#) 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 3](#).

Figure 2.2.1 Percentage of transactions by type and number of bedrooms (Q3 2017)



*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

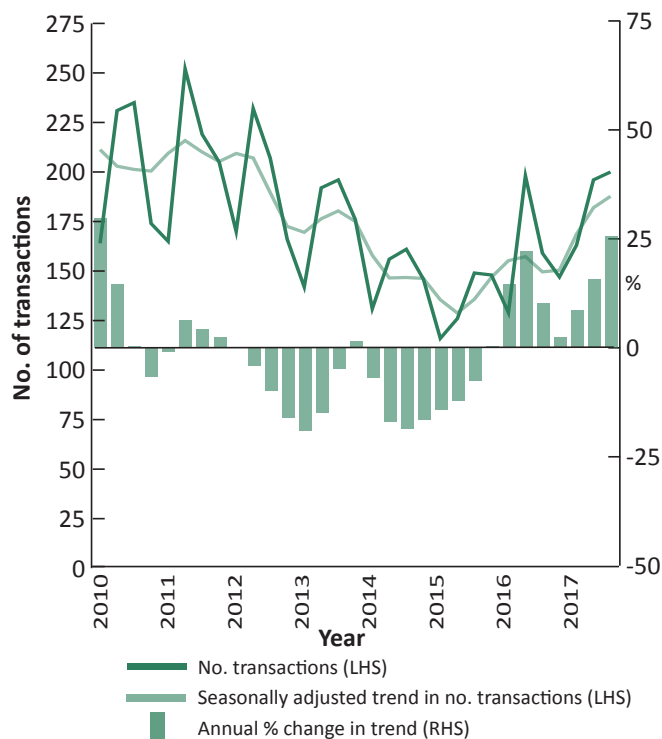


Figure 3.1.2 Seasonally adjusted trend in number of transactions by realty price (nominal)

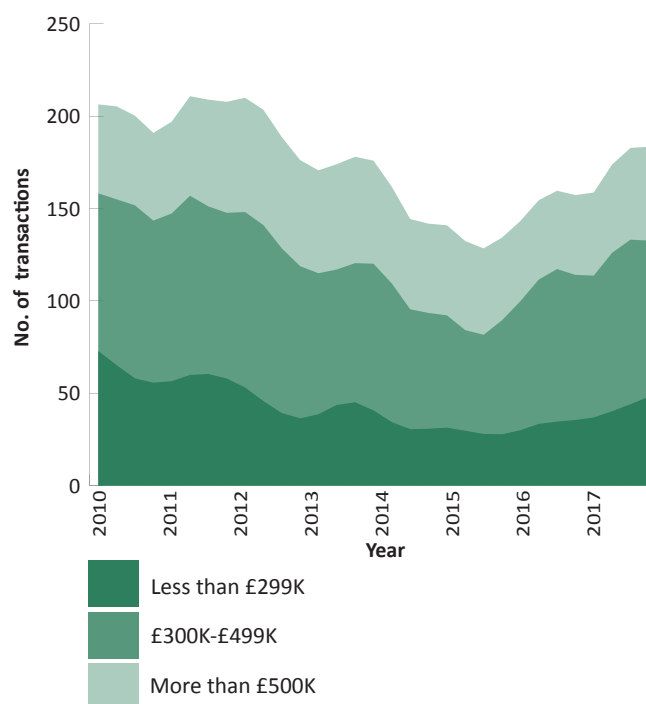


Table 3.1.1 Number of transactions by realty price (in £000s)

Date	Less than £200	£200 to £299	£300 to £399	£400 to £499	£500 to £599	£600 to £999	More than £999	Total
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
Q3 2016	11	26	38	34	22	19	9	159
Q4 2016	7	25	38	37	21	16	3	147
Q1 2017	7	33	45	26	21	27	4	163
Q2 2017	8	36	50	53	21	23	5	196
Q3 2017	13	41	47	39	28	29	3	200

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 third quarter of 2017, the Greffe recorded 200 Local Market residential property transactions, the highest quarterly number since Q3 2012.

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 third quarter of 2017, the largest number of transactions (47) was in the £300,000 to £399,999 value band. There were three 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)

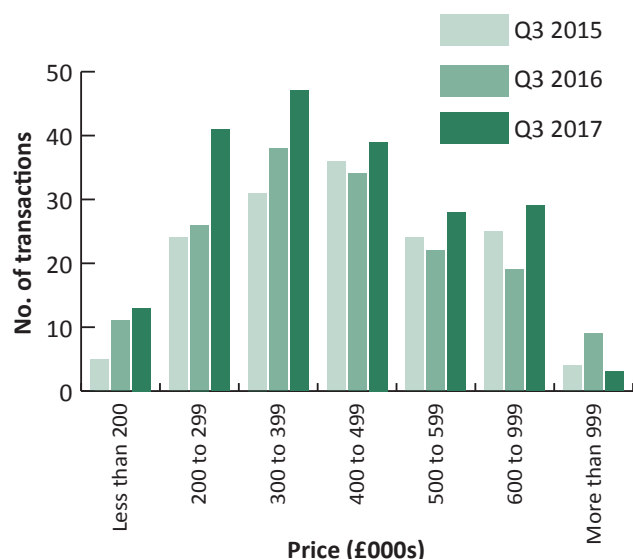
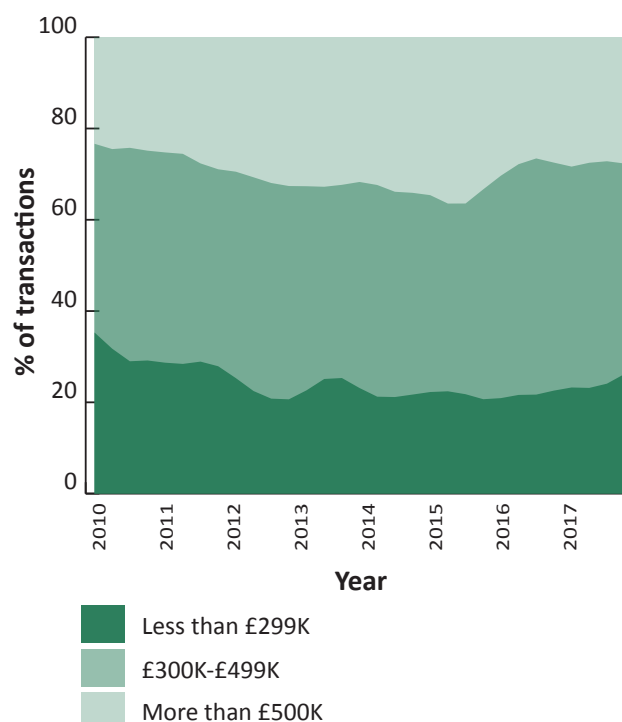


Figure 3.1.4 Seasonally adjusted trend in % of transactions by realty price (nominal)



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 third quarters of 2015, 2016 and 2017. The distribution of sales in the third quarter of 2017 shows a peak in the £300,000 to £399,999 category.

The largest increase in number of sales was in the £200,000 to £299,999 category.

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
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%
Q3 2016	7%	16%	24%	21%	14%	12%	6%	100%
Q4 2016	5%	17%	26%	25%	14%	11%	2%	100%
Q1 2017	4%	20%	28%	16%	13%	17%	2%	100%
Q2 2017	4%	18%	26%	27%	11%	12%	3%	100%
Q3 2017	7%	21%	24%	20%	14%	15%	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**.

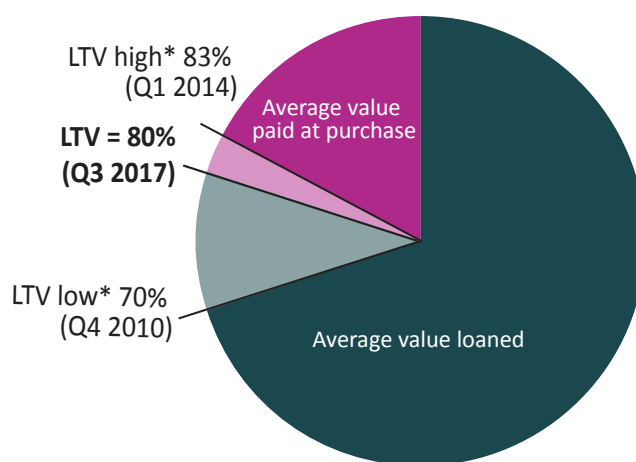
In the second quarter of 2017, the median loan to value was 80%. This is 5 percentage points higher than it was in the third quarter of 2016.

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
Q4 2015	80%
Q1 2016	80%
Q2 2016	80%
Q3 2016	75%
Q4 2016	72%
Q1 2017	80%
Q2 2017	82%
Q3 2017	80%

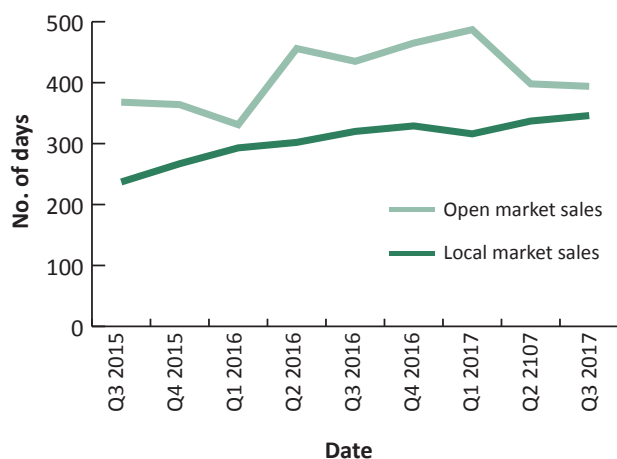
Figure 4.1.1 Average loan to value (Q2 2017)



*High and low since data first collected Q3 2009

5.1 Local Market purchases - market data

Figure 5.1.1 Four quarter rolling average length of time between first being advertised and sale completion



Data published by Estate Agents regarding properties for sale has been collected by the Data and Analysis team for several years. Now that sufficient time series has been collected, the trends in how long properties are advertised for and the values prior to sale can be analysed.

It should be noted that, there is sometimes a small delay between a property first being advertised and this information being recorded by Data and Analysis and that not all adverts are captured or can be matched with sales. Also, not all properties are advertised. However, the method is consistent over time and as such, the data is presented to facilitate trend analysis and does not focus on particular values.

Figure 5.1.2 Average length of time between first being advertised and sale completion

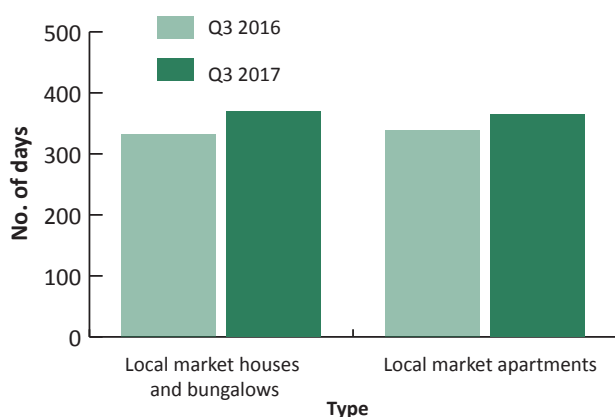
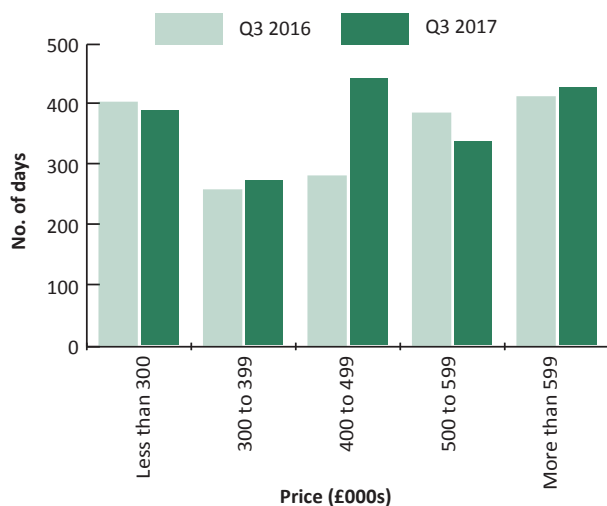


Figure 5.1.1 shows the four quarter rolling average length of time taken between a property first being recorded as being advertised and its sale completion date. It shows that, for each of the last nine quarters, the open market properties sold had been on the market, on average, for longer than the local market properties. It also shows that local market properties sold during the third quarter of 2017 had been on the market for longer on average than those sold during quarter 3 of 2016.

Figure 5.1.3 Average length of time between first being advertised and sale completion

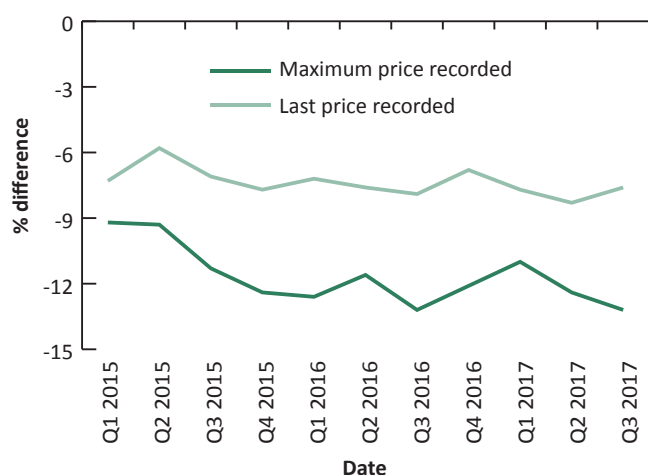


There is very little difference between the length of time between first being advertised and sale completion for local market bungalows and local market houses, so these are grouped together in **Figure 5.1.2** for comparison with apartments. On average, houses and bungalows sold during the third quarter of 2017 were on the market for a similar length of time to apartments.

Figure 5.1.3 shows increases in the average time taken across three out of the five price brackets between the third quarters of 2016 and 2017.

5.1 Local Market purchases - market data

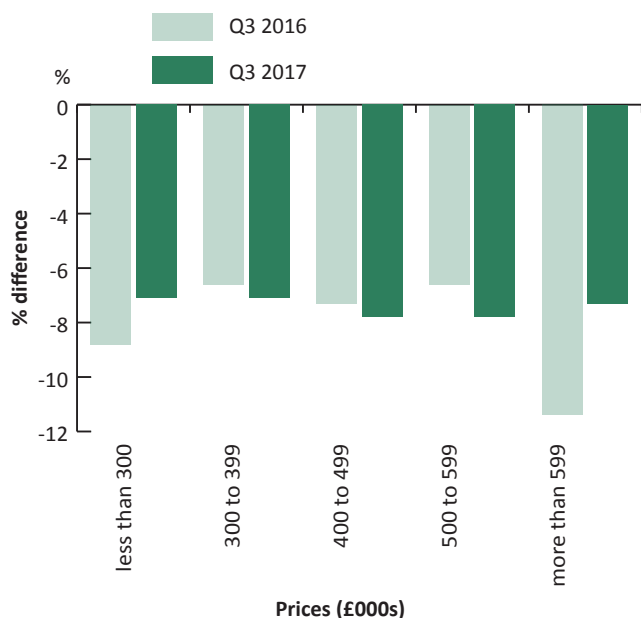
Figure 5.1.4 Difference between prices advertised by estate agents and final sales prices



The price at which a property is advertised with an estate agent is often different to its actual transaction price. The trends in this information provides an indicator of market conditions, but can be influenced by many factors: the numbers of particular types of property on the market and the urgency of the vendor's requirement to sell, for example. The initially advertised price may be reduced (or in some cases, increased) before a sale is finalised.

The transaction price as recorded by the Greffe covers realty only, so a 5% adjustment is made (to all transactions) to include personality, which is included within the advertised price. It is noted that in practice the full 5% may not always apply.

Figure 5.1.5 Difference between last recorded price advertised by estate agents and transaction price



The Data and Analysis team record a maximum advertised price (based on data published on all the local estate agents' websites) and also the last known price advertised before a property is sold. Both figures are subject to a small degree of error due to lag in collecting the data, but the method is consistent over time. As such, it is felt that there is value in including an analysis of the trends in these figures, however the potential error should be borne in mind when looking at absolute values.

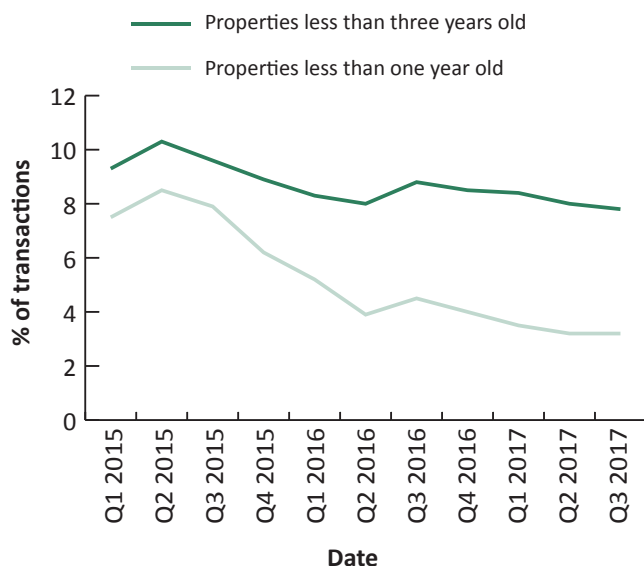
Figures 5.1.4 and **5.1.5** show the differences between both maximum and last advertised prices and transaction prices for properties sold from 2015 (when this information began to be collected by Data and Analysis).

Figure 5.1.5 shows that the differential was similar for all properties in quarter three 2017.

An analysis by property type has not been included, since there were no discernible variations in the differences for apartments, bungalows and houses.

6.1 Local Market purchases - new builds

Figure 6.1.1 Percentage of local market property transactions by age of property - four quarter average



Using data from the Corporate Housing Monitoring database combined with transaction information, it is possible to identify the portion of property transactions by the age of the properties. New build completion dates have been recorded since 2011, so it is possible to look at transactions of properties aged three years or less from 2014, and the four quarter average from Q1 2015.

As can be seen in **Figure 6.1.1** the four quarter average number of transactions where the properties were less than three years old has varied between 7.8% and 10.3% since the period ending March 2015. The same figure for properties less than one year old has varied between 3.2% and 8.5%. These figures will be heavily dependent on the volumes of newly built properties constructed, which are reported in the **Annual Housing Stock Bulletin**, see www.gov.gg/property.

Figure 6.1.2 Percentage of local market property transactions by age of property (Q3 2017)

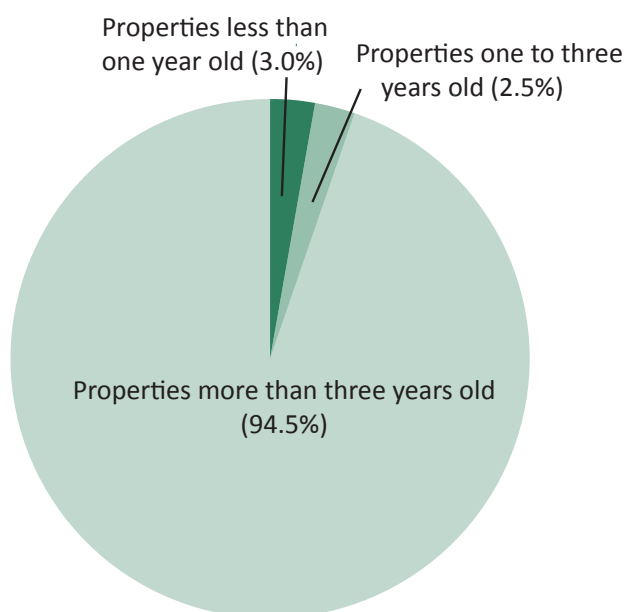


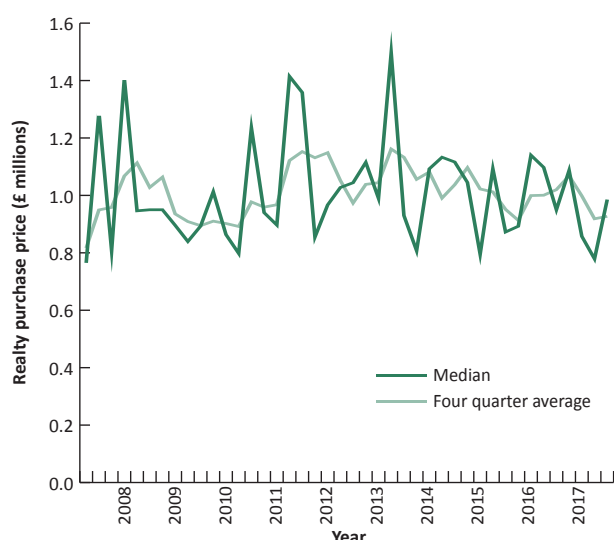
Figure 6.1.2 shows a breakdown by age of the 200 local market residential property transactions during the third quarter of 2017. In this quarter, 3.0% of properties had been built within the twelve months prior to being sold and a further 2.5% had been built more than a year, but less than three years prior to being sold.

7.1 Open Market purchase - raw median

Table 7.1.1 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
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
Q3 2016	950,000	1,020,000	7.2	-11.5
Q4 2016	1,087,750	1,068,813	17.0	-5.5
Q1 2017	857,500	998,188	-0.1	-13.1
Q2 2017	779,000	918,563	-8.2	-12.7
Q3 2017	985,500	927,438	-9.1	-4.7

Figure 7.1.1 Open Market median realty price



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 7.1.1** and **Figure 7.1.1**.

The (raw) median Open Market price calculated using realty only purchase prices, as recorded by the Greffe was £985,500 in the third quarter of 2017.

The four quarter average, which reduces the effect of seasonal fluctuations, decreased by 9.1% between the third quarter of 2016 and the third quarter of 2017. In the five years ending in September 2017, the Open Market four quarter average decreased by 4.7%.

There were eight Open Market transactions during the third quarter of 2017, seven fewer than in the third quarter of 2016 (see **Table 7.1.2** and **Figure 7.1.2**).

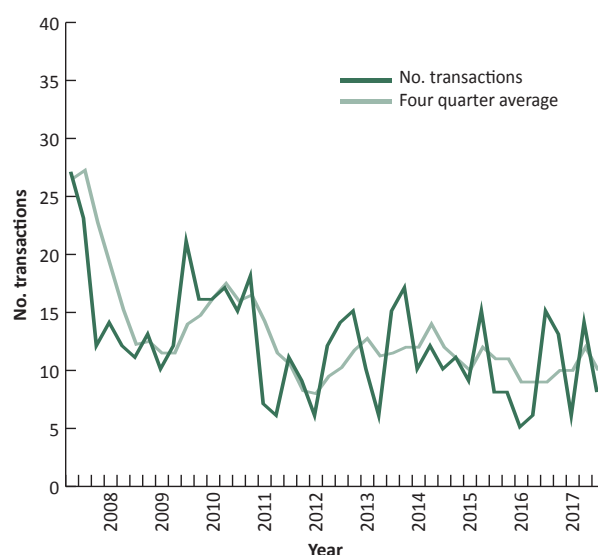
The number of transactions as a percentage of all Open Market (Part A) property units (i.e. turnover) is also presented in **Table 7.1.2**. The turnover of Open Market properties was 0.6% in the third quarter of 2017.

Table 7.1.2 Open Market transaction volumes

Date	No. of transactions	No. of transactions as a % of total open market units
Q4 2015	8	0.5%
Q1 2016	5	0.3%
Q2 2016	6	0.4%
Q3 2016	15	0.9%
Q4 2016	13	0.8%
Q1 2017	6	0.4%
Q2 2017*	14	1.0%
Q3 2017*	8	0.6%

* The number of open market units available for residential purchase has been reviewed downwards as part of the new Open Market Housing Register legislative changes.

Figure 7.1.2 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). 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. 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. Please contact us for further information.

E-mail: dataandanalysis@gov.gg

Telephone: (01481) 717292

Write / visit: Data and Analysis
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH



For more information
go to gov.gg/data