

Guernsey Annual Supplementary Property Bulletin

2017

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The Guernsey Annual Supplementary Property Bulletin provides a comparison of average Local Market residential property rental and purchase prices.



States of Guernsey
Data and Analysis

1.1 Introduction

This Supplementary Bulletin provides a comparison of average Local Market property rental and purchase prices. It has been published annually since 2011.

The data compiled on the island's housing stock since 2010 (which is available in the [Annual Housing Stock Bulletin](#)), combined with additional regular collection of data regarding the properties available to rent, has enabled the development of new methods for calculating and comparing average purchase and rental prices.

1.2 Headlines

- The rental index (see [page 3](#) for a definition and more detail on the methodology used) was 5.3% higher in 2017 than in 2016, following three years of downward changes.
- The purchase price to earnings ratio decreased to 13.1 in 2017, from 13.3 a year earlier, as house prices, on average, increased by a lesser amount than median earnings during 2017.
- The rent to earnings ratio increased from 0.45 in 2016 to 0.47 in 2017, as rental prices increased.
- In 2017 the highest turnover of purchased properties (at 4.1% of the total stock of that property type) was in two bedroom apartments.
- The total turnover of purchased Local Market properties in 2017 was 3.4%, which was 0.3 percentage points higher than in 2016.

2.1 Local market rental index

Since the start of 2010, data on local market private rental properties has been regularly collected from web and classified adverts (including managed properties). It is now being provided by local IT company, Cortex Technologies Limited¹, who have developed an IT system to collect the data automatically, providing greater coverage and enabling the number of full time equivalents within the Data & Analysis team to be reduced.

The breakdown of average purchase and rental prices of properties by type and number of bedrooms is shown in **Figures 3.1.1** and **3.1.2** (see **page 4**) for 2013 to 2017. Each shows the average prices of the component categories which, when combined with information on the island's property stock, are used to calculate average, mix adjusted rental and property purchase prices (see the **Quarterly Residential Property Prices Bulletin** for more detail on purchase prices).

The mix adjusted method has been used to calculate the change in the rental index (shown in **Table 2.1.1** and **Figure 2.1.1**) since 2010. The annual changes in the rental index prior to 2010 were calculated using a different source of rental data.

Figure 2.1.1 Rental index

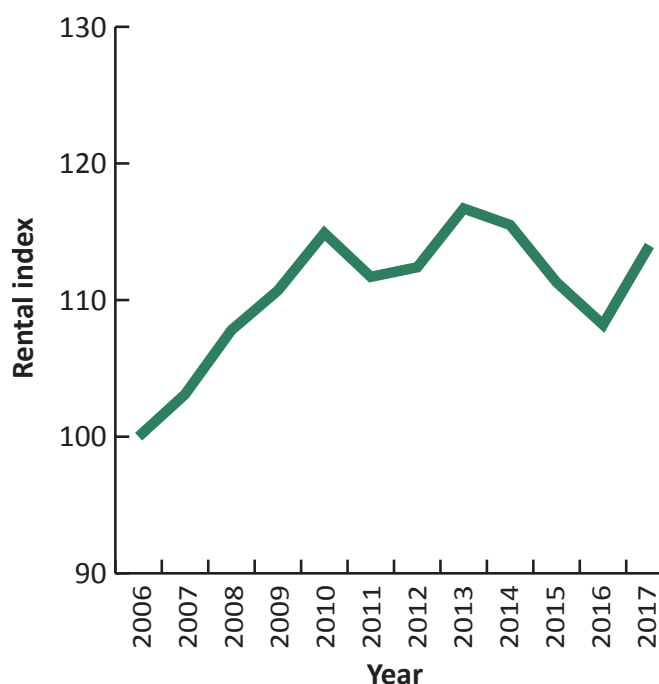


Table 2.1.1 Rental index

| | Rental index | Annual % change |
|------|--------------|-----------------|
| 2006 | 100 | - |
| 2007 | 103.1 | 3.1 |
| 2008 | 107.8 | 4.6 |
| 2009 | 110.7 | 2.7 |
| 2010 | 114.9 | 3.9 |
| 2011 | 111.7 | -2.9 |
| 2012 | 112.4 | 0.7 |
| 2013 | 116.7 | 3.8 |
| 2014 | 115.5 | -1.0 |
| 2015 | 111.3 | -3.6 |
| 2016 | 108.2 | -2.7 |
| 2017 | 114.0 | 5.3 |

¹ <https://cortex.gg>

3.1 Local market rental and purchase prices by type and number of bedrooms

Figure 3.1.1 Annual average purchase prices by type and number of bedrooms

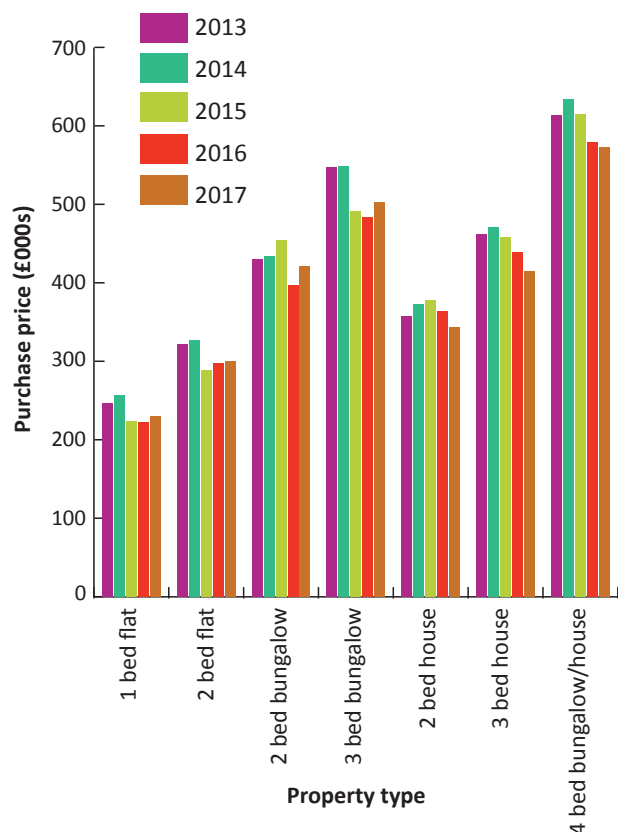
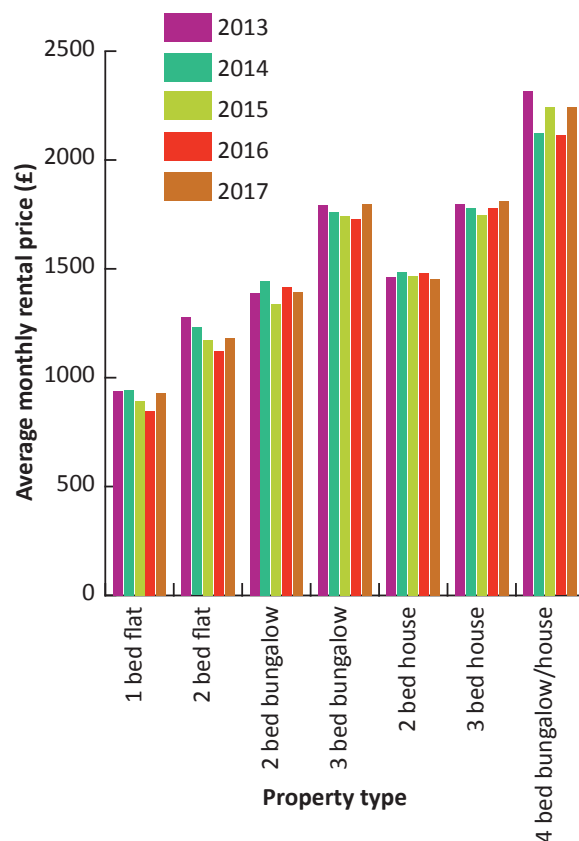


Figure 3.1.2 Annual average monthly rental prices by type and number of bedrooms



The breakdown of average purchase and rental prices of properties by type¹ and number of bedrooms is shown in **Figures 3.1.1** and **3.1.2** for 2013 to 2017. Each shows the average prices of the component categories which, when combined with information on the island's property stock, are used to calculate average, mix adjusted rental and property purchase prices (see the **Quarterly Residential Property Prices Bulletin** for more detail on purchase prices).

Figure 3.1.1 shows that average purchase prices for one and two bedroom flats and for two and three bedroom bungalows have increased between 2016 and 2017. In the rental market, as shown in **Figure 3.1.2**, growth in average prices has been seen in all categories except two bedroom bungalows and houses.

It should be noted that these prices are based on relatively small sample sizes and, as such, fluctuations due to the changes in mix of size, quality or location of properties in each category are unavoidable.

These prices are not intended to imply the value of any given property, but to reflect historic average values and changes. Many factors, including location and quality, determine the actual value of individual properties.

¹ Please see the **Annual Housing Stock Bulletin** for definitions of the different type categories used.

4.1 Local market rental and purchase price ratios

Table 4.1.1 provides the ratios of both the mix adjusted average rent (per calendar year) and the mix adjusted purchase price (of Local Market properties only) to median annual earnings, as published in the **Quarterly Population, Employment and Earnings Bulletin**. The mix adjusted average rent was calculated for the first time in 2010. In order to give an impression of the trend in the ratio, the average rent has been calculated using changes in the rental index for the years prior to 2010. Similarly, the purchase prices used in these calculations for the years prior to 2009 use the changes in previously published residential property prices.

The trends are shown graphically in **Figure 4.1.1**. It can be seen that the purchase price to earnings ratio trended upwards over the five years ending in 2014, i.e. house purchase prices increased at a faster rate than earnings. The ratio has been decreasing since 2015.

The rent to earnings ratio has shown a generally downward trend since 2013, although it increased between 2016 and 2017.

Table 4.1.1 also provides the ratio of the mix adjusted average rent (per calendar year) to the mix adjusted purchase price. This measure gives a direct comparison of trends in rent and purchase prices (shown in **Figure 4.1.2**). The trend in this ratio had been upward over the five years ending in 2012. It has shown annual decreases since 2014.

There is no international standard methodology for the calculation of these figures, so their values may not be directly comparable with other jurisdictions. The trends in these figures are more noteworthy than the actual values.

Table 4.1.1 Local market annual rent to earnings, purchase price to earnings* and purchase price to annual rental ratios

| | Annual rent to earnings ratio | Purchase price to earnings ratio | Purchase price to annual rent ratio |
|------|-------------------------------|----------------------------------|-------------------------------------|
| 2010 | 0.55 | 14.6 | 26.5 |
| 2011 | 0.52 | 15.0 | 29.0 |
| 2012 | 0.51 | 15.0 | 29.6 |
| 2013 | 0.52 | 15.2 | 29.3 |
| 2014 | 0.50 | 15.2 | 30.2 |
| 2015 | 0.48 | 14.2 | 29.7 |
| 2016 | 0.45 | 13.3 | 29.3 |
| 2017 | 0.47 | 13.1 | 28.0 |

*Please note that median earnings figures were restated in 2016

Figure 4.1.1 Local market annual rent to earnings and purchase price to earnings ratios

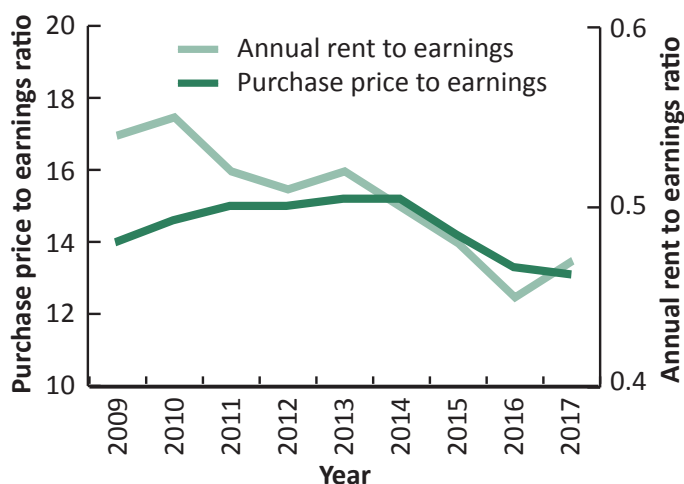
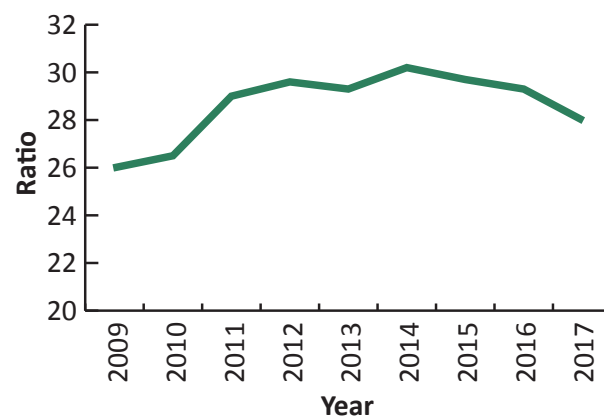


Figure 4.1.2: Local market purchase price to annual rent ratio

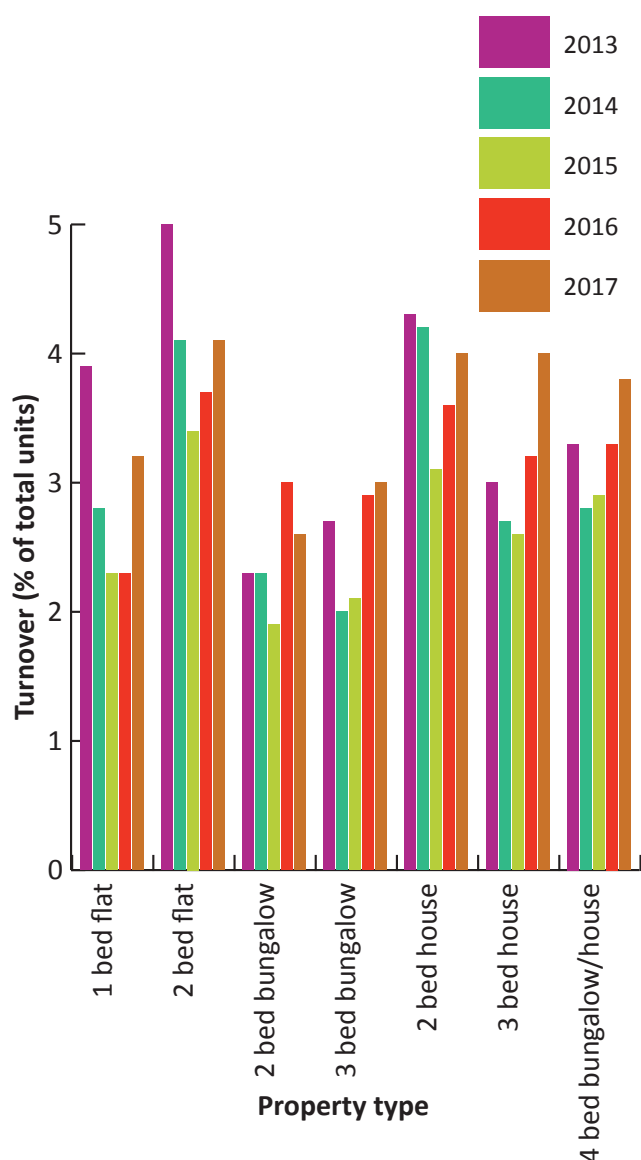


5.1 Local market turnover

Table 5.1.1 Turnover (no. transactions as percentage of island housing stock) by type and number of bedrooms

| | Percentage of total units by type and number of bedrooms | | | | | | | Total |
|------|----------------------------------------------------------|------|----------|------|-------|------|----------------|-------|
| | Apartment | | Bungalow | | House | | Bungalow/house | |
| | 1 | 2 | 2 | 3 | 2 | 3 | 4 | |
| 2012 | 2.6% | 5.0% | 2.7% | 3.2% | 5.3% | 3.6% | 4.3% | 3.7% |
| 2013 | 3.9% | 5.0% | 2.3% | 2.7% | 4.3% | 3.0% | 3.3% | 3.3% |
| 2014 | 2.8% | 4.1% | 2.3% | 2.0% | 4.2% | 2.7% | 2.8% | 2.8% |
| 2015 | 2.3% | 3.4% | 1.9% | 2.1% | 3.1% | 2.6% | 2.9% | 2.5% |
| 2016 | 2.3% | 3.7% | 3.0% | 2.9% | 3.6% | 3.2% | 3.3% | 3.1% |
| 2017 | 3.2% | 4.1% | 2.6% | 3.0% | 4.0% | 4.0% | 3.8% | 3.4% |

Figure 5.1.1 Turnover (no. transactions as percentage of island housing stock) by type and number of bedrooms



As the make up of the island's housing stock is known (see the [Annual Housing Stock Bulletin](#)), it is possible to monitor the turnover of purchased properties as a proportion of the island's total stock. [Table 5.1.1](#) and [Figure 5.1.1](#) show the turnover of particular categories of property by type and number of bedrooms.

The total turnover (of the categories shown in [Table 5.1.1](#)) in 2017 was 3.4%, compared with 3.1% in 2016.

In 2017, two bedroom apartments saw the highest turnover at 4.1%, 0.4 percentage points higher than in 2016. Between 2010 and 2017, two bedroom properties accounted for the highest percentage turnover by category each year.

Two and three bedroom houses accounted for the second highest percentage turnovers in 2017 at 4.0%.

5.1 Further information and contact details

You may also be interested in other publications from States of Guernsey Data and Analysis Services, 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