

Guernsey Quarterly Residential Property Prices Bulletin

Quarter 4 2018

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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

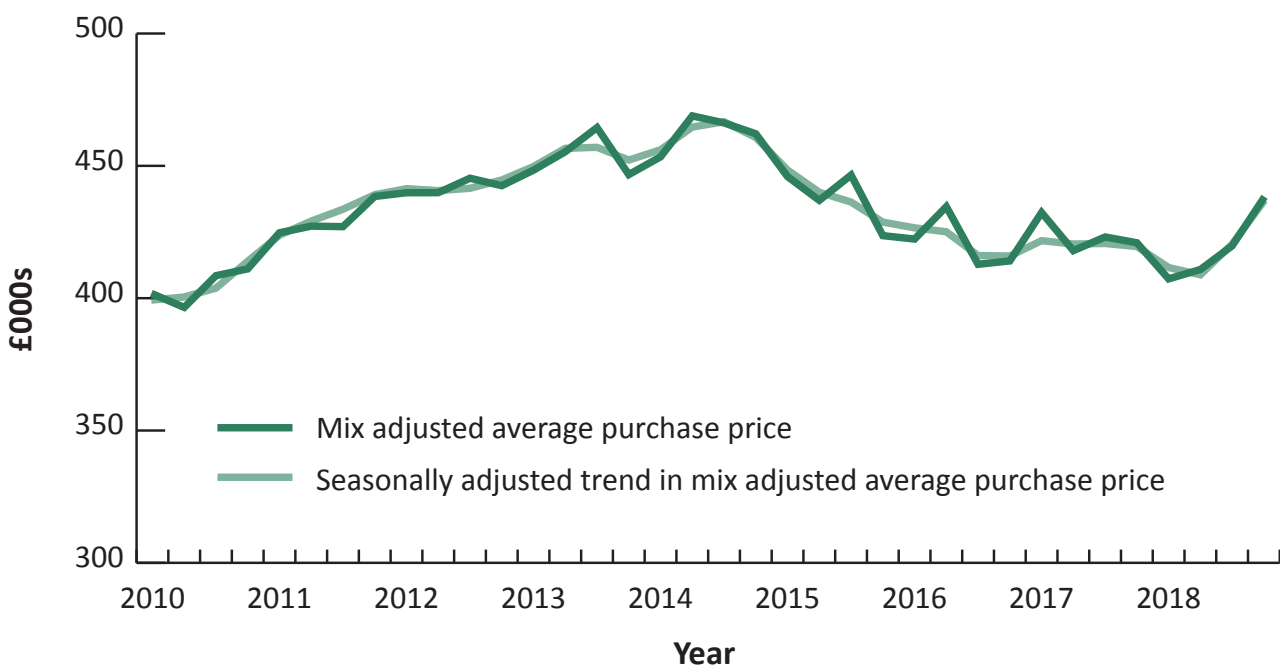
1.1 Introduction

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 £437,909 in the fourth quarter of 2018, 4.3% higher than the previous quarter and 4.0% higher than the fourth quarter of 2017.
- There were 236 Local Market transactions during the fourth quarter of 2018, 15 fewer than the previous quarter but 50 more than the same quarter of 2017.
- 8.9% of the properties transacted in the fourth quarter of 2018 had been built within the twelve months prior to being sold. 9.8% had been built within the three years prior to being sold.
- The raw median price (realty only) of the 26 Open Market transactions in the fourth quarter of 2018 was £1,523,438 compared with £1,026,000 in the fourth quarter of 2017, when there were 18 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.

From 1st January 2018 the adjustment for personalty used at the Greffe was changed from 5% to 2.5%. However, discussions with several conveyancers revealed that the change to 2.5% was used in the latter part of the fourth quarter of 2017. As such, these figures were restated to reflect this.

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.

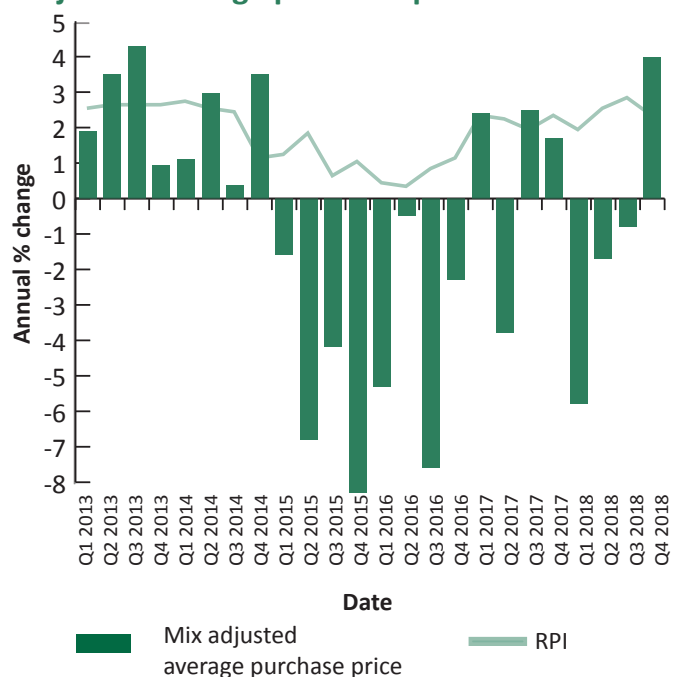
It should be noted that the measure is still susceptible to fluctuations due to the size, quality and location of properties of any particular type and number of bedrooms, varying from one quarter to the next. Due to the relatively small sample sizes it is not possible to eliminate these variations completely.

As shown in **Table 2.1.1**, in the fourth quarter of 2018, the mix adjusted average purchase price was £437,909, 4.3% higher than the previous quarter and 4.0% higher than in the fourth quarter of 2017.

Table 2.1.1 Mix adjusted average purchase price

Date	Mix adjusted average purchase price	Quarterly percentage change	Annual percentage change
Q1 2017	£432,341	4.4%	2.4%
Q2 2017	£417,962	-3.3%	-3.8%
Q3 2017	£423,130	1.2%	2.5%
Q4 2017	£420,940	-0.5%	1.7%
Q1 2018	£407,288	-3.2%	-5.8%
Q2 2018	£410,830	0.9%	-1.7%
Q3 2018	£419,763	2.2%	-0.8%
Q4 2018	£437,909	4.3%	4.0%

Figure 2.1.1 Annual percentage change in mix adjusted average purchase price



For the fourth quarter of 2018, 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**.

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	
Q1 2017	9%	10%	12%	12%	12%	15%	13%	17%
Q2 2017	9%	9%	10%	14%	9%	16%	16%	18%
Q3 2017	12%	8%	11%	17%	8%	17%	14%	16%
Q4 2017	10%	11%	5%	19%	7%	15%	12%	21%
Q1 2018	5%	12%	12%	12%	15%	15%	13%	16%
Q2 2018	10%	10%	10%	15%	13%	16%	16%	11%
Q3 2018	9%	11%	10%	18%	9%	16%	14%	14%
Q4 2018	10%	11%	8%	14%	9%	12%	21%	15%

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 fourth quarter of 2018, the four bedroom house/bungalow category had the highest proportions (21%) of transactions. 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 (Q4 2018)



*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

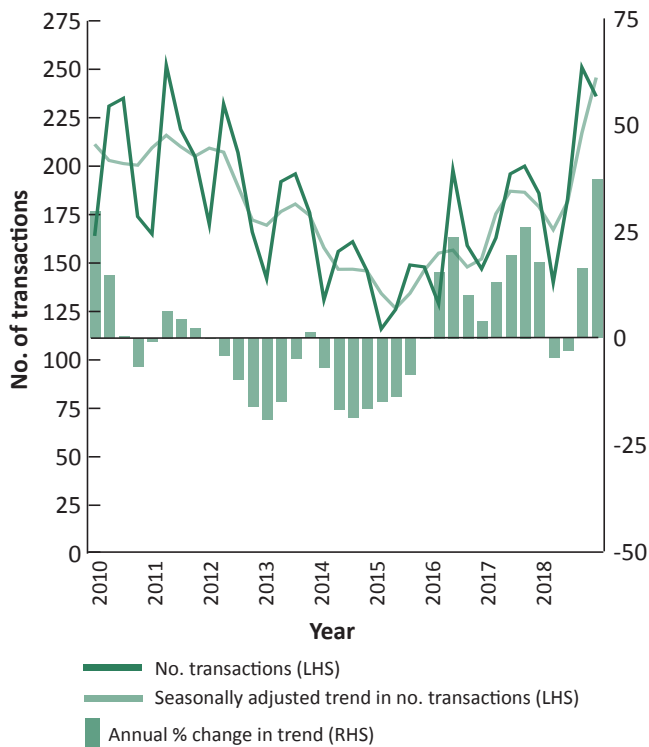


Figure 3.1.2 Seasonally adjusted trend in number of transactions by realty price (nominal)

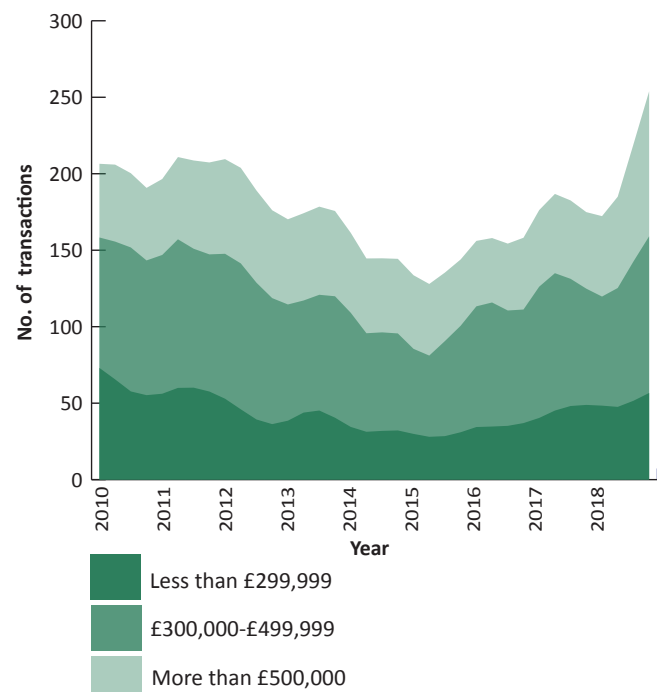


Table 3.1.1 Number of transactions by realty price (in £000s)

Date	Less than £200	£200 to £299	£300 to £399	£400 to £499	£500 to £599	£600 to £999	More than £999	Total
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
Q4 2017	11	38	47	28	26	30	6	186
Q1 2018	2	39	35	28	21	14	1	140
Q2 2018	13	39	39	35	29	24	4	183
Q3 2018	12	42	66	40	33	51	7	251
Q4 2018	12	44	50	45	34	41	10	236

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 fourth quarter of 2018, the Greffe recorded 236 Local Market residential property transactions.

Table 3.1.1 shows the number of Local Market residential property transactions each quarter by (realty only) price band, which can vary significantly from one quarter to the next. During the fourth quarter of 2018, the largest number of transactions (50) were in the £300,000 to £399,999 value band. There were 10 transactions of £1 million or more, the highest number in this price band since Q2 2012.

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)

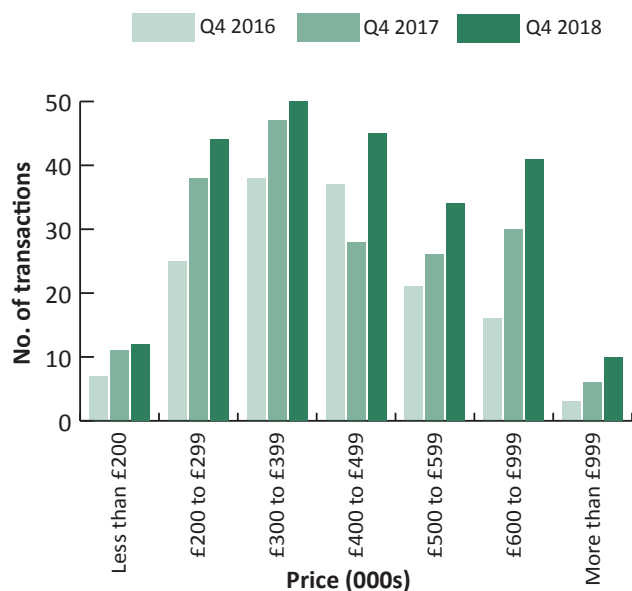
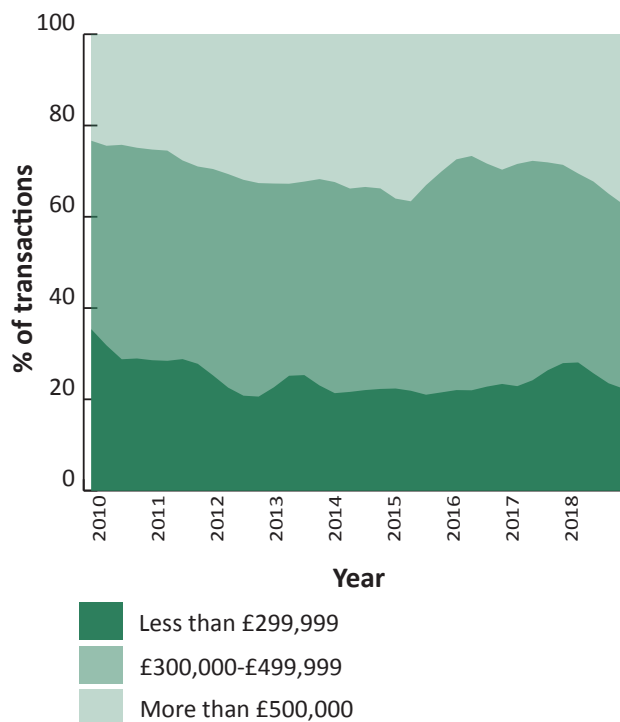


Figure 3.1.4 Seasonally adjusted trend in % of transactions by realty price (nominal)



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 fourth quarters of 2016, 2017 and 2018. The distribution of sales in the fourth quarter of 2018 shows a peak in the £300,000 to £399,999 category.

The largest increase in number of sales was in the £400,000 to £499,999 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
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%
Q4 2017	6%	20%	25%	15%	14%	16%	3%	100%
Q1 2018	1%	28%	25%	20%	15%	10%	1%	100%
Q2 2018	7%	21%	21%	19%	16%	13%	2%	100%
Q3 2018	5%	17%	26%	16%	13%	20%	3%	100%
Q4 2018	5%	19%	21%	19%	14%	17%	4%	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**.

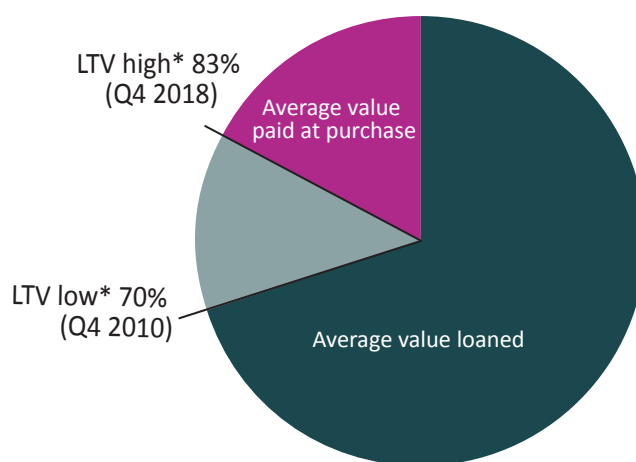
In the fourth quarter of 2018, the median loan to value was 83%. This is 3 percentage points higher than it was in the fourth quarter of 2017.

Since first measured, in the fourth 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
Q1 2017	80%
Q2 2017	82%
Q3 2017	80%
Q4 2017	80%
Q1 2018	80%
Q2 2018	83%
Q3 2018	82%
Q4 2018	83%

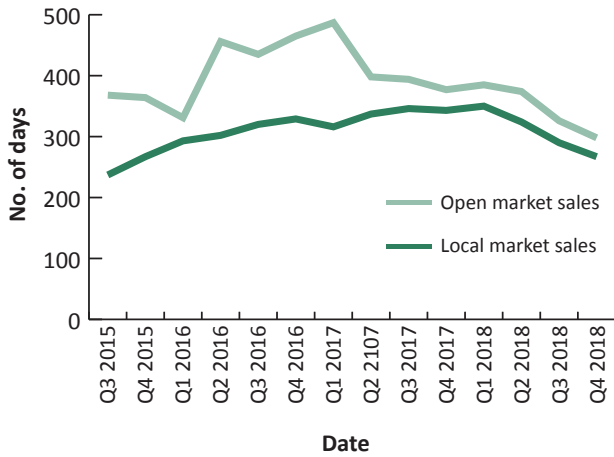
Figure 4.1.1 Average loan to value (Q4 2018)



*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 had been collected manually by the Data and Analysis team for several years. It is now being provided by local IT company Cortex Technologies Limited¹, who have developed an IT system to collect the data automatically.

It should be noted that 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

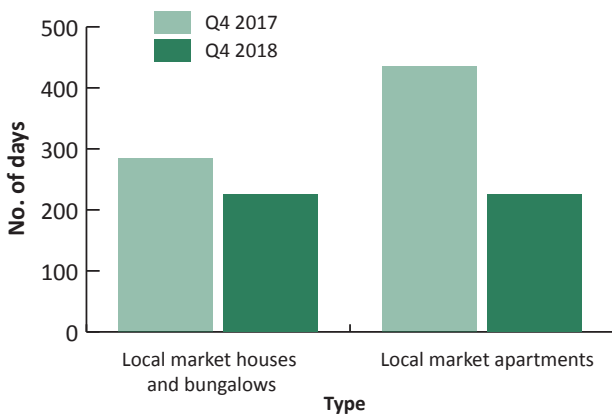


Figure 5.1.1 shows the four quarter rolling average length of time taken between a property first being recorded as being advertised and its sale completion date. It shows that, for each of the last 14 quarters, the open market properties sold had been on the market, on average, longer than the local market properties. It also shows that local market properties sold during the fourth quarter of 2018 had been on the market for less time on average than those sold during the same quarter of 2017.

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 fourth quarter of 2018 were on the market for the same time as apartments.

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

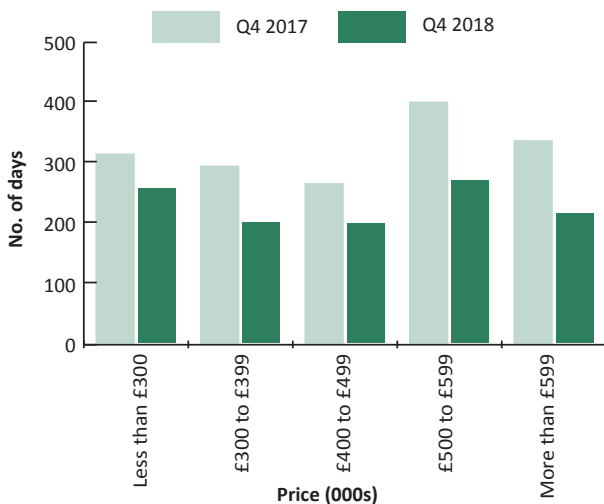


Figure 5.1.3 shows reductions in the average time taken across all the price brackets between the fourth quarters of 2017 and 2018.

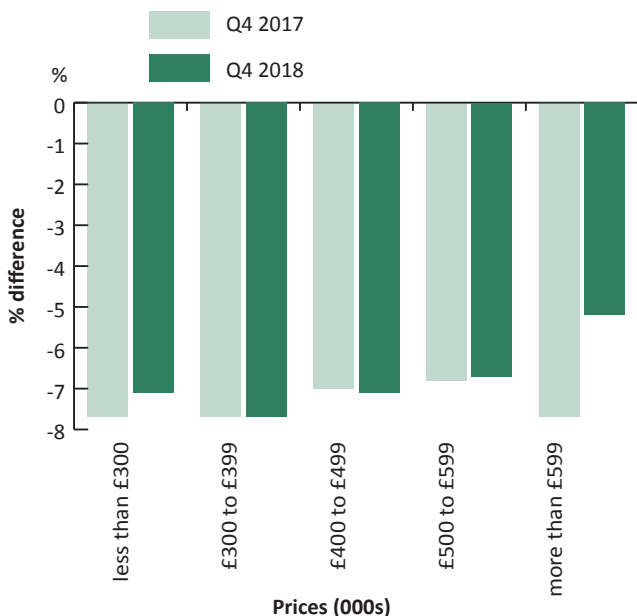
¹ <https://cortex.gg>

5.1 Local Market purchases - market data

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



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



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 an adjustment is made (to all transactions) to include personalty, which is included within the advertised price. It is noted that in practice this adjustment may not always apply. From 1st January 2018, this adjustment was changed from 5% to 2.5%. Discussions with several conveyancers revealed that the change to 2.5% was used in the latter part of the fourth quarter of 2017. As such, these figures were restated to reflect this.

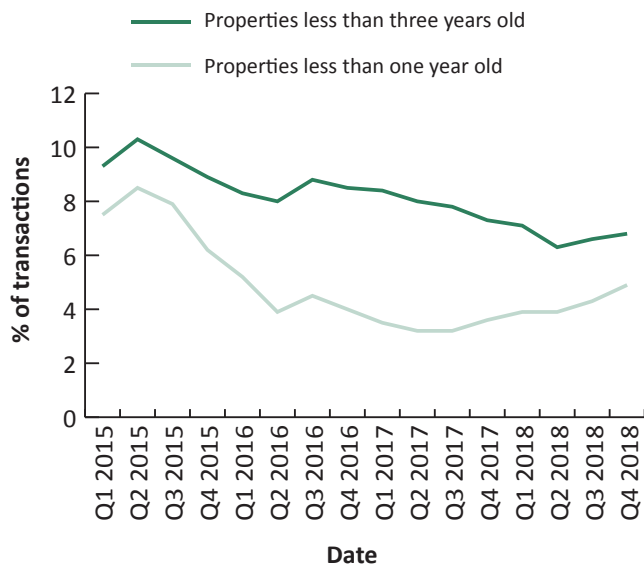
The Data and Analysis team record a maximum advertised price (based on data provided by Cortex Technologies Limited, collated from the local estate agents' websites) and also the last known price advertised before a property is sold. Both figures are subject to a small degree of error due to lag in collecting 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 between 5% and 8% in the fourth quarter of 2018.

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 6.3% 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 (Q4 2018)

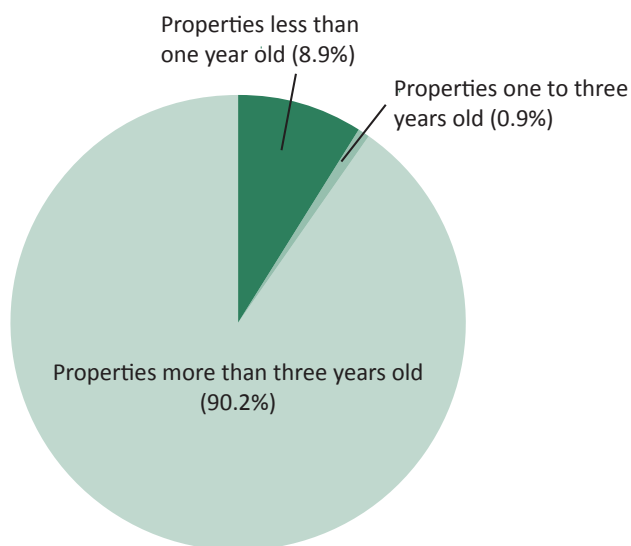


Figure 6.1.2 shows a breakdown by age of the 236 local market residential property transactions during the fourth quarter of 2018. In this quarter, 8.9% of properties had been built within the twelve months prior to being sold and a further 0.9% had been built more than a year, but less than three years 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
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
Q4 2017	1,026,000	912,000	-14.7	-12.2
Q1 2018	746,000	878,800	-17.8	-15.4
Q2 2018	1,462,500	999,800	0.2	-4.2
Q3 2018	1,072,500	1,058,500	14.1	-6.6
Q4 2018	1,523,438	1,166,087	27.9	10.4

Figure 7.1.1 Open Market median realty price

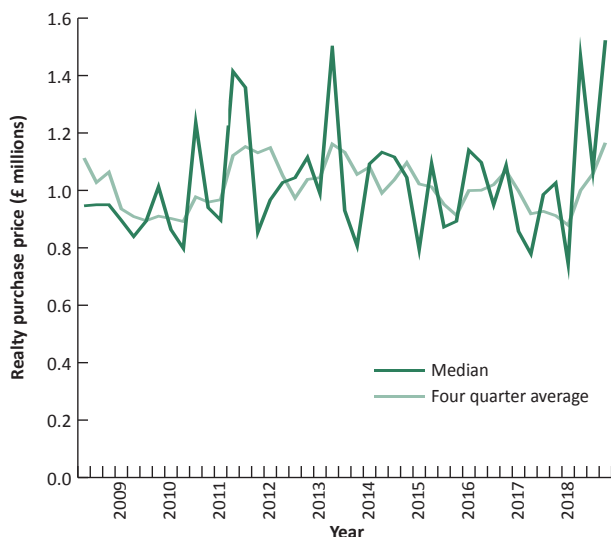


Table 7.1.2 Open Market transaction volumes

Date	No. of transactions	No. of transactions as a % of total open market units
Q1 2017	6	0.4%
Q2 2017*	14	1.0%
Q3 2017*	8	0.6%
Q4 2017*	18	1.3%
Q1 2018*	19	1.3%
Q2 2018*	14	1.0%
Q3 2018*	17	1.2%
Q4 2018*	26	1.8%

* The total number of open market units available for residential purchase was reviewed downwards as part of the Open Market Housing Register legislative changes. Figures from Q1 2017 and earlier are based on the previous totals.

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**.

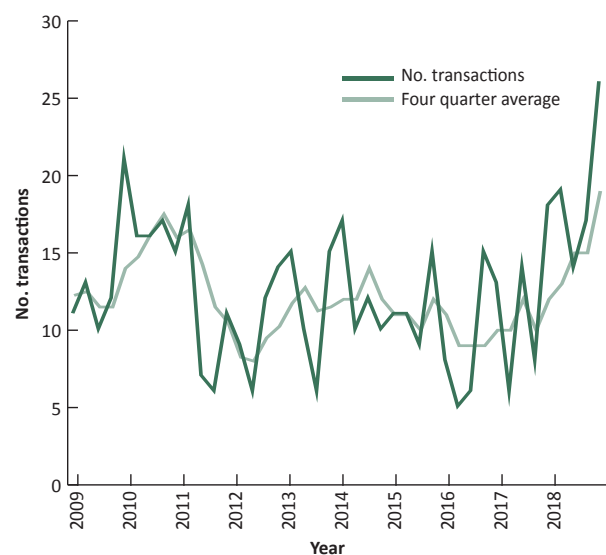
The (raw) median Open Market price calculated using realty only purchase prices, as recorded by the Greffe was £1,523,438 in the fourth quarter of 2018.

The four quarter average, which reduces the effect of seasonal fluctuations, increased by 27.9% between the fourth quarter of 2017 and the fourth quarter of 2018. In the five years ending in December 2018, the Open Market four quarter average increased by 10.4%, its first increase since Q1 2016.

There were 26 Open Market transactions during the fourth quarter of 2018, eight more than in the fourth quarter of 2017 (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 1.8% in the fourth quarter of 2018.

Figure 7.1.2 Open Market transactions



8.1 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.

8.2 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.

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