

Guernsey Quarterly Residential Property Prices Bulletin

Quarter 3 2020

Issue date 13 November 2020

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

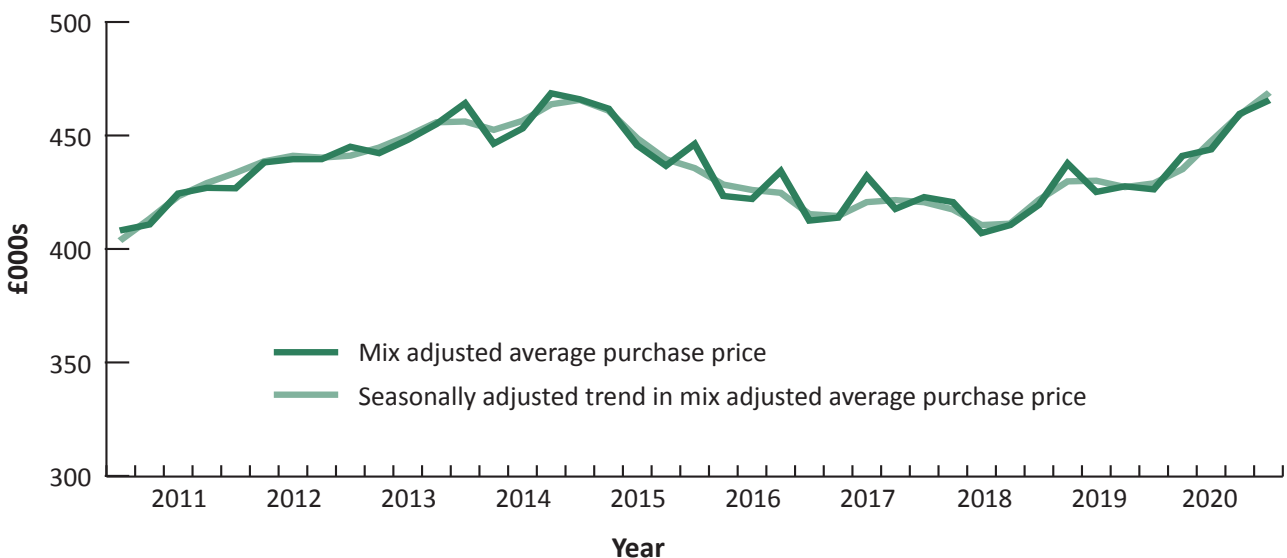
The Guernsey Residential Property Prices Bulletin measures average price changes in residential properties sold on the island each quarter and provides a headline analysis of trends in average prices. Data compiled on the island’s housing stock in 2011 enabled the development of new methods for calculating 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.

The measures put in place to slow the spread of the coronavirus in March 2020 impacted on residential property conveyances towards the end of Quarter 1 2020 and the beginning of Quarter 2 2020. However, the volume of conveyances across both quarters was large enough for average prices to still be reliably calculated. Additional information to usual, on transactions month by month, has been included on [page 4](#) of this report.

1.2 Headlines

- The mix adjusted average purchase price for Local Market properties was £465,664 in the third quarter of 2020, 1.3% higher than the previous quarter and 9.2% higher than the third quarter of 2019. The annual change in mix adjusted prices of 9.2% was the highest since this measure was first calculated, in 2008.
- There were 277 Local Market transactions during the third quarter of 2020, 136 more than the previous quarter and 28 more than the same quarter of 2019. This is the highest number of transactions recorded in a quarter since 2006.
- The raw median price (realty only) of the 20 Open Market transactions in the third quarter of 2020 was £1,222,250 compared with £1,520,719 in the third quarter of 2019, when there were 16 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 the latter part of the fourth quarter of 2017 the most common adjustment for personalty used at the Greffe was changed from 5% to 2.5%.

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 third quarter of 2011. Average prices calculated using this methodology are available from the fourth quarter of 2008 onwards.

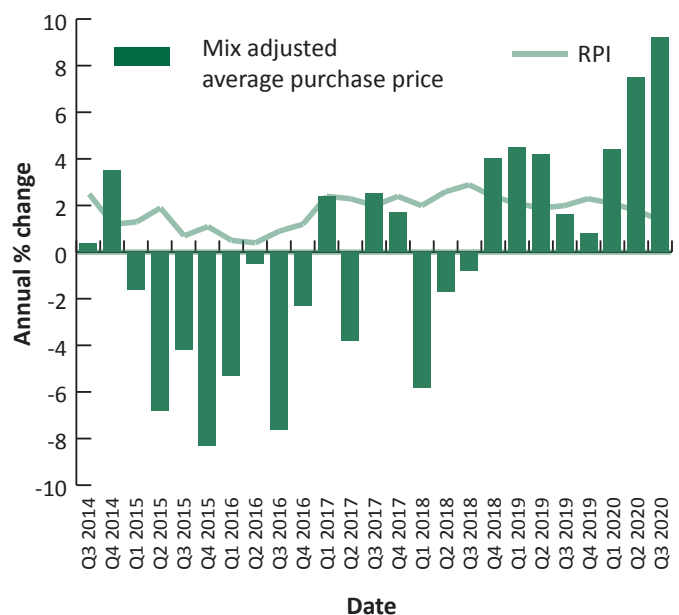
It should be noted that the measure is still susceptible to fluctuations due to the size, quality and location of properties of any particular type and number of bedrooms, varying from one quarter to the next. Due to the relatively small sample sizes it is not possible to eliminate these variations completely.

As shown in **Table 2.1.1**, in the third quarter of 2020, the mix adjusted average purchase price was £465,664, 1.3% higher than the previous quarter and 9.2% higher than the third quarter of 2019.

Table 2.1.1 Mix adjusted average purchase price

Date	Mix adjusted average purchase price	Quarterly percentage change	Annual percentage change
Q3 2018	£419,763	2.2%	-0.8%
Q4 2018	£437,909	4.3%	4.0%
Q1 2019	£425,425	-2.9%	4.5%
Q2 2019	£427,893	0.6%	4.2%
Q3 2019	£426,560	-0.3%	1.6%
Q4 2019	£441,295	3.5%	0.8%
Q1 2020	£444,150	0.6%	4.4%
Q2 2020	£459,837	3.5%	7.5%
Q3 2020	£465,664	1.3%	9.2%

Figure 2.1.1 Annual percentage change in mix adjusted average purchase price



For Q3 2020, 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**.

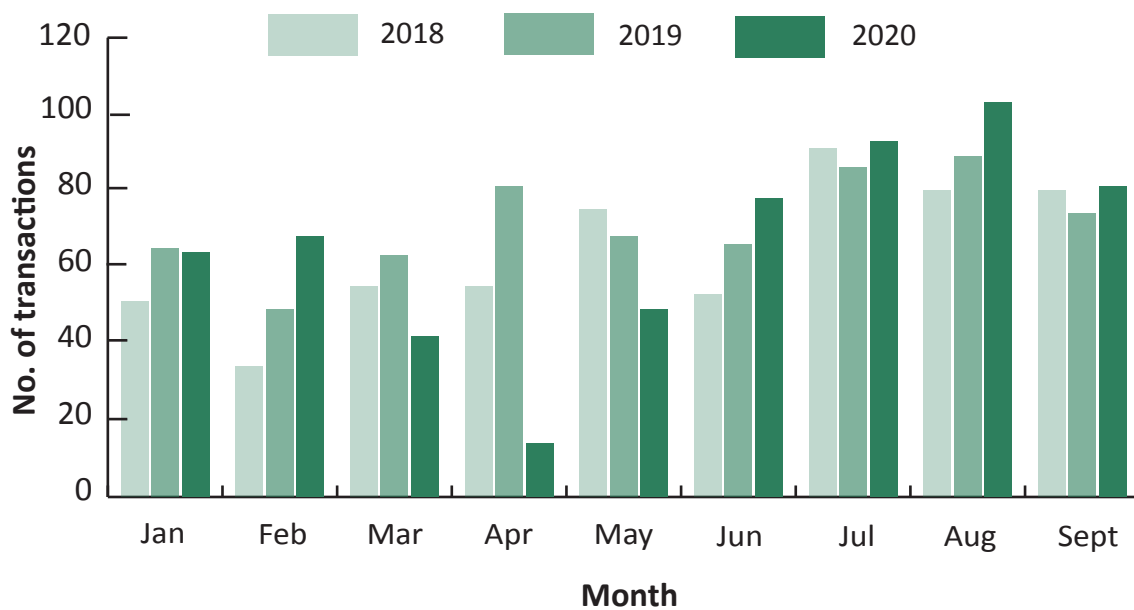
2.2 Local Market purchases - by month

Table 2.2.1 Number of local market transactions by month

	Quarter 1				Quarter 2				Quarter 3				Year to date
	Jan	Feb	Mar	Q1	Apr	May	Jun	Q2	Jul	Aug	Sep	Q3	
2018	51	34	55	140	55	75	53	183	91	80	80	251	574
2019	65	49	63	177	81	68	66	215	86	89	74	249	641
2020	64	68	42	174	14	49	78	141	93	103	81	277	592

The measures put in place to slow the spread of the coronavirus in March 2020 impacted on residential property conveyances towards the end of Quarter 1 2020 and the beginning of Quarter 2 2020. The volume of conveyances across both quarters was large enough for average prices to still be reliably calculated. Month on month analysis reveals the volume of conveyances in April was most impacted, followed by March and May, as can be seen by the monthly breakdown of sales in [Table 2.2.1](#) above. The level of transactions from June onwards has been higher than previous years.

Figure 2.2.1 Number of local market transactions by month



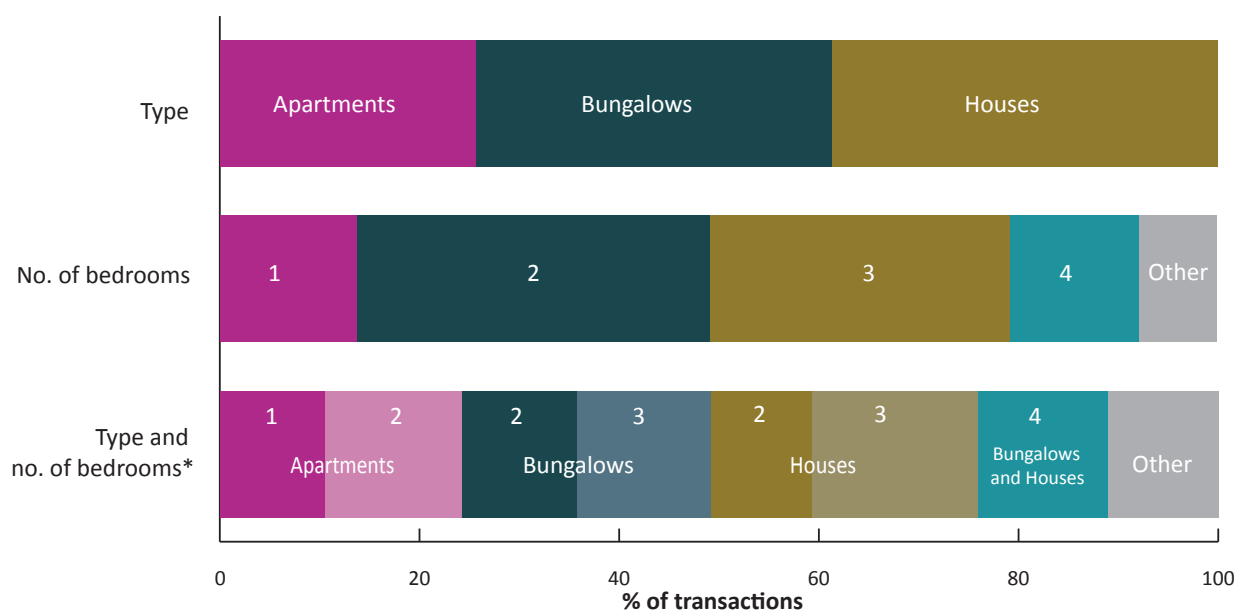
2.3 Local Market purchases - types

Table 2.3.1 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	
Q3 2018	9%	11%	10%	18%	9%	16%	14%	14%
Q4 2018	10%	11%	8%	14%	9%	12%	21%	15%
Q1 2019	11%	11%	6%	12%	9%	20%	18%	12%
Q2 2019	7%	11%	10%	16%	13%	16%	13%	13%
Q3 2019	11%	10%	12%	13%	9%	16%	17%	12%
Q4 2019	8%	14%	6%	15%	18%	14%	15%	10%
Q1 2020	11%	10%	5%	17%	15%	14%	15%	13%
Q2 2020	13%	13%	7%	15%	9%	15%	16%	11%
Q3 2020	10%	14%	12%	13%	10%	17%	13%	11%

The “mix” of property transactions in each quarter is shown in **Table 2.3.1** and illustrated in **Figure 2.3.1**. (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 2020, the 3 bed house category had the highest proportion (17%) of transactions. Definitions of the types of properties which are included in the categories used (apartment, house and bungalow) are provided on **page 13** of this bulletin. Properties in the “Other” category are those which do not fall into the categories shown in **Table 2.3.1**, 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 2.3.1 Percentage of transactions by type and number of bedrooms (Q3 2020)



*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

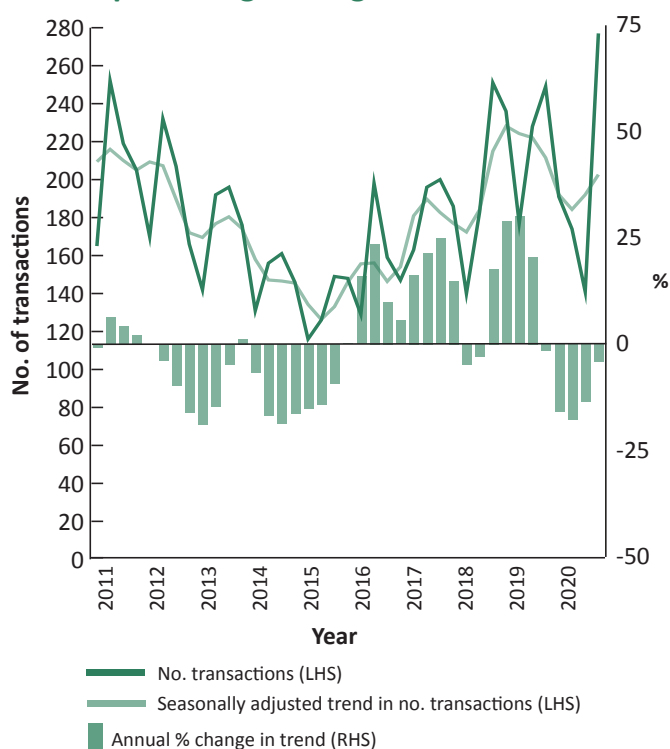


Figure 3.1.2 Seasonally adjusted trend in number of transactions by realty price (nominal)

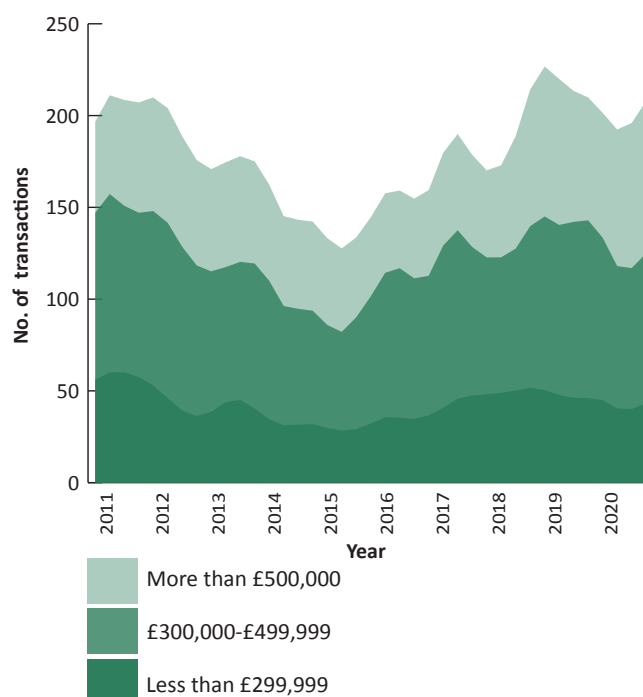


Table 3.1.1 Number of transactions by realty price (in £000s)

Date	Less than £200	£200 to £299	£300 to £399	£400 to £499	£500 to £599	£600 to £999	More than £999	Total
Q3 2018	12	42	66	40	33	51	7	251
Q4 2018	12	44	50	45	34	41	10	236
Q1 2019	11	30	34	39	36	23	4	177
Q2 2019	9	31	66	34	40	33	2	215*
Q3 2019	10	49	57	57	38	34	4	249
Q4 2019	7	36	53	35	26	28	6	191
Q1 2020	7	33	39	23	30	38	4	174
Q2 2020	8	24	25	29	22	29	4	141
Q3 2020	10	45	58	59	53	46	6	277

* In Q2 2019 there were an additional thirteen properties sold which could not be broken down by individual residential unit and so were not included in some calculations

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. There were 277 Local Market residential property transactions recorded in the third quarter of 2020.

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 third quarter of 2020, the largest numbers of transactions (59) were in the £400,000 to £499,999 value band. There were six Local Market 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)

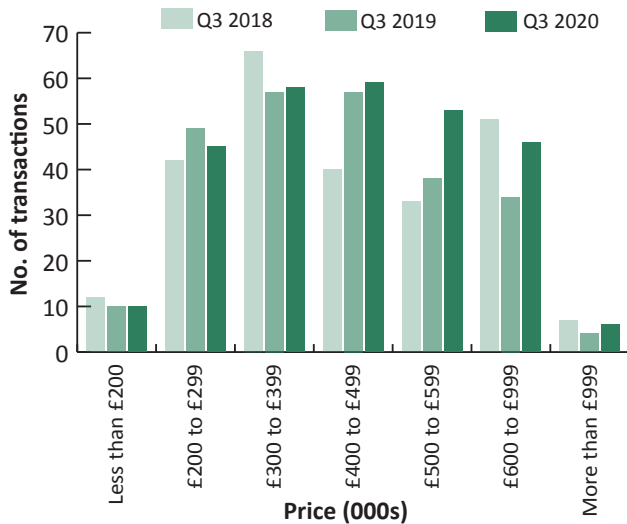
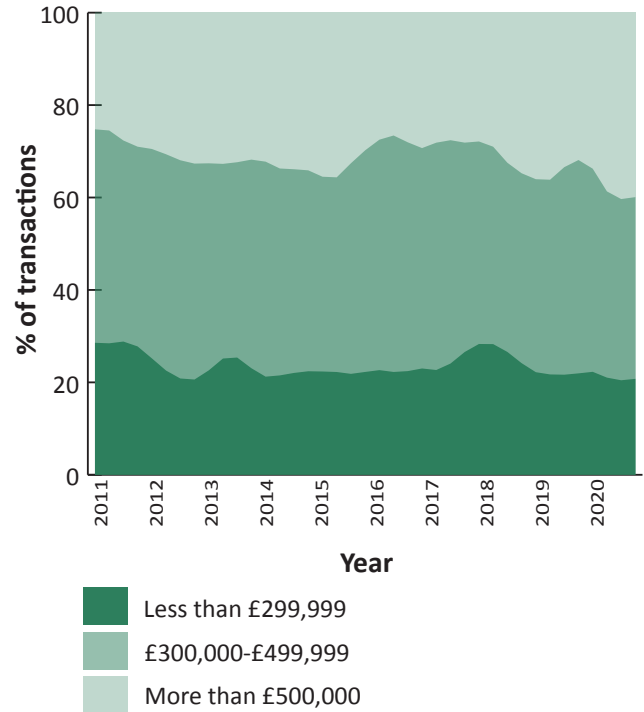


Figure 3.1.4 Seasonally adjusted trend in % of transactions by realty price (nominal)



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 2018, 2019 and 2020. The distribution of sales in the third quarter of 2020 shows transactions were fairly evenly distributed between the £200,000 to £999,999 value bands, varying between 45 and 59 transactions per value band.

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
Q3 2018	5%	17%	26%	16%	13%	20%	3%	100%
Q4 2018	5%	19%	21%	19%	14%	17%	4%	100%
Q1 2019	6%	17%	19%	22%	20%	13%	2%	100%
Q2 2019	4%	14%	31%	16%	19%	15%	1%	100%
Q3 2019	4%	20%	23%	23%	15%	14%	2%	100%
Q4 2019	4%	19%	28%	18%	14%	15%	3%	100%
Q1 2020	4%	19%	22%	13%	17%	22%	2%	100%
Q2 2020	6%	17%	18%	21%	16%	21%	3%	100%
Q3 2020	4%	16%	21%	21%	19%	17%	2%	100%

Note: figures may not add up to 100% due to rounding

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 third quarter of 2020, the median loan to value was 83%.

Since first measured, in 2009, the average loan to value has varied within a 15% range (see **Figure 4.1.1**).

The total value of all the bonds issued during the third quarter of 2020 was £151 million, of which £69 million related to the analysis on this page.

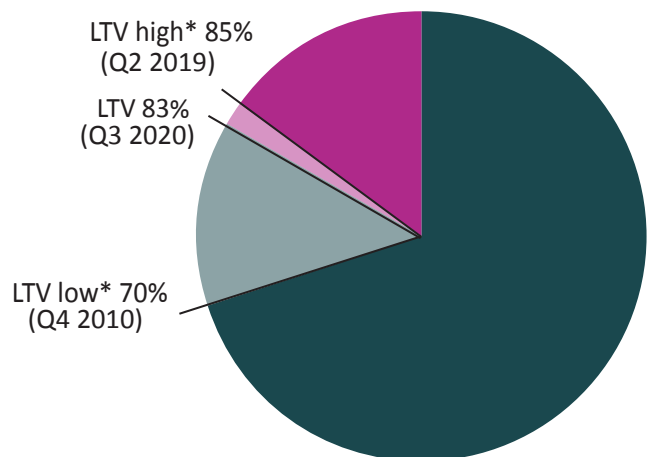
The total value of all the conveyances recorded by the Greffe during the third quarter of 2020 was £197 million, of which £131 million related to local market residential sales used in the analysis in this report.

These figures for bonds and conveyances are recorded each quarter and some trend analysis will be included in future reports.

Table 4.1.1 Average loan to value

Date	Median bond as a % of purchase price
Q3 2018	82%
Q4 2018	83%
Q1 2019	81%
Q2 2019	85%
Q3 2019	82%
Q4 2019	82%
Q1 2020	80%
Q2 2020	83%
Q3 2020	83%

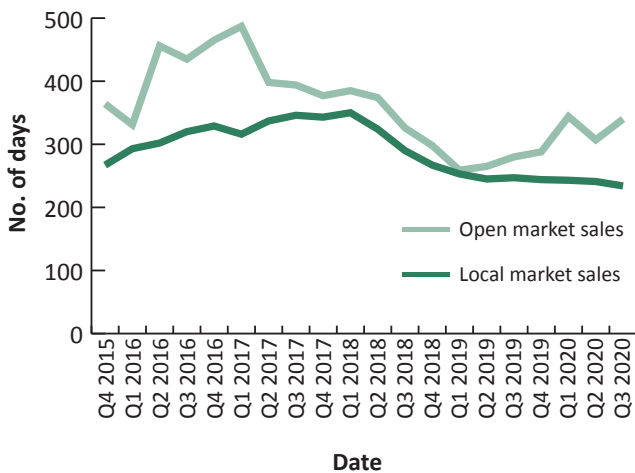
Figure 4.1.1 Average loan to value (Q3 2020)



*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 is 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 5.1.1 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 five years, the open market properties sold had been on the market, on average, longer than the local market properties.

¹ <https://cortex.gg>

Figure 5.1.2 Average length of time between first being advertised and sale completion during Q3

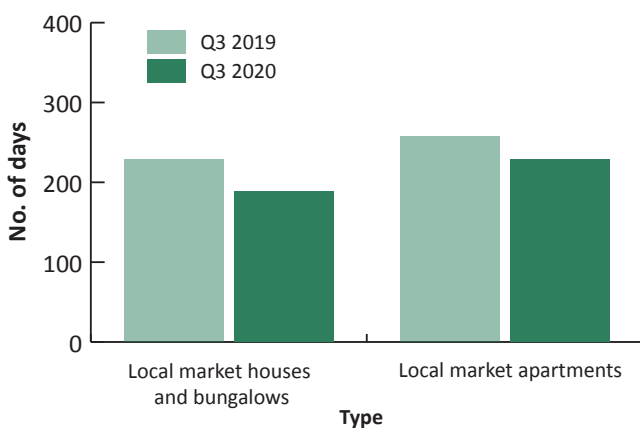
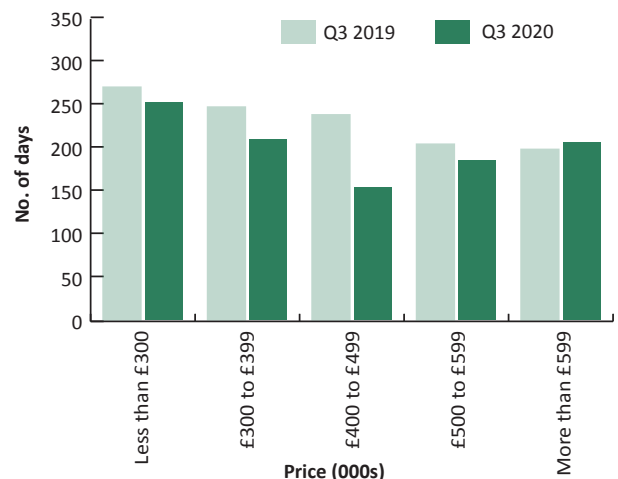


Figure 5.1.3 Average length of time between first being advertised and sale completion during Q3

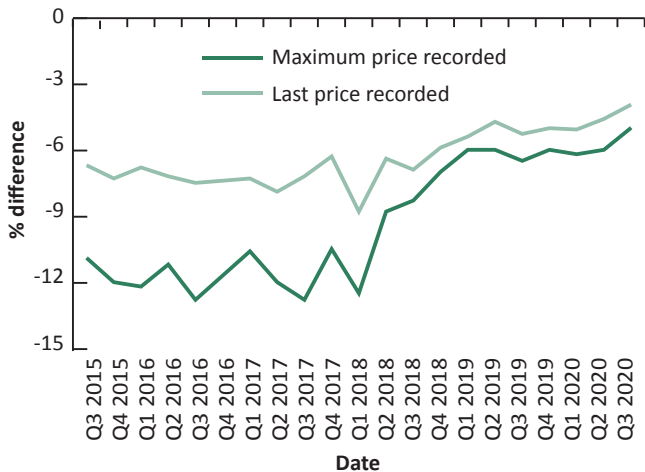


There is very little difference between the length of time between first being advertised and sale completion for local market bungalows and local market houses, so these are grouped together in **Figure 5.1.2** for comparison with apartments. On average, houses and bungalows sold during the third quarter of 2020 were on the market for less time than apartments.

Figure 5.1.3 shows the average time taken across the price brackets for sales in the third quarters of 2019 and 2020.

5.1 Local Market purchases - market data

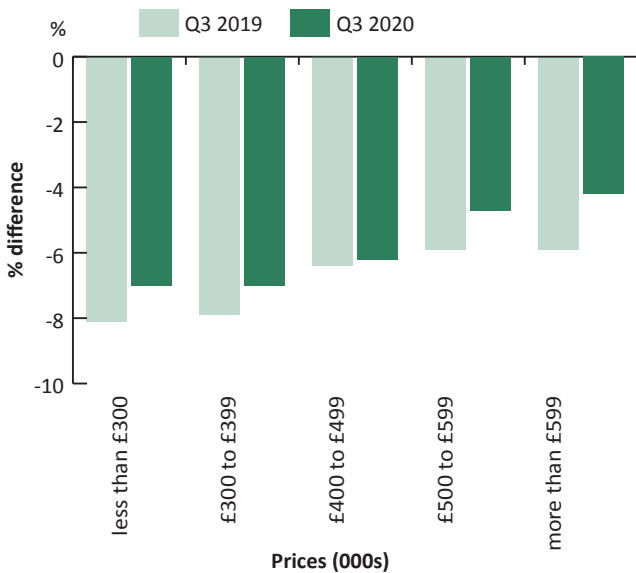
Figure 5.1.4 Difference between prices advertised by estate agents and final sales prices



The price at which a property is advertised with an estate agent is often different to its actual transaction price. The trend 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 the latter part of the fourth quarter of 2017 the most common adjustment for personalty used at the Greffe was changed from 5% to 2.5%.

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



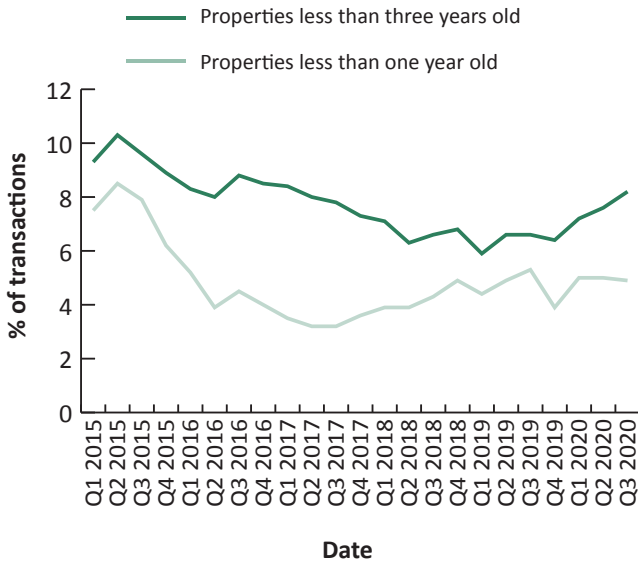
The Data and Analysis team record a maximum advertised price (based on data provided by Cortex Technologies Limited, collated from the local estate agents' websites) and also the last known price advertised before a property is sold. Both figures are subject to a small degree of error due to lag in collecting 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 between the last recorded price advertised by estate agents and the transaction price was between 4.2% and 7.0% in the third quarter of 2020 for all value bands.

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 5.9% 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 **Guernsey Annual Residential Property Stock Bulletin**, see www.gov.gg/property.

Figure 6.1.2 Percentage of local market property transactions by age of property (Q3 2020)

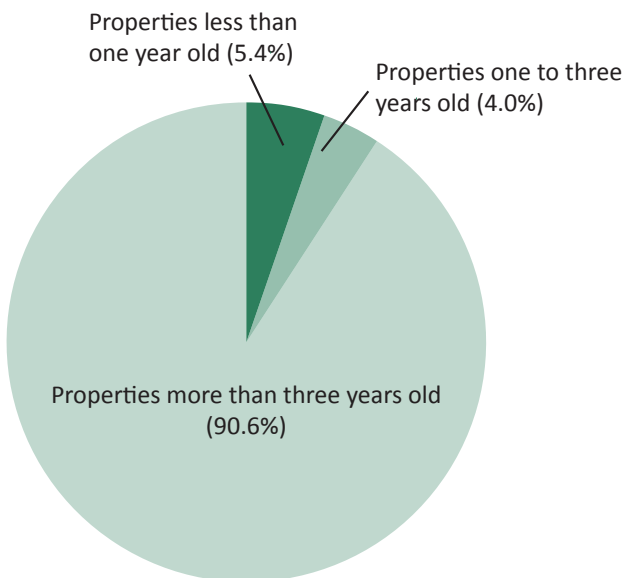


Figure 6.1.2 shows a breakdown by age of the 277 local market residential property transactions during the third quarter of 2020. In this quarter, 5.4% of properties had been built within the twelve months prior to being sold and a further 4.0% had been built more than a year, but less than three years prior to being sold.

7.1 Open Market purchase - raw median

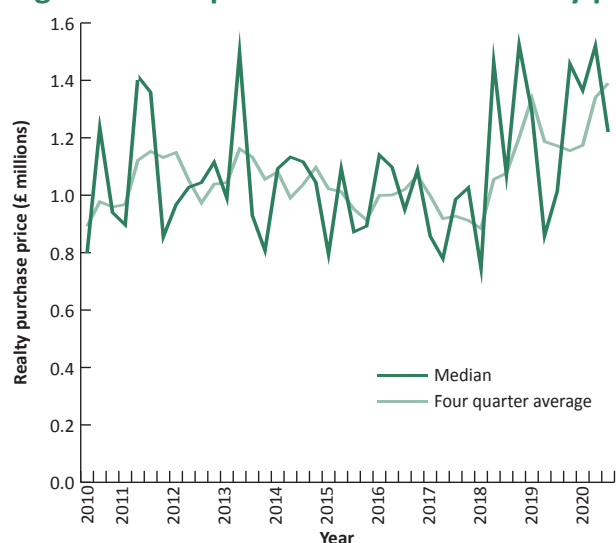
Table 7.1.1 Open Market median realty price

Date	Median realty purchase price (£)	Four quarter average (£)	Annual % change in four quarter average	Five year % change in four quarter average
Q3 2018	1,072,500	1,076,750	16.1	-4.9
Q4 2018	1,523,438	1,201,109	31.7	13.7
Q1 2019	1,291,875	1,337,578	51.3	23.7
Q2 2019	858,750	1,186,641	12.5	19.8
Q3 2019	1,014,000	1,172,016	8.8	13.0
Q4 2019	1,457,625	1,155,563	-3.8	5.4
Q1 2020	1,365,000	1,173,844	-12.2	14.8
Q2 2020	1,520,719	1,339,336	12.9	32.3
Q3 2020	1,222,250	1,391,398	18.7	46.3

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 £1,222,250 in the third quarter of 2020. The four quarter average, which reduces the effect of seasonal fluctuations, increased by 18.7% between the third quarter of 2019 and the third quarter of 2020. In the five years ending in September 2020, the Open Market four quarter average increased by 46.3%.

Figure 7.1.1 Open Market median realty price



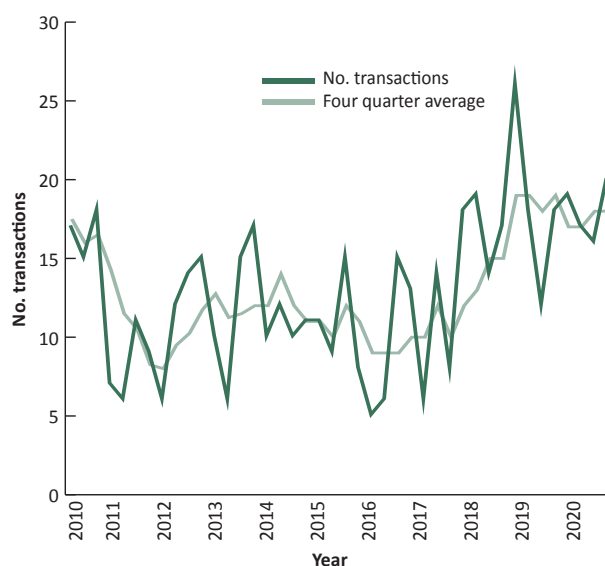
There were 20 Open Market transactions during the third quarter of 2020, two more than in the third quarter of 2019 (see **Table 7.1.2** and **Figure 7.1.2**).

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 1.4% in the third quarter of 2020.

Table 7.1.2 Open Market transaction volumes

Date	No. of transactions	No. of transactions as a % of total open market units
Q3 2018	17	1.2%
Q4 2018	26	1.8%
Q1 2019	18	1.2%
Q2 2019	12	0.8%
Q3 2019	18	1.2%
Q4 2019	19	1.3%
Q1 2020	17	1.2%
Q2 2020	16	1.1%
Q3 2020	20	1.4%

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 Residential Property 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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