

Guernsey Quarterly Residential Property Prices Bulletin

Quarter 4 2014 - Issue date 11th February 2015



POLICY COUNCIL
THE STATES OF GUERNSEY

1.1 Introduction

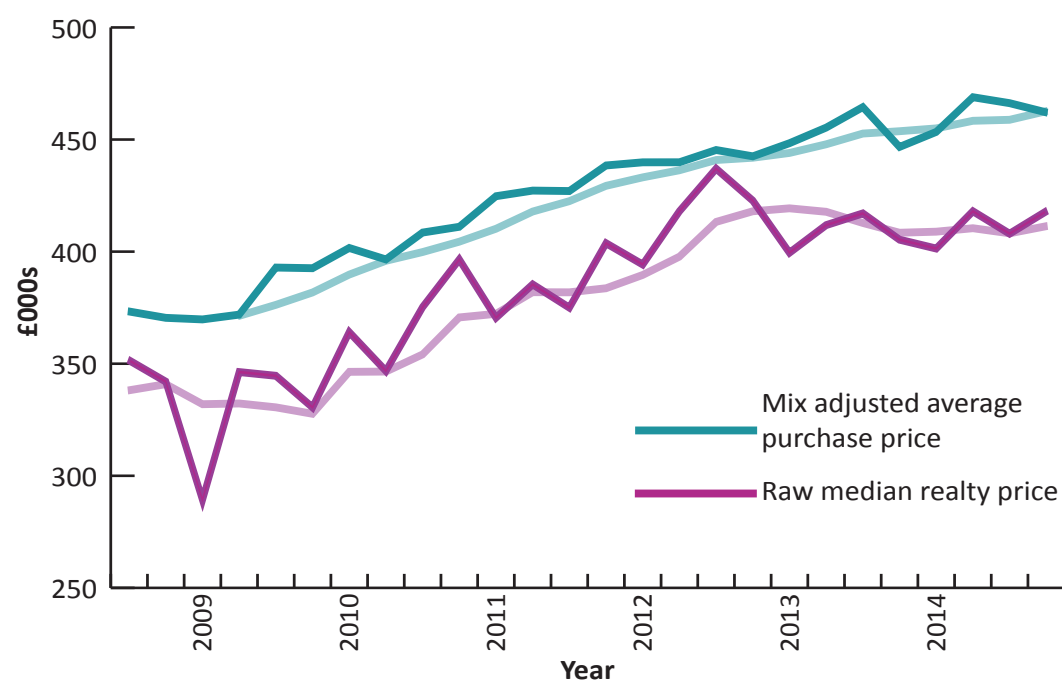
The Guernsey Residential Property Prices Bulletin measures average price changes in residential properties sold on the Island each quarter and provides a headline analysis of trends in average prices.

Data compiled on the Island's housing stock in 2011 enabled the development of new methods for calculating average purchase prices. The mix adjusted averages are 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 price¹ for Local Market properties was £462,110 in the fourth quarter of 2014, 3.5% higher than the same quarter of 2013 and 0.9% lower than the previous quarter.
- There were 146 Local Market transactions during the fourth quarter of 2014, the lowest quarter four on record, 17.0% fewer transactions than in the same quarter of 2013 when there were 176.
- The raw median price (realty only) of Local Market transactions was £418,000 in the fourth quarter.
- The raw median price (realty only) of the 11 Open Market transactions in the fourth quarter of 2014 was £1,045,000 compared with £807,500 in the fourth quarter of 2013, when there were 12 transactions.

Figure 1.2.1: Local Market purchase prices



¹ See over and [page 8](#) for more detail on the headline measure, the methodology used and how it differs from the median, which was previously the headline measure.

2.1 Local Market purchases - mix adjusted average

Table 2.1.1: Mix adjusted average purchase price

Date	Mix adjusted average purchase price	Quarterly percentage change	Annual percentage change
Q4 2012	£442,508	-0.6%	0.9%
Q1 2013	£448,368	1.3%	1.9%
Q2 2013	£455,324	1.6%	3.5%
Q3 2013	£464,463	2.0%	4.3%
Q4 2013	£446,698	-3.8%	0.9%
Q1 2014	£453,398	1.5%	1.1%
Q2 2014	£468,878	3.4%	3.0%
Q3 2014	£466,228	-0.6%	0.4%
Q4 2014	£462,110	-0.9%	3.5%

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

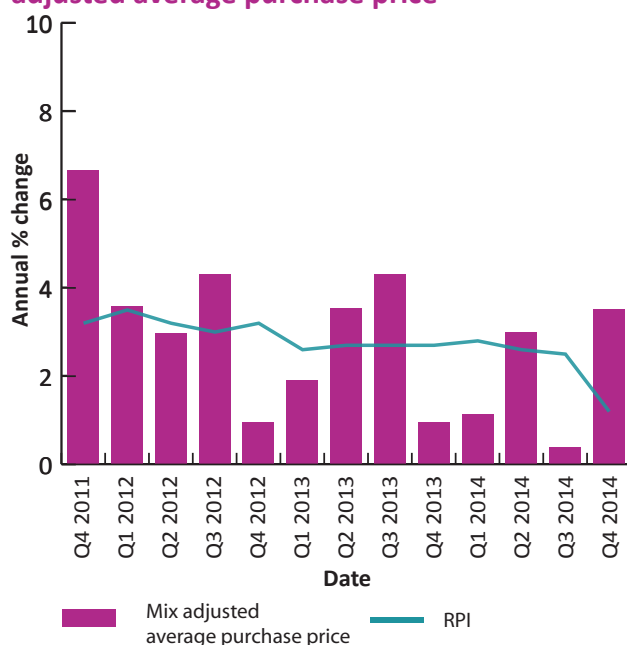


Table 2.1.2: Four quarter average mix adjusted average purchase price

Date	Four quarter average mix adjusted average purchase price	Quarterly percentage change	Annual percentage change
Q4 2012	£441,883	0.2%	2.9%
Q1 2013	£444,016	0.5%	2.5%
Q2 2013	£447,882	0.9%	2.7%
Q3 2013	£452,666	1.1%	2.7%
Q4 2013	£453,713	0.2%	2.7%
Q1 2014	£454,971	0.3%	2.5%
Q2 2014	£458,359	0.7%	2.3%
Q3 2014	£458,801	0.1%	1.4%
Q4 2014	£462,654	0.8%	2.0%

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 historically published median prices (included on [page 6](#)) reflect the realty only, as recorded by the Greffe. The new mix adjusted average prices include a measure of personalty, which is included in most property purchases, better reflecting the actual prices paid for purchases.

Also, 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 turquoise 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 the median price (on [page 6](#)) 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. However, the mix related variations in this measure are greatly reduced, compared with the raw median (see [page 6](#)), giving a better picture of the trend.

As shown in [Table 2.1.1](#), in the fourth quarter of 2014, the mix adjusted average purchase price was £462,110, 3.5% higher than the same quarter of 2013 and 0.9% lower than the previous quarter. 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 and bonds

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 2014, the highest proportion of transactions was for three bedroom bungalows (excluding the “Other” category).

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**.

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 2.2.2** below.

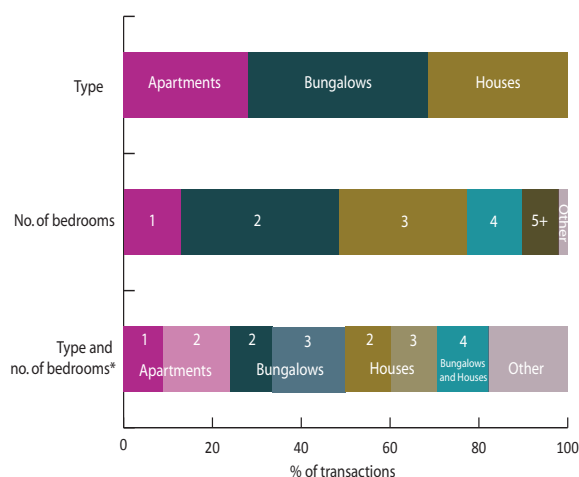
In the fourth quarter of 2014, the average loan to value was 75%. This is 2 percentage points lower than during the fourth quarter of 2013 when the average loan to value was 77%.

Since first measured in the third quarter of 2009, the average loan to value has varied within a 13% range (see **Figure 2.2.2**).

Table 2.2.1: Percentage of transactions by type and number of bedrooms

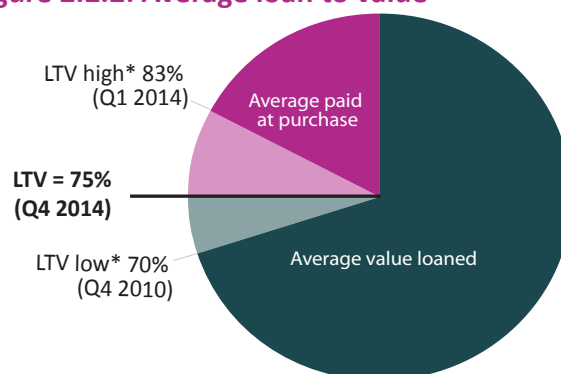
Date	Percentage of total transactions by type and number of bedrooms							
	Apartment		Bungalow		House		House / Bungalow	Other
	1	2	2	3	2	3	4	
Q4 2012	7%	10%	8%	16%	14%	14%	15%	15%
Q1 2013	6%	12%	9%	17%	13%	13%	11%	18%
Q2 2013	15%	15%	11%	15%	7%	11%	16%	10%
Q3 2013	17%	10%	7%	14%	9%	16%	10%	16%
Q4 2013	12%	9%	7%	15%	11%	8%	9%	28%
Q1 2014	13%	11%	9%	10%	10%	17%	15%	15%
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%

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**

Figure 2.2.2: Average loan to value



*High and low since data collected Q3 2009

Table 2.2.2: Average loan to value

Date	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Median bond as a % of purchase price	80%	78%	75%	78%	77%	83%	75%	78%	75%

3.1 Local Market purchases - volumes by price

Figure 3.1.1: Number of transactions and annual % change

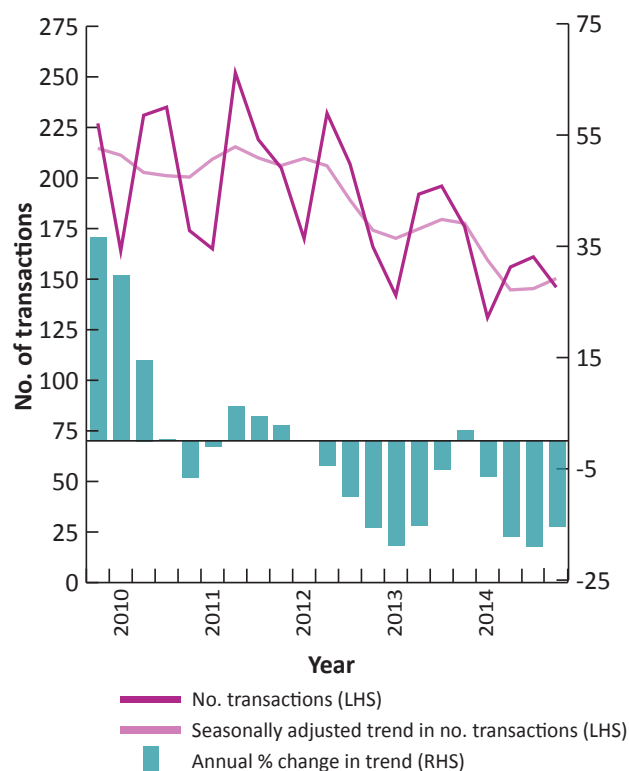


Table 3.1.1 provides information on the number of Local Market transactions recorded by the States of Guernsey Greffe each quarter. These transactions are all included in the calculation of the raw median, lower and upper quartile prices.

In the fourth quarter of 2014, the Greffe recorded 146 Local Market transactions, 30 fewer than in the same quarter of 2013 (see **Figure 3.1.1**).

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.

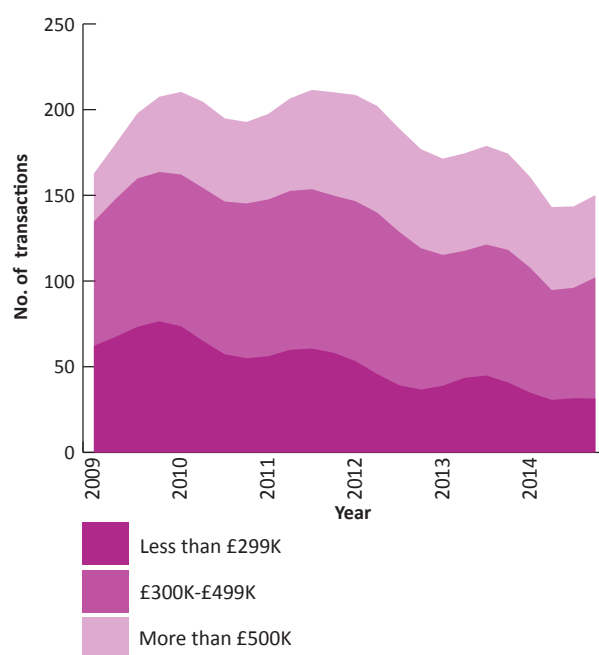
During the fourth quarter of 2014, the largest number of transactions (42) was in the £300,000 to £399,999 value band. There were 6 transactions of over £1 million.

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

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 2012	8	27	39	40	23	26	3	166
Q1 2013	5	26	40	23	22	24	2	142
Q2 2013	5	46	42	40	26	32	1	192
Q3 2013	6	44	41	38	27	34	6	196
Q4 2013	7	33	43	38	19	35	1	176
Q1 2014	3	24	36	26	20	19	3	131
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

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



3.1 Local Market purchases - volumes by price

The number of transactions in each realty price band is shown as a distribution graph in **Figure 3.1.3**. It provides a comparison between the distribution of transactions in the fourth quarters of 2012, 2013 and 2014.

The distribution of sales in the fourth quarter of 2014 shows a peak in the £300,000 to £399,999 category, the same as in the fourth quarter of 2013. In contrast, the fourth quarter of 2012 shows a peak in the £400,000 to £499,000 category.

In the fourth quarter of 2014, the number of transactions within the over £999,000 realty price category was higher than during the same period in 2013, and in the £500,000 to £599,000 category was the same. All other realty price bands experienced a decline in transactions during this period.

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 precisely 100%).

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



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

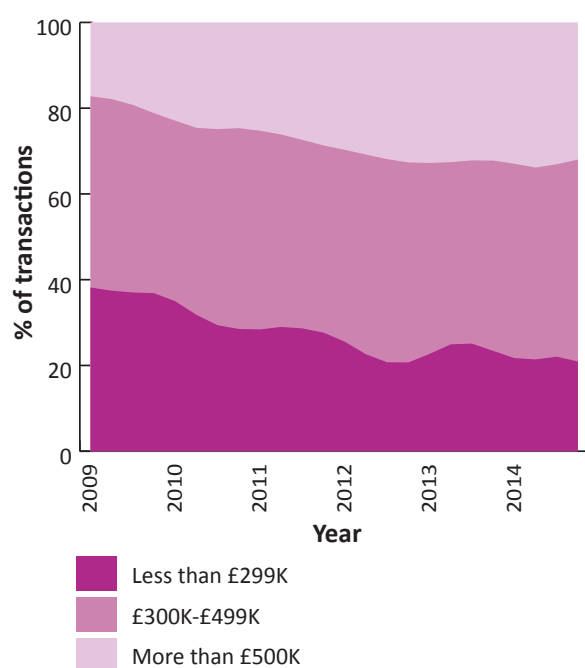


Table 3.1.2: Percentage of transactions by realty price (in £000s)

Date	Less than 200	200 to 299	300 to 399	400 to 499	500 to 599	600 to 999	More than 999	Total
Q4 2012	5%	16%	23%	24%	14%	16%	2%	100%
Q1 2013	4%	18%	28%	16%	15%	17%	1%	100%
Q2 2013	3%	24%	22%	21%	14%	17%	1%	100%
Q3 2013	3%	22%	21%	19%	14%	17%	3%	100%
Q4 2013	4%	19%	24%	22%	11%	20%	1%	100%
Q1 2014	2%	18%	27%	20%	15%	15%	2%	100%
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%

4.1 Local Market purchases - raw median, lower quartile and upper quartile

Table 4.1.1: Median realty price

Date	Median realty purchase price	Four quarter average	Annual percentage change in four quarter average	Five year percentage change in four quarter average
Q4 2012	£422,750	£418,000	9.0%	35.9%
Q1 2013	£399,500	£419,313	7.6%	34.2%
Q2 2013	£411,825	£417,769	5.0%	28.0%
Q3 2013	£417,050	£412,781	-0.1%	22.1%
Q4 2013	£405,325	£408,425	-2.3%	19.8%
Q1 2014	£401,375	£408,894	-2.5%	23.2%
Q2 2014	£418,000	£410,438	-1.8%	23.5%
Q3 2014	£408,000	£408,175	-1.1%	23.5%
Q4 2014	£418,000	£411,344	0.7%	25.5%

This page provides (for comparison with previously published figures) the raw median, lower quartile and upper quartile prices of the transactions during each quarter. They are based on the (realty only) transaction prices recorded by the Greffe and are not mix adjusted. As such, and due to the small sample size, they are highly susceptible to changes in the profile of types of property transactions from one quarter to the next.

Tables 4.1.1, 4.1.2 and 4.1.3 show the price of a property (when they have been ranked in price order) at the middle (median), the first quarter mark (lower quartile) and the third quarter mark (upper quartile) of transactions respectively.

Table 4.1.2: Lower quartile realty price

Date	Lower quartile realty purchase price	Four quarter average	Annual percentage change in four quarter average	Five year percentage change in four quarter average
Q4 2012	£326,667	£314,795	10.8%	30.9%
Q1 2013	£314,688	£316,279	8.5%	27.7%
Q2 2013	£293,788	£314,773	6.8%	22.6%
Q3 2013	£299,250	£308,598	1.8%	17.3%
Q4 2013	£307,563	£303,822	-3.5%	16.1%
Q1 2014	£317,300	£304,475	-3.7%	20.6%
Q2 2014	£313,856	£309,492	-1.7%	23.2%
Q3 2014	£303,050	£310,442	0.6%	23.8%
Q4 2014	£329,294	£315,875	4.0%	27.8%

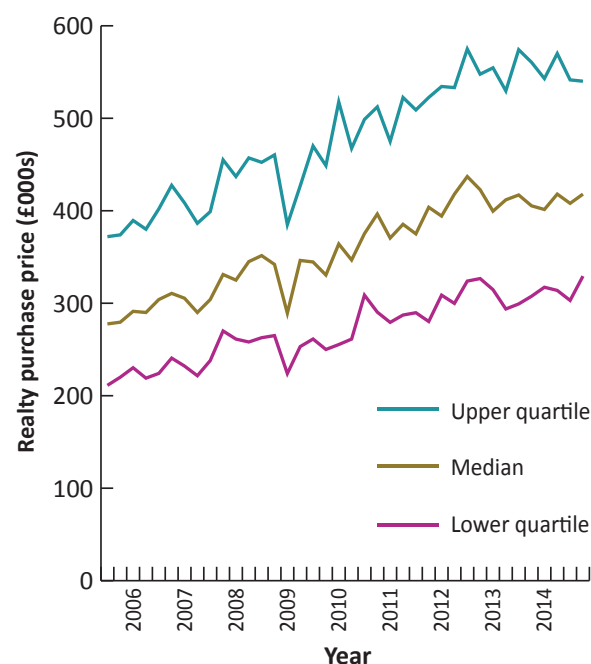
The four quarter average median realty purchase price of the property transactions during the fourth quarter of 2014 was £411,344 which was 0.7% higher than in the fourth quarter of 2013 and 25.5% higher than the same quarter of 2009.

The interquartile range (i.e. the difference between the upper and lower quartile values) was £210,781 in the fourth quarter of 2014, compared to £252,938 during the same quarter of 2013.

Table 4.1.3: Upper quartile realty price

Date	Upper quartile realty purchase price	Four quarter average	Annual percentage change in four quarter average	Five year percentage change in four quarter average
Q4 2012	£547,650	£547,522	7.9%	32.8%
Q1 2013	£554,563	£552,569	5.8%	31.8%
Q2 2013	£529,625	£551,678	5.1%	26.2%
Q3 2013	£574,156	£551,498	1.9%	22.5%
Q4 2013	£560,500	£554,711	1.3%	22.8%
Q1 2014	£542,925	£551,802	-0.1%	25.8%
Q2 2014	£570,000	£561,895	1.9%	30.3%
Q3 2014	£541,500	£553,731	0.4%	27.1%
Q4 2014	£540,075	£548,625	-1.1%	26.8%

Figure 4.1.1: Lower quartile, median and upper quartile realty prices



5.1 Open Market purchases - raw median

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 the same method as the Local Market raw median i.e. representing realty only) was £1,045,000 in the fourth quarter of 2014.

The four quarter average, which reduces the effect of seasonal fluctuations, increased by 3.9% between the fourth quarter of 2013 and the fourth quarter of 2014. In the five years ending in December 2014, the Open Market four quarter average increased by 20.5%.

There were 11 Open Market transactions during the fourth quarter of 2014, 6 fewer than in the fourth quarter of 2013 (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 0.7% in the fourth quarter of 2014.

Figure 5.1.2: Open Market transaction volumes

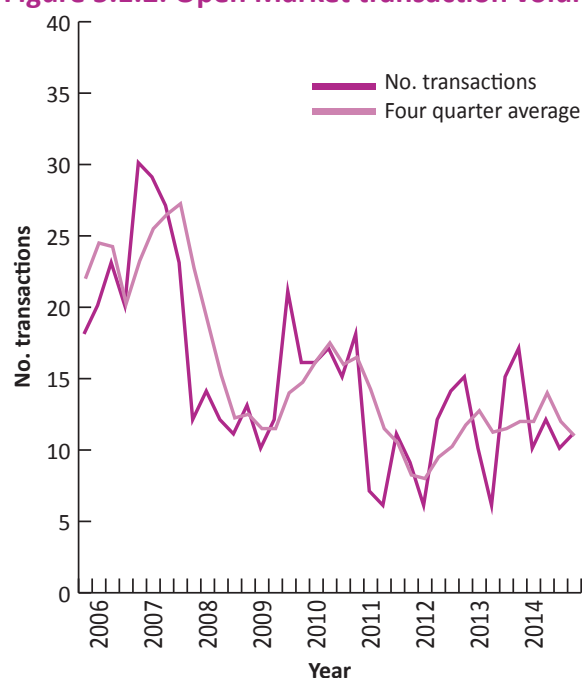


Table 5.1.1: Open Market median realty price

Date	Median realty purchase price	Four quarter average	Annual percentage change in four quarter average	Five year percentage change in four quarter average
Q4 2012	£1,115,000	£1,038,350	-8.2%	8.4%
Q1 2013	£990,000	£1,044,156	-9.1%	-2.2%
Q2 2013	£1,496,250	£1,161,344	10.4%	4.4%
Q3 2013	£930,000	£1,132,813	16.4%	10.2%
Q4 2013	£807,500	£1,055,938	1.7%	-0.7%
Q1 2014	£1,092,500	£1,081,563	3.6%	15.6%
Q2 2014	£1,132,875	£990,719	-14.7%	9.0%
Q3 2014	£1,116,250	£1,037,281	-8.4%	15.9%
Q4 2014	£1,045,000	£1,096,656	3.9%	20.5%

Figure 5.1.1: Open Market median realty price

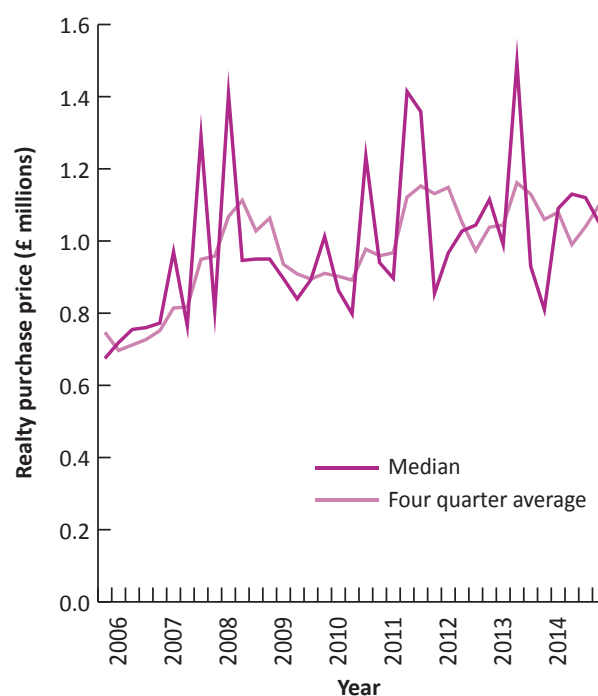


Table 5.1.2: Open Market transaction volumes

Date	No. transactions	No. transactions as a percentage of total open market units
Q4 2012	15	0.9%
Q1 2013	10	0.6%
Q2 2013	6	0.4%
Q3 2013	15	0.9%
Q4 2013	17	1.1%
Q1 2014	10	0.6%
Q2 2014	12	0.8%
Q3 2014	10	0.6%
Q4 2014	11	0.7%

6.1 Methodology

There are two key differences between the old (median) and new (mix adjusted) price measures:

1. The mix adjusted measure reflects the price of both realty and personalty, whereas the median reflects realty only.
2. The mix adjusted measure uses weighting to reduce fluctuations due to changes in the profile of properties sold from one quarter to the next. There is no adjustment to account for the changing profile in the median.

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, dower units and similar, where the apartment unit has a separate postal address to other units within 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 attached to or contained within it (e.g. a wing or a flat). Each unit is 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, are referred to as **houses**.

7.1 Contact details and further information

All Policy and Research Unit publications are available via www.gov.gg/pru.

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