

Property prices and transactions up in latest official Guernsey statistics

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The latest residential property prices show growth in both turnover and values in what should be welcome news for the island, says Ogier's Head of Property Martyn Baudains.

In summary, the Q1 2017 Guernsey Quarterly Residential Property Prices Bulletin showed:

- Mix-adjusted Local Market property prices at £432,342, 4.4% up on previous quarter.
- Q1 transactions were 26% up on the same quarter in 2016.
- 2.5% of properties sold in Q1 2017 had been built within the 12 months prior.

Martyn said: "The headline news is that the number of local market transactions is up (163 against 129 last year), and so is the average local market house price (4.4% against 0.3% last quarter).

"As a headline, both of those things are good news. What is more important, and reason to be even more optimistic, is that this is the second quarter in a row that there has been a rise in local market house prices. We have seen a rise during individual quarters over the last couple of years, but in each case we saw a fall again the following quarter – meaning overall the annual average house price has been falling for two years. The large increase this quarter, and following right behind another quarter of a more modest increase, means the annual percentage change is back in the black (at 2.4%) for the first time in two years.

"This is probably down to house prices falling to a level that first time buyers can meet a bank's affordability or lending multiples. Also, there is some evidence that wages are starting to rise at a modest rate, having been held more-or-less at the same level for some five years. Wage increases and job security make people more confident about the future, and more likely to settle down, start a family and buy larger houses.

"Further analysis shows us that it may be first time buyers that are fuelling this turnaround; the

number of transactions in the £200,000 to £299,000 price bracket (33) was at its highest for two years, and the next bracket up (£300,000 to £399,000) was the second highest for the same period (at 45). That seems to suggest first time buyers are coming in to the market and the people they are buying from are moving up. The fact there was less movement in the next few brackets (up to £600,000) suggests that new-builds were stopping the chain – but in the £600,000 to £1m bracket there was, again very encouraging movement (27 compared to 18 this time last year).

"Another encouraging sign for the local housing market is that average time between placing a house on the market and completion is also falling, and on average the price achieved is nearer to the asking price. When we compare the properties in certain price brackets it is the £500,000 to £599,000 bracket that has shown the biggest reduction in time from advertising to sale – but this could be down to the fact that there are fewer of those properties on the market so less "choice for buyers (it is also a category of property that is attractive not only to people moving up the ladder, but also those downsizing as they near retirement, meaning there is possibly greater demand in that bracket).

"Open Market statistics are always difficult to analyse. The sample is small, and a number of larger transactions still take place by share transfer (sale of the company that owns the property) – so there is no public information regarding the sale or the price achieved. We might expect that to change when document duty becomes payable on share transfers, but for the moment all we have to go on is the figures from the Greffe. The Greffe figures suggest the Open Market may still be going through a period of adjustment – as it has since 2011. Our experience at Ogier is that there are some significant transactions taking place and every reason to believe that people from the UK, Europe and further afield can see the attraction to relocating to Guernsey."

Advocate Martyn Baudains is a partner at Ogier and the head of the firm's busy Guernsey Property Law practice. He is one of the island's leading property lawyers and has been involved in a significant number of the largest residential and commercial property transactions of the last ten years.

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