

Statistics show good news in Guernsey property market

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The States have released the figures for the last quarter of 2017 and overall the news is good.

For the October-December 2017 period:

- The 'mix adjusted average' for local market showed a modest 0.3% increase on the previous period, but a 2.5% increase on the same quarter for 2016.
- There were fewer transactions than for the previous period (186 for Q4 compared to 200 for Q3), but more than for the same quarter of last year (147).

But looking past the headlines what do we see?

The headline figures are for the 'mix adjusted average' – which is the average of all local market properties being bought and sold for the period in question. If we look at the lower quartile – the less expensive end of the local market – we can see that Q4 of 2017 (average value of £297,825) is up 4.5% on the previous quarter, but is still 5.5% down on the same quarter for the previous year.

The other factor which may have had an effect on the numbers is a change in the way in which realty and personalty is apportioned. The States figures are the prices paid for the realty only (realty being the house or apartment and the land on which it stands), and do not include any element for the personalty (the contents, such as carpets, curtains and light fittings). Until recently the total purchase price was usually split 95% for realty and 5% for personalty. After the introduction of the new Document Duty law the split between realty and personalty was changed so that apportionment would be 97.5% for realty and 2.5% for personalty. That change was introduced gradually during the last quarter of 2017, and was implemented fully by 1 January this year. The effect of that change is that during the last quarter of 2017 the average house price would have probably increased by 2.5%. Details of the precise split used on each transaction is not publicly available, but the split is now likely to be 97.5% and 2.5% for most

domestic properties.

Even though the change in the split of realty and personalty was only introduced gradually during the last quarter of 2017, the change is significant enough to have had an effect on the mix adjusted average local market property price, and possibly enough to influence the modest 0.3% increase on the previous quarter.

What are we to make of all of this?

The increase in the average house price during 2017 is a reason for optimism, particularly when in 2016 we were seeing a corresponding 7.6% fall on the previous year.

It is also reassuring that the less expensive end of the market still represents good value for money with the average property selling for a price we might have expected to see in 2011. That sentiment appears to be backed by an increased amount of activity in the £200,000 to £299,000 bracket (with 148 transactions in this bracket during 2017 against only 100 for 2016).

The open market category is also showing signs of increased activity – but this too requires some caution. The figures are almost certainly affected by the recent change in law that means there is no longer any benefit in buying property by transferring the shares in the company that owns that property, so more open market properties will be conveyed through court and will therefore be included in these statistics.

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