

Cause for optimism in Guernsey house price index

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The States' 2018 Q4 Guernsey Residential Property Prices Bulletin is released today and confirms a marked improvement in the Guernsey property market.

The eye-catching figures are the increase in the average house price by 4% over the year to £437,909, and the news that there were 50 more local market transactions in Q4 2018 compared to Q4 2017.

An increase in the average house price of 4% of the year is the biggest increase seen for six years and, although the "mixed adjusted average" house price is still lower than it was in 2013 when it was as much as £465,008, Ogier property partner Martyn Baudains has described it as very good news for the market.

Advocate Baudains said: "We need to be cautious when reviewing any particular figure in isolation, but there are other indicators that the property market improved towards the end of last year.

"For example, the average time between first marketing a local market property and completion is just over 200 days now, compared to just under 300 days this time last year, and the actual sale price is now closer to the asking price than it was.

"Banks are also showing signs of increased confidence in the local market, which is apparent from the gradual, cautious, increase in the average loan to value to the present 83%. That increase is only up from a typical 80% over the last couple of years, but as a gauge to see how the banks are feeling it is really quite significant.

"The States increased document duty levels on property purchases with effect from 1 January 2019 - but reduced duty on bonds to 0%. Was there a rush to complete some purchases before those increases took effect? In terms of the local market that is unlikely. For the most part the increases in duty on a purchase were offset by the saving on the bond duty - except for properties in the higher value bandings.

"The increase in document duty may, however, have seen some open market purchases pushed

through before 31 December. These would be properties that were going to be purchased anyway and, even taking into account that more transactions are a matter of public record now (because the introduction of document duty on share transfers means most open market properties are now conveyed), the number of open market properties being conveyed is up.

"The sample of open market transactions is small and can be influenced by one-off events, but the news is also good in that sector with the median realty purchase being £1,523,438.

"We have reason to go into 2019 with some optimism."

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