

Guernsey's local market housing boom - what does it really mean for first-time buyers?

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The past year has seen no shortage of media coverage about Guernsey's "runaway" housing market and its "unrelenting" rise in property prices. But is there more to the statistics than the headlines suggest?

Figures show that the average local market purchase price was just shy of half-a-million pounds in the fourth quarter of 2020, a figure of £493,174 and a 5.9% rise on the previous quarter, and 11.8% higher than the fourth quarter of 2019.

This amounts to the largest annual rise in average property prices since 2008, and unofficial figures for 2021 show the local market median for the first quarter currently stands at a hefty £550,875 – all of which makes for discouraging reading for local buyers.

These numbers seemingly put home ownership way beyond the means of most people not already on the fabled ladder, impacting younger and first-time buyers, in particular. And with estate agents speaking publicly about a lack of available housing on the market, it's little wonder that concerns over Guernsey's affordable housing crisis have heightened.

But while certain sectors of the local market have seen a boom in prices, this is not the full story, as the way these statistics are reported is often too simplistic.

What we're seeing is a real demand for property in the £400,000 to £700,000 bracket, which is really driving the average price up. We're seeing movement at the top end, too, but perhaps not quite so pronounced. At the lower end of the market, however, you could argue that there's not been a great deal of change in 13 years.

According to the latest data obtained from the Greffe, the median price of the 20 local market flats sold

in March 2021 was £277,875, which is less than some months in previous years, going all the way back to 2008.

We recently saw a flat conveyed at the same price as it was bought for in 2008. There has been less activity at the lower end of the market, which is good news if you're a first-time buyer looking at that price bracket. Talk of a local market boom can be quite disheartening but the truth is that properties at the more affordable end of the market are still available.

Unofficial figures show a fall in overall sales activity in the first quarter of this year, with sales at their lowest quarterly level for many years. There are a number of possible reasons for this, including the fact that the courts were closed for all but essential business for a couple of months and estate agents reporting a shortage of properties for sale.

There are, potentially, a lot of new housing developments on the horizon in Guernsey. Development Frameworks for sites such as the Pointues Rocques development suggest it may be suitable for 75 to 125 dwellings, and the Belgrave project could see anything between 100 and 300 units of accommodation built. New housing inevitably has an impact on the market - if you introduce new properties to the market, buyers have more choice and that means property prices see an adjustment downwards.

The rise in average house prices comes as no surprise and, in fact, is not even a local phenomenon, with property markets in Jersey and across the UK having also experienced a surge in activity and similar increases in prices.

Quite simply, lockdowns have resulted in people reassessing their housing needs and wants. But prices at the first-time buyer end of the market haven't changed much, or at all, so they still remain attainable for those looking to get their foot on the ladder. As the impact of lockdown on the economy unfolds and restrictions lift, it's going to be an interesting year for the local market. But it's always worth reading between the lines before taking the headlines at face value.

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