

# Guernsey Annual Supplementary Property Bulletin

2016

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The Guernsey Annual Supplementary Property Bulletin provides a comparison of average Local Market residential property rental and purchase prices.



States of Guernsey  
Data and Analysis

## 1.1 Introduction

This Supplementary Bulletin provides a comparison of average Local Market property rental and purchase prices. It has been published annually since 2011.

The data compiled on the island's housing stock since 2010 (which is available in the **Annual Housing Stock Bulletin**), combined with additional regular collection of data regarding the properties available to rent, has enabled the development of new methods for calculating and comparing average purchase and rental prices.

## 1.2 Headlines

- The rental index (see **page 3** for a definition and more detail on the methodology used) was 2.7% lower in 2016 than in 2015.
- The purchase price to earnings ratio decreased to 13.1 in 2016, from 13.7 a year earlier, as house prices, on average, declined during 2016 whilst median earnings increased.
- The rent to earnings ratio fell from 0.48 in 2015 to 0.45 in 2016, as rental prices also declined.
- In 2016, the highest of turnover of purchased properties (at 3.5% of the total stock of that property type) was in two bedroom houses.
- The total turnover of purchased Local Market properties in 2016 was 2.6%, which was 0.1 percentage points higher than in 2015.

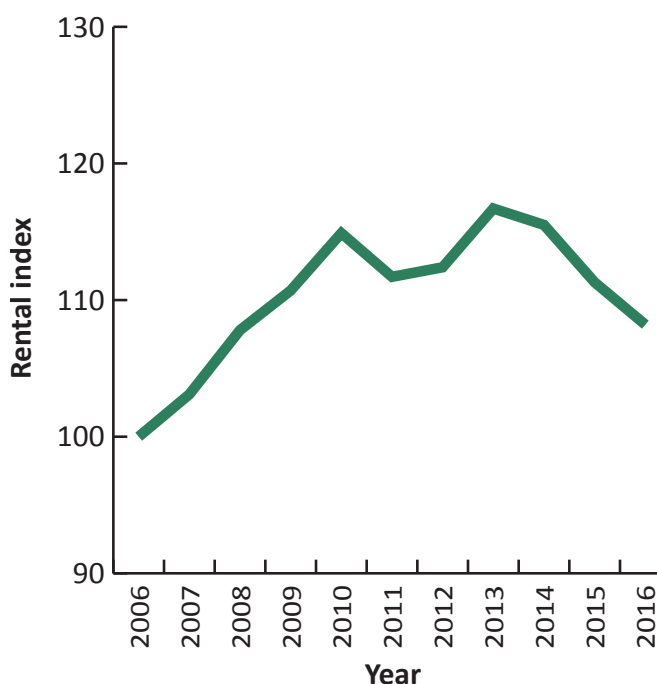
## 2.1 Local market rental index

Since the start of 2010, data on local market private rental properties has been regularly collected from web and classified adverts (including managed properties).

The breakdown of average purchase and rental prices of properties by type and number of bedrooms is shown in **Figures 3.1.1** and **3.1.2** (see **page 4**) for 2012 to 2016. Each shows the average prices of the component categories which, when combined with information on the island's property stock, are used to calculate average, mix adjusted rental and property purchase prices (see the **Quarterly Residential Property Prices Bulletin** for more detail on purchase prices).

The mix adjusted method has been used to calculate the change in the rental index (shown in **Table 2.1.1** and **Figure 2.1.1**) since 2010. The annual changes in the rental index prior to 2010 were calculated using a different source of rental data.

**Figure 2.1.1 Rental index**



**Table 2.1.1 Rental index**

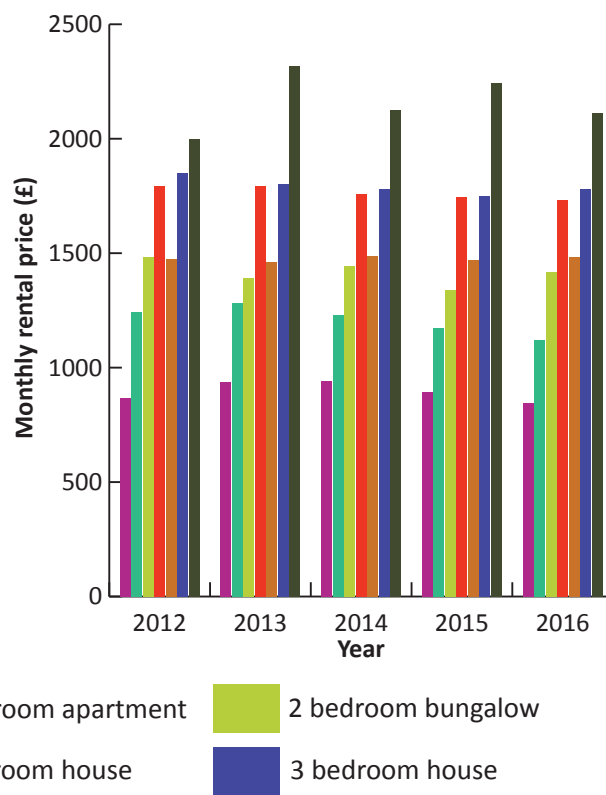
	Rental index	Annual % change
2006	100	-
2007	103.1	3.1
2008	107.8	4.6
2009	110.7	2.7
2010	114.9	3.9
2011	111.7	-2.9
2012	112.4	0.7
2013	116.7	3.8
2014	115.5	-1.0
2015	111.3	-3.6
2016	108.2	-2.7

### 3.1 Local market rental and purchase prices by type and number of bedrooms

**Figure 3.1.1 Annual average purchase prices by type and number of bedrooms**



**Figure 3.1.2 Annual average monthly rental prices by type and number of bedrooms**



The breakdown of average purchase and rental prices of properties by type<sup>1</sup> and number of bedrooms is shown in **Figures 3.1.1** and **3.1.2** for 2012 to 2016. Each shows the average prices of the component categories which, when combined with information on the island's property stock, are used to calculate average, mix adjusted rental and property purchase prices (see the **Quarterly Residential Property Prices Bulletin** for more detail on purchase prices).

**Figure 3.1.1** shows that average purchase prices for all property types and bedrooms, with the exception of two bedroom apartments, have decreased between 2015 and 2016. In the rental market, as shown in **Figure 3.1.2**, growth in average prices has been seen amongst two bedroom bungalows and two and three bedroom houses.

It should be noted that these prices are based on relatively small sample sizes and, as such, fluctuations due to the changes in mix of size, quality or location of properties in each category are unavoidable.

These prices are not intended to imply the value of any given property, but to reflect historic average values and changes. Many factors, including location and quality, determine the actual value of individual properties.

<sup>1</sup> Please see the **Annual Housing Stock Bulletin** for definitions of the different type categories used.

## 4.1 Local market rental and purchase price ratios

**Table 4.1.1** provides the ratios of both the mix adjusted average rent (per calendar year) and the mix adjusted purchase price (of Local Market properties only) to median annual earnings, as published in the **Quarterly Population, Employment and Earnings Bulletin**. The mix adjusted average rent was calculated for the first time in 2010. In order to give an impression of the trend in the ratio, the average rent has been calculated using changes in the rental index for the years prior to 2010. Similarly, the purchase prices used in these calculations for the years prior to 2009 use the changes in previously published residential property prices.

The trends are shown graphically in **Figure 4.1.1**. It can be seen that the purchase price to earnings ratio trended upwards over the five years ending in 2014, i.e. house purchase prices increased at a faster rate than earnings. The ratio decreased from 15.2 in 2014 to 13.7 in 2015 and then to 13.1 in 2016.

The rent to earnings ratio has shown a generally downward trend since 2013. It decreased from 0.50 in 2014 to 0.48 in 2015 and 0.45 in 2016.

**Table 4.1.1** also provides the ratio of the mix adjusted average rent (per calendar year) to the mix adjusted purchase price. This measure gives a direct comparison of trends in rent and purchase prices (shown in **Figure 4.1.2**). The trend in this ratio had been upward over the five years ending in 2012. After a drop in 2013 it increased again in 2014. The ratio decreased between 2014 and 2016 to 28.8, indicating that purchase prices decreased at a faster rate than rental prices in that time.

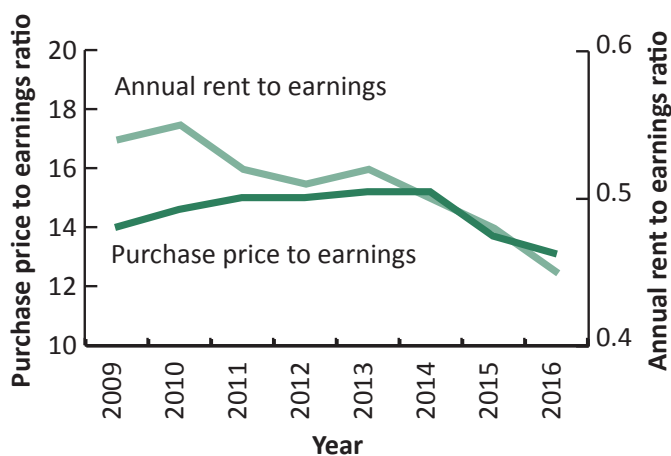
There is no international standard methodology for the calculation of these figures, so their values may not be directly comparable with other jurisdictions. The trends in these figures are more noteworthy than the actual values.

**Table 4.1.1 Local market annual rent to earnings, purchase price to earnings\* and purchase price to annual rental ratios**

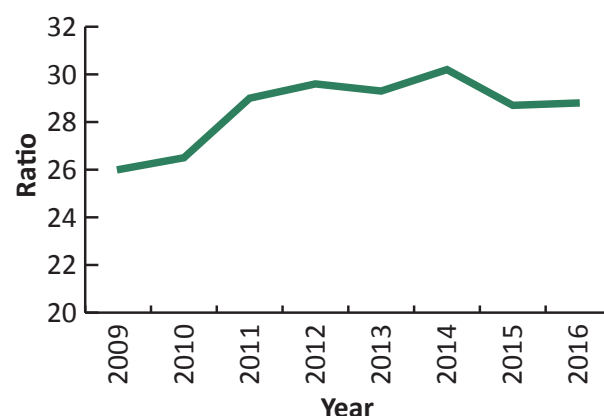
	Annual rent to earnings ratio	Purchase price to earnings ratio	Purchase price to annual rent ratio
2009	0.54	14.0	26.0
2010	0.55	14.6	26.5
2011	0.52	15.0	29.0
2012	0.51	15.0	29.6
2013	0.52	15.2	29.3
2014	0.50	15.2	30.2
2015	0.48	13.7	28.7
2016	0.45	13.1	28.8

\*Please note that median earnings figures were restated in 2016 so this time series has been restated since previous versions of this bulletin

**Figure 4.1.1 Local market annual rent to earnings and purchase price to earnings ratios**



**Figure 4.1.2: Local market purchase price to annual rent ratio**

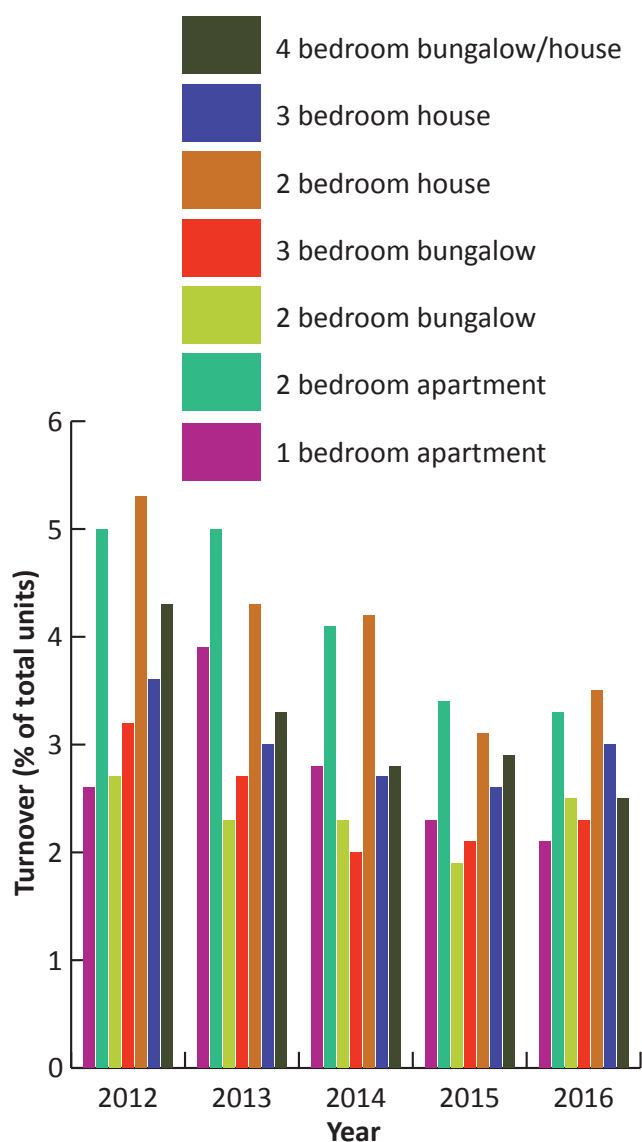


## 5.1 Local market turnover

**Table 5.1.1 Turnover (no. transactions as percentage of island housing stock) by type and number of bedrooms**

	Percentage of total units by type and number of bedrooms							
	Apartment		Bungalow		House		Bungalow/house	Total
	1	2	2	3	2	3	4	
2011	3.7%	5.2%	3.3%	3.2%	6.6%	4.3%	3.9%	4.0%
2012	2.6%	5.0%	2.7%	3.2%	5.3%	3.6%	4.3%	3.7%
2013	3.9%	5.0%	2.3%	2.7%	4.3%	3.0%	3.3%	3.3%
2014	2.8%	4.1%	2.3%	2.0%	4.2%	2.7%	2.8%	2.8%
2015	2.3%	3.4%	1.9%	2.1%	3.1%	2.6%	2.9%	2.5%
2016	2.1%	3.3%	2.5%	2.3%	3.5%	3.0%	2.5%	2.6%

**Figure 5.1.1 Turnover (no. transactions as percentage of island housing stock) by type and number of bedrooms**



As the make up of the island's housing stock is known (see the [Annual Housing Stock Bulletin](#)), it is possible to monitor the turnover of purchased properties as a proportion of the island's total stock. [Table 5.1.1](#) and [Figure 5.1.1](#) show the turnover of particular categories of property by type and number of bedrooms.

The total turnover (of the categories shown in [Table 5.1.1](#)) in 2016 was 2.6%, compared with 2.5% in 2015.

In 2016, two bedroom houses saw the highest turnover at 3.5%, 0.4 percentage points higher than in 2015. Between 2010 and 2016, two bedroom houses accounted for the highest percentage turnover by category each year, with the exception of 2013 and 2015.

Two bedroom apartments accounted for the second highest percentage turnover in 2016 at 3.3%, and the highest percentage turnover in 2015 at 3.4%.

One and two bedroom apartments and four bedroom bungalows/houses recorded drops in the number of transactions as a percentage of the island's total housing stock between 2015 and 2016.

## 5.1 Further information and contact details

You may also be interested in other publications from States of Guernsey Data and Analysis Services, which are all available online at [www.gov.gg/data](http://www.gov.gg/data). Please contact us for further information.

E-mail: [dataandanalysis@gov.gg](mailto:dataandanalysis@gov.gg)

Telephone: (01481) 717292

Write / visit: Data and Analysis  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
Guernsey  
GY1 1FH



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go to [gov.gg/data](https://gov.gg/data)