

Legal Review



HOUSING MARKET REVIEW - FOUR YEARS ON

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In the last edition of this Review for 2002, I gave my predictions for the future of Guernsey's housing markets.

I recently met Matthew Henry, Managing Director of Swoffers, to obtain his comments on the accuracy of my forecasts. There follows a summary of what I predicted and Matthew's explanation of what has happened.

OPEN MARKET

1. Lower Value

I said that properties worth up to £500,000 would continue to be in demand causing an inflationary effect on prices.

Matthew has confirmed this. A property that sold for £500,000 four years ago would now fetch around £750,000. As well as licence holders who cannot renew their short term licence and therefore move to the Open Market, there has been an influx of people moving to Guernsey for quality of life reasons, including younger families who cannot afford the more expensive Open Market properties.

2. Mid Value

These properties would now be classified as being worth between £1 million and £2 million.

I predicted that there was likely to be an increase in prices over the next few years, possibly due to an increased tax burden on UK residents.

Matthew confirmed that prices have increased, although only to any great extent during the past two years. This is partly due to an increase in the number of Open Market residents moving from one property to another, having decided that they wish to remain here permanently.

3. Higher Value

I said that I could not foresee a great deal of change in this section of the market due to the comparatively small number of properties involved.

Matthew commented that the last twelve to eighteen months have seen a considerable amount of interest and activity with significant numbers of properties changing hands compared to the previous three years.

As a general comment on the Open Market he observed that over the last five years prices have not risen as quickly as those of properties in the south of England. This has resulted in more people being able to afford Open Market properties.

In addition, there has been a noticeable increase in the number of people arriving in the Island for quality of life reasons rather than tax advantages.

LOCAL MARKET

1. Lower Value

I said that the residential building programme over the next two years would create a significant number of additional units leading to a stabilising effect on prices.

Matthew agreed with this in the case of apartments but considers that there has been a marked increase in the price of lower value houses for supply reasons.

2. Higher Value

I forecast a continued demand with resulting price increases. Matthew confirmed this to be the case. There is a noticeable lack of properties worth over £500,000 available to purchase and a large number of willing cash buyers.

Local Market prices generally have increased by around 8% during this year alone.

Matthew's overall comment was that my predictions would have been fairly accurate two years ago but during the last two years there has been a significant uplift in most sections of both Local and certain sections of the Open Market.

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