COLLAS CRILL

2023: Review of the Guernsey property market

JANUARY 2024

It is no secret that the island has seen some exceptional activity in its property market over recent years (as has been the case across the globe). Against a climate of higher interest rates and tighter lending, 2023 represented a consolidation and 'return to the norm' for activity.

Let's turn to the figures[1]:

Property transactions

2023 saw over half a billion pounds of property conveyed, with some £550m worth of property changing hands in the year (this is the 7th highest total value since 2000). This total is some £300m lower than last year, but it is important to remember that 2020-2022 were very much stand out years.

Whilst values remained high, the **number of transactions declined.** There was a total of 659 arms' length transactions completed, with the Local and Open Markets accounting for 607 and 52 of these transactions, respectively.

The **Open Market saw reduced activity.** However the number of transactions remained above the figures for 2011 – 2017. It is also interesting to note that the **median average**[2] house price on the Open Market increased by over 60%.

Looking at the **Local Market**, the median average:

- **house price** stood at **£634,695** for the year. This represents a decrease of 4.94% on the 2022 median average, but does follow two successive years of unusually high double-digit growth; and
- **apartment/flat price** stood at **£357,891** for the year, seeing an increase of 3.15% against the 2022 median average.

Turning to the **Open Market**, the median average:

- **house price** stood at **£2,434,083** for the year. This represents an increase of 62.3% on the 2022 median average; and
- **apartment/flat price** stood at **£1,179,750** for the year, seeing a decrease of 23.5% against the 2022 median average.

It is important to remember that, owing to the more limited stock, prices on the Open Market are subject to greater fluctuation than the local market and significant transactions can distort the figures.

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Lending

A total of **£392,361,498 was lent** against Guernsey property in 2023. This is almost £200m lower than last year (which itself represented a similar decline from 2021).

Lloyds Bank International remained the island's most active lender, with a total of £109,558,531 being lent across 284 transactions.

The Island's **top-three lenders were high-street banks, Lloyds, HSBC and RBSI** (NatWest International) which accounted for over 60% of activity.

Investec Bank was the fourth most active lender and the most active of the private banks in local secured lending.

The outlook for 2024

Paul Nettleship, Partner and head of Collas Crill's Guernsey Real Estate team said:

'To quote Mark Twain, there are 'lies, damned lies and statistics' – perhaps a trite aphorism, but one that holds true. In our review of 2022, I predicted a 'back to normal' 2023 following a very busy 2022 (and a heated post-pandemic market in 2020/2021).

Therefore whilst one could look at the low number of sales and lending in isolation, it was inevitable that the market would correct itself following an unsustainable market surge in previous years.

However, the rise in interest rates heralded an end to cheap money, and this was undoubtedly the largest factor in the market's downturn.

The prediction for 2024? A slow building back of the market, which will be strongly influenced by interest rates and, for the open market, the upcoming UK general election may well play a role.'

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[1] Supplied by Unusualities of Guernsey

[2] The 'median average' is the average of each of the 12 months' median house prices

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