Jersey's Future Housing Needs 2019 - 2021

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Summary

Based on the intentions of households, and before applying affordability criteria, over the three-year period from 2019 to 2021:

- before the supply of new dwellings, there is an overall anticipated shortfall of 2,750 dwelling units
- there is a potential shortfall of around 1,830 units in the owner-occupier sector; in particular, there is a large potential shortfall of 3-bedroom properties in this sector
- under current migration trends, there is a potential shortfall of around 600 units of registered accommodation; in particular, there is a potential shortfall of 2-bedroom properties in this sector
- the previous round of this survey (relating to 2015-2018) recorded a potential surplus of registered accommodation; the latest potential shortfall has been largely driven by recent levels of migration

In respect of net migration:

- the potential surpluses and shortfalls in the qualified tenures of accommodation are impacted less by the level of net inward migration during the next three years, than registered accommodation
- a level of net inward migration of around +500 people per year results in a potential net nil provision of registered accommodation over the next three years
- a level of net inward migration of around +700 people per year results in a potential shortfall of almost 300 registered accommodation units over the next three years

In respect of affordability - applying practical affordability criteria (using lower quartile property prices):

- reduces the levels of the potential shortfalls in the owner-occupier sector implied by expressed intention alone
- in particular, the shortfall of 2- and 3-bedroom owner-occupier properties is substantially reduced

Overview

This report provides estimates of Jersey's potential housing requirements for the three-year period 2019 to 2021 in terms of the type, tenure and size of dwelling unit.

The analysis contained in this report includes demographic changes based on household projections and intentions of households based on a set of questions included in the 2018 round of the Jersey Opinions and Lifestyle Survey. The following issues are presented and discussed:

- estimates of potential:
    - demand by size, type and tenure of dwelling
    - supply (by size, type and tenure) from the existing dwelling stock
    - shortfalls or surpluses by size, type and tenure
- the effect of net migration on housing requirement[1]
- affordability in terms of property purchase price and household income

This study provides a detailed picture of supply and demand resulting from the stated intentions of households in mid-2018.

[1] A net inward migration of +1,000 people per year into the Island is used as the baseline for this report, as this level is similar to that observed in recent years: Jersey Resident Population 2017 estimate

Section 1: Type and size of dwelling unit

The potential surpluses and shortfalls within each category of dwelling are shown in Table 1. The overall net shortfall of 2,680 dwelling units comprises shortfalls in all property types, except for a small surplus in 4- or more bedroom houses.

Table 1 – Surpluses and shortfalls (supply-demand) by type and size of dwelling, three-year totals[2]

Type / size		Total supply	Total demand	Surplus	(Shortfall)
Flat	1 bed	3,960	4,270	…	(310)
	2 bed	1,810	1,910	…	(100)
	3 bed or more	300	350	…	(40)
House	1 bed	460	780	…	(320)
	2 bed	960	1,880	…	(920)
	3 bed	1,650	2,710	…	(1,060)
	4 bed or more	1,220	1,140	70	…
	Total	**10,360**	**13,040**	**70**	**(2,750)**

From the perspective of type and size of dwelling, Table 1 shows that over the next three years:

- the sum of all potential shortfalls is around 2,750 dwelling units
- there is a large potential shortfall of 2- & 3- bedroom houses
- the only potential surplus is of around 70 units for 4- or more bedroom houses

Tables 2 and 3 present the estimated potential housing supply and demand, respectively, over the next three years (2019-2021).

Table 2 - Supply by type and size of dwelling; three-year totals

Type / size		Existing	Leaving	Death & care	Total
Flat	1 bed	2,150	1,350	460	3,960
	2 bed	1,160	470	180	1,810
	3 bed or more	160	110	30	300
House	1 bed	320	80	70	460
	2 bed	630	180	150	960
	3 bed	990	370	290	1,650
	4 bed or more	820	260	140	1,220
	Total	**6,220**	**2,820**	**1,320**	**10,360**

[2] In the tables presented in this report, all numbers have been rounded independently to the nearest 10; Individual rows or columns may, therefore, not sum to totals. Numbers contained within brackets are negative.

Table 3 - Demand by type and size of dwelling; three-year totals

Type / size		Existing	Concealed	In-migrant	Total
Flat	1 bed	1,040	970	2,260	4,270
	2 bed	680	580	640	1,910
	3 bed or more	130	50	170	350
House	1 bed	140	520	120	780
	2 bed	1,220	430	230	1,880
	3 bed	2,060	260	390	2,710
	4 bed or more	710	100	340	1,140
	Total	**5,980**	**2,920**	**4,140**	**13,040**

In overall terms, the total potential supply of all dwellings over the next three years is some 2,680 less than the total potential demand.

Over the next three years, over two-thirds (68%) of the total potential demand is from households planning to move within Jersey.

Under current migration trends, in-migrant households will account for around a third (32%) of total demand over the next three years and, in particular, for over half (53%) of the demand for 1-bedroom flats.

Section 2: Tenure and size of dwelling unit

The previous section presented an analysis in terms of the type and size of dwellings.

In order to understand and identify in more detail where surpluses and shortfalls may potentially occur, it is necessary to examine the results in terms of the tenure of dwellings.

Table 4 – Surpluses and shortfalls (supply-demand) by tenure and size of dwelling, three-year totals

Tenure / size	Owner-occupier	Social housing	Entitled / licensed private rental	Registered accommodation	Total
1 bed	(230)	(190)	0	(210)	(630)
2 bed	(520)	0	20	(520)	(1,020)
3 bed	(960)	90	(240)	30	(1,090)
4 bed or more	(130)	0	80	100	60
Total	**(1,830)**	**(100)**	**(140)**	**(600)**	**(2,680)**

Table 4 indicates that the majority of the potential shortfalls over the next three years are within the owner-occupier sector. The largest shortfall being in owner-occupier 3-bedroom properties, with a total shortfall of around 960 units.

Figure 1 below presents a visual representation of the potential surpluses and shortfalls shown in Table 4:

Figure 1 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals

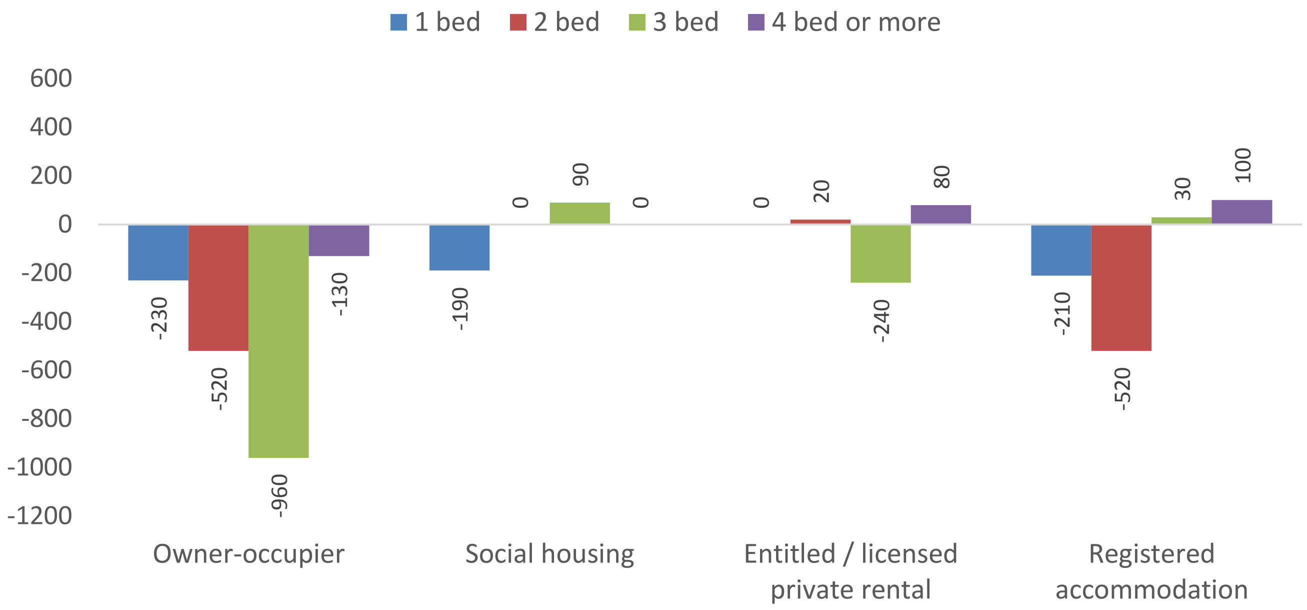


Table 5 presents the potential shortfalls and surpluses in the qualified sector (available to those with Entitled or Licensed residential qualifications) of Table 4 broken down into flats and houses.

Table 5 – Surpluses and shortfalls by flat and house in the qualified sectors; three-year totals

Tenure/Size	Owner-occupier		Social housing		Entitled / licensed private rental	
	Flat	House	Flat	House	Flat	House
1 bed	(200)	(20)	(40)	(150)	120	(120)
2 bed	(170)	(350)	100	(100)	190	(170)
3 bed	(60)	(900)	10	80	40	(280)
4 bed or more	0	(130)	0	0	0	80
Total	**(440)**	**(1,390)**	**60**	**(160)**	**350**	**(490)**

From Table 5 it is apparent that:

- potential shortfalls occur for almost all sizes of houses and flats in the owner-occupier sector and in particular there is a shortfall of 900 3-bedroom houses in this sector
- in the social housing sector the overall supply is essentially the same as the potential demand, but there is a potential shortfall of 150 1-bedroom houses
- in the entitled / licensed private rental sector there is a potential shortfall of 280 3-bedroom houses, however there is a potential surplus of 190 2-bedroom flats

Section 3: Effect of migration

Under current migration trends, during the next three-year period (2019-2021):

- around a third (32%) of the total demand for housing will be from in-migrant households who arrive in the Island in these three years
- seven-tenths (70%) of the demand from such newly arriving in-migrant households will be focussed in the registered sector, corresponding to about 2,890 units
- almost three-fifths (57%) of newly arriving in-migrant households will live in 1-bedroom accommodation, predominantly in the registered sector

Any changes in net migration, different to current trends, will principally affect the levels of the potential shortfalls or surpluses in registered accommodation, and particularly of 1-bedroom properties.

Although there is also demand from in-migrant households for accommodation in the qualified tenures (primarily from licensed households), **the potential shortfalls and surpluses in the owner-occupier, social housing and entitled / licensed private rental tenures are relatively insensitive to the level of net migration in the short-term , when compared with the registered category.**

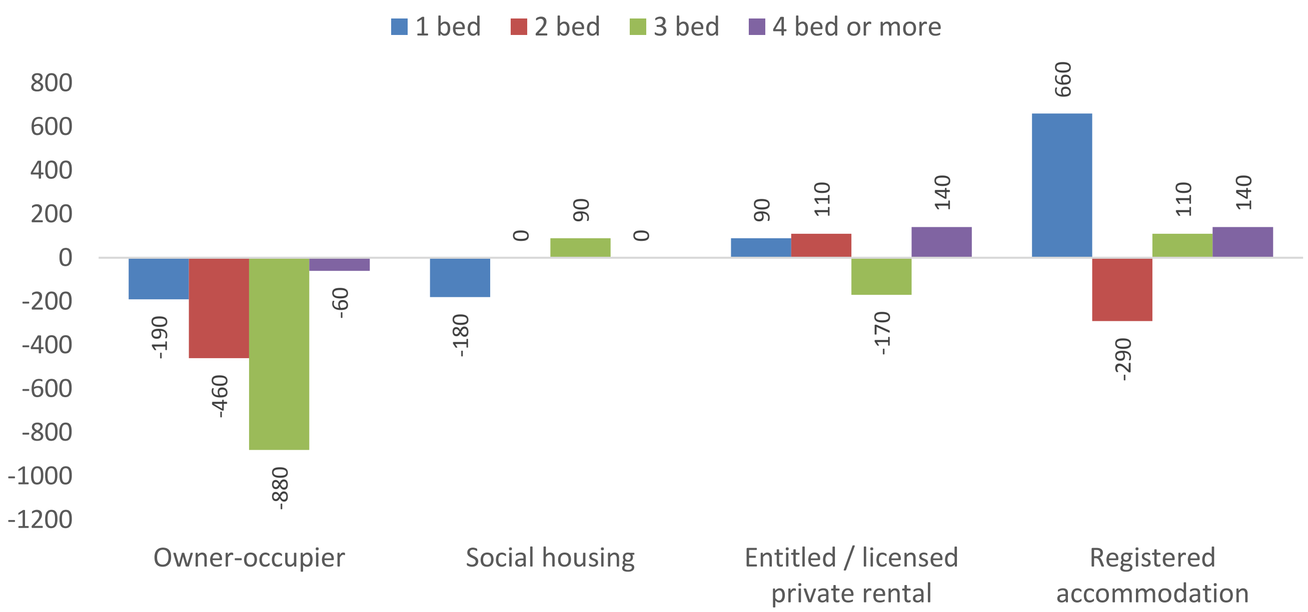
Below we present four different scenarios for migration during the next three years, representing three reductions and an increase in inward migration.

Under a net nil per annum migration scenario:

- there is an overall surplus of around 610 units in the registered sector, particularly 1-bedroom accommodation, however there is still a shortage of 2-bedroom accommodation in this sector

- the potential shortfalls in owner-occupier accommodations are only slightly lower than those apparent under current migration trends

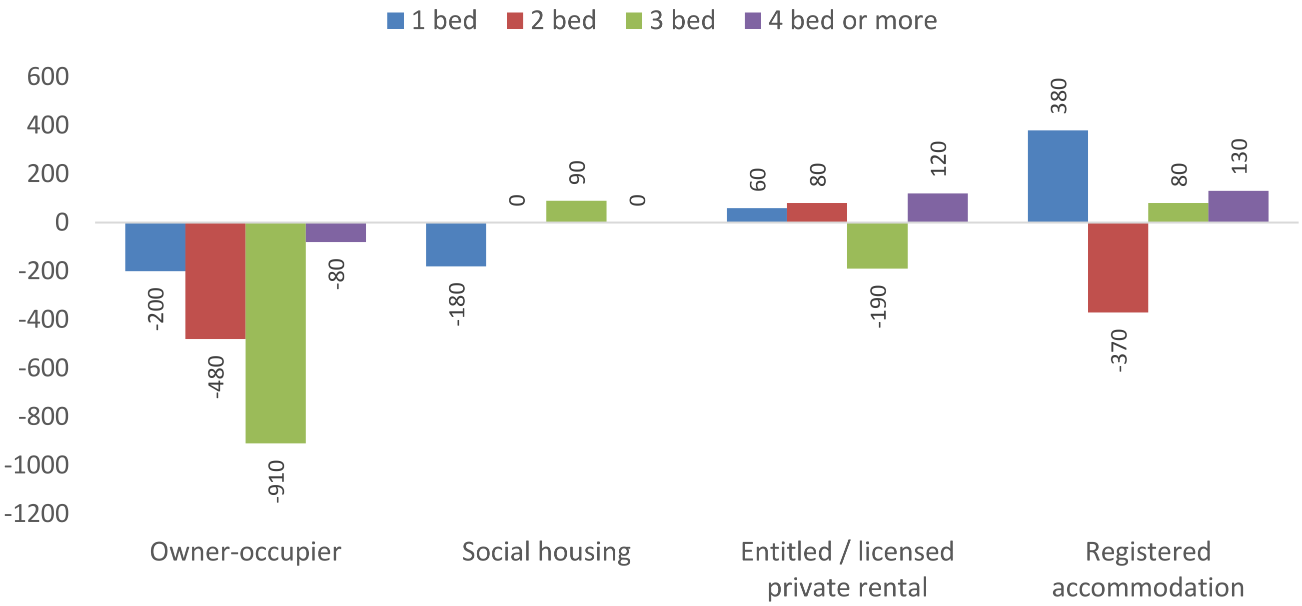
Figure 2 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals under net nil migration



Under a +325 person per annum net migration scenario:

- the overall surplus of the registered sector decreases to around 210 units, with a particularly large decrease in 1-bedroom accommodation units

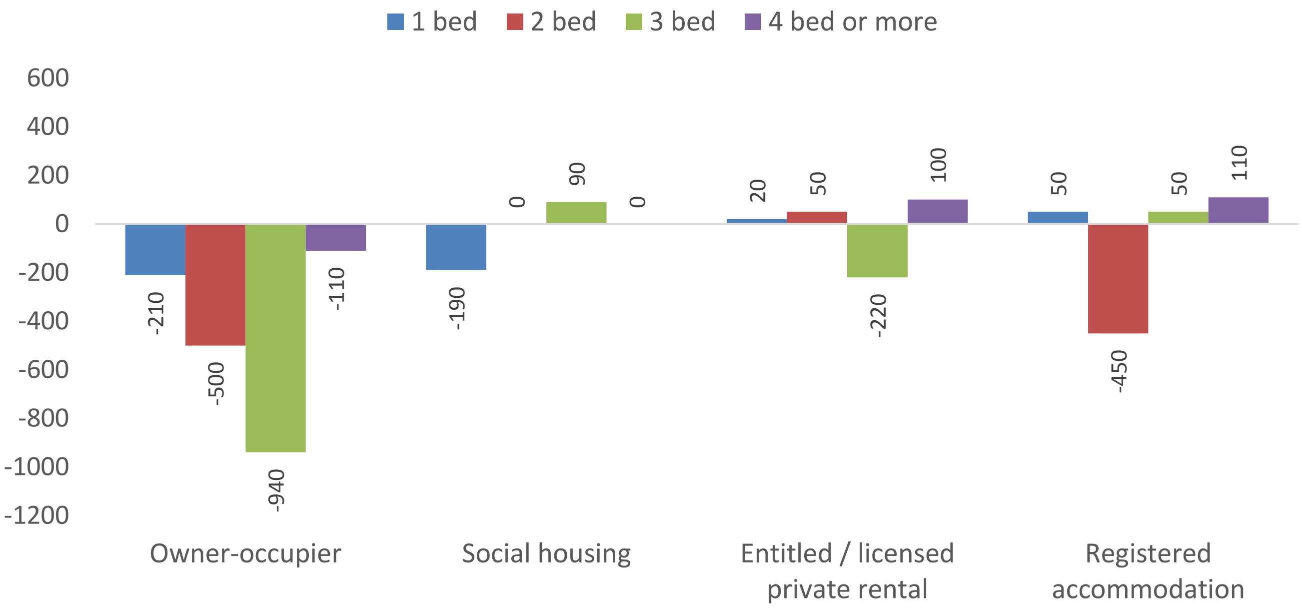
Figure 3 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals under +325 net migration



Under a +700 person per annum net migration scenario:

- the supply of registered 1-bedroom units is almost insufficient to meet the demand for such properties and there is now an overall shortfall of around 240 units for registered accommodation

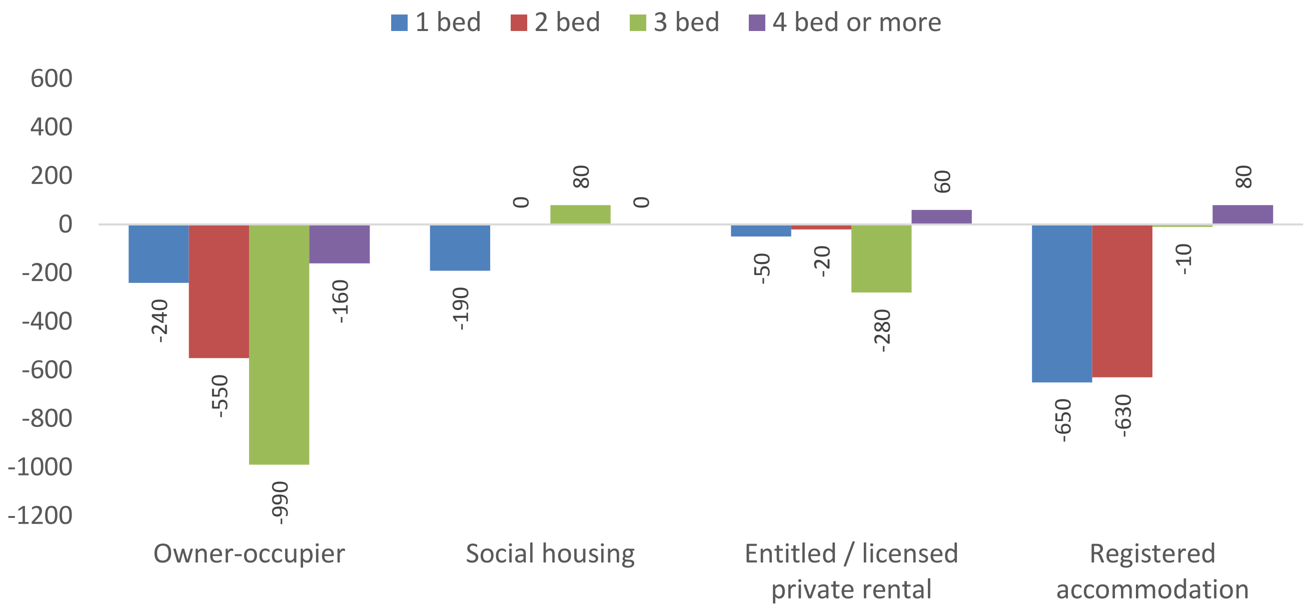
Figure 4 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals under +700 net migration



Under a +1,500 person per annum net migration scenario:

- the supply of registered units becomes insufficient to meet the demand for all property sizes, excluding 4-bedroom properties, and there is now a large shortfall of around 1,210 units for registered accommodation.
- the potential shortfalls in owner-occupier accommodation are only marginally higher than those apparent under current migration trends

Figure 5 - Surpluses and shortfalls by tenure and size of dwelling; three-year totals under +1,500 net migration



Section 4: Affordability

Some 4,550 current resident households (either existing or concealed) are estimated to be planning to move into, or move within, the owner-occupier sector in the next three years. Over three-quarters (77%) of such households are estimated to be intending to buy a property by means of a mortgage.

Table 6 shows that the proportion of concealed households who were planning to buy with a mortgage was essentially the same as that of existing households.

Table 6 - Households planning to purchase in the owner-occupier sector; three-year totals.

	Existing		Concealed	
	Number	**Percentage**	**Number**	**Percentage**
Buy with mortgage	2,460	76%	1,030	78%
Buy without mortgage	770	24%	280	22%
Total	**3,240**	**100%**	**1,310**	**100%**

An affordability analysis was conducted to assess whether the total income of households planning to purchase property, using a mortgage, was sufficient to purchase a flat or house of the size that they had indicated. This analysis is based on the ratio of household income to price of dwelling.

For the purposes of this analysis we have applied an affordability ratio of six to the potential shortfalls and surpluses shown in Table 4 (on page 3). After taking into account the available deposit indicated by respondents, households were removed from both the supply and demand analysis if the lower quartile price of the property they intended to purchase was more than six times their gross annual income. The only case where individuals were not removed from the analysis was if they were planning on moving out of registered accommodation, in this case if they could not afford to purchase they were assumed to rent entitled/licensed accommodation. The resulting surpluses and shortfalls are shown in Table 7.

Table 7 – Surpluses and shortfalls (supply-demand) by tenure and size of dwelling removing lower quartile property price to household income ratios greater than 6; three-year totals

Tenure / size	Owner-occupier	Social housing	Entitled / licensed private rental	Registered accommodation	Total
1 bed	(260)	(190)	(110)	(210)	(770)
2 bed	(250)	0	(90)	(520)	(850)
3 bed	(680)	90	(380)	30	(950)
4 bed or more	50	0	30	100	180
Totals:	**(1,140)**	**(100)**	**(550)**	**(600)**	**(2,390)**

Compared with the results of Table 4 (no affordability criteria applied), Table 7 shows a reduction in the shortfall within the owner-occupier tenure category, particularly 2-bedroom properties.

The most significant effects of the application of the affordability condition at the sector level are:

- owner-occupier: demand from existing and concealed households falls (from more than 5,000 to about 4,100 households), resulting in a reduced shortfall in this sector
- social housing: is largely unaffected, although as mentioned previously a limited number of those unable to purchase may require social housing, either to rent or buy through the affordable housing gateway
- entitled / licensed private rental: the previously seen shortfall of around 140 units is affected by a lack of supply of 1-, 2- and 3-bedroom properties, resulting in a shortfall of around 550 properties in this sector
- registered accommodation: there is no change in regards to registered accommodation

This analysis leads to an overall reduction of around 250 units in supply-demand, driven by concealed households not being able to afford to move. It is worth noting that these households will likely still have to move in the near future either to a property type that may not suit their needs or to social or entitled/licensed rental properties.

Section 5: Comparison with 2016-2018 housing needs assessment

In order to put the results of this assessment into further context, Table 8 provides a comparison of potential surpluses and shortfalls within each category of dwelling between the previous and current iterations of this report. It should be noted that in the previous report a baseline model of +500 net migration was used as this was similar to what was observed prior to 2015. Differences between the two rounds of the survey, particularly for 1- & 2-bedroom flats, are driven by the use of a +1,000 net migration baseline in this report.

Table 8 – Supply-Demand by type and size of dwelling, three-year totals for 2016-2018 and 2019-2021

Type / size		2016-2018		2019-2021	
		Surplus	**(Shortfall)**	**Surplus**	**(Shortfall)**
Flat	1 bed	180	…	…	(310)
	2 bed	180	…	…	(100)
	3 bed or more	…	(240)	…	(40)
House	1 bed	…	(70)	…	(320)
	2 bed	….	(1,140)	…	(920)
	3 bed	100	…	…	(1,060)
	4 bed or more	230	…	70	…
	Total	**690**	**(1,450)**	**70**	**(2,750)**

From Table 8 it is apparent that since the 2016-2018 assessment:

- the total potential shortfall has increased by approximately 1,300 dwelling units, around 600 of which are due to the different assumed migration scenarios
- there has been a move from small potential surpluses to shortfalls in 1- & 2- bedroom flats
- there has been a move from a small potential surplus to a large shortfall for 3-bedroom houses

Table 9, below, provides a similar comparison but examining the results in terms of the tenure of dwellings.

Table 9 – Supply-Demand by tenure and size of dwelling, three-year totals for 2016-2018 and 2019-2021

	Owner-occupier		Social housing		Entitled / licensed private rental		Registered accommodation	
Tenure / size	**2016-2018**	**2019-2021**	**2016-2018**	**2019-2021**	**2016-2018**	**2019-2021**	**2016-2018**	**2019-2021**
1 bed	(310)	(230)	120	(190)	240	0	70	(210)
2 bed	(780)	(520)	(120)	0	(260)	20	200	(520)
3 bed	(250)	(960)	20	90	100	(240)	10	30
4 bed or more	(50)	(130)	(20)	0	140	80	150	100
Total	**(1,390)**	**(1,830)**	**0**	**(100)**	**210**	**(140)**	**430**	**(600)**

From Table 9 it is apparent that since the 2016-2018 assessment:

- there has been an increase in the potential shortfall for owner-occupier properties, particularly in respect of 3-bedroom properties
- overall supply is nearly the same as the potential demand for social housing, but there is now a potential shortfall for 1-bedroom properties in this tenure category
- there is now potentially an overall shortfall of entitled / licenced private rental properties
- there is now potentially a large overall shortfall for registered accommodation, largely as a result of the increased trend level of inward migration in recent years

Notes

Demographic analysis

The Jersey Household Projections 2016 report is used along with death and care rates to analyse demographic changes over the next three-year period.

Migration

The numbers of potential inward and outward migrant households included in the main analysis are based on the recent trends in migration seen during the years 2015-2017. Over the next three-year period, 2019 to 2021, this corresponds to a net migration of approximately 3,000 individuals or 1,320 households.

Sample and response rate

As in the previous round of the housing needs survey, a set of questions relating to housing requirements over the next three-year period was included within the most recent Jersey Opinions and Lifestyle Survey (JOLS). A total of 3,480 households were randomly sampled, representing about 8% of all private households in Jersey. A response rate of 32% was achieved.

Survey data and weighting

Using information from the 2011 Census, the survey results from respondent households were weighted by tenure type and raised to the full Island total (“grossed up”).

Household

A household is defined as one person living alone or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room or sitting room or dining area.

Supply

The potential supply is based on the following categories of household:

- existing: dwelling units becoming available due to all members of existing households moving within Jersey
- leaving: dwelling units becoming available due to all members of existing households moving outside of Jersey
- death and care: dwelling units becoming available due to occupants dying or moving into extended care facilities

Demand

The potential demand is based on the following categories of household:

- existing: dwelling units required due to all members of existing households moving together within Jersey
- concealed: newly forming households (presently ‘concealed’ within existing households) emerging within the Island e.g. household members leaving their current home and establishing separate households; an adjustment is made to account for those households formed by members currently living in separate households in Jersey who are joining together to form a single household
- in-migrants: migrants arriving from outside Jersey to establish households

Supply of new dwellings

It should be emphasised that the supply component of this analysis does not include any new dwellings available at or completed since that time, nor any planned or approved developments.

Statistics Jersey
28 March 2019

Table A1 - Supply by tenure and size of dwelling; three-year totals

Tenure / size		Owner-occupier	Social housing	Entitled / licensed private rental	Registered accommodation	Total
Existing	1 bed	330	60	710	1,360	2,470
	2 bed	600	290	770	130	1,790
	3 bed	470	120	440	130	1,150
	4 bed or more	470	0	220	130	820
Leaving	1 bed	60	50	120	1,190	1,430
	2 bed	130	40	100	370	650
	3 bed	230	20	70	140	460
	4 bed or more	170	0	40	70	290
Death & Care	1 bed	90	290	110	40	530
	2 bed	230	50	50	10	340
	3 bed	280	10	10	0	310
	4 bed or more	130	0	10	0	140
Total supply	1 bed	490	400	940	2,590	4,420
	2 bed	960	380	920	510	2,770
	3 bed	980	150	520	270	1,920
	4 bed or more	770	0	270	200	1,250
	Total	**3,200**	**930**	**2,650**	**3,580**	**10,360**

Table A2 - Demand by tenure and size of dwelling, three-year totals

Tenure / size		Owner-occupier	Social housing	Entitled / licensed private rental	Registered accommodation	Total
Concealed	1 bed	470	250	520	260	1,490
	2 bed	480	150	250	130	1,020
	3 bed	260	0	50	0	310
	4 bed or more	100	0	0	0	100
Existing	1 bed	170	330	220	470	1,180
	2 bed	870	230	420	380	1,900
	3 bed	1,540	60	530	50	2,180
	4 bed or more	650	0	50	0	710
In-migrants	1 bed	80	10	210	2,080	2,380
	2 bed	120	10	220	510	870
	3 bed	140	10	180	190	520
	4 bed or more	150	0	130	100	380
Total demand	1 bed	710	590	950	2,800	5,050
	2 bed	1,480	380	890	1,030	3,790
	3 bed	1,940	60	760	250	3,020
	4 bed or more	900	0	180	100	1,180
	Total	**5,030**	**1,040**	**2,790**	**4,180**	**13,040**