

Statistics Jersey: www.gov.je/statistics

Annual Summary

In 2020:

- on a calendar year basis:
 - **the Jersey House Price Index was 5% higher than in 2019**
 - all property types saw their average price increase
 - all property types recorded their highest annual average price seen to date
 - **advertised private sector** rental prices were 4% higher than in 2019
- **turnover** of properties was 10% lower compared with 2019, due to decreased sales of flats (down by 19% on an annual basis)
 - this decrease in flat sales was driven by a decrease in sales of newly built properties, with around 180 fewer sold in 2020 compared with 2019
- **overall housing affordability** improved on an annual basis;
 - 3 and 4- bedroom houses were more affordable than in 2019
 - other property types were less affordable to purchase than in 2019
 - a working household with mean net income was able to service a mortgage affordably on the purchase price of a median-priced 1- or 2-bedroom flat
 - a working household with mean net income was not able to service a mortgage affordably on the purchase price of a median-priced house of any size

Quarterly Summary

In the fourth quarter of 2020:

- on a **rolling four-quarter basis**, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q4 2020 was 1% higher when compared with the previous quarter (year ending Q3 2020)
- on a **quarterly** basis:
 - the seasonally adjusted mix-adjusted average price was 6% higher than in the previous quarter and 6% higher than in the corresponding quarter of 2019 (Q4 2019)
 - 3- bedroom houses saw their mean price remain at a similar level to the previous quarter
 - all other property types saw an increase in their mean price compared to the previous quarter
 - all property types were at their highest mean price seen to date
- the **turnover** of properties was 20% higher than in Q4 2019 and 4% higher than in the previous quarter (Q3 2020)
- overall **housing market activity**, on a rolling four-quarter basis, was around 8% higher than in the previous quarter (Q3 2020) and 6% lower than in the corresponding quarter of 2019
- on a rolling four-quarter basis, **advertised private sector** rental prices were essentially unchanged during the year ending Q4 2020 compared with the year ending Q3 2020

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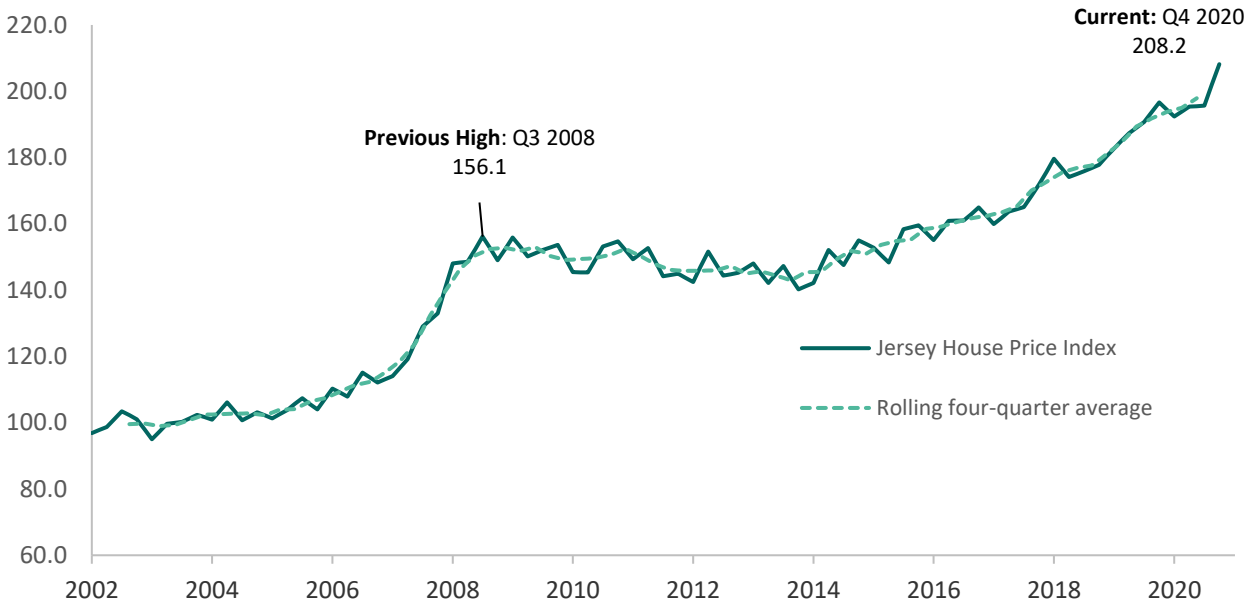
Overall mix-adjusted Index

The Jersey House Price Index measures the combined average price of 1- and 2-bedroom flats together with 2-, 3- and 4-bedroom houses. The index includes share transfer properties.

Figure 1 shows the Jersey House Price Index from 2002 to date on a non-seasonally adjusted basis and the rolling four-quarter average (see [Note 6](#) and [Appendix A](#)).

Figure 1 – Jersey House Price Index, Q1 2002 to Q4 2020

(2002 = 100; including share transfer properties and non-seasonally adjusted)



On a calendar year basis, the Jersey House Price Index in 2020 was 5% higher than in 2019.

On a rolling four-quarter basis, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q4 2020 was 1% higher when compared with the previous quarter (year ending Q3 2020).

On a quarterly basis, the *seasonally adjusted* mix-adjusted average price (see [Note 7](#)) in Q4 2020 was 6% higher than in the previous quarter and 6% higher than in the corresponding quarter of 2019.

Figure 2 shows the Jersey House Price Index in the more recent period from 2008 to 2020.

Figure 2 – Jersey House Price Index, Q1 2008 to Q4 2020

(2002 = 100; including share transfer properties and non-seasonally adjusted)

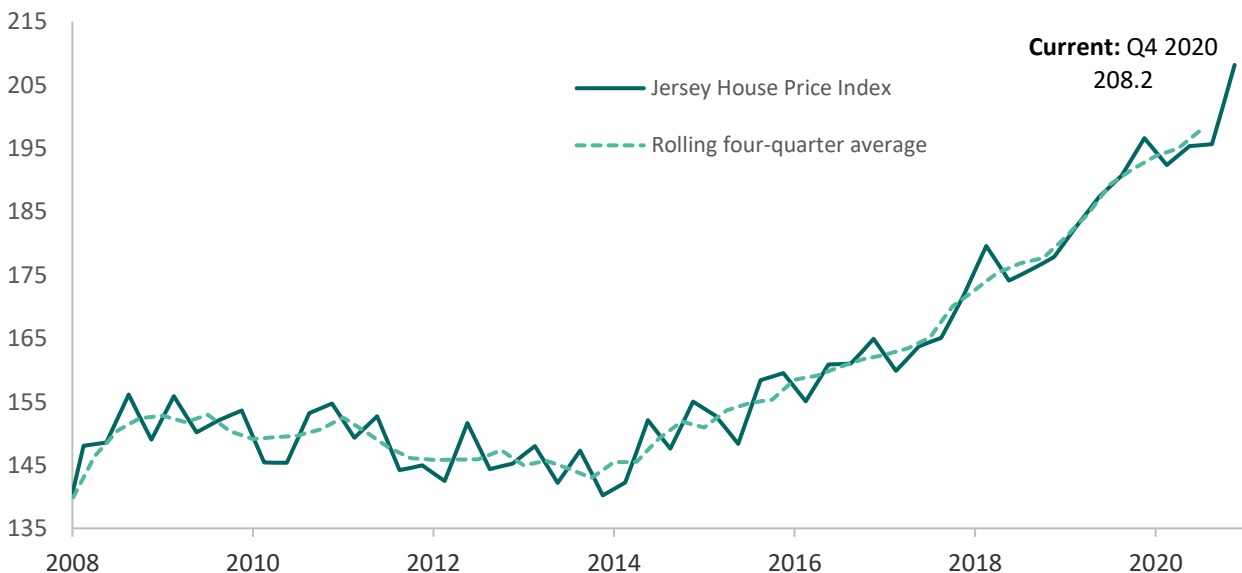
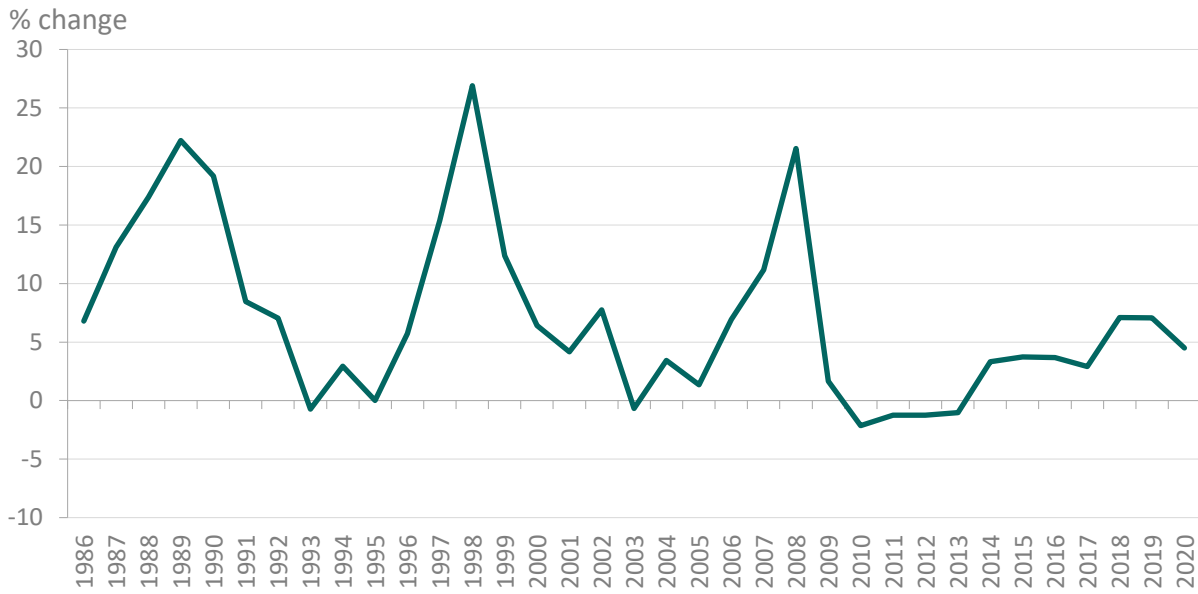


Figure 3 shows the overall property price changes in Jersey on a calendar year basis from 1986 to 2020.

Figure 3 – Annual percentage change in the Jersey House Price Index 1986-2020



As is apparent from Figure 3, property prices in Jersey have seen three periods of strong growth during the last three decades, with peaks in the annual rate of increase occurring in 1989, 1998 and 2008; each of these years recorded annual price increases of more than 20%.

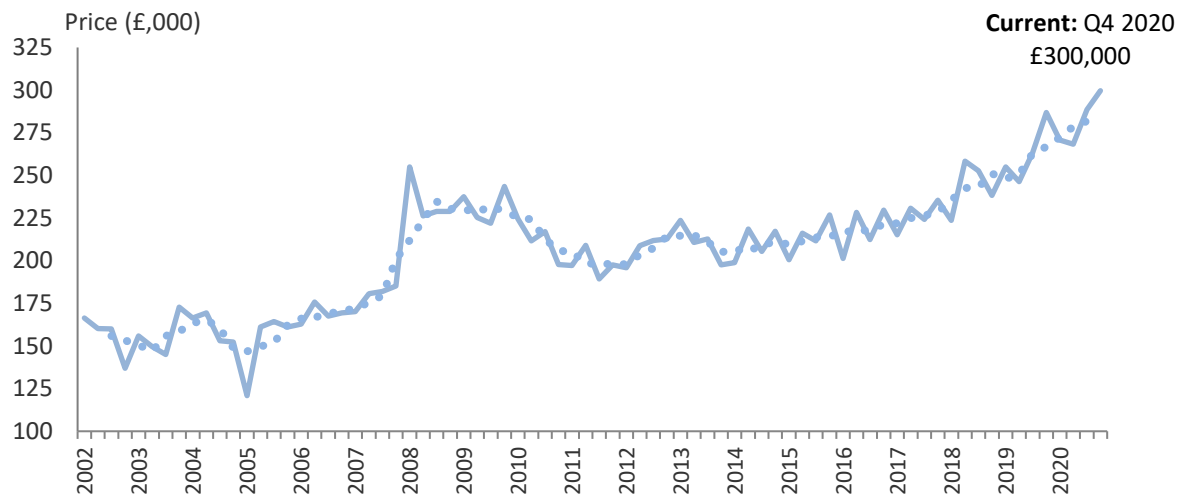
In the past, such peaks were followed by periods of lower rates of increase or, more recently from 2010 to 2013, by a period of decline in overall average price on an annual basis.

The latest annual rate of increase of the Jersey House Price Index (5%) was lower than seen in 2018 and 2019, but higher than seen in the period 2009-2017.

1-bedroom flats

The mean prices for 1-bedroom flats are shown in Figure 4.

Figure 4 – Mean prices (£,000) for 1-bedroom flats, Q1 2002 to Q4 2020



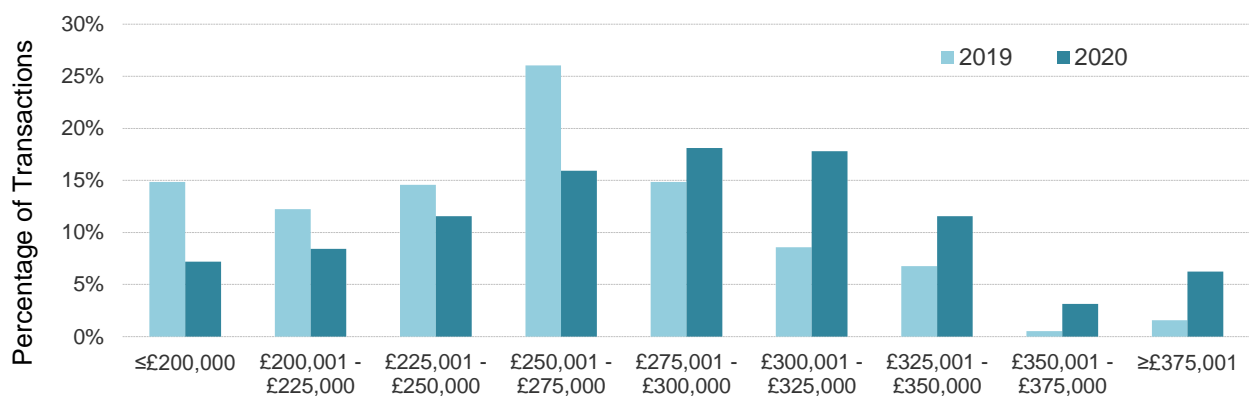
Following a sharp increase in mean prices in early 2008, the remainder of 2008 and 2009 saw the mean price of 1-bedroom flats remain essentially stable at around £230,000. During 2010 and 2011 the mean price of this property type decreased, largely due to an increase in turnover of lower priced share transfer properties. Since that time, the mean price has increased, with the annual average in 2020 being £285,000.

The mean price of 1-bedroom flats sold in the latest quarter was **£300,000**, which was £11,000 higher than in the previous quarter (Q3 2020) and was the highest mean price seen to date.

The *median* price of 1-bedroom flats sold in the latest quarter was £311,000.

Figure 5 shows the distribution of prices for these properties sold in 2019 and 2020.

Figure 5 – Price distributions for 1-bedroom flats, 2019 and 2020



The largest volumes sold in 2020 were in the £275,001 - £300,000 (18% of transactions) and £300,001 - £325,000 (18% of transactions) price brackets.

Table 1 – Mean prices for 1-bedroom flats

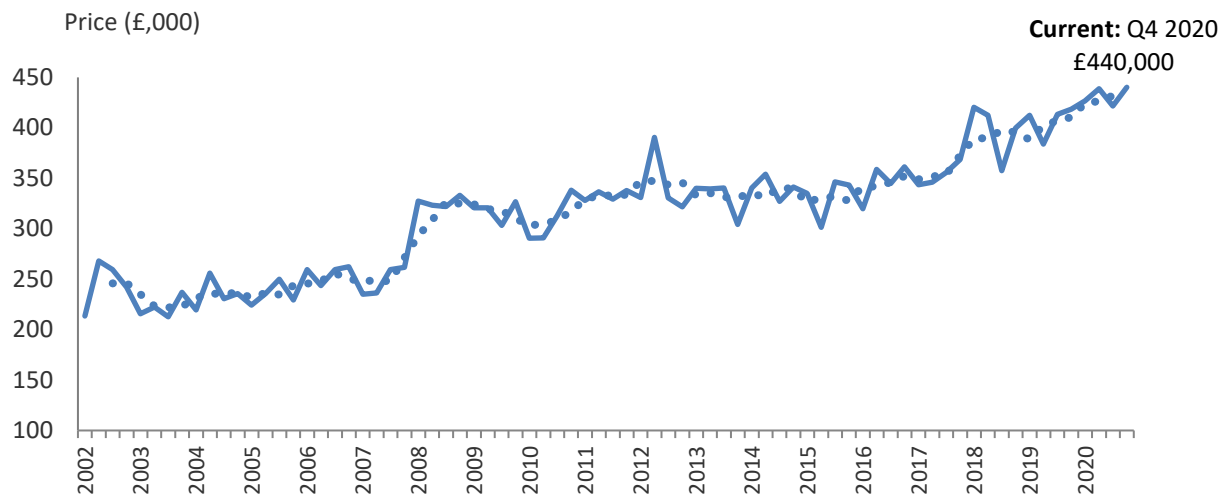
1-Bed Flats	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	215	231	224	235	224	258	253	238	255	246	263	287	271	268	289	300

The Q4 2020 mean price has a 95% confidence interval of ± £10,000

2-bedroom flats

The mean prices for 2-bedroom flats are shown in Figure 6.

Figure 6 – Mean prices (£,000) for 2-bedroom flats, Q1 2002 to Q4 2020



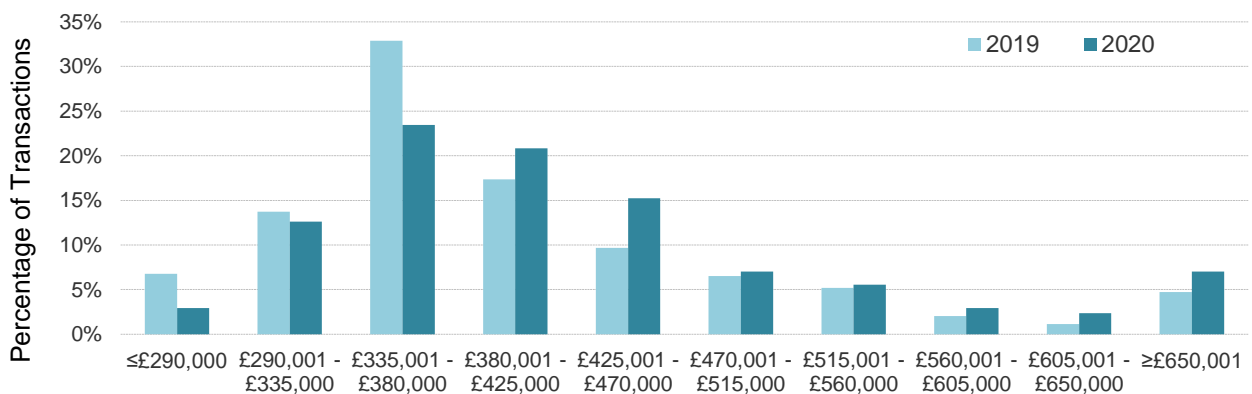
During 2008 and 2009 the mean price was relatively stable at around £320,000. Subsequently the mean price increased, taking the annual mean price of this property type to around £340,000 by 2012. More recently, the mean price has increased further, with the annual average price in 2020 being £431,000.

The mean price of 2-bedroom flats sold in the latest quarter was **£440,000**, which was £18,000 higher than in the previous quarter (Q3 2020) and was the highest mean price seen to date.

The *median* price of 2-bedroom flats sold in the latest quarter was £420,000.

Figure 7 shows the distribution of prices for these properties sold in 2019 and 2020.

Figure 7 – Price distributions for 2-bedroom flats, 2019 and 2020



The largest volume sold in 2020 (23% of transactions) was in the £335,001 - £380,000 price range.

Table 2 – Mean prices for 2-bedroom flats

2-Bed Flats	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	344	346	356	369	420	412	358	400	413	384	413	418	427	439	422	440

The Q4 2020 mean price has a 95% confidence interval of ± £23,000

2-bedroom houses

The mean prices for 2-bedroom houses are shown in Figure 8.

Figure 8 – Mean prices (£,000) for 2-bedroom houses, Q1 2002 to Q4 2020



The annual mean price of 2-bedroom houses sold from 2008 to 2010 was between £400,000 and £410,000. The mean price of this property type subsequently decreased, with the annual average price recorded in 2013 being £375,000.

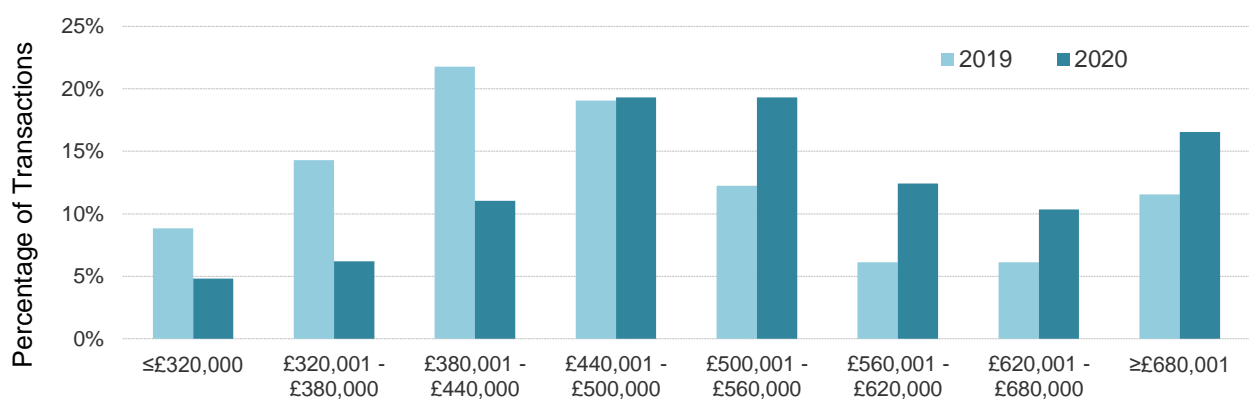
In the latter half of 2014 the mean price of 2-bedroom houses rose above £400,000 for the first time since early-2011. More recently in 2020 the annual average price increased to £548,000.

The mean price of 2-bedroom houses sold in the latest quarter was **£572,000**, which was £34,000 higher than in the previous quarter (Q3 2020) and was the highest mean price seen to date.

The *median* price of 2-bedroom houses sold in the latest quarter was £550,000.

Figure 9 shows the distribution of prices for these properties sold in 2019 and 2020.

Figure 9 – Price distributions for 2-bedroom houses, 2019 and 2020



The largest volumes sold in 2020 were in the £440,001 - £500,000 (19% of transactions) and £500,001 - £620,000 (19% of transactions) price brackets.

Table 3 – Mean prices for 2-bedroom houses

2-Bed Houses	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	404	424	420	427	452	442	471	456	482	459	535	491	519	537	538	572

The Q4 2020 mean price has a 95% confidence interval of ± £42,000

3-bedroom houses

The mean prices for 3-bedroom houses are shown in Figure 10.

Figure 10 – Mean prices (£,000) for 3-bedroom houses, Q1 2002 to Q4 2020



After a period of considerable increase from 2006 to early 2008, the mean price of 3-bedroom houses remained relatively stable throughout the subsequent four-year period from 2008 to 2011, at between £510,000 and £520,000.

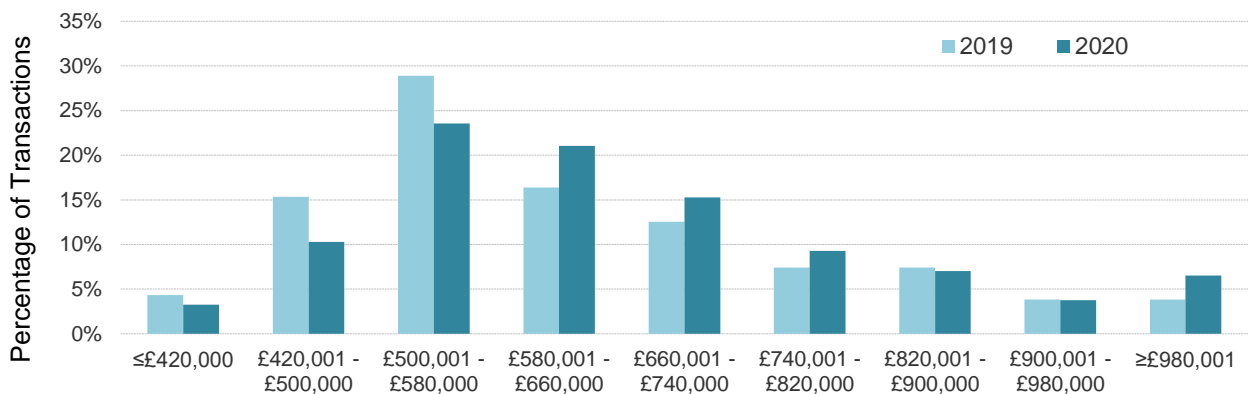
At the end of 2011 the mean price of this property type fell below £500,000 for the first time since 2007 and remained below this level for almost three years. In Q2 2014, the mean price once again rose above £500,000. In Q1 2019 the mean price rose above £600,000 and has stayed above this level since, with the annual average in 2020 being £671,000.

The mean price of 3-bedroom houses sold in the latest quarter was **£687,000**, which was essentially the same as in Q3 2020 and was the joint highest mean price for this property type recorded to date.

The *median* price of 3-bedroom houses sold in the latest quarter was £645,000.

Figure 11 shows the distribution of prices for these properties sold in 2019 and 2020.

Figure 11 – Price distributions for 3-bedroom houses, 2019 and 2020



The largest volume sold in 2020 (24% of transactions) was in the £500,001 - £580,000 price bracket.

Table 4 – Mean prices for 3-bedroom houses

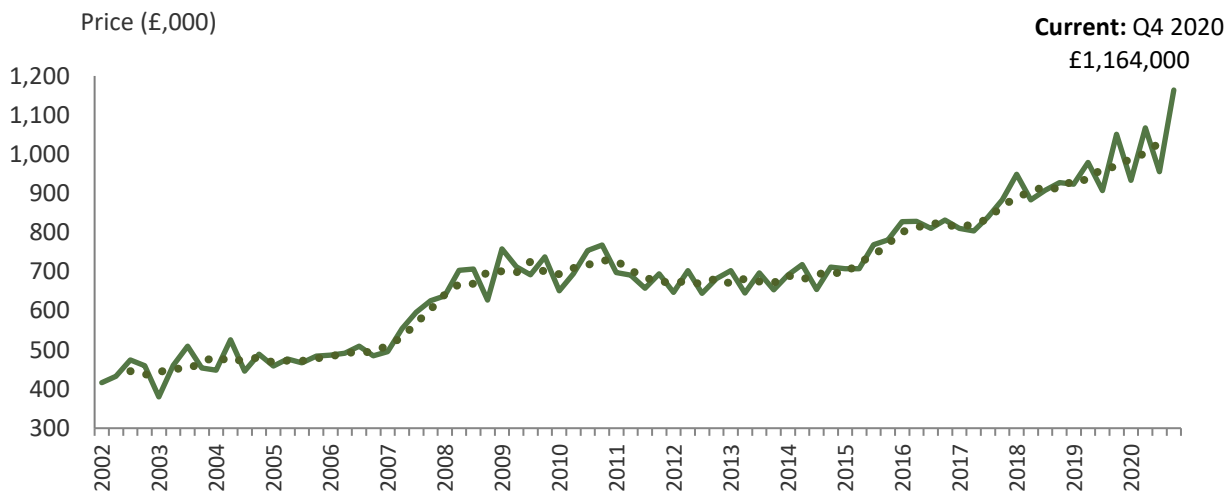
3-Bed Houses	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	541	549	560	573	586	567	589	580	605	664	633	632	649	634	687	687

The Q4 2020 mean price has a 95% confidence interval of ± £39,000

4-bedroom houses

The mean prices for 4-bedroom houses are shown in Figure 12.

Figure 12 – Mean prices (£,000) for 4-bedroom houses, Q1 2002 to Q4 2020



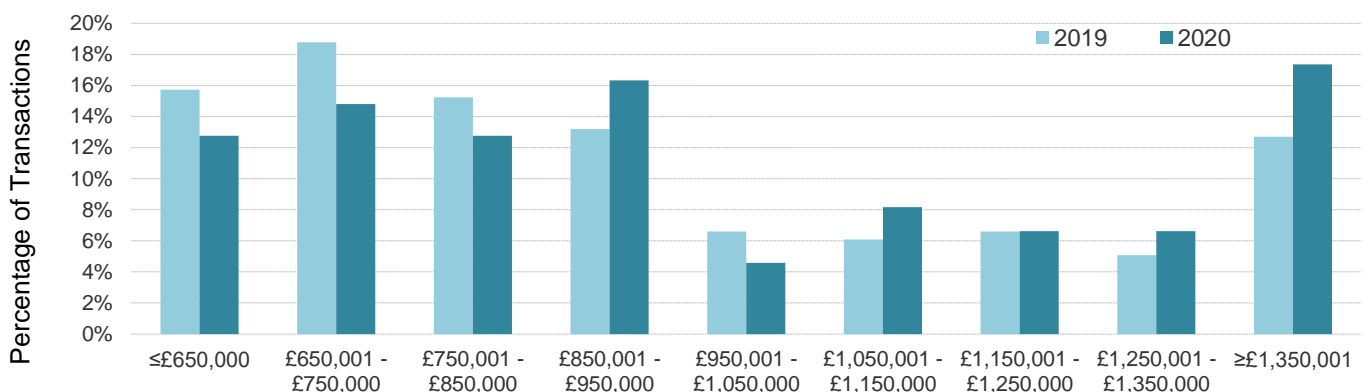
Although this category of property has seen some volatility in price on a quarterly basis, the mean price of this property type generally remained above £700,000 between 2008 and 2015. Since then the average price has increased; with mean prices exceeding £800,000 in Q1 2016, £900,000 in Q1 2018 and then exceeding £1,000,000 in Q4 2019. The annual average in 2020 was £1,034,000.

The mean price of 4-bedroom houses sold in the latest quarter was **£1,164,000**, which was £200,000 higher than in the previous quarter (Q3 2020) and was the highest mean price seen to date. Q4 2020 saw a significant number of 4-bedroom houses, around 30, being transacted for greater than £1,000,000.

The *median* price of 4-bedroom houses sold in the latest quarter was £967,500.

Figure 13 shows the distribution of prices for these properties sold in 2019 and 2020.

Figure 13 – Price distributions for 4-bedroom houses, 2019 and 2020



The largest volumes sold in 2020 (17% of transactions) were in the greater than £1,350,000 price bracket.

Table 5 – Mean prices for 4-bedroom houses

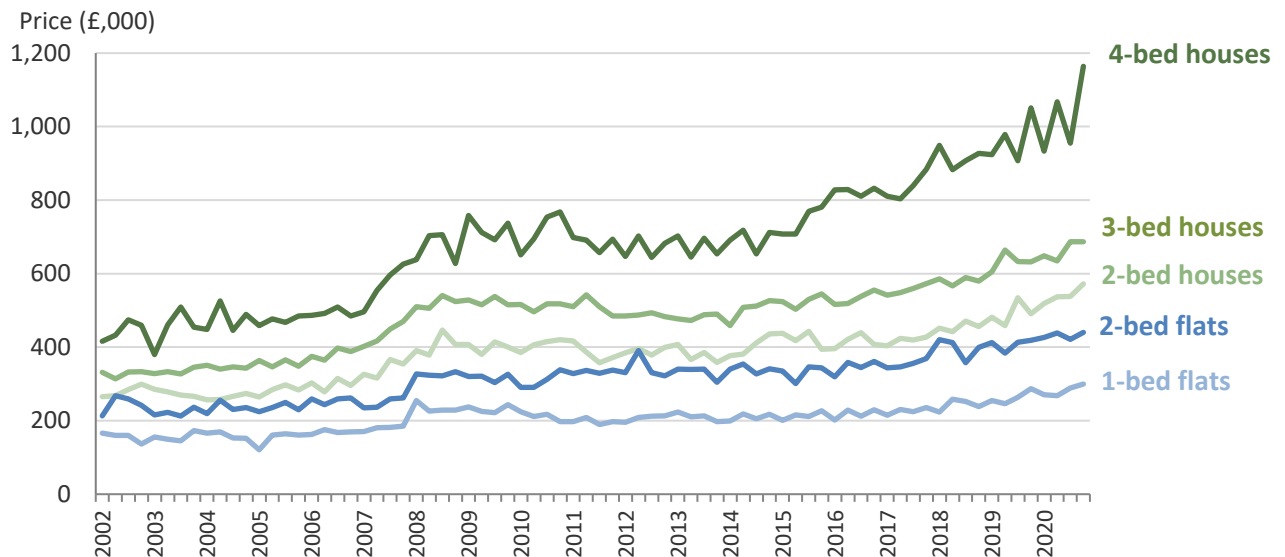
4-Bed Houses	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	810	804	840	884	949	883	908	928	924	979	907	1,051	934	1,067	955	1,164

The Q4 2020 mean price has a 95% confidence interval of ± £133,000

All Individual property types

The mean prices of the individual categories of dwelling over the period from 2002 to date are shown in Figure 14.

Figure 14 – Mean prices (£,000) for the individual property types, Q1 2002 to Q4 2020



In the latest quarter:

- 1-bedroom flats recorded their highest mean price to date, at £300,000
- 2-bedroom flats recorded their highest mean price to date, at £440,000
- 2-bedroom houses recorded their highest mean price to date, at £572,000
- 3-bedroom houses recorded their joint highest mean price to date, at £687,000
- 4-bedroom houses recorded their highest mean price to date, at £1,164,000

Turnover

In total during 2020 turnover of properties was 10% lower compared with 2019, due to decreased sales of flats (down by 19% on an annual basis). This decrease in flat sales was driven by a decrease in sales of newly built properties, with around 180 fewer sold in 2020 compared with 2019.

In Q4 2020, 457 HPI eligible properties (see [Note 2](#)) were sold in Jersey¹. A degree of caution is required in making direct comparisons between quarters due to the variation in the frequency of sittings of the Royal Court and due to seasonal variations. Nevertheless, the number of properties sold in Q4 2020 was:

- a fifth (20%) higher than in Q4 2019, corresponding to 77 additional properties sold
- 4% higher than in the previous quarter, Q3 2020, corresponding to 19 additional properties sold

Figure 15 – Number of dwellings included in the Jersey House Price Index by property type

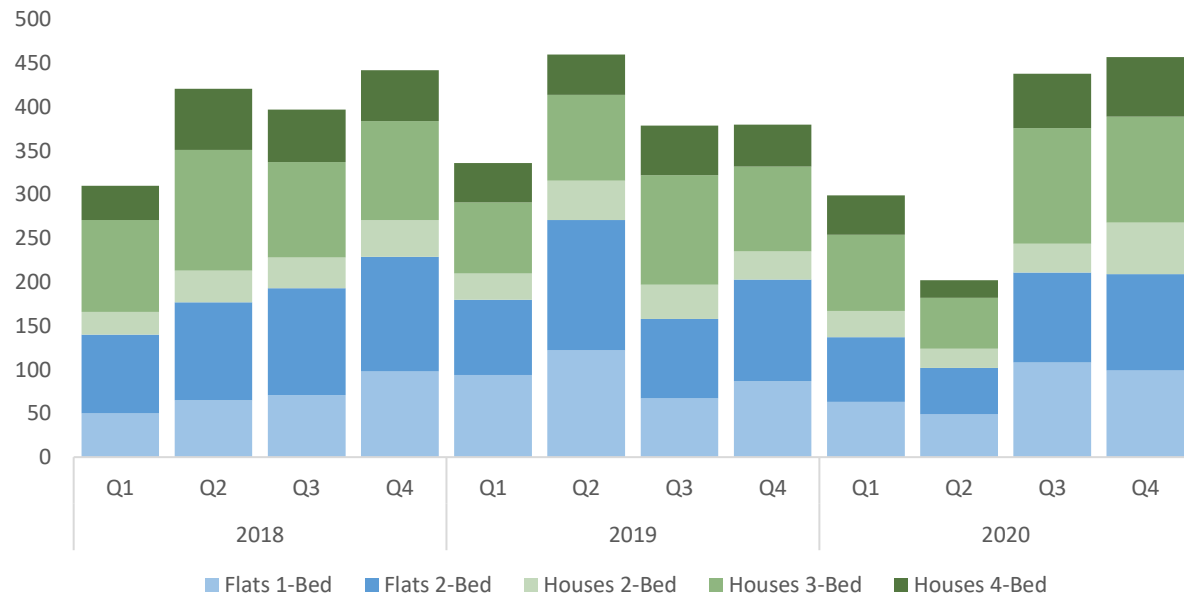


Table 6 - Number of dwellings included in the Jersey House Price Index by property type

		Flats		Houses			Total	Court Sittings
		1-bed	2-bed	2-bed	3-bed	4-bed		
2018	Q1	50	90	26	105	39	310	12
	Q2	65	112	36	138	70	421	13
	Q3	71	122	35	109	60	397	13
	Q4	98	131	42	113	58	442	12
	Total 2018	284	455	139	465	227	1,570	50
2019	Q1	94	86	30	81	45	336	13
	Q2	122	149	45	98	46	460	12
	Q3	67	91	39	125	57	379	13
	Q4	87	116	32	97	48	380	12
	Total 2019	370	442	146	401	196	1,555	50
2020	Q1	63	74	30	87	45	299	13
	Q2	49	53	22	58	20	202	12
	Q3	108	103	33	132	62	438	13
	Q4	99	110	59	121	68	457	12
	Total 2020	319	340	144	398	195	1,396	50

In Q4 2020 share transfer transactions (see [Note 3](#)) accounted for 62% of all eligible flat sales, a lower proportion to that recorded in calendar year 2019 (69%).

¹ Due to methodological changes this figure is not directly comparable to those published in reports prior to Q1 2020; [Appendix E](#) of the Q1 2020 report provides details of these changes and an analysis of the effect which the introduced changes would have had in prior years.

Price distributions

The following table details all recorded residential property transactions over the last four years broken down into price bands. In order to provide a more complete picture of the Jersey residential property market, the counts in this table include bedsits, 3- or more bedroom flats, 1- and 5- or more bedroom houses, all of which are not included in the Jersey House Price Index.

Table 7: Property sales by price band, 2017 to 2020

Price band	2017	2018	2019	2020
Less than £200,001	122	82	72	50
£200,001 - £300,000	322	263	309	199
£300,001 - £400,000	289	349	367	307
£400,001 - £500,000	257	262	239	210
£500,001 - £600,000	188	263	226	205
£600,001 - £700,000	125	169	132	181
£700,001 - £800,000	89	88	110	115
£800,001 - £900,000	43	79	63	82
£900,001 - £1,000,000	32	36	49	41
£1,000,001 - £1,500,000	55	84	80	108
£1,500,001 - £2,000,000	18	34	26	42
Greater than £2,000,000	25	28	22	39

Figure 16: Property sales by price band, 2017 to 2020

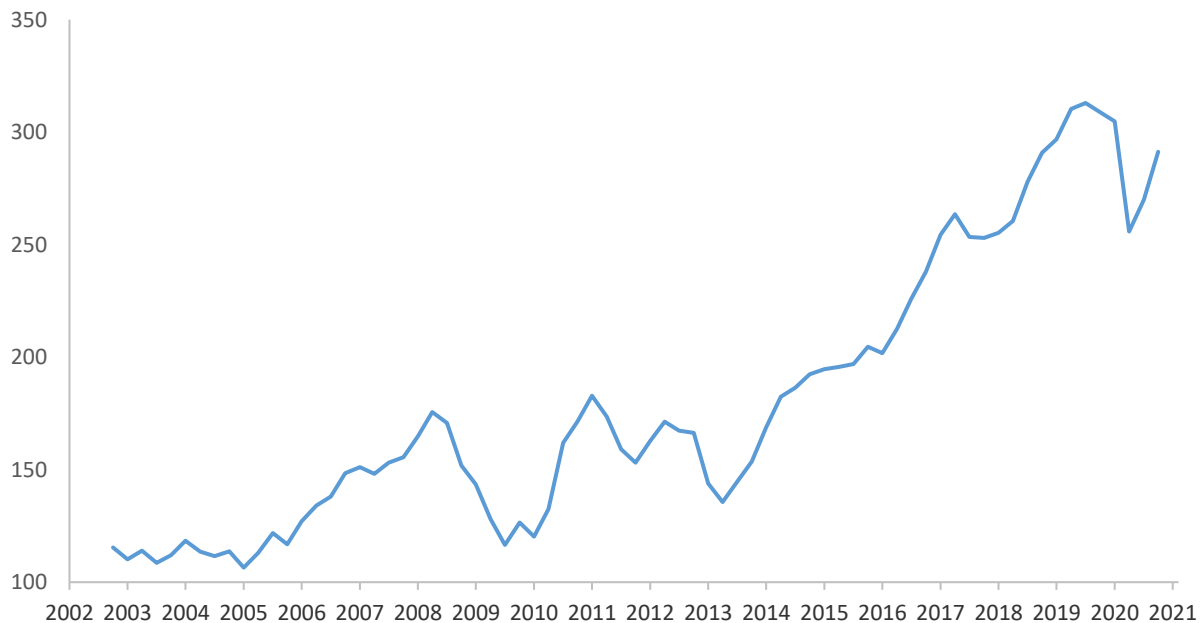


Housing Market Activity

The Housing Market Activity Index (HMAI) measures the total market activity of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses in Jersey (see [Note 8](#)). The index includes share transfer properties. Figure 17 shows the HMAI from 2002 to date as a rolling four-quarter average (see [Note 8](#) and [Appendix B](#)).

Figure 17 – Jersey Housing Market Activity Index²

(2002 = 100; including share transfer properties and on a rolling four-quarter basis)



On a **rolling four-quarter basis**, the total activity of the Jersey housing market during the year ending Q4 2020 was 8% higher compared with the year ending Q3 2020 and was 6% lower than in the corresponding quarter of 2019 (Q4 2019).

A degree of caution is required in making comparisons between quarters due to seasonal variations. Nevertheless, on a **quarterly** basis, total market activity in Q4 2020 was:

- more than a tenth (11%) higher than that in the previous quarter (Q3 2020)
- over a quarter (27%) higher than in the corresponding quarter of 2019 (Q4 2019)

Comparison with Guernsey

Calculated using the methodology implemented in Guernsey³, the mix-adjusted average price of properties sold in Jersey in the most recent quarter was £629,000. This figure is £136,000 higher than the mix-adjusted average price of Local Market properties sold in Guernsey of £493,000.

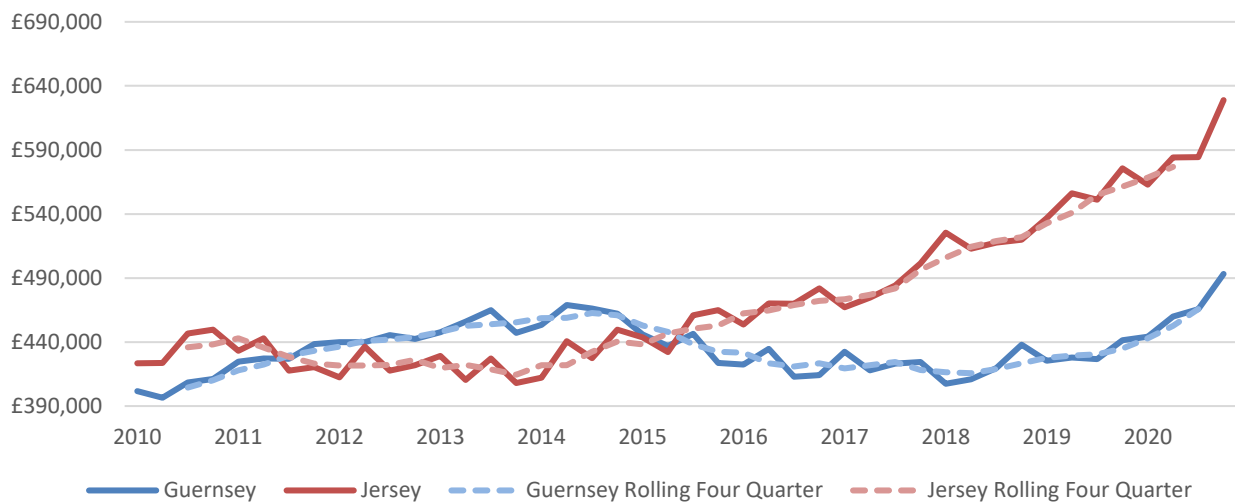
In Guernsey, the mix adjusted average purchase price for Local Market properties in Q4 2020 was 6% higher than in the previous quarter and 12% higher than in the corresponding quarter of 2019.

Turnover in Guernsey during the fourth quarter of 2020 was 25% higher than in the previous quarter and 81% higher than in the corresponding quarter of 2019.

² The index has been revised between Q1 2010 and Q1 2020 due to the changes introduced in the Q1 2020 publication of the HPI leading to the revision of turnover numbers.

³ The Guernsey House Price Index mix-adjusts using arithmetic means and stock weightings. The Jersey House Price Index mix-adjusts using geometric means and 3-year turnover weights (see [Note 4](#) and [Note 5](#)). For the purposes of this comparison, the Guernsey methodology has been used to create a comparable figure for Jersey.

Figure 18 – Comparable (mix-adjusted) house prices in Guernsey and Jersey; Q1 2010 – Q4 2020



Comparison with United Kingdom

The UK House Price Index⁴ in the fourth quarter of 2020 (October to December 2020) was 7% higher on an annual basis (non-seasonally adjusted) and was 4% higher on a quarterly basis (compared with July to September 2020, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was 2% higher compared with the previous quarter.

The mix-adjusted average prices of dwellings sold in the UK (overall and by region) in the latest quarter are shown in Table 8.

Table 8: Mix-adjusted average prices in Jersey and the UK (in £,000's)

	Q4 2020
Jersey	567
UK	249
England	266
Wales	180
Scotland	164
Northern Ireland	148
London	497
South East (excluding London)	340
East	306
South West	278
West Midlands (region)	214
East Midlands	211
Yorkshire & The Humber	180
North West	181
North East	139

The mix-adjusted average price for Jersey was greater than that of London and more than twice that of the UK and England.

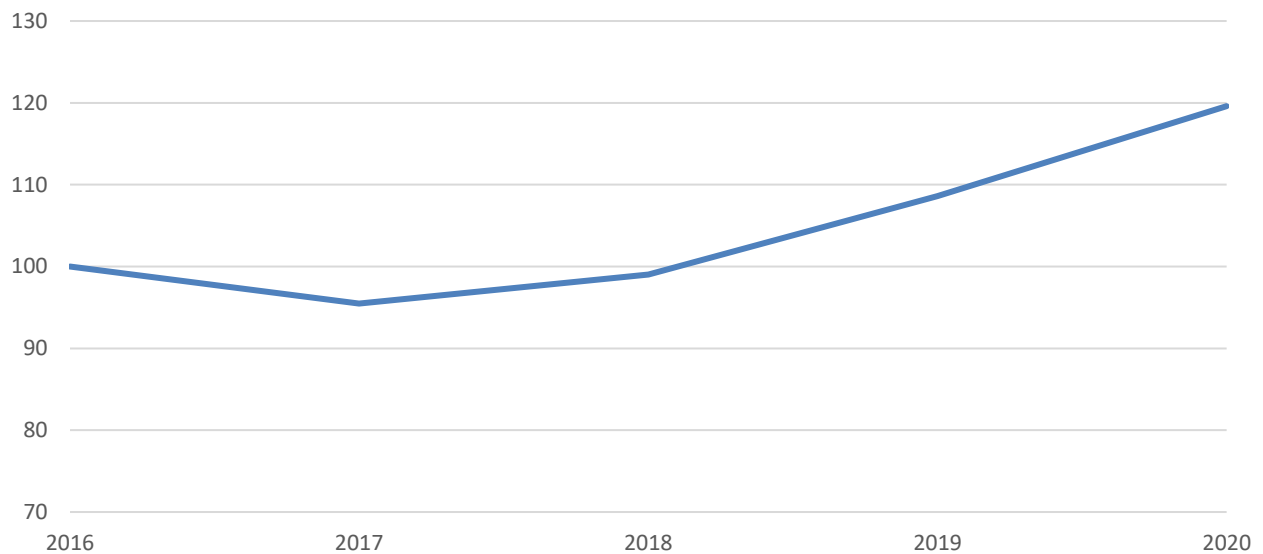
⁴ Contains HM Land Registry data © Crown copyright and database right 2017. This data is licensed under the Open Government Licence v3.0. Quarterly averages are calculated by Statistics Jersey from the published data for these comparisons.

First Time Buyer (FTB) market⁵

The Jersey House Price Index specifically excludes transactions which have restrictions on who can purchase the properties. Whilst excluded from the HPI, a particular group of interest are those properties that are specifically targeted towards first time buyers (FTB), either because of planning restrictions on their sale, or that are sold through the housing gateway. Figure 19, and Table 9, below, detail transactions of properties that fall within this group.

Housing gateway properties are often sold with a portion of the property price retained in the form of a bond. This analysis uses the full property price to be comparable with FTB restricted properties.

Figure 19 – First Time Buyer Market Index, 2016-2020⁶



Included in the First Time Buyer Market Index are 1- and 2-bedroom flats as well as 2-, 3- and 4-bedroom houses. Prices and turnover numbers, grouped into flats and houses, are shown in Table 9.

Table 9: First Time Buyer market, 2016-2020

		Mean price (£,000)	Turnover
Flats	2016	268	11
	2017	255	11
	2018	226	40
	2019	283	39
	2020	346	33
Houses	2016	437	36
	2017	417	43
	2018	452	41
	2019	479	54
	2020	509	71

⁵ In prior years this analysis only considered those properties restricted by planning, and not properties sold through the gateway.

⁶ Variations in turnover between years can affect the mix-adjustment of the price, as such a chain-linked index should be used to compare between years

Housing Affordability

The Jersey Housing Affordability Index (JHAI) is an indicator of whether a working household with an average (mean) income is able to purchase property affordably.

In respect of the separate indices presented for individual property types, a value greater than 100 indicates that that type of property is considered “affordable” based on the central assumption criteria (see below). The level of the overall index does not represent any specific level of affordability but instead is designed to track overall affordability over time.

Central assumptions

The central assumptions through which the JHAI attempts to quantify housing affordability are:

- mortgage payments (principal and interest) should consume no more than 40 percent of net income or 30 percent of gross income
- the purchaser has a cash deposit of 10 percent of the purchase price
- the purchaser is financing a 90 percent mortgage at a variable interest rate for a term of 25 years, with both principal and interest payments paid each month throughout the term

The interest rates used in this report are derived from data published by the Bank of England: the sterling standard variable mortgage rates quoted to households by UK monetary financial institutions (excluding the central bank).

Overall affordability index

The overall Index measures affordability using mean net household income and the median price for all HPI eligible property – see Figure 20.

Figure 20 - Affordability indices based on household income of working households, 2002-2020

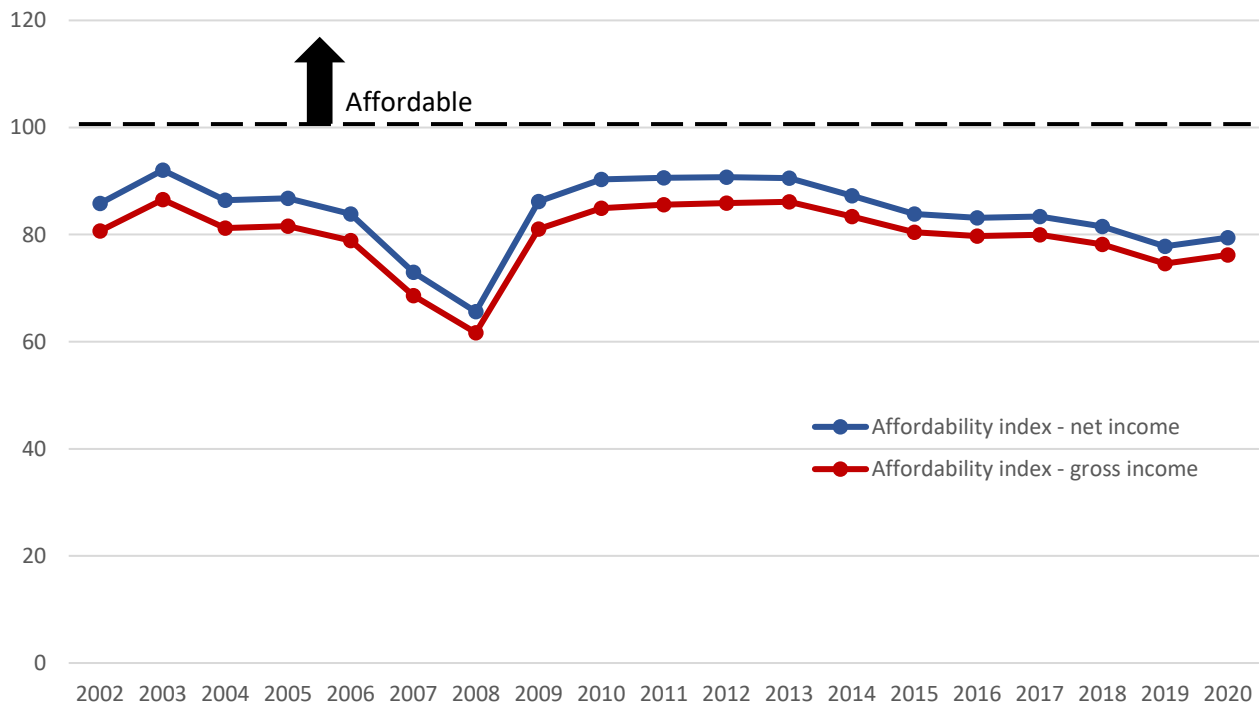


Figure 20 shows that overall, housing was slightly more affordable in 2020 compared with 2019, due to the decrease in mortgage interest rates seen in the later part of the year. However, the increase in household income (based on the change in average earnings) was still lower than the increase in overall property prices. As such some property types saw housing affordability worsen.

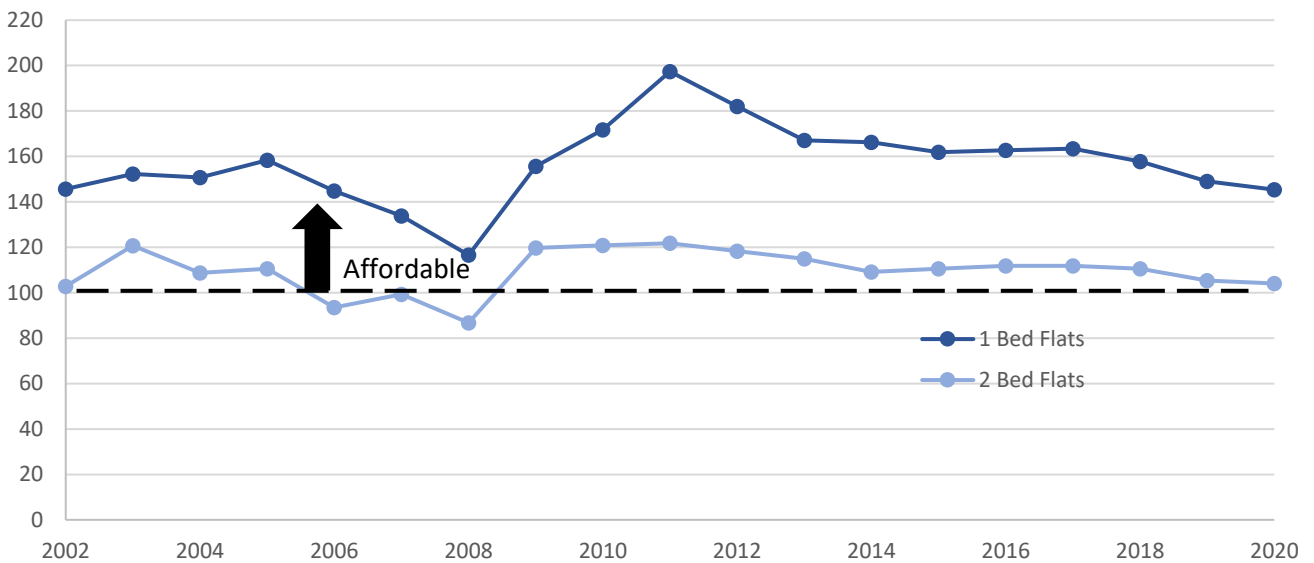
Effect of property type and size

Separate indices are calculated for each type and size of dwelling (1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses). These indices, shown in Figures 21 and 22, are based on mean net household income and the respective median prices for each category of property.

Flats

The affordability of 1-bedroom flats improved significantly throughout the period 2008 to 2011 due to decreases in median price and lower mortgage interest rates. In 2012 and 2013 the affordability of 1-bedroom flats declined, due to annual increases in the median price of this property type coupled with increases in the mean mortgage interest rate. In 2020, affordability for this type of property slightly worsened.

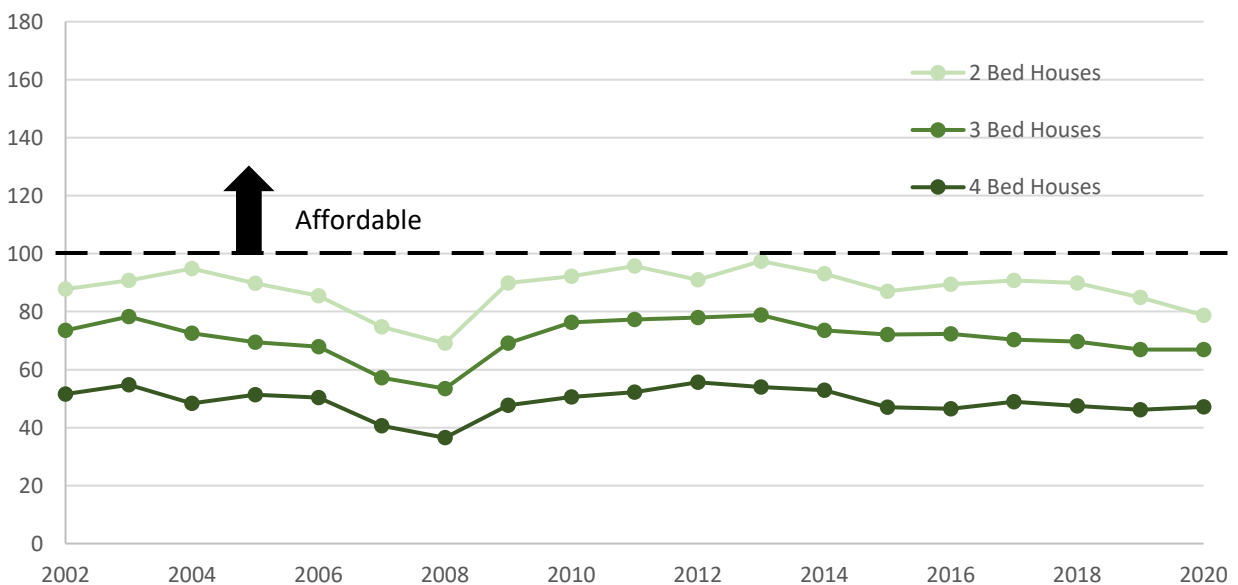
Figure 21 - Affordability indices based on net household income, 2002-2020 – flats



The index for 2-bedroom flats fell below 100 in both 2006 and 2008, indicating that a working household with mean net income was *not* able to service a mortgage affordably on a median-priced 2-bedroom flat in those years. In 2009 the affordability index for 2-bedroom flats rose above 100 and has since remained above that level. During the three-year period 2015 to 2017 affordability for this type of property remained fairly stable but worsened in 2018, 2019 and 2020.

Houses

Figure 22 - Affordability indices based on net household income, 2002-2020 – houses



The affordability indices shown for houses in Figure 22 indicate that during the period from 2002 to 2020 a working household with mean net income was not able to service a mortgage affordably on the purchase price of a median-priced house of any size at any time.

The affordability of houses generally improved during the period 2008 to 2013, driven by falls in median price and lower mortgage interest rates. More recently, increases in the median dwelling price of houses have resulted in worsening affordability, particularly for 2-bedroom houses.

Table 10 shows the median prices of 2-, 3- and 4-bedroom houses in 2020 and the qualifying net income that would be required in order to service a mortgage “affordably” on the purchase price of each dwelling type. The ‘deposit gap’ represents the difference by which the median dwelling price exceeds the affordability threshold, expressed as a factor of mean net household income (£58,200).

Table 10: Median house prices, qualifying household income and deposit gap, 2020

	Median House Price	Qualifying Net Income	Additional deposit required	Deposit Gap* as a factor of mean net income
2-bed house	£536,000	£74,000	£103,000	1.8
3-bed house	£630,000	£87,000	£188,000	3.2
4-bed house	£895,000	£124,000	£427,000	7.3

*Gap between the median house price and the affordability threshold, as a factor of mean net household income.

For the purchase of a median-priced 3- or 4-bedroom house, the total deposit required⁷ was £251,000 and £516,500, respectively. These figures represent a deposit gap of over three for a 3-bedroom house and over seven for a 4-bedroom house.

Sensitivity to central assumptions

The effects of changes in property prices, mortgage interest rates and the central assumptions underpinning the JHAI (e.g. the percentage of gross or net income consumed by mortgage payments) can be examined. In this section, the effect of such variations on the affordability of 2-bedroom flats and of 3-bedroom houses is considered.

Two-bedroom flats

In 2020:

- a median-priced 2-bedroom flat (£405,000) was affordable to a household with annual gross income of at least £74,500 and net income of at least £55,900
- a household with mean income was able to service a mortgage on a median-priced 2-bedroom flat, with mortgage payments accounting for 30% of their gross income or 38% of their net income
- if mortgage interest rates and household incomes remained constant at 2020 levels, then the median price of a 2-bedroom flat could increase by around £10,000 before such a property would be considered unaffordable to a household with mean income
- if household incomes and property prices remained constant then the mortgage interest rate could increase by around 0.2 percentage points before a property would be considered unaffordable to a household with mean income
- the gross earnings of 1.8 FTE employees were required in order to service a mortgage affordably on the purchase of a median-priced 2-bedroom flat

⁷ It is assumed as part of the JHAI criteria that the household has a 10% cash deposit available.

Three-bedroom houses

In 2020:

- a median-priced 3-bedroom house (£630,000) was affordable to a household with annual gross income of at least £116,000 and net income of at least £87,000
- the mortgage payments on a median-priced 3-bedroom house accounted for nearly half (47%) of the mean gross income and around three-fifths (60%) of the mean net income of working households
- if mortgage interest rates and household incomes remained at 2020 levels, the median price of a 3-bedroom house would need to fall by around £225,000 in order to make the purchase of such a property affordable to a household with mean income
- the gross earnings of 2.9 FTE employees were required in order to service a mortgage affordably on the purchase of a median-priced 3-bedroom house

Ratio analysis

The ratio of property price to income is a widely used measure of housing affordability and is particularly useful for examining trends in affordability over time.

Several versions of this indicator are used internationally; for example, the UK Office for National Statistics calculates a ratio using median property price to median gross residence-based income. Therefore, in order to compare with the UK, the ratio of median property price to median *household* (gross) income is also used for Jersey.

Ratio of median property price to median gross household income

Figures 23 and 24 show the ratio of median property price to median gross household income for flats and houses in Jersey during the period from 2002 to 2020.

Figure 23 - Ratio of median property price to median gross household income, 2002-2020 - flats

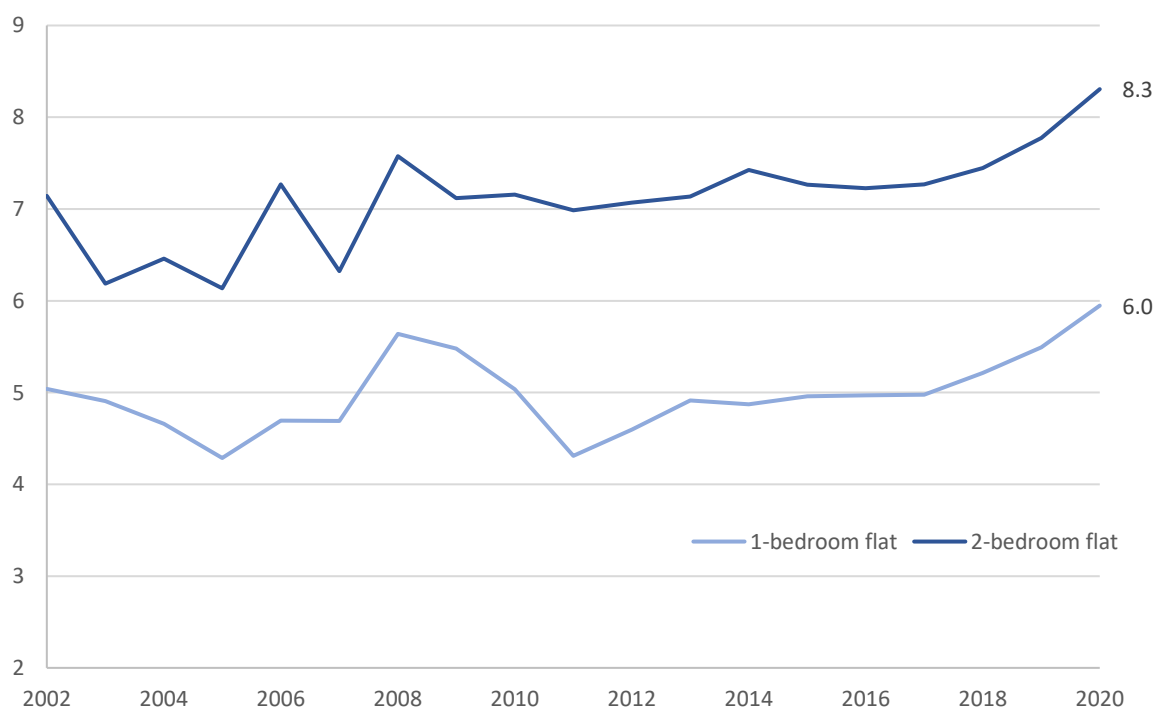
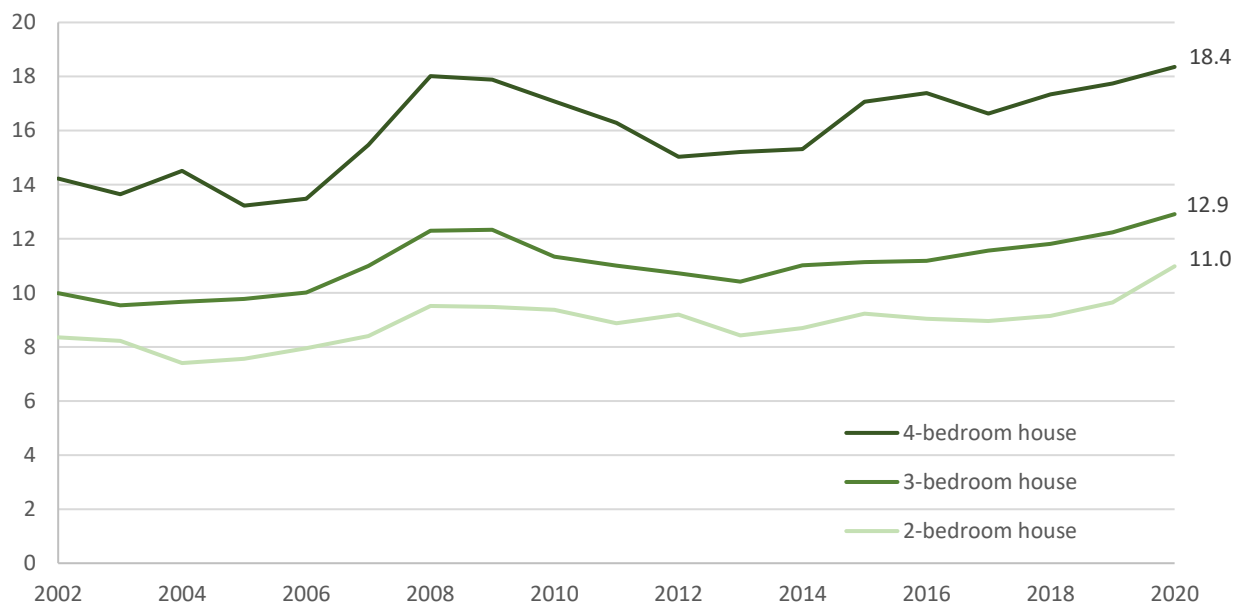


Figure 24 - Ratio of median property price to median gross household income, 2002-2020 - houses



In the latest year (2020) the ratio of median dwelling price to median household income in Jersey was higher compared to 2019 for all property types.

Comparison with UK – ratio analysis

This section compares the most recently available UK housing affordability information with that of Jersey, using the ratio of median property price to median gross annual household earnings⁸ as a measure of affordability.

Figure 25 compares Jersey’s property price to earnings ratio with those of England and London over the period from 2002-2019⁹.

Figure 25 - Ratio of median property price to median gross household income, 2002-2019 - Overall

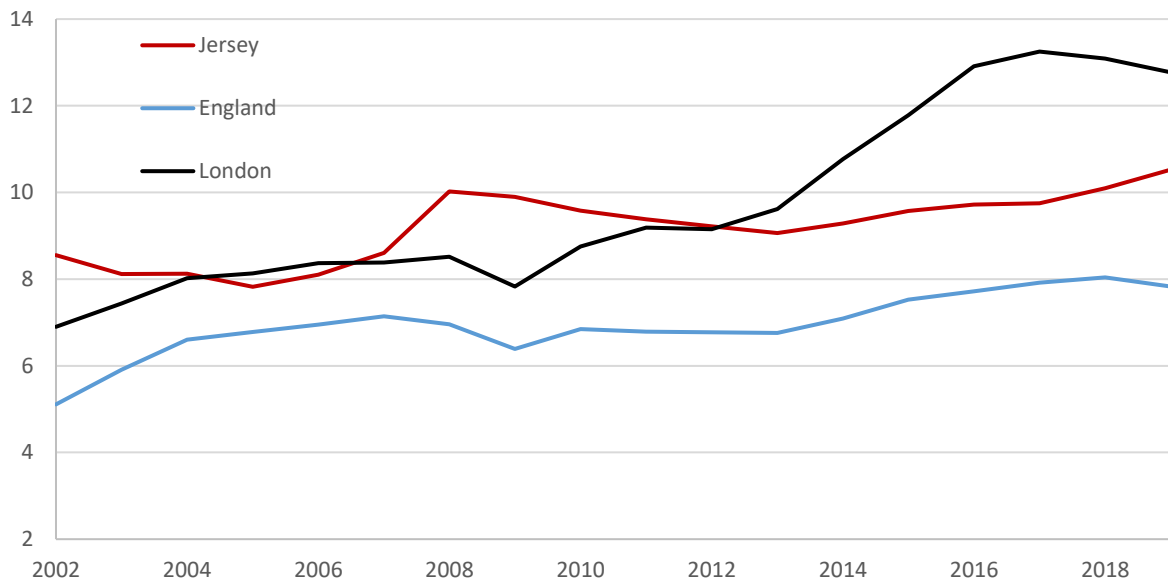
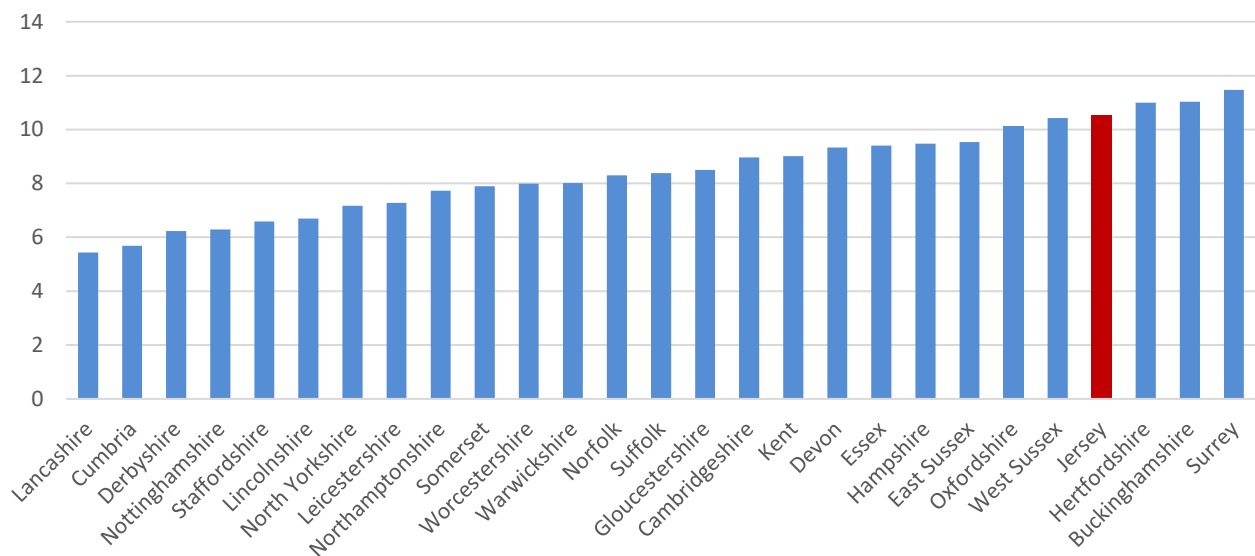


Figure 26 compares Jersey’s property price to earnings ratio with that of a number of counties of England for which data is available for 2019.

Figure 26 - Ratio of median property price to median gross household income 2019
(Data for some counties is unavailable)



⁸ For further information on UK data and methodologies:
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2019>

⁹ 2019 is the most recent available data for the UK.

Notes

1. Data sources:

The principal data sources on the transaction prices of property sales used in the Jersey House Price Index are:

- the Public Registry Index and Document Enrolment (PRIDE) database for freehold and flying freehold properties;
- Revenue Jersey for share transfer transactions.

The above price data are supplemented by information on the type and size of each property sourced from estate agent advertisement brochures and planning documents as well as information provided by the Island's Parishes and Customer and Local Services.

2. Excluded properties:

Derelict buildings, commercial properties with associated residential units, apparent intra-family transactions, age-restricted properties, properties sold via the housing gateway and properties designated solely for purchase by first-time buyers are excluded from the final data set from which the average prices and the Index are determined. Furthermore, due to the small numbers of properties and high variability of prices, the following categories of dwelling are also excluded: bedsits; 3- or more bedroom flats; 1- and 5- or more bedroom houses; and multi-dwelling properties. New dwellings, other than those removed by the above exclusion criteria, are implicitly included in the final data set.

3. Share transfer transactions:

Sales occurring via share transfer are not processed through the Royal Court and hence do not appear in the PRIDE database. Price data are instead provided by Revenue Jersey. Share transfer transactions have constituted around three-fifths of all sales of flats since Q1 2002, with the proportion varying between half and three-quarters at the quarterly level as new developments come onto the market.

Although the transaction prices of properties purchased by share transfer were not included in the compilation of the Jersey House Price Index prior to Q1 2011, the Land Transaction Tax, which came into effect on 1st January 2010, has enabled the transaction prices of properties purchased by share transfer to be recorded. Share transfer property transactions are therefore now incorporated in the compilation of the Jersey House Price Index.

In respect of these transactions, the value recorded in the Land Transaction Tax data will only reflect the value of the shares transferred that confer a right of occupation to a dwelling within their articles of association. They will therefore not include any transactions that do not relate to a dwelling, such as the separate sale of parking spaces and storage areas which may ordinarily be included in the sale price of other property types.

Comparative studies have shown that including share transfer properties in the assembly of the House Price Index does not significantly affect annual or quarterly percentage changes, although including share transfer properties does reduce the level of the mix-adjusted mean property price by around 8% - see Annex B of "[Jersey House Price Index – First Quarter 2011](#)", States of Jersey Statistics Unit, May 2011.

4. Mix-adjusted average price

The mix-adjusted average price of dwellings is calculated by weighting together the geometric mean price for each of the following five categories: 1- and 2-bedroom flats; 2-, 3- and 4-bedroom houses ("houses" includes houses and bungalows). The resulting mix-adjusted average dwelling price (see [Note 5](#)) is converted into the Jersey House Price Index (based to 100 for calendar year 2002).

5. Mix-adjustment:

In order that the average price in a given period is independent of the particular "mix" of properties sold in that period, a "mix-adjusted" average is calculated for each period by weighting each property type by a constant proportion.

Each year revised property-type weights are incorporated within each Q1 analysis, derived from the full preceding three-year period and including share transfer properties. In order to produce a continuous index series over time, the Q1 results are chain-linked.

It should be emphasised that, as a consequence of re-weighting, mix-adjusted mean prices will not be comparable between calendar years, although they will be comparable within each calendar year. In order to calculate change between years, the mix-adjusted index should be used.

6. Four-quarter rolling average

Due to the relatively low turnover of properties in Jersey, the mix-adjusted House Price Index is susceptible to fluctuations which occur due to variance in the mix of properties sold from one quarter to another, in terms of quality, location and age, particularly when a number of properties from a new development become available for purchase in the same period.

7. Seasonal adjustment

Housing markets can, in principle, exhibit seasonal effects that affect property prices. In order to enable meaningful quarter-on-quarter comparison, the mix-adjusted house price index is seasonally adjusted using the Eurostat Demetra software package.

Seasonal adjustment is based on ongoing estimation of seasonal trends and as such is subject to revision. In order to ensure a reasonably stable series of data for the user, the seasonal model is revised once a year, in Q1, at which point the entire historic series will potentially be revised. These revisions are welcome as they derive from an expanded set of data and lead to better estimates of the seasonal pattern. Throughout the calendar year the most recent model will be utilised and therefore the quarterly figures will not be subject to revision.

All other figures presented in this report, are based on the non-seasonally adjusted measures, unless otherwise stated.

8. Jersey Housing Market Activity Index

The Jersey Housing Market Activity Index is a derived index compiled from existing data sourced to produce the Jersey House Price Index and combines the mix adjusted average price of dwellings sold in Jersey with the total number of transactions that occurs during the same period to provide an indication of the total market activity.

The principal data sources are therefore the same as utilised for the Jersey House Price Index, and the list of excluded properties is the same as listed in [Note 2](#) above.

In respect of share transfer properties, whilst the individual share transfer transactions were not included in the compilation of the Jersey House Price Index prior to Q1 2011, the total number of transactions in each period were recorded via the share transfer consent process. This has allowed us to provide a full historical series back to Q1 2002, when the current House Price Index methodology commenced.

The nature of the Jersey property market is that the turnover of properties is susceptible to seasonal fluctuations and therefore to moderate such effects, the Index is presented on a rolling four-quarter basis.

9. Additional inclusions

Appendix C of this report include sales which are excluded from the House Price Index, these being all: age restricted properties; properties designated for first time buyers; properties sold via the housing gateway; bedsits; 3- or more bedroom flats; 1-bedroom houses; and 5- or more bedroom houses.

10. Housing loan interest rates

Housing loan interest rates are derived from figures published by the Bank of England and represent a yearly mean average of interest rates offered by UK monetary financial institutions. The rates used are those for sterling variable rate mortgages quoted to households.

It should be acknowledged that a different range of mortgage products from that in the UK may have been available to Jersey residents throughout the period covered by this report.

11. Income

Measures of net and gross household income have been derived from data collected from both the 2009/2010 and 2014/2015 Jersey Income Distribution Survey. Household-level data are weighted by tenure.

A process of winsorisation was applied for the calculation of mean household incomes, to prevent exceptionally high or low values from overly influencing the estimate of the mean.

Since the Jersey Income Distribution Survey is not conducted annually, measures of household income for the years falling outside these two surveys have been calculated by deflating/inflating values derived from the nearest relevant survey according to the annual percentage changes determined by the Jersey Index of Average Earnings.

Data on individual employment income is sourced from the annual survey for compiling the Jersey Index of Average Earnings; this survey enables estimation of the mean full-time weekly earnings for both private and public sector workers in Jersey (gross earnings, including overtime, but excluding bonuses, employers' insurance contributions, holiday pay and benefits in kind).

For this survey, firms report the total gross wages and salaries paid to employees before any deductions (e.g. for income tax, social security or pensions) as well as the number of people employed (part-time employees are converted to full-time equivalents, FTEs). Mean earnings are compiled for each sector and the sectoral means are weighted according to the sectoral share of total employment in order to provide an estimate of the overall mean weekly earnings per FTE employee in Jersey.

12. Housing affordability definitions

“Average” property price

(the same statistical definitions apply to income)

- the **mean** average of a distribution of property prices (purchase or rental) is calculated by adding together the prices of all the properties and then dividing by the number of properties
- the **median** average is the ‘middle’ price if all the properties were listed in order of their price, from lowest to highest; half of all properties lie below the median and half lie above
- a small number of very highly priced properties will tend to increase the mean average but not the median average
- the median average may, therefore, be considered to be a more representative measure of the ‘central’ property price

Gross household income: all gross earned and unearned income, pensions and gifts (e.g. inheritance), plus benefits.

Net household income: gross household income, plus benefits in kind, minus income tax, social security contributions and pension contributions; before the deduction of housing costs.

Qualifying income: the income required to service a mortgage affordably on the purchase of a dwelling at a specified purchase price or the mean monthly rental payments in the private sector (based on the assumptions of affordability considered in this report).

Working household: a household with at least one adult in paid employment.

Table A1: Jersey House Price Indices *(including share transfer properties)*

		House Price Index <i>(n.s.a.)</i>	HPI Rolling four-quarter average <i>(n.s.a.)</i>	HPI Seasonally adjusted series	Housing market activity index <i>(n.s.a.)</i>	HMAI rolling four-quarter average <i>(n.s.a.)</i>
2010	Q1	145.4	150.3	145.9	105.5	120.2
	Q2	145.4	149.1	145.5	184.1	132.5
	Q3	153.2	149.4	152.5	226.2	162.0
	Q4	154.7	149.7	154.6	170.0	171.5
2011	Q1	149.3	150.6	150.4	150.9	182.8
	Q2	152.7	152.5	152.1	147.3	173.6
	Q3	144.2	150.2	144.0	168.2	159.1
	Q4	144.9	147.8	144.7	145.9	153.1
2012	Q1	142.5	146.1	143.8	190.0	162.9
	Q2	151.6	145.8	150.7	181.3	171.3
	Q3	144.4	145.9	144.3	152.0	167.3
	Q4	145.2	145.9	144.9	141.9	166.3
2013	Q1	148.0	147.3	149.5	100.6	143.9
	Q2	142.2	144.9	140.9	147.9	135.6
	Q3	147.3	145.7	147.4	188.4	144.7
	Q4	140.2	144.4	139.8	177.6	153.6
2014	Q1	142.2	143.0	143.5	161.0	168.7
	Q2	152.1	145.4	151.3	202.8	182.5
	Q3	147.6	145.5	147.6	204.3	186.4
	Q4	155.0	149.2	154.3	201.6	192.4
2015	Q1	152.8	151.9	154.2	169.8	194.6
	Q2	148.3	150.9	147.7	207.2	195.7
	Q3	158.4	153.6	158.5	209.3	197.0
	Q4	159.5	154.8	158.4	232.2	204.6
2016	Q1	155.1	155.3	156.4	158.7	201.8
	Q2	160.9	158.5	160.5	250.3	212.6
	Q3	161.0	159.1	161.2	263.4	226.2
	Q4	164.9	160.5	163.5	279.4	238.0
2017	Q1	159.9	161.7	161.4	224.7	254.5
	Q2	163.7	162.4	163.2	286.4	263.5
	Q3	165.1	163.4	165.6	223.0	253.4
	Q4	171.8	165.1	170.4	278.2	253.1
2018	Q1	179.6	170.1	180.9	233.5	255.3
	Q2	174.1	172.7	173.8	307.5	260.6
	Q3	175.9	175.4	176.4	292.8	278.0
	Q4	177.8	176.9	176.6	329.7	290.9
2019	Q1	182.7	177.6	183.8	257.5	296.9
	Q2	187.4	180.9	186.9	361.5	310.4
	Q3	190.7	184.7	191.3	303.2	313.0
	Q4	196.6	189.3	195.6	313.4	308.9
2020	Q1	192.3	191.8	193.1	241.2	304.8
	Q2	195.4	193.8	194.9	165.5	255.8
	Q3	195.7	195.0	196.2	359.5	269.9
	Q4	208.2	197.9	207.3	399.0	291.3

n.s.a. non-seasonally adjusted

Table A2: Calendar year, mean property prices, 2010-2020

	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2010	£213,000	£308,000	£409,000	£512,000	£715,000
2011	£198,000	£333,000	£383,000	£511,000	£680,000
2012	£205,000	£342,000	£391,000	£487,000	£671,000
2013	£210,000	£332,000	£375,000	£484,000	£674,000
2014	£211,000	£341,000	£405,000	£502,000	£694,000
2015	£214,000	£332,000	£422,000	£527,000	£744,000
2016	£219,000	£349,000	£415,000	£534,000	£824,000
2017	£227,000	£355,000	£420,000	£556,000	£835,000
2018	£243,000	£396,000	£456,000	£580,000	£913,000
2019	£261,000	£405,000	£492,000	£636,000	£965,000
2020	£285,000	£431,000	£548,000	£671,000	£1,034,000

Table A3: Calendar year, median property prices, 2010-2020

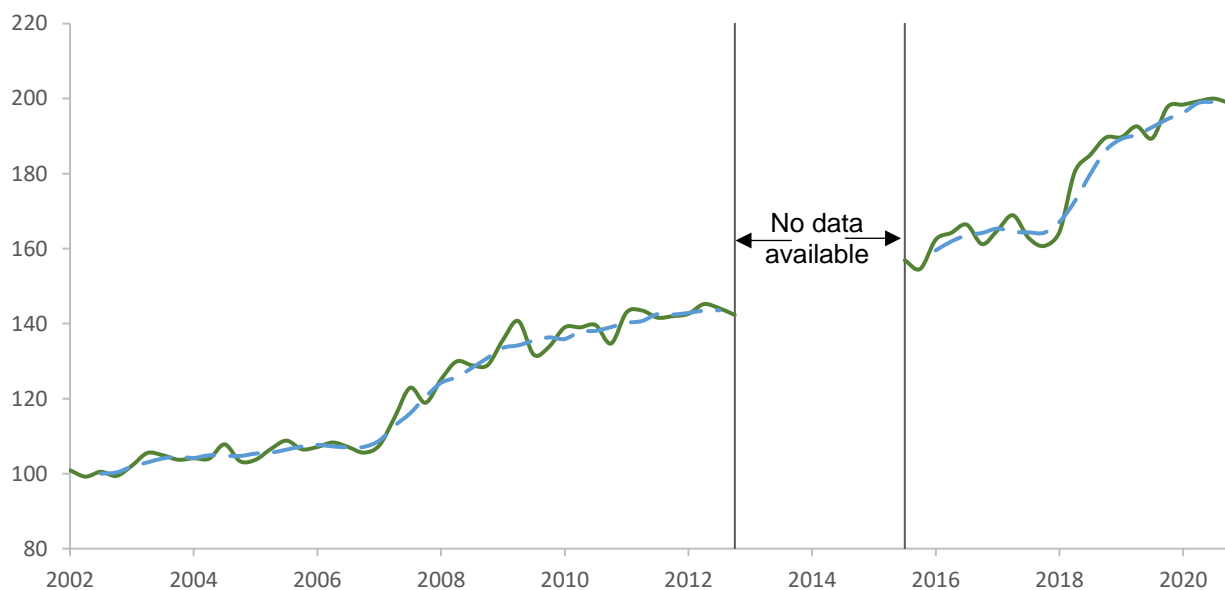
	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2010	£214,000	£295,000	£393,000	£475,000	£716,000
2011	£182,000	£295,000	£375,000	£465,000	£688,000
2012	£198,000	£300,000	£390,000	£455,000	£638,000
2013	£210,000	£305,000	£360,000	£445,000	£650,000
2014	£210,000	£320,000	£375,000	£475,000	£660,000
2015	£215,000	£315,000	£400,000	£483,000	£740,000
2016	£220,000	£320,000	£400,000	£495,000	£770,000
2017	£226,000	£330,000	£407,000	£525,000	£755,000
2018	£245,000	£350,000	£430,000	£555,000	£815,000
2019	£265,000	£375,000	£465,000	£590,000	£856,000
2020	£290,000	£405,000	£536,000	£630,000	£895,000

Jersey Private Sector Rental Index

Statistics Jersey published a rental index from 2007 until 2012 using prices recorded by the Population Office. The index could not be produced for more than two years (from Q4 2012 to Q2 2015) following a change in law that meant the Population Office no longer recorded this data. Since June 2015 Statistics Jersey have produced the index using advertised rental prices collected from a variety of both internet and classified sources.

The resulting mix-adjusted average rental price is converted into the Jersey Private Sector Rental Index (based to 100 for calendar year 2002) and Figure B1 and Table B1 below detail this index.

Figure B1 – Jersey Private Sector Rental Index, Q1 2002 to Q4 2020
(2002 = 100; non-seasonally adjusted)



In the most recent quarter:

- on a rolling four-quarter basis, advertised rental prices in Jersey were essentially unchanged during the year ending Q4 2020 compared with the year ending Q3 2020
- advertised rental prices were 1% lower compared with the previous quarter
- advertised rental prices were 1% higher than in the corresponding quarter of 2019 (Q4 2019)

It should be noted that the rental index is subject to a degree of seasonality, with factors such as the availability of winter lettings and the availability of accommodation during the summer season affecting prices between individual quarters.

Table B1: Jersey rental index

		Index	Rolling four-quarter average
2006	Q1	107.1	107.3
	Q2	108.3	107.7
	Q3	107.1	107.3
	Q4	105.6	107.0
2007	Q1	107.5	107.1
	Q2	115.0	108.8
	Q3	122.9	112.8
	Q4	118.9	116.1
2008	Q1	125.1	120.5
	Q2	129.9	124.2
	Q3	128.9	125.7
	Q4	128.9	128.2
2009	Q1	135.6	130.8
	Q2	140.7	133.5
	Q3	131.7	134.2
	Q4	133.9	135.5
2010	Q1	139.0	136.3
	Q2	139.0	135.9
	Q3	139.6	137.9
	Q4	134.7	138.1
2011	Q1	143.0	139.1
	Q2	143.5	140.2
	Q3	141.6	140.7
	Q4	142.0	142.5
2012	Q1	142.6	142.4
	Q2	145.2	142.9
	Q3	144.1	143.5
	Q4	142.3	143.6
No data available			
2015	Q3	156.9	Not available
	Q4	154.6	Not available
2016	Q1	162.4	Not available
	Q2	164.2	159.5
	Q3	165.3	161.6
	Q4	161.2	163.3
2017	Q1	164.9	163.9
	Q2	168.9	165.1
	Q3	162.9	164.5
	Q4	160.7	164.4
2018	Q1	164.4	164.2
	Q2	180.5	167.1
	Q3	185.0	172.7
	Q4	189.6	179.9
2019	Q1	189.7	186.2
	Q2	192.6	189.2
	Q3	189.4	190.3
	Q4	197.8	192.4
2020	Q1	198.4	194.6
	Q2	199.3	196.2
	Q3	200.0	198.9
	Q4	198.8	199.1

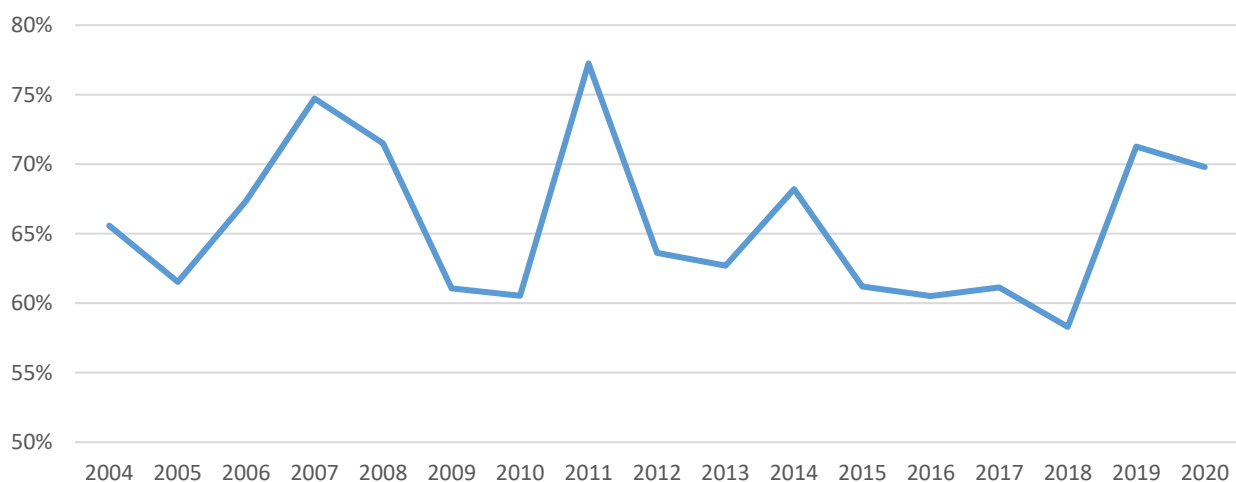
Loan Data

Throughout this section “loan to value” refers to the percentage of a property transaction price that is accounted for by a loan¹⁰. For property transactions passed by the Royal Court, loan information is available from the Public Registry. Hence, for each transaction involving a loan, the loan to value ratio may be calculated and from the resulting distribution of all such transactions the mean and median loan to value ratio in a given period determined.

Several property types are included in this analysis which are not included in the Jersey House Price Index (see [Note 9](#)). Share transfer properties are currently not included in this analysis.

Around seven-tenths (70%) of eligible residential properties transacted in the Royal Court in calendar year 2020 were purchased including a loan. Figure C1 shows the changes in this proportion from 2004 to 2020.

Figure C1 – Percentage of eligible residential properties purchased in the Royal Court with a loan, 2004 to 2020; percentage



Mean loan to value – Q1 2004 to Q4 2020

Figure C2 shows the rolling four-quarter average of the mean loan to value of property transactions in Jersey during the period Q4 2004 to Q4 2020.

Figure C2 – Rolling four-quarter mean of loan to value, Q4 2004 to Q4 2020; percentage



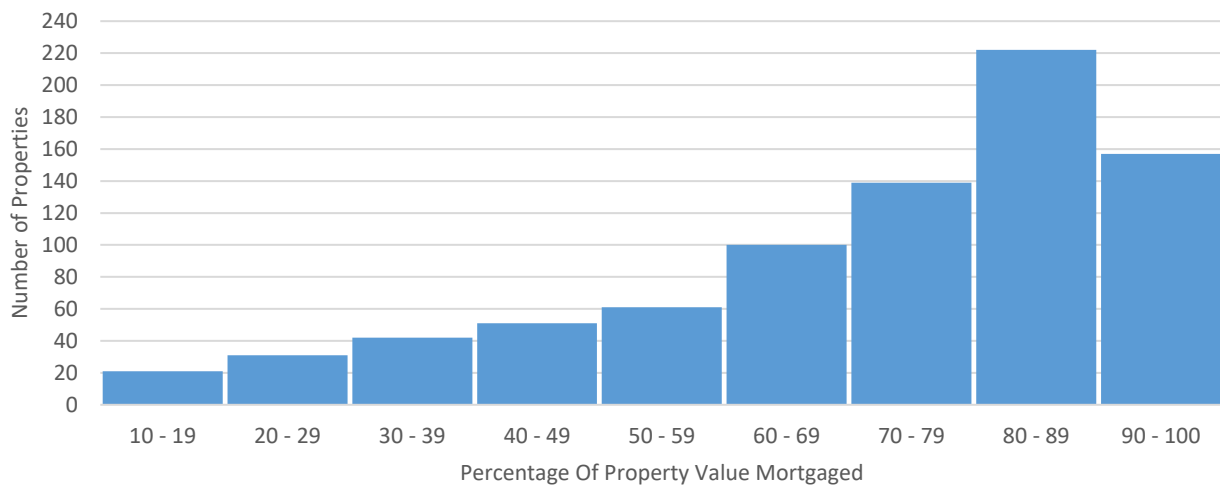
Prior to the global financial downturn in 2008, the loan to value ratio of property transactions in Jersey was greater than 75%. The ratio of loan to value then decreased to around two-thirds (67%) in 2009 and 2010. Since 2016, the loan to value ratio has been around 70%, with the rolling four-quarter average for Q4 2020 being 71%.

¹⁰ A hypothec as passed by the Royal Court.

Latest year distribution - 2020

Figure C3 shows the distribution of loan to value of property transactions in Jersey in 2020.

Figure C3 – Distribution of loan to value, 2020

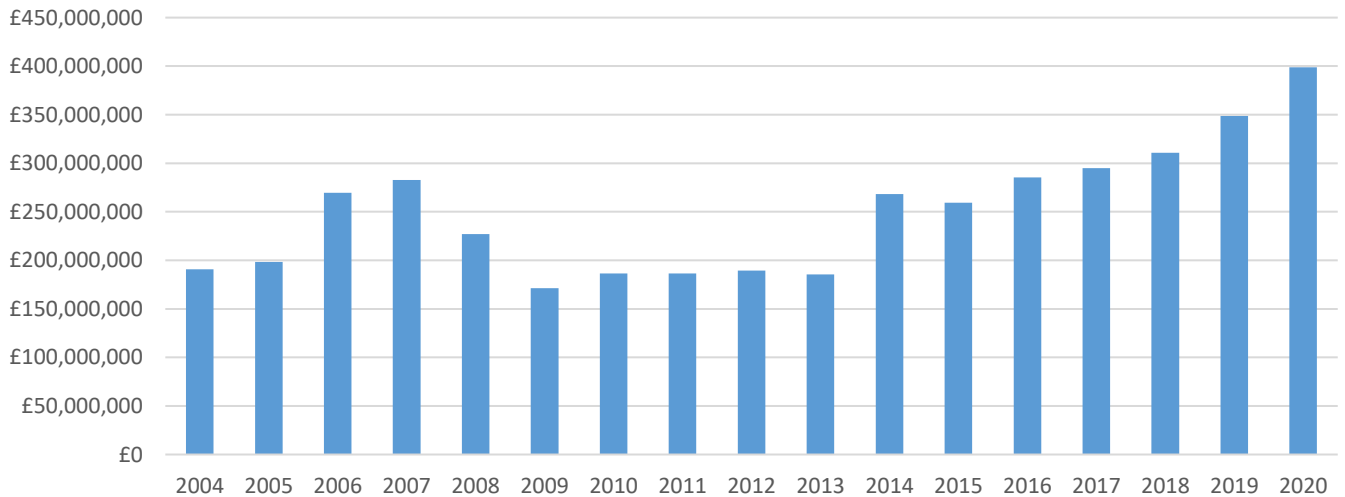


The greatest numbers of properties transacted with a loan in Jersey during 2020 were in the 80%-89% loan to value bracket. In contrast, there were nearly 150 transactions for which the loan met less than 50% of the transaction price. The median loan to value ratio in 2019 was 77%.

Total amount borrowed

For those Royal Court transactions which have been matched to a loan in the above process, it is possible to sum the amount borrowed for these purchases. This will not be the total of loans passed through the Royal Court. Figure C4 shows this total from 2004 to 2020.

Figure C4 – Total amount of borrowing matched to a Royal Court purchase, 2004-2020



Median loan to value

Guernsey calculates a median loan to value of property transactions for which a bond has been registered with the States of Guernsey Greffe. In Q4 2020, the median loan to value of such property transactions in Guernsey was 80%, compared with 76% in Jersey.