

Jersey House Price Index

Fourth Quarter 2013

Statistics Unit: www.gov.je/statistics



Summary

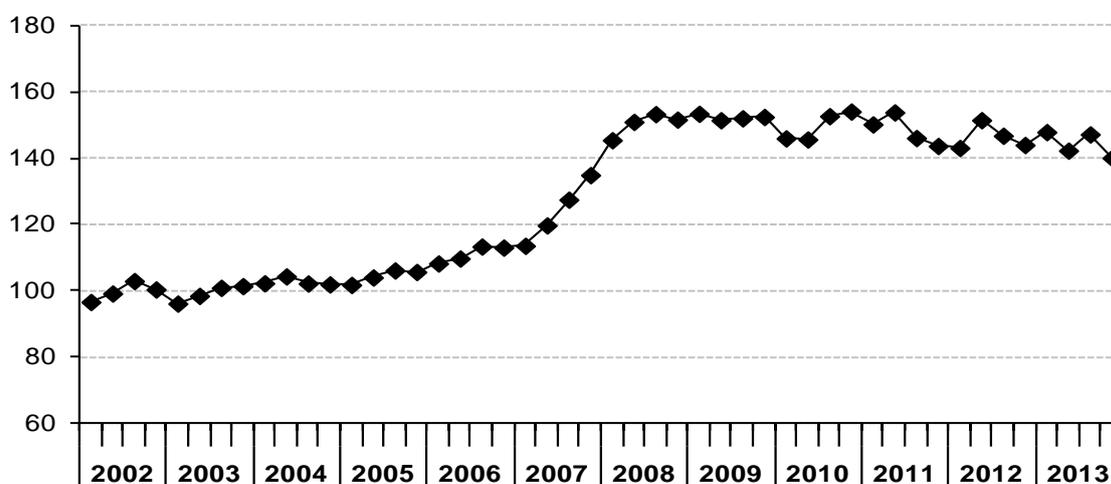
- The mix-adjusted average (mean) price of dwellings sold in Jersey in calendar year 2013 was 1% lower than in 2012;
- 2013 represents the fourth consecutive year in which the average dwelling price has decreased marginally on an annual basis; over the five-year period from 2009 to 2013, the overall mean price has fallen by 6%;
- the mean price of 1-bedroom flats was slightly higher in 2013 than in 2012; in contrast the mean price of 2-bedroom flats fell slightly, returning to a level seen previously in 2011;
- 2-bedroom houses recorded the lowest annual mean price since 2007, whilst the average price of 3-bedroom houses decreased for the fourth consecutive year; the mean price of 4-bedroom houses remained stable in 2013;
- on a quarterly basis, in Q4 2013 the Jersey House Price Index was 5% lower than in the previous quarter and 3% lower than in the corresponding quarter of 2012;
- the turnover of properties sold in 2013 overall was 3% lower than 2012, although an increase in turnover was observed in the latter half of 2013;
- share transfer properties accounted for half of all flats sold in 2013, a lower proportion than that seen in 2011 and 2012.

Overall mix-adjusted Index

The Jersey House Price Index measures the combined average price of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses; the index includes share transfer properties and is seasonally adjusted (s.a)¹. Figure 1 and Table 1 show the index over the last decade.

Figure 1 – Jersey House Price Index

(2002 = 100; including share transfer properties and seasonally adjusted, s.a.)



¹ A full description of the index and methodology is given in the Notes.

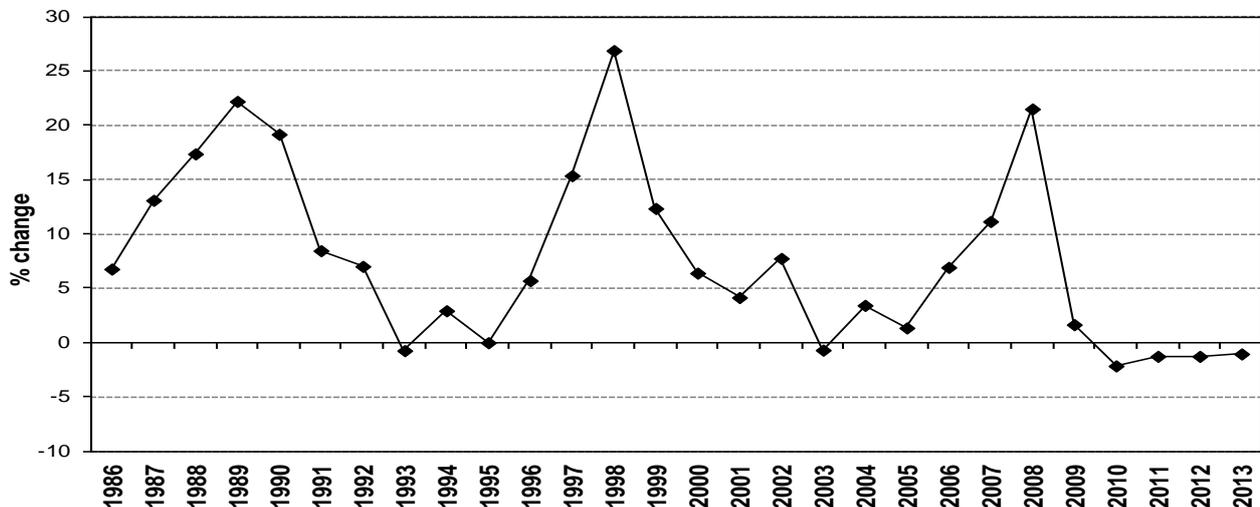
Table 1 – Jersey House Price Index (including share transfer properties and s.a.)

Period		Index
2003	Q1	96.2
	Q2	98.5
	Q3	101.0
	Q4	101.5
2004	Q1	102.3
	Q2	104.4
	Q3	102.3
	Q4	102.0
2005	Q1	101.9
	Q2	104.1
	Q3	106.2
	Q4	105.8
2006	Q1	108.3
	Q2	109.8
	Q3	113.4
	Q4	113.1
2007	Q1	113.7
	Q2	119.8
	Q3	127.6
	Q4	135.0
2008	Q1	145.6
	Q2	151.1
	Q3	153.4
	Q4	151.8
2009	Q1	153.5
	Q2	151.6
	Q3	152.2
	Q4	152.6
2010	Q1	146.1
	Q2	145.8
	Q3	152.8
	Q4	154.2
2011	Q1	150.3
	Q2	153.9
	Q3	146.2
	Q4	143.8
2012	Q1	143.2
	Q2	151.6
	Q3	146.9
	Q4	144.1
2013	Q1	148.0
	Q2	142.4
	Q3	147.3
	Q4	140.2

Figure 2 shows the overall price changes on a calendar year basis from 1986 to 2013.

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, these peaks have been followed by periods of lower rates of increase or, more recently, by a sustained period of decline on an annual basis.

Figure 2: Annual percentage change in the Jersey House Price Index 1986 – 2013



As is apparent from Figure 2, the Jersey House Price index fell by 1% on an annual basis in 2013, representing the fourth consecutive year of decline; a fall in the index of 2% was recorded in 2010, followed by a fall of 1% in both 2011 and 2012. Since 2009 the Jersey House Price Index has fallen by 6%.

On a quarterly basis, property prices in Q4 2013 were 5% lower than in the previous quarter (Q3 2013) and 3% lower than that recorded in the corresponding quarter of 2012 (Q4 2012).

Individual property types

The mean prices for the individual categories of dwelling in each quarter over the period from 2002 to 2013 are shown in Figure 3; the mean prices on an annual basis from 2003 to 2013 are shown in Table 2. Notwithstanding a degree of volatility which can occur quarter-on-quarter in the mean prices of individual property types, some themes are apparent:

1-bedroom flats:

The mean price of 1-bedroom flats had been essentially stable throughout 2008 and 2009 at just over £230,000. A reduction in the mean price of this type of property type was then observed during the following two years (2010 and 2011) such that in 2011 the mean price of 1-bedroom flats (on an annual basis) was below £200,000 for the first time since 2007.

Since 2011, the mean price of 1-bedroom flats has increased, largely due to a reduced proportion of lower priced share transfer properties being sold; the mean price of 1-bedroom flats sold in 2013 (£210,000) was 2% higher than in 2012 and 6% higher than in 2011.

2-bedroom flats:

Throughout 2008 and 2009, the mean price of 2-bedroom flats remained essentially stable at around £320,000. Following a slight dip in 2010, the mean price of 2-bedroom flats increased in each of the subsequent two years, taking the annual mean price of this property type to more than £340,000 in 2012, the highest level recorded for this property type since the introduction of the index.

In the latest year (2013), the mean price of 2-bedroom flats fell by £10,000 to around £330,000, a level similar to that previously seen in 2011.

On a quarterly basis, the mean price of 2-bedroom flats was at around £340,000 for the first three quarters of 2013 before decreasing to around £300,000 in the final quarter of the year.

Figure 3 – Mean prices (£,000) for individual property types

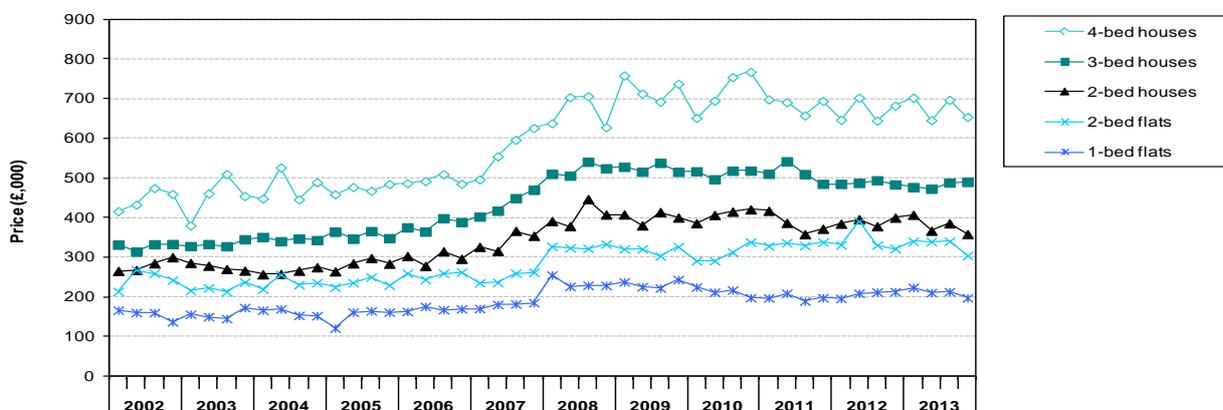


Table 2 – Mean prices (£,000) for individual property types, calendar year basis².

Year	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2003	157	223	274	334	458
2004	159	235	264	345	478
2005	154	234	286	356	474
2006	170	255	297	381	493
2007	180	251	340	435	571
2008	234	325	400	518	677
2009	233	319	400	522	723
2010	214	308	409	512	715
2011	198	333	383	511	680
2012	205	342	391	487	671
2013	210	332	375	484	674

Prices are rounded to the nearest £1,000

2-bedroom houses:

Following a period of stability during 2008 and 2009, when the mean price of 2-bedroom houses was £400,000, 2010 saw small quarterly increases taking the annual average price in that year to £409,000. The price of 2-bedroom houses has since fallen slightly, with the annual average price in each year from 2011 and 2013 being below £400,000.

² Note that the mean annual prices shown in Table 2 are derived by weighting the mean price recorded in each quarter by the number of transactions in that quarter. The percentage changes presented in the text are calculated from the unrounded weighted prices.

The annual mean price (£375,000) of 2-bedroom houses in 2013 was the lowest recorded since 2007.

3-bedroom houses:

After a period of strong growth from 2006 to early 2008, the mean price of 3-bedroom houses remained stable throughout the subsequent four-year period from 2008 to 2011, at around £520,000. In the fourth quarter of 2011 the mean price of 3-bedroom houses fell below £500,000 for the first time since 2007, and has remained below this level throughout 2012 and 2013.

2013 recorded a fall in the calendar year average for the fourth consecutive year; the mean price of 3-bedroom houses recorded in 2013 (£484,000) was around 5% lower than that recorded in 2010 and 2011 and around 7% lower than the peak recorded in 2009 (corresponding to a fall of almost £40,000).

4-bedroom houses:

The mean price of 4-bedroom houses has seen some volatility on a quarterly basis since 2008, however on an annual basis the average price has behaved more uniformly (see Table 2).

From 2005 to 2009 the annual average price of 4-bedroom houses increased substantially; in 2009 the mean price was more than half (53%) higher than in 2005. From 2009 to 2012, the annual average price of this property type decreased in each year such that the calendar year average in 2012 was around £50,000 less than that recorded in 2009; in the latest year 2013 the average price has remained essentially unchanged at around £670,000.

Turnover

Table 3 shows that 288 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q4 2013.

**Table 3 - Number of dwellings included in the Jersey House Price Index
by property type; including share transfer transactions.**

Period	Flats		Houses			Total	<i>Bulletins published</i>
	1-bed	2-bed	2-bed	3-bed	4-bed		
2012 Q1	94	59	27	84	35	299	6
Q2	61	48	36	85	42	272	6
Q3	47	55	22	73	30	227	6
Q4	48	48	28	98	30	252	7
Total 2012	250	210	113	340	137	1,050	25
2013 Q1	34	34	20	51	32	171	6
Q2	58	54	30	63	40	245	6
Q3	68	39	38	120	50	315	7
Q4	48	39	48	107	46	288	6
Total 2013	208	166	136	341	168	1,019	25

On an annual basis, the total turnover of properties in 2013 was 3% lower than in 2012. This decrease can be attributed to a smaller number of share transfer properties being sold in 2013, the turnover of such properties being about 140 fewer than in the previous year.

A larger number of properties were sold in the latter half of 2013 compared to in the first two quarters of the year, driven largely by a increase the sale of 3-bedroom houses; around double the number of 3-bedroom houses were sold in Q3 and Q4 compared with the first two quarters of the year.

Share transfer properties accounted for half (51%) of all eligible sales of flats in 2013, a lower proportion than that seen in 2011 and 2012 (73%). As Table 4 shows, the number of share transfer flats sold in 2013 (192) was just over half of that sold in each of the previous two years (2011 and 2012), returning to a level similar to that seen in 2010.

Table 4 - Share transfer properties included in the Jersey HPI; flats only

	Number of properties		Total
	1 bed flats	2 bed flats	
2010 Q1	20	21	41
2010 Q2	17	18	35
2010 Q3	22	23	45
2010 Q4	17	18	35
Total 2010	76	80	156
2011 Q1	57	48	77
2011 Q2	28	29	57
2011 Q3	29	48	77
2011 Q4	47	44	91
Total 2011	161	169	330
2012 Q1	78	45	123
2012 Q2	46	29	75
2012 Q3	31	38	69
2012 Q4	32	37	69
Total 2012	187	149	336
2013 Q1	24	16	40
2013 Q2	27	27	54
2013 Q3	30	22	52
2013 Q4	29	17	46
Total 2013	110	82	192

Comparison with the UK and Guernsey

Guernsey

The constant mix average price of dwellings sold in Guernsey³ in Q4 2013 (£447,000) was 3% lower than in the previous quarter (Q3 2013) and 1% higher than in the corresponding quarter of 2012 (Q4 2012).

The annual average price recorded in 2013 (£454,000) was 3% higher than in 2012.

United Kingdom

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)⁴ in the latest quarter and in calendar year 2013 are shown in Table 5.

Table 5: Mix-adjusted average prices in Jersey, Guernsey and the UK, 2013 (in 000's)

	Q4 2013	Annual Average 2013
Jersey	388	399
Guernsey	447	454
UK	248	242
England	258	252
Wales	166	162
Scotland	184	181
Northern Ireland	132	130
Greater London	442	424
South East (excl. London)	305	300
East	261	255
South West	233	229
West Midlands	189	184
East Midlands	176	173
North West	166	163
Yorkshire & Humber	169	166
North East	148	146

The mix-adjusted average price in the UK in Q4 2013 (£248,000) was 2% higher than in the previous quarter (Q3 2013).

On a calendar year basis, the average price recorded in the UK in 2013 (£242,000) was almost 4% higher than in 2012.

³ Guernsey Policy and Research Unit: Guernsey Residential Property Prices 1981-2010. Guernsey introduced a "constant mix" measure in Q2 2009 in which the median prices of flats and houses are weighted using constant proportions.

⁴ Figures for the UK are derived from: Department for Communities and Local Government, House Price Index December 2011. These UK figures are based on mortgaged purchases, and hence do not include purely cash purchases; the Jersey figures include both mortgaged and cash purchases.

Median house prices

Although the overall mix adjusted House Price Index is calculated from the mean prices of property types and sizes, examining changes in the median price of dwellings can provide a complimentary insight into the behaviour of residential property prices in Jersey.

The median property price represents the middle value when all property prices are ranked in price order from smallest to highest, i.e. 50% of all property prices fall above the median price and 50% fall below.

Table A shows median property prices of 2-, 3- and 4-bedroom houses on an annual basis from 2002 to 2013.

Table A: Median property price of houses sold in Jersey; 2003 - 2013

Year	Houses		
	2-bed	3-bed	4-bed
2003	£275,000	£310,000	£432,000
2004	£255,000	£325,000	£474,000
2005	£275,000	£345,000	£455,000
2006	£298,000	£365,000	£479,000
2007	£330,000	£420,000	£575,000
2008	£390,000	£490,000	£699,000
2009	£400,000	£506,000	£714,000
2010	£393,000	£475,000	£716,000
2011	£375,000	£465,000	£688,000
2012	£390,000	£455,000	£638,000
2013	£360,000	£445,000	£650,000

Over the ten-year period from 2003 to 2013 the mean and median prices of 2-bedroom houses have been similar; the median prices of such properties on an annual basis have been less than £20,000 below the mean prices.

For 3-bedroom houses, prior to 2010 the difference between the mean and median prices was generally less than £20,000. However, in the latest four years (2010 to 2013) the median price of 3-bedroom houses has been around £40,000 lower than the mean.

The difference between the median and mean prices of 4-bedroom houses has been less than £30,000 during the last ten years (median prices below mean).

2-bedroom houses

The median price of 2-bedroom houses saw strong growth from 2002 to 2009 such that in 2009 the median price of this property type (£400,000) was almost a half greater than in 2003. Since 2009, the median price of this property type has declined by around £40,000; the median price in 2013 was at the lowest level recorded since 2007.

3-bedroom houses

Following a period of annual increases in the median price of 3-bedroom houses from 2003 to 2009, the most recent four-year period (2010 to 2013) has seen the median price of this property type fall in each year. Since 2009, when the median price of this property type was more than £500,000, a fall of 12% has been recorded, corresponding to a fall of around £60,000; a decrease of £30,000 was recorded in 2010 followed by a fall of £10,000 in each subsequent year. In 2013, the median price of 3-bedroom houses was £445,000.

4-bedroom houses

The median price of 4-bedroom houses also saw strong growth from 2003 to 2009, with an increase of almost £300,000 over the seven-year period. Since 2010 the median price of this property type has decreased by more than 9%; in 2013 the median price of 4-bedroom houses (£650,000) was almost £70,000 lower than in 2009 and 2010.

First Time Buyer properties

There are a number of sites in Jersey which have had dwellings built exclusively for First Time Buyers (FTB). Due to the relatively small number of such transactions taking place in a given quarter, FTB properties are presented in Table B and Figure B on an annual basis only and at a combined flat and a combined house level.

Table B: First Time Buyers' properties, 2002-2013.

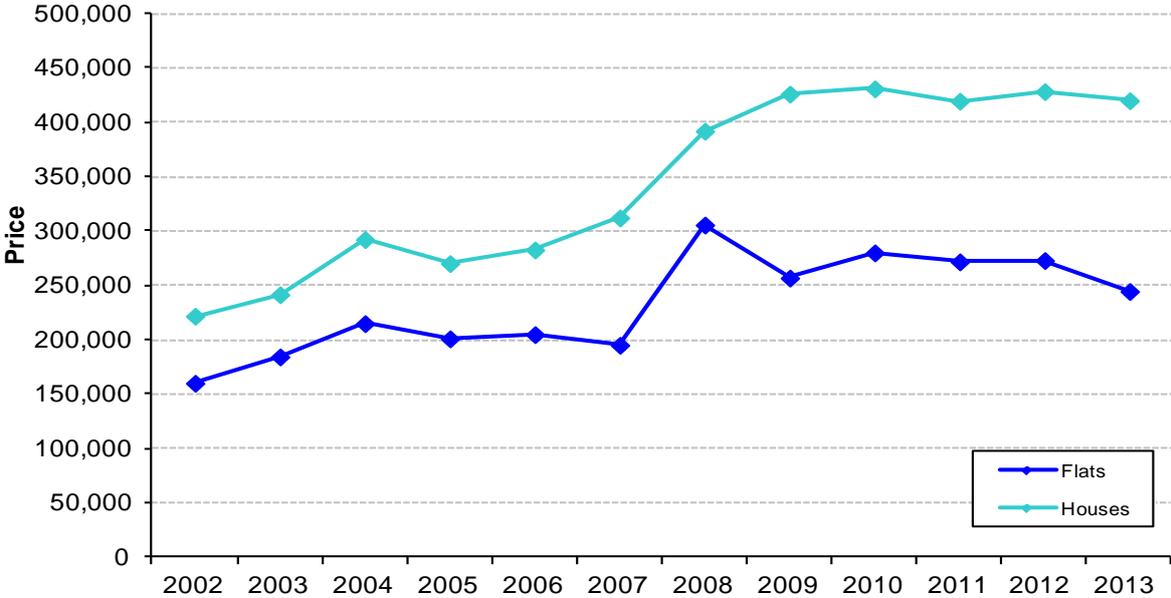
Year	Flats		
	Mean price	Transactions	Principal sites
2003	185	52	Albert Place
2004	215	23	Albert Place
2005	201	8	Various & re-sale
2006	205	13	Woodville & Albert Place re-sale
2007	195	22	Clos des Charmes / Various & re-sale
2008	306	12	Woodville & Albert Place re-sale
2009	257	5	Woodville re-sale
2010	280	6	Woodville & Albert Place re-sale
2011	272	13	Woodville & Albert Place re-sale
2012	273	9	Woodville & Albert Place re-sale
2013	245	3	Woodville re-sale
Year	Houses		
2003	242	18	Les Serres
2004	292	11	Various & re-sale
2005	270	129	Various & re-sale ⁵
2006	283	60	Various & re-sale ⁶
2007	312	12	Clos des Charmes / Various & re-sale ⁶
2008	392	48	Les Cloches / La Providence / Various & re-sale ⁶
2009	426	76	La Providence
2010	431	18	La Providence
2011	420	22	La Providence
2012	429	29	Jardin de Haut & Uplands Drive
2013	420	31	Le Champ Pres De L'Eglise / Various re-sale

⁵ Properties on the La Cambrette have been excluded from the FTB analysis, since these were refurbished properties sold by the Housing Department to States tenants at a price lower than private development sales and are thus not reflective of the FTB market.

The fluctuations in the annual mean price of FTB properties seen for both types of property may be ascribed to two factors: firstly, there is a relatively small number of transactions of such properties taking place each year; and secondly, specific FTB sites vary somewhat in designated price and since the majority of each site is made available to purchase at a similar time, the annual figures reflect which site has come onto the market in a given year. Nevertheless, the general behaviour of the prices of such properties is apparent.

Figure B shows the mean price of designated FTB properties on a calendar year basis from 2002 to 2013.

Figure B: Mean price of First Time Buyers' properties, 2002-2013.



Between 2004 and 2007 the mean price of FTB flats was around £200,000. In 2008 the price of such properties increased by more than 50%, taking the mean price to over £300,000; this increase was largely attributable to a smaller number of 1-bedroom FTB flats being sold compared with previous years.

Between 2009 and 2012 the mean price of FTB flats remained relatively more stable, at around £270,000, but decreased by around £20,000 in 2013 (£250,000), to the lowest mean price recorded for FTB flats since before the peak of 2008.

The mean price of FTB houses saw ongoing price increases on an annual basis between 2005 and 2009, during which the mean price increased from around £270,000 to almost £430,000.

Since 2009 the mean price of FTB houses has remained relatively stable at between £420,000 and £430,000.

Notes

1. Data sources:

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

- the Jersey Property Bulletin for freehold and flying freehold properties;
- the States of Jersey Income Tax Department for share transfer transactions.

The above price data are supplemented by information on the type and size of each property provided by the States of Jersey Population Office.

2. Excluded properties:

Derelict buildings, commercial properties with associated residential units, apparent intra-family transactions, retirement community developments and properties designated by the States of Jersey 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 Jersey Property Bulletin. Price data is instead provided by the States of Jersey Tax Department. 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.

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. Mean price

The mean average price of dwellings is calculated by weighting together the 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. Revised property-type weights have been incorporated for use in 2012, derived from the full preceding three-year period and including share transfer properties.

In future years, a change in weights will be incorporated within each Q1 analysis, based on the preceding three-year period. 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. Seasonal-adjustment

The Jersey House Price Index has been published on a quarterly basis since Q1 2002 and is now of sufficient length to warrant seasonal adjustment. The seasonally adjusted index series, including share transfer transactions, should now be considered as the principal output of this analysis.

Statistics Unit
20 February 2014

Price distributions – comparison with previous quarter: Q4 2013 and Q3 2013

Figure A1 - 1-bedroom flats

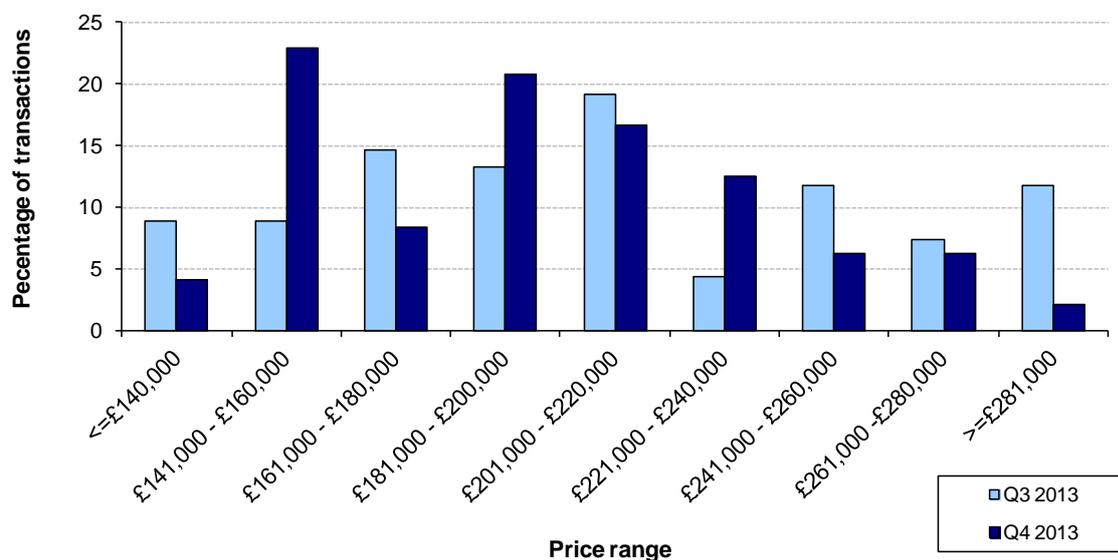


Figure A2 – 2-bedroom flats

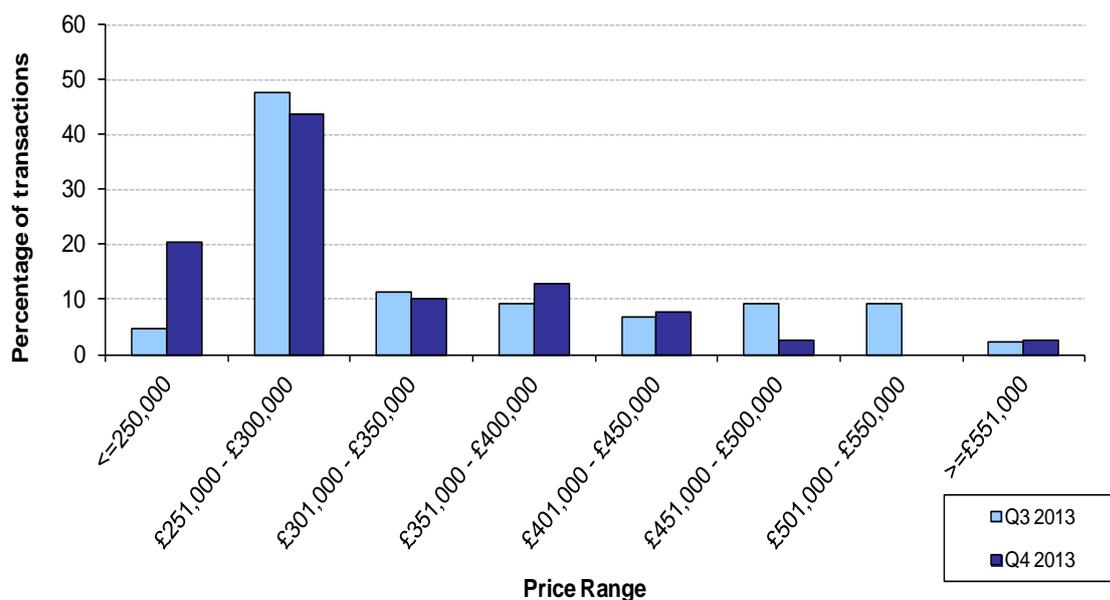


Figure A3 - 2-bedroom houses

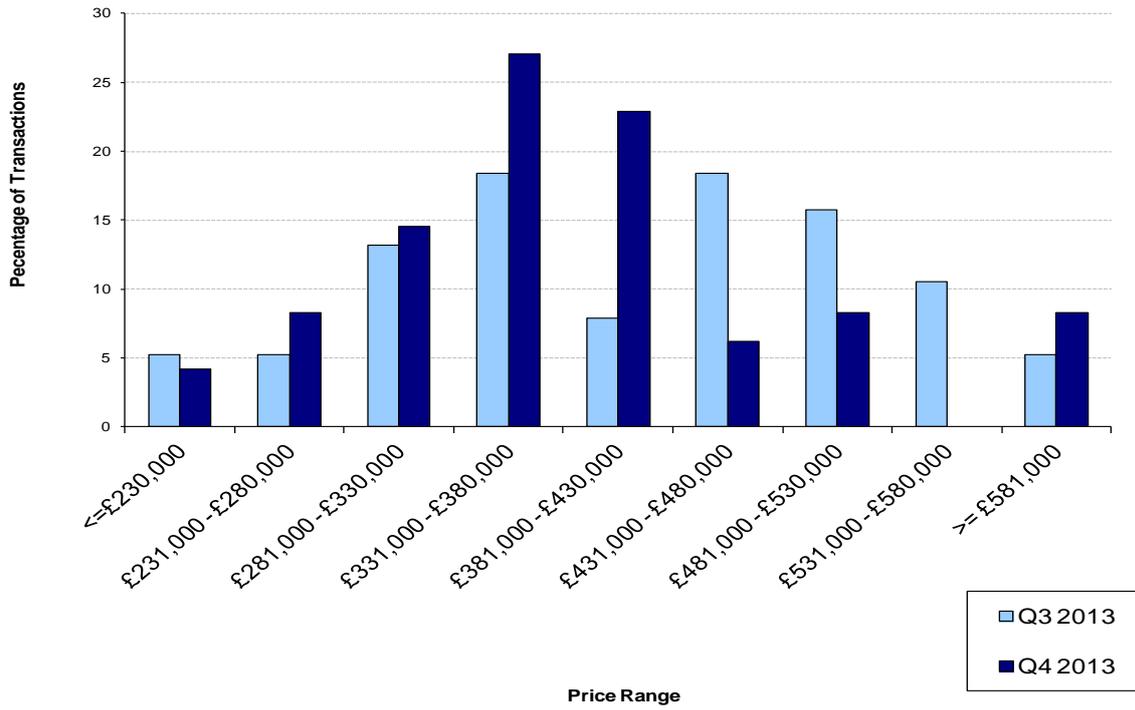


Figure A4 - 3-bedroom houses

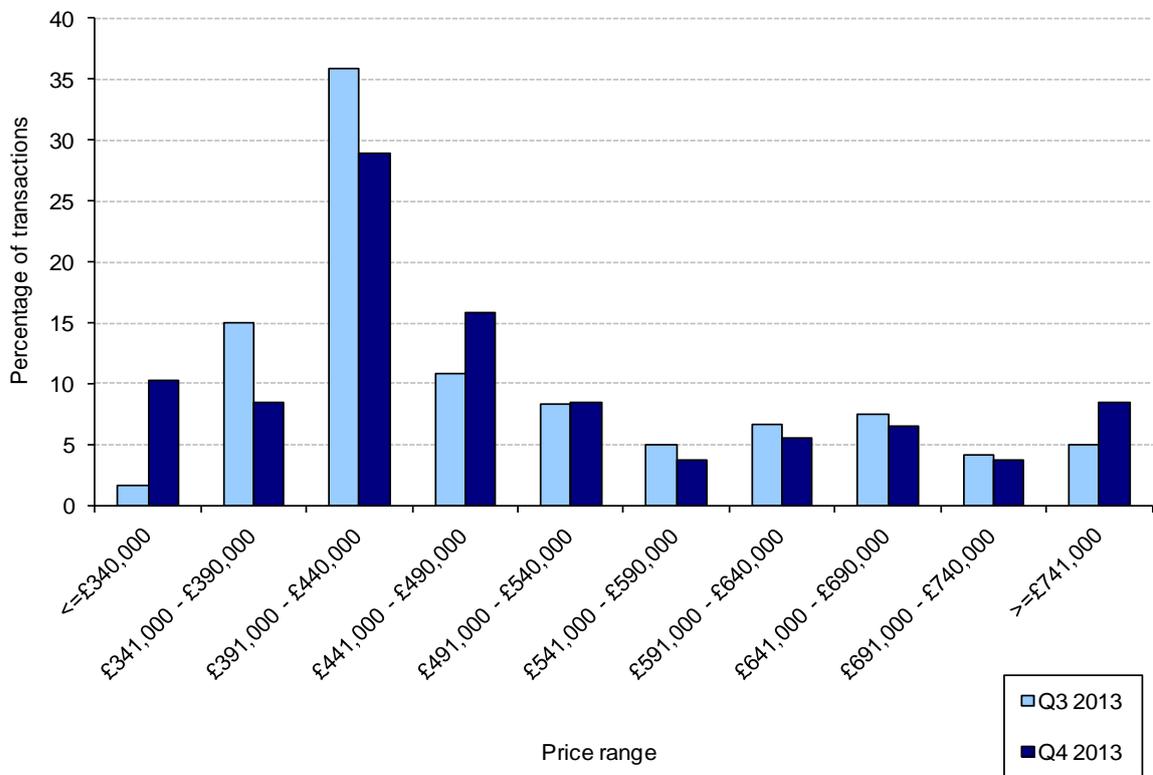
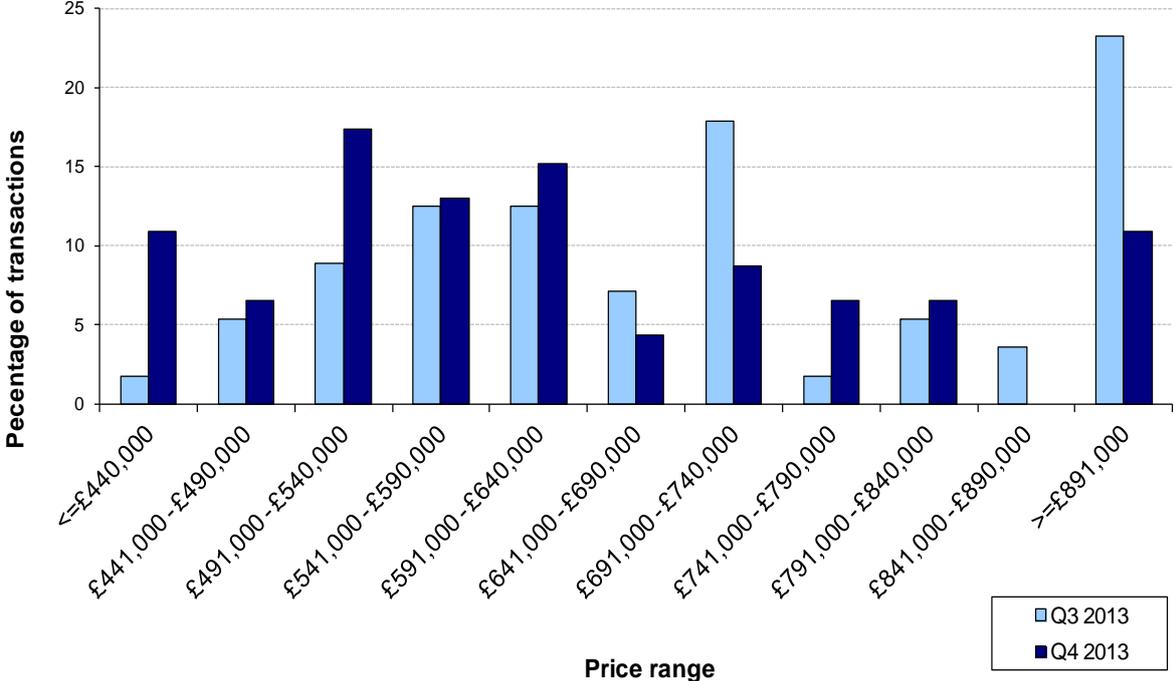


Figure A5 - 4-bedroom houses



Price distributions – comparison with previous year: 2013 and 2012

Figure B1 - 1-bedroom flats

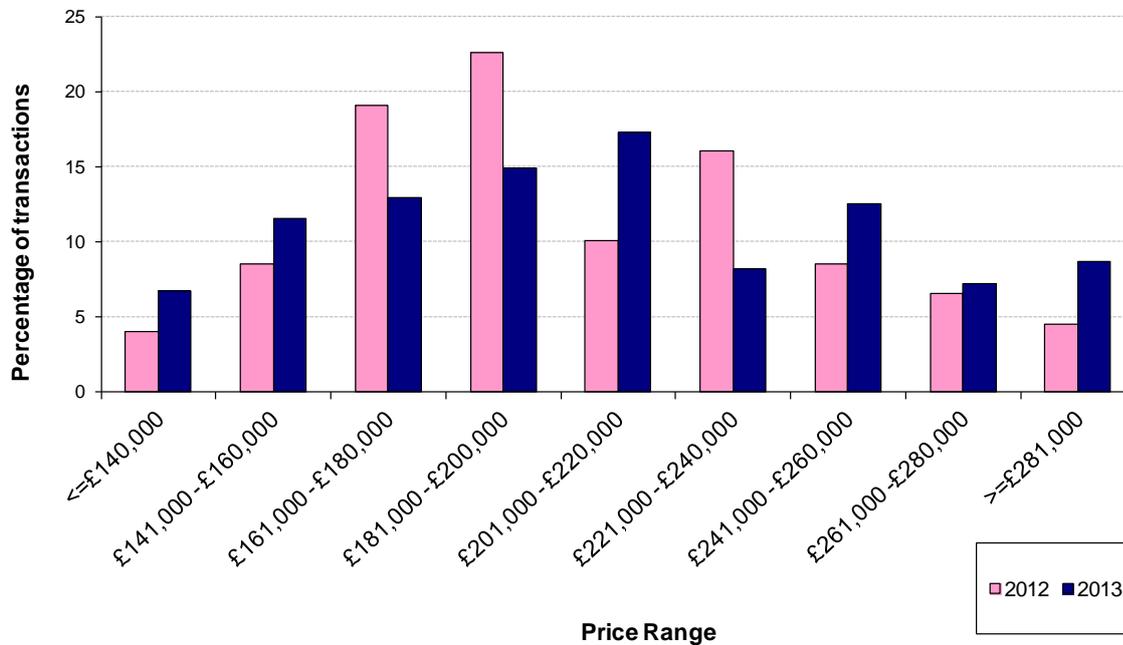


Figure B2 - 2-bedroom flats

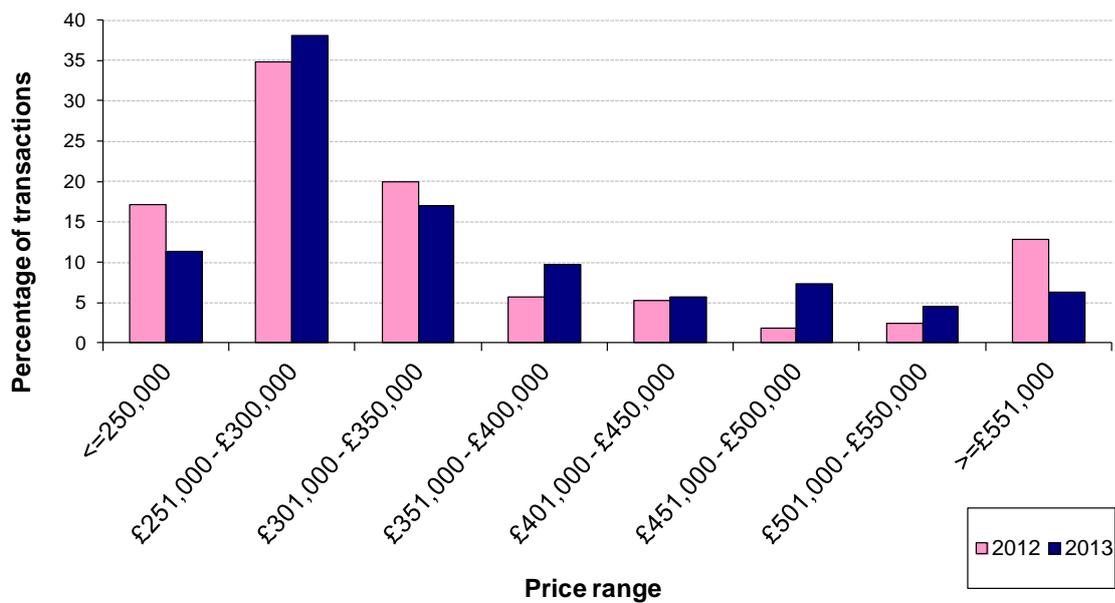


Figure B3 - 2-bedroom houses

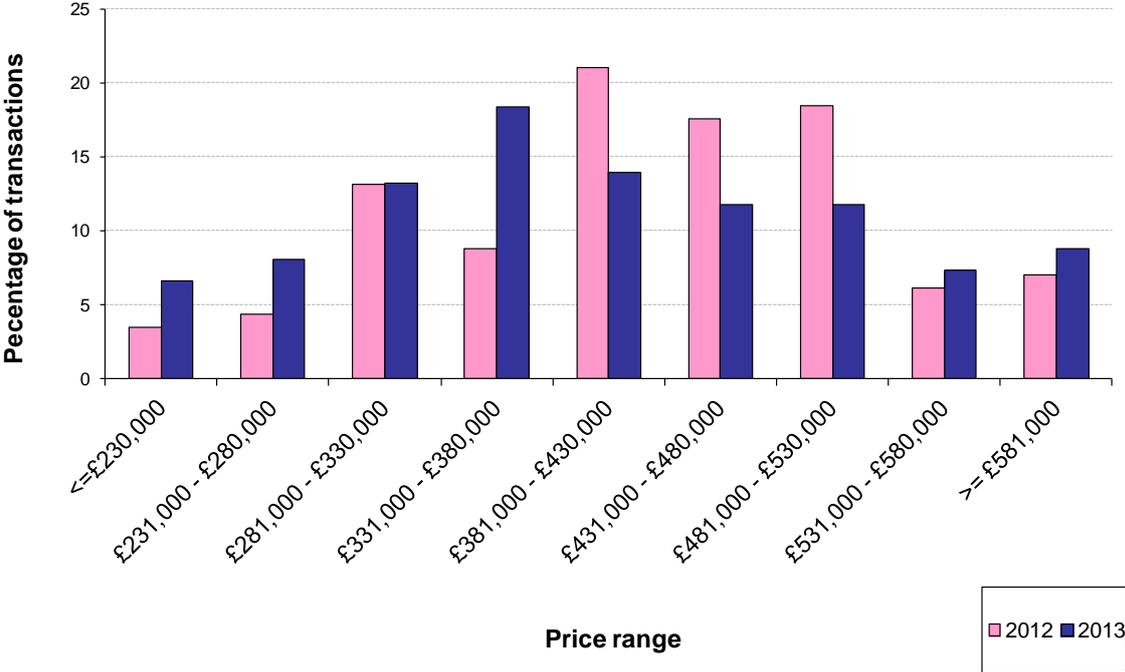


Figure B4 - 3-bedroom houses

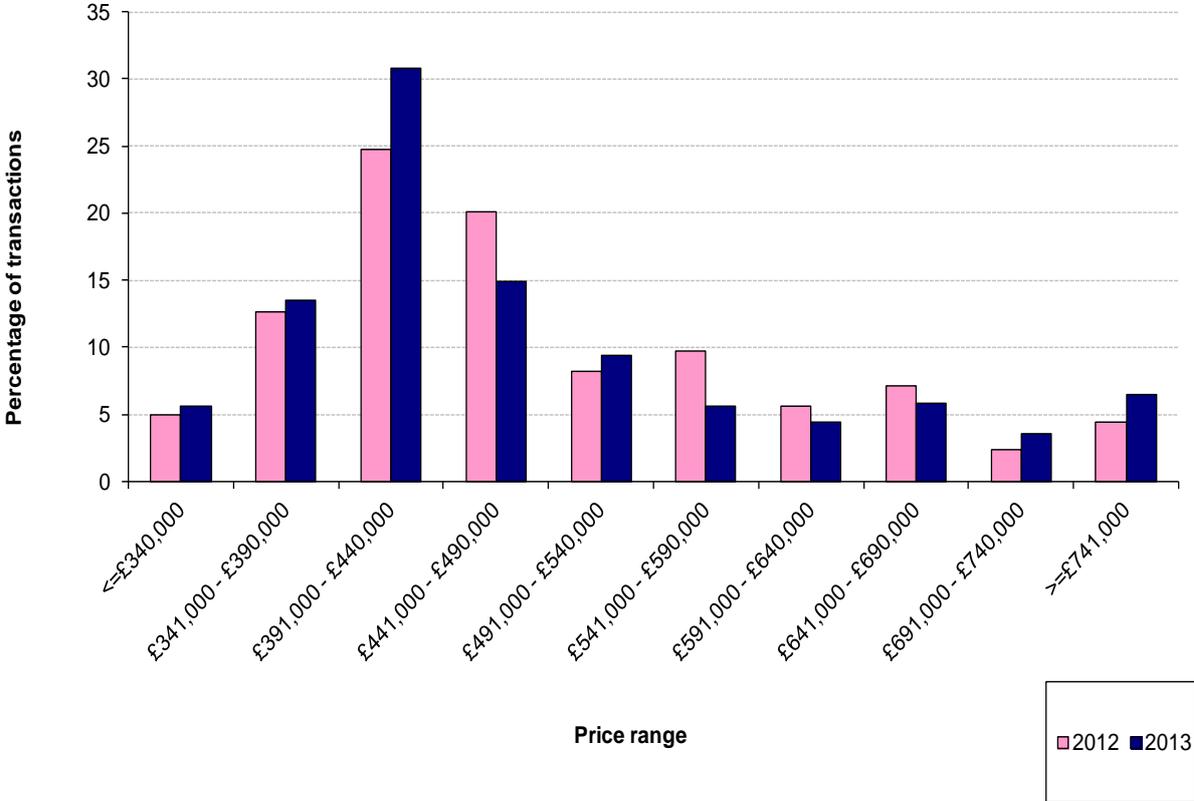


Figure B5 - 4-bedroom houses

