

Jersey House Price Index

Second Quarter 2015

Summary

- On a **rolling four-quarter basis**, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q2 2015 was 1% lower than in the previous quarter (ending Q1 2015) and 4% higher than the corresponding quarter in 2014 (ending Q2 2014).
- On a **quarterly basis**:
 - the *seasonally adjusted* mix-adjusted average price in Q2 2015 was 3% lower than in the previous quarter (Q1 2015);
 - 1-bedroom flats recorded higher mean prices than in the previous quarter;
 - 2- and 3-bedroom houses and 2-bedroom flats, all recorded lower mean prices;
 - 4-bedroom houses recorded largely unchanged mean prices.
- The **turnover** of properties in Q2 2015 was higher than in the previous quarter (Q1 2015), and was the highest quarterly figure recorded since 2008.
- Overall **housing market activity**, on a rolling four-quarter basis, was 2% higher than in the previous quarter (Q1 2015) and 7% higher than the corresponding quarter of 2014 (Q2 2014).
- **Share transfer** transactions accounted for almost two-thirds (64%) of all eligible flat sales in Q2 2015, an increased proportion to that recorded in calendar year 2014.

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.

Figure 1 shows the Jersey House Price Index from 2002 to 2015 on a non-seasonally adjusted basis and also the rolling four-quarter average (see [Note 6](#) and [Appendix A](#)).

Figure 1 – Jersey House Price Index, Q1 2002 to Q2 2015

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



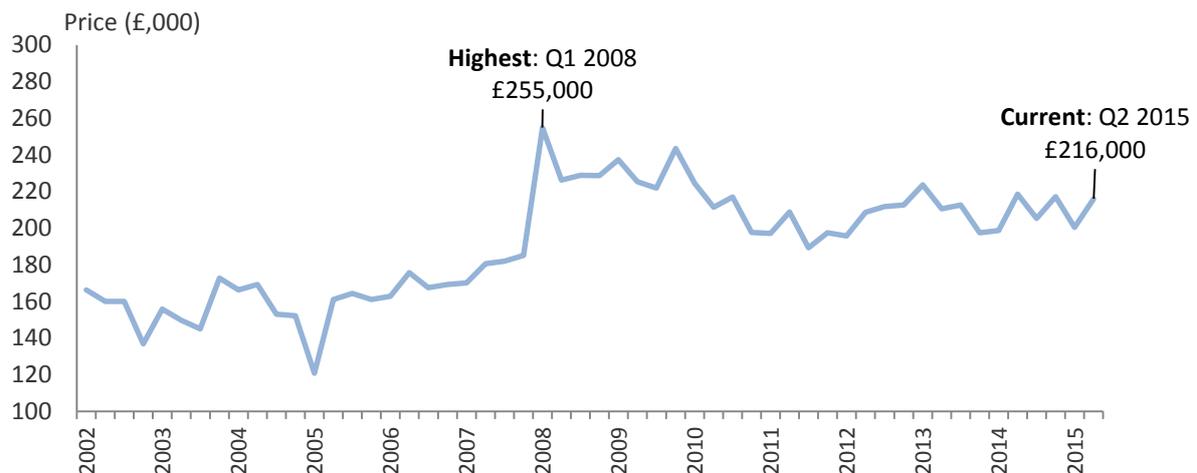
On a rolling four-quarter basis, the Jersey House Price Index during the year ending Q2 2015 was 1% lower than in the previous quarter (ending Q1 2015) and 4% higher than the corresponding quarter in 2014 (ending Q2 2014).

On a quarterly basis, the *seasonally adjusted* average price in Q2 2015 was 3% lower than in the previous quarter (Q1 2015).

Individual property types - 1-bedroom flats:

The mean prices for 1-bedroom flats are shown in Figure 2.

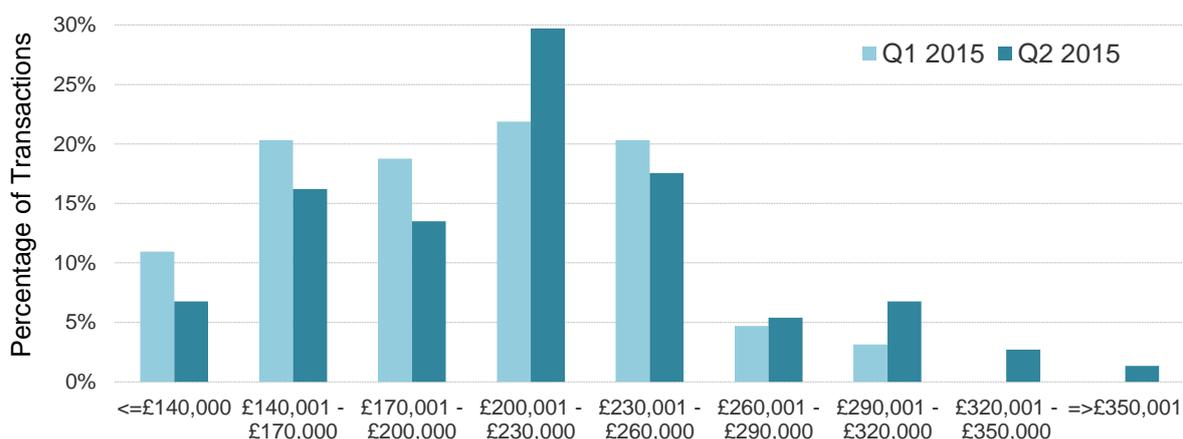
Figure 2 – Mean prices (£,000) for 1-bedroom flats, Q1 2002 to Q2 2015



Following the sharp increase in mean prices early in 2008, the remainder of 2008 and 2009 saw the mean price of 1-bedroom flats remain essentially stable at around £230,000. During the subsequent two years (2010 and 2011) a reduction in the mean price of this property type was observed, largely attributable to an increase in the turnover of lower priced share transfer properties. The mean price has since remained around that level, with the three years 2012 to 2014 each having average mean prices of around £210,000.

The mean price of 1-bedroom flats sold in the latest quarter was **£216,000**, which was around £15,000 higher than the previous quarter (Q1 2015) and around £6,000 higher than the annual average of the previous calendar year (2014). Figure 3 shows the distribution of prices for these properties sold in the last two quarters.

Figure 3 – Price distributions for 1-bedroom flats, Q1 2015 and Q2 2015



The *median* price of 1-bedroom flats sold in the latest quarter was £216,000 (the same as the mean price) and the largest volume (approximately 30% of total transactions) were sold in the £200,001 - £230,000 price bracket.

Table 1 – Mean prices for 1-bedroom flats

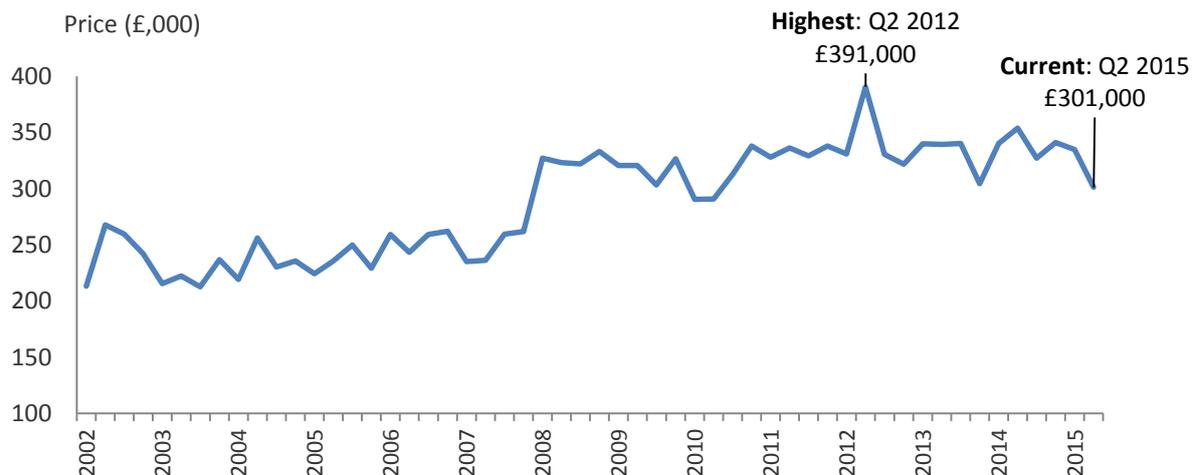
1-Bed Flats	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	196	209	212	213	224	211	213	197	199	219	205	217	201	216

The Q2 2015 mean price has a 95% confidence interval of \pm £11,000

Individual property types - 2-bedroom flats:

The mean prices for 2-bedroom flats are shown in Figure 4.

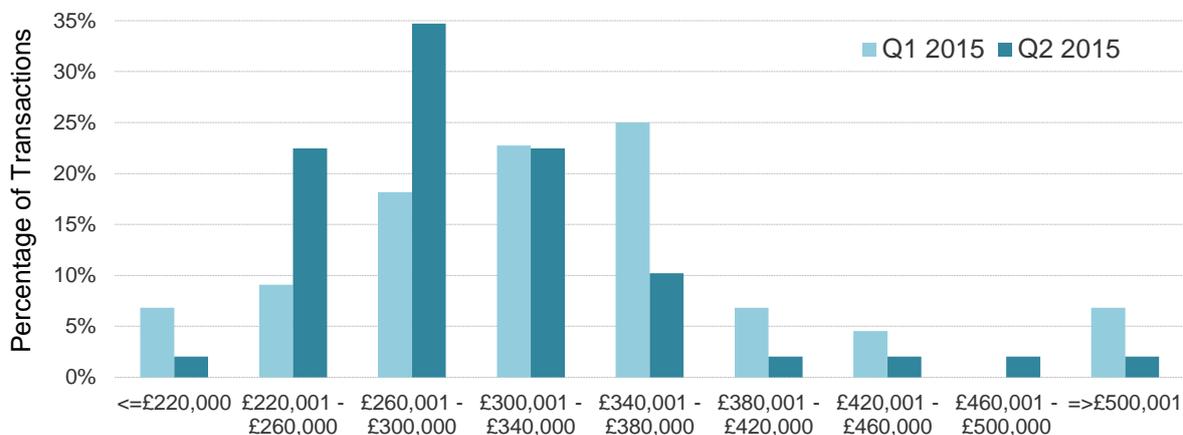
Figure 4 – Mean prices (£,000) for 2-bedroom flats, Q1 2002 to Q2 2015



Following a period of stability throughout 2008 and 2009, when the mean price of 2-bedroom flats was around £320,000, the subsequent two years saw increases, taking the annual mean price of this property type to around £340,000 in 2012. Since the first quarter of 2013 the mean price of 2-bedroom flats generally remained at around this level, except for a downward fluctuation observed in Q4 2013.

The mean price of 2-bedroom flats sold in the latest quarter was **£301,000**, which was around £34,000 lower than the previous quarter (Q1 2015) and £39,000 lower than the annual average of the previous calendar year (2014). Figure 5 shows the distribution of prices for these properties sold in the last two quarters.

Figure 5 – Price distributions for 2-bedroom flats, Q1 2015 and Q2 2015



The *median* price of 2-bedroom flats sold in the latest quarter was £285,000 (£16,000 lower than the mean price) and the largest volume (approximately 35% of total transactions) were sold in the £260,001 - £300,000 price bracket.

Table 2 – Mean prices for 2-bedroom flats

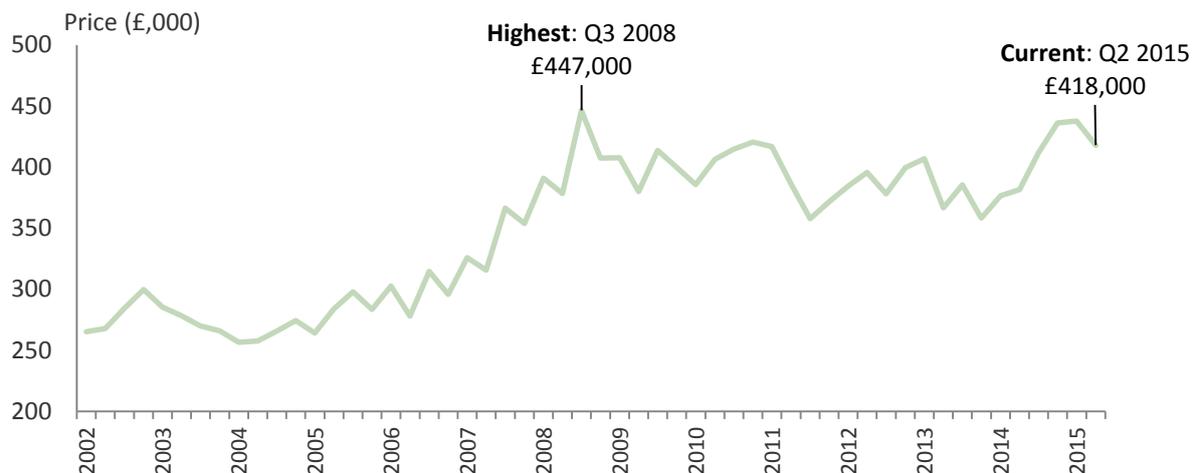
2-Bed Flats	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	331	391	331	322	340	340	340	304	340	354	327	341	335	301

The Q2 2015 mean price has a 95% confidence interval of \pm £15,000

Individual property types - 2-bedroom houses:

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

Figure 6 – Mean prices (£,000) for 2-bedroom houses, Q1 2002 to Q2 2015

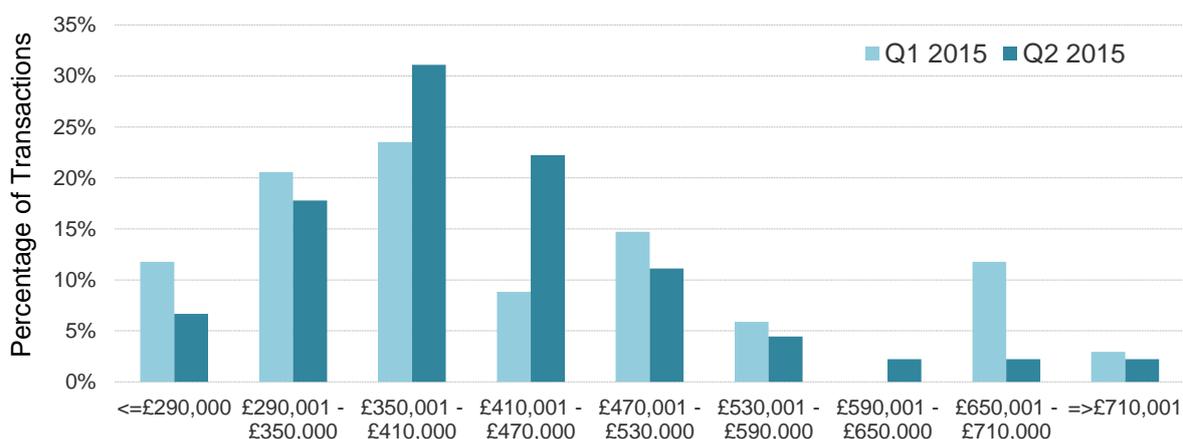


The mean price of 2-bedroom houses sold from 2008 to 2010 was between £400,000 and £410,000. The mean price of this property type subsequently decreased, with the annual average price recorded in each year from 2011 to 2013 ranging from approximately £375,000 to £390,000.

In the latter half of 2014 the mean price of 2-bedroom houses rose above £400,000 for the first time since early-2011 finishing in Q4 2014 at a mean price of £436,000 which was the highest mean price recorded since 2008.

The mean price of 2-bedroom houses sold in the latest quarter, at **£418,000**, was £20,000 lower than the previous quarter (Q1 2015) but £16,000 higher than the 2014 average. Figure 7 shows the distribution of prices for these properties sold in the last two quarters.

Figure 7 – Price distributions for 2-bedroom houses, Q1 2015 and Q2 2015



The *median* price of 2-bedroom houses sold in the latest quarter was £400,000 (£18,000 lower than the mean price) and the largest volume (approximately 30% of total transactions) were sold in the £350,001 - £410,000 price bracket.

Table 3 – Mean prices for 2-bedroom houses

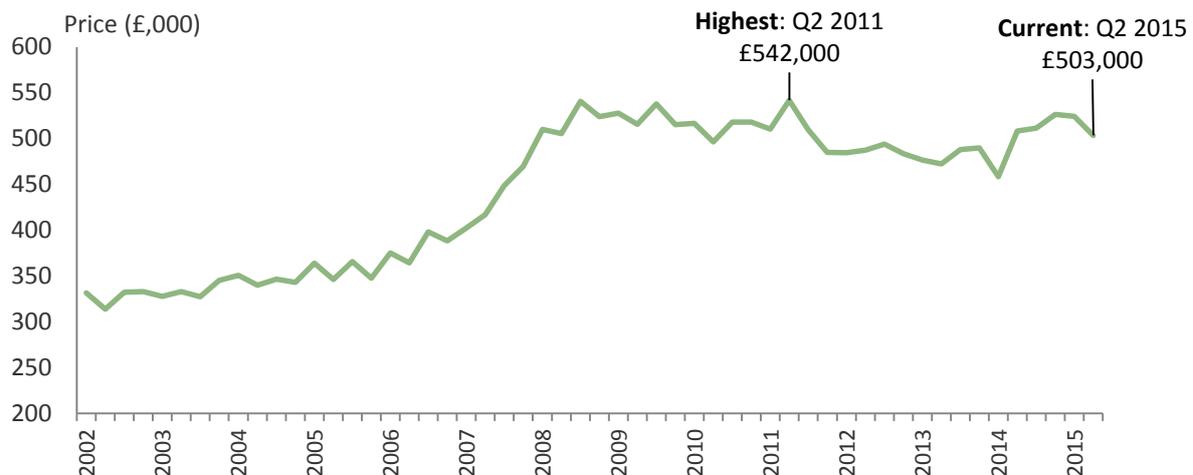
2-Bed Houses	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	384	396	378	400	407	367	385	358	377	382	412	436	438	418

The Q2 2015 mean price has a 95% confidence interval of \pm £26,000

Individual property types - 3-bedroom houses:

The mean prices for 3-bedroom houses are shown in Figure 8.

Figure 8 – Mean prices (£,000) for 3-bedroom houses, Q1 2002 to Q2 2015

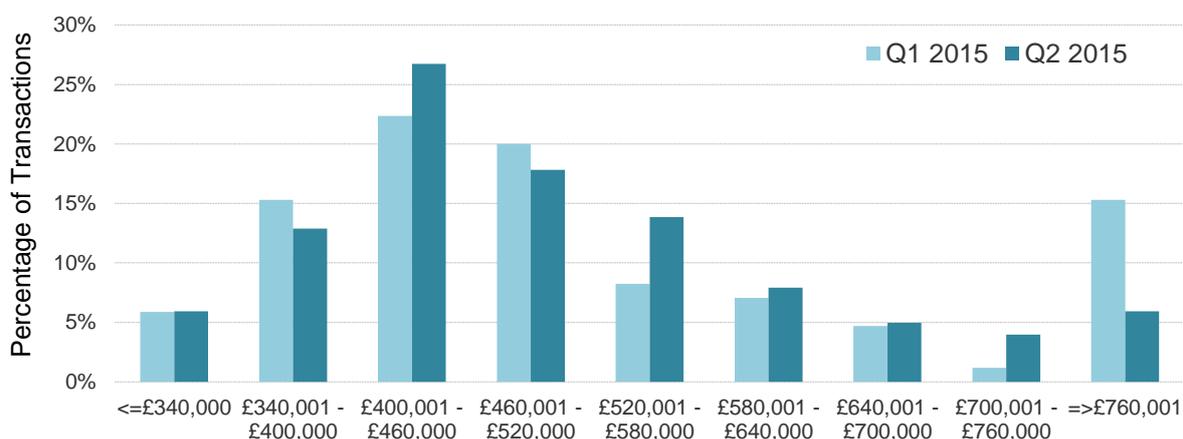


After a period of strong growth from 2006 to early 2008, the mean price of 3-bedroom houses remained relatively stable throughout the subsequent four-year period from 2008 to 2011, at between £510,000 and £520,000.

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 it once again rose above the £500,000 mark and it has subsequently remained above this level for five consecutive quarters.

The mean price of 3-bedroom houses which sold in the latest quarter was **£503,000** which was £21,000 lower than the previous quarter (Q1 2015), and essentially the same as the 2014 average. Figure 9 shows the distribution of prices for these properties sold in the last two quarters.

Figure 9 – Price distributions for 3-bedroom houses, Q1 2015 and Q2 2015



The *median* price of 3-bedroom houses sold in the latest quarter was £475,000 (£26,000 lower than the mean price) and the largest volume (approximately 25% of total transactions) were sold in the £400,001 - £460,000 price bracket.

Table 4 – Mean prices for 3-bedroom houses

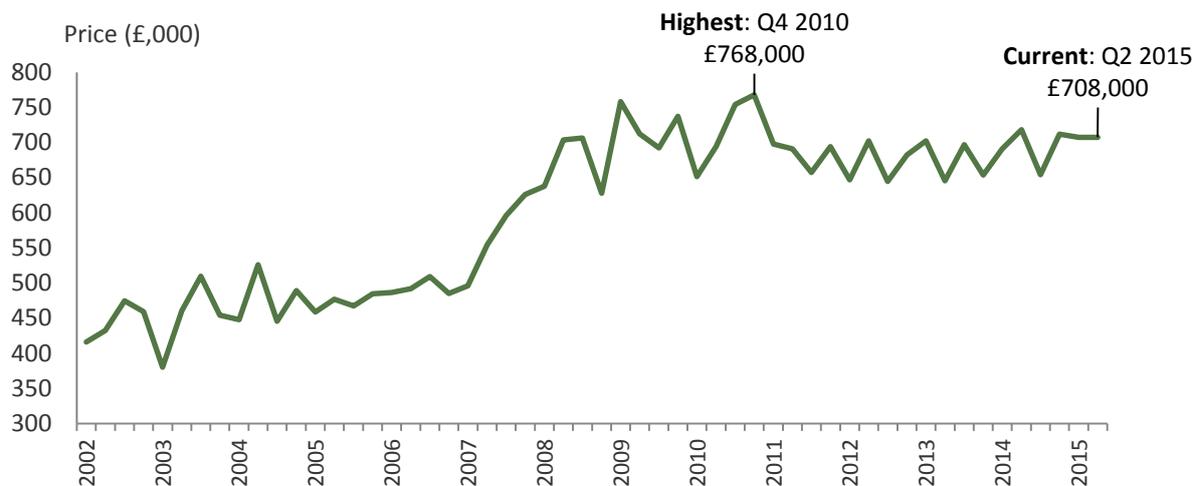
3-Bed Houses	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	485	487	494	483	477	473	488	490	458	508	512	526	524	503

The Q2 2015 mean price has a 95% confidence interval of \pm £23,000

Individual property types - 4-bedroom houses:

The mean prices for 4-bedroom houses are shown in Figure 10.

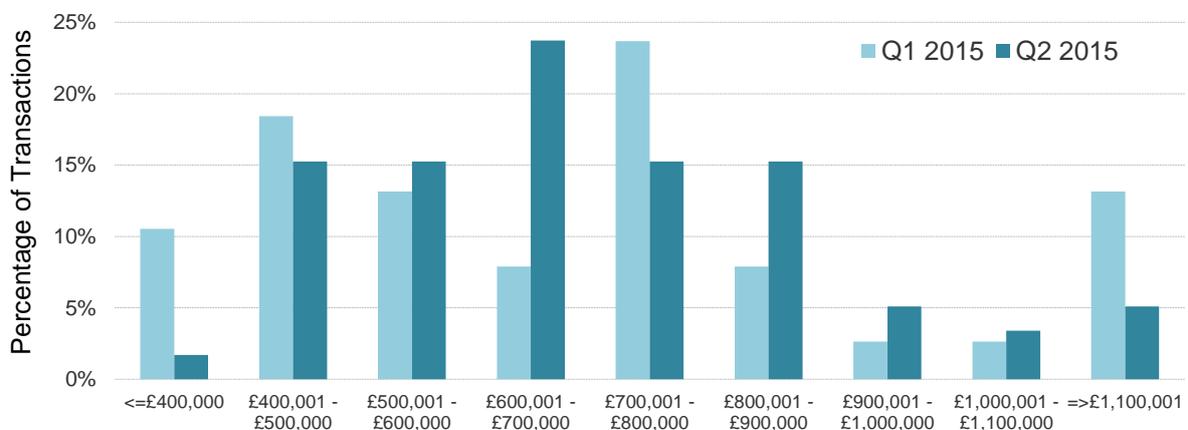
Figure 10 – Mean prices (£,000) for 4-bedroom houses, Q1 2002 to Q2 2015



Although this category of property has seen some volatility in price on a quarterly basis since 2008, for the most part the mean price of this property type has fluctuated around £700,000.

The mean price of 4-bedroom houses which sold in the latest quarter was **£708,000** and was essentially unchanged from that seen in the previous quarter. Figure 11 shows the distribution of prices for these properties sold in the last two quarters.

Figure 11 – Price distributions for 4-bedroom houses, Q1 2015 and Q2 2015



The *median* price of 4-bedroom houses sold in the latest quarter was £680,000 (£28,000 lower than the mean price) and the largest volume (approximately 25% of total transactions) were sold in the £600,001 - £700,000 price bracket.

Table 5 – Mean prices for 4-bedroom houses

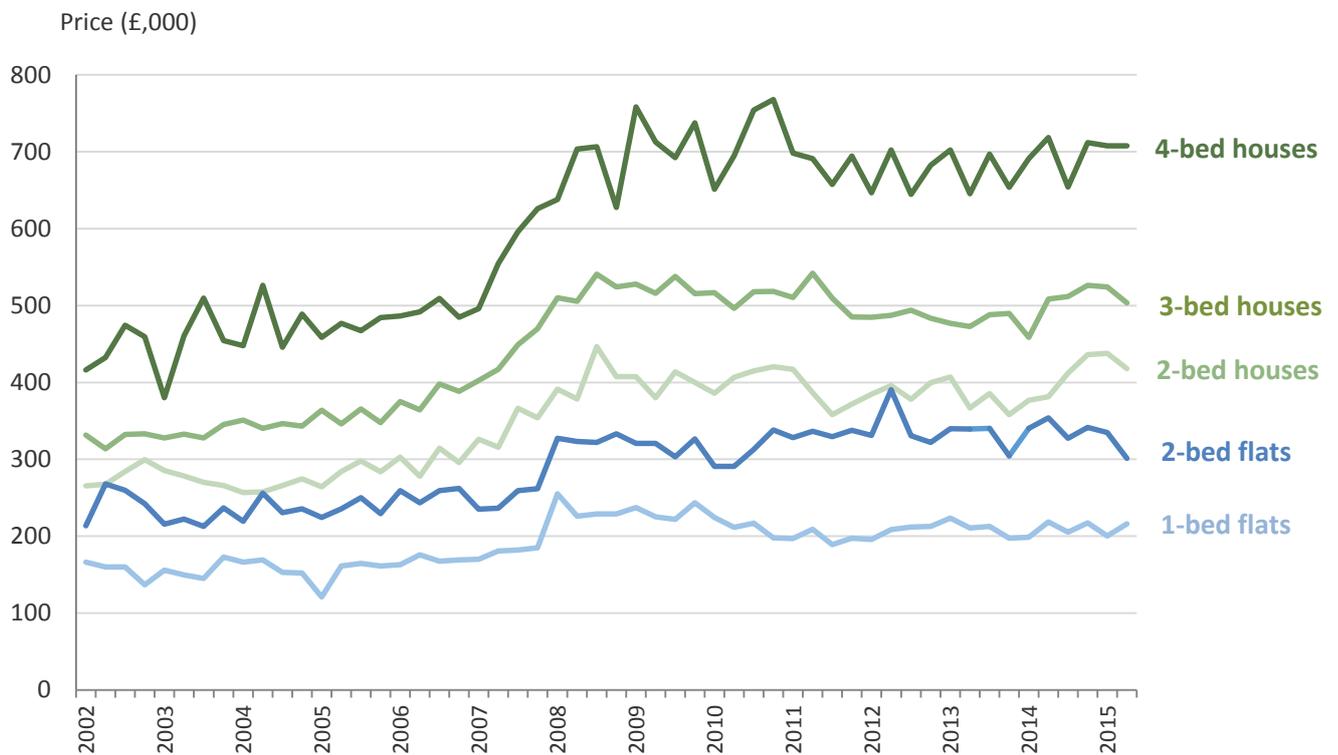
4-Bed Houses	2012				2013				2014				2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	647	702	645	682	702	645	697	654	691	718	654	712	707	708

The Q2 2015 mean price has a 95% confidence interval of \pm £48,000

Individual property types - Combined

Each of the mean prices for the period of 2002 to 2015, for the individual categories of dwelling are shown in Figure 12.

Figure 12 – Mean prices (£,000) for the individual property types, Q1 2002 to Q2 2015



When comparing the different property types it can be seen that:

- the differences in mean prices between 1-bedroom flats and all other property types was lower in Q2 2015 when compared to the previous quarter;
- the differences in mean prices between 2-bedroom flats and 2-, 3- and 4- bedroom houses all increased in Q2 2015 when compared to the previous quarter;
- the difference in the mean price of a 2-bedroom and a 3-bedroom house was essentially unchanged in Q2 2015 compared to the previous quarter;
- the difference in the mean price of a 3-bedroom and a 4-bedroom house increased in Q2 2015 compared to the previous quarter.

Turnover

A total of 328 eligible properties (see [Note 2](#)) were reported as being sold in Jersey in the latest quarter, Q2 2015. A degree of caution is required in making comparisons between quarters due to the variation in the frequency of sittings of the Royal Court and also due to seasonal variations. Nevertheless, the number of properties sold in Q2 2015 was:

- higher than in the previous quarter (Q1 2015) and the 2014 average on a per bulletin basis;
- the highest recorded quarterly figure since 2008.

Figure 13 – Number of dwellings included in the Jersey House Price Index by property type

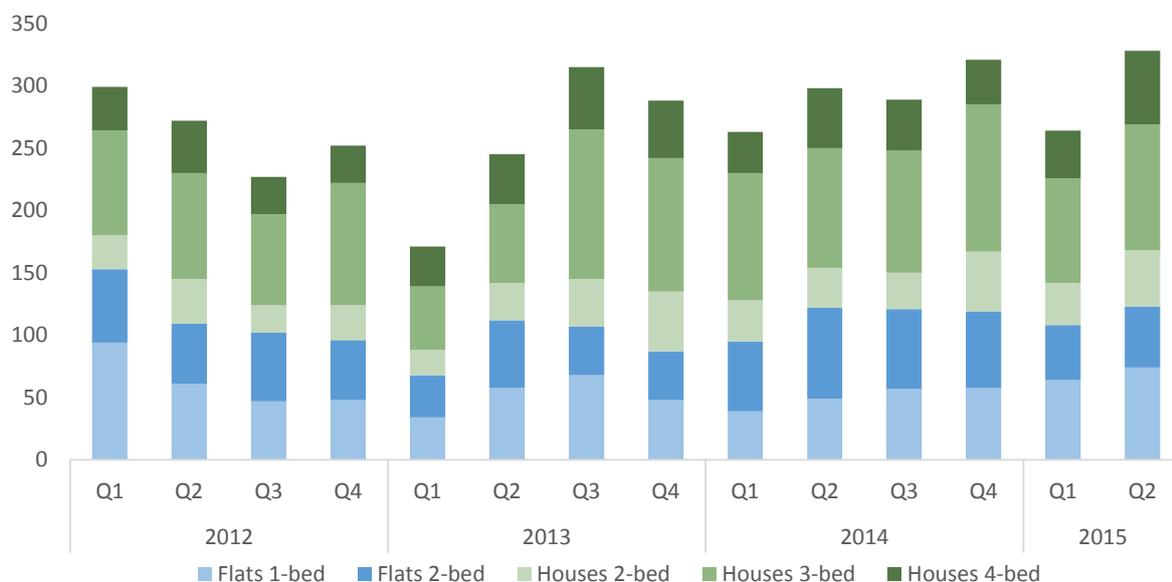


Table 6 - Number of dwellings included in the Jersey House Price Index by property type

		Flats		Houses			Total	Bulletins published
		1-bed	2-bed	2-bed	3-bed	4-bed		
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
2014	Q1	39	56	33	102	33	263	6
	Q2	49	73	32	96	48	298	6
	Q3	57	64	29	98	41	289	6
	Q4	58	61	48	118	36	321	7
	Total 2014	203	254	142	414	158	1171	25
2015	Q1	64	44	34	84	38	264	6
	Q2	74	49	45	101	59	328	6

In Q2 2015 share transfer transactions (see [Note 3](#)) accounted for almost two-thirds (64%) of all eligible flat sales, an increased proportion to that recorded in calendar year 2014. As in the previous quarter this latest figure was largely driven by the increased sale of 1- bedroom flats.

Housing Market Activity

Introduction

In an effort to provide an additional informative indicator demonstrating the overall level of activity in the Jersey house market the Statistics Unit has compiled an additional index, the Jersey Housing Market Activity Index, which may prove useful for particular users.

The Jersey Housing Market Activity Index is a derived index which 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 housing market activity that has taken place during the relevant quarter.

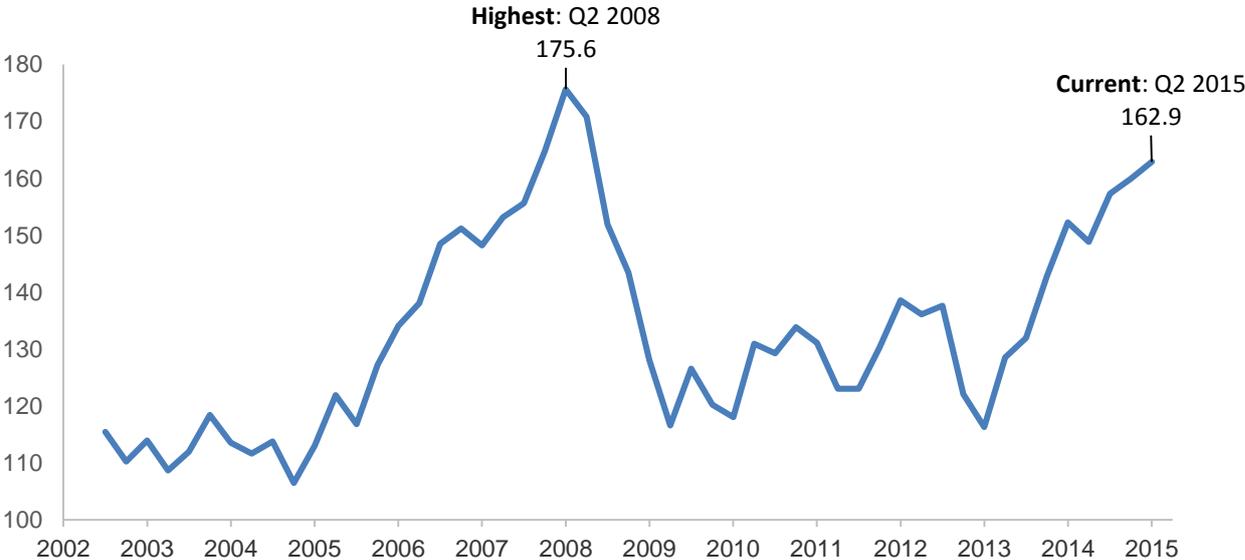
As the methodology is based on the same criteria as the Jersey House Price Index, this index does not represent the entirety of the property market activity that occurs in Jersey, but rather those transactions that form part of the House Price Index and represent the majority of what would be considered the “core” Jersey house market (for a full list of excluded properties please see [Note 2](#)).

Second Quarter 2015 Results

The Jersey Housing Market Activity Index measures the total market activity of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses in Jersey. The index includes share transfer properties.

Figure 14 shows the Jersey Housing Market Activity Index from 2002 to 2015 as a rolling four-quarter average (see [Note 8](#) and [Appendix B](#)):

Figure 14 – Jersey Housing Market Activity Index
(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 Q2 2015 was 2% higher than in the previous quarter (ending Q1 2015) and 7% higher than the corresponding quarter in 2014 (ending Q2 2014).

A degree of caution is required in making comparisons between quarters due to the relatively high level of seasonal variations this index is susceptible to. Nevertheless, on a **quarterly** basis:

- the total market activity in Q2 2015 was about a fifth (21%) higher than in the previous quarter (Q1 2015);
- the total market activity in Q2 2015 was 7% higher than the corresponding quarter in 2014 (Q2 2014).

Comparison with the UK and Guernsey

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)¹ and in Guernsey² in the latest quarter are shown in Table 7.

Table 7: Mix-adjusted average prices in Jersey, Guernsey and the UK (in £,000's)

	Q2 2015
Jersey	424
Guernsey	437
UK	274
England	286
Wales	169
Scotland	191
Northern Ireland	152
London	503
South East (excluding London)	344
East	294
South West	252
West Midlands	199
East Midlands	192
Yorkshire & Humber	179
North West	175
North East	155

United Kingdom

The mix-adjusted index for the UK in Q2 2015 (April to June 2015) was 6% higher on an annual basis (non-seasonally adjusted) and 0.5% higher on a quarterly basis (compared with January to March 2015, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was 1% higher than in the previous quarter.

Guernsey

The mix adjusted average purchase price for Local Market properties in the second quarter of 2015 was 2.0% lower than in the previous quarter and 6.8% lower than in the same quarter of 2014, representing the second consecutive quarter in which negative annual growth has been recorded.

Turnover in Guernsey during the second quarter of 2015 was 8.6% higher than the previous quarter, but 19.2% lower than in the corresponding quarter of 2014. The total number of local market transactions (126) was the lowest reported in a second quarter since the Guernsey figures were first recorded (1999).

¹ Figures for the UK are derived from: [ONS, House Price Index April to June 2015](#). 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.

² Guernsey Policy and Research Unit: [Guernsey Quarterly Residential Property Prices Bulletin Quarter 2 2015](#). All figures shown are for Local Market properties only.

Notes

1. Data sources:

The principal data sources on the transaction 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 are 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.

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. 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.

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. To moderate such effects, the Jersey House Price Index is presented on a rolling four-quarter basis in Figure 1.

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.

All other figures presented in this report, including the rolling four-quarter average, are based on the non-seasonally 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.

*Statistics Unit
20 August 2015*

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

		Index (<i>n.s.a</i>)	Rolling four-quarter average (<i>n.s.a</i>)	Seasonally adjusted index series (<i>r</i>)
2005	Q1	101.3	102.8	102.3
	Q2	103.8	102.2	104.2
	Q3	107.4	103.9	105.2
	Q4	104.0	104.1	105.2
2006	Q1	110.3	106.4	110.5
	Q2	107.8	107.4	108.7
	Q3	115.2	109.3	112.9
	Q4	112.1	111.4	113.7
2007	Q1	114.1	112.3	113.5
	Q2	119.1	115.1	120.6
	Q3	129.0	118.6	126.6
	Q4	132.9	123.8	134.4
2008	Q1	148.0	132.3	147.4
	Q2	148.6	139.6	150.0
	Q3	156.1	146.4	154.1
	Q4	149.0	150.4	150.0
2009	Q1	155.9	152.4	155.8
	Q2	150.2	152.8	151.0
	Q3	152.1	151.8	150.7
	Q4	153.6	152.9	154.1
2010	Q1	145.4	150.3	146.1
	Q2	145.4	149.1	145.1
	Q3	153.2	149.4	152.5
	Q4	154.7	149.7	154.9
2011	Q1	149.3	150.6	150.8
	Q2	152.7	152.5	151.2
	Q3	144.2	150.2	144.0
	Q4	144.9	147.8	145.3
2012	Q1	142.5	146.1	144.4
	Q2	151.6	145.8	149.0
	Q3	144.4	145.9	144.5
	Q4	145.2	145.9	146.0
2013	Q1	148.0	147.3	150.1
	Q2	142.2	144.9	138.9
	Q3	147.3	145.7	147.4
	Q4	140.2	144.4	141.7
2014	Q1	142.2	143.0	144.0
	Q2	152.1	145.4	148.6
	Q3	147.6	145.5	147.6
	Q4	155.0	149.2	155.4
2015	Q1	152.8	151.9	152.7
	Q2	148.3	150.9	148.1

n.s.a. non-seasonally adjusted; (r) revised

Table B1: Jersey House Market Activity Index

		Index	Rolling four-quarter average
2002	Q1	100.0	Not Applicable
	Q2	115.7	Not Applicable
	Q3	131.0	Not Applicable
	Q4	114.9	115.4
2003	Q1	79.1	110.2
	Q2	130.7	113.9
	Q3	109.8	108.6
	Q4	128.3	112.0
2004	Q1	104.9	118.4
	Q2	111.1	113.5
	Q3	102.2	111.6
	Q4	136.8	113.7
2005	Q1	75.9	106.5
	Q2	137.3	113.0
	Q3	137.6	121.9
	Q4	116.4	116.8
2006	Q1	117.3	127.2
	Q2	164.9	134.1
	Q3	153.5	138.0
	Q4	158.1	148.5
2007	Q1	128.1	151.2
	Q2	153.0	148.2
	Q3	173.3	153.2
	Q4	167.9	155.6
2008	Q1	164.8	164.8
	Q2	196.5	175.6
	Q3	154.1	170.8
	Q4	92.3	151.9
2009	Q1	130.9	143.4
	Q2	135.0	128.1
	Q3	108.0	116.6
	Q4	132.2	126.6
2010	Q1	105.5	120.2
	Q2	126.4	118.0
	Q3	159.6	130.9
	Q4	125.6	129.3
2011	Q1	123.9	133.9
	Q2	115.2	131.1
	Q3	127.4	123.0
	Q4	125.5	123.0
2012	Q1	153.0	130.3
	Q2	148.2	138.5
	Q3	117.7	136.1
	Q4	131.5	137.6
2013	Q1	90.9	122.1
	Q2	125.1	116.3
	Q3	166.7	128.5
	Q4	145.1	131.9
2014	Q1	134.3	142.8
	Q2	162.8	152.2
	Q3	153.2	148.9
	Q4	178.8	157.3
2015	Q1	144.9	159.9
	Q2	174.7	162.9

Price distributions – comparison with corresponding quarter of previous year: Q2 2014 and Q2 2015

Figure C1: 1-bedroom flats



Figure C2: 2-bedroom flats

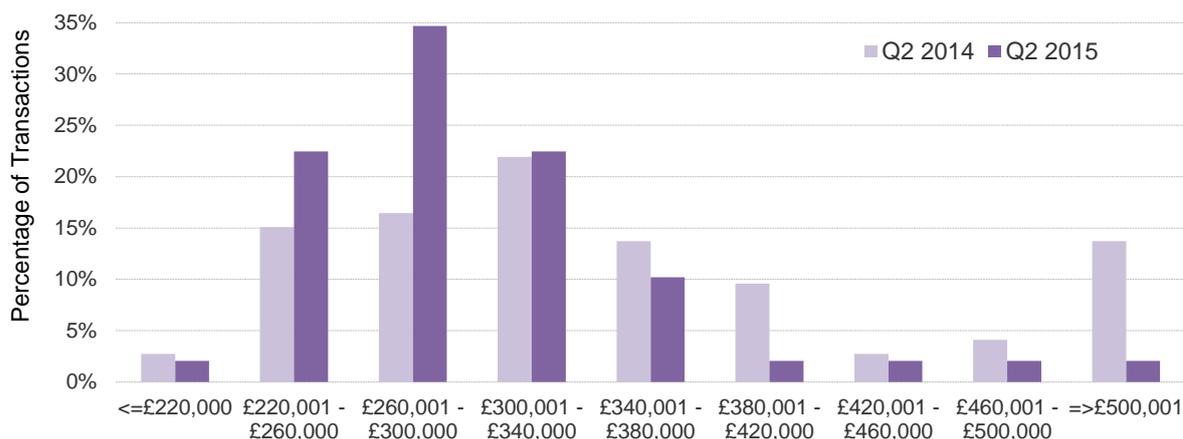


Figure C3: 2-bedroom houses

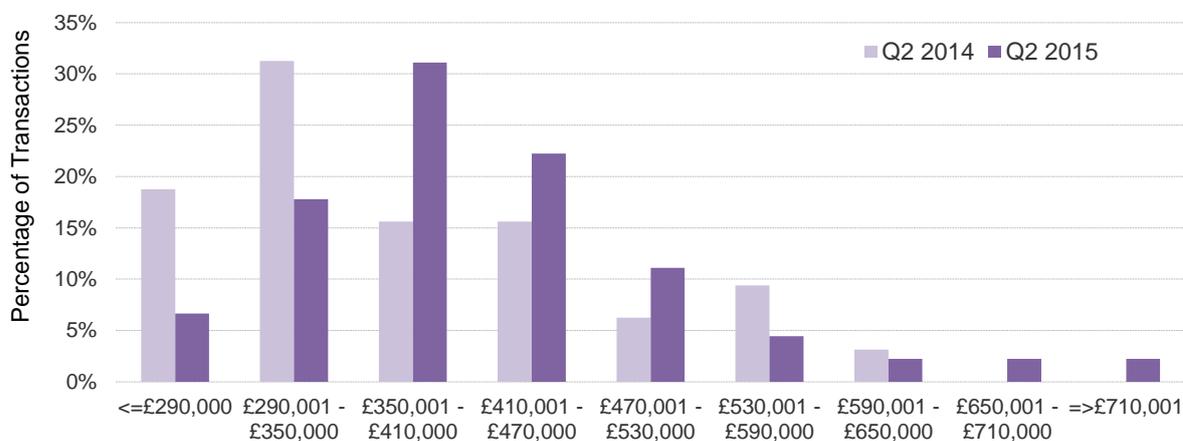


Figure C4: 3-bedroom houses

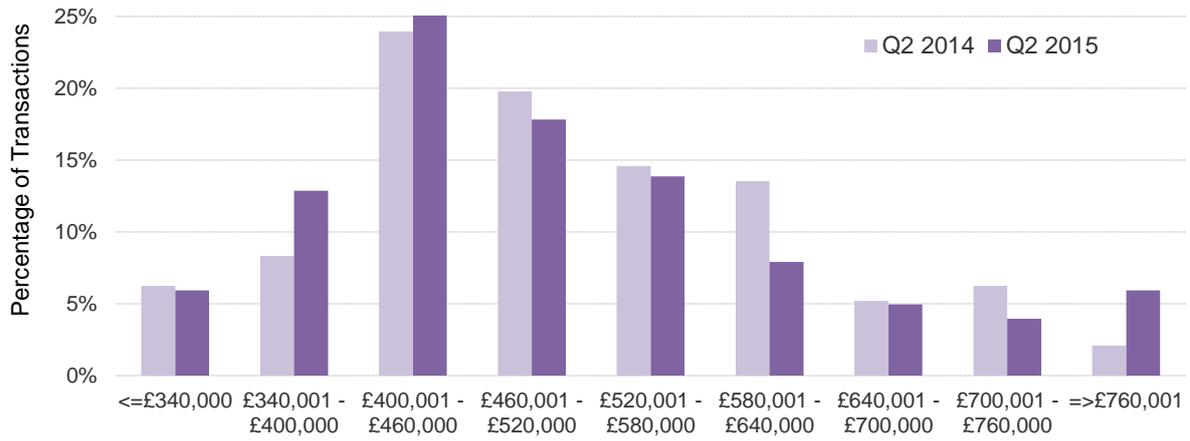


Figure C5: 4-bedroom houses

