

Jersey House Price Index

First Quarter 2012

Statistics Unit: www.gov.je/statistics



Summary

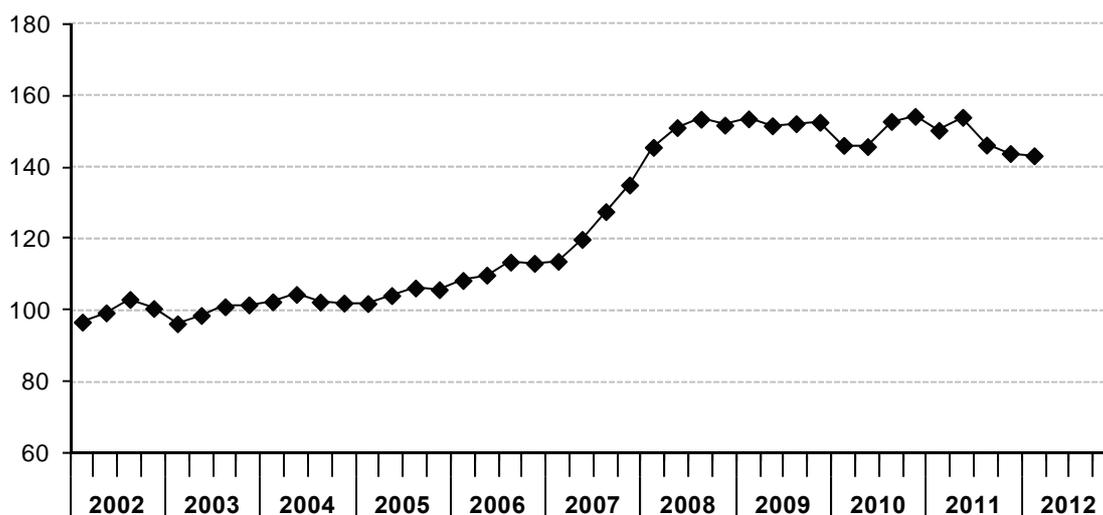
- **The mix-adjusted average price of dwellings sold in Jersey in Q1 2012 was**
 - essentially the same as in the previous quarter, Q4 2011
 - 5% lower than a year earlier, Q1 2011
 - 4% lower than the average recorded for 2011
 - at the lowest recorded level for four years, since Q4 2007;
- the decline in mix-adjusted average price compared with 2011 was driven by houses (2-, 3- and 4-bedroom) which have experienced falls in mean price of between 5% and 8% on an annual basis;
- in contrast, the mean price of 1- and 2-bedroom flats in the latest quarter was similar to that recorded for calendar year 2011;
- the **turnover** of properties sold in Q1 2012 was almost a quarter (24%) higher than in the previous quarter, driven by an increase in sales of share transfer 1-bedroom flats.

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 since 2002.

Figure 1 – Jersey House Price Index

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



As can be seen from Figure 1 and Table 1, the mix-adjusted average price of dwellings sold in Jersey in Q1 2012 was essentially the same as in the previous quarter (less than 1% lower) but almost 5% lower than in the corresponding quarter of 2011 and 4% lower than the average for calendar year 2011.

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

After a three-year period of relative stability from early 2008 to mid 2011, the Jersey mix-adjusted house price index fell during the latter half of 2011 such that the average dwelling price recorded over the latest three quarters (Q3 2011 to Q1 2012) was some 5% lower than the average recorded over the previous three-year period.

The overall house price index recorded in Q1 2012 was at the lowest level recorded for four years, since Q4 2007.

Individual property types

The mean prices for the individual categories of dwelling are shown in Figure 2 and Table 2.

Figure 2 – Mean prices (£,000) for the individual property types

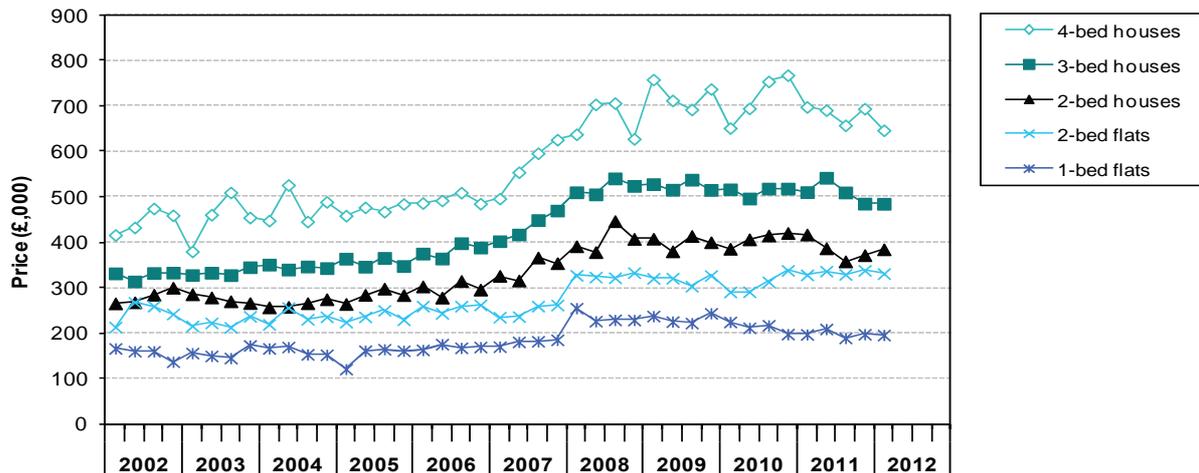


Table 2 – Mean prices (£,000) for the individual property types

Period	Flats		Houses			
	1-bed	2-bed	2-bed	3-bed	4-bed	
2010	Q1	225	291	386	517	651
	Q2	212	291	406	496	695
	Q3	217	313	415	518	754
	Q4	198	338	420	518	768
Annual average	214	308	409	512	715	
2011	Q1	197	328	417	510	698
	Q2	209	336	387	542	691
	Q3	189	329	358	510	658
	Q4	198	338	372	485	694
Annual average	198	333	383	511	680	
2012	Q1	196	331	384	485	647

Prices are rounded to the nearest £1,000

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. In both 2010 and 2011 a reduction in the mean price of this type of property was observed, largely attributable to the sale of an increased number of share transfer properties.

In Q1 2012 the mean price of 1-bedroom flats was similar to that recorded for calendar year 2011 but some 8% lower than in 2010 and 16% lower than in 2008 and 2009.

2-bedroom flats:

After a period of stability throughout 2008 and 2009, when the mean price of 2-bedroom flats was around £320,000, the latter half of 2010 saw marginal price increases, taking the average price to around £330,000.

The average price of 2-bedroom flats has since remained stable; the mean price recorded in Q1 2012 (£331,000) was essentially the same as the average recorded for 2011.

2-bedroom houses:

The mean price of 2-bedroom houses had also remained essentially flat throughout 2008 and 2009 at around £400,000. After marginal increases in mean price towards the end of 2010, the average price of 2-bedroom houses then fell over three consecutive quarters, taking the annual average price of this property type to £383,000.

In Q1 2012, the average price of 2-bedroom houses was essentially the same as that recorded in calendar year 2011 but almost 6% lower than that recorded in 2010.

3-bedroom houses:

Following a period of strong growth in 2006 to early 2008, the mean price of 3-bedroom houses has been relatively stable during the subsequent four-year period.

The mean price recorded in Q1 2012 (485,000) was the same as in the previous quarter (Q4 2011) but some 5% lower than the annual averages recorded for 2010 and 2011.

4-bedroom houses:

This category of property has observed some volatility in mean price since the beginning of 2008. Nevertheless, it can be seen in Figure 2 and Table 2 that the average price of a 4-bedroom house recorded in Q1 2012 (647,000) was 7% lower than in the previous quarter and 7% lower than a year earlier (Q1 2011).

Q1 2012 saw the mean price of a 4-bedroom house fall below £650,000 for the first time since the end of 2008.

Turnover

Table 3 shows that 299 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q1 2012.

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 hence in the number of Jersey Property Bulletins published per quarter, and also due to seasonal variations. Nevertheless, the number of properties sold in Q1 2012 was almost a quarter (24%) higher than in the last quarter of 2011. This increased turnover can be largely attributed to a rise in the number of share transfer 1-bedroom flats being sold in the latest quarter.

In Q1 2012 share transfer properties accounted for four-fifths (80%) of all eligible sales of flats, a larger proportion than that observed in 2011 (between 60% to 75%) and considerably larger than the proportion recorded in 2010 (45%)

**Table 3 - Number of dwellings included in the Jersey HPI
by property type and including share transfer transactions.**

Period	Flats		Houses			Total	Bulletins published
	1-bed	2-bed	2-bed	3-bed	4-bed		
2011 Q2	56	60	23	67	25	231	7
Q3	48	58	23	75	42	246	6
Q4	61	58	27	79	16	241	7
2012 Q1	94	59	27	84	35	299	6

Comparison with the UK and Guernsey

United Kingdom

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)² in the latest quarter are shown in Table 5.

Table 4: Mix-adjusted average prices in Jersey, Guernsey and the UK (in £ 000's)

	Q1 2012
Jersey	398
Guernsey	440
UK	227
England	235
Wales	153
Scotland	179
Northern Ireland	136
Greater London	374
South East (excl. London)	285
East	243
South West	224
West Midlands	177
East Midlands	168
North West	158
Yorkshire & Humber	160
North East	141

² Figures for the UK are derived from: Department for Communities and Local Government, House Price Index March 2012. 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.

The mix-adjusted average price in the UK in the latest quarter, Q1 2012, was £227,000.

The mix-adjusted index for the UK saw marginal increases on both a quarterly and annual basis; the index for Q1 2012 was up by 0.2% compared with Q4 2011 and up by 0.5% compared with Q1 2011.

Guernsey

The constant mix average price of dwellings sold in Guernsey³ in Q1 2012 was £440,000, almost 4% higher than in the same quarter of the previous year, Q1 2011.

³ Guernsey Policy and Research Unit: Guernsey Residential Property Prices 1981-2012. Guernsey introduced a “constant mix” measure in Q2 2009 in which the median prices of flats and houses are weighted using constant proportions.

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 four-fifths 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 are 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.

7. Jersey Private Sector Rental Index:

The principal data source for the Jersey Private Sector Rental Index is the States of Jersey Population Office. Due to the small numbers of properties and high variability of rents, the following categories of dwelling are excluded: 4 or more bedroom flats and 5 or more bedroom houses. All non-domestic dwellings are also excluded. The average (mean) rental price of dwellings is calculated by weighting together the average rents for each of the following categories: bedsits, 1-, 2- and 3-bedroom flats and 1-, 2-, 3- and 4-bedroom houses ("houses" includes houses and bungalows).

As in the methodology for the Jersey House Price Index, to ensure the average rental cost in a given period is independent of the particular "mix" of properties recorded in that period, a "mix-adjusted" average is calculated for each period by weighting each property type by a constant proportion.

The resulting mix-adjusted average rental price is converted into the Jersey Private Sector Rental Index (based to 100 for calendar year 2002).

Statistics Unit
24 May 2012

Appendix A: Jersey Private Sector Rental Index

The Jersey Private Sector Rental Index was first published in the third quarter of 2007 (see Note 7). It is important to note that this index is derived from the mean rent of those properties for which rental consents have been granted during each quarter and not from all private sector rents in the Island.

As well as the overall mix-adjusted index, separate indices are produced for “Flats” (bedsits, 1-, 2- and 3-bedroom) and “Houses” (1-, 2-, 3-, and 4-bedroom)⁴. There are about 1,800 and 700 private sector lease transactions per year for flats and houses, respectively. The index is weighted accordingly, with flats accounting for around two-thirds of the overall index.

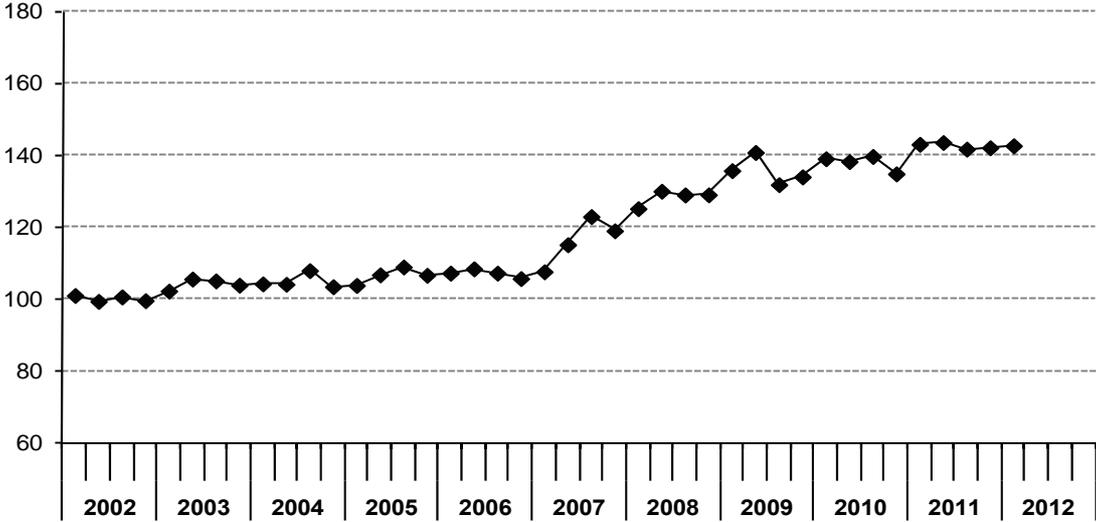
From Table 5 and Figure 3, the stability of the Jersey Private Sector Rental Index since the beginning of 2011 is apparent.

Table 5: Jersey Private Sector Rental Index (Average 2002 = 100).

Period		Flats	Houses	Jersey Private Sector Rental Index
2006	Q1	106.4	108.6	107.1
	Q2	108.1	109.0	108.3
	Q3	109.0	104.4	107.1
	Q4	107.1	103.6	105.6
2007	Q1	108.7	105.9	107.5
	Q2	116.2	113.6	115.0
	Q3	120.0	127.9	122.9
	Q4	116.5	123.2	118.9
2008	Q1	121.3	131.5	125.1
	Q2	124.9	138.4	129.9
	Q3	125.9	134.2	128.9
	Q4	126.9	132.5	128.9
2009	Q1	135.6	136.1	135.6
	Q2	142.1	139.0	140.7
	Q3	130.5	134.2	131.7
	Q4	130.2	140.2	133.9
2010	Q1	135.5	145.1	139.0
	Q2	138.4	138.3	139.0
	Q3	142.4	135.6	139.6
	Q4	134.9	135.0	134.7
2011	Q1	144.6	140.9	143.0
	Q2	141.8	146.7	143.5
	Q3	140.2	144.4	141.6
	Q4	143.6	140.0	142.0
2012	Q1	145.2	138.8	142.6

⁴ More detail on the methodology for constructing the Jersey Private Rental Index is given in the Notes.

Figure 3: Jersey Private Sector Rental Index (Average 2002 = 100).



On a quarterly basis the Jersey private sector rental index in Q1 2012 was essentially the same as that of the previous quarter and also the annual average for 2011.

Price distributions – comparison with previous quarter: Q1 2012 and Q4 2011

Figure B1 - 1-bedroom flats

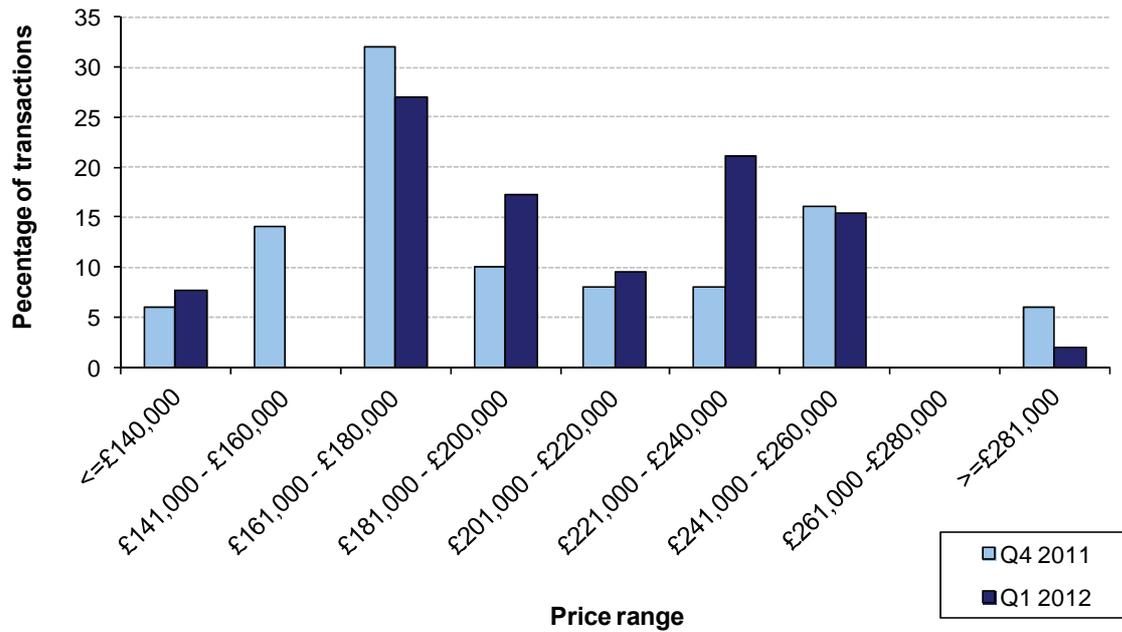


Figure B2 - 2-bedroom flats

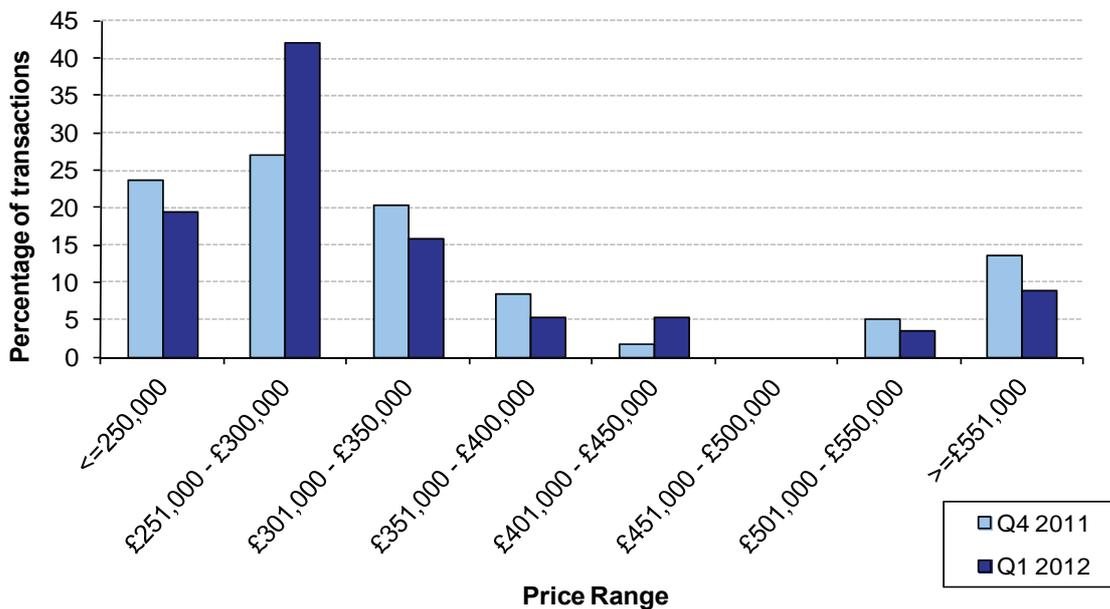


Figure B3 - 2-bedroom houses

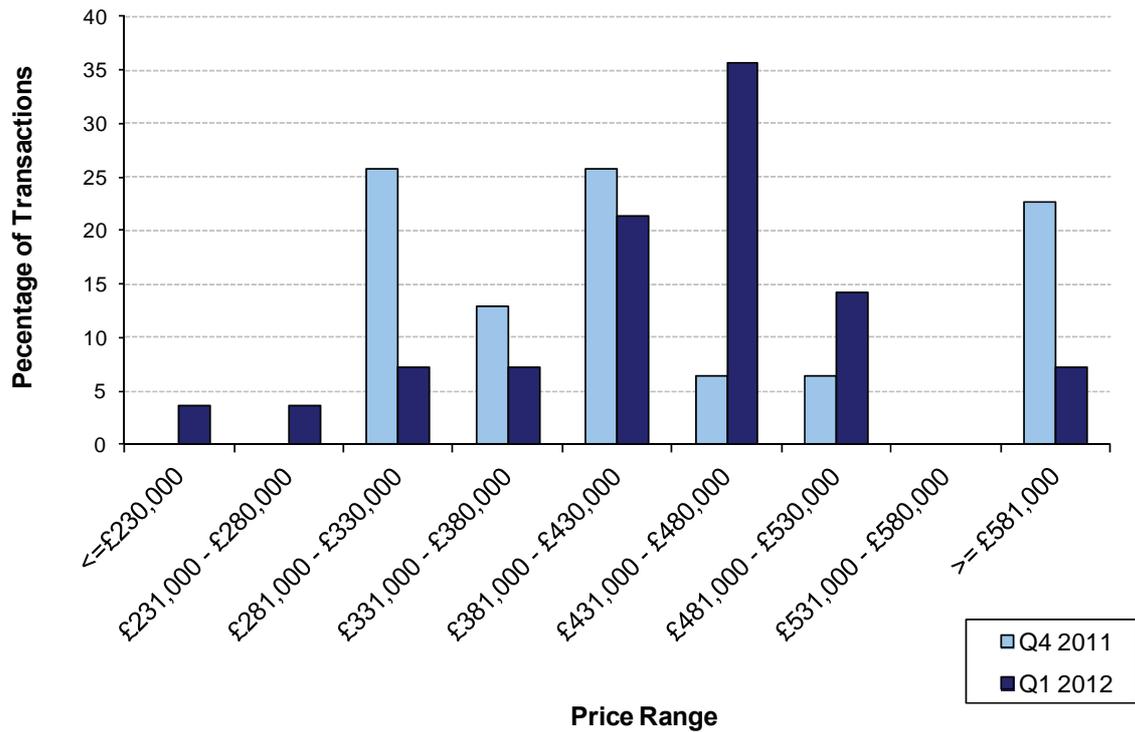


Figure B4 - 3-bedroom houses

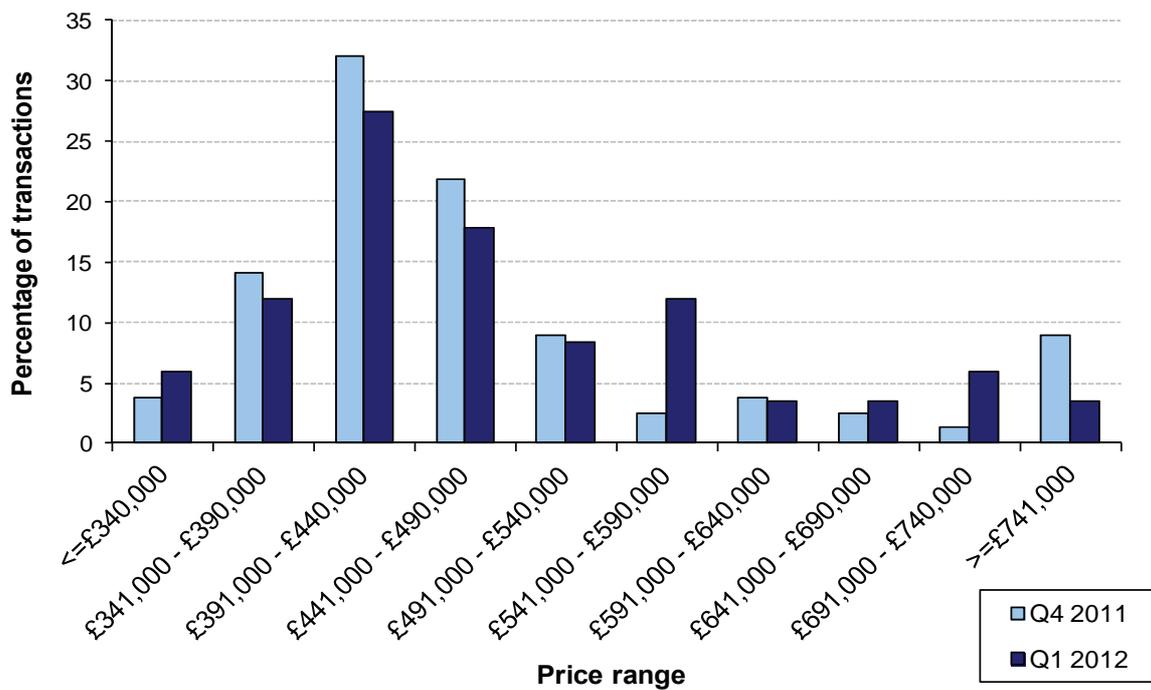
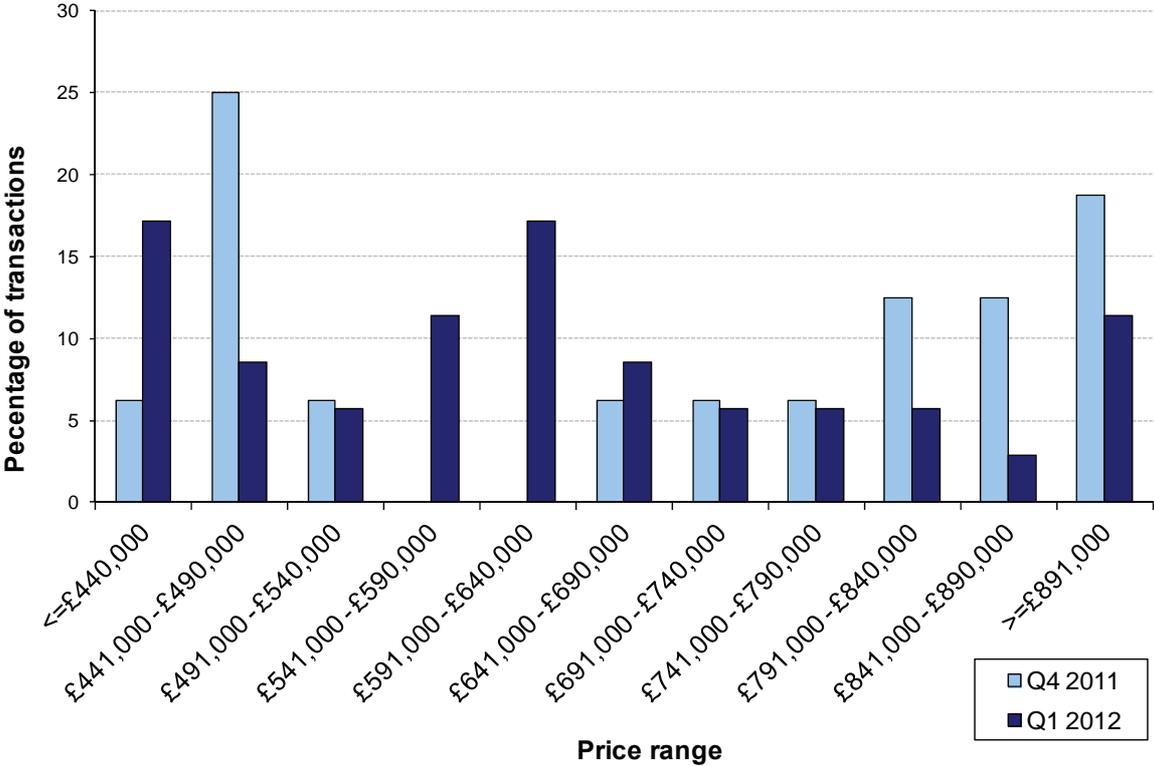


Figure B5 - 4-bedroom houses



Price distributions – comparison with corresponding quarter of previous year:
Q1 2012 and Q1 2011

Figure C1 - 1-bedroom flats

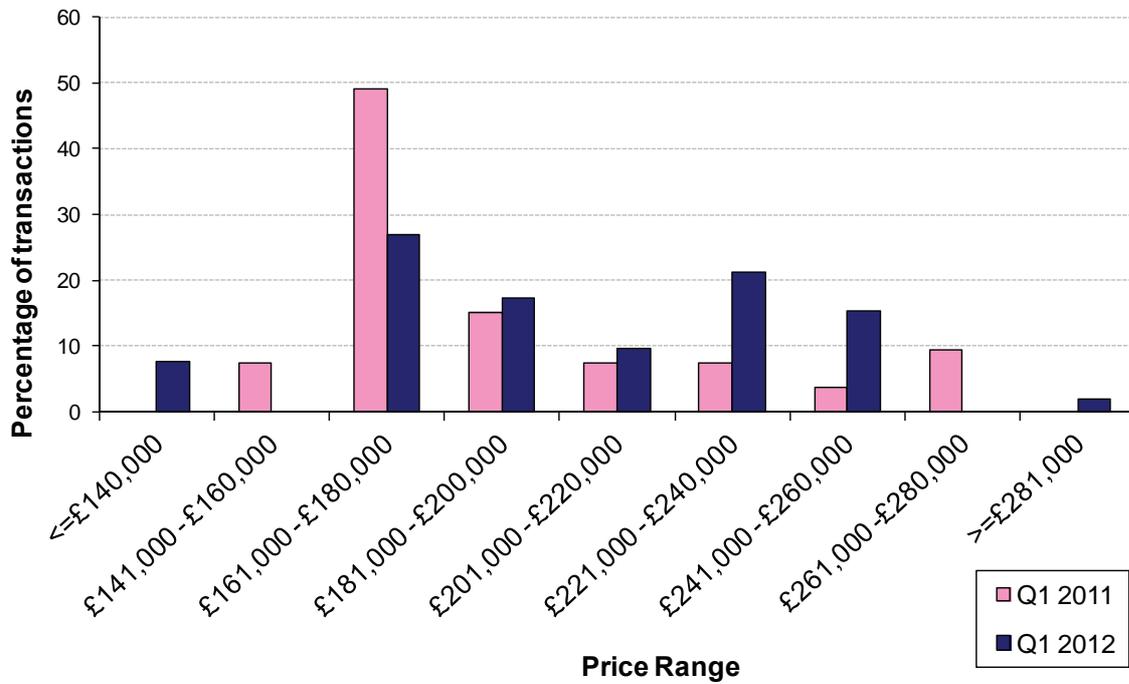


Figure C2 - 2-bedroom flats

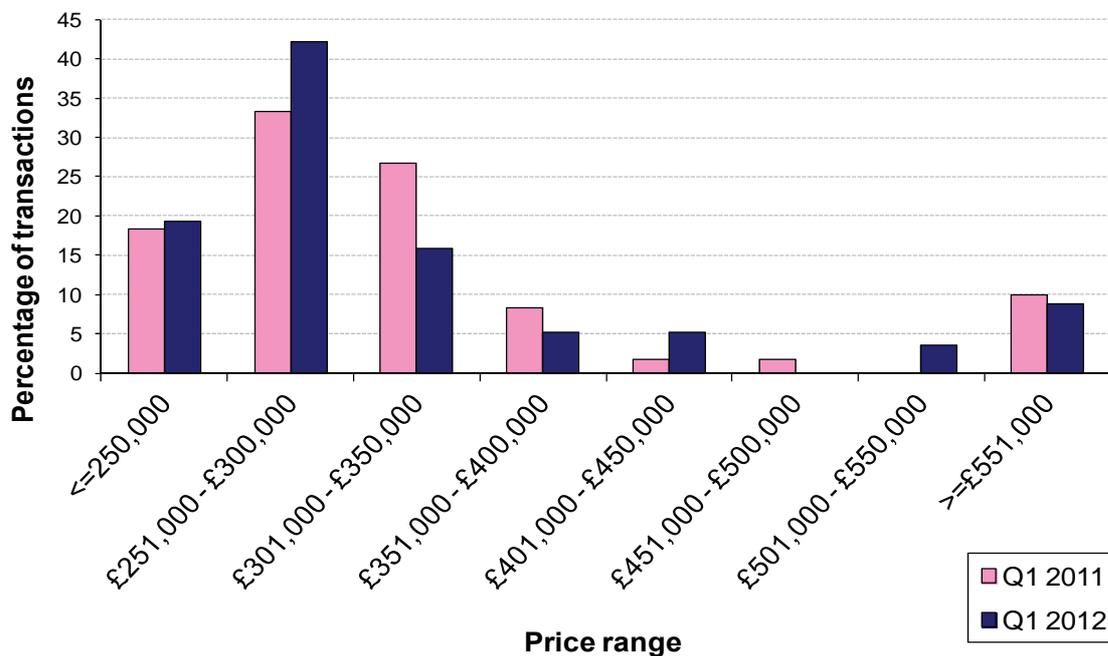


Figure C3 - 2-bedroom houses

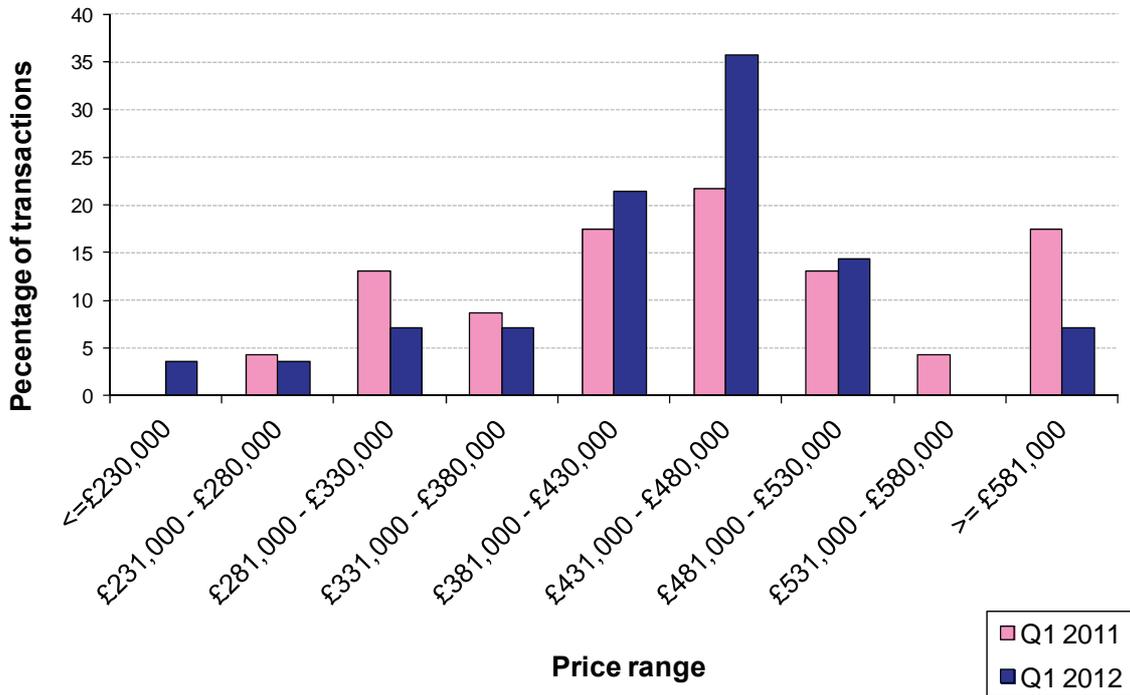


Figure C4 - 3-bedroom houses

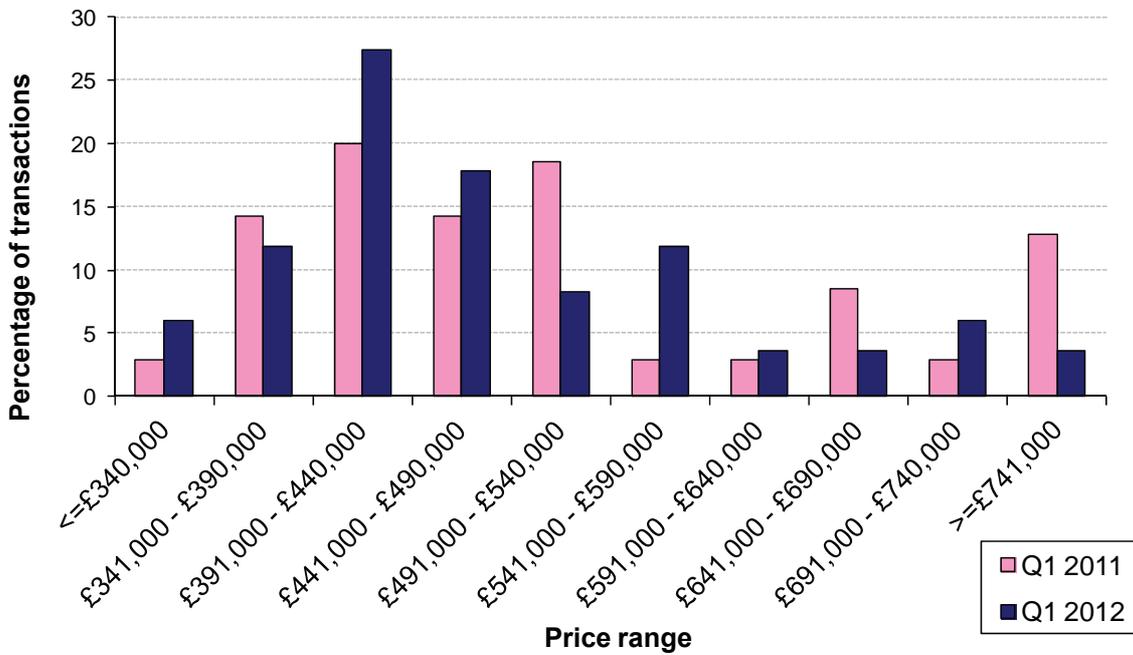


Figure C5 - 4-bedroom houses

