

Jersey House Price Index

Fourth Quarter 2014

Statistics Unit: www.gov.je/statistics



Summary

- On a **calendar year** basis:
 - the Jersey House Price Index in 2014 was 3% higher than in 2013, representing the first annual increase in property prices for five years, since 2009;
 - almost all property types saw average prices increase in 2014.
- On a **quarterly** basis (seasonally adjusted):
 - the average price of properties that sold in Q4 2014 was 5% higher than in Q3 2014.
- The **turnover** of properties in 2014 was 15% higher than in the previous year, 2013; this increase in turnover was driven by 2-bedroom flats and 3-bedroom houses.
- **Share transfer** transactions accounted for more than half (57%) of all eligible flat sales in 2014, a similar proportion to that recorded in 2013.

Introduction

The Jersey House Price Index measures the combined (mix-adjusted) average price of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses, including share transfer properties. The index has been published on a quarterly basis since 2002 and on annual basis prior to that year.

This report presents additional information and analysis generally included in the fourth quarter report of each calendar year and also presents a comparison over time of property, earnings and retail price indices in Jersey:

- median prices by type and size of property, on an annual basis (Appendix B);
- distributions of prices by type and size of property (Appendix C);
- First Time Buyer properties on an annual basis (Appendix D);
- comparison of indices: the Jersey House Price Index, the Index of Average Earnings and the Retail Prices Index (RPI) over the short-, medium- and long-term (Appendix E).

Overall mix-adjusted Index

Figure 1 shows the Jersey House Price Index from 2002 to 2014 on a non-seasonally adjusted basis and also the rolling four-quarter average.

On a calendar year basis, the Jersey House Price Index in 2014 was 3% higher than in 2013.

On a quarterly basis, the rolling four-quarter average price over the latest four quarters (Q1 - Q4 2014) was 3% higher than the corresponding measure for the previous set of four quarters (Q4 2013 - Q3 2014).

On a seasonally adjusted basis, the mix-adjusted average price of the properties that sold in Q4 2014 was 5% higher than in Q3 2014 (see Appendix A).

Figure 1 – Jersey House Price Index

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

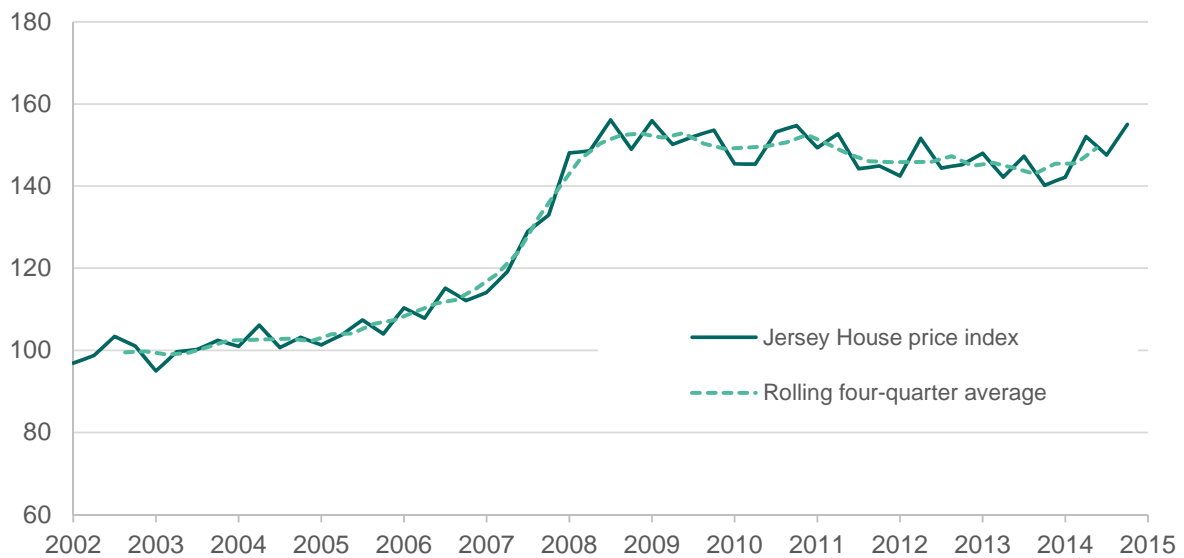
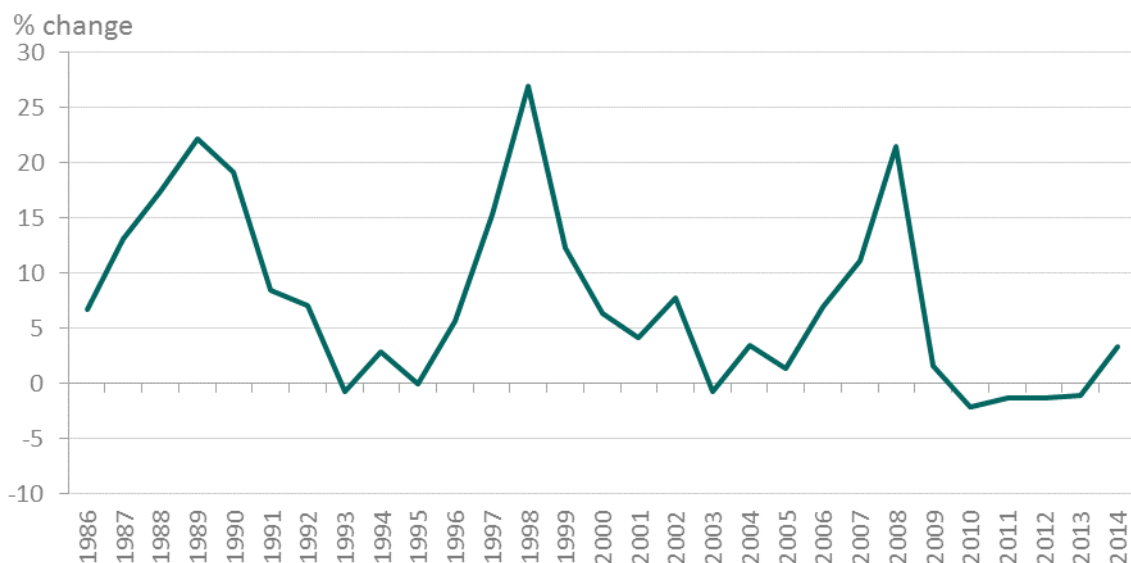


Figure 2 shows the overall property price changes in Jersey on a calendar year basis from 1986 to 2014. The increase in the Jersey House Price Index recorded in 2014 (up by 3% compared with 2013) represents the first annual increase in the overall average property price for five years, since 2009.

Figure 2 – Annual percentage change in the Jersey House Price Index 1986-2014



As is apparent from Figure 2, 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 sustained decline in overall average price on an annual basis.

Individual property types

The mean prices for the individual categories of dwelling are shown in Figure 3 and 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.

Almost all property types recorded increases in mean price in calendar year 2014 compared with 2013; the exception was 1-bedroom flats, which were essentially stable in price on an annual basis.

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

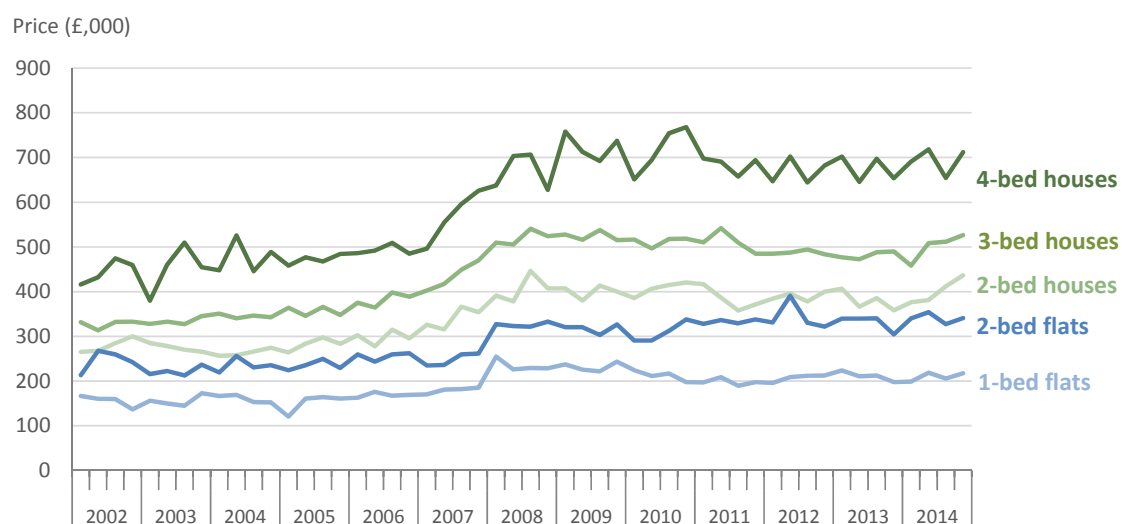


Table 2 – Mean prices (£,000) for individual property types

		Flats		Houses		
		1-bed	2-bed	2-bed	3-bed	4-bed
2012	Q1	196	331	384	485	647
	Q2	209	391	396	487	702
	Q3	212	331	378	494	645
	Q4	213	322	400	483	682
	Annual Average	205	342	391	487	671
2013	Q1	224	340	407	477	702
	Q2	211	340	367	473	645
	Q3	213	340	385	488	697
	Q4	197	304	358	490	654
	Annual Average	210	332	375	484	674
2014	Q1	199	340	377	458	691
	Q2	219	354	382	508	718
	Q3	205	327	412	512	654
	Q4	217	341	436	526	712
	Annual Average	211	341	405	502	694

Prices are rounded to the nearest £1,000

1-bedroom flats:

The mean price of 1-bedroom flats sold in 2008 and 2009 was above £230,000. During the subsequent two-year period (2010 and 2011) a reduction in the mean price of this property type occurred, driven by increased turnover of lower priced share transfer properties.

Over the last five years, from 2010 to 2014, the mean price of 1-bedroom flats has remained essentially stable on a calendar year basis at around £200,000 to £210,000. The mean price of 1-bedroom flats sold in 2014 (£211,000) was similar to that recorded in 2013 (£210,000).

From the perspective of the *distribution* of property prices, the *median* price of 1-bedroom flats sold in 2014 was £210,000, implying that half of all 1-bedroom flats sold in the latest year were at prices below this level and half were sold at prices above this level – see *Table B1 in Appendix B for median property prices on a calendar year basis and Figures C1-10 in Appendix C for the distributions of property prices on a quarterly and annual basis.*

2-bedroom flats:

The mean price of 2-bedroom flats sold during 2008 and 2009 was around £320,000. The subsequent two-year period saw increased prices for this property type, taking the calendar year mean price to £342,000 in 2012. Throughout 2013 and 2014 the mean price of 2-bedroom flats generally remained at around this level.

On a calendar year basis, the mean price of 2-bedroom flats sold in 2014 (£341,000) was greater than in 2013, largely due to a downward fluctuation in price observed in Q4 2013, and was at a level similar to that recorded in 2012.

The *median* price of 2-bedroom flats sold in 2014 was £320,000, implying that half of all 2-bedroom flats sold in 2014 were at prices below this level and half were sold at prices above this level.

2-bedroom houses:

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. On a calendar year basis, the mean price recorded for this property type in 2014 (£405,000) was the highest for four years, since 2010 (£409, 000).

The *median* price of 2-bedroom houses sold in 2014 was £375,000, implying that half of all 2-bedroom houses sold in the latest year were at prices below this level and half were sold at prices above this level.

3-bedroom houses:

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, 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 throughout 2012 and 2013.

In Q2 2014 the mean price of the 3-bedroom houses sold rose above £500,000 for the first time in almost three years, and has remained above this level for three consecutive quarters; the mean price recorded in Q4 2014 (£526,000) was the highest since mid-2011. On a calendar year basis, the mean price recorded for this property type in 2014 (£502,000) was the highest for three years, since 2011 (£511, 000).

The *median* price of 3-bedroom houses sold in 2014 was £475,000, implying that half of all 3-bedroom houses sold in the latest year were at prices below this level and half were sold at prices above this level.

4-bedroom houses:

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 year (£694,000) was the highest recorded on a calendar year basis since 2010 (£715,000).

The *median* price of 4-bedroom houses sold in 2014 was £660,000, implying that half of all 4-bedroom houses sold in the latest year were at prices below this level and half were sold at prices above this level.

Turnover

Table 3 shows that 321 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q4 2014.

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

		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
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	1,171	25

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, on a calendar year basis the total number of eligible properties sold in 2014 was 15% higher than in 2013, corresponding to some 150 more properties being sold.

The increased turnover recorded in 2014 was driven by greater numbers of 2-bedroom flats and 3-bedroom houses being sold than in the previous year.

In 2014 share transfer transactions accounted for more than half (57%) of all eligible sales of flats, a similar proportion to that recorded in 2013.

Comparison with the UK and Guernsey

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)¹ and in Guernsey in the latest quarter are shown in Table 4.

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

	Q4 2014
Jersey	434
Guernsey	462
UK	271
England	283
Wales	172
Scotland	194
Northern Ireland	143
London	503
South East (excluding London)	338
East	287
South West	249
West Midlands	198
East Midlands	187
Yorkshire & Humber	178
North West	174
North East	153

United Kingdom

The mix-adjusted house price index for the UK in Q4 2014 was 10% higher on an annual basis (non-seasonally adjusted) and 1% higher on a quarterly basis (compared with Q3 2014, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was 2% higher than in the previous quarter.

Guernsey

On a rolling four-quarter basis, the mix-adjusted average price of properties sold in Guernsey in Q4 2014 was 0.8% higher than in the previous quarter². On a quarterly basis, the mix-adjusted average price of properties sold was 0.9% lower than in the previous quarter.

Turnover in Guernsey in Q4 2014 was a sixth (17%) lower than in the corresponding quarter of 2013 and the lowest Q4 turnover on record.

¹ Figures for the UK are derived from: ONS, House Price Index Oct-Dec 2014. 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 4 2014. All figures quoted are for Local Market properties only.

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. 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).

4. 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 (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, the 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.

5. 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 also presented as a rolling four-quarter average in Figure 1.

6. Seasonal adjustment

Housing markets can, in principle, exhibit seasonal effects that affect property prices. To permit 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 averages, are based on the non-seasonally measures, unless otherwise stated.

Jersey House Price Index (including share transfer properties)

		Index (<i>n.s.a</i>)	Seasonally adjusted index series (<i>r</i>)
2004	Q1	100.9	102.7
	Q2	106.2	106.1
	Q3	100.7	98.7
	Q4	103.1	103.7
2005	Q1	101.3	102.3
	Q2	103.8	104.2
	Q3	107.4	105.2
	Q4	104.0	105.2
2006	Q1	110.3	110.5
	Q2	107.8	108.7
	Q3	115.2	112.9
	Q4	112.1	113.7
2007	Q1	114.1	113.5
	Q2	119.1	120.6
	Q3	129.0	126.6
	Q4	132.9	134.4
2008	Q1	148.0	147.4
	Q2	148.6	150.0
	Q3	156.1	154.1
	Q4	149.0	150.0
2009	Q1	155.9	155.8
	Q2	150.2	151.0
	Q3	152.1	150.7
	Q4	153.6	154.1
2010	Q1	145.4	146.1
	Q2	145.4	145.1
	Q3	153.2	152.5
	Q4	154.7	154.9
2011	Q1	149.3	150.8
	Q2	152.7	151.2
	Q3	144.2	144.0
	Q4	144.9	145.3
2012	Q1	142.5	144.4
	Q2	151.6	149.0
	Q3	144.4	144.5
	Q4	145.2	146.0
2013	Q1	148.0	150.1
	Q2	142.2	138.9
	Q3	147.3	147.4
	Q4	140.2	141.7
2014	Q1	142.2	144.0
	Q2	152.1	148.6
	Q3	147.6	147.6
	Q4	155.0	155.6

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

Median house prices

The overall mix-adjusted Jersey House Price Index is calculated from the mean prices of each type and size of property. Examining changes in the median price of dwellings provides further and complementary insight into the behaviour of residential property prices.

The median property price represents the middle value when all property prices are ranked in order of price, from lowest to highest. Hence, in such a distribution of property prices, half (50%) of all property prices will be below the median price and half (50%) will be above the median price. The median of an asymmetric distribution, such as property prices, tends to be below the mean; the more symmetrical the distribution, the smaller the difference between the median and the mean.

Table B1 shows median property prices of flats and houses on an annual basis from 2010 to 2014.

Table B1: Median property prices, 2010-2014

	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2010	£214,000	£295,000	£393,000	£475,000	£716,000
2011	£181,000	£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

Comparison of the annual average (mean and median) prices shown in Tables 1 and B1 indicate that over the last three years, from 2012 to 2014:

- the mean and median prices of 1-bedroom flats have been similar, differing by less than £10,000 in 2012 and being essentially at the same level in 2013 and 2014;
- the mean price of 2-bedroom flats has been around £20,000 to £40,000 greater than the median price of such properties;
- the difference between the mean and median prices of 2-bedroom houses has increased recently, from being essentially at the same level in 2012 to about £30,000 in 2014;
- the difference between the mean and median prices of 3- and 4-bedroom houses has generally been around £30,000.

The interpretation of movements in property prices inferred by examination of mean values, described in the main body of this report, is generally reflected in the movement of median prices:

- the median price of 1-bedroom flats have been around £200,000 to £210,000 during the last three years;
- the median price of 2-bedroom flats was essentially stable from 2010 to 2013 and increased in 2014;
- the median price of 2-bedroom houses decreased in 2013 but increased in 2014;
- the median price of 3-bedroom houses decreased during the four-year period from 2010 to 2013 but increased in 2014;
- the median price of 4-bedroom houses decreased between 2010 and 2012 but has increased in the latest two years.

Price distributions – comparison with previous quarter: Q3 2014 and Q4 2014

Figure C1: 1-bedroom flats



Figure C2: 2-bedroom flats

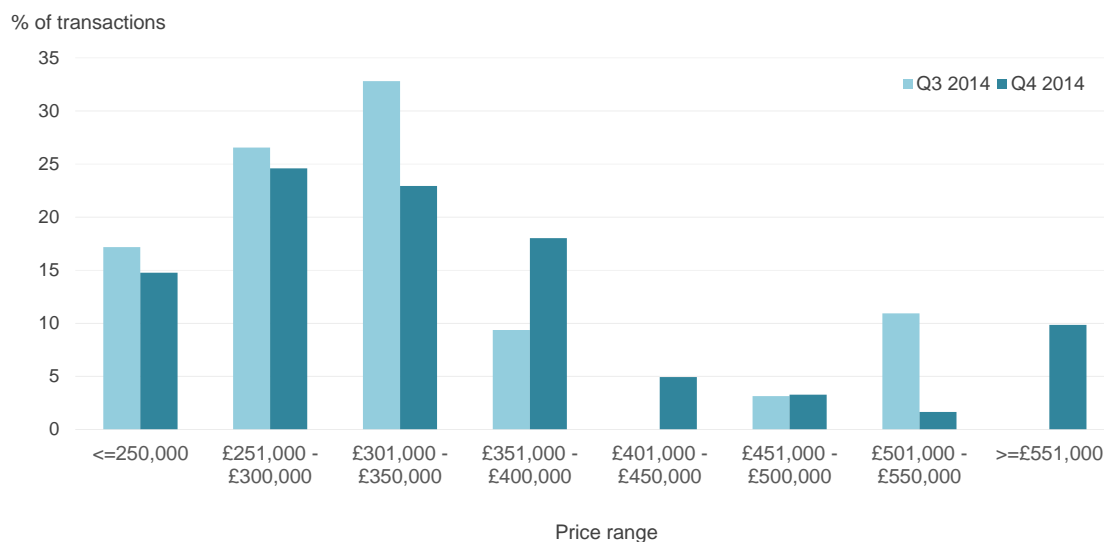


Figure C3: 2-bedroom houses

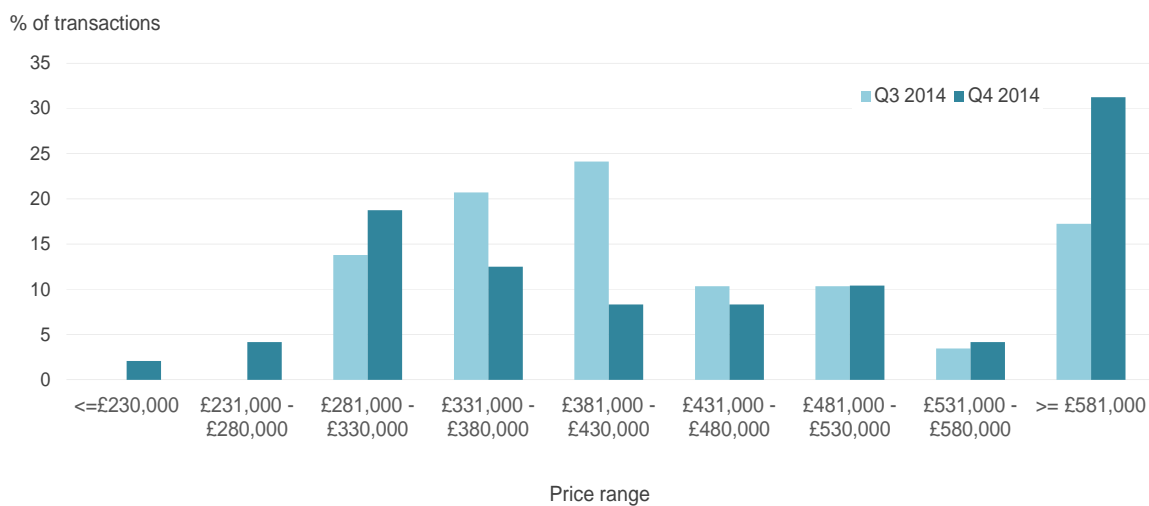


Figure C4: 3-bedroom houses

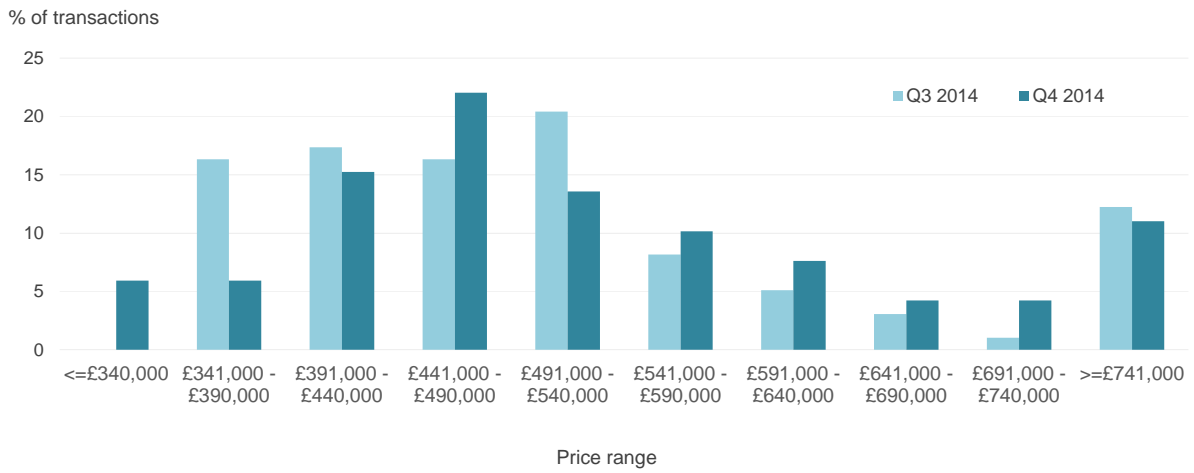
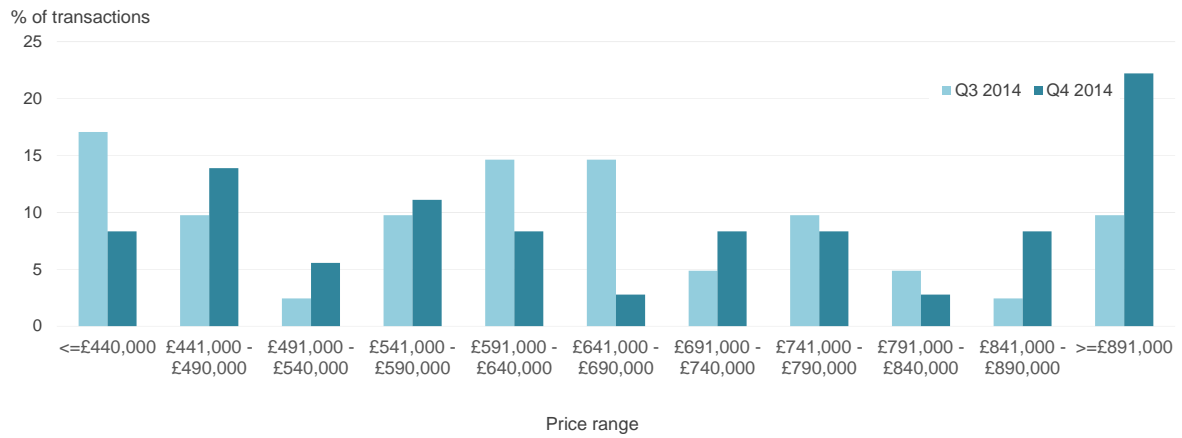


Figure C5: 4-bedroom houses



Price distributions – comparison with previous year: 2013 and 2014

Figure C6: 1-bedroom flats



Figure C7: 2-bedroom flats

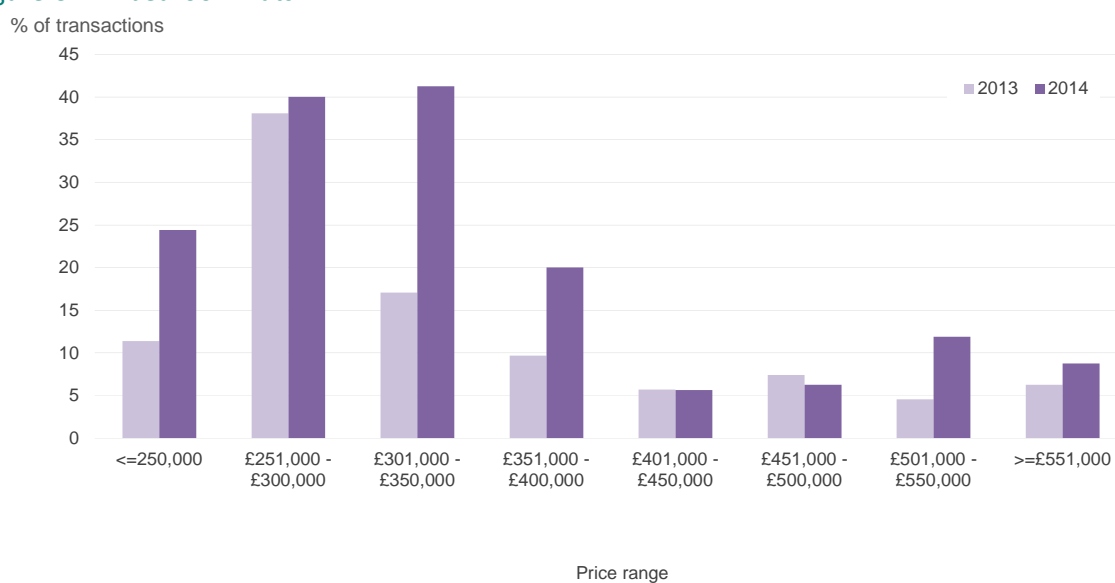


Figure C8: 2-bedroom houses

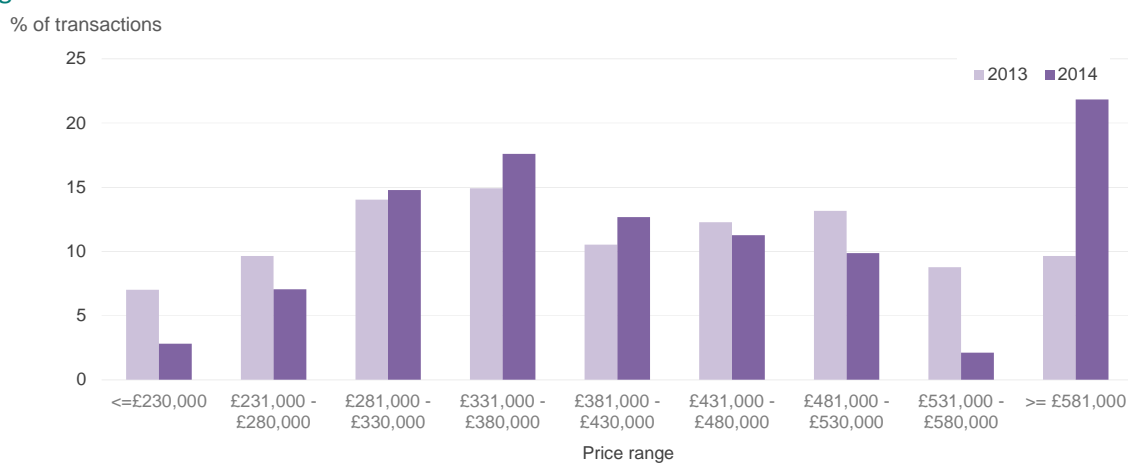


Figure C9: 3-bedroom houses



Figure C10: 4-bedroom houses



First Time Buyer properties

There are a number of sites in Jersey which have had dwellings built exclusively for First Time Buyers (FTBs). Due to the relatively small number of such transactions taking place in a given quarter, FTB properties are presented in Table D1 and Figure D1 on an annual basis and at a combined flat and a combined house level.

Table D1: First Time Buyers' properties, 2004-2014

		Mean price	Transactions	
Flats	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
	2014	284	6	Woodville & Albert Place re-sale
Houses	2004	292	11	Various & re-sale ³
	2005	270	129	Various & re-sale
	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
	2014	411	14	Various & re-sale

³ 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, respectively statistical and systematic in nature: firstly, there is a relatively small number of transactions of such properties taking place each year; 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 from Figure D1 which shows the mean prices of designated FTB properties on a calendar year basis from 2002 to 2014.

Figure D1 - Mean price of First Time Buyer properties, 2002-2014



Between 2004 and 2007 the mean price of FTB flats was around £200,000. The price of such properties which sold in 2008 was 50% higher than this level, taking the mean price to over £300,000. Between 2009 and 2014 the mean price of FTB flats has been relatively more stable, at around £250,000 to £280,000.

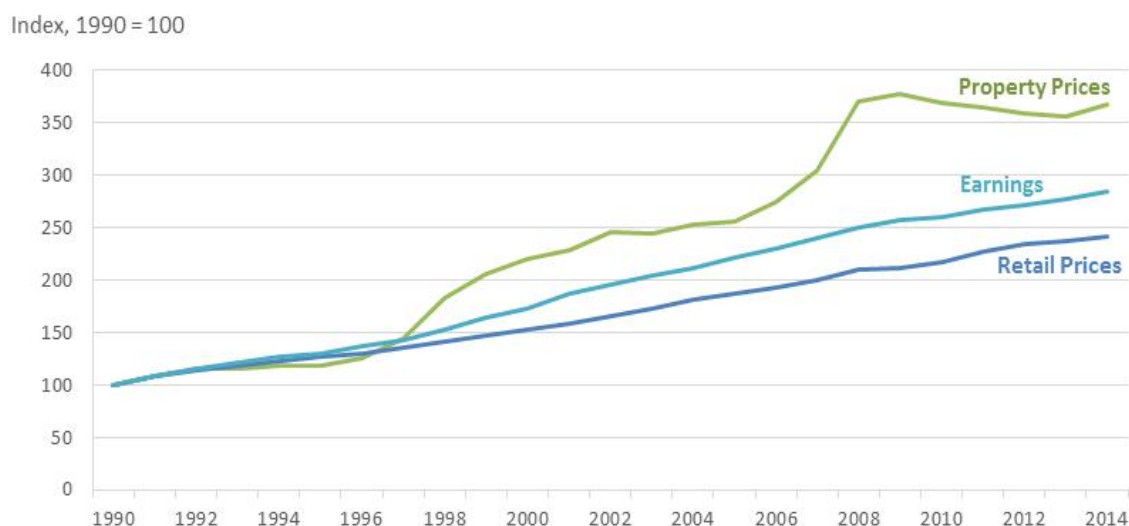
The mean price of FTB houses saw ongoing price increases on an annual basis between 2005 and 2009, such that the mean price increased from around £270,000 to almost £430,000 over this period. From 2009 to 2013 the mean price of FTB houses remained relatively more stable at between £420,000 and £430,000. The mean price of properties sold in 2014 (£411,000) was slightly lower (by around £10,000 to £20,000) than that seen in each of the previous five years.

House prices, Earnings and Retail prices

Long-term change, 1990 to 2014

Figure E1 shows the long-term growth of property prices, earnings and consumer prices in Jersey from 1990 to 2014, as measured by the Jersey House Price Index, the Index of Average Earnings and the Retail Prices Index (RPI), respectively⁴.

Figure E1: Long-term change in property prices, earnings and retail prices, 1990 to 2014.



It is apparent from Figure E1 that over the long-term, since 1990, the overall growth in property prices in Jersey has been greater than that of both earnings and retail prices.

Since 1990:

- the Jersey House Price Index has more than tripled (increased by 268%), corresponding to property prices in Jersey having increased at an average annual rate of 5.6% per annum;
- average earnings have increased by 185% over the same period, corresponding to an average annual rate of increase of 4.5% per annum;
- the Jersey RPI has increased by 141% (i.e. prices have more than doubled), corresponding to an average annual rate of increase of 3.7% per annum.

Medium-term (10-year) change, 2004 to 2014

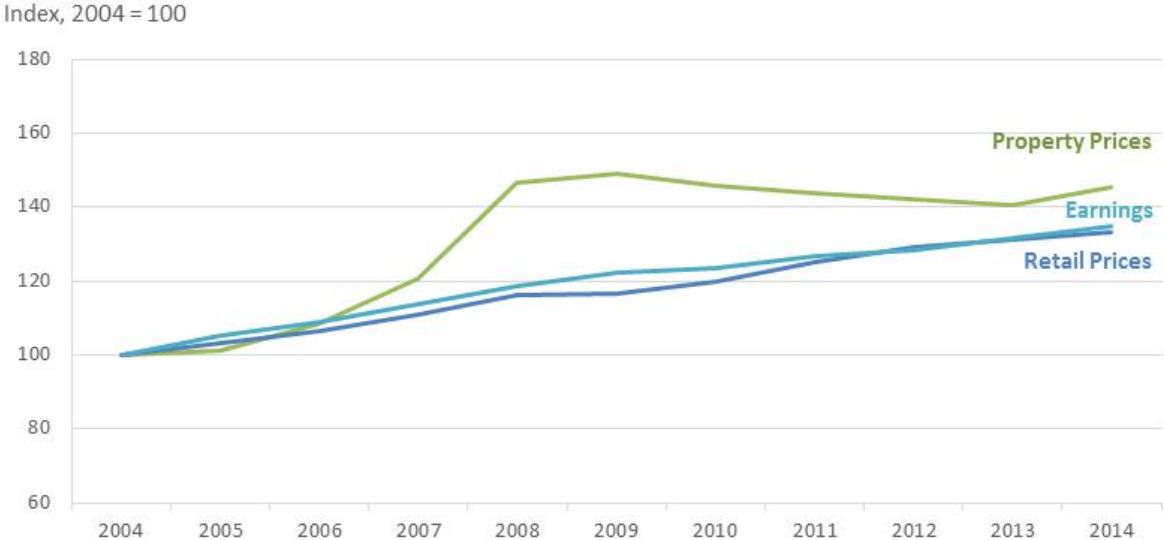
Over the last ten years, property prices in Jersey have increased by more than both earnings and consumer prices (See Figure E2).

Since 2004:

- the Jersey House Price Index has increased by almost a half (45%), corresponding to property prices in Jersey having increased at an average annual rate of 3.8% per annum;
- average earnings have increased by slightly more than a third (35%) over the same period, corresponding to an average annual rate of increase of 3.0% per annum;
- the Jersey RPI has increased by a third (33%), corresponding to an average annual rate of increase of 2.9% per annum.

⁴ Index values plotted in Figures E1-E3 are annual averages.

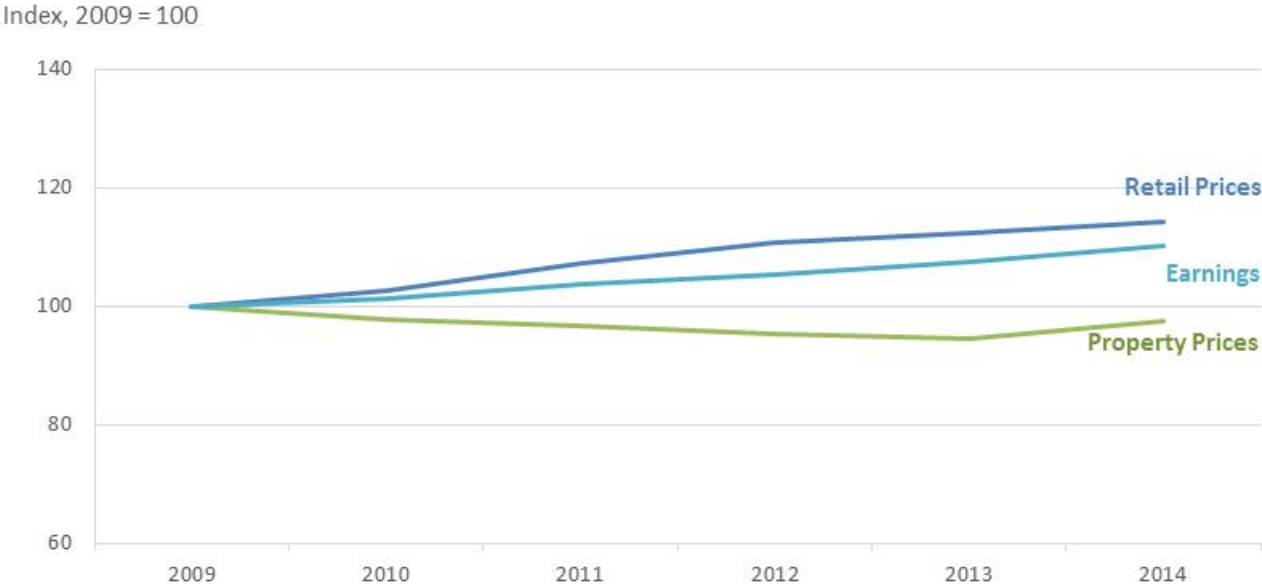
Figure E2: Medium-term change in property prices, earnings and retail prices, 2004 to 2014.



Short-term (5-year) change, 2009 to 2014

More recently, over the latest five-year period, the relative behaviour of the three indices has been different to that seen over the medium- and long-term, with the change in both retail prices and earnings being greater than that in property prices (see Figure E3).

Figure E3: Short-term change in property prices, earnings and retail prices, 2009 to 2014.



Since 2009:

- the Jersey House Price Index has fallen by 2%, comprising four years of falling prices on an annual basis, from 2009 to 2013, followed by an increase in the latest year, 2014;
- average earnings have increased by 10%;
- the Jersey RPI has increased by 14%.