

Jersey House Price Index

Fourth Quarter 2016

Annual Summary

In 2016:

- on a calendar year basis:
 - the Jersey House Price Index was 4% higher than in 2015, representing the third consecutive annual increase in property prices
 - 1- and 2-bedroom flats saw average prices increase in 2016 with 2-bedroom flats recording their highest ever annual average price
 - 2-bedroom houses recorded a small decrease in their mean property price
 - 3- and 4- bedroom houses both recorded their highest ever annual averages
- the **turnover** of properties was 12% higher than in the previous year

Quarterly Summary

In the fourth quarter of 2016:

- on a **rolling four-quarter basis**, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q4 2016 was 1% higher than the previous quarter (ending Q3 2016)
- on a **quarterly** basis:
 - the *seasonally adjusted* mix-adjusted average price in Q4 2016 was 2% higher compared with the previous quarter and 4% higher than the corresponding quarter in 2015
 - 1- and 2- bedroom flats both recorded higher mean prices than in the previous quarter
 - 2-bedroom houses recorded lower mean prices than in the previous quarter
 - 3- and 4- bedroom houses both recorded increases in mean prices, and, in both cases, this most recent figure represents the highest mean price for these classes of property recorded to date
- the **turnover** of properties in Q4 2016 was the highest recorded quarterly figure since 2006
- overall **housing market activity**, on a rolling four-quarter basis, was 4% higher than in the previous quarter (Q3 2016) and 17% higher than the corresponding quarter of 2015
- on a rolling four-quarter basis, **rental prices** in Jersey were 1% higher during the year ending Q4 2016 than in the previous quarter (ending Q3 2016)

Introduction

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.

Included in this report are:

- calendar year, mean and median property prices ([Appendix A](#) – tables A3 and A4)
- turnover of properties by price band (page 12)
- first time buyer properties on an annual basis (page 10)
- 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 (pages 15 to 16)

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 2016 on a non-seasonally adjusted basis and also the rolling four-quarter average (see [Note 6](#) and [Appendix A](#)). Figure 2 shows the Jersey House Price Index in the more recent period from 2008 to 2016

Figure 1 – Jersey House Price Index, Q1 2002 to Q4 2016

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

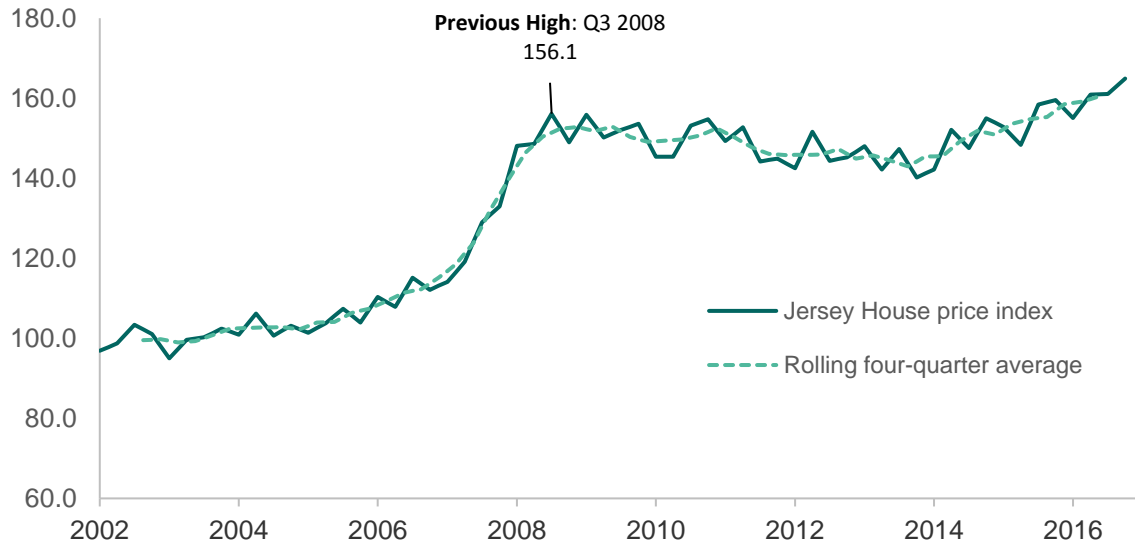
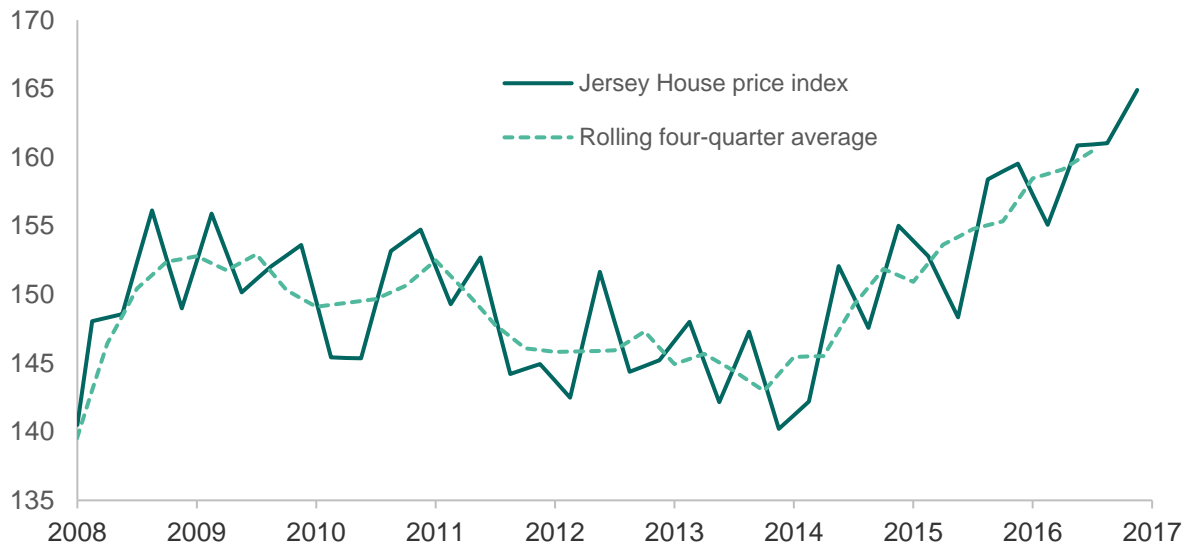


Figure 2 – Jersey House Price Index, Q1 2008 to Q4 2016

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

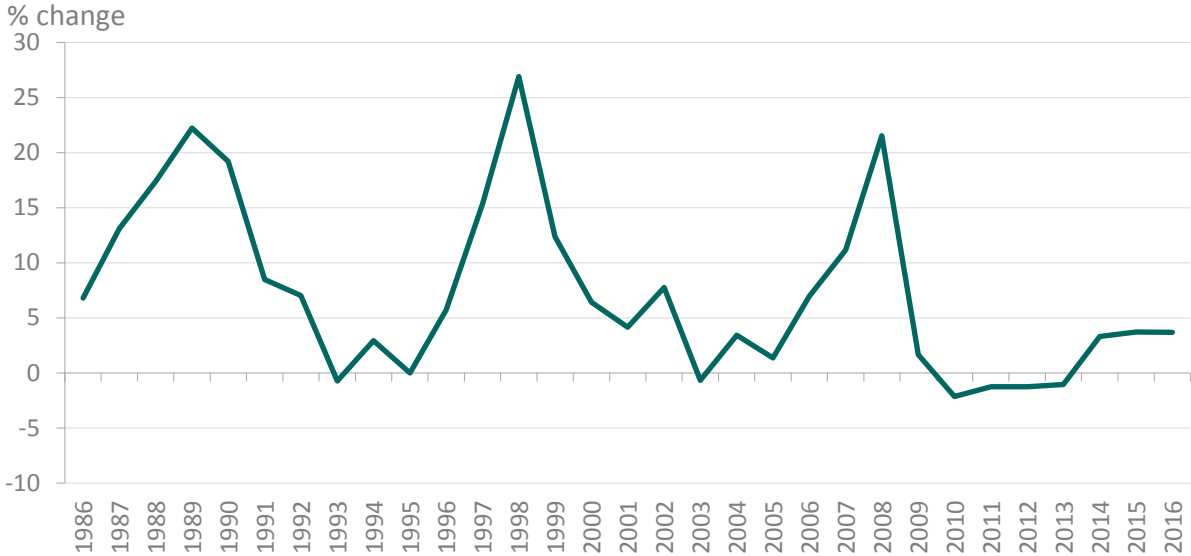


On a rolling four-quarter basis, the Jersey House Price Index during the year ending Q4 2016 was 1% higher than the previous quarter (ending Q3 2016).

On a quarterly basis, the *seasonally adjusted* average price in Q4 2016 was 2% higher when compared with the previous quarter and 4% higher than the corresponding quarter in 2015 (Q4 2015).

Figure 3 shows the overall property price changes in Jersey on a calendar year basis from 1986 to 2016.

Figure 3 – Annual percentage change in the Jersey House Price Index 1986-2016



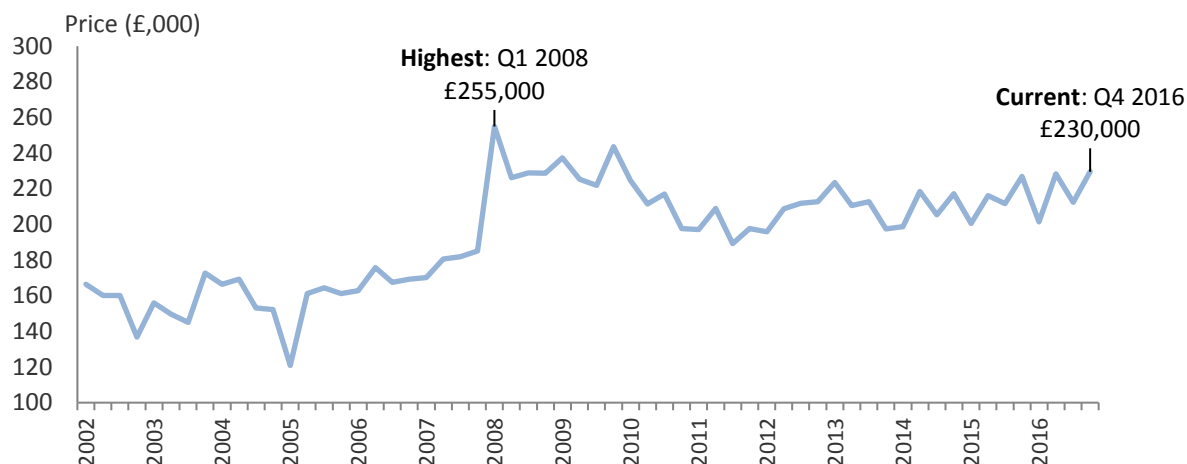
As is apparent from Figure 3, property prices in Jersey have seen three periods of strong growth during the last three decades, with peaks in the annual rate of increase occurring in 1989, 1998 and 2008; each of these years recorded annual price increases of more than 20%. In the past, such peaks were followed by periods of lower rates of increase or, more recently from 2010 to 2013, by a period of sustained decline in overall average price on an annual basis.

On a calendar year basis, the Jersey House Price Index in 2016 was 4% higher than in 2015. This increase represents the third consecutive annual increase in the overall average property price following four years of decline.

Individual property types - 1-bedroom flats:

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

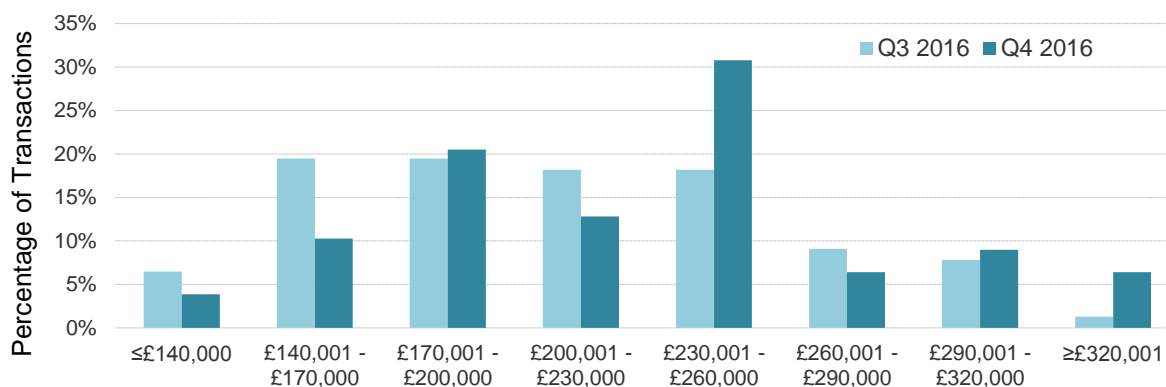
Figure 4 – Mean prices (£,000) for 1-bedroom flats, Q1 2002 to Q4 2016



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 **£230,000**, which was around £18,000 higher than the previous quarter (Q3 2016) and around £16,000 higher than the annual average of the previous calendar year (2015). Figure 5 shows the distribution of prices for these properties sold in the last two quarters.

Figure 5 – Price distributions for 1-bedroom flats, Q3 2016 and Q4 2016



The *median* price of 1-bedroom flats sold in the latest quarter was £234,000 (£4,000 higher than the mean price) and the largest volume (approximately 30% of total transactions) were sold in the £230,001 - £260,000 price bracket.

Table 1 – Mean prices for 1-bedroom flats

| 1-Bed Flats | 2013 | | | | 2014 | | | | 2015 | | | | 2016 | | | |
|---------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Price (£,000) | 224 | 211 | 213 | 197 | 199 | 219 | 205 | 217 | 201 | 216 | 212 | 227 | 201 | 228 | 212 | 230 |

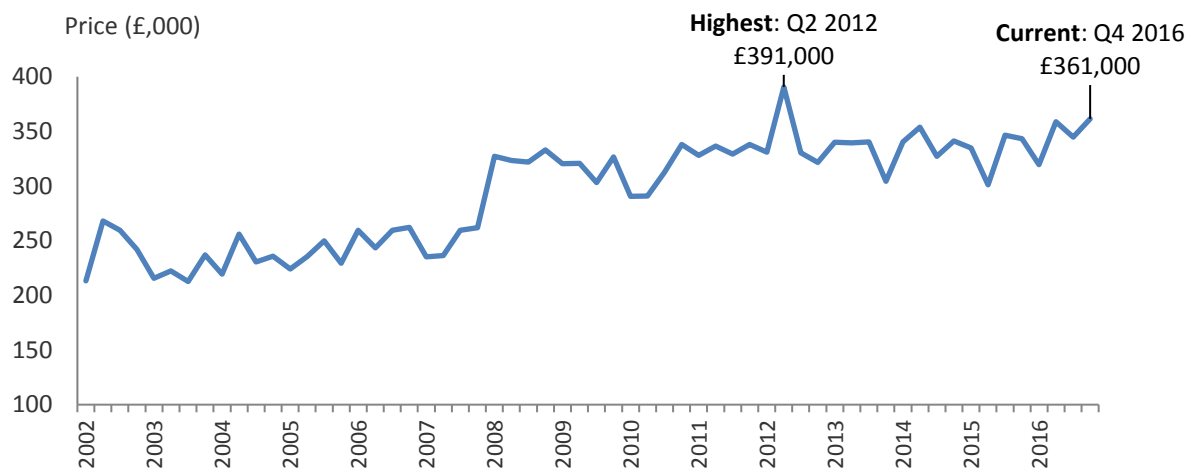
The Q4 2016 mean price has a 95% confidence interval of ± £13,000

On a calendar year basis, the mean price for a one-bedroom flat in 2016 was £219,000, around £5,000 higher than 2015.

Individual property types - 2-bedroom flats:

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

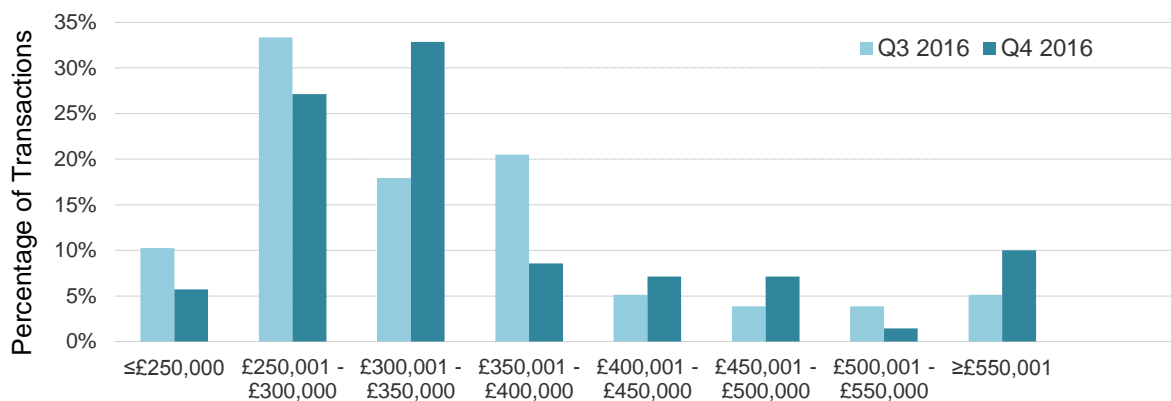
Figure 6 – Mean prices (£,000) for 2-bedroom flats, Q1 2002 to Q4 2016



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 **£361,000**, which was around £16,000 higher than the previous quarter (Q3 2016) and around £29,000 higher than the annual average of the previous calendar year (2015). Figure 7 shows the distribution of prices for these properties sold in the last two quarters.

Figure 7 – Price distributions for 2-bedroom flats, Q3 2016 and Q4 2016



The *median* price of 2-bedroom flats sold in the latest quarter was £320,000 (£41,000 lower than the mean price) and the largest volume (over 30% of total transactions) were sold in the £300,001 - £350,000 price bracket.

Table 2 – Mean prices for 2-bedroom flats

| 2-Bed Flats | 2013 | | | | 2014 | | | | 2015 | | | | 2016 | | | |
|---------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Price (£,000) | 340 | 340 | 340 | 304 | 340 | 354 | 327 | 341 | 335 | 301 | 347 | 343 | 320 | 359 | 345 | 361 |

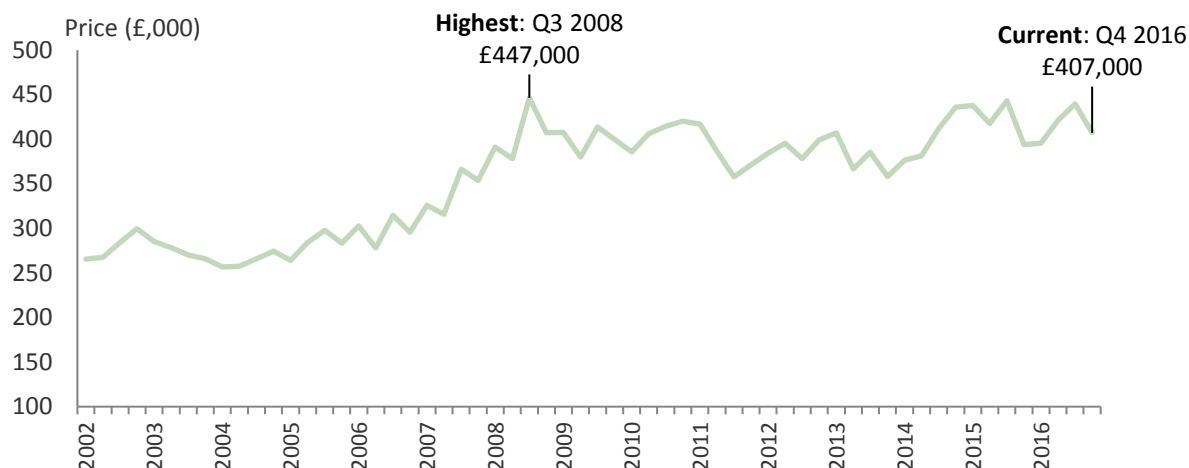
The Q4 2016 mean price has a 95% confidence interval of \pm £29,000

On a calendar year basis, the mean price for a two-bedroom flat in 2016 was £349,000, which was £17,000 higher than 2015 and the highest recorded annual average to date.

Individual property types - 2-bedroom houses:

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

Figure 8 – Mean prices (£,000) for 2-bedroom houses, Q1 2002 to Q4 2016

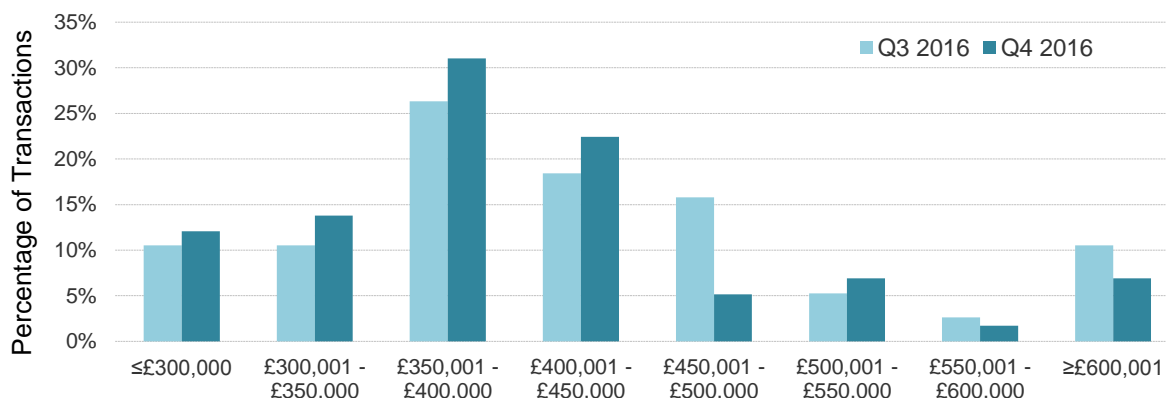


The mean price of 2-bedroom houses sold from 2008 to 2010 was between £400,000 and £410,000. The mean price of this property type subsequently decreased, with the annual average price recorded in each year from 2011 to 2013 ranging from approximately £375,000 to £390,000.

In the latter half of 2014 the mean price of 2-bedroom houses rose above £400,000 for the first time since early-2011 and remained above this level for 5 consecutive quarters.

The mean price of 2-bedroom houses sold in the latest quarter, at **£407,000**, was £33,000 lower than the previous quarter (Q3 2016) and £15,000 lower than the annual average of the previous calendar year (2015). Figure 9 shows the distribution of prices for these properties sold in the last two quarters.

Figure 9 – Price distributions for 2-bedroom houses, Q3 2016 and Q4 2016



The *median* price of 2-bedroom houses sold in the latest quarter was £390,000 (£17,000 lower than the mean price) and the largest volume (over 30% of total transactions) were sold in the £350,001 - £400,000 price bracket.

Table 3 – Mean prices for 2-bedroom houses

| 2-Bed Houses | 2013 | | | | 2014 | | | | 2015 | | | | 2016 | | | |
|---------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Price (£,000) | 407 | 367 | 385 | 358 | 377 | 382 | 412 | 436 | 438 | 418 | 443 | 394 | 396 | 421 | 440 | 407 |

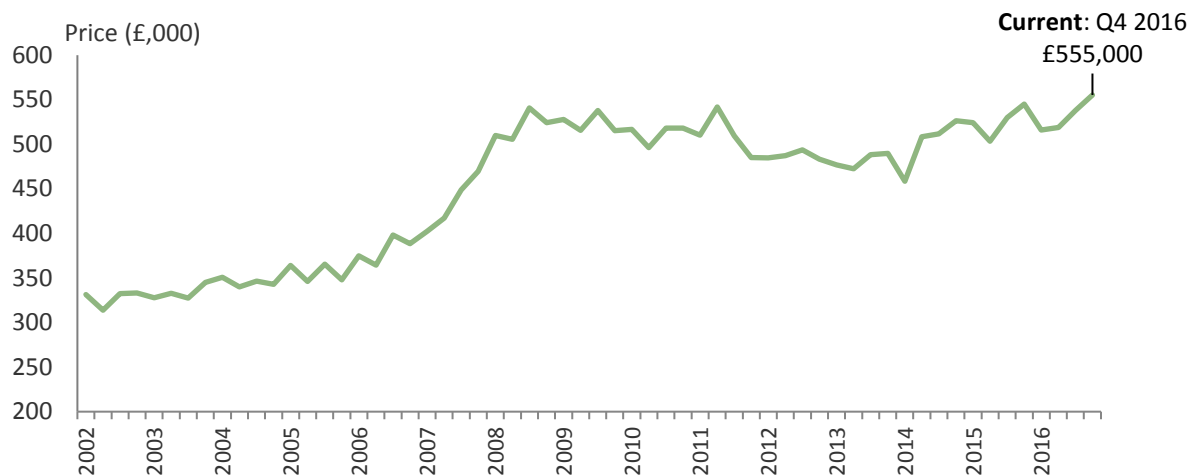
The Q4 2016 mean price has a 95% confidence interval of ± £28,000

On a calendar year basis, the mean price for a two-bedroom house in 2016 was £415,000, a decrease of £7,000 compared with 2015.

Individual property types - 3-bedroom houses:

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

Figure 10 – Mean prices (£,000) for 3-bedroom houses, Q1 2002 to Q4 2016

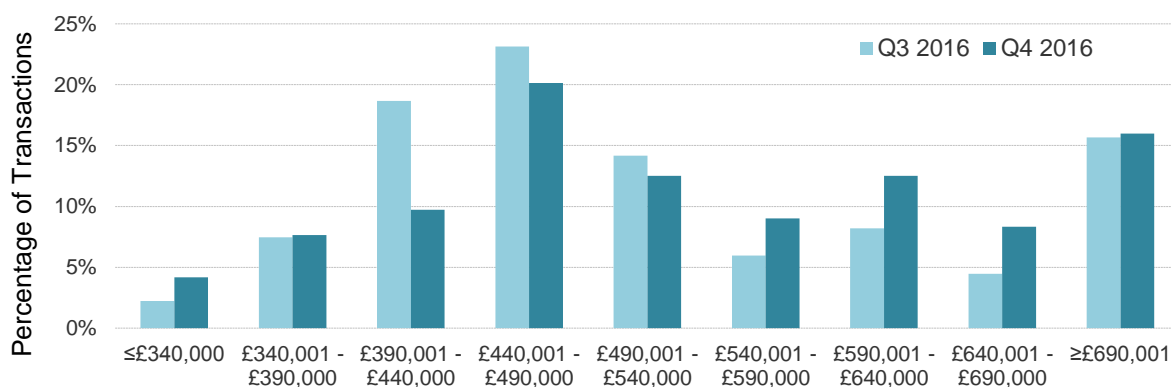


After a period of strong growth from 2006 to early 2008, the mean price of 3-bedroom houses remained relatively stable throughout the subsequent four-year period from 2008 to 2011, at between £510,000 and £520,000. At the end of 2011 the mean price of this property type fell below £500,000 for the first 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 has subsequently remained above this level for five consecutive quarters.

The mean price of 3-bedroom houses which sold in the latest quarter was **£555,000** which was £17,000 higher than the previous quarter (Q3 2016) and £28,000 higher than the 2015 average. This most recent figure represents the highest mean price for this class of property so far recorded.

Figure 11 shows the distribution of prices for these properties sold in the last two quarters.

Figure 11 – Price distributions for 3-bedroom houses, Q3 2016 and Q4 2016



The *median* price of 3-bedroom houses sold in the latest quarter was £513,000 (£42,000 lower than the mean price) and the largest volume (approximately 25% of total transactions) were sold in the £440,001 - £490,000 price bracket.

Table 4 – Mean prices for 3-bedroom houses

| 3-Bed Houses | 2013 | | | | 2014 | | | | 2015 | | | | 2016 | | | |
|---------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Price (£,000) | 477 | 473 | 488 | 490 | 458 | 508 | 512 | 526 | 524 | 503 | 530 | 545 | 516 | 519 | 538 | 555 |

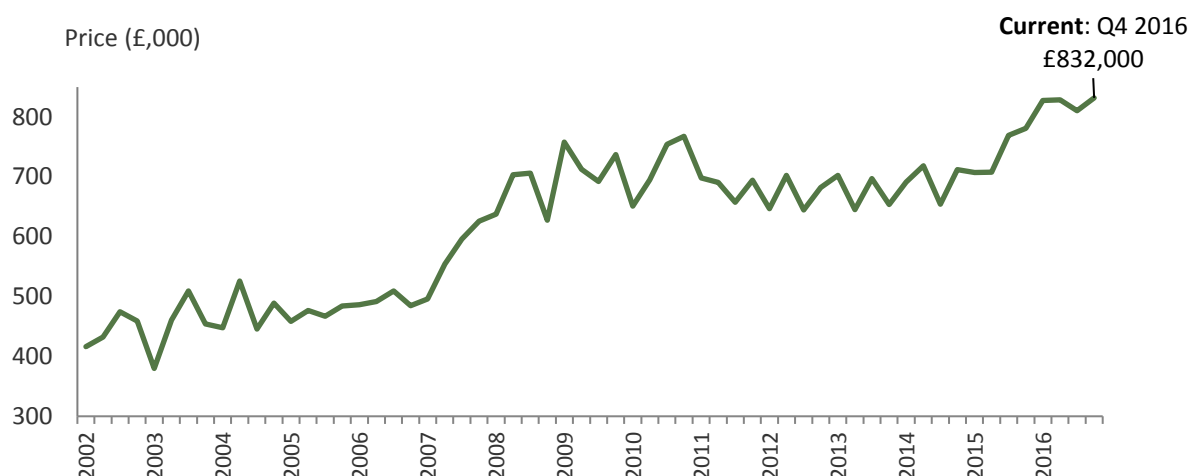
The Q4 2016 mean price has a 95% confidence interval of ± £41,000

On a calendar year basis, the mean price for a three-bedroom house in 2016 was £534,000, an increase of £7,000 compared with 2015 and the highest recorded annual average to date.

Individual property types - 4-bedroom houses:

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

Figure 12 – Mean prices (£,000) for 4-bedroom houses, Q1 2002 to Q4 2016



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 **£832,000**, an increase of £21,000 compared to the previous quarter and £88,000 higher than the annual average for 2015. This most recent figure represents the highest mean price for this class of property so far recorded.

Figure 13 shows the distribution of prices for these properties sold in the last two quarters.

Figure 13 – Price distributions for 4-bedroom houses, Q3 2016 and Q4 2016



The *median* price of 4-bedroom houses sold in the latest quarter was £748,000 (£84,000 lower than the mean price) and the largest volume (over 25% of total transactions) were sold in the £700,001 - £800,000 price bracket.

Table 5 – Mean prices for 4-bedroom houses

| 4-Bed Houses | 2013 | | | | 2014 | | | | 2015 | | | | 2016 | | | |
|---------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Price (£,000) | 702 | 645 | 697 | 654 | 691 | 718 | 654 | 712 | 707 | 708 | 769 | 771 | 828 | 829 | 811 | 832 |

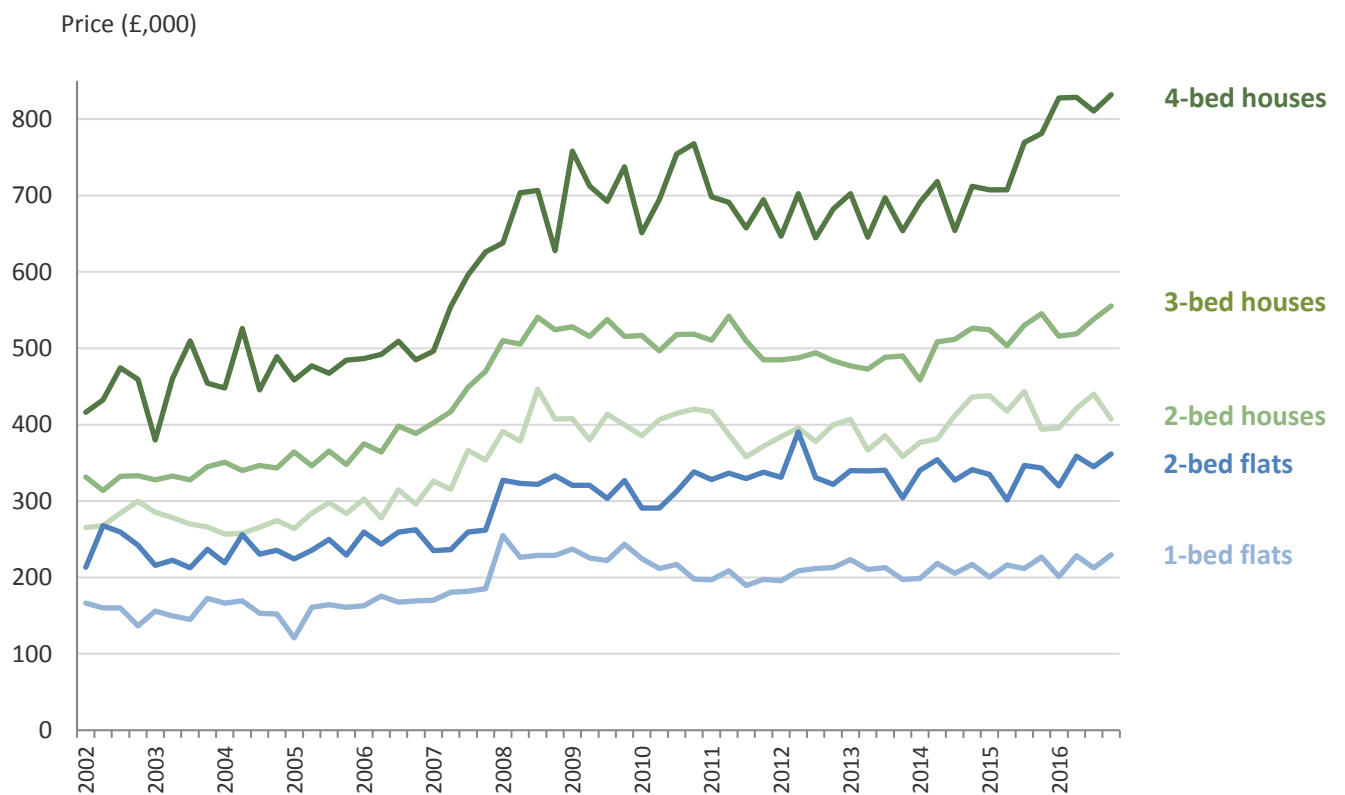
The Q4 2016 mean price has a 95% confidence interval of ± £109,000

On a calendar year basis, the mean price for a four-bedroom house in 2016 was £824,000, an increase of £80,000 compared with 2015 and the highest recorded annual average to date.

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 14.

Figure 14 – Mean prices (£,000) for the individual property types, Q1 2002 to Q4 2016



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

- the differences in mean prices between 1-bedroom flats and 2-bed flats increased slightly in Q4 2016 when compared to the previous quarter
- the differences in mean prices between 2-bedroom flats and 2- bedroom houses decreased in Q4 2016 when compared to the previous quarter
- the difference in the mean price of smaller properties (1-, 2-bed flats and 2-bedroom houses) and 3-bedroom houses increased in Q4 2016 when compared to the previous quarter

First Time Buyer properties

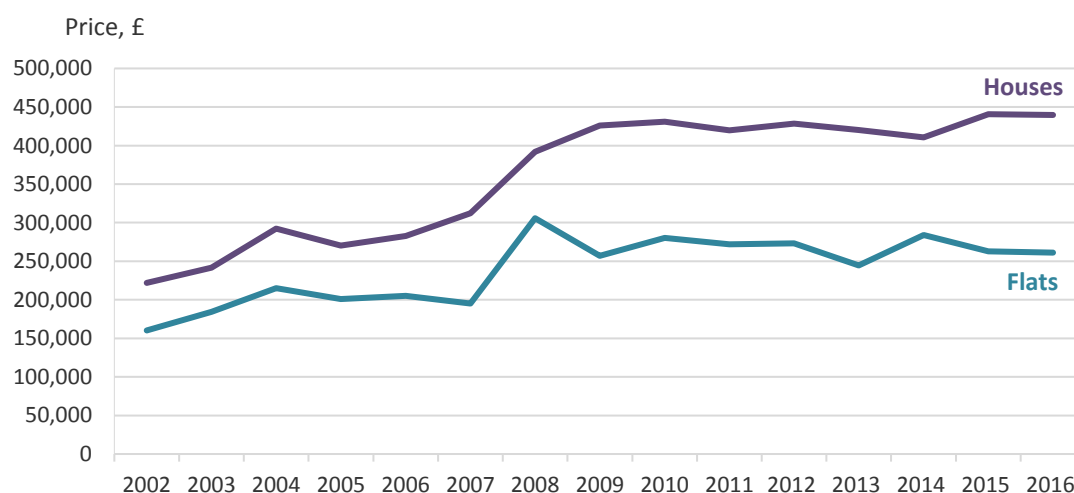
There are a number of sites in Jersey which have had dwellings built exclusively for First Time Buyers (FTBs). Due to the relatively small number of such transactions taking place in a given quarter, FTB properties are presented in Table 6 and Figure 15 on an annual basis and at a combined flat and a combined house level.

Table 6: First Time Buyers' properties, 2010-2016

| | | Mean price | Transactions | |
|---------------|-------------|------------|--------------|---|
| Flats | 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 |
| | 2015 | 263 | 8 | Woodville & Albert Place re-sale |
| | 2016 | 261 | 8 | Woodville & Albert Place re-sale |
| Houses | 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 |
| | 2015 | 441 | 25 | Various & re-sale |
| | 2016 | 440 | 15 | Various & re-sale |

The general behaviour of the prices of such properties is apparent from Figure 15 which shows the mean prices of designated FTB properties on a calendar year basis from 2002 to 2016.

Figure 15 - Mean price of First Time Buyer properties, 2002-2016



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 2016 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 2016 the mean price of FTB houses remained relatively more stable at between £420,000 and £440,000.

Turnover

A total of 406 eligible properties (see [Note 2](#)) were reported as being sold in Jersey in the latest quarter, Q4 2016. 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 Q4 2016 was:

- higher than both the previous quarter and the corresponding quarter of 2015
- the highest recorded quarterly figure since 2006

On a calendar year basis the turnover of properties in 2016 was 12% higher than in the previous year

Figure 16 – Number of dwellings included in the Jersey House Price Index by property type

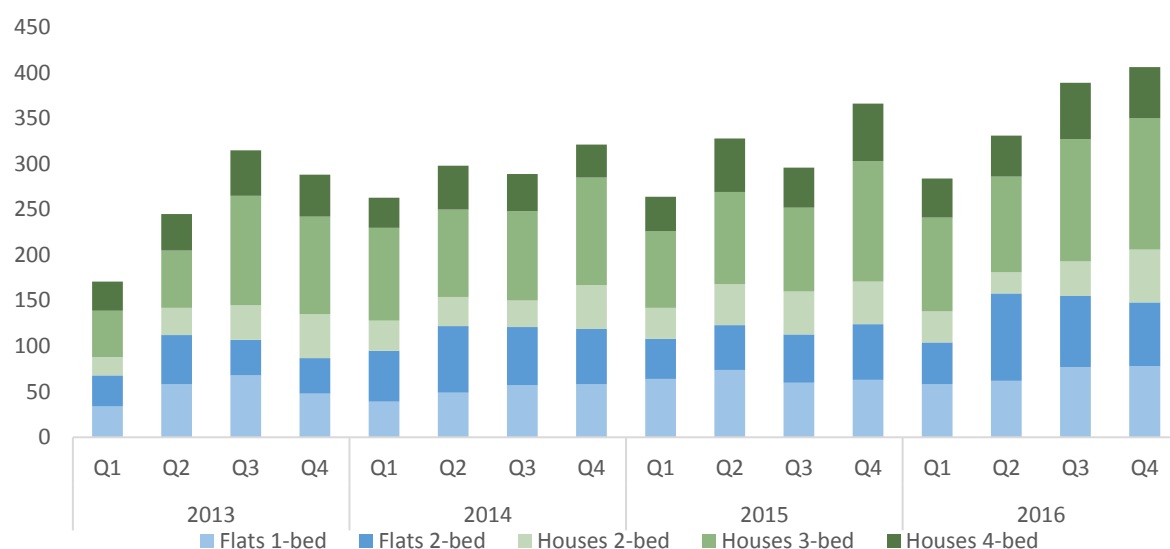


Table 7 - Number of dwellings included in the Jersey House Price Index by property type

| | | Flats | | Houses | | | Total | Bulletins published |
|-------------|-------------------|------------|------------|------------|------------|------------|--------------|---------------------|
| | | 1-bed | 2-bed | 2-bed | 3-bed | 4-bed | | |
| 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 |
| 2015 | Q1 | 64 | 44 | 34 | 84 | 38 | 264 | 6 |
| | Q2 | 74 | 49 | 45 | 101 | 59 | 328 | 6 |
| | Q3 | 60 | 53 | 47 | 92 | 44 | 296 | 6 |
| | Q4 | 63 | 61 | 47 | 132 | 63 | 377 | 7 |
| | Total 2015 | 261 | 207 | 173 | 409 | 204 | 1,254 | 25 |
| 2016 | Q1 | 58 | 46 | 34 | 103 | 43 | 284 | 6 |
| | Q2 | 62 | 96 | 23 | 105 | 45 | 331 | 6 |
| | Q3 | 77 | 78 | 38 | 134 | 62 | 389 | 7 |
| | Q4 | 78 | 70 | 58 | 144 | 56 | 406 | 6 |
| | Total 2016 | 275 | 290 | 153 | 486 | 206 | 1,410 | 25 |

In Q4 2016 share transfer transactions (see [Note 3](#)) accounted for over half (55%) of all eligible flat sales, a lower proportion to that recorded in calendar year 2015.

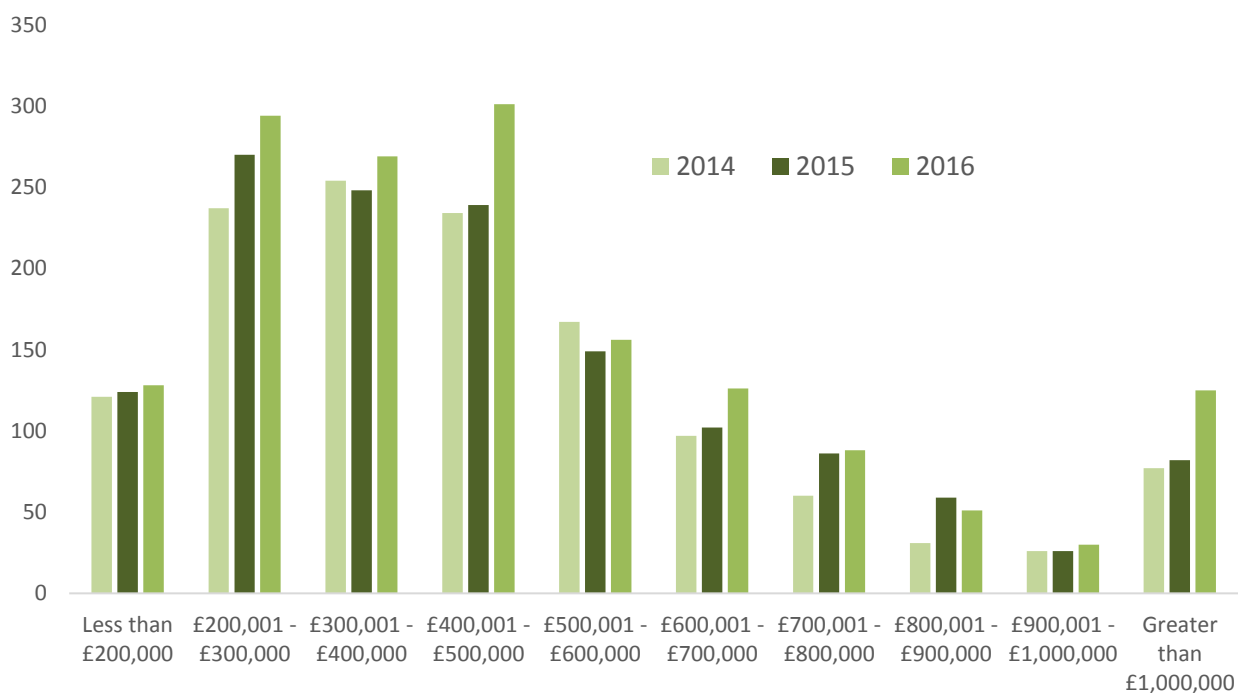
Price distributions

The following table details all recorded residential property transactions over the last two years broken down into price bands. Whilst not included in the main house price index figures, the figures in this table also includes bedsits, 3 or more bedroom flats, 1 and 5 or more bedroom houses in order to provide a more complete picture of the Jersey property market.

Table 8: Property sales by price band, 2014 to 2016

| Price band | 2014 | 2015 | 2016 |
|-------------------------|------|------|------|
| Less than £200,001 | 121 | 124 | 128 |
| £200,001 - £300,000 | 237 | 270 | 294 |
| £300,001 - £400,000 | 254 | 248 | 269 |
| £400,001 - £500,000 | 234 | 239 | 301 |
| £500,001 - £600,000 | 167 | 149 | 156 |
| £600,001 - £700,000 | 97 | 102 | 126 |
| £700,001 - £800,000 | 60 | 86 | 88 |
| £800,001 - £900,000 | 31 | 59 | 51 |
| £900,001 - £1,000,000 | 26 | 26 | 30 |
| £1,000,000 - £1,500,000 | 37 | 46 | 78 |
| £1,500,000 - £2,000,000 | 21 | 19 | 18 |
| Greater than £2,000,000 | 19 | 17 | 29 |

Figure 17: Property sales by price band, 2014 to 2016



Housing Market Activity

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 18 shows the Jersey Housing Market Activity Index from 2002 to 2016 as a rolling four-quarter average (see [Note 8](#) and [Appendix B](#)):

Figure 18 – 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 Q4 2016 was 4% higher than in the previous quarter (ending Q3 2016) and 17% higher than the corresponding quarter in 2015 (ending Q4 2015).

A degree of caution is required in making comparisons between quarters due to seasonal variations, nevertheless, on a **quarterly** basis:

- the total market activity in Q4 2016 was 7% higher than in the previous quarter (Q3 2016)
- the total market activity in Q4 2016 was 15% higher than the corresponding quarter in 2015 (Q4 2015)

Comparison with Guernsey

The mix-adjusted average price of properties sold in Jersey in the most recent quarter was £480,000. This is £66,000 higher than the mix-adjusted average price of Local Market properties sold in Guernsey of £414,000.

In Guernsey the mix adjusted average purchase price for Local Market properties in the fourth quarter of 2016 was 0.3% higher than in the previous quarter and 2.3% lower than in the same quarter of 2015, representing the eighth consecutive quarter in which negative annual growth has been recorded.

Turnover in Guernsey during the fourth quarter of 2016 was essentially unchanged compared with the corresponding quarter of 2015.

Comparison with United Kingdom

Recently the UK Office of National Statistics (ONS) has developed and published a new UK House Price Index (HPI) methodology which has resulted in changes to the price levels previously reported. This is largely as a result of changes to the formula used to calculate average prices. The figures below are from this new index, and in order to remain directly compatible the Jersey figure shown is derived from a revised index that follows the same new UK methodology in calculating average prices. For more information please see [Appendix C](#).

Table 9: Mix-adjusted average prices in Jersey and the UK (in £,000's)

| | Q4 2016 |
|-------------------------------|------------|
| Jersey | 462 |
| UK | 217 |
| England | 233 |
| Wales | 147 |
| Scotland | 141 |
| Northern Ireland | 125 |
| London | 477 |
| South East (excluding London) | 313 |
| East | 277 |
| South West | 240 |
| West Midlands (region) | 180 |
| East Midlands | 175 |
| Yorkshire & The Humber | 152 |
| North West | 150 |
| North East | 126 |

The mix-adjusted index for the UK in Q4 2016 (October to December 2016) was 6% higher on an annual basis (non-seasonally adjusted) and 1% higher on a quarterly basis (compared with July to September 2016, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was 2% higher than in the previous quarter.

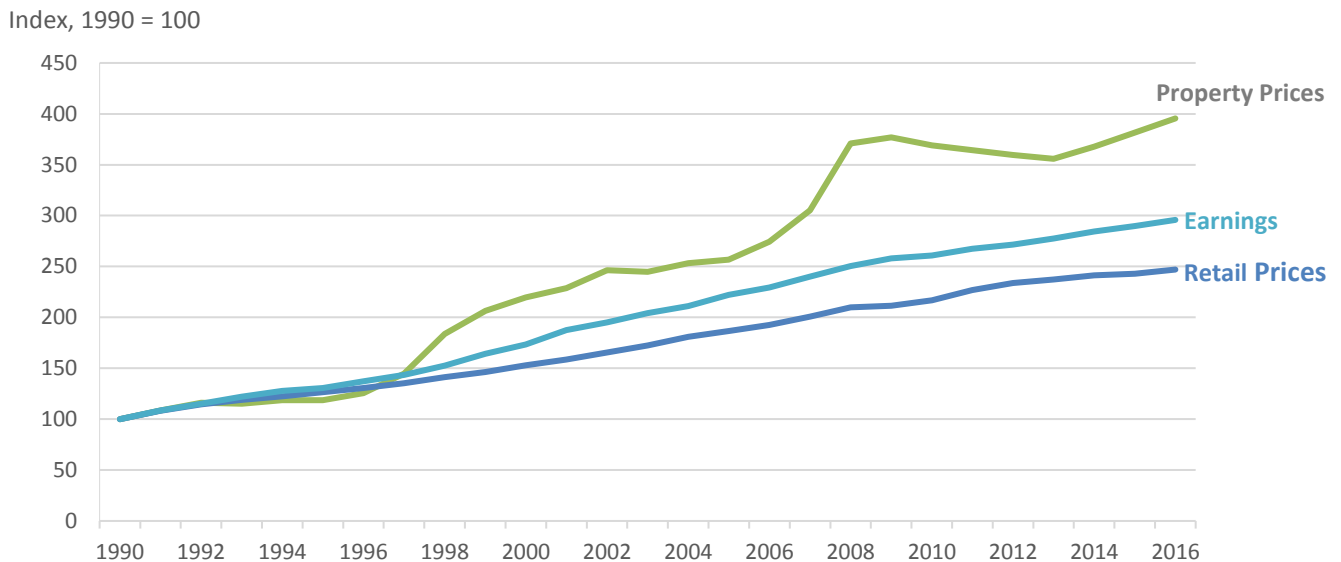
House prices, Earnings and Retail prices

In this section we provide a comparison of the Jersey House Price Index with both the Index of Average Earnings and the All Items Retail Prices Index (RPI) over the short-, medium- and long-term.

Long-term change, 1990 to 2016

Figure 19 shows the long-term growth of property prices, earnings and consumer prices in Jersey from 1990 to 2016, as measured by the Jersey House Price Index, the Index of Average Earnings and the Retail Prices Index (RPI), respectively¹.

Figure 19: Long-term change in property prices, earnings and retail prices, 1990 to 2016.



It is apparent from Figure 19 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 almost quadrupled (increased by 296%), corresponding to property prices in Jersey having increased at an average annual rate of 5.4% per annum
- average earnings have increased by 196% over the same period, corresponding to an average annual rate of increase of 4.3% per annum
- the Jersey RPI has increased by 147% (i.e. prices have more than doubled), corresponding to an average annual rate of increase of 3.5% per annum

Medium-term (10-year) change, 2006 to 2016

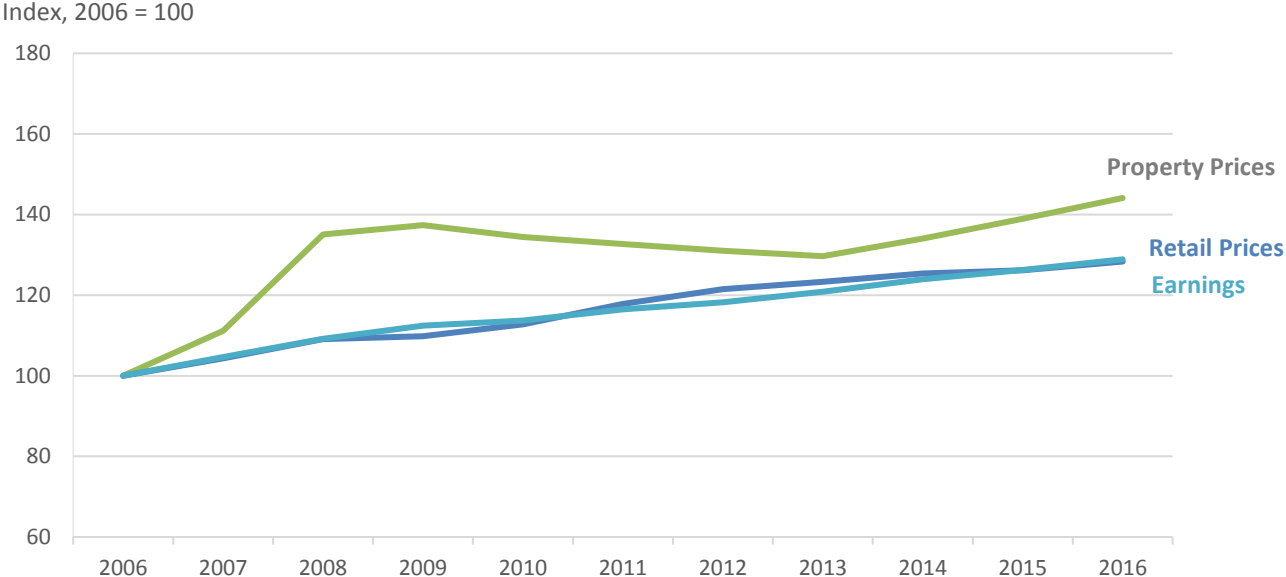
Over the last ten years, property prices in Jersey have increased by more than both earnings and consumer prices (See Figure 20).

Since 2005:

- the Jersey House Price Index has increased by 44%, corresponding to property prices in Jersey having increased at an average annual rate of 3.7% per annum
- average earnings have increased by 28% over the same period, corresponding to an average annual rate of increase of 2.5% per annum
- the Jersey RPI has increased by 29% corresponding to an average annual rate of increase of 2.6% per annum

¹ Index values plotted in Figures 19-21 are annual averages.

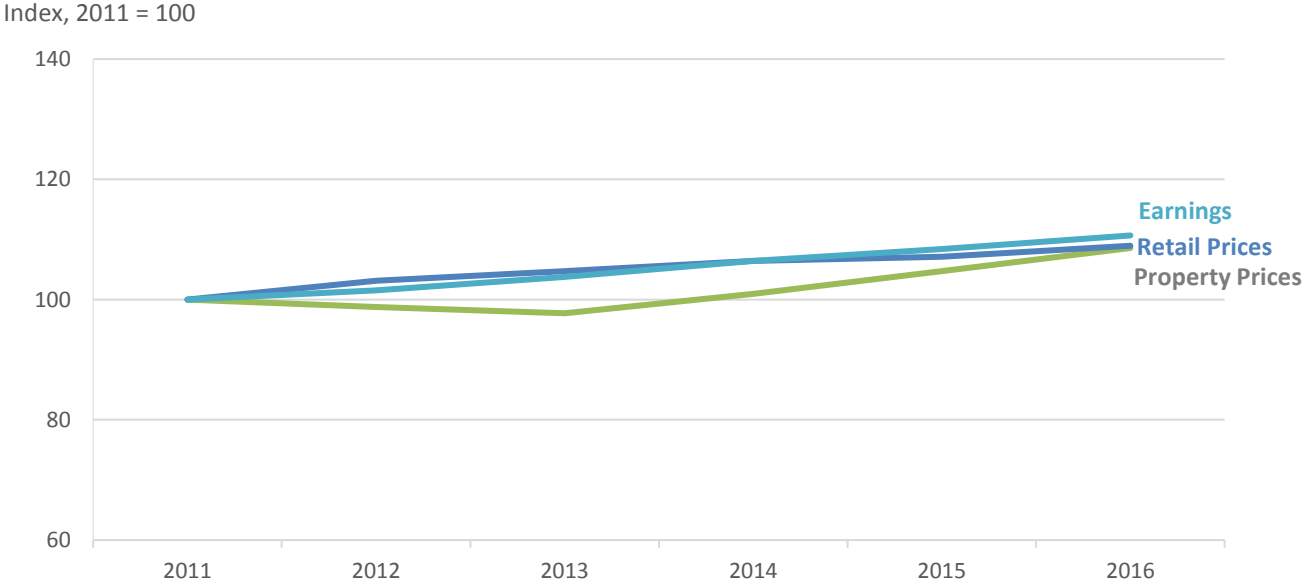
Figure 20: Medium-term change in property prices, earnings and retail prices, 2006 to 2016.



Short-term (5-year) change, 2011 to 2016

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 21).

Figure 21: Short-term change in property prices, earnings and retail prices, 2011 to 2016.



Since 2011:

- the Jersey House Price Index has increased by 9%, comprising three years of falling prices on an annual basis, from 2010 to 2013, followed by increases in the last two years
- average earnings have increased by 11%
- the Jersey RPI has increased by 9%

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.

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

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

8. Jersey Housing Market Activity Index

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

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

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

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

Data Tables

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

| | | Index (n.s.a) | Rolling four-quarter average (n.s.a) | Seasonally adjusted index series |
|-------------|----|---------------|--------------------------------------|----------------------------------|
| 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 | 149.1 |
| | Q3 | 158.4 | 153.6 | 158.0 |
| | Q4 | 159.5 | 154.8 | 159.1 |
| 2016 | Q1 | 155.1 | 155.3 | 156.3 |
| | Q2 | 160.9 | 158.5 | 163.0 |
| | Q3 | 161.0 | 159.1 | 160.1 |
| | Q4 | 164.9 | 160.5 | 163.7 |

n.s.a. non-seasonally adjusted;

Table A2: Jersey House Market Activity Index

| | | Index | Rolling four-quarter average |
|-------------|----|--------------|-------------------------------------|
| 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 |
| | Q3 | 168.4 | 166.7 |
| | Q4 | 209.7 | 174.4 |
| 2016 | Q1 | 158.2 | 177.8 |
| | Q2 | 191.3 | 181.9 |
| | Q3 | 226.2 | 196.4 |
| | Q4 | 241.1 | 204.2 |

Table A3: Calendar year, mean property prices, 2010-2016

| | Flats | | 2-bed | Houses | |
|-------------|----------|----------|----------|----------|----------|
| | 1-bed | 2-bed | | 3-bed | 4-bed |
| 2010 | £213,000 | £308,000 | £409,000 | £512,000 | £715,000 |
| 2011 | £198,000 | £333,000 | £383,000 | £511,000 | £680,000 |
| 2012 | £205,000 | £342,000 | £391,000 | £487,000 | £671,000 |
| 2013 | £210,000 | £332,000 | £375,000 | £484,000 | £674,000 |
| 2014 | £211,000 | £341,000 | £405,000 | £502,000 | £694,000 |
| 2015 | £214,000 | £332,000 | £422,000 | £527,000 | £744,000 |
| 2016 | £219,000 | £349,000 | £415,000 | £534,000 | £824,000 |

Table A4: Calendar year, median property prices, 2010-2016

| | Flats | | 2-bed | Houses | |
|-------------|----------|----------|----------|----------|----------|
| | 1-bed | 2-bed | | 3-bed | 4-bed |
| 2010 | £214,000 | £295,000 | £393,000 | £475,000 | £716,000 |
| 2011 | £182,000 | £295,000 | £375,000 | £465,000 | £688,000 |
| 2012 | £198,000 | £300,000 | £390,000 | £455,000 | £638,000 |
| 2013 | £210,000 | £305,000 | £360,000 | £445,000 | £650,000 |
| 2014 | £210,000 | £320,000 | £375,000 | £475,000 | £660,000 |
| 2015 | £215,000 | £315,000 | £400,000 | £483,000 | £740,000 |
| 2016 | £220,000 | £320,000 | £400,000 | £495,000 | £770,000 |

Jersey Private Sector Rental Index

The Statistics Unit published a rental index from 2007 until 2012 using prices recorded by the Population Office. The index has not been produced since December 2012 following a change in law that meant the Population Office no longer recorded this data.

Since June 2015 the Statistics Unit has been collecting data in order to produce a revised index and are now able to publish this for the first time.

The revised index uses advertised rental prices from both internet and classified adverts. Other jurisdictions currently use this method where there is no suitable administrative data source. The index is:

- mix adjusted
- weighted to reflect the private rental property stock on the island
- chain linked to the original Jersey Private Sector Rental Index

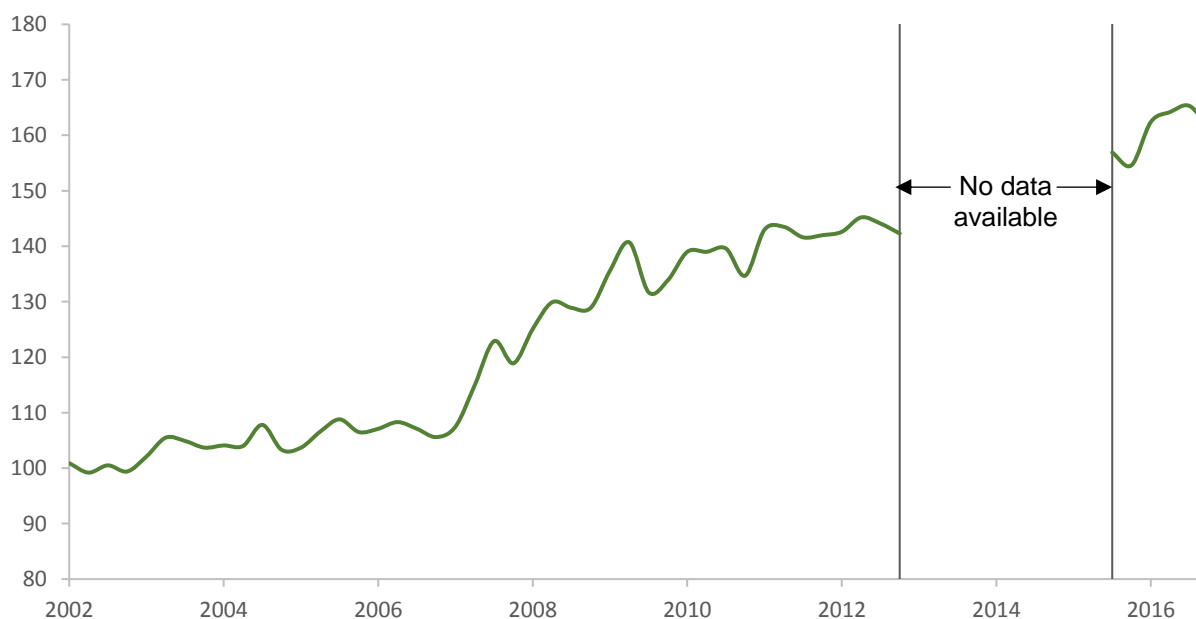
Due to the small numbers of properties and high variability of rents, the following categories of dwelling are excluded: 3- or more bedroom flats, 1-bedroom and 5- or more bedroom houses. All non-domestic dwellings are also excluded. The average (geometric mean) rental price of dwellings is calculated by weighting together the average rents for each of the following categories: bedsits, 1- and 2- bedroom flats and 2-, 3- and 4-bedroom houses. "Qualified" (entitled and licensed) and registered are also weighted separately.

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 based on details of the rental market stock gathered in the 2011 census.

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

Figure B1 and Table B1 below detail this revised index

Figure B1 – Jersey Private Sector Rental Index, Q1 2002 to Q4 2016
(2002 = 100; non-seasonally adjusted)



- On a rolling four-quarter basis, rental prices in Jersey were 1% higher during the year ending Q4 2016 than in the previous quarter (ending Q3 2016)
- On a quarterly basis, rental prices in Jersey have decreased by 2% compared to the previous quarter and increased by 4% compared to the corresponding quarter of 2015 (Q4 2015).

Table B1: Jersey rental index

| | | Index | Rolling four-quarter average |
|-------------------|----|-------|------------------------------|
| 2002 | Q1 | 100.9 | Not available |
| | Q2 | 99.2 | Not available |
| | Q3 | 100.5 | Not available |
| | Q4 | 99.4 | 100.0 |
| 2003 | Q1 | 102.1 | 100.3 |
| | Q2 | 105.5 | 101.9 |
| | Q3 | 104.9 | 103.0 |
| | Q4 | 103.7 | 104.1 |
| 2004 | Q1 | 104.1 | 104.6 |
| | Q2 | 104.0 | 104.2 |
| | Q3 | 107.8 | 104.9 |
| | Q4 | 103.3 | 104.8 |
| 2005 | Q1 | 103.7 | 104.7 |
| | Q2 | 106.6 | 105.4 |
| | Q3 | 108.8 | 105.6 |
| | Q4 | 106.5 | 106.4 |
| 2006 | Q1 | 107.1 | 107.3 |
| | Q2 | 108.3 | 107.7 |
| | Q3 | 107.1 | 107.3 |
| | Q4 | 105.6 | 107.0 |
| 2007 | Q1 | 107.5 | 107.1 |
| | Q2 | 115.0 | 108.8 |
| | Q3 | 122.9 | 112.8 |
| | Q4 | 118.9 | 116.1 |
| 2008 | Q1 | 125.1 | 120.5 |
| | Q2 | 129.9 | 124.2 |
| | Q3 | 128.9 | 125.7 |
| | Q4 | 128.9 | 128.2 |
| 2009 | Q1 | 135.6 | 130.8 |
| | Q2 | 140.7 | 133.5 |
| | Q3 | 131.7 | 134.2 |
| | Q4 | 133.9 | 135.5 |
| 2010 | Q1 | 139.0 | 136.3 |
| | Q2 | 139.0 | 135.9 |
| | Q3 | 139.6 | 137.9 |
| | Q4 | 134.7 | 138.1 |
| 2011 | Q1 | 143.0 | 139.1 |
| | Q2 | 143.5 | 140.2 |
| | Q3 | 141.6 | 140.7 |
| | Q4 | 142.0 | 142.5 |
| 2012 | Q1 | 142.6 | 142.4 |
| | Q2 | 145.2 | 142.9 |
| | Q3 | 144.1 | 143.5 |
| | Q4 | 142.3 | 143.6 |
| No data available | | | |
| 2015 | Q3 | 156.9 | Not available |
| | Q4 | 154.6 | Not available |
| 2016 | Q1 | 162.4 | Not available |
| | Q2 | 164.2 | 159.5 |
| | Q3 | 165.3 | 161.6 |
| | Q4 | 161.2 | 163.3 |

Experimental Statistics: Revised Jersey House Price Index

The Jersey HPI, in use since 2002, currently calculates average prices using a winsorised arithmetic mean, however the Statistics Unit is currently in the process of updating this methodology to utilize a geometric mean, which represents international best practice. An experimental revised index has been produced and we will publish this index in parallel with the existing index for the remainder of calendar year 2016, before fully incorporating the change into a chain linked series at the start of calendar year 2017. For full details please see the Jersey House Price Index Second Quarter 2016 report.

Table C1 below details the experimental index and the relevant mix-adjusted prices for the period commencing Q1 2010 to date.

Table C1: Experimental Jersey House Price Index, Q1 2010 to Q4 2016

| | | Mix adjusted average | |
|-------------|----|----------------------|-----------|
| | | Index | price |
| 2010 | Q1 | 100.0 | £ 433,000 |
| | Q2 | 99.8 | £ 433,000 |
| | Q3 | 103.2 | £ 447,000 |
| | Q4 | 106.0 | £ 459,000 |
| 2011 | Q1 | 102.9 | £ 429,000 |
| | Q2 | 108.1 | £ 451,000 |
| | Q3 | 98.8 | £ 412,000 |
| | Q4 | 97.5 | £ 407,000 |
| 2012 | Q1 | 96.2 | £ 391,000 |
| | Q2 | 105.3 | £ 428,000 |
| | Q3 | 98.4 | £ 400,000 |
| | Q4 | 96.2 | £ 391,000 |
| 2013 | Q1 | 101.9 | £ 411,000 |
| | Q2 | 95.9 | £ 386,000 |
| | Q3 | 100.9 | £ 407,000 |
| | Q4 | 95.0 | £ 383,000 |
| 2014 | Q1 | 97.0 | £ 395,000 |
| | Q2 | 102.3 | £ 417,000 |
| | Q3 | 102.5 | £ 418,000 |
| | Q4 | 103.6 | £ 422,000 |
| 2015 | Q1 | 101.7 | £ 424,000 |
| | Q2 | 99.5 | £ 415,000 |
| | Q3 | 111.3 | £ 464,000 |
| | Q4 | 106.3 | £ 443,000 |
| 2016 | Q1 | 104.8 | £ 444,000 |
| | Q2 | 107.3 | £ 454,000 |
| | Q3 | 107.2 | £ 454,000 |
| | Q4 | 109.2 | £ 462,000 |

Please note that each year revised property-type weights are incorporated within each Q1 analysis, derived from the full preceding three-year period. As a consequence of this re-weighting, mix-adjusted average prices will not be comparable between calendar years, although they will be comparable within each calendar year. In order to produce a continuous index series over time, the Q1 results are chain-linked. In order to calculate change between years, the mix-adjusted index should be used.