

Statistics Jersey: www.gov.je/statistics

Annual Summary

In 2019:

- on a calendar year basis:
 - **the Jersey House Price Index was 7% higher than in 2018**
 - it is the second consecutive year that the Jersey House Price Index has increased by 7%
 - all property types saw average prices increase
 - all property types recorded their highest annual average prices seen to date
 - **advertised private sector** rental prices were 7% higher than in 2018
- **turnover** of properties was essentially unchanged compared with 2018, due to increased sales of flats (up by 10% on an annual basis) but decreased sales of houses (down by 9% on an annual basis)
- **housing affordability** decreased on an annual basis; all property types were less affordable to purchase than in 2018:
 - a working household with mean net income was not able to service a mortgage affordably on the purchase price of a median-priced house of any size
 - a working household with mean net income was able to service a mortgage affordably on the purchase price of a median-priced 1- or 2-bedroom flat

Quarterly Summary

In the fourth quarter of 2019:

- on a **rolling four-quarter basis**, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q4 2019 was 3% higher when compared with the previous quarter (year ending Q3 2019)
- on a **quarterly basis**:
 - the seasonally adjusted mix-adjusted average price was 2% higher than in the previous quarter and 11% higher than in the corresponding quarter of 2018 (Q4 2018)
 - 2-bedroom houses saw a decrease in mean price compared with the previous quarter
 - all other property types saw an increase in their mean price, or remained at a similar level to the previous quarter
- the **turnover** of properties was 13% lower than in Q4 2018 but was 7% higher than in the previous quarter (Q3 2019)
- overall **housing market activity**, on a rolling four-quarter basis, was around 1% lower than in the previous quarter (Q3 2019) but 7% higher than in the corresponding quarter of 2018
- on a rolling four-quarter basis, **advertised private sector** rental prices increased by 1% during the year ending Q4 2019 compared with the year ending Q3 2019

Introduction

This report presents additional information and analysis generally included in the fourth quarter report of each calendar year and also incorporates the previously separate housing affordability report.

Included in this report are:

- first time buyer properties on an annual basis (page 10)
- turnover of properties by price band (page 12)
- housing affordability (page 15)
- calendar year mean and median property prices (Page 25, [Table A2](#) and [Table A3](#))
- loan to value of property purchase transactions (page 28, [Appendix C](#))
- the movements of households within the property market (page 30, [Appendix D](#))

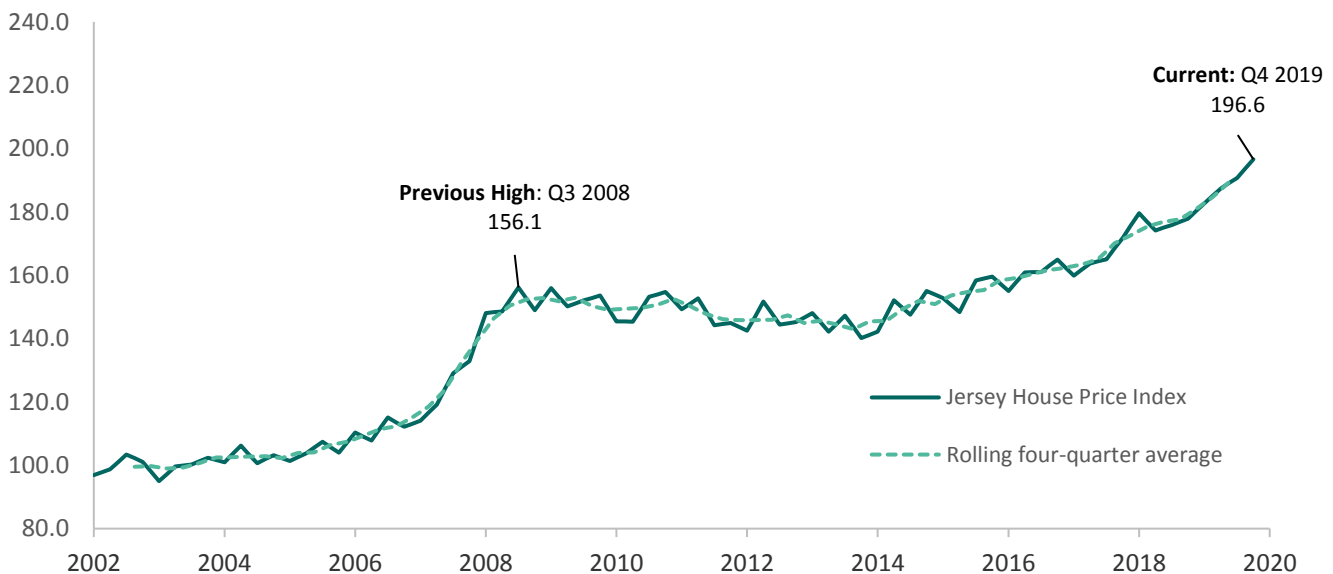
Overall mix-adjusted Index

The Jersey House Price Index measures the combined average price of 1- and 2-bedroom flats together with 2-, 3- and 4-bedroom houses. The index includes share transfer properties.

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

Figure 1 – Jersey House Price Index, Q1 2002 to Q4 2019

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



On a rolling four-quarter basis, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q4 2019 was 3% higher when compared with the previous quarter (year ending Q3 2019).

On a quarterly basis, the *seasonally adjusted* mix-adjusted average price (see [Note 7](#)) in Q4 2019 was 2% higher than in the previous quarter and 11% higher than in the corresponding quarter of 2018.

Figure 2 shows the Jersey House Price Index in the more recent period from 2008 to 2019.

Figure 2 – Jersey House Price Index, Q1 2008 to Q4 2019
(2002 = 100; including share transfer properties and non-seasonally adjusted)

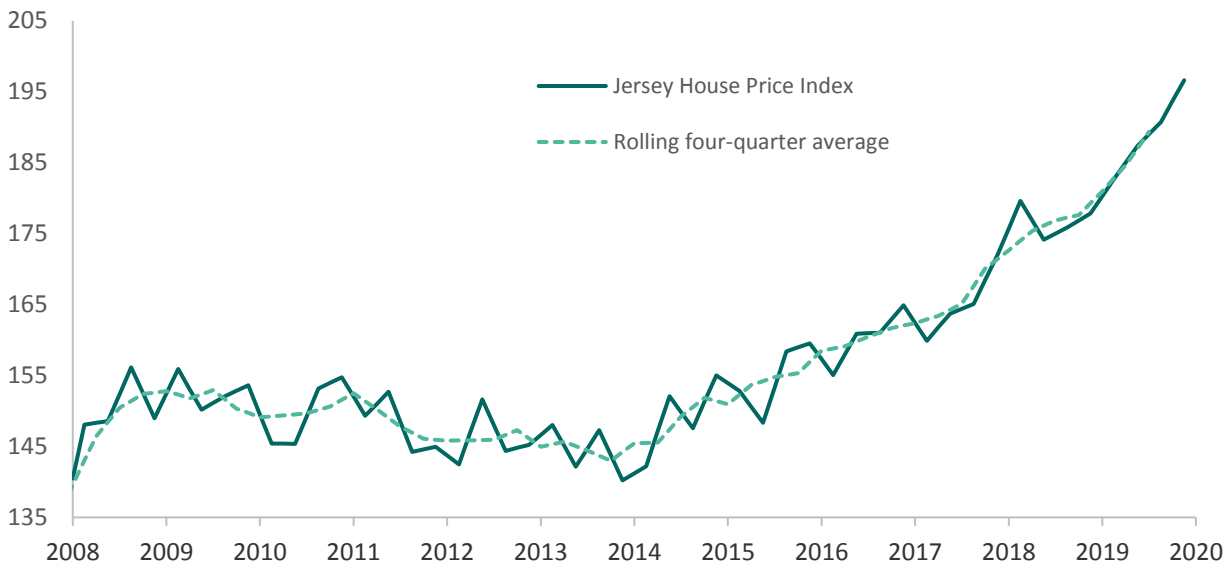
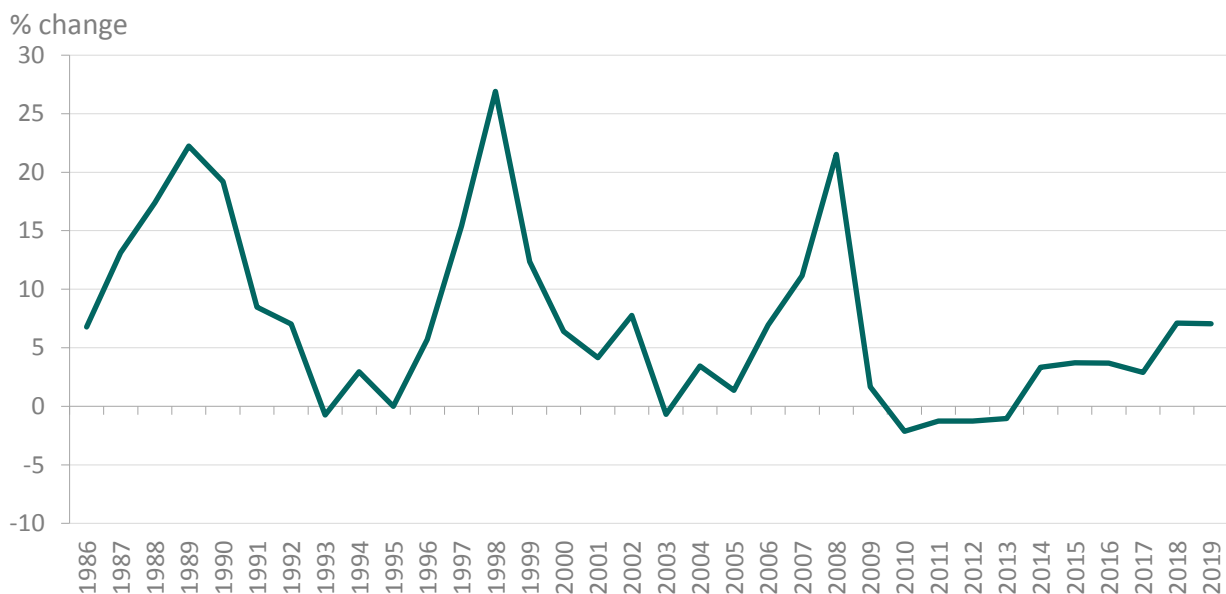


Figure 3 shows the overall property price changes in Jersey on a calendar year basis from 1986 to 2019.

Figure 3 – Annual percentage change in the Jersey House Price Index 1986-2019



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.

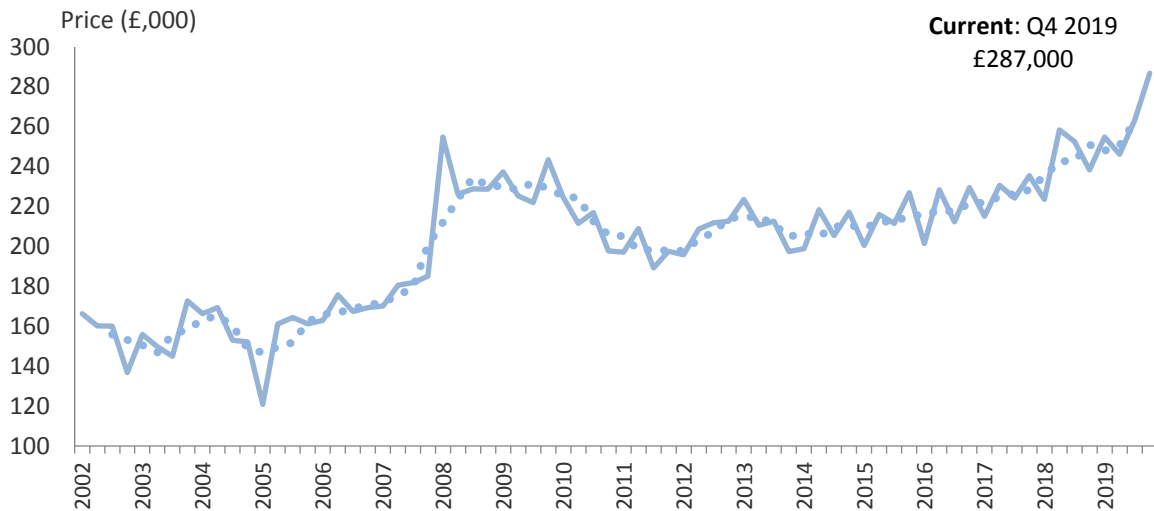
On a calendar year basis, the Jersey House Price Index in 2019 was 7% higher than in 2018.

The latest annual rate of increase of the Jersey House Price Index was essentially the same as in 2018.

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 2019



Following a sharp increase in mean prices in early 2008, the remainder of 2008 and 2009 saw the mean price of 1-bedroom flats remain essentially stable at around £230,000. During 2010 and 2011 the mean price of this property type decreased, largely due to an increase in turnover of lower priced share transfer properties. Since that time, the mean price has increased, with the annual average in 2019 being £261,000.

The mean price of 1-bedroom flats sold in the latest quarter was **£287,000**, which was around £24,000 higher than in the previous quarter (Q3 2019) and was the highest mean price for this property type seen to date.

Figure 5 shows the distribution of prices for these properties sold in the latest two quarters.

Figure 5 – Price distributions for 1-bedroom flats, Q3 2019 and Q4 2019



The *median* price of 1-bedroom flats sold in the latest quarter was £271,000 (£16,000 lower than the mean price); the largest volume sold (25% of transactions) was in the £260,001 - £285,000 price bracket.

Table 1 – Mean prices for 1-bedroom flats

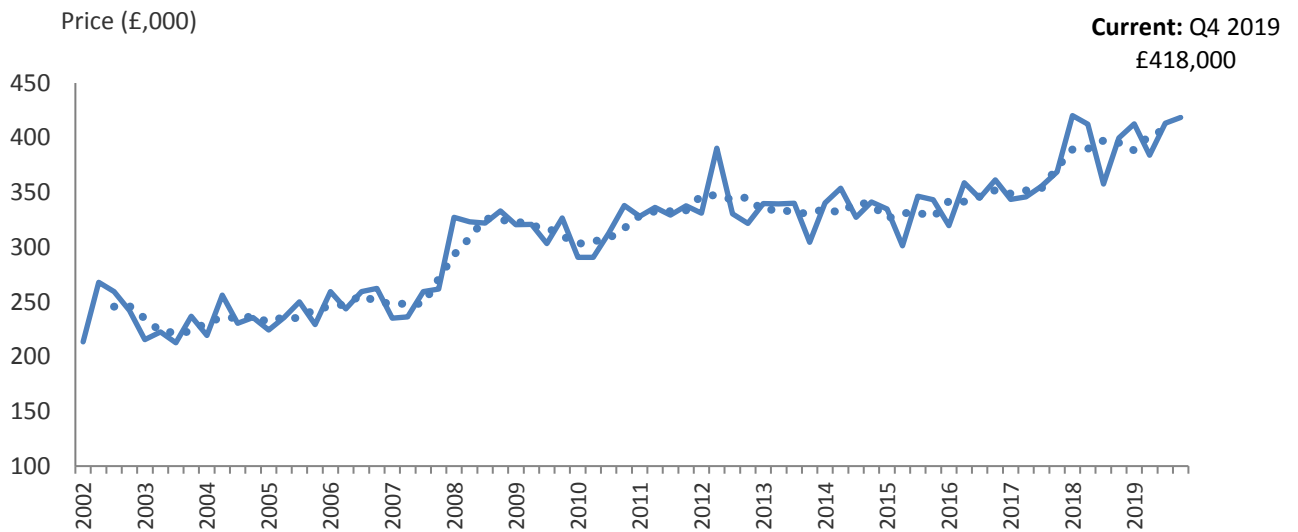
1-Bed Flats	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	201	228	212	230	215	231	224	235	224	258	253	238	255	246	263	287

The Q4 2019 mean price has a 95% confidence interval of ± £11,000

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 2019

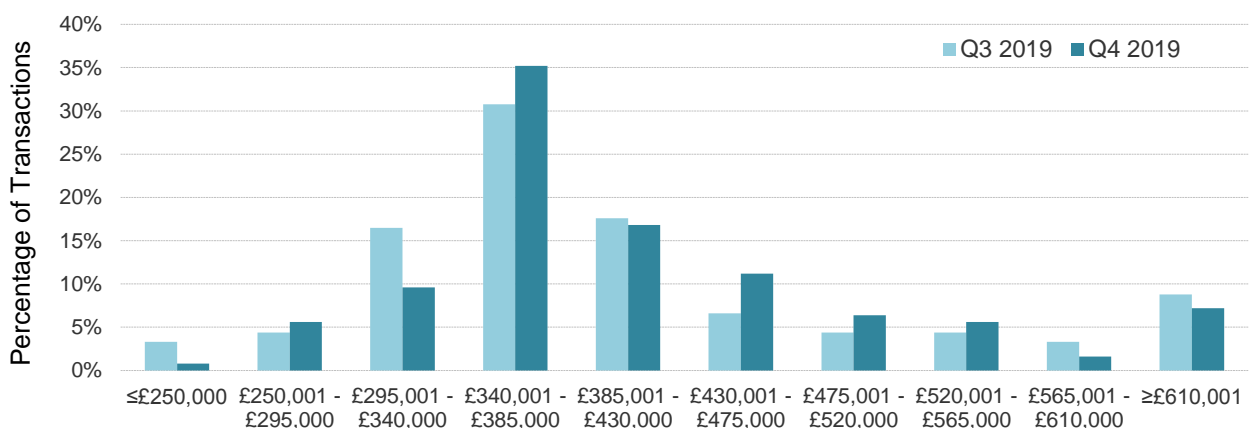


During 2008 and 2009 the mean price was relatively stable at around £320,000. Subsequently the mean price increased, taking the annual mean price of this property type to around £340,000 by 2012. More recently, the mean price has increased further, with the annual average price in 2019 being £405,000.

The mean price of 2-bedroom flats sold in the latest quarter was **£418,000**, which was around £5,000 higher than in the previous quarter (Q3 2019) and £13,000 higher than the annual average of 2019.

Figure 7 shows the distribution of prices for these properties sold in the latest two quarters.

Figure 7 – Price distributions for 2-bedroom flats, Q3 2019 and Q4 2019



The *median* price of 2-bedroom flats sold in the latest quarter was £385,000 (£33,000 lower than the mean price); the largest volume sold (35% of transactions) was in the £340,001 - £385,000 price range.

Table 2 – Mean prices for 2-bedroom flats

2-Bed Flats	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	320	359	345	361	344	346	356	369	420	412	358	400	413	384	413	418

The Q4 2019 mean price has a 95% confidence interval of ± £21,000

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 2019



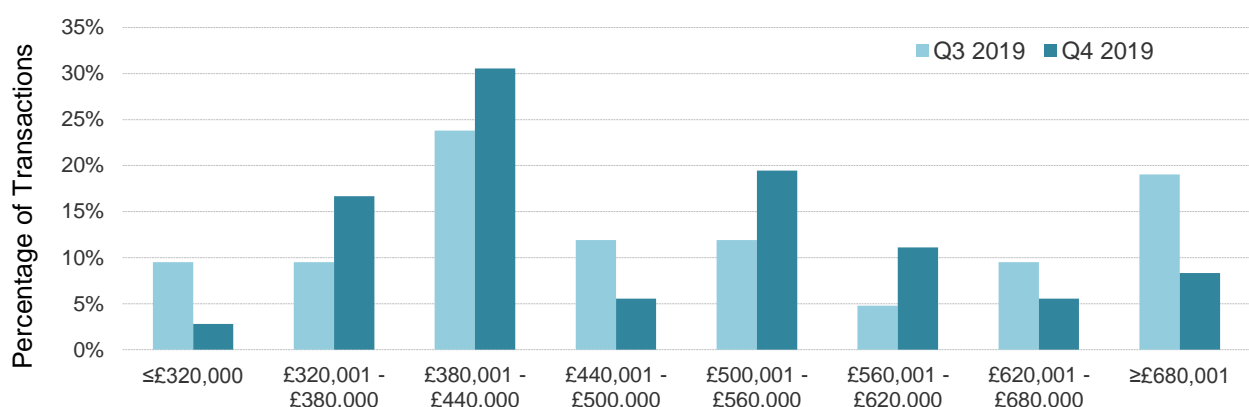
The annual mean price of 2-bedroom houses sold from 2008 to 2010 was between £400,000 and £410,000. The mean price of this property type subsequently decreased, with the annual average price recorded in each year from 2011 to 2013 ranging from approximately £375,000 to £390,000.

In the latter half of 2014 the mean price of 2-bedroom houses rose above £400,000 for the first time since early-2011. More recently the annual average increased to £492,000 in 2019.

The mean price of 2-bedroom houses sold in the latest quarter was **£491,000**, which was around £44,000 lower than in the previous quarter (Q3 2019).

Figure 9 shows the distribution of prices for these properties sold in the latest two quarters.

Figure 9 – Price distributions for 2-bedroom houses, Q3 2019 and Q4 2019



The *median* price of 2-bedroom houses sold in the latest quarter was £454,000 (£37,000 lower than the mean price); the largest volume sold (31% of transactions) was in the £380,001 - £440,000 price range.

Table 3 – Mean prices for 2-bedroom houses

2-Bed Houses	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	396	421	440	407	404	424	420	427	452	442	471	456	482	459	535	491

The Q4 2019 mean price has a 95% confidence interval of ± £53,000

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 2019



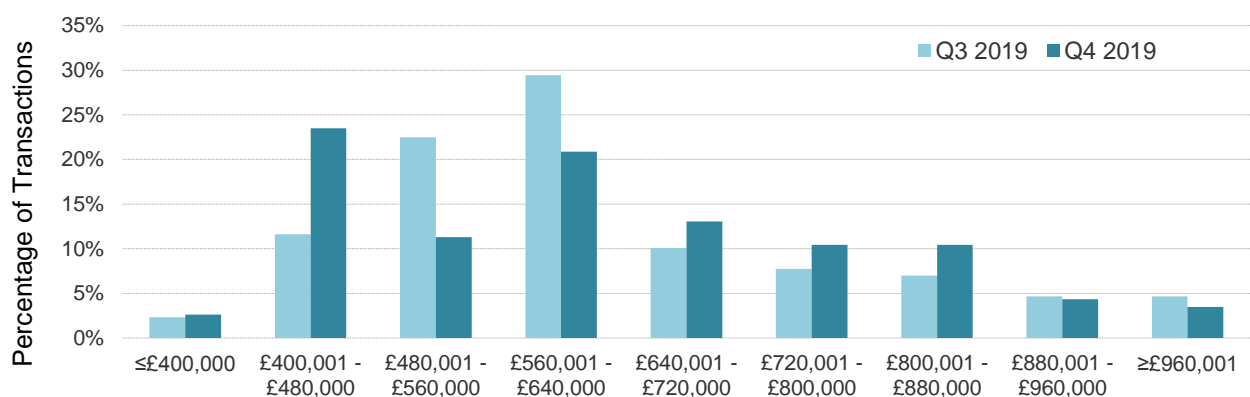
After a period of considerable increase from 2006 to early 2008, the mean price of 3-bedroom houses remained relatively stable throughout the subsequent four-year period from 2008 to 2011, at between £510,000 and £520,000.

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, the mean price once again rose above £500,000. In Q1 2019 the mean price rose above £600,000 and has stayed above this level throughout 2019, leading to an annual average of £636,000.

The mean price of 3-bedroom houses sold in the latest quarter was **£632,000** and was essentially the same as in Q3 2019 (£633,000).

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

Figure 11 – Price distributions for 3-bedroom houses, Q3 2019 and Q4 2019



The *median* price of 3-bedroom houses sold in the latest quarter was £595,000 (£37,000 lower than the mean price); the largest volume sold (23% of transactions) was in the £400,001 - £480,000 price bracket.

Table 4 – Mean prices for 3-bedroom houses

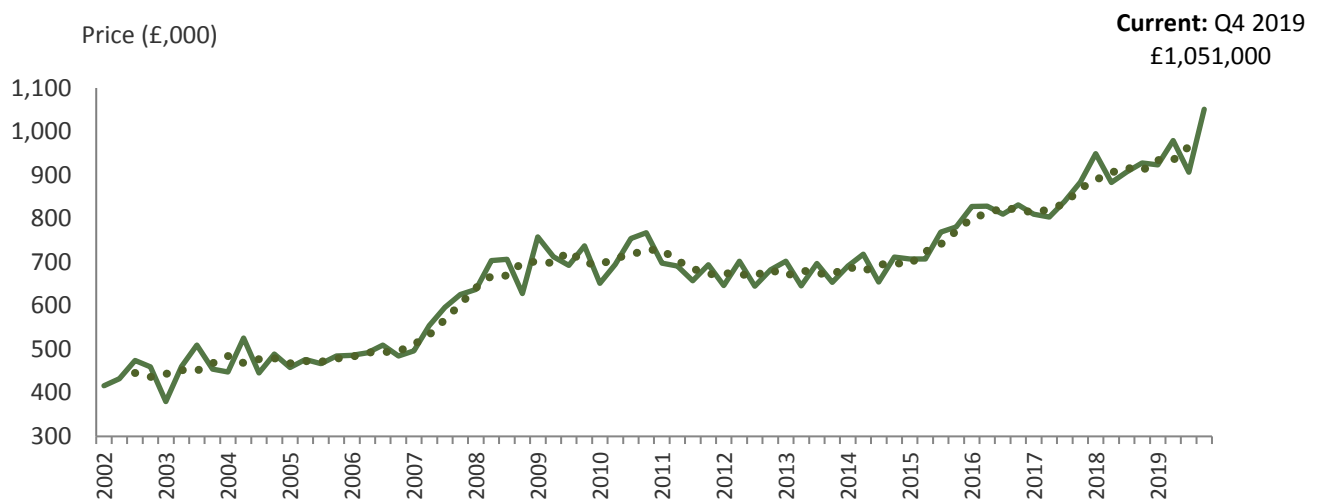
3-Bed Houses	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	516	519	538	555	541	549	560	573	586	567	589	580	605	664	633	632

The Q4 2019 mean price has a 95% confidence interval of ± £56,000

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 2019



Although this category of property has seen some volatility in price on a quarterly basis, the mean price of this property type generally remained above £700,000 between 2008 and 2015. Since then the average price has increased, with mean prices exceeding £800,000 for the first time in Q1 2016 and then exceeding £900,000 for the first time in Q1 2018. The annual average in 2019 was £965,000.

The mean price of 4-bedroom houses sold in the latest quarter was **£1,051,000**, which was around £144,000 higher than in the previous quarter (Q3 2019) and was £86,000 higher than the annual average in 2019.

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

Figure 13 – Price distributions for 4-bedroom houses, Q3 2019 and Q4 2019



The *median* price of 4-bedroom houses sold in the latest quarter was £955,000 (£96,000 lower than the mean price); the largest volumes sold (18% of transactions) were in the £700,001 - £800,000 and £1,400,001 or greater price brackets.

Table 5 – Mean prices for 4-bedroom houses

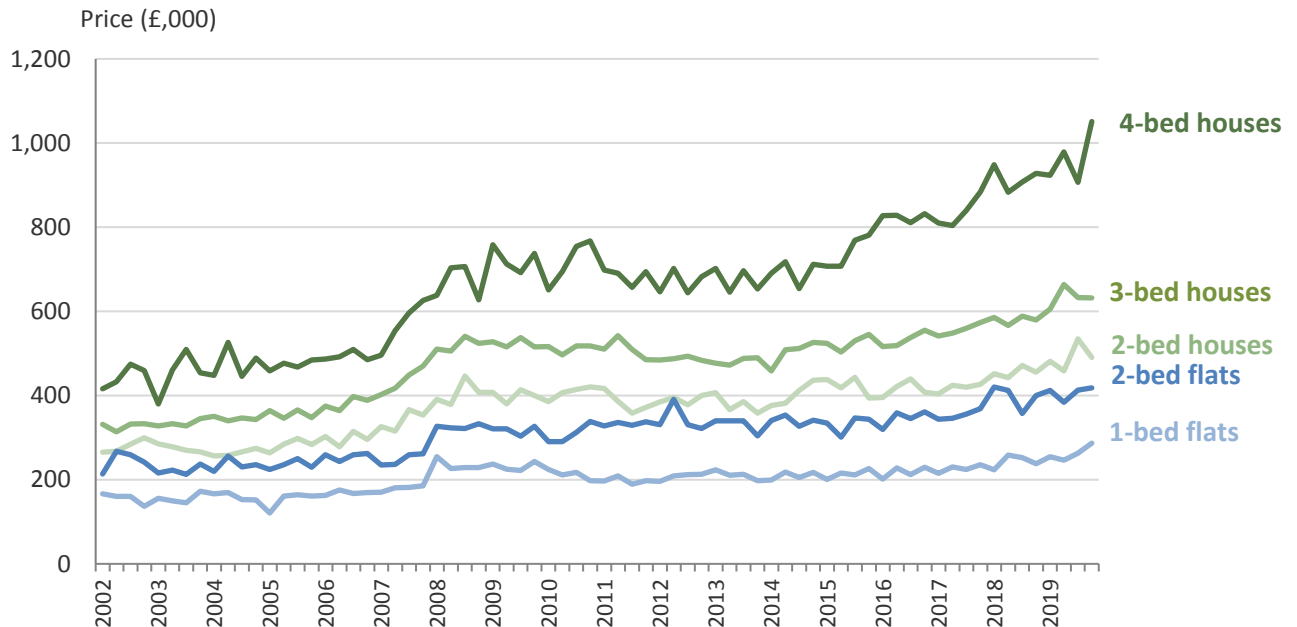
4-Bed Houses	2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price (£,000)	828	829	811	832	810	804	840	884	949	883	908	928	924	979	907	1,051

The Q4 2019 mean price has a 95% confidence interval of ± £183,000

Individual property types - Combined

Each of the mean prices for the period of 2002 to date, 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 2019



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

- 1-bedroom flats recorded their highest mean price to date, at £287,000
- 4-bedroom houses recorded their highest mean price to date, at £1,051,000
- 2-bedroom houses recorded a lower mean property price compared with Q3 2019
- 4-bedroom houses recorded the largest increase in mean price in the latest quarter, up 16% on the previous quarter
- 2-bedroom houses recorded the largest decrease in mean price in the latest quarter, down 8% on the previous quarter

First Time Buyer properties

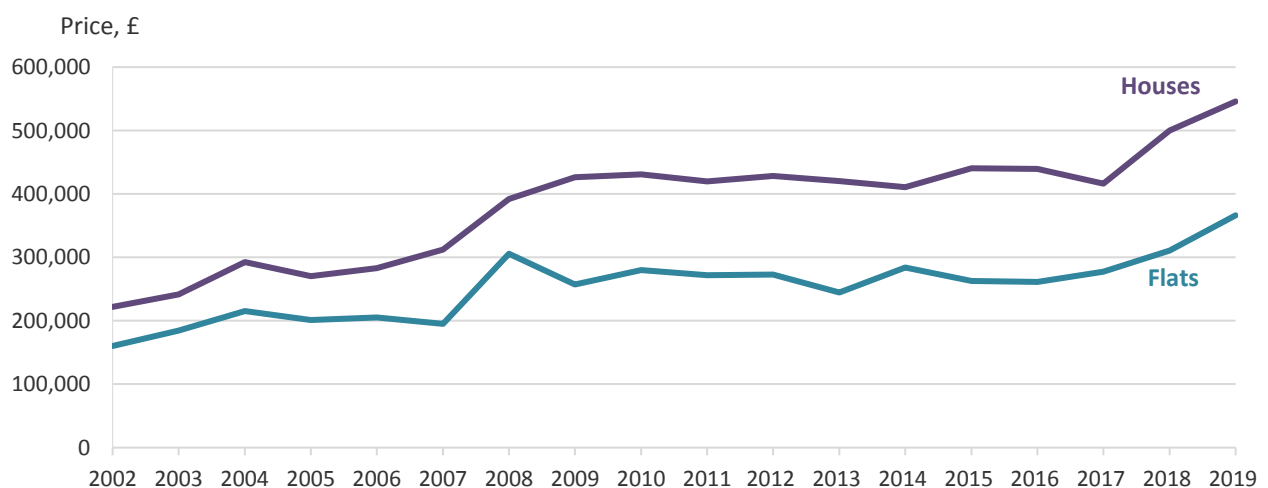
There are a number of sites in Jersey which have had dwellings built exclusively for First Time Buyers (FTBs). Due to the relatively small number of such transactions taking place in a given quarter, FTB properties are presented in Table 6 and Figure 15 on an annual basis and at a combined flat and a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

Table 6: First Time Buyers' properties, 2013-2019

		Mean price	Transactions	
Flats	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
	2017	278	4	Woodville & Albert Place re-sale
	2018	311	5	Woodville & Albert Place re-sale
	2019	366	7	Woodville & Albert Place re-sale
Houses	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
	2017	416	37	Le Grand Clos / various re-sale
	2018	500	18	Various & re-sale
	2019	544	31	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 2019.

Figure 15 - Mean price of First Time Buyer properties, 2002-2019



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 2017 the mean price of FTB flats was relatively lower, at around £250,000 to £280,000. In 2018 the mean price of FTB flats rose above £300,000 for the first time since 2008.

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 2017 the mean price of FTB houses remained relatively stable between £410,000 and £440,000. In 2018 the mean price of FTB houses rose above £500,000 for the first time.

Turnover

The total turnover of properties in 2019 was essentially unchanged compared with 2018, due to increased sales of flats (up by 10% on an annual basis) but decreased sales of houses (down by 9% on an annual basis).

In Q4 2019, 417 eligible properties (see [Note 2](#)) were sold in Jersey.

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 due to seasonal variations. Nevertheless, the number of properties sold in Q4 2019 was:

- 13% lower than in the corresponding quarter of 2018 (Q4 2018), corresponding to 60 fewer properties sold
- 7% higher than in the previous quarter (Q3 2019), corresponding to 26 more properties sold

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

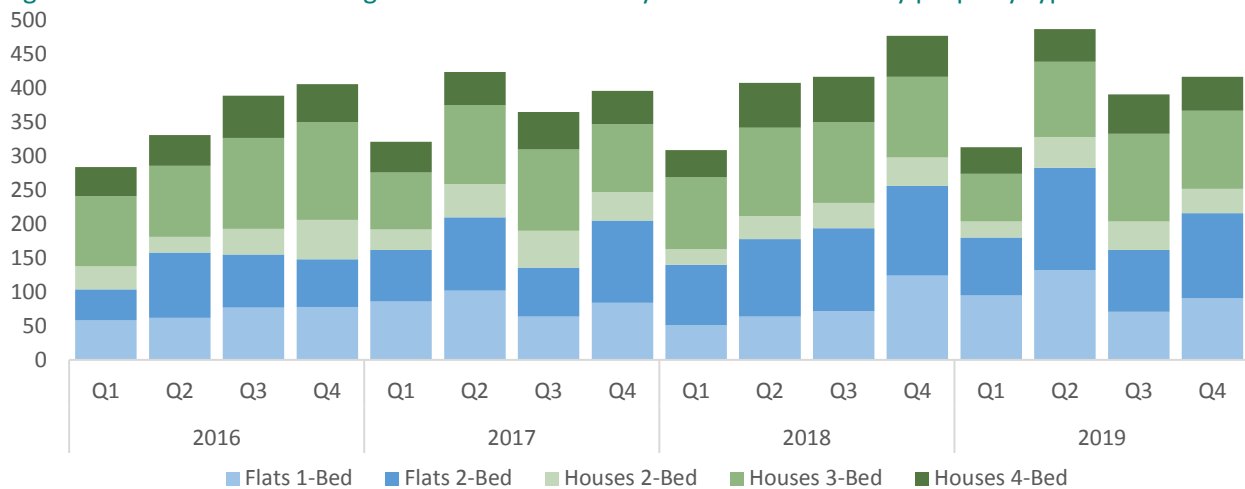


Table 7 - Number of dwellings included in the Jersey House Price Index by property type

		Flats		Houses			Total	Bulletins published
		1-bed	2-bed	2-bed	3-bed	4-bed		
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
2017	Q1	86	76	30	84	45	321	6
	Q2	102	108	49	116	49	424	6
	Q3	64	72	54	120	55	365	7
	Q4	84	121	42	100	49	396	6
	Total 2017	336	377	175	420	198	1,506	25
2018	Q1	51	89	23	106	40	309	6
	Q2	64	114	34	130	66	408	6
	Q3	72	122	37	119	67	417	7
	Q4	123	132	42	119	60	477	6
	Total 2018	311	457	136	474	233	1,611	25
2019	Q1	95	85	24	70	39	313	6
	Q2	132	151	45	111	48	487	6
	Q3	71	91	42	129	58	391	7
	Q4	91	125	36	115	50	417	6
	Total 2019	389	452	147	425	195	1,608	25

In Q4 2019 share transfer transactions (see [Note 3](#)) accounted for 58% of all eligible flat sales, a lower proportion to that recorded in calendar year 2018 (69%).

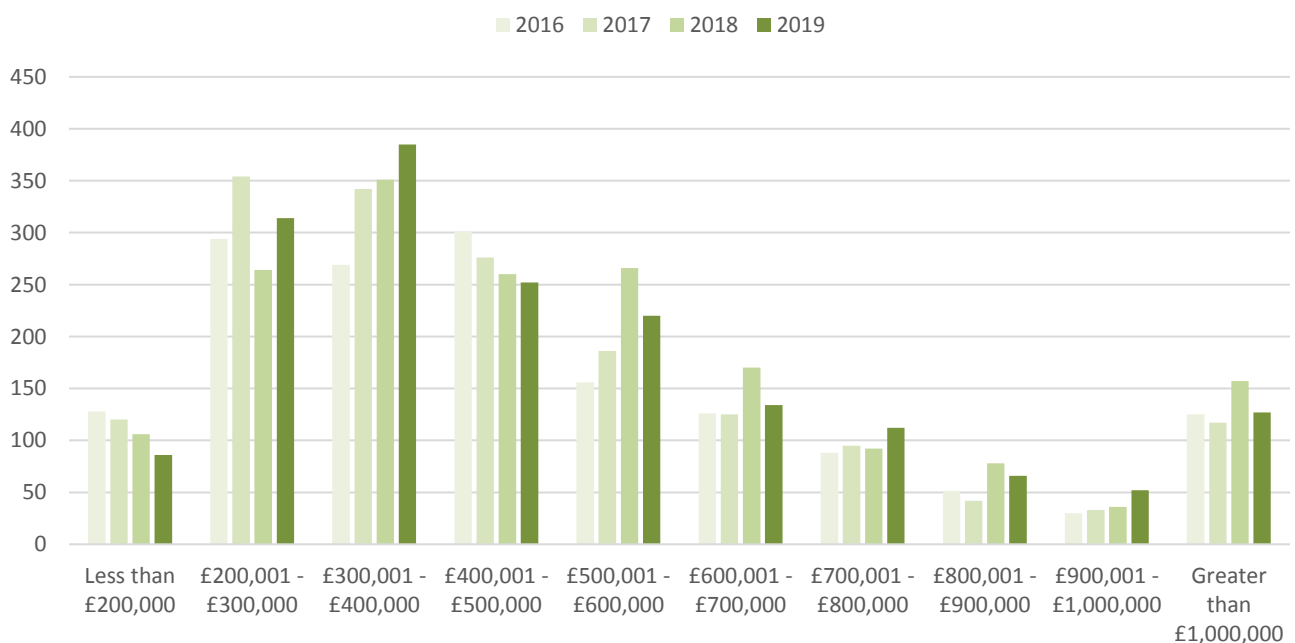
Price distributions

The following table details all recorded residential property transactions over the last four years broken down into price bands. In order to provide a more complete picture of the Jersey residential property market, the figures in this table include bedsits, 3- or more bedroom flats, 1- and 5- or more bedroom houses, all of which are not included in the Jersey House Price Index.

Table 8: Property sales by price band, 2016 to 2019

Price band	2016	2017	2018	2019
Less than £200,001	128	120	106	86
£200,001 - £300,000	294	354	264	314
£300,001 - £400,000	269	342	351	385
£400,001 - £500,000	301	276	260	252
£500,001 - £600,000	156	186	266	220
£600,001 - £700,000	126	125	170	134
£700,001 - £800,000	88	95	92	112
£800,001 - £900,000	51	42	78	66
£900,001 - £1,000,000	30	33	36	52
£1,000,001 - £1,500,000	78	59	87	79
£1,500,001 - £2,000,000	18	25	37	25
Greater than £2,000,000	29	33	33	23

Figure 17: Property sales by price band, 2016 to 2019



Housing Market Activity

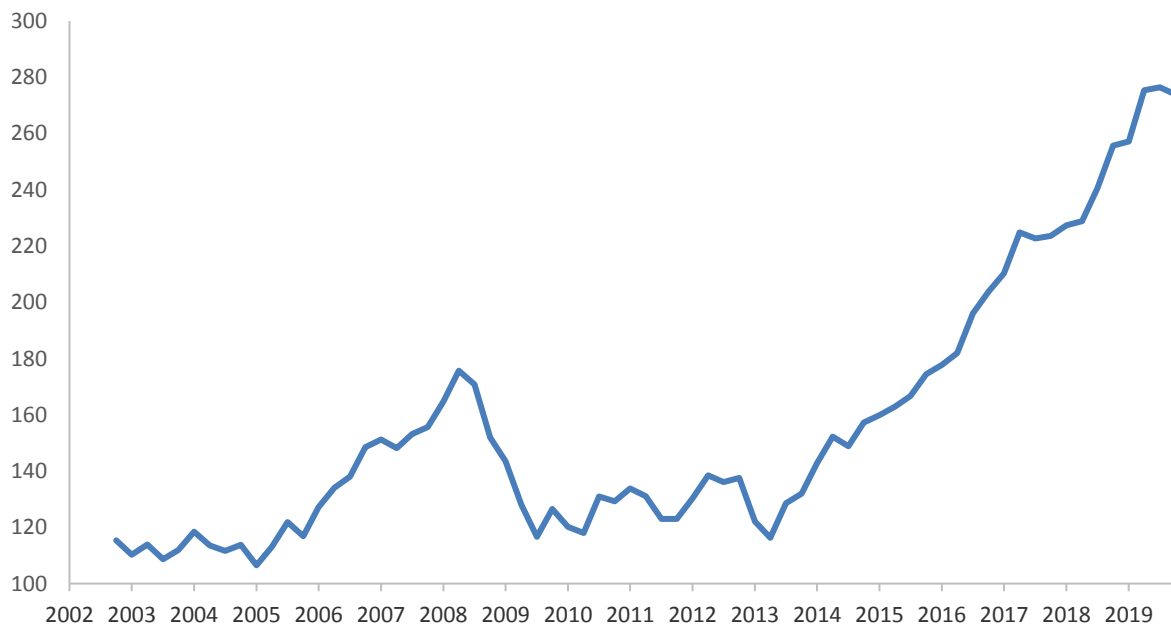
Fourth Quarter 2019 Results

The Housing Market Activity Index (HMAI) measures the total market activity of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses in Jersey (see [Note 8](#)). The index includes share transfer properties.

Figure 18 shows the HMAI from 2002 to date 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 2019 was around 1% lower when compared with the year ending Q3 2019 and 7% higher than in the corresponding quarter of 2018.

A degree of caution is required in making comparisons between quarters due to seasonal variations. Nevertheless, on a **quarterly basis**, total market activity in Q4 2019 was:

- 10% higher than in the previous quarter (Q3 2019)
- 3% lower than in the corresponding quarter of 2018 (Q4 2018)

Comparison with Guernsey

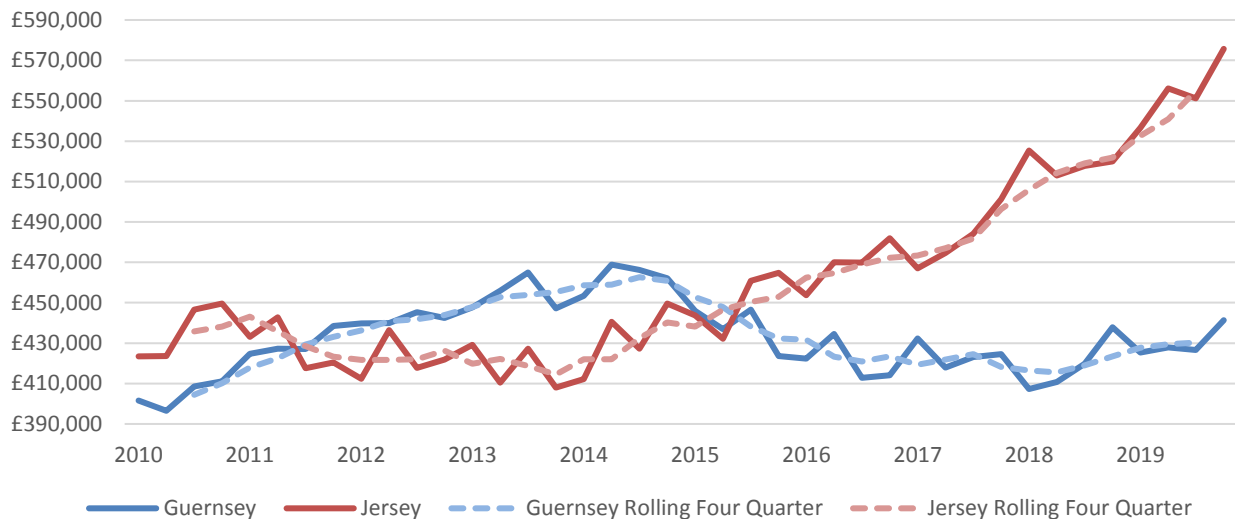
Calculated using the methodology implemented in Guernsey¹, the mix-adjusted average price of properties sold in Jersey in the most recent quarter was £576,000. This figure is £135,000 higher than the mix-adjusted average price of Local Market properties sold in Guernsey of £441,000.

In Guernsey, the mix adjusted average purchase price for Local Market properties in Q4 2019 was 3.5% higher than in the previous quarter and 0.8% higher than in the corresponding quarter of 2018.

Turnover in Guernsey during the fourth quarter of 2019 was 23% lower than in the previous quarter and 19% lower than in the corresponding quarter of 2018.

¹ The Guernsey mix-adjusted price uses a different methodology to the Jersey House Price Index to calculate the average property price. For the purposes of comparison, that same methodology has been used to create a comparable figure for Jersey.

Figure 19 – Comparable (mix-adjusted) house prices in Guernsey and Jersey – 2010-2019



Comparison with United Kingdom

The UK House Price Index² in the fourth quarter of 2019 (October to December 2019) was 1.6% higher on an annual basis (non-seasonally adjusted) and was 1.1% higher on a quarterly basis (compared with July to September 2019, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was essentially unchanged (0.4% higher) compared with the previous quarter.

The mix-adjusted average prices of dwellings sold in the UK (overall and by region) in the latest quarter are shown in Table 9.

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

	Q4 2019
Jersey	537
UK	234
England	251
Wales	167
Scotland	153
Northern Ireland	140
London	478
South East (excluding London)	325
East	294
South West	260
West Midlands (region)	201
East Midlands	196
Yorkshire & The Humber	167
North West	167
North East	130

The mix-adjusted average price for Jersey was higher than that of London and more than twice that of both the UK and England.

² Contains HM Land Registry data © Crown copyright and database right 2017. This data is licensed under the Open Government Licence v3.0. Quarterly averages are calculated by Statistics Jersey from the published data for these comparisons.

Housing Affordability

The Jersey Housing Affordability Index (JHAI) is an indicator of whether a working household with an average (mean) income is able to purchase property affordably.

In respect of the separate indices presented for individual property types, a value greater than 100 indicates that that type of property is considered “affordable” based on the central assumption criteria (see below). The level of the overall index does not represent any specific level of affordability but instead is designed to track overall affordability over time.

Central assumptions

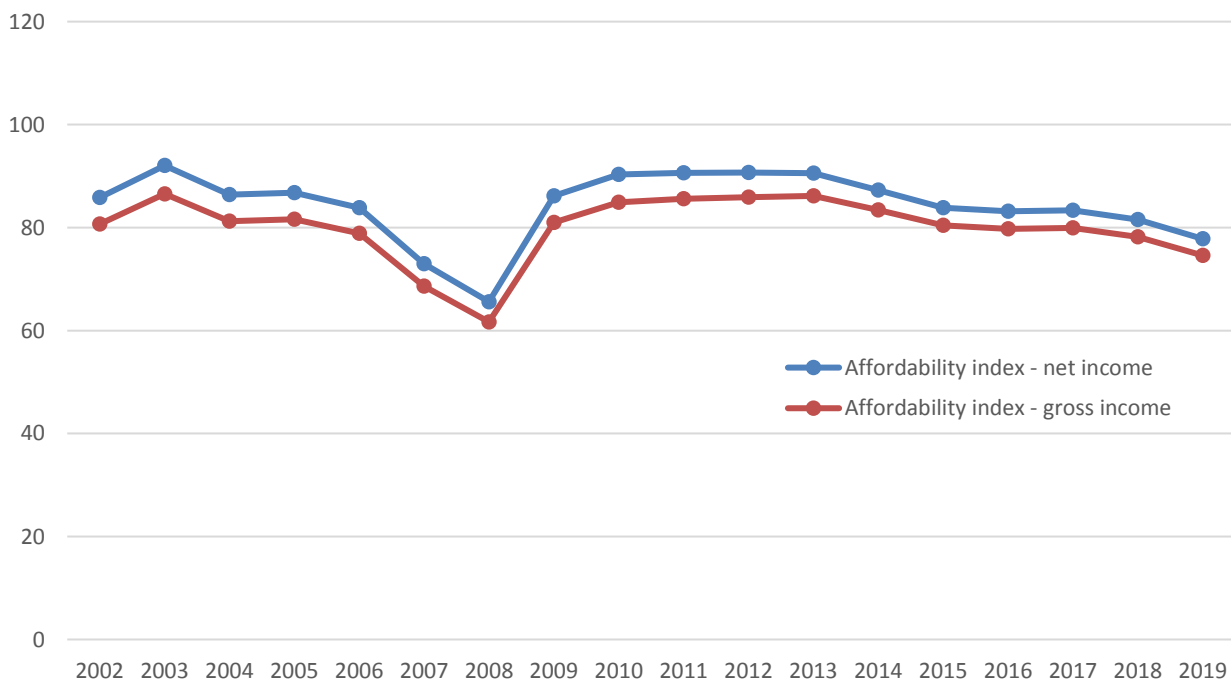
The central assumptions through which the JHAI attempts to quantify housing affordability are:

- mortgage payments (principal and interest) should consume no more than 40 percent of net income or 30 percent of gross income
- the purchaser has a cash deposit of 10 percent of the purchase price
- the purchaser is financing a 90 percent mortgage at a variable interest rate for a term of 25 years, with both principal and interest payments paid each month throughout the term

The interest rates used in this report are derived from data published by the Bank of England: the sterling standard variable mortgage rates quoted to households by UK monetary financial institutions (excluding the central bank).

Overall affordability index

Figure 20- Affordability indices based on household income of working households, 2002-2019



As Figure 20 shows, overall housing affordability worsened in 2019 compared with 2018, primarily due to the increase in household income (based on the change in average earnings) being lower than the increase in overall property prices.

Housing affordability had seen some improvement in the period 2008 to 2011, driven largely by reductions in mortgage interest rates. More recently, however, increases in median dwelling prices being greater than the corresponding increases in average earnings have resulted in worsening affordability.

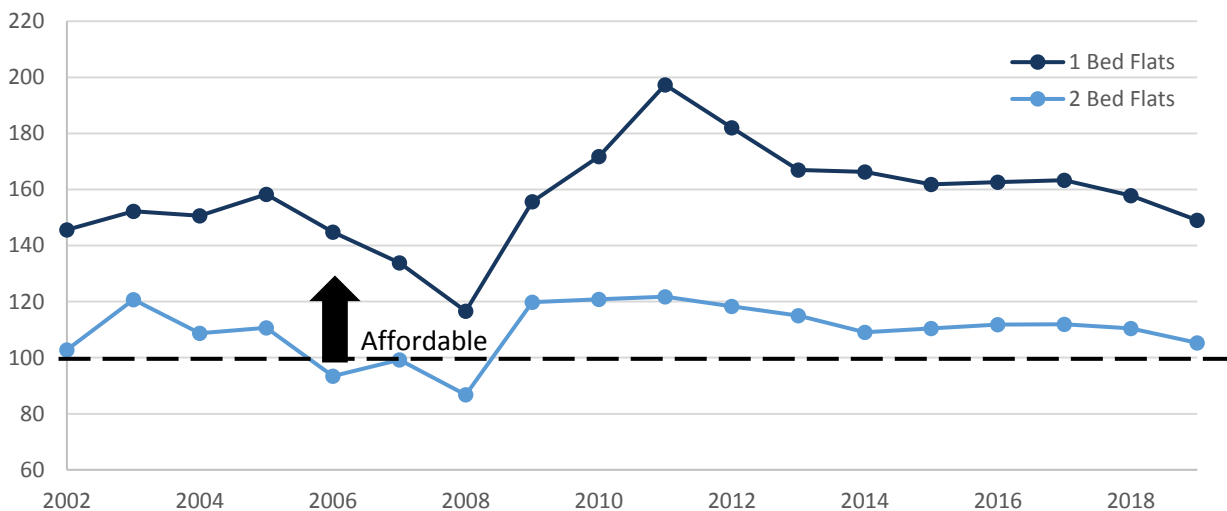
Effect of property type and size

Separate indices are calculated for each type and size of dwelling (1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses). These indices, shown in Figures 21 and 22, are based on mean net household income and the respective median prices for each category of property.

Flats

The affordability of 1-bedroom flats improved significantly throughout the period 2008 to 2011 due to decreases in median price and lower mortgage interest rates. In 2012 and 2013 the affordability of 1-bedroom flats declined, due to annual increases in the median price of this property type coupled with increases in the mean mortgage interest rate. In 2019, affordability for this type of property worsened, after a relatively stable three-year period from 2015 to 2017.

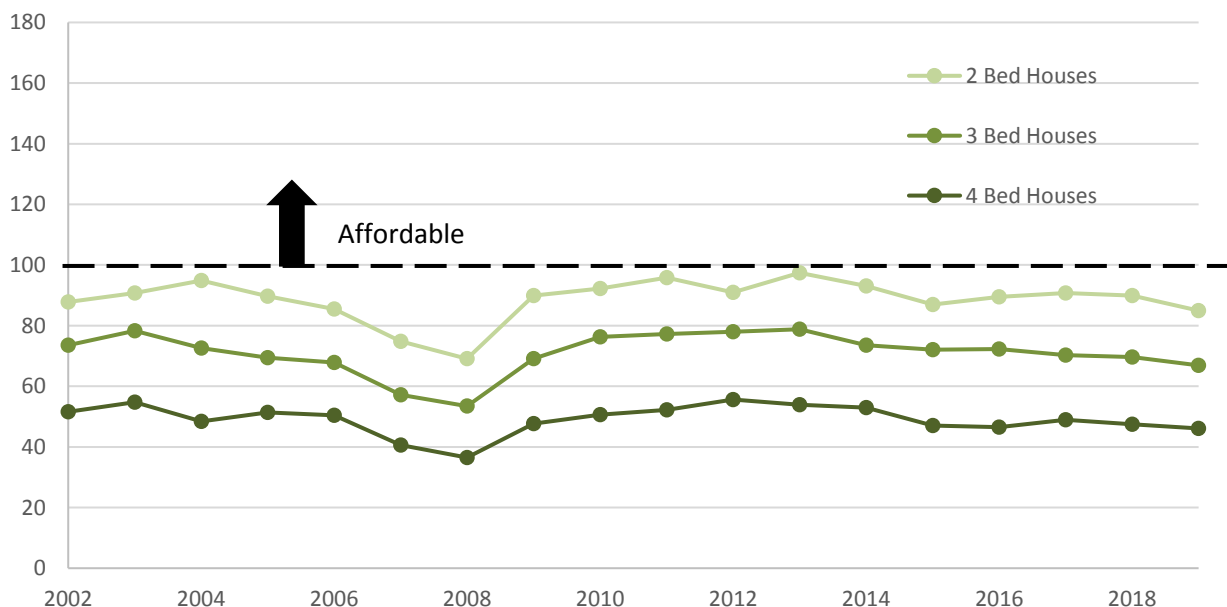
Figure 21 - Affordability indices based on net household income, 2002-2019 – flats



The index for 2-bedroom flats fell below 100 in both 2006 and 2008, indicating that a working household with mean net income was not able to service a mortgage affordably on a median-priced 2-bedroom flat in those years. In 2009 the affordability index for 2-bedroom flats rose above 100 and has since remained above that level. During the three-year period 2015 to 2017 affordability for this type of property remained fairly stable but worsened in both 2018 and 2019.

Houses

Figure 22 - Affordability indices based on net household income, 2002-2019 – houses



The affordability indices shown for houses in Figure 22 indicate that during the period from 2002 to 2019 a working household with mean net income was not able to service a mortgage affordably on the purchase price of a median-priced house of any size at any time.

The affordability of houses generally improved during the period 2008 to 2013, driven by falls in median price and lower mortgage interest rates. More recently, increases in the median dwelling price of houses have resulted in worsening affordability.

Table 10 shows the median prices of 2-, 3- and 4-bedroom houses in 2019 and the qualifying net income that would be required in order to service a mortgage “affordably” on the purchase price of each dwelling type. The ‘deposit gap’ represents the difference by which the median dwelling price exceeds the affordability threshold, expressed as a factor of mean net household income (£57,500).

Table 10: Median house prices, qualifying household income and deposit gap, 2019

	Median House Price	Qualifying Net Income	Additional deposit required	Deposit Gap* as a factor of mean net income
2-bed house	£465,000	£68,000	£63,000	1.1
3-bed house	£590,000	£86,000	£176,000	3.1
4-bed house	£856,000	£125,000	£415,000	7.2

*Gap between the median house price and the affordability threshold, as a factor of mean net household income.

For the purchase of a median-priced 3- or 4-bedroom house, the total deposit required³ was £235,000 and £501,000, respectively. These figures represent a deposit gap of over three for a 3-bedroom house and over seven for a 4-bedroom house.

Sensitivity to central assumptions

The effects of changes in property prices, mortgage interest rates and the central assumptions underpinning the JHAI (e.g. the percentage of gross or net income consumed by mortgage payments) can be examined. In this section, the effect of such variations on the affordability of 2-bedroom flats and of 3-bedroom houses is considered.

Two-bedroom flats

In 2019:

- a median-priced 2-bedroom flat (£375,000) was affordable to a household with annual gross income of at least £72,800 and net income of at least £54,600
- a household with mean income was able to service a mortgage on a median-priced 2-bedroom flat, with mortgage payments accounting for 30% of their gross income or 38% of their net income
- if mortgage interest rates and household incomes remained constant at 2019 levels, then the median price of a 2-bedroom flat could increase by around £10,000 before such a property would be considered unaffordable to a household with mean income
- if household incomes and property prices remained constant then the mortgage interest rate could increase by around 0.3 percentage points before a property would be considered unaffordable to a household with mean income
- the gross earnings of 1.8 FTE employees were required in order to service a mortgage affordably on the purchase of a median-priced 2-bedroom flat

³ It is assumed as part of the JHAI criteria that the household has a 10% cash deposit available.

Three-bedroom houses

In 2019:

- a median-priced 3-bedroom house (£590,000) was affordable to a household with annual gross income of at least £115,000 and net income of at least £86,000
- the mortgage payments on a median-priced 3-bedroom house accounted for nearly half (47%) of the mean gross income and around three-fifths (60%) of the mean net income of working households
- if mortgage interest rates and household incomes remained at 2019 levels, the median price of a 3-bedroom house would need to fall by around £205,000 in order to make the purchase of such a property affordable to a household with mean income
- the gross earnings of 2.9 FTE employees were required in order to service a mortgage affordably on the purchase of a median-priced 3-bedroom house

Ratio analysis

The ratio of property price to income is a widely used measure of housing affordability and is particularly useful for examining trends in affordability over time.

Several versions of this indicator are used internationally; for example, the UK Office for National Statistics calculates a ratio using median property price to median gross residence-based income. Therefore, in order to compare with the UK, the ratio of median property price to median *household* (gross) income is also used for Jersey.

Ratio of median property price to median gross household income

Figures 23 and 24 show the ratio of median property price to median gross household income for flats and houses in Jersey during the period from 2002 to 2019.

Figure 23 - Ratio of median property price to median gross household income, 2002-2019 - flats

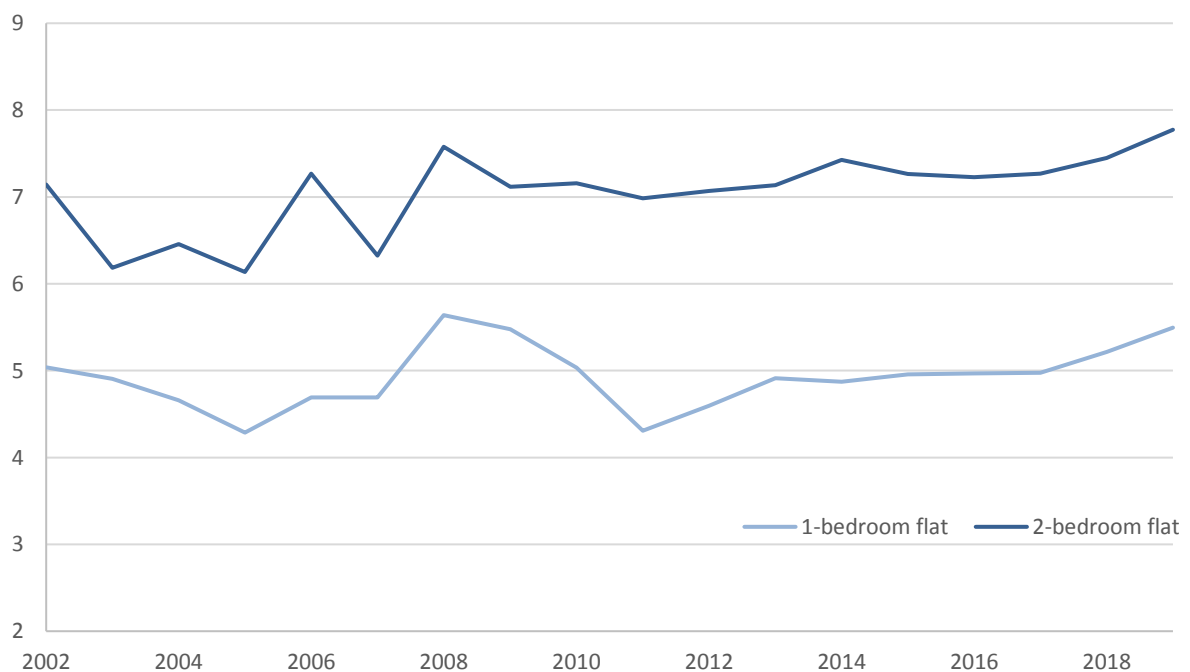
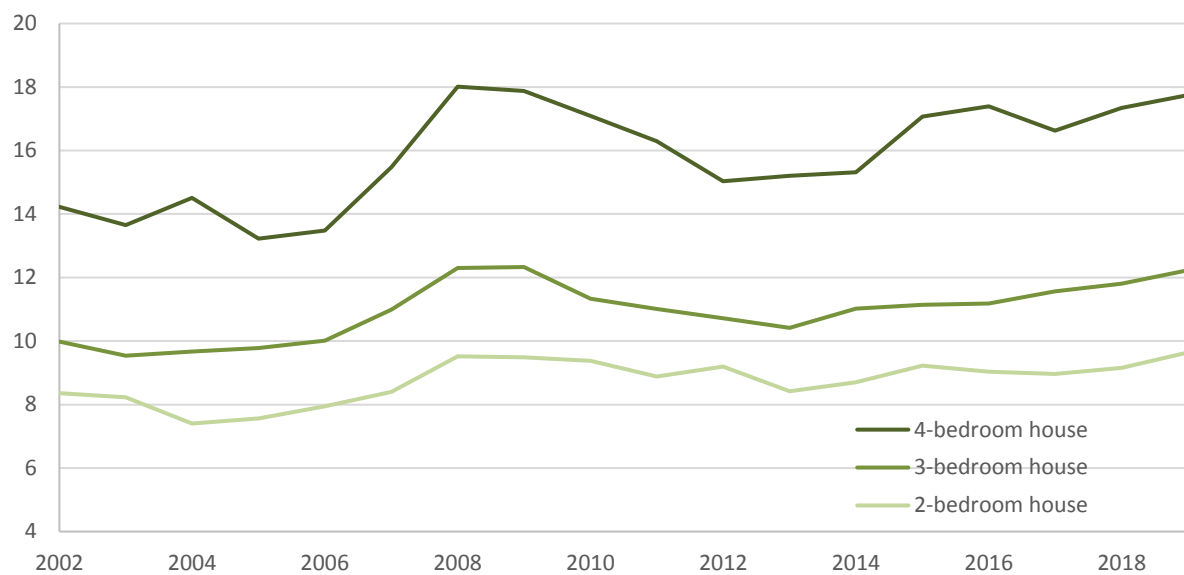


Figure 24 - Ratio of median property price to median gross household income, 2002-2019 - houses



In 2019, the ratio of the median property prices to median gross household income in Jersey was approximately:

- 5 for 1-bedroom flats
- 8 for 2-bedroom flats
- 10 for 2-bedroom houses
- 12 for 3-bedroom houses
- 18 for 4-bedroom houses

In the latest year (2019) the ratio of median dwelling price to median household income in Jersey was higher compared to 2018 for all property types.

Comparison with UK – ratio analysis

This section compares the most recently available UK housing affordability information with that of Jersey, using the ratio of median property price to median gross annual household earnings earnings⁴ as a measure of affordability.

Figure 25 compares Jersey’s property price to earnings ratio with those of England, Wales and London over the period from 2002-2018.

Figure 25 - Ratio of median property price to median gross household income, 2002-2018 - Overall

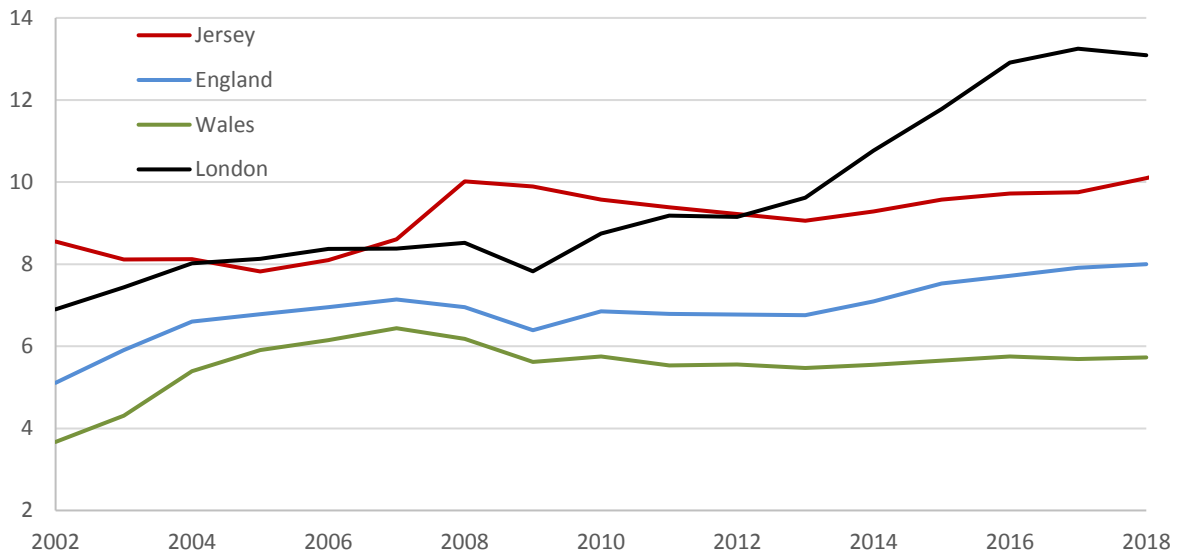
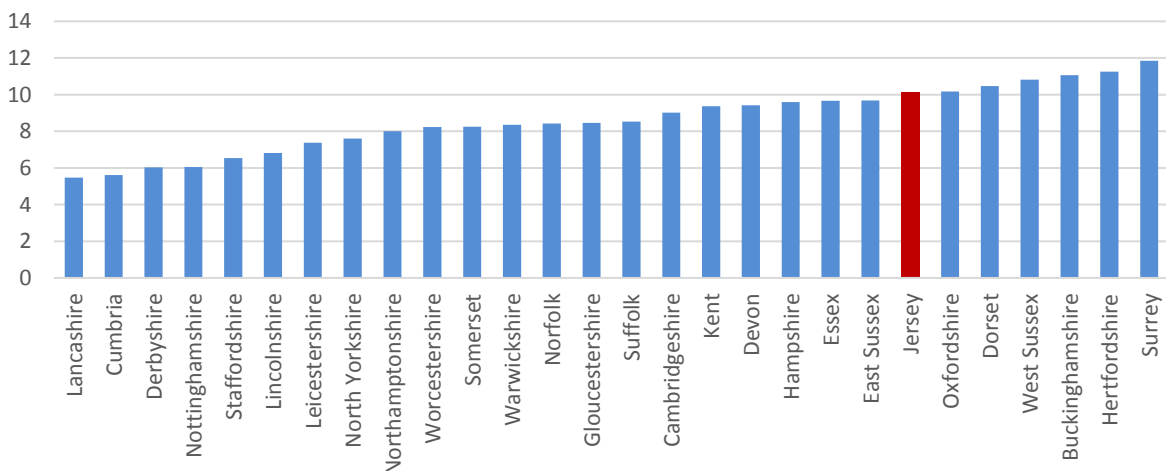


Figure 26 compares Jersey’s property price to earnings ratio with that of available counties of England for 2018.

Figure 26 - Ratio of median property price to median gross household income 2018 – Overall



When compared with 27 counties of England, Jersey’s ratio of median property price to median gross household income was the 7th highest in 2018. Data for some counties is unavailable.

⁴ For further information on UK data and methodologies: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2018>

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;
- Revenue Jersey for share transfer transactions.

The above price data are supplemented by information on the type and size of each property provided by the Island's Parishes as well as Customer and Local Services.

2. Excluded properties:

Derelict buildings, commercial properties with associated residential units, apparent intra-family transactions, retirement community developments and properties designated 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 Revenue Jersey. 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. Mix-adjusted average price

The mix-adjusted average price of dwellings is calculated by weighting together the geometric 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 and 2.

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 quarterly 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.

9. Housing loan interest rates

Housing loan interest rates are derived from figures published by the Bank of England and represent a yearly mean average of interest rates offered by UK monetary financial institutions. The rates used are those for sterling variable rate mortgages quoted to households.

It should be acknowledged that a different range of mortgage products from that in the UK may have been available to Jersey residents throughout the period covered by this report.

10. Income

Measures of net and gross household income have been derived from data collected from both the 2009/2010 and 2014/2015 Jersey Income Distribution Survey. Household-level data are weighted by tenure.

A process of winsorisation was applied for the calculation of mean household incomes, to prevent exceptionally high or low values from overly influencing the estimate of the mean.

Since the Jersey Income Distribution Survey is not conducted annually, measures of household income for the years falling outside these two surveys have been calculated by deflating/inflating values derived from the nearest relevant survey according to the annual percentage changes determined by the Jersey Index of Average Earnings.

Data on individual employment income is sourced from the annual survey for compiling the Jersey Index of Average Earnings; this survey enables estimation of the mean full-time weekly earnings for both private and public sector workers in Jersey (gross earnings, including overtime, but excluding bonuses, employers' insurance contributions, holiday pay and benefits in kind).

For this survey, firms report the total gross wages and salaries paid to employees before any deductions (e.g. for income tax, social security or pensions) as well as the number of people employed (part-time employees are converted to full-time equivalents, FTEs). Mean earnings are compiled for each sector and the sectoral means are weighted according to the sectoral share of total employment in order to provide an estimate of the overall mean weekly earnings per FTE employee in Jersey.

11. Housing affordability definitions

“Average” property price

(the same statistical definitions apply to income)

- the **mean** average of a distribution of property prices (purchase or rental) is calculated by adding together the prices of all the properties and then dividing by the number of properties
- the **median** average is the ‘middle’ price if all the properties were listed in order of their price, from lowest to highest; half of all properties lie below the median and half lie above
- a small number of very highly priced properties will tend to increase the mean average but not the median average
- the median average may, therefore, be considered to be a more representative measure of the ‘central’ property price

Gross household income: all gross earned and unearned income, pensions and gifts (e.g. inheritance), plus benefits.

Net household income: gross household income, plus benefits in kind, minus income tax, social security contributions and pension contributions; before the deduction of housing costs.

Qualifying income: the income required to service a mortgage affordably on the purchase of a dwelling at a specified purchase price or the mean monthly rental payments in the private sector (based on the assumptions of affordability considered in this report).

Working household: a household with at least one adult in paid employment.

12. Additional inclusions

Appendix C and D of this report include some sales which are excluded in the House Price Index. These being all: age restricted properties; properties designated for first time buyers; bedsits; 3- or more bedroom flats; 1-bedroom houses; and 5- or more bedroom houses.

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

		House Price Index (n.s.a.)	HPI Rolling four-quarter average (n.s.a.)	HPI Seasonally adjusted series	Housing market activity index (n.s.a.)	HMAI rolling four-quarter average (n.s.a.)
2009	Q1	155.9	152.4	155.8	130.9	143.4
	Q2	150.2	152.8	151.0	135.0	128.1
	Q3	152.1	151.8	150.7	108.0	116.6
	Q4	153.6	152.9	154.0	132.2	126.6
2010	Q1	145.4	150.3	145.9	105.5	120.2
	Q2	145.4	149.1	145.5	126.4	118.0
	Q3	153.2	149.4	152.4	159.6	130.9
	Q4	154.7	149.7	154.8	125.6	129.3
2011	Q1	149.3	150.6	150.3	123.9	133.9
	Q2	152.7	152.5	152.1	115.2	131.1
	Q3	144.2	150.2	143.9	127.4	123.0
	Q4	144.9	147.8	144.8	125.5	123.0
2012	Q1	142.5	146.1	143.8	153.0	130.3
	Q2	151.6	145.8	150.6	148.2	138.5
	Q3	144.4	145.9	144.3	117.7	136.1
	Q4	145.2	145.9	144.9	131.5	137.6
2013	Q1	148.0	147.3	149.5	90.9	122.1
	Q2	142.2	144.9	140.9	125.1	116.3
	Q3	147.3	145.7	147.4	166.7	128.5
	Q4	140.2	144.4	139.8	145.1	131.9
2014	Q1	142.2	143.0	143.5	134.3	142.8
	Q2	152.1	145.4	151.3	162.8	152.2
	Q3	147.6	145.5	147.6	153.2	148.9
	Q4	155.0	149.2	154.2	178.8	157.3
2015	Q1	152.8	151.9	154.2	144.9	159.9
	Q2	148.3	150.9	147.9	174.8	162.9
	Q3	158.4	153.6	158.5	168.4	166.7
	Q4	159.5	154.8	158.2	209.8	174.5
2016	Q1	155.1	155.3	156.4	158.2	177.8
	Q2	160.9	158.5	160.9	191.3	181.9
	Q3	161.0	159.1	161.1	225.0	196.1
	Q4	164.9	160.5	163.3	240.5	203.8
2017	Q1	159.9	161.7	161.3	184.4	210.3
	Q2	163.7	162.4	163.9	249.4	224.8
	Q3	165.1	163.4	165.4	216.4	222.7
	Q4	171.8	165.1	170.1	244.4	223.7
2018	Q1	179.6	170.1	180.8	199.4	227.4
	Q2	174.1	172.7	174.5	255.2	228.9
	Q3	175.9	175.4	176.0	263.4	240.6
	Q4	177.8	176.9	176.2	304.7	255.7
2019	Q1	182.7	177.6	183.8	205.4	257.2
	Q2	187.4	180.9	187.7	327.8	275.3
	Q3	190.7	184.7	190.9	267.9	276.5
	Q4	196.6	189.3	195.1	294.5	273.9

n.s.a. non-seasonally adjusted

Table A2: Calendar year, mean property prices, 2010-2019

	Flats		Houses		
	1-bed	2-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
2017	£227,000	£355,000	£420,000	£556,000	£835,000
2018	£243,000	£396,000	£456,000	£580,000	£913,000
2019	£261,000	£405,000	£492,000	£636,000	£965,000

Table A3: Calendar year, median property prices, 2010-2019

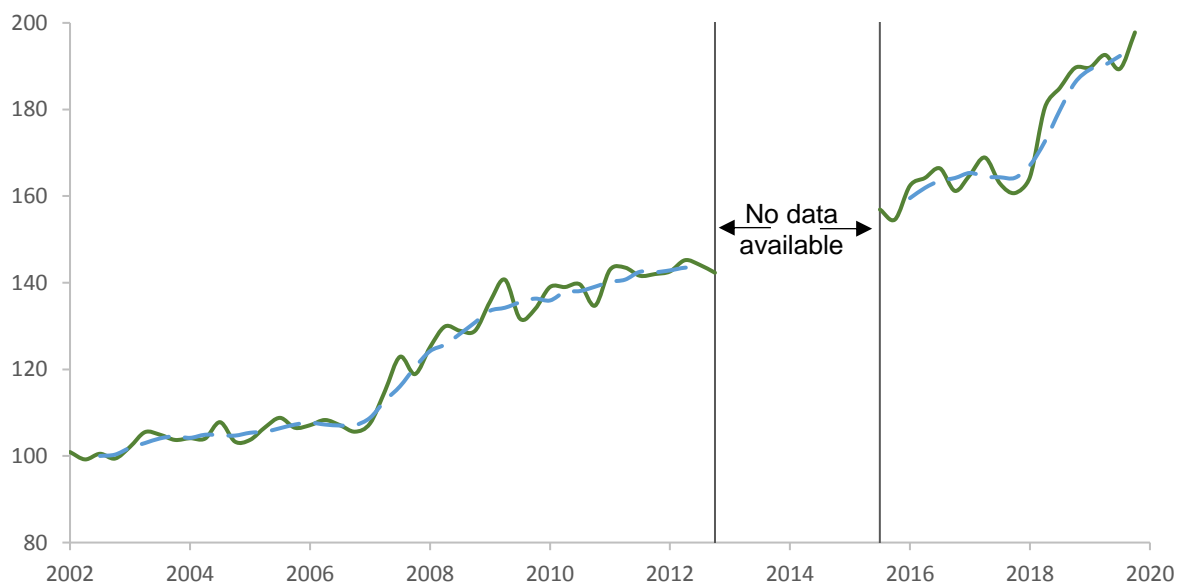
	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2010	£214,000	£295,000	£393,000	£475,000	£716,000
2011	£182,000	£295,000	£375,000	£465,000	£688,000
2012	£198,000	£300,000	£390,000	£455,000	£638,000
2013	£210,000	£305,000	£360,000	£445,000	£650,000
2014	£210,000	£320,000	£375,000	£475,000	£660,000
2015	£215,000	£315,000	£400,000	£483,000	£740,000
2016	£220,000	£320,000	£400,000	£495,000	£770,000
2017	£226,000	£330,000	£407,000	£525,000	£755,000
2018	£245,000	£350,000	£430,000	£555,000	£815,000
2019	£265,000	£375,000	£465,000	£590,000	£856,000

Jersey Private Sector Rental Index

Statistics Jersey published a rental index from 2007 until 2012 using prices recorded by the Population Office. The index could not be produced for more than two years (from Q4 2012 to Q2 2015) following a change in law that meant the Population Office no longer recorded this data. Since June 2015 Statistics Jersey have produced the index using advertised rental prices collected from a variety of both internet and classified sources.

The resulting mix-adjusted average rental price is converted into the Jersey Private Sector Rental Index (based to 100 for calendar year 2002) and Figure B1 and Table B1 below detail this index.

Figure B1 – Jersey Private Sector Rental Index, Q1 2002 to Q4 2019
(2002 = 100; non-seasonally adjusted)



On a calendar year basis, private sector rental prices advertised in 2019 were 7% higher than in 2018.

In the most recent quarter:

- on a rolling four-quarter basis, advertised rental prices in Jersey increased by 1% during the year ending Q4 2019 compared with the year ending Q3 2019
- advertised rental prices were 4% higher than in the previous quarter
- advertised rental prices were 4% higher than in the corresponding quarter of 2018 (Q4 2018)

It should be noted that the rental index is subject to a degree of seasonality, with factors such as the availability of winter lettings and the availability of accommodation during the summer season affecting prices between individual quarters. It is intended that a seasonally adjusted series will be produced once there is a sufficient amount of data contained in the new index for a robust seasonal analysis to be performed. For applications that require the seasonality to be removed it is recommended that the rolling four-quarter average is used in the absence of such a seasonally adjusted index.

Table B1: Jersey rental index

		Index	Rolling four-quarter average
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
2017	Q1	164.9	163.9
	Q2	168.9	165.1
	Q3	162.9	164.5
	Q4	160.7	164.4
2018	Q1	164.4	164.2
	Q2	180.5	167.1
	Q3	185.0	172.7
	Q4	189.6	179.9
2019	Q1	189.7	186.2
	Q2	192.6	189.2
	Q3	189.4	190.3
	Q4	197.8	192.4

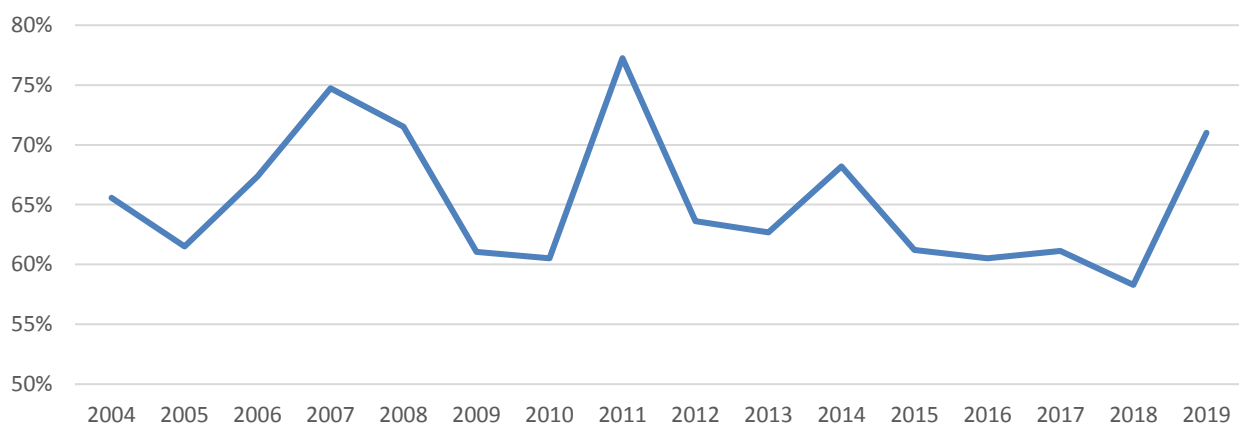
Loan to Value

“Loan to value” refers to the percentage of a property transaction price that is accounted for by a loan⁵. For property transactions passed by the Royal Court, loan information is available from the Public Registry. Hence, for each transaction involving a loan, the loan to value ratio may be calculated and from the resulting distribution of all such transactions the mean and median loan to value ratio in a given period determined.

Several property types are included in this analysis which are not included in the Jersey House Price Index (see note 12). Share transfer properties are currently not included in this analysis due to the timeliness of the required information.

Around seven-tenths (71%) of eligible residential properties transacted in the Royal Court in calendar year 2019 were purchased including a loan. Figure C1 shows the changes in this proportion from 2004 to 2019.

Figure C1 – Percentage of eligible residential properties purchased in the Royal Court with a loan, 2004 to 2019; percentage



Mean loan to value – Q1 2004 to Q4 2019

Figure C2 shows the rolling four-quarter average of the mean loan to value of property transactions in Jersey during the period Q4 2004 to Q4 2019.

Figure C2 – Rolling four-quarter mean of loan to value, Q4 2004 to Q4 2019; percentage



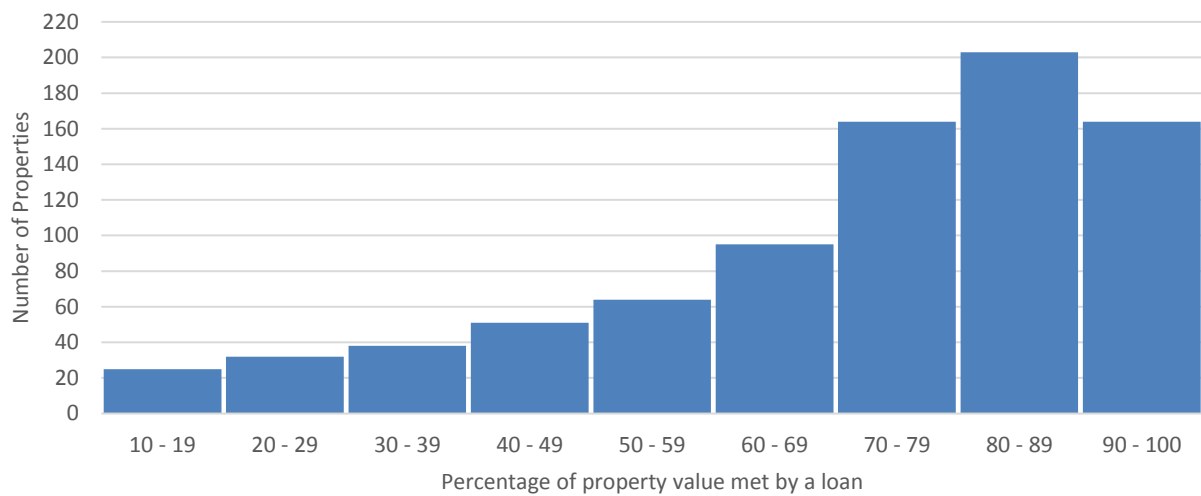
Prior to the global financial downturn in 2008, the loan to value ratio of property transactions in Jersey was greater than 75%. The ratio of loan to value then decreased to around two-thirds (67%) in 2009 and 2010. Since 2012, the loan to value ratio has increased slightly, to around 70%, with the rolling four-quarter average for Q4 2019 being 71%.

⁵ A hypothec as passed by the Royal Court.

Latest year distribution - 2019

Figure C3 shows the distribution of loan to value of property transactions in Jersey in 2019.

Figure C3 – Distribution of loan to value, 2019; percentage

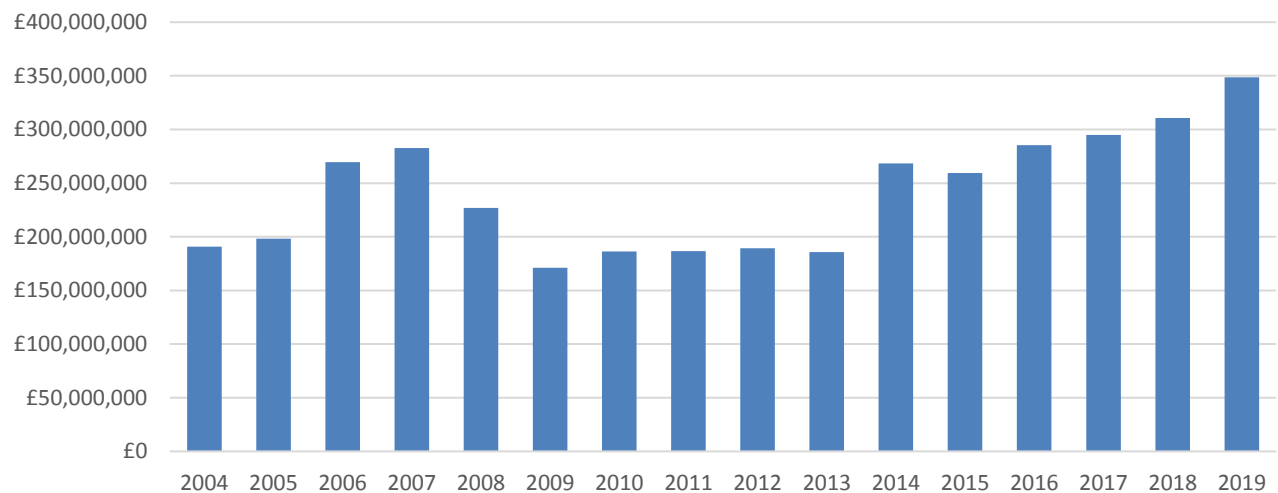


The greatest numbers of properties transacted with a loan in Jersey during 2019 were in the 80%-89% loan to value bracket. In contrast, there were nearly 150 transactions for which the loan met less than 50% of the transaction price. The median loan to value ratio in 2019 was 76%.

Total amount borrowed

For those royal court transactions which have been matched to a loan in the above process, it is possible to sum the amount borrowed for these purchases. This will not be the total of loans passed through the Royal Court. Figure C4 shows this total from 2004 to 2019.

Figure C4 – Total level of borrowing, 2004-2019



Median loan to value

Guernsey calculates a median loan to value of property transactions for which a bond has been registered with the States of Guernsey Greffe. In Q4 2019, the median loan to value of such property transactions in Guernsey was 82%, compared with 76% in Jersey.

Movements within the housing market

This section looks at the movements of households within the Jersey housing market and the difference in size (number of bedrooms) and cost of the properties between which they are moving. Both Royal Court and share transfer transactions are included in this analysis. Movements are tracked and matched using purchasers' names. In order for a match to be assigned, there needs to be both a sale and purchase within a set period; cases for which there are multiple purchases or multiple sales, by a single household, are excluded.

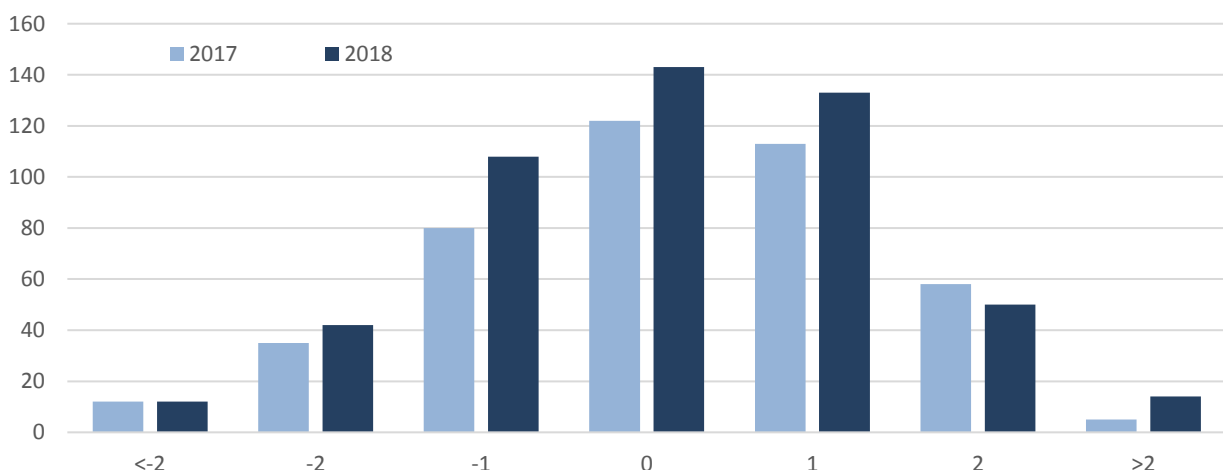
Several property types are included in this analysis which are not included in the Jersey House Price Index (see note 12). Around a third of share transfer sellers were unknown, resulting in these figures being an underestimation of around 70 in the number of households moving.

In 2018, 502 sales were matched to 496 purchases⁶, comprising 197 households upsizing, 162 downsizing and 143 moving to a property of the same size⁷. These movements resulted in 50 more bedrooms being occupied by households.

In 2017, 425 sales were matched to 421 purchases⁶, comprising 176 households upsizing, 127 downsizing and 122 moving to a property of the same size⁸. These movements resulted in 53 more bedrooms being occupied by households.

The distribution of the change in size of property for 2017 and 2018 is shown in figure D1.

Figure D1 – Distribution of the change in the number of bedrooms a household had after moving:



The difference in price of the property being moved into, from the property a household is moving out of, can be analysed on an overall and a per bedroom basis. Table D1 shows this difference for upsizing households; Table D2 shows this difference for downsizing households.

Table D1 -Upsizing households:

	2018		2017	
	Median	Mean	Median	Mean
Overall	£190,000	£201,000	£185,000	£223,000
Per bedroom	£140,000	£148,000	£146,000	£171,000

⁶ The total number of sales is slightly different to that of purchases due to, for example, when two households are merging the change in number of bedrooms is treated separately for each household.

⁷ These numbers do not include the additional approximately 70 households if all LTT sellers were known, estimated as an extra 50 upsizing, 10 downsizing and 10 moving to a property of a similar size

⁸ These numbers do not include the additional approximately 70 households if all LTT sellers were known, estimated as an extra 40 upsizing, 10 downsizing and 20 moving to a property of a similar size

Table D2 – Downsizing households:

	2018		2017	
	Median	Mean	Median	Mean
Overall	(£165,000)	(£181,000)	(£185,000)	(£236,000)
Per bedroom	(£110,000)	(£133,000)	(£130,000)	(£162,000)

Values within brackets in the above tables signify that on average a household has moved to a less expensive property.