

Jersey House Price Index

First Quarter 2010

Statistics Unit: www.gov.je/statistics

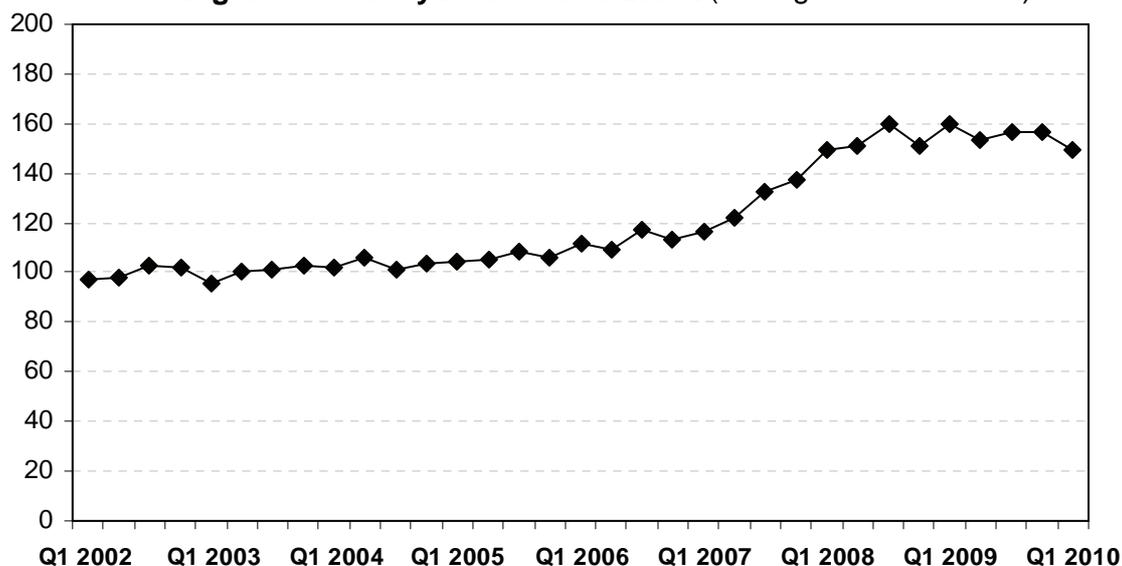
Summary

- The **mix-adjusted average price** of dwellings sold in the latest quarter Q1 2010 (£473,000) was **5% lower than the average for calendar year 2009** and was also 5% lower than that of the previous quarter, Q4 2009;
- **most property types recorded decreases in mean price** in the latest quarter compared with the averages for calendar year 2009, ranging from -3% for 1-bedroom flats to -10% for 2-bedroom flats and 4-bedroom houses;
- in contrast, **3-bedroom houses**, which account for almost half of all residential transactions in Jersey, remained **almost stable in price** in Q1 2010 with respect to the average for this property type in 2009;
- total **turnover** in Q1 2010 was similar to that recorded a year earlier, in Q1 2009, but **remained at about a quarter below the long-term average** seen prior to mid-2008.

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 houses¹.

Figure 1 - Jersey House Price Index (Average for 2002 = 100)



¹ A full description of the index and methodology is given in the Notes.

As Figure 1 and Table 1 indicate, the Jersey House Price Index was effectively flat during the eighteen month period from mid-2008 to the end of 2009.

However, the mix-adjusted average price of dwellings sold in the latest quarter Q1 2010 (£473,000) was 5% lower than the average for calendar year 2009 and was also 5% lower than that for the previous quarter, Q4 2009.

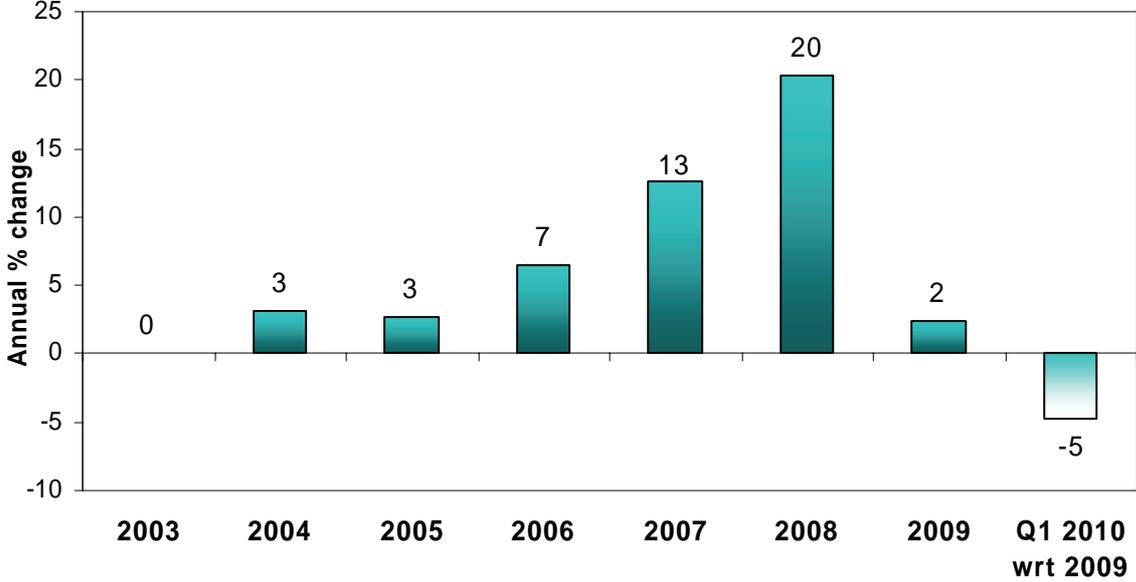
Table 1: Mix-adjusted average dwelling price and Jersey House Price Index.

Period		Average price (£,000)	Index (2002=100)
2004	Q1	323	101.7
	Q2	335	105.7
	Q3	322	101.5
	Q4	330	103.9
	Average	328	103.2
2005	Q1	331	104.3
	Q2	334	105.2
	Q3	345	108.8
	Q4	335	105.7
	Average	337	106.0
2006	Q1	355	111.8
	Q2	346	109.0
	Q3	372	117.2
	Q4	360	113.5
	Average	358	112.9
2007	Q1	371	116.8
	Q2	388	122.2
	Q3	421	132.7
	Q4	435	137.0
	Average	405	127.2
2008	Q1	474	149.4
	Q2	480	151.3
	Q3	508	160.0
	Q4	480	151.3
	Average	486	153.0
2009	Q1	507	159.8
	Q2	488	153.6
	Q3	497	156.6
	Q4	497	156.7
	Average	497	156.7
2010	Q1	473	149.1

Prices are rounded to the nearest £1,000.

Over the period covered by the new Jersey House Price Index² (Figure 2), property prices overall were effectively flat between 2002 and 2003, increased at a rate of about 3% per annum in both 2004 and 2005, at almost 7% in 2006 and at 13% in 2007. Calendar year 2008 saw a greater rate of price growth; the overall average price of dwellings sold in 2008 was 20% higher than in 2007. In 2009, property prices, overall, increased by 2%, the lowest annual rate of increase seen since 2003.

Figure 2 - Annual % change in average (mix-adjusted) price



Individual property types

The mean prices for the individual categories of dwelling are shown in Tables 2 and 3.

Table 2: Annual mean prices (£,000) for individual property types³.

Period	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2002	157	249	280	328	448
2003	157	223	274	334	458
2004	159	235	264	345	478
2005	154	234	286	356	474
2006	167	255	297	381	493
2007	180	251	340	435	571
2008	234	325	400	518	677
2009	233	319	400	522	723

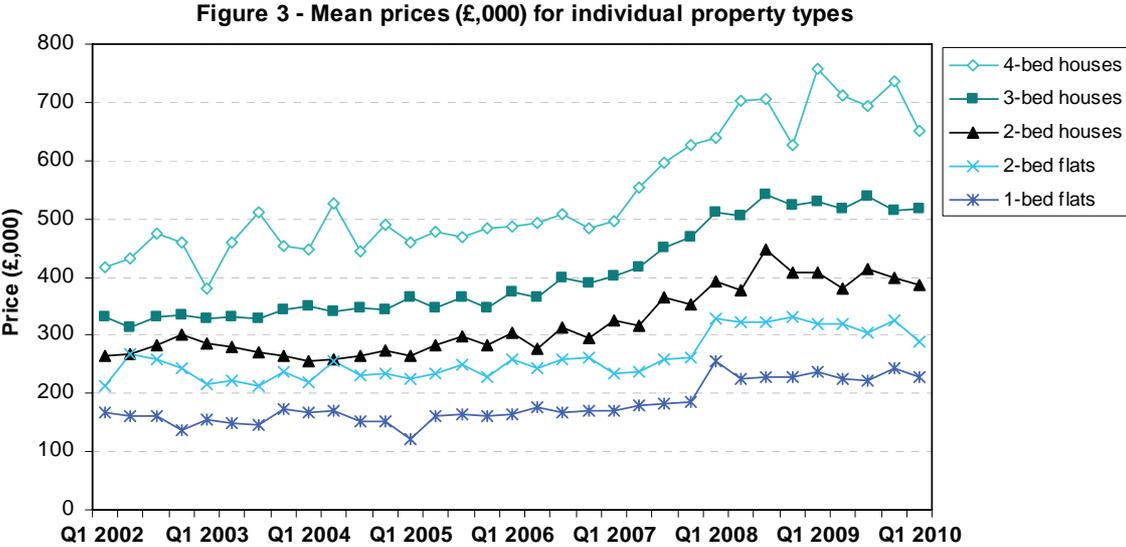
² See “The Jersey House Price Index – comparison of old and new methodologies”; States of Jersey Statistics Unit, June 2003.

³ Note that the annual mean prices shown in Table 3 are derived by weighting the average price recorded in each quarter by the number of transactions in that quarter.

Table 3: Mean prices (£,000) for individual property types.

Period	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2004 Q1	166	219	257	351	448
Q2	169	256	258	340	526
Q3	153	230	266	347	446
Q4	152	236	274	343	489
2005 Q1	121	224	264	364	458
Q2	161	236	284	346	477
Q3	164	250	298	366	467
Q4	161	229	284	348	484
2006 Q1	163	259	303	375	486
Q2	176	243	278	364	492
Q3	168	259	315	398	509
Q4	169	262	296	388	485
2007 Q1	170	235	326	402	496
Q2	181	236	316	417	554
Q3	182	259	366	449	596
Q4	185	262	354	470	626
2008 Q1	255	327	391	510	638
Q2	226	323	378	506	704
Q3	229	322	447	541	706
Q4	229	333	407	524	628
2009 Q1	237	321	408	528	758
Q2	225	321	380	516	712
Q3	222	303	414	538	692
Q4	244	327	400	515	737
2010 Q1	227	288	386	517	651

Notwithstanding a degree of volatility which can occur quarter-on-quarter particularly for individual property types, some themes are apparent from the data (Figure 3).



1-bedroom flats

The mean price of 1-bedroom flats was essentially stable throughout 2008 and 2009. The latest quarter, Q1 2010, recorded a mean price of £227,000 which is almost 3% below the averages seen for calendar years 2008 (£234,000) and 2009 (£233,000).

2-bedroom flats

The mean price of 2-bedroom flats remained essentially stable during the last two years. However, the mean price recorded in Q1 2010 (£288,000) was about 10% lower than the average for calendar 2009 (£319,000). It is worth noting that the higher mean price level seen during 2008 and early 2009 was driven somewhat by new developments coming onto the market.

2-bedroom houses

The mean price of this property type in Q1 2010 (£386,000) was almost 4% lower than the average for calendar 2009.

3-bedroom houses

This category of property accounts for almost half of all residential transactions in Jersey. Following a period of ongoing price increases from 2006 to 2008, the last two years, 2008 and 2009, saw effectively stable prices. The most recent quarter, Q1 2010, recorded a mean price of £517,000, marginally below (by less than 1%) the average for 2009 (£522,000).

4-bedroom houses

This category of property has seen a degree of volatility in mean price since the beginning of 2008. The mean price of 4-bedroom houses in the first quarter of 2010 was £651,000, some 10% lower than that for calendar 2009.

Turnover

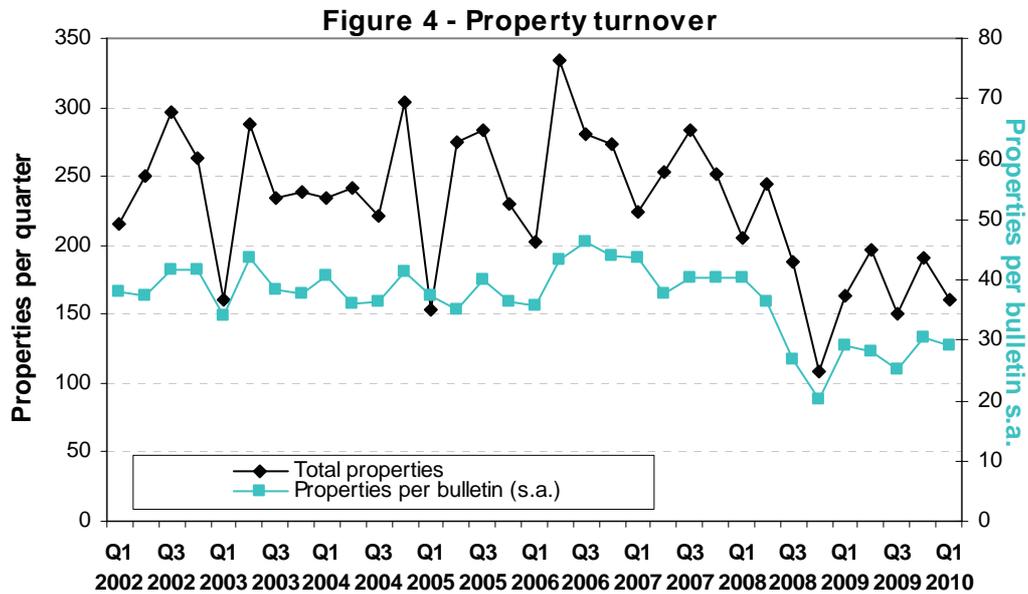
Table 4 shows that 161 eligible properties (see Notes) were reported as being sold in Q1 2010, a similar number to that recorded in the same quarter a year previously, Q1 2009.

Table 4: Number of dwellings included in the HPI, by property type, and number of Jersey Property Bulletins published.

Period	Flats		Houses			Total	Bulletins published
	1-bed	2-bed	2-bed	3-bed	4-bed		
2005 Q1	11	20	19	83	20	153	5
Q2	20	26	47	127	55	275	7
Q3	10	18	44	155	57	284	7
Q4	17	29	35	101	48	230	6
Average	15	23	36	117	45	236	6
2006 Q1	11	25	31	92	43	202	7
Q2	21	33	53	165	62	334	7
Q3	17	28	49	133	54	281	6
Q4	16	23	42	124	69	274	6
Average	16	27	44	129	57	273	7
2007 Q1	13	26	37	107	41	224	6
Q2	20	20	43	119	51	253	6
Q3	33	29	38	128	55	283	7
Q4	17	42	37	107	48	251	6
Average	21	29	39	115	49	253	6
2008 Q1	16	29	35	90	35	205	6
Q2	22	28	43	111	41	245	6
Q3	18	32	24	80	34	188	7
Q4	13	14	19	47	15	108	5
Average	17	26	30	82	31	187	6
2009 Q1	27	21	30	59	26	163	7
Q2	22	22	27	93	32	196	6
Q3	14	17	23	63	33	150	6
Q4	16	21	29	96	29	191	6
Average	20	20	27	78	30	175	6
2010 Q1	20	19	24	59	39	161	7

Some interpretation is required in making comparisons between quarters due to variation in the frequency of sittings of the Royal Court and hence in the number of Jersey Property Bulletins published per quarter. It is also necessary to account for the seasonal nature of the raw data (apparent in Figure 4).

Seasonally adjusted turnover in the latest quarter, at 29 properties per bulletin, was similar to that recorded a year ago, in Q1 2009, but was a quarter below the long-term average seen before mid-2008.



s.a. = seasonally adjusted

Comparison with Guernsey and the UK

Guernsey

The overall constant mix average price of dwellings sold in Guernsey⁴ in the first quarter of 2010 was £368,635, 8% higher than the overall average for calendar 2009.

United Kingdom

The mix-adjusted average prices of dwellings sold since Q1 2009 in Jersey and in the UK (overall and by region)⁵ are shown in Table 5.

In contrast to Jersey, UK property prices, overall, have seen ongoing increases since Q2 2009. In the latest quarter, Q1 2010, the UK recorded an annual increase in the mix-adjusted average price of about 8%.

⁴ Guernsey Policy and Research Unit: Guernsey Residential Property Prices 1981-2010. Guernsey introduced a “constant mix” measure in Q2 2009 in which the median prices of flats and houses are weighted using constant proportions.

⁵ Figures for the UK are derived from: Department for Communities and Local Government, House Price Index February 2010. These UK figures are based on mortgaged purchases, and hence do not include purely cash purchases; the Jersey figures include both mortgaged and cash purchases.

Table 5: Mix-adjusted average price of dwellings sold in Jersey and the UK.

Region	Mix-adjusted average price £,000				
	2009				2010
	Q1	Q2	Q3	Q4	Q1
Jersey	507	488	497	497	473
UK	191	189	197	200	206
England	196	195	203	206	213
Wales	148	143	149	150	154
Scotland	151	156	161	161	165
Northern Ireland	189	173	178	175	169
Greater London	292	290	308	315	326
South East (excl. London)	238	237	245	249	263
East	206	202	211	214	223
South West	196	194	204	205	213
West Midlands	158	158	162	162	167
East Midlands	149	149	154	155	158
North West	144	143	149	150	152
Yorkshire & Humber	145	146	149	151	153
North East	133	130	134	137	136

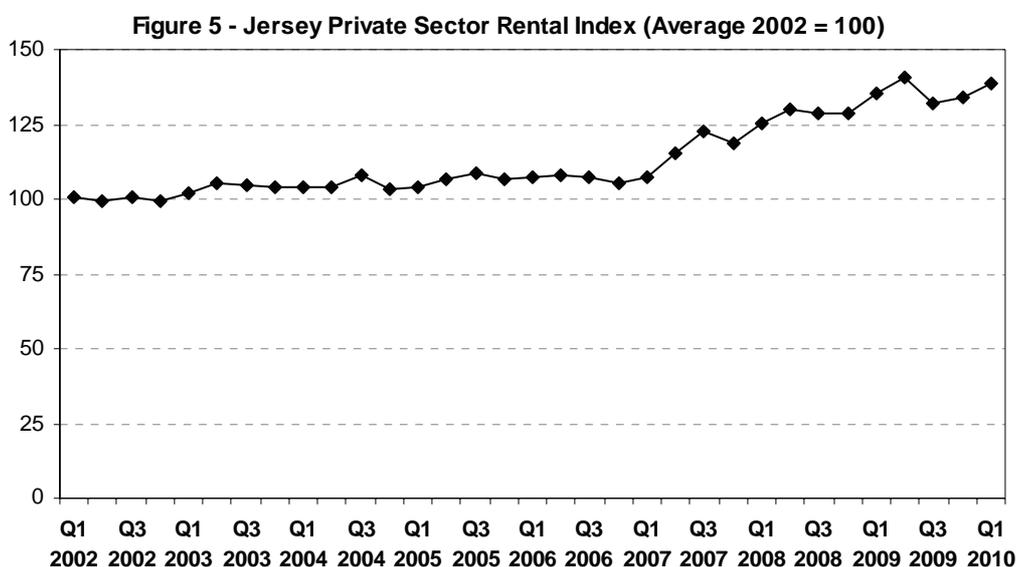
Prices are rounded to the nearest £1,000.

UK prices for Q1 2010 are for January and February only.

Jersey Private Sector Rental Index

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

Figure 5 and Table 6 show the Private Sector Rental Index from Q1 2002 to Q1 2010.



As well as an overall mix-adjusted index, separate indices are also produced for “Flats” (bedsits, 1-, 2- and 3-bedroom) and “Houses” (1-, 2-, 3-, and 4-bedroom).⁶ There are about 1,800 and 700 private sector lease transactions per year for flats and houses, respectively. The index is weighted accordingly, with flats accounting for almost three-quarters of the total index.

Table 6: Jersey Private Rental Index (Average 2002 = 100).

Period	Flats	Houses	Jersey Private Sector Rental Index
2002 Q1	99.9	102.8	100.9
Q2	99.7	98.8	99.2
Q3	102.2	98.1	100.5
Q4	98.1	101.9	99.4
2003 Q1	101.5	103.4	102.1
Q2	104.0	108.2	105.5
Q3	103.9	106.9	104.9
Q4	105.3	101.6	103.7
2004 Q1	103.1	106.2	104.1
Q2	104.5	103.6	104.0
Q3	107.5	108.7	107.8
Q4	102.4	105.1	103.3
2005 Q1	103.2	104.9	103.7
Q2	106.2	107.7	106.6
Q3	108.0	110.6	108.8
Q4	104.5	110.1	106.5
2006 Q1	106.4	108.6	107.1
Q2	108.1	109.0	108.3
Q3	109.0	104.4	107.1
Q4	107.1	103.6	105.6
2007 Q1	108.7	105.9	107.5
Q2	116.2	113.6	115.0
Q3	120.0	127.9	122.9
Q4	116.5	123.2	118.9
2008 Q1	121.3	131.5	125.1
Q2	124.9	138.4	129.9
Q3	125.9	134.2	128.9
Q4	126.9	132.5	128.9
2009 Q1	135.6	136.1	135.6
Q2	142.1	139.0	140.7
Q3	130.5	134.2	131.7
Q4	130.2	140.2	133.9
2010 Q1	135.5	145.1	139.0

⁶ A full description of the Jersey Private Rental Index and methodology is given in the Notes.

Average rents in the private sector, as measured by the Jersey Private Sector Rental Index, increased by about 4% between 2002 and 2003. Rents were then essentially stable between 2003 and 2006 before rising in 2007 (up by 8% on an annual basis) and in 2008 (up 10%). 2009 recorded a lower rate of increase, of 6%.

In the first quarter of 2010, average rents (from new consents) were 3% higher than the average for all of calendar year 2009. Flat rents were almost stable (the average for Q1 2010 being less than 1% higher than that for 2009 overall) whereas the average rent for houses was 6% higher on the same basis.

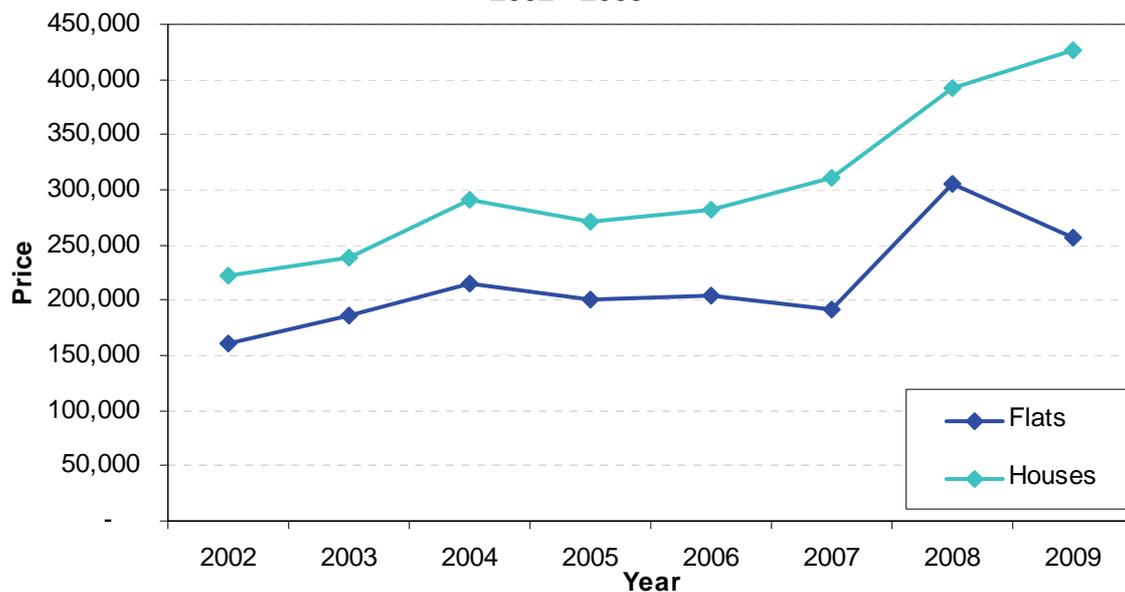
Annex A: First Time Buyers

There are a number of sites in Jersey which have had dwellings built exclusively to be available at a more affordable price to First Time Buyers (FTB). Due to the relatively small number of such transactions taking place in a given quarterly period, FTB properties are presented in Figure 6 and Table 7 on an annual basis and only at a combined flat and a combined house level (see Note 6).

Table 7: First Time Buyers' properties, 2002-2009.

Year	Flats		
	Mean price	Transactions	Principal sites
2002	160	59	Woodville Apartments
2003	185	52	Albert Place
2004	215	23	Albert Place
2005	201	8	Various & re-sale
2006	205	13	Woodville & Albert Place resale
2007	195	22	Clos des Charmes / Various & re-sale
2008	306	12	Woodville & Albert Place resale
2009	257	5	Woodville resale
Year	Houses		
	Mean price	Transactions	Principal sites
2002	222	44	Clos Le Breton
2003	242	18	Les Serres
2004	292	11	Various & re-sale
2005	270	129	Various & re-sale ⁷
2006	283	60	Various & re-sale ⁶
2007	312	12	Clos des Charmes / Various & re-sale ⁶
2008	392	48	Les Cloches / La Providence / Various & re-sale ⁶
2009	426	76	La Providence

**Figure 6 - Mean prices of First Time Buyer Properties
2002 - 2009**



⁷ Properties on the La Cambrette have been excluded from the First Time Buyers analysis, since these were refurbished properties sold by the Housing Department to States tenants at a price lower than private development sales and are thus not reflective of the First Time Buyers' market.

The fluctuations apparent in the annual mean price of FTB properties seen for both types of property may be ascribed to two factors: firstly, there is a relatively small number of transactions of such properties taking place each year; secondly, specific FTB sites vary somewhat in designated price and since the majority of each site is made available to purchase at a similar time, the annual figures reflect which site has come onto the market in a given year. For example, flats in Woodville Apartments in 2002 were available at a lower price, generally, than those in Albert Place in 2003 and 2004.

From 2004 to 2007 the average price of FTB flats remained relatively stable at around £200,000 whereas the average price surpassed £300,000 in 2008. However, this was largely due a small proportion of 1-bedroom FTB flats being sold in 2008 in comparison to previous years. There was a particularly low number of FTB flat transactions in 2009, which saw an average price of £257,000. In contrast, FTB houses saw a relatively high number of transactions in 2009, whilst the average price of FTB houses surpassed £400,000.

Notes

1. The principal data source for the Jersey House Price Index is the Jersey Property Bulletin, supplemented by information on type and size of 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 transfers:
Sales occurring via share transfer are not processed through the Royal Court and hence do not appear in the Jersey Property Bulletin. Share transfer transactions are estimated to have constituted about three-fifths of all sales of flats since Q1 2002, with the proportion varying between half and two-thirds at the quarterly level as new developments come onto the market.

Although the transaction prices of properties purchased by share transfer are currently not included in the compilation of the Jersey House Price Index, the level and change in price of this element of the market are governed by economic forces in the same way as the purchase of comparable properties which proceed via the Royal Court. Therefore, the coverage of flat purchases recorded through the latter process, and used in this analysis, provides a robust indicator of the state of the overall market for flats in Jersey.

If share transfers are included at the weight of three-fifths of all sales of flats, the percentage change of the overall mix-adjusted index in Q1 2010 compared to calendar year 2009 (-5%) is the same as the change for this period presented in this report (-5%).

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. It is anticipated that these property transactions will be incorporated in the compilation of the Jersey House Price Index in future quarters, once sufficient data is available.

4. The average price of dwellings is calculated by weighting together the average 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).

The margin of uncertainty on any quarter's average price is \pm £10,000; that on the difference between the average prices for any two quarters is \pm £14,000. The margin of uncertainty on any quarter's index is less than \pm 3 percentage points.

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. Prior to the first quarter of 2005, the weights for calculation of the mix-adjusted averages were derived from the proportion that each property type accounted for of all transactions in calendar year 2002. Revised property-type weights were introduced in Q1 2005 and again in Q1 2009, each derived from the full preceding three-year period.

Property type	Current Weight
1-bedroom flats	0.079
2-bedroom flats	0.115
2-bedroom houses	0.158
3-bedroom houses	0.458
4-bedroom houses	0.192

The slight changes in weights produced no material discontinuity in the Index series; the difference in mix-adjusted average price between the different sets of weights was about £1,000.

6. First Time Buyers:

Due to the very small number of 4-bedroom First Time Buyer (FTB) properties, the analysis presented for FTB houses in Table 7 comprises 2- and 3-bedroom FTB houses combined. Otherwise, almost all First Time Buyer properties are included in the analysis underpinning the table. In a small number of cases the only data available is the “plot” price of a property; such transactions are not included.

7. Jersey Private Rental Index:

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

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

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