

Jersey House Price Index

First Quarter 2013

Statistics Unit: www.gov.je/statistics

Summary

- The mix-adjusted average price of dwellings sold in Jersey in Q1 2013 was
 - similar to the calendar year averages recorded in 2011 and 2012;
 - 3% higher than in the previous quarter (Q4 2012).
- The latest small quarterly rise in the index was attributable to increases in the mean prices of 1- and 2-bedroom flats and 2- and 4-bedroom houses.
- In contrast, the mean price of 3-bedroom houses in Q1 2013 was the lowest recorded since 2007.
- The **turnover** of properties was about a third lower than in the previous quarter and more than two-fifths lower than in the same quarter of 2012.
- The reduction in turnover was largely driven by fewer share transfer properties being sold. In Q1 2013 share transfers accounted for three-fifths of all eligible flat sales; in 2011 and 2012 this proportion had been closer to three-quarters of such sales.
- The number of 3-bedroom houses which sold in the latest quarter was the lowest for more than four years.

Overall mix-adjusted Index

The Jersey House Price Index measures the combined average price of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses; the index includes share transfer properties and is seasonally adjusted (s.a.)¹. Figure 1 and Table 1 show the index since 2002.

Figure 1 – Jersey House Price Index

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

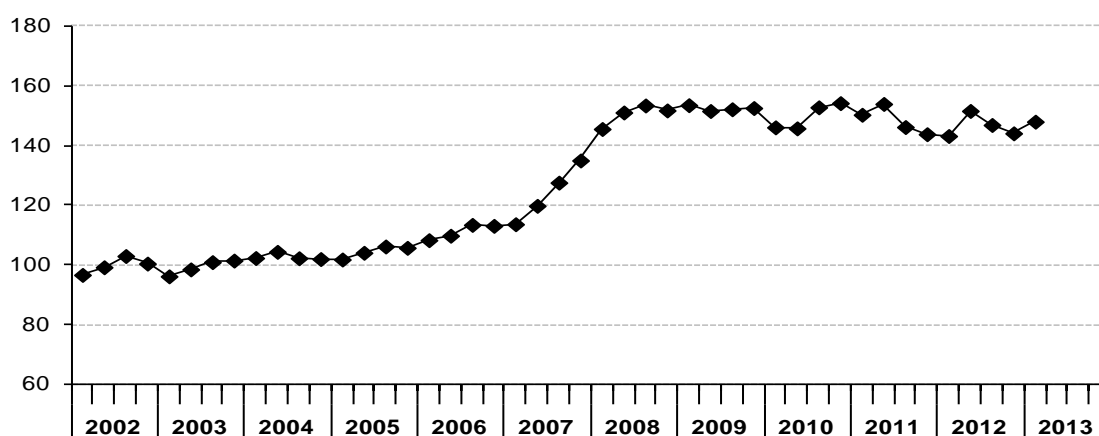


Figure 1 and Table 1 indicate that the mix-adjusted average price of dwellings sold in Jersey in Q1 2013 was around 3% higher than in the previous quarter (Q4 2012) but similar (within 1%) to the calendar year averages for 2011 and 2012.

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

Table 1 – Jersey House Price Index (including share transfer properties and s.a.)

Period		Index
2002	Q1	96.7
	Q2	99.3
	Q3	103.0
	Q4	100.5
2003	Q1	96.2
	Q2	98.5
	Q3	101.0
	Q4	101.5
2004	Q1	102.3
	Q2	104.4
	Q3	102.3
	Q4	102.0
2005	Q1	101.9
	Q2	104.1
	Q3	106.2
	Q4	105.8
2006	Q1	108.3
	Q2	109.8
	Q3	113.4
	Q4	113.1
2007	Q1	113.7
	Q2	119.8
	Q3	127.6
	Q4	135.0
2008	Q1	145.6
	Q2	151.1
	Q3	153.4
	Q4	151.8
2009	Q1	153.5
	Q2	151.6
	Q3	152.2
	Q4	152.6
2010	Q1	146.1
	Q2	145.8
	Q3	152.8
	Q4	154.2
2011	Q1	150.3
	Q2	153.9
	Q3	146.2
	Q4	143.8
2012	Q1	143.2
	Q2	151.6
	Q3	146.9
	Q4	144.1
2013	Q1	148.0

Individual property types

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

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

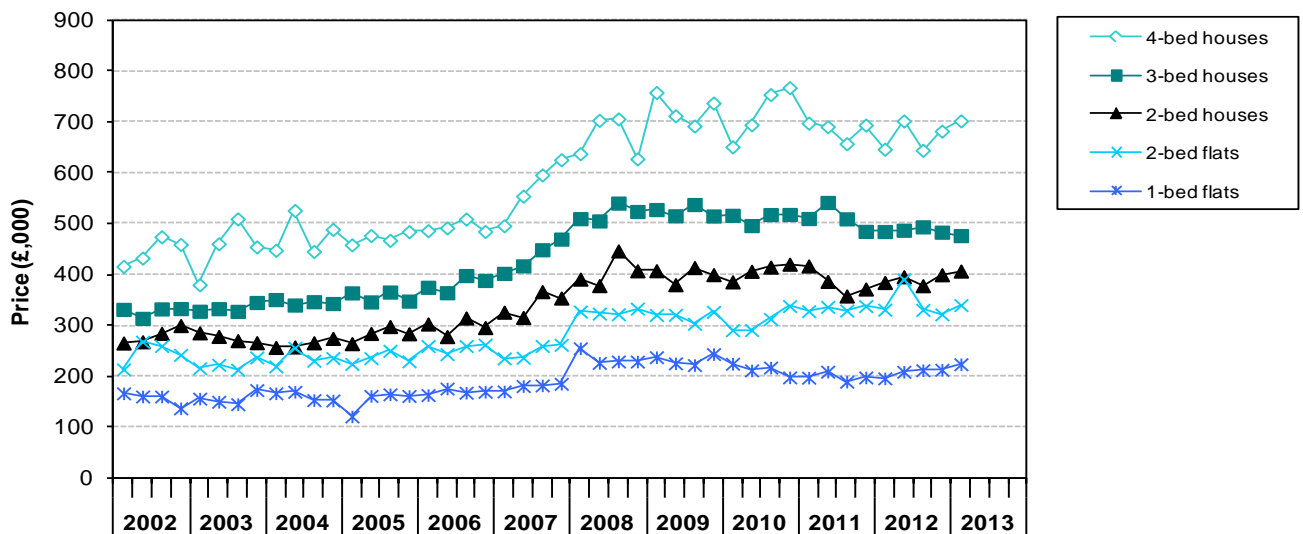


Table 2 – Mean prices (£,000) for the individual property types

Period	Flats		Houses			
	1-bed	2-bed	2-bed	3-bed	4-bed	
2010	Q1	225	291	386	517	651
	Q2	212	291	406	496	695
	Q3	217	313	415	518	754
	Q4	198	338	420	518	768
Annual average	214	308	409	512	715	
2011	Q1	197	328	417	510	698
	Q2	209	336	387	542	691
	Q3	189	329	358	510	658
	Q4	198	338	372	485	694
Annual average	198	333	383	511	680	
2012	Q1	196	331	384	485	647
	Q2	209	391	396	487	702
	Q3	212	331	378	494	645
	Q4	213	322	400	483	682
Annual Average	205	342	391	487	671	
2013	Q1	224	340	407	477	702

Prices are rounded to the nearest £1,000

Notwithstanding a degree of volatility which can occur quarter-on-quarter in the mean prices of individual property types, some themes are apparent:

1-bedroom flats:

In 2008 and 2009, the mean price of 1-bedroom flats had been essentially stable at around £230,000. A reduction in the mean price of this property type was observed during the next two years (2010 and 2011), largely attributable to the sale of an increased number of lower priced share transfer properties.

Throughout 2012 marginal increases in the mean price of 1-bedroom flats were recorded on a quarterly basis, taking the annual average in 2012 to £205,000. The latest quarter, Q1 2013, saw the mean price of 1-bedroom flats increase for the fourth consecutive quarter, such that the mean price, of £224,000, was the highest recorded for three years.

2-bedroom flats:

Following a period of stability throughout 2008 and 2009, when the mean price of 2-bedroom flats was around £320,000, the latter half of 2010 saw marginal price increases, taking the average price to around £330,000, a level at which it had remained essentially stable (apart from an upward fluctuation observed in Q2 2012).

In Q1 2013 the average price of 2-bedroom flats was almost 6% higher than in the previous quarter (Q4 2012) but was similar to the annual average for 2012.

2-bedroom houses:

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

Since mid-2011 the mean price of this property type has increased slightly such that the mean price of £407,000 recorded in the latest quarter (Q1 2013) was 4% higher than the annual average for 2012 and 6% higher than that recorded for 2011.

3-bedroom houses:

After a period of strong growth from 2006 to early 2008, the mean price of 3-bedroom houses remained 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 by around 5% to £490,000, a level at which it remained throughout 2012.

In Q1 2013, the mean price of 3-bedroom houses (£477,000) was the lowest recorded for this property type since the end of 2007.

4-bedroom houses:

Although this category of property has seen some volatility in price on a quarterly basis since 2008, for the most part the mean price of this property type has fluctuated around £700,000.

In Q1 2013 the mean price of 4-bedroom houses (£702,000) was 3% higher than in the previous quarter (Q4 2012) but was similar to the average seen over the last four calendar years (2008 to 2012).

Turnover

Table 3 shows that 171 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q1 2013.

A degree of caution is required in making comparisons between quarters due to the variation in the frequency of sittings of the Royal Court, and hence in the number of Jersey Property Bulletins published per quarter, and also due to seasonal variations.

Nevertheless, the number of properties sold in Q1 2013 was almost a third (32%) lower than in the final quarter of 2012 and more than two-fifths (43%) lower than in the corresponding quarter of 2012 (Q1 2012).

This decrease in turnover can be largely attributed to a reduction in the number of share transfer flats being sold in the latest quarter. Furthermore, the number of 3-bedroom houses which sold in the latest quarter was the lowest for more than four years, since Q4 2008.

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

Period	Flats		Houses			Total	Bulletins published
	1-bed	2-bed	2-bed	3-bed	4-bed		
2011 Q1	73	71	23	67	25	259	7
Q2	44	48	21	74	23	210	7
Q3	48	58	23	75	42	246	6
Q4	61	58	27	79	16	241	7
Total 2011	226	235	94	295	106	956	26
2012 Q1	94	59	27	84	35	299	6
Q2	61	48	36	85	42	272	6
Q3	47	55	22	73	30	227	6
Q4	48	48	28	98	30	252	7
Total 2012	250	210	113	340	137	1,050	25
2013 Q1	34	34	20	51	32	171	6

In Q1 2013 share transfer properties accounted for three-fifths (59%) of all eligible sales of flats, a considerably smaller proportion than that observed in 2012 and 2011 when this proportion was closer to three-quarters of all such sales.

Comparison with the UK and Guernsey

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)² in the latest quarter are shown in Table 4.

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

	Q1 2013
Jersey	410
Guernsey	448
UK	235
England	244
Wales	158
Scotland	179
Northern Ireland	128
Greater London	399
South East (excl. London)	293
East	250
South West	226
West Midlands	180
East Midlands	170
North West	160
Yorkshire & Humber	163
North East	144

United Kingdom

In the latest quarter (Q1 2013) the mix-adjusted index for the UK was 2% higher than in the corresponding quarter of 2012 but essentially the same as in the previous quarter (Q4 2012).

The mix adjusted average dwelling price in the U.K. in Q1 2013 was £235,000.

Guernsey

The constant mix average price of dwellings sold in Guernsey³ in Q1 2013 was £448,000, almost 2% higher than in the corresponding quarter of the previous year, Q1 2012.

Turnover in Guernsey in the first quarter of this year was a sixth (16%) lower than in the corresponding quarter of 2012.

² Figures for the UK are derived from: ONS, House Price Index January to March 2013. 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.

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

Notes

1. Data sources:

The principal data sources on the transactions prices of property sales used in the Jersey House Price Index are:

- the Jersey Property Bulletin for freehold and flying freehold properties;
- the States of Jersey Income Tax Department for share transfer transactions.

The above price data are supplemented by information on the type and size of each property provided by the States of Jersey Population Office.

2. Excluded properties:

Derelict buildings, commercial properties with associated residential units, apparent intra-family transactions, retirement community developments and properties designated by the States of Jersey solely for purchase by first-time buyers are excluded from the final data set from which the average prices and the Index are determined. Furthermore, due to the small numbers of properties and high variability of prices, the following categories of dwelling are also excluded: bedsits; 3 or more bedroom flats; 1 and 5 or more bedroom houses; and multi-dwelling properties. New dwellings, other than those removed by the above exclusion criteria, are implicitly included in the final data set.

3. Share transfer transactions:

Sales occurring via share transfer are not processed through the Royal Court and hence do not appear in the Jersey Property Bulletin. Price data is instead provided by the States of Jersey Tax Department. Share transfer transactions have constituted around three-fifths of all sales of flats since Q1 2002, with the proportion varying between half and 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.

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. Seasonal-adjustment

The Jersey House Price Index has been published on a quarterly basis since Q1 2002 and is now of sufficient length to warrant seasonal adjustment. The seasonally adjusted index series, including share transfer transactions, should now be considered as the principal output of this analysis.

Statistics Unit
23 May 2013

Appendix A

Price distributions – comparison with previous quarter: Q1 2013 and Q4 2012

Figure B1 - 1-bedroom flats

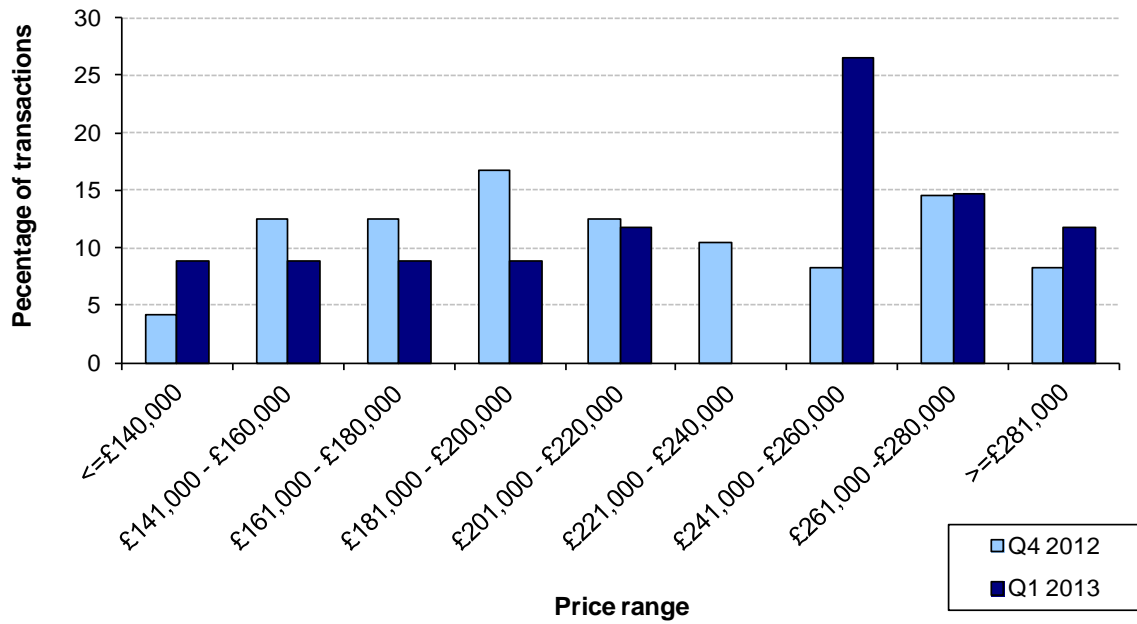


Figure B2 - 2-bedroom flats

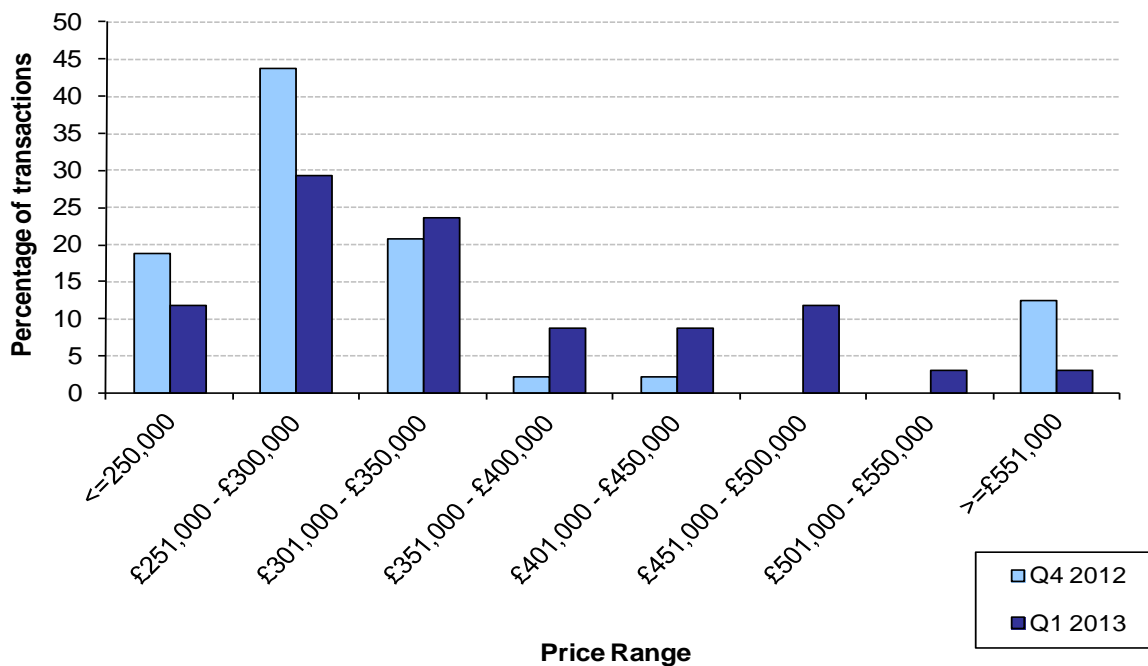


Figure B3 - 2-bedroom houses

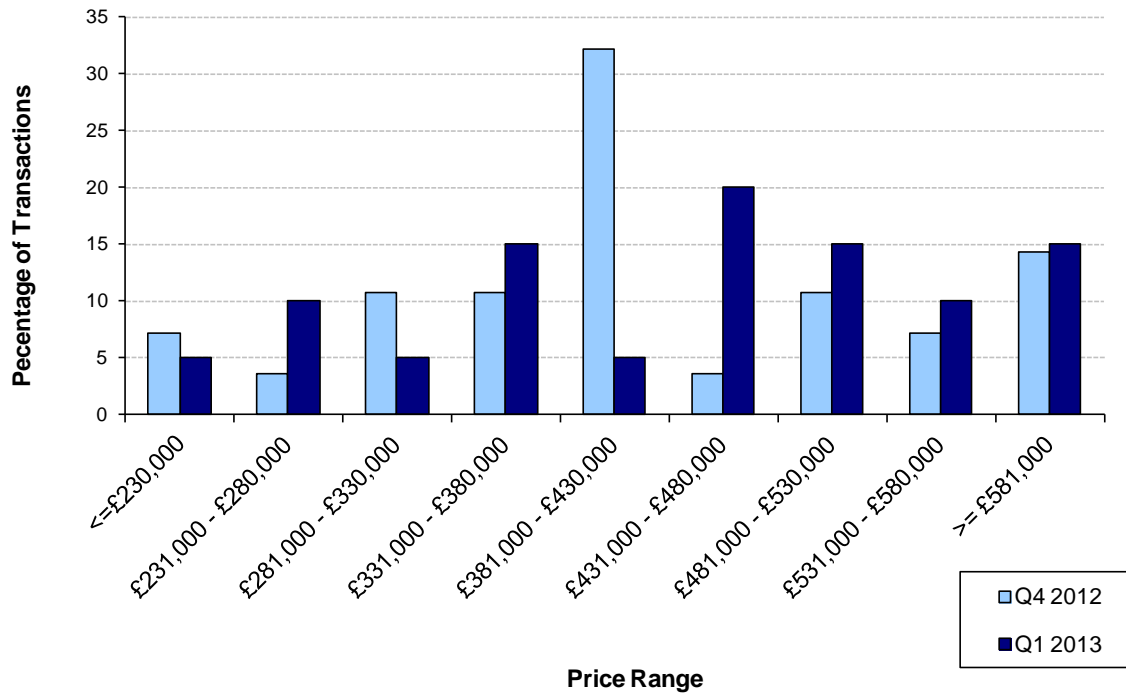


Figure B4 - 3-bedroom houses

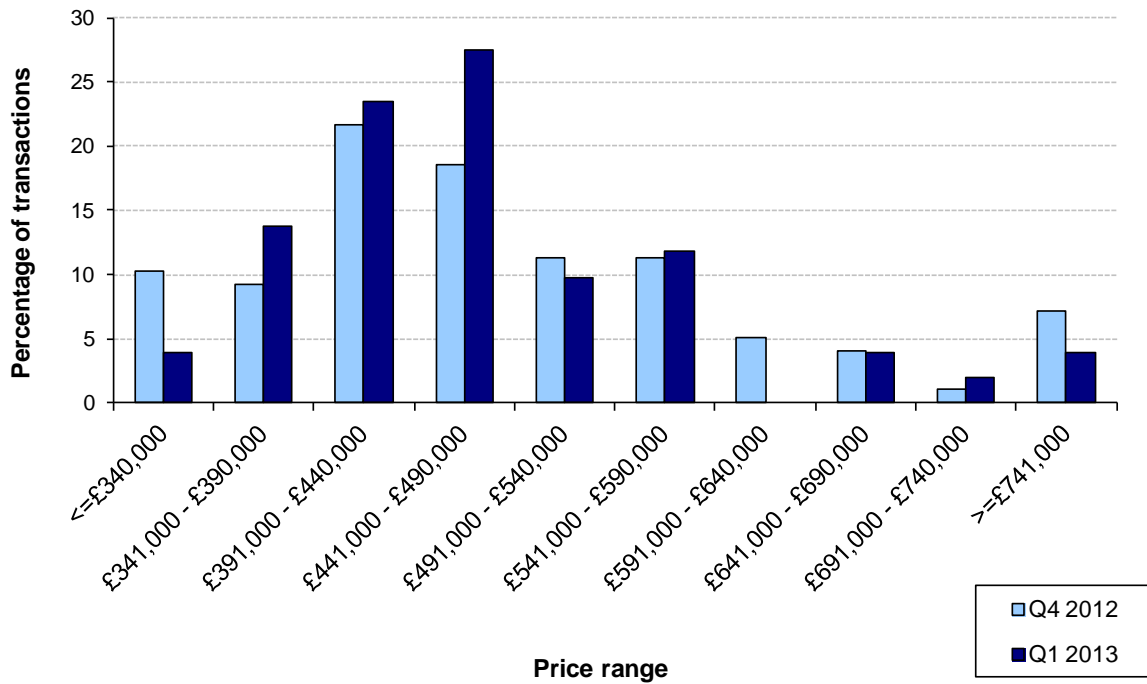
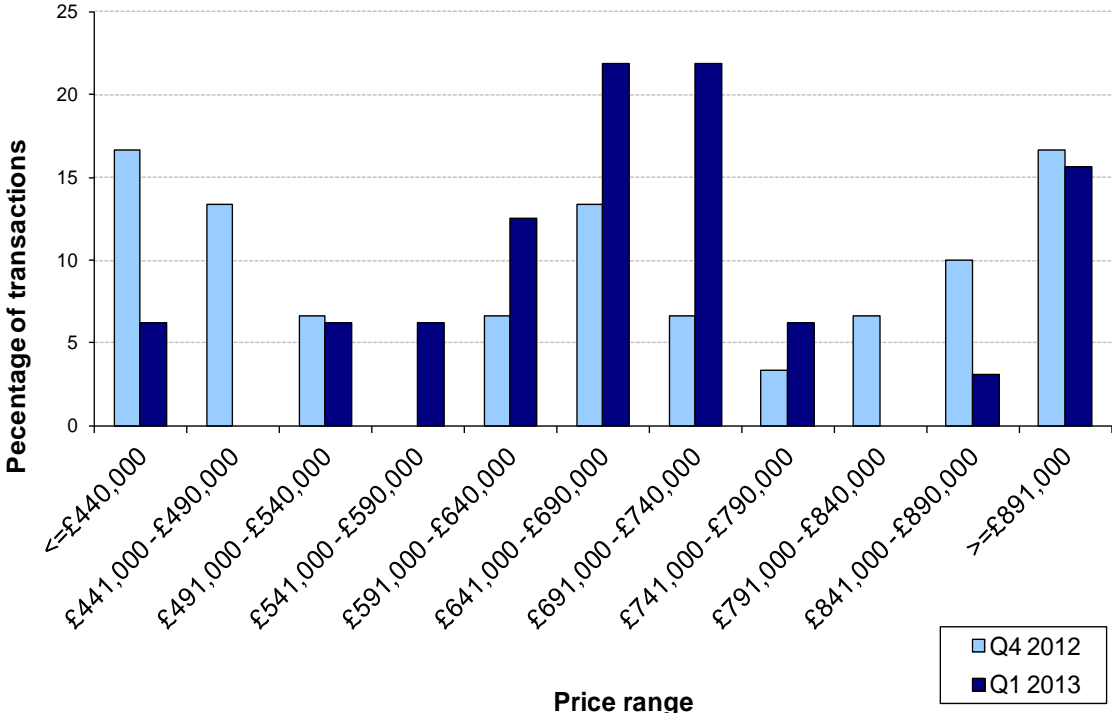


Figure B5 - 4-bedroom houses



Price distributions – comparison with corresponding quarter of previous year:
Q1 2013 and Q1 2012

Figure C1 - 1-bedroom flats

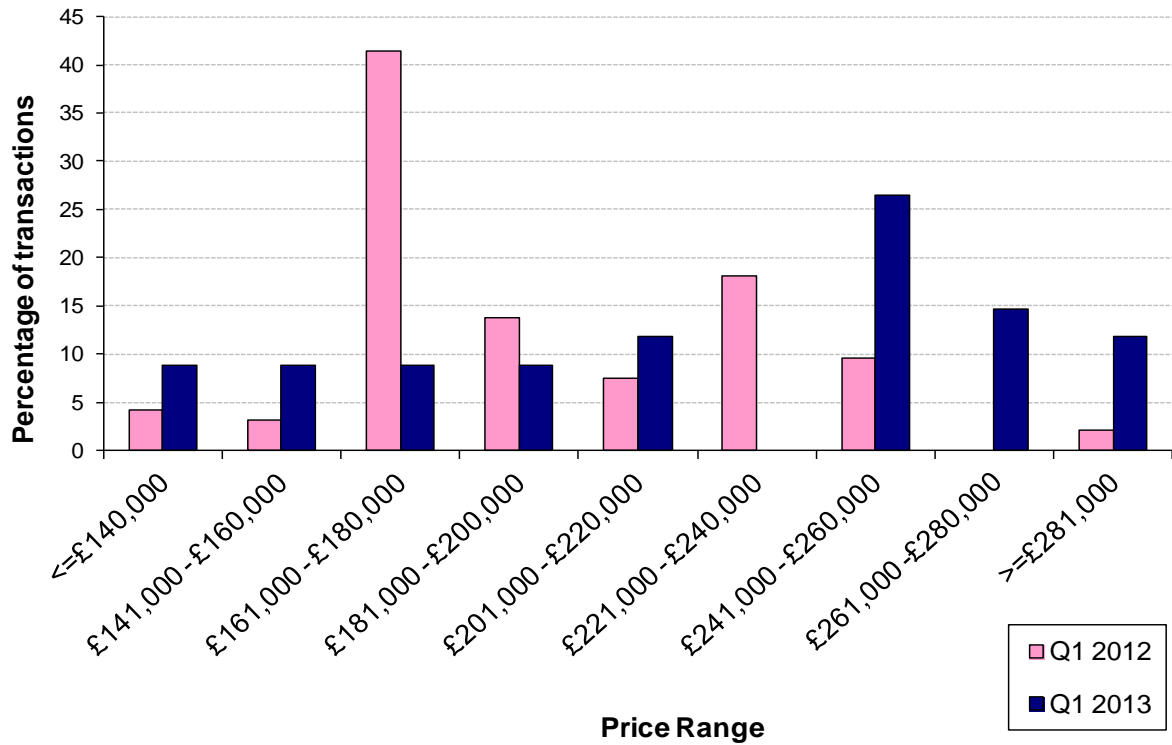


Figure C2 - 2-bedroom flats

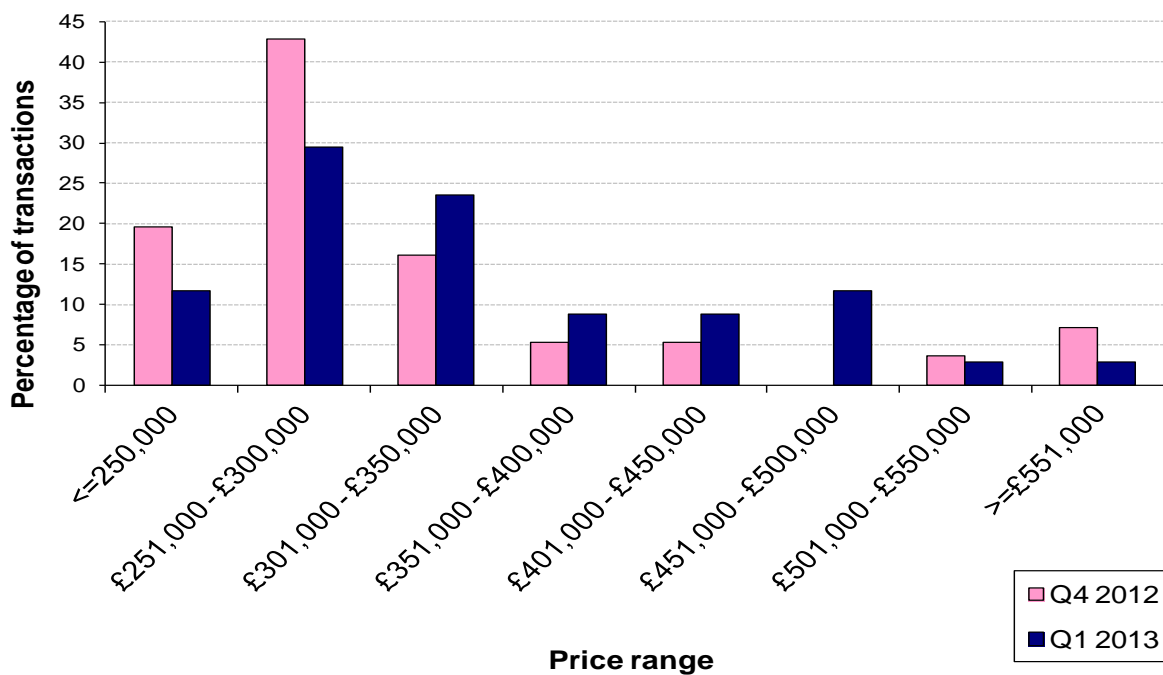


Figure C3 - 2-bedroom houses

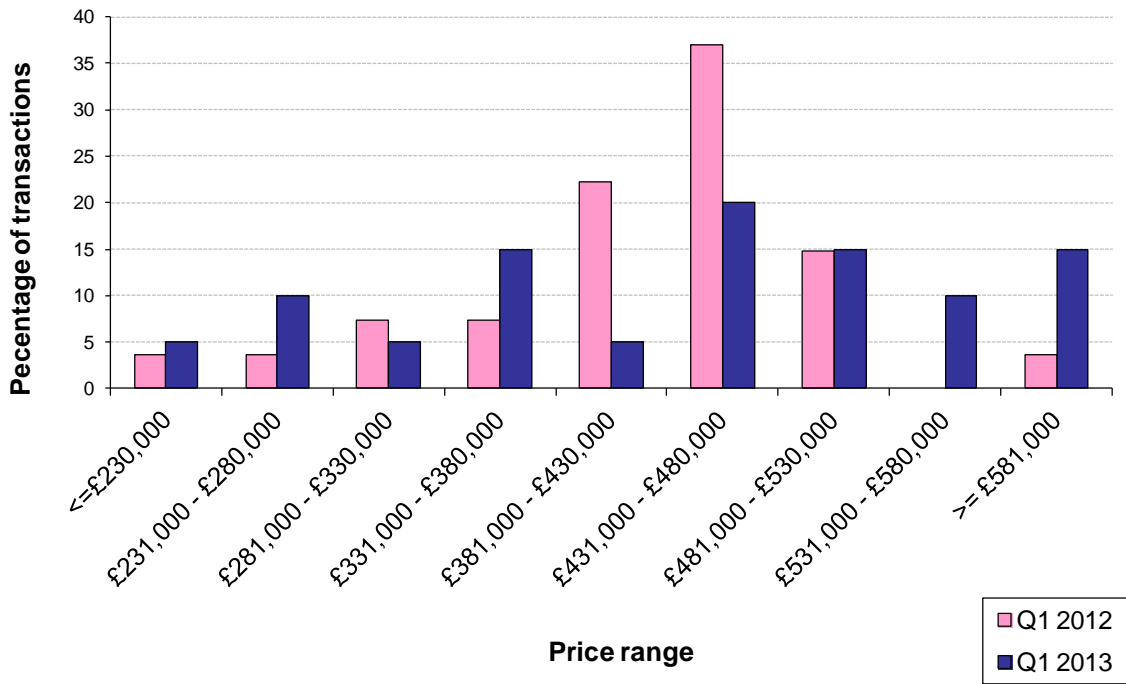


Figure C4 - 3-bedroom houses

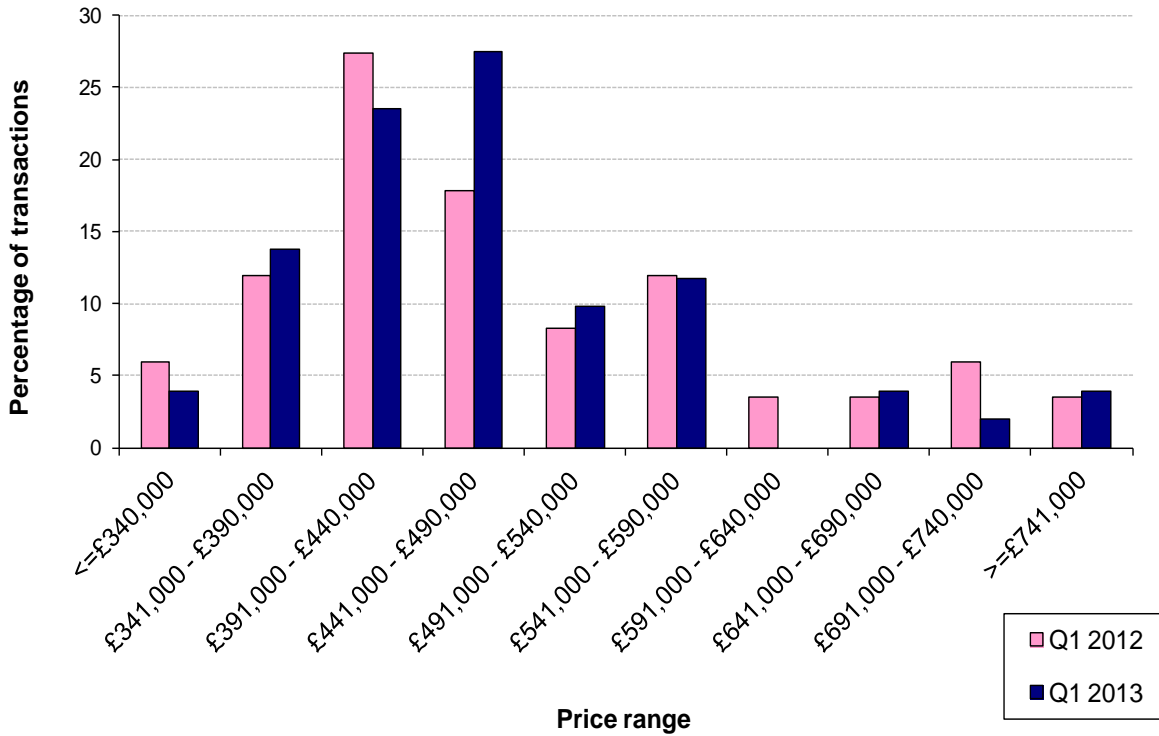


Figure C5 - 4-bedroom houses

