

Jersey House Price Index

Second Quarter 2011

Statistics Unit: www.gov.je/statistics



Summary

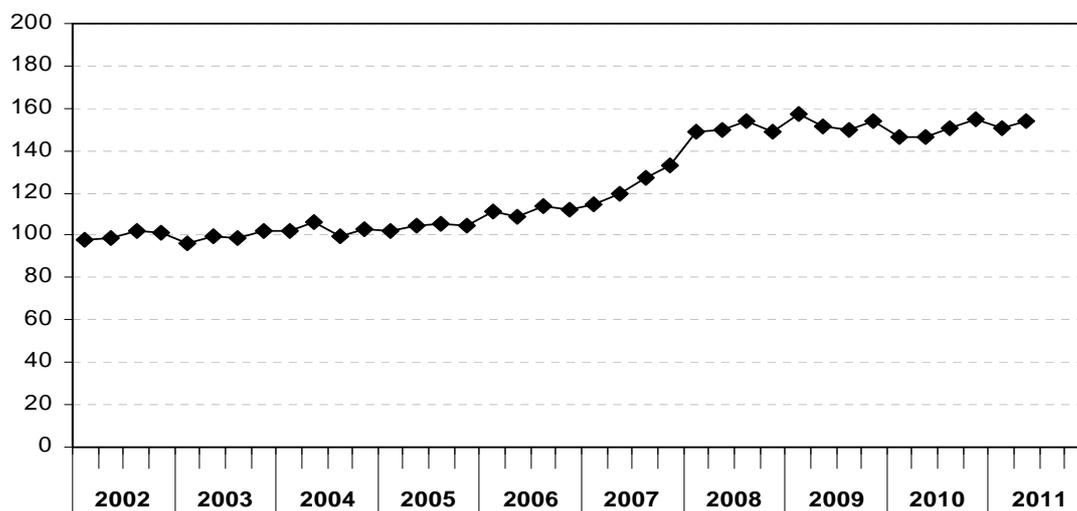
- **The Jersey House Price Index has been substantially flat for the last three and a half years;**
- the mix-adjusted average price of dwellings sold in the first six months of 2011 was slightly higher (by 2%) than that recorded in calendar year 2010 but was essentially the same as in 2009;
- on a quarterly basis, the average price of dwellings sold in Q2 2011 was 2% higher than in the previous quarter, Q1 2011, but was about the same as in the last quarter of 2010;
- the latest small quarterly increase in average price was driven by the flats which sold in Q2 2011 (both 1- and 2-bedroom) and by a greater proportion of higher priced 3-bedroom houses;

Overall mix-adjusted Index

The Jersey House Price Index calculates the combined average price of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses; share transfer properties are included and the index is seasonally adjusted (s.a)¹.

Figure 1 – Jersey House Price Index

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



As is apparent from Figure 1 and Table 1, the Jersey House Price Index has remained substantially flat over the last three and half years, since early 2008.

The mix-adjusted average price of dwellings which sold in Jersey in the first six months of 2011 was slightly higher (by 2%) than that recorded in calendar year 2010 but was essentially the same as in 2009.

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

On a quarterly basis, the overall mix-adjusted average price of properties which sold in the latest quarter was 2% higher than that recorded for the previous quarter, Q1 2011, but was about the same as in the final quarter of 2010.

The overall mix-adjusted average price of properties sold in Jersey in Q2 2011 was £437,000.

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

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 individual property types

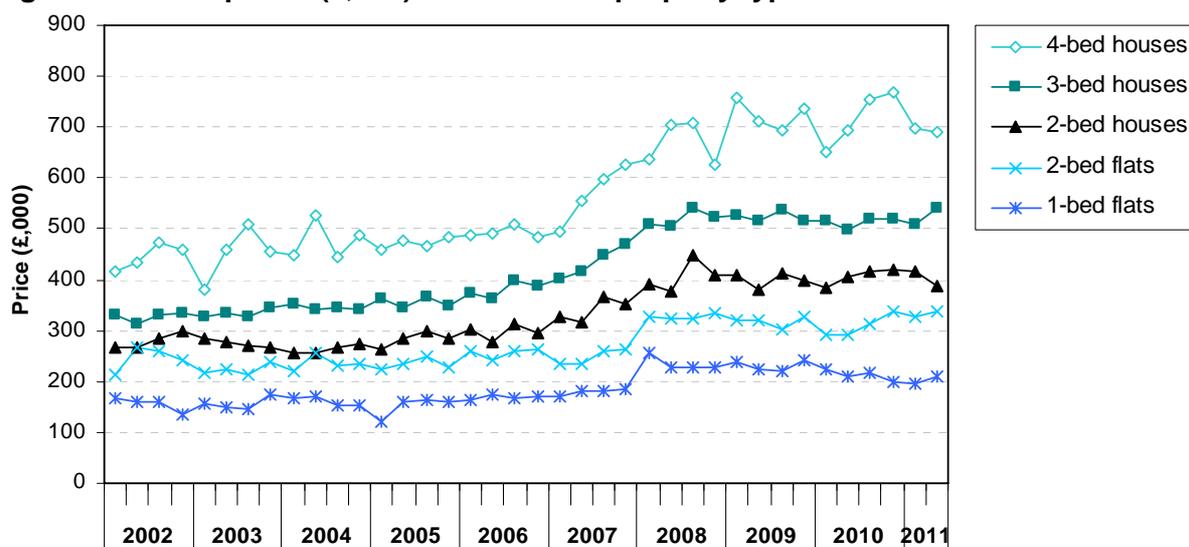


Table 2 - Mean prices (£,000) for individual property types².

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

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:

The mean price of 1-bedroom flats was essentially stable throughout 2008 and 2009, at more than £230,000, but has since declined slightly, particularly due to a greater proportion of lower-priced share transfer properties in this category being sold in 2010 and 2011.

In the second quarter of 2011, the average price of 1-bedroom flats sold in Jersey (£209,000) was 6% higher than that recorded in the first quarter of the year, and was similar to the level seen in the corresponding quarter of 2010 (a difference of around £3,000 only)

² Note that the annual average prices shown in Table 2 are derived by weighting the average price recorded in each quarter by the number of transactions in that quarter. The percentage changes presented in the preceding text are calculated from the unrounded weighted prices.

This most recent quarterly increase in the mean price of 1-bedroom flats apparent in Table 2 was driven by the sale of a number of properties above £280,000, accounting for a quarter of all properties sold in this category in Q2 2011³.

2-bedroom flats:

The mean price of 2-bedroom flats had also remained substantially stable in 2008 and 2009, at around £320,000. Following a slight fall in 2010, the mean price of 2-bedroom flats sold in 2011 to date has increased, with the average price recorded in the latest quarter (£336,000) being some 9% higher than that seen in 2010 – see Appendices B and C.

2-bedroom houses:

The mean price of 2-bedroom houses which sold in both 2008 and 2009 was £400,000; this property type then saw a small increase in mean price in 2010. The properties which have sold in 2011 have recorded a slightly lower mean price (£402,000), returning to a level similar to that seen in 2008 and 2009.

3-bedroom houses:

Following a period of ongoing price increases from 2006 to early 2008, the subsequent two-year period had seen relatively stable prices for this category of property.

The mean price recorded in the second quarter of 2011 (£542,000) was 6% higher (corresponding to about £30,000) than that seen in Q1 2011 and in 2010. This most recent quarterly increase can be largely attributed to a greater proportion of higher priced properties (above £750,000) being sold in the latest quarter – see Appendices B and C.

4-bedroom houses:

This category of property has seen some volatility in mean price since the beginning of 2008. However, the mean price of 4-bedroom properties which sold during Q2 2011 was similar to that of the previous quarter, at almost £700,000.

Turnover

Table 3 shows that 210 eligible properties (see Notes) were reported as being sold in Q2 2011.

Table 3: Number of dwellings included in the Jersey HPI, by property type,

Period	Flats		Houses			Total	Bulletins published
	1-bed	2-bed	2-bed	3-bed	4-bed		
2010 Q1	40	40	24	59	39	202	7
Q2	27	49	25	80	36	217	5
Q3	65	52	35	79	39	270	7
Q4	32	41	33	66	33	205	6
2011 Q1	56	60	23	67	25	231	7
Q2	44	48	21	74	23	210	6

³ The distributions of prices for each category of property are shown in Appendices B and C; the price distributions for the latest quarter, Q2 2011, are compared with the previous quarter (Appendix B) and with the previous calendar year (Appendix C).

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 seasonal variations in turnover. Nevertheless, it is apparent from Table 3 that the number of properties sold in the latest quarter was similar to the quarterly average for the previous six months and to the corresponding quarter of 2010.

Share transfer properties accounted for a similar proportion of eligible sales of flats in Q2 2011 as in the previous quarter (63% and 66%, respectively), and remained at a higher level than that recorded in calendar year 2010 (45%).

Comparison with the UK and Guernsey

United Kingdom

The mix-adjusted average prices of dwellings sold since Q1 2011 in the UK (overall and by region)⁴ are shown in Table 5.

Table 3: Mix-adjusted average prices in the UK and Guernsey, 2011.

	Mix-adjusted average price £,000	
	Q1 2011	Q2 2011
Jersey	427	437
Guernsey	425	427
UK	205	204
England	213	212
Wales	144	144
Scotland	160	160
Northern Ireland	146	141
Greater London	339	339
South East (excl. London)	263	260
East	227	225
South West	210	208
West Midlands	163	163
East Midlands	157	155
North West	147	146
Yorkshire & Humber	145	147
North East	132	133

Prices are rounded to the nearest £1,000.

The mix-adjusted average price in the UK the latest quarter, Q2 2011, was £204,000 and was about 2% lower than in the same quarter of 2010.

⁴ Figures for the UK are derived from: Department for Communities and Local Government, House Price Index June 2011. 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.

Guernsey

The constant mix average price of dwellings sold in Guernsey⁵ in the second quarter of 2011 was almost 8% higher than that recorded for the corresponding quarter of 2010 but was essentially the same as that observed in the previous quarter (a difference of £2,000 only).

⁵ 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.

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 two-thirds 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. Revised property-type weights have been incorporated for use in 2011, derived from the full preceding three-year period and including share transfer properties.

In future years, a change in weights will be incorporated within each Q1 analysis, based on the preceding three-year period. 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.

7. Jersey Private Sector Rental Index:

The principal data source for the Jersey Private Sector 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 Sector Rental Index (based to 100 for calendar year 2002).

Statistics Unit
18th August 2011

Appendix A: 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.

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 overall index.

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

Period	Flats	Houses	Jersey Private Sector Rental Index
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
Q2	138.4	138.3	139.0
Q3	142.4	135.6	139.6
Q4	134.9	135.0	134.7
2011 Q1	144.6	140.9	143.0
Q2	141.8	146.7	143.5

Overall, the Jersey Private Sector Rental Index has remained stable during the first six months of 2011, at a level 4% higher than the average for calendar year 2010.

⁶ More detail on the methodology for constructing the Jersey Private Rental Index is given in the Notes.

Appendix B

Price distributions – comparison with previous quarter: Q2 2011 and Q1 2011

Figure B1 - 1-bed flats

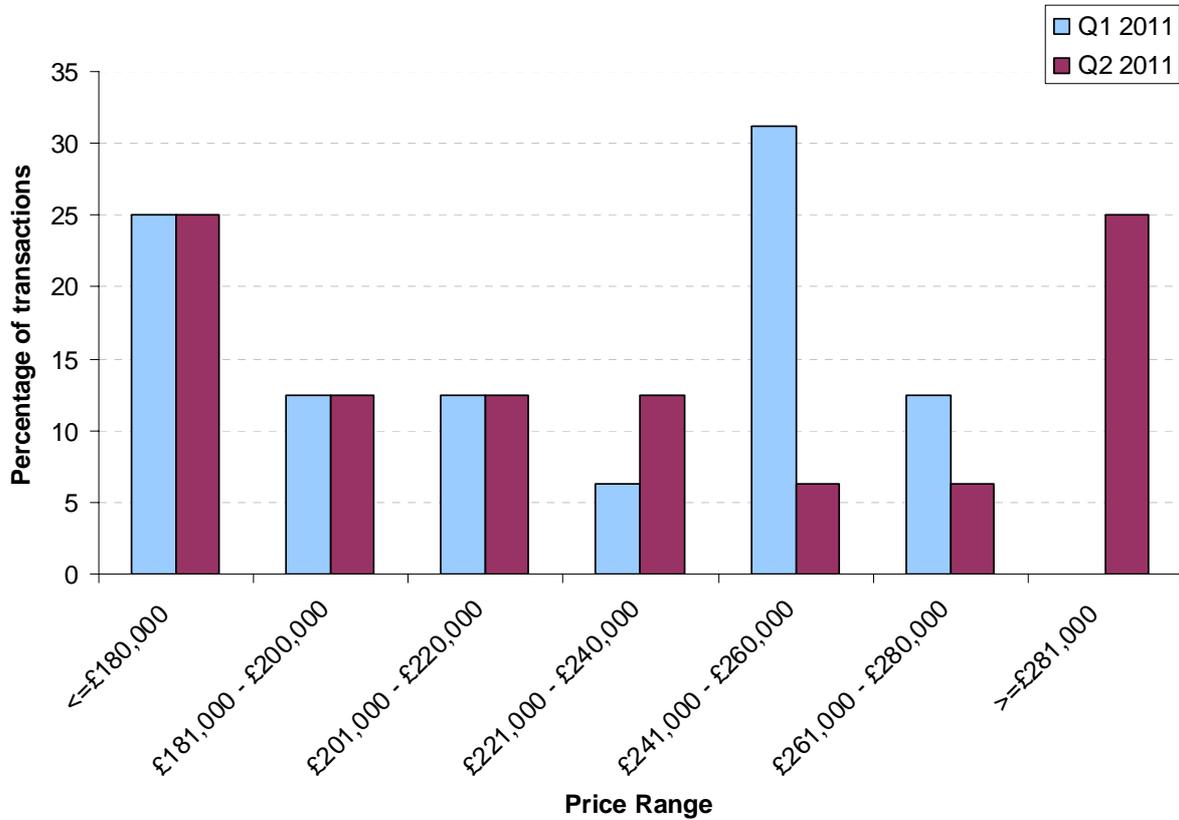


Figure B2 – 2-bed flats

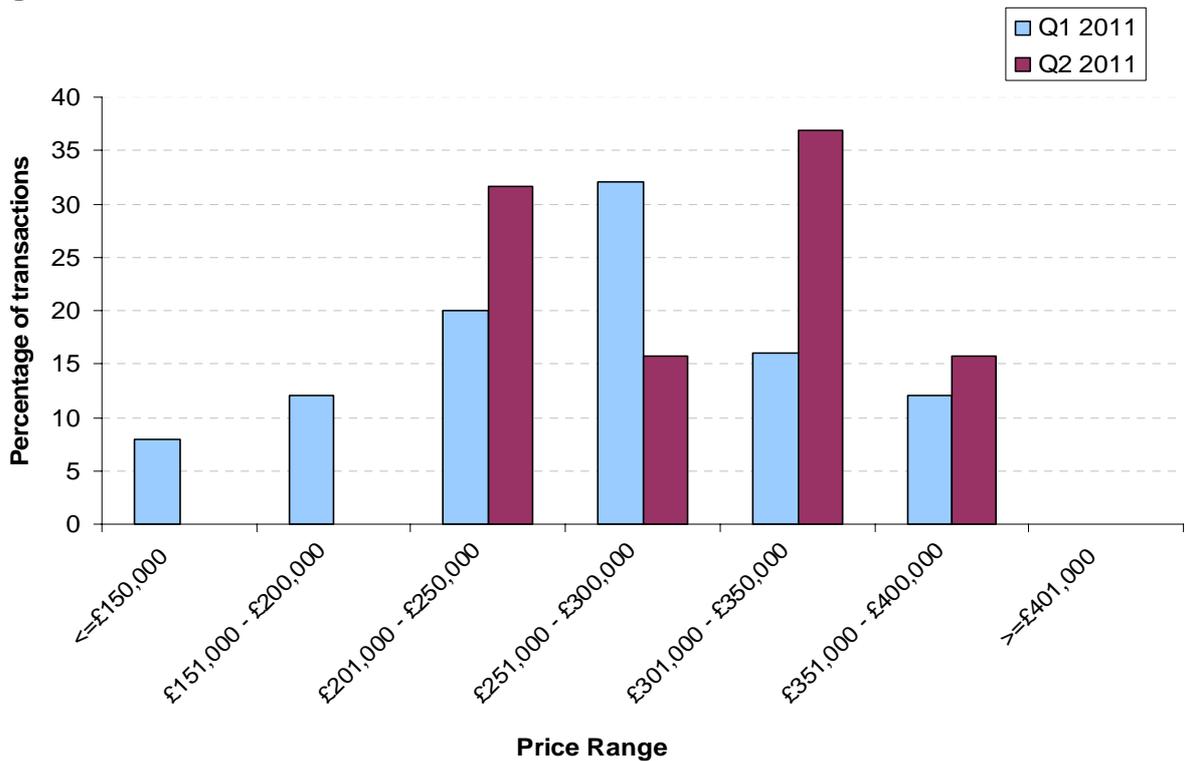


Figure B3 - 2-bed houses

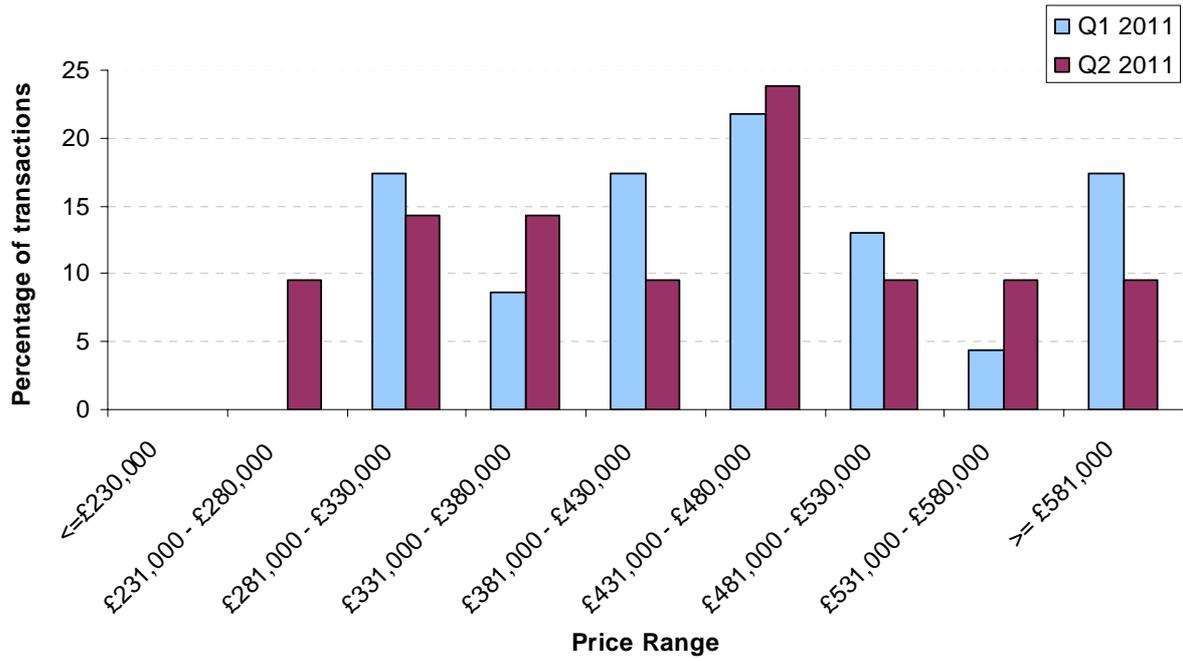


Figure B4 - 3-bed houses

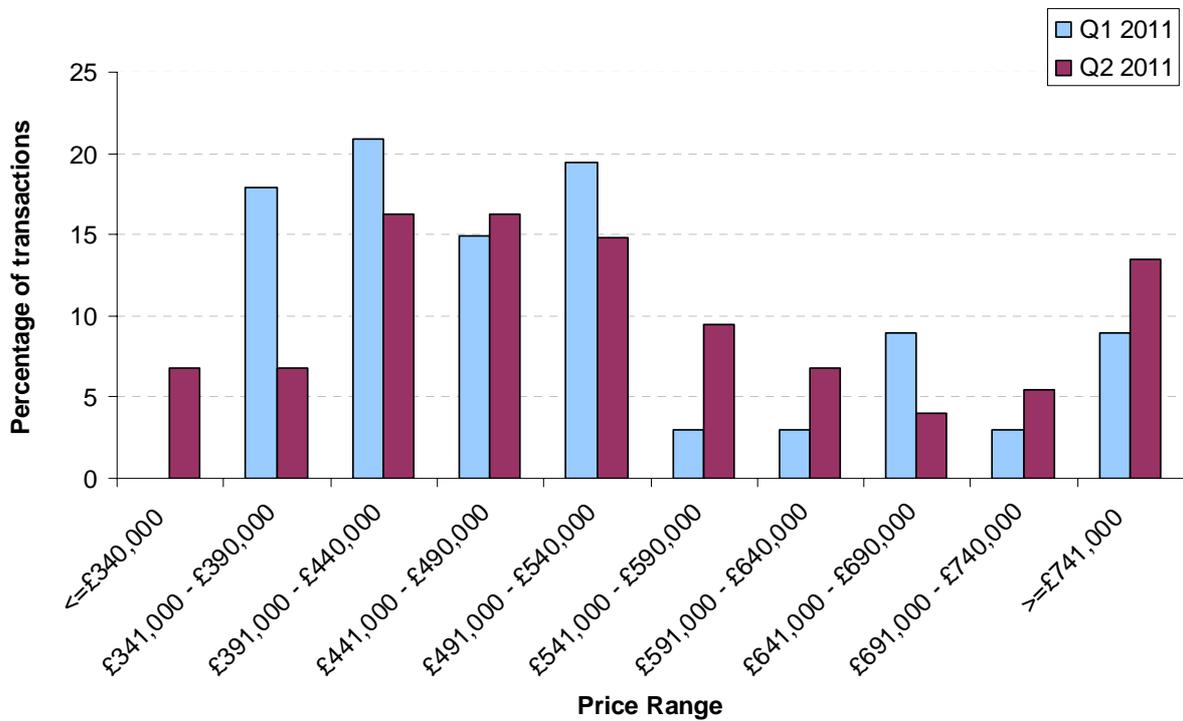
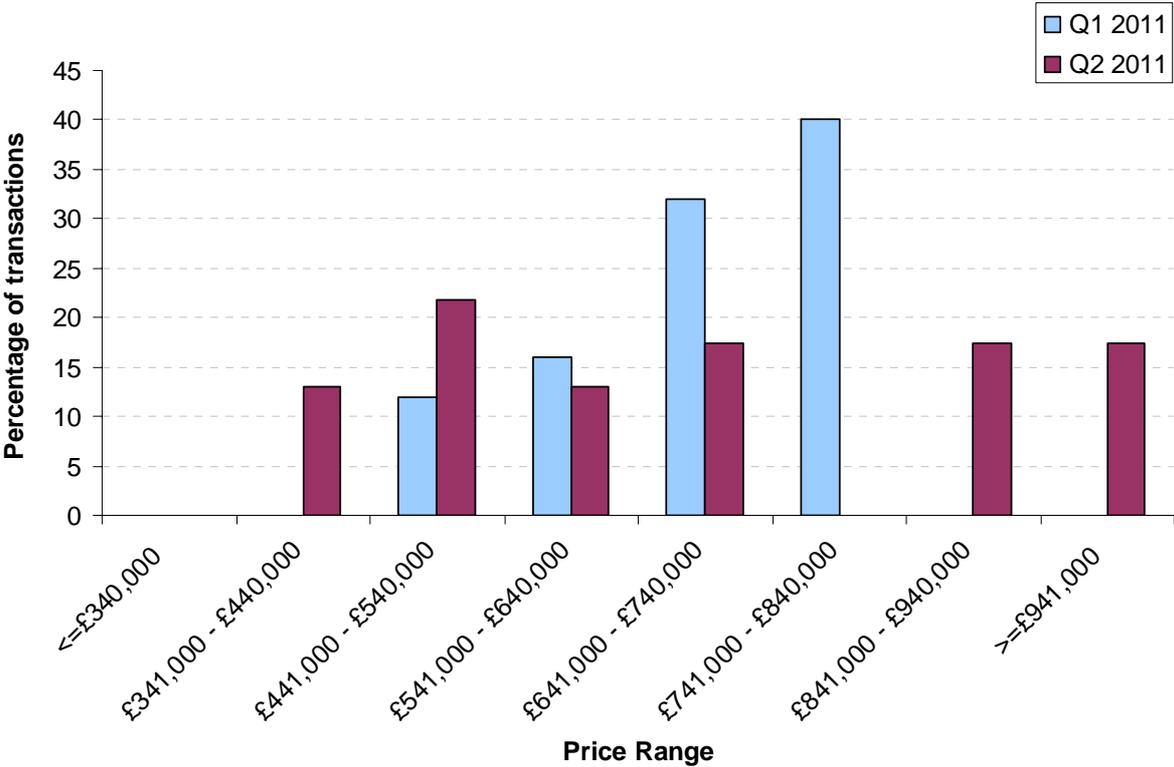


Figure B5 - 4-bed houses



Appendix C

Price distributions – comparison with previous year: Q2 2011 and 2010

Figure C1 - 1-bed flats

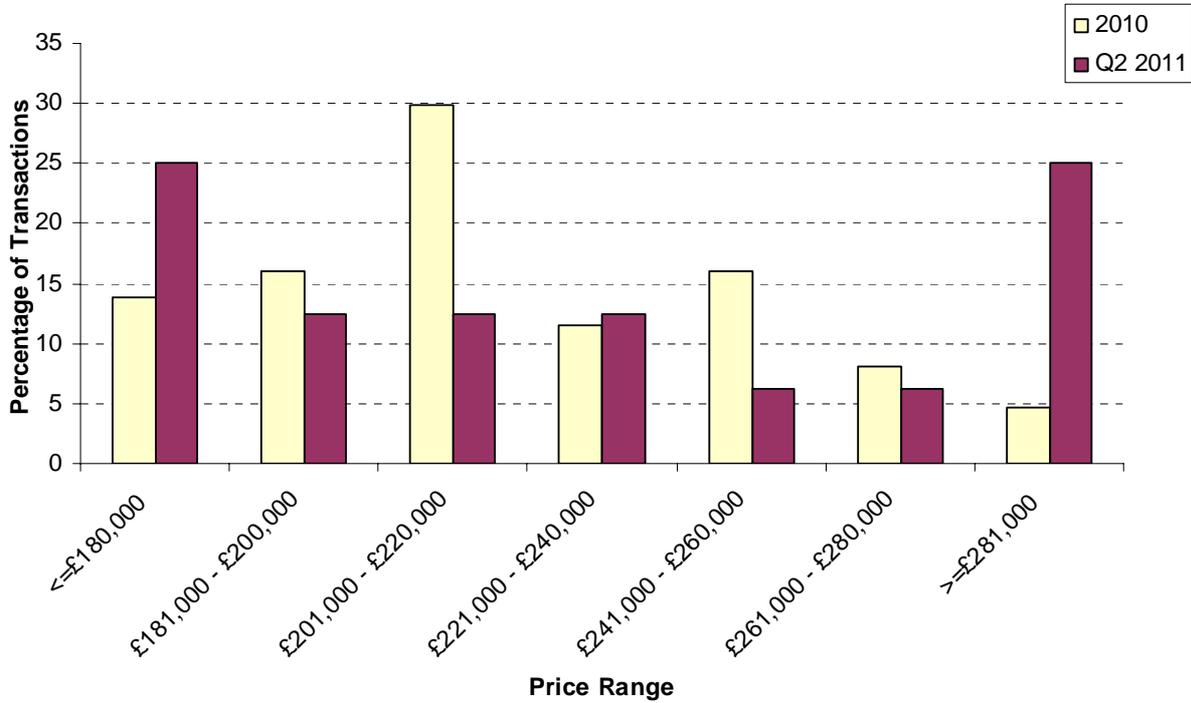


Figure C2 - 2-bed flats

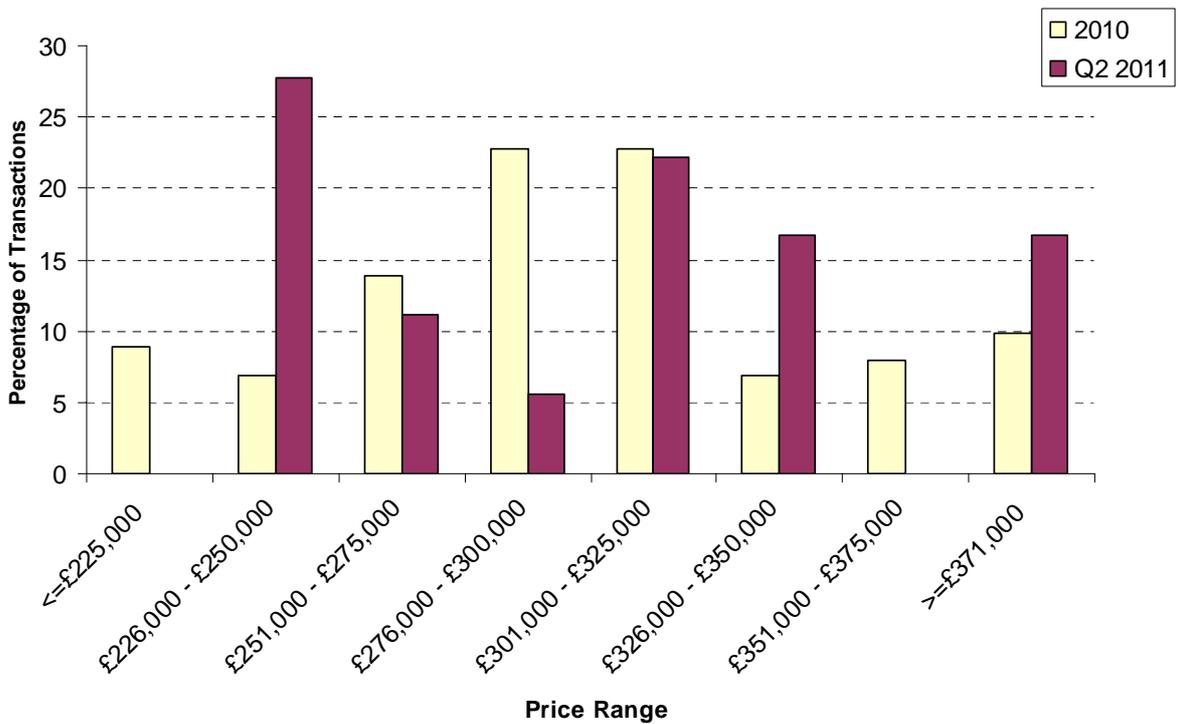


Figure C2 - 2-bed houses

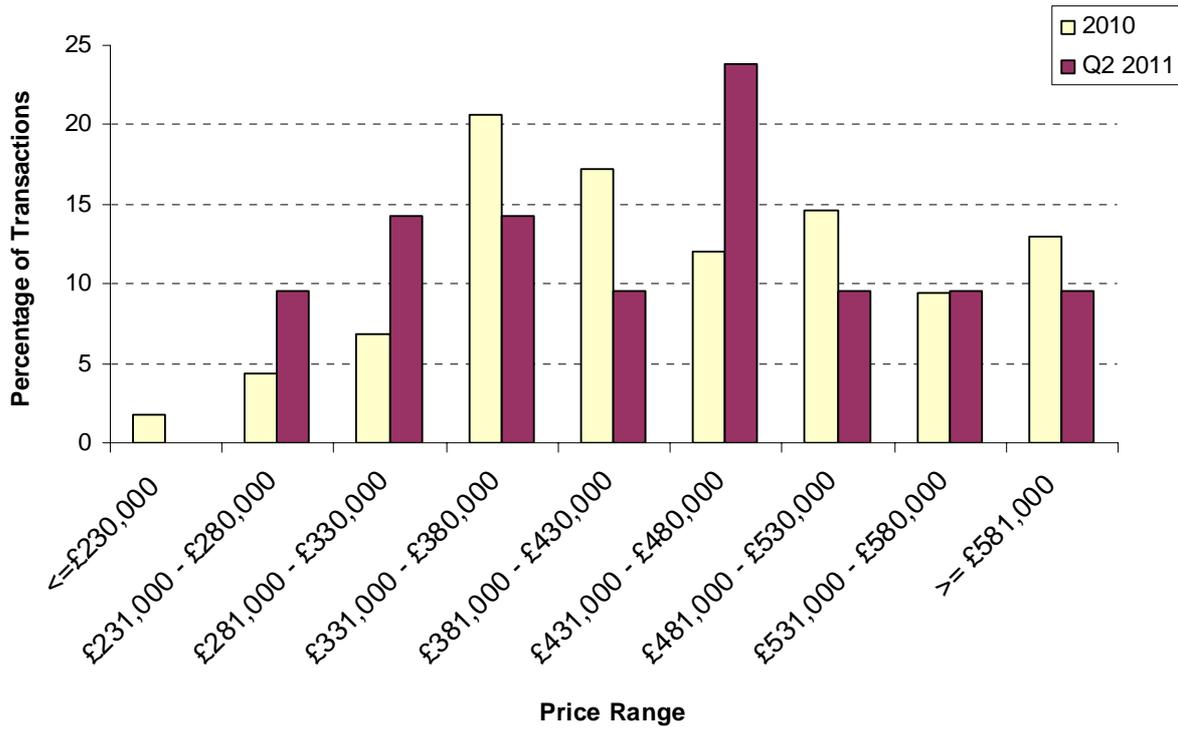


Figure C3 - 3-bed houses

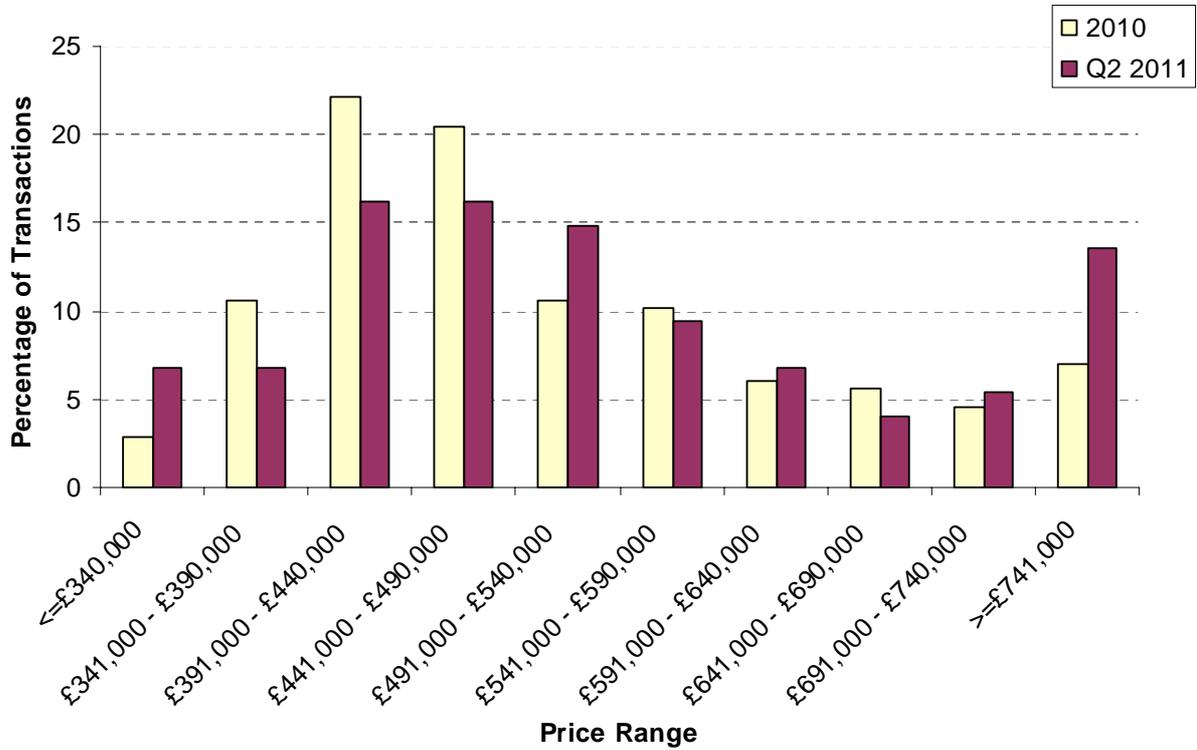


Figure C5 - 4-bed houses

