

Jersey House Price Index

Third Quarter 2011

Statistics Unit: www.gov.je/statistics



Summary

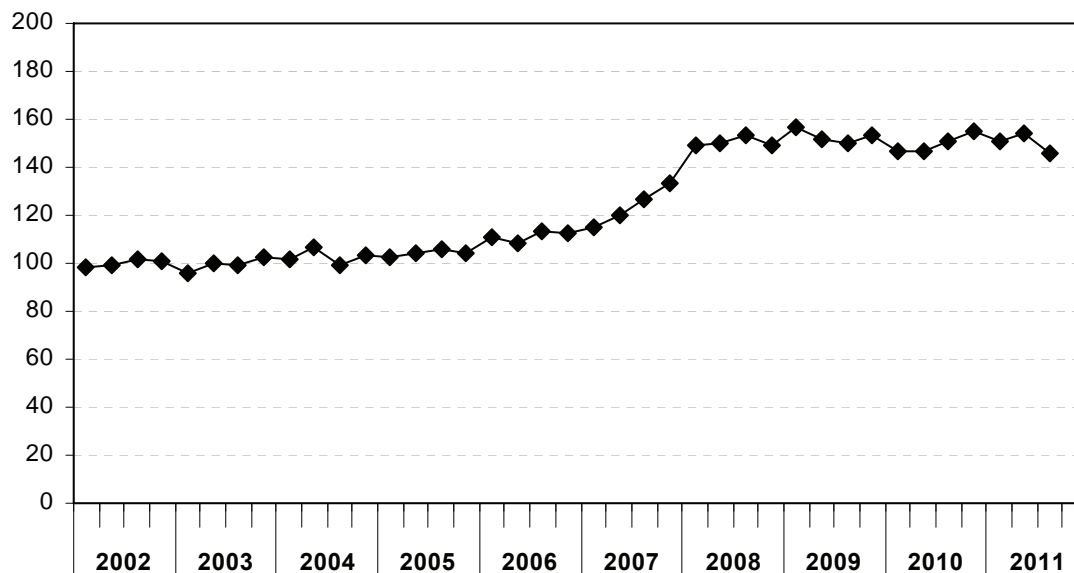
- The mix-adjusted average price of dwellings sold in the third quarter of 2011 was **4% lower than that recorded during the previous twelve-month period** and was also down by a similar amount compared with the corresponding quarter of 2010;
- on a quarterly basis, the average price of dwellings sold in Q3 2011 was 5% lower than that for Q2 2011;
- the latest annual and quarterly decreases in mix-adjusted average price were driven by the 2- and 4-bedroom houses which sold in Q3 2011 and an increased proportion of lower priced 1-bedroom flats;

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 and Table 1 show the Jersey House Price Index since 2002.

Figure 1 – Jersey House Price Index

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



The mix-adjusted average price of dwellings sold in the latest quarter (Q3 2011) was 4% lower than that recorded during the previous twelve-month period (over the four quarters from Q3 2010 to Q2 2011) and was, similarly, 4% lower than in the corresponding quarter of 2010.

On a quarterly basis, the mix-adjusted average price of dwellings was 5% lower than that recorded in the previous quarter, Q2 2011.

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

The mix-adjusted average price of dwellings which sold in Jersey in Q3 2011 was £413,000.

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
	Q3	146.2

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

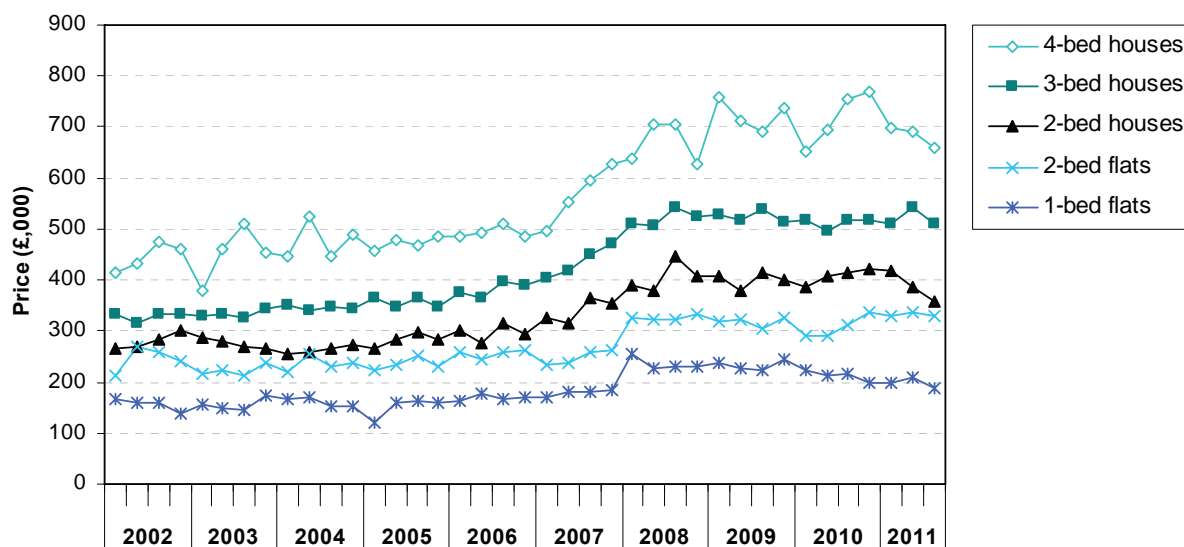


Table 2 - Mean prices (£,000) for individual property types².

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
Q3	189	329	358	510	658

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 had remained essentially stable throughout 2008 and 2009, at just over £230,000. The mean price has since declined, largely due to a greater proportion of lower-priced share transfer properties being sold during both 2010 and 2011.

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.

The mean price of 1-bedroom flats sold in Q3 2011 (£189,000) was some 12% lower (corresponding to £25,000) than that recorded in calendar year 2010.

This reduction in mean price was driven particularly by a relatively large proportion of properties selling for less than £160,000 in Q3 2011; such properties accounted for about two-fifths of all dwellings sold in this category in the latest quarter (see appendices B and C)³.

2-bedroom flats:

The mean price of 2-bedroom flats had also remained relatively stable throughout 2008 and 2009, at around £320,000. Following a slight dip, the mean price of 2-bedroom flats increased in the final quarter of 2010 and has since remained at around £330,000.

2-bedroom houses:

After a period of stability in 2008 and 2009, when the mean price of 2-bedroom houses sold in each year was £400,000, marginal increases in mean price were recorded throughout 2010.

In contrast, the mean price of 2-bedroom houses sold during 2011 has declined for three consecutive quarters. The mean price recorded in Q3 2011 (£358,000) was about £30,000 lower than in the previous quarter and about £50,000 lower than the average for calendar year 2010.

As can be seen from Figure 2 and Table 2, the difference in the mean prices of 2-bedroom houses and 2-bedroom flats has narrowed during 2011. The difference in the mean prices of these two property types was about £30,000 in the latest quarter (the mean price for such houses being greater than that for flats); twelve months previously, in Q2 2010, the difference in mean prices was about £100,000.

3-bedroom houses:

Following a period of ongoing increases from 2006 to early 2008, the mean price of 3-bedroom houses has been relatively stable during the subsequent three-year period.

After a rise in mean price was recorded in the second quarter of 2011 (up 6% on the previous quarter), and attributed to a greater proportion of higher priced properties being sold, the average price of 3-bedroom houses sold in Q3 2011 (£510,000) returned to a level similar to that recorded in the first quarter of 2011 and also to that for calendar year 2010.

4-bedroom houses:

This category of property has seen some volatility in mean price since the beginning of 2008. Nevertheless, it is apparent from Figure 2 and Table 2 that the mean price of 4-bedroom houses has declined during 2011.

The mean price of such properties sold in Q3 2011 (£658,000) was 5% lower (corresponding to almost £40,000) than the average price recorded during the first six months of 2011 and was 8% lower (almost £60,000) than the average for calendar year 2010.

³ The distributions of prices for each category of property are shown in Appendices B and C; the price distributions for the latest quarter, Q3 2011, are compared with the previous quarter (Appendix B) and with the previous calendar year (Appendix C).

Turnover

Table 3 shows that 246 eligible properties (see Notes) were reported as being sold in Q3 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
Q3	48	58	23	75	42	246	6

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, Table 3 shows that the number of properties sold in Q3 2011 was slightly higher (up by 7%) than the quarterly average for the previous twelve months.

Share transfer properties accounted for almost three quarters (72%) of eligible sales of flats in Q3 2011; a larger proportion than that observed in the first and second quarters of the year (63% and 66%, respectively) and a considerably greater proportion than recorded for calendar year 2010 (45%).

Comparison with Guernsey and the UK

Guernsey

The constant mix average price of dwellings sold in Guernsey⁴ in the third quarter of 2011 was essentially the same as in the previous quarter (Q2 2011) at around £427,000 but was almost 5% higher than in the same quarter of 2010.

United Kingdom

The mix-adjusted average prices of dwellings sold since Q3 2011 in the UK (overall and by region)⁵ are shown in Table 5.

The mix-adjusted average price in the UK the latest quarter, Q3 2011, was £208,000 and was up almost 2% on the previous quarter (Q2 2011) but was 1% lower than in the corresponding quarter of 2010.

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 September 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.

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

	Mix-adjusted average price £,000	
	Q2 2011	Q3 2011
Jersey	437	413
Guernsey	427	427
UK	204	208
England	212	216
Wales	144	149
Scotland	160	163
Northern Ireland	141	142
Greater London	339	347
South East (excl. London)	260	267
East	225	228
South West	208	212
West Midlands	163	164
East Midlands	155	159
North West	146	148
Yorkshire & Humber	147	148
North East	133	133

Prices are rounded to the nearest £1,000.

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. 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
17th November 2011

Appendix A: Jersey Private Sector Rental Index

The Jersey Private Sector Rental Index was first published in the third quarter of 2007 (see Note 7). It is important to note that this index is derived from the mean 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 the overall mix-adjusted index, separate indices are 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
Q3	140.2	144.4	141.6

Overall, the Jersey Private Sector Rental Index recorded a marginal decrease in the latest quarter, down by 1% compared with the previous quarter and by a similar amount compared with the first six months of 2011. The Index for Q3 2011 was almost 3% 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.

Price distributions – comparison with previous quarter: Q3 2011 and Q2 2011

Figure B1 - 1-bedroom flats

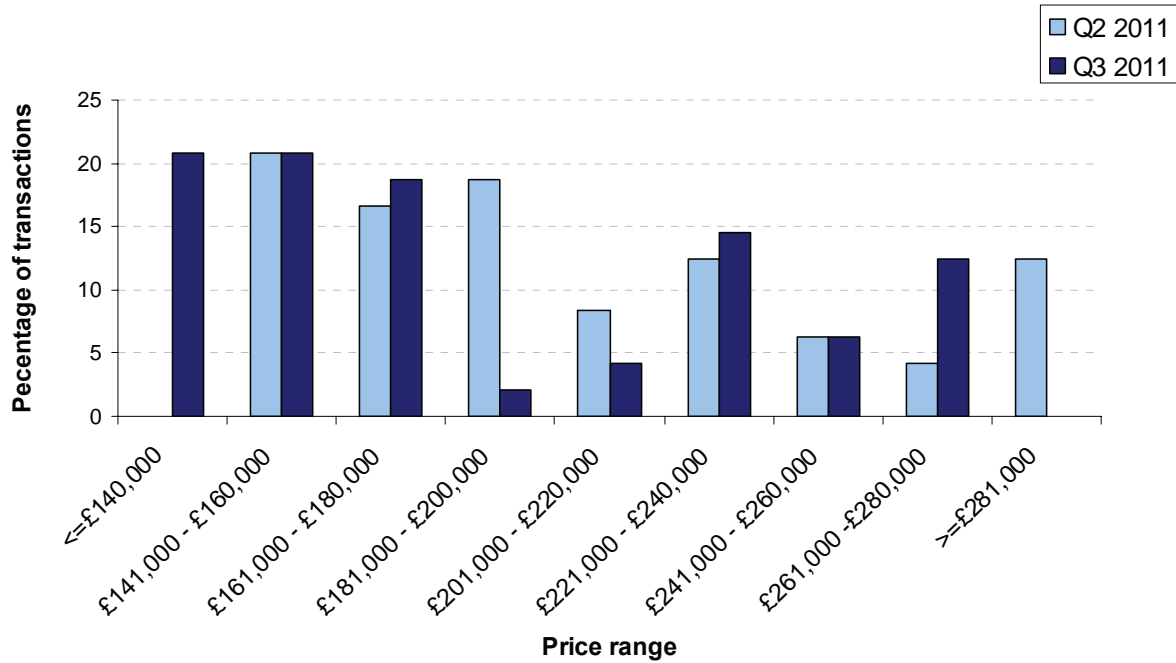


Figure B2 – 2-bedroom flats

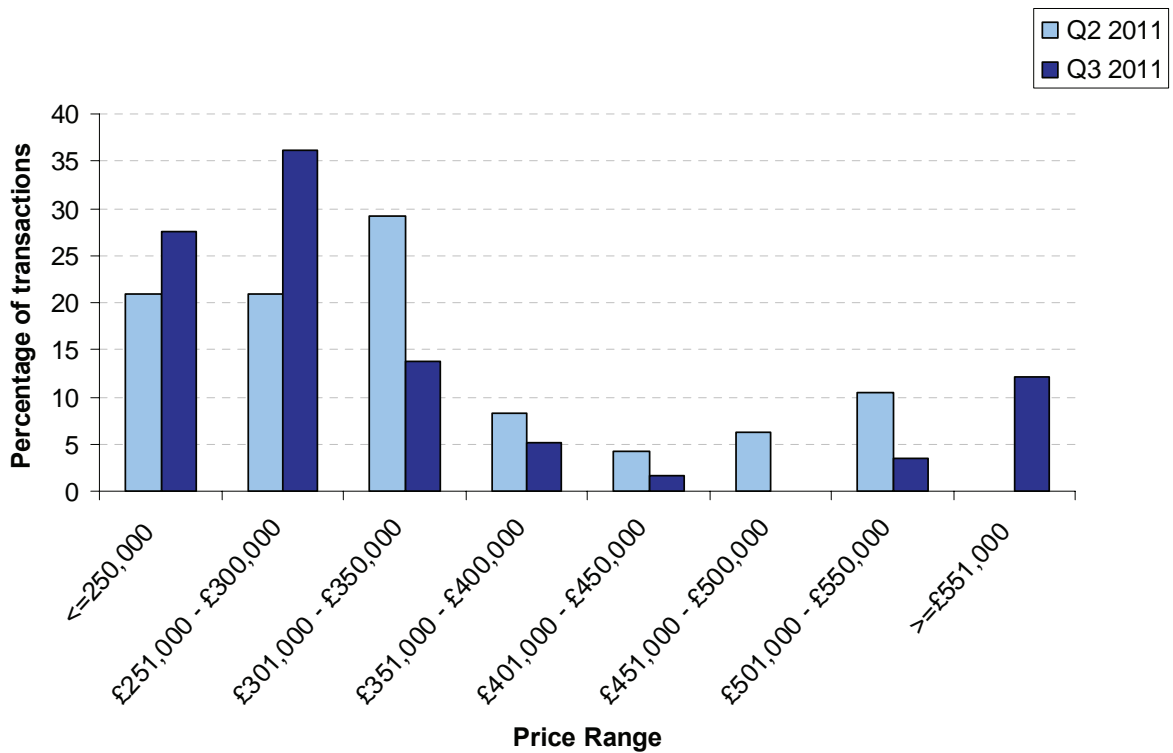


Figure B3 - 2-bedroom houses

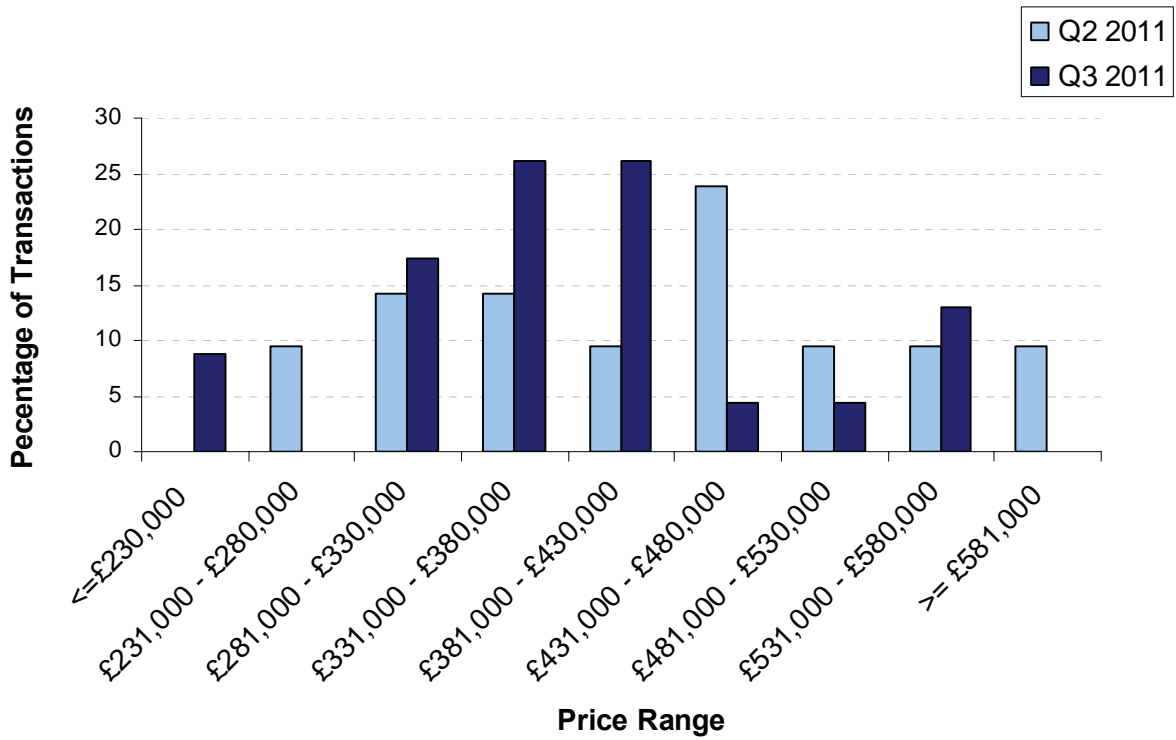


Figure B4 - 3-bedroom houses

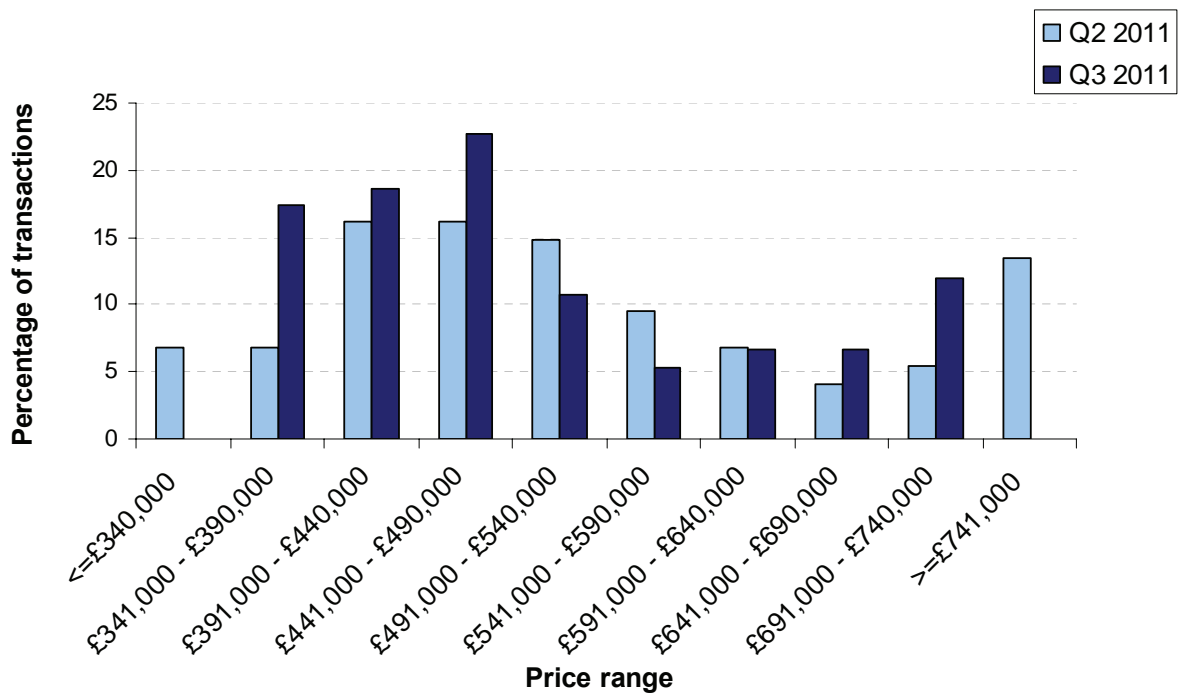
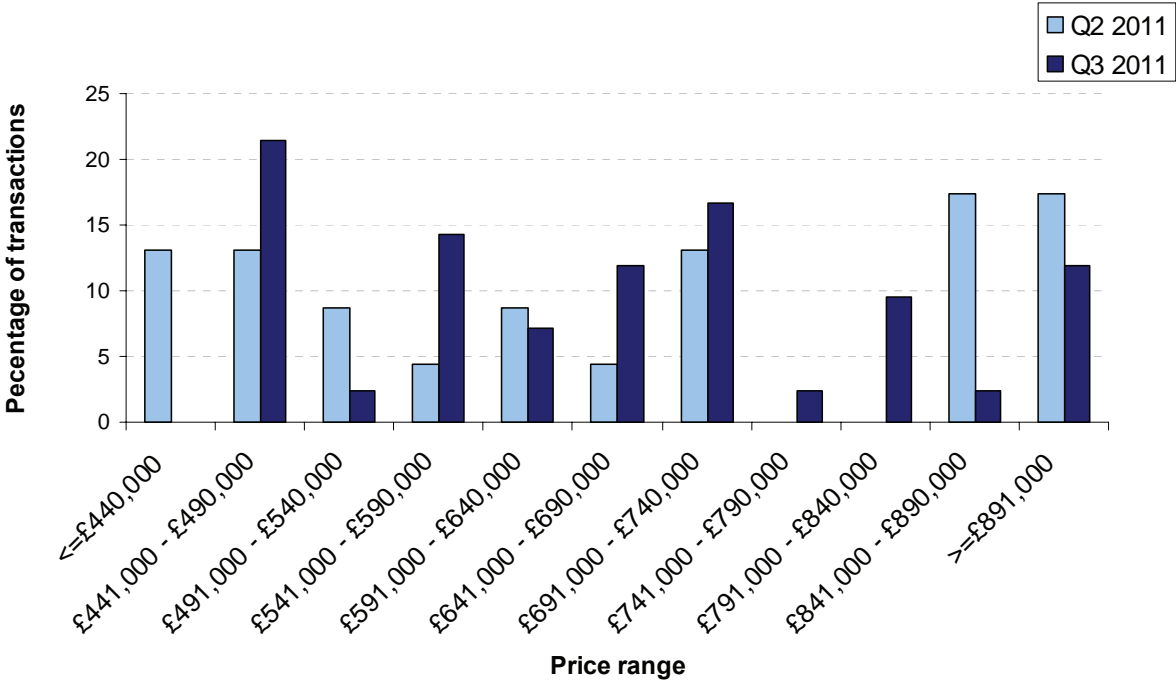


Figure B5 - 4-bedroom houses



Price distributions – comparison with previous year: Q3 2011 and 2010

Figure C1 - 1-bedroom flats

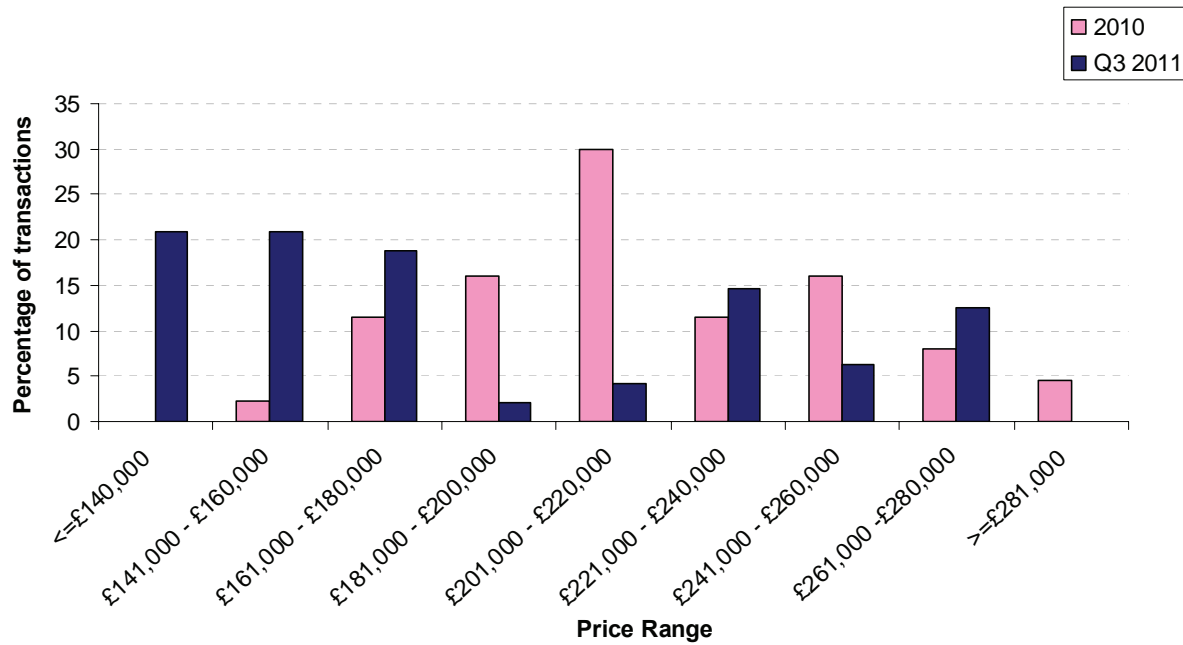


Figure C2 - 2-bedroom flats

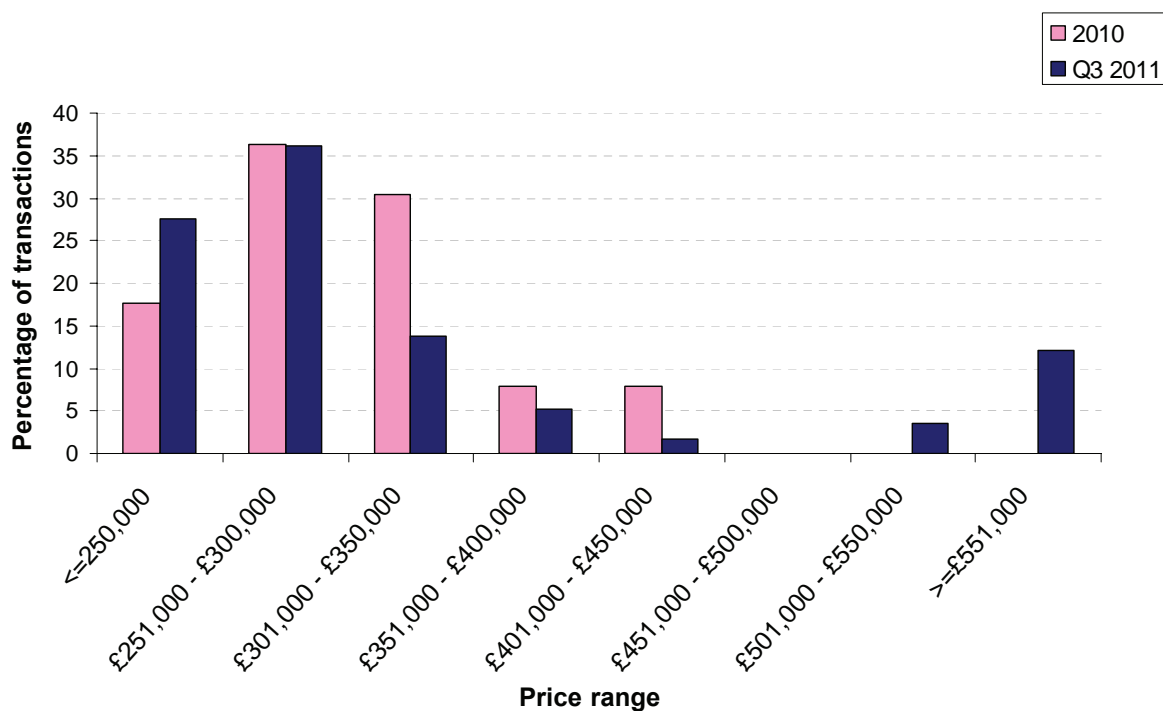


Figure C2 - 2-bedroom houses

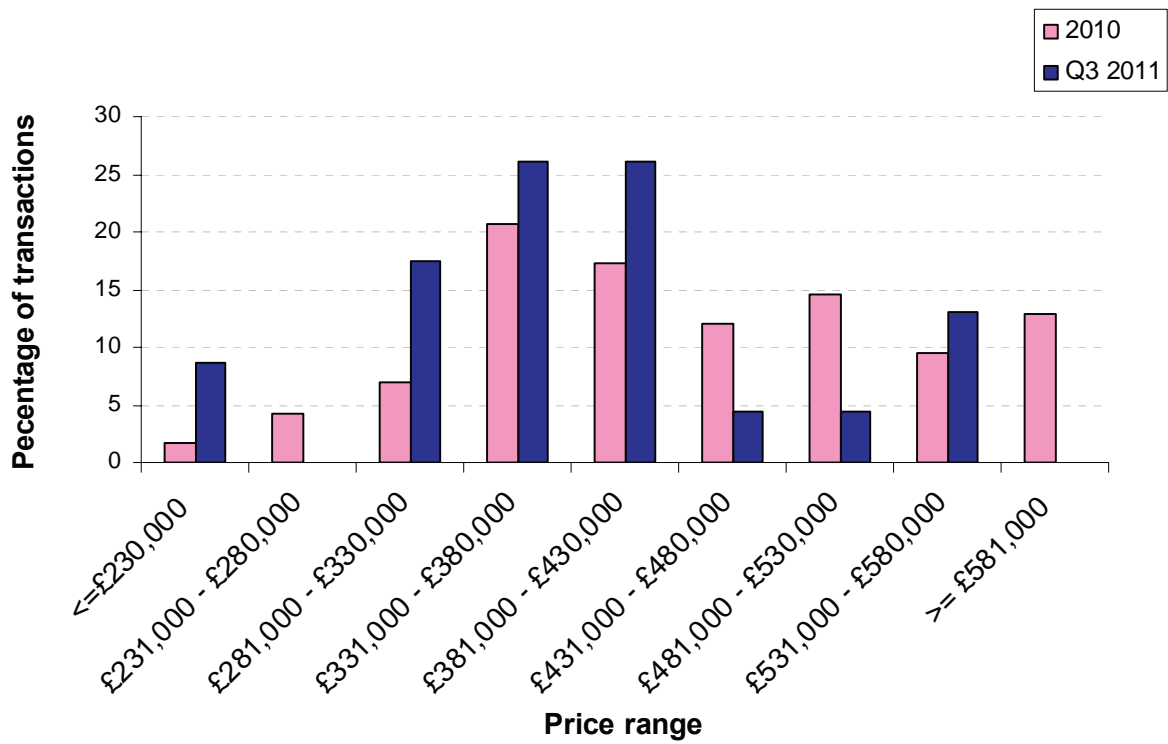


Figure C3 - 3-bedroom houses

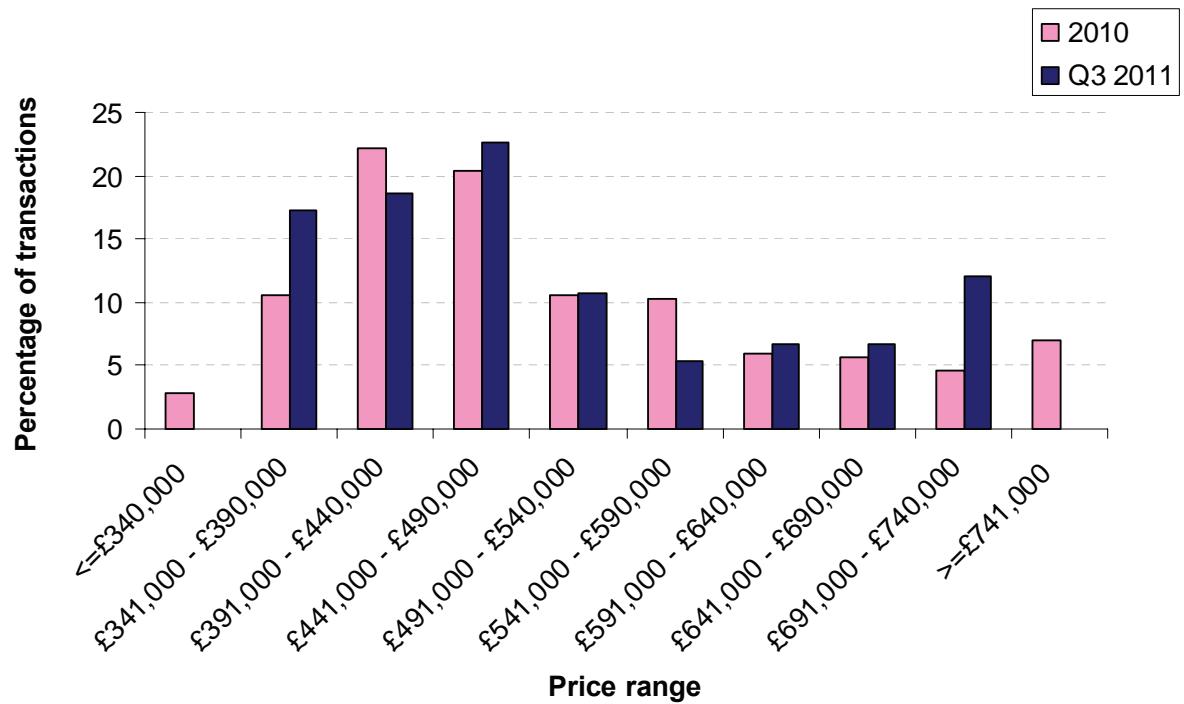


Figure C5 - 4-bedroom houses

