

# Jersey House Price Index

## Second Quarter 2012

Statistics Unit: [www.gov.je/statistics](http://www.gov.je/statistics)

### Summary

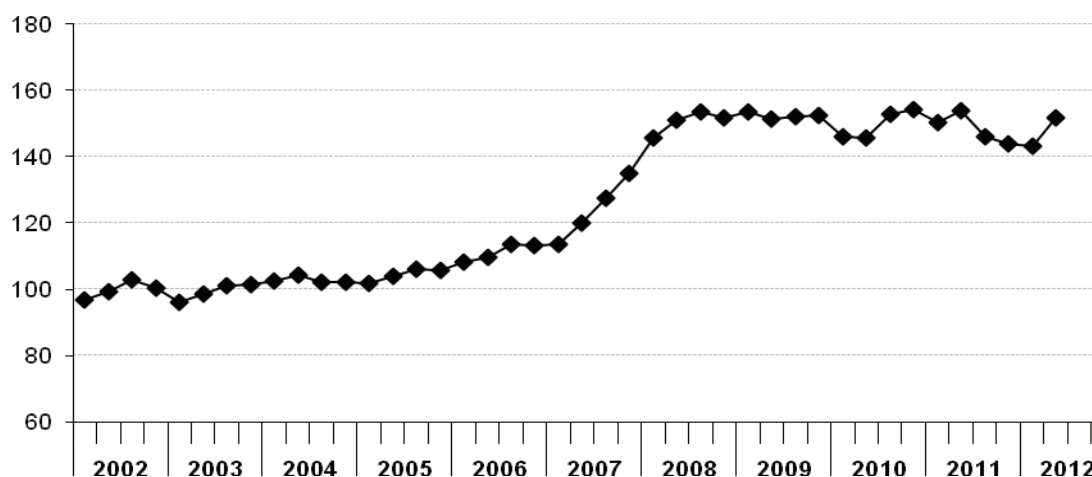
- **The mix-adjusted average price of dwellings sold in Jersey in Q2 2012 was:**
  - similar to that recorded a year earlier, in Q2 2011;
  - 6% higher than in the previous quarter;
  - essentially the same as the average recorded over the longer-term period from 2008 to mid-2011.
- The latest quarterly increase in mix-adjusted average price resulted from an increase in the mean prices of 1-bedroom flats and 4-bedroom houses (up by 7% and 9%, respectively, compared with Q1 2012) and particularly of the 2-bedroom flats which sold in the quarter (up by 18%).
- The **turnover** of properties sold in Q2 2012 was down by 9% compared with the first quarter of 2012 but was almost a third (30%) higher than a year earlier (Q2 2011).

### 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)<sup>1</sup>. Figure 1 and Table 1 show the index since over the last decade.

**Figure 1 – Jersey House Price Index**

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



As can be seen from Figure 1 and Table 1, the mix-adjusted average price of dwellings sold in Jersey in Q2 2012 was 6% higher than in the previous quarter and returned to essentially the same level as in the first half of 2011.

After more than a three-year period of relative stability from early 2008 to mid-2011, the Jersey mix-adjusted house price index then declined for three consecutive quarters. Following this dip, the latest quarter (Q2 2012) has seen the index return to the longer-term level observed previously, to within 0.5% of the average recorded over 2008 to mid-2011.

<sup>1</sup> A full description of the index and methodology is given in the Notes.

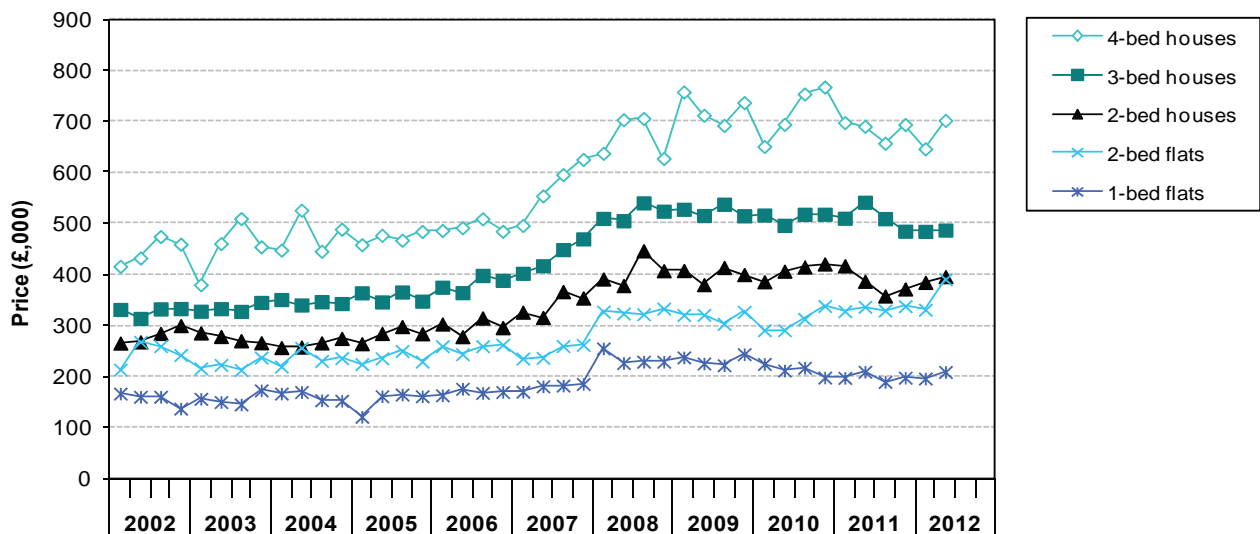
**Table 1 – Jersey House Price Index (including share transfer properties and s.a.)**

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

## 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
<b>2010</b>	Q1	225	291	386	517	651
	Q2	212	291	406	496	695
	Q3	217	313	415	518	754
	Q4	198	338	420	518	768
<b>Annual average</b>		<b>214</b>	<b>308</b>	<b>409</b>	<b>512</b>	<b>715</b>
<b>2011</b>	Q1	197	328	417	510	698
	Q2	209	336	387	542	691
	Q3	189	329	358	510	658
	Q4	198	338	372	485	694
<b>Annual average</b>		<b>198</b>	<b>333</b>	<b>383</b>	<b>511</b>	<b>680</b>
<b>2012</b>	Q1	196	331	384	485	647
	Q2	209	391	396	487	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:

After a period of relative stability throughout 2008 and 2009 a reduction in the mean price of 1-bedroom flats was observed over the next two years (2010 and 2011) which was largely attributable to the sale of an increased number of lower priced share transfer properties.

In Q2 2012, the average price was 7% higher than in the previous quarter but was essentially the same as in the corresponding quarter of 2011. The mean price of 1-bedroom flats recorded in the latest quarter (£209,000) was similar to the average recorded for 2010 (about 2% lower), but some 10% lower than that observed in 2008 and 2009.

### 2-bedroom flats:

The mean price of 2-bedroom flats had been flat throughout 2008 and 2009 at around £320,000. After marginal price increases towards the end of 2010 the average price rose to around £330,000, where it remained stable for more than a year.

In Q2 2012 the mean price of this property type was some 18% higher than in the previous quarter and 17% higher than the average recorded for 2011, driven largely by a number of share transfer properties sold in higher priced developments in the latest quarter.

The latest quarterly increase resulted in the mean price of 2-bedroom flats and 2-bedroom houses almost converging (a difference of only £5,000). The mean price of 2-bedroom flats in Q2 2012 (£391,000) was the highest recorded in the compilation of this index.

### 2-bedroom houses:

The mean price of 2-bedroom houses had been essentially stable 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 fell over three consecutive quarters, taking the 2011 annual average to £383,000.

In the second quarter of 2012, this property type observed a marginal increase in mean price for the third consecutive quarter, taking the average price of 2-bedroom houses to £396,000, a level similar to the annual averages recorded in 2008 and 2009.

### 3-bedroom houses:

Following a period of strong growth in 2006 to early 2008, the mean price of 3-bedroom houses saw relative stability during the subsequent three-year period. At the end of 2011 the average price of 3-bedroom houses fell slightly to £485,000 and has since remained at a similar level.

The mean price recorded in Q2 2012 (£487,000) was similar to the previous quarter but was some 5% lower than the annual averages recorded for 2010 and 2011.

### 4-bedroom houses:

Although there has been some volatility in the mean price of 4-bedroom houses since the beginning of 2008, for the most part, the average price of this property type has fluctuated around £700,000.

As can be seen in Figure 2 and Table 2 the mean price of 4-bedroom houses recorded in Q2 2012 (£702,000) was 9% higher than in the previous quarter but at a level similar to the average over the preceding four years.

## Turnover

Table 3 shows that 272 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q2 2012.

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 Q2 2012 was around 9% lower than in the first quarter of 2012 but nearly a third (30%) higher than in the same period of 2011.

In Q2 2012 share transfer properties accounted for three-quarters (75%) of all eligible sales of flats, a similar proportion to that seen in 2011, but slightly less than in Q1 2012 (80%).

**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		
<b>2011</b> Q2	44	48	21	74	23	210	7
Q3	48	58	23	75	42	246	6
Q4	61	58	27	79	16	241	7
<b>2012</b> Q1	94	59	27	84	35	299	6
Q2	61	48	36	85	42	272	6

## Comparison with Guernsey and the UK

### Guernsey

The constant mix average price of dwellings sold in Guernsey<sup>2</sup> in Q2 2012 (£440,000) was unchanged on the previous quarter, Q1 2012, and was up by 3% compared with the corresponding quarter a year earlier, Q2 2011.

### United Kingdom

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)<sup>3</sup> in the latest quarter are shown in Table 4.

In Q2 2012, the mix-adjusted average price of dwellings sold in the UK (£229,000) was almost 1% higher than in the previous quarter, Q1 2012, and 2% higher than in the corresponding quarter a year earlier, Q2 2011.

<sup>2</sup> 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.

<sup>3</sup> Figures for the UK are derived from: House Price Index, June 2012; published by the UK Office for National Statistics on 14 August 2012.

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

	<b>Q2 2012</b>
<b>Jersey</b>	<b>398</b>
<b>Guernsey</b>	<b>440</b>
<b>UK</b>	<b>229</b>
<b>England</b>	<b>238</b>
<b>Wales</b>	<b>153</b>
<b>Scotland</b>	<b>178</b>
<b>Northern Ireland</b>	<b>131</b>
Greater London	390
South East (excl. London)	288
East	246
South West	223
West Midlands	176
East Midlands	167
North West	158
Yorkshire & Humber	160
North East	144

## 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 four-fifths 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 1<sup>st</sup> 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 are 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**  
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## **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)<sup>4</sup>. 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 around two-thirds of the overall index.

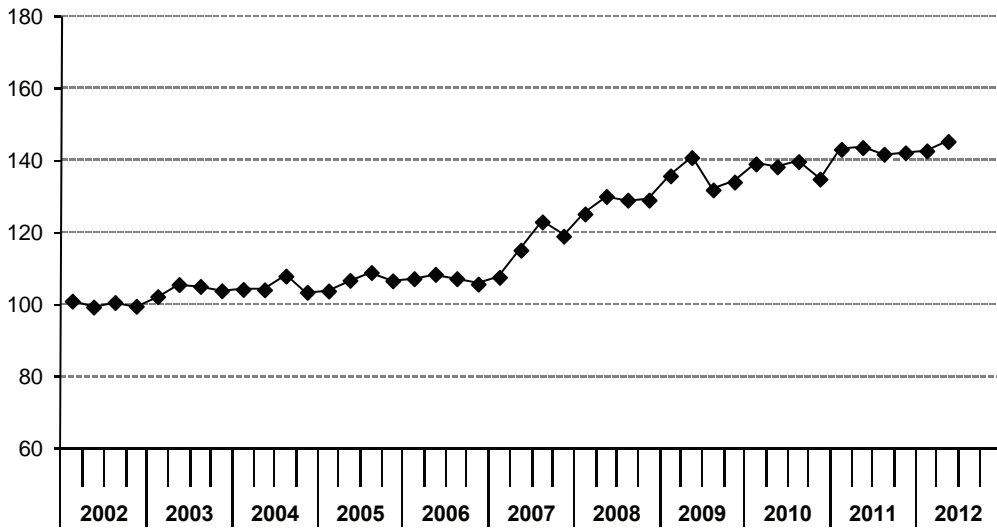
**Table A1: Jersey Private Sector Rental Index (Average 2002 = 100).**

Period		Flats	Houses	Private Sector Rental Index
<b>2006</b>	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
<b>2007</b>	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
<b>2008</b>	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
<b>2009</b>	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
<b>2010</b>	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
<b>2011</b>	Q1	144.6	140.9	143.0
	Q2	141.8	146.7	143.5
	Q3	140.2	144.4	141.6
	Q4	143.6	140.0	142.0
<b>2012</b>	Q1	145.2	138.8	142.6
	Q2	147.3	142.1	145.2

As can be seen from Table A1 and Figure A1, the Jersey private sector rental index had been essentially flat throughout 2011 and up to Q1 2012. In the latest quarter, Q2 2012, the private sector rental index was almost 2% higher than in the previous quarter and similarly almost 2% higher than the annual average for 2011.

<sup>4</sup> More detail on the methodology for constructing the Jersey Private Rental Index is given in the Notes.

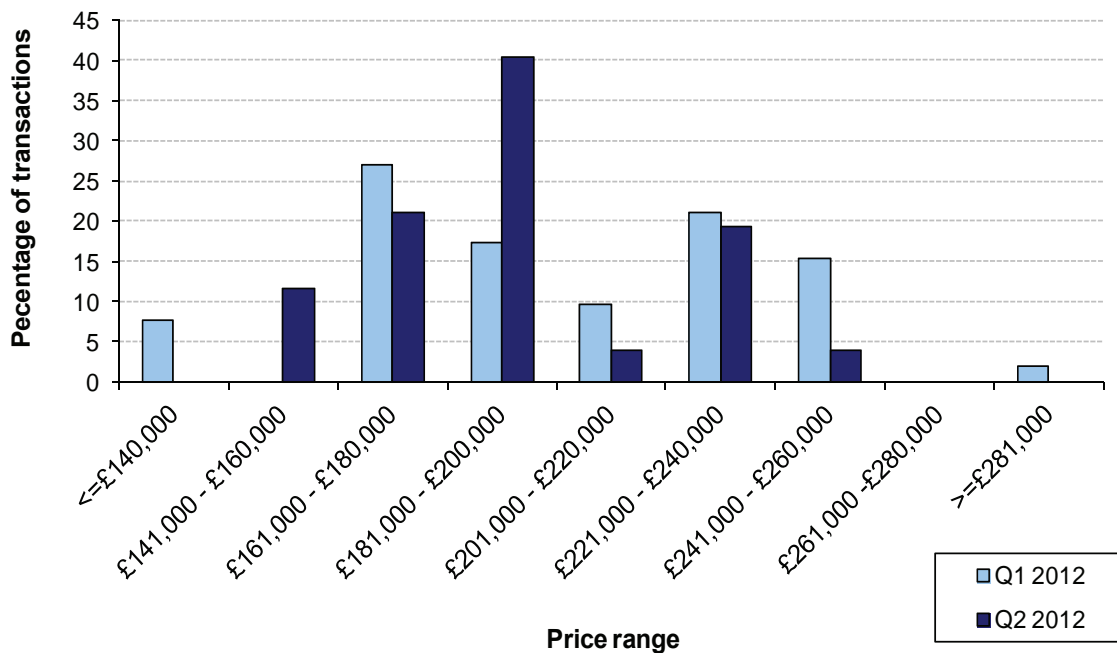
**Figure A1: Jersey Private Sector Rental Index (Average 2002 = 100).**



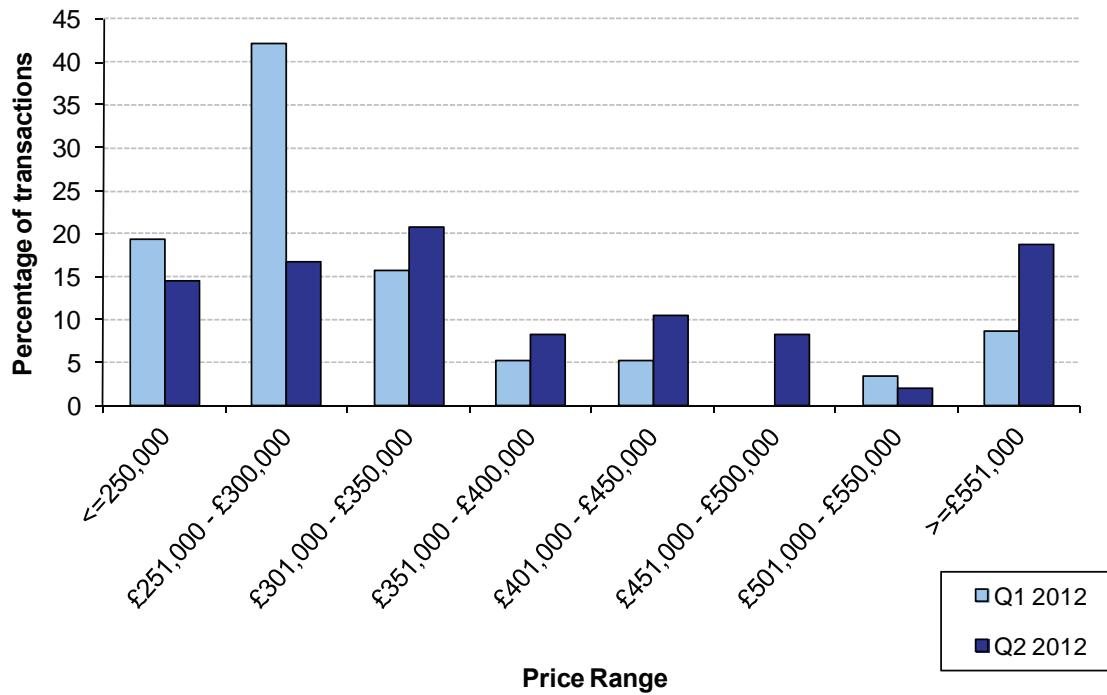
**Appendix B**

**Price distributions – comparison with previous quarter: Q2 2012 and Q1 2012**

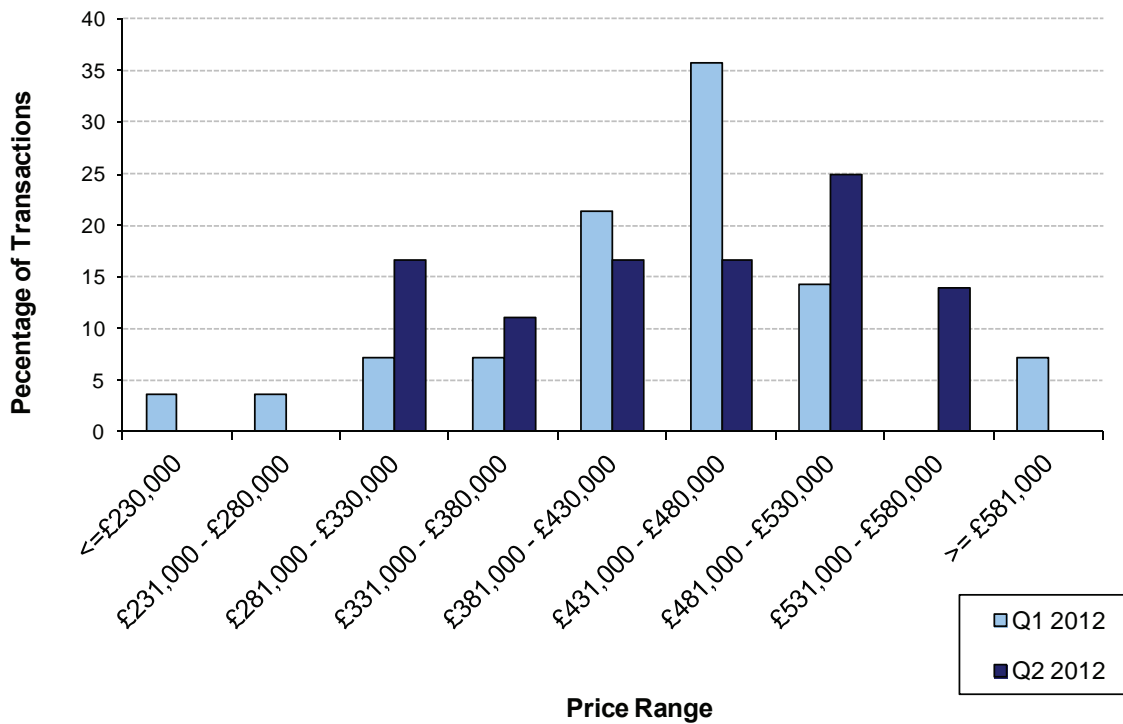
**Figure B1 - 1-bedroom flats**



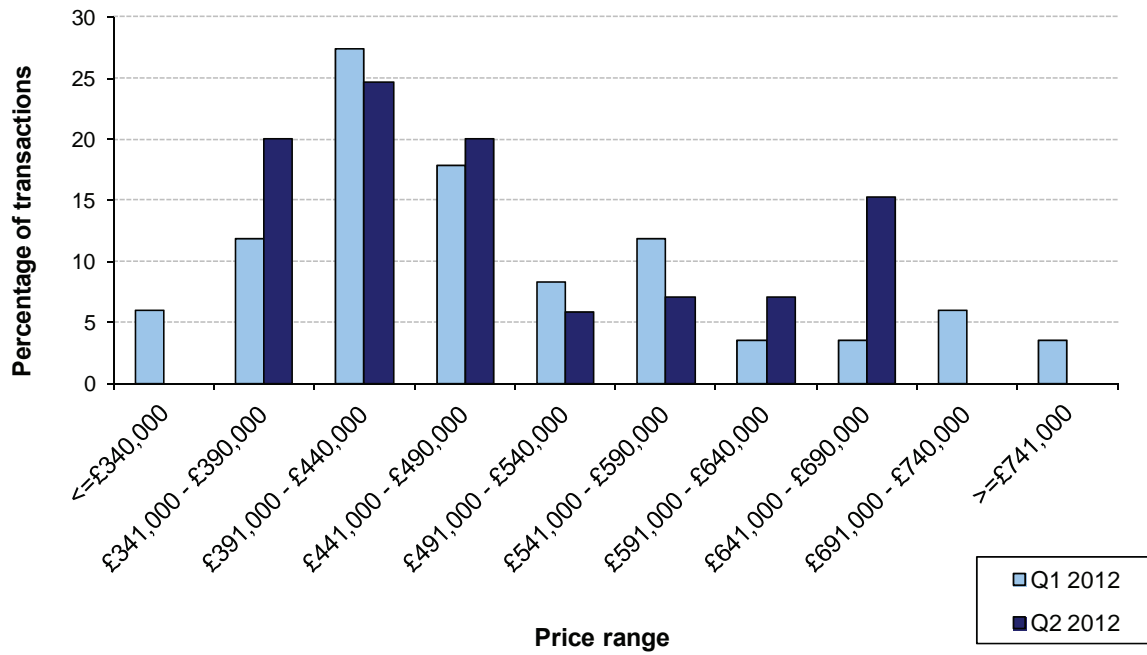
**Figure B2 - 2-bedroom flats**



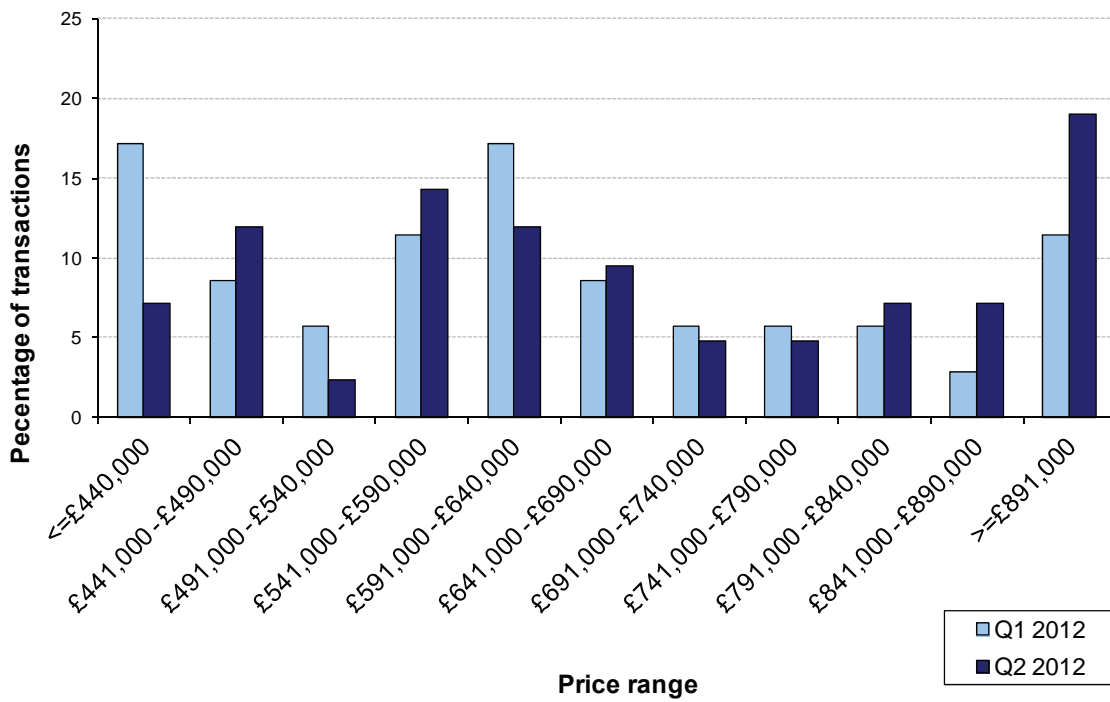
**Figure B3 - 2-bedroom houses**



**Figure B4 - 3-bedroom houses**



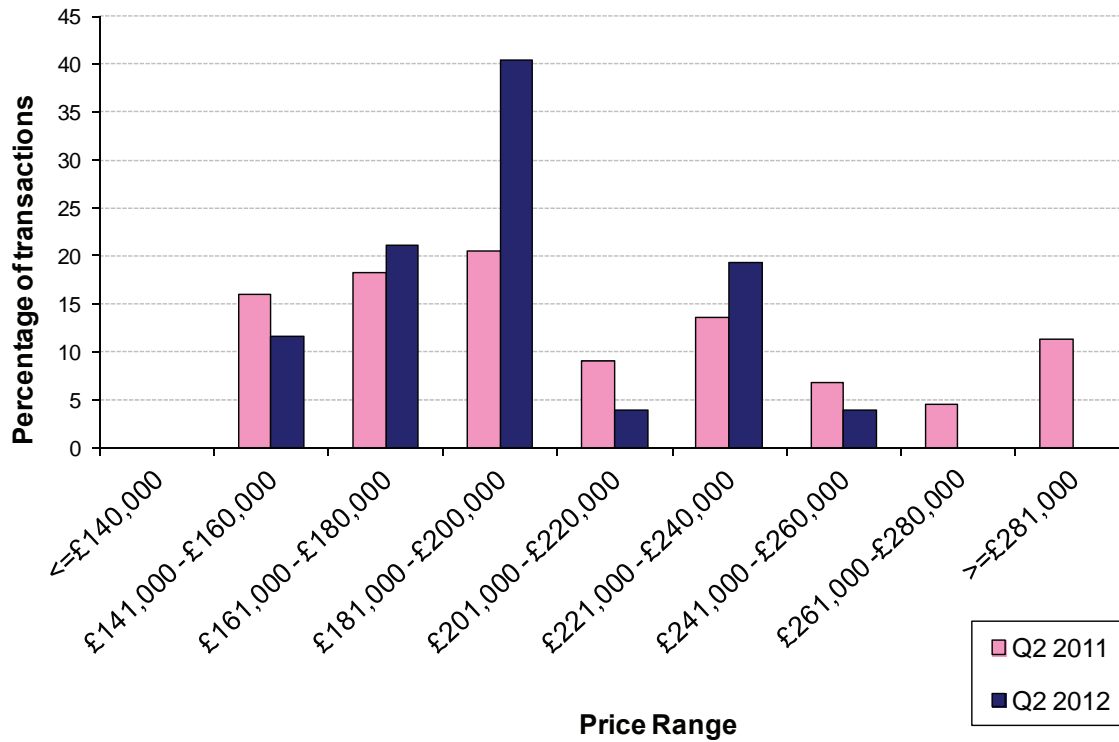
**Figure B5 - 4-bedroom houses**



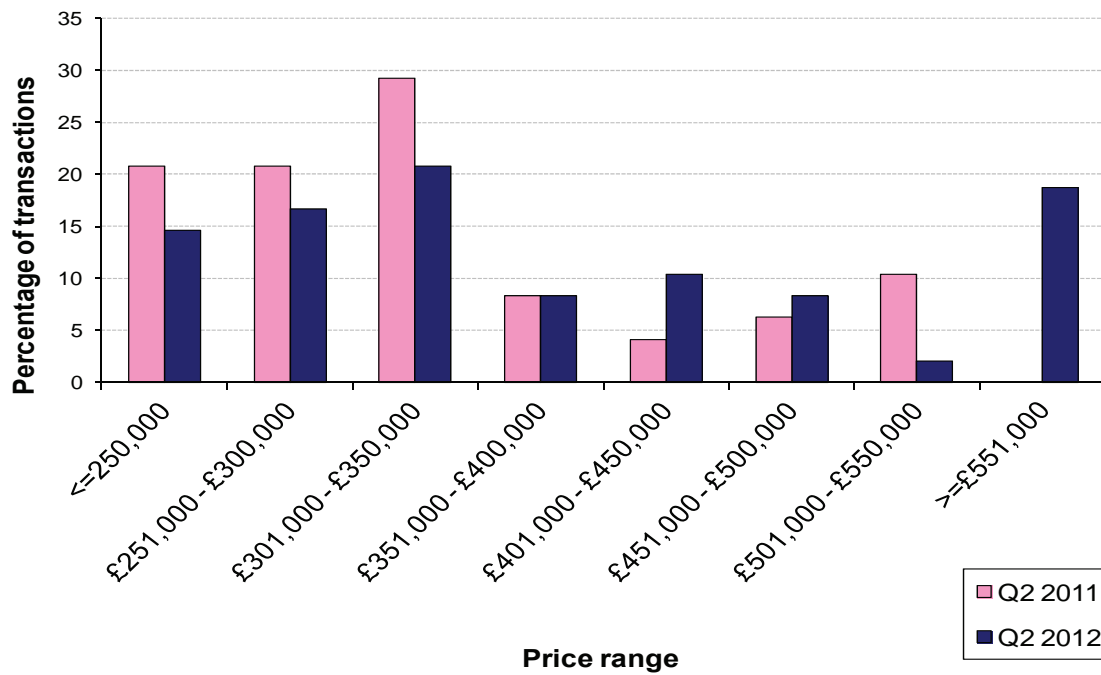
**Appendix C**

**Price distributions – comparison with corresponding quarter of previous year:  
Q2 2012 and Q2 2011**

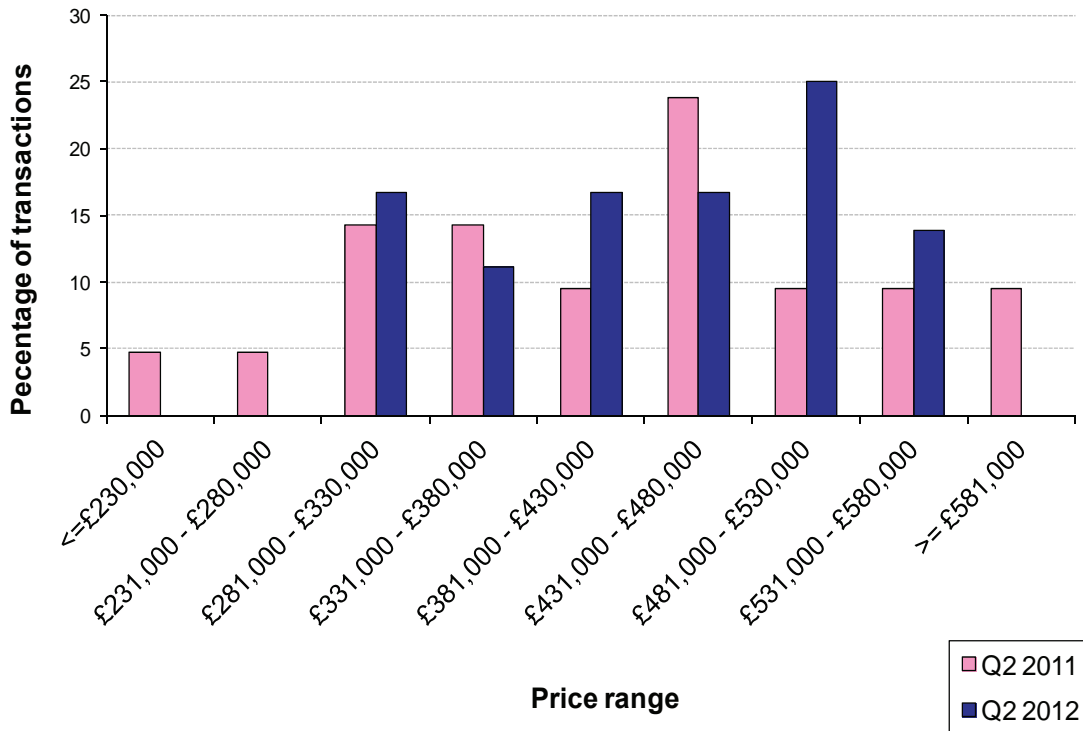
**Figure C1 - 1-bedroom flats**



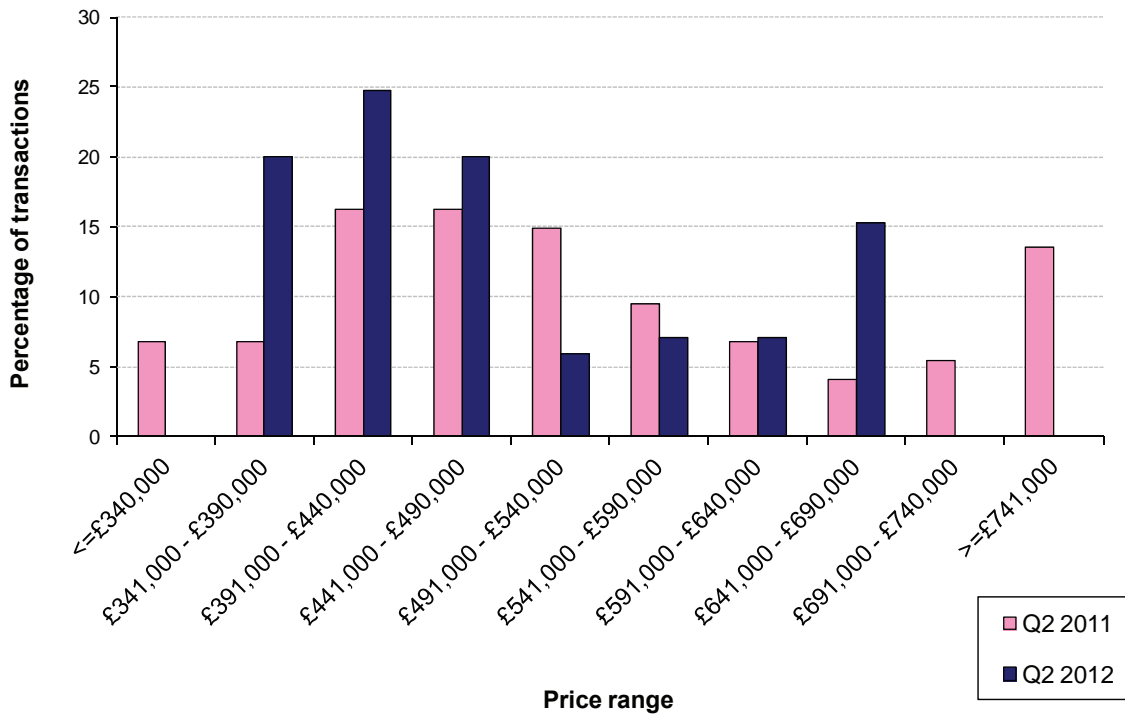
**Figure C2 - 2-bedroom flats**



**Figure C3 - 2-bedroom houses**



**Figure C4 - 3-bedroom houses**



**Figure C5 – 4-bedroom houses**

