

# Jersey House Price Index

## Third Quarter 2012

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



### Summary

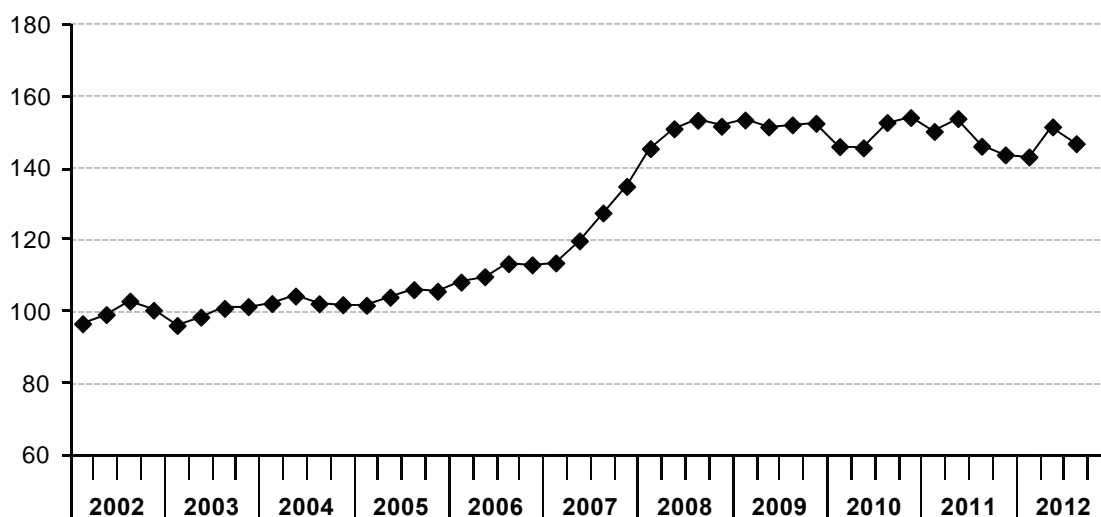
- In Q3 2012 the **Jersey House Price Index** returned to a level similar to that seen in 2011, having recorded an upward fluctuation in the second quarter of 2012.
- The **mix-adjusted average price** of dwellings sold in Jersey in Q3 2012 was:
  - about 1% below the annual average for calendar year 2011;
  - less than 1% higher than in the corresponding quarter of 2011.
- The **turnover** of properties sold in Q3 2012 was a sixth (17%) lower than in the previous quarter and 8% lower than in the corresponding quarter of 2011.
- **Share transfer** properties accounted for almost two-thirds of flat sales in Q3 2012, a lower proportion than seen in the first six months of the year.

### 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 during the last decade.

**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 Jersey saw strong growth from early 2007 to mid-2008. This was followed by a period of relative stability during which the Jersey House Price Index experienced a marginal downward trend of about 1% per annum.

Following an upward fluctuation recorded in the previous quarter (Q2 2012), the latest quarter (Q3 2012) has seen the Jersey house price index return to a level similar to that of a year ago: up by less than 1% compared with Q3 2011; and down by 1% compared with the annual average for calendar year 2011.

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

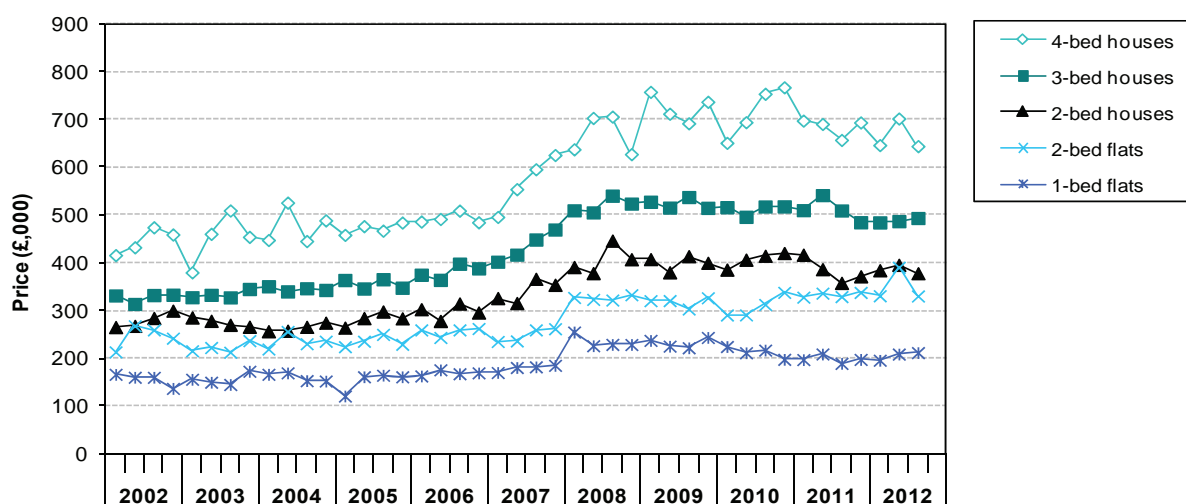
**Table 1 – Jersey House Price Index (including share transfer properties and s.a.)**

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
	Q3	146.9

## 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 the individual property types**



**Table 2 – Mean prices (£,000) for 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
	Q3	212	331	378	494	645

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 in 2008 and 2009, when the average price of 1-bedroom flats was around £230,000, a reduction in the mean price 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.

Since the beginning of 2012, the average price of 1-bedroom flats has increased slightly such that the mean price in the latest quarter (Q3 2012) was 8% higher than in the first quarter of the year (Q1 2012) and some 7% higher than the annual average for 2011. This latest increase in mean price was predominantly due to a reduction in the turnover of lower priced share transfer properties.

#### 2-bedroom flats:

Following a period of stability throughout 2008 and 2009, the average price of 2-bedroom flats increased marginally during the latter half of 2010, taking the mean price to around £330,000, a level at which it remained throughout 2011.

In the second quarter of 2012 an upward fluctuation was observed, driven by the sale of a number of properties in a particular development, taking the mean price to its highest value recorded to date.

The latest quarter (Q3 2012) has seen the mean price of 2-bedroom flats return to a level similar to that recorded in the first quarter of the year and to that seen throughout 2011.

#### 2-bedroom houses:

During 2008 and 2009, the mean price of 2-bedroom houses had been essentially stable at around £400,000, before increasing during late 2010 and early 2011 to around £420,000.

The average price of such properties has since declined slightly; the mean price recorded in the latest quarter being at a similar level to the annual average recorded for 2011, at around £380,000.

#### 3-bedroom houses:

Following a period of strong growth from 2006 to early 2008, the average price of 3-bedroom houses remained relatively stable during the subsequent three-year period from 2009 to mid-2011, at around £510,000.

At the end of 2011 the mean price of this property type decreased by about 5%, to around £490,000, and has since remained at this level.

#### 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.

The mean price of 4-bedroom houses recorded in the latest quarter (£645,000) was similar to that seen in the first quarter of the year, but below that of the previous quarter (Q2 2012) and that seen in 2011.

## Turnover

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 Q3 2012 was about a sixth (17%) lower than in the previous quarter (Q2 2012) and some 8% lower than a year earlier (Q3 2011).

**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
Q3	47	55	22	73	30	227	6

Share transfer properties accounted for almost two-thirds (66%) of all eligible sales of flats in the latest quarter (Q3 2012), a lower proportion than seen during the first half of 2012 (75% and 80% in Q1 and Q2 2012, respectively).

## Comparison with Guernsey and the UK

### Guernsey

The constant mix average price of dwellings sold in Guernsey<sup>2</sup> in Q3 2012 (£445,000) was around 1% higher than in the previous quarter, Q2 2012, and 4% higher than in the corresponding quarter of 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 Q3 2012, the mix-adjusted average price of dwellings sold in the UK (£233,000) was essentially the same as in the previous quarter and 2% higher than in the corresponding quarter of 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, September 2012; published by the UK Office for National Statistics on 13 November 2012.

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

	<b>Q3 2012</b>
<b>Jersey</b>	<b>403</b>
<b>Guernsey</b>	<b>445</b>
<b>UK</b>	<b>233</b>
<b>England</b>	<b>242</b>
<b>Wales</b>	<b>160</b>
<b>Scotland</b>	<b>183</b>
<b>Northern Ireland</b>	<b>130</b>
Greater London	397
South East (excl. London)	292
East	250
South West	224
West Midlands	180
East Midlands	171
North West	161
Yorkshire & Humber	163
North East	146

## 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**  
**15 November 2012**



**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 current 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 about two-thirds of the overall index.

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

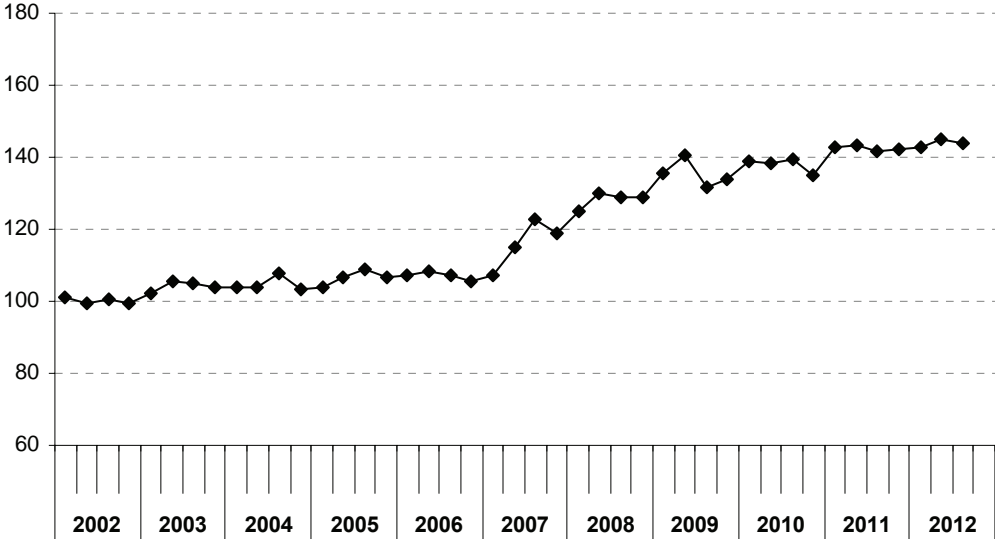
Period		Flats	Houses	Private Sector Rental Index
<b>2006</b>	Q1	106.4	108.6	107.1
	Q2	108.1	109.0	108.3
	Q3	109.0	104.4	107.1
	Q4	107.1	103.6	105.6
<b>2007</b>	Q1	108.7	105.9	107.5
	Q2	116.2	113.6	115.0
	Q3	120.0	127.9	122.9
	Q4	116.5	123.2	118.9
<b>2008</b>	Q1	121.3	131.5	125.1
	Q2	124.9	138.4	129.9
	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
	Q3	144.7	142.8	144.1

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

As can be seen from Table A1 and Figure A1, the Jersey private sector rental index had been essentially flat throughout 2011, with a variation of about 1% between the highest and lowest quarterly index values recorded in that year.

Following an increase of almost 2% in Q2 2012 compared with the previous quarter and also with the average for 2011, the latest quarter Q3 2012 saw the index decrease marginally on a quarterly basis (by less than 1% compared with Q2 2012) but remaining about 1% higher than the average for 2011.

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



Price distributions – comparison with previous quarter: Q3 2012 and Q2 2012

Figure B1 - 1-bedroom flats

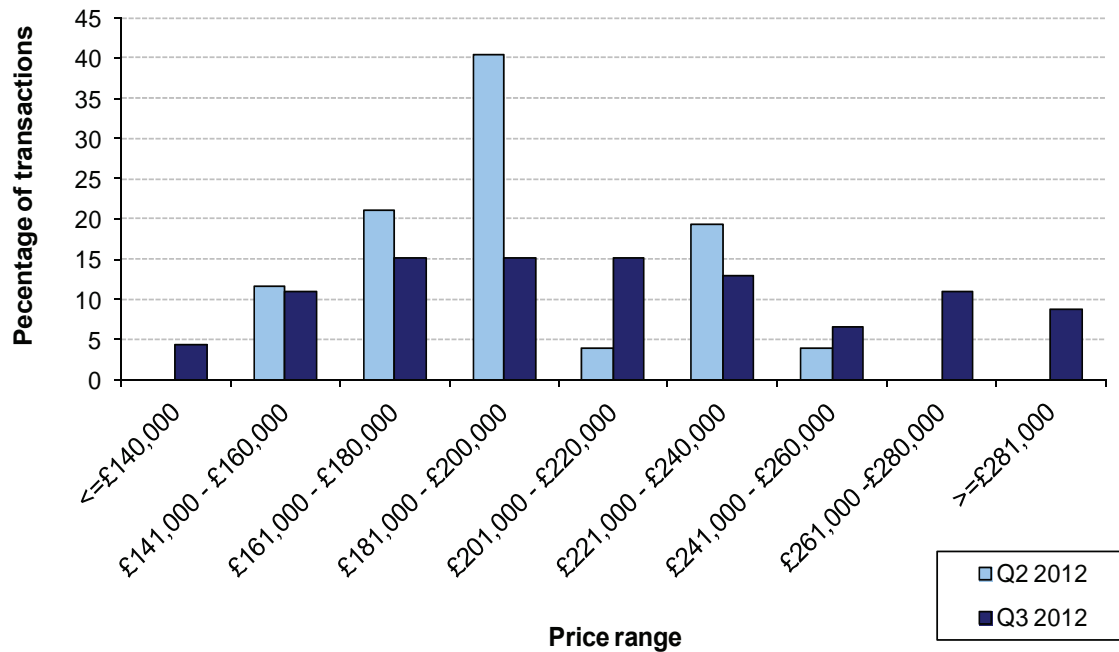
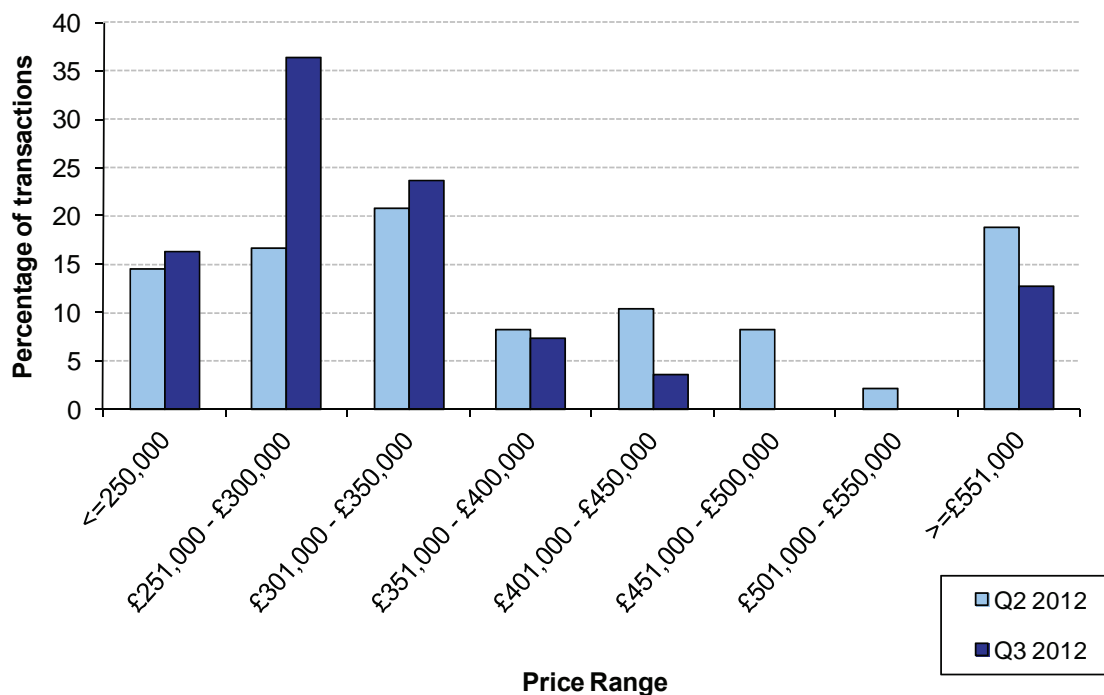
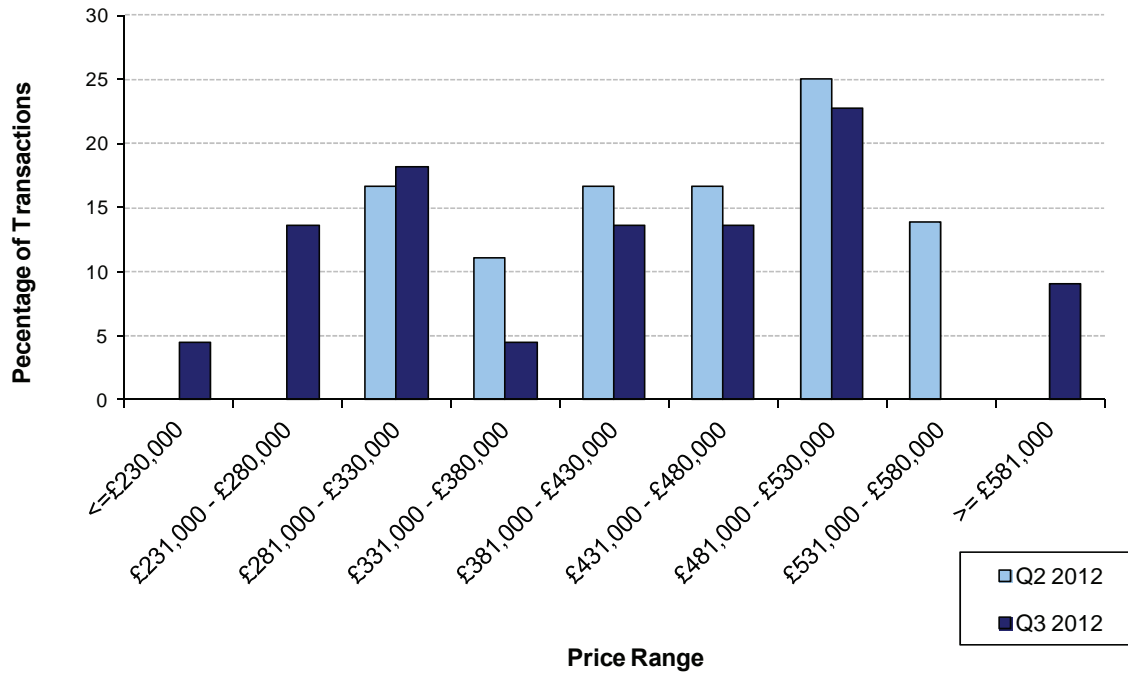


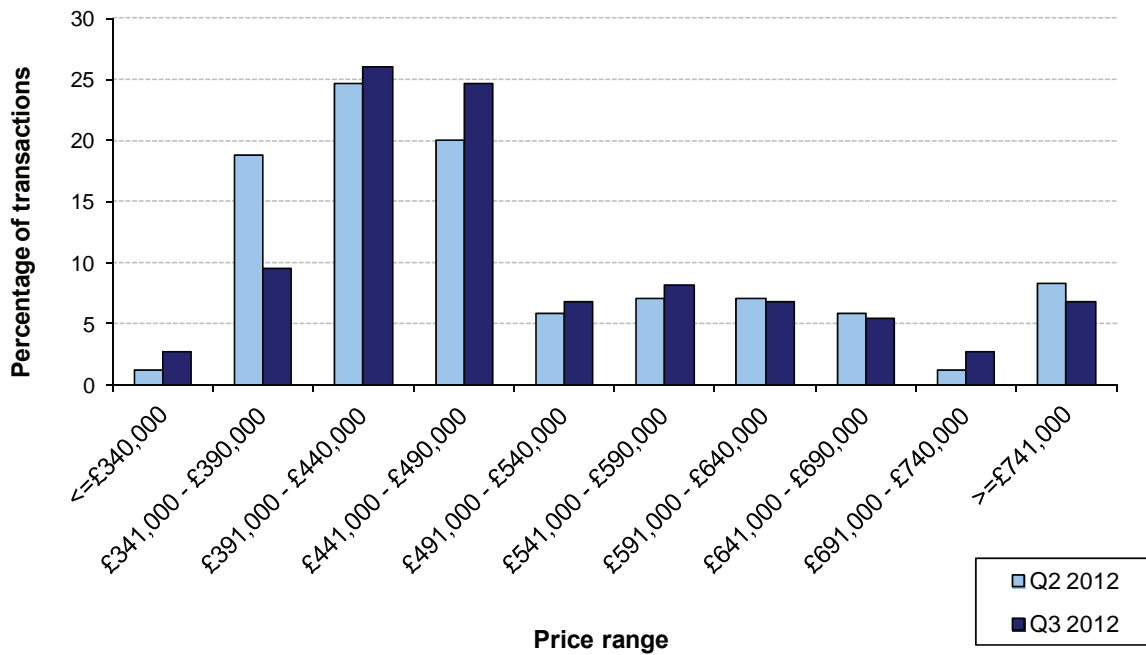
Figure B2 - 2-bedroom flats



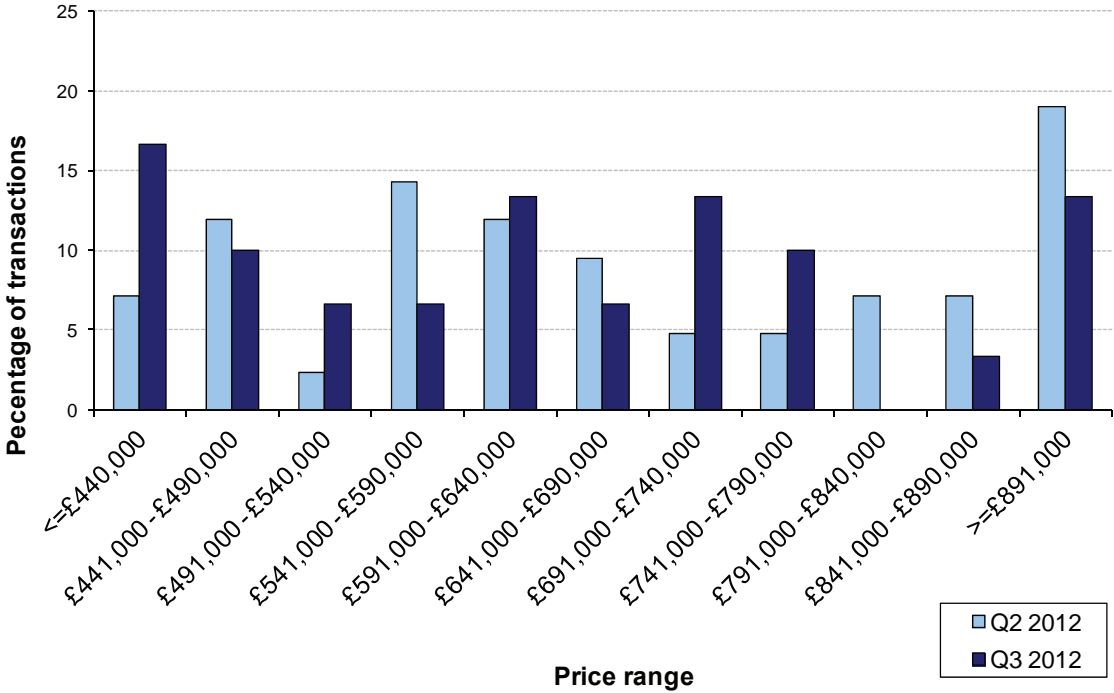
**Figure B3 - 2-bedroom houses**



**Figure B4 - 3-bedroom houses**



**Figure B5 - 4-bedroom houses**



Price distributions – comparison with corresponding quarter of previous year:  
Q3 2012 and Q3 2011

Figure C1 - 1-bedroom flats

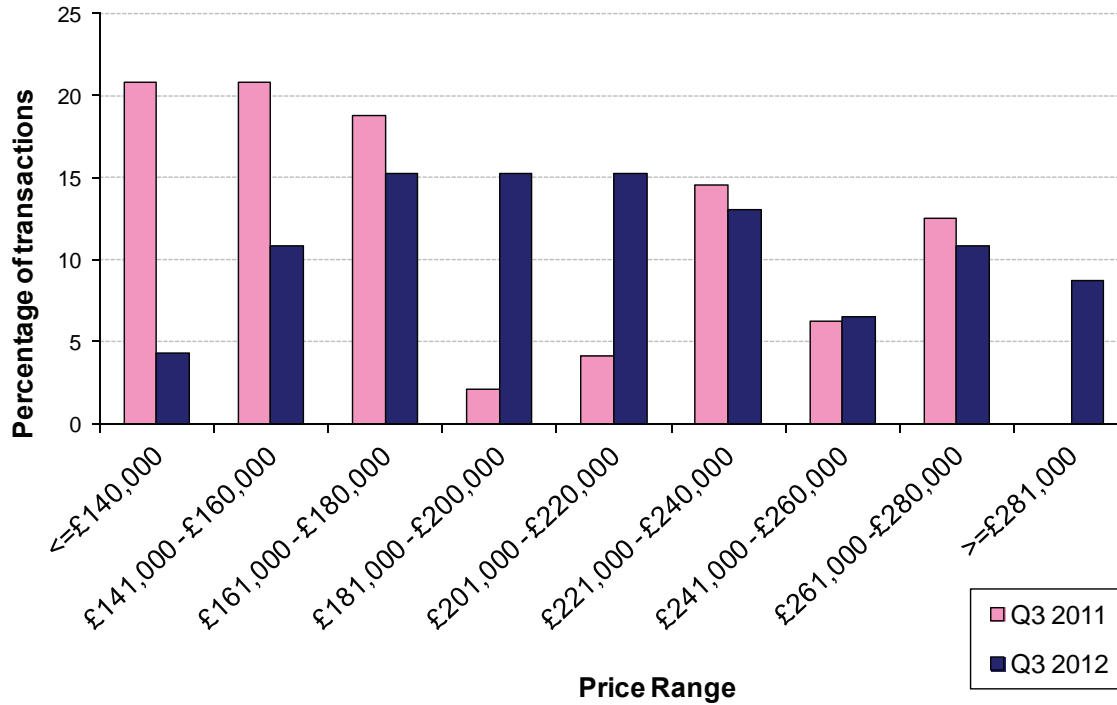
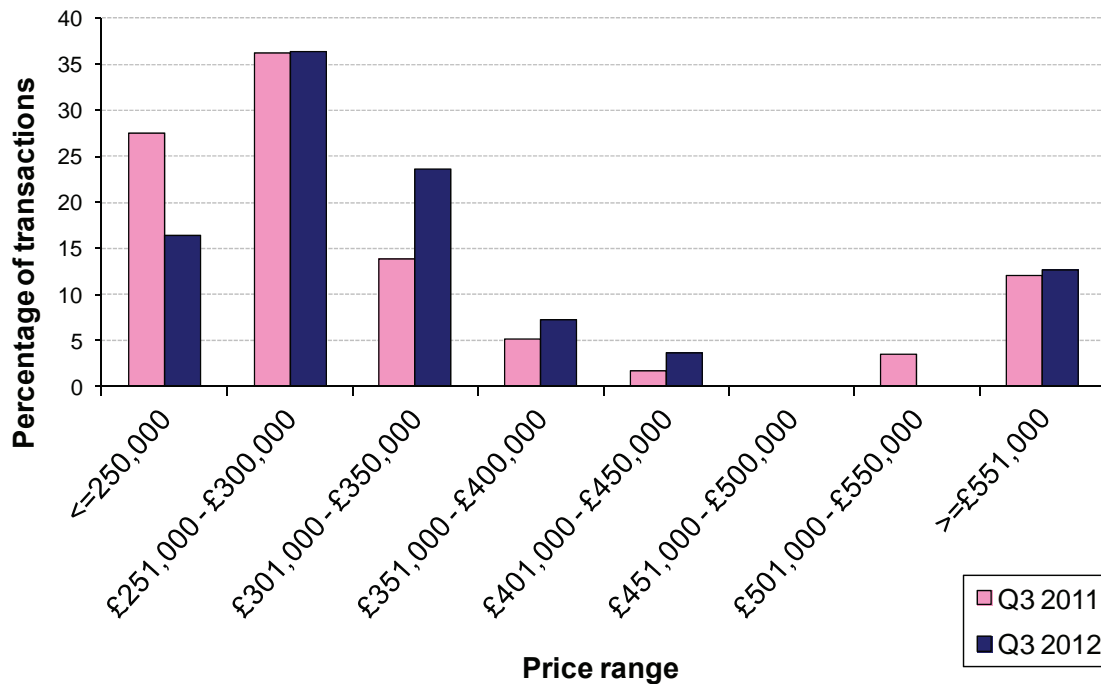
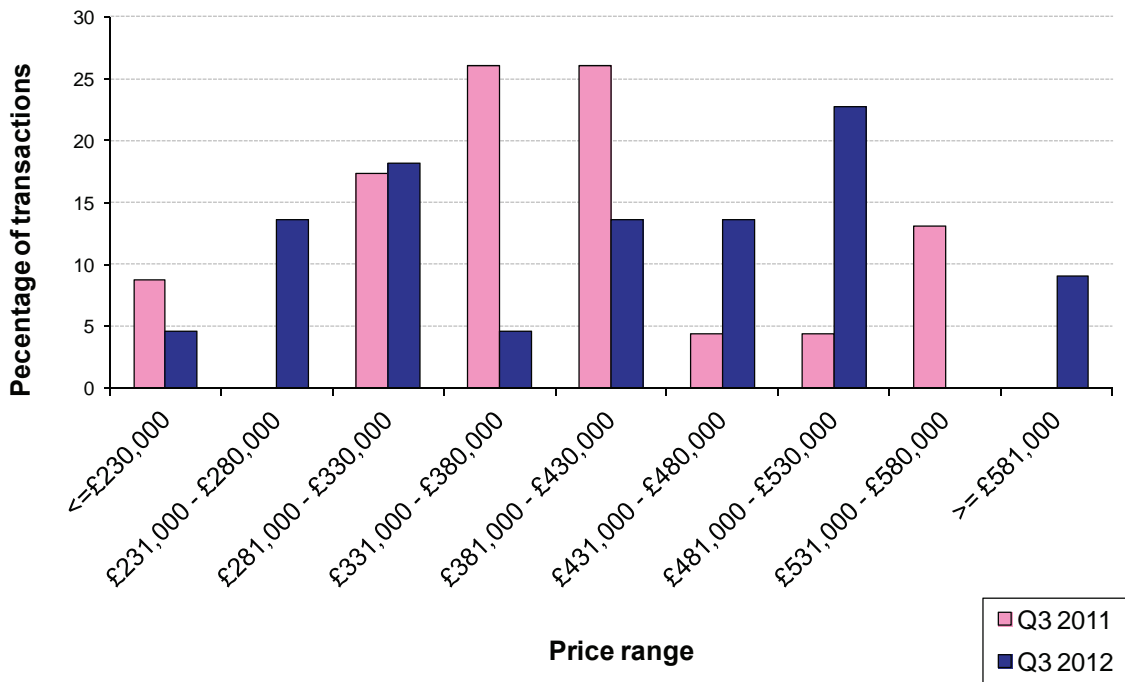


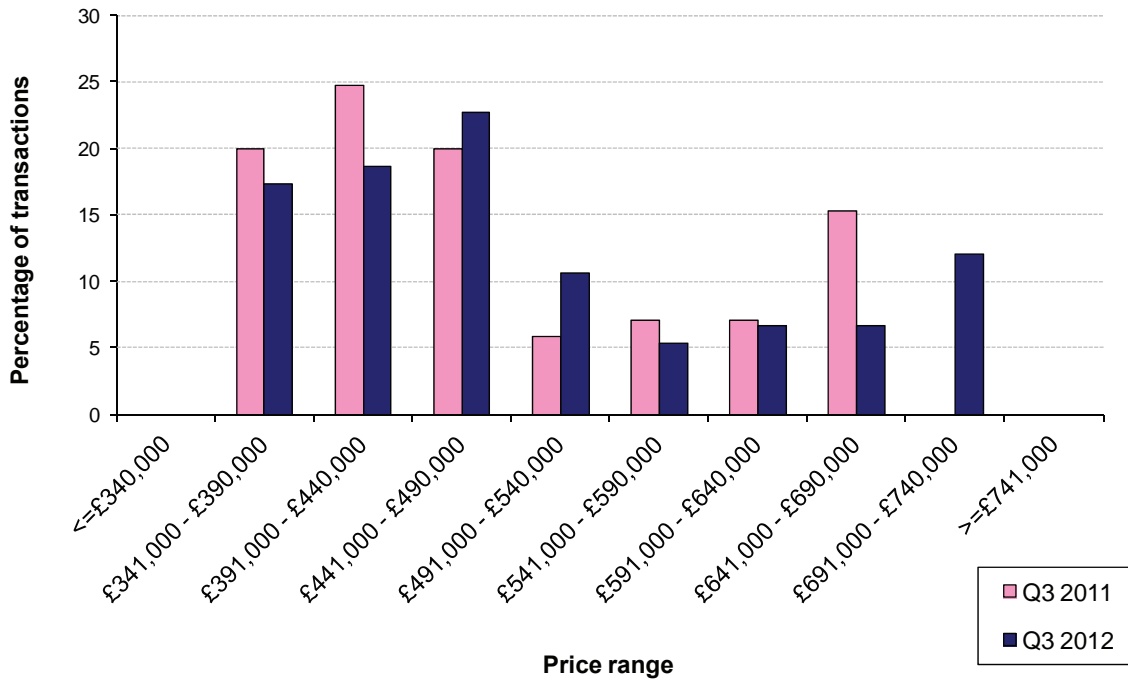
Figure C2 - 2-bedroom flats



**Figure C3 - 2-bedroom houses**



**Figure C4 - 3-bedroom houses**



**Figure C5 – 4-bedroom houses**

