

# Jersey House Price Index

## Second Quarter 2013

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



### Summary

- The mix-adjusted average price of dwellings sold in Jersey in Q2 2013 was:
  - 4% lower than in the previous quarter (Q1 2013);
  - 6% lower than in the corresponding quarter of 2012;
  - at the lowest level recorded for more than five years.
- The latest quarterly fall in the Jersey House Price Index was driven by decreases in the mean prices of 1-bedroom flats and 2- and 4-bedroom houses.
- The mean price of 3-bedroom houses sold in Q2 2013 was the lowest recorded for more than five years.
- The **turnover** of properties in Q2 2013 was 43% greater than in the previous quarter (Q1 2013) but was 10% lower than in the corresponding quarter of 2012.

### 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 2002.

**Figure 1 – Jersey House Price Index**

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

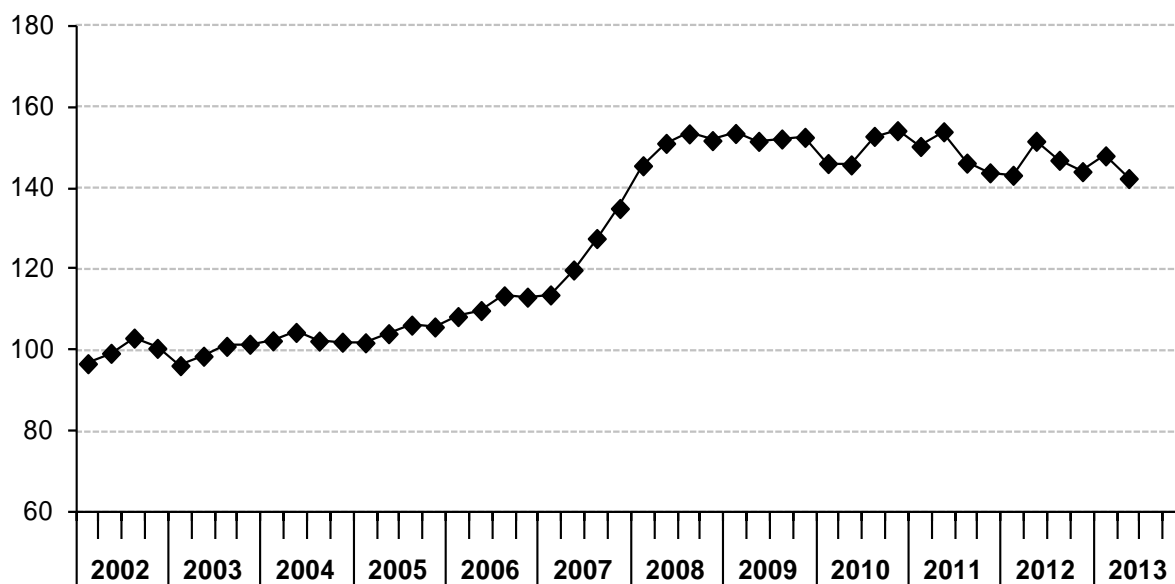


Figure 1 and Table 1 show that the mix-adjusted average price of dwellings sold in Jersey in Q2 2013 was 4% lower than in the first quarter of the year and 6% lower than in the corresponding quarter of 2012.

The mix-adjusted average price in Q2 2013 was the lowest recorded for more than five years, since the end of 2007.

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

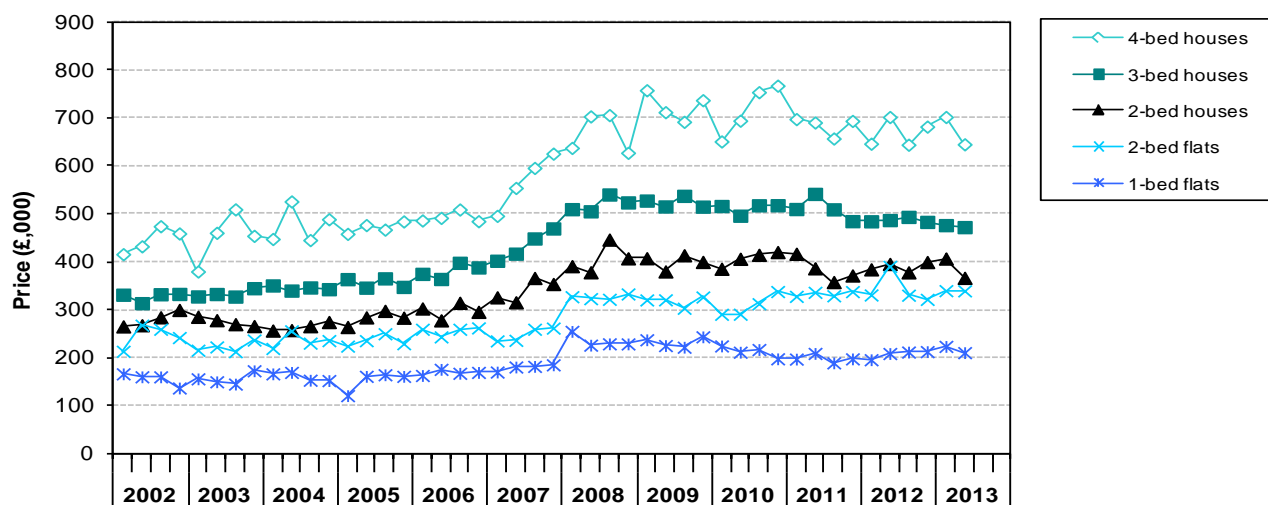
**Table 1 – Jersey House Price Index (including share transfer properties and s.a.)**

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
	Q4	144.1
<b>2013</b>	Q1	148.0
	Q2	142.4

## 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
	Q3	212	331	378	494	645
	Q4	213	322	400	483	682
	<b>Annual average</b>	<b>205</b>	<b>342</b>	<b>391</b>	<b>487</b>	<b>671</b>
<b>2013</b>	Q1	224	340	407	477	702
	Q2	211	340	367	473	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:

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 a greater number of lower priced share transfer properties. The mean price then increased slightly during 2012 and early 2013.

In the latest quarter, Q2 2013, the mean price of 1-bedroom flats was 6% lower than in the previous quarter and was at a similar level to that seen in the latter half of 2012 (at around £210,000).

#### 2-bedroom flats:

In the final quarter of 2010 the mean price of 2-bedroom flats had increased to more than £330,000, a level at which it generally remained during 2011 and 2012.

The mean price of 2-bedroom flats sold in Q2 2013 (£340,000) was similar to that of the previous quarter and to the calendar year average for 2012.

#### 2-bedroom houses:

The mean price of 2-bedroom houses had been essentially stable throughout 2008 and 2009 at around £400,000, before increasing to about £420,000 in late 2010 and early 2011. The mean price of this property type then declined slightly, before returning to around £400,000 in late 2012 and early 2013.

In the latest quarter (Q2 2013) the mean price of 2-bedroom houses was some 10% lower than in the previous quarter and was at a similar level to that seen in the second half of 2011.

#### 3-bedroom houses:

During the four-year period from 2008 to 2011 the mean price of 3-bedroom houses had remained fairly stable at between £510,000 and £520,000. In the final quarter of 2011 the mean price of this property type fell by about 5%, to below £490,000, a level at which it generally remained throughout 2012.

During the first six months of 2013, the average price of 3-bedroom houses has undergone further decline such that the mean price recorded in the latest quarter (£473,000) was:

- some 10% lower than the average recorded for calendar years 2008 and 2009;
- the lowest recorded for this property type for more than five years, since Q4 2007.

#### 4-bedroom houses:

Although the average price of 4-bedroom houses has seen some volatility on a quarterly basis since 2008, for the most part the mean price of this property type has fluctuated around £700,000 during the last five years.

In Q2 2013 the mean price of 4-bedroom houses (£645,000) was 8% lower than in the previous quarter (Q1 2013) and was at a level previously seen in Q1 and Q3 2012.

## Turnover

Table 3 shows that 245 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q2 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 Q2 2013 was more than two-fifths (43%) greater than in the previous quarter (Q1 2012) but was 10% lower than in the corresponding quarter of 2012 (Q2 2012).

**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> 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
<b>Total 2011</b>	<b>226</b>	<b>235</b>	<b>94</b>	<b>295</b>	<b>106</b>	<b>956</b>	<b>26</b>
<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
Q4	48	48	28	98	30	252	7
<b>Total 2012</b>	<b>250</b>	<b>210</b>	<b>113</b>	<b>340</b>	<b>137</b>	<b>1,050</b>	<b>25</b>
<b>2013</b> Q1	34	34	20	51	32	171	6
Q2	58	54	30	63	40	245	6

In Q2 2013 share transfer properties accounted for half (50%) of all eligible sales of flats, a notably smaller proportion than that observed throughout 2011 and 2012 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)<sup>2</sup> and in Guernsey in the latest quarter are shown in Table 4.

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

	<b>Q2 2013</b>
<b>Jersey</b>	<b>394</b>
<b>Guernsey</b>	<b>458</b>
<b>UK</b>	<b>240</b>
<b>England</b>	<b>249</b>
<b>Wales</b>	<b>160</b>
<b>Scotland</b>	<b>179</b>
<b>Northern Ireland</b>	<b>130</b>
London	418
South East (excl. London)	296
East	253
South West	227
West Midlands	182
East Midlands	171
Yorkshire & Humber	164
North West	161
North East	144

### United Kingdom

In the latest quarter (Q2 2013) the mix-adjusted index for the UK was 1% higher than in the previous quarter (Q1 2013) and 3% higher than in the corresponding quarter of 2012.

### Guernsey

The constant mix average price of dwellings sold in Guernsey<sup>3</sup> in Q2 2013 was 2% higher than in the previous quarter and 4% higher than in the corresponding quarter of 2012.

Turnover in Guernsey in Q2 2013 was 14% lower than in the second quarter of 2012.

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<sup>2</sup> Figures for the UK are derived from: ONS, House Price Index April to June 2013. The UK figures are based on mortgaged purchases, and hence do not include purely cash purchases; the Jersey figures include both mortgaged and cash purchases.

<sup>3</sup> Guernsey Policy and Research Unit: Guernsey Quarterly Residential Property Prices Bulletin June 2013.

## 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 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.

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 of sufficient length to warrant seasonal adjustment. The seasonally adjusted index series, including share transfer transactions, should be considered as the principal output of this analysis.

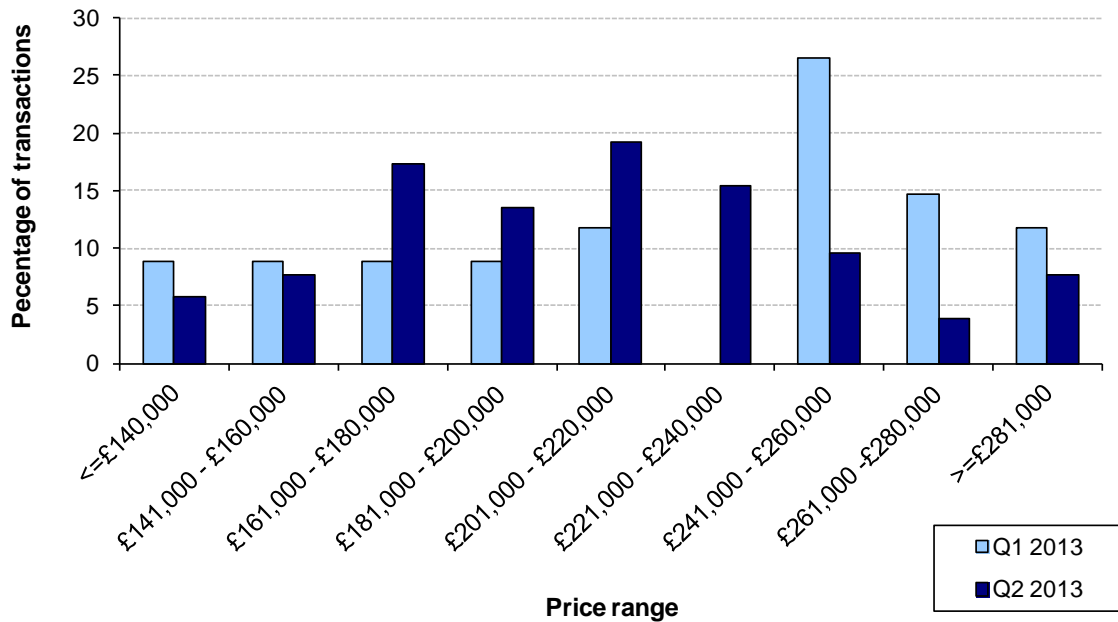
**Statistics Unit  
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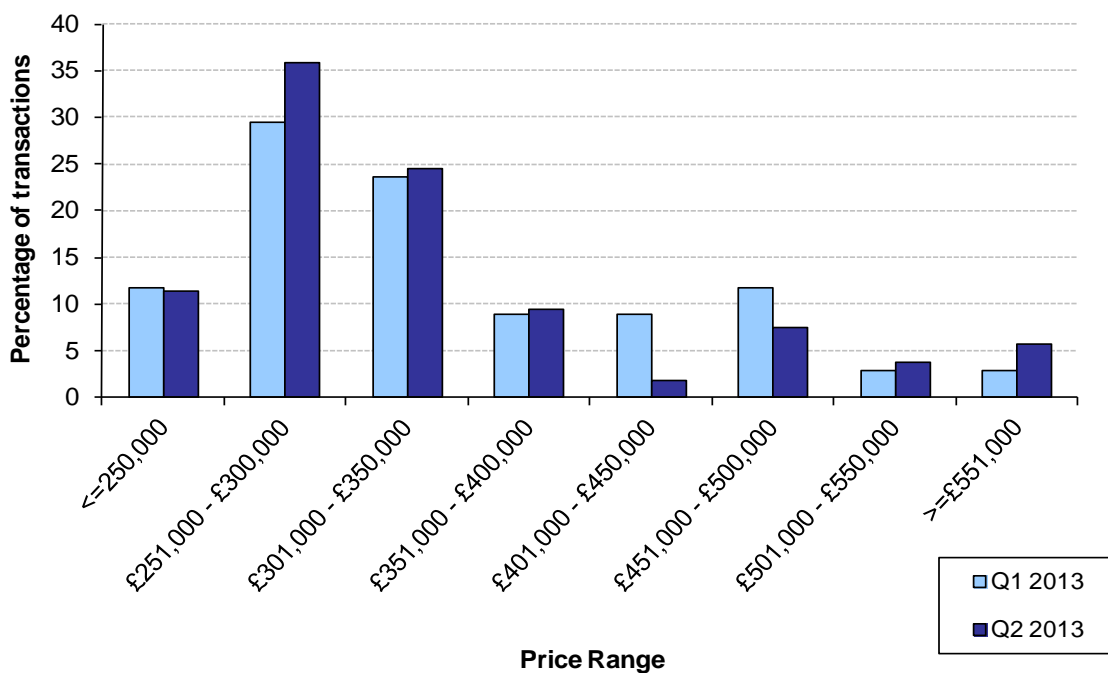
**Appendix A**

**Price distributions – comparison with previous quarter: Q2 2013 and Q1 2013**

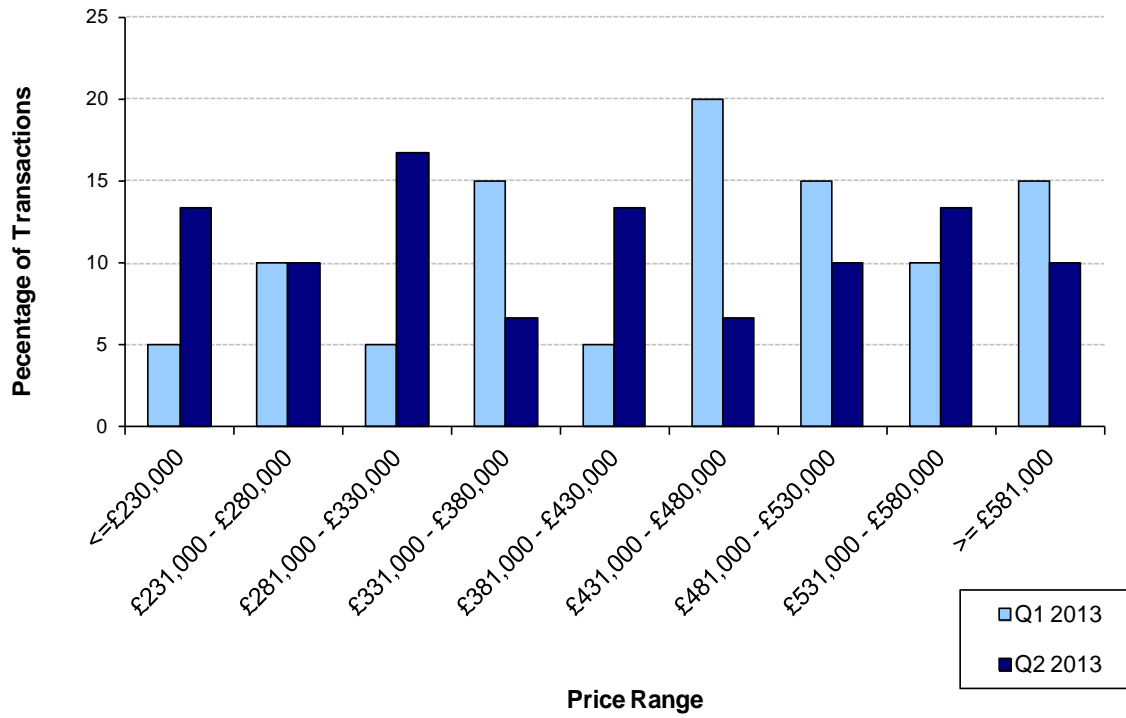
**Figure B1 - 1-bedroom flats**



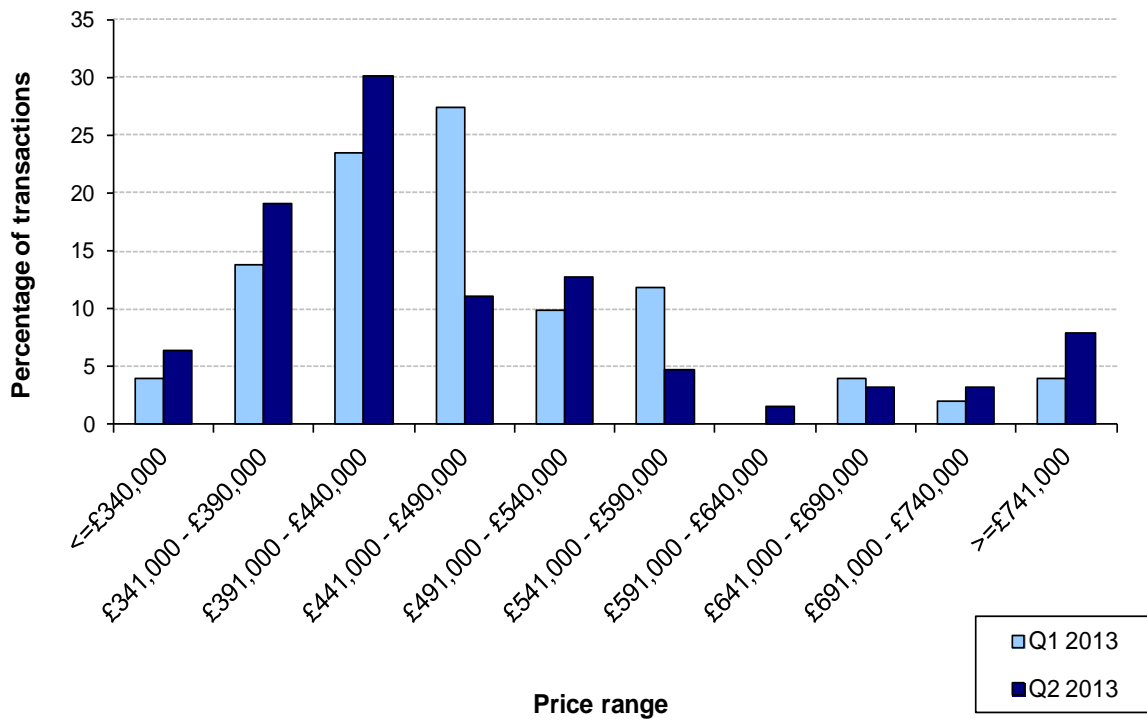
**Figure B2 - 2-bedroom flats**



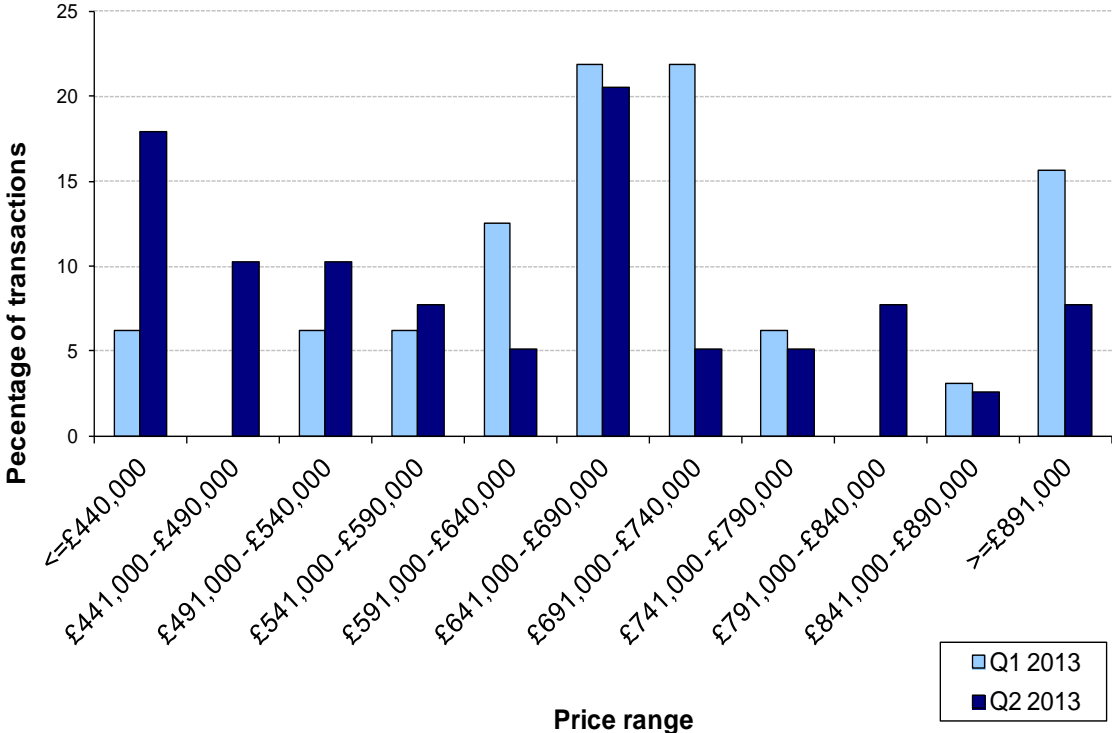
**Figure B3 - 2-bedroom houses**



**Figure B4 - 3-bedroom houses**



**Figure B5 - 4-bedroom houses**



Price distributions – comparison with corresponding quarter of previous year:  
Q2 2013 and Q2 2012

Figure C1 - 1-bedroom flats

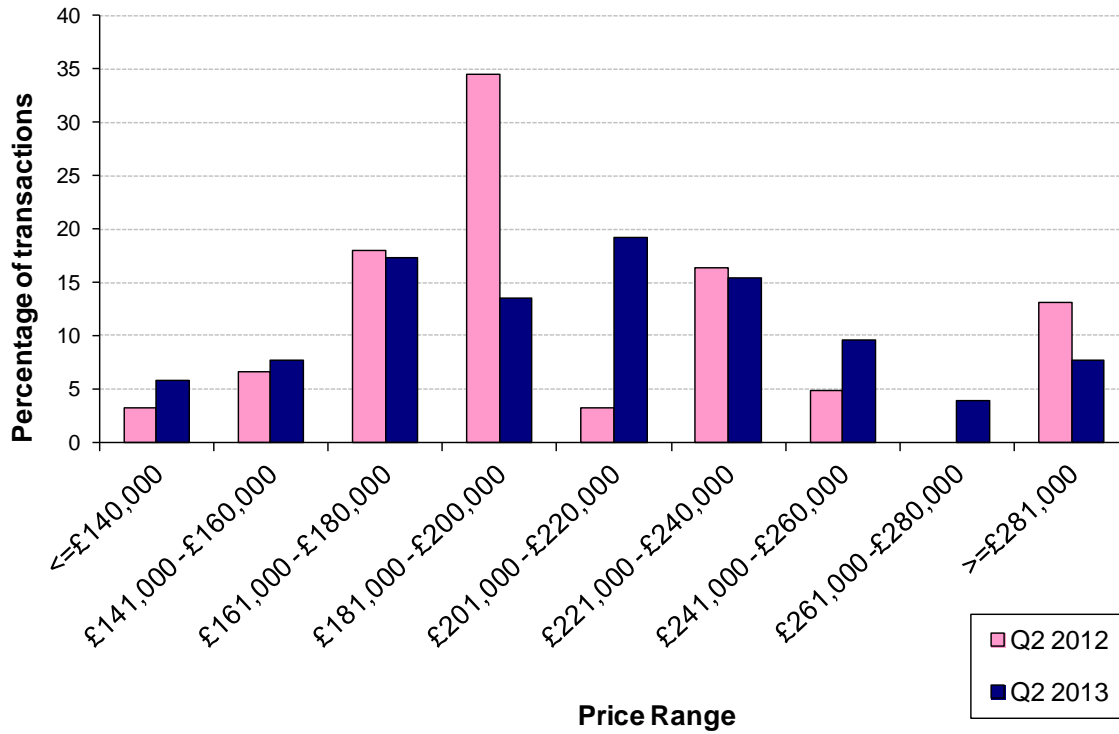
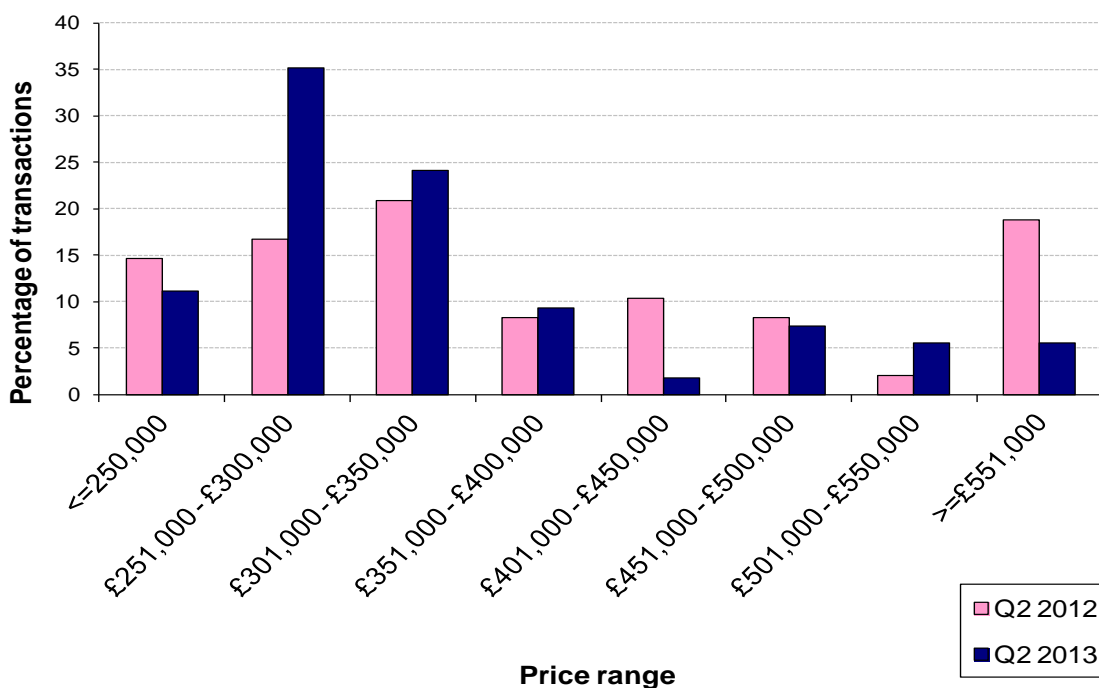
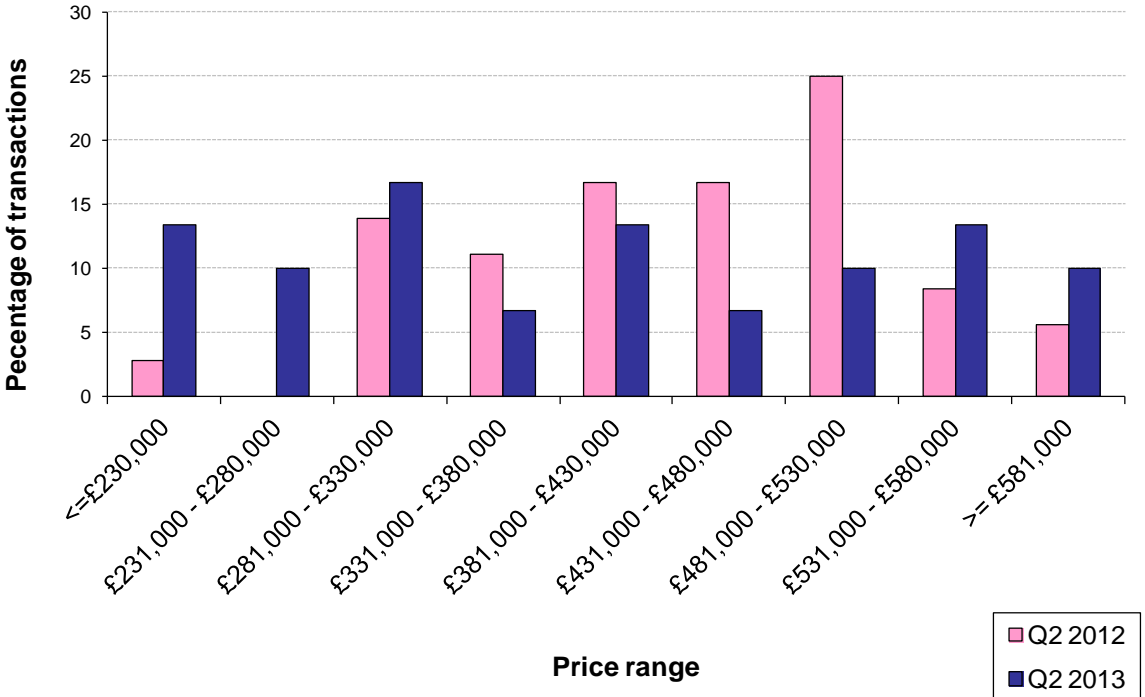


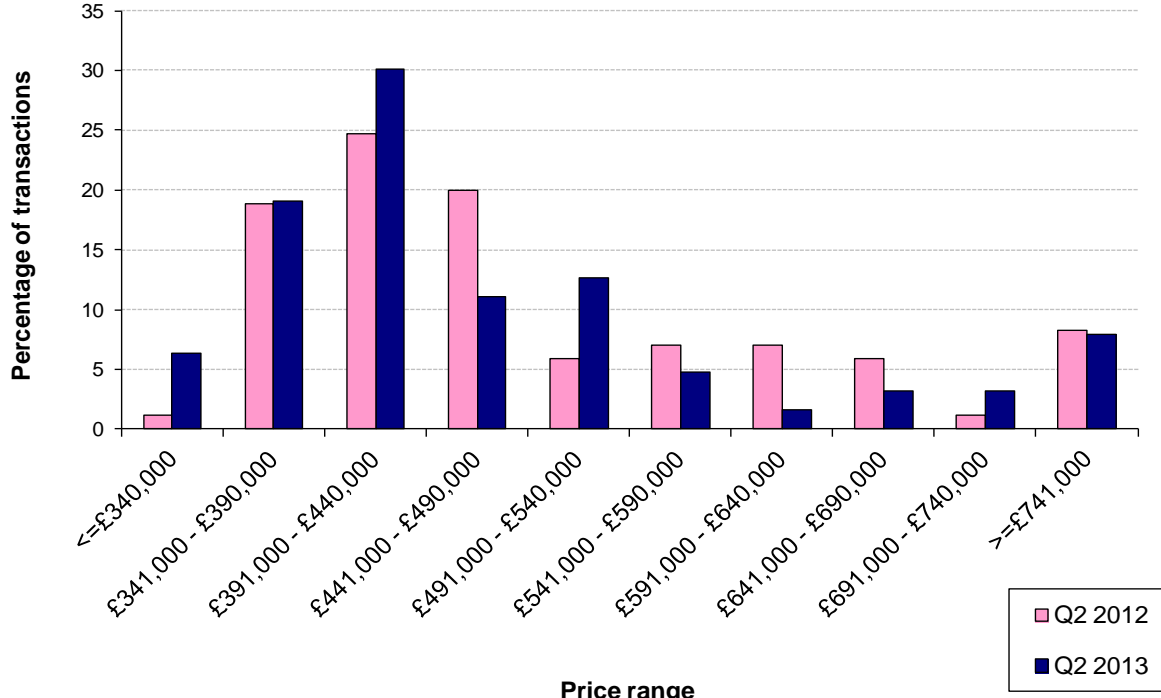
Figure C2 - 2-bedroom flats



**Figure C3 - 2-bedroom houses**



**Figure C4 - 3-bedroom houses**



**Figure C5 - 4-bedroom houses**

