

Jersey House Price Index

Third Quarter 2013

Statistics Unit: www.gov.je/statistics



Summary

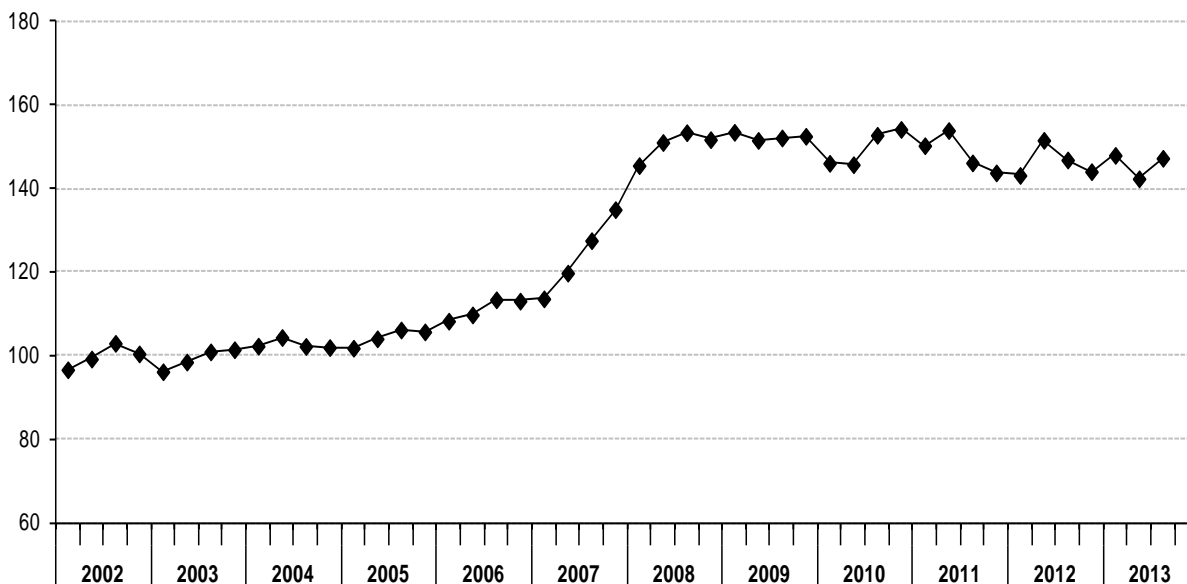
- **The mix-adjusted average price of dwellings sold in Jersey in Q3 2013 was:**
 - similar to the average seen for the preceding four quarters and also to the average for calendar year 2012;
 - 3% higher than in the previous quarter (Q2 2013).
- The increase in the Jersey House Price Index on a quarterly basis was driven by increases in the mean prices of houses sold in the latest quarter. In contrast, the mean prices of flats sold were similar to those of the previous quarter.
- The **turnover** of properties in Q3 2013 was more than a quarter (29%) higher than in the previous quarter. The number of houses which sold in the latest quarter was the highest for six years.

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)¹. Figure 1 and Table 1 show the index over the last decade.

Figure 1 – Jersey House Price Index

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



Overall, and acknowledging quarterly fluctuations, the Jersey House Price Index has been essentially flat since early 2012, but at a level some 4% lower than seen in 2009. The mix-adjusted average price of dwellings sold in Jersey in Q3 2013 was:

- at a similar level to the average for the preceding four quarters (about 1% higher);
- at a similar level to that for calendar year 2012 (about ½ % higher).

On a quarterly basis, the mix-adjusted price of properties sold in the latest quarter (Q3 2013) was 3% higher than in the previous quarter (Q2 2013).

¹ A description of the methodology is given in the Notes.

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

Period		Index
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
	Q4	143.8
2012	Q1	143.2
	Q2	151.6
	Q3	146.9
	Q4	144.1
2013	Q1	148.0
	Q2	142.4
	Q3	147.3

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

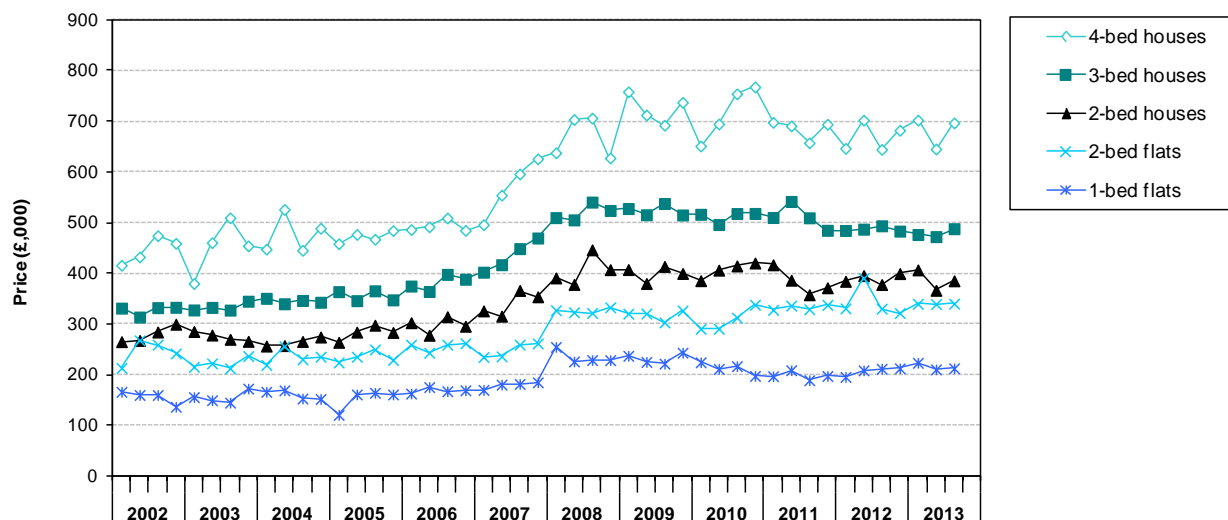


Table 2 – Mean prices (£,000) for the individual property types

Period		Flats			Houses	
		1-bed	2-bed	2-bed	3-bed	4-bed
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
	Q4	198	338	372	485	694
Annual average		198	333	383	511	680
2012	Q1	196	331	384	485	647
	Q2	209	391	396	487	702
	Q3	212	331	378	494	645
	Q4	213	322	400	483	682
Annual average		205	342	391	487	671
2013	Q1	224	340	407	477	702
	Q2	211	340	367	473	645
	Q3	213	340	385	488	697

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 has since remained relatively stable at slightly above £210,000.

The mean price of 1-bedroom flats sold in Q3 2013 (£213,000) was at a similar level to that recorded in the previous quarter and during the latter half of 2012.

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 Q3 2013 (£340,000) was similar to that in each of the previous two quarters 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 before returning to around £400,000 in late 2012 and early 2013.

The mean price of 2-bedroom houses sold in the latest quarter (£385,000) was at a similar to the annual averages seen for 2011 and 2012. On a quarterly basis, the mean price of this property type was 5% higher than in the previous quarter (Q2 2013).

3-bedroom houses:

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

During the first six months of 2013, the mean price of 3-bedroom houses decreased by a further £10,000 taking the mean price in Q2 2013 to the lowest level recorded for this property type since 2007.

The mean price of 3-bedroom houses sold in the latest quarter (£488,000) was 3% higher than in the previous quarter (Q2 2013) and was at a similar level to the annual average for 2012.

4-bedroom houses:

Since 2008 the mean price of 4-bedroom houses has seen some volatility on a quarterly basis; however, for the most part, the mean price of this property type has fluctuated around £700,000.

In Q3 2013, the mean price of 4-bedroom houses (£697,000) was 8% higher than in the previous quarter but was at a similar level to the longer term average seen from 2008 to 2012.

Turnover

Table 3 shows that 315 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q3 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 Q3 2013 was more than a quarter (29%) higher than in the previous quarter (Q2 2012). This increase in turnover was driven by that of 3-bedroom houses; almost double the number of 3-bedroom houses sold in Q3 2013 compared with the previous quarter.

From a longer-term perspective, the number of houses (2-, 3- and 4-bedroom) which sold in the latest quarter was the highest for six years, since the third quarter of 2007.

**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		
2011 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
Total 2011	226	235	94	295	106	956	26
2012 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
Total 2012	250	210	113	340	137	1,050	25
2013 Q1	34	34	20	51	32	171	6
Q2	58	54	30	63	40	245	6
Q3	68	39	38	120	50	315	7

In Q3 2013 share transfer properties accounted for almost half (49%) of all eligible sales of flats, a 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)² 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)

	Q3 2013
Jersey	408
Guernsey	465
UK	246
England	255
Wales	163
Scotland	183
Northern Ireland	130
London	436
South East (excl. London)	304
East	257
South West	230
West Midlands	186
East Midlands	176
Yorkshire & Humber	167
North West	164
North East	146

United Kingdom

In the latest quarter (Q3 2013) the mix-adjusted index for the UK (on a seasonally adjusted basis) was 1% higher than in the previous quarter (Q2 2013) and almost 4% higher than in the corresponding quarter of 2012.

Guernsey

The constant mix average price of dwellings sold in Guernsey³ (Local Market) in Q3 2013 was 2% higher than in the previous quarter (Q2 2013) and 4% higher than in the corresponding quarter of 2012.

Turnover in Guernsey (Local Market) in Q3 2013 was at a similar level to that of the previous quarter, and was 5% lower than in the corresponding quarter of 2012.

² Figures for the UK are derived from: ONS, House Price Index July to September 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.

³ Guernsey Policy and Research Unit: Guernsey Quarterly Residential Property Prices Bulletin September 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 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.

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
14 November 2013

Appendix A

Price distributions – comparison with previous quarter: Q3 2013 and Q2 2013

Figure B1 - 1-bedroom flats

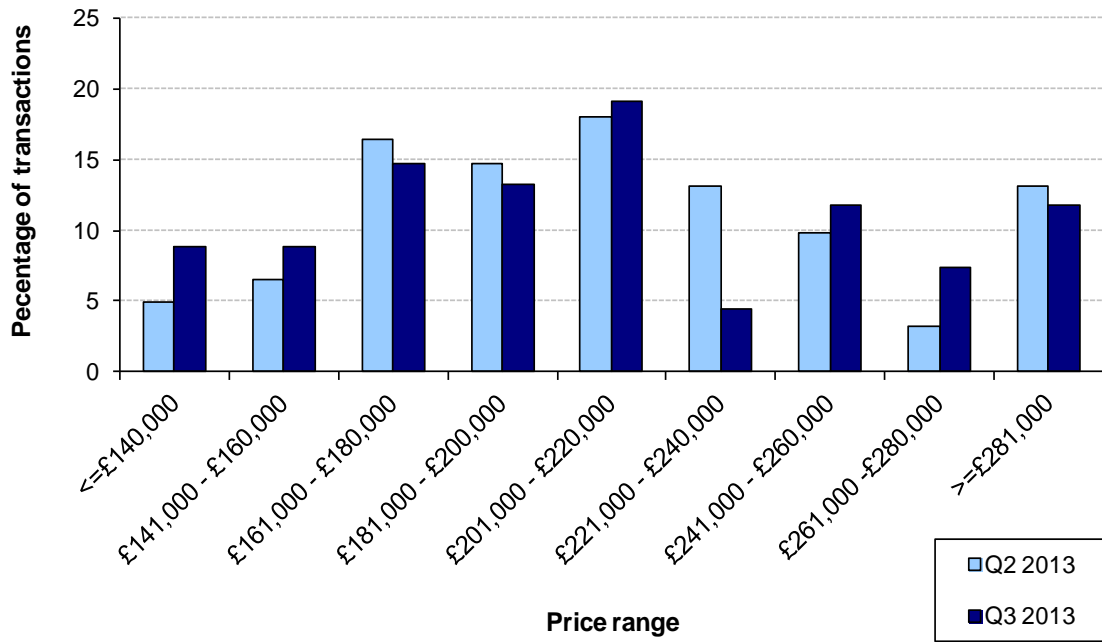


Figure B2 - 2-bedroom flats

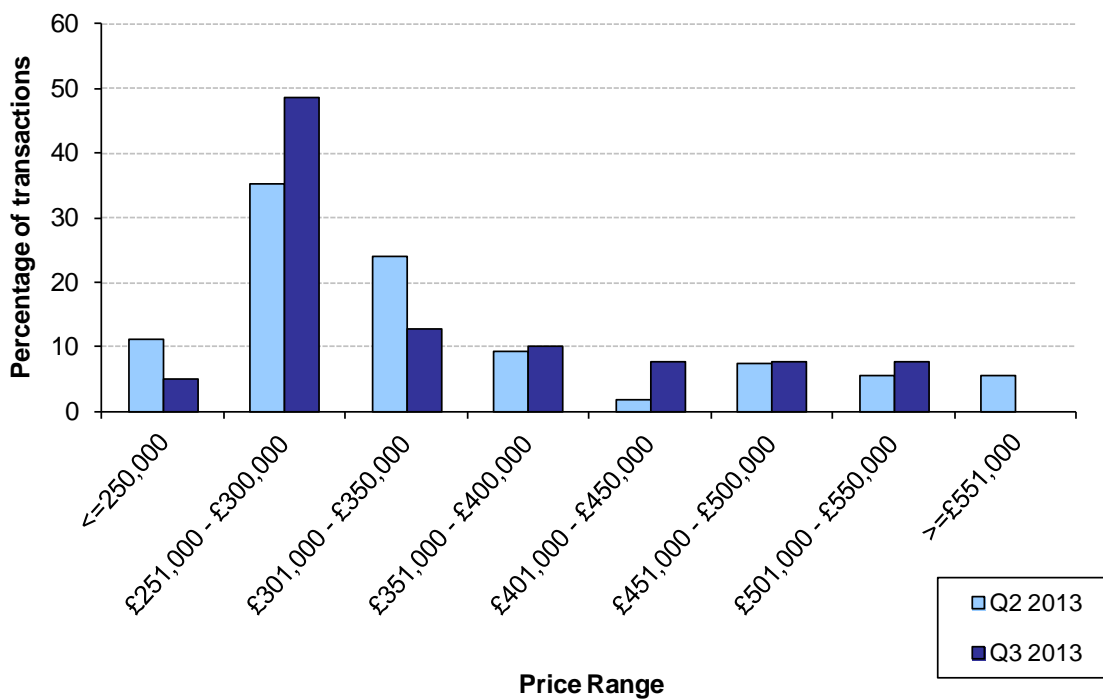


Figure B3 - 2-bedroom houses

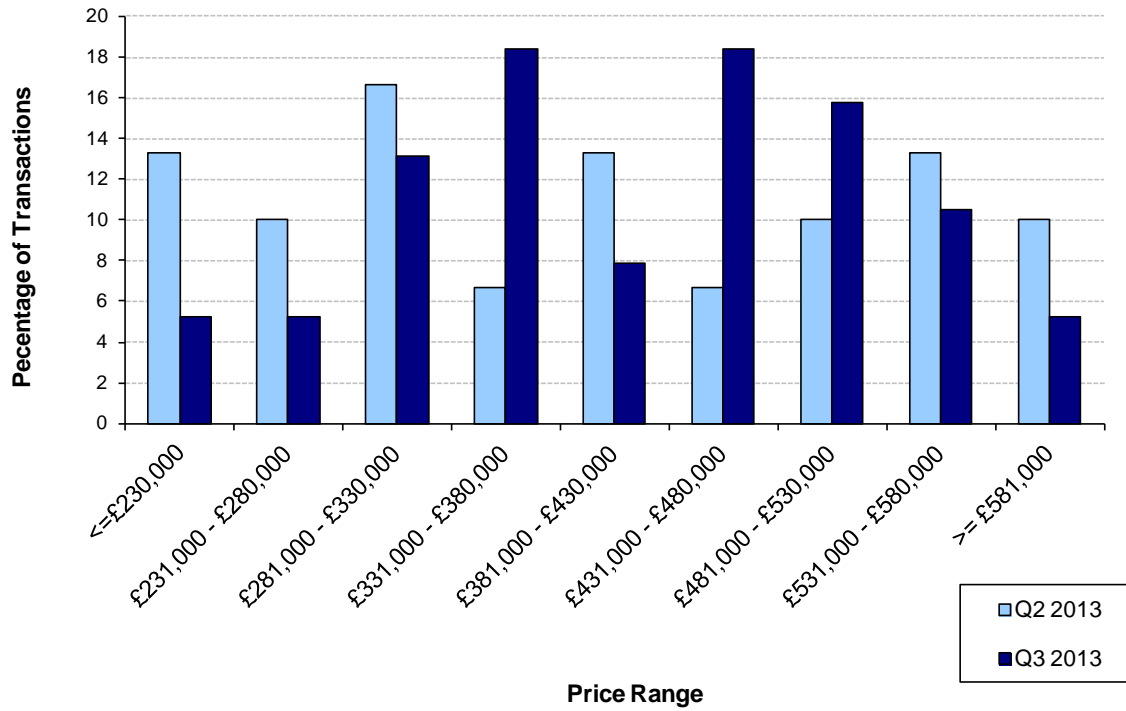


Figure B4 - 3-bedroom houses

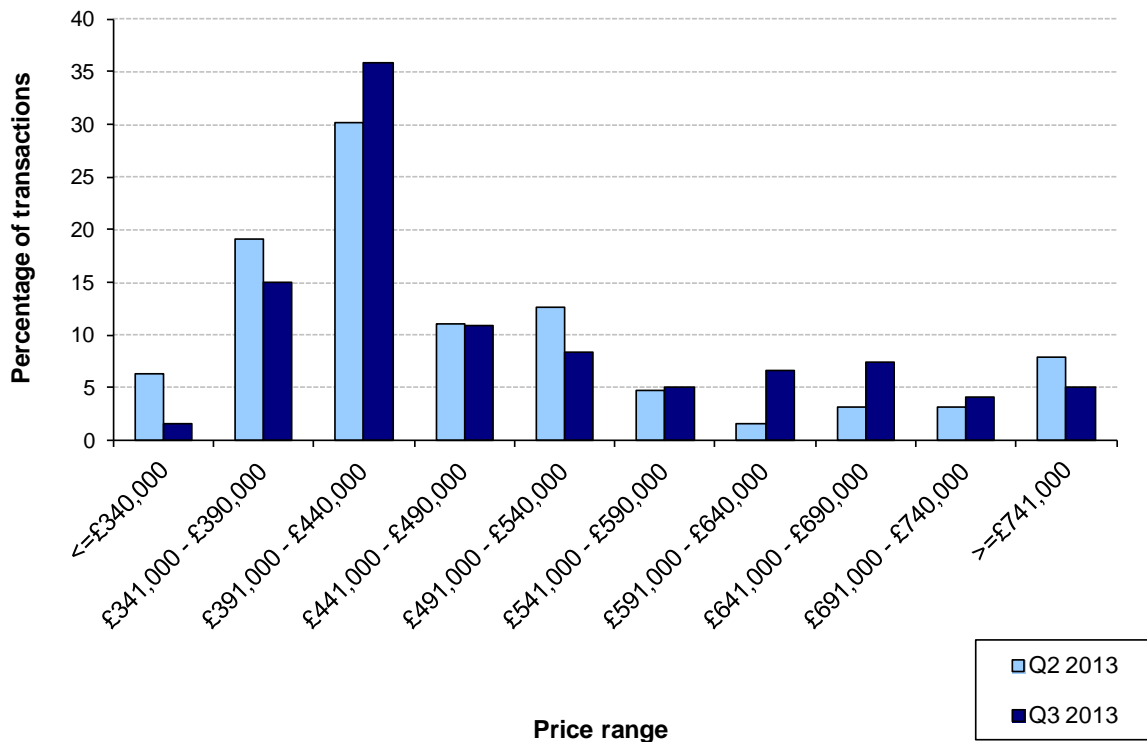
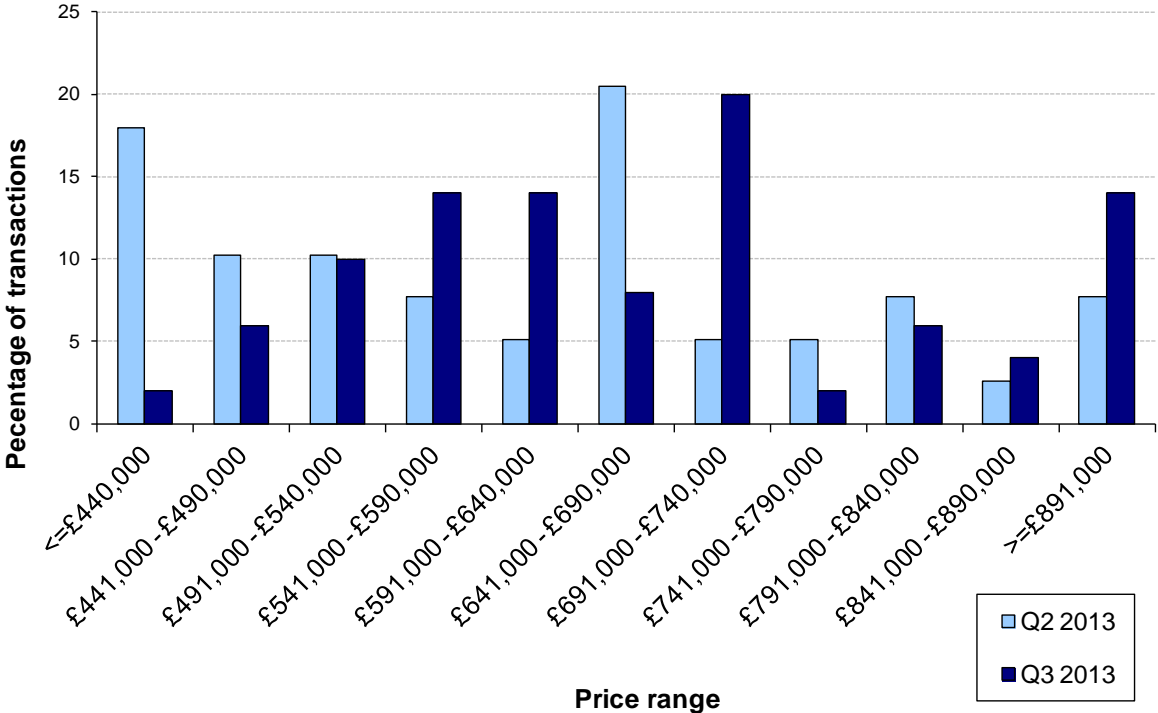


Figure B5 - 4-bedroom houses



Price distributions – comparison with corresponding quarter of previous year:
Q3 2013 and Q3 2012

Figure C1 - 1-bedroom flats

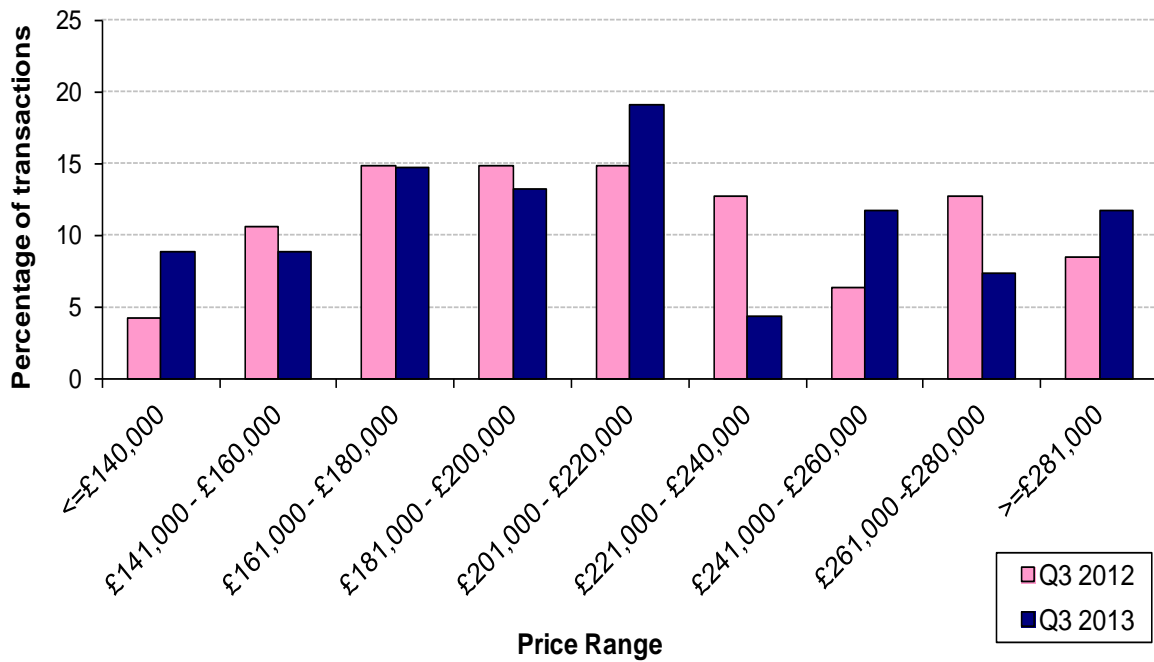


Figure C2 - 2-bedroom flats

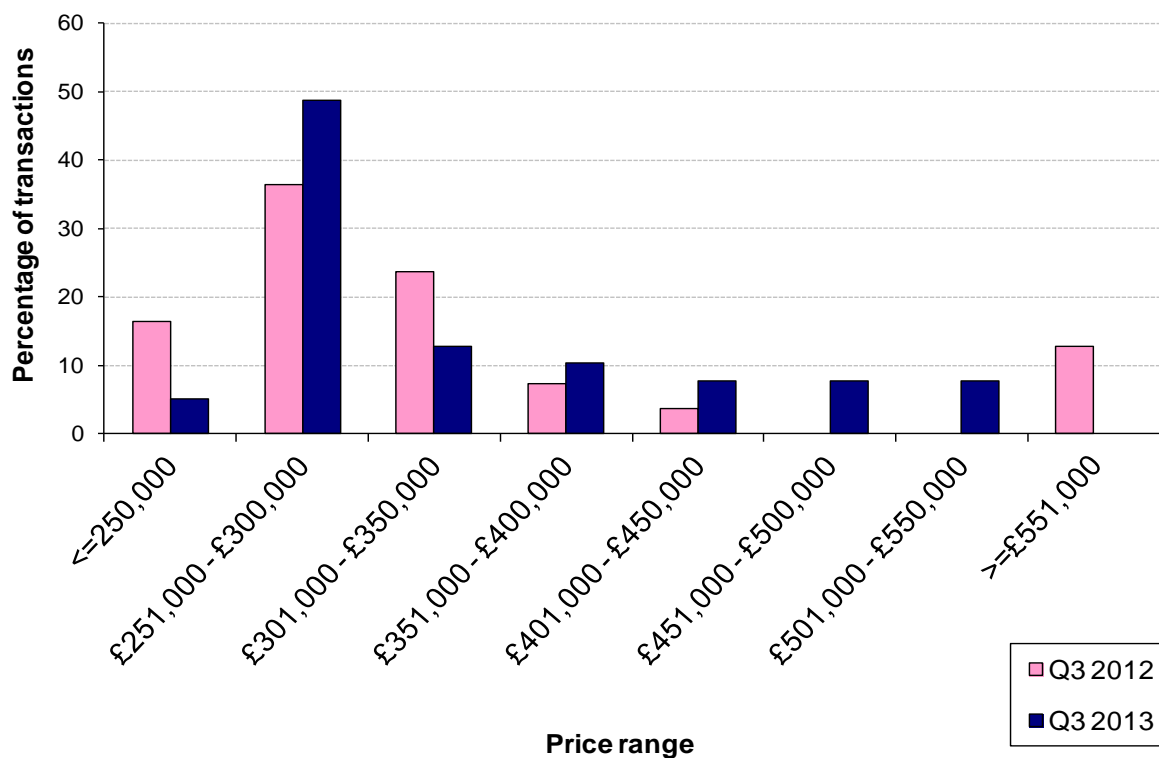


Figure C3 - 2-bedroom houses

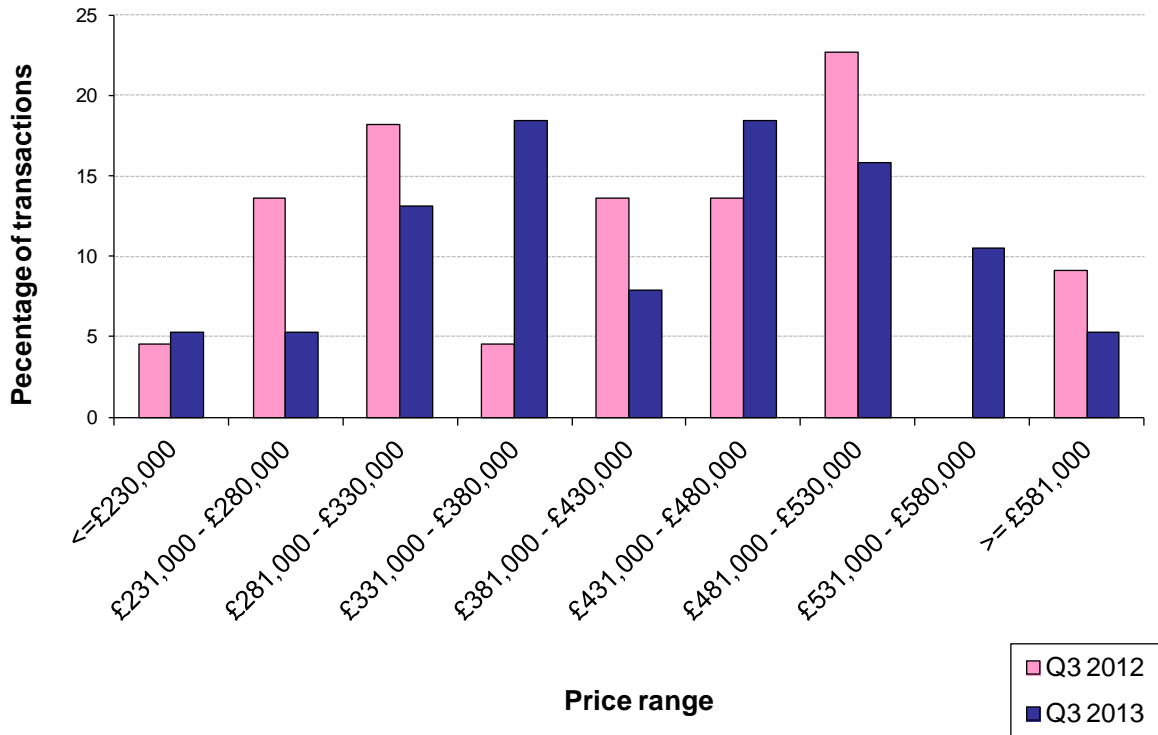


Figure C4 - 3-bedroom houses

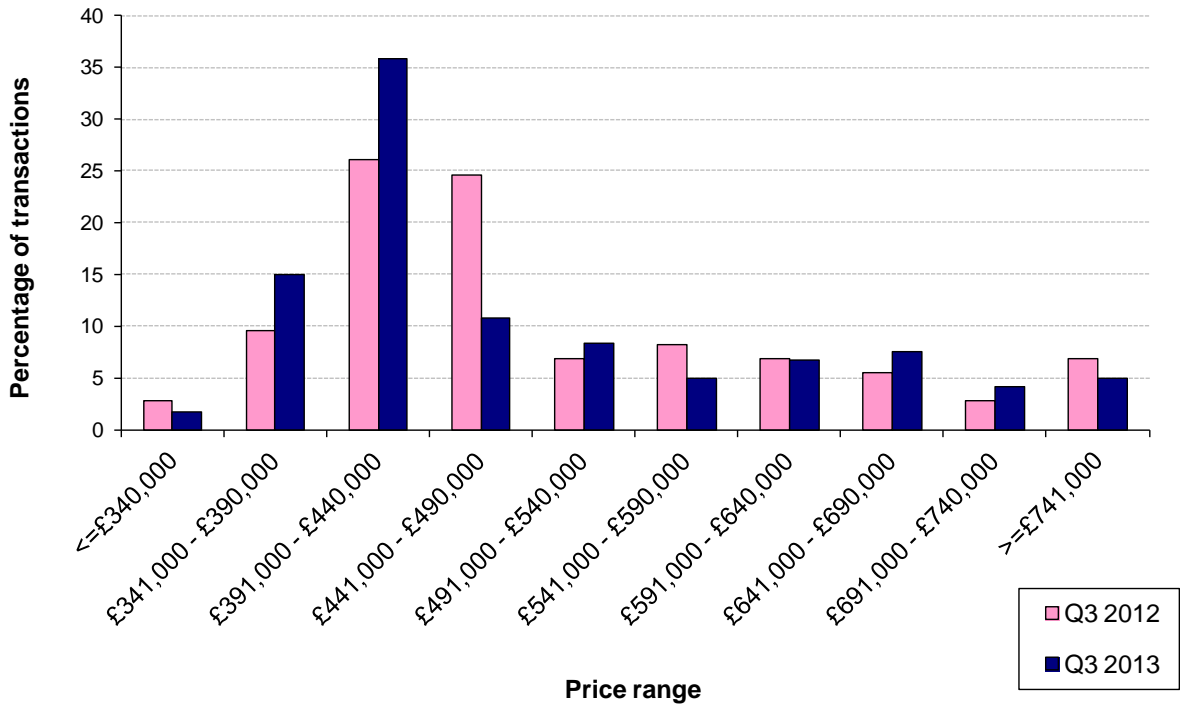


Figure C5 - 4-bedroom houses

