

Jersey House Price Index

Fourth Quarter 2009

Statistics Unit: www.gov.je/statistics

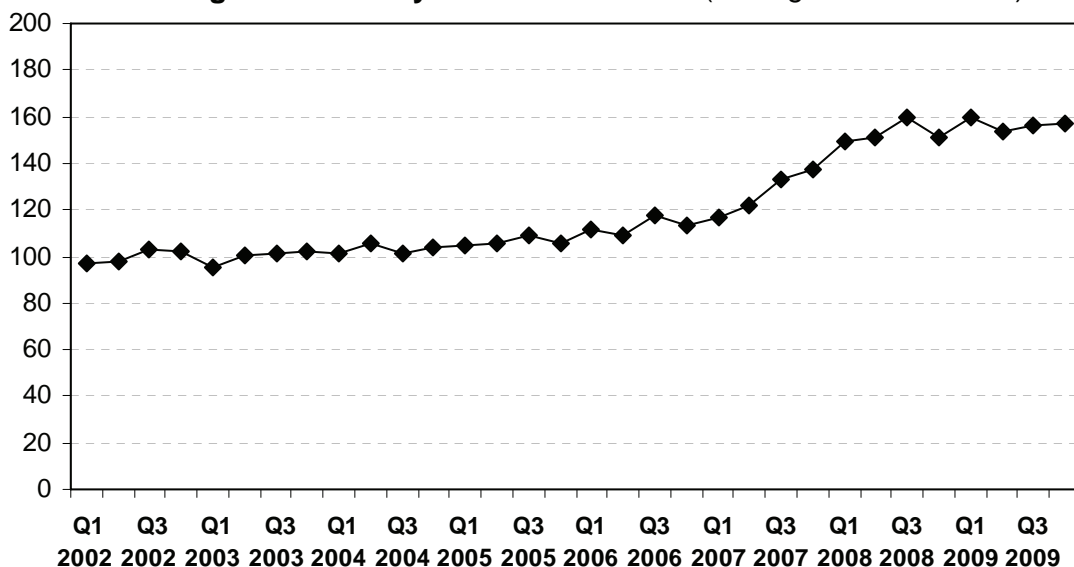
Summary

- The Jersey House Price Index has been substantially flat for the last eighteen months;
- the **mix-adjusted average price** of dwellings sold in Q4 2009 (£497,000) was essentially **the same as that for the average for all of 2009**;
- on a calendar year basis, the mix-adjusted average price of properties sold in **2009 was 2% higher than** those sold in **2008**, the lowest annual rate of increase seen for five years;
- the majority of property types, flats (1- and 2-bedroom) and 2- and 3-bedroom houses, have seen essentially stable prices over the two-year period 2008 to 2009;
- in contrast, 4-bedroom houses have seen ongoing price increases since 2007, with the mean price for this property type being 7% higher in 2009 than in 2008;
- the total seasonally adjusted **turnover** in Q4 2009 was about a fifth below the long-term average seen prior to mid-2008, although 3-bedroom houses recorded an increase in turnover in the latest quarter.

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 houses¹.

Figure 1 - Jersey House Price Index (Average for 2002 = 100)



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

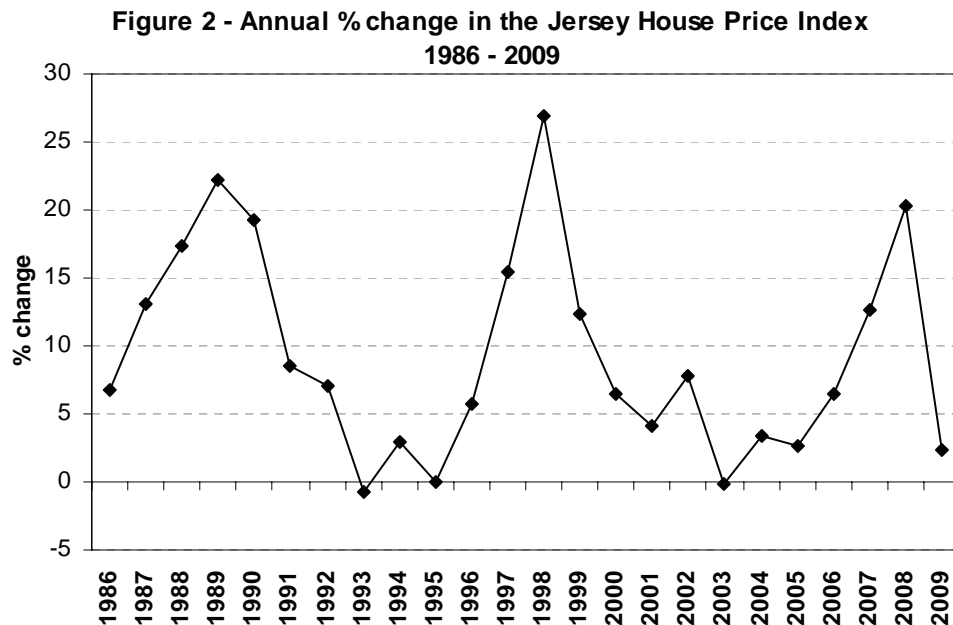
As Figure 1 and Table 1 indicate, the Jersey House Price Index has been effectively flat for the last eighteen months, since mid-2008. The mix-adjusted average price of dwellings sold in the latest quarter, Q4 2009 (£497,000) was essentially the same as the average recorded for all of 2009.

Table 1: Mix-adjusted average dwelling price and Jersey House Price Index.

Period	Average price (£,000)	Index (2002=100)
2004 Q1	323	101.7
Q2	335	105.7
Q3	322	101.5
Q4	330	103.9
Average	328	103.2
2005 Q1	331	104.3
Q2	334	105.2
Q3	345	108.8
Q4	335	105.7
Average	337	106.0
2006 Q1	355	111.8
Q2	346	109.0
Q3	372	117.2
Q4	360	113.5
Average	358	112.9
2007 Q1	371	116.8
Q2	388	122.2
Q3	421	132.7
Q4	435	137.0
Average	405	127.2
2008 Q1	474	149.4
Q2	480	151.3
Q3	508	160.0
Q4	480	151.3
Average	486	153.0
2009 Q1	507	159.8
Q2	488	153.6
Q3	497	156.6
Q4	497	156.7
Average	497	156.7

Prices are rounded to the nearest £1,000.

Figure 2 shows the annual average price changes from 1986 to 2009 on a calendar year basis. An annual rate of increase of 20% or higher has occurred in Jersey on three occasions in the last two decades: in 1989, 1998 and 2008. Each of these peaks was then followed by a period of lower rates of increase.

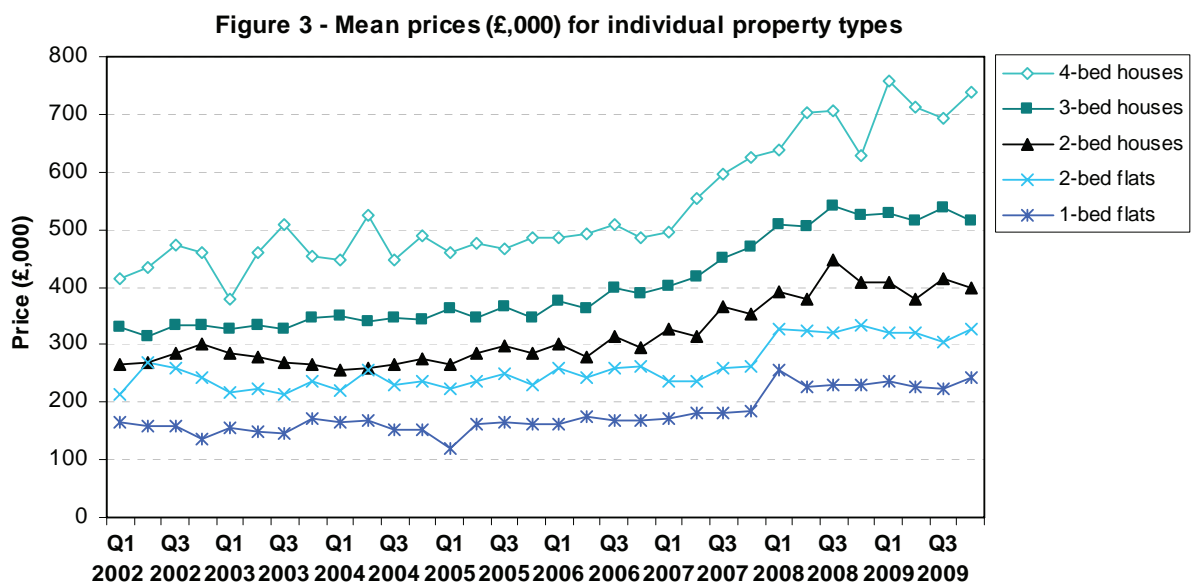


More recently, over the period covered by the new Jersey House Price Index², property prices overall were effectively flat between 2002 and 2003, increased at a rate of about 3% per annum in both 2004 and 2005, at almost 7% in 2006 and at 13% in 2007. Calendar year 2008 saw a greater rate of price growth; the overall average price of dwellings sold in 2008 was 20% higher than in 2007.

2009 has seen property prices, overall, increase by 2%, the lowest annual rate of increase seen for five years.

Individual property types

The mean prices for the individual categories of dwelling are shown in Figure 3 and in Tables 2 and 3.



² See "The Jersey House Price Index – comparison of old and new methodologies"; States of Jersey Statistics Unit, June 2003.

Table 2: Mean prices (£,000) for individual property types.

Period	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2004 Q1	166	219	257	351	448
Q2	169	256	258	340	526
Q3	153	230	266	347	446
Q4	152	236	274	343	489
2005 Q1	121	224	264	364	458
Q2	161	236	284	346	477
Q3	164	250	298	366	467
Q4	161	229	284	348	484
2006 Q1	163	259	303	375	486
Q2	176	243	278	364	492
Q3	168	259	315	398	509
Q4	169	262	296	388	485
2007 Q1	170	235	326	402	496
Q2	181	236	316	417	554
Q3	182	259	366	449	596
Q4	185	262	354	470	626
2008 Q1	255	327	391	510	638
Q2	226	323	378	506	704
Q3	229	322	447	541	706
Q4	229	333	407	524	628
2009 Q1	237	321	408	528	758
Q2	225	321	380	516	712
Q3	222	303	414	538	692
Q4	244	327	400	515	737

Table 3: Annual mean prices (£,000) for individual property types³.

Period	Flats		Houses		
	1-bed	2-bed	2-bed	3-bed	4-bed
2002	157	249	280	328	448
2003	157	223	274	334	458
2004	159	235	264	345	478
2005	154	234	286	356	474
2006	167	255	297	381	493
2007	180	251	340	435	571
2008	234	325	400	518	677
2009	233	319	400	522	723

Notwithstanding a degree of volatility which can occur quarter-on-quarter particularly for individual property types, some themes are apparent from the data:

1-bedroom flats

The mean price of 1-bedroom flats was essentially stable throughout 2008 and 2009. Although the latest quarter, Q4 2009, saw the highest mean price for almost two years, the overall average for calendar year 2009 was similar to that for 2008, at slightly over £230,000.

2-bedroom flats

Similar to the behaviour of 1-bedroom flats, the mean price of 2-bedroom flats remained essentially stable during the last two years. The mean price recorded in calendar 2009 was similar to that for 2008, at around £320,000.

2-bedroom houses

The mean price in Q4 2009 (£400,000) was essentially the same as that seen over the preceding two years.

3-bedroom houses

This category of property accounts for almost half of all residential transactions in Jersey. Following a period of ongoing price increases from 2006 to 2008, the last two years have seen effectively stable prices, with the most recent quarter, Q4 2009, recording a mean price of £515,000.

4-bedroom houses

This category of property has continued to see an overall upward trend in mean price since the beginning of 2007. The mean price for 2009 overall exceeded £700,000 and was 7% higher than that for 2008.

³ Note that the annual mean prices shown in Table 3 are derived by weighting the average price recorded in each quarter by the number of transactions in that quarter.

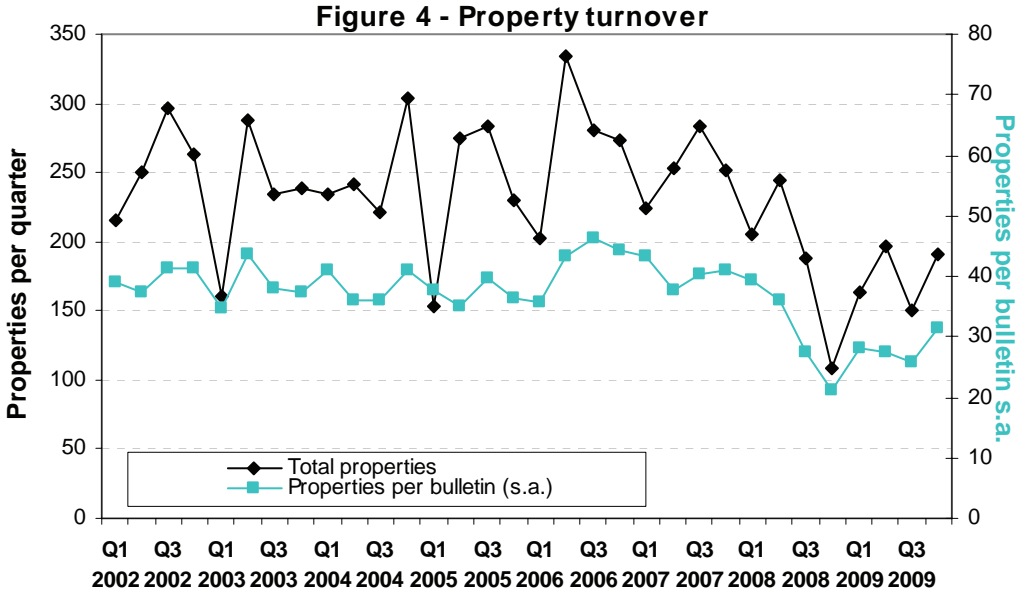
Turnover

Table 4 shows that 191 eligible properties (see Notes) were reported as being sold in Q4 2009.

Table 4: Number of dwellings included in the HPI, by property type, and number of Jersey Property Bulletins published.

Period	Flats		Houses			Total	Bulletins published
	1-bed	2-bed	2-bed	3-bed	4-bed		
2004 Q1	16	31	43	98	46	234	7
Q2	21	27	44	109	41	242	6
Q3	20	18	41	101	41	221	6
Q4	28	26	47	136	66	303	7
Average	21	26	44	111	49	250	7
2005 Q1	11	20	19	83	20	153	5
Q2	20	26	47	127	55	275	7
Q3	10	18	44	155	57	284	7
Q4	17	29	35	101	48	230	6
Average	15	23	36	117	45	236	6
2006 Q1	11	25	31	92	43	202	7
Q2	21	33	53	165	62	334	7
Q3	17	28	49	133	54	281	6
Q4	16	23	42	124	69	274	6
Average	16	27	44	129	57	273	7
2007 Q1	13	26	37	107	41	224	6
Q2	20	20	43	119	51	253	6
Q3	33	29	38	128	55	283	7
Q4	17	42	37	107	48	251	6
Average	21	29	39	115	49	253	6
2008 Q1	16	29	35	90	35	205	6
Q2	22	28	43	111	41	245	6
Q3	18	32	24	80	34	188	7
Q4	13	14	19	47	15	108	5
Average	17	26	30	82	31	187	6
2009 Q1	27	21	30	59	26	163	7
Q2	22	22	27	93	32	196	6
Q3	14	17	23	63	33	150	6
Q4	16	21	29	96	29	191	6
Average	20	20	27	78	30	175	6

Some interpretation is required in making comparisons between quarters due to variation in the frequency of sittings of the Royal Court and hence in the number of Jersey Property Bulletins published per quarter. It is also necessary to account for the seasonal nature of the raw data (apparent in Figure 4).



s.a. = seasonally adjusted.

Overall seasonally adjusted turnover in the fourth quarter of 2009 was about a fifth below the long-term average seen before mid-2008. However, 3-bedroom houses saw increased turnover in the most recent quarter, Q4 2009, compared with the previous quarter (Q3 2009) and the same quarter a year earlier (Q4 2008).

Comparison with the UK and Guernsey

United Kingdom

The mix-adjusted average prices of dwellings sold since Q1 2008 in Jersey and in the UK (overall and by region)⁴ are shown in Table 5.

Table 5: Mix-adjusted average price of dwellings sold in Jersey and the UK.

Region	Mix-adjusted average price £,000							
	2008				2009			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Jersey	474	480	508	480	507	488	497	497
UK	219	217	211	200	191	189	197	200
England	226	224	218	206	196	195	203	206
Wales	167	163	159	152	148	143	149	150
Scotland	163	167	162	155	151	156	161	161
Northern Ireland	222	221	213	192	189	173	178	175
Greater London	342	342	329	312	292	290	308	315
South East (excl. London)	275	272	266	250	238	237	245	249
East	238	235	228	214	206	202	211	214
South West	226	223	219	205	196	194	204	205
West Midlands	179	175	172	163	158	158	162	162
East Midlands	174	169	165	156	149	149	154	155
North West	162	161	157	151	144	143	149	150
Yorkshire & Humber	164	164	158	151	145	146	149	151
North East	149	148	143	138	133	130	134	137

Prices are rounded to the nearest £1,000.

In contrast to Jersey, where property prices have been substantially flat for the last eighteen months, UK property prices fell throughout 2008 and during the first half of 2009, before rising slightly in the latest two quarters.

Guernsey

The overall constant mix average price of dwellings sold in Guernsey⁵ in the fourth quarter of 2009 was £326,904, 7% lower than Q4 2008 and 9% lower on a quarterly basis.

⁴ Figures for the UK are derived from: Department for Communities and Local Government, House Price Index December 2009. 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.

⁵ Guernsey Policy and Research Unit: Guernsey Residential Property Prices 1981-2009. Guernsey introduced a "constant mix" measure in Q2 2009 in which the median prices of flats and houses are weighted using constant proportions.

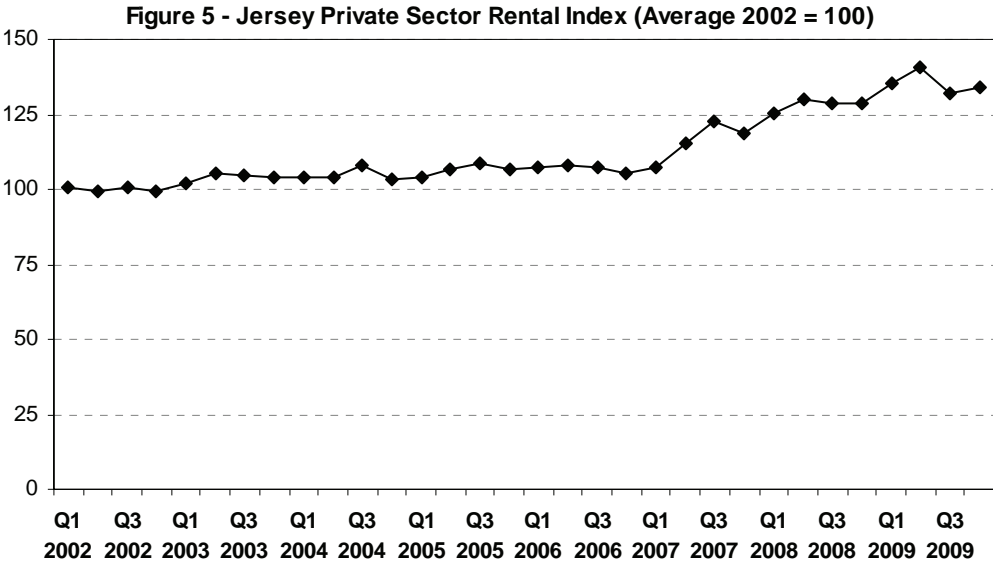
Jersey Private Sector Rental Index

The Private Sector Rental Index was introduced for Jersey in the third quarter of 2007 (see Note 7).

It is important to note that this index is derived from the average 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 an overall mix-adjusted index, separate indices are also 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 total index.

Figure 5 and Table 6 show the Private Sector Rental Index from Q1 2002 to Q4 2009.



Average rents in the private sector, as measured by the Jersey Private Sector Rental Index, increased by about 4% between 2002 and 2003. Rents were then essentially stable between 2003 and 2006 before rising in 2007 (up by 8% on an annual basis) and in 2008 (up 10%).

Average rents (from new consents) in the first half of 2009 were up 8% on an annual basis. However, both Q3 and Q4 of 2009 saw lower rates of increase such that, overall, average private sector rents for new consents rose by 6% in 2009.

⁶ A full description of the Jersey Private Rental Index and methodology is given in the Notes.

Table 6: Jersey Private Rental Index (Average 2002 = 100).

Period	Flats	Houses	Jersey Private Sector Rental Index
2002 Q1	99.9	102.8	100.9
Q2	99.7	98.8	99.2
Q3	102.2	98.1	100.5
Q4	98.1	101.9	99.4
2003 Q1	101.5	103.4	102.1
Q2	104.0	108.2	105.5
Q3	103.9	106.9	104.9
Q4	105.3	101.6	103.7
2004 Q1	103.1	106.2	104.1
Q2	104.5	103.6	104.0
Q3	107.5	108.7	107.8
Q4	102.4	105.1	103.3
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

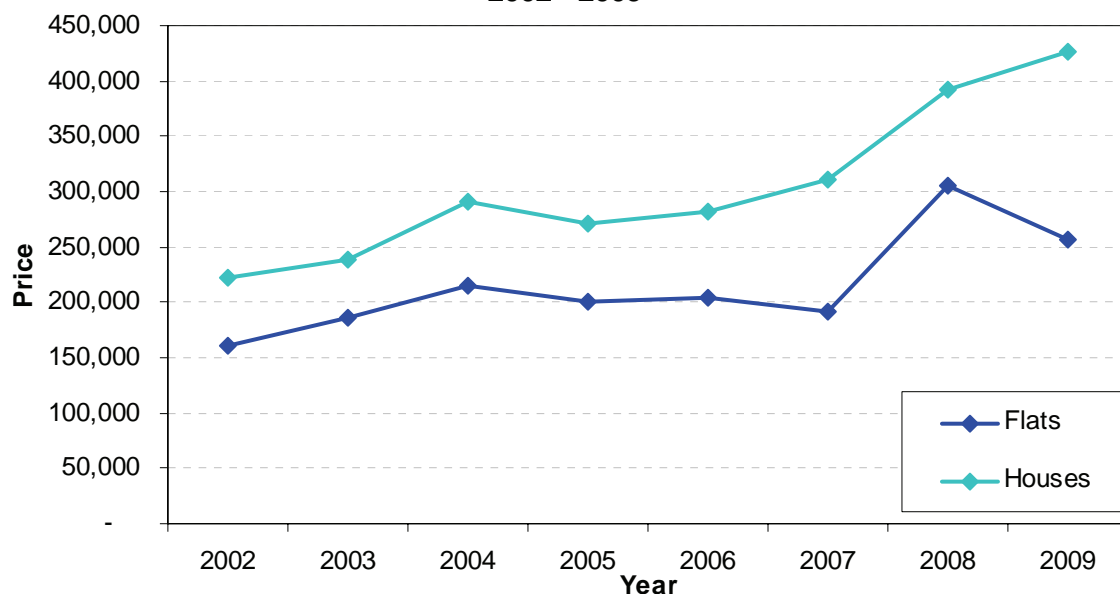
Annex A: First Time Buyers

There are a number of sites in Jersey which have had dwellings built exclusively to be available at a more affordable price to First Time Buyers (FTB). Due to the relatively small number of such transactions taking place in a given quarterly period, FTB properties are presented in Figure 6 and Table 7 on an annual basis and only at a combined flat and a combined house level (see Note 6).

Table 7: First Time Buyers' properties, 2002-2009.

Year	Flats		
	Mean price	Transactions	Principal sites
2002	160	59	Woodville Apartments
2003	185	52	Albert Place
2004	215	23	Albert Place
2005	201	8	Various & re-sale
2006	205	13	Woodville & Albert Place resale
2007	195	22	Clos des Charmes / Various & re-sale
2008	306	12	Woodville & Albert Place resale
2009	257	5	Woodville resale
Year	Houses		
	Mean price	Transactions	Principal sites
2002	222	44	Clos Le Breton
2003	242	18	Les Serres
2004	292	11	Various & re-sale
2005	270	129	Various & re-sale ⁷
2006	283	60	Various & re-sale ⁶
2007	312	12	Clos des Charmes / Various & re-sale ⁶
2008	392	48	Les Cloches / La Providence / Various & re-sale ⁶
2009	426	76	La Providence

**Figure 6 - Mean prices of First Time Buyer Properties
2002 - 2009**



⁷ Properties on the La Cambrette have been excluded from the First Time Buyers analysis, since these were refurbished properties sold by the Housing Department to States tenants at a price lower than private development sales and are thus not reflective of the First Time Buyers' market.

The fluctuations apparent in the annual mean price of FTB properties seen for both types of property may be ascribed to two factors: firstly, there is a relatively small number of transactions of such properties taking place each year; secondly, specific FTB sites vary somewhat in designated price and since the majority of each site is made available to purchase at a similar time, the annual figures reflect which site has come onto the market in a given year. For example, flats in Woodville Apartments in 2002 were available at a lower price, generally, than those in Albert Place in 2003 and 2004.

From 2004 to 2007 the average price of FTB flats remained relatively stable at around £200,000 whereas the average price surpassed £300,000 in 2008. However, this was largely due to the fact that a very small proportion of 1-bedroom FTB flats were sold in 2008 in comparison to previous years. 2009 saw an average price of £257,000 and recorded the lowest number of FTB flat transactions since records began in 2002. In contrast, FTB houses saw a relatively high number of transactions in 2009, whilst the average price of FTB houses surpassed £400,000.

Notes

1. The principal data source for the Jersey House Price Index is the Jersey Property Bulletin, supplemented by information on type and size of 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 transfers:
Sales occurring via share transfer are not processed through the Royal Court and hence do not appear in the Jersey Property Bulletin. Share transfer transactions are estimated to have constituted about three-fifths of all sales of flats since Q1 2002, with the proportion varying between half and two-thirds at the quarterly level as new developments come onto the market.

Since the transaction prices of properties purchased by share transfer are not readily available such properties are currently not included in the compilation of the Jersey House Price Index. However, as such properties are a part of the Jersey housing market; the level and change in price of this element of the market are governed by economic forces in the same way as the purchase of comparable properties which proceed via the Royal Court. Therefore, the coverage of flat purchases recorded through the latter process, and used in this analysis, provides a robust indicator of the state of the overall market for flats in Jersey.

If share transfers are included at the weight of three-fifths of all sales of flats, the annual percentage change of the overall mix-adjusted index calendar year 2009 (2%) is the same as the calendar year change (2%) presented in this report. The Land Transaction Tax, which came into effect on 1st January 2010, will enable the transaction prices of properties purchased by share transfer to be recorded. It is anticipated that these property transactions will be incorporated in the compilation of the Jersey House Price Index in future quarters.

4. The average price of dwellings is calculated by weighting together the average 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).

The margin of uncertainty on any quarter's average price is \pm £10,000; that on the difference between the average prices for any two quarters is \pm £14,000. The margin of uncertainty on any quarter's index is \pm 3 percentage points.

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. Prior to the first quarter of 2005, the weights for calculation of the mix-adjusted averages were derived from the proportion that each property type accounted for of all transactions in calendar year 2002. Revised property-type weights were introduced in Q1 2005 and again in Q1 2009, each derived from the full preceding three-year period.

Property type	Current Weight
1-bedroom flats	0.079
2-bedroom flats	0.115
2-bedroom houses	0.158
3-bedroom houses	0.458
4-bedroom houses	0.192

The slight changes in weights produced no material discontinuity in the Index series; the difference in mix-adjusted average price between the different sets of weights was about £1,000.

6. First Time Buyers:

Due to the very small number of 4-bedroom First Time Buyer (FTB) properties, the analysis presented for FTB houses in Table 7 comprises 2- and 3-bedroom FTB houses combined. Otherwise, almost all First Time Buyer properties are included in the analysis underpinning the table. In a small number of cases the only data available is the “plot” price of a property; such transactions are not included.

7. Jersey Private Rental Index:

The principal data source for the Jersey Private 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 Rental Index (based to 100 for calendar year 2002).