

# Jersey House Price Index

## Second Quarter 2016

### Summary

In the second quarter of 2016:

- on a **rolling four-quarter basis**, the mix-adjusted average price of dwellings sold in Jersey during the year ending Q2 2016 was 2% higher than in the previous quarter (ending Q1 2016)
- on a **quarterly basis**:
  - the *seasonally adjusted* mix-adjusted average price in Q2 2016 was 5% higher than in the previous quarter and 7% higher than the corresponding quarter in 2015 (Q2 2015)
  - all property types in the Jersey House Price index recorded higher mean prices than in the previous quarter
- the **turnover** of properties in Q2 2016 was higher than in the previous quarter and was essentially unchanged when compared with the corresponding quarter in 2015
- overall **housing market activity**, on a rolling four-quarter basis, was 2% higher than in the previous quarter (ending Q1 2016)

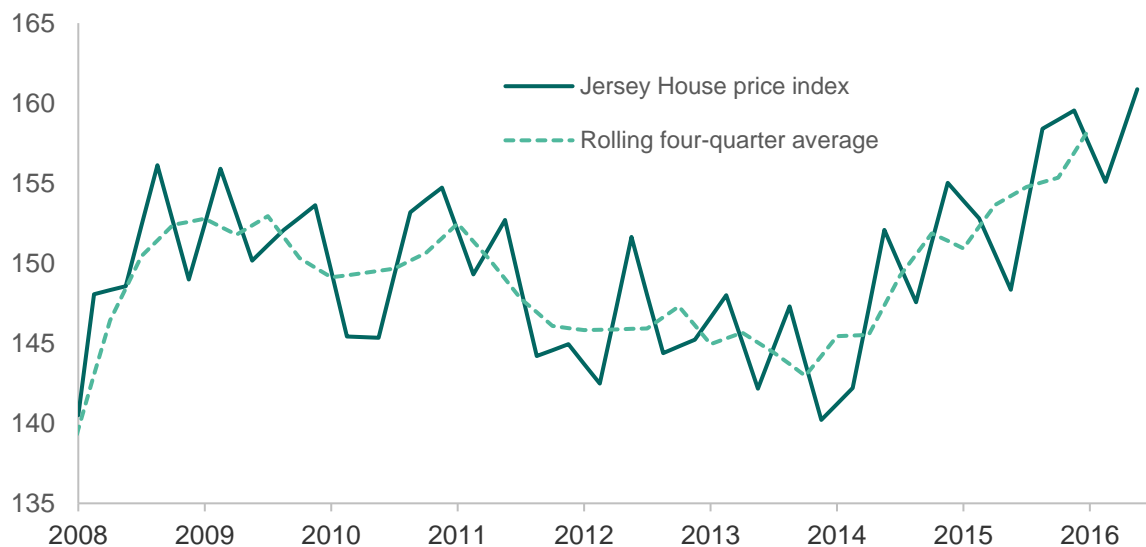
### Overall mix-adjusted Index

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.

Figure 1 shows the Jersey House Price Index from 2008 to 2016 on a non-seasonally adjusted basis and also the rolling four-quarter average (see [Note 6](#) and [Appendix A](#)).

Figure 1 – Jersey House Price Index, Q1 2008 to Q2 2016

(2002 = 100; including share transfer properties and non-seasonally adjusted)



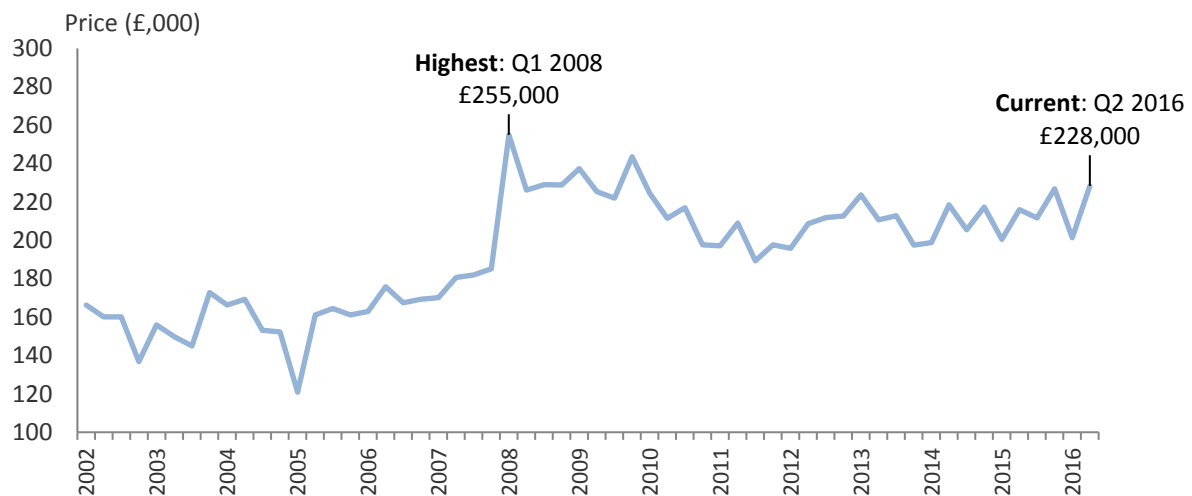
On a rolling four-quarter basis, the Jersey House Price Index during the year ending Q2 2016 was 2% higher than in the previous quarter (ending Q1 2016)

On a quarterly basis, the *seasonally adjusted* average price (see [Appendix A](#)) in Q2 2016 was 5% higher than in the previous quarter and 7% higher than the corresponding quarter in 2015 (Q2 2015)

## Individual property types - 1-bedroom flats

The mean prices for 1-bedroom flats are shown in Figure 2.

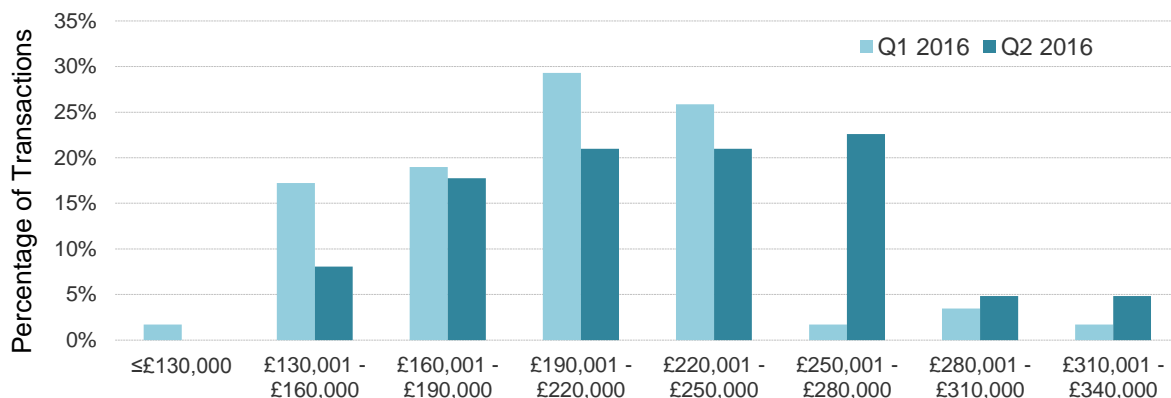
Figure 2 – Mean prices (£,000) for 1-bedroom flats, Q1 2002 to Q2 2016



Following the sharp increase in mean prices early in 2008, the remainder of 2008 and 2009 saw the mean price of 1-bedroom flats remain essentially stable at around £230,000. During 2010 and 2011 the mean price of this property type decreased, largely due to an increase in turnover of lower priced share transfer properties. The mean price has since remained around that level, with the four years 2012 to 2015 each having average mean prices of around £210,000.

The mean price of 1-bedroom flats sold in the latest quarter was **£228,000**, which was around £27,000 higher than the previous quarter (Q1 2016) and around £14,000 higher than the annual average of the previous calendar year (2015). Figure 3 shows the distribution of prices for these properties sold in the last two quarters.

Figure 3 – Price distributions for 1-bedroom flats, Q1 2016 and Q2 2016



The *median* price of 1-bedroom flats sold in the latest quarter was £225,000 (£3,000 lower than the mean price) and the largest volume (almost 25% of total transactions) were sold in the £250,001 - £280,000 price bracket.

Table 1 – Mean prices for 1-bedroom flats

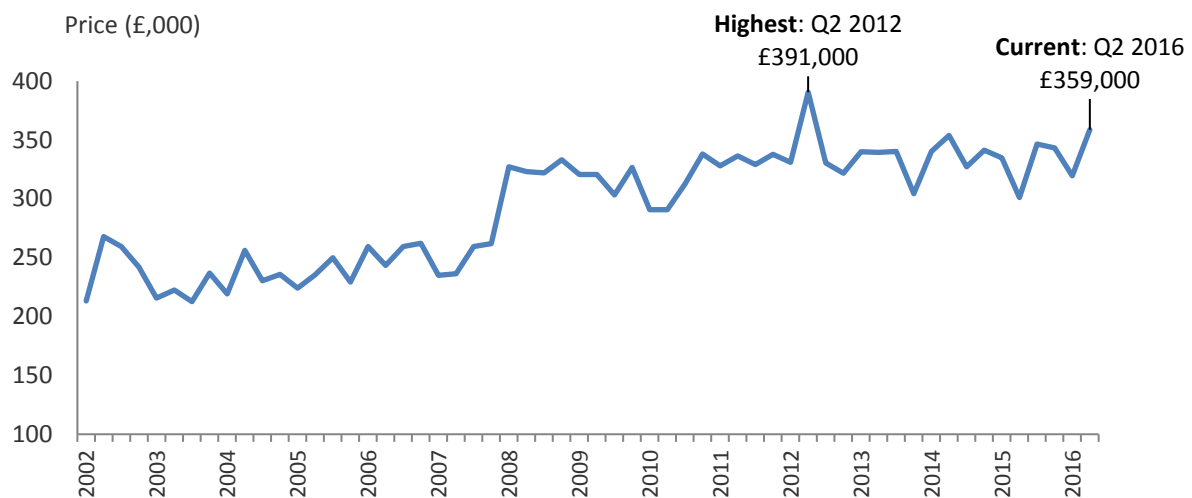
1-Bed Flats	2013				2014				2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Price (£,000)</b>	224	211	213	197	199	219	205	217	201	216	212	227	201	228

The Q1 2016 mean price has a 95% confidence interval of ± £11,000

## Individual property types - 2-bedroom flats

The mean prices for 2-bedroom flats are shown in Figure 4.

Figure 4 – Mean prices (£,000) for 2-bedroom flats, Q1 2002 to Q2 2016



Following a period of stability throughout 2008 and 2009, when the mean price of 2-bedroom flats was around £320,000, the subsequent two years saw increases, taking the annual mean price of this property type to around £340,000 in 2012. Since the first quarter of 2013 the mean price of 2-bedroom flats generally remained unchanged, except for a downward fluctuation seen in Q4 2013.

The mean price of 2-bedroom flats sold in the latest quarter was **£359,000**, which was around £39,000 higher than the previous quarter (Q1 2016) and £27,000 higher than the annual average of the previous calendar year (2015). Figure 5 shows the distribution of prices for these properties sold in the last two quarters.

Figure 5 – Price distributions for 2-bedroom flats, Q1 2016 and Q2 2016



The *median* price of 2-bedroom flats sold in the latest quarter was £331,000 (£28,000 lower than the mean price) and the largest volume (approximately 20% of total transactions) were sold in the £240,001 - £280,000 price bracket.

Table 2 – Mean prices for 2-bedroom flats

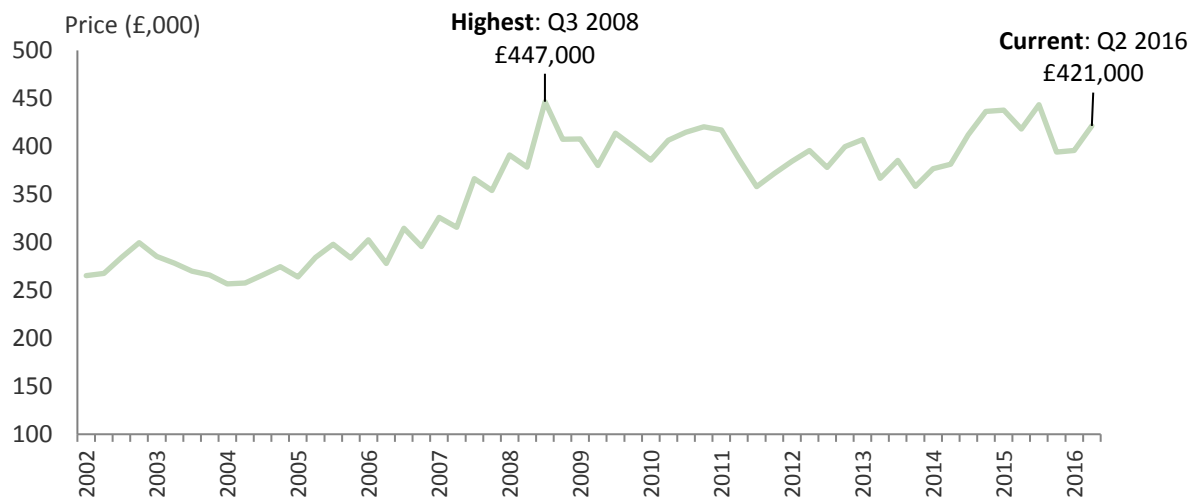
2-Bed Flats	2013				2014				2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Price (£,000)</b>	340	340	340	304	340	354	327	341	335	301	347	343	320	359

The Q1 2016 mean price has a 95% confidence interval of ± £26,000

## Individual property types - 2-bedroom houses

The mean prices for 2-bedroom houses are shown in Figure 6.

Figure 6 – Mean prices (£,000) for 2-bedroom houses, Q1 2002 to Q2 2016

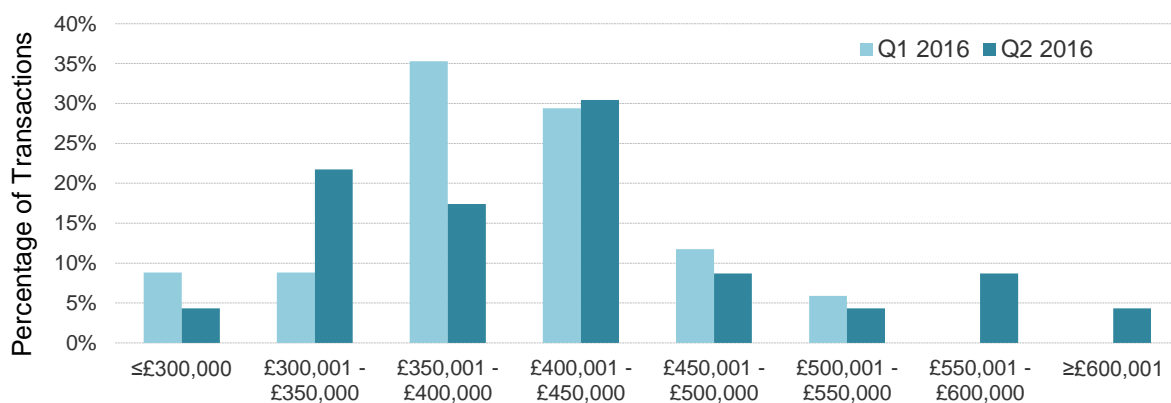


The mean price of 2-bedroom houses sold from 2008 to 2010 was between £400,000 and £410,000. The mean price of this property type subsequently decreased, with the annual average price recorded in each year from 2011 to 2013 ranging from approximately £375,000 to £390,000.

In the latter half of 2014 the mean price of 2-bedroom houses rose above £400,000 for the first time since early-2011 and continued to remain above this level for the next five quarters, before decreasing to £394,000 in Q4 2015.

The mean price of 2-bedroom houses sold in the latest quarter, at **£421,000**, was £25,000 higher than the previous quarter (Q1 2016) and £1,000 lower than the 2015 average. Figure 7 shows the distribution of prices for these properties sold in the last two quarters.

Figure 7 – Price distributions for 2-bedroom houses, Q1 2016 and Q2 2016



The *median* price of 2-bedroom houses sold in the latest quarter was £404,000 (£17,000 lower than the mean price) and the largest volume (approximately 30% of total transactions) were sold in the £400,001 - £450,000 price bracket.

Table 3 – Mean prices for 2-bedroom houses

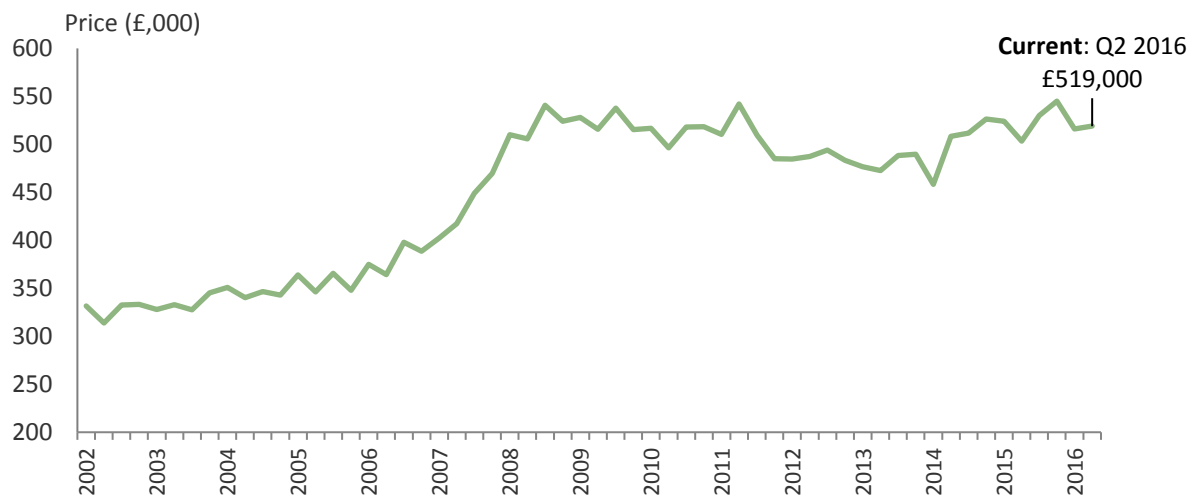
2-Bed Houses	2013				2014				2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	407	367	385	358	377	382	412	436	438	418	443	394	396	421

The Q1 2016 mean price has a 95% confidence interval of ± £48,000

## Individual property types - 3-bedroom houses

The mean prices for 3-bedroom houses are shown in Figure 8.

Figure 8 – Mean prices (£,000) for 3-bedroom houses, Q1 2002 to Q2 2016



After a period of strong growth from 2006 to early 2008, the mean price of 3-bedroom houses remained relatively stable throughout the subsequent four-year period from 2008 to 2011, at between £510,000 and £520,000.

At the end of 2011 the mean price of this property type fell below £500,000 for the first time since 2007 and remained below this level for almost three years. In Q2 2014 it once again rose above the £500,000 mark and it has subsequently remained above this level.

The mean price of 3-bedroom houses which sold in the latest quarter was **£519,000** which was £3,000 higher than the previous quarter (Q1 2016), and £8,000 lower than the 2015 average. Figure 9 shows the distribution of prices for these properties sold in the last two quarters.

Figure 9 – Price distributions for 3-bedroom houses, Q1 2016 and Q2 2016



The *median* price of 3-bedroom houses sold in the latest quarter was £485,000 (£34,000 lower than the mean price) and the largest volume (over 25% of total transactions) were sold in the £400,001 - £460,000 price bracket.

Table 4 – Mean prices for 3-bedroom houses

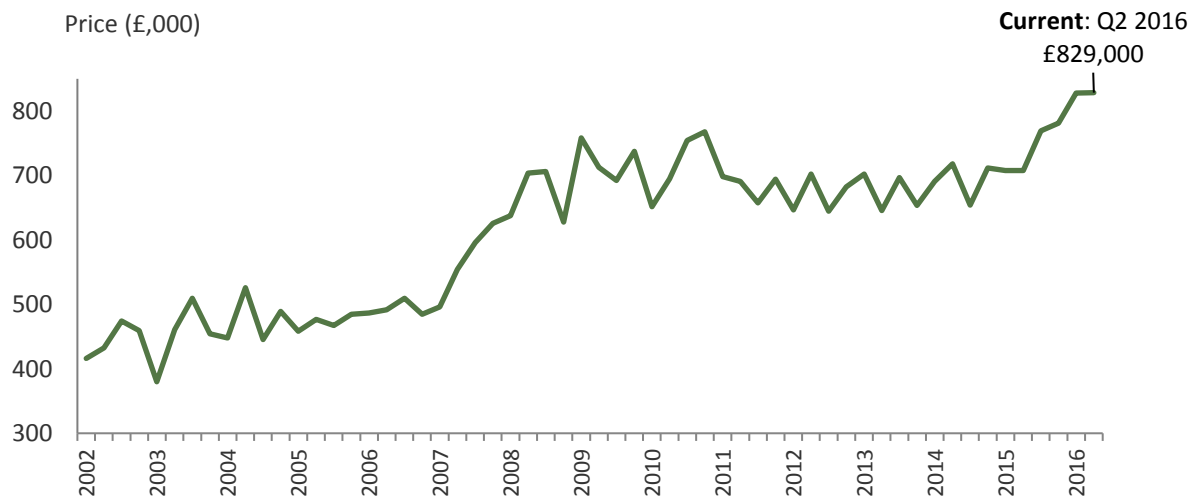
3-Bed Houses	2013				2014				2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	477	473	488	490	458	508	512	526	524	503	530	545	516	519

The Q1 2016 mean price has a 95% confidence interval of ± £28,000

## Individual property types - 4-bedroom houses

The mean prices for 4-bedroom houses are shown in Figure 10.

Figure 10 – Mean prices (£,000) for 4-bedroom houses, Q1 2002 to Q2 2016



Although this category of property has seen some volatility in price on a quarterly basis since 2008, for the most part the mean price of this property type has fluctuated around £700,000. More recently from Q3 2015 we have seen the average recorded price increase, with mean prices exceeded £800,000 for the first time in Q1 2016.

The mean price of 4-bedroom houses which sold in the latest quarter was **£829,000**, an increase of £1,000 compared to the previous quarter and £85,000 higher than the annual average for 2015. This most recent figure represents the highest mean price for this class of property so far recorded.

Figure 11 shows the distribution of prices for these properties sold in the last two quarters.

Figure 11 – Price distributions for 4-bedroom houses, Q1 2016 and Q2 2016



The *median* price of 4-bedroom houses sold in the latest quarter was £800,000 (£29,000 lower than the mean price) and the largest volume (almost 20% of total transactions) were sold in the £700,001 - £800,000 price bracket.

Table 5 – Mean prices for 4-bedroom houses

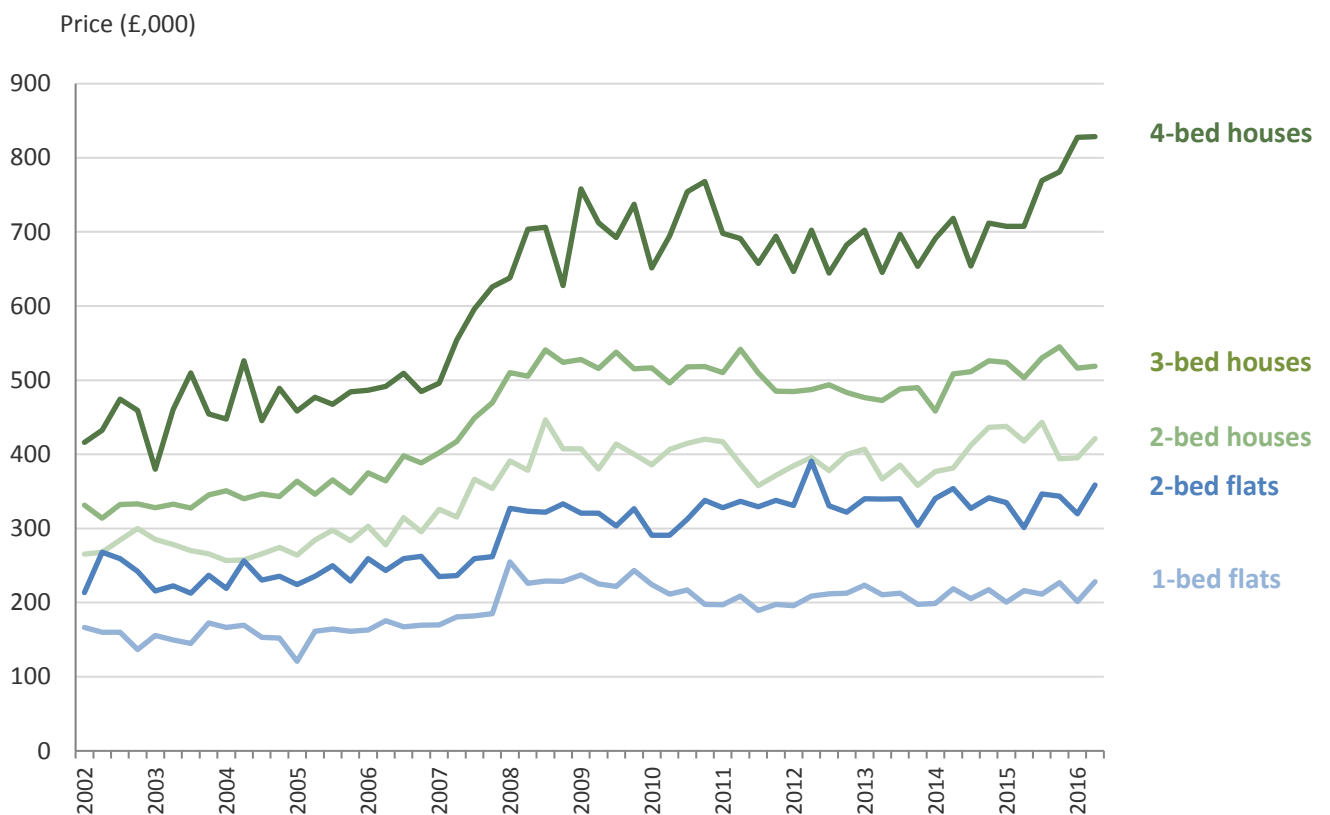
4-Bed Houses	2013				2014				2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Price (£,000)	702	645	697	654	691	718	654	712	707	708	769	771	828	829

The Q1 2016 mean price has a 95% confidence interval of  $\pm$  £94,000

## Individual property types - Combined

Each of the mean prices for the period of 2002 to 2016, for the individual categories of dwelling are shown in Figure 12.

Figure 12 – Mean prices (£,000) for the individual property types, Q1 2002 to Q2 2016



When comparing the different property types it can be seen that:

- all property types recorded increases in mean prices in the most recent quarter
- the difference in price between smaller properties (1- and 2-bedroom flats and 2-bedroom houses) and larger properties (3- and 4- bedroom houses) decreased in Q2 2016 compared to the previous quarter

## Turnover

A total of 331 eligible properties (see [Note 2](#)) were reported as being sold in Jersey in the latest quarter, Q2 2016. 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 also due to seasonal variations. Nevertheless, the number of properties sold in Q2 2016 was:

- higher than in the previous quarter
- essentially unchanged when compared with the corresponding quarter of 2015

Figure 13 – Number of dwellings included in the Jersey House Price Index by property type

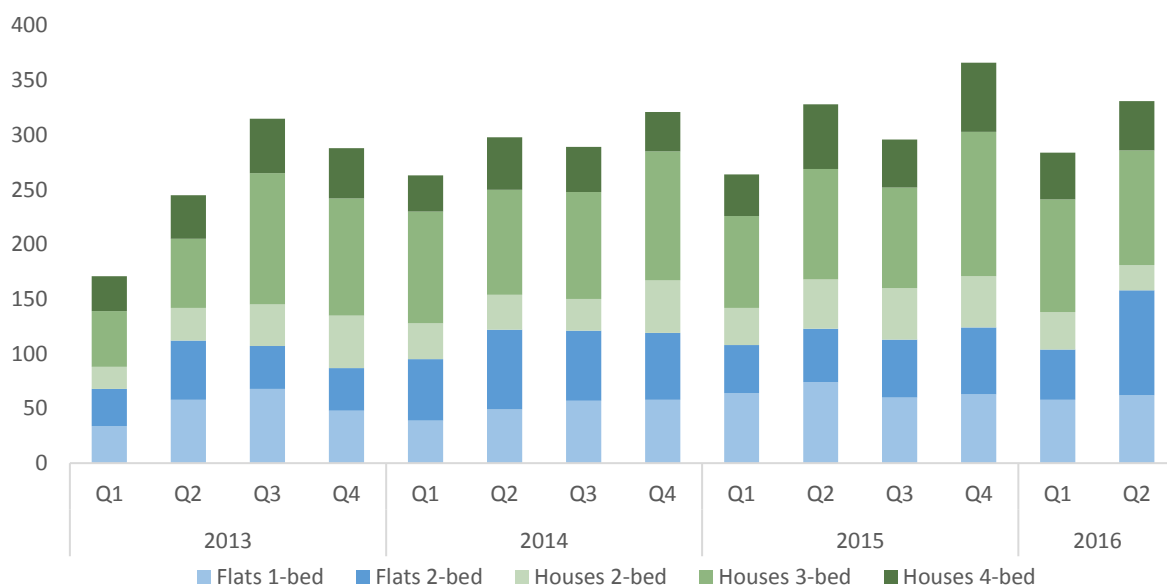


Table 6 - Number of dwellings included in the Jersey House Price Index by property type

		Flats		Houses			Total	Bulletins published
		1-bed	2-bed	2-bed	3-bed	4-bed		
<b>2014</b>	Q1	39	56	33	102	33	263	6
	Q2	49	73	32	96	48	298	6
	Q3	57	64	29	98	41	289	6
	Q4	58	61	48	118	36	321	7
	<b>Total 2014</b>	<b>203</b>	<b>254</b>	<b>142</b>	<b>414</b>	<b>158</b>	<b>1,171</b>	<b>25</b>
<b>2015</b>	Q1	64	44	34	84	38	264	6
	Q2	74	49	45	101	59	328	6
	Q3	60	53	47	92	44	296	6
	Q4	63	61	47	132	63	377	7
	<b>Total 2015</b>	<b>261</b>	<b>207</b>	<b>173</b>	<b>409</b>	<b>204</b>	<b>1,254</b>	<b>25</b>
<b>2016</b>	Q1	58	46	34	103	43	284	6
	Q2	62	96	23	105	45	331	6

In Q2 2016 share transfer transactions (see [Note 3](#)) accounted for over half (55%) of all eligible flat sales, a lower proportion than that recorded in calendar year 2015.



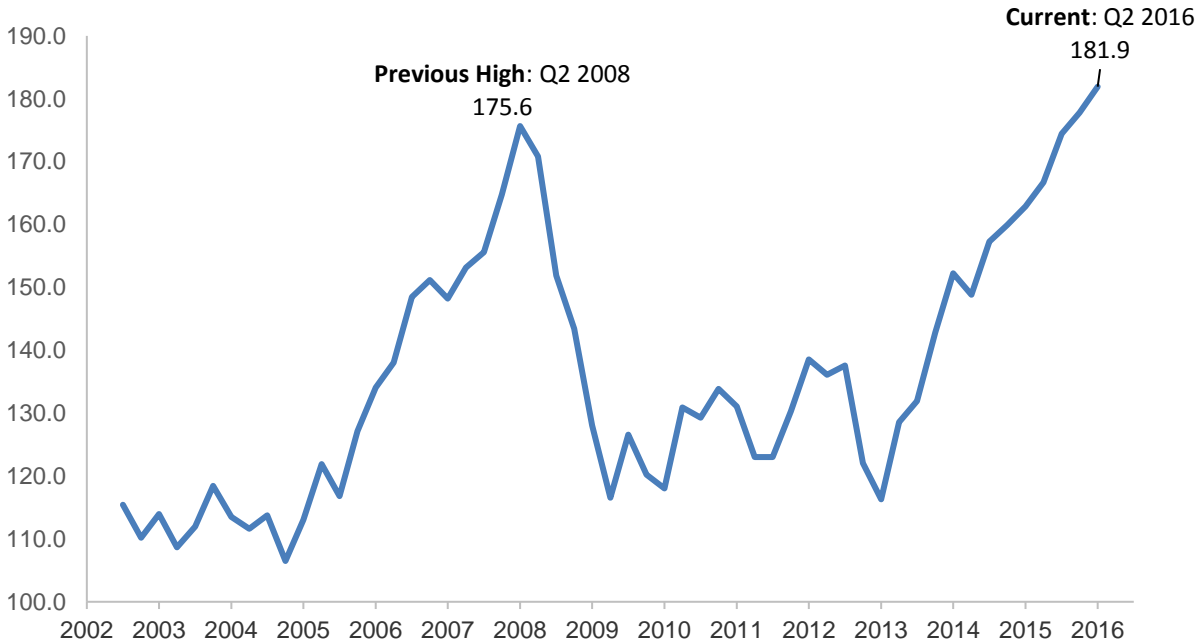
# Housing Market Activity

## Second Quarter 2016 Results

The Jersey Housing Market Activity Index measures the total market activity of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses in Jersey (see [Note 8](#)). The index includes share transfer properties.

Figure 14 shows the Jersey Housing Market Activity Index from 2002 to 2016 as a rolling four-quarter average (see [Note 8](#) and [Appendix B](#)):

Figure 14 – Jersey Housing Market Activity Index  
(2002 = 100; including share transfer properties and on a rolling four-quarter basis)



On a **rolling four-quarter basis**, the total activity of the Jersey housing market during the year ending Q2 2016 was 2% higher than in the previous quarter (ending Q1 2016). The latest quarter represented the highest recorded level of activity, exceeding the previous high in 2008 for the second consecutive quarter.

A degree of caution is required in making comparisons between quarters due to seasonal variations; nevertheless, on a **quarterly** basis:

- the total market activity in Q2 2016 was 21% higher than in the previous quarter (Q1 2016)
- the total market activity in Q2 2016 was 9% higher than the corresponding quarter in 2015 (Q2 2015)

## Comparison with Guernsey

The mix-adjusted average price of properties sold in Jersey in the most recent quarter was £468,000. This is higher than the mix-adjusted average price of Local Market properties sold in Guernsey of £435,000.

In Guernsey the mix adjusted average purchase price for Local Market properties in the second quarter of 2016 was 2.9% higher than in the previous quarter and 0.5% lower than in the same quarter of 2015, representing the sixth consecutive quarter in which negative annual growth has been recorded.

Turnover in Guernsey during the second quarter of 2016 was 53.5% higher than the previous quarter and 57.1% higher than in the corresponding quarter of 2015. The turnover of 198 local market properties was the highest quarterly figure recorded since 2012.

## Comparison with United Kingdom

Recently the UK Office of National Statistics (ONS) has developed and published a new UK House Price Index (HPI) methodology which has resulted in changes to the price levels previously reported. This is largely as a result of changes to the formula used to calculate average prices. The figures below are from this new index, and in order to remain directly compatible the Jersey figure shown is derived from a revised index that follows the same new UK methodology in calculating average prices. For more information please see [Appendix C](#).

Table 7: Mix-adjusted average prices in Jersey and the UK (in £,000's)

	Q2 2016
<b>Jersey</b>	<b>454</b>
<b>UK</b>	<b>211</b>
<b>England</b>	<b>227</b>
<b>Wales</b>	<b>143</b>
<b>Scotland</b>	<b>140</b>
<b>Northern Ireland</b>	<b>123</b>
London	469
South East (excluding London)	305
East	266
South West	232
West Midlands (region)	175
East Midlands	169
Yorkshire & The Humber	148
North West	147
North East	124

The mix-adjusted index for the UK in Q2 2016 (April to June 2016) was 8% higher on an annual basis (non-seasonally adjusted) and 2% higher on a quarterly basis (compared with January to March 2016, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was 2% higher than in the previous quarter.

## Notes

### 1. Data sources:

The principal data sources on the transaction 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 are 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.

In respect of these transactions, the value recorded in the Land Transaction Tax data will only reflect the value of the shares transferred that confer a right of occupation to a dwelling within their articles of association. They will therefore not include any transactions that do not relate to a dwelling, such as the separate sale of parking spaces and storage areas which may ordinarily be included in the sale price of other property types.

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. Four-quarter rolling average

Due to the relatively low turnover of properties in Jersey, the mix-adjusted House Price Index is susceptible to fluctuations which occur due to variance in the mix of properties sold from one quarter to another, in terms of quality, location and age, particularly when a number of properties from a new development become available for purchase in the same period. To moderate such effects, the Jersey House Price Index is presented on a rolling four-quarter basis in Figure 1.

#### 7. Seasonal adjustment

Housing markets can, in principle, exhibit seasonal effects that affect property prices. In order to enable meaningful quarter-on-quarter comparison, the mix-adjusted house price index is seasonally adjusted using the Eurostat Demetra software package.

Seasonal adjustment is based on ongoing estimation of seasonal trends and as such is subject to revision. In order to ensure a reasonably stable series of data for the user, the seasonal model is revised once a year, in Q1, at which point the entire historic series will potentially be revised. These revisions are welcome as they derive from an expanded set of data and lead to better estimates of the seasonal pattern. Throughout the calendar year the most recent model will be utilised and therefore the monthly figures will not be subject to revision.

All other figures presented in this report, are based on the non-seasonally adjusted measures, unless otherwise stated.

#### 8. Jersey Housing Market Activity Index

The Jersey Housing Market Activity Index is a derived index compiled from existing data sourced to produce the Jersey House Price Index and combines the mix adjusted average price of dwellings sold in Jersey with the total number of transactions that occurs during the same period to provide an indication of the total market activity.

The principal data sources are therefore the same as utilised for the Jersey House Price Index, and the list of excluded properties is the same as listed in [Note 2](#) above.

In respect of share transfer properties, whilst the individual share transfer transactions were not included in the compilation of the Jersey House Price Index prior to Q1 2011, the total number of transactions in each period were recorded via the share transfer consent process. This has allowed us to provide a full historical series back to Q1 2002, when the current House Price index methodology commenced.

The nature of the Jersey property market is that the turnover of properties is susceptible to seasonal fluctuations and therefore to moderate such effects, the Index is presented on a rolling four-quarter basis.

Table A1: Jersey House Price Index (including share transfer properties)

		Index (n.s.a)	Rolling four-quarter average (n.s.a)	Seasonally adjusted index series
<b>2006</b>	Q1	<b>110.3</b>	106.4	107.5
	Q2	<b>107.8</b>	107.4	109.3
	Q3	<b>115.2</b>	109.3	111.5
	Q4	<b>112.1</b>	111.4	113.7
<b>2007</b>	Q1	<b>114.1</b>	112.3	115.1
	Q2	<b>119.1</b>	115.1	119.6
	Q3	<b>129.0</b>	118.6	126.0
	Q4	<b>132.9</b>	123.8	135.4
<b>2008</b>	Q1	<b>148.0</b>	132.3	145.3
	Q2	<b>148.6</b>	139.6	152.0
	Q3	<b>156.1</b>	146.4	152.7
	Q4	<b>149.0</b>	150.4	152.1
<b>2009</b>	Q1	<b>155.9</b>	152.4	151.3
	Q2	<b>150.2</b>	152.8	150.7
	Q3	<b>152.1</b>	151.8	150.9
	Q4	<b>153.6</b>	152.9	150.2
<b>2010</b>	Q1	<b>145.4</b>	150.3	146.8
	Q2	<b>145.4</b>	149.1	146.7
	Q3	<b>153.2</b>	149.4	151.6
	Q4	<b>154.7</b>	149.7	153.9
<b>2011</b>	Q1	<b>149.3</b>	150.6	152.9
	Q2	<b>152.7</b>	152.5	149.3
	Q3	<b>144.2</b>	150.2	145.6
	Q4	<b>144.9</b>	147.8	143.6
<b>2012</b>	Q1	<b>142.5</b>	146.1	146.1
	Q2	<b>151.6</b>	145.8	147.1
	Q3	<b>144.4</b>	145.9	145.6
	Q4	<b>145.2</b>	145.9	145.3
<b>2013</b>	Q1	<b>148.0</b>	147.3	145.9
	Q2	<b>142.2</b>	144.9	145.7
	Q3	<b>147.3</b>	145.7	143.8
	Q4	<b>140.2</b>	144.4	142.2
<b>2014</b>	Q1	<b>142.2</b>	143.0	144.5
	Q2	<b>152.1</b>	145.4	148.6
	Q3	<b>147.6</b>	145.5	150.3
	Q4	<b>155.0</b>	149.2	152.7
<b>2015</b>	Q1	<b>152.8</b>	151.9	153.0
	Q2	<b>148.3</b>	150.9	152.3
	Q3	<b>158.4</b>	153.6	156.1
	Q4	<b>159.5</b>	154.8	157.9
<b>2016</b>	Q1	<b>155.1</b>	155.3	156.3
	Q2	<b>160.9</b>	158.5	163.0

*n.s.a. non-seasonally adjusted;*

**Table A2: Jersey House Market Activity Index**

		<b>Index</b>	<b>Rolling four-quarter average</b>
<b>2005</b>	Q1	<b>75.9</b>	106.5
	Q2	<b>137.3</b>	113.0
	Q3	<b>137.6</b>	121.9
	Q4	<b>116.4</b>	116.8
<b>2006</b>	Q1	<b>117.3</b>	127.2
	Q2	<b>164.9</b>	134.1
	Q3	<b>153.5</b>	138.0
	Q4	<b>158.1</b>	148.5
<b>2007</b>	Q1	<b>128.1</b>	151.2
	Q2	<b>153.0</b>	148.2
	Q3	<b>173.3</b>	153.2
	Q4	<b>167.9</b>	155.6
<b>2008</b>	Q1	<b>164.8</b>	164.8
	Q2	<b>196.5</b>	175.6
	Q3	<b>154.1</b>	170.8
	Q4	<b>92.3</b>	151.9
<b>2009</b>	Q1	<b>130.9</b>	143.4
	Q2	<b>135.0</b>	128.1
	Q3	<b>108.0</b>	116.6
	Q4	<b>132.2</b>	126.6
<b>2010</b>	Q1	<b>105.5</b>	120.2
	Q2	<b>126.4</b>	118.0
	Q3	<b>159.6</b>	130.9
	Q4	<b>125.6</b>	129.3
<b>2011</b>	Q1	<b>123.9</b>	133.9
	Q2	<b>115.2</b>	131.1
	Q3	<b>127.4</b>	123.0
	Q4	<b>125.5</b>	123.0
<b>2012</b>	Q1	<b>153.0</b>	130.3
	Q2	<b>148.2</b>	138.5
	Q3	<b>117.7</b>	136.1
	Q4	<b>131.5</b>	137.6
<b>2013</b>	Q1	<b>90.9</b>	122.1
	Q2	<b>125.1</b>	116.3
	Q3	<b>166.7</b>	128.5
	Q4	<b>145.1</b>	131.9
<b>2014</b>	Q1	<b>134.3</b>	142.8
	Q2	<b>162.8</b>	152.2
	Q3	<b>153.2</b>	148.9
	Q4	<b>178.8</b>	157.3
<b>2015</b>	Q1	<b>144.9</b>	159.9
	Q2	<b>174.7</b>	162.9
	Q3	<b>168.4</b>	166.7
	Q4	<b>209.7</b>	174.4
<b>2016</b>	Q1	<b>158.2</b>	177.8
	Q2	<b>191.3</b>	181.9

## Jersey Private Sector Rental Index

The Statistics Unit published a rental index from 2007 until 2012 using prices recorded by the Population Office. The index has not been produced since December 2012 following a change in law that meant the Population Office no longer recorded this data.

Since June 2015 the Statistics Unit has been collecting data in order to produce a revised index and are now able to publish this for the first time.

The revised index uses advertised rental prices from both internet and classified adverts. Other jurisdictions currently use this method where there is no suitable administrative data source. The index is:

- mix adjusted
- weighted to reflect the private rental property stock on the island
- chain linked to the original Jersey Private Sector Rental Index

Due to the small numbers of properties and high variability of rents, the following categories of dwelling are excluded: 3- or more bedroom flats, 1-bedroom and 5- or more bedroom houses. All non-domestic dwellings are also excluded. The average (geometric mean) rental price of dwellings is calculated by weighting together the average rents for each of the following categories: bedsits, 1- and 2- bedroom flats and 2-, 3- and 4-bedroom houses. “Qualified” (entitled and licensed) and registered are also weighted separately.

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 based on details of the rental market stock gathered in the 2011 census.

The resulting mix-adjusted average rental price is converted into the Jersey Private Sector Rental Index (based to 100 for calendar year 2002).

Figure B1 and Table B1 below detail this revised index

**Figure B1 – Jersey Private Sector Rental Index, Q1 2002 to Q2 2016**  
(2002 = 100; non-seasonally adjusted)



On a rolling 4-quarter basis, rental prices in Jersey have increased by 12% over the last 4 years (comparing the year ending Q2 2016 with the year ending Q2 2012). By way of comparison, the Jersey House Price Index has increased by 9% over the same period.

**Table B1: Jersey rental index**

		Index	Rolling four-quarter average
<b>2002</b>	Q1	100.9	Not available
	Q2	99.2	Not available
	Q3	100.5	Not available
	Q4	99.4	100.0
<b>2003</b>	Q1	102.1	100.3
	Q2	105.5	101.9
	Q3	104.9	103.0
	Q4	103.7	104.1
<b>2004</b>	Q1	104.1	104.6
	Q2	104.0	104.2
	Q3	107.8	104.9
	Q4	103.3	104.8
<b>2005</b>	Q1	103.7	104.7
	Q2	106.6	105.4
	Q3	108.8	105.6
	Q4	106.5	106.4
<b>2006</b>	Q1	107.1	107.3
	Q2	108.3	107.7
	Q3	107.1	107.3
	Q4	105.6	107.0
<b>2007</b>	Q1	107.5	107.1
	Q2	115.0	108.8
	Q3	122.9	112.8
	Q4	118.9	116.1
<b>2008</b>	Q1	125.1	120.5
	Q2	129.9	124.2
	Q3	128.9	125.7
	Q4	128.9	128.2
<b>2009</b>	Q1	135.6	130.8
	Q2	140.7	133.5
	Q3	131.7	134.2
	Q4	133.9	135.5
<b>2010</b>	Q1	139.0	136.3
	Q2	139.0	135.9
	Q3	139.6	137.9
	Q4	134.7	138.1
<b>2011</b>	Q1	143.0	139.1
	Q2	143.5	140.2
	Q3	141.6	140.7
	Q4	142.0	142.5
<b>2012</b>	Q1	142.6	142.4
	Q2	145.2	142.9
	Q3	144.1	143.5
	Q4	142.3	143.6
No data available			
<b>2015</b>	Q3	156.9	Not available
	Q4	154.6	Not available
<b>2016</b>	Q1	162.4	Not available
	Q2	164.2	159.5



## Experimental Statistics: Revised Jersey House Price Index

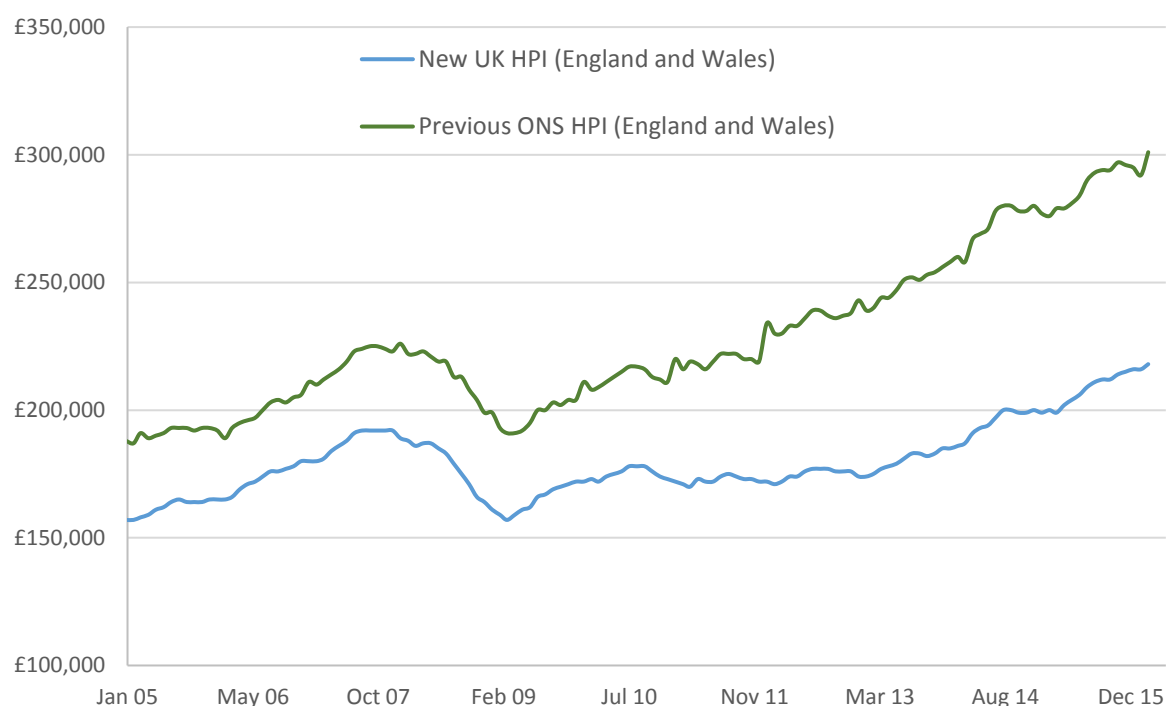
The Statistics Unit have published the existing Jersey House Price Index since 2002, with the only major revision to methodology being the inclusion of share transfer properties from 2010 onwards. The existing methodology was developed based on that used by the UK Office of National Statistics (ONS) with some Jersey specific adjustments.

Recently the ONS have developed and published a new UK House Price Index (HPI) methodology. The Statistics Unit has been reviewing the relevance and impact of incorporating these changes on the Jersey index.

When comparing the annual growth of the two indices, both demonstrated very similar trends over time, suggesting the improved methodology does not have a large impact on the measurement of the change in house prices over time.

However, the new methodology did have a material impact on the level of the overall mix adjusted price reported as is evident in figure C1 below.

Figure C1 – Impact of new UK HPI on average price values, January 2005 to March 2016



A change in price level would have a significant impact in comparisons made between Jersey and the UK (see page 10 of this report). Therefore it is important that these differences are understood fully and the Jersey methodology is adjusted to allow comparisons to be made on a fair basis.

The main cause of the difference in mix-adjusted price levels when comparing the two indices is the choice of formula used to average prices. The previous UK HPI used an arithmetic mean, while the new UK HPI uses a geometric mean. The geometric mean is less sensitive to extreme property values, whilst an arithmetic mean can be skewed upwards by high value property transactions.

The Jersey HPI, in use since 2002, calculates the average using a winsorised arithmetic mean, specifically to counteract the impact of extreme property values. The use of a geometric mean in price indices is now however considered best practice; to that end the Statistics Unit has created an experimental index that uses this new methodology. Figures C2 and C3 below compare this index with the existing methodology.

Figure C2 – Jersey House Price Index compared to experimental index, Q1 2010 to Q2 2016  
(2010 = 100; non-seasonally adjusted)

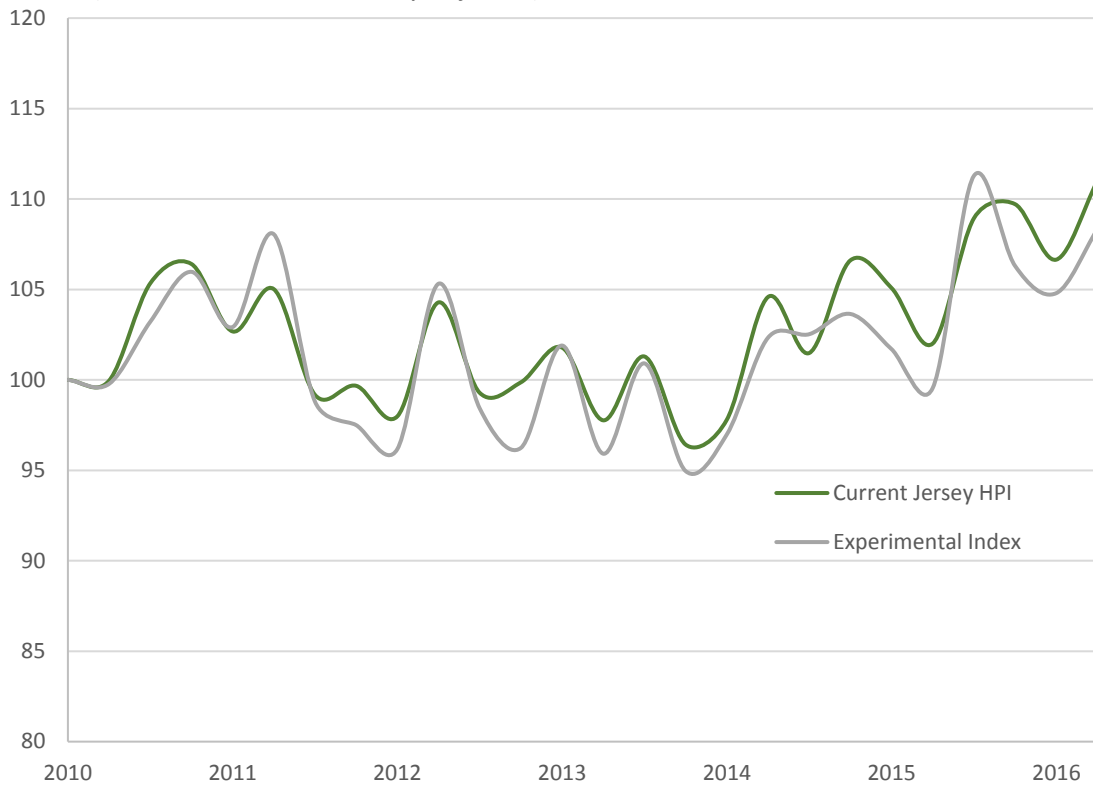
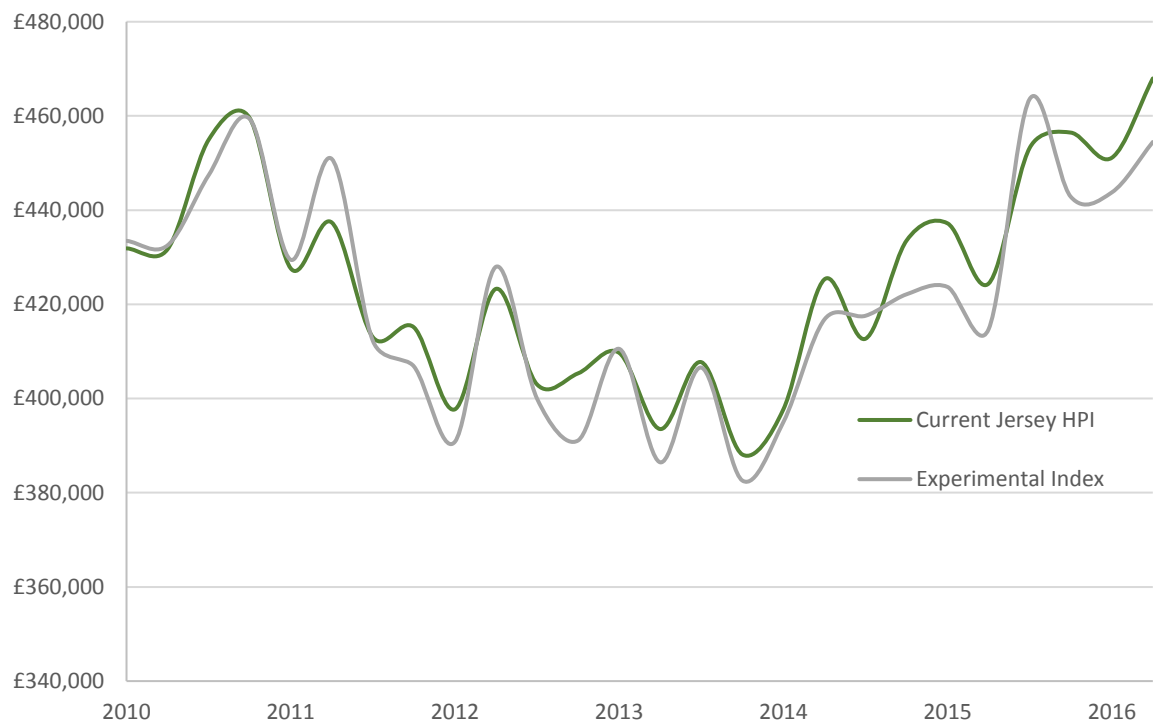


Figure C3 – Mix adjusted average price produced by Jersey House Price Index compared to experimental index, Q1 2010 to Q2 2016



The differences between the two indices over the time period are relatively minor, largely as a result of the winsorisation incorporated in the existing index which had a similar effect as the use of a geometric mean.

Whilst the impact of the change of methodology is relatively minor, the Statistics Unit still considers that the incorporation of this change as being beneficial. This is because it represents international best practice and ensures that the Jersey HPI remains directly comparable with other international indices (most notably the UK HPI).

In order to assist existing users of the Jersey HPI, we will publish the experimental index in parallel with the existing index for the remainder of calendar year 2016, before fully incorporating the change into a chain linked series at the start of calendar year 2017. Table C1 below details the experimental index and the relevant mix-adjusted prices for the period commencing Q1 2010 to date.

**Table C1: Experimental Jersey House Price Index, Q1 2010 to Q2 2016**

		<b>Mix adjusted average</b>	
		<b>Index</b>	<b>price</b>
<b>2010</b>	Q1	100.0	£ 433,000
	Q2	99.8	£ 433,000
	Q3	103.2	£ 447,000
	Q4	106.0	£ 459,000
<b>2011</b>	Q1	102.9	£ 429,000
	Q2	108.1	£ 451,000
	Q3	98.8	£ 412,000
	Q4	97.5	£ 407,000
<b>2012</b>	Q1	96.2	£ 391,000
	Q2	105.3	£ 428,000
	Q3	98.4	£ 400,000
	Q4	96.2	£ 391,000
<b>2013</b>	Q1	101.9	£ 411,000
	Q2	95.9	£ 386,000
	Q3	100.9	£ 407,000
	Q4	95.0	£ 383,000
<b>2014</b>	Q1	97.0	£ 395,000
	Q2	102.3	£ 417,000
	Q3	102.5	£ 418,000
	Q4	103.6	£ 422,000
<b>2015</b>	Q1	101.7	£ 424,000
	Q2	99.5	£ 415,000
	Q3	111.3	£ 464,000
	Q4	106.3	£ 443,000
<b>2016</b>	Q1	104.8	£ 444,000
	Q2	108.3	£ 454,000

Please note that each year revised property-type weights are incorporated within each Q1 analysis, derived from the full preceding three-year period. As a consequence of this re-weighting, mix-adjusted average prices will not be comparable between calendar years, although they will be comparable within each calendar year. In order to produce a continuous index series over time, the Q1 results are chain-linked. In order to calculate change between years, the mix-adjusted index should be used.