

Jersey House Price Index

Third Quarter 2014

Statistics Unit: www.gov.je/statistics



Summary

- On a **rolling four-quarter basis**, the mix-adjusted average price of dwellings sold in Jersey in Q3 2014 was unchanged from the previous quarter (Q2 2014).
- On a **quarterly basis**:
 - the *seasonally adjusted* mix-adjusted average price in Q3 2014 was 1% lower than in the previous quarter (Q2 2014);
 - flats (1- and 2-bedroom) and 4-bedroom houses recorded lower mean prices than in the previous quarter; 2- and 3-bedroom houses saw higher mean prices.
- The **turnover** of properties in Q3 2014 was marginally lower than in the previous quarter (Q2 2014).
- **Share transfer** transactions accounted for slightly more than half (54%) of all eligible flat sales in Q3 2014, a similar proportion to that recorded in calendar year 2013.

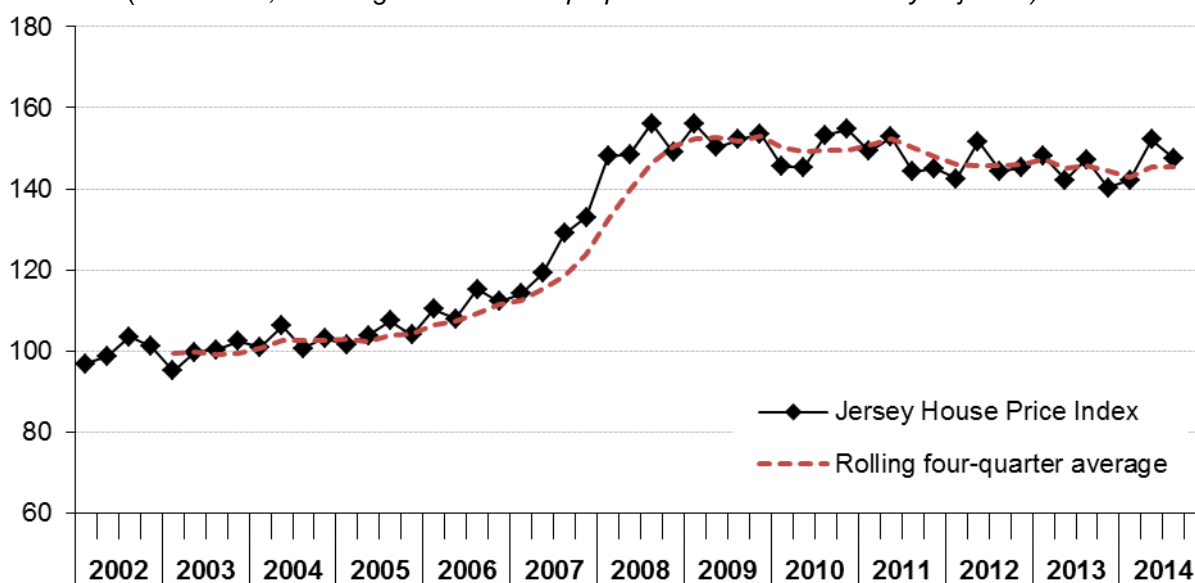
Overall mix-adjusted Index

The Jersey House Price Index measures the combined average price of 1- and 2-bedroom flats and 2-, 3- and 4-bedroom houses and includes share transfer properties.

Figure 1 shows the Jersey House Price Index from 2002 to 2014 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

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



On a rolling four-quarter basis, the Jersey House Price Index in Q3 2014 was essentially unchanged from the previous quarter (differing by 0%).

On a quarterly basis, the *seasonally adjusted* average price in Q3 2014 was 1% lower than in the previous quarter (Q2 2014).

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

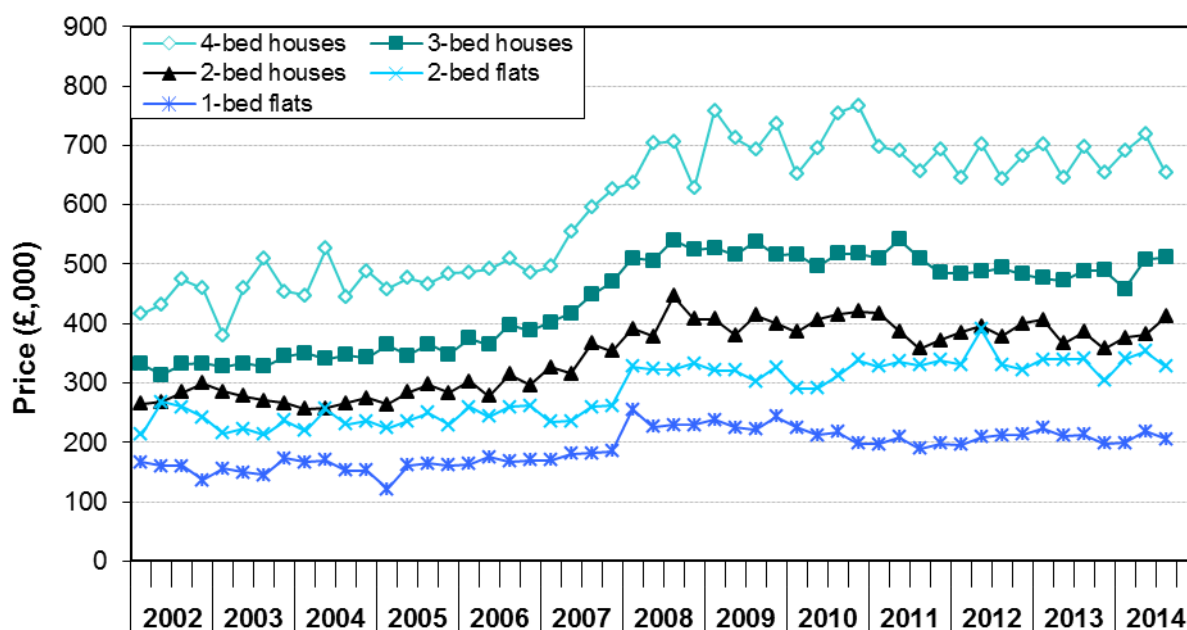


Table 2 – Mean prices (£,000) for the individual property types

Period		Flats		Houses		
		1-bed	2-bed	2-bed	3-bed	4-bed
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
	Q4	197	304	358	490	654
	Annual Average	210	332	375	484	674
2014	Q1	199	340	377	458	691
	Q2	219	354	382	508	718
	Q3	205	327	412	512	654

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. During the subsequent two years (2010 and 2011) a reduction in the mean price of this property type was observed, largely attributable to an increase in the turnover of lower priced share transfer properties.

The mean price of 1-bedroom flats sold in the latest quarter (£205,000) was around £5,000 below the annual average of the previous calendar year (2013) and similarly below the average seen during the first six months of 2014 (£210,000)

2-bedroom flats:

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 at around this level, except for a downward fluctuation observed in Q4 2013.

In the latest quarter the mean price of 2-bedroom flats (£327,000) was around £20,000 lower than the average price seen during the first six months of 2014.

2-bedroom houses:

The mean price of 2-bedroom houses sold between 2008 and 2010 was around £400,000. The mean price of this property type subsequently reduced, with the annual average price recorded in each year from 2011 to 2013 being below £400,000.

In the latest quarter the mean price of 2-bedroom houses (£412,000) was the highest for more than three years, since Q1 2011.

3-bedroom houses:

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, until Q2 2014.

The mean price of 3-bedroom houses sold in Q3 2014 (£512,000) was above the £500,000 level for the second consecutive quarter.

4-bedroom houses:

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.

The mean price of 4-bedroom houses which sold in the latest quarter (£654,000) was around £60,000 below that seen in the previous quarter but was at a similar level to that recorded in the second and final quarters of 2013.

Turnover

Table 3 shows that 289 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q3 2014.

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 Q3 2014 was:

- marginally lower than in the previous quarter (Q2 2014);
- at a similar level to the that seen in the final quarter of 2013.

**Table 3 - Number of dwellings included in the Jersey House Price Index
by property type and including share transfer transactions.**

Period	Flats		Houses			Total	<i>Bulletins published</i>
	1-bed	2-bed	2-bed	3-bed	4-bed		
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
Q4	48	39	48	107	46	288	6
Total 2013	208	166	136	341	168	1,019	25
2014 Q1	39	56	33	102	33	263	6
Q2	49	73	32	96	48	298	6
Q3	57	64	29	98	41	289	6

In Q3 2014 share transfer transactions accounted for slightly more than half (54%) of all eligible sales of flats, a similar proportion to that observed in the previous quarter (56%) and in calendar year 2013 overall (51%).

Comparison with the UK and Guernsey

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)¹ 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 2014
Jersey	413
Guernsey	466
UK	273
England	285
Wales	172
Scotland	199
Northern Ireland	141
London	514
South East (excluding London)	338
East	283
South West	248
West Midlands	198
East Midlands	189
Yorkshire & Humber	175
North West	175
North East	155

United Kingdom

The mix-adjusted index for the UK in Q3 2014 (July and August 2014) was 12% higher on an annual basis (non-seasonally adjusted) and 2% higher on a quarterly basis (compared with April to June 2014, seasonally adjusted). On a rolling four-quarter basis, the mix-adjusted index for the UK was 3% higher than in the previous quarter.

Guernsey

On a rolling four-quarter basis, the mix-adjusted average price of properties sold in Guernsey in Q3 2014 was 0.1% higher than in the previous quarter². On a quarterly basis, the mix-adjusted average price of properties sold was 0.6% lower than in the previous quarter.

Turnover in Guernsey in Q3 2014 was at a similar level to that in the previous quarter, but was about a sixth lower than in the corresponding quarter of 2013.

¹ Figures for the UK are derived from: ONS, House Price Index July to August 2014. 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.

² Guernsey Policy and Research Unit: Guernsey Quarterly Residential Property Prices Bulletin Quarter 3 2014. All figures shown are for Local Market properties only.

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. 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.

All other figures presented in this report, including the rolling four-quarter average, are based on the non-seasonally measures, unless otherwise stated.

Statistics Unit
13 November 2014

Jersey House Price Index *(including share transfer properties)*

Period		Index (n.s.a)	Rolling four-quarter average (n.s.a)	Seasonally adjusted index series (r)
2004	Q1	100.9	100.8	102.7
	Q2	106.2	102.4	106.1
	Q3	100.7	102.5	98.7
	Q4	103.1	102.7	103.7
2005	Q1	101.3	102.8	102.3
	Q2	103.8	102.2	104.2
	Q3	107.4	103.9	105.2
	Q4	104.0	104.1	105.2
2006	Q1	110.3	106.4	110.5
	Q2	107.8	107.4	108.7
	Q3	115.2	109.3	112.9
	Q4	112.1	111.4	113.7
2007	Q1	114.1	112.3	113.5
	Q2	119.1	115.1	120.6
	Q3	129.0	118.6	126.6
	Q4	132.9	123.8	134.4
2008	Q1	148.0	132.3	147.4
	Q2	148.6	139.6	150.0
	Q3	156.1	146.4	154.1
	Q4	149.0	150.4	150.0
2009	Q1	155.9	152.4	155.8
	Q2	150.2	152.8	151.0
	Q3	152.1	151.8	150.7
	Q4	153.6	152.9	154.1
2010	Q1	145.4	150.3	146.1
	Q2	145.4	149.1	145.1
	Q3	153.2	149.4	152.5
	Q4	154.7	149.7	154.9
2011	Q1	149.3	150.6	150.8
	Q2	152.7	152.5	151.2
	Q3	144.2	150.2	144.0
	Q4	144.9	147.8	145.3
2012	Q1	142.5	146.1	144.4
	Q2	151.6	145.8	149.0
	Q3	144.4	145.9	144.5
	Q4	145.2	145.9	146.0
2013	Q1	148.0	147.3	150.1
	Q2	142.2	144.9	138.9
	Q3	147.3	145.7	147.4
	Q4	140.2	144.4	141.7
2014	Q1	142.2	143.0	144.0
	Q2	152.1	145.4	148.6
	Q3	147.6	145.5	147.6

n.s.a. non-seasonally adjusted; (r) revised

Price distributions – comparison with previous quarter: Q2 2014 and Q3 2014

Figure B1: 1-bedroom flats

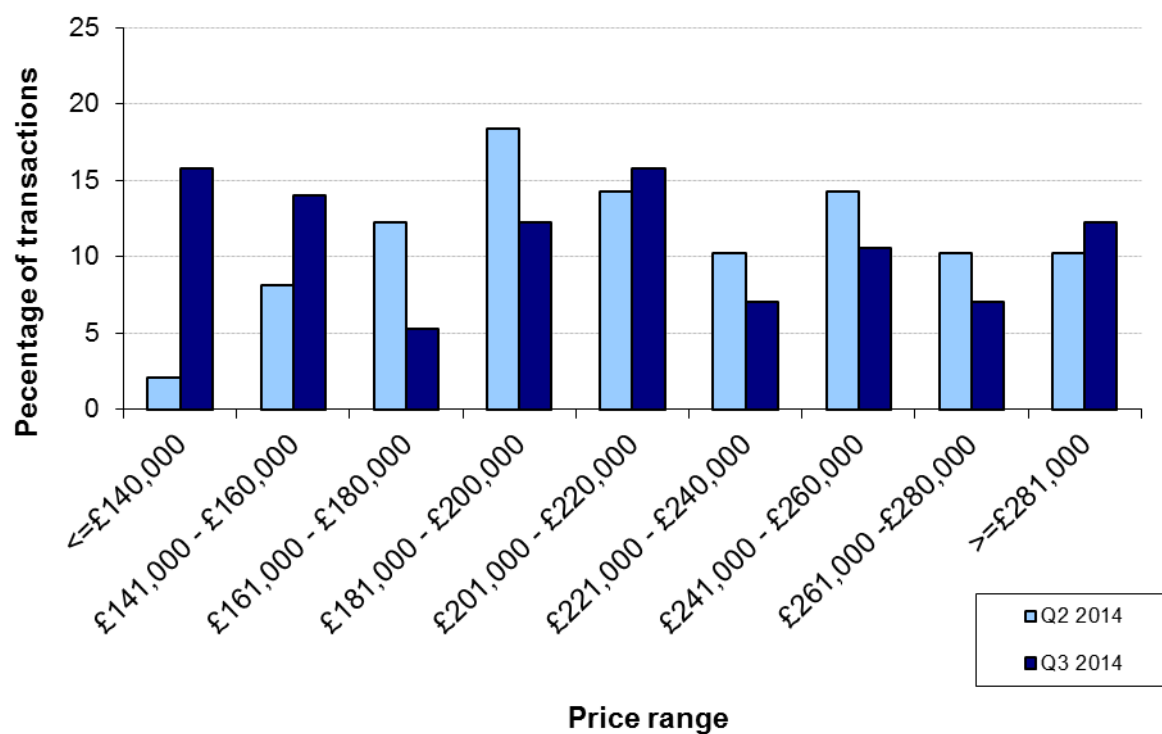


Figure B2: 2-bedroom flats

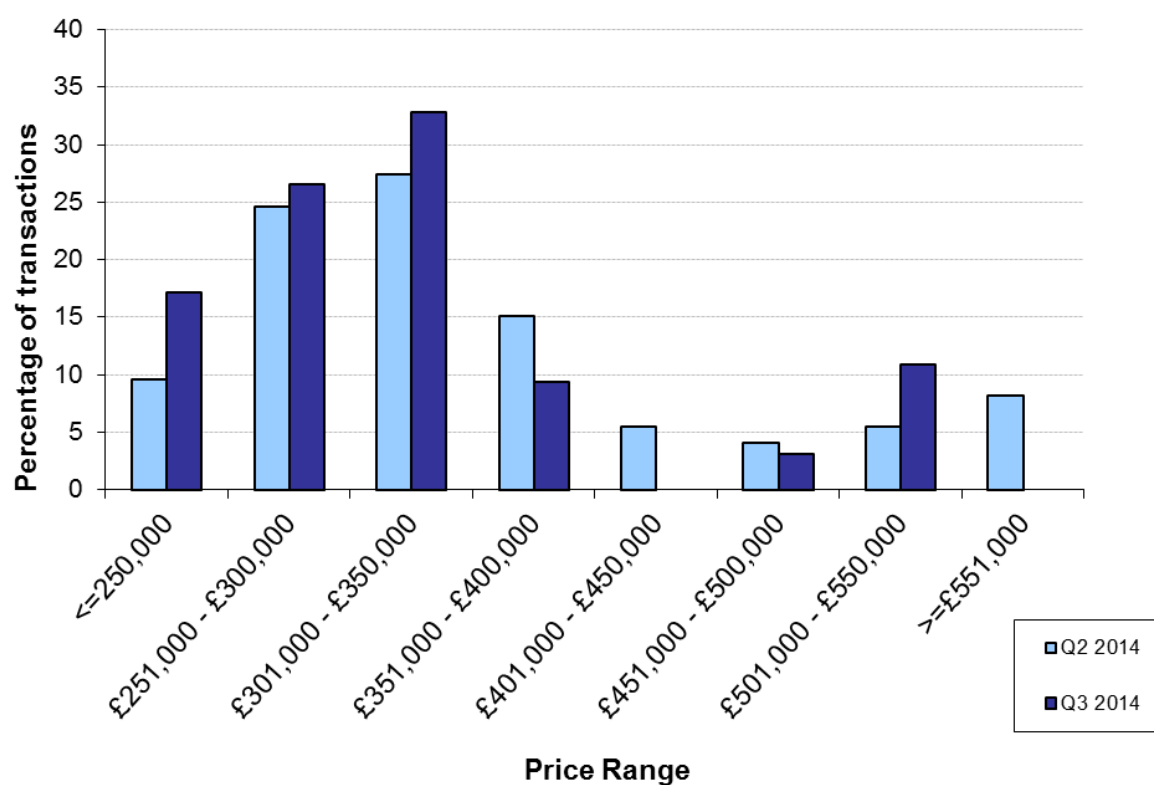


Figure B3: 2-bedroom houses

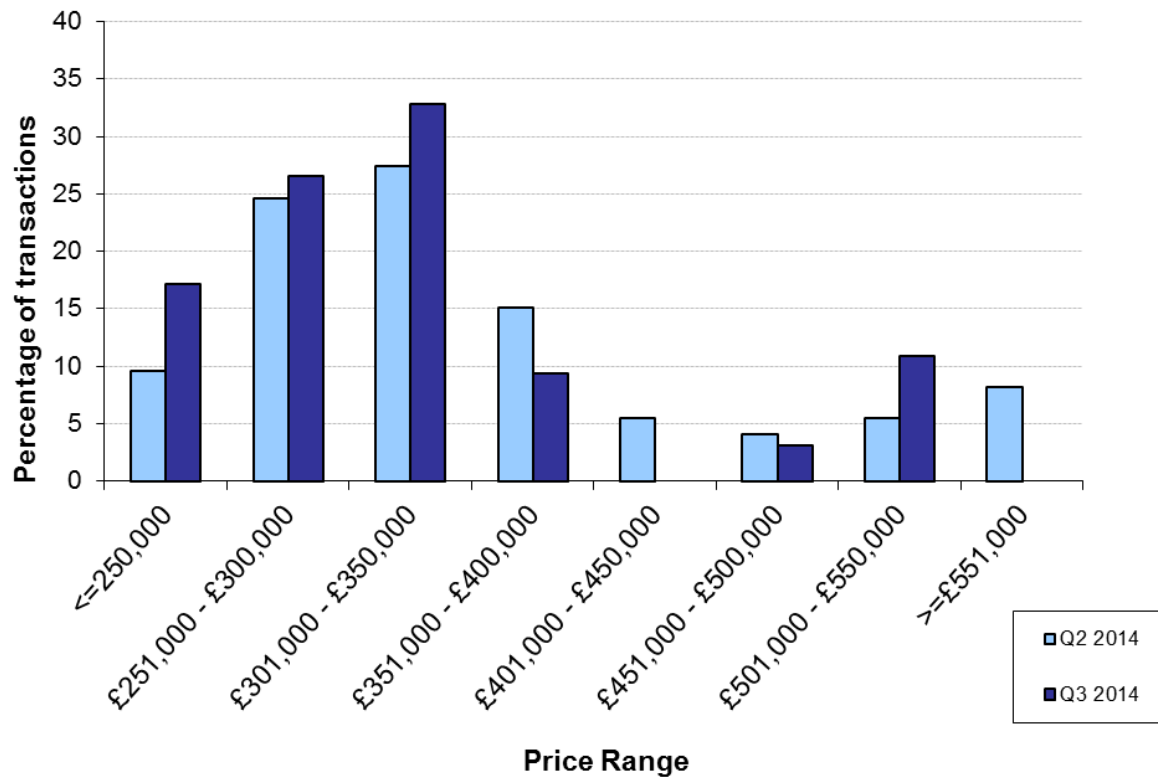


Figure B4: 3-bedroom houses

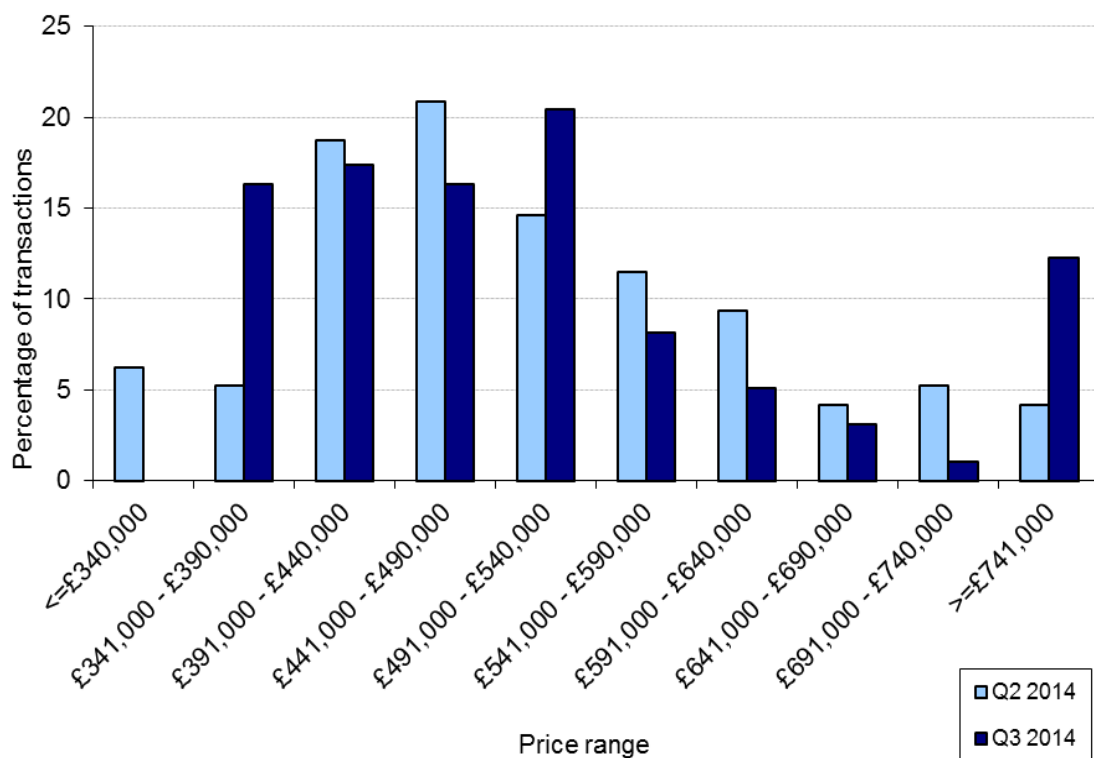
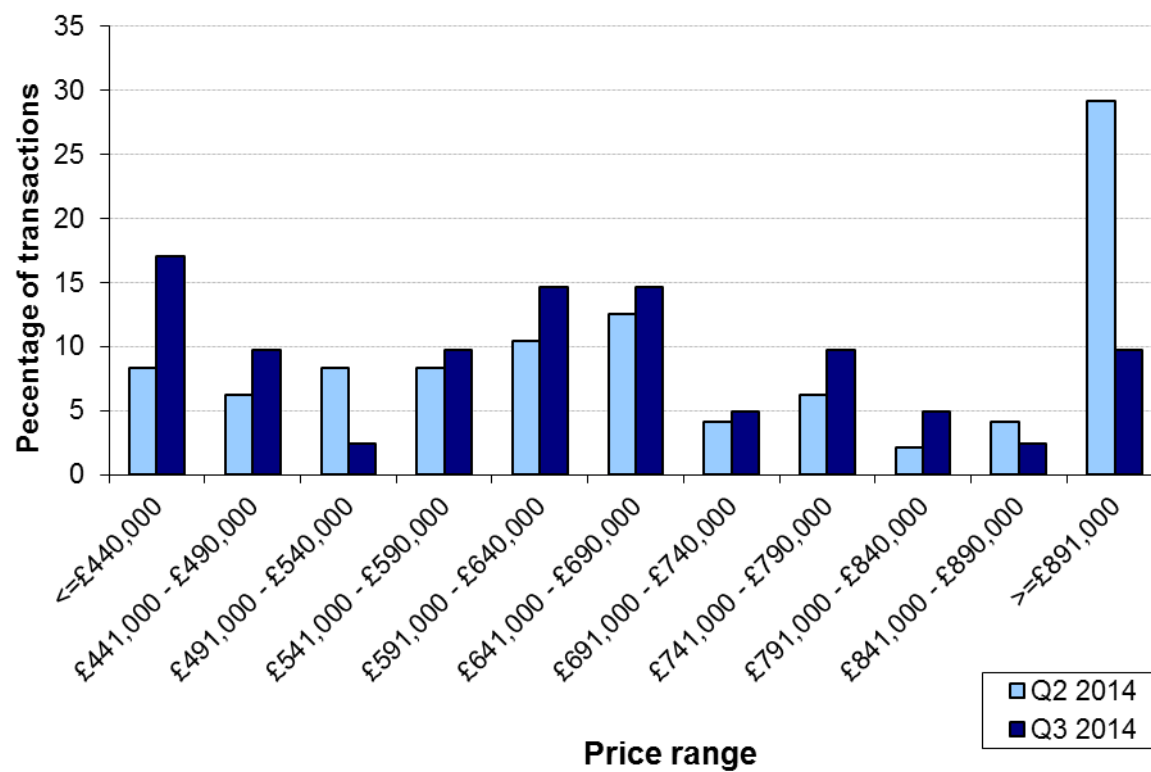


Figure B5: 4-bedroom houses



**Price distributions – comparison with corresponding quarter of previous year:
Q3 2013 and Q3 2014**

Figure C1: 1-bedroom flats

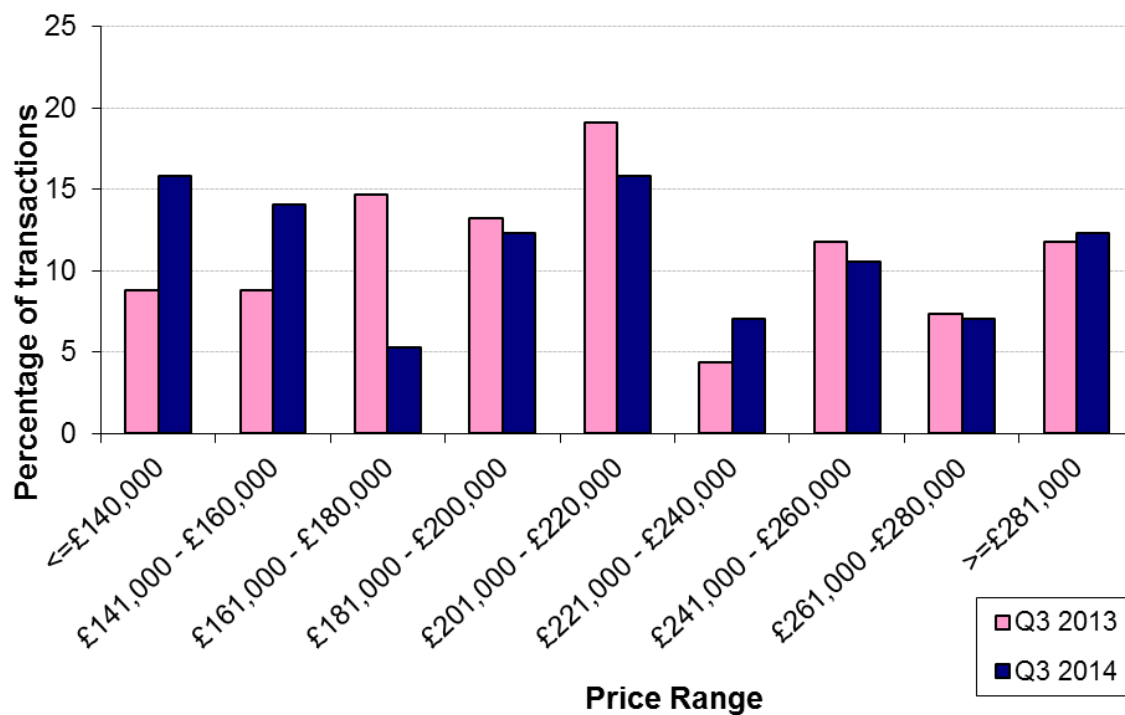


Figure C2: 2-bedroom flats

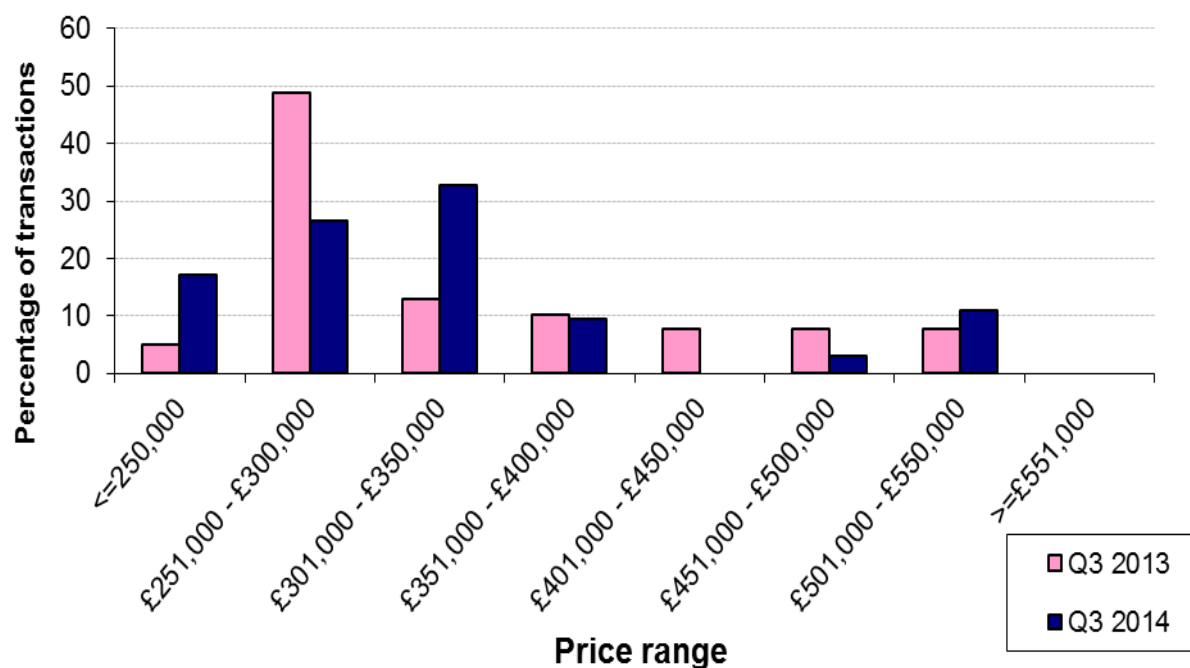


Figure C3: 2-bedroom houses

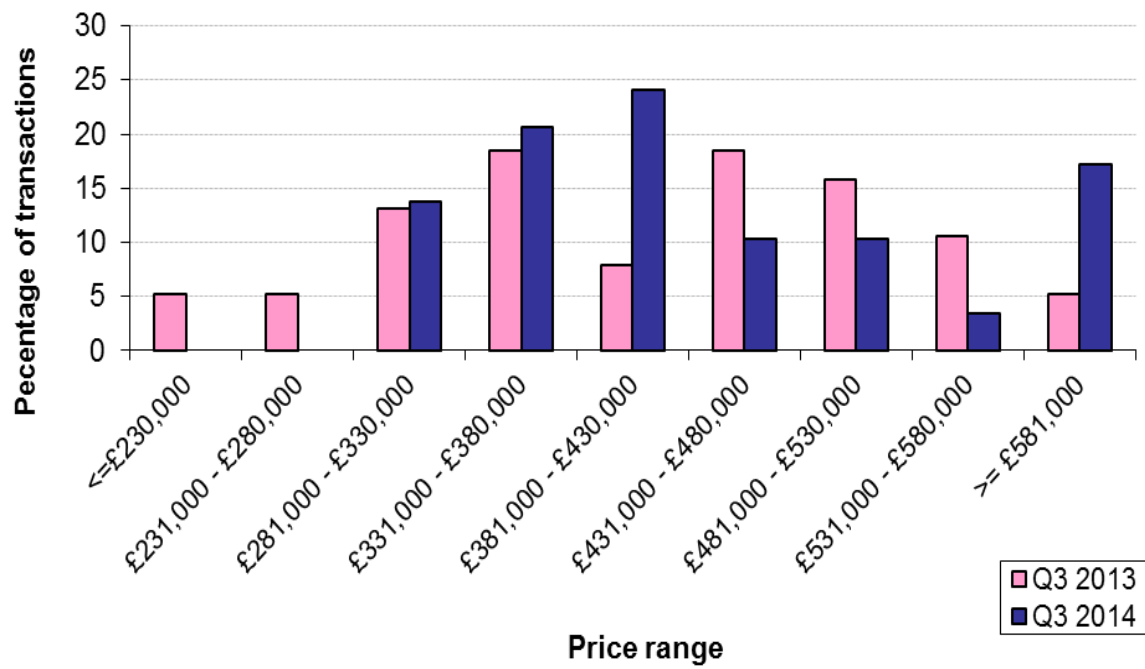


Figure C4: 3-bedroom houses

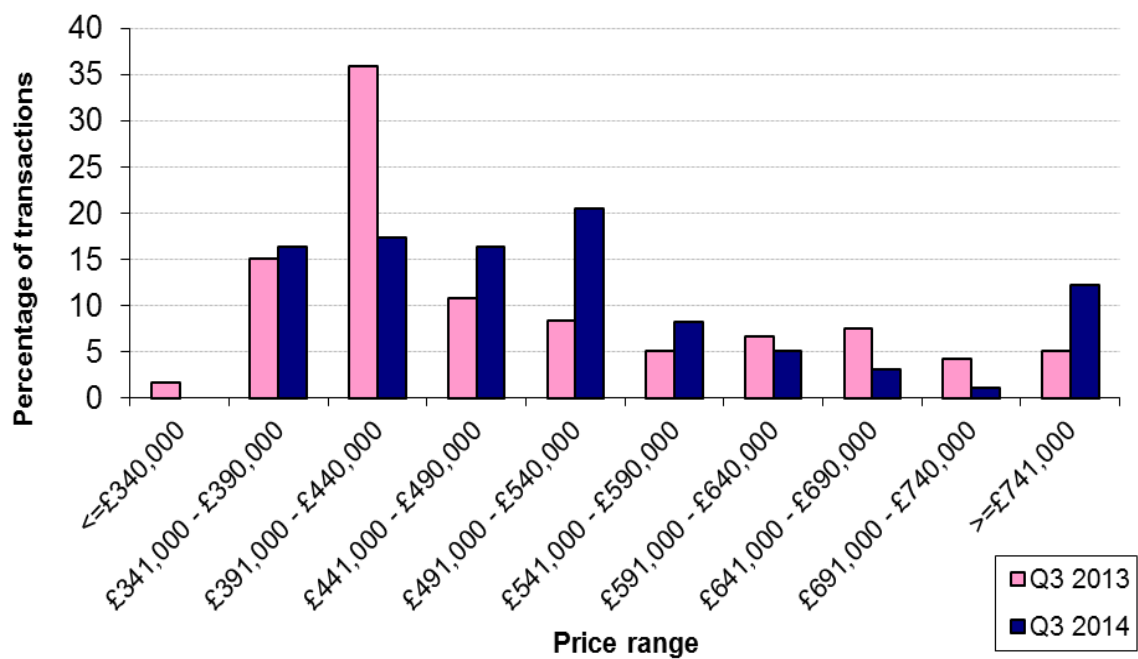


Figure C5: 4-bedroom houses

