

Jersey House Price Index

Fourth Quarter 2011

Statistics Unit: www.gov.je/statistics



Summary

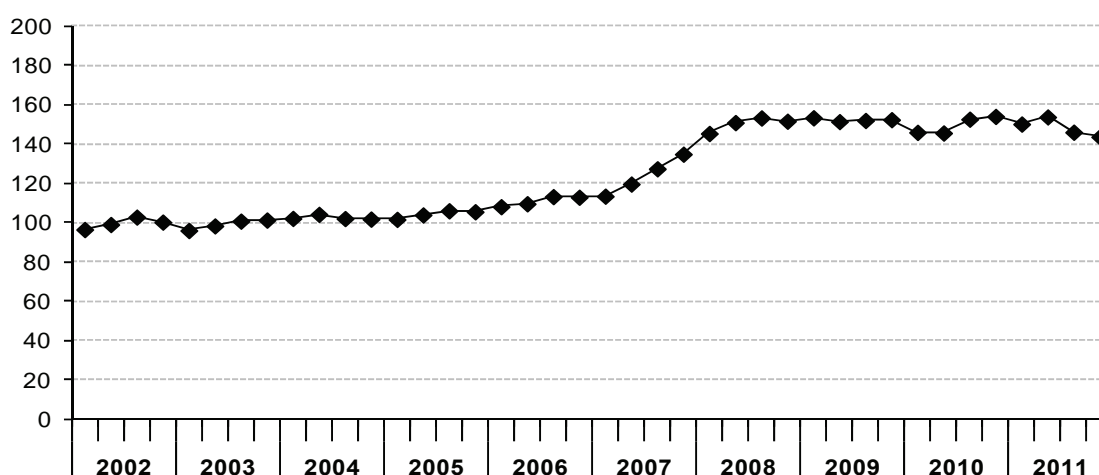
- The mix-adjusted average price of dwellings sold in Jersey in calendar year 2011 was 1% lower than in 2010, this small decrease was driven by lower property prices recorded in the latter part of 2011;
- 2010 had also seen a decrease in this overall average price on an annual basis, down by 2% compared with 2009;
- on a quarterly basis, in Q4 2011 the Jersey House Price Index was:
 - 2% lower than in the previous quarter, Q3 2011;
 - 7% lower than in the corresponding quarter of the previous year, Q4 2010;
 - at the lowest recorded level for four years, since Q4 2007;
- the mean prices of 1-bedroom flats and of 2-bedroom houses in 2011 were the lowest recorded since 2007; in contrast, the mean price of 3-bedroom houses has been relatively stable for the last four years, whilst in 2011 2-bedroom flats recorded the highest mean price for this property type on an annual basis;
- the **turnover** of freehold and flying freehold properties in 2011 was 10% lower than in 2009 and 2010; in contrast, the turnover of share transfer properties in 2011 (comprising predominantly 1- and 2-bedroom flats) was almost double that of 2010;
- the mean prices of **First-Time Buyer** flats and houses sold in 2011 were £270,000 and £420,000, respectively.

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 since 2002.

Figure 1 – Jersey House Price Index

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



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

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

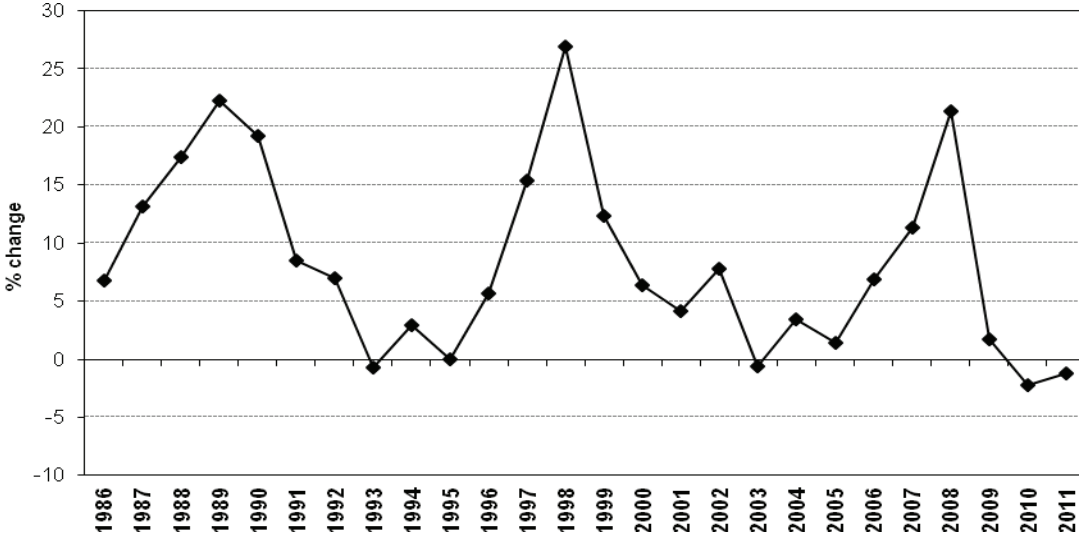
Period		Index
2002	Q1	96.7
	Q2	99.3
	Q3	103.0
	Q4	100.5
2003	Q1	96.2
	Q2	98.5
	Q3	101.0
	Q4	101.5
2004	Q1	102.3
	Q2	104.4
	Q3	102.3
	Q4	102.0
2005	Q1	101.9
	Q2	104.1
	Q3	106.2
	Q4	105.8
2006	Q1	108.3
	Q2	109.8
	Q3	113.4
	Q4	113.1
2007	Q1	113.7
	Q2	119.8
	Q3	127.6
	Q4	135.0
2008	Q1	145.6
	Q2	151.1
	Q3	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

The mix-adjusted average price of dwellings sold in Jersey in Q4 2011 was £415,000.

As Figure 1 and Table 1 indicate, property prices in Jersey were substantially flat, overall, during the three-year period from early 2008 to mid-2011. However, the last six months of 2011 recorded a fall in property prices such that on a calendar year basis the mix-adjusted average price of properties sold in Jersey in 2011 was 1% lower than in 2010.

Figure 2 shows the overall price changes on a calendar year basis from 1986 to 2011.

Figure 2: Annual percentage change in the Jersey House Price Index 1986 - 2011



As is apparent from Figure 2, the Jersey House Price Index has seen three periods of strong growth during the last three decades, with peaks in the annual rate of increase of property prices occurring in 1989, 1998 and 2008; each of these years recorded annual price increases of more than 20%. These peaks were followed by periods of lower rates of price increase.

The small fall in the index recorded in 2011 represents the second consecutive decline in property prices in Jersey on an annual basis; calendar year 2010 had also recorded a small fall, of 2%, compared with 2009.

On a quarterly basis, in Q4 2011 property prices were about 2% lower than in the previous quarter (Q3 2011) and almost 7% lower than in the corresponding quarter of the previous year, Q4 2010.

In the latest quarter, Q4 2011, the Jersey House Price Index recorded its lowest level for four years, since Q4 2007.

Individual property types

The mean prices for the individual categories of dwelling in each quarter over the period from 2002 to 2011 are shown in Figure 3; the mean prices on an annual basis are shown in Table 2. 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:

The mean price of 1-bedroom flats had been essentially stable throughout 2008 and 2009, at just over £230,000. In both 2010 and 2011 a reduction in the mean price of this type of property was observed, largely attributable to the sale of an increased number of share transfer properties from lower priced developments.

In 2011, the mean price of 1-bedroom flats was below £200,000 for the first time since 2007.

2-bedroom flats:

The mean price of 2-bedroom flats had also remained relatively stable throughout 2008 and 2009, at around £320,000. Following a slight dip in the first six months of 2010, the mean price of 2-bedroom flats increased in the latter half of 2010 and has since remained at around £330,000.

Figure 3 – Mean prices (£,000) for individual property types

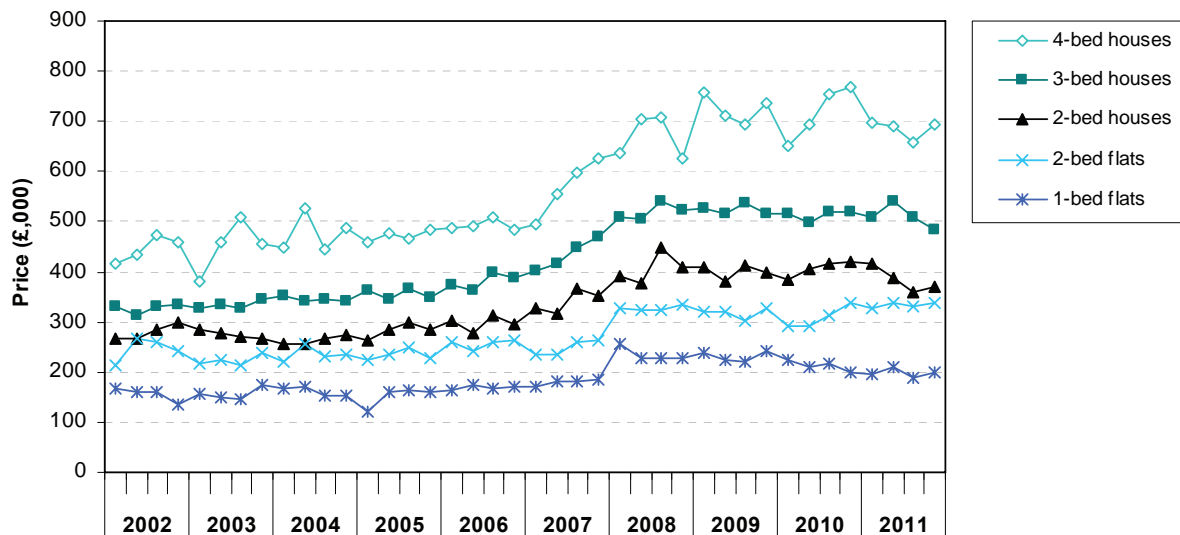


Table 2 – Mean prices (£,000) for individual property types, calendar year basis².

Year	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	170	255	297	381	493
2007	180	251	340	435	571
2008	234	325	400	518	677
2009	233	319	400	522	723
2010	214	308	409	512	715
2011	198	333	383	511	680

Prices are rounded to the nearest £1,000

² Note that the mean annual prices shown in Table 2 are derived by weighting the mean price recorded in each quarter by the number of transactions in that quarter. The percentage changes presented in the text are calculated from the unrounded weighted prices.

2-bedroom houses:

After a period of stability in 2008 and 2009, when the mean price of 2-bedroom houses sold in each year was about £400,000, small quarterly increases in price were recorded throughout 2010 such that the mean price recorded in that year increased to £409,000.

In contrast to the previous three years, the mean price of 2-bedroom houses declined in 2011 such that the mean price of this property type in 2011 (£383,000) was about 4% lower than in 2010, and was below £400,000 for the first time since 2007.

3-bedroom houses:

Following a period of strong growth in 2006 to early 2008, the mean price of 3-bedroom houses has been relatively stable during the subsequent four-year period. The mean price recorded in 2011 (£512,000) was similar to that in 2010.

4-bedroom houses:

Although this category of property has seen some volatility in price in recent years, it is apparent from Table 2 and Figure 3 that the mean price in 2011 (£680,000) was around 5% lower than that recorded in 2009 and 2010 but was at a similar level to that seen in 2008.

Turnover

Table 3 shows that 241 eligible properties (see Notes) were reported as being sold in Jersey in the latest quarter, Q4 2011.

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 Q4 2011 was similar to that of the previous quarter (Q3 2011) whilst the total turnover in 2011 was increased slightly (up by 4%) compared with 2010.

**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		
2010 Q1	40	40	24	59	39	202	7
Q2	27	49	25	80	36	217	5
Q3	65	52	35	79	39	270	7
Q4	32	41	33	66	33	205	6
Average	41	46	29	71	37	224	
2011 Q1	56	60	23	67	25	231	7
Q2	44	48	21	74	23	210	6
Q3	48	58	23	75	42	246	6
Q4	61	58	27	79	16	241	7
Average	52	56	24	74	27	232	

The small increase in turnover seen in 2011 compared with 2010 was driven by an increased number of share transfer properties. As can be seen from Table 4, the number of share transfer flats which sold in 2011 was almost double that recorded in 2010.

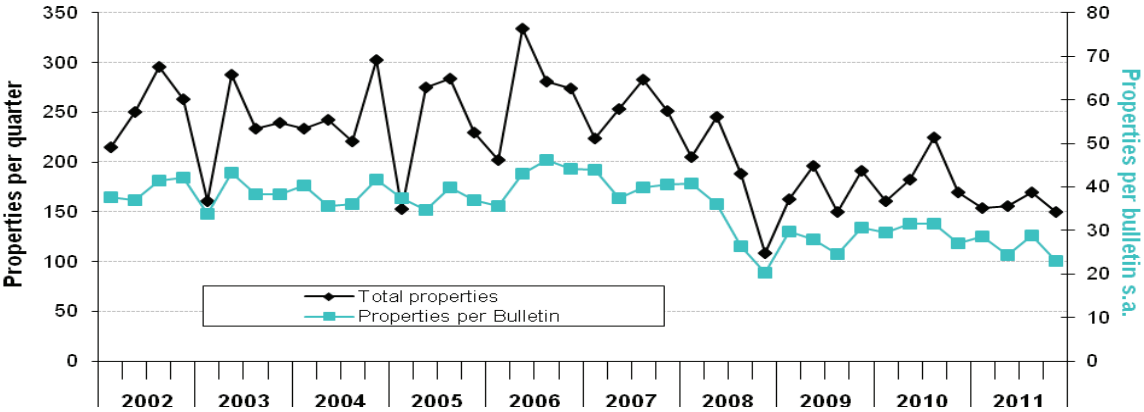
Table 4 - Share transfer properties included in the Jersey HPI; flats only

	Number of properties		Total
	1 bed flats	2 bed flats	
2010 Q1	20	21	41
2010 Q2	17	18	35
2010 Q3	22	23	45
2010 Q4	17	18	35
Total 2010	76	80	156
2011 Q1	40	37	77
2011 Q2	28	29	57
2011 Q3	29	48	77
2011 Q4	47	44	91
Total 2011	144	158	302

In the latter two quarters of 2011 (Q3 and Q4 2011), share transfer properties accounted for three-quarters (75%) of all eligible sales of flats, a larger proportion than observed in the first six months of the year (64%). In 2010, share transfer flats had accounted for less than half (45%) of all eligible sales of flats.

In contrast to the increase in the turnover of share transfer properties, the turnover of freehold and flying freehold properties (as recorded by the Royal Court) in 2011 was 10% lower than in 2010 and about a third lower than the long-term average seen before mid-2008. The seasonally adjusted average turnover for such properties (i.e. excluding share transfer transactions) from 2002 to 2011 is shown in Figure 4.

Figure 4: Property turnover – excluding share transfer properties



Comparison with the UK and Guernsey

United Kingdom

The mix-adjusted average prices of dwellings sold in the UK (overall and by region)³ in the latest quarter and in calendar year 2011 are shown in Table 5.

Table 5: Mix-adjusted average prices in Jersey, Guernsey and the UK, 2011 (in 000's)

	Q4 2011	Annual Average
Jersey	415	423
Guernsey	438	429
UK	206	206
England	214	213
Wales	146	146
Scotland	159	161
Northern Ireland	135	141
Greater London	347	343
South East (excl. London)	263	263
East	225	226
South West	211	210
West Midlands	164	164
East Midlands	158	157
North West	145	147
Yorkshire & Humber	146	146
North East	132	132

The mix-adjusted average price in the UK in the latest quarter, Q4 2011, of £206,000 was about 1% lower than in the previous quarter (Q3 2011). On a calendar year basis, the average price recorded in 2011 (£206,000) was also about 1% lower than that for 2010.

Guernsey

The constant mix average price of dwellings sold in Guernsey⁴ in Q4 2011 was £438,000, almost 7% higher than in the same quarter of the previous year, Q4 2010. The average price recorded in calendar year 2011 (£429,000) was 6% higher than that recorded in 2010.

³ Figures for the UK are derived from: Department for Communities and Local Government, House Price Index December 2011. 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.

⁴ Guernsey Policy and Research Unit: Guernsey Residential Property Prices 1981-2010. Guernsey introduced a "constant mix" measure in Q2 2009 in which the median prices of flats and houses are weighted using constant proportions.

Annex A: First Time Buyer Data

There are a number of sites in Jersey which have had dwellings built exclusively for 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 only and at a combined flat and a combined house level.

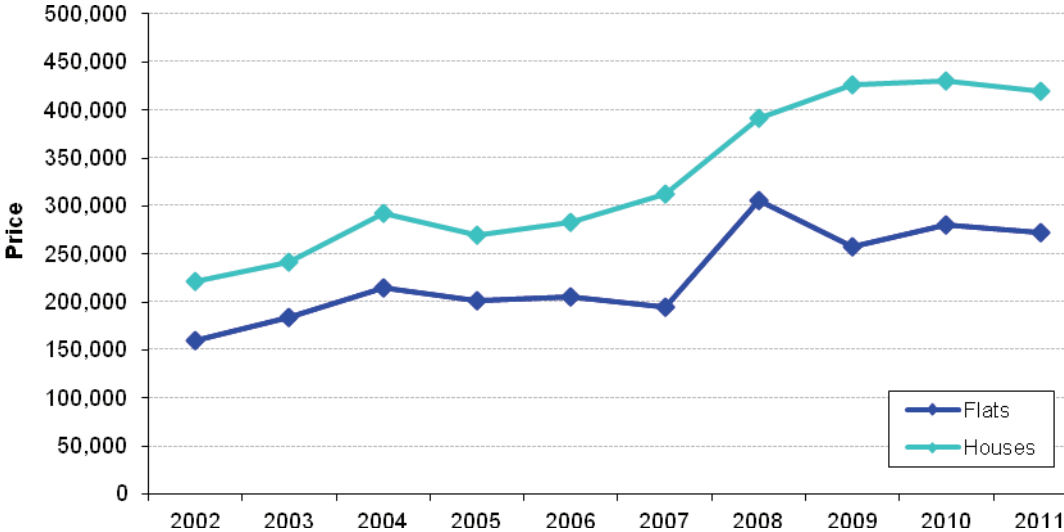
Table 6: First Time Buyers' properties, 2002-2011.

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
2010	280	6	Woodville & Albert Place resale
2011	272	13	Woodville & Albert Place 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 ⁵
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
2010	431	18	La Providence
2011	420	22	La Providence

The fluctuations 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. Nevertheless some conclusions can still be drawn from the available data.

⁵ Properties on the La Cambrette have been excluded from the FTB 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 FTB market.

Figure 5: Weighted mean price of First Time Buyers' properties, 2002-2011.



Between 2004 and 2007 the mean price of FTB flats was around £200,000. The mean price of the FTB flats which sold in 2008 was more than £300,000; this increase was largely attributable to a smaller number of 1-bedroom FTB flats being sold compared with previous years. The mean price of the FTB flats sold subsequently has reduced to around £270,000.

The mean price of FTB houses saw an ongoing increase between 2005 and 2009, rising by almost 60% during this period. The mean price of FTB houses has since stabilised at between £420,000 and £430,000.

Appendix A: Jersey Private Sector Rental Index

The Jersey Private Sector Rental Index was first published in the third quarter of 2007 (see Note 7). It is important to note that this index is derived from the mean 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 the overall mix-adjusted index, separate indices are 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 overall index.

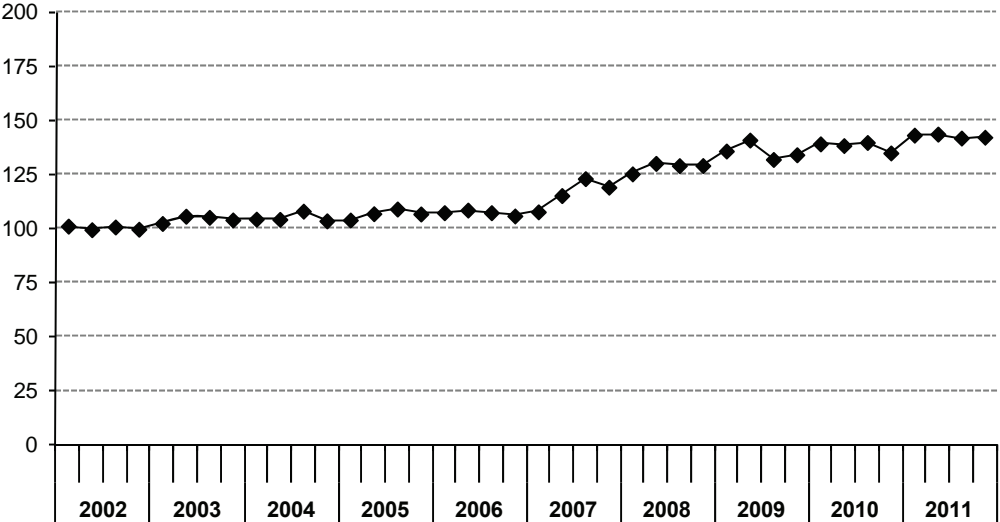
From Table 6 and Figure 5, the stability of the Jersey Private Sector Rental Index throughout 2011 is apparent.

Table 7: Jersey Private Sector Rental Index (Average 2002 = 100).

Period		Flats	Houses	Jersey Private Sector Rental Index
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
2010	Q1	135.5	145.1	139.0
	Q2	138.4	138.3	139.0
	Q3	142.4	135.6	139.6
	Q4	134.9	135.0	134.7
2011	Q1	144.6	140.9	143.0
	Q2	141.8	146.7	143.5
	Q3	140.2	144.4	141.6
	Q4	143.6	140.0	142.0

⁶ More detail on the methodology for constructing the Jersey Private Rental Index is given in the Notes.

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



On a calendar year basis the Jersey Private Sector Rental Index was 3% higher in 2011 than in 2010.

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. Revised property-type weights have been incorporated for use in 2011, derived from the full preceding three-year period and including share transfer properties.

In future years, a change in weights will be incorporated within each Q1 analysis, based on the preceding three-year period. 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 now of sufficient length to warrant seasonal adjustment. The seasonally adjusted index series, including share transfer transactions, should now be considered as the principal output of this analysis.

7. Jersey Private Sector Rental Index:

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

Statistics Unit
23 February 2012

Price distributions – comparison with previous quarter: Q4 2011 and Q3 2011

Figure B1 - 1-bedroom flats

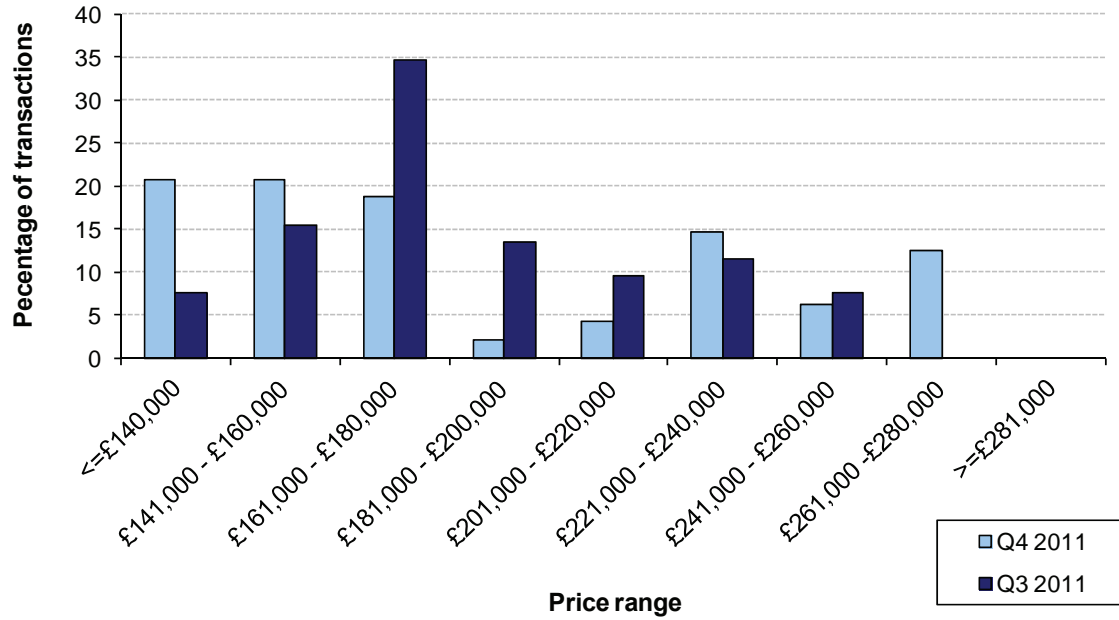


Figure B2 – 2-bedroom flats

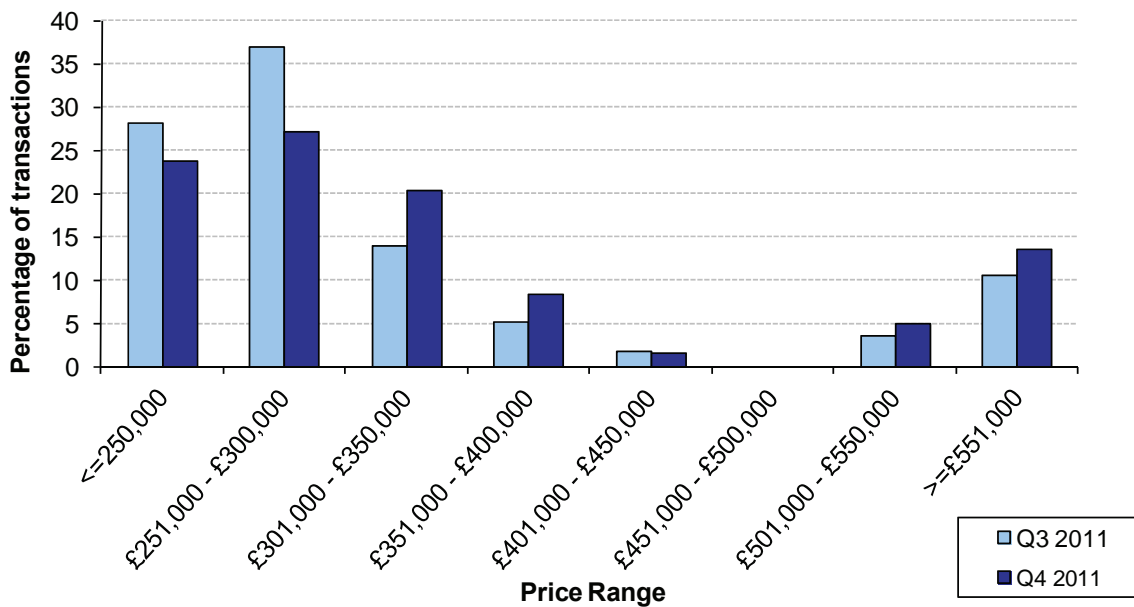


Figure B3 - 2-bedroom houses

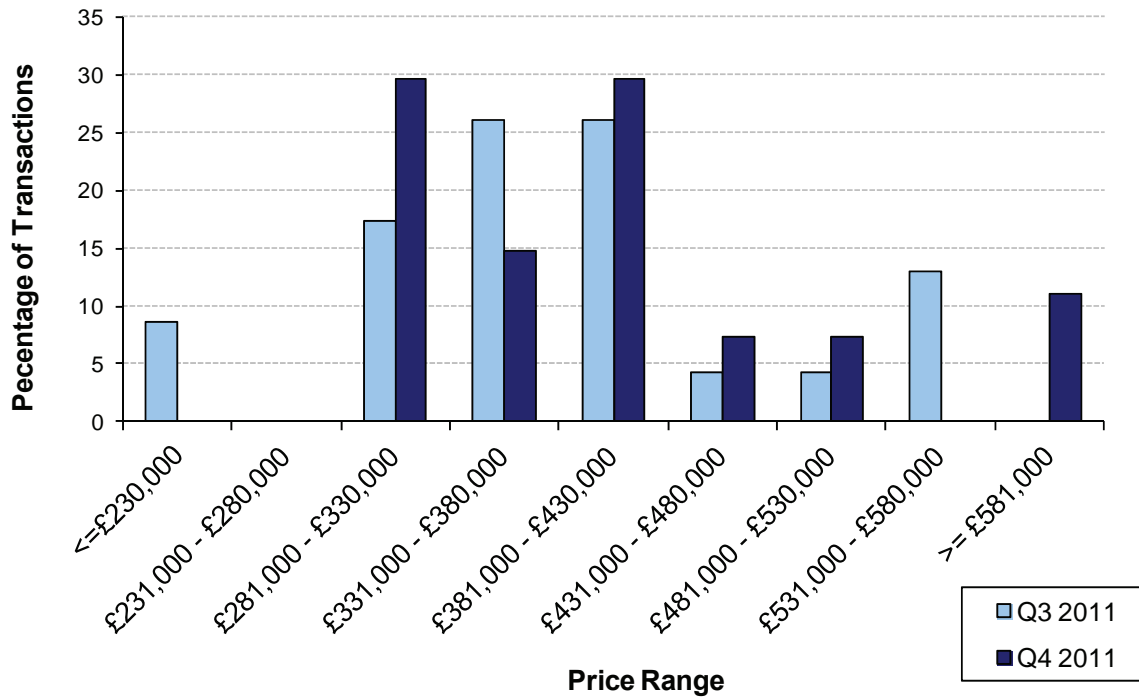


Figure B4 - 3-bedroom houses

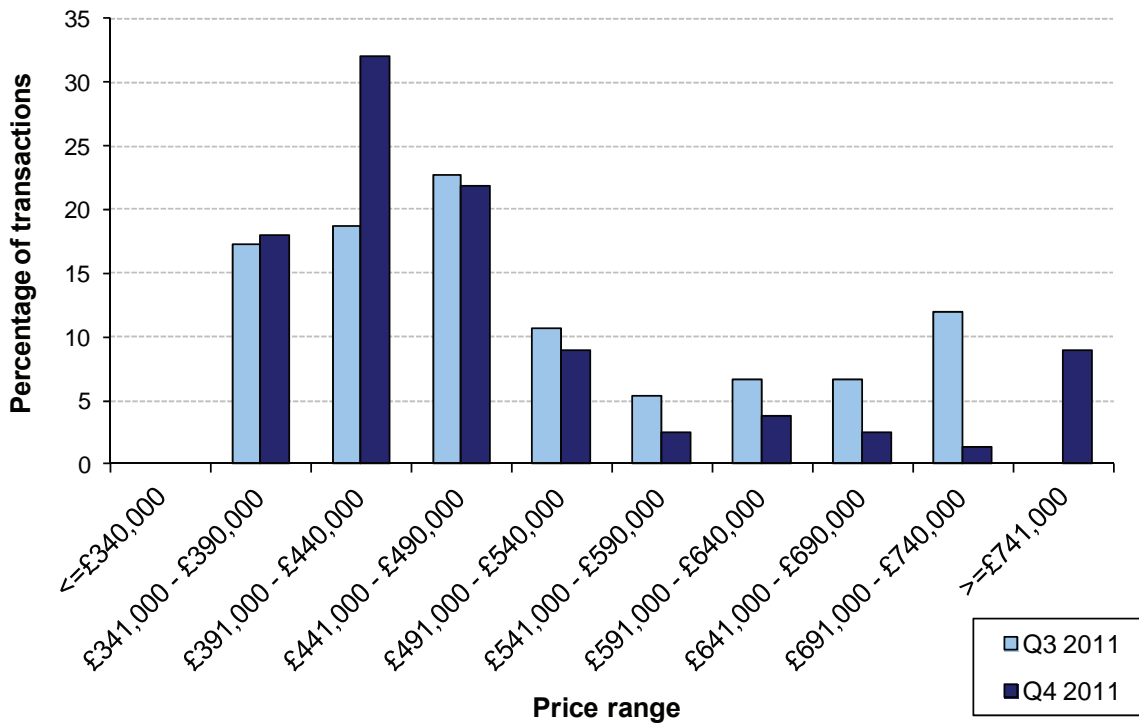
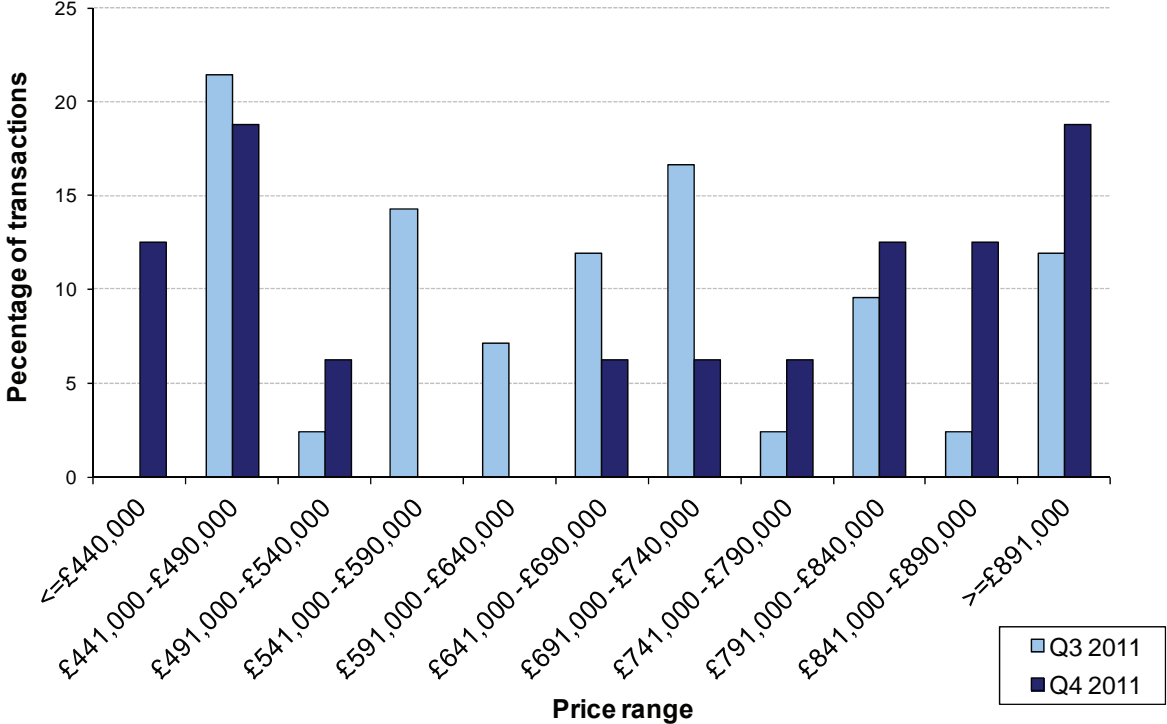


Figure B5 - 4-bedroom houses



Price distributions – comparison with previous year: 2011 and 2010

Figure C1 - 1-bedroom flats

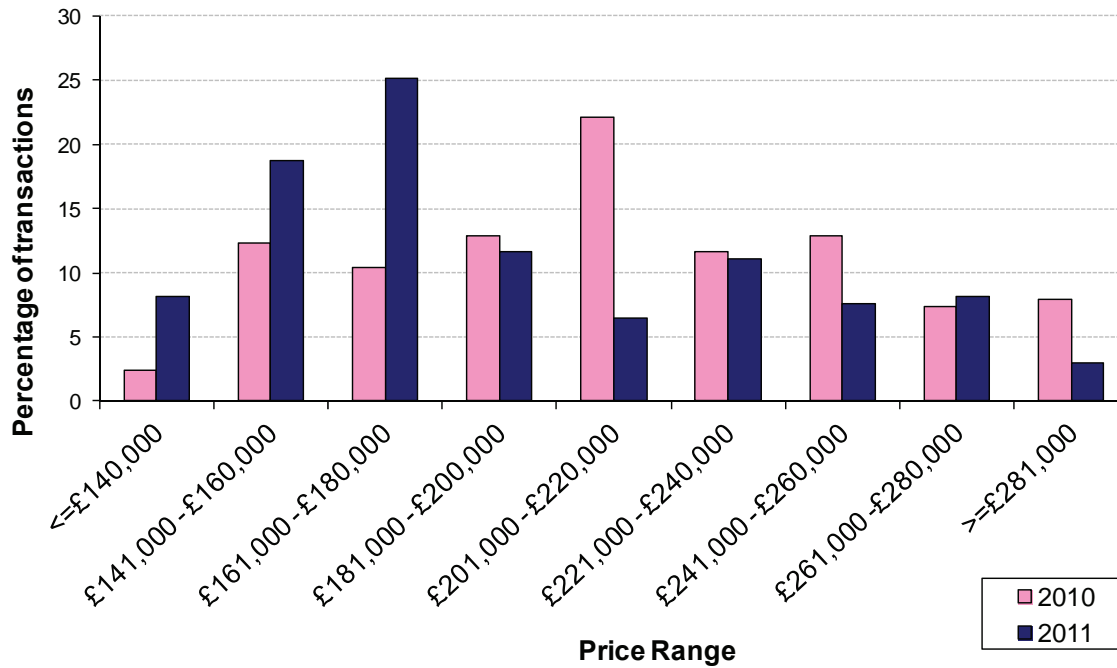


Figure C2 - 2-bedroom flats

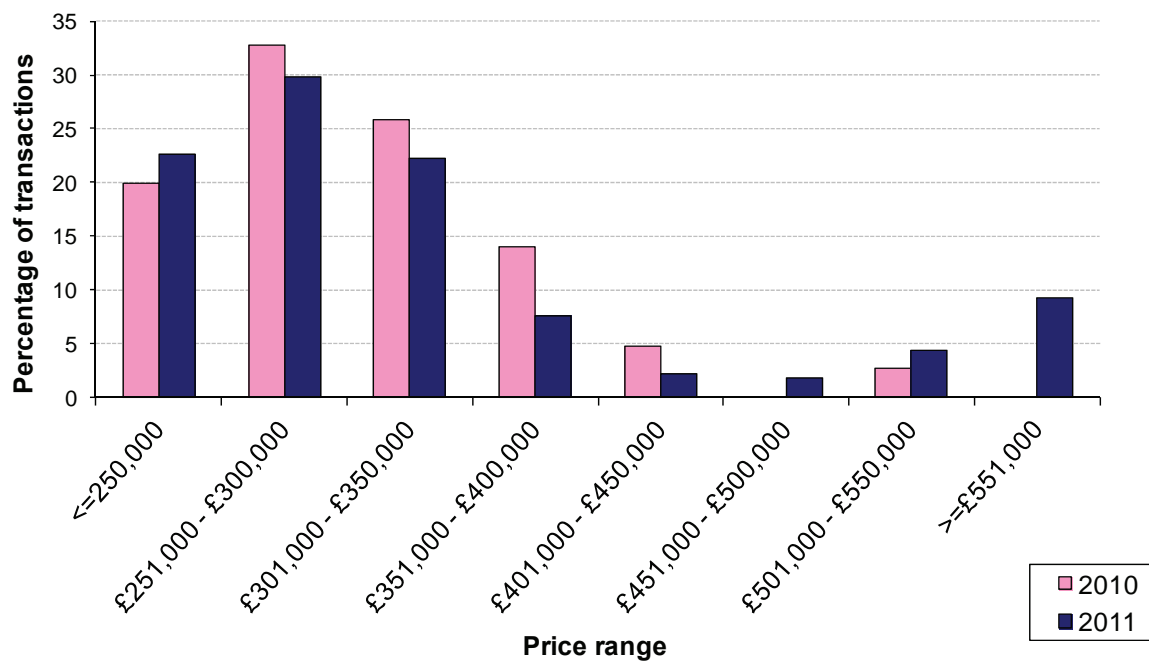


Figure C2 - 2-bedroom houses

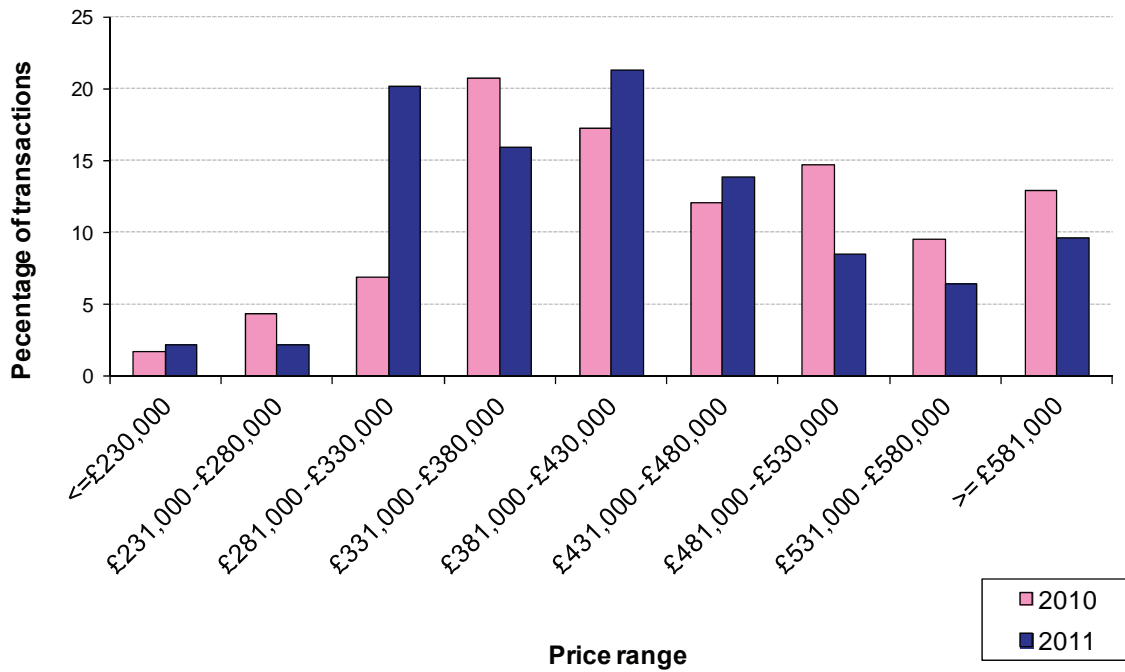


Figure C3 - 3-bedroom houses

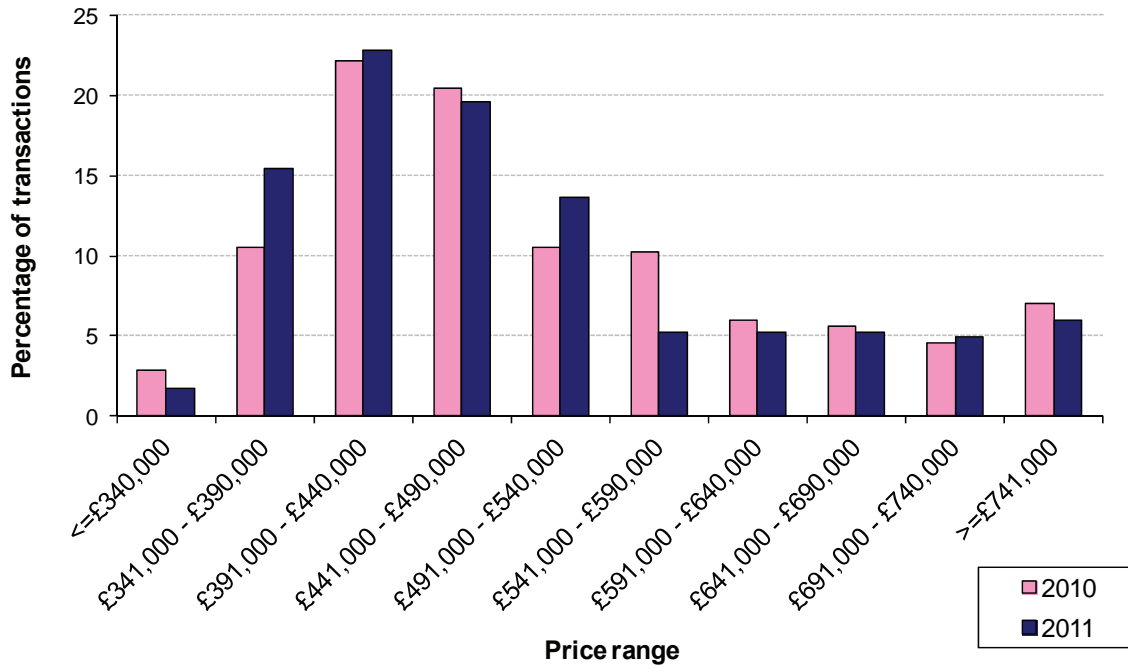


Figure C5 - 4-bedroom houses

