

Jersey House Price Index

First Quarter 2011

Statistics Unit: www.gov.je/statistics



Summary

- **The Jersey House Price Index has been substantially flat during the last three years, from the first quarter of 2008 to the first quarter of 2011:**
- the mix-adjusted average price of dwellings sold in Q1 2011 was essentially the same as the average for calendar year 2010.
- on a quarterly basis, the average price of dwellings sold in Q1 2011 was:
 - 3% higher than in the corresponding quarter a year earlier, Q1 2010;
 - 3% lower than in the previous quarter, Q4 2010.
- the average price of flats, overall, which sold in the latest quarter was similar to that for 2010: the mean price of 1-bed flats sold in Q1 2011 was 8% lower than that recorded in 2010, whilst that for 2-bedroom flats was 7% higher.
- houses saw smaller price changes: the mean price of 3-bedroom houses sold in Q1 2011 was essentially the same as in 2010; whilst 2- and 4-bedroom houses recorded mean prices in the latest quarter which were some 2% higher and 2% lower, respectively, on the same comparative basis.
- ***For the first time, this latest publication of the Jersey House Price Index includes Share Transfer properties:***
 - ***a comparison with the previously published index, based on Royal Court transactions only, is presented in Annex B of this report;***
 - ***there are no significant differences between the headline measures derived from the two index series, particularly in the annual and quarterly percentage changes previously published.***

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.

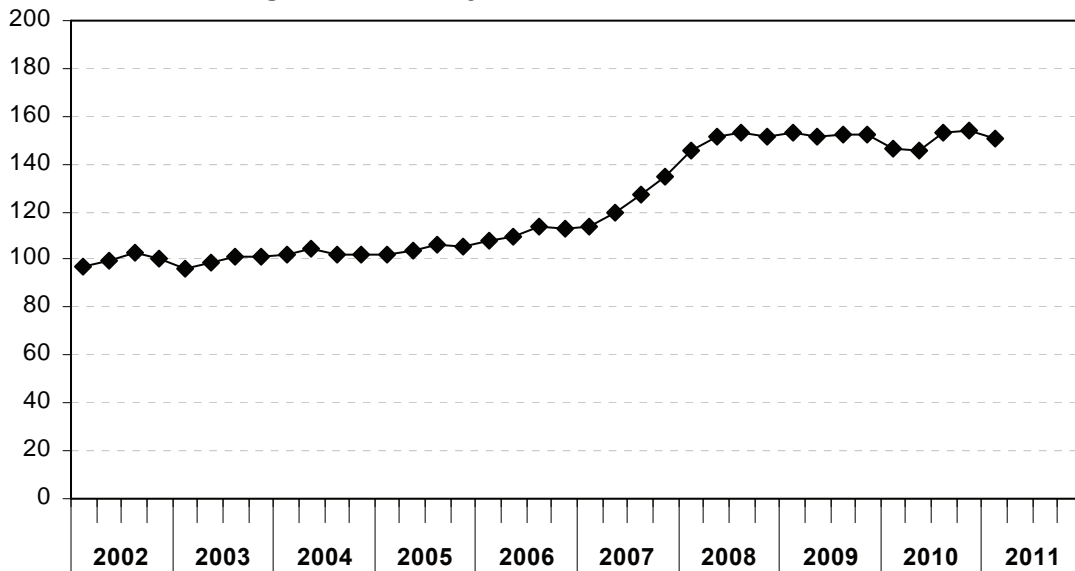
The principal index series, published for the first time in this latest round of the report, now **includes share transfer properties** and is **seasonally adjusted** – see *Annex B for developments to the methodology and comparison with previously published results*.

The headline measures for the first quarter of 2011, derived from the principal seasonally adjusted (s.a.) index series (shown in Figure 1 and Annex Table B6), are:

- the mean (mix-adjusted) price of properties which sold in Q1 2011 was essentially the same (within about £1,000) as that recorded for calendar year 2010;
- comparing specific quarters, the mix-adjusted price in Q1 2011 was:
 - 3% higher than in the same quarter a year earlier, Q1 2010;
 - 3% lower than in the previous quarter, Q4 2010.

Overall, the Jersey House Price Index has been substantially flat during the last three years, between Q1 2008 and Q1 2011.

Figure 1 - Jersey House Price Index (2002 = 100; s.a.)

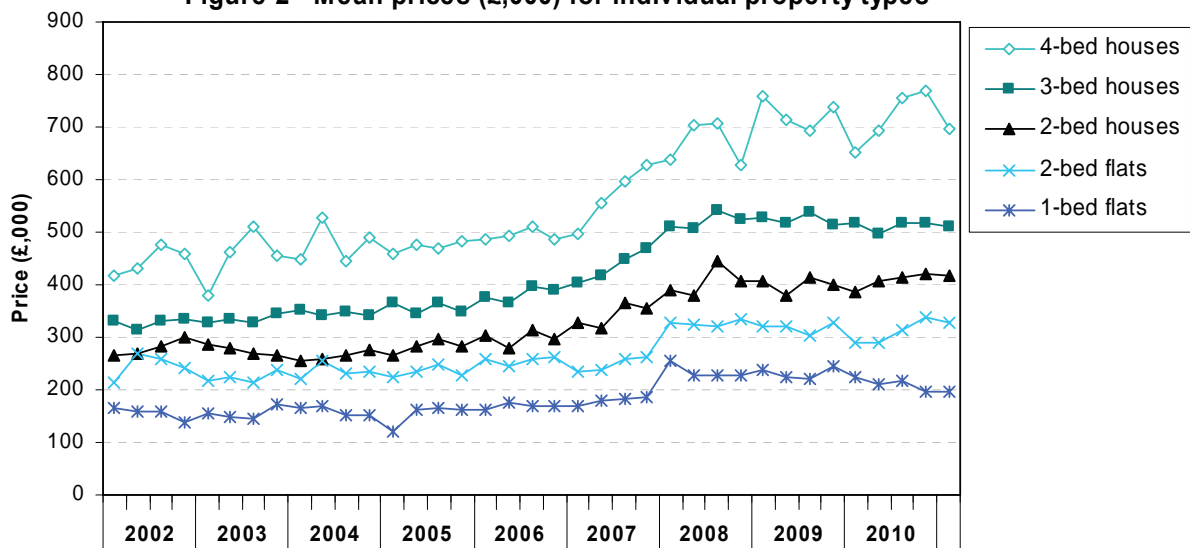


The overall mx-adjusted average price in Q1 2011 was £443,000¹.

Individual property types

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

Figure 2 - Mean prices (£,000) for individual property types



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 but has since decreased, particularly due to an increased proportion of lower-priced share transfer properties in this property category being sold since 2010.

The mean price of 1-bedroom flats sold in Q1 2011 (£197,000) was 8% lower (corresponding to around £15,000) than those which sold in calendar year 2010 but was similar to the previous quarter, Q4 2010.

¹ As a consequence of re-weighting, mix-adjusted mean prices are not comparable between calendar years, although they are comparable within each calendar year. In order to calculate change between years, the mix-adjusted index should be used – Annex B.

2-bedroom flats:

the mean price of 2-bedroom flats has returned to the level seen three years earlier; the mean price of these properties which sold in Q1 2011 (£328,000) was essentially the same as that for calendar year 2008. The intervening years, 2009 and 2010, had recorded small decreases on an annual basis, of 2% and 3%, respectively.

2-bedroom houses:

the mean price of 2-bedroom houses has been essentially flat for most of the last three years, at just over £400,000. The mean price recorded in the latest quarter (£417,000) was 2% higher than that recorded for all of 2010.

3-bedroom houses:

this property type had seen essentially stable mean prices during 2008 and 2009 before recording a small decrease in 2010 (of 2%, corresponding to about £10,000). The mean price recorded in the latest quarter (£510,000) was similar to that for calendar year 2010.

4-bedroom houses:

this category of property has seen some volatility in mean price since the beginning of 2008. The mean price of such properties which sold in the latest quarter was marginally lower than that recorded over the three-year period 2008-2010 (by 1%, corresponding to more than £5,000) and was some 2% lower than in the latest year, 2010.

Table 1: Mean prices (£,000) for individual property types²

Period	Flats		Houses			
	1-bed	2-bed	2-bed	3-bed	4-bed	
2010	Q1	225	291	386	517	651
	Q2	212	291	406	496	695
	Q3	217	313	415	518	754
	Q4	198	338	420	518	768
Annual average		214	308	409	512	715
2011	Q1	197	328	417	510	698

Turnover

Table 2 shows that 231 eligible properties (see Notes) were reported as being sold in Jersey in Q1 2011.

Table 2: Number of dwellings included in the Jersey 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			
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
2011	Q1	56	60	23	67	25	231	7

² Note that the annual average prices shown in Table 1 are derived by weighting the average price recorded in each quarter by the number of transactions in that quarter. The percentage changes presented in the preceding text are calculated from the unrounded weighted prices.

Some caution 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 acknowledge the seasonal nature of the data.

The increase in the number of transactions of flats in the latest quarter was due to an increased number of share transfer properties being sold. In 2010, share transfer transactions accounted for less than half (about 45%) of all eligible sales of flats included in the Jersey House Price Index. In the latest quarter, share transfer transactions accounted for two-thirds (66%) of all flats sales included in the Index.

Comparison with Guernsey and the UK

The mix-adjusted average price of local market properties sold in Guernsey³ in the first quarter of 2011 was 6% higher than in the same quarter of 2010. In the UK, the mix-adjusted house price index for the latest quarter was marginally higher (up by less than 1%) than in the same quarter of 2010.

The mix-adjusted average prices of dwellings sold in Q1 2011 in Jersey, Guernsey and the UK (overall and by region)⁴ are shown in Table 3.

Table 3: Mix-adjusted average price of dwellings sold in Jersey, Guernsey and the UK in Q1 2011.

Region	Mix-adjusted average price £,000
Jersey	443
Guernsey	425
UK	205
England	213
Wales	144
Scotland	160
Northern Ireland	146
Greater London	339
South East (excl. London)	263
East	227
South West	210
West Midlands	163
East Midlands	157
North West	147
Yorkshire & Humber	145
North East	132

Prices are rounded to the nearest £1,000.

³ Guernsey Policy and Research Unit: Guernsey Residential Property Prices 1981-2011. Guernsey introduced a "mix-adjusted" measure in Q1 2011; see Guernsey Quarterly Residential Property Prices Bulletin for quarter 1 2011 for further details of changes made to the methodology.

⁴ Figures for the UK are derived from: Department for Communities and Local Government, House Price Index March 2011. These UK figures are based on mortgage purchases, and hence do not include purely cash purchases; the Jersey figures include both mortgaged and cash purchases.

Notes

1. 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. 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 4) is converted into the Jersey House Price Index (based to 100 for calendar year 2002).

4. 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 Q1 2011 (see Annex B), derived from the full preceding three-year period and including share transfer properties.

5. 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).

Annex A: Jersey Private Sector Rental Index

The Private Sector Rental Index was introduced for Jersey in the third quarter of 2007 (see Note 5). 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)⁵. 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.

Table A1: 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

In the first quarter of 2011, average rents (from new consents) were almost 4% higher than in the previous calendar year, 2010 year. On such a basis, flat rents were 5% higher whilst house rents were 2% higher.

⁵ An outline of the Jersey Private Rental Index and methodology is given in the Notes.

Annex B: Inclusion of Share Transfer transactions

The Land Transaction Tax, which came into effect in Jersey on 1 January 2010, has enabled the transaction prices of properties purchased by share transfer to be recorded. Previously only the volume of such transactions was available.

In order to understand the effect of the inclusion of share transfer transactions on statistical measures of the Jersey residential property market, a comparative study was undertaken with the previously published results; specifically of:

- the effect on the **level** of the mix-adjusted mean price and on the **resulting index**;
- the effect on the **headline measures** derived from the mix-adjusted index:
 - ⇒ annual percentage change: calendar year basis;
 - ⇒ annual percentage change, corresponding quarters in successive years;
 - ⇒ quarterly percentage change, successive quarters.

Transaction prices

Prior to 2010, the transaction prices of share transfer properties were not available. Therefore, in order to produce a back-series, from 2002 to 2010, which includes share transfer properties and against which the previously published index series could be compared, it is necessary to make an assumption regarding the relative mean price of share transfer and freehold/flying-freehold properties.

Since share transfer properties are predominantly flats, the distributions, and mean and median prices, of share transfer and flying freehold 1- and 2-bedroom flats were compared for transactions completed in calendar year 2010.

For 2-bedroom flats, and for flats overall, non-parametric tests indicated that there was no significant difference between the transaction prices of share transfer and flying freehold properties. For 1-bedroom flats, such tests indicated that there was a marginally significant difference (at the 5% level), with flying freehold properties being about 3% higher in median price and 6% higher in mean price.

In view of the marginal significance of any difference in price between share transfer and flying freehold properties, and for one property type only, no difference in price has been incorporated within the analysis presented in this Annex. Further studies, however, have been undertaken which incorporate the small difference observed; these studies suggest that the effect on the headline measures reported are negligible.

In order to construct the full back series from 2002 to 2010 for comparative studies, share transfer properties were included with weighting derived from the volumes recorded over the period 2002-2008.

Effect on the level of mix-adjusted mean price and resulting index series

The result of including share transfer properties on the mix-adjusted mean price is shown in Table B1; the differences from the previously published figures are also shown in this table.

As is to be expected, the effect of including share transfer properties (predominantly flats) is to reduce the level of the mix-adjusted mean price, by around 8%. **The level decreases by around £20,000 at the start of the period covered by the index to around £40,000 more recently.**

Table B1 - Mix-adjusted mean price and index:
previously published series and new series including share transfer transactions.

Period	Previously published		Including share transfer transactions		Difference in mix-adjusted price	
	Price	Index	Price	Index		
2002	Q1	£308,800	97.3	£287,700	96.9	£21,100
	Q2	£309,700	97.6	£293,200	98.7	£16,500
	Q3	£327,200	103.1	£307,100	103.4	£20,100
	Q4	£323,700	102.0	£300,100	101.0	£23,600
2003	Q1	£303,900	95.7	£282,200	95.0	£21,700
	Q2	£318,900	100.5	£295,800	99.6	£23,100
	Q3	£321,600	101.3	£297,700	100.2	£23,900
	Q4	£325,200	102.5	£304,200	102.4	£21,000
2004	Q1	£322,700	101.7	£299,800	100.9	£22,900
	Q2	£335,400	105.7	£315,300	106.2	£20,100
	Q3	£322,300	101.5	£299,000	100.7	£23,300
	Q4	£329,700	103.9	£306,300	103.1	£23,400
2005	Q1	£330,900	104.3	£301,000	101.3	£29,900
	Q2	£334,000	105.2	£308,300	103.8	£25,700
	Q3	£345,200	108.8	£319,000	107.4	£26,200
	Q4	£335,400	105.7	£308,800	104.0	£26,600
2006	Q1	£354,800	111.8	£327,600	110.3	£27,200
	Q2	£346,100	109.0	£320,300	107.8	£25,800
	Q3	£372,000	117.2	£342,000	115.2	£30,000
	Q4	£360,300	113.5	£333,000	112.1	£27,300
2007	Q1	£370,800	116.8	£338,800	114.1	£32,000
	Q2	£387,800	122.2	£353,800	119.1	£34,000
	Q3	£421,200	132.7	£383,100	129.0	£38,100
	Q4	£434,900	137.0	£394,800	132.9	£40,100
2008	Q1	£474,400	149.5	£439,700	148.0	£34,700
	Q2	£480,100	151.3	£441,300	148.6	£38,800
	Q3	£507,800	160.0	£463,700	156.1	£44,100
	Q4	£480,200	151.3	£442,500	149.0	£37,700
2009	Q1	£507,200	159.8	£463,000	155.9	£44,200
	Q2	£487,500	153.6	£446,000	150.2	£41,500
	Q3	£496,900	156.6	£451,700	152.1	£45,200
	Q4	£497,400	156.7	£456,200	153.6	£41,200
2010	Q1	£473,400	149.1	£431,900	145.4	£41,500
	Q2	£475,600	149.8	£431,700	145.4	£43,900
	Q3	£499,800	157.5	£454,900	153.2	£44,900
	Q4	£503,900	158.8	£459,600	154.7	£44,300

Setting the mix-adjusted mean price for calendar year 2002 for each index to be equal to 100 enables the change in each series to be measured over time. **The difference in the overall change of the two series over the nine-year period from Q1 2002 to Q4 2010 is less than 4%.**

This small difference in the overall change of the two series is further reflected in the annual percentage changes on a **calendar year basis** shown in Table B2.

Table B2 – Annual percentage changes, calendar year basis
previously published series and new series including share transfer transactions.

Period	Previously published series	Including share transfer transactions
02-03	0	-1
03-04	3	3
04-05	3	1
05-06	7	7
06-07	13	11
07-08	20	22
08-09	2	2
09-10	-2	-2

The annual and quarterly percentage changes on a **quarterly basis**, derived from the published index series and that including share transfer transactions, are shown in Tables B3 and B4.

Table B3 – Annual percentage changes, quarterly basis
previously published series and new series including share transfer transactions.

Period	Annual % change		Difference	
	Previously published series	Including share transfer transactions		
02 – 03	Q1	-2	-2	0
	Q2	3	1	2
	Q3	-2	-3	1
	Q4	0	1	-1
03 - 04	Q1	6	6	0
	Q2	5	7	-2
	Q3	0	0	0
	Q4	1	1	0
04 - 05	Q1	3	0	3
	Q2	0	-2	2
	Q3	7	7	0
	Q4	2	1	1
05 - 06	Q1	7	9	-2
	Q2	4	4	0
	Q3	8	7	1
	Q4	7	8	-1
06 - 07	Q1	4	3	1
	Q2	12	10	2
	Q3	13	12	1
	Q4	21	19	2
07 - 08	Q1	28	30	-2
	Q2	24	25	-1
	Q3	21	21	0
	Q4	10	12	-2
08 - 09	Q1	7	5	2
	Q2	2	1	1
	Q3	-2	-3	1
	Q4	4	3	1
09 - 10	Q1	-7	-7	0
	Q2	-2	-3	1
	Q3	1	1	0
	Q4	1	1	0

The mean difference between the results shown in Table B3 over the period from 2002 to 2010 is 0.3 percentage points (i.e. about one-third of one percentage point).

Table B4 – Quarterly percentage changes*previously published series and new series including share transfer transactions.*

Period	Quarterly % change		Difference	
	Previously published series	Including share transfer transactions		
2002	Q1 - Q2	0	2	-2
	Q2 - Q3	6	5	1
	Q3 - Q4	-1	-2	1
	Q4 - Q1	-6	-6	0
2003	Q1 - Q2	5	5	0
	Q2 - Q3	1	1	0
	Q3 - Q4	1	2	-1
	Q4 - Q1	-1	-1	0
2004	Q1 - Q2	4	5	-1
	Q2 - Q3	-4	-5	1
	Q3 - Q4	2	2	0
	Q4 - Q1	0	-2	2
2005	Q1 - Q2	1	2	-1
	Q2 - Q3	3	3	0
	Q3 - Q4	-3	-3	0
	Q4 - Q1	6	6	0
2006	Q1 - Q2	-3	-2	-1
	Q2 - Q3	8	7	1
	Q3 - Q4	-3	-3	0
	Q4 - Q1	3	2	1
2007	Q1 - Q2	5	4	1
	Q2 - Q3	9	8	1
	Q3 - Q4	3	3	0
	Q4 - Q1	9	11	-2
2008	Q1 - Q2	1	0	1
	Q2 - Q3	6	5	1
	Q3 - Q4	-5	-5	0
	Q4 - Q1	6	5	1
2009	Q1 - Q2	-4	-4	0
	Q2 - Q3	2	1	1
	Q3 - Q4	0	1	-1
	Q4 - Q1	-5	-5	0
2010	Q1 - Q2	0	0	0
	Q2 - Q3	5	5	0
	Q3 - Q4	1	1	0

The mean percentage difference between the results shown in Table B6 from 2002 to 2010 is 0.1 percentage points (.i.e. one-tenth of one percentage point).

The main conclusions to be drawn from this comparative study are:

- there are no significant differences in the annual or quarterly percentage changes resulting from the inclusion of share transfer properties;
- including share transfer properties **reduces the level of the mix-adjusted mean property price** by around 8%, corresponding to around £20,000 in 2002-2003 and to around £40,000 more recently.

Re-weighting and chain-linking

Revised property-type weights have been incorporated for Q1 2011, derived from the full preceding three-year period (2008-2010) and including share transfer properties.

Table B5 – Property-type weights used in mix-adjustment, from Q1 2011

Property type	Current Weight
1-bedroom flats	0.190
2-bedroom flats	0.209
2-bedroom houses	0.125
3-bedroom houses	0.334
4-bedroom houses	0.142

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.

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 which includes share transfer transactions should now be considered as the principal output of this analysis.

Table B6 shows the non-seasonally adjusted and seasonally adjusted index series, both including share transfer properties.

Table B6 – Non-seasonally adjusted and seasonally adjusted index series, including share transfer transactions.

Period		Including share transfer transactions	Including share transfer transactions s.a.
2002	Q1	96.9	96.7
	Q2	98.7	99.3
	Q3	103.4	103.0
	Q4	101.0	100.5
2003	Q1	95.0	96.2
	Q2	99.6	98.5
	Q3	100.2	101.0
	Q4	102.4	101.5
2004	Q1	100.9	102.3
	Q2	106.2	104.4
	Q3	100.7	102.3
	Q4	103.1	102.0
2005	Q1	101.3	101.9
	Q2	103.8	104.1
	Q3	107.4	106.2
	Q4	104.0	105.8
2006	Q1	110.3	108.3
	Q2	107.8	109.8
	Q3	115.2	113.4
	Q4	112.1	113.1
2007	Q1	114.1	113.7
	Q2	119.1	119.8
	Q3	129.0	127.6
	Q4	132.9	135.0
2008	Q1	148.0	145.6
	Q2	148.6	151.1
	Q3	156.1	153.4
	Q4	149.0	151.8
2009	Q1	155.9	153.5
	Q2	150.2	151.6
	Q3	152.1	152.2
	Q4	153.6	152.6
2010	Q1	145.4	146.1
	Q2	145.4	145.8
	Q3	153.2	152.8
	Q4	154.7	154.2
2011	Q1	149.3	150.3