

WRITTEN QUESTION TO THE MINISTER FOR HOUSING BY DEPUTY G.P. SOUTHERN OF ST. HELIER

ANSWER TO BE TABLED ON TUESDAY 16th SEPTEMBER 2008

Question

Further to his response on 15th July 2008 relating to 'j' category consents to purchase, will the Minister detail for members the types of accommodation purchased by the 287 'j' category residents in 2006 and 2007 along with the prices paid in appropriate bands? Does he consider that the 50 per cent increase in 'j' category purchases in 2006/7 over the equivalent rate in 2005 corresponds with a five-fold increase in house price inflation over the same period?

Answer

"j" category employees purchased the following properties in 2007, which illustrates the prices ranges within which activity takes place:

Price Band	Number of properties purchased by private sector "j" category employees	Number of properties purchased by public sector "j" category employees	% of total "j" purchases
Less than 300,000	1	2	2%
300,000 - 400,000	24	10	25%
400,000 - 500,000	14	9	17%
500,000 - 600,000	17	9	19%
600,000 - 700,000	10	2	9%
700,000 - 1,000,000	24	3	20%
1,000,000 +	13	-	9%
	103	35	100%

The following table illustrates that while "j" category purchase have increased, so has activity across the whole market:

	Total Purchase Consents	"j" Purchase Consents	"j" as a % of Total Consents	Average "j" Purchase Price
2005 Q1	365	20	5.5%	
Q2	427	16	3.7%	
Q3	457	20	4.4%	
Q4	422	28	6.6%	
2005 Total	1671	84	5.0%	
2006 Q1	423	37	8.7%	
Q2	540	32	5.9%	
Q3	533	35	6.6%	
Q4	543	45	8.3%	
2006 Total	2039	149	7.3%	

2007 Q1	411	30	7.3%	619,000
Q2	536	47	8.8%	628,000
Q3	490	35	7.1%	613,000
Q4	444	26	5.9%	840,000
2007 Total	1881	138	7.3%	670,000
2008 Q1	454	27	5.9%	587,000
Q2	489	38	7.8%	642,000
Q3				
Q4				

It is evident that “j” purchases as a percentage of the total number of properties purchased in Jersey has increased, from 5% in 2005, to 7% in 2006 and 2007. However, while all activity contributes to changes in property prices, house prices in Jersey are affected by a whole host of factors including:

- The cheapness and availability of credit;
- Overall economic conditions including trends in earnings and employment;
- Natural population growth and demographic changes;
- Household formation rates
- Net migration; and
- Confidence in the housing market.

This would suggest that the total number of j category licences in the Island are one of only a wide range of factors that influence house prices in Jersey and by themselves can have only a marginal impact on house prices.