

**WRITTEN QUESTION TO THE MINISTER FOR PLANNING AND ENVIRONMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 26th FEBRUARY 2008

Question

Would the Minister accept that the current housing problems, with significant increases in house prices, can only be solved by an overall increase in supply in all sectors of the market, that is, both rental and for purchase?

Answer

Recent figures relating to increases in purchasing and renting property in Jersey present a very mixed picture. The table below from the recent Jersey House Price Index details the price performance from the first quarter of 2002. Prices are the mean prices (£,000) for individual property types.

Period	Flats		Houses		
	<u>1-bed</u>	<u>2-bed</u>	<u>2-bed</u>	<u>3-bed</u>	<u>4-bed</u>
2002 Q1	166	213	265	332	416
Q2	160	268	268	314	432
Q3	160	259	284	332	474
Q4	137	242	300	333	459
2003 Q1	156	216	285	328	380
Q2	150	222	278	333	461
Q3	145	213	270	328	510
Q4	173	237	266	345	454
2004 Q1	166	219	257	351	448
Q2	169	256	258	340	526
Q3	153	230	266	347	446
Q4	152	236	274	343	489
2005 Q1	121	224	264	364	458
Q2	161	236	284	346	477
Q3	164	250	298	366	467
Q4	161	229	284	348	484
2006 Q1	163	259	303	375	486
Q2	176	243	278	364	492
Q3	168	259	315	398	509
Q4	169	262	296	388	485
2007 Q1	170	235	326	402	496
Q2	181	236	316	417	554
Q3	182	259	366	449	596
Q4	185	262	354	470	626

Thus it can be seen that over the past five years the change in the average price of houses has been notably different to that of flats:

- the average price of a 3-bedroom house has risen by about a third (33%) comparing calendar year 2002 with 2007. Furthermore, the most recent annual rate of increase for this property type has been greater than seen previously during the period. Other sizes of house have also seen considerable increases in average price, with both 2- and 4-bedroom houses up by around a quarter (22% and 28%, respectively) comparing 2002 with 2007, and have also experienced higher annual rates of increase most recently than seen previously;
- in contrast, flats have seen lower rates of increase, overall and most recently: 1-bedroom flats have increased in average price by about 15% comparing 2002 with 2007, whilst 2-bedroom flats have seen little change over the period, the average price in 2007 being only 1% greater than that in 2002.

The picture in the private sector rental market is summarised in the table below, extracted from the same report..

Period	Flats	Houses	Jersey Private Sector Rental Index
2002 Q1	100.0	100.0	100.0
Q2	99.9	96.1	98.4
Q3	102.3	95.4	99.6
Q4	98.3	99.1	98.6
2003 Q1	101.6	100.6	101.2
Q2	104.1	105.2	104.5
Q3	104.1	104.0	104.0
Q4	105.5	98.8	102.8
2004 Q1	103.2	103.3	103.2
Q2	104.6	100.7	103.1
Q3	107.6	105.7	106.9
Q4	102.6	102.2	102.4
2005 Q1	103.3	102.0	102.8
Q2	106.3	104.8	105.7
Q3	108.1	107.6	107.9
Q4	104.6	107.1	105.6
2006 Q1	106.5	105.6	106.2
Q2	108.2	106.0	107.4
Q3	109.2	101.5	106.2
Q4	107.2	100.7	104.7
2007 Q1	108.8	103.0	106.6
Q2	116.3	110.5	114.0
Q3	120.1	124.4	121.8
Q4	116.6	119.8	117.9

Overall, private sector rents for houses and flats have risen similarly over the five-year period: houses by 17%, comparing calendar 2002 with 2007, and flats by 15%.

Recently States Members were supplied with details of the number of homes the Planning Department has recently approved. These figures revealed that the Department approved at least 833 new homes during 2007. This is a much higher figure than in recent years.

The Housing Needs Survey, due for publication in the next few weeks, will provide an up to date analysis of the demand for homes. This will form one of the key inputs for the Island Plan Review to ensure that proposals are brought forward to the States to adequately match supply to demand in all sectors of the housing market in the coming years.