

RESEARCH

WILSONS



JERSEY

RESIDENTIAL MARKET INSIGHT 2018

PRICING AND TRANSACTIONS

ECONOMY

HIGH VALUE RESIDENCY



6.5%

Annual change in property prices in Jersey (to Q2 2018)



£883,000

Average price for a 4 bedroom house (Q2 2018)



84%

Increase in sales with a value of at least £1m (H1 2018 v H1 2017)



34

Number of High Value Residency approvals in 2017, double the number in 2016



20%

of approvals for High Value Residency were to individuals aged between 25-40

MARKET UPDATE

Residential property prices in Jersey have been rising since early 2015, the longest period of sustained annual price growth since 2009.

The growth in pricing has been underpinned by robust economic and employment growth on the island, as well as an expanding population. Average values now stand at £480,000, 12% above their previous market peak, according to data collated by Jersey Statistics.

Prices rose by 6.5% in the year to June 2018, the most recent data shows.

As well as an active local market, Jersey's property market is driven by the island's ability to attract individuals from the UK and beyond. A favourable business environment, as well as a high quality of life are two factors underpinning this demand.

Net inward migration has averaged 1,300 people per annum over the last three years, taking the total population on the island to an estimated 105,500. Population growth is expected to continue, helping to support demand.

There has also been an increase in activity in the market in recent years. Figures from Jersey Statistics, analysed by Knight Frank, show that more than 800 properties transacted in the first six months of 2018, the latest available data, in line with the comparable figure for 2017, but 16% more than the same point in 2016.

A more detailed look at the data reveals variations in activity levels depending on property value, with notable growth seen at the top end of the market.

The number of deals completed with a value of at least £1m+ between January and June increased by 84% year-on-year, and have accounted for more than 10% of total activity so far in 2018, up from 5.6% the previous year.

There were 19 sales of homes valued at between £1.5m and £2m over the same period – an increase of 73%. Sales of homes priced above £2m increased 46%.

While strong house price growth in recent years will have pushed some properties into the higher thresholds, another factor that has contributed to rising sales volumes above £1m has been a rise in the number of people applying to move to the island through Jersey's High Value Residency programme.

In 2017, Locate Jersey, the Government-backed organisation charged with promoting the island internationally and assisting individuals looking to move, approved 34 applications – double the number in 2016. Kevin Lemasney, Director of High Value Residency at Locate Jersey, discusses this rise in more detail on page 5.

Under the rules of the programme, those who qualify must buy or lease property in Jersey valued in excess of £1.75 million. This recent inflow has helped bolster sales at the top end of the market.

Jersey has many lifestyle factors which draw residents from all over the UK and further afield to join the local community. Additionally, good transport links to London and Europe, and a favourable tax system act as a draw.

High-net-worth individuals who qualify for the scheme are taxed at 1% after they have paid an annual minimum tax contribution of £145,000. Successful applicants are granted 'entitled' status on the island which is necessary for those wishing to buy a property. There is a separate system in place for non-locals who are "essentially employed".

The future performance of Jersey's property market, especially for the market of £1m+ homes, will be closely linked to the island's appeal to high net worth individuals.

Figure 1
Residential price growth compared
Indexed 100 = Q1 2002

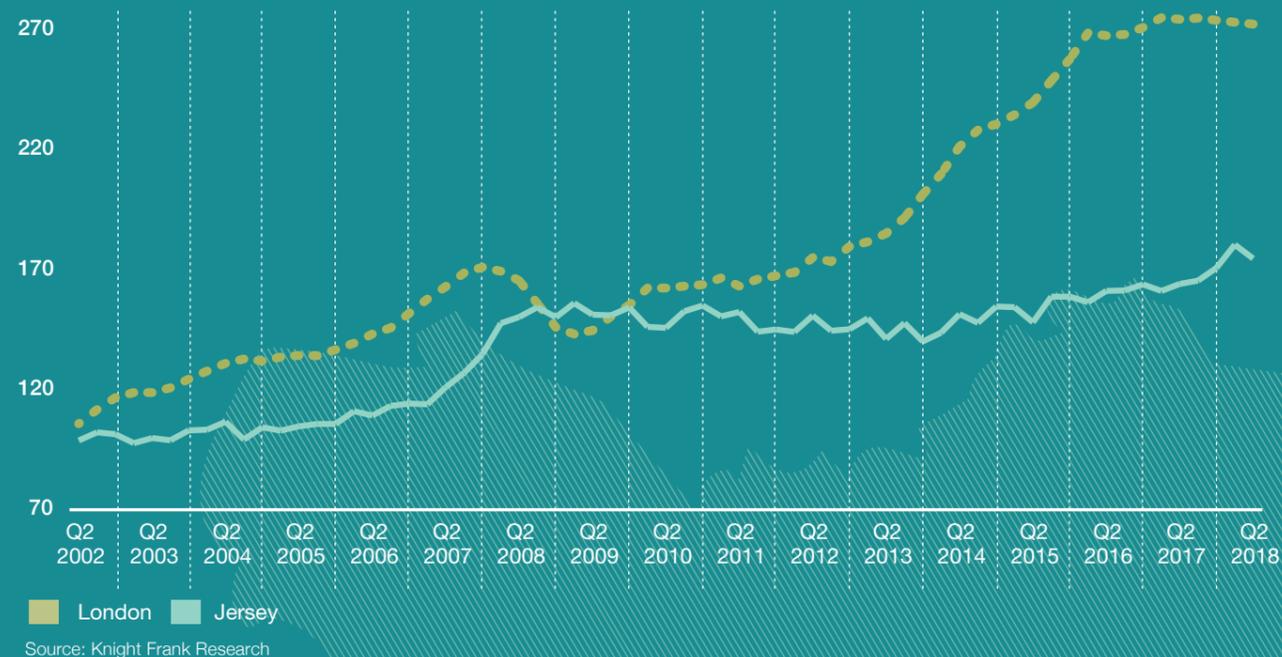
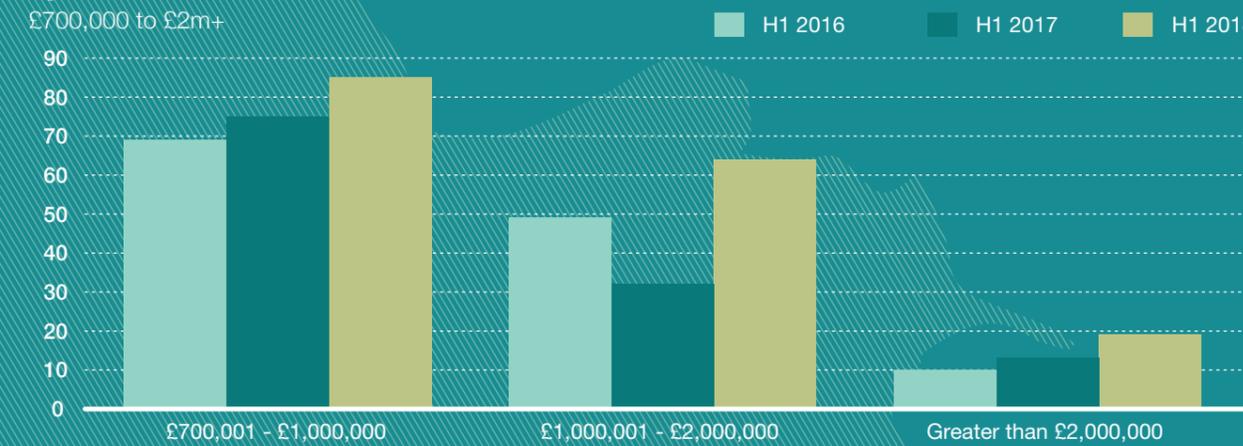


Figure 2
Residential transactions by price band
up to £700,000



Figure 2a
£700,000 to £2m+



15 MILES OF SANDY BEACHES

84.9% OF STUDENTS ACHIEVED A*-C GRADE (2018)

11 DAILY FLIGHTS TO LONDON

ISLAND-WIDE 4G NETWORK



105.5k
Population estimate for 2017 (States of Jersey)



1,200
Net inward migration to Jersey in 2017 (States of Jersey)



£4.11bn
GDP in 2016, up 1% on an annual basis (States of Jersey)



52,170
Total employment (States of Jersey)



47
Financial centre ranking (Z/Yen Index out of 100 locations)



13,300
Financial services employment, 22% of total (States of Jersey)



£1 in every £20
of foreign investment in the UK comes via Jersey (Jersey Finance, 2016)



£14bn
Added by Jersey to the UK economy and almost 250,000 jobs supported (Jersey Finance, 2016)



Jersey's new generation

Kevin Lemasney, Director of High Value Residency at Locate Jersey, explains how there has been a shift among new arrivals to the Island.

The number of enquiries about relocating to Jersey in 2017 via the High Value Residency scheme increased by nearly a third compared with 2016. In total 34 applications were approved, and 20 individuals had relocated by the end of 2017, a record for the Island and double that of the previous year.

As the number of enquiries and approvals has risen, we have seen a marked change in the demographic of those moving or looking to move to, the Island, with a swing towards younger applicants, often entrepreneurs or business people seeking a better work/life balance.

Around 20% of applicants in 2017 were 25-40 years old, 60% between 41 and 59 and 20% over 60. Three years ago only 5% fell into the younger category, meaning that the demographic of those relocating to Jersey is very different from a decade ago.

Lifestyle is an increasingly important factor in the relocation decision making process. Jersey has a temperate climate, beautiful scenery and beaches, is safe, with good education and healthcare systems and an excellent stock of high quality homes, making it for some movers equally as important as the favourable business environment.

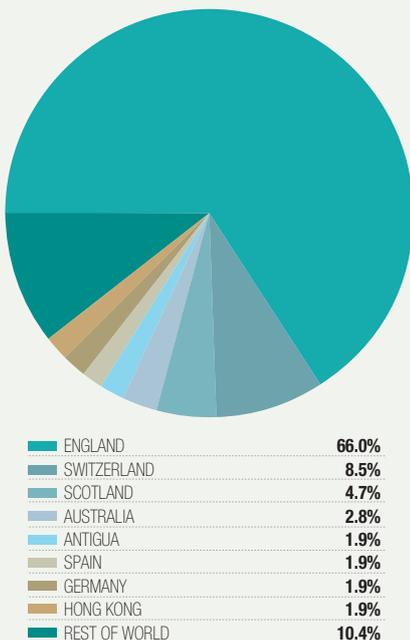
Jersey is well connected with an island-wide 4G network and 100% of broadband customers connected to high-speed 1GB

fibre, as well as good flight connections to the UK – 11 daily flights to London.

Changes to the political landscape in the UK, uncertainty over Brexit and changes to the rules governing 'non-dom' are contributing reasons for moving, especially since the clear majority of applicants are UK passport holders. The fact that Jersey is outside the EU but has ongoing strong links with Member States and the UK, also makes it an attractive option.

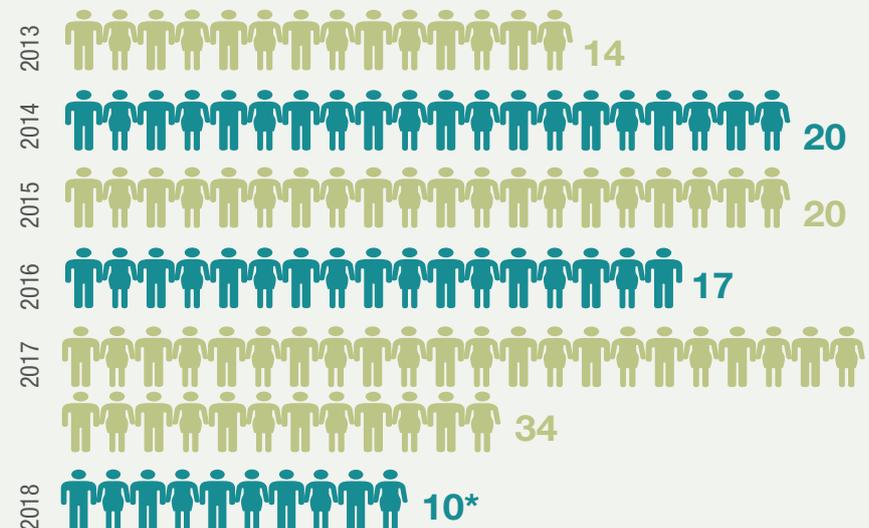
Equally, driven by geopolitical uncertainties elsewhere and a changing environment in larger cities, a mix of families from other centres around the world are showing an interest, for example those from Australia, Singapore and Germany.

FIGURE 3
Countries of origin for High Value Residency approvals 2013-17



Source: Locate Jersey

FIGURE 4
Number of High Value Residency approvals



Source: Locate Jersey *Oct (2018)

Expert View

Aimee Sinclair-Horgan, Partner at Wilsons Knight Frank, gives her take on the island's property market.

As this report notes, the residential property market in Jersey has performed well over the last few years.

Both the prime and mainstream markets have witnessed strong price growth as a result of a shortage of new supply, an expanding population, a strong economy and a robust employment market.

This has been particularly evident in the prime market, where we have agreed a number of noteworthy deals over the last 12 months. The official figures confirm our view, with the numbers pointing to a notable pick-up in activity for homes valued at between £1m and £2m, and £2m+.

This rise in activity has been supported by an increase in the number of good-quality, well-presented homes being offered for sale – whether it be rural farmsteads, country manors, new-build houses or town centre apartments.

Currently some of the strongest demand we are seeing is for property for the first-time buyer market, and homes valued at up to £1m. Properties located close to good schools, shops, restaurants and other amenities remain in highest demand.

Rising demand will help to support pricing, a trend that we expect will continue into 2019.

“A FAVOURABLE BUSINESS ENVIRONMENT, AS WELL AS A HIGH QUALITY OF LIFE ARE TWO FACTORS UNDERPINNING DEMAND.”

Oliver Knight, Residential Research
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High value residency

To qualify as a high value resident, applicants are required to meet the following criteria: your residency in Jersey will benefit the Island in some way (usually business or socially); annual worldwide earnings in excess of £725,000 per year, with the minimum tax payable on income of £145,000 per year. If you are granted 'entitled' status, you may buy or lease property in Jersey as your main place of residence. The Population Office normally requires that you buy or lease a high value property. For more information please contact Locate Jersey.

Get in touch

If you're thinking of buying in Jersey, or would just like some property advice, please do get in touch, we'd love to help.



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