



**Isle of Man**  
**Government**

*Reiltys Ellan Vannin*

# Isle of Man Housing Market Review 2017

Economic Affairs

Cabinet Office

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## Contents

Introduction .....	2
The Isle of Man Property Price .....	3
House Prices.....	4
Flat Prices .....	6
Long term affordability of housing .....	8
Transaction Volumes .....	9
Mortgage Lending .....	10
Housing Stock.....	11
Appendix One – Price Data .....	12
Appendix Two – Transaction Data .....	13
Appendix Three – Local Mortgage Lending Data .....	14
Appendix Four – Affordability Ratios .....	15

## **Introduction**

This report is intended to provide a greater level of information regarding the Isle of Man's housing market than is provided in other summary statistics such as Isle of Man in Numbers or the Quarterly Economic and Statistical Update to the Council of Ministers.

This report provides longer time series data across a number of areas including:

- The weighted property price
- House Prices
- Flat Prices
- Affordability of housing on the Island
- Transactions volumes; and
- Mortgage lending and housing stock

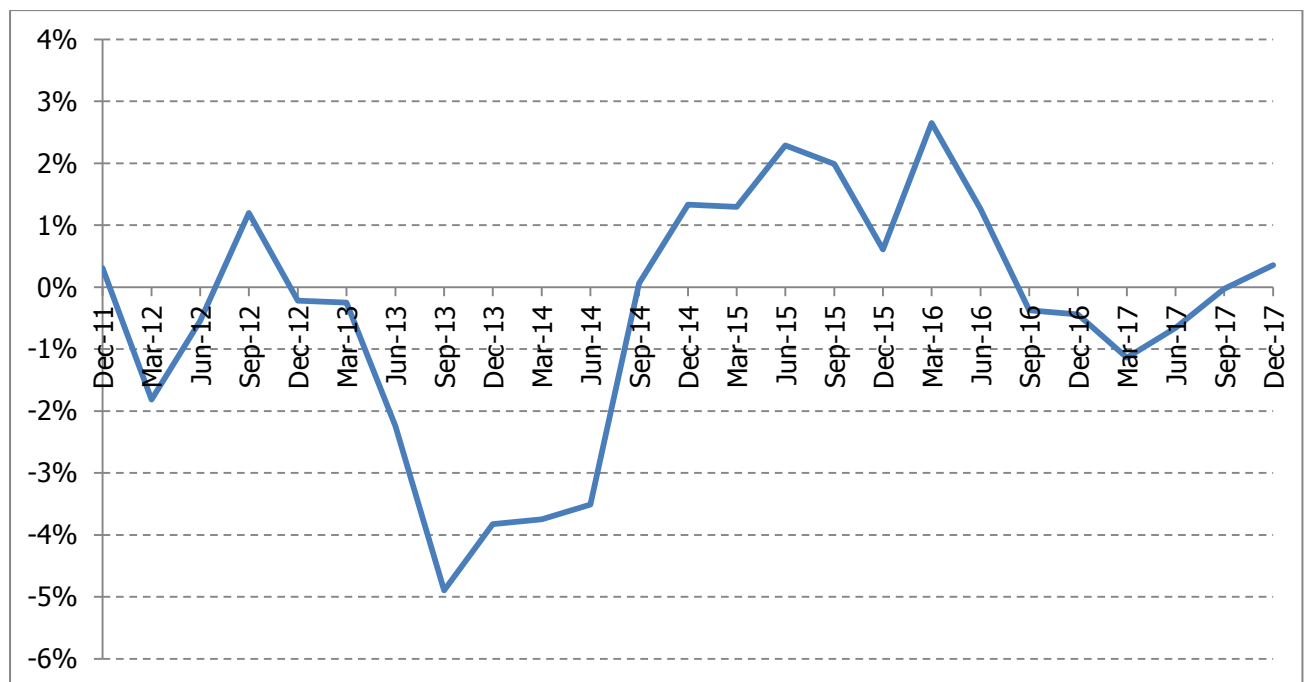
Most of the data used in this report has been provided by the Land Registry, supplemented with information from the 2016 and 2011 censuses and also information that is supplied to the Bank of England in respect of lending.

## The Isle of Man Property Price

The Isle of Man Property Price is a weighted average of house and flat sale prices over a 12 month period.

The average price of a property sold as recorded in the Isle of Man House Price Index was £248,250 in 2017, a increase of 0.4% over the calendar year. Annual price changes are shown below.

**Figure 1 Isle of Man Annual Property Price Change**



### Methodology

The index is based upon the properties sold and registered with the Land Registry, weighted by the average number of houses and flats sold over previous 4 quarters, not including the current quarter. The current quarter is not used for the purposes of weighting as time delays in sales being registered with the Land Registry would adversely impact upon the weighting process.

Both the house and flat prices are trimmed averages and exclude high and low value transactions, with low value transactions being any transaction under £70,000 and high value transactions by calculated as the third quartile price plus three times the interquartile range, which broadly results in a value of around £700,000 to £730,000.

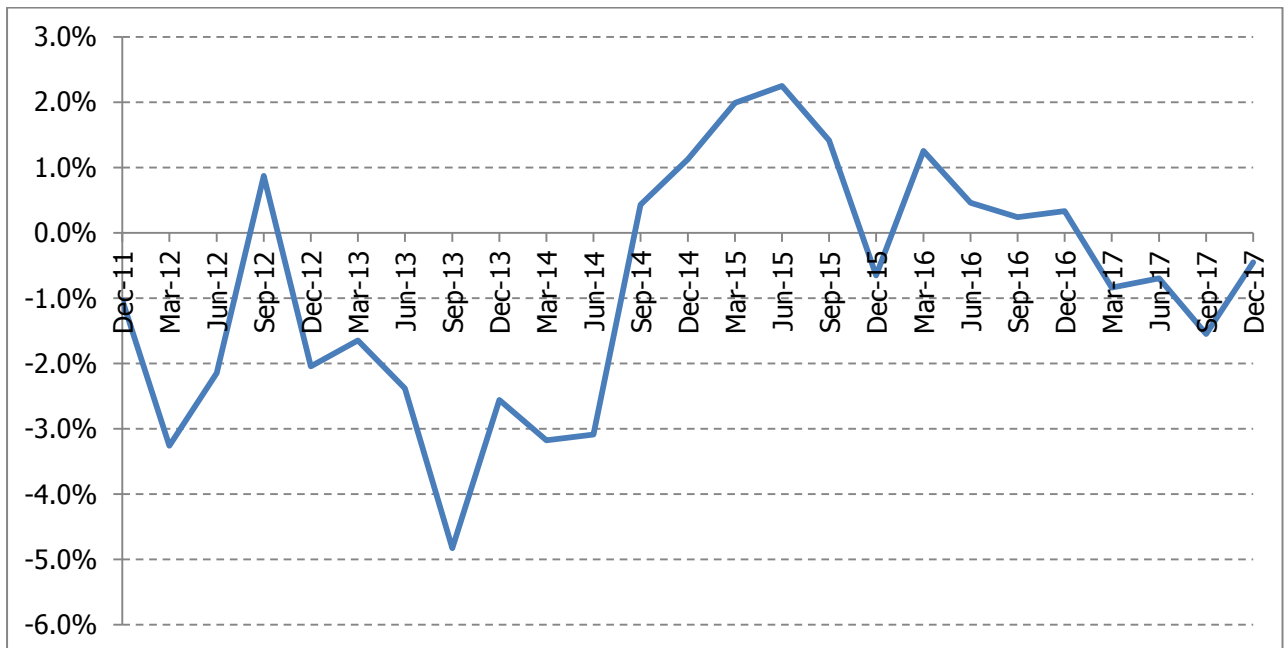
The index is made up of around 1,200 prices, with house prices being weighted at around 80% of the index, and flat prices at 20%.

## House Prices

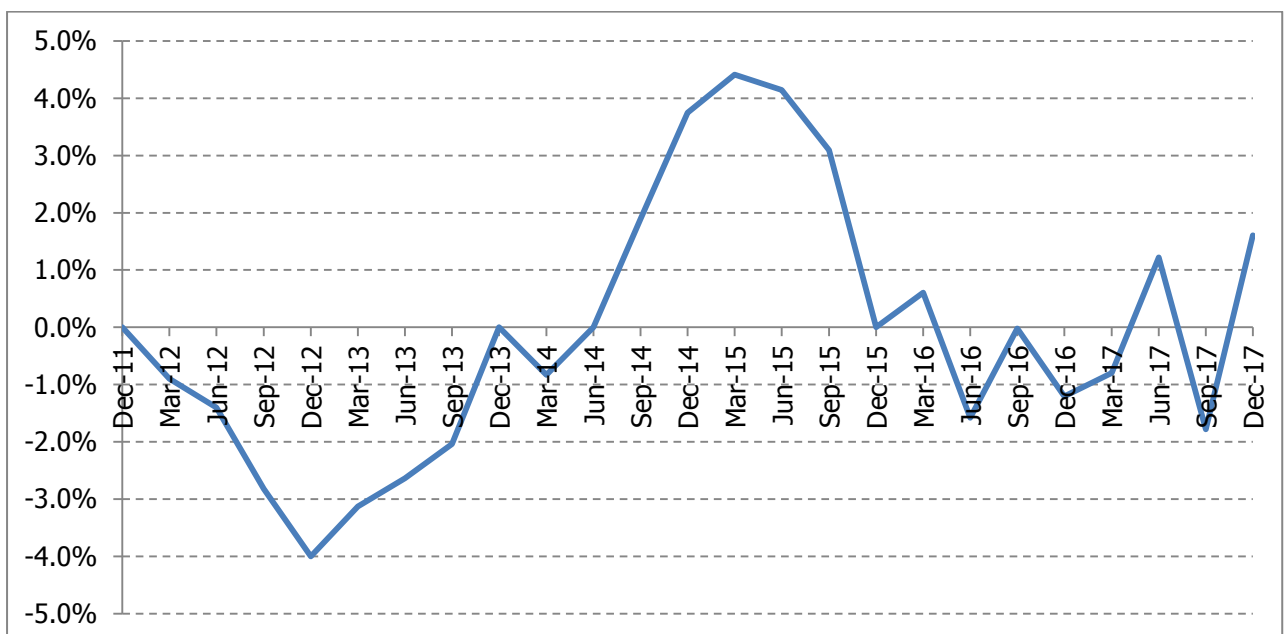
Separate data is also produced for both house and flat prices and transactions, which are produced using the same trimmed average methodology that has been detailed on page 2.

The average house price in 2017 was £268,220 which is a decrease of 0.5% compared with 2016, with the median house price being £249,950, which is an increase of 1.6% compared with 2016.

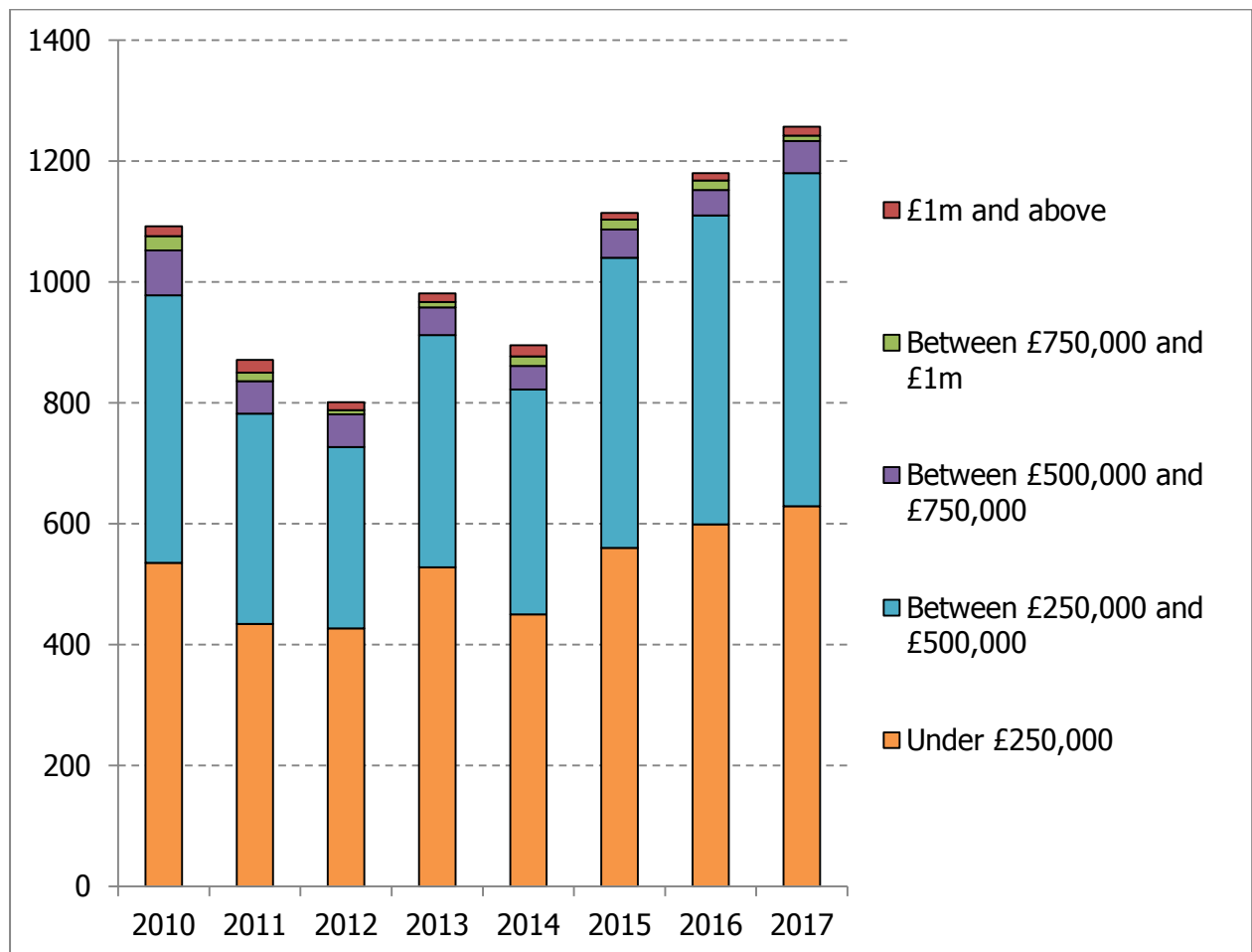
**Figure 2 Average House Price Movement**



**Figure 3 Median House Price Movement**



**Figure 4 Distribution of House Prices**

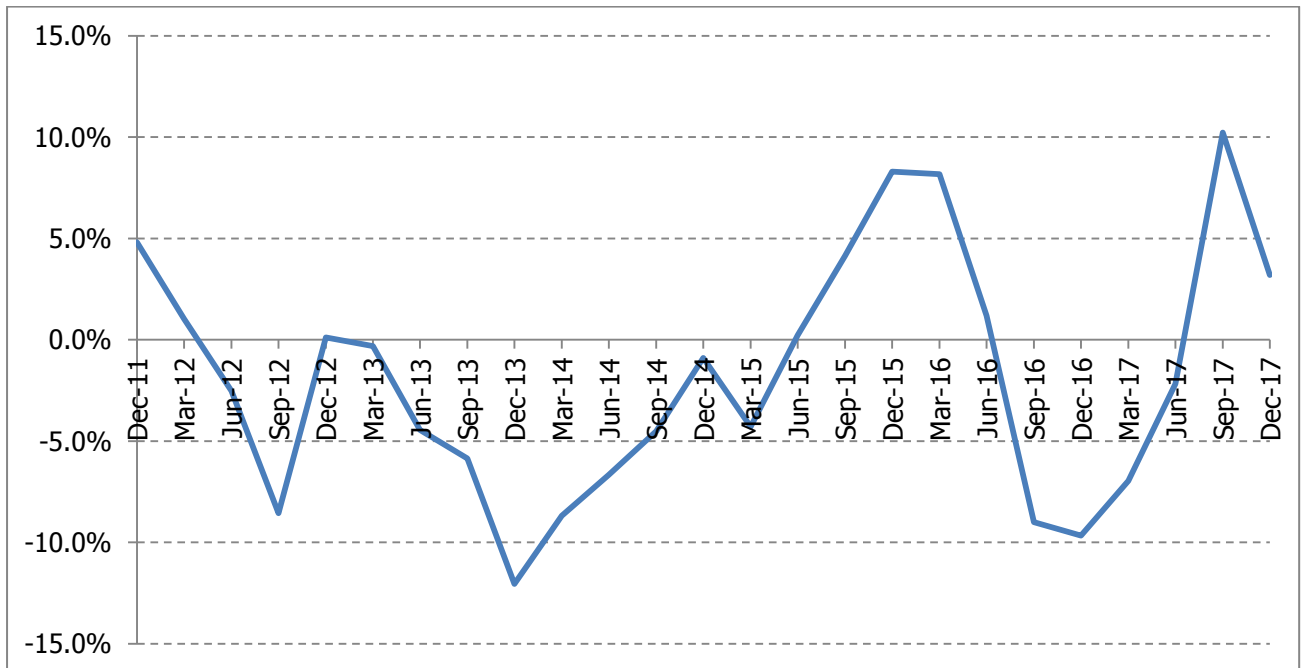


Over the period from 2010 to 2017, the proportion of houses sold under £250,000 has increased slightly from 49% to 50%, with those between £250,000 and £500,000 also having increased slightly over the period from 40% to 43% with the largest reduction being within the £500,000 to £750,000 bracket, down from 6.8% in 2010 to 4.2% in 2017. Sales of houses over £1m have remained relatively stable over the period at 1.5% in 2010 and 1.2% in 2017.

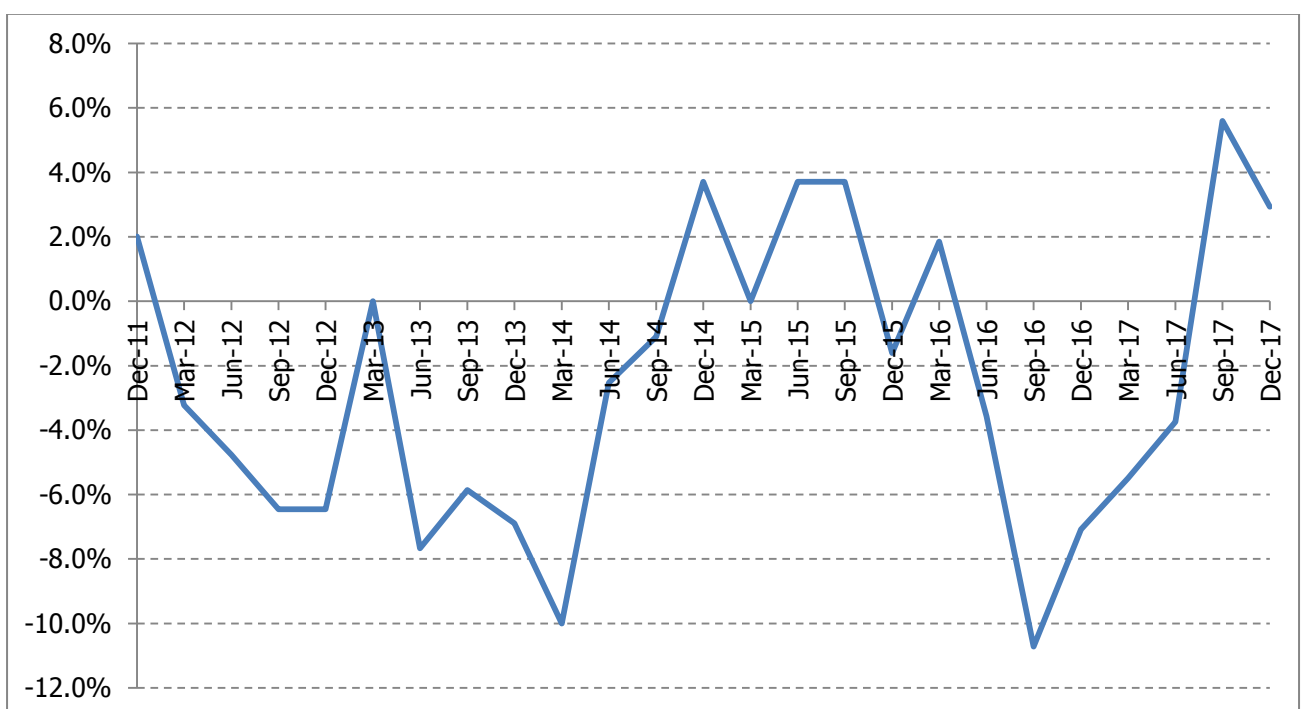
## Flat Prices

The average flat price in 2017 was £149,991 which is an increase compared with 2016, with the median flat price being £131,750, which is an increase compared with 2016.

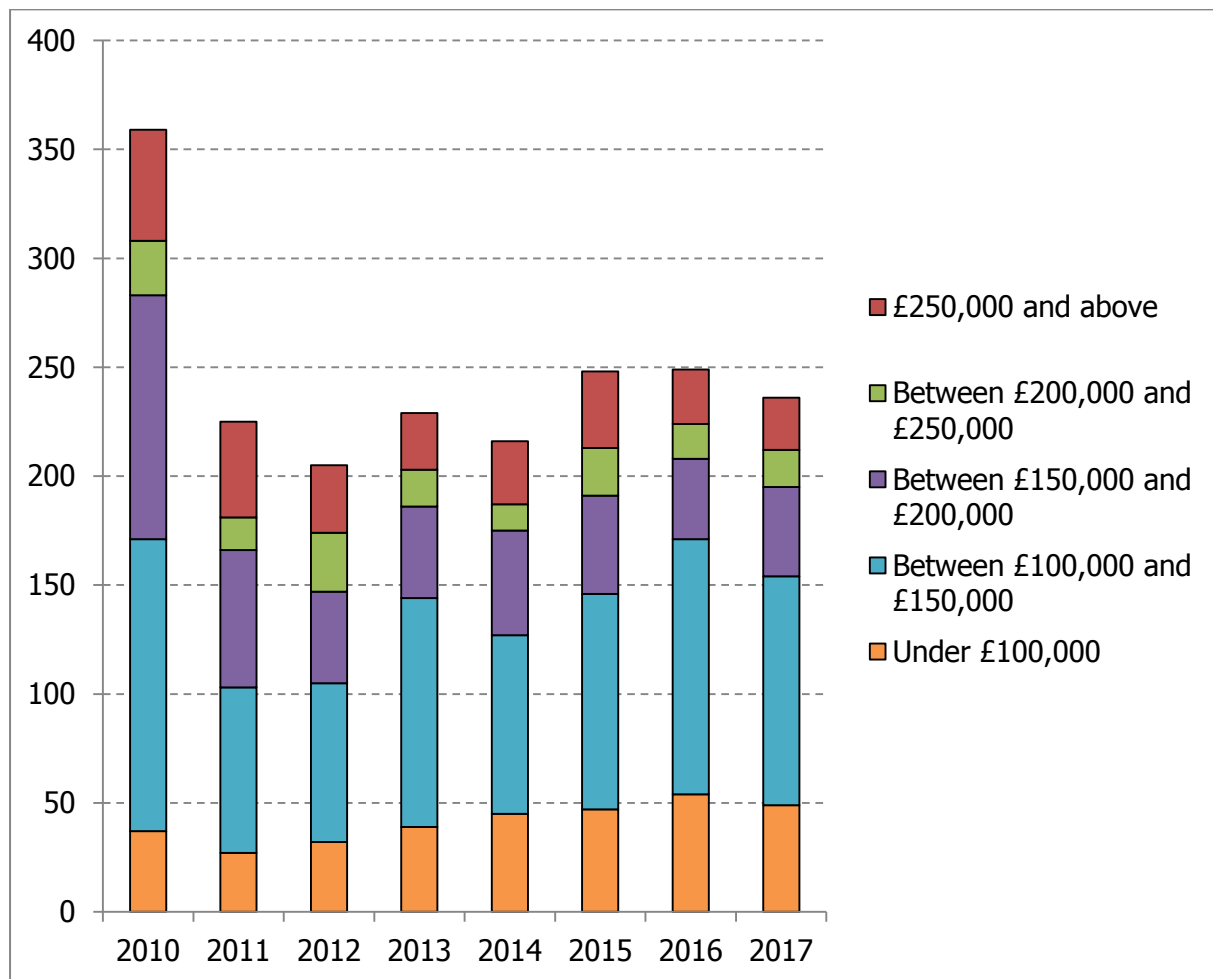
**Figure 5 Average Flat Price Movement**



**Figure 6 Median Flat Price Movement**



**Figure 7 Flat Price Distribution**



Over the period from 2010 to 2017, the proportion of flats sold under £100,000 has increased significantly from 10% to 21%, with those between £100,000 and £150,000 having also increased up to 45% in 2017 from 37% in 2010, with the largest reduction being within the £150,000 to £200,000 bracket, down from 31% in 2010 to 17% in 2017.

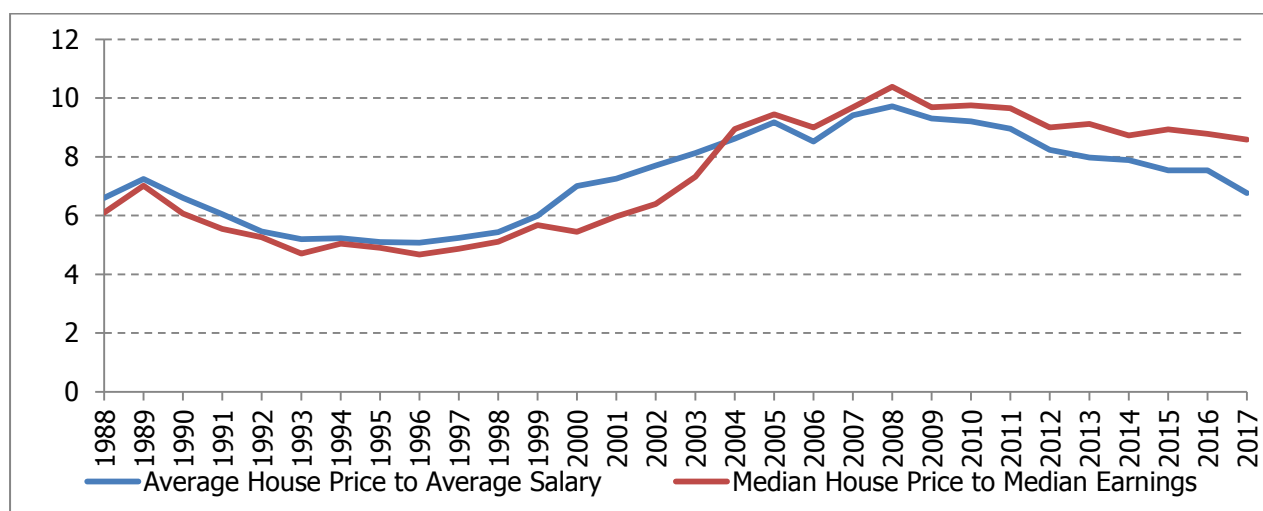
Sales of flats between £200,000 and £250,000 have remained relatively stable over the period at 7%. Sales of flats over £250,000 have fallen slightly from 14% in 2010 down to 10% in 2017.



## Long term affordability of housing

One way to measure long term affordability of housing is to show average house prices as a multiple of average earnings. In 2017 average house prices were 6.77 times average annual earnings, whilst median house prices were 8.59 times the median full time salary. Over the longer term prices are higher relative to earnings than they were during the 1990's but lower than they were in most of the last decade.

**Figure 8 Affordability Ratios**



## Housing affordability for young people

Alongside general affordability of housing for all individuals, the ability for younger people to be able to afford a house is important to the housing market. The health of the housing market depends on new entrants being able to purchase properties, allowing others to move through the system. Further to this, ownership of property aids in allowing younger people to establish themselves on the Island.

**Table 1 Ratio of Median Full Time Earnings for those aged 25 and under to Lowest Quartile House Price**

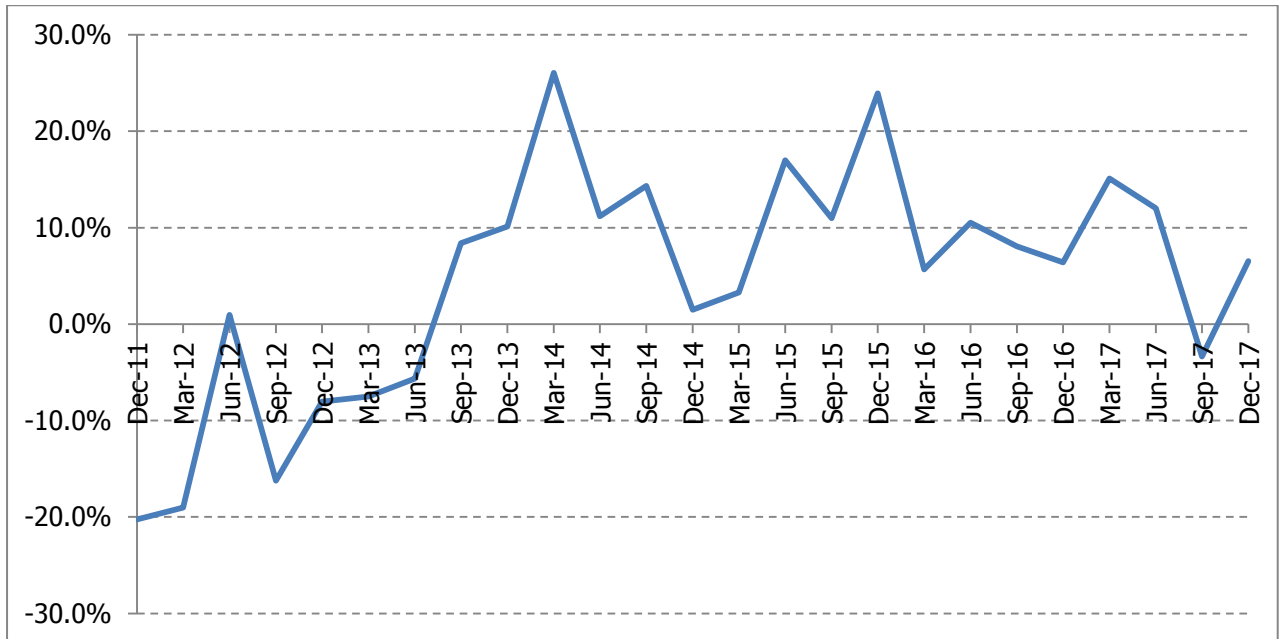
	2011	2012	2013	2014	2015	2016	2017
Median Salary	15,203	16,418	16,369	17,173	17,744	19,494	20,201
Lowest Quartile House Price	195,000	192,500	190,000	195,000	195,000	193,000	195,000
Ratio	12.83	11.72	11.61	11.36	10.99	9.90	9.65

Whilst the earnings ratio has improved since 2011, for those aged 25 and under, home ownership will remain difficult. It should be noted that these ratios are calculated on the basis of a sole individual, if two individuals were intending to purchase a house, the ratio of earnings to lowest quartile house price would be 4.48, which would still require significant savings or financial assistance.

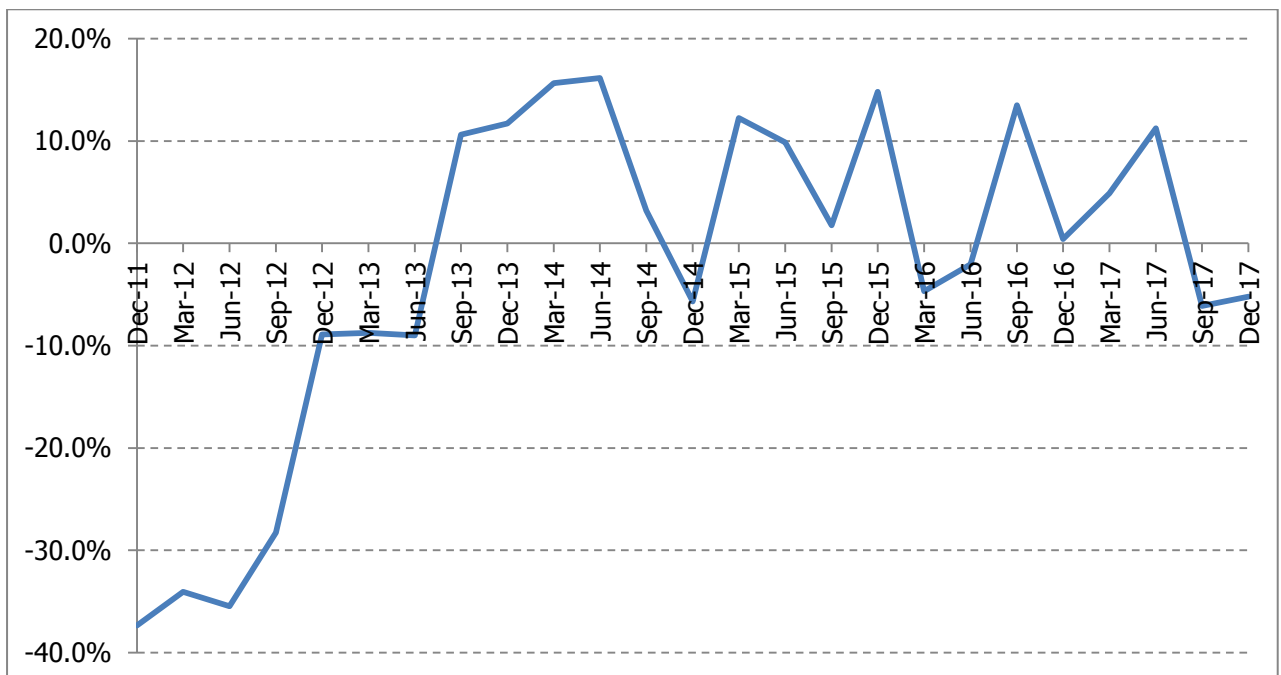
## Transaction Volumes

The number of house and flat transactions is also recorded. The number of house transactions over the previous year increased by around 90 to 996. The volume of house sales has steadily increased in recent years.

**Figure 9 House Transactions**



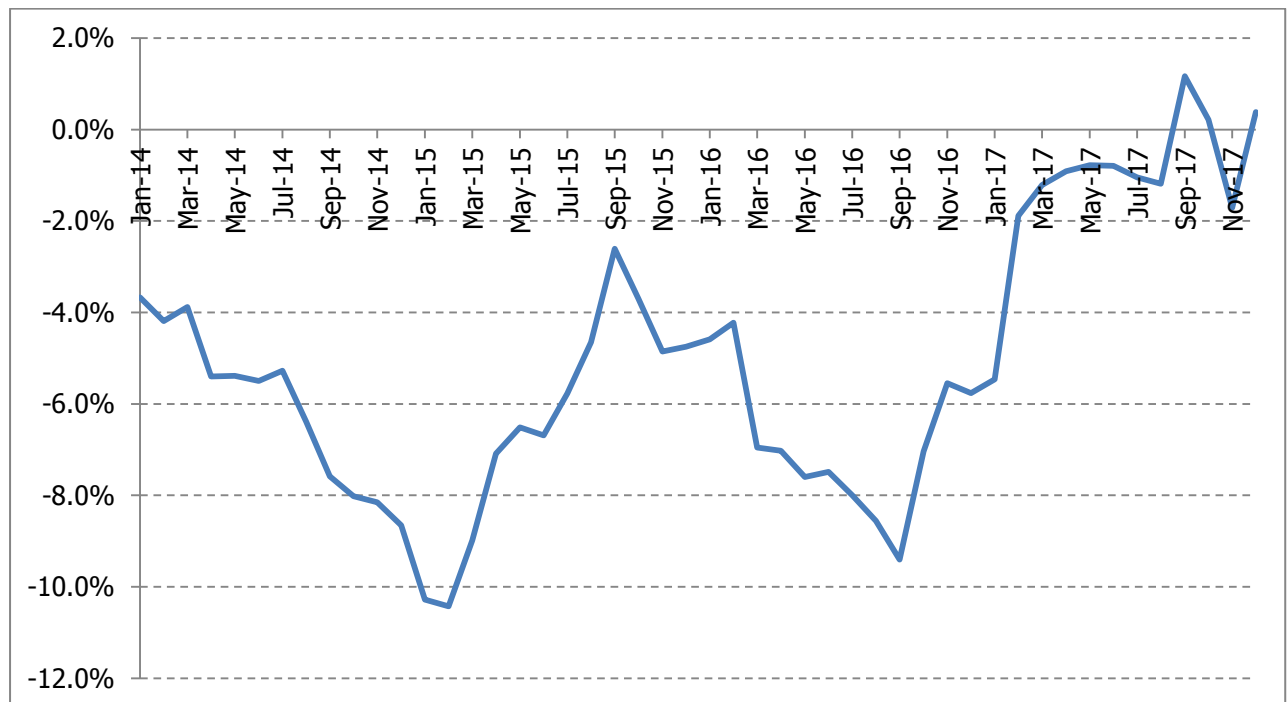
**Figure 10 Flat Transactions**



## Mortgage Lending

Aggregate lending by Isle of Man institutions to Isle of Man residents recovered slightly during 2017, to £1.718bn which is around 20% of all property value<sup>1</sup>. Net lending increased by around £6.5m over December 2016. Mortgage debt peaked at £2.45 billion in December 2009 since when it has reduced by around 30%.

**Figure 11 Change in Domestic Lending**



<sup>1</sup> Property value has been calculated on the basis of the average property price for 2016 and the number of occupied properties on the Island.

## Housing Stock

The 2016 Isle of Man Census also provides some information regarding the number of houses by property type, number of bedrooms and geographical location. The census also provided an estimate of the level of vacant properties that exist on the Island.

It was estimated from the 2016 Census that the Isle of Man has 42,281 residential properties, of which 35,811 were occupied. This represents a vacancy rate of 15%, or 6,470 properties which was a slight increase from the 2011 Census of 14%.

**Table 2 Occupied Housing Stock, by Property Type, 2016 and 2011 Census**

Year	Detached House	Semi-Detached House	Terraced House	Purpose-built Flat	Flat in Converted House	Other	Total Households
2011	13,273	7,712	8,156	4,412	1,643	403	35,599
2016	13,964	7,667	7,630	4,451	1,627	424	35,763

The 2016 Census was also the first time in which data about the number of bedrooms in properties was collected. The occupied housing stock from the 2016 Census had the following profile in relation to number of bedrooms.

**Table 3 Occupied Housing Stock, by Number of Bedrooms, 2016 Census**

Number of bedrooms	1	2	3	4	5	6+	Total Households
Number of properties	3,120	9,619	13,186	6,965	2,098	775	35,763

## Appendix One – Price Data

	<b>Property Price</b>	<b>Average House Price</b>	<b>Median House Price</b>	<b>Average Flat Price</b>	<b>Median Flat Price</b>
<b>Dec-10</b>	253,176	282,925	250,000	162,386	151,950
<b>Mar-11</b>	255,940	285,629	250,000	165,332	155,000
<b>Jun-11</b>	256,140	284,140	250,000	170,686	157,500
<b>Sep-11</b>	252,466	275,588	250,000	181,901	155,000
<b>Dec-11</b>	253,959	280,018	250,000	170,197	155,000
<b>Mar-12</b>	251,291	276,328	247,750	167,054	150,000
<b>Jun-12</b>	254,751	278,046	246,500	166,384	150,000
<b>Sep-12</b>	255,495	277,993	242,950	166,352	145,000
<b>Dec-12</b>	253,410	274,299	240,000	170,406	145,000
<b>Mar-13</b>	250,666	271,773	240,000	166,526	150,000
<b>Jun-13</b>	249,029	271,420	240,000	158,988	138,500
<b>Sep-13</b>	242,983	264,580	238,000	156,619	136,500
<b>Dec-13</b>	243,711	267,283	240,000	149,873	135,000
<b>Mar-14</b>	241,274	263,147	238,000	152,068	135,000
<b>Jun-14</b>	240,290	263,047	240,000	148,402	135,000
<b>Sep-14</b>	243,131	265,726	242,500	149,562	135,000
<b>Dec-14</b>	246,957	270,303	249,000	148,534	140,000
<b>Mar-15</b>	244,408	268,384	248,500	145,536	135,000
<b>Jun-15</b>	245,793	268,962	249,950	148,746	140,000
<b>Sep-15</b>	247,967	269,488	250,000	155,774	140,000
<b>Dec-15</b>	248,461	268,540	249,000	160,873	137,750
<b>Mar-16</b>	250,888	271,758	250,000	157,444	137,500
<b>Jun-16</b>	248,892	270,209	246,000	150,520	135,000
<b>Sep-16</b>	247,045	270,142	249,950	141,761	125,000
<b>Dec-16</b>	247,373	269,432	246,000	145,344	128,000
<b>Mar-17</b>	248,031	269,478	248,000	146,483	129,950
<b>Jun-17</b>	247,253	268,327	249,000	147,246	129,950
<b>Sep-17</b>	246,985	265,955	245,500	156,269	132,000
<b>Dec-17</b>	248,250	268,220	249,950	149,991	131,750

## Appendix Two – Transaction Data

	<b>House Sales</b>	<b>Flat Sales</b>
<b>Dec-10</b>	1,092	359
<b>Mar-11</b>	1,067	329
<b>Jun-11</b>	844	327
<b>Sep-11</b>	937	276
<b>Dec-11</b>	871	225
<b>Mar-12</b>	864	217
<b>Jun-12</b>	852	211
<b>Sep-12</b>	785	198
<b>Dec-12</b>	801	205
<b>Mar-13</b>	799	198
<b>Jun-13</b>	804	192
<b>Sep-13</b>	851	219
<b>Dec-13</b>	882	229
<b>Mar-14</b>	1,007	229
<b>Jun-14</b>	894	223
<b>Sep-14</b>	973	226
<b>Dec-14</b>	895	216
<b>Mar-15</b>	1,040	257
<b>Jun-15</b>	1,046	245
<b>Sep-15</b>	1,080	230
<b>Dec-15</b>	1,109	248
<b>Mar-16</b>	1,099	245
<b>Jun-16</b>	1,156	240
<b>Sep-16</b>	1,167	261
<b>Dec-16</b>	1,180	249
<b>Mar-17</b>	1,265	257
<b>Jun-17</b>	1,295	267
<b>Sep-17</b>	1,128	245
<b>Dec-17</b>	1,257	236

## Appendix Three – Local Mortgage Lending Data

	<b>£'000</b>		<b>£'000</b>
<b>Jan-13</b>	2,189,305	<b>Jan-16</b>	1,805,418
<b>Feb-13</b>	2,177,542	<b>Feb-16</b>	1,789,854
<b>Mar-13</b>	2,177,186	<b>Mar-16</b>	1,772,217
<b>Apr-13</b>	2,167,080	<b>Apr-16</b>	1,770,841
<b>May-13</b>	2,153,207	<b>May-16</b>	1,759,929
<b>Jun-13</b>	2,159,899	<b>Jun-16</b>	1,762,055
<b>Jul-13</b>	2,133,751	<b>Jul-16</b>	1,752,358
<b>Aug-13</b>	2,133,856	<b>Aug-16</b>	1,741,655
<b>Sep-13</b>	2,116,124	<b>Sep-16</b>	1,725,590
<b>Oct-13</b>	2,097,112	<b>Oct-16</b>	1,726,876
<b>Nov-13</b>	2,093,280	<b>Nov-16</b>	1,727,802
<b>Dec-13</b>	2,087,964	<b>Dec-16</b>	1,711,874
<b>Jan-14</b>	2,109,009	<b>Jan-17</b>	1,706,811
<b>Feb-14</b>	2,086,327	<b>Feb-17</b>	1,756,061
<b>Mar-14</b>	2,092,682	<b>Mar-17</b>	1,750,695
<b>Apr-14</b>	2,050,032	<b>Apr-17</b>	1,754,700
<b>May-14</b>	2,037,310	<b>May-17</b>	1,746,245
<b>Jun-14</b>	2,041,155	<b>Jun-17</b>	1,748,086
<b>Jul-14</b>	2,021,275	<b>Jul-17</b>	1,734,064
<b>Aug-14</b>	1,997,519	<b>Aug-17</b>	1,721,051
<b>Sep-14</b>	1,955,664	<b>Sep-17</b>	1,745,716
<b>Oct-14</b>	1,928,895	<b>Oct-17</b>	1,730,605
<b>Nov-14</b>	1,922,634	<b>Nov-17</b>	1,698,288
<b>Dec-14</b>	1,907,203	<b>Dec-17</b>	1,718,420
<b>Jan-15</b>	1,892,168		
<b>Feb-15</b>	1,868,773		
<b>Mar-15</b>	1,904,685		
<b>Apr-15</b>	1,904,685		
<b>May-15</b>	1,904,685		
<b>Jun-15</b>	1,904,685		
<b>Jul-15</b>	1,904,685		
<b>Aug-15</b>	1,904,685		
<b>Sep-15</b>	1,904,685		
<b>Oct-15</b>	1,857,604		
<b>Nov-15</b>	1,829,287		
<b>Dec-15</b>	1,816,615		

## Appendix Four – Affordability Ratios

	<b>Average House Price to Average Salary</b>	<b>Median House Price to Median Earnings</b>
<b>1988</b>	6.60	6.10
<b>1989</b>	7.24	7.02
<b>1990</b>	6.60	6.07
<b>1991</b>	6.05	5.55
<b>1992</b>	5.46	5.26
<b>1993</b>	5.20	4.70
<b>1994</b>	5.23	5.04
<b>1995</b>	5.10	4.90
<b>1996</b>	5.08	4.68
<b>1997</b>	5.24	4.87
<b>1998</b>	5.44	5.11
<b>1999</b>	5.99	5.67
<b>2000</b>	7.00	5.44
<b>2001</b>	7.25	5.97
<b>2002</b>	7.70	6.40
<b>2003</b>	8.13	7.32
<b>2004</b>	8.62	8.94
<b>2005</b>	9.17	9.45
<b>2006</b>	8.52	9.00
<b>2007</b>	9.41	9.68
<b>2008</b>	9.72	10.38
<b>2009</b>	9.30	9.69
<b>2010</b>	9.21	9.75
<b>2011</b>	8.96	9.66
<b>2012</b>	8.24	9.00
<b>2013</b>	7.97	9.12
<b>2014</b>	7.89	8.72
<b>2015</b>	7.54	8.93
<b>2016</b>	7.54	8.78
<b>2017</b>	6.77	8.59





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