



Isle of Man
Government

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Isle of Man Housing Market Review 2018

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	10
Mortgage Lending	11
Housing Stock.....	12
Appendix One – Price Data	13
Appendix Two – Transaction Data	14
Appendix Three – Local Mortgage Lending Data	15
Appendix Four – Affordability Ratios	16

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 Report 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 data that is received from the Land Registry can be subject to significant time delays based on when transactions are lodged with the Land Registry. Due to this fact, the price and transaction data is provisional for 12 months after the first estimate has been published and is therefore subject to change. Users of this report will likely note that the data for 2017 is different to what has been previously published, and this revision process is the cause of that difference. Data from March 2018 and earlier is considered as final, however data for June 2018 onwards will continue to be subject to change for 12 months. The data within this report is based upon the extract which was taken on 25 April 2019.

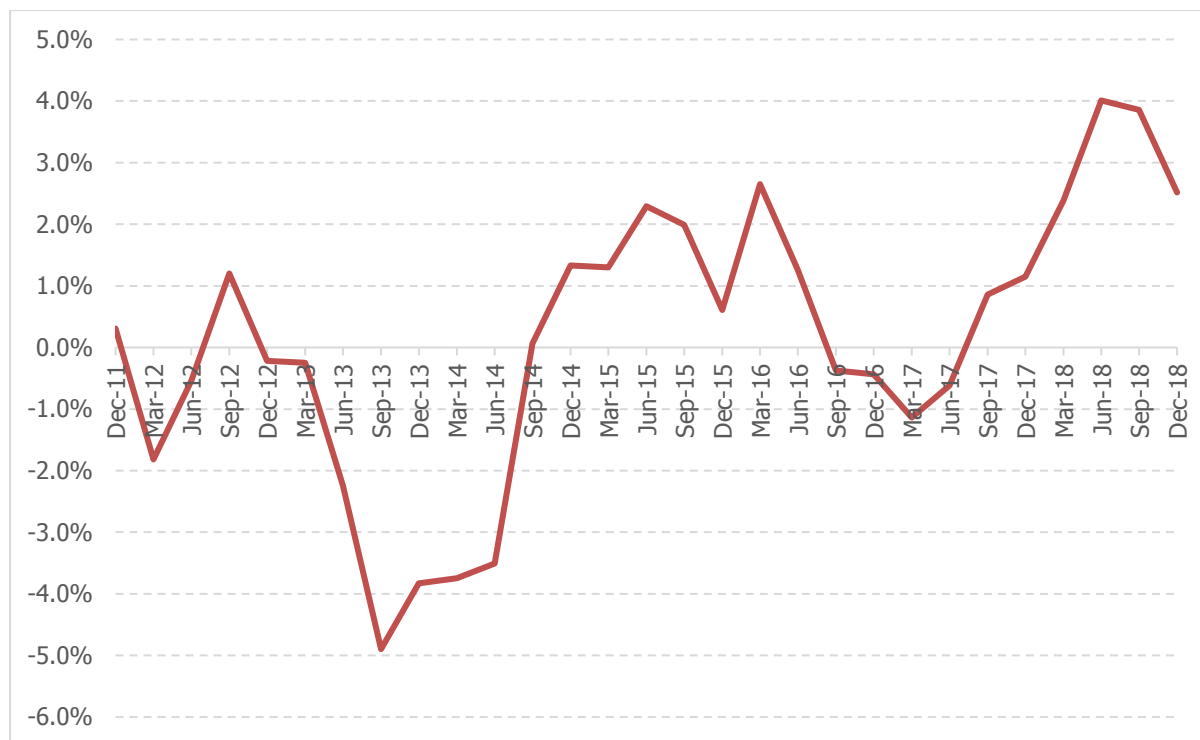
The most significant impact upon revisions is to the number of transactions that is recorded, which can increase significantly between the first estimate and the final estimate. On average the number of transactions increases by 25% for both houses and flats, with most of this increase occurring between the first estimate and the second estimate which is calculated 3 months later. The impact on the average and median prices is considerably more limited.

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 £256,512 in 2018, a increase of 2.5% 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 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 typically made up of between 1,400 and 1,500 transactions, 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 3.

The average house price in 2018 was £277,019 which is an increase of 2.9% compared with 2017, with the median house price being £250,000, which is the same as 2017.

Figure 2 Average House Price Movement

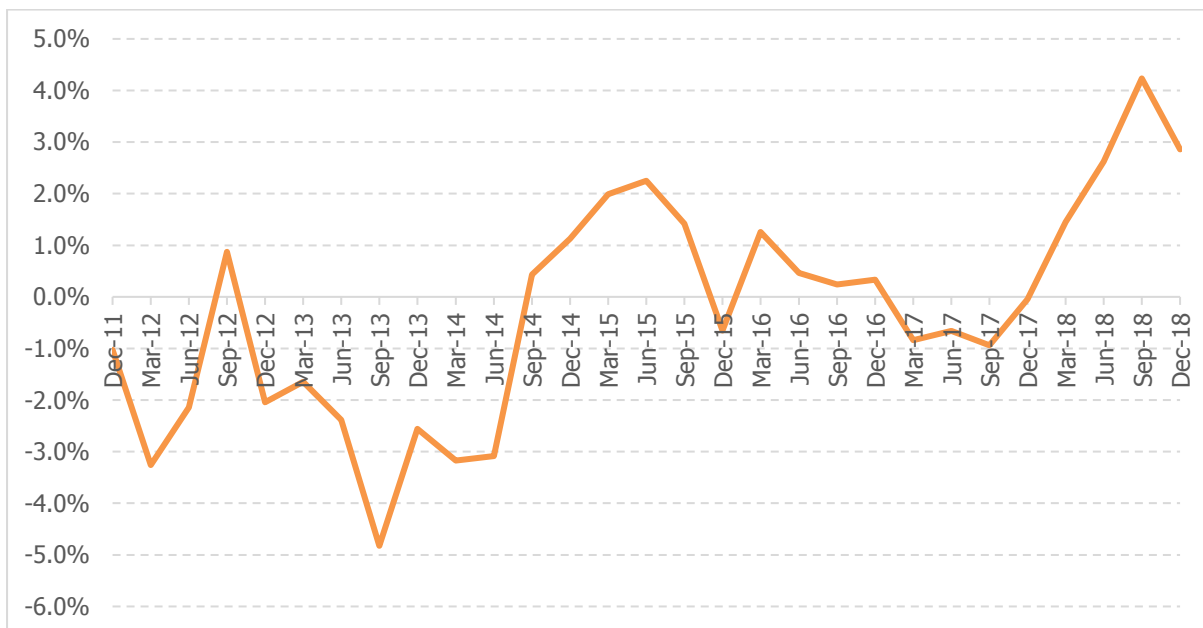


Figure 3 Median House Price Movement

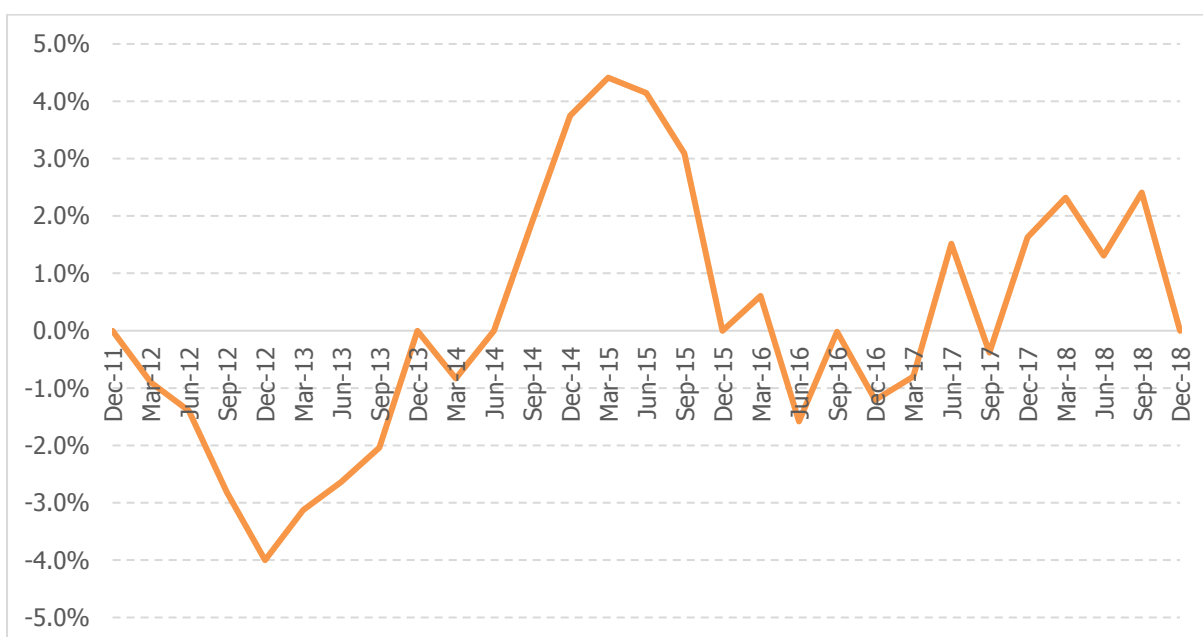


Figure 4 Distribution of House Prices



Over the period from 2010 to 2018, the proportion of houses sold under £250,000 has remained broadly the same, with those between £250,000 and £500,000 having increased slightly over the period from 40% to 43%. Sales between £500,000 to £750,000 bracket have decreased over the period, down from 6.8% in 2010 to 5.1% in 2018. Sales of houses over £1m have reduced slightly over the period from 1.5% in 2010 to 1.0% in 2018.

Flat Prices

The average flat price in 2018 was £145,467 which is a decrease compared with 2017 of 4.9%, with the median flat price being £133,000, which is an increase of 0.8% compared with 2017.

Figure 5 Average Flat Price Movement

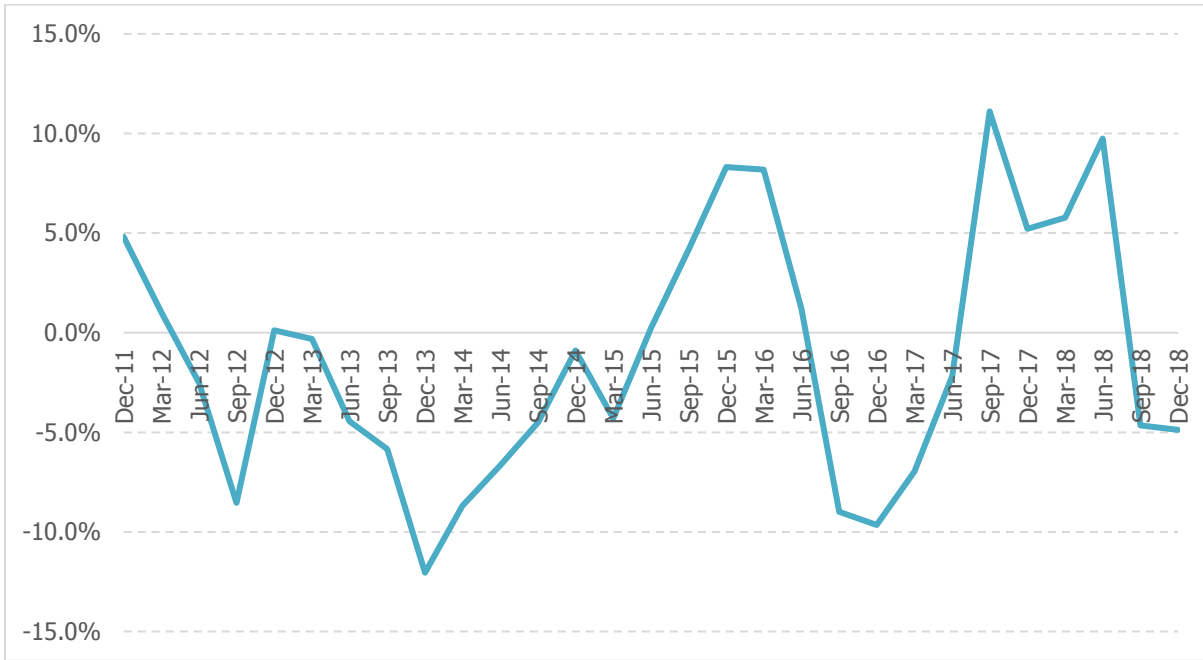


Figure 6 Median Flat Price Movement

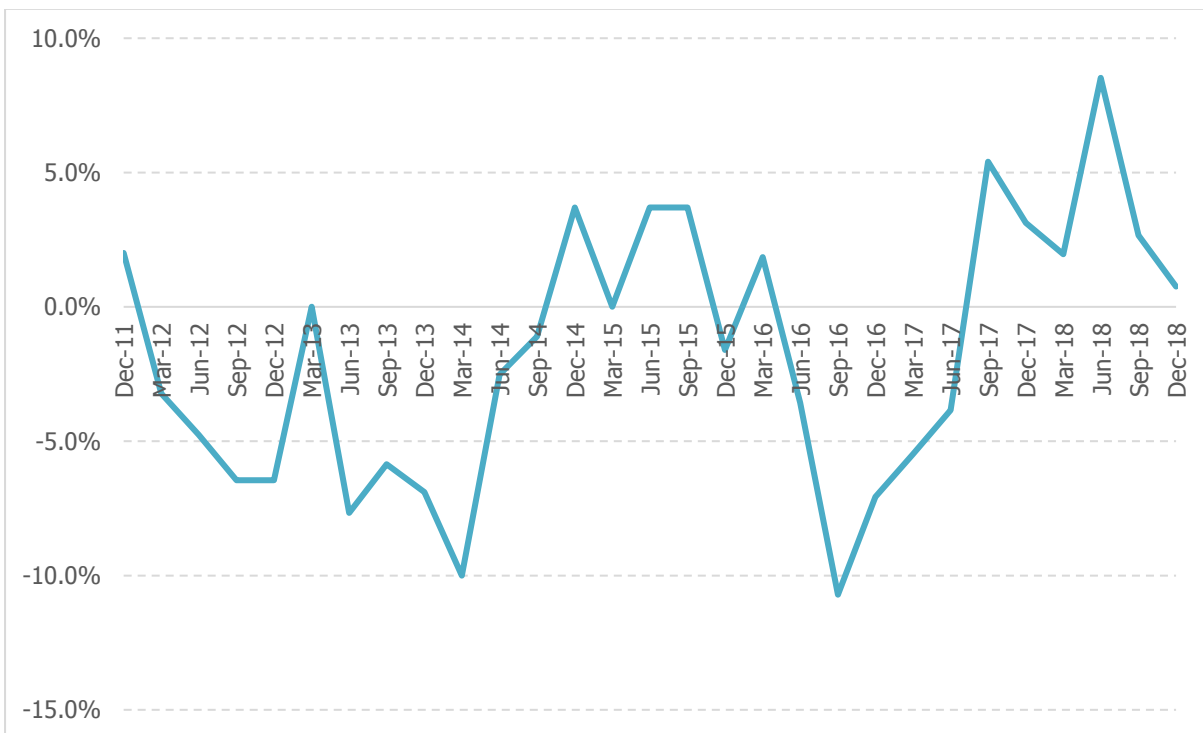
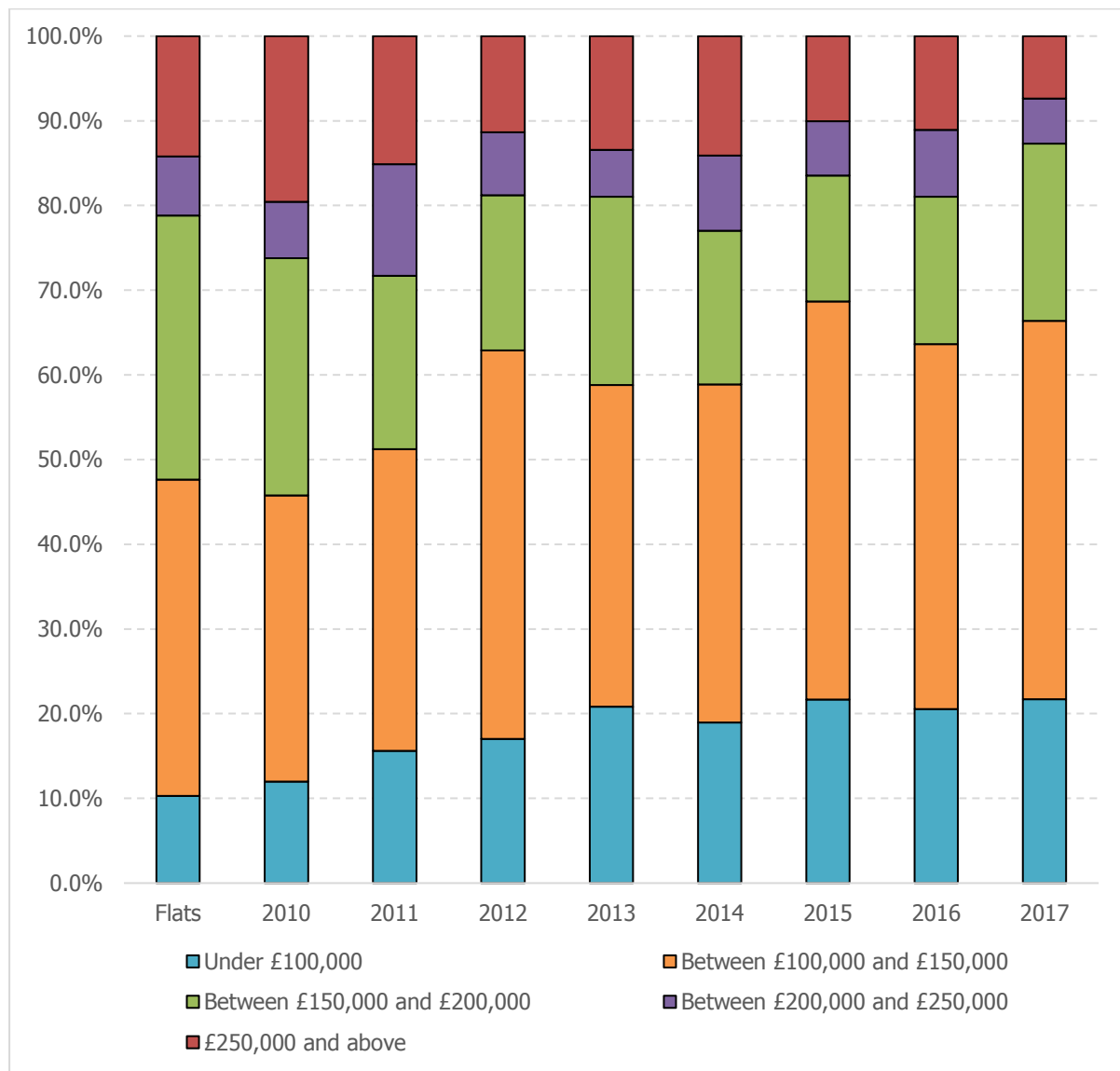


Figure 7 Flat Price Distribution



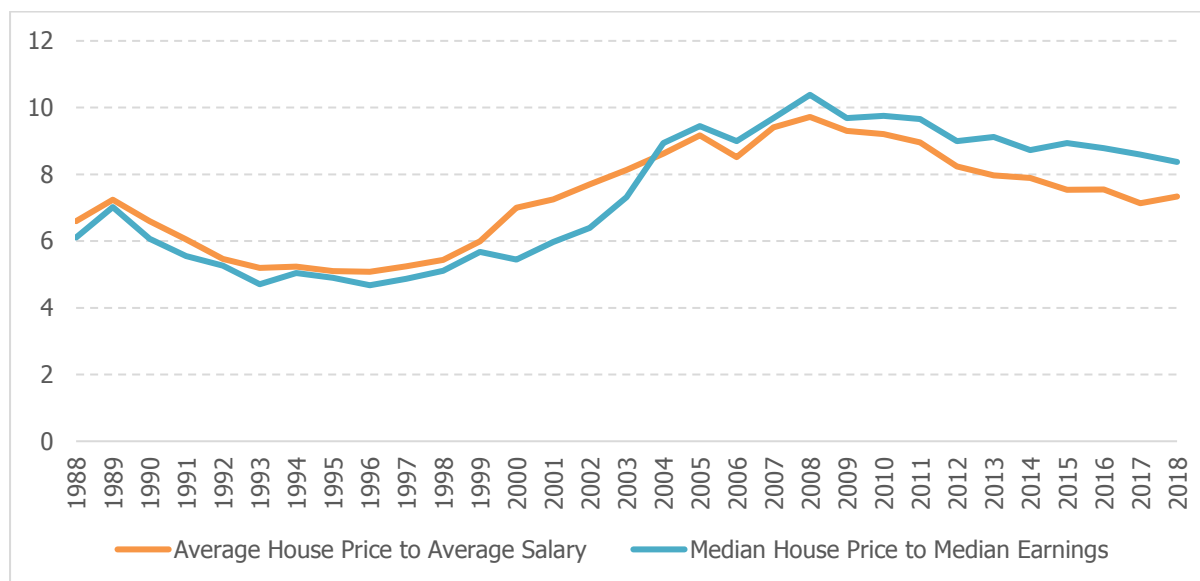
Over the period from 2010 to 2018, the proportion of flats sold under £100,000 has increased significantly from 10% to 22%, with those between £100,000 and £150,000 having also increased up to 45% in 2018 from 37% in 2010, with the largest reduction being within the £150,000 to £200,000 bracket, down from 31% in 2010 to 21% in 2018.

Sales of flats between £200,000 and £250,000 have remained relatively stable up until 2018, where they have fallen more significantly, down to 5.3%. Sales of flats over £250,000 have fallen from 14% in 2010 down to 7.4% in 2018.

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 2018 average house prices were 7.34 times average annual earnings, whilst median house prices were 8.37 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

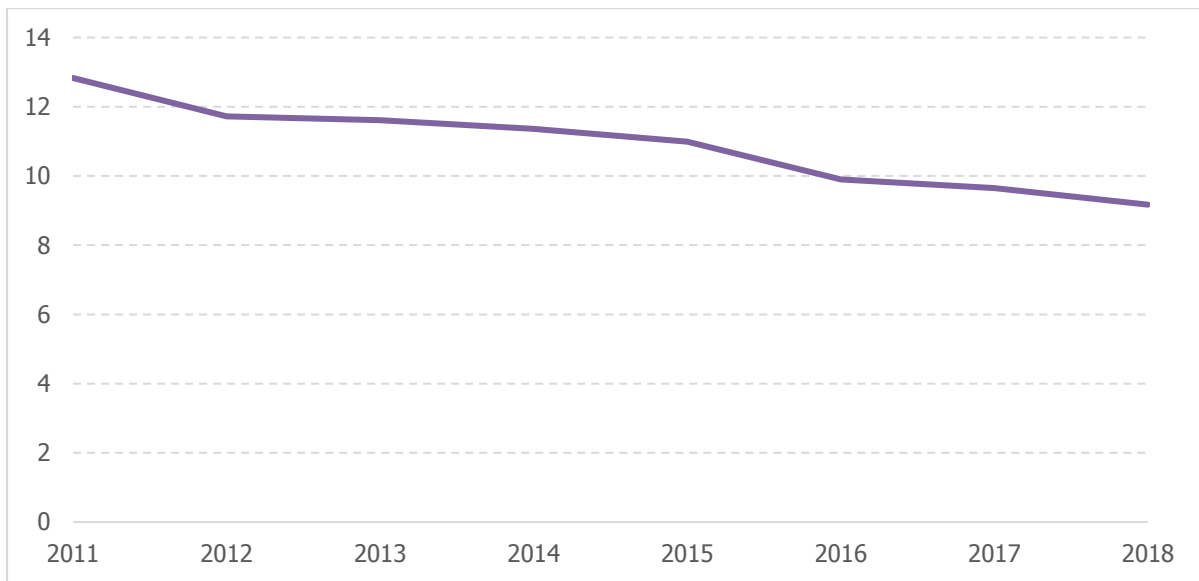


Housing affordability for young people

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.

In 2018, the lowest quartile house price was 9.17 times the median salary for those aged 25 and under. Whilst the earnings ratio has improved since 2011, 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 4.58, which would still require significant savings or financial assistance.

Figure 9 Aged 25 and under house price affordability ratio



Transaction Volumes

As highlighted at the start of this report, the house market data is considered to be provisional for 12 months after the first estimate is published and it is likely that the number of transactions will increase. The difference between the first estimate and the final estimate is, on average, a 25% increase between the two. For example the first estimate for December 2018 recorded 989 house transactions, whilst the second estimate in March 2019, this rose to 1,232.

The number of house and flat transactions is also recorded. The number of house transactions over the previous year decreased by 102 to 1,232.

The number of flat transactions has also decreased slightly compared with December 2017, down 6 transactions.

Figure 10 House Transactions

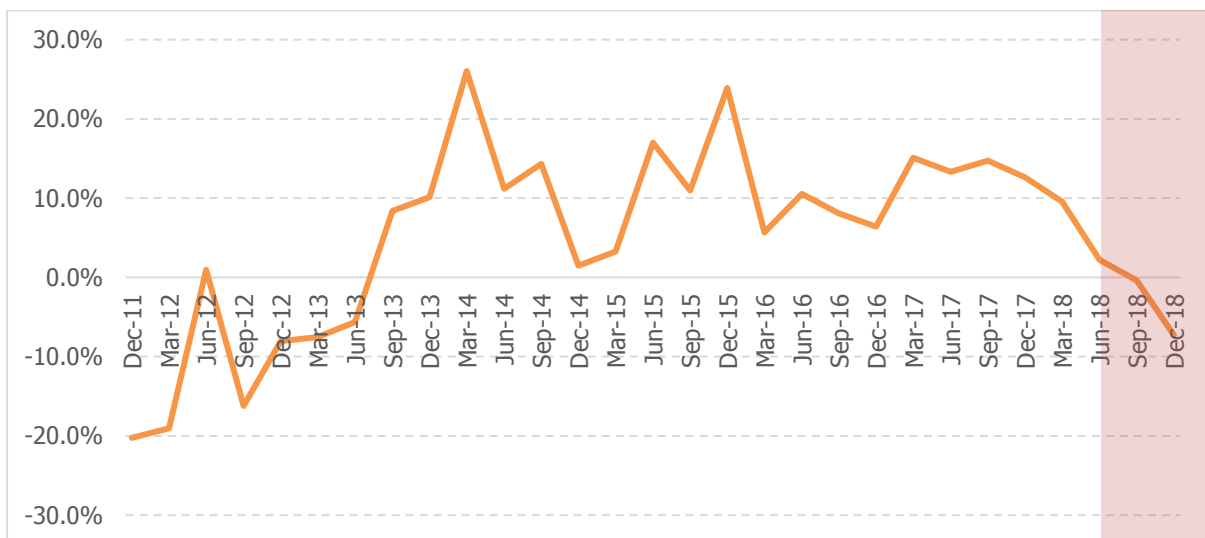
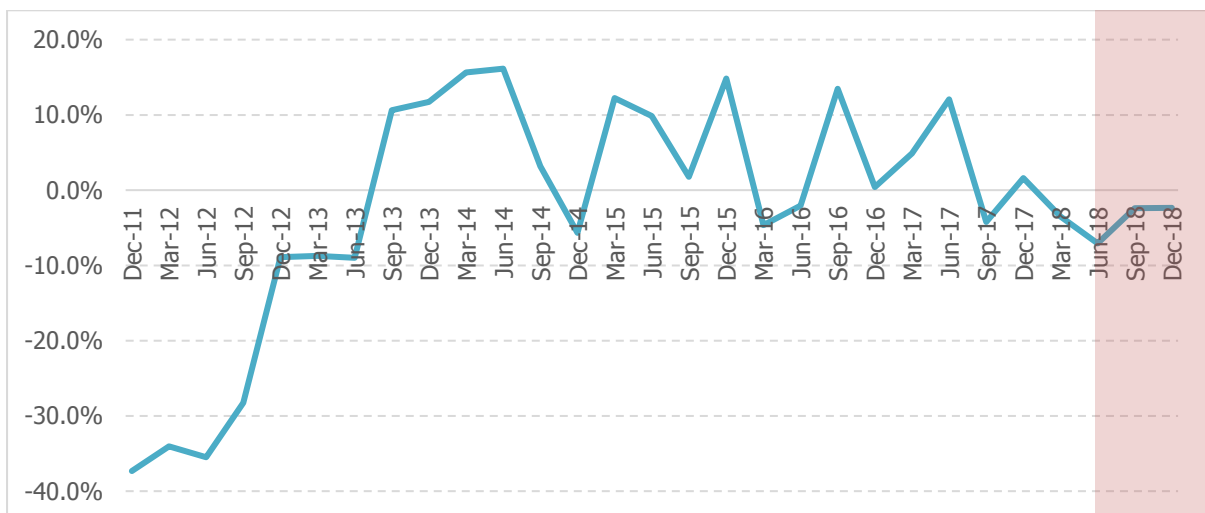


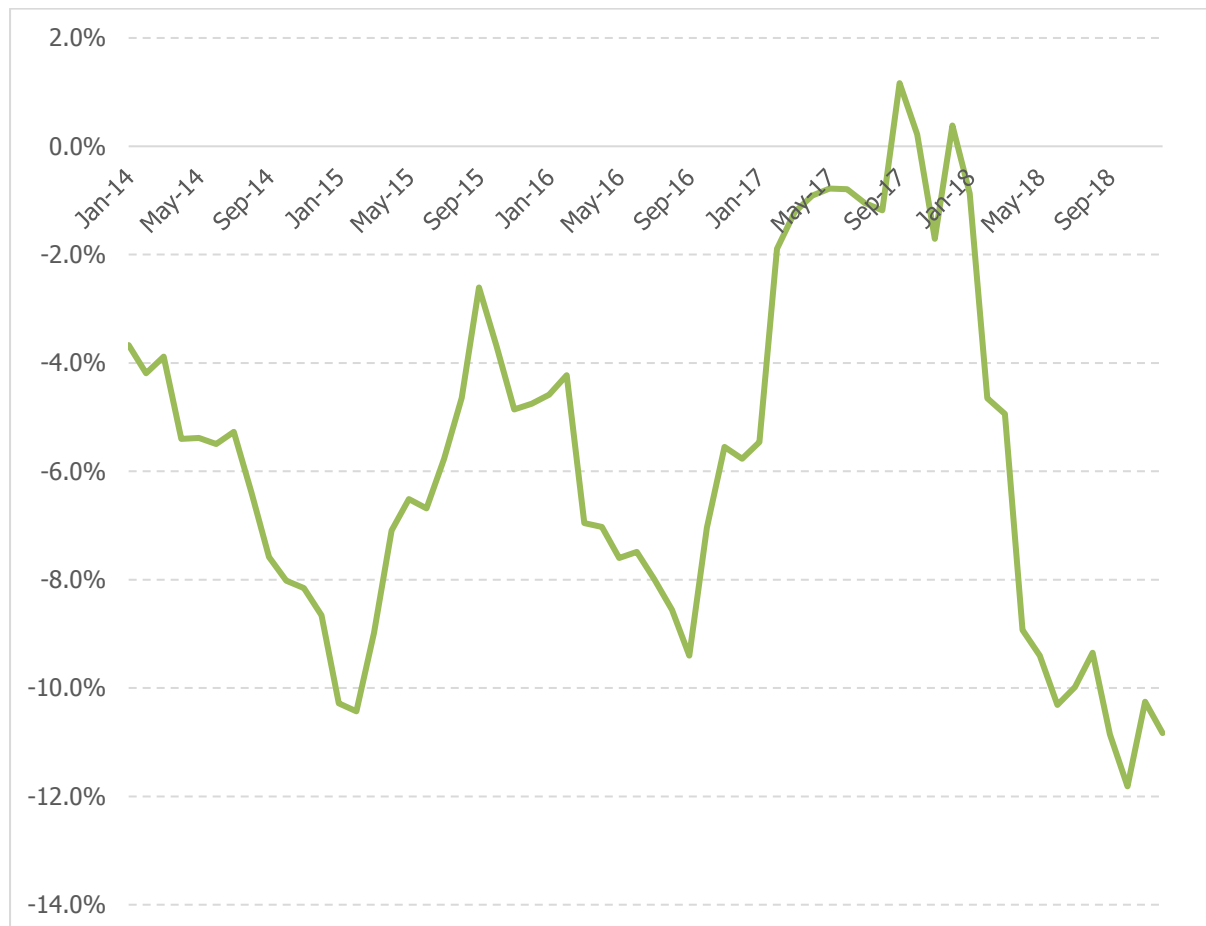
Figure 11 Flat Transactions



Mortgage Lending

Aggregate lending by Isle of Man institutions to Isle of Man residents decreased slightly during 2018, to £1.53bn which is around 27% of all property value¹. Net lending decreased by around £186m over December 2017 (-10.8%). Mortgage debt peaked at £2.45 billion in December 2009 since then it has reduced by around 40%.

Figure 12 Change in Domestic Lending



¹ 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 1 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 2 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

	Property Price	Average House Price	Median House Price	Average Flat Price	Median Flat Price
Dec-10	253,176	282,925	250,000	162,386	151,950
Mar-11	255,940	285,629	250,000	165,332	155,000
Jun-11	256,140	284,140	250,000	170,686	157,500
Sep-11	252,466	275,588	250,000	181,901	155,000
Dec-11	253,959	280,018	250,000	170,197	155,000
Mar-12	251,291	276,328	247,750	167,054	150,000
Jun-12	254,751	278,046	246,500	166,384	150,000
Sep-12	255,495	277,993	242,950	166,352	145,000
Dec-12	253,410	274,299	240,000	170,406	145,000
Mar-13	250,666	271,773	240,000	166,526	150,000
Jun-13	249,029	271,420	240,000	158,988	138,500
Sep-13	242,983	264,580	238,000	156,619	136,500
Dec-13	243,711	267,283	240,000	149,873	135,000
Mar-14	241,274	263,147	238,000	152,068	135,000
Jun-14	240,290	263,047	240,000	148,402	135,000
Sep-14	243,131	265,726	242,500	149,562	135,000
Dec-14	246,957	270,303	249,000	148,534	140,000
Mar-15	244,408	268,384	248,500	145,536	135,000
Jun-15	245,793	268,962	249,950	148,746	140,000
Sep-15	247,967	269,488	250,000	155,774	140,000
Dec-15	248,461	268,540	249,000	160,873	137,750
Mar-16	250,888	271,758	250,000	157,444	137,500
Jun-16	248,892	270,209	246,000	150,520	135,000
Sep-16	247,045	270,142	249,950	141,761	125,000
Dec-16	247,373	269,432	246,000	145,344	128,000
Mar-17	248,031	269,478	248,000	146,483	129,950
Jun-17	247,357	268,428	249,725	147,246	129,808
Sep-17	249,160	267,600	249,000	157,514	131,750
Dec-17	250,219	269,315	250,000	152,918	132,000
Mar-18	253,948	273,378	253,750	154,945	132,500
Jun-18	257,276	275,471	253,000	161,590	140,875
Sep-18	258,775	278,930	255,000	150,187	135,250
Dec-18	256,512	277,019	250,000	145,467	133,000

Note: The data for June, September and December 2018 is provisional and subject to revision for 12 months after the first publication date.

Appendix Two – Transaction Data

	House Sales	Flat Sales
Dec-10	1,092	359
Mar-11	1,067	329
Jun-11	844	327
Sep-11	937	276
Dec-11	871	225
Mar-12	864	217
Jun-12	852	211
Sep-12	785	198
Dec-12	801	205
Mar-13	799	198
Jun-13	804	192
Sep-13	851	219
Dec-13	882	229
Mar-14	1,007	229
Jun-14	894	223
Sep-14	973	226
Dec-14	895	216
Mar-15	1,040	257
Jun-15	1,046	245
Sep-15	1,080	230
Dec-15	1,109	248
Mar-16	1,099	245
Jun-16	1,156	240
Sep-16	1,167	261
Dec-16	1,180	249
Mar-17	1,265	257
Jun-17	1,310	269
Sep-17	1,339	250
Dec-17	1,329	253
Mar-18	1,386	248
Jun-18	1,339	250
Sep-18	1,334	244
Dec-18	1,232	247

Note: The data for June, September and December 2018 is provisional and subject to revision for 12 months after the first publication date.

Appendix Three – Local Mortgage Lending Data

	£'000		£'000
Jan-13	2,189,305	Jan-16	1,805,418
Feb-13	2,177,542	Feb-16	1,789,854
Mar-13	2,177,186	Mar-16	1,772,217
Apr-13	2,167,080	Apr-16	1,770,841
May-13	2,153,207	May-16	1,759,929
Jun-13	2,159,899	Jun-16	1,762,055
Jul-13	2,133,751	Jul-16	1,752,358
Aug-13	2,133,856	Aug-16	1,741,655
Sep-13	2,116,124	Sep-16	1,725,590
Oct-13	2,097,112	Oct-16	1,726,876
Nov-13	2,093,280	Nov-16	1,727,802
Dec-13	2,087,964	Dec-16	1,711,874
Jan-14	2,109,009	Jan-17	1,706,811
Feb-14	2,086,327	Feb-17	1,756,061
Mar-14	2,092,682	Mar-17	1,750,695
Apr-14	2,050,032	Apr-17	1,754,700
May-14	2,037,310	May-17	1,746,245
Jun-14	2,041,155	Jun-17	1,748,086
Jul-14	2,021,275	Jul-17	1,734,064
Aug-14	1,997,519	Aug-17	1,721,051
Sep-14	1,955,664	Sep-17	1,745,716
Oct-14	1,928,895	Oct-17	1,730,605
Nov-14	1,922,634	Nov-17	1,698,288
Dec-14	1,907,203	Dec-17	1,718,420
Jan-15	1,892,168	Jan-18	1,691,945
Feb-15	1,868,773	Feb-18	1,674,399
Mar-15	1,904,685	Mar-18	1,664,182
Apr-15	1,904,685	Apr-18	1,598,068
May-15	1,904,685	May-18	1,582,099
Jun-15	1,904,685	Jun-18	1,567,827
Jul-15	1,904,685	Jul-18	1,560,979
Aug-15	1,904,685	Aug-18	1,560,158
Sep-15	1,904,685	Sep-18	1,556,216
Oct-15	1,857,604	Oct-18	1,526,122
Nov-15	1,829,287	Nov-18	1,524,133
Dec-15	1,816,615	Dec-18	1,532,327

Appendix Four – Affordability Ratios

	Average House Price to Average Salary	Median House Price to Median Earnings	Lowest Quartile House Price to 25 and Under Median Earnings
1988	6.60	6.10	
1989	7.24	7.02	
1990	6.60	6.07	
1991	6.05	5.55	
1992	5.46	5.26	
1993	5.20	4.70	
1994	5.23	5.04	
1995	5.10	4.90	
1996	5.08	4.68	
1997	5.24	4.87	
1998	5.44	5.11	
1999	5.99	5.67	
2000	7.00	5.44	
2001	7.25	5.97	
2002	7.70	6.40	
2003	8.13	7.32	
2004	8.62	8.94	
2005	9.17	9.45	
2006	8.52	9.00	
2007	9.41	9.68	
2008	9.72	10.38	
2009	9.30	9.69	
2010	9.21	9.75	
2011	8.96	9.66	12.83
2012	8.24	9.00	11.72
2013	7.97	9.12	11.61
2014	7.89	8.72	11.36
2015	7.54	8.93	10.99
2016	7.56	8.81	9.90
2017	7.14	8.59	9.65
2018	7.34	8.37	9.17



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