



Isle of Man
Government

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Isle of Man Housing Market Review 2020

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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 some years is different to what has been previously published, and this revision process is the cause of that difference. Data relating to March 2020 and earlier is considered as final, however data for June 2020 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 14 June 2021.

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 £285,064 in 2020, a increase of 7.2% over the calendar year.

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 2020 was £313,036 which is an increase of 7.4% compared with 2019, with the median house price being £283,250, which is a 6.9% increase compared to 2019.

Figure 2 Average House Price Movement

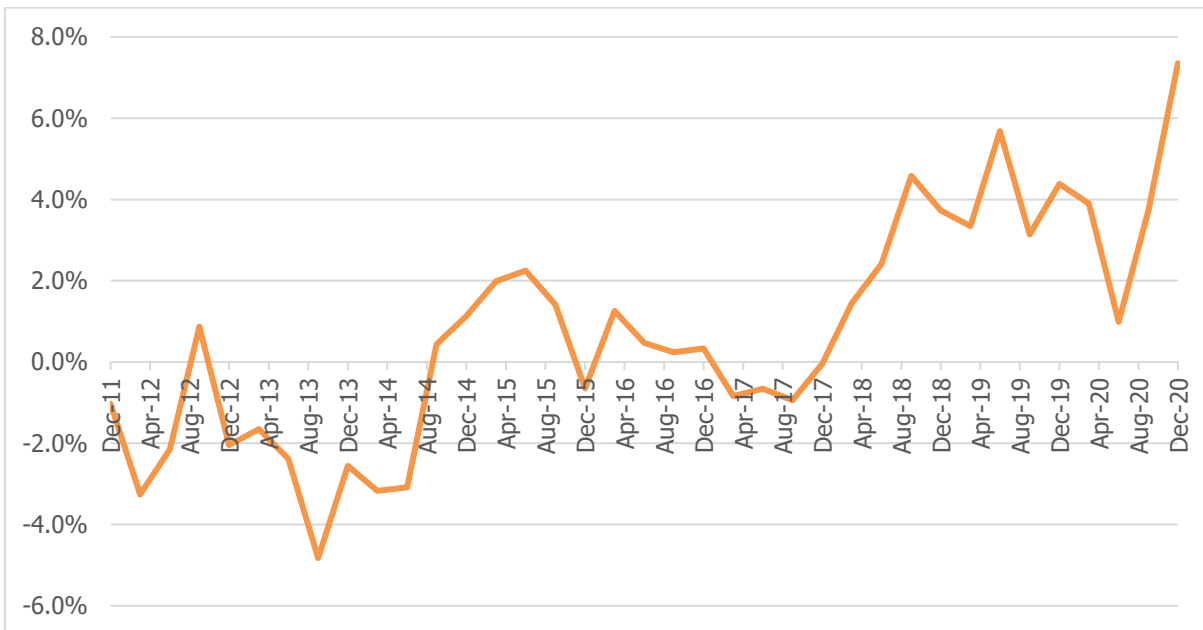


Figure 3 Median House Price Movement

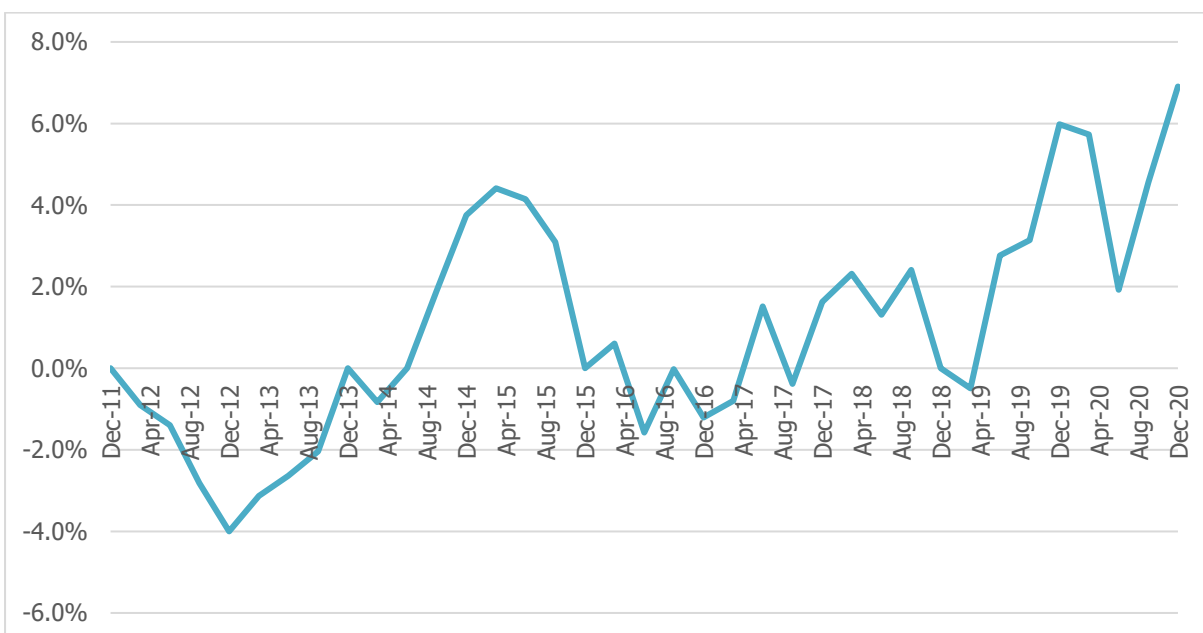
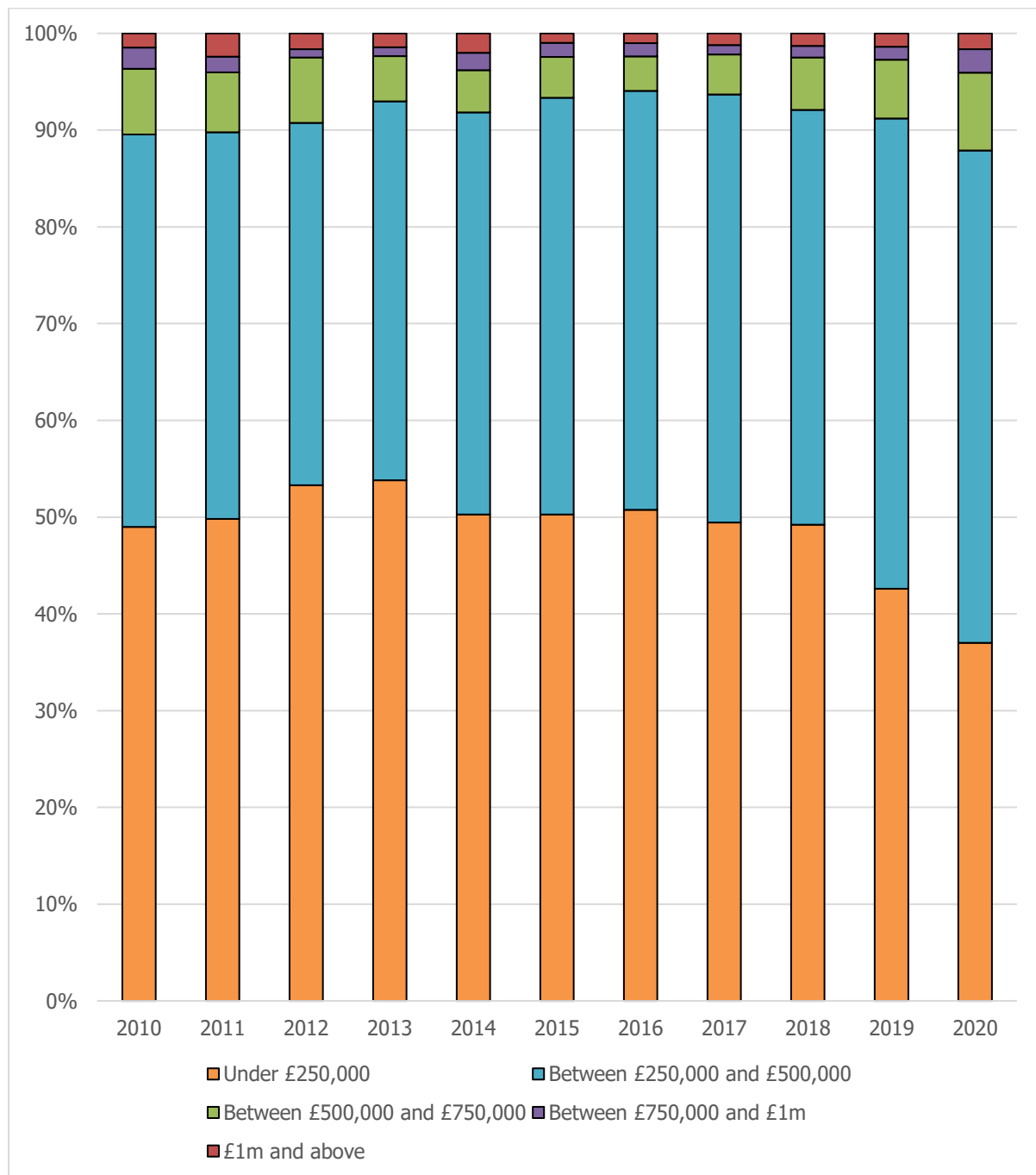


Figure 4 Distribution of House Prices



In 2019 and 2020 there has been a shift in a proportion of houses being sold, with a significant increase in the number of properties being sold in the £250,000 to £500,000 category, accounting for 51% of house sales. Property sales in the higher brackets of over £750,000 have also increased marginally, accounting for 4% of sales in 2020 compared with 3% in 2019.

Flat Prices

The average flat price in 2020 was £153,563 which is a increase of 0.7% over the year, with a median flat price of £147,000, which is an increase of 6.9% compared with 2019.

Figure 5 Average Flat Price Movement

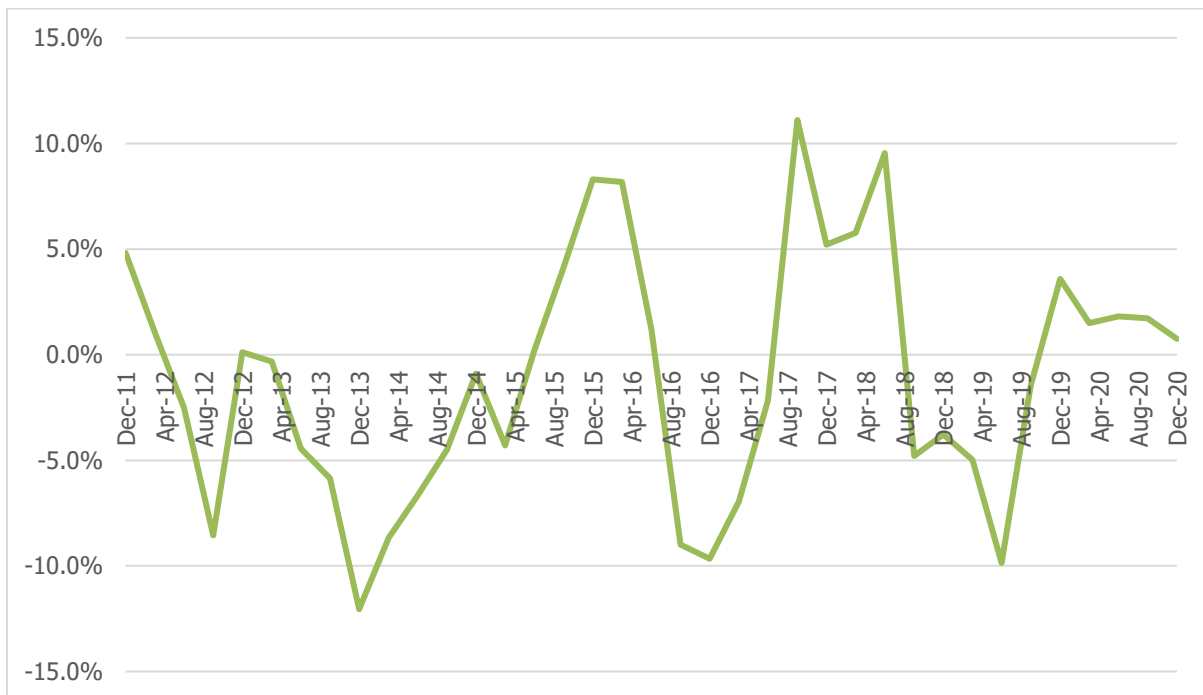


Figure 6 Median Flat Price Movement

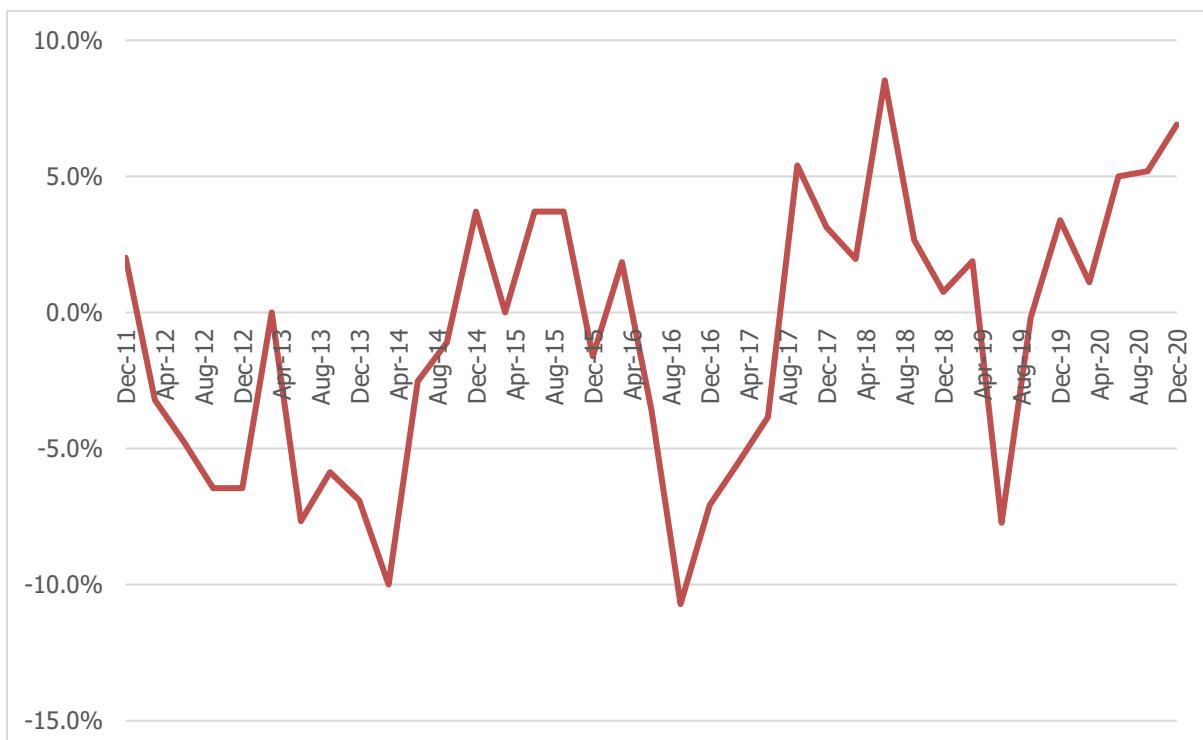
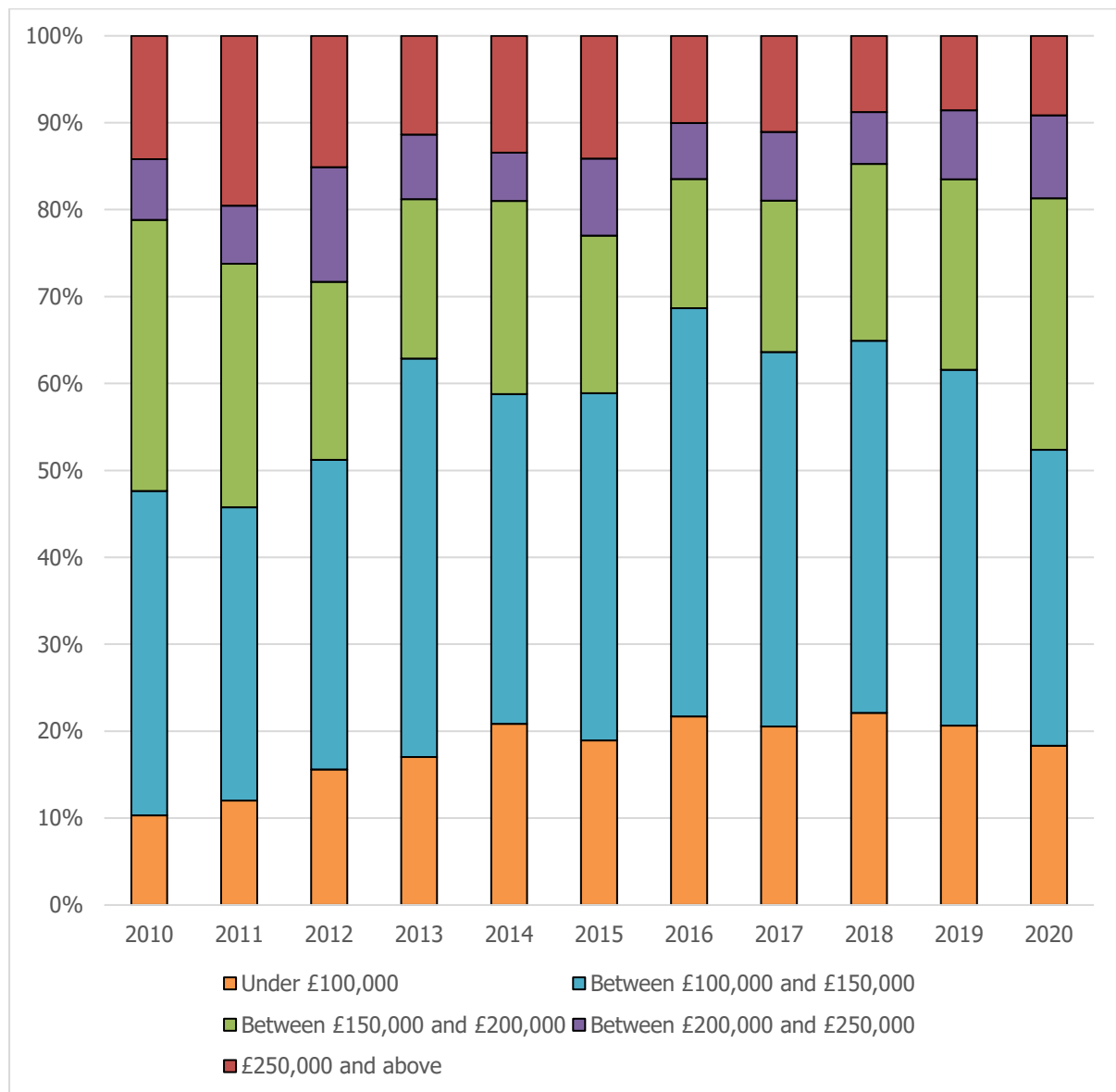


Figure 7 Flat Price Distribution

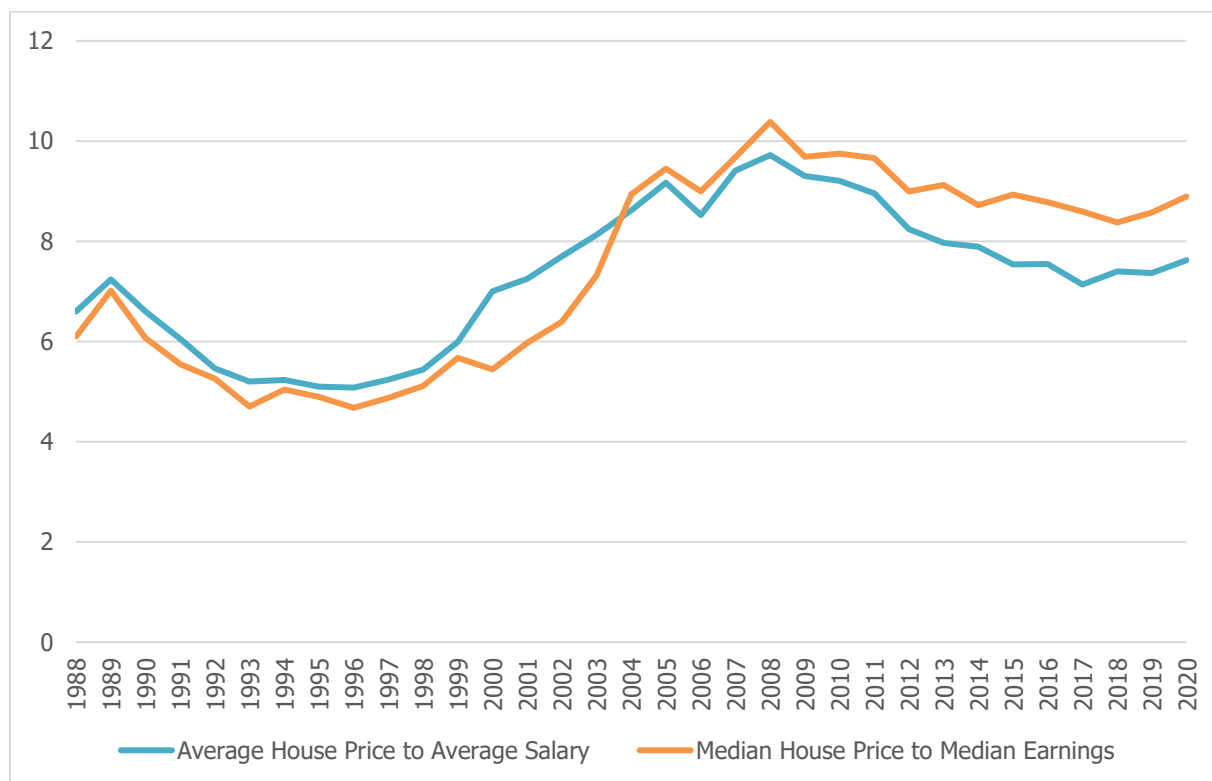


Total flat sales in 2020 have decreased compared with 2019 and are similar to sales levels in 2016 and 2017. However, there has been an upward shift in properties being sold over £150,000, with £100,000 to £150,000 now accounting for 28% of sales compared to 22%, 10% compared to 8% for flats between £200,000 and £250,000. However flats within the £100,000 to £150,000 still account for the largest share of sales, at 35%, although this is down from 41% in 2019.

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 2020 average house prices were 7.58 times average annual earnings, whilst median house prices were 8.79 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

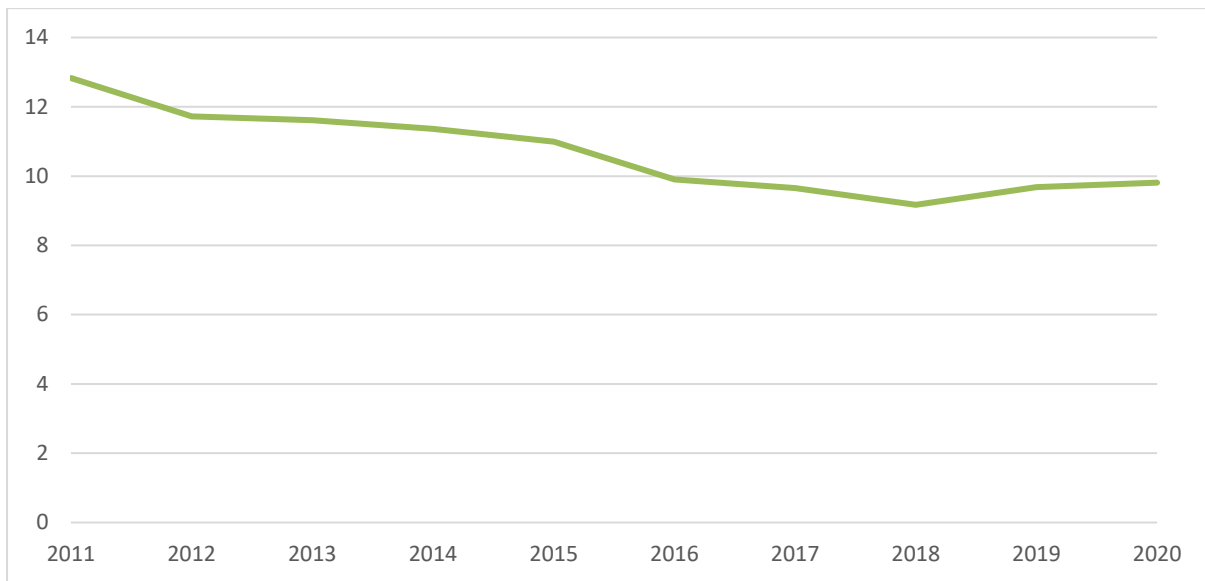


Housing affordability for young people

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 2020, the lowest quartile house price was 9.81 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 4.90.

Figure 9 Aged 25 and under house price affordability ratio



Transaction Volumes

As highlighted at the start of this report, housing 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.

The number of house transactions over the previous year decreased to 1,356, compared with 1,467 in 2019. The number of flat transactions has also decreased slightly compared with December 2019, down from 315 transactions to 273.

Figure 10 House Transactions

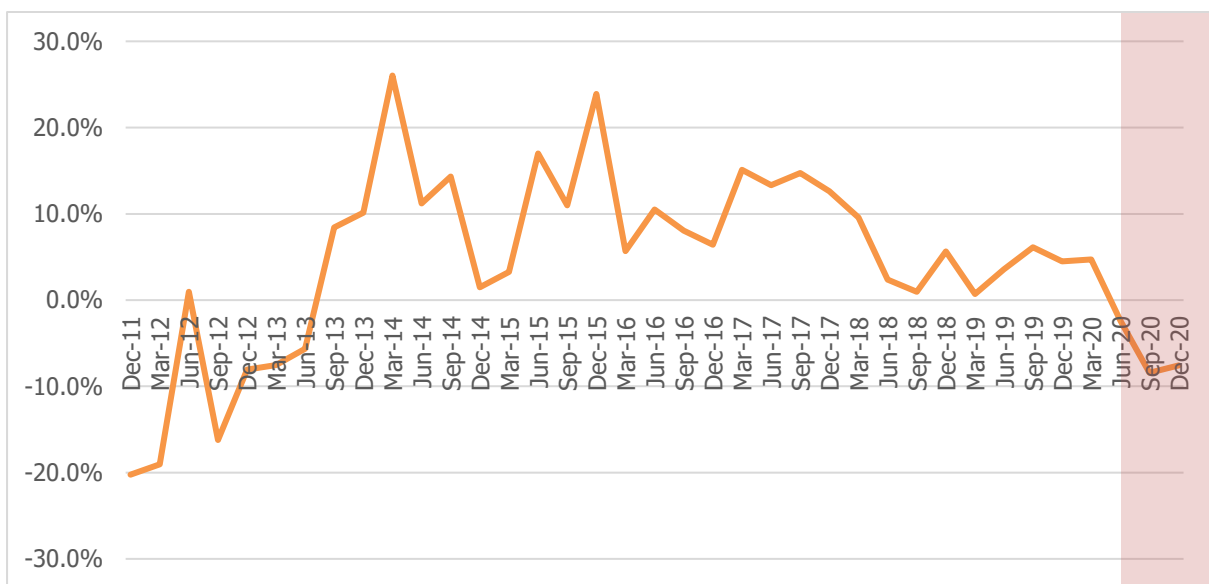
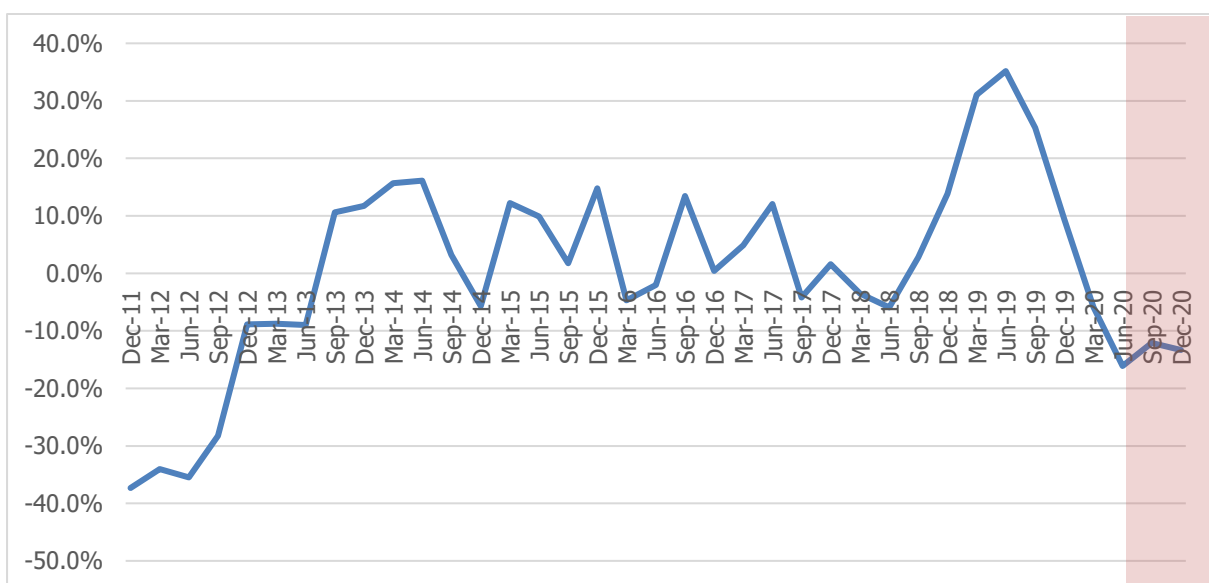


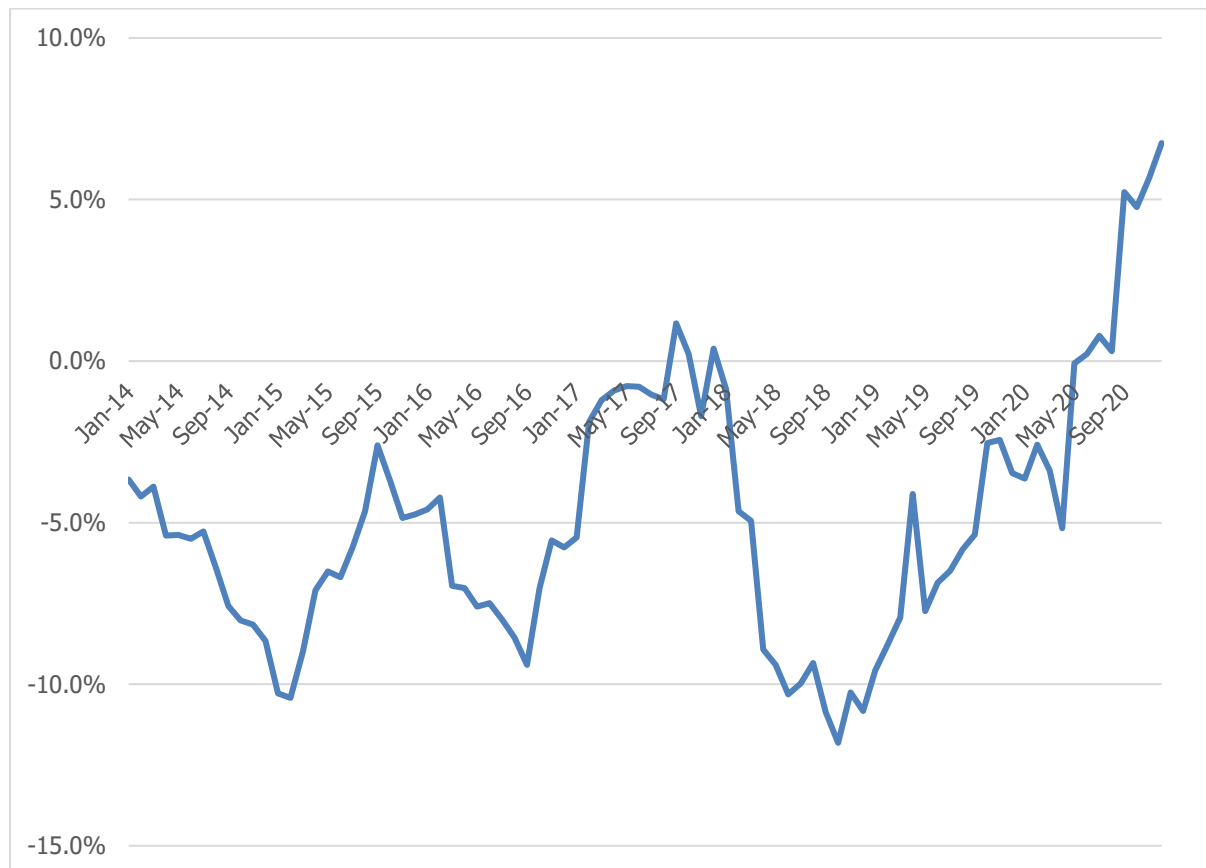
Figure 11 Flat Transactions



Mortgage Lending

Aggregate lending by Isle of Man institutions to Isle of Man residents increased during 2020, particularly over the second half of the year, to £1.58bn. Lending increased by around £99.8m since December 2019 (+6.7%). Mortgage debt peaked at £2.45 billion in December 2009 since then it has reduced by around 40%.

Figure 12 Change in Domestic Lending



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	256,759	274,911	253,000	161,299	140,875
Sep-18	259,479	279,862	255,000	149,953	135,250
Dec-18	258,530	279,355	250,000	147,136	133,000
Mar-19	260,850	282,524	252,500	147,239	135,000
Jun-19	265,898	290,532	260,000	145,403	130,000
Sep-19	263,355	288,640	263,000	147,759	135,000
Dec-19	265,843	291,597	264,950	152,422	137,500
Mar-20	266,648	293,521	266,975	149,448	136,500
Jun-20	266,869	293,411	265,000	148,042	136,500
Sep-20	273,007	299,394	275,000	150,295	142,000
Dec-20	285,064	313,036	283,250	153,563	147,000

Note: The data for June, September and December 2020 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	1,341	253
Sep-18	1,352	257
Dec-18	1,404	288
Mar-19	1,396	325
Jun-19	1,389	342
Sep-19	1,435	322
Dec-19	1,467	315
Mar-20	1,462	306
Jun-20	1,356	287
Sep-20	1,314	283
Dec-20	1,356	273

Note: The data for June, September and December 2020 is provisional and subject to revision for 12 months after the first publication date.

Appendix Three – Local Mortgage Lending Data

	£'000		£'000		£'000
Jan-13	2,189,305	Jul-16	1,752,358	Jan-20	1,474,316
Feb-13	2,177,542	Aug-16	1,741,655	Feb-20	1,488,124
Mar-13	2,177,186	Sep-16	1,725,590	Mar-20	1,480,136
Apr-13	2,167,080	Oct-16	1,726,876	Apr-20	1,453,188
May-13	2,153,207	Nov-16	1,727,802	May-20	1,458,595
Jun-13	2,159,899	Dec-16	1,711,874	Jun-20	1,463,438
Jul-13	2,133,751	Jan-17	1,706,811	Jul-20	1,471,112
Aug-13	2,133,856	Feb-17	1,756,061	Aug-20	1,473,644
Sep-13	2,116,124	Mar-17	1,750,695	Sep-20	1,549,608
Oct-13	2,097,112	Apr-17	1,754,700	Oct-20	1,558,282
Nov-13	2,093,280	May-17	1,746,245	Nov-20	1,571,419
Dec-13	2,087,964	Jun-17	1,748,086	Dec-20	1,578,982
Jan-14	2,109,009	Jul-17	1,734,064		
Feb-14	2,086,327	Aug-17	1,721,051		
Mar-14	2,092,682	Sep-17	1,745,716		
Apr-14	2,050,032	Oct-17	1,730,605		
May-14	2,037,310	Nov-17	1,698,288		
Jun-14	2,041,155	Dec-17	1,718,420		
Jul-14	2,021,275	Jan-18	1,691,945		
Aug-14	1,997,519	Feb-18	1,674,399		
Sep-14	1,955,664	Mar-18	1,664,182		
Oct-14	1,928,895	Apr-18	1,598,068		
Nov-14	1,922,634	May-18	1,582,099		
Dec-14	1,907,203	Jun-18	1,567,827		
Jan-15	1,892,168	Jul-18	1,560,979		
Feb-15	1,868,773	Aug-18	1,560,158		
Mar-15	1,904,685	Sep-18	1,556,216		
Apr-15	1,904,685	Oct-18	1,526,122		
May-15	1,904,685	Nov-18	1,524,133		
Jun-15	1,904,685	Dec-18	1,532,327		
Jul-15	1,904,685	Jan-19	1,529,949		
Aug-15	1,904,685	Feb-19	1,527,642		
Sep-15	1,904,685	Mar-19	1,532,065		
Oct-15	1,857,604	Apr-19	1,532,424		
Nov-15	1,829,287	May-19	1,459,649		
Dec-15	1,816,615	Jun-19	1,460,283		
Jan-16	1,805,418	Jul-19	1,459,636		
Feb-16	1,789,854	Aug-19	1,469,198		
Mar-16	1,772,217	Sep-19	1,472,616		
Apr-16	1,770,841	Oct-19	1,487,348		
May-16	1,759,929	Nov-19	1,486,946		
Jun-16	1,762,055	Dec-19	1,479,171		

Appendix Four – Affordability Ratios

	Average House Price to Average Salary	Median House Price to Median Earnings	25 and Under
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	7.54	8.78	9.90
2017	7.14	8.59	9.65
2018	7.40	8.37	9.17
2019	7.37	8.57	9.68
2020	7.62	8.89	9.81



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