



In January each year, we all tend to look at the next chapter in the book of our lives with a mixture of excitement and trepidation...



...although emotions this January have probably been dampened by the never-ending media coverage of two key uncertainties – Covid throughout the year and then, at the last moment Brexit. Last year's extraordinary events have given the world a warning that we should expect nothing and should be grateful for our lives and if we are lucky, our livelihood as well.

LOOKING BETTER

The mist surrounding these two issues appears to have suddenly cleared, so giving us the opportunity to start making plans for the future. It is suggested that the UK economy post Brexit, will start to flourish again this year, although the impact on markets is unlikely to be felt immediately.

RECOVERY IN TWO PARTS

It is predicted that in the first part of the New Year, the economy will not show any signs of recovery, which is understandable, as the UK starts to acknowledge new procedures post Brexit. Once in place however, there will be scope for a recovery with a much greater level of activity, and it is at this stage that we might start to see significantly higher inflation that in turn, will signal an increase in Bank of England's Base Rate and therefore higher mortgage rates.

JERSEY PROPERTY MARKET

Whilst activity in the Jersey property market slowed in late November and during December, there are already signs that it will revive in January, to follow the pattern of recent years. Great news for anybody selling, but an ever-increasing challenge for buyers who have to find the minimum 10% or 15% deposit required by lenders.

BEST MONTH IN UK EVER

Whilst the property market in the UK is driven by different pressures, it is interesting to see that in November 2020,

homebuyers borrowed more than £22b during that month, which is the highest level of lending by banks and building societies ever recorded. This information is not available in Jersey, although the same trend seems to have been followed, since the lifting of the March Lockdown

COVID 19 AND BREXIT

Based upon our experience last year, we anticipate that our activities at The Mortgage Shop for this year will centre around four key areas:

- Well remunerated members of the finance, legal and administrative sectors will sustain the property market by either becoming homeowners for the first time or by trading up to a larger property – this group will be the mainstay of the market for this year.
- Home movers will also make their presence felt as they discover how much their purchase from three or four years ago has increased in value, so giving them a deposit of sufficient size to enable them to trade up to a significantly larger property, probably with an extra bedroom or two which can be used as a home office.
- Existing home-owners will convert, modify or extend their current properties to accommodate expanding families or to create a home office.
- Owners who are happily settled in their "forever home" will re-mortgage from their existing mortgage providers to benefit from the potential huge savings that the current low interest rates can offer.

The Best Rates...

There has been no change in January in the interest rates that are currently available, with the two stars of the month being the 60% tracker at 0.94% and the 90% five year fixed at 2.09%

Pick of the Bunch
(% loan to property value/price)

60%	2 year fixed	1.14%
60%	5 year fixed	1.34%
60%	7 year fixed	1.76%
75%	2 year tracker	0.94%
85%	2 year tracker	1.39%
85%	2 year fixed	1.44%
85%	5 year fixed	1.79%
90%	2 year tracker	1.94%
90%	2 year fixed	1.94%
90%	5 year fixed	2.09%
60%	BTL 2 year fixed	1.64%
60%	BTL 5 year fixed	2.08%

*Rates correct at time of printing | BTL = Buy to let mortgage.



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