



This year will go down in history as being the one that most of us will want to forget, although for many it will be memorable for the way in which we have fallen back in love with our Island.

This has been confirmed by the extraordinarily robust property market which has resulted in prices in quarter three still continuing to rise for one-bedroom flats and three-bedroom houses, although two-bedroom flats and four-bedroom houses have seen a slight decrease.

NEWS ON BASE RATE

There has been considerable debate in the financial press about the constant hints from the Bank of England that they are considering a reduction in Base Rate to below zero, in an attempt to help balance the economy. Should this happen, there could be a significant impact on how mortgage borrowers would service their mortgages.

An analysis of all the mortgage products that are currently available however, shows that the majority of borrowers will be unaffected while they are locked into a fixed rate. Even those who selected a variable tracker rate in the last year or so, may not be affected either, as most lenders have introduced a "floor" below which the rate cannot fall.

This leaves a much smaller number of borrowers who are lucky enough to have a lifetime tracker rate on which they are paying an average of 0.60% - these products have no floor, which will mean that the rate can fall, if negative rates are introduced.

MORTGAGES IN 2021

With interest rates at an all-time low, there is currently no reason why mortgage costs should increase in the short to medium term, as increases in Base

Rate will do nothing other than harm an extremely fragile economy.

Since lockdown, most lenders in Jersey, have reduced the maximum levels at which they will offer mortgages – 100%, 95%, even 90% in one case, have disappeared, so making it even more difficult for First Time Buyers to get onto the property ladder.

The good news is that it is possible that a new 95% mortgage product might become available again early in the New Year, helping first time buyers to take advantage of all of the new builds that will be coming online from the various developments that are appearing in so many locations across the Island.

COVID 19 AND BREXIT

We have all been so preoccupied with the Pandemic that Brexit, or rather the probability of no Brexit, has been pushed to the side-lines.

2021 will herald a new era with many challenges for Jersey and it is encouraging to hear from so many of our clients who are confident about their future as well as the future of the organisations for which they work, or which they control.

The Best Rates...

A look at the range of interest rates that are available in the month of December, is another reason why the property market is so busy. Somebody who borrows £500,000 at a 60% tracker rate of 0.94% over a term of 30 years, will pay £1,595 a month to service that mortgage.

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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