



At its monthly review of the economy, on 4th February, the Policy Committee of the Bank of England announced that it would start preparing for the introduction of negative interest rates within six months...although somewhat ambiguously it went on to stress that this was not a sign that it thought such a move was necessary.

Having previously considered the implications that Base Rate falling below zero could have on mortgage borrowers in Jersey, we came to the conclusion that only those with long standing "lifetime" trackers would likely be affected advantageously. Short term two- or three-year tracker rates now have a minimum floor rates built into them and fixed rates would be unaffected.

NO RATE RISE FOR THREE YEARS

2022, at which point the Bank would normally start thinking about a rate rise. There has however, been no hint in the forecasts that the Bank would need or wish to raise interest rates from the current record low of 0.10% at any time during the next three years. This is great news for house buyers, home movers and mortgage borrowers in general, as it now gives the opportunity to seriously considering borrowing at a competitive tracker rate, rather than locking into a fixed rate, that would usually be the slightly higher option. Raising £1m of mortgage over 30 years at today's lowest tracker rate of 0.94% will cost only £3191 a month, which is one of the reasons so many sales in excess of £1m are completing through the Royal Court these days.

REALISTIC COMPLETION TIMES

During the past twelve months, many of the teams associated with local property sales and funding have been locked down at home and it is for this reason that transactions are taking longer to complete – we now suggest to our clients that rather than budgeting four to six weeks, they should allow six to eight weeks from agreeing to purchase to completing through the Royal Court.

On the other hand, buyers in the UK are having to suffer wait times of an

average of 124 days to complete on a purchase, and this can have an impact on the sustainability of any number of transactions.

GAZUMPING

The local property market remains extremely buoyant, with asking prices frequently being agreed upon with little chance of any negotiation. In some of the price categories, we are hearing of gazumping starting to take place which is a worrying trend and clearly indicates that there are insufficient new property coming onto the market to replace recent sales.

ACID TEST

Some properties attract so much attention that potential purchasers are now finding that they are having to make an offer well above the asking price to stand a chance of it being accepted. In a situation like this, the acid test lies with the professional valuer, who is instructed by the lender to produce a report on every property that it is asked to mortgage. Part of that process means that the valuer is obliged to make a market comparison with three other similar properties that have sold recently, and it is here that the 'market value', rather than 'offer made' price will be determined. With a certain amount of restraint exercised over any unrealistic increases.

The Best Rates...

Our rates comparison this month once again shows competitive interest rates being offered at all levels of the market from a tracker at 0.94% to a five-year fixed at 1.34%

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

60%	2 year fixed	1.09%
60%	5 year fixed	1.34%
60%	7 year fixed	1.76%
60%	2 year tracker	0.94%
85%	2 year tracker	1.35%
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.



the mortgage shop

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