



The Bank of England continues to hold Base Rate at 0.10% and all indications are that there will be no increases in the immediate future, although a move to a negative rate later this year cannot be ruled out.

Local mortgage providers continue to offer competitive interest rates, with excellent value options available, from tracker rates through to 2,3,5 and even 7-year fixes.

NEW BUILD APARTMENTS

New apartments currently under construction have attracted a lot of attention from first time buyers keen to get on to the property ladder, with overnight queues forming outside estate agents in recent weeks. However, in some instances they are having to compete against investors wishing to place their cash somewhere safe, who perceive that the Jersey property market will continue to show growth.

There has always been a strong trend in Jersey for property owners to try and retain ownership of their first apartment when they trade up to something larger, and many have found that the returns are sufficiently good for them to strive to continue to add further apartments to their portfolio.

THE DIFFERENCES WITH A BUY TO LET MORTGAGE

Unless one is a cash buyer, a buy to let mortgage may be required, and these specialised mortgages have some major differences to standard residential mortgages.

Some lenders require a borrower to already own a residential property and all expect the borrower to have sufficient personal income to cover their own usual living expenses as well as being able to service the Buy to Let mortgage, in the event of the property remaining vacant for a period.

INTEREST ONLY OR CAPITAL REPAYMENT

Borrowers may take the mortgage on either an interest only or a capital repayment basis. Interest only can be useful, as it significantly reduces the monthly payments, although it does not repay the capital. There remains a strong argument for this type of arrangement in a rising market, where a property purchased five years previously could generate a rental income more than sufficient to cover the monthly mortgage repayments and then be sold for a profit, even after clearing the mortgage and all associated costs.

HIGHER DEPOSIT

Unlike a residential mortgage, a much higher deposit of 25%-30% is required by the lenders, with the maximum loan amount normally linked to the rental income, which is typically expected to cover anything from 125% - 145% of the expected mortgage payments. Where the maximum rental income is insufficient to match this expectation, it can mean that the deposit must be increased.

If a person's portfolio of property exceeds four (or ten depending on the lender) the borrower may then be deemed to have become a professional landlord. This can mean that any future purchases can only be funded on a commercial lending basis, with a whole new set of rules that apply.

Please feel free to contact us on 789830 or on info@mortgageshop.je



The Best Rates...

Our monthly schedule of best rates is still looking good, with 90% options currently the lowest ever.

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

60%	2 year fixed	1.09%
60%	5 year fixed	1.33%
60%	7 year fixed	1.49%
60%	2 year tracker	0.94%
85%	2 year tracker	1.35%
85%	2 year fixed	1.44%
85%	5 year fixed	1.73%
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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