



Market Activity

BEST RATES FOR NOVEMBER

60% 2 year Fixed	1.04%
60% 5 year Fixed	1.29%
60% 7 year Fixed	1.79%
75% 2 year Tracker	0.99%
85% 2 year Tracker	1.29%
85% 2 year Fixed	1.39%
85% 5 year Fixed	1.69%
85% 7 year Fixed	1.89%
90% 2 year Tracker	1.48%
90% 2 year Fixed	1.88%
90% 5 year Fixed	1.99%
95% 2 year Fixed	3.79%
95% 5 year Fixed	3.94%
100% 5 Year Fixed	4.24%
60% BTL 2 year Fixed	1.54%
60% BTL 5 year Fixed	2.09%

Rates correct at 30/11/2021

HOMELIFE DECEMBER 2021

It had been widely expected that the Bank of England would introduce an increase to Base Rate last month but when this didn't happen, the expectation from the financial markets was that it was simply going to be deferred by a month or possibly longer.

On Thursday 16 December, the Monetary Policy Committee of the Bank of England will hold its final session of the year and it is now thought that they will decide to increase Base Rate from its current historical low of 0.10% at this meeting.

Whenever the increase does happen, it is suggested that it will be to 0.25%, with further increments to follow in 2022, reaching a high of 1% by year end. Although, there are so many factors to be taken into account that this might just be pure conjecture.

TRACKER AND SHORT-TERM FIXED RATES

Whilst some lenders in the UK have already increased their interest rates, the local market has remained calm, with a range of extremely low products to satisfy the demands of most people looking for a mortgage. Tracker rates look extremely attractive, although remember they will go up as soon as there is a Base Rate increase. The two- and three-year fixed rates that are available are great if they form part of a plan to sell up or move away from the island at the end of the term. This is not a sensible tactic if it is intended to simply refix at the end of the term, as the new range of fixed options in two or three years' time will, in all probability, be noticeably higher than the current range of five year products.

LONGER TERM ALTERNATIVES

Our team at the Mortgage Shop have been recommending five-year fixed products for a long time and this will continue to be best advice as we move into the New Year. Seven and ten-year fixed rates, usually ignored by most borrowers, are now in focus and it is possible that more lenders will be adding these to their portfolios in the forthcoming months, as mortgage rates start to rise. Popular in the late 1990's, long term fixed rates are a sensible choice if you have found your "forever" home and don't anticipate selling up or needing to raise any further borrowing. However, fixed rate products can generally be "ported" from one property to the next without penalty, so you need not be tied to a huge early repayment penalty if you decide to move house.

HOUSING DEVELOPMENT SITES

Deputy Russell Labey, our Minister for Housing and Communities, continues to push for more low-cost housing for First Time Buyers, although there may always be resistance from neighbours adjoining new development sites to accept future plans, as the "not on my doorstep" attitude will inevitably prevail. In some parishes such as St Clement and St Brelade, this argument is completely justified given they are already largely over developed. Perhaps the drive should be to ensure the Government themselves release the unused sites from their large portfolio, as well as targeting the many derelict greenhouse sites and disused farm packing sheds which are to be found in many parts of the island.

LATEST HOUSE PRICE INDEX

Recently released statistics from the Jersey House Price Index show a 4% increase in the

average price of property, when compared with the same quarter in 2020. With the focus being on one-bedroom flats and three-bedroom houses, whilst all other property types saw a decrease in their mean value.

The mean prices from the Index were:

1 bedroom flat	£325,000
2 bedroom flat	£491,000
2 bedroom house	£550,000
3 bedroom house	£808,000
4 bedroom house	£1,220,000

FIRST TIME BUYERS

First time buyers in particular must remember that many of these transactions reflect either newly built units or properties presented to a high standard of refurbishment. There are always a number of properties that can be found on the market at much lower prices – at the end of November, www.places.je had 19 properties for sale for under £300,000 and 40 in the range up to £500,000.

First Time Buyers can now access a number of mortgages to include 90%, 95% and even up to 100%. This makes the choice more complex than ever before and borrowers can benefit hugely from the professional and independent advice that is available from The Mortgage Shop, especially if they have modest deposits or fall outside of mainstream lending criteria.

Our summary of the best interest rates for December reflects the market at the time of going to press, and it is possible that a number of these could change at short notice.



the mortgage shop

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