

## The Best Rates...

### Best Rates - Pick of the Bunch

(% loan to property value/price)

60%	Tracker	1.19%
60%	2 year fixed	1.38%
60%	5 year fixed	1.84%
60%	10 year fixed	2.39%
85%	Tracker	1.39%
85%	3 year fixed	1.89%
85%	5 year fixed	2.09%
90%	Tracker	1.79%
90%	5 year fixed	2.44%
100%	5 year fixed	4.49%
60%	BTL 2 year fixed	1.69%
60%	BTL 5 year fixed	2.49%
60%	Interest Only variable	2.49%

Rates correct at time of printing

\* BTL = Buy to let mortgage.

## Mortgages in Jersey

**The increase in Base Rate that was predicated to happen in May – didn't! Last month, the Bank of England's Monetary Policy Committee decided to keep interest rates on hold at 0.50%, despite forecasts stating a 90% chance of it rising in the weeks leading up to their meeting.**

The markets now believe that rates are unlikely to be increased until November, although as always there are so many imponderables that make economic forecasting no more than a guessing game.

**Should borrowers worry?** The sensible answer is yes, and that they should take advantage of the full range of extremely low fixed rates of interest that are available from most lenders who offer mortgages in Jersey.

Tracker rates however, are ideal for short term mortgages, or for borrowers with surplus disposable income who are prepared to take a hit should rates rise. Those with a 40% deposit could be rewarded by a tracker rate of 1.19%, which incidentally, carries no Early Repayment Charge – a true market leader, despite its limited appeal.

Our Best Rates chart remains unchanged from last month and this is a reassuring indication of the stability that currently exists, although we should never be complacent!

## Jersey House Price Index

Whilst interest rates remain stable, the same cannot be said of house prices which, according to the Jersey House Price Index figures for the first quarter of 2018, show an increase of 12% against the corresponding quarter in 2017.

In summary, the mean prices for each sector of the market look like this:

1 – bedroom flats	£224,000
2 – bedroom flats	£420,000
2 – bedroom houses	£452,000
3 – bedroom houses	£586,000
4 – bedroom houses	£949,000

Surprisingly, the only sector that has fallen in value is the one bedroom flat, which had previously peaked at £255,000 in March 2008. It's also worth noting that following the start of the financial crisis, the value of three bedroom houses dipped to approximately £450,000, before recovering to the figures that we now see.

These large increases need to be viewed with alarm, as continued growth in such a small market is unsustainable, although what must be remembered is that a significant part of the market that the Index records is the sale of newly constructed apartments and houses. Many of these are at the upper end of

the market, so that despite the "mix adjusted average price" concept being applied to the figures, in reality there are in fact two markets in the Island – the newly built market and the second-hand market which falls significantly below this level.

An analysis of the three-bedroom house figures, shows that in fact 15% of the houses sold were priced at a maximum of £460,000 whilst a further 24% were priced at no more than £520,000 – that's 39% of the total houses in this sector, so any First Time Buyers shouldn't give up hope.



the mortgage shop

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Your home is at risk if you do not keep up with repayments on a mortgage or other loans secured on it