



2020 has got off to a flying start, and it is likely that we will see a lot of change in the Jersey property and lending markets this year.

House prices are on the rise, mortgage interest rates are falling, lenders are modifying their lending criteria and income multiples and the impact of Coronavirus, on the economy could result in the Bank of England having to review Base Rate downwards.

JERSEY HOUSE PRICE INDEX - FOURTH QUARTER 2019 The recently released report from the States' Statistical Unit, has confirmed just how buoyant the local property market is with overall increases in value of 7% for each of the past two years.

The figures showed average prices for one bed flats at £287,000, two bed flats at £418,000 and three bed houses at £632,000, although these figures tend to reflect the sales of newly built property, ignoring the fact that the "second hand" market can be significantly lower.

First Time Buyers should draw comfort from the fact that one bed flats can still be purchased for around £220,000, two bed flats for £320,000, whilst three bed houses can still be found for £500,000 plus. If buyers are prepared to purchase a property that requires a bit more than a lick of paint, then the savings can be even greater. With recent transactions through The Mortgage Shop of £280,000 for a two-bedroom flat, £215,000 for a two-bedroom house, £430,000 for a two-bedroom bungalow – the list goes on.

IMPROVED LENDING CRITERIA Last month we mentioned that some lenders had been introducing changes to their lending criteria, and this trend has continued.

This means that more lenders are now able to offer higher levels of lending than was previously the case. With multiples of income available in the range of 4.75 times to in excess of 7 times gross annual income. Lenders who for years have dominated the market with the lowest rates, now find that they have been challenged by those who are offering even better options, to attract a larger share of the market.

These are interesting times for borrowers, although the changes that are being made will have to be tested by the market, which makes the need to consult a mortgage broker, who has access to all mortgage providers, even more essential.

CORONAVIRUS The only possible benefit that borrowers might enjoy from this awful threat, as it rumbles slowly closer, is the fact that it will almost certainly have an adverse effect on the British economy, which could result in Bank of England Base Rate falling.

An even lower cost of borrowing could boost the local property market even further. Although, the question that remains unanswered at the moment is the impact that the virus will have on the market and whether homeowners will still want to trade up to a larger property and First Time Buyers still want to get on the property ladder?



The Best Rates...

Last month, our best rates chart showed reductions in some of the key mortgage rates, and this trend has continued through to March, with further reductions being introduced. The biggest demand is still for five-year fixed options which represent incredible value. In particular, the 90% rate of 2.29%, fixed for five years, and the 60% two-year fixed at 1.28%.

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

60%	Tracker	1.49%
60%	2 year fixed	1.28%
60%	5 year fixed	1.65%
60%	10 year fixed	2.74%
85%	Tracker	1.74%
85%	3 year fixed	1.80%
85%	5 year fixed	1.96%
90%	Tracker	2.19%
90%	2 year fixed	1.93%
90%	5 year fixed	2.29%
95%	2 year fixed	2.99%
95%	5 year fixed	3.49%
100%	5 year fixed	3.99%
60%	BTL 2 year fixed	1.69%
60%	BTL 5 year fixed	2.30%

* Rates correct at time of printing | BTL = Buy to let mortgage.



the mortgage shop

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