



Mortgage market update

The Bank of England increased its Base Rate in December to 3.50% - the ninth consecutive increase in one year, which brought rates to their highest levels since October 2008.

MARKET PREDICTIONS

The market expects more increases will be applied this year, taking Base Rate to a peak of 4.50%. This rate is predicted to then slowly reduce in 2024 at a time when the correction in inflation, currently running at 10.7%, starts to fall back to its target of 2%. This reduction will not happen overnight and will be influenced by many factors outside of the UK's control.

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Despite the recent increases, it is interesting to see that mortgage providers are not increasing their rates at the same pace as the Bank of England is putting up Base Rate. This phenomenon is attributable to lower-than-expected interest swap rates which predict the direction the market will take in the next three, five

and even ten years, combined with the commercial decision by lenders to encourage footfall coming in through their front doors, at a time when their loan books are likely to diminish.

KEEPING WITH NEW YEAR TRADITIONS?

Typically, the new year is a time when the local property market picks up again.

Given the current economic climate and a nationwide consensus to 'tighten our belts' we may find that this year people react a little differently.

However, it remains inevitable that there will always be a market for

properties to be bought and sold as people's circumstances and needs change. The market will no doubt start slowly this year although this will not be until the new norm of significantly higher interest rates has been acknowledged by borrowers, who have enjoyed exceptionally low costs of borrowing for the past 11 years.

Mortgage providers have introduced lending criteria which now offers lower income multiples and more stringent affordability tests, and it is inevitable that current asking prices will have to adjust downwards, although this is unlikely to happen immediately as it will take time for the message to filter down to a market which has been so buoyant in the past few years.

We have listed a few of the best rates available at the time of writing (these may have changed by the date of publication).

Whilst the tracker rate has increased, interesting all four fixed rates have fallen slightly.

Talk to our team at The Mortgage Shop as rates are changing weekly and advice on whether to fix or track is now even more important than before.

Here are a few of the best rates available at the time of writing

Tracker - 2 years - 60% - 4.44%

Fixed - 2 years - 60% - 5.79%

Fixed - 2 years - 90% - 6.04%

Fixed - 5 years - 60% - 5.25%

Fixed - 5 years - 90% - 5.44%

Rates correct at 10/1/2023

HERE TO HELP *As always, if you want to review your current mortgage rate, or understand your borrowing options for a new mortgage, the team at The Mortgage Shop is here to help. Please call 789830, or email us on info@mortgageshop.je*



the mortgage shop

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