



Mortgage market update

RATES ARE UP AGAIN

At its meeting on the 2nd of February, The Bank of England voted to increase Base Rate again by 0.5% to a new high of 4%. This is the tenth consecutive increase in just over one year, although subsequent increases predicted for later this year might be smaller, as inflation woes appear to have turned a corner.

Despite the recent increases, we still find that many mortgage providers have not been raising their rates at the same pace as the Bank of England. The impact of the latest rate increase has yet to be seen, as lenders need to balance increased rates against the need to attract new business by offering competitive interest rates.

NEW PROPERTIES ON THE MARKET

The latest figures available on the Jersey property site www.places.je show 1417 property listings, an increase of 9% from the previous month. If we look back 12 months, then the increase from January last year is 285%, although this may take into account the backlog of sales which have fallen through from last year.

A CHANGE IN ATTITUDE

It will take time for the market to accept that interest rates are not expected to fall by the levels seen back in 2009/2010, and that vendors must acknowledge that they may have to lower their expectations if they want to secure a buyer. By the same token, purchasers who need to secure a mortgage to be able to buy (the majority of people), may have to understand that their mortgage should be the only significant expenditure in their lives for the next few years. Holidays, new cars and plans for new bathrooms and kitchens may have to be put on hold.

WHAT NEXT?

Looking to the future, the consensus is that mortgage rates will gradually decline throughout the year, even if the Base Rate goes up a little more, it is then expected to drop below 4% by 2024.

Borrowers can choose between a tracker rate or from a range of fixed rates, and there is no straightforward answer as to which mortgage option is best.

Tracker rates might still increase in the short term but will also immediately

benefit from any future reductions in Base Rate.

On the other hand, fixed rates can offer peace of mind, but are generally higher than trackers and will become uncompetitive once rates fall.

CHOOSING THE RIGHT MORTGAGE

The difference between the two options will have a significant impact on a borrower's current and future finances, and it is wise to explore and consider what the market can offer – no two mortgage providers are the same, as it is not only interest rates which will differ, but more importantly the criteria that lenders will offer when considering a mortgage application.

The good news is that this is not a decision that you have to make alone, as our team at The Mortgage Shop will guide applicants through the process and advise on the most appropriate mortgage to match their individual requirements. We aim to secure the highest level of borrowing (where required) at the lowest rate of interest.

The Mortgage Shop has been offering unbiased advice to homebuyers for 33 years and has helped many thousands of happy borrowers to acquire their own small part of Jersey.

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

Tel: 789830

www.mortgageshop.je info@mortgageshop.je [f themortgageshopjersey](https://www.facebook.com/themortgageshopjersey) 2-6 Church Street, St. Helier, JE2 3NN

Your home is at risk if you do not keep up repayments on a mortgage or other loan secured on it. Registered with The Jersey Financial Services Commission.