The very high level of activity in the Jersey property market, attributable principally to the buoyant finance sector, has dampened somewhat. Not a bad thing, as it was starting to move too fast for comfort. No doubt the poor weather has had an impact, although the never-ending bad news about Covid-19, is probably equally responsible.

The Best Rates...

Mortgage rates have fallen again this month with an impressive 75% tracker at 0.99% now on offer, with no early repayment charge for two years. At the other end of the scale, the 90% 5-year fixed rate at 2.09% is also great value.

Pick of the Bunch

(% loan to property value/price)

60%	2 year fixed	1.14%
60%	5 year fixed	1.34%
60%	7 year fixed	1.76%
75%	2 year tracker	0.99%
85%	2 year tracker	1.39%
85%	2 year fixed	1.44%
85%	5 year fixed	1.79%
90%	2 year tracker	1.94%
90%	2 year fixed	1.94%
90%	5 year fixed	2.09%
60%	BTL 2 year fixed	1.64%
60%	BTL 5 year fixed	2.08%

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

NEWS ON BASE RATE

With the Bank of England Base Rate currently standing at 0.1%, many borrowers imagine that the only move in the future is upwards. However, official comment in recent weeks has suggested otherwise.

Negative Base Rates have never previously featured in the British economy. So, it is significant that the Bank's Monetary Policy Committee have discussed negative Base Rate at its two most recent meetings. With Andrew Bailey (the recently appointed Governor of the Bank of England) describing negative rates as being " in the tool bag".

However, this does not imply that negative rates would be introduced any time soon, and it is likely that the subject will continue to be considered until the economy improves.

IMPACT ON BORROWING AT A NEGATIVE RATE

In some European countries where central bank rates have been below zero for several years, mortgages at sub-zero rates are not uncommon, with borrowers paying back less than they have borrowed.

Where this happens, the bank does not actually make payments to the borrower, instead they reduce the capital debt that is outstanding. This can either reduce the borrower's monthly repayments or reduce the overall mortgage term.

A GREAT OPPORTUNITY FOR BORROWERS

An increasing number of existing borrowers are visiting our team at The Mortgage Shop to find out which lender to use, when their existing fixed or tracker rate comes up for review at the end of its term. It is so rewarding to see the delight on client's faces when we tell them how much we could save them by moving to a new lender.

The service that The Mortgage Shop offers doesn't just apply to borrowers whose rate product has come to an end, as there are also many people locked into higher interest rates discovering that, despite having to pay a penalty for early repayment, they can still show a significant saving on their monthly / overall payments.

the mortgage shop

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