



MARKET UPDATE

The Jersey property market is steady at the moment, although as Spring approaches, it is possible that new stock will become available to give eager purchasers a greater choice.

This year will see the completion of a number of new developments as well, although the majority of the units on these schemes will have already been sold off plan.

HOUSE PRICE INDEX FOR END OF 2021

Prices remain high with a reported 16% increase during 2021 which ended with prices averaging:

One bedroom flats £339,000

Two bedroom flats £496,000

2 bedroom houses £652,000

3 bedroom houses £861,000

4 bedroom houses £1,339,000

The quarterly publication of these figures always produces a justifiable storm of protest from First Time Buyers, although it should be remembered that there are still many flats and houses which are available at much lower prices if purchasers are prepared to buy an older property or to redecorate and renovate. At the time of going to press, there were well in excess of 100 one and two-bedroom units, many with parking, available on estate agents' books in the price range up to £500,000.

FURTHER BASE RATE INCREASES

The Bank of England next meets on 17th March to review the Base Rate which currently stands at 0.50%. Until recently, economists were predicting that Base Rate could increase to 1.25% by the end of 2022, although the impact of sanctions against Russia and rapidly rising energy costs as a result of the tragic situation in Ukraine, may well mean that this figure will be exceeded, sooner than expected.

INCREASED INCOME MULTIPLES APPLICABLE IN THE UK

The Bank of England has proposed abandoning the current rules that force mortgage lenders to apply strict stress tests, aimed to ensure borrowers can keep up with mortgage payments if interest rates rise.

The rules were introduced in the wake of the Financial Crisis of 2009/10 as part of the Mortgage Market Review to protect borrowers from future

Best Rates For March

Best rates this month show a mix of increased rates for trackers, whilst some lenders have reduced their fixed rates. Some of these are likely to increase by month end.

60% 2 year Fixed	1.48%
60% 5 year Fixed	1.59%
60% 7 year Fixed	1.79%
75% 2 year Tracker	1.55%
80% 10 year fixed	1.99%
85% 2 year Tracker	1.69%
85% 2 year Fixed	1.58%
85% 5 year Fixed	1.75%
85% 7 year Fixed	1.84%
90% 2 year Tracker	1.88%
90% 2 year Fixed	1.88%
90% 5 year Fixed	1.99%
95% 2 year Fixed	3.79%
95% 5 year Fixed	3.89%
100% 5 year fixed	3.99%
60% BTL 2 year Fixed	1.85%
60% BTL 5 year Fixed	2.18%

Rates correct as at 04/03/2022 BTL = Buy to let mortgage

financial difficulty, requiring lenders to ensure that borrowers could afford to meet their monthly payments, even if rates became significantly higher in the future.

This meant that borrowers had to prove that they were able to afford rates of 7% or higher, even if their actual rate was as low as 2%. Which could result in their borrowing capacity being limited.

If these affordability rules are scrapped, the increase in borrowing capacity for a typical borrower will be approximately 16% more, translating into an income multiple of 5.8 x annual income.

As we are based offshore, these proposals are unlikely to have any impact, as most mortgage providers in Jersey already offer multiples of 6 x annual income.

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



the mortgage shop

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