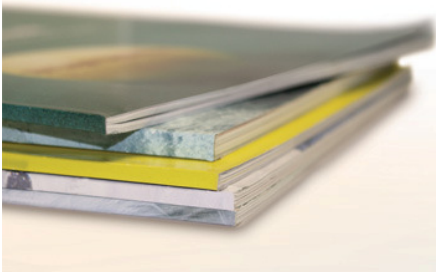


Jersey Property Market



BY ANDREW PIM

The near systemic failure of the global retail banking system followed by the current recession has, inevitably, had a dampening effect upon the Jersey residential property market.

This effect has been felt most keenly by the first-time buyer. The absence of a formerly active local lender and the tightening of loan to property value ratios offered by mortgage providers, has left many purchasers struggling to qualify for a mortgage. Those who do will usually be required to contribute between 15%- 20% of the purchase price of their property.

Far fewer property transactions have been completed this year compared to the first three quarters of last year. Fear of redundancy and a general lack of confidence have unsurprisingly encouraged many potential purchasers to opt for staying at home. This has contributed to a notable increase in home improvement and extension loans.

It is difficult to establish with any certainty the degree to which property prices have been affected by prevailing market forces. Estate agents report that vendors are now more realistic in determining their sale price than they were eighteen months ago. It is likely that most, if not all, vendors are as much guided by their agent in formulating their sale price as they ever were.

Some vendors will doubtless consider they have let their property go too cheaply and as many purchasers probably feel that in the current climate, they should have struck a better deal. In all probability, property prices have remained largely static and, if they have

fallen back a little since the giddy days of 2007 and early 2008, then that is perhaps no bad thing.

The level of activity in the local property market can be gauged by the number of sales of apartments in non-purpose-built buildings. For much of this year, sales of this type of property have fallen off although there is evidence that the market is still active.

A significant volume of property transactions this year has involved the sale and acquisition of share transfer apartments. A number of buyers have committed to purchases in the new waterfront development at Castle Quay. These purchasers include investors anxious to procure a better return than can be offered by their savings account, parents purchasing for their children's future and first-time buyers.

It is undoubtedly the case that the majority of flats are conveyed by share transfer rather than by flying freehold. Flats that are purchased by share transfer are not noted on any public record, unlike contracts passed before the Royal Court (which include flying freehold flat purchases). The reference to the average price of a one or two bedroom flat, as reported from time to time, cannot be based on much more than an "educated guess".

In the context of shared global problems and anxieties, no island, for all that it may be surrounded by water, is truly an island and Jersey is no exception. And yet, in these uncertain times, the loveliness of Jersey is not wholly diminished; it remains a wonderful place in which to live, to establish a home and raise a family. It is perhaps ultimately for this

reason that our sleepy property market remains resolutely afloat.

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