



Let's nurture the shoots of recovery in the property market:

By Style Group Chief Executive Andy Fleet

Jersey now faces a dilemma. How do the Island's investors - from the first-time buyer to the large-scale developer - make the most of a cautious but growing optimism in the property market?

The signs of recovery are there. Estate agents have been reporting an increase in sales enquiries and transactions and the island's mortgage brokers have also seen a busy start to the year as potential buyers start to look at the options available to them.

All in all, Jersey seems to have weathered the financial storm better than the UK. We have not, thankfully, been victim to the same crash in the housing market and although the last two years have been tough, Jersey's market has now been stable for the previous 12 months and there are real signs of increasing interest and activity.

A significant factor in Jersey's good position as we emerge from recession is the strength of the Island's finance sector and maintaining this strength will be vital to the future stability of the economy. Property remains a stable investment and, in the current climate any rental property, whether it is residential or commercial, provides a far stronger return on investment than many other markets.

The level of investment which comes through to boost the property market will depend on the next steps taken by the lenders. As it stands, it is still far too hard to secure property finance in all sectors. It remains the case that it is particularly hard for first-time buyers to get the start they need to jump onto the property ladder but without them every transaction in the house-buying chain begins to stall.

Jersey Home Loans made a welcome return to the lending market in February following a two-year absence. Their appearance offers some credence to the idea that a cautious confidence is creeping back in and should encourage buyers and investors to take the first step towards investigating their options with lenders.

As a company, we are providing a steady supply of good quality family homes providing excellent value for money and the market place will be led by our ability to provide the very best properties in the best locations. Our hope is that this provision will increase the confidence needed for investment in new residential property.

This growing confidence needs to filter through to all levels of the economy and that will start when lenders relax their lending criteria, allowing investors to take the first step by backing new development and in so doing make the most of the competitive climate that currently exists.

The truth is, however, that as well as the backing of lenders this confidence needs to be nurtured by our government. If private investors are going to believe that better times are on the horizon, they need to see the States acting on the same information.

For the future of Jersey, reinvestment in the Island's industries and infrastructure is crucial. In 2010 the States took positive action and implemented the Fiscal Stimulus Package, a measure that played an important part in underpinning the economy during the year. From where we now stand, it would be a great pity if the momentum which that package provided were lost, taking us all back to the starting blocks.

The industry has already taken a few hard knocks in the last few months. Delays to some capital projects are unwelcome if, to some extent, understandable but when coupled with delays to the progression of the draft Island Plan, this could slow momentum gained so far on our journey to a strong economy.

Our Island politicians have to recognise the value a flourishing construction industry can bring to the Island and give the lead in encouraging new work and using a local workforce to do that work.

The construction industry employs 10% of the Island's workforce - a workforce that pays tax, GST and reinvests continually in the Island. The potential loss of revenue to off-island contractors and consultants needs to be discouraged from the highest level to give our industry the best chance of solid growth. Without this encouragement, the Island's young people will have little in the way of incentive to join this industry and so increase the skill base available here.

2011 can be a good year. We have the prospect that interest rates will remain low and that the market's recovery will gather pace. That being the case, there has rarely been a better time to buy residential property and with the help of the banks and the encouragement of the government the hope is that Islanders can begin to take advantage of that fact. As we enter 2012 we should begin to see demand outstrip supply, providing house price inflation and a valuable return on any property investment made now.