



## YOUNG GROUP<sup>®</sup>

Property Portfolio Managers

### **PRESS INFORMATION**

6 August 2008

## Base Rate Expected to be Held at 5.00%

### Bank of England Base Rate and Buy-to-Let Commentary

It is widely predicted that the Bank of England's Monetary Policy Committee (MPC) will hold the base rate steady at 5.00% when it announces the outcome of its deliberations on 7 August.

Neil Young, CEO of Property Portfolio Managers, Young Group, comments; *"As ever, the MPC is engaged in a delicate balancing act between keeping the base rate at an appropriate level for the current economic conditions and ensuring that inflation is held in check.*

*"Inflationary pressure is at a level such that the MPC could not reduce the base rate without running serious risk of inflation pulling further away from the Government's target of 2.00%.*

*"Inflation is the principal focus of the MPC, so the widely held view that they will vote to hold the base rate at 5.00% should be no real surprise."*

#### **Base Rate Impact on Buy-to-Let Mortgages:**

Mortgage rates, particularly for buy-to-let mortgages have not been closely correlated to the Bank of England Base Rate for some time. Indeed, in only the last month, despite the base rate being static at 5.00%, tracker rates for buy-to-let mortgage products from well known lenders have dropped three times, some by a total of 0.60% and for the first time since the early part of this year, stand at below 6.00%. On an average interest only mortgage of £200,000, this represents a saving of £100 per month.

*"It's encouraging that some of the largest lenders have reduced the interest rate on buy-to-let mortgages. It shows that they're 'open for business' and actively seeking new mortgage instructions. This is another indication that the mortgage market is returning to some level of normality, following the industry's clampdown in the wake of last year's credit crunch.*

*"Investors who approach property investment in the same way that they would any other asset class will be looking at the overall trend in interest rates rather than short term fluctuations.*

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*"The effect of last year's credit crunch resulted in mortgage funding becoming more difficult to come by as lenders, rightly, tightened their lending criteria and increased the due diligence process on applications. But, a purchaser with a good credit history and a realistically priced property has always been able to find good mortgage products from lenders.*

*"Although the conditions created by the credit crunch have made it more arduous and time consuming for those seeking funds for property purchases, the shake out in the mortgage market will doubtless result in a stronger and more robust market. It is encouraging to see sense coming back to the market."*

**-ends-**

Neil Young, CEO - Young Group, is available for interview

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**Notes for Editors:**

**About Young Group**

Young Group specialises in providing Property Portfolio Management services to private investors, offering the best off-plan direct investment opportunities in London, as well as access to indirect, development fund investment opportunities through its development arm, Young Property. Young Group manages the entire investment process. For direct investments this spans from sourcing the opportunities through to financing, furnishing and letting. Young Group owns all the property that it sells, and also retains a number of units in each development for its own portfolio. As the principal in every transaction, Young Group does not realise any profits until completion and has transacted in excess of 1,700 apartments, with a retail value of more than £700 million. The majority of our units are bought by clients for their private portfolios. The Group's portfolio managers liaise with the **Young Lettings** ([www.younglettings.co.uk](http://www.younglettings.co.uk)) team in advance of completion to let investors' apartments to quality tenants, often through corporate lets.

Young Group clients have access to all available finance products via Young Group's FSA regulated mortgage desk, **Young Finance** ([www.youngfinance.co.uk](http://www.youngfinance.co.uk)). Young Finance is an appointed representative of Thinc Assured Network, one of the UK's largest financial advisory firms and is not tied to any group of lenders, nor does it charge commission or transaction fees.

- Young Group's iconic Canary Wharf development, **The Landmark** ([www.TheLandmarkE14.com](http://www.TheLandmarkE14.com)), has been awarded two **Daily Mail Property Awards** in the categories of *best high rise development* and *best high rise architecture*. The Landmark East Tower rises to a height of 459 ft, making it one of the tallest residential properties in Europe.



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- Young Group's COO, Sylvana Young, has just been named Bradford and Bingley's **Property Woman of the Year**, 2008 for London. The overall national winner will be announced on 13 March 2008.

Young Group supports NORWOOD and CHILDREN with LEUKAEMIA, two charities particularly close to our heart, donating £50 per property exchange and providing additional support throughout the year. Visit [www.younggroup.co.uk](http://www.younggroup.co.uk) to learn more.

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