

PRESS INFORMATION

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Young Index Dispels Demise of Buy-to-Let

"Buy-to-let is arguably the world's second oldest profession and is certainly alive and kicking. With the correct advice and an analytical, long term approach, good returns are there to be made. Latest results from the Young Index of market sentiment show buy-to-let investors are in it for the long term"

Neil Young, CEO, Young Group

Young Index: Summary Results for Q3 2008

- 98% of investors intend to hold their residential property investments for the next 12 months (up from 91% in Q2). 34% intend to hold their assets for at least 10 years and more than 20% of buy-to-let investors aim to keep their property investments for the next 15 years or more.
- 32% intend to buy additional residential property investments within London within the next 12 months (compared to 36% in Q2 2008) whereas just 8% of investors intend to buy UK residential property outside London. (the same proportion as at Q2 2008).
- The outlook for London property prices is 4½ times higher than for the rest of the UK. 55% of investors believe that London prices will be at current levels or higher by this time next year, whereas just 12% expect the same to be true of UK property outside London.
- 82% believe that the Government's housing initiatives alone (such as the stamp duty 'holiday') will have little or no impact in easing the property market.

No Evidence of Buy-to-Let Exodus

The Young Index results for Q3 2008 show no evidence of an exodus from buy-to-let. Indeed, 98% of investors indicated that they intend to hold investment property over the next 12 months. The survey shows that the majority of buy-to-let investors are looking to the medium to long-term. More than 1/3 of respondents intend to hold their property investments for at least the next 10 years and more than 20% expect to retain their portfolios for 15 years or more.

This should come as no surprise. By far the most common reason for people holding property investments is to provide for their future. Their long term aim is to build wealth to boost their pension provision. Neil Young points out; *"To a certain extent, short term market fluctuations aren't a concern to most investors as long as their property is financed appropriately and paying for itself in the short term."*

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Buy-to-Let Yields Up

Investors who keep a watchful eye on the performance of their investments will have been buoyed by the Government's surprise base rate cut of 0.5%. The 3 million people currently on tracker mortgages will see an immediate positive impact on their monthly income/expenditure schedule and an increase in their investments' yields as mortgage costs have been cut by approximately 10%.

Property Price Outlook Holds Steady

This quarter's Young Index shows a slight increase in positive sentiment towards house prices across the UK as a whole, but most noticeably within London. Respondents to Young Group's quarterly market survey of buy-to-let investor sentiment indicates that more than half (55%) of investors believe that property prices in the capital will remain at current levels or rise by this time next year, up on last quarter's results and showing a level of confidence more than 4 ½ times greater than for property outside of the capital (12%).

Neil Young, CEO of property portfolio managers Young Group, comments: *"The positive shift in sentiment is by no means dramatic, but does demonstrate that investor sentiment has held steady and not slipped despite the current economic upheaval."*

Confidence in the capital's property market remains around four times higher than the rest of the UK, with 32% of investors indicating that they intend to buy additional buy-to-let investments within London during the next 12 months.

Neil Young attributes this to the inherent gap between supply and demand that exists in London; the capital has the advantage of strong demand for housing from a population that is expected to swell from 7.2 million to more than 8 million by 2020 and is also the city most affected by changes to the country's demographics. As a nation we're living longer, marrying later and more likely to live alone than ever before. This growing demand for housing is against a backdrop of falling construction levels. Despite the government's commitment to helping the industry deliver two million new homes by 2016, the credit crunch has limited the amount of bank finance available to developers to fund new housing projects. According to the Royal Institution of Chartered Surveyors (RICS), only 66,200 homes have been built across the UK since the start of this year and next quarter fewer than 25,000 properties are expected to be delivered.

The effect of supply and demand varies locally and in London property prices are cushioned from the downward pressure that is seen in many regional cities. This regional disparity is reflected anecdotally by professionals operating in the market. Neil Young, points out; *"Dealing with property and land agents, mortgage lenders and the major banks on a daily basis, it is clear that London stands apart from the rest of the UK and almost without exception, the sector is focusing on the capital."*

"The demise of Inside Track and Grant Bovey's Imagine Homes being handed to HBOS sends negative messages. But their business models did not focus significantly on the London market and their exposure in regional locations where there became an over supply of property driving down prices was not insignificant. At a time when property valuations at completion are vital to purchasers being able to secure funding to complete their transaction, the businesses proved unsustainable."

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This does not mean that buy-to-let is dead. “Investing in property to rent out is probably the world’s second oldest profession. As long as investors approach property investment with the same analytical and practical mindset as they would any other asset class, there are good long term gains to be made,” believes Young Group’s Neil Young.

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About Young Index

Young Index is a quarterly gauge of market sentiment within the buy-to-let sector, polling Young Group’s client base of around 500 active investors who hold UK investment property.

About Young Group (www.younggroup.co.uk)

Young Group specialises in providing Property Portfolio Management services to private investors, offering the best off-plan direct investment opportunities in London.

Young Group manages the entire investment process from sourcing the opportunities through to financing (**Young Finance:** www.youngfinance.co.uk), furnishing (**Young Furnishing:** www.youngfurnishing.co.uk) and letting (**Young London:** www.younglondon.co.uk). 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 London estate agency 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. 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), 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.
- Young Group’s COO, Sylvana Young, has been named Bradford and Bingley’s **Property Woman of the Year**, 2008 for London.

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 to learn more.

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