



Property Lettings

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Millions of homeowners to benefit from 0.5% cut in base rate

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Realising the seriousness of wider economic conditions, a decision has been made by the Monetary Policy Committee of the Bank of England to cut the base rate in order to bring some relief to millions of homeowners in the UK.

The 0.5% cut will benefit those who are on tracker mortgages. The 50 basis point cut in the interest rates is estimated to save mortgage payers up to £800 a year, based on the average priced UK home.

Neil Young, who is CEO of Young Group which provides Property Portfolio Management services to investors, had his fingers crossed. He commented that time alone would tell if the half per cent cut would be reflected in standard variable rates charged by the lenders. He added that the Monetary Policy Committee had been historically making 25 basis point rate adjustments. The October 8 decision of 50 basis point reductions and announcement of £50bn bank rescue package was an attempt to jolt the economy.

Neil Young believes that there is a marked change in the wider economy conditions since setting of 5% rate in April. He thinks that at this stage of economy such a rate cut would be more meaningful without upsetting government's inflation target.

Least concerned with what experts say, home-owners on a tracker mortgage will be happy to reap immediate benefits from 0.5% cut in the base rate.