

## Kitchen, Bedroom & Bathroom News

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### Base Rate Cut – a mixed blessing?

Today's decision to reduce the base rate by 0.5% to an all time low of 1.5% was widely anticipated but base rate cuts alone are no longer an effective economic tool, according to a leading property portfolio management company.

Neil Young, CEO of property portfolio managers, Young Group, believes that with rates so low, and with little scope to fall further, lenders now have more certainty; 'with rates reaching a new low, there is a limit as to how much further they can fall.

'This enables lenders to increase the confidence of their forecasts when planning product for the year ahead and should lead to an increase in their willingness to lend.'

However the great unknown is if it will give consumers the confidence to take out new loan agreements for substantial home improvements – if they can get their hands on one?

Those who are already skating on financial thin ice are unlikely to rush out to their local KBB showroom.

But perversely, the spate of interest rate reductions that have knocked the stuffing out of savings, may encourage those with a few bob in a building society to 'invest' the money in a decent kitchen or bathroom.

After all, if it's not earning that much in a savings scheme, improving the home one is going to live in for the foreseeable future sounds like a plan with the legs to run, or at least walk briskly.