



YOUNG GROUP®

Property Portfolio Managers

## PRESS INFORMATION

5 February 2009

### The Bank of England's 0.5% Base Rate Cut will not Increase Liquidity, nor Help Savers

**It was widely predicted that the UK's Bank of England Monetary Policy Committee (MPC) would announce a further cut in base rate today. In line with consensus predictions, the rate has been reduced by 50 basis points, bringing the base rate down to a new all time low of just 1%.**

Neil Young, CEO – [Young Group](http://www.younggroup.co.uk), is concerned that this month's cut in the UK's base rate will not have the impact that the Bank of England hopes. *"The further cut in base rate will benefit those lucky enough to be on tracker mortgages and some on standard variable rates if the lenders opt to reduce their rates, but in total that's only around 35 per cent of mortgage holders."*

Up to 65 per cent of borrowers will see no benefit from the Monetary Policy Committee's (MPC) decision and are not in a position to change their mortgage for a more favourable product due to lenders' restrictive lending criteria.

*"The economy is crying out for liquidity but successive cuts in base rate have not made an appreciable impact on lenders' willingness to provide credit. Whether purchasers and homeowners are looking for mortgages or businesses are seeking funding, lenders are still placing restrictive hurdles in their path,"* continued Young.

Lenders are coming under increasing pressure to lend as a result of the increase in margins brought about by interest rate cuts and further falls in base rate will only increase calls for them to free-up their lending. But, arguably, lenders are in need of increased margins to cover the effect of previous toxic lending. Until they are back on a more even footing, or forced by the treasury to increase liquidity by relaxing their lending criteria, base rate cuts will not mean wider mortgage choice for borrowers or easier access to finance for businesses.

Meanwhile, much press attention has been given to savers who are seeing the interest generated by their deposits dwindle in the face of falling savings rates. But commenting on the issue, Neil Young points out, *"The alternatives to saving – which is generating little return due to low interest rates – are to spend or to invest, both of which provide economic stimulus and could aid the wider economy."*

**-ends-**

**Source:** Building Societies Association, [www.bsa.org.uk](http://www.bsa.org.uk)

**About Young Group** ([www.younggroup.co.uk](http://www.younggroup.co.uk))

Young Group specialises in providing Property Portfolio Management services to private investors, offering the best 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](http://www.youngfinance.co.uk)),

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furnishing (**Young Furnishing:** [www.youngfurnishing.co.uk](http://www.youngfurnishing.co.uk)) and letting (**Young London:** [www.younglondon.co.uk](http://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](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.
- Young Group's COO, Sylvana Young, was named **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](http://www.younggroup.co.uk) to learn more.

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