

6 March

## UK's Lower Base Rate Widens Divide Between Mortgage 'Have' and 'Have Nots'

The UK's Bank of England Monetary Policy Committee (MPC) has reduced base rate by a further 0.5% and voted to begin quantitative easing, a less conventional economic stimulus to increase the money supply.

[UKPRwire, Fri Mar 06 2009] Neil Young, CEO – Young Group, believes its greatest impact will be to broaden the divide between the mortgage 'have' and 'have nots'. Those with existing mortgage loans will see a benefit but first time buyers or those looking to secure a new mortgage still face hurdles that are not helped by a reduction in base rate.

"The fall in interest rates is good news for those who already have a mortgage in place but is adding to inertia in the market. Lower base rates are no incentive for first time buyers, nor those seeking new mortgages, as tough lending criteria mean they remain out of reach to all but those with significant deposits or equity," commented Neil Young.

The current low interest rate regime is widening the gap between those with and without mortgages as increasing numbers of mortgage holders continue to benefit from unprecedentedly low rates.

"As more and more existing borrowers come to the end of fixed rate deals and transfer onto lenders' low standard variable rates, they will join those on tracker deals in paying less in mortgage interest," points out Neil Young.

By way of example, borrowers who took out 2 year fixed rate deals two years ago - and are at the end of their deal - are benefiting from standard variable rates that are lower than the fixed rate they had been paying.

Our research shows that in transferring from a fixed rate onto standard variable rate, these borrowers are achieving savings of around 40% on their mortgage outgoings; good news for owner occupiers and great news for investors who see an immediate increase in cashflow.

Neil Young continues, "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."

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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)), 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 is the principal stakeholder in most transactions and also retains a number of units in each development for its own portfolio. As the principal, Young Group does not realise 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 business, 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.