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

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 cash flow.

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.'

About Young Group Young Group specialises in providing Property Portfolio Management services to private investors, identifying the best off-plan opportunities in London on their behalf and managing the entire investment process - from sourcing the property through to financing, furnishing and letting.

Young Group is a wealth manager with a focus on property as an asset class. Young Group owns all the property it sells, and also retains a number of properties for its own portfolio. As the principal in every transaction, Young Group does not realise any profits until completion, giving investors 100% confidence that properties will 'value up' and that financing will be secured.

Young Group has transacted in excess of 1,500 apartments, with a retail value of GBP630m. The majority of our units are bought by clients for their private portfolios. The Group's lettings division, Young Lettings, has successfully let all investors' apartments within a week of completion. For each property exchange, Young Group donates GBP50 to Children with Leukaemia, the UK's leading charity dedicated exclusively to fighting Britain's biggest childhood cancer through pioneering research, new treatment and

support of children with Leukaemia and their families, and to Norwood, the Children and Families First charity which provides support to families facing social difficulties.