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From Young Group

PRESS INFORMATION
01 October 2009

Buy-to-Let landlords remain jaded by the mortgage market and sit tight on their property investments

Young Index results for Q3 2009 from Young Group show that buy-to-let investors are no longer reviewing the mortgage market on a regular basis and intend to hold onto their assets for the long term.

Results for Q3 2009 from the Group's Young Index survey of investor market sentiment show that fewer than 1 in 3 residential property landlords are tracking their mortgage options on a regular basis and only 11% are assessing the market as regularly as every three months.

This is the second consecutive quarter to see such a low proportion of investors tracking their options (Q2 2009 results was 12%) and represents a sea change from the situation in Q2 2008 when 65% of respondents were evaluating the market on a quarterly basis.

Only 29% of respondents now evaluate their mortgages at least every 6 months, compared to 82% of investors who were actively tracking new deals in Q2 2008. Worryingly, at the end of Q3 2009, 27% of investors admitted to evaluating their mortgages less frequently than once a year.

The Young Index data for Q3 2009 points to investors sitting tight; the average length of time that respondents expected to retain individual property assets stood at 12 years, up from an average of 10 years in Q3 2008.

Neil Young, CEO of Young Group, commented; *"Young Group's research suggests that investors are fully aware of the constricted conditions in the mortgage market; 57% cited difficulties in obtaining mortgage funds as the principal barrier to investment property acquisitions. It seems they may be jaded by current lending conditions and have taken their eye off the ball when it comes to tracking the mortgage market."*

There may also be a general assumption that with base rate currently at an all time low, dropping onto a lender's Standard Variable Rate at the end of a deal is the best option, but this may not automatically be the case.

Neil Young, summed up; *"Just because there are fewer mortgage products available, investors shouldn't take their eye off the ball. Arguably, now is the time to be paying MORE attention to the mortgage market to avoid the risk of losing out when base rate inevitably rises in the future."*

Young Index: Headline Results for Q3 2009

- 98% of investors intend to hold their residential property investments for the next 12 months. 44% intend to hold their assets for at least 10 years (up from 41% in Q2 2009) and 27% of private residential property investors intend to retain their property investments for the next 20 years or more (up from 25% last quarter).
- On average, residential property investors now intend to hold their investment assets for

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the next 12 years, two years more than this time last year.

- 53% of investors are considering purchasing additional residential property assets within London during the next 12 months, compared to 26% who are looking at opportunities in the UK outside of the capital.
- The outlook for London property prices is stronger than for the rest of the UK. 77% of investors believe that London prices will be at current levels or higher by this time next year (up from a low of 36% in Q4 2008).
- The expectation for the pace of property price recovery is conservative. Landlords forecast an average property price rise of 0.73% for London property – and a fall of 1.62% for UK property outside the capital.
- 51% expect UK property prices outside of the capital to be at current levels or higher within 12 months; the first time since the start of the credit crunch that the majority of respondents point to a UK-wide positive price sentiment.
- 22% of respondents expect the Bank of England base rate to be at the current all time low of 0.5% in 12 months time and 98% believe that it will remain below 2.0%, well below the long term average of 5.0%. According to Young Index Q3 2009, the average interest rate outlook for Q3 2010 is 1.16%.
- 57% of respondents cite a lack of lending in the mortgage market as the principal barrier to investment property acquisitions.

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About Young Index

Young Index is a quarterly gauge of market sentiment within the buy-to-let sector, polling Young Group's client base of around 500 active investors who hold UK investment property.

About Young Group (www.younggroup.co.uk)

Young Group specialises in delivering Property Portfolio Management services to private and institutional investors. The Group's activity spans the entire investment cycle from identifying opportunities and financing their acquisition, through to managing the asset (furnishing through Young Furnishing; tenanting through Young London; financing/refinancing through Young Finance), regularly reviewing the performance of the property holdings and advising on strategic direction, through to realising returns in the most tax efficient manner. Young Group supports NORWOOD and CHILDREN with LEUKAEMIA, charities doing valuable work which is particularly close to our hearts.

Visit www.younggroup.co.uk to learn more.

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