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## Interest rate increase 'expected by investors'

Debtors could see interest rates increase over the next year if the expectations of residential property investors hold true.

The latest Young Index investor sentiment survey by the Young Group revealed this sector anticipates an increase to the Bank of England's base rate of 0.7 percentage points during the next 12 months, reaching 1.2 per cent by the third quarter.

Historically low interest rates, seen for much of this year, have made it easier for some to make inroads into their debt, with those on tracker mortgages finding themselves with money left over from their monthly repayments.

And while an increase over the next four quarters will affect this, a base rate of around 1.2 per cent would still be considerably more favourable for this segment than the five per cent rate of the third quarter of 2008.

Young Group chief executive Neil Young explained that small increases are to be expected with the economy emerging from recession, adding that the Bank's Monetary Policy Committee is not likely to make any changes to the base rate until it has finished its quantitative easing programme.

By Chris Trimble