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Interest Rates: Base Rate Held at 0.5%

Interest Rates: The Bank of England made no surprises today by announcing that interest rates would remain at 0.5% for October.

"Today's announcement comes as no surprise," said Neil Young, CEO of Young Group. "Base rate is unlikely to change until the Bank of England's Quantitative Easing policy has ceased and, as expected, the Monetary Policy Committee (MPC) has delayed making any decision regarding changes to its Quantitative Easing programme until after next month's quarterly inflation report."

Interest Rates: October's Base Rate Held at 0.5%

Despite the freeze on interest rate rises many residential property investors are mindful that rates will not remain at the current historic low forever. Results from Young Group's latest Young Index investor sentiment survey show that residential property investors expect the base rate to rise over the coming year to stand at just over 1% by the third-quarter of 2010.

"Investors expect to see an upward movement in base rate from the current historic low of 0.5%," continued Young, "but that the uplift will be gradual, as you would perhaps expect when emerging from an economic downturn."

Other leading mortgage and property market experts were not surprised by the 'non-event' of October's interest rate decision, many are quick to point out that for the first time in over a year the mortgage market is finally beginning to revive.

"There is at last some action back in the mortgage market," Ray Boulger of leading UK mortgage broker John Charcol told Better Money Advice after the interest rate announcement.

"September saw the usual seasonal upturn and over the last few days we have at last started to see some real competition from lenders, albeit primarily for lower Loan-to-Value (LTV) business. Woolwich, Northern Rock, Abbey, Alliance & Leicester, Principality and Coventry have all announced cheaper deals this week which is good news for borrowers."

Interest Rates: Fixed Rate Mortgages or Tracker?

Boulger stressed that although the cost of fixed rate mortgages has fallen over the last month, they still look expensive compared to tracker and discount rate mortgages.

"Variable rates continue to look more attractive for those borrowers who don't need or want the security of a fixed rate," he said.