

8 October 2009

Interest rate remains at 0.5%

David Hatcher

The Bank of England's Monetary Policy Committee today voted to maintain the base rate at 0.5%.

The level has remained the same since a drop of 0.5% in March.

Sonya Kapur, Investment Analyst at BNP Paribas Real Estate said of the announcement:

"While interest rates are likely to stay low and quantitative easing set to increase at some point over the next twelve months, for now the more pressing issue for commercial property is the exchange rate, which is currently weak against the Euro.

This will help prop up the commercial property market by attracting more overseas investment, the main driver so far in the recovery. It will also help newly formed overseas opportunity funds purchase property with a further discount."

Readers' comments

- **Neil Young - Young Group** 14:02 | 08.10.09

Today's announcement comes as no surprise. Base rate is unlikely to change until the Bank of England's Quantitative Easing policy has ceased and, as expected, the Monetary Policy Committee has delayed making any decision regarding changes to its Quantitative Easing programme until after next month's quarterly inflation report. However, we're seeing that 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 Q3 2010. Our Young Index results show that investors expect to see an upward movement in base rate from the current historic low of 0.5%, but that the uplift will be gradual, as you would perhaps expect when emerging from an economic downturn.