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Property investors predict base rate of 1.2% by Q3 2010

As widely expected, the Bank of England's Monetary Policy Committee (MPC) elected to hold the base rate at its current level of 0.5% during October, but property investors are preparing themselves for a rise.

Neil Young, CEO of Young Group, commented; "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, 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.

Neil Young continues; "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."