



**16 December 2009**

## Top of Landlords' Christmas List: Wider Mortgage Choice

### **Results from the latest Young Index show that 'wider choice of mortgage finance' is top of our residential Landlords' Christmas Wish List.**

This quarter's finding from Young Group's market sentiment survey indicates that despite a small increase in the volume of mortgage products on the market, increasingly, all landlords want for Christmas is a wider choice of appropriate mortgage finance.

It was the top choice of landlords, with 39% putting it top of their wish list (compared to 28% in Q4 2008). Perhaps in response to recent housing price data, which has seen stabilisation and small rises, 'house price stability' was knocked from last year's number one position by 'wider mortgage choice'.

Also more important to landlords this year was their own 'job security' indicating that there is still uncertainty over employment in the minds of residential property investors. Those choosing 'job security' as the most desirable option rose by 6% to 27% in the past 12 months, and shifted up from third to second place on the Young Index Landlords' Christmas Wish List.

It seems that the landlords questioned are yet to get behind the 1808 Coalition's push for stamp duty reform. It languishes at the bottom of the Landlords' Christmas Wish List with just 4% picking it as their first choice.

Landlords were also relatively uninterested in 'further reductions in base rate' with only 7% putting an interest rate cut at the top of their list; unsurprising with base rate remaining at an all time low of 0.5%.

Neil Young, CEO of Young Group, summed up, "Our annual Landlords' Christmas Wish List is a fun but insightful snapshot into the state of the property market and the wider economy, as seen through landlords' eyes."

### **Young Index: Headline Results for Q4 2009**

- 99% of investors intend to hold their residential property investments for the next 12 months. 49% intend to hold their assets for at least 10 years (up from 44% in Q3 2009) and 22% of private residential property investors intend to retain their property investments for the next 20 years or more.
- On average, residential property investors now expect to hold their property investment assets for the next 12 years, two years longer than this time last year.

- 59% of investors are considering purchasing additional residential property assets within London over the next 12 months, compared to 43% who are looking at opportunities in the UK outside of the capital. This compares to 33% and 8%, respectively, in Q4 2008 and is a continuation of last quarter's upward trend.
- The outlook for London property prices remains stable and is stronger than for the rest of the UK. 76% of investors believe that London prices will be at current levels or higher by this time next year (up from a low of 36% this time last year).
- An increasingly large proportion of respondents (60% in Q4 2009, compared to 51% in the previous quarter) believe that UK property prices outside of the capital will rise within the next 12 months.
- The expectation for the pace of property price recovery remains conservative. Landlords predict that average property prices across London will stand 0.7% higher by the end of 2010 – but that outside the capital, the UK will see a fall of 1.0% over the same period.
- Perhaps unsurprisingly, 76% of respondents expect the Bank of England base rate to be higher than the current all time low of 0.5% by the end of 2010. But only 6% of respondents believe that it will have risen to more than 2.0% by the end of 2010, well below the long term average of 5.0%.
- According to latest Young Index results, the average base rate expectation for Q4 2010 1.1%.
- Despite reports of mortgage finance becoming more widely available of late, 39% of respondents cite a lack of appropriate mortgage finance as their current main concern, compared to just 28% this time last year.
- Pointing to an increasingly positive outlook towards property prices, currently only 16% of landlords are hoping to see greater house price stability in the New Year, a marked swing from the 36% who hoped for increasing stability in Q4 2008.