



**YOUNG GROUP**<sup>®</sup>  
Property Portfolio Managers

## **PRESS INFORMATION**

6 January 2010

### Property Owners Predict Small Base Rate Rise of 0.6% Through 2010

**It's not only economists and industry commentators who expect little change to the base rate through the course of 2010. Property owners also believe that there will be only a slight rise in the cost of borrowing over the next 12 months as the Government battles to get the economy back on track.**

Results are from the latest Young Index (for Q4 2009) of market sentiment from Property Portfolio Managers, Young Group. They show that although 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, only 6% of respondents believe that it will have risen to more than 2.0%, 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%, a rise of only 0.6% from the current level.

Neil Young, CEO of Young Group, commented; *"Certainly in the short term, the Bank of England's Monetary Policy Committee is unlikely to make any significant change to the base rate. Despite beginning its programme of quantitative easing back in March 2009, the full impact is still yet to be assessed. The MPC is likely to hold off announcing further changes until it has access to next month's quarterly inflation report which will provide a full update on the state of the economy."*

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

- 99% of landlords 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 landlords 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.

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- 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.

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### **About Young Index**

Young Index is a quarterly gauge of market sentiment within the private rented sector, polling Young Group's client base of around 500 active investors who hold UK residential investment property.

### **About Young Group ([www.younggroup.co.uk](http://www.younggroup.co.uk))**

Young Group specialises in delivering Property Portfolio Management services to private and institutional investors. The Group's activity spans the entire investment cycle from identifying opportunities and financing their acquisition, through to managing the asset (tenanting through our [Sunday Times' award-winning agency](#), **Young London**; furnishing through **Young Furnishing**; financing/refinancing through **Young Finance**), regularly reviewing the performance of the property holdings and advising on strategic direction, through to realising returns in the most tax efficient manner. Young Group supports NORWOOD and CHILDREN with LEUKAEMIA, charities doing valuable work which is particularly close to our hearts.

A high resolution image of Neil Young, CEO of Young Group is available upon request.

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