

PRESS INFORMATION

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Property Owners Predict Near Stable Prices for 2010

Results from the latest Young Index show that homeowners forecast 2010 to be a year of consolidation and stability in the residential property market.

Far from the large property price changes foretold at either extreme of the wide ranging predictions made by agents, lenders and economists, the man in the street expects UK house prices to fall by a modest 1.0% during the course of 2010. London, on the other hand, is predicted to perform slightly stronger than the national average by charting a growth of 0.7%.

Forecaster (annual price change, 2010)	UK	London
Young Index ¹	-1.0%	+0.7%
Knight Frank ²	-3.0%	+3.0%
Cluttons ³	-1.5%	+2.6%
Savills ⁴	-6.6%	-1.0%
Jones Lang LaSalle ⁵	-7.0%	-6.0%
Rightmove*	-10.0%	n/a
DTZ*	+2.5%	n/a
Nationwide*	-10.0%	n/a
CEBR*	+4%	n/a
Citigroup*	+5 to10%	n/a

Sources:

1. Young Index sentiment survey, Q4 2009 (December 2009)
 2. Residential Market Forecast (October 2009)
 3. Residential Property Forecasts (November 2009)
 4. Residential Property Focus (November 2009)
 5. UK Residential Market Forecasts (November 2009)
- * Press Report

Neil Young, CEO of Young Group, comments, "*Young Index directly polls the opinions of property owners – people who own their own homes and also investment properties – and it's clear that they remain cautiously optimistic, expecting prices to remain relatively unchanged during 2010. Interestingly, Young Index reveals that London is expected to out-perform the rest of the UK and is set to lead the market recovery.*"

The consolidation indicated by average price expectations is also reflected by the fact that 59% of those questioned are considering purchasing additional residential property assets to rent out 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.

However, the lack of buy-to-let mortgages is of increasing concern to UK residential landlords, more so than any other aspect of the rental sector. When asked what improvement they would most like to see in 2010, 39% indicated that they long for more buy-to-let finance options. This is a significant increase on the fourth quarter of last year, when 28% picked the lack of buy-to-let mortgages loans as their major concern.

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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.

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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)

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,

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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.

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