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Guest article from Platinum Property Partners: Base rate cut and £50bn cash injection - what does it all mean for the Buy to Let Sector?

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Have you seen our exclusive interview about maximising your buy to let potential with Sarah Walker of Platinum Property Partners?



The Bank of England's decision last week to cut half a percent off the base rate was swiftly followed by most of the big players in the mortgage market announcing they would be passing on the reduction to their customers.

Good news for people already on variable or tracker rates, with the average repayments on a £150k mortgage falling by around £500 a year, but does it really mean that much to the buy-to-let sector?

The Government's bank bail-out plan is intended to restore a bit of confidence to get them lending to each other again, but it's been reported that many commercial banks are still expecting to tighten the availability of credit for businesses and homeowners for the rest of the year.

So far the banks' fear of risky lending has led to many buy-to-let products being withdrawn, the most notable example being the recent exit from the marketplace of Mortgage Express, widely regarded as one of the most 'buy-to-let friendly' lenders. At the moment it's still possible to get an 85% loan to value, although rates are not terribly favourable, and most are fixed with tie-ins.

The long and short is for the moment we just have to accept that we're not going to get terribly good finance deals and in the short term - certainly the first 6 months from completion - we'll have to tie up more capital than is preferable.

But with some excellent opportunities for acquiring properties that will produce very good cashflow, for well under what you might pay in a buoyant market, it's well worth persevering with purchasing. There are options you can consider for getting hold of passive investment to fund purchases, and still some financing strategies which can reduce your capital input, and in six or twelve months there are likely to be better options for refinancing and extracting much of that capital.

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Guest article submitted by Sarah Walker of Platinum Property Partners.