

**PARAGON MORTGAGES PRESS RELEASE
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LANDLORDS PLAN AHEAD TO MITIGATE TAX RELIEF CHANGES

- Six out of ten landlords taking action ahead of tax relief changes
- More landlords willing to buy, fewer expecting to sell
- Landlord optimism shows modest improvement

Paragon Mortgages' latest Private Rented Sector (PRS) Trends report, based on interviews with a panel of more than 200 experienced landlords, shows a modest improvement in optimism among landlords as they begin to take action ahead of changes to tax relief.

Despite turbulence following announcements from the Government in 2015 that tax relief on buy-to-let mortgage interest would be reduced and stamp duty increased, 22% of landlords surveyed are now more optimistic as they come to terms with the impending changes. While the majority (65%) of landlords report no change in sentiment, 12% still said that, compared with three months ago, they are now more pessimistic, down from 18% three months ago.

This coincides with rising levels of awareness about the implications of the tax relief changes, with the policy due to be phased in from April 2017, as 58% of landlords reported having already, taken or are making plans to take, action ahead of time.

The most commonly reported actions have been to increase the rent charged to cover some or all of the increased cost (24%), to maintain their current properties but not buy any more (21%) and to sell some of their properties and not buy any more (16%).

As a result, buying intentions, which remain some way off their peak, are slightly improving, with 13% expecting to purchase buy-to-let property in the next quarter, up from 11% in Q3. While a higher proportion (17%) of landlords expect to sell, this is down from 21% three months ago.

As is expected in the current landscape, tenant demand remains high, with 94% of landlords describing the market as stable or growing, and fewer than one in 30 suggesting a decline. Tenant demand continues to impact average void periods, which remain unchanged at 2.7 weeks.

John Heron, Managing Director, Paragon Mortgages, said: “We’ve reached a critical time for landlords looking to plan ahead and this is reflected in the Q4 report. It’s clear that landlords’ understanding of the changes has improved and that more landlords are developing a clear strategy to address the impact of the changes.

“However, despite increasing optimism, we must remain cautious. The changes have not started to be implemented yet and the full impact will not be felt for many years. Whilst it is predictable that landlords will seek to increase rents in response to higher costs this clearly will not be good news for tenants, particularly those that are already struggling to save for a deposit.”

[Click here](#) to see the full PRS Trends Q4 2016 Report.

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NOTES TO EDITORS

Paragon Mortgages is a leading provider of buy-to-let mortgages delivering lending solutions designed for professional landlords with more complex requirements. These include lending to limited companies as well as private individuals, lending on more complex property including HMO's and multi-unit blocks, higher aggregate lending limits and the ability to accommodate more complex letting arrangements including local authority leases and corporate leases along with standard ASTs.

Paragon Mortgages introduced its first product aimed at the professional property investor in 1995 and is a member of the Council of Mortgage Lenders (CML), the Intermediary Mortgage Lenders Association (IMLA), National Landlords Association (NLA) and the Association of Residential Letting Agents (ARLA).

Paragon Mortgages is part of The Paragon Group of Companies, a FTSE 250 company and a specialist provider of finance.

In February 2014 Paragon Group launched its banking subsidiary, Paragon Bank PLC. It is a retail-funded lending bank with a direct-to-consumer Internet platform for savings. Its loan products are distributed via intermediaries. The Bank is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.