

PARAGON MORTGAGES PRESS RELEASE 20 FEBRUARY 2013

AVERAGE RENTAL YIELDS REMAIN HIGH

- Landlords achieve average yield of more than 6% in 2012
- Consistently high yields attracting new investors
- East Midlands deliver highest yield at 7.5%*

Landlords achieved, on average, a rental yield of 6.3% in 2012 research commissioned by specialist lender Paragon Mortgages has revealed.

The landlord survey, carried out by BDRC Continental, showed that landlords achieved a consistent average yield throughout 2012, peaking at 6.7% in Q3 and for the remaining quarters reaching 6.2%.

Landlords in the North East achieved the highest average yield in 2012 at 6.6%, followed by landlords in the East of England with an average yield for the year of 6.5%.

The London rental market has remained strong throughout the past 12 months, with tenant demand reaching new peaks in the capital. The average yield achieved by landlords in London (central) in 2012 was 6.4%.

In Q4 landlords in the East Midlands reported yields of 7.5%*, followed by London (central) with 7.0% and landlords in the North West taking third place with an average yield of 6.8%.

Typically, the average yield a landlord generates gives a good indication of how their property portfolio is performing in the rental market.

John Heron, Director of Mortgages, said: "The average yield on residential property has remained consistent during 2012. Yields are a critical measure for landlords and would-be landlords in assessing the relative value of an investment in property. With returns on cash falling in recent months and continuing high demand for rented property it is not surprising that we are seeing an increase in activity from both new and existing landlords."

Average rental yields in Q4:

| Region | Average yield |
|----------------------|---------------|
| East Midlands | 7.5%* |
| London (central) | 7.0% |
| North West | 6.8% |
| North East | 6.7%* |
| East of England | 6.5%* |
| South West | 6.3% |
| West Midlands | 6.2% |
| London (outer) | 6.1% |
| Wales | 5.6%* |
| Yorkshire and Humber | 5.0%* |

^{*}Small base, directional only

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NOTES TO EDITORS

<u>Paragon Mortgages</u> is the leading specialist provider of buy-to-let mortgages and is part of <u>The Paragon Group of Companies</u>, a FTSE 250 company. Paragon's product range caters for both professional and smaller scale landlords. 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) Lenders' Panel.