



**PARAGON MORTGAGES PRESS RELEASE
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Rents hold steady regardless of stronger house price inflation

- Average rental yields 6% in Q3
- Less disparity in yields across regions
- Best yields generated in specialist sectors

Landlords reported that they generated an average yield of 6% in the third quarter of the year.

The BDRC Continental Landlords Panel survey, commissioned by specialist buy-to-let lender Paragon Mortgages, revealed that the sample of landlords who took part achieved a 6% yield across their rental portfolios in Q3. This compares to 6.1% in Q2 and 6.7% this time last year.

Over the past 12 months the survey has found that landlords are reporting a more even spread across the country in terms of average rental yields.

The yield a property generates is expressed as the annual rent as a percentage of the current value and is quoted as "gross", that is before any costs are taken into account. It is often used to compare the potential returns on a buy-to-let investment with other asset classes and returns on cash.

There is now less regional diversification of the yield achieved, with the spread in 2012 being larger, up to two percentage points difference between some areas. This spread has now narrowed to less than 1%.

Other findings from the quarterly survey showed that larger rental properties such as HMOs continue to achieve high yields – 7.1% in Q3. Migrant workers and students were the tenant types that generated the healthiest yields during the quarter – 7% and 6.6% respectively.

John Heron, Director of Mortgages, said: "Yields have remained stable over the past 12 months and are attractive compared to returns on cash. What we are now seeing is less variation in yields across regions which suggest that we are seeing more consistent rental demand across the country.

“Demand from landlords for buy-to-let property has remained high during 2013 and I expect this will continue as we move into 2014.”

The BDRC Continental Landlords Panel survey was completed by more than 1,000 landlords. Average gross rental yield data taken from the sample is directional only.

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NOTES TO EDITORS

Paragon Mortgages is a leading specialist provider of buy-to-let mortgages and is part of The Paragon Group of Companies, a FTSE 250 company. Paragon’s product range caters for both professional and private investor 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.