



**PARAGON MORTGAGES PRESS RELEASE
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Q2 REVEALS REDUCED REMORTGAGE ACTIVITY

- Proportion of all remortgages down by 6%
- Buy-to-let, first time buyer and first time landlord mortgages steadily increase
- 4% decrease in proportion of buy-to-let remortgages

As shown in the latest research from buy-to-let specialist Paragon Mortgages, the proportion of all remortgages handled by intermediaries in Q2 reduced by 6% over the past year, from 36% in Q2 2013 to 30% currently.

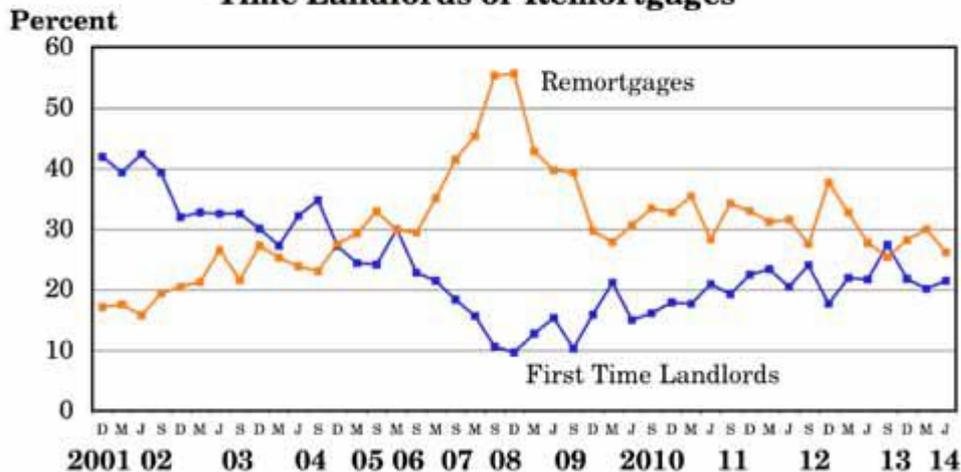
Although remortgages remain the most common form of mortgage borrowing, our research highlights a 4% drop in the number of remortgages processed over the past three months.

In comparison, there has been a 2% increase in the proportion of buy-to-let mortgages processed since Q1, accounting for nearly a quarter (23%) of all mortgages. As well as this, intermediaries have reported a slight increase in the proportion of mortgages for first time buyers over the past year, from 17% in Q3 2013 to 19% currently.

According to our panel of intermediaries, at buy-to-let level the proportion of remortgages fell by 4% over the past quarter from 30% to 26%. This more than reduces the changes seen in Q1 where the proportion of buy-to-let remortgages rose from 28% to 30%.

On the other hand, the proportion of buy-to-let mortgages processed for first time landlords has slightly increased from 20% in Q1 to 22% currently. This reverses the change seen in Q1 where first-time landlord mortgages were down to 20% from 22% in Q4 2013.

Proportion of Buy to Let Mortgages which are for First Time Landlords or Remortgages



John Heron, Managing Director of Paragon Mortgages, said: "The declining proportion of remortgages against the increased proportion of first time buyer mortgages represents a continuation of a trend that has been apparent over the past couple of years as the market has gathered momentum.

"It is promising to see an overall increase in the proportion of buy-to-let mortgages being processed, which again highlights the steady growth we are experiencing in the market.

"There is a clear declining trend in buy-to-let remortgages, with the proportion having dropped significantly since a pre-crisis peak in 2007/08 followed by a steady and continuing decline.

"It is also a positive step to see some growth in the number of first time landlords seeking buy-to-let as new blood in this market is important to a strong sustainable future for the private rented sector."

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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.