

**PARAGON MORTGAGES PRESS RELEASE  
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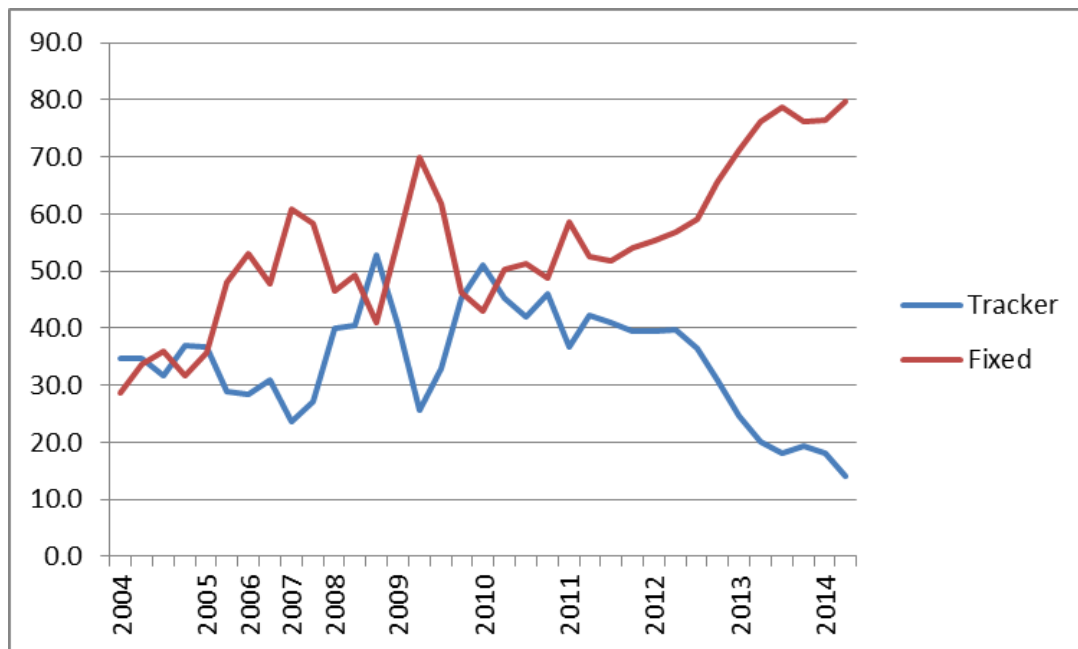
**FIXED RATE AND LONGER-TERM PRODUCTS HIT THE MARK WITH BORROWERS IN Q2**

- Take up of tracker products reduces by 4% in Q2
- Number of fixed rate products issued continues to increase
- Two year initial terms remain most popular among borrowers
- Popularity of three year and five year terms increases

In the second quarter there was a 4% reduction in the number of tracker products being processed by intermediaries, which is a second successive fall in numbers for this interest rate type.

Specialist buy-to-let lender Paragon Mortgages' quarterly intermediary survey, which has been tracking trends in the intermediary sector for both residential and buy-to-let mortgages since 1995, revealed an increase in the proportion of fixed rate products being processed in Q2, rising to 80% of intermediary mortgage business from 77% in Q1.

Over the last ten years, movements in applications for tracker and fixed rate products processed by intermediaries have largely mirrored each other, which continued to be the case for Q2.



For initial product periods, two year terms continue to be the most popular among borrowers, accounting for nearly half (49%) of all fixed rate and tracker mortgage cases, followed by five years at 30%.

However, since Q1, the proportion of two year initial terms has fallen from 53% to 49%, which is the second successive fall in popularity for this length of term. In comparison, there has been a further rise in borrowers taking out five year terms, increasing for a second time from 24% in Q4 2013 and 28% in Q1 2014, to 30% in Q2.

John Heron, Managing Director of Paragon Mortgages, said: "It remains no surprise to see that fixed rate mortgages are increasing in popularity. With the prospect of impending interest rate rises in addition to continued market fragility in many areas, many borrowers are opting for a less risky and more predictable approach.

"The decrease in two year initial terms reflects the increasing popularity of three and five year options. This shows that longer initial terms are increasing in popularity among borrowers, despite two year terms holding the top spot. It is encouraging to see further improvement in the numbers of longer-term cases being processed. This also reflects the continued more cautious attitude among borrowers, considering the greater stability and predictability provided by longer-term options."

## **ENDS**

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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.