



**PARAGON MORTGAGES PRESS RELEASE**  
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## **INTERMEDIARIES REPORT CLEAR TRENDS IN MORTGAGE PRODUCT PREFERENCES**

- Fixed rate mortgages remain most popular products
- Preference towards longer-term fixes increases
- Capital and interest is the most popular repayment type

There is a clear preference among borrowers for fixed rate mortgages in the wider mortgage market, accounting for 77% of intermediaries' mortgage business, according to the latest research from buy-to-let specialist Paragon Mortgages.

The popularity of fixed rate products has remained consistently high over the past 12 months. The research, involving a panel of 200 intermediaries, also shows that tracker products accounted for 18% of their buy-to-let mortgage cases in Q1, which is a slight decrease from the 19% reported in Q4 2013.

Although two year fixes continue to be the most popular length of an initial fixed period, accounting for around 53% of the panel's business, the proportion of cases has decreased by nearly 2% over the past three months. In comparison, the proportion of five year initial fixes has risen by almost 4% from around 24% in Q4 2013 to around 28% in Q1.

Intermediaries have also reported a clear preference among borrowers for capital and interest mortgages, accounting for around 77% of all mortgage repayment business. This is a significant increase of around 17% since 2008, which is largely due to increased regulatory pressures and more prudent lending practices following the onset of the financial crisis. This is mirrored by a gradual decrease in sales of interest only mortgages, reducing by around 12% since 2008. However, over the past three months this trend has started stabilise with interest only sales levelling off.

John Heron, Managing Director of Paragon Mortgages, said: "The continued popularity of fixed rate mortgages is a telling sign that borrowers remain cautious about potential interest rate rises. Fixed rate products provide a measure of security especially as expectation builds of an increase in interest rates.

"Although a modest increase, it is encouraging to see a rise in the number of cases of three and five year fixes. The market is currently dominated by two year fixed rate products. These longer-term products provide borrowers with greater stability and reduce the prospect of payment shock.

"The recent stabilisation of interest only mortgages signifies a slight increase in popularity of interest only for buy-to-let mortgages in particular. However, in general, the more prominent increase in sales of capital and interest mortgages over the last four years reflects the continued market cautiousness among borrowers and an increased vigilance among lenders."

### **ENDS**

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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.