



PARAGON MORTGAGES PRESS RELEASE
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BUY-TO-LET CELEBRATES 18 YEAR MILESTONE

- Buy-to-let market reaches milestone birthday
- Huge changes in sector since inception in 1996
- 4.9 million households now call PRS home

The year 1996 was the year that John Major was in power, a little known band called the Spice Girls stormed the charts and just 4% of the UK population had access to something called the internet. It was also the year that buy-to-let was born.

ARLA and a small select panel of lenders including Paragon Mortgages, were instrumental in recognising the growing demand from private landlords for specifically tailored mortgage finance to help meet the rapidly growing demand for private rented property.

Over the past 18 years the buy-to-let market has developed considerably, supporting growth in the UK's Private Rented Sector (PRS) whilst driving up quality and improving choice and competition. Today the PRS is the second largest housing tenure in the UK – over taking the social housing sector for the first time since 1961 in 2012/2013.

In 1996 there were 2.4 million households in the PRS - 18 years later this has more than doubled to 4.9 million. At the same time the sector has seen the fastest rate of improvement in the quality of accommodation of all three major tenures, and tenant satisfaction in the PRS now exceeds those in the social rented sector.

The profile of tenants living in the PRS has also changed since 1996, with more families living in private rented homes. In 1996, 13% of tenants living in the PRS were families - this has now increased to 20%.

John Heron, Managing Director of Paragon Mortgages, said: “The buy-to-let market has been a force for good for the wider UK housing market. Before the development of buy-to-let landlords had few options when considering how best to finance a rented property. The finance that was available was expensive and poorly matched to the customer’s needs. It was particularly difficult for new landlords to start to build a portfolio.

“Buy-to-let has changed all this. It enabled landlords to access finance that was better designed to meet the specific needs of the rental market at much more competitive interest rates and thus helped expand quality and choice in the PRS.

“Whilst most people continue to aspire to home-ownership, and the mortgage industry plays a critical role in facilitating this, for many the PRS remains a housing choice out of both convenience and need. Mortgage lenders can and do work alongside landlords and the letting agency industry to make sure that renting privately provides safe, efficient and flexible housing for those that rely upon the sector for a home.”

Valerie Bannister, President of the Association of Residential Letting Agents, said: “With the deregulation of the industry through the 1988 Housing Act, combined with the introduction of a suitable financing model through buy-to-let, the private rental sector has grown substantially since the 1990s.

“It’s now a thriving force in our housing market that’s growing year on year. Without a vibrant buy-to-let market, landlords couldn’t provide the much needed, good quality and affordable accommodation for tenants that they do.”

To read Paragon’s 18 years of buy-to-let report click [here](#)

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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.