



PARAGON MORTGAGES PRESS RELEASE
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Financial Advisors' Report High Levels of Confidence and Growing First-Time Buyer Market

- First-time buyer mortgages highest since 2001
- Remortgage levels down
- Five year fixed-rate products growing in popularity

Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) Index, which has been tracking sentiment amongst financial advisors for more than 20 years, reveals a buoyant mortgage market driven by growing volumes of first-time buyer lending.

First-time buyers accounted for nearly a fifth (19%) of intermediary business over the last three months – the highest level since 2001.

The report, based on data gathered throughout Q3, found that intermediaries are dealing with 23.3 mortgage applications per month. This continues a trend in steady growth that has been in place since 2010. Despite a modest increase in Q3, levels of remortgage business remain on a long-term downward trend having dropped from more than 60% of the market in 2008, to 33% now.

Strong tenant demand continues to drive demand for buy-to-let mortgages, with 81% of intermediaries describing demand from landlords as either 'strong' or 'stable'.

The report also shows an increasing bias towards longer-term fixed rates as customers look to mitigate the possible impact of higher interest rates going forward.

John Heron, Director of Mortgages at Paragon, said: "The levels of mortgages intermediaries dealt with during Q3 is indicative of a stronger market with the improvement being driven by a strong recovery in first-time buyer numbers. That said, activity levels remain below the pre-crisis peak of 2008, when intermediaries averaged around 33 applications per month.

“On the consumer side, the expectation of an increase in interest rates would appear to be driving a preference for longer fixed-rate periods. The volume of five year fixes has grown by around 10% since 2013, while numbers of two year fixes are now at their lowest since 2013. We are also beginning to see a dip in remortgage levels which may be driven by lenders working more proactively to retain customers in a competitive market. Low remortgage levels also reflect a proportion of the market which remains on highly favourable ‘legacy deals’, arranged prior to the crash of 2008.”

Key findings from Paragon Mortgages’ latest FACT Index include;

- Fixed rate mortgages are still the most popular option for landlords and their popularity continues to grow. Landlords are also increasingly seeking out longer-terms on fixed and tracker mortgages with those seeking initial periods of five or more years up 4% and a corresponding decrease in those seeking two year terms
- Landlords seeking buy-to-let mortgages for the purpose of expanding their portfolio are down nearly 10% since Q2, while there has been a marked increase in landlords refinancing to secure a better rate

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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.