

**PARAGON MORTGAGES PRESS RELEASE  
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**INTERMEDIARY SENTIMENT IMPROVING, BUT BUY-TO-LET PURCHASES DOWN**

- More than a third (34%) of intermediaries expect business volumes to increase
- Buy-to-let remortgages continue to outperform buy-to-let purchases
- 21.8 mortgages introduced per intermediary office in Q3 2016

Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) Index report, based on interviews with around 200 mortgage intermediaries, reveals an improvement in business sentiment, following several quarters of low confidence.

This improvement comes despite a reduction in the volume of business being written in Q3, with the latest data revealing that the number of mortgages introduced per office has fallen from 24.7 in the previous quarter, to 21.8 currently. There has also been a corresponding decrease in the average number of advisors per office, from 3.7 in Q2 to three currently.

Confidence about future business has shown some improvement however, following a summer of uncertainty created by government interventions in the buy-to-let market, and Britain's vote to leave the EU.

Asked how much mortgage business they expect to complete over the coming quarter, more than a third of intermediaries (34%) said they expect to do more business, compared to 7% who expect to do less. On average intermediaries expect a 2.1% increase in business through the next quarter. Asked the same question in Q2 intermediaries expected an average of 0.8% more business.

Sentiment in the buy-to-let market remains mixed however following multiple government and regulatory interventions. The proportion of intermediaries describing landlord demand as 'strong' or 'very strong' has improved, increasing from 5% in Q2 2016, to 9% currently. However, 46% of intermediaries describe demand for buy-to-let mortgages as 'weak' or 'very weak', indicating that

there is some way to go before sentiment recovers to levels seen prior to recent government announcements on stamp duty and landlord tax relief.

Likewise, nearly half of all buy-to-let business (44%) comprises remortgages, while just a quarter (25%) is for portfolio extension. This figure is down from 26% in the previous quarter, and from 33% in Q4 2015.

John Heron, Managing Director, Paragon Mortgages said: “While there has been some seasonal reduction in business volumes among intermediaries, there has also been a definite improvement in sentiment about likely future business. This comes on the back of a summer of uncertainty in the property market, and the economy more generally, following the vote to leave the EU.

“While any improvement in sentiment is to be welcomed, the latest data does indicate that confidence remains muted, especially in the buy-to-let market. Although intermediaries are reporting an increase in demand from landlords, a growing proportion of this demand is for remortgages and buy-to-let purchases remain at low levels.

“At a time of high demand for Private Rented Sector (PRS) properties, this dynamic could lead to reduced supply, higher rents, and put greater pressure on the housing market.”

**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.