

**PARAGON MORTGAGES PRESS RELEASE
20 DECEMBER 2016**

POPULARITY OF LONGER-TERM FIXES CONTINUES TO GROW

- Advisers recommended five year fixes to a third of clients (32%) in Q3
- Fixed rates recommended in over 80% of cases
- Some fixed rates at an all-time low

Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) Index report, based on interviews with around 200 mortgage intermediaries, reveals that fixed term mortgage products remain the most recommended, with an increased preference for five year fixes evident.

Five year fixes accounted for 32% of product applications submitted by intermediaries in Q3 2016, up from 29% in the previous quarter. The growth in popularity of five year products is part of a long-term trend, with five year fixes accounting for 29% of business in the same quarter two years ago, and 24% in Q3 2013. Whilst numbers remain low, fixed rates of longer than five years are also growing in popularity and accounted for 2% of business in the latest quarter, up from 1% in Q1 2016.

While fixed rates overall remain the most popular choice for borrowers, making up 81% of applications introduced in Q3 2016, there has been a small increase in preference for variable rate products (from 2% in Q2 2016, to 3% currently) and for tracker products, up from 13% to 15% in the latest data.

John Heron, Managing Director, Paragon Mortgages, said: "The economic outlook remains uncertain and volatile. With some very low longer term fixed rates available in recent weeks it is no surprise that intermediaries are recommending these products to landlords who need a stable payment profile to help them manage the increase in tax that many will see as the changes introduced in the summer budget of 2015 start to bite."

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NOTES TO EDITORS

The data referenced in this release relates to the residential mortgage market.

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.