

**PARAGON MORTGAGES PRESS RELEASE  
06 JUNE 2017**

**DEMAND FOR RESIDENTIAL SPECIALIST MORTGAGES INCREASING**

- Demand for specialist mortgages increased in Q1 2017
- On average, 24% of specialist business is self-employed related, 17% complex income
- Intermediaries predict increase in overall business in next three months

Demand for specialist mortgages increased in Q1 2017, according to Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) Index report, based on interviews with 200 mortgage intermediaries.

There was an increase in demand from both self-employed (24%) and complex income (17%) customers, indicating an increased requirement for specialist mortgage products and wider availability of products that meet the demands of underserved segments of the mortgage market.

Other customer types were largely unchanged in Q1 2017, with high loan-to-value lending at 15%, interest only at 13%, lending into retirement 11%, low income 9%, and adverse credit 7%.

The average number of mortgages introduced per intermediary office in Q1 2017 was 20, down from 21 in the previous quarter and the third successive fall. Despite this more recent decline, the number of mortgages introduced has held between 20-25 for almost four years, maintaining a slow recovery tracked from 2009, when the number reached a record low of 14.

The report also revealed a positive forecast from intermediaries, with the expected change in overall business over the next three months up for the first time since Q1 2015, reversing consecutive reductions in each of the previous seven quarters.

Meanwhile, mortgage advisors expect to do 2% less buy-to-let mortgage business in the coming year. This, however, is an increase on the previous quarter and, following the largest ever decline seen in Q1 2016, the average now appears to be on a modest upward trend.

Asked about the importance of the Prudential Regulation Authority's (PRA) new affordability rules in estimating the expected change in their level of buy-to-let mortgage business in the next 12 months, more advisors (85%) said that the changes had been at least quite important, up from 80% in the previous quarter, whilst just 10% said they were not important.

John Heron, Managing Director, Paragon Mortgages, said: "It's encouraging to see increased demand and greater availability of specialist mortgages. Customers with complex incomes deserve access to a wider choice of mortgage products and to specialist underwriting that recognises their unique circumstances."

### **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 HMOs 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.