

**PARAGON MORTGAGES PRESS RELEASE
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FIXED RATE MORTGAGES REACH ALL-TIME HIGH IN Q1 2017

- 89% of broker introduced mortgages in Q1 2017 were fixed rate, an historic high
- Tracker mortgages decline to lowest ever level (10%)
- Buy-to-let lending stabilises at 18% following period of disruption

Preference for fixed rate mortgages reached an all-time high in Q1 2017, according to Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) Index report, based on interviews with 200 mortgage intermediaries.

Between January and March 2017, 89% of mortgages introduced were fixed rate, up 6% on the previous quarter and the highest figure in the survey's 20-year history. This continues a long-term upward trend that has risen particularly sharply since the end of 2010 when fixed rate and tracker mortgages comprised 46% and 45% of all cases respectively.

In the same seven-year period, tracker mortgages have declined at almost exactly the same pace and in Q1 2017 accounted for just 10% of mortgage business, its lowest ever level.

Two year fixed rates are still the most popular product, despite declining to 48% in Q1 2017 from 53% three months earlier. The most notable shift in Q1 was another increase in popularity of five year fixes, up 3% to 34% of all mortgages.

Following a period of disruption last year, buy-to-let lending stabilised in the first quarter of 2017, accounting for 18% of all mortgages handled, whilst remortgaging remained the most common type of borrowing. In terms of buy-to-let lending, remortgaging accounted for 47% of all business, maintaining a steep upward trend since Q3 2013, whilst lending to first time landlords eased to 15%, continuing a long-term decline from 27% in the same period.

The overall FACT Index rating for Q1 2017 was 93.3, its third fall in succession, reflecting perhaps weaker data that has been observed elsewhere in the housing market, but remains relatively high compared with the last eight years.

John Heron, Managing Director, Paragon Mortgages, said: "It's clear to see that the benefit of certainty at such low rates is continuing to drive up the popularity of fixed rate mortgages – particularly five year fixed terms, which gained further ground in Q1 2017.

"The FACT Index gives Paragon a uniquely long-term view, and the ability to measure changing characteristics of the market, particularly in buy-to-let. The widening in favour of remortgages over purchase transactions suggests that supply to the PRS may be coming under pressure which in turn may lead to higher rents."

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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.