

**PARAGON MORTGAGES PRESS RELEASE  
6 MARCH 2017**

**BROKERS SEE SURGE IN REMORTGAGES AS BORROWERS OPT FOR LONGER TERM FIXED RATES**

- Remortgage borrowing up 7% in 2016, accounts for 39% of all mortgages handled
- Eight out of ten mortgages now fixed rate
- Almost half of fixed rates now longer than two years

Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) Index report has identified a shift in type of mortgage borrower in 2016, with remortgage business increasing in each quarter.

The Q4 2016 report, based on interviews with 201 mortgage intermediaries, reveals that 39% of all mortgages handled by advisers between October and December were remortgages – an increase of 7% on Q1.

That figure is also 4% up on the same period in 2015, with the increase in remortgage activity echoing industry statistics published by the Council of Mortgage Lenders (CML), who last month reported that there were 34,700 loans for remortgage in December worth £5.8bn, representing year-on-year increases of 13% in volume and 14% in value.

Next time buyers are now the second most common type of borrower having overtaken buy-to-let lending accounting for 23% of mortgages handled. Buy-to-let lending fell away in Q2 following the increase in stamp duty but had recovered by Q4 to 19.3% of all business.

First time buyers, despite a 2% decline in Q4 2016, account for 18% of mortgages handled, remaining stable on Q4 2015.

In terms of interest rate type, there is a clear preference among borrowers for fixed rate mortgages, which accounted for 83% of all cases in Q4 2016 and has increased year-on-year since 2010. Tracker mortgages remain a distant second at 14% of all cases, representing little change over the course of 2016.

Initial fixed or tracker periods of two years are still the most popular products, making up 53% of all cases in Q4 2016 – an increase of 5% on the same quarter in 2015. Longer term products of more than two years accounted for 46% of all cases in Q4 2016 with five year fixes the second most popular product at 33% of all business.

Unsurprisingly, capital repayment mortgages are the most common mortgage type, accounting for 80% of products sold in Q4 2016. This represents a decline on the previous quarter but has increased on the year and continues a slow growth in share dating back to 2007.

Since interest only lending was scaled back and stricter affordability rules imposed in 2009, the proportion of interest only mortgages declined to as low as 14% and has since remained stable. Despite a slight increase in Q4 2016, interest only mortgages still account for less than 20% of all cases.

John Heron, Managing Director, Paragon Mortgages, said: “Our survey data shows increased levels of activity over 2016 driven particularly by borrowers remortgaging to better rates. These are as likely to be longer term fixes as they are short term deals which bodes well for customer resilience in an uncertain market.

“Buy-to-let had a very strong start to the year with customers looking to beat the stamp duty deadline. There was an inevitable decline in lending in Q2 but volumes have slowly improved as landlords have developed their strategies to mitigate higher taxes on rental income.”

**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.