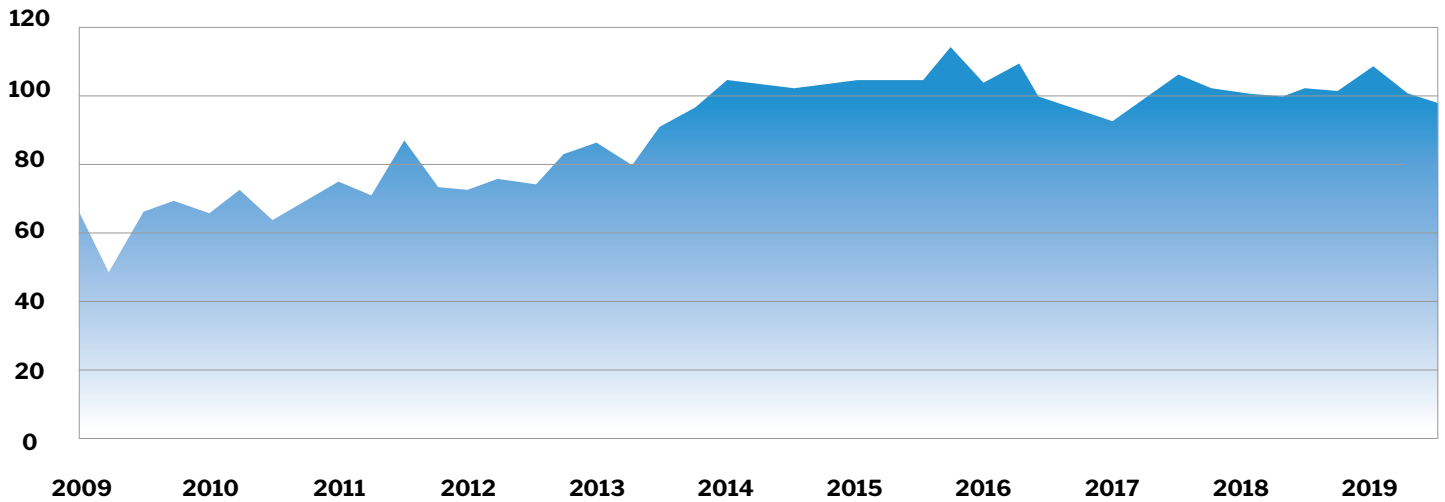


Q3 2019

FACT INDEX

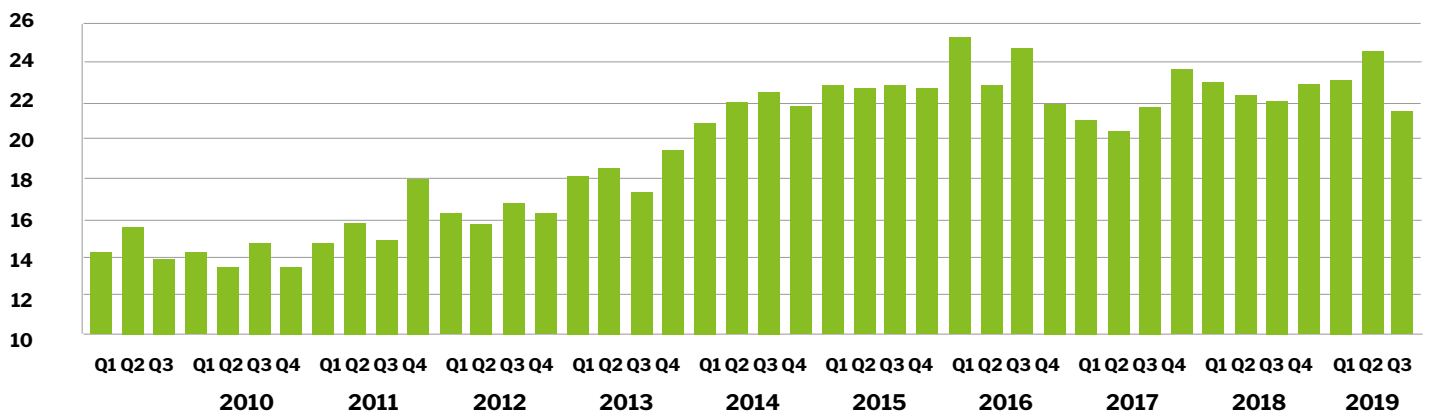
INDEX SCORE

The FACT Index score, designed to establish advisers' overall confidence in the mortgage market, for Q3 2019 is 97.8, down 11.2 compared with six months ago and the lowest score recorded since Q1 2017.



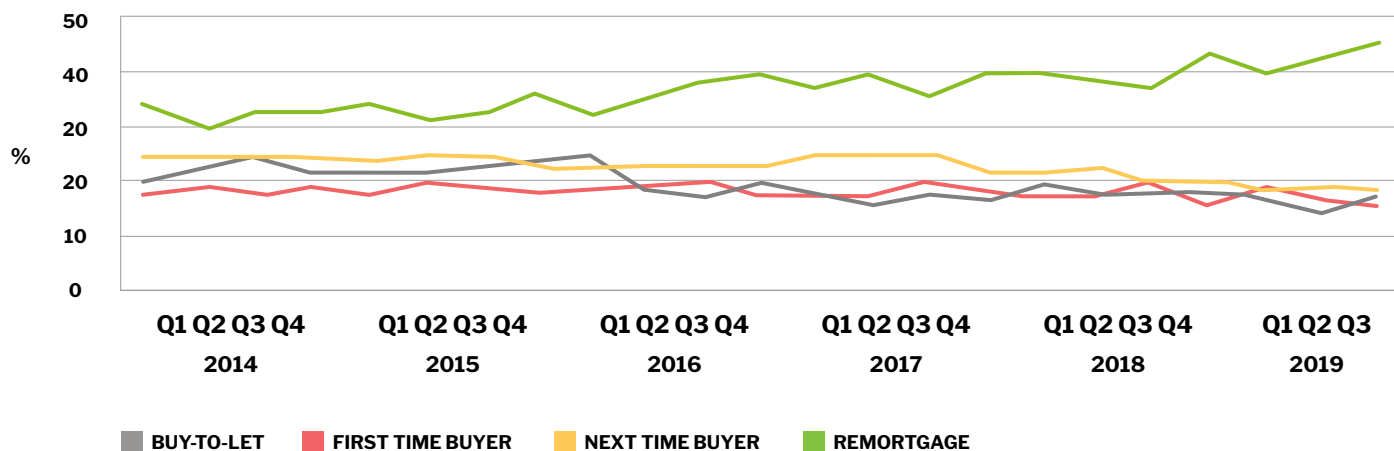
MORTGAGES PER OFFICE

The average number of mortgages introduced per office in Q3 2019 was 21.9, down 2.6% from 24.5 in the first quarter of 2019 and the lowest figure since Q2 2017.



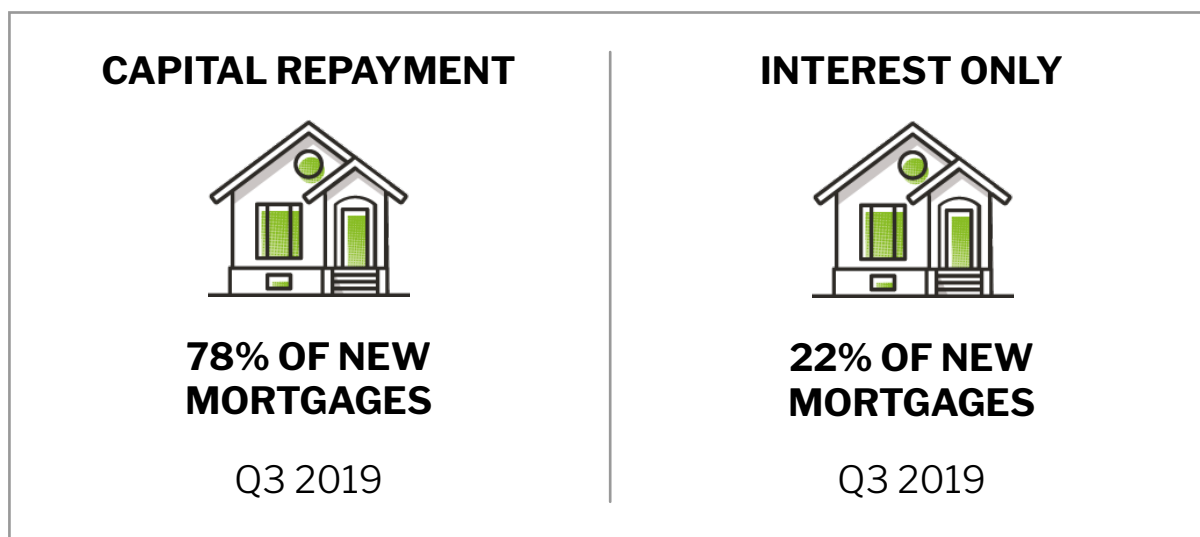
BORROWER TYPES

Remortgaging was again the principal type of borrowing in Q3 2019, accounting for 46% of mortgages introduced and maintaining the disparity that has been widening at modest pace over the last five years. Elsewhere, next time buyers accounted for 18% of borrowing, down 1% on the previous quarter, and first-time buyers down 2%, from 18% to 16%.



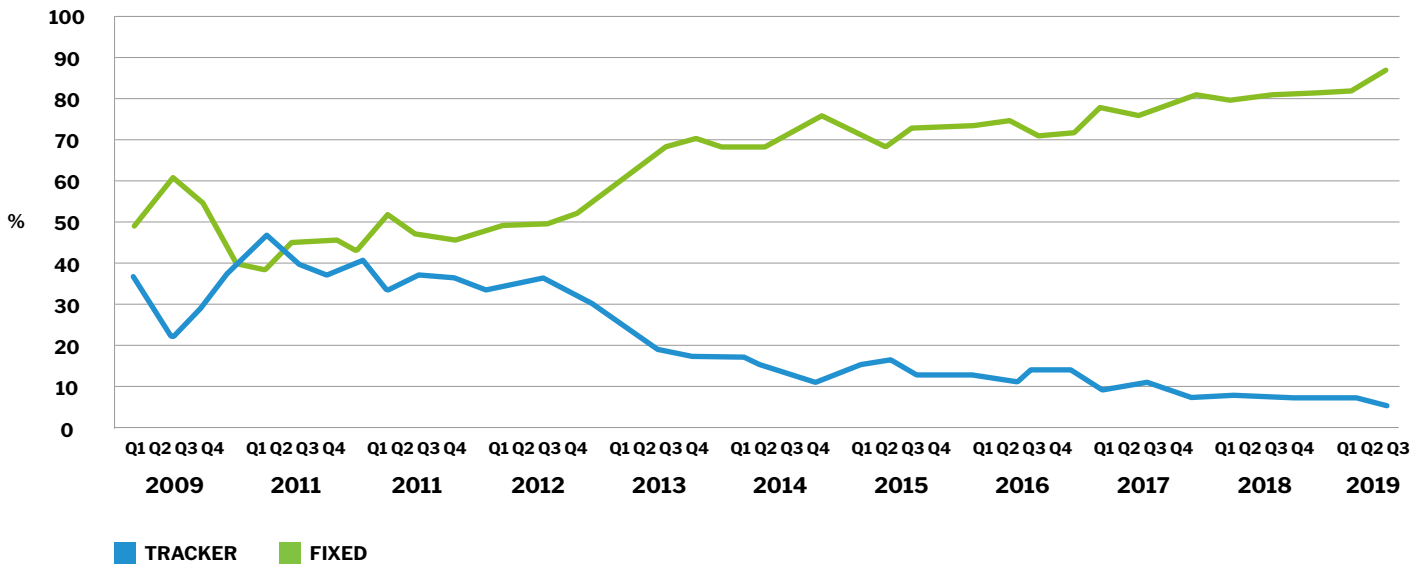
REPAYMENT TYPE

Capital repayment accounted for 78% of all mortgages in Q3 2019, down 1%, and interest only up 2% but substantially lower at 22% of mortgages introduced in the quarter.



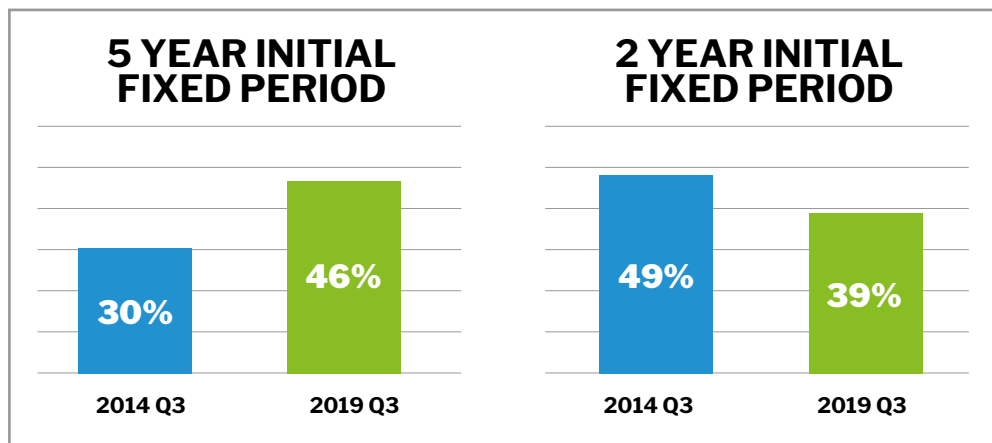
INTEREST RATE TYPE

Fixed rate mortgages (89%) remain the overwhelming preference over tracker rate mortgages (9%).



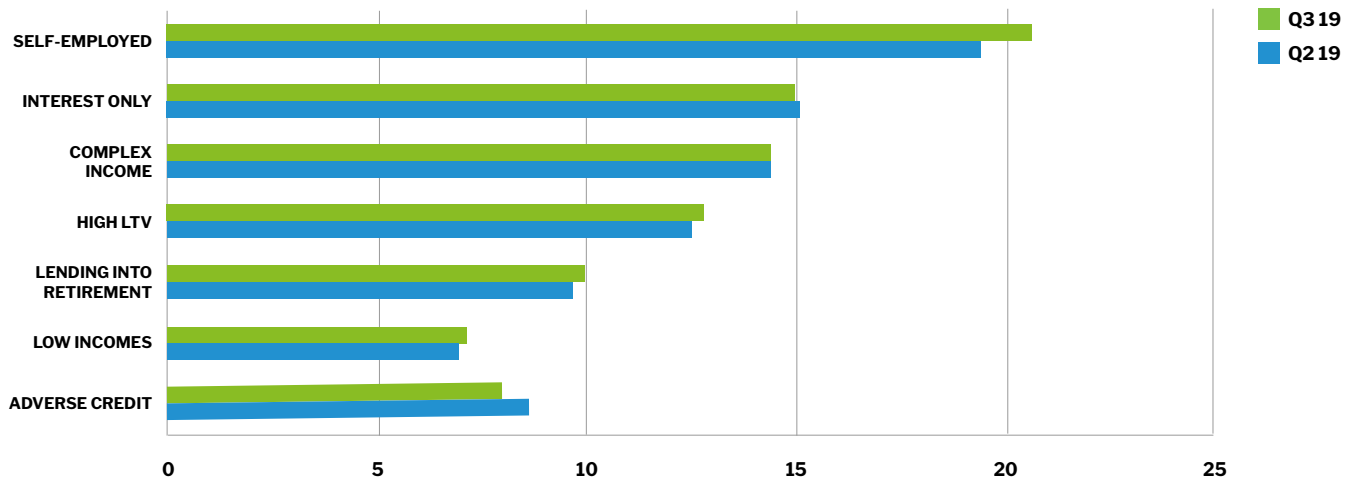
INITIAL FIXED PERIOD

Mortgages with initial fixed periods of five years or more have gained significantly in popularity over the last five years, climbing from 30% to 46% of all new mortgages. This has largely been at the expense of two-year deals, which have fallen from 49% to 39% of new mortgages over the same period. However, after hitting a low of 37% in Q2 2019, two-year deals appear to be on the increase again.



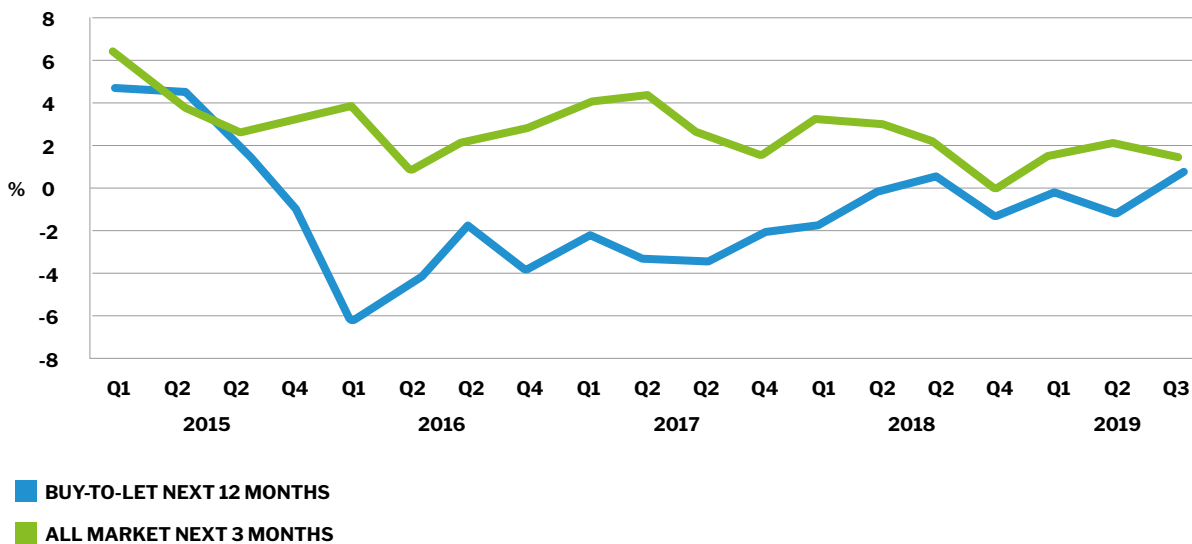
CUSTOMER TYPE

22% of mortgages introduced for buyers with specialist requirements were for the self-employed during the quarter, up 2% on Q2 2019 and maintaining the long-term trend. Other customer types include interest only (15%), complex incomes (14%), high loan-to-value (LTV) (13%), lending into retirement (10%), adverse credit (8%), and low incomes (7%).



BUSINESS FORECAST

The Q3 2019 FACT survey highlights a slowdown in the outlook for future mortgage business, with advisers expecting to do 1.7% more overall business in the next quarter, compared with 2% more business three months ago. Brokers expect to do 1% more buy-to-let business in the next 12 months, compared with the last 12 months, the highest figure since Q3 2018 and an increase of 2% on the previous quarter.



ABOUT FACT

Established in 1995, Paragon's quarterly Financial Advisor Confidence Tracking Index (FACT) highlights intermediaries' general views on the performance of the mortgage market and on developing trends. Our FACT Index summary report provides a snapshot of the survey's key findings.

ABOUT PARAGON

Paragon is a leading provider of buy-to-let mortgages for landlords with property portfolios, both big and small, through its portfolio and non-portfolio range.

Paragon lends to private individuals and limited companies and has mortgages suitable for single, self-contained properties, as well as HMOs and multi-unit blocks. Paragon can accommodate higher aggregate lending limits and more complex letting arrangements including local authority leases and corporate leases along with standard ASTs.

Paragon introduced its first product aimed at the professional property investor in 1995 and is a member of UK Finance, the Intermediary Mortgage Lenders Associations (IMLA), National Landlord Association (NLA) and the Association of Residential Letting Agents (ARLA).

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