



**PARAGON MORTGAGES PRESS RELEASE
SEPTEMBER 2015**

Latest Private Rented Sector Trends Report Shows a Steady Market, say Paragon Mortgages

- Low void periods and tenant demand expected to remain strong
- Demand for longer term tenancies remains lower than expected
- Landlords preferring high demand property such as terraced houses and flats

Paragon Mortgages' latest Private Rented Sector (PRS) trends report for Q3 indicates a healthy rental market. On key indicators such as yields, void periods and tenant demand, the overall picture is one of steady growth.

The survey reveals that average yields have grown over the last three months from 6.3% to 6.4%. This growth is in line with steady growth observed throughout 2015. When asked about expected growth over the next 12 months, landlords expressed confidence that yields will remain stable and maintain current levels.

On the supply side, void periods, the average period of time PRS properties spend unoccupied per annum, remain at historically low levels of just below 2.6 weeks. In conjunction with this, tenant demand is also healthy with more than half of landlords describing demand as 'stable' and more than 40% saying that demand is either 'growing' or 'booming'.

The prospects for expected demand are also positive, with more than half of landlords expecting demand to increase over the next 12 months, compared to 42% who expect it to remain stable.

The survey also shows an increase in young families with children moving into the PRS, and a corresponding decrease in young couples and professionals. Despite this, demand for longer-term rental agreements remains relatively low.

John Heron, Director of Mortgages, said: "Our latest PRS Trends Survey data is indicative of a market growing steadily and sustainably over the long-term. With low void periods and steady tenant

demand, which is expected to continue growing, yields remain on a gradual upward trend and landlords are confident they will continue to do so.

“The data also reveals the changing demographic of those choosing to live in the PRS. This is reflected in the buying intentions of landlords which seem to be shifting slightly away from investing in multi-occupancy blocks, towards terraced housing – often more suited to young families.”

Key findings from Paragon Group’s latest PRS Trends Data include;

- Average void periods, periods of time during which a PRS property is unoccupied, have dipped below 2.6 weeks per annum for the first time since 2002, down from a high of 3.4 weeks during 2010
- Requests for longer-term tenancies (of two years or more) remain low with 58% of respondents saying less than one in ten tenants ask for a longer tenancy
- 43% of landlords surveyed indicated they are looking to invest in terraced houses, up from 38% in the previous quarter while the number of landlords seeking semi-detached properties has fallen from 38% to 27%

ENDS

For further information contact:

Victoria Lisowski

PR Manager

Tel: 0121 712 2563

Liam Thompson

Media Relations Manager

Tel: 0121 712 2601/07776 767 879

Follow us on Twitter @PagPressTeam

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.