



# IMLA Mortgage Market Tracker

## Q2 2021

Prepared for the Intermediary Mortgage Lenders Association (IMLA)

# Contents

1

Background & methodology

2

Executive summary

3

Business volumes and confidence

4

Business flow

# Background & methodology

# Background & methodology

The Intermediary Mortgage Lenders Association (IMLA) launched the **Mortgage Market Tracker** in November 2015. The Tracker uses data provided by BVA BDRC's Project Mercury. Project Mercury is a continuous monitor of intermediary lender marketing effectiveness and broker sentiment, launched in 2007.

Existing business confidence questions on the survey are supplemented by additional questions measuring the conversion of Decision In Principle (DIP) to completion. This report contains the results for **Q2 2021**.

## WHO?

Mortgage Intermediaries – advise customers on which lender to use, 24+ mortgages pa, not tied wholly to one lender, GB based. Sample sourced from Autus

## HOW?

Monthly telephone interviews (100 per month), average interview c.30 minutes. Fieldwork by PRS (our sister company)

## HOW MANY?

Total of 301. Achieved sample weighted by firm size & type to be representative of the Autus universe

# Executive summary

# Executive summary

**Business volumes and confidence continued to strengthen in Q2 2021.** Claimed business volumes reached the highest level to date, whilst confidence in the mortgage industry increased to levels not seen since 2018.

**6 in 10 intermediaries felt very confident about the outlook for their own firm** in Q2 2021 compared to 4 in 10 this time last year. Intermediaries were given confidence from the perceived strengths and resilience of their own business, coupled with high levels of demand.

**Conversion from DIP to completion was stable quarter-on-quarter** at 43%. Conversion was much higher than this time last year (27%), and increased the most among directly authorised firms and those dealing with specialist mortgages.

Taking a closer look at business flows, **conversion from application to completion edged up to 67% in Q2 21** (vs. 64% in Q1 2021). This was an increase on the Q2 20 (45%), but behind the level seen in Q2 19 (80%).

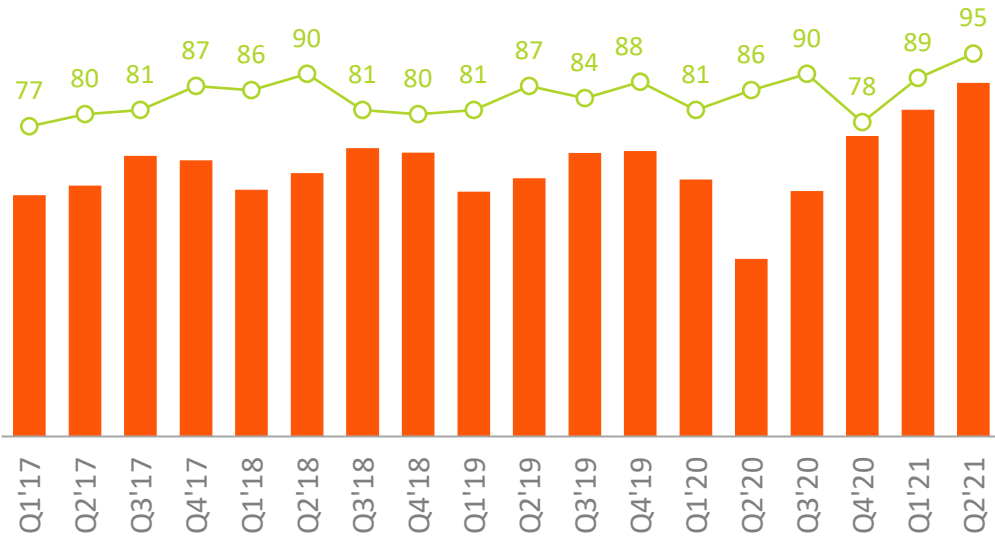
# Business volumes and confidence

# Claimed volumes of mortgage cases, per year

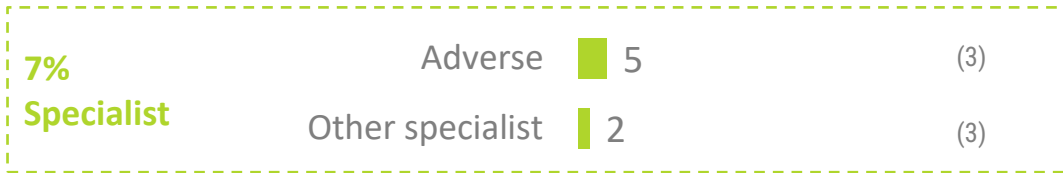
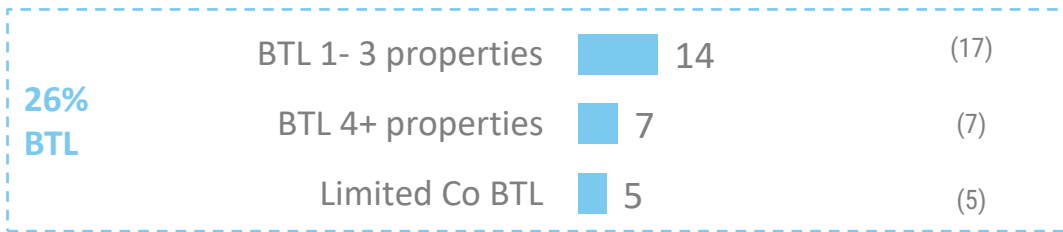
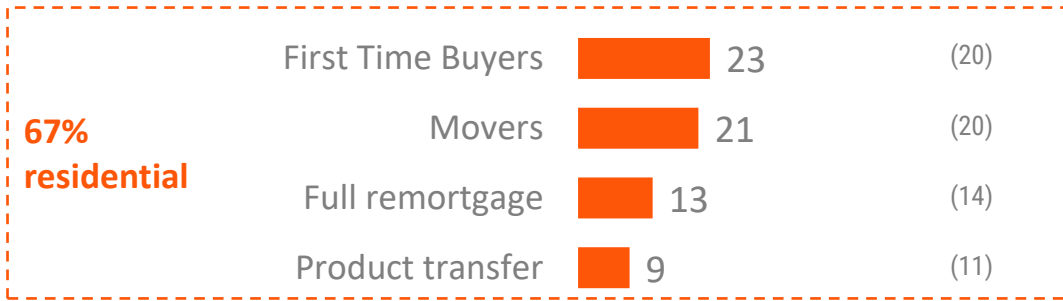
Both the claimed intermediary case load and the Bank of England's reported gross mortgage lending reached new highs this quarter

## All mortgages

■ Ebn Gross lending on all mortgages per qr (Source Bank of England)  
—○ Average no. of cases per year



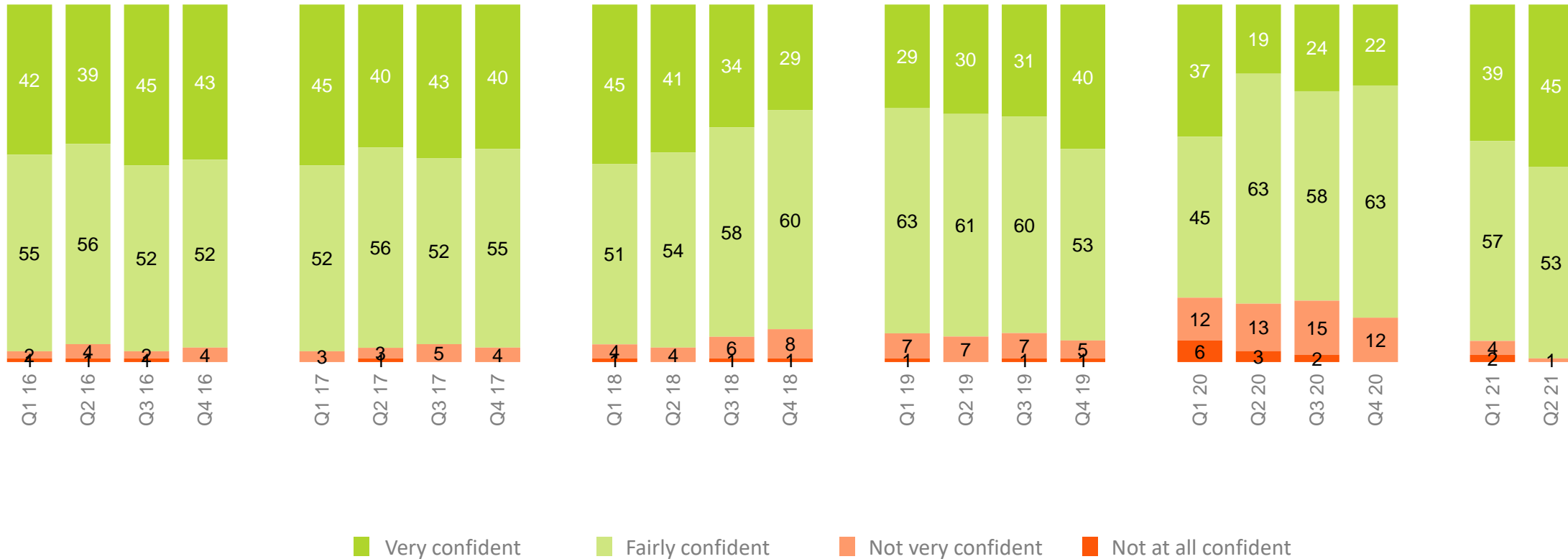
## Average business mix (% of all cases per year)





# Confidence in outlook for mortgage industry

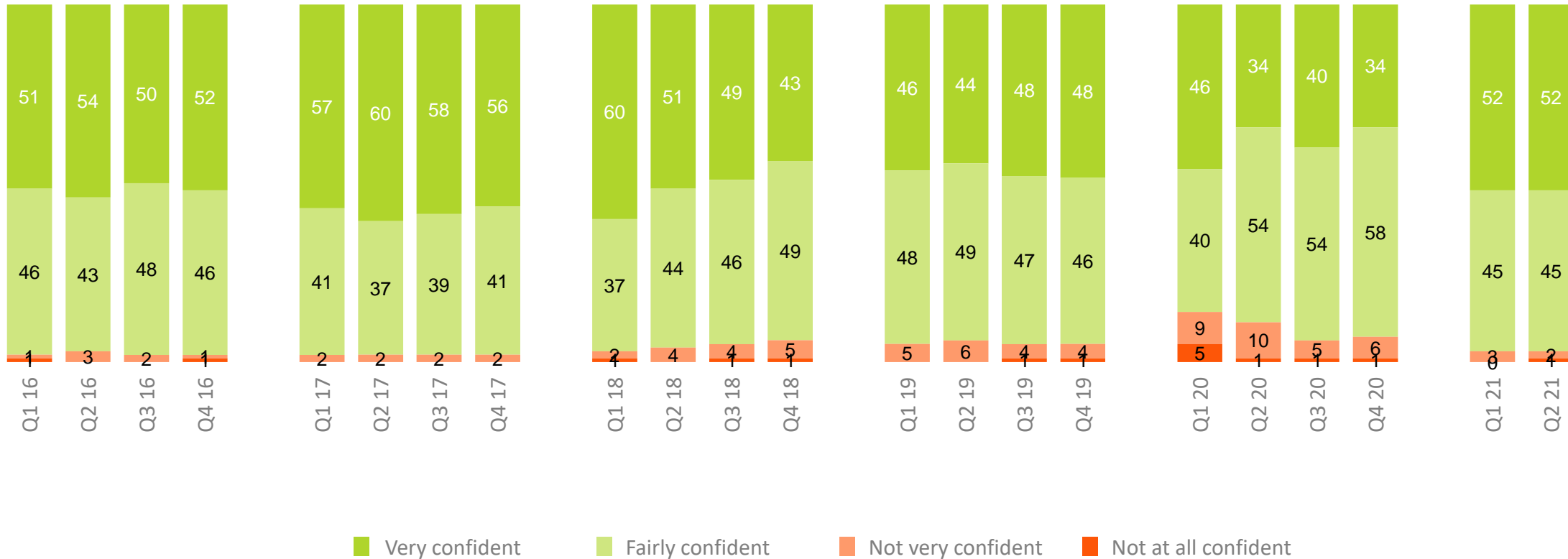
Confidence in the outlook for the mortgage industry increased again this quarter, with the proportion feeling 'very confident' at levels not seen since the start of 2018



QH1a. Currently, how confident do you feel about the business outlook for the mortgage industry?  
Base: All respondents (301)

# Confidence in outlook for intermediary sector

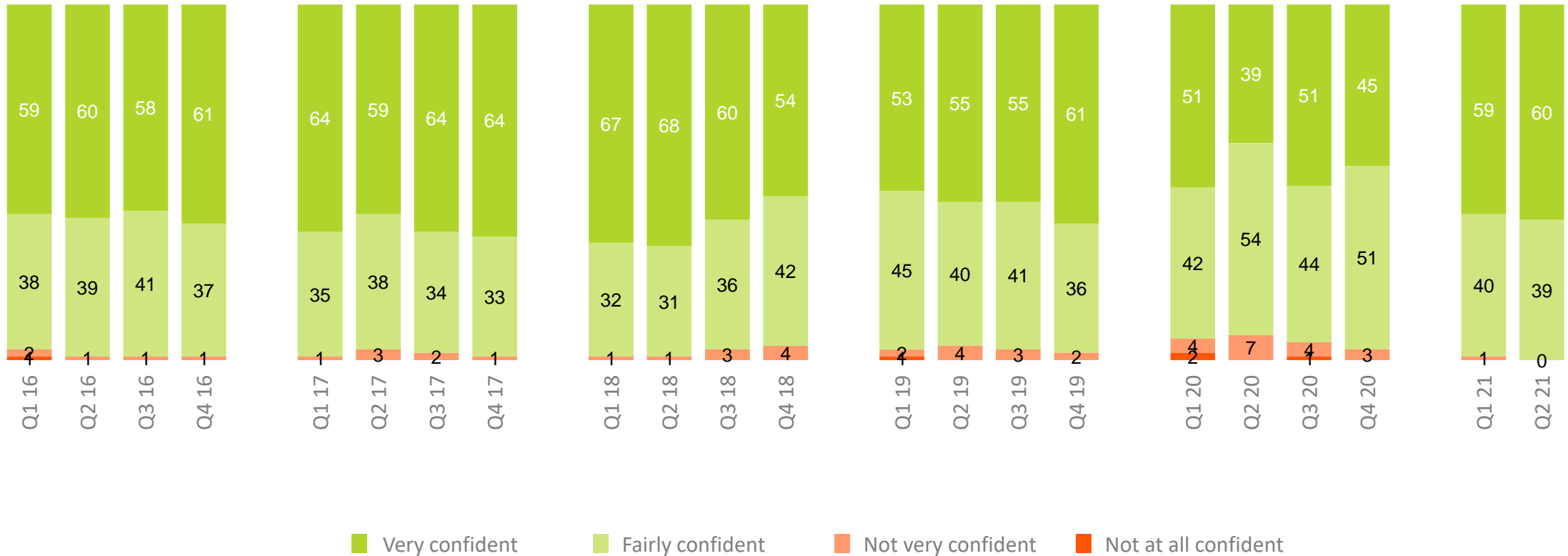
Confidence in the outlook for the intermediary sector was stable in Q2, following a strong uptick in Q1



QH1b. And how confident do you feel about the business outlook for the intermediary sector of the mortgage industry?  
Base: All respondents (301)

# Confidence in outlook for their own business

Intermediaries continued to feel most confident about the outlook for their own business in Q2, with net confidence at ceiling levels



QH1c. And how confident do you feel about the business outlook for your own firm?  
Base: All respondents (301)

# Reasons for felt level of confidence in one's own business...

Intermediaries confidence in their own business was boosted by the perceived strength and resilience of their business which is evident from surviving the pandemic. This was coupled with increased business and consistent demand

## Reasons for feeling more confident

- 1 Qualities of the business**  
Established business, trading for a long time, good at what they do, diversifying the business, strong and loyal client database, survived the pandemic
- 2 Busy**  
Lots of enquiries and referrals, record levels of business, low interest rates, 95% mortgages, FTBs coming back to market, client base growing
- 3 Robust / buoyant market**  
Consistent and increasing demand, always a need for intermediaries, growing need to get the best products, market resilient through the pandemic

*"We have been established for a long time so we have a very loyal client base who refer us to other people, we offer a good service."*  
**(Quite confident)**

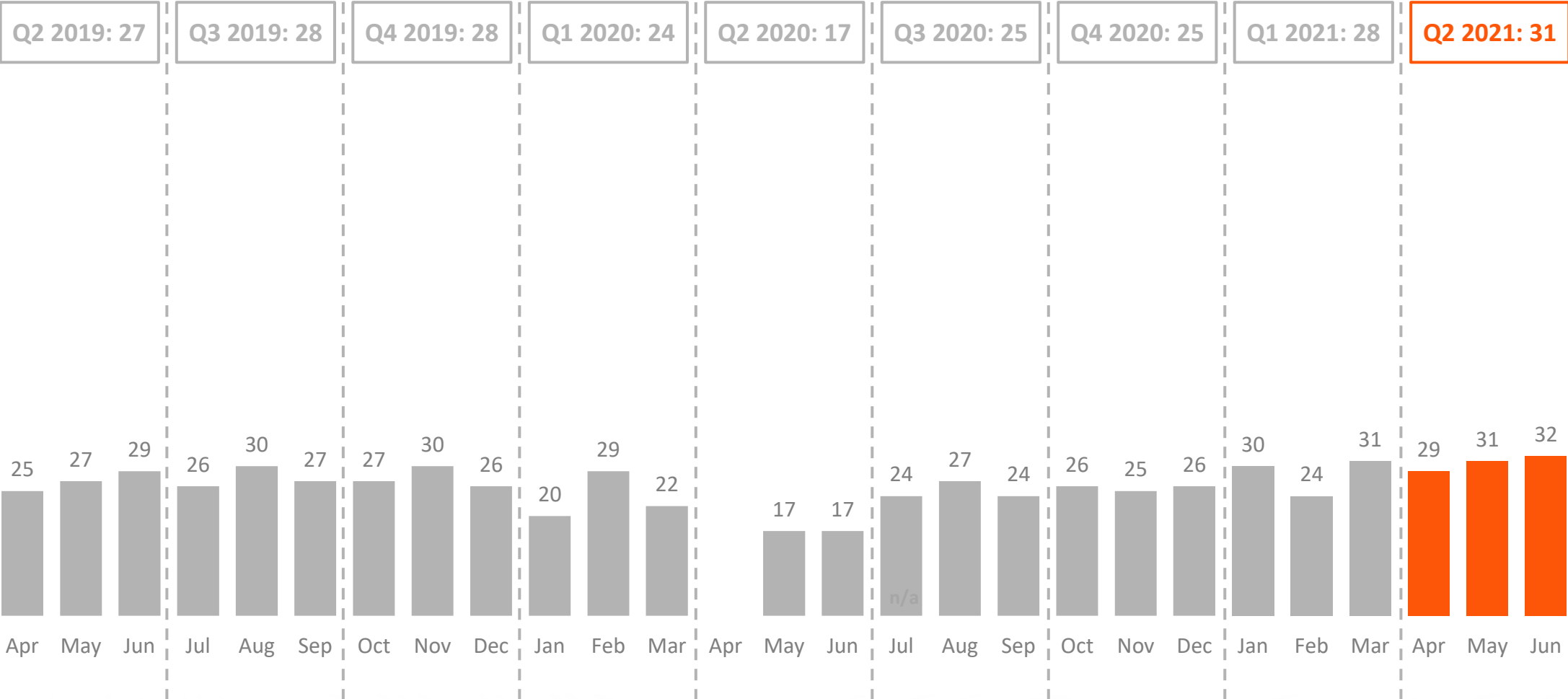
*"We are doing record levels of business month on month, lots of referrals from our existing client bank, we have done lots of marketing, the stamp duty is also helping."*  
**(Very confident)**

*"The overall mortgage market place is robust, it didn't die to a combination of Covid-19 and Brexit, supply an demand is still an issue and houses are 30% over priced."*  
**(Quite confident)**

# Business flow

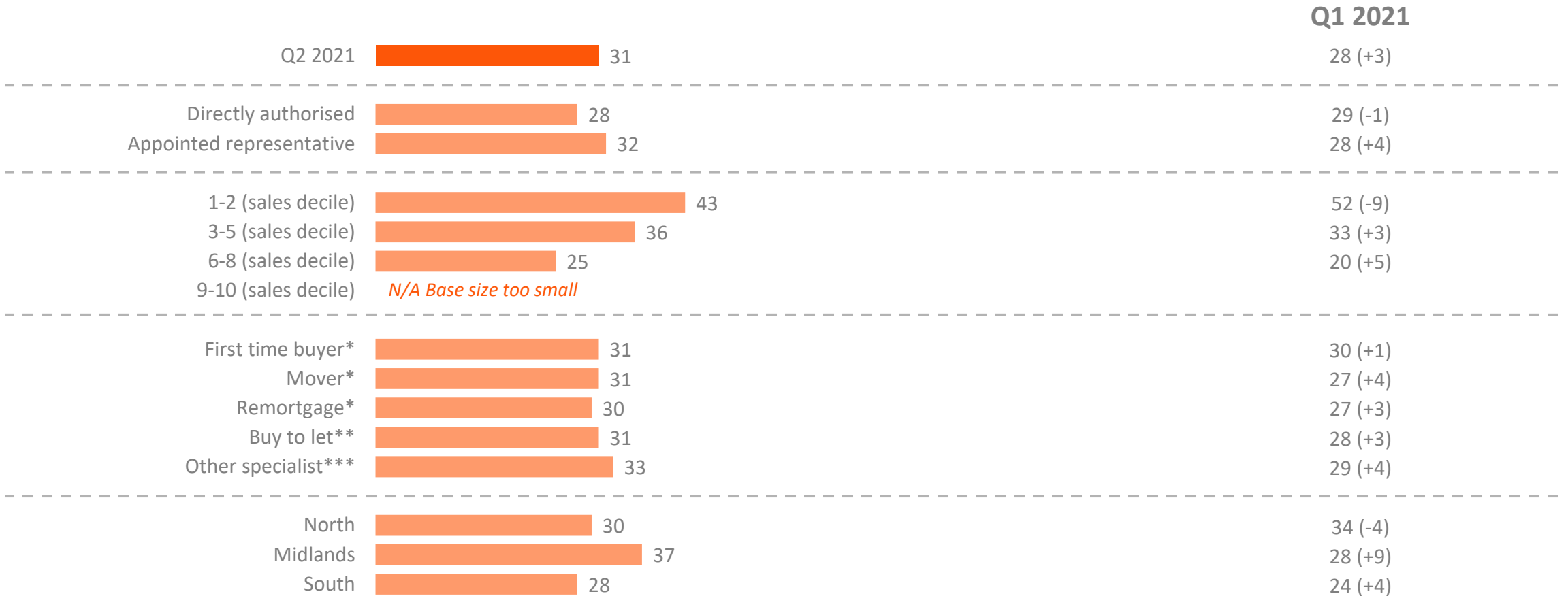
# Average number of DIPs in last 3 months

The average number of DIPs that an intermediary dealt with increased slightly in Q2 21, reaching a 2 year high



# Average number of DIPs – By business

The biggest movement in the number of DIPs by sub-group was a decline among larger firms (by sales decile) and an increase among firms in the midlands



15 QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
Base: All Q2 respondents (301)

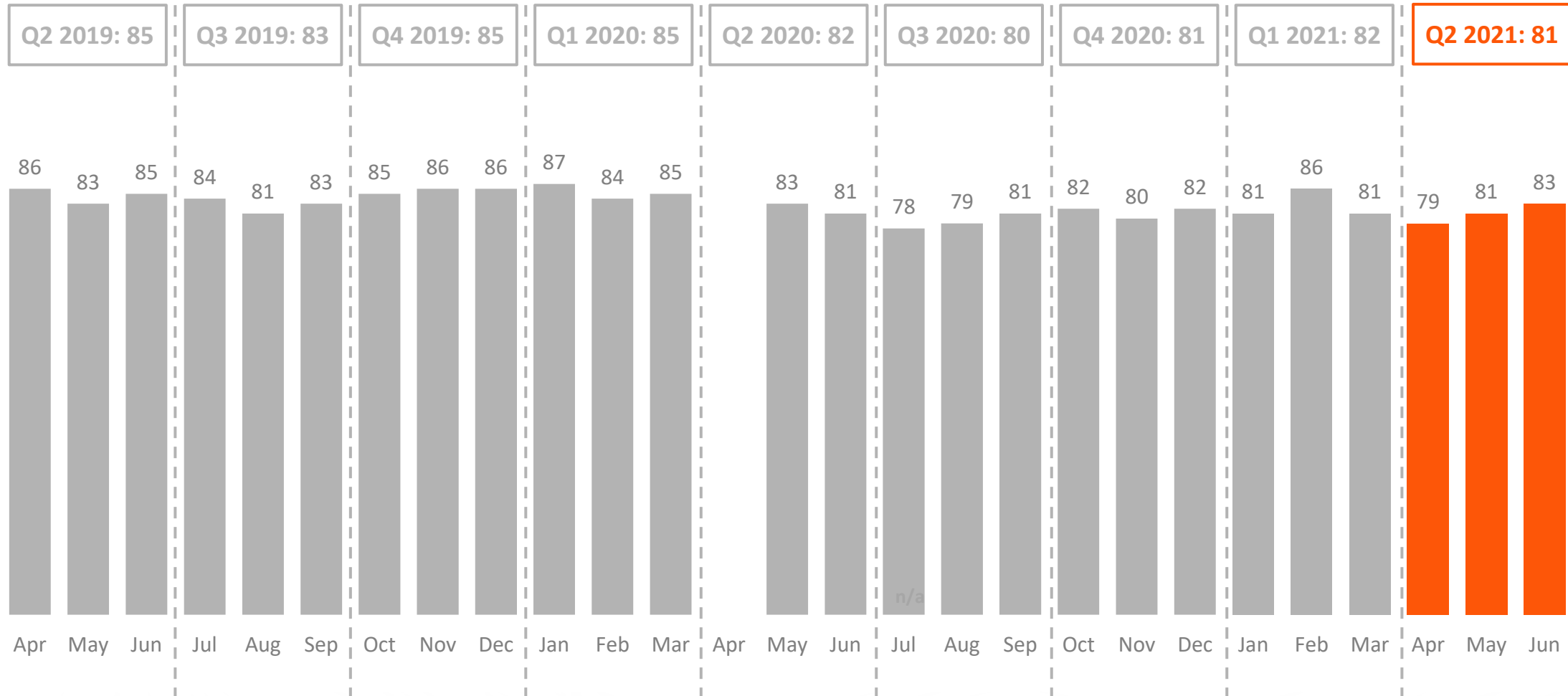
\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

# DIPs resulting in a DIP accept (%)

The proportion of DIPs resulting in a DIP accept was stable in Q2, although there was a minor increase across the quarter

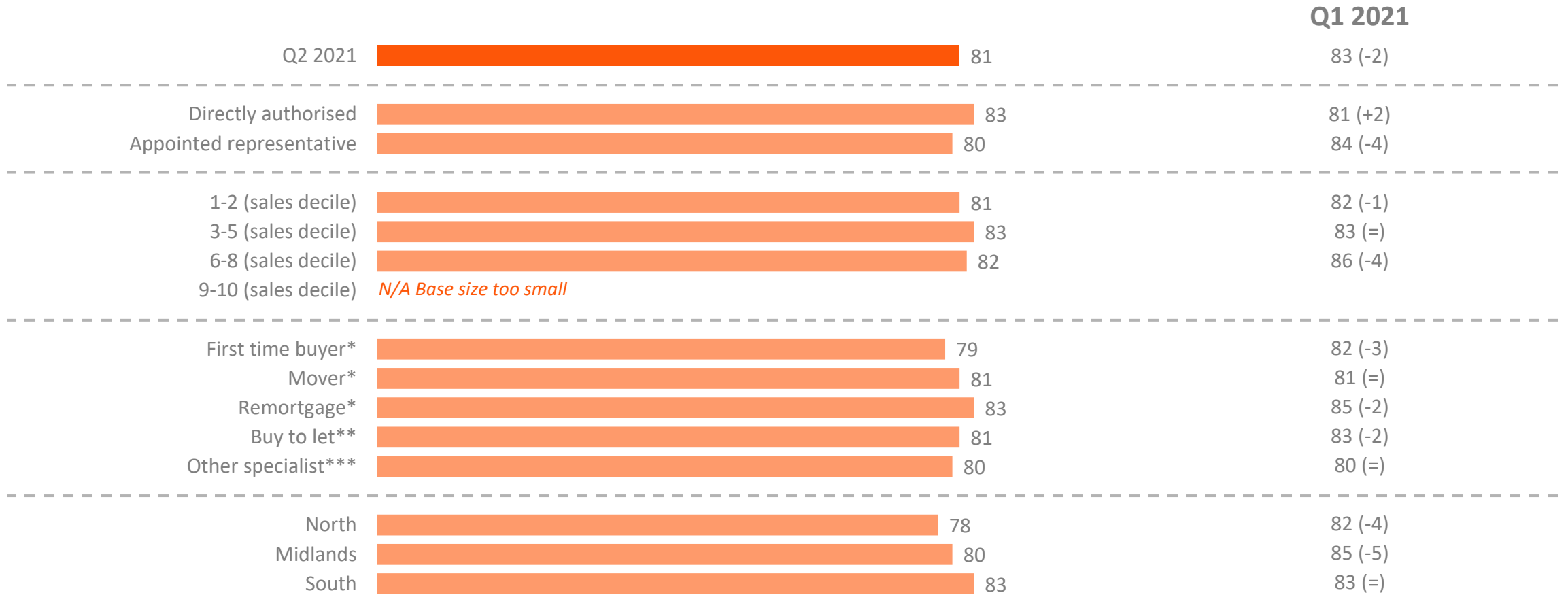


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
Base: All Q2 respondents (301)



# DIPs resulting in a DIP accept (%) – By business

Conversion from DIP to DIP decreased the most among businesses in the midlands



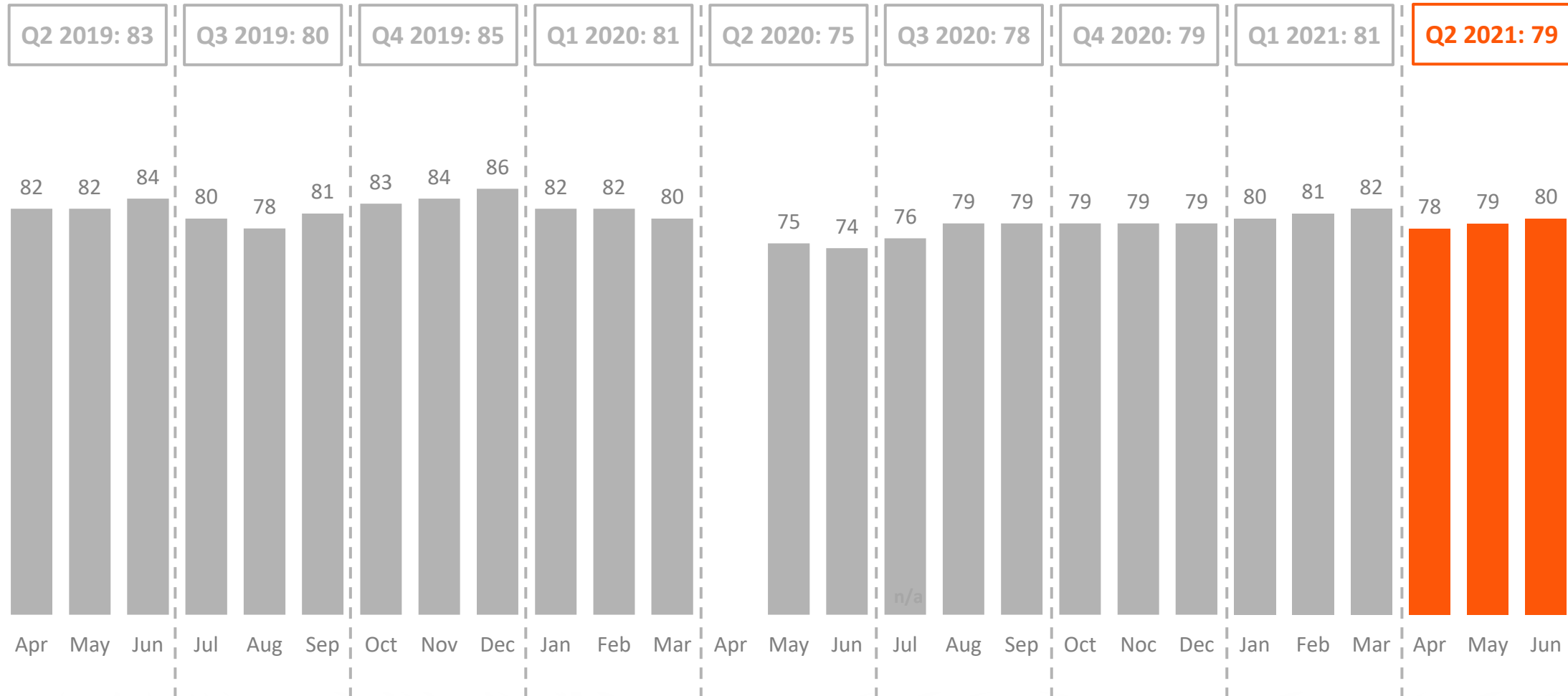
\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

# DIP accepts resulting in a full application (%)

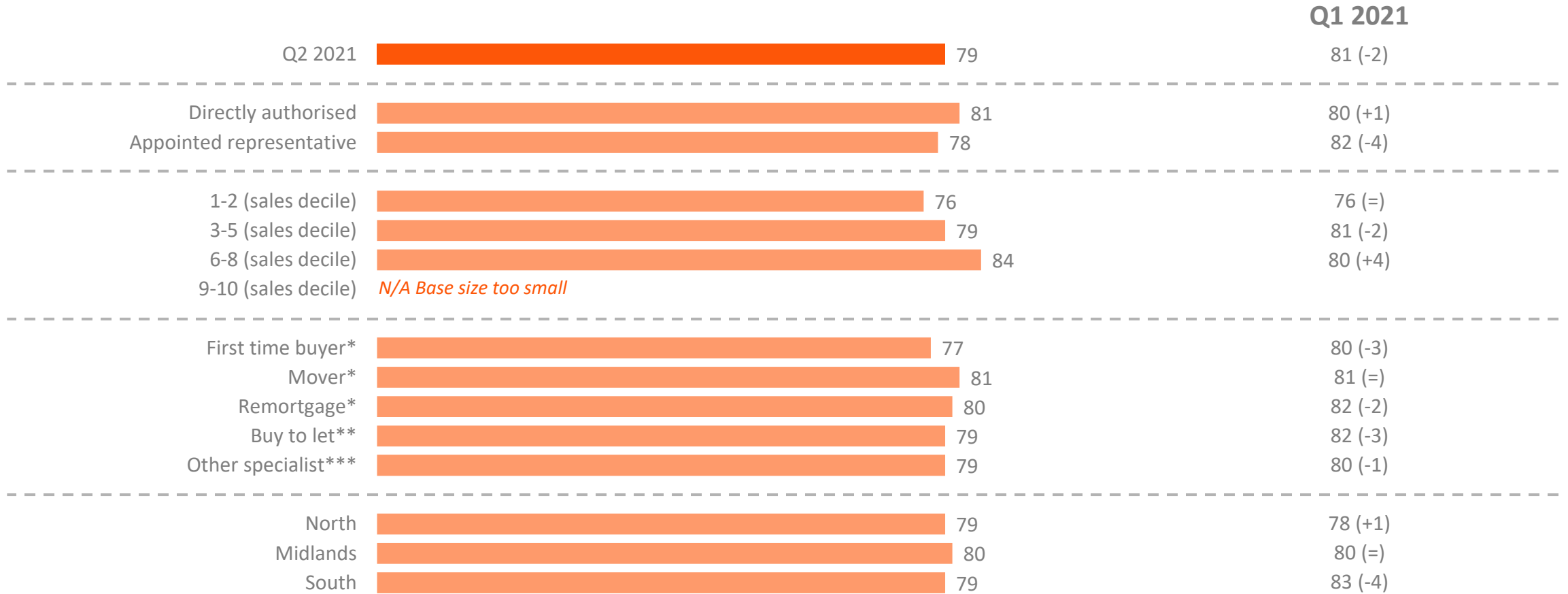
The proportion of DIP accepts resulting in a full application edged down slightly in Q2 21, although it was still up on Q2 2020



18 QH3. In th3 last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
Base: All Q2 respondents (301)

# DIP accepts resulting in a full application (%) – By business

Conversion from DIP accept to full application increased the most among smaller firms (by sales decile)



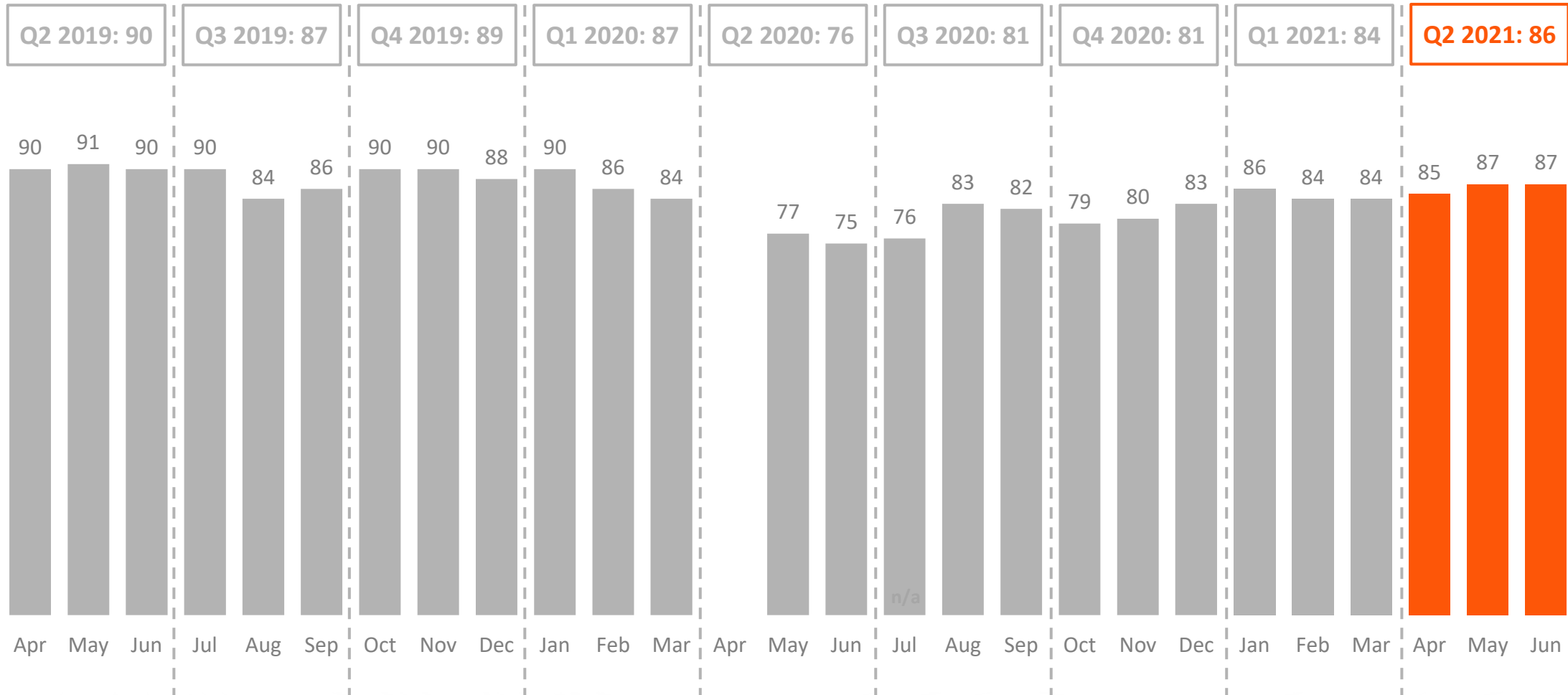
\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

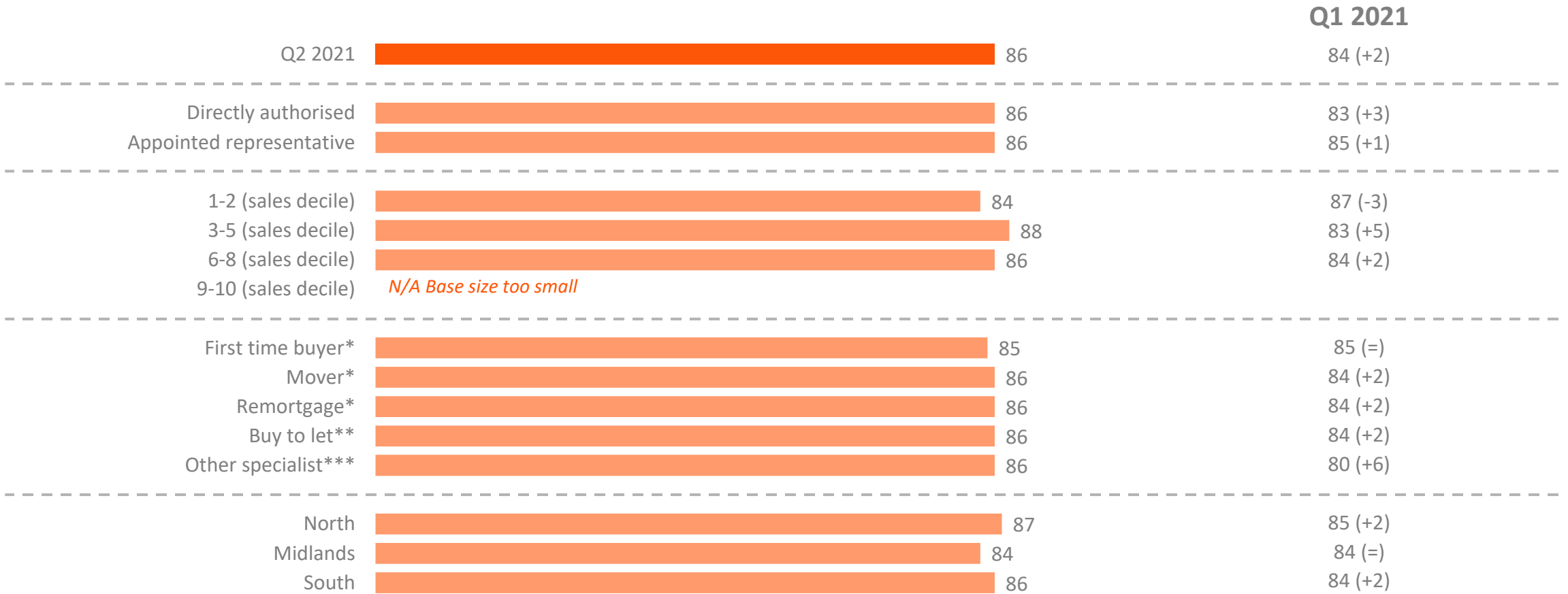
# Full applications resulting in an offer (%)

The proportion of full applications resulting in an offer edged up from 84% in Q1 21 to 86% in Q2 21, almost returning to pre-pandemic levels



# Full applications resulting in an offer (%) – By business

Conversion from full application to offer increased or remained stable across most sub-groups



QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
Base: All Q2 respondents (301)

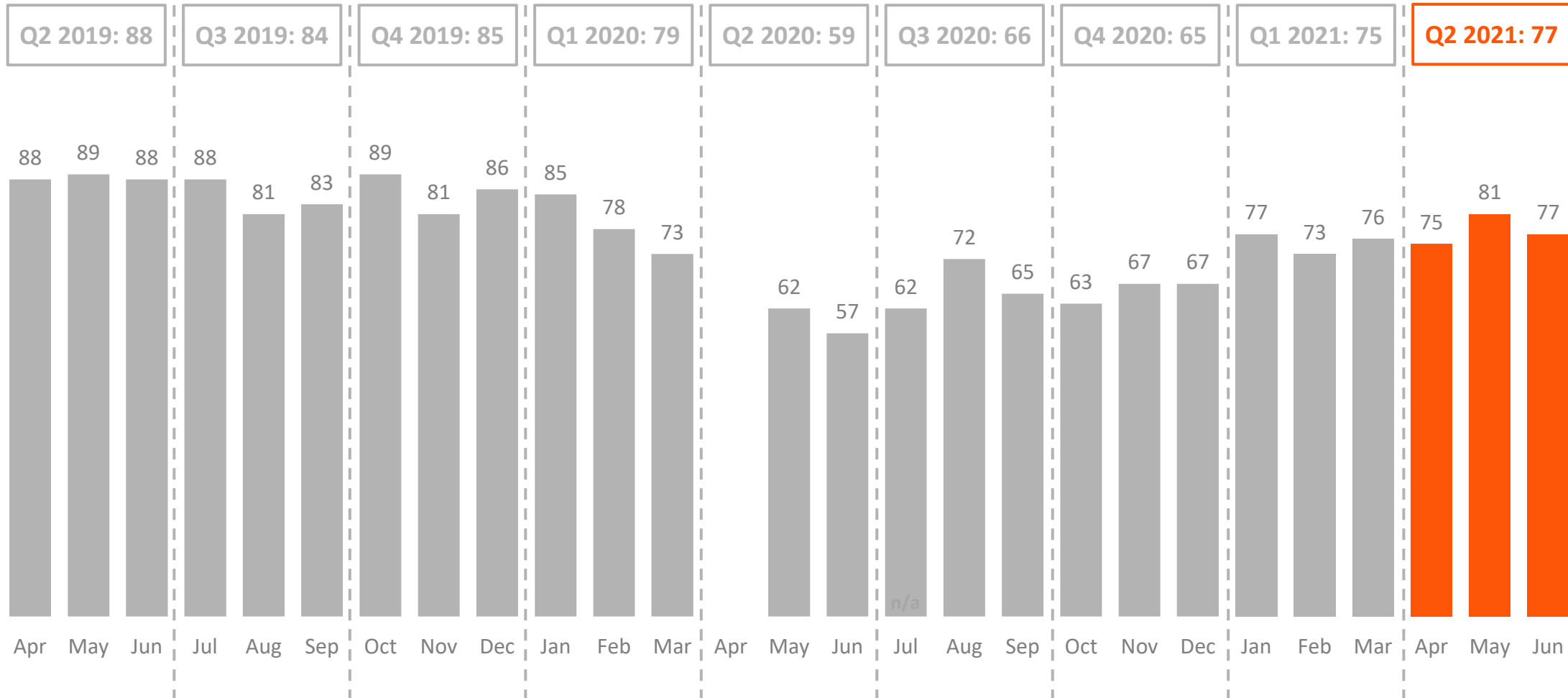
\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

# Offers resulting in a completion (%)

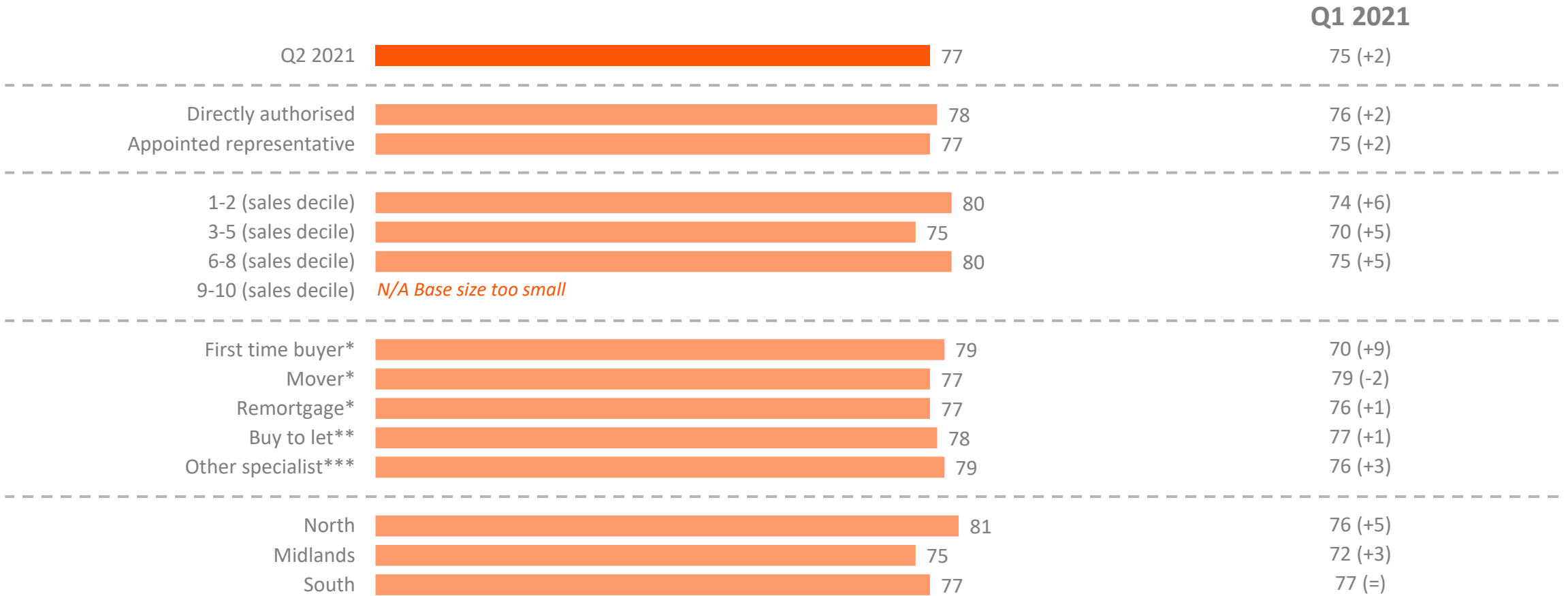
Conversion from offer to completion was at the highest level we have seen since the pandemic hit. However it remains below the high levels seen in 2019



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
Base: All Q2 respondents (301)

# Offers resulting in a completion (%) – By business

The biggest movement in conversion from offer to completion was an increase in those dealing with first time buyers



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
Base: All Q2 respondents (301)

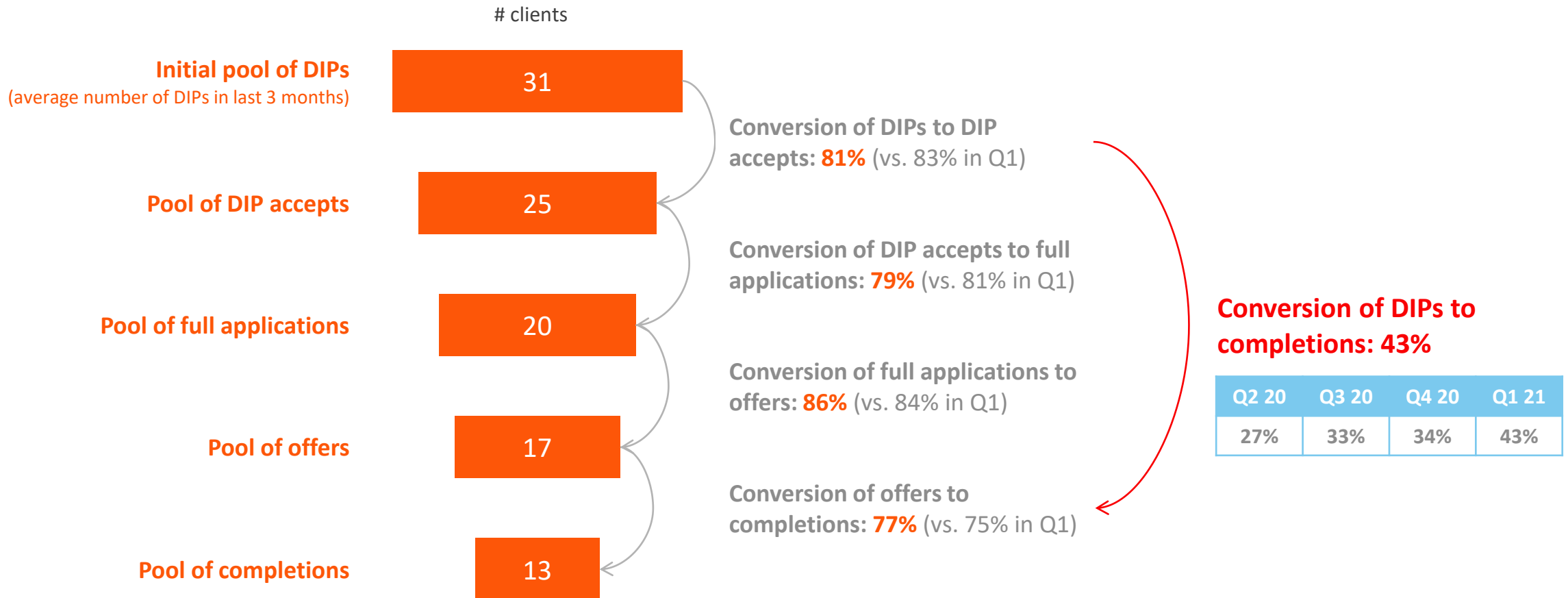
\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

# Conversion from DIP to completion

Conversion from DIP to completion was stable quarter-on-quarter (43% in both Q2 21 and Q1 21). Conversion was significantly higher than Q2 20 (an increase of 16% points)

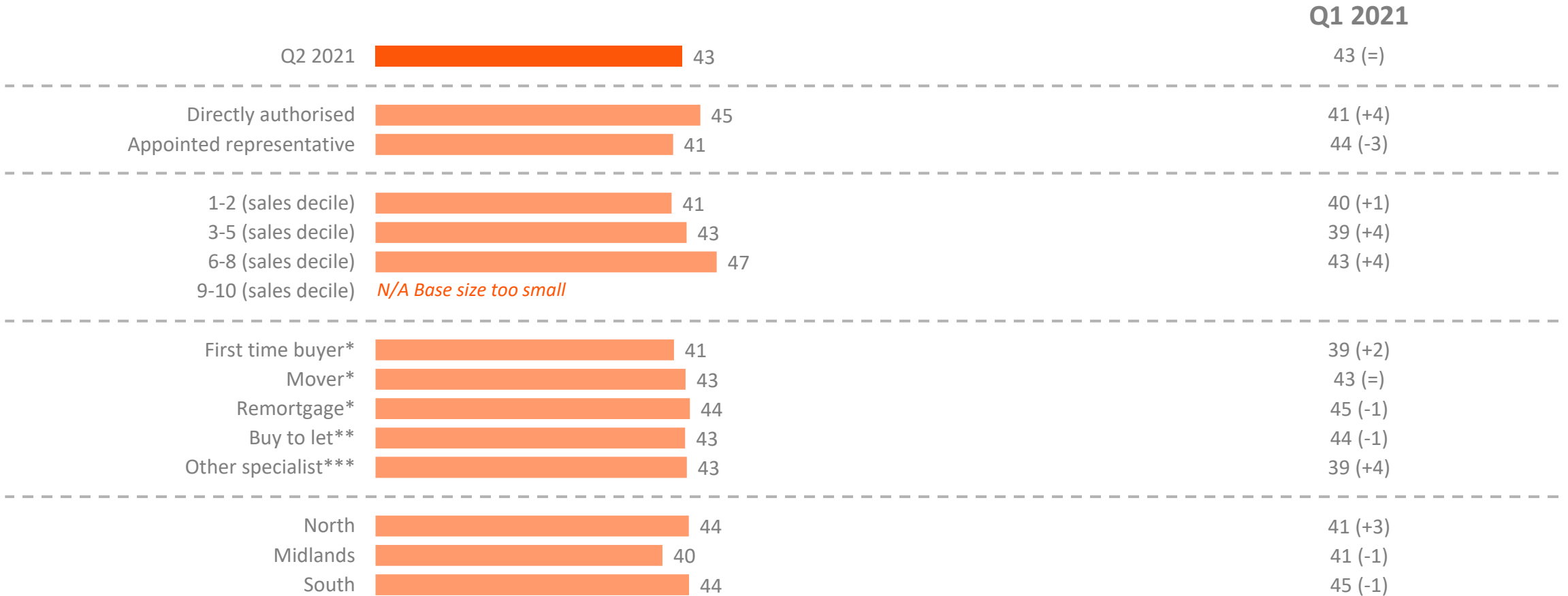


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
 QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
 QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
 QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
 QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
 Base: All Q2 respondents (301)



# Conversion from DIP to completion – By business

Conversion from DIP to completion increased the most among directly authorised firms and those dealing with specialist mortgages



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
 QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
 QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
 QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
 QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
 Base: All Q2 respondents (301)

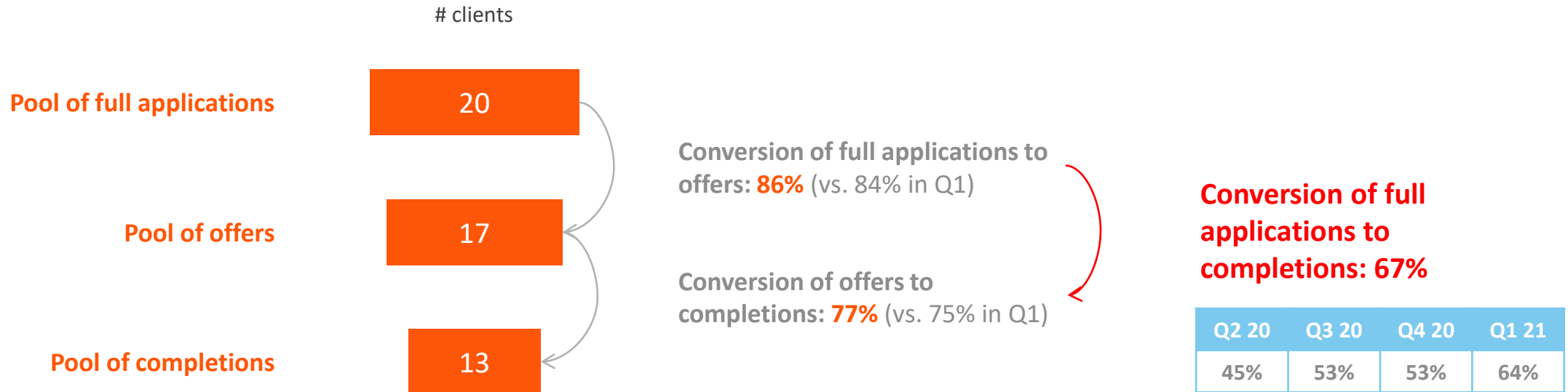
\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

# Conversion from full application to completion

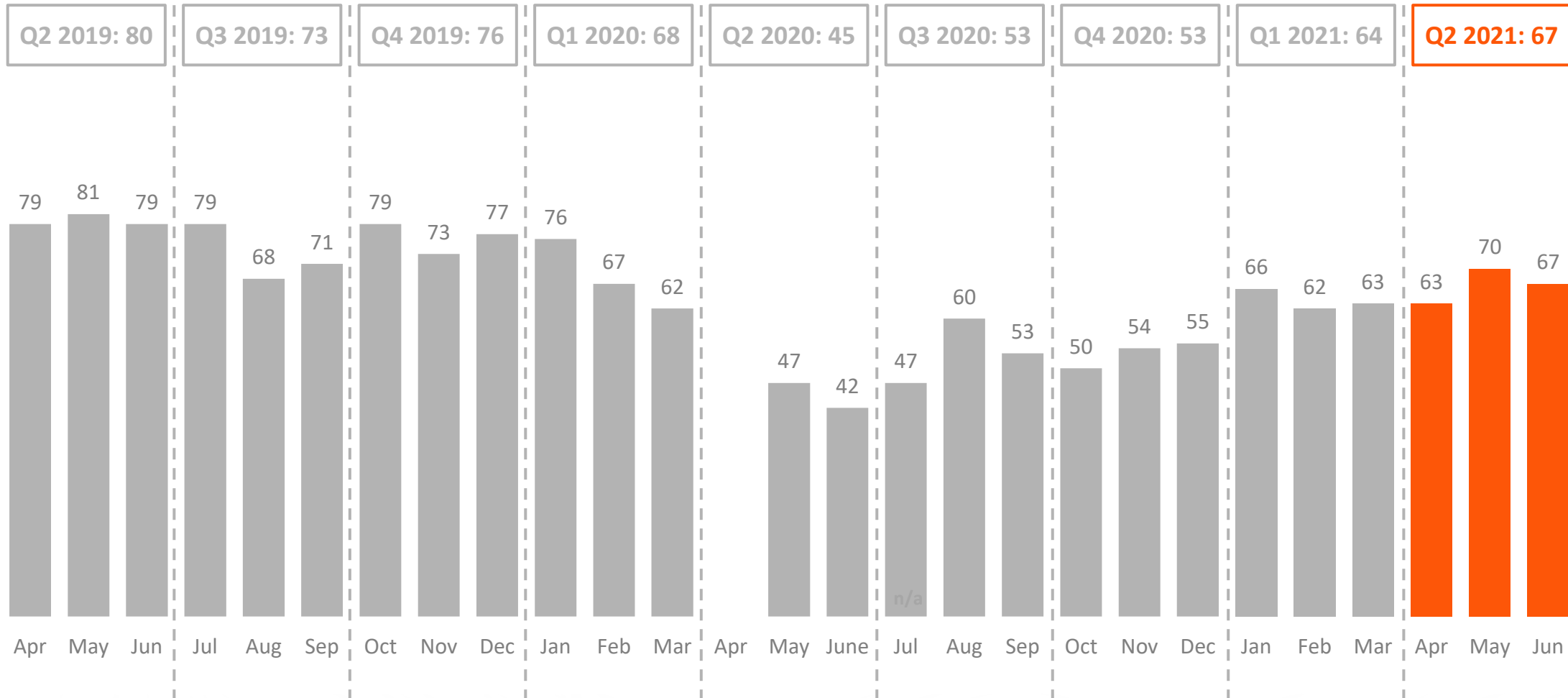
Roughly two-thirds of applications resulted in a completion in Q2 21, a slight increase on the previous quarter, but still not quite at the levels that were seen before the pandemic



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
Base: All Q2 respondents (301)

# Conversion from full application to completion (%)

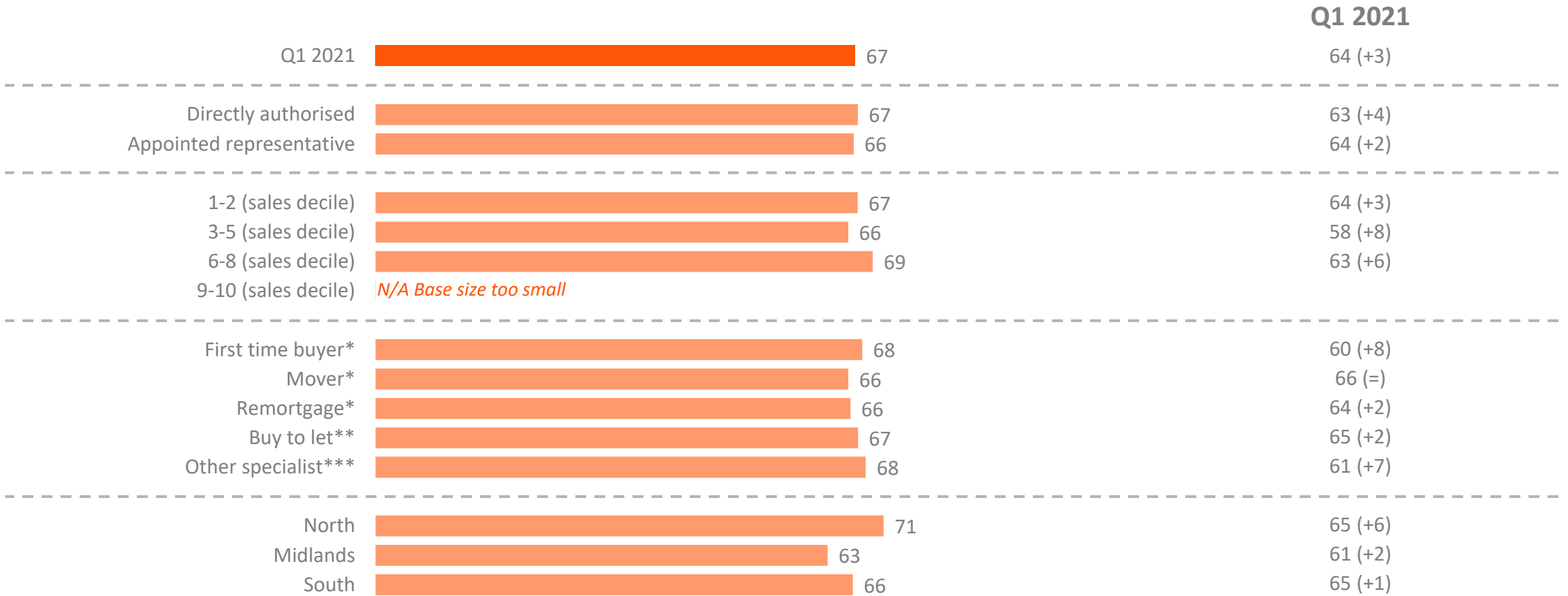
Whilst the long term trend in conversion from full application to completion is still down, the shorter term trend continues to show promise with levels returning to those seen in Q1 20



Q4. In the last 3 months, what proportion of your full applications have led to an offer?  
 Q4.5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
 Base: All Q2 respondents (301)

# Conversion from full application to completion – By business

Conversion from full application to completion increased the most among those dealing with first time buyers and specialist mortgages



QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
 QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
 Base: All Q2 respondents (301)

\* At least 4 out of every 10 residential mortgages placed

\*\* At least 2 out of 10 mortgaged placed

\*\*\* Any mortgages placed

# Any questions

## MARK LONG, DIRECTOR

 +44 (0) 20 7400 1016

 +44 (0) 7966 454 958

 Mark.Long@bva-bdrc.com

## SAM BURTON, RESEARCH DIRECTOR

 +44 (0) 20 7400 0396

 Sam.Burton@bva-bdrc.com