



Intermediary Mortgage Market Tracker

Q2 2022

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 2022**.

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

Executive summary

Q2 2022 Executive summary

Intermediary workload volumes were sustained at Q1 levels. The typical intermediary placed 97 cases in the previous 12 months. We see a significant productivity gap between self-defined mortgage 'brokers' at 103 case, and IFAs at 64 on average.

Intermediary confidence fell back in Q2. 'Top box' confidence levels reduced in each of the three metrics, with the most significant fall (-20%) relating to the broader 'mortgage industry'. Brokers are, as always, confident in terms of their own business prospects, but again, slightly fewer claim to be 'very' confident.

Conversion from DIP to completion fell for the 3rd successive quarter In Q2, 43% DIPs resulted in a completion, down from a recent high of 48% in Q3 last year. This conversion rate mirrors that achieved in the same quarter last year.

Conversion from application to completion softened very slightly in Q2 with a -1%pt reduction from 68% to 67%, yielding a typical pool of 12 client completions in the preceding quarter. This conversion rate replicates the equivalent quarter last year.

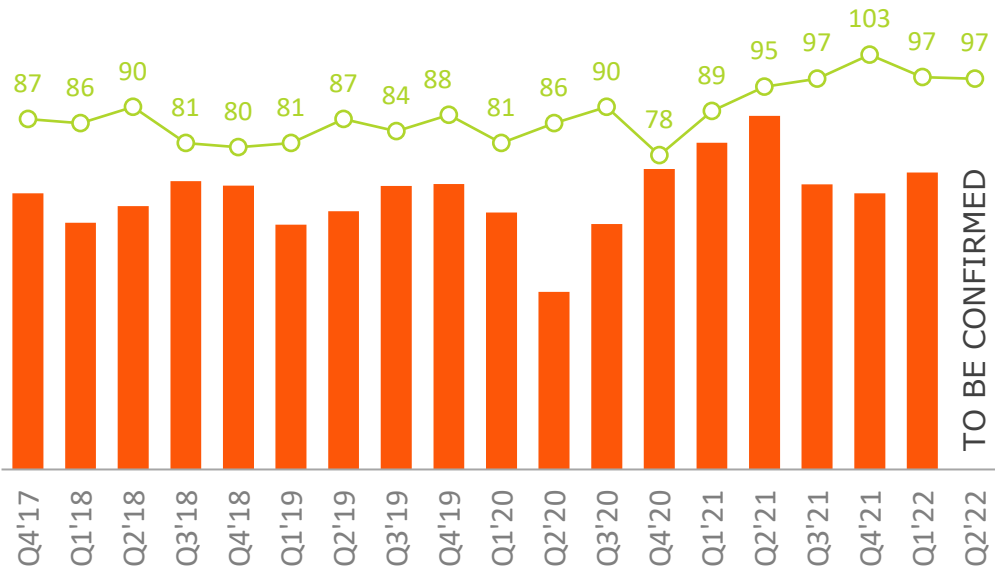
Business volumes and confidence

Claimed volumes of mortgage cases, per year

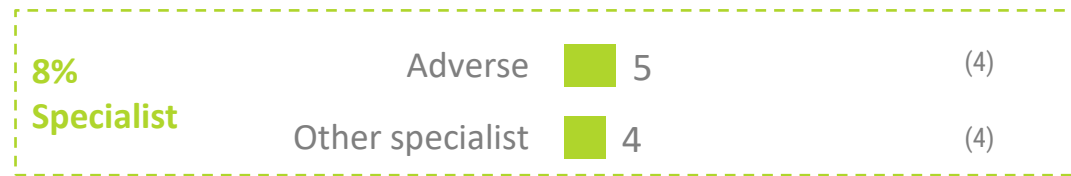
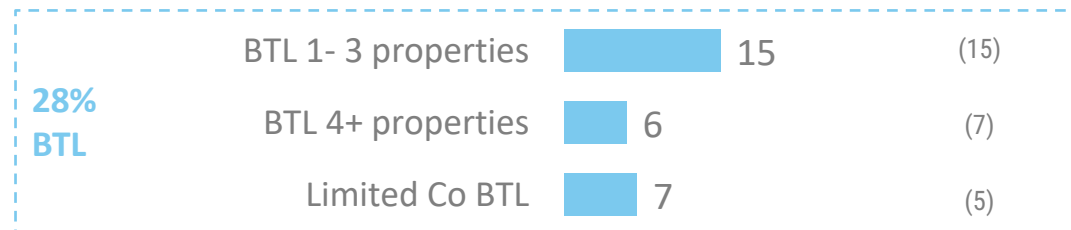
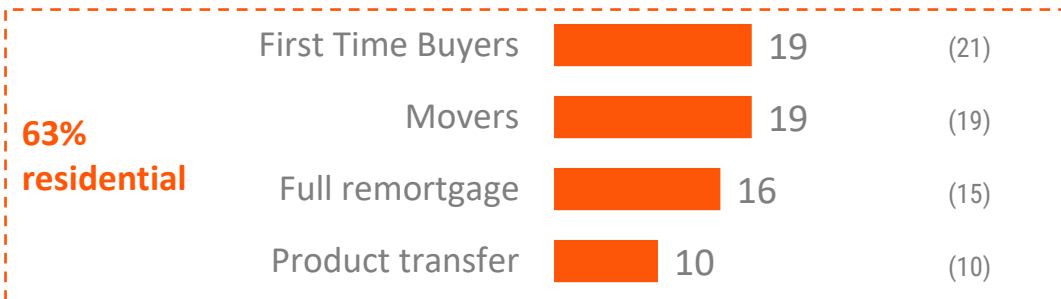
The average claimed number of mortgages placed per year by intermediaries is stable this quarter, at 97. There are only subtle movements in terms of the business mix – slightly fewer handle FTBs, and slightly more business goes the way of Ltd. Co BTL.

All mortgages

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

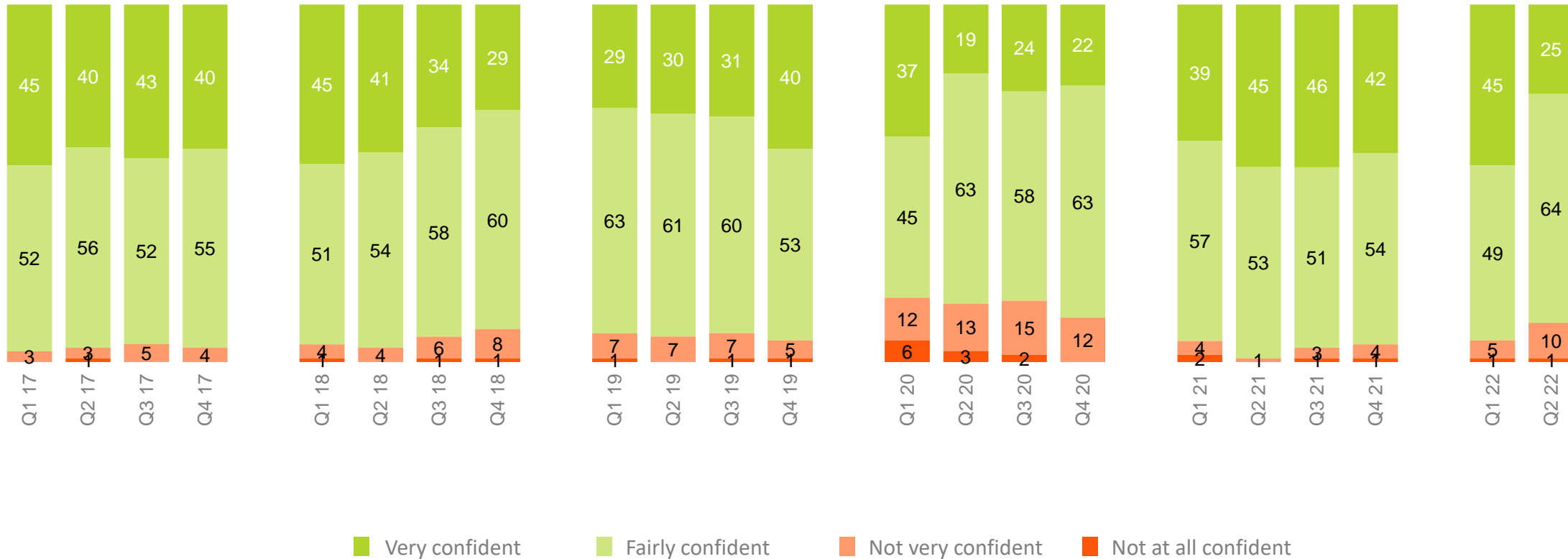


Average business mix (% of all cases per year)



Confidence in outlook for mortgage industry

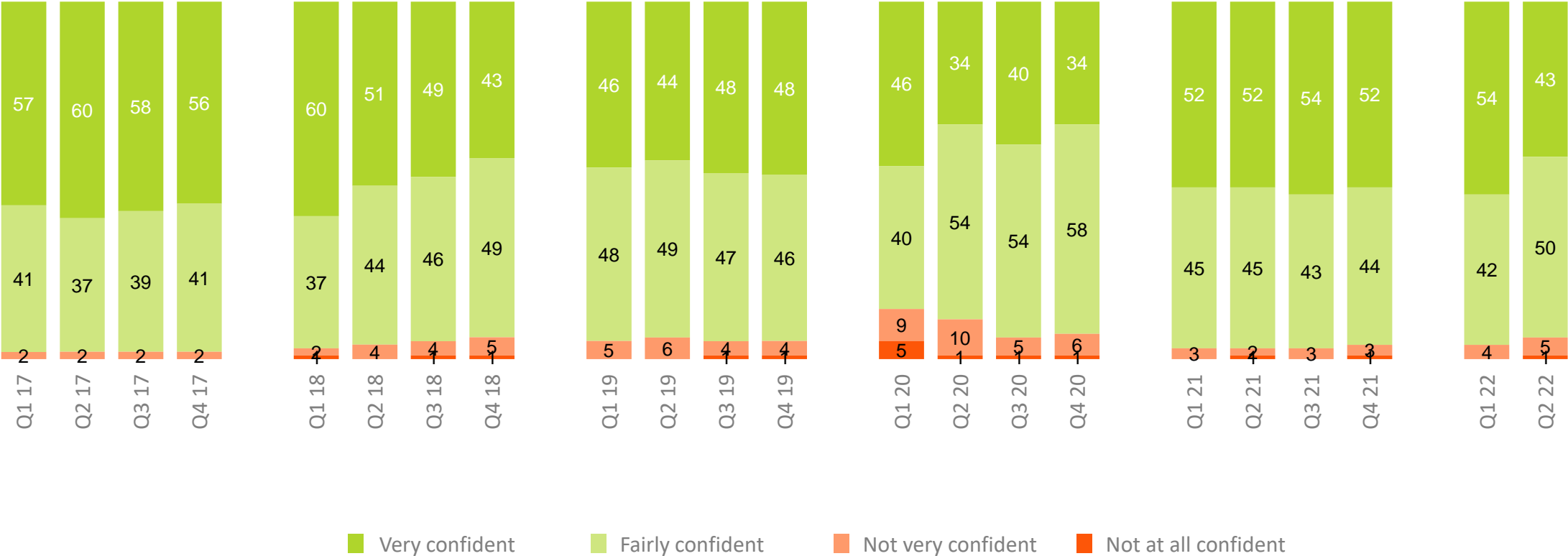
In Q2 22, confidence in the outlook for the mortgage industry continues to be high overall, however significantly fewer are 'very' confident (-20% vs. Q1) – showing the potential for a decline in optimism looming.



QH1a. Currently, how confident do you feel about the business outlook for the mortgage industry?
Base: All respondents (300)

Confidence in outlook for intermediary sector

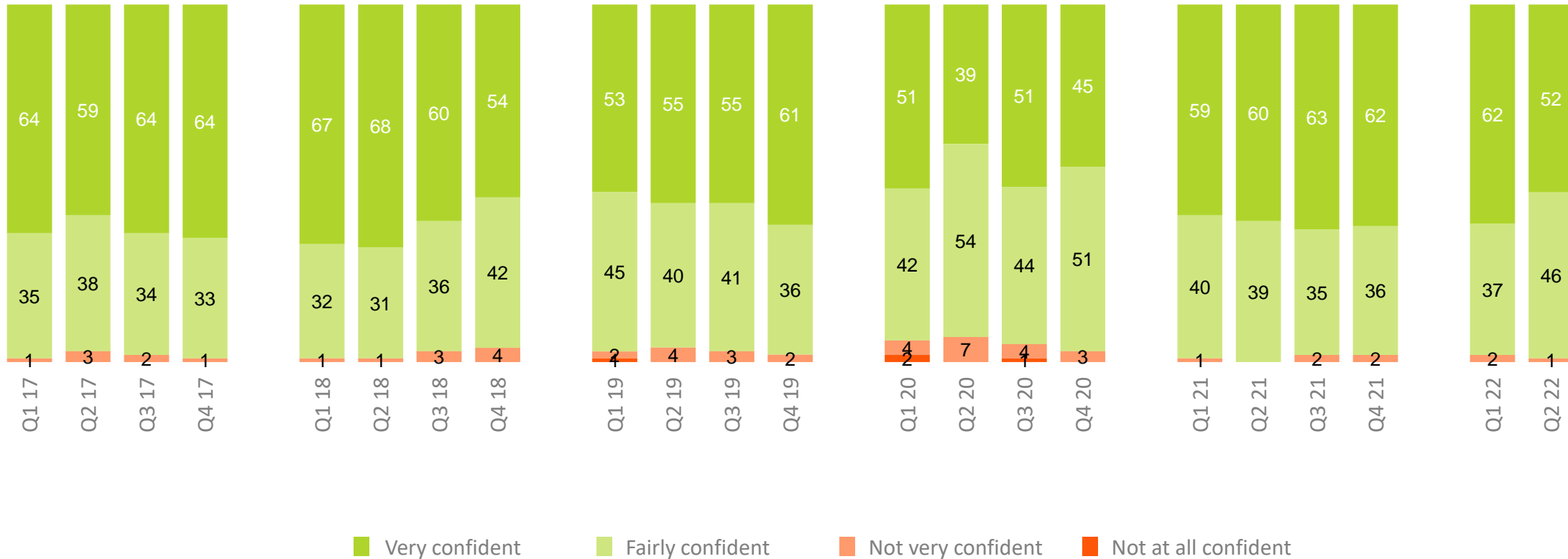
There is a similar but more muted pattern for the intermediary sector – showing small signs of discontent.



QH1b. And how confident do you feel about the business outlook for the intermediary sector of the mortgage industry?
Base: All respondents (300)

Confidence in outlook for their own business

Brokers are, as always, confident in terms of their own business, but again, slightly fewer claim to be 'very' confident, compared to the levels since the start of 2021. At a monthly level, there is a small recovery in June.



QH1c. And how confident do you feel about the business outlook for your own firm?
Base: All respondents (300)

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

Those most confident have a well established business, with a good reputation and strong business flow from the client base and referrals. Continued high demand for intermediaries and business diversification are also mentioned

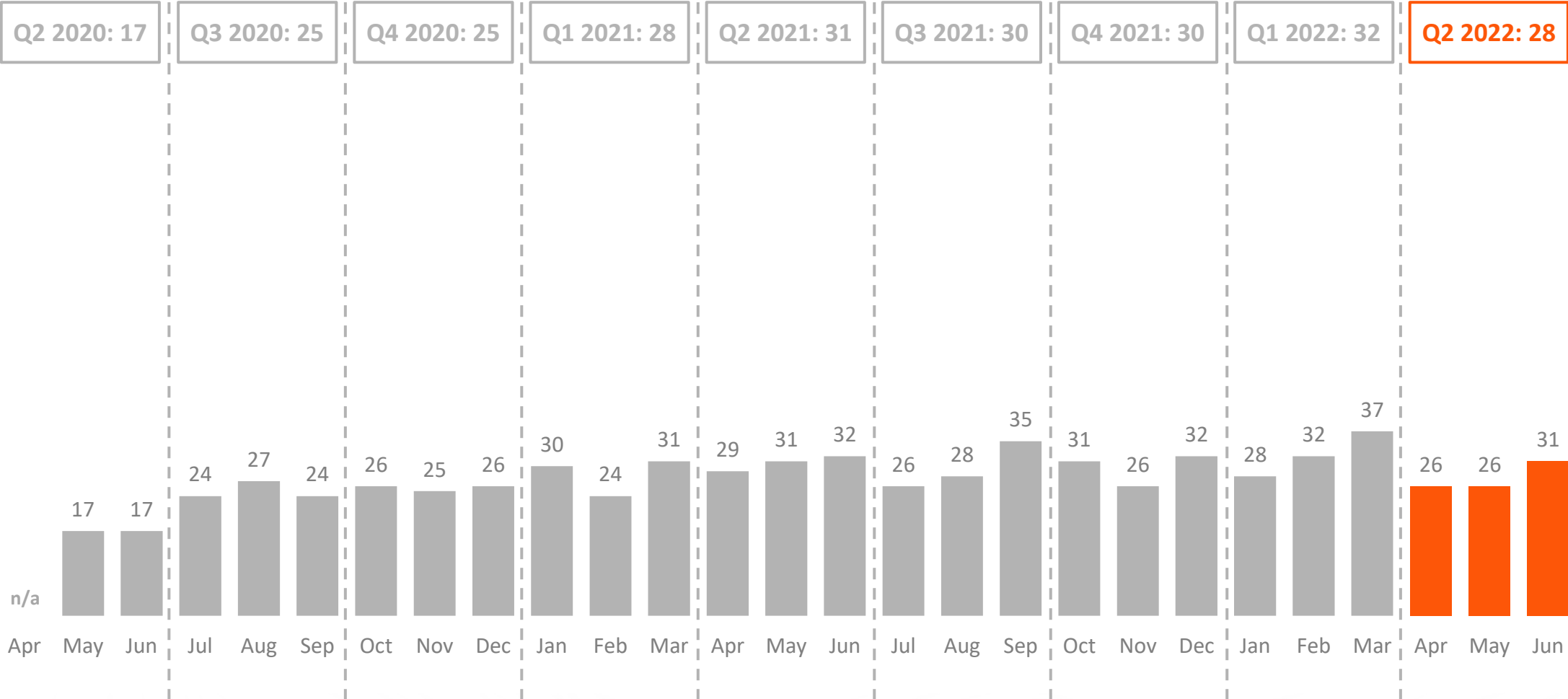
Reasons for feeling more confident

- 1 Business is booming**
Continued busy year for many aided by good lead sources
*"Business is booming, we are very busy, the market is going crazy at the moment."
(Very confident)*
- 2 Qualities of the business**
Established business and client database, trading for many years, good reputation and safety net provided by referrals
*"We've got a big client bank over the last 20 years, so no matter what happens to the housing and mortgage market people are going to contact us."
(Very confident)*
- 3 Demand for intermediaries / advice**
With rates going up and the application process becoming more complicated, there is an increased need for assistance from intermediaries
*"The demand isn't going away, and people still need help with mortgages."
(Very confident)*
- 4 Multiple income streams**
Business growth has been enhanced by expertise in multiple sectors
*"My company has many other income streams. Mortgages only play a small part of the business."
(Very confident)*

Business flow

Average number of DIPs in last 3 months

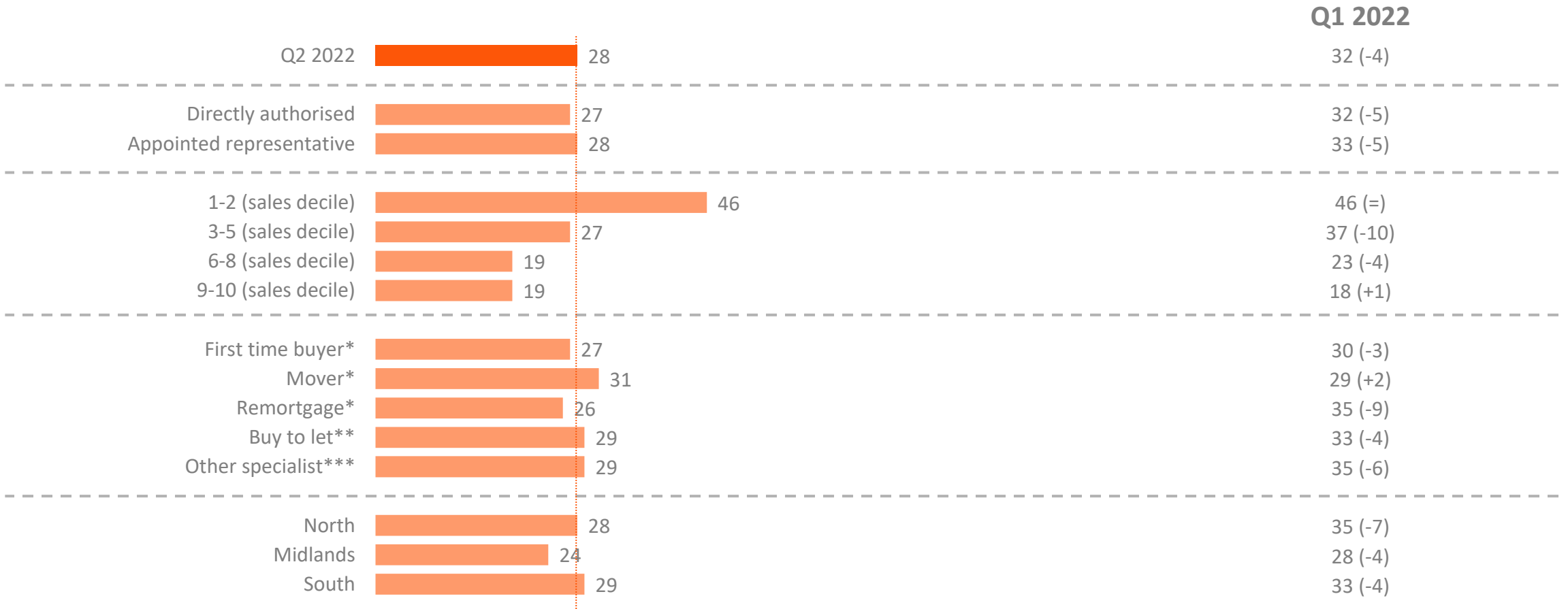
The average number of DIPs dealt with by intermediaries has decreased since Q1 (-4), although levels picked up in June vs. the beginning of the quarter.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
 Base: All Q2 respondents (300)

Average number of DIPs – By business

The average number of DIPs goes down slightly in Q2, driven mostly by those in the 3-5 sales decile, and remortgage / specialist focused businesses. Those based in the North also contributed.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All Q2 respondents (300)

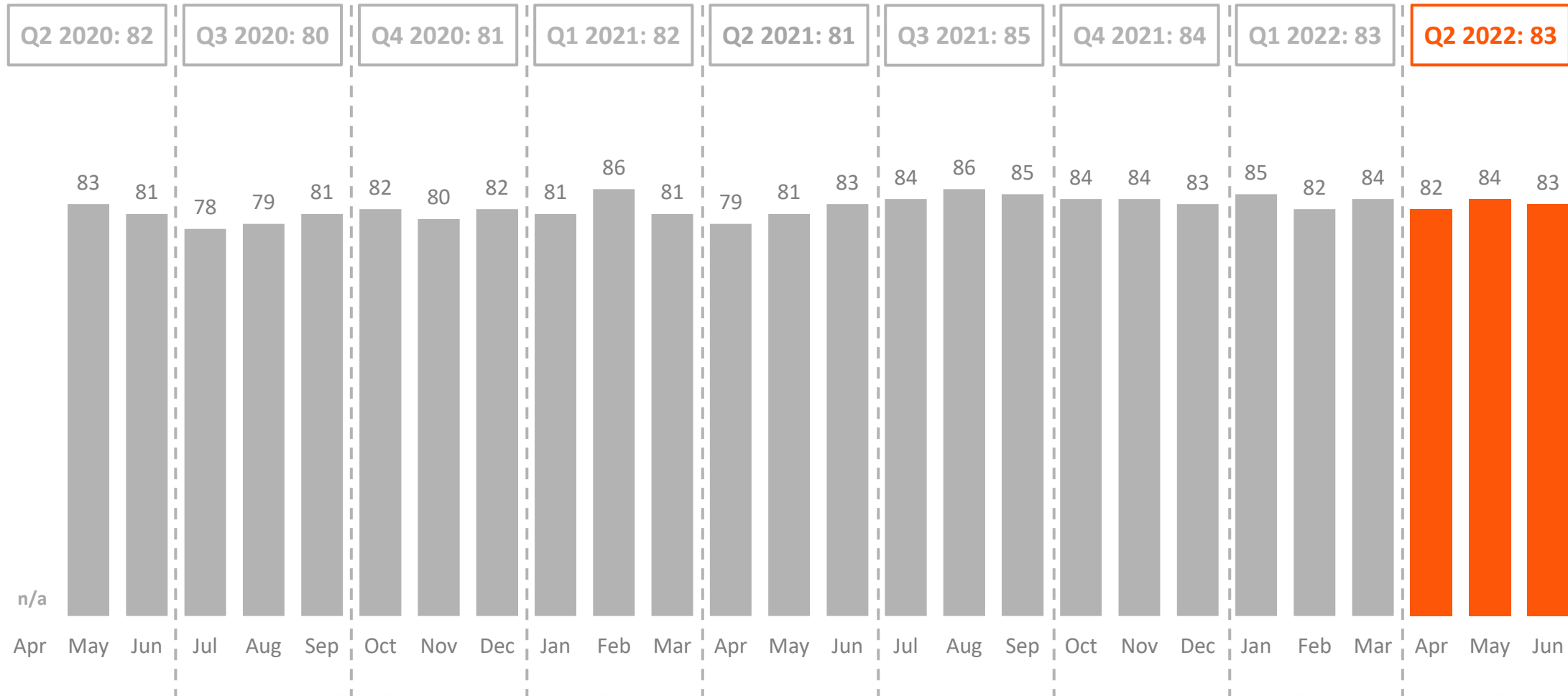
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

DIPs resulting in a DIP accept (%)

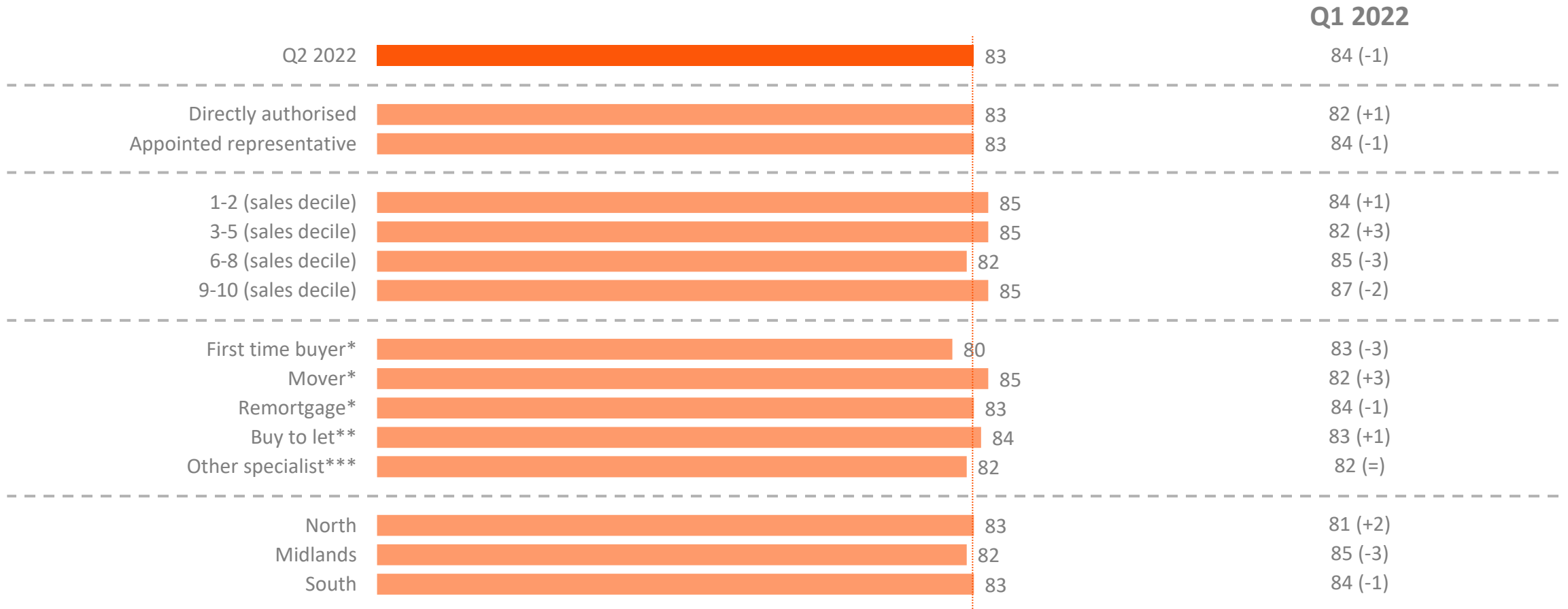
The proportion of DIPs resulting in a DIP accept has remained quite stable over the past 2 years.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q2 respondents (300)

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

Conversion from DIP to DIP acceptance continues to be broadly similar across business types. The lowest conversion is for first time buyers, down slightly since last quarter.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q2 respondents (300)

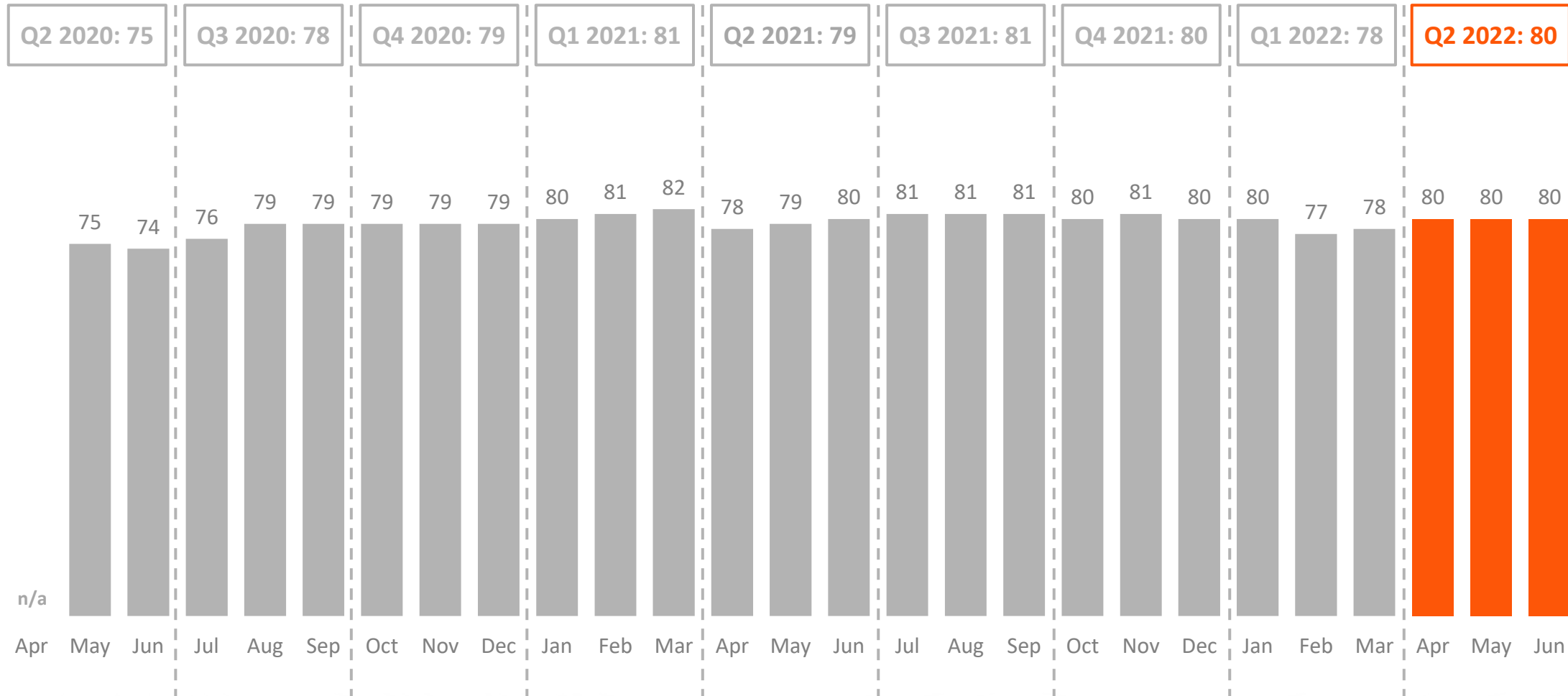
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

DIP accepts resulting in a full application (%)

The proportion of DIP acceptances resulting in a full application has recovered following the dip in Q1.

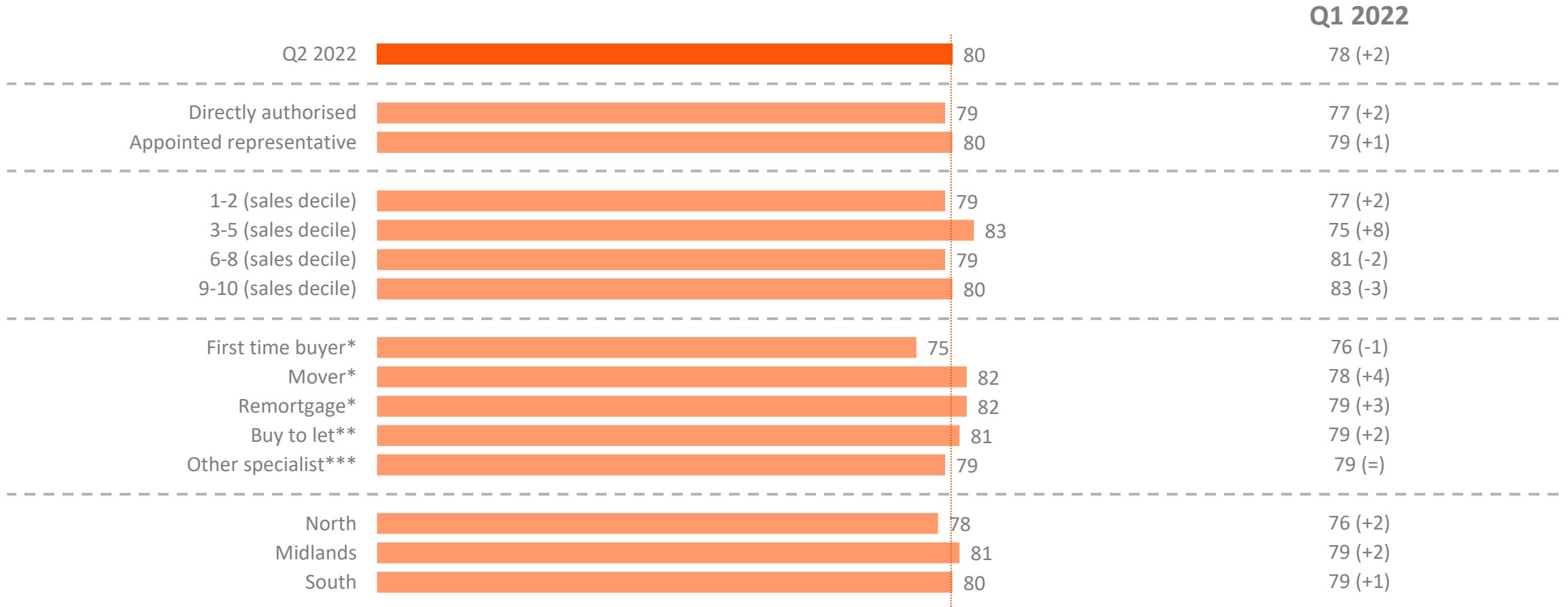


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?

Base: All Q2 respondents (300)

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

Conversions from DIP to applications increased most notably among 3-5 sales decile.



QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All Q2 respondents (300)

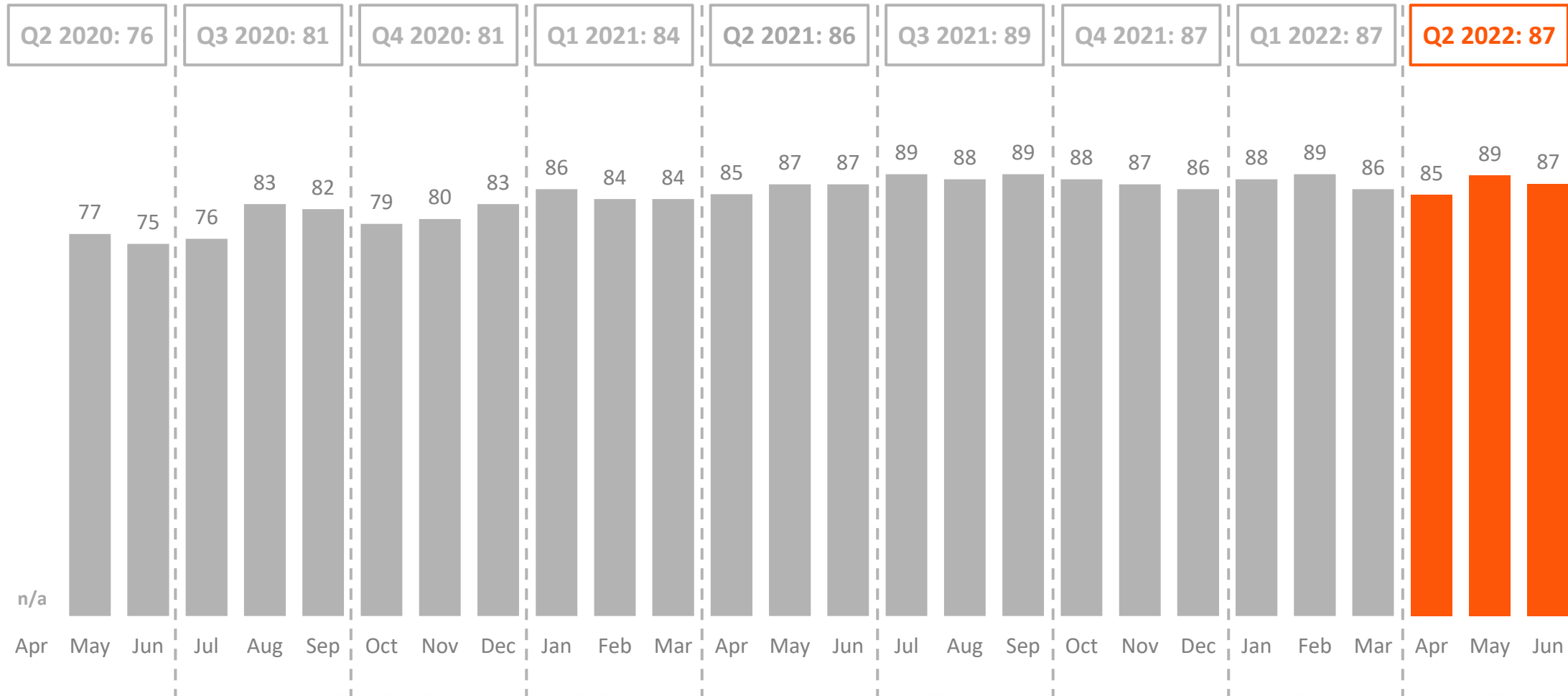
* At least 4 out of every 10 residential mortgages placed

** 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 remains stable quarter on quarter.

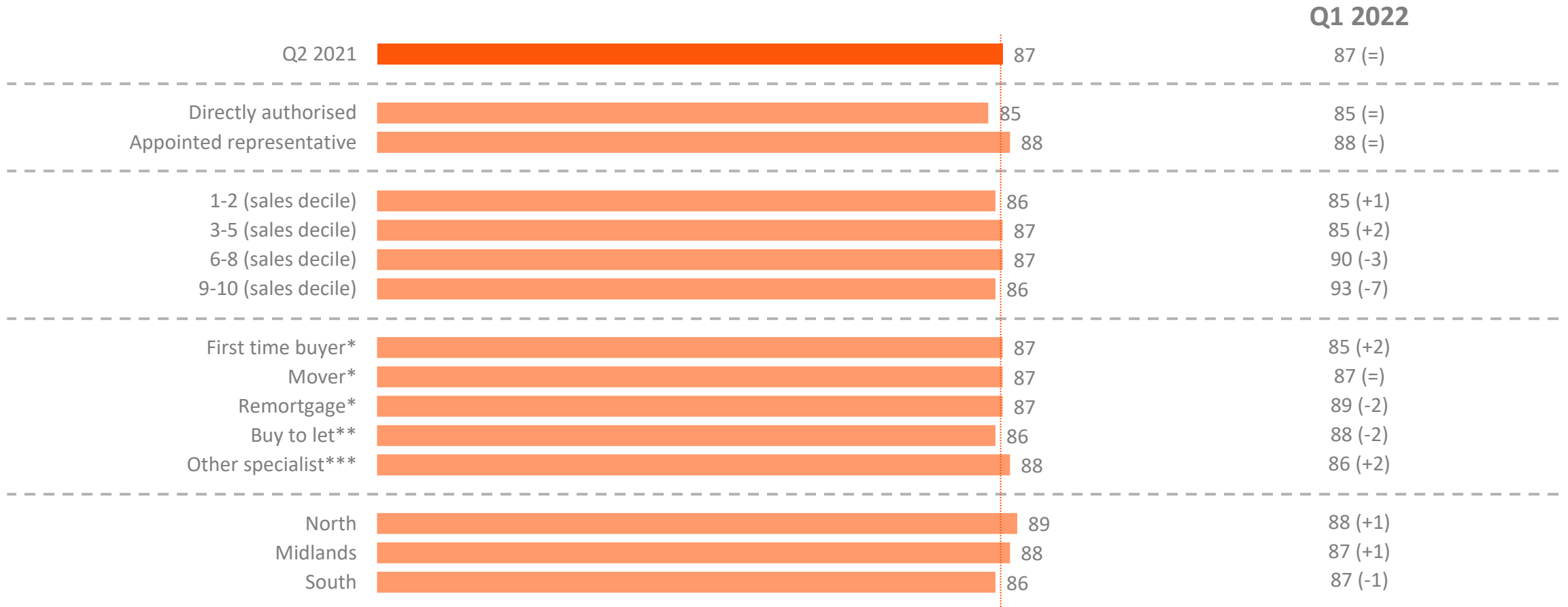


QH4. In the last 3 months, what proportion of your full applications have led to an offer?

Base: All Q2 respondents (300)

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

The proportion of full applications resulting in an offer is relatively stable across all business types, albeit there was a notable decline among the lowest sales decile.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q2 respondents (300)

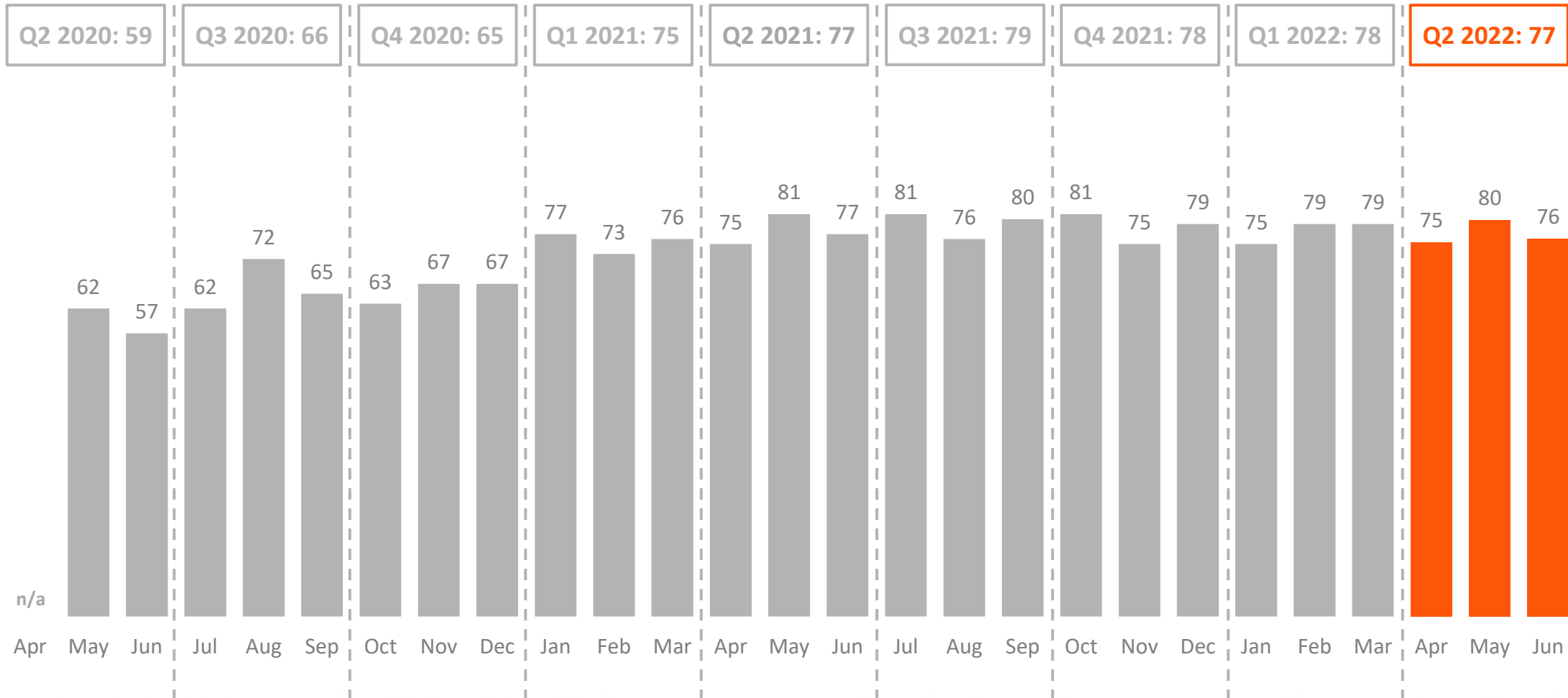
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Offers resulting in a completion (%)

At an overall level, Conversion from offer to completion has dipped very slightly in Q2 – mainly due to lower levels seen in April and June.

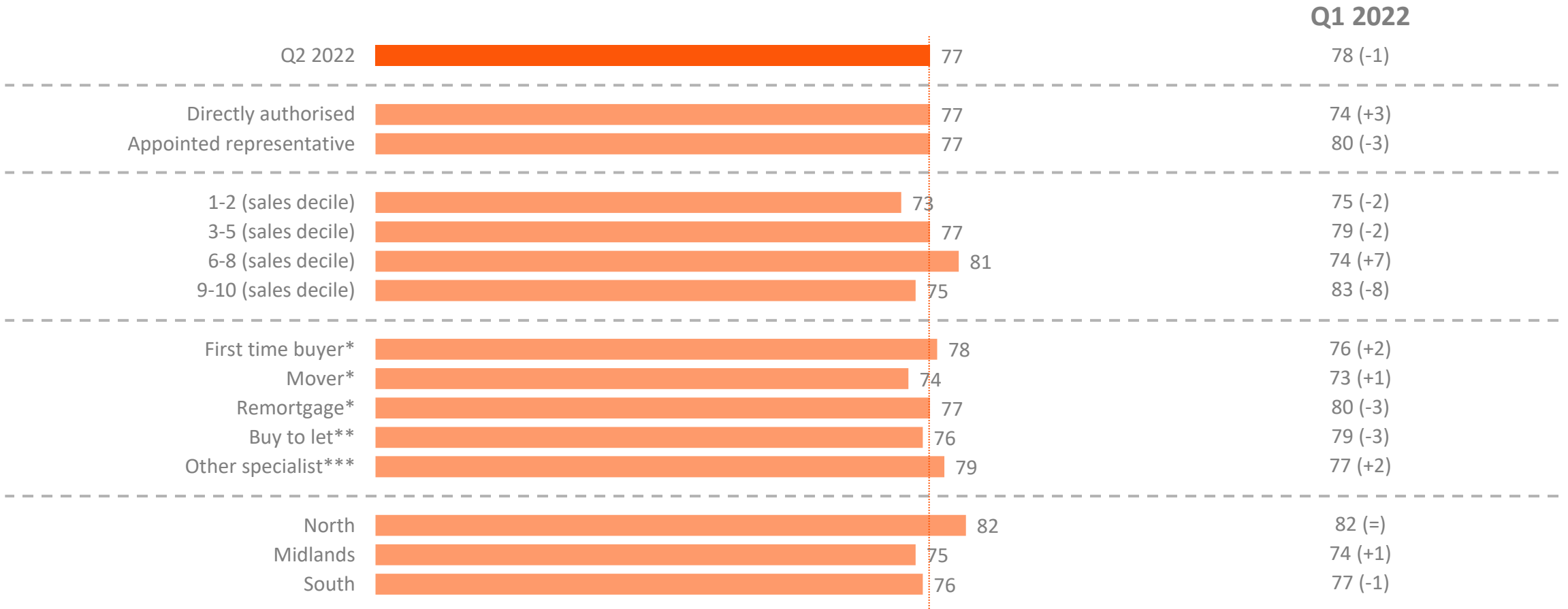


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?

Base: All Q2 respondents (300)

Offers resulting in a completion (%) – By business

The biggest differentials for offers resulting in a completion are among the 6-8 sales decile (up) and 9-10 sales decile (down).



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q2 respondents (300)

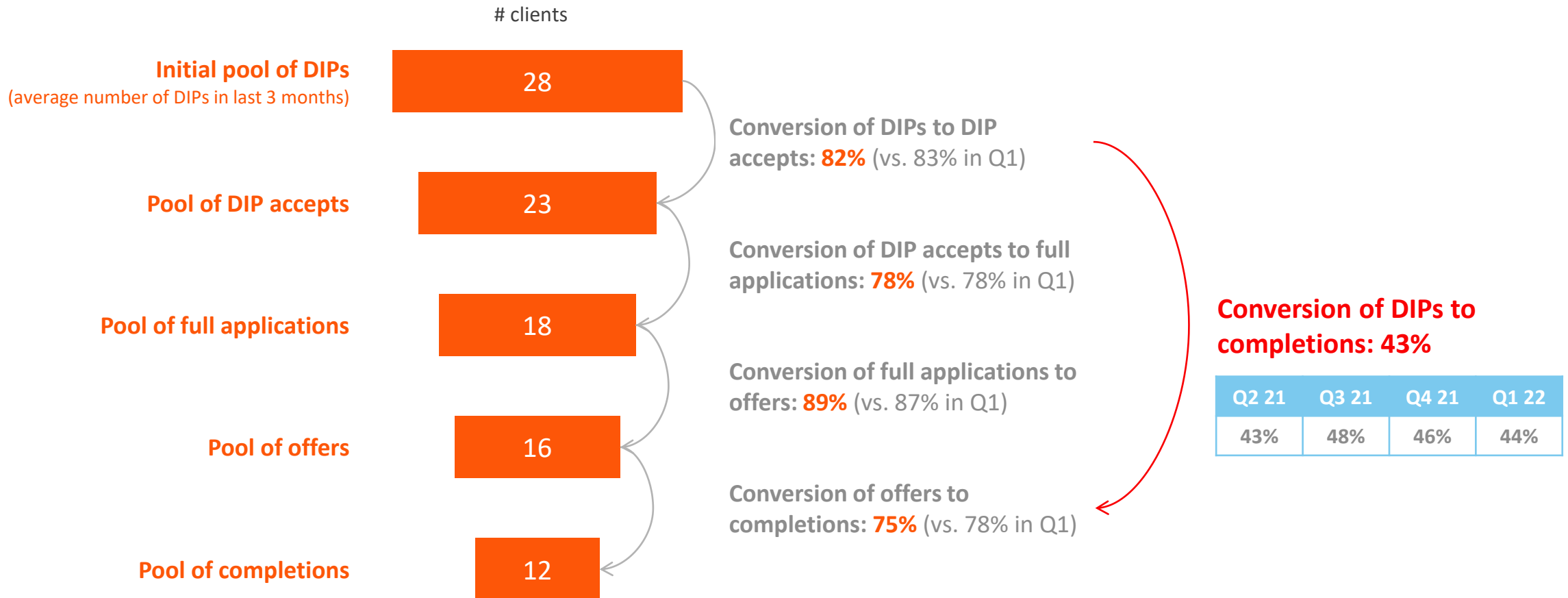
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Conversion from DIP to completion

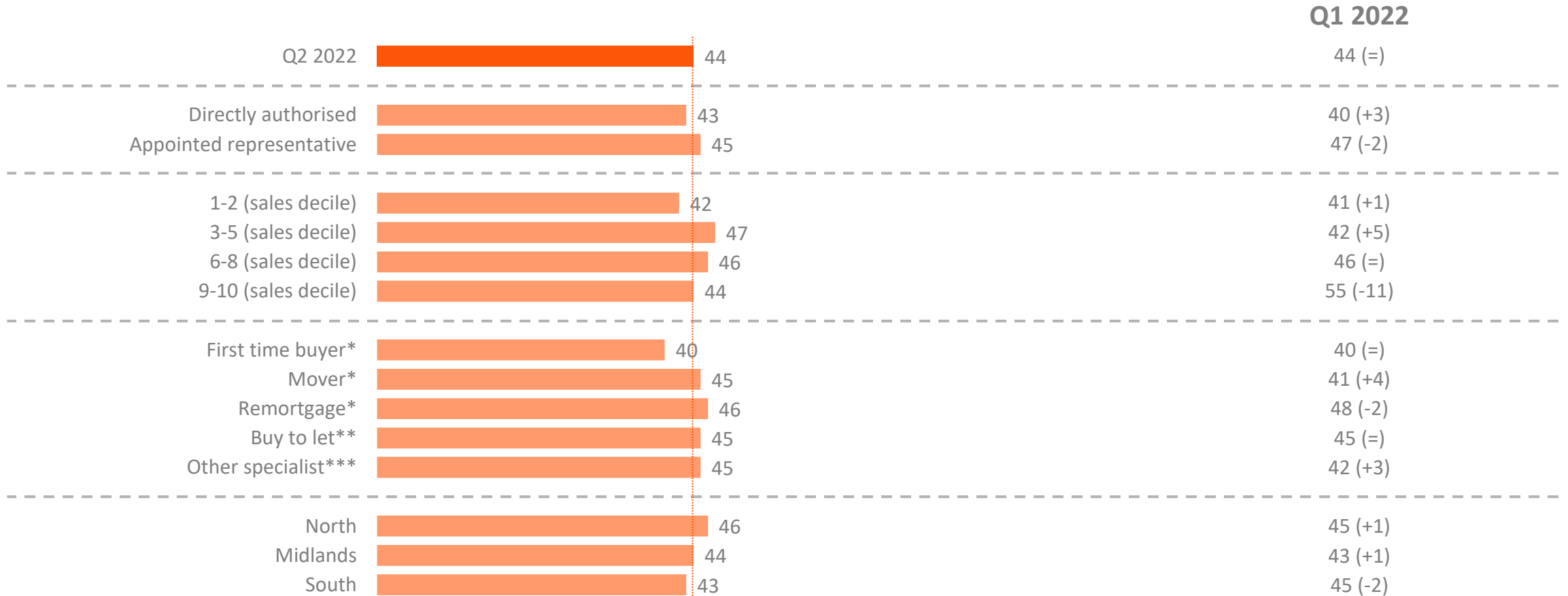
Conversion from DIP to completion edged down again in Q2 to 43%, returning to the same level as 12 months ago.



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 (300)

Conversion from DIP to completion – By business

There is some movement across the business segments this quarter, most markedly among 9-10 sales decile which is down 11 points vs. last quarter.



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 (300)

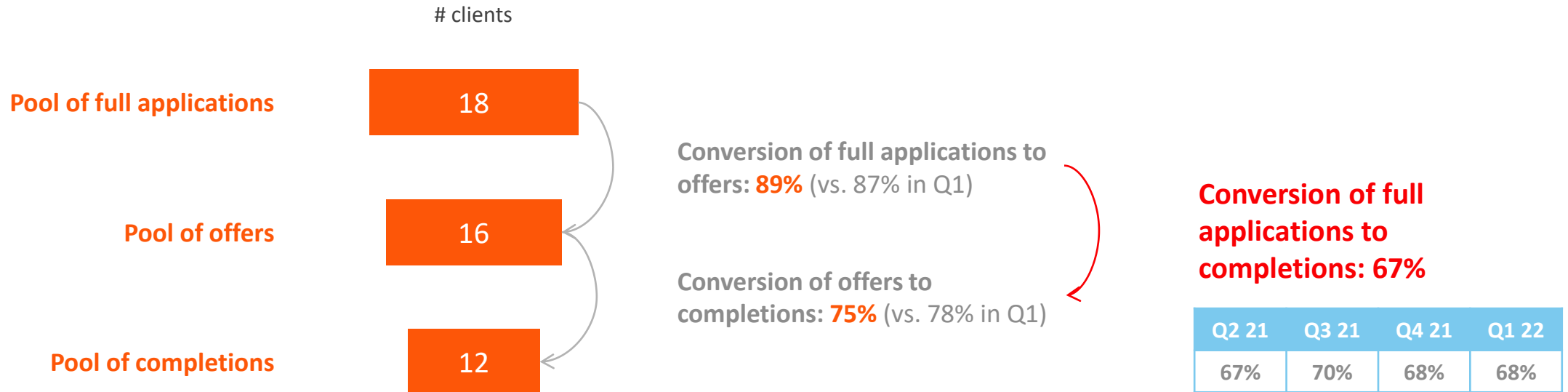
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Conversion from full application to completion

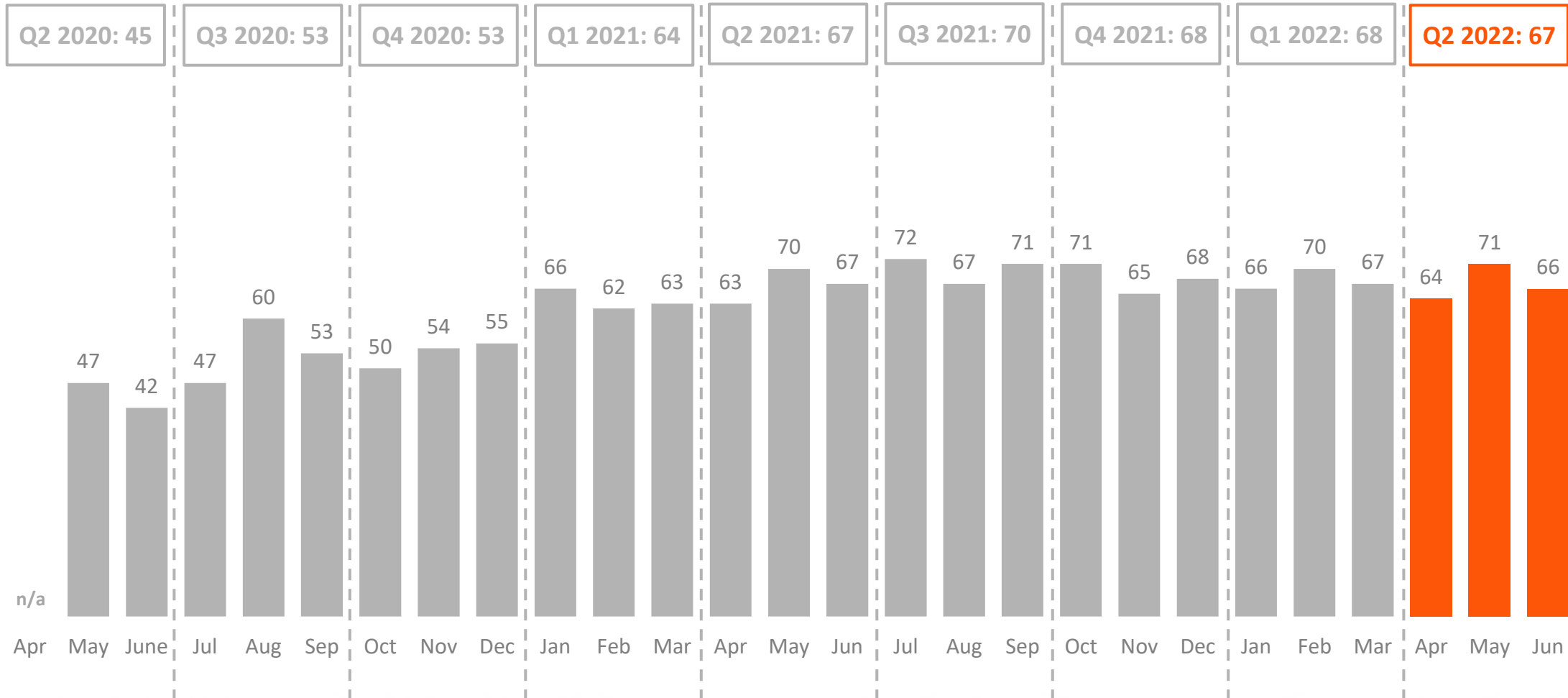
Two thirds of mortgage applications resulted in a completion in Q2 2022 – down slightly on Q1, but the same as 12 months ago.



QH1. In the last 3 months, approximately how many DIPs have you dealt with personally?
QH2. 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 (300)

Conversion from full application to completion (%)

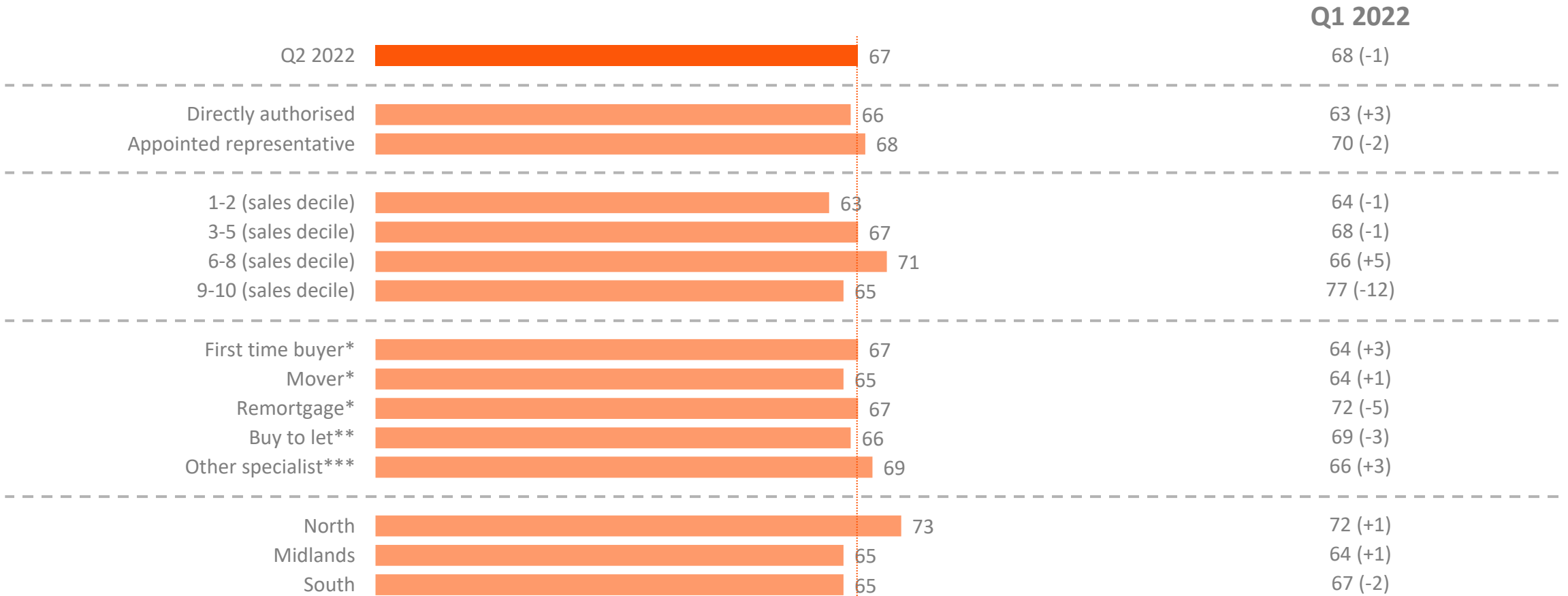
The conversion rate from full application to completion has dipped very slightly to the same level Y-o-Y.



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 (300)

Conversion from full application to completion – By business

Conversion from full application to completion has dipped very slightly quarter-on-quarter, mainly due to a marked decline in 9-10 sales decile (down 12 points) and remortgages (down 5).



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 (300)

* 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

ALEXANDRA MORAR, RESEARCH MANAGER

 +44 (0) 20 7400 1029

 Alexandra.Morar@bva-bdrc.com