



Intermediary Mortgage Market Tracker

Q3 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 **Q3 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

Q3 2022 Executive summary

The typical intermediary placed 93 cases in the previous 12 months. However the read workload seems to have gone up from the verbatim feedback – due to the complexity of the current market. For mortgage brokers this goes up to 99, and down to 67 for IFAs

Conversion from DIP to completion fell -10% year-on-year. In Q3, 38% DIPs resulted in a completion, down from 44% last quarter. However for DAs the proportion remains stable (+1%)

Intermediary confidence fell back further in Q3.

Across Q3 22 as a whole, confidence is back to Q2 2020 levels but we need to go back to 2012 for clear lower levels of confidence than in Q3 22. Confidence in the outlook for one's own business largely held up in Q3 22, apart from a slight lift (to 5%) in those feeling 'not confident'

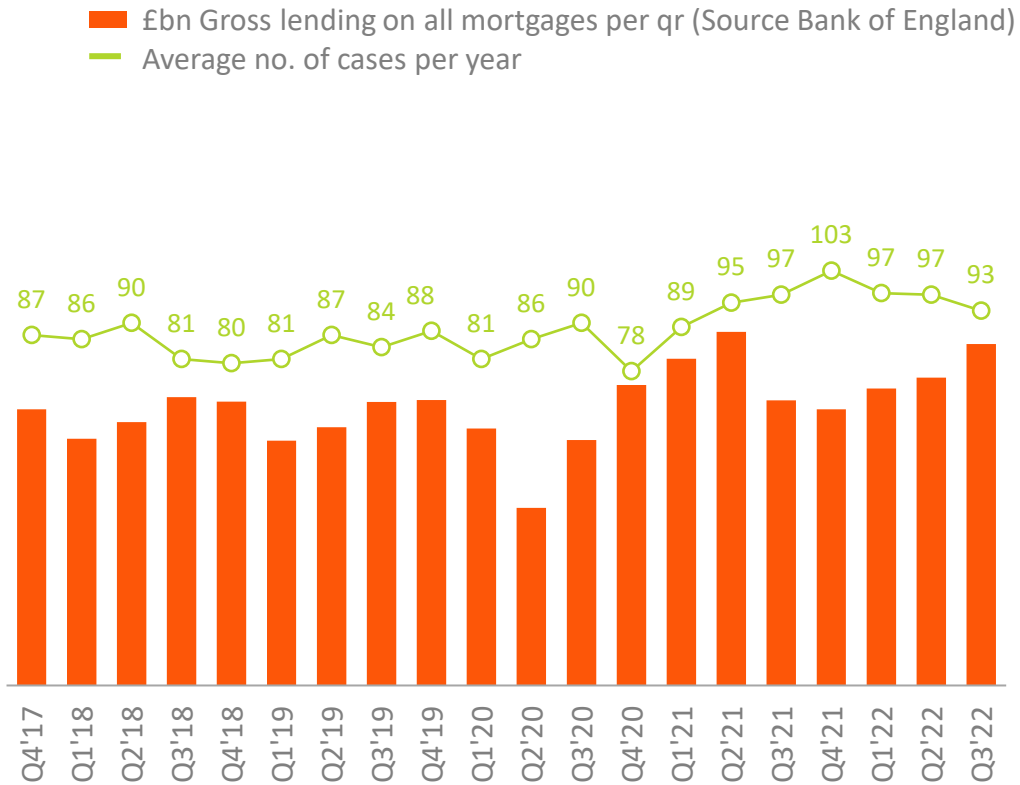
Conversion from application to completion also goes down in Q3 with a -9%pt reduction from 67% to 58%, yielding a typical pool of 10 client completions. Again, ARs contribute a lot to the decline (-13%), DAs less so (-6%)

Business volumes and confidence

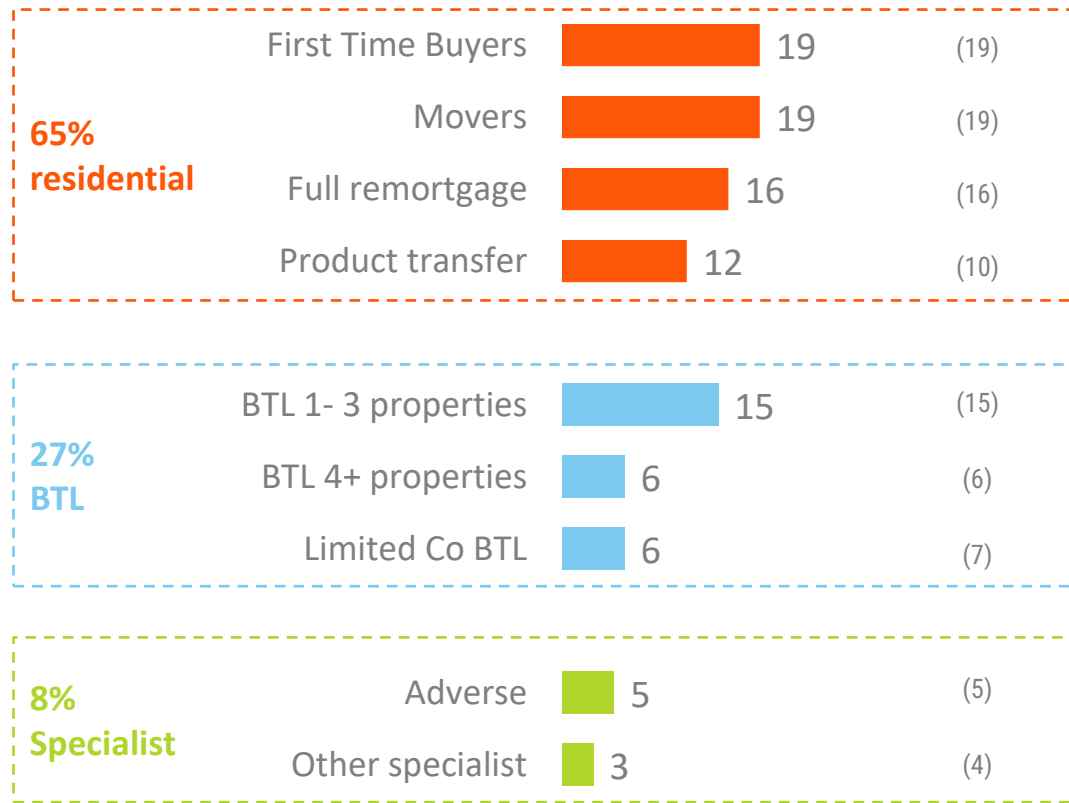
Claimed volumes of mortgage cases, per year

The average claimed number of mortgages placed per year by intermediaries goes down to 93. Conversely the figure reported by BoE rises to nearly £85bn – the highest it has been except for Q2 of last year when it was aided by the stamp duty changes. There are no significant changes in business mix.

All mortgages

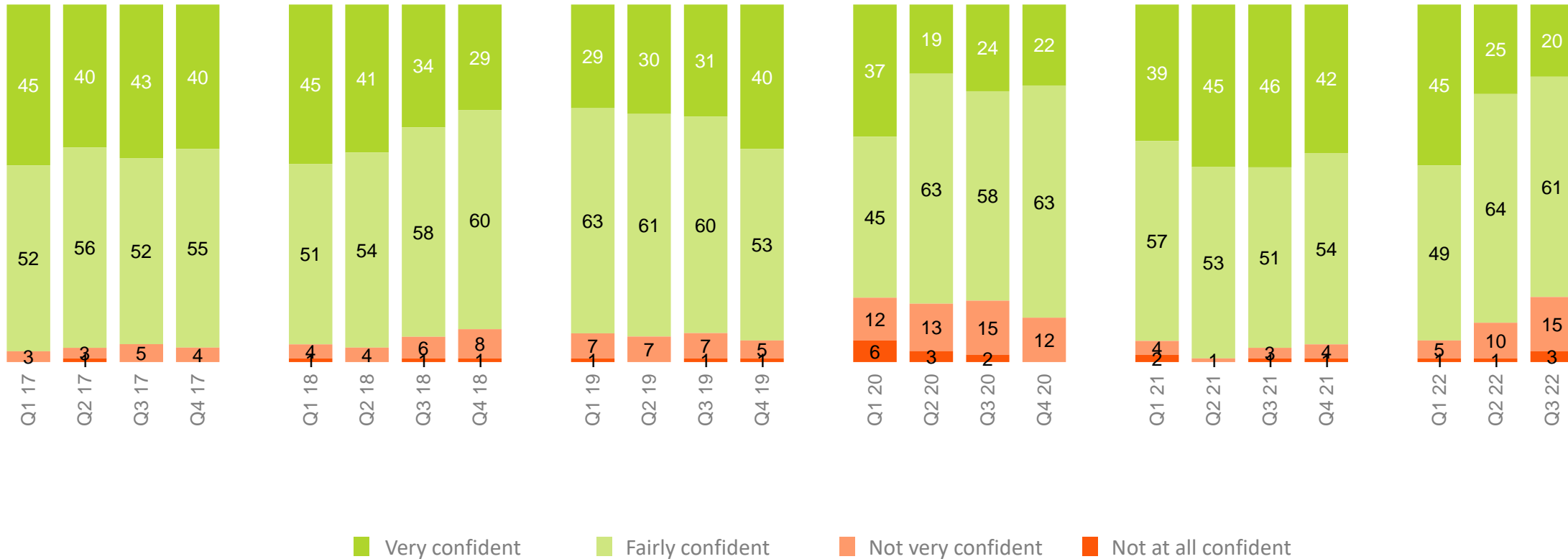


Average business mix (% of all cases per year)



Confidence in outlook for mortgage industry

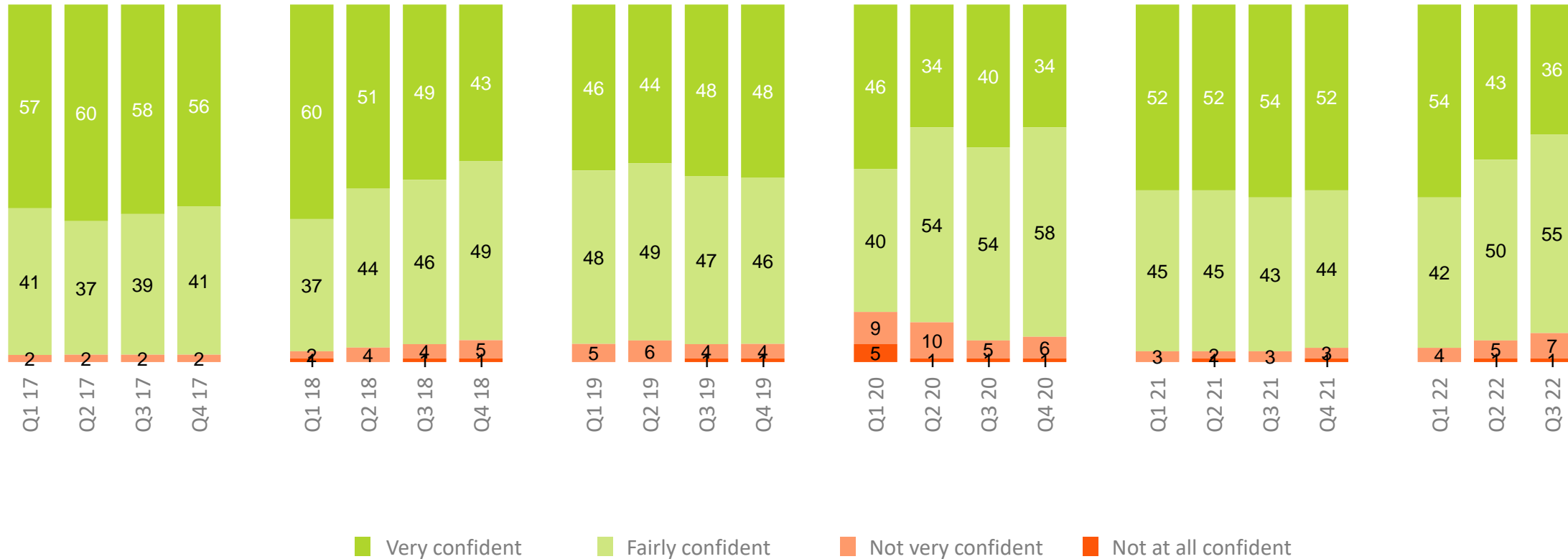
Confidence in the outlook for the mortgage industry fell steeply between Q1 and Q3 2022. Monthly data shows a fall between July (26% very confident) and September (15%). Across Q3 22 as a whole, confidence is back to Q2 2020 levels but we need to go back to 2012 for clear lower levels of confidence than in Q3 22



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

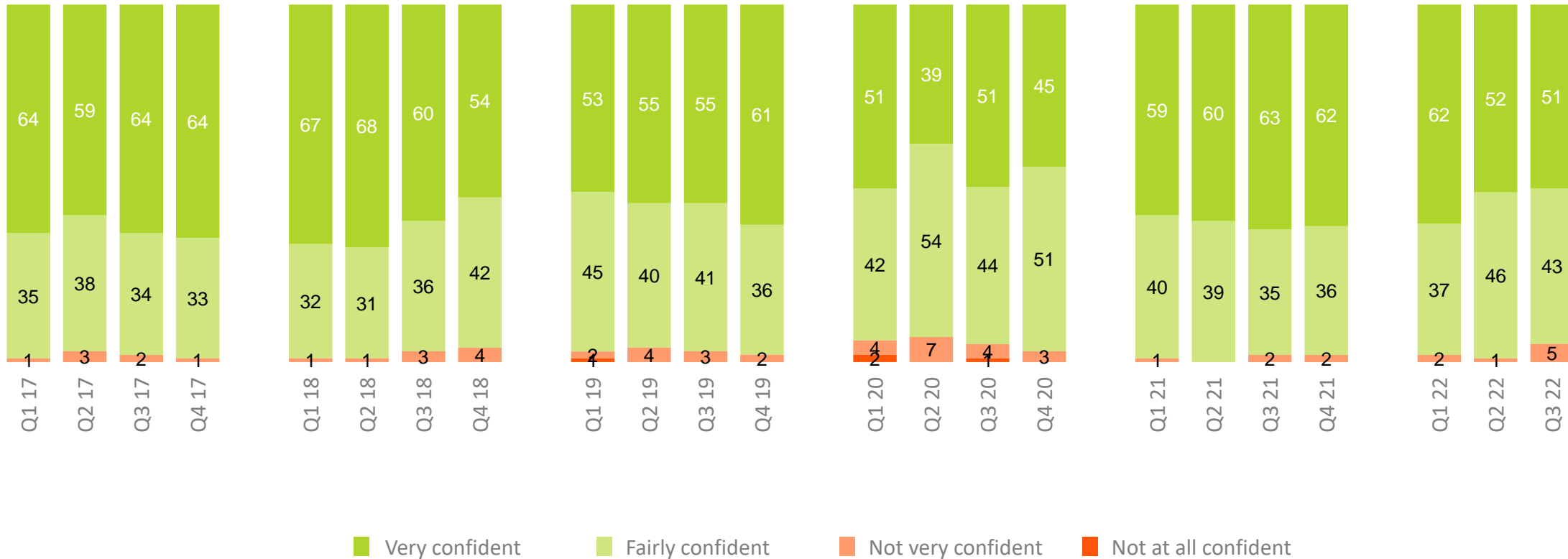
Confidence in the outlook for the intermediary sector fell between Q1 and Q3 22. Monthly data from April shows a fall in confidence between June 22 (48% very confident) and September (31%). Q3 22 confidence levels are similar to Q4 2020 but we need to go back to Q1 2013 to find clear lower levels of confidence



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

Confidence in the outlook for one's own business largely held up in Q3 22, apart from a slight lift (to 5%) in those feeling 'not confident'. Confidence levels in Q3 22 are down on 2021 but very similar to Q3 2020



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 highly confident mainly mention the qualities of their own business and strong demand for intermediary advice in a complicated market. Those who are less confident mention the same points but less strongly

Reasons for feeling more confident

- 1 Qualities of the business**
Established business and client database, trading for many years, good reputation and safety net provided by referrals
- 2 High demand for bespoke advice**
People need advice from intermediaries given rising rates and a complicated application process
- 3 Multiple income streams**
Businesses who have expertise in multiple sectors are resilient to a reduced demand for properties, 'we don't put all our eggs in one basket'

"I have been doing it for 20 years. I've seen recessions and crashes. I'm fairly confident I can survive whatever comes."
(Fairly confident)

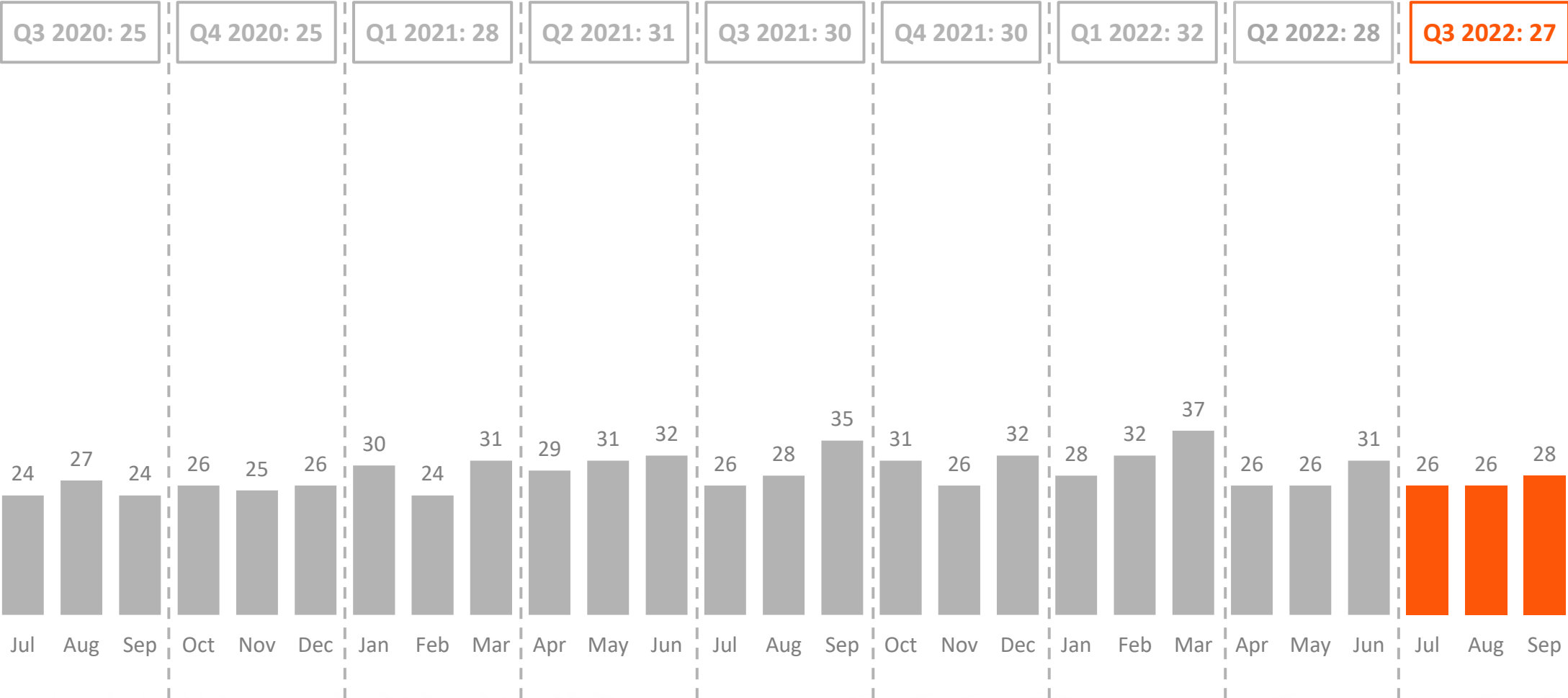
"It's a more complicated market, clients need more advice to get the best deals, they are happy to let someone else do the work."
(Very confident)

"We have been doing this for over 6 years and have started to branch out into more things like pensions and investments."
(Fairly confident)

Business flow

Average number of DIPs in last 3 months

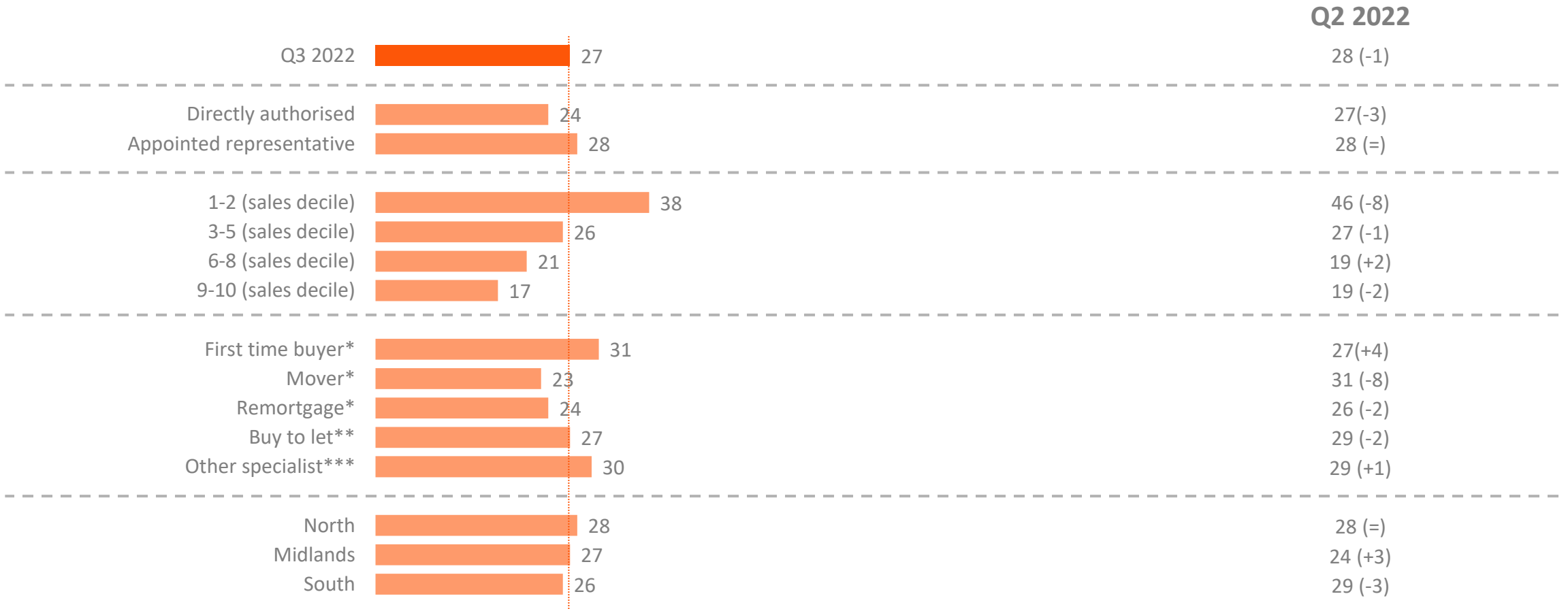
The average number of DIPs dealt with by intermediaries is stable in Q3, again picking up slightly at the end of the quarter.



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 remains stable in Q3, although there are some differences between segments. There is a plunge in the 1-2 sales decile (-8), and in Movers (-8). Conversely FTBs go up (+4)

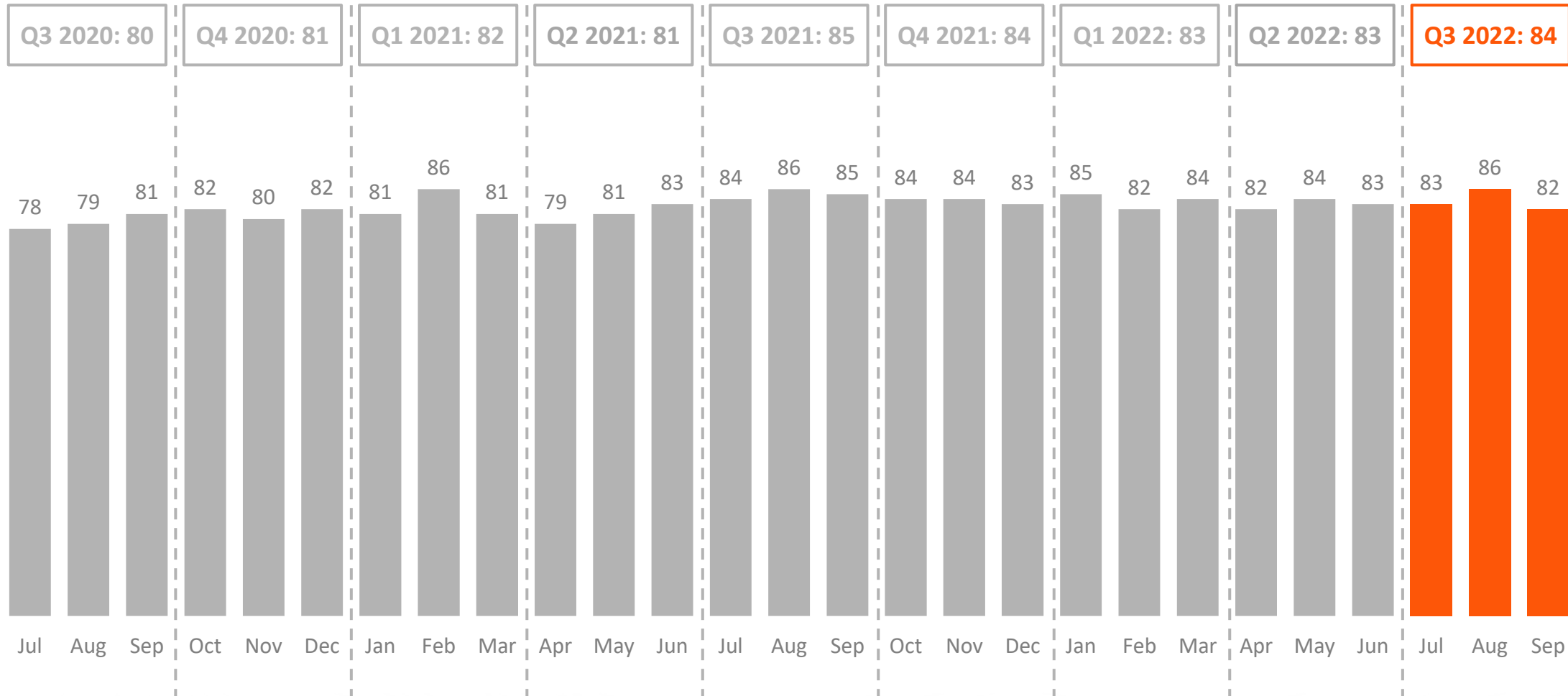


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All Q2 respondents (300)

* 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 stable over the last year, however there is a steady increase since 2 years ago.

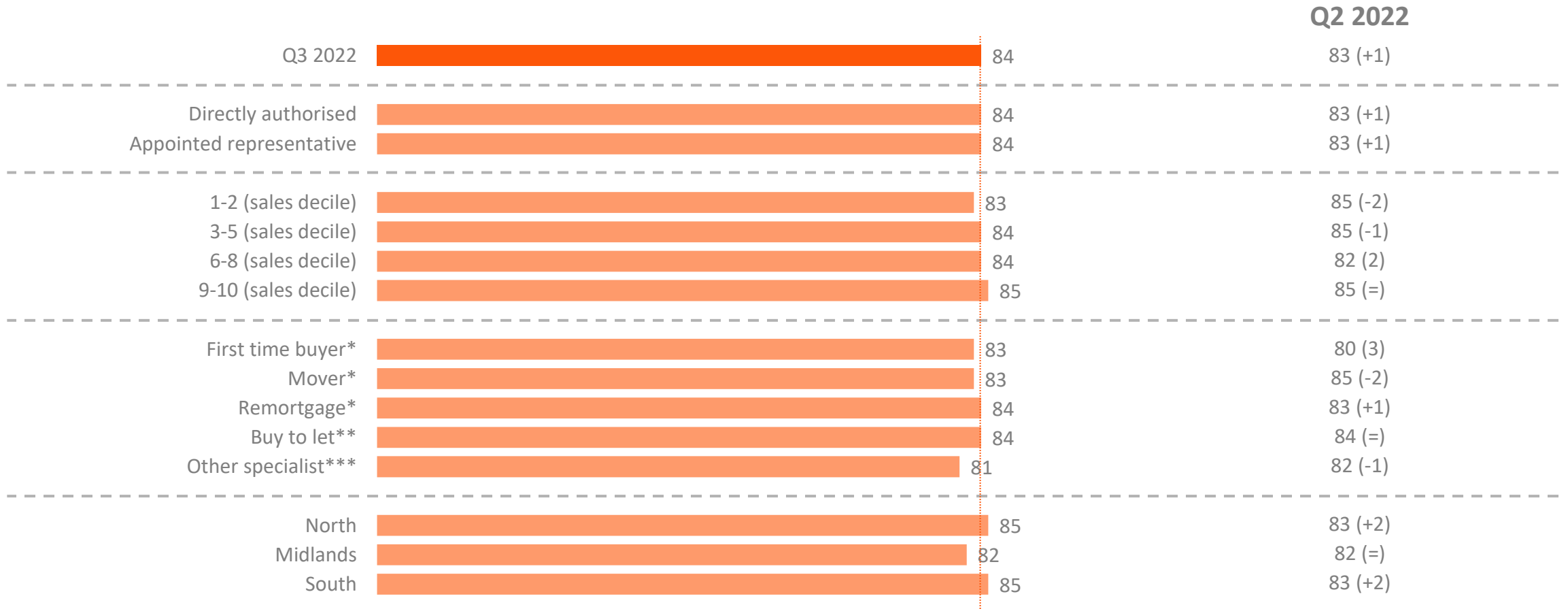


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?

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 – stable since Q2. The lowest conversion is for brokers placing specialist mortgages.



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

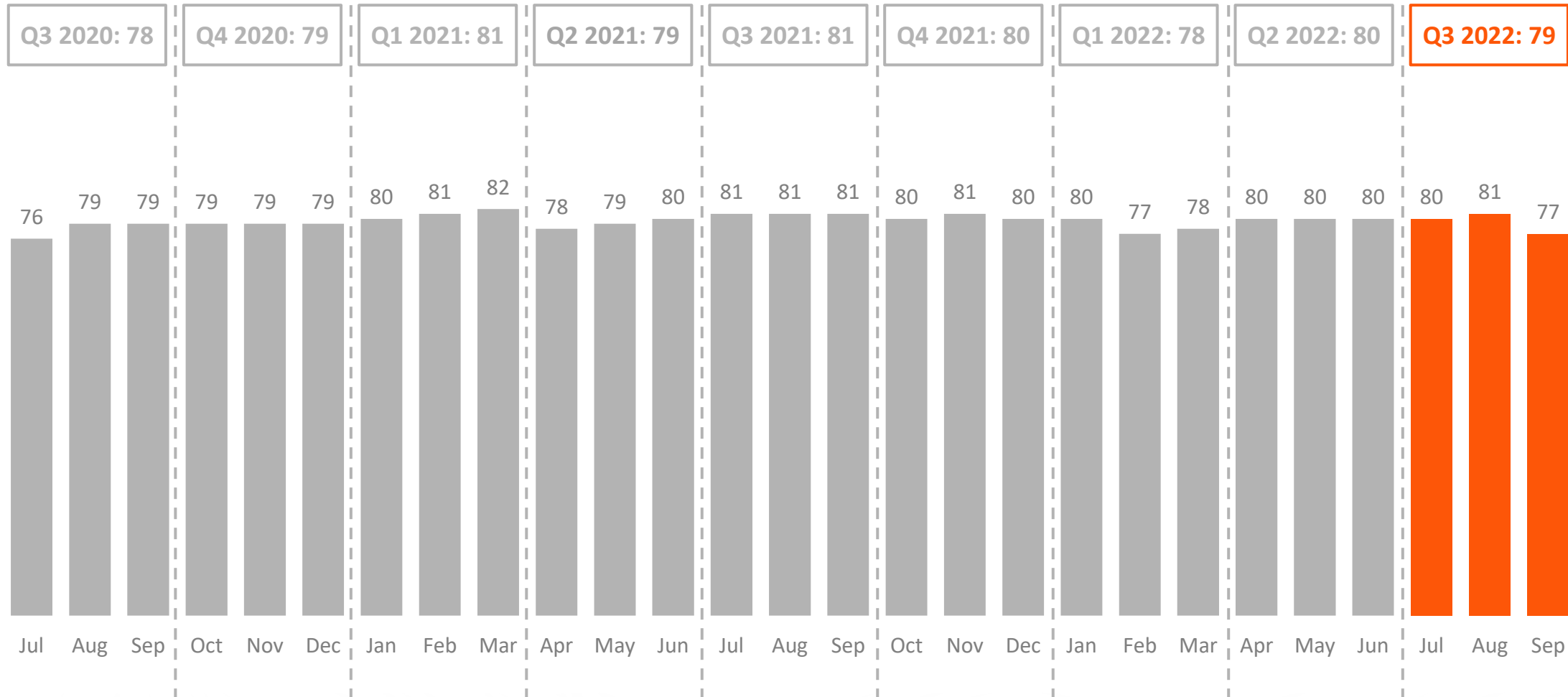
* At least 4 out of every 10 residential mortgages placed

** 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 been stable over the last 2 years. There is a slight dip in September.

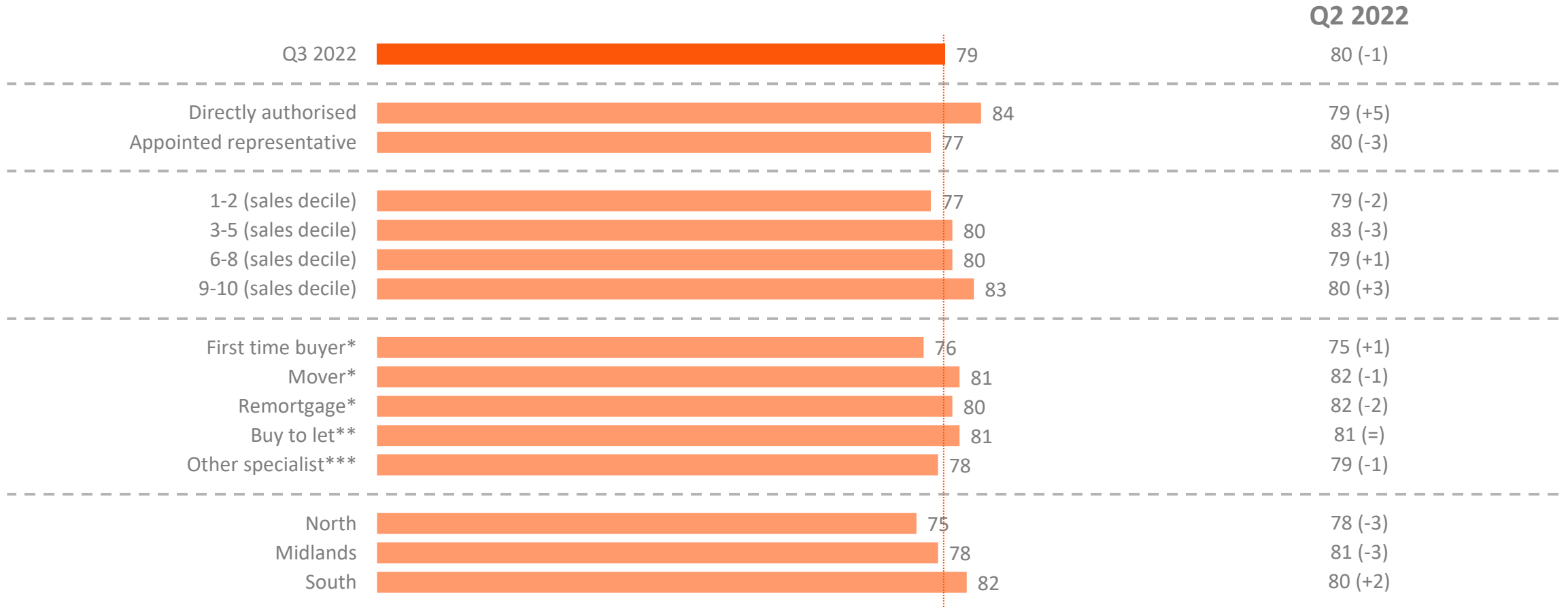


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?

Base: All Q2 respondents (300)

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

Conversions from DIP to applications are stable this quarter. The number is higher for DAs (+5) and lower for ARs (-3).



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

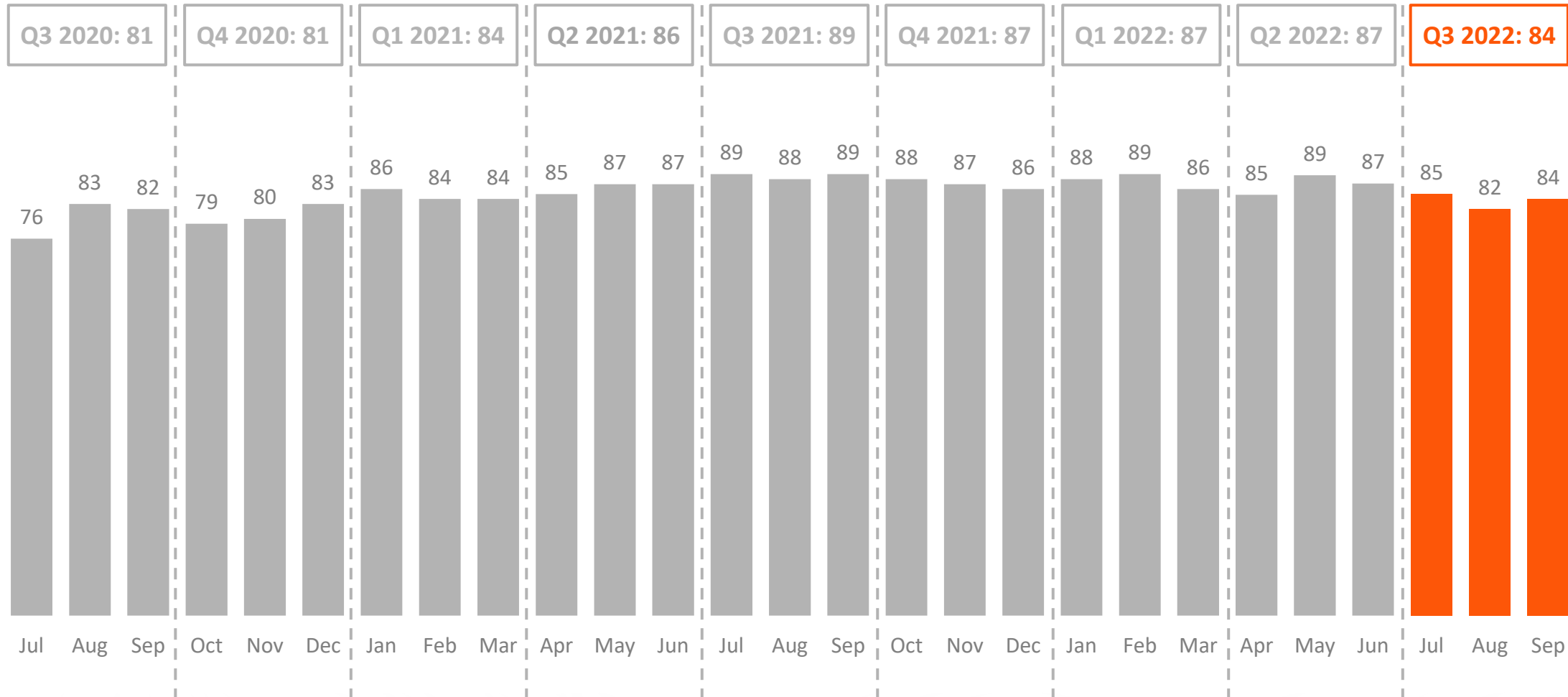
* At least 4 out of every 10 residential mortgages placed

** 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 goes down by -3 in Q3, coming down from the peak last year.

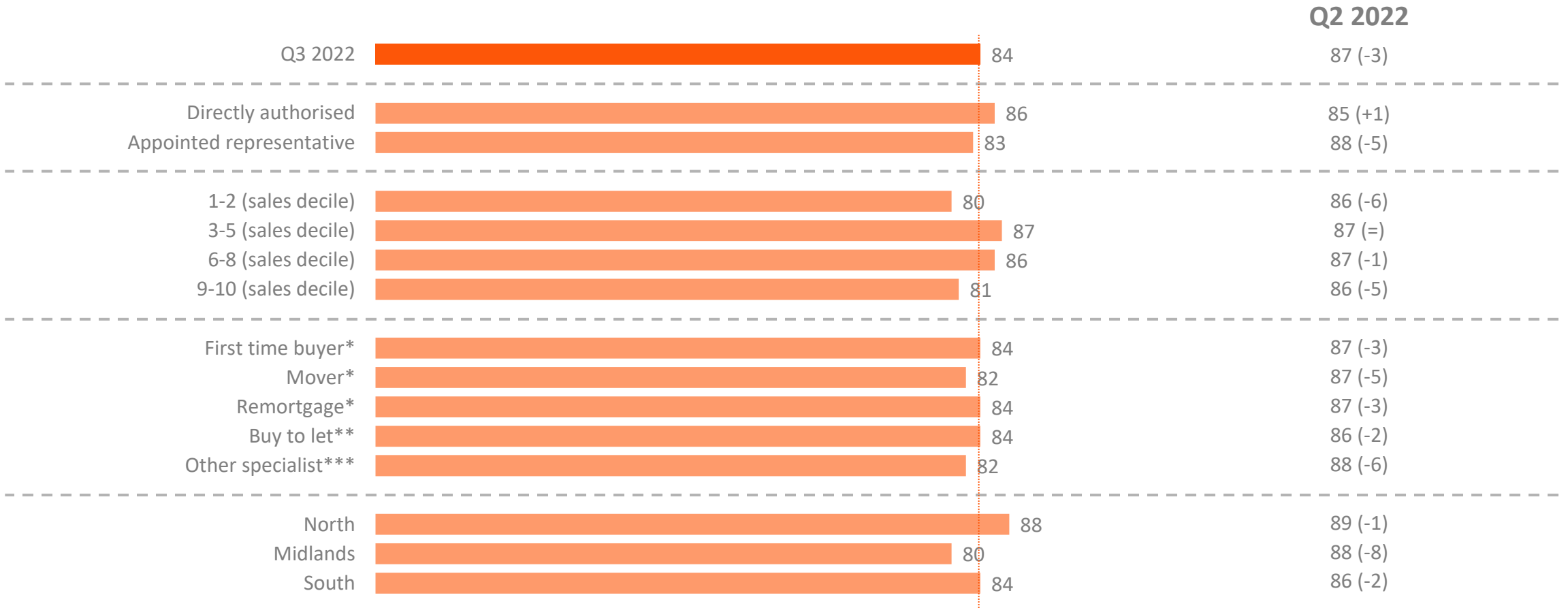


QH4. In the last 3 months, what proportion of your full applications have led to an offer?

Base: All Q2 respondents (300)

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

The proportion of full applications resulting in an offer is lower this quarter (-3). Some drivers of this are in the Midlands (-8), within the 1-2 sales deciles (-6), and within Specialist business placers (-6).

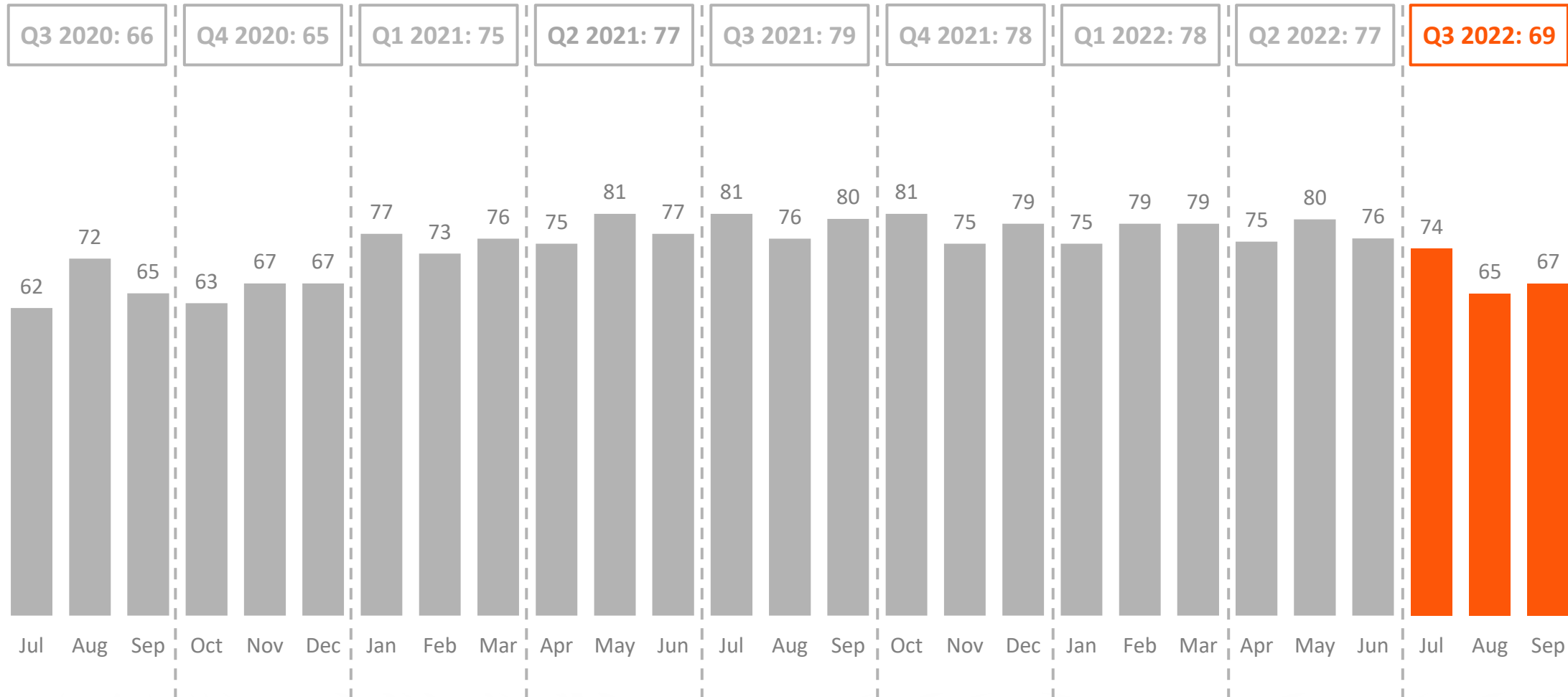


QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q2 respondents (300)

* 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 (%)

Conversion from offer to completion drops sharply in August, before recovering slightly in September. At a quarter level it's a difference of -8.

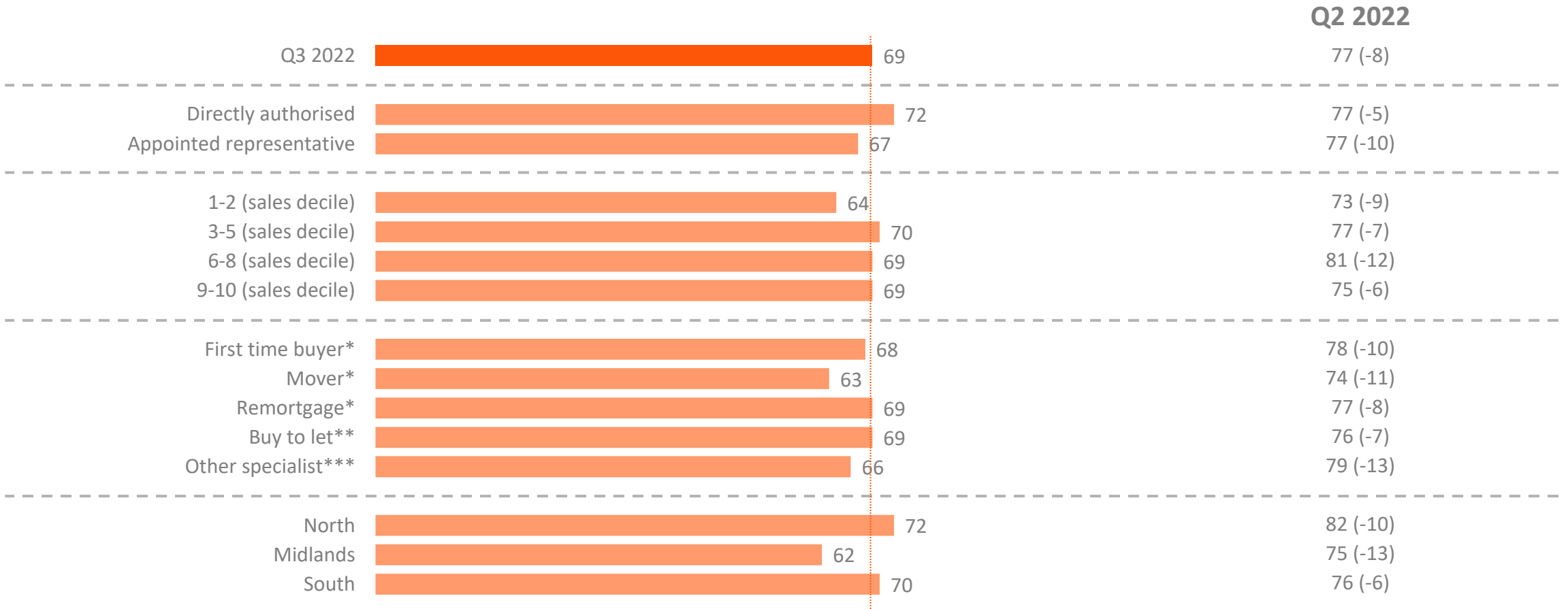


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?

Base: All Q2 respondents (300)

Offers resulting in a completion (%) – By business

The conversion to completions takes a plunge in Q3 (-8), driven by lower percentages in multiple areas. For Other specialist, and in the Midlands, it goes down -13.

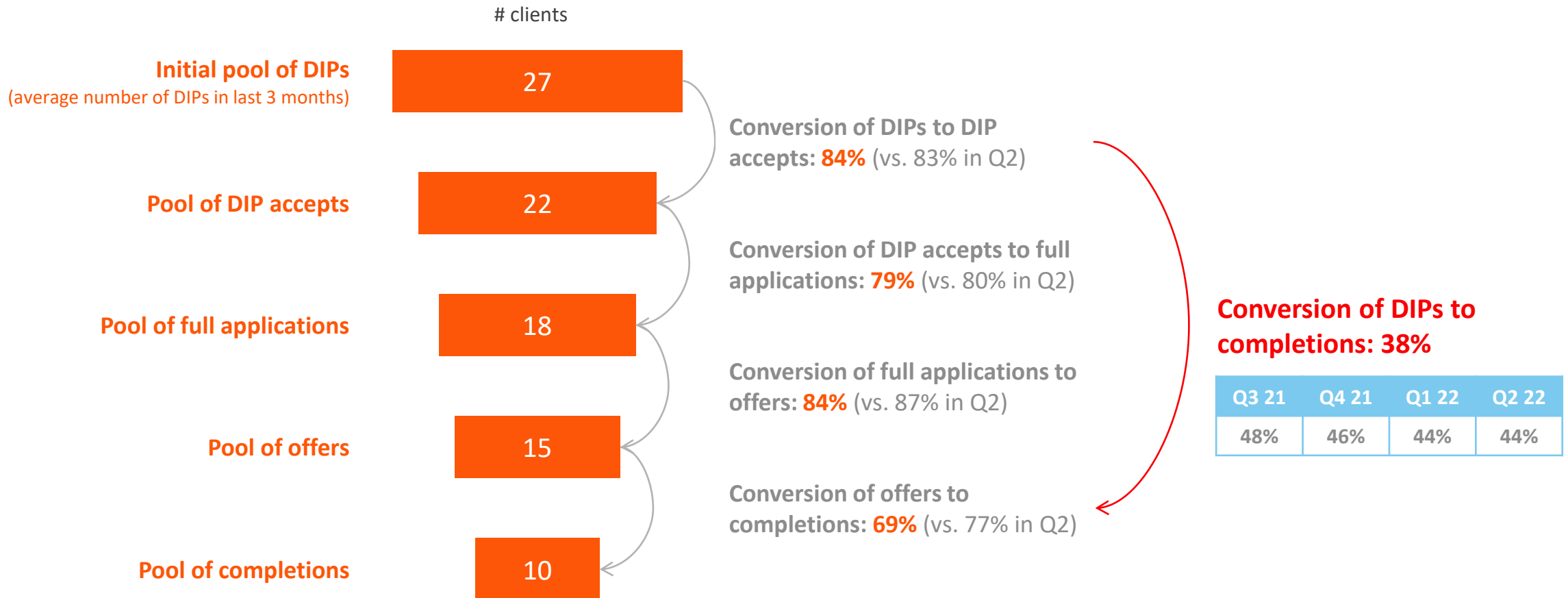


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q2 respondents (300)

* 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

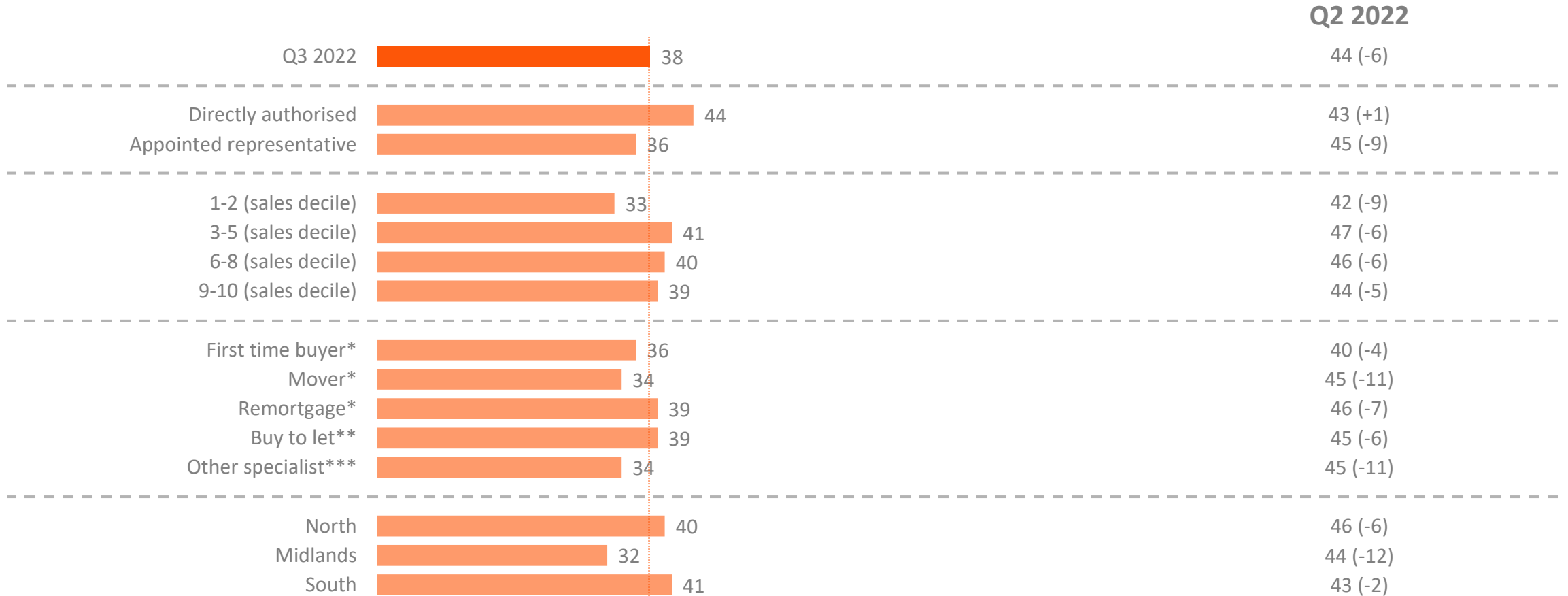
Conversion from DIP to completion decreased to 38%, now -10% year-on-year and -6% quarter-on-quarter.



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)

Conversion from DIP to completion – By business

There is a decrease of -6 vs. last quarter in conversation from DIP to completion. Overall most segments are down, however DAs are an exception (+1).

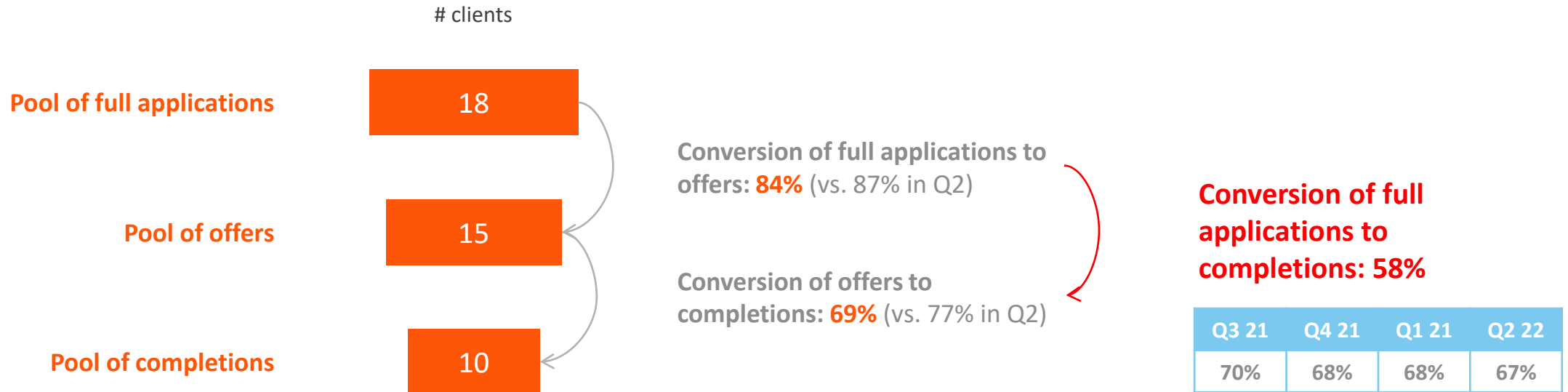


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
 QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
 QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
 QH4. In the last 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

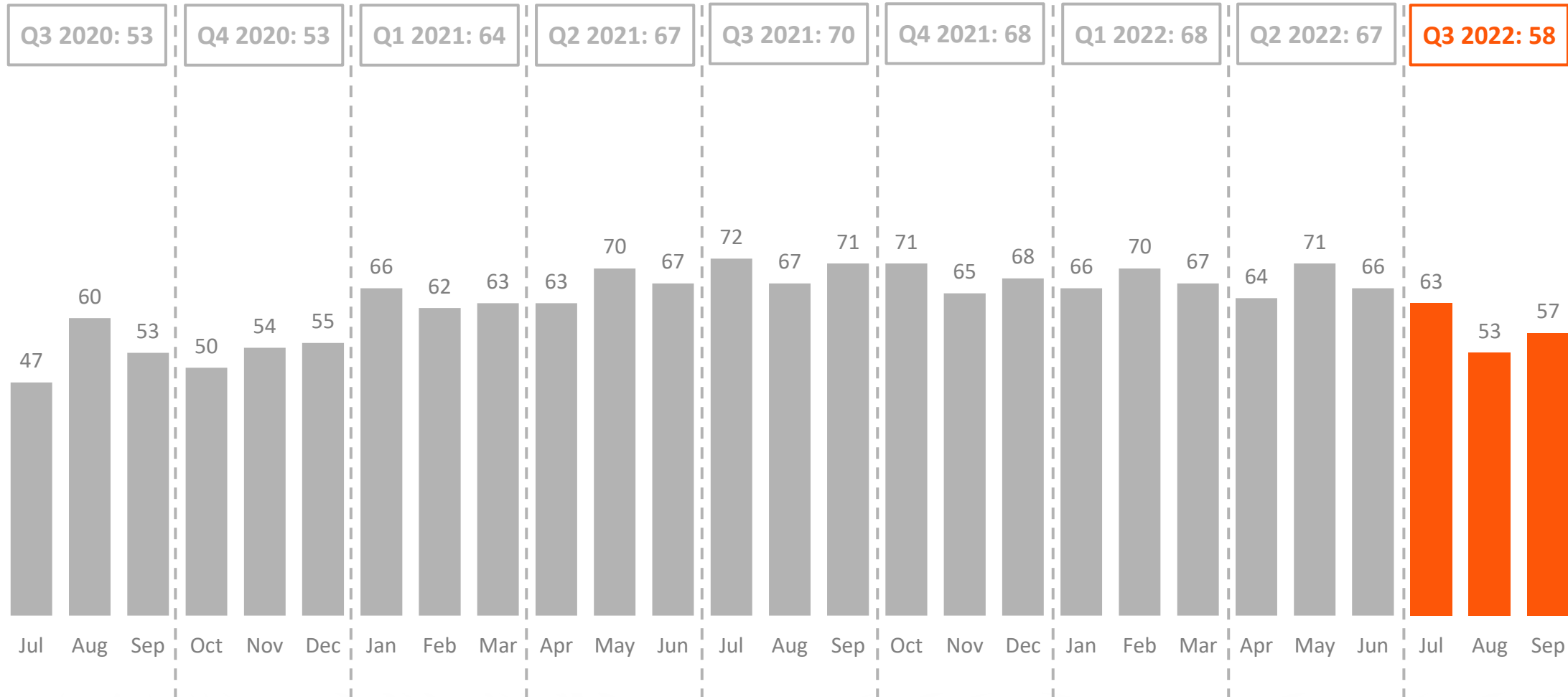
Fewer apps are going through to conversion, a decrease of -12% year-on-year.



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 full application to completion (%)

The conversion rate from full application to completion has taken a plunge in Q3, now at 58%. This is due to a large decrease in August, barely recovered in September.



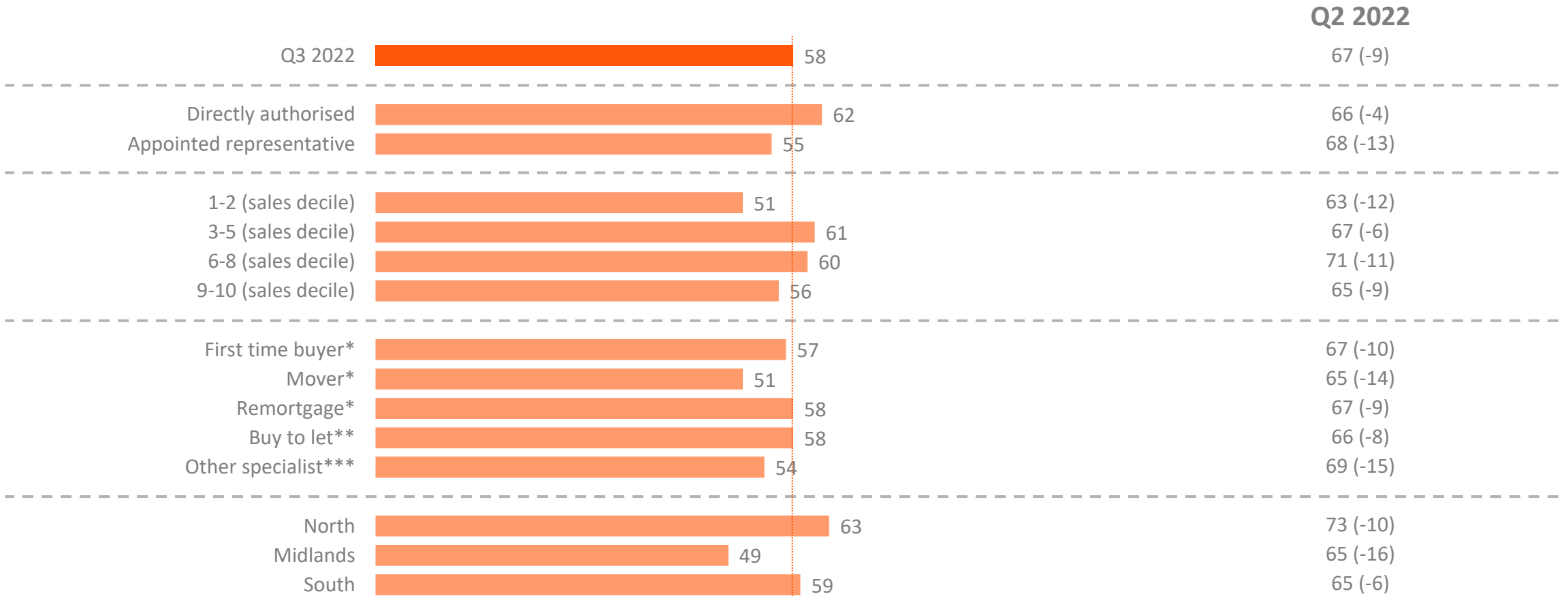
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

ARs contribute a lot to the decline in Q3 with -13, and so do brokers from the Midlands (-16), Specialist business placers (-15) and those placing Mover cases (-14).



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-group.com

ALEXANDRA MORAR, RESEARCH MANAGER

 +44 (0) 20 7400 1029

 +44 (0) 7759 526 543

 Alexandra.Morar@bva-group.com