



# IMLA Mortgage Market Tracker

## Q4 2021

Prepared for the Intermediary Mortgage Lenders Association (IMLA)

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# 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 **Q4 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

**The average intermediary caseload increased further in Q4 2021 to another record high.** The typical intermediary now places 103 cases per year, a 32% increase from Q4 2020. Business mix remained broadly consistent although there was a slight increase in share for BTL and re-mortgage business.

**Conversion from DIP to completion decreased slightly to 46%** (from 48% in Q3). This was driven by marginal declines across all stages, but conversion remained strong and was up 14% year-on-year. Intermediaries in the Midlands saw the largest decline, but conversion rates remained above those reported in Q2 2021.

**Top box business confidence remained strong**, with 62% of intermediaries very confident about the business outlook for their own firm and only 2% being not confident. Confidence in the outlook for the overall mortgage industry dipped slightly but remained strong compared to 2020.

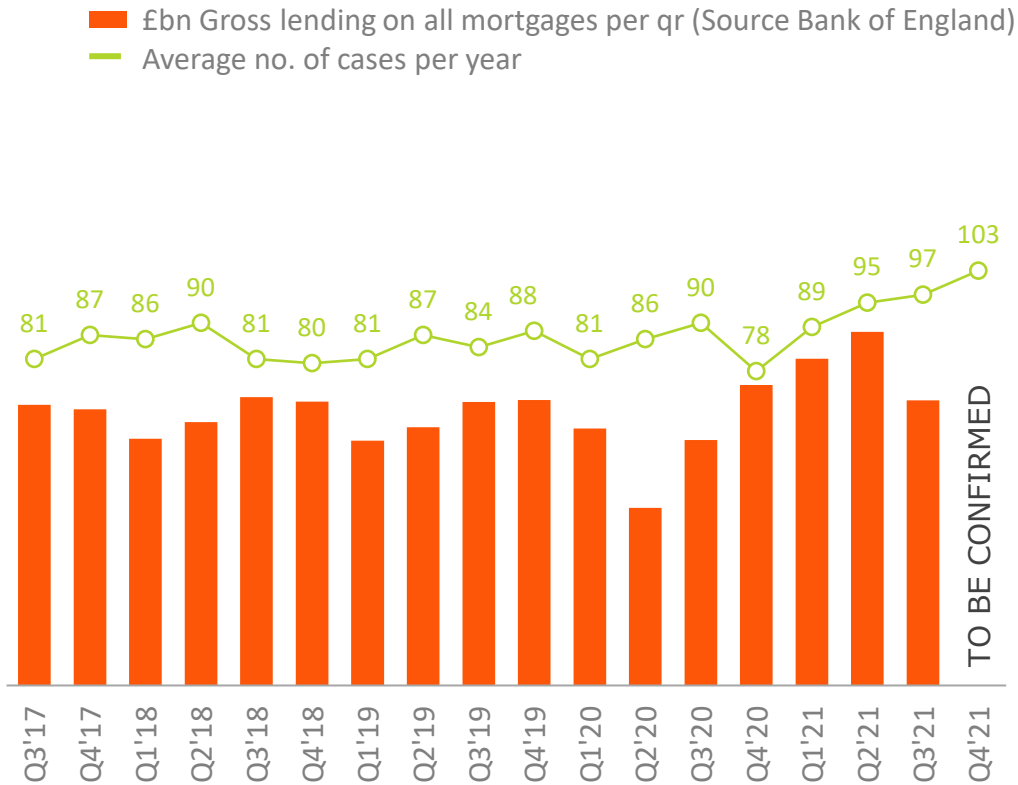
**Conversion from application to completion also declined slightly in Q4** to 68%, but remained above the conversion rate seen in Q2 2021. This decline was particularly marked in November (65%), but rebounded to 68% in December.

# Business volumes and confidence

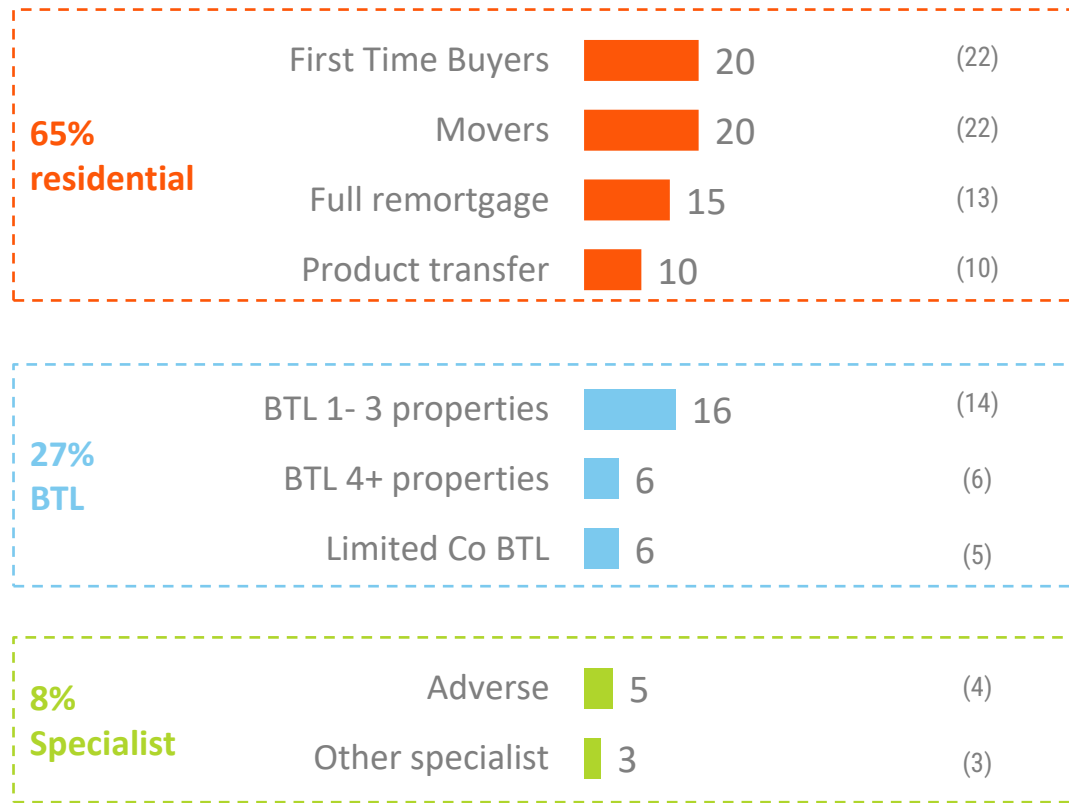
# Claimed volumes of mortgage cases, per year

The average intermediary caseload increased further in Q4 to a record 103 cases per year. Although business mix remained broadly consistent, intermediaries reported a small lift in the shares going to BTL (27%) and re-mortgage (15%) business. BoE lending data for Q4 was unavailable at the time this report was issued.

## All mortgages



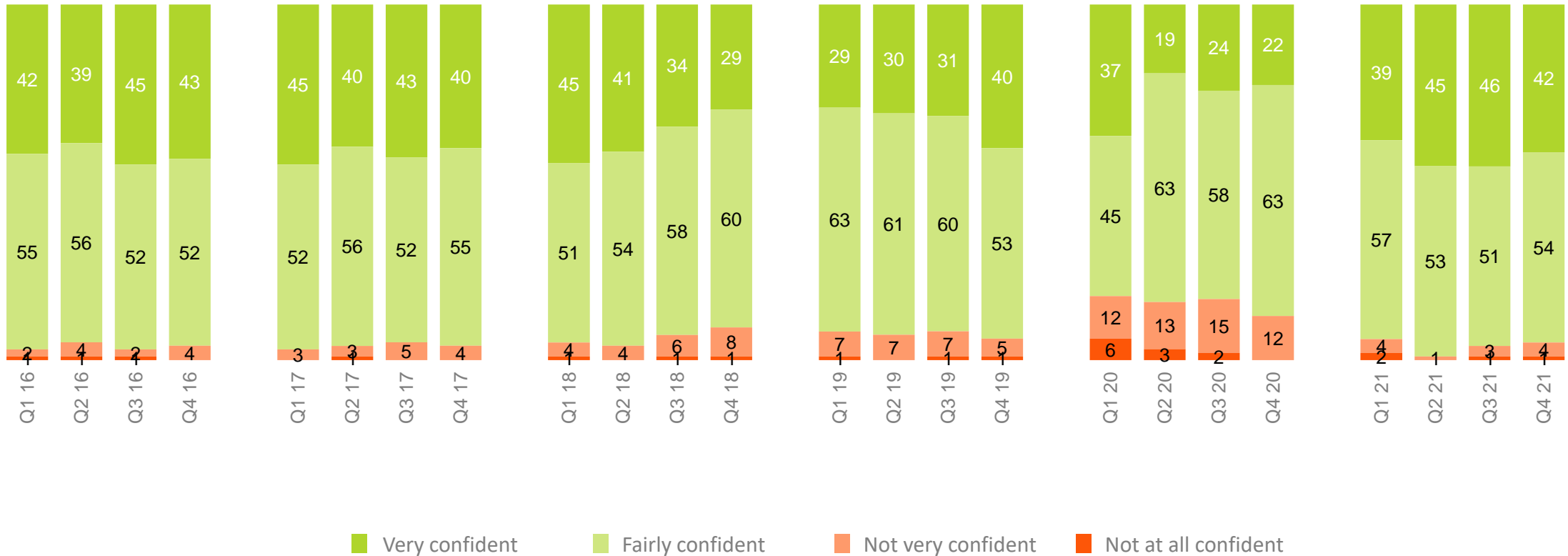
## Average business mix (% of all cases per year)





# Confidence in outlook for mortgage industry

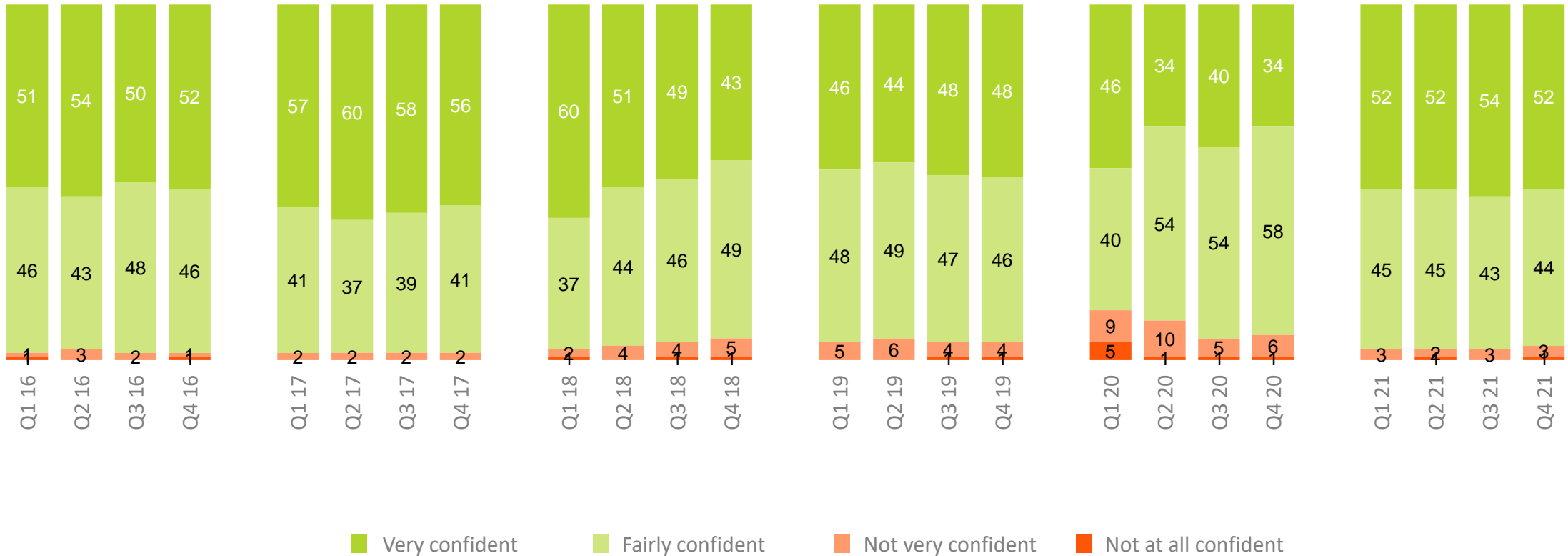
In Q4 21, confidence in the outlook for the mortgage industry dipped very slightly from the levels seen in Q3 and Q2, but still remained relatively high.



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

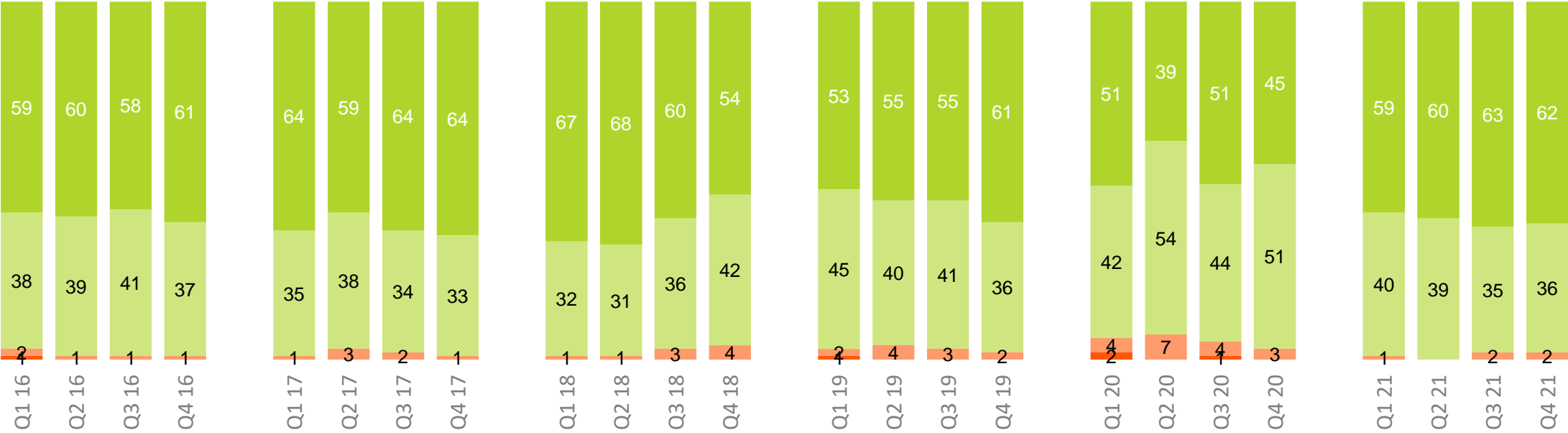
Confidence in the outlook for the intermediary sector was maintained at a relatively high level in Q4 21.



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

Confidence in the outlook for one's own business was maintained in Q4 21.



■ Very confident    
 ■ Fairly confident    
 ■ Not very confident    
 ■ Not at all confident

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...

Those feeling very confident feel they have a good business, with strong business flows, underpinned by strong referrals and returning clients, aided by the recent stamp duty concession / fears about rate rises. Strong demand for intermediaries and business diversification was also mentioned.

## Reasons for feeling more confident

- 1** | **Qualities of the business**  
Established business and client database, trading for a long time, good reputation and safety net provided by referrals
- 2** | **Business is booming**  
Very busy year thanks to stamp duty holiday and increased mortgage applications ahead of rising interest rates
- 3** | **Demand for intermediaries / advice**  
Recent changes by government regulation and the pandemic are pushing clients to turn to intermediaries for support throughout the process
- 4** | **Multiple income streams**  
Continued growth has resulted in business expansion into multiple sectors along with hiring of additional staff

*"The firm is very well established with seven advisors, two of them are very experienced, so we get a lot of repeat business and referrals."*  
**(Very confident)**

*"I work in an established practice and we get lots of repeat business."*  
**(Very confident)**

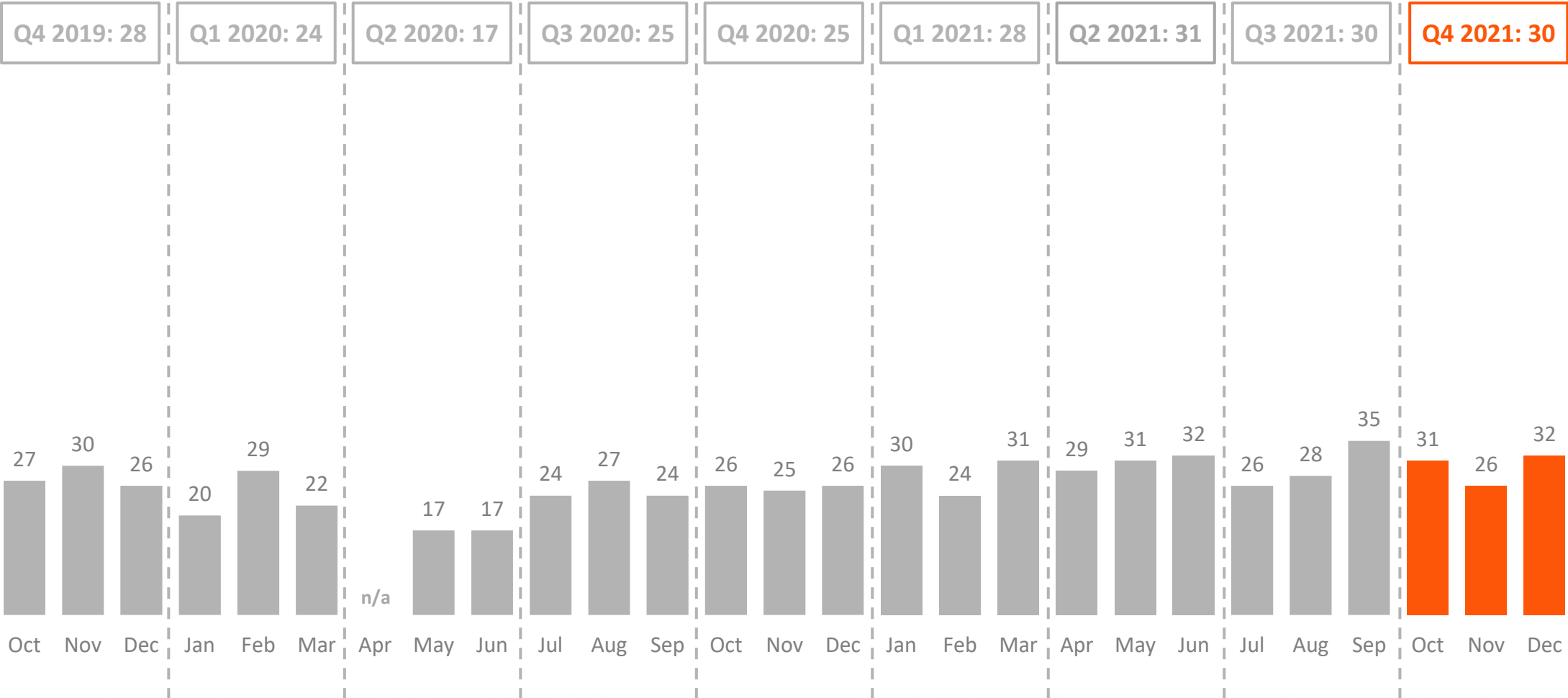
*"I suppose since Covid the criteria has become so difficult and I think people need more help now."*  
**(Very confident)**

*"We've been busy. We are in the process of hiring more staff and we are adding life cover as an extra income stream."*  
**(Very confident)**

# Business flow

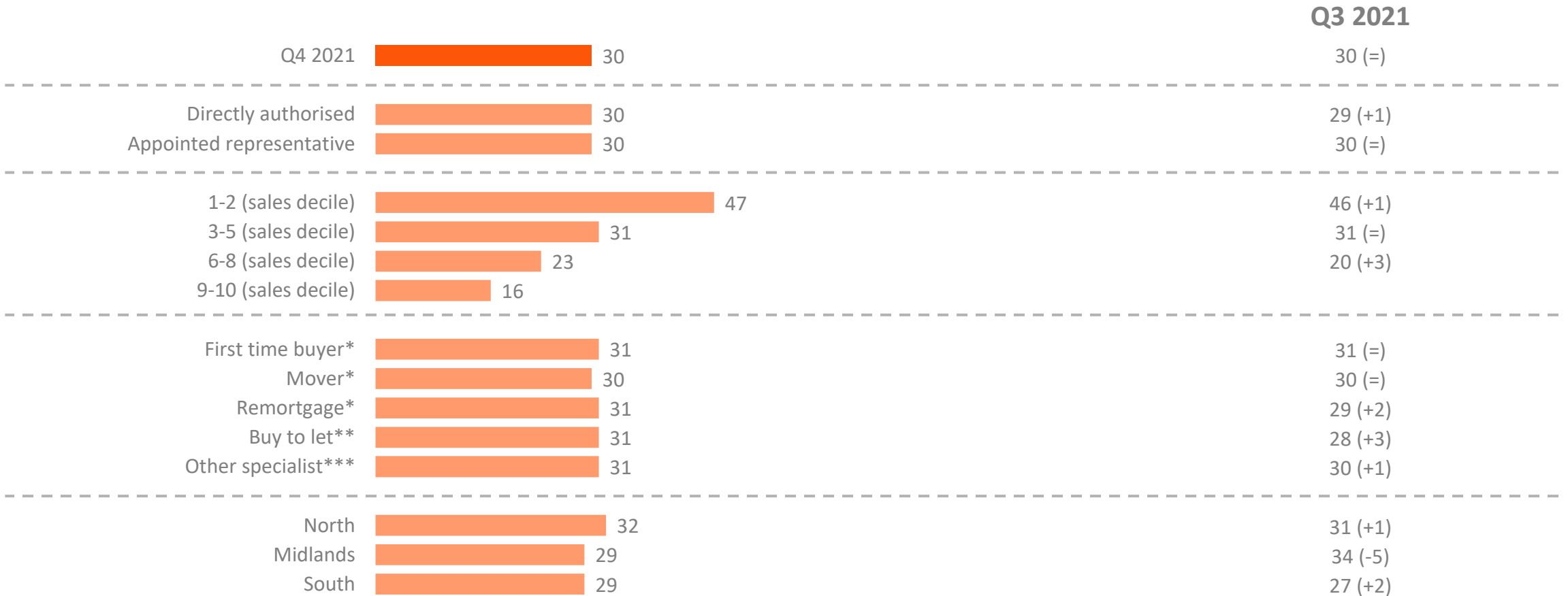
# Average number of DIPs in last 3 months

The average number of DIPs dealt with by intermediaries remained stable from Q3. The number of DIPs dealt with dropped down to 26 in November, but rebounded strongly in December.



# Average number of DIPs – By business

Larger firms (by sales decile) remained most productive in terms of DIPs in Q4, and saw a marginal increase in the number of DIPs placed since Q3. Intermediaries operating in the Midlands saw a decrease in business and those in the North and South a minor increase.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
Base: All Q4 respondents (301)

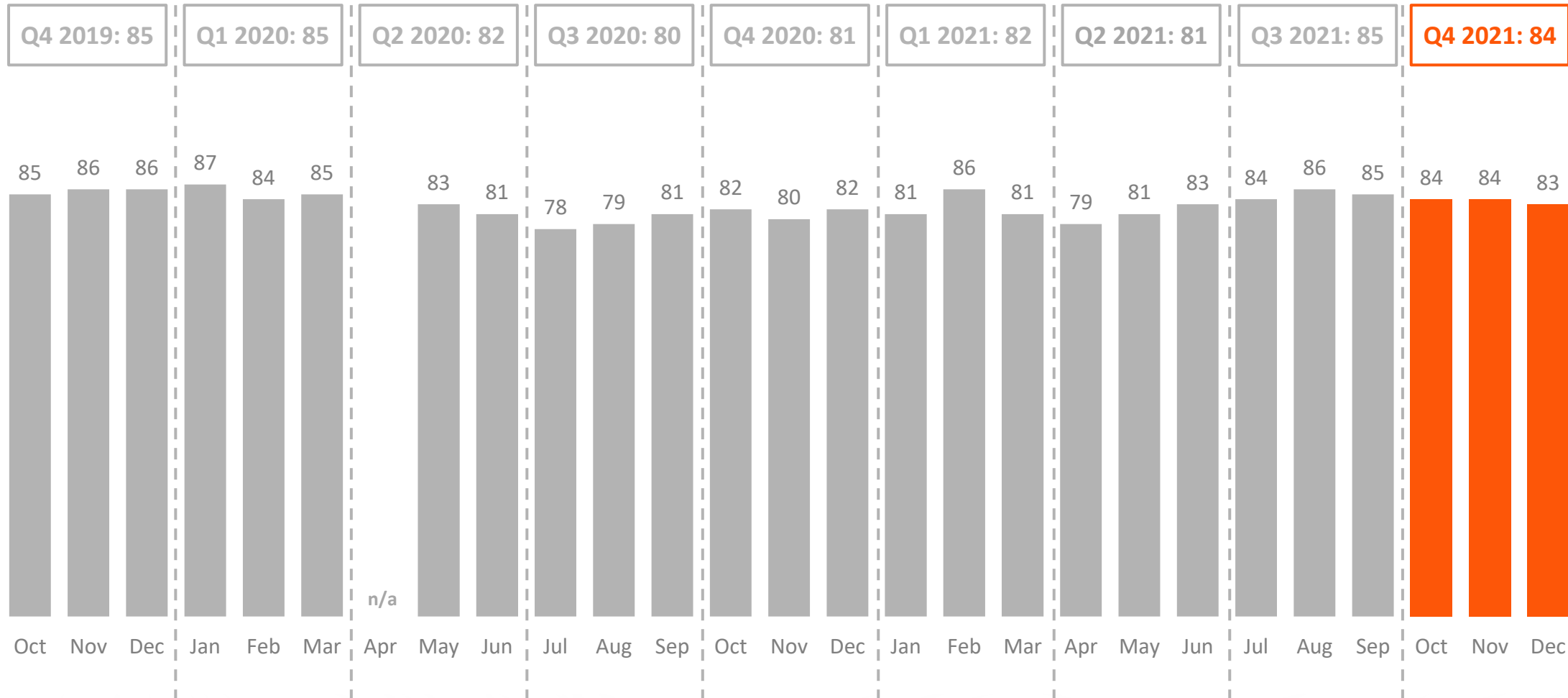
\* At least 4 out of every 10 residential mortgages placed

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

\*\*\* Any mortgages placed

# DIPs resulting in a DIP accept (%)

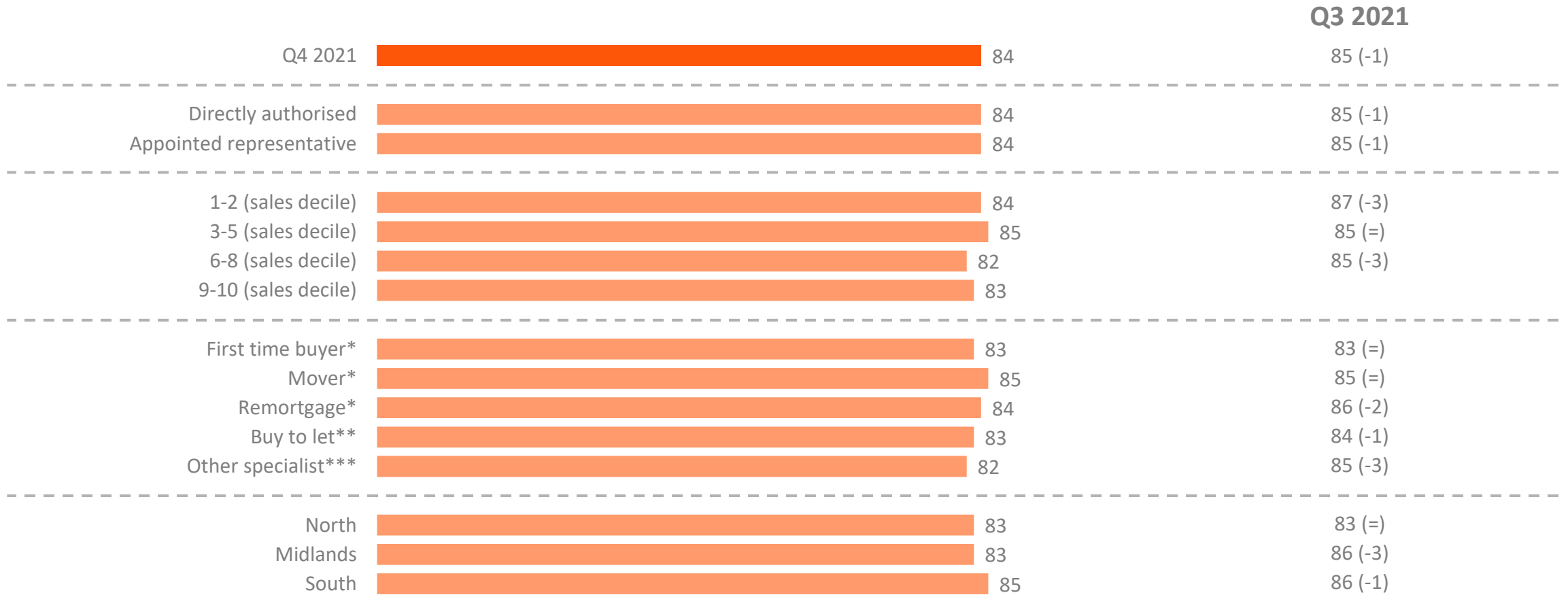
The proportion of DIPs resulting in a DIP accept fell back marginally to 84% in Q4, but remained strong and almost at pre-pandemic levels.





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

Conversion from DIP to DIP acceptance was broadly similar across business types. Larger firms (by sales decile) saw a decline in DIP acceptance, as did those in the 6-8 sales decile.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
Base: All Q4 respondents (301)

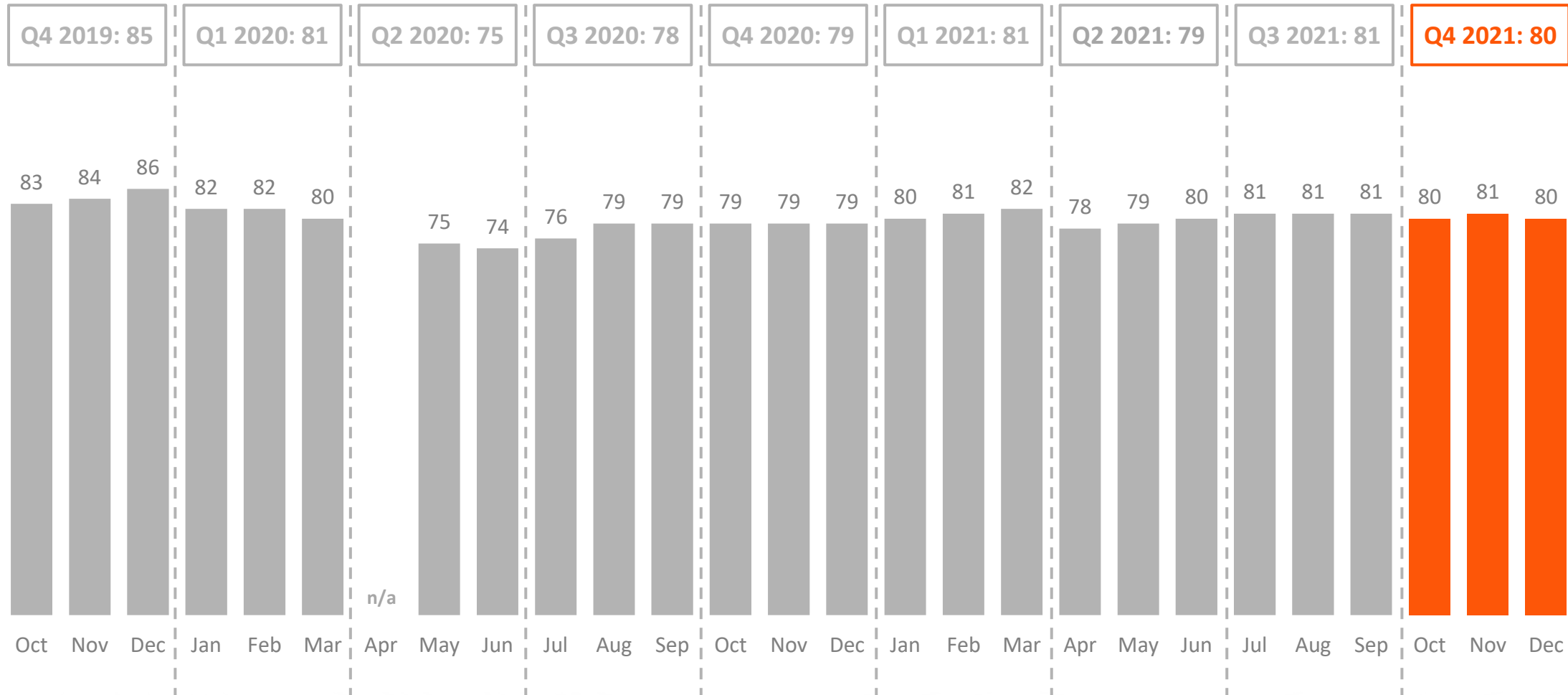
\* At least 4 out of every 10 residential mortgages placed

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

\*\*\* Any mortgages placed

# DIP accepts resulting in a full application (%)

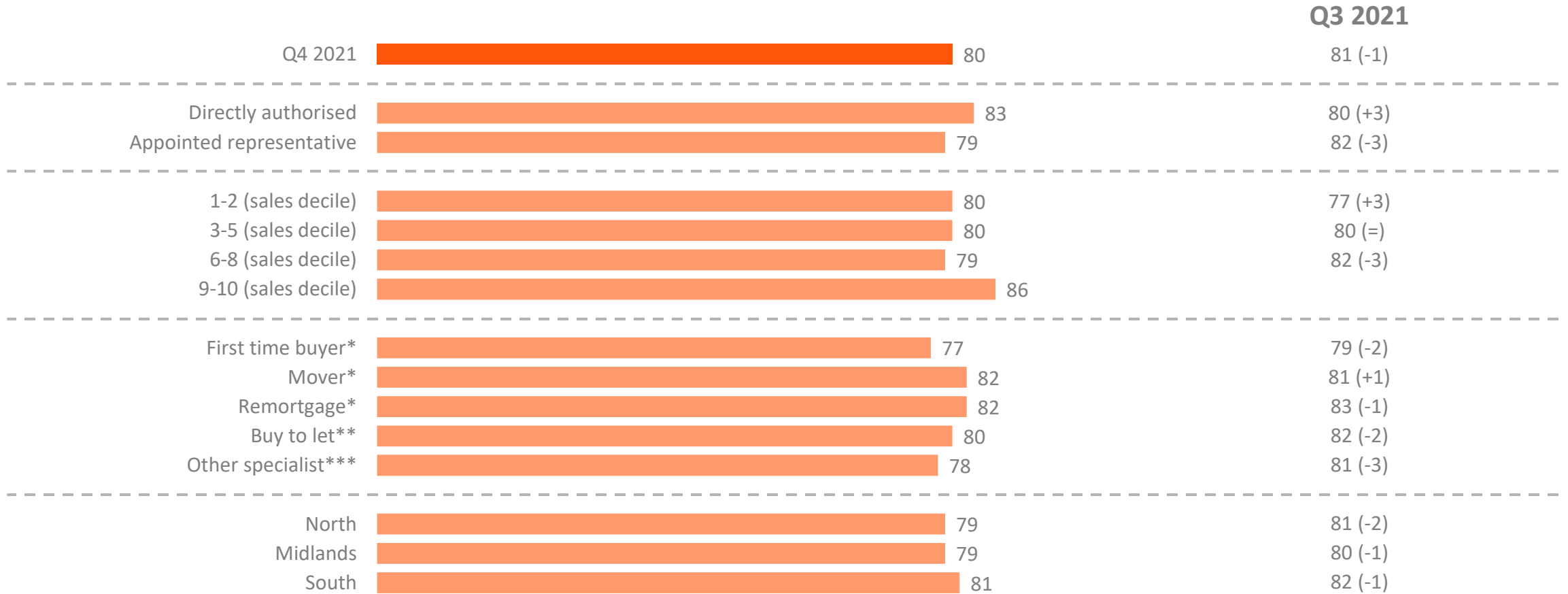
The proportion of DIP acceptances resulting in a full application also reduced marginally from Q3, but remained above levels seen in most of 2020.



QH3. In th3 last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
Base: All Q4 respondents (301)

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

Conversions from DIP to applications increased among Directly Authorised firms and decreased among Appointed Reps in Q4, and also declined across all mortgage types (except movers) and regions. Smaller businesses saw the greatest proportion of conversions.



QH3. In th3 last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
Base: All Q4 respondents (301)

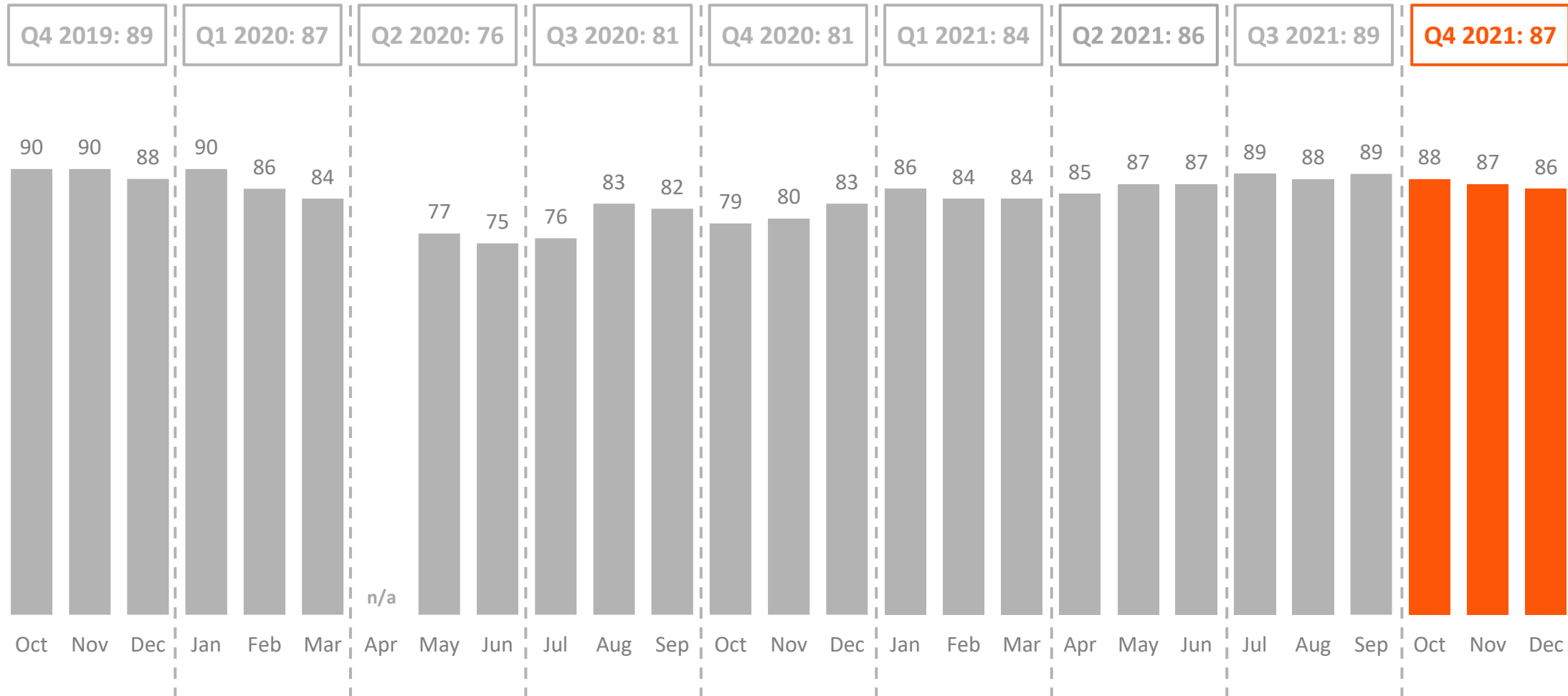
\* At least 4 out of every 10 residential mortgages placed

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

\*\*\* Any mortgages placed

# Full applications resulting in an offer (%)

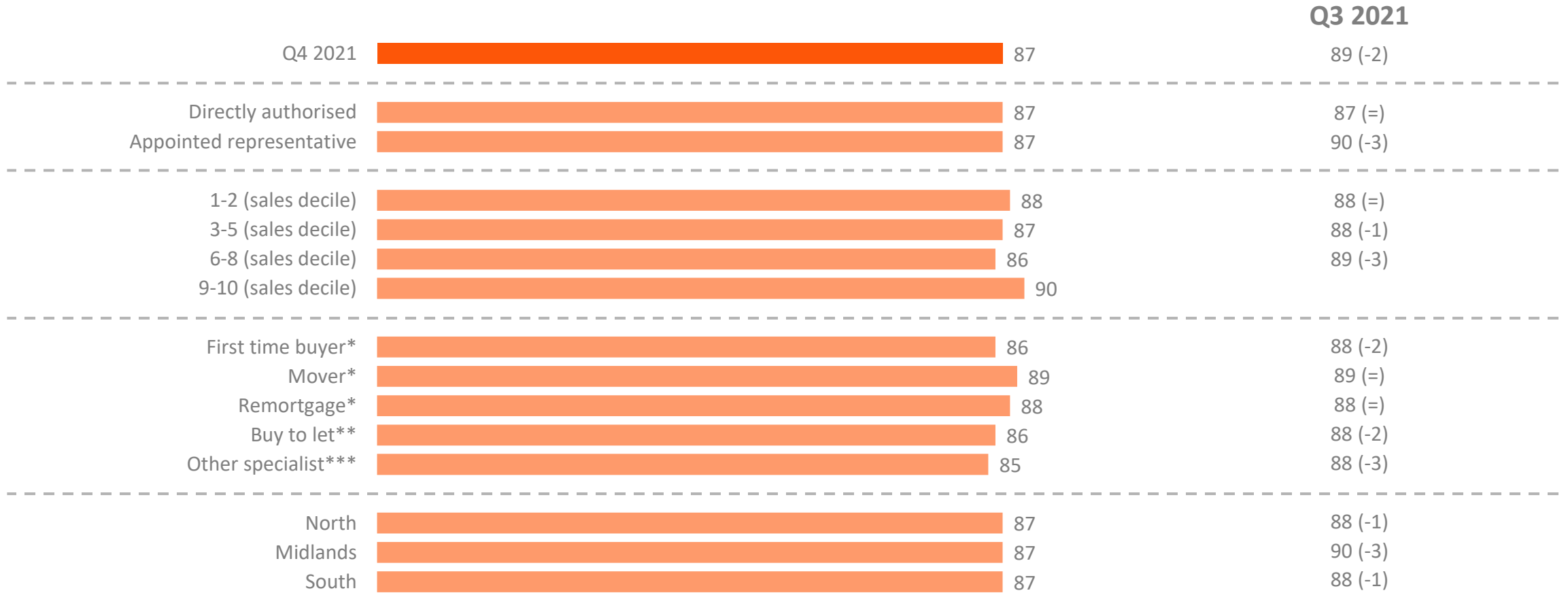
The proportion of applications resulting in an offer dropped back to 87% in Q4 after declining in each month across the last quarter of '21.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
Base: All Q4 respondents (301)

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

The proportion of full applications resulting in an offer decreased across almost all business segments in Q4 2021.



Q4. In the last 3 months, what proportion of your full applications have led to an offer?  
Base: All Q4 respondents (301)

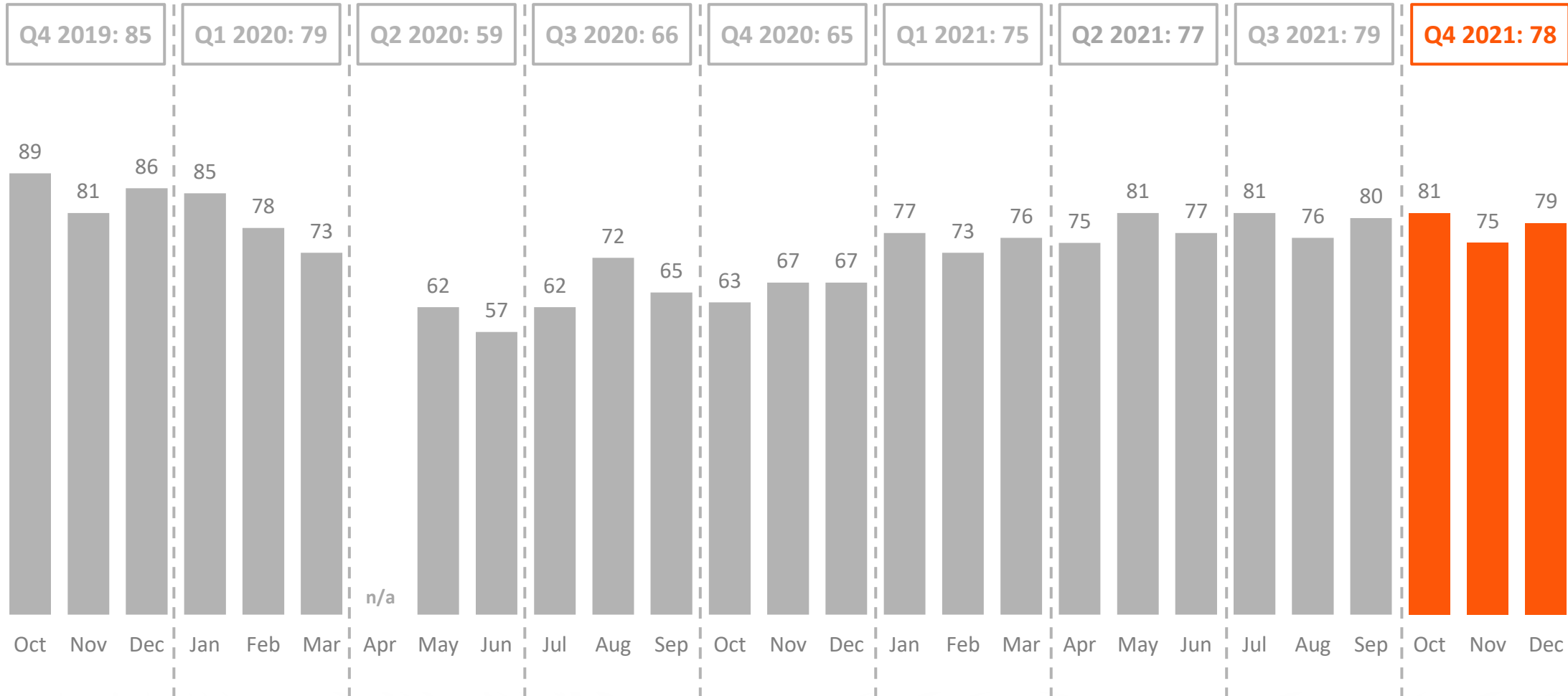
\* At least 4 out of every 10 residential mortgages placed

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

\*\*\* Any mortgages placed

# Offers resulting in a completion (%)

Conversion from offer to completion declined marginally to 78% following a dip in November (75%).

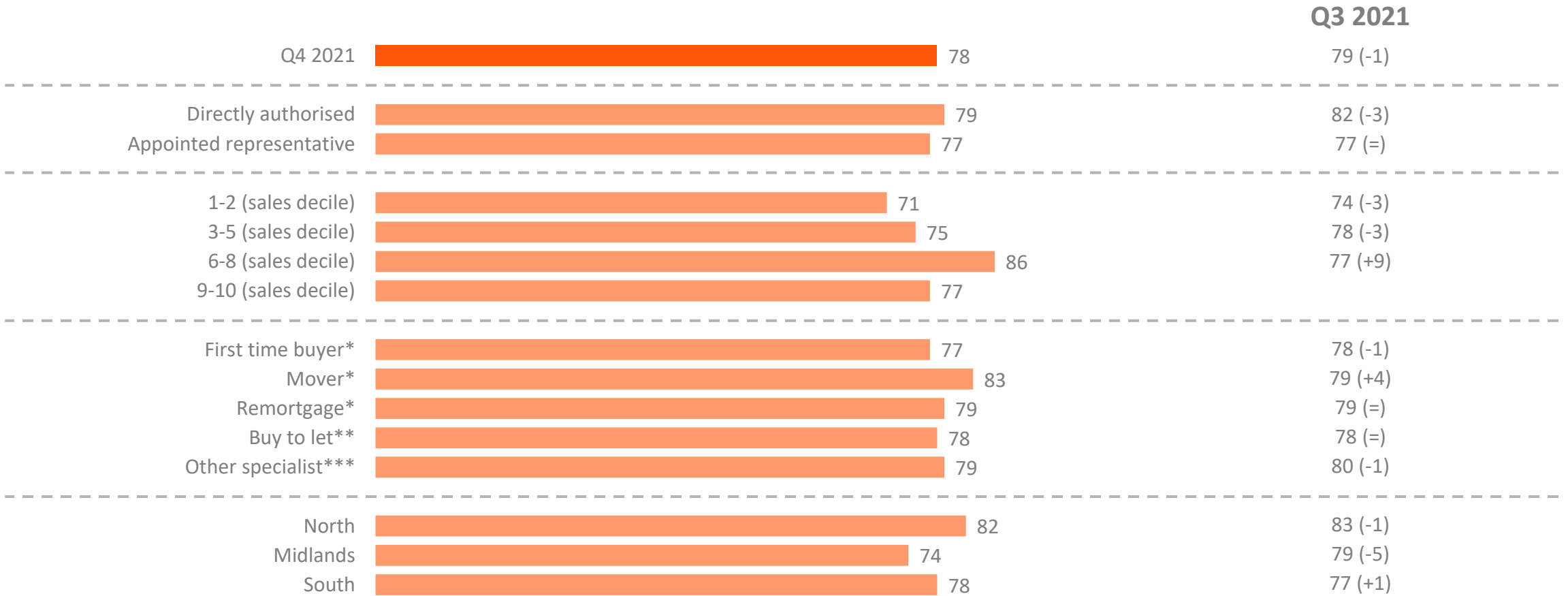


Q4 2021: 78

Q4 2019: 85  
Q1 2020: 79  
Q2 2020: 59  
Q3 2020: 66  
Q4 2020: 65  
Q1 2021: 75  
Q2 2021: 77  
Q3 2021: 79

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

There was a large increase in offers resulting in completion for smaller firms (6-8 sales decile) and for those placing mortgages for home movers; in contrast, conversion from offers to completion declined in the Midlands in Q4.



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
Base: All Q4 respondents (301)

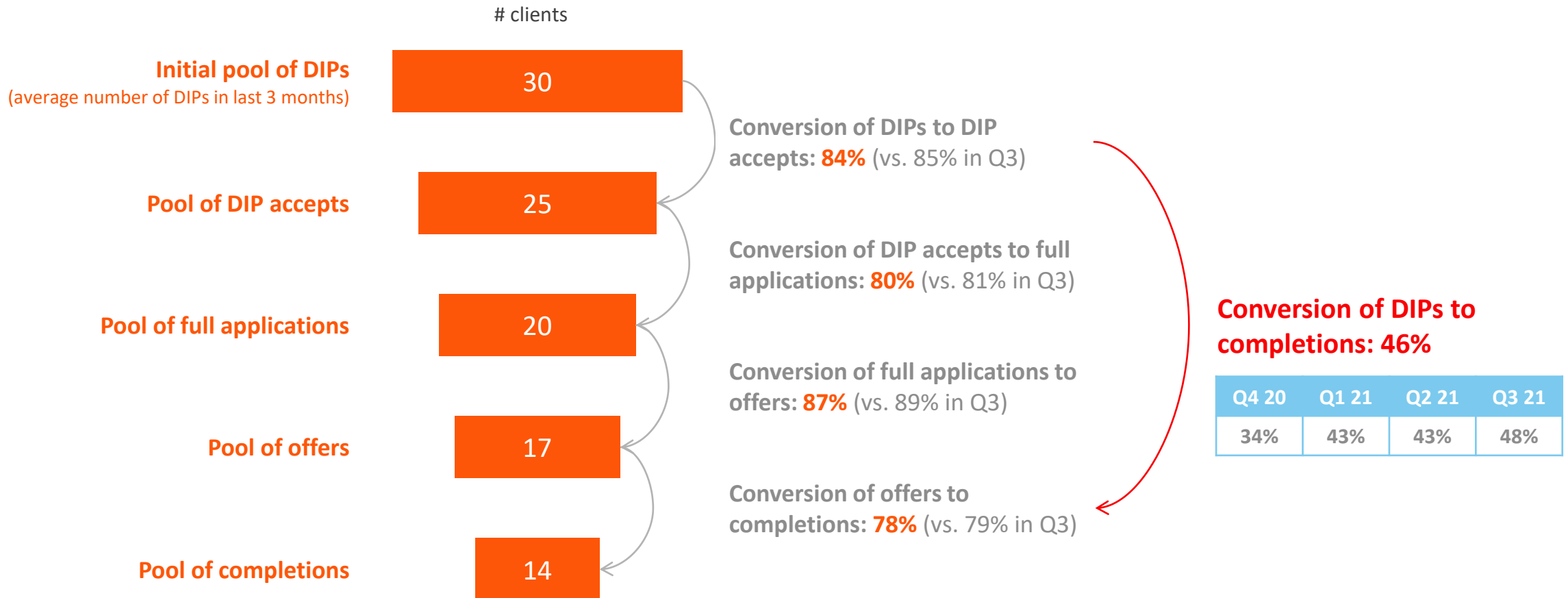
\* At least 4 out of every 10 residential mortgages placed

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

\*\*\* Any mortgages placed

# Conversion from DIP to completion

Conversion from DIP to completion fell slightly in Q4 to 46%, but was up considerably year-on-year (from 34% in Q4 2020).

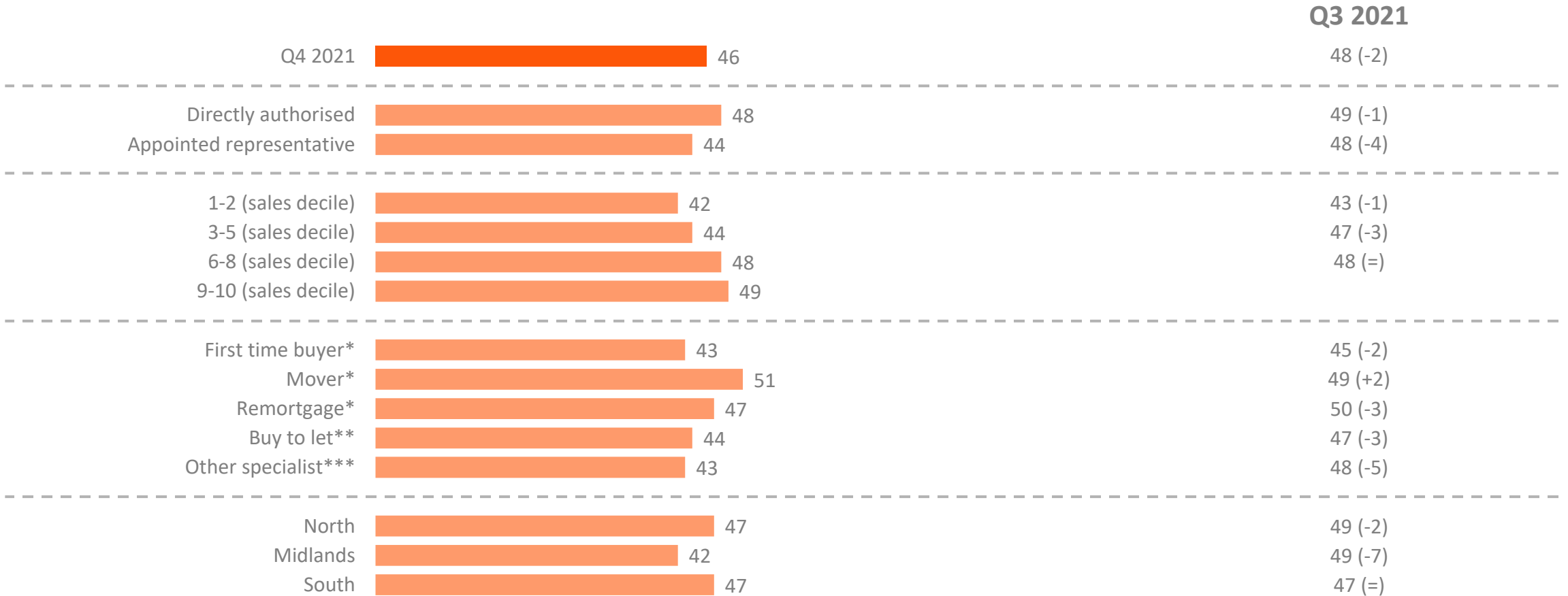


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
 QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
 QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
 QH4. In the 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 Q4 respondents (301)



# Conversion from DIP to completion – By business

The reduction in conversion from DIP to completion was seen across almost all business segments, with the largest decline for intermediaries operating in the Midlands.



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 Q4 respondents (301)

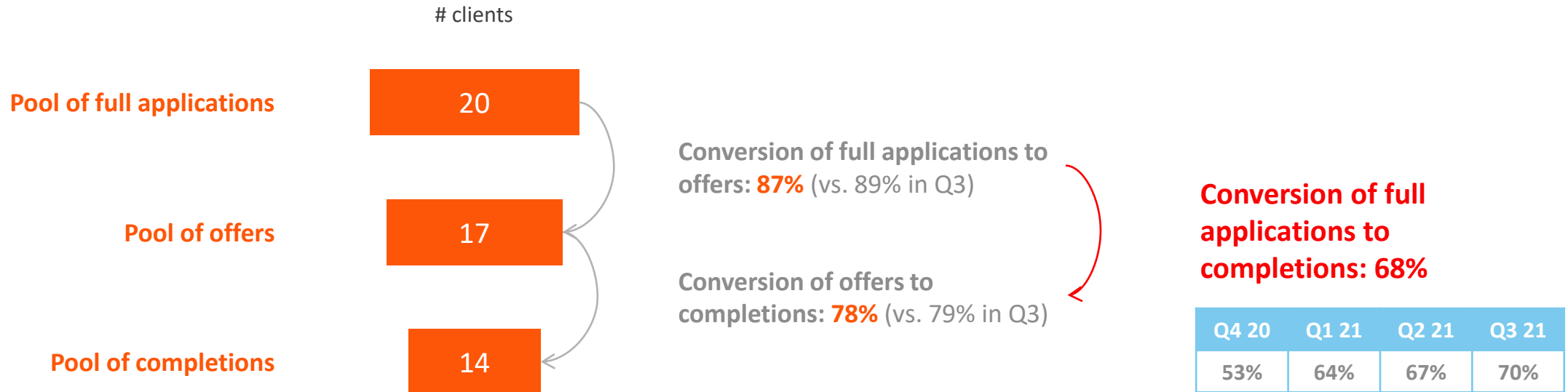
\* At least 4 out of every 10 residential mortgages placed

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\*\*\* Any mortgages placed

# Conversion from full application to completion

Just over 2 in 3 mortgage applications resulted in a completion in Q4 2021, a 2% reduction from Q3 (but up 15% 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?

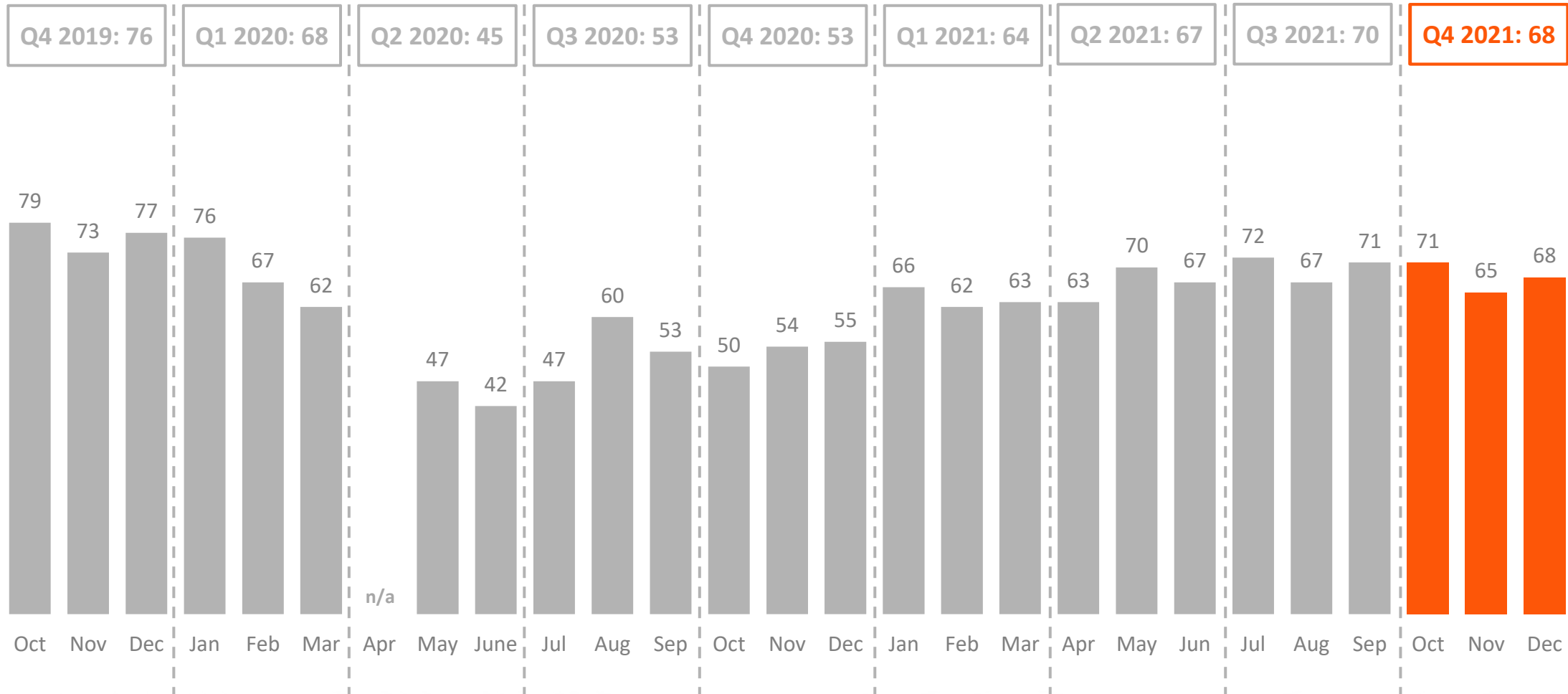
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All Q4 respondents (301)

# Conversion from full application to completion (%)

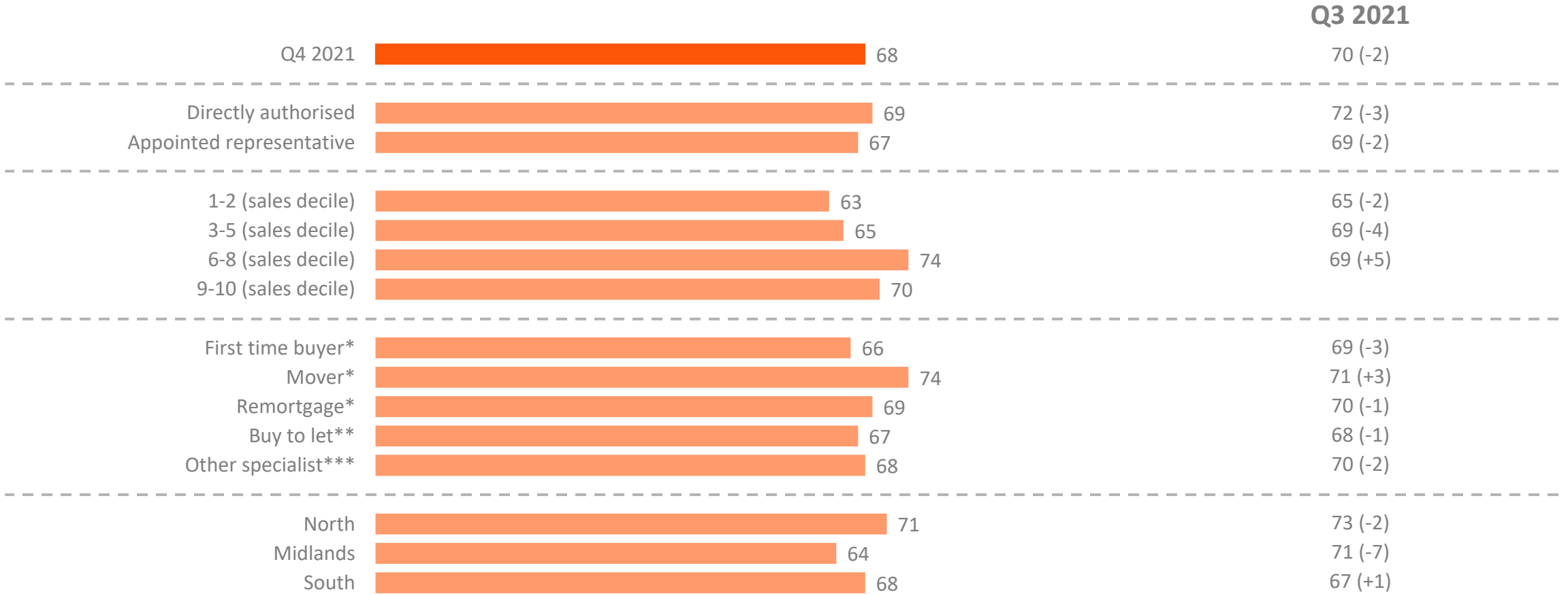
The conversion rate from full application to completion dropped back in November (though recovering in December), after previously having consistently increased across the year.



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 Q4 respondents (301)

# Conversion from full application to completion – By business

Conversion from full application to completion decreased among both DA and AR businesses. Smaller businesses (by sales decile) had higher rates of completion, as did those placing cases for movers and those operating in the North.



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 Q4 respondents (301)

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

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# Any questions

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