

Intermediary Mortgage Market Tracker

Q4 2022

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 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

Q4 2022 Executive summary

The typical intermediary placed 94 cases in the previous 12 months. For mortgage brokers this goes up to 100, and down to 67 for IFAs. Business mix shifts very slightly towards residential (+2 for PTs)

Intermediary confidence took a dive in Q4.

Business confidence continued to fall in Q4 22, to the lowest scores since 2011 / 12. But for two of our three confidence metrics, monthly readings within in Q4 showed some recovery by December.

Conversion from DIP to completion remains low after the decline last quarter. In Q4, 37% DIPs resulted in a completion. Some regional variations exist: Midlands (+4) vs. South (-6)

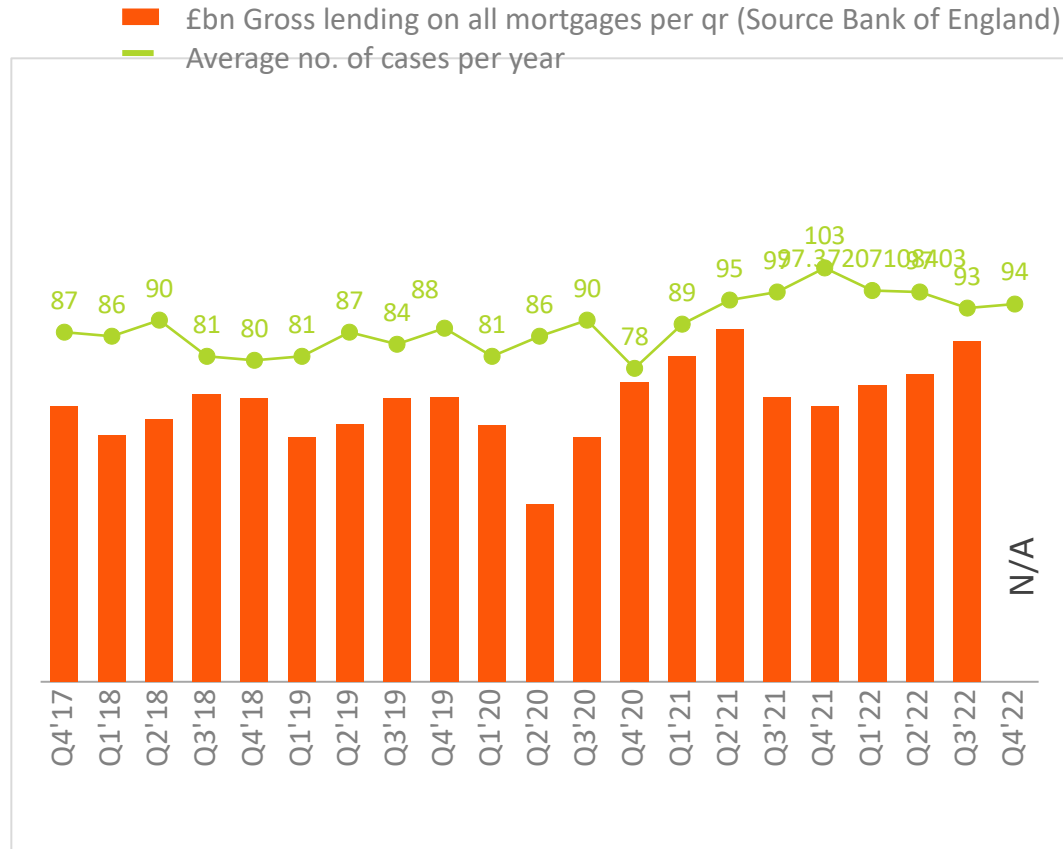
App to completion conversion is also stable in Q4, yielding a typical pool of 9 client completions. In terms of authorization, DAs go down (-7) while ARs go up (+5)

Business volumes and confidence

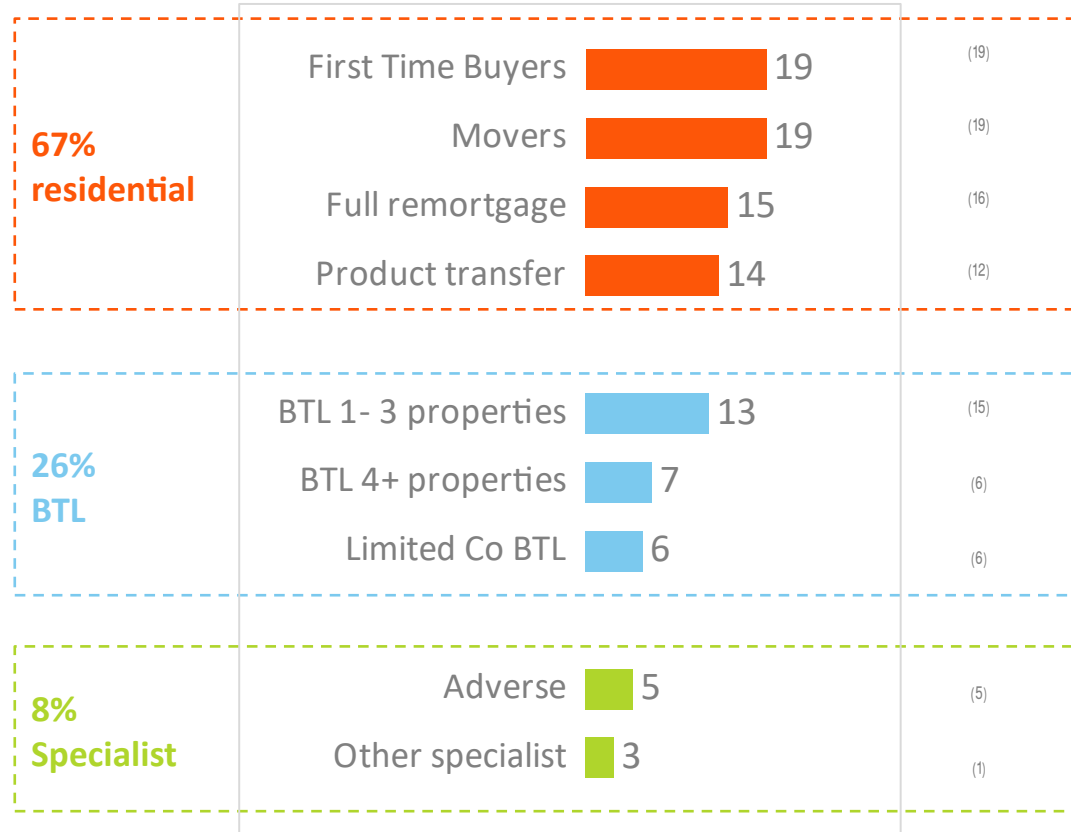
Claimed volumes of mortgage cases, per year

The average claimed number of mortgages placed per year by intermediaries held steady in Q4 22, at 94, down from a peak of 103 cases in Q4 21. The median is up this quarter (80 cases, +10 on Q3). Business mix shifts very slightly towards residential (+2 for PTs)

All mortgages

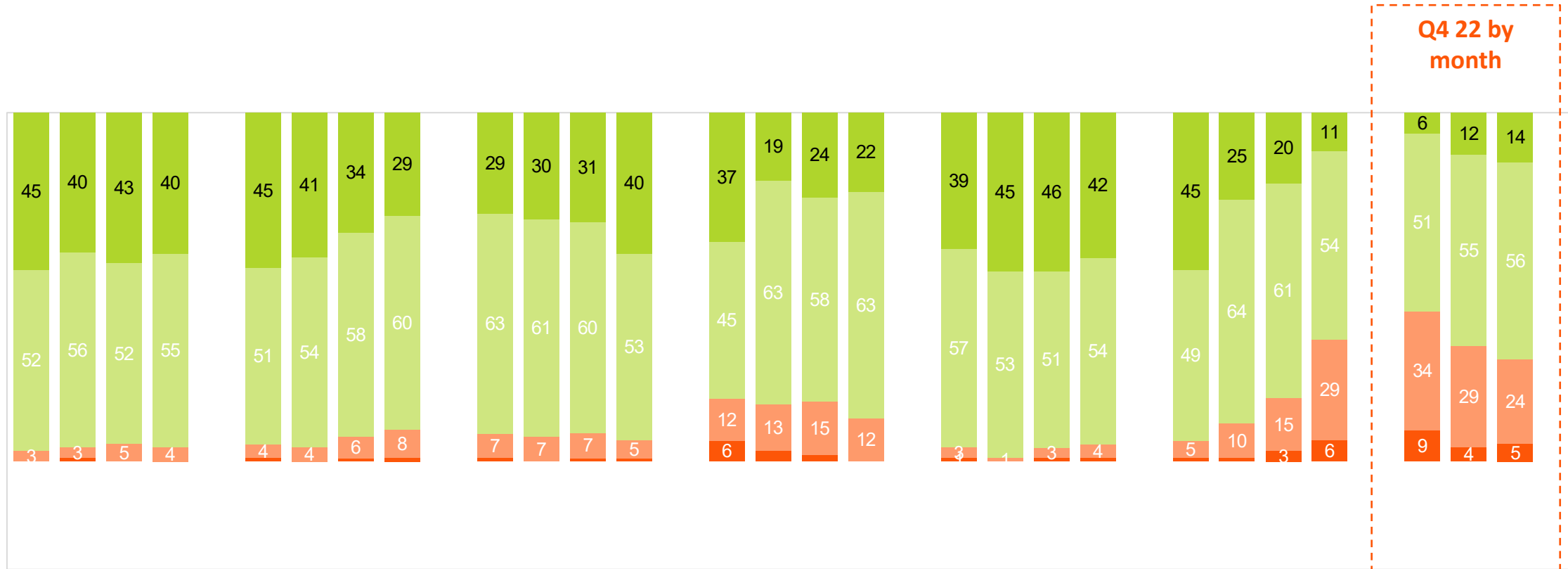


Average business mix (% of all cases per year)



Confidence in outlook for mortgage industry

Confidence in the outlook for the mortgage industry fell steeply between Q1 and Q4 2022. Monthly data, however, shows the start of a recovery during Q4 (43% net not confident in October, falling to 29% in December). Across Q4 22 as a whole, confidence is back to 2011 levels

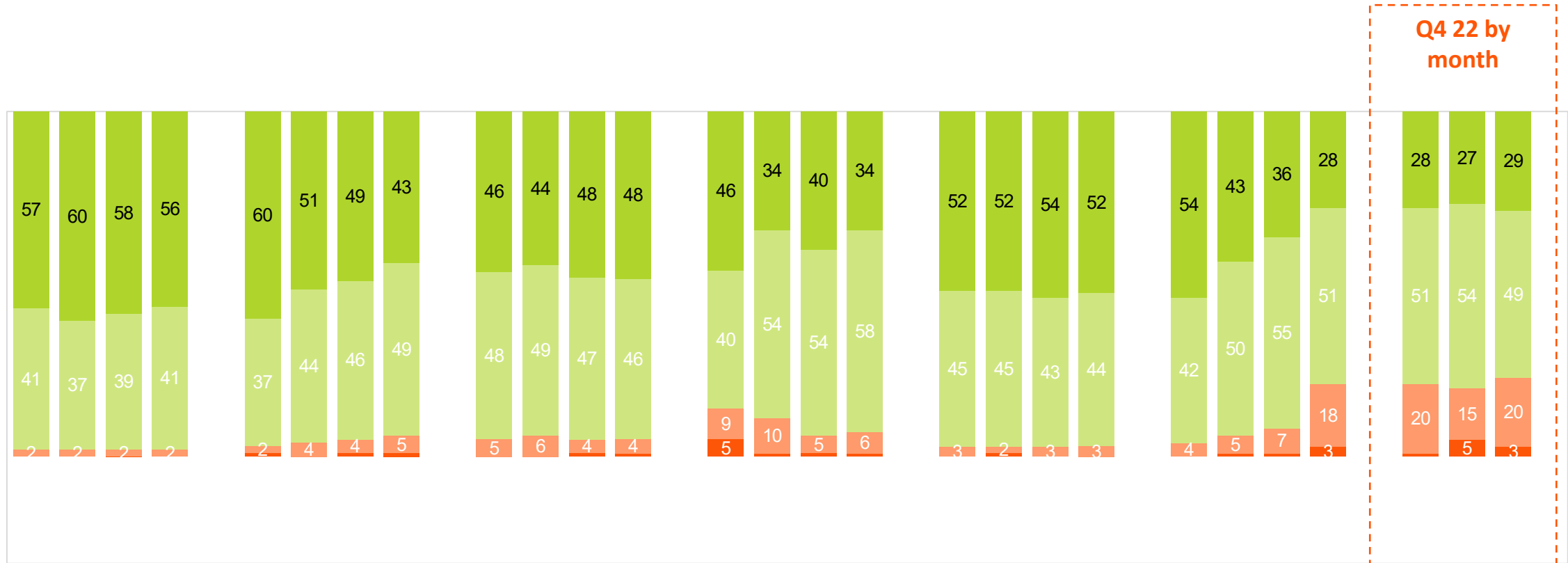


■ Very confident
 ■ Fairly confident
 ■ Not very confident
 ■ Not at all confident

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

Confidence in outlook for intermediary sector

Confidence in the outlook for the intermediary sector also fell between Q1 and Q4 22, but less steeply than confidence in the mortgage industry as a whole. Monthly data in Q4 shows a stable picture. Q4 22 confidence levels are similar to Q1 2013; we need to go back to 2012 to find clearly lower levels of confidence

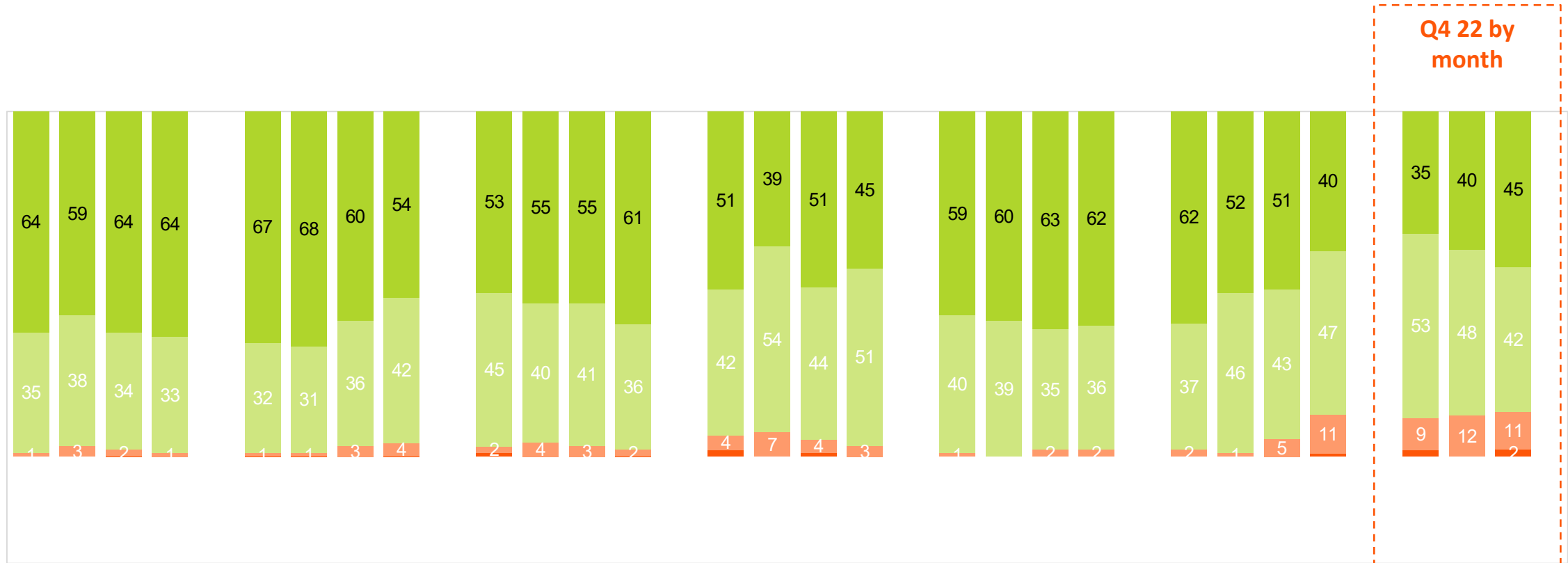


■ Very confident
 ■ Fairly confident
 ■ Not very confident
 ■ Not at all confident

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

Confidence in outlook for their own business

Confidence in the outlook for one's own business also declined across 2022, but less steeply than the other two confidence measures. Monthly data during Q4 shows some recovery (35% very confident in October, rising to 45% in December). Confidence levels in Q4 22 as a whole are similar to Q4 2012



■ 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 (300)

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

The two main drivers of high confidence are belief in the qualities of one's own business and a high demand for intermediary advice in a difficult market. Having multiple income streams and a positive attitude may also help

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**
Clients need advice more than ever given how complicated the market has become
- 3 Multiple income streams**
Businesses who have expertise in multiple sectors feel more confident in moments where there is a dip in mortgage inquiries

"Because we have got quality brokers and good client bank."
(Very confident)

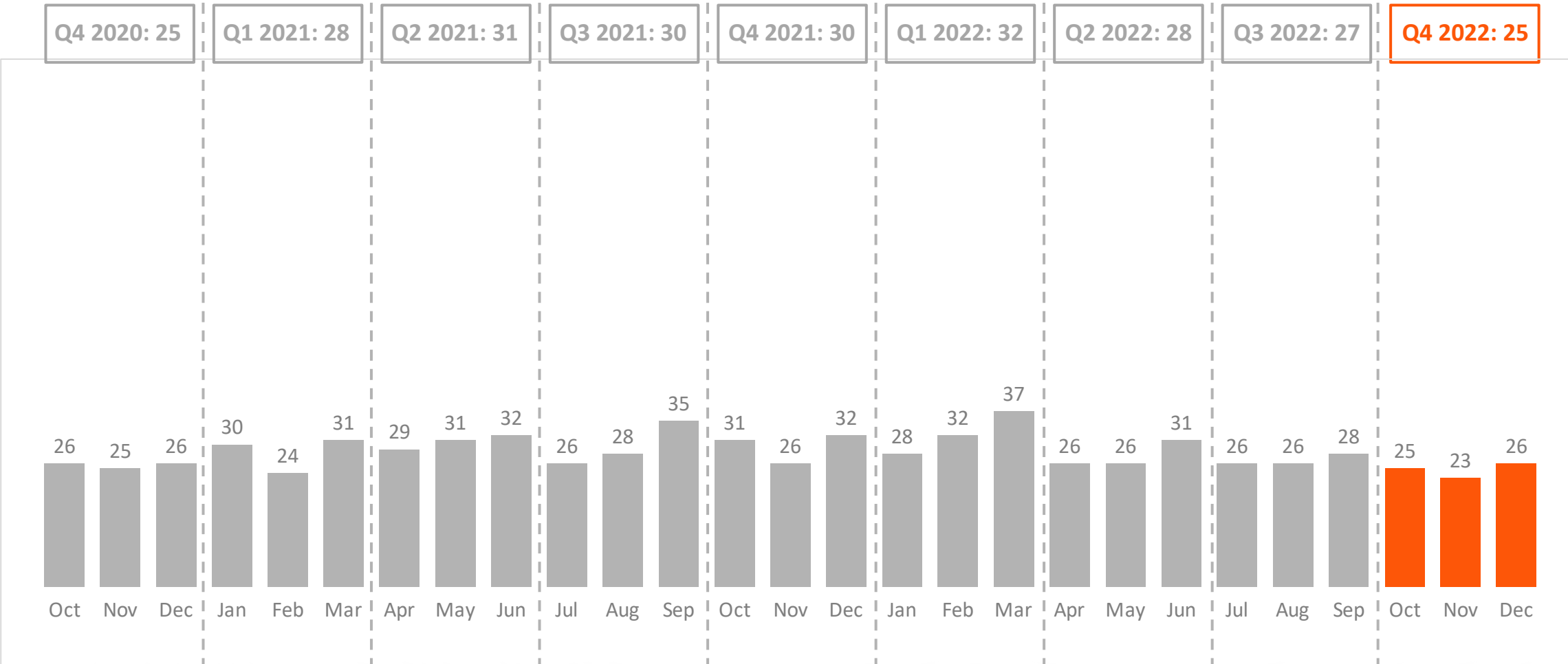
"People will always need a broker, now the market is more challenging brokers are needed even more to guide people to get the best deals."
(Very confident)

"At present we are at the mercy of the industry, the changes impact upon the business."
(Fairly confident)

Business flow

Average number of DIPs in last 3 months

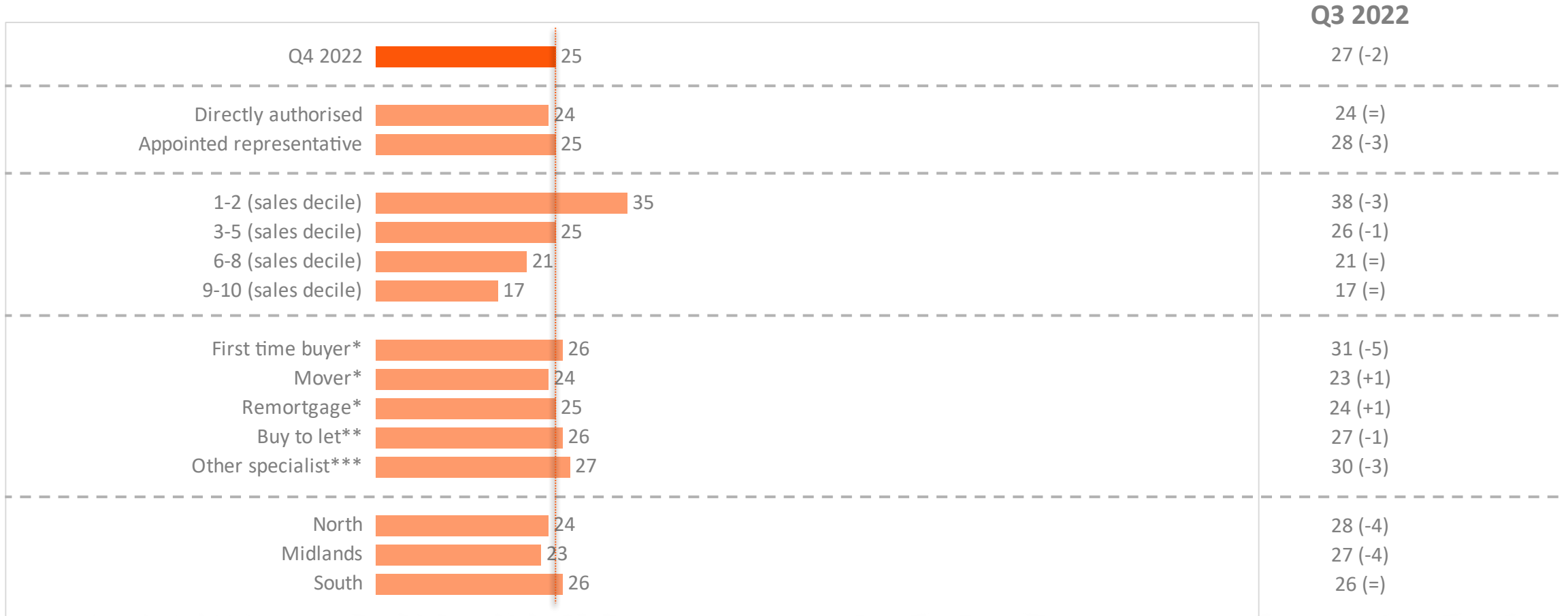
The average number of DIPs dealt with by intermediaries is slightly lower in Q4, now at the level seen 2 years ago in Q4 '20.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
 Base: All Q4 respondents (300)

Average number of DIPs – By business

The largest declines are seen in terms of FTBs (-5) and Other Specialist (-3) as well as in the North and Midlands areas (-4 both).

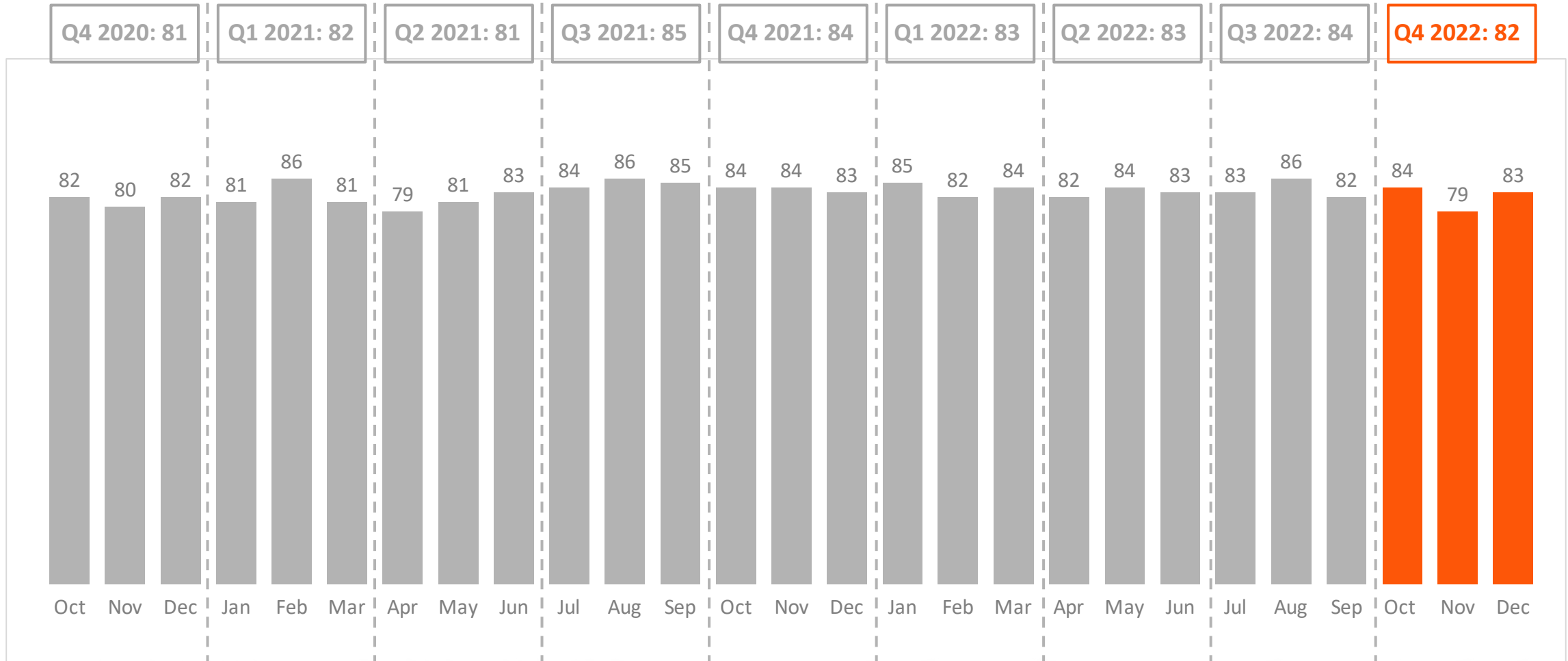


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All Q4 respondents (300)

* 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 (%)

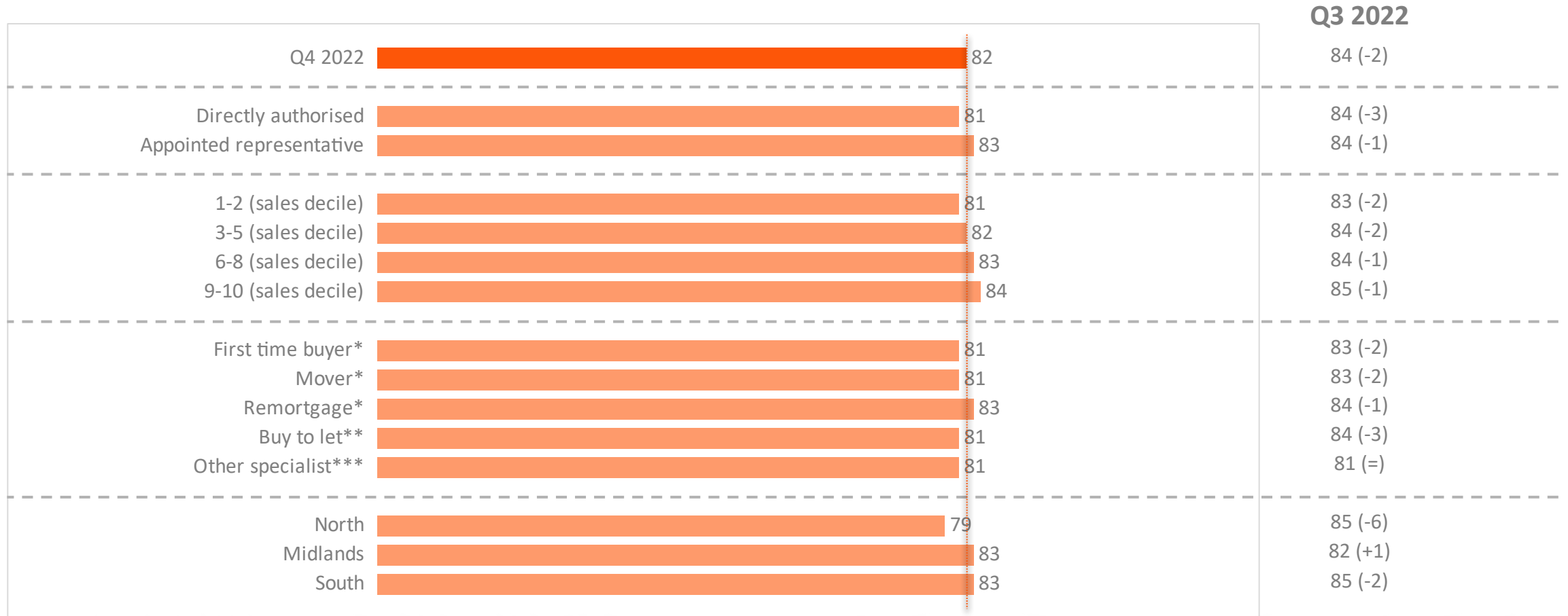
The proportion of DIPs resulting in a DIP accept has softened slightly, particularly in November - before recovering in December.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q4 respondents (300)

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

Conversion from DIP to DIP acceptance went down particularly in the North (-6), for BTL (-3) and DAs (-3).

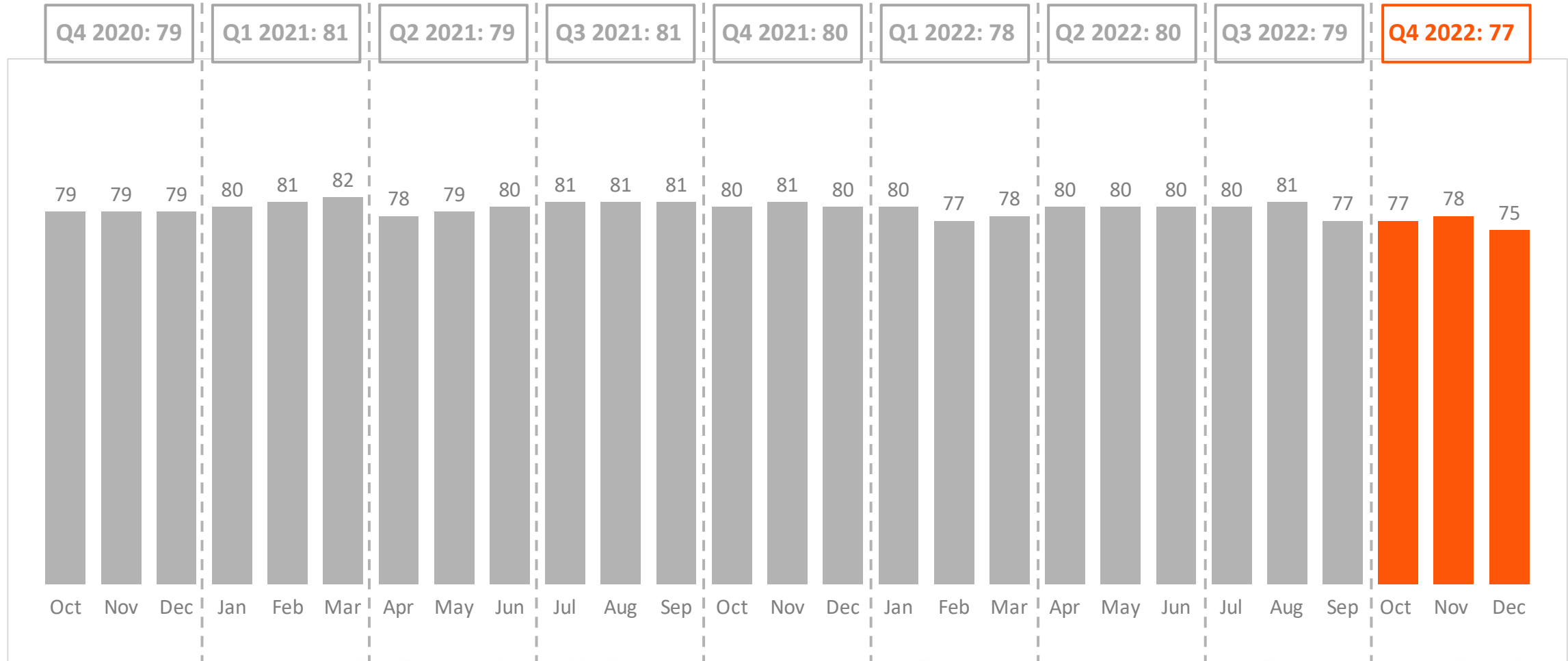


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q4 respondents (300)

* 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 declined -2, to its lowest point in the last two years.

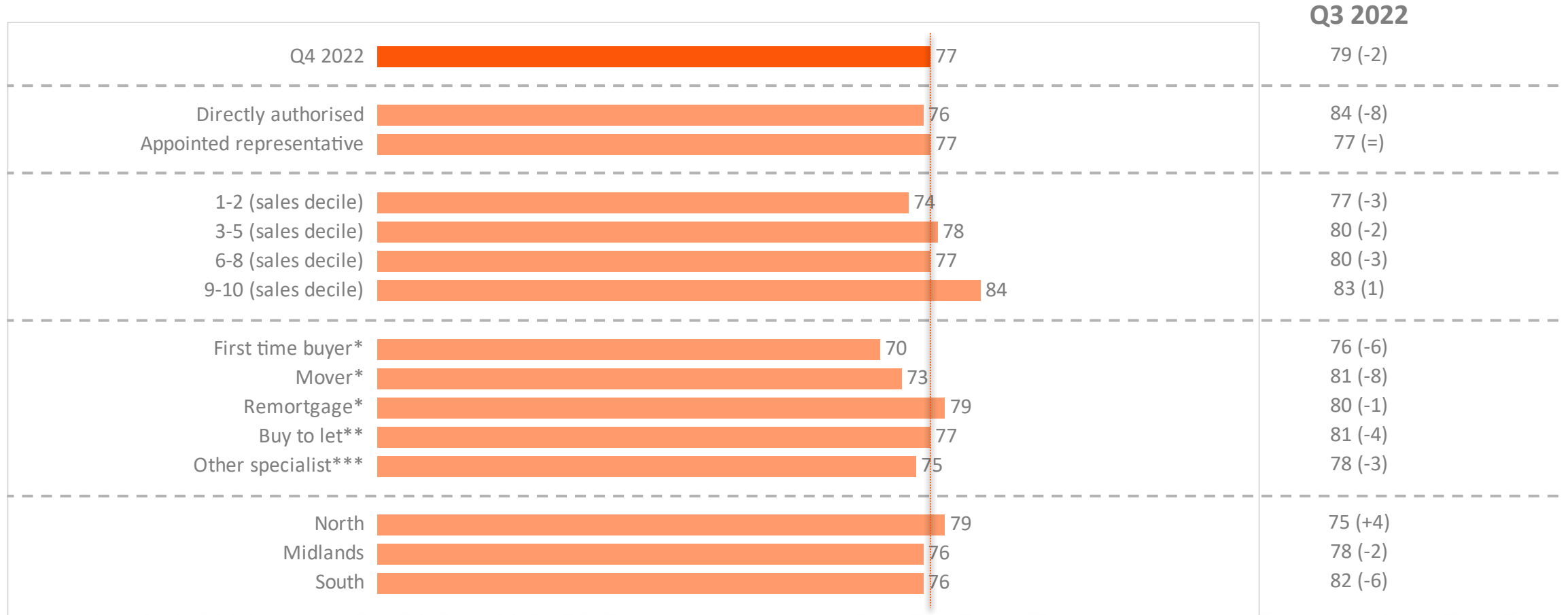


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?

Base: All Q4 respondents (300)

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

Conversions from DIP to applications also fell this quarter, particularly for DAs (-8), Movers (-8), FTBs (-6) and those in the South (-6).

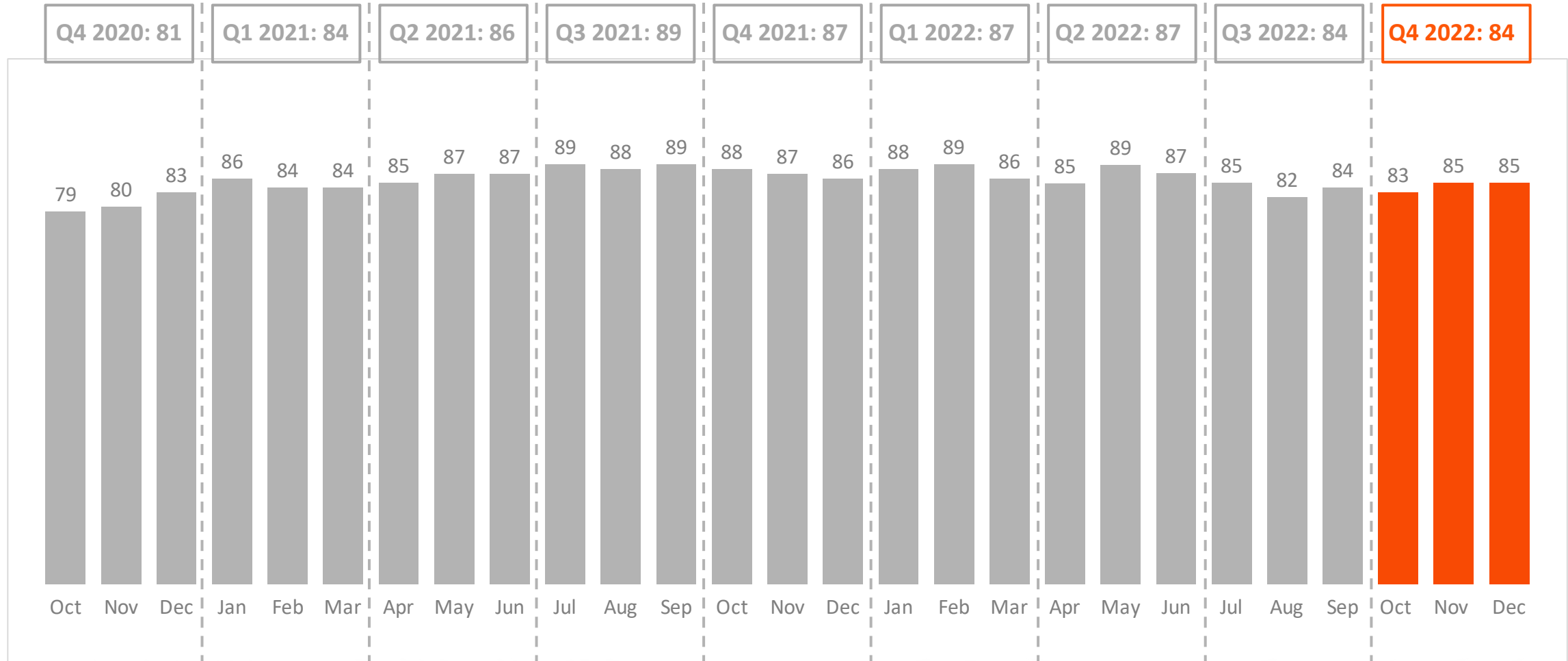


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All Q4 respondents (300)

* At least 4 out of every 10 residential mortgages placed
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Full applications resulting in an offer (%)

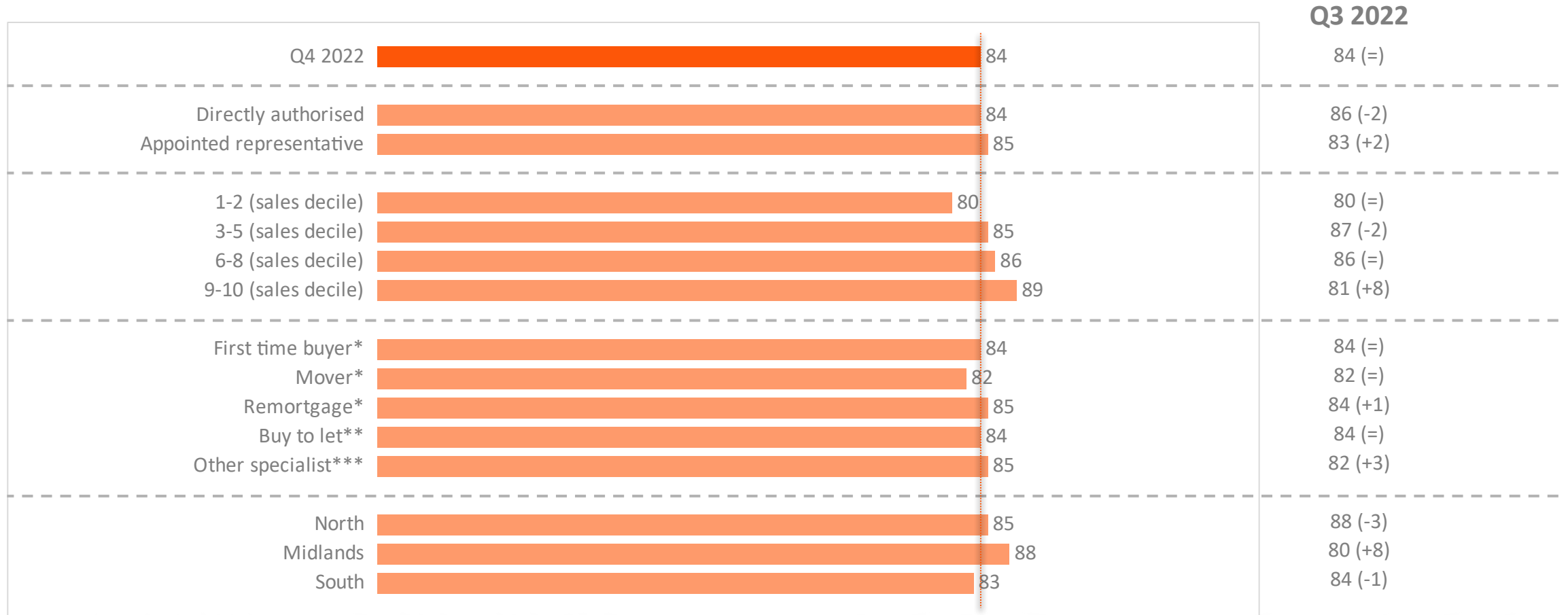
The proportion of full applications resulting in an offer is stable in Q4.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q4 respondents (300)

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

There are a few changes this quarter – some rises in the 9-10 sales decile (+8) and in the Midlands (+8), but otherwise mostly stability across the board.

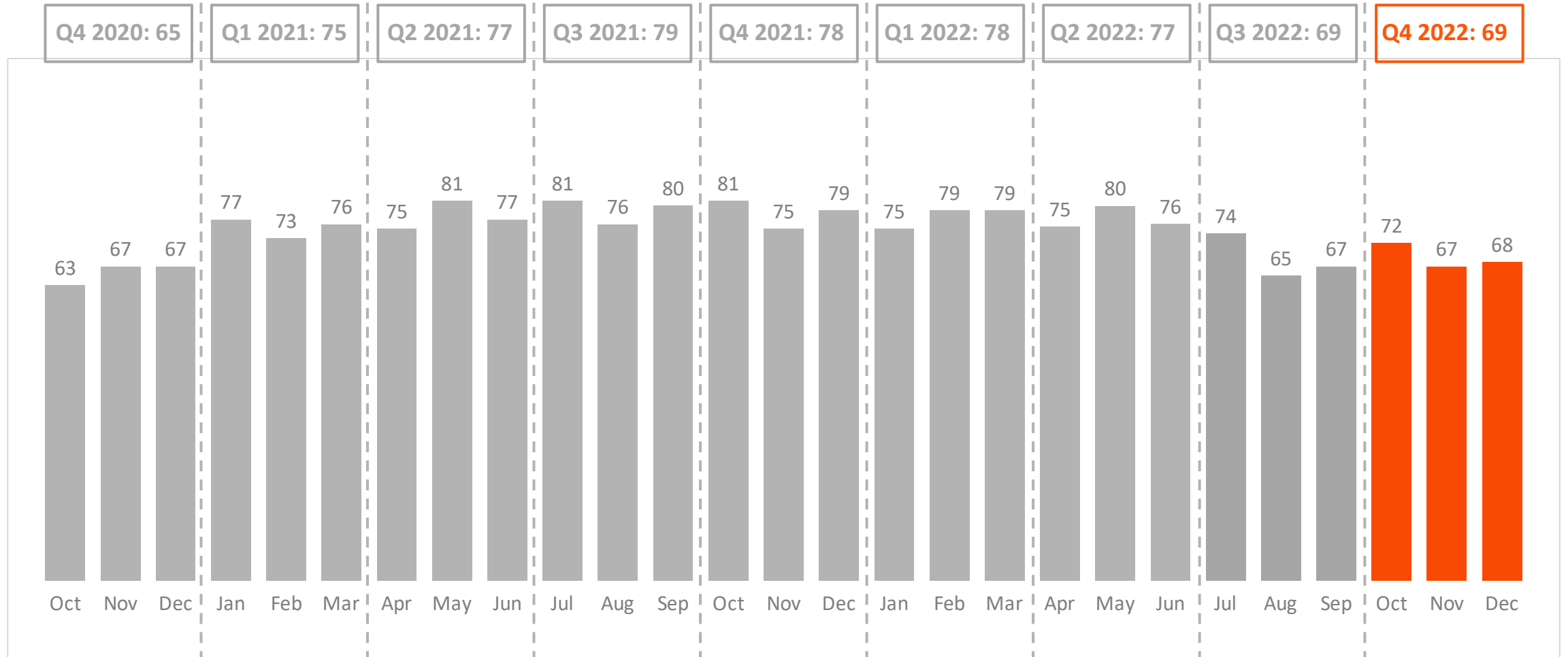


QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q4 respondents (300)

* 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 (%)

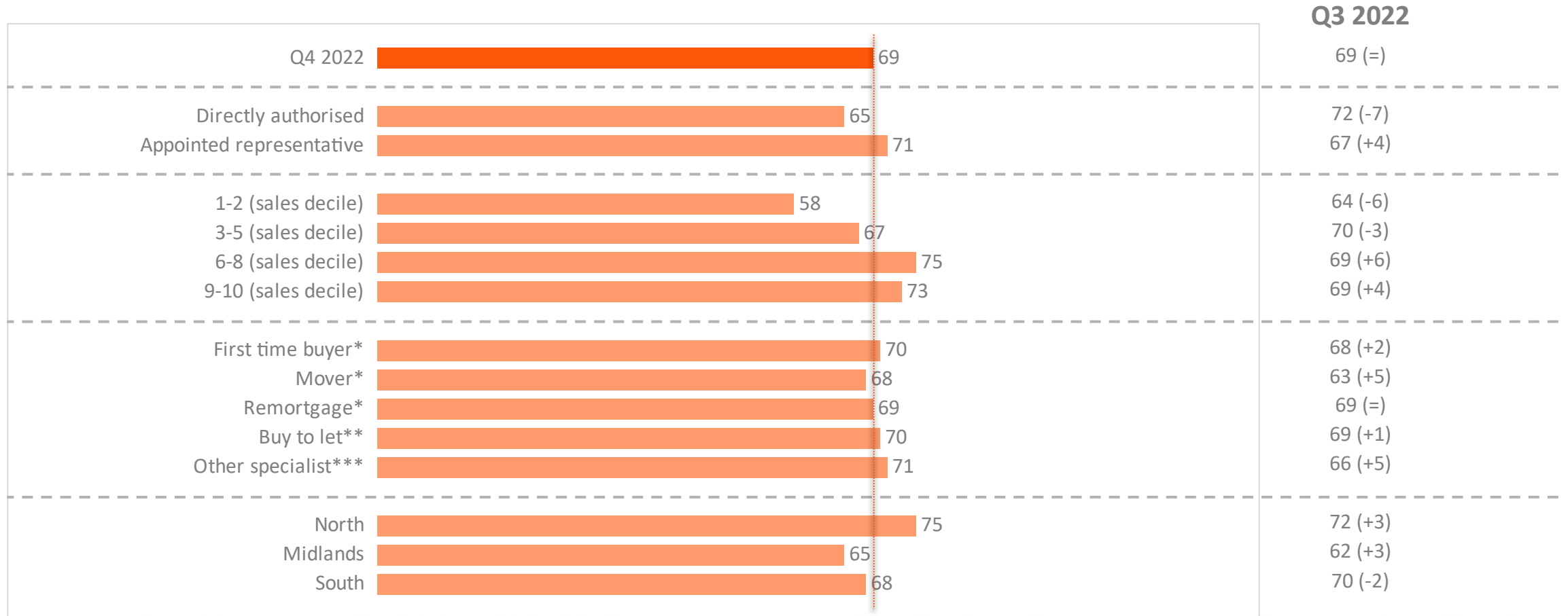
Conversion from offer to completion remains at 69% - same as last quarter and down from the late '21 – early '22 highs.



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q4 respondents (300)

Offers resulting in a completion (%) – By business

The conversion to completions is stable in Q4, at the same low level from Q3. There are falls among DAs (-6) and the 1-2 sales decile (-6), while the opposite is true for the 6-8 sales decile (+6), Movers (+5) and Specialist (+5)



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q4 respondents (300)

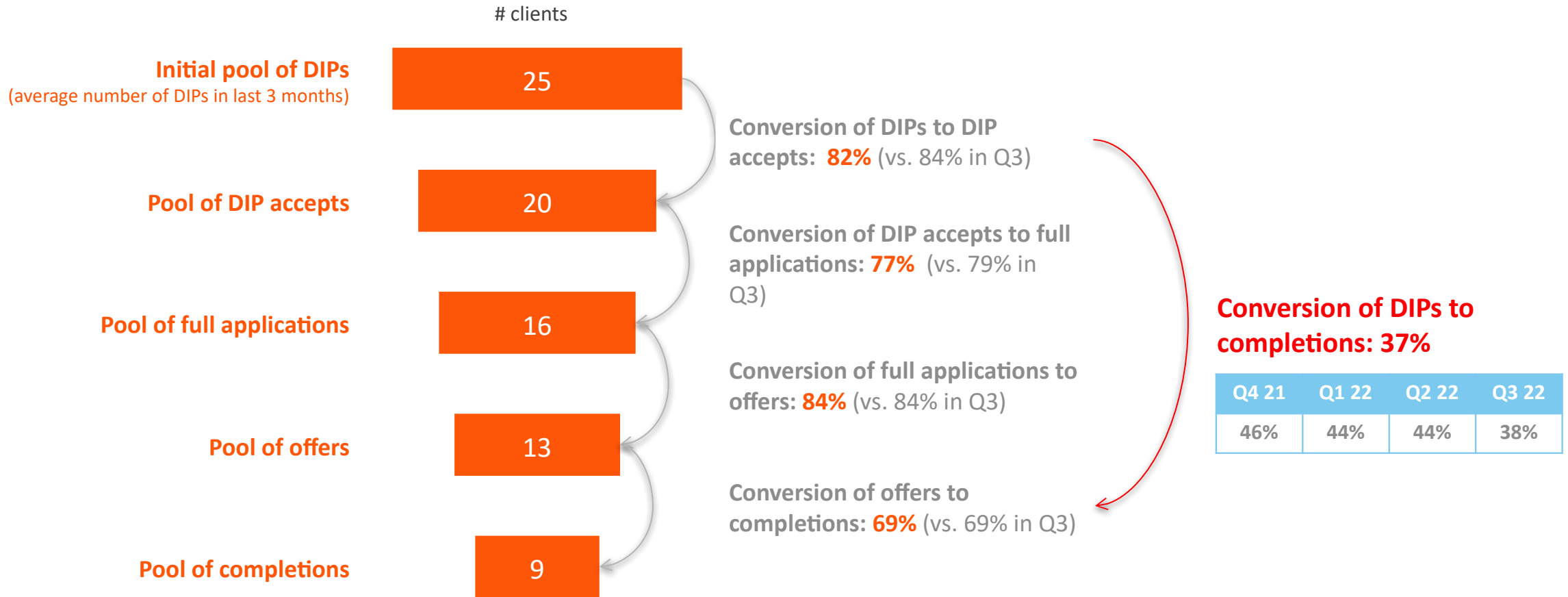
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Conversion from DIP to completion

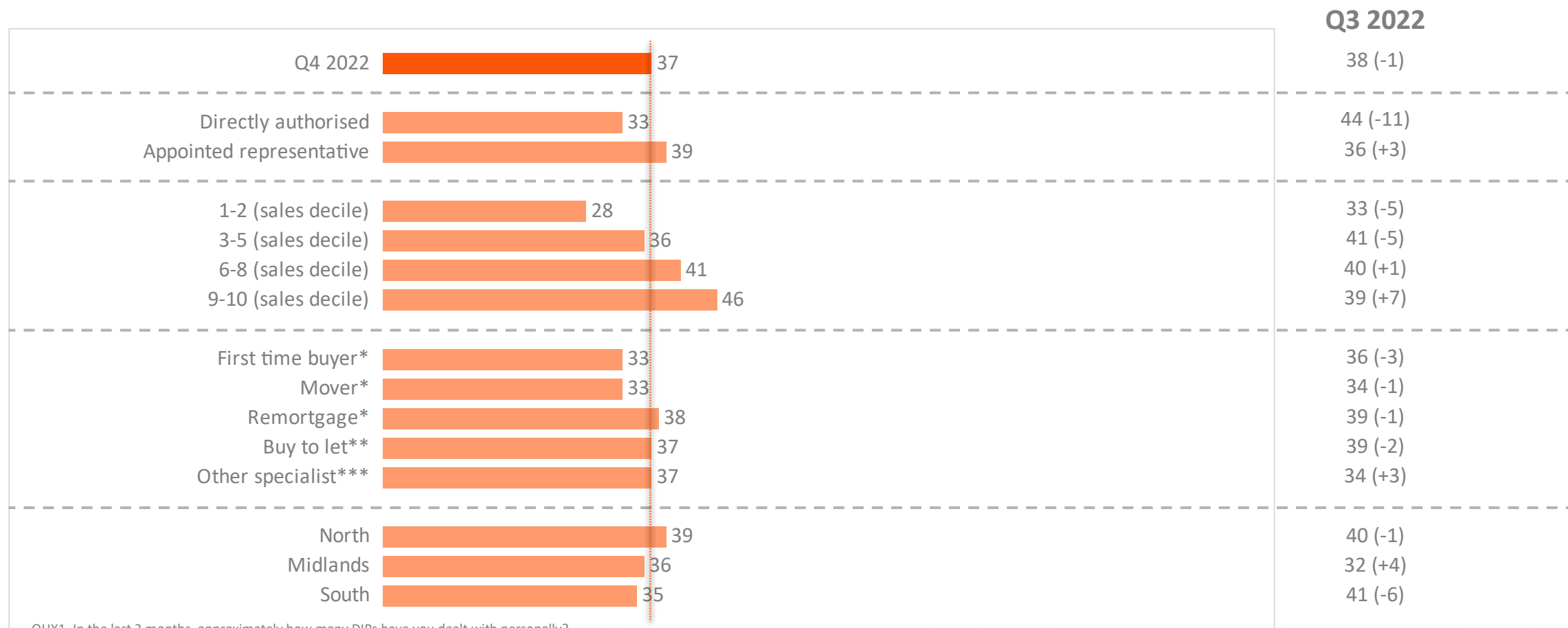
Conversion from DIP to completion is stable at 37%, but still -9% year-on-year.



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 (300)

Conversion from DIP to completion – By business

Although the overall conversion rate has not changed, there is a large fall for DAs (-11), and brokers operating in the South (-6). The opposite is true for the 9-10 sales decile (+7) and those in the Midlands (+4).

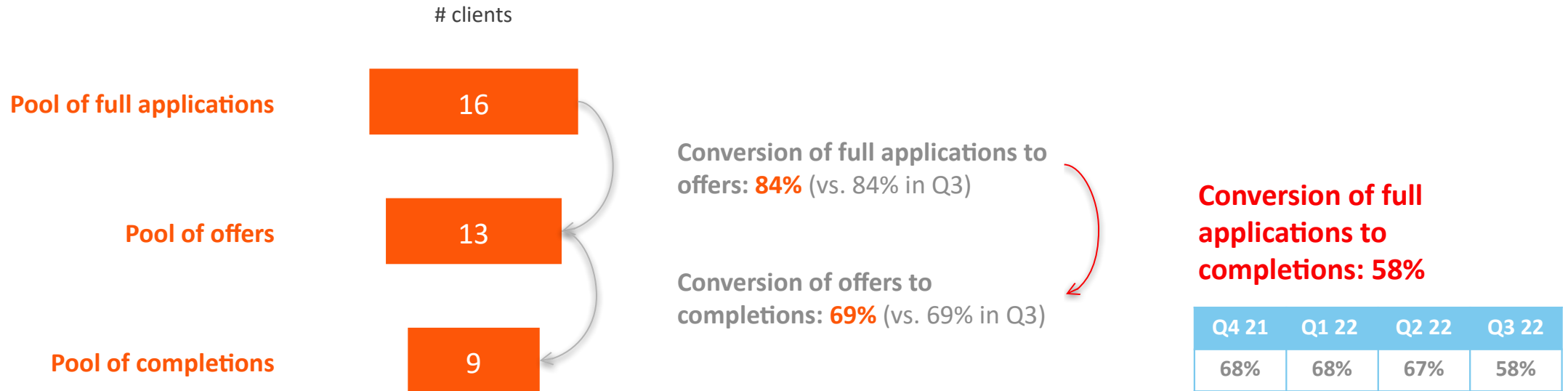


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
 QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
 QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
 QH4. In the last 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 (300)

* At least 4 out of every 10 residential mortgages placed
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Conversion from full application to completion

Fewer full apps are going through to conversion, a decrease of -10% 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?

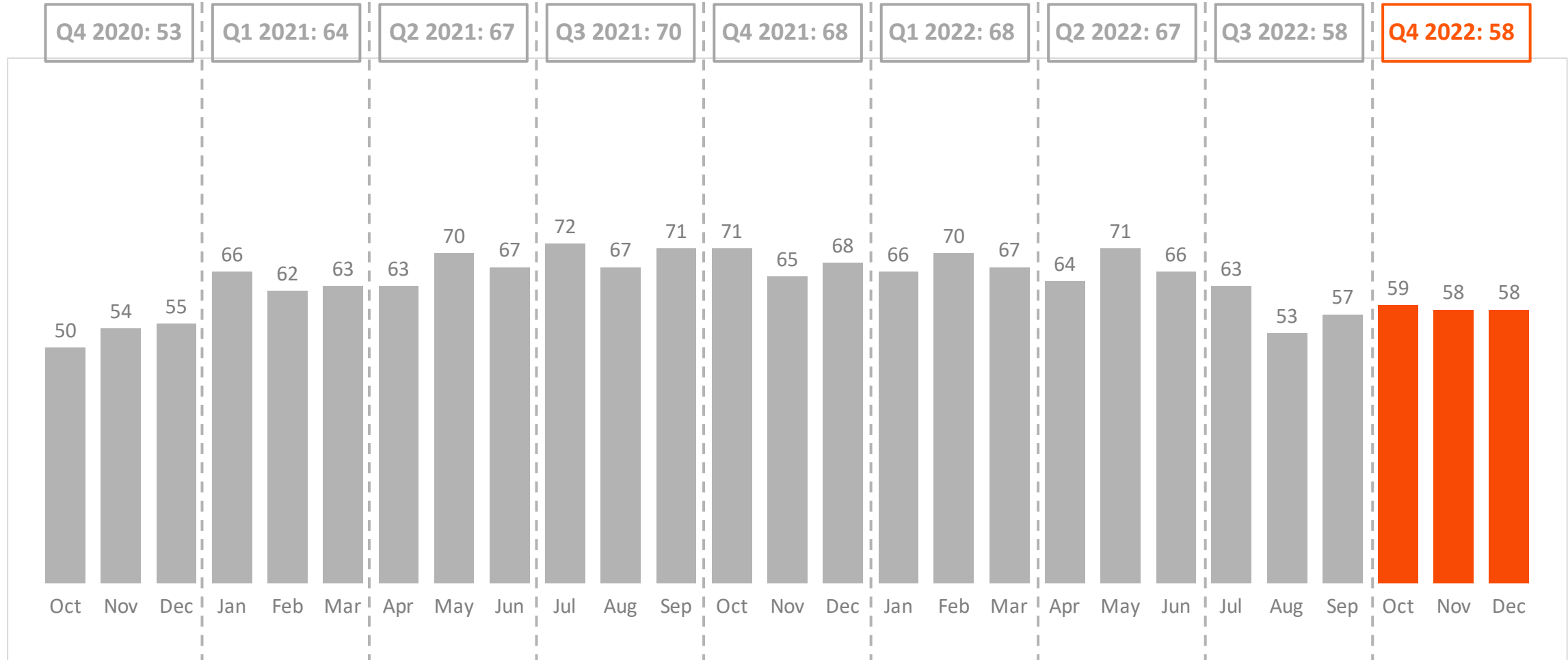
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All Q4 respondents (300)

Conversion from full application to completion (%)

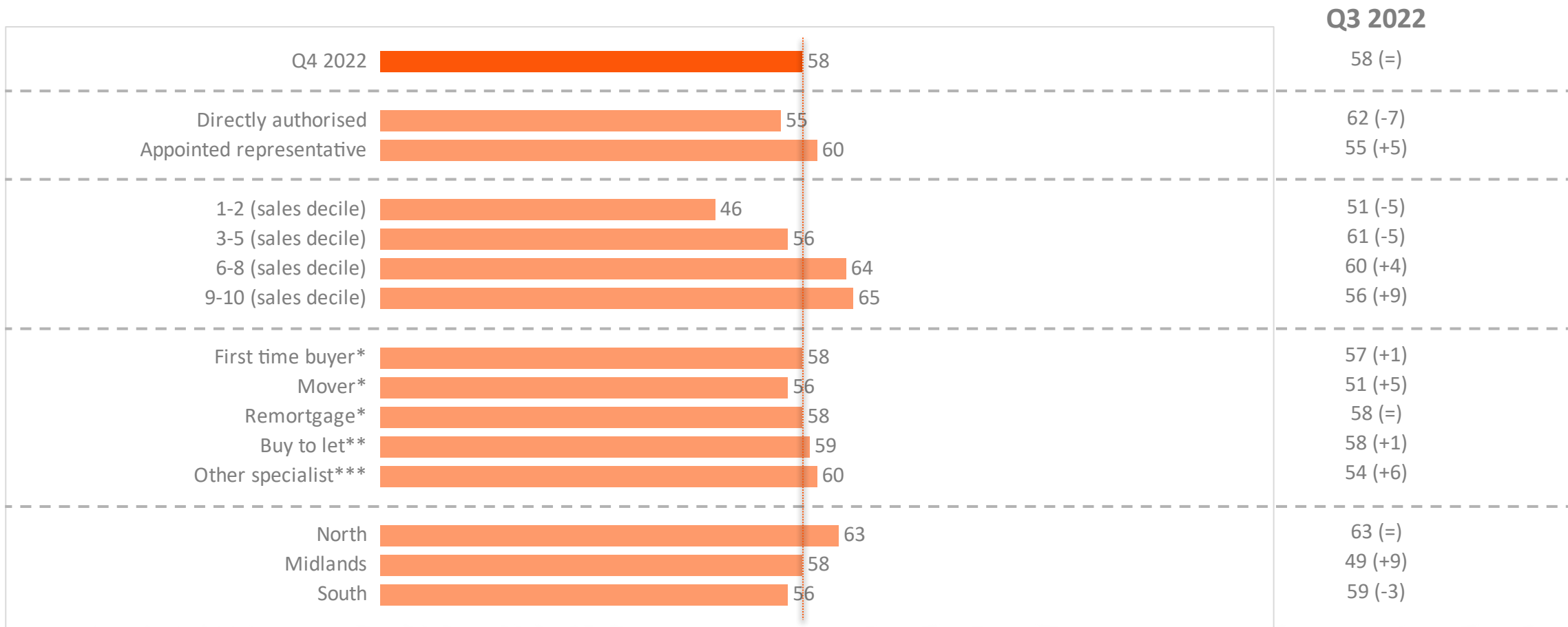
The conversion rate from full application to completion continues to be 58% - after stabilizing from a longer term steady decline in September.



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 Q4 respondents (300)

Conversion from full application to completion – By business

There are some changes: conversions from DAs go down (-7), while ARs go up (+5) – as well as some significant changes across sales deciles.



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 (300)

* At least 4 out of every 10 residential mortgages placed


** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Any questions

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