



IMLA Mortgage Market Tracker

Q1 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 **Q1 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 300. Achieved sample weighted by firm size & type to be representative of the Autus universe

Executive summary

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Intermediary confidence recovered in Q1 2021.

Intermediary confidence in the outlook for the industry, sector, and their own business all returned to the pre-pandemic levels.

Almost **6 in 10 intermediaries felt very confident about the outlook for their own firm** in Q1 2021, the highest level since 2019. However there were still some concerns about market uncertainties and what will happen when the stamp duty relief comes to an end.

Conversion from DIP to completion increased quarter-on-quarter, from 34% in Q4 20 to 43% in Q1 21. The biggest increase was seen when looking at the conversion from offer to completion, which increased from 65% in Q4 20 to 75% in Q1 21.

Taking a closer look at business flows, **64% of full applications resulted in a completion in Q1**. This was an increase on the previous quarter (53%), but not quite back to the level seen in Q1 20 (68%).

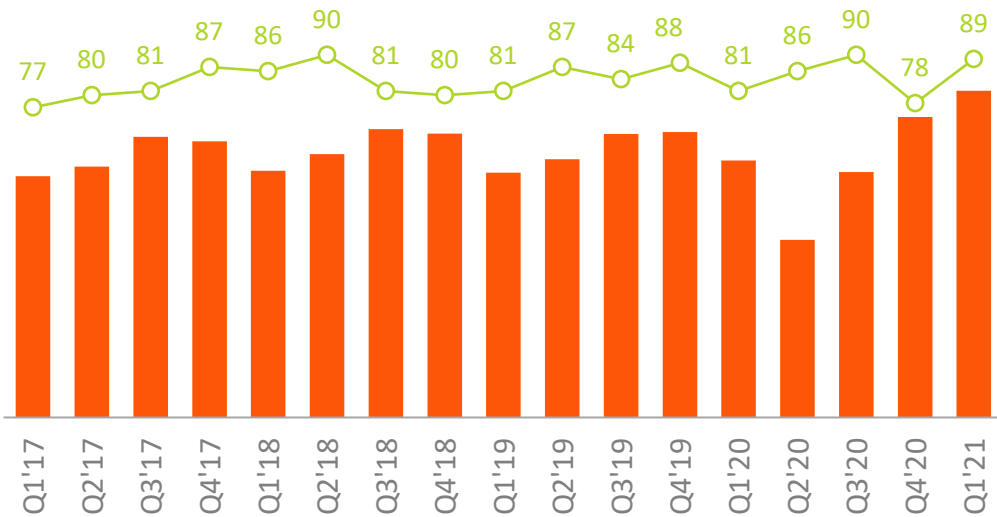
Business volumes and confidence

Claimed volumes of mortgage cases, per year

Both the claimed intermediary case load and the Bank of England's reported gross mortgage lending increased this quarter. This is the third consecutive quarter where gross mortgage lending has increased.

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)

66% residential

First Time Buyers	20	(20)
Movers	20	(20)
Full remortgage	14	(15)
Product transfer	11	(11)

28% BTL

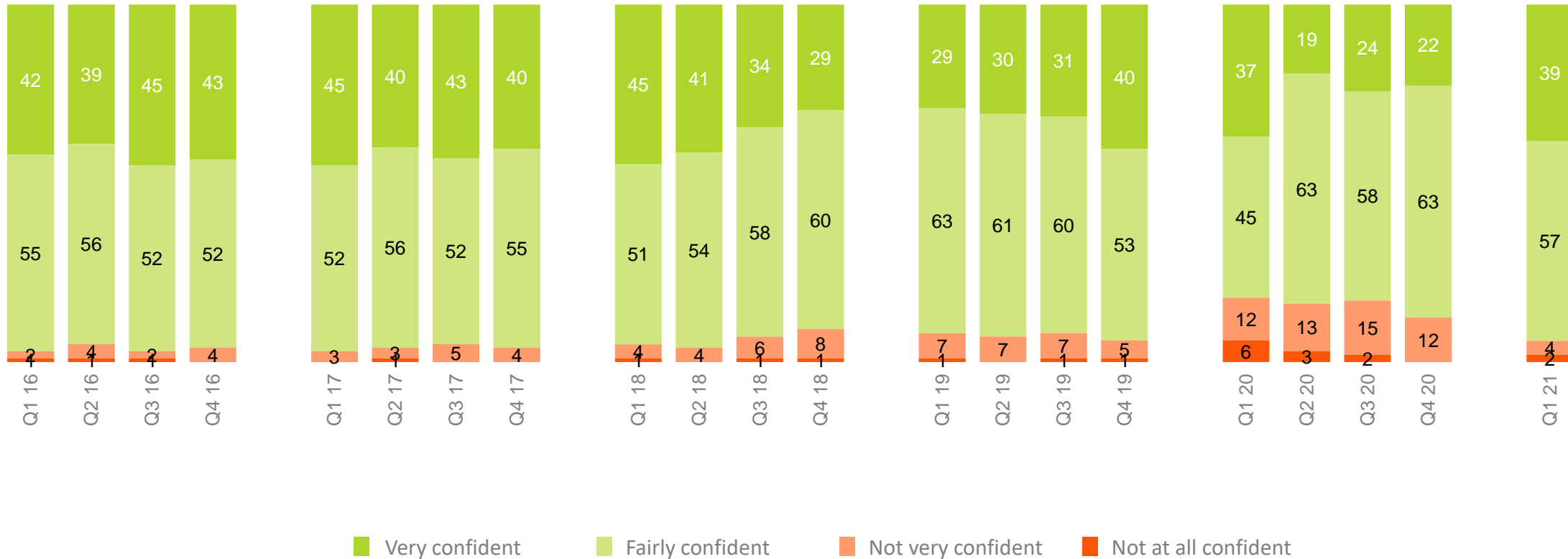
BTL 1- 3 properties	17	(16)
BTL 4+ properties	7	(6)
Limited Co BTL	5	(4)

6% Specialist

Adverse	3	(4)
Other specialist	3	(4)

Confidence in outlook for mortgage industry

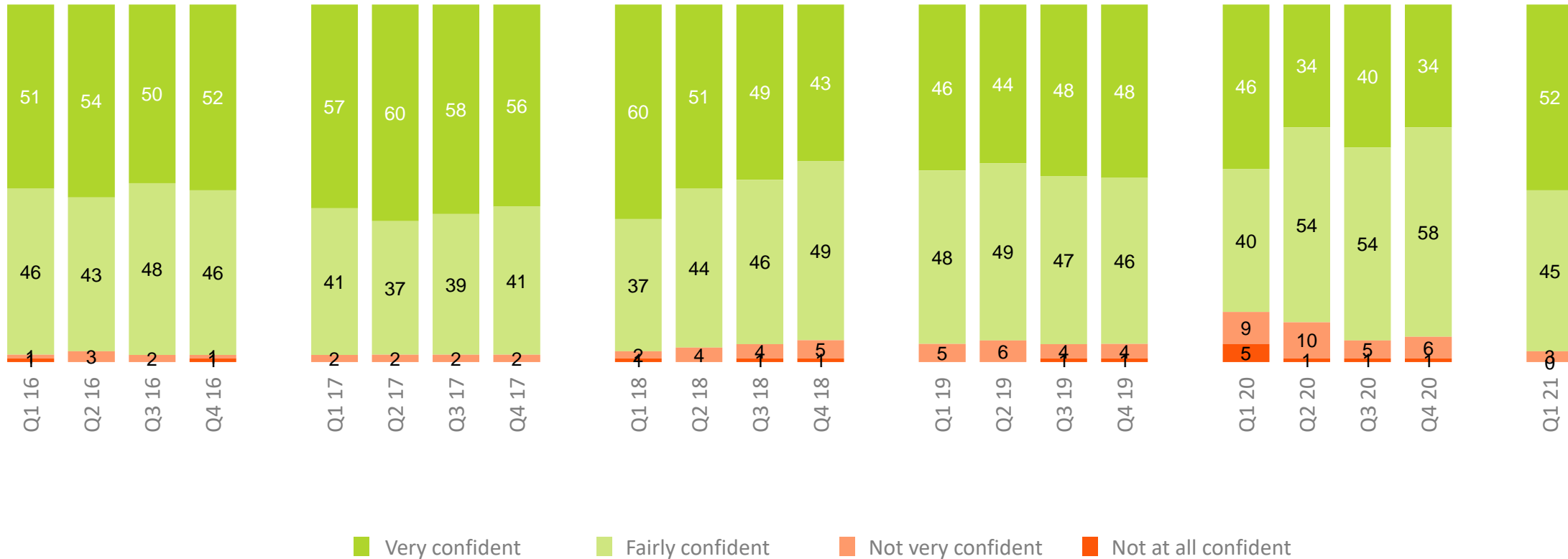
Confidence in the outlook for the mortgage industry recovered in Q1 21, with confidence back to the levels seen at the end of 2019.



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

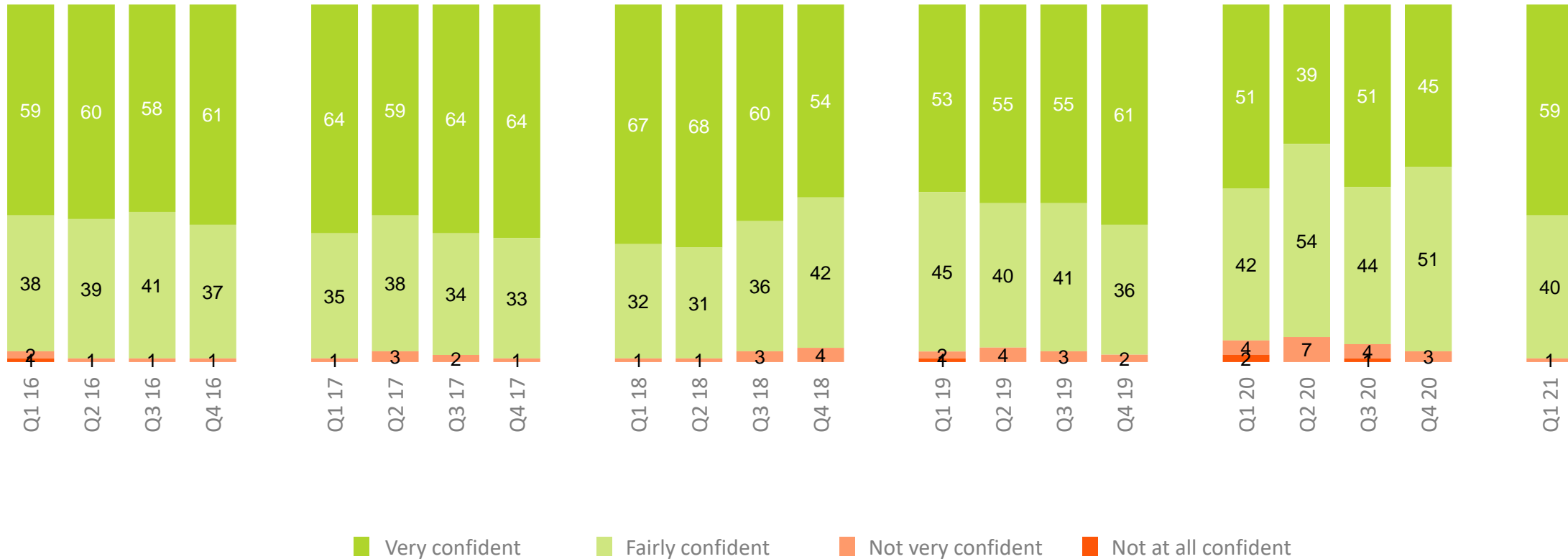
Confidence in the outlook for the intermediary sector also recovered in Q1 21. The proportion 'very confident' was at the highest level since 2018.



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

Intermediaries continued to feel most confident about the outlook for their own business in Q1. Almost all intermediaries were feeling at least 'fairly confident', with the proportion feeling 'very confident back to the level seen at the end of 2019.



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...

Intermediaries confidence in their own business was boosted by the perceived strength of their business, coupled with increased business and demand for advice. However some were worried about market uncertainties and some concern about what happens when the stamp duty relief comes to an end.

Reasons for feeling more confident

- 1 Qualities of the business**
Established business, trading for a long time, good reputation and client database, referrals, mortgages represent only a part of business, got through the pandemic
- 2 Busy**
Lots of enquiries and referrals, ongoing impact of stamp duty relief and extension, low interest rates, 95% mortgages, FTBs coming back to market
- 3 Demand for intermediaries**
Clients will turn to brokers for advice specific to their situation, as well as to be reassured, as borrowing becomes more complex

"We are very busy all the time and through lockdown we managed to stay open. Unless anything major happens with house prices, nothing will happen to us."
(Very confident)

Reasons for feeling less confident

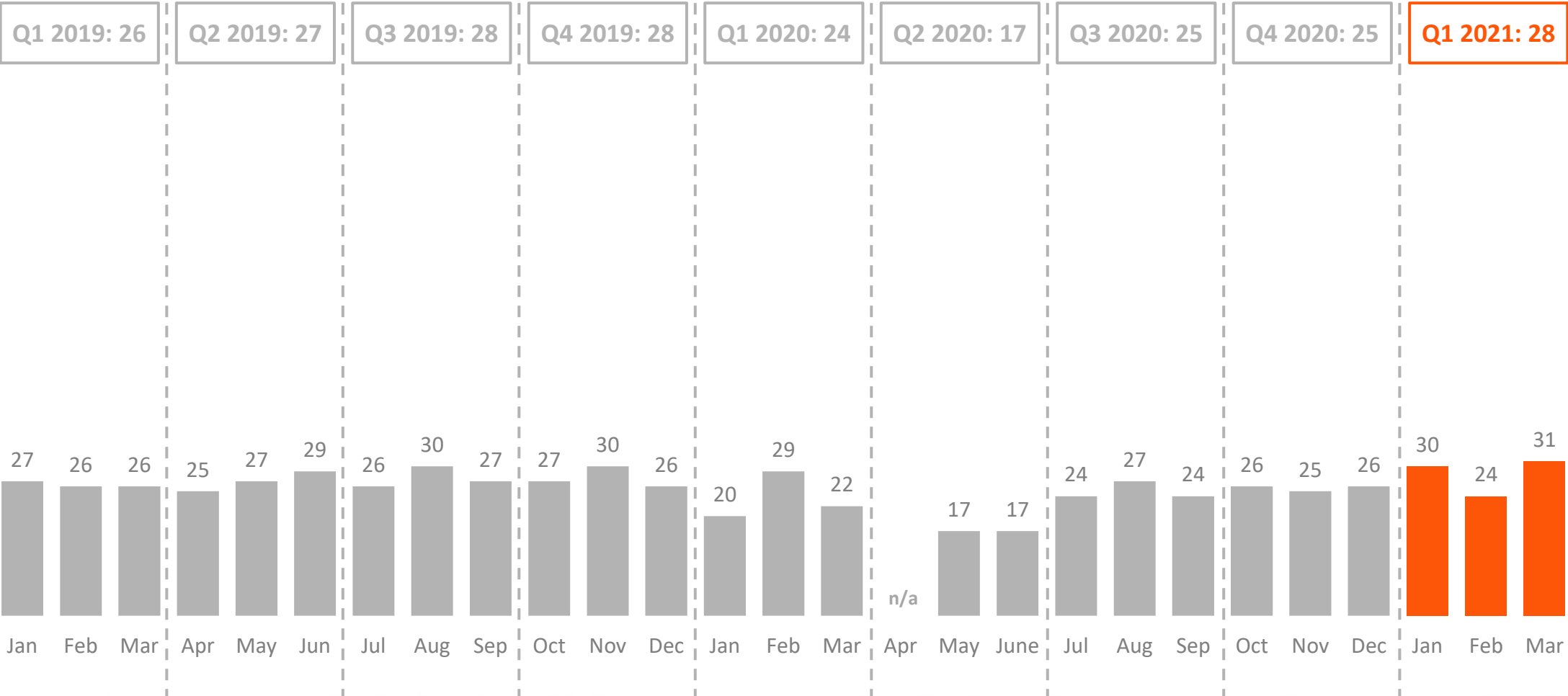
- 1 Uncertainty**
Not sure what is going to happen next. A lot of factors that are not predictable and outside of their control
- 2 Stamp duty relief coming to an end**
Stamp duty relief has driven high levels of demand, so expect to see a big drop when this comes to an end
- 3 Future economic outlook**
Wider market conditions: Pandemic impacting on economy, unemployment, Brexit. Expect crash

"At this present moment in time we are in flux with regards to what has happened in the last twelve months. Still not sure where we are going, some cause for concern."
(Not very confident)

Business flow

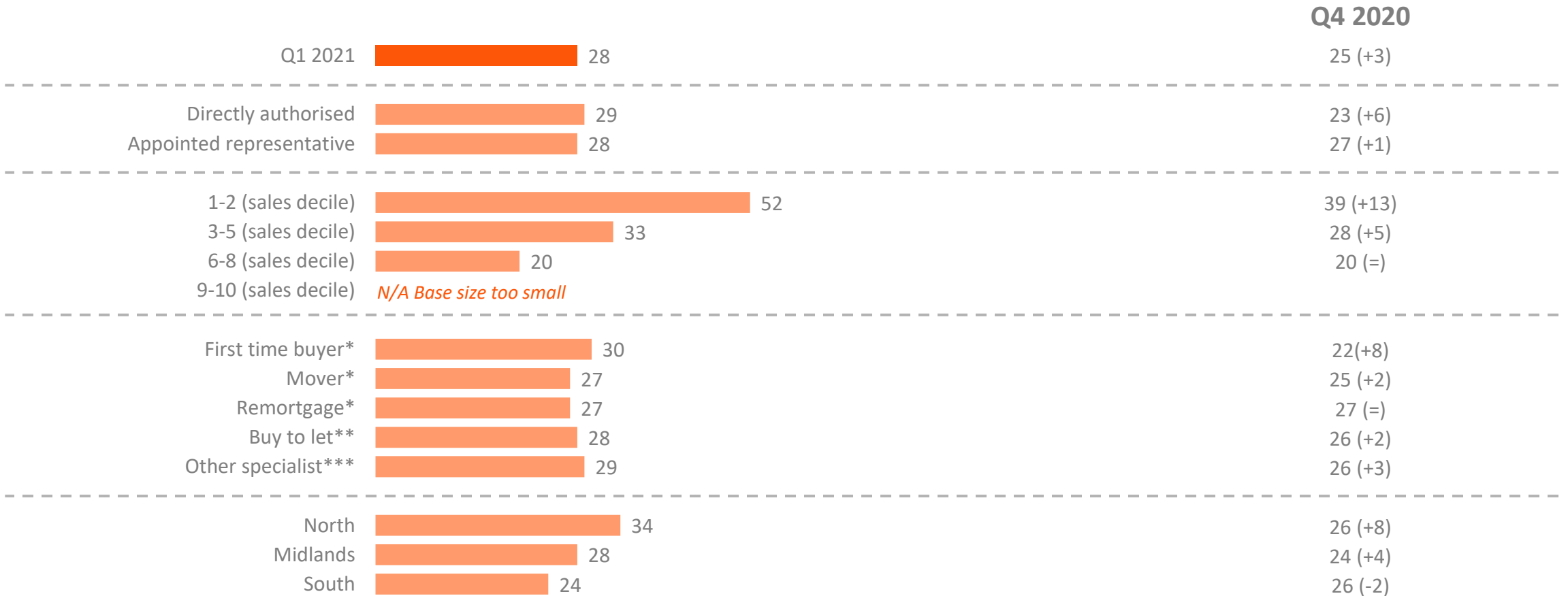
Average number of DIPs in last 3 months

The average number of DIPs that an intermediary dealt with increased slightly in Q1 21, returning to the level seen in 2019.



Average number of DIPs – By business

The biggest movement in the number of DIPs by sub-group was an increase among larger firms (by sales decile), those dealing with first time buyer mortgages and those in the north.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All Q1 respondents (300)

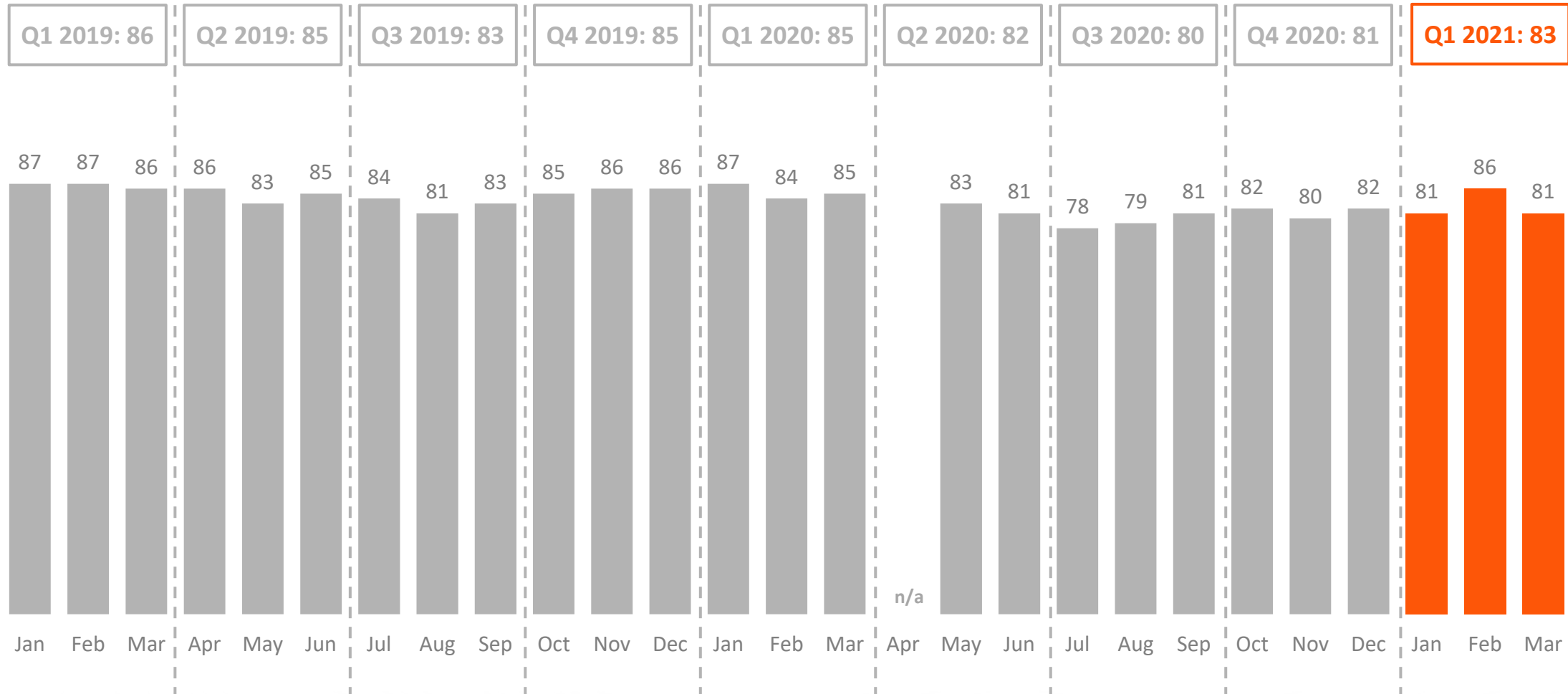
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

DIPs resulting in a DIP accept (%)

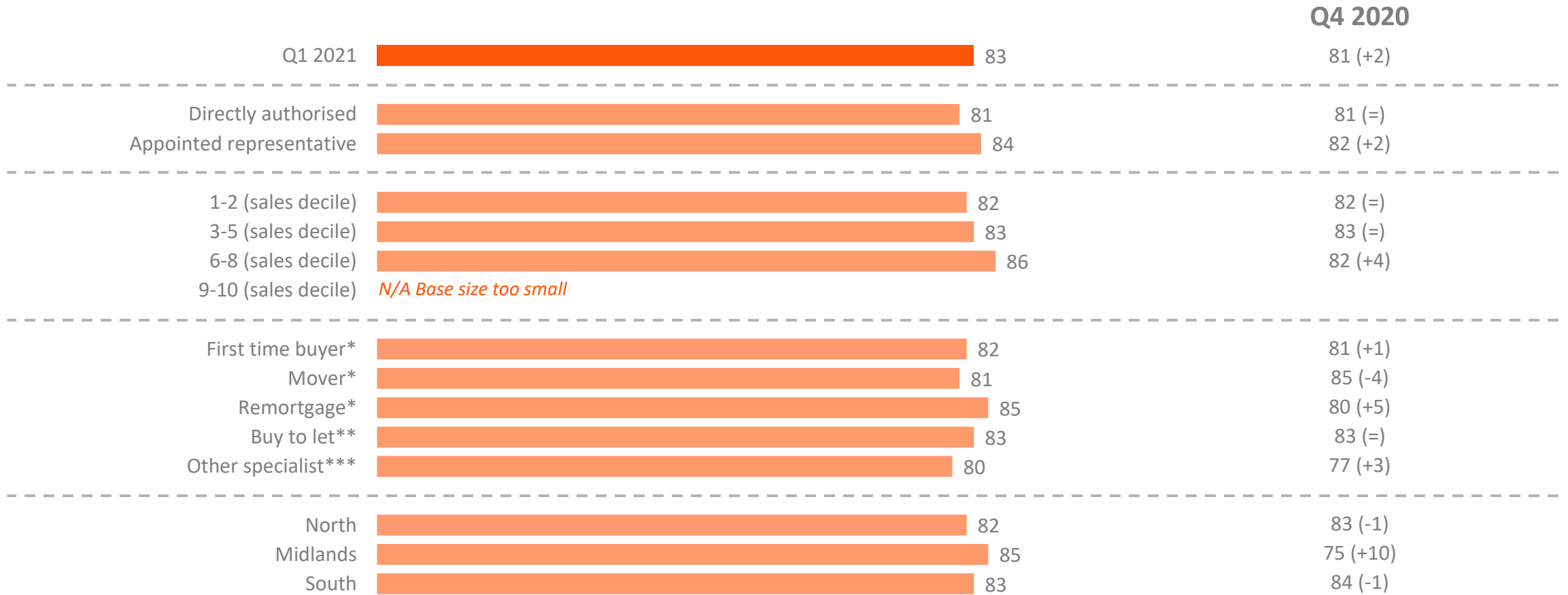
The proportion of DIPs resulting in a DIP accept edged up slightly in Q1 21, although there was some variability over the quarter.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q1 respondents (300)

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

Conversion from DIP to DIP accept increased the most among those in the midlands, and those dealing with remortgage cases.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q1 respondents (300)

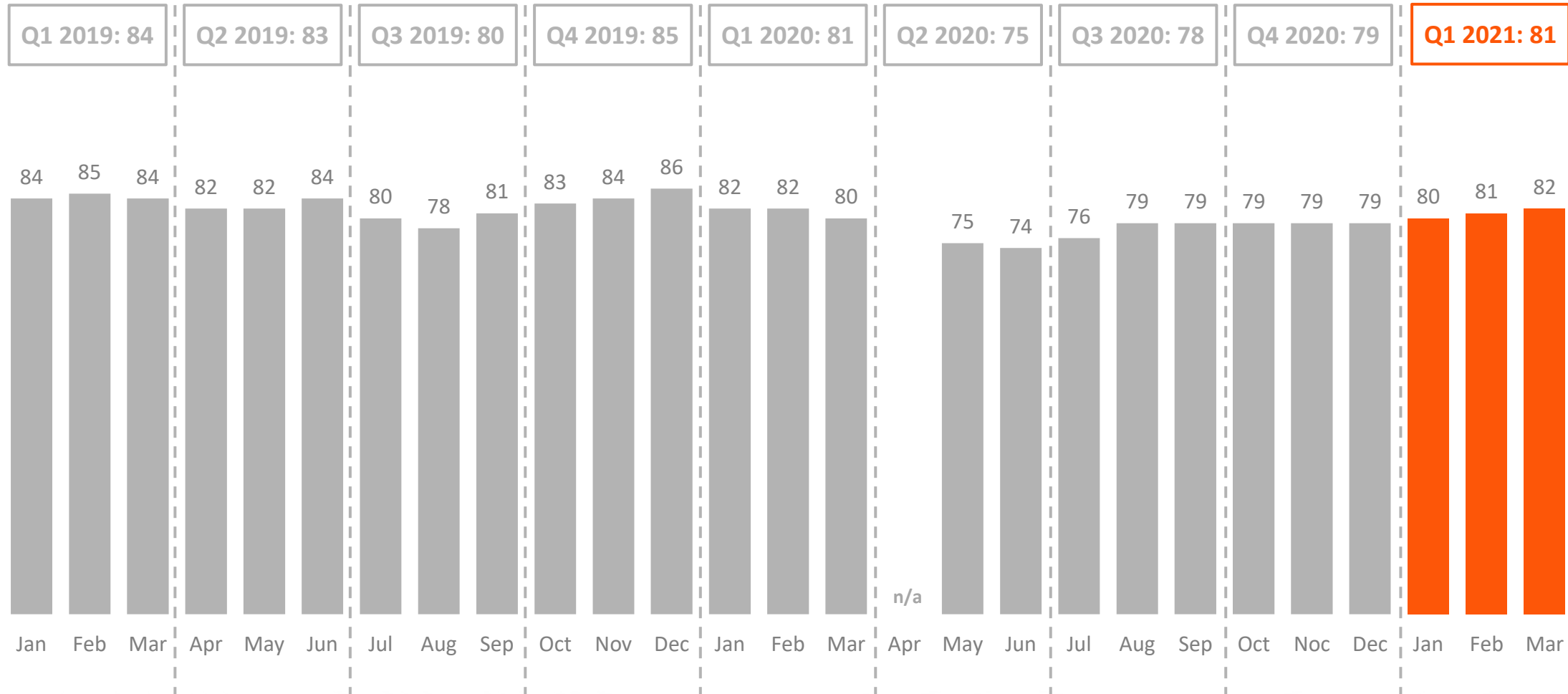
* At least 4 out of every 10 residential mortgages placed

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DIP accepts resulting in a full application (%)

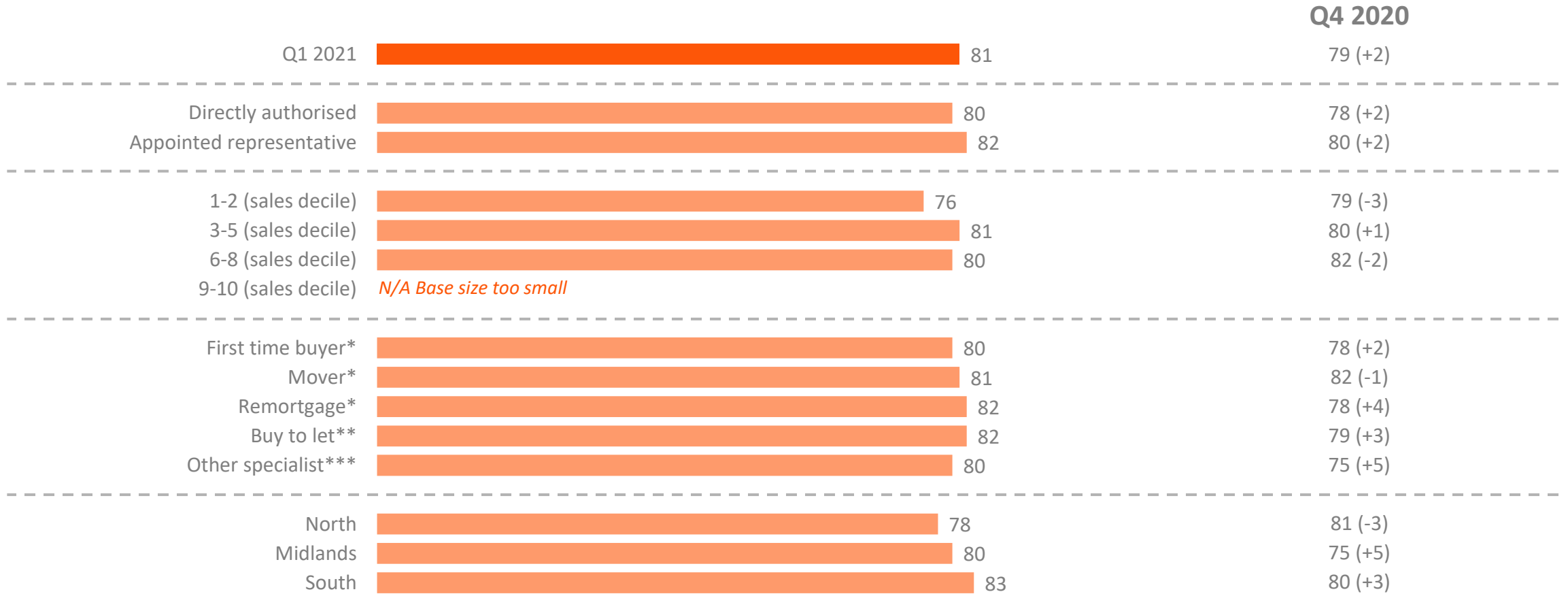
The proportion of DIP accepts resulting in a full application edged up slightly in Q1 21, reaching 82% in March.



QH3. In th3 last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All Q1 respondents (300)

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

Conversion from DIP accept to full application increased the most among those dealing with specialist mortgages and those in the midlands.



QH3. In th3 last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All Q1 respondents (300)

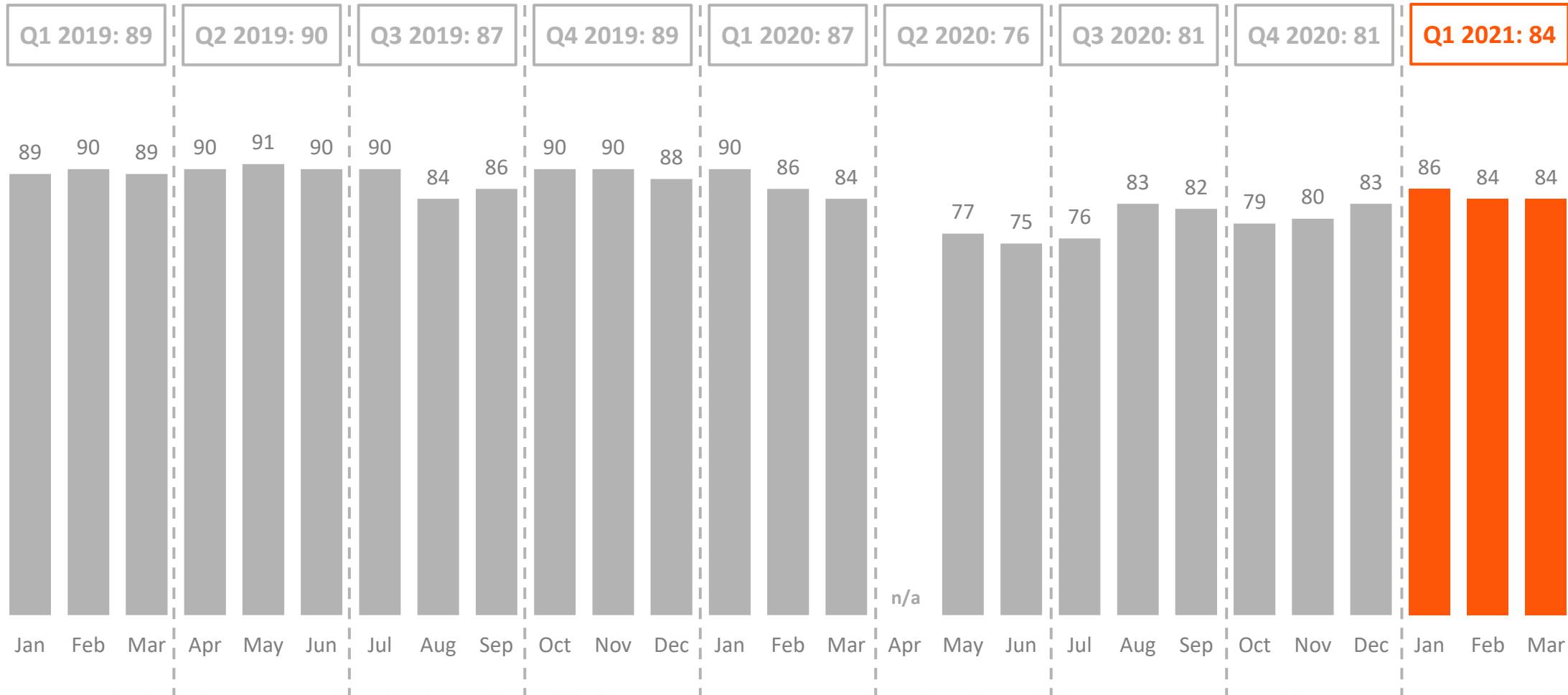
* At least 4 out of every 10 residential mortgages placed

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*** Any mortgages placed

Full applications resulting in an offer (%)

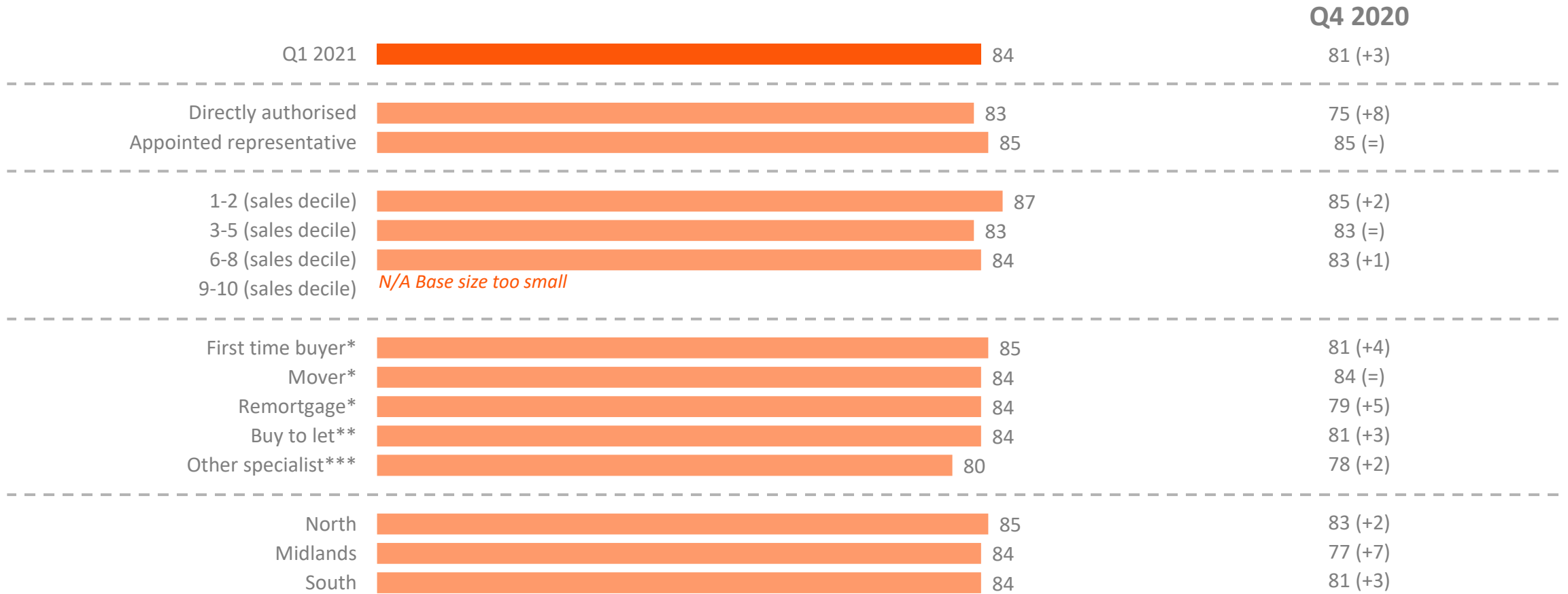
The proportion of full applications resulting in an offer edged up from 81% in Q2 20 to 84% in Q1 21. Despite this small increase, it has not quite returned to pre-pandemic levels.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q1 respondents (300)

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

Conversion from full application to offer recovered among directly authorised firms and those in the midlands, both groups which had seen a decline in Q4 20.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q1 respondents (300)

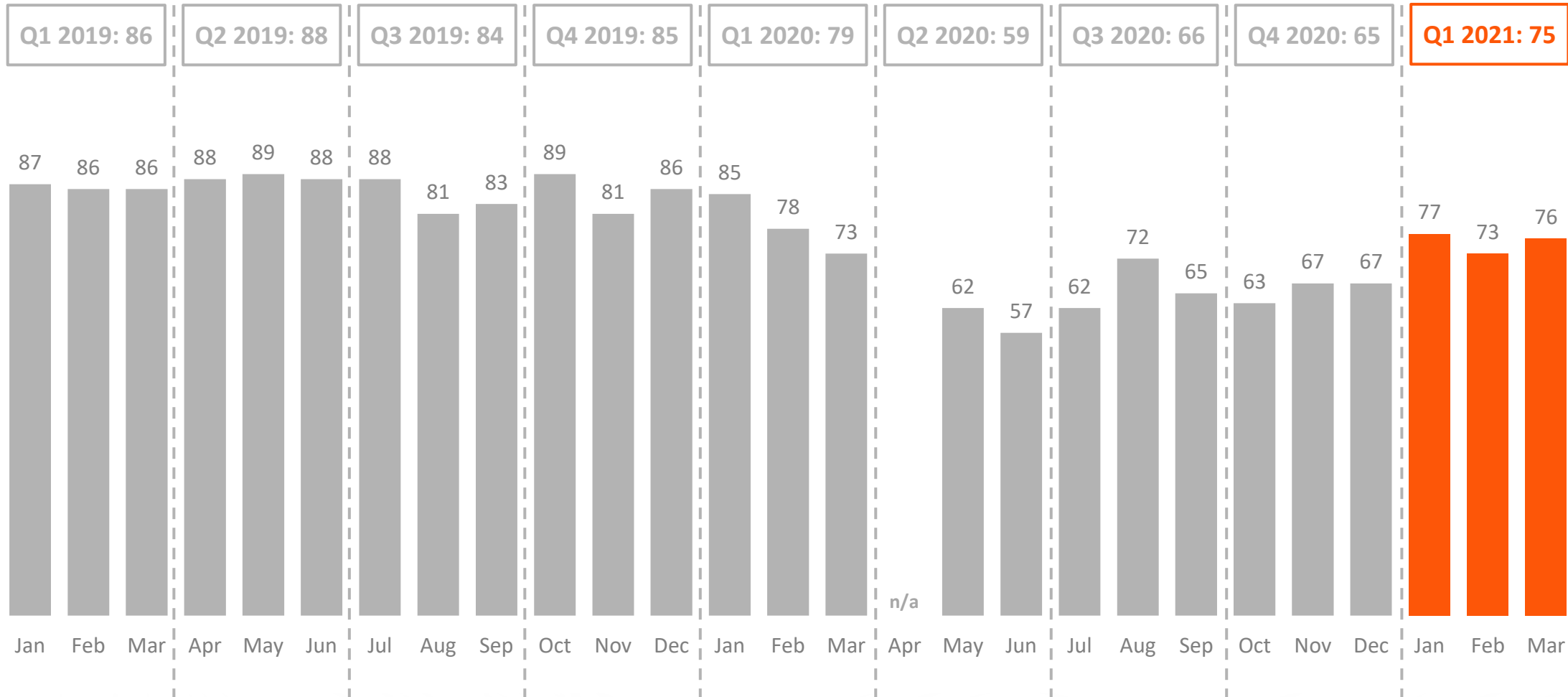
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Offers resulting in a completion (%)

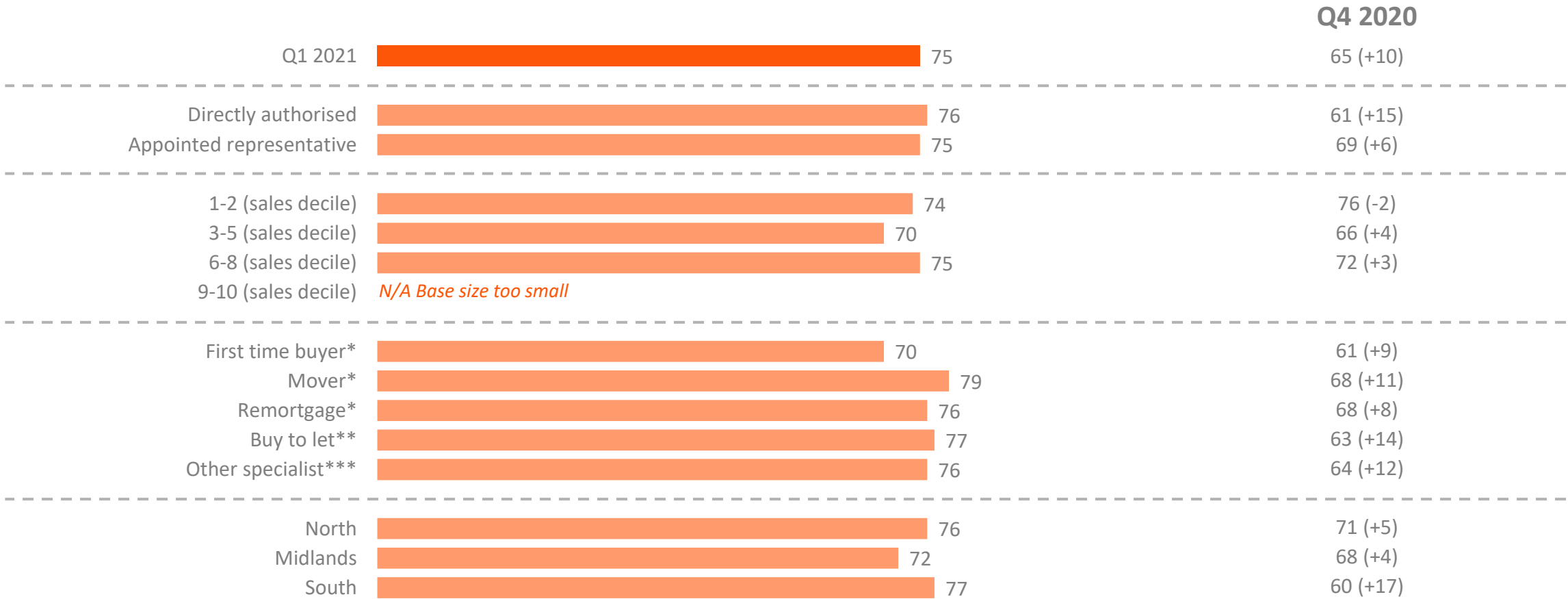
Conversion from offer to completion increased from 65% in Q4 20 to 75% in Q1 21. Whilst this is the highest level we have seen since the pandemic hit, it remains below the high levels seen in 2019.



Q45. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q1 respondents (300)

Offers resulting in a completion (%) – By business

Conversion from offer to completion improved across the board, with the strongest improvement seen among intermediaries in the south.



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q1 respondents (300)

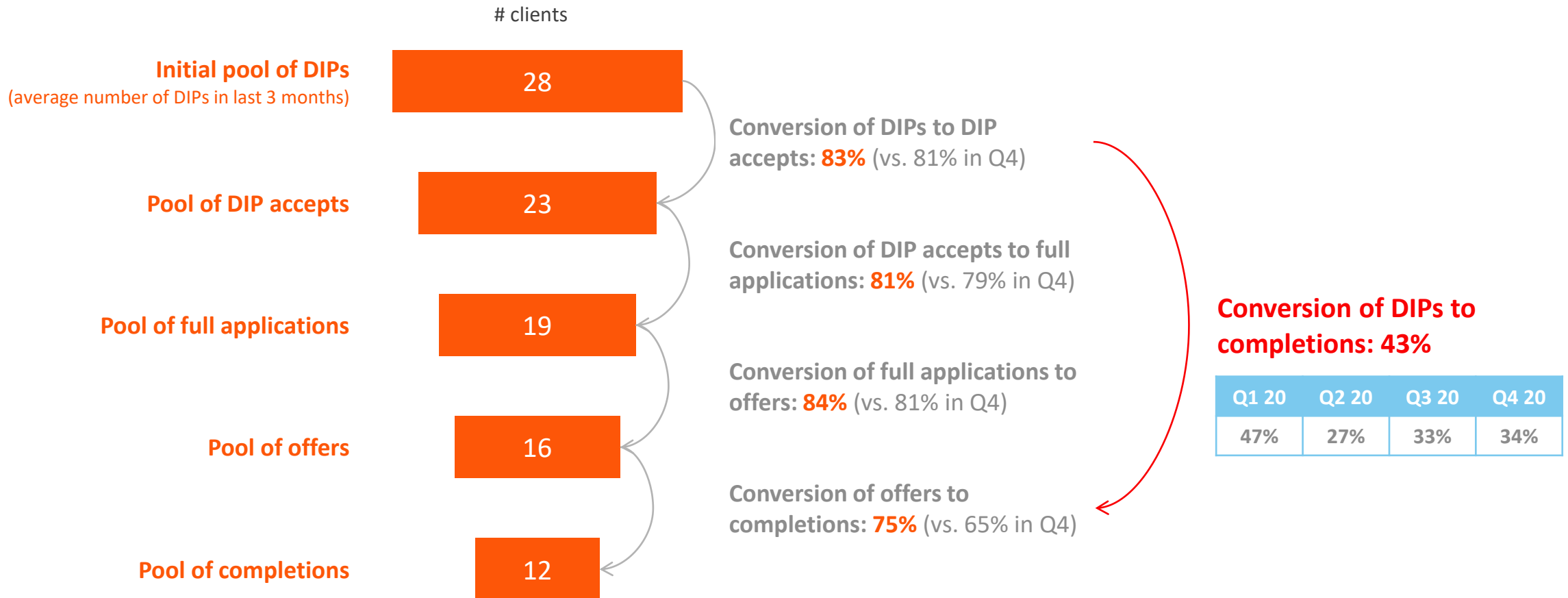
* At least 4 out of every 10 residential mortgages placed

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Conversion from DIP to completion

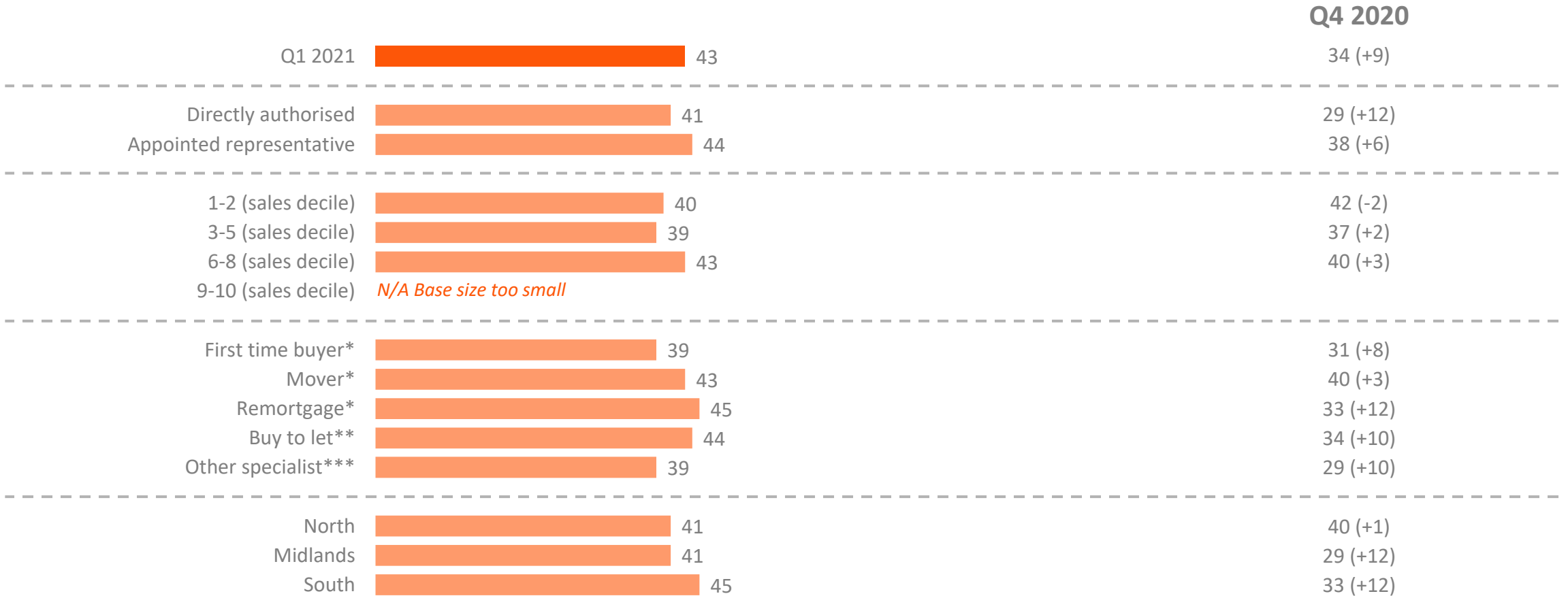
Conversion from DIP to completion increased quarter-on-quarter (43% in Q1 21 vs. 34% in Q4 20). It was still down slightly year-on-year (47% in Q1 20).



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 Q1 respondents (300)

Conversion from DIP to completion – By business

Conversion from DIP to completion increased the most among directly authorised firms, those dealing with remortgage cases and those in the midlands and south.



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 Q1 respondents (300)

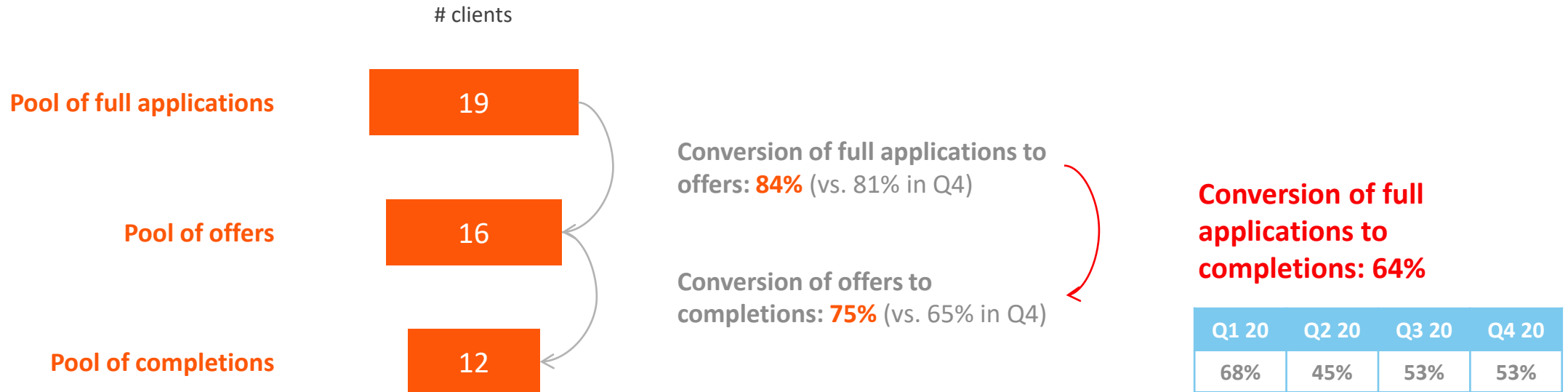
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Conversion from full application to completion

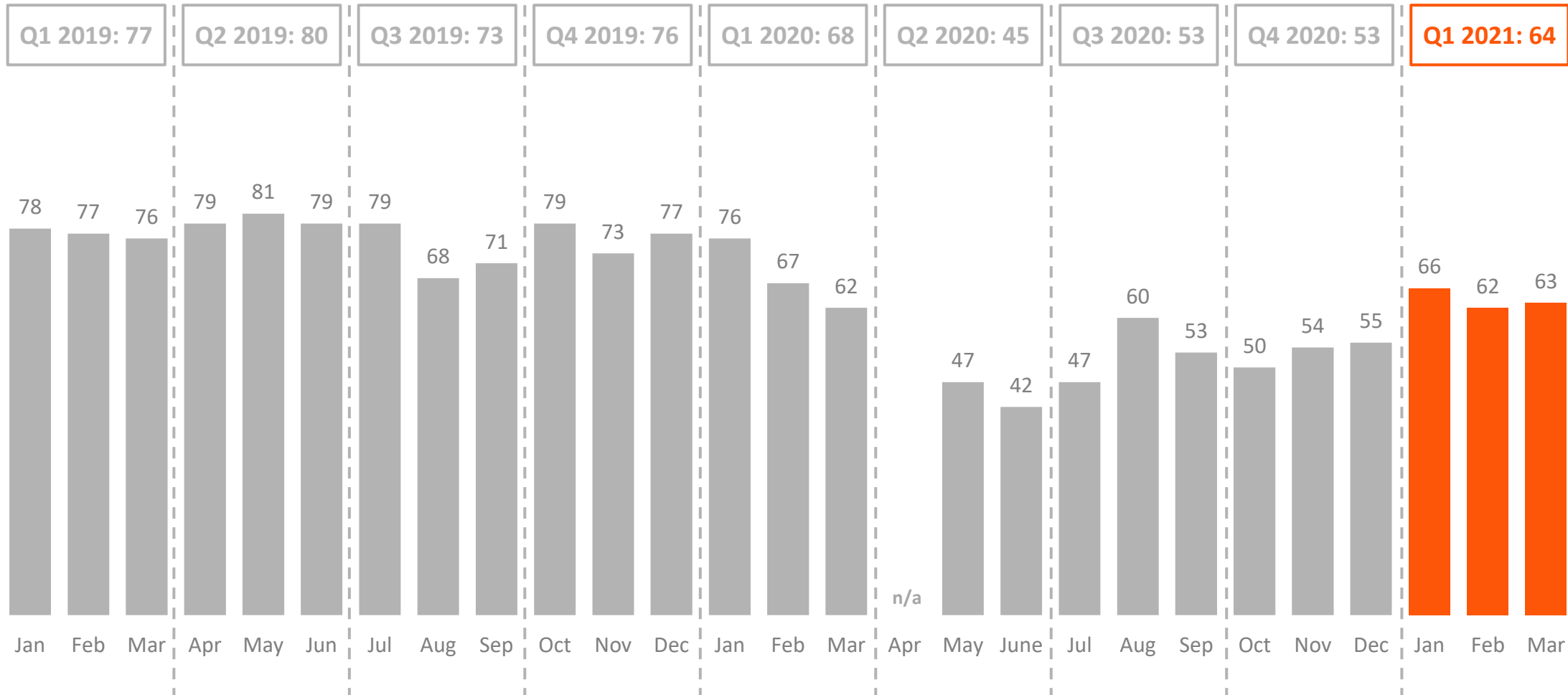
Almost two-thirds of applications resulted in a completion in Q1 21, an increase on the previous quarter (53%), but still not quite at the levels that were seen before the pandemic.



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 Q1 respondents (300)

Conversion from full application to completion (%)

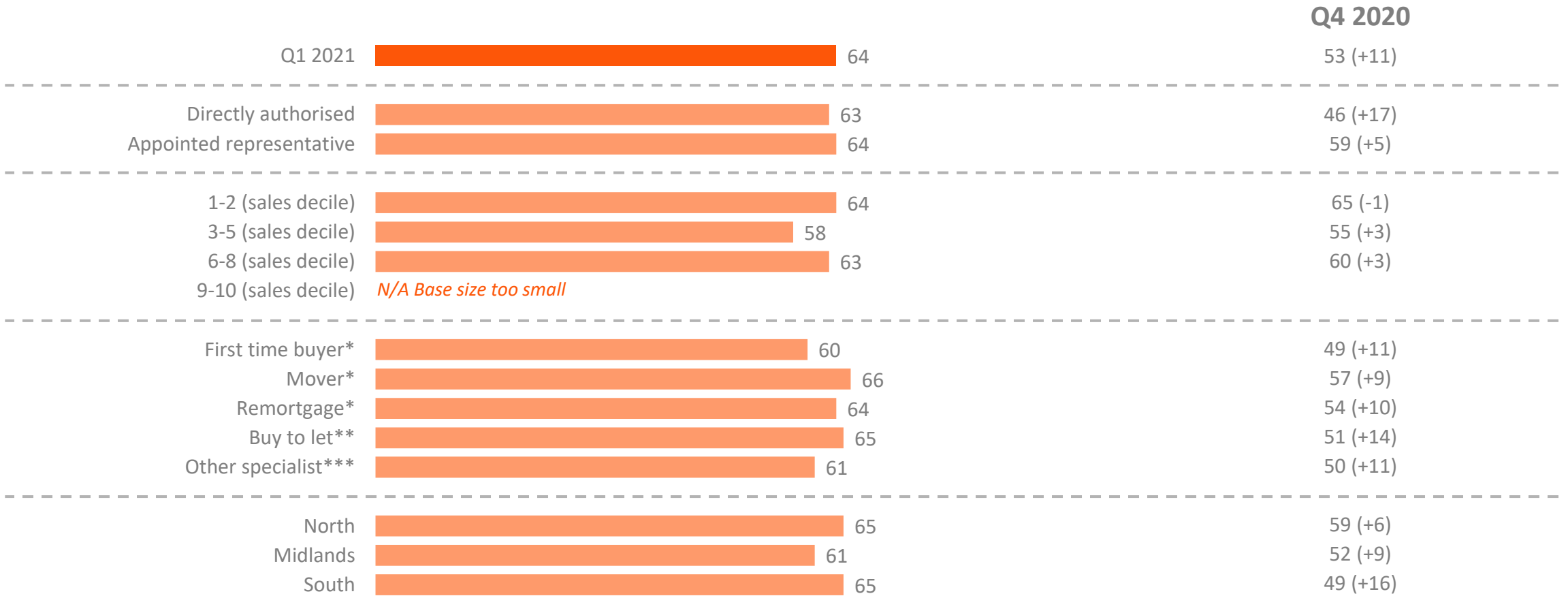
Whilst the long term trend in conversion from full application to completion is down, there are some signs of promise when looking at the shorter term trend.



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 Q1 respondents (300)

Conversion from full application to completion – By business

Conversion from full application to completion increased the most among directly authorised firms and those in the south.



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 Q1 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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