IMLA Mortgage Market Tracker
Q1 2022

Prepared for the Intermediary Mortgage Lenders Association (IMLA)

Contents

Background & methodology

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

Executive summary

Q1 '22 Executive summary

The average intermediary caseload has come down slightly from the peak last quarter. The typical intermediary now places 97 cases per year, same as Q3 2021. Business mix remained broadly consistent this quarter.

Intermediaries remain optimistic about the market, 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 / intermediary sector are both stable vs. Q4.

Conversion from DIP to completion fell slightly again to 44% (from 46% in Q4, but stable y-o-y). This was driven by mostly by small declines in conversion over the first two stages – to application. Intermediaries advising home movers saw the largest decrease (-10).

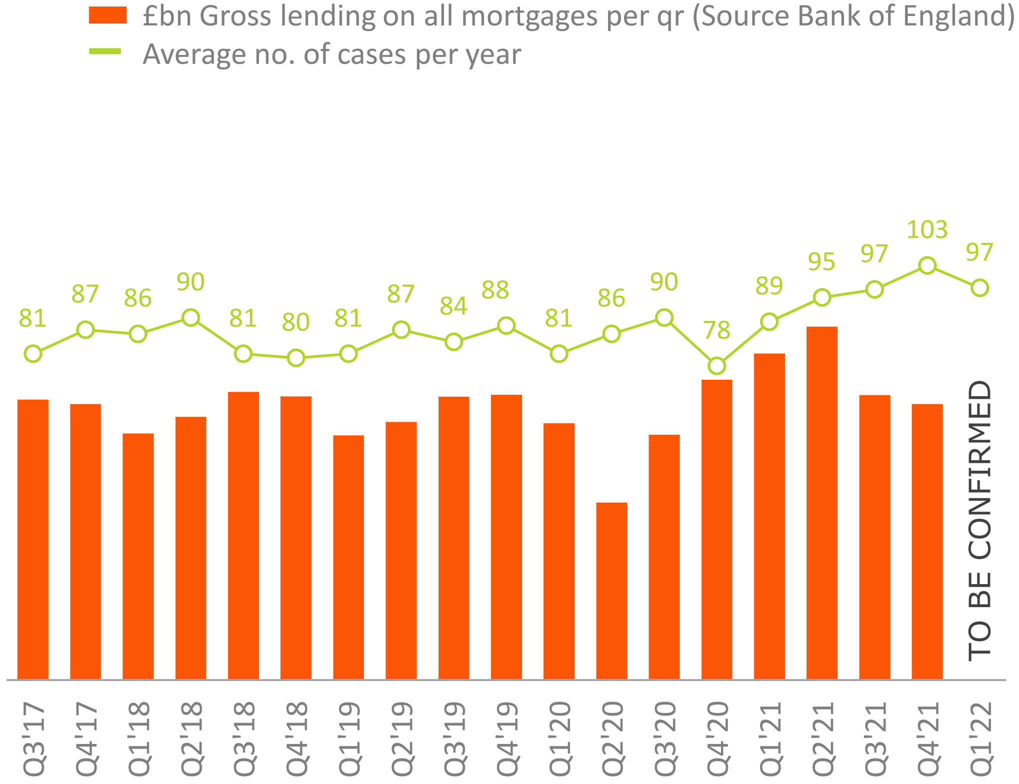
Conversion from application to completion was stable in Q1 at 68%, with a +4%pts score year-on-year. Mover specialist businesses were again the most affected, potentially signalling a shift in the market to remortgages.

Business volumes and confidence

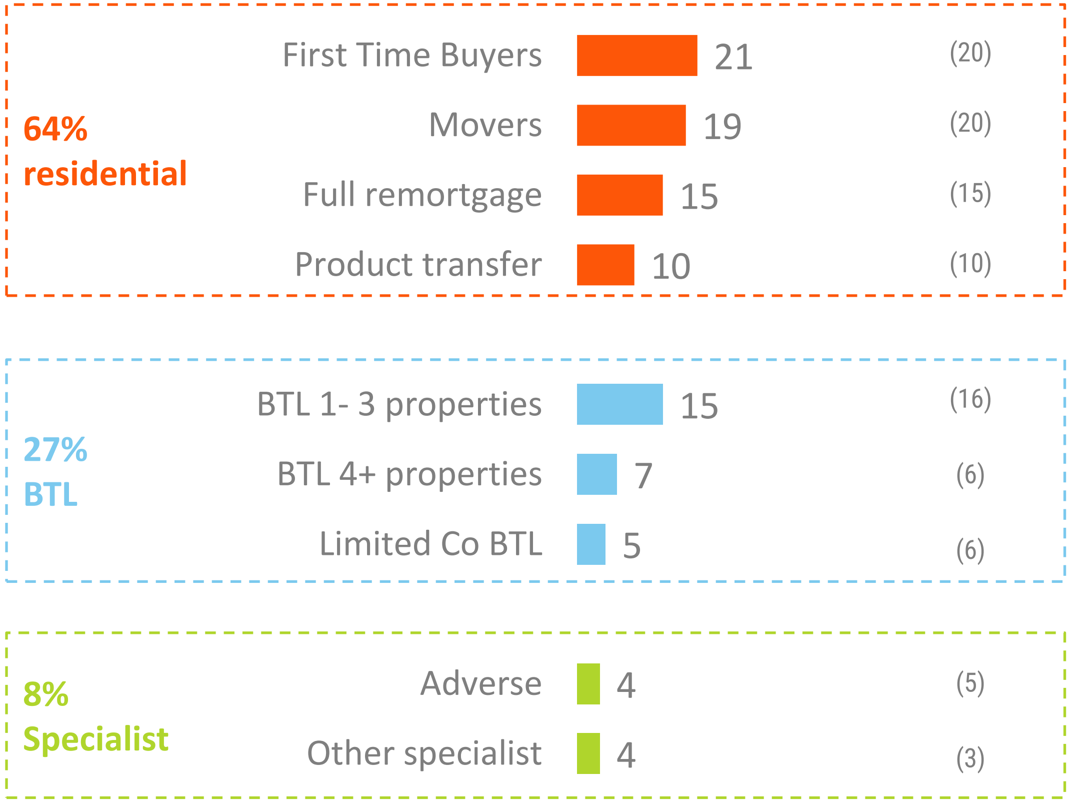
Claimed volumes of mortgage cases, per year

The average claimed number of mortgages placed per year by intermediaries has eased back slightly (-6 on Q4) but, at 97, is still close to the peak (and the median is also close to peak at 75 cases, -5 on Q4). The business mix remained broadly consistent this quarter. BoE lending data for Q1 was unavailable at the time this report was issued.

All mortgages

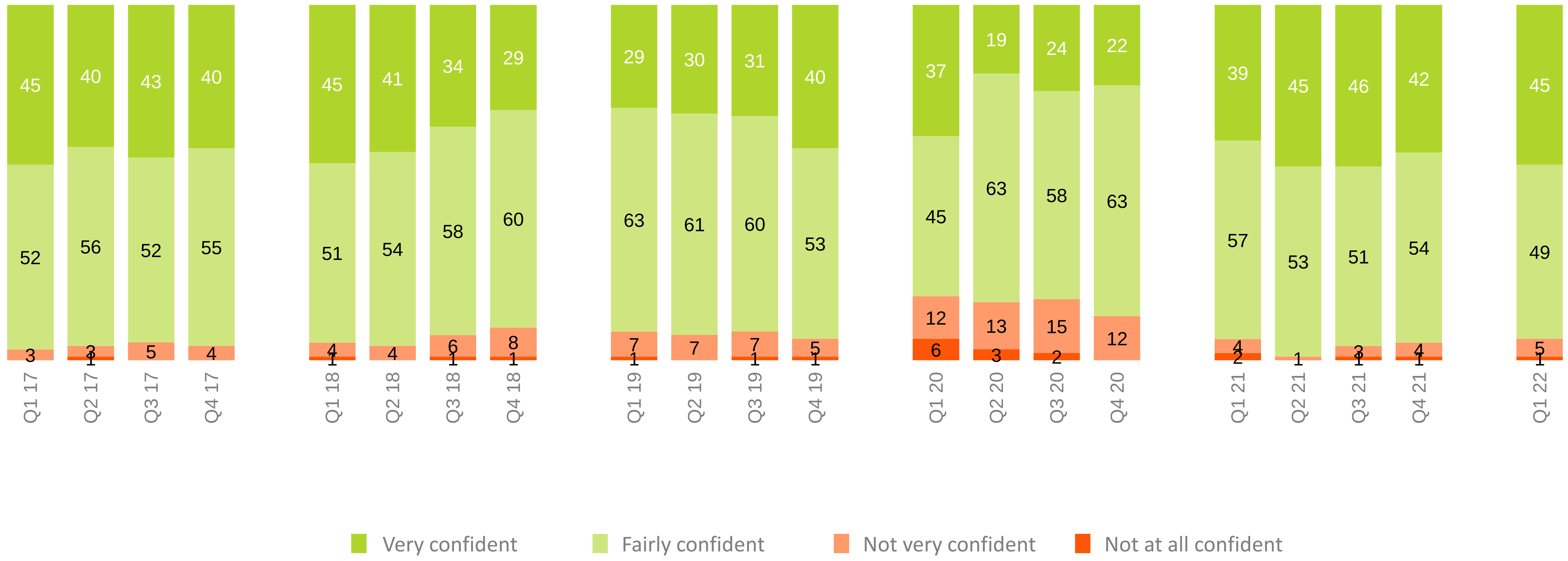


Average business mix (% of all cases per year)



Confidence in outlook for mortgage industry

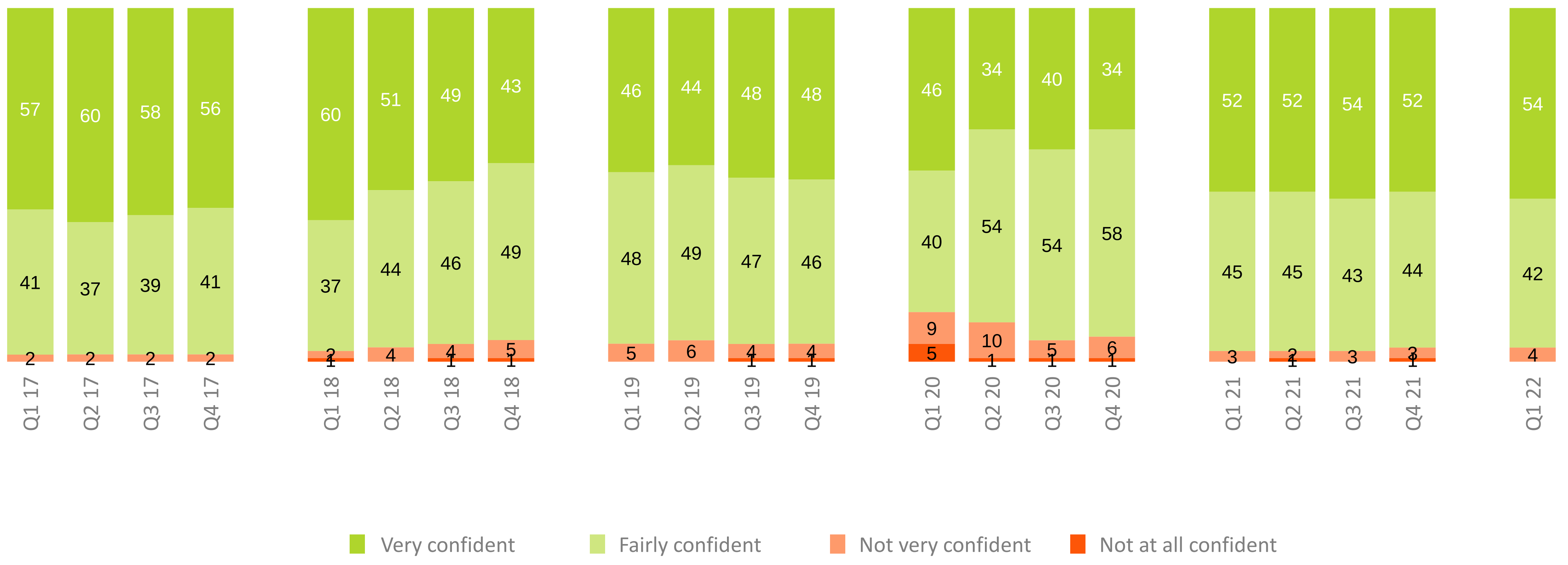
In Q1 22, confidence in the outlook for the mortgage industry remained steady, at a relatively high level. At a monthly level, confidence rose a little in February but then fell back in March to mirror the level seen in January.



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

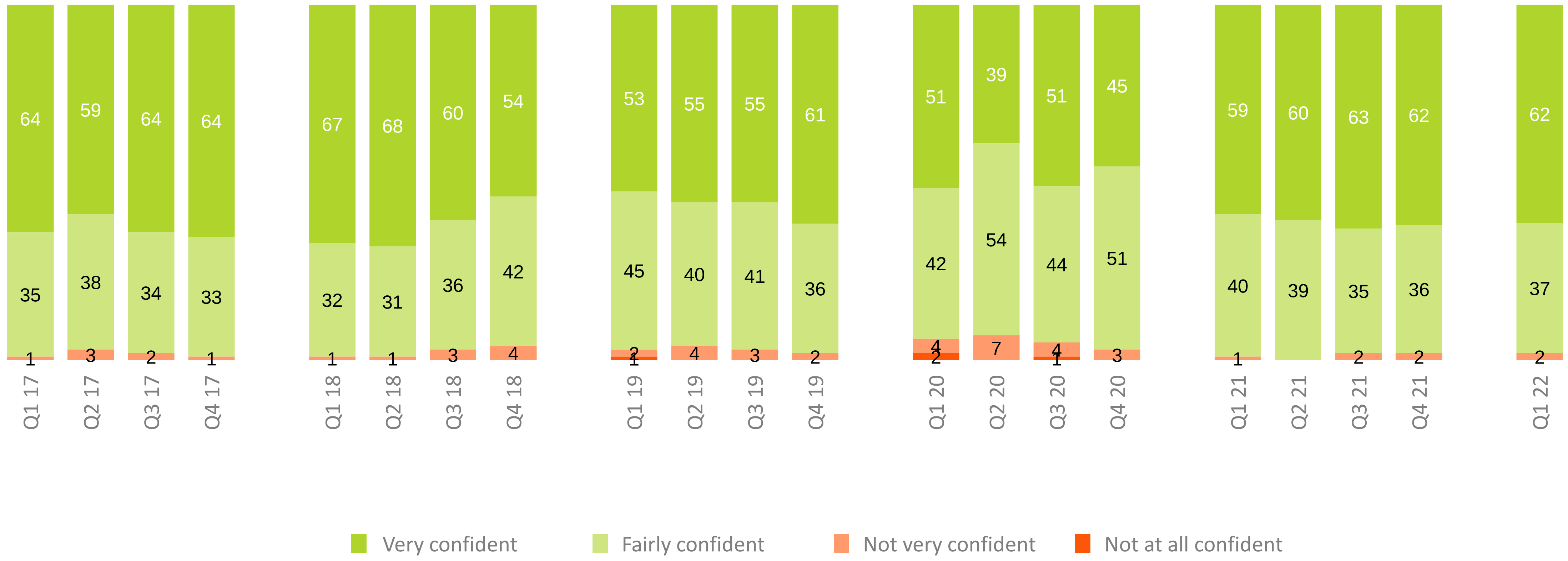
Confidence in the outlook for the intermediary sector has been maintained at a relatively high level in Q1 22. Monthly results have been stable.



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 was also maintained in Q1 22. Monthly data shows some reduction in those 'very confident' in March, with more 'fairly confident', but even so confidence levels remained reasonably high.



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 Qualities of the business
Established business and client database, trading for many years, good reputation and safety net provided by referrals

"Because we are a well established practise associated with St James's Place and we're also a member of BNI so will be getting lots more referrals."
(Very confident)

2 Business is booming
Continued busy year for many aided by good lead sources

"Lots of retention business, and referrals, it has been non stop."
(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

"I think more people need expert advise as there is more uncertainty in the market."
(Very confident)

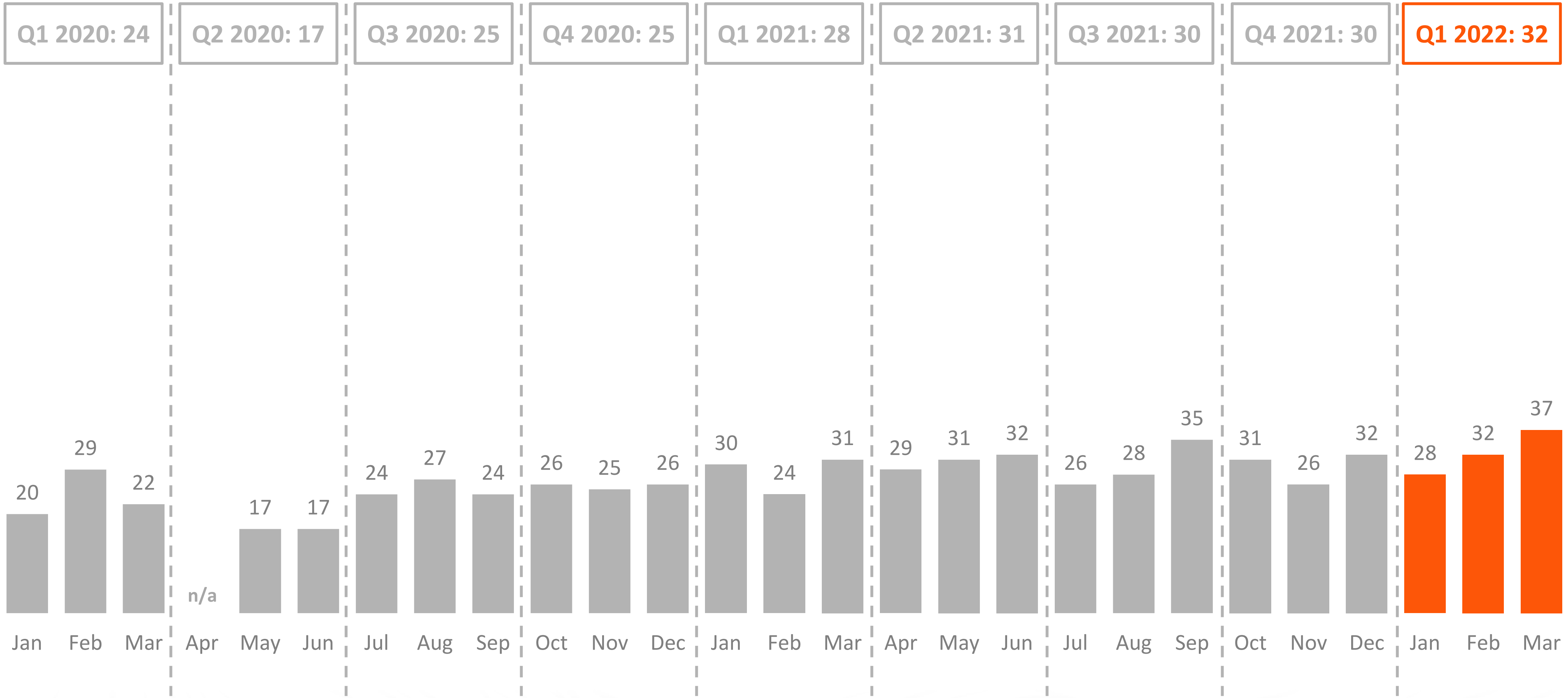
4 Multiple income streams
Business growth has been enhanced by expertise in multiple sectors

"Firm has been in business for last thirty five years, has a large existing client bank and gets lots of referrals. Also does protection, pensions and investments."
(Very confident)

Business flow

Average number of DIPs in last 3 months

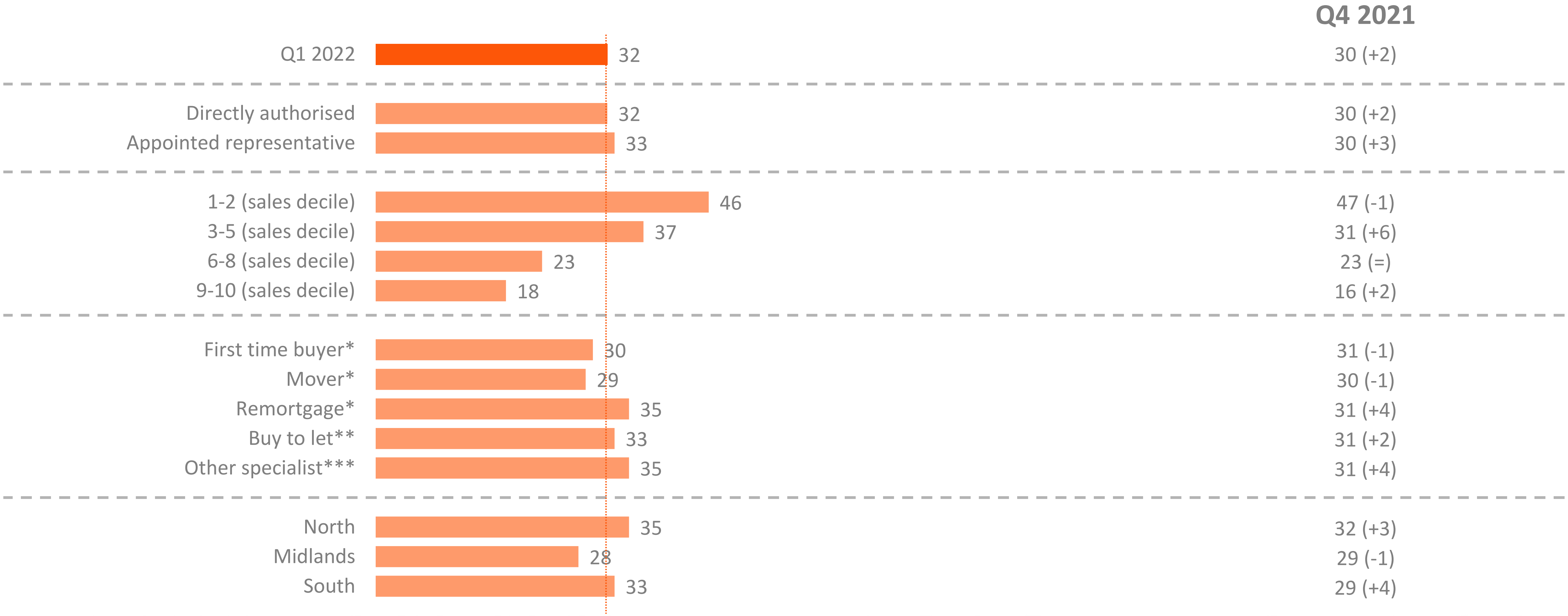
The average number of DIPs dealt with by intermediaries has increased slightly in Q1 (+2), showing a steady rise each month of the year so far. In March, volumes reached a 2-year high.



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 average number of DPs goes up slightly in Q1, driven mostly by those in the 3-5 sales decile, and remortgage / specialist focused businesses. Those based in the North and South also contributed.



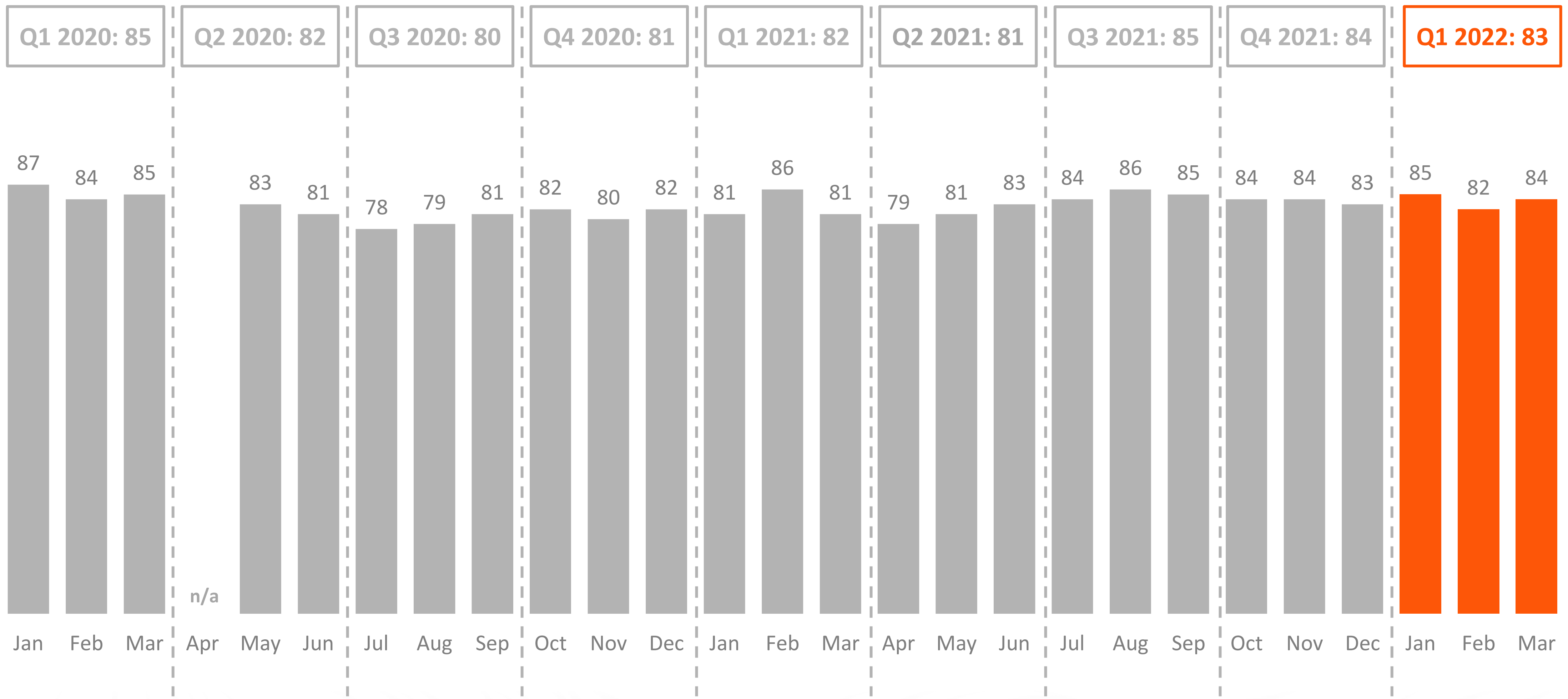
QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All Q4 respondents (300)

** At least 4 out of every 10 residential mortgages placed*
*** At least 2 out of 10 mortgaged placed*
**** Any mortgages placed*

BVA BDRC

DIPs resulting in a DIP accept (%)

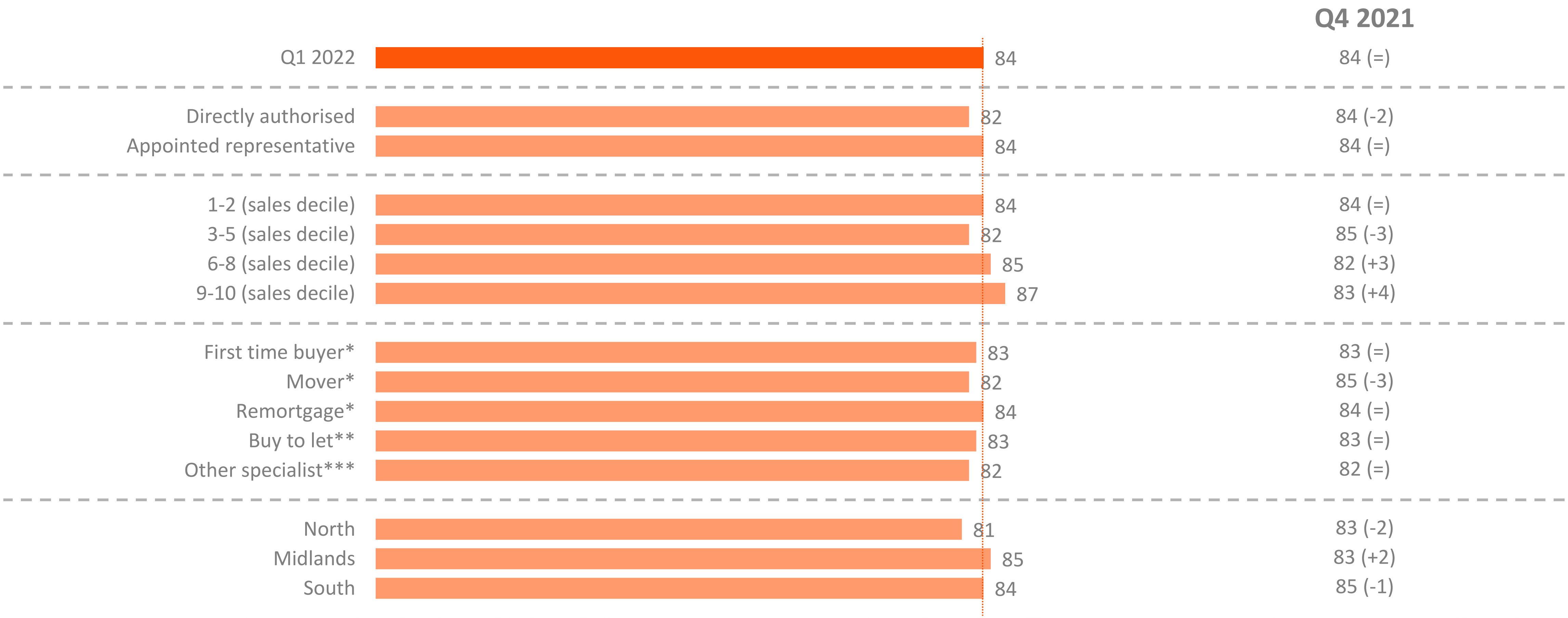
The proportion of DIPs resulting in a DIP accept has remained quite stable over the past 2 years.



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

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

Conversion from DIP to DIP acceptance continues to be broadly similar across business types. Firms in the 6-10 sales decile saw an increase in DIP acceptance.

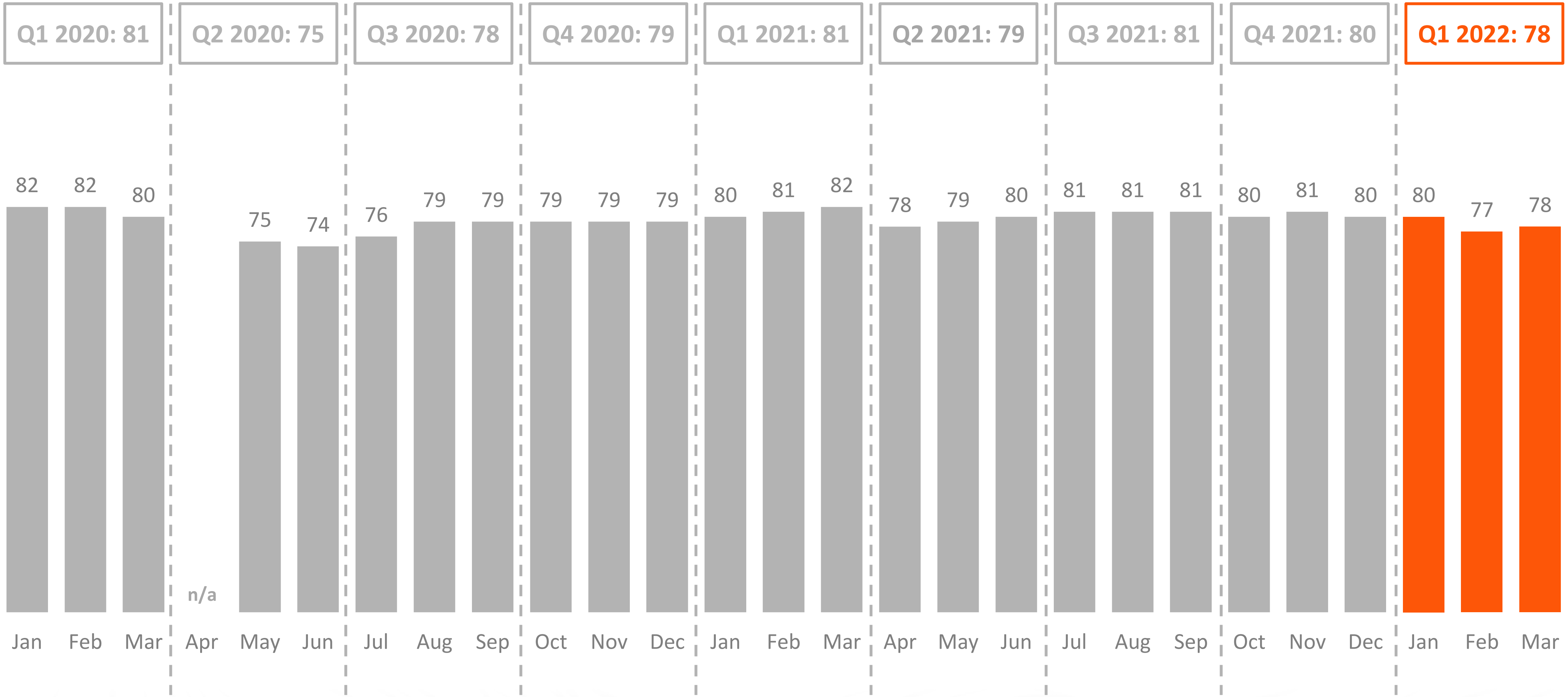


** At least 4 out of every 10 residential mortgages placed*
*** At least 2 out of 10 mortgaged placed*
**** Any mortgages placed*

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

DIP accepts resulting in a full application (%)

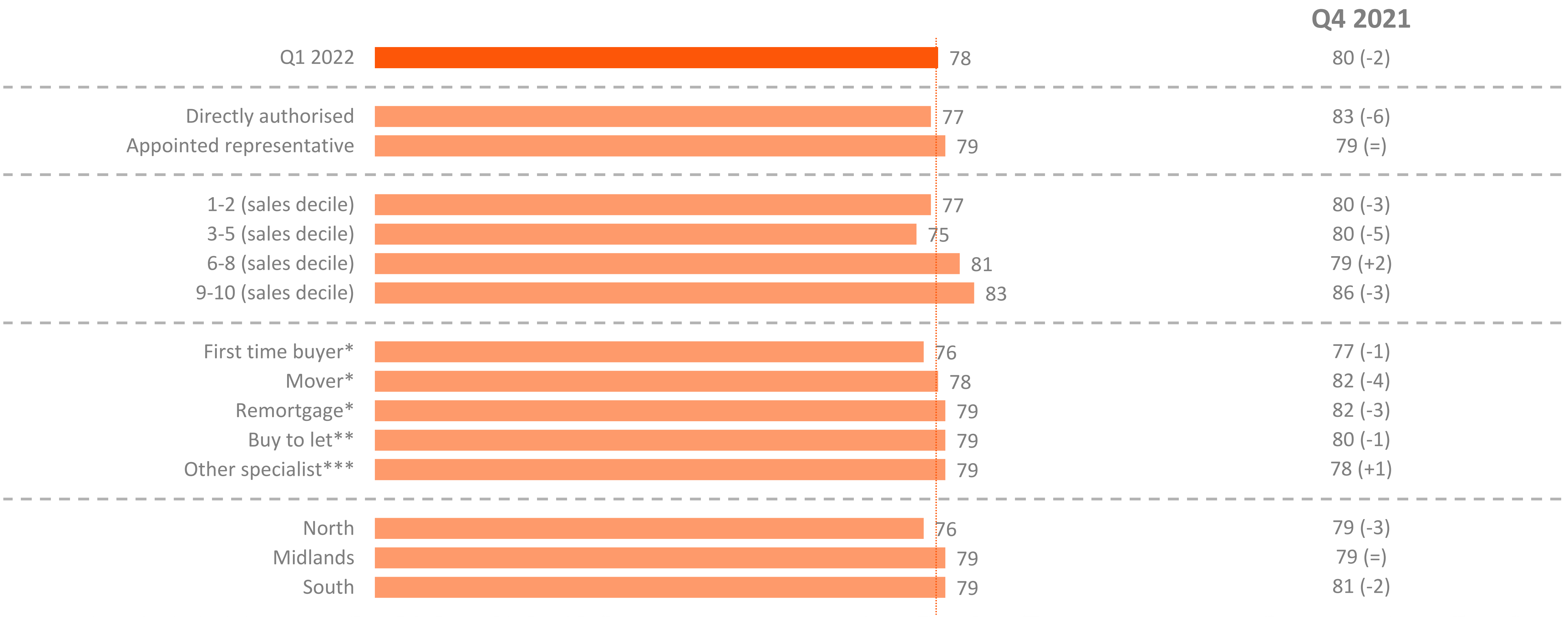
The proportion of DIP acceptances resulting in a full application has reduced marginally from Q4.



QH3. In th3 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 decreased among Directly Authorised firms, those in the 3-5 sales decline, and advising movers / remortgagers.

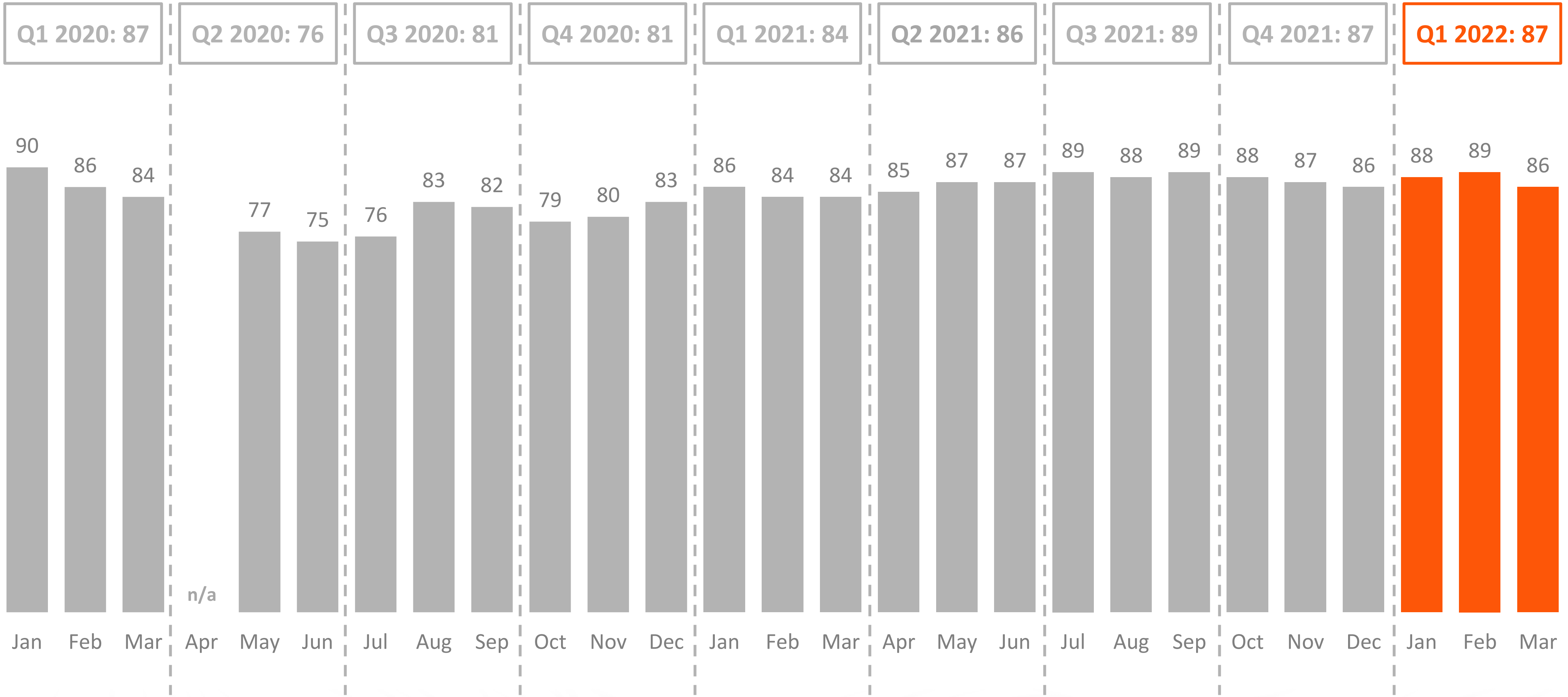


QH3. In th3 last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All Q4 respondents (300)

** At least 4 out of every 10 residential mortgages placed*
*** 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 has been stable quarter on quarter, back at levels seen before the pandemic.



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

The proportion of full applications resulting in an offer is relatively stable across all business types in Q1.

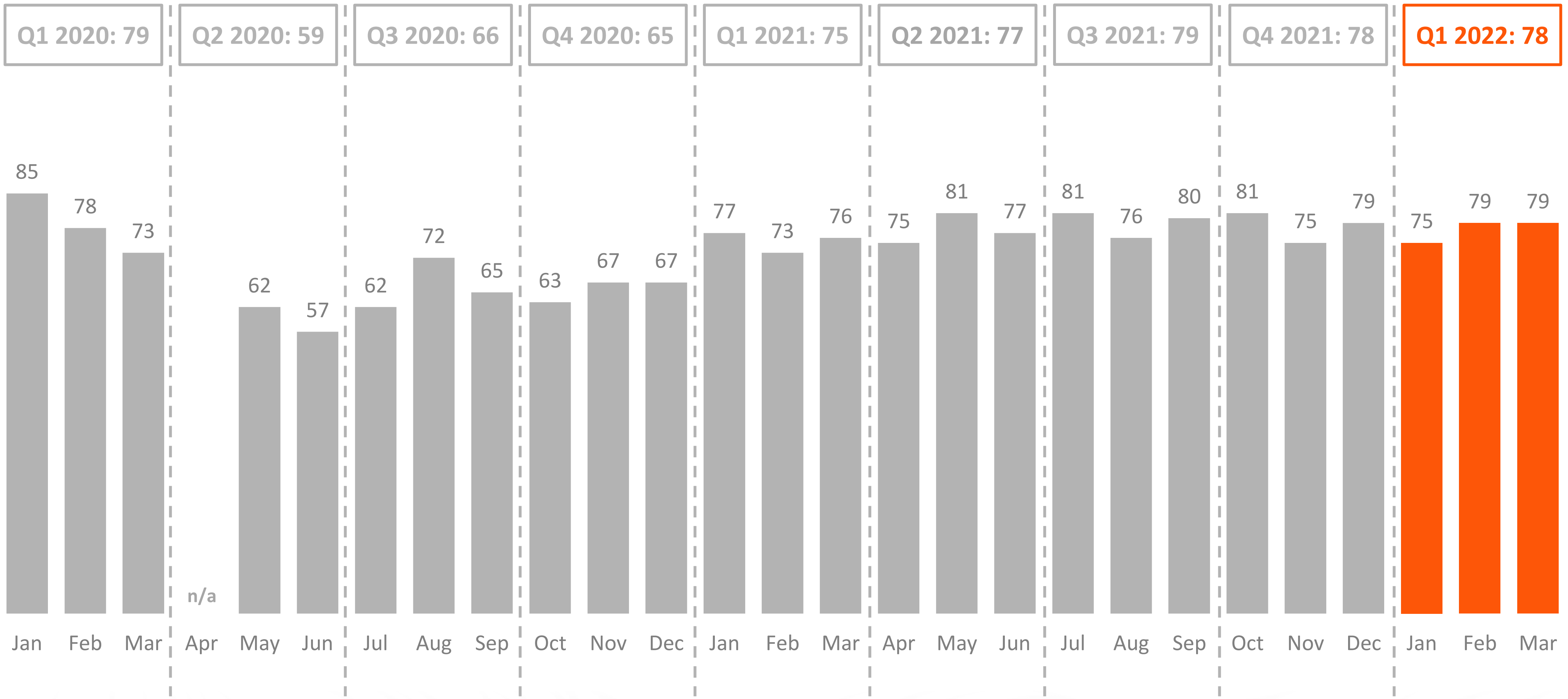
	Q1 2022	Q4 2021
Q1 2021	87	87 (=)
Directly authorised	85	87 (-2)
Appointed representative	88	87 (+1)
1-2 (sales decile)	85	88 (-3)
3-5 (sales decile)	85	87 (-2)
6-8 (sales decile)	90	86 (+4)
9-10 (sales decile)	93	90 (+3)
First time buyer*	85	86 (-1)
Mover*	87	89 (-2)
Remortgage*	89	88 (+1)
Buy to let**	88	86 (+2)
Other specialist***	86	85 (+1)
North	88	87 (+1)
Midlands	87	87 (=)
South	87	87 (=)

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 (%)

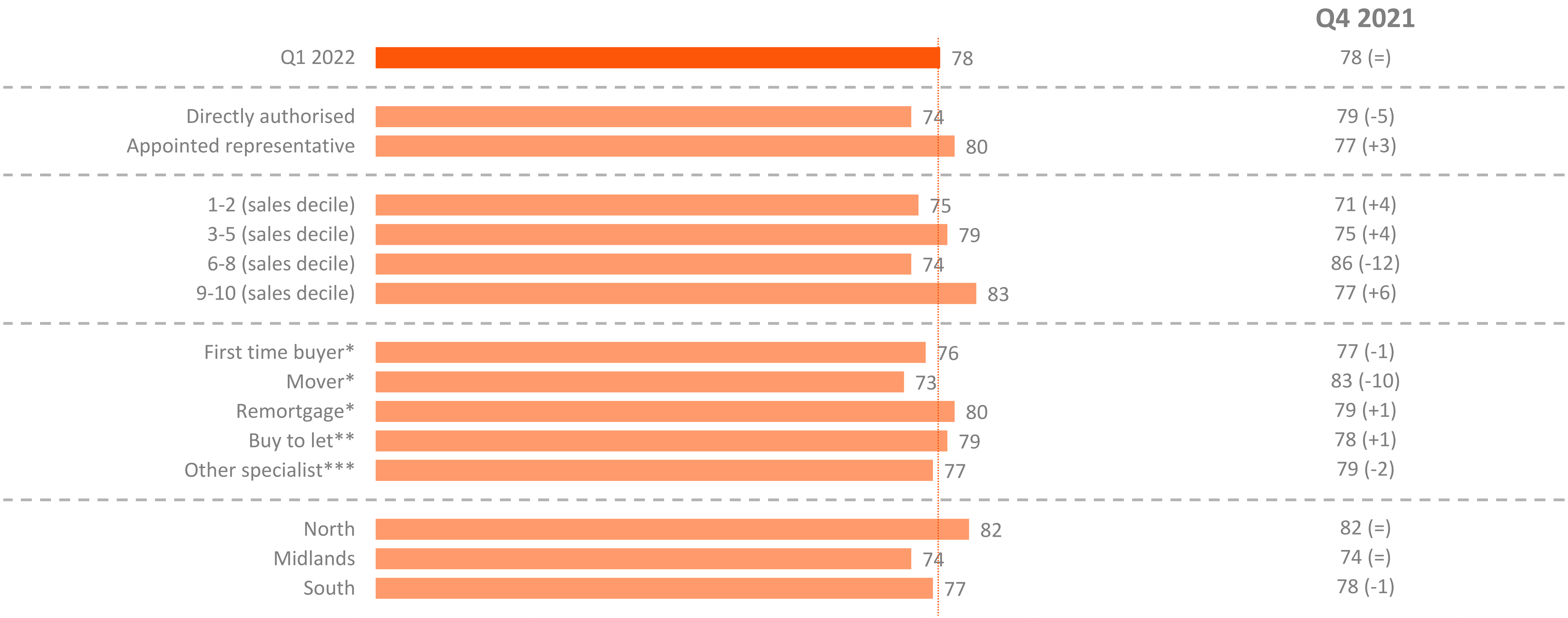
Conversion from offer to completion is also stable in Q1 – at the same level seen 2 years ago (pre-pandemic).



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

Although the share of offers resulting in a completion score is stable, there are some changes across business type. For ARs and every sales decile expect 6-8 the score increases, while the opposite is true for DAs, those advising, and broker in the 6-8 sales decile.



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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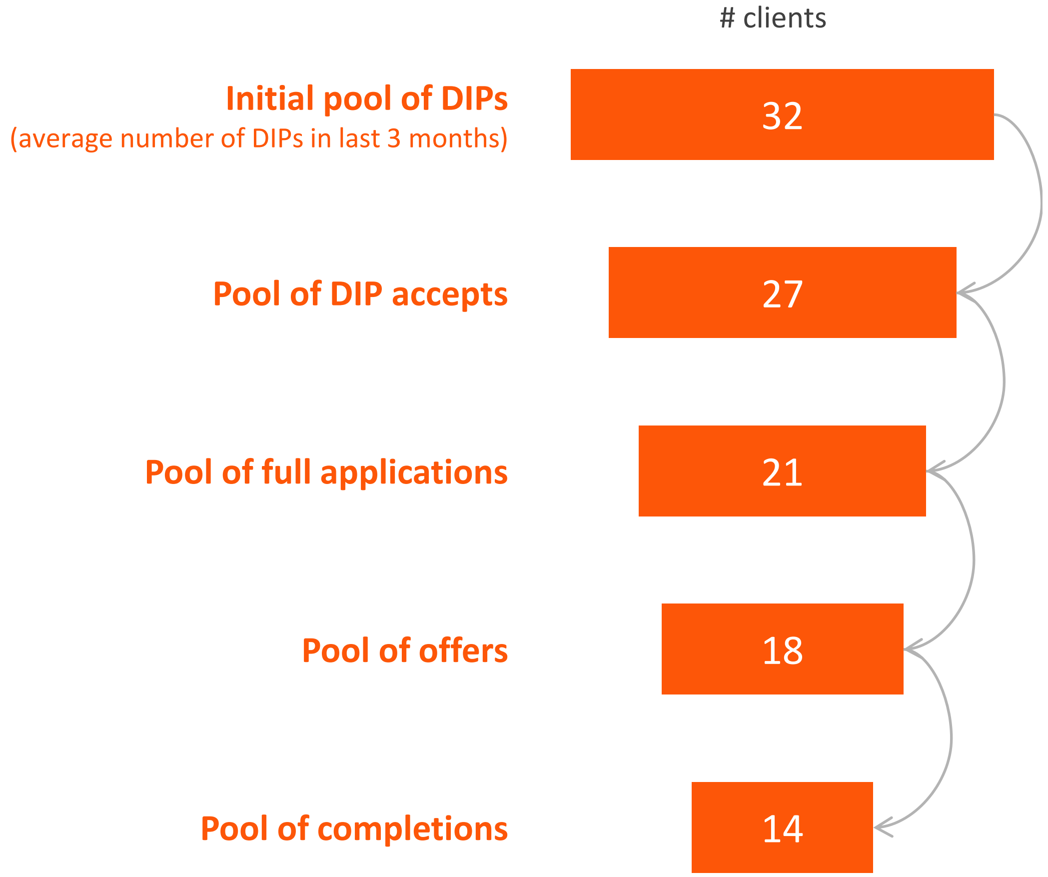
**** Any mortgages placed*

Conversion from DIP to completion

Conversion from DIP to completion fell again in Q1 to 44%, but is still consistent to levels seen this time last year (43%).



Conversion of DIPs to DIP accepts: 83% (vs. 84% in Q4)

Conversion of DIP accepts to full applications: 78% (vs. 80% in Q4)

Conversion of full applications to offers: 87% (vs. 87% in Q4)

Conversion of offers to completions: 78% (vs. 78% in Q4)

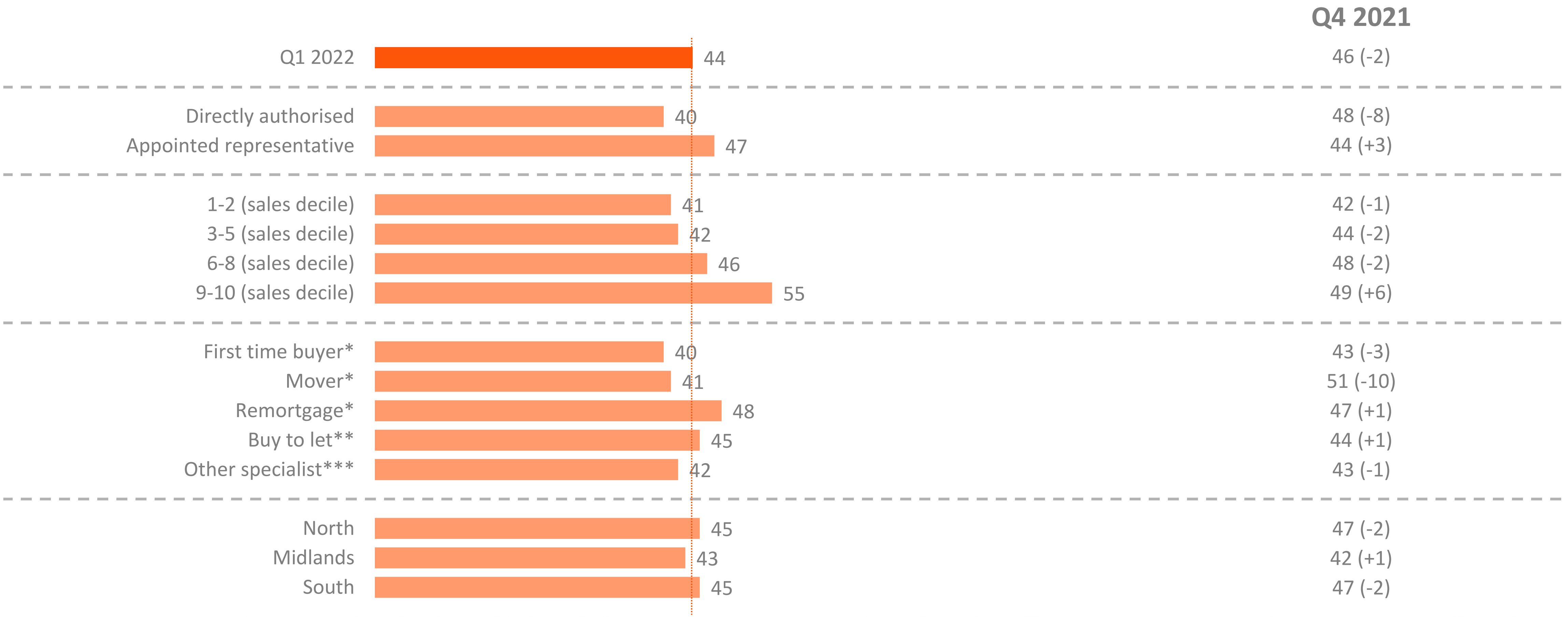
Conversion of DIPs to completions: 44%

Q1 21	Q2 21	Q3 21	Q4 21
43%	43%	48%	46%

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

The reduction in conversion from DIP to completion was seen across almost all business segments, with the exception of 9-10 sales decile. The largest decrease was experienced by mover specialist businesses (potentially showcasing the shift in the market to re-mortgages).



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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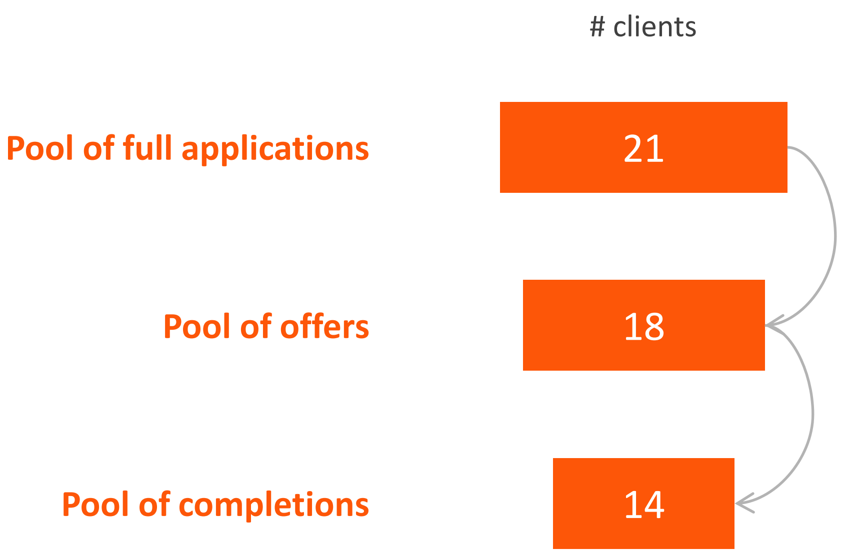
**** Any mortgages placed*

Conversion from full application to completion

Just over 2 in 3 mortgage applications resulted in a completion in Q1 2022 – the same as in Q4 2021.



Conversion of full applications to offers: 87% (vs. 87% in Q4)

Conversion of offers to completions: 78% (vs. 78% in Q4)

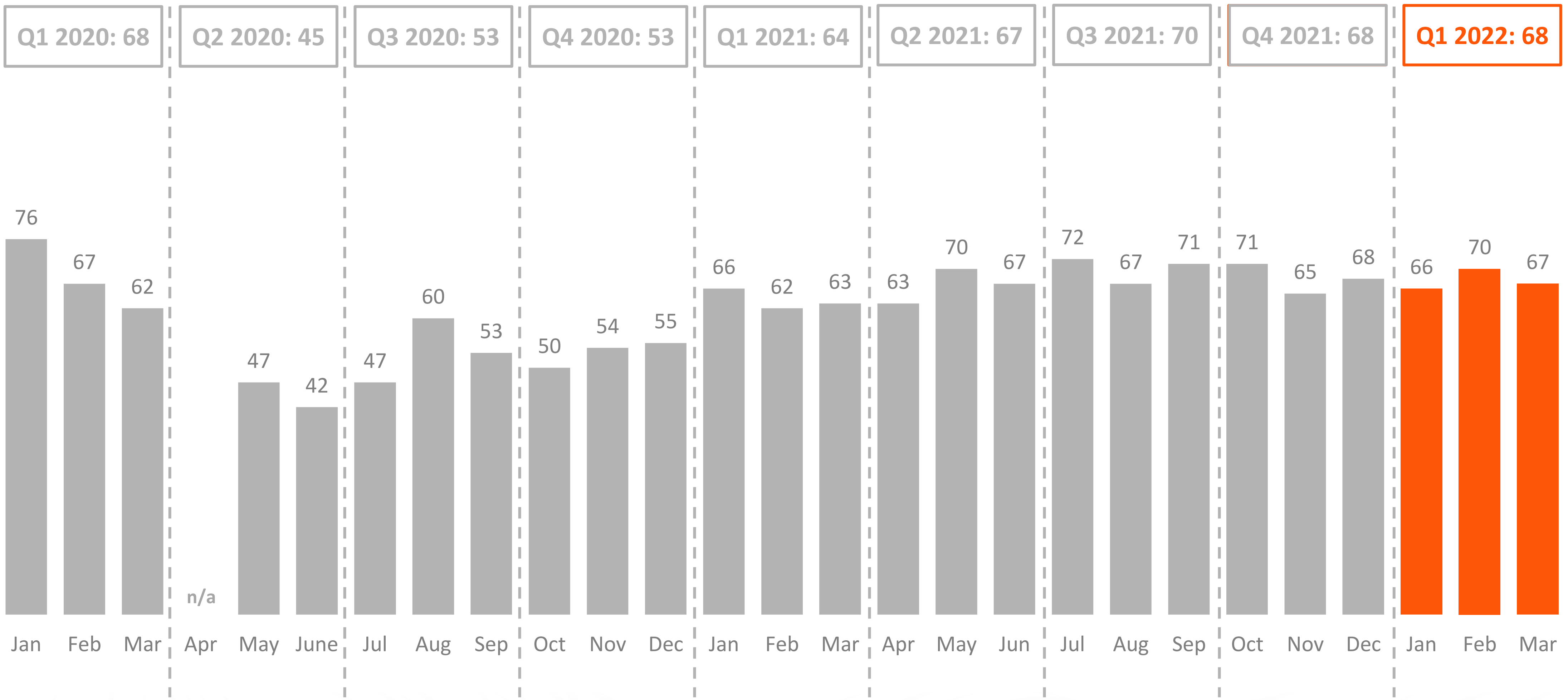
Conversion of full applications to completions: 68%

Q1 21	Q2 21	Q3 21	Q4 21
64%	67%	70%	68%

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 (%)

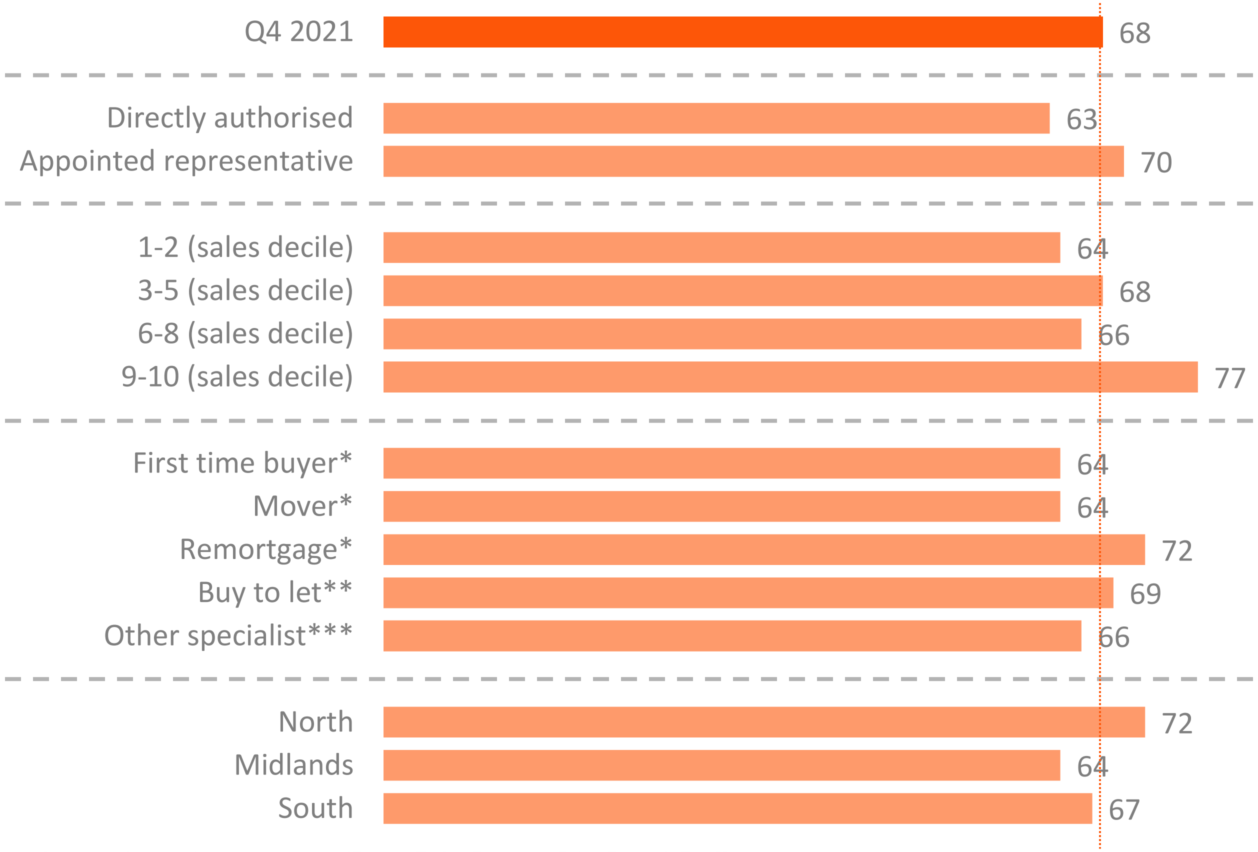
The conversion rate from full application to completion remains stable – at the same level from 2 years ago (pre-pandemic).



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

Conversion from full application to completion is stable quarter-on-quarter, although there are some changes by business type. For DAs, mover focused businesses and some sales deciles the share has decreased, while the opposite is true for ARs.



	Q4 2021
Q4 2021	68 (=)
Directly authorised	69 (-6)
Appointed representative	67 (+3)
1-2 (sales decile)	63 (+1)
3-5 (sales decile)	65 (+3)
6-8 (sales decile)	74 (-8)
9-10 (sales decile)	70 (+7)
First time buyer*	66 (-2)
Mover*	74 (-10)
Remortgage*	69 (+3)
Buy to let**	67 (+2)
Other specialist***	68 (-2)
North	71 (+1)
Midlands	64 (=)
South	68 (-1)

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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