



Intermediary Mortgage Market Tracker

Q1 2023

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 2023**.

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

Q1 2023 Executive summary

The typical intermediary placed 97 cases in the previous 12 months. This reflects a +2 increase year-on-year. Business mix shifts very slightly towards BTL (+2 overall)

Intermediary confidence sees a good recovery in Q1. The month of February was the best one, however all three measures of confidence show signs of moving on from the mini-crisis in Q4.

Conversion from DIP to completion decreases even further, now -10% year-on-year. In Q1, 34% DIPs resulted in a completion. The declines seem to come from the North (-3) and Midlands (-4)

App to completion conversion maintains at 57%, although still -11% year-on-year. It yields a typical pool of 8 client completions. Again there are declines in the North (-3) and Midlands (-4)

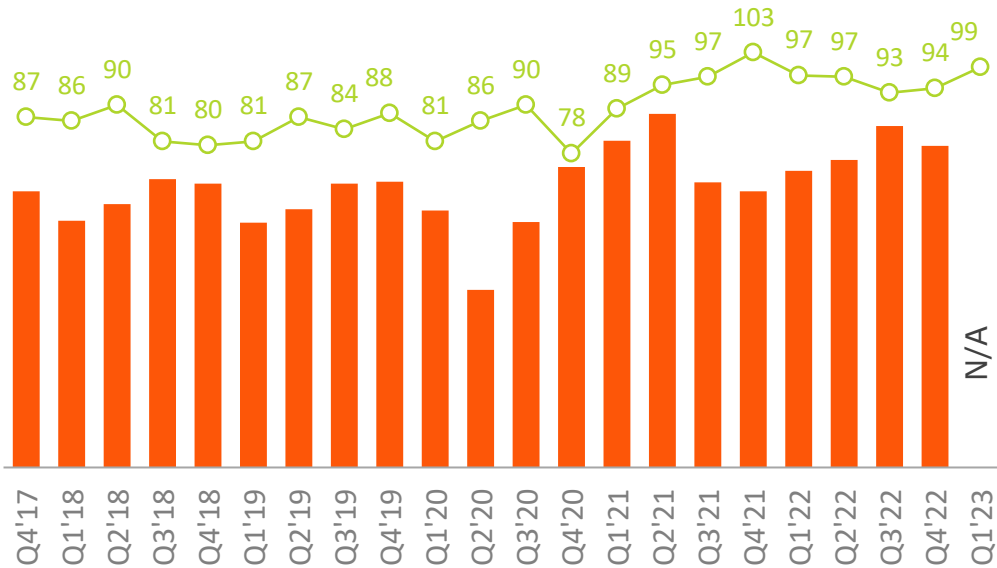
Business volumes and confidence

Claimed volumes of mortgage cases, per year

The average claimed number of mortgages placed per year by intermediaries increases in Q1, now +2 year-on-year. Business mix shifts very slightly towards BTL (+2 overall)

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)

64% residential

First Time Buyers	19	(19)
Movers	18	(19)
Full remortgage	14	(15)
Product transfer	14	(14)

28% BTL

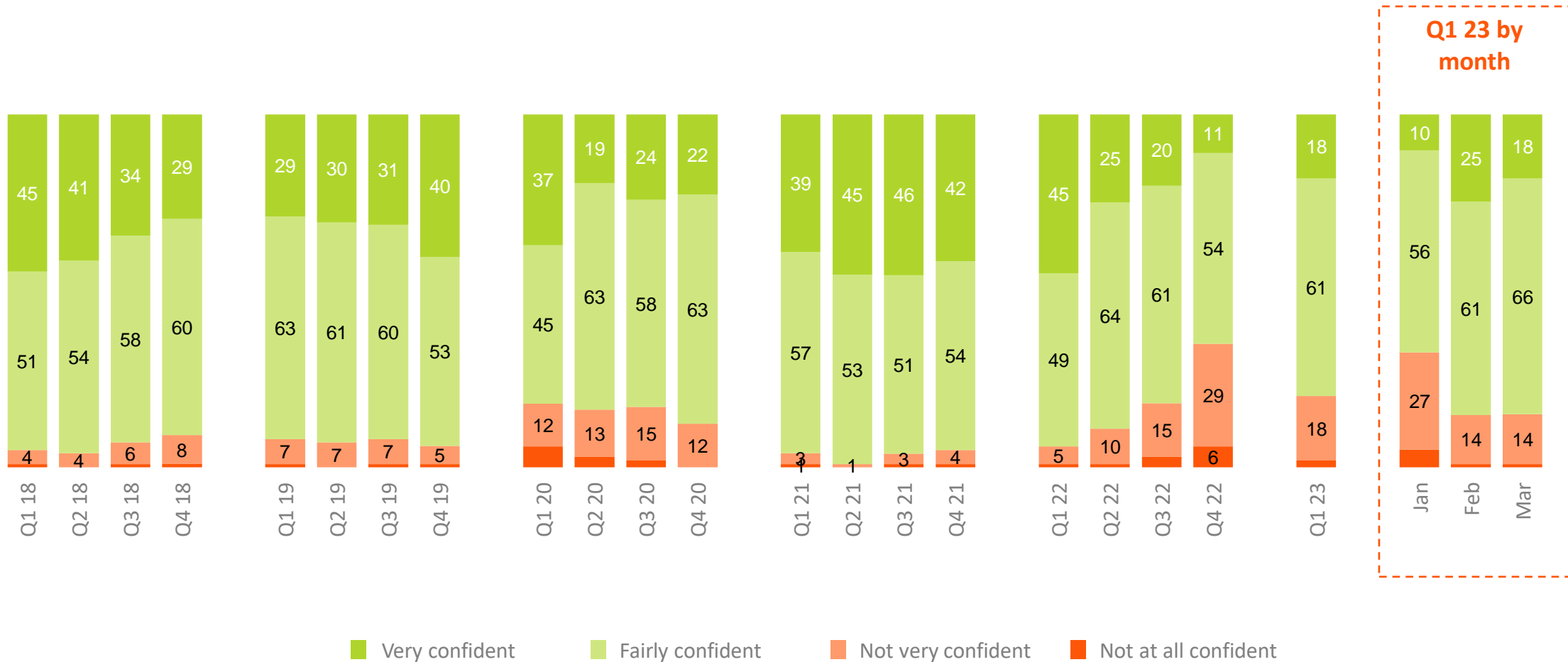
BTL 1- 3 properties	15	(13)
BTL 4+ properties	7	(7)
Limited Co BTL	7	(6)

8% Specialist

Adverse	4	(5)
Other specialist	5	(3)

Confidence in outlook for mortgage industry

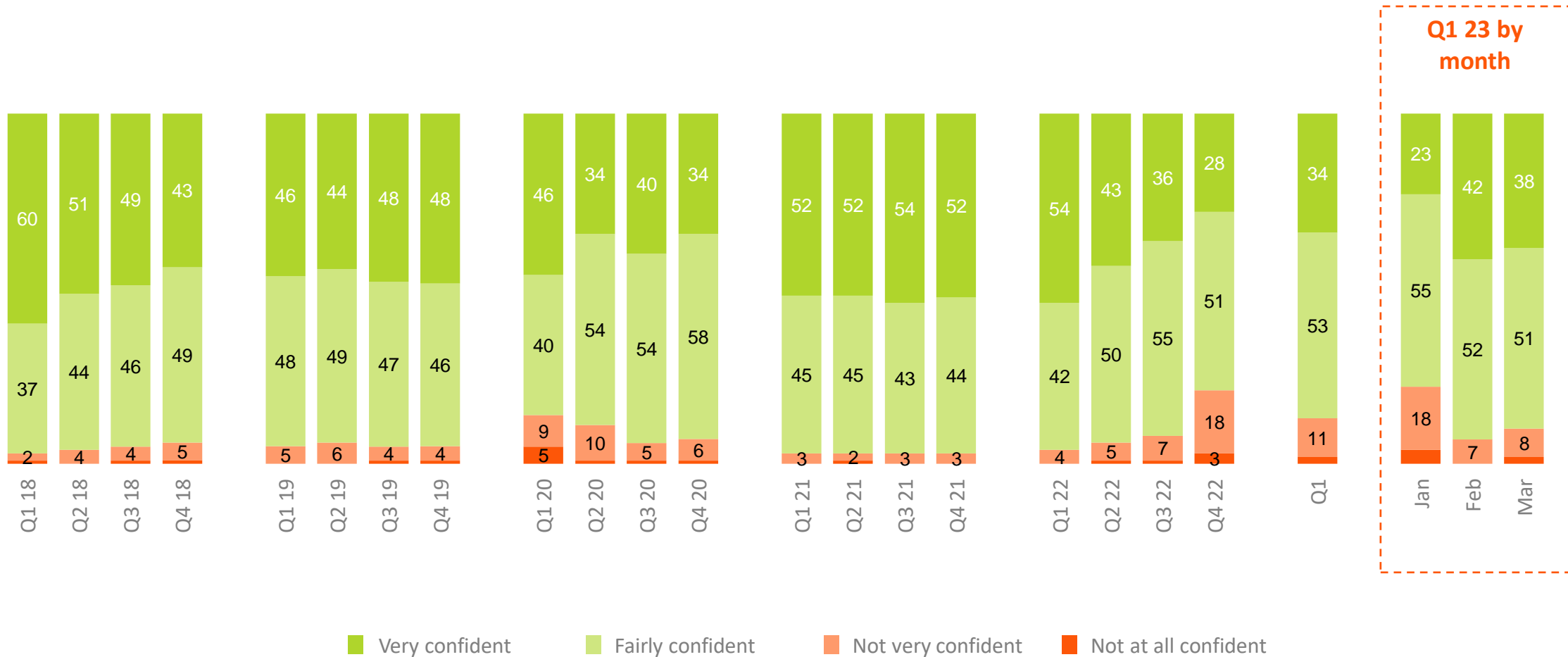
Confidence in the outlook for the mortgage industry recovers after a steep fall in Q4 '22. February is the most positive month, but March is also quite good for brokers.



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, and is now on the recovery (almost at Q3 '22 levels).



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 took the least severe hit, as brokers always seem to be upbeat about their own business. There is a marked increase in March compared to January (and indeed all of Q4 '22).



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...

Those with confidence in their own business outlook mention believe in the firm's qualities and there being a high demand for intermediary advice in a difficult market. Having a positive start to the year and business diversification are 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 High demand for bespoke advice**
People need advice from intermediaries given rising rates and a complicated application process, 'due to the current situation, people are in need of more help'
- 3 Multiple income streams**
Businesses who have expertise in multiple sectors are resilient to a reduced demand for properties

"In difficult times people need us brokers to help them with their mortgages."
(Very confident)

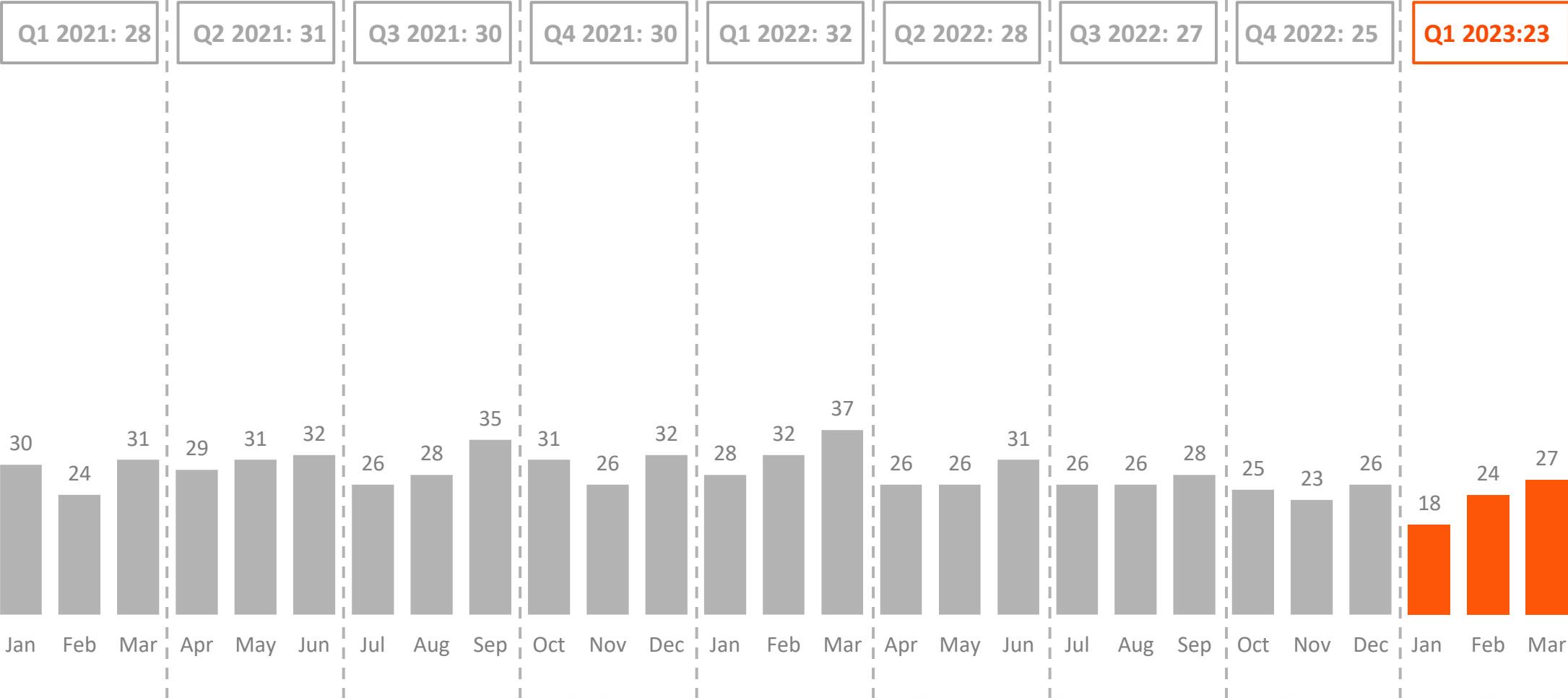
"We have been in business for so long and have a very large client bank who keep coming back."
(Fairly confident)

"Business dropped off in December but recently it has started to pick up again as rates have dropped."
(Fairly confident)

Business flow

Average number of DIPs in last 3 months

The average number of DIPs dealt with by intermediaries has been steadily decreasing across the last 12 months, now at -9 year-on-year.

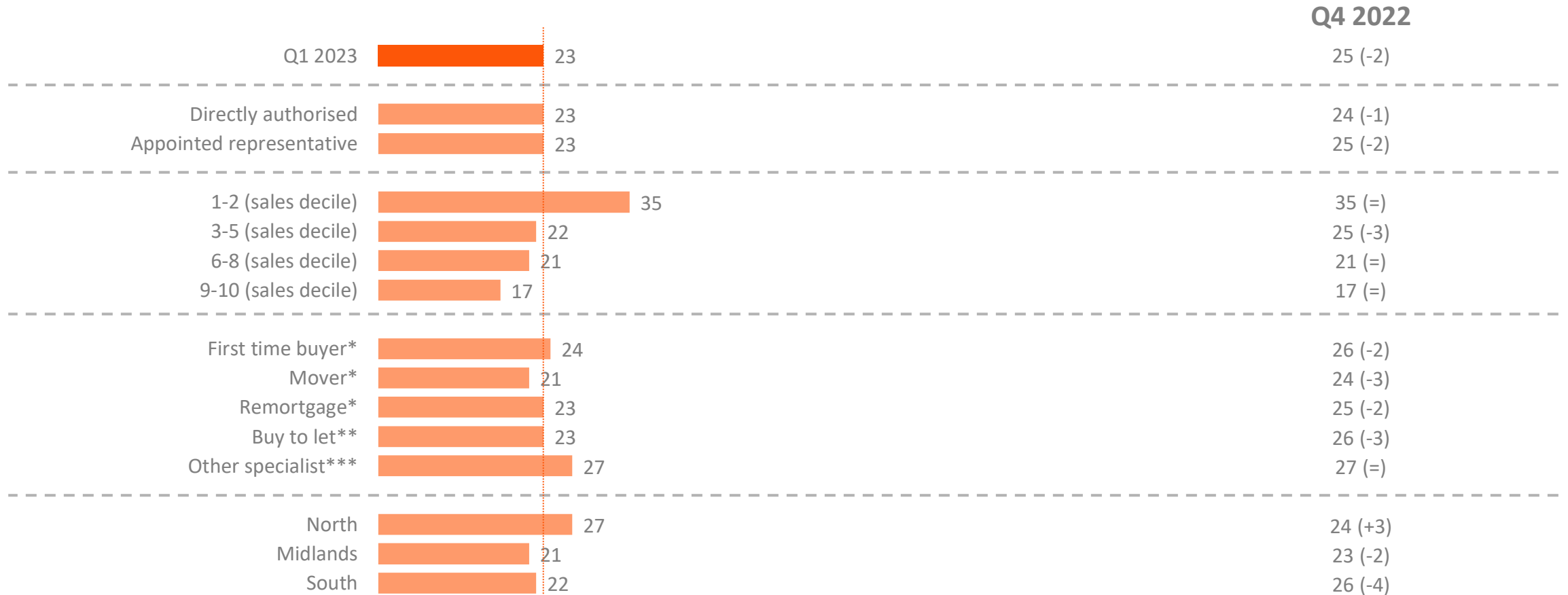


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?

Base: All Q1 respondents (300)

Average number of DIPs – By business

The largest decline is in the South (-4), conversely in the North the number increases (+3).



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

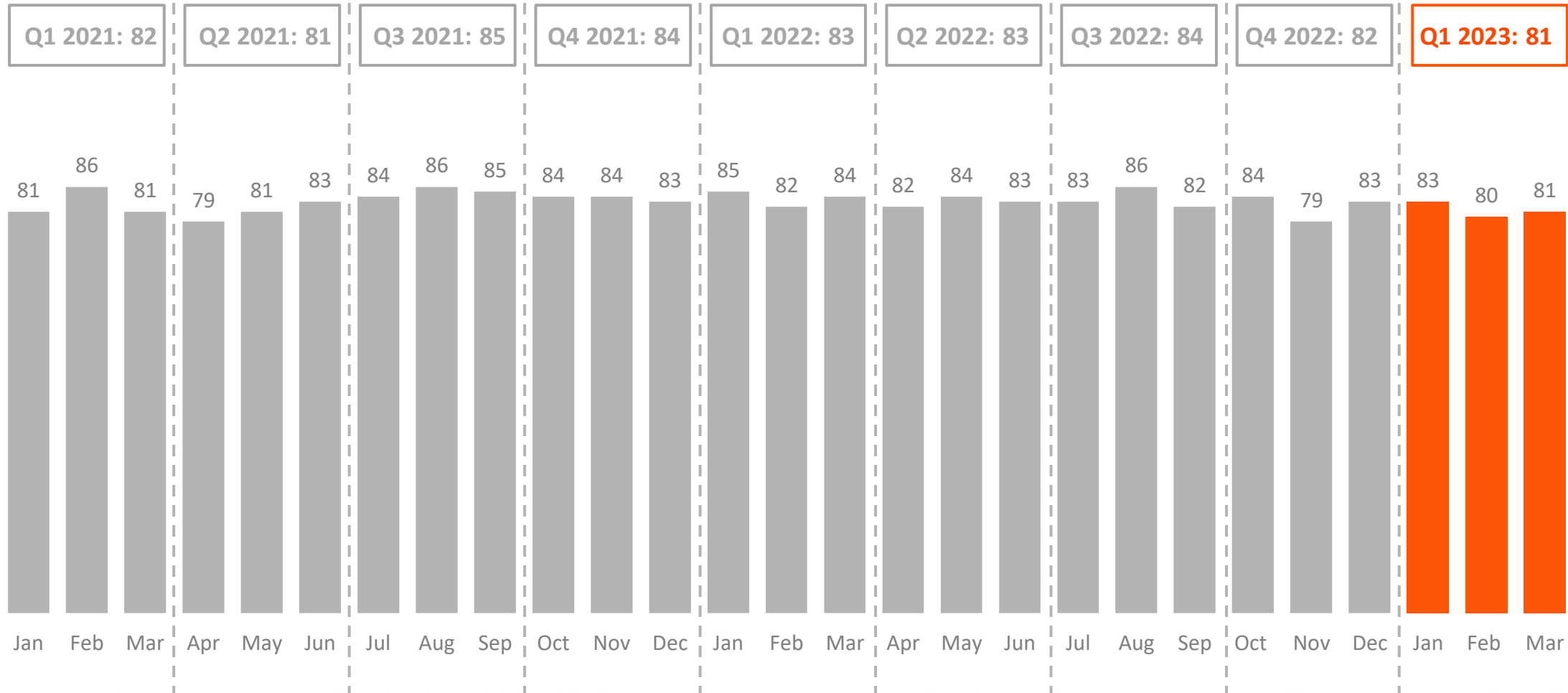
* At least 4 out of every 10 residential mortgages placed

** 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 continues to softly fall, now at the same levels from 2 years ago.

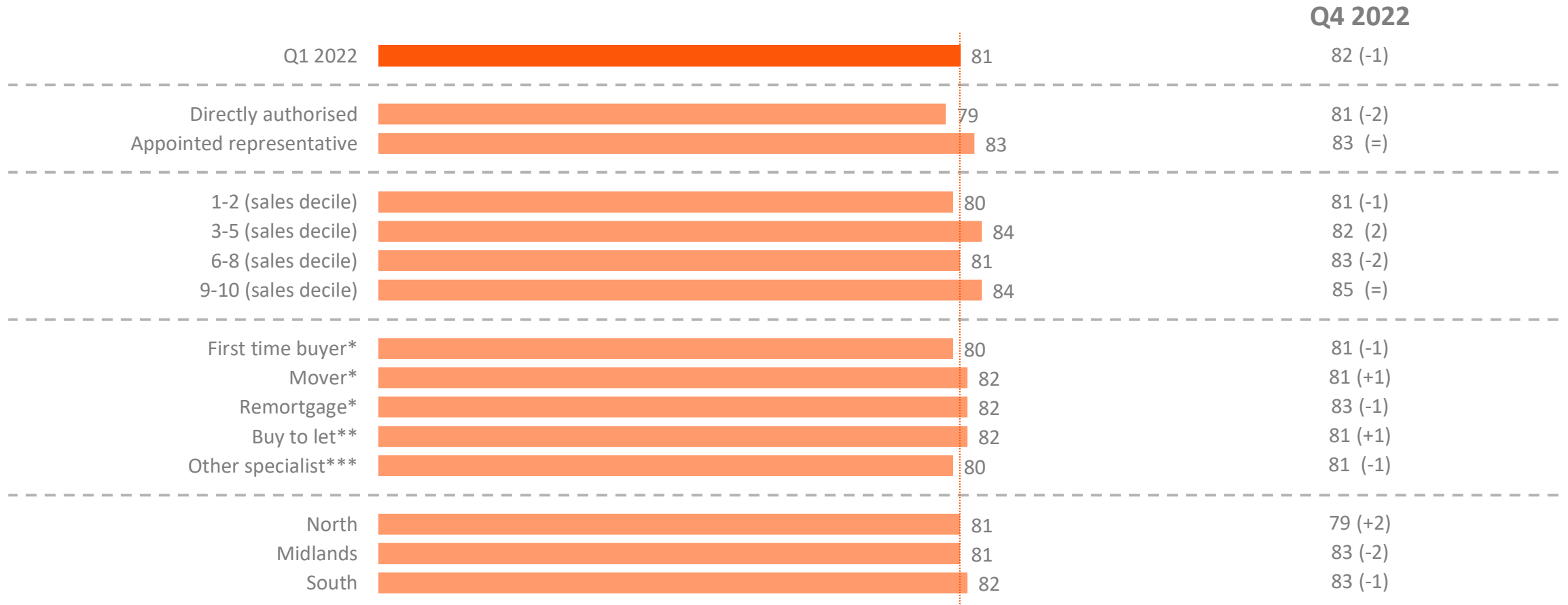


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?

Base: All Q1 respondents (300)

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

Conversion from DIP to DIP is stable across most categories.

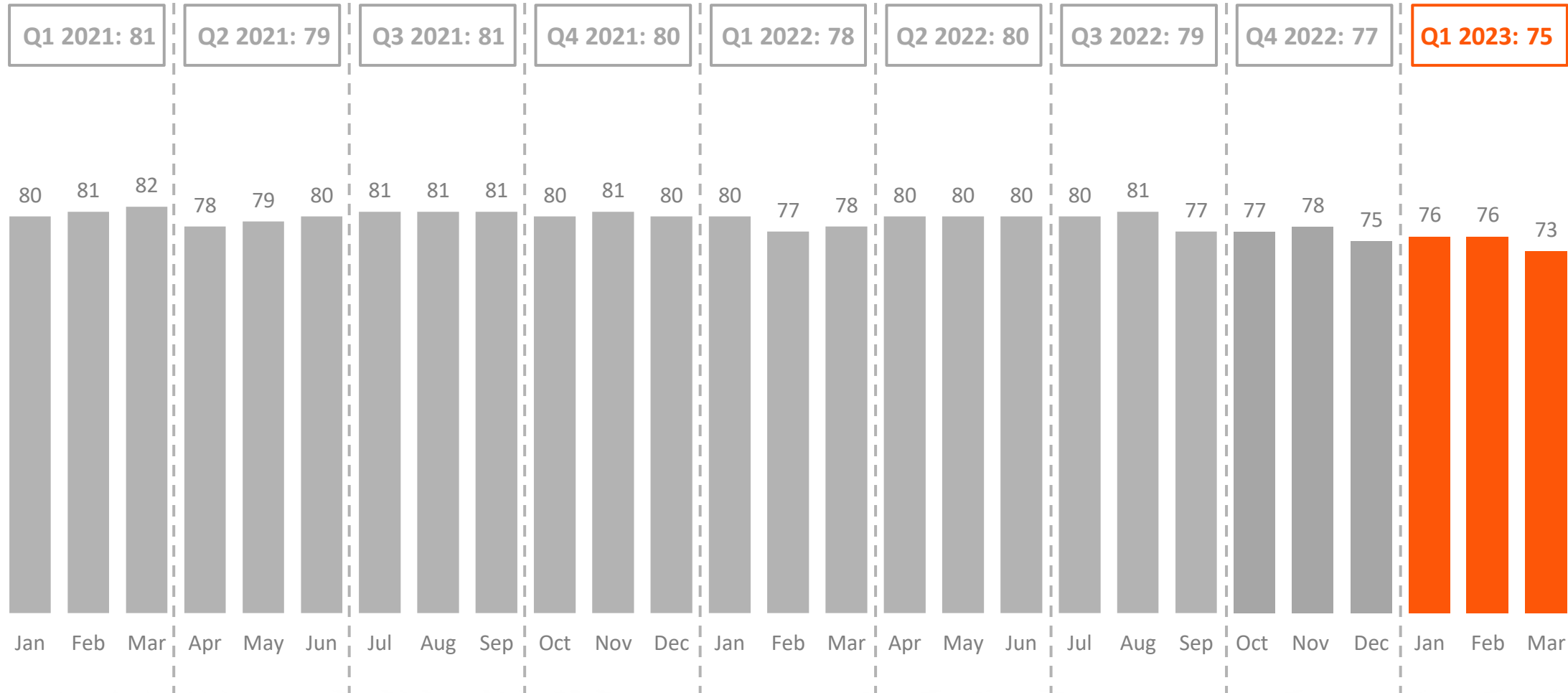


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q1 respondents (300)

* At least 4 out of every 10 residential mortgages placed
** At least 2 out of 10 mortgaged placed
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DIP accepts resulting in a full application (%)

The proportion of DIP acceptances resulting in a full application is now -3 year-on-year.

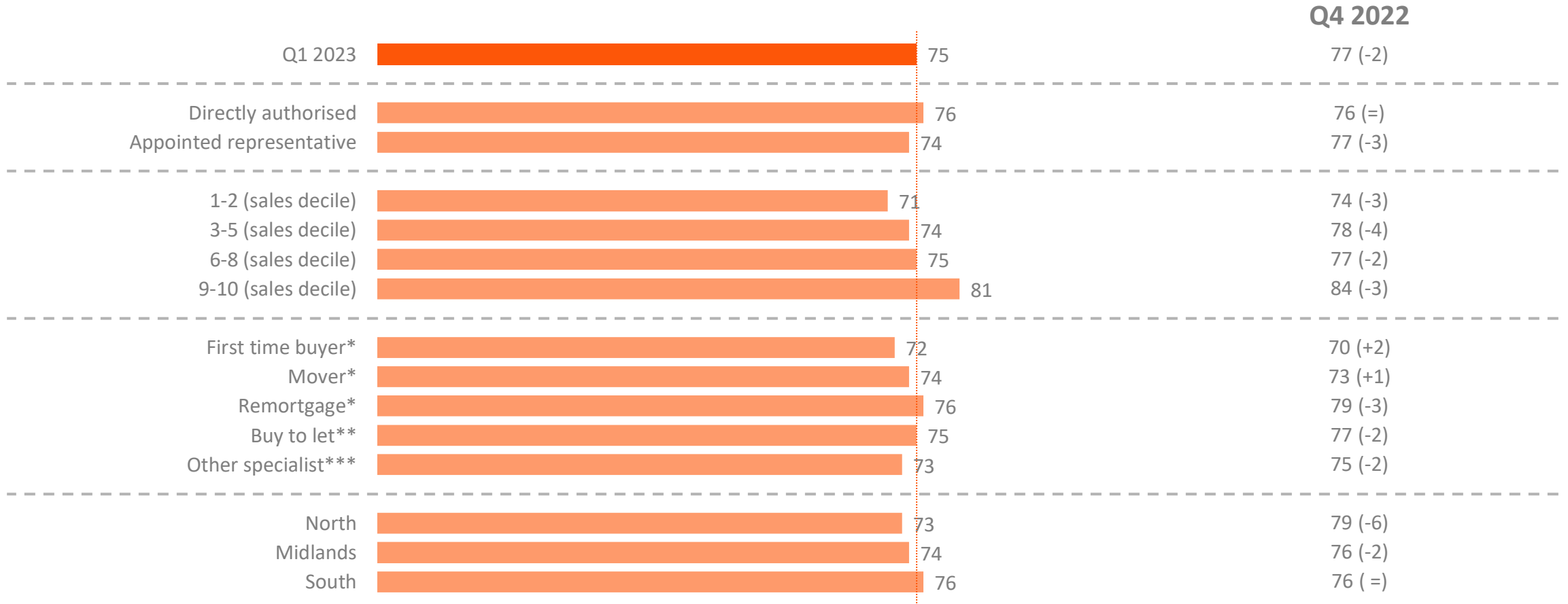


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?

Base: All Q1 respondents (300)

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

Conversions from DIP to applications fell slightly this quarter, particularly in the North (-6) and the 3-5 sales decile (-4).



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

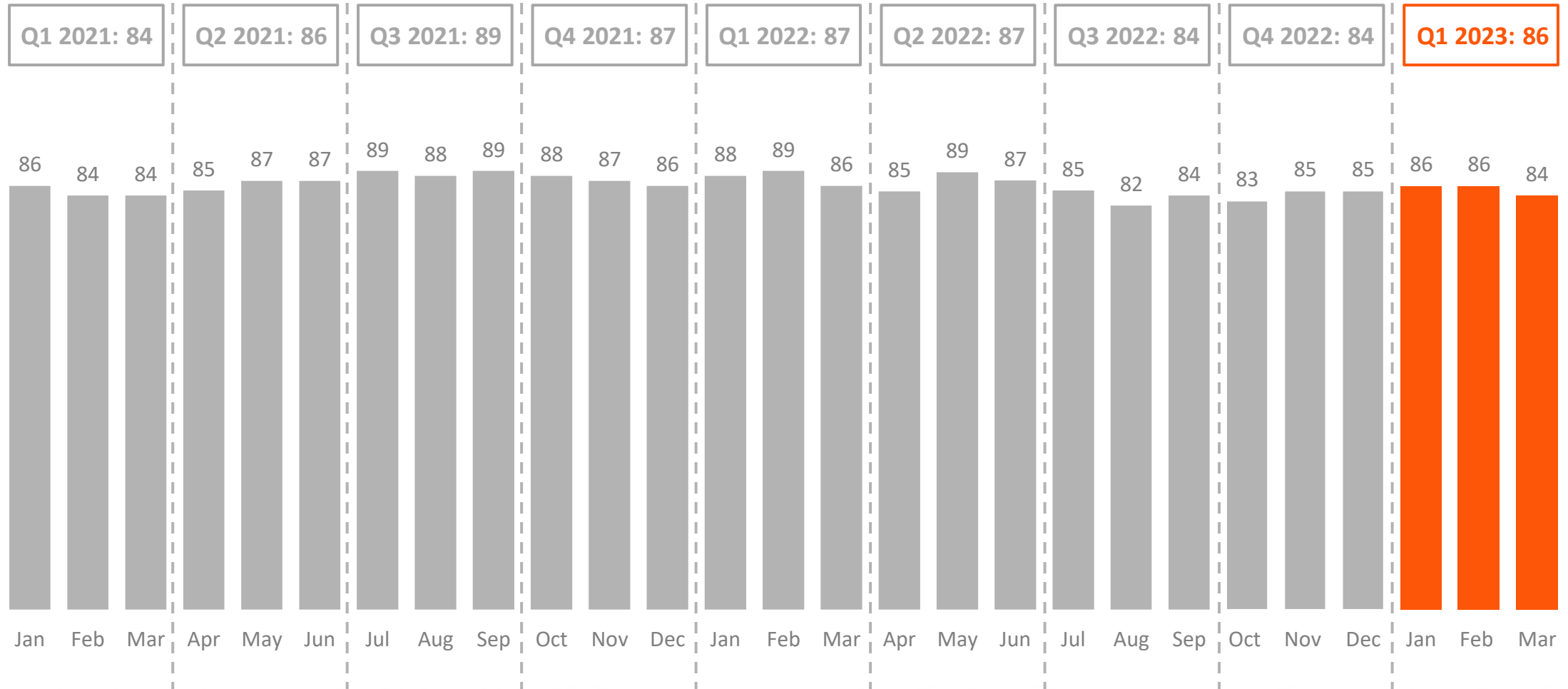
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Full applications resulting in an offer (%)

The proportion of full applications resulting in an offer increases slightly to 86%.

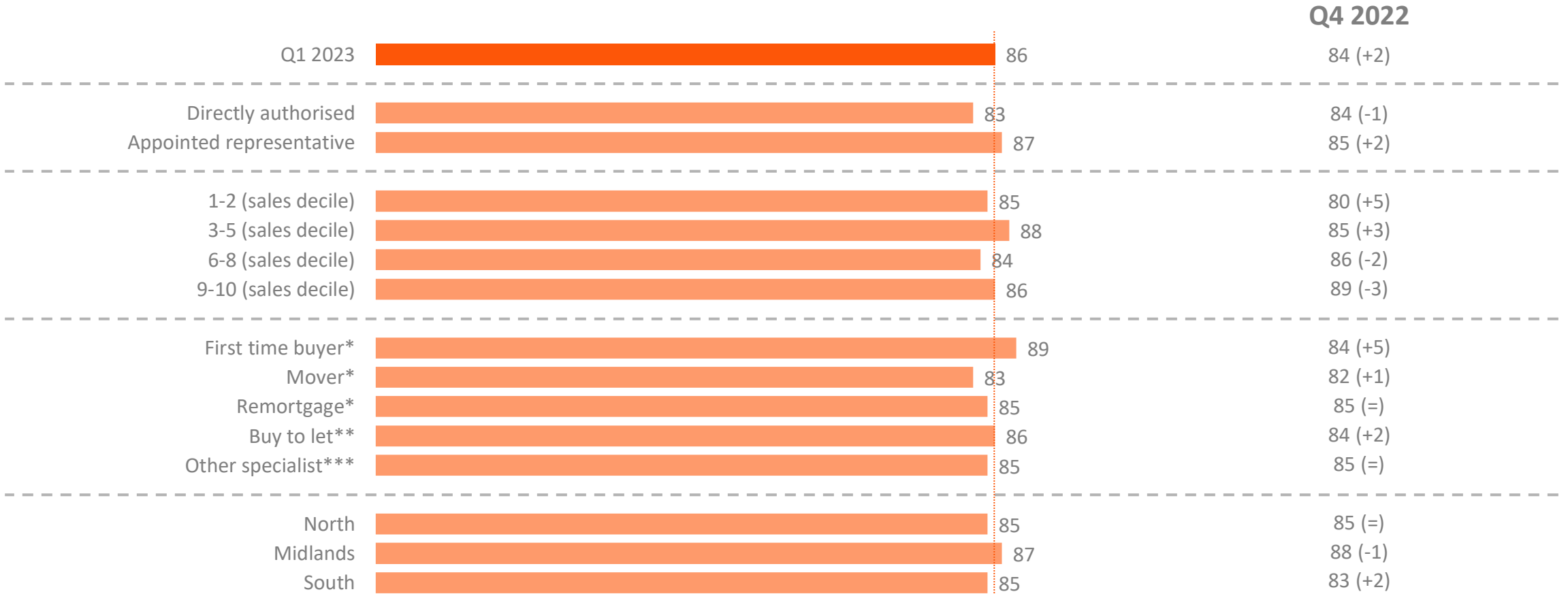


QH4. In the last 3 months, what proportion of your full applications have led to an offer?

Base: All Q1 respondents (300)

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

App to offer ratio has increased by +2 in the new year, some of the driving force being FTBs (+5), and the 1-2 sales decile (+5).



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

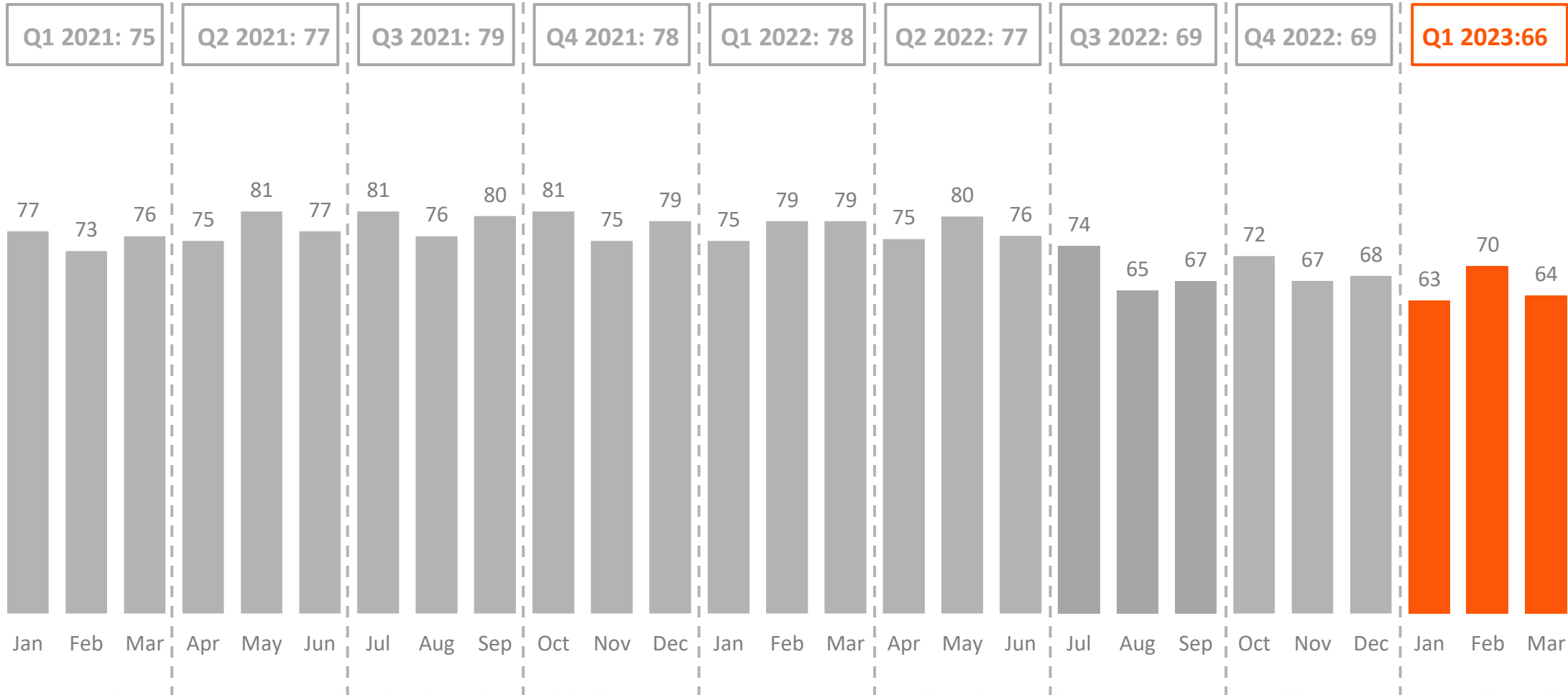
* At least 4 out of every 10 residential mortgages placed

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Offers resulting in a completion (%)

Conversion from offer to completion declines -3% to 66%, now significantly down from the highs of Q3 '21.

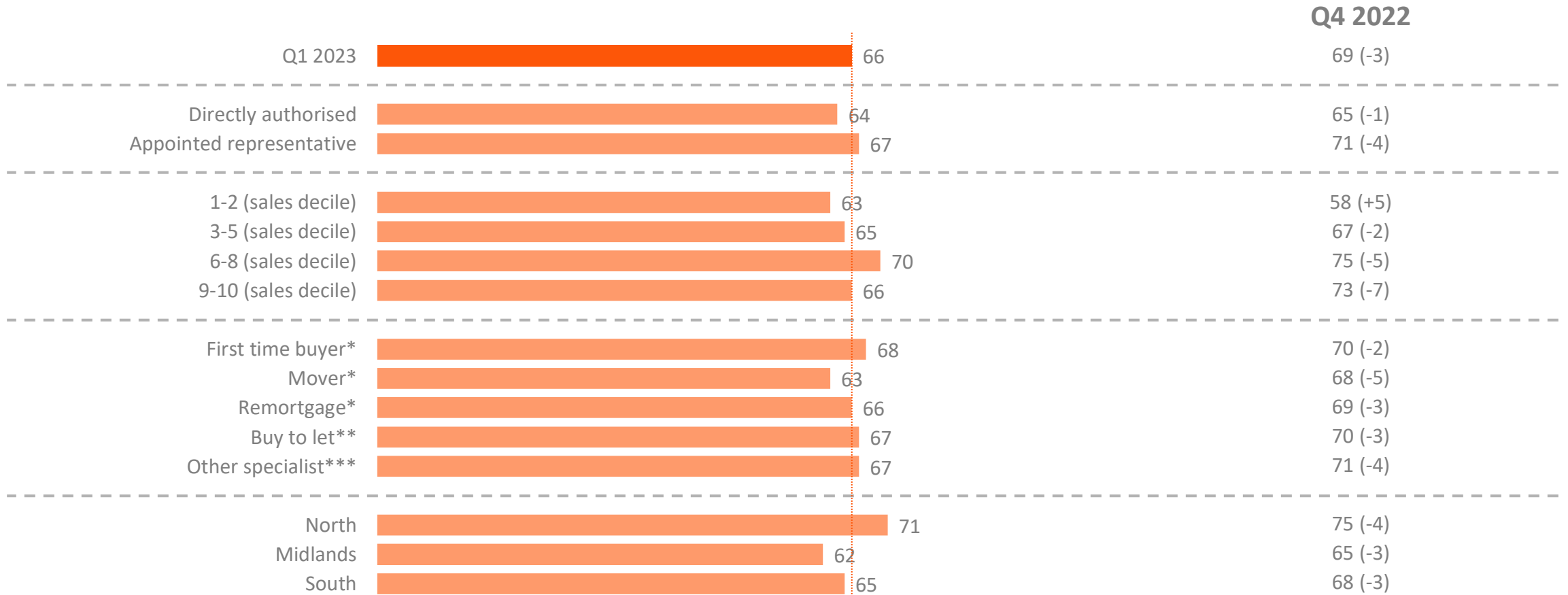


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?

Base: All Q1 respondents (300)

Offers resulting in a completion (%) – By business

The conversion to completions goes down in Q1 by -3, broadly consistent across broker groups with the exception of the 1-2 sales decile which goes up +5.



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)

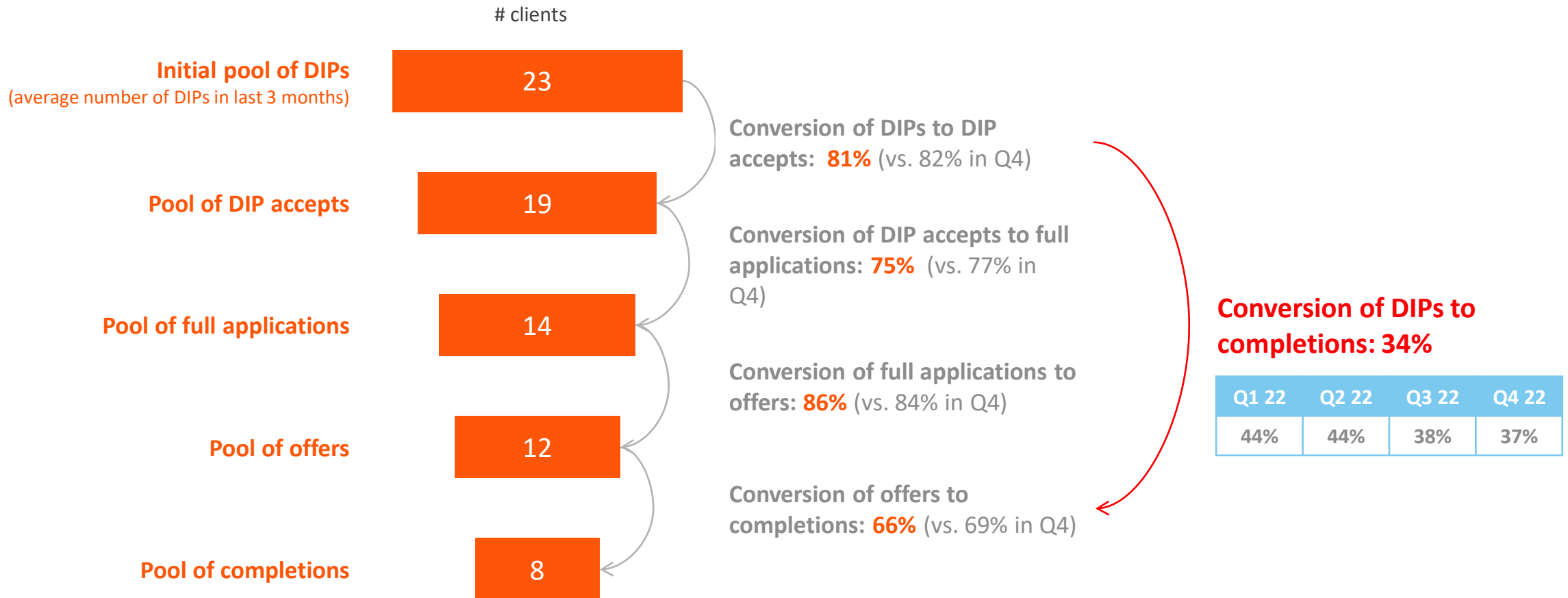
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Conversion from DIP to completion

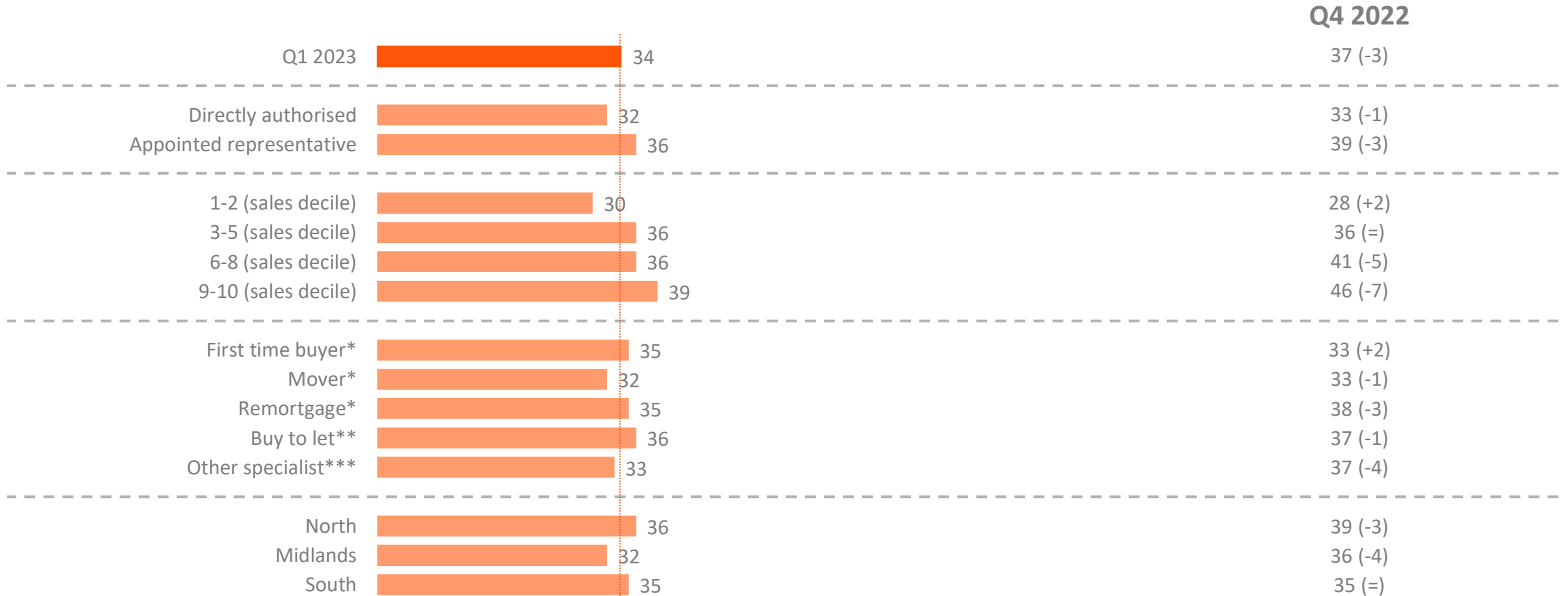
Conversion from DIP to completion is down -10% year-on-year (44% to 34%).



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

The overall conversion rate is down again (-3) in Q1, with multiple groups contributing to this: 6-8 and 9-10 sales deciles, Other specialist and Remortgage placers, North and Midlands brokers. ARs (-3) also decline more than DAs.

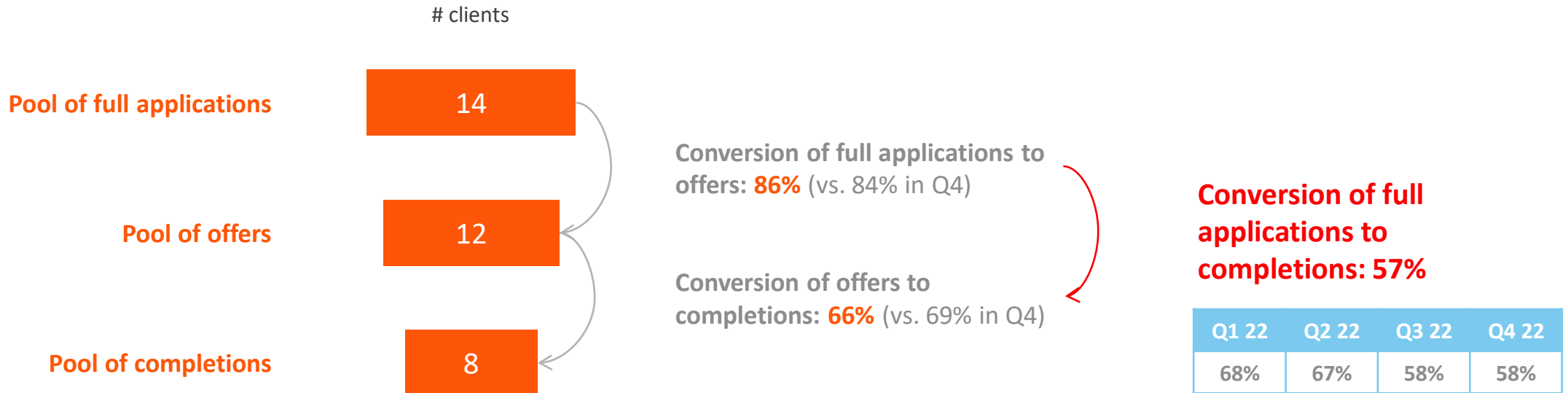


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
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 QH4. In the last 3 months, what proportion of your full applications have led to an offer?
 QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
 Base: All Q1 respondents (300)

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

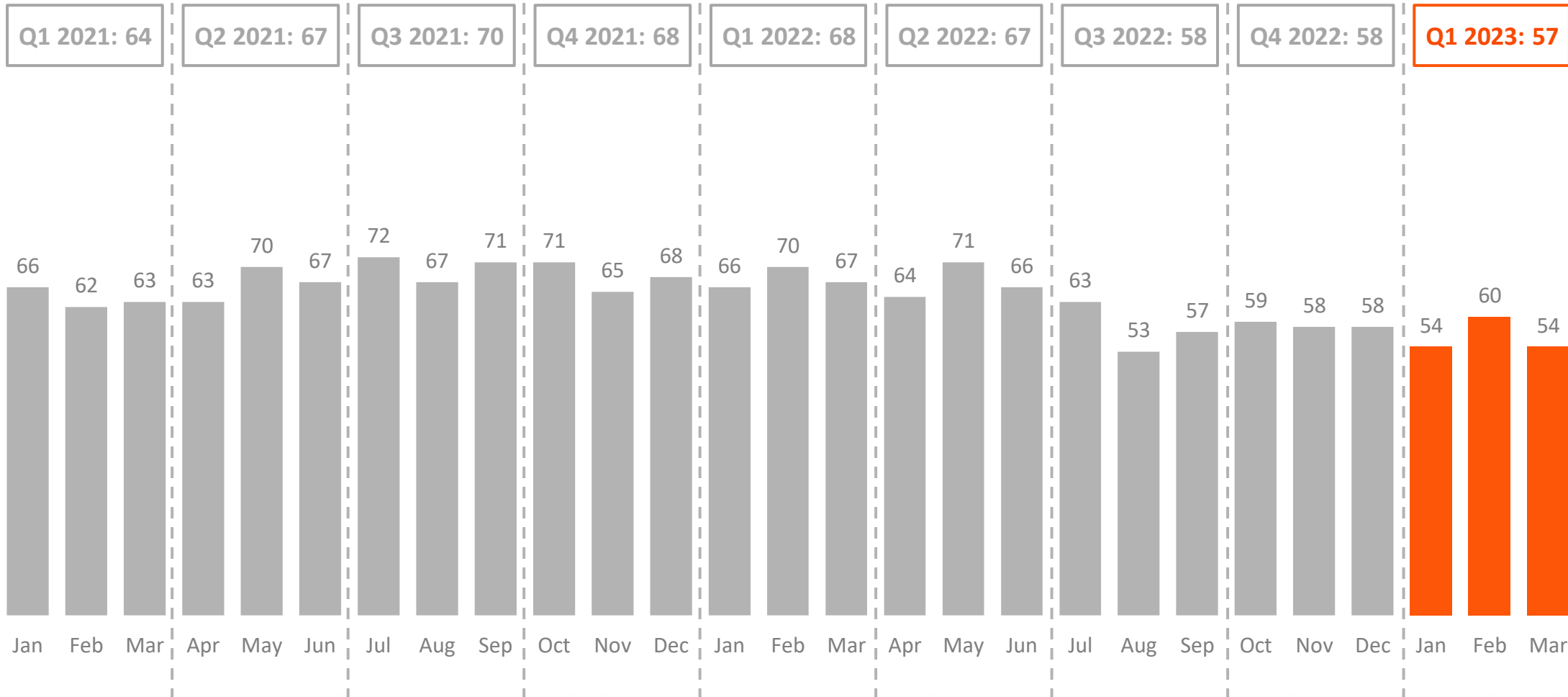
Fewer full apps are going through to conversion, a decrease of -11% year-on-year, however there is stability vs. last quarter



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 Q1 respondents (300)

Conversion from full application to completion (%)

The conversion rate from full application to completion is relatively unchanged at 57% (although higher in February than the other 2 months).



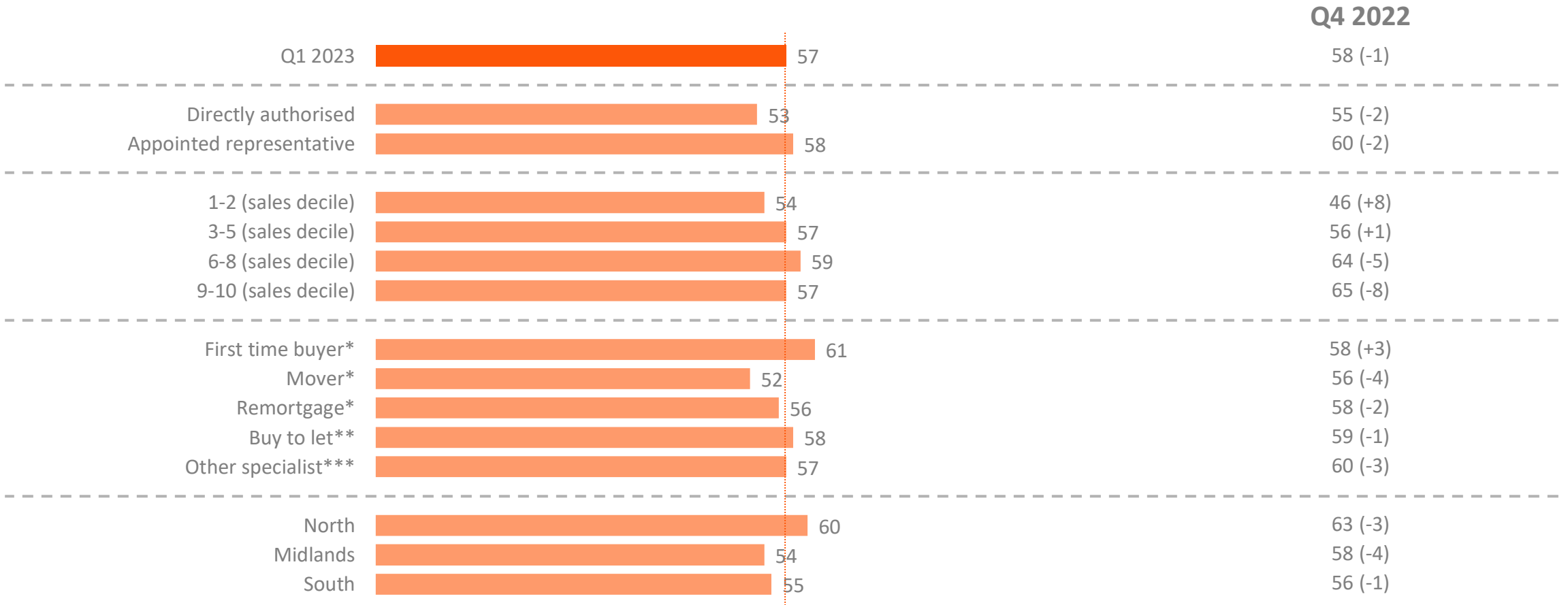
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Although the overall score is stable, there are differences across groups: 1-2 sales deciles are up (+8) while the opposite is true for the 9-10 sales decile (-8).



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


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Any questions

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