



Intermediary Mortgage Market Tracker

Q2 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 **Q2 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 301. Achieved sample weighted by firm size & type to be representative of the Autus universe

Executive summary

Q2 2023 Executive summary

The typical intermediary placed 93 cases in the previous 12 months. This reflects a -4 decrease year-on-year, and -6 vs. Q1 '23. Business mix shifts (back) very slightly towards Residential (+2 overall)

After a recovery in Q1, intermediary confidence dips again in Q2. The month of June was the hardest hit, as news broke in the media about the 'mortgage timebomb' (41% not confident in mortgage industry)

Conversion from DIP to completion goes up slightly in Q2 – now at 36% (after a long period of declines). This is largely consistent across segments but some drivers are the 1-2 sales decile, Movers focused brokers, brokers from the Midlands, and ARs.

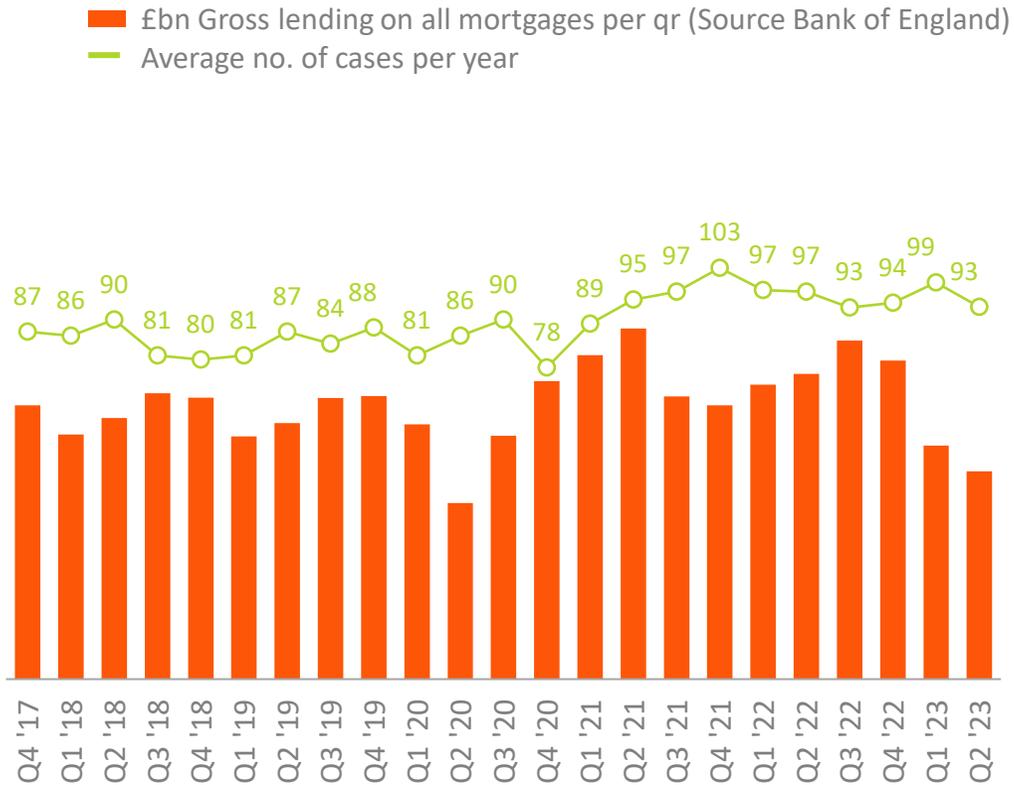
App to completion conversion also goes up slightly – now at 59%. It yields a typical pool of 9 client completions. The same segments are driving this increase

Business volumes and confidence

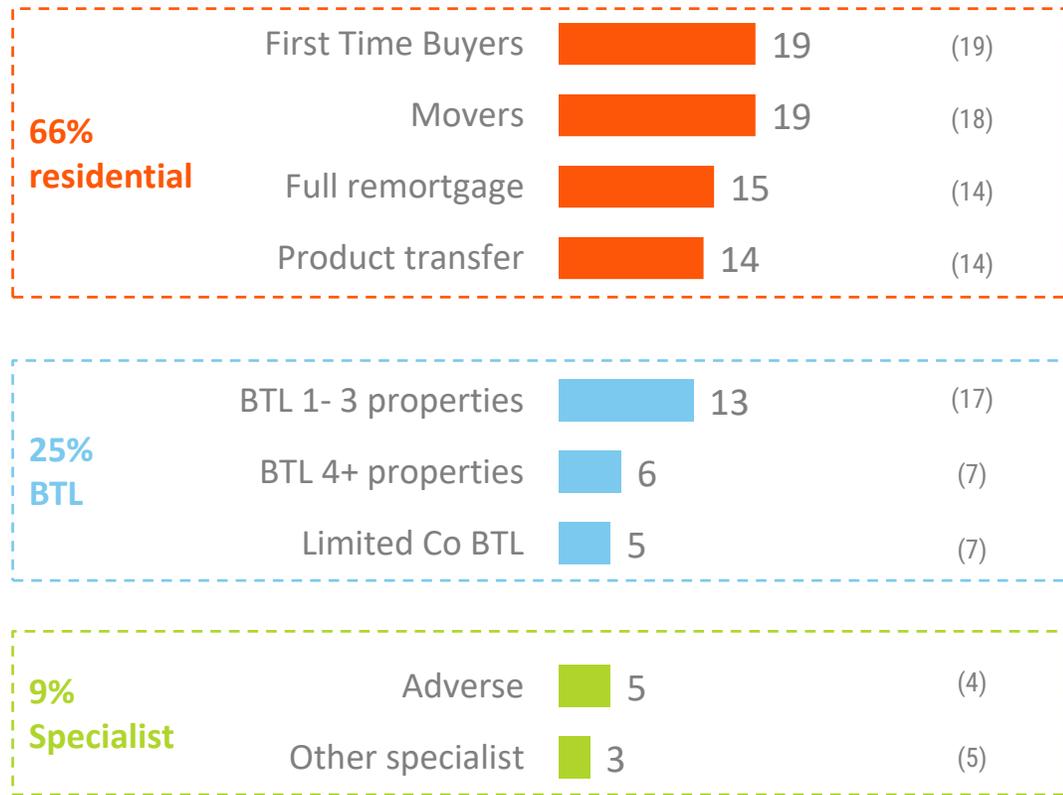
Claimed volumes of mortgage cases, per year

The average claimed number of mortgages placed per year by intermediaries fell to 93 cases in Q2 '23, back to the level seen in Q3 '22. The median in Q2 was down to 70 cases, from 80 in Q1 '23. BoE data shows a continuing decline in secured lending in 2023, suggesting that intermediaries market share increased

All mortgages

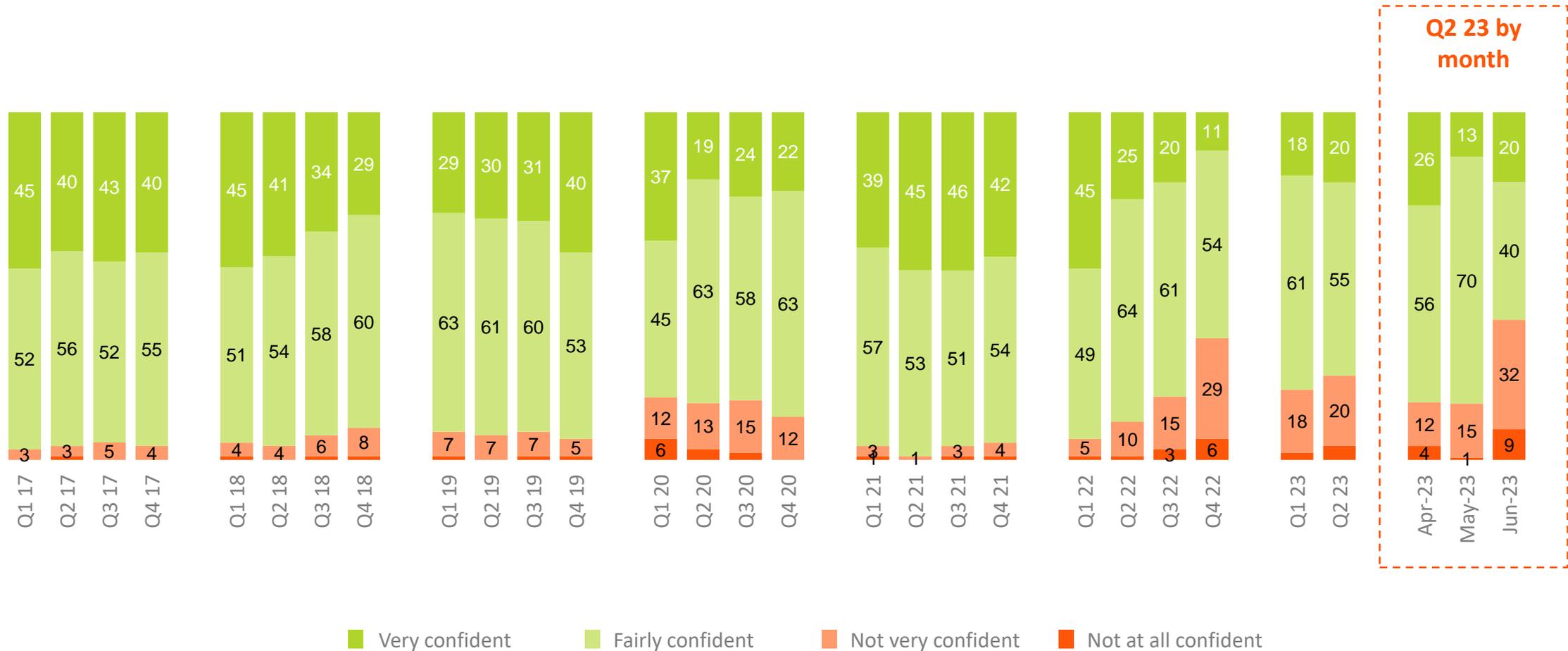


Average business mix (% of all cases per year)



Confidence in outlook for mortgage industry

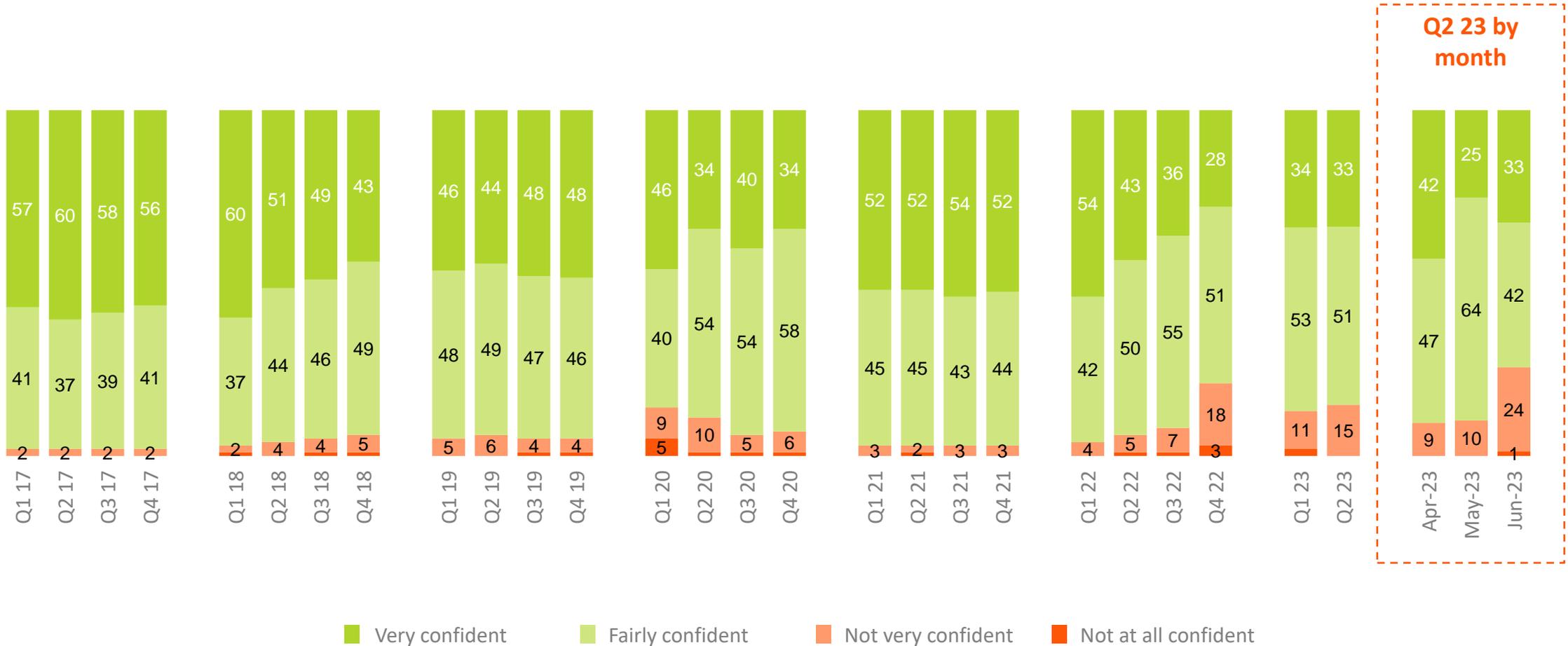
Perhaps surprisingly, confidence in the outlook for the mortgage industry remained broadly steady in Q2 23. Monthly data, however, shows confidence falling in May and June following a relatively good start in April. Across Q2 23 as a whole, confidence is lower than in most quarters between the start of 2013 and mid-2022



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 also remained stable in Q2 23, but monthly data again reveals falling confidence across the quarter, after a relatively high score in April. Across Q2 23 as a whole, confidence levels remain lower than historic norms between Q2 13 and Q3 22



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 also remained stable across Q2 23. Monthly data showed a fall in confidence in May, sustained in June, after a relatively strong confidence score in April. Across Q2 23 as a whole, confidence in the outlook for one's own business remains lower than at any time between Q2 13 and Q3 22

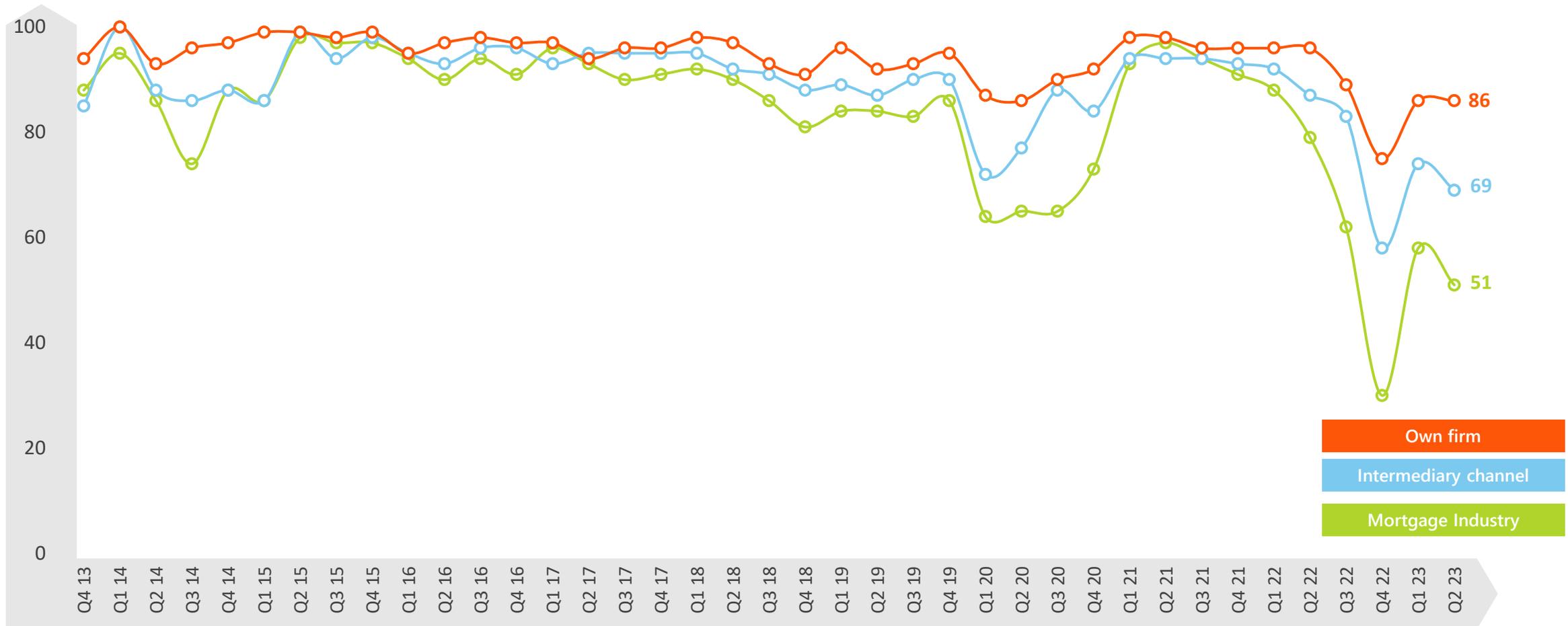


QH1c. And how confident do you feel about the business outlook for your own firm?
Base: All respondents (301)

Net* intermediary confidence trends

Net score trends show stable confidence in the outlook for one's own firm but slight declines for the intermediary channel and the mortgage industry as a whole. Scores in Q2 23 remain below long term norms

*Net confident = very / fairly confident *minus* not very / not at all confident



QH1a. Currently, how confident do you feel about the business outlook for the mortgage industry?
 QH1b. And how confident do you feel about the business outlook for the intermediary sector of the mortgage industry?
 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...

The reasons for confidence remain broadly the same, with the top one being qualities of the business (client database, recommendations), and demand for bespoke advice to navigate uncertain waters

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 in order to navigate uncertainty within the market, driven by increasing interest rates
- 3 Multiple income streams**
Having a diversified income stream and success in earlier periods of uncertainty can also build confidence

"Because I have been in business for a long time. Lots of repeat business from my existing clients."
(Very confident)

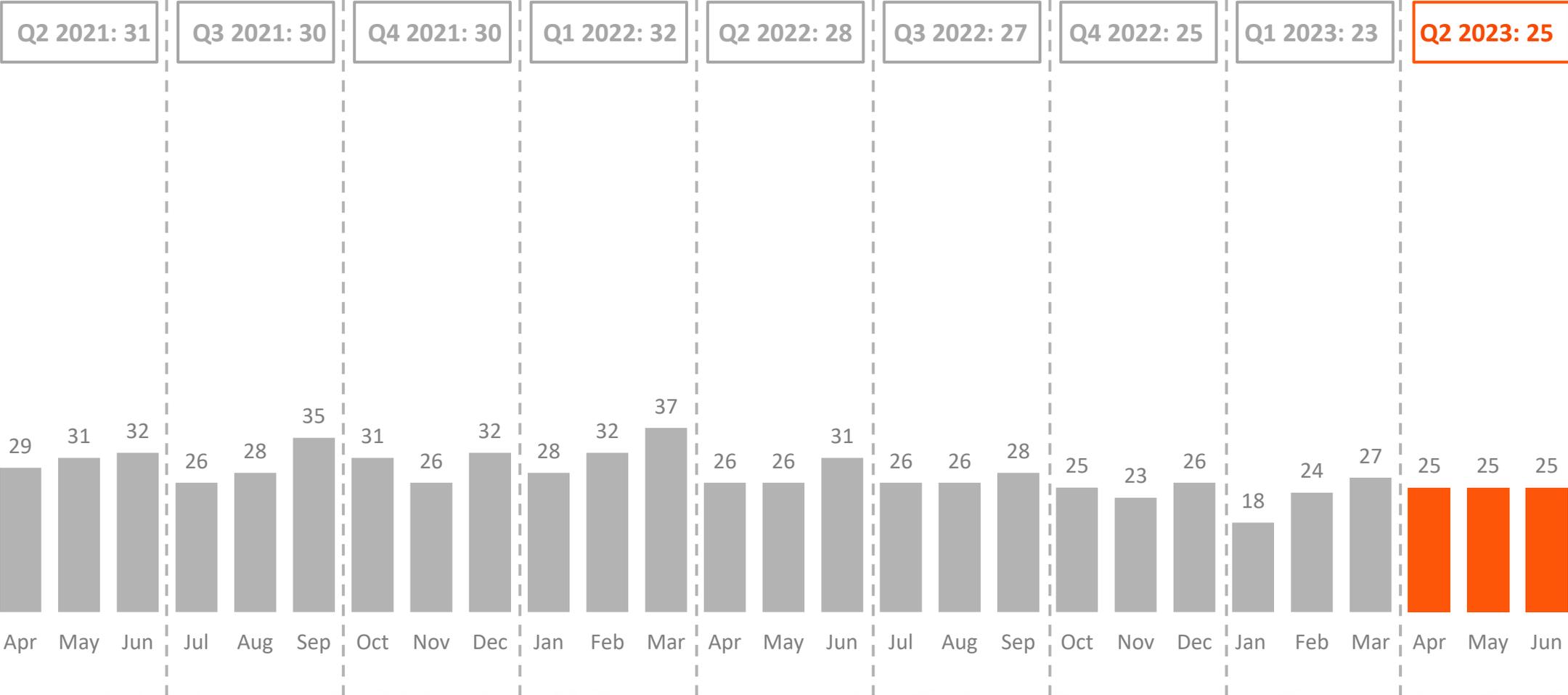
"I have other income streams. The mortgage market is going to be depressed for a while."
(Fairly confident)

"We are very good. We survived the 2008 crash. We have multiple streams of income."
(Very confident)

Business flow

Average number of DIPs in last 3 months

The average number of DIPs dealt with by intermediaries has been steadily decreasing since last year, but now shows signs of stabilising after a +2 increase in Q2.

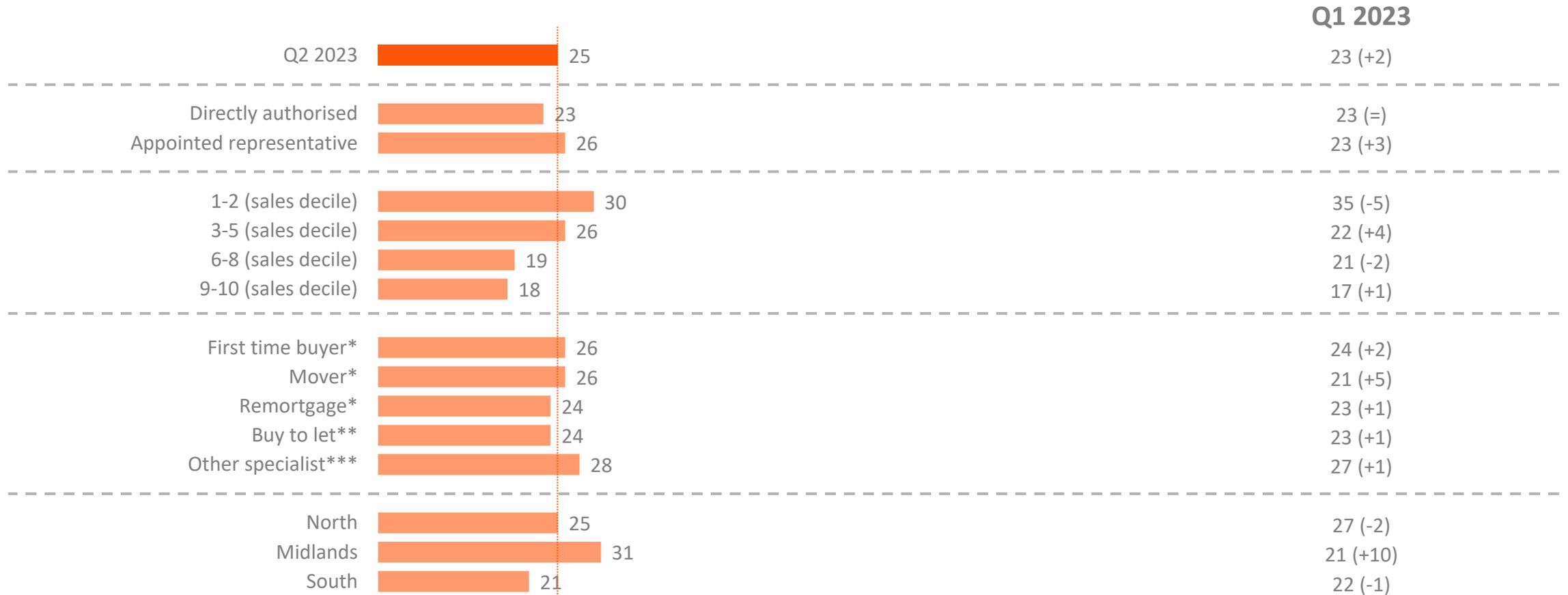


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?

Base: All Q2 respondents (301)

Average number of DIPs – By business

The largest increase at a segment level was in the Midlands (+10), but also in the Movers market (+5).

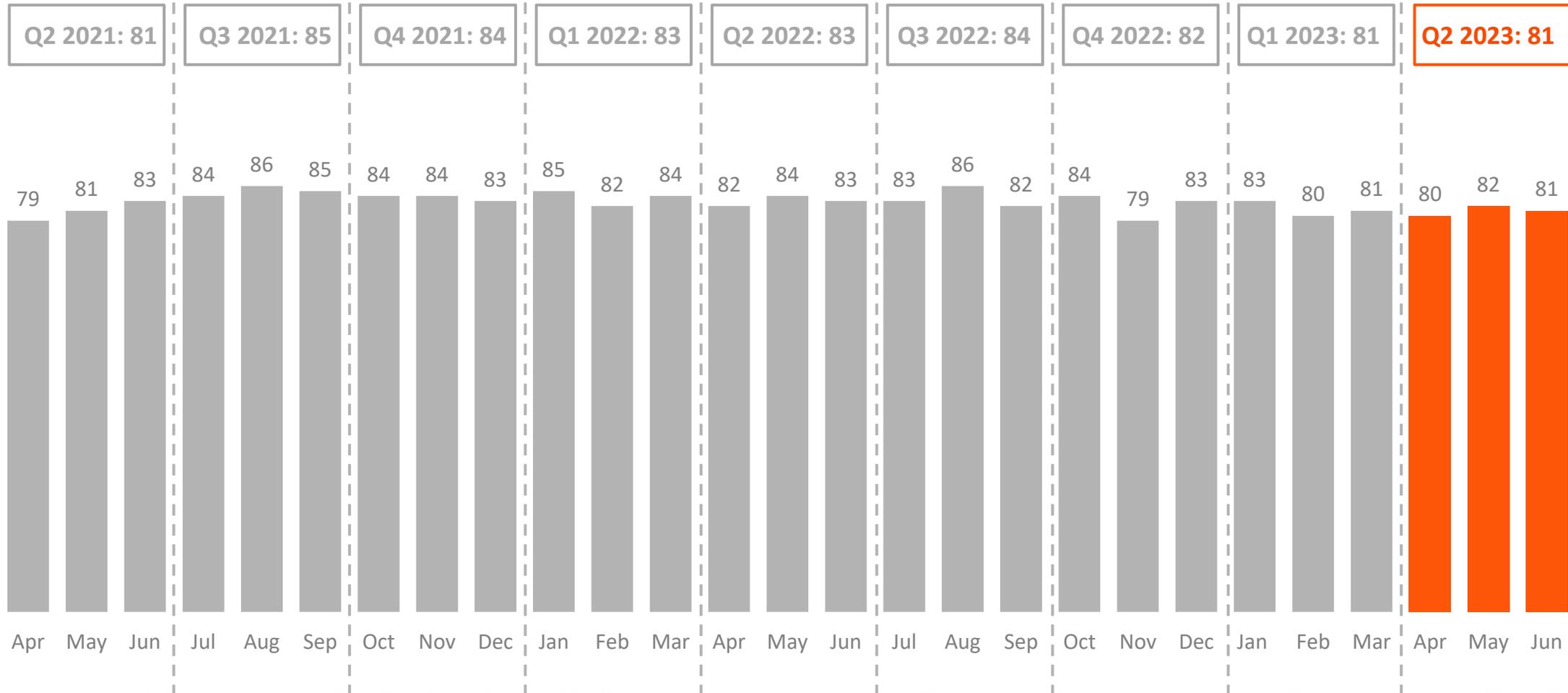


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All Q2 respondents (301)

* 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 stabilises in Q2 at 81 – same as 2 years ago.

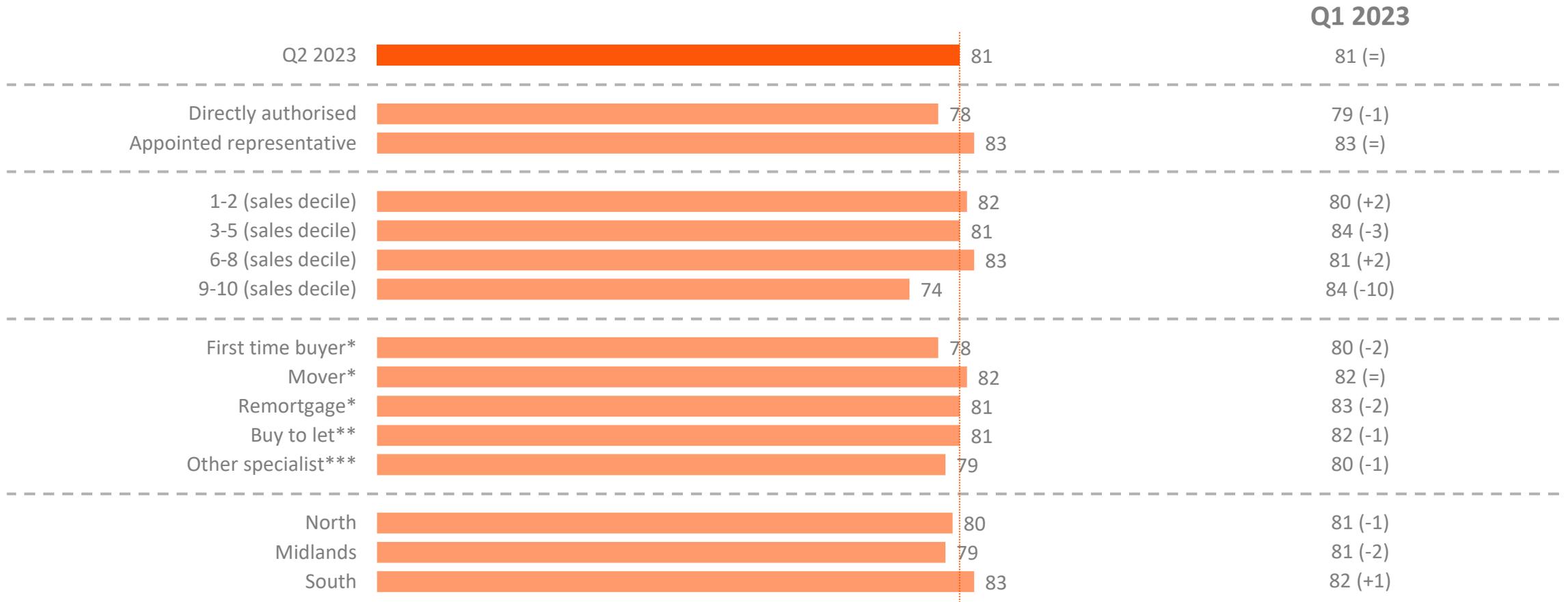


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?

Base: All Q2 respondents (301)

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

Conversion from DIP to DIP is stable across most categories – with the exception of the 9-10 sales decile (-10).



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All Q2 respondents (301)

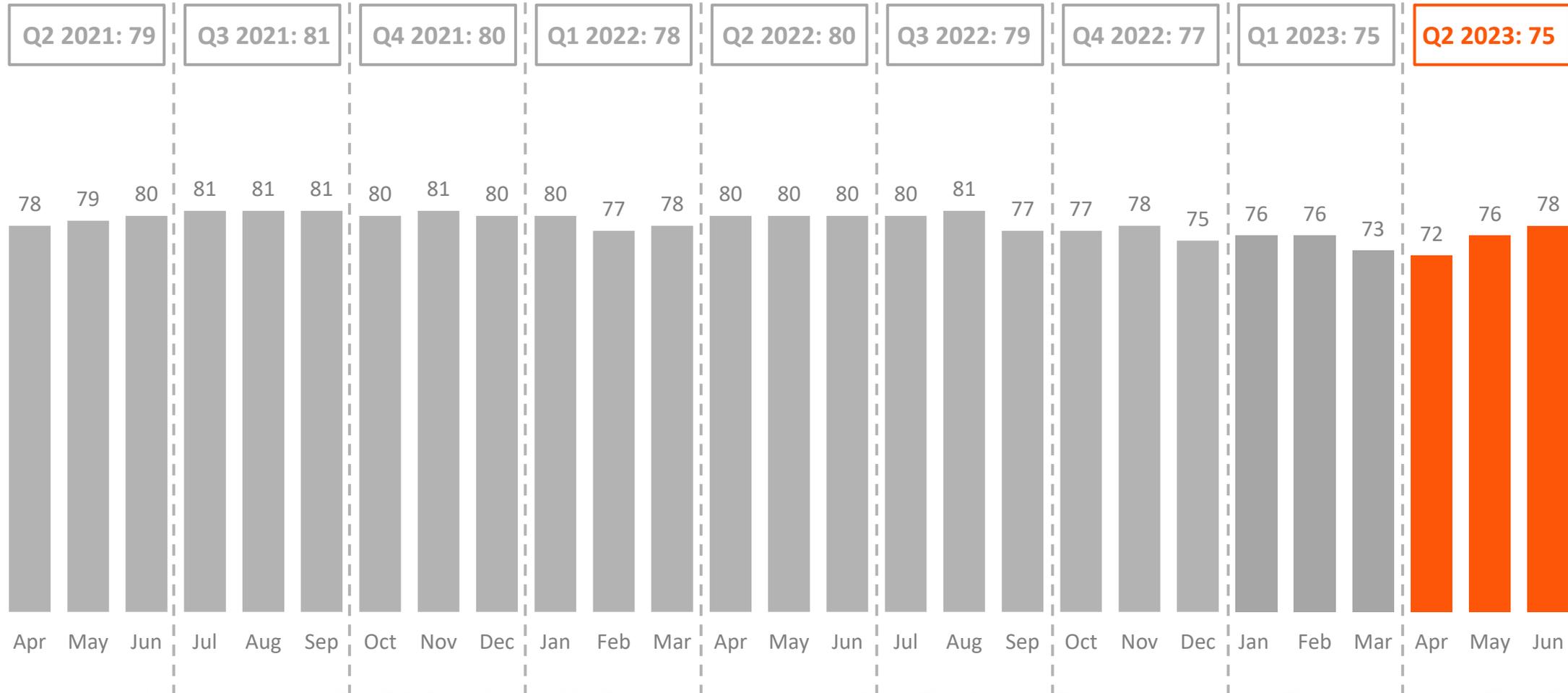
* At least 4 out of every 10 residential mortgages placed

** 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 stabilises at 75.

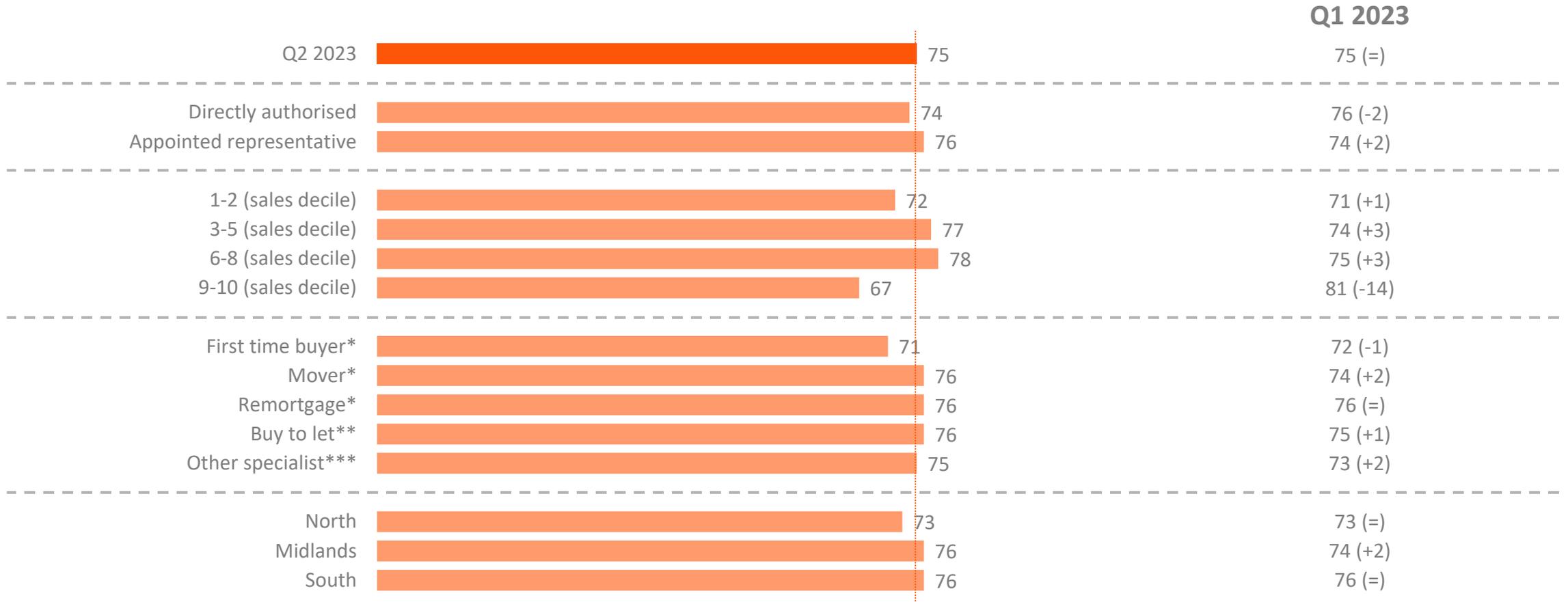


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?

Base: All Q2 respondents (301)

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

Conversions from DIP to applications is broadly stable, again with the exception of the 9-10 sales decile (-14).



QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All Q2 respondents (301)

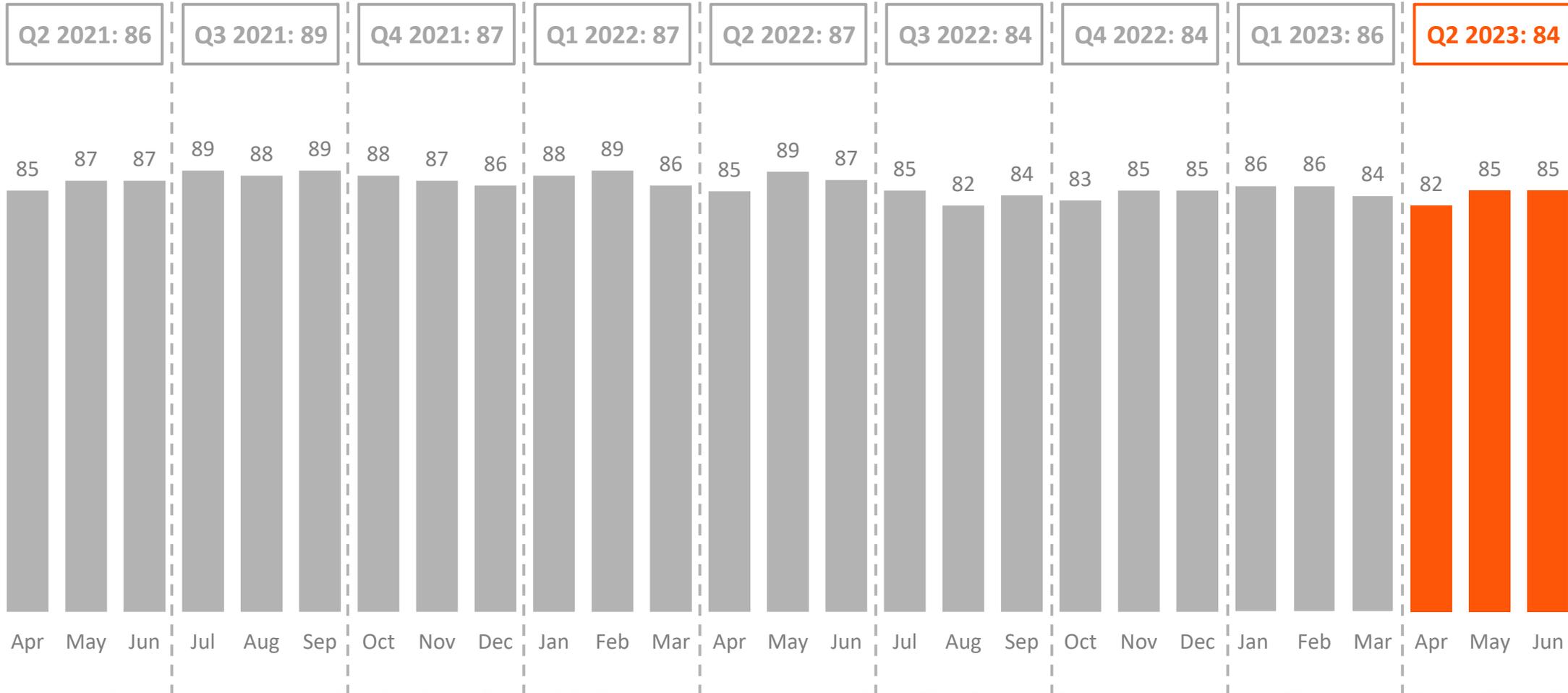
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Full applications resulting in an offer (%)

The proportion of full applications resulting in an offer decreases slightly back to 84 (as in Q4 '22).

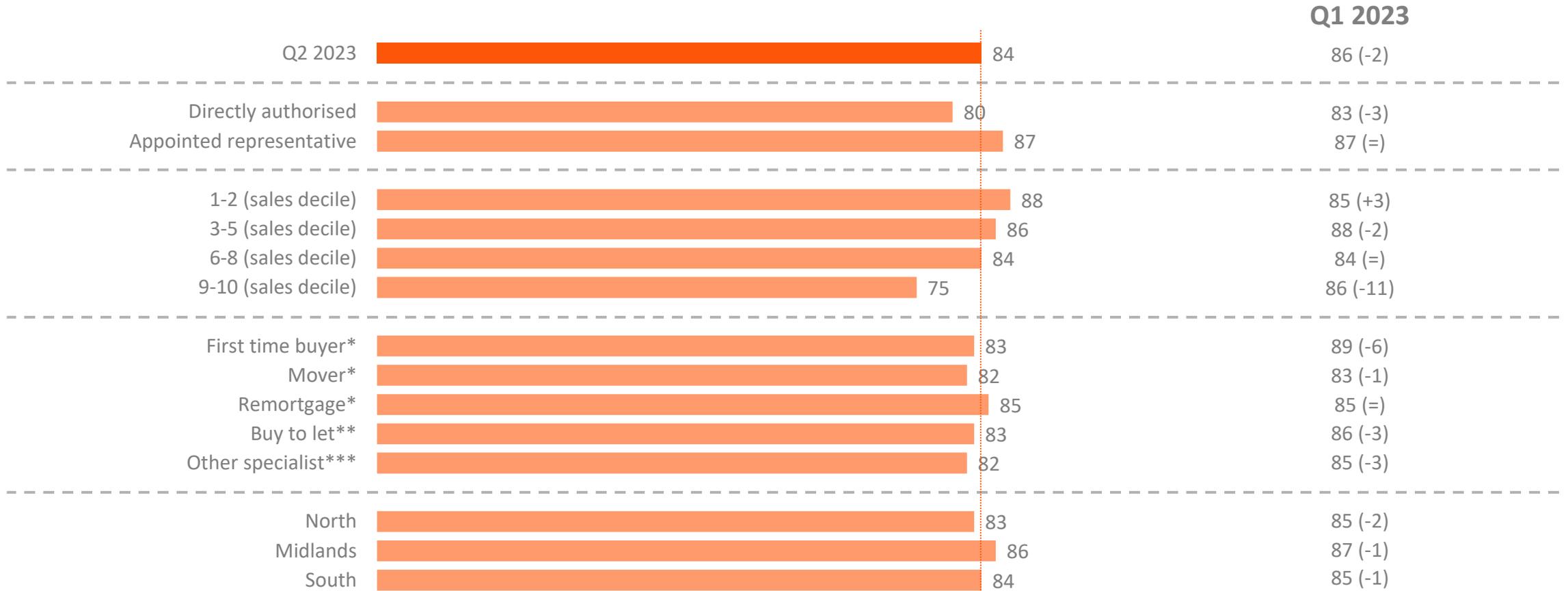


QH4. In the last 3 months, what proportion of your full applications have led to an offer?

Base: All Q2 respondents (301)

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

App to offer ratio has decreased slightly in Q2 (-2), largely driven by 9-10 Sales Decile (-11) and FTB focused brokers (-6)



QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All Q2 respondents (301)

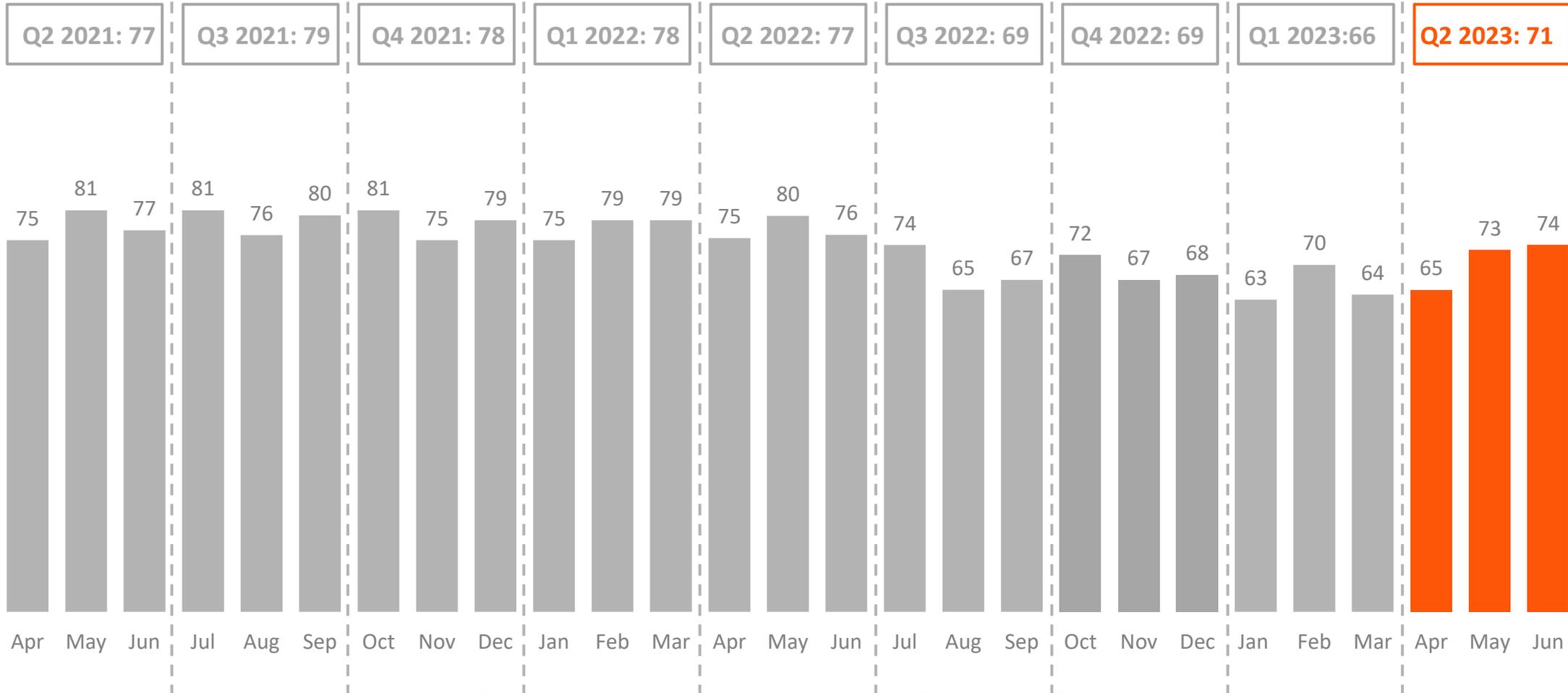
* At least 4 out of every 10 residential mortgages placed

** At least 2 out of 10 mortgaged placed

*** Any mortgages placed

Offers resulting in a completion (%)

Conversion from offer to completion climbs back up to 71, but is still lower than scores seen in the past years.

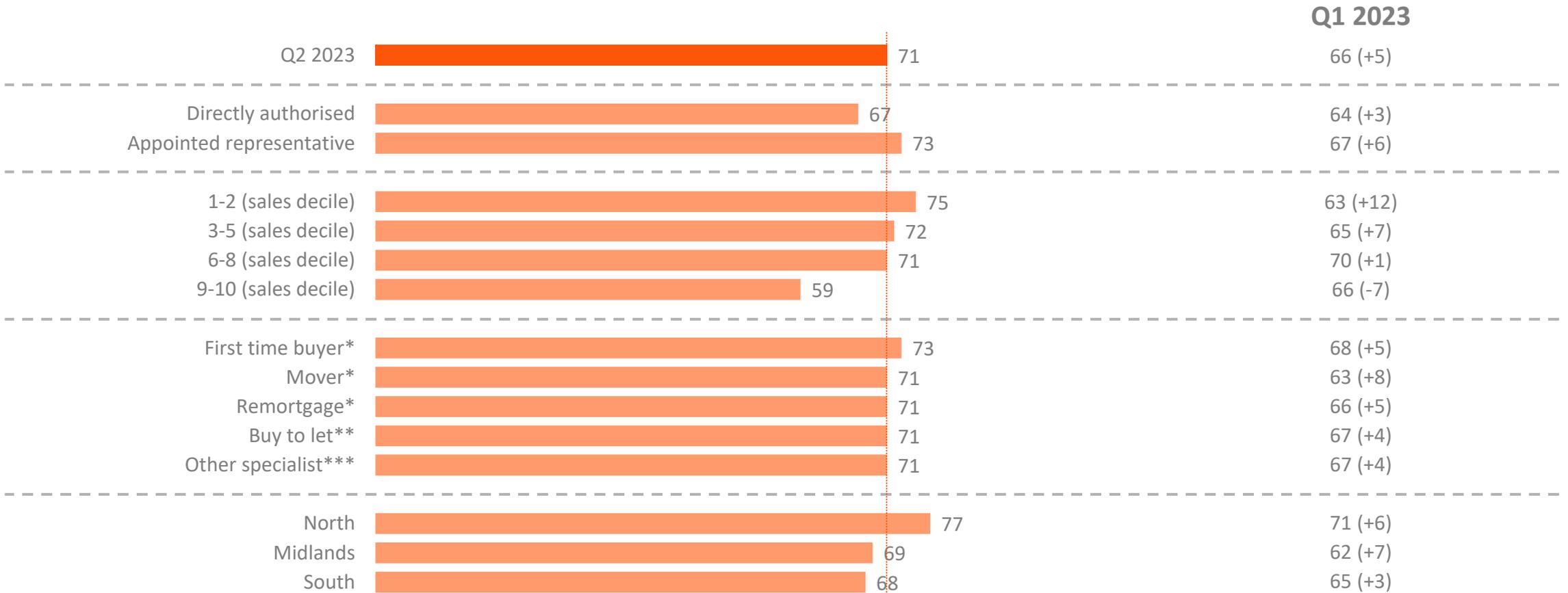


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?

Base: All Q2 respondents (301)

Offers resulting in a completion (%) – By business

The conversion to completions increases in almost every segment, with the exception of the 9-10 sales decile (-7).



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All Q2 respondents (301)

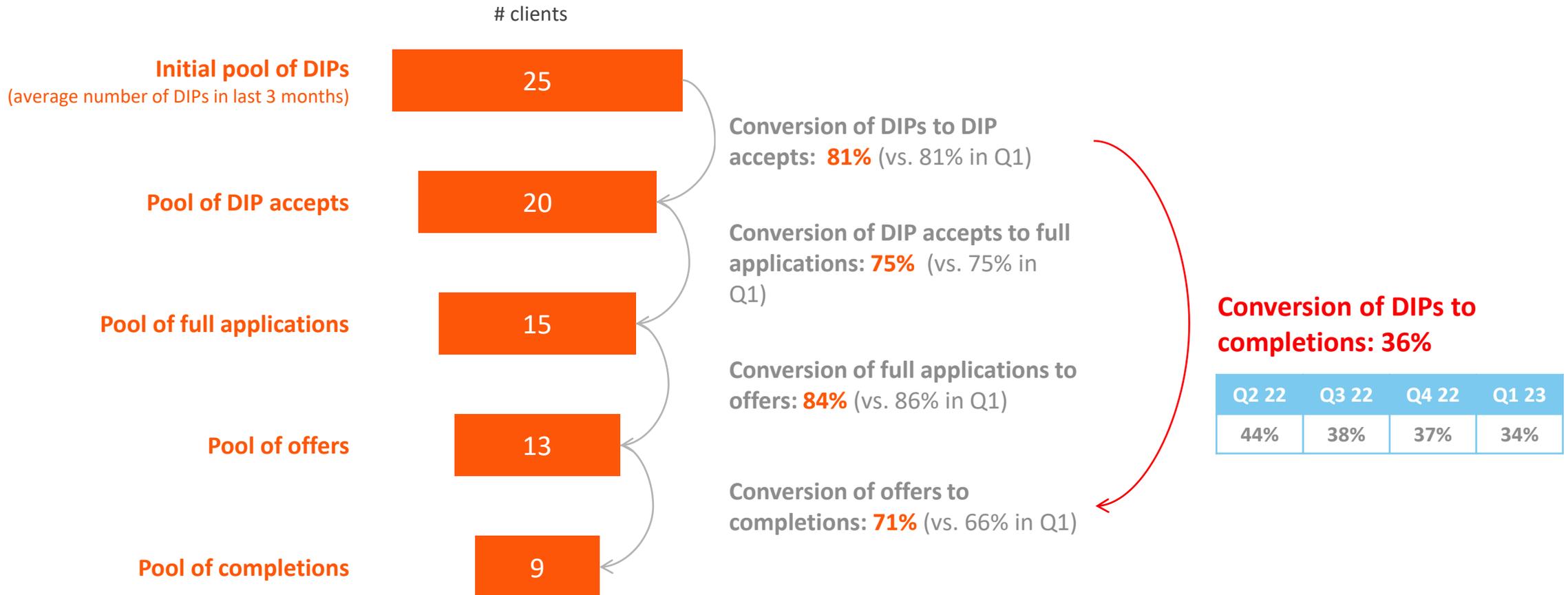
* At least 4 out of every 10 residential mortgages placed

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*** Any mortgages placed

Conversion from DIP to completion

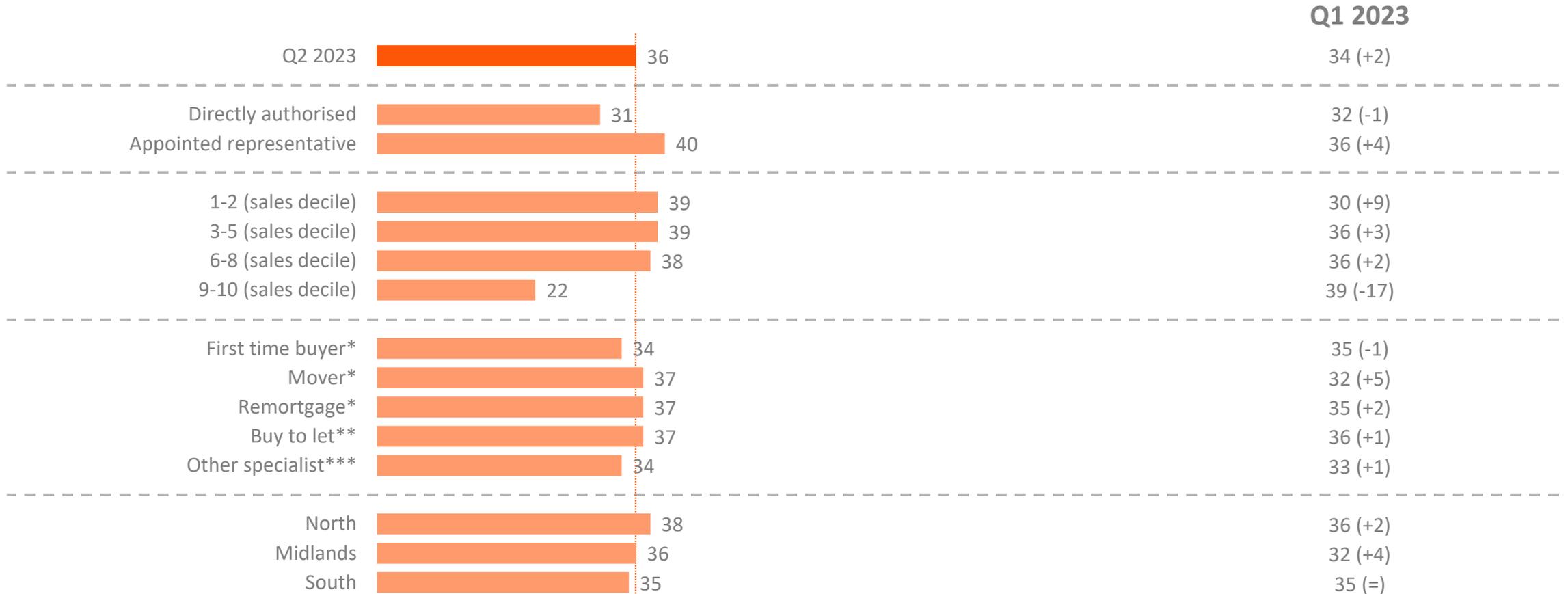
Conversion from DIP to completion is no longer on the decline, but is now stabilised at 36%.



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 Q2 respondents (301)

Conversion from DIP to completion – By business

The overall conversion rate is slightly up (+2), broadly consistent across all segments – again with the exception of the 9-10 sales decile (-17). Highest increases are for the 1-2 sales decile (+9), Movers focused brokers (+5), in the Midlands (+4) and for ARs (+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 Q2 respondents (301)

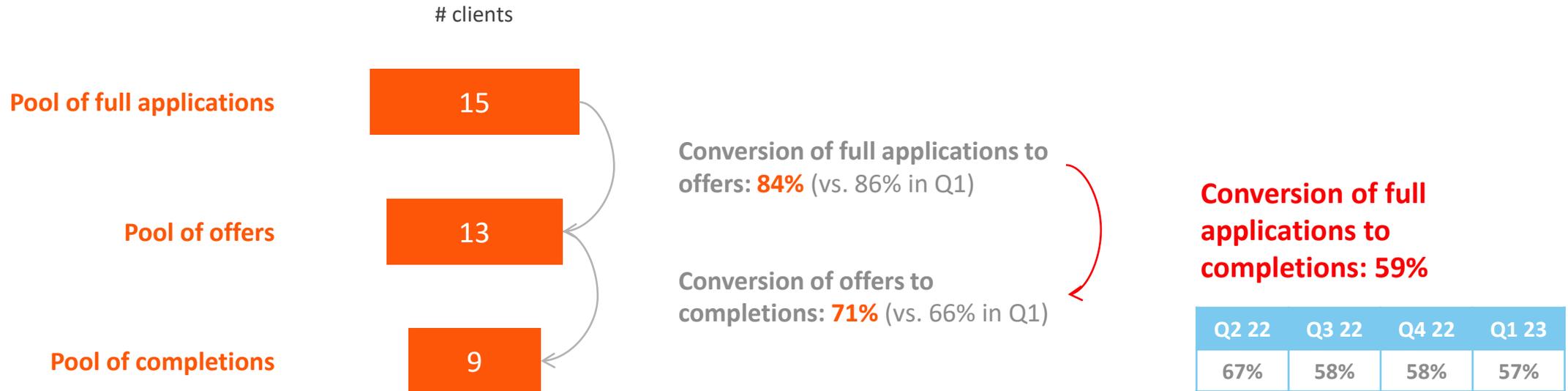
* At least 4 out of every 10 residential mortgages placed

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Conversion from full application to completion

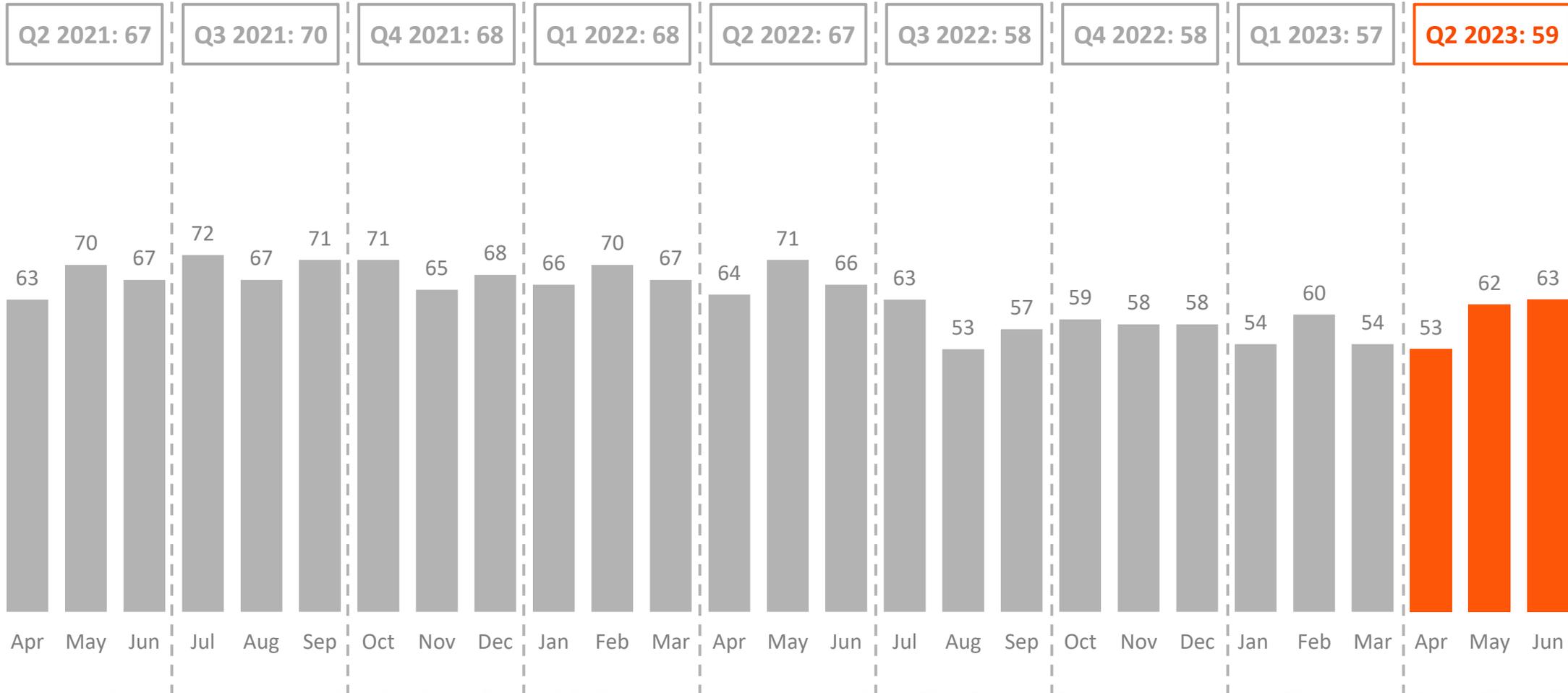
Similarly to DIP to completion conversion, slightly more full apps are going through to conversion, an increase of +2% vs. last quarter.



QH1. In the last 3 months, approximately how many DIPs have you dealt with personally?
QH2. 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 Q2 respondents (301)

Conversion from full application to completion (%)

The conversion rate from full application to completion is slightly higher (+2) at 59.



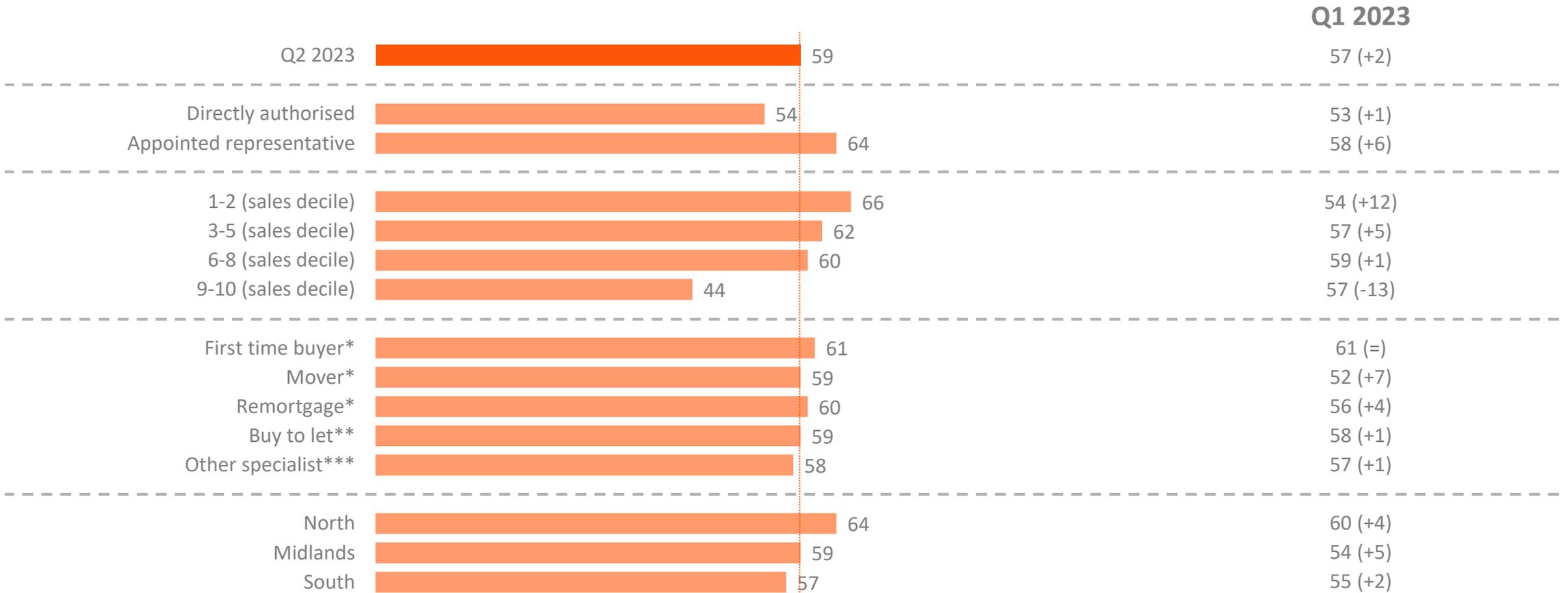
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All Q2 respondents (301)

Conversion from full application to completion – By business

The increase is mostly driven by the 1-2 sales decile (+12), ARs (+6), Movers focused brokers (+7) and brokers from the Midlands (+5).



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 Q2 respondents (301)

* 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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