



# IMLA Mortgage Market Tracker Index Q3 2017

Prepared for the Intermediary Mortgage  
Lenders Association (IMLA)

October 2017



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# 1

## Background & methodology

# Background & methodology



The Intermediary Mortgage Lenders Association (IMLA) launched the new Mortgage Market Tracker in November 2015. The Tracker uses data provided by BDRC Continental's Project Mercury. Project Mercury is a continuous monitor of intermediary lender marketing effectiveness and broker sentiment, launched in 2007.

Existing 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 **Q3 2017**.

## WHO?

**Mortgage Intermediaries** – advise customers on which lender to use, 24+ mortgages pa, not tied wholly to one lender, GB based. Sample sourced from Matrix Solutions (data provider)

## 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 Matrix Solutions universe profile

# Updated business flow

The business flow question set was updated in **Q2 2017**. This is the second quarter for which we have data for the new business flow tracking **Decision In Principle (DIP) to completion**.

## Previous business flow (pre Q2 2017)

1. Number of enquiries
2. Enquiries resulting in an AIP
3. AIP resulting in a full application
4. Full application resulting in an offer
5. Offers resulting in a completion

## New business flow (from Q2 2017)

1. Number of DIPs
2. DIPs resulting in a DIP accept
3. DIP accepts resulting in a full application
4. Full application resulting in an offer
5. Offers resulting in a completion

# 2

## Executive summary

# Executive summary

1.

Intermediary confidence remained strong this quarter with slight uplifts in the proportion very confident in the outlook for their 'own business' and the 'mortgage industry'.

2.

High levels of confidence were driven by perceived strengths of the business as well as high client demand. Meanwhile those feeling less confident, worried about continued uncertainties in the market and wider economy.

3.

51% of DIPs resulted in a completion in Q3 (vs. 47% in Q2). This slight increase in overall conversion was driven by an increase in the proportion of offers resulting in a completion.

4.

Focussing in more closely, 76% of full applications resulted in a completion, up from 71% in Q2. Conversion from full application to completion was highest among those dealing with remortgage cases, at 78%.

# 2

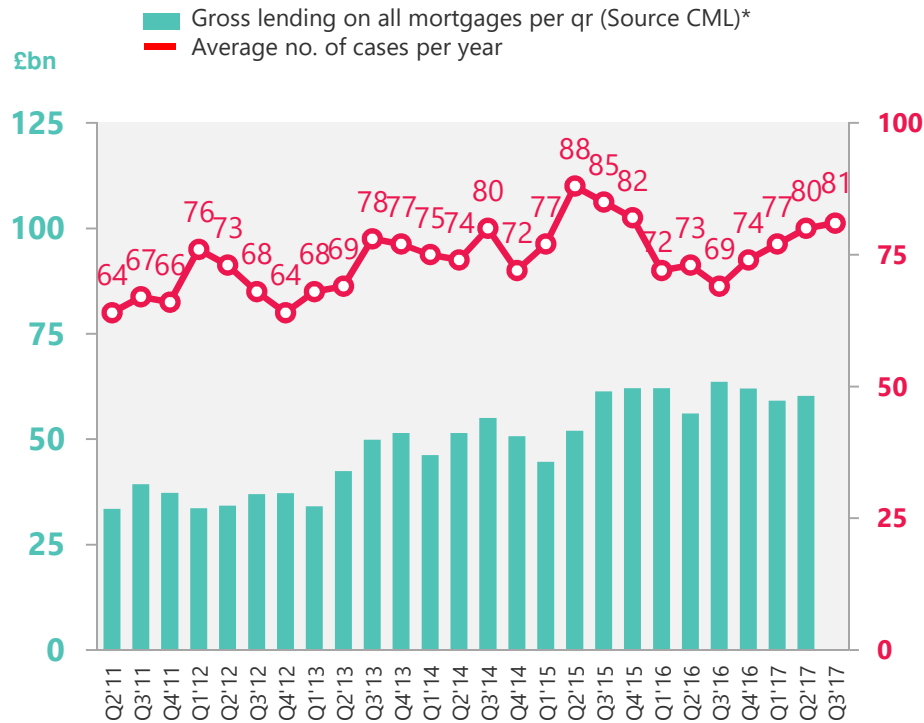
## Business volumes and confidence



# Claimed volumes of mortgage cases, per year

Over the past year the average claimed intermediary case load has steadily increased reaching 81 cases per year. Q3 saw a slight uplift in the volume of re-mortgage cases.

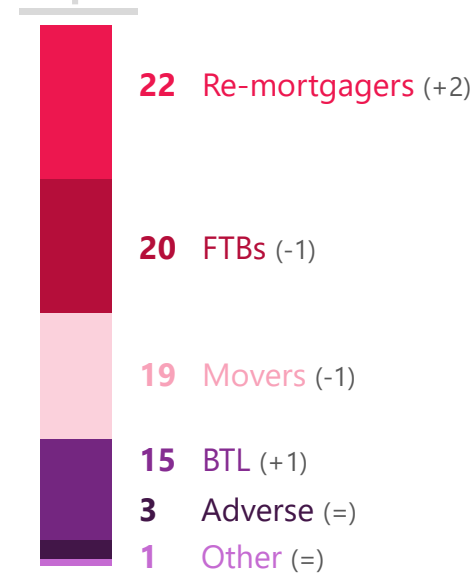
## All mortgages



\*Latest CML data not available until November

## Average no. of cases (claimed)

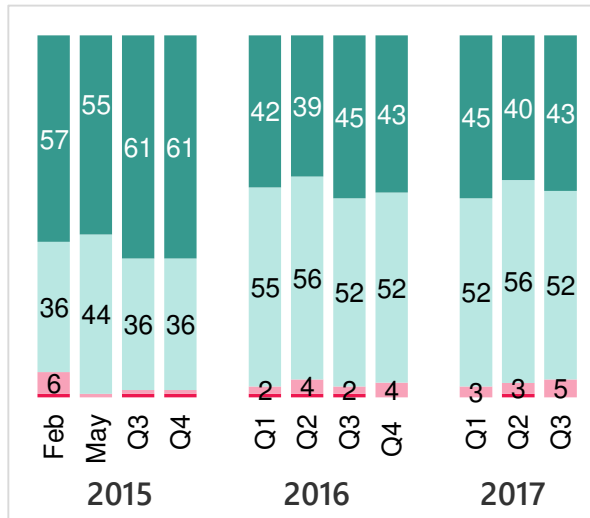
**81** cases per year



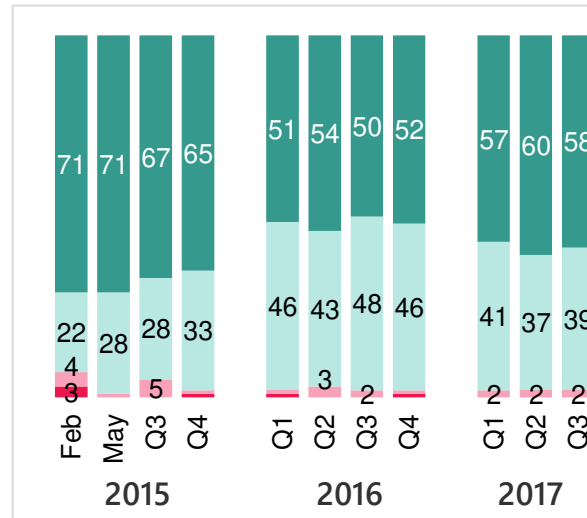
# Confidence in business outlook...

The proportion of intermediaries very confident in the outlook for the industry and their own business has edged back up this quarter following a slight decline in Q2.

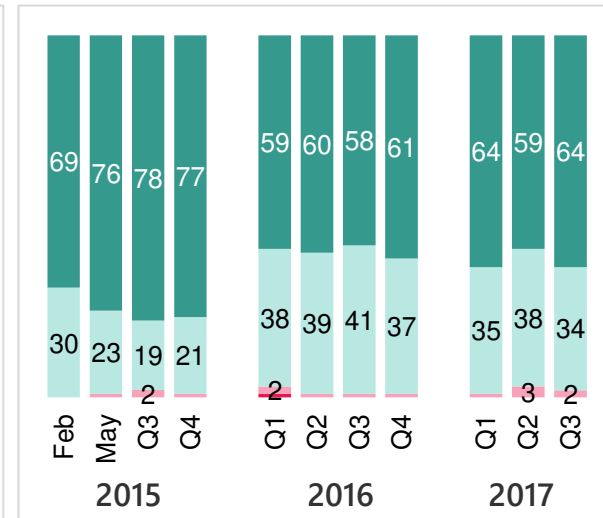
...for mortgage industry



...for intermediary sector



...for own business

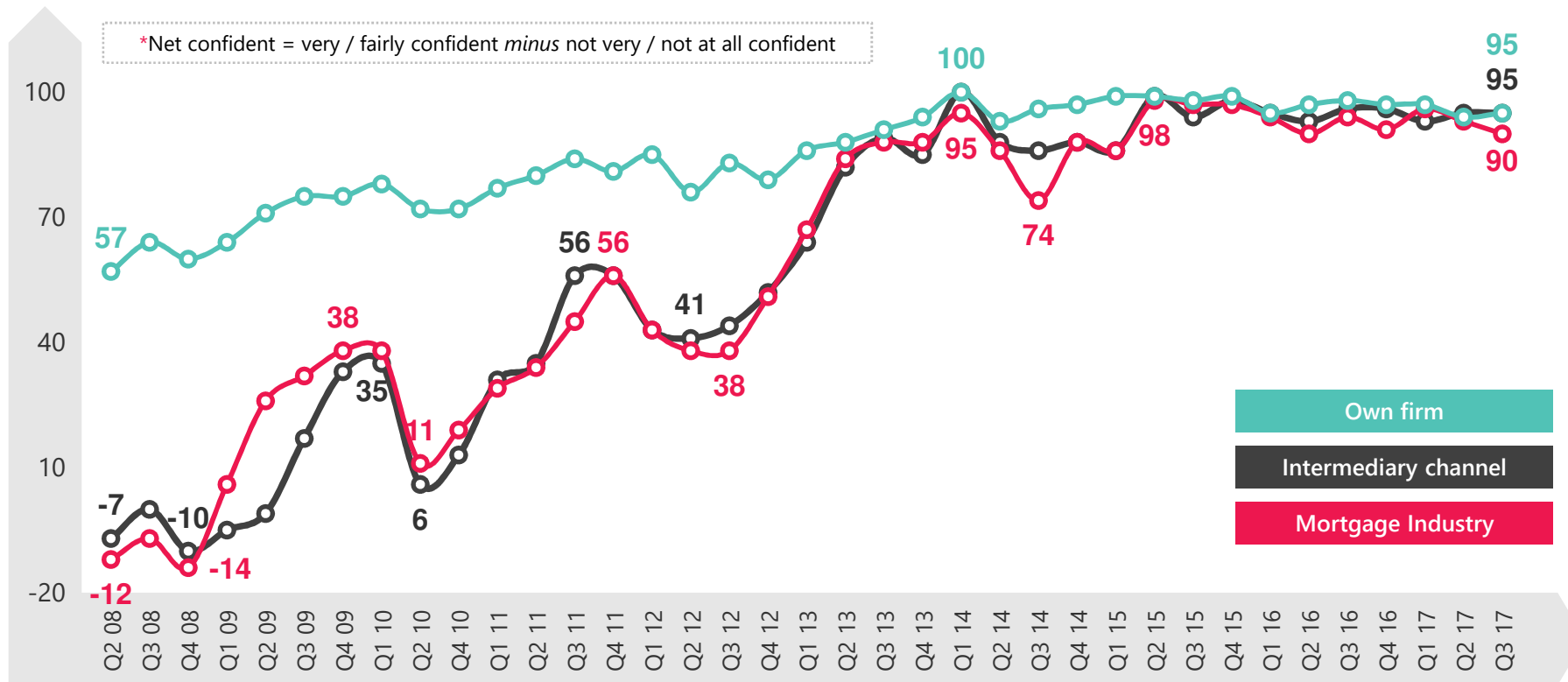


- Very confident
- Fairly confident
- Not very confident
- Not at all confident

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

# Net\* intermediary confidence trends

Net confidence levels remain high this quarter. Net confidence in the mortgage industry is down slightly driven by a higher proportion not very 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 (300)

## Q3 2017: Reasons for felt level of confidence

Confidence in their own firm is linked to qualities of the business and strong levels of demand. Those less confident have concerns about uncertainties in the market.

		Very confident	Fairly/ not confident
<b>Qualities of business</b>	We are experienced, large, have good staff, good client relationships, are diversified or operate in a niche market, operate in good areas	✓✓✓	✓✓✓
<b>Business is strong</b>	More demand / enquiries / referrals	✓✓✓	✓✓✓
<b>More demand for intermediaries</b>	More need for advice, tailoring circumstances	✓✓	✓
<b>Buoyant mortgage market</b>	General increase in demand for property and mortgages, confidence in mortgage market	✓✓	✓✓
<b>Uncertainty</b>	Concerns about the impacts of Brexit		✓✓
<b>Better market backdrop</b>	Economy is stronger, outlook for interest rates	✓	
<b>Mortgage market regulations</b>	Concerns about existing and new regulations		✓
<b>More lender support</b>	More keen to lend/ do business	✓	
<b>Slowdown in the market</b>	General slowdown/ BTL slowdown		✓

# Reasons for felt level of confidence in own business

## Qualities of business

*The company has been going a long time and I have been doing business in the long term so we have a really good client base I look after four estate agencies and also get referrals from friends and family.*  
**(Very Confident)**

## Business is strong

*I am snowed under with new business. I am doing a lot with re-mortgagers at the moment.*  
**(Very Confident)**

## More demand for intermediaries

*There is always a need for independent advice and it is becoming more popular; people need us for more complex issues.*  
**(Very Confident)**

## Buoyant mortgage market

*Property seems to be moving, mortgages are slightly easier to obtain than previously.*  
**(Very Confident)**

## Uncertainty

*Because of the changes that are continually happening in the mortgage market and with Brexit looming, there is a lot of uncertainty in the market.*  
**(Fairly Confident)**

## Better market backdrop

*Well because the market has picked up, the interest rate remaining low allows people to buy and sell.*  
**(Very Confident)**

## Mortgage market regulations

*In another 20 years I do not think there will be small independent like myself - the regulators are making it more difficult - the big IFA's do not want to do them as there is not enough money in it.*  
**(Fairly Confident)**

## More lender support

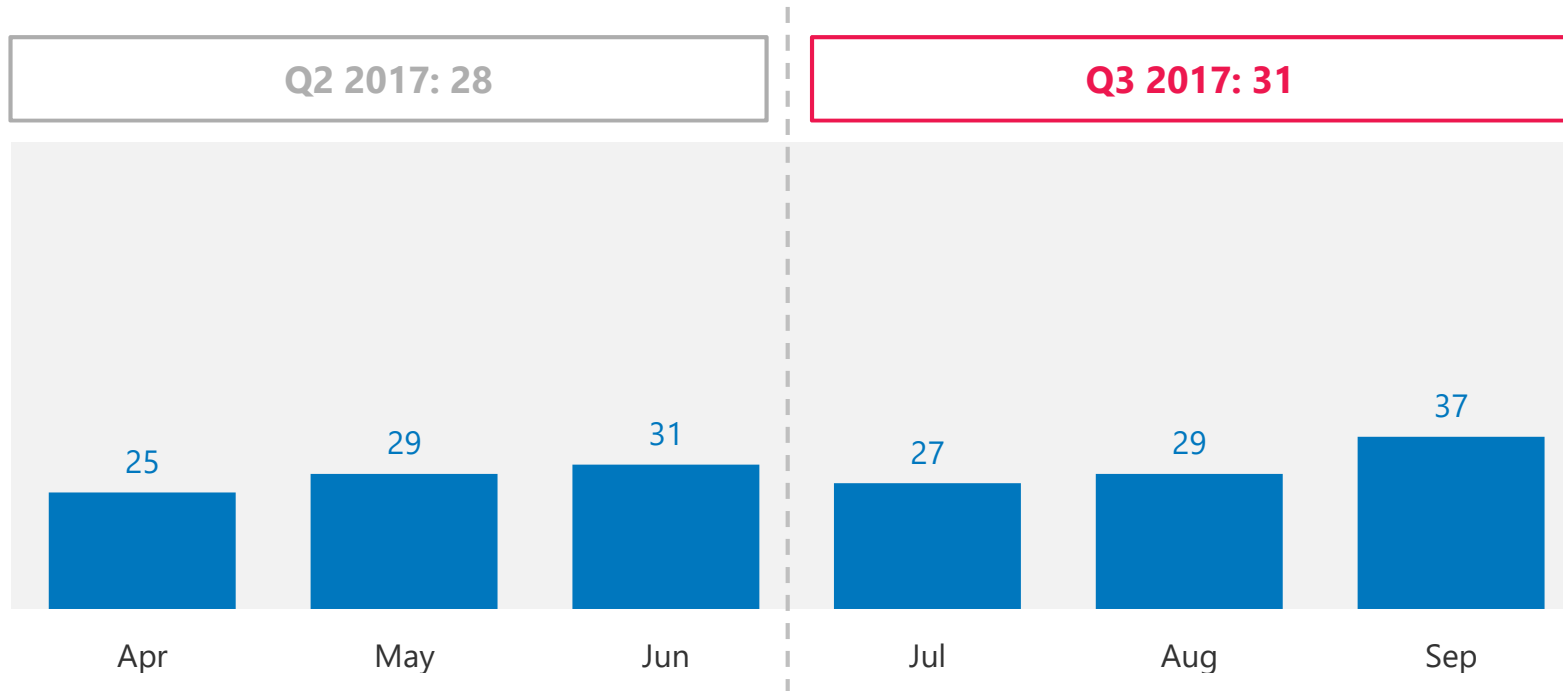
*Because products are sourcing well, there are some strong brands, and we get exclusives' from some of the lenders.*  
**(Very Confident)**

# 3

## Business flow

# Average number of DIPs in last 3 months

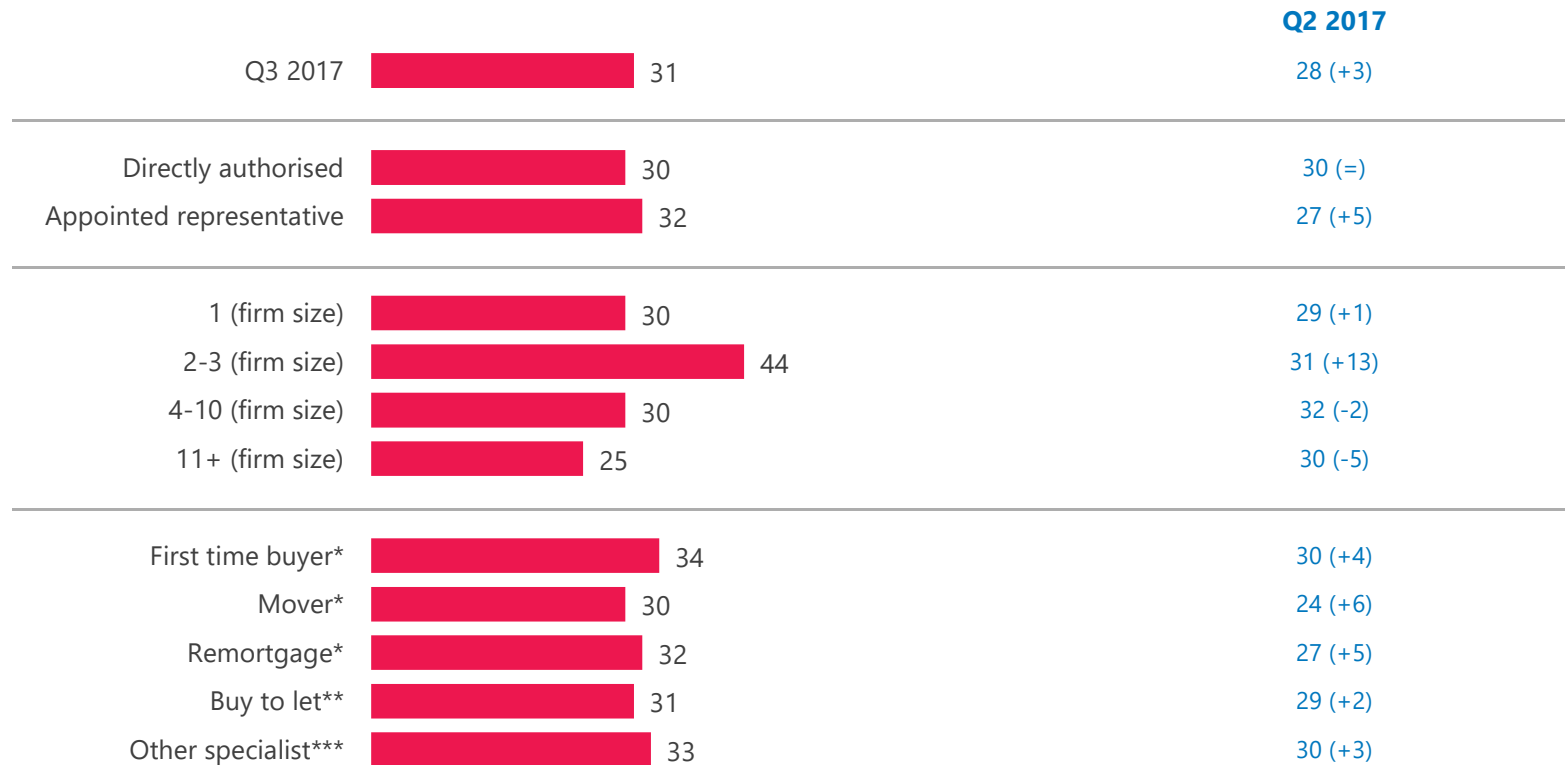
The average number of DIPs has increased in Q3, driven by particularly strong levels in September.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
Base: All Q3 respondents (300)

# Average number of DIPs – By business

The average number of DIPs has increased across all types of mortgage. The increase is more pronounced in mid-sized firms.



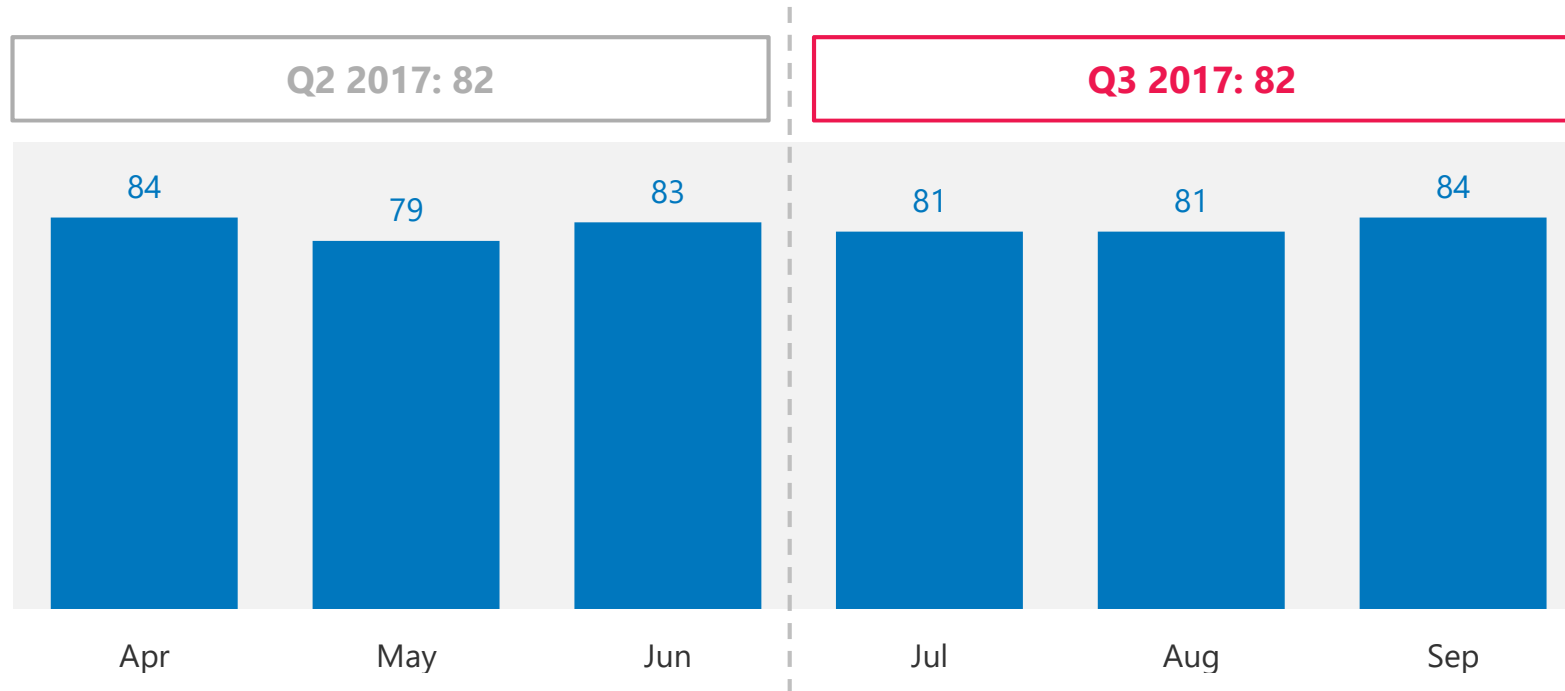
QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
Base: All Q3 respondents (300)

\* At least 4 out of every 10 mainstream mortgages placed  
\*\* At least 8 out of every 10 specialist mortgages placed  
\*\*\* Any mortgages placed



## DIPs resulting in a DIP accept (%)

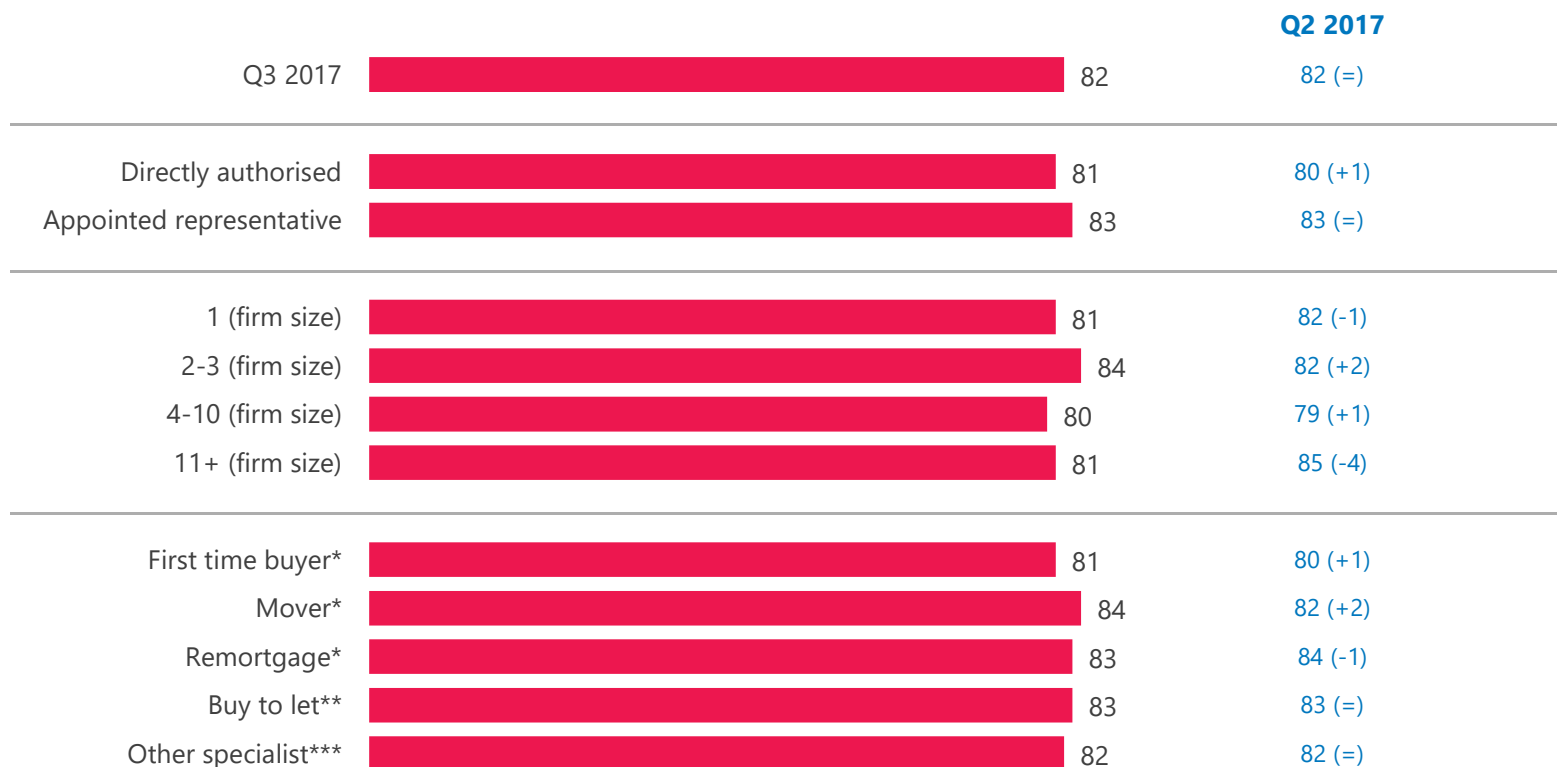
Just over 8 in 10 DIPs resulted in a DIP accept in the last 3 months, consistent with Q2 levels.



QH2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
Base: All Q3 respondents (300)

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

The proportion of DIPs resulting in a DIP accept was highest among those dealing with mover cases, and lower among those dealing with first time buyer cases.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
Base: All Q3 respondents (300)

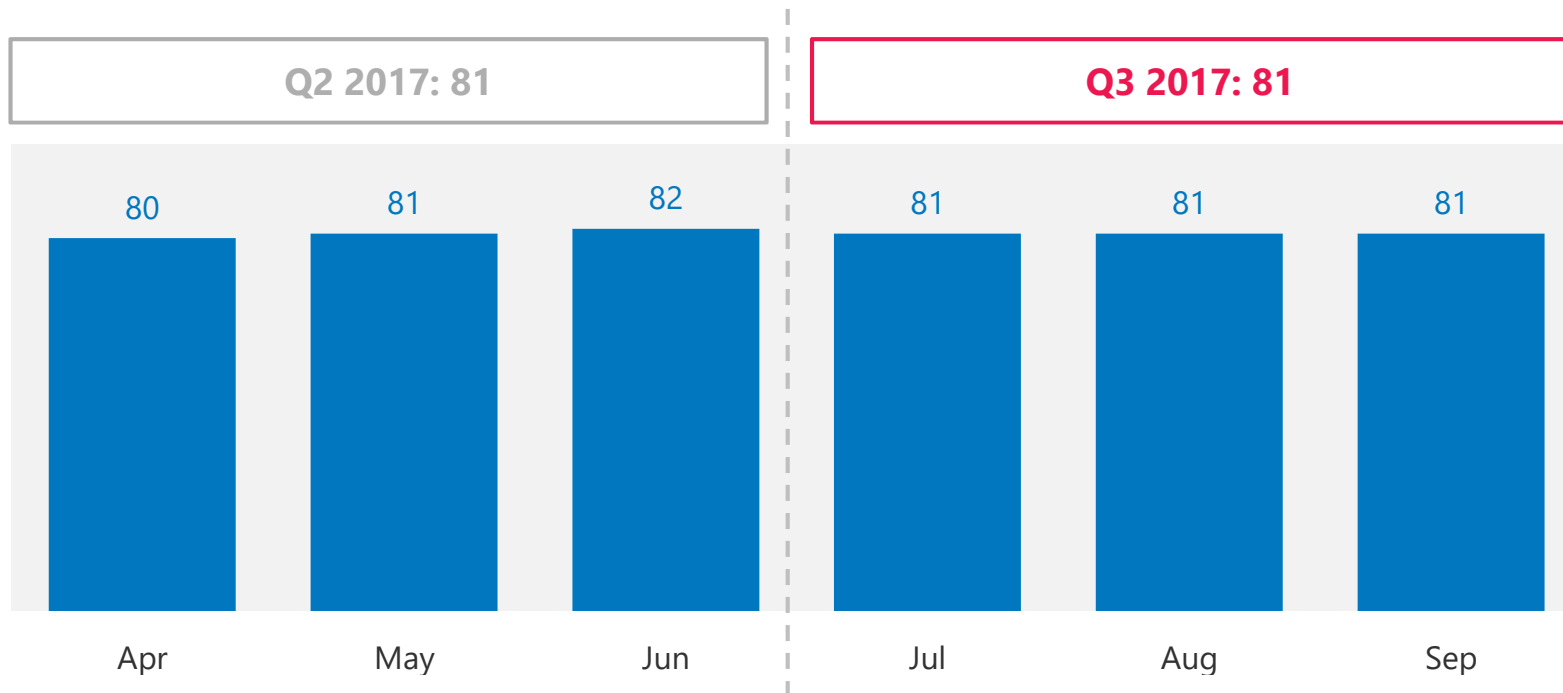
\* At least 4 out of every 10 mainstream mortgages placed

\*\* At least 8 out of every 10 specialist mortgages placed

\*\*\* Any mortgages placed

# DIP accepts resulting in a full application (%)

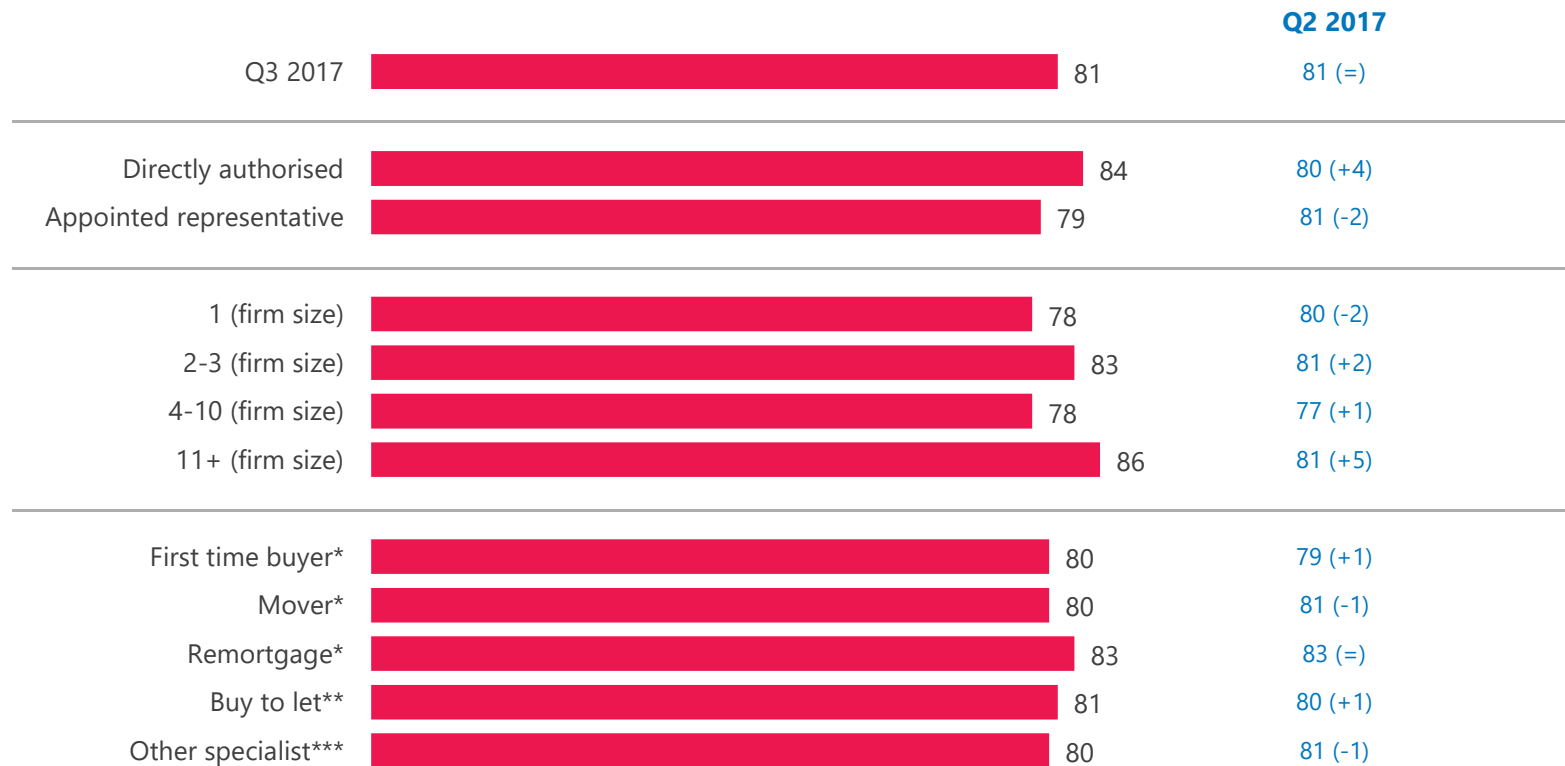
Around 8 in 10 DIP accepts resulted in a full mortgage application in Q3, consistent with Q2 levels.



QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
Base: All Q3 respondents (300)

# DIP accept resulting in a full app (%) – By business

The proportion of DIP accepts resulting in a full application remains higher among those dealing with remortgage cases.



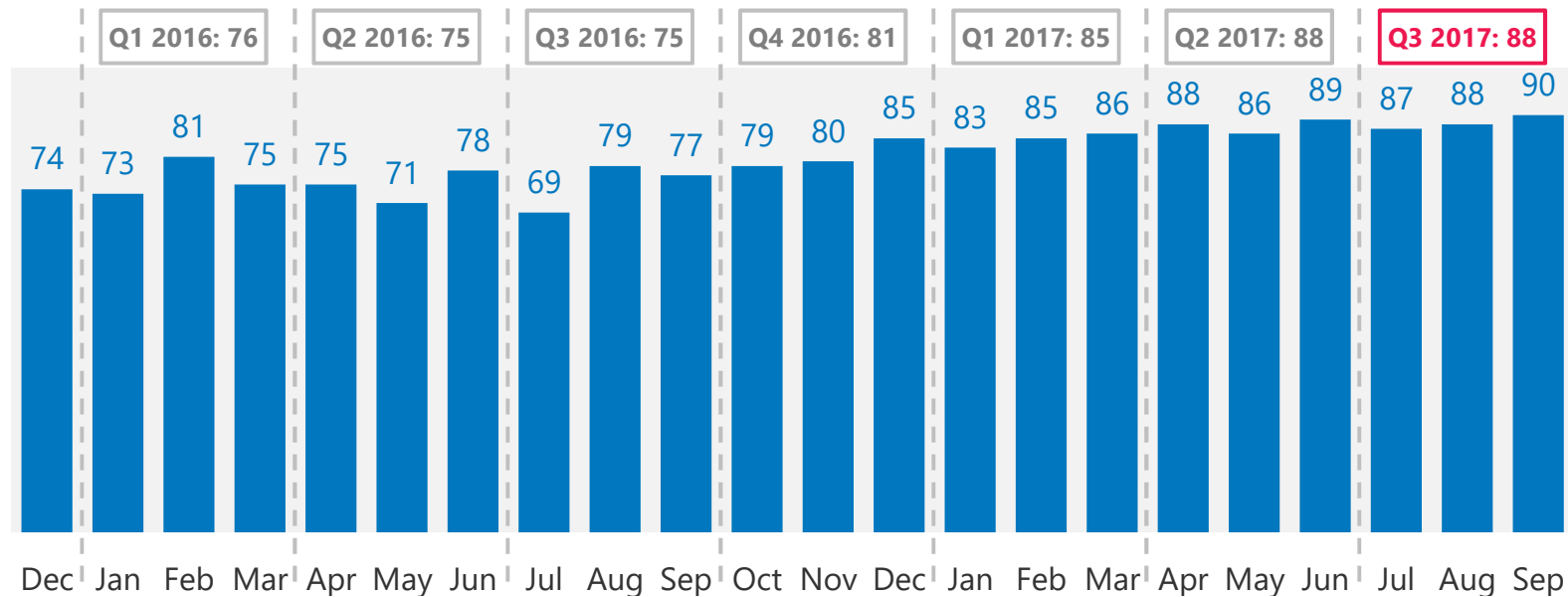
QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
Base: All Q3 respondents (300)

\* At least 4 out of every 10 mainstream mortgages placed  
\*\* At least 8 out of every 10 specialist mortgages placed  
\*\*\* Any mortgages placed



# Full applications resulting in an offer (%)

88% of full applications resulted in an offer in Q3, in line with Q2 levels. The conversion rate increased over the quarter reaching the highest level to date in September.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
Base: All Q3 respondents (300)

# Full applications to offer (%) – By business

The proportion of full applications resulting in an offer was high across those dealing with all types of mortgages.

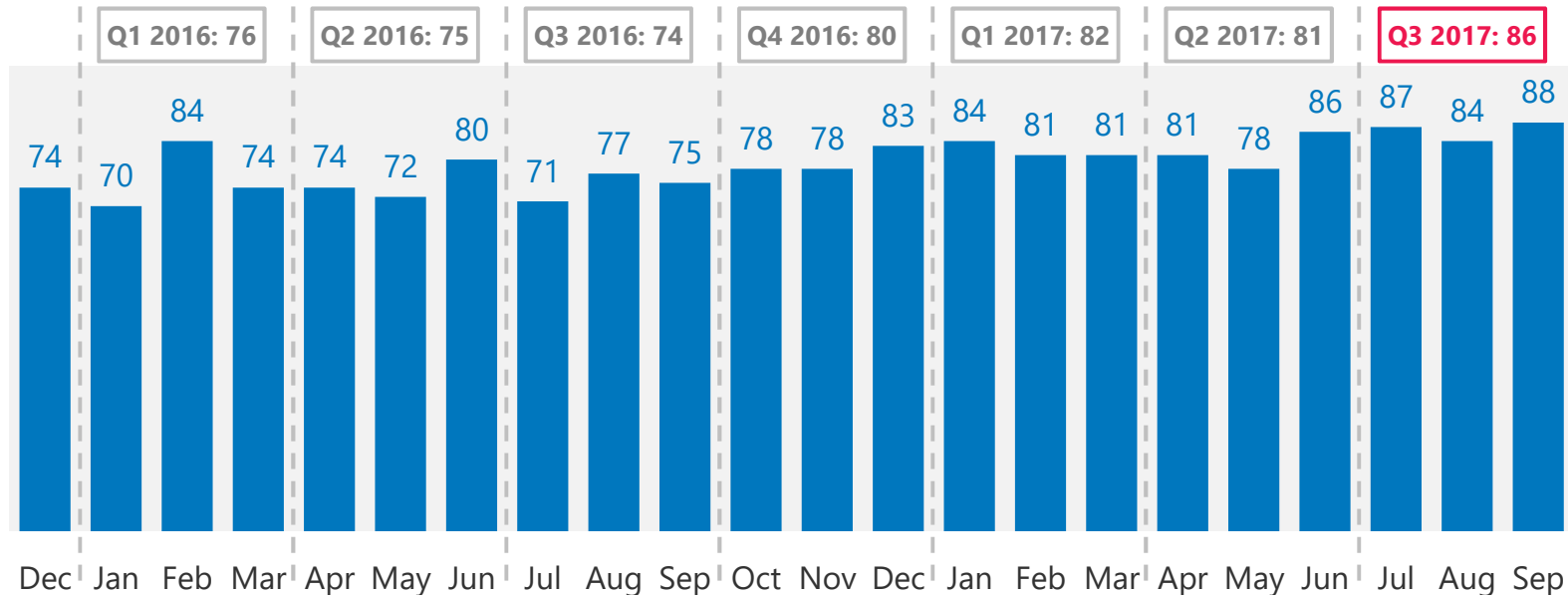


QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
Base: All Q3 respondents (300)

\* At least 4 out of every 10 mainstream mortgages placed  
\*\* At least 8 out of every 10 specialist mortgages placed  
\*\*\* Any mortgages placed

# Offers resulting in a completion (%)

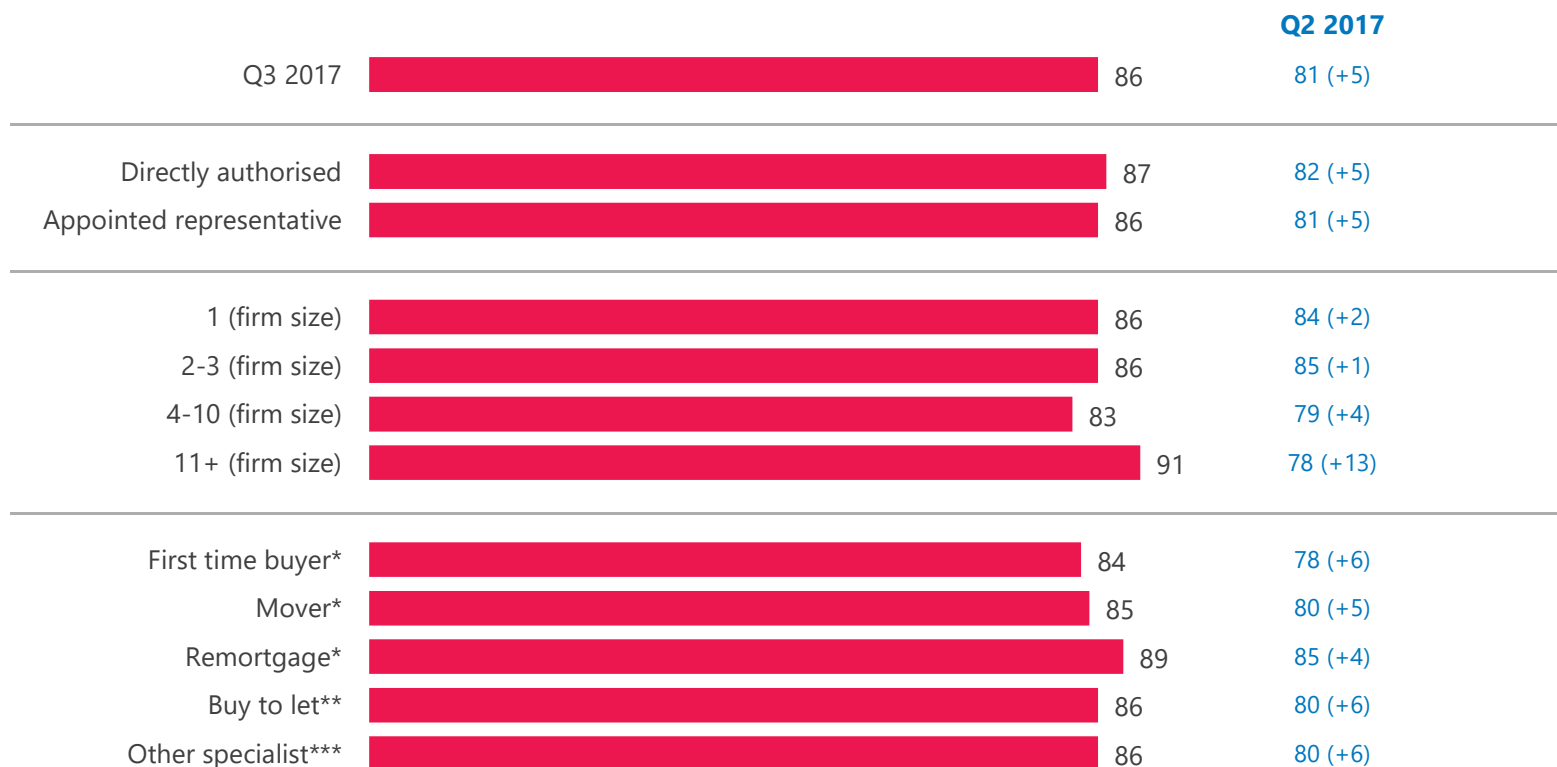
The proportion of offers resulting in a completion increased to 86% in Q3, the highest level to date.



QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
Base: All Q3 respondents (300)

# Offers resulting in a completion (%) – By business

The proportion of mortgage offers resulting in a completion was highest among those dealing with remortgage cases.



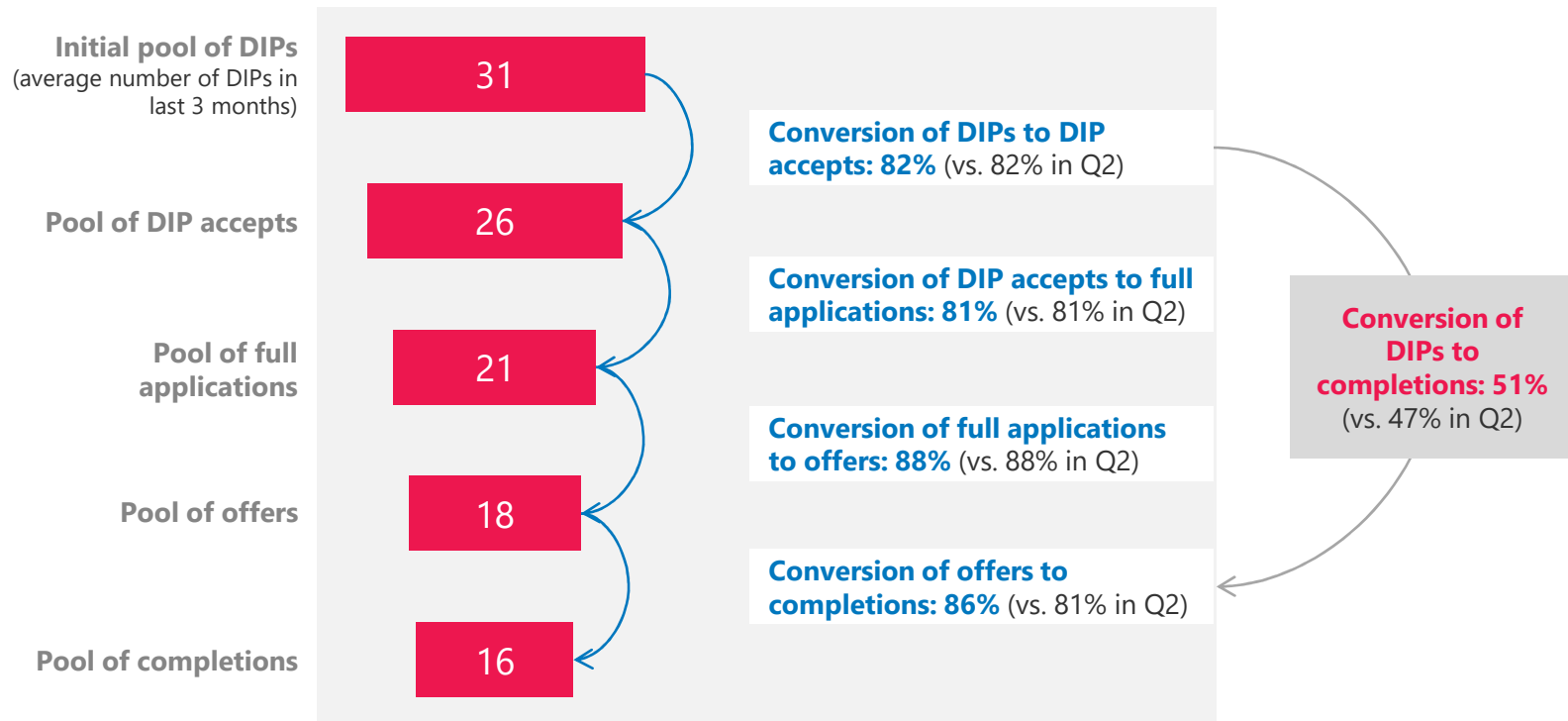
QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
Base: All Q3 respondents (300)

\* At least 4 out of every 10 mainstream mortgages placed  
\*\* At least 8 out of every 10 specialist mortgages placed  
\*\*\* Any mortgages placed



# Conversion from DIP to completion

Approximately half of all DIPS resulted in a completion in Q3. Drop out was highest over the first two stages, with fewer dropping out after full application.



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?

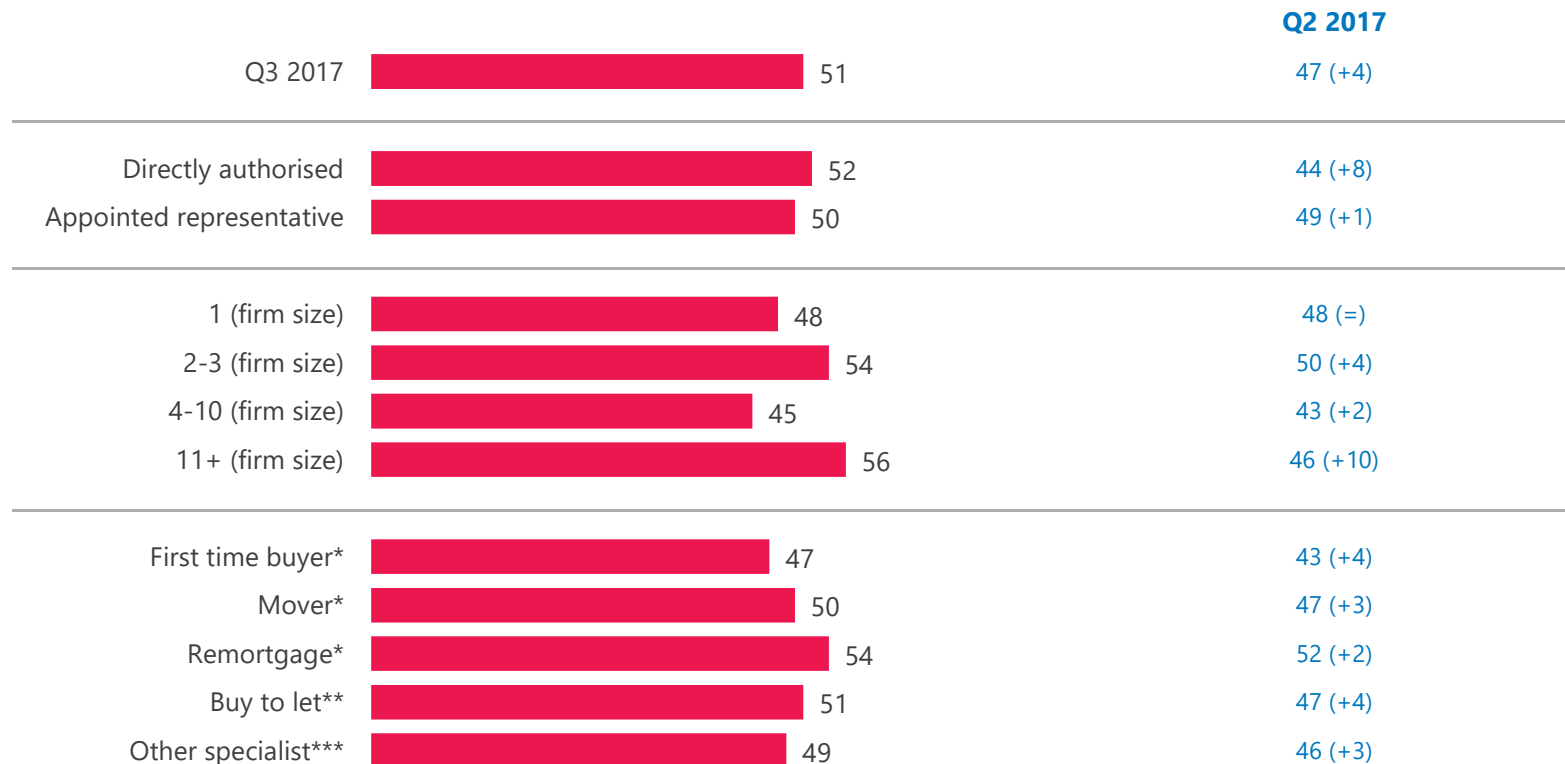
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All Q3 respondents (300)

# Conversion from DIP to completion by business

Conversion from DIP to completion was highest among those dealing with remortgage cases, and lowest among those dealing with first time buyer cases.



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 Q3 respondents (300)

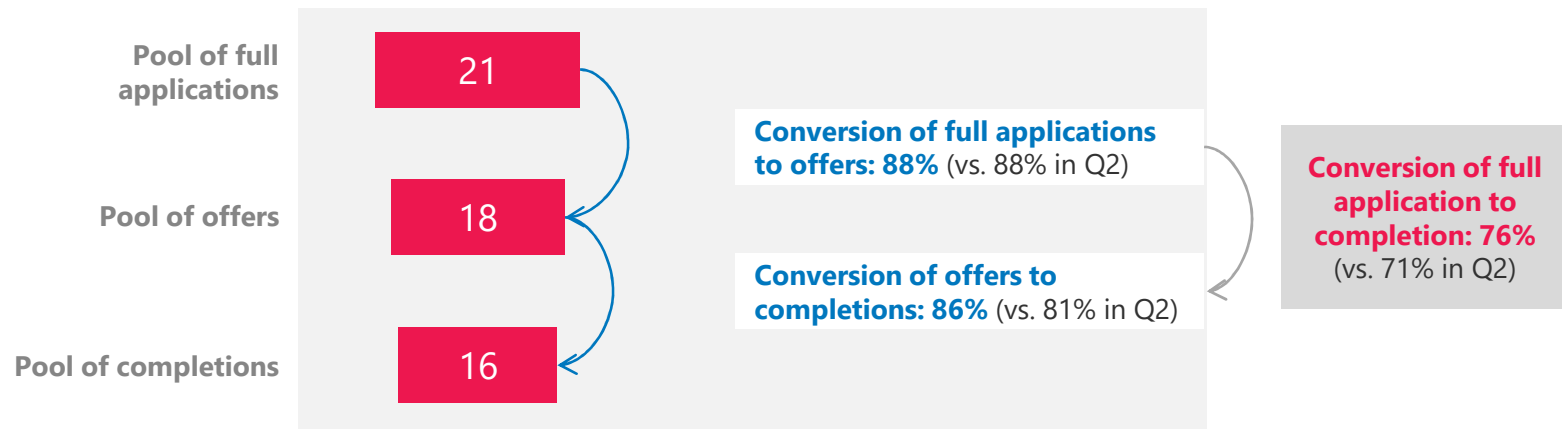
\* At least 4 out of every 10 mainstream mortgages placed

\*\* At least 8 out of every 10 specialist mortgages placed

\*\*\* Any mortgages placed

# Conversion from full application to completion

Approximately three-quarters of full applications resulted in a completion in Q3, up slightly on Q2 levels.



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?

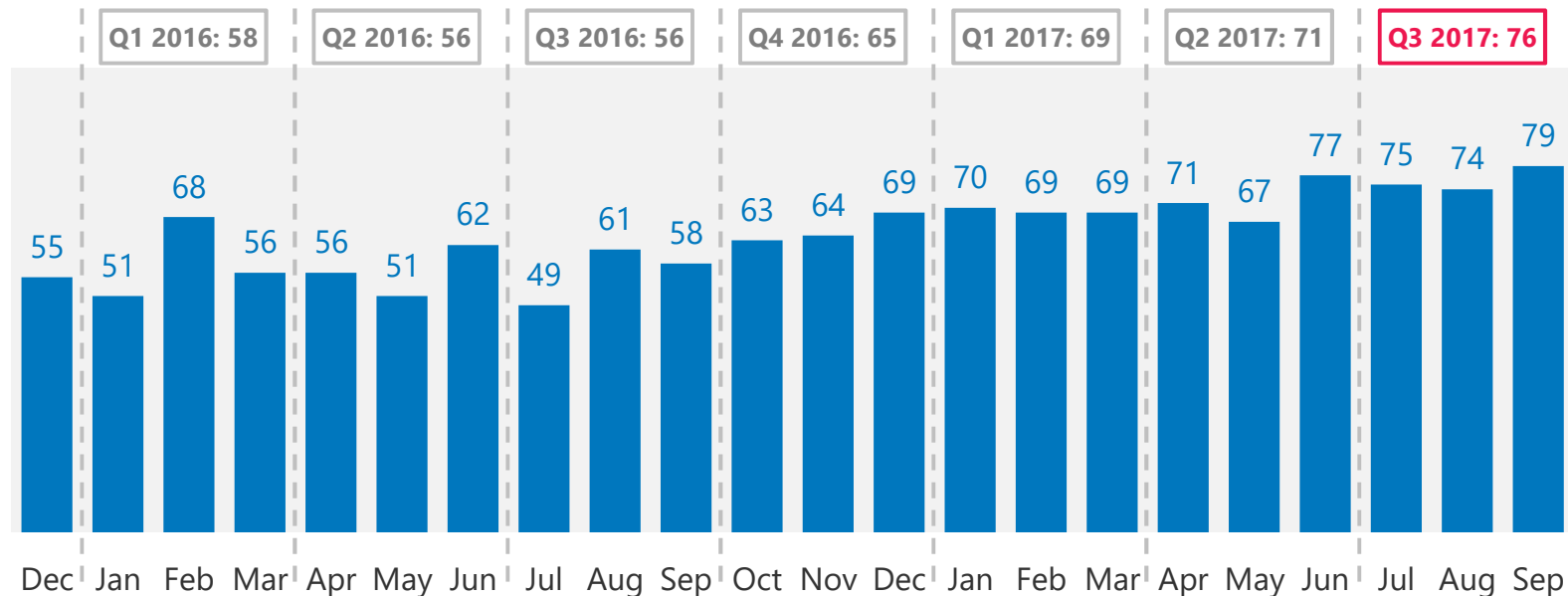
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All Q2 respondents (300)

# Conversion from full application to completion (%)

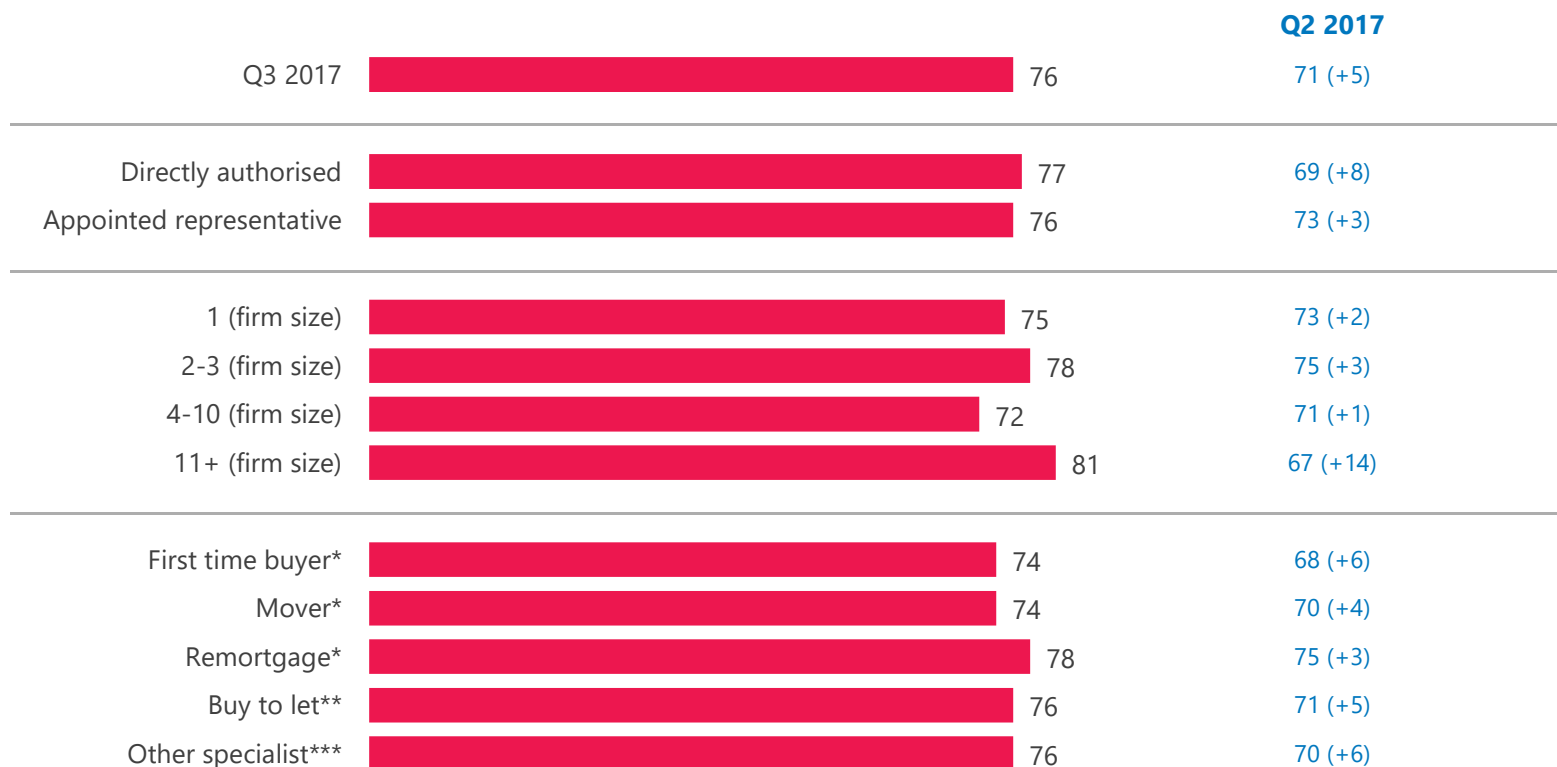
Conversion from full application to completion continued on its upward trajectory this quarter reaching 76%.



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 Q3 respondents (300)

# Conversion from full app to completion by business

Conversion from full application to completion was highest among those dealing with remortgage cases.





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 (300)


\* At least 4 out of every 10 mainstream mortgages placed  
 \*\* At least 8 out of every 10 specialist mortgages placed  
 \*\*\* Any mortgages placed

# | Any questions


**Mark Long, Director**


 +44 (0) 20 7400 1016

 +44 (0) 7966 454 958

 mark.long@bdrc-continental.com

**Sam Burton, Associate Director**

 +44 (0) 20 7400 0396

 sam.burton@bdrc-continental.com