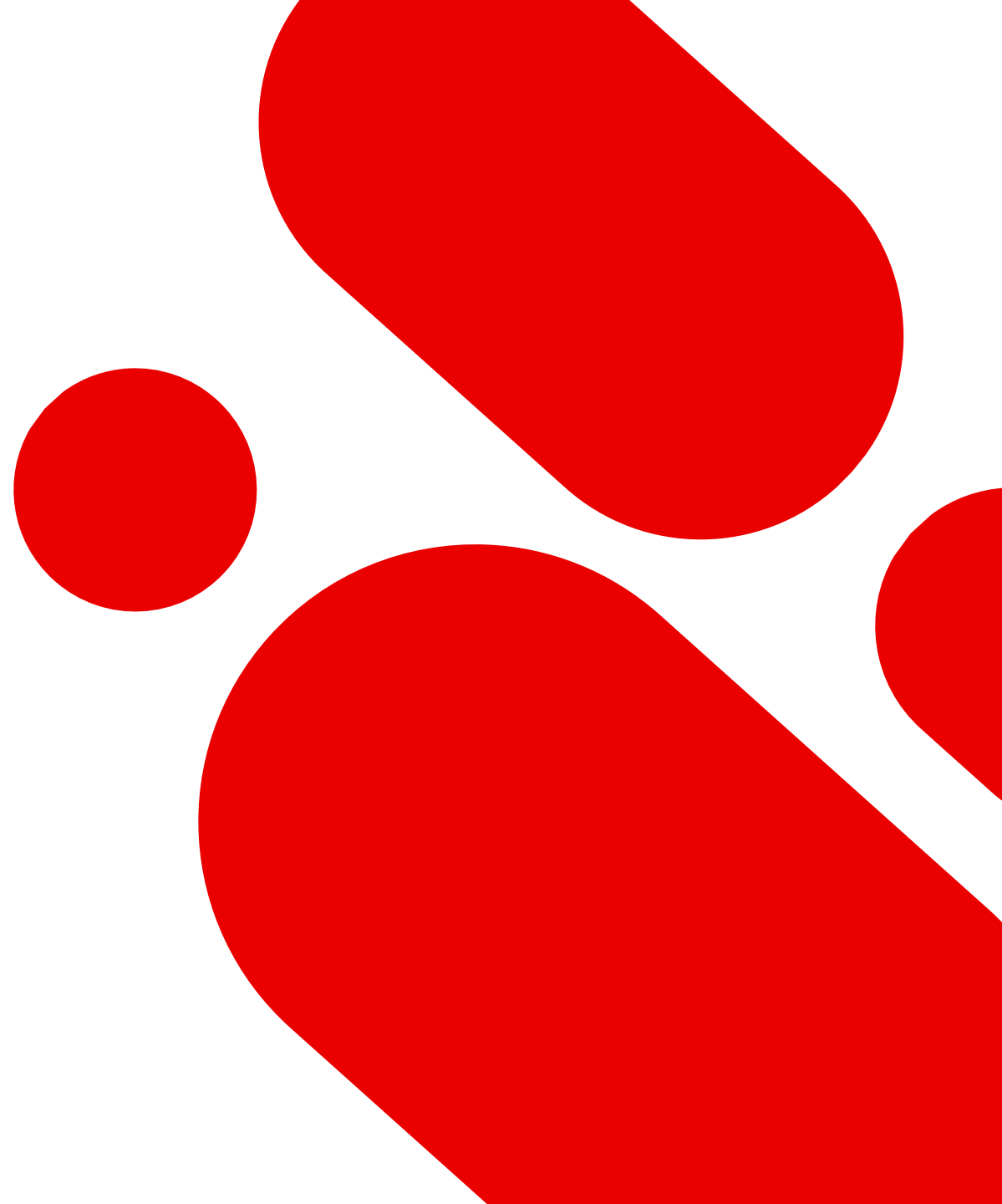




Intermediary Mortgage Market Tracker Q2 2024

Prepared for the Intermediary Mortgage Lenders
Association (IMLA)



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01

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 2024 (fieldwork conducted in June 2024).



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?

Quarterly telephone interviews (last month of the quarter) average interview c.30 minutes. Fieldwork by PRS (our sister company)



How many?

Total of 100. Achieved sample weighted by firm size, region & type to be representative of the Autus universe



02

EXECUTIVE SUMMARY

Q1 2024 Executive summary



The typical intermediary placed 96 cases in the previous 12 months - this reflects a +4 increase vs. last quarter. BoE lending data still shows a subdued market, but with some lift in Q2



Intermediary confidence completes its recovery, and is now in line long term norms. 'Mortgage industry' is up by +14, 'Intermediary sector' by +10, and 'own firm' (which already had the highest score) improves by +6



The average number of DIPs dealt increases in Q2 by +10, now at 33. However conversion from DIP to completion sees a fall of -6% to 36%.



App to completion conversion is stable this quarter. It yields a typical pool of 12 client completions.

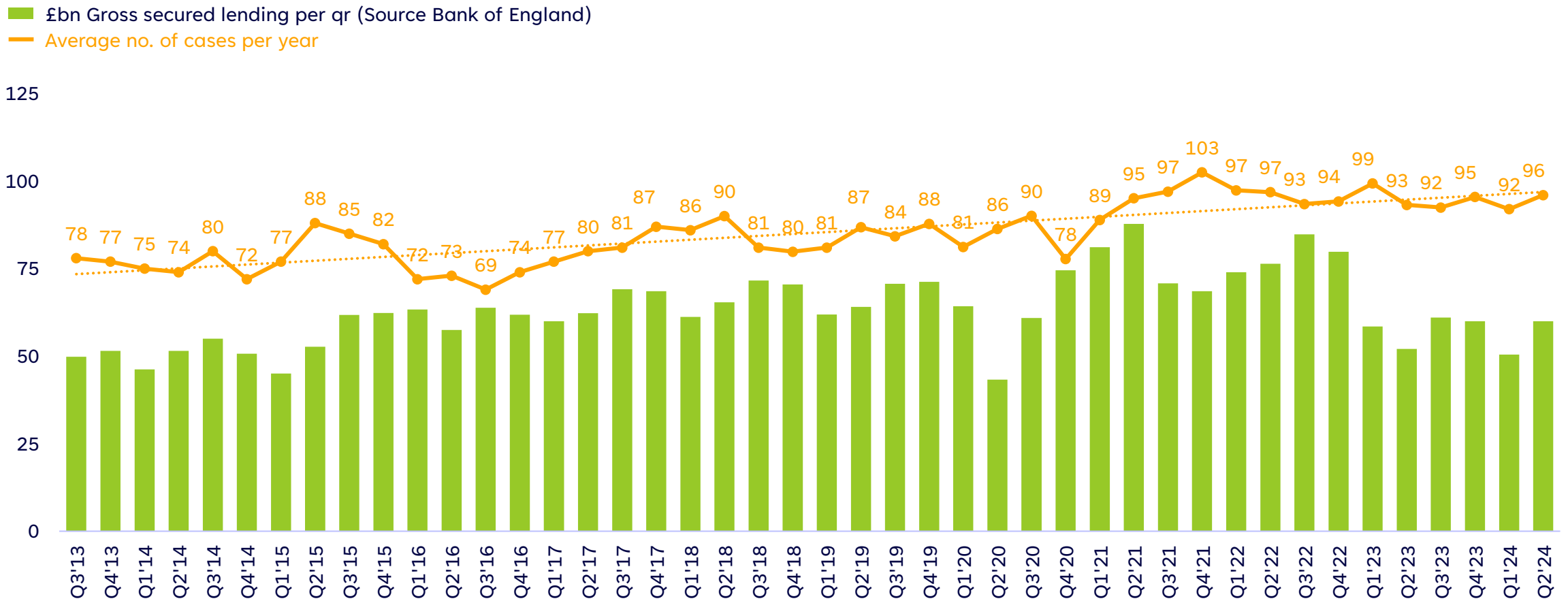


03

BUSINESS VOLUMES AND CONFIDENCE

Claimed volume of mortgage cases, per year and gross lending

Business levels are broadly being maintained. The average claimed number of mortgages placed per year by intermediaries was up slightly to 96 in Q2 24 (from 92 in Q1), with a median of 75 (up from 70). The average for mortgage brokers is 102 cases (+6), for IFAs 67 (-2). BoE data still shows a subdued market, but with some lift in Q2

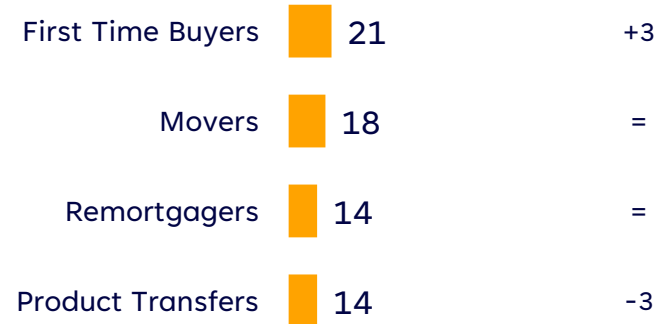


Q.S4 Including residential, Buy-to-Let and specialist mortgages, how many mortgages have you personally placed in the last 12 months?
Base: All respondents (302)

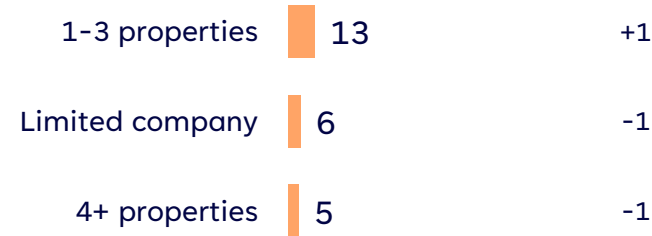
Share of mortgage business handled

In volume terms, there is little change in business mix. Residential lending makes up about two-thirds of intermediaries' business, BTL a quarter and specialist lending about a tenth. Q2 24 sees a slightly lower share of product transfers and a slightly higher share of 'other' specialist deals

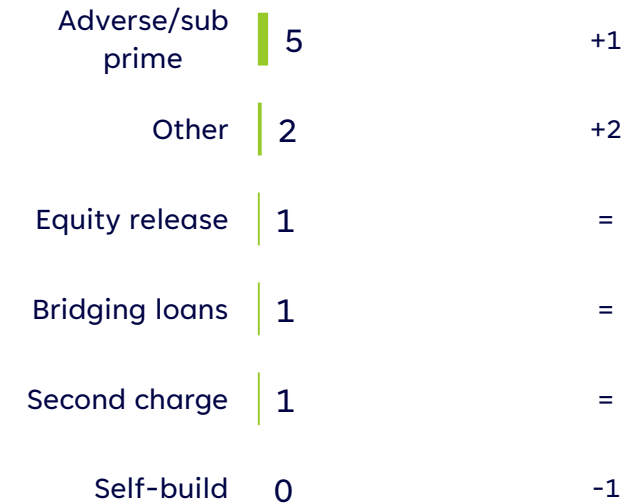
Residential (%)



BTL (%)



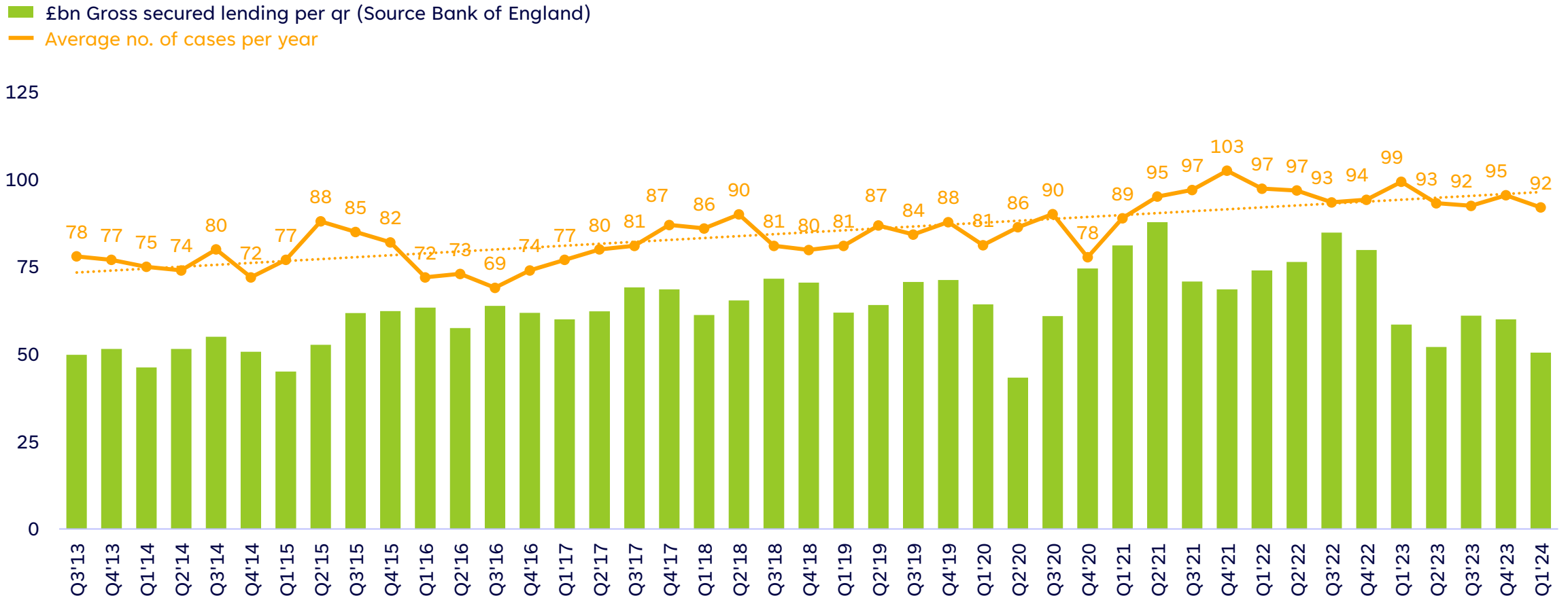
Specialist (%)



QA1. For every 10 mortgages that you arrange, how many are [RESIDENTIAL/BTL/SPECIALIST] mortgages?, QA2. For every 10 residential mortgages you arrange how many are for [RESI OPTIONS], QA5. Out of every 10 BTL mortgages you arrange for clients, how many are [BTL OPTIONS], QA7. For every 10 specialist mortgages you arrange how many would be [SPECIALIST OPTIONS]
 Base: All respondents (263) – outliers removed

Claimed volume of mortgage cases, per year and gross lending

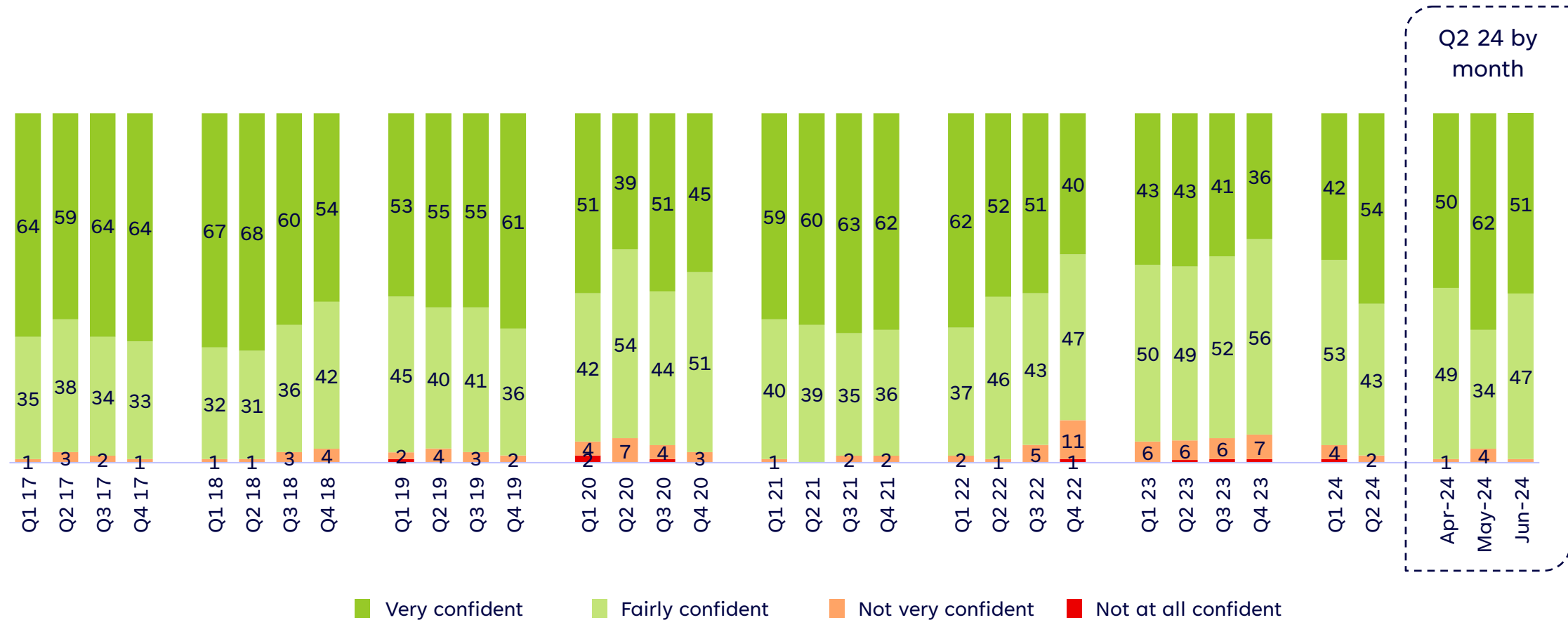
Business levels are broadly being maintained. The average claimed number of mortgages placed per year by intermediaries was off slightly to 92 in Q1 24, with a median of 70 (unchanged). The average for mortgage brokers was 96 cases, for IFAs 69 (-1). BoE data shows a subdued start of the year (same as 2023)



Q.S4 Including residential, Buy-to-Let and specialist mortgages, how many mortgages have you personally placed in the last 12 months?
Base: All respondents (300)

Confidence in outlook for their own business

Confidence in the outlook for one's own business increased substantially in Q2 24, remaining well above confidence for the overall intermediary sector. Confidence in Q2 24 is very similar to Q2 22. Monthly data again shows a strong improvement up to May 24, but then a reduction in June

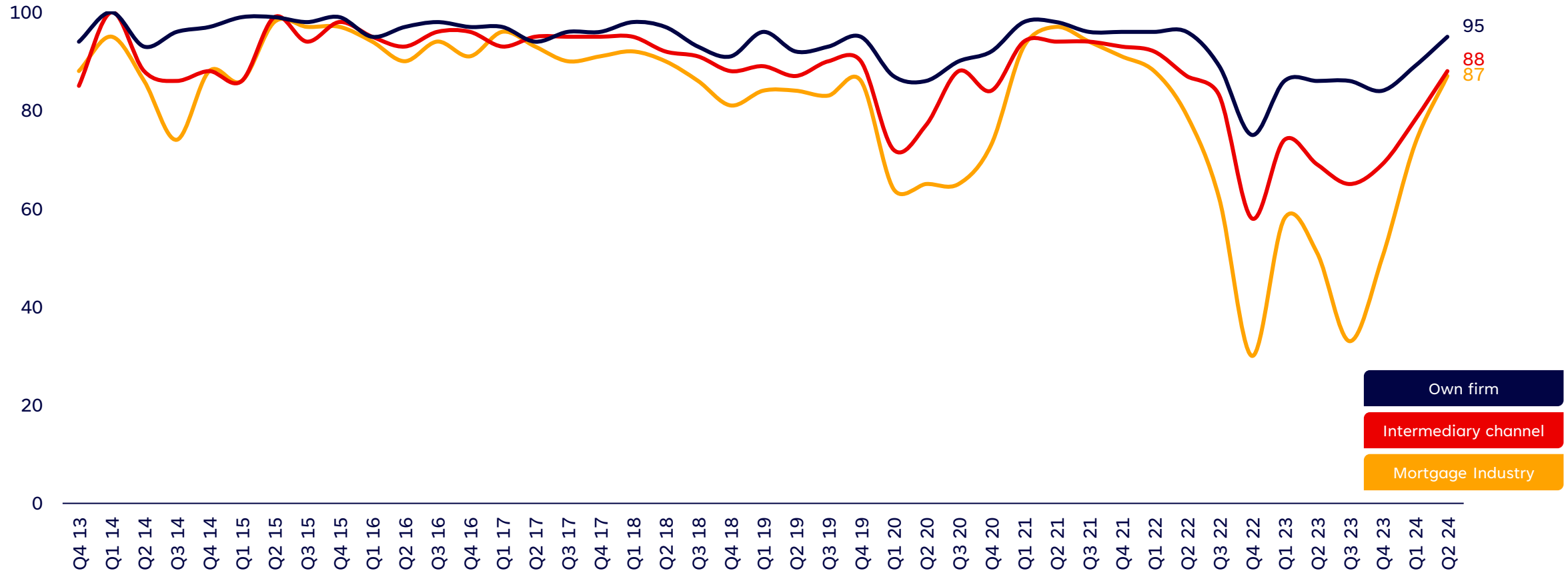


QH1c. And how confident do you feel about the business outlook for your own firm?
Base: All respondents (302)

Net* intermediary confidence trends

Net score trends show confidence levels rising, especially for the overall mortgage industry. All three scores are now approaching a return to 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 (302)

Reasons for felt level of confidence in one's own business

Examples of verbatim responses from intermediaries

“

Established client base

We have gone through it all, such as the pandemic etc. We don't need to advertise, our business usually comes from word of mouth, and we get a lot of referrals.

(Very confident)

“

Hope for the macroeconomy

I believe the current economic woes are ending and we're sort of on the up slope of the trough, and I believe interest rates are going to start coming down.

(Fairly confident)

“

Strong industry knowledge

I am well set up in my firm, enough to weather any storms.

(Very confident)

“

Own firm's recent growth

Because we are growing well. We have increased the number of advisors.

(Very confident)

“

Affordability concerns

Affordability is very low at the moment.

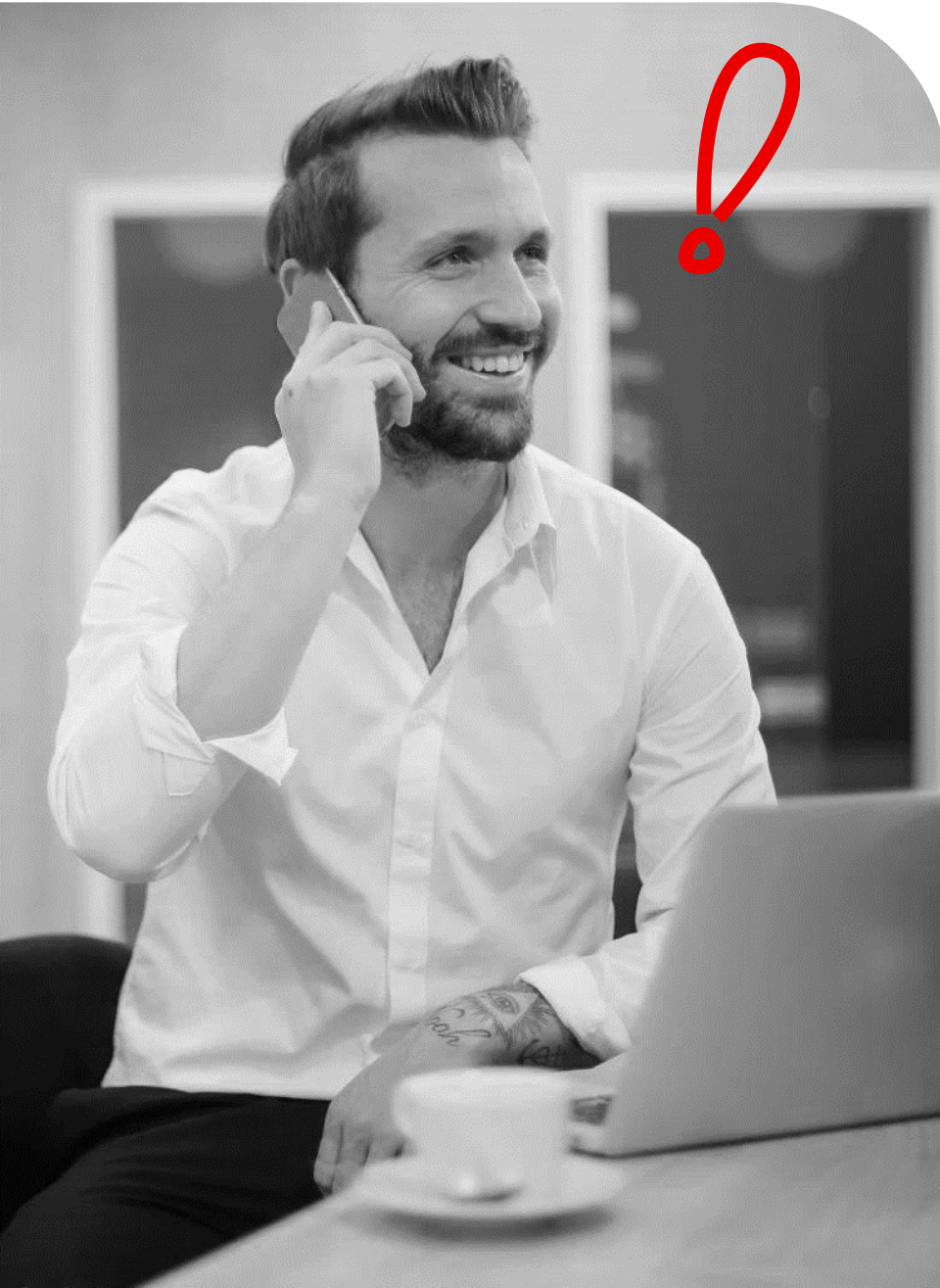
(Not very confident)

“

Affordability concerns

People can't afford to buy unless the house prices fall soon.

(Not very confident)

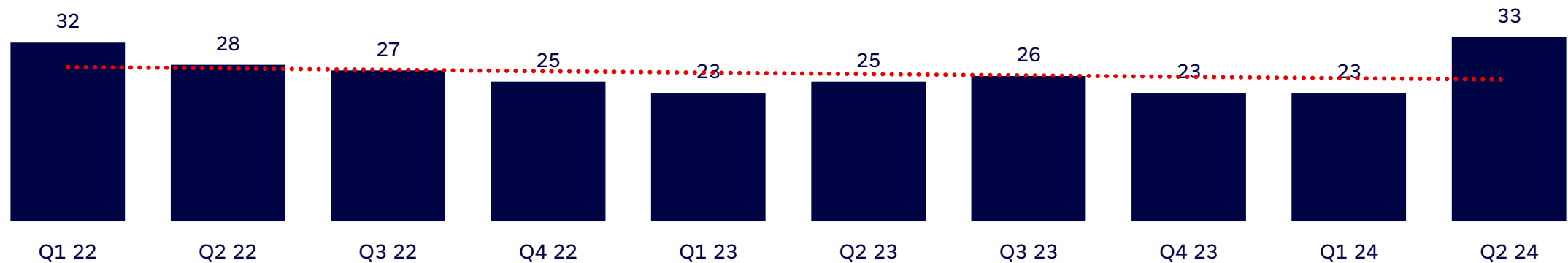


04

BUSINESS FLOW

Average number of DIPs in last 3 months

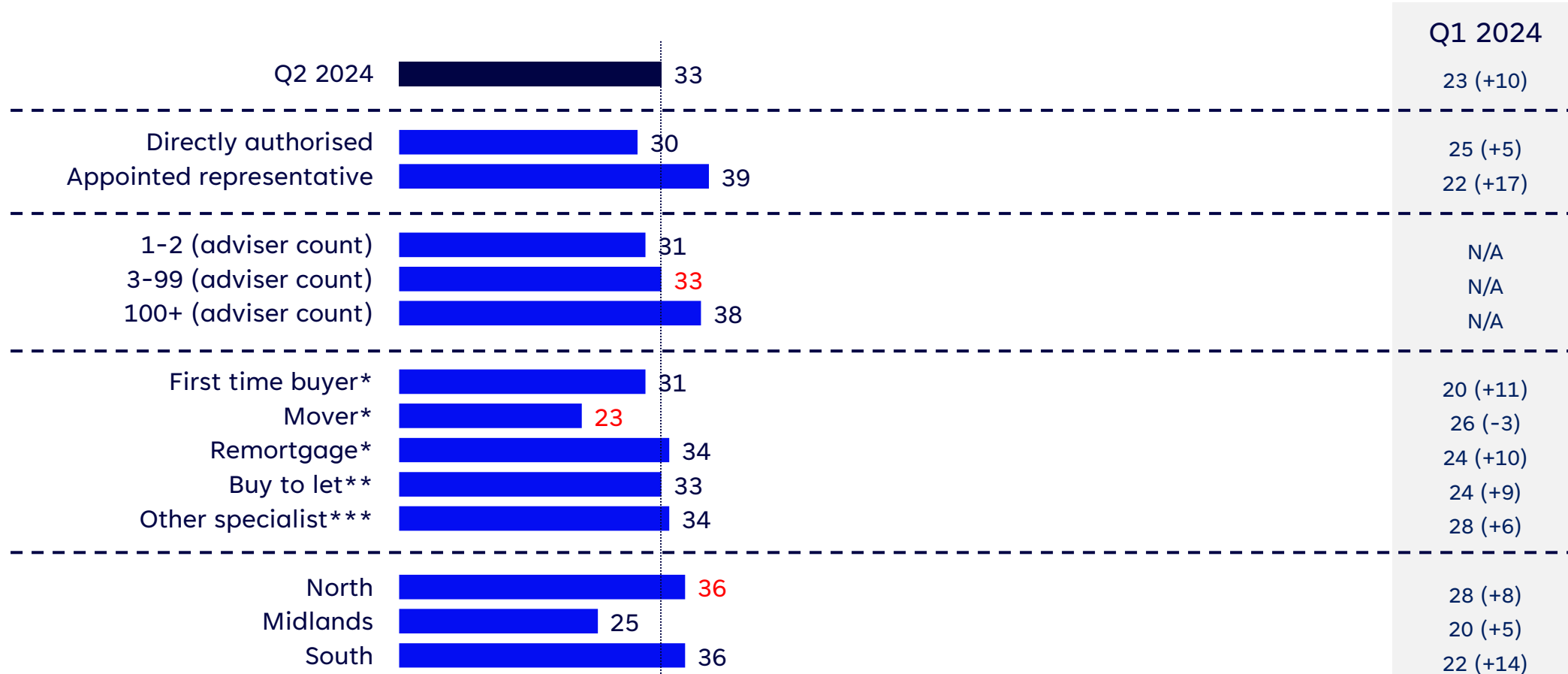
The average number of DIPs dealt with increases in Q2 by +10, now at 33 – this hasn't been seen in at least 2 years.



QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All June respondents (100)

Average number of DIPs – By business

There are increases across all categories, however the largest one is among ARs (+17).

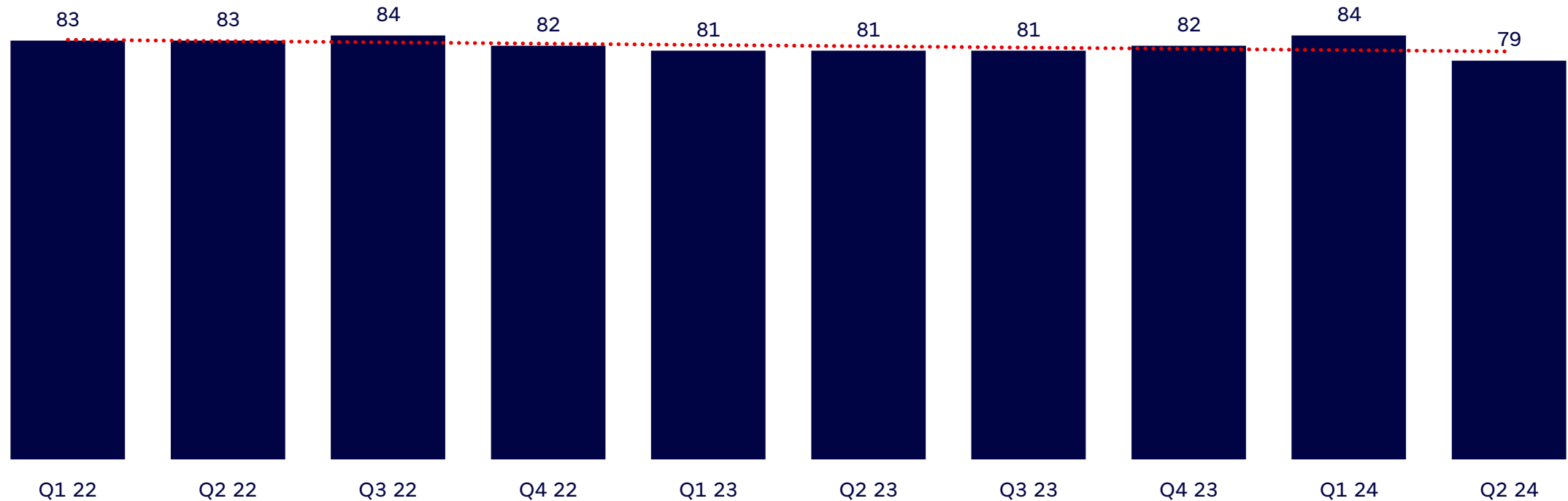


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
Base: All June respondents (100)

* At least 4 out of every 10 residential mortgages placed
 ** At least 2 out of 10 mortgaged placed
 *** Any mortgages placed
 RED = low sample size (<30)

DIPs resulting in a DIP accept (%)

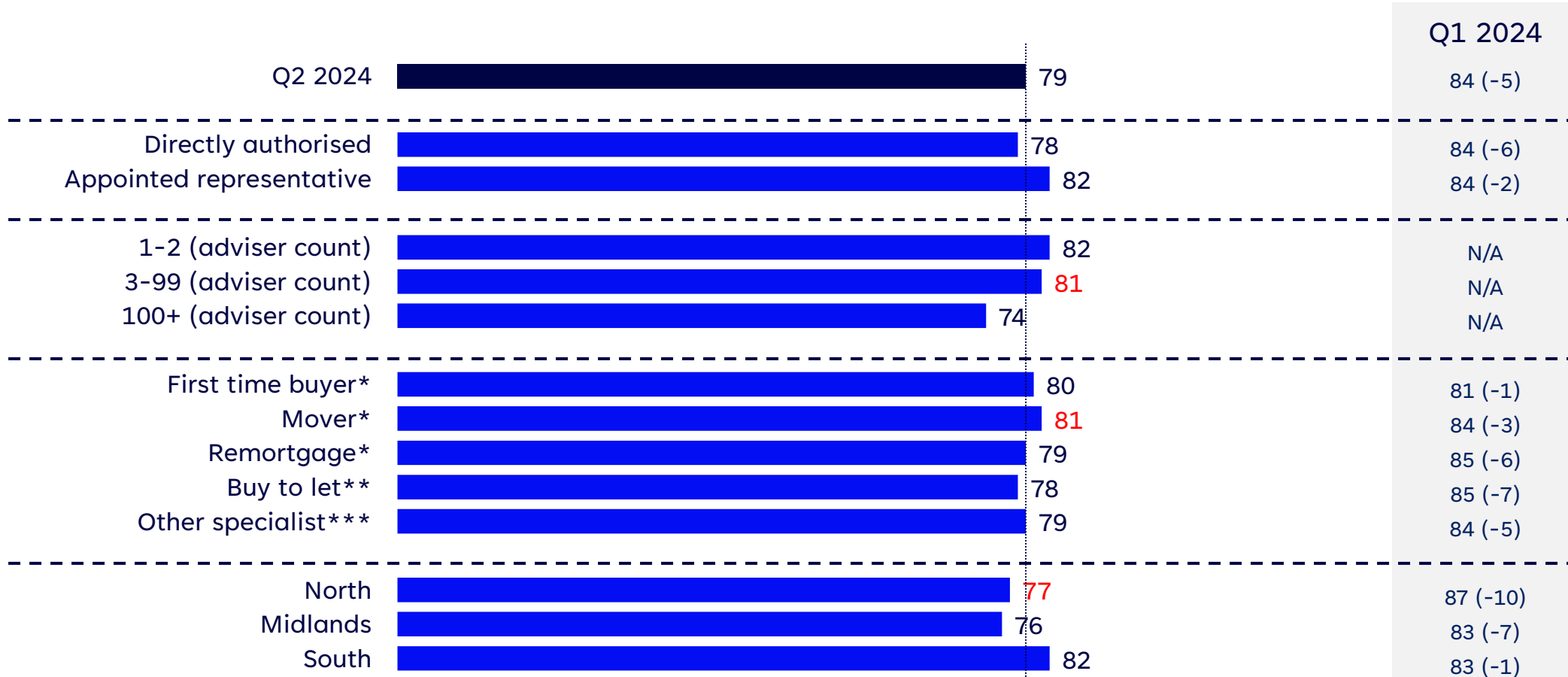
The proportion of DIPs resulting in a DIP accept falls to 79 (-5), a level not seen in recent times.



QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All June respondents (100)

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

This decrease is felt across all groups, but more acutely in the North (-10) and Midlands (-7).

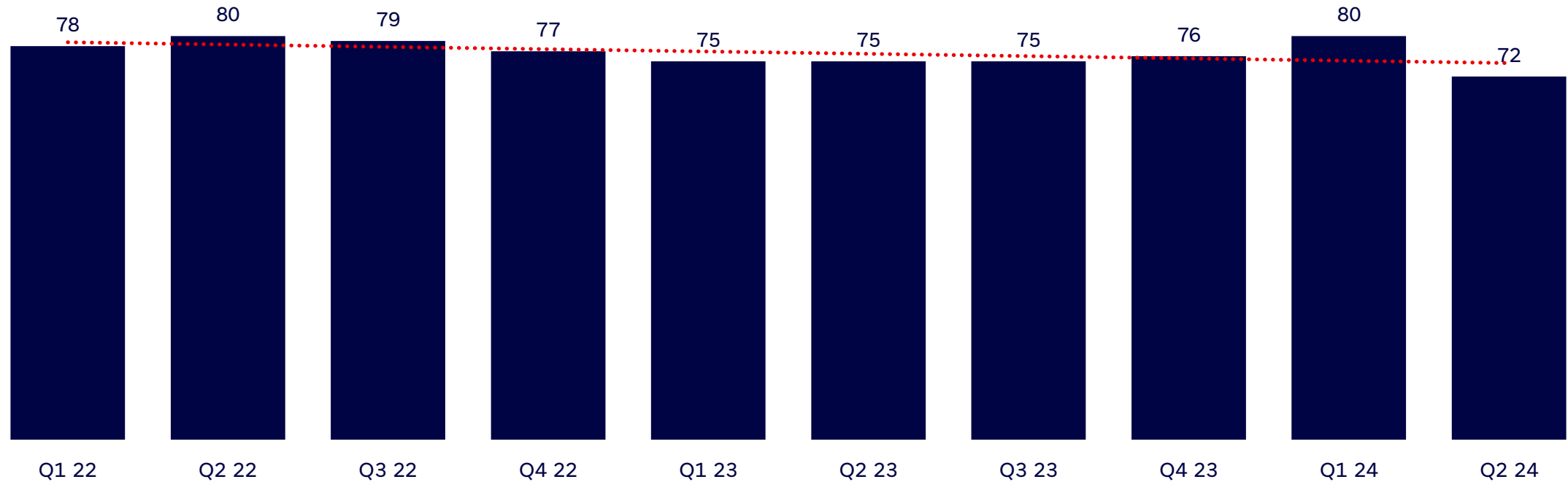


QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?
Base: All June respondents (100)

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

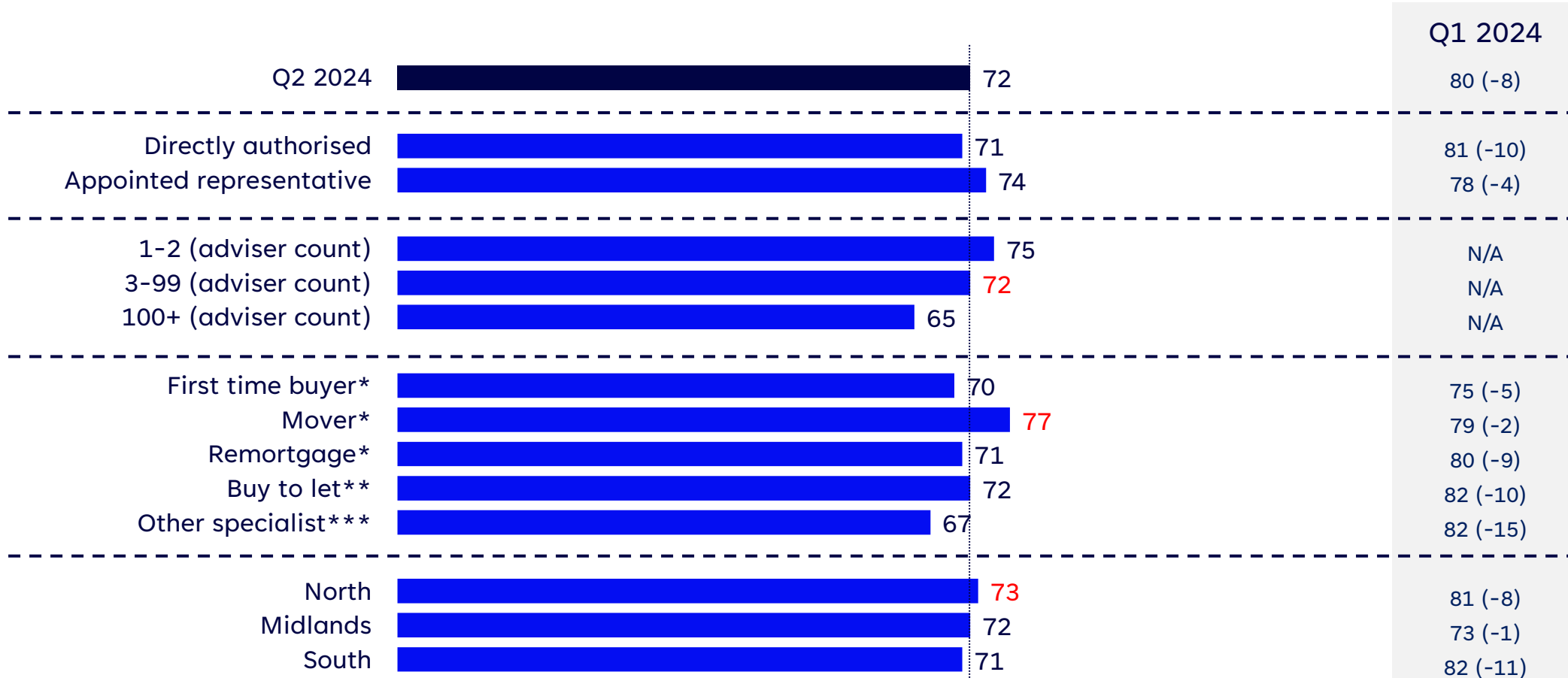
The proportion of DIP accepts resulting in a full application also falls to 72 (-8).



QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All June respondents (100)

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

There are decreases across the board, with the largest one noticed by those placing specialist cases (-15).

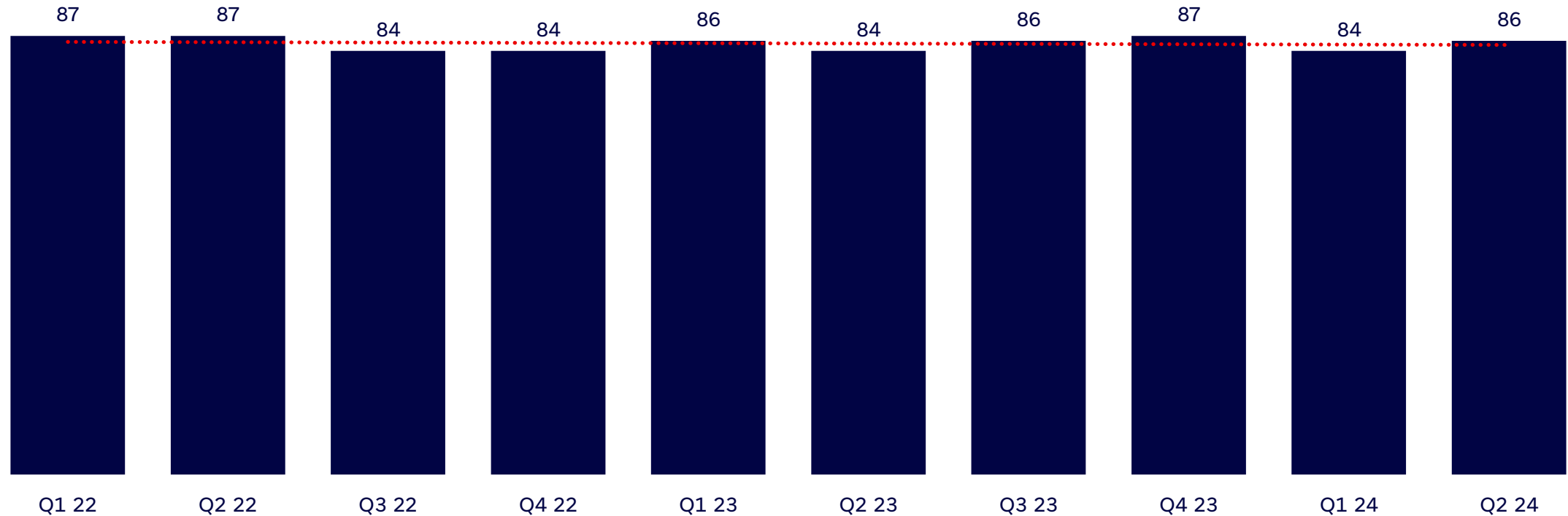


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?
Base: All June respondents (100)

* At least 4 out of every 10 residential mortgages placed
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Full applications resulting in an offer (%)

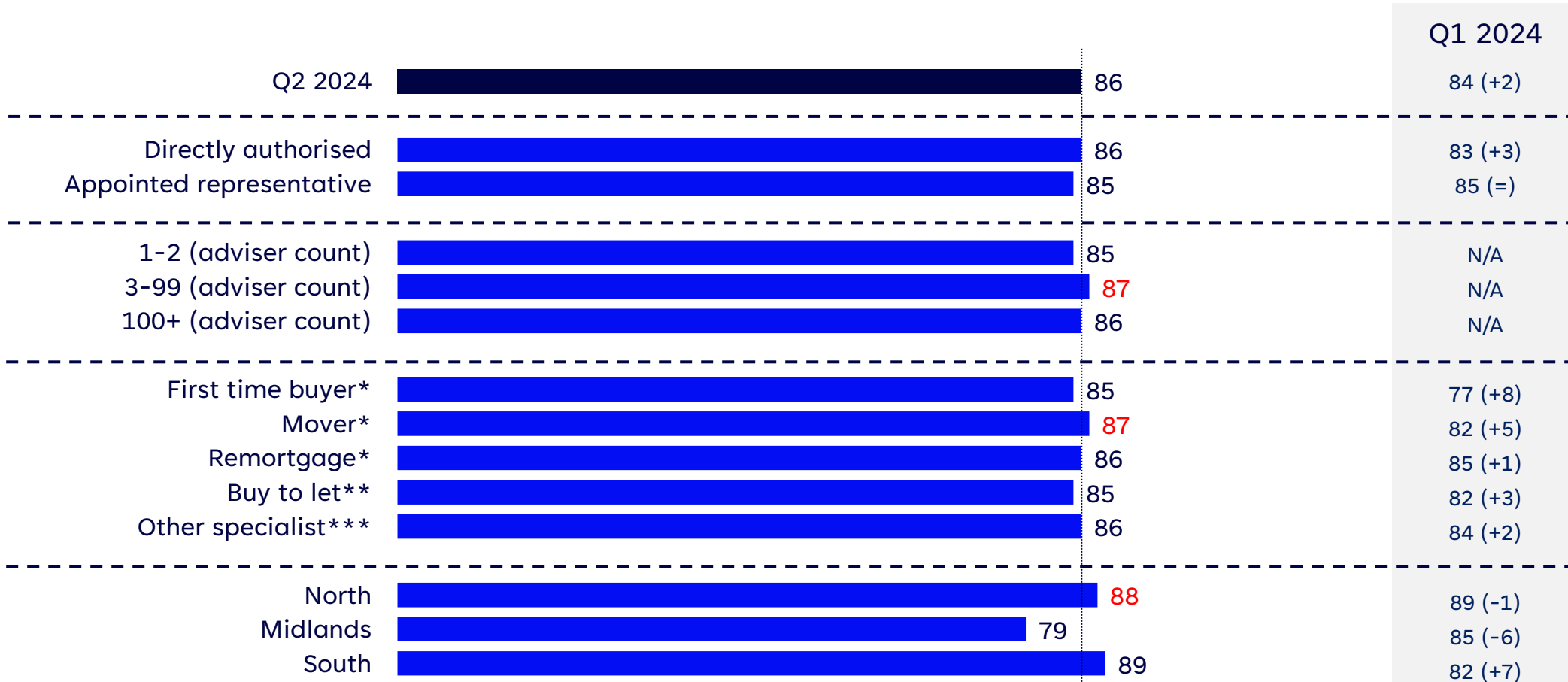
Conversely, the proportion of full applications resulting in an offer lifts slightly (+2) to 86.



QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All June respondents (100)

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

There are mixed trends at a regional level, with lower conversion rates in the Midlands (-6), but higher in the South (+7).

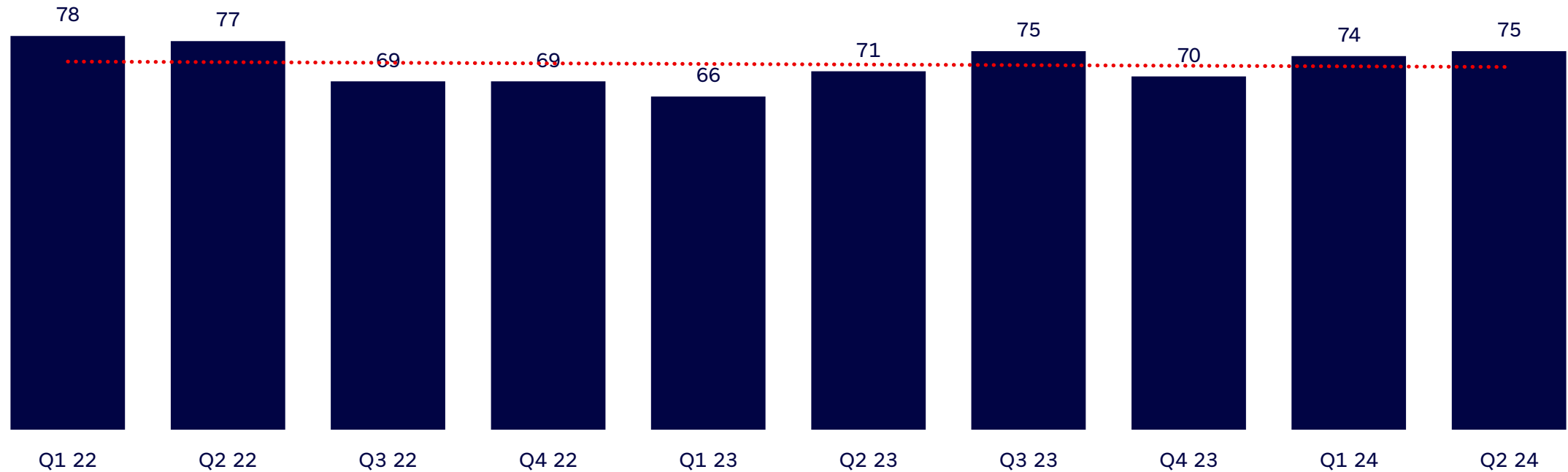


QH4. In the last 3 months, what proportion of your full applications have led to an offer?
Base: All June respondents (100)

* At least 4 out of every 10 residential mortgages placed
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Offers resulting in a completion (%)

The conversion from offer to completion remains relatively stable in June.

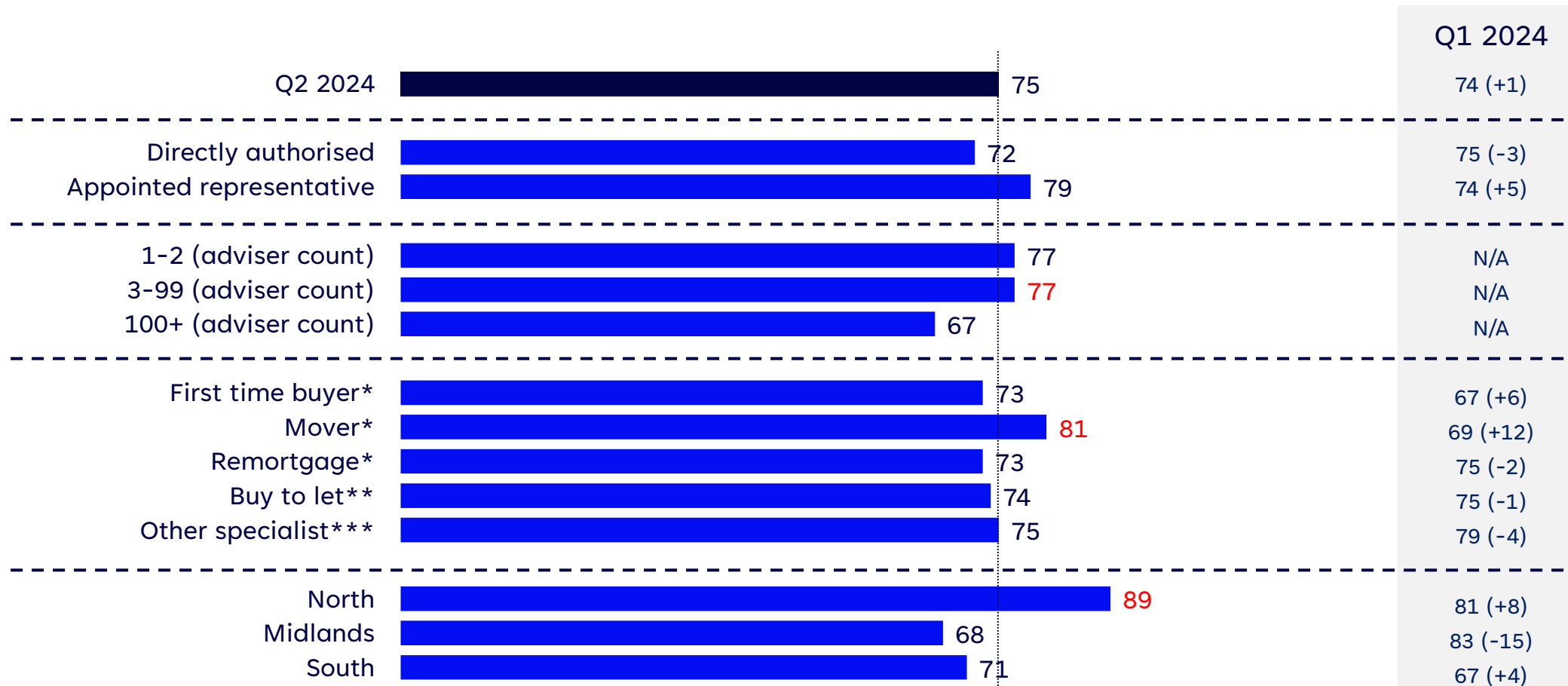


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?

Base: All June respondents (100)

Offers resulting in a completion (%) – By business

Again there are mixed regional trends – higher conversion rates in the North (+8), and South (+4), but lower in the Midlands (-15).

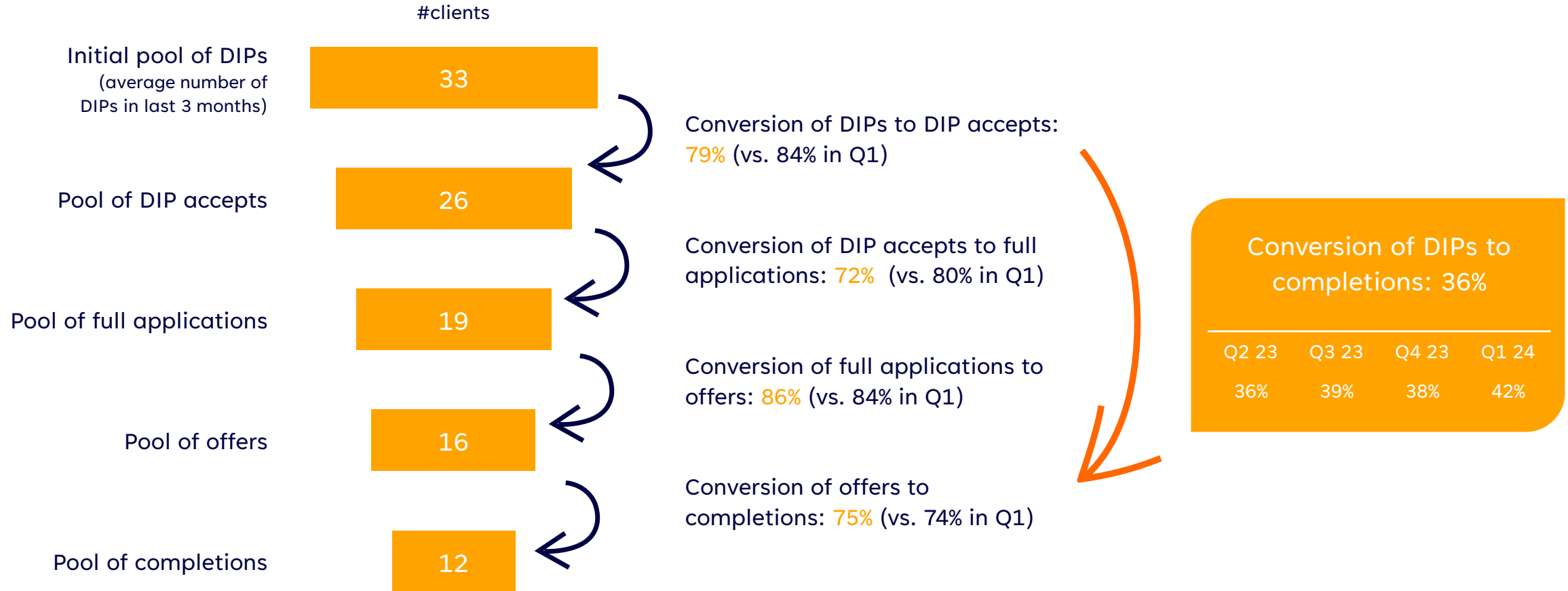


QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
Base: All June respondents (100)

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

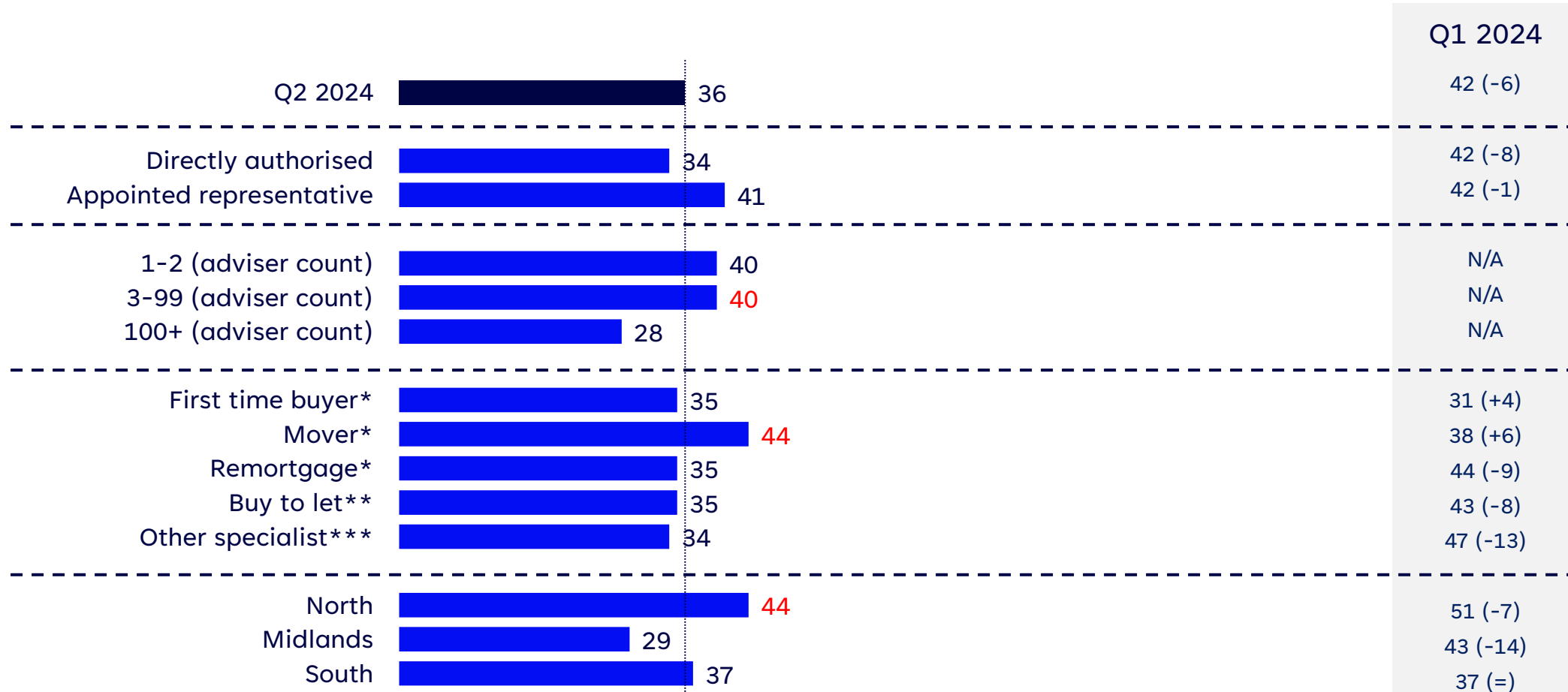
Overall the funnel is now trending downwards with a -6% conversion rate (now at 36%), back to the level seen in Q2 '23.



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 June respondents (100)

Conversion from DIP to completion (%) – By business

The largest declines are in the Midlands (-14) and North (-7) while the South remains stable (=).

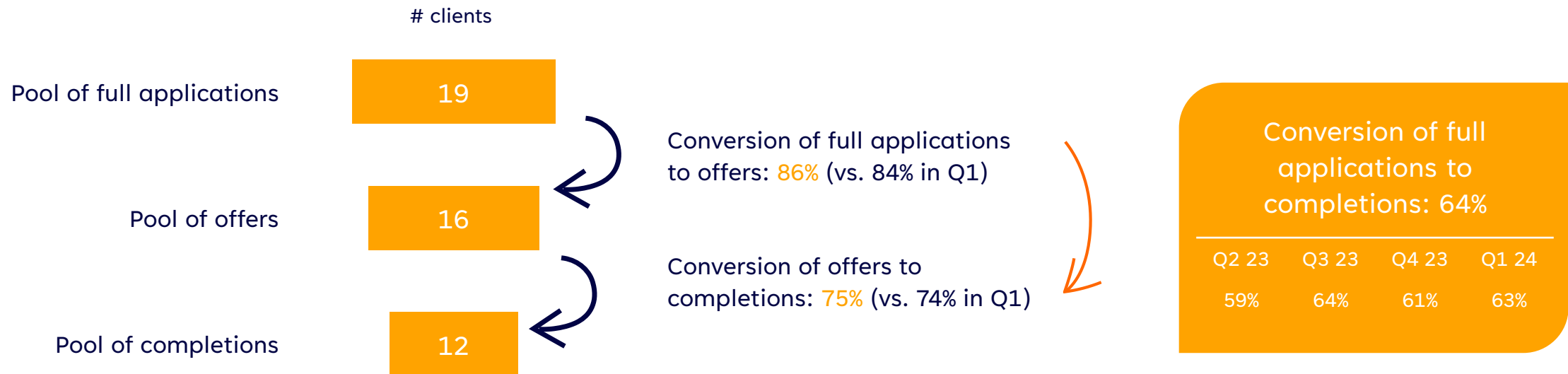


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?
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 QH4. In the last 3 months, what proportion of your full applications have led to an offer?
 QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?
 Base: All June respondents (100)

* At least 4 out of every 10 residential mortgages placed
 ** At least 2 out of 10 mortgaged placed
 *** Any mortgages placed
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Conversion from full application to completion

The score is stable this quarter, as the decline of the funnel is felt mostly at the upper end (DIP accepts & accepts to app conversion).



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

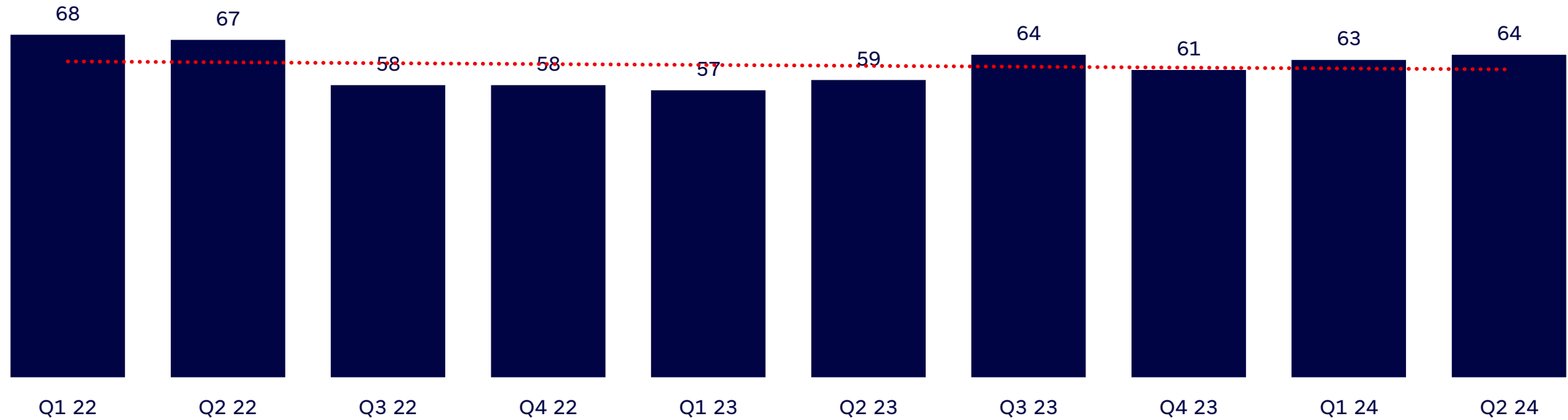
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All June respondents (100)

Conversion from full application to completion (%)

There is no real quarter on quarter change.



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

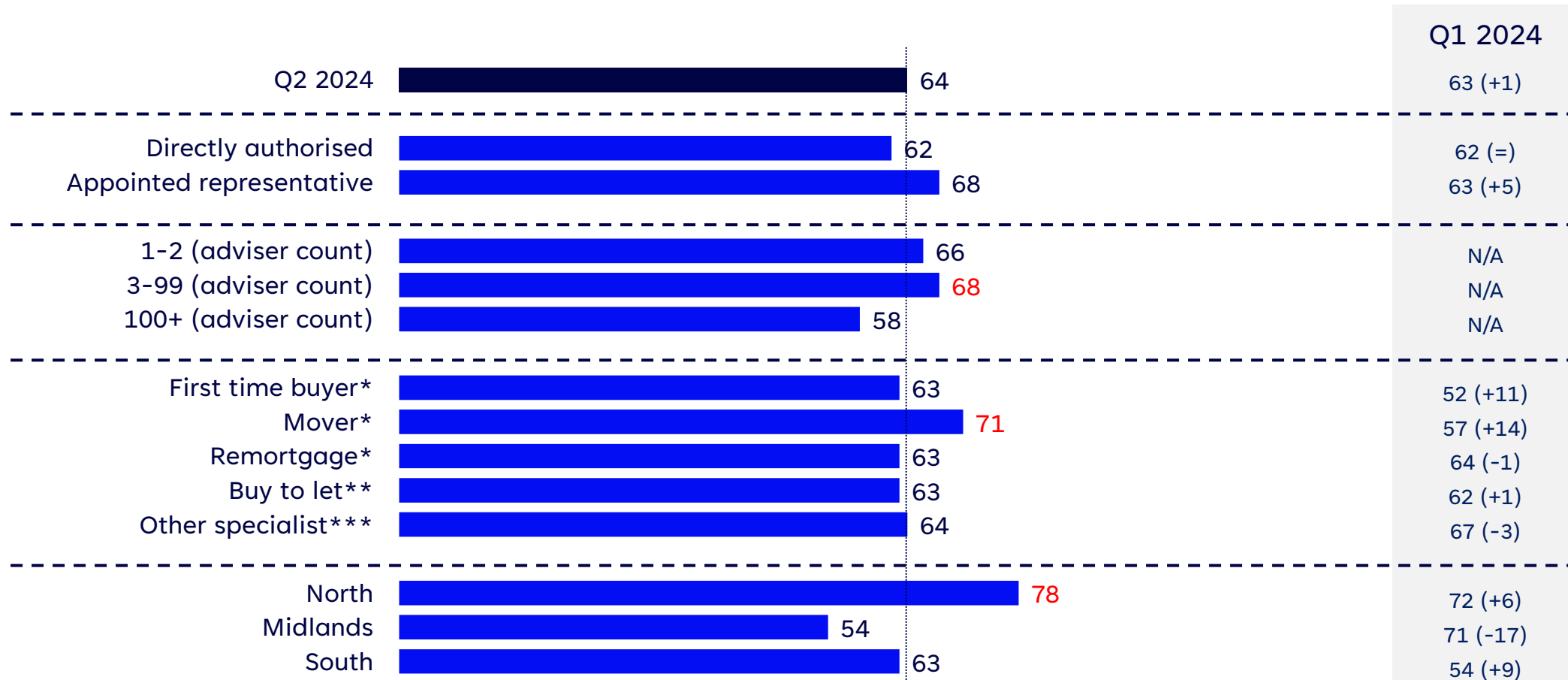
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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

Base: All June respondents (100)

Conversion from full application to completion (%) – By business

Again there are changes at a regional level – Midlands (-17) goes down, while the opposite is true for the North (+6) and South (+9).



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 June respondents (100)

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Any questions



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