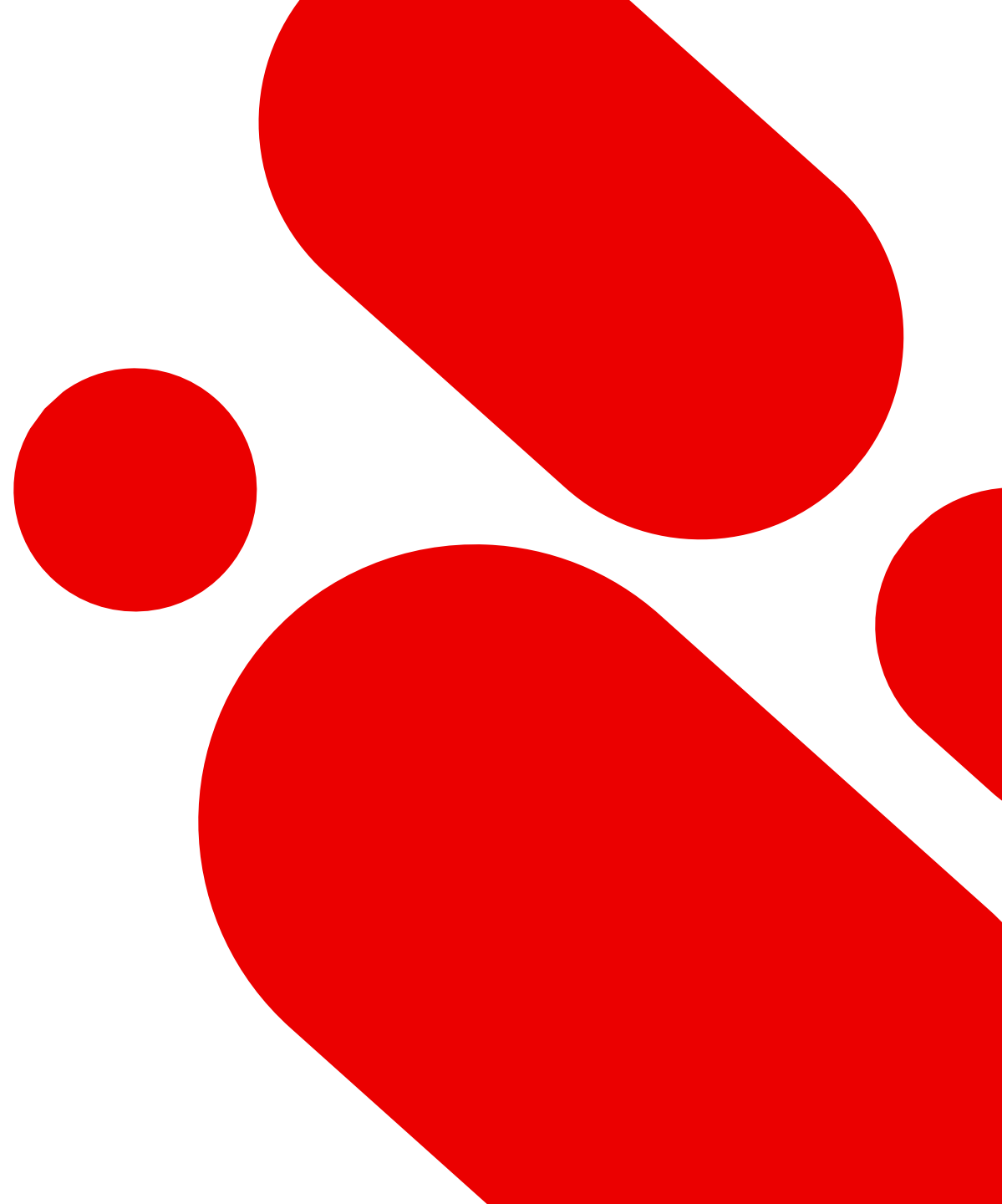




# Intermediary Mortgage Market Tracker Q3 2023

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 Q3 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

02

# EXECUTIVE SUMMARY



**The typical intermediary placed 92 cases in the previous 12 months.** This reflects a -1 decrease year-on-year, and the same vs. Q2 '23. Business mix shifts back very slightly towards Residential (+2 overall)



**Intermediary confidence continues to decline, now at nearly the same levels as Q4 '22** for the mortgage industry. There are signs of recovery during the quarter as July was the lowest point and September – the highest



**Conversion from DIP to completion continues to recover – now at 39% (up +3).** This is largely consistent across segments except for the 1-2 sales decile.



**App to completion conversion also sees a great recovery, now at 64% (+6 year-on-year).** It yields a typical pool of 10 client completions. The 9-10 sales decile is the most active (+17), while the opposite is true for the 1-2 decile (-4)



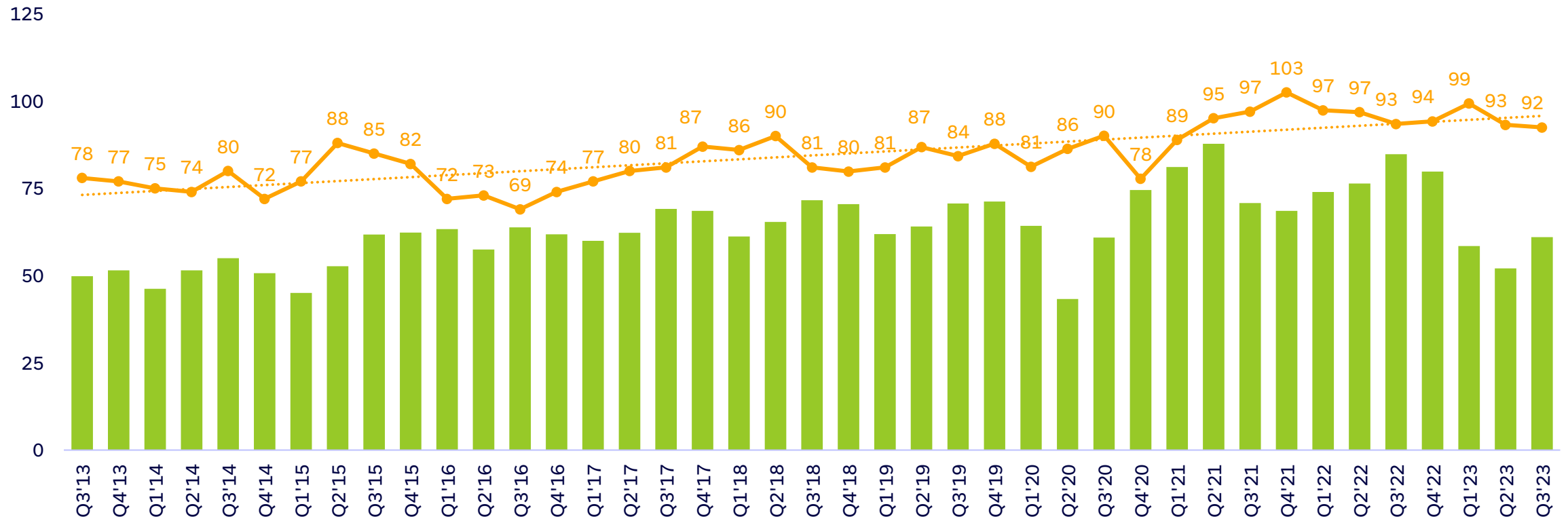
02

# BUSINESS VOLUMES AND CONFIDENCE

# Claimed volume of mortgage cases, per year and gross lending

The average claimed number of mortgages placed per year by intermediaries remained stable at 92 cases in Q3 23, with a median of 80, up from 70 in Q2 23. The average for mortgage brokers was 98 cases, for IFAs 63. Given the volatile state of the market, these figures might be over-estimates. BoE data shows some recovery in lending in Q3, making it, by a short head, the strongest lending quarter in 2023

■ £bn Gross secured lending per qr (Source Bank of England)  
—●— Average no. of cases per year



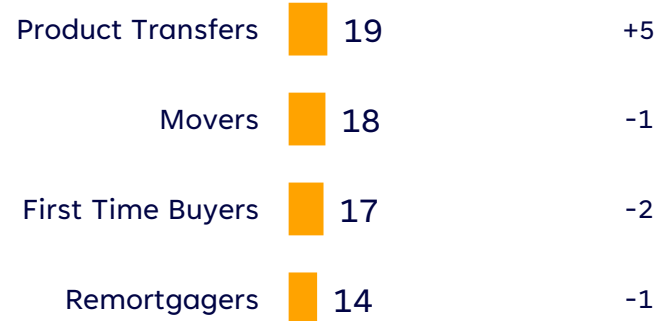
Q.S4 Including residential, Buy-to-Let and specialist mortgages, how many mortgages have you personally placed in the last 12 months?  
 Base: All respondents (300)



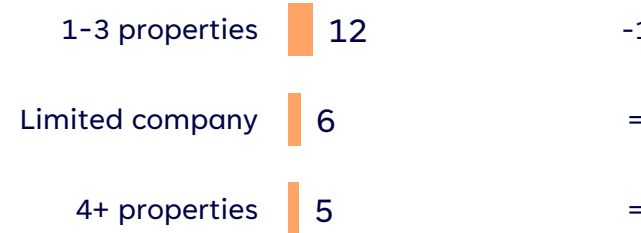
# Share of mortgage business handled

In volume terms, residential lending makes up about two-thirds of intermediaries' business, BTL a quarter and specialist lending about one deal in twelve. Within residential, intermediaries report a larger share of product transfer business but fewer FTBs in Q3 23, due to interest rate hikes and the cost-of-living squeeze

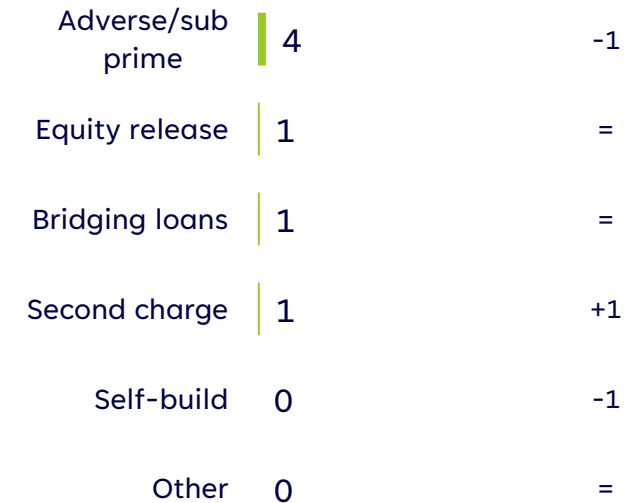
## Residential (%)



## BTL (%)



## Specialist (%)



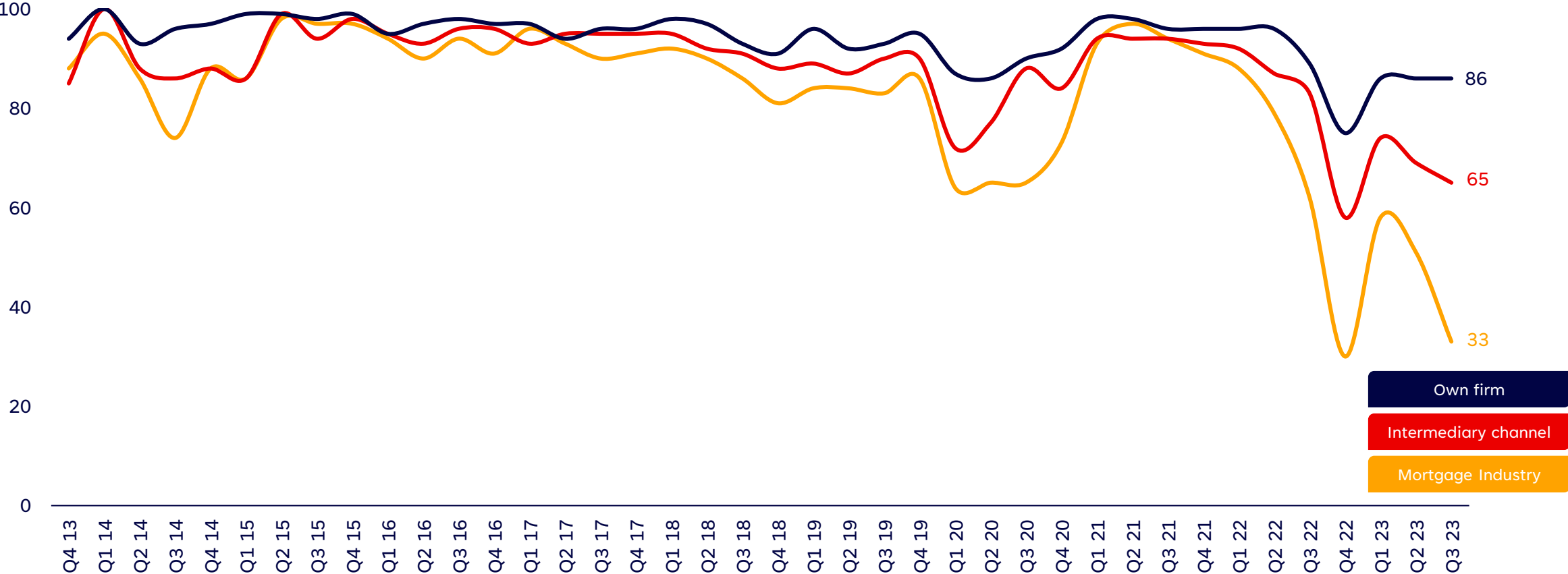
QA1. For every 10 mortgages that you arrange, how many are [RESIDENTIAL/BTL/SPECIALIST] mortgages?, QA2. For every 10 residential mortgages you arrange how many are for [RESI OPTIONS], QA5. Out of every 10 BTL mortgages you arrange for clients, how many are [BTL OPTIONS], QA7. For every 10 specialist mortgages you arrange how many would be [SPECIALIST OPTIONS]  
Base: All respondents (300)

# Net\* intermediary confidence trends



Net score trends showcase a large drop in the outlook for the mortgage industry, one that sees it return to a similar score that was seen in Q4 22. The outlook for one's own business holds firm.

\*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 (300)

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

Examples of verbatim responses from intermediaries

“

## Qualities of the business

*I have been in the business for 30 years, have long term experience, never had to advertise and get lots of retention work.*  
**(Fairly confident)**

“

## High demand for bespoke advice

*There is a lot of uncertainty in the market at the moment, so people are needing professional help more.*  
**(Very confident)**

“

## Multiple income streams

*I have other income streams. I have seen demand for mortgages decline due to the increase in rates.*  
**(Very confident)**

“

## Positive attitude

*I think the worst of the fluctuations are pretty much over. The medium and long term looks healthy.*  
**(Fairly confident)**

“

## High interest rates

*The market is very quiet at the moment due to high interest rates.*  
**(Not very confident)**

“

## Uncertainty

*Clients are refraining from doing business because of uncertainty in the markets.*  
**(Not very confident)**

“

## Staying put

*I think at the moment, nobody is choosing to move house.*  
**(Not very confident)**

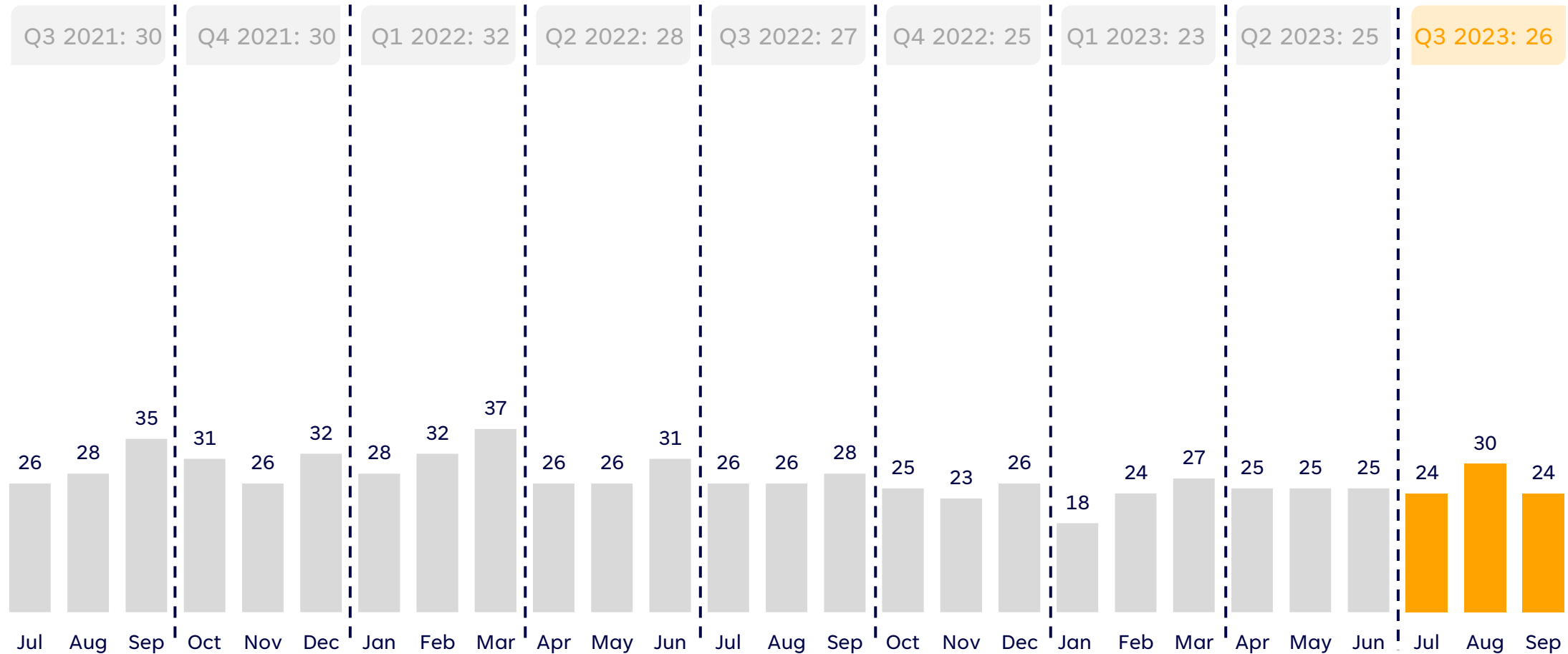


04

# BUSINESS FLOW

# Average number of DIPs in last 3 months

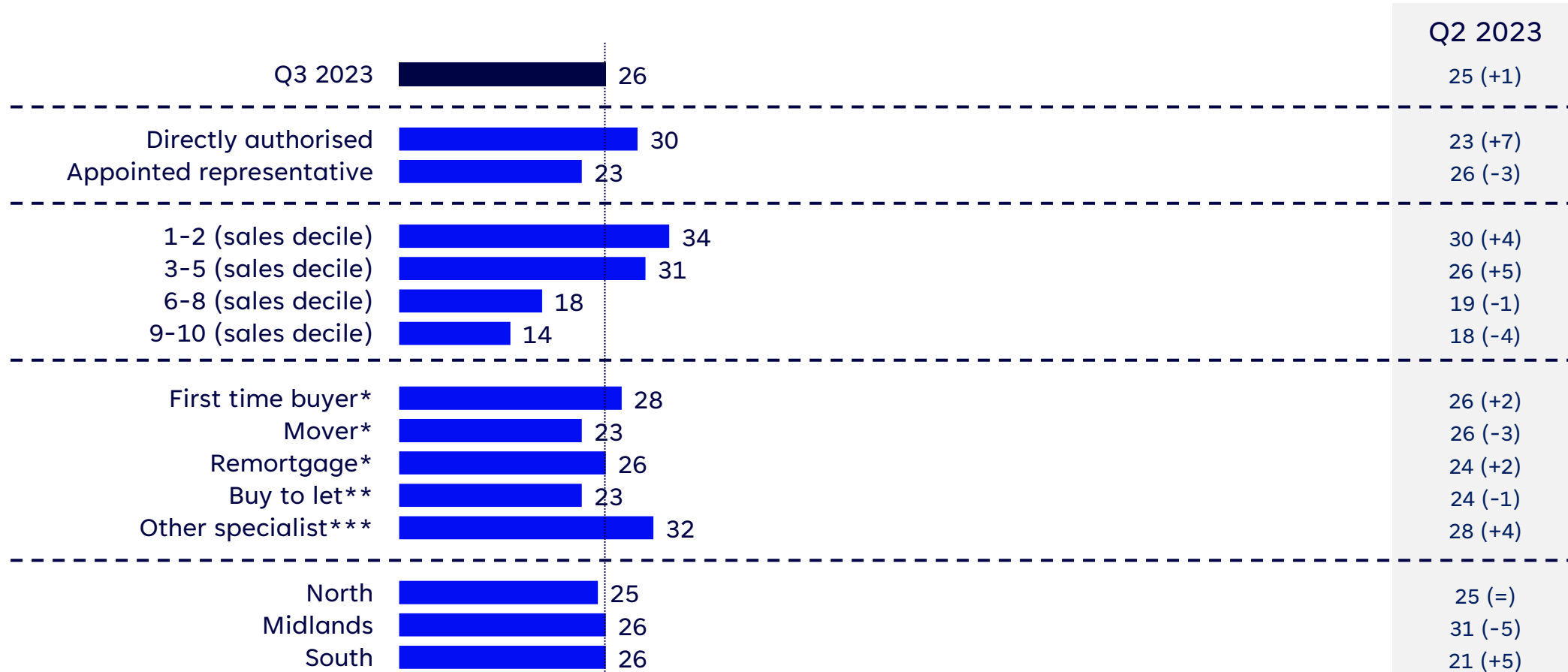
The average number of DIPs dealt with by intermediaries has seen another increase after the steady decline experienced last year. August recorded the largest number of DIPs dealt with since June 2022.



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 largest increase at a segment level was directly authorised (+7), conversely Appointed representative has declined (-3) since the last quarter.

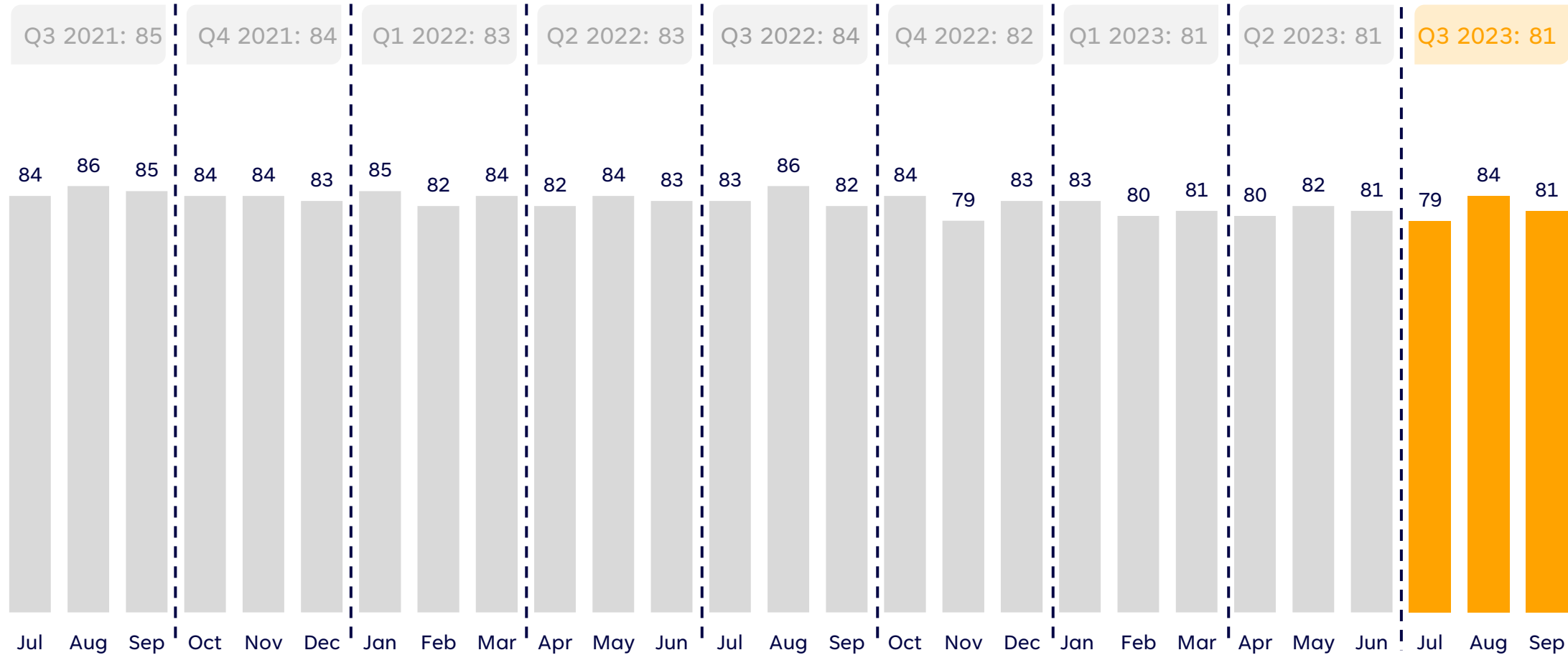


QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
Base: All Q3 respondents (300)

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

# DIPs resulting in a DIP accept (%)

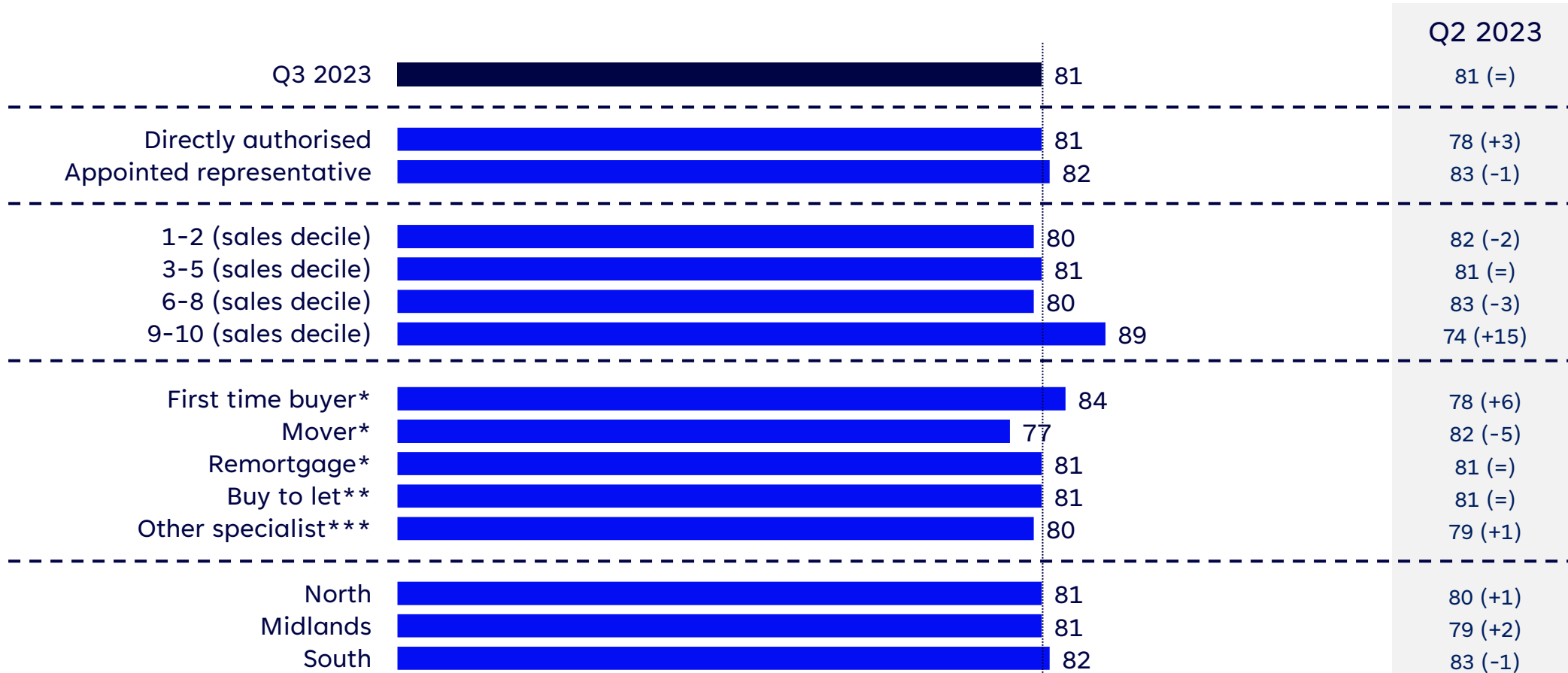
The proportion of DIPs resulting in a DIP accept remains the same as it did in Q1 and Q2.



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

There was a surge in Conversion from DIP to DIP acceptance score for the 9-10 sales decile (+15). FTBs also saw an increase (+6) with movers experiencing a fall (-5).



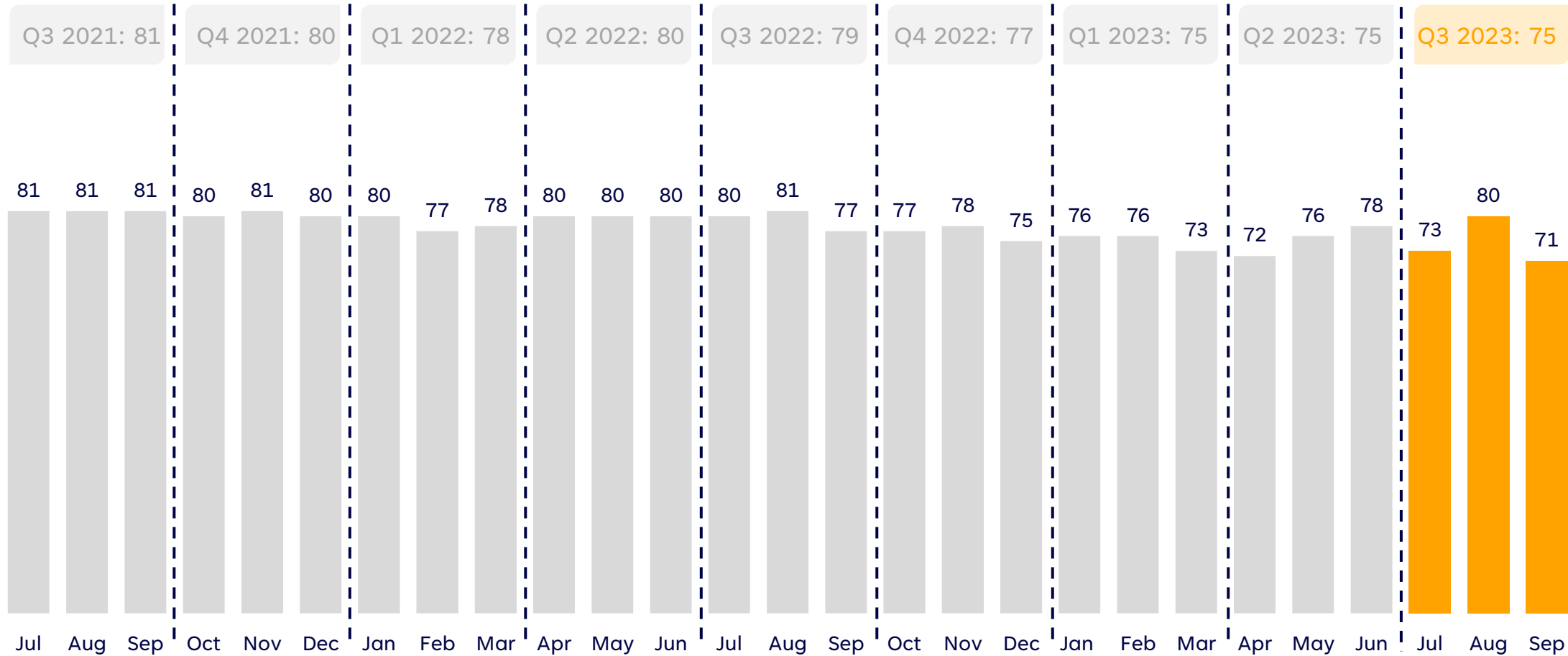
QHX2. In the last 3 months, what proportion of these DIPs have resulted in a DIP accept?  
Base: All Q3 respondents (300)

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



# DIP accepts resulting in a full application (%)

The proportion of DIP accepts resulting in a full application is stable at 75%, following the previous quarters in 2023.

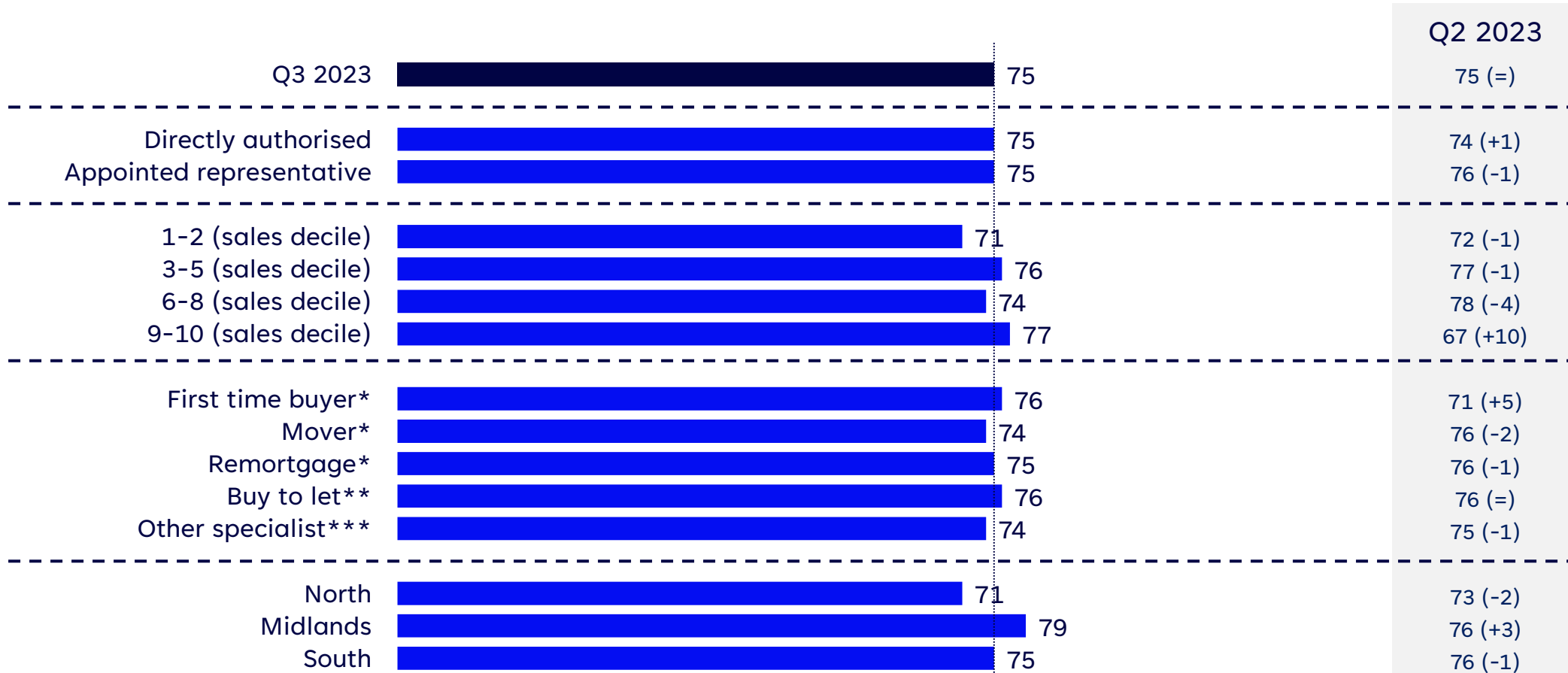


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?

Base: All Q3 respondents (300)

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

Looking at DIP accepts converting to full applications, again 9-10 sales decile soared (+10), whereas 6-8 sales decile decreased (-4).

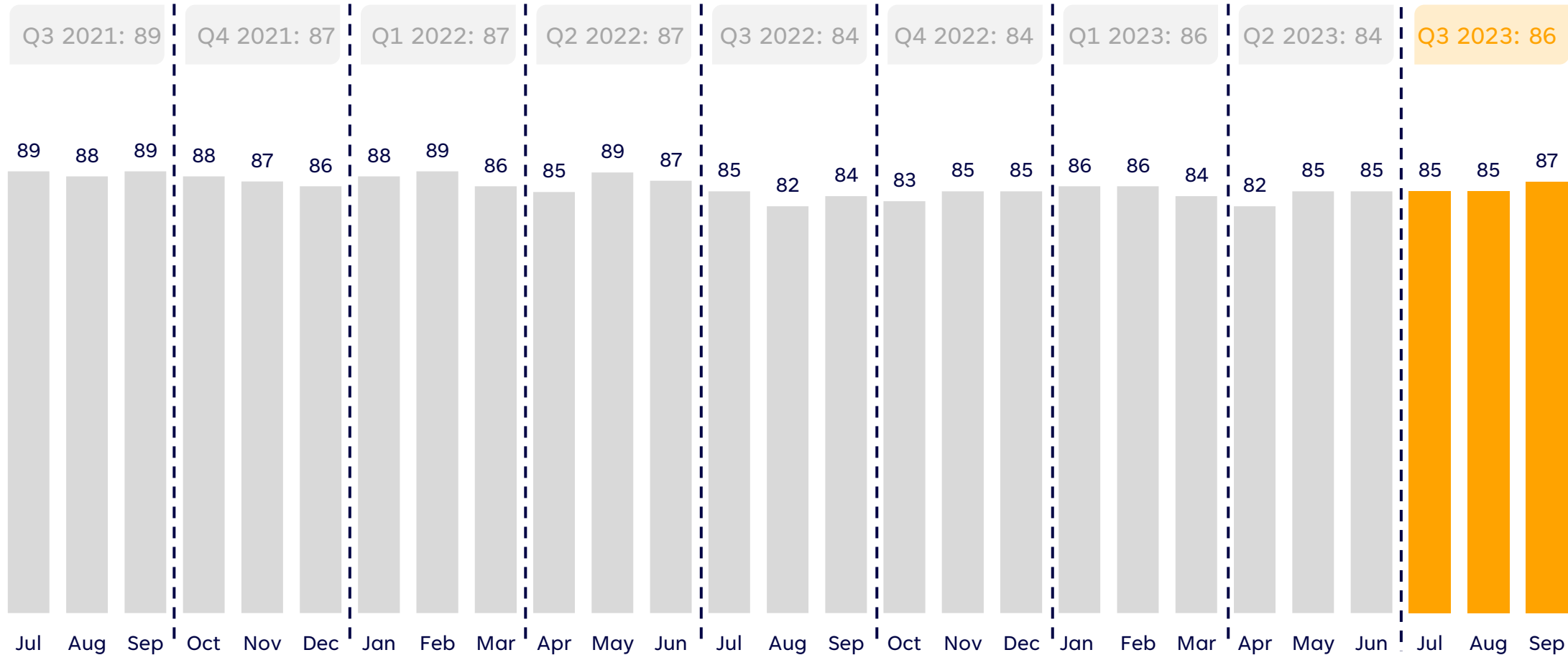


QH3. In the last 3 months, what proportion of these DIP accepts have led to a full mortgage application?  
Base: All Q3 respondents (300)

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# Full applications resulting in an offer (%)

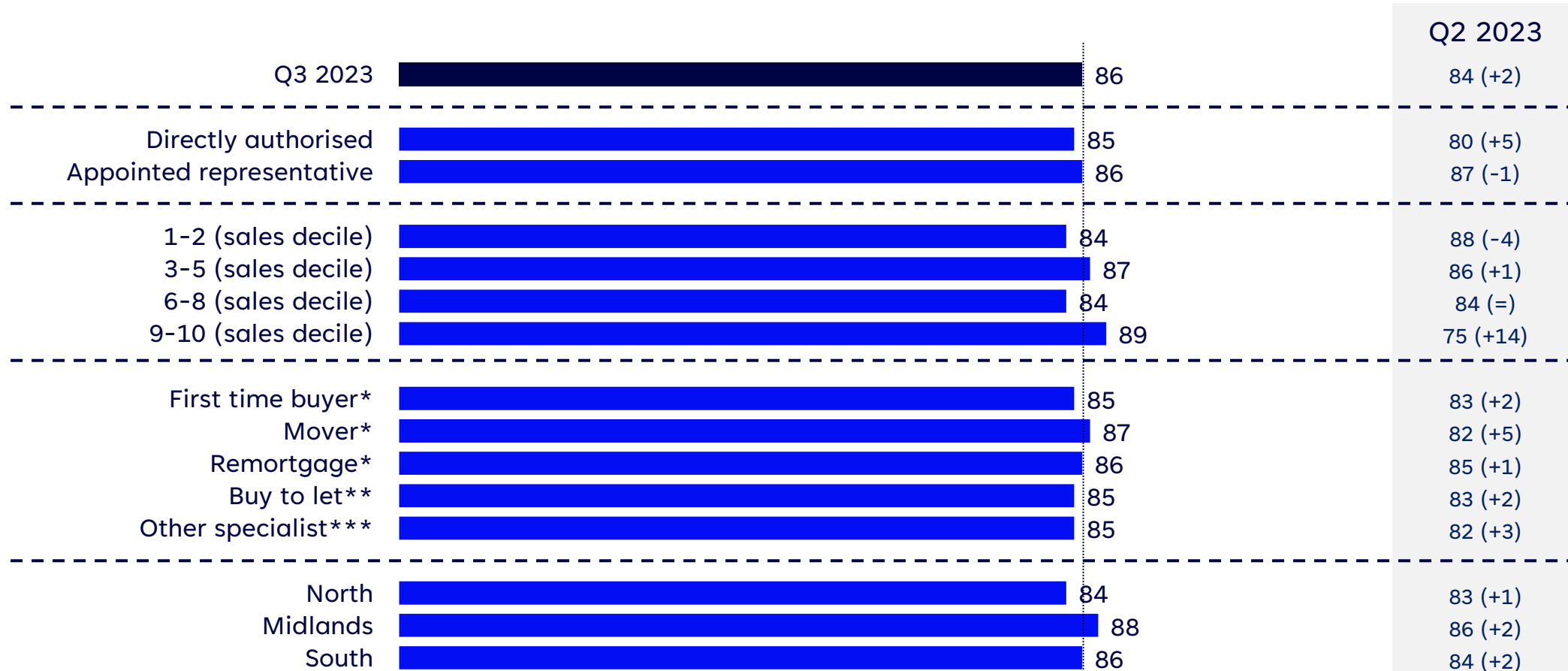
The proportion of full applications resulting in an offer bounced back to 86 after a slight dip in Q2.



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

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

Breaking down the conversion from full application to offer by business, most categories had a positive growth, with 9-10 sales decile growing noticeably (+14).

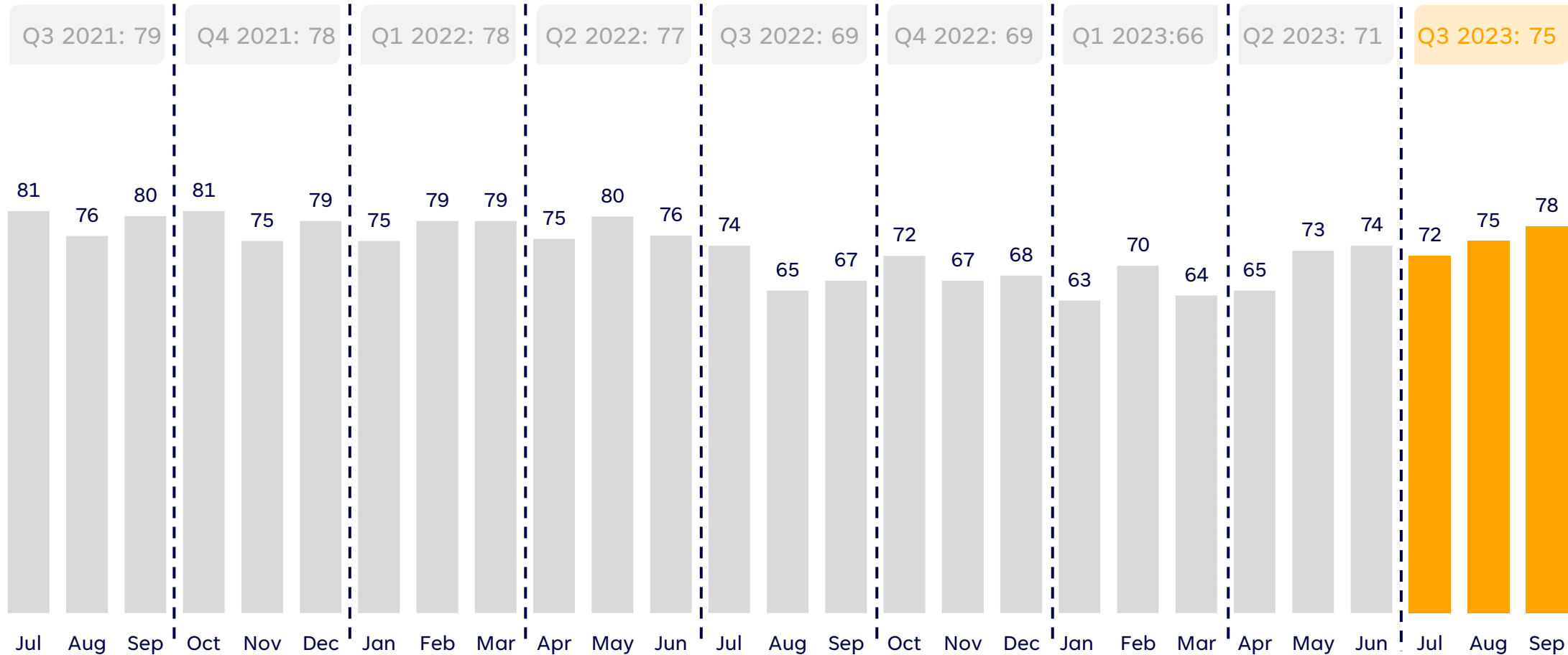


QH4. In the last 3 months, what proportion of your full applications have led to an offer?  
Base: All Q3 respondents (300)

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

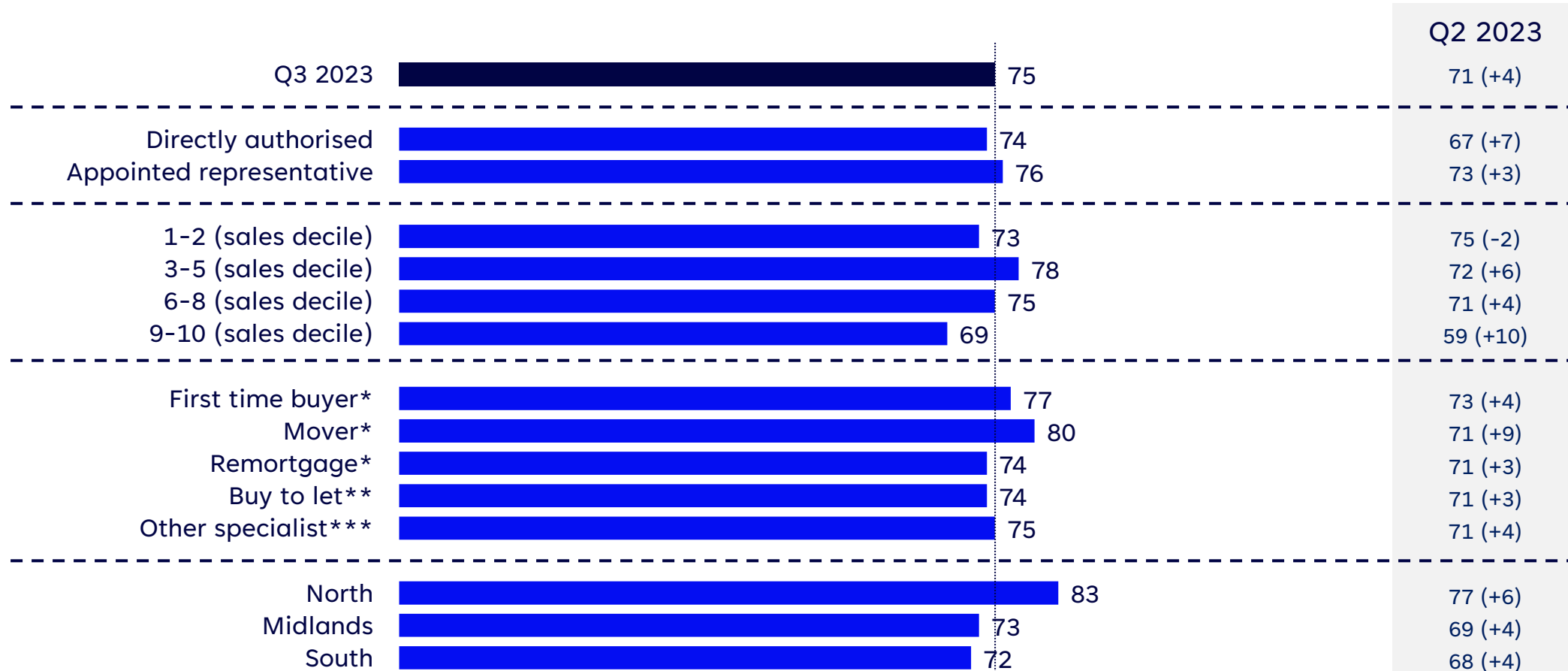
The conversion from offer to completion has been growing steadily since the drop at the beginning of the year – now around mid 2022 levels.



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

Conversion from offer to completion improved in almost all segments, apart from 1-2 sales decile (-2).

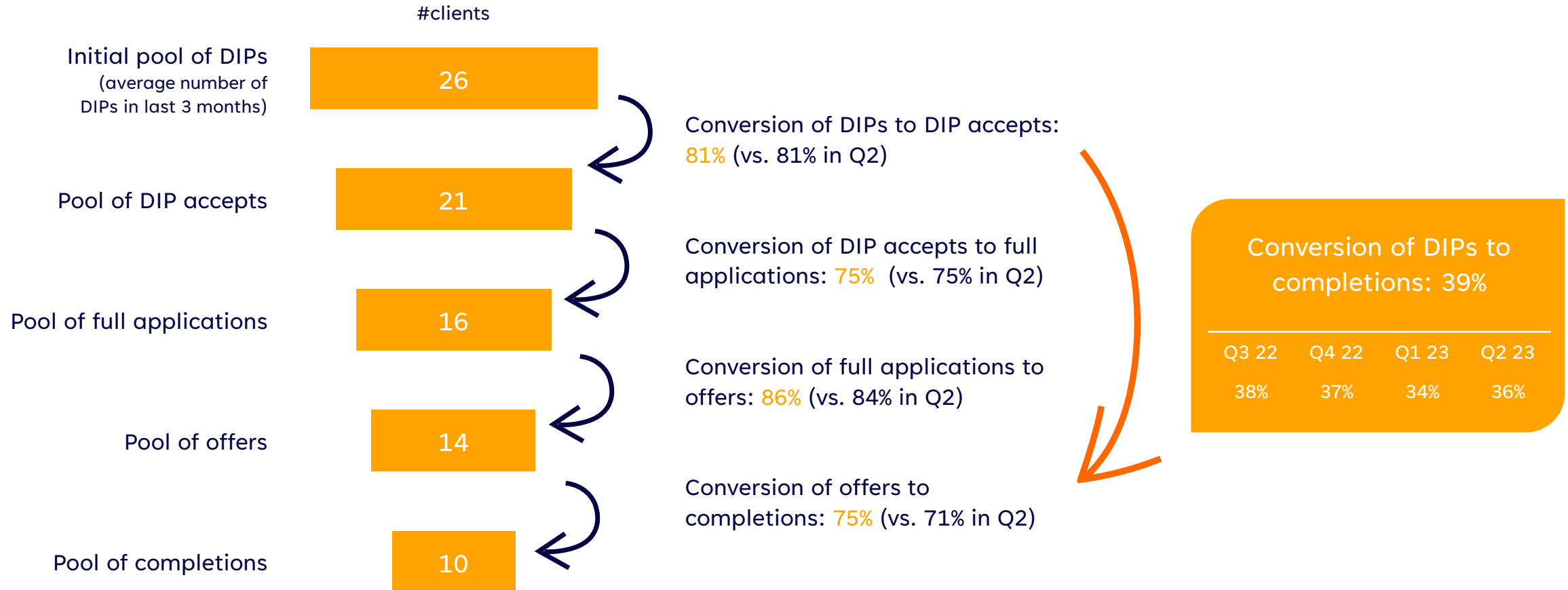


\* At least 4 out of every 10 residential mortgages placed  
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QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
 Base: All Q3 respondents (300)

# Conversion from DIP to completion

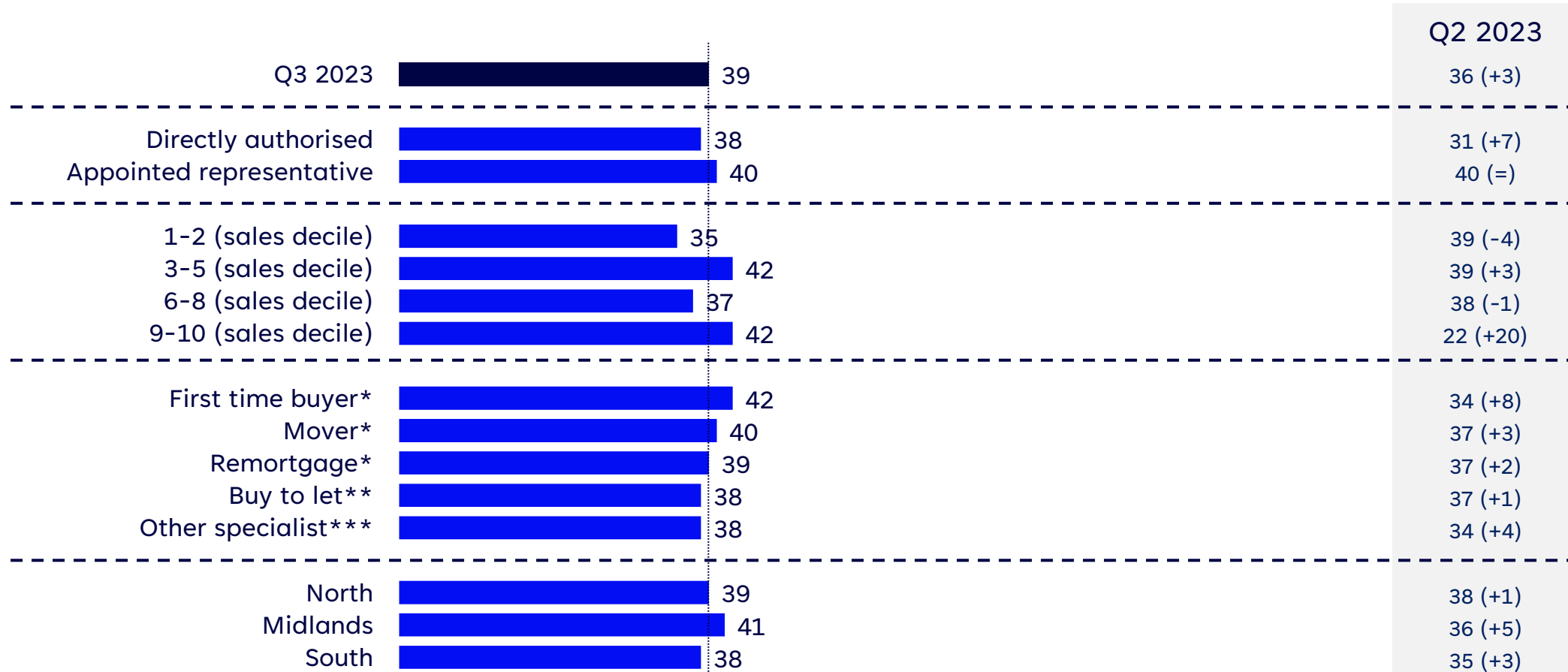
There was an increase in the conversion from DIP to completion in Q3 '23 – marking another quarter of recovery.



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

The overall conversion rate is slightly up (+3), which has been massively contributed by the increase in 9-10 sales decile (+20).



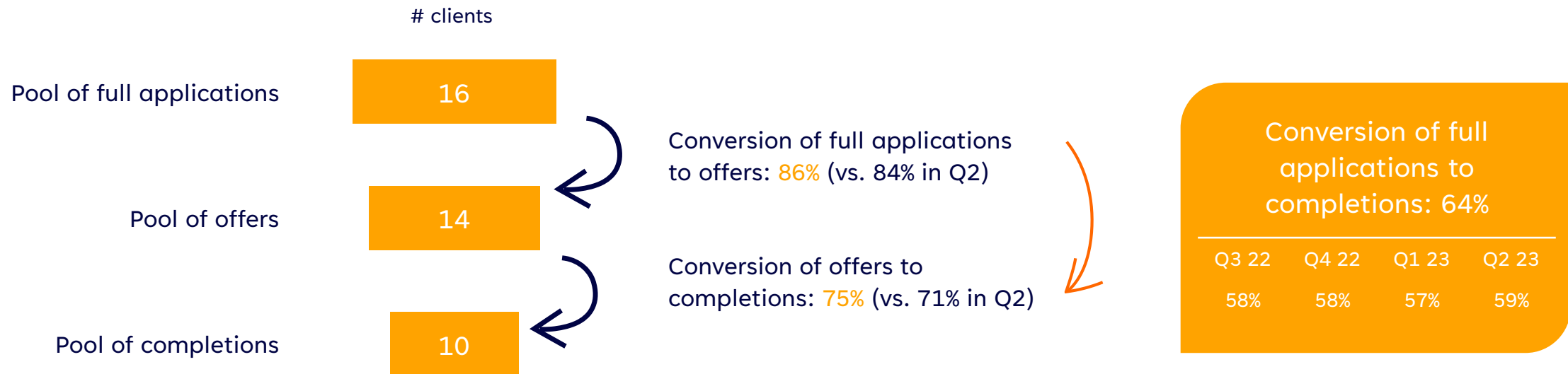
QHX1. In the last 3 months, approximately how many DIPs have you dealt with personally?  
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 QH5. And in the last 3 months, what proportion of your client's mortgage offers have led to a completion?  
 Base: All Q3 respondents (300)

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



# Conversion from full application to completion

The increase in the conversion from DIP to completion can be largely attributed to the increase in the later stage of the process – conversion from full application to completion (+5- vs. last quarter, +6 year-on-year).



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

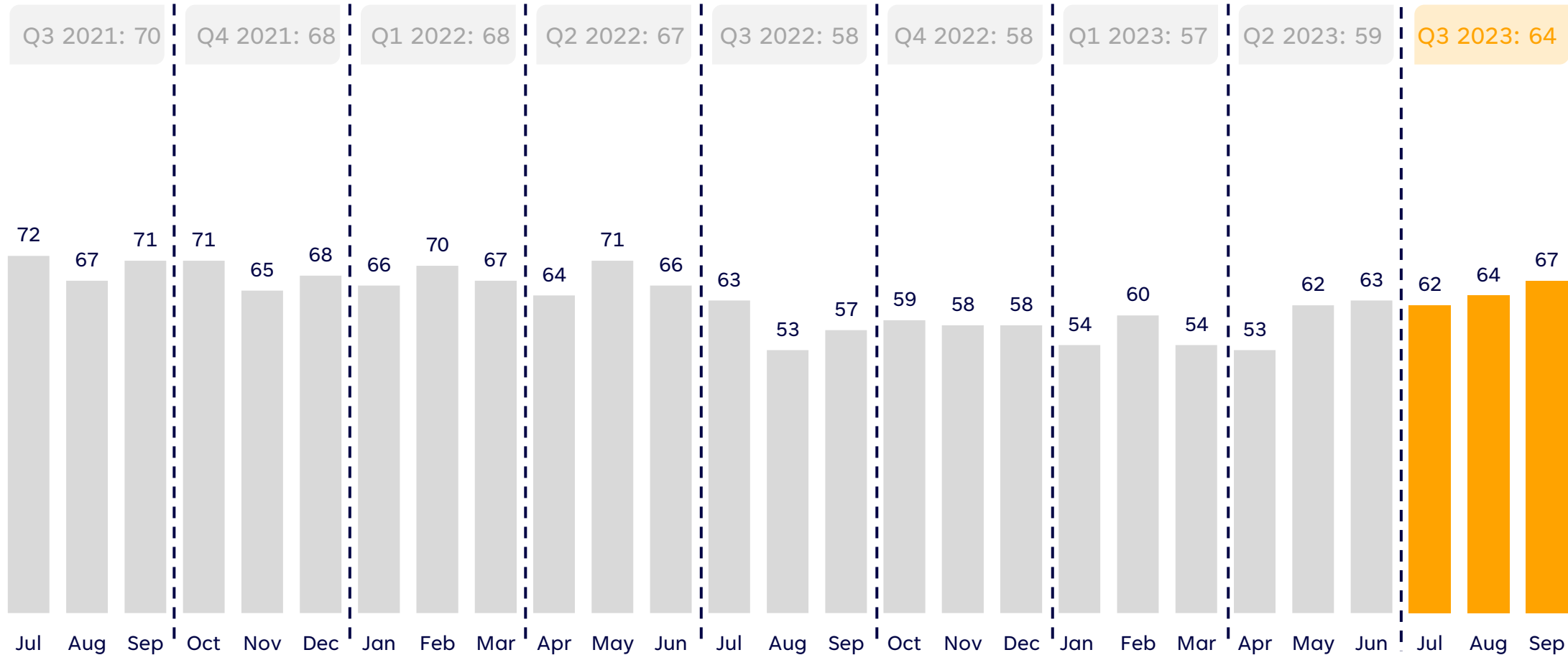
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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 full application to completion (%)

The conversion from full application to completion grew throughout the quarter, averaging 64%.



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

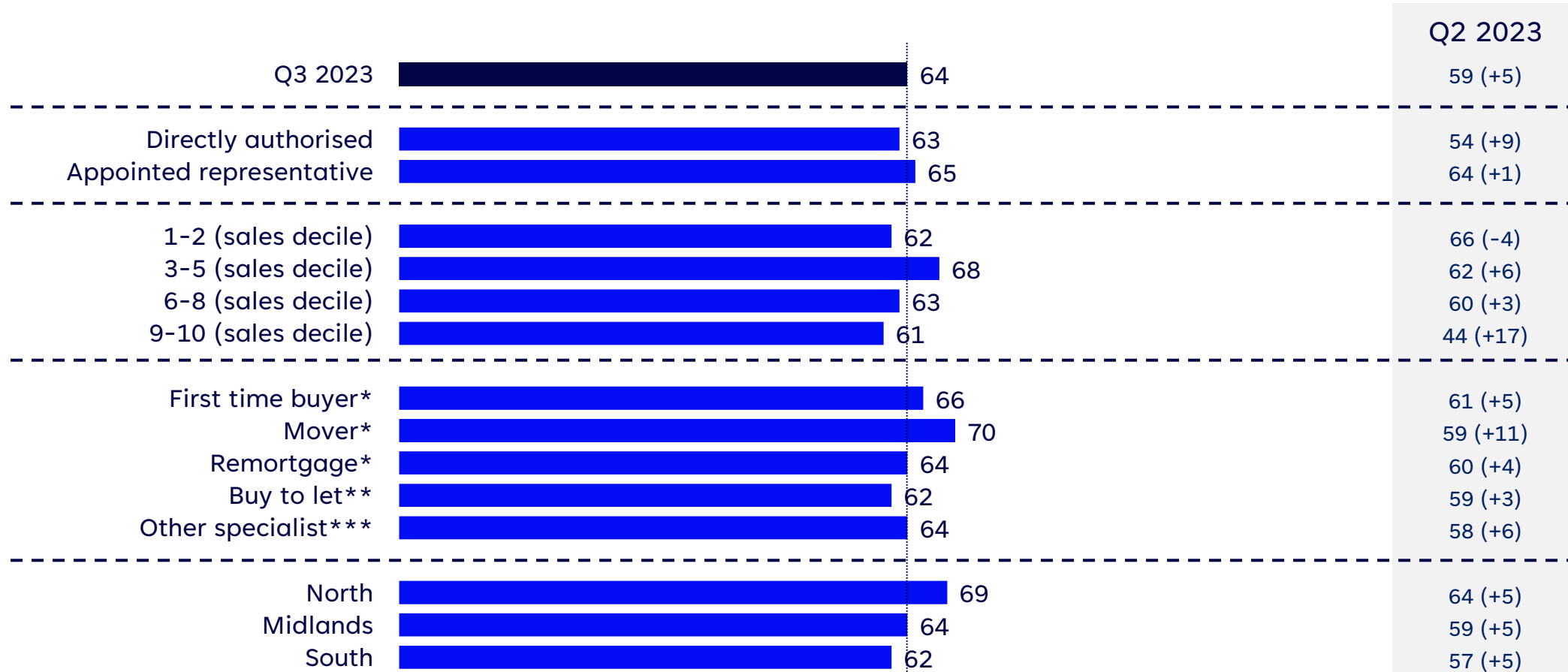
QH4. In the last 3 months, what proportion of your full applications have led to an offer?

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 full application to completion (%) – By business

Conversion from full application to completion was up in almost all segments. Specifically, 9-10 sales decile (+17), movers (+11) and directly authorised (+9) recorded the largest growth.



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 residential mortgages placed  
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# Any questions



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