

MORTGAGE BROKING

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Mortgage Broking channel exceeds \$10 billion for the first time, as consolidated Broker Consultancies grow their business by 27%

FINAL RELEASE

Press embargoed for 1am Monday 19 May 2003

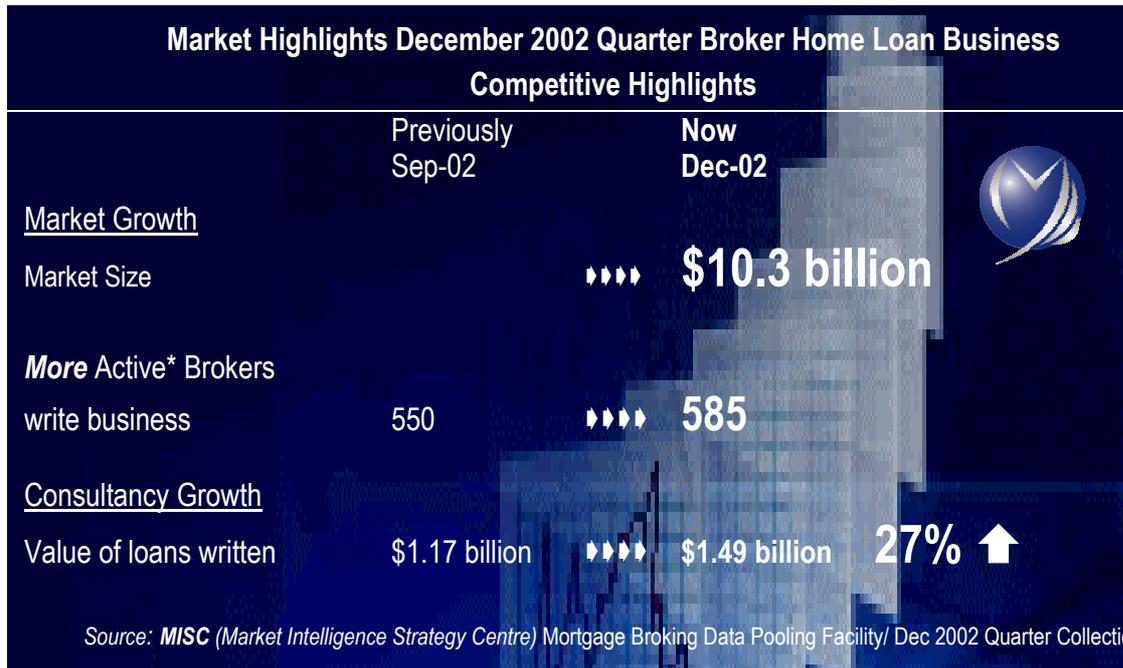
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Mortgage Broking channel exceeds \$10 billion for the first time, as consolidated Broker Consultancies grow their business by 27%

Bank and Broker Pool Members consisting of the leading major and regional Banks including Westpac, Commonwealth Bank, Suncorp Metway Bank, Bank of Queensland, BankWest, and Adelaide Bank along with national and state concentrated Broker groups including Mortgage Choice, Choice Home Loans and LJ Hooker, released today results from their latest quarterly collection produced through MISC (Market Intelligence Strategy Centre).

The latest MISC Australia (Market Intelligence Strategy Centre) Mortgage Broker co-operative measure of Broker-generated home loans shows that the total value of home loans generated by Brokers has, for the first time, exceeded \$10 billion. Quarterly growth by loan value has increased the value of new broker loan business written in the December quarter to \$10.3 billion, as the number of active brokers* increase to 585. This establishes a record, since the facility began some nine quarters ago and reflects more buoyant broker response in the December quarter than that of the entire Housing Loans market, which showed limited or no growth. The MISC Mortgage Broking Data Pooling Facility, which consists of Australia's leading Brokers and Banks (with high broker dependency), in a cumulative sense, now represents 71% of all broker home loan business written in Australia. The industry collection and unique research method even traces non-pool members' broker loan business, thus ensuring that the combined collection from Broker and Bank Pool Members is sufficient to cover 71% of all broker derived home loans.



Note: MISC says the broker pool shows that 585 brokers were active in the quarter nation wide out of more than 2500 known to occasionally write home loans. In September 2002, these Active Brokers* numbered 550.

*Active Brokers as defined by MISC and the Pool Members are those that have settled three or more loans in a quarter. MISC notes that although a large additional number of Brokers have settled one or two loans in the quarter these make a comparatively negligible contribution.

STRUCTURAL CHANGES IN THE MARKET

There are various Broker models employed in the marketing of housing loans to existing and new borrowers. These models range from Franchise-styled brokers to Aggregators, Real Estate operations and even Consultancies. In all, some 2500 groups operate in Australia, according to the MISC research, but only 585 were active in the quarter, that is, writing 3 or more loans. One style of Broker operation is the Consultancy, which includes groups like Access Home Loans, Loan Mart, Mortgage Force and Bernie Lewis. The MISC facility collection of aggregated new loan business, assembled on behalf of the Bank and Broker Pool Members, shows the restructuring of Consultancies and their notable amalgamation has seen Consultancies as a group write \$1.49 billion in new loans this quarter, representing a growth of 27%. This quarterly growth has outshone the combined growth rates of Aggregators like AFG or Plan Australia, and even real estate broker operations like Ray White. The consolidation of Consultancy operations comes on the heels of a 9% contraction in numbers as many separate groups merged successfully in the period. This consolidation, says MISC, is unlike the pattern evident in previous quarters where substantial restructuring had occurred among Aggregators.

This is the third December quarter that MISC (Market Intelligence Strategy Centre) has co-operatively pooled housing loans data for this unique market measure on behalf of its Bank and Broker Pool Members.



Latest MISC Pool Market Coverage

Following the December 2002 quarter collection, the facility’s results now represent 71% by volume of all Broker generated Home Loan business and as such sets a world precedent for the level of co-operation in an industry previously known for its privacy. Despite the relative infancy of the industry sector with its dynamic nature, this collective research initiative demonstrates a high level of sophistication among the Pool Members, as they collaborate to ensure effective measurement of their industry. MISC understands that no other co-operative, non-regulated, independent, statistical data pooling system developed overseas has managed to win this level of industry support. Via its extensive market coverage, the facility fulfils a long awaited need for reliable statistical measurement of an increasingly influential channel for Housing Loan market distribution.

Please note: Specific individual Pool Member loan business share confidentiality is fully protected by the Pool charter and member contracts.

Current Pool Membership

Members include a who’s who of the Mortgage Broking industry and their Lenders. The leading Brokers and Bank Lenders who are inaugural members of the Pool and who have driven the initiative include a wide cross section of Lenders. They include key Banks such as CBA/Colonial, BankWest, Westpac, Suncorp Metway, Bank of Queensland and Adelaide Bank. From a non-Bank perspective, members include leading national and regionally focused Broker groups (eg Franchises, Aggregators and Real Estate Agents) like Mortgage Choice, LJ Hooker and Choice Home Loans.

MISC Mortgage Broking Data Pooling Membership			
<i>Financial Institution</i>	<i>Lender Panel</i>	<i>Approximate Number of Brokers</i>	<i>State Distribution</i>
Banks			
■ Adelaide Bank	NR	15	SA
■ Bank Of Queensland	NR	50	National
■ BankWest	NR	300	National
■ CBA/Colonial	NR	200	National
■ Suncorp Metway Bank	NR	150	National
■ Westpac Banking Corp.	NR	300	National
Mortgage Brokers		Teams Employed	
• Choice Home Loans	31	300	WA, VIC, NSW, QLD
• LJ Hooker	4*	68	National
• Mortgage Choice	24	300+	National
Source: MISC (Market Intelligence Strategy Centre) Mortgage Broking Data Pooling Facility / Dec 2002 Quarter Collection			

Background to the development of the Facility

This independent (MISC regulated) statistical collection, now in it’s 9th quarter, is the result of a unique industry initiative of key Brokers and Lenders to ‘pool’ together their quarterly records of all Broker derived Home Loan settlements on a regular basis though the **MISC** (Market Intelligence Strategy Centre) industry specialist research group. The **MISC** Data Pooling Facility’s use of final settlements-only statistics ensures that pool members gain a **true** reflection of Broker loan business market activity. This contrasts favourably with the use of approvals/submissions data, which is misleading when used for appraisal of market performance due to the volume of loan cancellations.

PRESS RELEASE: MORTGAGE BROKING



Additional MISC Definitional Notes

MISC measures all types of Mortgage Brokers in its special "performance benchmarking series", including:

Franchise Brokers: like Mortgage Choice, who sell through appointed Franchisees nationally, or multi state operations like Smartline Home Loans;

Aggregators: like Select or Plan Australia, who arrange lending panels and other services for existing retail Broker networks such as Accountants, Financial Planners, Small Mortgage Brokers etc;

On-line Brokers: like eChoice, who transact their business over the Internet;

Real Estate Agents: like Ray White who sell loans through existing real estate offices;

Licensed Consultants: like Residential, Mortgage Force or Choice Home Loans[^] who buy a license or the right to sell loans using the firm's name;

[^] Although Choice Home Loans operates through Consultants, it also has an aggregation operation.

Other Third Party Distributors: like Australian Finance Group (AFG) who primarily operate as a wholesaler and utilise financial services professionals to source new loan business and introduce lenders and loan seekers.