

## MORTGAGE BROKING

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### **Mortgage Broking Channel Exceeds \$13 Billion for the First Time, as Fixed Loan Business Attraction Prompts Renewed Growth**

**FINAL RELEASE**

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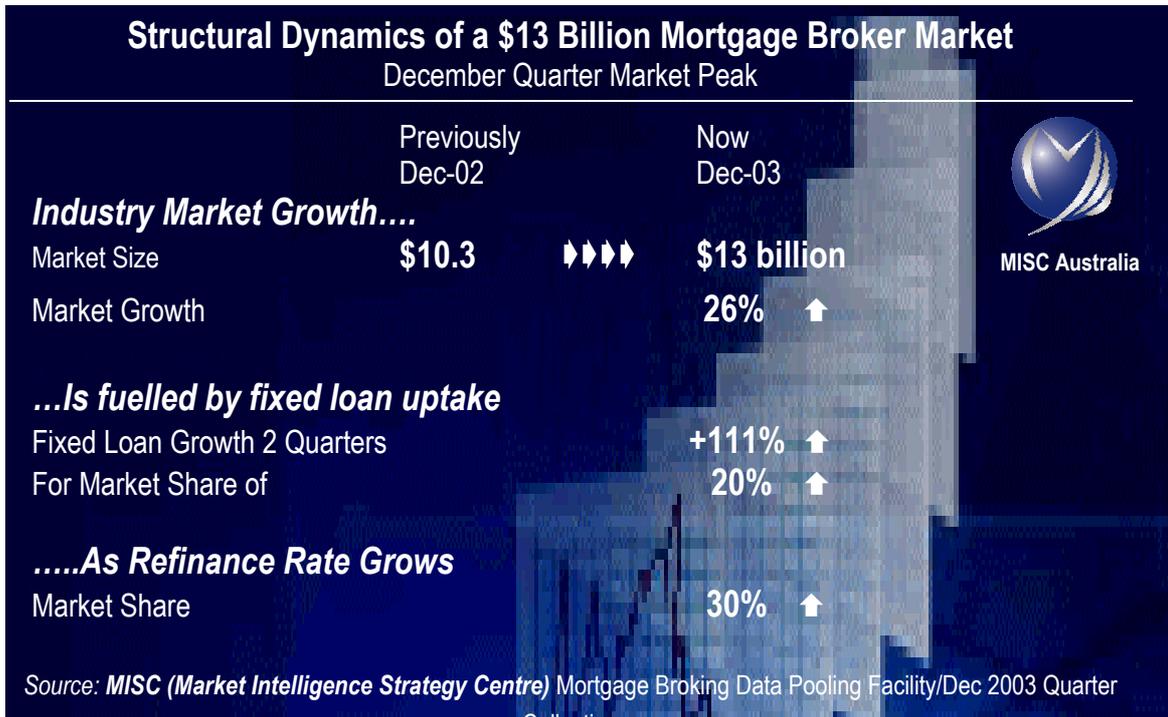
## Mortgage Broking Channel Exceeds \$13 Billion for the First Time, as Fixed Loan Business Attraction Prompts Renewed Growth

*Bank and Broker Pool members, consisting of the leading major and regional Banks including Westpac, Commonwealth Bank, Suncorp Metway Bank, Home Side, 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 results today 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 exceeded \$13 billion for the first time since the inception of the Pool. This is now the sixth quarter since December 2000 in which MISC has reported a robust growth in the markets total value.

The value of new broker loan business written in the December quarter increased by some 29% on the \$10.3 billion milestone reached in the same quarter one year earlier. In an industry where quarterly results are usually volatile, this recent level achieves a new record since the facility began some 13 quarters ago. While buoyant, the December quarter (notes a leading Industry Research group MISC) saw more conservative growth than in the previous year. In the absence of any other development, this would not be of consequence, were it not for the contrasting greater growth of refinancing which has now reached a record 30% share of all Broker loans written.

A major contributing factor to this level says a leading Industry research group MISC on behalf of its Bank and Broker Pool members, is undoubtedly the change in lending profile that has seen fixed rate products capture 20% of all broker loans and evidence of increased lending on equity styled of products on the back of some renovation booms (especially in Victoria). Accordingly, the December quarter was the second strong growth quarter recorded for fixed loan lending as a consequence of the lead up and implementation of the Reserve Bank imposed two interest rate rises of .25 % each. (This meant that on an average-sized Broker-written mortgage Australian home owners would be paying an extra \$921 in interest each year.) Over the September and December quarters, fixed rate loan growth has averaged 56% per quarter and now captures 20% (by value) of the entire Broker written business. Clearly, says MISC on behalf of its Bank and Broker Pool members' some Brokers in the mortgage industry have been singularly successful in encouraging a large body' of borrowers to take up, or change to fixed rate products. The response of the Broker industry in the lead-up and applicable quarter suggests' that some earlier Broker activity was insightful while later December activity was more responsive.



\*The Reserve Bank announced its first interest rate adjustment for some 6 quarters on 5 November. It increased the cash rate by .25 % basic points to 5%, suggesting that improved domestic economic conditions and increased housing values had paved the way for inflationary pressure. Not long after, by 3 December, a further .25% rise was announced, increasing the cash rate to 5.25%.

### New Bank Lender Membership

These results emanate from the December quarter 2003 collection of the Mortgage Broking industry co-operative statistical Pool derived from leading Bank and Broker Pool members. It consists of major and regional Banks including Westpac, National Bank /HomeSide, Commonwealth Bank/Colonial, Suncorp, Bank of Queensland, BankWest and Adelaide Bank, along with national and state concentrated Broker groups including Mortgage Choice and Choice Home Loans. The Pool was enhanced even more this quarter by the inclusion of the National Bank Broker Channel HomeSide, which will significantly enhance the coverage of the Pool. HomeSide has a wide third party distribution network, which encompasses other third party introducers and separated brokers .The HomeSide membership is restricted to Broker originated loans only.

The MISC Mortgage Broking Data Pooling Facility, which consists of Australia's leading Brokers and Banks with high Broker dependency now represents, (in a cumulative sense,) 75% 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 75% of all Broker derived home loans.



**Latest MISC Pool Market Coverage**

Following the December 2003 quarter collection, the facility’s results now represent 75% 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.

Leading industry researcher 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: The confidential of specific individual Pool member loan business share y 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 have driven the initiative, include a wide cross section of lenders including key Banks such as Commonwealth Bank/Colonial, BankWest, Westpac, Suncorp, Bank of Queensland and Adelaide Bank, lately joined by HomeSide. 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			
Financial Institution	Lender Panel	Approx. No. of Brokers	State Distribution
<b>Banks</b>			
HomeSide (National Bank)	NR	300	National
Adelaide Bank	NR	15	SA
Bank of Queensland	NR	50	National
BankWest	NR	300	National
Commonwealth Bank/Colonial	NR	200	National
Suncorp	NR	150	National
Westpac Banking Corp.	NR	300	National
<b>Mortgage Brokers</b>		<b>Teams Employed</b>	
Choice Home Loans	35	400 +	National
LJ Hooker	4*	68	National
Mortgage Choice	24	462	National

*Source: MISC (Market Intelligence Strategy Centre) Mortgage Broking Data Pooling Facility/Dec 2003 Quarter*

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## Background to the development of the Facility

This independent (MISC regulated) statistical collection, now in its 13th 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 through 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.

For further information on this unique service please contact MISC Marketing.

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