

MORTGAGE BROKING

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**Fewer Brokers i.e. 556 set record for Mortgage Broking
Industry with \$11 billion in new loans
for the June quarter 2003**

FINAL RELEASE

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Fewer Brokers i.e. 556* set new record for Mortgage Broking Industry with \$11 billion in new loans for the June quarter 2003

After 11 consecutive quarters of measurement, 556* of Australia's 2003 Mortgage Brokers in the June quarter wrote nearly \$11 billion of home loans - a record for the industry. This result emanates from the June quarter collection of the Mortgage Broking industry co-operative statistical pool derived from leading Bank and Broker Pool Members. It consists of the major and regional Banks, including Westpac, Commonwealth Bank/Colonial, Suncorp, Bank of Queensland, BankWest and Adelaide Bank, along with national and state concentrated Broker groups including Mortgage Choice, Choice Home Loans, and LJ Hooker. The Pool membership accounts for 72% of all broker loans written in Australia and is the most authoritative broker industry source. Members through leading industry researcher MISC (Market Intelligence Strategy Centre) released today results from their latest quarterly collection which showed a \$1 billion growth on the last record broker business quarter (Dec 2002) in new loans settled.

The previous record set by the industry of \$10 billion in loans (Dec quarter 2002) was written by a larger number i.e. 585 active brokers*, and sets a further milestone for this dynamic Home Loan distribution channel. The record lending levels of Mortgage Brokers came in the context of, still unchanged interest rates, but a drive by many lenders to promote lower fixed rate lending options. While active broker* numbers declined in some quarters, leading industry researcher MISC (Market Intelligence Strategy Centre), notes that increasing number of lenders are adding the channel to the list of options provided, and the past year has seen increased lender activity as more Credit Unions and Originators began to use brokers to extend business. Building Societies and Credit Unions together with other institutions like Originators have shown the fastest growth over the past year, recording nearly 50% compared to the larger shares, but slower growth of both regional and major banks at 19% was evident.



The record quarter was assisted with several product initiatives of certain lenders especially in respect to fixed rate products, where interest rate adjustments were made more attractive to brokers for Suncorp Metway and Commonwealth/Colonial loans. Several lenders also attracted increased broker business with no fee offers, eg. Bank West, while other lenders like Westpac introduced notable servicing changes to speed loan processing. Adelaide bank was also recognised in this period (via Industry surveys) for upgrades to its servicing model. In addition brokers themselves either expanded their market coverage by a series of mergers or deliberate interstate expansions, as adopted increasingly by both Smart line and Mortgage Choice in Qld, and Select in NSW and Vic, or even in some cases rationalized their introducer networks, eg. AFG. The broker market was further supported by MIAA through its own supporting promotion of MIAA broker members.



Latest MISC Pool Market Coverage

Following the June 2003 quarter collection, the facility’s results now represent 72% 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 (Market Intelligence Strategy Centre) 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 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. 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	Approximate Number of Brokers	State Distribution
Banks			
■ 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
Mortgage Brokers		Teams Employed	
• Choice Home Loans	35	360	National
• LJ Hooker	4*	68	National
• Mortgage Choice	24	300+	National
Source: MISC (Market Intelligence Strategy Centre) Mortgage Broking Data Pooling Facility / Jun 2003 Quarter Collection			

Background to the development of the Facility

This independent (MISC regulated) statistical collection, now in it’s 11th 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.

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 sells 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.*

* Misc active broker definition includes brokers writing 3 loans or more.

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.