

MFAA
**INDUSTRY
INTELLIGENCE
SERVICE**

10th Edition

For the six month period
1 October 2019 – 31 March 2020



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CEO's Report

It is with pleasure that we present the tenth edition of the MFAA's Industry Intelligence Service (IIS) Report. This report covers the six-months from October 2019 through March 2020.

This IIS Report provides insight into a period of increased competition within the lending landscape and the housing market more broadly. The October 2019 to March 2020 term saw the continuation of the market recovery that commenced in the second half of the previous IIS Report period, thanks in large part to record low interest rates and easing lending conditions.

During the January to March 2020 quarter mortgage brokers continued to facilitate more than half of all new residential mortgages at 52.1%, albeit down 7.6 percentage points year-on-year. This result was further evidence of lenders competing more fiercely through their proprietary channels, particularly amongst the major banks, and reflects a blowout in lender credit turnaround times and delays in processing discharges.

This market share result however belied a strong performance from the nation's mortgage brokers throughout the six month period, as the average number of applications lodged per active broker jumped from 16 to 19.6, while the national average value of home loans settled per broker rose above \$6 million for the first time in over three years.

Having reached a peak of 17,040 brokers in the September 2018 period, the broker population has contracted for the third consecutive period to 16,389 brokers. This reduction coincides with a period of increased industry scrutiny and new legislation, which has resulted in an apparent trimming down of inactive and less productive brokers.

The national broker residential loan book remained stable compared to the same period a year ago. Australia's total loan book value now sits at \$685.46 billion. While average trail commission increased marginally compared to the previous year, up-front commissions grew by a significant 16.15%, reaching \$78,462 for the period, which helped to achieve a healthy national average combined remuneration per broker of \$141,329.

Overall, compared to previous periods, October 2019 to March 2020 was a more positive time for the mortgage broking industry, as a rebound in market activity coincided with an increase in broker facilitated loans.

It is however important to note that this period immediately preceded perhaps the biggest event of economic and social disruption in the past 30 years in COVID-19, the full impact of which on the mortgage and finance broking industry remains to be seen.

Regards,

Mike Felton
MFAA CEO

Executive summary

This latest Industry Intelligence Service (IIS) Report, 10th edn., provides broker and industry performance and demographic data for the six-month period of October 2019 to March 2020, as well as data from recent quarterly periods.

This report draws on data supplied by 12 of the industry's leading aggregators.

During this period, the broker channel again facilitated more than half of all new residential mortgages at 52.1% during the March quarter, further cementing the broker channel as the channel of choice for consumers. However, year-on-year, this share declined from 59.7%.

The broker channel settled \$98.71 billion in residential home loans for the six-month period, the highest October – March value recorded since the MFAA commenced reporting in 2015, up 12.7% year-on-year.

The aggregate value of brokers' home loan books fell by 0.2% year-on-year, to \$685.46 billion.

At a state level, all states experienced diminishing total loan books led by South Australia which fell 6.1% year-on-year, albeit from a lower base, while Queensland recorded the largest decline in value, dropping \$6.2 billion.

Year-on-year, the average value of new home loans settled per broker increased by \$827,181 or 15.9%, while the last six-month period experienced a similarly significant jump of \$819,482. For the first time in three years all major states recorded an increase in the number of loan applications lodged, while the total number of applications lodged nationally reached over 300,000 for the first period in two years. Year-on-year, the number of applications increased by 15.3% overall. Also, year-on-year, at an individual mortgage broker level, the average number of applications lodged per broker (including inactive brokers) grew from 15.5 to 18.3.

The conversion rate of applications to settlement declined by 5.1 percentage points year-on-year, while falling 0.5 percentage points period-on-period. This marked the second consecutive period-on-period decline and the lowest result in the history of the report at 68.7%.

Year-on-year, the number of brokers decreased by 462, while period-on-period there was a reduction of 209 brokers. When comparing population changes to settled value changes, year-on-year broker numbers at a national level decreased by 2.7%, whilst overall new loan settlements grew by a significantly higher proportion at 12.7%.

The divergence of broker numbers and settled value has contributed to an increase in the calculated average total broker remuneration, of 9.8% year-on-year.

Mortgage brokers again continued to play a significant role in changing the lender landscape through the increasingly diverse range of lenders they offer their customers. This period, the combined segment of lenders other than the major banks and their affiliates recorded another record market share, up 27.41% year-on-year to \$20.09 billion for the December 2019 quarter before dropping back to \$17.80 billion in the March 2020 quarter. At the same time the major banks recorded their lowest level of market share since the survey commenced in 2013 falling to 40.4% in the December 2019 quarter before rising slightly to 41.5% in March 2020. Contrasting with the major banks share was the 'Other type of lender' segment, notably Macquarie, which has seen the biggest gain to record its highest market share of 16% again in the December 2019 quarter before falling back to 12.6% in March 2020.

Following a plateauing of the number of mortgage brokers also writing commercial loans over the previous four periods at approximately 3,660, this number increased significantly in the October 2019 to March 2020 period to a new high of 4,486 brokers. The value of settled commercial lending also spiked to reach its highest value at \$9.69 billion in the October 2019 to March 2020 reporting period.

With thanks to the contributors

Information for this edition of the MFAA's leading market intelligence resource for brokers, the Industry Intelligence Service Report, was provided by leading aggregators, including:

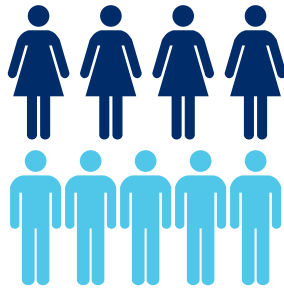


Industry snapshot

Industry Intelligence Service (IIS) Report – 10th edition, October 2019 – March 2020

Population of mortgage brokers

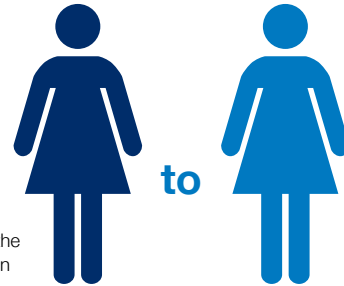
16,389
Up to
16,598
Apr19–Sept19



Ratio of mortgage brokers

1 to 1,557

Brokers per head of the Australian population



Compared to 1 broker per 1,528 Australians in Apr19–Sept19

Total value of loans settled



12.7%
Compared to the
October 2018 –
March 2019 period

Average gross annual earnings

Oct 2019 –
Mar 2020

\$141,329

Up
7.55%

Apr 2019 –
Sept 2019

\$131,402

The national average of brokers' gross annual earnings increased from the IIS Report (ninth edition).

Average value of home loans settled per broker

\$5.8
Million



Apr19–Sep19



\$6.9
Million



Oct19–Mar20

Average number of home loan applications lodged per broker



Apr19–Sep19

Including inactive brokers



Oct19–Mar20

Total number of home loans lodged



Oct18–Mar19

15.3%



Oct19–Mar20

Share of lenders other than the Majors and their affiliates

36.5%
Jan19–Mar19



38.9%
Jan20–Mar20

Proportion of mortgage brokers also writing commercial loans

22.1%
Apr19–Sep19

22.2%

27.4%
Oct19–Mar20

Average value of the home loan portfolio per broker



Apr19–Sep19

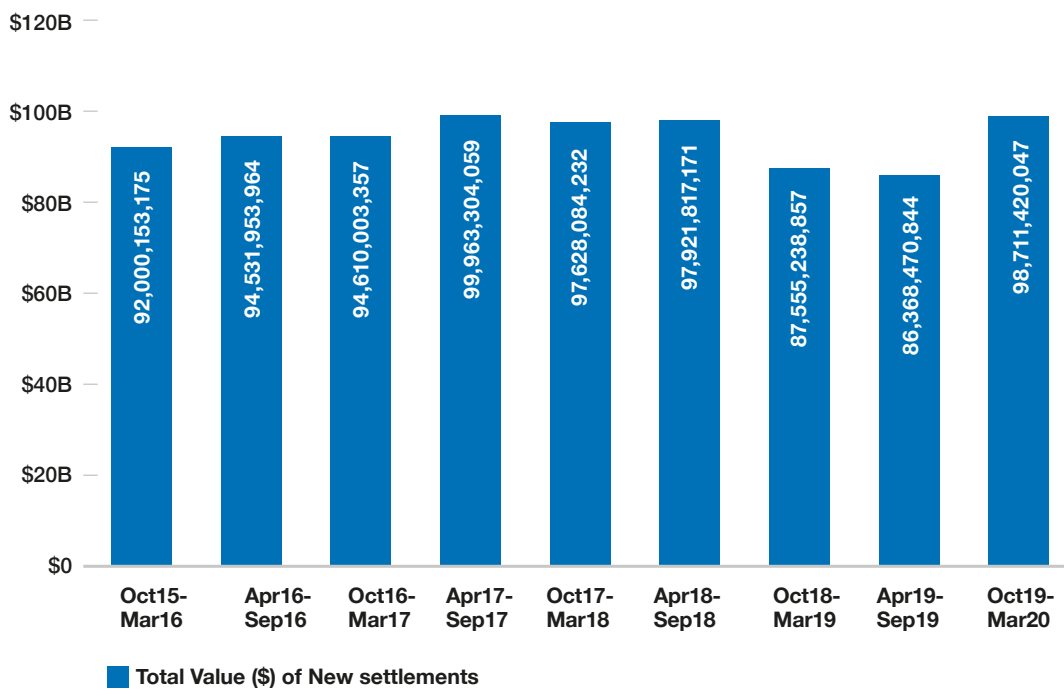
3.5%



Oct19–Mar20

The last twelve-month period has seen a 12.7% increase in home loan settlements for the mortgage broking sector.

Value of home loans settled by brokers, per six-month period (\$)

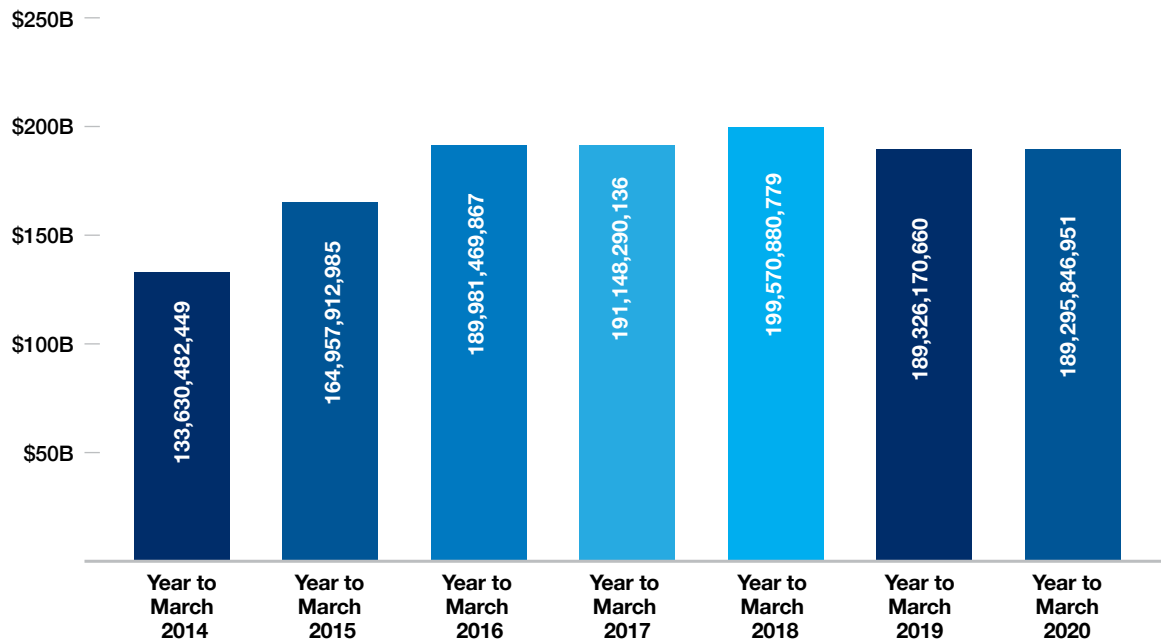


Note: There is data from one less aggregator in the five most recent six-month periods from October 2017 to March 2020 period compared to previous periods. It is estimated that this impact is only marginal though, and not material.

Mortgage brokers settled \$98.71 billion in residential home loans for the six-month period from October 2019 – March 2020. This represents a large increase of \$11.16 billion or 12.7% in new loan settlements compared to the same period last year and is the second highest six-month value recorded since the report has been issued.

Historically, the value of home loan settlements between the October – March period tends to be lower than the April - September period. However, the October 2019 – March 2020 period has seen a significant shift and turnaround, with a substantial increase bucking the trend that had been previously observed.

Value of home loans settled by brokers, per year (\$) 12 months to the end of March



Source: MFAA Quarterly Survey

Note: IIS 9th edition compares the value of home loans settled by brokers for the year-ending periods up to September; whereas this 10th edition compares year-ending periods up to March.

In the twelve months to March 2020, brokers settled just over \$189 billion in home loans – a mild reduction of \$30.3 million or very mild 0.02% decrease, which represented flat growth when compared year-on-year.

After continuous year-on-year growth for the four years from March 2014 to March 2018, the last 2 years, from March 2018 to March 2020, has seen new loan settlements fall back and stabilise at similar levels to 2016 and 2017 in the broker industry.

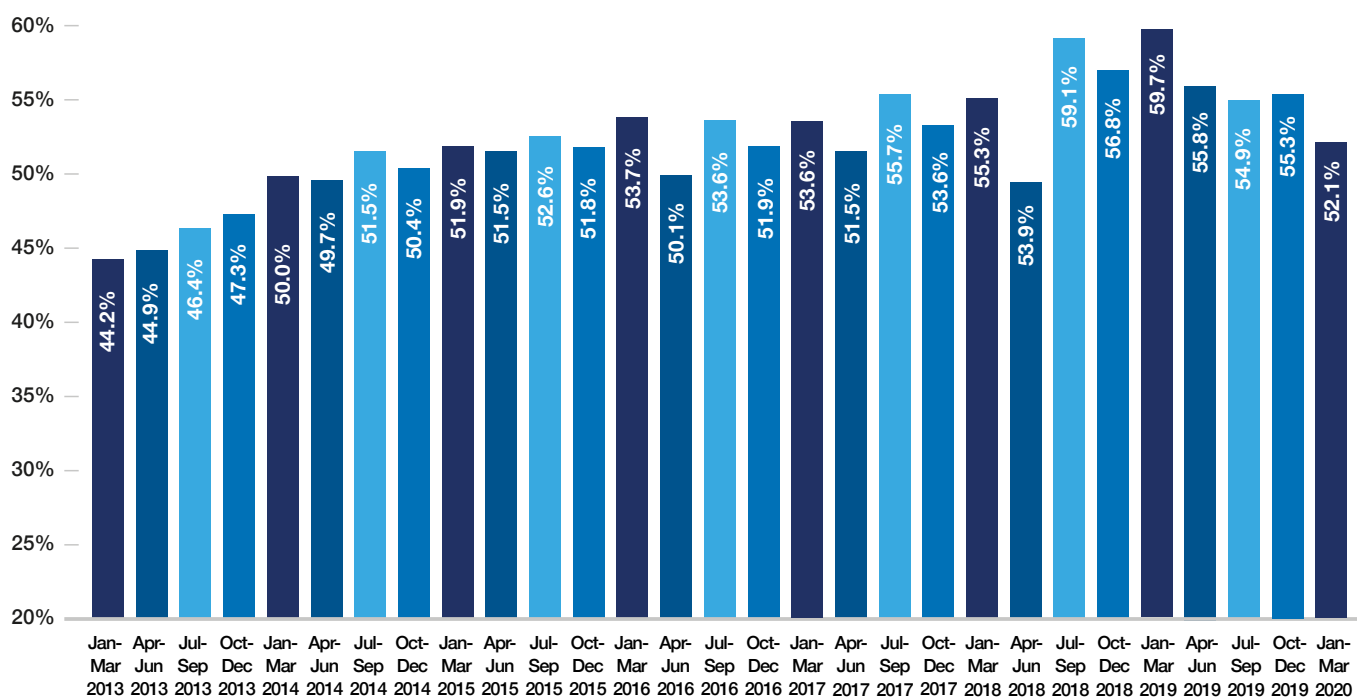
MFAA's Quarterly Survey of brokers and aggregators

The March 2020 quarter saw brokers' market share of all new residential home loan settlements fall to its lowest share in five years at 52.1%.

Quarterly Survey of Brokers: Market share of home loans settled by brokers (%)

MFAA Quarterly Survey of leading mortgage brokers and aggregators

Market share of new residential home loans originated by all mortgage brokers and aggregators as % of ABS Housing Finance Commitments



Note: The Quarterly Survey draws on data from 13 aggregators, whilst the IIS draws on data from 12 aggregators.

The March 2020 quarter saw brokers' market share of all new residential home loan settlements fall to its lowest March quarter share in five years at 52.1%.

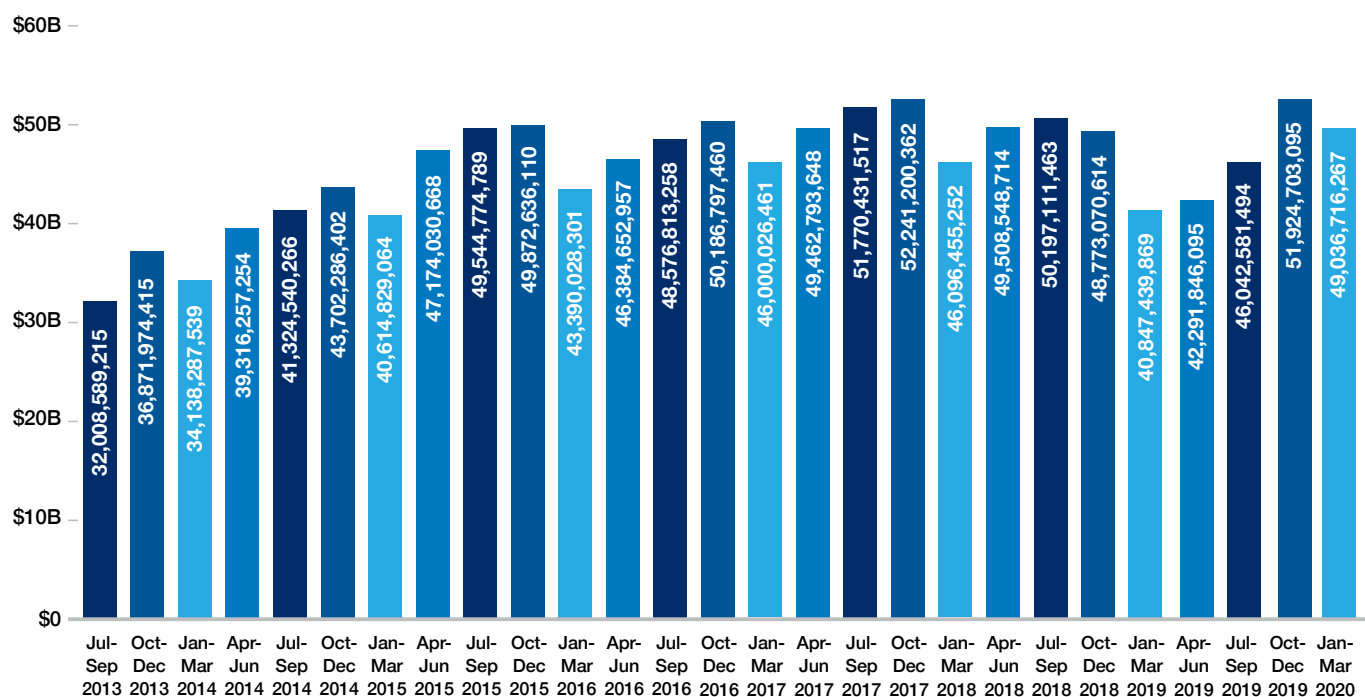
Quarter-on-quarter broker market share decreased by 3.2 percentage points.

Year-on-year, comparing to the previous March 2019 quarter, broker market share fell by 7.6 percentage points, the largest year-on-year decline observed. There was a milder decline of 3.2 percentage points when compared to the March 2018 quarter.

This was the first decline observed in market share for broker originated lending in the first quarter of the calendar year. The result is further evidence of lenders competing more fiercely through their proprietary channels, particularly amongst the major banks who have used the strength of their balance sheets to actively pursue market share through aggressive discounting, cash back and fixed rate offerings.

It also reflects a blowout in lender credit turnaround times and delays in processing discharges which will have impacted broker settlements to varying extents in the quarter and particularly given the broker channel's higher concentration of refinancers.

Quarterly Survey of Brokers: Value of home loans settled by mortgage brokers (\$)



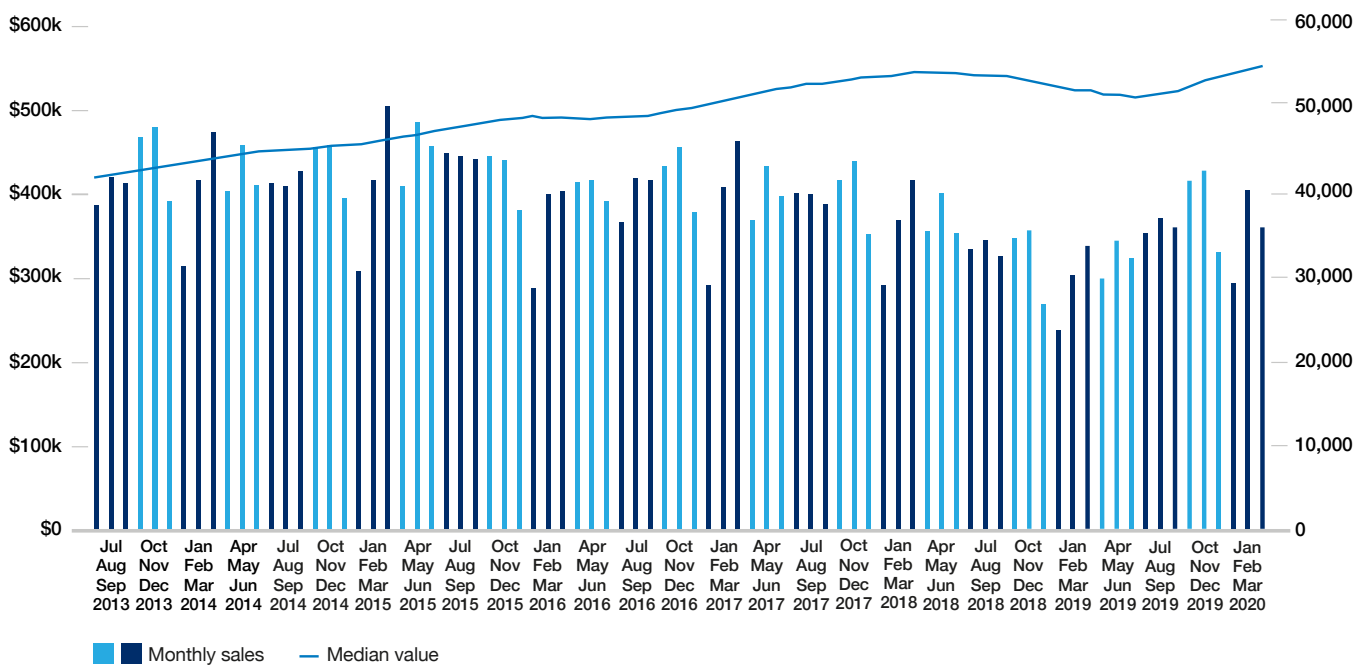
Note: The Quarterly Survey draws on data from 13 aggregators, whilst the IIS draws on data from 12 aggregators.

The \$49 billion in new loan settlements recorded in the March 2020 quarter is the highest value observed for a March quarter. Comparing year-on-year, it represents an increase of \$8.2bn or 20.0% to the \$40.8 billion in March 2019, the largest increase between March quarters in six years.

Historically, the March quarters in previous years have experienced larger decreases when compared quarter-on-quarter with preceding December quarters. However, 2020 has seen a milder quarter-on-quarter decrease in value (\$2.89bn or 5.6%) for a March quarter. The first quarter of 2020 saw a strong start to the year with settlements higher when compared to previous years. However, the true impact of the COVID-19 pandemic has yet to be seen.

Comparator insights: The above charts show the value of new home loan settlements by brokers in 2019 increased quarter-on-quarter through to the December 2019 quarter, whilst market share for the broker industry declined in comparison. The trend also continues into the March 2020 quarter with the highest value of settlements observed for a March quarter, although the market share is the lowest in five years dating back to March 2015. This inverse relationship suggests that lender's proprietary/ direct channels have settled more in the value of new home loans than the broker channel and have taken a larger proportion of the home loan pie. With credit policy and lending criteria less stringent and interest rates at an all-time low, access to lending continues to be made easier to aid stimulus to catalyse a recovery in the housing market.

Residential Property: Median Values and Total Sales – National

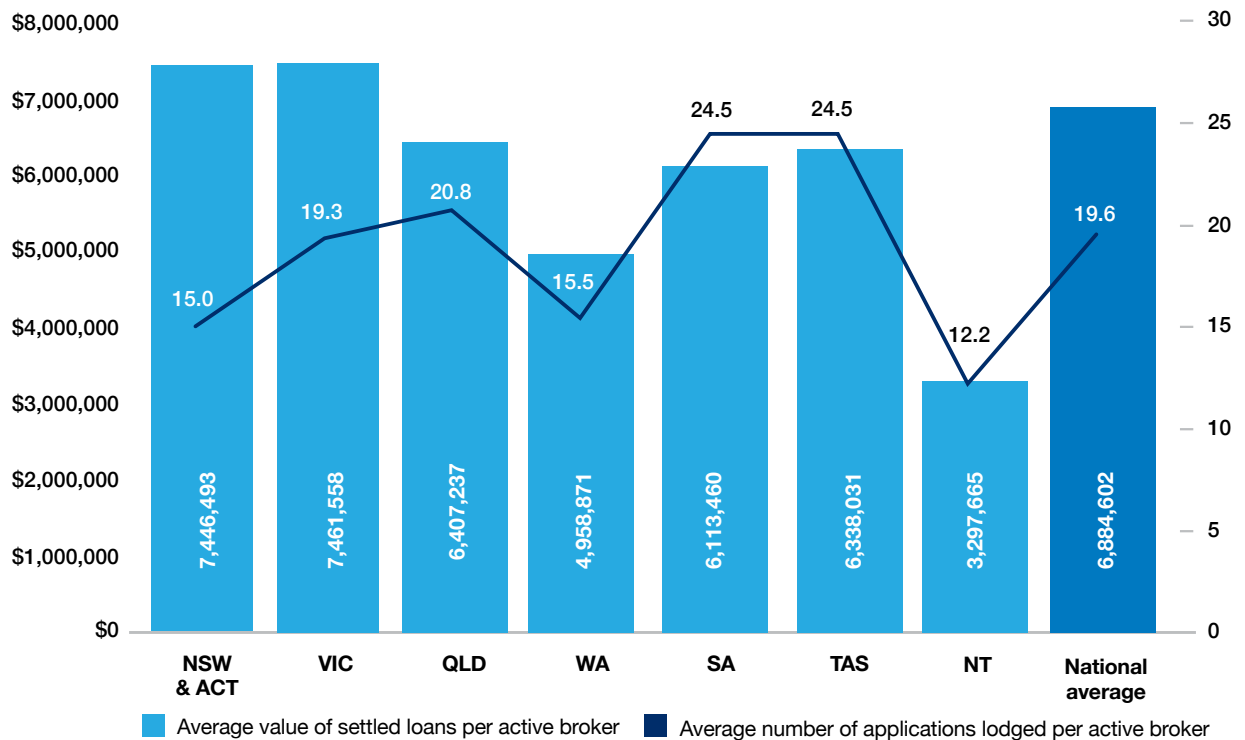


Comparator insights: After declining in June 2018 to June 2019, national median dwelling values have been on a consistent increase over the last nine months to March 2020, showing continued signs of an uplift and recovery in the housing market.

Sales volumes have seen a significant uplift between December 2019 and March 2020 (typically a quieter period), when compared with the same period twelve months earlier. Volumes have now recovered to similar levels experienced in December 2017 to March 2018, further highlighting a recovery in the home lending industry.

Average value of settled home loans by state (\$) and average number of applications lodged per active broker

From 1 October 2019 to 31 March 2020



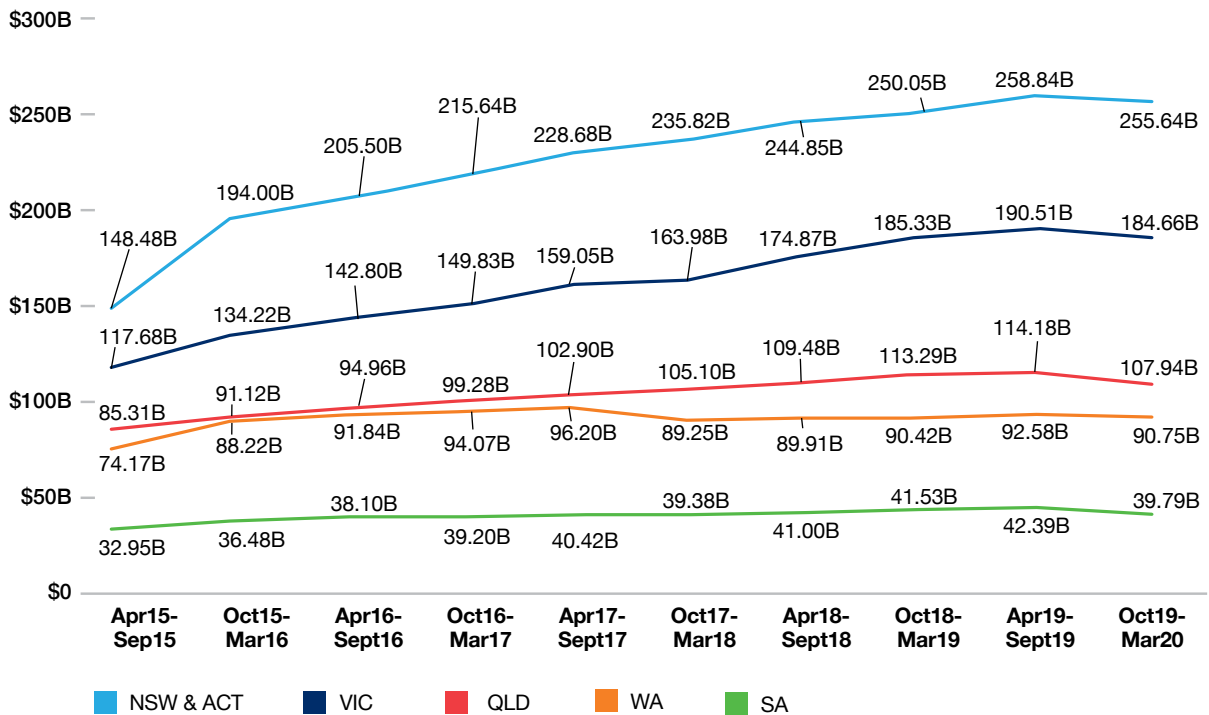
Year-on-year, nationally, the number of applications lodged per broker has grown from 16 to 19.6, with the value of settled loans increasing from \$6.03 million to \$6.88 million.

Year-on-year, at the state and territory level, all states grew significantly except for the Northern Territory which remained stable maintaining levels from 12 to 12.2 applications. New South Wales and ACT increased from 13 to 15, Victoria from 16 to 19.3, Western Australia from 13 to 15.5, Queensland from 17 to 20.8, and South Australia from 20 to 24.5 applications.

Tasmania increased the average number of loan applications from 19 to 24.5.

For average value of settlements, all major states recorded large increases, with the exception of the Northern Territory, where the average value of settlements recorded a large decline of \$1.06m or 24.3%, from \$4.36 million to \$3.3 million.

Total value (\$) of broker loan books, per state



Historically, the loan book value of the major states has grown consistently period-on-period. However, the last six months has seen all major states record a period-on-period decline in their loan books for the first time.

New South Wales and ACT continues to have the largest broker loan book at just over \$255.6 billion in value or 37.3% share of the overall national home loan portfolio. As at the end of March 2020, this represented a decline of 1.24% or \$3.2 billion decrease compared to the previous six month period.

Victoria has the second largest loan book at \$184.7 billion or 26.9% share of the national total. Its loan book value decreased by 3.07% or \$5.8 billion.

Queensland recorded the largest decline in value, with its loan book falling by \$6.2 billion or 5.5% to \$107.9 billion.

Western Australia recorded milder negative growth with its book value currently at \$90.8 billion.

South Australia's loan book recorded the largest % decrease, with a 6.1% or \$2.6 billion period-on-period reduction.

At a national level, the aggregate value of broker home loan books was flat year-on-year to March 2020.

Change in the value of broker loan books, from March 2019 – March 2020

Growth rates in the value of broker loan books from March 2019 to March 2020



Note: The data used is from 10 aggregator participants that consistently provided the data for the same periods.

At a national level, brokers total loan books year-on-year to March 2020 was relatively flat, with a very slight reduction of 0.2% or \$1.47billion to \$685.46 billion, lower than last year's growth rate of 7.2%.

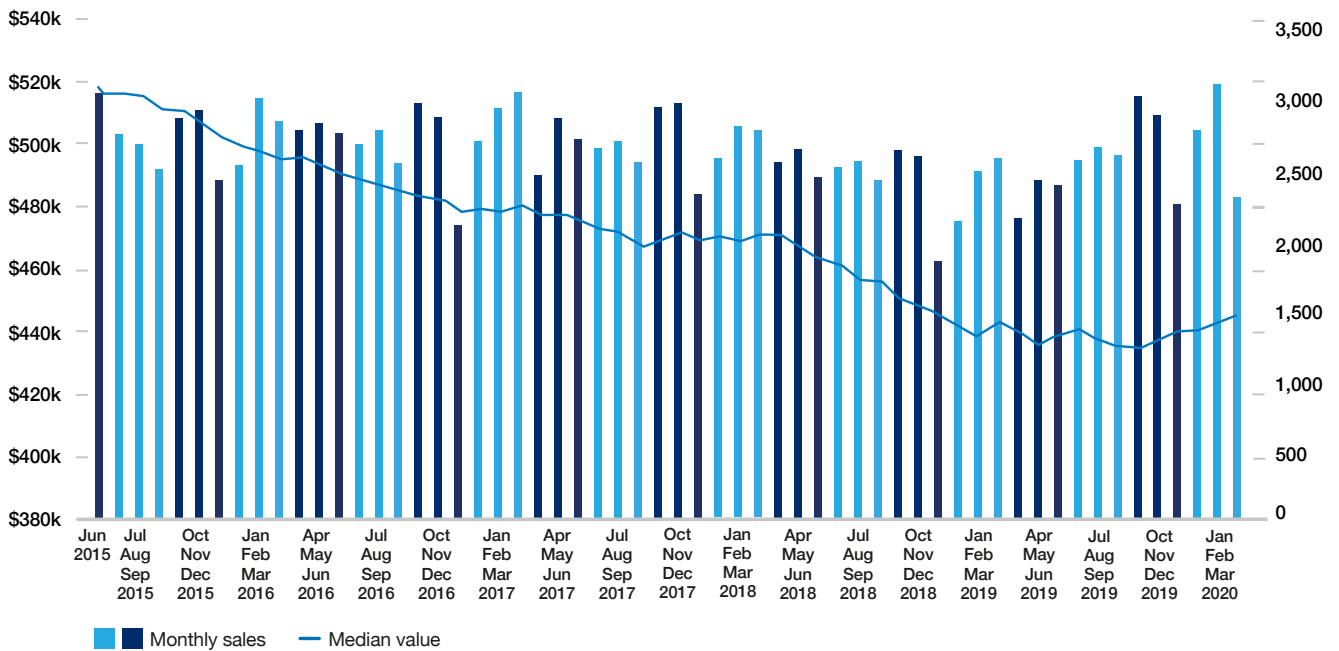
At the state level, New South Wales and ACT recorded a 2.2% increase (currently valued at \$255.6 billion) down on the 6% growth from the previous year. Victoria was relatively flat with a slight reduction of 0.4% (at \$184.67 billion).

Similarly, WA was also flat with a slight uplift of 0.4%.

Queensland and South Australia both recorded similar significant declines of 4.7% and 4.2% respectively.

Northern Territory recorded the standout growth of 9.3%, although from a small base. Tasmania also showed positive growth of 3.4%, also from a lower base.

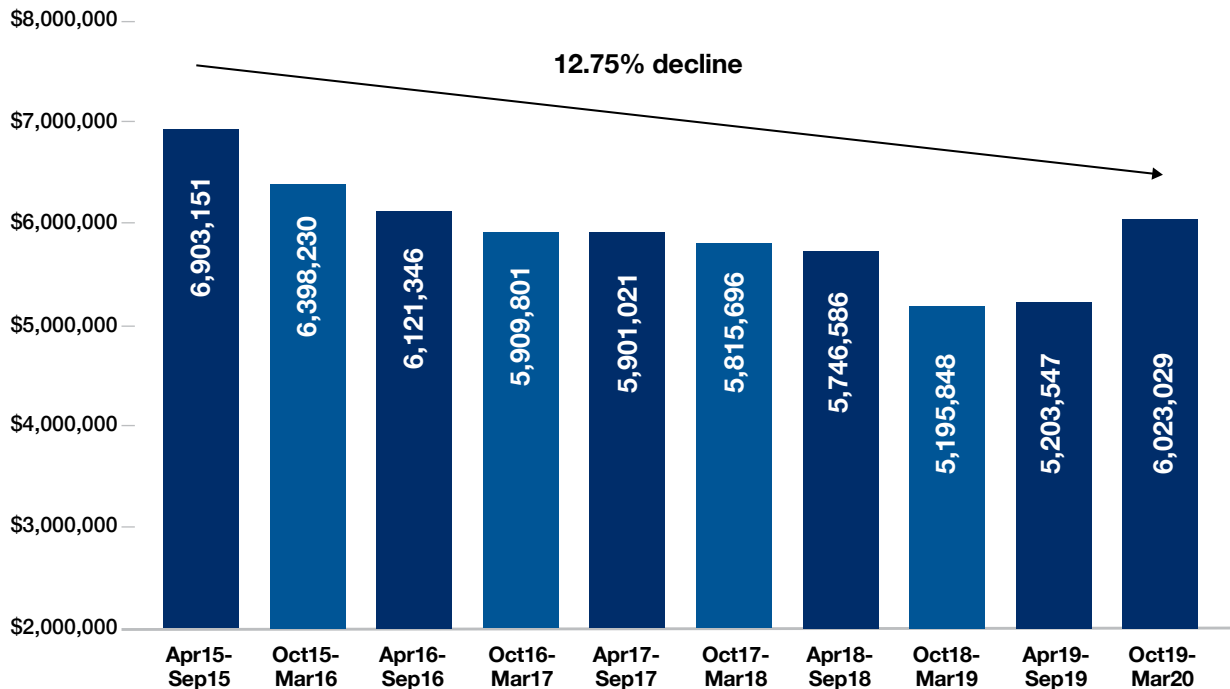
Capital Cities Median Property Values – Greater Perth Area



Comparator insights: Since 1st October, median property values across Greater Perth has shown an uplift trend and signs of recovery overall. Year-to-date, 2020 has shown a trend of continued growth in Q1. In stark contrast to historical trends in the past over the same period, this is the first time that the volume of sales across the Greater Perth area has shown a period of consistent growth over a six-month cycle, showing strong indicators of recovery and positive growth in what has historically been a very tough declining market.

The average value of loans settled per broker has shown a substantial year-on-year and period-on-period increase, marking the first such increase in the history of this report.

National average value of new home loans settled per broker



Note: There is data from one less aggregator included in the five most recent six-month periods from October 2017 to March 2018 period compared to previous periods. It is estimated that this impact is only marginal though, and not material.

The average value of loans settled per broker has shown a substantial year-on-year and period-on-period increase, marking the first such increase in the history of this report.

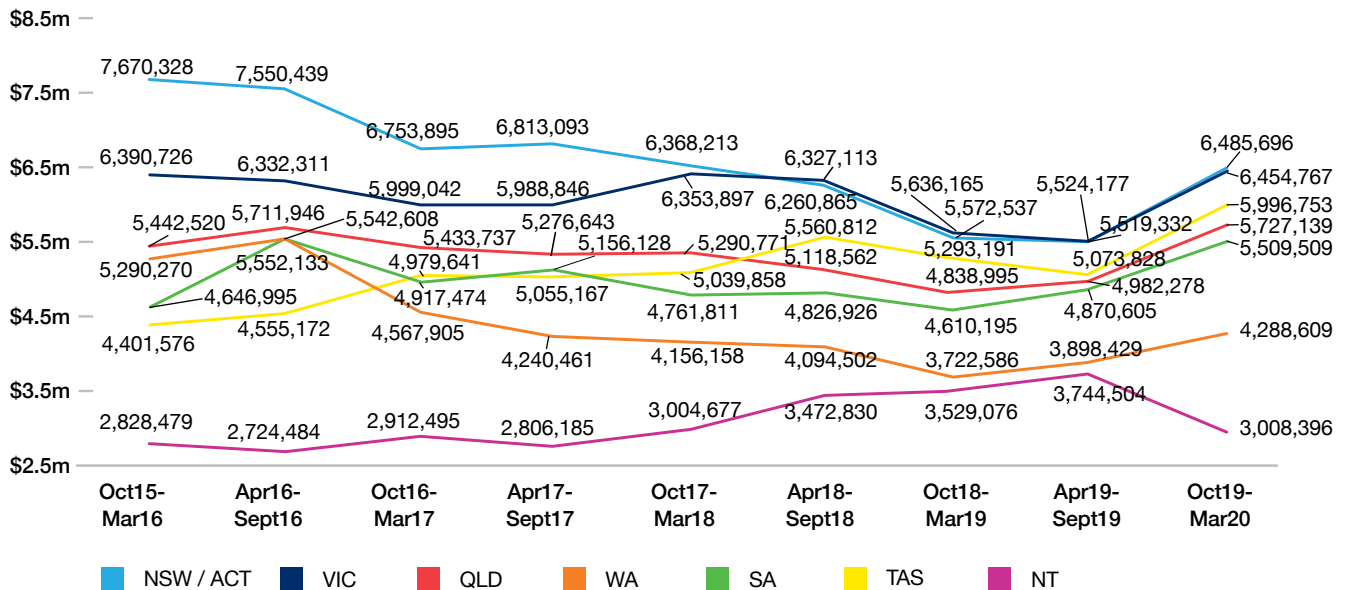
Year-on-year, the average value of new home loans settled per broker represents an increase of \$827,181 or 15.92%. Similarly, period-on-period, the average value of new home loans settled grew by \$819,482 or 15.75%.

The average value of new home loans settled per broker of \$6,023,029 for the six months to March 2020 is also the highest value observed in four years since April - September 2016. This suggests that brokers are settling higher value loans, which in turn has significantly increased the national average.

For a state-by-state indicator, refer to the corresponding IIS Report, 10th edn. 'Benchmark Your Business section' beginning on page 59.

The average value of loans settled per broker recorded significant period-on-period double-digit growth across all states except NT.

Average value of home loans settled per mortgage broker in each state



Note: Data-sets at the state level do not always reconcile exactly to national figures. This is because of slight variations in some aggregators' data extracts at the state level. They are not a material cause for concern.

Period-on-period, the average value of new loans settled per broker recorded significant double-digit growth across all states except NT.

New South Wales and ACT has grown by ~\$961,500 or 17.4%, from \$5.52 million to \$6.49 million. Over the same period, Victoria has seen the average value increase by ~\$935,500 or 16.95%.

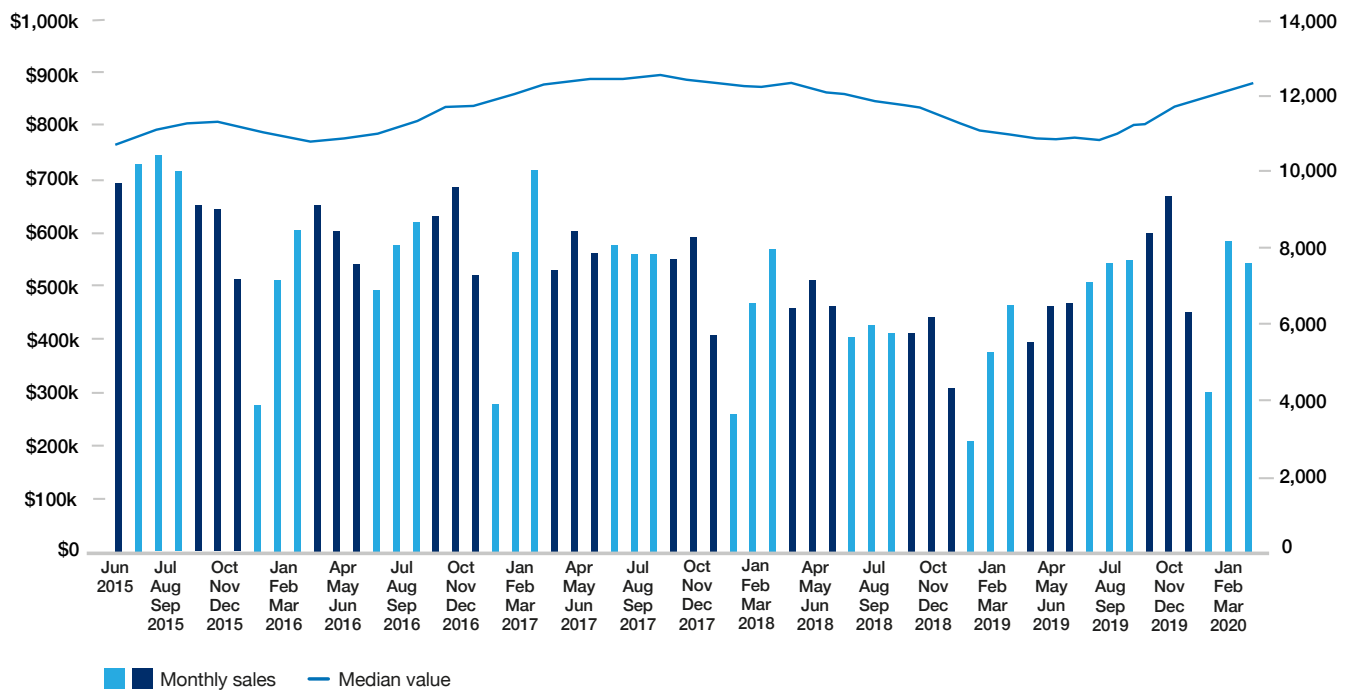
Queensland recorded an increase of ~\$745,000 or 14.95% over the period. Western Australia's average value grew by ~\$390,000 or 10.0% in comparison, whilst SA increased by ~\$639,000 or 13.1%.

Tasmania recorded the strongest percentage growth, with an increase of ~\$923,000 or 18.2%, strengthening and extending its position as the third best performing state despite the strong increases in both Queensland and South Australia over the last six months.

Northern Territory was the only state or territory to record a decline, with a ~\$736,000 or 19.7% reduction, although off a small base.

Comparator insights: After a weak first three quarters in 2019, the last six months have seen values and volume of sales increase significantly in all states, except for NT, as shown in brokers' new home loans settled data, further evidence of the housing market recovery and bounce back.

Capital Cities Median Property Values – Greater Sydney Area



Comparator insights: The median value of home loans settled per mortgage broker in New South Wales and ACT has grown consistently since July 2019. Sales volumes have also mirrored this trend and seen a strong uplift and increase over the same period, with the seasonal year-on-year decline between January – March 2020 significantly less impacted and lower than previous years.

The total number of applications lodged has increased significantly to similar levels last seen two years ago, during the October 2017 - March 2018 period.

Number of loan applications lodged by state and nationally

Number of new home loan applications	Oct15-Mar16	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar18	Apr18-Sep18	Oct18-Mar19	Apr19-Sep19	Oct19-Mar20
NSW & ACT	86,541	83,782	89,000	86,415	83,886	79,578	72,253	78,991	82,575
VIC	76,758	79,584	82,548	86,679	86,836	84,587	74,489	81,276	88,661
QLD	47,800	48,648	52,227	47,308	47,386	45,700	42,412	44,569	49,061
WA	34,128	30,613	38,366	27,428	27,234	23,395	24,426	22,672	26,833
SA	22,296	21,874	22,917	21,683	21,508	20,111	20,328	20,131	23,369
TAS	1,640	1,769	1,680	1,935	2,225	2,554	2,425	2,775	3,092
NT	1,125	818	998	818	855	705	648	659	623
Total number of applications	290,879	317,651	303,303	303,058	300,828	284,830	260,544	275,081	300,374

Note: Nine aggregators provide data for loan applications at the state level, so sub-totals for the states do not reconcile to the overall total.

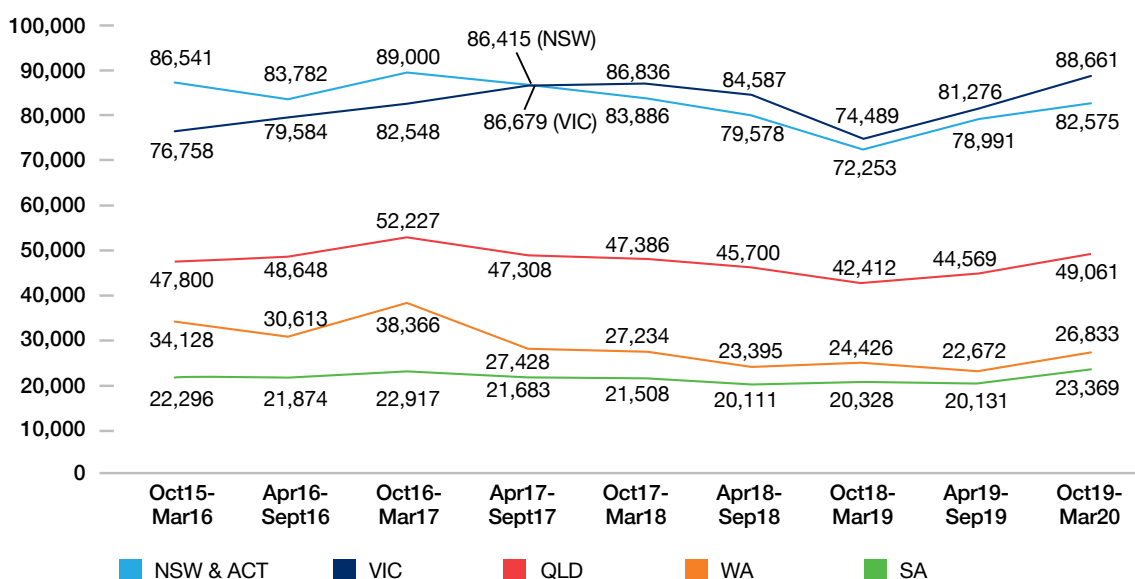
For the first time in two years, since October 2017 - March 2018, the total number of home loan applications lodged for a six-month period has exceeded 300,000.

Year-on-year, this represented a significant uplift of 39,830 or 15.3% increase providing further indication of a market recovery. Period-on-period, this represented an increase of 25,293 applications or 9.2% growth. Volume of applications provides a leading indicator for settlement figures for the next reporting period.

Year-on-year growth was driven by double-digit growth in most states with Victoria recording the biggest increase in application volumes, up 14,172 or 19.0% compared to the previous year.

New South Wales and ACT recorded an increase of 10,322 or 14.3%. Queensland recorded growth of 6,649 or 15.7%. Western Australia was up 2,407 or 9.9%, and South Australia grew by 3,041 or 15.0%.

Number of home loan applications by state



Note: Data for the Northern Territory and Tasmania has been excluded from this analysis due to the scale of the Y-axis labelling.

Comparing the above chart period-on-period, all major states of New South Wales and ACT, Victoria, Queensland, Western Australia and South Australia recorded an increase in the number of home loan applications.

At the state level, Victoria and Queensland, contributed most to the national growth in number of applications when comparing period-on-period totals from April-September 2019 to October 2019-March 2020. Victoria wrote 7,385 additional applications (up 9.09%), whilst Queensland brokers wrote a further 4,492 applications (up 10.08%).

Victoria continues to maintain its lead over New South Wales and ACT, and after two consecutive periods of increases, the gap is widening.

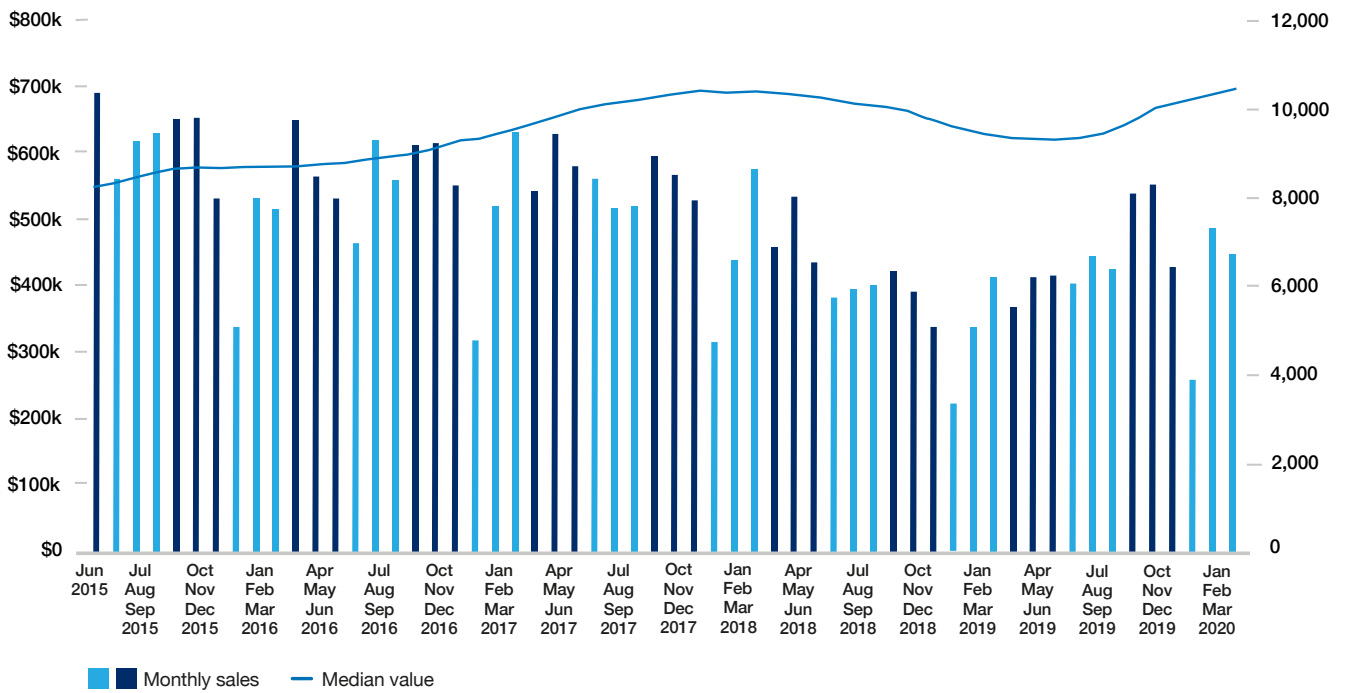
New South Wales and ACT contributed strongly to the national growth with an increase of 3,584 home loan applications, an increase of 4.54%.

Western Australia recorded a large uplift of 4,161 (up 18.35%) home loan applications period-on-period compared to the last six months.

South Australia recorded a significant increase of 3,238 (up 16.08%) home loan applications period-on-period compared to the last six months.

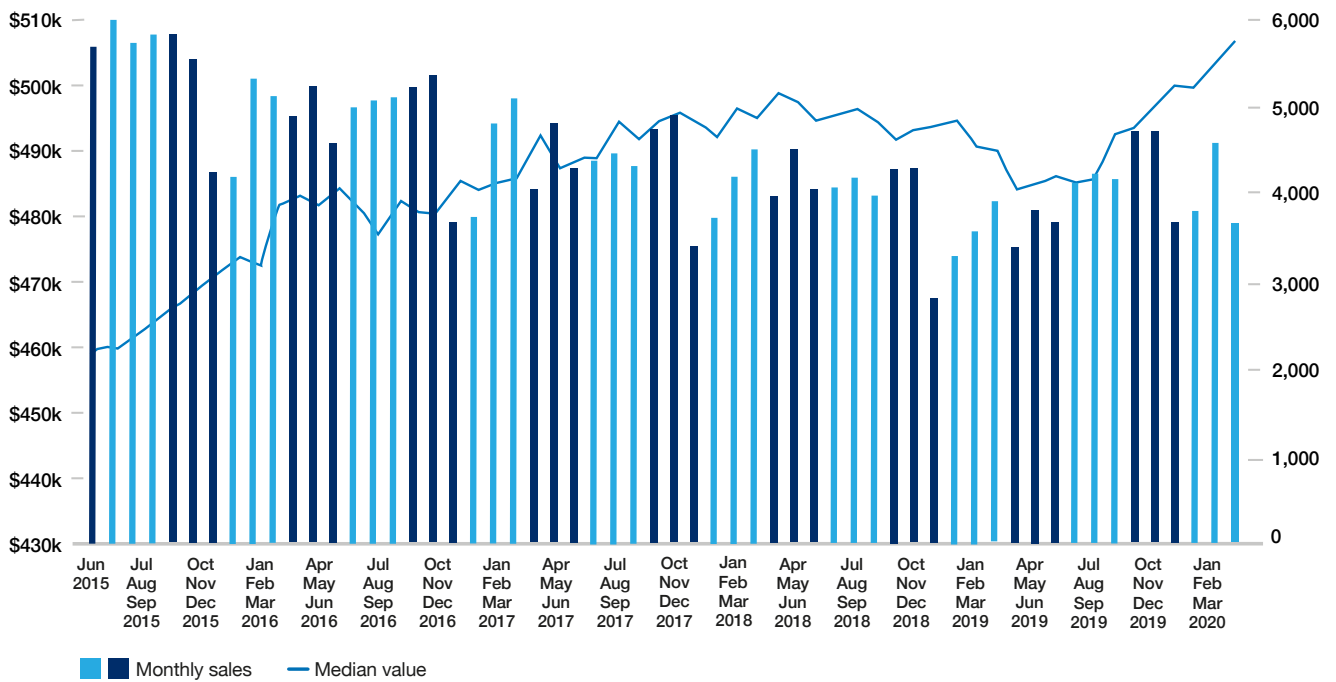
Tasmania, not included in the graph, also recorded an increase in applications, up 317 or 11.42% period-on-period.

Capital Cities Median Property Values – Greater Melbourne Area



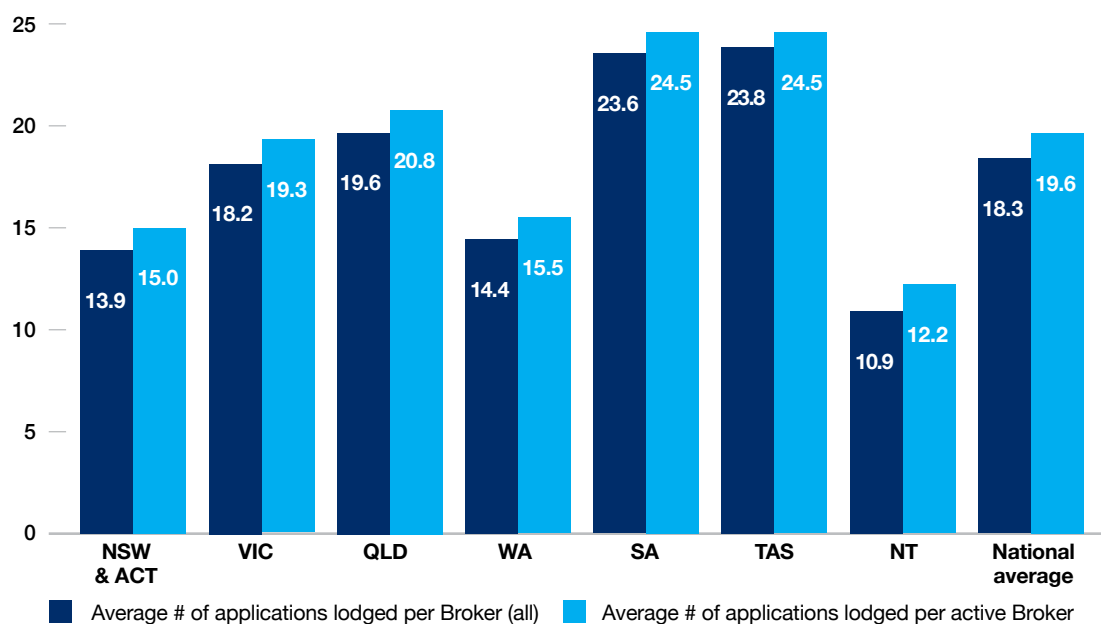
Comparator insights: The Greater Melbourne area has also mirrored the trend observed in Greater Sydney showing consistent growth in Median values since July 2019. Similarly, monthly sales volumes have seen a strong uplift between October – December to levels close to 2017, with the seasonal decline in January – March 2020, not as high as witnessed in 2019. Volumes of home loan applications originating through the broker channel for Victoria have also increased in the last six months providing further evidence of a market recovery.

Capital Cities Median Property Values – Greater Brisbane Area



Comparator insights: The total number of sales for the greater Brisbane area have seen a strong uplift towards Q4, at the end of 2019, with the seasonal decline in sales activity not as impacted in Q1 2020, when compared year-on-year with the January – March 2019 quarter. The median house price has seen a strong and sharp uplift, since September 2019, reaching the highest values seen in the last five years. The number of home loan applications originating through the broker channel for Queensland has increased in the last six months providing further evidence of a market recovery.

Average number of home loan applications lodged per broker vs. average number of home loan applications lodged per active broker, October 2019– March 2020



Number of Applications	Oct15-Mar16	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar18	Apr18-Sep18	Oct18-Mar19	Apr19-Sep19	Oct19-Mar20
Average number of applications lodged per broker	20.2	20.6	18.9	17.9	17.9	16.7	15.5	17.1	18.3

Note: Inactive brokers – Those who had not settled a loan for the six-month period – represent 12% of the total broker population. Therefore, it was important to account for inactive brokers to better illustrate the average rates of productivity for the majority of brokers.

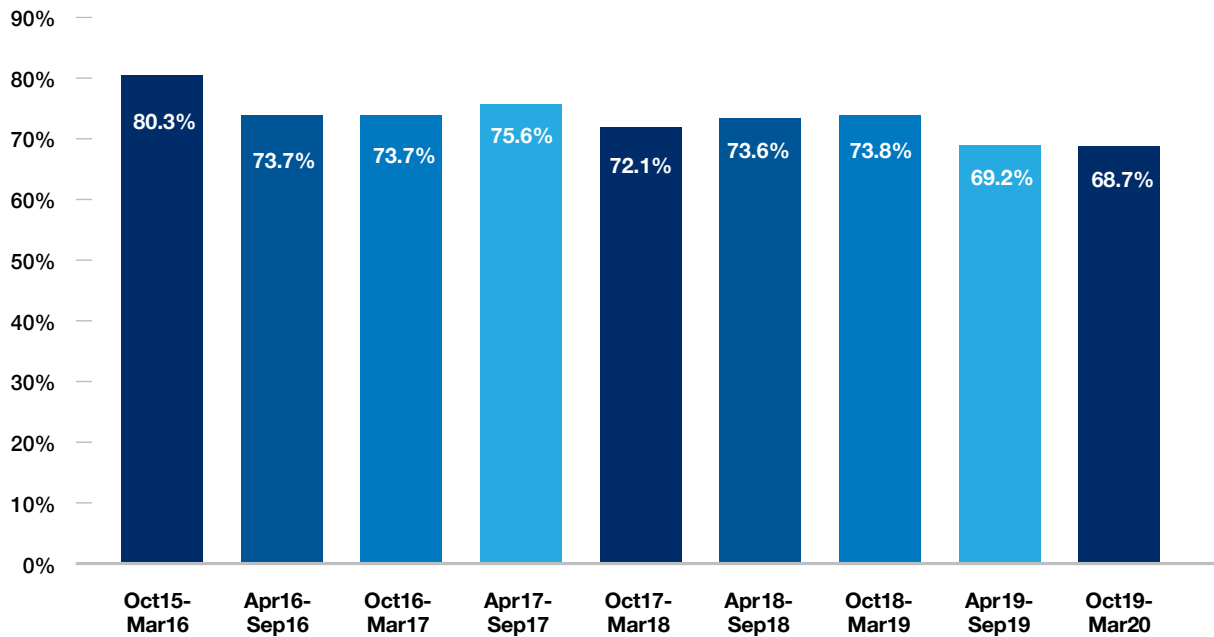
Nationally, comparing October-March 2020 to the previous 12 months, the average number of applications lodged per active broker increased from 16.2 to 19.6, whilst the average number of applications lodged for all brokers grew from 15.5 to 18.3.

Period-on-period, from April-September 2019 compared to October-March 2020, the average number of applications lodged by all brokers increased from 17.1 to 18.3, whilst the average number of applications lodged by active brokers grew from 18.1 to 19.6.

All states recorded increases in applications lodged per active broker and lodged for all brokers compared to a year ago, further indicating an uplift in home loan market activity. Year-on-year, per active broker, New South Wales and ACT recorded an increase of 2.5 applications, Victoria rose by 3.8 applications, Queensland recorded growth of 3.4 applications, South Australia grew by 4.2 applications, Western Australia increased by 2.4 applications, Tasmania recorded the largest increase of 5.8 applications, and Northern Territory rose mildly by 0.6 applications.

The conversion rate of home loan applications to settlements declined to 68.7%.

Conversion rates by brokers



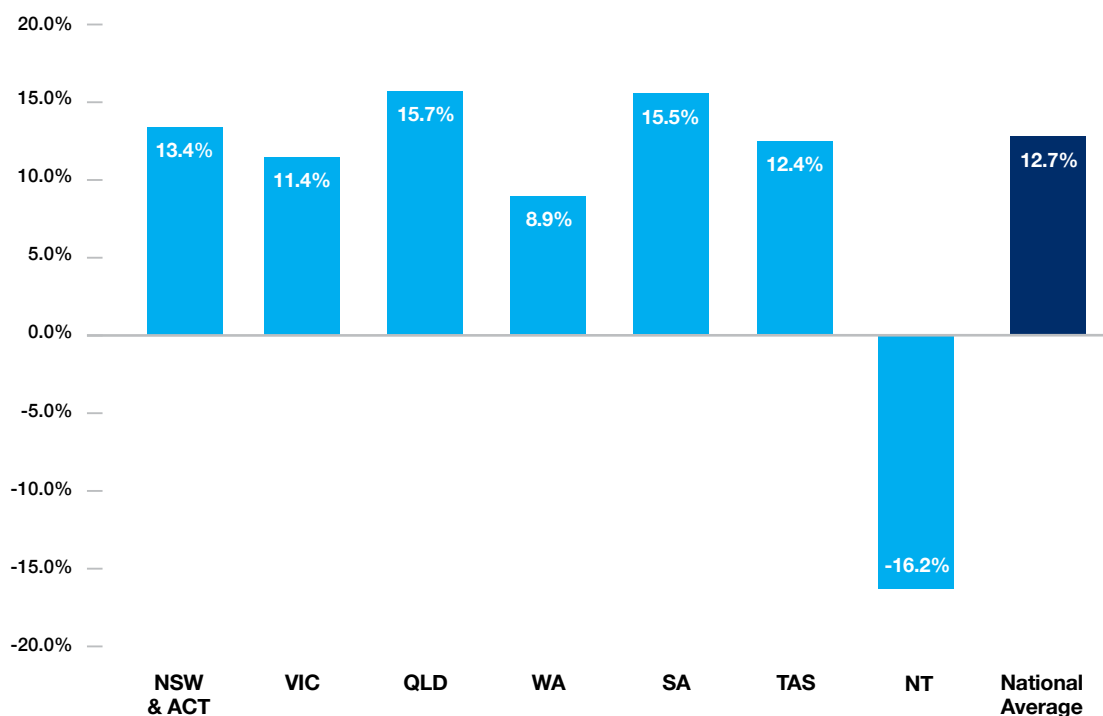
Note: Conversion rates were calculated based on data from a consistent 10 aggregators.

The conversion rate is calculated based on the number of home loans settled as a proportion of the number of home loan applications lodged. Conversion rates need to be interpreted with caution as some aggregators may count conditional approvals rather than applications.

The conversion rate has seen a material decline compared to last year, from 73.8% to 68.7%. Period-on-period a very mild reduction was observed of 0.5 percentage points, from 69.2% to 68.7%, likely due to increases in the volume of new loan applications and as a result of more stringent, tighter lending criteria.

The national growth rate of the value of loans settled has increase by 12.7%

Change in the value of home loans settled, March 2019 – March 2020



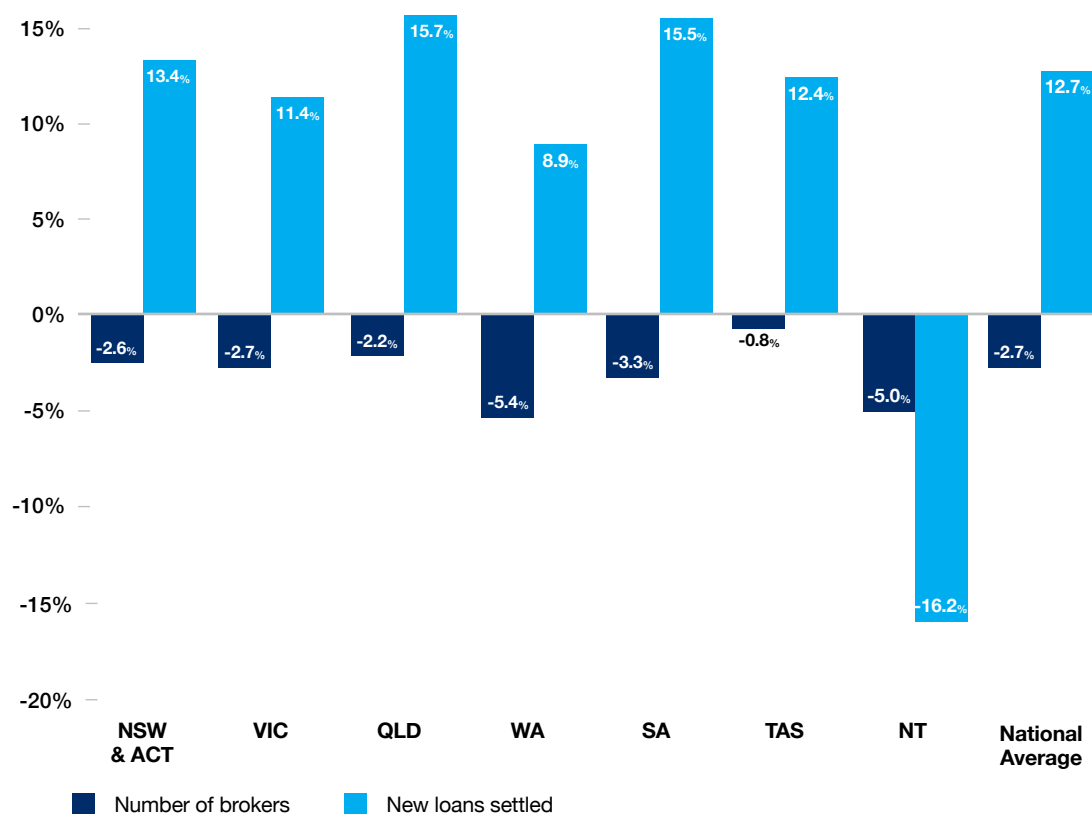
The value of overall national growth in home loans settled grew by 12.7% year-on-year between October – March 2019 and 2020, from \$87.56 billion up to \$98.71 billion. Almost all major states recorded strong double-digit growth in the value of new loans settled except for Western Australia at 8.9% and Northern Territory, which recorded a large decline of 16.2%.

Queensland recorded the highest percentage growth of 15.7%, from \$12.40 billion to \$14.35 billion, whilst New South Wales and ACT increased by 13.4%, from \$33.92 billion to \$38.45 billion.

Victoria recorded an uplift of 11.4%, from \$22.29 billion to \$31.53 billion, while Western Australia grew by 8.9%, from \$7.31 billion to \$7.96 billion.

South Australia and Tasmania achieved double-digit growth of 15.5% and 12.4% respectively. Northern Territory was the only state to record a decline with the value of home loans settled falling by 16.2%.

Change in the number of brokers deployed vs. change in the value of home loans settled by state, year-on-year March 2019 – March 2020



Overlaying the growth in broker numbers against the growth in new loan settlements, year-on-year, comparing the same periods of October – March 2019 and 2020, broker numbers at a national level have decreased by 2.7%, whilst overall new loan settlements grew by a significantly higher proportion at 12.7%. This suggests the reduction in number of brokers has fed into the active brokers achieving more productive activity which has contributed to the double-digit growth in almost all states.

New South Wales and ACT and Victoria both recorded similar declines in broker numbers at 2.6% and 2.7% respectively, on par with the national level, the impact on settlements is greater for New South Wales and ACT, with growth in the value of new loans settled increasing in excess of the national level at 13.4%, whilst Victoria was lower than the national level at 11.4%. This further highlights the disproportionate impact of declines in new loan settlements and broker numbers in the two largest states.

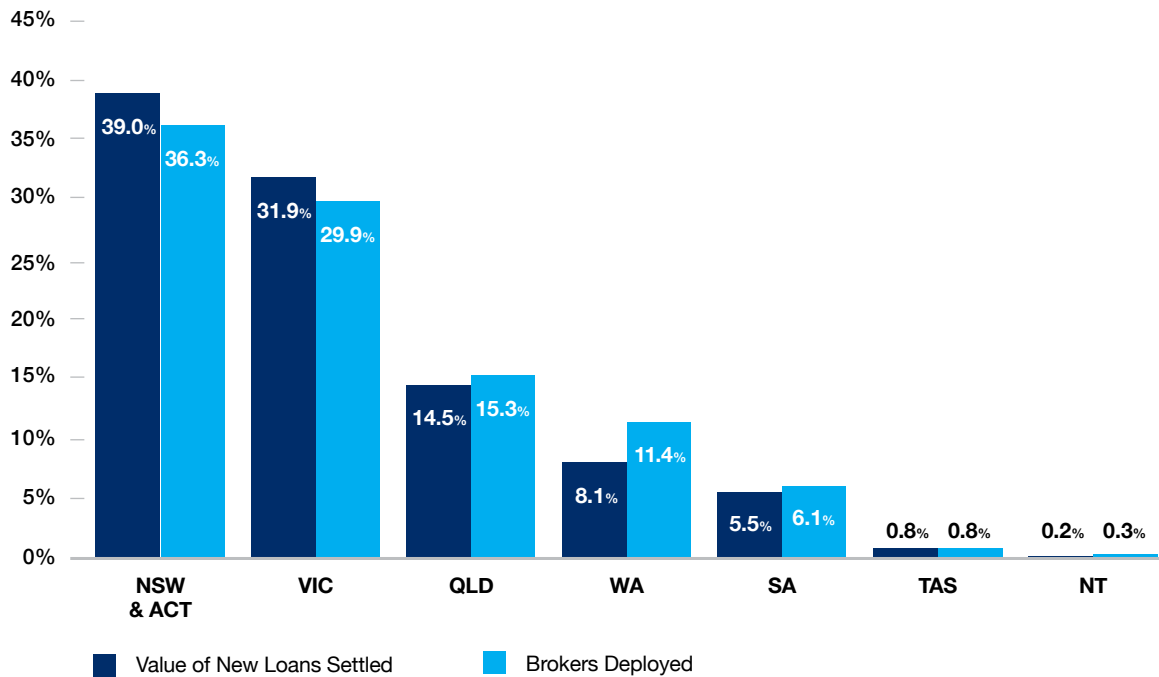
In Queensland and Western Australia, the effects of the declines in the broker population were disproportionate when compared with the growth in the value of home loans settled in each state. Queensland had a reduction of 2.2% in brokers but recorded the highest growth across all states in settlements of 15.7%, whilst Western Australia recorded a 5.4% decline in brokers with a 8.9% increase in new loans settled.

South Australia had a 3.3% decrease in brokers, whilst settlements grew by 15.5%.

Tasmania saw a very mild reduction in broker numbers at 0.8%, although the value of new loans settled increased by 12.4%.

Northern Territory was the only state to record declines in both broker numbers of 5.0%, and negative growth in the value of home loans settled at 16.2%, albeit from a small base.

Share of national value of home loans settled (%) vs. share of total brokers deployed by state (%), October 2019 – March 2020



New South Wales and ACT, and Victoria have the largest shares of lending, with both continuing to show a higher proportion of value of new loans settled compared to their proportion of broker population, which continues to indicate that there is still opportunity for growth in broker numbers in these states.

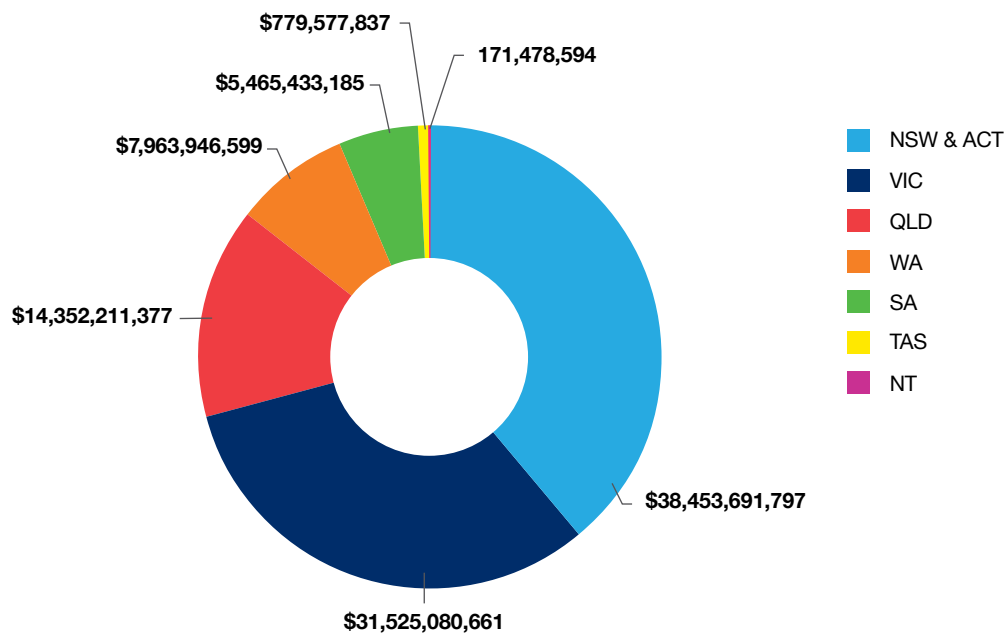
Queensland, Western Australia and South Australia share a different profile, all having a mildly higher share of broker numbers compared to their share of new loans settled, which continues to suggest these states may be mildly overweight in the broker population.

Tasmania and Northern Territory remain on par with equivalent shares in both broker numbers and settlements.

Compared to the same period last year, October-March 2019, the difference between the two measures has not shown much variation between the different states. New South Wales and ACT share of settlements increased by 0.3 percentage points from 38.7% to 39.0%, whilst the share of brokers increased by 0.2 percentage points, from 36.1% to 36.3%. Victoria's share of settlements declined by 0.4 percentage points from 32.3% to 31.9%.

Queensland and Western Australia also showed similar increases, whilst the other states showed little variation year-on-year.

Value of home loans settled during the period, by state (\$)



Broker home loan settlements grew by \$11.16 billion (12.7%) overall, year-on-year between October-March 2019 to 2020. New South Wales and ACT, and Victoria continue to dominate with the largest share of the home loan settlements 'pie', at a combined 70.9%. New South Wales and ACT accounted for the largest proportion of the growth, up \$4.53 billion since last year, whilst Victoria's value settled grew by \$3.23 billion.

Year-on-year, all states saw growth, with notable increases in Queensland and South Australia of \$1.95 billion and \$735.4 million respectively.

The average value of a broker's loan book has increased year-on-year.

Average value of residential home loan book per broker, per state and in total as of March 2020



The national average value of brokers' loan books has increased year-on-year from October-March 2019 to 2020, from \$40.76 million to \$41.82 million, an increase of \$1.06 million or 2.6%. The book-per-broker growth rate of 2.6% was greater than the total book growth of -0.2% (see page 14). This was due to the number of brokers declining which was greater than the decline of the total book. This leaves a slightly lower overall book value to be divided amongst a population of brokers that decreased at a proportionately greater rate.

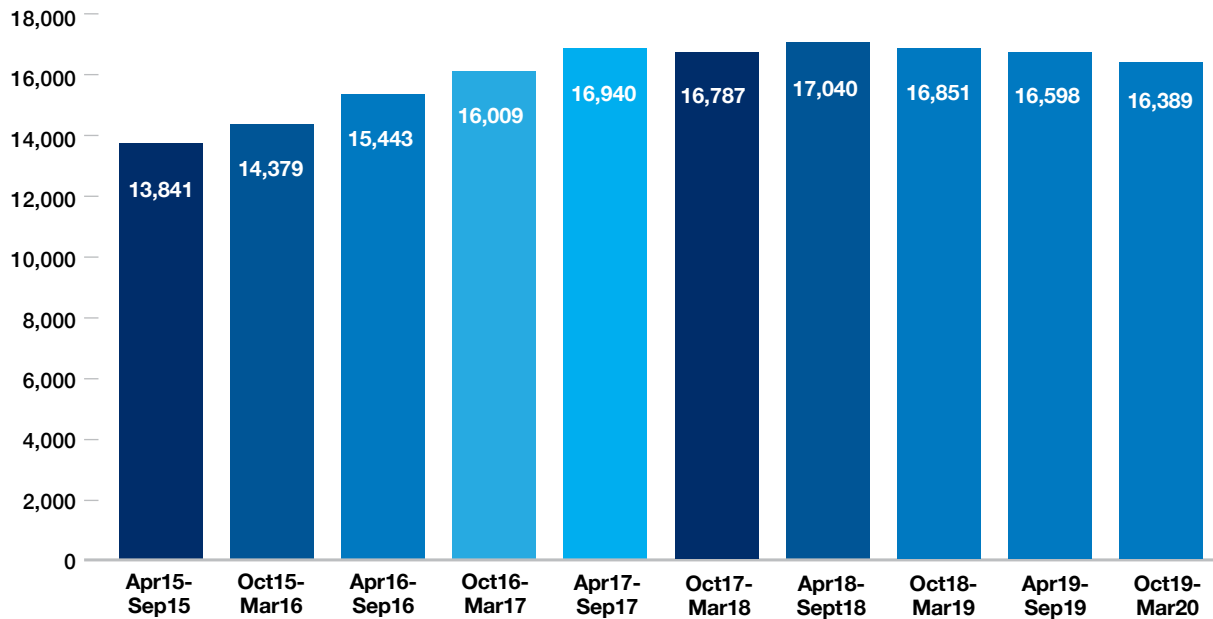
At the state level, when compared to the national average, Western Australia (up from \$46.04 million year-on-year), Northern Territory (up from \$42.73 million) and New South Wales and ACT (up from \$41.08 million year-on-year) have the highest average loan book values per broker, and notably higher than the national average.

The average loan book value of Queensland (down from \$44.20 million year-on-year), was also above the national average.

Victoria and Tasmania continue to be the only two states where the average loan book values remain significantly lower than the national average, Victoria (up from \$36.92 million year-on-year), and Tasmania (up from \$29.01 million year-on-year).

The broker population has continued to decline for the third consecutive six-month period.

Broker population, in total for the sampled aggregators



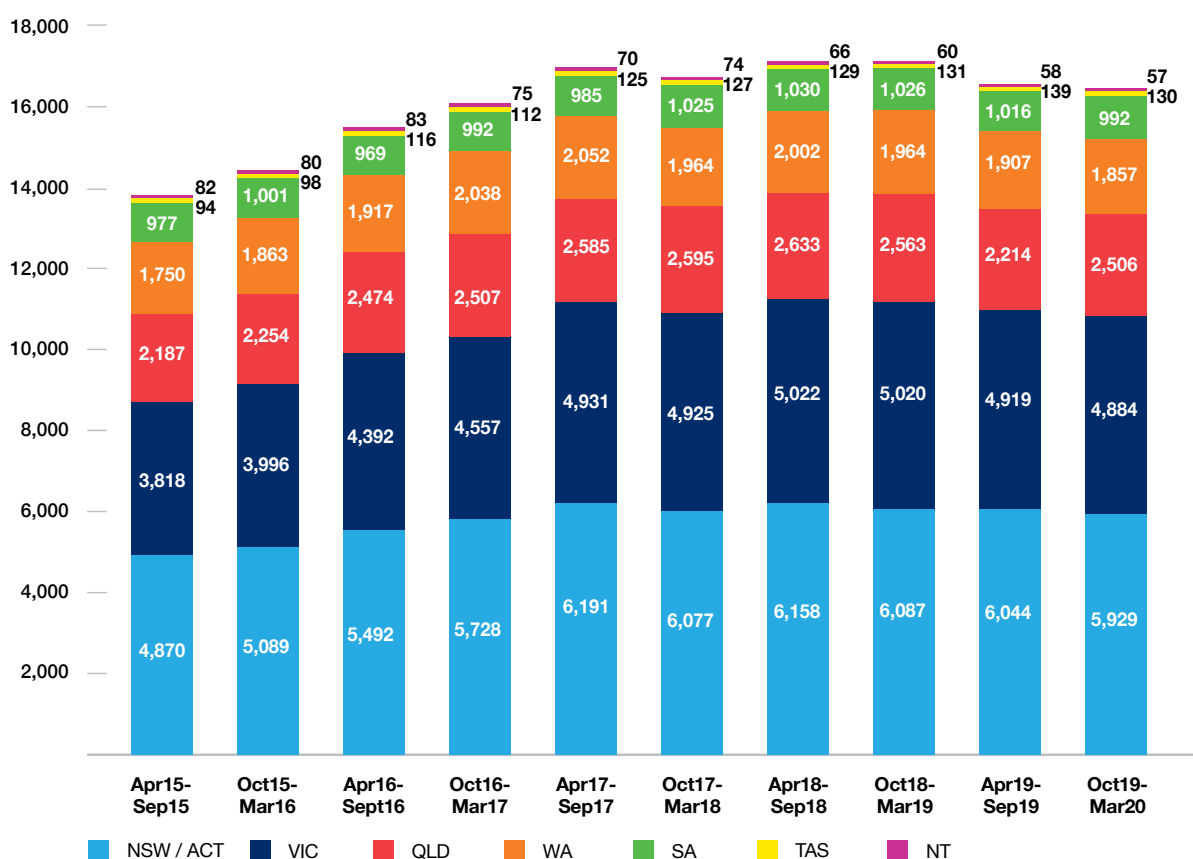
Note: There is data from one less aggregator included in the five most recent six-month periods, from October 2017 to March 2018 period, compared to previous periods.

After the broker population reached a high-point in April-September 2018 exceeding 17,000 brokers for the first time, the October-March 2020 period has seen a third consecutive period of decline in the broker population with a fall of 209 brokers or 1.26% compared with the previous six months.

Year-on-year, the decline in the broker population was 462 or 2.74% for all aggregators.

The reduction in the total broker population continues to coincide with a tough housing market, along with increased industry scrutiny, which has resulted in a trimming down of inactive, less productive brokers.

Broker population by state, and population change between reporting periods



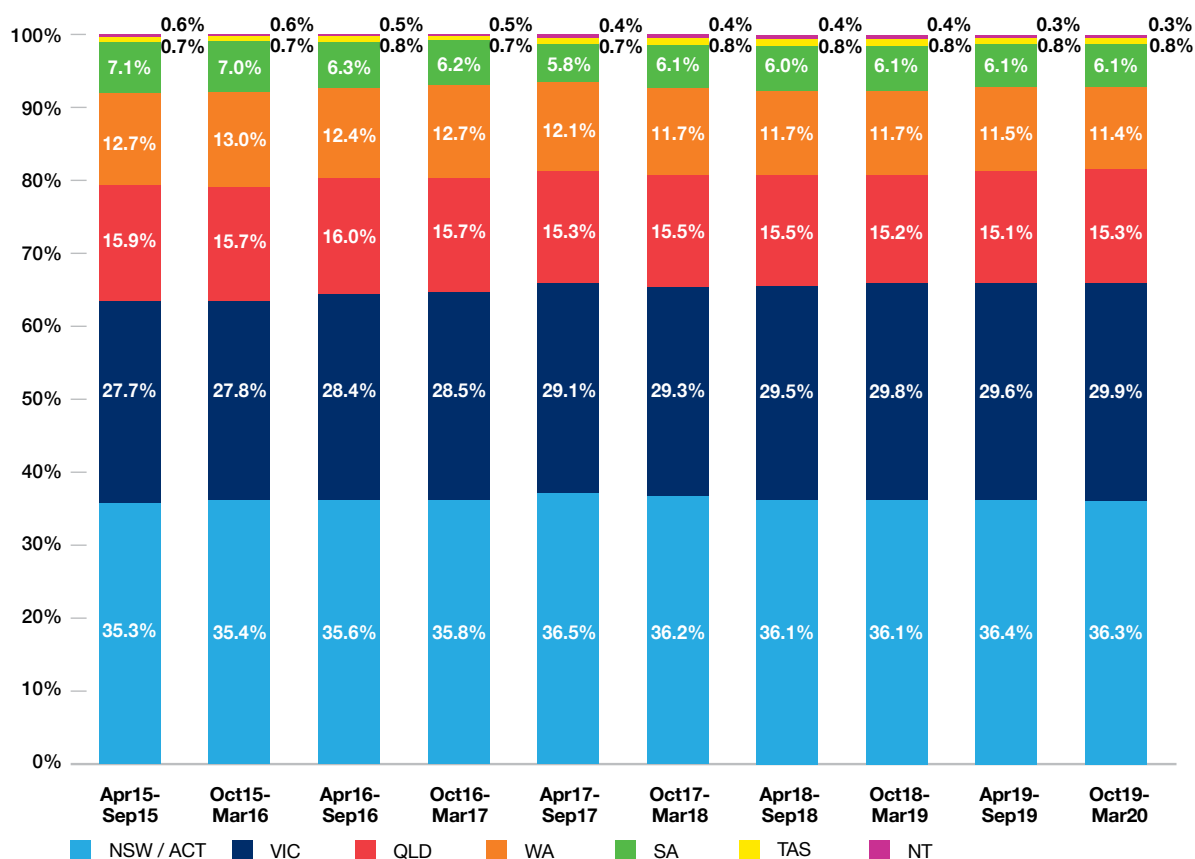
	Oct15-Mar16	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar18	Apr18-Sep18	Oct18-Mar19	Apr19-Sep19	Oct19-Mar20
NSW & ACT	4.5%	7.9%	4.3%	8.1%	-1.8%	1.3%	-1.2%	-0.7%	-1.9%
VIC	4.7%	9.9%	3.8%	8.2%	-0.1%	2.0%	0.0%	-2.0%	-0.7%
QLD	3.0%	9.8%	1.3%	3.1%	0.4%	1.5%	-2.7%	-1.9%	-0.3%
WA	6.4%	2.9%	6.3%	0.7%	-4.3%	1.9%	-1.9%	-2.9%	-2.6%
SA	2.5%	-3.2%	2.4%	-0.7%	4.1%	0.5%	-0.4%	-1.0%	-2.4%
TAS	3.9%	19.0%	-3.6%	11.6%	1.6%	1.6%	1.6%	6.1%	-6.5%
NT	-3.0%	4.5%	-9.8%	-6.7%	5.7%	-10.8%	-9.1%	-3.3%	-1.7%
Total	4.4%	7.4%	3.7%	5.8%	-0.9%	1.5%	-1.1%	-1.5%	-1.5%

Note: There is data from one less aggregator included in the five most recent six-month periods from October 2017 to March 2018 compared to previous periods. Data sets for the number of brokers at a state level do not always reconcile to national figures. This is because of slight variations in some aggregators' data extracts at the state level. This is not a material cause for concern.

The broker population continues to decline in all states. In-line with the reduction in the overall broker population, there are clear indications that the broker population has reached its peak and plateaued with reductions trending in all states for a third consecutive period.

Period-on-period, New South Wales and ACT recorded the largest reduction by volume of ~115 brokers to ~5,929 brokers representing a 1.9% decline, Victoria has seen a mild decline at ~4,884, Queensland has been stable at ~2,506, Western Australia recorded a reduction of ~50 at ~1,857, whilst South Australia recorded a decrease by 2.3%, down ~24 brokers at ~992 brokers.

Proportion of broker population by state



Note: There is data from one less aggregator included in the five most recent six-month periods from October 2017 to March 2018 compared to previous periods. Data sets for the number of brokers at a state level do not always reconcile exactly to national figures. This is because of slight variations in some aggregators' data extracts at the state level. This is not a material cause for concern.

The proportion of brokers in each state continues to remain stable and consistent over time, with little movement. A notable shift has been Victoria's share of the broker population, which grew at the expense of New South Wales and ACT's, and Western Australia.

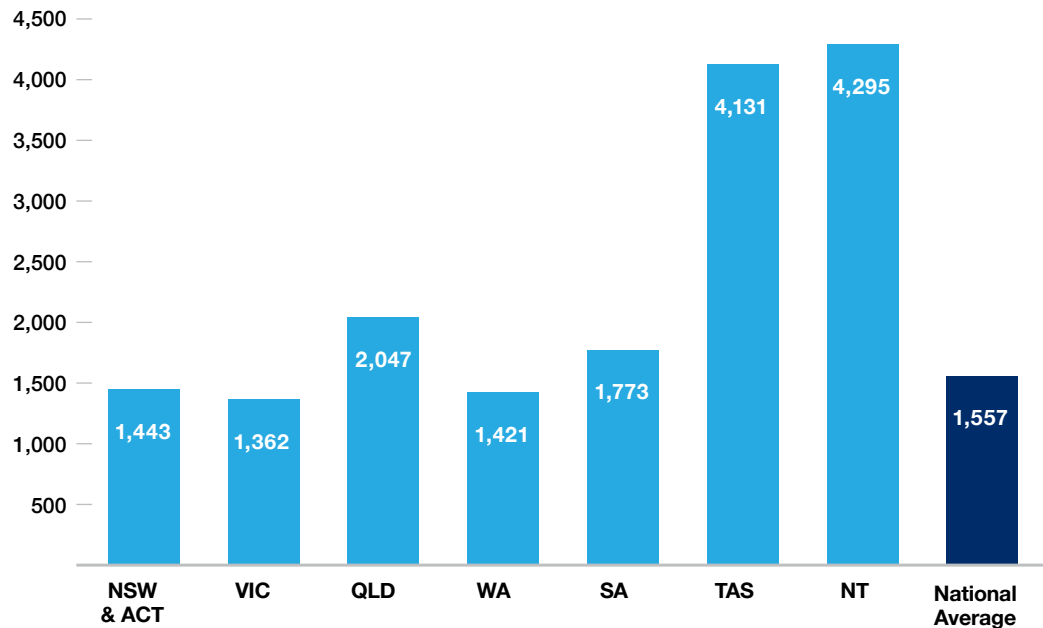
After consistent period-on-period broker population share decline since October-March 2018, this is the first time Queensland's market share has seen an increase in two years, albeit mildly at 0.2% points.

The proportion of broker population in Western Australia recorded a second consecutive period of decline, whilst South Australia remained relatively stable over the last five reporting periods. However, they remain the two states that have lost the highest market share since April- September 2015 with Western Australia down 1.3 percentage points or 10.24%, and South Australia down 1.0 percentage point or 14.08%.

There is now one mortgage broker per 1,557 people in Australia.

Number of Australians per mortgage broker

Based on ABS's Estimated Resident Population, December 2019



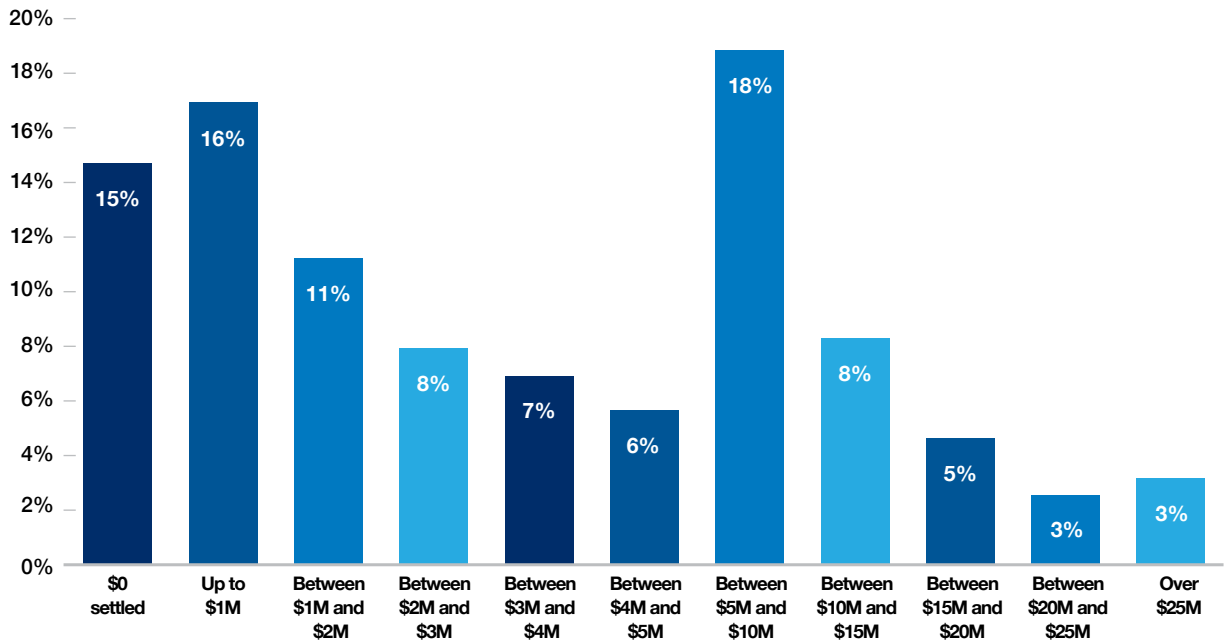
The national average number of Australian's per mortgage broker has increased year-on-year from 1,494 to 1,557 – an increase of 63 people or 4.22%.

At the state level, Victoria continues to have the highest concentration of brokers per capita at 1,362, followed by Western Australia at 1,421 and closely by New South Wales and ACT at 1,443, with all three states continuing to sit below the national benchmark figure indicating higher competition.

The Northern Territory has the lowest saturation of brokers, with 4,295 Australians per broker, followed closely by Tasmania at 4,131. These two states are well above the national benchmark figure indicating opportunities for both states to increase their broker population.

Inactive brokers have increased to represent 15% of the broker population.

Share of brokers that settled home loans in aggregate in the following value bands, October 2019 – March 2020



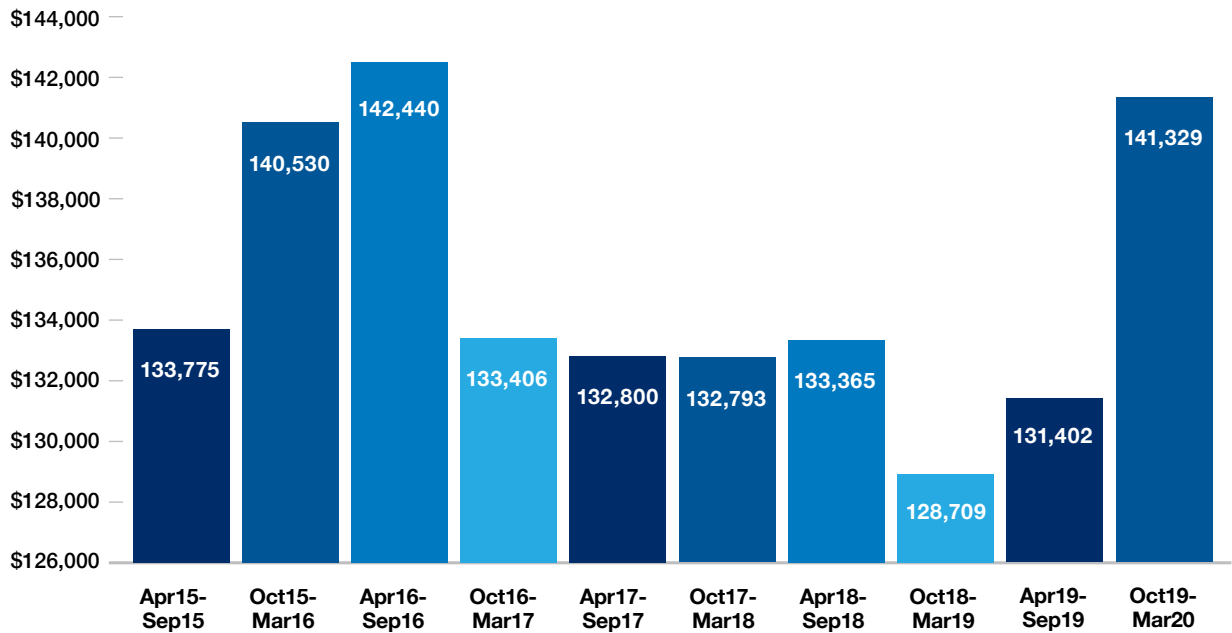
Note: The figures in this analysis are a representative sample of the industry.

During the October-March 2020 period, 2,051 brokers did not settle a home loan which equated to 15% of the broker population, a decrease of one percentage point from last year when inactive brokers equated to 2,332 brokers or 16%. This cohort has impacted broker productivity measures as seen in previous charts. Consistent with the reduction in the overall broker population, this chart provides evidence that in a challenging market, low performing and unproductive brokers are often the first to go.

Consequently, there has been increased growth in the three cohorts of high-performing brokers, from \$5-\$10 million, \$15-\$20 million and >\$20 million compared year-on-year.

If inactive brokers were excluded and recalculated for their exclusion, 41.5% of brokers wrote \$3 million in home loans or less, 56.2% of brokers wrote \$5 million in home loans or less, and 31.8% of brokers wrote \$5-\$15 million in the current six-month period.

National average total broker remuneration

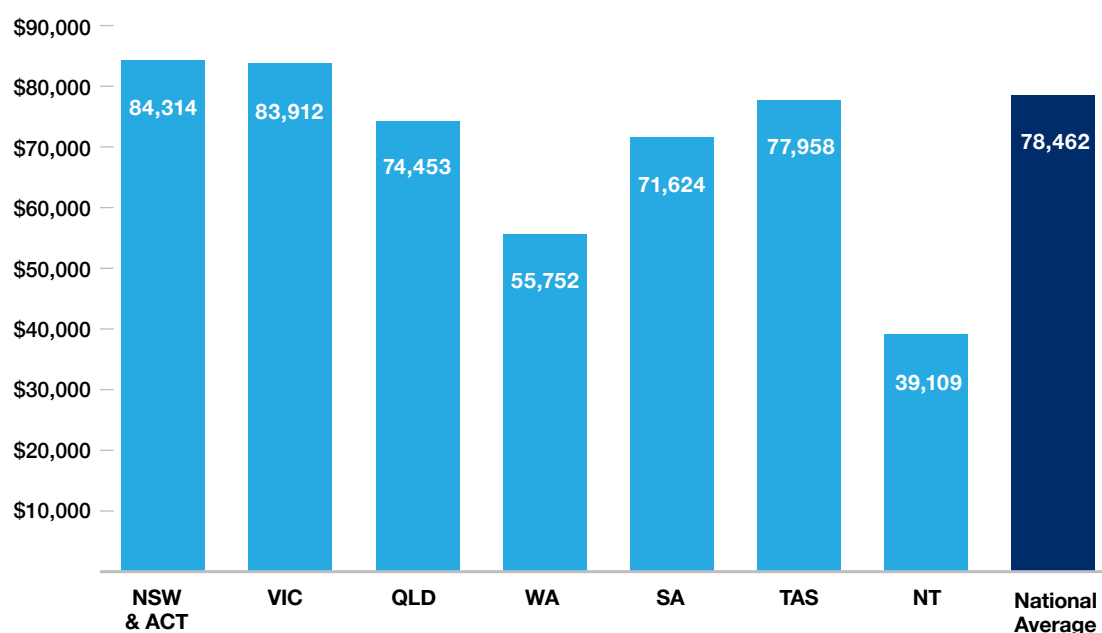


This graph depicts the estimated combined average up-front and trail remuneration that goes into the national average broker remuneration compared to the previous IIS Report. Year-on-year, it has grown to \$141,329 in the current period from \$128,709 in the October-March 2019, a significant increase of 9.8%. This represents the second highest result since the report has tracked this dataset.

Period-on-period, this result also represents strong growth of 7.55%, or an increase of \$9,927 from \$131,402, which is largely attributed to strong up-front commission results.

After peaking in April-September 2016 at \$142,440, although the previous six reporting periods have seen consistent lower levels of remuneration, falling to levels last seen in April-September 2015 at ~\$133,000, the last six months has seen a significant increase in total broker remunerations to record the second highest result ever, to levels last seen approximately four years ago.

Average annual up-front commission per broker, prior to costs (\$)



Note: Brokers' average measured gross up-front remuneration and gross trail remuneration from residential lending, both prior to all costs and prior to meeting any commercial obligations with aggregators are estimates. Gross remuneration generated in this analysis means the total amount that lenders paid for the origination services provided by brokers. Out of these gross commission figures, brokers have to pay their own salaries, all their fixed costs of doing business, premises, and service provision fees paid to aggregators, marketing and communications expenses, support staff salaries and wages, and other costs.

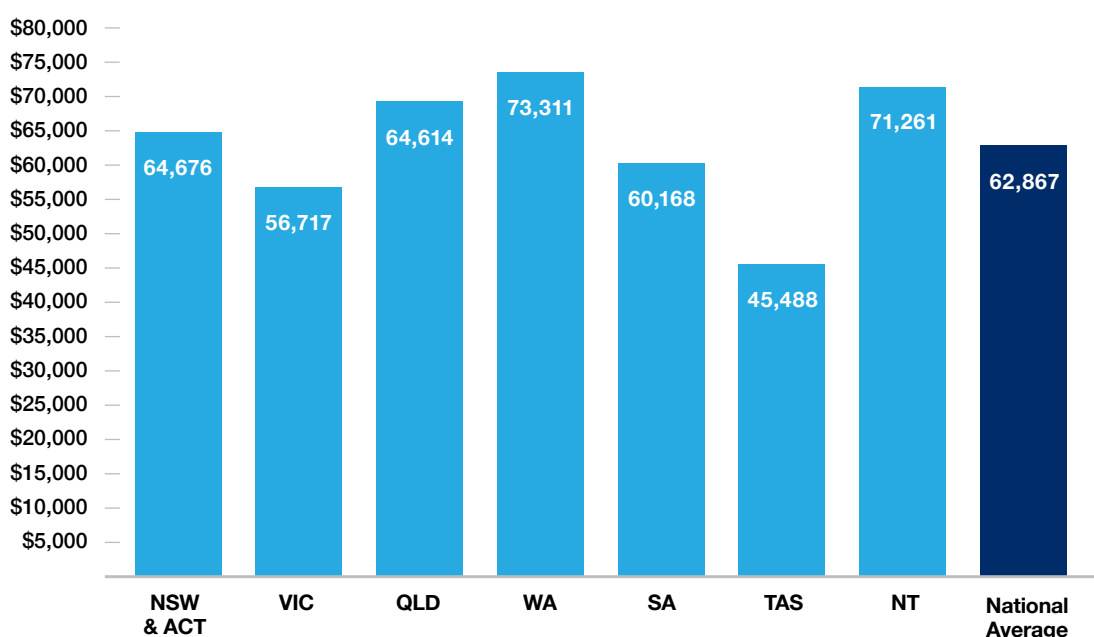
Year-on-year, the national average annual gross up-front remuneration per broker for the six-month period to March 2020 has seen significant growth, increasing by \$10,908 from \$67,554 in the March 2019 period to \$78,462 in the latest period – an uplift of 16.15%. This is driven by the growth in the value of home loans settled by brokers (see page 26) in the reporting period which was 12.7% higher year-on-year.

New South Wales and ACT, and Victoria were both key drivers of the significant growth, due to both states having the highest average up-front commission per broker. Both states saw a large increase year-on-year, with Victoria's average annual upfront commission increasing by \$10,642 or 14.52% from \$73,270, whilst New South Wales and ACT's grew by an even greater level at \$11,871 or 16.39%. New South Wales and ACT has regained a narrow lead over Victoria with the highest average up-front commission per broker compared year-on-year.

In the other states, there were also large increases in Queensland's average annual upfront commission which grew by \$11,546 or 18.35%, and South Australia's increased by \$11,691 or 19.51%. Western Australia also experienced an increase of \$7,358 or 15.2%.

Tasmania recorded an increase of \$9,147 or 13.29%. Northern Territory was the only state to record a year-on-year fall of \$6,769 or 14.75%.

Average annual gross trail commission per broker, prior to costs (\$)



Note: Brokers' average annual gross up-front remuneration and gross trail remuneration from residential lending, both prior to all costs and prior to meeting any commercial obligations with aggregators are estimates.

The average annual national trail commission for this period was \$62,867, compared with \$61,155 for the same period year-on-year, an increase of \$1,712 or 2.8%. Period-on-period, the national average fell mildly from \$63,752, a decrease of \$885 or 1.4%.

Year-on-year, at the state level, gross annual trail commission estimates have increased across New South Wales and ACT (up \$3,056 or 4.96%), Victoria (up \$1,338 or 2.42%), Western Australia (up \$4,251 or 6.16%) and the Northern Territory (up \$7,173 or 11.19%) showing notable gains.

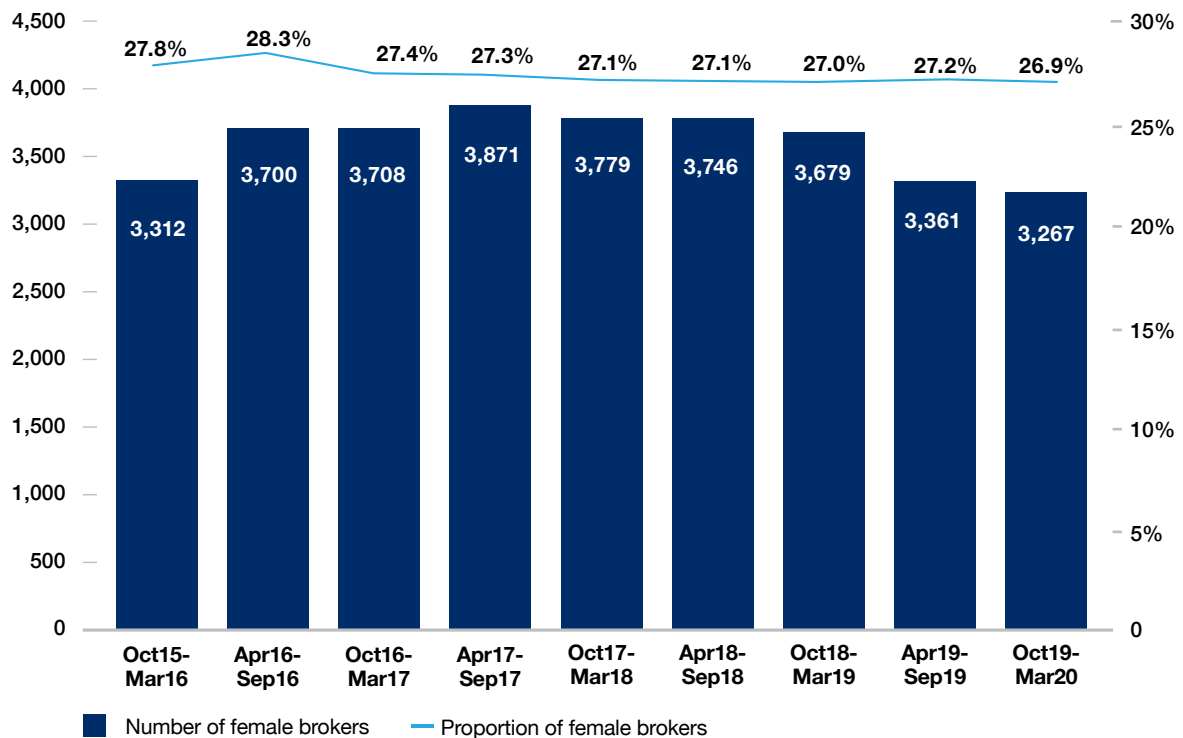
Tasmania showed more modest growth of \$1,838 or 4.21%. Western Australia remains the highest trail-earning state at \$73,311.

Average annual commission per broker, prior to costs (\$)

Combined up-front and trail remuneration generated per broker, prior to costs, per annum	Average up-front remuneration generated (\$)	Average trail remuneration generated (\$)	Total gross earnings generated (\$)
NSW & ACT	84,314	64,676	148,990
VIC	83,912	56,717	140,629
QLD	74,453	64,614	139,067
WA	55,752	73,311	129,063
SA	71,624	60,168	131,792
TAS	77,958	45,488	123,446
NT	39,109	71,261	110,370
Nationally	78,462	62,867	141,329

Female broker numbers fall in line with overall broker reduction

Number and proportion of female brokers in the industry



As the total broker population continued to decrease year-on-year, the number of female brokers in the industry mirrored this declining trend, with a reduction of 412 female brokers in the industry, down 11.2% year-on-year, and a reduction of 94 female brokers, down 2.8% period-on-period. These figures however must be taken in context as the number of aggregators providing gender specific data fell from nine aggregators for IIS 8 to eight aggregators for IIS 9 and 10.

The proportion of female brokers in the industry has fallen by 0.3 percentage points in the current period, to 26.9%, its lowest share ever and the first time it has fallen below 27%.

Number recruited per period, by gender

	Apr15 – Sep15	Oct15 – Mar16	Apr16 – Sep16	Oct16 – Mar17	Apr17 – Sep17	Oct17 – Mar18	Apr18 – Sep18	Oct18 – Mar19	Apr19 – Sep19	Oct19 – Mar20
Number of men recruited during period	931	972	947	938	1168	892	854	625	630	665
Number of women recruited during period	475	454	439	360	523	406	371	313	281	268

Proportion of men and women recruited per period

	Apr15 – Sep15	Oct15 – Mar16	Apr16 – Sep16	Oct16 – Mar17	Apr17 – Sep17	Oct17 – Mar18	Apr18 – Sep18	Oct18 – Mar19	Apr19 – Sep19	Oct19 – Mar20
% of men recruited during period	66%	68%	68%	72%	69%	69%	70%	67%	69%	71%
% of women recruited during period	34%	32%	32%	28%	31%	31%	30%	33%	31%	29%

The number of new female recruits continues to trend downward overall with a fifth consecutive period of decline, whilst male recruits increased for the second consecutive period in comparison.

Year-on-year, the number of female recruits has fallen by 45 or 14.4%, whilst male recruits increased by 40 or 6.4%. This is reflected in the mix of gender recruitment, with female composition down four percentage points, whilst male recruits increased by 4%.

Period-on-period, the number of female recruits has fallen by 13 or 4.6%, whilst male recruits increased by 35 or 5.6%.

Broker turnover/churn by state and nationally

Broker turnover/churn by state and nationally	The industry average %
NSW & ACT	9.9%
VIC	9.5%
QLD	8.9%
WA	9.5%
SA	10.5%
TAS	15.3%
NT	5.2%
Total nationally	10.6%

Note: Turnover accounts for the number of brokers at the start of the six-month period compared to the number at the end of the period, at an aggregator level. Turnover does not exclusively account for the number of brokers joining and leaving the industry. Included in the data are brokers moving from one aggregator to another. For industry comparisons, it is important to note that this is for six months.

Overall, broker turnover maintains relatively stable results, continuing to track at levels of ~10%.

Nationally, compared to the last period, broker turnover increased by 0.2 percentage points, from 10.4% to 10.6%.

Period-on-period, New South Wales and ACT's churn increased from 9.4% to 9.9%, Victoria decreased from 9.9% to 9.5%.

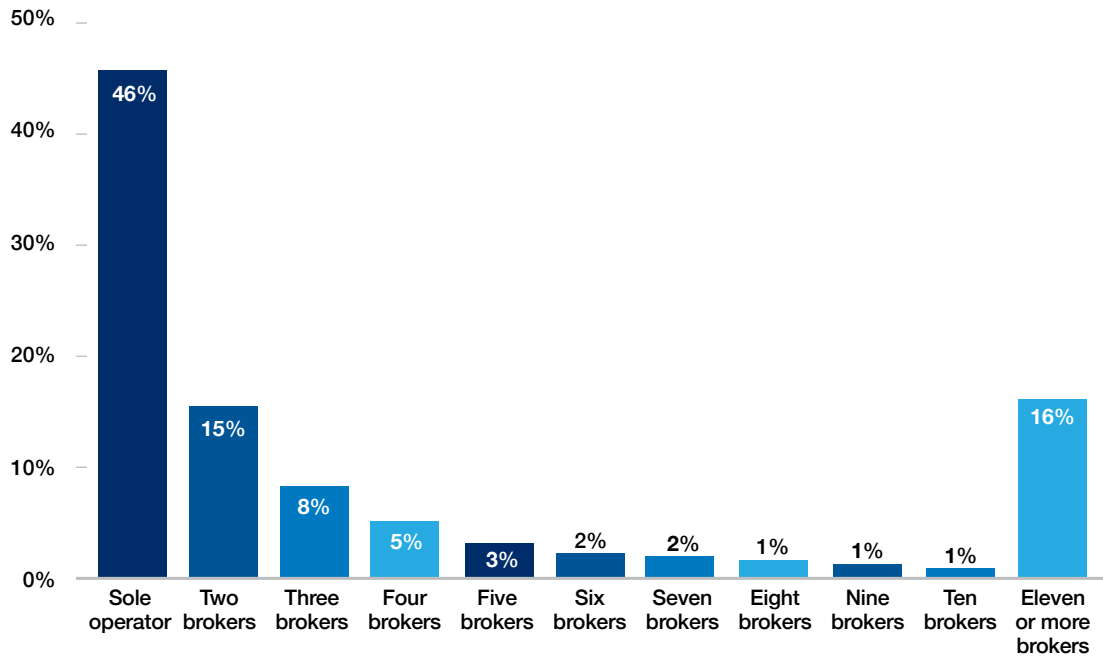
Queensland decreased churn from 11.0% to 8.9%, while Western Australia saw a mild increase from 9.0% to 9.5%. South Australia increased from 9.4% to 10.5%.

The Northern Territory increased from 3.4% to 5.2%, although due to the small number of brokers in the Northern Territory, a small change in turnover can result in a significantly altered percentage. Tasmania recorded the largest increase in churn from 7.6% to 15.3%, although similarly from a small base.

Year-on-year, the national turnover has increased from 9.8% to 10.6%.

Broker offices made up of sole or dual operators continue to dominate the landscape.

Number of loan writers per broker business, October 2019 to March 2020



Note: The data in this chart is based on a sample of 13,851 brokers.

Broker offices made up of sole operators continue to dominate the broker landscape, comprising 46% this period. This is marginally down one percentage point from the 47% reported in the last 12 months year-on-year, period-on-period, the result also reflects a one percentage point reduction.

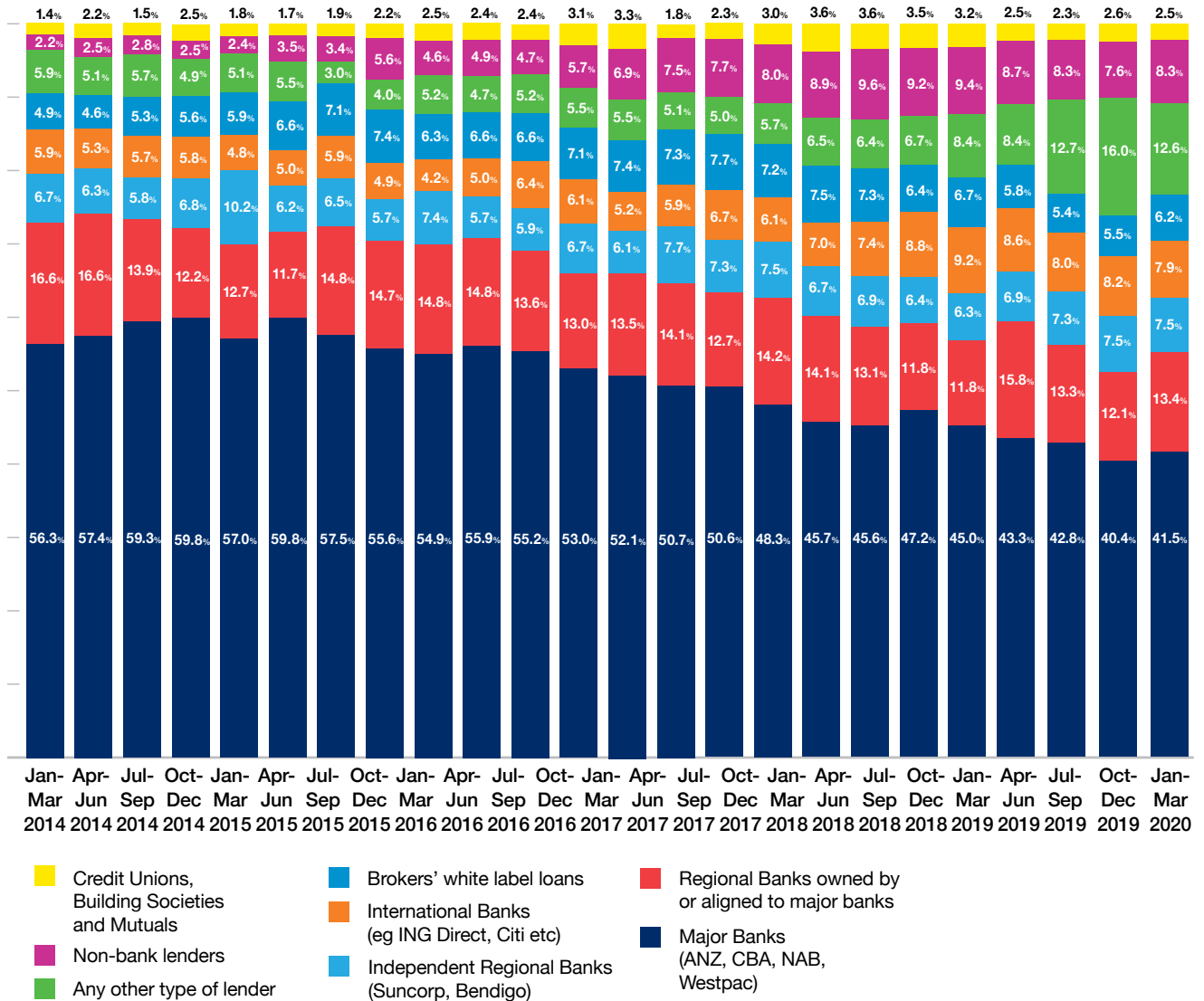
15% of brokers in this period are in two-broker offices, a slight decrease year-on-year from 16%. Four and eleven or more broker offices have both seen year-on-year increases which indicates a shift away from single broker offices observed previously.

The marginal shift away from single broker offices may suggest that multi-broker businesses are consolidating or merging their numbers of loan writers. In a challenging market in some instances, brokers may be increasingly joining/partnering up to create multi-broker offices for cost-efficiencies and survival.

Lender Segments

The proportion of broker-originated home loans settled with lenders other than the major banks and their affiliates continues to grow.

Share of broker-originated lending settled with each lender segment



Note: No data was available for the July-to-September 2015 quarter. 'Non-Bank lenders' refers to: Firstmac, Resimac etc.

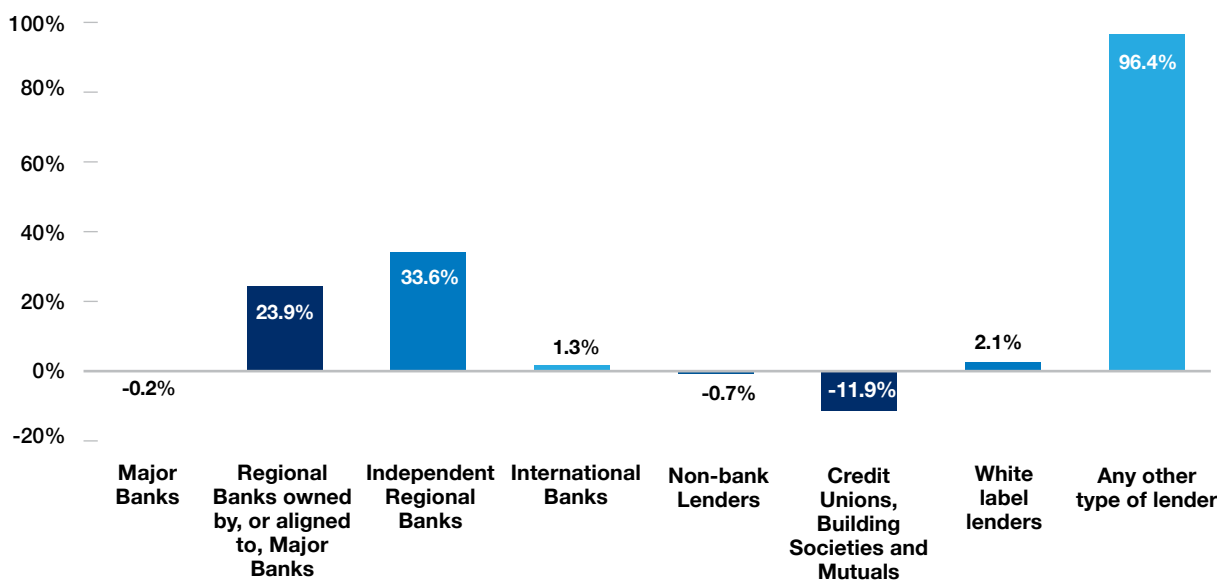
For the first time since the December 2018 quarter, market share of the major banks has grown quarter-on-quarter, increasing by 1.1 percentage points to 41.5%. The regionals aligned to the major banks have seen a similar uplift with market share increasing by 1.3 percentage points compared to the Dec 2019 quarter, growing from 12.1% to 13.4%.

The other types of lender segment has seen its first quarter-on-quarter decrease in market share since the September 2018 quarter, with a decline from 16.0% in the December 2019 quarter, its highest market share, to 12.6% in the current March 2020 quarter, a reduction of 21.25% in one quarter alone.

Non-bank lenders and white label lending were other notable segments both recording an increase of 0.7 of a percentage point in market share. The regional independents, and credit unions and mutuals remained stable maintaining market share, whilst international banks saw a reduction of 0.3%.

'Other type of lender' was the only segment to record growth whilst all other lender categories declined.

Change in value of broker-originated home loans settled per lender category, compared to the previous six-month period



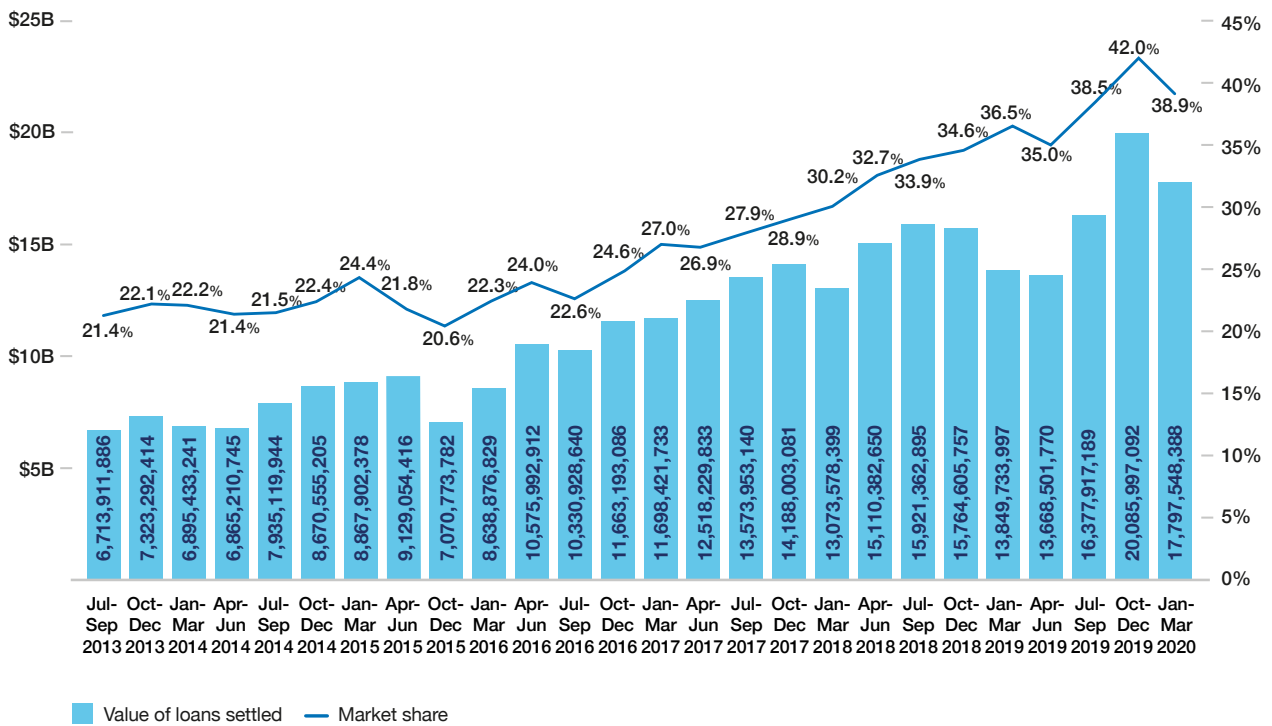
Comparing the October 2019 - March 2020 period to the previous six months, 'Other type of lender' experienced the largest increase of 96.4%. The significant period-on-period growth represented an almost doubling in the value of new loan settled in this segment. This appears to have been primarily driven by a large uplift in the value of broker originated lending from Macquarie in the December 2019 quarter.

The regional banks were the only other segments to achieve significant double-digit growth, with those aligned to the Majors recording a strong 23.9% uplift, whilst regional independents increased by 33.6%.

The major banks, non-bank lenders were flat, whilst the International banks and White Label loans both recorded very mild growth between 1%-2%.

Credit unions, building societies and mutuals were the only segment to record a double-digit decline, of 11.9%.

Value (\$) and market share of broker-originated business to lenders other than the Major Banks and their affiliates



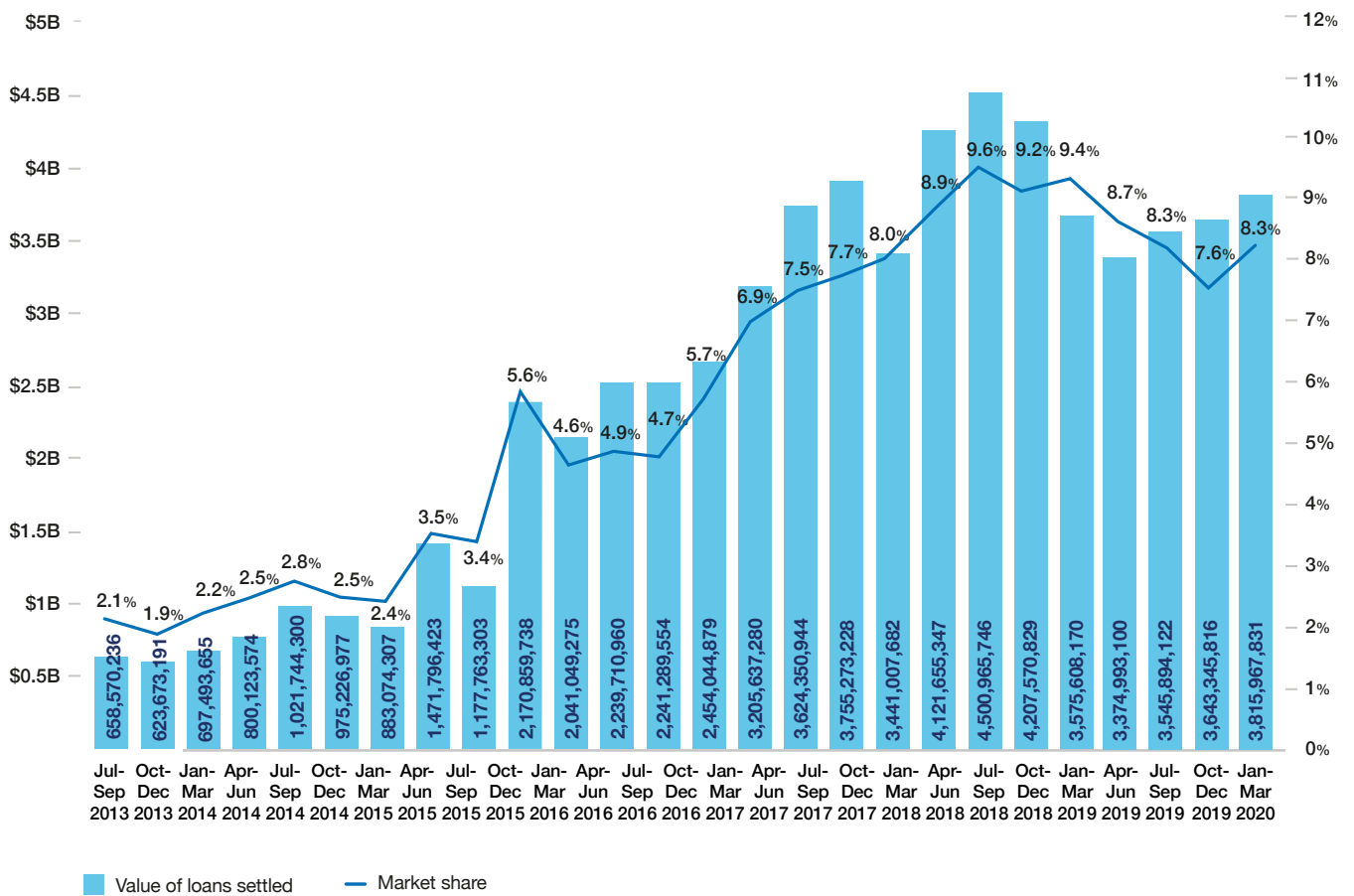
Note: No data was available for July-September 2015 Quarter. Due to decimal rounding, the sum of market share percentages presented in the 'Value (\$) and market share of broker-originated business to lenders other than the Major Banks and their affiliates' graph does not exactly add up to the equivalent sum of percentages in the 'Share of lending settled with each lender segment graph'. There is a 0.1 percentage point difference.

After two consecutive quarters of positive growth, reaching a high of 42% in the December 2019 quarter, this segment, including the credit unions, building societies and mutual banks, non-bank lenders, international banks, independent banks, and any other type of lender segments - those that are not in any way affiliated to the major banks - recorded its largest quarter-on-quarter decline of 3.1 percentage points to 38.9%, with the value of new loans settled at \$17.8 billion, representing the second highest value and market share for the segment.

This graph demonstrates the competition and choice that mortgage brokers continue to drive.

The broker-originated business for non-bank lending has increased market-share by 0.7 percentage points halting a trend of decline in the previous three consecutive quarters.

Value (\$) and market share of broker-originated business to non-bank lenders



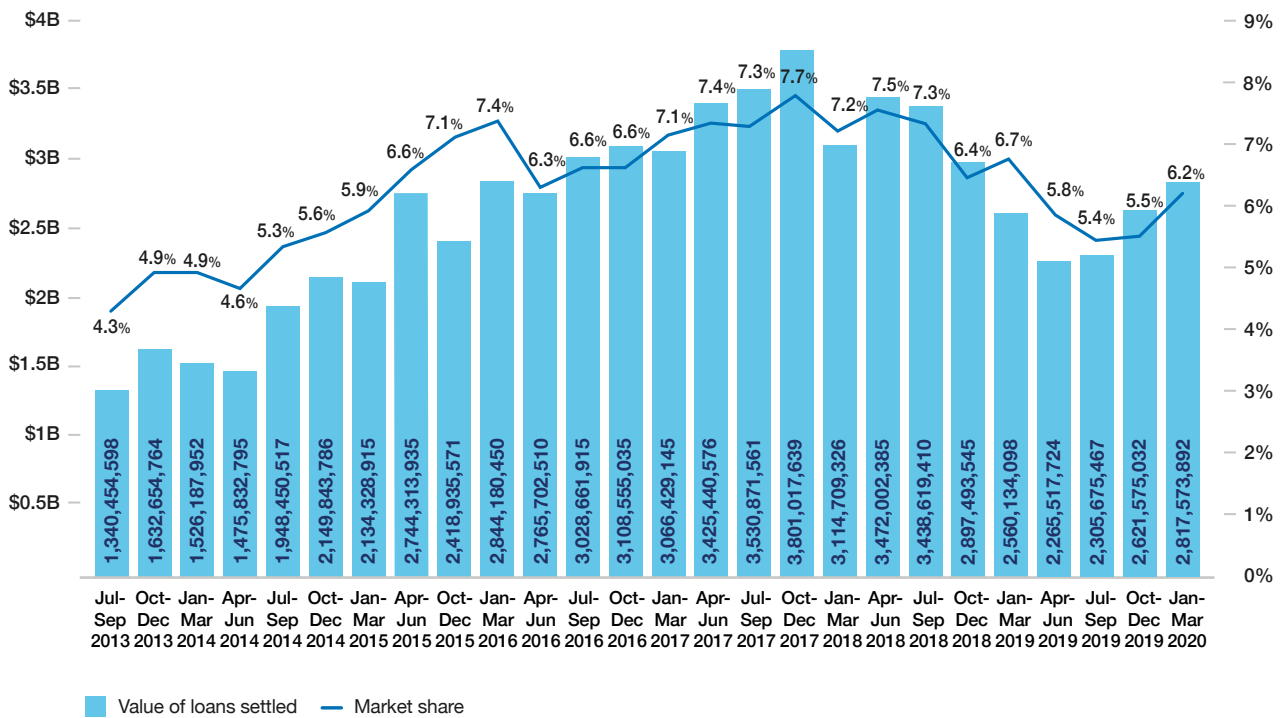
Note: No data was available for July-to-September 2015 Quarter

The March 2020 quarter's result shows a significant increase of 0.7 percentage points in market share and halts a trend of three consecutive quarters of decline in market share for the non-bank segment.

New loan settlement values have also recorded increases for three consecutive quarters for the segment indicating a recovery and uplift for the non-bank lending segment in the March 2020 quarter.

Market share of the white label home loan segment has continued to recover with a second consecutive quarter of growth.

Value (\$) and market share of broker-originated business to White Label Lenders



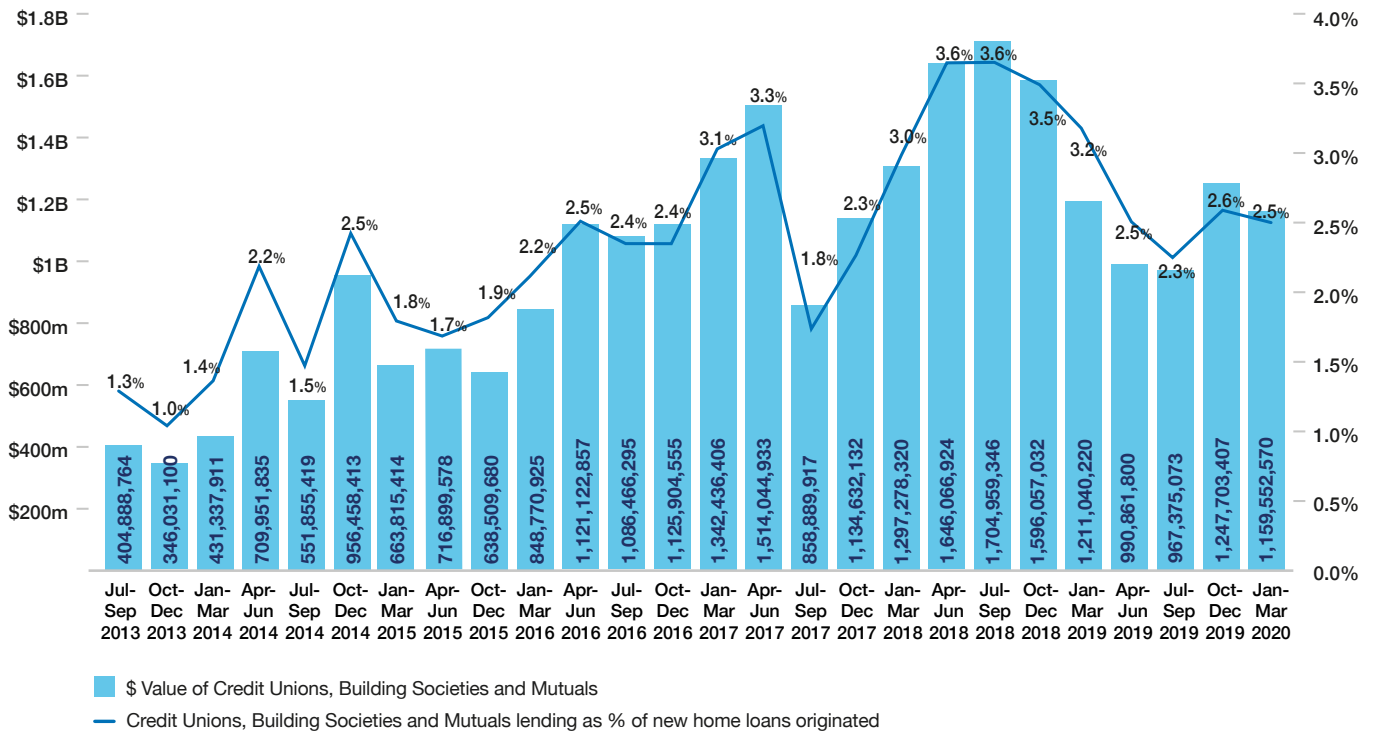
Note: No data was available for July-to-September 2015 quarter. The data embedded in this chart sums the white label lending for only those aggregators that have offered the product consistently over the past four years. As such, it reflects organic growth in the product category. As is commonly known, other aggregators are beginning to offer white label loans, but their small share has not been counted in this analysis.

Market share of broker-originated business to white label lenders continues to recover with a second consecutive quarter-on-quarter increase mirroring the growth in settlements, with a 0.7 percentage point increase over the last quarter.

Early indications show that the segment may have turned a corner and onto the road to recovery, after halting consistent declines dating back to the September 2019 quarter. It remains to be seen if the segment can maintain its recovery and growth trajectory over the next six months.

The credit unions, building societies and mutuals segment has stabilised, halting four consecutive quarters of decline dating from September 2018 - September 2019

Value (\$) and market share of broker-introduced business to Credit Union, Building Society and Mutual Lenders



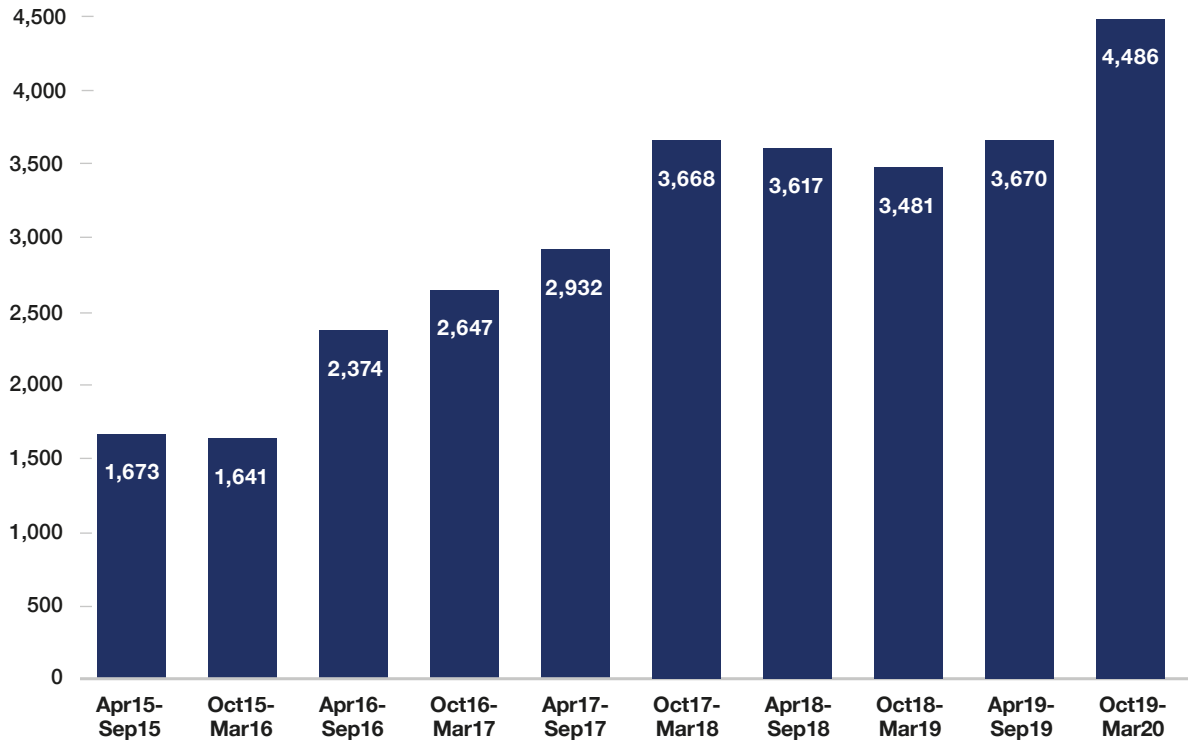
Note: No data was available for July – September 2015 quarter.

After a period of four consecutive quarters of growth and reaching the highest market share and value of new settlements in the September 2018 quarter, credit unions, building societies and mutuals has recorded continuous decline over the last four consecutive quarters to September 2019.

Over the last two quarters, the credit union, building societies and mutuals segment has stabilised, halting four consecutive quarters of decline dating from Sept 2018 - Sept 2019.

Commercial Broking

Number of mortgage brokers also writing commercial loans



Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

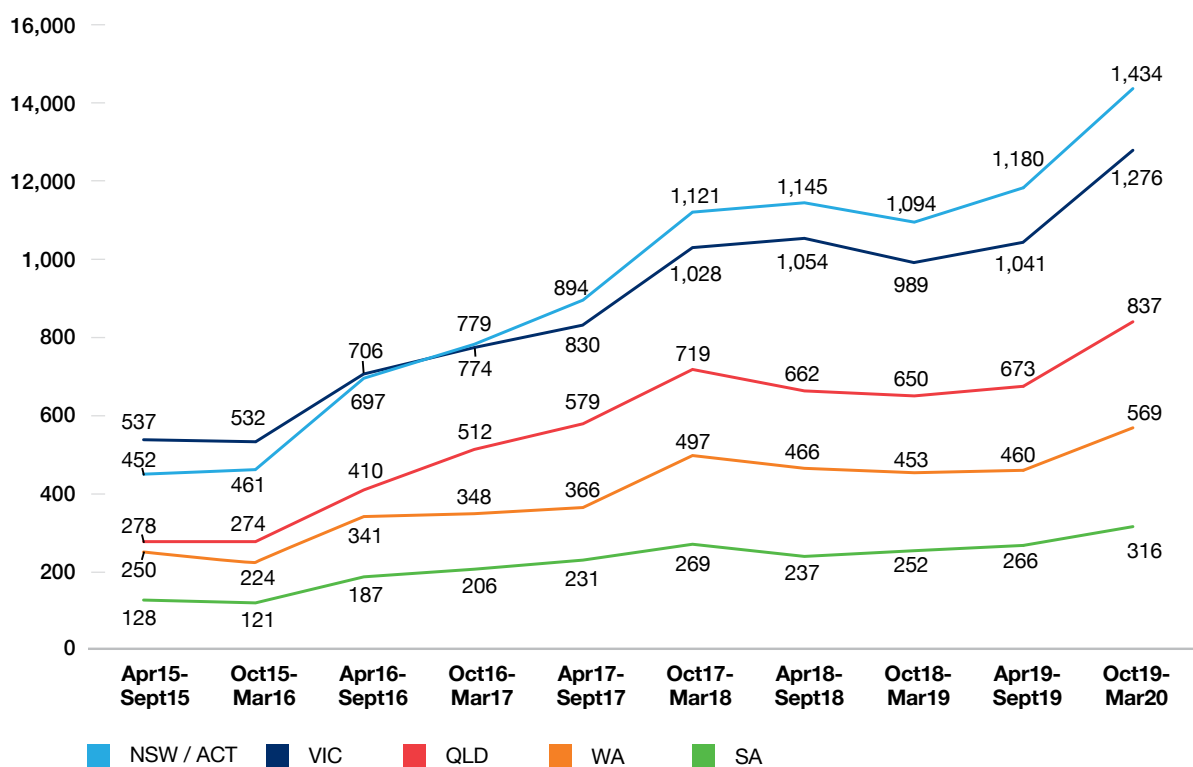
After four consecutive periods of stability, the number of mortgage brokers also writing commercial loans has increased significantly in the October-March 2020 period to a new high of 4,486 brokers, exceeding the previous record high of 3,668 brokers in the October-March 2018 period.

Year-on-year, this represented an increase of 1,005 brokers or 28.87%.

Compared to the previous six-month period, this was up 816 mortgage brokers or 22.23%.

The uplift in broker numbers writing commercial lending suggests that in a challenging home loan market, more and more brokers are turning to diversifying into this sector, expanding their portfolio beyond just residential home loans into other growth sectors potentially in response to recent fluctuations and instability in the market.

Number of mortgage brokers writing commercial loans, by state

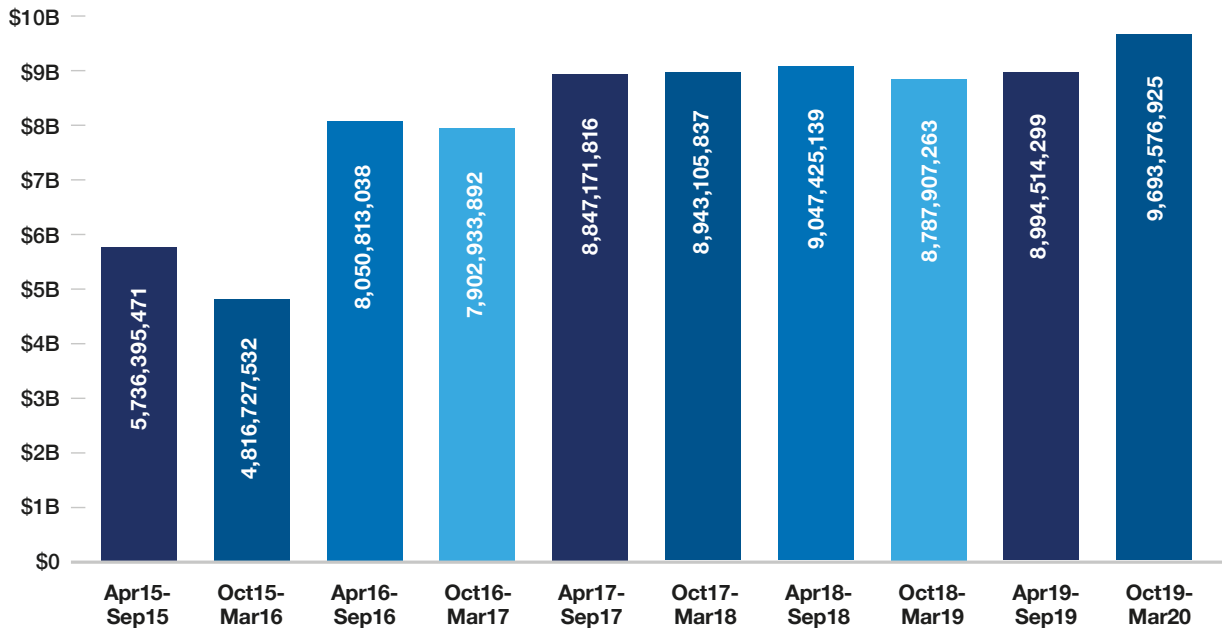


Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included. Due to the scale of the Y-axis labels, graph excludes data for Tasmania.

At the state level, the number of mortgage brokers writing commercial loans in the October – March 2020 period has grown significantly, compared to the previous six months, across all major states.

Period-on-period, the largest increases were in New South Wales and ACT (by 254 brokers or 21.53%), and Victoria (by 235 brokers or 22.57%). Amongst the other states, Queensland was up 164 or 24.37%, Western Australia grew by 109 brokers or 23.69%, whilst South Australia increased by 50 or 18.80%.

Value of commercial lending settled by mortgage brokers (\$)



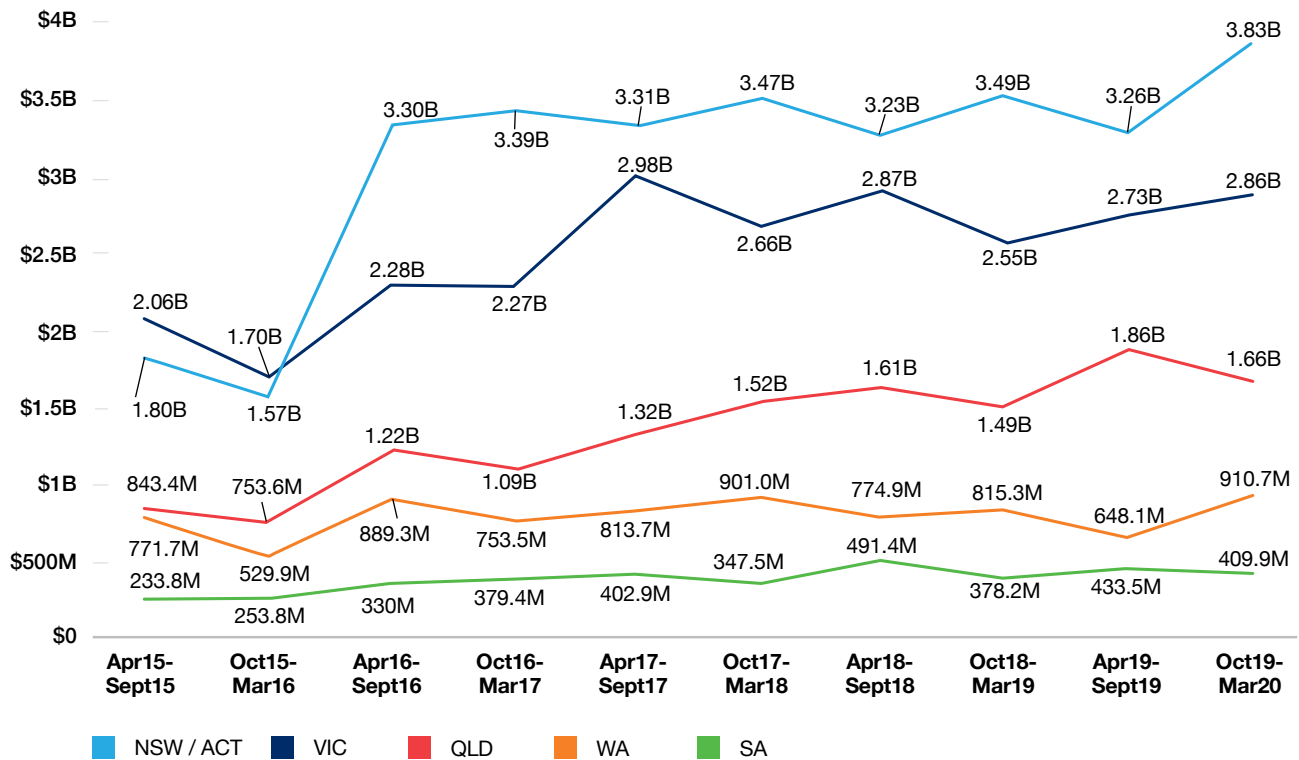
Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

For the six months to March 2020, the value of commercial loans settled by mortgage brokers has reached its highest ever value at just under \$9.7 billion, up ~\$700 million or 7.78% compared to the previous six-month period.

The result significantly exceeded the previous high of ~\$9.05 billion, by ~\$650 million or 7.14%.

Year-on-year, the value of commercial loans settled by mortgage brokers increased by ~\$905 million or 10.31% from \$8.79 to \$9.69 billion.

Total value of commercial lending settled by mortgage brokers, per state (\$)



Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

At the state level, despite the growth and increase in the number of commercial brokers and value of lending compared to the previous period, there is volatility in some state's results.

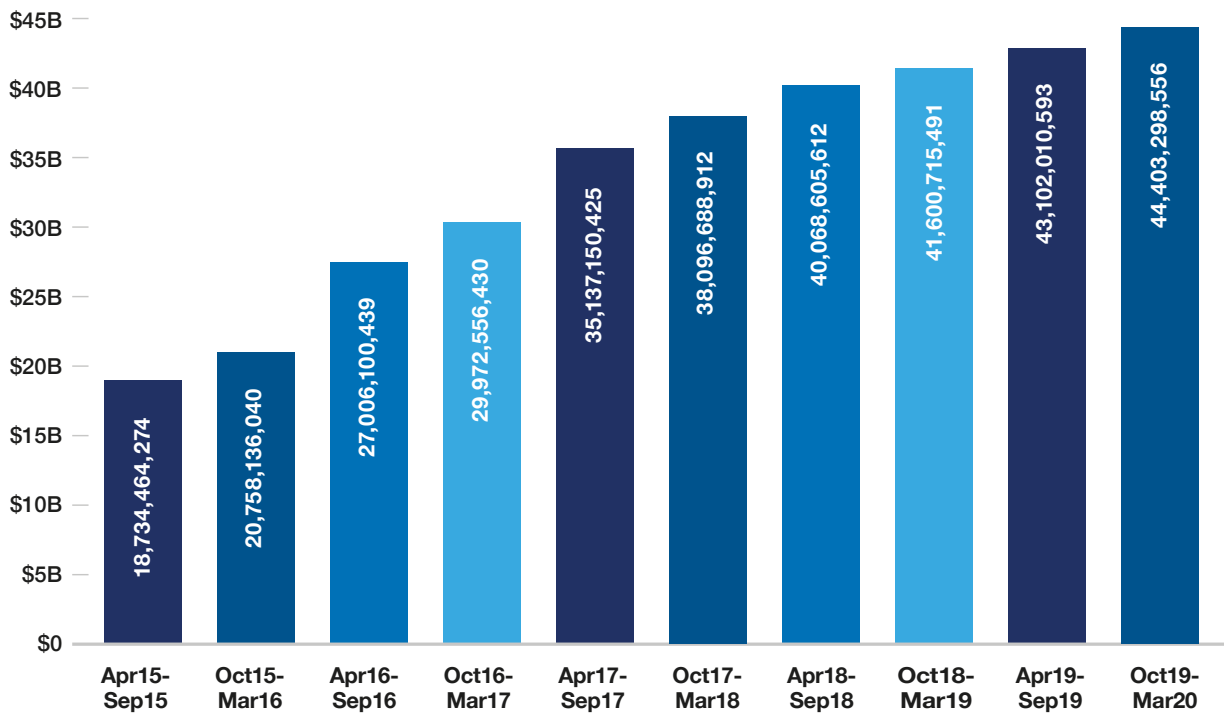
New South Wales and ACT recorded the largest increase in the value of commercial lending reaching its highest ever value at \$3.83 billion, an increase of \$561 million or 17.19% from the previous period.

Victoria recorded a milder increase with the value of commercial lending settled growing by \$125 million or 4.59% to \$2.86 billion in the last six months.

Queensland's results have seen the most volatility, recording a decline of \$201 million or 10.83% in the value of commercial lending in the current reporting period.

Western Australia recorded strong growth of ~\$263 million or 40.51% increase to achieve its highest ever value at ~\$911 million, whilst South Australia fell mildly as the values for the two states diverge.

Total commercial lending loan book value of mortgage brokers (\$)

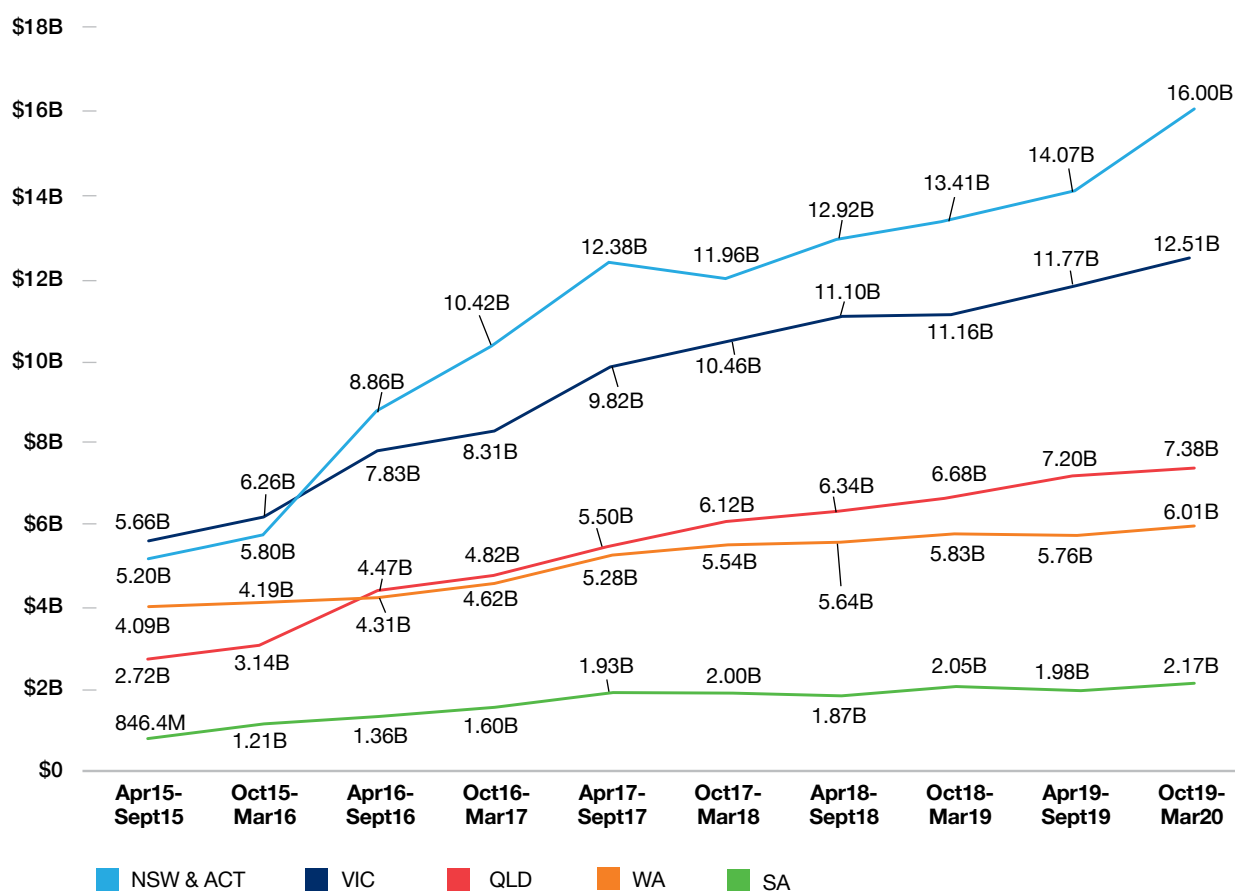


Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

The total book value of commercial lending for mortgage brokers continues to grow, reaching a record high of \$44.4 billion, with the rate of growth maintaining consistency period-on-period.

Period-on-period, the commercial book value has increased by \$1.3 billion or 3.02%, year-on-year the value has increased by \$2.8 billion or 6.74%.

Commercial lending loan book value of mortgage brokers, by state (\$)



Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

For the six months to the end of March 2020, the total commercial loan book increased across all states.

New South Wales and ACT's book value recorded the highest growth, reaching a new high of approximately \$16.0 billion representing an increase of \$1.93 billion or 13.7% since the last period. New South Wales and ACT's rate of growth is more rapid than Victoria's and continues its overall growth trajectory.

Victoria's rate of growth has been consistent with an increase of ~\$747 million or 6.35% since the last period to record a total book of \$12.52 billion.

Queensland's rate of growth seems to have flattened, with an increase of ~\$189 million or 2.62% to \$7.39 billion.

Western Australia and South Australia both recorded solid growth with values increasing by ~\$248 million or 4.31%, and ~\$191 million or 9.66% respectively over the last six months.

State-by-state analysis

NSW and ACT

It was an encouraging period for New South Wales and ACT.

During the October 2019 - March 2020 period, NSW and ACT brokers settled \$38.45 billion in home loans compared to \$33.92 billion during the equivalent 2018/19 period, an increase of 13.4%. The average value settled was \$7.45 million, up 15.1% compared to \$6.47 million last year.

These results contributed to a growth in value of the state's overall home loan book, up by 2.2%, from \$250.05 billion to \$255.64 billion.

On an individual basis, the average New South Wales and ACT broker settled \$6.49 million in home loans for the period per broker, up 17.4% year-on-year, from \$5.52 million. This result contributed to the increase in value of the average loan book value of \$43.12 million per broker, from \$41.08 million a year ago, up 5%.

The population of 5,929 brokers for the period – down compared to 6,087 a year ago, lodged on average 13.9 loans. This equates to a total of 82,575 loans lodged for the state, for the period, up 14.3% compared to a year ago at 72,253.

Home to 36.3% of the national population of brokers, New South Wales and ACT brokers settled 39.0% of the national value of home loans settled – a favourable relationship between metrics.

Brokers earned \$84,314 gross up-front for the period, compared to \$72,443 the previous year, and \$64,676 gross trail for the period, compared to \$61,620 last year, for a combined gross commission of \$148,990. In total, this was up by 11.1% from a year ago.

VIC

During the October 2019 - March 2020 period, Victorian brokers settled \$31.53 billion in home loans compared to \$28.29 billion during the October 2019 - March 2020 period, up 11.4%. The average value settled was \$7.46 million, up 14.1% compared to \$6.54 million last year.

Despite these positive results, the value of the state's overall home loan book fell slightly by 0.4%, from \$185.33 billion to \$184.67 billion.

On an individual basis, the average broker settled \$6.45 million in home loans for the period per broker, up 14.5% year-on-year, from \$5.64 million. This result contributed to the increase in value of the average loan book value of \$37.81 million per broker, from \$36.92 million a year ago, up 2.4%.

The population of 4,884 brokers for the period – down compared to 5,020 a year ago, lodged on average 18.2 loans. This equates to a total of 88,661 loans lodged for the state, for the period, up 19.0% compared to a year ago at 74,489.

Home to 29.9% of the national population of brokers, Victorian brokers settled 31.9% of the national value of home loans settled – a favourable relationship between metrics.

Brokers earned \$83,912 gross up-front for the period, compared to \$73,270 the previous year, and \$56,717 gross trail for the period, compared to \$55,379 last year, for a combined gross commission of \$140,629. In total, this was up by 9.3% from a year ago.

QLD

During the October 2019 - March 2020 period, Queensland brokers settled \$14.35 billion in home loans compared to \$12.40 billion during the October 2018- March 2019 period, a jump of 15.7%. The average value settled was \$6.41 million, up 16.8% compared to \$5.49 million last year.

These results did not however translate to growth in the value of the state's overall home loan book, which was down by 4.7%, from \$113.29 billion to \$107.94 billion.

On an individual basis, the average broker settled \$5.73 million in home loans for the period per broker, up 18.4% year-on-year, from \$4.84 million. Despite this result the value of the average loan book of \$43.08 million per broker, decreased from \$44.20 million or 2.5% a year ago.

The population of 2,506 brokers for the period – down compared to 2,563 a year ago, lodged on average 19.6 loans. This equates to a total of 49,061 loans lodged for the state, for the period, up 15.7% compared to a year ago at 42,412.

Home to 15.3% of the national population of brokers, Queensland brokers settled 14.5% of the national value of home loans settled.

Brokers earned \$74,453 gross up-front for the period, compared to \$62,907 the previous year, and \$64,614 gross trail for the period, compared to \$66,306 last year, for a combined gross commission of \$139,067. In total, this was up by 7.6% from a year ago.

WA

It was a promising period for Western Australia.

During the October 2019 - March 2020 period, Western Australian brokers settled \$7.96 billion in home loans compared to \$7.31 billion during the October 2018 - March 2019 period, an increase of 8.9%. The average value settled was \$4.96 million, up 14.8% compared to \$4.32 million last year.

These results contributed to the growth in value of the state's overall home loan book, up by 0.4%, from \$90.42 billion to \$90.76 billion.

On an individual basis, the average broker settled \$4.29 million in home loans for the period per broker, up 15.2% year-on-year, from \$3.72 million. This result contributed to the increase in value of the average loan book value of \$48.87 million per broker, from \$46.04 million a year ago, up 6.1%.

The population of 1,857 brokers for the period – down compared to 1,964 a year ago, lodged on average 14.4 loans. This equates to a total of 26,833 loans lodged for the state, for the period, up 9.9% compared to a year ago at 24,426.

Home to 11.4% of the national population of brokers, Western Australian brokers settled 8.1% of the national value of home loans settled.

Brokers earned \$55,752 gross up-front for the period, compared to \$48,394 the previous year, and \$73,311 gross trail for the period, compared to \$69,060 last year, for a combined gross commission of \$129,063. In total, this was up by 9.9% from a year ago.

SA

During the October 2019 - March 2020 period, South Australian brokers settled \$5.47 billion in home loans compared to \$4.73 billion during the October 2018 - March 2019 period, up 15.5%. The average value settled was \$6.11 million, up 16.8% compared to \$5.23 million last year.

These positive results however failed to arrest a decline in value of the state's overall home loan book, down by 4.2%, from \$41.54 billion to \$39.79 billion.

On an individual basis, the average broker settled \$5.51 million in home loans for the period per broker, up 19.5% year-on-year, from \$4.61 million. Despite this result the average loan book value of \$40.11 million per broker was down from \$40.48 million a year ago.

The population of 992 brokers for the period – down compared to 1,026 a year ago, lodged on average 23.6 loans. This equates to a total of 23,369 loans lodged for the state, for the period, up 15.0% compared to a year ago, at 20,328.

Home to 6.1% of the national population of brokers, South Australian brokers settled 5.5% of the national value of home loans settled.

Brokers earned \$71,624 gross up-front for the period, compared to \$59,933 the previous year, and

\$60,168 gross trail for the period, compared to \$60,725 last year, for a combined gross commission of \$131,792. In total, this was up 9.2% from a year ago.

TAS

Tasmania had another strong period.

During the October 2019 - March 2020 period, Tasmanian brokers settled \$779.58 million in home loans compared to \$693.41 million during the October 2018 - March 2019 period, up 12.4%. The average value settled was \$6.34 million, up 6.9% compared to \$5.93 million last year.

These results contributed to the growth in value of the state's overall home loan book, up by 3.4%, from \$3.81 billion to \$3.94 billion.

On an individual basis, the average broker settled \$6.0 million in home loans for the period per broker, up 13.3% year-on-year, from \$5.3 million. This result contributed to the increase in value of the average loan book value of \$30.33 million per broker, from \$29.10 million a year ago, up 4.2%.

The population of 130 brokers for the period – up compared to 131 a year ago, lodged on average 23.8 loans. This equates to a total of 3,092 loans lodged for the state, for the period, up considerably, by 27.5% compared to a year ago, at 2,425.

Home to less than one per cent (0.8%) of the national population of brokers, Tasmanian brokers settled 0.8% of the national value of home loans settled.

Brokers earned \$77,958 gross up-front for the period, compared to \$68,811 the previous year, and \$45,488 gross trail for the period, compared to \$43,650 last year, for a combined gross commission of \$123,446. In total, this was up by 9.8% from a year ago.

NT

During the October 2019 - March 2020 period, Northern Territory brokers settled \$171.48 million in home loans compared to \$204.01 million during the October 2018 - March 2019 period, a decline of 15.9%. The average value settled was \$3.30 million, down by 24.3% compared to \$4.36 million last year.

These strong results helped increase the value of the Territory's overall home loan book, up by 9.3%, from \$2.48 billion to \$2.71 billion.

On an individual basis, the average broker settled \$3.0 million in home loans for the period per broker, down 14.8% year-on-year, from \$3.53 million. This strong result also helped to bolster the value of the average loan book value at \$47.51 million per broker, from \$42.73 million a year ago, up 11.2%.

The population of 57 brokers for the period – down compared to 60 a year ago, lodged on average 10.9 loans. This equates to a total of 623 loans lodged for the territory, for the period, down 3.9% compared to a year ago, at 648.

Home to less than one per cent (0.3%) of the national population of brokers, Northern Territory brokers settled 0.2% of the national value of home loans settled.

Brokers earned \$39,109 gross up-front for the period, compared to \$45,878 the previous year, and \$71,261 gross trail for the period, compared to \$64,088 last year, for a combined gross commission of \$110,370. In total, this was up by 0.4% from a year ago.

About the MFAA's Industry Intelligence Service (IIS) Report

The MFAA's Industry Intelligence Service (IIS) Report provides reliable, accurate and timely market intelligence for the Australian mortgage broking sector.

It is designed, produced and delivered by comparator, a CoreLogic business and a recognised provider of performance benchmarking, market diagnostics and ad-hoc investigative services to the retail financial services sector in Australia and New Zealand.

The IIS Report profiles quantitative variables including:

- broker resourcing,
- deployment,
- recruitment and retention,
- new business acquisition, and
- loan portfolios.

It provides performance metrics or benchmarks for the industry and for the prevailing models of wholesale aggregators and franchised broker models.

Individual results for participating aggregators are completely confidential and are never provided to the MFAA, nor to other aggregators or brokers.

The MFAA's IIS Report is produced twice a year, for the six months ending March 31 and the six months ending September 30.



Level 21, 2 Market Street, Sydney NSW 2000 Australia. Telephone 1300 734 318

MFAA INDUSTRY INTELLIGENCE SERVICE

10TH EDITION

Benchmark your business

For the six month period
1 October 2019 – 31 March 2020

Benchmark your business

Where does your business fit in comparison to the rest of the state and national average?
Are you above, in the middle or behind the pack?

Use the information in the tables as a tool to evaluate your business.

New South Wales and ACT

	National average	NSW and ACT	My data	% Difference
Average value of new home loans settled per broker in each state during the 6 month period	\$6.0 million	\$6.5 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19.6 loans	15 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$41.8 million	\$43.1 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$78,462	\$84,314		
Average gross trail remuneration generated per broker, prior to costs per annum	\$62,867	\$64,676		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$141,329	\$148,990		

My key actions

Victoria

	National average	VIC	My data	% Difference
Average value of new home loans settled per broker in each state during the 6 month period	\$6.0 million	\$6.5 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19.6 loans	19.3 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$41.8 million	\$37.8 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$78,462	\$83,912		
Average gross trail remuneration generated per broker, prior to costs per annum	\$62,867	\$56,717		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$141,329	\$140,629		

My key actions

Queensland

	National average	QLD	My data	% Difference
Average value of new home loans settled per broker in each state during the 6 month period	\$6.0 million	\$5.7 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19.6 loans	20.8 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$41.8 million	\$43.1 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$78,462	\$74,453		
Average gross trail remuneration generated per broker, prior to costs per annum	\$62,867	\$64,614		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$141,329	\$139,067		

My key actions

Tasmania

	National average	TAS	My data	% Difference
Average value of new home loans settled per broker in each state during the 6 month period	\$6.0 million	\$6.0 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19.6 loans	24.5 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$41.8 million	\$30.3 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$78,462	\$77,958		
Average gross trail remuneration generated per broker, prior to costs per annum	\$62,867	\$45,488		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$141,329	\$123,446		

My key actions

Northern Territory

	National average	NT	My data	% Difference
Average value of new home loans settled per broker in each state during the 6 month period	\$6.0 million	\$3.0 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19.6 loans	12.2 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$41.8 million	\$47.5 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$78,462	\$39,109		
Average gross trail remuneration generated per broker, prior to costs per annum	\$62,867	\$71,261		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$141,329	\$110,370		

My key actions



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