

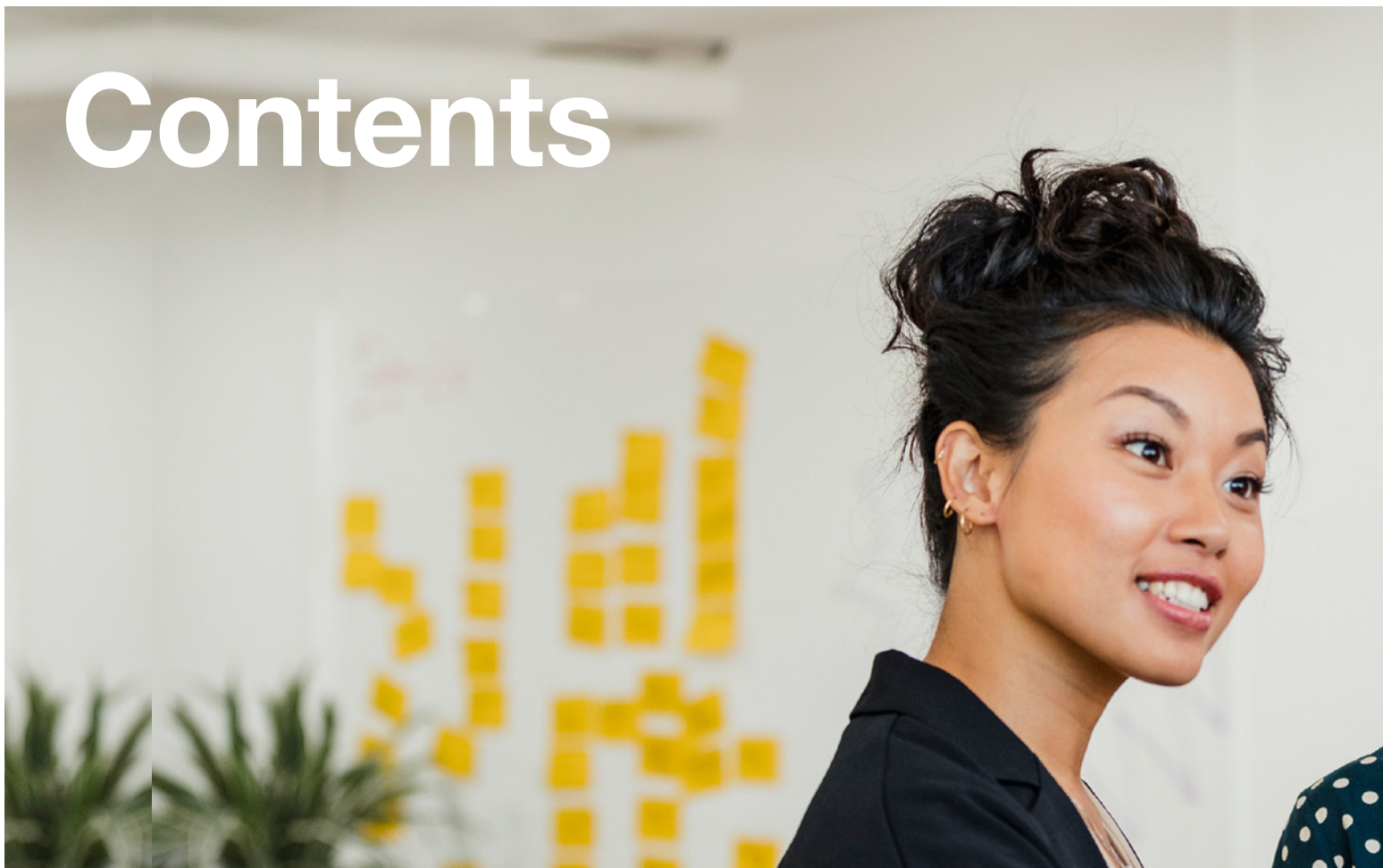
Industry Intelligence Service 11th Edition



For the six month period
1 April 2020 – 30 September 2020



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CEO's Report

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

This IIS Report provides insight into a period of uncertainty within the Australian economy. The April to September 2020 term was uniquely challenging as it coincided with the COVID-19 global pandemic, including the majority of the first wave of the disease, and the entirety of the more severe second wave, which was predominantly localised to Melbourne and Victoria.

This period was also marked by Australia's first recession in almost three decades. However, as evidenced in this report, brokers were able to overcome their own challenges and vulnerabilities, maintain focus on their customers' needs, and achieve some of their most positive results to date.

During the July to September 2020 quarter mortgage brokers continued to facilitate more than half of all new residential mortgages, recording their highest ever market share result of 60.1%

This result was indicative of a strong performance across the board from the nation's mortgage brokers throughout the six-month period, as the average number of applications lodged per active broker jumped from 19.6 to 21.4, while the national average value of home loans settled per broker rose above \$6.5 million for the first time in five years.

Having previously contracted for three consecutive periods after reaching a peak of 17,040 brokers in the September 2018 term, the broker population has recorded a mild increase of 101 brokers compared with the previous six months, reaching 16,490 brokers for September 2020.

The national broker residential loan book grew by a further 4.4% compared to the same period a year ago. Australia's total loan book value now sits at \$736.7 billion. While average trail commission increased mildly by 5.12% compared to the previous year, up-front commissions grew by a significant 25.29%, reaching \$84,758 for the period, combining to achieve a healthy national average combined remuneration per broker of \$151,772.

Overall, April to September 2020 was a challenging and yet rewarding time for the mortgage broking industry, as brokers provided tireless support and assistance to their customers helping them navigate the challenges posed by the COVID-19 pandemic and the recession.

Regards,

A handwritten signature in black ink, appearing to read 'Mike Felton', written in a cursive style.

Mike Felton
MFAA CEO

Executive summary

This latest Industry Intelligence Service (IIS) Report, 11th edn., provides broker and industry performance and demographic data for the six-month period of April to September 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 60.1% during the September quarter, further cementing the broker channel as the channel of choice for consumers.

The broker channel settled \$107.51 billion in residential home loans for the six-month period, the highest value recorded for any period since the MFAA commenced reporting in 2015, up 24.5% year-on-year.

The aggregate value of brokers' home loan books grew by 4.4% year-on-year, to \$736.70 billion. At a state level, all states grew their total loan books led by Victoria and South Australia which each grew 5.4% year-on-year, while New South Wales and ACT grew 4.7%.

Year-on-year, the average value of new home loans settled per broker increased by \$1,316,303 or 25.3%, while the last six-month period experienced a less dramatic but still significant jump of \$496,821.

For the second consecutive six-month period, since October 2017 to March 2018, the total number of home loan applications lodged has exceeded 300,000, with ~307,000 applications lodged between April to September 2020 – the second highest total observed to date.

Year-on-year, the number of applications increased by 11.6% overall. Also, year-on-year, at an individual mortgage broker level, the average number of applications lodged per broker (including inactive brokers) grew from 17.1 to 20.2.

The conversion rate of applications to settlement remained relatively steady, declining by just 0.1 percentage points year-on-year, and increasing 0.4 percentage points period-on-period. This marked the third consecutive period with little movement, all remaining around the 69% mark.

Year-on-year, the number of brokers decreased by 108, however period-on-period there was an increase of 101 brokers. When comparing population changes to settled value changes, year-on-year broker numbers at a national level decreased by 0.7%, whilst overall new loan settlements grew by a significantly higher proportion at 24.5%.

The divergence of broker numbers and settled value has contributed to an increase in the calculated average total broker remuneration, of 15.5% year-on-year.

Between April to September 2020, market share for the major banks bounced back recording growth in three consecutive quarters for the first time in the report's history, providing further evidence of a significant recovery.

The majors' share increased by a substantial 8.6 percentage points between March and June 2020, the highest increase observed in a quarter by any segment to date. July to September saw a further increase of 1.6 percentage points to 51.7% share, similar to levels last seen three years ago.

The numbers of mortgage brokers also writing commercial loans has recorded a slight uptick period-on-period from 4,486 to 4,539 in April to September 2020. However, year-on-year this result represents a significant increase of 869 mortgage brokers diversifying into the commercial space, or 23.7%.

The value of settled commercial lending fell slightly in the April to September 2020 reporting period to \$9.37 billion.

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:

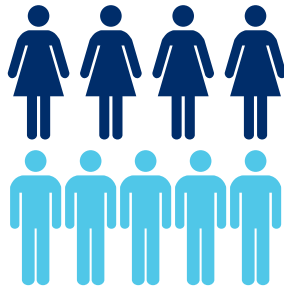


Industry snapshot

Industry Intelligence Service (IIS) Report – 11th edition, April – September 2020

Population of mortgage brokers

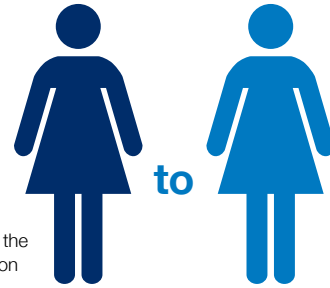
16,389
Up to
16,490
Apr–Sept20



Ratio of mortgage brokers

1 to 1,558

Brokers per head of the Australian population



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

Total value of loans settled



24.5%

Compared to the Apr – Sept 2019 period

Average gross annual earnings

Apr 2020 – Sep 2020

\$151,772

Up 7.39%

Oct 2019 – Mar 2020

\$141,329

Average value of home loans settled per broker

\$6.0 Million



Oct19-Mar20



\$6.5 Million



Apr20-Sep20

Average number of home loan applications lodged per broker



Oct19-Mar20

Including inactive brokers



Apr20-Sep20

Total number of home loans lodged



Apr19-Sep19

11.6%



Apr20-Sep20

Share of lenders other than the Majors and their affiliates

38.5%
Jul19–Sep19



29.2%
Jul20–Sep20

Proportion of mortgage brokers also writing commercial loans

27.4%
Oct19–Mar20

0.1%

27.5%
Apr20–Sep20

Average value of the home loan portfolio per broker



Oct19-Mar20

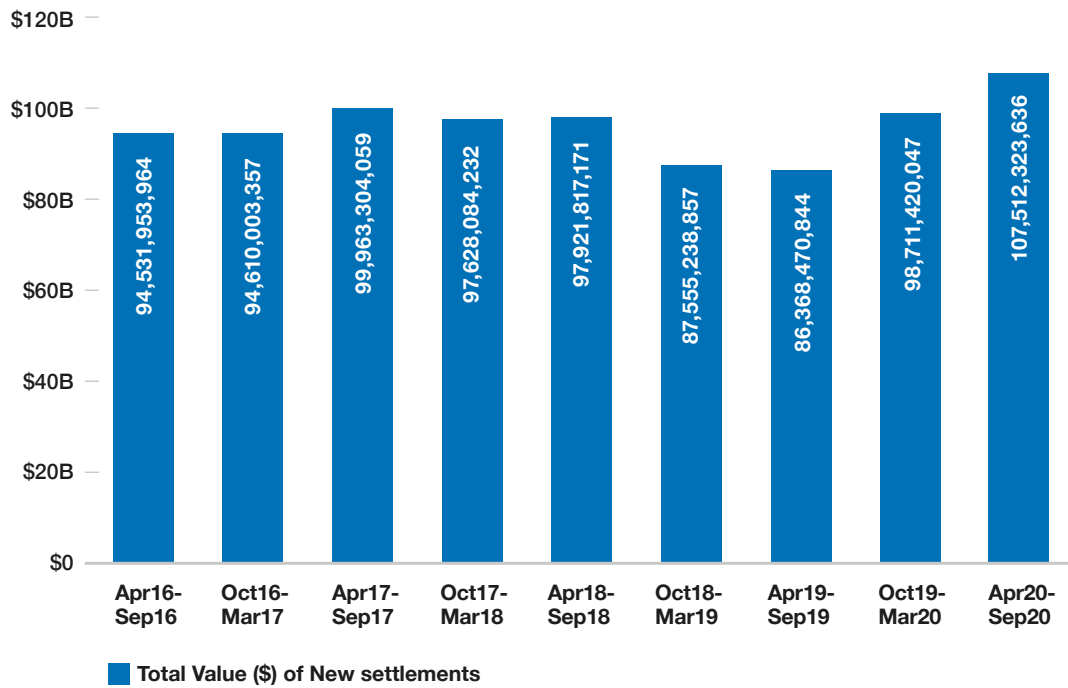
6.9%



Apr20-Sep20

The last twelve-month period has seen a 24.5% increase in home loan settlements for the mortgage broking sector.

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

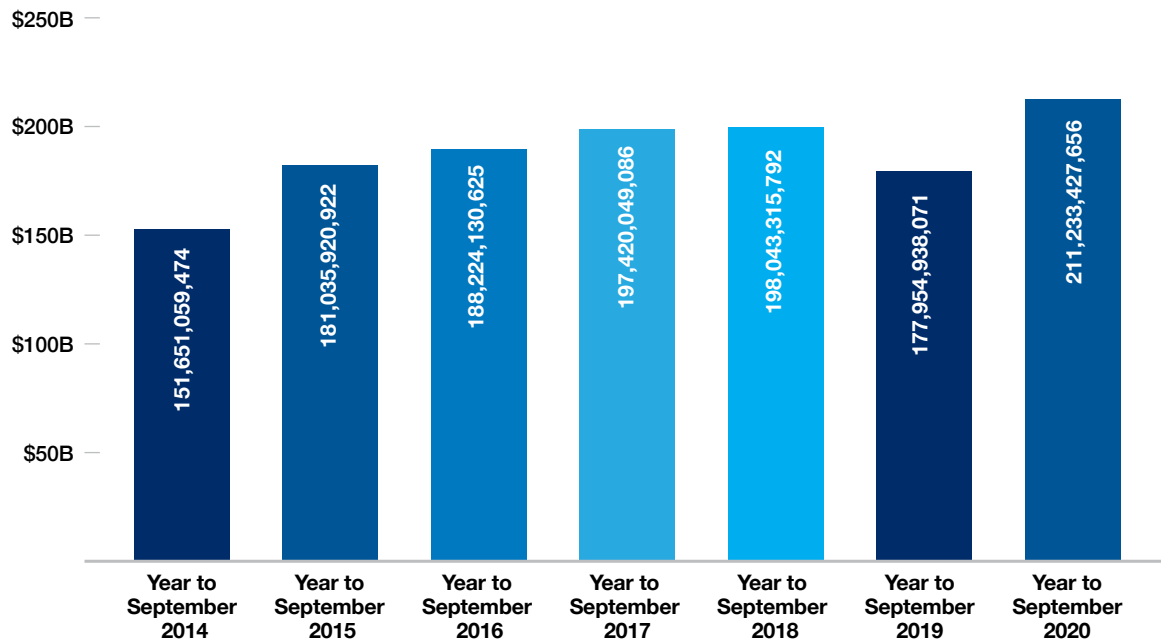


Note: There is data from one less aggregator in the six most recent six-month periods from October 2017 to September 2020 period compared to previous periods. It is estimated that this impact is only marginal though, and not material.

Mortgage brokers settled \$107.51 billion in residential home loans for the six-month period from April 2020 – September 2020. This represents the largest year-on-year increase, \$21.14 billion or 24.5% in new loan settlements, and is the highest six-month value recorded since the report has been issued, with settlements exceeding \$100 billion for the first time.

The significant increase in the value of home loan settlements over the last six-month period has been driven by a combination of increased refinancing activity and first home buyers in the market taking advantage of record-low interest rates, as the impact of COVID-19 took effect.

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



Source: MFAA Quarterly Survey

Note: IIS 10th edition compares the value of home loans settled by brokers for the year-ending periods up to March; whereas this 11th edition compares year-ending periods up to September.

In the twelve months to September 2020, brokers settled over \$211 billion in home loans – a significant increase of \$33.3 billion or 18.7%, substantial growth when compared year-on-year.

It is the highest value of new home loan settlements observed over a 12-month period to date and is the first-time settlements have exceeded \$200 billion.

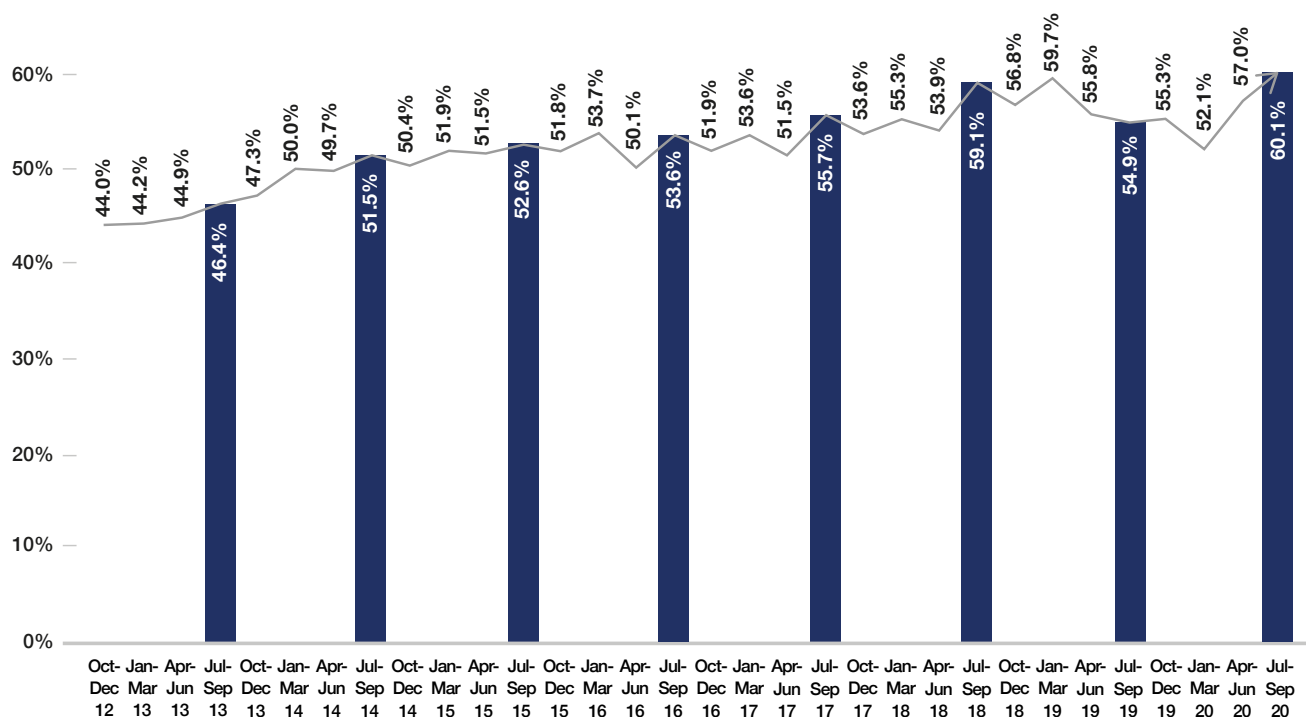
MFAA's Quarterly Survey of brokers and aggregators

The September 2020 quarter saw brokers' market share of all new residential home loan settlements grow to its highest share at 60.1%.

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

MFAA's Quarterly Survey of brokers

Market share of new residential home loans settled by mortgage brokers as % of ABS Housing Finance Commitments/Lending to Households



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

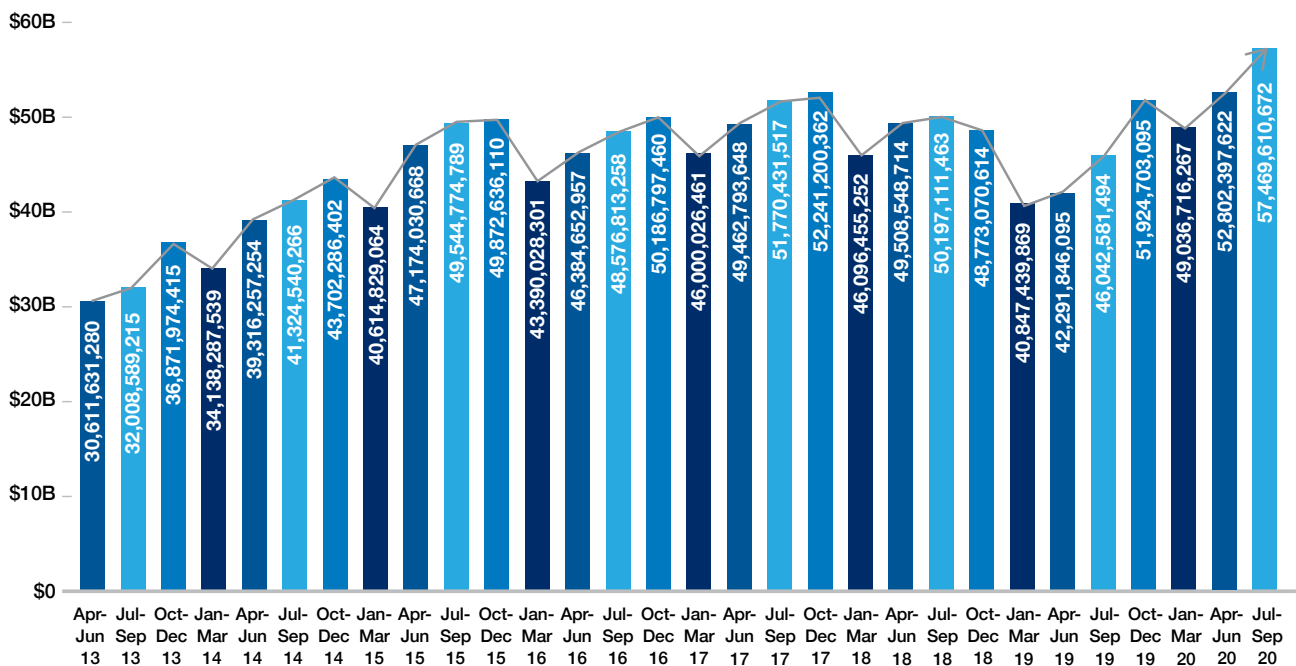
The September 2020 quarter saw brokers' market share of all new residential home loan settlements grow to its highest share to date at 60.1%.

Quarter-on-quarter broker market share increased by 3.1 percentage points.

Year-on-year, comparing to the September 2019 quarter, broker market share grew by 5.2 percentage points, the largest year-on-year increase observed. There was milder growth of 1.0 percentage points when compared to the previous September 2018 quarter.

Since the March 2020 quarter when COVID-19 and lockdown measures significantly impacted the industry, broker market share has increased by 8.0 percentage points to the September 2020 quarter, the highest growth in market share observed over two consecutive quarters. The result provides evidence brokers were successful in adapting and overcoming the significant disruptions to business-as-usual. They gained market share by responding to an increase in refinance demand and effectively assisting first home buyers, to negate the impacts, changes and uncertainty of COVID-19 on the home loan market and the broader economy.

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.

\$57.47 billion in new loan settlements were recorded in the September 2020 quarter, the highest value observed for any quarter to date. Comparing year-on-year, it represents an increase of \$11.4bn or 24.8% to the \$46.04 billion in September 2019, the largest increase between September quarters observed.

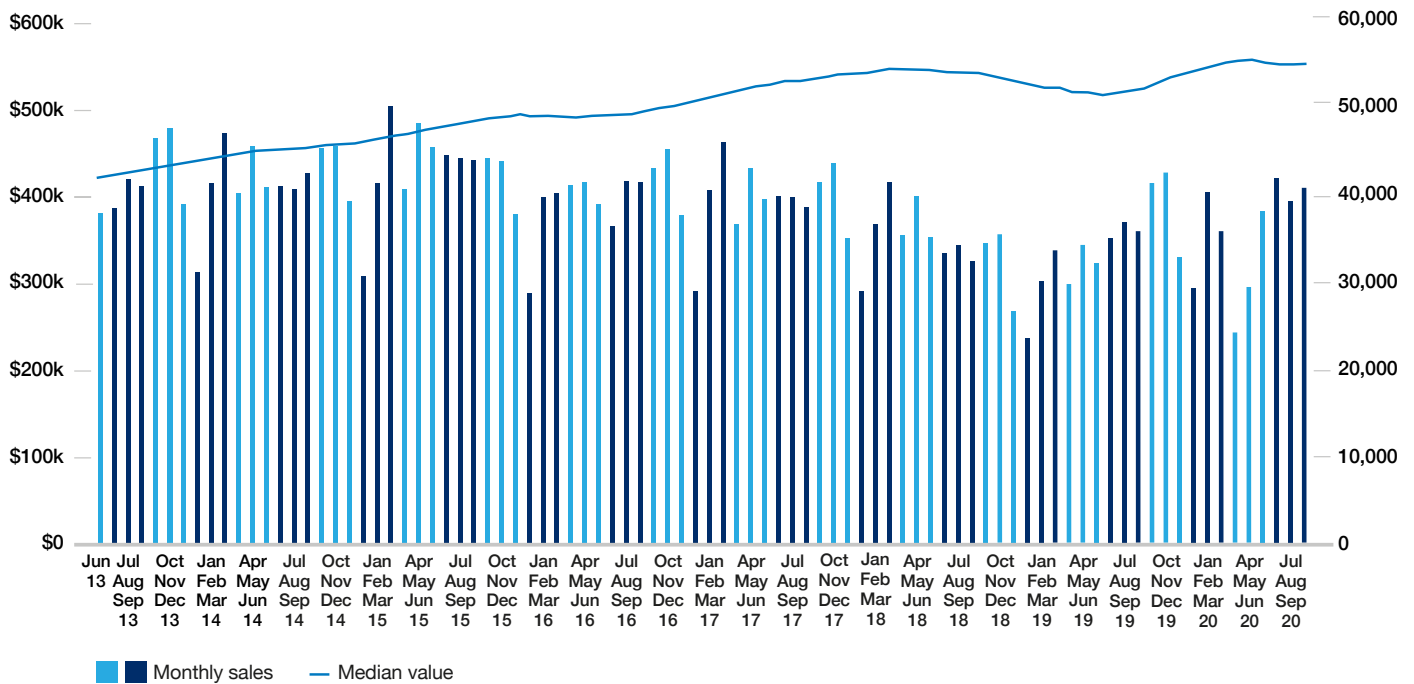
Historically, the September quarters in previous years have experienced consistent milder increases when compared quarter-on-quarter with preceding June quarters. However, 2020 has seen a larger quarter-on-quarter increase in value (\$4.67bn or 8.8%) for a September quarter.

Comparator insights: The value of new home loan settlements by brokers in 2020 has shown strong uplifts quarter-on-quarter through to September 2020, which has been mirrored by strong growth in market share for the broker industry in comparison. This was highlighted in the September 2020 quarter by reaching the highest value of settlements observed, with market share also reaching its highest level exceeding 60% for the first time.

This direct relationship suggests that brokers have settled more in the value of new home loans than lenders' direct channels and have taken a larger proportion of home loans.

With interest rates continuing at an all-time low and government stimulus in response to COVID-19, the housing market continues to perform better.

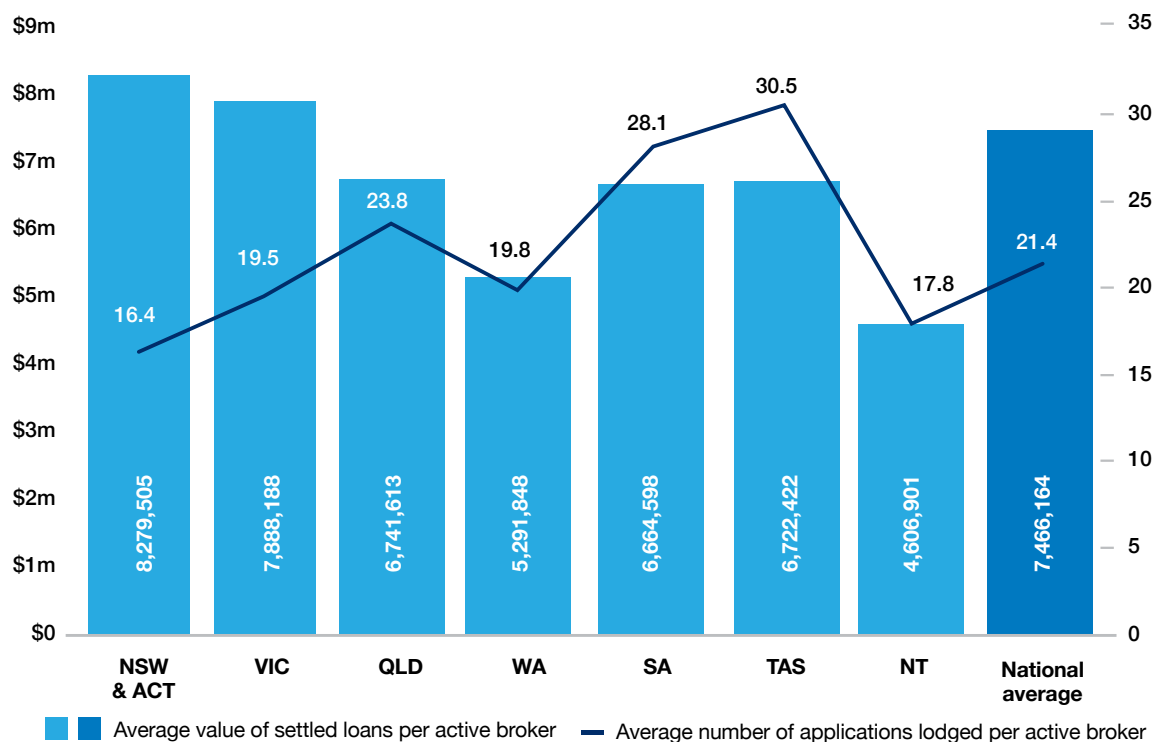
Residential Property: Median Values and Total Sales – National



Comparator insights: After increasing in July 2019 to June 2020, national median dwelling values have been relatively flat over the last three months to September 2020.

Sales volumes have seen a significant uplift since the low observed in March 2020 (typically a quieter period). Volumes have now recovered to similar levels experienced pre-COVID-19 in October-November 2019, further highlighting a market 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 April 2020 to 30 September 2020



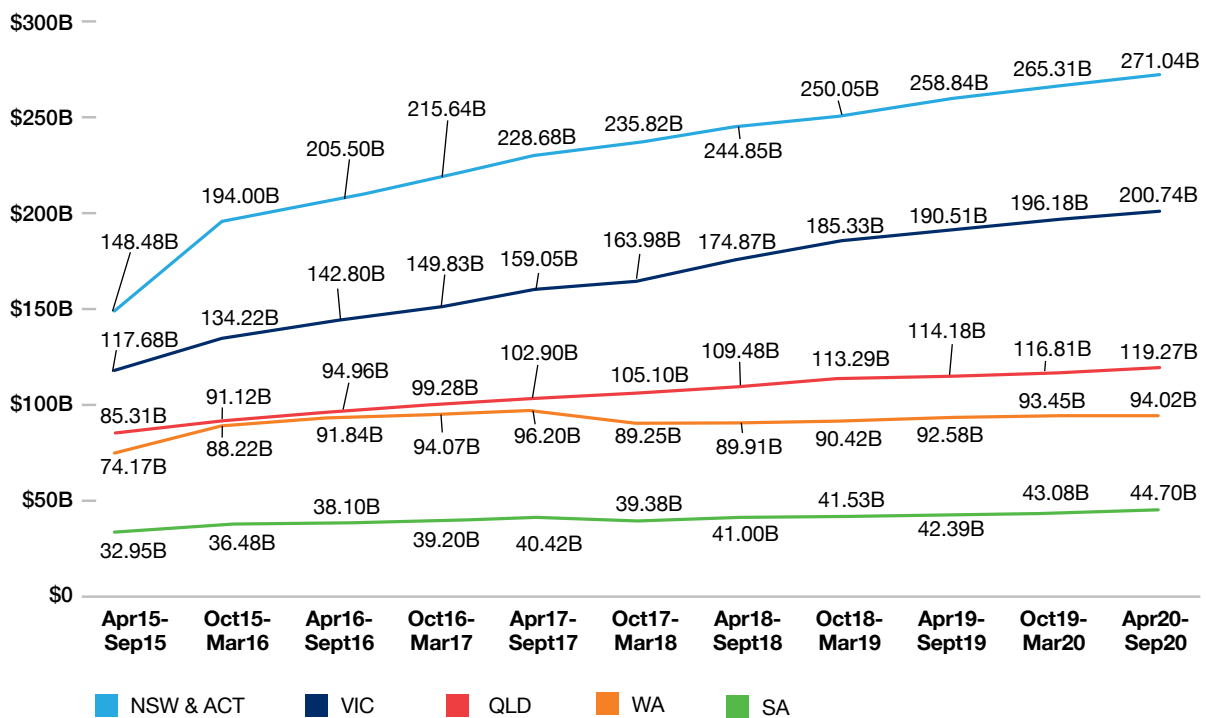
Nationally, the number of applications lodged per active broker has grown from 18.1 to 21.4 year-on-year, with the value of settled loans increasing from \$5.82 million to \$7.47 million.

At the state and territory level, year-on-year, all states grew significantly. New South Wales and ACT increased from 14.2 to 16.4, Victoria from 17.9 to 19.5, Western Australia from 14 to 19.8, Queensland from 19.1 to 23.8, and South Australia from 21.7 to 28.1 applications.

Tasmania increased the average number of loan applications from 20.6 to 30.5, whilst the Northern Territory increased from 12.7 to 17.8.

For average value of settlements, all states recorded large growth, with standout increases in New South Wales and ACT, where the average value of settlements recorded a significant increase of \$2.05m or 32.8%, from \$6.23 million to \$8.28 million.

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



New South Wales and ACT continues to have the largest broker loan book at just over \$271.04 billion in value or 36.8% share of the overall national home loan portfolio. As at the end of September 2020, this represented an increase of 2.2% or \$5.74 billion compared to the previous six-month period.

Victoria has the second largest loan book at \$200.74 billion or 27.2% share of the national total. Its loan book value increased by 2.3% or \$4.56 billion.

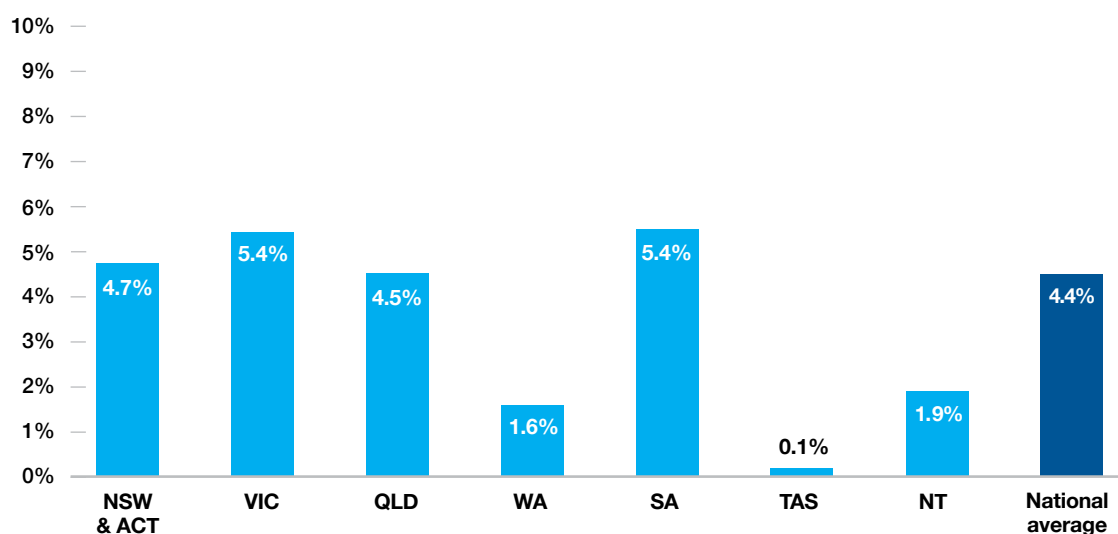
Queensland recorded milder growth, with its loan book increasing by \$2.46 billion or 2.1% to \$119.27 billion.

Western Australia recorded flat growth at 0.6% with its book value currently at \$94.02 billion.

South Australia's loan book recorded an increase of 3.8% or \$1.62 billion period-on-period, with a loan book value of \$44.70 billion.

At a national level, the aggregate value of broker home loan books grew by 4.4% year-on-year to September 2020.

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



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

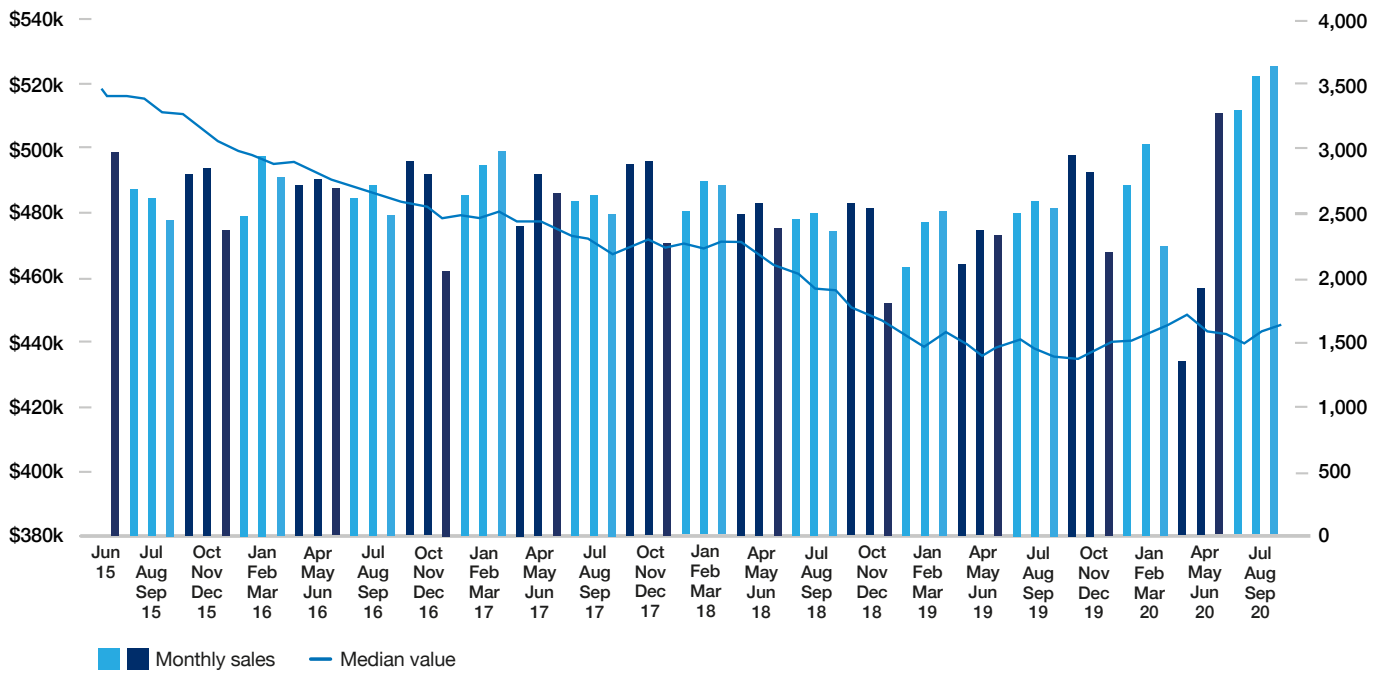
At a national level, brokers' total loan books grew year-on-year to September 2020, with an increase of 4.4% to \$736.70 billion, slightly lower than last year's growth rate of 5.9%.

At the state level, New South Wales and ACT recorded a 4.7% increase (currently valued at \$271.04 billion). Victoria recorded strong growth figures with an increase of 5.4% (at \$200.74 billion). South Australia experienced similar growth with an uplift of 5.4%.

Queensland and Western Australia recorded increases of 4.5% and 1.6% respectively.

Tasmania was flat, whilst Northern Territory recorded growth of 1.9%, although both were from a smaller base.

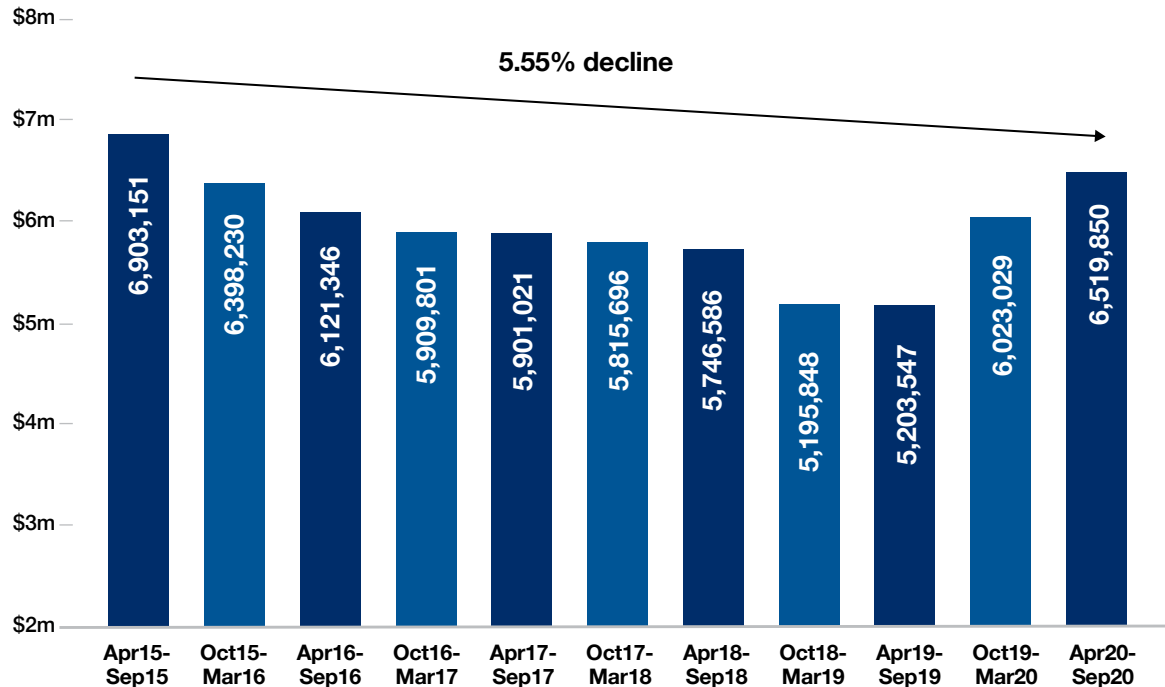
Capital Cities Median Property Values and Monthly Sales – Greater Perth Area



Comparator insights: From April – July 2020, median property values across Greater Perth declined, however in the last two months, there has been an uplift with values increasing to levels similar to March 2020. Year-on-year, 2020 has seen a turn in the declining trend, replaced by a gradual recovery in median values, which had started after the trough in September 2019. This has been buoyed by strong sales volumes which has recovered from the historic low in March 2020, to record highs over the last four months from June – September 2020, a strong indication of recovery and positive growth in what has been a very tough market in the past.

The average value of loans settled per broker has shown a significant year-on-year and period-on-period increase accelerating the shift toward positive growth which was first recorded in April to September 2019.

National average value of new home loans settled per broker



Note: There is data from one less aggregator included in the six most recent six-month periods from October 2017 to March 2018 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 significant year-on-year and period-on-period increase.

Year-on-year, the average value of new home loans settled per broker represents an increase of \$1,316,303 or 25.30%, the highest increase observed.

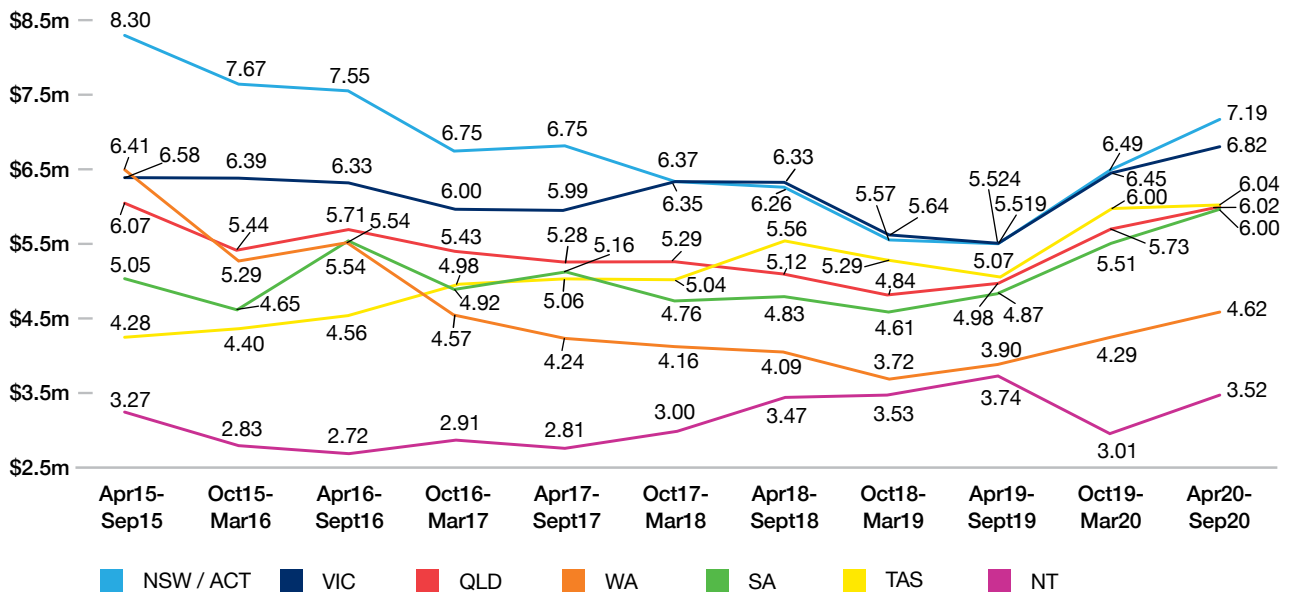
Period-on-period, the average value of new home loans settled grew by \$496,821 or 8.25%.

The average value of new home loans settled per broker of \$6,519,850 for the six months to September 2020 is the highest value observed in five years, since September 2015, and is the second highest overall to date. 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, 11th edition. 'Benchmark Your Business section' beginning on page 59.

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

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 growth across all states except Tasmania which was relatively flat.

New South Wales and ACT has grown by ~\$700,200 or 10.8%, from \$6.49 million to \$7.19 million. Over the same period, Victoria has seen the average value increase by ~\$367,300 or 5.7%.

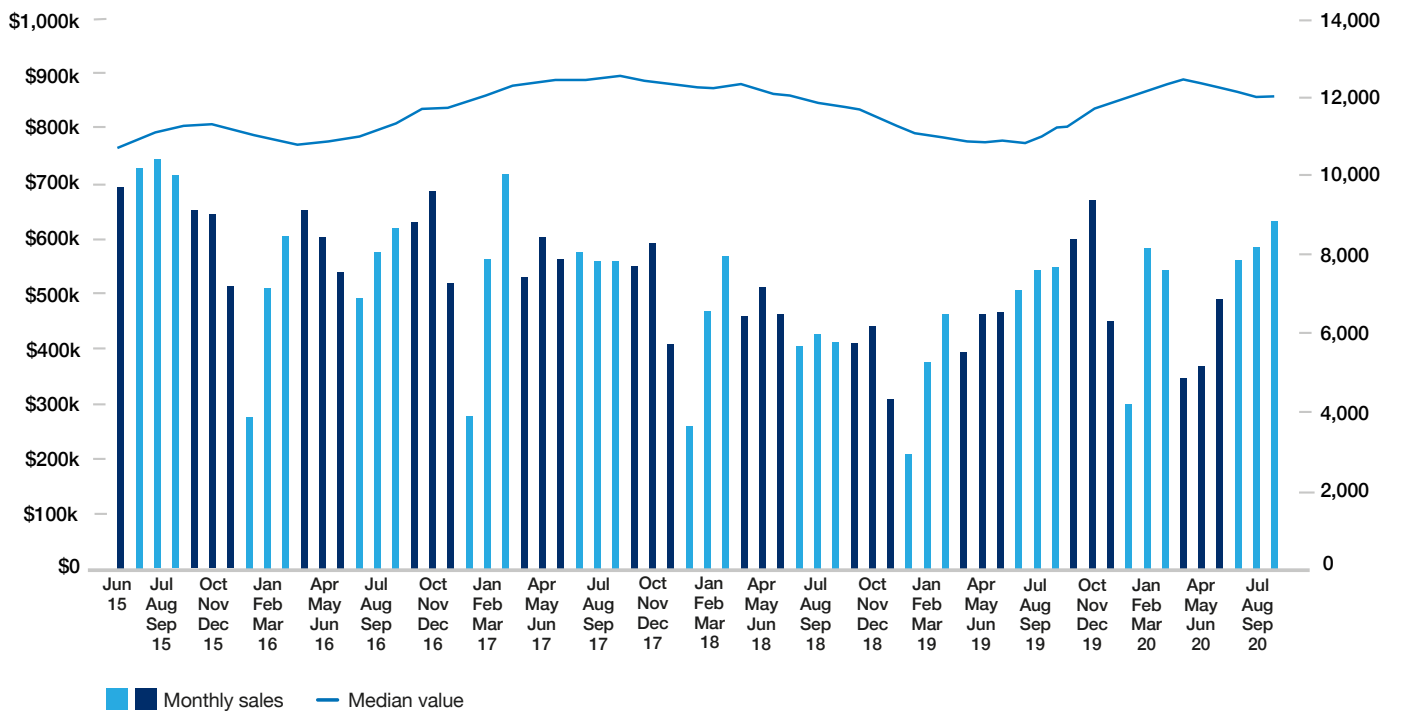
Queensland recorded an increase of ~\$292,250 or 5.1% over the period. Western Australia's average value grew by ~\$329,000 or 7.7% in comparison, whilst South Australia increased by ~\$490,600 or 8.9%.

Tasmania was flat, a mild increase of ~\$48,200 or 0.8%, converging to similar values with Queensland and South Australia at ~\$6 million over the last six months.

Northern Territory was the only other state or territory to record double-digit growth, with a \$509,600 or 16.9% increase, albeit from a smaller base.

Comparator insights: After a weak 2019, 2020 so far, and in particular the last six months, have seen values and volume of sales increase significantly in all states, except for Tasmania, as shown in brokers' new home loans settled data, further evidence of the housing market recovery and bounce back.

Capital Cities Median Property Values and Monthly Sales – Greater Sydney Area



Comparator insights: Over the last six months, the median value of home loans settled per mortgage broker in New South Wales and ACT has seen a gradual decline. Sales volumes have seen a month on month increase over the same six-month period, mirroring a similar seasonal trend observed between Apr – Sep 2019.

The total number of applications lodged has increased significantly to similar levels last seen three years ago, during the April 2017 - September 2017 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	Apr20-Sep20
NSW & ACT	86,541	83,782	89,000	86,415	83,886	79,578	72,253	78,991	82,575	92,989
VIC	76,758	79,584	82,548	86,679	86,836	84,587	74,489	81,276	88,661	90,065
QLD	47,800	48,648	52,227	47,308	47,386	45,700	42,412	44,569	49,061	57,321
WA	34,128	30,613	38,366	27,428	27,234	23,395	24,426	22,672	26,833	34,333
SA	22,296	21,874	22,917	21,683	21,508	20,111	20,328	20,131	23,369	27,542
TAS	1,640	1,769	1,680	1,935	2,225	2,554	2,425	2,775	3,092	3,903
NT	1,125	818	998	818	855	705	648	659	623	873
Total number of applications	290,879	317,651	303,303	303,058	300,828	284,830	260,544	275,081	300,374	307,026

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.

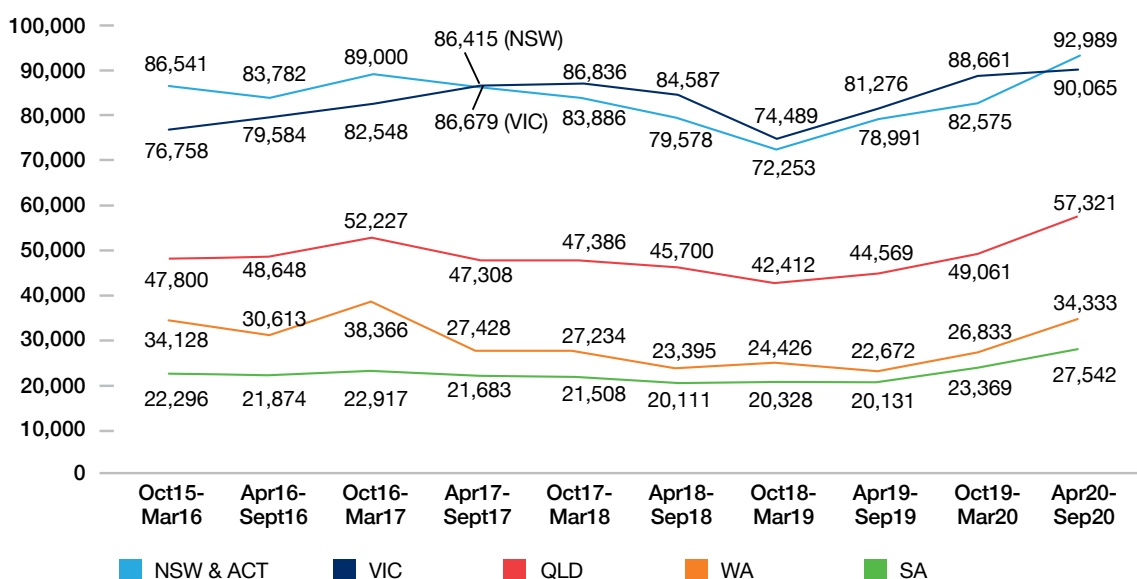
For the second consecutive six-month period, since October 2017 - March 2018, the total number of home loan applications lodged has exceeded 300,000, with ~307,000 applications lodged between April - September 2020 - the second highest total observed to date.

Year-on-year, this represented a strong uplift of 31,945 or 11.6% providing continuing indication of a market recovery. Period-on-period, this represented an increase of 6,652 applications or 2.2% growth. Volume of applications provides a leading indicator for settlement figures for the next reporting period.

Year-on-year, every state recorded substantial double-digit growth with New South Wales and ACT achieving the biggest increase in application volumes, up 13,998 or 17.7% compared to the previous year, to a record high of ~93,000 applications, exceeding 90,000 applications for the first time.

Victoria recorded an increase of 8,789 or 10.8% to also exceed 90,000 applications for the first time. Queensland recorded growth of 12,752 or 28.6% to reach a new high of 57,321. Western Australia was up 11,661 or 51.4%, and South Australia grew by 7,411 or 36.8%, both states also achieving record numbers in application volumes.

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, New South Wales and ACT and Queensland, contributed most to the national growth in number of applications when comparing period-on-period totals from October 2019-March 2020 to April-September 2020. New South Wales and ACT wrote 10,414 additional applications (up 12.6%), whilst Queensland brokers wrote a further 8,260 applications (up 16.8%).

New South Wales and ACT has regained its lead over Victoria for the first time after six consecutive reporting periods.

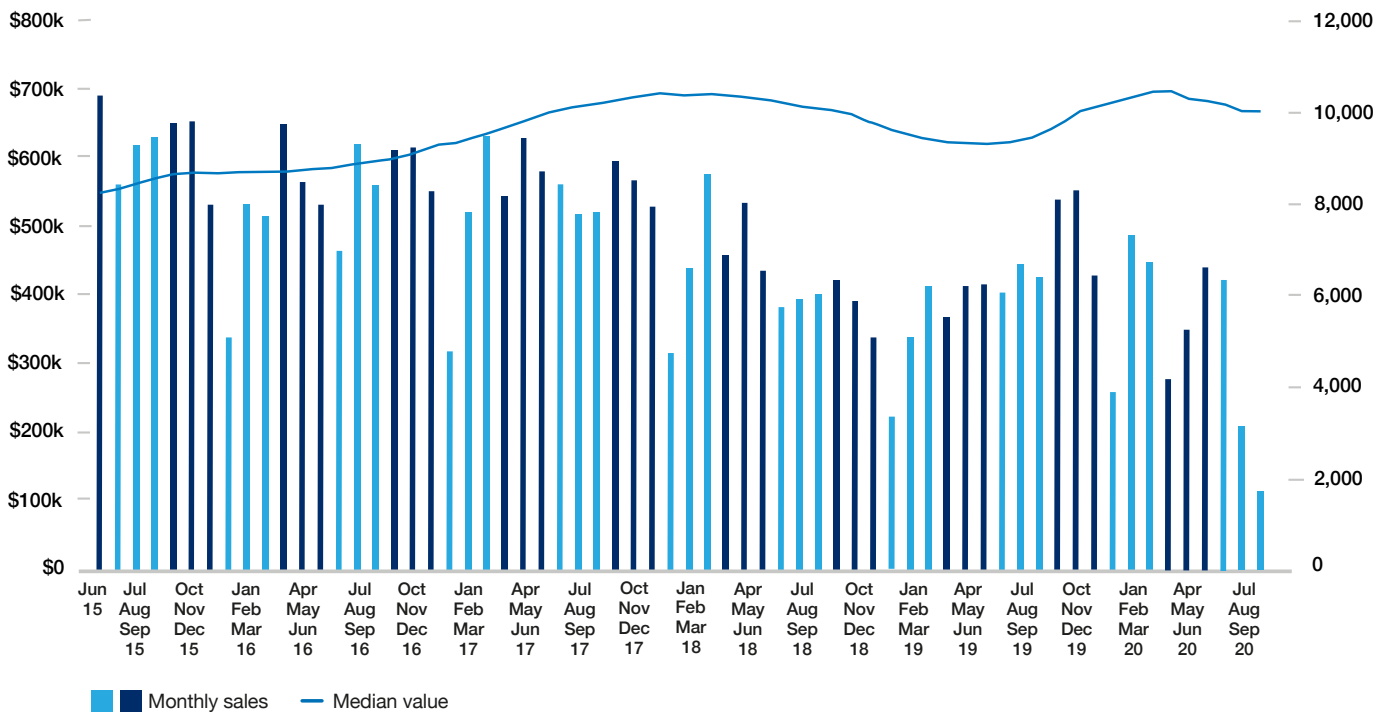
Victoria contributed mildly to the national growth with an increase of 1,404 home loan applications, an increase of 1.6%.

Western Australia recorded a large uplift of 7,500 (up 28.0%) home loan applications period-on-period compared to the last six months.

South Australia recorded a significant increase of 4,173 (up 17.9%) home loan applications period-on-period compared to the last six months.

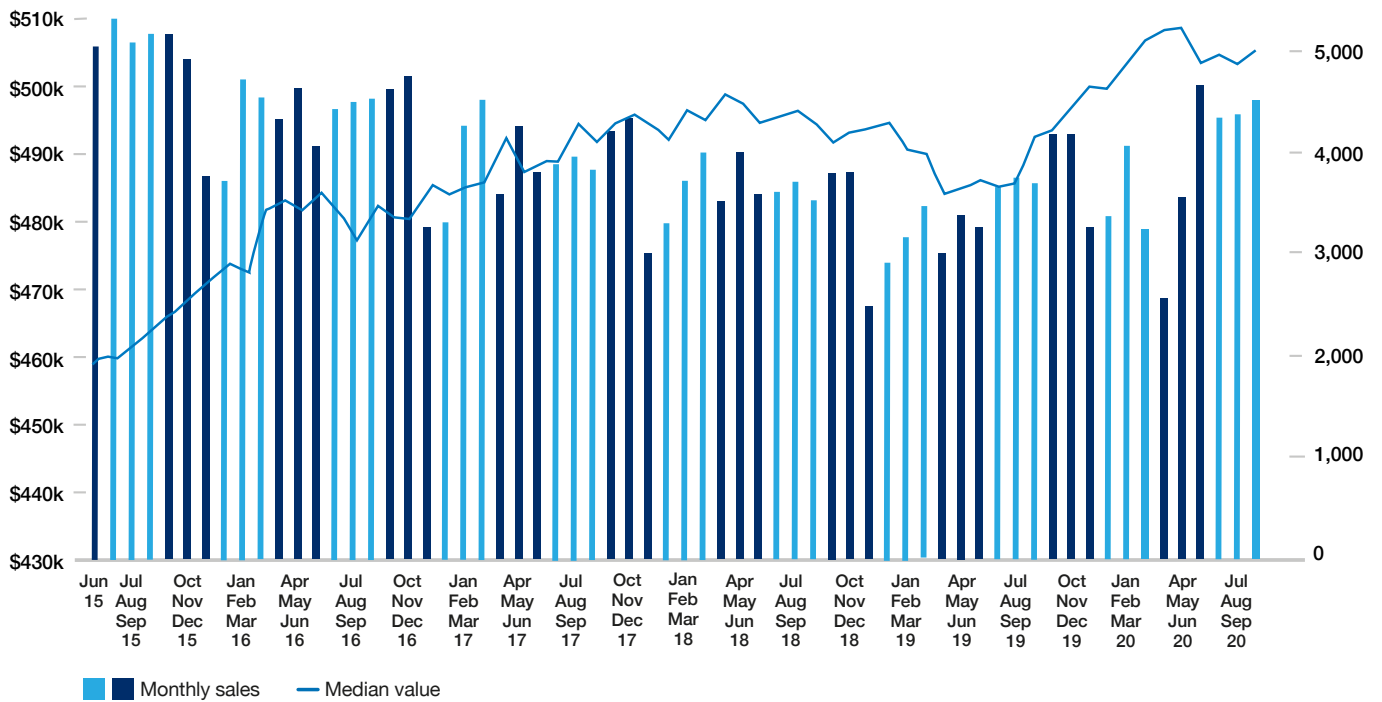
Tasmania and Northern Territory, not included in the graph, also recorded an increase in applications, up 811 or 26.2%, and up 250 or 40.1% respectively, period-on-period.

Capital Cities Median Property Values and Monthly Sales – Greater Melbourne Area



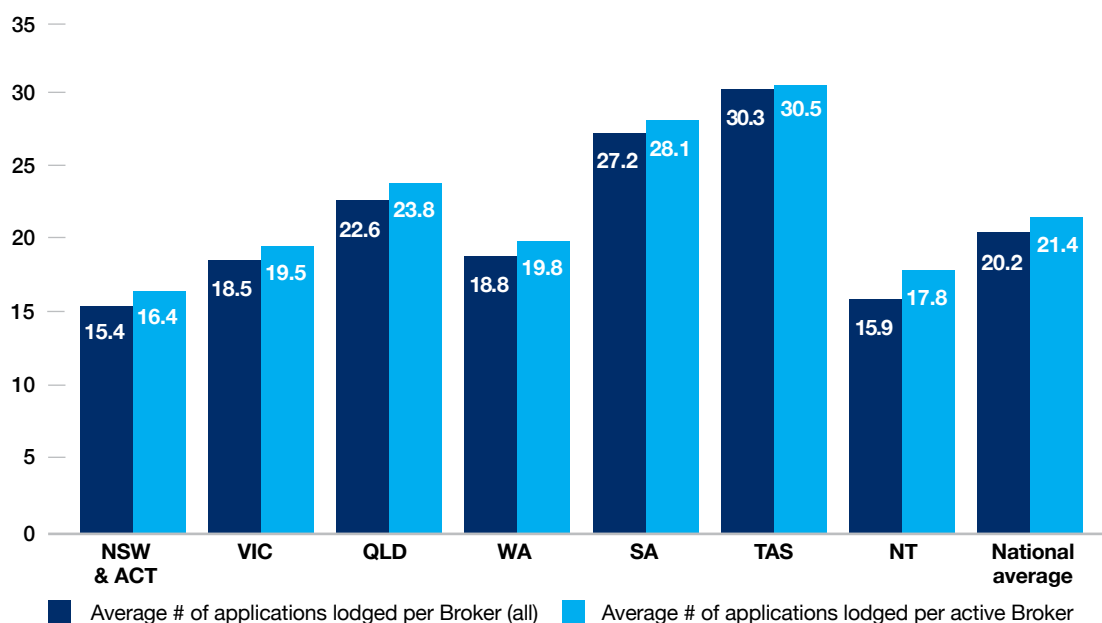
Comparator insights: The Greater Melbourne area has also mirrored the trend observed in Greater Sydney showing a gradual decline in median value over the last six months. Unlike previous years, monthly sales volumes have seen a month-on-month decline since June 2020 culminating in the lowest volumes observed in September 2020 coinciding with Victoria's second wave lockdown.

Capital Cities Median Property Values and Monthly Sales – Greater Brisbane Area



Comparator insights: Greater Brisbane’s median house price has seen a consistent uplift in the three months, March - May, with it peaking in May at the highest values seen in the last five years. After a decline in May, the last four months, from June – September, have seen some mild volatility with an overall flat trend. In April 2020, the volume of sales for the greater Brisbane area declined to its lowest value in five years, however there was a swift recovery, with strong uplift and maintained in the four months from June – September 2020 with sales activity reaching levels last seen three years earlier in September 2017.

Average number of home loan applications lodged per broker vs. average number of home loan applications lodged per active broker, April 2020 – September 2020



Number of Applications	Oct15-Mar16	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar18	Apr18-Sep18	Oct18-Mar19	Apr19-Sep19	Oct19-Mar20	Apr20-Sep20
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	20.2

Note: Inactive brokers – Those who had not settled a loan for the six-month period – represent 15% 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.

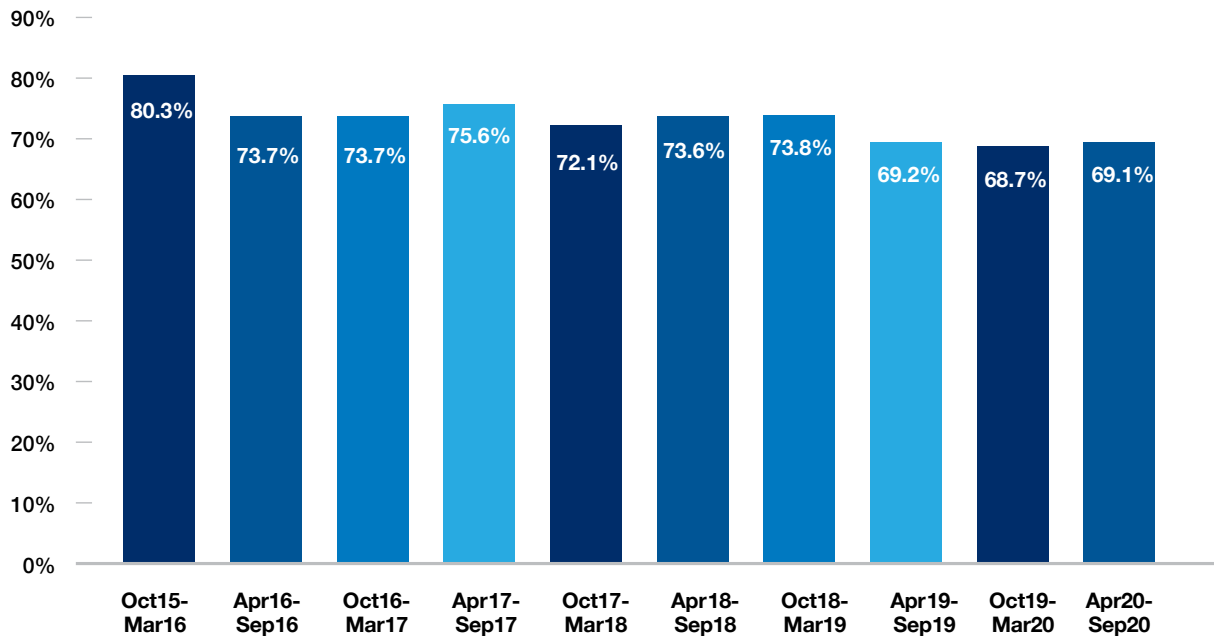
Nationally, comparing April-September 2020 to the previous 12 months, the average number of applications lodged per active broker increased from 18.1 to 21.4, whilst the average number of applications lodged for all brokers grew from 17.1 to 20.2.

Period-on-period, from October 2019-March 2020 compared to April-September 2020, the average number of applications lodged by all brokers increased from 18.3 to 20.2, whilst the average number of applications lodged by active brokers grew from 19.6 to 21.4.

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 2.2 applications, Victoria rose by 1.6 applications, Queensland recorded growth of 4.7 applications, South Australia grew by 6.4 applications, Western Australia increased by 5.8 applications, Tasmania recorded the largest increase of 9.9 applications, and Northern Territory rose by 5.1 applications.

The conversion rate of home loan applications to settlements declined to 69.1%.

Conversion rates by brokers



Note: The conversion rate of home loan applications to settlements increased mildly to 69.1%.

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.

After a material decline between October 2018-March 2019 and April-September 2019, conversion rates have been more stable over the last three six-month reporting periods at ~69%. Period-on-period, a very mild uplift was observed of 0.4 percentage points, from 68.7% to 69.1%, and a mild decrease to the same level observed this time last year.

The national growth rate of the value of loans settled has increase by 24.5%

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



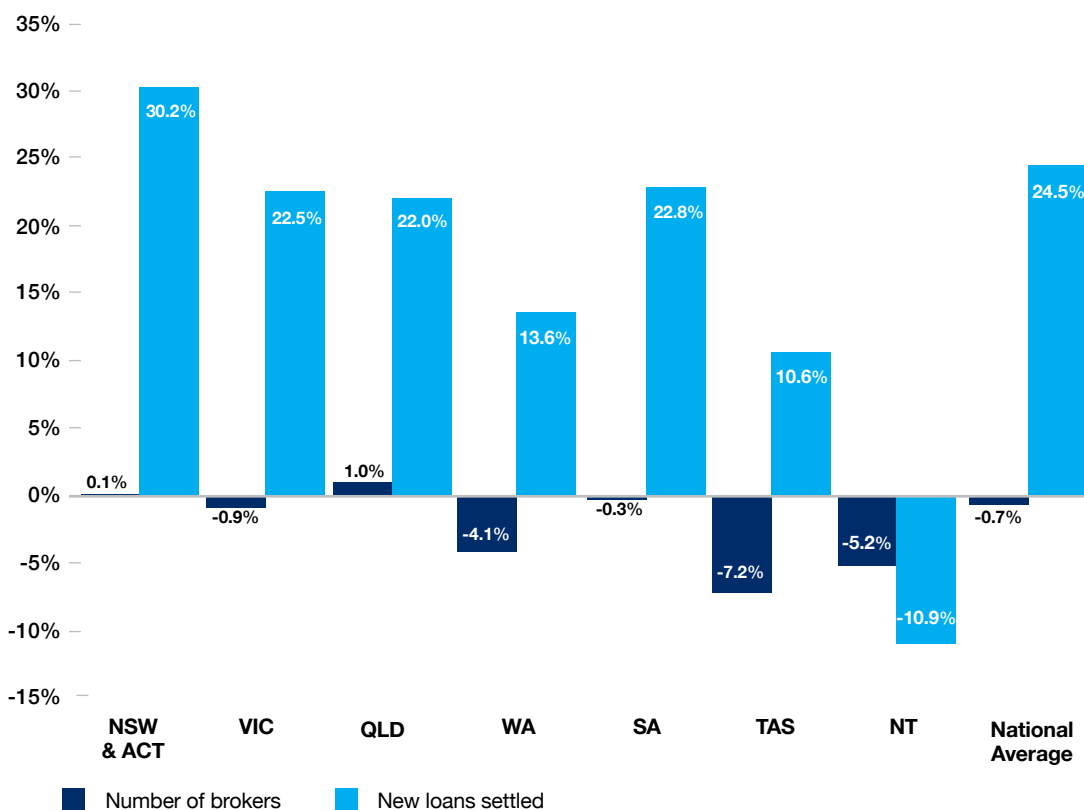
The value of overall national growth in home loans settled grew by 24.5% year-on-year between April-September 2019 and 2020, from \$86.37 billion up to \$107.51 billion. All major states recorded strong double-digit growth in the value of new loans settled except for Northern Territory, which recorded a decline of 10.9%.

New South Wales and ACT recorded the highest percentage growth of 30.2%, from \$33.39 billion to \$43.47 billion, whilst Victoria increased by 22.5%, from \$27.15 billion to \$33.26 billion.

Queensland recorded an uplift of 22.0%, from \$12.53 billion to \$15.28 billion, while Western Australia grew by 13.6%, from \$7.43 billion to \$8.45 billion.

South Australia and Tasmania achieved double-digit growth of 22.8% and 10.6% respectively.

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



Overlaying the growth in broker numbers against the growth in new loan settlements, year-on-year, comparing the same periods of April-September 2019 and 2020, broker numbers at a national level have decreased mildly by 0.7%, whilst overall new loan settlements grew by a significantly higher proportion at 24.5%. 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 results in broker numbers at 0.1% and -0.9% respectively, however 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 30.2%, whilst Victoria was slightly lower than the national level at 22.5%. This continues to highlight the disproportionate impact of growth in new loan settlements and movement in broker numbers in the two largest states.

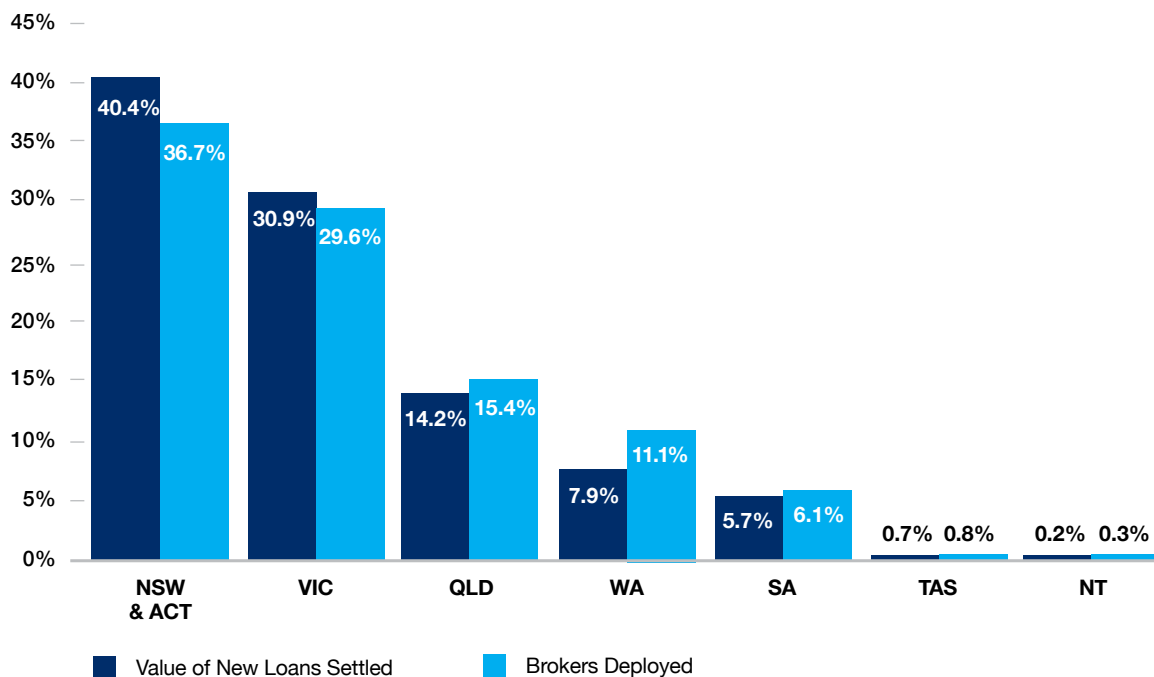
In Queensland and Western Australia, the effects of the change in broker population were disproportionate when compared with the growth in the value of home loans settled in each state. Queensland had an increase of 1.0% in brokers, and recorded settlement growth of 22.0%, whilst Western Australia recorded a 4.1% decline in brokers with a 13.6% increase in new loans settled.

South Australia had a mild 0.3% decrease in brokers, whilst settlements grew by 22.8%.

Tasmania saw a reduction in broker numbers of 7.2%, although the value of new loans settled increased by 10.6%.

Northern Territory was the only state to record declines in both broker numbers of 5.2%, and negative growth in the value of home loans settled at 10.9%, albeit from a small base.

Share of national value of home loans settled (%) vs. share of total brokers deployed by state (%), April 2020 – September 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 the two largest states.

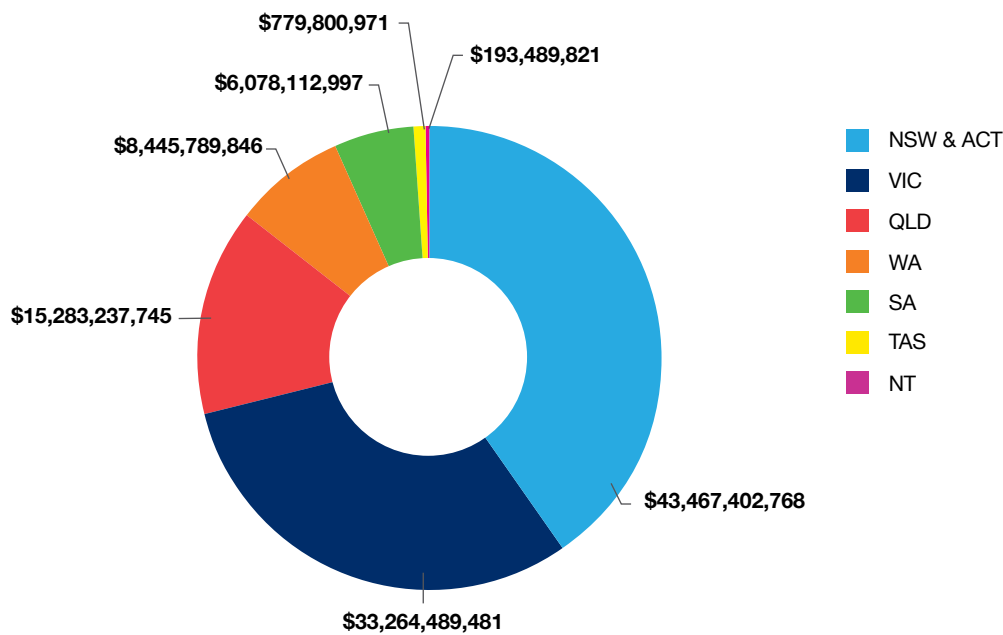
Queensland, Western Australia and South Australia share a different profile, all having a mildly higher share of broker numbers compared to their share of new loans settled, which continues to suggest these states may be mildly overweight in the broker population.

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

Compared to the same period last year, April-September 2019, the difference between the two measures has shown variation between the different states. New South Wales and ACT share of settlements increased by 1.7 percentage points from 38.7% to 40.4%, whilst the share of brokers increased by 0.3 percentage points, from 36.4% to 36.7%. Victoria's share of settlements declined by 0.5 percentage points from 31.4% to 30.9%.

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 \$21.14 billion (24.5%) overall, year-on-year between April-September 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 71.4%. New South Wales and ACT accounted for the largest proportion of the growth, up \$10.08 billion since last year, whilst Victoria's value settled grew by \$6.11 billion.

Year-on-year, all states saw growth (except Northern Territory which saw a decrease of \$236.91 million), with notable increases in Queensland and South Australia of \$2.76 billion and \$1.13 billion 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 September 2020



The national average value of brokers' loan books has increased year-on-year from April-September 2019 to 2020, from \$42.50 million to \$44.68 million, an increase of \$2.18 million or 5.1%. The book-per-broker growth rate of 5.1% was greater than the total book growth of 4.4% (see page 15). This was due to the number of brokers declining year-on-year from April – September 2019 to 2020.

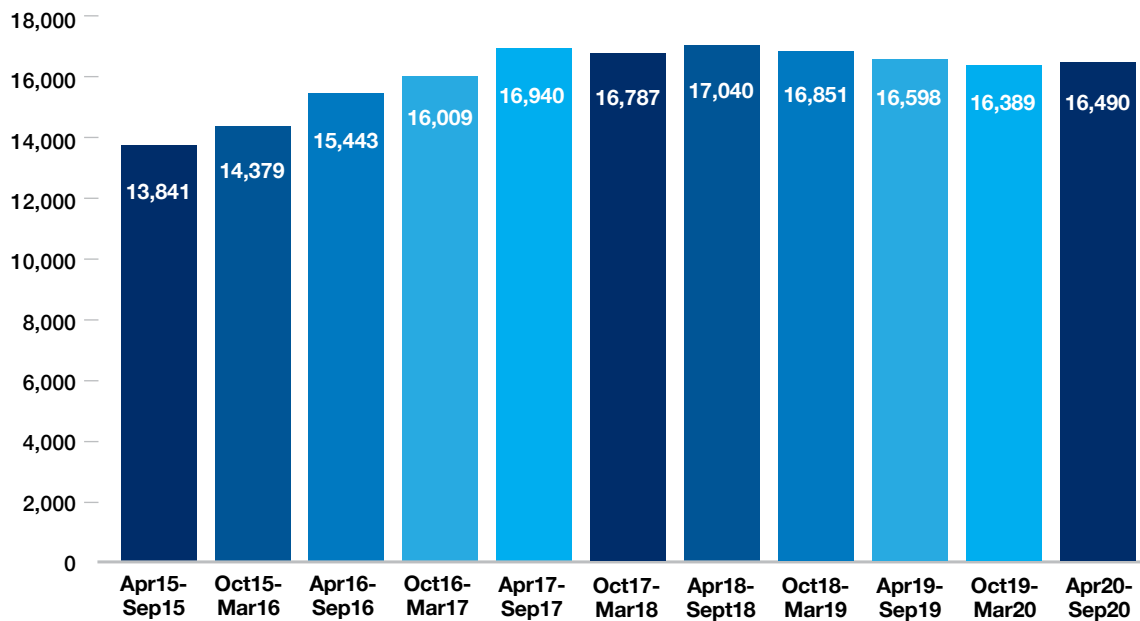
At the state level, when compared to the national average, Western Australia (up from \$48.55 million year-on-year), Northern Territory (up from \$47.16 million) and Queensland (up from \$45.42 million year-on-year) have the highest average loan book values per broker, and notably higher than the national average.

The average loan book value of New South Wales and ACT (up from \$42.83 million year-on-year) was also mildly 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 \$38.73 million year-on-year), and Tasmania (up from \$29.74 million year-on-year).

After three consecutive periods of decline, the broker population has recorded growth for the first time in two years.

Broker population, in total for the sampled aggregators



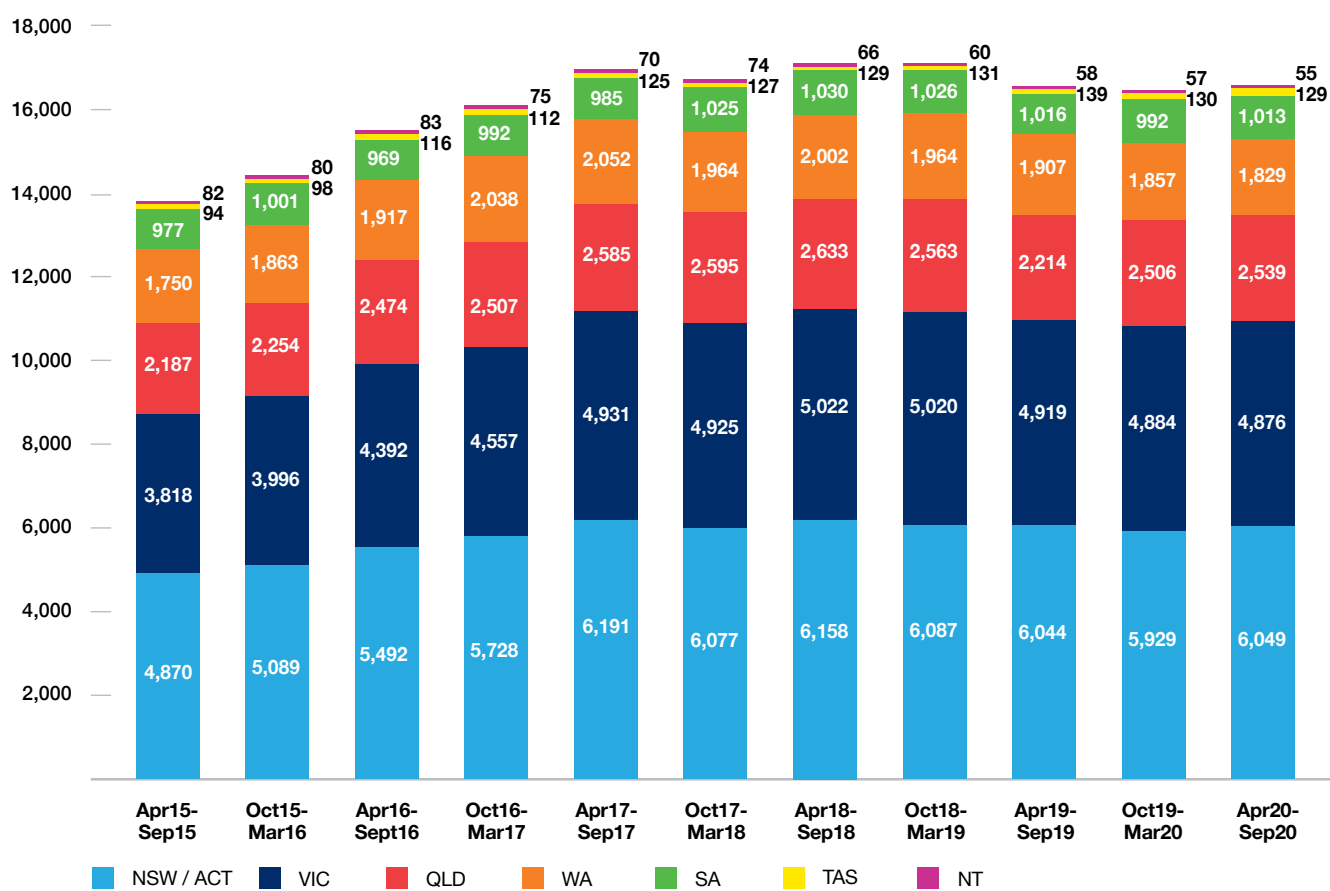
Note: There is data from one less aggregator included in the five most recent six-month periods, from October 2017 to March 2018 period, compared to previous periods.

After three consecutive six monthly periods of decline in the broker population, since reaching a high-point in April-September 2018 exceeding 17,000 brokers for the first time, the April-September 2020 period has seen a mild increase of 101 brokers or 0.62% compared with the previous six months, halting a declining trend observed over the last 18 months.

Year-on-year, the decline in the broker population was 108 or 0.65% for all aggregators.

The total broker population looks to be stabilising around an industry total of ~16,500 brokers

Broker population by state, and population change between reporting periods



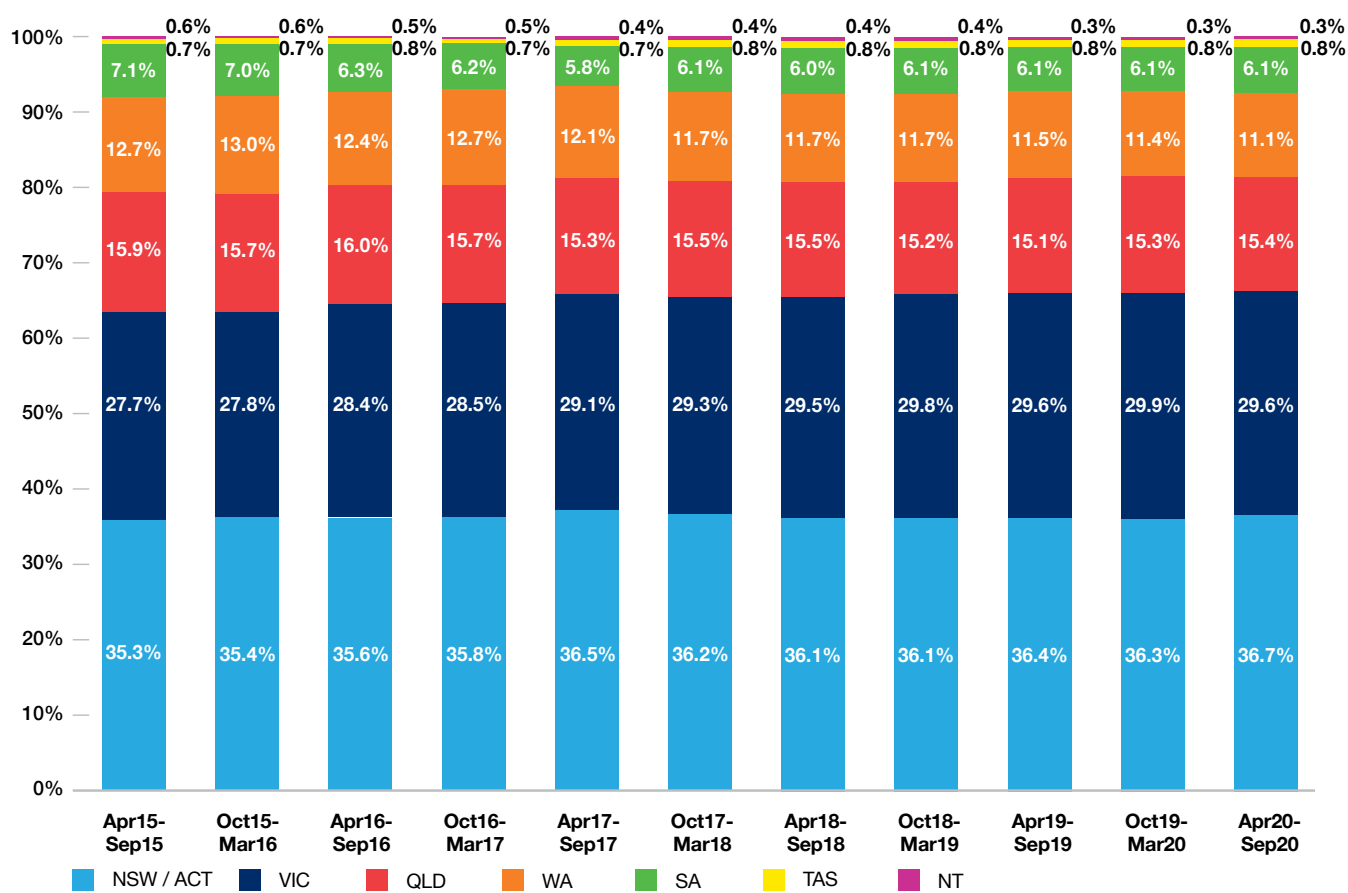
	Oct15-Mar16	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar18	Apr18-Sep18	Oct18-Mar19	Apr19-Sep19	Oct19-Mar20	Apr20-Sep20
NSW & ACT	4.5%	7.9%	4.3%	8.1%	-1.8%	1.3%	-1.2%	-0.7%	-1.9%	2.0%
VIC	4.7%	9.9%	3.8%	8.2%	-0.1%	2.0%	0.0%	-2.0%	-0.7%	-0.2%
QLD	3.0%	9.8%	1.3%	3.1%	0.4%	1.5%	-2.7%	-1.9%	-0.3%	1.3%
WA	6.4%	2.9%	6.3%	0.7%	-4.3%	1.9%	-1.9%	-2.9%	-2.6%	-1.5%
SA	2.5%	-3.2%	2.4%	-0.7%	4.1%	0.5%	-0.4%	-1.0%	-2.4%	2.1%
TAS	3.9%	19.0%	-3.6%	11.6%	1.6%	1.6%	1.6%	6.1%	-6.5%	-0.8%
NT	-3.0%	4.5%	-9.8%	-6.7%	5.7%	-10.8%	-9.1%	-3.3%	-1.7%	3.5%
Total	4.4%	7.4%	3.7%	5.8%	-0.9%	1.5%	-1.1%	-1.5%	-1.5%	0.8%

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.

At the state level, the broker population increased mildly in New South Wales and ACT, Queensland and South Australia, whilst the other states recorded mild declines. In-line with the mild increase in the overall broker population, there are clear indications that the broker population has passed its peak of April – September 2018, and now appears to be stable.

Period-on-period, New South Wales and ACT recorded the highest increase in volume of 120 brokers to 6,049 brokers representing 2.0% growth, Victoria has been stable with a very mild reduction of 8 brokers at 4,876, Queensland has increased by 33 (1.3%) at 2,539, Western Australia recorded a reduction of 28 (1.5%) at 1,829, whilst South Australia recorded an increase of 2.1%, up 21 brokers at 1,013 brokers.

Proportion of broker population by state



Note: There is data from one less aggregator included in the six 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.

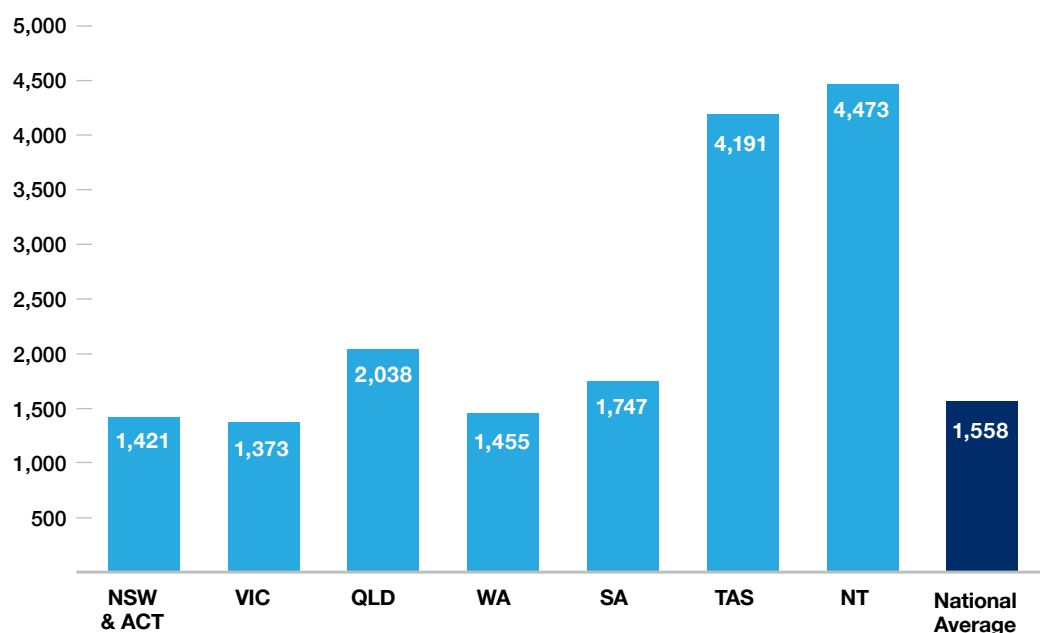
The proportion of brokers in each state continues to remain fairly stable and consistent over time, with little movement. A notable shift has been New South Wales and ACT's share of the broker population, which grew at the expense of Victoria and Western Australia.

Queensland's market share has continued to increase for the second consecutive period, albeit mildly at 0.1% points. Conversely, the proportion of broker population in Western Australia recorded a third consecutive period of decline, whilst South Australia continues to be relatively stable over the last six reporting periods. However, they remain the two states that have lost the highest market share since April-September 2015 with Western Australia down 1.6 percentage points, and South Australia down 1.0 percentage point.

There is now one mortgage broker per 1,558 people in Australia.

Number of Australians per mortgage broker

Based on ABS's Estimated Resident Population, June 2020



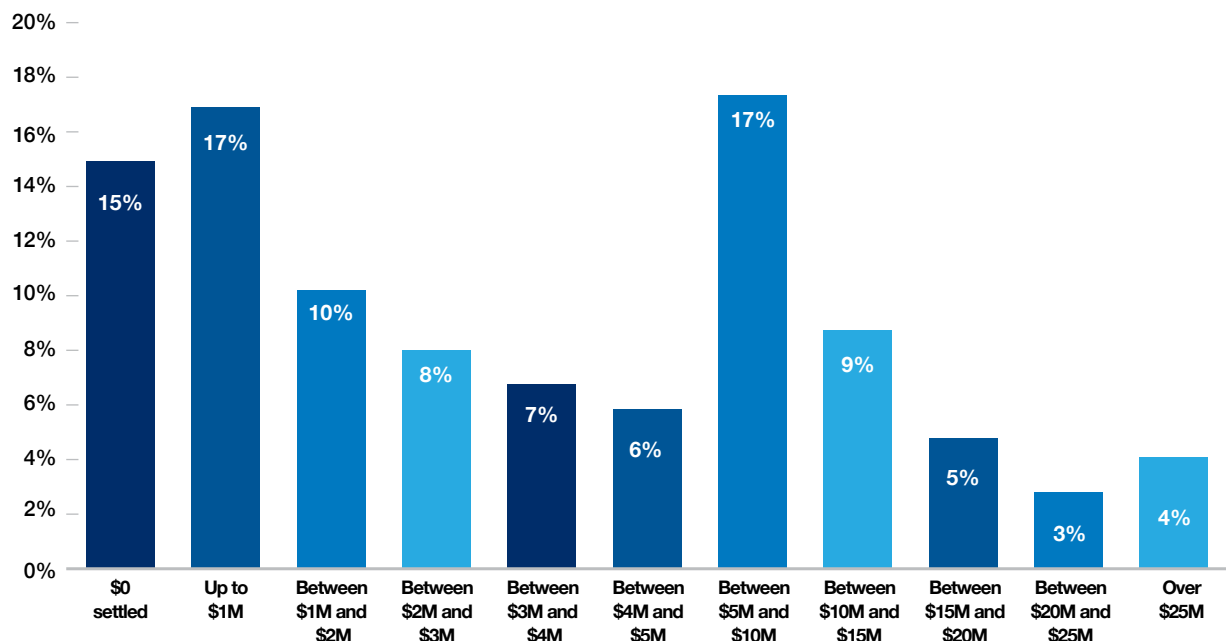
The national average number of Australian's per mortgage broker has increased year-on-year from 1,528 to 1,558 – an increase of 30 people or 1.96%.

At the state level, Victoria continues to have the highest concentration of brokers per capita at 1,373, followed by New South Wales and ACT at 1,421 and closely by Western Australia at 1,455, with all three states continuing to sit below the national benchmark figure indicating higher competition.

The Northern Territory continues to have the lowest saturation of brokers, with 4,473 Australians per broker, followed closely by Tasmania at 4,191. 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, April 2020 – September 2020



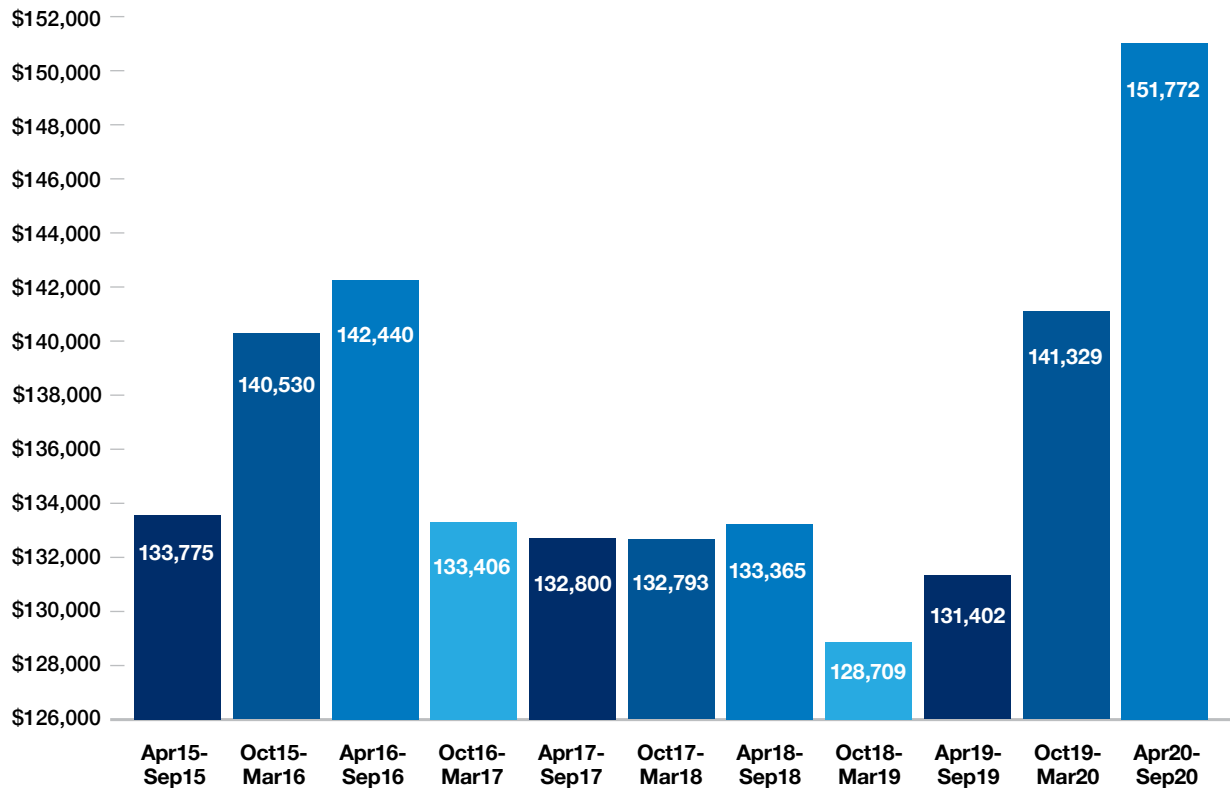
Note: The figures in this analysis are a representative sample of the industry.

During the April-September 2020 period, 2,090 brokers did not settle a home loan which equated to 15% of the broker population, an increase of three percentage points from last year when inactive brokers equated to 1,764 brokers or 12%. This cohort has impacted broker productivity measures as seen in previous charts. Consistent with the reduction in the broker population in some states, 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 two cohorts of high-performing brokers, from \$20-\$25 million and >\$25 million compared year-on-year.

If inactive brokers were excluded and the data recalculated for their exclusion, 41.3% of brokers wrote \$3 million in home loans or less, 55.9% of brokers wrote \$5 million in home loans or less, and 30.6% of brokers wrote \$5-\$15 million in the current six-month period.

National average total broker remuneration

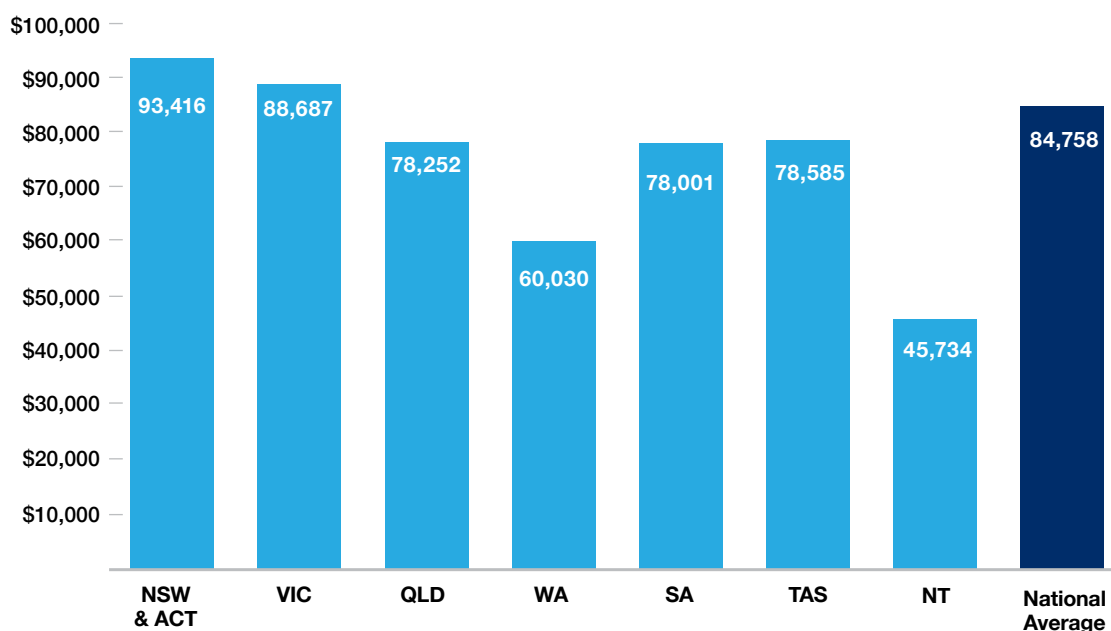


This graph depicts the estimated combined average up-front and trail remuneration that goes into the national average broker remuneration compared to the previous IIS Report. Year-on-year, it has grown to \$151,772 in the current period from \$131,402 in April-September 2019, a significant increase of 15.50%. This represents the highest result since the report has tracked this dataset.

Period-on-period, this result also represents strong growth of 7.39%, or an increase of \$10,443 from \$141,329, which is largely attributed to strong up-front commission results.

The last two six-month reporting periods have seen significant increases in total broker remuneration to record the highest and third highest result ever, exceeding the previous high last seen 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.

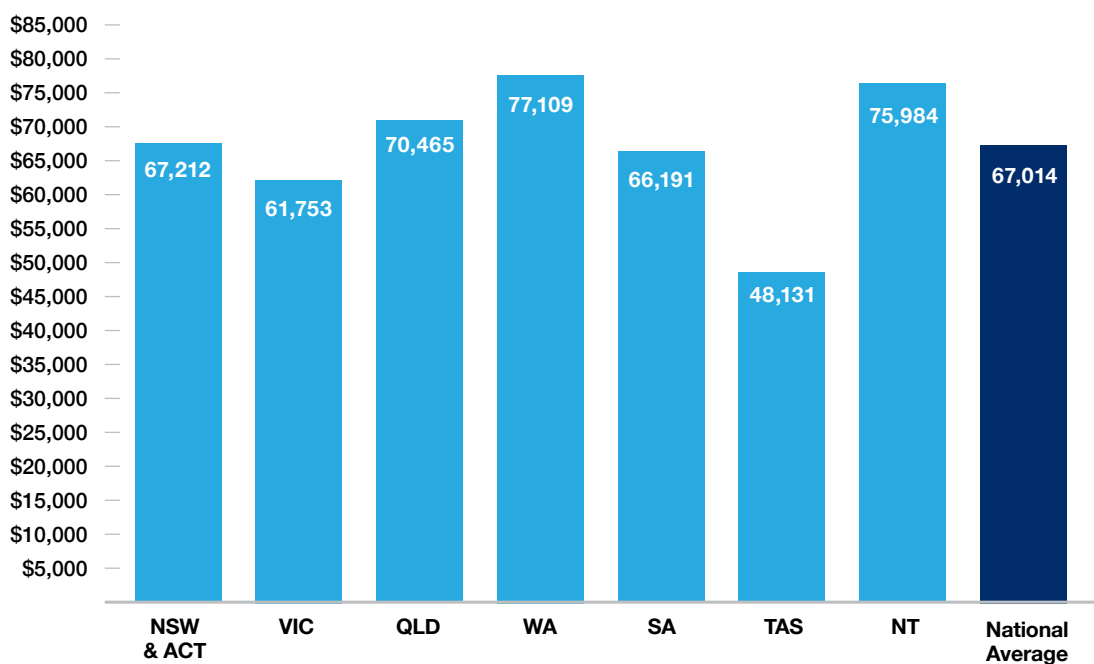
Year-on-year, the national average annual up-front remuneration per broker for the six-month period to September 2020 has seen significant growth, increasing by \$17,108 from \$67,650 in the September 2019 period to \$84,758 in the latest period – an uplift of 25.29%. This is driven by the growth in the value of home loans settled by brokers (see page 26) in the reporting period which was 24.5% 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 \$16,936 or 23.60% from \$71,751, whilst New South Wales and ACT's grew by an even greater level at \$21,602 or 30.08%. New South Wales and ACT has extended its 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 \$13,482 or 20.82%, and South Australia's increased by \$14,683 or 23.19%. Western Australia also experienced an increase of \$9,350 or 18.45%.

Tasmania recorded an increase of \$12,625 or 19.14%, and Northern Territory was the only state to record a year-on-year fall of \$2,945 or 6.05%.

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 \$67,014, compared with \$63,752 for the same period year-on-year, an increase of \$3,262 or 5.12%. Period-on-period, the national average grew from \$62,867, an increase of \$4,147 or 6.60%.

Year-on-year, at the state level, gross annual trail commission estimates have increased across all states with New South Wales and ACT (up \$2,973 or 4.63%), Victoria (up \$3,657 or 6.29%), Western Australia (up \$4,284 or 5.88%) and the Northern Territory (up \$5,246 or 7.42%) showing notable gains.

South Australia and Tasmania recorded growth of \$3,600 or 5.75% and \$3,525 or 7.90%.

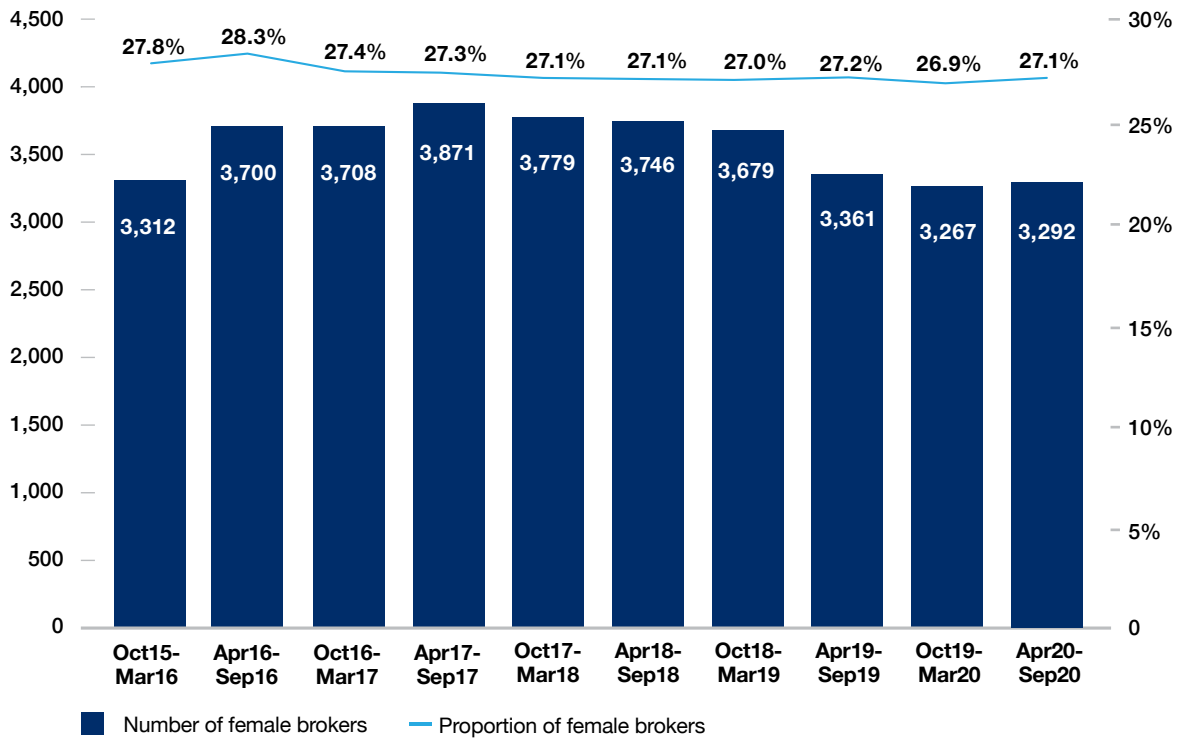
Western Australia remains the highest trail-earning state at \$77,109.

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	93,416	67,212	160,629
VIC	88,687	61,753	150,440
QLD	78,252	70,465	148,717
WA	60,030	77,109	137,139
SA	78,001	66,191	144,193
TAS	78,585	48,131	126,716
NT	45,734	75,984	121,718
Nationally	84,758	67,014	151,772

Female broker numbers recover mildly in line with overall broker recovery

Number and proportion of female brokers in the industry



Note: The number of aggregators providing gender specific data fell from nine aggregators for IIS 8 to eight aggregators for IIS 9, 10 and 11.

As the total broker population recovered mildly period-on-period, the number of female brokers in the industry mirrored this mild increase, with an increase of 25 female brokers in the industry, up 0.77% period-on-period, although this was a reduction of 69 female brokers, down 2.05% when compared year-on-year.

The proportion of female brokers in the industry has increased by 0.2 percentage points in the current period, to 27.1%, consistent with proportions last observed two years ago.

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	Apr20 – Sep20
Number of men recruited during period	931	972	947	938	1168	892	854	625	630	665	992
Number of women recruited during period	475	454	439	360	523	406	371	313	281	268	412

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	Apr20 – Sep20
% of men recruited during period	66%	68%	68%	72%	69%	69%	70%	67%	69%	71%	71%
% of women recruited during period	34%	32%	32%	28%	31%	31%	30%	33%	31%	29%	29%

After five consecutive periods of decline, dating back to April – September 2017, the number of new female recruits have bounced back to record a strong increase for the first time in three years, whilst new male recruits increased strongly compared to the previous period.

Year-on-year, the number of female recruits has grown by 131 or 46.62%, whilst male recruits increased by 362 or 57.46%.

Period-on-period, the number of female recruits grew even more robustly by 144 or 53.73%, whilst male recruits increased by 327 or 49.17%.

Broker turnover/churn by state and nationally

Broker turnover/churn by state and nationally	The industry average %
NSW & ACT	9.0%
VIC	9.4%
QLD	9.8%
WA	9.7%
SA	7.8%
TAS	8.5%
NT	14.3%
Total nationally	9.3%

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.

Broker turnover results have declined or remained stable in most states, with levels tracking at ~9%.

Nationally, compared to the last period, broker turnover decreased by 1.3 percentage points, from 10.6% to 9.3%.

Period-on-period, New South Wales and ACT's churn decreased from 9.9% to 9.0%, Victoria was stable from 9.5% to 9.4%.

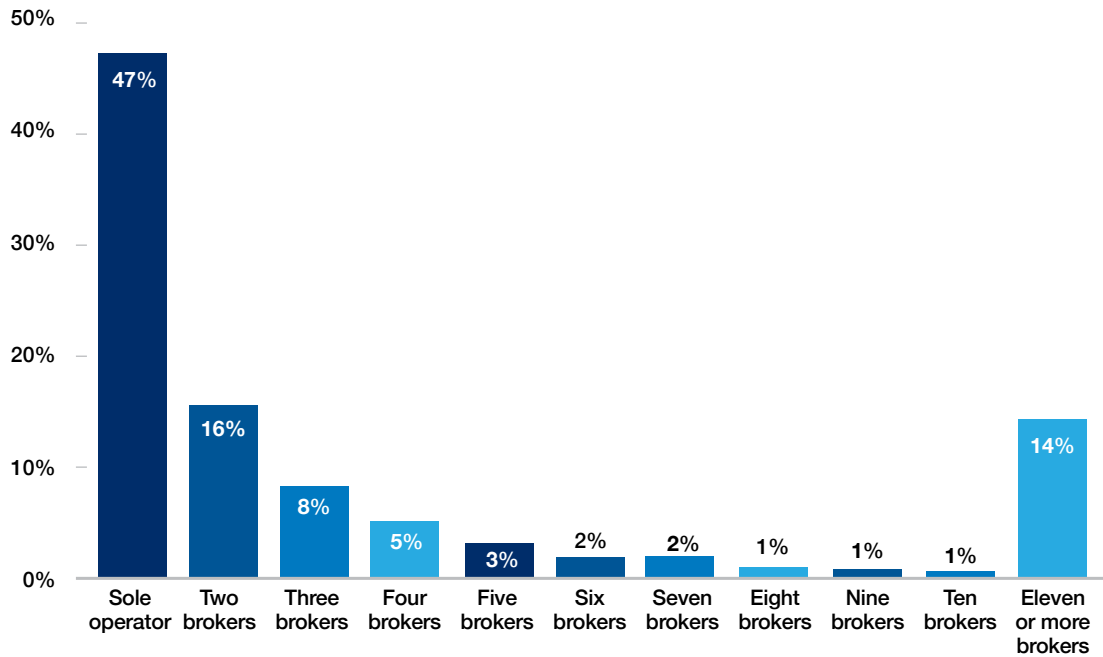
Queensland increased churn from 8.9% to 9.8%, while Western Australia saw a mild increase from 9.5% to 9.7%. South Australia decreased from 10.5% to 7.8%.

The Northern Territory recorded the largest increase from 5.2% to 14.3%, 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 decrease in churn from 15.3% to 8.5%, although similarly from a small base.

Year-on-year, the national turnover has decreased from 10.4% to 9.3%.

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

Number of loan writers per broker business, April 2020 to September 2020



Note: The data in this chart is based on a sample of 13,792 brokers.

Broker offices made up of sole operators continue to dominate the broker landscape, comprising 47% this period. This remains stable and is unchanged when compared year-on-year.

Period-on-period, the result reflects a one percentage point reduction.

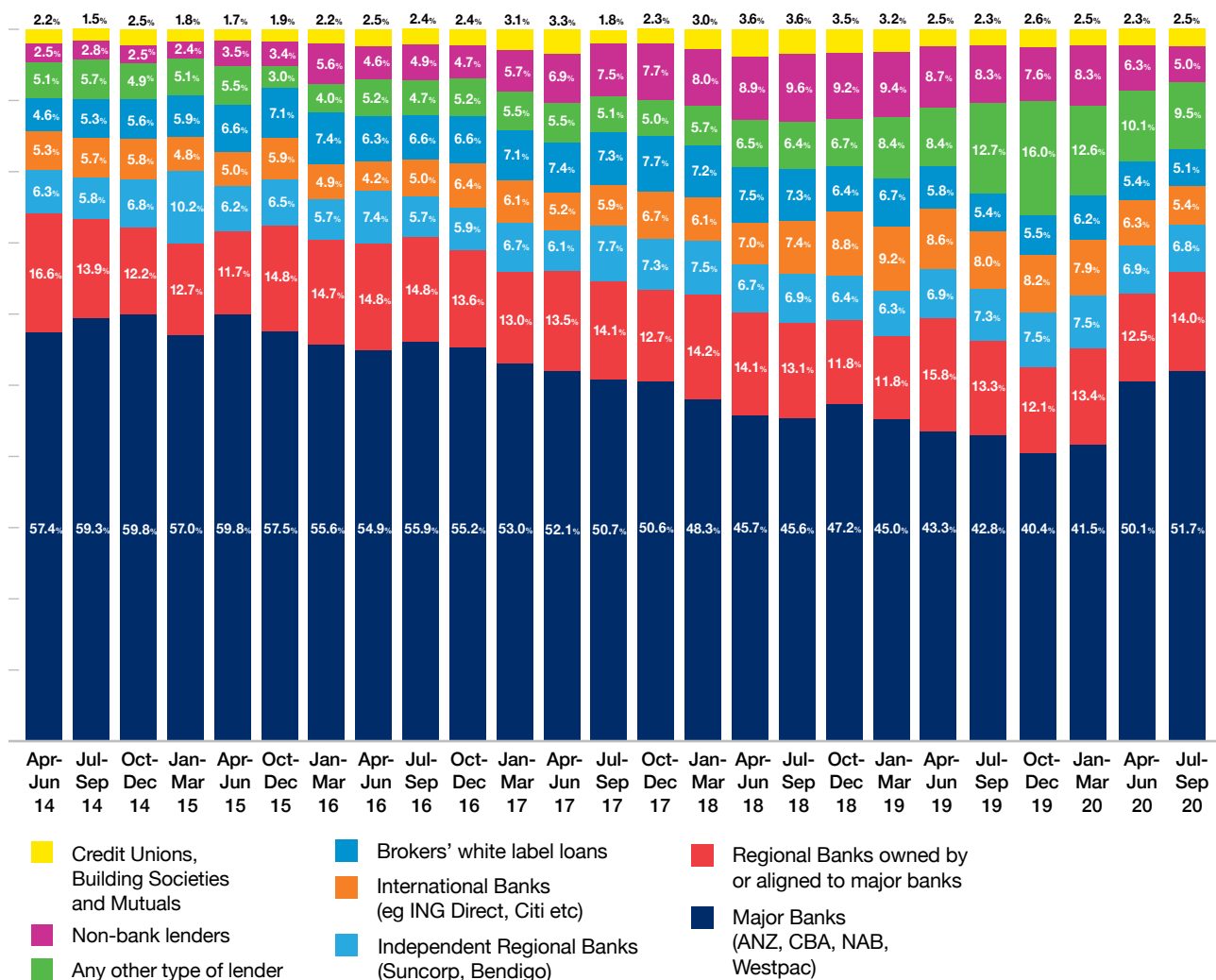
Year-on-year, 16% of brokers in this period are in two-broker offices, which remains unchanged in comparison. The distribution remains steady for all other broker offices with the exception of a mild difference between seven and eight broker offices year-on-year, which indicates the composition and mix of broker offices seems to have reached an equilibrium distribution.

Single broker offices account for almost half of all broker businesses, and we are also continuing to see some multi-broker businesses consolidating or merging their loan writers, partnering up to create multi-broker offices for cost-efficiencies and survival in a challenging marketplace.

Lender Segments

The proportion of broker-originated home loans settled with lenders from the major banks and their affiliates regained significant market share in the last two consecutive quarters.

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.

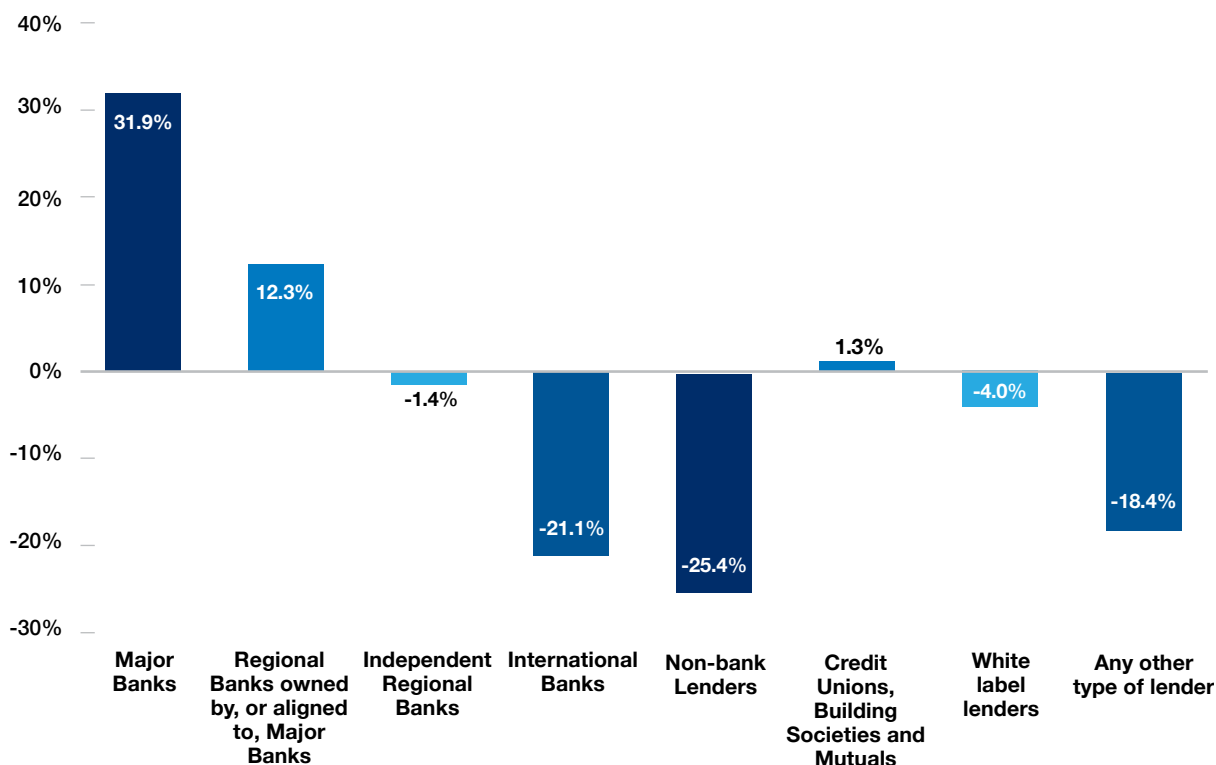
Between April-September 2020, market share for the major banks bounced back recording growth in two consecutive quarters for the first time since the December 2014 quarter, further evidence of a significant recovery, demonstrating their superior liquidity position during uncertain times. The majors' share increased by a substantial 8.6 percentage points between March and June 2020, the highest increase observed in a quarter by any segment to date. July – September saw a further increase of 1.6 percentage points to 51.7% share, similar to levels last seen three years ago. The regionals aligned to the major banks have also seen a significant uplift between July–September with market share increasing by 1.5 percentage points, growing from 12.5% to 14.0%.

The other types of lender segment continues to decline recording three consecutive quarters of decrease with market share currently at 9.5%, falling from its highest market share of 16.0% in the December 2019 quarter.

Non-bank lenders, international banks, and white label lending were other notable segments recording declines in market share over the last two quarters. The regional independents recorded milder decline, whilst Credit Union and Mutuals were the only other segment to remain stable, maintaining market share.

The Majors and regionals aligned to the majors were the only segments to record growth whilst other lender categories were flat or declined.

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

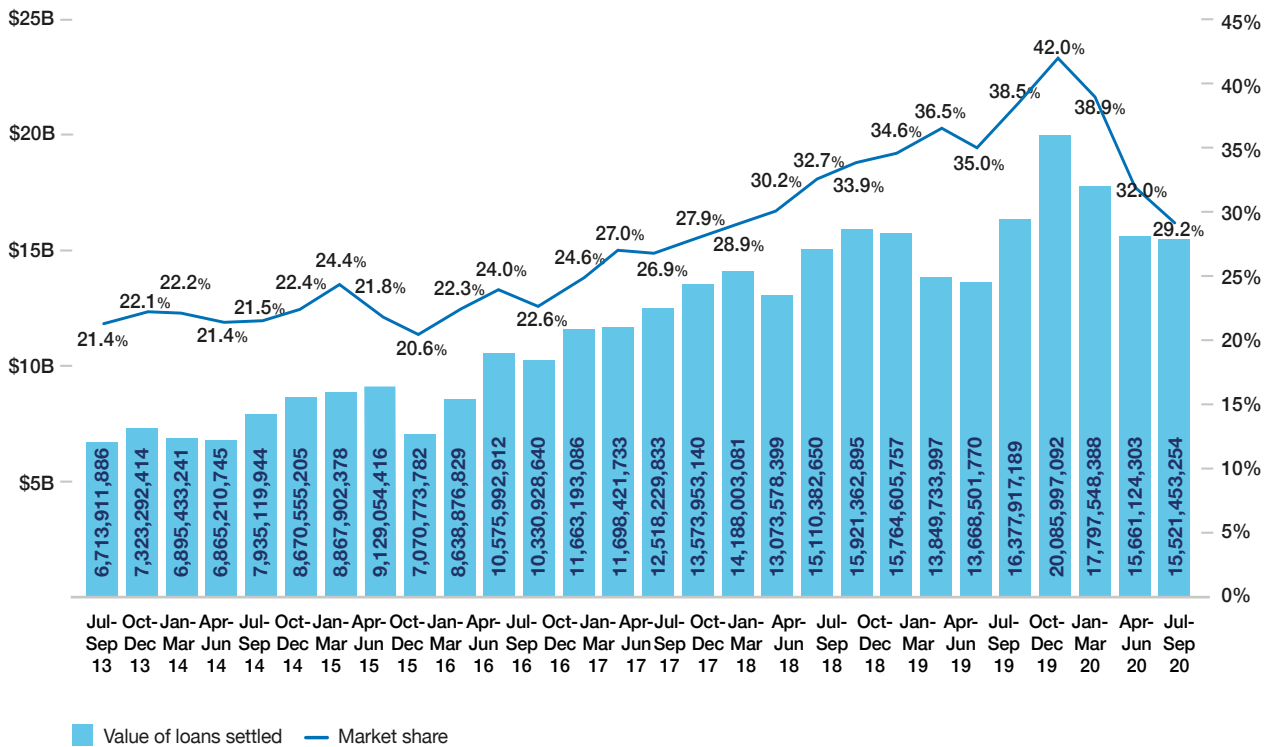


Comparing the April-September 2020 period to the previous six months, the majors experienced the largest increase of 31.9%. The regional banks were the only other segments to achieve significant double-digit growth, with those aligned to the Majors recording a strong 12.3% uplift. The significant period-on-period growth in these two segments may be the result of a competitive push from the majors following consecutive periods of poor performance, while suggesting a growth in demand for stability and familiarity during the uncertainty and impact of the first six months of COVID-19.

Conversely, international banks, Non-bank lenders and Other types of lenders all recorded large double-digit declines, whilst regional independents and white label lending both recorded mild declines between 1%-4% respectively.

Credit Unions, Building Societies and Mutuals were the only other segment to record positive growth, with a mild increase of 1.3%.

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



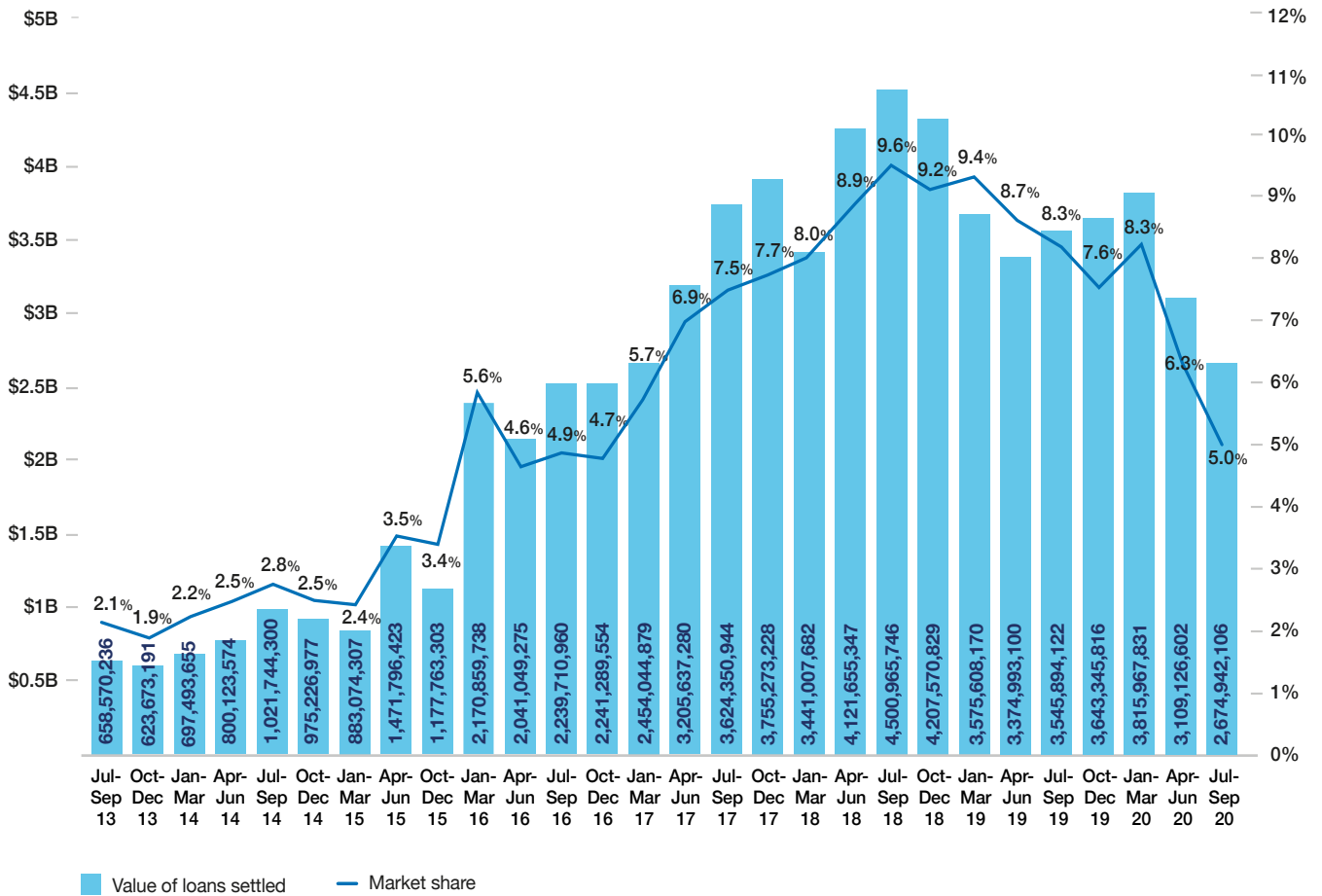
Note: No data was available for July-September 2015 Quarter. Due to decimal rounding, the sum of market share percentages presented in the 'Value (\$) and market share of broker-originated business to lenders other than the Major Banks and their affiliates' graph does not exactly add up to the equivalent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

After peaking at a high of 42.0% share 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 three consecutive quarters of decline, falling to 29.2% in the September quarter representing the lowest market share for the segment in almost three years, since the December 2017 quarter.

New loan settlement values have also recorded three consecutive quarters of decline for the segment, falling by 22.7% over the last three quarters.

The broker-originated business for non-bank lending has declined market-share by a combined 3.3 percentage points in the previous two consecutive quarters to its lowest share in four years.

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



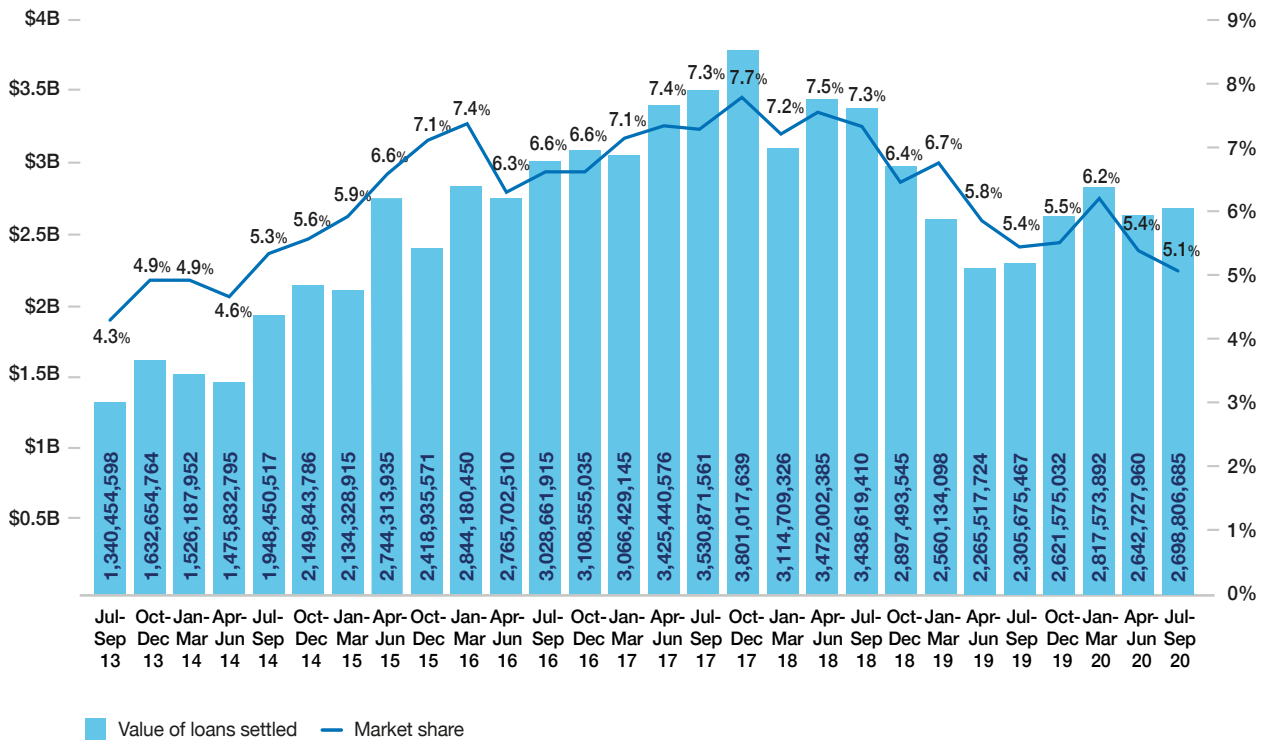
Note: No data was available for July-to-September 2015 Quarter

September 2020 quarter's result shows a sharp decline in market share over the last two consecutive quarters, from 8.3% in March to 5% in September, a combined decrease of 3.3 percentage points, the lowest share observed for this segment in almost four years dating back to the December 2016 quarter.

Similarly, new loan settlement values have also recorded sharp declines with large decreases in the last two consecutive quarters, settlement values falling to levels last seen in March 2017 quarter.

Market share of the white label home loan segment has seen a decline over the last two consecutive quarters to its lowest market share in six years.

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



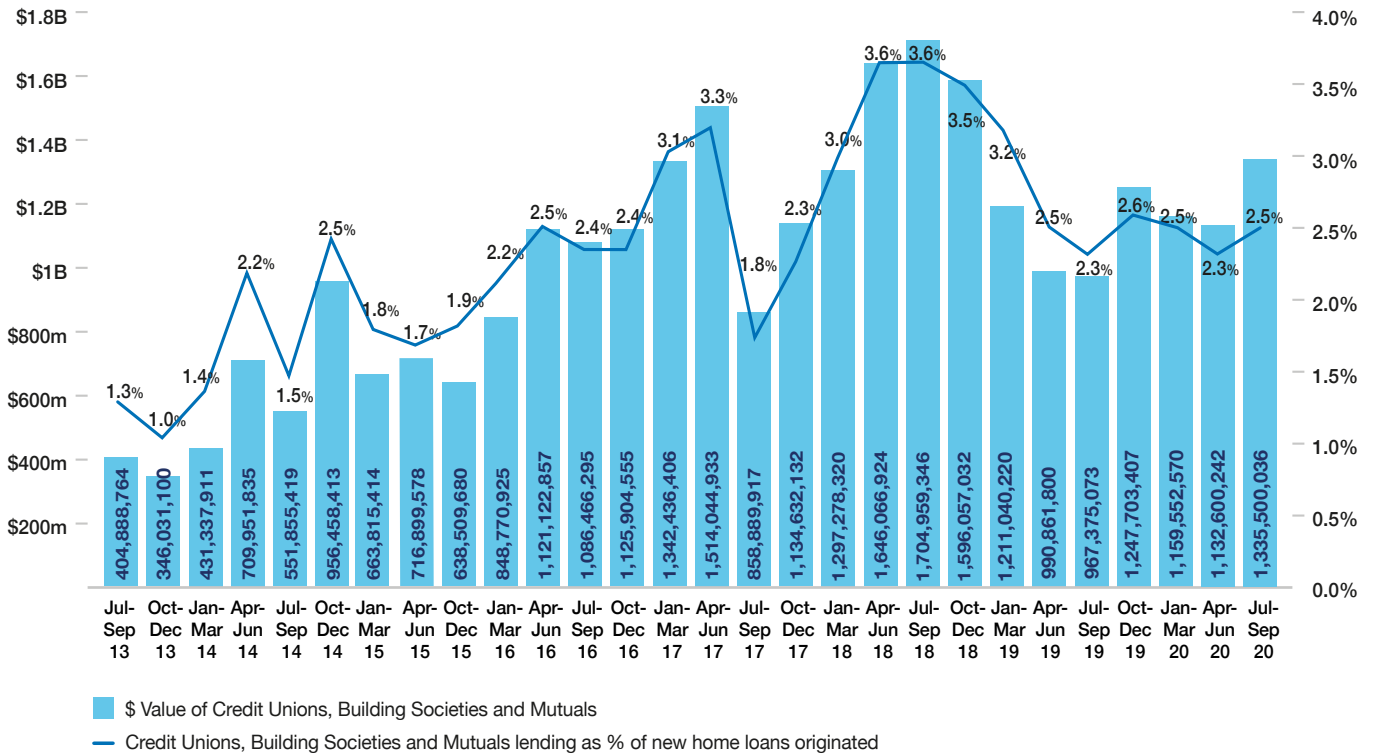
Note: No data was available for July-to-September 2015 quarter. The data embedded in this chart sums the white label lending for only those aggregators that have offered the product consistently over the past four years. As such, it reflects organic growth in the product category. As is commonly known, 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 recorded declines over the last two consecutive quarters, with a 1.1 percentage point decrease over the last six months to 5.1% market share, the lowest share for the segment in six years (June 2014 Quarter).

Although at the beginning of the year in the March 2020 quarter, results indicated that the segment may have turned a corner with two consecutive quarters of positive increase in market share, halting consistent declines dating back to the September 2018 quarter. However, this proved to be only temporary, as the impact of COVID hit and the segment recorded two consecutive periods of decline. It remains to be seen if the segment can recover and regain market share over the next six months into 2021.

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



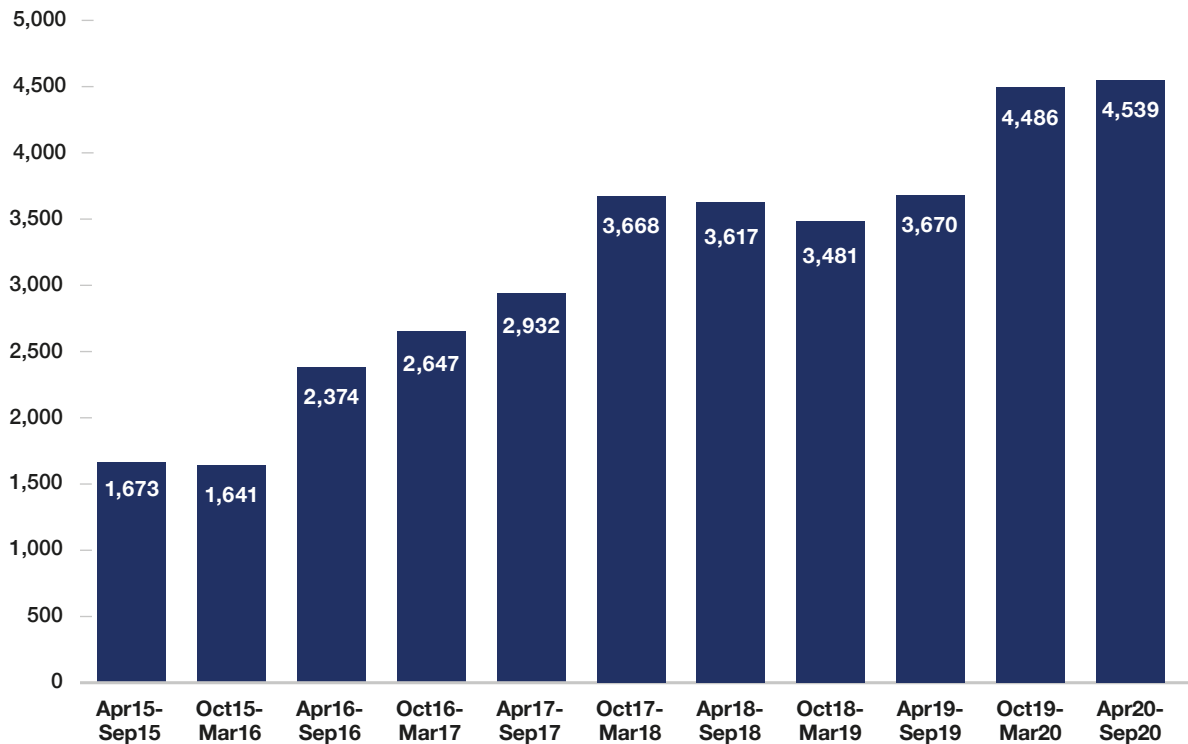
Note: No data was available for July – September 2015 quarter.

After continuous decline over four consecutive quarters to September 2019, the Credit Union, Building Societies and Mutuals segment has seen some mild volatility in market share in 2020. However, unlike other segments, the impact of COVID-19 hasn't affected this segment with its market share stable at 2.5% in the September 2020 quarter.

After a mild decrease in the first six months of 2020, new loan settlement values have seen an increase in the September 2020 quarter, halting two quarters of consecutive decline.

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.

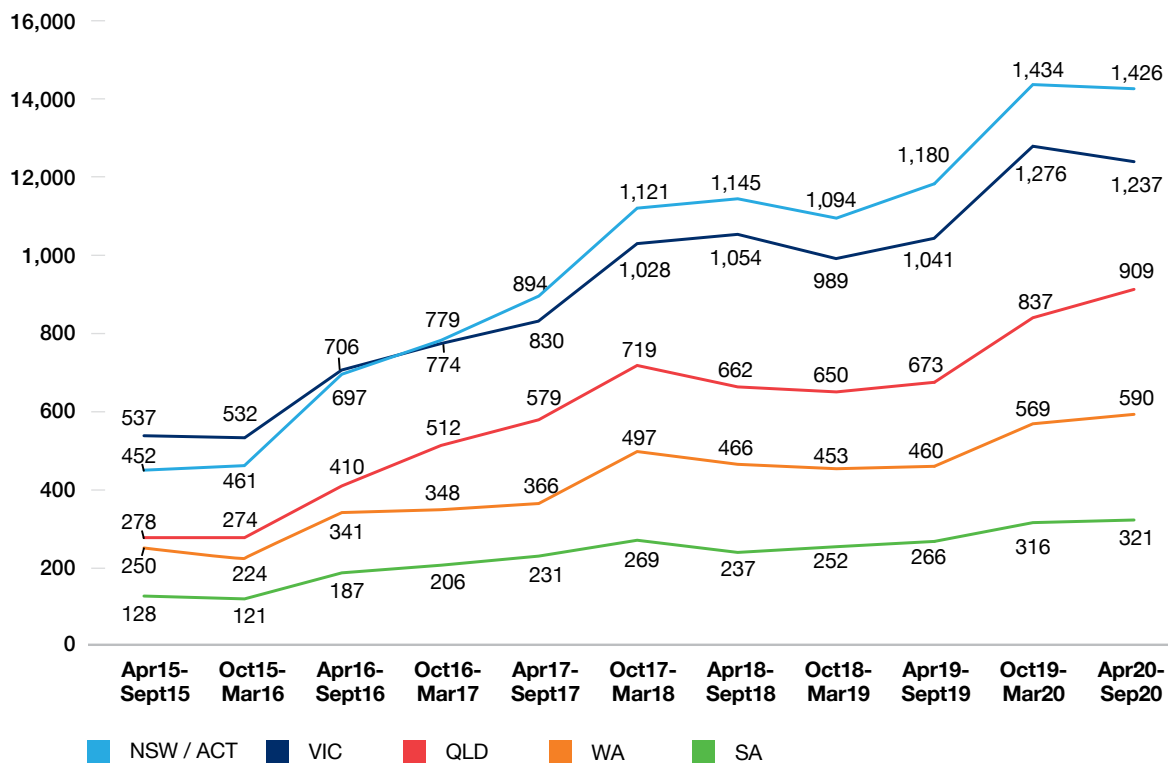
The number of mortgage brokers also writing commercial loans has increased again in the April-September 2020 period to a new high of 4,539 brokers, exceeding the previous record high of 4,486 brokers in the previous six-month October-March 2020 period.

Year-on-year, this represented an increase of 869 brokers or 23.68%.

Compared to the previous six-month period, this was up 53 mortgage brokers or 1.18%.

The continuing uplift in broker numbers writing commercial lending suggests that in a challenging home loan market, more and more brokers are diversifying into this sector, expanding their portfolio beyond just residential home loans into other growth sectors in response to uncertainty, fluctuations and instability in the market due to the impact of COVID-19.

Number of mortgage brokers writing commercial loans, by state



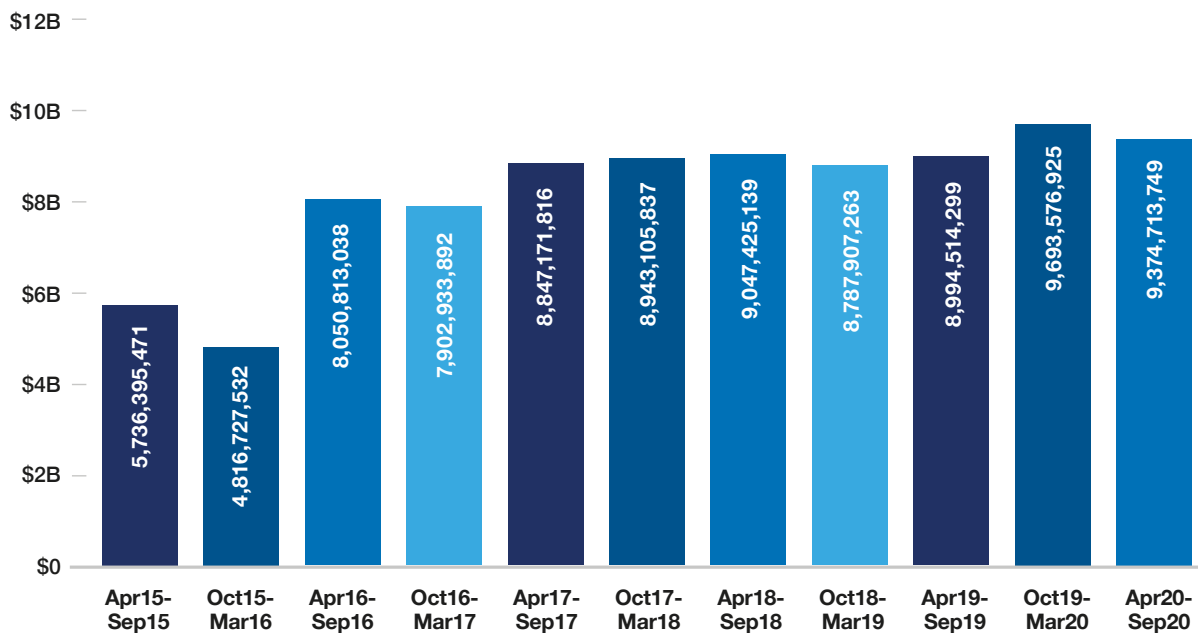
Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included. Due to the scale of the Y-axis labels, graph excludes data for Tasmania.

At the state level, the number of mortgage brokers writing commercial loans in the April-September 2020 period has shown some fluctuations, compared to the previous six months.

Period-on-period, the two largest states recorded mild reductions; New South Wales and ACT (8 brokers down 0.5%), and Victoria (by 39 brokers down 3.1%).

There were increases amongst the other states, with Queensland up 72 or 8.6%, Western Australia grew by 21 brokers or 3.7%, whilst South Australia increased by 5 or 1.5%.

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

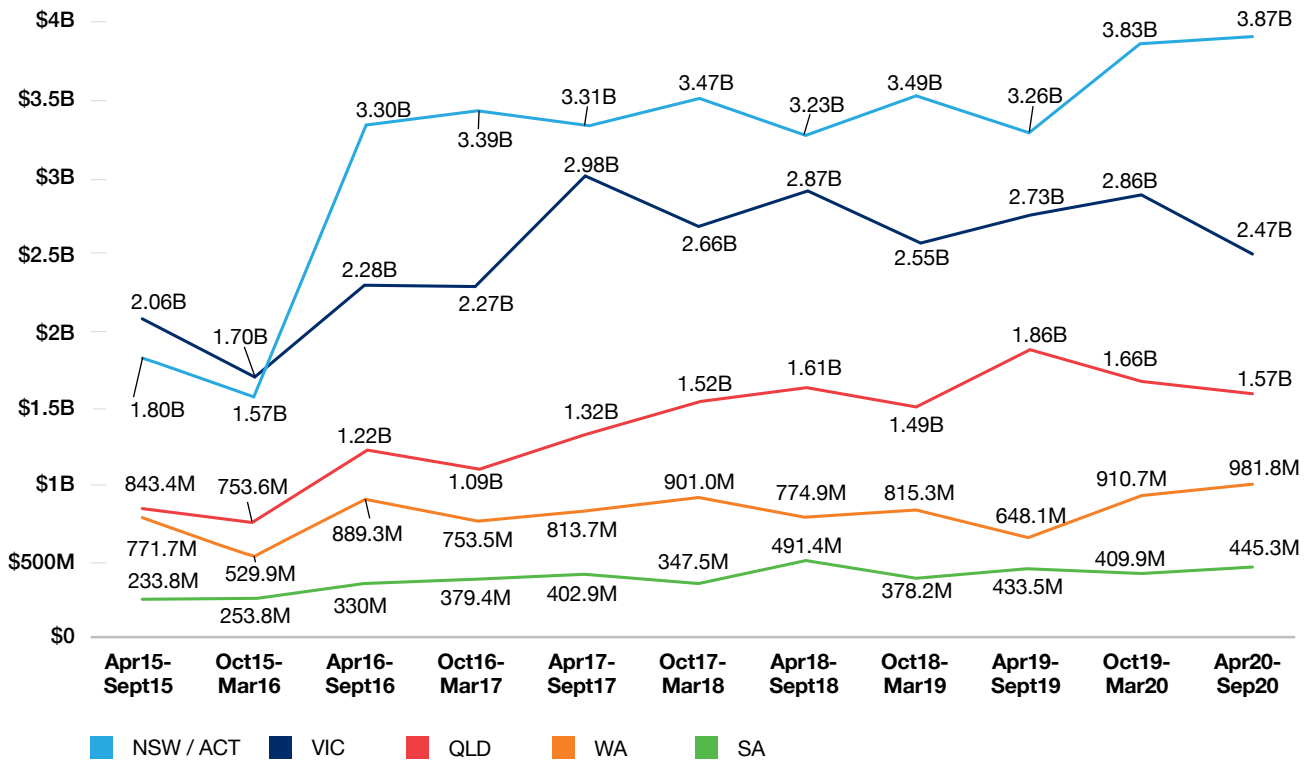


Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

For the six months to September 2020, the value of commercial loans settled by mortgage brokers reached its second highest ever value at \$9.37 billion, up ~\$380 million or 4.22% compared year-on-year.

Period-on-period, the value of commercial loans settled by mortgage brokers decreased by ~\$319 million or 3.29% from \$9.69 to \$9.37 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 new lending compared to the previous period, there is volatility in some state's results.

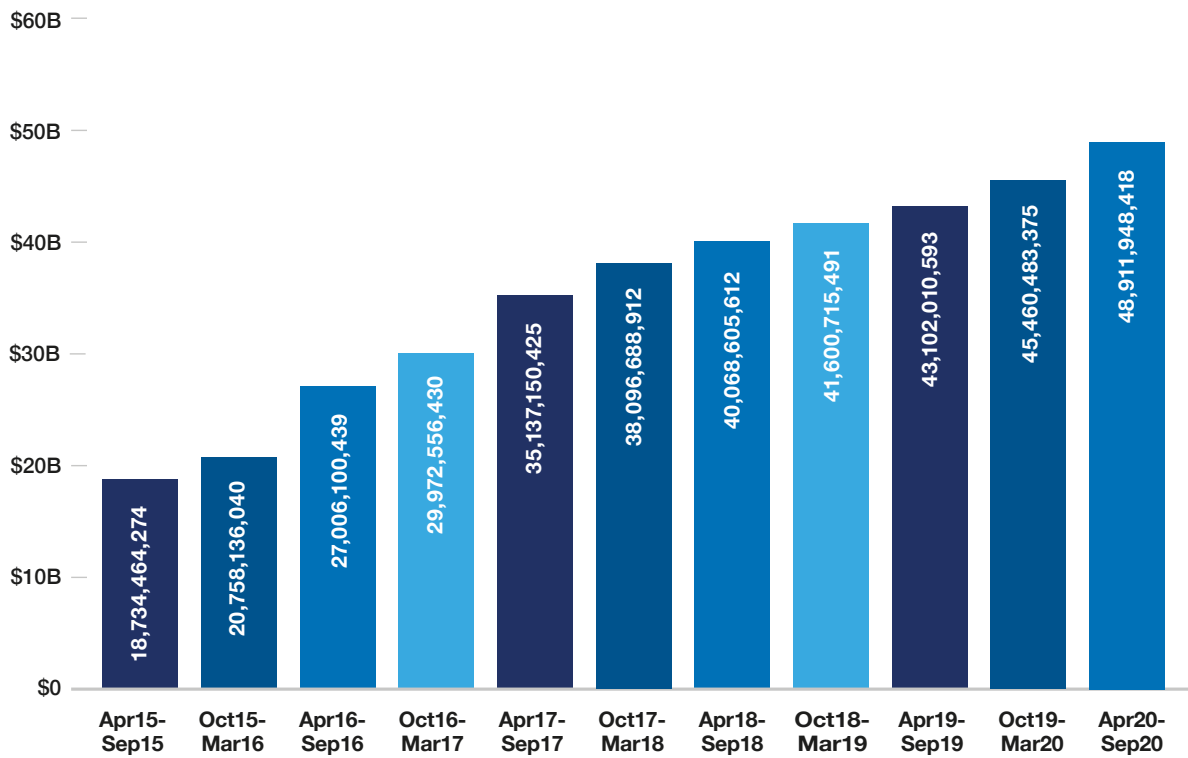
New South Wales and ACT recorded a mild increase in the value of commercial lending reaching its highest ever value at \$3.87 billion, an increase of \$46.9 million or 1.23% from the previous period.

Victoria recorded a large decrease with the value of commercial lending settled declining by \$384 million down 13.45% to \$2.47 billion in the last six months.

Queensland's results have continued to decline, with a reduction of \$88.2 million down 5.32% in the value of commercial lending in the current reporting period.

Western Australia recorded solid growth of ~\$71.1 million or 7.81% increase to achieve its highest ever value at ~\$982 million, whilst South Australia also saw solid increases of ~\$35.4 million up 8.64%.

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

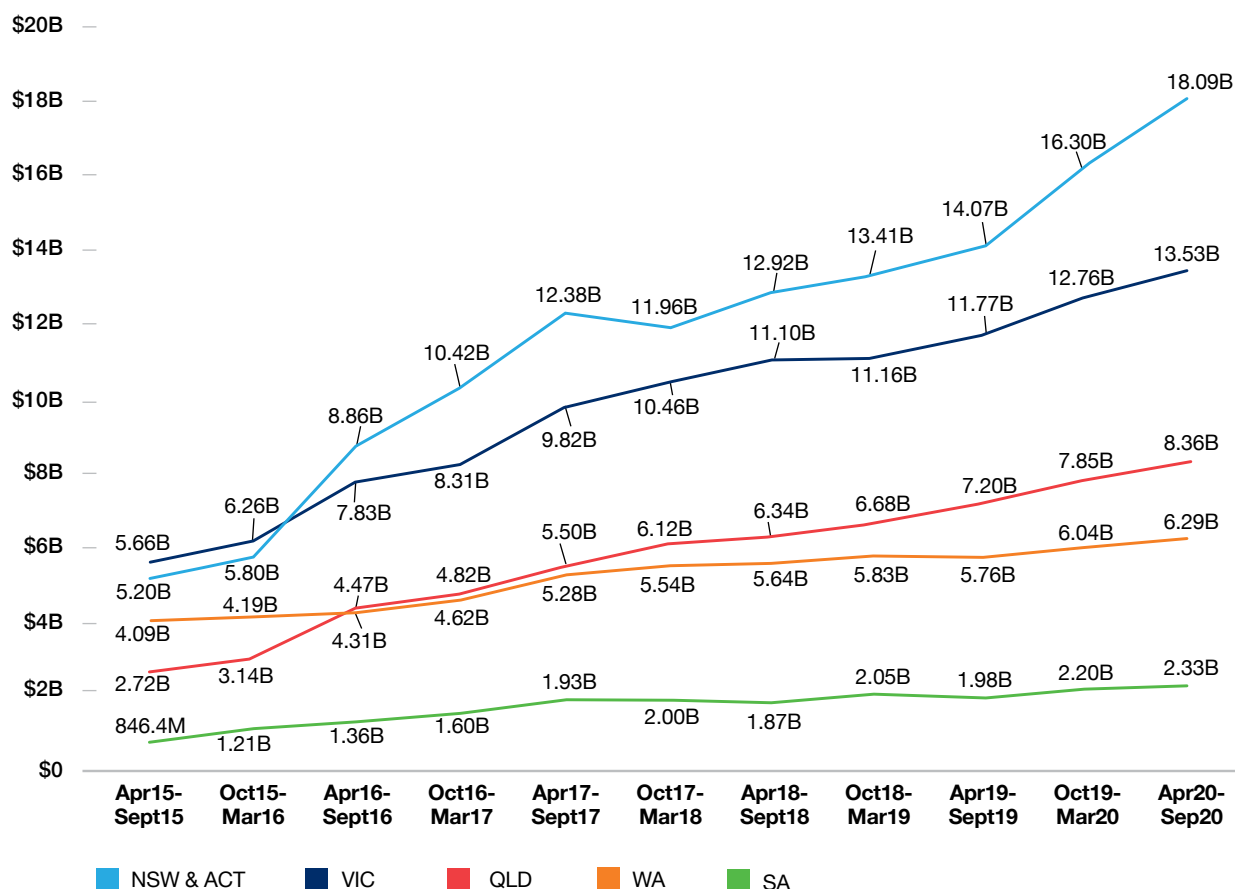


Note: Commercial brokers as those mortgage brokers who had written a commercial loan through their aggregator's panel for the period. Mortgage brokers who solely wrote loans direct with lenders are not included.

The total book value of commercial lending for mortgage brokers continues to grow, reaching a record high of \$48.91 billion, with the rate of growth maintaining consistency period-on-period.

Period-on-period, the commercial book value has increased by \$3.45 billion or 7.59%, year-on-year the value has increased by \$5.81 billion or 13.48%.

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 September 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 \$18.1 billion representing an increase of \$1.80 billion or 11.06% 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 ~\$766.3 million or 6.00% since the last period to record a total book of \$13.53 billion.

Queensland's rate of growth also shows continued consistency, with an increase of ~\$517.15 million or 6.59% to \$8.36 billion.

Western Australia and South Australia both recorded solid growth with values increasing by ~\$254.25 million or 4.21%, and ~\$122.51 million or 5.56% 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 April - September 2020 period, NSW and ACT brokers settled \$43.47 billion in home loans compared to \$33.39 billion during the equivalent 2019 period, an increase of 30.2%.

These results contributed to a growth in value of the state's overall home loan book, up by 4.7%, from \$258.84 billion to \$271.04 billion.

On an individual basis, the average New South Wales and ACT broker settled \$7.19 million in home loans for the period per broker, up 29.7% year-on-year, from \$5.52 million. This result contributed to the increase in value of the average loan book value of \$44.81 million per broker, from \$41.30 million a year ago, up 8.5%.

The population of 6,049 brokers for the period – up compared to 6,044 a year ago, lodged on average 15.4 loans. This equates to a total of 92,989 loans lodged for the state, for the period, up 14.4% compared to a year ago at 81,255.

Home to 36.7% of the national population of brokers, New South Wales and ACT brokers settled 40.4% of the national value of home loans settled – a favourable relationship between metrics.

Brokers earned \$93,416 gross up-front for the period, compared to \$71,814 the previous year, and \$67,212 gross trail for the period, compared to \$64,239 last year, for a combined gross commission of \$160,629. In total, this was up by 18.1% from a year ago.

VIC

During the April - September 2020 period, Victorian brokers settled \$33.26 billion in home loans compared to \$27.14 billion during the equivalent 2019 period, up 22.5%.

These results contributed to a growth in value of the state's overall home loan book, up by 5.4%, from \$190.52 billion to \$200.74 billion.

On an individual basis, the average broker settled \$6.82 million in home loans for the period per broker, up 23.6% year-on-year, from \$5.52 million. This result contributed to the increase in value of the average loan book value of \$41.17 million per broker, from \$36.50 million a year ago, up 12.79%.

The population of 4,876 brokers for the period – down compared to 4,919 a year ago, lodged on average 18.5 loans. This equates to a total of 90,065 loans lodged for the state, for the period, up 8.0% compared to a year ago at 83,381.

Home to 29.6% of the national population of brokers, Victorian brokers settled 30.9% of the national value of home loans settled – a favourable relationship between metrics.

Brokers earned \$88,687 gross up-front for the period, compared to \$71,751 the previous year, and \$61,753 gross trail for the period, compared to \$58,096 last year, for a combined gross commission of \$150,440. In total, this was up by 15.9% from a year ago.

QLD

During the April - September 2020 period, Queensland brokers settled \$15.28 billion in home loans compared to \$12.53 billion during the equivalent 2019 period, a jump of 22.0%.

These results translated to growth in the value of the state's overall home loan book, which was up by 4.5, from \$114.19 billion to \$119.27 billion.

On an individual basis, the average broker settled \$6.02 million in home loans for the period per broker, up 20.9% year-on-year, from \$4.98 million. The value of the average loan book of \$46.98 million per broker, increased from \$44.08 million or 6.6% a year ago.

The population of 2,539 brokers for the period – up compared to 2,514 a year ago, lodged on average 22.6 loans. This equates to a total of 57,321 loans lodged for the state, for the period, up 25.1% compared to a year ago at 45,820.

Home to 15.4% of the national population of brokers, Queensland brokers settled 14.2% of the national value of home loans settled.

Brokers earned \$78,252 gross up-front for the period, compared to \$64,770 the previous year, and \$70,465 gross trail for the period, compared to \$68,131 last year, for a combined gross commission of \$148,717. In total, this was up by 11.9% from a year ago.

WA

It was a promising period for Western Australia.

During the April - September 2020 period, Western Australian brokers settled \$8.45 billion in home loans compared to \$7.43 billion during the equivalent 2019 period, an increase of 13.6%.

These results contributed to the growth in value of the state's overall home loan book, up by 1.6%, from \$92.58 billion to \$94.02 billion.

On an individual basis, the average broker settled \$4.62 million in home loans for the period per broker, up 18.5% year-on-year, from \$3.90 million. This result contributed to the increase in value of the average loan book value of \$51.41 million per broker, from \$47.18 million a year ago, up 9.0%.

The population of 1,829 brokers for the period – down compared to 1,907 a year ago, lodged on average 18.8 loans. This equates to a total of 34,333 loans lodged for the state, for the period, up 35.6% compared to a year ago at 25,321.

Home to 11.1% of the national population of brokers, Western Australian brokers settled 7.9% of the national value of home loans settled.

Brokers earned \$60,030 gross up-front for the period, compared to \$50,680 the previous year, and \$77,109 gross trail for the period, compared to \$72,825 last year, for a combined gross commission of \$137,139. In total, this was up by 11.0% from a year ago.

SA

During the April - September 2020 period, South Australian brokers settled \$6.08 billion in home loans compared to \$4.95 billion during the equivalent 2019 period, up 22.8%.

These positive results translated to a slight increase in value of the state's overall home loan book, up by 5.4%, from \$42.39 billion to \$44.70 billion.

On an individual basis, the average broker settled \$6.00 million in home loans for the period per broker, up 23.2% year-on-year, from \$4.87 million. The average loan book value of \$44.13 million per broker grew from \$38.58 million a year ago.

The population of 1,013 brokers for the period – down compared to 1,016 a year ago, lodged on average 27.2 loans. This equates to a total of 27,542 loans lodged for the state, for the period, up 28.6% compared to a year ago, at 21,419.

Home to 6.1% of the national population of brokers, South Australian brokers settled 5.7% of the national value of home loans settled.

Brokers earned \$78,001 gross up-front for the period, compared to \$63,318 the previous year, and \$66,191 gross trail for the period, compared to \$62,591 last year, for a combined gross commission of \$144,193. In total, this was up 14.5% from a year ago.

TAS

Tasmania had another strong period.

During the April - September 2020 period, Tasmanian brokers settled \$779.80 million in home loans compared to \$705.26 million during the equivalent 2019 period, up 10.6%.

These results contributed to the growth in value of the state's overall home loan book, up by 0.1%, from \$4.13 billion to \$4.14 billion.

On an individual basis, the average broker settled \$6.04 million in home loans for the period per broker, up 19.1% year-on-year, from \$5.07 million. This result contributed to the increase in value of the average loan book value of \$32.09 million per broker, from \$29.74 million a year ago, up 7.9%.

The population of 129 brokers for the period – down compared to 139 a year ago, lodged on average 30.3 loans. This equates to a total of 3,903 loans lodged for the state, for the period, up considerably, by 40.7% compared to a year ago, at 2,775.

Home to less than one per cent (0.8%) of the national population of brokers, Tasmanian brokers settled 0.7% of the national value of home loans settled.

Brokers earned \$78,585 gross up-front for the period, compared to \$65,960 the previous year, and \$48,131 gross trail for the period, compared to \$44,606 last year, for a combined gross commission of \$126,716. In total, this was up by 14.6% from a year ago.

NT

During the April - September 2020 period, Northern Territory brokers settled \$193.49 million in home loans compared to \$217.18.01 million during the equivalent 2019 period, a decline of 10.9%.

These strong results helped increase the value of the Territory's overall home loan book, up by 1.9%, from \$2.74 billion to \$2.79 billion.

On an individual basis, the average broker settled \$3.52 million in home loans for the period per broker, down 5.9% year-on-year, from \$3.74 million. This strong result also helped to bolster the value of the average loan book value at \$50.66 million per broker, from \$47.16 million a year ago, up 7.4%.

The population of 55 brokers for the period – down compared to 58 a year ago, lodged on average 15.9 loans. This equates to a total of 873 loans lodged for the territory, for the period, down 32.4% compared to a year ago, at 659.

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 \$45,734 gross up-front for the period, compared to \$48,679 the previous year, and \$75,984 gross trail for the period, compared to \$70,738 last year, for a combined gross commission of \$121,718. In total, this was up by 1.9% 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

Benchmark your business

For the six month period
1 April 2020 – 30 September 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	\$6.5 million	\$7.2 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	21.4 loans	16.4 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$44.7 million	\$44.8 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$84,758	\$93,416		
Average gross trail remuneration generated per broker, prior to costs per annum	\$67,014	\$67,212		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$151,772	\$160,629		

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	\$6.5 million	\$6.8 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	21.4 loans	19.5 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$44.7 million	\$41.2 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$84,758	\$88,687		
Average gross trail remuneration generated per broker, prior to costs per annum	\$67,014	\$61,753		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$151,772	\$150,440		

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	\$6.5 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	21.4 loans	23.8 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$44.7 million	\$47.0 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$84,758	\$78,252		
Average gross trail remuneration generated per broker, prior to costs per annum	\$67,014	\$70,465		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$151,772	\$148,717		

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	\$6.5 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	21.4 loans	30.5 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$44.7 million	\$32.1 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$84,758	\$78,585		
Average gross trail remuneration generated per broker, prior to costs per annum	\$67,014	\$48,131		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$151,772	\$126,716		

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	\$6.5 million	\$3.5 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	21.4 loans	17.8 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	\$44.7 million	\$50.7 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	\$84,758	\$45,734		
Average gross trail remuneration generated per broker, prior to costs per annum	\$67,014	\$75,984		
Average gross remuneration generated per mortgage broker, prior to costs per annum	\$151,772	\$121,718		

My key actions



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