

MFAA  
**INDUSTRY  
INTELLIGENCE  
SERVICE**

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Exclusive Finance Broker  
Benchmarking Report

For the six month period  
1 April 2016 to 30 September 2016



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## CEO's Report

The MFAA is pleased to deliver the latest industry data review in our series of Industry Intelligence Reports or IIS. This latest report covers the period of April to September 2016.

The latest IIS report 3 is collated with real performance data on finance brokers from 14 of the leading aggregation groups in Australia that make up 95%+ of the residential brokers operating in Australia. It is compiled by the 'comparator group' part of CoreLogic so that all data is anonymous and analysis completely independent. The data collected is designed to create insights into the operations of brokers as well as providing benchmarking statistics at both a national and state level to enhance business management.

The MFAA's commitment to improve data collection and analysis is vital for the industry to frame the direction of operational trends, test the health of the channel and create critical conversations on broker performance. Our IIS report series is building the ability to maintain a data driven real view of our marketplace, which helps to dispel some common misconceptions of the broker channel.

Each report is improved by the generous contribution of our aggregator partners and provides each with detailed analysis of their performance. Our commitment is to continuously improve the report parameters to include insights that support planning of the industry as well as providing regulatory bodies with correct information about our industry.

Report 3 contains new data charts such as the break up of broker business by size, the latest conversion rates to test individual performance and some statistics that alert the industry about areas for improved management. The report presents a real view of the benchmarks for the third party channel.

I hope that the report motivates both businesses and individuals to discuss and question their existing business plans as a healthy exercise in quality business management. We would like to thank our partners for their effort in collecting the data that drives this important industry business tool.

Regards

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

Mike Felton  
MFAA CEO



## The mechanics of the IIS and who is involved

This edition of the MFAA's Industry Intelligence Service (IIS) for the mortgage broker community provides another set of robust, data-driven insights into the home loan market, for and on behalf of mortgage brokers, and the leading enterprises that deploy them into the field.

This is the third edition in the MFAA's leading market intelligence resource for brokers, and is supported by all the leading brokers and aggregators:

The logo for AFG, consisting of the letters 'AFG' in a bold, blue, sans-serif font.The logo for Aussie, featuring a stylized house icon with three horizontal lines above the word 'Aussie' in white text on a dark purple rectangular background.The logo for choice AGGREGATION, featuring an orange circle with a white 'C' inside, followed by the word 'choice' in bold black and 'AGGREGATION' in smaller orange text below it.The logo for connective, featuring the word 'connective' in blue with a stylized orange and white icon of three connected nodes to the right.The logo for eChoice, featuring a stylized red sunburst icon above the word 'eChoice' in red.The logo for FAST Stay Ahead, featuring the word 'FAST' in bold black with a grid of orange squares to the right, and 'Stay Ahead' in smaller black text below.The logo for FINSURE FINANCE AND INSURANCE, featuring a blue circular icon with a white 'F' inside, followed by 'FINSURE' in bold black and 'FINANCE AND INSURANCE' in smaller black text below.The logo for LoanKit, featuring the word 'LoanKit' in white and yellow on a red rectangular background, with 'AGGREGATION SERVICES AND SOFTWARE' in smaller black text below.The logo for LoanMarket, featuring the word 'LoanMarket' in bold black and a stylized blue and white icon of a house with an upward-pointing arrow to the right.The logo for Mortgage Choice, featuring a stylized blue and orange wave icon to the left of the words 'Mortgage Choice' in blue.The logo for nmb National Mortgage Brokers, featuring an orange circle with 'nmb' in white inside, followed by 'National Mortgage Brokers' in black text.The logo for PLAN AUSTRALIA, featuring a stylized blue icon of a house with a square window to the left of the word 'PLAN' in bold black and 'AUSTRALIA' in smaller black text below.The logo for smartline personal mortgage advisers, featuring a stylized orange house icon to the left of the word 'smartline' in bold black and 'personal mortgage advisers' in smaller black text below.The logo for wow FINANCIAL, featuring the word 'wow' in a stylized green script font above the word 'FINANCIAL' in smaller green capital letters.

## Executive summary

The new IIS Report 3 has been built on expanded data collection and includes new sections of information relevant to both finance brokers and industry partners. The MFAA will continue to improve the business information provided through the report series including data cuts that includes additional state by state benchmarks and trend analysis for the industry.

- The growth rate in home loan settlements originated by brokers has softened in the six months to the end of September 2016. Compared to the end of March 2016, this represented a 1.1% increase in value settled, but the number of new loans dropped by 0.5%
- Growth rates are uneven with some states showing signs of recovery compared to six months ago (WA, TAS, SA) whilst VIC only recording a +1.7% increase in new lending values and NSW -4.0% compared to the previous period.
- The national growth rate for mortgage brokers is a net 6.4% increase on the previous report or an additional 925 brokers. The overall number is approaching 16,000 brokers. The national average for broker turnover numbers is 8.6% in the report period with two of the larger states NSW and QLD closer to 10%.
- Trends from the report show that broker numbers may be reaching saturation with additional numbers operating in a market with softening demand.
- More women are working as mortgage brokers: 32% of brokers are women, and the growth in female brokers was 8.7% whilst growth in male brokers was 5.7%.
- New data to this report shows that 53% of businesses are sole operators or two broker offices whilst just over 21% are eleven brokers or more in office size.
- On average brokers settled \$6.02 million worth of new home loans in the six month period, per broker. Surprisingly 18% or 1,841 brokers did not settle a home loan in the same period, which has impacted the average.
- About 2,400 residential mortgage brokers also settled \$8.2 billion of new commercial loans during the six month period, contributing to a commercial loan book of just over \$27 billion, based on the data submitted by the participating aggregators.
- Application activity for home loans grew strongly at 9% in the period with the industry average for the September period coming in at 21 loans. However, compared to the previous six months the conversion rate of applications to settlements has fallen from 80% to 71%.
- The national average value of home loan portfolio per broker is around \$38 million dollars.
- The average gross up-front remuneration generated per broker, prior to costs, per annum is \$83,000, and the average trail is \$59,500.
- On average, the sum of brokers' up-front and trail remuneration generated are calculated to be \$142,000 p.a. On page 28 state averages can also be reviewed for business benchmarking purposes.

## The growth rate in home loan settlements originated by brokers has softened

Over the six months to 30 September 2016, on a like for like basis, the value of new and refinanced home loans settled by brokers increased by 1.1% to \$92.97 billion settlements in total. A growth rate of that magnitude is not a strong one by recent standards, pointing to a softening in the residential home loan market.

In further evidence of a tapering in the home loan market, 256,082 new home loans were settled by brokers during the six months, itself a very slight fall of -0.5% on a like for like basis with the March 2016 half year's figure.

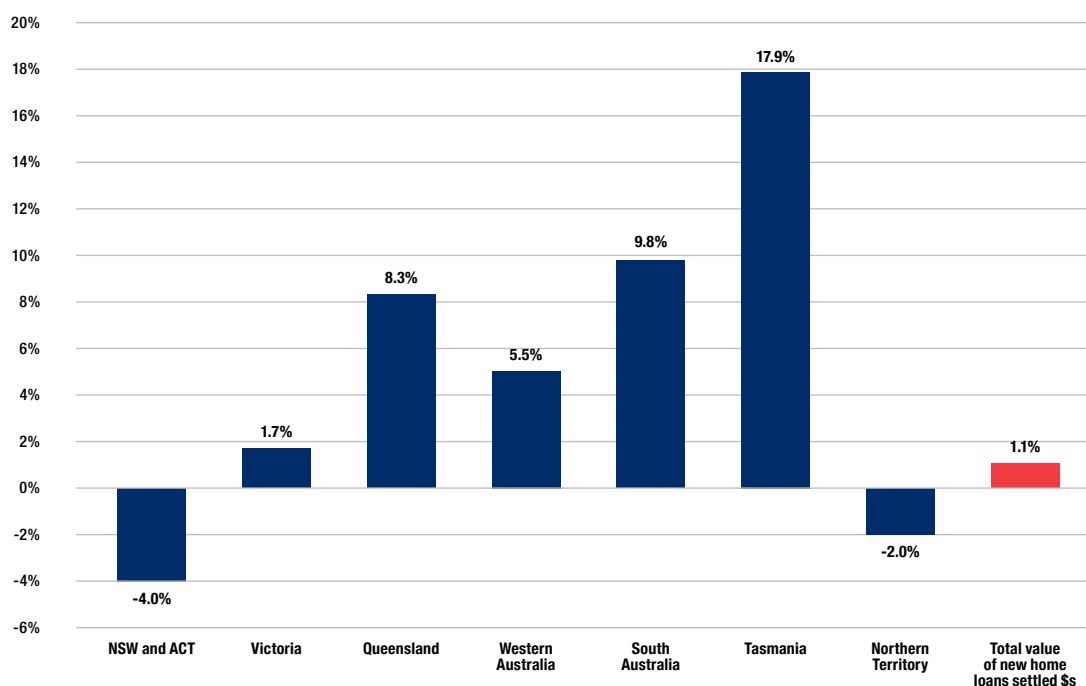
At the state and territory level, the growth picture is a mixed one. States that have traditionally been rich sources of new business for mortgage brokers have softened: new lending by brokers in NSW retreated -4%, settling \$37.5 billion of new home loans, down from \$39 billion in the March half; growth in VIC was weak at 1.7%. TAS returned a positive result, but on lending volumes that are commensurately small given the state's population.

### Growth is uneven, with two of the largest states stalling

Meanwhile, some of the states that exhibited weaker form in the prior period rebounded strongly: QLD recorded growth in new lending by brokers of 8.3% to \$13.3 billion and WA of 5.5% to \$10.4 billion of settlements compared to the previous six months.

In summary, the six monthly growth rate nationally of 1.1% for broker originated home loans cannot be construed as a strong one, and the traditional growth engine for brokers appears to have stalled.

#### Growth rates by value in new and refinanced home loan settlements by brokers April 2016 to September 2016

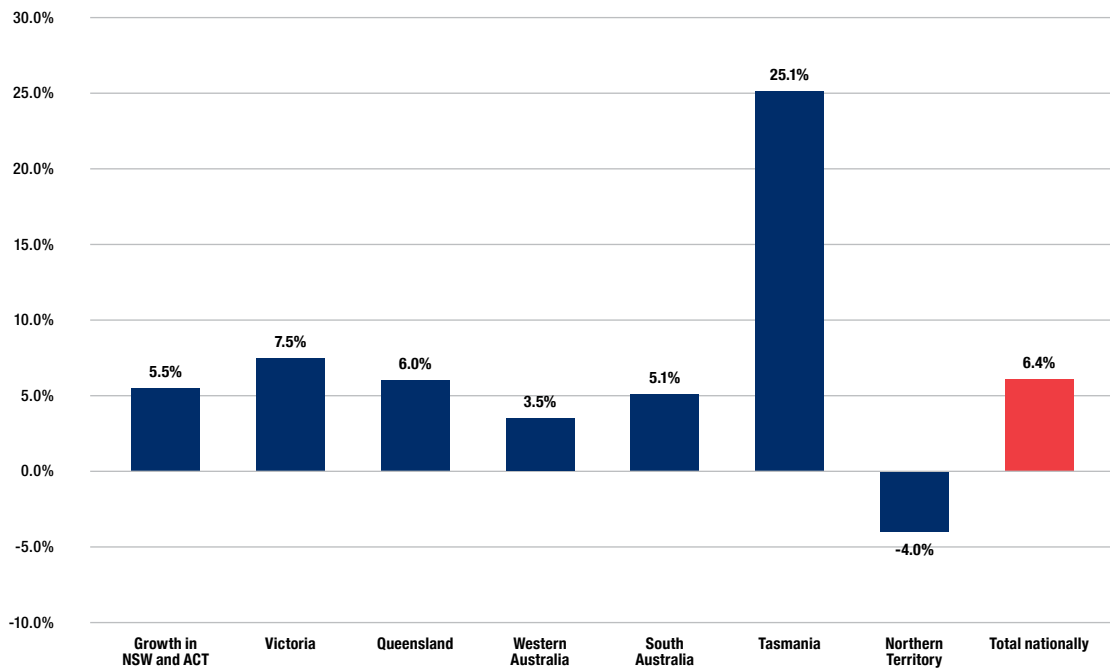


## The broker population has grown strongly to over 15,400 residential brokers

Against a market environment of softer growth in lending, the number of brokers grew strongly on a like for like basis. The IIS calculates that the total population accounted for by the leading aggregators is 15,434 brokers at the end of September. Therein, there is strong evidence of growth in the broker population being driven by the wholesale aggregators, whilst the retail franchise businesses exhibited more moderate rates of growth in their broker resources.

The national growth rate for the number of brokers was an emphatic 6.4% for the half year compared to the previous 6 month period, even allowing for some nuances in data-sets and the calculation methodology. Beneath that solid headline growth rate in the number of mortgage brokers, the larger states particularly returned a fairly consistent picture. In NSW, traditionally a very pro-broker state, the population of brokers grew below the national average. Comparatively, the population of brokers in VIC and TAS grew strongly above the national average.

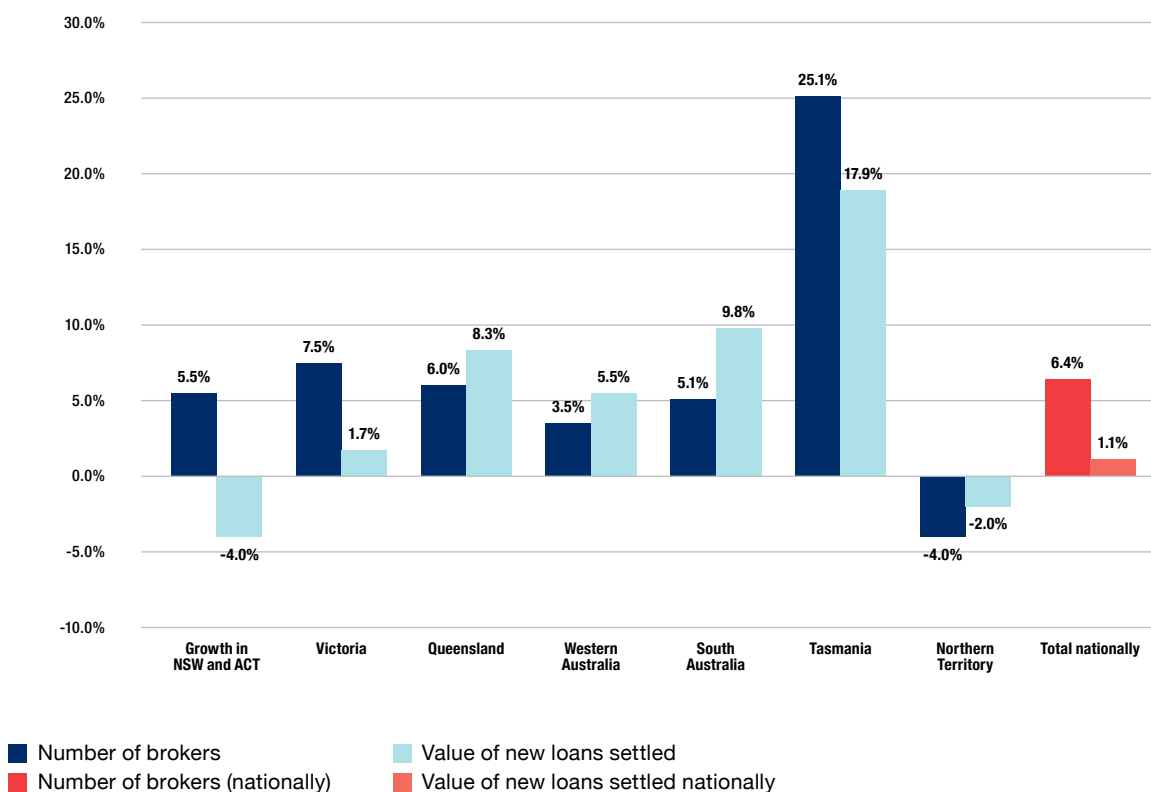
### Growth rates in the numbers of brokers in each state for the six months to end of September 2016



## Broker capacity may be approaching saturation with increased competition in a softening market

When compared and contrasted to the growth rates in new lending originated by brokers there is an indication of excess resource, or capacity. Quite simply, the growth in the numbers of brokers deployed nationally exceeded the growth rate in new lending materially. This conclusion is arguably most conspicuous in NSW where a dis-connect between the growth in brokers and the softening market environment is most obvious, implying that many brokers are competing for a restricted pool of new home loan business.

### Growth rates in the number of brokers vs growth rates in the value of new loans settled April 2016 to September 2016



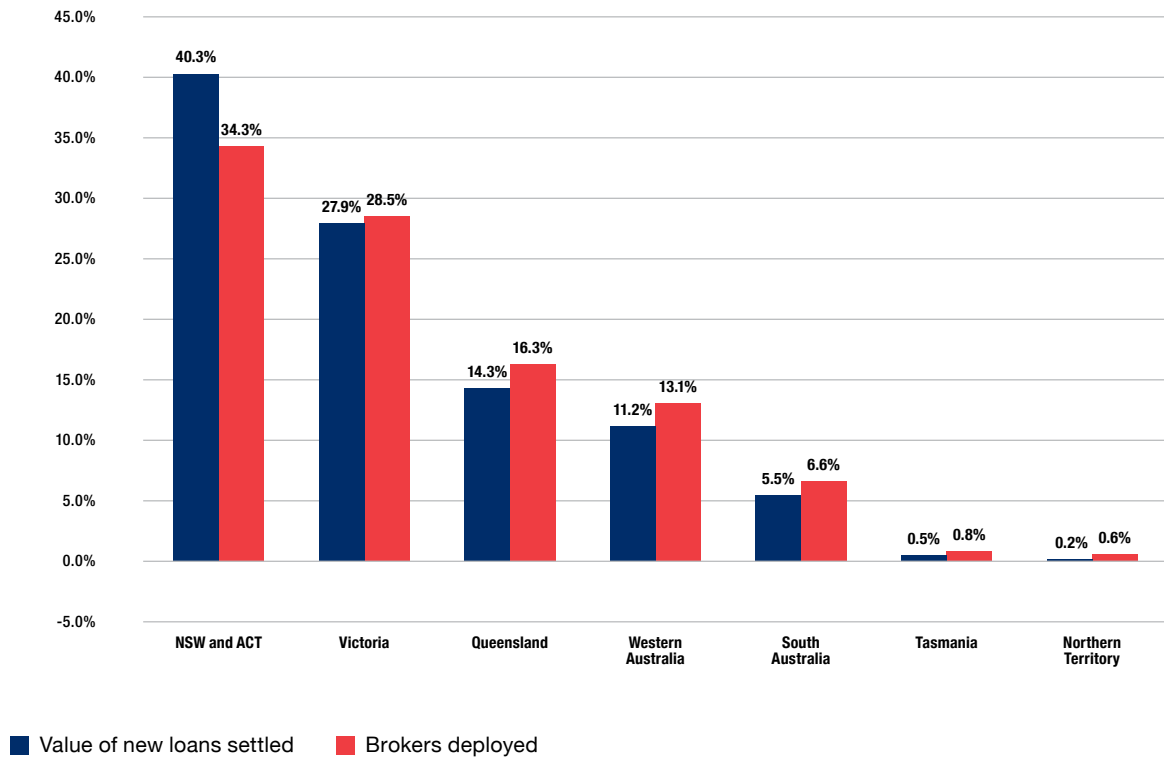
Only in QLD, WA and SA did growth rates in new lending exceed the states' growth rates in the populations of brokers.

At the national level, a growth rate for six months of over 6% in the number of brokers is arguably excessive compared to a growth rate of 1.1% in new lending.

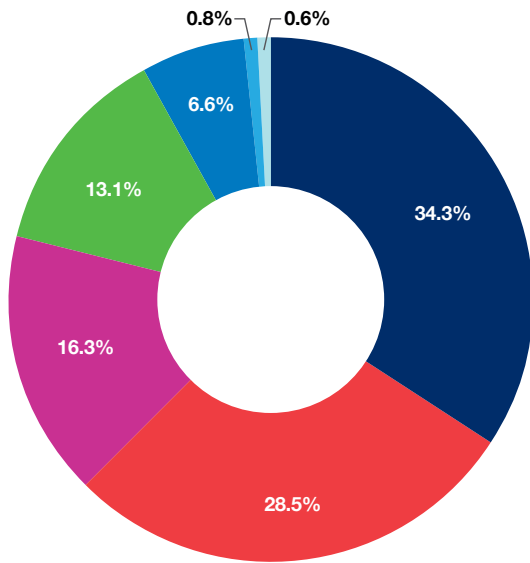
However, a decomposition of the pools of new lending in each state indicates that for established brokers, NSW is still a favourable environment: 40% of the national pool of new broker originated lending is delivered by 34% of the pool of brokers (see next page).



## Value of new loans settled vs % of brokers deployed in each state April 2016 to September 2016



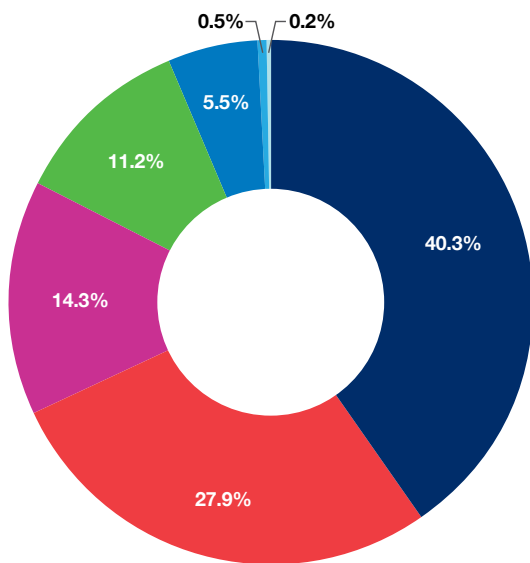
Conversely, other states appear to be in closer equilibrium between the pool of broker resources and their pool of new lending.



**How many brokers were deployed in each state and territory at the end of the six month period?**

- New South Wales and ACT
- Victoria
- Queensland
- Western Australia
- South Australia
- Tasmania
- Northern Territory

NB: The above total is rounded up for display purposes and equals 100.2%.



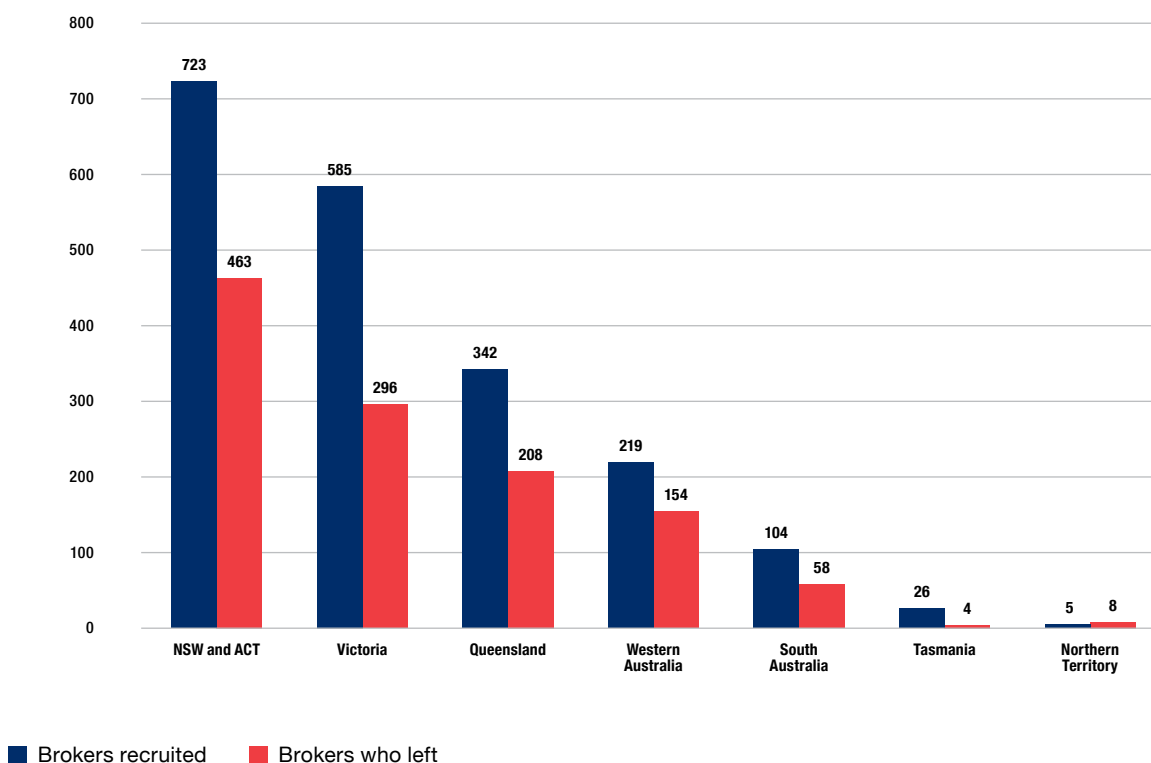
**What was the value of the new home loans settled during the period in each state in dollars?**

- New South Wales and ACT
- Victoria
- Queensland
- Western Australia
- South Australia
- Tasmania
- Northern Territory

## Recruitment or addition of brokers consistently outstripped attrition

With the exception of the NT, the number of brokers recruited exceeded the number of brokers who left the leading aggregators. Most aggregators have been recruiting aggressively: 2,180 brokers were recruited by the leading groups during the six months, and 1,255 brokers left them, implying a net addition of 925 new hires to the sector in the period. The larger states inevitably accounted for the largest increments in new brokers, with a conspicuous bulking up of the number of brokers in VIC.

### How many brokers were recruited and how many left in each state during the six month period?



NB: One aggregator was unable to provide this data. The findings above are based on data provided by 13 aggregators.

## Rates of turnover in brokers are highest in two of the bigger states

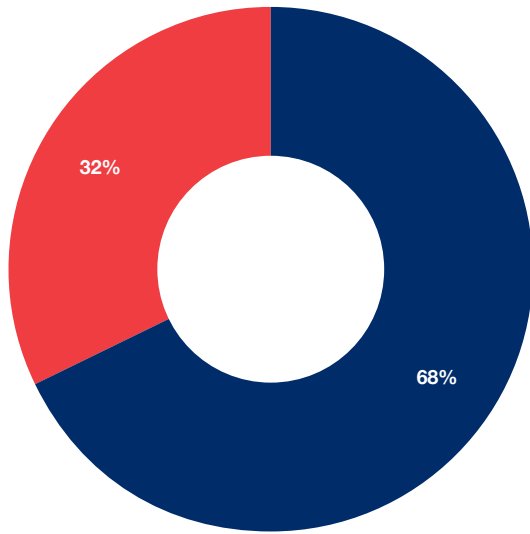
Consistent with the large ebbs and flows of broker recruitment and attrition, the rates of turnover in brokers appear high. The national rate of turnover, calculated as the number of brokers who left during the six months expressed as a percentage of the number of brokers at the end of March 2016, was 8.6% in the half year. Rates of turnover approached 9% over the six months in two of the larger states (NSW and QLD), pointing to an on-going challenge of retention for some aggregators.

4.14 KPIs: Broker turnover or churn during the six month period. Calculated as the number of brokers who left ÷ the number of brokers at the start of the period.		The industry average %
Turnover in New South Wales and ACT		9.8%
Victoria,		7.7%
Queensland		9.3%
South Australia		8.4%
West Australia		6.3%
Tasmania		4.5%
Northern Territory		9.5%
<b>Total nationally</b>		<b>8.6%</b>

## More women are working as mortgage brokers

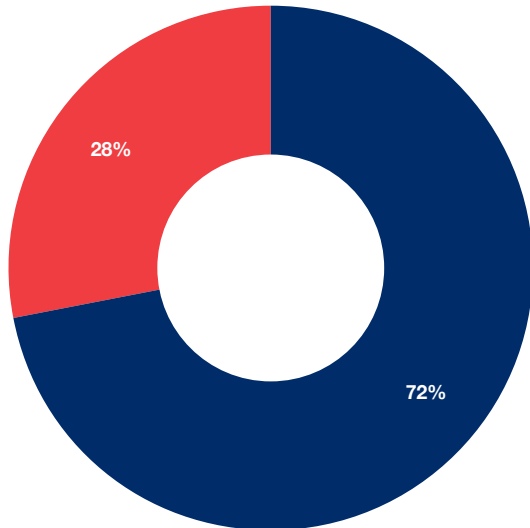
Calculated on a like-for-like basis, the growth rate for female brokers was 8.7% and the growth rate for male brokers was 5.7% based on a sample of ~13,000 brokers, implying that women are entering the industry, or are remaining in the industry at stronger rates than men.

Looking at the gender split another way, the proportion of women who were recruited during the six months was 32% of new hires, which was materially higher than their proportion of the total population of brokers at the end of the period, of 28%. This points firmly to a conclusion observed in the March edition of the IIS that more women are entering the industry, and/or conversely fewer women are leaving the sector.



**Of the brokers who were recruited during the six month period, what proportion were men and what proportion were women?**

- Number of men recruited during period
- Number of women recruited during period



**What proportion of brokers were men and what proportion were women, at the end of the six month period?**

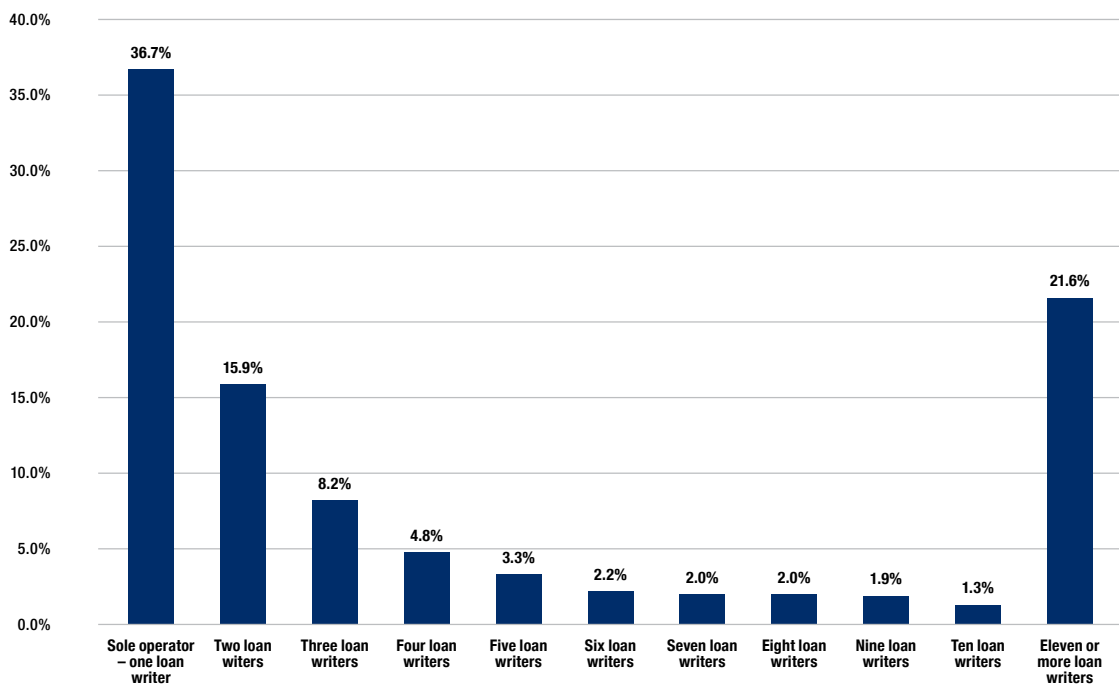
- Number of men at end of period
- Number of women at end of period



## Sole operators and two-broker offices dominate the population of brokers

Based on a reasonably representative sample of 5,500 brokers, the IIS returns for the first time an interesting diagnostic of the number of loan writers in each brokers' office. Intuitively obvious perhaps, but it is clear that the industry is dominated by smaller offices of one or two brokers. The distribution curve illustrates a smooth descent, but with an intriguing spike in the number of far larger operations. Broker offices of eleven or more loan writers (21% plus of the data set collected) will be monitored in further reports to see if trending indicates a move to consolidation within the industry.

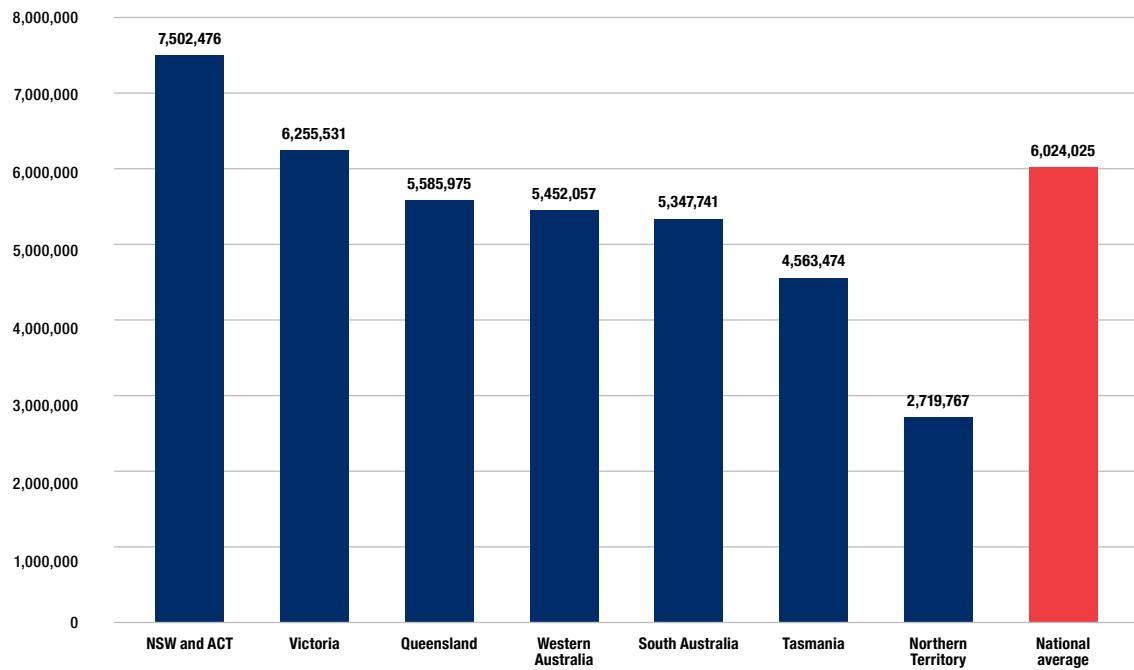
### Brokers working as sole operators or in multi-broker offices April 2016 to September 2016



## On average, brokers settled \$6.02 million of new home loans each during the six months

The national average value of new lending per broker was just north of \$6m, but with understandable variability between the states and territories.

### Average value of new home loans settled per broker in each state during the six month period

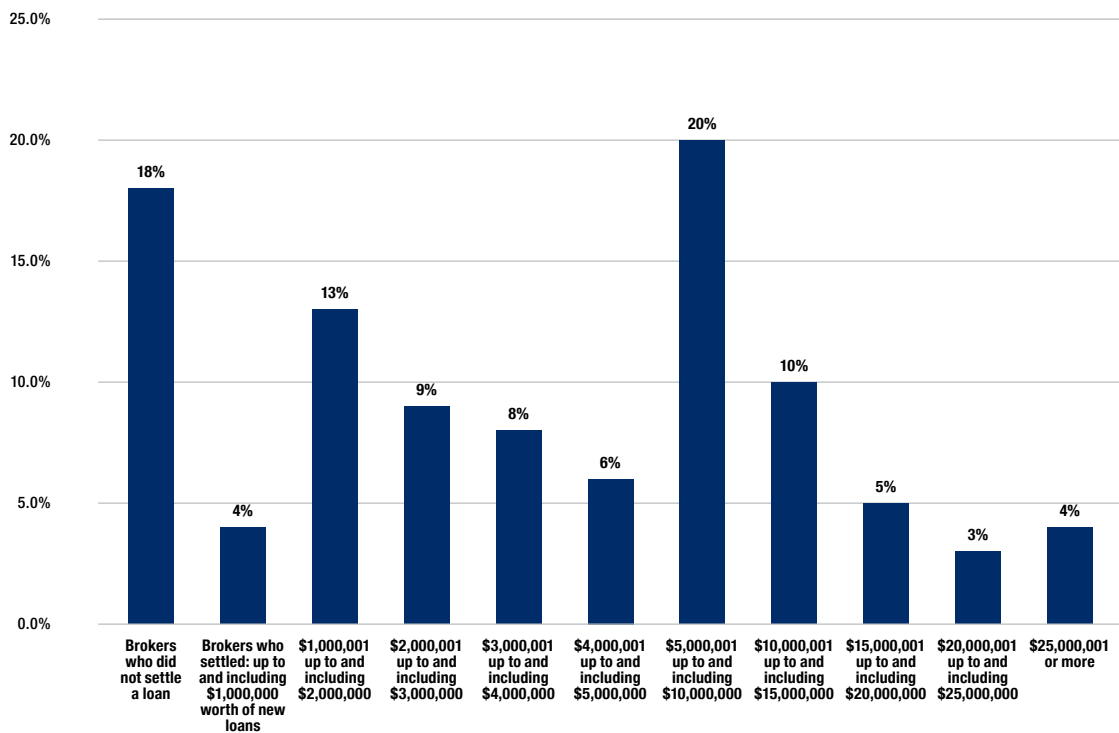


## Different “value segments” delineate the broker population markedly

Looking at the different “value segments” amongst the broker population, 20% of brokers settled between \$5m and \$10m of new loans, as such being the dominant “value segments” within the broker population. Adding in the neighbouring “value segments” the analysis finds that 36% of the population of brokers settled between \$4m and \$15m of new loans during the half year.

The elite performers and the low performing appear equally pronounced in the value segments, with evidence of high and under performing brokers at either end of the spectrum.

### How many individual brokers settled new home loans in aggregate in the following bands of value during the six month period?



## A lot of brokers are passive, dormant or underperforming

Based on a sample of 10,402 brokers, a low value segment of 1,841 of brokers did not settle a loan during the period, implying strongly that 18% of the industry did not settle a new home loan. This is an increase from the rate observed in the March half year's figures, lending further evidence to the conclusion posited then that there is a material proportion of the industry that are either passive, dormant or under-performing. In addition, a further 17% of the broker population settled less than \$2,000,000 of new home loans during the half year.

A likely component of this segment is those who were "new to industry" amongst the approximately 925 new hires made during the six months.

## The number of brokers writing commercial loans is increasing

About 2,400 residential mortgage brokers also settled \$8.2 billion of new commercial loans during the six month period, contributing to a commercial loan book of just over \$27 billion. Feedback from the report contributors indicates that there is continued growth in both the number of mortgage brokers offering diversified services in this category and the volume of business written.

3.10 What was the value of new Commercial, Business, Asset or Equipment finance lending settled during the period, in total and in each state and territory?	Total value for the pool of brokers \$
New South Wales and ACT	3,296,459,135
Victoria	2,325,813,494
Queensland	1,221,967,581
South Australia	890,979,346
West Australia	330,200,471
Tasmania	22,562,406
Northern Territory	4,170,992
<b>Total value of new commercial lending</b>	<b>8,092,033,425</b>

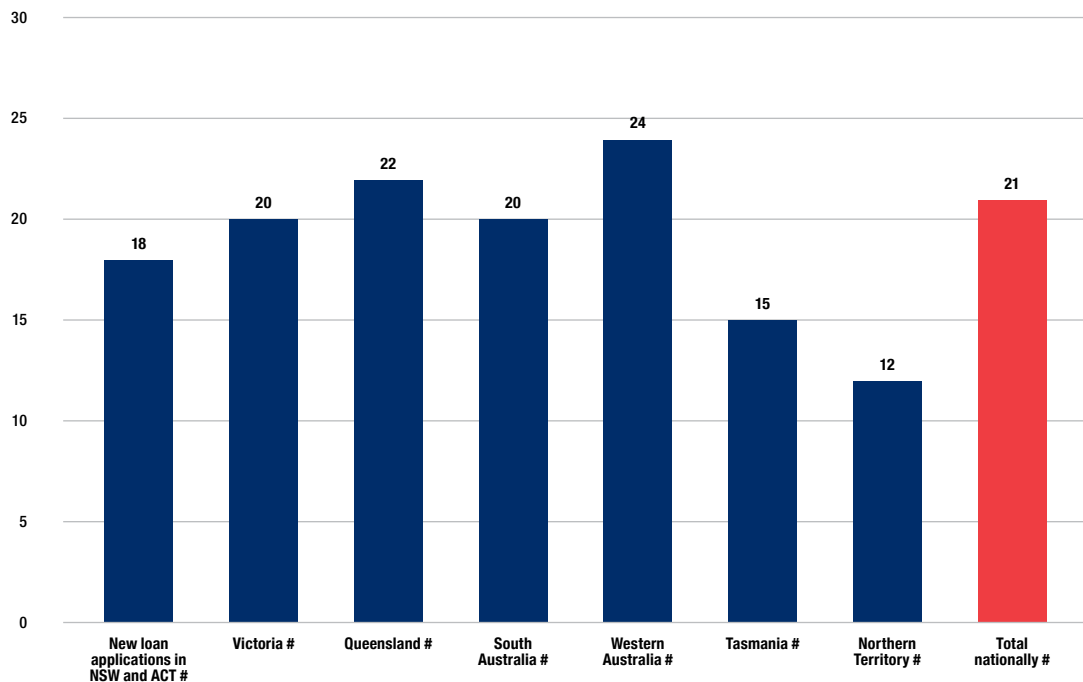
## Application activity for new home loans grew strongly, but with intense competition for closure

On a like for like basis, the number of new loan applications lodged by mortgage brokers with lenders grew a robust 9%. The solid growth in the numbers of applications for new loans may appear to contradict the flat-lining of numbers of settlements during the period. However, a boost to application activity may be explained by the intensity of lenders' promotions, the apparent reaching of the lowest interest rates for fixed rate loans, the stability of the cash rate following the RBA's sequence of reductions, and the increase in the number of brokers, all of which contributed to intense pre-sales pipeline activity, but not necessarily to increases in settlement volumes.

### The national average number of new loan applications lodged per broker during the period was 21

There is a strong indication of a marginal increase in the number of new loan applications lodged per broker on the prior period, but with some variability in each of the states and territories. Therein, there is further evidence of the intensity of competition amongst brokers in NSW, which recorded the lowest number of applications per broker at 18, whilst sales pipeline activity was more fruitful in VIC, QLD, WA and SA.

#### Average number of new loan applications lodged per broker in each state, and in total, during the six month period April 2016 – September 2016

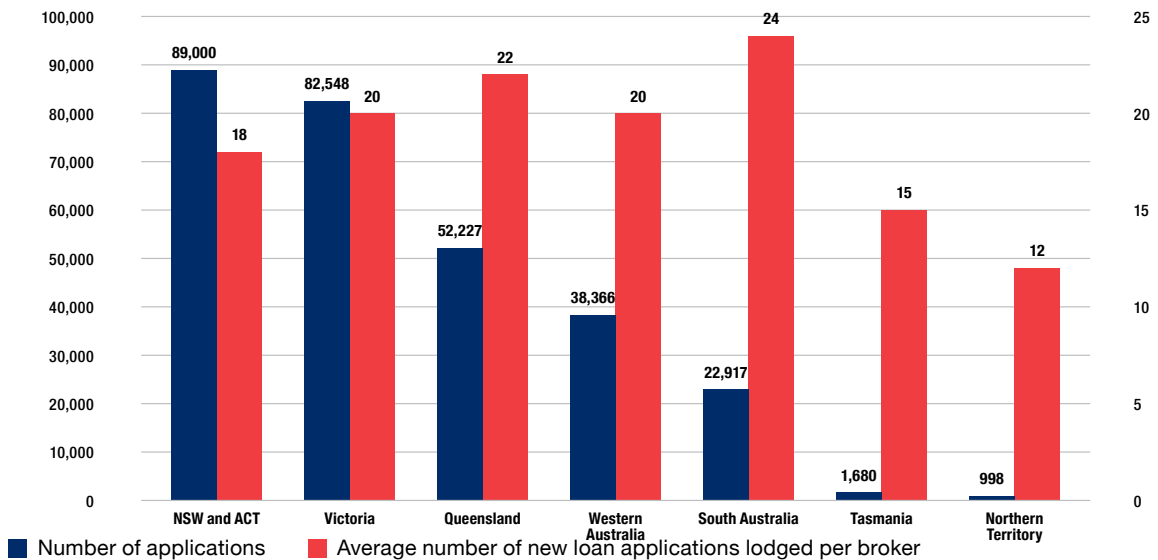


NSW, with by far the deepest pool of new lending opportunity appears intensely competitive for brokers, in a further sign of the tension between the number of brokers in NSW and the quantum of new sales volumes in this key state.

An intriguing inverse correlation is suggested wherein the largest pool of new loan applications, in NSW, generates the lowest number of applications per broker, but the highest average loan size in Australia. Meanwhile, in the far smaller pool of new loan applications generated in SA, the applications-per-broker is materially higher.



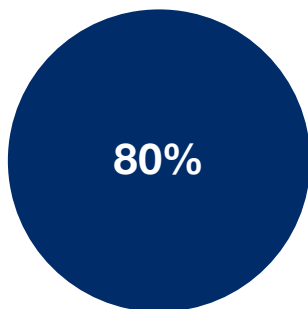
## Total number of new home loan applications in each state, and number of new applications per broker



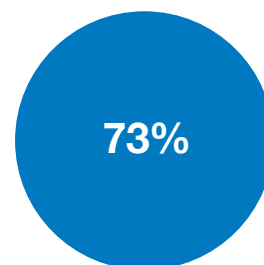
## Conversion rates from new loan application to settlement may have fallen

A robust sample size of new loan applications and new loan settlement volumes allow some tentative observations about conversion rates in the sales pipeline. When application numbers are related to the number of settlements during the period, a conversion rate from new loan application to settlement of 73% is implied. In the March half year's IIS, a conversion rate approaching 80% was implied by the same calculation for the same sub-group of leading aggregators. It is not inconsistent to conclude that combined effects of more promotions by lenders, a low point in the interest rate cycle, more conservative lending policies, and intense competition amongst brokers themselves may have contributed to an up-tick in the volume of applications, but commensurately a softening in the conversion rate.

**Six months ended  
March 2016**



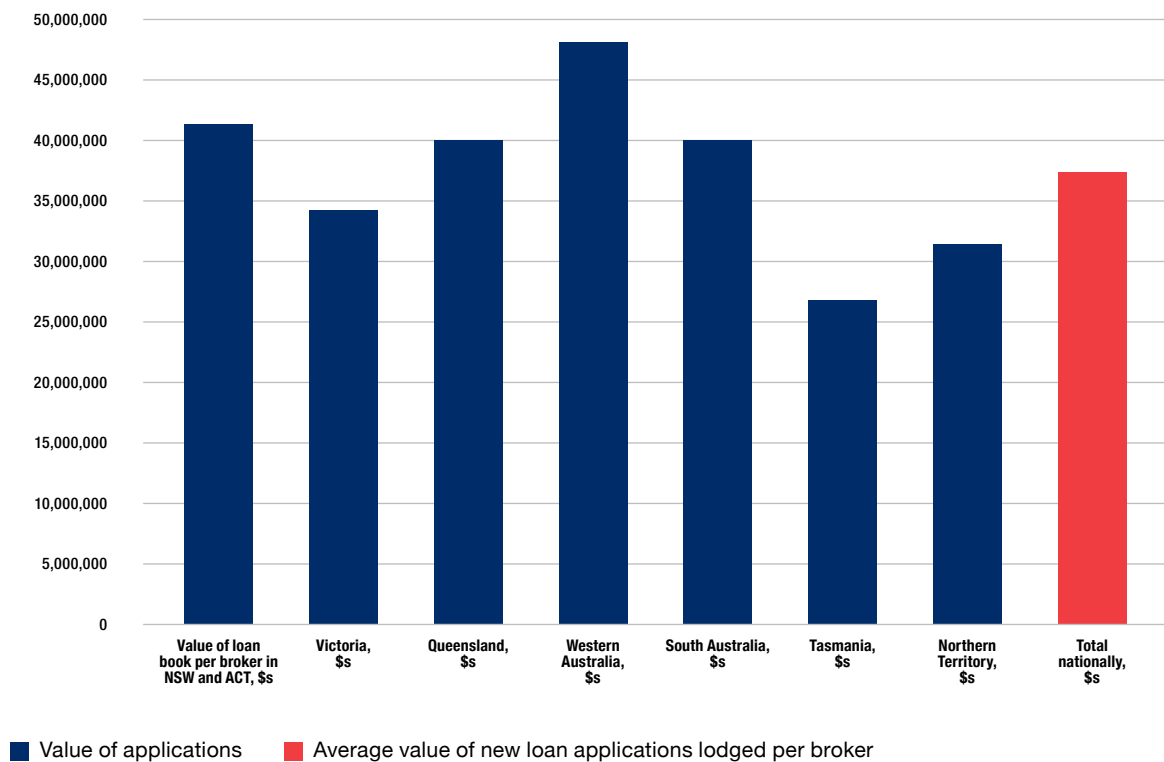
**Six months ended  
September 2016**



## The national average value of home loan portfolio per broker is around \$38 million dollars

The national average value of the loan portfolio per broker is around \$38 million dollars, but as would be expected based on the markedly different profiles of new loan settlements, the average masks higher and lower performances. WA stands out as the state with the highest average portfolio balance per broker.

### Average value of the residential home loan book per broker in each state, and in total, at the end of the period

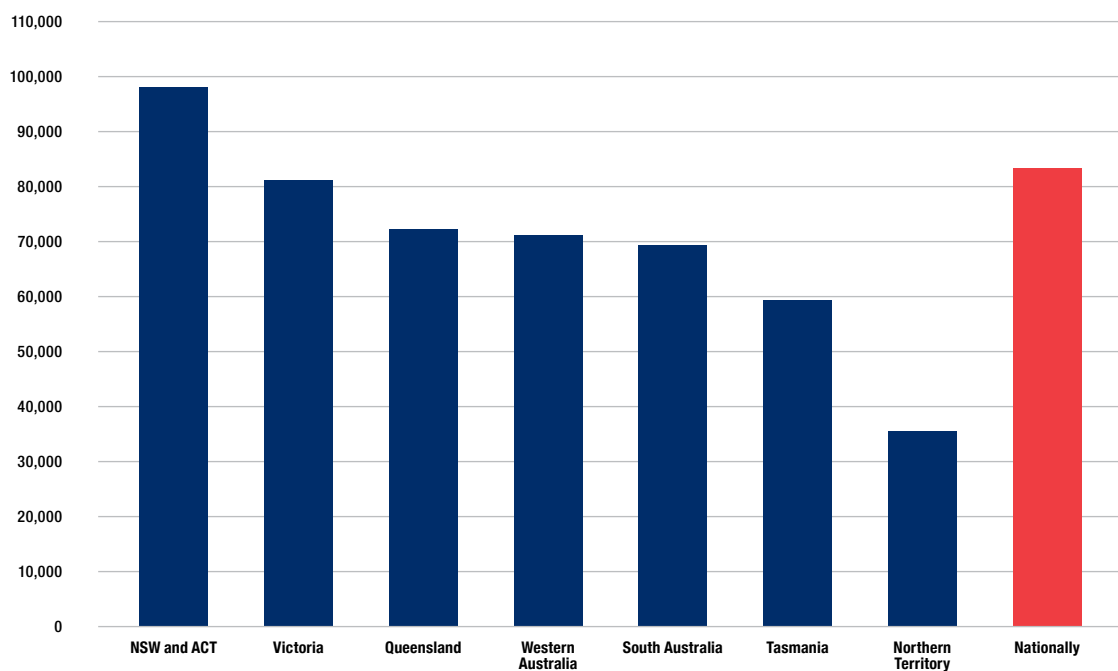


## The average gross up-front remuneration generated per broker, prior to costs, per annum is \$83,000, and trail of \$59,500

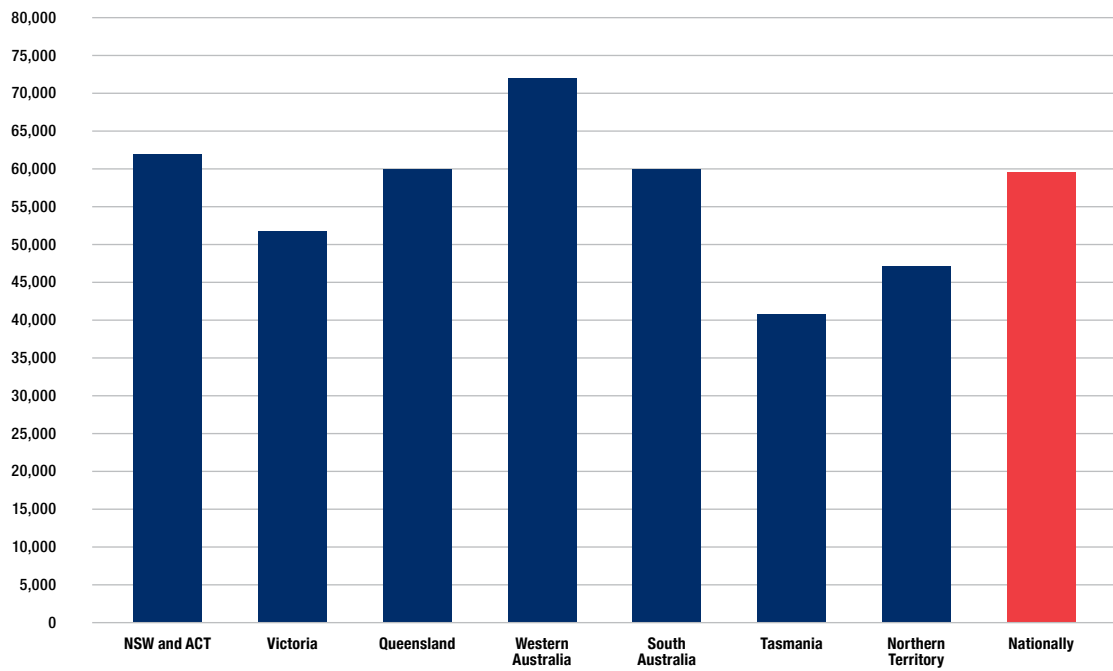
Brokers' average gross up-front remuneration and gross trail remuneration from residential lending, both prior to all costs, and prior to meeting any commercial obligations with aggregators have been estimated. Put another way, "gross remuneration generated" in this analysis means the total amount that lenders paid for the origination services provided by brokers. Out of this gross remuneration figure, brokers have to pay their own salaries, all their fixed costs of doing business, premises, service provision fees paid to aggregators, marketing and communications expenses, telecommunications, client entertaining, data services and market data subscriptions, insurance policies, travel costs and support staff's salaries and wages.

Not surprisingly, there is no material change in the estimation of the quantum of remuneration generated from the analysis conducted from this edition of the IIS when compared to the prior one.

### Average gross up front remuneration generated per broker, prior to costs per annum

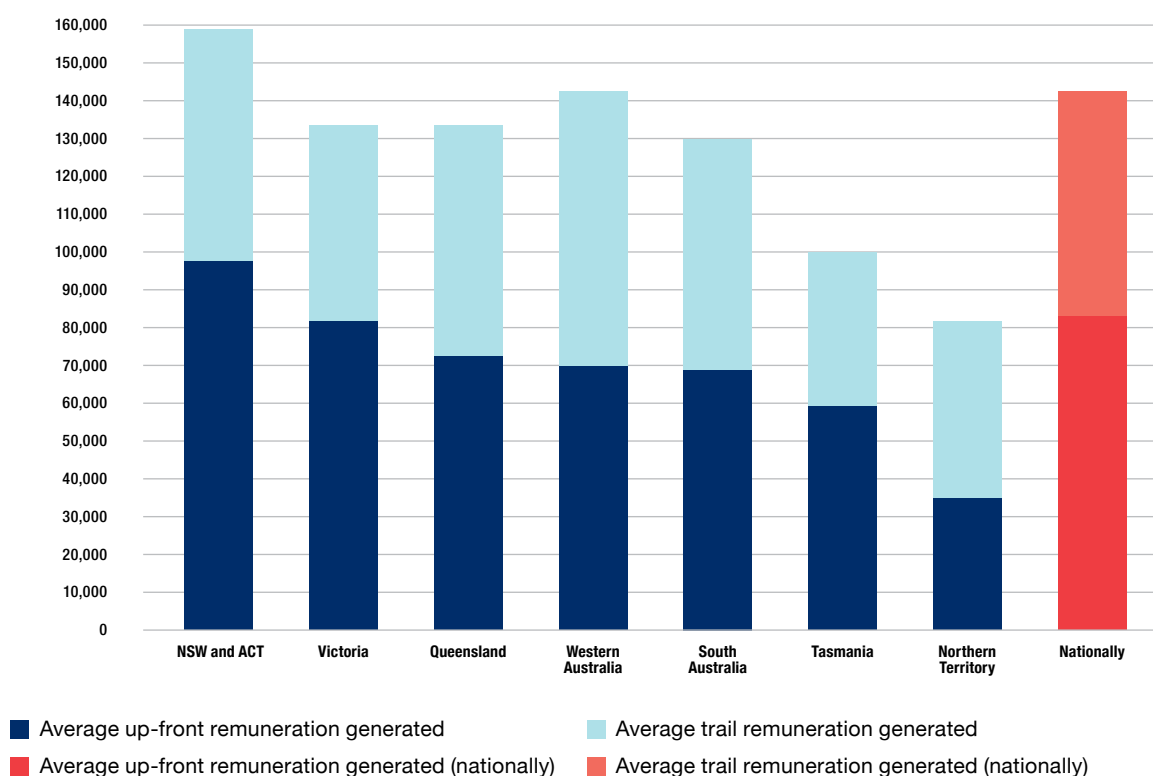


## Average gross trail remuneration generated per broker, prior to costs per annum



On average, the sum of brokers' up-front and trail remuneration generated are calculated to be \$142,000 p.a.

## Average gross remuneration generated per mortgage broker, prior to costs per annum



## Calculations of brokers' average gross annual earnings

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 \$
New South Wales and ACT	97,532	61,708	159,240
Victoria,	81,322	51,589	132,911
Queensland	72,618	59,923	132,541
West Australia	70,877	72,221	143,098
South Australia	69,521	59,814	129,335
Tasmania	59,325	40,799	100,125
Northern Territory	35,357	47,124	82,481
<b>Nationally</b>	<b>82,894</b>	<b>59,546</b>	<b>142,440</b>



## Observations for each state

### NSW and ACT

One of the most thought provoking findings from this edition of the IIS covering the six months to the end of September 2016 is about NSW and ACT. It is here that the IIS found evidence of quite high growth in the population of brokers coinciding with a mild contraction in the value of new home loan settlements by brokers. No other state returned this divergent direction for two such critical indicators: the population of brokers grew by 5.5% on the previous 6 months but the value of settlements shrank by 4%. Put another way, more brokers are competing in a market that may be plateauing or even shrinking. Nevertheless, NSW and ACT remain the biggest single market for brokers by far, representing 40% of all home loans originated by brokers, capturing \$37.5 billion of settlements in six months. The NSW and ACT market is home to 34% of the national population of brokers, or about 5,000 people, based on the IIS's returns from the leading aggregators. The size of the lending pool and the robust property market conditions at the time of the IIS survey likely explains its appeal for aspiring brokers. Based on the total counts of brokers recruited in NSW and ACT by leading aggregators, and brokers who left, the IIS concludes that about 260 net newcomers entered the NSW and ACT mortgage broking market. In a further indicator of competitive pressure, the average number of applications per broker during the six months was well below the national average of around 18 new loan applications per broker. It was also the lowest of the larger states, with only NT's and TAS' results weaker on this indicator of business momentum.

### VIC

Victorian brokers achieved a modest growth rate in new settlements of 1.7% for the six months to the end of September 2016, taking total broker-originated settlements towards \$26 billion. This continues a solid quarterly trajectory for new home loans originated by brokers. In parallel, VIC recorded the highest growth in its broker population amongst the largest states with 7.5% on the previous 6 months. This took the VIC population to about 4,150 brokers, or 28.5% of all the brokers currently deployed. Both growth indicators are clearly positive, albeit the population of brokers grew more strongly than the pool of new settlements, pointing to a need for caution and for judicious recruitment decisions by aggregators this year. However, with broker resource in VIC at 28.5% of the national pool of brokers, coupled with 28% of the pool of new settlements, the resource-new business balancing act appears close to equilibrium. Looking beneath the strong growth rate in numbers of brokers, VIC recorded a robust number of newcomers to mortgage broking, with around 290 net new brokers based on the numbers recruited and the numbers who left the leading aggregators during the six months. VIC achieved around 20 new loan applications per broker during the six months, which was in-line with the national average.

### QLD

QLD nearly topped the growth rate rankings for new settlements by brokers, delivering a very solid 8.3% on the previous six months, outdone only by SA's very strong result. After a period in which the entire home loan market in QLD has been flat, with evidence in the quarterly figures of a peak in lending a year ago, brokers have staged a comeback. Arguably, brokers have driven the comeback, with anecdotal evidence that the QLD-domiciled lenders have increased their reliance on brokers. QLD brokers settled \$13.3 billion of new home loans, or 14.3% of the national pool of settlements. Around 2,380 brokers were domiciled in the QLD market, or around 16% of the national population. Coupled with a robust growth in new lending settled by brokers, the number of brokers deployed increased by 6% in the six months, including around 140 net newcomers to mortgage broking in QLD. Another pointer to a resurgence in sentiment and confidence was the second highest number of new loan applications per broker, estimated to be 22, mildly above the national average.

## Observations for each state (cont.)

### WA

WA brokers delivered solid growth of 5.5% in new settlements on the previous six months in what is widely recognised as one of the toughest home loan markets currently. To provide some context, the high point of quarterly new settlements in WA was back in the June 2015 quarter, and whilst recent quarterly patterns suggest a stabilisation, the growth trajectory is not much more solid than that. In tandem, the population of brokers in WA grew by 3.5% on the previous 6 months, which may seem modest comparatively, but when viewed in the context of the WA property and home loan markets, it is a positive indicator. The WA market for brokers is the fourth largest, accounting for \$10.4 billion of settlements in the six months to the end of September 2016, and equating to 11.2% of the national pool. The state's resource base of around 1,900 brokers equates to about 13% of the national population, implying a degree of over-resourcing in the delicate balancing act between resources deployed and opportunities available. Therein, the state inducted around 65 net new brokers during the six months. New loan applications per broker during the period returned a solid 20 applications per head, in-line with the national average. The state's supremacy and strong legacy in mortgage broking returned the highest value of loans at the book level of \$48 million per broker, comfortably the highest in the country.

### SA

SA took the honours for highest growth in new lending of the mainland states, with 9.8% compared to the previous six months. The value of new loans settled was \$5.1 billion, which was delivered by a population of around 950 brokers. With around 6.6% of the broker population and 5.5% of the new business written, the state looks close to equilibrium. The quarterly trajectory for new loan settlements in SA appears strong, with the highest quarterly value of settlements ever delivered in the September 2016 quarter. Around 45 net new brokers joined the SA broker population, contributing to a solid growth of 5.1% for the six months. The state returned the highest number observed of new loan applications per broker in the six months, of 24 applications per broker, contributing, in sum, to a promisingly solid set of results for the state.

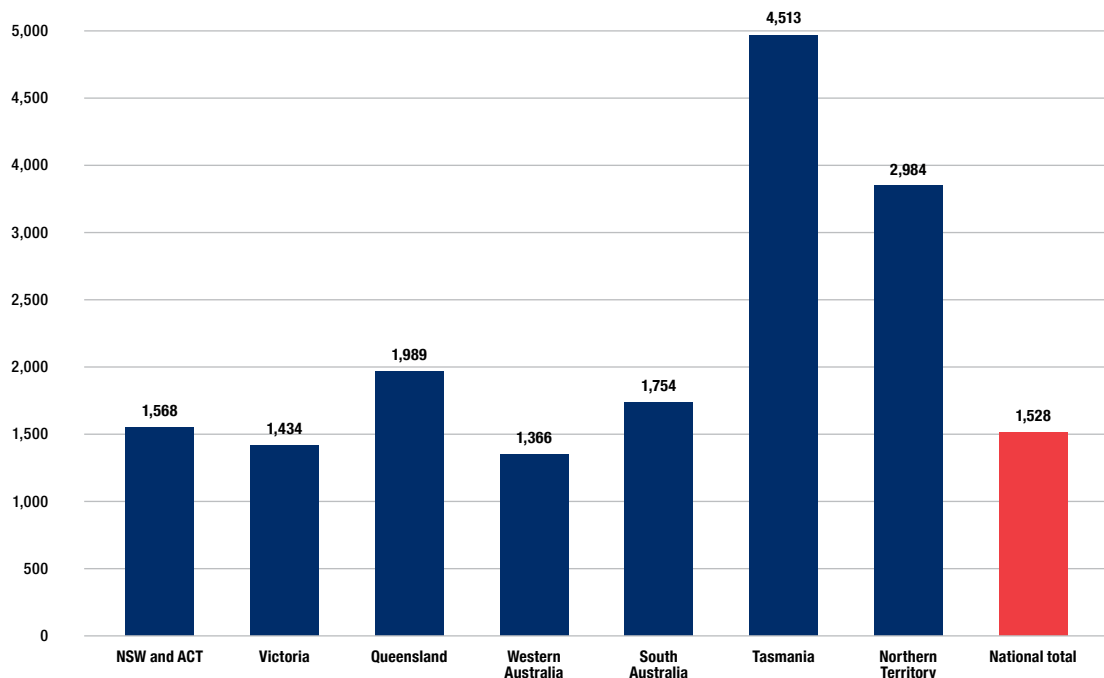
### TAS

The IIS finds the smallest state in robust health. TAS returned the highest growth in the value of settlements, settling just over \$500 million in the six months, accompanying the highest growth in the number of brokers deployed, to reach about 110 brokers. Inevitably results are determined by the state's small size –it represents just 0.5% of the broker-originated home loan market and is served by a small population of brokers, the second smallest in the country. Hence results are likely to be vulnerable to greater fluctuations than larger, more stable markets. Nevertheless, key results are impressive: 18% growth in the value of settlements, and 25% growth in the number of brokers. Within the state's broker population, a net 22 newcomers were recorded. On a more sobering note, the number of new loan applications lodged per broker was the second lowest observed at 15, well below the national average of 21 applications per broker. Inevitably echoing property values, the average value of settlements per broker was the second lowest result for the six month period at \$4.6 million.

## Are some states over-brokered or under-brokered?

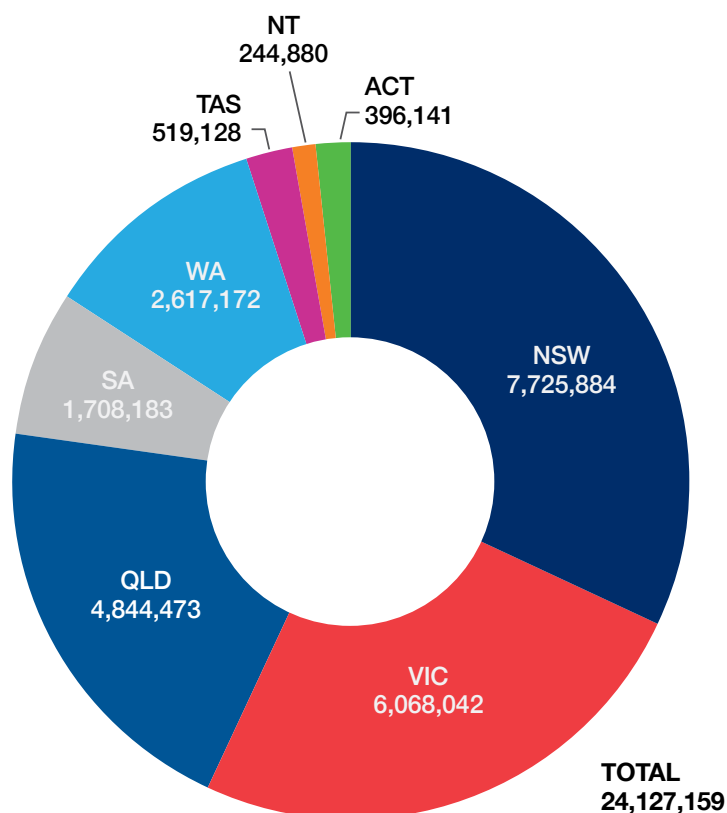
The IIS's data about the numbers of brokers that aggregators have in each state and territory can be combined with population data from the ABS, revealing some interesting insights into potential market opportunity. Of course, this requires making a simplifying assumption that over the long run most state's populations have reasonably similar demographic compositions, reasonably similar loan offers and levels of consumer activity in their home loan markets. If so, this implies that the national average number of people per mortgage broker is around 1,500 people per broker. Further, the smallest states and territories, and Tasmania particularly, appear very significantly "under-brokered": Tasmanian brokers have a startling 4,500 people per mortgage broker, or three times the national average. At the opposite end of this proxy for market opportunity and competition, WA appears relatively "over-brokered" because it has the fewest people per broker at around 1,360 people per broker.

### Number of people per mortgage broker based on ABS's Estimated Resident Population, June 2016



Refer to Australian population chart on the next page.

**Australian Bureau of Statistics; 3101.0 Australian Demographic Statistics**  
Estimated Resident Population Numbers, States and Territories, June 2016



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

The MFAA's Industry Intelligence Service 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 MFAA's IIS leverages comparator's proprietary techniques to provide reliable, accurate, timely market intelligence for the mortgage broking sector. The IIS profiles quantitative variables including: broker resourcing, deployment, recruitment and retention, new business acquisition, and loan portfolios. The IIS returns 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, are never provided to the MFAA, nor to other brokers. The MFAA receives a selection of high level industry aggregate results only for the purposes of lobbying, representation and industry commentary, encapsulated in this report. The MFAA's IIS is produced twice a year, for the six months ending March 31st, and the six months ending September 30th. The MFAA IIS is only available to participating brokers for their confidential, internal and exclusive use.



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