MFAA

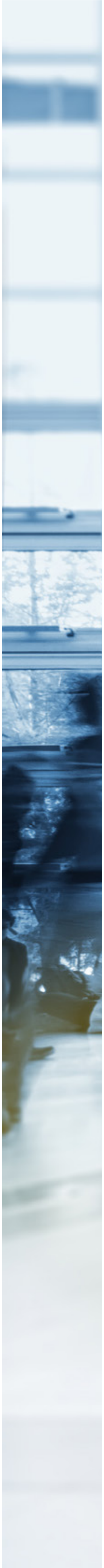
MORTGAGE & FINANCE ASSOCIATION OF AUSTRALIA

MFAA INDUSTRY INTELLIGENCE SERVICE

6TH EDITION

Exclusive mortgage broker benchmarking report

For the six month period
1 October 2017 – 31 March 2018



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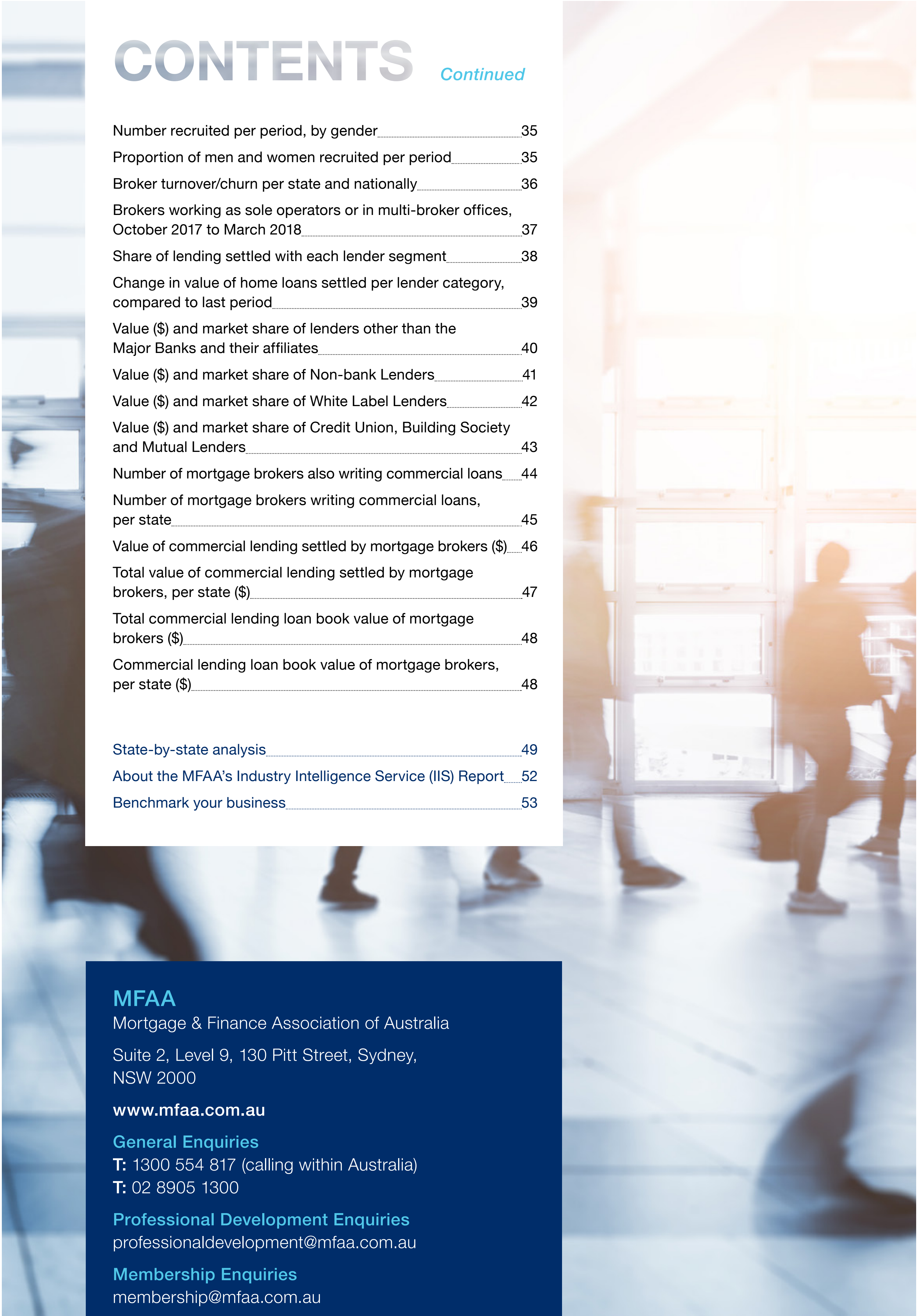

MFAA

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CEO’s Report

Dear Members,

On behalf of the MFAA, it is with pleasure that we provide you with the sixth edition of our bi-annual Industry Intelligence Service (IIS) Report.

This IIS Report covers the October 2017 to March 2018 period.

This report is another milestone for our Association, as we are proud to deliver a robust set of data-driven insights into what is occurring in the broker-originated mortgage market, in terms of such measures as residential lending, both from loan book size and settled values, broker recruitment levels and population size, remuneration, both up-front and trail, and consumer choice of lender segment.

Data collected in reports like the IIS Report is vital for our industry, especially in the current climate. Data helps our industry educate external audiences and better represent the value that brokers deliver to the consumer and the economy.

From an overall perspective, data in this edition suggests that our industry is beginning a period of consolidation, with the changes in key per-broker and industry performance indicators slowing, or in some instances contracting. For instance, broker population growth this period was steady compared to last, following periods of growth; remuneration remains steady for the third reporting period in a row; and the rate of growth of the quarterly value of home loans settled by brokers appears to be slowing.

As we see a potential shift in the market such as growth in diversification into commercial lending, the decline in conversion rates, changes to the lender landscape and state-based market movements, I am confident that brokers have the business skills and tenacity to adjust and evolve their businesses and practices, and that the industry will continue to work together to successfully navigate through this period.

The data also strongly points to the broker channel continuing to drive competition, with the share of business originated by brokers and settled with lenders other than the Major Banks and their affiliates increasing from 27.9% in the last report to 30.2% in the January-to-March 2018 quarter. Note, for this edition only, with the data becoming available, and due to the current climate of Royal Commission hearings, we have published in advance the April-to-June 2018 lender market share data. This data shows that the market share of the broker channel for lenders other than the Major Banks and their affiliates, has again increased and now stands at 32.7%, which is significantly up on the 21.4% just four and half years ago when this type of data was first reported.

Due to its success, the Benchmark Your Business section, normally at the end of the IIS Report, is now a stand-alone report, published along with this report. This should allow you to more easily access the information.

CEO’s Report *(cont.)*

I would also recommend that you share this report with your referral network and business suppliers as a marketing activity to promote your business. It’s a great way to re-engage your partners and start a discussion.

Having reviewed this report, if you feel like you need any assistance, or have any questions, the MFAA’s Business Development Mangers (BDM) (www.mfaa.com.au/contact-us) have the resources, tools and knowledge to assist you. I encourage you to utilise our BDMs as you plan
for the next stages of your business.

I would like to thank our aggregator partners for their continued support by providing the data that helps construct this report; and the team at comparator for developing these meaningful insights.

If you have any thoughts on the latest IIS Report, we’re happy to hear from you.
Please join me on Facebook (www.facebook.com/mikefeltonMFAA) to share your ideas.

Regards,

Mike Felton
MFAA CEO

With thanks to the contributors

Information for this edition of the MFAA's leading market intelligence resource for brokers was provided by the following leading aggregators:

Executive summary

This latest Industry Intelligence Service (IIS) Report, the sixth edition, provides broker data – in terms of performance and demographics; and mortgage industry performance data – from the quarterly January-to-March 2018, and six-monthly October 2017 to March 2018 periods.

This IIS Report draws on data supplied by thirteen aggregators, rather than fourteen aggregators as per previous reports. With one less aggregator participating this period, it has impacted some results, such as the reported size of the broker population, and this has been noted accordingly.

The broker channel continues to be the channel of choice for residential lending, with the market share at 55.3% for the January-to-March 2018 quarter – representing another record-breaking quarter, the strongest January-to-March quarter recorded. Rising market share data reinforces the notion that brokers continue to be an increasingly attractive proposition for Australia's consumers.

Brokers settled $97.63 billion in loans over the last six months to the end of March 2018, a mild decline of 2.3% compared to the previous period, however an increase of 3.2% ($94.61billion) compared to the equivalent period the previous year.

In the twelve months to the end of March 2018, brokers settled $199.57 billion of home loans, the highest amount ever, and just short of breaking $200 billion. The aggregate value of brokers' home loan portfolios returned very mild growth of 1%, affected by the slight contraction in new business settled, to exceed $640 billion.

The average value of loans settled per broker continues to decline, reflective of the broker population size coupled with lending contracting. The net decline over the last five six-month periods has been 15.8%, from $6.9 million to $5.8 million per broker; however, the rate of decline has been slowing over the last three periods.

The national average number of loans per broker in this period has remained stable since the last survey at 18 new loan applications. The conversion rate of loan applications to settlements has decreased since the last survey, from 75.6% to 72.1%. It is evident that the increase to 75.6% in last survey was a brief reprieve, with the latest figure now being the lowest for the last five years, and evidently part of a declining trend. This could indicate that brokers may still be adjusting to lender assessment criteria, or as other data suggests, they are submitting business to a wider range of lenders.

There has been stability in the broker population at the national level since the previous six-month period, however the growth rate of the value of loan settlements has mildly contracted, down by 2.3%. While once again, New South Wales and ACT, and Victoria, cement their dominant positions as having the largest populations of brokers, as well as residential loans settled; the contraction in loan value settlements is largely driven by a decline experienced by New South Wales and ACT, down 8.3%. In contrast, Victoria and the Northern Territory increased by 5.6% and 11.6% respectively, although Northern Territory grew from a small base.

The number of brokers compared to the share of residential home loans settled per state is not evenly spread, with the most challenging market being Western Australia where the state is home to 11.7% of the broker population, but only 8.4% of the value of national lending.

Australia's broker population has been largely steady, since the last reporting period, exceeding 17,000 for the first time if the 14 aggregators data from the last period is applied. There is now one mortgage broker per 1,475 people in Australia. Inactive brokers, those who had not settled a loan for the period, represent 15% of the total broker population, down from 16% in the last survey. This segment continues to dilute the productivity for the whole sector.

There has been minimal change in broker remuneration averages since the last period with the estimated national average of brokers' gross annual earnings now at $132,793. Over the last 18 months, total average remuneration has remained stable.

Executive summary *(cont.)*

The number of female brokers has declined slightly since the last survey. There continues to be a downward trend in the proportion of females in the broking industry since April-to-September 2016, from 28.3% to 27.1 % in the current period. There are now 92 fewer females in the industry compared to last period, down 2.4%. This is the first time that the female population has declined in absolute numbers since recording began. Broker turnover has dropped from 9.9% last survey to 9.6% in this survey, highlighting that aggregators are focused on broker retention. The average value of brokers' loan book has increased by 6% to $38.1million since the last period, suggesting greater emphasis on customer retention strategies. The broker landscape is dominated by offices made up of sole or dual operators.

The lender landscape continues to show signs of change through the ongoing shift in the types of lenders that brokers are offering as options to their customers. Share of broker business going to lenders other than the Major Banks and their affiliates continues to grow, now at 30.2% for the January-to-March 2018 quarter versus 27.9% for the quarter ended 30 September 2017. Note, for this edition only, with the data becoming available, and due to the current climate of Royal Commission policy hearings, we have published in advance the April-to-June 2018 lender market share data. This data shows that the market share of the broker channel for lenders other than the Major Banks and their affiliates, has again increased and now stands at 32.7%, up from 21.4% just four and a half years ago when this type of data was first reported. This is the highest share since recording began. In contrast to this, the market share directed specifically towards the major banks was at the end of June 2018 at its lowest recorded, sitting at 45.7%, down from 58.5% in 2013. Changes to the lender landscape continue to reflect the value proposition provided by brokers in meeting their customers' needs as brokers can source finance from a broader range of lender categories to best suit their customers loan requirements.

In the last two years, the number of residential mortgage brokers who also sell commercial finance products has more than doubled - increasing by 124% from 1,641 in October-to-March 2016 to 3,668 in October-to-March 2018. This population has grown by 25% in the last six-month reporting period. After some volatility, the value of commercial loan settlements has recently increased to just under $9 billion during the six months to the end of March 2018. This suggests that residential mortgage brokers appreciate the importance of diversification as a means of growing their business, or insulating their businesses from industry change or market corrections.

Industry Snapshot

Industry Intelligence Service (IIS) Report – 6th Edition, October 2017 to March 2018

Population of mortgage brokers

16,787
down from
16,940
Apr-Sept17

Note: One aggregator is not included in the Oct 2017-to-Mar 2018 result, compared to the previous periods.

Ratio of mortgage brokers

1 to **1,475**

Brokers per head of the Australian population

Total value of loans settled

Total Loans **$97.6B**

+3.2%
Compared to the same period last year

Average gross annual earnings

Oct 2017 – Mar 2018	$132,793
Apr 2017 – Sept 2017	$132,800

The national average of brokers' gross annual earnings remained stable from the IIS Report (fifth edition).

Average value of home loans settled per broker

$5.9 Million Apr-Sept17

$5.8 Million Oct-Mar18

Average number of home loan applications lodged per broker

Including inactive brokers

18 Apr-Sept17

18 Oct17-Mar18

Share of lenders other than the Majors and their affiliates

28.9% Jul-Sept17

30.2% Jan-Mar18

Total number of home loans lodged

300,828 in October 2017-to-March 2018.
Down from 303,058 in April-to-September 2017

303,058 Apr-Sept17

-0.7%

300,828 Oct17-Mar18

Proportion of mortgage brokers also writing commercial loans

+26%

17.3% Apr-Sept17

21.8% Oct17-Mar18

Average value of the home loan portfolio per broker

$35.9 Million Apr-Sept17

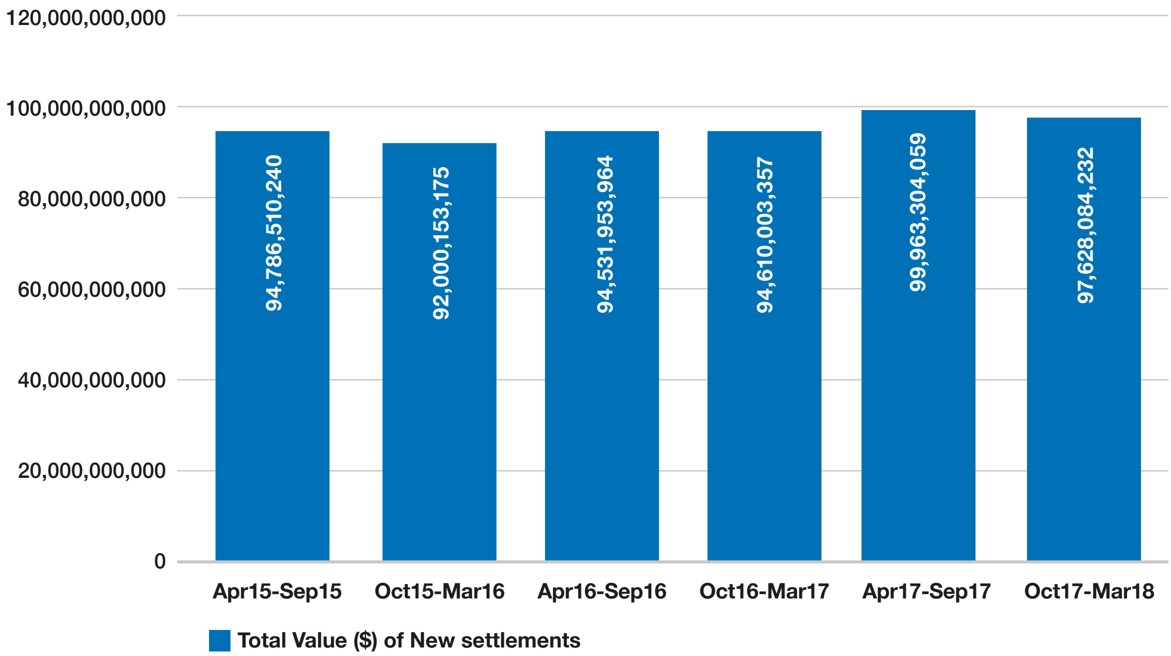
+6.3% from Sept 17

$38.1 Million Oct17-Mar18

The MFAA's Industry Intelligence Service (IIS) Report is compiled by comparator, a CoreLogic business.

The last twelve month period has been the strongest ever for home loan settlements in the mortgage broking sector.

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

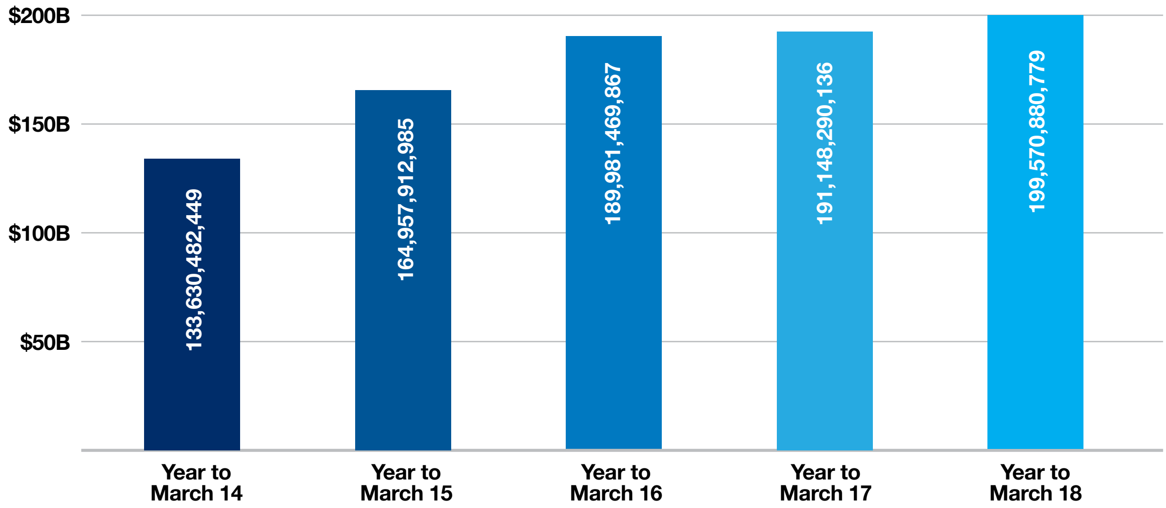


Note: There is one less aggregator measured in the October 2017 to March 2018 period compared to previous periods.

Brokers settled $97.63 billion in loans over the last six months to the end of March 2018, down by 2.3% on last reporting period, however this represents an increase of 3.2% over the equivalent period ($94.61 billion) ending March 2017, and the strongest October-to-March half recorded.

If the same number of aggregators were sampled this period compared to last, 14 as opposed to 13, it is estimated that the value of home loans settled by brokers for this period would have been higher.

Value of home loans settled by brokers, per year ($)



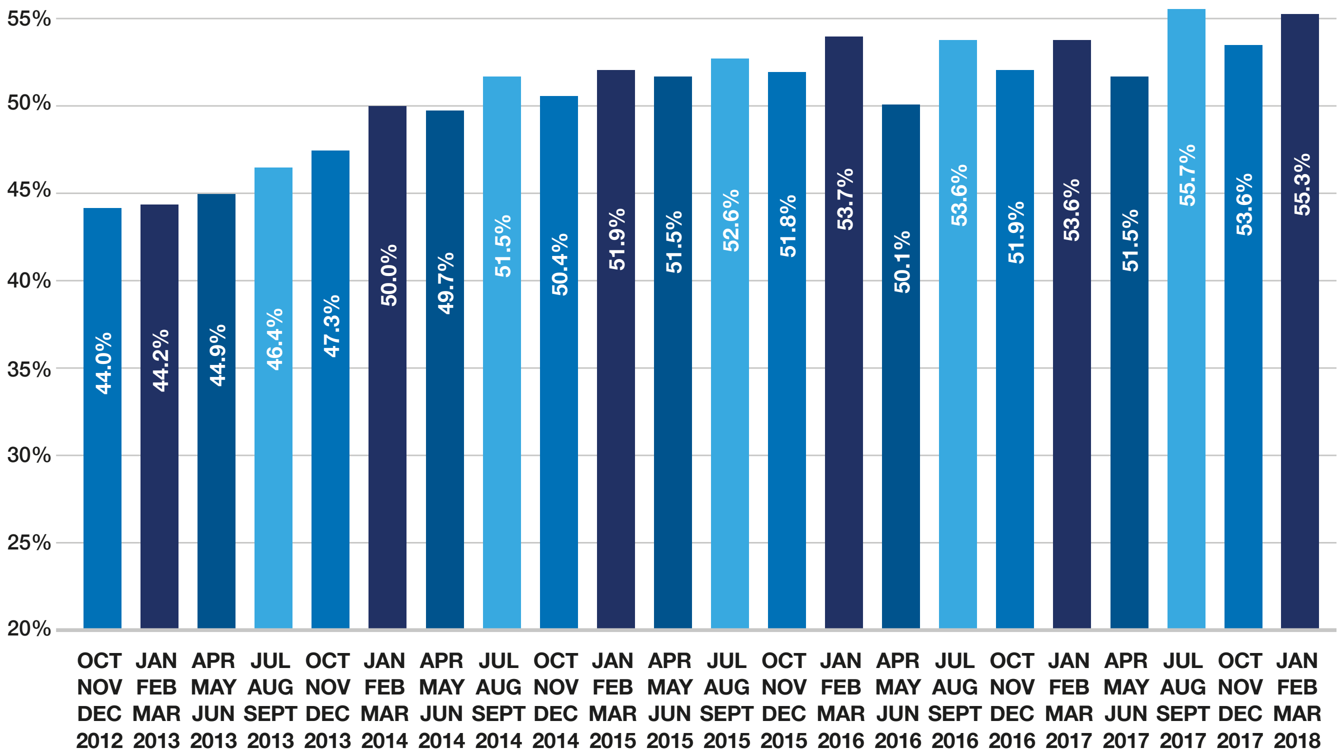
In the twelve months to the end of March 2018, brokers settled $199.57 billion of home loans, the highest amount on record, and just short of breaking $200 billion. This is a 4.4% increase over the results for the prior year-to-end of March 2017, notwithstanding data from one aggregator not being included in this reporting period compared to previous reporting periods.

If the same number of aggregators were sampled this period compared to last, 14 as opposed to 13, it is estimated that the value of home loans settled by brokers for this period would have exceeded the $200 billion.

MFAA's Quarterly Survey of brokers and aggregators

The brokers' market share of all new residential home loan settlements reached the second highest percentage ever recorded – 55.3% of all home loans.

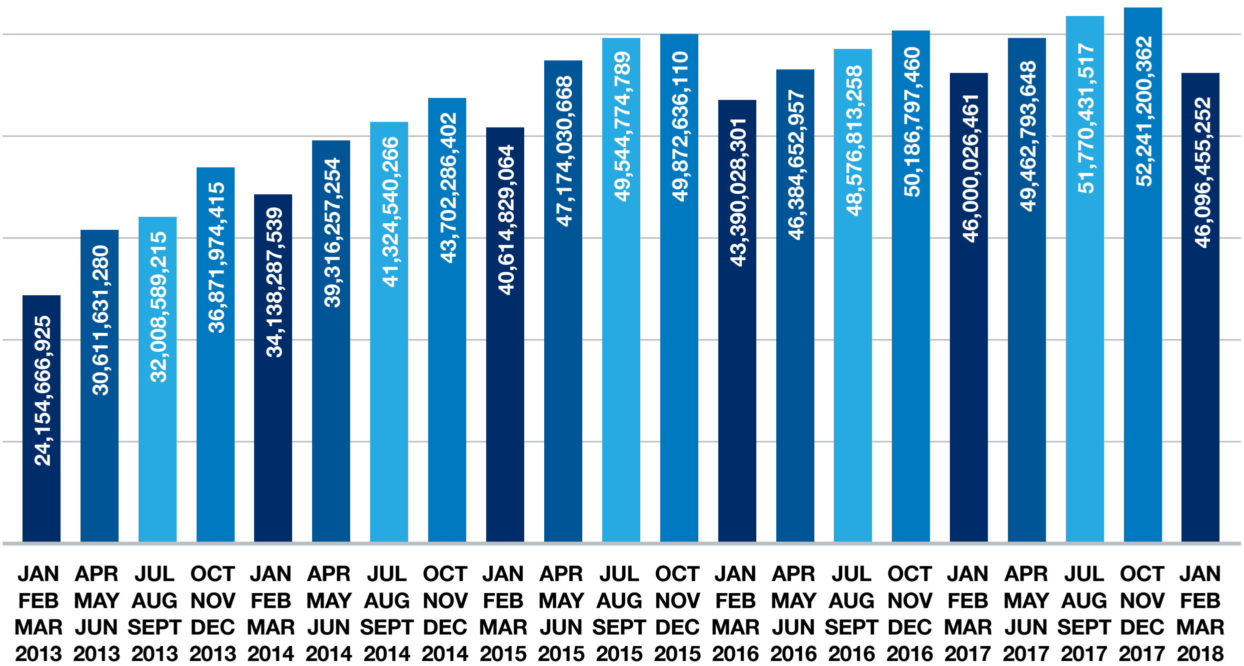
Quarterly Survey of Brokers: Market share of home loans settled by brokers



Note: The Quarterly Survey draws on data from 15 aggregators, whilst the IIS draws on data from 13 aggregators.

Since October-to-December 2012, when the MFAA's Quarterly Survey of Brokers and Aggregators began measuring market share, the percentage of all home loans settled by mortgage brokers has increased by 25.7% from a market share of 44%, to 55.3%.

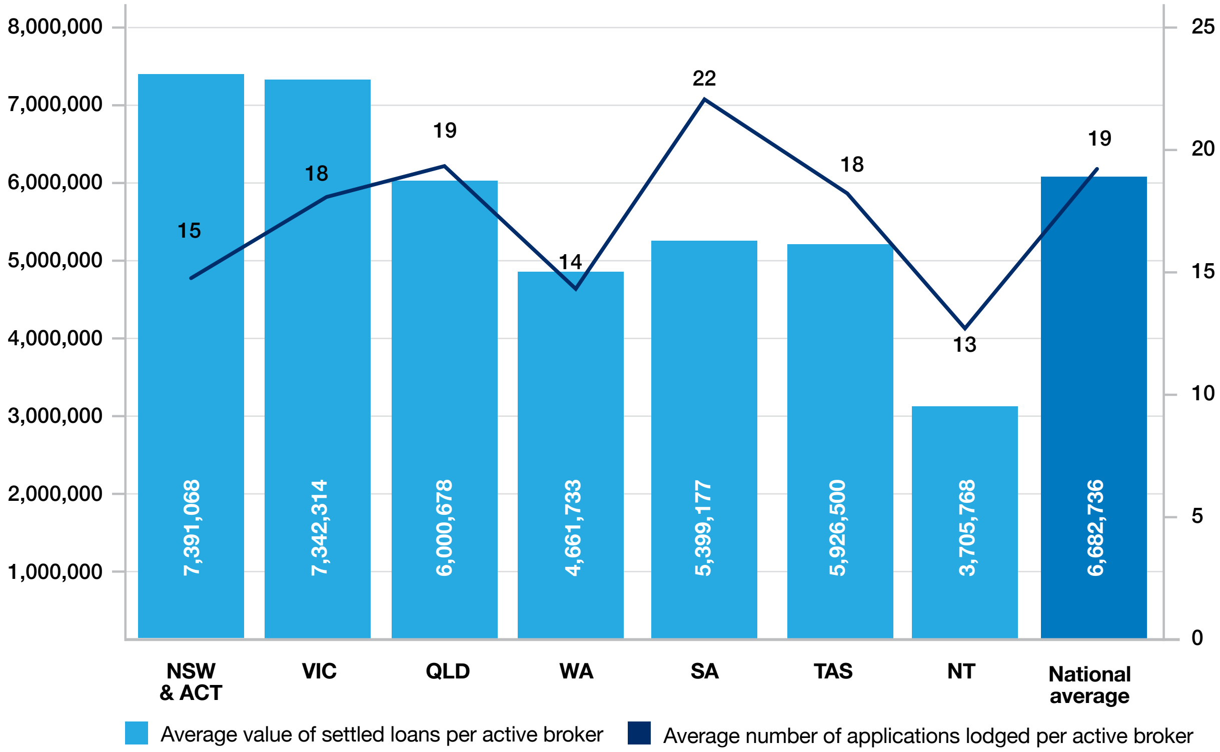
Quarterly Survey of Brokers: Value of home loans settled by mortgage brokers ($)



Note: The Quarterly Survey draws on data from 15 aggregators, whilst the IIS draws on data from 13 aggregators.

New business figures captured in the MFAA's Quarterly Survey of aggregators, show that whilst there was a decline in the March 2018 quarter figure compared to the December 2017 quarter figure, down 11.8%, this decline is seasonal. In fact, it was the strongest March quarter recorded with settlements of nearly $46.1 billion – up $96.4 million, or 0.21% compared to the previous March quarter.

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



Period-on-period, the national average number of applications lodged per active broker, and the average value of settled home loans has remained relatively stable, from 19 loans and $6.83 million in value last period to 19 loans and $6.68 million this period (average national settled value declined by 2.1%).

On a state-by-state basis, the average number of loans submitted also remained stable, with all states, except South Australia and Tasmania, recording the same average number of loans between periods.

Of the exceptions, South Australian brokers, on average, lodged one fewer application, 23 applications down to 22; and Tasmanian brokers lodged on average two more loans, from 16 loans to 18 this period.

Regarding the average value of loans settled per broker, there are some seemingly more significant differences between periods, on a state-by-state basis.

The average settled loan value for New South Wales and ACT declined by 7.1% or $563,744 since last period, from $7,954,842 to $7,391,068. Victoria's average settled loan value grew by 4.6%, or $323,805, from $7,018,509 to $7,342,314.

South Australia also recorded noticeable movement in the average settled loan value, down from $5,893,164 in April-to-September 2017 to $5,399,177 October 2017 to March 2018, a difference of $493,987 or 8.4%.

At a national level, the aggregate value of brokers' home loan books grew by 1%, with most states showing more than 2% growth.

Change in the value of broker loan books, October 2017 to March 2018

Nationally, loan books grew by an average of 1%, or $10 billion, to exceed $640 billion.

On a state-by-state level, all states except two recorded loan book growth.

New South Wales and ACT, and Victoria, were stronger performers, and from larger bases, both growing 3.1%.

Tasmania also performed strongly, albeit from a smaller base, with the state's loan book growing 8.3%.

Comparator Insights:

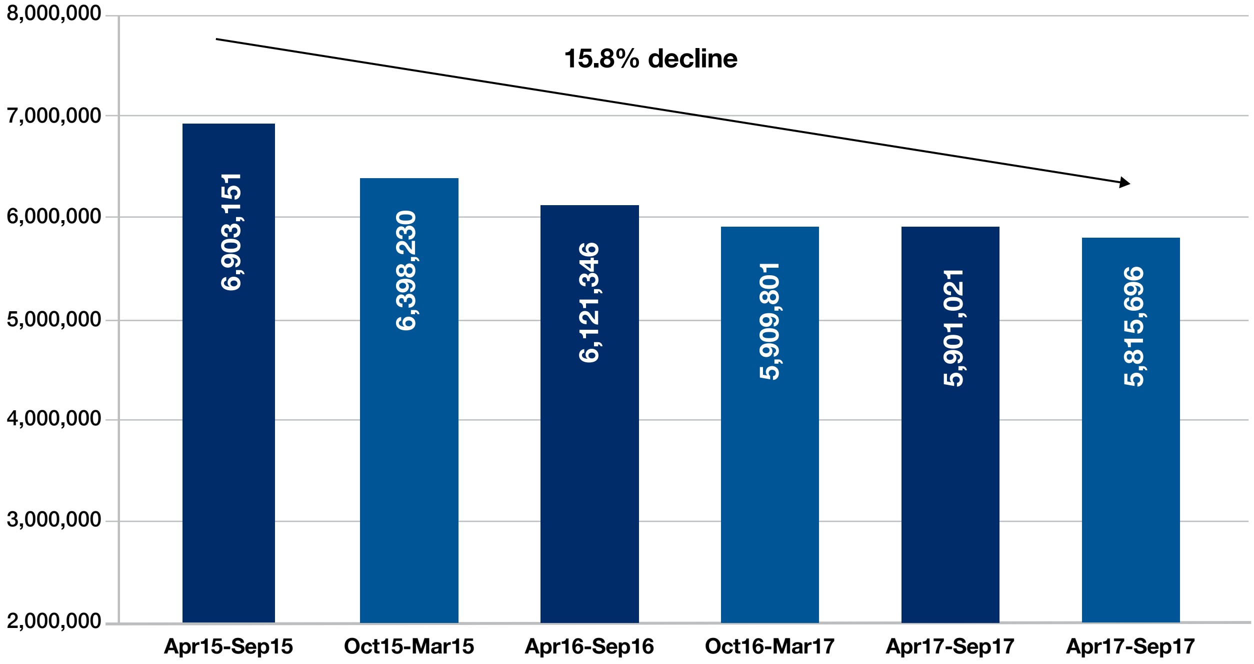
In Tasmania, Hobart has been the strongest performing market for value growth over the past year, with values rising at a rate well in excess of all other capital cities. The strength is clearly linked to relative affordability (although that advantage is now deteriorating) and the increase in net interstate migration to Tasmania.

Regional areas of Tasmania have also seen some of the strongest growth in values over recent years.

In contrast, weaker new business resulted in a total loan book reduction of 7.2% for Western Australia, and 2.6% for South Australia.

The average value of loans settled per broker continues to decline. Although the rate of decline over the last three years appears to be slowing relative to the three year period before that.

National average value of home loans settled per broker ($)



Note: There is one less aggregator measured in the October 2017 to March 2018 period compared to previous periods. It is estimated that this impact is only marginal though, and not material.

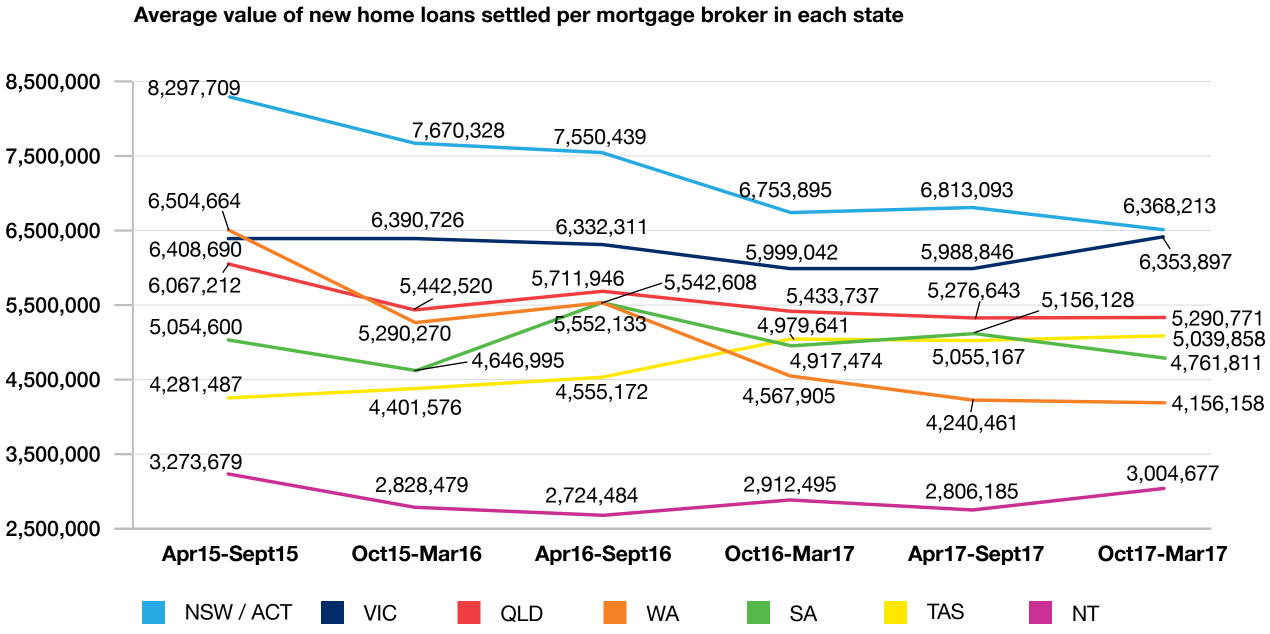
The average value of loans settled per broker continues to decline.

The net decline over the last five six-month periods has been 15.8%, from $6.9 million to $5.8 million per broker. But more recently, over the last three periods where a plateauing appears evident, the decline has only been 1.6%, down from $5.9 million.

For a state-by-state indicator, refer to the corresponding IIS Report, 6th edn. state *Benchmark your business* section.

The average value of loans settled per broker at the state level reveals some contrasting results.

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 variances in some aggregators' data extracts at the state level. They are not a material cause for concern.

New South Wales and ACT continue to show significant decline, falling by almost half-a-million in the last six months alone to $6.37 million. For the current period, the latest decline may be attributed to the decline in the value of lending in the state, considering that the broker population had contracted slightly since the last survey.

Comparator insights: Housing sales in Sydney have consistently declined since March 2015 to March 2018, from 59,567 down to 40,093.

Victoria recorded solid growth of 6.1% in the last period to reach $6.35 million per broker, returning the state's average value to levels last recorded two years ago. What is also significant is that the average values for New South Wales and ACT, and Victoria have almost converged for the first time. South Australia continues to be unpredictable. Since records began, there have been no two consecutive periods of either average home loan value growth or decline, instead the state continues to fluctuate.

Comparator insights: South Australia's growth is hard to explain. Values across the state are still rising, albeit at a slower pace than a year ago, and Adelaide is the only capital city in which sales are higher than they were a year ago, albeit the year-on-year change in sales is only marginally higher.

As anticipated, Western Australia continues to decline from the average-value highs of April-to-September 2015.

Comparator insights: In Western Australia, Perth dwelling values have continued to fall, and are down around 12% from their peak. Sales volumes are also at close to record low levels. It is a similar, if not worse, story outside of Perth.

The Northern Territory shows signs of recovery and resilience after periods of notable decline in 2016.

The total number of applications lodged has continued to decline over the last three half-year periods, since the end of April-to-September 2016.

Number of loan applications lodged per state and nationally

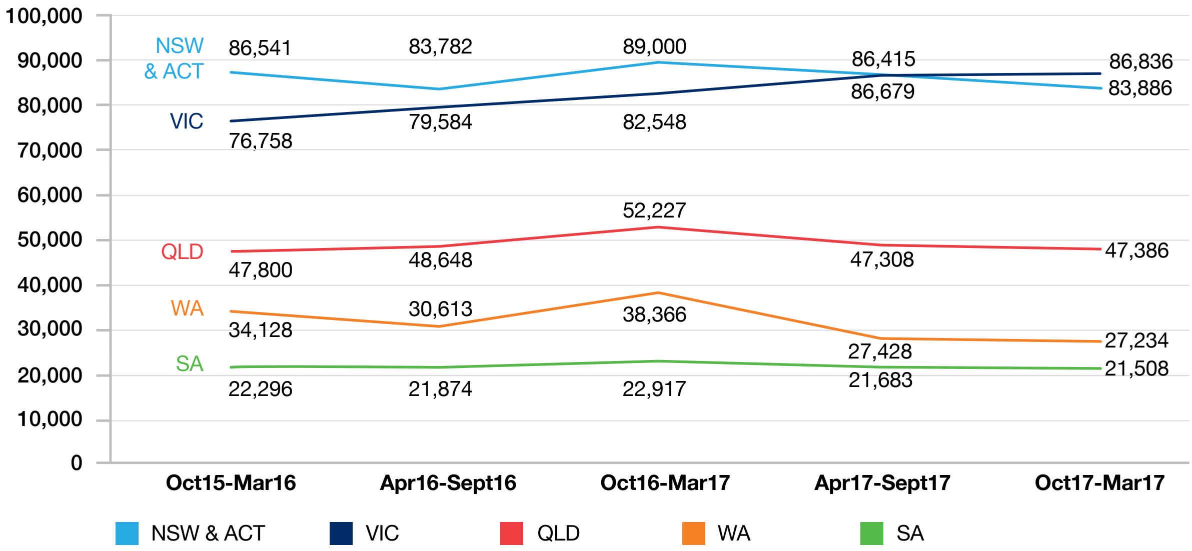
Number of new home loan applications	Oct15-Mar15	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar18
New South Wales and ACT	86,541	83,782	89,000	86,415	83,886
Victoria	76,758	79,584	82,548	86,679	86,836
Queensland	47,800	48,648	52,227	47,308	47,386
Western Australia	34,128	30,613	38,366	27,428	27,234
South Australia	22,296	21,874	22,917	21,683	21,508
Tasmania	1,640	1,769	1,680	1,935	2,225
Northern Territory	1,125	818	998	818	855
Total number of applications	**290,879**	**317,651**	**303,303**	**303,058**	**300,828**

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

An important indicator of brokers' levels of activity, and the state of the home loan market, is the volume of loan applications lodged.

The data table below shows continued decline over the last three six-month periods in the total number of loan applications, dating back to April-to-September 2016. This is consistent with anecdotal reports of increasing caution amongst home buyers, peaks or downturns in housing prices, softening demand for home loans amongst borrowers, tightening of credit policy, lower turnover in the housing market and regulatory constraints placed upon foreign property buyers.

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.

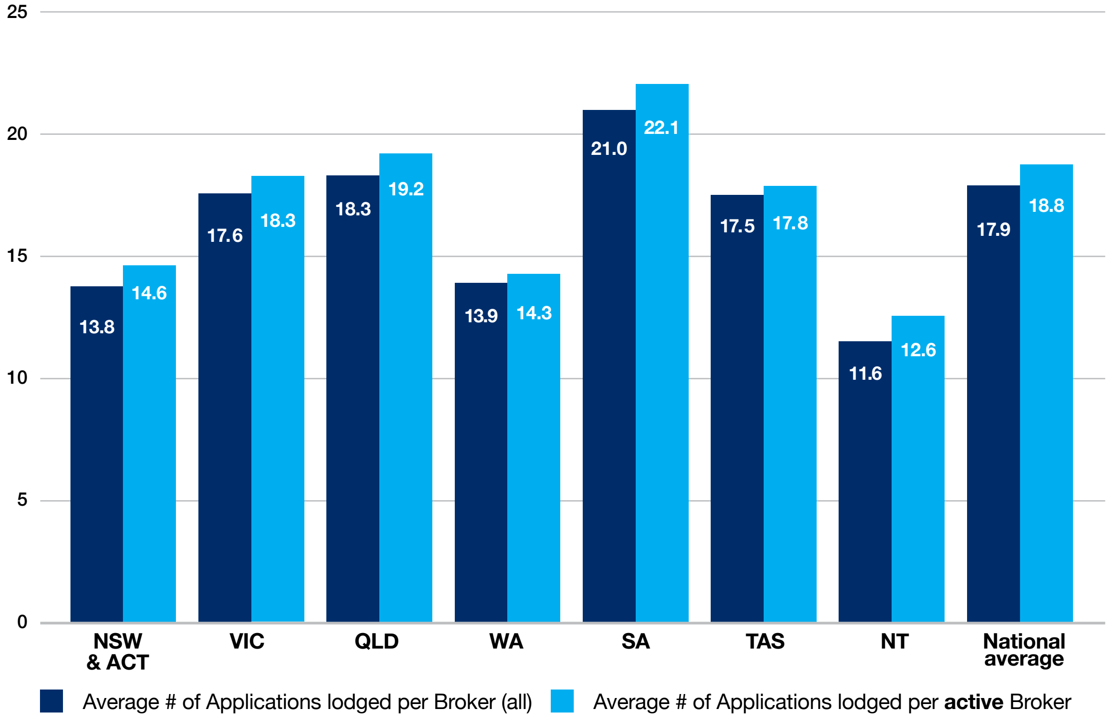
At the state level, New South Wales and ACT contributed most to the national decline in number of applications, down 2,529 applications, or nearly 3%, compared to last period.

In contrast, Victoria continues its steady growth trajectory, and continues to exceed New South Wales and ACT in terms of number of applications written, making Victorian brokers the biggest loan writers nationally.

Queensland, Western Australia and South Australia have remained relatively flat compared to the last period.

Tasmania is also a stand-out performer, though from a low base, with brokers lodging 15% more applications period-on-period, and up 35.6% since October-to-March 2016.

Average number of home loan applications lodged per broker vs. average number of home loan applications lodged per active broker, October 2017 to March 2018



NOTE: Includes inactive brokers

	Oct15-Mar15	Apr16-Sep16	Oct16-Mar17	Apr17-Sep17	Oct17-Mar17
Average number of home loan applications lodged per broker	20	21	19	18	18

Inactive brokers – Those who had not settled a loan for the 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.

With the large population of brokers in New South Wales and ACT, this returned an average of 13.8 loan applications per broker, one of three regions that came in well below the national average of 17.9 applications per broker.

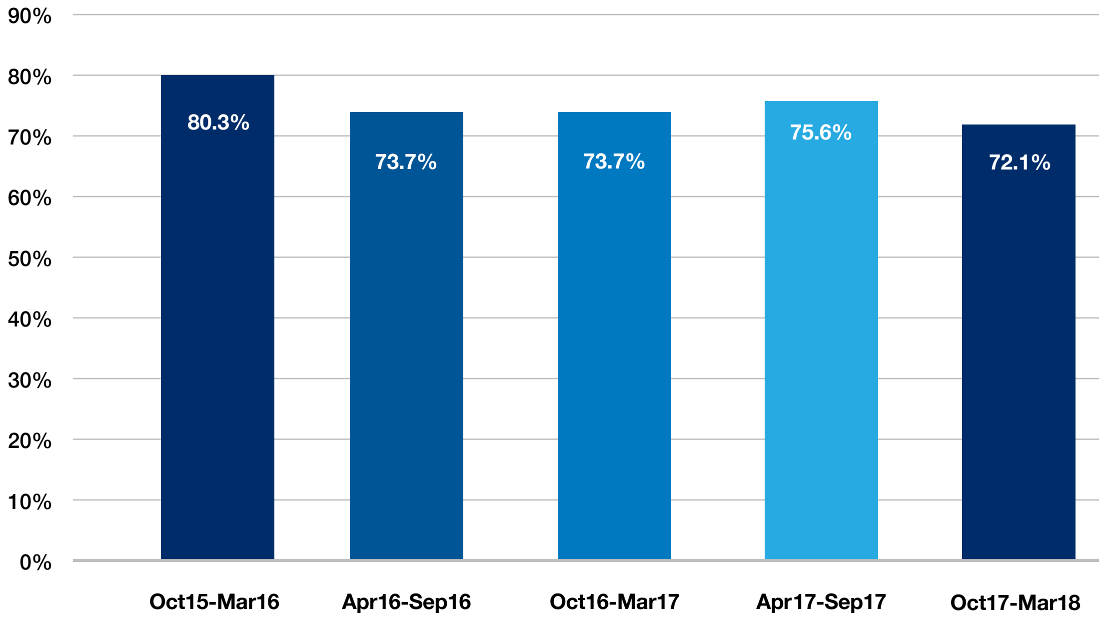
The national average has remained stable at 18 since last survey, following a previous decline. Victoria, Queensland and Tasmania are in line with the national average, whereas South Australia is well above the national average, signifying high productivity.

Compared to last survey, New South Wales and ACT, Victoria, Queensland and Northern Territory averages per broker are the same, on average, Western Australian brokers settled one extra loan, and all other states have declined, on average, by one home loan. The national average has remained stable.

Comparing average number of loans written per broker for the entire population against the active population, it is evident that South Australia and the Northern Territory have the largest respective proportions of inactive brokers.

The conversion rate of home loan applications to settlements decreased to 72.1% for this period.

Conversion rates by brokers



Note: Conversion rates were calculated based on data from 10 aggregators who were able to provide data for loan applications.

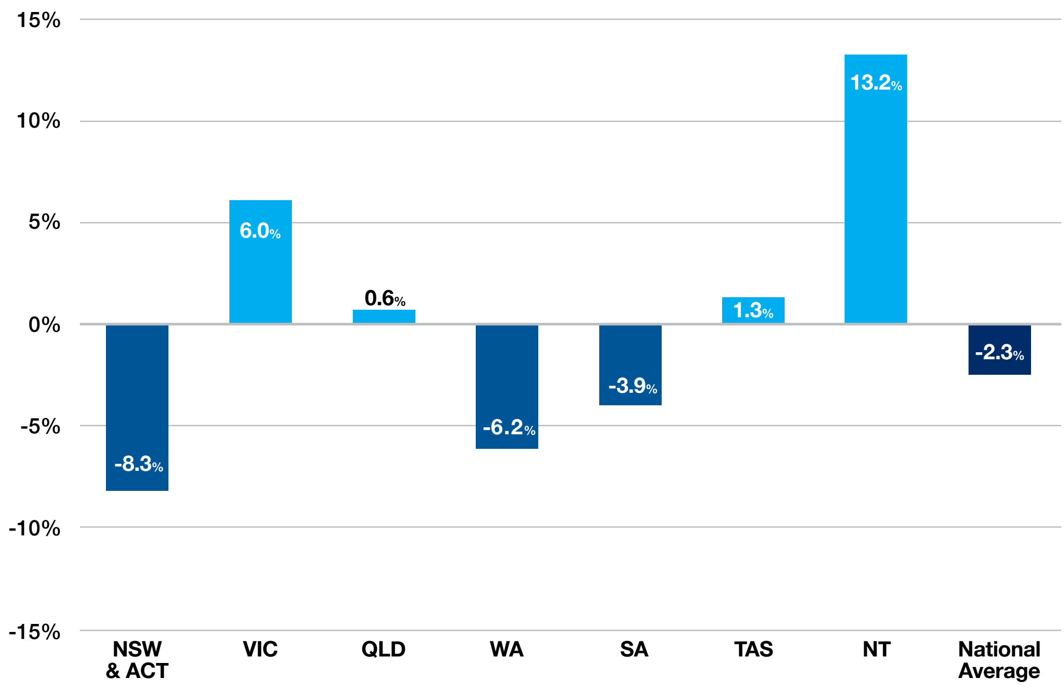
The conversion rate is calculated by the number of home loans settled as a proportion of the number of home loan applications. Conversion rates need to be interpreted with caution as some aggregator's data may count conditional approvals rather than applications.

The conversion rate declined slightly since last survey from 75.6% to 72.1%, having increased from the preceding survey. Potential factors contributing to this may include adjustments to lending assessment criteria and the ability for brokers to channel business to a wider range of lenders.

The rate has decreased by eight percentage points since March 2016.

The national growth rate of the value of loan settlements was down slightly.

Change in the value of home loan settlements, October 2017 to March 2018



Note: There is one less aggregator measured in the October 2017 to March 2018 period compared to previous periods.

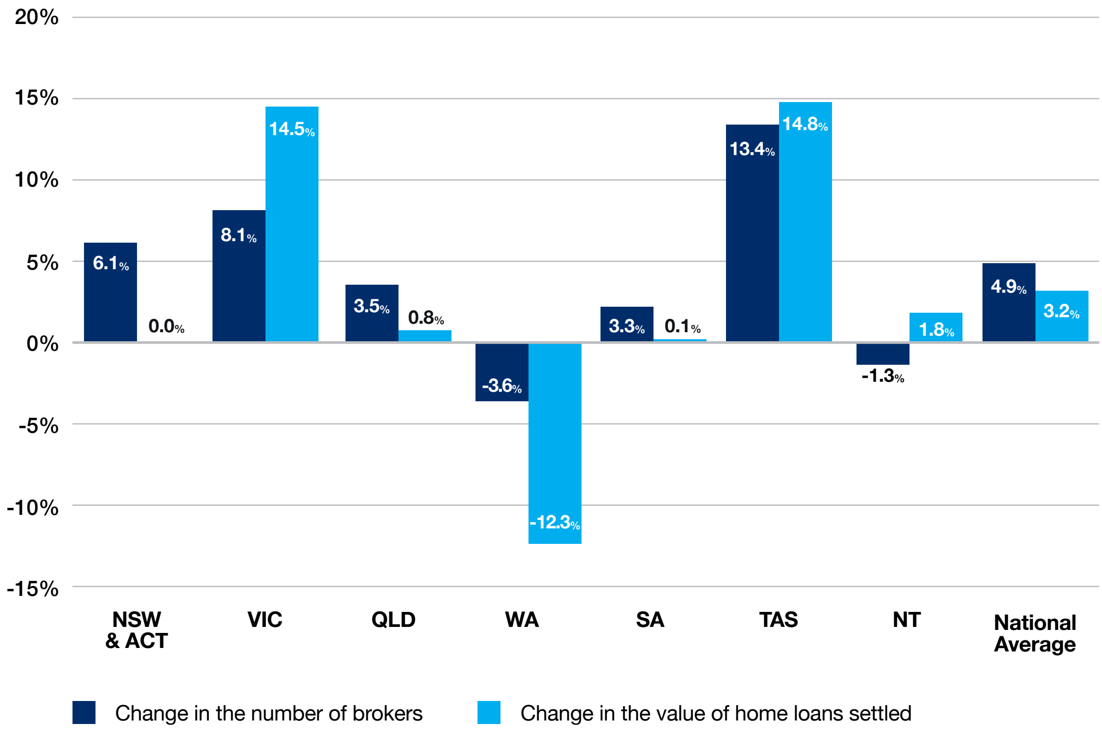
The value of overall national growth contracted, period-on-period, down 2.3%. This was largely driven by the decline experienced by New South Wales and ACT, down 8.3%. For comparison, New South Wales and ACT's growth was recorded at 9% for April-to-September 2017.

Contrast this with Victoria, increasing 6%, from $29.5 billion to $31.3 billion, and the Northern Territory, which was a stand-out, though from a low base, recording an increase of 13.2% since last period, from $196 million to $222 million.

The Northern Territory has bounced back, experiencing a growth rate of 13.2% compared to last report where the change in value of settlements was -10.1% over the previous period (April-to-September 2017).

Tasmania continues to perform, but at a significantly reduced rate compared to last period where that market grew 13.2% compared with growth of only 1.3% this survey.

Change in the number of brokers deployed in each state vs. change in the value of home loans settled, March 2017 to March 2018



Year-on-year, comparing October 2016 to March 2017 with October 2017 to March 2018, nationally, growth in broker numbers (up 4.9%) exceeded the growth in value of loans settled (up 3.2%). On a state-by-state basis however, growth could be considered frenetic.

Notably in Victoria and Tasmania, lending growth out-stripped growth in the number of brokers.

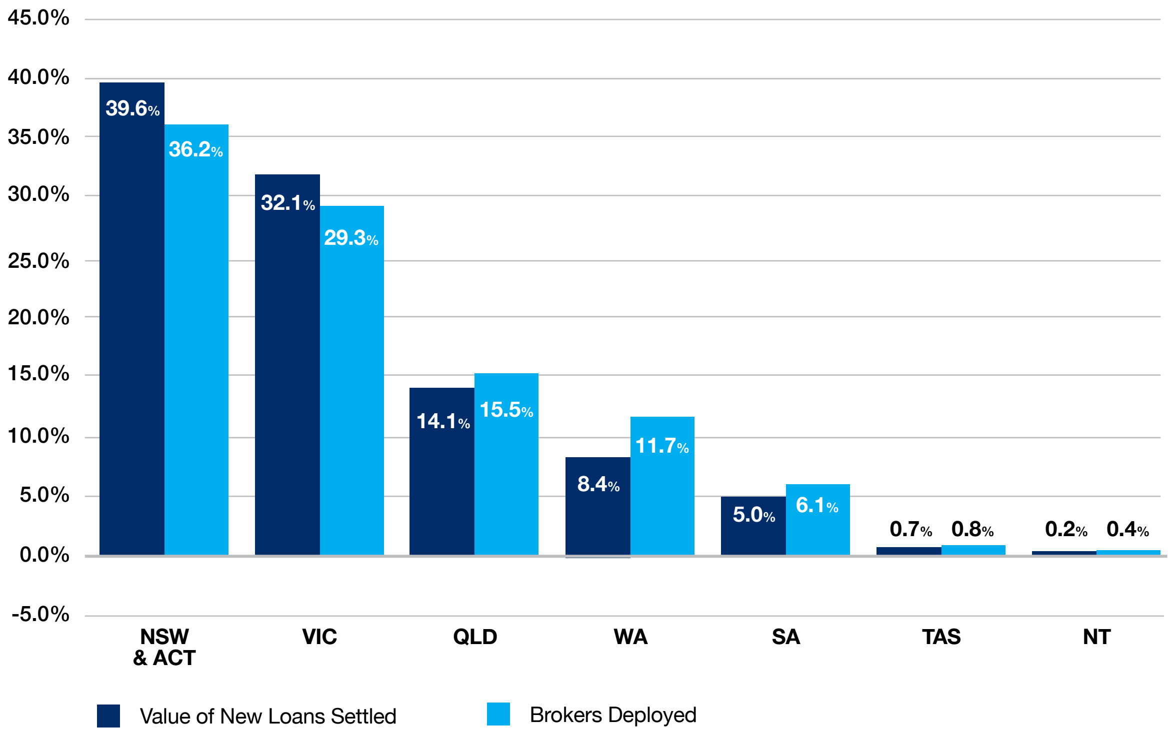
Furthermore, in the Northern Territory, there was positive growth in the value of loans settled, but a contraction in the number of brokers, meaning the remaining brokers were able to take a larger share of the home lending pie for that territory.

Conversely, in all other zones, increases in the number of brokers, or decline in the value of loans settled, diluted the revenue that individual brokers could expect to make.

Most notably, New South Wales and ACT, the largest state in terms of both the number of brokers deployed and the value of loans settled, recorded strong broker-population growth over the last year, but no growth in the value of home loans written. The starkly different half-year periods for April-to-September of 9% growth compared to the October 2017 to March 2018 contraction of 8.3% has resulted in no growth for the year.

If the aggregator not included in this IIS Report was also excluded from last year's data, nationally, the number of brokers grew 7.6%, and the value of loans settled grew 5%.

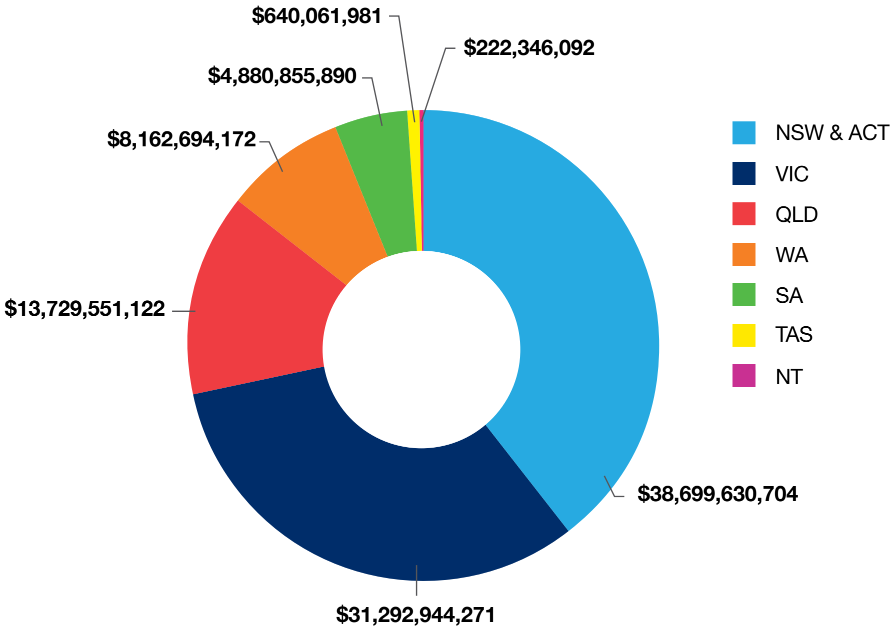
Share of national value of home loans settled (%) vs. share of total brokers deployed in each state ($), October 2017 to March 2018



The larger value of lending in New South Wales and ACT, and Victoria continues to demonstrate superior share of loan value settled compared to their share of broker population. Conversely, the remaining states, in particular Western Australia, continue to show a disproportionate share of the broker resource base, exceeding their share of home loans settled.

However, in New South Wales and ACT, the percentage value of loans settled has decreased this reporting period compared to last, from 42.2% to 39.6%, despite the percentage of brokers deployed only declining slightly by 0.3 percentage points. In comparison, Victoria's percentage of value of loans settled increased from 29.5% to 32.1%, with the percentage of brokers deployed marginally increasing by 0.3 percentage points.

Value of home loans settled during the period, in each state ($)

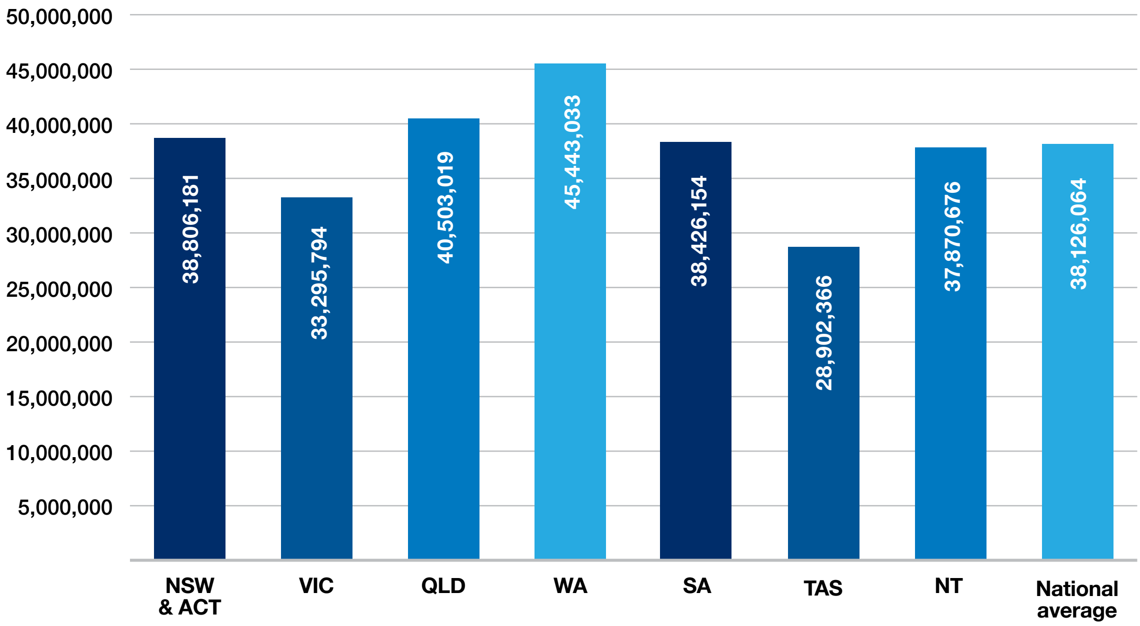


New South Wales and ACT, and Victoria continue to dominate the proportion of loans settled by brokers, accounting for 71.7% of the value of all home loans settled.

On a state-by-state level though, the value settled in New South Wales and ACT has declined since last quarter, from $42.2 billion down to $38.7 billion. In isolation, this could be attributed to the seasonal trend of the broker channel, but when compared to Victoria, where the value settled by brokers has increased since the previous report, from $29.5 billion up to $31.3 billion, this hints at property market influences impacting the New South Wales and ACT markets.

The average value of a brokers' loan book has increased.

Average value of residential home loan book per broker, per state; and in total, October 2017 to March 2018 ($)



The national average value of broker's loan book has increased since the last survey.

Nationally, during April-to-September 2017, the average residential loan book was valued at $35.87 million. This has increased by $2.2 million, or 6.3%, to $38.1 million, suggesting greater emphasis on customer retention strategies.

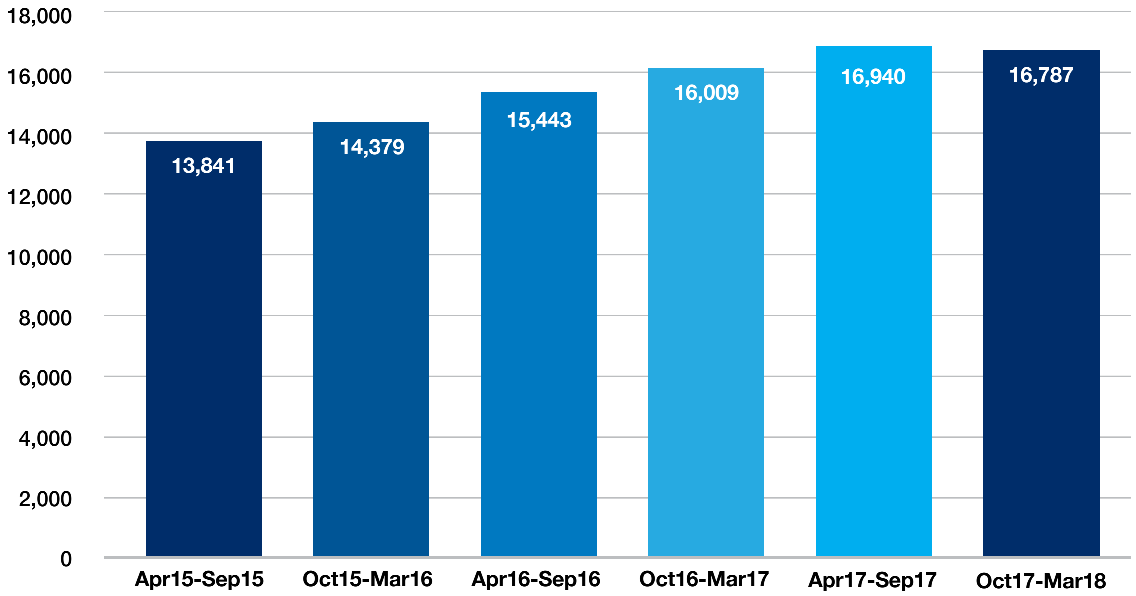
On a state-by-state level when compared to the national average, Queensland (up from $38.9 million last report) and Western Australia's (up from $41.9 million last report) average loan book values are noticeably above the national average.

The average loan book value of New South Wales and ACT (up from $35.9 million last report), Northern Territory (down from $38.6 last report) and South Australia (stable since last report) are on par with the national average.

The average loan book value of Tasmania (up from $27.1 million last report) and Victoria (up from $31.3 million last report) are noticeably below the national average.

The broker population was largely steady.

Broker population, in total for the sampled aggregators



Note: One aggregator is not included in the October 2017-to-March 2018 result, compared to the previous periods.

Whilst the headline number indicates a decline in the broker population, this is believed to be largely due to the withdrawal of one aggregator from the reporting population. It is estimated that if the data was normalised to compensate for the withdrawal, broker population would have increased by approximately 2%, exceeding 17,000 compared to the previous six-month period.

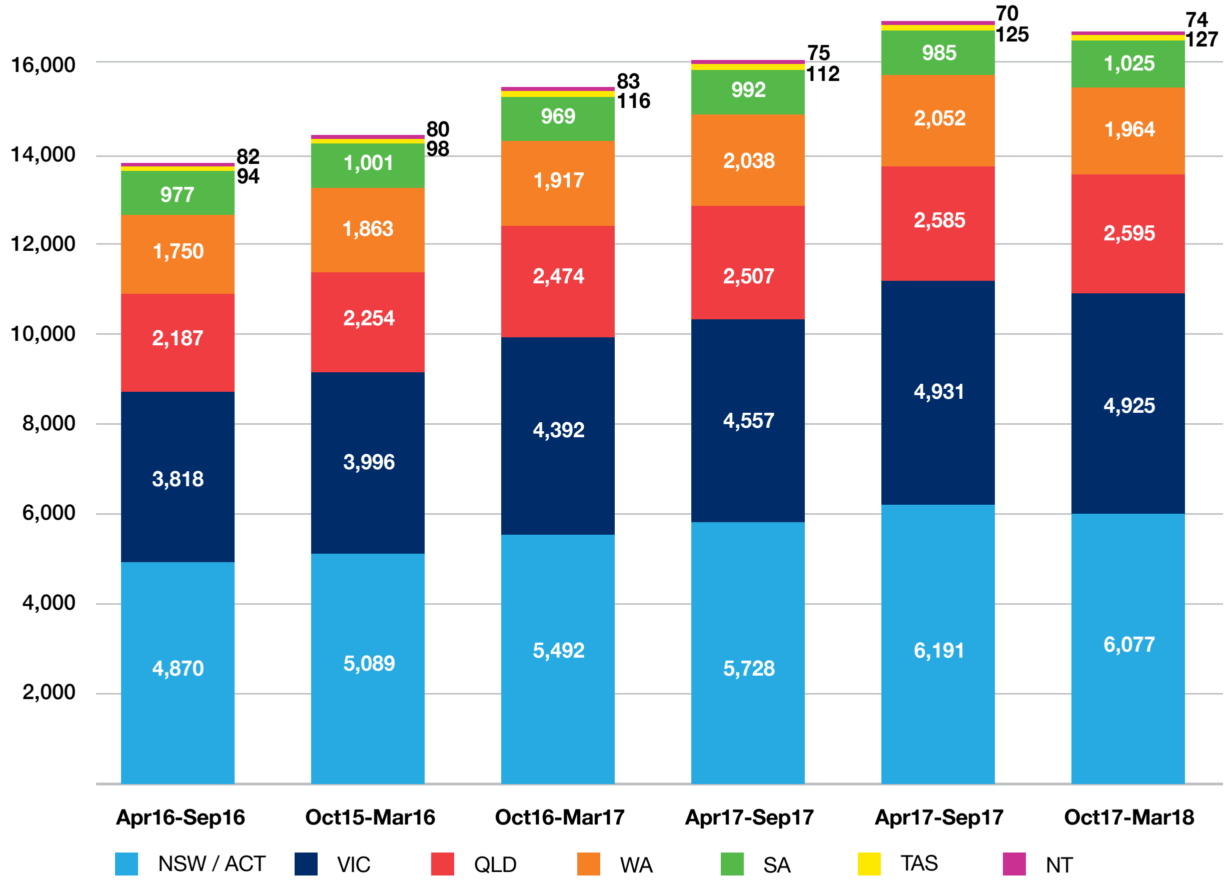
A large proportion of brokers from the excluded aggregator had come from New South Wales and ACT, and Victoria, contributing to the contraction in broker population for those specific states during this period. Note, Queensland was also home to a proportion of brokers from the excluded aggregator, but unlike New South Wales and ACT, and Victoria, the broker population grew.

Since the first IIS report, the growth rate in the broker population for each state between September 2015 and March 2018 was:

Change in broker population by state (%)

State	From Sept 15 to Mar 18
New South Wales and ACT	24.8%
Victoria	29.0%
Queensland	18.7%
Western Australia	12.2%
South Australia	4.9%
Tasmania	35.1%
Northern Territory	-9.8%

Broker population by state, and population change between reporting periods



Difference (%) in broker population per state, between reporting periods	Apr15-Sep15 to Oct15-Mar16	Oct15-Mar16 to Apr16-Sep16	Apr16-Sep16 to Oct16-Mar17	Oct16-Mar17 to Apr17-Sep17	Apr17-Sep17 to Oct17-Mar18
NT	-3.0%	4.5%	-9.8%	-6.7%	5.7%
TAS	3.9%	19.0%	-3.6%	11.6%	1.6%
SA	2.5%	-3.2%	2.4%	-0.7%	4.1%
WA	6.4%	2.9%	6.3%	0.7%	-4.3%
QLD	3.0%	9.8%	1.3%	3.1%	0.4%
VIC	4.7%	9.9%	3.8%	8.2%	-0.1%
NSW	4.5%	7.9%	4.3%	8.1%	-1.8%

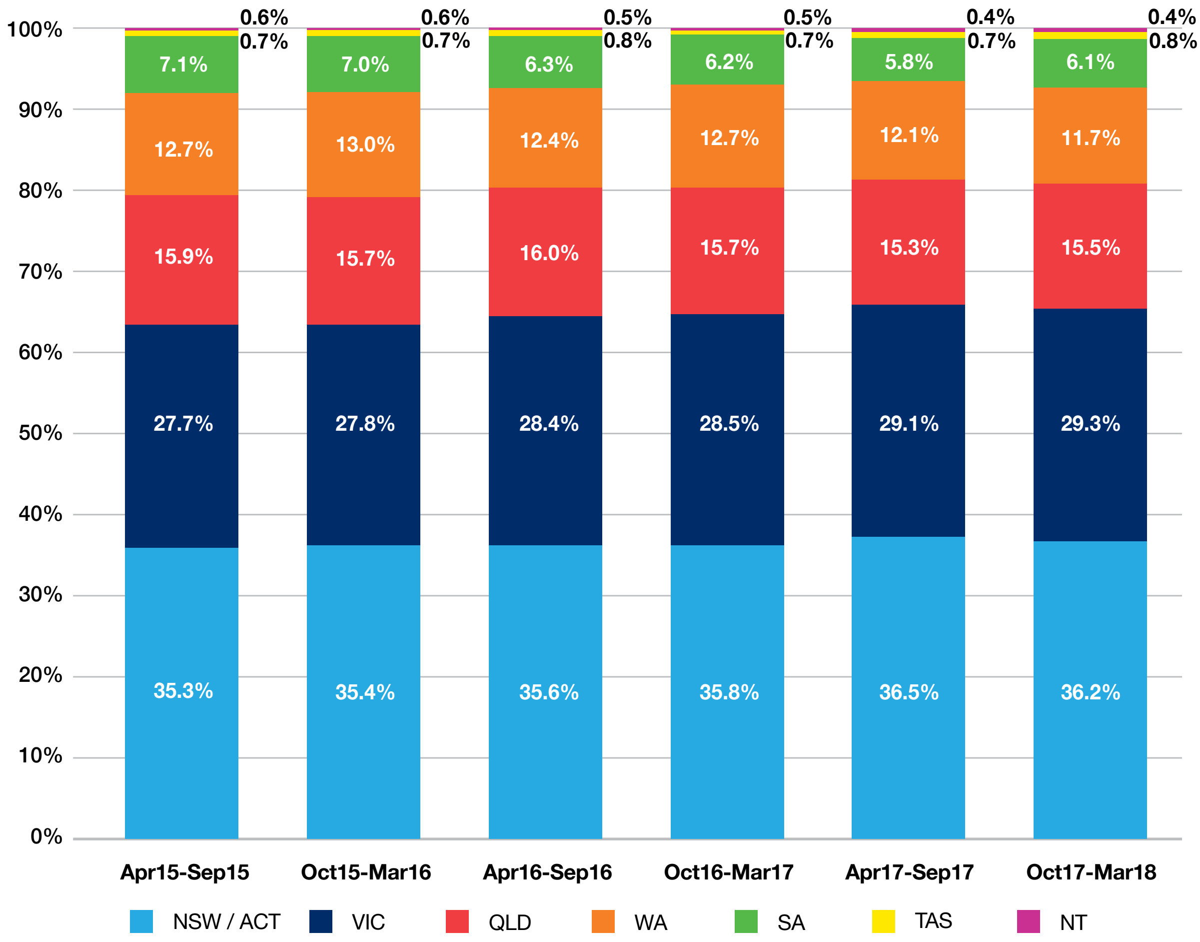
Note: There is one less aggregator measured in the October 2017 to March 2018 period compared to previous periods. Data sets for the number of brokers at a state level do not always reconcile to national figures. This is because of slight variances in some aggregators' data extracts at the state level; and are not a material cause for concern.

In Western Australia, after consistent periods of broker population growth, the number of brokers has contracted, down 4.3%, or by 88 brokers. The withdrawal of the aggregator contributing to this data is not believed to be the cause for this decline, with most of their brokers located in New South Wales and the ACT, Victoria and Queensland. Rather, the decline is more in keeping with the economic and market conditions experienced by the state.

At a state and territory level, New South Wales and ACT, and Victoria, again cemented their positions as the areas with the largest broker populations. Although, this period both states recorded slight declines in the population of brokers, largely attributed to the withdrawal of an aggregator contributing to data.

The population of brokers continues to be dominated by the larger states, which echoes the volumes of new lending and average loan size at the state and territory level.

Proportion of broker population, by state



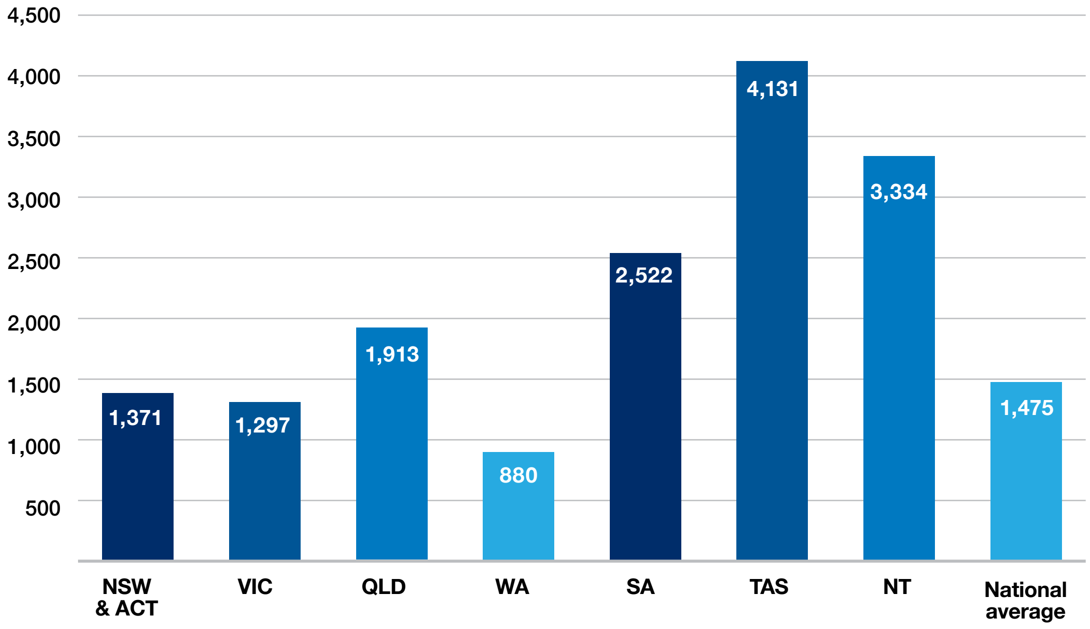
Note: There is one less aggregator measured in the October 2017 to March 2018 period compared to previous periods. Data sets for the number of brokers at a state level do not always reconcile exactly to national figures. This is because of slight variances in some aggregators' data extracts at the state level; and are not a material cause for concern.

The proportion of brokers in each state has remained consistent. However, with some states having smaller broker populations than others, small variations in percentage from period-to-period mask meaningful changes in population numbers.

There is now one mortgage broker per 1,475 people in Australia.

Number of Australians per mortgage broker

Based on ABS's Estimated Resident Population, December 2017



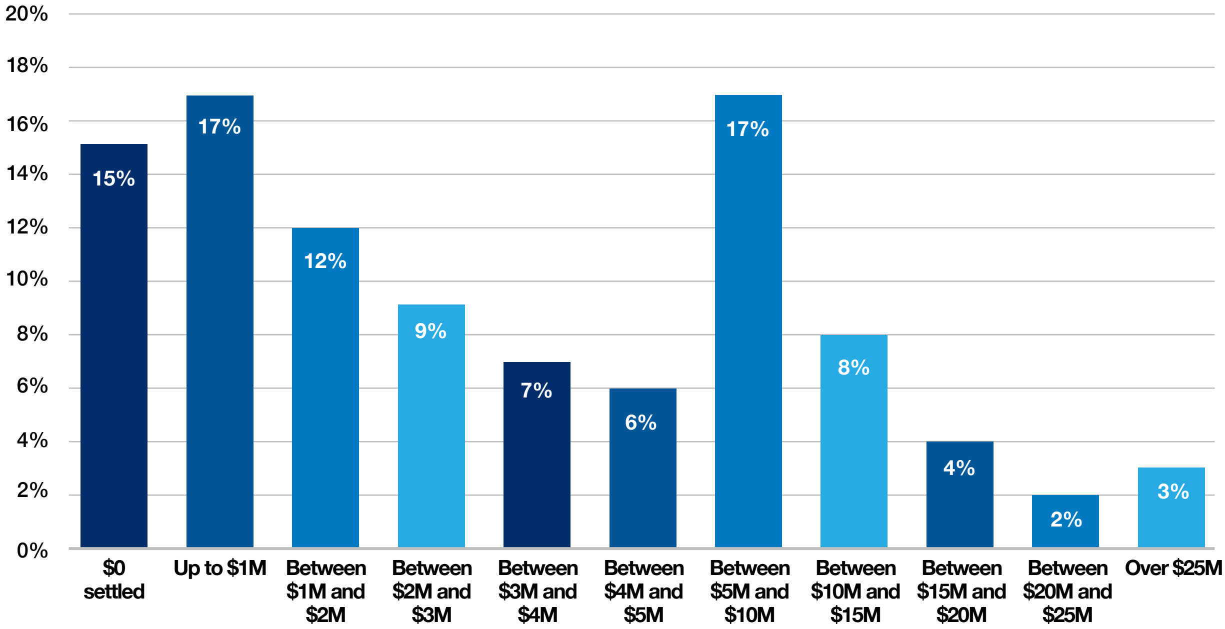
Compared to the previous six months, the national average number of Australian's per mortgage broker has increased slightly from 1,452 to 1,475 - a function of the plateauing broker population and increasing Australian population numbers.

New South Wales and ACT, and Victoria appear more saturated when compared to the other states. Western Australia appears the most saturated state, with one broker per 880 people.

Tasmania and the Northern Territory populations are less saturated by brokers, with one broker per 4,131 and 3,334 residents per state respectively.

Inactive brokers still represent a significant proportion of the broker population at 15%. Though, this segment has fallen slightly, from 16% last period.

Share of brokers that settled home loans, in aggregate, in the following value bands, October 2017 to March 2018



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

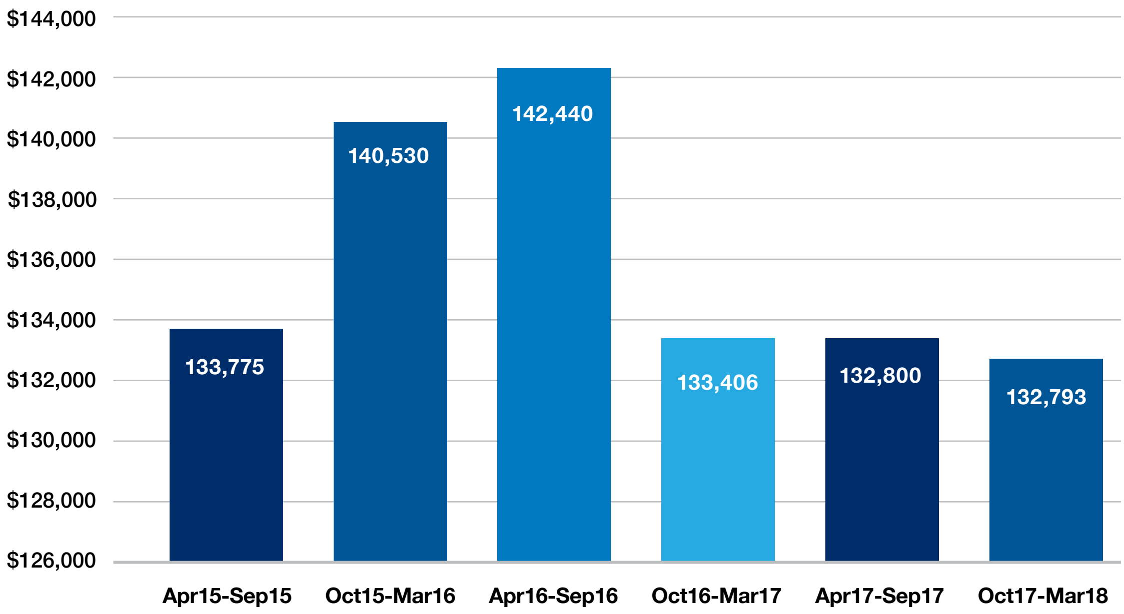
Approximately 2,180 brokers did not settle a home loan during the reported six-month period, which, as expressed in the previous graph, impacts broker productivity indicators.

Excluding inactive brokers, 44.7% of brokers write $3 million or less in each six-month period.

Overall, the demographic structure of the industry in terms of segmentation based on value settled, has remained stable compared to the previous period.

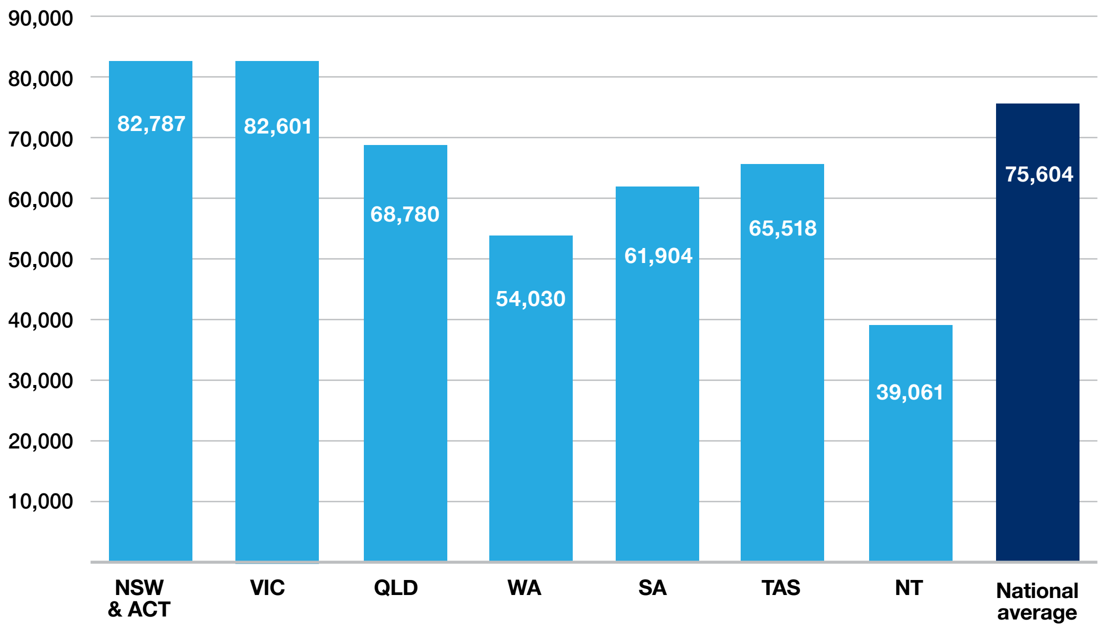
Broker remuneration averages remain stable.

National average total broker remuneration, ($)



Nationally, there is very little change in the estimated combined average up-front and trail remuneration compared to the previous IIS Report, from $132,800 in April-to-September 2017, to $132,793 in October 2017 to March 2018. However, some states show fluctuations.

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



Note: 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 are estimates.

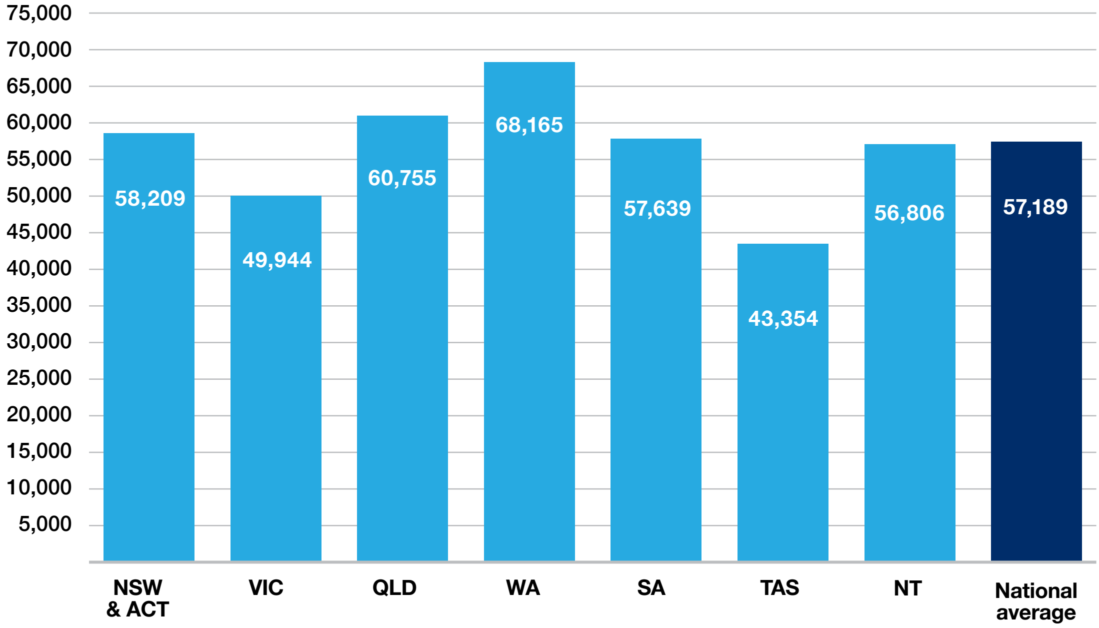
The average gross up-front remuneration generated per broker for this period, before costs, per annum is $75,604, compared to $76,715 for the April-to-September 2017 period.

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, service provision fees paid to aggregators, marketing and communications expenses, support staff salaries and wages, and other costs.

Although the national average gross upfront commission is down slightly compared to last period, there is significant change to average up-front commissions on a state-by-state basis.

Most notably, New South Wales and ACT's average up-front commission declined by nearly $5,800, or 6.5%, from $88,570 in April-to-September 2017 to $82,787 this period, and Victoria's rose by just over $4,700, or 6.1%, from $77855 the prior period, to $82,601 this period.

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



Note: 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 are estimates.

Trail this period is estimated at $57,189, compared to $56,085 for the April-to-September 2017 period – up 1.9%. On a state-by-state basis, on average, gross trail commission estimates have remained stable compared to previous period estimates, except for South Australia where average trail commission contracted by nearly $4,000, or 6.4% (from $61,565 to $57,639), but is now in line with the national average; and Tasmania, where average trail grew by 6.6%, from $40,659 to $43,354.

Western Australia's gross trail commission, at $68,165 is the nation's largest, a possible outcome of the maturity of the broker-originated market. On average, the sum of brokers' up-front and trail remuneration generated is calculated to be $132,793 p.a., almost unchanged from $132,800 p.a. last period.

While the overall average is fairly stable, as witnessed when investigating the figures by up-front and trail, and on a state-by-state basis, there are some notable state-based fluctuation since last survey. Notably, Victoria's estimated remuneration total has increased from $126,241 to $132,544, up 5%, predominantly due to an increase in up-front remuneration, supportive of the increased lending activity experienced.

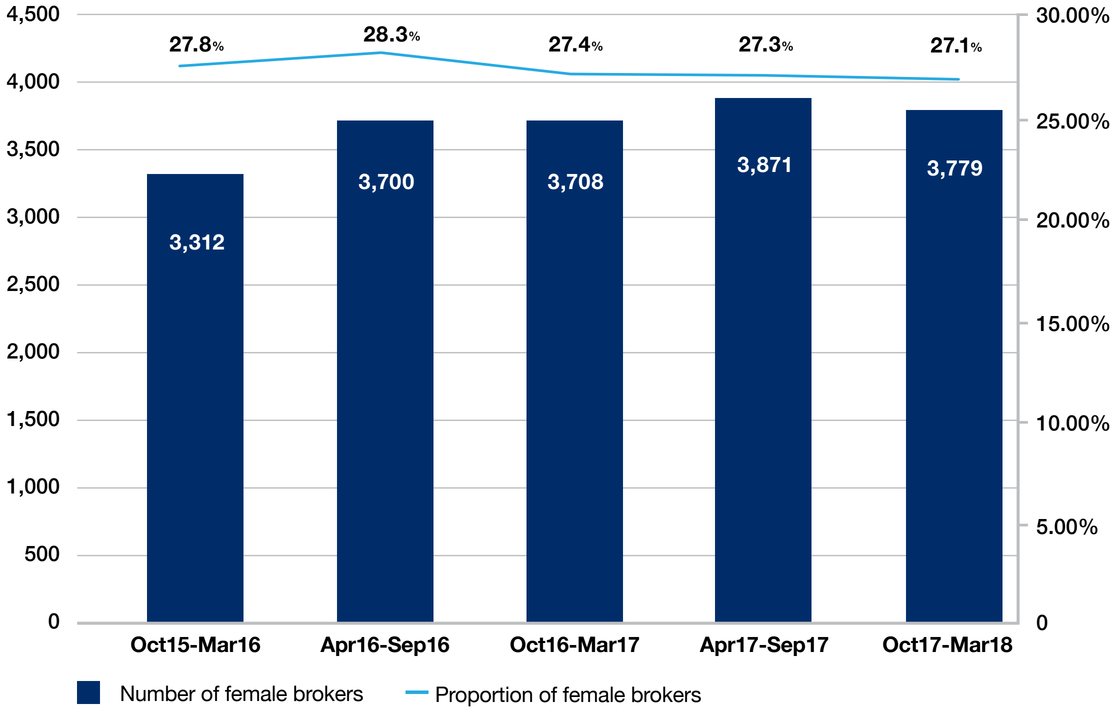
South Australia's average total remuneration per broker is down, from $128,594 to $119,543, $9,051 or 7%, due to decreases across both up-front and trail.

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 $
New South Wales and ACT	82,787	58,209	140,996
Victoria	82,601	49,944	132,544
Queensland	68,780	60,755	129,535
Western Australia	54,030	68,165	122,195
South Australia	61,904	57,639	119,543
Tasmania	65,518	43,354	108,872
Northern Territory	39,061	56,806	95,867
National Average	**75,604**	**57,189**	**132,793**

Female broker representation showing signs of decline.

Number / Proportion (%) of female brokers in the industry



Note: Conversion rates were calculated based on data from 10 aggregators who were able to provide data.

The number of female brokers has declined slightly since the last survey, to 3,779 women as at the end of March 2018. This is the first time that the female population has declined in absolute numbers since surveying began. There were 92 fewer female brokers in the industry compared to last period, down 2.43%.

There continues to be a downward trend in the proportion of females in the broking industry since April-to-September 2016, from 28.3% to 27.1 % in the current period. Despite the number of female brokers in the industry being marginally down compared to last period, the proportion of women recruited into the industry was the same period-on-period, at 31%.

Number recruited per period, by gender

	Apr15 – Sep15	Oct15 – Mar16	Apr16 – Sep16	Oct16 – Mar17	Apr17 – Sep17	Oct17 – Mar18
Number of men recruited during period	931	972	947	938	1168	892
Number of women recruited during period	475	454	439	360	523	406

Proportion of men and women recruited per period

	Apr15 – Sep15	Oct15 – Mar16	Apr16 – Sep16	Oct16 – Mar17	Apr17 – Sep17	Oct17 – Mar18
% of men recruited during period	66%	68%	68%	72%	69%	69%
% of women recruited during period	34%	32%	32%	28%	31%	31%

The industry recorded an average turnover of 9.6% during the six-month period.

Broker turnover/churn per state and nationally

Turnover in New South Wales and Australian Capital Territory	8.3%
Turnover in Victoria	8.6%
Turnover in Queensland	11.6%
Turnover in Western Australia	11.1%
Turnover in South Australia	8.6%
Turnover in Tasmania	7.2%
Turnover in Northern Territory	4.2%
National average	**9.6%**

Turnover accounts for the number of brokers at the start of the period compared to the number of at the end of the period, at an aggregator level. Turnover cannot exclusively account for the number of brokers joining and leaving the industry. Included in the data are brokers moving from one aggregator for another.

Average turnover has dropped from 9.9% last survey to 9.6% this survey, signifying greater industry stability, and greater broker talent retention efforts by aggregators.

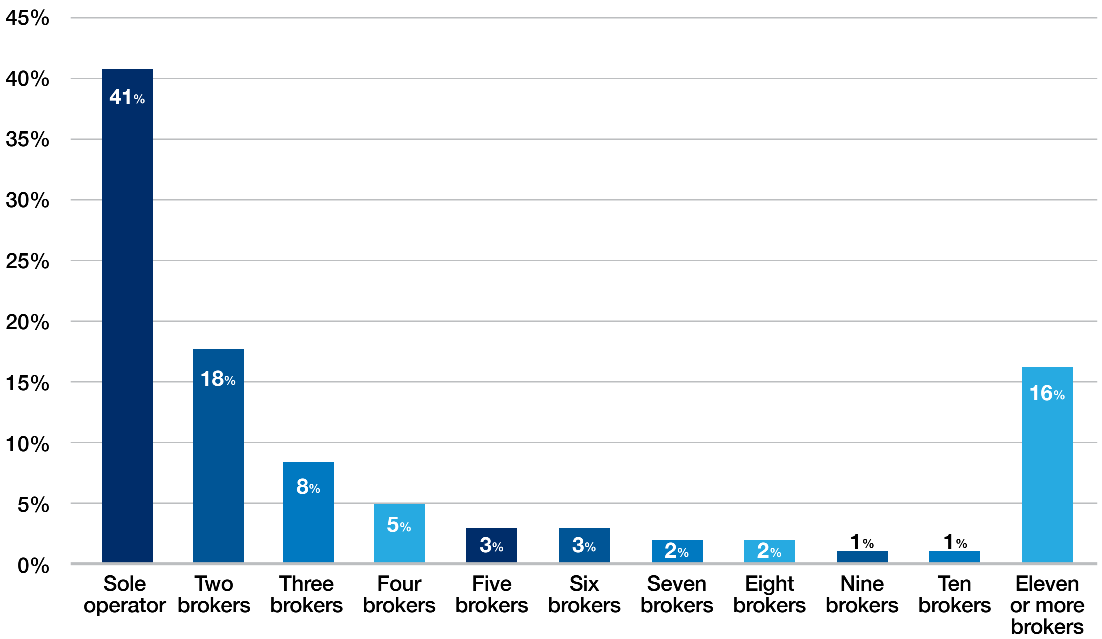
New South Wales and ACT's turnover dropped from 9.0% to 8.3%.

Victoria's turnover remained stable, from 8.8% last survey, to 8.6% this period. Notably, the Northern Territory's turnover decreased from 11.1% to 4.2%, and South Australia's turnover dropped from 11.1% to 8.6%, both from smaller bases.

Western Australia's turnover increased from 9.5% to 11.1%.

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

Brokers working as sole operators or in multi-broker offices, October 2017 to March 2018



Note: The data in this chart is based on a sample of 6,241 brokers.

The broker population working as sole or dual operators stands at 59%, consistent with findings in earlier editions of the IIS Report. This segment of the broker population had increased by two percentage points, from 57% compared to last report.

Brokers working as sole operators stand at 41% – an observation also consistent with the previous survey.

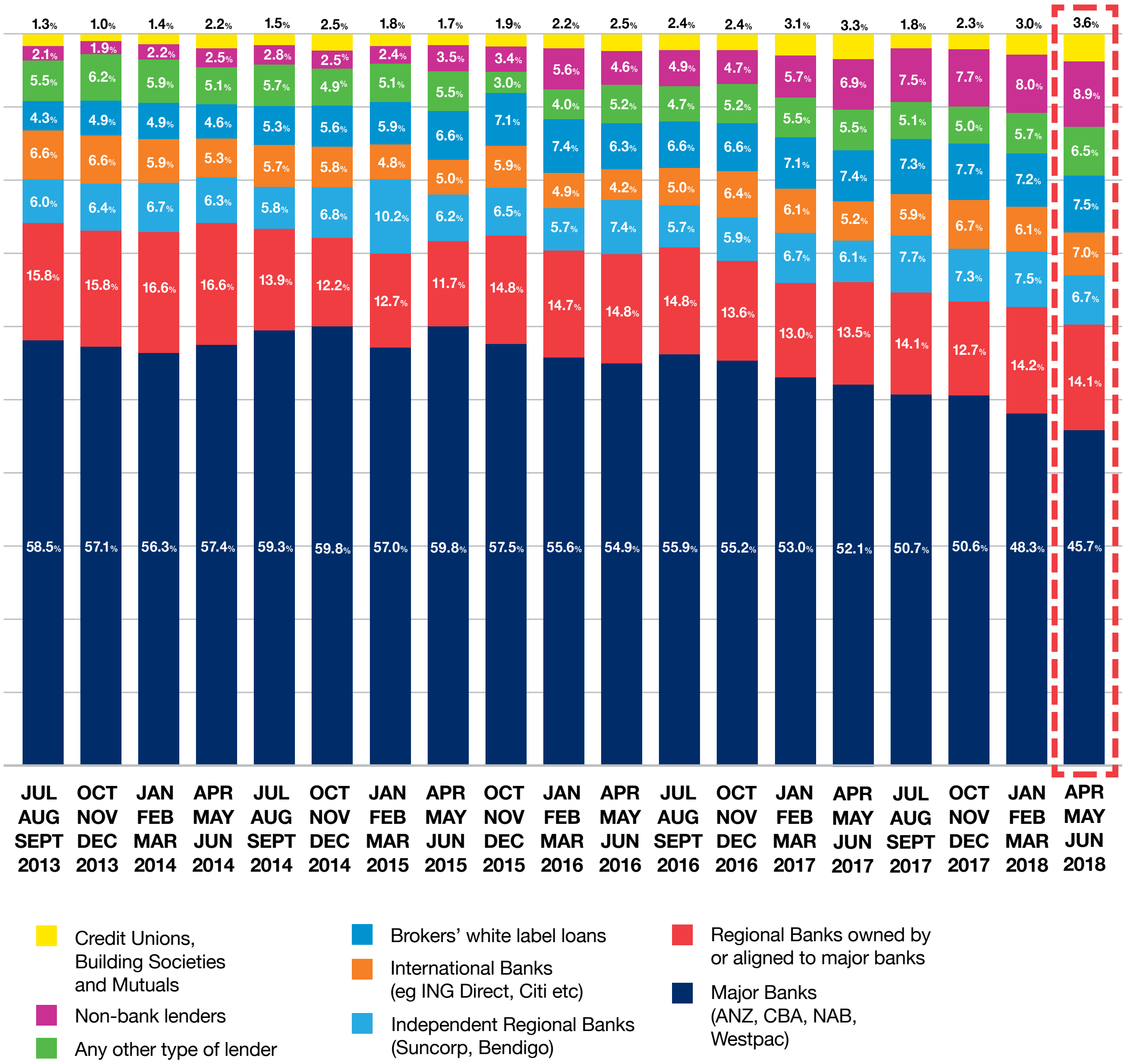
Overall, the make-up of the population across bands has remained consistent since the last survey period.

One notable trend has been the decline in the share of those working in offices of eleven or more brokers. As at April-to-September 2016, 21.6% of broker worked in offices of eleven or more. As at the end of October 2016 to March 2017, this share had decreased to 18%, and for the periods of April-to-September 2017 and October 2017 to March 2018, the share had dropped to 16%. Over the two years, the share had declined 25.9%. The share of brokers working in offices with between five and ten loan writers had remained reasonably stable over the same period. This trend suggests that brokers are moving away from leveraging the benefits of economies of scale that larger offices of 11 or more brokers can provide.

Lender Segments

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

Share of 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, Home Loans Ltd etc.

Special Note: Due to the current environment, and with the data becoming available, for this edition only, it was important to publish the April-to-June 2018 data in advance.

Business channelled to lenders other than the Major Banks and their affiliates (including broker white label owned and regional lenders affiliated with Major Banks) is at 30.2%, at the end of the current IIS reporting period, up to March 2018.

But due to the current environment (during the Royal Commission policy hearings), and with the data becoming available – for this edition only – we felt it important to publish the April-to-June 2018 data in advance to highlight the current trend. The data shows continued growth in the use of lenders other than the Major Banks and their affiliates, with market share for the mix of these lenders increasing to 32.7% – the highest market share ever recorded – up from July-to-September 2013's 21.4%.

The market share of the Major Banks is now at its lowest recorded, sitting at 48.3%, down from 58.5%.

White label lending has also experienced a decline following a small spike in activity last survey, down 6.5%, now accounting for 7.2% of loans settled, and back in line with levels seen in the first three quarters of 2017.

Non-bank lenders have once again continued to grow, now owning 8% of the market. Despite a handful of periods of contraction over the years, Non-bank lending market share has increased by 281% since the July-to-September 2013 quarter, originally at 2.1%.

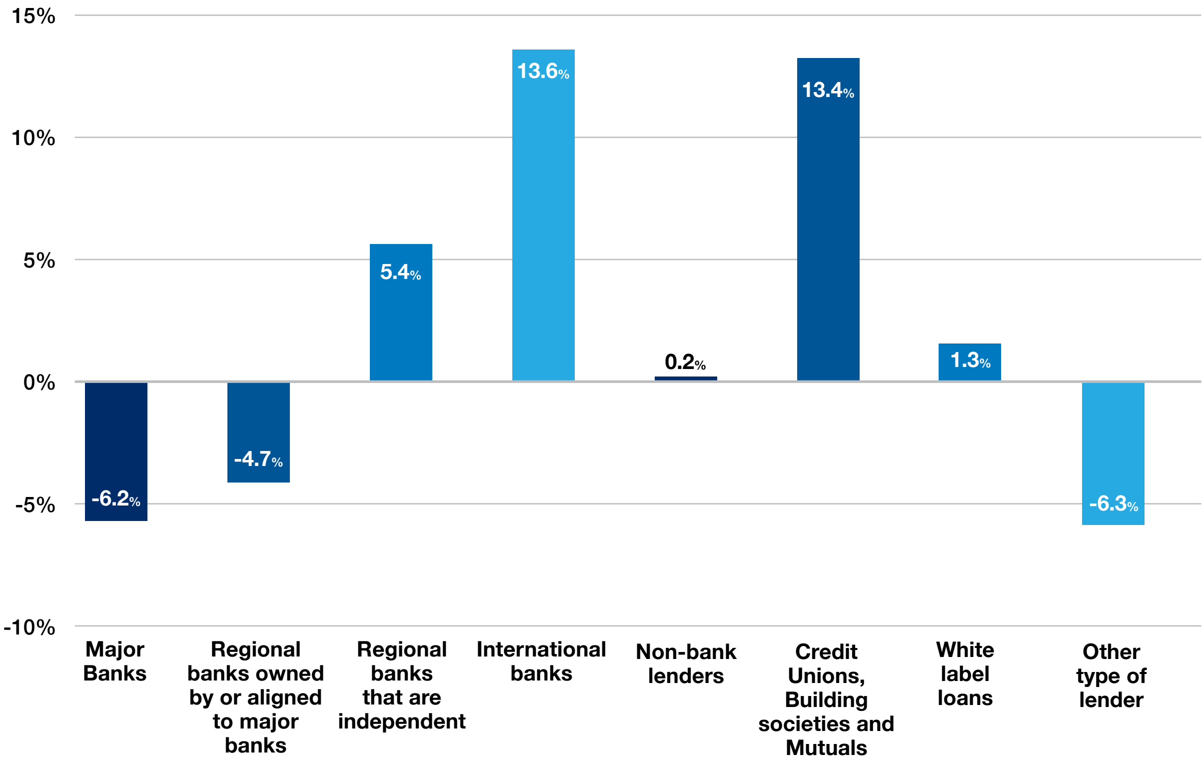
Independent regional banks continue to benefit from strong broker business inflows, with the segment maintaining market share above 7% since July-to-September 2017.

The share of home loans placed by brokers with Credit Unions, Building Societies and Mutuals has also recovered to similar levels seen during the first half of 2017, at 3%, following a sharp decline during July-to-September quarter 2017.

The market share of the 'Any other type of lender' category continues to fluctuate and show no clear trend. Following two periods of market share contraction, from 5.5% share in April-to-June 2017, down to 5.1%, to 5.0%, the category had recovered and increased market share to 5.7% this current period. Overall, the category has not strayed far from the initial market share recorded, 5.5% for the July-to-September 2013 quarter.

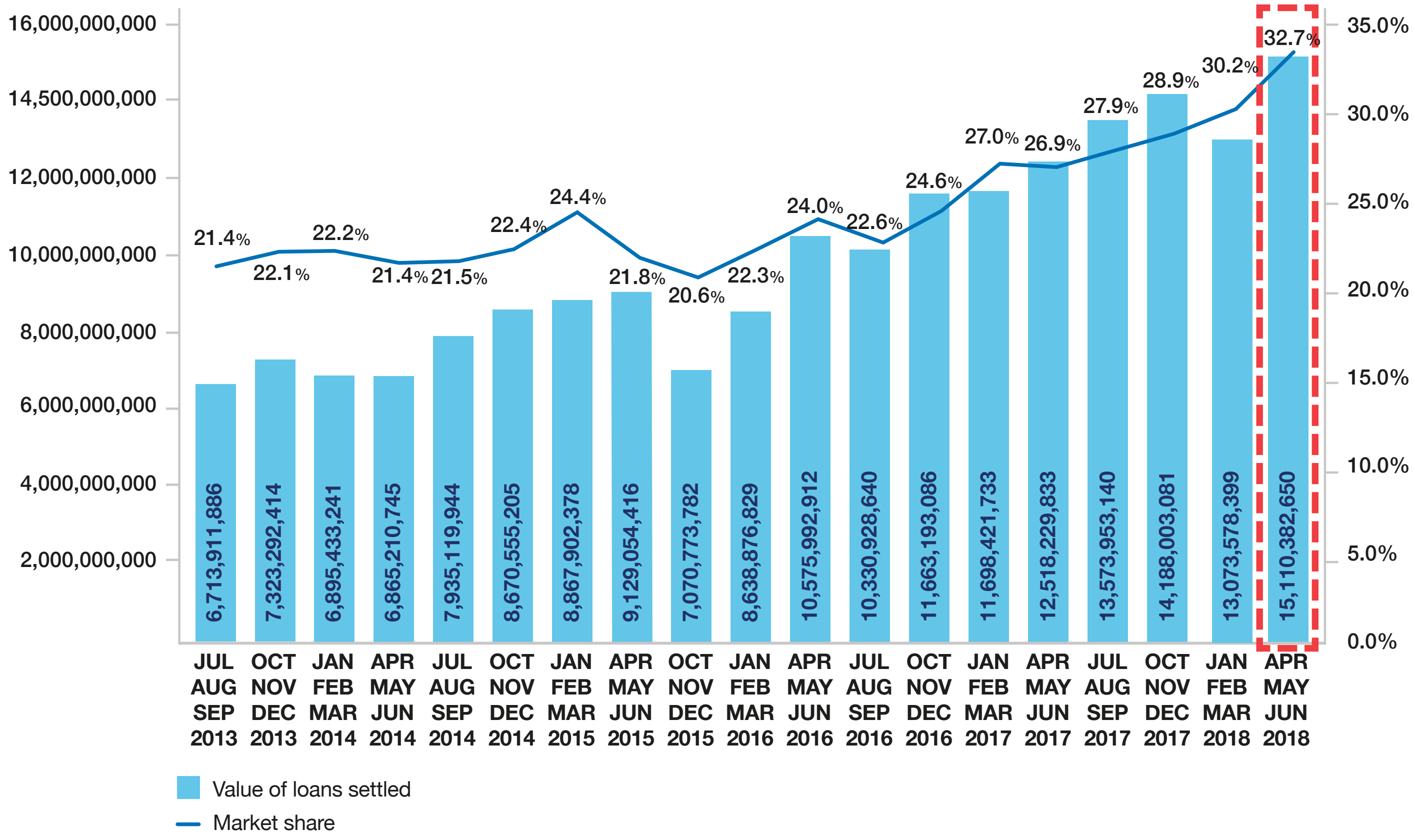
Volatility in growth rates amongst some segments of lenders implies agility amongst brokers.

Change in value of home loans settled per lender category, compared to last period



The fluctuations in market share across lender segments (excluding the Major banks segment), from period-to-period, combined with greater access to the variety of lenders, suggests that brokers are increasingly able to be more agile in their placement of lending products to better suit their customers' needs – and this may have contributed to the shift in business towards lender segments other than the major banks and their affiliates.

Value ($) and market share of lenders other than the Major Banks and their affiliates



Note: Due to decimal rounding, the sum of market share percentages presented in the 'Value ($) and market share of 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. No data was available for July-to-September 2015 quarter.

Special Note: Due to the current environment, and with the data becoming available, for this edition only, it was important to publish the April-to-June 2018 data in advance.

This segment includes the Credit Unions, Building Societies and Mutual Banks, Non-bank Lenders, International Banks, Independent Banks, and Any other type of lender segments, that are not affiliated with the Major Banks.

Even though, at the end of the current IIS reporting period (March 2018), there was a decline in the value of lending settled by this segment since last period, down $1.1 billion, or 7.8%, the market share continued to grow, increasing to 30.2%.

But due to the current environment (during the Royal Commission policy hearings), and with the data becoming available – for this edition only – we felt it important to publish the April-to-June 2018 data in advance.

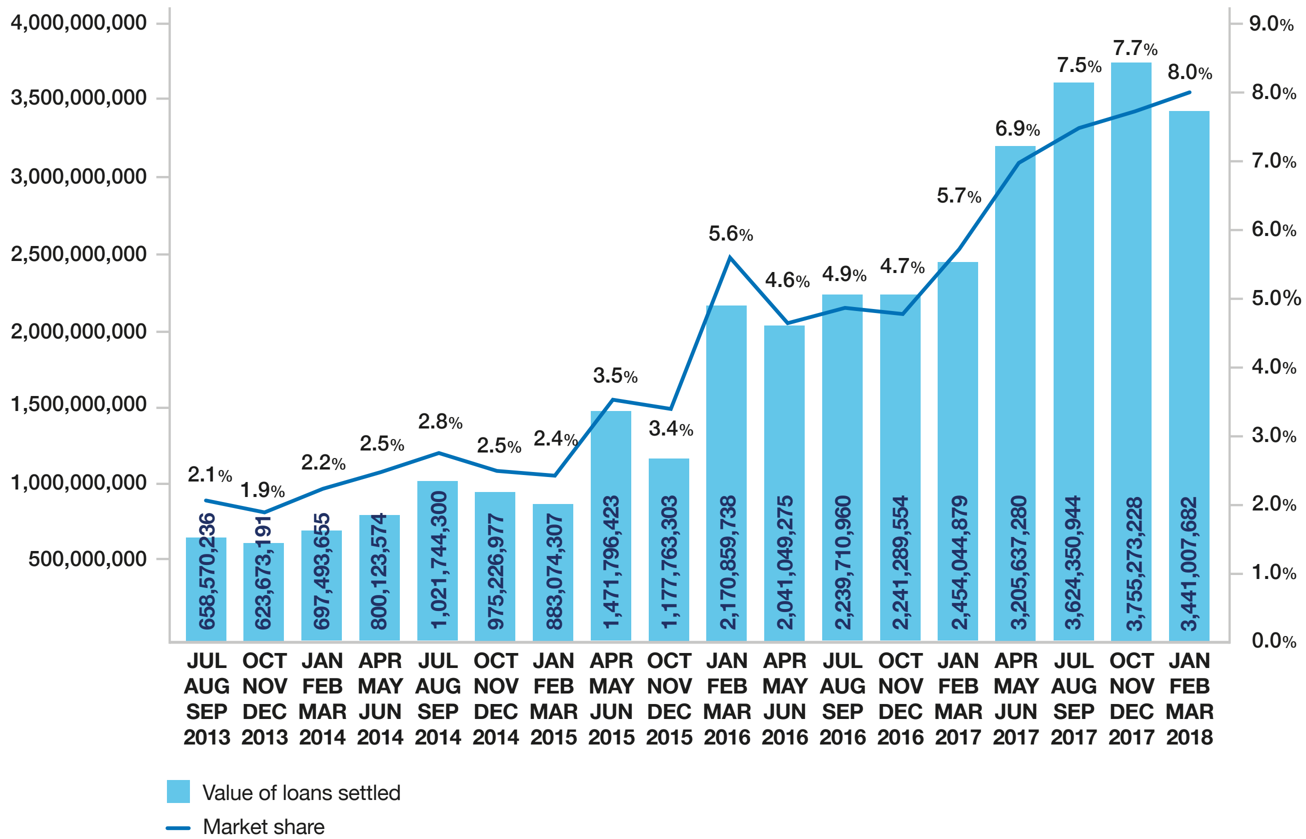
The data shows continued growth in the use of lenders other than the Major Banks and their affiliates, with market share for the mix of these lenders increasing to 32.7% – the highest market share ever recorded – up from July-to-September 2013's 21.4%.

The total value of lending directed to these lenders has also hit a record high of $15.1 billion for the April-to-June 2018 quarter.

This suggests that brokers continue to deliver competition by facilitating access to lenders other than the major banks and their affiliates.

The Non-bank Lending segment continues to grow in market-share terms, but the value of new business has fallen for the first time since the second quarter of 2016.

Value ($) and market share of Non-bank Lenders



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

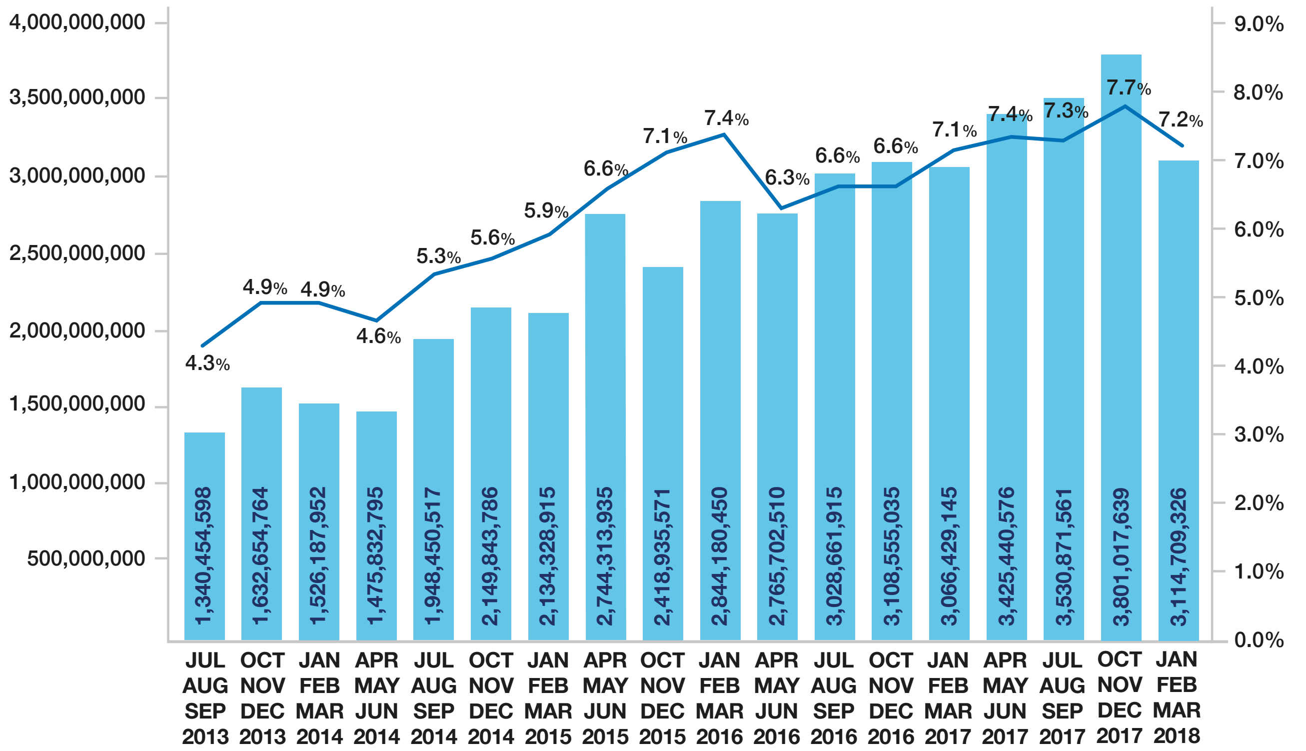
The percentage of business directed, or market share, to Non-bank Lenders continues to grow, with the segment now owning 8% of the market, the highest market share recorded.

Despite this growth in market share, the value of lending has declined this period. The last time there was a decline in the value of lending was between the second and third quarter of 2016.

Since the prior period, the lending value had declined by 8.4%.

Share of the White Label Home Loan segment has contracted by 0.5 percentage points, with the channel now accounting for 7.2% of settled lending by brokers.

Value ($) and market share of 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 who have offered the product consistently in the past four years. As such, it reflects accurately organic growth in the product category. As is commonly known, other aggregators are beginning to offer white label loans but their small share have not been counted in this analysis.

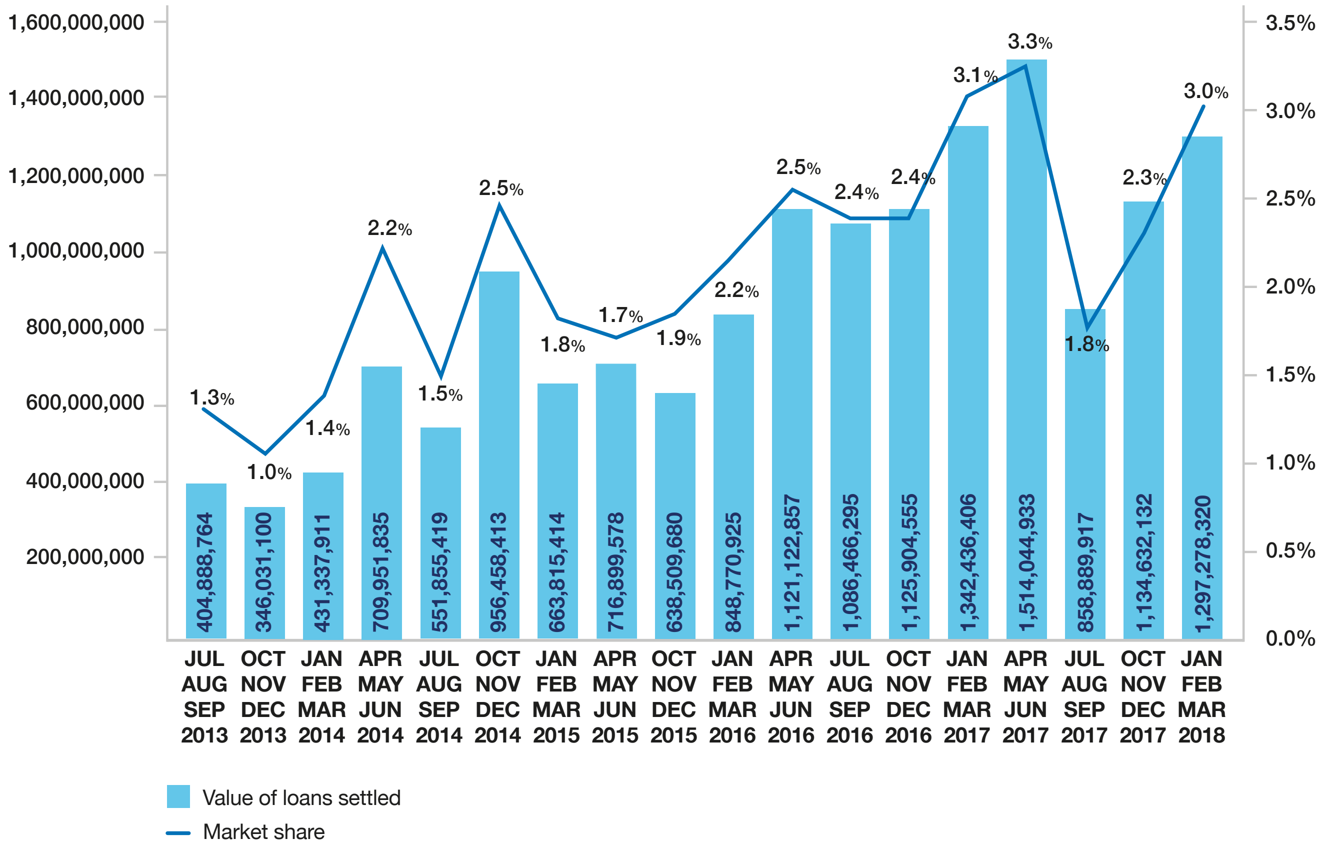
Data sourced from the MFAA's Quarterly Survey shows the market share of White Label Lending has fallen by 0.5 percentage points, ending the recent growth trajectory for the segment. This is the largest percentage point fall observed in the last two years, since April-to-June 2016.

Unlike that experienced by the Non-bank Lender segment, the loss in market share coincides with a decline in the value of business conducted by the channel. The October-to-December 2017 versus January-to-March 2018 quarter represents the largest decline in dollar value between consecutive periods experienced by the channel since recording began, a decline of approximately $686 million, or 18%.

Although, on the face of it, the White Label Lending channel experienced a decline, this January-to-March quarter was the biggest first quarter in value terms since the commencement of reporting.

New lending by the Credit Unions, Building Societies and Mutuals segment has bounced back following a sharp decline two quarters ago.

Value ($) and market share of Credit Union, Building Society and Mutual Lenders



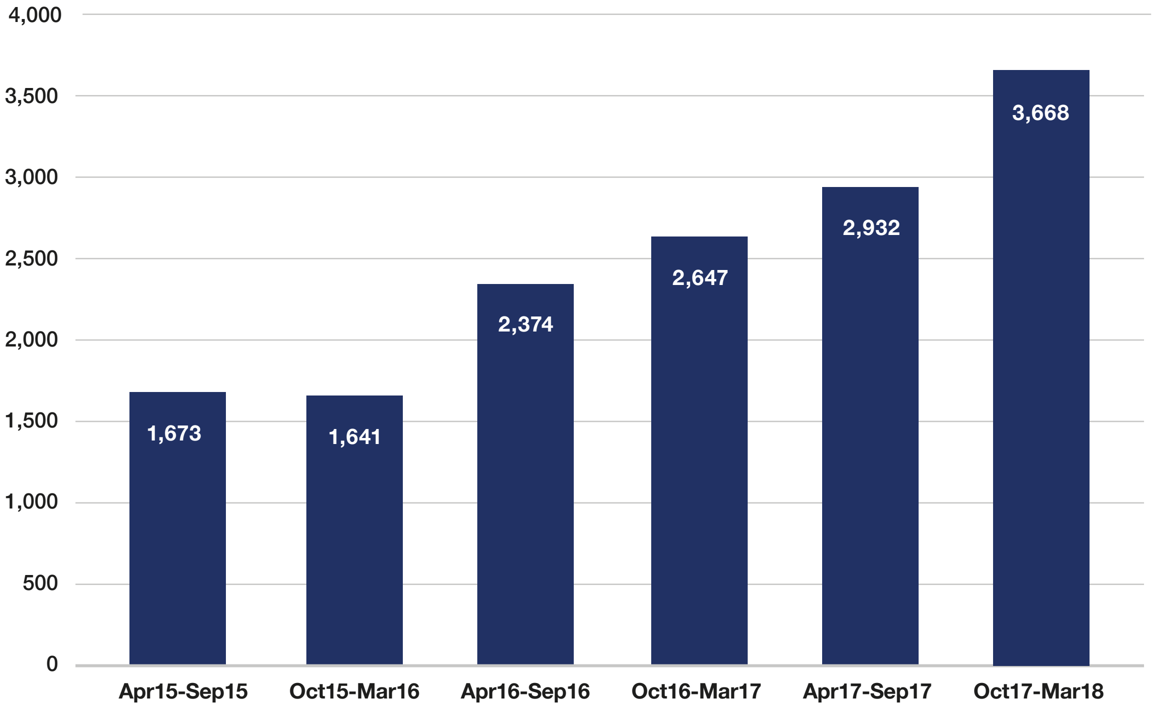
Note: No data was available for July-to-September 2015 quarter.

After a sharp decline in terms of both market share and segment value back in July-to-September 2017, the channel has now nearly recovered to pre-event levels.

Historically, new lending from the Credit Unions, Building Societies and Mutuals channel has been volatile, albeit from a smaller base. Despite this volatility, looking at the segment from an overall perspective, it has continued its growth trajectory.

Commercial Broking

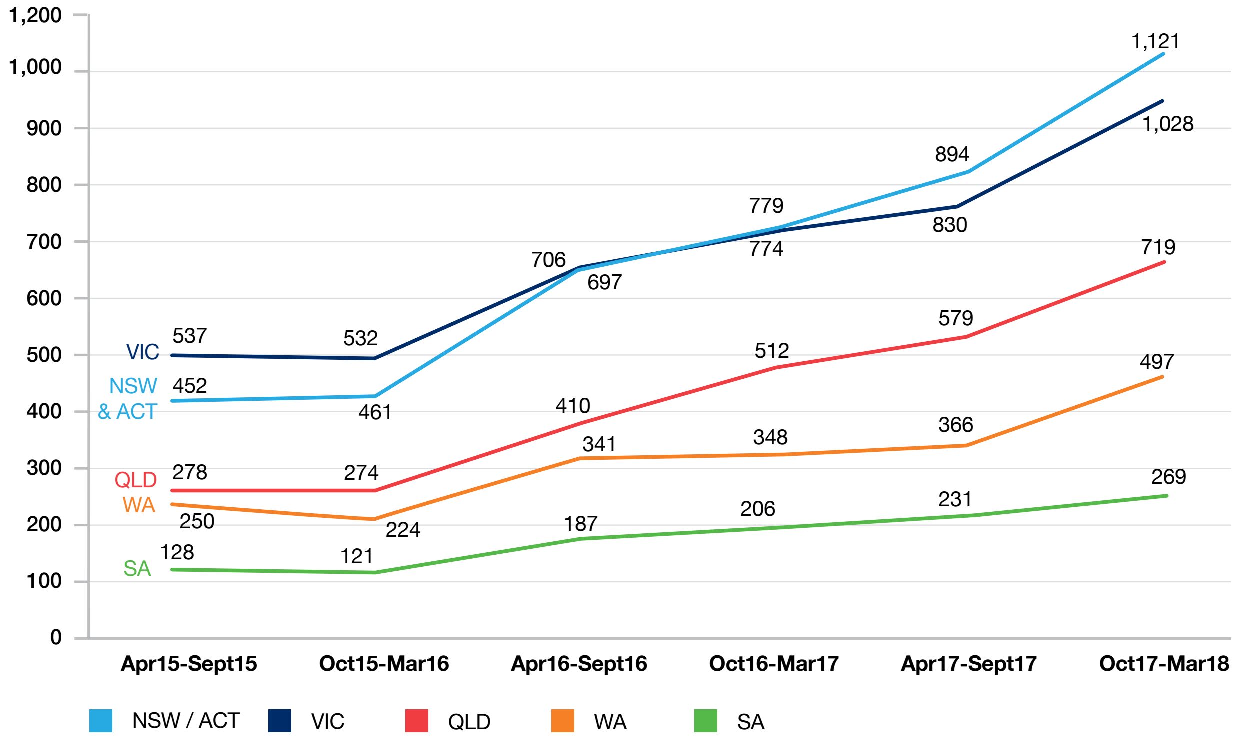
Number of mortgage brokers also writing commercial loans



In the last two years, the number of residential mortgage brokers who also offer commercial finance products has more than doubled – increasing by 123% from 1,641 in October-to-March 2016 to 3,668 in October-to-March 2018. This population has grown by 25% in the last 6 months alone.

This suggests that residential mortgage brokers appreciate the importance of diversification as a means of growing their business in a sustainable manner, or insulating their businesses from industry change.

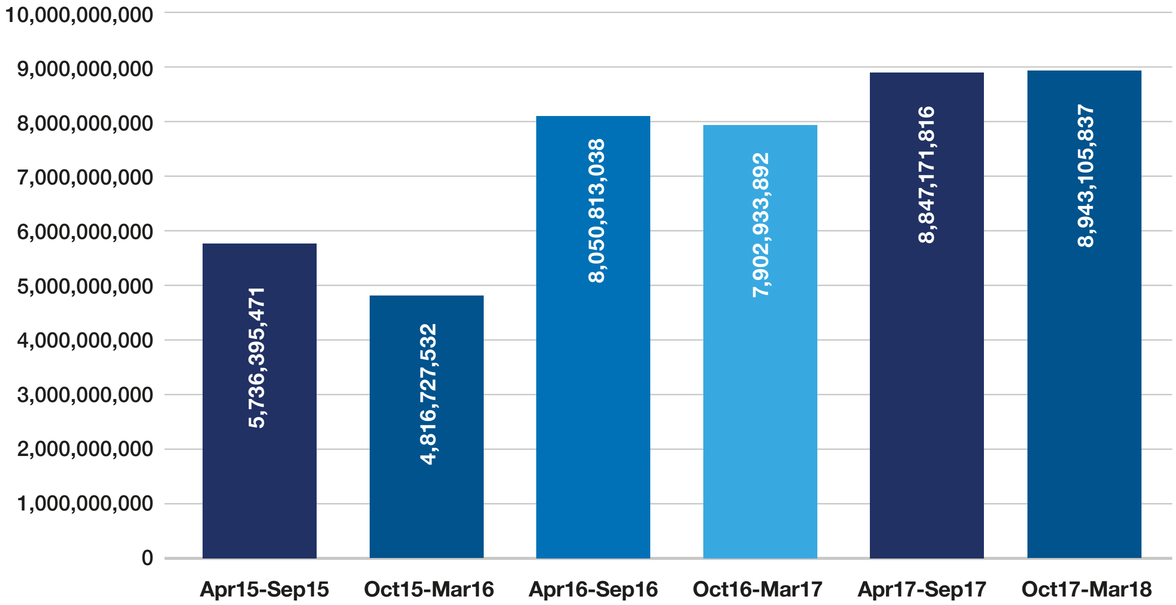
Number of mortgage brokers writing commercial loans, per state



Note: Due to the scale of the Y-axis labels, graph excludes data for Tasmania.

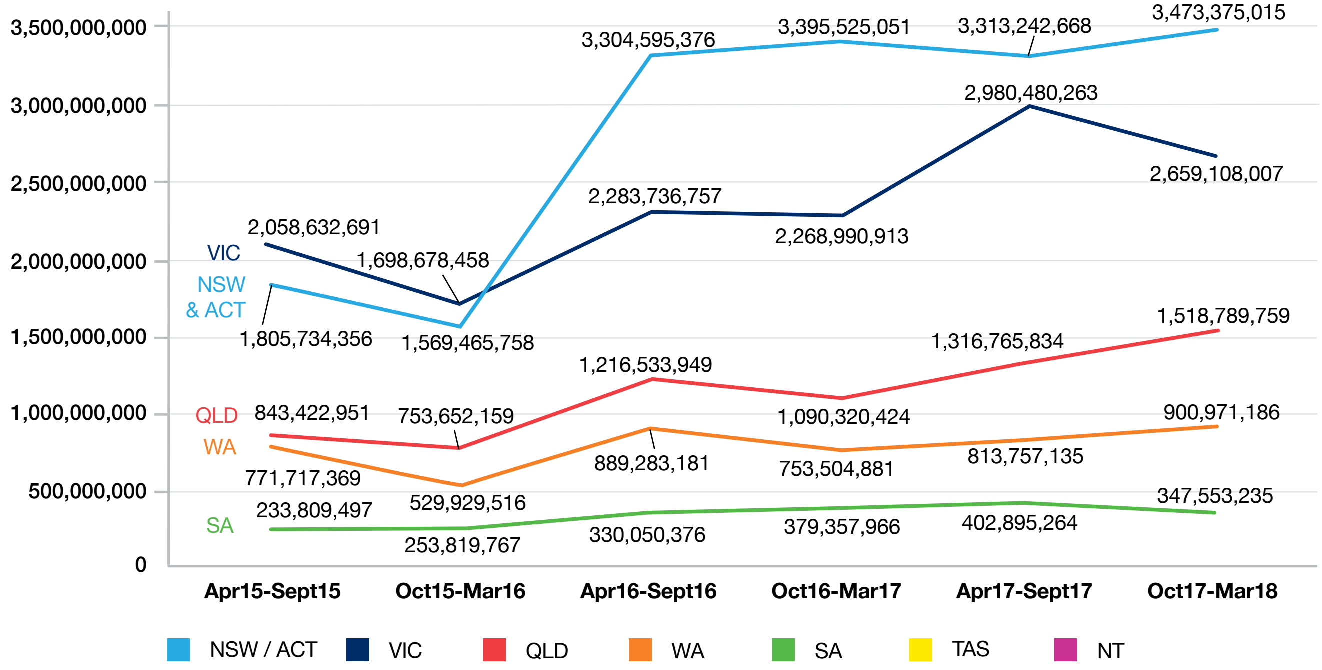
At the state level, the number of residential brokers also dealing in commercial finance has grown across all major states. New South Wales and ACT, Victoria, Queensland and Western Australia were the stand-outs from the most recent period.

Value of commercial lending settled by mortgage brokers ($)



After some volatility, the value of commercial loan settlements has recently increased to just under $9 billion for the last six months to the end of March 2018. Interestingly, the value of new commercial lending settled during the October-to-March 2018 reporting period has increased compared to the previous period. However, compared to the movement in the residential-commercial broker population, this increase was not in proportion with the significant growth in the number of brokers, as observed in the previous chart.

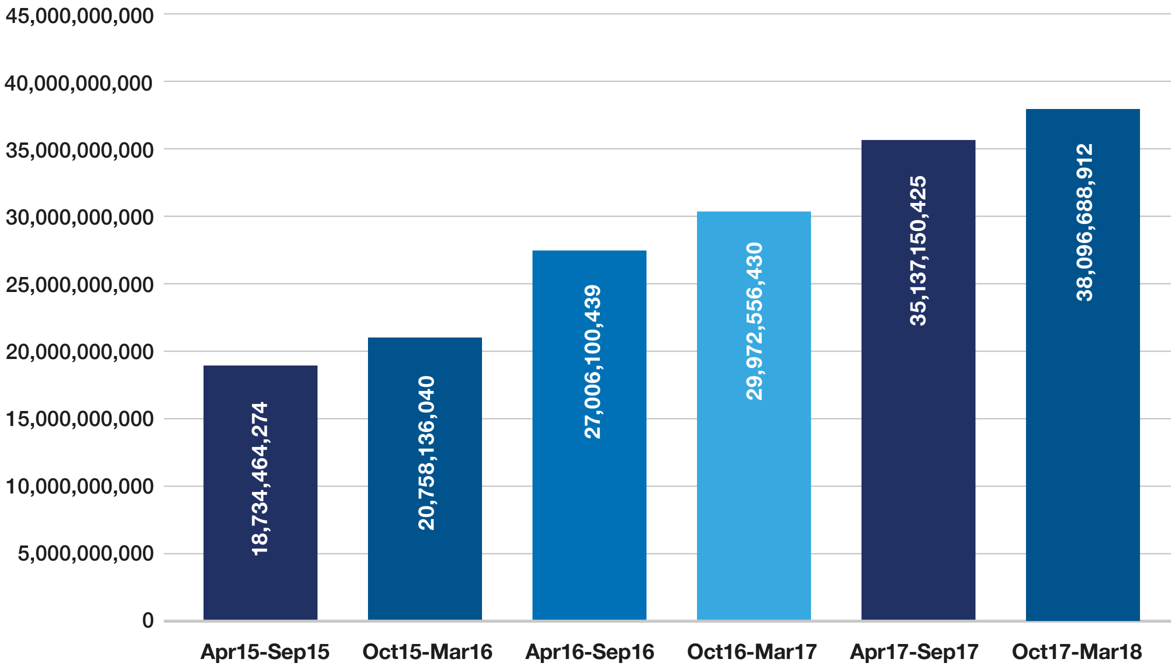
Total value of commercial lending settled by mortgage brokers, per state ($)



At the state level, although New South Wales and ACT, and Victoria, are the dominant states in terms of the value of commercial lending settled, Queensland recorded the strongest growth over the last six months, up 15.3%.

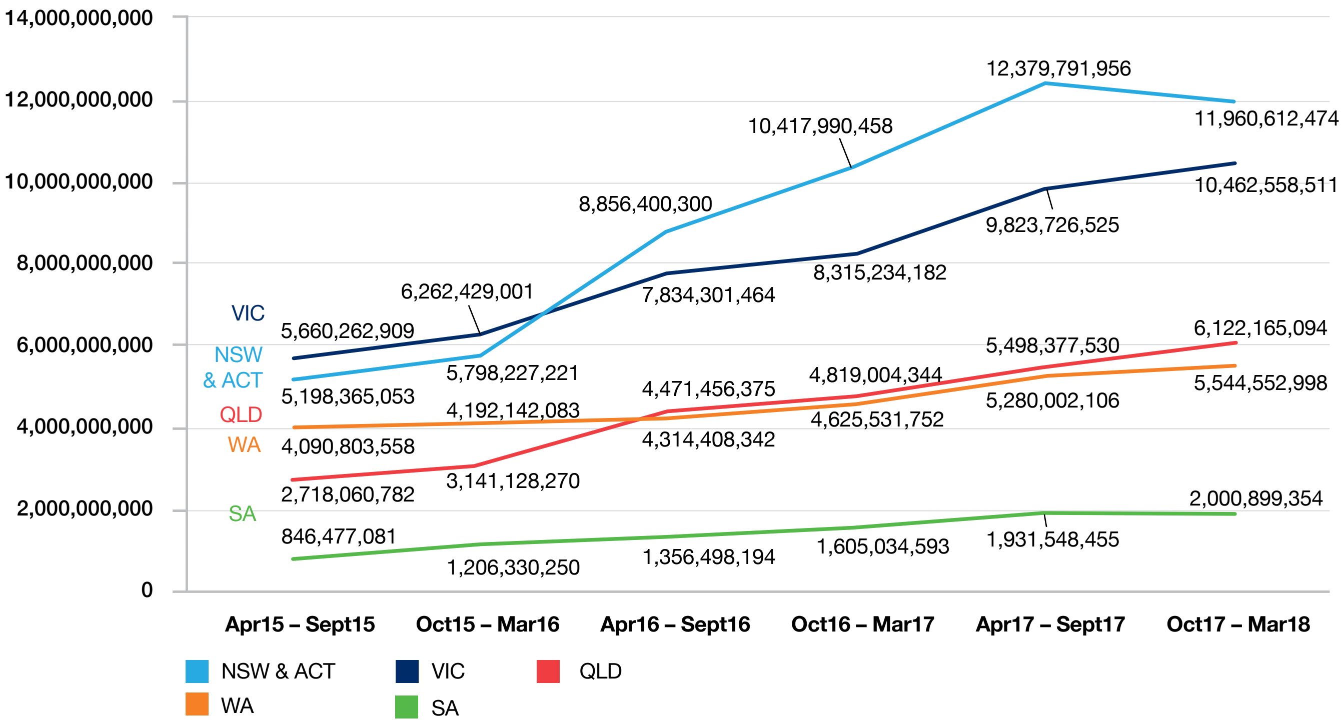
New South Wales and ACT, and Western Australia both recorded steady increases; whilst Victoria saw a 10.8% fall, despite seeing a 23.8% increase in the number of residential-commercial brokers.

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



The loan book value of commercial lending continues to grow, period-on-period, once again hitting a record high value at just over $38 billion, up $2.96 billion or 8.4% over the last period, and up $19.4 billion, or 103% since the period of April-to-September 2015.

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



Despite increases in commercial lending settled in New South Wales and ACT since last survey, the commercial lending loan book value decreased by $419 million, or 3.4%. The loan book value for New South Wales and ACT has also declined for the first time this period, following consecutive periods of growth. Inversely, despite Victoria's decline in value of new commercial loans settled for the period, the state's loan book value recorded another period of growth, up $639 million, or 6.5%.

The loan book value of commercial lending grew consistently for all other measured states.

State-by-state analysis

NSW and ACT

New South Wales and ACT accounts for 39.6% of new loans settled in Australia; however the state only has 36.2% of the total broker population. These figures suggest that there is generally the higher value of property in the region, and therefore higher average loan amount.

There was negative growth of New South Wales and ACT settlements, in dollar terms, with the state contracting 8.3%, compared to a national contraction of only 2.3%. However, for comparison, New South Wales and ACT's growth was recorded at 9% in the previous period. For the year, net settlement growth was 0%.

The state's broker population stands at 6,077, ensuring that it retains its position as the state with the most brokers.

The average value of settlements per broker over the period was $6,368,213, the highest value nationally. New South Wales and ACT typically has the highest average value of all states, but this period there has been a significant decline in the value of lending in the state, falling almost half-a million in the last six months from $6,813, 093. This has resulted in the values of New South Wales and ACT, and Victoria (at $6,353,897) almost converging for the first time. The latest decline may be attributed to the decline in the value of lending in the state, considering that the broker population had contracted slightly since the last survey.

Brokers have, on average, submitted 13.8 applications each over the six-month period, which is well below the national average of 17.9 applications per broker.

The number of brokers writing one or more commercial loans during the period has increased to 1,128, the in the latest survey compared with 779 in the corresponding period in 2017, a significant increase of 43.9%, supporting the idea of broker diversification.

The challenge for the New South Wales and ACT market is potentially declining house purchase transaction numbers and cooling or decreasing property values impacting the overall value of lending.

VIC

Victoria accounted for 32.1% of total loans settled (based on value) across the country, and had 29.3% of brokers, implying that the market is in broad equilibrium when compared to other states.

Settlements, like last period, grew, increasing by 6% compared to the national growth of 5.7% over the period.

The broker population has grown strongly over the six-month period to now sit at 4,925 brokers, stable compared to the last period where there were 4,931 brokers.

The average value of settled loans now sits at $6,353,897, up quite noticeably compared to $5,988,846 last period, and also noticeably higher than the current national average of $5,901,021.

Over the six-month period Victorian brokers submitted an average of 17.6 loans, in line with the industry average of 17.9. The number of brokers writing one or more commercial loans during the period has increased to 1,028 compared with 774 in the corresponding period in 2017, an increase of 32.82%

Whilst Victorian broker numbers appear stable, the total number of loan applications has decreased by 157 loan applications – yet the value settled by brokers has increased , from $29.5 billion last reporting period to $31.3 billion in this report.

QLD

The latest survey reveals that 16% of the broker population call Queensland home, however Queensland is only responsible for settling 14.1% of the value of the country's residential lending.

The growth rate in the value of settled lending for Queensland over the period remained flat, only growing slightly by 0.6%, compared to the national growth rate of 5.7%.

The broker population in Queensland has grown again, though only slightly, now sitting at 2,595, up from 2,585 the last survey.

The average settled loans volume in Queensland has declined again, now at $5,290,771 per broker, reducing by over $1.2 million since the measurement began in the first IIS Report survey.

Queensland brokers continue to be very productive. They submitted 18.3 loans each for the period, compared to the national average of 17.9. This was the second highest average, with South Australian brokers out-performing, writing on average 21 loans each. Overall, 47,386 loans were submitted in Queensland over the measured six months, comparable to the 47,038 loan submitted the previous period, but noticeably down compared to the 52,227 loans submitted for the equivalent six month period the previous year.

WA

Western Australia accounted for 8.4% of the total value of loans settled across the country, and had 11.7% of the broker population (down from 12.1%). The state has shed a noticeable number of brokers since last period, from 2,052 down to 1,964 brokers this period, helping to reduce the gap between share of broker population and share of value of loans settled.

Exacerbating the recent, and ongoing mismatch of broker numbers and share of the market is the decline of settled volume ($) over the last period, down 6.2%, compared to a national average decline of only 2.3%.

Over the six-month period, Western Australian brokers submitted an average of 13.9 loans, up slightly compared to the average of 13 last period. Overall, the state submitted 27,234 loan applications this period, compared to 27,428 the previous period.

The average settled value per broker has also continued declined slightly, from $4,240,461 to $4,156,158 this period. It's still the second lowest average value across the country, having been the second highest in the first publication of the IIS.

SA

South Australia now accounts for 5.0% of the total loans settled across the country, down from 5.1% last period, and now has 6.1% of brokers, up from 5.8% last period, a dynamic also experienced in Queensland and Western Australia. On the other hand, in New South Wales and ACT, and Victoria, these states have a larger share of loans settled compared to share of broker population.

As the share of loans settled by the state decreased, so to did the value of settlements, down 3.9% compared to the previous period. For comparison, nationally, the value of settlements only contracted 2.3%.

Despite contractions in settlement values, and share of the national value of loans settled, the broker population grew compared to the previous six month period from 985 to 1,025 brokers, contributing to the states increased share of the national broker population.

These factors have come together to contribute to a decline in the average value of loan settled per broker, from $5,156,128 last period, to $4,761,811 this period.

Over the six-month period South Australian brokers submitted an average of 21 loans, down from 22 loans last period. Despite the decline, South Australian brokers are comparatively more productive, submitting, on average, more loans than their interstate colleagues, with the national average being 17.9 loans.

The challenge for South Australian brokers is the apparent lower value loan amounts that they're dealing in, meaning they have to write more business than their peers to settle similar volumes and values.

Like all other states, more and more South Australian mortgage brokers are seeing the value in diversifying into commercial lending to help create sustainable businesses, with the population of residential/commercial brokers growing from 231 last period to 269 this period.

TAS

Tasmanian brokers generated 0.7% of total value loans settled across the country (up from 0.6% last survey), and the state had 0.8% of the national broker population, implying that the market is in broad equilibrium when compared to other states.

The value of settlements grew by 1.3%, which while a good-news story, and above the national average of -2.3% contraction, was well down compared to the previous figure of 13.3% growth.

The broker population has also grown, but marginally, over the six-month period to now sit at 127, up from the 125 brokers last survey.

Unlike last period where the growth in brokers was noticeably exceeded by the growth in lending, this period growth is more muted.

Despite the growth in some measures, the average value of loans submitted by Tasmanian brokers had declined since last period, from $5,055,197 to $5,039,858 this period. This has been coupled though, with an increase in the average number of loans submitted per broker for the state, from 15 loans last period to 17.9 loans per broker this period, compared to the current national average of 17.9 loans per broker.

Again, the good news for Tasmanian brokers is that when compared to the ABS population statistics, the state is easily the least 'saturated' market with 4,131 people for every broker, compared to the national result of 1,475.

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.

CoreLogic Comparator

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MORTGAGE & FINANCE ASSOCIATION OF AUSTRALIA

MFAA INDUSTRY INTELLIGENCE SERVICE

6TH EDITION

Benchmark your business

For the six month period
1 October 2017 – 31 March 2018

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	$5.8 million	$6.4 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	15 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$38.8 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$82,787		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$58,209		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$140,996		

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	$5.8 million	$6.4 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	18 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$33.3 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$82,601		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$49,944		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$132,544		

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	$5.8 million	$5.3 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	19 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$40.5 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$68,780		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$60,755		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$129,535		

My key actions

Western Australia

	National average	WA	My data	% Difference
Average value of new home loans settled per broker in each state during the 6 month period	$5.8 million	$4.2 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	14 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$45.4 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$54,030		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$68,165		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$122,195		

My key actions

South Australia

	National average	SA	My data	% Difference.
Average value of new home loans settled per broker in each state during the 6 month period	$5.8 million	$4.8 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	22 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$38.4 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$61,904		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$57,639		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$119,543		

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	$5.8 million	$5 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	18 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$28.9 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$65,518		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$43,354		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$108,872		

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	$5.8 million	$3 million		
Average number of new home loan applications lodged per active broker in each state and in total during the 6 month period	19 loans	13 loans		
Average value of the home loan book per broker in each state and in total, at the end of the period	$38.1 million	$37.9 million		
Average gross up-front remuneration generated per broker, prior to costs per annum	$75,604	$39,061		
Average gross trail remuneration generated per broker, prior to costs per annum	$57,189	$58,806		
Average gross remuneration generated per mortgage broker, prior to costs per annum	$132,793	$95,867		

My key actions

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