



EXPERT INSIGHTS: IS THE LANDSCAPE IMPROVING FOR BROKERS?

There's no doubt that the mortgage industry has experienced turbulence over the past several years. But, at the tail end of 2024, we are seeing signals that what has been an incredibly dynamic environment may be becoming more stable.

In our latest webinar, I was joined by our CFO, Simon Betteridge, and AMI's CEO, Robert Sinclair, to share their insights on the housing market and the evolving role of brokers.



Market update

Simon shared his insights on the macroeconomic landscape and what it means for the market, brokers, and customers — with the upshot that the environment is looking much more positive than it has for some time.

Over the course of the year, swap rates have become much more stable, with the outlook for the base rate becoming more predictable. Reduced volatility in rates, alongside less variation in mortgage pricing, is providing increased certainty for customers — ultimately leading to less re-work for both brokers and lenders.

We have seen the base rate start to reduce, and should this momentum continue, we can expect to see improved affordability too as lenders increase the amount they'll lend to customers — providing a tailwind as rates reduce. Meanwhile, the House Price Index returned to growth in July and August this year, inflation has dropped broadly to the 2% target, and consumer confidence is on the rise.

The number of homes for sale is now at a seven-year high, which is a positive indicator for the coming year. In 2024, purchase has been the driving force behind the market's growth, while remortgage activity has remained stable.

Looking ahead to next year, Simon suggests the remortgage market is key to provide the momentum needed for market growth, particularly as customers come off their higher rates and potentially look to break out of fixed deals to secure lower rates.

The current outlook for the mortgage market is positive. There has been a return to growth this year: the market grew by about £10 billion in the first half of 2024, with around £20 billion in growth expected for the full year. But with average growth in the market typically at £40-50 billion annually, there's still room to run.



The evolving role of the broker

Frances Cassidy, our Head of Mortgage Intermediary Partnerships, sat down with Robert Sinclair, CEO of Association of Mortgage Intermediaries, to discuss some of the changes he has seen during his distinguished career, and the landscape for brokers today.

Over the course of his many years in the industry, the role of the broker has transformed. Regulation has ramped up and is now a far more demanding part of the job, and the general product landscape has changed significantly. As a result, today's advisor needs to have much more in-depth knowledge and a greater awareness of what's going on in the industry.

The most successful advisors, according to Robert, are those that work empathetically to truly get at the heart of clients' needs — which are increasingly challenging. Today's customers bring a set of complex circumstances, from variations in employment and income sources to nuances around self-build projects or shared ownership.

One of the biggest shifts in the industry that Robert has observed during his 16-year tenure at AMI has been around the relationship between lenders and brokers. Whereas once the two worked quite distinctly, and could even be adversarial, there is now a far healthier relationship where lender and broker can work together as partners.

Of the landscape for brokers today, Robert described a varied picture across the country: while there is a great deal of positivity, there are areas in which the market remains quite static. Overall, brokerages have been faced with falling incomes over the past several years. According to data from the Financial Conduct Authority¹, average firm income fell 10% from 2022 to 2023, and a further 5% decline is expected from 2023 to 2024.

In the face of these revenue challenges, brokers have had to innovate to backfill the gaps, with some looking to increase protection sales. While the rest of 2024 is likely to remain challenging from an income perspective, Robert said he expects to see business pick up in 2025.

My takeaways

It's great to see such optimism from our experts after what has clearly been a difficult period. We know that consumer confidence took a real hit amid the volatility that we've faced in recent years, which heavily impacted our industry. But, following the base rate reduction in August — and with many anticipating a further rate cut at the next Monetary Policy Committee meeting in November — we are seeing signs of greater stability. It was fascinating to hear from Robert, a leading voice for brokers in our industry, on how the market has evolved over the years. His insights really drove home for me that the further you look back, the more progress you can see has been made by lenders and brokers alike, all while keeping customers at the heart of our industry.

Looking forward, 2025 will be an important year for remortgage with UK finance forecasting 1.8 million mortgage maturities throughout the year², however we know that with remortgage comes a lot of product transfer and subsequently income within your business may be impacted. Looking at ways to diversify your business will be key next year and one of the ways that brokers can expand their business and potentially increase revenue is through horizontal diversification: adding new products and services that are related to existing ones, but appeal to different customers or segments. With a growing cohort of specialist customers and underserved segments in the mortgage market, there are plenty of opportunities for brokers to tap into.



Eloise Hall – Head of National Accounts

Eloise joined Kensington Mortgages in 2019, bringing a wealth of experience from both Leeds Building Society and Principality Building Society, she has supported, nurtured and grown many of our key account relationships across the UK. Eloise has won an array of awards in her tenure at Kensington Mortgages, including Woman in Specialist Lending at Women's Recognition Awards and Head of National Accounts at both the 2022 and 2023 British Specialist Lending Awards. Most recently Eloise has been recognised in the Mortgage Introducer Global Top 100 Mortgage Professionals and named as an Elite Woman in 2024.

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¹<https://www.fca.org.uk/publication/annual-reports/annual-report-2023-24.pdf>
²<https://www.mortgagesolutions.co.uk/news/2024/09/04/mortgage-lending-grows-in-q2-but-year-end-activity-still-uncertain-says-uk-finance/>

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