THE MORTGAGE CONVERSION OPPORTUNITY

How Finding the Right Borrowers Drives More Closings

Only one in three mortgage shoppers who submit a hard credit inquiry ever make it to the closing table, according to Experian's 2026 State of the U.S. Housing Market Report. For lenders, this represents a significant opportunity to improve conversion by identifying borrowers who are more prepared to complete the homebuying journey.

Demand remains strong. The opportunity lies in gaining greater visibility into borrower readiness. By identifying qualified homebuyers earlier, lenders can provide more relevant financial guidance and potentially increase the likelihood of conversion.

The Mortgage Conversion Opportunity

1 in 3 mortgage shoppers

currently close, creating significant room for lenders to improve outcomes through better borrower identification.

Drop-off occurs at multiple stages, reflecting uncertainty, affordability reassessments, and unmet expectations.

Understanding Total Homeownership Costs Helps Identify Borrowers Ready to Move Forward

Affordability pressures continue to intensify as borrowers uncover the true cost of homeownership beyond the monthly mortgage payment.

$400,000

Median existing-home prices

have remained near this level, marking 32 consecutive months of year-over-year increases.[1]

+15.2%

Increase in property taxes

between 2021 and 2025.[2]

+67.4%

Rise in homeowners' insurance costs nationwide

over the same period.[2]

6.38%

Average 30-year fixed mortgage rate

in late March, up from 5.98% just four weeks earlier.[2]

When combined with HOA fees, PMI, closing costs, maintenance, utilities, and repairs, the total cost of ownership can exceed borrower expectations. Lenders that identify financially prepared borrowers earlier can help set realistic expectations and improve conversion outcomes.

Data-Driven Insights Reveal Borrower Readiness Signals

Alternative data is reshaping mortgage conversion by identifying truly ready borrowers before the hard credit pull.

Lenders that incorporate signals such as

rental payment history, **income trends,** **and spending behavior**

gain a more complete view of financial readiness than those relying solely on traditional credit scores and debt-to-income ratios.

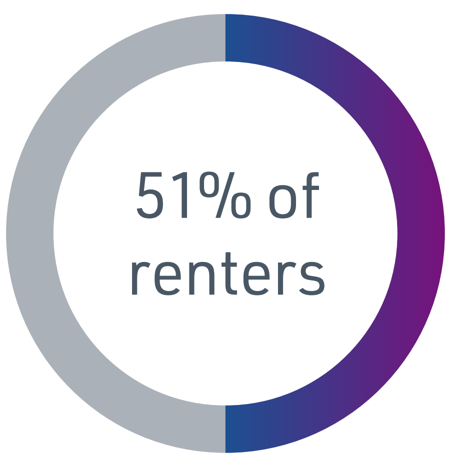
A 2026 Experian predictive analytics study shows that these signals can materially improve conversion performance:

5 predictive attributes > ~50–60% lift in conversions

10 predictive attributes > ~70–100% lift in conversions

This demonstrates that deeper behavioral visibility directly improves borrower targeting and outcomes.

Borrower Readiness Comparison: Traditional vs. Alternative Data



want more clarity around qualification requirements,

creating an opportunity for lenders to deliver better pre-qualification insights and greater transparency.[3]

Two borrowers may share the same credit score, but their underlying financial behaviors tell very different stories:

Borrower A

- 36 months of on-time rent payments
- Growing income trend
- Conservative spending behavior

Borrower B

- Multiple late rent payments
- High debt-to-income ratio
- Weaker financial discipline signals

Same score. Different readiness. Different likelihood of closing.

Finding the Right Borrowers Drives More Closings

Lenders can generate greater conversion lift by focusing on borrower readiness rather than simply increasing lead volume.

Experian's research reinforces that the addition of predictive attributes and segmentation can improve outcomes across borrower types:

First-time homebuyers: 100% lift in conversions

Repeat buyers: 238% lift in conversions

Home equity borrowers: 100% lift in conversions

Refinance borrowers: 131% lift in conversions

By leveraging richer data signals, lenders can better match borrowers to products they can realistically afford, improve conversion rates, and build stronger long-term customer relationships.

The tools already exist. The advantage may be realized by lenders who apply them across every stage of the mortgage funnel.

1 National Association of Realtors. (2019). Existing-Home Sales. Www.Nar.Realtor. https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales

2 2026 State of the U.S. Housing Market Report: Navigating Uncertainty, Unlocking Opportunity. (2026). 2026 State of Housing Report. (2026). experian.com. https://www.experian.com/thought-leadership/business/2026-state-of-housing-report

3 Experian: Nearly half of U.S. renters anticipate buying a home within four years. (2025, November 18). Experian. https://www.experianplc.com/newsroom/press-releases/2025/experian--nearly-half-of-u-s--renters-anticipate-buying-a-home-w