

Online Mortgage Search and Competition Index

A monthly report by **Koodoo** in partnership with **Iress**

April 2021

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Summary of findings

Volumes for residential purchase products remain high due to government incentives. Despite a significant increase in searches for 95% residential purchase products, options in this space remain limited. Fixed rate products now constitute 90% of all mortgage searches.

Throughout this quarter, residential purchase volumes have remained high, likely due to continued government incentives, whereas residential remortgage searches have started to level off after a peak in January 2021

Since the announcement of a 95% LTV government mortgage guarantee, we have seen searches in the 90-95% LTV space for residential purchases increase significantly from 16.4% of residential purchases searches to 22.3%. However, competitiveness in this segment has not yet met the increased demand as we await the launch of 95% LTV rates from high street lenders expected in April.

Since the launch of this report in Q4 2020, search proportions for fixed rates products have been gradually growing over variable rate products across all mortgage categories. This month marks the first time that the average across residential and buy to let categories hits 90% for fixed rate products.

2.1x

increase in monthly residential
purchase searches vs November
2020

+5.9%

point increase in residential
purchase searches for 90-95% LTV

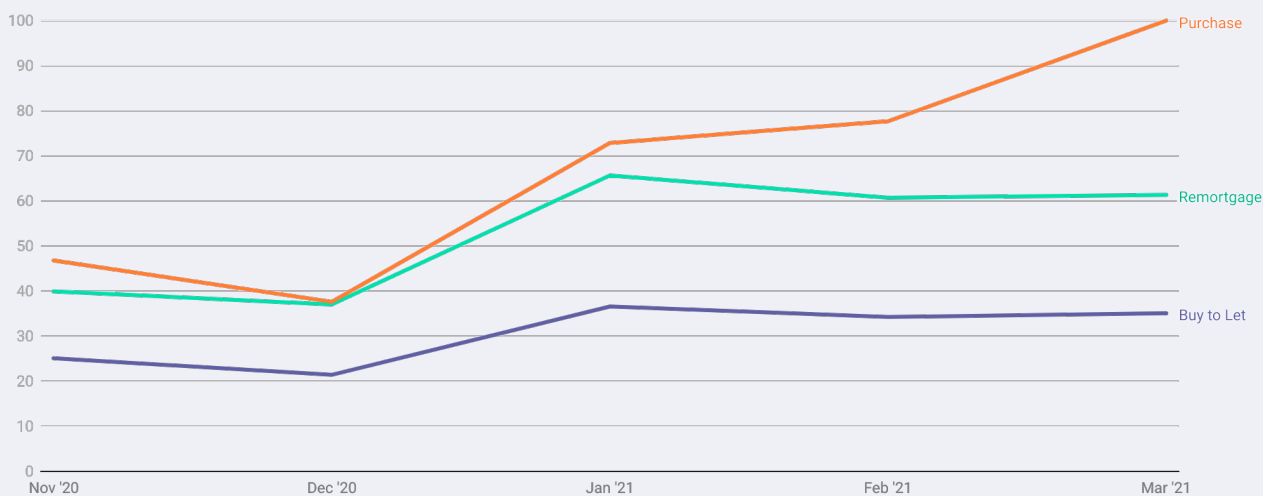
90%

of all mortgage searches are now for
fixed rate products

Demand for mortgage types

Residential purchase volumes remain high, and there has been a significant spike in interest for 90-95% LTV purchase products following announcement of the government guarantee.

FIGURE 1 - Normalised monthly traffic through mortgage online journeys broken down by product category (Max monthly requests =100)



Remortgage

FIGURE 2 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Mar
2 year - fixed	42.5%	0.1%	47.9
2 year - variable	4.2%	-0.4%	4.6
3 year - fixed	12.0%	0.2%	10.5
3 year - variable	0.9%	-0.1%	0.9
5 year - fixed	29.4%	0.5%	25.6
5 year - variable	1.2%	-0.2%	1.8
7 year - fixed	3.4%	-0.1%	2.9
7 year - variable	0.2%	-0.0%	0.2
10 year - fixed	5.7%	0.0%	5.1
10 year - variable	0.4%	-0.0%	0.4
All fixed	93.0%	0.7%	92.1
All variable	7.0%	-0.7%	7.9

FIGURE 3 - Changes in online consumer search proportions for mortgage product loan-to-values

LTV	% today	Monthly change (% points)	Trend Oct – Mar
(0-60)	48.9%	-1.7%	51.9
(60-65)	7.4%	0.1%	6.8
(65-70)	9.0%	0.2%	9.3
(70-75)	10.3%	0.4%	9.1
(75-80)	9.6%	0.4%	8.3
(80-85)	7.4%	0.1%	7.6
(85-90)	4.9%	0.2%	4.7
(90-95)	1.7%	0.1%	1.5
(95-100)	0.7%	0.0%	0.6

Remortgage (continued)

FIGURE 4 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	19.4%	3.1%	3.8%	4.7%	4.7%	4.1%	2.7%	0.9%	0.3%
2 year - variable	2.6%	0.3%	0.3%	0.3%	0.4%	0.3%	0.2%	0.1%	0.0%
3 year - fixed	5.5%	0.8%	1.2%	1.1%	1.1%	0.9%	0.6%	0.2%	0.1%
3 year - variable	0.6%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%
5 year - fixed	15.1%	2.2%	2.6%	2.7%	2.3%	1.9%	1.0%	0.3%	0.1%
5 year - variable	0.9%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
7 year - fixed	2.0%	0.2%	0.3%	0.3%	0.1%	0.1%	0.1%	0.0%	0.0%
7 year - variable	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10 year - fixed	3.4%	0.4%	0.4%	0.5%	0.4%	0.3%	0.1%	0.1%	0.0%
10 year - variable	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Purchase

FIGURE 5 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Mar
2 year - fixed	36.7%	-1.8%	38.3 36.7
2 year - variable	5.3%	-0.2%	5.8 5.3
3 year - fixed	12.0%	0.3%	11.6 12
3 year - variable	1.8%	0.1%	1.8 1.8
5 year - fixed	31.7%	1.3%	29.8 31.7
5 year - variable	2.3%	0.1%	3.1 2.3
7 year - fixed	2.9%	0.1%	2.5 2.9
7 year - variable	0.2%	-0.0%	0.2 0.2
10 year - fixed	6.3%	0.2%	6.1 6.3
10 year - variable	0.7%	-0.0%	0.7 0.7
All fixed	89.7%	0.0%	88.3 89.7
All variable	10.3%	-0.0%	11.7 10.3

Purchase (continued)

FIGURE 6 - Changes in online consumer search proportions for mortgage product loan-to-values

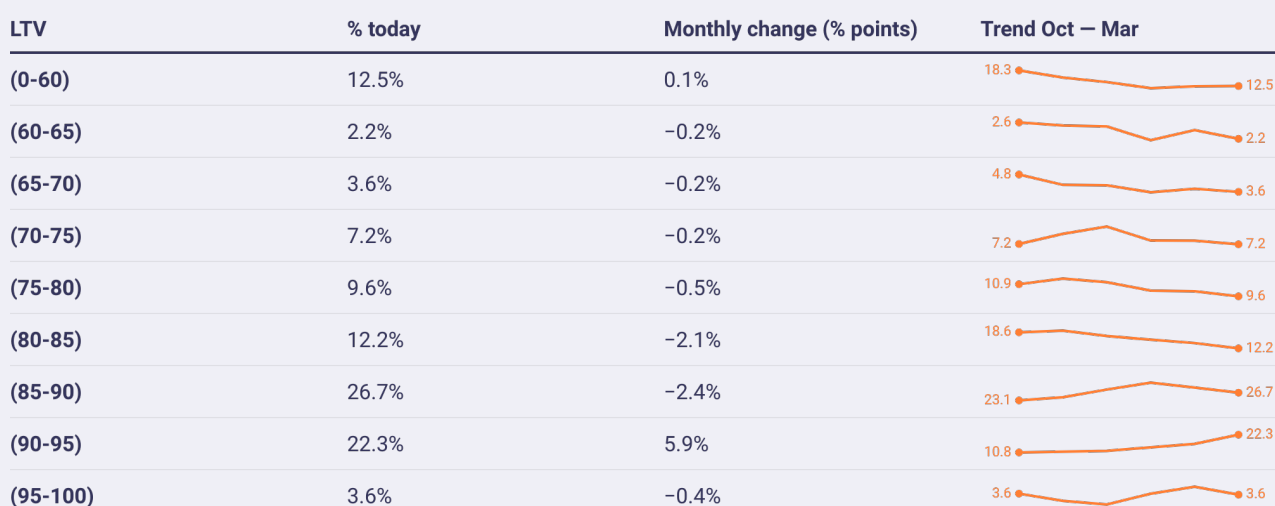


FIGURE 7 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	3.8%	0.7%	1.3%	2.6%	4.4%	7.0%	12.0%	5.2%	1.0%
2 year - variable	0.7%	0.1%	0.2%	0.3%	0.6%	0.7%	1.7%	1.0%	0.3%
3 year - fixed	1.2%	0.2%	0.4%	0.7%	1.1%	1.8%	3.5%	2.3%	0.5%
3 year - variable	0.2%	0.0%	0.0%	0.1%	0.1%	0.2%	0.6%	0.5%	0.1%
5 year - fixed	5.0%	0.9%	1.4%	2.7%	3.2%	4.4%	7.3%	4.9%	1.0%
5 year - variable	0.3%	0.0%	0.1%	0.1%	0.2%	0.2%	0.6%	0.5%	0.1%
7 year - fixed	0.5%	0.1%	0.2%	0.4%	0.2%	0.2%	0.5%	0.5%	0.1%
7 year - variable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
10 year - fixed	1.4%	0.2%	0.3%	0.5%	0.6%	0.7%	1.2%	0.9%	0.4%
10 year - variable	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%	0.2%	0.1%

Buy-to-let

FIGURE 8 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Mar
2 year - fixed	38.0%	-0.3%	
2 year - variable	7.2%	-0.3%	
3 year - fixed	9.5%	-0.3%	
3 year - variable	1.7%	-0.2%	
5 year - fixed	31.7%	1.1%	
5 year - variable	2.5%	0.0%	
7 year - fixed	1.8%	0.1%	
7 year - variable	0.3%	0.0%	
10 year - fixed	6.3%	-0.2%	
10 year - variable	1.0%	-0.1%	
All fixed	87.2%	0.5%	
All variable	12.8%	-0.5%	

FIGURE 9 - Changes in online consumer search proportions for mortgage product loan-to-values

LTV	% today	Monthly change (% points)	Trend Oct – Mar
(0-60)	21.7%	-1.7%	
(60-65)	4.8%	0.3%	
(65-70)	8.0%	-0.3%	
(70-75)	30.0%	-0.3%	
(75-80)	15.9%	-0.4%	
(80-85)	7.8%	0.9%	
(85-90)	8.3%	1.0%	
(90-95)	2.5%	0.5%	
(95-100)	1.0%	0.0%	

Buy-to-let (continued)

FIGURE 10 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type








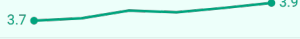


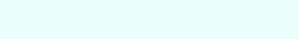
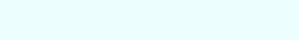
Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	8.2%	1.7%	3.1%	12.4%	6.6%	2.7%	2.6%	0.7%	0.3%
2 year - variable	1.5%	0.3%	0.6%	1.7%	1.6%	0.8%	0.9%	0.2%	0.1%
3 year - fixed	2.1%	0.4%	0.8%	2.9%	1.7%	0.7%	0.8%	0.2%	0.1%
3 year - variable	0.4%	0.1%	0.1%	0.4%	0.4%	0.2%	0.2%	0.1%	0.0%
5 year - fixed	8.0%	1.6%	2.7%	10.1%	4.6%	1.5%	1.4%	0.4%	0.2%
5 year - variable	0.6%	0.1%	0.2%	0.6%	0.5%	0.2%	0.3%	0.1%	0.0%
7 year - fixed	0.6%	0.1%	0.1%	0.5%	0.3%	0.1%	0.1%	0.0%	0.0%
7 year - variable	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10 year - fixed	1.7%	0.3%	0.6%	1.8%	0.7%	0.3%	0.4%	0.1%	0.1%
10 year - variable	0.2%	0.0%	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.0%

Competition for mortgage types

High street lenders are yet to return to 95% LTV lending, however it is widely expected this will happen in April following the unveiling of the government mortgage guarantee in the Budget.

Remortgage

FIGURE 11 - Current segment competitiveness score and historical change, broken down by product initial period and type. Segment competitiveness is measured on a scale of 0 to 5, with 5 being the most competitive. See appendix (page 18) for how this is calculated

Initial Period	Today	Monthly change (%)	Trend Oct – Mar
2 year - fixed	4.29	0.1%	
2 year - variable	3.74	-2.9%	
3 year - fixed	3.82	3.3%	
3 year - variable	3.49	0.8%	
5 year - fixed	4.37	0.5%	
5 year - variable	2.62	-5.8%	
7 year - fixed	2.07	-3.3%	
7 year - variable	0.00		
10 year - fixed	3.87	1.1%	
10 year - variable	0.00		
All fixed	4.15	0.7%	
All variable	3.17	-2.2%	

Remortgage (continued)

FIGURE 12 - Current segment competitiveness score and historical change, broken down by loan-to-value

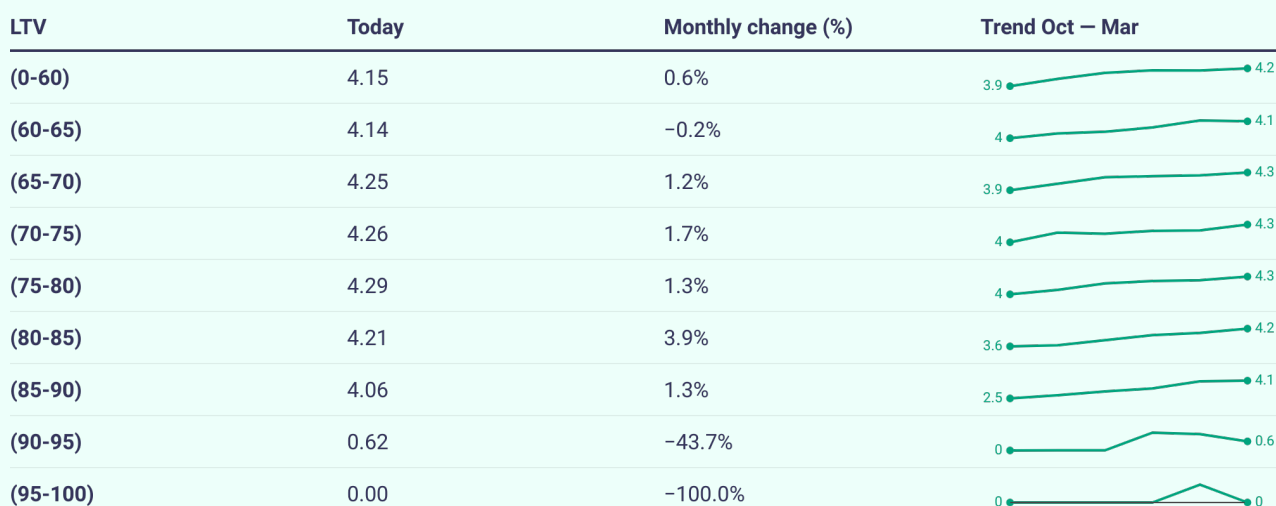


FIGURE 13 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	4.4	4.4	4.4	4.4	4.5	4.4	4.4	0.6	0.0
2 year - variable	3.8	4.1	4.2	4.1	4.1	3.8	3.4	0.0	0.0
3 year - fixed	3.8	4.0	4.1	4.0	4.2	4.3	3.7	1.4	0.0
3 year - variable	3.5	4.1	4.2	4.2	3.8	3.4	3.7	1.4	0.0
5 year - fixed	4.5	4.3	4.5	4.5	4.5	4.4	4.6	0.4	0.0
5 year - variable	2.9	2.8	3.2	3.2	1.6	2.8	0.1	0.0	0.0
7 year - fixed	2.4	2.1	2.1	2.1	0.1	0.1	0.1	0.0	0.0
7 year - variable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 year - fixed	4.1	4.1	4.0	3.9	3.8	3.6	0.1	0.0	0.0
10 year - variable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Purchase

FIGURE 14- Current segment competitiveness score and historical change, broken down by product initial period and type

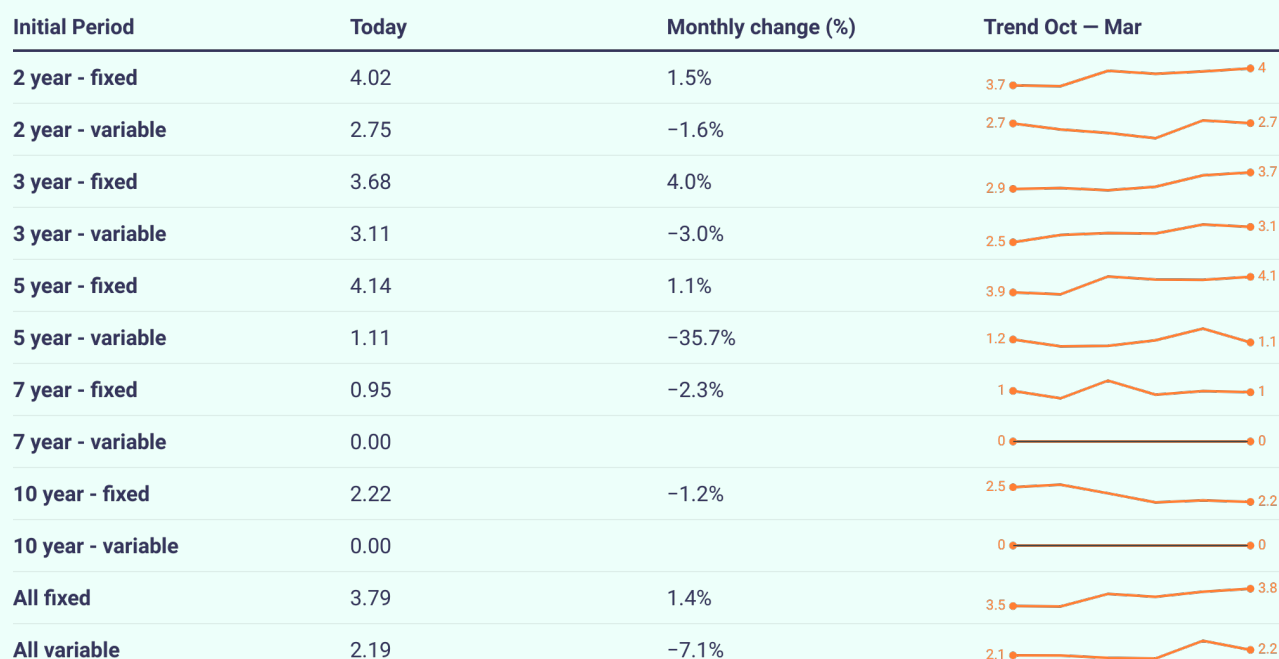
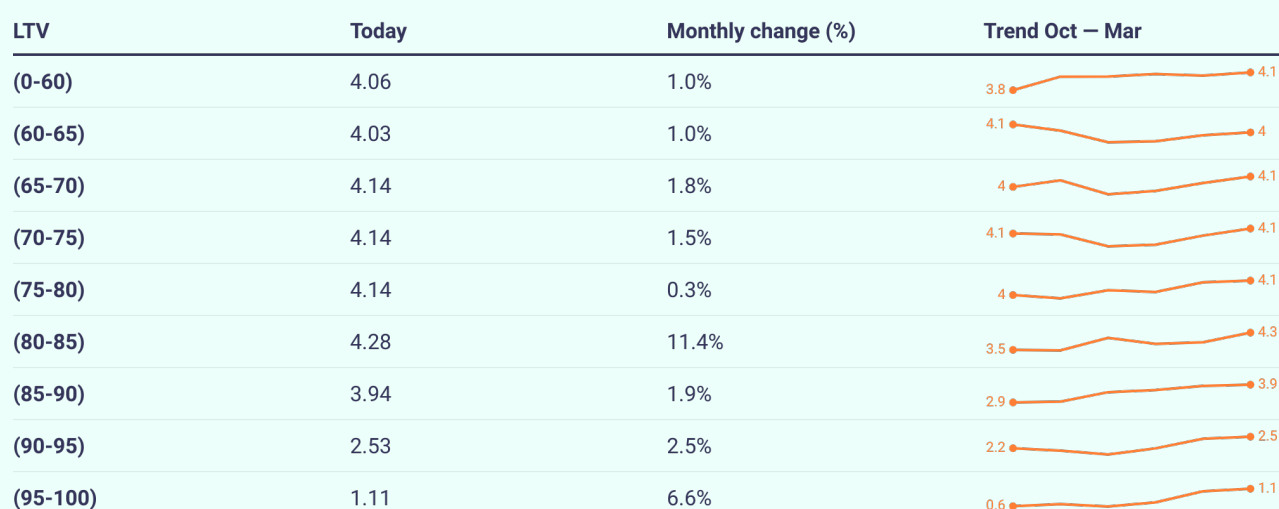


FIGURE 15 - Current segment competitiveness score and historical change, broken down by loan-to-value



Purchase (continued)

FIGURE 16 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	4.2	4.3	4.3	4.3	4.4	4.4	4.5	2.9	0.0
2 year - variable	4.1	4.1	4.2	4.1	4.0	4.0	3.6	0.0	0.0
3 year - fixed	3.9	4.2	4.1	4.1	4.1	4.3	3.9	2.9	2.6
3 year - variable	3.8	4.0	4.0	3.9	3.8	3.4	3.4	2.6	1.9
5 year - fixed	4.4	4.2	4.5	4.5	4.4	4.5	4.4	3.4	2.4
5 year - variable	2.8	2.9	2.9	2.9	1.7	2.7	0.8	0.0	0.0
7 year - fixed	2.1	2.0	1.9	2.0	0.1	0.1	0.1	0.0	0.0
7 year - variable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 year - fixed	4.1	4.1	3.9	3.9	3.6	3.5	0.4	0.0	0.0
10 year - variable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Buy-to-let

FIGURE 17 - Current segment competitiveness score and historical change, broken down by product initial period and type

InitialPeriod	Today	Monthly change (%)	Trend Oct – Mar
2 year - fixed	3.12	-0.8%	
2 year - variable	1.96	-1.8%	
3 year - fixed	1.53	-0.5%	
3 year - variable	1.70	-2.7%	
5 year - fixed	3.55	-1.2%	
5 year - variable	0.63	-42.2%	
7 year - fixed	0.00		
7 year - variable	0.00		
10 year - fixed	1.85	5.0%	
10 year - variable	0.00		
All fixed	2.95	-0.4%	
All variable	1.47	-8.0%	

Buy-to-let (continued)

FIGURE 18 - Current segment competitiveness score and historical change, broken down by loan-to-value

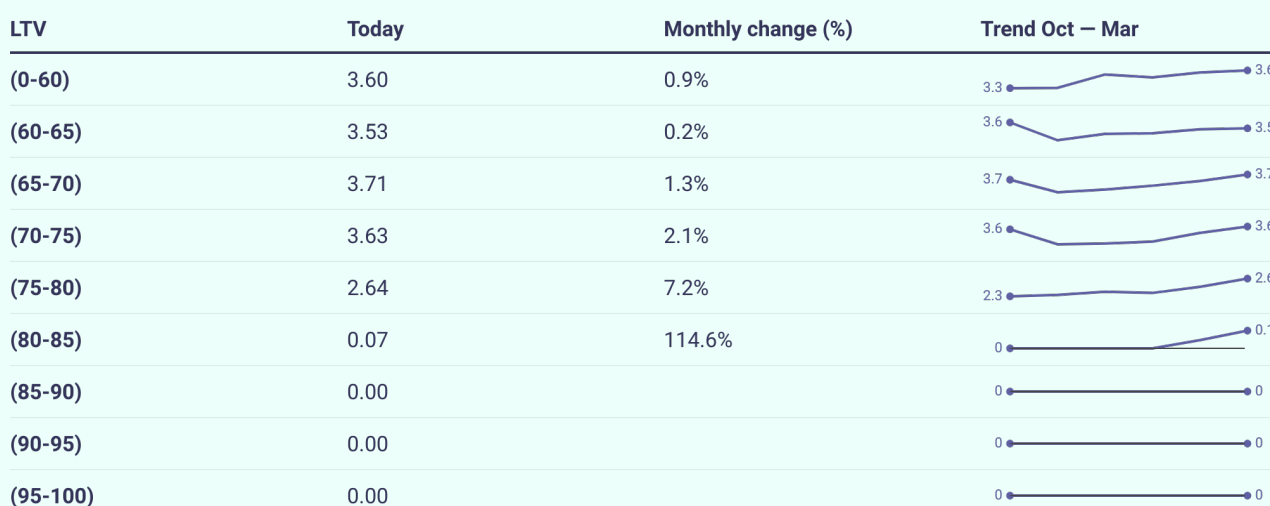


FIGURE 19 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	3.9	3.8	4.2	4.1	3.5	0.1	0.0	0.0	0.0
2 year - variable	3.3	3.3	3.4	3.1	1.6	0.0	0.0	0.0	0.0
3 year - fixed	2.9	2.6	2.3	2.0	0.5	0.0	0.0	0.0	0.0
3 year - variable	3.6	3.6	3.6	3.4	0.0	0.0	0.0	0.0	0.0
5 year - fixed	4.2	4.1	4.4	4.3	3.6	0.1	0.0	0.0	0.0
5 year - variable	1.0	1.8	1.5	1.2	0.0	0.0	0.0	0.0	0.0
7 year - fixed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 year - variable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 year - fixed	3.1	2.7	2.5	2.0	0.0	0.0	0.0	0.0	0.0
10 year - variable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

About us

In partnership with IRESS, Koodoo is now the largest provider of mortgage technology to UK price comparison websites and online lead sources. Research shows 80% of mortgage journeys start online and having a presence online is vital for lenders. IRESS and Koodoo have partnered to provide the mortgage industry with this regular report to support lenders in making informed product design decisions for the digital channel.



About Koodoo

Koodoo is a market-leading mortgage distribution and decisioning platform, connecting customers in a digital channel to lenders through delightful online journeys. Koodoo powers major price-comparison websites in the UK, and also provides lender technology to help lenders with acquiring, retaining and processing leads digitally.

Contact Koodoo at hello@koodoo.io



About Iress

Iress makes market-leading mortgage software that connects lenders and intermediaries, making selling, sourcing and completing mortgages better for everyone. Iress' software helps lenders and intermediaries give their clients the best mortgage experience through an efficient, simplified, connected mortgage journey.

Contact Iress at sourcing@iress.com

Appendix

Methodology

This report has been created using data from Koodoo's mortgage comparison platform which powers major price-comparison-websites. The report also takes data from IRESS' mortgage product data feed.

Measuring demand for mortgages

This is measured using data from Koodoo's mortgage comparison platform, which powers leading price-comparison-websites in the UK. To preserve the confidentiality of Koodoo's clients and their audiences, this report focuses on the proportion of overall searches, and how this changes from month to month, indicating gradual changes in consumer behaviour. This demand index is different to indices that show search proportions conducted by mortgage intermediaries as it shows searches directly performed by consumers, rather than intermediaries performing searches on behalf of consumers.

Measuring competition for mortgages

This is measured using a combination of data from Koodoo's mortgage comparison platform and IRESS' mortgage product data feed. The 'segment competitiveness score' is a proprietary algorithm that assesses how competitive a particular segment of mortgage products is. The score ranges from 0 (no competition) to 5 (most competitive). It considers factors such as number of lenders present in the segment, intensity of product bunching at the top of rate tables and relative pricing between the individual products.

Sources and assumptions

Data for this report is sourced from Koodoo's mortgage comparison platform, which is used by major price comparison websites in the UK, as well as product data from IRESS. Searches are considered independently, meaning that a user may search for a few different types of product, all of which will be counted independently. For ease of reference, any searches above 100% LTV have been filtered out.