

# Online Mortgage Search and Competition Index

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

**March 2021**

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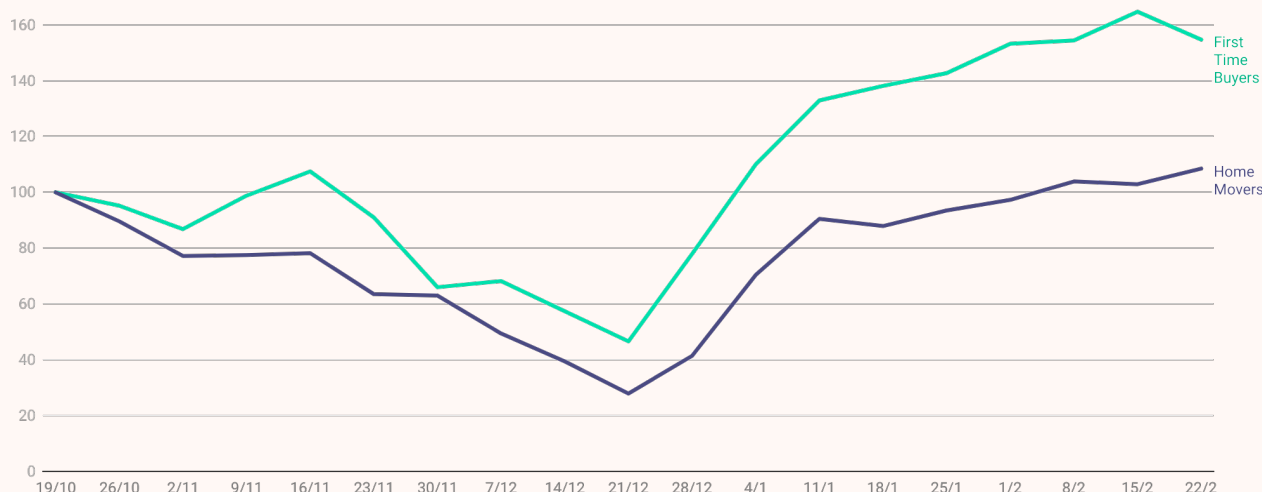
## FEATURED SEGMENT

# Stamp duty holiday extension

## What this means for consumers based on current case lead times

With the end of the stamp duty holiday looming and rumours circulating of a 3 month extension to the deadline, Koodoo has seen a significant uptick in homebuyers applying for products on its comparison site partners since January 2021 (Figure 1). This recent increased interest may indicate that many customers are still hopeful of meeting the original, or potentially extended stamp duty holiday deadline.

**FIGURE 1** - Indexed first time buyer and home mover requests to speak to a broker



However, data from Fluent Money, a whole of market mortgage broker, shows that the average time between first receiving advice and completing on a mortgage today stands at 93 calendar days, meaning that consumers will need to have started the mortgage process by Monday 29th March at the latest to meet an extended 3 month deadline.



Home buyers trying to start the mortgage process late may end up with an unwanted stamp duty bill of £5,700 (replacing their main residence) or £700 (first time buyers), based on the average home buyer property value of £314,000, as seen across Koodoo's comparison site partners.

A further breakdown of the data from Fluent Money illustrates that for first time buyers, the average period to completion is 73 days, while for home movers, the period is longer at 113 days. Across all residential purchases, this lengthy overall period is mostly driven by a long binding offer to completion period, resulting from significant conveyancing case loads across the industry.

**FIGURE 3** - Calendar days to process by mortgage category

Loan type	Days per stage			Total
	Advice accepted to Case sent to Lender	Case sent to Lender to Binding offer issued	Binding offer issued to Completion	
FTB	3.27	25.80	43.80	72.87
Home movers	8.26	46.46	57.94	112.66
Purchase average	5.77	36.13	50.87	92.77



# Summary of findings

**Demand for 2 year fixed rates shows a clearly declining trend (-5.6% points in last 5 months), while overall competitiveness in the residential mortgage market increases as lenders take a more positive outlook on lending.**

The last 5 months have shown a clear trend of consumers moving away from the default 2 year fixed rate option for residential remortgages, with the proportion of searches in residential remortgages sliding from 48% in October 2020 to 42.4% in February 2021.

**-5.6%**

point change in 2 year fixed rate remortgage searches (Oct - Feb)

Overall we have observed an increased competitiveness across residential mortgages as a whole, as lenders re-enter the market and resume a more confident approach to lending. Curiously, the same has not been true of buy to let lending, where the overall level of competitiveness has remained relatively constant.

**+0.3**

Increase in overall residential remortgage and purchase competitiveness scores (Oct - Feb)

The competitiveness for 85-90% LTV residential lending seems to have generally recovered, as February saw more lenders re-enter this segment. Competitiveness at this LTV band now sits at 4.01 for residential remortgages and 3.87 for residential purchases.

**4.01**

competitiveness score for 85-90% LTV remortgages, signifying a recovery from 2.5 in Oct 2020

# Demand for mortgage types

Customers choosing 2 year fixed rate remortgages continue to see a downward trend (-5.6% points in last 5 months)

## Remortgage

FIGURE 4 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Feb
2 year - fixed	42.4%	-1.2%	
2 year - variable	4.6%	0.2%	
3 year - fixed	11.8%	-0.1%	
3 year - variable	1.0%	0.0%	
5 year - fixed	28.9%	0.4%	
5 year - variable	1.4%	0.0%	
7 year - fixed	3.5%	0.6%	
7 year - variable	0.3%	0.0%	
10 year - fixed	5.6%	0.1%	
10 year - variable	0.5%	-0.0%	

## Remortgage (continued)

FIGURE 5 - Changes in online consumer search proportions for mortgage product loan-to-values

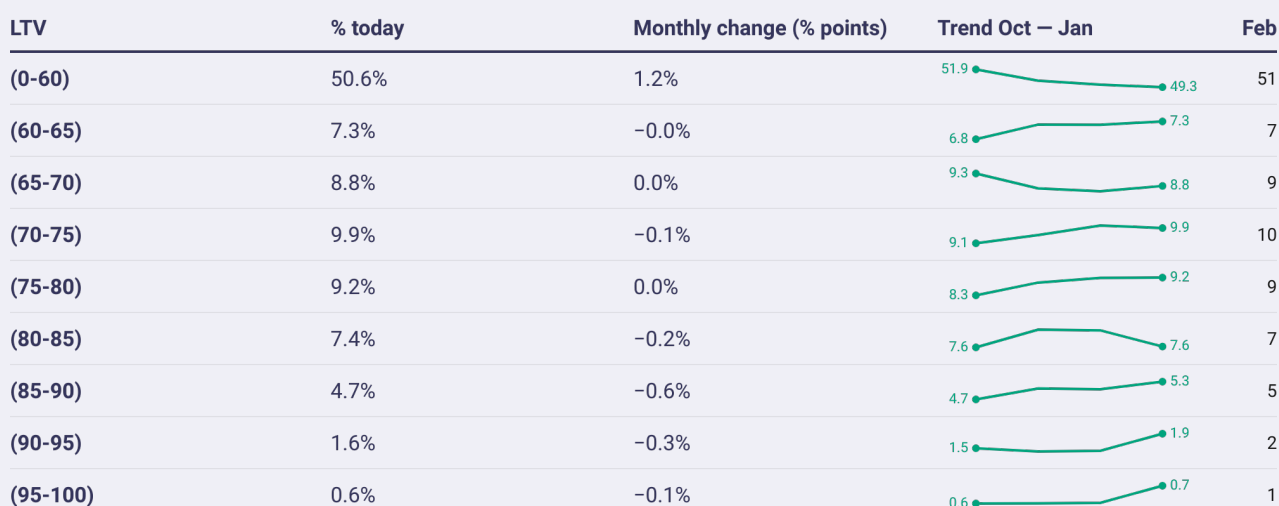


FIGURE 6 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	19.7%	3.2%	3.8%	4.7%	4.7%	4.1%	2.7%	0.9%	0.3%
2 year - variable	2.6%	0.3%	0.3%	0.4%	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	15.0%	2.1%	2.6%	2.7%	2.2%	2.0%	1.1%	0.3%	0.1%
5 year - variable	1.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
7 year - fixed	1.9%	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	3.3%	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 7 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Feb
2 year - fixed	38.5%	-0.4%	
2 year - variable	5.4%	0.1%	
3 year - fixed	11.7%	0.3%	
3 year - variable	1.7%	-0.1%	
5 year - fixed	30.4%	0.1%	
5 year - variable	2.2%	0.0%	
7 year - fixed	2.8%	0.2%	
7 year - variable	0.2%	-0.0%	
10 year - fixed	6.2%	-0.0%	
10 year - variable	0.8%	-0.1%	

FIGURE 8 - Changes in online consumer search proportions for mortgage product loan-to-values

LTV	% today	Monthly change (% points)	Trend Oct – Feb
(0-60)	12.4%	0.7%	
(60-65)	2.4%	0.2%	
(65-70)	3.8%	0.2%	
(70-75)	7.3%	-0.0%	
(75-80)	10.2%	-0.1%	
(80-85)	14.3%	-1.3%	
(85-90)	29.1%	-2.3%	
(90-95)	16.4%	2.3%	
(95-100)	3.9%	0.3%	











## Purchase (continued)

**FIGURE 9** - 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	4.0%	0.8%	1.4%	2.7%	4.5%	7.5%	12.1%	4.6%	1.1%
2 year - variable	0.7%	0.1%	0.2%	0.3%	0.6%	0.8%	1.7%	0.9%	0.3%
3 year - fixed	1.2%	0.2%	0.4%	0.7%	1.1%	1.9%	3.6%	1.9%	0.5%
3 year - variable	0.2%	0.0%	0.0%	0.1%	0.1%	0.2%	0.6%	0.4%	0.1%
5 year - fixed	5.1%	0.9%	1.4%	2.7%	3.3%	4.8%	7.3%	4.0%	0.9%
5 year - variable	0.4%	0.0%	0.1%	0.1%	0.2%	0.2%	0.7%	0.4%	0.1%
7 year - fixed	0.5%	0.1%	0.2%	0.3%	0.2%	0.3%	0.6%	0.4%	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%	1.3%	0.8%	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 10** - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Feb
2 year - fixed	38.3%	-0.2%	
2 year - variable	7.5%	-0.1%	
3 year - fixed	9.8%	-0.4%	
3 year - variable	1.9%	0.1%	
5 year - fixed	30.6%	0.3%	
5 year - variable	2.5%	-0.2%	
7 year - fixed	1.6%	-0.1%	
7 year - variable	0.2%	-0.0%	
10 year - fixed	6.5%	0.8%	
10 year - variable	1.1%	-0.0%	

## Buy-to-let (continued)

FIGURE 11 - Changes in online consumer search proportions for mortgage product loan-to-values

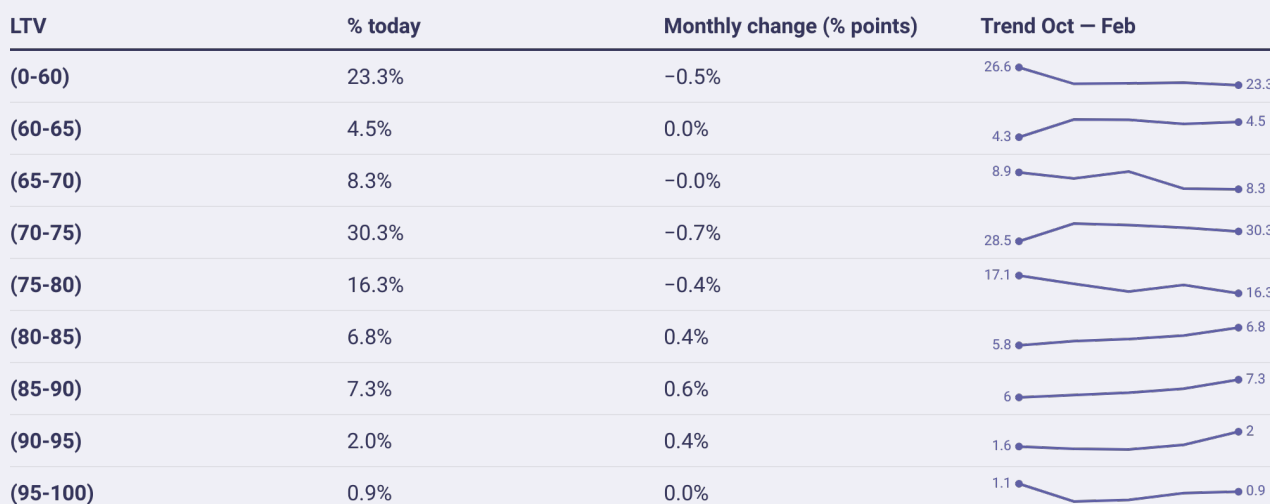


FIGURE 12 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type










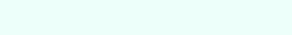
Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	8.4%	1.7%	3.1%	12.5%	6.6%	2.6%	2.5%	0.6%	0.3%
2 year - variable	1.6%	0.3%	0.6%	1.7%	1.6%	0.8%	0.8%	0.2%	0.1%
3 year - fixed	2.2%	0.4%	0.9%	3.0%	1.7%	0.7%	0.8%	0.2%	0.1%
3 year - variable	0.4%	0.1%	0.1%	0.4%	0.4%	0.2%	0.2%	0.1%	0.0%
5 year - fixed	8.1%	1.6%	2.8%	10.2%	4.5%	1.4%	1.3%	0.3%	0.2%
5 year - variable	0.7%	0.1%	0.2%	0.6%	0.5%	0.2%	0.3%	0.1%	0.0%
7 year - fixed	0.7%	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

Overall competitiveness across residential lending has improved as lenders become more confident going forward, while buy to let competitiveness has stayed level.

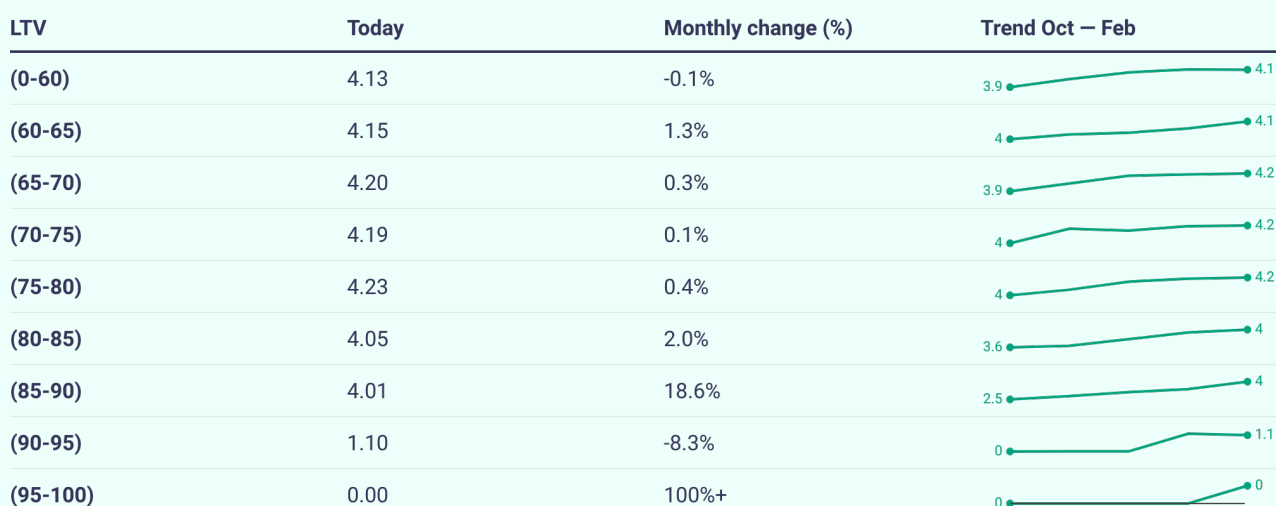
## Remortgage

**FIGURE 13** - 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 – Feb
2 year - fixed	4.28	2.8%	
2 year - variable	3.85	1.8%	
3 year - fixed	3.70	1.8%	
3 year - variable	3.47	3.3%	
5 year - fixed	4.34	0.3%	
5 year - variable	2.78	5.3%	
7 year - fixed	2.14	-3.0%	
7 year - variable	0.00		
10 year - fixed	3.83	1.0%	
10 year - variable	0.00		

## Remortgage (continued)

**FIGURE 14** - Current segment competitiveness score and historical change, broken down by loan-to-value



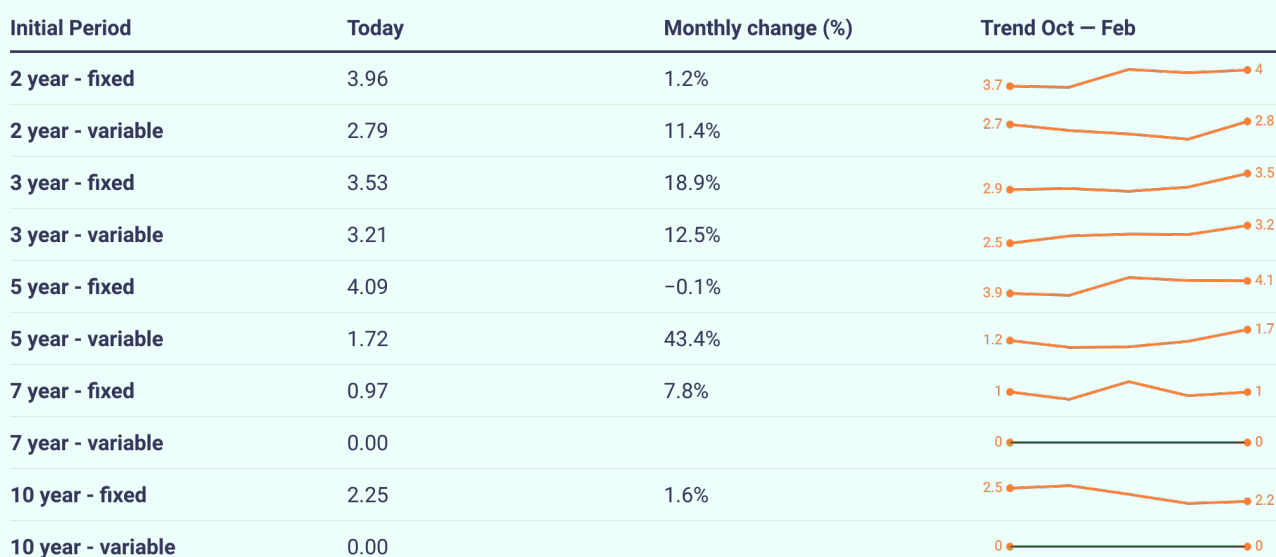
**FIGURE 15** - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

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	4.3	4.3	4.5	4.2	4.4	2.0	0.0
2 year - variable	4.0	4.3	4.2	4.2	4.1	3.7	3.3	0.0	0.0
3 year - fixed	3.7	3.9	4.0	3.9	3.9	4.1	3.5	0.1	0.0
3 year - variable	3.4	4.2	4.0	4.2	4.0	3.3	3.5	0.0	0.0
5 year - fixed	4.4	4.2	4.5	4.5	4.5	4.3	4.5	0.0	0.0
5 year - variable	2.9	3.3	3.0	3.3	1.9	3.0	1.9	0.0	0.0
7 year - fixed	2.5	2.5	1.9	1.8	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	4.1	4.0	3.9	3.9	3.7	3.4	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

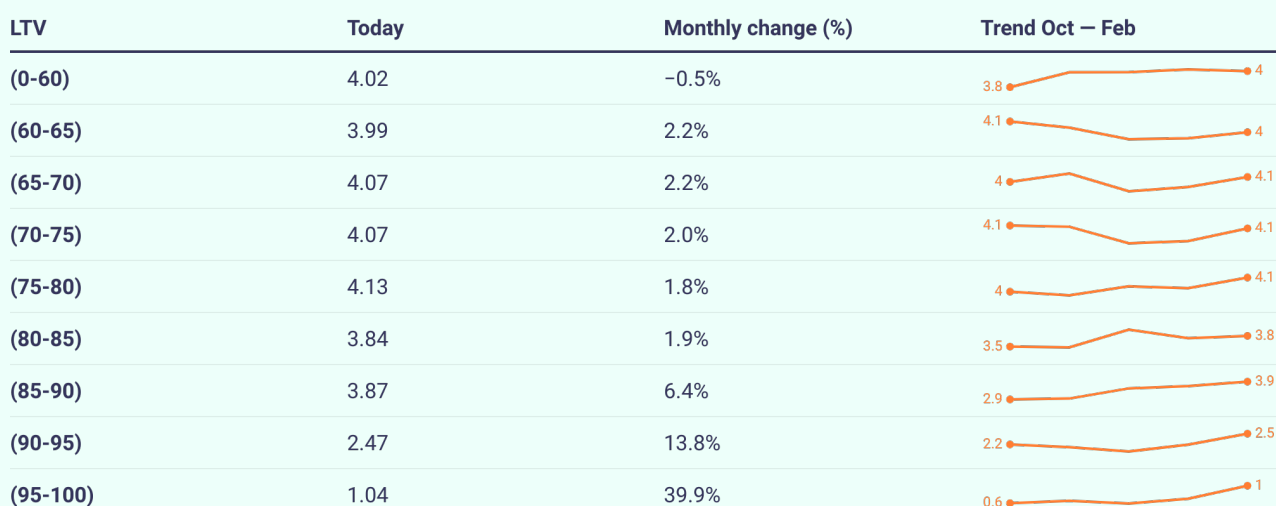


## Purchase

**FIGURE 16-** Current segment competitiveness score and historical change, broken down by product initial period and type



**FIGURE 17 -** Current segment competitiveness score and historical change, broken down by loan-to-value



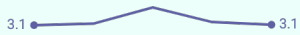






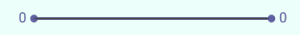


## Purchase (continued)

**FIGURE 18** - 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	4.3	4.2	4.2	4.2	4.4	3.9	4.4	3.0	0.0
2 year - variable	4.1	4.2	4.2	4.2	4.0	3.7	3.3	0.0	0.0
3 year - fixed	3.6	4.0	3.9	3.9	4.1	4.2	3.6	2.7	2.3
3 year - variable	3.9	4.0	4.0	4.0	3.8	3.2	3.4	2.8	1.8
5 year - fixed	4.3	4.2	4.5	4.5	4.3	4.0	4.4	3.4	2.4
5 year - variable	2.9	3.0	3.0	3.0	2.2	3.1	2.0	0.0	0.0
7 year - fixed	2.4	2.1	1.8	1.9	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	4.0	4.0	3.9	3.9	3.7	3.5	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

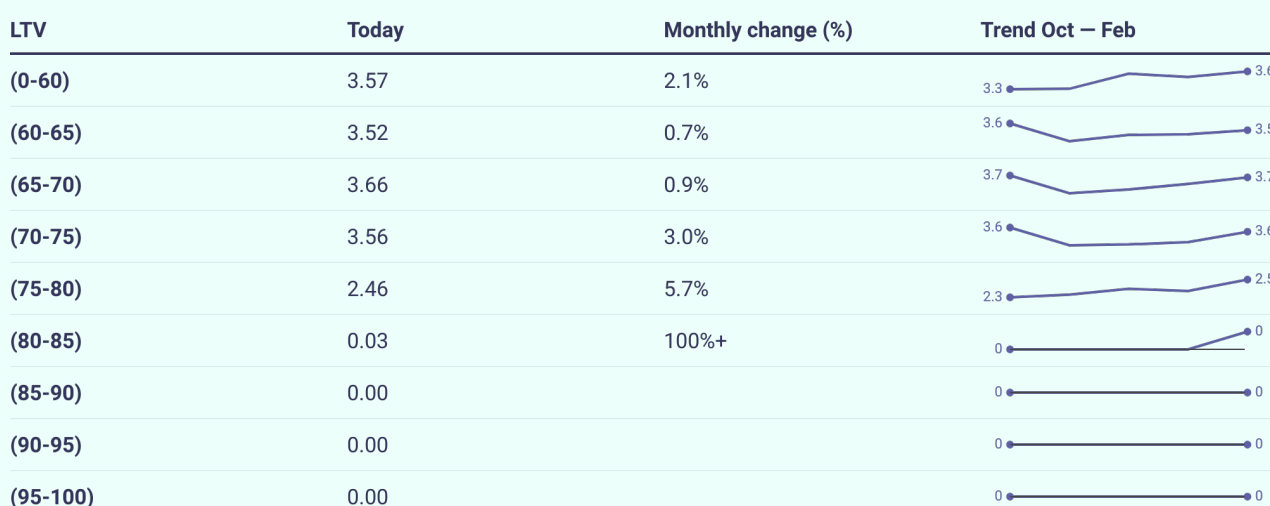
## Buy-to-let

**FIGURE 19** - Current segment competitiveness score and historical change, broken down by product initial period and type

Initial Period	Today	Monthly change (%)	Trend Oct – Feb
2 year - fixed	3.15	-0.4%	
2 year - variable	2.00	-0.9%	
3 year - fixed	1.53	-2.8%	
3 year - variable	1.75	14.3%	
5 year - fixed	3.59	-0.3%	
5 year - variable	1.09	-12.2%	
7 year - fixed	0.00		
7 year - variable	0.00		
10 year - fixed	1.77	54.4%	
10 year - variable	0.00		

## Buy-to-let (continued)

**FIGURE 20** - Current segment competitiveness score and historical change, broken down by loan-to-value



**FIGURE 21** - 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	3.8	3.8	4.1	4.0	3.3	0.0	0.0	0.0	0.0
2 year - variable	3.3	3.4	3.2	2.8	1.6	0.0	0.0	0.0	0.0
3 year - fixed	2.9	2.6	2.2	1.9	0.6	0.0	0.0	0.0	0.0
3 year - variable	3.5	3.5	3.4	3.3	0.0	0.0	0.0	0.0	0.0
5 year - fixed	4.1	4.1	4.4	4.3	3.4	0.0	0.0	0.0	0.0
5 year - variable	1.7	2.1	2.1	1.9	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	3.0	2.5	2.5	1.8	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](mailto: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](mailto: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.