

Online Mortgage Search and Competition Index

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

May 2021

Contents

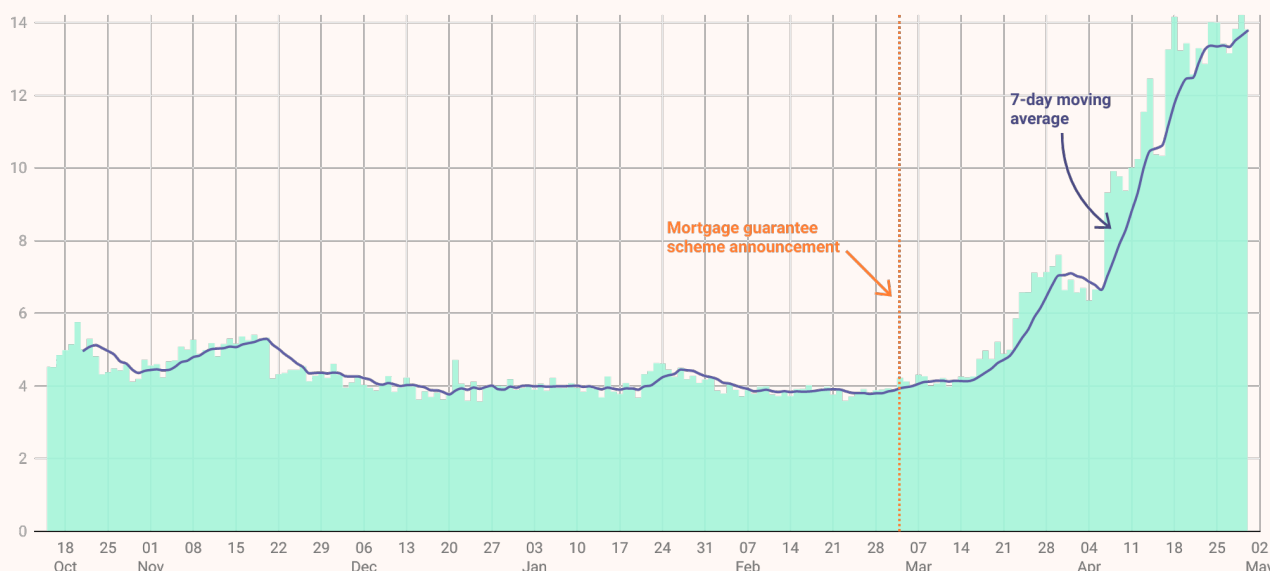
Featured segment: Return of 95% LTV purchase mortgages	03
Summary of findings	04
Demand for mortgage types	05 - 10
Supply for mortgage types	11 - 15
About us	16
Appendix	17

FEATURED SEGMENT

Return of 95% LTV purchase mortgages

Following the announcement of a government mortgage guarantee on the 3rd March 2021 as part of the Budget, borrowers rushed to online comparison sites to view these products. However, as the diagram below shows, there was approximately a 6 week delay between the announcement and the majority of high street lenders launching 95% LTV purchase mortgages, due to time taken by lenders to understand the terms of the mortgage guarantee, prepare, and launch these products to the market.

FIGURE 1 - Average number of products returned during 90-95% LTV residential purchase searches online between October 2020 and May 2021. Please note that products include non-standard mortgage types (family assist, JBSP, shared ownership) that may not always be available to mainstream borrowers.



Summary of findings

While search volumes overall have decreased in April, searches for 95% LTV mortgages have increased significantly with the launch of new 95% LTV products. 2 and 5 year fixed rate remortgages are now at the most competitive level recorded by this report.

Search volumes across all categories have normalised in April following a spike in March, likely driven by announcements in the budget around the 95% LTV mortgage guarantee.

-23.7%

change in monthly residential purchase searches in April 2021 compared to March 2021

Since the announcement of a 95% LTV government mortgage guarantee in March, we have seen searches in the 90-95% LTV space for residential purchases increase significantly from 16.4% of residential purchases searches in February to 24.6% in April (see Figure 3 for detail). In April we saw several of the high street lenders launch their 95% LTV products, increasing options and availability for borrowers.

+8.2%

point increase in residential purchase searches for 90-95% LTV from February 2021 to April 2021

With the launch of several new competitive 2 year and 5 year fixed rate products in residential remortgages, the competitiveness index for these segments is now at a 6 month high (4.35 and 4.41 respectively).

4.4

competitiveness index for 2 and 5 year fixed rate residential remortgages

Demand for mortgage types

Search volumes across all categories have normalised following a spike of purchase activity in March 2021. Demand for 95% LTV purchase products has risen as supply has arrived in the market.

FIGURE 2 - Normalised monthly traffic through mortgage online journeys broken down by product category (Max monthly requests =100)

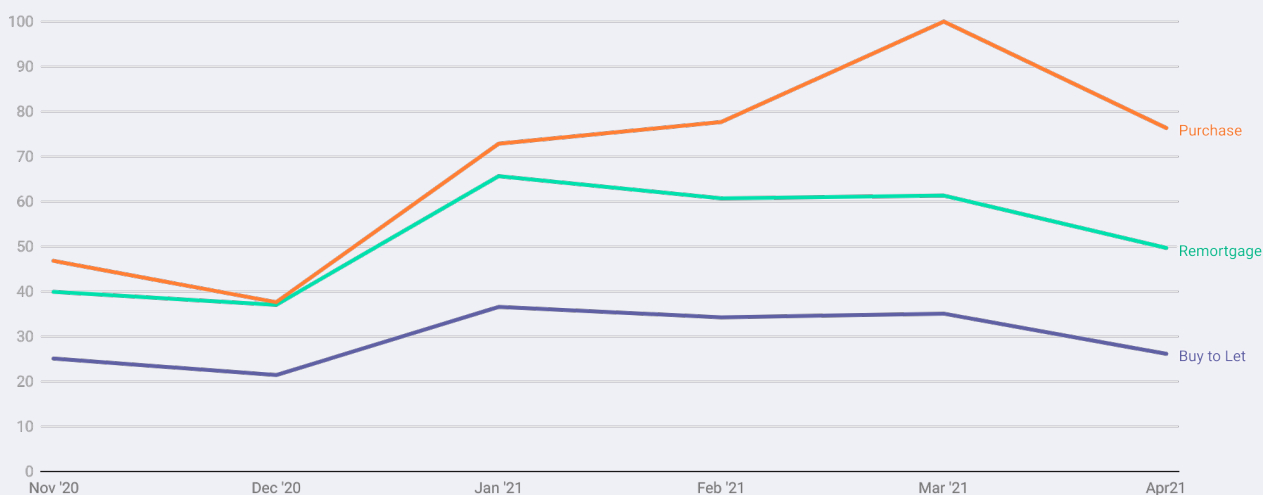
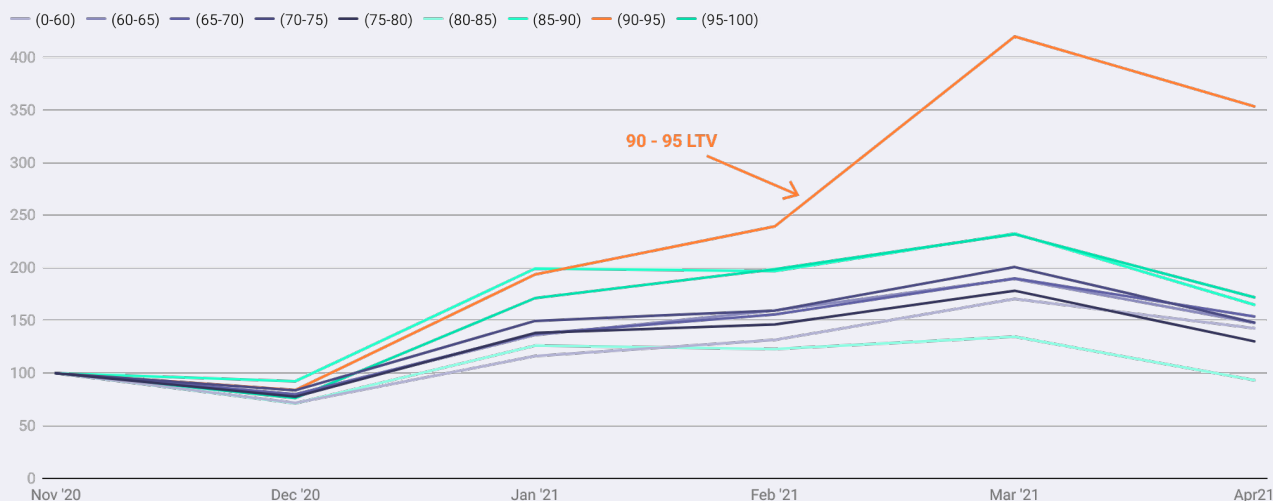


FIGURE 3 - Indexed monthly traffic through purchase mortgage online journey broken down by LTV band



Remortgage

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

Initial Period	% today	Monthly change (% points)	Trend Oct – Apr
2 year - fixed	43.1%	0.6%	47.9
2 year - variable	4.1%	-0.1%	4.6
3 year - fixed	12.0%	0.0%	10.5
3 year - variable	0.9%	-0.0%	0.9
5 year - fixed	29.2%	-0.2%	25.6
5 year - variable	1.4%	0.1%	1.8
7 year - fixed	3.2%	-0.2%	2.9
7 year - variable	0.2%	0.0%	0.2
10 year - fixed	5.4%	-0.3%	5.1
10 year - variable	0.4%	-0.0%	0.4
All fixed	93.0%	0.0%	92.1
All variable	7.0%	-0.0%	7.9

Remortgage (continued)

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

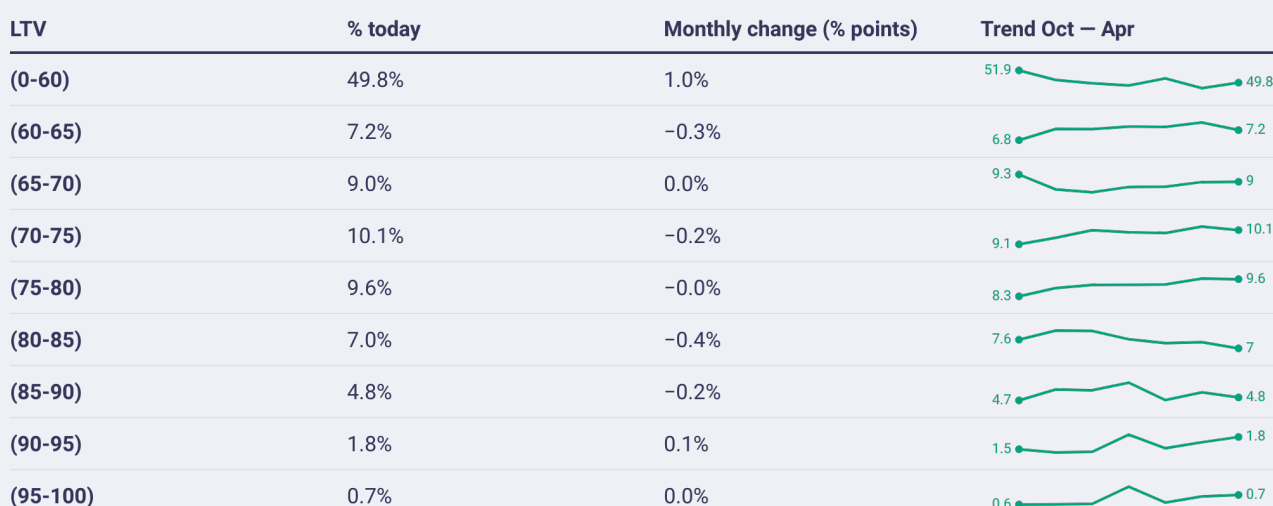


FIGURE 6 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	19.3%	3.1%	3.8%	4.7%	4.7%	4.0%	2.7%	0.9%	0.3%
2 year - variable	2.5%	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	15.2%	2.2%	2.7%	2.8%	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	3.3%	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 – Apr
2 year - fixed	36.7%	-0.0%	38.3
2 year - variable	5.2%	-0.0%	5.8
3 year - fixed	12.4%	0.4%	11.6
3 year - variable	1.8%	-0.0%	1.8
5 year - fixed	32.2%	0.5%	29.8
5 year - variable	2.3%	0.0%	3.1
7 year - fixed	2.6%	-0.3%	2.5
7 year - variable	0.2%	-0.0%	0.2
10 year - fixed	5.9%	-0.4%	6.1
10 year - variable	0.7%	-0.1%	0.7
All fixed	89.8%	0.1%	88.3
All variable	10.2%	-0.1%	11.7

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

LTV	% today	Monthly change (% points)	Trend Oct – Apr
(0-60)	13.7%	1.2%	18.3
(60-65)	2.3%	0.0%	2.6
(65-70)	3.9%	0.2%	4.8
(70-75)	6.9%	-0.2%	7.2
(75-80)	9.2%	-0.4%	10.9
(80-85)	11.1%	-1.1%	18.6
(85-90)	24.8%	-1.9%	23.1
(90-95)	24.6%	2.3%	10.8
(95-100)	3.5%	-0.1%	3.6

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	3.8%	0.7%	1.3%	2.6%	4.3%	6.6%	11.9%	5.7%	1.0%
2 year - variable	0.7%	0.1%	0.2%	0.3%	0.5%	0.7%	1.7%	1.1%	0.3%
3 year - fixed	1.2%	0.2%	0.4%	0.7%	1.0%	1.7%	3.5%	2.5%	0.5%
3 year - variable	0.2%	0.0%	0.0%	0.1%	0.1%	0.2%	0.5%	0.5%	0.1%
5 year - fixed	5.1%	0.9%	1.4%	2.6%	3.2%	4.2%	7.1%	5.5%	1.0%
5 year - variable	0.3%	0.0%	0.1%	0.1%	0.2%	0.2%	0.6%	0.6%	0.1%
7 year - fixed	0.6%	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%	0.6%	1.2%	1.0%	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 – Apr
2 year - fixed	37.9%	-0.0%	37.4 37.9
2 year - variable	6.9%	-0.3%	7.6 6.9
3 year - fixed	9.5%	-0.0%	10.3 9.5
3 year - variable	1.6%	-0.2%	1.9 1.6
5 year - fixed	32.2%	0.5%	29.5 32.2
5 year - variable	2.4%	-0.1%	3.6 2.4
7 year - fixed	1.7%	-0.1%	2.6 1.7
7 year - variable	0.3%	0.0%	0.3 0.3
10 year - fixed	6.5%	0.2%	5.8 6.5
10 year - variable	1.0%	-0.0%	0.9 1
All fixed	87.8%	0.6%	85.7 87.8
All variable	12.2%	-0.6%	14.3 12.2

Buy-to-let (continued)

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

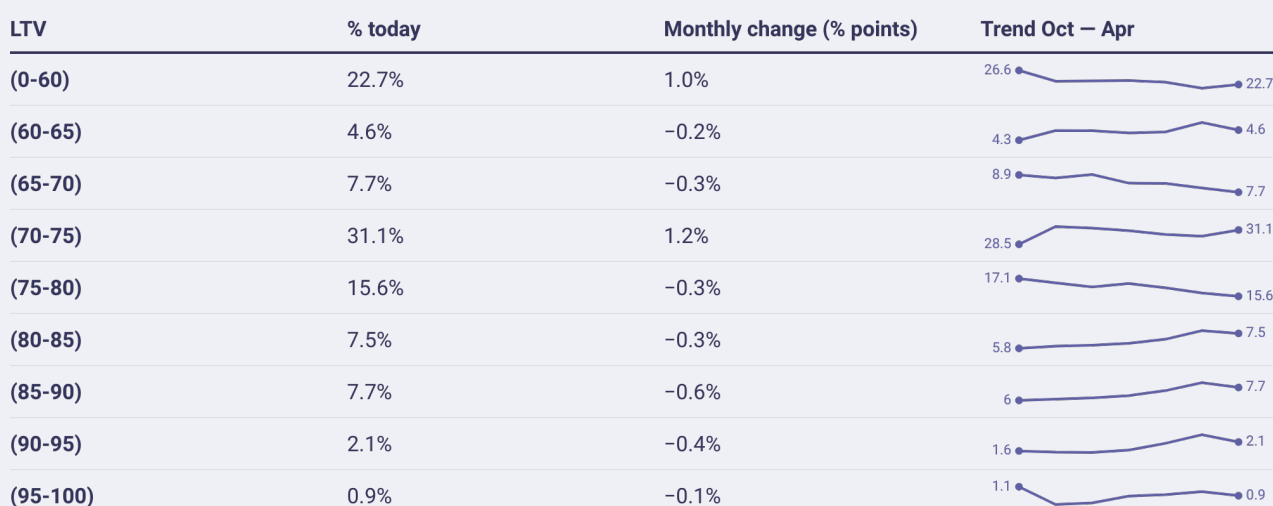


FIGURE 12 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type










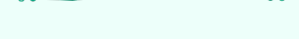
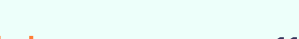
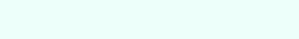
Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	8.1%	1.7%	3.0%	12.4%	6.5%	2.8%	2.6%	0.7%	0.3%
2 year - variable	1.5%	0.3%	0.6%	1.7%	1.5%	0.8%	0.9%	0.2%	0.1%
3 year - fixed	2.1%	0.4%	0.8%	2.9%	1.7%	0.7%	0.8%	0.2%	0.1%
3 year - variable	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%	10.2%	4.6%	1.6%	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%	0.4%	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

95% LTV purchase supply has increased in the market (+23.1%) as more lenders adopt the mortgage guarantee. Competition for 2 and 5 year fixed rate residential remortgages is at a high.

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 for how this is calculated

Initial Period	Today	Monthly change (%)	Trend Oct – Apr
2 year - fixed	4.35	1.5%	
2 year - variable	3.71	-0.8%	
3 year - fixed	3.89	1.9%	
3 year - variable	3.55	1.5%	
5 year - fixed	4.41	1.1%	
5 year - variable	2.06	-21.1%	
7 year - fixed	2.01	-3.0%	
7 year - variable	0.00		
10 year - fixed	3.88	0.2%	
10 year - variable	0.00		
All fixed	4.20	1.4%	
All variable	3.03	-4.4%	

Remortgage (continued)

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

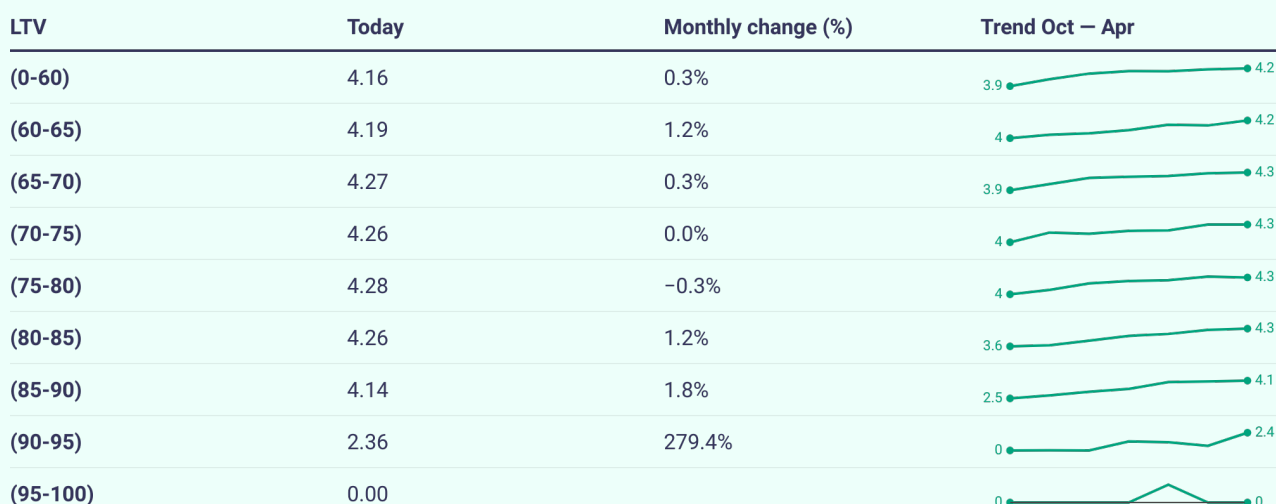


FIGURE 15 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

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	4.5	4.5	4.5	4.4	4.5	2.7	0.0
2 year - variable	3.8	4.1	4.1	4.1	4.0	3.9	3.5	0.0	0.0
3 year - fixed	3.8	4.0	4.1	4.0	4.2	4.4	3.8	3.3	0.0
3 year - variable	3.6	3.9	4.0	3.9	3.8	3.6	3.6	2.8	0.0
5 year - fixed	4.5	4.3	4.5	4.6	4.5	4.4	4.6	2.5	0.0
5 year - variable	2.3	2.6	2.6	2.5	1.4	0.7	0.0	0.0	0.0
7 year - fixed	2.4	2.2	2.0	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	4.2	4.1	4.0	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

Purchase

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

Initial Period	Today	Monthly change (%)	Trend Oct – Apr
2 year - fixed	4.04	0.5%	
2 year - variable	3.08	12.1%	
3 year - fixed	3.81	3.5%	
3 year - variable	3.11	-0.0%	
5 year - fixed	4.23	2.3%	
5 year - variable	0.94	-14.9%	
7 year - fixed	1.01	5.8%	
7 year - variable	0.00		
10 year - fixed	2.60	17.3%	
10 year - variable	0.00		
All fixed	3.89	2.8%	
All variable	2.34	6.9%	

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

LTV	Today	Monthly change (%)	Trend Oct – Apr
(0-60)	4.04	-0.5%	
(60-65)	4.05	0.5%	
(65-70)	4.13	-0.2%	
(70-75)	4.12	-0.5%	
(75-80)	4.13	-0.2%	
(80-85)	4.27	-0.2%	
(85-90)	3.97	0.8%	
(90-95)	3.11	23.1%	
(95-100)	1.08	-2.9%	

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	4.3	4.4	4.3	4.3	4.4	4.3	3.5	0.0
2 year - variable	4.0	4.2	4.1	4.1	4.0	4.1	3.5	1.6	0.0
3 year - fixed	3.9	4.3	4.2	4.2	4.1	4.4	4.0	3.2	2.7
3 year - variable	3.6	3.8	3.5	3.9	3.7	3.4	3.4	2.7	2.0
5 year - fixed	4.4	4.2	4.5	4.5	4.5	4.5	4.5	3.9	2.2
5 year - variable	2.3	2.2	2.3	2.2	1.5	1.4	0.6	0.1	0.0
7 year - fixed	2.0	1.8	1.9	1.9	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	4.0	4.0	3.9	3.6	3.6	2.1	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 – Apr
2 year - fixed	3.21	2.8%	
2 year - variable	2.08	6.1%	
3 year - fixed	1.67	9.3%	
3 year - variable	1.65	-3.2%	
5 year - fixed	3.63	2.3%	
5 year - variable	0.77	22.3%	
7 year - fixed	0.00		
7 year - variable	0.00		
10 year - fixed	1.86	0.3%	
10 year - variable	0.00		
All fixed	3.03	2.9%	
All variable	1.55	5.6%	

Buy-to-let (continued)

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

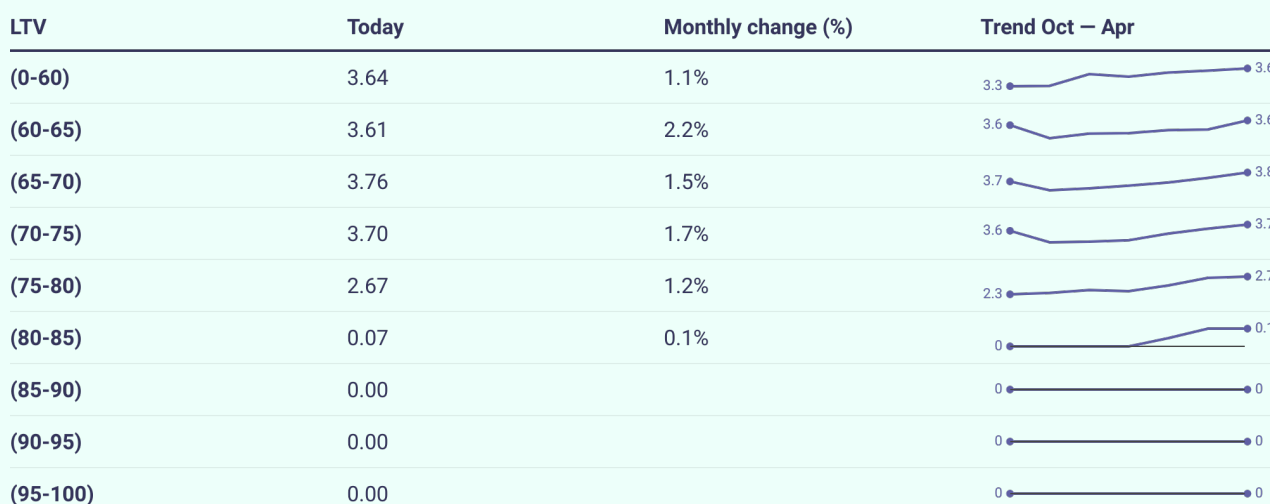


FIGURE 21 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	3.9	3.9	4.2	4.2	3.5	0.1	0.0	0.0	0.0
2 year - variable	3.4	3.5	3.7	3.3	1.6	0.0	0.0	0.0	0.0
3 year - fixed	2.9	2.7	2.5	2.1	0.5	0.0	0.0	0.0	0.0
3 year - variable	3.3	3.2	3.5	3.2	0.0	0.0	0.0	0.0	0.0
5 year - fixed	4.2	4.1	4.4	4.4	3.6	0.1	0.0	0.0	0.0
5 year - variable	1.4	1.7	1.7	1.4	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	2.6	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.