

Online Mortgage Search and Competition Index

A monthly report by Koodoo in partnership with Iress

February 2021

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Summary of findings

Competition in the 90%+ LTV segment remains limited, while a strong recovery has been seen in the 80-90% LTV segment. Consumers seem to be gradually moving towards longer term fixed rates, despite a very competitive set of 2 year products in the market.

Segment competitiveness is measured on a scale of 0 to 5, with 5 being the most competitive. This measure looks at the number of products and lenders in a particular segment and the relative pricing of these products

1.2

segment competitiveness in
remortgage 90%+ LTV

While economic conditions and valuation logistics remain challenged, there are hardly any offerings in the 90+ LTV remortgage space, resulting in a 1.2 segment competitiveness score (not competitive).

+8%

Lenders have started to re-enter the 85-90% LTV market, resulting in an increase in segment competitiveness (from 2.5 in October 2020 to 3.38 in January 2021).

increase in 85-90% LTV remortgage
segment competitiveness

The consumer demand for 2 year remortgage fixed rates falls between October and January 2021, as consumers opt for longer term fixed rates such as 3 year and 5 year rates (increased by 1.4% points and 2.9% points, respectively, between October 2020 and January 2021).

-4.3%

point change in demand for 2 year
remortgage fixed rates

Demand for mortgage types

Consumer demand moves towards the stability of longer term fixed rates while rates are low and uncertainty is high.

Remortgage

FIGURE 1 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Jan
2 year - fixed	43.7%	-0.4%	48 → 43.7
2 year - variable	4.4%	-0.3%	4.6 → 4.4
3 year - fixed	11.9%	0.4%	10.5 → 11.9
3 year - variable	1.0%	0.1%	0.9 → 1
5 year - fixed	28.5%	0.2%	25.6 → 28.5
5 year - variable	1.4%	0.0%	1.8 → 1.4
7 year - fixed	2.9%	0.1%	2.9 → 2.9
7 year - variable	0.2%	-0.0%	0.2 → 0.2
10 year - fixed	5.6%	-0.0%	5.1 → 5.6
10 year - variable	0.5%	-0.1%	0.4 → 0.5

Remortgage (continued)

FIGURE 2 - Changes in online consumer search proportions for mortgage product loan-to-values

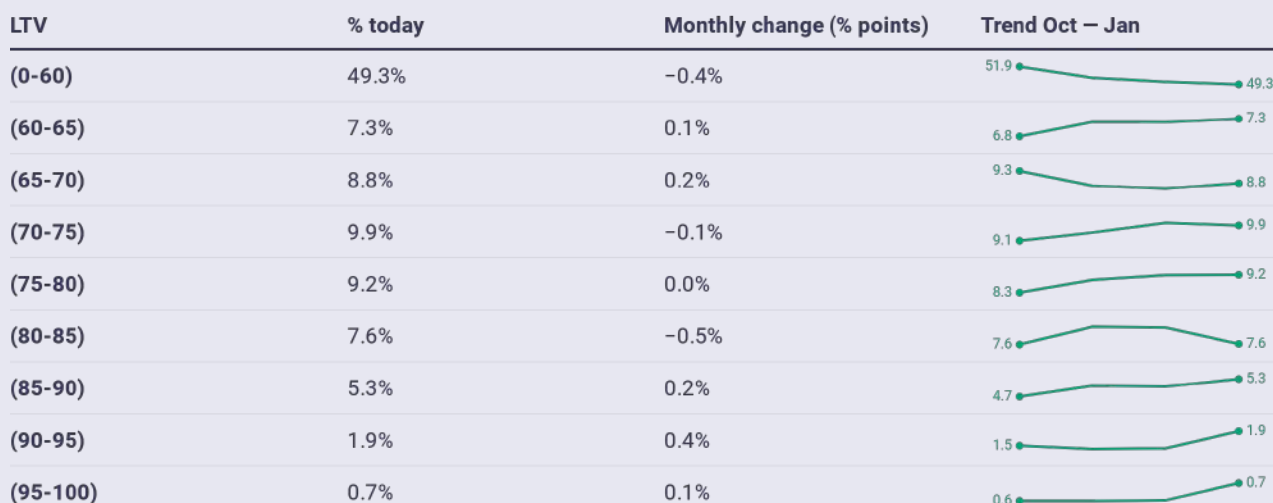


FIGURE 3 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	18.9%	3.1%	3.8%	4.8%	4.7%	4.1%	2.9%	1.0%	0.4%
2 year - variable	2.5%	0.3%	0.3%	0.3%	0.4%	0.3%	0.2%	0.1%	0.0%
3 year - fixed	5.6%	0.8%	1.3%	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%	2.5%	2.8%	2.3%	1.8%	1.2%	0.4%	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	1.8%	0.2%	0.2%	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%	0.2%	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 1 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Jan
2 year - fixed	39.0%	-1.1%	38.3 39
2 year - variable	5.4%	-0.3%	5.8 5.4
3 year - fixed	11.4%	0.6%	11.6 11.4
3 year - variable	1.8%	0.2%	1.8 1.8
5 year - fixed	30.3%	0.2%	29.8 30.3
5 year - variable	2.2%	0.1%	3.1 2.2
7 year - fixed	2.6%	0.1%	2.5 2.6
7 year - variable	0.3%	-0.0%	0.2 0.3
10 year - fixed	6.2%	0.1%	6.1 6.2
10 year - variable	0.8%	0.1%	0.7 0.8

FIGURE 2 - Changes in online consumer search proportions for mortgage product loan-to-values

LTV	% today	Monthly change (% points)	Trend Oct – Jan
(0-60)	11.7%	-2.3%	18.3 11.7
(60-65)	2.2%	-0.3%	2.6 2.2
(65-70)	3.6%	-0.5%	4.8 3.6
(70-75)	7.3%	-0.6%	7.2 7.3
(75-80)	10.3%	-0.9%	10.9 10.3
(80-85)	15.7%	-1.5%	18.6 15.7
(85-90)	31.4%	3.2%	23.1 31.4
(90-95)	14.2%	2.3%	10.8 14.2
(95-100)	3.6%	0.5%	3.6 3.6

Purchase (continued)

FIGURE 3 - 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	3.5%	0.7%	1.2%	2.7%	4.3%	7.2%	13.6%	4.7%	1.0%
2 year - variable	0.6%	0.1%	0.1%	0.3%	0.6%	0.7%	1.8%	0.9%	0.3%
3 year - fixed	1.0%	0.2%	0.4%	0.7%	1.0%	1.8%	4.0%	1.9%	0.5%
3 year - variable	0.2%	0.0%	0.0%	0.0%	0.1%	0.2%	0.7%	0.4%	0.1%
5 year - fixed	4.4%	0.8%	1.3%	2.6%	3.2%	4.6%	8.3%	4.2%	1.0%
5 year - variable	0.2%	0.0%	0.1%	0.1%	0.2%	0.2%	0.7%	0.5%	0.2%
7 year - fixed	0.4%	0.1%	0.2%	0.3%	0.2%	0.2%	0.7%	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	1.2%	0.2%	0.3%	0.5%	0.6%	0.7%	1.4%	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 1 - Changes in search proportions for mortgage product initial periods and types

Initial Period	% today	Monthly change (% points)	Trend Oct – Jan
2 year - fixed	38.4%	-0.2%	37.4 38.4
2 year - variable	7.7%	0.3%	7.6 7.7
3 year - fixed	10.2%	0.3%	10.3 10.2
3 year - variable	1.9%	0.2%	1.9 1.9
5 year - fixed	30.3%	-0.5%	29.5 30.3
5 year - variable	2.7%	0.2%	3.6 2.7
7 year - fixed	1.8%	-0.1%	2.6 1.8
7 year - variable	0.3%	0.0%	0.3 0.3
10 year - fixed	5.7%	-0.3%	5.9 5.7
10 year - variable	1.1%	0.0%	0.9 1.1

Buy-to-let (continued)

FIGURE 2 - Changes in online consumer search proportions for mortgage product loan-to-values

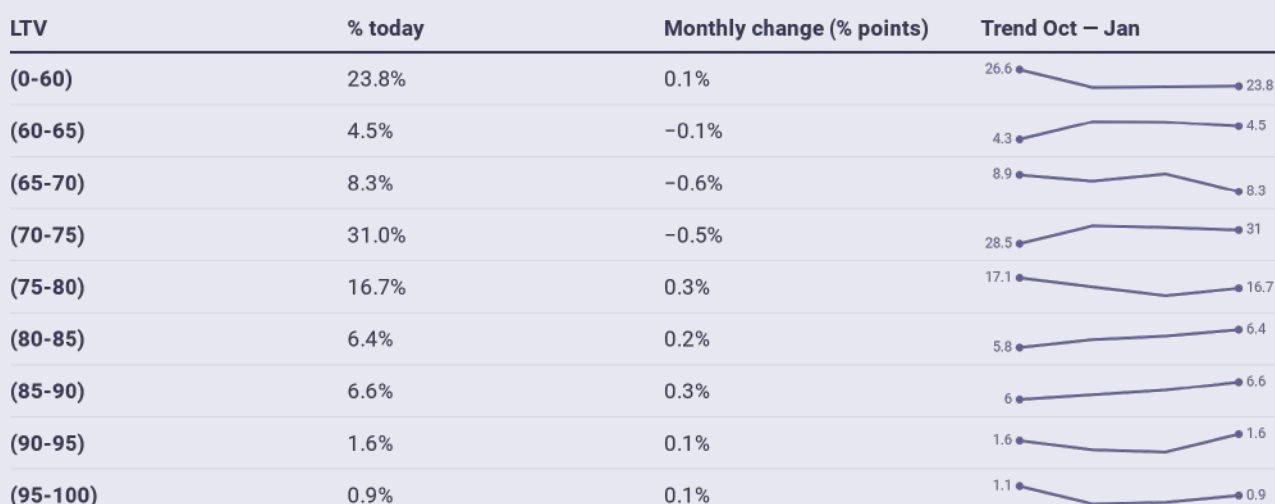


FIGURE 3 - Heatmap illustrating online consumer search proportions by loan-to-value and mortgage product initial period and type



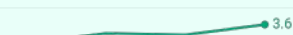







Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	8.5%	1.7%	3.0%	12.8%	6.5%	2.6%	2.5%	0.6%	0.3%
2 year - variable	1.6%	0.3%	0.6%	1.7%	1.6%	0.8%	0.9%	0.2%	0.1%
3 year - fixed	2.3%	0.4%	0.8%	3.0%	1.8%	0.7%	0.8%	0.2%	0.1%
3 year - variable	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%	4.7%	1.4%	1.3%	0.3%	0.2%
5 year - variable	0.6%	0.1%	0.2%	0.6%	0.5%	0.3%	0.3%	0.1%	0.0%
7 year - fixed	0.5%	0.1%	0.2%	0.5%	0.3%	0.1%	0.1%	0.0%	0.0%
7 year - variable	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
10 year - fixed	1.7%	0.2%	0.6%	1.6%	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%	0.0%	0.0%

Competition for mortgage types

While lending is limited above 90% LTV, the market has seen strong recovery in the supply of 80-90% LTV mortgages between October and January 2021.

Remortgage

FIGURE 1 - 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 – Jan
2 year - fixed	4.16	0.8%	
2 year - variable	3.78	3.2%	
3 year - fixed	3.64	5.7%	
3 year - variable	3.35	-1.6%	
5 year - fixed	4.33	1.3%	
5 year - variable	2.64	5.2%	
7 year - fixed	2.21	-1.7%	
7 year - variable	0.00		
10 year - fixed	3.79	-0.4%	
10 year - variable	0.00		

Remortgage (continued)

FIGURE 2 - Current segment competitiveness score and historical change, broken down by loan-to-value

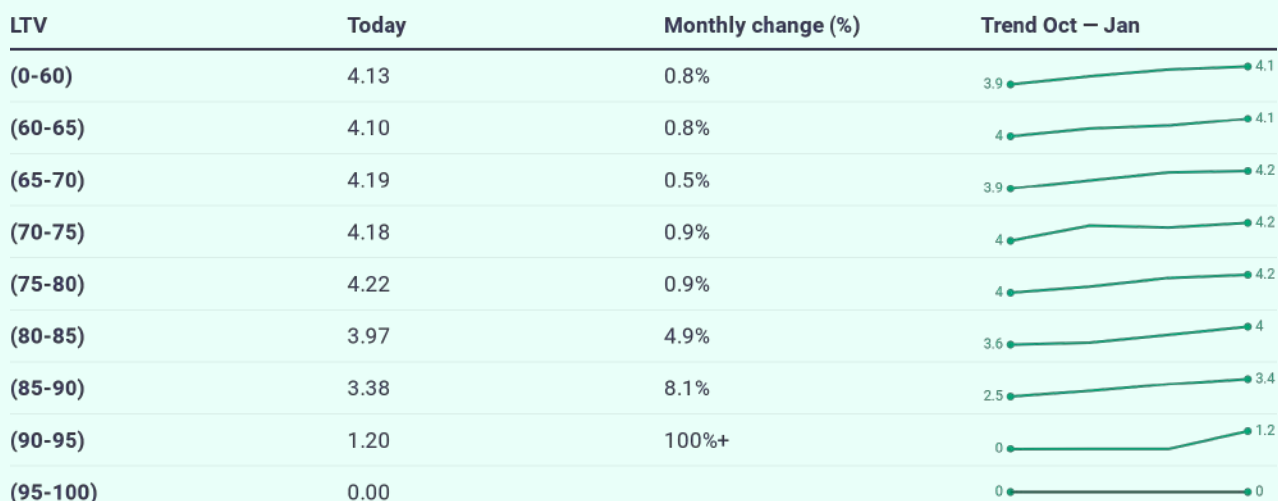


FIGURE 3 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

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	4.3	4.3	4.2	4.4	4.1	3.7	1.9	0.0
2 year - variable	4.0	4.2	4.3	4.3	4.1	3.3	1.8	0.0	0.0
3 year - fixed	3.7	3.8	4.0	4.0	3.7	3.8	3.3	0.0	0.0
3 year - variable	3.4	3.8	3.9	4.1	3.7	3.1	3.0	0.0	0.0
5 year - fixed	4.5	4.2	4.5	4.5	4.4	4.2	3.9	1.0	0.0
5 year - variable	2.8	2.9	2.8	2.7	3.0	3.2	0.4	0.0	0.0
7 year - fixed	2.6	2.8	2.3	2.3	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 1 - Current segment competitiveness score and historical change, broken down by product initial period and type

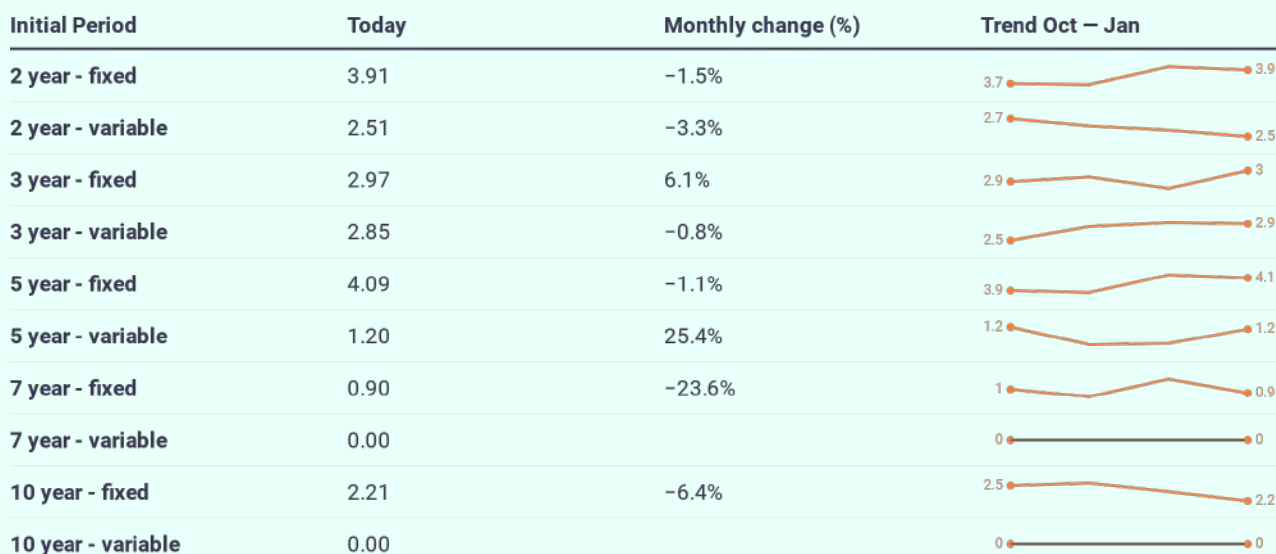
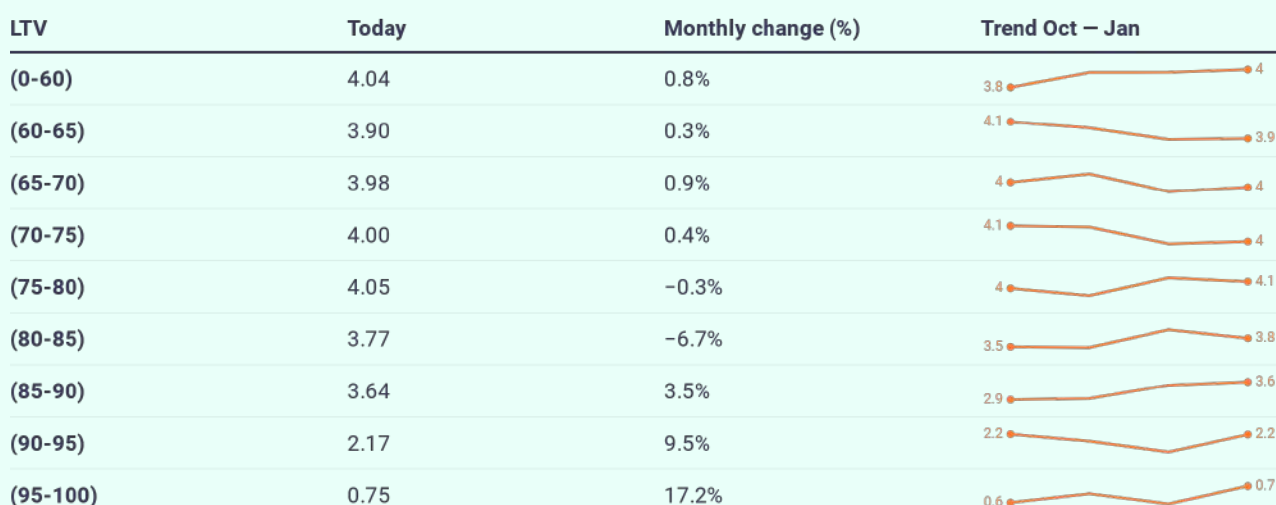


FIGURE 2 - Current segment competitiveness score and historical change, broken down by loan-to-value





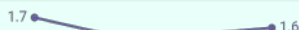


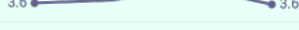



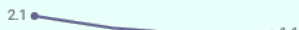
Purchase (continued)

FIGURE 3 - 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	4.0	4.0	4.0	4.3	3.9	4.3	2.9	0.0
2 year - variable	4.0	4.2	4.3	4.2	4.0	3.3	2.3	0.1	0.0
3 year - fixed	3.6	3.8	3.7	3.8	3.7	3.9	3.2	1.0	0.3
3 year - variable	3.6	3.4	3.8	3.9	3.5	3.1	3.2	2.2	0.9
5 year - fixed	4.3	4.1	4.4	4.4	4.3	4.0	4.3	3.4	2.5
5 year - variable	2.4	2.5	2.3	2.2	1.8	1.8	1.2	0.0	0.0
7 year - fixed	2.5	2.2	2.2	2.2	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	3.8	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 1 - Current segment competitiveness score and historical change, broken down by product initial period and type

Initial Period	Today	Monthly change (%)	Trend Oct – Jan
2 year - fixed	3.16	-2.1%	
2 year - variable	2.02	2.5%	
3 year - fixed	1.58	4.3%	
3 year - variable	1.53	8.4%	
5 year - fixed	3.60	-1.1%	
5 year - variable	1.24	11.2%	
7 year - fixed	0.00		
7 year - variable	0.00		
10 year - fixed	1.14	0.8%	
10 year - variable	0.00		

Buy-to-let (continued)

FIGURE 2 - Current segment competitiveness score and historical change, broken down by loan-to-value

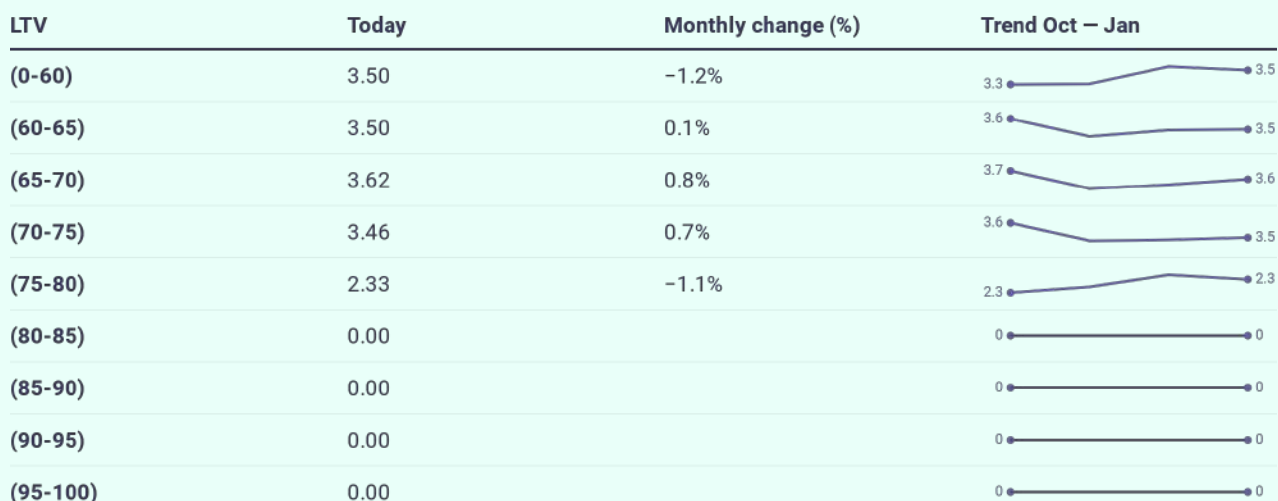


FIGURE 3 - Heatmap illustrating current segment competitiveness scores, broken down by both loan-to-value and product initial period and type

Initial Period/ LTV	(0, 60)	(60, 65)	(65, 70)	(70, 75)	(75, 80)	(80, 85)	(85, 90)	(90, 95)	(95, 100)
2 year - fixed	3.7	3.7	4.1	4.0	3.2	0.0	0.0	0.0	0.0
2 year - variable	3.4	3.3	3.2	2.8	1.6	0.0	0.0	0.0	0.0
3 year - fixed	2.8	2.6	2.3	1.8	0.5	0.0	0.0	0.0	0.0
3 year - variable	3.2	3.4	3.1	2.6	0.0	0.0	0.0	0.0	0.0
5 year - fixed	4.1	4.1	4.4	4.3	3.1	0.0	0.0	0.0	0.0
5 year - variable	2.1	2.2	2.5	2.2	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	2.8	2.2	2.1	0.1	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

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.

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