



PwC AVM Benchmarking Survey

March 2026



Lenders' push for efficiency drives AVM adoption

Against the backdrop of recent regulatory clarifications as part of Basel 3.1 and ongoing cost and efficiency pressures in credit processes, PwC conducted a survey of UK residential mortgage lenders to assess how automated valuation models (AVMs) are used for residential property valuations, including current adoption, outlook, and any barriers to broader implementation.

Benchmarking suggests UK residential mortgage lenders are moving toward wider use of AVMs for residential property valuations, but from a low and uneven starting point. The main driver behind AVM adoption is credit life cycle transformation and automation, with lenders' strategies increasingly emphasising speeding up time-to-offer to deliver an improved customer experience and decreasing property valuation costs – AVMs offer a near-instantaneous answer at a lower cost. Regulatory clarifications as part of the Basel 3.1 reforms have also triggered renewed interest in AVM usage policies across UK lenders, though regulatory change is seldom the sole driver of changing practices.

Despite the benefits of AVM valuations, adoption still varies materially by product (owner-occupied vs. buy-to-let) and use case/life cycle stage. Exclusions, loan-to-value (LTV) thresholds and confidence-score rules remain the main determinants of coverage, set according to each lender's policy.

AVM adoption has been rising from an uneven base

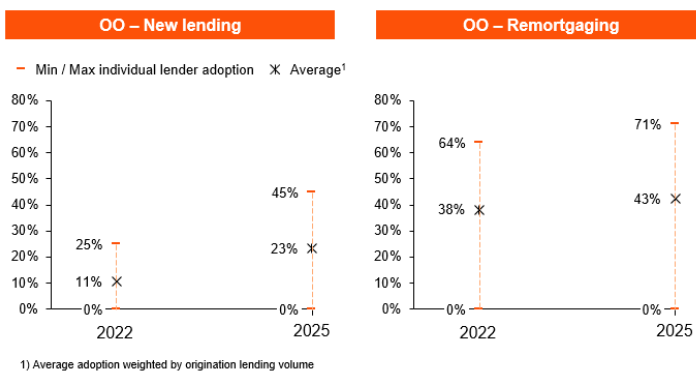


Figure 1: AVM adoption by lender, across new lending and remortgaging applications for owner-occupied properties

In owner-occupied new lending, surveyed lenders relied on an AVM in 23% of cases, up from 11% in 2022 (Figure 1). AVM adoption is higher in remortgaging situations (43%), reflecting the lower LTV profile and no incidence of new builds. However, there is still a significant difference in adoption across lenders driven by differences in mortgage product origination LTV profiles and length of experience and degree of comfort with using AVMs.

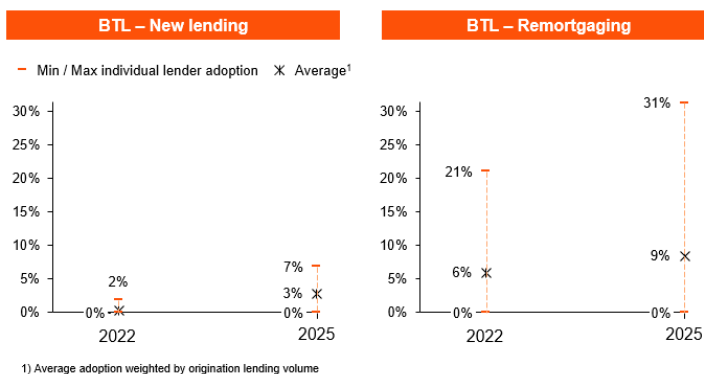


Figure 2: AVM adoption by lender, across new lending and remortgaging applications for buy-to-let properties

In buy-to-let mortgage origination (Figure 2) current AVM adoption is only 3% in new lending and 9% in remortgaging applications, as lenders require not only property value but also rental income and certainty around the property condition, rental suitability and type of BTL (e.g., vanilla vs. HMO).

Only a small share of surveyed lenders that offer owner-occupied mortgages use AVMs for back-book evaluation and product transfer applications today, as most choose to rely on HPI measures due to their low cost and simplicity. Some lenders indicate plans to implement AVMs for back-book valuation and product transfers by 2030, with discussions mostly triggered by the Basel 3.1 revaluation requirements (specifically the 'five-year backstop' and 10% property value decline). Although some lenders are aiming to move towards comprehensive AVM use across the mortgage life cycle – including for origination and underwriting, portfolio monitoring and management, Standardised and IRB regulatory capital, provisioning and stress testing – others are planning more targeted long-term implementation tailored to factors such as capital calculation approach and use case, meaning AVMs will in many cases continue to coexist with other valuation types.

AVM accuracy and lender risk appetite are the primary constraints to adoption

AVM adoption is shaped as much by internal policy and strategy as by vendor capability. AVM usage policies are typically set by a formal committee, where underwriters push for efficiency and cost savings and risk teams set the boundaries intended to prevent AVM use from materially increasing the lender's overall risk exposure and to ensure regulatory compliance.

The resulting rules typically operate in two layers: (i) lenders apply exclusion criteria, based on location, property value, construction type or ownership structure, to screen out non-standard assets; and (ii) on the remaining properties, they set maximum LTV thresholds based on minimum AVM confidence levels (or forecast standard deviation) and the probability of negative equity.

Lenders impose different requirements on buy-to-let portfolios. In addition to property value, they also require rental value and more information on the property and its suitability for rental. LTV thresholds are lower in line with maximum mortgage LTVs.

Future growth looks selective, not indiscriminate

Lenders report that AVM adoption is expected to continue rising to 2030. Three main factors are expected to drive this trend: (i) the structural cost advantage of AVMs relative to physical valuation; (ii) increased confidence in AVM accuracy as more cautious lenders accumulate and analyse performance data and build comfort with AVMs; and (iii) ongoing improvements in model accuracy and methodology enhancing performance and reliability, which increase the share of properties that meet lender thresholds.

While lenders' interpretations of, and policy responses to, specific elements of the Basel 3.1 valuation requirements differ, lenders generally view Basel 3.1 as supportive of AVM adoption for back-book re-evaluation. However, Basel 3.1 has primarily acted as a catalyst for broader discussion on AVM usage rather than a direct driver of usage.

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Background to the report

PwC conducted an AVM benchmarking survey with a sample of 11 lenders from the 20 largest UK residential mortgage lenders by origination volume between February and March 2026. The objective was to benchmark AVM adoption and understand key drivers of future outlook.

All participants provided data on AVM adoption and usage criteria and took part in discussions to provide additional context on adoption and usage.

This report summarises the aggregated and anonymised views from those surveyed participants.

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