



**EMBARGOED: 9AM THURSDAY 24<sup>TH</sup> JANUARY**

## **OLDER HOMEOWNERS UNLOCK £136 OF PROPERTY WEALTH EACH SECOND IN RECORD Q4 2018 TO HELP LATER LIFE PLANNING**

- **£136 of housing wealth was unlocked every second between October and December, almost matching the weekly state pension allowance of £164**
- **Older homeowners unlocked a record £3.94bn of property wealth during 2018 and an unprecedented £1.08bn in Q4**
- **Of the 83,000 customers who accessed equity from their homes during 2018, over 46,000 were new customers including nearly 13,000 in the final quarter**
- **Average amounts withdrawn remain stable year-on-year**
- **Sector's social role has been boosted by product innovation and safeguards**

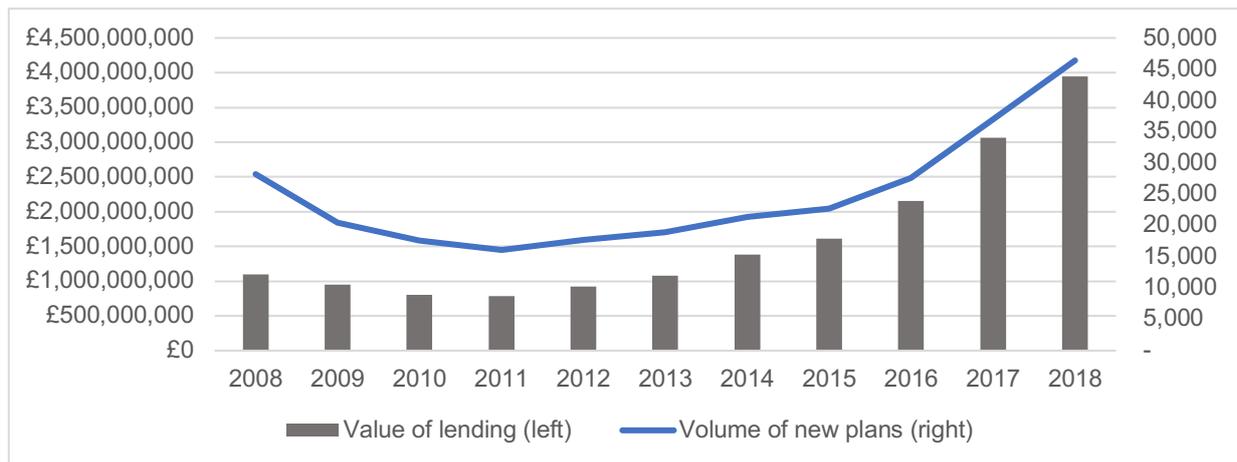
A record Q4 meant an unprecedented 82,791 customers in total made use of property wealth during 2018 to support their financial goals in later life, according to year-end market figures from the **Equity Release Council**, the sector trade body\*.

The busy end to the year saw 12,891 new equity release plans agreed between October and December, contributing to an annual total of 46,397. Both these figures represent new highs and increases of 25% year-on-year, as more consumers look to wealth built up in property to support their finances beyond the age of 55.

Total lending activity for 2018 grew for a seventh consecutive year to reach £3.94bn, up 29% year-on-year, with £1.08bn of housing wealth unlocked in the final three months. This was the most activity seen to date on either a quarterly or annual basis.

The figures show how unlocking property wealth via equity release has become an integral option within later life financial planning. Older homeowners collectively drew on £136 of housing wealth every second during Q4 2018: almost matching the current full new state pension weekly allowance of £164.

**Graph 1: New plans agreed and total amount of equity released per quarter, 2008-2018**



### Customer base grows alongside product flexibilities

The 46,397 new plans agreed in 2018 via Council members were more than double the 22,749 seen three years ago in 2015, and four times the 11,484 seen over the course of the 1990s when consumer-focused industry standards were first established.

These standards continue to ensure that today's customers benefit from clear and robust product safeguards and independent legal advice, alongside regulated financial advice when considering whether releasing property wealth is a suitable option to meet their needs.

**Table 1: Trends in equity release customer activity**

	Q3 2018	Q4 2018	2017	2018	Quarterly change	Annual change
<b>Total customers served</b>	21,543	22,336	66,698	82,791	4%	24%
<b>New plans agreed</b>	12,016	12,891	37,037	46,397	7%	25%
<b>Returning drawdown customers</b>	8,625	8,416	25,794	32,750	-2%	27%
<b>Further advance customers</b>	902	1,029	3,867	3,644	14%	- 6%

Growth in the popularity of equity release products has been fuelled by a wide range of new product features and flexibilities appearing on the market. As of August 2018, 139 product options were available to consumers<sup>2</sup>, more than double the number (58) seen two years ago in 2016 and up from 24 in 2007<sup>3</sup>. These include:

- options to receive regular monthly income from housing wealth to boost other sources of retirement funds, such as the state pension and private pension savings.
- options to pay interest each month (rather than rolling up interest) with no risk of default
- options to make voluntary capital repayments free from early repayment charges

- flexibilities for customers wishing to downsize in future or guarantee a minimum inheritance to leave behind.

### Average withdrawals remain stable year-on-year

While the customer base has grown to new levels, with further growth expected to help meet social needs, the average amounts withdrawn by homeowners have remained steady as customers release equity in moderation to fulfil their financial needs.

During Q4 2018, the first instalment of a drawdown lifetime mortgage was £63,530, compared to £62,359 a year earlier – a sum equivalent to 7½ years of state pension support. The average new lump sum lifetime mortgage in Q4 was £96,515, down from £101,913 in Q4 2017 and equivalent to more than 11 years of state pension support.

Drawdown products were chosen by 65% of new customers during Q4 while 35% opted for lump sum products.

**Table 2: Average property wealth withdrawals via lump sum and drawdown lifetime mortgages**

	Lump sum lifetime mortgages		Drawdown lifetime mortgages		
	New plans	Further advances	New plans – first instalment	Drawdowns by returning customers	Further advances – first instalment
<b>Q4 2018</b>	£96,515	£23,445	£63,530	£11,217	£20,263
<b>Q3 2018</b>	£91,398	£20,542	£65,343	£11,443	£20,854

### David Burrowes, Chairman of the Equity Release Council comments:

“The equity release market continues to experience sustained growth as it proves a vital tool for consumers looking to make the most of their financial resources in later life. Older homeowners are realising in growing numbers that property wealth can play a crucial role in supporting their retirement alongside pensions, savings and other assets.

“Industry, regulators and government must continue to explore how we can help generations of retirees, both today and in the future, to adopt a more rounded approach to later life planning.

“With a growing choice of products and features on offer, the market is maturing and adapting to offer a new level of flexibility to suit a range of financial needs and ambitions – from funding

care costs to helping children to buy their first home. Equity release now plays a pivotal social role and the Equity Release Council will continue to ensure that products are underpinned by robust consumer safeguards.”

**- ENDS -**

**Notes to editors:**

1 All figures taken from the Equity Release Council's Q4 analysis of member activity, representing over 95% of the equity release market.

2 Equity Release Council Autumn 2018 Market Report, product data supplied by Key

3 Equity Release Council Autumn 2017 Market Report, product data supplied by Key

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**About the Equity Release Council**

[www.equityreleasecouncil.com](http://www.equityreleasecouncil.com)

The Equity Release Council is the representative trade body for the equity release sector with over 300 member firms and 900 individuals registered, including providers, regulated financial advisers, solicitors, surveyors and other professionals.

It leads a consumer-focused UK based equity release market by setting authoritative standards and safeguards for the trusted provision of advice and products. Since 1991, over 465,000 homeowners have accessed over £26bn of housing wealth via Council members to support their finances.

The Council also works with government, voluntary and public sectors, and regulatory, consumer and professional bodies to inform and influence debate about the use of housing wealth in later life and retirement planning.