For immediate release – Monday 29 April 2019

EQUITY RELEASE MARKET RECORDS BUSIEST START TO ANY YEAR AS PROPERTY WEALTH HELPS MEET DIVERSE FINANCIAL NEEDS

- **£936m of housing wealth unlocked by homeowners aged 55+ during Q1 2019, an 8% increase year-on-year**
- **Total customers served between January and March increased by 10% annually to reach 20,397, including 10,854 plans agreed**
- **Despite market's growth, average withdrawals per customer remained steady**
- **Funding home improvements, supplementing retirement income and paying off interest-only mortgages all seen as key drivers of consumer demand**

The equity release market witnessed its busiest start to any year on record in 2019, according to the latest quarterly market figures from the **Equity Release Council,** the sector trade body[1].

Over the course of Q1, £936m of property wealth was unlocked by 20,397 customers, including 10,854 who agreed new plans.

Table 1: Trends in market activity, Q1 2019

	Equity released	Customers served[2]	New plans agreed
Q1 2019	£936,199,929	20,397	10,854
Q1 2018	£870,326,638	18,586	10,195
Annual % change	8%	10%	6%

Across all three measures, this level of activity was the highest seen to date for the first quarter of any year since records began in 1991. Total customers served in Q1 2019 increased 10% year-on-year, while the total equity released increased by 8% and the number of new plans agreed by 6%.

Since Q1 2015, the equity release market has grown significantly, with the value of housing wealth accessed between January and March almost trebling (+187%) from £326m to £936m. The number of new plans agreed has more than doubled from 4,880 to 10,854 (+122%) over the same period.

The Q1 figures follow a breakthrough year in 2018 where over 80,000 homeowners aged 55+ in total collectively accessed £3.94bn of property wealth, including over 46,000 new plans agreed. Q4 2018 remains the busiest quarter on record for equity release activity, with Q1

2019 picking up from a slightly lower level – mirroring the typical seasonal pattern seen around the turn of the year for much of the last decade.

Average withdrawals remain steady

From January to March 2019, the average amounts of property wealth being withdrawn by new customers remained steady year-on-year. This indicates a stable market with expansion being driven by an increase in customers drawing on their housing wealth, rather than an increase in individual plan sizes.

The average new lump sum lifetime mortgage agreed in Q1 2019 was £97,763, an increase of just 1% from Q1 2018, while new drawdown customers agreed a first instalment of £62,416 on average, reduced by 4% from Q1 2018

Table 2: Average lump sum and drawdown lifetime mortgage customer activity

	Lump sum lifetime mortgages		Drawdown lifetime mortgages		
	Average new plan	Average further advance	Average new plan – first instalment	Average drawdown by returning customers	Average further advance – first instalment
Q1 2019	£97,763	£21,361	£62,416	£11,867	£15,706
Q4 2018	£96,515	£23,445	£63,530	£11,217	£20,263
Q1 2018	£96,483	£19,627	£64,797	£11,756	£19,726
Quarterly change	1%	-9%	-2%	6%	-22%
Annual change	1%	9%	-4%	1%	-20%

Drawdown lifetime mortgages remained the preferred option for the majority of new customers looking to unlock equity, with 64% opting for this category of product while 36% chose a lump sum lifetime mortgage. This represented a slight shift in preference compared with Q1 2018, when 32% of new plans agreed were lump sum and 68% were drawdown lifetime mortgages[3].

Wide ranging factors behind the growing use of property wealth

Appetite for exploring equity release is being driven by a range of consumer needs across the age range of customers, highlighting the broadening social benefits of accessing property wealth among the UK's older homeowners[4].

When asked for their views on the biggest current drivers of equity release market activity, Equity Release Council members identified funding home improvements, supplementing retirement income and helping family and friends with their own house moves among the key motives for customers aged 65 to74, which is the average age range for agreeing new plans.

These factors were also identified for customers aged 75+, with the ability to fund later life care needs such as home adaptations and domiciliary care also seen as a key motive for this group to access housing wealth via equity release.

Among the 55 to 64 age group, paying off existing mortgages and unsecured debts as well as funding home improvements were commonly seen by members as key drivers of activity.

Table 3: Top drivers for equity release market activity identified by Council members

Age	Most commonly identified drivers	% of members
55-64	Paying off an interest-only mortgage	76%
	Paying off unsecured debt	60%
	Paying for home improvements	57%
	Paying off other mortgage debt	46%
	To access money without having to downsize	41%
65-74	Paying for home improvements	69%
	Supplementing retirement/pension income to meet general living costs	68%
	Helping family and friends to get onto or move up the housing ladder	48%
	Paying off unsecured debt	48%
	Paying off an interest-only mortgage	46%
75+	Supplementing retirement/pension income to meet general living costs	69%
	Paying for home improvements	69%
	To access money without having to downsize	56%
	Helping family and friends to get onto or move up the housing ladder	46%
	Paying for later life care needs	42%

David Burrowes, Chairman of the Equity Release Council comments:

“Demand for equity release is not only growing but broadening, with property wealth being used to meet a growing range of needs in later life. Today’s competitive market is helping thousands of homeowners to make flexible use of their property assets to tackle a host of financial challenges, not just on their own behalf but also on behalf of family members.

“Customers now have access to hundreds of product options combining various features to suit different individual circumstances – all underpinned by product safeguards, such as the guaranteed right to remain in their homes with no risk of repossession for missing repayments.

“The recent addition of regular income-paying products has added to a varied product range offering monthly interest payments, ad-hoc lump sum repayments, downsizing protection and inheritance guarantees. As a result, housing wealth is playing an increasing role in supporting the nation’s later life finances, underpinned by regulated financial advice and independent legal advice to assess where or not equity release is a suitable fit for individual circumstances.”

- ENDS -

Methodology:

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

[2] Includes new plans agreed, returning drawdown customers taking instalments from agreed reserves, and further advances (extensions) agreed on existing plans

[3] The Equity Release Council's Spring 2019 Market Report indicates that the average age of customers taking out a new drawdown lifetime mortgage is around 70 years old, compared with 68 for new lump sum lifetime mortgages.

[4]Equity Release Council 2019 Member Census, with research conducted in February/March 2019 among a sample of 142 individuals including product providers, financial advisers, solicitors, surveyors and other equity release professionals.

For a comprehensive list of members, please visit the Council's online member directory.

For further information, please contact:

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About the Equity Release Council

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.