



Immediate release – Monday 28 October 2019

Equity release market rises 8% in Q3 as older homeowners unlock nearly £11m of property wealth per day

- **Equity release products provide £988m of funding to over-55 homeowners in Q3, up by 8% from £911m in Q2**
- **33,000 new customers have used property wealth to support their finances so far this year, supported by regulated financial and independent legal advice**
- **Average withdrawals per customer remain steady**

Almost £11 million of property wealth was unlocked by UK homeowners aged 55+ each day from July to September as equity release activity rose 8% to £988m in Q3, according to the latest quarterly market figures from the **Equity Release Council**, the sector trade body¹.

The figures show the market experienced its busiest quarter of 2019 to date, both in terms of new plans agreed and total property wealth accessed by new and returning customers. More than 11,419 new customers opted to release cash from their properties in Q3 2019 – a 6% increase on the previous quarter – following a detailed process of regulated financial and independent legal advice.

The money unlocked is used for a wide range of purposes, including supplementing pension incomes; providing a 'living inheritance' to family; making home improvements or age-related adaptations; paying off existing mortgages or other debt; and meeting other regular or one-off expenses.

AGEING POPULATION PROMPTS INDUSTRY RESPONSE AND MARKET GROWTH

So far this year, over 33,000 new customers have chosen to access their property wealth via equity release. This exceeds the total number of new plans agreed in any full year from 1991-2016, since consumer safeguards and industry standards were first introduced to the market nearly 30 years ago.

The trend points towards the increasing role of property wealth in retirement planning conversations, with growing participation in the market and an increasing range of flexible products to meet wider consumer needs.

The three busiest quarters recorded for equity release activity have all come in the 15-month period between Q3 2018 and Q3 2019. However, average withdrawals have remained stable as the market has grown. The average first instalment of a drawdown plan was £63,222 in Q3 2019, compared to £64,793 two years ago, while the average lump sum plan was £95,557 vs. £100,389 in Q3 2017.

Official demographic projections show that the number of people aged 55+ will increase by nearly 5m or 23% over the next 20 years to make up more than a third of the UK population². Those aged 70 or above – 70 being the average age for taking out a drawdown lifetime mortgage, the most common product choice when unlocking property wealth³ – will increase from 9m to 13m: a rise of 4m or 44%.

Table 1: Population projections for over-55s and over-70s – 2019, 2029 and 2039

	2019	2029	2039
Number aged 55+	20.5m	23.7m	25.4m
% of UK population aged 55+	31%	34%	35%
Number aged 70+	9.0m	10.7m	13.0m
% of UK population aged 70+	13%	15%	18%

Source: Equity Release Council analysis of Office for National Statistics (ONS) 2018-based population projections

With retirement incomes required to last an increasingly long time, the Council's research highlights the important contributing role that property can play in later life financial plans. Bricks and mortar contribute 35p in every £1 of household wealth across all age groups, rising to 40p for over-65s and 47p among over-75s.⁴

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

“As a nation with an ageing population and a growing need to support longer lives, it is important not to overlook property wealth in modern retirement planning conversations. Today's equity release market is offering new solutions to fund later life, by combining rigorous consumer protections with more product choices and flexibility to help people meet their financial needs and goals.

“The result of buying property and making mortgage payments during their working lives is that bricks and mortar become many people's single biggest financial asset when they reach later life. Industry,

regulators and government must continue to promote and encourage lifelong savings habits, while also recognising that retirement financial plans are best made by taking all assets into account.”

- ENDS -

Methodology:

¹ All figures taken from the Equity Release Council’s Q3 2019 analysis of member activity, representing over 95% of the equity release market.

² [ONS National population projections: 2018-based](#)

³ 64% of new customers in Q3 2019 opted for a drawdown lifetime mortgage product, which allow customers to access property wealth in instalments over a period of time as they need it, rather than in a single lump sum – limiting the cost of interest which is only applied to funds as they are withdrawn

⁴ Equity Release Council, supported by Key, [Beyond Bricks and Mortar](#), June 2019

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About the Equity Release Council

The Equity Release Council is the representative trade body for the equity release sector with over 300 member firms and 1,000 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 480,000 homeowners have accessed over £28bn 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.