



**For immediate release – 09:30 Thursday 30 April 2020**

## **Equity Release Council: Q1 2020 equity release market statistics**

### **1. Summary**

#### **Pent-up demand led to £1.06bn of equity release activity in Q1 before lockdown took effect**

- £1.06bn of property wealth was accessed via equity release products in Q1 2020, up by 14% from £936m a year earlier.
- This was driven by the return of consumer confidence in the early months of 2020, following an uncertain 2019, before the onset of coronavirus and UK lockdown measures.
- Equity release continues to attract attention from consumers as a mainstream financial product for later life, with a 2% increase in new plans agreed by homeowners aged 55+ to 11,079 in Q1 2020 – the largest total for any Q1 period since records began in 1991.
- Property wealth typically used for a range of purposes include providing additional retirement income, funding one-off expenses and lifestyle purchases, meeting homecare costs and gifting a 'living inheritance' to family or friends.

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

“These figures reflect the return of consumer confidence to the broader UK economy at the start of the year, after December’s election promised to restore certainty before coronavirus took hold.

“Pent-up demand from 2019 meant homeowners continued to look to property wealth in growing numbers for later life finance in January and February, backed by strong consumer protections and increasing product flexibility.

“As the nation has since adjusted to life under lockdown, the market has adapted to find solutions for the safe provision of advice and valuations, enabling customers to choose the option of equity release while respecting social distancing guidelines.

“Equity release is a carefully considered choice made by weighing up both short- and long-term needs through a detailed financial and legal advice process.

“Beyond the current uncertainty, property wealth will continue to play an important role as part of a multi-asset approach to meet financial needs in later life.”

### **2. Key statistics for Q1 2020**

#### **Overall activity**

- The total number of new and returning customers served in Q1 remained steady, reaching 21,884, up 7% from 20,397 in Q1 2019.
- £1.06bn of property wealth was accessed, down slightly from £1.08bn in Q4 2019 in line with seasonal trends but up by 14% from £936m in Q1 2019.
- The number of new plans taken out was the most seen in any Q1 period at 11,079, as was the total amount of property wealth unlocked.
- Fewer customers sought further advances on existing plans than in the previous quarter – 1,000 in Q1 2020 compared with 1,141 in Q4 2019.

## Market context

- Customer activity has grown sustainably from a low base over the last decade as the market grows to meet the long-term challenges of supporting the UK's ageing population.
- Over-55s make up 30% of the UK population (over 20m) according to the latest estimates\* and 56% of households who own their own home, either outright or with a mortgage\*\*.
- Property wealth in Great Britain is estimated to be worth £5.09 trillion, accounting for 35% of the nation's total wealth and assets\*\*\*.
- Low average equity release interest rates continue to feature as a key trend in the market, with the average interest rate in January 2020 at 4.48%\*\*\*\*.

## Trends among new and returning customers

- **Drawdown lifetime mortgages** remained the most popular type of new plan agreed, albeit with a lower share (57%) than a year earlier (64%) as the number of new drawdown plans totalled 6,267.
- The average size of the first instalment of new drawdown plans rose 2% from Q4 2019 to reach £68,492, with a further £39,214 reserved for future use.
- Returning drawdown customers continued to grow in number, as a result of more people having taken out these products in recent years – allowing them to access property wealth in stages from an agreed pot and limit interest costs.
- Q1 2020 saw 9,805 returning customers make use of drawdown facilities. The average drawdown instalment taken rose modestly by 3% year-on-year, from £11,317 in Q1 2019 to £11,611 in Q1 2020.
- **Lump sum lifetime mortgages** made up 43% of new plans arranged in Q1 2020, up from 36% in Q1 2019, with 4,811 new plans taken out in total.
- The average size of a new lump sum plan was £102,443 in Q1 2020, broadly consistent with the £101,058 average seen in Q4 2019.
- The number of lump sum further advances decreased by 10% over the last quarter to 426 in Q1 2020, down from 471.
- Appetite for **home reversion plans** remained low as they continue to make up below 1% of new plans agreed.

## 3. Data tables

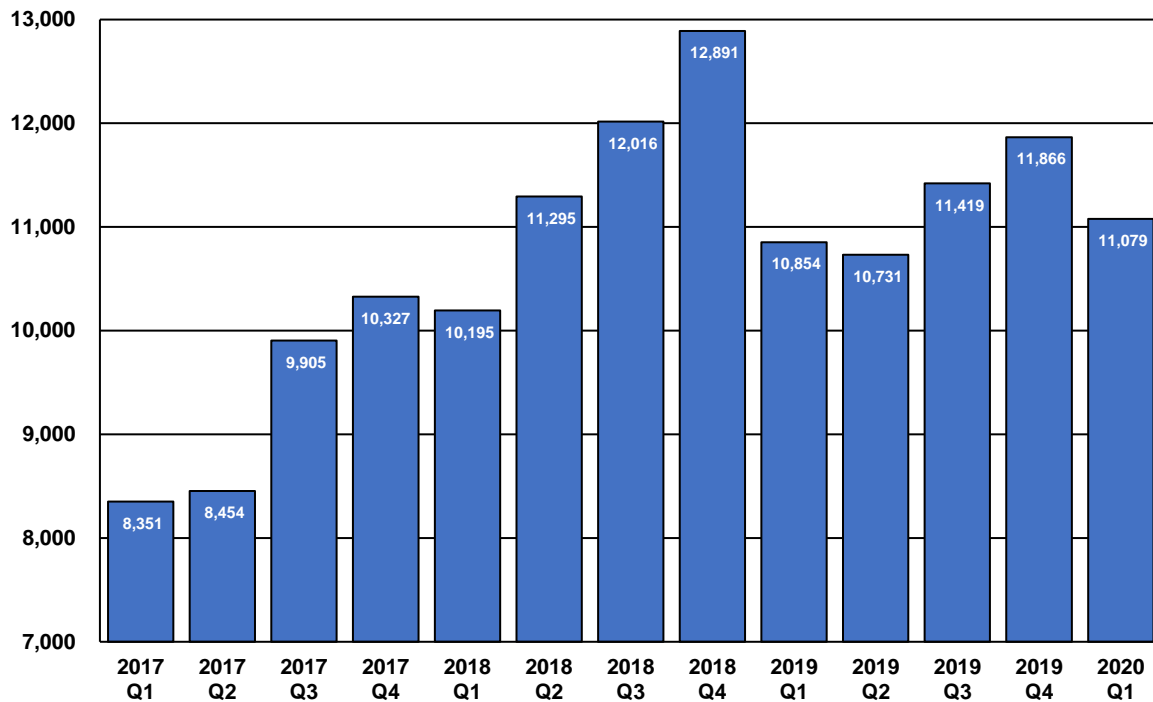
**Table 1: Average amounts of property wealth accessed by equity release customers, Q1 2020**

Quarter	Lump sum lifetime mortgages		Drawdown lifetime mortgages			Home reversion plans	
	Average new plan	Average further advance	Average new plan - first instalment	Average drawdown amount taken	Average further advance - first instalment	Average new plan	Average further advance
<b>Q1 2020</b>	£102,443	£22,738	£68,492	£12,250	£7,205	£46,235	£25,005
<b>Q4 2019</b>	£101,058	£23,770	£67,002	£11,518	£8,244	£74,891	£43,064
<b>Q1 2019</b>	£97,763	£21,361	£62,416	£11,867	£6,049	£74,989	£27,909
<b>Quarterly change</b>	1%	-4%	2%	6%	-13%	-38%	-42%

Annual change	5%	6%	10%	3%	19%	-38%	-10%
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Source: Equity Release Council, Q1 2020 market statistics

**Table 2: Total number of new customers for each quarter since Q1 2017**



Source: Equity Release Council, Q1 2020 market statistics

#### 4. About the data

The Equity Release Council's market statistics are compiled from member activity, including all national providers in the equity release market and accounting for over 95% of total activity.

This latest edition was produced in April 2020 using data from customer activity during the first quarter of this year (January to March). All figures quoted are aggregated for the whole market and do not represent the business of individual member firms.

For a comprehensive list of members, please visit the Council's [online member directory](#).

\* Office for National Statistics, [2018](#) mid-year population estimates, published June [2019](#)

\*\* Ministry of Housing, Communities & Local Government, English Housing Survey [2018](#) to [2019](#): headline report, published January [2020](#)

\*\*\* Office for National Statistics, Total Wealth: Wealth in Great Britain, published December [2019](#)

\*\*\*\* Moneyfacts plc, January 2020.

#### 5. About [the Equity Release Council](#)

The Equity Release Council is the representative trade body for the UK equity release sector with over 400 member firms and nearly 1,200 individuals registered, including providers, funders, 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 500,000 homeowners have accessed over £29bn 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 property wealth in later life and retirement planning.

**For further information, please contact:**

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