

**For immediate release – Wednesday 26<sup>th</sup> October 2022**

## **Equity Release Council: Q3 2022 equity release market statistics**

### **1. Summary**

#### **Record summer for equity release as new customers surpass 13,000 for the first time**

- Homeowners aged 55+ took out a record 13,452 new equity release plans between July and September 2022 (Q3 2022), an 8% increase on the previous quarter
- With 9,648 returning customers and 2,419 further advances agreed, the market saw 25,519 customers active during Q3 with total lending topping £1.71bn, another record figure
- New customer numbers increased by a third (34%) year-on-year, with total lending to new and returning customers growing by 49%
- New plan sizes were largely stable at an average of £133,770 for lump sum lifetime mortgages, up 1% from Q2, while new drawdown plans dipped 3% to £88,340 for the initial withdrawal
- Activity reduced 10% in the final month of Q3 as September saw challenging economic conditions and product prices rise

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

“The summer months have seen the equity release market resume its pre-pandemic growth trajectory, with extra protections having been added in the intervening years so all new customers can make voluntary repayments when they can afford to and reduce their overall costs. Equity release is not an overnight purchase, and the desire to secure lower interest rates before anticipated rises is likely to have influenced customers’ timings as they completed deals from earlier in the year.

“While recent turbulence in financial markets have added to upward pressure on interest rates, product flexibilities and stringent safeguards mean modern equity release remains the most secure and adaptable way to access the money tied up in your home without giving up ownership or risking repossession through fixed repayment commitments.

“With the value of UK homes having passed £7trillion, people are increasingly inclined to put their property wealth to work in later life to support themselves and family in the here-and-now.

“Council standards mean there are measures in place to protect customers’ existing loans from rising interest rates, as well as ensuring that people can only take out equity release once they have considered it from every angle through detailed financial and legal advice.”

### **2. Key statistics for Q3 2022**

#### **Overall activity**

- A total of 25,519 homeowners withdrew property wealth in Q3, across both new and returning customers. This was an increase of 967 active customers (8%) on the previous quarter and a year-on-year increase of 6,219 (32%). [see graph 1]

- The amount of equity withdrawn also increased across July to September, reaching £1.71bn for the first time. This continues the trend of quarterly increases during 2022, rising from £1.53bn in Q1 and £1.60bn in Q2 to reach £4.84bn for the first nine months of the year.
- Comparing 2022 to date with the same period in 2021, when activity remained below pre-Covid levels, total customers served have grown 36% to 72,824 while total lending has risen 40%.
- Council standards meant customers' interest rates were fixed or capped for life at the point of withdrawal, with all customers having the right to remain in their homes for life and lifelong protection against any risk of leaving equity release debt to family members. Lifetime mortgage customers also retain ownership of their property when they choose to release equity.

### Trends among new customers

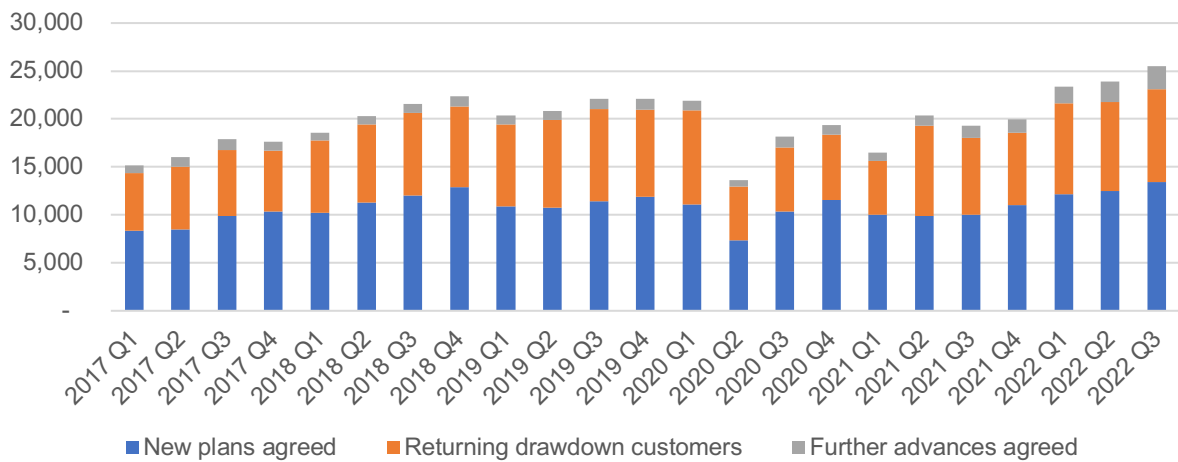
- A total of 13,452 new plans were taken out between July and September, up from 12,485 in Q2 (a quarterly increase of 8%) and from 10,023 a year ago (an annual rise of 34%). This meant the total number of new customers surpassed the previous record of 12,891 set in Q4 2018 [see graphs 2 and 3].
- All three summer months in Q3 saw relatively stable lending, but August was the busiest, with 4,794 new loans agreed, edging out July's 4,515 and September's 4,319. This makes August the busiest month of the year so far, surpassing March's previous record total of 4,560 new plans.
- Product preferences amongst new customers were split almost equally during Q3, with 52% of customers opting for lump sum lifetime mortgages while 48% chose drawdown lifetime mortgages with some of their loan set aside for future use.
- Average loan sizes of both lump sum and drawdown plans were broadly consistent with Q2 (up 1% and down 3% respectively). Over the last year, the increase in the average lump sum plan (10%) has largely mirrored inflation, which [measured 10.1% \(CPI\) in September](#) according to the Office for National Statistics.
- New drawdown customers have taken steps to increase the funds set aside for future use, with Q3 seeing £48,485 held in reserve, up 41% from £34,406 during Q3 2022. Many homeowners have benefitted from the continuing rise of house prices over the last year, increasing the total equity at their disposal.

### Trends among returning customers

- The number of returning drawdown customers increased again following a slight dip in Q2, rising to 9,648 from 9,305, a growth of 4% quarter-on-quarter and 21% year-on-year.
- Returning customers accessed £14,444 in drawdown funds on average, a 7% increase on Q2's average of £13,506. The annual increase was 17%, up from £12,333 in the same period in 2021, but significantly lower than the 33% annual increase seen in Q2.
- 2,419 customers agreed a further advance on their existing plans, with 1,291 taking out further lump sums and 1,128 extending drawdown facilities. The ability to do so will have been supported by rising house prices keeping loan-to-values low enough for existing customers to take this step.
- The average lump sum further advance grew 3% from Q2 to £32,401 in Q3, while customers agreeing drawdown further advances took £18,833 up front with £8,158 held for future use.

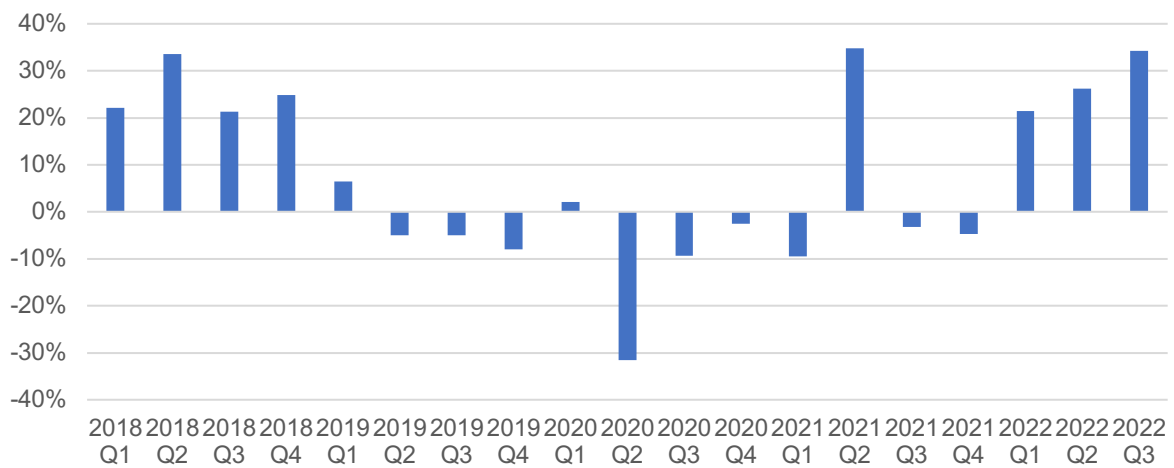
### 3. Market data

**Graph 1: Equity release customers numbers, by type of customer, Q1 2017 to Q3 2022**



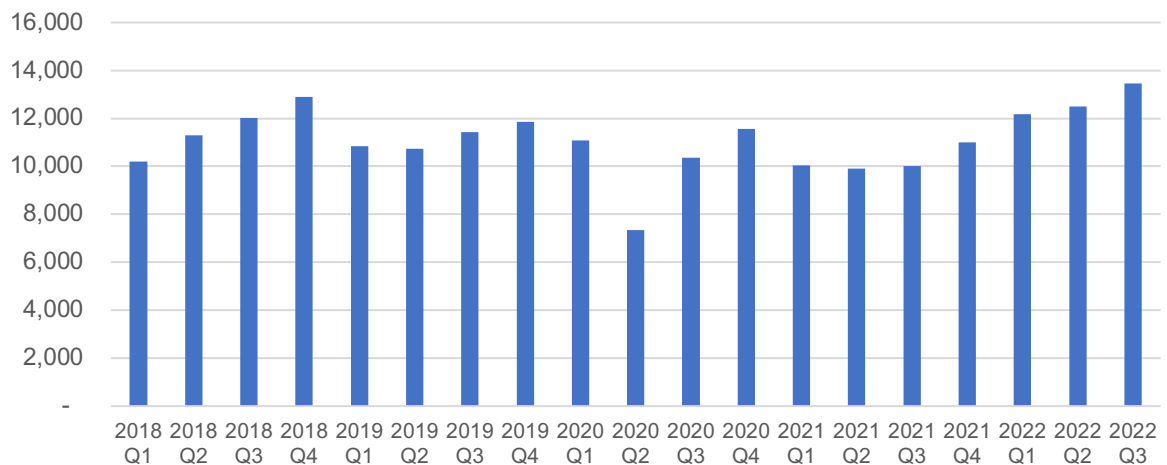
Source: Equity Release Council

**Graph 2: Annual change in the number of new equity release plans agreed, Q1 2018 to Q3 2022**



Source: Equity Release Council

**Graph 3: New equity release plans agreed per quarter, 2018 to 2021**



Source: Equity Release Council

#### **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. This latest edition was produced in October 2022 using data from customer activity during the second quarter of the year (July to September). All figures quoted are aggregated for the whole market and do not represent the business of individual member firms.

Equity release products are available to homeowners aged 55+, enabling them to release money from the value of their home following a regulated process of financial advice and independent legal advice to determine whether this is suitable for their individual circumstances and long-term needs. Funds released are typically used for a range of purposes including providing additional retirement income, funding one-off expenses and lifestyle purchases, consolidating debts, meeting homecare costs and gifting a 'living inheritance' to family or friends.

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

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

The Equity Release Council is the representative trade body for the UK equity release sector with over 730 member firms and 1,800 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 610,000 homeowners have accessed almost £42bn of property 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.

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