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Equity Release Council: Q1 2023 equity release market statistics

1. Summary

Equity release activity dips as market adjusts to higher interest rate environment

- The number of new and returning equity release customers active between January and March this year dipped to 16,691, down 19% from 20,597 in Q4 2022 and down 29% from 23,395 a year earlier
- Total lending of £699m made Q1 2023 the quietest by this measure since Q2 2020
- New customers reduced their loan sizes in Q1 with the average first release from a new drawdown lifetime mortgage down 34% year-on-year to £61,785, the smallest seen in almost six years
- February was the quietest month of Q1 2023, with the number of new plans picking up in March, as product pricing continued to recover from its peak in November 2022

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

“People have had to adjust to the realities of a higher interest-rate environment in many aspects of their personal finances. These figures show the equity release market has been no exception, although there are early signs, with decreasing rates and returning appetite, that a recovery is underway.

“Suitability and timing are everything when it comes to deciding to release equity. For some, it has made sense to continue with their plans. Other would-be customers have evidently been biding their time to see what interest rates do next.

“Homeowners with a present need have proceeded cautiously with average loan sizes at their lowest since 2017 in some cases, despite a 30% rise in house prices during that time*. Anyone who unlocks money from their homes can do so safe in the knowledge that recent production innovations can work in their favour by giving them options to keep costs under control.

“Every product that meets Council standards allows people to make penalty-free partial loan repayments, reducing the build-up of interest.

“In addition, almost every product now offers early repayment charges that reduce to zero, making switching plans more practical in future if interest rates fall.

“Seeking advice from a Council member is essential to weigh up short and long-term considerations so that customers understand all their options and alternatives when making a plan.”

2. Key statistics for Q1 2023

Overall activity

- A total of 16,691 new and returning customers used equity release products between January and March 2023 to access the wealth in their homes, with no requirement to repay the loan plus interest until they pass away or move into long term care.
- The quarterly number of active customers was down 19% from 20,592 in Q4 2022 and down 29% from 23,395 in Q1 2022. This made Q1 2023 the quietest for customer numbers since Q1 2021.
- A total of £699m of property wealth was unlocked by new and returning customers between January and March. This was the lowest quarterly total since Q2 2020 when withdrawals were limited to £698m as a result of Covid-19 lockdown restrictions.

Trends among new customers

- The number of new plans agreed for Q1 2023 was 6,766, down by 39% from 11,174 in the final quarter of 2022 and down by 44% compared with Q1 2022 when 12,174 new plans were taken out.
- New customers were close to evenly split when it comes to product choice: 51% opted for drawdown lifetime mortgages, taking an initial amount up-front with more held in reserve for future use, while 49% of customers opted for a single, larger lump sum.
- The higher interest rate environment saw customers reduce the amount they borrowed compared with recent trends. At £61,785, the average first withdrawal from a new drawdown plan was down 34% year-on-year to the smallest amount seen in almost six years since Q2 2017, despite house prices having risen 30% during this period*
- The average new lump sum lifetime mortgage also reduced by 22% year-on-year, with customers taking £102,405 each between January and March compared with £131,781 a year earlier.
- New customer numbers fell to 2,026 in February, down 14% from January, before recovering to 2,384 in March as product availability and pricing continued to recover from the mini-Budget.

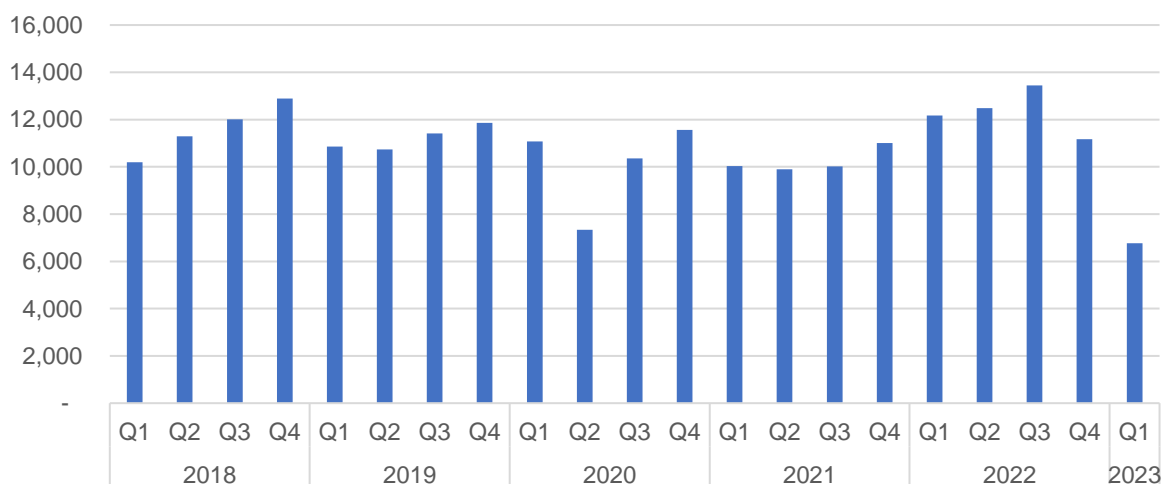
Trends among returning customers

- With interest rates fixed or capped at the point of withdrawal for products which meet Equity Release Council standards, the number of existing drawdown customers increased 9% between Q4 2022 and Q1 2023, making it the only area of the market which saw growth.
- While these customers may have acted in Q1 to beat any further interest rate rises, the number of returning drawdown customers remained down 18% year-on-year compared with Q1 2022.
- Returning customers also limited their borrowing in Q1 with the average returning drawdown customer taking £13,345 from their agreed reserves, down 6% from £14,180 in Q4 2022.
- The number of further advances or extensions agreed on existing plans fell for a second successive quarter, down 7% from 2,352 in Q4 2022 to 2,193 in Q1 2023. This follows a period where further advance numbers grew for six successive quarters between Q1 2021 and Q3 2022, a trend likely to be helped by rising house prices improving the equity available to existing customers.

Details of equity release products and pricing for Q1 are available via the [Spring 2023 Market Report](#)

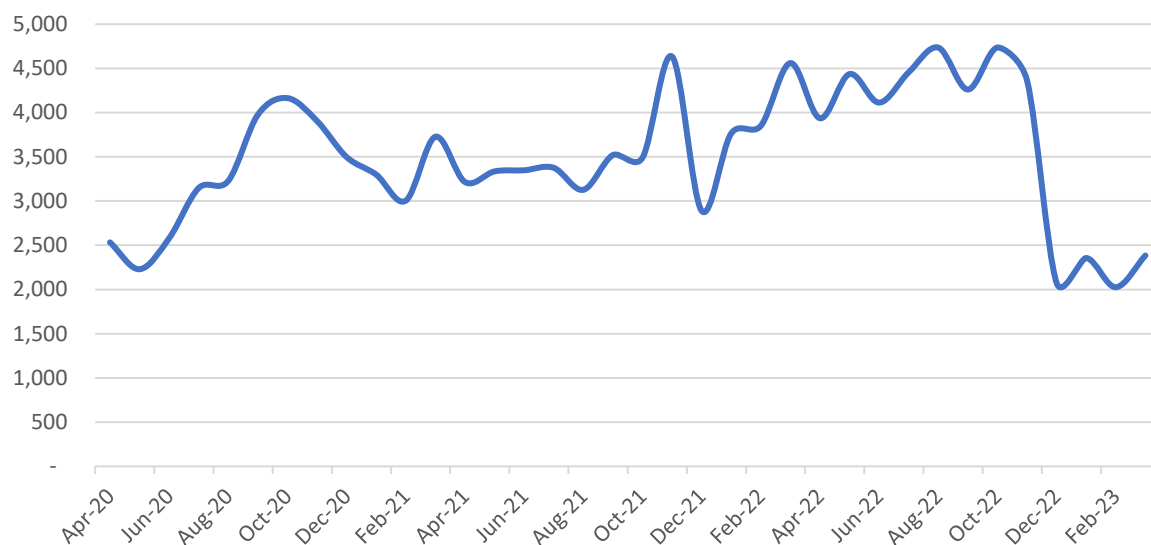
3. Market data

Graph 1: Equity release customers numbers, by type of customer, Q1 2018 to Q1 2023



Source: Equity Release Council

Graph 2: Number of new equity release plans agreed per month, April 2020 to March 2023



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 April 2023 using data from customer activity during the first quarter of the year (January to March). 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](#).

¹ Office for National Statistics, [UK House Price Index](#), February 2023, showing a 30% increase in average UK house prices from 221,833 in June 2017 to 287,506 in February 2023

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

The **Equity Release Council** is the representative trade body for the UK equity release sector with more than 750 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, nearly 650,000 homeowners have accessed £45bn 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.

For more information:

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