

Strong Start for Equity Release Market in 2025

Total Lending Rose for Fourth Successive Quarter

Double Digit New Customer Growth Pushes 32% YoY Increase in Total Lending

Overall market data for Q1 2025

This table shows the latest available data on customer numbers and lending activity, alongside the preceding quarter and the same quarter last year. The data provides the most comprehensive picture of activity encompassing all providers and advice firms.

Overall activity	Q1 2024	Q4 2024	Q1 2025	Quarterly change	Annual change
Total lending	£504m	£622m	£665m	+7%	+32%
Total plans	14,216	15,073	14,350	-5%	+1%
New plans	4,698	5,361	5,342	+0%	+14%
Returning DD customers	7,753	8,301	7,684	-7%	-1%
Further advance customers*	1,765	1,411	1,324	-6%	-25%

The Equity Release Council's latest quarterly market report for Q1 2025 showed that the market had a strong start to the year with £665m worth of housing equity accessed by customers. This is a 32% increase in total lending when compared to Q1 2024 (£504m) and the fourth successive quarter of growth recorded by this market.

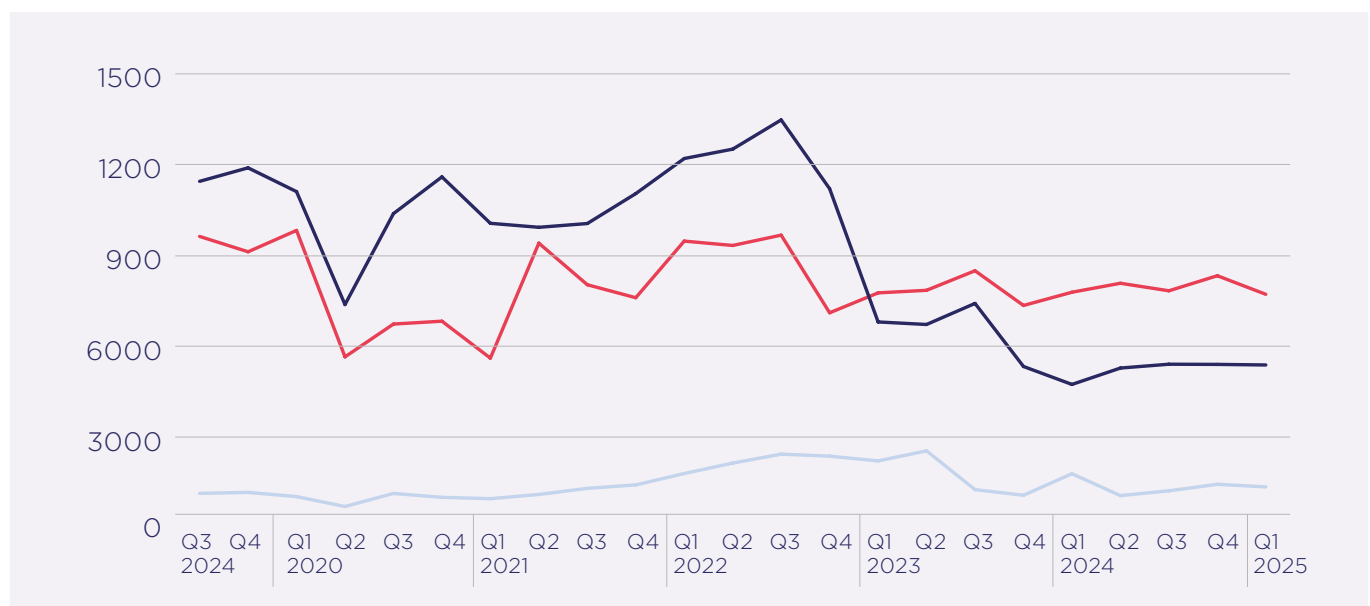
Average loan sizes	Q1 2024	Q4 2024	Q1 2025	Quarterly change	Annual change
New lump sum	£103,492	£115,243	£127,414	11%	23%
New initial drawdown	£59,660	£70,926	£69,764	-2%	17%
New drawdown reserve	£59,660	£56,565	£61,194	8%	11%
Returning drawdown	£12,822	£11,426	£13,872	21%	8%
Lump sum further advance	£16,885	£31,699	£32,621	3%	93%
DD initial further advance*	£22,953	£25,700	£27,125	6%	18%
DD further advance reserve*	£6,624	£6,881	£6,753	-2%	2%

Average new loan sizes increased for lump sum products (+23%) and drawdown lifetime mortgages (+17%) on an annual basis. However, the size of initial drawdowns (-2%) fell marginally compared to Q4 2024 while lump sum products remained buoyant (+18%). This suggests that while the current economic climate will no doubt encourage people to think carefully about their borrowing, the vast majority of people are confident in the resilience of the UK housing market over the longer term.

Lump sum further advances almost doubled year on year (+93%) but this type of borrowing had been particularly subdued in Q1 2024 (£16,885) compared to other quarters which showed more typical levels (Q4 2024 - £28,001 and Q2 2024 - £28,192).

Equity release customer numbers

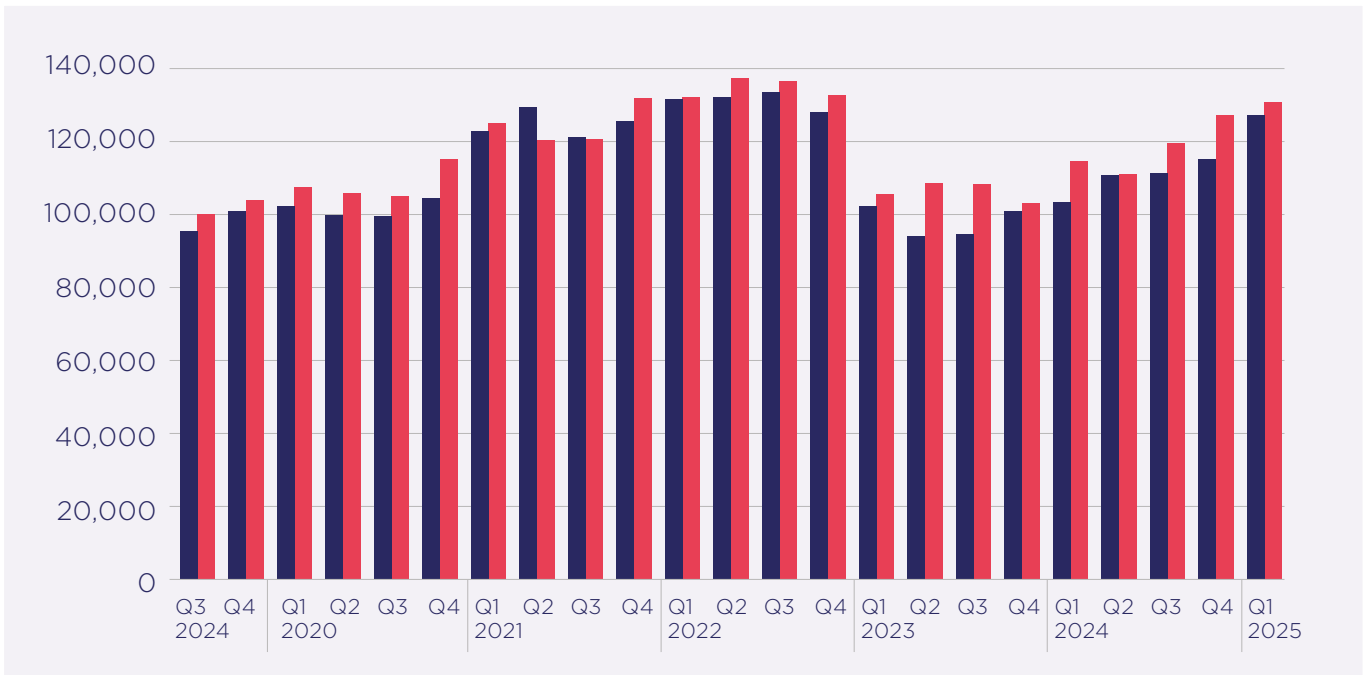
The chart below shows the total number of **new customers**, which includes lumpsum and drawdown customers, as well as the number of **returning drawdown customers** and the number of **existing customers taking further advances**.



The data shows new customer numbers remained relatively stable in Q1 compared to the end of 2024 but rose by 14% on an annual basis. The number of returning drawdown customers and the number of people taking further advances fell on both an annual and quarterly basis as people adopted a more cautious approach to discretionary borrowing in light of the current economic turmoil.

Average new loan sizes

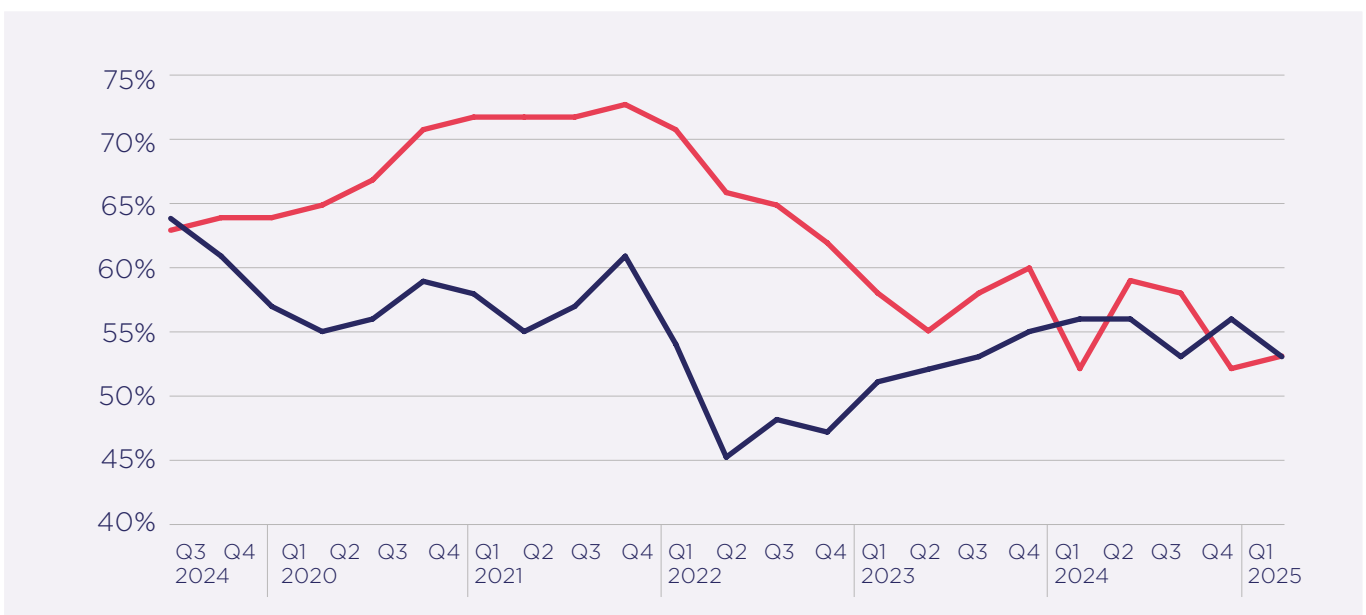
The following table shows the average new lump sum against the average **new drawdown**. The latter includes the initial loan and reserve facility.



Average new loan sizes increased for both lump sum (+23%) and drawdown (+17%) products on an annual basis. Following the Autumn 2022 budget, the equity release market saw significant volatility and customers choosing to be extremely modest with their borrowing. However, as confidence has started to return and customers acclimatise to a new higher interest rate environment, people are choosing to take out higher amounts.

Product preferences

The chart below shows the percentage of the new **customers choosing drawdown** plans and the **percentage of the average loan taken up front**.

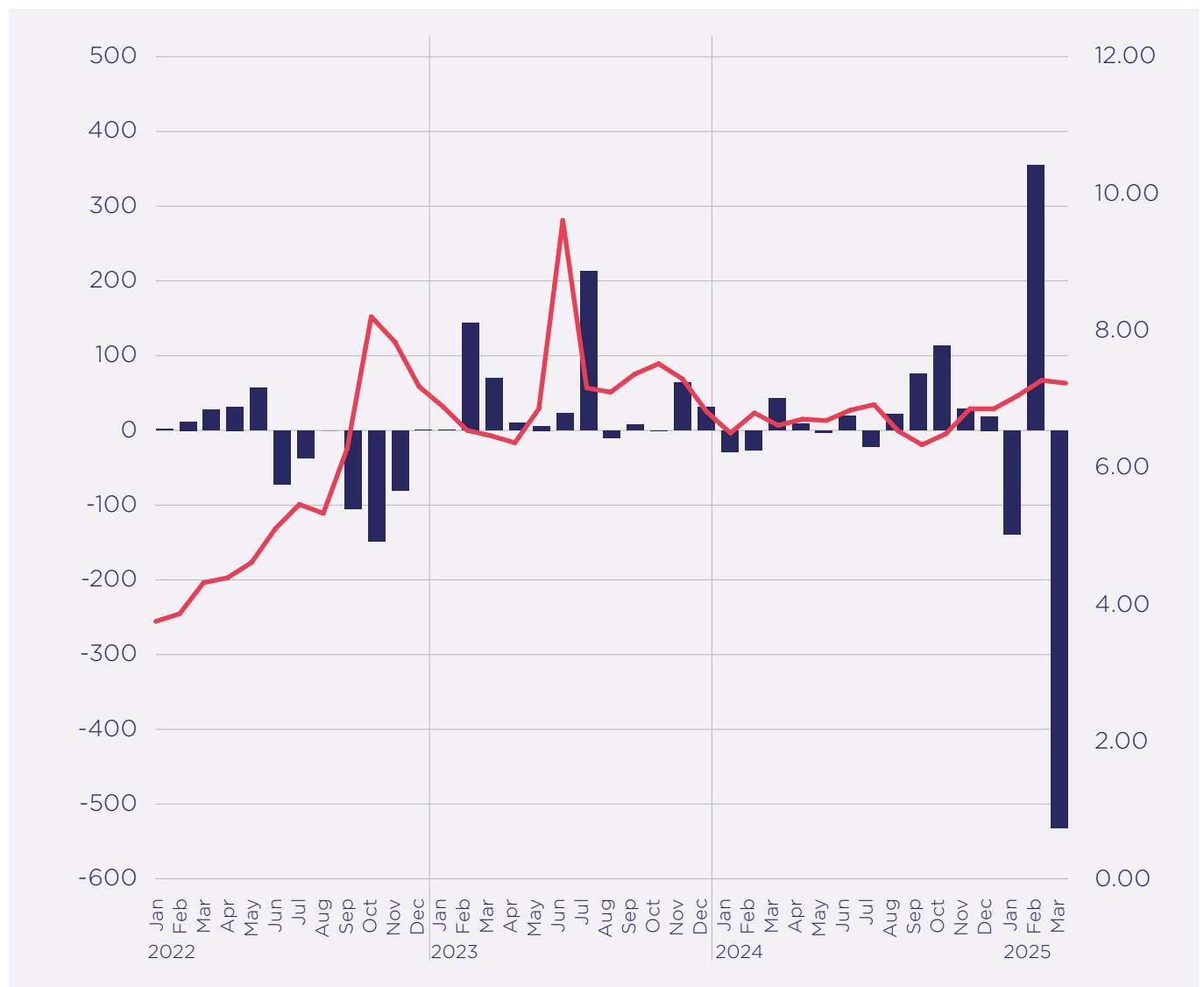


The percentage of new plans agreed with drawdown facilities fell to 53% in Q1, while this is lower than Q4 2024 (56%) and Q1 2024 (56%), it is well within the 'normal' range for this type of product.

New drawdown customers (Q1 2025 – 53%) are continuing to take smaller percentages of their total loans up-front – between 50% and 60% during 2024 – compared with 70%+ during 2021 and early 2022. Given the fact that people are starting to acclimatise to the new average rates, this trend is likely to be driven by the desire to be cautious about their borrowing.

Product availability and rates

The table below shows the **monthly change in the number of available products** against the **average APR of new products launched**. This data is provided by Advise Wise.

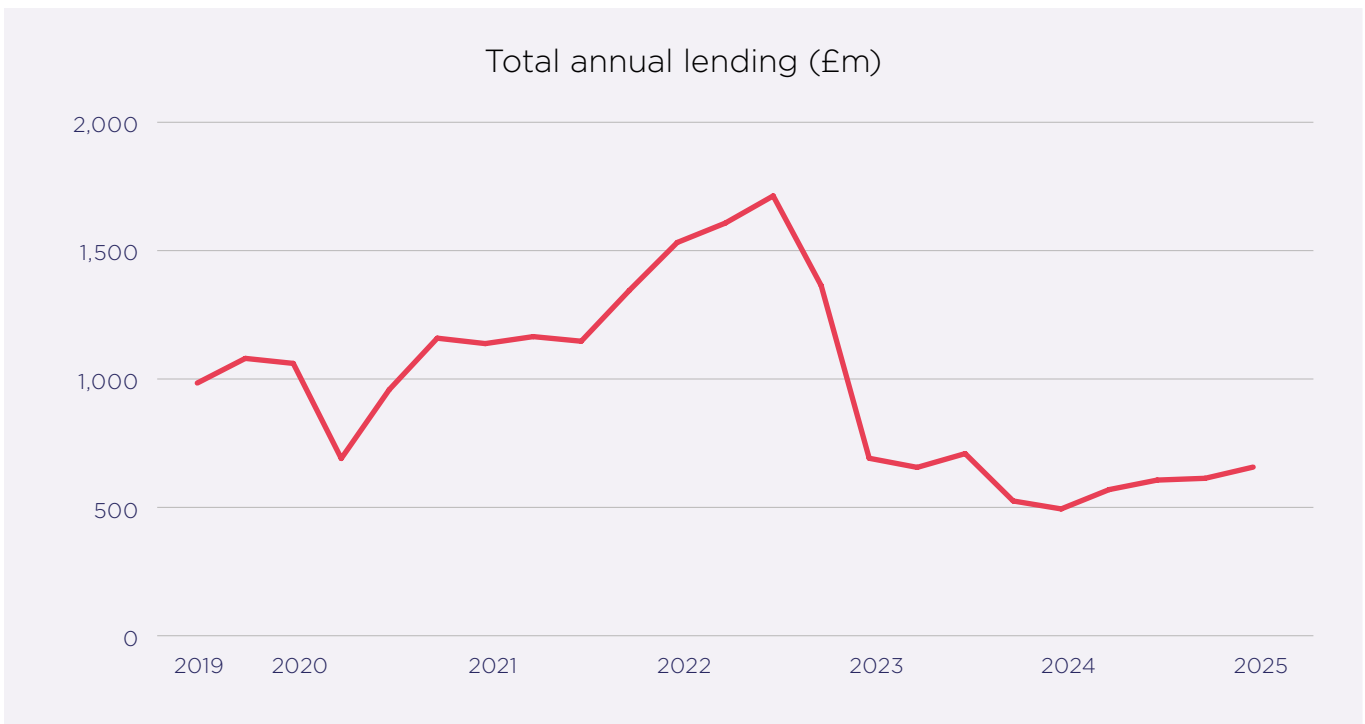


Average rates of new products launched in Q1 2025 hit 7.15% which was higher than Q1 2024 (6.67%). Gilt rates which govern the interest rates of equity release products have been steadily rising since January 2024 as investors look for guaranteed returns amid global economic uncertainty.

The number of products rose (+356) and fell significantly (-533) in a relatively short period as lenders reacted to fluctuations in the gilt markets around the Spring budget.

Total annual lending

The graph below charts the total annual lending for the last five years when growth across the entire mortgage industry declined abruptly following the 2022 mini budget.



To read the press notice visit www.equityreleasecouncil.com/information-hub

About the data: The Council's market data is compiled from actual whole-of-market returns and is in no part estimated, making it the UK's definitive equity release data. All data has been collated by the Council, unless otherwise stated. Categories of borrowing or borrower which have an * next to them are more volatile as they reflect relatively modest amounts of borrowing or numbers of borrowers.

About the product: Equity release allows older people to access the wealth in their homes, without necessarily having to sell or move. Lifetime mortgages make up more than 99% of the market. They enable people to borrow against their homes without making repayments unless they choose to. The loan and interest, or part thereof, is paid when the customer dies or goes into long term care.

About the Council: The Council is the representative trade body for the UK equity release market. Its members pledge to go above statutory regulation and plans that meet its standards come with five product safeguards: no negative equity guarantee; fixed or capped rates for life; the right to port, the right to make overpayments, and; secure tenure for life. These safeguards are underpinned by mandatory independent legal advice which ensures the customer understands the risks and implications of the plan and is free from duress.

For more information:

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