

Equity Release Market Remains Resilient

Equity Release Market Records 10% Year on Year Growth Driven by New Customer Borrowing

Overall market data for Q2 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	Q2 2024	Q1 2025	Q2 2025	Quarterly change	Annual change
Total lending	£578m	£665m	£636m	-4%	+10%
Total plans	14,324	14,350	14,404	0%	+1%
New plans	5,240	5,342	5,319	0%	+2%
Returning DD customers	8,051	7,684	7,640	-1%	-5%
Further advance customers*	1,033	1,324	1,445	+9%	+40%

The Equity Release Council's latest quarterly market report for Q2 2025 revealed that the sector continues to show year-on-year growth with £636m worth of housing equity accessed by 14,404 new and returning customers.

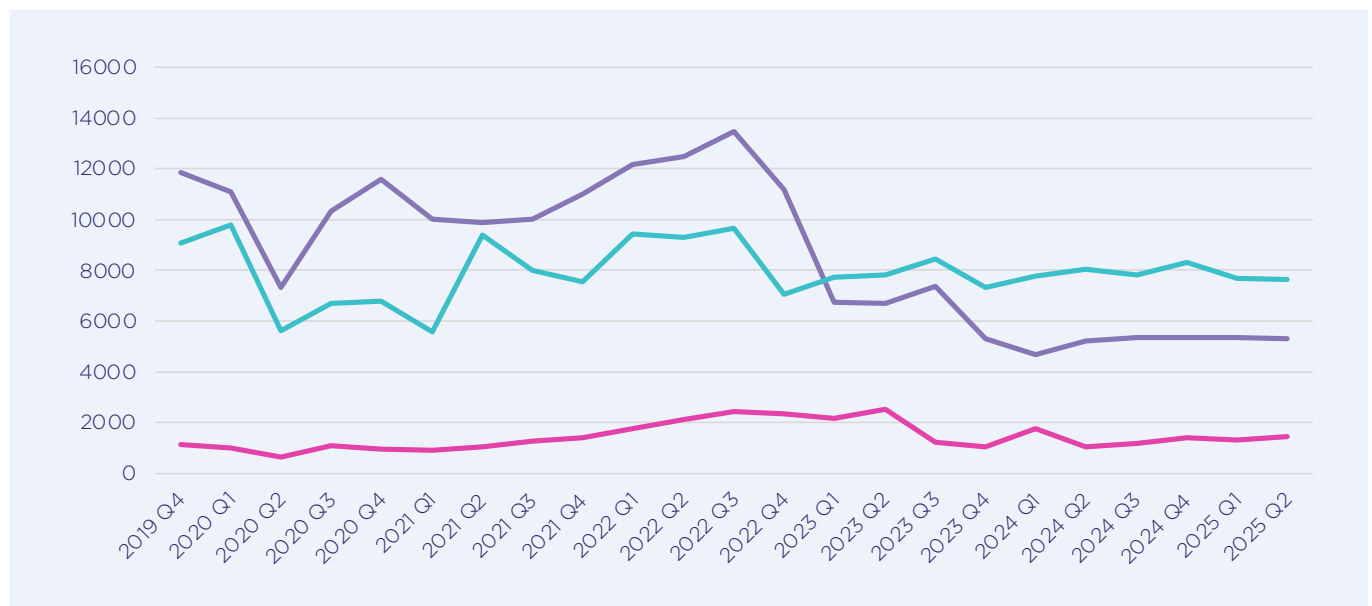
This is a 10% increase in total lending when compared to Q2 2024 (£578m) and was driven by new lump sum mortgage customers taking on average £126,422 or 14% more than in Q2 2024 (£110,969).

Average loan sizes	Q2 2024	Q1 2025	Q2 2025	Quarterly change	Annual change
New lump sum	£110,969	£127,414	£126,422	-1%	+14%
New initial drawdown	£65,453	£69,764	£65,856	-6%	+1%
New drawdown reserve	£45,839	£61,194	£53,338	-13%	+16%
Returning drawdown	£12,679	£13,872	£13,150	-5%	+4%
Lump sum further advance	£28,192	£32,621	£30,180	-7%	+7%
DD initial further advance*	£26,641	£27,125	£27,303	+1%	+2%
DD further advance reserve*	£8,296	£6,753	£6,545	-3%	-21%

While we saw blanket year on year (YoY) increases in average loan sizes – apart from drawdown further advance reserves (-21%) – the quarter on quarter (QoQ) picture was more muted. Indeed, against a backdrop of short-term house price challenges, borrowers and lenders have been more conservative with advisers suggesting that LTV's have been squeezed.

Equity release customer numbers

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



The number of plans taken out remained static quarter on quarter, but there was a slight increase in the volume of new plans (+2%) and total plans (+1%), when compared to 2024. Further advances – which make up less than 7% of the total amount borrowed – saw a 40% year on year increase as existing customers chose to take advantage of house price increases and additional product flexibilities to borrow more.

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.



The loan sizes taken by customers told an interesting picture with the average initial drawdown (+1%) remaining fairly static YoY but the average drawdown facility increasing by 16%. It would appear that while customers are being careful about borrowing in the short term, they are more confident about the long-term prospects of the housing market. This was further highlighted by the fact that average loan sizes for lump sums (+14%) and drawdowns (+1%) also increased year on year but fell on a quarterly basis.

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**.

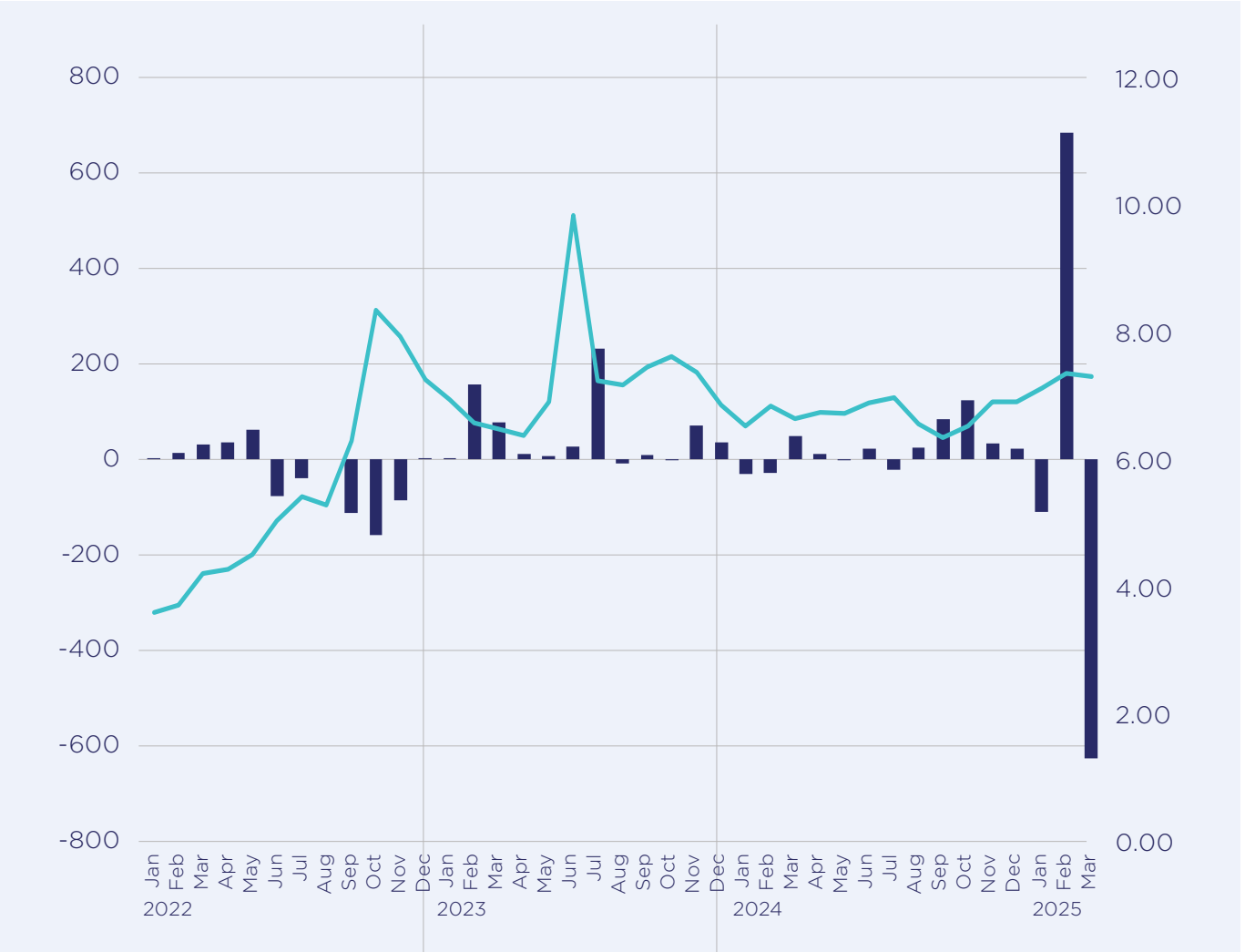


In Q2 2025, 55% of new plans included a drawdown facility which is up from 53% (Q1 2025) but down slightly from the same time last year (56%).

New drawdown customers 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.

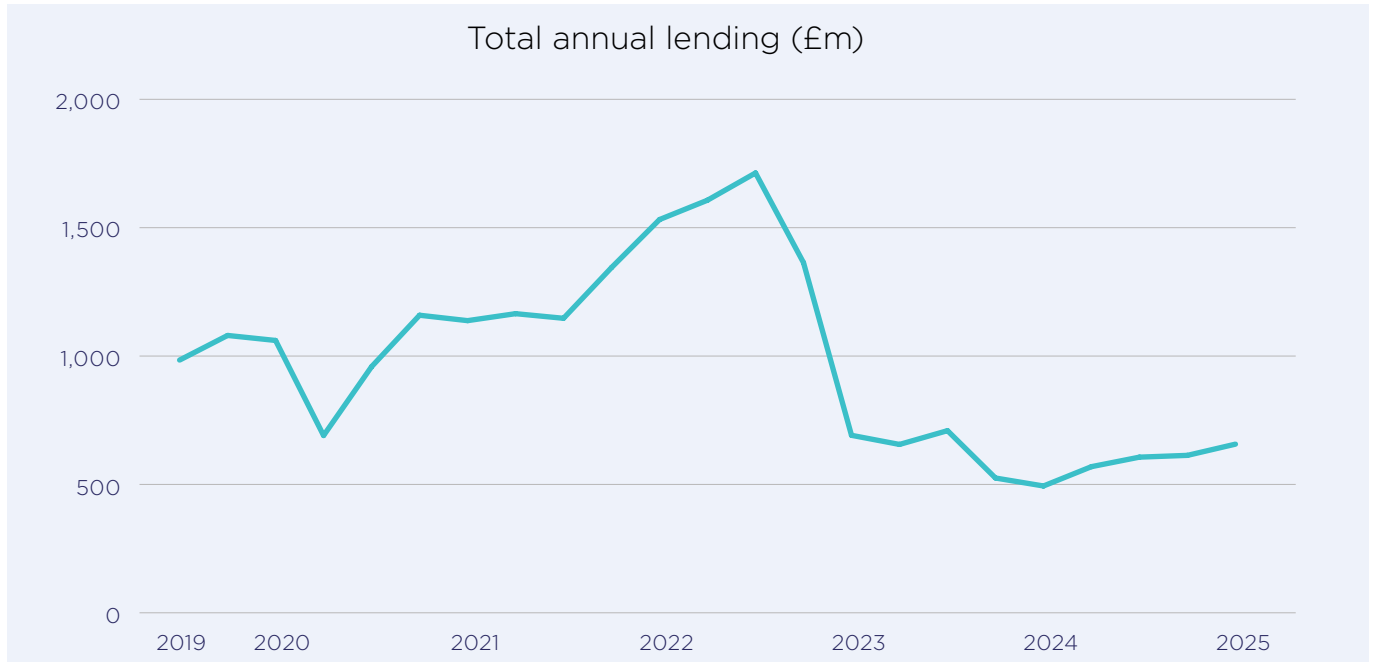


Average rates of new products launched in Q2 2025 hit 7.24% APR which was higher than Q2 2024 (6.64%). Gilt rates which govern the interest rates of equity release products have been steadily rising since January 2024 as investors look for guaranteed returns amid global economic uncertainty.

At the end of Q2 2025, there were 1,669 plans on the market which is higher than at the end of Q1 2025 (907) and reflects lenders desire to offer a range of different products that can be tailored to homeowners individual needs. Indeed, half of plans (50%) offered dynamic pricing whereby the final APR depends on what features the customer chooses, their age, the LTV and the value of the property.

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 the Council's standards come with six product safeguards: no negative equity guarantee; fixed or capped rates for life; secure tenure for life; the right to port; the right to make overpayments and no early repayment charge if you move into care provided a medical certificate is provided. 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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