



UK Equity Release Market Monitor Quarter 3 2018

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www.keyadvice.co.uk/about/market-monitor

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All images contained within this report
can be provided upon request.
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equity release

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Key's Market Monitor provides a quarterly, half yearly and annual review of the UK's equity release market



“Q3 2018 shows a healthy equity release market which continues to break records with 12,133 new plans taken out and £934 million released. This is a 25% year on year increase in lending and should this trend continue through Q4 2018 total lending will exceed £4 billion, another all-time record.

“Typically, equity release is a multi-use product so a customer may use the money they release to meet a variety of different needs. One of the most popular usages is home or garden improvements with 66% of customers using some or all of the proceeds of equity release for this purpose (+64% from Q3 2017).

“While some may choose to get their garden landscaped or have a conservatory installed, we find that a significant proportion are ‘age-proofing’ their property - typically by undertaking work to make their home more practical for later life living. Equity release is enabling over-55s to stay in their homes for longer and we are delighted to be able to help increasing numbers of people consider how housing equity can improve their standard of living in retirement.”

Will Hale, CEO at the UK's largest Equity Release Adviser – Key

Methodology

Key's Market Monitor provides insight on the trends in the equity release market on a quarterly, half-yearly and annual basis – including more in-depth data and analysis than any other freely available source. As the largest intermediary advising on equity release with a 25%+ market share, Key's data reflects how the overall market is developing. The monitor provides historical comparisons as well as comment on current trends in usage, demographics and regional splits.

Each quarter also includes a specific regional (Q3 2018 – Scotland) and usage (Q3 2018 – Home Improvement) spotlight.

Contact

For further details, to speak to Will or if you require additional data, don't hesitate to contact: Lee Blackwell (Director of Public Relations and Public Affairs) at Key Retirement Group on 07384 511140 or lee.blackwell@krgroup.co.uk. Alternatively, please phone the press office on 01772 508322.

Quarter 3 overview

Quarter 3 2018 results

12,133 New plan numbers
▲ **16%**

£933.9m Total amount released
▲ **25%**

63% Drawdown accounts for 63% of all plans

27% More than a quarter are gifting money

The Quarter 3 2018 report reveals continued growth within the equity release sector. Both plan numbers and total lending achieved record levels for the third quarter.

Sales of plans were 12,133 up from 10,477 for Quarter 3 2017, an increase of 16%, whilst lending increased to £934 million, from £749 million in the third quarter of 2017, an increase of 25%.

The average loan amount has also increased over the period from £71,483 to £76,967.

Drawdown, including Enhanced Drawdown, remains the most popular type of plan accounting for 63% of all new plans – Drawdown and Enhanced Drawdown (64% – Q3 2017). Drawdown, which retains accessible further funds, provides potential further borrowing of £370 million in addition to the £934 million in initial advances; giving a total market for the quarter of £1.3 billion, compared to the total of £969 million for the third quarter of 2017. Lump sum releases have increased by 1%, accounting for 37% of new business compared to the same period of 2017.

The average age for those releasing equity was 70 falling marginally from 71 for the same period of 2017.

Regional highlights

All twelve regions experienced growth in the total number of plans and total lending. The greatest percentage increases in plan numbers was experienced across Scotland (101.6%), followed by Northern Ireland (76.9%) and the North West (62.7%). Scotland and Northern Ireland also lead the way in increased lending with growth of 51.1% and 47.1% respectively. Whilst the North East came third with growth of 36.36%.

Top region for overall lending was the South East (£260.7m) with London (£168.6m) taking second place.

Biggest movers by region

Number of plans

Scotland ▲ **102%**

Northern Ireland ▲ **77%**

North West ▲ **63%**

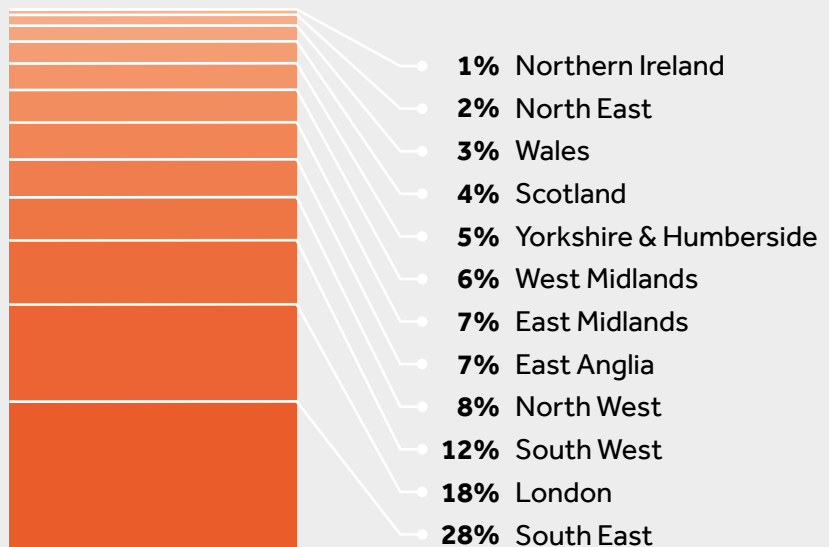
Lending

Scotland ▲ **51%**

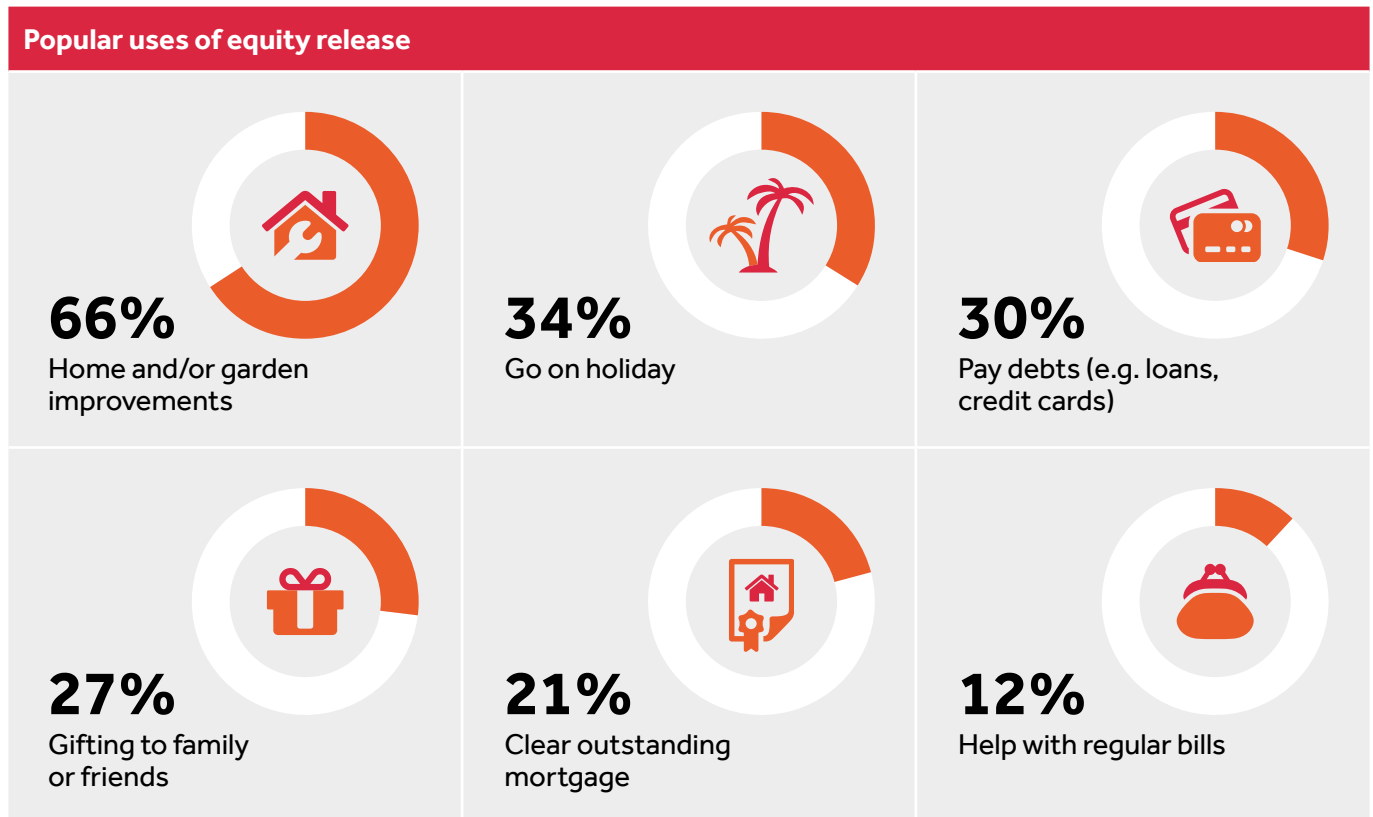
Northern Ireland ▲ **47%**

North East ▲ **36%**

Lending contribution by region



Popular uses of equity release



Highlights

66%
released equity for home and/or garden improvements

30%
use equity release to pay off debts

Focus – Home/Garden Improvements

66% of those releasing equity from their homes are immediately reinvesting some of those funds in future proofing their homes, up from 64% for the same period of 2017. Typically the focus is on major works and enhancements with an eye on the future. Landscaping the gardens to make them more manageable as well as refurbishment of bathrooms, kitchens or bedrooms are some of the most popular. With many projects taking account of the homeowner managing around the home as they age. Popular reasons include: (these are in no particular order)

- Kitchen
- Bathroom
- Bedroom
- Conservatory
- Extension
- Garden
- Garage

Regional summary of equity release

Regional summary of equity release									
Area	Value	Percentage Change 2018 on 2017	Number of Plans	Percentage Change 2018 on 2017	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YoY Av. ER House Price Var.
East Anglia	£63,910,971	30%	949	20%	£67,353	25%	71	£266,709	0%
East Midlands	£62,116,291	34%	1,034	19%	£60,048	27%	69	£224,840	-2%
London	£168,589,586	11%	1,190	4%	£141,672	23%	73	£603,637	-8%
North East	£20,032,804	36%	401	37%	£50,013	28%	68	£181,005	0%
North West	£71,559,696	63%	1,147	27%	£62,376	28%	70	£223,073	10%
Northern Ireland	£5,714,762	77%	113	47%	£50,673	30%	67	£167,086	-16%
Scotland	£40,166,029	102%	700	51%	£57,380	28%	69	£204,421	15%
South East	£260,721,480	9%	2,959	5%	£88,098	23%	71	£381,396	-5%
South West	£111,776,342	16%	1,462	6%	£76,443	25%	71	£306,483	-1%
Wales	£28,695,742	29%	490	4%	£58,563	27%	69	£217,409	6%
West Midlands	£56,612,352	62%	898	33%	£63,019	27%	69	£236,334	11%
Yorkshire & Humberside	£43,976,403	63%	789	36%	£55,706	26%	70	£210,861	8%
Total	£933,872,458	25%	12,133	16%	£76,968	25%	70	£309,603	-5%

Highlights for Scotland

£40.2m

Total lending

700

Plans arranged

£57,380

Average released

£204,421

Average property value

Regional focus – Scotland

The average value released in Scotland is modest by comparison to other regions at £57,380. The region's appetite for equity release has grown dramatically year on year and is the first region to top a 100% increase year on year in a single quarter for lending. The increase in plan numbers by over 50% cements the top spot for the increase in customer numbers as well. Plan numbers and lending over the past 5 years have been somewhat erratic for the region but this year will be a record in Scotland with year to date lending up 63% over 2017 and customer numbers increasing by 35%:

Period	Plan number	Change Y/Y	Lending	Change Y/Y
Q3 2014	431	2.86%	£22,491,080	18.4%
Q3 2015	517	19.95%	£29,282,261	30.2%
Q3 2016	449	-13.15%	£23,883,680	-18.4%
Q3 2017	463	3.12%	£19,920,849	-16.6%
Q3 2018	700	51.19%	£40,166,029	101.6%

The average age for those releasing equity for the region sits just one year below the national average at 69. Whilst customer numbers and lending dipped for the region in 2016, 2018 is set to be a record year for Scotland.

Number of equity release plans

Number of equity release plans					
	Area	Q3 2018 number of plans	Q3 2018	Q3 2017	% change
1	South East		2,959	2,827	4.7%
2	South West		1,462	1,383	5.7%
3	London		1,190	1,143	4.1%
4	North West		1,147	900	27.5%
5	East Midlands		1,034	870	18.9%
6	East Anglia		949	793	19.6%
7	West Midlands		898	677	32.8%
8	Yorkshire & Humberside		789	580	36.1%
9	Scotland		700	463	51.1%
10	Wales		490	470	4.3%
11	North		401	293	36.6%
12	Northern Ireland		113	77	47.1%
Total			12,133	10,477	15.8%

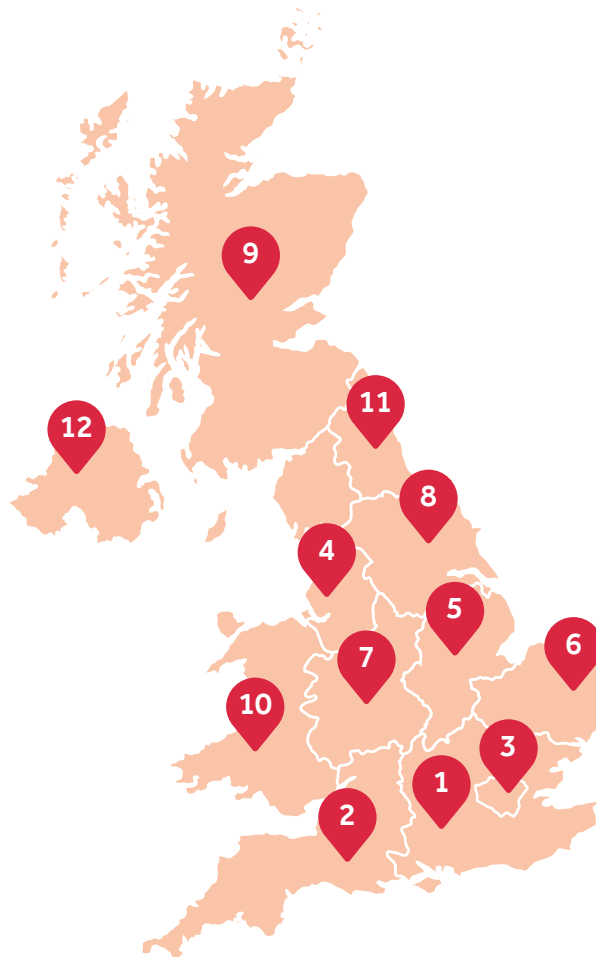
Review

2,959

South East
with the highest
number of plans

113

Northern Ireland
with the lowest
number of plans



Value of equity release plans

Value of equity release plans					
	Area	Q3 2018 value of plans	Q3 2018	Q3 2017	% change
1	South East		£260.7m	£238.6m	9.3%
2	London		£168.6m	£152.5m	10.6%
3	South West		£111.8m	£96.7m	15.6%
4	North West		£71.6m	£44m	62.7%
5	East Anglia		£63.9m	£49m	30.4%
6	East Midlands		£62.1m	£46.2m	34.3%
7	West Midlands		£56.6m	£34.9m	62.2%
8	Yorkshire & Humberside		£44.0m	£27m	63.2%
9	Scotland		£40.1m	£19.9m	101.6%
10	Wales		£28.7m	£22.2m	29.2%
11	North		£20.0m	£14.7m	36.0%
12	Northern Ireland		£5.7m	£3.2m	76.9%
Total			£933.9m	£748.9m	24.7%

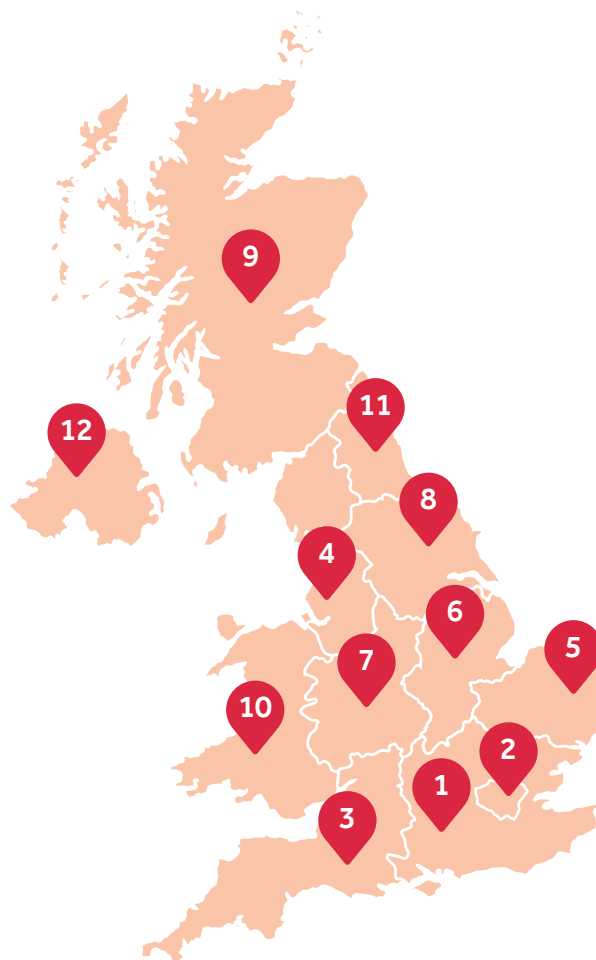
Review

£260.7m

South East
with the highest
value of plans

£5.7m

Northern Ireland
with the lowest
value of plans



Analysis

Highlights

70

Average age

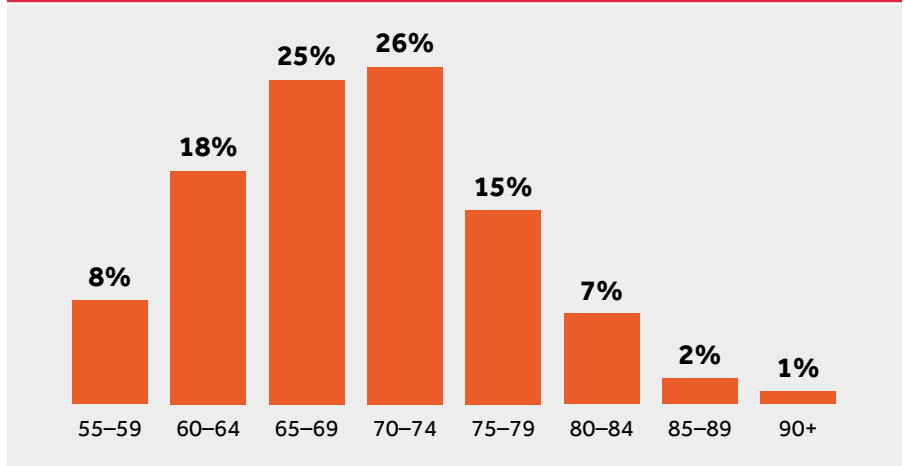
61%

of those releasing equity are couples, down from 64% in 2017

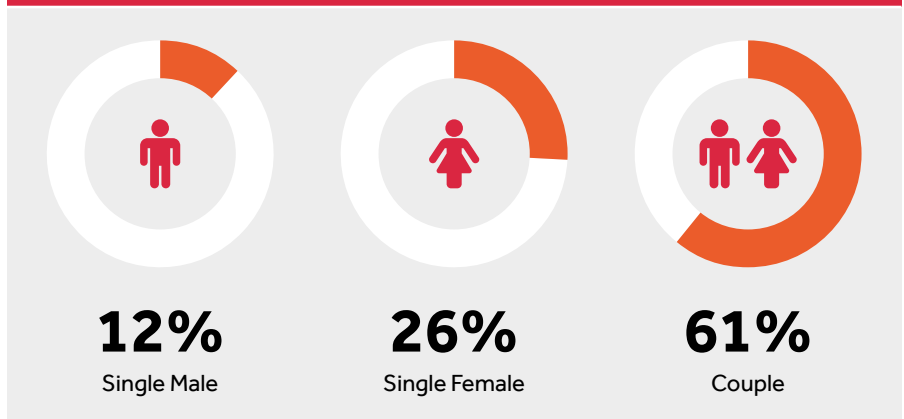
26%

of single women release equity, compared to just 12% of single men

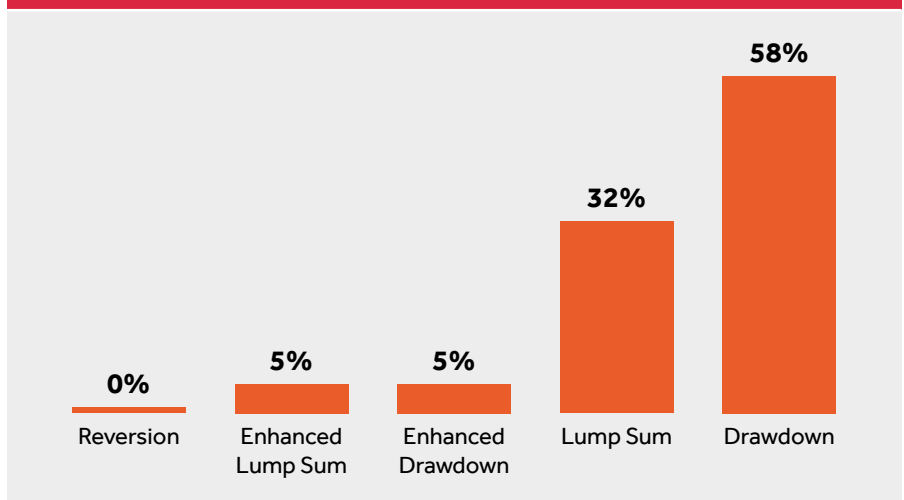
Customers by age



Customers by status



Product mix



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