



UK Equity Release Market Monitor

Full year review 2016

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All images contained within this report can be provided
upon request. Email press.office@keyretirement.co.uk

Contents

- 02 **INTRODUCTION**
Dean Mirfin, Key Retirement
- 03 **EQUITY RELEASE MARKET MONITOR**
Full Year 2016 Results
- 04 **EQUITY RELEASE MARKET HIGHLIGHTS**
Popular Uses
Full Year 2016 Focus - Repaying Debts, Mortgage and Non-Mortgage
- 05 **EQUITY RELEASE MARKET HIGHLIGHTS**
Regional Summary
Focus - East Anglia
- 06 **REVIEW**
Number of Plans
Value of Plans
- 08 **ANALYSIS**
Customers by Age
Customers by Status
Product Mix

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

The Monitor provides journalists and other industry stakeholders with detailed data on the market alongside historical comparisons.

Key is the leading over 55's specialist adviser and the UK's number 1 equity release specialist; arranging over 35% of all Equity Release Council (ERC)[1] lending in the UK.

The Monitor uses Key's data to reflect the market as a whole and provides the most detailed analysis of the equity release sector, including:

- usage trends
- age analysis
- regional analysis based on -
 - plan numbers
 - plan values
 - property prices

The Monitor focuses on a particular region and also a specific usage driver for releasing equity in each edition.

- Full Year 2016 focus - Repaying Debts, Mortgage and Non-Mortgage
- Regional focus - East Anglia

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^[1] Equity Release Council (ERC) is the equity release trade organisation representing the Equity Release Sector

Full Year 2016 Results

27,666 New plan numbers
▲ 17%

£2.15b Total amount released
▲ 26%

62% Drawdown accounts for 62% of all plans

63% are maintaining their homes

Biggest movers by region

Number of Plans

East Anglia +47% ▲
Wales +37% ▲
East Midlands +29% ▲

Northern Ireland -22% ▼
Scotland -15% ▼
North East -9% ▼

Lending

East Anglia +67% ▲
London +43% ▲
South East +35% ▲

Northern Ireland -29% ▼
Scotland -14% ▼
North East -13% ▼

The Full Year 2016 report reveals the highest recorded year both for new plan numbers and total lending. This result maintained expectations following the strong growth established over the first three quarters of the year. Sales of plans were 27,666 from 23,747 for 2015, an increase of 17%, whilst lending increased to £2.15 billion, from £1.71 billion in 2015, an increase of 26%.

The average loan amount increased by 8% YOY: rising from £72,076 to £77,877.

Drawdown remains the most popular type of plan accounting for 62% of all new plans (Drawdown and Enhanced Drawdown). Drawdown, provides potential further borrowing of £716 million in addition to the £2.1 billion in initial advances; giving a total market for the year of £2.82 billion, compared to the total of £2.3 billion for 2015 (a 22% increase). Lump sum releases have continued to increase accounting for 38% of new business compared to 33% for 2015.

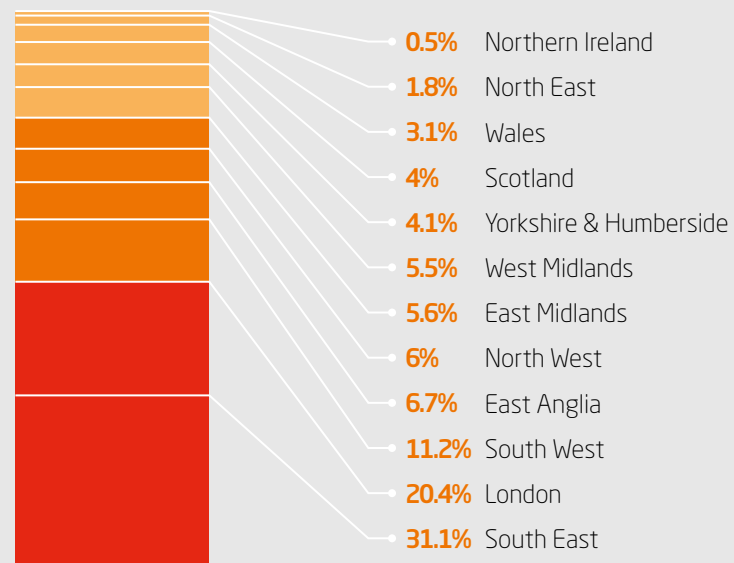
The average age for those releasing equity was 72, remaining unchanged from 2015.

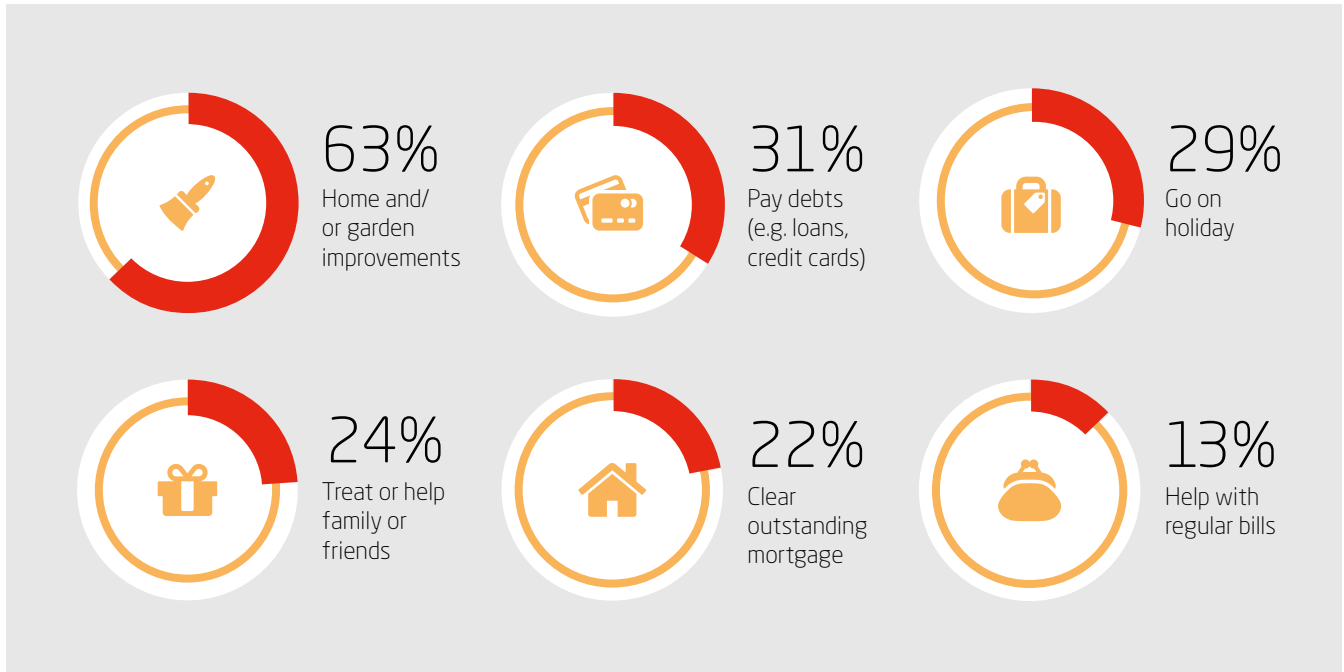
Regional Highlights

Seven out of 12 regions across the country experienced growth in the total number of plans, with the same regions experiencing growth in total lending. The greatest percentage increase in plan numbers was experienced across East Anglia and Wales with East Anglia achieving growth of 47% and Wales 37%. East Anglia also experienced the greatest increase for overall lending achieving growth of 67% followed by London with growth of 43%.

Top region for overall lending was the South East (£670.4m) with London (£440.5m) taking second place. The largest drop, for both plan numbers and overall lending, was experienced in Northern Ireland, falling 22% and 29% respectively.

Lending – Contribution by Region





Highlights

- 63% released equity for home and/or garden improvements
- 31% released equity to clear an outstanding mortgage

Full Year 2016 Focus - Repaying debts, mortgage and non-mortgage

Mortgage debt

More than one in five are utilising the funds to repay outstanding mortgages. The average mortgage debt for those releasing equity is £81,000 carrying an average monthly payment of £412. For many though, equity release is not only about freeing up more monthly income but is a lifeline for those with maturing interest only mortgages. The first wave of interest only mortgage maturities has begun and many have either a shortfall in capital to repay the loan or no repayment method at all. With reduced incomes in retirement, and tightened mainstream mortgage criteria, many are faced with the only option of selling their home to clear the debt. Increasingly though, equity release is providing a robust alternative to meeting this need.

Non-Mortgage debt

Repayment of non-mortgage debt continues to be a major driver for releasing equity. Remaining consistent year on year, 31% repaid unsecured debts from the money released. With average credit card balances in excess of £10,000 and average monthly payments of £397 to service this debt, the impact of releasing equity to eradicate such debt has a huge impact for many on their retirement income.

Regional Summary

Area	Value	Percentage Change 2016 on 2015	Number of Plans	Percentage Change 2016 on 2015	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YOY Var
East Anglia	144.2m	67%	2,004	47%	£71,982	28	72	£260,151	12%
East Midlands	121.6m	28%	2,201	29%	£55,244	25	72	£220,065	9%
London	440.5m	43%	3,081	28%	£142,999	23	72	£625,091	8%
North East	38.2m	-13%	723	-9%	£52,836	28	72	£191,510	9%
North West	128.8m	-1%	2,323	-3%	£55,442	27	72	£204,079	9%
Northern Ireland	9.9m	-29%	200	-22%	£49,656	25	72	£195,805	17%
Scotland	86.6m	-14%	1,568	-15%	£55,203	29	71	£190,820	14%
South East	670.4m	35%	7,451	25%	£89,974	18	72	£495,975	51%
South West	240.5m	21%	3,268	17%	£73,595	25	71	£289,804	8%
Wales	66.6m	32%	1,212	37%	£55,000	26	72	£211,432	7%
West Midlands	118.6m	25%	2,007	23%	£59,078	26	72	£223,952	10%
Yorkshire & Humberside	88.5m	-4%	1,628	-6%	£54,380	27	72	£199,673	10%
Total	2154.5m	26%	27,666	17%	£77,877	23	72	£345,397	26%

Regional Focus
East Anglia

Total lending
£144.2m

Plans arranged
2,004

Average released
£71,982

Average property value
£260,151

Full year 2016 regional focus - East Anglia

The average value released in East Anglia was £71,982, the fourth highest. The region's appetite for equity release has grown dramatically during 2016, and over the past 5 years. Plan numbers and lending for previous 5 years have been:

Period	Plan Numbers	Change YOY	Lending	Change YOY
2012	1,039	+1%	£41,273,909	+1%
2013	1,139	+10%	£54,157,878	+31%
2014	1,209	+6%	£69,866,526	+29%
2015	1,360	+12%	£86,344,969	+24%
2016	2,004	+47%	£144,225,020	+67%

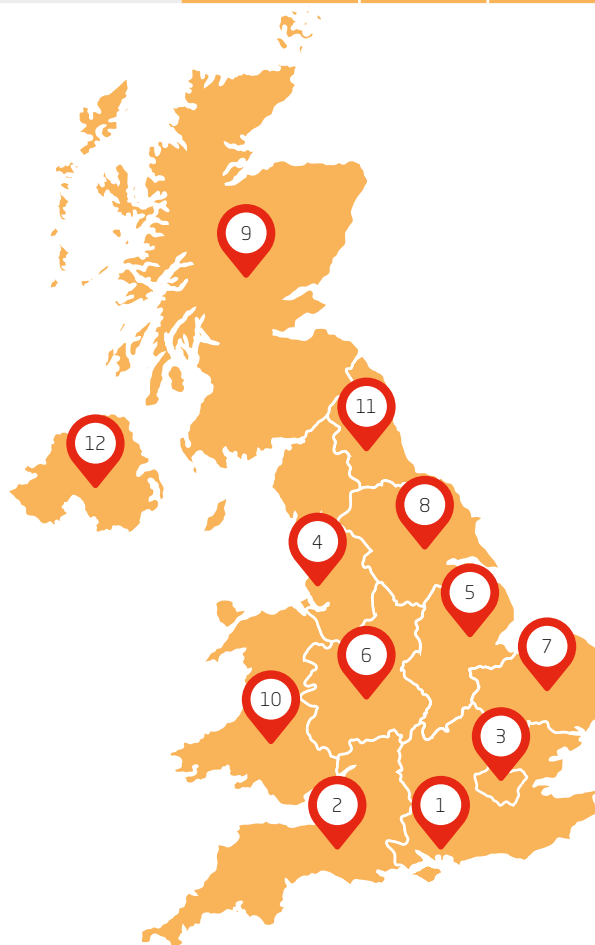
The average age of those releasing equity has stayed in line with the market trend at 72 for the year, having gradually increased from 69 over the same period.

Number of equity release plans

Area		FY 2016 NUMBER OF PLANS	FY 2016	FY 2015	% change
1	South East		7451	5938	25.5%
2	South West		3268	2787	17.3%
3	London		3081	2412	27.7%
4	North West		2323	2399	-3.2%
5	East Midlands		2201	1704	29.2%
6	West Midlands		2007	1634	22.8%
7	East Anglia		2004	1360	47.3%
8	Yorkshire & Humberside		1628	1724	-5.6%
9	Scotland		1568	1854	-15.4%
10	Wales		1212	885	36.8%
11	North East		723	792	-8.7%
12	Northern Ireland		200	257	-22.1%
TOTAL			27666	23747	16.5%

Review

- Highest
South East (7,451)
- Lowest
Northern Ireland (200)

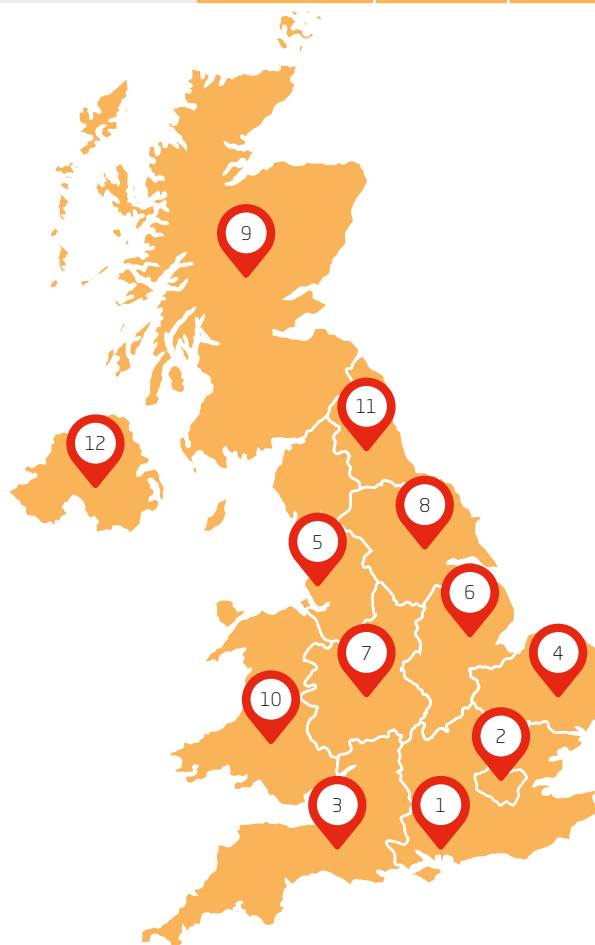


Value of equity release plans

Area		FY 2016 VALUE OF PLANS	FY 2016	FY 2015	% change
1	South East		670.4m	496.0m	35.2%
2	London		440.5m	308.3m	42.9%
3	South West		240.5m	198.8m	21.0%
4	East Anglia		144.2m	86.3m	67.0%
5	North West		128.8m	130.3m	-1.2%
6	East Midlands		121.6m	95.1m	27.9%
7	West Midlands		118.6m	95.0m	24.8%
8	Yorkshire & Humberside		88.5m	92.0m	-3.8%
9	Scotland		86.6m	101.0m	-14.3%
10	Wales		66.6m	50.4m	32.2%
11	North East		38.2m	44.2m	-13.5%
12	Northern Ireland		9.9m	14.1m	-29.3%
TOTAL			2154.5m	1711.6m	25.9%

Review

- Highest
South East (£670.4m)
- Lowest
Northern Ireland (£9.9m)



Analysis

- Average age 72
- 65% of those releasing equity are couples - up from 62% in 2015
- 24% of single women release equity, more than double that of single men

