



# UK Equity Release Market Monitor

## Half Year Review 2018

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[www.keyretirement.co.uk/market-monitor/](http://www.keyretirement.co.uk/market-monitor/)

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All images contained within this report can be provided  
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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 one equity release specialist; arranging over one third of all Equity Release Council (ERC)<sup>1</sup> 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.

- Half Year 2018 Focus – Gifting
- Regional Summary, Half Year 2018 Focus – West Midlands

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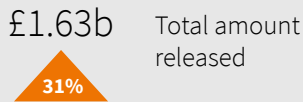
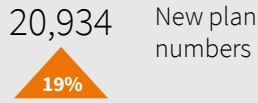
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<sup>1</sup> Equity Release Council (ERC) is the equity release trade organisation representing the Equity Release Sector

## Half Year 2018 Results



The Half Year 2018 report reveals continued strong growth, both for the number of new plans and for overall lending, compared to the same period of 2017. Sales of plans for the first six months of the year were 20,934 from 17,656 for the same period of 2017, an increase of 19%, whilst lending increased to £1.63 billion for the period, from £1.25 billion in the first half of 2017, an increase of 31%. These figures exclude any drawdowns made from existing plans.

The average loan increased year on year to £77,934 compared to £70,625 reflecting increased numbers of those utilising the equity in their homes for higher value expenditure such as mortgage repayment. Whilst the percentage repaying a mortgage has remained stable the value attributable to this overall has increased disproportionately as a share of the overall lending figure.

Drawdown remains the most popular type of plan accounting for 65% of all new plans (drawdown and enhanced drawdown). This is a slight fall year on year. Drawdown, which retains accessible further funds, provides potential further borrowing of £549.2 million in addition to the £1.63 billion in initial advances; giving a total market for the first six months of £2.17 billion, compared to the total of £1.69 billion for the same period of 2017. Lump sum releases account for 35% of new business and continue to dominate younger ages where mortgage repayment is more prevalent.

The average age for those releasing equity remains consistent at 71 year on year.

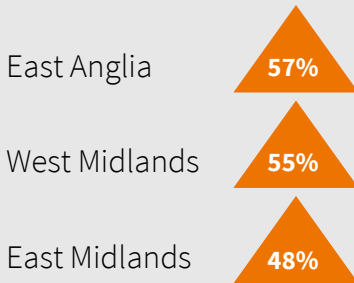
## Regional Highlights

Every region across the country experienced growth both in the total number of plans and in overall lending. The stand out increase, both for lending and for plan numbers was experienced in the West Midlands with the region seeing growth of 55% and 37% respectively. Whilst all regions have grown strongly in the first half of 2018, the other marked growth regions for lending are East Anglia 57% and the East Midlands 49%, whilst plan numbers for the West Midlands again stand out at 37% followed by the East Midlands at 33%.

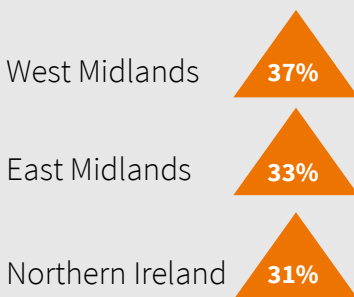
Top region for overall lending was the South East (£483m) with London (£300m) taking second place.

## Biggest movers by region

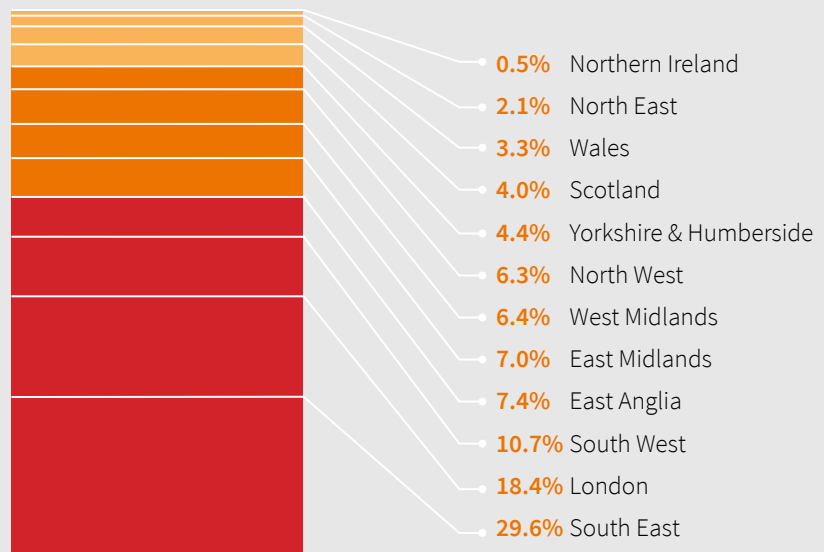
### Number of Plans

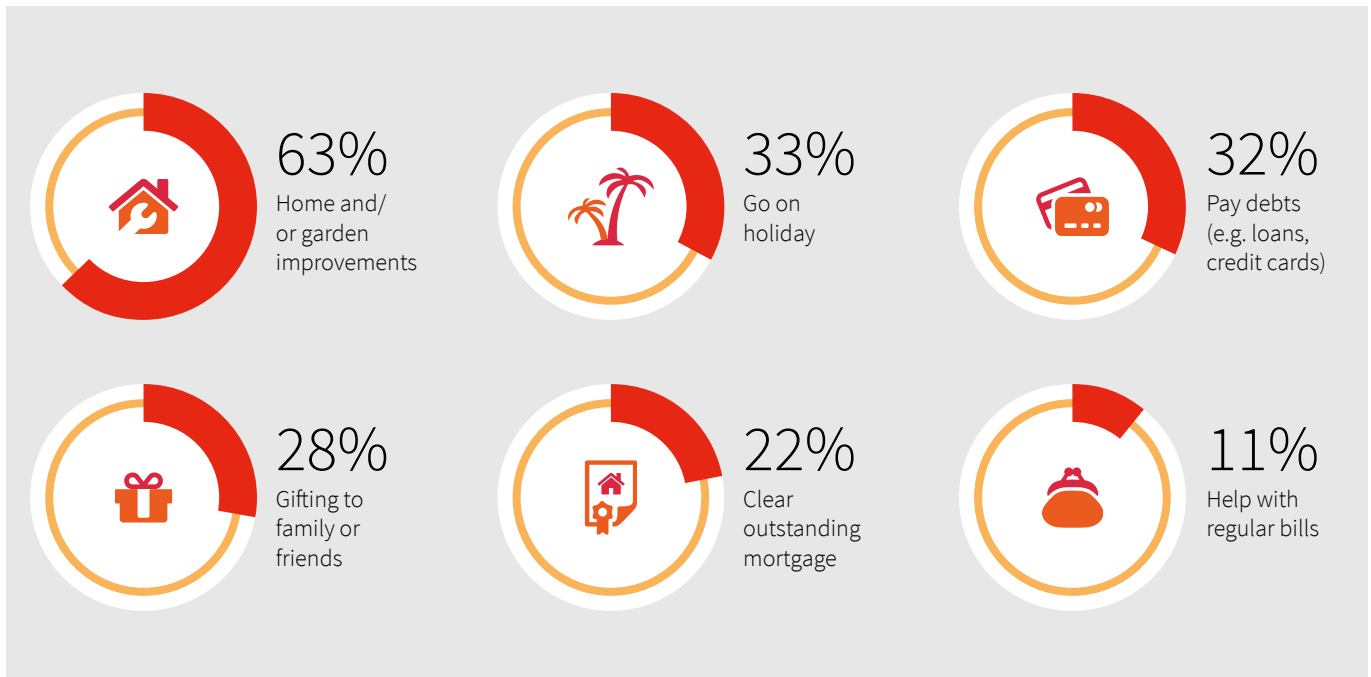


### Lending



## Lending – Contribution by Region





**Highlights**

- 63% released equity for home and/or garden improvements
- 28% use equity release to gift to family or friends

**Half Year 2018 Focus – Gifting**

The first half of 2018 has witnessed the largest leap in one area of use that we have seen since reporting on the sector. Gifting year on year has increased from 23% in 2017 to 28% in 2018.

The “Bank of Mum and Dad” or “Gran and Grandad” is open and is making a significant difference to those in receipt of these gifts. Gifted amounts range from the small to the considerable but whatever the size of gift the impact may be just as far reaching. From helping with day to day living, help with debts or a house deposit the motivation to gift continues to rise. Popular reasons for gifting in no particular order are:

- University/school fees
- Take the family on holiday
- House purchase
- Debt repayment
- Help starting a business
- Financial help following divorce

## Regional Summary

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	£120,799,626	57%	1,617	27%	£74,706	28	71	£270,812	7%
East Midlands	£114,090,193	49%	1,806	33%	£63,173	26	70	£244,062	3%
London	£300,070,791	35%	2,254	16%	£133,128	23	72	£583,166	1%
North East	£34,320,592	48%	595	24%	£57,682	31	70	£184,697	0%
North West	£103,030,678	30%	1,796	25%	£57,383	28	70	£201,565	-4%
Northern Ireland	£8,148,440	12%	182	31%	£44,772	26	70	£174,413	-8%
Scotland	£64,971,265	39%	1,211	17%	£53,651	28	70	£189,847	7%
South East	£482,707,962	22%	5,376	11%	£89,789	23	71	£383,020	-2%
South West	£173,961,050	10%	2,254	3%	£77,179	26	71	£302,167	-1%
Wales	£53,159,527	39%	931	31%	£57,099	27	70	£214,058	6%
<b>West Midlands</b>	<b>£104,515,623</b>	<b>55%</b>	<b>1,624</b>	<b>37%</b>	<b>£64,357</b>	<b>28</b>	<b>70</b>	<b>£226,805</b>	<b>-1%</b>
Yorkshire & Humberside	£71,660,832	27%	1,288	22%	£55,637	26	70	£217,275	3%
<b>Total</b>	<b>£1,631,436,580</b>	<b>31%</b>	<b>20,934</b>	<b>19%</b>	<b>£77,934</b>	<b>25</b>	<b>71</b>	<b>£311,188</b>	<b>-1%</b>

## Regional Focus - West Midlands

Total lending

£104.5m

Plans arranged

1,624

Average released

£64,357

Average property value

£226,805

Regional Summary  
Half Year 2018 Regional Focus – West Midlands

The average value released in the West Midlands is £64,357, the sixth highest region for average loan value. The region's appetite for equity release has grown dramatically, not just in the first half of this year, but over the past few years, in particularly since 2016.

Lending and Plan Numbers for previous first half years have been:

Period	Plan Numbers	Change Y/Y	Lending	Change Y/Y
H1 2015	776	-8%	£43,937,381	2%
H1 2016	846	9%	£47,277,288	8%
H1 2017	1,183	40%	£67,563,670	43%
H1 2018	1,624	37%	£104,515,623	55%

Since H1 2014 the average loan has increased from £51,615 to £64,357. During the same period the average property value for those in the West Midlands has increased from £194,860 to £226,805 which has meant that actual LTV to accommodate the increase in average loan has only changed marginally from 26% to 28% over the period.

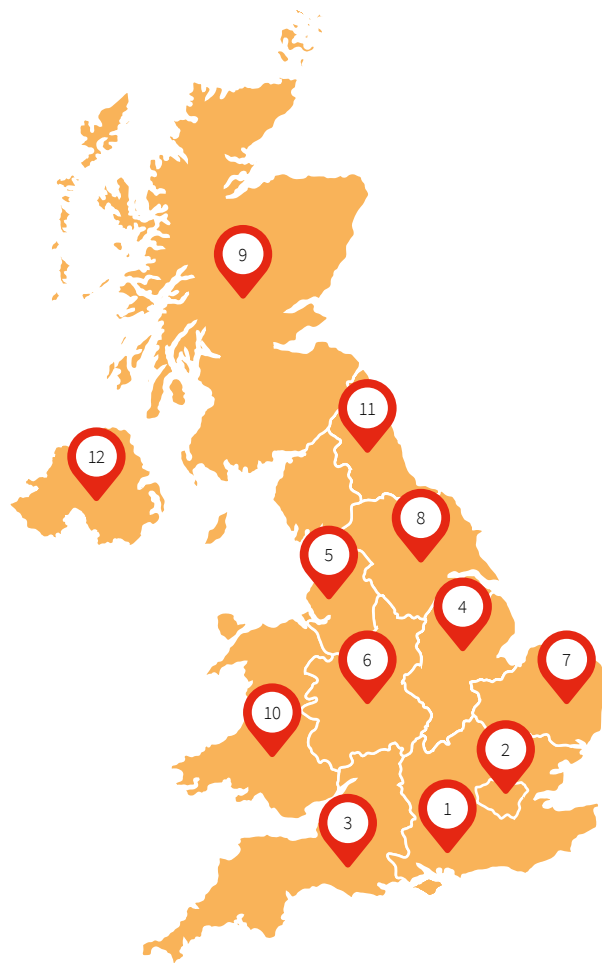
Over the same period the average age has increased from 68 to 70.

**Number of equity release plans**

Area		H1 2018 Number of Plans	H1 2018	H1 2017	% Change
1	South East		5,376	4,822	11.5%
2	London		2,254	1,950	15.6%
3	South West		2,254	2,195	2.7%
4	East Midlands		1,806	1,361	32.7%
5	North West		1,796	1,440	24.7%
6	West Midlands		1,624	1,183	37.2%
7	East Anglia		1,617	1,276	26.7%
8	Yorkshire & Humberside		1,288	1,059	21.7%
9	Scotland		1,211	1,037	16.8%
10	Wales		931	713	30.6%
11	North East		595	481	23.7%
12	Northern Ireland		182	139	30.9%
TOTAL			20,934	17,656	18.6%

**Review**

- Highest  
South East (5,376)
- Lowest  
Northern Ireland (182)



**Value of equity release plans**

Area		H1 2018 Value of Plans	H1 2018	H1 2017	% Change
1	South East		£482.7m	£394.1m	22.5%
2	London		£300m	£222.1m	35.1%
3	South West		£173.9m	£158.7m	9.6%
4	East Anglia		£120.7m	£76.9m	57.1%
5	East Midlands		£114m	£76.7m	48.7%
6	West Midlands		£104.5m	£67.5m	54.7%
7	North West		£103m	£79.2m	30.0%
8	Yorkshire & Humberside		£71.6m	£56.2m	27.4%
9	Scotland		£64.9m	£46.6m	39.5%
10	Wales		£53.1m	£38.1m	39.4%
11	North East		£34.3m	£23.2m	47.5%
12	Northern Ireland		£8.1m	£7.2m	12.0%
TOTAL			1.63b	1.2b	30.8%

**Review**

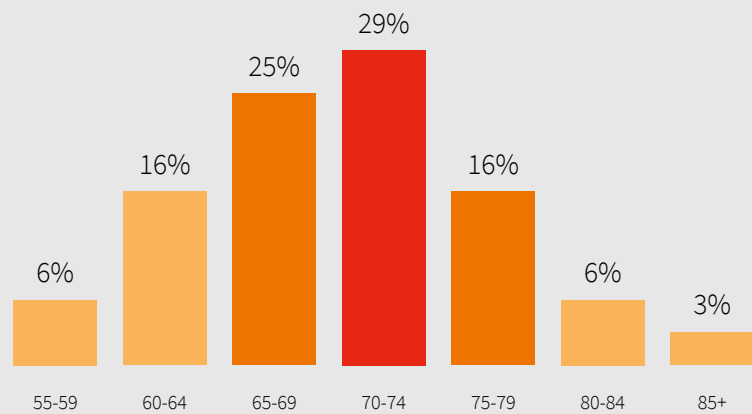
- Highest  
South East (£482.7m)
- Lowest  
Northern Ireland (£8.1m)



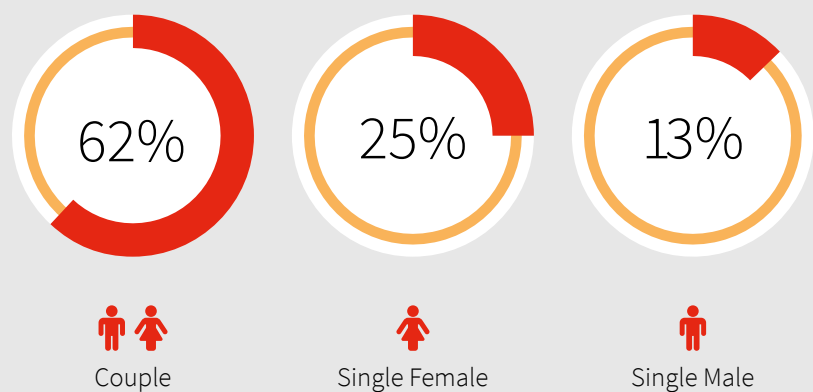
## Analysis

- Average age 71
- 62% of those releasing equity are couples, down from 67% in 2016
- 25% of those releasing equity are single women, nearly double the number of single men

Customers by age



Customers by status



Product mix

