

# UK EQUITY RELEASE Market Monitor

## HALF YEAR 2014

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# Introduction

Key Retirement Solutions' Market Monitor provides a quarterly, half yearly and annual review of the equity release market in the UK. The monitor provides journalists and other industry stakeholders with detailed data on the market alongside historical comparisons.

Key Retirement Solutions is a leading over 55's specialist adviser and the UK's number 1 equity release specialist, arranging 1 in 3 of all Equity Release Council (ERC)<sup>[1]</sup> regulated plans 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 now provides more detail than ever, focusing in each edition on a particular region and also a specific usage driver for releasing equity.

- Half Year Focus - Helping family or friends
- Regional Focus - London

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

## Half Year 2014 Results

- New plan numbers  
10,013 up 5%
- Total amount released  
£641.8m up 26%
- Drawdown accounts for  
64% of all plans
- Single advance lending  
accounts for 36% share  
of market
- Non-mortgage debt  
repayment accounts for  
30% of market

The half year 2014 report on the equity release market reveals strong continued year on year growth. This growth is reflected both for plan numbers and for overall levels of lending. Sales of plans during the first half of 2014 were 10,013, an increase of 5% over the same period of 2013. Lending also increased to £641.8 million for the period from £508.4 million for the same period of 2013, an increase of 26%.

Drawdown, including enhanced, remains the most popular type of plan, accounting for 64% of all new plans. Based on initial lending levels and available facilities, there remains £185 million of funds still to be drawn in addition to these initial advance figures, giving a combined total of £827 million for the period. The average age for those releasing equity rose from 68 to 69 year on year.

### BIGGEST MOVERS BY REGION

#### Number of Plans

|                    |              |
|--------------------|--------------|
| ▲ Northern Ireland | <b>+141%</b> |
| ▲ London           | <b>+17%</b>  |
| ▲ South East       | <b>+14%</b>  |
| ▼ Wales            | <b>-22%</b>  |
| ▼ East Midlands    | <b>-11%</b>  |
| ▼ North            | <b>-5%</b>   |
| ▼ Scotland         | <b>-5%</b>   |

#### Lending

|                    |              |
|--------------------|--------------|
| ▲ Northern Ireland | <b>+133%</b> |
| ▲ London           | <b>+60%</b>  |
| ▲ South West       | <b>+35%</b>  |
| ▼ Wales            | <b>-15%</b>  |

### REGIONAL HIGHLIGHTS

Across the country 8 out of 12 regions experienced growth in the total number of plans, with 11 out of the 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in Northern Ireland (+141%) and London (+17%). Top region for overall lending was the South East (£157m) with London (£117m) taking second place. Only one region experienced a drop in overall lending, this was Wales with a fall of 15%.

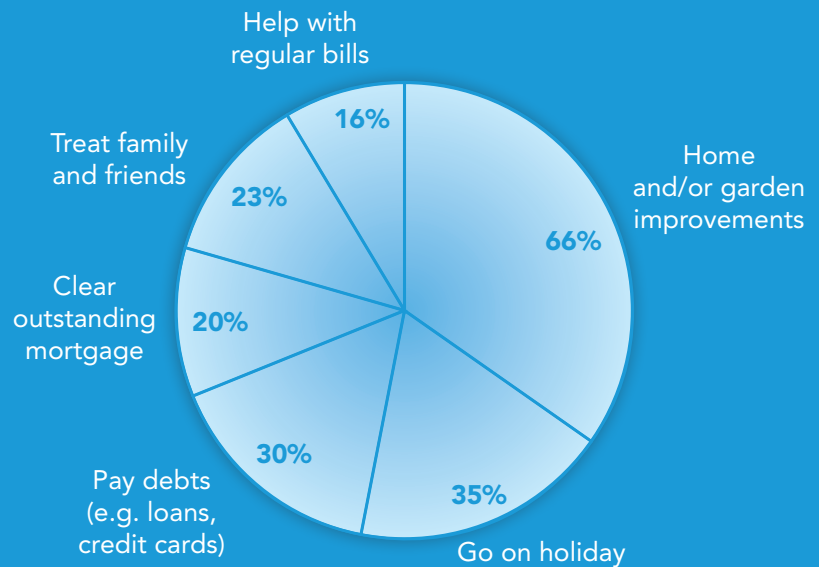
### USES OF EQUITY RELEASE

Home and/or garden improvement (66% up from 55%) retains the top spot, followed by holidays (35% up from 32%), closely followed by repaying non-mortgage debt (30%). Almost 1 in 4 (23%) utilised the funds released in whole or part to help their family, typically their children, and/or grandchildren.

## Highlights

- 40% increase in the number of clients repaying non-mortgage debt 21% - 30%

## POPULAR USES OF EQUITY RELEASE



## HELPING FAMILY OR FRIENDS

- **23% released equity to help out their family or friends**

## HALF YEAR FOCUS – HELPING FAMILY OR FRIENDS

Almost 1 in 4 continues to prioritise helping their family as a main motivation for releasing equity. This will typically form a varied number of uses where they can make material impact on their families' finances. Popular reasons for helping are:

- Deposit for a new home
- University fees for grandchildren
- Debt repayment
- Holidays
- General boost to savings



## Highlights

## REGIONAL SUMMARY

| AREA             | Value    | Percentage Change 2014 on 2013 | Number of plans | Percentage Change 2014 on 2013 | Average Customer Age | Average Property Value | Percentage Change HY 2014 on HY 2013 |
|------------------|----------|--------------------------------|-----------------|--------------------------------|----------------------|------------------------|--------------------------------------|
| East Anglia      | £31.43m  | 17%                            | 568             | 5%                             | 68                   | £195,565               | -5%                                  |
| East Midlands    | £41.40m  | 11%                            | 801             | -11%                           | 68                   | £190,926               | 9%                                   |
| London           | £116.90m | 60%                            | 948             | 17%                            | 70                   | £480,212               | 20%                                  |
| North            | £15.62m  | 5%                             | 335             | -5%                            | 68                   | £153,354               | -2%                                  |
| North West       | £52.14m  | 11%                            | 1,085           | 4%                             | 69                   | £177,265               | 3%                                   |
| Northern Ireland | £5.90m   | 133%                           | 140             | 141%                           | 66                   | £164,841               | 8%                                   |
| Scotland         | £33.61m  | 11%                            | 718             | -5%                            | 68                   | £177,124               | 10%                                  |
| South East       | £157.02m | 30%                            | 2,183           | 14%                            | 68                   | £317,720               | 7%                                   |
| South West       | £88.14m  | 35%                            | 1,257           | 6%                             | 69                   | £257,105               | 3%                                   |
| Wales            | £19.05m  | -15%                           | 348             | -22%                           | 68                   | £187,651               | 1%                                   |
| West Midlands    | £43.09m  | 18%                            | 846             | 6%                             | 68                   | £194,860               | 1%                                   |
| Yorks & H'side   | £37.45m  | 18%                            | 785             | 7%                             | 68                   | £171,360               | -3%                                  |

## REGIONAL FOCUS - LONDON

Total lending -  
**£117M**

Plans arranged -  
**948**

Average released -  
**£125,034**

Average property value -  
**£480,212**

## REGIONAL FOCUS - LONDON

Not surprisingly London has the highest average property value amongst those releasing equity, with an average value of £480,212. Year on year this is the highest regional increase (20%) mapping the trend in average property values in general for the region. Reflecting the cost of living within the capital, the average loan amount is also the highest of all 12 regions with Londoners borrowing an average of £125,034 from their homes.

Overall London remains a consistently strong region for equity release, generating nearly 9.5% of the UK demand in terms of the number of plans, and 18.2% of all lending for the UK, compared to 8.5% and 14.4% respectively for the same period of 2013.

## Review

- Highest -  
South East (2,183)
- Lowest -  
Northern Ireland (140)

|   |  |
|---|--|
| 1<br>Scotland<br><b>718</b><br>2013 - 752           | 2<br>North<br><b>335</b><br>2013 - 353             |
| 3<br>North<br>West<br><b>1,085</b><br>2013 - 1,047  | 4<br>Yorks &<br>H'side<br><b>785</b><br>2013 - 734 |
| 5<br>Northern<br>Ireland<br><b>140</b><br>2013 - 58 | 6<br>Wales<br><b>348</b><br>2013 - 447             |
| 7<br>West<br>Midlands<br><b>846</b><br>2013 - 800   | 8<br>East<br>Anglia<br><b>568</b><br>2013 - 542    |
| 9<br>East<br>Midlands<br><b>801</b><br>2013 - 898   | 10<br>London<br><b>948</b><br>2013 - 810           |
| 11<br>South West<br><b>1,257</b><br>2013 - 1,185    | 12<br>South East<br><b>2,183</b><br>2013 - 1,915   |

## NUMBER OF EQUITY RELEASE PLANS



## Review

- Highest -  
South East (£157m)
- Lowest -  
Northern Ireland (£5.9m)

|  |  |
|--|--|
| 1<br>Scotland<br><b>£33.61m</b><br>2013 - £30.33m          | 2<br>North<br><b>£15.62m</b><br>2013 - £14.84m             |
| 3<br>North<br>West<br><b>£52.14m</b><br>2013 - £46.81m     | 4<br>Yorks<br>& H'side<br><b>£37.45m</b><br>2013 - £31.62m |
| 5<br>Northern<br>Ireland<br><b>£5.90m</b><br>2013 - £2.54m | 6<br>Wales<br><b>£19.05m</b><br>2013 - £22.33m             |
| 7<br>West<br>Midlands<br><b>£43.09m</b><br>2013 - £36.59m  | 8<br>East<br>Anglia<br><b>£31.43m</b><br>2013 - £26.78m    |
| 9<br>East<br>Midlands<br><b>£41.39m</b><br>2013 - £37.19m  | 10<br>London<br><b>£116.98m</b><br>2013 - £73.17m          |
| 11<br>South West<br><b>£88.14m</b><br>2013 - £65.47m       | 12<br>South East<br><b>£157.02m</b><br>2013 - £120.75m     |

## VALUE OF EQUITY RELEASE PLANS

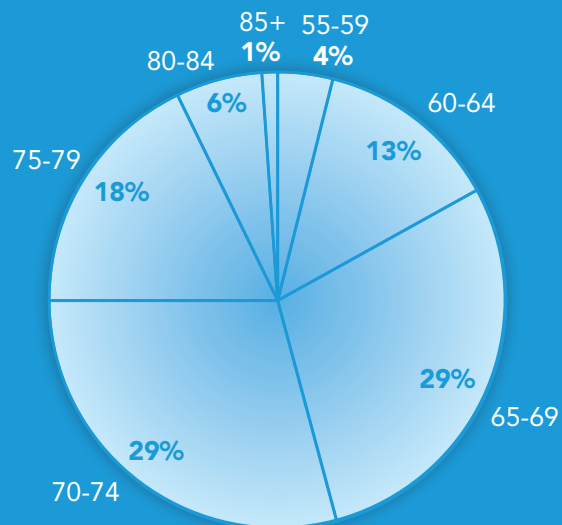




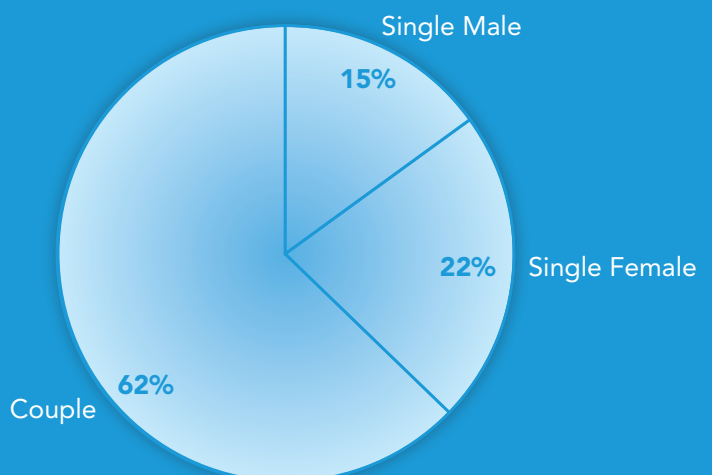
## Analysis

- Average age 69
- 62% of those releasing equity are couples
- 47% more single women release equity than single men

### CUSTOMERS BY AGE



### CUSTOMERS BY STATUS



### PRODUCT MIX

