



# **UK Equity Release** Market Monitor

## Quarter 1 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 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.

The Monitor uses Key's detailed 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 on a particular region and also a specific usage driver for releasing equity in each edition.

- Quarter 1 2018 focus – Gifting
- Regional focus – London

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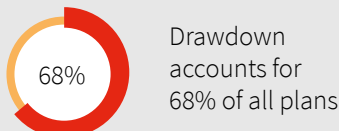
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**Quarter 1 2018 Results**



The Quarter 1 2018 report reveals the highest recorded first quarter result both for equity release new plan numbers and total lending. This trend continues the growth experienced year on year throughout 2017. Sales of plans were 10,495 from 8,604 for Quarter 1 2017, an increase of 22%, whilst lending increased to £777 million, from £633 million in the first quarter of 2017, an increase of 23%.

The average loan amount has increased slightly over the period from £73,609 to £74,048. Drawdown remains the most popular type of plan and has increased in popularity accounting for 68% of all new plans (Drawdown and Enhanced Drawdown).

Drawdown, which retains accessible further funds, provides potential further borrowing of £258 million in addition to the £777 million in initial advances; giving a total market for the quarter of £1.035 billion, compared to the total of £865 million for the first quarter of 2017. Lump sum releases have eased - accounting for 32% of new business down from the 41% for the same period of 2017.

The average age for those releasing equity was 71 falling marginally from 72 (Q1 2017).

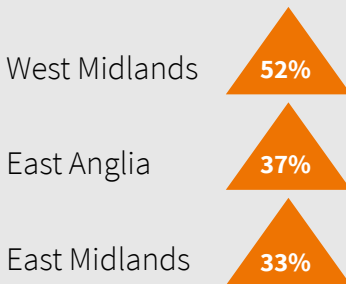
**Regional Highlights**

Only one region experienced a fall in either plan numbers or lending which was Northern Ireland, falling 6% and 17% respectively. Every other region across the country experienced growth in the total number of plans and total lending. The largest percentage increases in plan numbers was experienced across the West Midlands (52%). East Anglia achieved growth in numbers of 36% closely followed by the East Midlands (33%). East Anglia had the greatest increase for overall lending achieving growth of 54% followed Scotland with a 46% increase. Top region for overall lending was the South East (£230.7m) with London (£148.4m) taking second place.

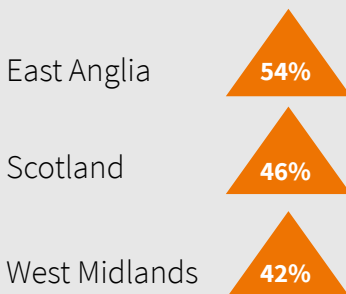
Top region for overall lending was the South East (£953.6m) with London (£557.7m) taking second place.

**Biggest movers by region**

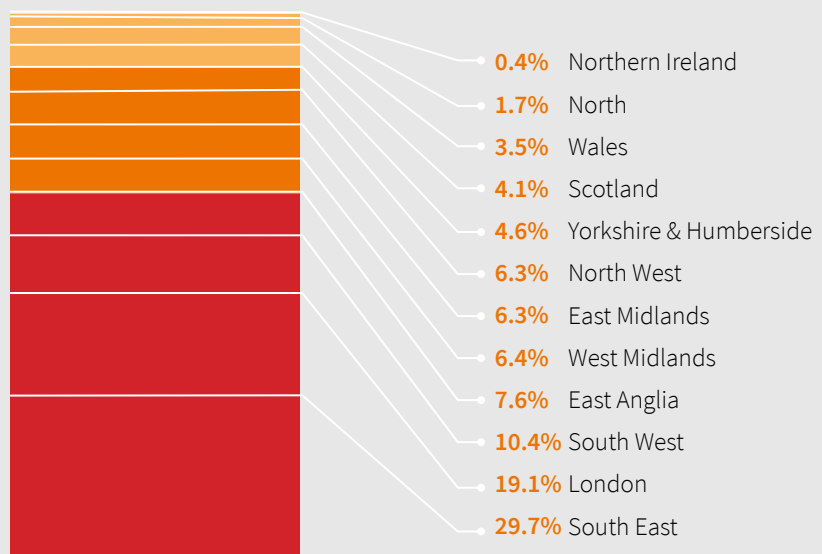
**Number of Plans**

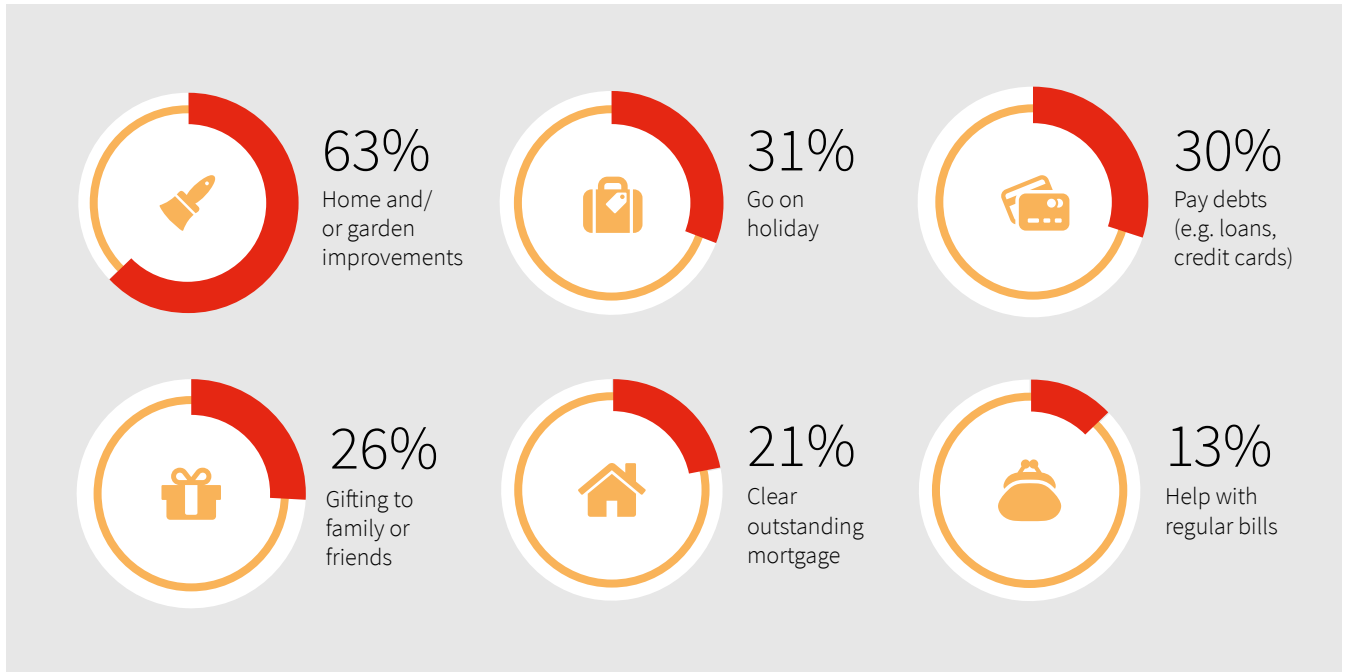


**Lending**



**Lending – Contribution by Region**





## Highlights

- 63% released equity for home and/or garden improvements
- 26% use equity release to gift to family or friends

## Quarter 1 2018 focus – Gifting

Gifting consistently remains a major motivation for those releasing equity from their homes and the numbers and percentages gifting have increased year on year. In Quarter 1, 26% of those releasing equity did so, in whole or part, to gift - increasing from 22% for the same period of 2017. In numbers terms this means that over 2,700 new plan holders gave some or all of the money away. Reasons for gifting vary widely but the more popular are (in no particular order):

- House purchase
- University / School fees
- Repaying debt
- Start a new business
- Divorce
- Holiday(s)
- General financial boost

What is evident over and over is that the decision to gift tends to come more from the parent or grandparent not from children or grandchildren asking for help. There are three considerable motivations to gift. The first is to be able to help financially in one or more ways at a time in their children / grandchildren's lives when it is most beneficial, the second is to be able to witness the difference it makes and the third is to be in control of how the money is ultimately used.

## 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            | £58,799,592         | 54%                            | 809             | 37%                            | £72,705                | 27            | 71                   | £271,717               | 10%                         |
| East Midlands          | £48,961,866         | 23%                            | 908             | 33%                            | £53,927                | 24            | 70                   | £228,455               | -4%                         |
| <b>London</b>          | <b>£148,421,446</b> | <b>35%</b>                     | <b>1,156</b>    | <b>23%</b>                     | <b>£128,405</b>        | <b>22</b>     | <b>72</b>            | <b>£588,143</b>        | <b>-1%</b>                  |
| North East             | £13,515,340         | 22%                            | 259             | 25%                            | £52,101                | 31            | 71                   | £166,272               | -24%                        |
| North West             | £48,597,806         | 25%                            | 904             | 31%                            | £53,752                | 27            | 71                   | £196,019               | -14%                        |
| Northern Ireland       | £2,924,068          | -17%                           | 57              | -6%                            | £51,100                | 29            | 70                   | £174,000               | -21%                        |
| Scotland               | £31,558,197         | 46%                            | 599             | 18%                            | £52,691                | 28            | 70                   | £187,503               | 2%                          |
| South East             | £230,666,233        | 13%                            | 2,731           | 12%                            | £84,450                | 21            | 72                   | £400,662               | 4%                          |
| South West             | £81,070,984         | 1%                             | 1,144           | 10%                            | £70,839                | 25            | 71                   | £288,676               | -9%                         |
| Wales                  | £27,323,121         | 37%                            | 477             | 29%                            | £57,299                | 26            | 70                   | £216,675               | 4%                          |
| West Midlands          | £49,734,584         | 42%                            | 786             | 52%                            | £63,287                | 28            | 70                   | £229,799               | -1%                         |
| Yorkshire & Humberside | £35,526,862         | 17%                            | 664             | 19%                            | £53,522                | 25            | 70                   | £216,459               | -3%                         |
| <b>Total</b>           | <b>£777,100,100</b> | <b>23%</b>                     | <b>10,495</b>   | <b>22%</b>                     | <b>£74,048</b>         | <b>24</b>     | <b>71</b>            | <b>£314,634</b>        | <b>-2%</b>                  |

### Regional Focus - London

Total lending

£148.4m

Plans arranged

1,156

Average released

£128,405

Average property value

£588,143

### Regional summary Quarter 1 2018 regional focus – London

The average value released in London is £128,405, the highest by a considerable margin. The region's appetite for equity release has not only grown year on year but has been evidence over the past 5 years.

| Period  | Plan Numbers | Change Y/Y | Lending      | Change Y/Y |
|---------|--------------|------------|--------------|------------|
| Q1 2014 | 472          | 25.87%     | £56,705,294  | 40.77%     |
| Q1 2015 | 616          | 30.51%     | £70,411,821  | 24.17%     |
| Q1 2016 | 657          | 6.66%      | £87,521,936  | 24.30%     |
| Q1 2017 | 941          | 43.23%     | £110,169,103 | 25.88%     |
| Q1 2018 | 1,156        | 22.85%     | £148,421,446 | 34.72%     |

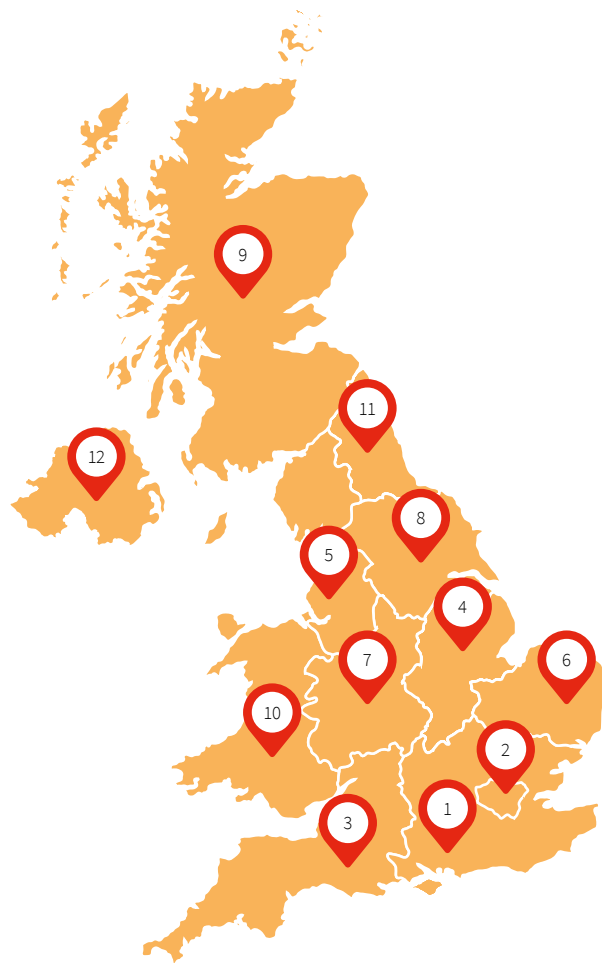
The average age for those releasing equity has broadly stayed in line with the market trend at 72 for the year. Whilst London property prices may have stagnated or even fallen recently this has not dented the appetite for Londoners to tap into the gains that they have made over previous years.

**Number of equity release plans**

| Area  |                        | Q1 2018 Number of Plans | Q1 2018 | Q1 2017 | % Change |
|-------|------------------------|-------------------------|---------|---------|----------|
| 1     | South East             |                         | 2,731   | 2,431   | 12.4%    |
| 2     | London                 |                         | 1,156   | 941     | 22.8%    |
| 3     | South West             |                         | 1,144   | 1,044   | 9.6%     |
| 4     | East Midlands          |                         | 908     | 681     | 33.4%    |
| 5     | North West             |                         | 904     | 691     | 30.8%    |
| 6     | East Anglia            |                         | 809     | 592     | 36.7%    |
| 7     | West Midlands          |                         | 786     | 517     | 52.1%    |
| 8     | Yorkshire & Humberside |                         | 664     | 560     | 18.6%    |
| 9     | Scotland               |                         | 599     | 510     | 17.5%    |
| 10    | Wales                  |                         | 477     | 371     | 28.7%    |
| 11    | North East             |                         | 259     | 207     | 25.5%    |
| 12    | Northern Ireland       |                         | 57      | 61      | -5.6%    |
| TOTAL |                        |                         | 10,495  | 8,604   | 22%      |

**Review**

- Highest  
South East (2,731)
- Lowest  
Northern Ireland (57)

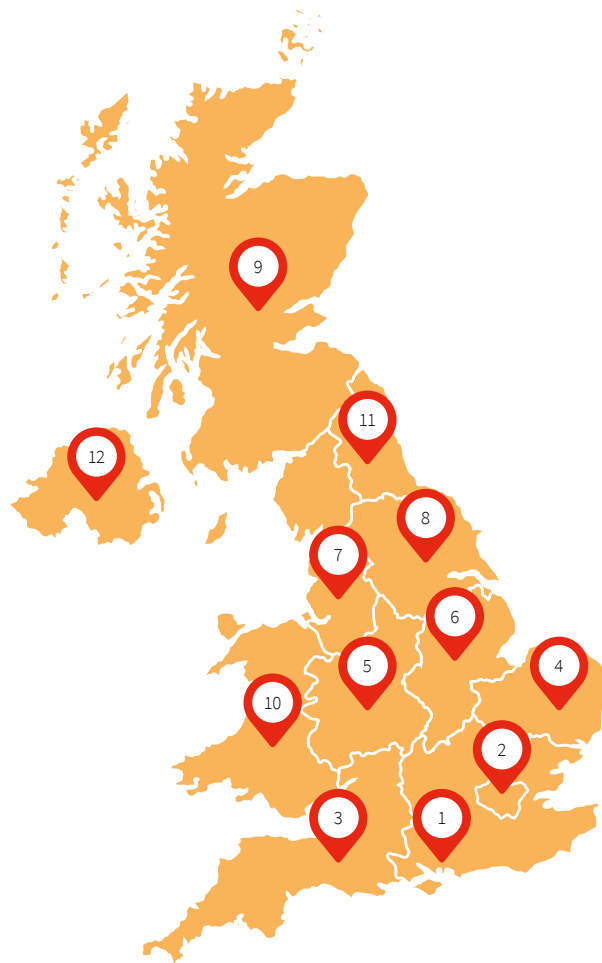


**Value of equity release plans**

| Area  |                        | Q1 2018 Value of Plans | Q1 2018 | Q1 2017 | % Change |
|-------|------------------------|------------------------|---------|---------|----------|
| 1     | South East             |                        | 230.7m  | 204.4m  | 12.8%    |
| 2     | London                 |                        | 148.4m  | 110.2m  | 34.7%    |
| 3     | South West             |                        | 81.1m   | 80.4m   | 0.9%     |
| 4     | East Anglia            |                        | 58.8m   | 38.1m   | 54.2%    |
| 5     | West Midlands          |                        | 49.7m   | 34.9m   | 42.4%    |
| 6     | East Midlands          |                        | 49m     | 40m     | 22.6%    |
| 7     | North West             |                        | 48.6m   | 38.9m   | 25%      |
| 8     | Yorkshire & Humberside |                        | 35.5m   | 30.4m   | 17%      |
| 9     | Scotland               |                        | 31.6m   | 21.6m   | 46.1%    |
| 10    | Wales                  |                        | 27.3m   | 19.9m   | 37.3%    |
| 11    | North East             |                        | 13.5m   | 11.1m   | 21.9%    |
| 12    | Northern Ireland       |                        | 2.9m    | 3.5m    | -17.4%   |
| TOTAL |                        |                        | 777.1m  | 633.3m  | 22.7%    |

**Review**

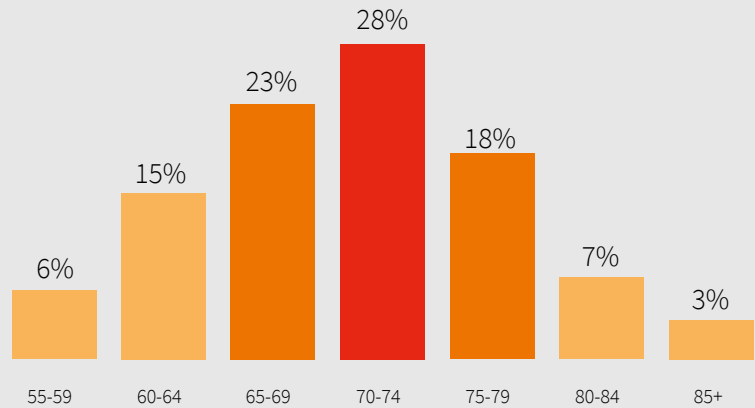
- Highest  
South East (£230.7m)
- Lowest  
Northern Ireland (£2.9m)



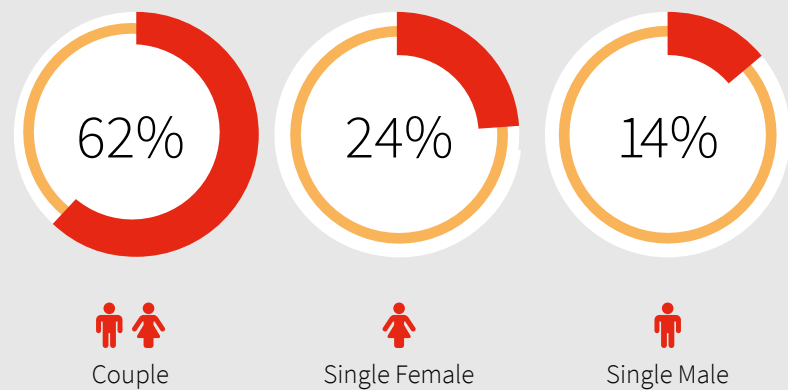
**Analysis**

- Average age 71
- 62% of those releasing equity are couples, down from 68% in 2017
- 24% of single women release equity, compared to 14% of single men

Customers by age



Customers by status



Product mix

