



UK Equity Release Market Monitor Quarter 1 2019

EMBARGOED UNTIL 00:01 THURSDAY 23 MAY 2019

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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



“While we typically see a quieter start to the year, 2019 has begun on a strong footing with 11,190 new plans taken out and with £840million worth of equity released in the first quarter. This is a 6.6% year on year increase in lending which bodes well for a positive H1.

“Drawdown remains the most popular product choice and plans taken out in Q1 2019 provide potential further borrowing of £349 million in addition to £840 million in initial advances. This puts the market in Quarter 1 2019 at £1.18 billion, compared to £1.03 billion at the end of Quarter 1 2018.

“In the current challenging economic environment, we have seen an increase in customers looking to meet pressing later life needs rather than focusing on aspirational spending. Over a third (35%) have used funds to pay off debts (credit cards, loans etc.) an increase of 5% YOY and the highest proportion in the last three years.

Over a quarter (28%) have also paid off outstanding mortgages an increase of 7% YOY. The equity which is being released is having a hugely positive impact on the borrowers' immediate financial circumstances as well as shoring up their finances for the future.

“That said, 64% of people who release equity from their properties use some of it for home or garden renovations – often to make their home more comfortable or better suited to their retirement needs. Gifting money to friends and family also remains popular with 30% of customers using some or all of the proceeds from their equity release plan for this purpose – a 4% year on year increase.”

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, 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 (Q1 2019 – North East) and usage (Q1 2019 – paying off debt) spotlight.

Contact

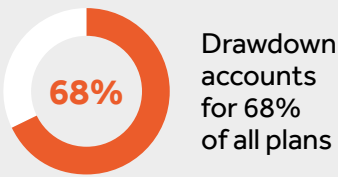
To speak to Will, for additional data or a case study please, don't hesitate to contact: Lee Blackwell (Director of Public Relations and Public Affairs) at KR Group on 07384 511140 or lee.blackwell@krgroup.co.uk. Alternatively, please phone the press office on 01772 508322.

Quarter 1 overview

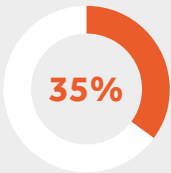
Quarter 1 2019 results

11,190 New plan numbers
▲ 6.6%

£840m Total amount released
▲ 8%



Drawdown accounts for 68% of all plans



More than a third are paying off debts

The Quarter 1 2019 report reveals continued growth within the equity release sector with both the number of plans and the value of plans higher than Q1 2018. Sales of plans were 11,190 up from 10,495 in the first quarter of last year, an increase of 6.6%, whilst new lending in Q1 2019 increased to £840million from £777million in Q1 2018, an increase of 8%.

The average loan amount has also seen a slight increase year on year from £74,047 to £75,032 in Q1 2019.

Drawdown remains the most popular type of plan accounting for 68% of all new plans, a 3% increase year on year – Drawdown and Enhanced Drawdown. Drawdown, which retains accessible further funds, provides potential further borrowing of £349 million in addition to £840 million in initial advances; giving a total market for the year of £1.18 billion, compared to the total of £1.03 in Q1 2018. Lump sum releases account for 32% of new business, down 2% when compared with Q1 2018 results.

The average age for those releasing equity remains the same year on year at 71 years old. This is slightly lower than the average age for the whole of 2018 which placed average age at 72. However, this may average out in the full year 2019 results.

Regional highlights

All twelve regions experienced growth in the total number of plans in Q1 2019. The largest percentage increase in the number of plans was seen across Northern Ireland (39%), followed by Yorkshire & Humberside (27%) and the West Midlands (26%). Yorkshire & Humberside leads the way with the greatest increase in the value of lending at 30% followed by the West Midlands (24%).

Interestingly London (-5%) and the East Anglia (-0.4%) actually saw modest falls in the amount released as property owners reacted to house price fluctuations by taking lower amounts of equity. However, Londoners still released £141 million which is the second highest amount across the board after the South East (£245 million).

Biggest movers by region

Number of plans

Northern Ireland ▲ 39%

Yorkshire & Humberside ▲ 27%

West Midlands ▲ 26%

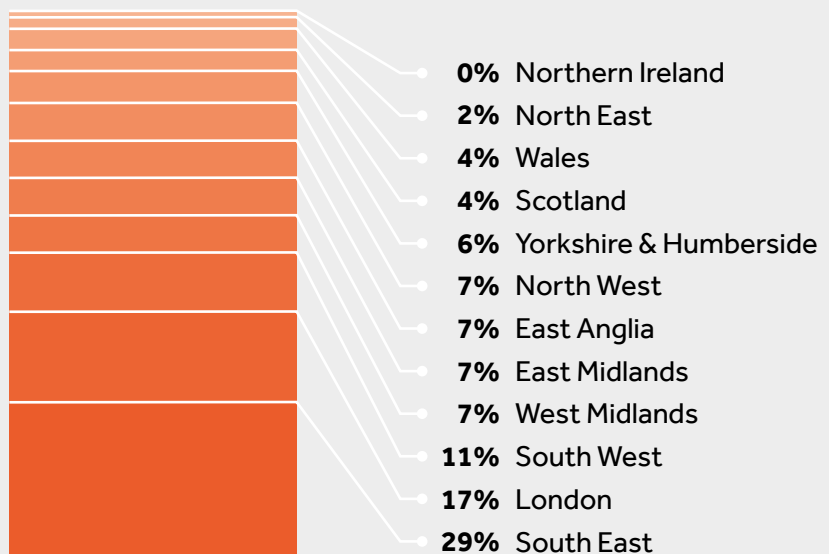
Lending

Yorkshire & Humberside ▲ 30%

West Midlands ▲ 24%

East Midlands ▲ 20%

Lending contribution by region



Popular uses of equity release



Highlights

35% released equity to pay debts i.e. loans, credit cards

28% use equity release to clear outstanding mortgages

Focus – Paying Off Debts

Of those releasing equity from their homes, 35% are using the funds to pay off debts i.e. loans, credit cards, this is up from 30% in Q1 2018 and the highest proportion in the last three years. Additionally 28% released equity to pay off their mortgage, a 7% increase from Q1 2018 where just 21% used funds to clear outstanding mortgages. The increase in using property equity to pay off existing debts highlights the growing numbers of people who are not only entering later life in debt but are choosing to access their housing wealth to meet this need while preserving other assets.

Almost a third (30%) of those taking out equity release used the proceeds to help family and friends - potentially paying for a significant life event (i.e. wedding) or assisting a child onto the property ladder by giving them a much needed deposit.

Other popular reasons include: (these are in no particular order):

- Large family holiday
- Pay for university fees
- Purchase a car for a loved one

Anecdotal evidence suggests that other categories of equity release usage such as home or garden improvements (60%) may also have wider family benefits as it allows people to stay in the family home and within the support structure they have built up for longer.

Regional summary of equity release

Regional summary of equity release									
Area	Value	Percentage Change 2019 on 2018	Number of Plans	Percentage Change 2019 on 2018	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YoY Av. ER House Price Var.
East Anglia	£58,549,628	0%	854	6%	£68,591	23%	70	£292,087	7%
East Midlands	£58,993,026	20%	955	5%	£61,751	25%	70	£251,807	10%
London	£141,001,786	-5%	1,163	1%	£121,219	21%	73	£568,556	-3%
North East	£16,259,246	20%	310	19%	£52,517	26%	70	£198,556	19%
North West	£56,014,633	15%	951	5%	£58,907	26%	71	£222,363	13%
Northern Ireland	£3,481,448	19%	80	39%	£43,731	27%	70	£163,194	-6%
Scotland	£34,123,606	8%	615	3%	£55,506	29%	70	£190,014	1%
South East	£244,495,188	6%	2,742	0%	£89,162	23%	71	£384,040	-4%
South West	£88,966,002	10%	1,150	0%	£77,366	23%	72	£338,760	17%
Wales	£29,744,360	9%	540	13%	£55,125	27%	70	£201,639	-7%
West Midlands	£61,666,915	24%	991	26%	£62,245	26%	71	£241,060	5%
Yorkshire & Humberside	£46,290,699	30%	840	27%	£55,086	24%	71	£231,036	7%
Total	£839,586,538	8%	11,190	7%	£75,032	24%	71	£316,216	1%

Highlights for North East

£16m

Total lending

310

Plans arranged

£52,517

Average released

£198,556

Average property value

Regional focus – North East

The average value released in North East (£52,517) is relatively modest by comparison to some other regions. The average age for those releasing equity in the region is 70, one year younger than the Q1 national average of 71. The region's appetite for equity release has grown year on year with a 20% increase in the number plans and in lending.

Over the past five years plan numbers and lending has been fairly stable. There was a dip in 2016, potentially due to a slight downturn in the property market in 2015. However by 2017, the market had almost been recovered with Q1 2018 and 2019 showing two years of strong growth with 2018 and 2019 being two new records for the region.

Period	Plan number	Change Y/Y	Lending	Change Y/Y
Q1 2015	224	26.5%	£11,650,879	25.2%
Q1 2016	146	-34.8%	£8,252,952	-29.2%
Q1 2017	207	41.5%	£11,089,145	34.4%
Q1 2018	259	25.5%	£13,515,340	21.9%
Q1 2019	310	19.7%	£16,259,246	20.3%

Number of equity release plans

Number of equity release plans					
	Area	Q1 2019 number of plans	Q1 2019	Q1 2018	% change
1	South East		2,742	2,731	0.4%
2	London		1,163	1,156	0.6%
3	South West		1,150	1,144	0.5%
4	West Midlands		991	786	26.1%
5	East Midlands		955	908	5.2%
6	North West		951	904	5.2%
7	East Anglia		854	809	5.5%
8	Yorkshire & Humberside		840	664	26.6%
9	Scotland		615	599	2.6%
10	Wales		540	477	13.2%
11	North East		310	259	19.3%
12	Northern Ireland		80	57	39.1%
Total			11,190	10,495	6.6%

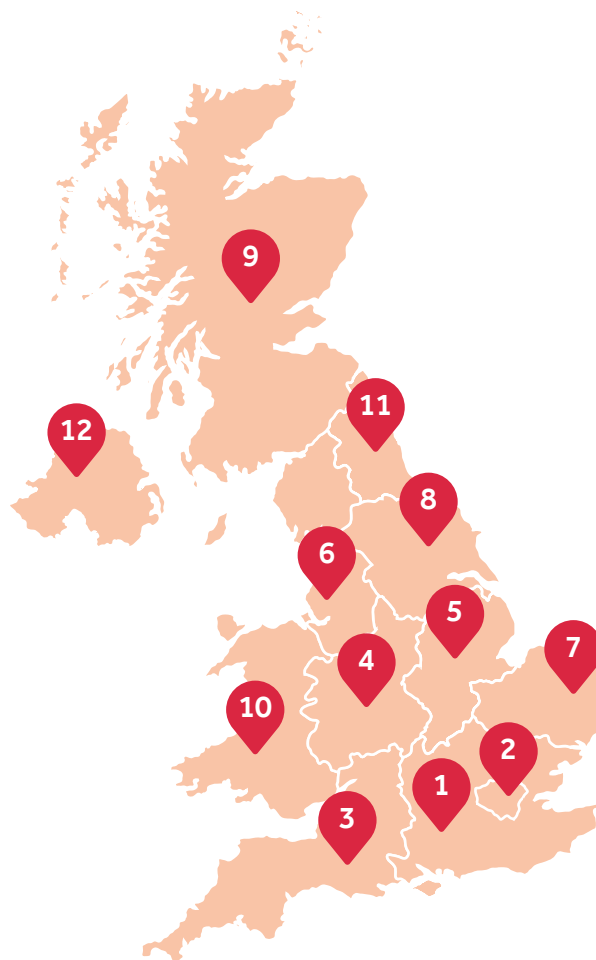
Review

2,742

South East
with the highest
number of plans

88

Northern Ireland
with the lowest
number of plans



Value of equity release plans

Value of equity release plans					
	Area	Q1 2019 value of plans	Q1 2019	Q1 2018	% change
1	South East		£244.5m	£230.7m	6.0%
2	London		£141.0m	£148.4m	-5.0%
3	South West		£89.0m	£81.1m	9.7%
4	West Midlands		£61.7m	£49.7m	24.0%
5	East Midlands		£59.0m	£49.0m	20.5%
6	East Anglia		£58.5m	£58.8m	-0.4%
7	North West		£56.0m	£48.6m	15.3%
8	Yorkshire & Humberside		£46.3m	£35.5m	30.3%
9	Scotland		£34.1m	£31.6m	8.1%
10	Wales		£29.7m	£27.3m	8.9%
11	North East		£16.3m	£13.5m	20.3%
12	Northern Ireland		£3.5m	£2.9m	19.1%
Total			£839.6m	£777.1m	8.0%

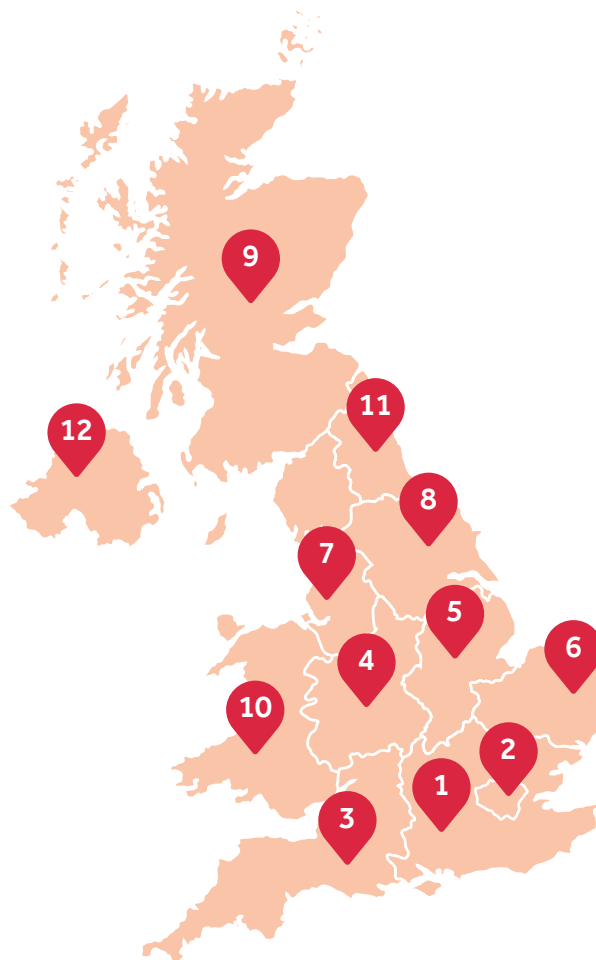
Review

£244m

South East
with the highest
value of plans

£3.5m

Northern Ireland
with the lowest
value of plans



Analysis

Highlights

71

Average age

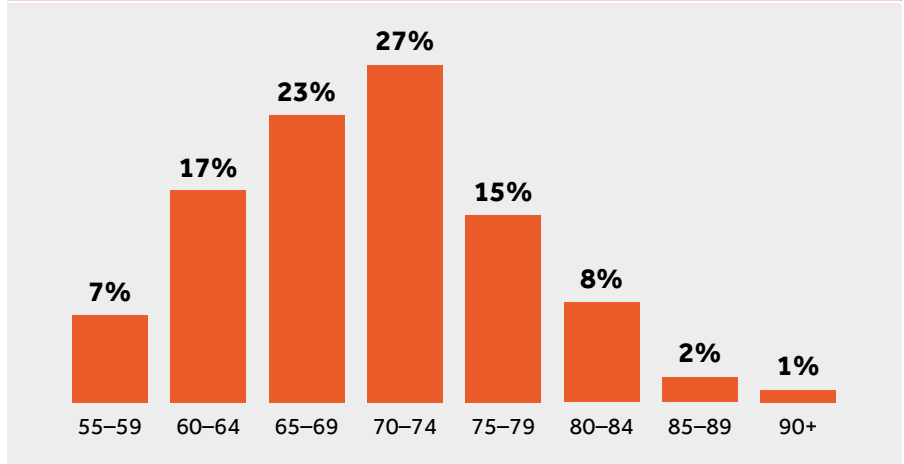
60%

of those releasing equity are couples, down from 62% in Q1 2018

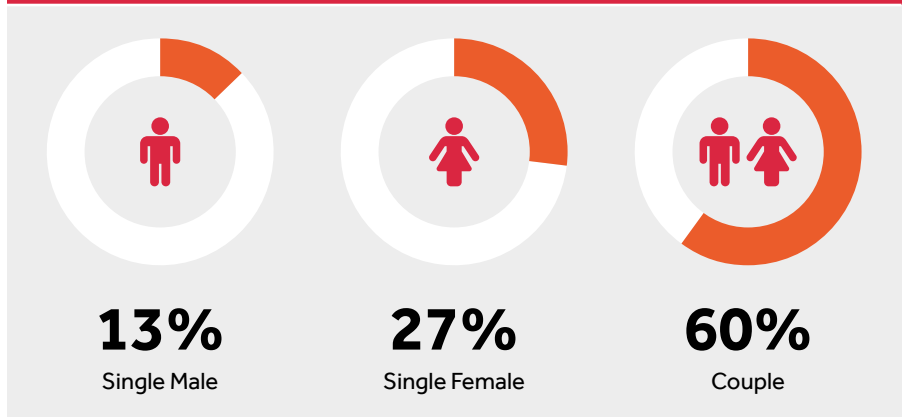
27%

of single women release equity, compared to just 13% of single men

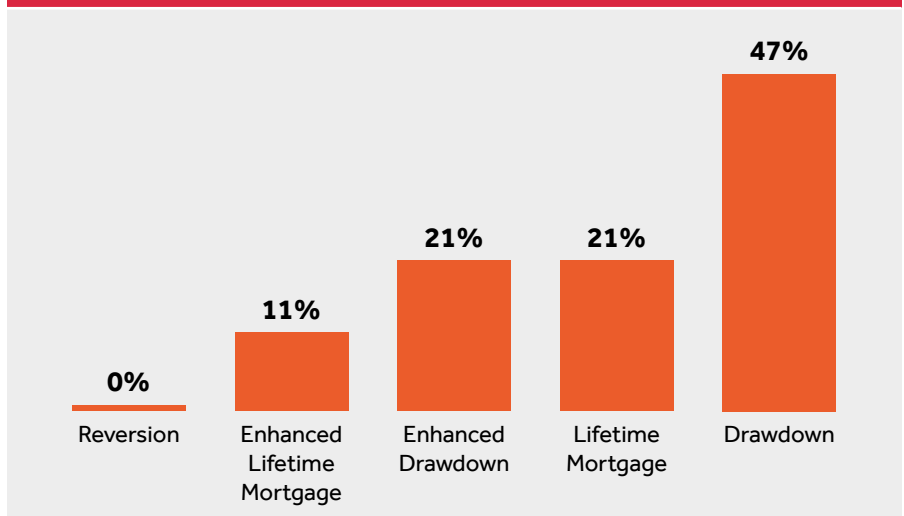
Customers by age



Customers by status



Product mix



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