# Market monitor

Equity release performance in the UK

Full Year 2022

# Welcome

**I don't think there is any doubt in anyone's minds that 2022 was an unusual year, three Prime Ministers, four Chancellors, the war in the Ukraine, a new King and an ever-present cost of living crisis. It has been said a few times over the past three years, but it was another year which no one could have predicted. It was also a year of two halves with the mini-budget in September fundamentally impacting how both business and consumers approached finance.**

The driving force behind the equity release market in 2022 has been prudent financial management with more than 54,000 new customers releasing £5.5 billion in 2022 to meet a variety of needs. Whether it was to support their families (20%), clear unsecured borrowing (31%) or repay existing mortgages (27%), the focus was on using these products to future proof their own finances as well as those of their wider family.

However, while the UK financial services industry – including the later life sector – was keen to support these ambitions, the September mini-budget proved to be a significant bump in the road. Lenders became more cautious as did customers and in Q4 2022, median interest rates on plans taken out hit 5.7% which is higher than just twelve months ago (3.05% – Q4 2022).

Product choice was also impacted as lenders and funders considered their positions but those who did remain active in the market focused on providing flexible options for those customers who wanted or needed to borrow over this period.

Indeed, products are now worlds away from those available during the last notable economic turmoil in 2007/2008 with flexibility and the idea of encouraging customers to actively manage their borrowing a real focus. A lifetime mortgage is no longer necessary for life and we even saw the advent of the first plan offering no repayment charges after the fifth year although that has since been withdrawn.

Almost two-thirds (60%) allow ongoing interest repayments and with the fifth Equity Release Council Product Standard, we now see all new plans allowing ad-hoc capital repayments within lender criteria. Downsizing protection (61%) and inheritance protection (29%) which address real concerns in the current uncertain market are also more common.

Looking to the future, while 2022 was a record-breaking year, the market conditions we saw in Q4 are likely to continue into 2023. For some downsizing, putting plans on hold or working longer may be the answer to their financial challenges but for many equity release will continue to be the right option for their circumstances – albeit with more focus on managing their borrowing than ever before.

While 2023 is likely to be a more challenging year for the industry, the underlying drivers remain strong. Over-55s want more from longer retirements but are approaching the end of their working lives with both secured and unsecured debt as well as a lack of retirement savings.

These are complex problems for the UK as a nation to overcome but the later life lending industry will remain focused on supporting those individual homeowners who wish to take a holistic look at their assets.

**WILL HALE**
*CEO of Key*



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## Methodology

Key is the leading over 55s specialist adviser and the UK's number one equity release specialist. It is comprised of Key Equity Release and The Equity Release Experts.

Our Market Monitor uses the company's detailed data to reflect the market as a whole and provides the most detailed analysis of equity release in the UK, alongside historical comparisons.

In addition, we focus on a particular area and also a specific usage driver for releasing equity. This quarter it will be South West and equity release for debt.

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# Overview

**2022 saw £6.3 billion worth of equity release borrowing – of which £5.58 billion was new borrowing – which fell slightly below previous market predictions. With new lending increasing by 31%, we also saw 29% more plans being taken out to finish on 52,295 completions by the end of the year.**

While the pandemic has dampened demand in this market in recent years, we were beginning to return to more normal conditions for Q1, Q2 and most of Q3 2022. However, following the mid-September mini budget, we saw turmoil in the funding markets which when coupled with rising inflation and the cost-of-living crisis saw an increase in interest rates.

Unable to rebroke to a lower rate but keen to take advantage of the buoyant housing market which has been predicted to hit rough water in 2023, we saw more customers turn to drawdown and further advances. Existing customers took an additional £203 million in further advances and £513 million in drawdown (an 44% increase) compared to last year as they looked to use these mechanisms to manage the impact of the cost-of-living crisis.

On average, customers released £106,806 from their home in 2022 which is 2% higher than the £104,792 taken across 2021. However, with average property values (FY 2022 – £376,949) higher than in 2021 (£358,051), the average LTV fell marginally from 29% (2021) to 28% (2022).

With the pandemic still at the back of people's minds, prudent financial management remained a priority for customers. However, prior to the mini-budget, we did see a increase in people using proceeds for more discretionary purposes, but the September market shock soon curtailed this.

The vast majority of people focused on meeting pressing needs such as repaying debts [25% (2021) to 31% (2022)] and clearing mortgages [22% (2021) to 27% (2022)]. As inflation starts to bite, those on fixed income or nearing retirement are considering how they can manage their largest expenditure – while still allowing for potential repayments in the future. This year we have seen an increase in existing equity release customers remortgaging their existing equity release plan with 15% of customers pursuing this (12% – 2021) although this slowed substantially in Q4.

When taking a view across the UK at the number of equity release plans taken out, the South East retains its top spot with 12,027 plans followed by the South West (6,148) and the North West (5,713). Double digit YOY increases were seen across the board with the largest increase in the North West where the number of plans went from 4,227 to 5,713 in 12-months.

There were also double digit increases to the size of the market in each region with Yorkshire and the Humber (43.0%), West Midlands (42.2%) and Scotland (41.3%) seeing the largest increases. Northern Ireland which saw just over £34 million worth of equity released is the UK's smallest market and therefore more prone to volatility, recording a 73.7% increase in value and 69.1% increase in customer numbers.

| | Lending Mix |
|---|---|
| **Area** | **%** |
| East Anglia | 5% |
| East Midlands | 6% |
| London | 18% |
| North East | 2% |
| North West | 7% |
| Northern Ireland | 1% |
| Scotland | 4% |
| South East | 28% |
| South West | 13% |
| Wales | 4% |
| West Midlands | 7% |
| Yorkshire & Humberside | 5% |

## Value of plans

HIGHEST
**£1.5bn**
**South East**
▲ Up 26.4% on FY, 2021

LOWEST
**£34.7m**
**Northern Ireland**
▲ Up 73.7% on FY, 2021

## Number of plans

HIGHEST
**12,027**
**South East**
▲ Up 24.6% on FY, 2021

LOWEST
**576**
**Northern Ireland**
▲ Up 69.1% on FY, 2021

## UK areas

# The changing tides of the market

## H1 v H2 2022

**Having weathered the challenges of the pandemic, 2022 was predicted to be a record year for equity release with the market due to reach £6 billion worth of new lending by 2022.**

However, while this narrative held true from Q1 to the end of Q3, the September mini budget left the UK financial markets – and those that rely on this funding like the mortgage and later life lending sectors – reeling.

Indeed, Moneyfacts data suggested that the average two-year residential fixed rate mortgage in December had a rate of 6.01% and for those who needed to revert to their lenders SVR, the rates was even higher at 6.64%. The cost of unsecured borrowing also rose with credit card rates hitting 30.4%.

The equity release sector also saw funders become more cautious and felt the impact on the gilt markets of the Bank of England's buy-back scheme which was designed to steady the UK pensions industry. This saw rates increase and while they have started to settle now starting from 5.94%, they remain far higher than in Q4 2021.

LTV's fell in the equity release market as the wider residential market tightened affordability criteria. This put some older borrowers under pressure as lenders looked to safeguard themselves against the spectre of a potential house price correction which was a topic of much debate at the end of 2022.

With a nation slowly returning to normal following a global pandemic while wrestling with a cost-of-living crisis and inflation rates at historic highs, these political and economic events could arguably not have come at a worse time. However, despite the challenges seen since September, the equity release market remained relatively robust recording £5.58 billion worth of housing equity released by new customers in 2022.

So the question becomes what will 2023 look like and what will the lasting impact of the September mini-budget be? While there is no doubt that the long-term drivers for the market remain strong and the range of products with increased flexibility are ideally positioned to serve a range of customers, the market will be challenging.

Discretionary spending which had started to return in 2022 will to be subdued as customers put these expenses on hold until they are more confident about the economy. Financial management will continue to be a primary driver for this market and modern equity release products will help some answer questions around how they can help family, repay an outstanding mortgage balance or juggle their outgoings so the cost-of-living crisis is manageable.

However, for others, options such as downsizing, working longer, waiting or asking family for support may be more appropriate. With the introduction of Consumer Duty set for mid-2023, personalised advice which takes into account each customers' individual circumstances will become more important than ever and serve a firm basis for growth when the economy settles into a more comfortable rhythm.

# Product features

**At the end of 2022, customers had 317 products to choose from within the equity release market – as lenders review their product offerings due to the current economic and political circumstances. While finding the right interest rate for a client is important so is finding the right mix of product features that fit their individual circumstances.**

Early repayment charges (ERCs) – which are also a feature in the residential market – can be the cause of complaints should a customer's circumstances change. While gilt-linked or variable ERC's can benefit people in certain rate environments, people do not know how much they may need to pay until they request a redemption statement which has seen them fall out of fashion – now accounting for only 3% of plans available in 2022.

Instead fixed early repayment charges (63%) – which start from as little as five years – dominate followed by those which offer customers a choice of fixed or variable (34%).

## Interest rates

In Q4 2022, the average interest rate for equity release plans taken out was 5.7% which is higher than we've seen in recent years which still compares favourably to figures from 2015. Since September 2022 the rates were on a steady upwards trajectory due to the turmoil of the mini budget and impact on the gilt market, which given the fact that it can take up to 12-weeks for a case to complete suggests we will continue to see higher rates in early 2023.

**Average equity release interest rates**

| Year | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| 2019 | 4.33% | 3.92% | 3.72% | 3.15% |
| 2020 | 3.10% | 3.18% | 3.05% | 2.80% |
| 2021 | 2.84% | 3.02% | 3.16% | 3.07% |
| 2022 | 3.35% | 3.65% | 4.54% | **5.70%** |

**5.70%**
**Average interest rate for Q4, 2022**
▲ Up 2.63% on Q4, 2021

## Flexibility a focus

While the last couple of years have been uncertain, it is not since 2007/08 that we've seen a period of such market turmoil. However, the products have matured significantly since then and the increasingly flexible nature of the products means that clients who take out equity release can do so with the confidence that they can choose features which support both their long-term as well as short-term ambitions.

We've seen a YOY increase in both downsizing protection (61% from 51% in 2021) and inheritance protection (29% from 25% in 2021). In April 2022, the Equity Release Council unveiled its fifth standard which guarantees new customers the ability to make ERC-free capital repayments within lenders criteria. This is currently available from all lenders unless product structure – i.e. repayments are already scheduled as part of the plan – precludes the inclusion of this.

## The impact of aging

With equity release typically being a long-term product, the age at which you take it out governs how long you will hold it and therefore the loan to value (LTV) as well as interest rate available. This is to manage the risk of house prices increasing or falling substantially over that period.

Following the mini-budget and the general discussion of a potential housing market correction, we saw lenders withdraw high LTV products to guard against potential house price fluctuations. This saw the average LTV fall slightly from 30% (2021) to 29% (2022).

| | Drawdown | | Lump sum | |
|---|---|---|---|---|
| Age | Q4 2021 | Q4 2022 | Q4 2021 | Q4 2022 |
| 55–59 | 42.27% | **24.02%** | 57.73% | **75.98%** |
| 60–64 | 51.46% | **35.36%** | 48.54% | **64.64%** |
| 65–69 | 54.31% | **33.18%** | 45.69% | **66.82%** |
| 70–74 | 61.43% | **40.78%** | 38.57% | **59.22%** |
| 75–79 | 64.84% | **45.49%** | 35.16% | **54.51%** |
| 80–84 | 56.41% | **43.36%** | 43.59% | **56.64%** |
| 85+ | 45.45% | **36.59%** | 54.55% | **63.41%** |

# Drawdown

Due to the richer data set provided by Key's bespoke advice delivery platform, we have been able to track more in-depth data on drawdown products over the last 24-months. While drawdown products accounted for 58% of the products available in 2022, they accounted for 64% of the plans taken out.

In 2022, customers used these products to reserve £1.76 billion worth of housing equity for use in the future which is a 35% increase year on year from £1.3 billion in 2021. This is likely to be driven by customers eager to take advantage of the house prices we have seen in recent years but taking a cautious approach to borrowing as the spectre of high inflation, a potential house price correction and the higher interest rates bite.

There is no denying that the cost-of-living crisis has impacted this area of the market with the average customer reserving around 50% of the amount released. In 2021, the average initial advance was £57,461 but this had fallen to £52,964 in 2022 while the average reserved rose from £42,981 (2021) to £54,141 (2022). Again, this suggests that customers are tightening their belts and focusing on essential spending but keen to have a financial cushion should things get tougher in the future.

That said, existing drawdown customers took more in 2022 (£13,301) than in 2021 (£11,695) as they fought to maintain their standard of living in the face of rising inflation rates. Existing customers who chose to take a further advance released an additional £203 million compared to last year (£114 million).

While each customer makes choices dependent on their own individual circumstances, the narrative suggests that some may have used their initial advance to clear both secured and unsecured debts which has boosted their disposable income. However, with the cost of living steadily increasing many will be considering whether the monthly income they 'freed up' will maintain their standard of living.

# Remortgaging

While the concept of remortgaging has been popular for residential mortgages for at least twenty years, it is a relatively new idea in the equity release world spurred on by specialist advisers highlighting increasing product flexibility.

Across 2021, we estimate that the market transacted 5,295 remortgage cases but this increased to 7,252 in 2022 as low interest rates encouraged customers to rebroke. In 2022, customers moved £132,240 worth of borrowing from an interest rate of 5.1% to 5.0%. This is a very modest saving and substantially lower than the figures recorded in Q3 2022 when customers moved from 5.1% to 3.6%. The latest figures reflect the impact of the mini-budget and suggest that for some wanting to borrow more, they needed to rebroke to achieve this.

Almost a quarter (23%) of all funds released were via an equity release remortgage which clearly shows how customers are taking advantage of the increased flexibility of these products – including the fixed as well as shorter ERC periods.

With the changes to interest rates at the end of Q3, how this market will develop in future remains to be seen. However, it is safe to assume that while some may delay in the short term until rates return to more familiar levels, we will see a surge of people who take advantage of shorter ERC periods – which now start from five years – to manage their borrowing.

**7,252**
**remortgage cases**

**£132,240**
**of funds released were equity release remortgage**

**23%**
**of funds released were equity release remortgage**

# Equity release uses

**Having produced the market monitor since 2006, Key boasts the largest data set within the later life lending market on how the proceeds of equity are used. This is enhanced by the more granular detail provided by the bespoke advice platform introduced at the end of 2019.**

Against the backdrop of economic and political turmoil, customers have taken the time to consider their largest outgoings and many have focused on prudent financial management.

Debt remains a common use for equity release. Nearly a third (31%) of customers repaid unsecured borrowing, 27% repaid secured debt and 15% rebroked existing equity release plans. In 2022, 60% of the total amount released or £3.7 billion was used to repay debt. This broke down into 50% using it to repay mortgages, 38% for the rebroke of existing plans and 12% using it to clear unsecured borrowing.

This is down from 54% in 2021 and highlights the growing move towards 'needs-based' borrowing – something that is only likely to grow as increasing numbers of older people face interest-only mortgage lump sums needing repayment and affordability challenges seeing them move onto existing lenders SVRs.

We have also seen a 3 percentage point increase in the number of people rebroking existing equity release plans but this is likely to slow as interest rates are looking less attractive at the moment due to the recent market turmoil.

The decision to use equity release for gifting has been impacted by the Stamp Duty Holiday which ended on September 2021, and the Government's more recent freeze on these costs as well as the uncertainty around the outlook for the UK housing market. While we saw 21% of customers gifting all or part of the equity released in 2021, this decreased slightly to 20% in 2022. The amount gifted has also fallen from 15% (2021) of the equity released to 14% (2022).

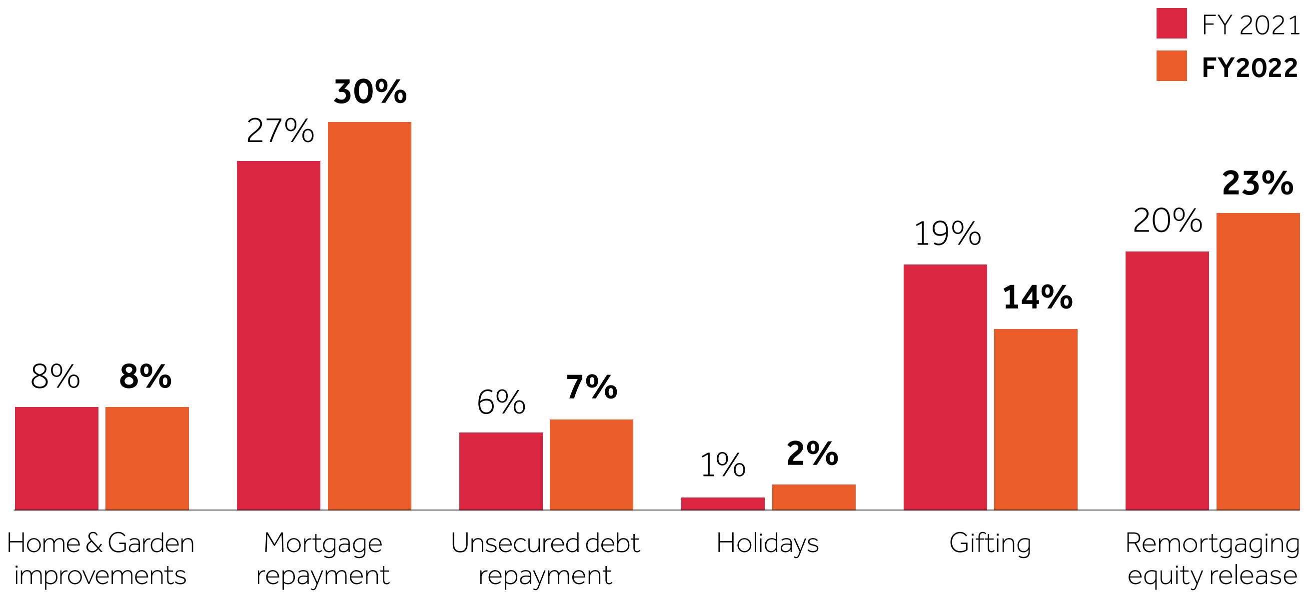
While discretionary spending remains subdued compared to historic patterns, we did see the number of people using it for holidays double from 7% (2021) to 14% (2022) as over-55s looked to make up for the opportunities lost due to the Covid-19 pandemic. That said, it only accounts for 2% of the total amount released and appears to be a "nice to have" rather than an essential driver of spending patterns.

The number of customers using equity from their home to repay mortgage has increased by 3% compared to last year (27% – 2021) which supports the idea that increasing numbers of older customers are using these products for prudent financial management. Remortgaging an equity release plan has also increased by 3% but the bulk of this was in the first three quarters of 2022 when rates were still at historically low levels.

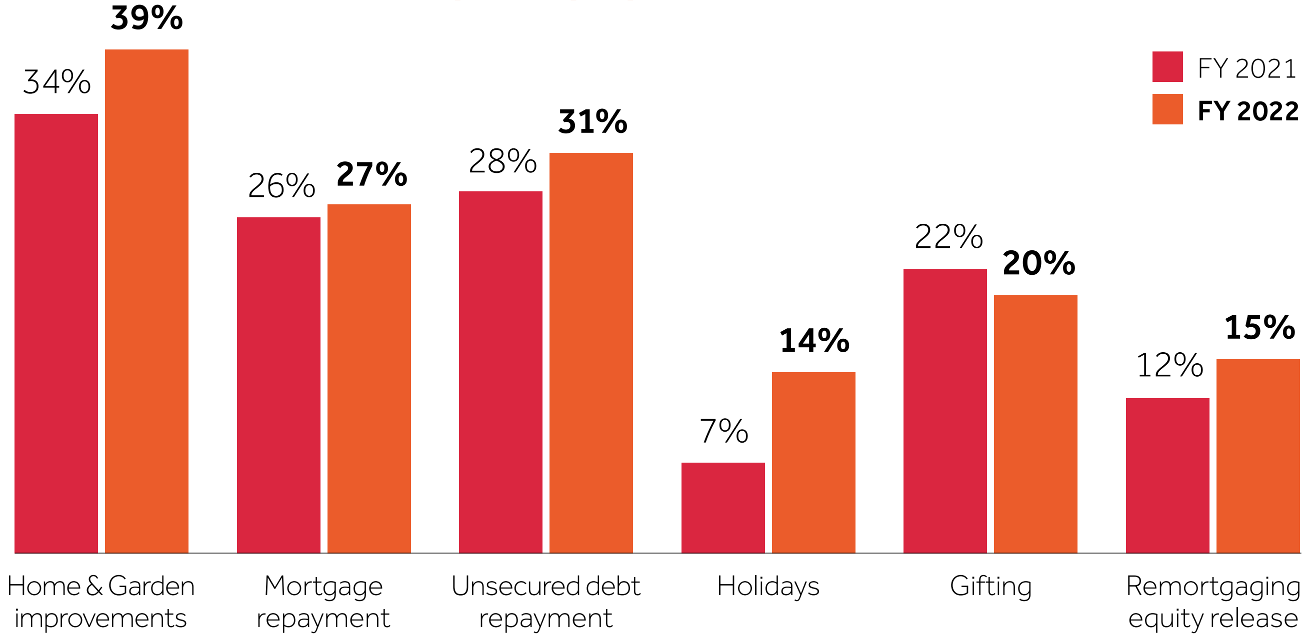
However, some were after the mini budget, when rates had started to increase, as customers still need to manage their finances. For some customers who first took out equity release more 10 years ago they could have had a rate of 8% and remortgaging onto a rate of 5.7% is still a better financial decision for them.

Home improvements range from those using funds to rewire their homes to those who are looking to update their kitchen. Following the pandemic when as a nation we spent more time at home, more people are working from home and likely to notice issues and annoyances that may otherwise have passed them by. This has seen a 5% increase in the number of people using some of their equity to add value to their homes.

**Proportion of the equity released used for specific purposes (i.e. value)**




**Proportion of customers using equity released used for specific purposes (i.e. volume)**



Spotlight on:

# Equity release for repaying debt

Typically, the driving reasons behind someone taking equity release out can be divided into three categories – discretionary (i.e. holidays), need-driven (i.e. debt management) and to help family and friends (i.e. gifting).

Historically this market was associated with cruises and conservatories. However, when you look at volume (i.e. number of people) vs. value (i.e. the amount used for each purpose) equation, you find that most people look to fulfil a pressing need (i.e. repay a mortgage) and when that is satisfied then feel comfortable financing an ambition (i.e. a two week holiday).

For example, while 39% of people use some of the equity they take out for home or garden improvements, only 8% of the proceeds are used for this purpose. With the market turmoil that was seen towards the end of 2022, it would seem safe to predict that people are likely to wait and see before committing to more discretionary purchases.

However, we do anticipate that over-55s are going to continue to want to support their wider family via gifting. Over a million pounds worth of housing equity was released per day during the Stamp Duty Holiday which finished in September 2021. With the recent changes to Stamp Duty thresholds and the cost-of-living crisis, the Bank of Mum and Dad is likely to keep lending although the reasons the support is needed may diversify.

However, while the desire to support the wider family is no doubt something that many parents share, this is not necessarily a possibility for all – especially those who need to manage their own debts.

Indeed, we've seen a steady increase in people using equity release to repay debts with almost 60% of the total amount released or £3.78 billion used for this purpose (54% – 2021).

Interestingly, while we saw the overall proportion of equity used to repay debt increase across the board, we did see a small fall in the amount used to repay mortgages. This is likely to have been driven by the fall in LTVs following the September Mini-Budget which meant that for some highly leveraged customers, equity release was not a viable answer.

With equity release products offering the ability to manage interest via ongoing repayments and make ad hoc capital repayments, a proportion of this can still be used to repay the borrowing but also allow them to better manage the current cost of living challenges.

| | % of equity release used for debt | |
|---|---|---|
| **Type of debt** | **FY 2021** | **FY 2022** |
| Mortgage | 51% | **50%** |
| Lifetime Mortgage | 36% | **38%** |
| Loan | 4% | **4%** |
| Credit Card | 4% | **4%** |
| Car Finance | 1% | **1%** |
| Other | 3% | **3%** |
| Overdraft | 1% | **1%** |
| **Debt as a whole** | 54% | **60%** |

## Case Study

Sarah has 10-years left on her mortgage with an outstanding balance of £55,000 but has been unable to remortgage so is now paying £600 as she is on her lenders SVR (5.63%). She is also paying off £320 per month on a £10,000 personal loan (APR – 10.5%) and £250 on a £7,000 credit card balance (APR – 30.4%).

She is looking forward to retirement and knows that she can't afford to make monthly debt repayments of £1,170. Having spoken to a specialist adviser, she borrowed £80,000 at 5.7% and is making interest payments of £390.08 – which means her disposable income has increased by £779.92. Going forward, she intends to use some of the tax-free lump sum to repay part of the outstanding capital and depending on her circumstances will increase her monthly payments.

**Average Credit Card Rate**
(January 2023)
**30.4%**

**Average SVR Rate**
(October 2022)
**5.63%**

**Average Personal Loan**
(November 2022)
**10.5%**

## More people repaying debt

With a larger proportion of the equity released being used to repay debt, it will come as no surprise to see that more people are using it for this purpose.

When looking at the breakdown of the different types of debt every category has seen an increase but repayment of secured debt in the form of mortgages (+7% to 56%) and lifetime mortgages (+9% to 31%) was particularly popular. With a person's mortgage often being their largest single expense as the cost-of-living crisis starts to bite, and utility as well as food bills rise, more people are looking to how they make their existing income stretch further.

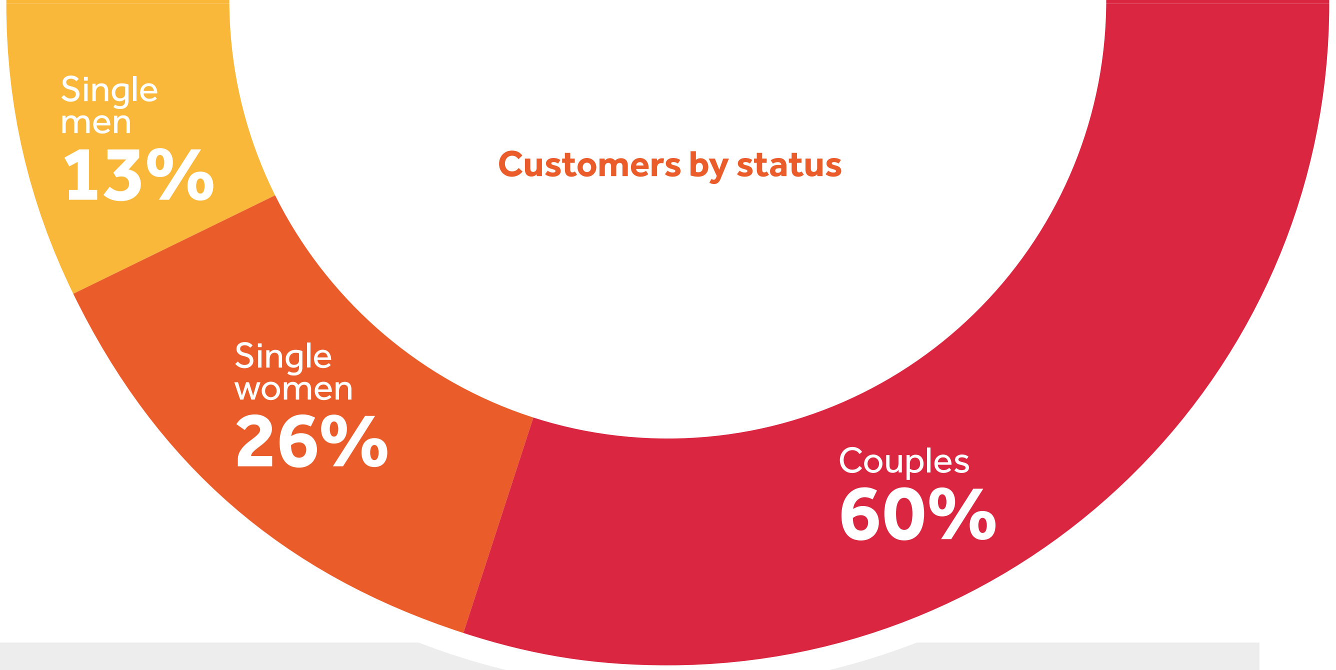
Interestingly, the largest single increase was in the number of people repaying credit cards (+10% to 39%) but the amount repaid actually fell from £10,173 (2021) to £9,394 (2022). It would seem that with rates on credit cards hitting the highest levels in 25-years in September 2022, people are actively looking to clear this type of borrowing.

Finally, if you interrogate the actual average amount of debt a client repays using equity release, you will note that it has fallen year (2021 – £76,356) on year (£60,678). While more people are repaying a wider variety of debts, they are relatively modest debts and arguably ones that people may choose to carry in lower inflation rate environments.

Indeed, it would appear that over-55s are looking to carefully manage their cash flow by reducing mandated payments so that they can keep on top of food and utility bills during the current cost of living crisis.

| | % of people who used equity release for debt | |
|---|---|---|
| **Type of debt** | **FY 2021** | **FY 2022** |
| Mortgage | 49% | **56%** |
| Lifetime Mortgage | 22% | **31%** |
| Loan | 22% | **30%** |
| Credit Card | 29% | **39%** |
| Car Finance | 4% | **5%** |
| Other | 11% | **12%** |
| Overdraft | 4% | **5%** |

| | Average amount repaid | |
|---|---|---|
| **Type of debt** | **FY 2021** | **FY 2022** |
| Mortgage | £79,851 | **£86,971** |
| Lifetime Mortgage | £125,369 | **£119,866** |
| Loan | £15,373 | **£14,160** |
| Credit Card | £10,173 | **£9,394** |
| Car Finance | £10,082 | **£9,534** |
| Overdraft | £5,436 | **£3,304** |
| **Debt as a whole** | £76,356 | **£60,678** |




# Demographic analysis

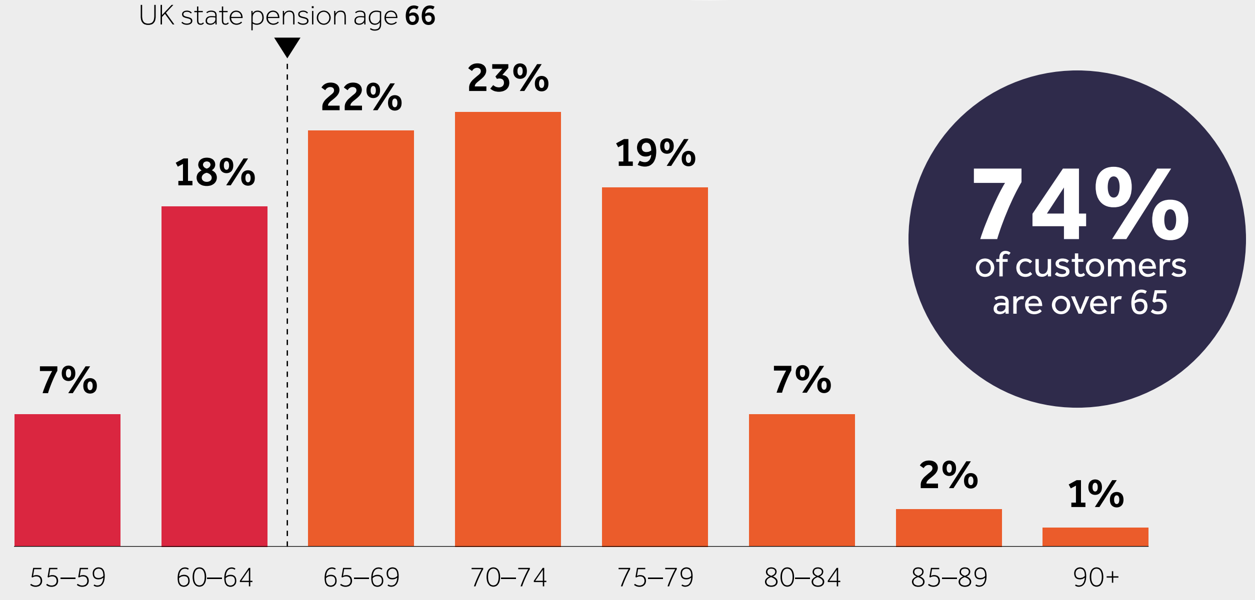
**Over half (60%) of those who take out equity release are married or in a long-term relationship while 26% are single women and 13% are single men. While we've seen a gradual increase in the number of single borrowers since 2016, we saw a slight reversal in 2022 with the proportion of couples growing from 58% to 60%.**

The average customer who took out equity release was 71 years' old, which is in line with recent figures and the same as in 2021. Just 6% are younger than 60 years old while almost three quarters (75%) are over-65.

While traditionally, the older generation (75-plus) had used equity release for more aspirational spending or gifting, 32% use it to repay debt while 23% use it to rebroke an existing equity release plan. Mortgages that run into retirement and the use of credit cards as well as loans to smooth the current challenging inflationary environment will no doubt have driven some of this.

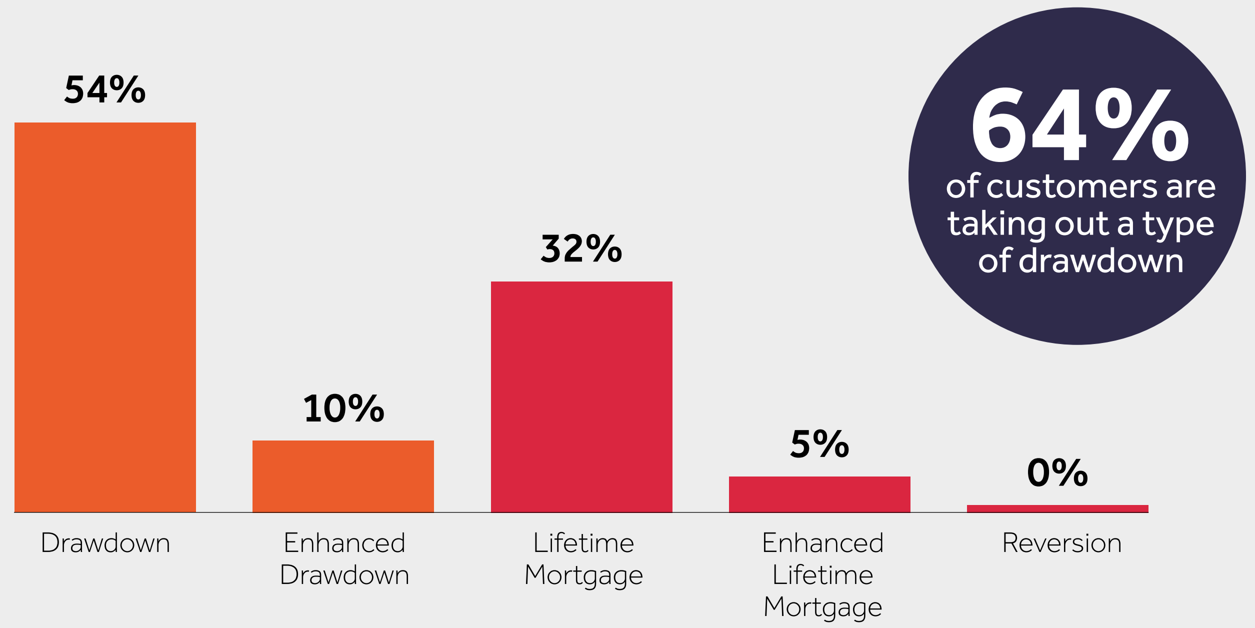
## Customers by age

Average age has remained steady year on year




## Product mix

Drawdown continues to dominate the market despite rise in amount released



# Across the UK

**In 2022, all areas across the UK saw increases in number of equity release plans taken out.**

The South East which retained its top spot in terms of the number of plans taken out (12,027) saw almost double the amount as the second most popular geographic area (South West – 6,148). Third place goes to the North West with 5,713 plans with the West (4,530) and East Midlands (4,389) just pipping London (4,383) to fourth and fifth position. While London had previously been a familiar sight in the top three, it fell to fourth place in Q1 2021 and has dropped to 6th place in Q3 2022 where it has remained for the remainder of the year.

Northern Ireland which is traditionally a choppy market due to its relatively small size saw the number of plans taken out increase by 69.1% to 576 and the amount released increase by 73.7% to £34,735,514.

All areas saw YOY growth in the amount released with Yorkshire & Humber seeing the highest percentage increase at 43.0% followed by the West Midlands (42.2%) and Scotland (41.3%). London has seen the lowest percentage increase at 7.8%.

In terms of the number of plans, all areas saw increases with the North West (35.1%), followed by the North East (31.7%) and then the West Midlands (29.7%) topping the table. In monetary terms, the South East (£1.5 billion) with its relatively high house prices led the pack followed by London (£1.01 billion) and South West (£699 million) with these three areas accounting for more than half of the market.

Average homes in London (£795,308) and the South East (£470,171) are the most expensive in the country so this split is to be expected. With the ONS suggesting at the end of 2021, the average first time buyer home in London was worth £449,000, it is also perhaps not surprising that parents and grandparents were keen to dip into their own housing equity to help loved ones onto the property ladder.

## Full year results

| | Plans | | | | Value released | | Property value | | Age |
|---|---|---|---|---|---|---|---|---|---|
| Location | Value (% change on FY, 2021) | | Number (% change on FY, 2021) | | Average release amount | Average LTV % | Average value (% change on FY, 2021) | | Average customer age |
| East Anglia | £279,989,851 | (30%) | 3,083 | (24%) | £90,806 | 27% | £337,621 | (9%) | 71 |
| East Midlands | £348,426,509 | (24%) | 4,389 | (20%) | £79,385 | 28% | £281,885 | (3%) | 71 |
| London | £1,015,501,006 | (8%) | 4,383 | (3%) | £231,694 | 29% | £795,308 | (10%) | 71 |
| North East | £132,465,386 | (40%) | 1,900 | (32%) | £69,708 | 32% | £217,610 | (-2%) | 70 |
| North West | £418,010,407 | (32%) | 5,713 | (35%) | £73,166 | 28% | £261,936 | (7%) | 70 |
| Northern Ireland | £34,735,514 | (74%) | 576 | (69%) | £60,282 | 27% | £219,993 | (18%) | 70 |
| Scotland | £214,679,035 | (41%) | 2,906 | (26%) | £73,884 | 31% | £237,834 | (8%) | 70 |
| South East | £1,552,914,224 | (26%) | 12,027 | (25%) | £129,119 | 27% | £470,171 | (5%) | 72 |
| **South West** | £699,887,467 | (36%) | 6,148 | (25%) | £113,833 | 28% | £406,672 | (11%) | 71 |
| Wales | £217,833,230 | (35%) | 2,758 | (24%) | £78,968 | 28% | £275,506 | (13%) | 70 |
| West Midlands | £394,461,123 | (42%) | 4,530 | (30%) | £87,076 | 29% | £296,978 | (10%) | 70 |
| Yorkshire & Humberside | £276,499,175 | (43%) | 3,880 | (29%) | £71,258 | 29% | £247,469 | (11%) | 71 |
| Total | £5,585,402,927 | (27%) | 52,295 | (25%) | £106,806 | 28% | £376,949 | (5%) | 71 |

# Focus location:
# South West

The South West which is home to 5.6 million people incorporates the counties Bristol, Cornwall, Devon, Dorset, Gloucestershire, Somerset and Wiltshire, as well as the cities and large towns of Bath, Bristol, Cheltenham, Exeter, Gloucester, Plymouth and Swindon and is geographically the largest region in England but is the third least populous.

Across 2022 as a whole 6,148 equity release plans were taken out in the South West, helping over-55s in the region access £699 million worth of housing equity. This is a 25% increase in number of plans and a 35.6% rise in the amount of equity taken out compared to the previous twelve months.

However, against the national picture, the region saw on average almost 10% higher amount released, which could be due to the higher-than-average property prices in the area. The average value of a home used for equity release in the South West was £406,672 compared to the national average of £376,949.

Interestingly, the amount release by customers in the South West has risen year on year from £107,431 in 2021 to £113,833 in 2022. This increase has been driven partially by the growth in property values but also the increase in flexible products features as well as the higher cost of living within the UK.

As is to be expected 2019 and 2020 were relatively unsettled for the South West but by the end of 2021 things had started to settle down and we've since seen a robust recovery. Indeed, both the number of plans and value released in the past few years has seen the largest increase of any region.

Due to the higher property values in the South West, the average value released does tend to be slightly higher than the national average, which of course has a positive impact on the total lending value.

*River Exe, Exeter*

**6,389**
**new plans**
▲ Up 30% on FY, 2021

**£722m**
**released in equity**
▲ Up 40% on FY, 2021

| | Plans | | Lending | |
|---|---|---|---|---|
| Period | Number | Change Y/Y | Amount | Change Y/Y |
| FY 2018 | 5,546 | +13% | £420,952,839 | +13% |
| FY 2019 | 4,858 | -12% | £379,638,098 | -9% |
| FY 2020 | 4,420 | -9% | £379,601,288 | 0% |
| FY 2021 | 4,919 | +11% | £528,499,098 | +39% |
| **FY 2022** | **6,148** | **+25%** | **£699,887,467** | **+35.6%** |

| | Product Details | | | |
|---|---|---|---|---|
| Period | Average LTV | Average Released | Average Age | House Prices |
| FY 2018 | 25% | £75,899 | 72 | £306,665 |
| FY 2019 | 24% | £78,155 | 72 | £332,220 |
| FY 2020 | 25% | £85,873 | 71 | £337,142 |
| FY 2021 | 29% | £107,431 | 71 | £365,397 |
| **FY 2022** | **28%** | **£113,833** | **71** | **£406,672** |

# Case Study

**Gary a retired accountant (72 years old) had spent his life working hard in an accountancy firm while, Sarah (68 years old) worked part time at the local library whilst raising their two children.**

Both of their children – Mark and Abigail – attended university and keen to give them the best possible start, Gary and Sarah committed to paying for their university fees as well as supporting them with rent payments whilst they completed their studies. Two years ago, following a health scare, Gary took a break from the work place and has since moved into part-time employment.

*"I have always been careful when it came to our finances, but helping our children through university, including a Masters in Engineering for my daughter and my time away from work due to ill health did have an impact on our finances. At one stage, we did need a personal loan just to help us manage our day-to-day expenses as we needed to replace the boiler."* said Gary.

Sarah continued: *"Prices have gone up in the supermarket and while we love our home, it costs a lot to heat – especially with the increases in utility bills we've seen recently. The monthly payment on our personal loan also need to be made and this is not what we had envisaged when we thought about how we wanted to gradually move into retirement. A relative had recently explored equity release for themselves and suggested it might be something we would benefit from."*

*"They recommended Key and we made an appointment to meet with one of their financial advisers. A lovely lady called Amanda came to our home and explained in great detail all about equity release as well as the alternatives such as downsizing. I made sure to ask lots of questions but ultimately felt really comfortable that this was the right choice for us.*

*"We wanted to discuss this with our children before going ahead and they were fully supportive. We released just under £100,000 to pay off our loan, clear our credit card balances and help to meet some of the rising costs we are facing. I don't think I realised how worried we had been and it was a huge relief."* Gary added.

*"Our children are grown up and have their own families but we wanted to give them something to help them avoid the financial challenges we've faced – and also be around to see them enjoy it. We gifted them £20,000 each and are planning on a big family holiday this summer. Following my health concerns, I want to make the most out of life and live it to the full with my family.*

*"Releasing equity from our home has allowed us to start retirement with a more relaxed approach and more money to do the things we want, even if it is just buying a nice bottle of wine on a Friday! Nothing is perfect but we do feel we made the right choice for our circumstances."*

* = This case study is fictional and while based on issues faced by people every day, bears no resemblance to a specific person or set of personal circumstances.

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