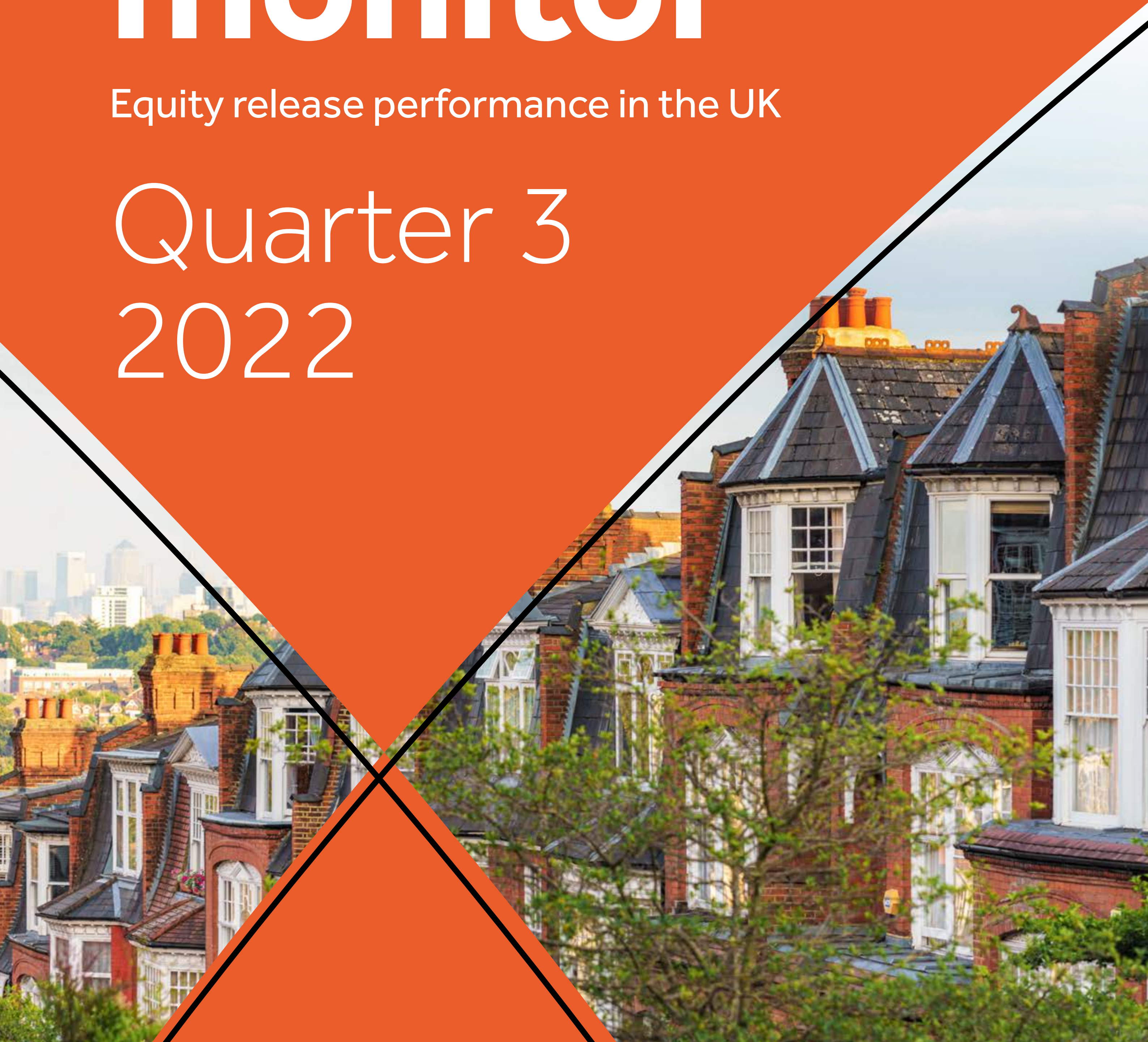
# Market monitor

Equity release performance in the UK

Quarter 3
2022



# Welcome

**While there is no doubt that some things have changed significantly between the start of Q3 2022 and the end of this quarter, some things have stayed the same.**

**Indeed, the cost-of-living crisis has continued to bite, inflation has hit double-digits and those older customers moving from fixed-rate deals to their lenders Standard Variable Rate (SVR) have been shocked by the difference.  Supporting these customers as they manage their finances has helped the market remain robust with 13,000 plans being used to release more than £1.5 billion in the third quarter of 2022.**

Equity release products have allowed older homeowners to support their families (20% of people), repay unsecured debt (31%), manage existing mortgages (24%) and rebroke existing products (17%) as they focus on shoring up their finances.  Measures that the last few weeks of political as well as economic turmoil have made seem very prudent indeed.

And the products they have used are arguably the most flexible we have seen – and certainly worlds away from those available during the economic turmoil of 2008.  Almost two-thirds (63%) allow ongoing interest repayments and with the fifth Equity Release Council Product Standard, we now see all new plans allowing ad-hoc repayments within lender criteria.  Downsizing protection (65%) and inheritance protection (34%) which address real concerns in the current uncertain market are also more common.

At the end of Q3 2022 the average equity release interest rate was 4.54% which is still historically low, however interest rates continue to react to Government uncertainty. Against this backdrop, there is no doubt that for some downsizing or delaying making a decision or choosing other sources of funding will be the right option but for others, equity release will be the right choice.

As specialist later life lending advisers, we are acutely aware that some older customers are vulnerable. In the current economic conditions, where factors such as lack of financial resilience may be particularly prevalent, this is something that advisers must be especially alert to.
More than ever before, advisers must be prepared to probe and challenge customers on their wants and needs and ensure highly personalised recommendations aligned to individual circumstances.

The flexibilities built in to modern equity release products allow borrowing to be managed over the lifetime of the loan but customers must be made aware of the potential implications of using these products in both the long and short term and involving family can be helpful in ensuring everyone is comfortable with the decisions made..

Writing this intro, we see unprecedented scenes in Westminster and a country that is holding its breath as it hopes for a resolution and the return to stability. While this will happen – mirroring the residential market - we are likely to see higher rates, fewer products and lower LTVs for a short period.

With an aging population with insufficient pension income to achieve their ambitions the reality of modern-day Britain, the fundamentals which underpin this market are strong.  We need to focus on these and be ready to support those who need to understand their options.

**WILL HALE**
*CEO of Key*

# Contents



## 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 North East and equity release for gifting.

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# Overview

**Q3 2022 saw £1.98 billion worth of later life borrowing – of which £1.5 billion was new lending which is the largest quarter in 2022. With new lending increasing by 45%, we also saw 29% more plans being taken out to finish on 13,341 completions by the end of September.**

While the pandemic had dampened demand in this market in recent years, we were beginning to return to more normal conditions for much of Q1, Q2 and Q3 2022. Indeed, in Q3, we saw existing customers take an additional £450 million in further advances and £154million in drawdown (an 51% increase) compared to last year.

The growth of Q3 2022 is largely based on enquiries coming through in Q1 and Q2 2022 and moving through to completion in Q3. While the first half of 2022 was fairly economically stable for many, the cost of living crisis was becoming more evident. We will see the impact of enquirers in Q3 come through in Q4 and into early 2023.

Having focused on using equity release to meet needs during the pandemic, the third quarter of the year had seen a slight increase in people using proceeds for more discretionary purposes. Indeed, we have seen a 3% YOY increase to 40% for people using equity release for home/garden improvements and a 7% increase to 16% for those using the funds to pay for holidays.

However, the vast majority of people focused on meeting pressing needs such as repaying debts [29% (Q3 2021) to 31% (Q3 2022)] and clearing mortgages [24% (Q3 2021) to 24% (Q3 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. In Q3 2022, we have seen an increase in existing equity release customers remortgaging their equity release plan with 17% of customers in Q3 remortgaging (14% - Q3 2021).

When taking a view across the UK at the number of equity release plans taken out, the South East retains its top spot with 3,053 plans followed by the South West (1,503) and the North West (1,491). Double digit YOY increases were seen in across the board with exception of London and Northern Ireland, the largest increases were seen in North East were number of plans went from 331 to 505 plans.

There were also double digital increases to the size of the market in each



region with North East (127%), Yorkshire and the Humber (125%) and the South West (89%) leading the pack.

Northern Ireland saw a 250% increase in the size of the market and a 149% increase in number of plans however as the figures for those releasing equity in this area are small it can lead to more volatile figures which are not a true reflect of the market.

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| | Lending Mix |
|---|---|
| **Area** | **%** |
| East Anglia | **4%** |
| East Midlands | **7%** |
| London | **19%** |
| **North East** | **3%** |
| North West | **7%** |
| Northern Ireland | **1%** |
| Scotland | **4%** |
| South East | **27%** |
| South West | **12%** |
| Wales | **3%** |
| West Midlands | **8%** |
| Yorkshire & Humberside | **5%** |

## Value of plans

HIGHEST
# £414m
**South East**
▲ Up 59% on Q3, 2021

LOWEST
# £8.9m
**Northern Ireland**
▲ Up 250% on Q3, 2021

## Number of plans

HIGHEST
# 3,053
**South East**
▲ Up 20% on Q3, 2021

LOWEST
# 166
**Northern Ireland**
▲ Up 149% on Q3, 2021

## UK areas

# 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 56.7% of the products available in Q3 2022, they accounted for 59.5% of the plans taken out.**

In Q3 2022, customers used these products to reserve £450 million worth of housing equity for use in the future which is a 49% increase year on year from £301 million in Q3 2021. This was potentially driven by increases in house prices over the last 12 months and a relatively stable economy - post pandemic - during the majority of Q3 2022.

There is no denying that the cost-of-living crisis has impacted this area of the market with the average customer reserving more (£57,809 vs Q3 2021 - £39,856) but taking less initially (£49,080 vs Q3 2021 - £57,183). 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 Q3 2022 (£15,963) than in Q3 2021 (£12,333) as they fought to maintain their standard of living in the face of double-digit inflation rates. This equated to a total additional drawdown of £154 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 increasing in popularity with equity release customers due to ever increasing product flexibility.**

In Q3 2021, we estimated that the market transacted 1,004 remortage cases but this doubled to 2,268 in Q3 2022 as low interest rates encouraged customers to rebroke. In Q3 2022, the average customer moved a balance of £115,817 from an interest rate of 5.1% (initial) to 4.6% (new).

A quarter (25%) of all funds released were via an equity release remortage which clearly shows how customers are taking advantage of the increased flexibility of these products – including the fixed as well as shorter ERC periods. Existing customers who chose to take a further advance released an additional £58 million an 49% increase compared to last year.

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.

**2,268**
**rebroke cases**
▲ Up 125% on Q3, 2021

# Market outlook

**At the start of the year, we were confident that we would see a £6 billion market by the end of 2022. While there is no doubt that given existing pipelines, this remains possible, the events following the September mini-budget has had an impact.**

Indeed, with the rates on equity release products linked to the movements of the gilt market, the Bank of England's buy-back scheme which was designed to steady the pensions industry has been challenging. Rates have increased and now start from 5.00% and LTVs have fallen as lenders look to ensure that should we see any downward movement in house prices, they remain able to support customers.

The flexibility of equity release products continues to go from strength to strength, alongside standard benefits of equity release such as no negative equity guarantee, no affordability checks, no mandatory monthly interest payments, fixed rates for life and guarantee of tenure.

Modern ER products offer greater flexibility than ever before, meaning that irrespective of rates, equity release products remain hugely relevant for many customers. However, it is prudent for customers who are considering equity release for more discretionary reasons to pause and reflect on whether now is the right time to borrow for these purposes. Despite the changes in reasons for taking out equity release - more need based reasons and less desirables such as holidays - the overall market remaining buoyant.

All property markets have been impacted with Moneyfacts suggesting that the best two-year residential fixed rate deal currently on the market is standing at 5.59% - a significant jump from the 2.25 in October 2021. Bringing equity release rates and residential mortgage rates more in line with each other. 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, the events of the last few weeks could arguably not have come at a worse time.

Against this backdrop, advisers who are speaking to customers each day are focused on ensuring that they find the right option for their individual circumstances. Now more than ever, they are focused on challenging perceptions, ensuring people understand all their options and encouraging clients to think about what is right for them now and in the long-term.

There is no doubt that later life lending products including equity release will be the right option for some clients. The flexible nature of lifetime mortgages and the safeguards provided means that not only can people make ad hoc repayments, service interest and benefit from the no-negative equity guarantee but rebroke in future.

For those coming off a fixed rate deal onto their lenders standard variable rate (SVR), struggling to make an already stretched income cover rising utility costs or watching most of their income disappear on debt repayments, this is a lifeline and we need to ensure that they receive the support they need.

# Product features

**In Q3 2022, customers had 582 products to choose from within the equity release market – as lenders review their product offerings. 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 (ERC) – 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 2% of plans available over Q3 2022. That said, for some customers on historic gilt-linked ERC's given the movement in the markets, now may be the time for them to consider whether they can rebroke.

## Interest rates

In Q3 2022, the average interest rate for equity release plans taken out was 4.54% which is higher than we've seen in recent years but still compares favourably figures from 10 years ago. However, by the end of Q3 2022, the rates were on a steady upwards trajectory due to the turmoil of the mini budget and impact on the gilt market. That said, for customers who took out an equity release plan several years ago and fixed their rate at 3% for life, they are now in a great position. Especially when compared to those who took out a two year fixed residential mortgage or retirement interests only mortgage (RIO) who are now trying to remortgage on current rates or trapped on an SVR.

**Average equity release interest rate**

| 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%** | – |

**4.54%**
**Average interest rate for Q3, 2022**
▲ Up 1.38% on Q3, 2021

## Flexibility a focus

While the last couple of years have been uncertain, it is not since 2008 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 supports both their long-term as well as short-term ambitions.

We've seen a YOY increase in both downsizing protection (65% from 54% in Q3 2021) and inheritance protection (34% from 29% in Q3 2021). In April 2022, the Equity Release Council unveiled its fifth standard which guarantees new customers the ability to make ERC-free repayments within lenders criteria.

If a customer choses to repay interest each month of £100 on a £100,000 loan after ten years the value of the loan to be repaid would be just over £144,000. However if a customer choses to not make repayments the value of the same loan over the same term would be almost £160,000.

## 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.

The youngest borrowers (55 to 59 years old) can typically access an LTV of 27.51% but this rises to over 46.42% for the older borrowers. Naturally, while people can access this amount, it does not mean that they do or indeed based on their individual circumstances should. In Q3 2022, the average LTV (31%) increased by 6% year on year while the customer age (70 years old) remained consistent. Despite lenders tightening LTVs in Q4, most customers are still be able to access the funds they need.

| | Drawdown | | Lump sum | |
|---|---|---|---|---|
| Age | Q3 2021 | Q3 2022 | Q3 2021 | Q3 2022 |
| 55–59 | 36.46% | **27.51%** | 63.54% | **72.42%** |
| 60–64 | 52.30% | **35.97%** | 47.70% | **64.03%** |
| 65–69 | 53.00% | **38.87%** | 47.00% | **61.13%** |
| 70–74 | 63.26% | **41.96%** | 36.74% | **58.04%** |
| 75–79 | 64.66% | **46.42%** | 35.34% | **53.58%** |
| 80–84 | 62.79% | **38.46%** | 37.21% | **61.54%** |
| 85+ | 55.56% | **42.11%** | 44.44% | **57.89%** |

# 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 back drop of economic and political turmoil, customers have taken the time to consider their largest outgoings and some have used equity release to manage their borrowing.

More than half (56%) of all customers used equity release to repay some form of debt – unsecured borrowing (31%) followed by secured borrowing (24%) and rebroking equity release (17%) were the main driving forces behind these choices. In Q3 2022, 60% of the total amount released was used to repay secured debt (28%), rebroke existing plans (25%) and manage unsecured debt (7%).

This is up from 56% in Q3 2021 and highlights the growing move towards 'needs-based' choices – something that is only likely to grow as increasing numbers of older people face interest-only mortgage lump sums needing repayments and affordability challenges seeing them move onto existing lenders SVRs.

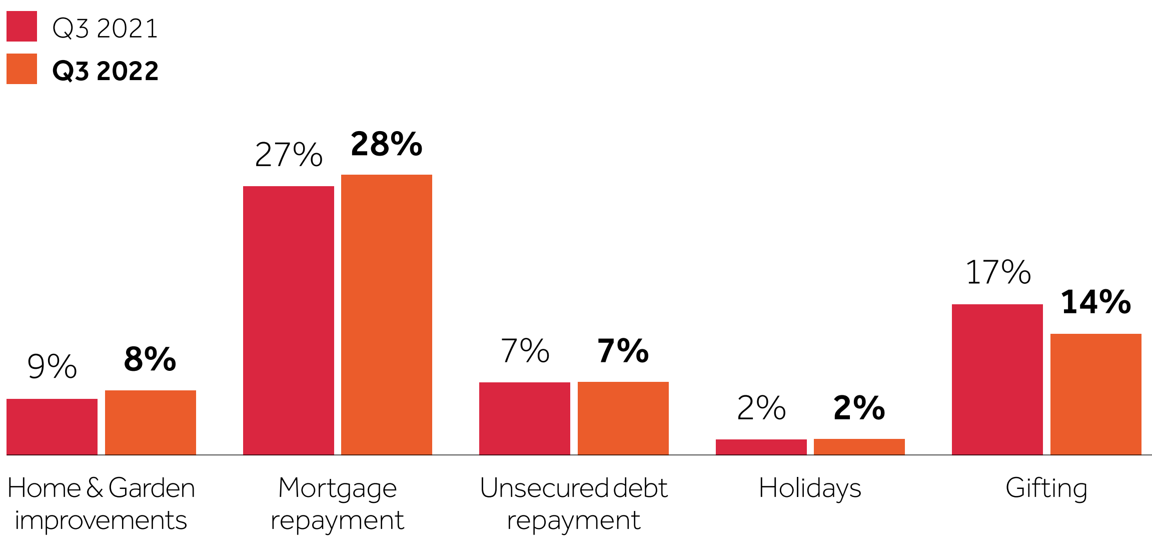
We have also seen a 3% increase in the number of people rebroking existing equity release plans (to 17%) but this is likely to slow as interest rates are looking less attractive due to the recent market turmoil.

Driven by the Stamp Duty Holiday which eventually finished in September 2021, increasing numbers of over-55s were using their housing equity to boost loved ones onto the property ladder. While the number of people using equity release for gifting has remained the same, the amount has fallen from 17% (Q3 2021) to 14% (Q3 2022).

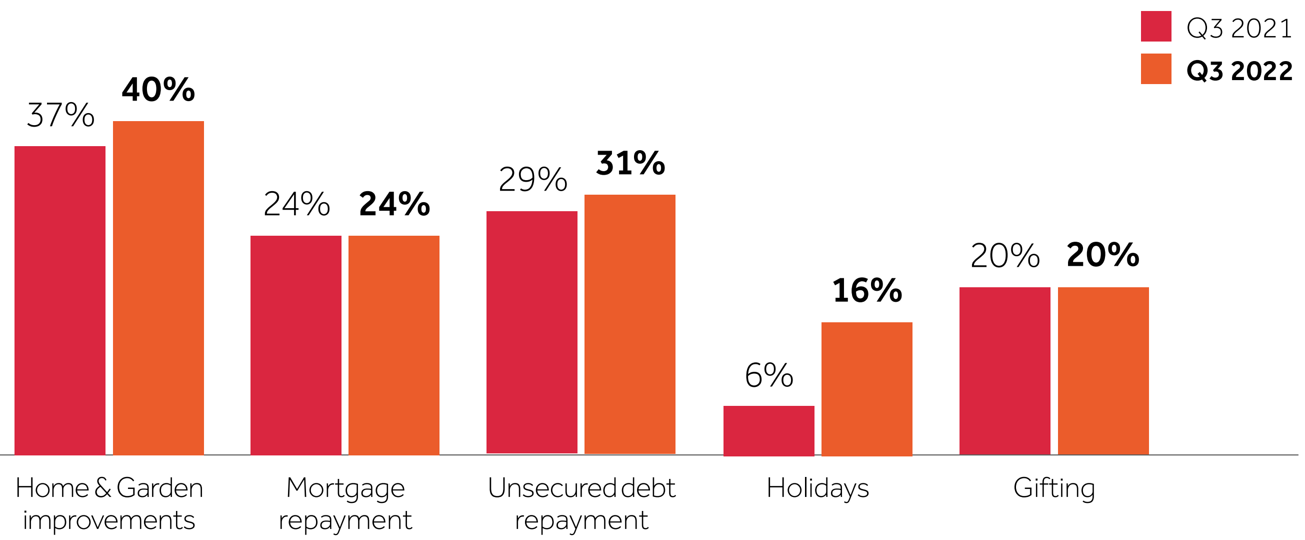
While the proportion of housing equity used to finance holidays has maintained position at 2%, it is interesting to note that 12% of customers are now using it for this purpose – a significant jump from 7% in Q3 2021. This reflects the fact that during 2021 many customers could not travel due to Government restrictions due to Covid 19. As these restrictions have no relaxed it is no surprise to see this increase.

The number of customers using equity from their home to fund home improvements has increased 3%, this is something we are seeing due to people spending more time in their home. Popular improvements can include creating a home office or renovating a kitchen or bathroom.

**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 Gifting

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 40% of people use some of the equity they take out for home or garden improvements, only 7% of the proceeds are used for this purpose. With the market turmoil that was seen at the end of Q3 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.

Despite a challenging few years, gifting remains popular with one in five equity release customers (20%) helping family or friends. This equates to £213.5 million worth of equity being used for wider support – of 14% of the total amount released.

What it does not capture is 'informal gifting' which typically takes the form of days-out, treats and even swimming lessons which over-55s pay for out of the income boost they receive from equity release.

**43%**

**of home equity used to help with housing deposit**

▼ Down 3% on Q3, 2021

**6%**

**of home equity used for university fees**

▲ Up 2% on Q3, 2021

| | % of people who used equity release for gifting | |
|---|---|---|
| **Type of gifting** | **Q3 2021** | **Q3 2022** |
| Gifting | 20% | **20%** |
| Help with housing deposit | 46% | **43%** |
| Early inheritance | 69% | **63%** |
| Repaying debts | 6% | **10%** |
| University Fees | 4% | **6%** |
| Buying a new car | 4% | **5%** |

| | % of home equity used for gifting | |
|---|---|---|
| **Type of gifting** | **Q3 2021** | **Q3 2022** |
| Gifting | 17% | **11%** |
| Help with housing deposit | 42% | **48%** |
| Early inheritance | 36% | **30%** |
| Repaying debts | 2% | **5%** |
| University Fees | 2% | **2%** |
| Buying a new car | 1% | **1%** |

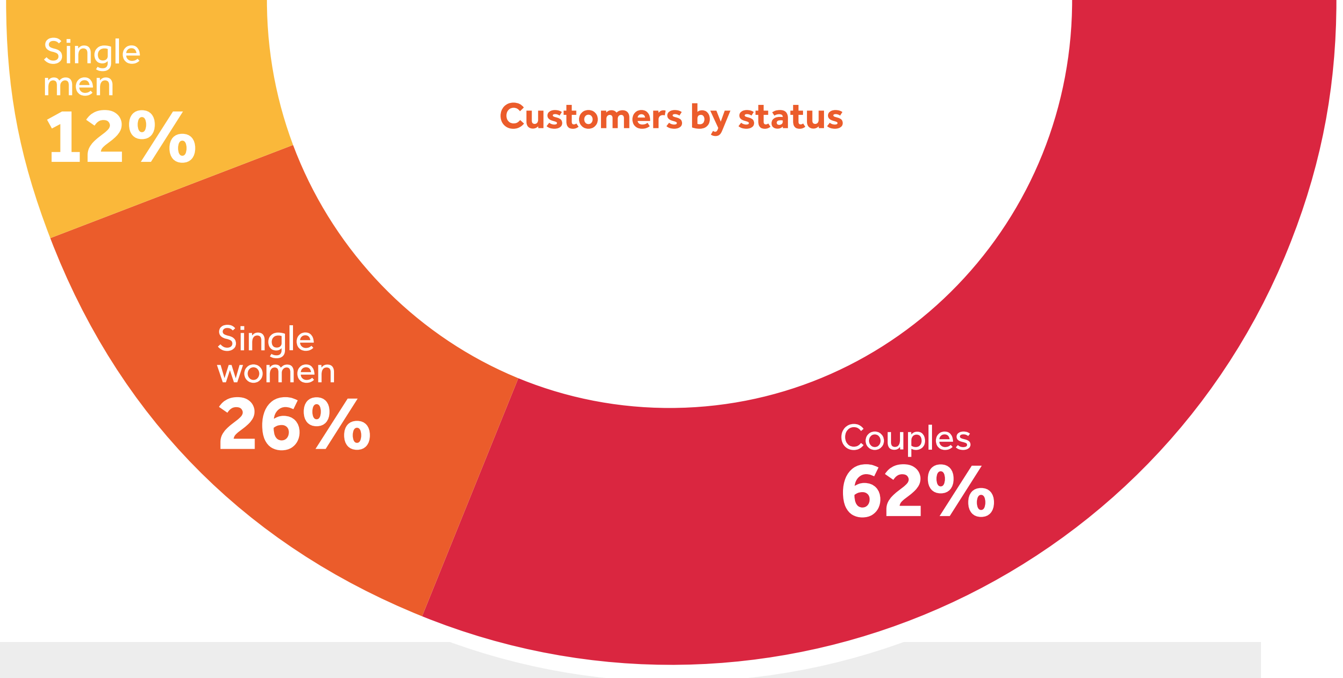
Of those who chose to gift, 43% did so to help friends and/or family to purchase a property, equating to almost half of the total value gifted (48%). In Q3 2022, the average valued gifted for a house deposit was £61,596, highlighting that Bank of Mum and Dad still play a significant role in the wider property market.

Interestingly, 63% of customers who gifted in Q3 2022 did so to provided early inheritance. This is a drop from 69% (Q3 2022) but 18% increase from Q3 2020. While not a deposit for a first home, it is entirely reasonable to assume that some older homeowners provided an early inheritance during the Stamp Duty Holiday in order to support those who needed to move up the property ladder as well.

While over-55s need to ensure that any borrowing they use for gifting works for them now and in the future, 10% of customers helped family members to repay an average of £26,107 debt in Q3 2022. This is an increase from 6% (Q3 2021) but a fall from 12% (Q3 2020) as more modest spending habits during the pandemic may well have allowed younger generations to service their own borrowing.

Paying for University Fees (6%) and buying a new car for a loved one (5%) are also popular uses for the proceeds of equity release.

Looking to the future, while the market turmoil will subside, gilt rates will stabilise and inflation will fall, it is hard to put an exact timeline against these events. So, we anticipate that while other lenders in the market may be cautious, the Bank of Mum and Dad are likely to be called upon for more formal as well as informal gifting for an increasingly diverse range of reasons.




# Demographic analysis

**Over half (62%) of those who take out equity release are married or in a long-term relationship while 26% are single women and 12% are single men.**

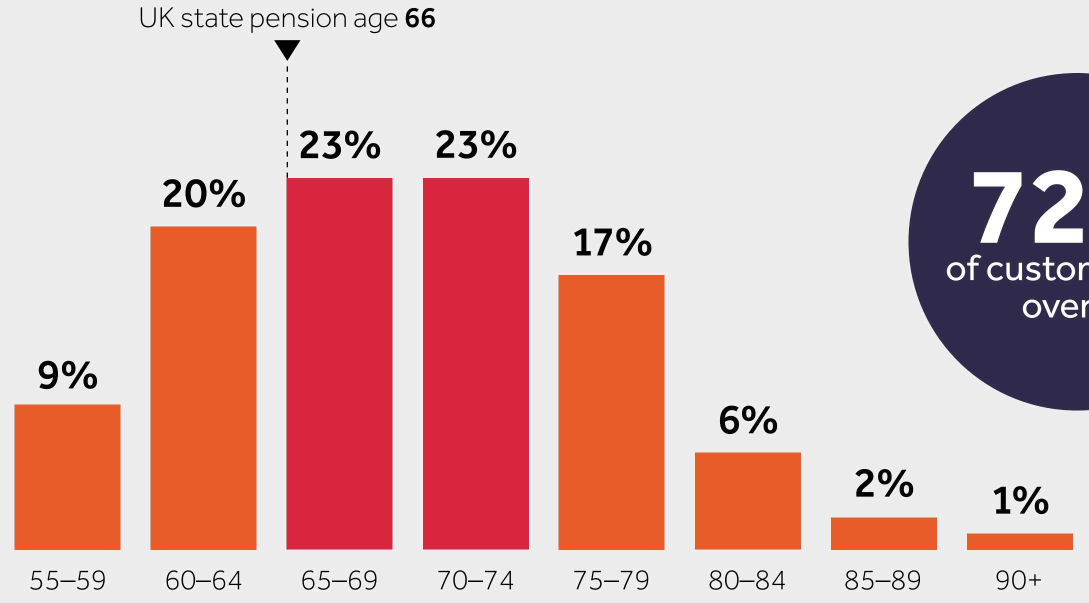
It is also interesting to note that while the number of single women and men using these products has gradually increased since 2016, we saw a 2% increase in the number of married couples in Q3 2022.

The average customer who took out equity release was 70 year's old, which is in line with recent figures and 1% higher than in Q3 2021. Just 9% are younger than 60 years old while almost three quarters (72%) are over-65.

While traditionally, the older generation (75-plus) had used equity release for more aspirational spending, the cost-of-living crisis as well as the increased number of mortgages that run into retirement has seen 22% of this cohort use equity release to repay unsecured borrowing and 11% to repay secured borrowing.

## Customers by age

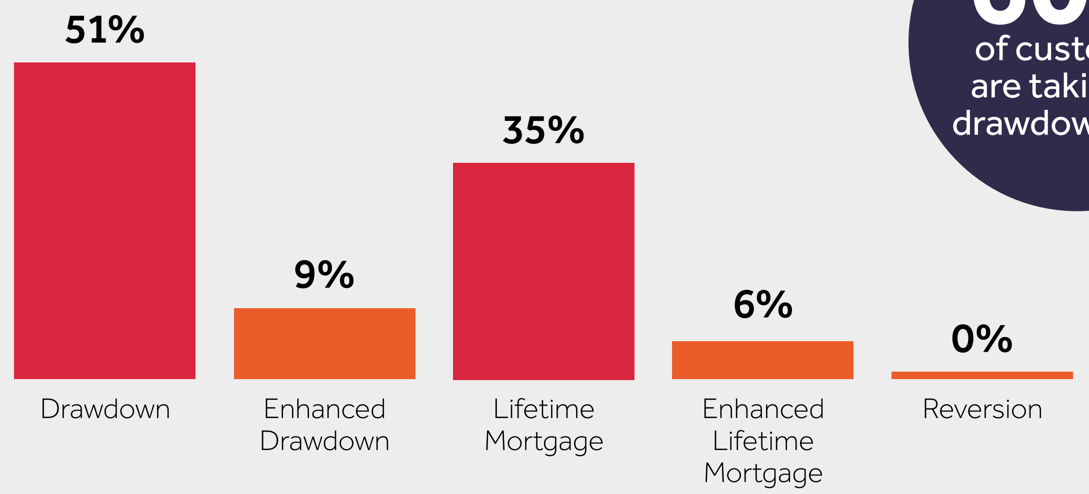
Average age has remained steady year on year




**72%** of customers are over 65

## Product mix

Drawdown continues to dominate the market despite rise in amount released




**60%** of customers are taking out drawdown plans

# Across the UK

**In Q3 2022, all areas across the UK saw increases in number of equity release plans taken out. The South East retains its top spot in terms of number of plans taken out at 3,053 followed by the South West (1,503) and the North West (1,491).**

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.

Northern Ireland which is traditionally a choppy market due to its relatively small size saw the number of plans taken out increase by 149% to and the amount released increase by 250% to £8,915,474. All areas saw YOY growth in the amount released with the North East seeing the highest percentage increase at 60.4%, followed by Yorkshire & Humber (52.5%) and Wales (37%). Scotland has seen the lowest percentage increase at 1.5%.

In terms of the actual amount released all areas saw positive increases in value release with the North East seeing a 126.8% increase, closely followed by Yorkshire and Humber at 125% and then the South West at 89%. In monetary terms the South East (£414 million) was leading the pack followed by London (£292 million) and South West (£182 million) – these three areas account for more than half of the market.

Average homes in London (£805,391) and the South East (£457,526) 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

**£114,354**
**Average release amount for the UK**
▲ Up 13% on Q3, 2021

## Quarter 3 results

| | Plans | | | | Value released | | Property value | | Age |
|---|---|---|---|---|---|---|---|---|---|
| Location | Value (% change on Q3, 2021) | | Number (% change on Q3, 2021) | | Average release amount | Average LTV % | Average value (% change on Q3, 2021) | | Average customer age |
| East Anglia | £63,683,586 | (77%) | 737 | (24%) | £86,461 | 29% | £297,526 | (17%) | 70 |
| East Midlands | £113,220,450 | (88%) | 1,259 | (37%) | £89,909 | 32% | £279,390 | (13%) | 70 |
| London | £292,520,271 | (65%) | 1,117 | (4%) | £261,946 | 33% | £805,391 | (15%) | 70 |
| **North East** | **£38,675,183** | (127%) | **505** | (60%) | **£76,600** | **34%** | **£222,800** | (19%) | **68** |
| North West | £113,712,248 | (78%) | 1,491 | (27%) | £76,269 | 29% | £262,505 | (21%) | 69 |
| Northern Ireland | £8,915,474 | (250%) | 166 | (149%) | £53,604 | 26% | £205,000 | (17%) | 69 |
| Scotland | £54,026,224 | (34%) | 760 | (2%) | £71,057 | 32% | £218,918 | (9%) | 69 |
| South East | £414,051,223 | (59%) | 3,053 | (20%) | £135,614 | 30% | £457,526 | (11%) | 71 |
| South West | £182,770,488 | (89%) | 1,503 | (31%) | £121,618 | 30% | £409,348 | (25%) | 71 |
| Wales | £47,372,721 | (77%) | 588 | (37%) | £80,558 | 31% | £259,323 | (13%) | 69 |
| West Midlands | £119,688,851 | (75%) | 1,158 | (16%) | £103,332 | 35% | £294,761 | (17%) | 69 |
| Yorkshire & Humberside | £76,984,752 | (125%) | 1,004 | (52%) | £76,689 | 31% | £243,855 | (30%) | 70 |
| Total | £1,525,621,470 | (73%) | 13,341 | (25%) | £114,354 | 31% | £369,199 | (2%) | 70 |

# Focus location:
# North East

The North East which is home to 2.7 million people incorporates County Durham, Tyne and Wear, Northumberland and Tees Valley, as well as including the cities and large towns of Newcastle upon Tyne, Middlesbrough, Sunderland, Gateshead, Darlington and Hartlepool.

In Q3 2022, 505 equity release plans helped over-55s access £38million worth of housing equity in the North East. This is a 60.4% increase in number of plans and a 126.8% rise in the amount of equity taken out compared to the previous twelve months.

However, against the national picture, the North East has the smallest equity release market for number of customers and smallest in terms of value, with the exception of Northern Ireland.

Interestingly, the amount release by customers in the North East has risen from £42,603 in Q3 2018 to £76,660 in Q3 2022. This increase has been driven partially by the growth in property values (+£41,795) but also the increase in flexible products as well as the LTVs available.

As to be expected 2019, 2020 and 2021 were the most challenging years for the North East over the last five years but with recent house price increases, we've seen a robust recovery

| | Plans | | Lending | |
|---|---|---|---|---|
| Period | Number | Change Y/Y | Amount | Change Y/Y |
| Q3 2018 | 401 | 36.6% | £20,032,804 | 36% |
| Q3 2019 | 318 | -20.5% | £19,804,721 | -1.1%% |
| Q3 2020 | 315 | -1.1%% | £17,053435 | -13.9% |
| Q3 2021 | 331 | 5.1% | £19,394,571 | 13.7% |
| **Q3 2022** | **505** | **60.4%** | **£38,675,183** | **126.8%** |

| | Product Details | | | |
|---|---|---|---|---|
| Period | Average LTV | Average Released | Average Age | House Prices |
| Q3 2018 | 28 | £42,603 | 68 | £181,005 |
| Q3 2019 | 28 | £62,204 | 70 | £221,886 |
| Q3 2020 | 29 | £54,166 | 69 | £186,465 |
| Q3 2021 | 31 | £58,603 | 69 | £187,650 |
| **Q3 2022** | **34** | **£76,600** | **68** | **£222,800** |



*Barnard Castle, County Durham*

**505**
new plans
▲ Up 60.4% on Q3, 2021

**£38.7m**
released in equity
▲ Up 126.8% on Q3, 2021

**£76,600**
average release
▲ Up 30.7% on Q1, 2021

**£222,800**
average property value
▲ Up 18.7% on Q3, 2021

# Case Study

**While Alistair (73 years old) had spent his life working hard in a variety of senior finance roles, Charlotte (69 years old) had raised their three children and set up a small but successful jam making business.**

Their eldest daughter – Sophie – caught the 'jam bug' from her mother and had largely taken over the running of the enterprise when over coffee, she asked her mother what she wanted to do next.

Charlotte explains: *"To be honest raising three children, maintaining a relationship and running a business took up so much time when we were younger that I had never really had time to think about what I wanted to do next. But taking a step back, it really was an important question."*

*"We've both got good pension and aspirations to travel now that Covid is becoming less of a factor, but we also wanted to do something for our children. Sophie is very organised but only starting out, Sarah is artistic but it is hard to make money even if you are good and Alex is studying economics at university.*

*"Speaking to Alistair, it made sense to sit down with an adviser to discuss what we could do and also how we could undertake some inheritance tax planning. We are typical of many of our generation in that we bought our home in Consett and have watched it steadily increase in value."*

Alistair continues: *"Speaking to our IFA who has helped us over the years, he asked us when we wanted to help our children and what we wanted to think about for ourselves. My mother needed care at home for the last few years of her life and they were really lovely. I wanted to ensure that if we needed that, it would be something we could pay for as well."*

*"My adviser asked if I had thought about later life borrowing and the more I thought about it the better the idea seemed. He suggested I speak to an adviser from The Equity Release Experts who talked us through all our options and asked us some hard questions."*

*"I know that is not everyone's cup of tea but working in finance, I know you can't stick your head in the sand. We decided to take £315,000 out of our property using an equity release mortgage. We can make interest repayments using our pension and if we do need care eventually, we can stop and use our income for that instead."*

*"We've given each of our children £90,000 to take advantage of the stamp duty changes and get onto the property ladder. Alex was a little sceptical at first but we invited him to meet the adviser who answered all his questions. There are some inheritance tax benefits but to be honest, we are more focused on watching them enjoy their new homes."*

*"We've used the £35,000 to sort out the kitchen and bathroom in our home. Both needed to be more practical and I would rather be prepared for getting older than trying to manage building work in my eighties. Charlotte and I now plan to do some travelling but with frequent trips home to visit the children and the grandchildren I'm sure will arrive over the next few years."*

* = 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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