



UK EQUITY RELEASE Market Monitor

FULL YEAR REVIEW 2014

EMBARGOED UNTIL 00:01
4TH FEBRUARY 2015

01772 508530

www.keyretirement.co.uk/equity-release/market-monitor/

Key Retirement, Baines House, 4 Midgery Court,
Fulwood, Preston PR2 9ZH

Contents

- 02 **INTRODUCTION**
Dean Mirfin, Key Retirement
- 03 **EQUITY RELEASE MARKET MONITOR**
Full Year 2014 Results
- 04 **EQUITY RELEASE MARKET HIGHLIGHTS**
Popular Uses
Full Year 2014 Focus - Home and/or Garden Improvements
- 05 **EQUITY RELEASE MARKET HIGHLIGHTS**
Regional Summary
Regional Focus - London
- 06 **FULL YEAR 2014 REVIEW**
Number of Plans
Value of Plans
- 08 **FULL YEAR 2014 ANALYSIS**
Customers By Age
Customers By Status
Product Mix

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

Key are the leading over 55's specialist adviser and are the UK's number 1 equity release specialist, arranging over 35% of all Equity Release Council (ERC)^[1] lending in the UK.

The Monitor uses Key's data to reflect the market as a whole and provides the most detailed analysis of the equity release sector, including:

- Usage trends
- Age analysis
- Regional analysis based on -
 - Plan numbers
 - Plan values
 - Property prices

The Monitor now provides more detail than ever, focusing in each edition on a particular region and also a specific usage driver for releasing equity.

- Full Year 2014 Focus - Home and/or Garden Improvements
- Regional Focus - London

For further details contact:

Dean Mirfin

Group Director
KR Group

Email dean.mirfin@krgroup.co.uk

Telephone 07879 678737

Press office 01772 508530

^[1] Equity Release Council (ERC) is the equity release trade organisation representing the Equity Release Sector

Full Year 2014 Results



- New plan numbers
21,350 up 5%



- Total amount released
£1.38bn up 30%
- Drawdown accounts for
66% of all plans
- Single advance lending
accounts for 34% share
of market
- Helping family/friends
accounts for nearly
1 in 4 at 23%

The Full Year 2014 report on the equity release market reveals exceptional growth in overall lending. Lending increased to £1.38 billion for the year, from £1.06 billion for 2013, an increase of 30%. This was helped in part by an increase in average borrowing to £64,748, from £56,045 for 2013. Sales of plans during 2014 were 21,350, from 20,331 for 2013, an increase of 5%.

Drawdown remains the most popular type of plan accounting for 66% of all new plans (Drawdown and Enhanced Drawdown). Drawdown, which retains accessible further funds, provides potential further borrowing of £482.3 million in addition to the £1.38 billion initial advances; giving a total market for the year of £1.86 billion, compared to the total of £1.42 billion for 2013. The average age for those releasing equity rose from 69 to 71 year on year.

BIGGEST MOVERS BY REGION

Number of Plans

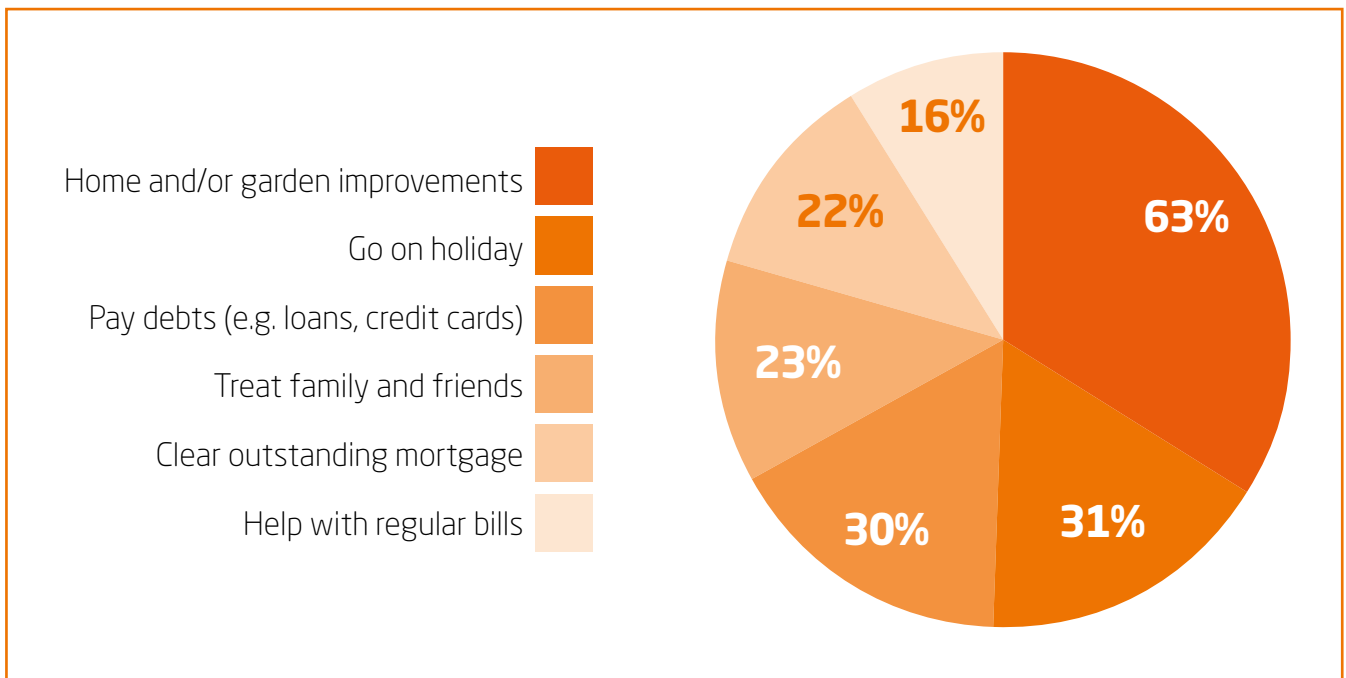
△ Northern Ireland	+70%
△ Yorkshire & Humberside	+18%
△ London	+11%
▼ Wales	-13%
▼ East Midlands	-8%
▼ Scotland	-3%

Lending

△ Northern Ireland	+119%
△ London	+51%
△ Yorkshire & Humberside	+35%
▼ Wales	-4%

REGIONAL HIGHLIGHTS

Across the country 9 out of 12 regions experienced growth in the total number of plans, with 11 out of the 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in Northern Ireland (+70%) and Yorkshire and Humberside (+18%). Top region for overall lending was the South East (£349m) with London (£264.6) taking second place. The only region experiencing a drop in overall lending was Wales (-4%).



Highlights

- 63% released equity to carry out home and/or garden improvements
- Nearly 1 in 4 give financial help to family or friends

FULL YEAR 2014 FOCUS – HOME AND/OR GARDEN IMPROVEMENTS

Home and/or garden improvement has seen the most significant increase over any other usage area increasing from 58% in 2013 to 63% in 2014. Since our market report was established maintaining the home has consistently been the most popular use of equity release.

Projects range from the simple to the significant, both in terms of scale and cost. This typically ranges from hundreds of pounds for decoration to tens of thousands of pounds for major works. These major projects are those heavy capital hungry projects for which pension provision is simply not enough. The more popular of these projects are new kitchens, bathrooms and conservatories.

In retirement, people spend more time at home, so it should come as no surprise that they choose to devote this time, and the wealth tied up in their properties' value, to keeping their homes well maintained.

REGIONAL SUMMARY

Area	Value	Percentage Change 2014 on 2013	Number of Plans	Percentage Change 2014 on 2013	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YOY Var
East Anglia	69.9m	29%	1,209	6%	£57,799	27	72	£214,336	1%
East Midlands	81.4m	11%	1,643	-7%	£49,542	26	71	£189,694	6%
London	264.6m	51%	2,077	11%	£127,412	24	73	£522,701	20%
North	37.6m	31%	762	5%	£49,360	29	71	£169,068	2%
North West	104m	11%	2,186	0%	£47,562	26	71	£179,741	0%
Northern Ireland	14.9m	119%	331	70%	£45,010	28	69	£160,107	0%
Scotland	72.4m	14%	1,530	-3%	£47,284	26	70	£180,796	7%
South East	349m	34%	4,700	6%	£74,258	23	72	£322,960	12%
South West	180.4m	32%	2,668	7%	£67,599	25	72	£273,302	5%
Wales	40.6m	-4%	794	-13%	£51,123	27	71	£188,711	2%
West Midlands	88.3m	31%	1,672	8%	£52,822	26	72	£205,509	4%
Yorkshire & Humberside	79.4m	35%	1,778	18%	£44,647	26	71	£168,832	2%
Total	1,382.4m	30%	21,350	5%	£64,749	25	71	£259,882	9%

REGIONAL FOCUS
LONDONTotal lending
£264.6mPlans arranged
2,077Average released
£127,412Average property value
£522,701

REGIONAL FOCUS - LONDON

Whilst the South East consistently retains top spot for overall lending, London's appetite for equity release is considerable.

In 2014, when reviewing all regions, London's consistent trend across all measures is significant. The average amount released in London has increased from £107,224 in 2013 to £127,412 in 2014 (+19%). Despite the increase, London retains one of the more conservative LTV's with 24%. This is heavily helped when looking at the average property value of those releasing equity, £522,701, which is by far the highest of all regions and a 20% increase over the previous year.

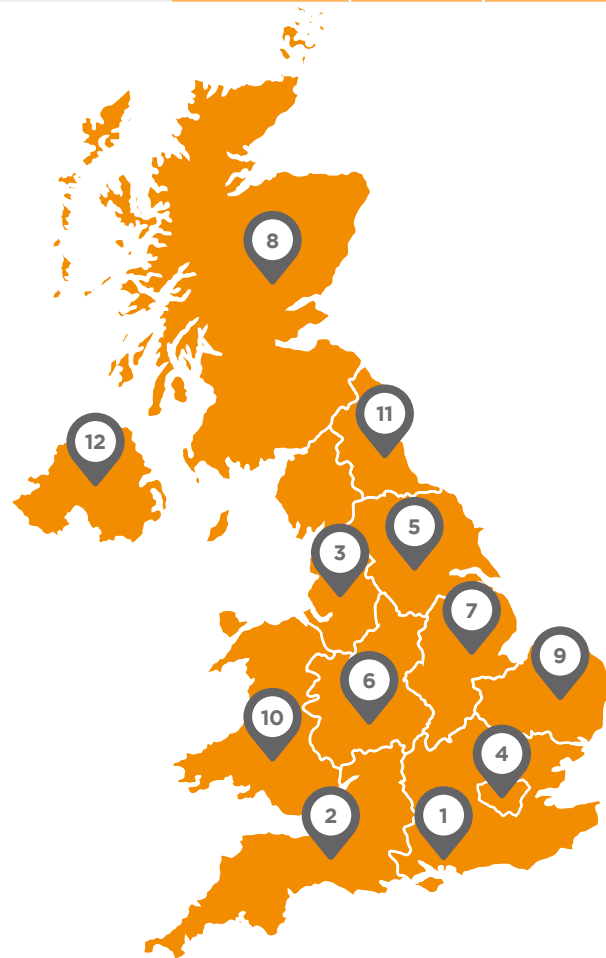
The other interesting trend is that London has the oldest average client by age at 73.

NUMBER OF EQUITY RELEASE PLANS

Area	2014 NUMBER OF PLANS	2014	2013	% change
1. South East		4,700	4,419	6%
2. South West		2,668	2,482	8%
3. North West		2,186	2,181	0%
4. London		2,077	1,879	11%
5. Yorkshire & Humberside		1,778	1,508	18%
6. West Midlands		1,672	1,551	8%
7. East Midlands		1,643	1,776	-8%
8. Scotland		1,530	1,571	-3%
9. East Anglia		1,209	1,139	6%
10. Wales		794	908	-13%
11. North		762	724	5%
12. Northern Ireland		331	194	70%
TOTAL		21,350	20,331	5%

Review

- Highest - South East (4,700)
- Lowest - Northern Ireland (331)

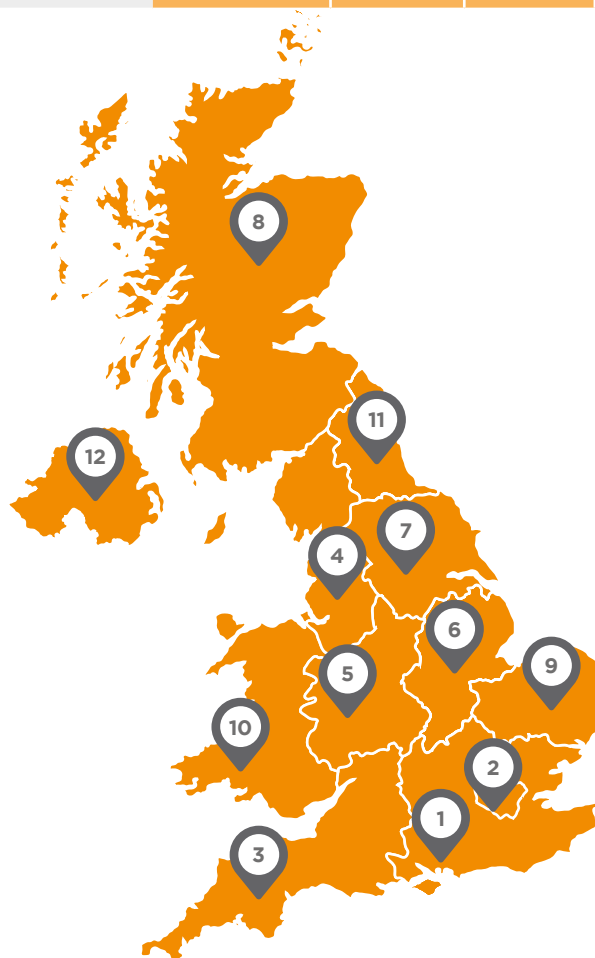


VALUE OF EQUITY RELEASE PLANS

Area	2014 VALUE OF PLANS	2014	2013	% change
1. South East		349m	259.5m	35%
2. London		264.6m	174.7m	51%
3. South West		180.4m	137.0m	32%
4. North West		104m	94.0m	11%
5. West Midlands		88.3m	67.4m	31%
6. East Midlands		81.4m	73.6m	11%
7. Yorkshire & Humberside		79.4m	58.9m	35%
8. Scotland		72.4m	63.6m	14%
9. East Anglia		69.9m	54.2m	29%
10. Wales		40.6m	42.1m	-4%
11. North		37.6m	28.8m	31%
12. Northern Ireland		14.9m	6.8m	120%
TOTAL		1,382.4m	1060.7m	30.3%

Review

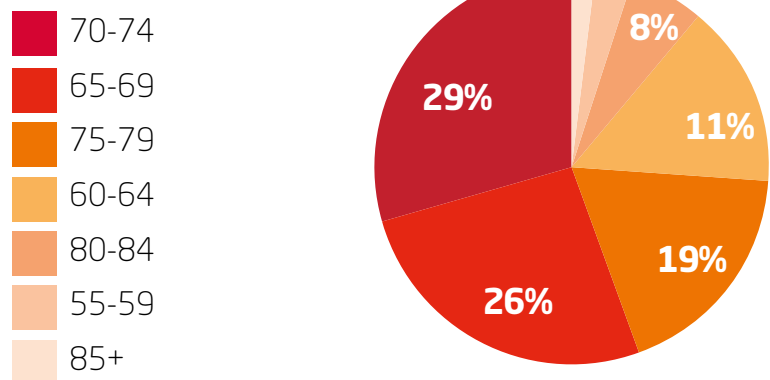
- Highest - South East (£349m)
- Lowest - Northern Ireland (£14.9m)



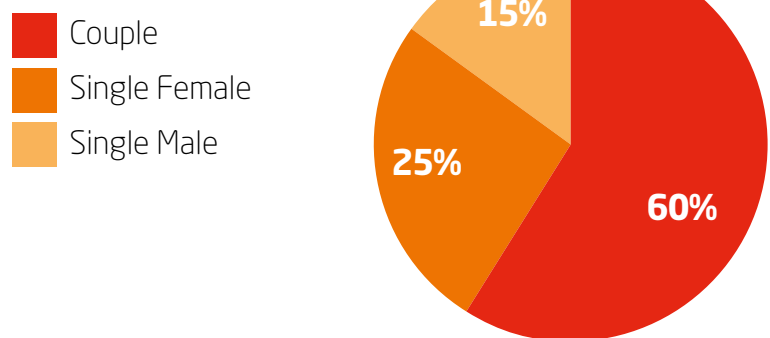
Analysis

- Average age 71
- 60% of those releasing equity are couples
- 67% more single women release equity than single men

CUSTOMERS BY AGE



CUSTOMERS BY STATUS



PRODUCT MIX

