



UK Equity Release Market Monitor

Full year review 2017

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01772 508322

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

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

All images contained within this report can be provided
upon request. Email press.office@keyretirement.co.uk

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Dean Mirfin,
Key Retirement

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Key Retirement's Market Monitor provides a quarterly, half yearly and annual review of the UK's equity release market.

The Monitor provides journalists and other industry stakeholders with detailed data on the market alongside historical comparisons.

Key is the leading over 55's specialist adviser and the UK's number 1 equity release specialist; arranging over 33% 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 on a particular region and also a specific usage driver for releasing equity in each edition.

- Full Year 2017 focus – Repaying Debts, Mortgage and Non-Mortgage
- Regional focus – South West

For further details contact:

Dean Mirfin

Chief Product Officer
KR Group

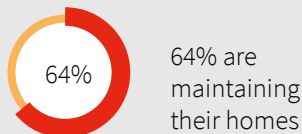
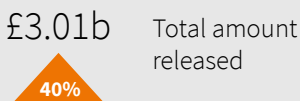
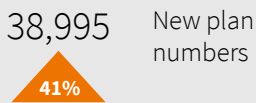
Email dean.mirfin@krgroup.co.uk

Telephone 07879 678737

Press office 01772 508322

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

Full Year 2017 Results



The Full Year 2017 report reveals the highest recorded year both for equity release new plan numbers and total lending. Every quarter of 2017 has witnessed consistent year on year record growth. Sales of plans were 38,995 from 27,666 for 2016, an increase of 41%, whilst Lending increased to £3.01 billion, from £2.15 billion in 2016, an increase of 40%.

The average loan amount has fallen slightly over the period from £77,877 to £77,380.

Drawdown remains the most popular type of plan accounting for 62% of all new plans (Drawdown and Enhanced Drawdown). Drawdown, which retains accessible further funds, provides potential further borrowing of £910 million in addition to the £3.01 billion in initial advances; giving a total market for the year of £3.92 billion, compared to the total of £2.87 billion for 2016. Lump sum releases have remained steady accounting for 38% of new business the same as for 2016.

The average age for those releasing equity was 72 remaining unchanged against 2016.

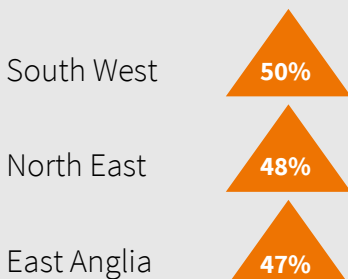
Regional Highlights

Every region across the country experienced growth in the total number of plans and total lending. The greatest percentage increases in plan numbers was experienced across the South West (50%). The North East achieved growth in numbers of 48% and East Anglia 47%. The East Midlands had the greatest increase for overall lending achieving growth of 60% followed the South West with a 55% increase.

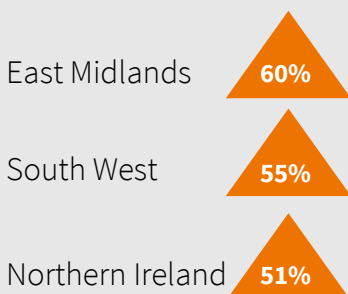
Top region for overall lending was the South East (£953.6m) with London (£557.7m) taking second place.

Biggest movers by region

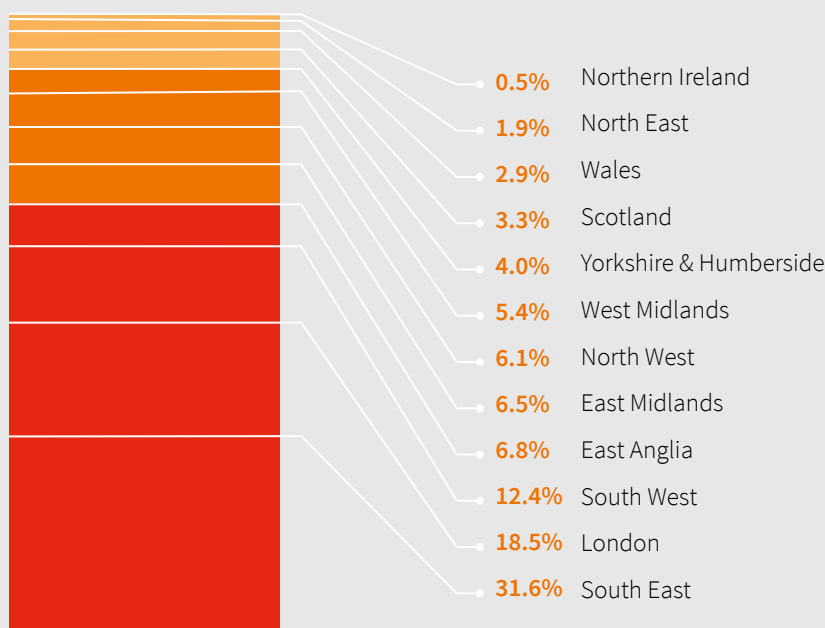
Number of Plans

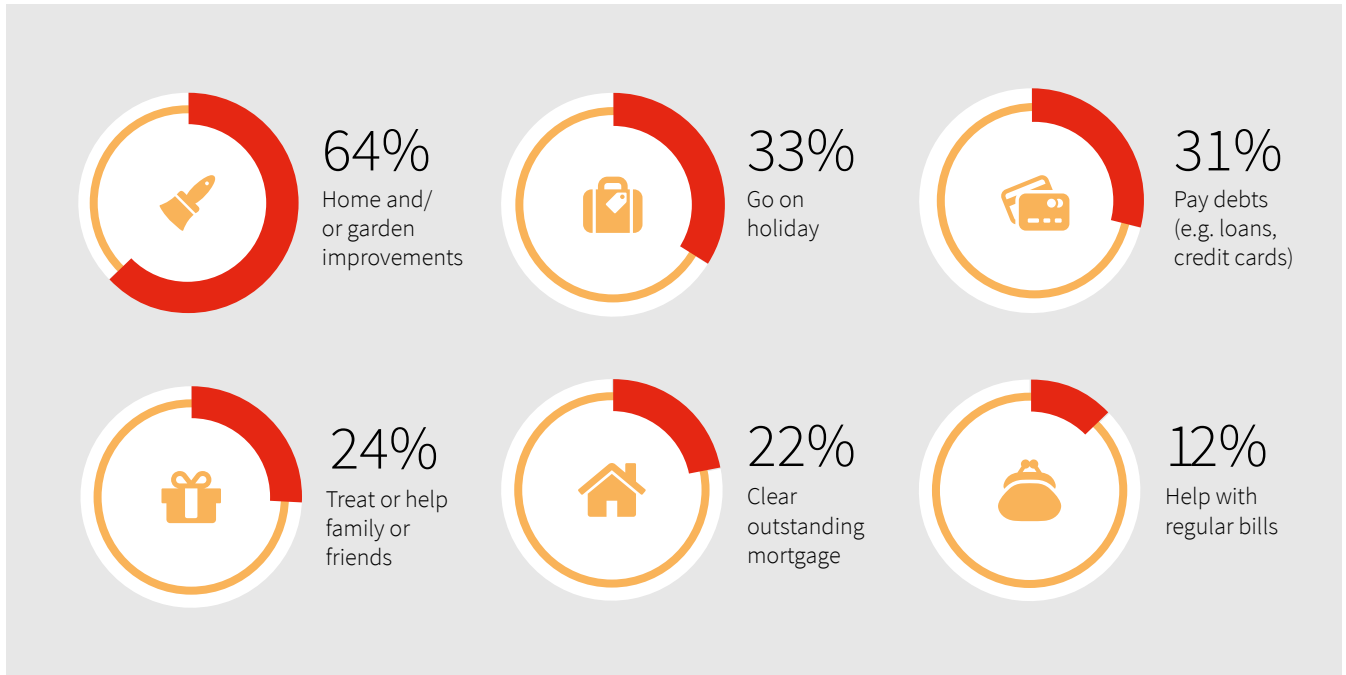


Lending



Lending – Contribution by Region





Highlights

- 64% released equity for home and/or garden improvements
- 22% use equity release to clear an outstanding mortgage

Quarter 3 2017 Focus –

Repaying debts, mortgage and non-mortgage

Away from the consistently top reason for releasing equity of Home/Garden Improvement, featuring high up the list is debt repayment both secured and unsecured. Over 1 in 5 are utilising the funds to repay outstanding mortgages. The average mortgage debt for those releasing equity is £84,000 carrying an average monthly payment of £674. Equity release has become established as a prime option for those looking to clear maturing interest only mortgages, with 2017 witnessing the beginning of the first major wave of maturities. Whilst many lenders are working hard to lend to older borrowers, reduced incomes in retirement, and tightened mainstream mortgage criteria, still means that many are faced with the only option of selling their home to clear the debt. Increasingly though equity release is providing a robust alternative to meeting this need. 31% of those releasing equity were repaying unsecured debts with the money released. With average credit card balances nearing £11,000 and average monthly payments of £292 to service this debt, the impact of releasing equity to eradicate the burden has a huge impact for many on their retirement income.

	Average Balance	Average Monthly Payment
Credit Cards	£10,911.79	£292
Loans	£14,196.43	£302
Mortgages	£84,086.03	£674

Regional Summary

Area	Value	Percentage Change 2017 on 2016	Number of Plans	Percentage Change 2017 on 2016	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YOY Var
East Anglia	£206.2m	43%	2,947	47%	£69,957	26	72	£269,120	3%
East Midlands	£194.4m	60%	3,164	44%	£61,457	26	72	£237,428	8%
London	£557.7m	27%	4,172	35%	£133,687	22	72	£603,610	-3%
North East	£56.9m	49%	1,071	48%	£53,171	29	72	£182,135	-5%
North West	£183.8m	43%	3,245	40%	£56,638	28	72	£205,484	1%
Northern Ireland	£15m	51%	291	45%	£51,803	27	73	£188,559	-4%
Scotland	£100.8m	16%	2,058	31%	£48,982	27	72	£178,289	-7%
South East	£953.6m	42%	10,504	41%	£90,789	23	72	£397,840	-20%
South West	£373.9m	55%	4,907	50%	£76,205	25	72	£306,721	6%
Wales	£88.1m	32%	1,628	34%	£54,123	27	72	£201,001	-5%
West Midlands	£163m	37%	2,727	36%	£59,787	27	72	£223,442	0%
Yorkshire & Humberside	£120.8m	36%	2,244	38%	£53,845	26	72	£204,047	2%
Total	£3014.3m	18%	10,477	26%	£71,509	22	71	£325,038	6%

Regional Focus - South West

Total lending

£374m

Plans arranged

4,907

Average released

£76,205

Average property value

£306,721

Regional summary Full year 2017 regional focus – South West

The average value released in the South West is £76,205, the third highest. The region's appetite for equity release has not only grown throughout 2017 but has been evidence over the past 5 years. Plan numbers and lending for previous 5 years have been:

Period	Plan Numbers	Change	Lending	Change
2013	2,482	0.61%	£137,042,059	8.71%
2014	2,668	7.49%	£180,377,340	31.62%
2015	2,787	4.46%	£198,757,026	10.19%
2016	3,268	17.26%	£240,538,562	21.02%
2017	4,907	50.15%	£373,936,228	55.46%

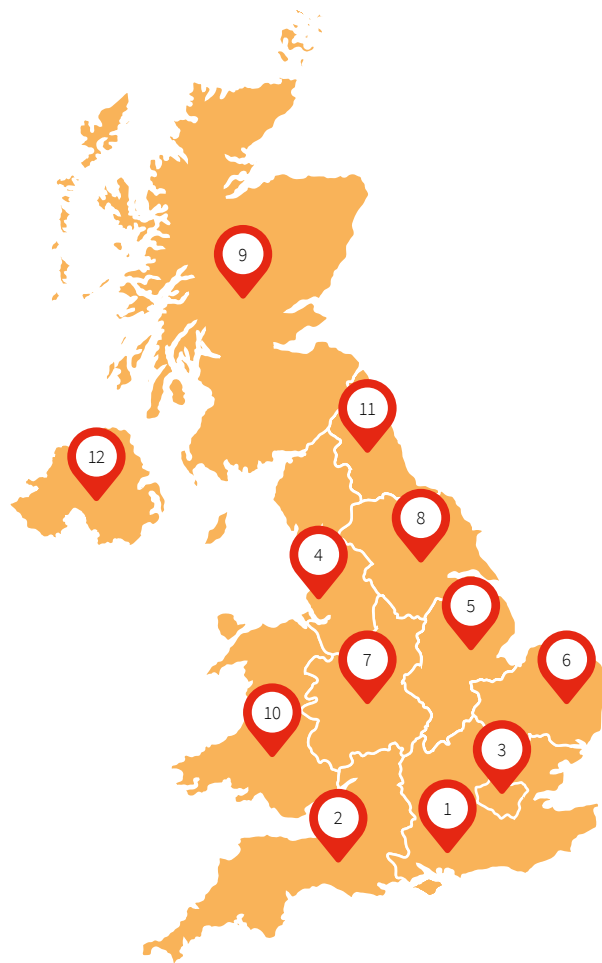
The average age for those releasing equity has stayed in line with the market trend at 72 for the year, having gradually increased from 70 over the same 5 years.

Number of equity release plans

Area		FY 2017 Number of Plans	FY 2017	FY 2016	% Change
1	South East		10,504	7,451	41%
2	South West		4,907	3,268	50.1%
3	London		4,172	3,081	35.4%
4	North West		3,245	2,323	39.7%
5	East Midlands		3,164	2,201	43.8%
6	East Anglia		2,947	2,004	47.1%
7	West Midlands		2,727	2,007	35.9%
8	Yorkshire & Humberside		2,244	1,628	37.8%
9	Scotland		2,058	1,568	31.2%
10	Wales		1,628	1,212	34.3%
11	North East		1,071	723	48.1%
12	Northern Ireland		291	200	45%
TOTAL			38,955	27,666	40.8%

Review

- Highest
South East (10,504)
- Lowest
Northern Ireland (291)



Value of equity release plans

Area		FY 2017 Value of Plans	FY 2017	FY 2016	% Change
1	South East		£953.6m	£670.4m	42.2%
2	London		£557.7m	£440.5m	26.6%
3	South West		£373.9m	£240.5m	55.5%
4	East Anglia		£206.2m	£144.2m	42.9%
5	East Midlands		£194.4m	£121.6m	59.9%
6	North West		£183.8m	£128.8m	42.7%
7	West Midlands		£163.0m	£118.6m	37.5%
8	Yorkshire & Humberside		£120.8m	£88.5m	36.5%
9	Scotland		£100.8m	£86.6m	16.4%
10	Wales		£88.1m	£66.6m	32.2%
11	North East		£56.9m	£38.2m	49%
12	Northern Ireland		£15.0m	£9.9m	51.3%
TOTAL			£3,014.3m	£2,154.5m	39.9%

Review

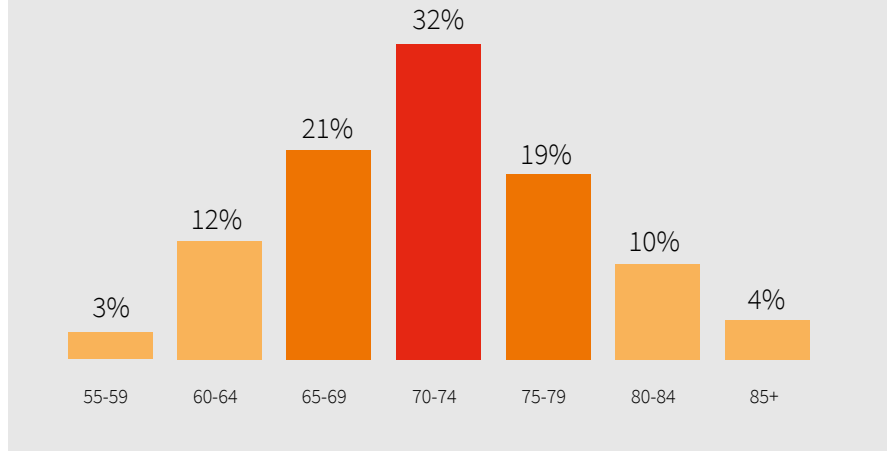
- Highest
South East (£953.6m)
- Lowest
Northern Ireland (£15m)



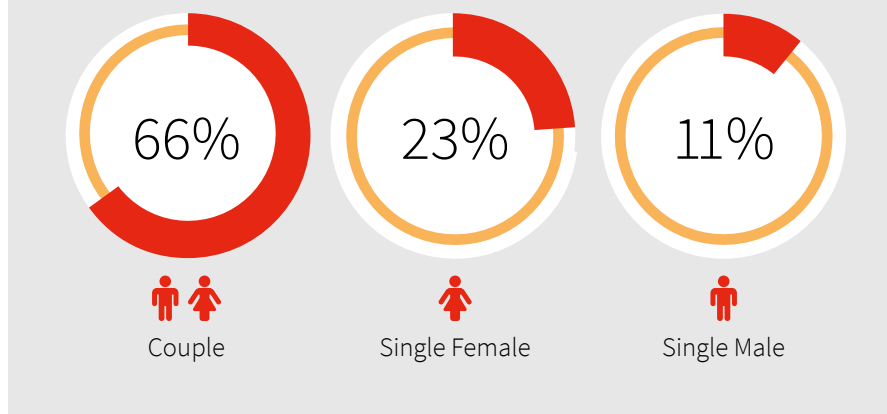
Analysis

- Average age 72
- 66% of those releasing equity are couples, from 65% in 2016
- 23% of single women release equity, more than double that of single men

Customers by age



Customers by status



Product mix

