



UK EQUITY RELEASE Market Monitor

HALF YEAR 2015

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

Contents

02

INTRODUCTION

Dean Mirfin, Key Retirement

03

EQUITY RELEASE MARKET MONITOR

Half Year 2015 Results

04

EQUITY RELEASE MARKET HIGHLIGHTS

Popular Uses
Half Year 2015 focus -
Mortgage Repayment

05

EQUITY RELEASE MARKET HIGHLIGHTS

Regional Summary
Regional Focus - South East

06

HALF YEAR 2015 REVIEW

Number of Plans
Value of Plans

08

HALF YEAR 2015 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 is the leading over 55's specialist adviser and 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.

- Half Year 2015 focus – Mortgage Repayment
- Regional focus – South East

For further details contact:

Dean Mirfin

Technical 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

Half Year 2015 Results

17%

- Total amount released £753.5m up 17%

10%

- New plan numbers 11,007 up 10%

The half year 2015 report on the equity release market reveals the continued trend of further growth for the sector, both for the number of new plans and for overall lending, compared to the first half of 2014. Sales of plans for the 6 months were 11,007, up from 10,013 for the same period of 2014, an increase of 10%. Lending increased to £753.5 million for the period, from £641.8 million in the first half of 2014, an increase of 17%. The increase in total lending also reflects an increase in average loan amount from £64,929 for the first half of 2014 up to £68,455 for the first half of 2015.

Drawdown remains the most popular type of plan remaining consistent year on year accounting for 63% of all new plans (Drawdown and Enhanced Drawdown). Drawdown, which retains accessible further funds, provides potential further borrowing of £282.7 million in addition to the £753.5 million in initial advances; giving a total market for the period of £1.04 billion, compared to the total of £826.8 million for the same period of 2014. The average age for those releasing equity rose from 69 to 71 for the period year on year.

BIGGEST MOVERS BY REGION

Lending

△ North East	+50%
△ South East	+35%
△ London	+30%
▼ North West	-13%
▼ South West	-3%
▼ East Midlands	-2%

Number of Plans

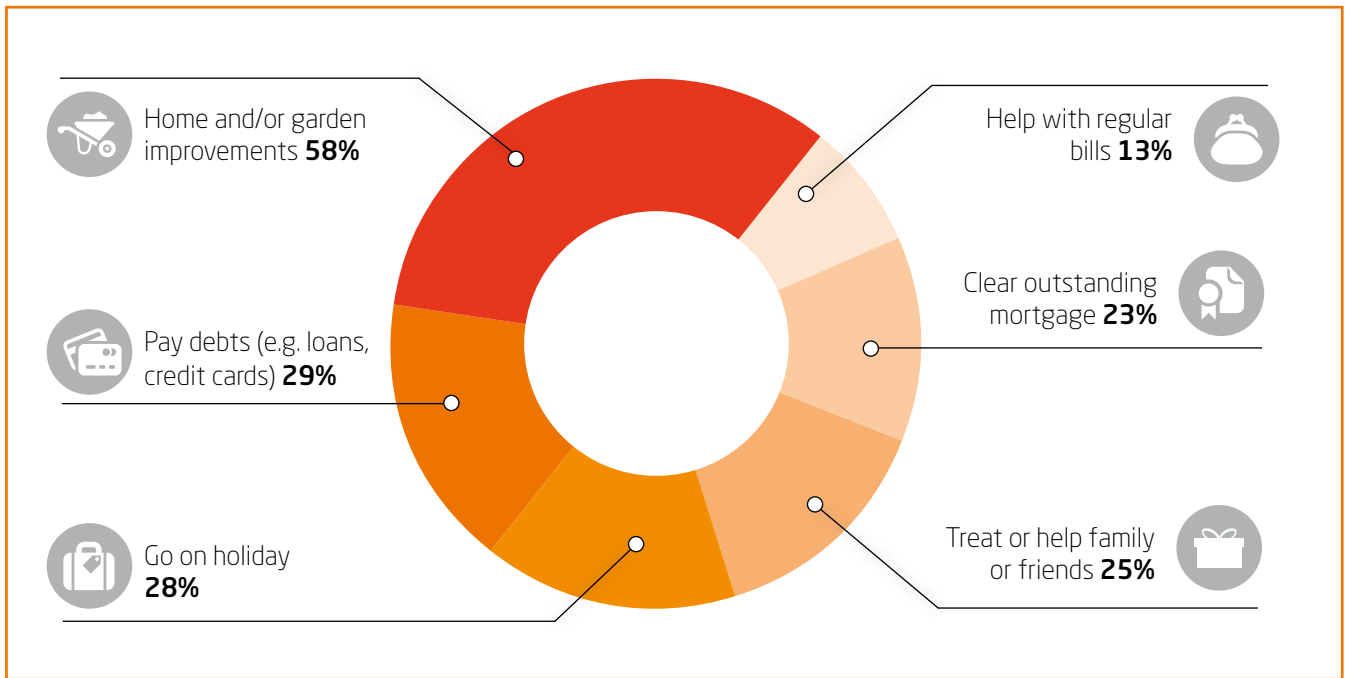
△ North East	+31%
△ London	+28%
△ South East	+20%
▼ Northern Ireland	-21%
▼ North West	-12%
▼ West Midlands	-8%

REGIONAL HIGHLIGHTS

Across the country 8 out of 12 regions experienced growth in total lending, and 8 out of the 12 regions experienced growth in plan numbers. The greatest increases for overall lending were experienced in the North East (+50%) and South East (+35%).

The greatest increases in plan numbers were experienced in North East (+31%) and London (+28%). Top region for overall lending was the South East (£212.7m) with London (£152m) taking second place.

The largest drop in lending was experienced in the North West (-13%) whilst Northern Ireland saw the greatest fall in plan numbers (-21%).



Highlights

- 58% released equity to carry out home and/or garden improvements
- 23% repay mortgages

HALF YEAR 2015 FOCUS - MORTGAGE REPAYMENT

Whilst home and/or garden improvement consistently retains top spot for uses of equity release, there has been a marked increase in those utilising the funds in their home to repay mortgages. Five years ago the percentage utilising equity release to clear an outstanding mortgage was 17%. And in the first six months of last year was 20%. This increasing trend is expected to continue, fuelled by the wave of interest only mortgages maturing with either insufficient, or no, repayment vehicles.

There are three waves of interest only mortgages which have been identified by Experian in their 2013 research "Residential interest only mortgages: Volumes, concentrations and maturity horizons". The first is underway but peaks during 2017 - 2020. The FCA in their paper published in May 2013, highlight that of these maturities leading up to 2020 about 90% of borrowers have a repayment strategy but the remaining 10% do not (60,000 borrowers). For those who have a repayment strategy, for example an endowment, as many as just under half of them are expected to have a shortfall (as high as 270,000 borrowers).

For those who are not prepared to downsize options have become more limited, however the good news is that many can be helped by equity release. The latest increase to 23% using equity release to repay an outstanding mortgage will undoubtedly increase not just for this first wave of loan maturities but for many years to follow.

REGIONAL SUMMARY

Area	Value	Percentage Change 2015 on 2014	Number of Plans	Percentage Change 2015 on 2014	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YOY Var
East Anglia	£37,260,422	19%	649	14%	£65,243	29	72	£227,377	16%
East Midlands	£40,599,629	-2%	800	0%	£57,705	29	71	£196,883	3%
London	£152,021,282	30%	1,211	28%	£142,653	26	72	£558,044	16%
North East	£23,365,779	50%	438	31%	£60,589	35	70	£173,172	13%
North West	£45,171,630	-13%	957	-12%	£53,652	30	70	£180,355	2%
Northern Ireland	£5,830,127	-1%	110	-21%	£60,014	38	68	£158,864	-4%
Scotland	£42,077,174	25%	843	17%	£56,719	34	70	£166,119	-6%
South East	£212,743,258	35%	2,627	20%	£92,060	28	72	£329,624	4%
South West	£85,125,883	-3%	1,302	4%	£74,336	28	72	£261,468	2%
Wales	£20,085,543	5%	398	15%	£57,335	30	69	£188,303	0%
West Midlands	£43,937,381	2%	776	-8%	£64,333	32	71	£200,950	3%
Yorkshire & Humberside	£45,238,909	21%	894	14%	£57,555	32	70	£180,114	5%
Total	£753,457,017	17%	11,007	10%	£68,455	31	71	£271,248	9%

REGIONAL FOCUS SOUTH EAST

Total lending
£212.7m

Plans arranged
2,627

Average released
£92,060




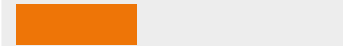
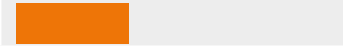
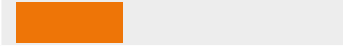
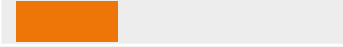
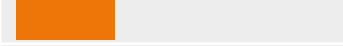
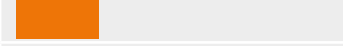
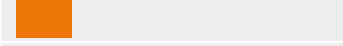
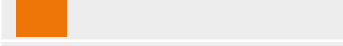
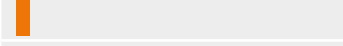
Average property value
£329,624

REGIONAL FOCUS - SOUTH EAST

Whilst many regions have experienced growth both in plan numbers and total lending, the South East continues to be the stand out region accounting for 23% of all UK equity release plans and 28% of total lending.

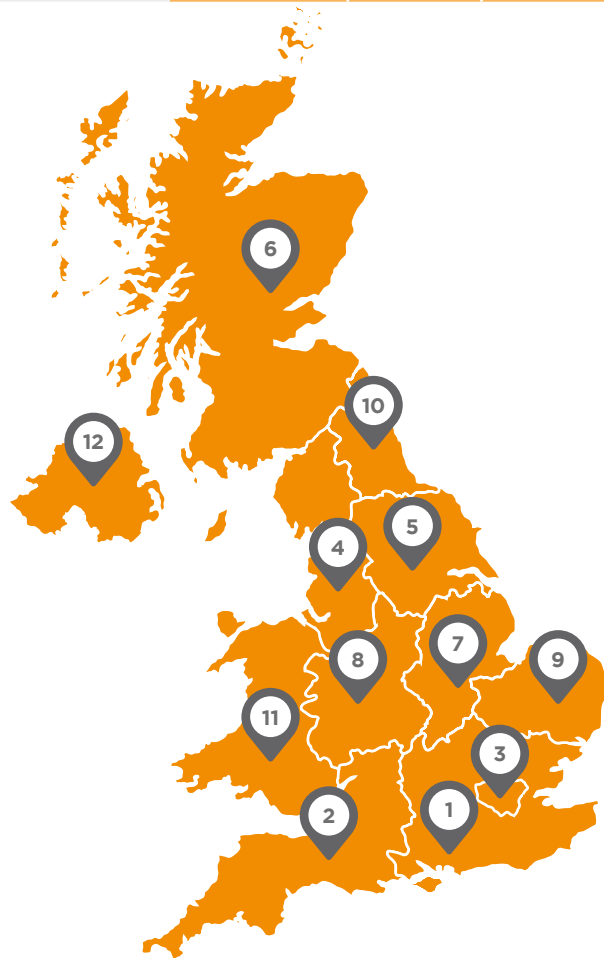
Total lending in the region increased by 35% during the first half of the year compared to the same period of 2014, whilst plan numbers grew by 20%. The average property value for those releasing equity in the region was £329,624, outweighed only by London. Our Pensioner Property Index (17th June 2015 <https://www.keyretirement.co.uk/news/pensioner-property-wealth-hits-874-billion/>) shows that the total estimated property wealth owned outright in the South East is £160.220 billion approaching the same levels as are held in London (£173.68 billion). Whilst higher than average levels of equity are released in the South East, due to their higher property values consumers in the region are using lower loan to values than most other regions at 28%.

NUMBER OF EQUITY RELEASE PLANS

Area	HY 2015 NUMBER OF PLANS	HY 2015	HY 2014	% change
1. South East		2,627	2,183	20%
2. South West		1,302	1,257	4%
3. London		1,211	948	28%
4. North West		957	1,085	-12%
5. Yorkshire & Humberside		894	785	14%
6. Scotland		843	718	17%
7. East Midlands		800	801	0%
8. West Midlands		776	846	-8%
9. East Anglia		649	568	14%
10. North East		438	335	31%
11. Wales		398	348	15%
12. Northern Ireland		110	140	-21%
TOTAL		11,007	10,013	10%

Review

- Highest - South East (2,627)
- Lowest - Northern Ireland (110)

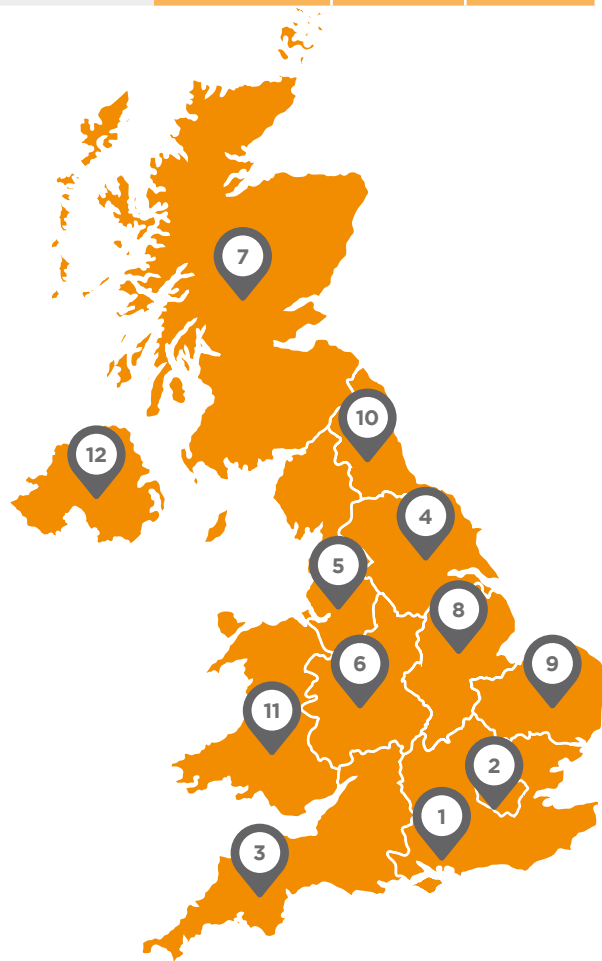


VALUE OF EQUITY RELEASE PLANS

Area	HY 2015 VALUE OF PLANS	HY 2015	HY 2014	% change
1. South East		212.7 m	157.0 m	35%
2. London		152.0 m	117.0 m	30%
3. South West		85.1 m	88.1 m	-3%
4. Yorkshire & Humberside		45.2 m	37.4 m	21%
5. North West		45.2 m	52.1 m	-13%
6. West Midlands		43.9 m	43.1 m	2%
7. Scotland		42.1 m	33.6 m	25%
8. East Midlands		40.6 m	41.4 m	-2%
9. East Anglia		37.3 m	31.4 m	19%
10. North East		23.4 m	15.6 m	50%
11. Wales		20.1 m	19.0 m	5%
12. Northern Ireland		5.8 m	5.9 m	-1%
TOTAL		753.5 m	641.8 m	17%

Review

- Highest - South East (£212.7m)
- Lowest - Northern Ireland (£5.8m)



Analysis

- Average age 71, up from 69
- 62% of those releasing equity are couples
- Twice the number of single women release equity than single men

