



UK EQUITY RELEASE Market Monitor

Q1 2015

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

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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.

- Quarter 1 2015 focus - Repayment of unsecured debts
- Regional focus - London

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

Quarter 1 2015 Results

2.5%

- New plan numbers 5,110 up 2.5%

3.1%

- Total amount released £340m up 3.1%
- Drawdown accounts for 66% of all plans
- Single advance lending accounts for 34% of all plans
- Nearly 1 in 3 use equity release to repay unsecured debt

The quarter 1 2015 report on the equity release market reveals further growth, both for the number of new plans and for overall lending, compared to the same period of 2014. Sales of plans for the quarter were 5,110, from 4,983 for the same period of 2014, an increase of 2.5%. Lending increased to £340 million for the period, from £330 million in quarter 1 2014, an increase of 3.1%. The increase in total lending reflects an increase in average loan amount from £61,232 for the first quarter of 2014 up to £66,735 for the first quarter of 2015.

Drawdown remains the most popular type of plan remaining consistent year on year accounting for 66% of all new plans (Drawdown and Enhanced Drawdown). Drawdown, which retains accessible further funds, provides potential further borrowing of £146.1 million in addition to the £340 million in initial advances; giving a total market for the quarter of £486.1 million, compared to the total of £405.9 million for the same period of 2014. The average age for those releasing equity rose from 68 to 71 for the period year on year.

BIGGEST MOVERS BY REGION

Number of Plans

△ London	+32%
△ North East	+28%
△ South East	+13%
▼ North West	-28%
▼ Northern Ireland	-24%
▼ Wales	-12%

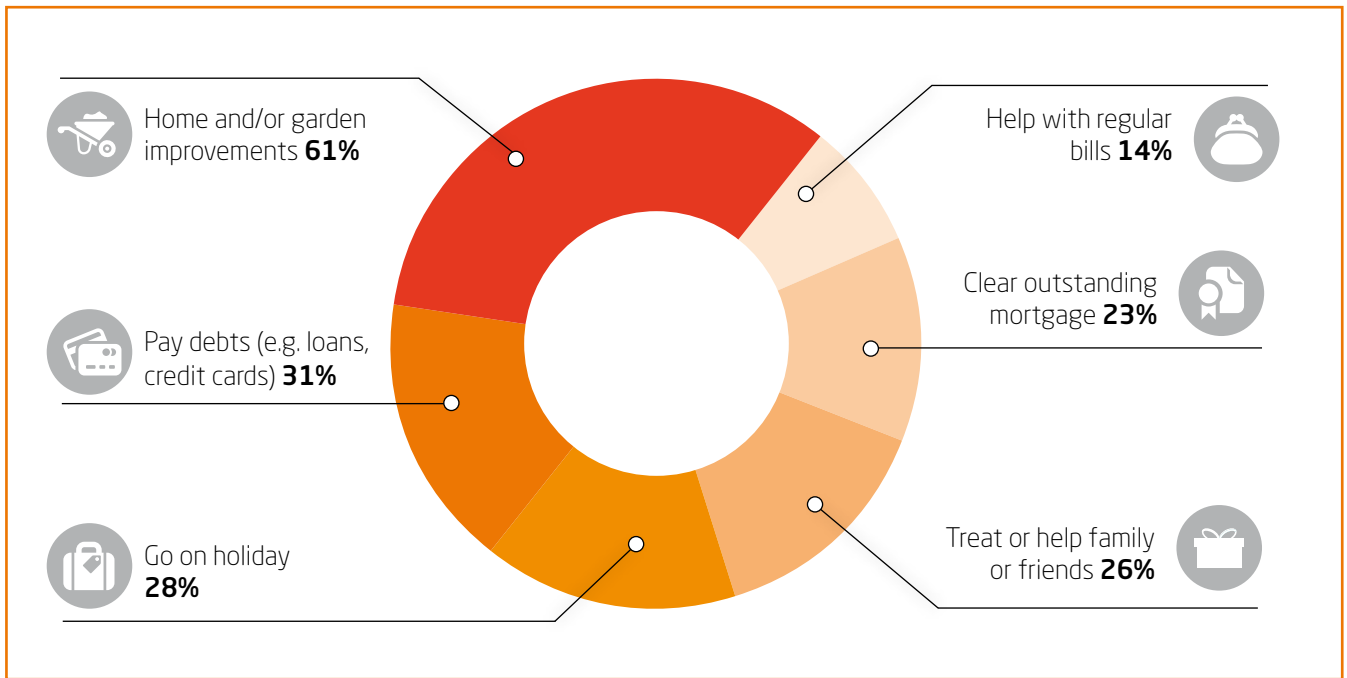
Lending

△ Northern Ireland	+40%
△ North East	+29%
△ London	+28%
▼ North West	-34%
▼ East Anglia	-16%
▼ Wales	-15%

REGIONAL HIGHLIGHTS

Across the country 5 out of 12 regions experienced growth in the total number of plans, with 6 out of the 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in London (+32%) and North East (+28%). The greatest increases for overall lending were experienced in Northern Ireland (+40%) and the North East (+29%).

Top region for overall lending was the South East (£97m) with London (£70.4m) taking second place. The largest drop, for both plan numbers and overall lending, was experienced in the North West, falling 28% and 34% respectively.



Highlights

- 61% released equity to carry out home and/or garden improvements
- 31% repay unsecured debts, up from 26%

QUARTER 1 2015 FOCUS – REPAYMENT OF UNSECURED DEBT

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 unsecured debt. This has been the most significant increase for any area; increasing from 26% for the first quarter of 2014 to 31% for the same period of 2015. Whilst repayment of unsecured debt is the most significant increase it is also worth noting that mortgage repayment has continued to increase year on year, from 21% for the first quarter of 2014 up to 23% for the same period 2015. This is believed, in part, to have been fuelled by interest-only mortgage problems which are on the rise.

In terms of unsecured debt, however, our research reveals some worrying trends. Credit card debt in particular has a very clear trend which we identified through analysis during 2014, showing that as the population ages two distinct patterns emerge both in terms of outstanding balance and levels of servicing of the debt.

The 65 and under age group has the highest levels of credit card debt (average balance £9,650) and typically is making average monthly repayments of £297. Whilst the 66-75 age group, on average, has a balance over £1,000 lower than its younger counterparts (£8,494) and makes payments averaging £584 a month, seemingly trying hard to clear the balance owing. The most worrying trend though is among the over 75s. Average credit card balances begin to increase and monthly repayments drop considerably to an average of £225. These findings show the considerable impact that debt repayment has for those who release equity from their homes.

REGIONAL SUMMARY

Area	Number of Plans	Percentage Change 2015 on 2014	Value	Percentage Change 2015 on 2014	Average Value Released	Average LTV %	Average Customer Age	Average Property Value	YOY Var
East Anglia	291	4.21%	£13,940,957	-15.90%	£54,433	25	72	£214,304	5%
East Midlands	341	-0.87%	£17,714,189	-12.92%	£58,994	31	71	£189,711	2%
London	616	31.63%	£70,411,821	27.84%	£129,991	26	73	£501,342	14%
North East	224	27.81%	£11,650,879	28.95%	£59,070	35	70	£170,030	13%
North West	442	-27.67%	£20,067,948	-34.05%	£51,643	28	71	£182,694	4%
Northern Ireland	37	-24.46%	£2,734,692	40.05%	£84,450	41	72	£208,182	56%
Scotland	355	-0.73%	£17,680,362	2.77%	£56,659	33	70	£173,377	-3%
South East	1,211	12.66%	£97,011,635	15.85%	£91,033	28	72	£322,524	8%
South West	646	-0.09%	£40,285,870	-11.48%	£70,906	27	73	£261,378	2%
Wales	177	-11.94%	£8,944,044	-14.88%	£57,325	29	69	£200,217	19%
West Midlands	348	-10.72%	£20,645,947	-2.85%	£67,435	33	71	£207,154	5%
Yorkshire & Humberside	421	8.96%	£19,903,229	8.10%	£57,296	32	71	£179,763	12%
Total	5,110	2.53%	£340,991,573	3.32%	£66,735	31	71	£267,929	26%

REGIONAL FOCUS LONDON

Total lending
£70.4m

Plans arranged
616

Average released
£129,991













Average property value
£501,342

REGIONAL FOCUS - LONDON

Whilst the South East consistently retains top spot for overall lending, London's appetite for equity release is considerable and the quarter 1 analysis continues the strong incremental trends that we experienced throughout 2014. Total lending has increased by 28% year on year for the quarter, whilst the number of households releasing equity increased by 32%. The increase in average property values year on year for the period will come as no surprise in the capital, reflecting property price growth overall. The average for quarter 1 of 2014 was £440,368 and for quarter 1 2015, £501,342; an increase of 14%.

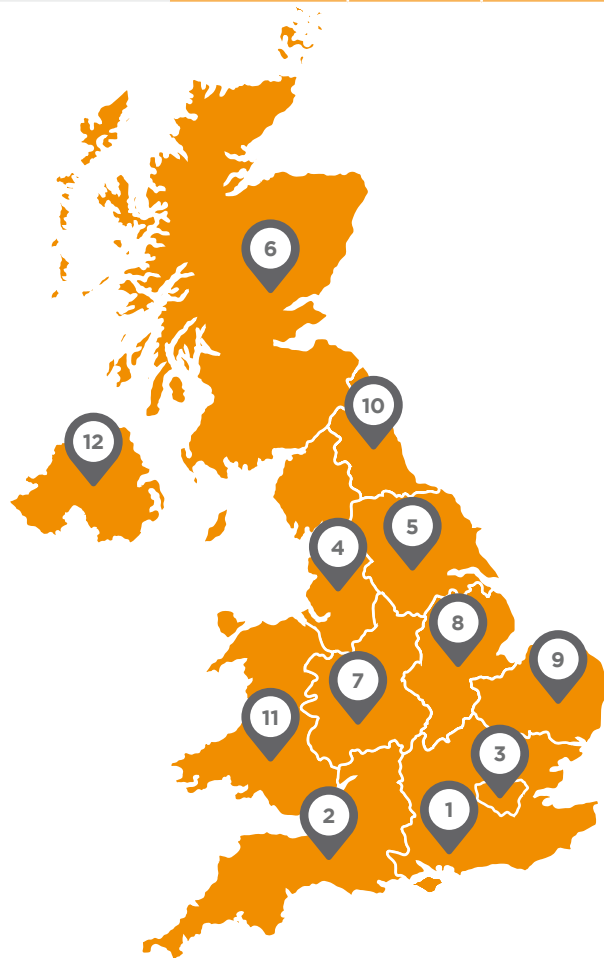
Whilst the average value released in London is the highest for the country at £129,991 this equates to 26% of the property value which is the 2nd lowest average loan to value for the whole of the UK.

NUMBER OF EQUITY RELEASE PLANS

Area	Q1 2015 NUMBER OF PLANS	Q1 2015	Q1 2014	% change
1. South East		1211	1075	12.66%
2. South West		646	646	-0.09%
3. London		616	468	31.63%
4. North West		442	611	-27.67%
5. Yorkshire & Humberside		421	387	8.96%
6. Scotland		355	357	-0.73%
7. West Midlands		348	390	-10.72%
8. East Midlands		341	344	-0.87%
9. East Anglia		291	279	4.21%
10. North East		224	175	27.81%
11. Wales		177	201	-11.94%
12. Northern Ireland		37	49	-24.46%
TOTAL		5110	4983	2.53%

Review

- Highest - South East (1,211)
- Lowest - Northern Ireland (37)

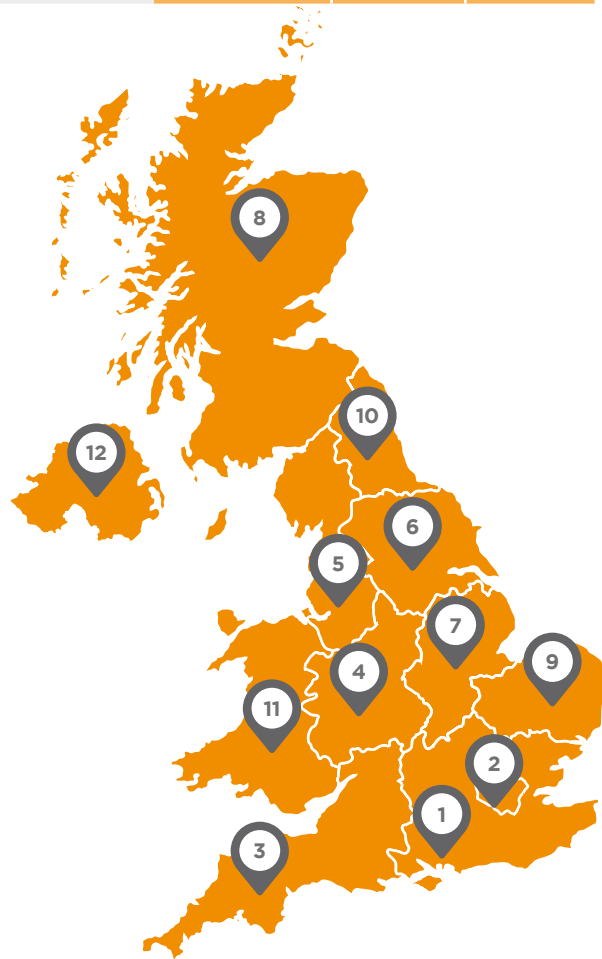


VALUE OF EQUITY RELEASE PLANS

Area	Q1 2015 VALUE OF PLANS	Q1 2015	Q1 2014	% change
1. South East		97.0m	83.7m	15.85%
2. London		70.4m	55.1m	27.84%
3. South West		40.3m	45.5m	-11.48%
4. West Midlands		20.6m	21.3m	-2.85%
5. North West		20.1m	30.4m	-34.05%
6. Yorkshire & Humberside		19.9m	18.4m	8.10%
7. East Midlands		17.7m	20.3m	-12.92%
8. Scotland		17.7m	17.2m	2.77%
9. East Anglia		13.9m	16.6m	-15.90%
10. North East		11.7m	9.0m	28.95%
11. Wales		8.9m	10.5m	-14.88%
12. Northern Ireland		2.7m	2.0m	40.05%
TOTAL		341.0m	330.0m	3.32%

Review

- Highest - South East (£97m)
- Lowest - Northern Ireland (£2.7m)



Analysis

- Average age 71, up from 68
- 60% of those releasing equity are couples
- 68% more single women release equity than single men

