

# **UK EQUITY RELEASE** Market Monitor

**QUARTER 3 2012**

MONDAY 12TH NOVEMBER 2012

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[www.keyrs.co.uk/press](http://www.keyrs.co.uk/press)



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## Introduction

Key Retirement Solutions' Market Monitor provides a quarterly 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 Retirement Solutions are the UK's number 1 equity release specialist adviser, arranging almost 1 in 4 of all Equity Release Council (ERC) formerly SHIP<sup>[1]</sup> equity release business in the UK, and over 1 in 3 of all intermediary ERC equity release business 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 each quarter on a particular region and also a specific usage driver for releasing equity.

- Half Year Focus - Clear Outstanding Mortgage
- Regional Focus - South East

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<sup>[1]</sup> Equity Release Council (ERC) is the equity release trade organisation representing the Equity Release Sector

## Quarter 3 2012 Results

- New plan numbers  
5,260 up 10.07%
- Total amount released  
£256.6m up 11.17%
- Drawdown accounts for  
70% of all plans
- Home improvement  
remains top reason for  
releasing equity

The latest report on the equity release market reveals a continuance of the trends for earlier quarters with sustained growth year on year both for plan numbers and for overall lending. Sales of plans during Quarter 3 of 2012 were 5,260 an increase of 10.07% over the same period of 2011. Lending also increased to £256.6 million for the period from £230.8 million for the same period of 2011, an increase of 11.17%.

Drawdown numbers remain consistent averaging 70% of all plans.

Based on initial lending levels and available facilities, there remains

£126.5 million of funds still to be drawn in addition to these initial advance figures giving a combined total of £383.1 million for the period.

### BIGGEST MOVERS BY REGION

#### Number of Plans

▲ Northern Ireland	+75%
▲ North	+35%
▲ London	+34%
▼ East Anglia	-3%
▼ North West	-5%
▼ Yorks & H'side	-9%

#### Lending

▲ Northern Ireland	+189%
▲ Scotland	+65%
▲ North	+45%
▼ West Midlands	-3%
▼ London	-6%
▼ Yorks & H'side	-9%
▼ South West	-9%

### REGIONAL HIGHLIGHTS

Across the country 9 out of 12 regions experienced growth in the total number of plans, with 8 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in Northern Ireland (+75%) and in the North (+35%). Top region for overall lending was the South East (£74.9m) with London (£37.3m) taking second place. There were only minor drops suffered in a number of regions, the more noticeable being Yorkshire & Humberside seeing falls in both plan numbers and lending of -9%.

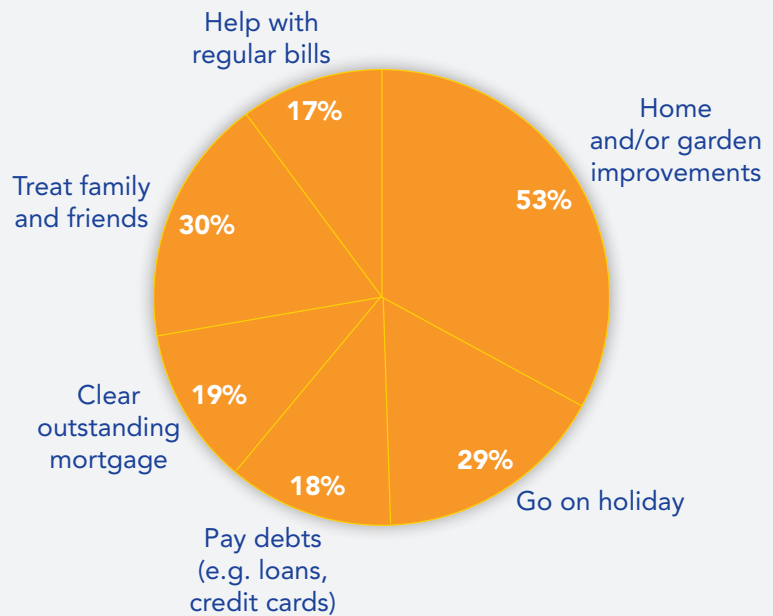
### USES OF EQUITY RELEASE

Home and/or garden improvement (53%) retains top spot followed by helping the family (30%). This is remaining consistently high at this level and has remained close to 1 in 3 throughout 2012. Debt repayment both secured and unsecured remain relatively consistent at 19% and 18% respectively.

## Highlights

- Treating family and friends remains consistent at nearly 1 in 3

## POPULAR USES OF EQUITY RELEASE



## CLEAR OUTSTANDING MORTGAGE

- **Endowment shortfall**
- **Trapped in interest only**
- **Mortgages into retirement**

## HALF YEAR FOCUS - CLEAR OUTSTANDING MORTGAGE

1 in 5 are utilising equity release to repay outstanding mortgages. This figure is expected to increase over the coming months and years due to pressures from a number of sources. The first is as a result of investment shortfall, typically endowment, where the maturity values are consistently falling short of their targets, leaving many with outstanding balances that they were not expecting to have to continue to pay into their retirement. The second pressure is coming from the dramatic changes in lending criteria for interest only. Whilst many may be happy to continue servicing interest only loans, lending criteria is meaning that they will no longer qualify for these loans.

The third pressure is for those who always expected to have a mortgage which ran through into their retirement years, their income in retirement has not been at the levels expected placing increased pressure on their retirement income.

## Highlights

## REGIONAL SUMMARY

AREA	Value	Percentage Change 2012 on 2011	Number of plans	Percentage Change 2012 on 2011	Average Value Released	Average LTV	Average Customer Age	Average Property Value
East Anglia	£9.7m	1%	251	-3%	£44,947	25%	67	£181,381
East Midlands	£17.6m	21%	472	19%	£43,242	24%	69	£176,532
London	£37.3m	-6%	499	34%	£86,582	23%	71	£370,895
North	£8.4m	45%	232	35%	£41,866	28%	68	£148,032
North West	£23.6m	2%	559	-5%	£48,983	29%	69	£167,725
Northern Ireland	£1.1m	189%	26	75%	£50,189	34%	67	£147,143
Scotland	£11.3m	65%	274	22%	£47,781	26%	66	£185,589
South East	£74.9m	38%	1,230	10%	£70,531	26%	70	£271,496
South West	£30.5m	-9%	641	17%	£55,008	25%	68	£224,003
Wales	£9.4m	11%	229	3%	£47,592	30%	68	£160,695
West Midlands	£17.5m	-3%	439	4%	£46,262	26%	70	£180,812
Yorks & H'side	£15.1m	-9%	409	-9%	£42,710	26%	69	£165,174

## REGIONAL FOCUS - SOUTH EAST

Total lending -  
**£74.9M**

Plans arranged -  
**1,230**

Average released -  
**£70,531**

Average property value -  
**£271,496**

## REGIONAL FOCUS - SOUTH EAST

The South East has consistently remained one of the strongest regions of the UK. For the third quarter of 2012 the region has had a positive month both in terms of plan numbers, up 10% and total lending up 38%.

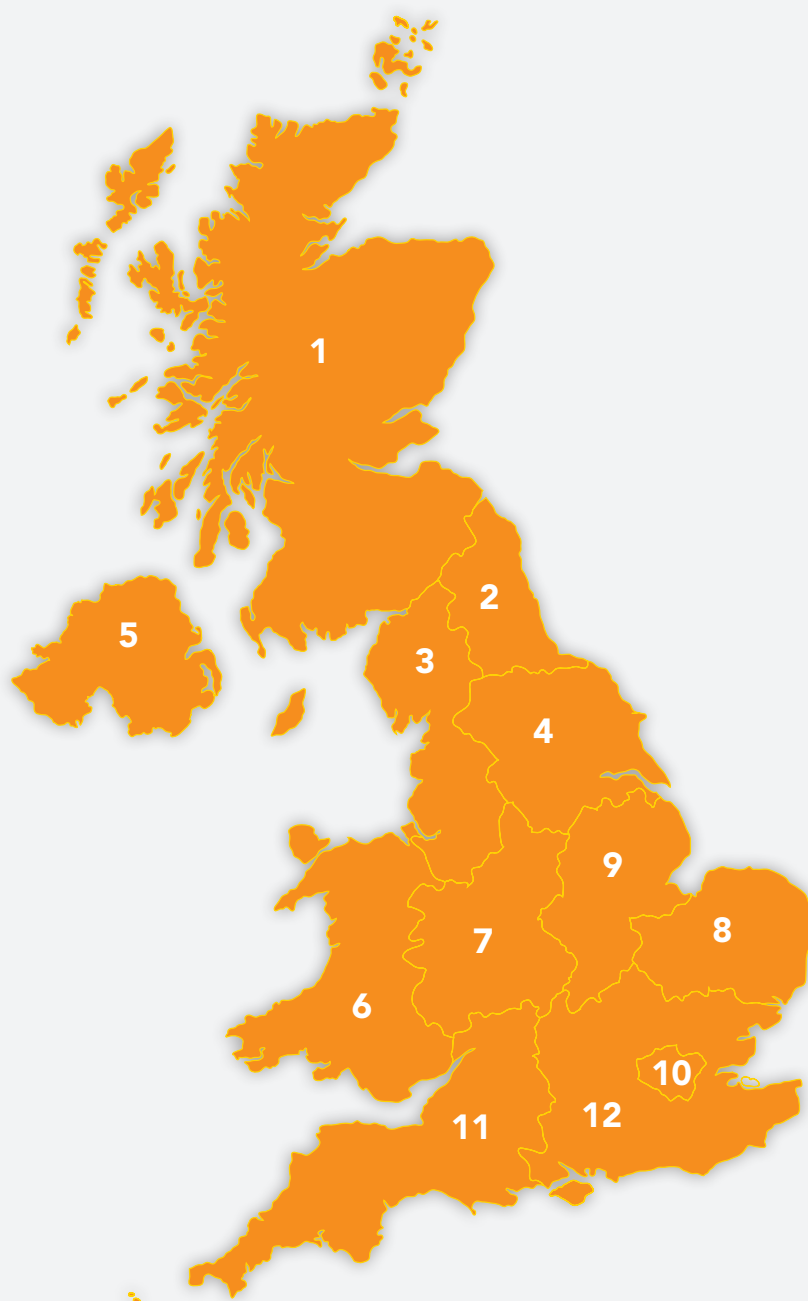
Average loan amounts are second only to London and reflect a combination of higher costs of living but against higher property values. In real terms the average LTV is consistent with the majority of other regions. Average property values for those releasing equity from their homes in the South East has increased during the period to £271,496 from £257,766 for the same period of 2011.

## Review

- Highest -  
South East (1,230)
- Lowest -  
Northern Ireland (26)

1 Scotland <b>274</b> 2011 - 225	2 North <b>232</b> 2011 - 173
3 North West <b>559</b> 2011 - 585	4 Yorks & H'side <b>409</b> 2011 - 450
5 Northern Ireland <b>26</b> 2011 - 15	6 Wales <b>229</b> 2011 - 221
7 West Midlands <b>439</b> 2011 - 420	8 East Anglia <b>251</b> 2011 - 259
9 East Midlands <b>472</b> 2011 - 398	10 London <b>499</b> 2011 - 371
11 South West <b>641</b> 2011 - 548	12 South East <b>1,230</b> 2011 - 1,114

## NUMBER OF EQUITY RELEASE PLANS

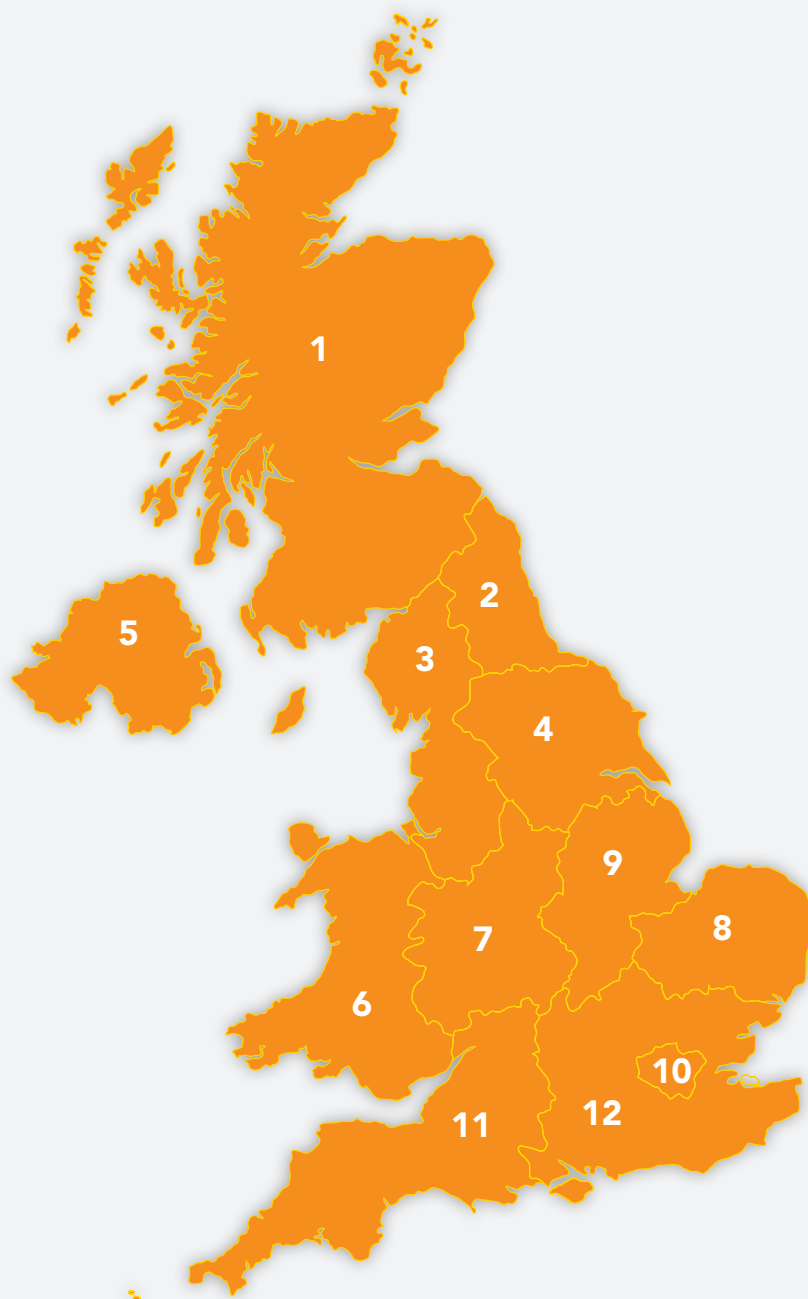


## Review

- Highest -  
South East (£74.9m)
- Lowest -  
Northern Ireland (£1.1m)

1 Scotland <b>£11.3m</b> 2011 - £6.8m	2 North <b>£8.4m</b> 2011 - £5.8m
3 North West <b>£23.6m</b> 2011 - £23.2m	4 Yorks & H'side <b>£15.1m</b> 2011 - £16.6m
5 Northern Ireland <b>£1.1m</b> 2011 - £0.4m	6 Wales <b>£9.4m</b> 2011 - £8.4m
7 West Midlands <b>£17.5m</b> 2011 - £18.1m	8 East Anglia <b>£9.7m</b> 2011 - £9.7m
9 East Midlands <b>£17.6m</b> 2011 - £14.5m	10 London <b>£37.3m</b> 2011 - £39.5m
11 South West <b>£30.5m</b> 2011 - £33.4m	12 South East <b>£74.9m</b> 2011 - £54.3m

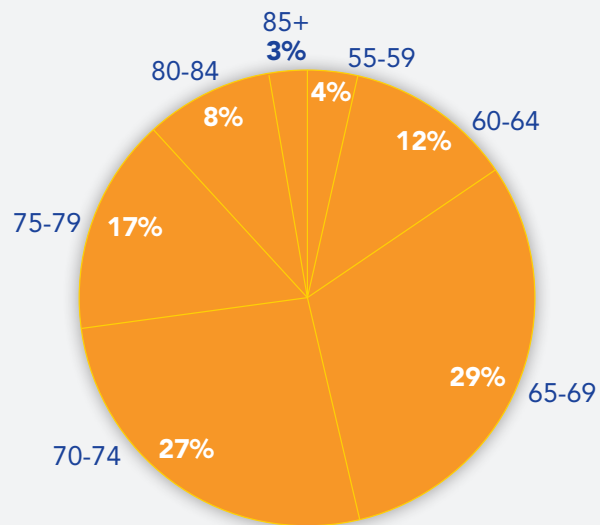
## VALUE OF EQUITY RELEASE PLANS



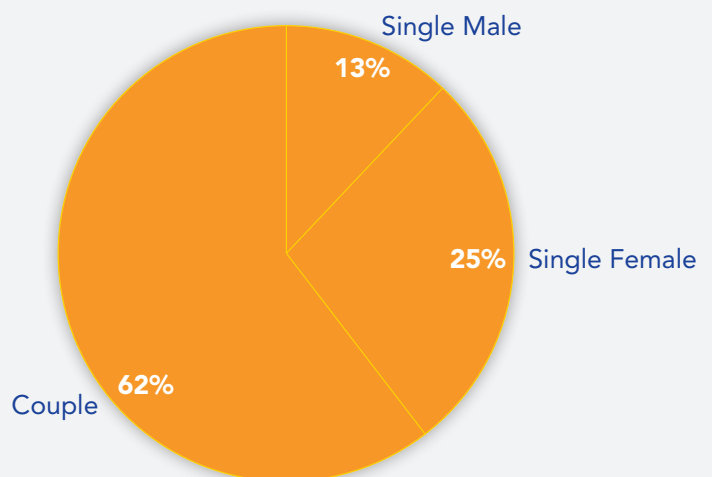
## Analysis

- Average age 69
- 62% of those releasing equity are couples
- Single women release equity at near double the numbers of single men

### CUSTOMERS BY AGE



### CUSTOMERS BY STATUS



### PRODUCT MIX

