

UK EQUITY RELEASE Market Monitor

Q3 2014

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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 are the leading over 55's specialist adviser and are the UK's number 1 equity release specialist, arranging 1 in 3 of all Equity Release Council (ERC)[1] regulated plans 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 3 focus – Repaying Debt
- Regional focus - South East

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

Quarter 3 2014 Results



- New plan numbers
5,858 up 6%



- Total amount released
£394.8m up 32%

- Drawdown accounts for 60% of all plans
- Single advance lending accounts for 40% share of market
- Non-mortgage debt repayment accounts for 33% of market

The Quarter 3 2014 report on the equity release market reveals strong continued year on year growth. This growth is reflected both for plan numbers and for overall levels of lending. Sales of plans during the third quarter of 2014 were 5,858, an increase of 6% over the same period of 2013. Lending also increased to £394.8 million for the period, from £299.8 million for the same period of 2013, an increase of 32%. This was driven by an increase in average borrowing to £67,500, from £57,286 for the same period of last year.

Drawdown remains the most popular type of plan accounting for 60% of all new plans. Based on initial lending levels and available facilities, there remains £124.4 million of funds still to be drawn in addition to these initial advance figures, giving a combined total of £519.2 million for the period. The average age for those releasing equity rose from 69 to 70 year on year.

BIGGEST MOVERS BY REGION

Number of Plans

△ Northern Ireland	+86%
△ Yorkshire & Humberside	+33%
△ East Anglia	+26%
▼ Wales	-18%
▼ North	-14%
▼ North West	-13%

Lending

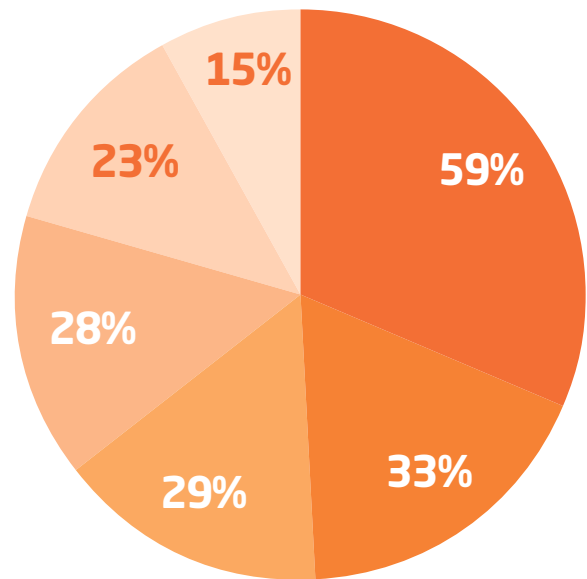
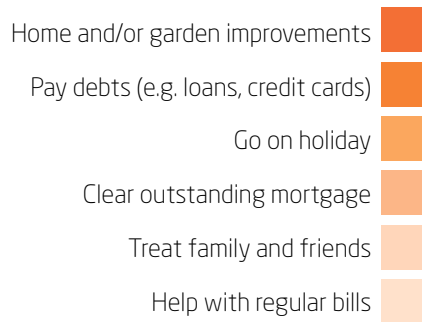
△ Northern Ireland	+161%
△ East Anglia	+66%
△ West Midlands	+62%
▼ North West	-6%
▼ Wales	-2%

REGIONAL HIGHLIGHTS

Across the country 8 out of 12 regions experienced growth in the total number of plans, with 10 out of the 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in Northern Ireland (+86%) and Yorkshire and Humberside (+33%). Top region for overall lending was the South East (£101.9m) with London (£76.2m) taking second place. Only two regions experienced a drop in overall lending, the North West (-6%) and Wales with a fall of 2%.

Highlights

- 28% of consumers use equity release to clear outstanding mortgages



REPAYING DEBT

- 33% released equity to repay non-mortgage debt

QUARTER 3 FOCUS – REPAYING DEBT

As a first priority, 28% of consumers utilise the funds released to clear an outstanding mortgage. The increase year on year from 23% to 28% comes as no surprise and was predicted to rise in an earlier market report. Many are choosing to use equity release to clear interest-only mortgages, rather than making the hard decision to free up cash through downsizing to smaller homes.

33% of consumers are also turning to equity release to repay non-mortgage related debt, primarily credit cards, loans and overdrafts. Many who do so have not built up debt through trivial expenditure but often through significant, capital hungry unforeseen expenses like a new boiler, car or major expense on the home.

The average mortgage debt is £48,562; credit card £8,946; loan £10,401 and overdraft £5,838.

REGIONAL SUMMARY

Area	Value	Percentage Change 2014 on 2013	Number of Plans	Percentage Change 2014 on 2013	Average Customer Age	Average Property Value	Percentage Change Q3 2014 on Q3 2013
East Anglia	£20,323,582	66%	330	26%	71	£212,234	-16%
East Midlands	£20,021,534	20%	445	6%	69	£186,266	3%
London	£76,237,450	35%	551	-4%	72	£530,891	14%
North	£10,098,382	12%	182	-14%	70	£183,115	6%
North West	£29,281,232	-6%	586	-13%	70	£194,940	4%
Northern Ireland	£5,742,697	161%	112	86%	68	£154,563	-18%
Scotland	£22,491,080	18%	431	3%	70	£196,354	5%
South East	£101,869,910	44%	1,294	5%	71	£328,256	14%
South West	£48,668,271	21%	786	19%	70	£252,913	-8%
Wales	£10,502,755	-2%	207	-18%	71	£187,627	10%
West Midlands	£27,990,324	62%	452	7%	71	£232,132	24%
Yorks & H'side	£21,592,351	55%	481	33%	69	£182,379	17%

REGIONAL FOCUS
SOUTH EAST

Total lending
£101.9m

Plans arranged
1,294

Average released
£78,821

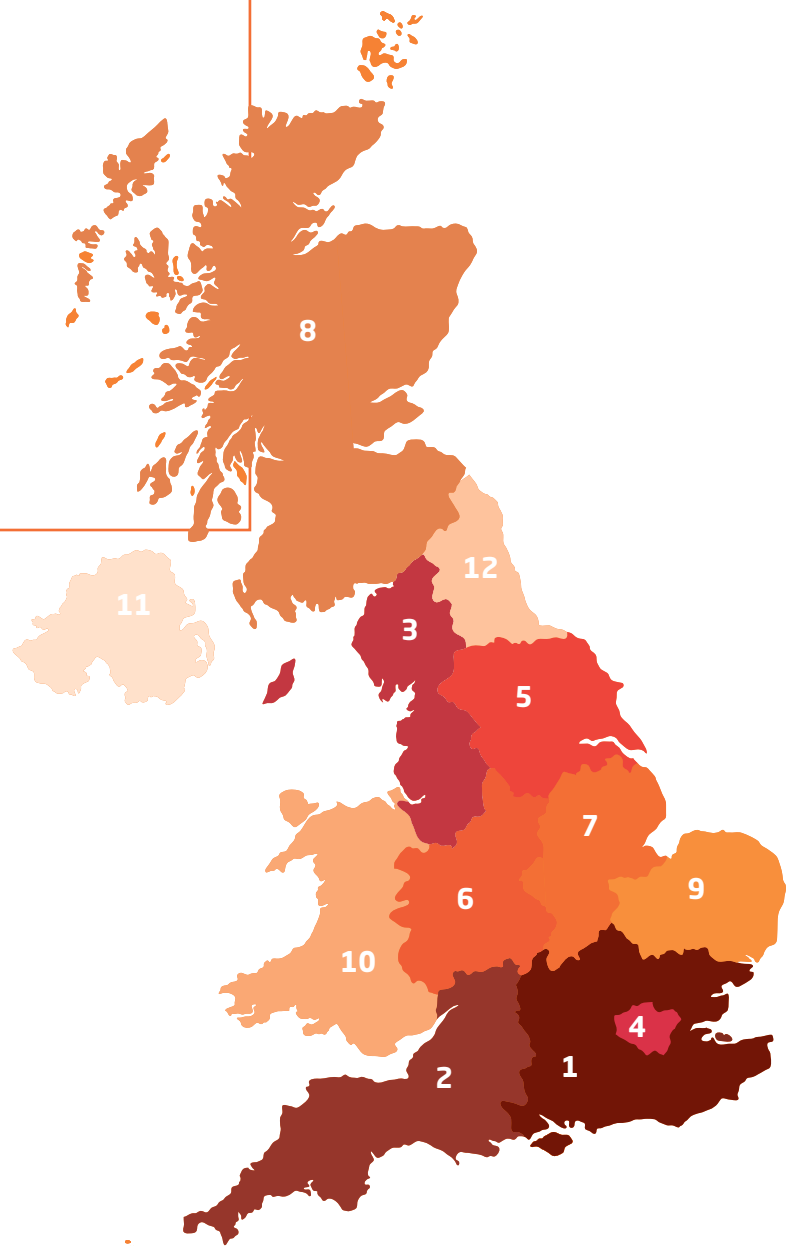
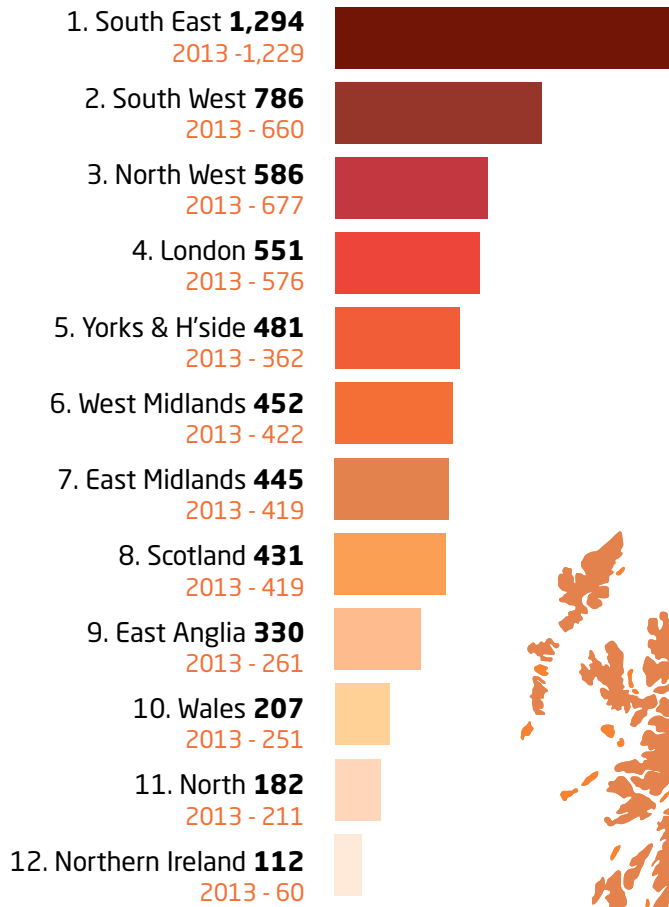
Average property value
£328,256

REGIONAL FOCUS - SOUTH EAST

Whilst many focus their attention on London and the wealth it holds in property values, the South East continues to dominate. Our latest Pensioner Property index, published in September, (<https://www.keyretirement.co.uk/news/pensioner-property-wealth-hits-827-billion/>) revealed that, after London, homeowners in the South East hold the greatest property equity amongst over 65's; valued at an estimated £149.6 billion. A £4.5 billion increase in three months. As such, it comes as little surprise to see that levels of equity release transactions in the region continue to be strong, with an increase of 44% in lending and 5% in new plans.

Whilst pensioners in the South East have a high volume of property wealth, they're also based in some of the most expensive places to live in the UK, leading them to release equity to fund regular bills and to maintain their homes.

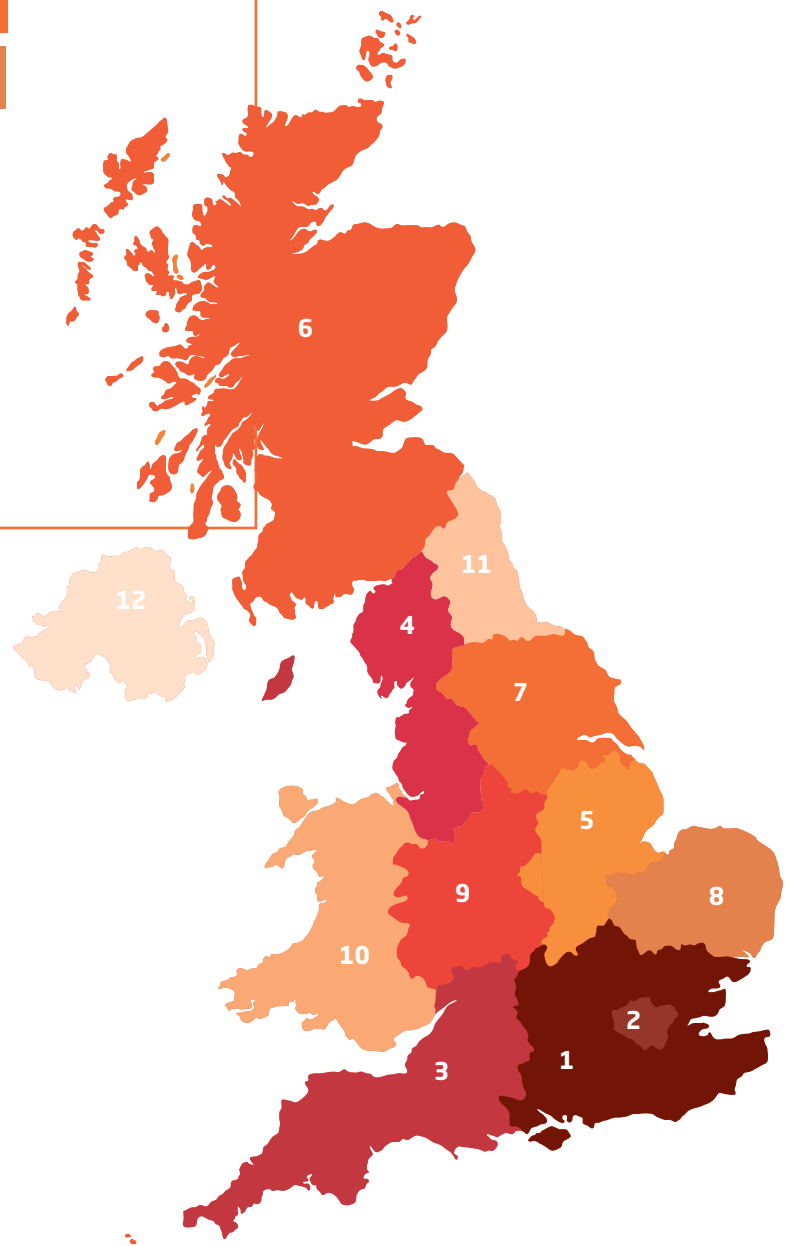
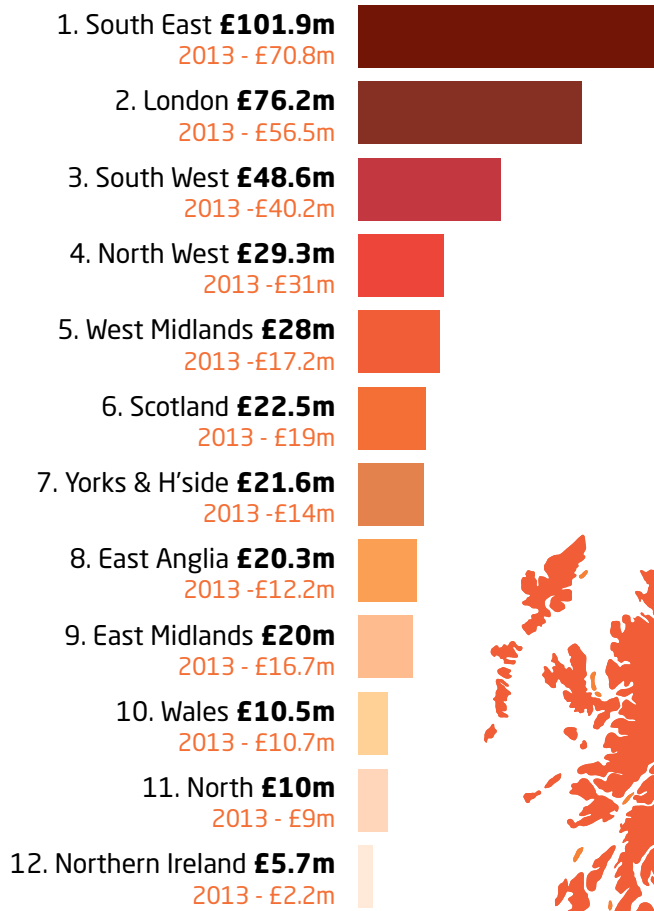
NUMBER OF EQUITY RELEASE PLANS



Review

- Highest - South East (1,294)
- Lowest - Northern Ireland (112)

VALUE OF EQUITY RELEASE PLANS



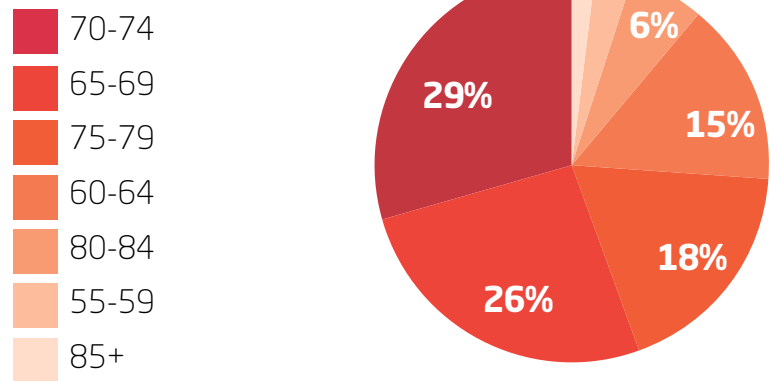
Review

- Highest - South East (£101.9m)
- Lowest - Northern Ireland (£5.7m)

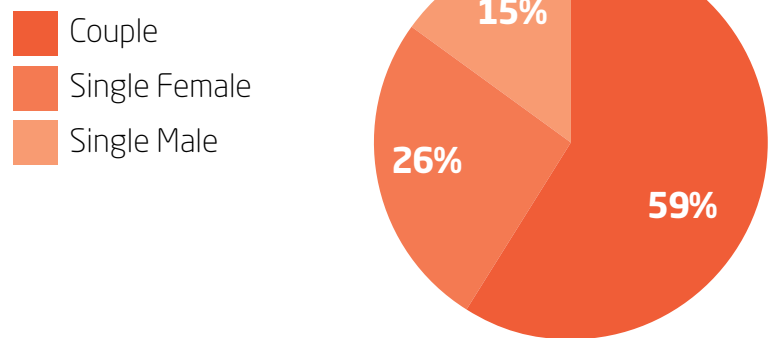
Analysis

- Average age 70
- 59% of those releasing equity are couples
- 73% more single women release equity than single men

CUSTOMERS BY AGE



CUSTOMERS BY STATUS



PRODUCT MIX

