



UK EQUITY RELEASE Market Monitor

FULL YEAR REVIEW 2015

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

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All images contained within this report can be provided
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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 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. The trends reflect both members and non-members of the Equity Release Council, and provide 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.

- Full Year 2015 Focus – Clear outstanding mortgage
- Regional Focus – South East

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

Full year 2015 results

11%

- New plan numbers 23,747 up 11%

24%

- Total amount released £1.71bn up 24%
- Drawdown accounts for 67% of all plans
- Single advance lending accounts for 33% share of market
- Clear outstanding mortgage accounts for nearly 1 in 4 at 24%

The Full Year 2015 report on the equity release market continues the exceptional growth in overall lending experienced over the previous few years. Lending increased to £1.71 billion for the year, from £1.38 billion for 2014, an increase of 24%. This was helped in part by an increase in average borrowing to £72,077, from £64,748 for 2014. Sales of plans during 2015 were 23,747, from 21,350 for 2014, an increase of 11%.

Drawdown remains the most popular type of plan accounting for 67% of all new plans (Drawdown and Enhanced Drawdown). Drawdown, which retains accessible further funds, provides potential further borrowing of £567 million in addition to the £1.71 billion initial advances; giving a total market for the year of £2.28 billion, compared to the total of £1.86 billion for 2014. The average age for those releasing equity remained consistent year on year at 72.

BIGGEST MOVERS BY REGION

Number of Plans

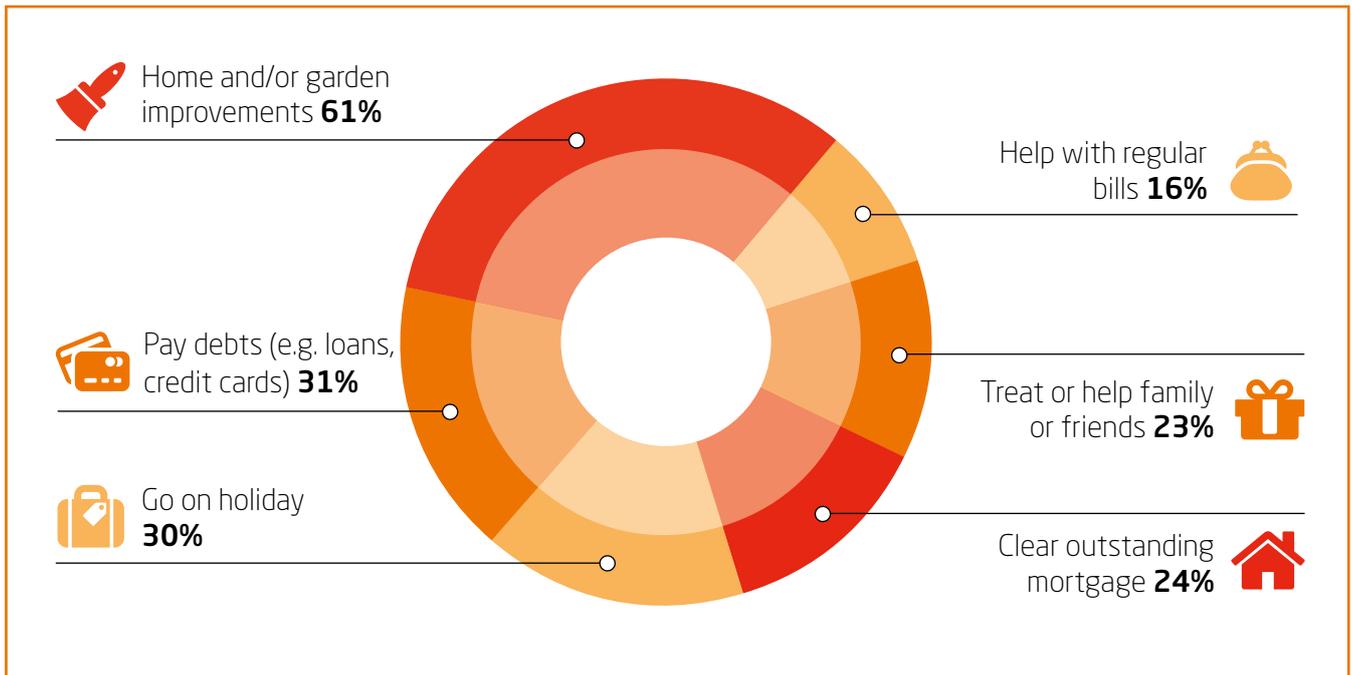
△ South East	+26%
△ Scotland	+21%
△ London	+16%
▼ Northern Ireland	-22%
▼ Yorkshire & Humberside	-3%
▼ West Midlands	-2%

Lending

△ South East	+42%
△ Scotland	+40%
△ North West	+25%
▼ Northern Ireland	-6%

REGIONAL HIGHLIGHTS

Across the country 9 out of 12 regions experienced growth in the total number of plans, with 11 out of the 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in the South East (+26%) and Scotland (+21%). Top region for overall lending was the South East (£496m) with London (£308m) taking second place. The only region experiencing a drop in overall lending was Northern Ireland (-6%).



Highlights

- 61% released equity to carry out home and/or garden improvements
- Nearly 1 in 4 are clearing an outstanding mortgage

FULL YEAR 2015 FOCUS - CLEAR OUTSTANDING MORTGAGE

In 2010 the percentage of those releasing equity from their homes to clear a mortgage was less than 1 in 5 (19%). Five years on this has increased to nearly 1 in 4 (24%) having consistently increased during the five year period. Historically this would be typically to clear relatively small outstanding home loans which in many cases remained as a result of endowment shortfall or relatively conservative borrowing for home improvements.

Over the past few years however increasingly the focus has very much turned to the challenge of meeting more considerable capital repayment on **interest-only** mortgages where in many cases this is not due to an investment shortfall but rather there being no provision at all for repayment of the original capital. Many such mortgage maturities are leaving homeowners with stark decisions to make including the loss of their home through the need to downsize to repay the original capital. For many though the solution increasingly is equity release.

Through 2016 and beyond we bear witness to the first major wave of interest-only maturities and as a result we expect to see the ratio of those utilising equity release as a solution to repaying their outstanding loans increase further still. Equity release for many such retirees is providing an invaluable solution enabling them to stay in their homes.

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	£86,344,969	24%	1,360	13%	£63,493	27	72	£232,732	9%
East Midlands	£95,084,320	17%	1,704	4%	£55,798	28	71	£201,267	6%
London	£308,323,135	17%	2,412	16%	£127,805	22	73	£578,671	11%
North East	£44,172,304	17%	792	4%	£55,780	32	71	£175,616	4%
North West	£130,316,638	25%	2,399	10%	£54,319	29	71	£187,779	4%
Northern Ireland	£14,082,239	-6%	257	-22%	£54,734	33	69	£167,499	5%
Scotland	£101,026,421	40%	1,854	21%	£54,478	32	71	£167,933	-7%
South East	£496,039,774	42%	5,938	26%	£83,543	25	73	£329,167	2%
South West	£198,757,026	10%	2,787	4%	£71,324	27	73	£267,773	-2%
Wales	£50,421,433	24%	885	12%	£56,944	29	71	£198,485	5%
West Midlands	£94,979,326	8%	1,634	-2%	£58,130	28	72	£204,212	-1%
Yorkshire & Humberside	£92,049,565	16%	1,724	-3%	£53,389	30	71	£180,811	7%
Total	£1,711,597,148	24%	23,747	11%	£72,077	26	72	£274,770	6%

REGIONAL FOCUS SOUTH EAST

Total lending
£496m

Plans arranged
5,938

Average released
£83,543

Average property value
£329,167

FULL YEAR 2015 REGIONAL FOCUS - SOUTH EAST

The South East consistently retains top spot for overall lending, yet has one of the more modest loan to value ratios at 25% reflective of the average property value being second only to London.

On average those releasing equity in the South East are raising an extra £9,285 compared to the previous year (£83,543 – 2015, £74,258 – 2014), on average this increased release equates to being near sufficient to cover the cost of living in most major areas of the South East for a year.

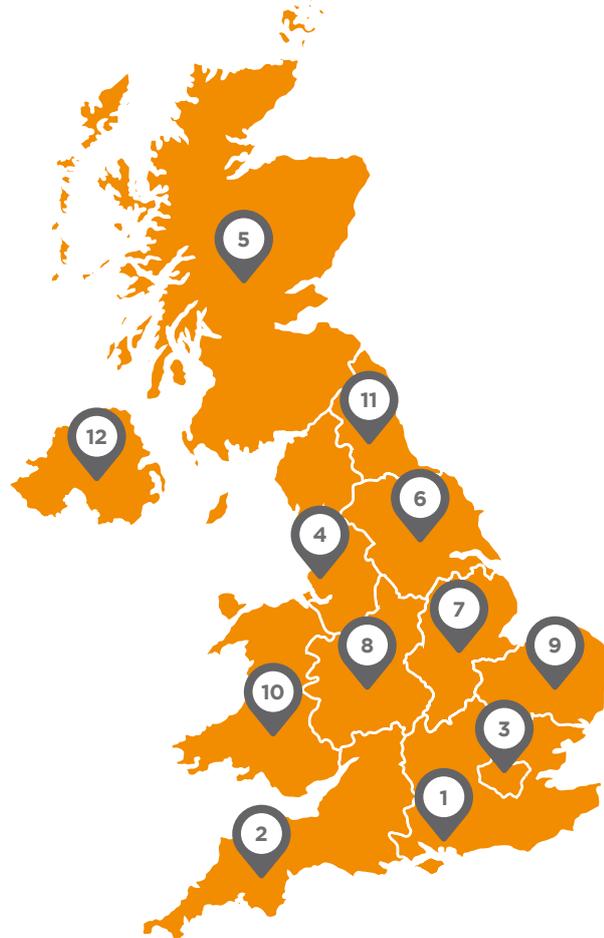
The average age of those releasing equity is one of the highest at 73 which has remained consistent year on year.

NUMBER OF EQUITY RELEASE PLANS

Area	FY 2015 NUMBER OF PLANS	FY 2015	FY 2014	% change
1. South East		5,938	4,700	26.3%
2. South West		2,787	2,668	4.4%
3. London		2,412	2,077	16.2%
4. North West		2,399	2,186	9.7%
5. Scotland		1,854	1,530	21.2%
6. Yorkshire & Humberside		1,724	1,778	-3.0%
7. East Midlands		1,704	1,643	3.7%
8. West Midlands		1,634	1,672	-2.3%
9. East Anglia		1,360	1,209	12.5%
10. Wales		885	794	11.5%
11. North East		792	762	3.9%
12. Northern Ireland		257	331	-22.3%
TOTAL		23,747	21,350	11.2%

Review

- Highest South East (5,938)
- Lowest Northern Ireland (257)



VALUE OF EQUITY RELEASE PLANS

Area	FY 2015 VALUE OF PLANS	FY 2015	FY 2014	% change
1. South East		496.0 m	349.0 m	42.1%
2. London		308.3 m	264.6 m	16.5%
3. South West		198.8 m	180.4 m	10.2%
4. North West		130.3 m	104.0 m	25.3%
5. Scotland		101.0 m	72.4 m	39.6%
6. East Midlands		95.1 m	81.4 m	16.8%
7. West Midlands		95.0 m	88.3 m	7.6%
8. Yorkshire & Humberside		92.0 m	79.4 m	16.0%
9. East Anglia		86.3 m	69.9 m	23.6%
10. Wales		50.4 m	40.6 m	24.2%
11. North East		44.2 m	37.6 m	17.5%
12. Northern Ireland		14.1 m	14.9 m	-5.5%
TOTAL		1711.6 m	1382.4 m	23.8%

Review

- Highest South East (£496m)
- Lowest Northern Ireland (£14.1m)



Analysis

- Average age 72
- 62% of those releasing equity are couples, from 60% for 2014
- 62% more single women release equity than single men, from 67% for 2014

