

Record Start To 2016 For Equity Release Sector In 25th Anniversary Year

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- £393.9m total value of lending – the highest Q1 on record and up 21% from last year
- First time since 2009 new equity release plans top 5,000 in Q1
- Continued momentum for drawdown, accounting for more than two thirds of new plans

The total value of equity release lending grew by 21% in the first quarter of 2016 on a year-on-year basis and recorded the highest Q1 lending levels on record, according to the latest results from the Equity Release Council (The Council). In what marks the 25th anniversary of the first industry standards being developed for equity release, a total of £393.9m was lent over the first three months of the year.

Over the course of the first quarter, 5,175 new equity release plans were taken out - an increase of 6% from 4,880 in Q1 2015. This was also the first time the number of new plans topped the 5,000 mark in a Q1 since 2009.

This is the highest amount ever recorded as homeowners make use of their housing wealth to supplement their monthly income, make home improvements, support younger family members with buying a property or pay for the trip of a lifetime.

Drawdown popularity continues to increase market share

The market share of drawdown lifetime mortgages products has increased slightly year-on-year and it remains the most popular product. The value of drawdown products accounted for 60% of all loans, while the volume of loans was 67%, up 1% and 2% respectively from Q1 2015. There were 3,450 drawdown loans agreed in Q1 2016, up 9% on the same period in 2015. Their value was £234.5m, up by more than a fifth (22%) in the same period.

The value of lump sum mortgages accounted for 40% of total lending in the first quarter and a third (33%) of the total volume of loans. The value of lump sum mortgages was £158.8m, up 19% from Q1 2015.

The value of home reversion plans sold remains less than 1% of the market.

Nigel Waterson, Chairman of the Equity Release Council commented:

“These latest figures represent a strong start to the year for the equity release market, and place housing wealth centre stage in financial planning for later-life. In a year that marks the milestone of 25 years of safe equity release, the market is continuing to build on the momentum of recent years.

“The recent decision from the FCA to reduce affordability assessments for Lifetime Mortgages is a positive development that will help more people benefit from all that equity release has to offer. For a generation that are often asset rich – cash poor, their home is likely to be their greatest asset and should form part of everyone's planning for retirement.

“As we look forward to the next 25 years, it is important now to maintain expert adviser support for customers as the sector grows, as well as continuing to innovate to satisfy customer demand, all the while preserving standards and consumer protections

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