

Equity Release Market Insight

Q3 2025



Introduction

Paul Carter, Pure Retirement CEO

Welcome to the latest edition of our quarterly Equity Release Market Insight report, focusing on the key trends and headlines from Q2. Read on for insight from Fairer Finance, some of the trends and patterns that we've uncovered from our own data, and the key headlines from across the sector covering demographics, consumer habits, and the key updates from the market.



What key demographic shifts have taken place in Q3?

We've noted a significant increase in the proportion of new lifetime mortgages being taken out on a joint lives basis, which surged to account for 62% of new business in Q3 2025, representing an annual increase of 10%.

Plan preference has also shifted, with the proportion of new lifetime mortgages taken out on a lump sum basis increasing from 49% in Q3 2024, to 55% in Q2 2025, and finally to 64% for the most recent quarter – an increase of 15% annually and 9% quarterly.

Among single life applicants, while men continue to represent a minority at 42% of new single life business, they've nonetheless seen a 12% annual increase compared to the 30% proportion seen last year, and a 6% increase compared to the 36% seen in Q2 2025.

These figures go deeper than simply lifetime mortgage trend, and point towards wider societal shifts and people from across the demographic spectrum facing challenges in meeting their retirement goals. This is further underlined by some of the key headlines throughout the report.

Are men and women using lifetime mortgages differently?

The changes in gender patterns among single applicants were particularly noteworthy, and led us to explore this data set more closely. We found that men were more likely to use released funds to repay debts and mortgages than women, with 38% of new business in Q3 from men listing this as the primary reason for taking out a lifetime mortgage, compared to 30% of women. Home improvements were also a more popular reason among men, accounting for 21% of new business, compared to 18% of women.

Conversely, women were more than twice as likely to release funds for gifting to family and friends, with this use of funds being listed as the primary reason among 13% of women, and 6% of men. We also found that men were more likely to release funds to purchase a car (10% in Q3 – a reason which didn't factor in the top five among women), while women were more likely to take out a lifetime mortgage for a holiday (5%, while it didn't factor in the top five reason for men). We also noted that around 10% of both men and women released funds for the purpose of starting a contingency/emergency fund.

While the proportion of business among low-mid value homes remained very similar among men and women, the gulf increased as house values went up. At the more affluent end of the scale, 13% of new business from single men in Q3 came from owners of homes worth at least £700,000 – compared to 3% among single women. Additionally, men are also far more likely to take out a lifetime mortgage on a lump sum basis, accounting for 72% of single male activity, compared to 58% of new plans taken out by single women.

Q3 2025, In Focus: The Key Stories & Headlines



62%

of new plans were taken out on a joint lives basis in Q3

64%

of new plans were taken out on a lump sum basis in Q3 - up from 55% in Q2



42%

of single life applicants in Q3 were male, up from 36% in Q2



Men are more likely than women to release funds for debt and mortgage repayment



Women are twice as likely to release funds to gift to friends and family



10%

of single life applicants released funds to start an emergency/contingency fund

Presenting a United Front to Deliver Market Growth

James Daley, Managing Director at Fairer Finance

Earlier this year, Fairer Finance published new research revealing that more than half of retirees may need to use their housing wealth to fund their retirement by 2040. It was a stark reminder that the economics of later life continue to change rapidly - and that if we're to enable future generations to live a comfortable retirement, we need to start making regulatory and legislative changes today.

But while there's a growing consensus about the scale of the problem, it's continuing to prove a real challenge to bring politicians together to help build the solutions. This is not just a pensions, equity release or financial advice challenge. We need collaboration across Government to build lasting solutions which support consumers to make the most of all their assets in later life.

That's why Fairer Finance is calling for a new cross-departmental government taskforce to be created to drive this agenda forward. It needs to include the Treasury and their financial regulators, as well as the Department for Work and Pensions, the Department for Housing, Communities and Local Government, the Department for Business & Trade and the Department for Health.

In a world where Government resources are increasingly stretched, we need to take a fresh look at where we deploy public money in later life and how we can make better use of private assets.

For the equity release market, this is a frustrating moment. While the long-term potential for the sector continues to look promising, higher interest rates have made products less attractive and sales have been well below their peak of a few years ago.

But it's vital that the industry does not channel this frustration into more aggressive sales tactics or a lobbying effort which focuses solely on their interests.

I firmly believe that the industry's best chance of unlocking its potential is to get behind the call for Government to tackle the issues of later life in the round, as well as breaking down the advice silos in order to allow property wealth to be talked about in retirement conversations.

Additionally, there is a fundamental need for:

1. The Government to plan and build more suitable retirement housing.
2. The Department of Business & Trade to put the right regulation around retirement housing so that buyers can have confidence that their asset will retain its value, and can also borrow against it if they need to.
3. The Department of Work and Pensions to think about the interplay between state and private pensions, the benefits system and housing wealth.
4. The Department of Health to think about the interplay between people's health, accommodation and finances in later life.
5. HMRC and Treasury to think about ensuring we have the right tax system to incentivise consumers to make the right decisions. And on top of all of that
6. All of Government to be ready to lead a debate and change the narrative about how and when we make decisions in later life.



If the industry can get behind these calls for some joined up thinking at the highest level, we should be able to make much quicker and more sustainable progress at setting the equity release industry back on its course to playing a key part in later life financial planning.

Customer Demographics

Only

43%

of households
are on track
for a moderate
retirement

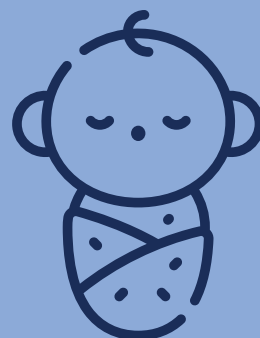


Source: Hargreaves Lansdowne

Just over

half

of baby boomers
are on track to
meet retirement
goals



Source: Vanguard

41%

of people with a
long-term health
condition aren't
confident about
being comfortable
in retirement



Source: Barnett Waddingham

40%

of Brits will
struggle to
meet basic
needs in
retirement



Source: Scottish Widows



Customer Demographics

Only 43% of households are on track for an adequate retirement income – and the highest earners could face the biggest shock of all, according to [analysis from Hargreaves Lansdown](#). The research found that top-quintile earners could face a pension shortfall of £64,750 if they maintain their current lifestyle in retirement, compared to just £1,250 among low-income households in the bottom quintile of earners. This in turn suggests that low earners are better prepared for the transition into retirement, despite having smaller pension pots, and paints a stark picture for high earners as it shows only 40% are on track for a moderate income in retirement, compared to 52% based on the Pensions UK benchmark.



However, while it shows that retirement concerns exist throughout the demographic spectrum this is far from the only cohort coming up short - employees and self-employed people with disabilities and long-term health conditions are "largely" less confident about having a comfortable retirement, a [study from Barnett Waddingham has revealed](#). 41% of people with a long-term health condition said they weren't confident, as did 43% with a physical disability. This compares to 33% of people with no long-term health conditions or disabilities.

Furthermore, carers are retiring with 80% of the UK average private pension income – £6,750 versus £8,500 – placing them among the most underpensioned and financially disadvantaged groups in the UK. The average pension income for a carer has fallen to 49% of the national average, [according to the 2025 'Underpensioned Report', published by now:pensions in partnership with the Pensions Policy Institute \(PPI\)](#). This is down from 55% in 2020 highlighting a widening savings gap. Carers are also less likely to be in paid work, with an employment rate of 61% compared to 76% of the general population. They are also more likely to work part-time – particularly female carers, 38% of whom are in part-time roles, compared to just 29% of working women overall, the report found.

A pension pot of

£1.5m

is needed to achieve a comfortable retirement

Source: Saltus

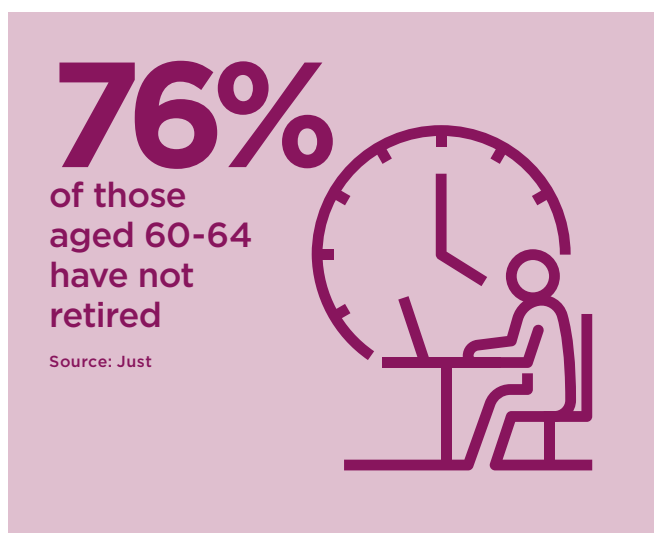
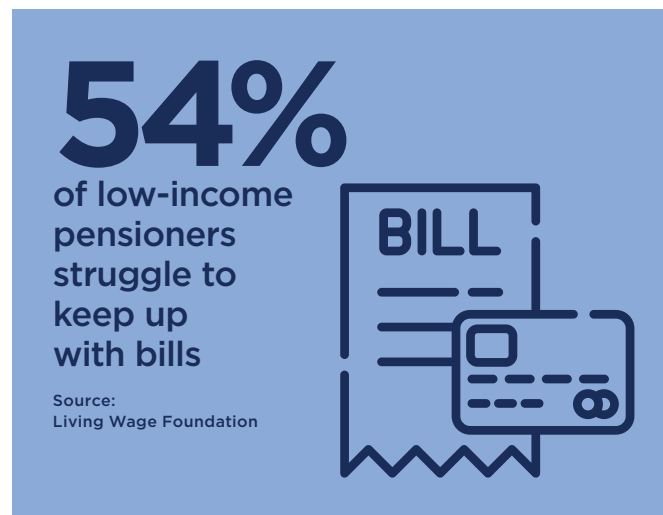


This is backed up [by additional research by Saltus](#), which found that Individuals with assets of more than £250,000 think they will need a pension pot of £663,308 to achieve a 'comfortable retirement', despite the firm finding that, in most cases, a pot of at least £1.5m is needed. The research showed that 18% of respondents believed they would need an individual pension pot of between £401,000 and £600,000 for a comfortable retirement, while 13% believed they would only need between £201,000 and £400,000. However, Saltus found that, once inflation is considered, in most cases a pot of at least £1.5m is needed, increasing to £2.5m for younger respondents.

Looking at the wider picture, Just over half (51%) of UK baby boomers are on track to meet their retirement goals, with the rest expected to fall short of the income needed to maintain their current lifestyle or achieve a moderate standard of living in retirement, [research from Vanguard has found](#). The analysis assessed baby boomers' readiness using the Pensions UK Retirement Living Standards (RLS) and while some low-income individuals were technically classed as "on track" due to reliance on the state pension, the income it provided still fell short of the minimum RLS benchmark. Middle-income savers faced the greatest challenges across both measures, with just four in 10 meeting key readiness thresholds.

Additionally, nearly 40% of Brits are set to struggle to meet basic needs when they retire, [according to the latest National Retirement Forecast \(NRF\) from Scottish Widows](#). The Pensions UK 'Minimum' retirement level classification "covers all your needs, with some left over for fun, and is based on estimating that a single person needs £13,400 per annum for this lifestyle. The latest NRF report shows 39% of Brits – effectively two in every five – will be unable to generate even this level of income through their pension and other income sources when they retire, meaning these 15.3 million people risk not being able to cover basic needs during their golden years.

Among low-income pensioners, more than half (54%) find it a struggle to keep up with bills and credit commitments, [according to research for the Living Wage Foundation](#). Three in 10 (30%) said they are in some level of debt and just over a third (35%) said they rely on money from other sources such as benefits or money from friends, family, a partner to get by. A fifth (20%) said they could not afford an unexpected but necessary expense of £200, making them potentially vulnerable if, for example, their washing machine or boiler broke down and needed replacing or repairing. Additionally, 21% said they use their savings to cover everyday expenses.



The situation is unlikely to improve among the next wave of retirees, with around a million working people aged 60 to 69 estimated to not be ready for retirement and [research from Just Group](#) finding that just 41% of working 'boomers' agreed they feel prepared for retirement. Part of the company's GenVoices programme, the research also found among the 60 to 64 age group, 76% had not retired. Of this group, 39% said they felt prepared for retirement with 38% saying they did not feel prepared. Meanwhile for the 65 to 69 cohort, which straddles state pension age, 31% were yet to retire. Of this group, 45% said they felt prepared for retirement compared with 31% who felt unprepared.

Customer Habits

21%

of people
don't know
where their
pension
is held

Source:
Hargreaves
Lansdowne



One in
seven

people
have never
checked
their
pension

Source: Standard Life



20%

of baby
boomers
see leaving
an inheritance
as a key
retirement
goal

Source: Just



A third

of people
have a clear
idea of how
much money
they need
in retirement

Source: Hargreaves Lansdowne



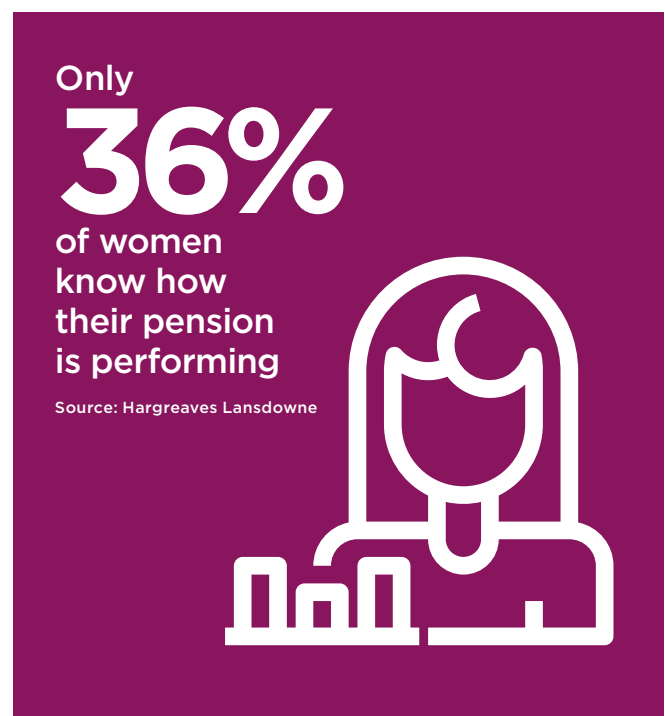
Customer Habits

Just over a fifth (21%) of people do not know where their pension is held, with savers potentially "missing out" on thousands of pounds as a result, according to the results of [a survey by Hargreaves Lansdown](#). The research found that 14% were unsure where their pensions are held, while 65% of people said they did know where their pensions are held. Awareness varied between age groups, as 72% of people aged over 55 reported knowing where their pensions were, compared to 64% of people aged between 18 and 34.

The research also found that [only 36% of women knew how their pension is performing, compared to 58% of men](#). Additionally, there was also a difference across the age groups, with those in the youngest age bracket (18 to 34) as likely to know how their pension was performing as those in the over 55 group. However, only 43% of those between these ages were checking on their pension investments. Among those who did not know how their pension was performing, 20% blamed "not knowing what to look for", 18% said they "didn't know they needed to check" and a further 15% said they "didn't know how to check".

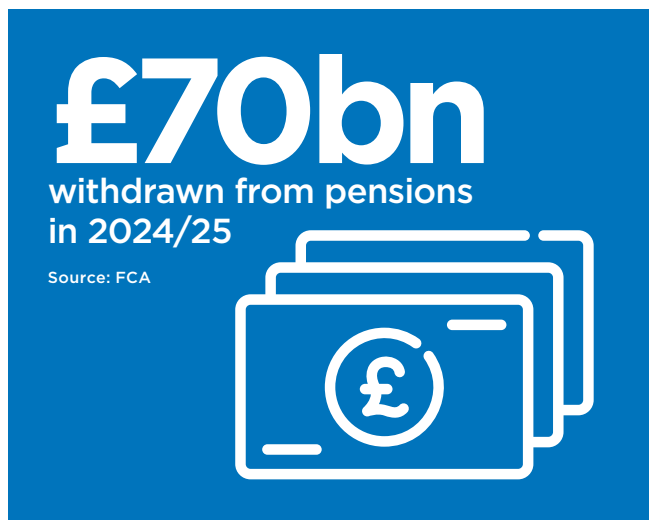
Hargreaves Lansdown's findings also tally with [similar research conducted by Standard Life](#), which revealed that one in seven (14%) people have never checked even their pension, despite reviewing their other financial products more frequently. Those closest to retirement are more likely to have not engaged with their pension, with 17% of over 55s admitting they've never checked theirs, compared to 12% of 18-34-year-olds, and just 8% of 35-54-year-olds. Women are slightly less engaged with their pension than men, as 14% have never checked their pension versus 11% of men. Additionally, just over half (56%) of people surveyed check their pension at least once a year, while less than one in 10 (9%) look at their workplace pension each week.

This is undoubtedly a contributing factor in [just over a third \(34%\) of people have a clear idea of how much income they will need in retirement](#). People aged over 55 fared slightly better, with 37% feeling confident, compared to 29% of those aged 35-54. However, additional rate taxpayers were more confident, with 65% saying they knew how much income they would need in retirement, compared to 58% of higher rate taxpayers and 34% of those paying basic rate tax.



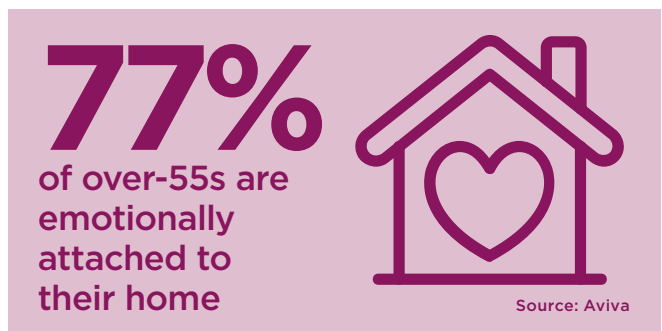
Additionally, just 27% of people are not reliant on a partner's pension, with women significantly more likely to rely on their partner's pension than men, [research has revealed](#). The survey also found that 19% reported having a pension of a similar size to their partner's, while 14% said their partner had the larger pension and would bear most retirement costs. A further 11% said they had a bigger pension than their partner but were still partially reliant on them, and 5% admitted to having no pension provision at all. The findings also highlighted a significant gender disparity among pension savers, as 31% of men said they were not reliant on a partner's pension, compared with just 22% of women.

Furthermore, older Brits are delaying retirement due to the rising state pension age (SPA), [according to research from the University of Bath](#), yet many younger workers, particularly women, risk being underprepared by holding onto unrealistic early retirement hopes. The findings showed that a one-year increase in SPA reduces the likelihood of retirement by 8.2 percentage points for men and 6.4 percentage points for women. The research also showed that while baby boomers are responding to policy by delaying retirement, Generation X is not adjusting retirement expectations in line with the rising SPA. This trend is particularly evident among women with occupational pensions, who tend to lower their expected retirement age despite higher SPA eligibility.



All of this comes at a time amid increasing levels of pension withdrawals. Pension savers withdrew more than £70 billion from their retirement pots in 2024/25, marking a jump of just over a third (35.9%) compared with the previous year, [according to figures from the Financial Conduct Authority \(FCA\)](#), suggesting that speculation around potential tax changes could have influenced some people when withdrawing money. Some 30.6% of pension plans accessed for the first time in 2024/25 were accessed by plan holders who took regulated advice, down from 30.9% in 2023/24, according to the FCA's figures.

The proportion of pensions being drawn down at 8% or over – nearly twice the rate considered safe and sustainable – has hit its highest recorded level for pots of all sizes [according to analysis of the latest FCA data by financial services consultancy Broadstone](#). The figures available from the last eight years in the FCA's Retirement Income Market Data showed that nearly half (45%) of all pension pots were withdrawn at 8% or over in 2024/25. It marks the highest proportion recorded and up two percentage points from 2023/24.



Only 20% of baby boomers see leaving an inheritance as a key retirement goal, [according to research by Just Group](#). The research found for those aged between 60 and 78, spending more time with family and friends was their top retirement goal. This was followed by travelling abroad (37%) and travelling in the UK (36%). Leaving an inheritance was the fifth most popular goal, while 18% said they would choose helping their children and grandchildren as a 'living inheritance'.

When it comes to equity release, most over-55s have never considered equity release, despite not wanting to sell their homes to fund retirement. [Research from Aviva](#) found 77% of over-55s were emotionally attached to their houses, with 17% saying they would never sell up regardless of the offer. It also found 47% would not move even if they won millions in the lottery. Although many over-55s are reluctant to move, 82% who plan on retiring have never considered equity release as a way to access the value tied up in their home.

Market Trends

Total lending in the equity release market increased by 4% year-on-year to £639m as customers released larger sums of money, [according to the Equity Release Council's \(ERC's\) quarterly figures](#), the growth in lending was driven by larger initial releases, with an average release for new lump sum deals coming to £116,507 in the quarter – a rise of 4% annually. New initial drawdown average releases stood at £83,906, up 20% year-on-year, while the average release for a new drawdown reserve jumped 43% over the same period to £71,044. Looking at returning drawdown and lump sum further advance average releases, they rose 36% and 44% respectively to £14,549 and £41,069. On drawdowns, the average releases for drawdown initial further advances stood at £30,331, up 18%, with drawdown further advance reserves falling 37% year-on-year to £6,273. The number of total plans for the period came to 13,158, a drop of 8% year-on-year.

Equity
release
lending up
4% annually
in Q3,
totaling

£639m

Source: Equity Release Council

Equity release professionals are being encouraged to raise the bar [by integrating vulnerability considerations into advice](#), products and customer service, as a report is launched to support the sector. The Equity Release Council, in collaboration with Inclusive Outcomes, has published a review of approaches to vulnerability in later life lending on the members' zone of the [council's website](#). The council says the report recognises the strong foundations already in place while identifying opportunities for improvement.

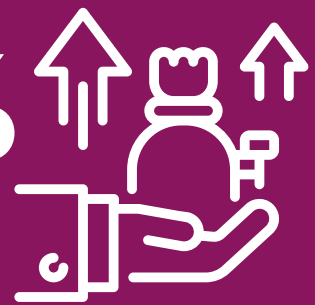
These include strengthening the consistency of monitoring and evidencing customer outcomes, as well as adapting customer journeys to meet diverse customer needs.

Average lump
sum query
amount up

29%

annually
in H1

Source: Advise Wise



It comes at a time when nearly half of equity release customers could be considered vulnerable [according to research conducted by the Equity Release Group \(ERG\)](#), who are calling on the market to better identify and support vulnerable customers at an earlier stage. ERG say vulnerable customers are treated as the exception, rather than being a 'core component' of customer experience after their own experiences of dealing with equity release customers found 46% could be considered vulnerable. The research chimes with concerns raised by the FCA who earlier this year reported on 40% of vulnerable customers, who may be facing emotional, financial, health-related or other concerning challenges, disclose their personal circumstances to their financial adviser, and even fewer are encouraged to share them.

The inclusion of unused pension assets in IHT calculations will have a significant impact on the later life lending market [as older homeowners could be advised to release housing wealth as a core tax planning tool to reduce estate size or fund retirement more efficiently](#). Starting 6 April 2027, most unused pension funds and death benefits will be included in the value of an individual's estate for IHT purposes.

The government estimates that out of approximately 213,000 estates with inheritable pension wealth in 2027-28, about 10,500 estates will become liable for IHT where they previously were not, and around 38,500 estates will pay more IHT than before. Modern equity release products may offer a more flexible or tax-efficient way to support family or fund a better lifestyle in retirement. Gifting from unlocked housing wealth would reduce a client's IHT liability if the donor survives 7 years.

Later life lending should be part of standard qualifications to be able to advise on mortgages, [equity release adviser Key Advice has argued](#). In its response to the [FCA's](#) future of the mortgage market discussion paper, Key stressed the need to ensure that older borrowers are being made aware of the full range of borrowing options. Key stated its belief that merging Cemap qualifications which are required to be able to advise on mainstream mortgages with CeRER (Certificate in Regulated Equity Release) would be a "huge step forward".

New average drawdown releases now £83,906 - up

20%
annually

Source: Equity Release Council



[Advise Wise saw significant increases in average lifetime mortgage loan amounts on an annual basis, for both the first half of the year and for Q2 in isolation.](#) Among lump sum queries, the average amount searched for increased from just under £110,000 in H1 2024 to around £141,500 over the same period this year – an increase of 29%. A similar pattern has emerged when examining Q2 in isolation, with a rise from £112,950 to £142,800 representing a 26% uplift. Among queries on drawdown products, the half-yearly average reserve amount has risen from £57,710 to £67,820, representing an increase of 17%.



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