



Equity Release Market Insight

Q4 2024



Foreword

Paul Carter, Chief Executive Officer, Pure Retirement

Looking at a number of key customer touchpoints, we wanted to paint a picture of what the modern lifetime mortgage customer looked like at the end of the year, helping to highlight emerging trends and widen understanding to enable the delivery of best outcomes for consumers.



One in four people released funds for debt and mortgage repayments

Our loan usage data showed one in four people (25%) primarily releasing funds for debt and mortgage repayments – the highest it’s been on both a quarterly and annual basis (both 23%), and overtaking home improvements (23% in Q4 2024) as the most common reason for releasing funds.

One in ten (10%) of people continued to cite holidays as the main reason for accessing the equity in their home, a proportion that’s remained consistent over the past year.

Gifts and car purchases rounded out the top five most popular reasons, albeit with reductions in proportions. In Q4 2024 gifting accounted for 7% of primary usage for released funds, down from 10% in Q4 2023, while the proportion of released funds being used for car purchases also fell from 9% to 7% on an annual basis.

Shifts in plan type preference, application type, and single applicant gender

Our data also points to a preference toward drawdown plans, which accounted for 51% of new business. While this remains static on a quarterly basis, it represents a 7% annual swing, where only 44% of new business was on a drawdown basis in Q4 2023.

The proportion of customers taking out lifetime mortgages on a joint lives basis also increased, accounting for 59% of new business in Q4 and representing a 3% rise compared to Q3, and a 1% rise on an annual basis.

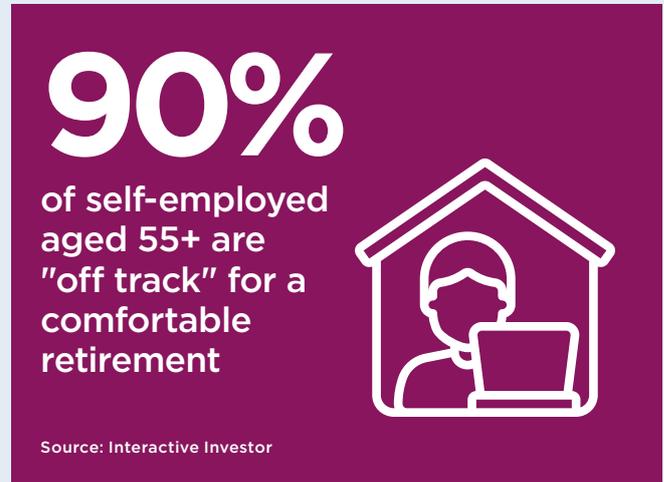
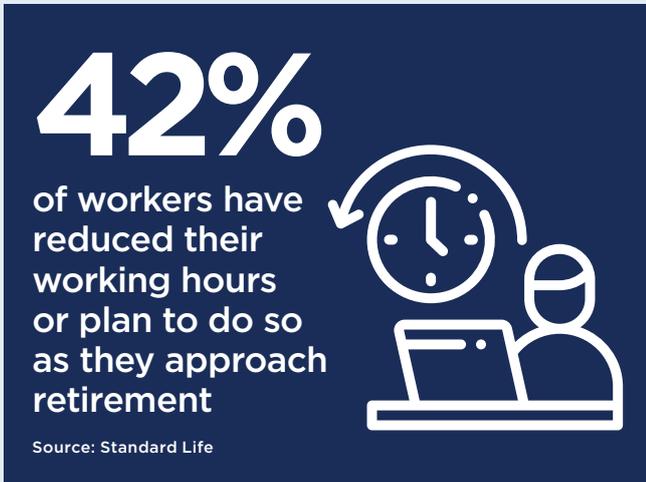
The amount of single life business coming from male applicants in Q4 2024 was the highest it’s been over the prior twelve months, at 37%. While still a minority compared to the 63% coming from female applicants, it nonetheless represents a 7% swing from Q3.

Average property values increase in Q4

Additionally, we saw an average property value in Q4 of £400,900 – while a reduction from the mid-year peak of over £423,000 owing to the traditional Q4 seasonal lull in overall market activity, it still represents an uplift in average house value compared to the £391,300 seen in Q4 2023.

39% of new business came from properties in the £250,000-£399,000 value range, up from 37% in Q3. Additionally, just under one in four (24%) of new plans came from owners of properties valued at between £400,000 and £699,000.

Q4 In Focus: The Key Stories and Headlines



Research by Legal & General found

62%

of retirees with a pension pot started planning their pension income in the final year before retirement

35%

felt financially unprepared for retirement

72%

believe that financial preparation is 'very important' for a happy and satisfying retirement

“The equity release market is dead – but the later life lending market is alive and well.”

Sara Robinson, Equity Release Associates

Whilst attending the Equity Release Council Forum in Sheffield last November, I heard one of the guest speakers make, what would have been to some, a controversial statement. He said he'd been asked when the equity release market was going to get 'back to normal', his response, 'the equity release market is dead, but the later life lending market is alive and well'.

Over the last couple of years, we have often described it as being 'challenging' in our industry and 2024 was no exception. We have seen a marked shift towards a more holistic approach to what we do, driven not just by lender innovation but also by the desire and obligation to an improved customer journey for all those we help. Gone is the 'either or' choice of the 'old' equity release days (lifetime mortgage or home reversion) and now we have later life lending choices such as ISMs, RIOs, TIOs and the like. Gilt and interest rates have been up and down like a hotel lift and we can only hope that once Donald Trump is settled into the White House that the money markets start to stabilise.

But let's not look to the past – as the saying goes 'past performance is not an indicator of future performance'. So, what can we expect (and hope for) in 2025?

Interest Rate Stabilisation:

Should the Bank of England achieve greater control over inflation, a stabilised interest rate environment could enhance the affordability of equity release products and hopefully, this will encourage more homeowners to consider equity release.

Increased Collaboration:

Cross-industry partnerships between equity release providers, traditional mortgage lenders, and financial planning firms are likely to expand and create exciting opportunities for all. Such collaborations could help to create integrated solutions that will position equity release as a key component of holistic retirement planning.

Product Diversification:

I think it's safe to say that we can expect further product diversification in our industry, including options linked to environmental, social, and governance (ESG) goals. For instance, green equity release plans offering preferential terms for energy-efficient home improvements could grow in popularity.

The equity release market is positioned at the crossroads of demographic opportunity, regulatory evolution, and technological innovation. While challenges such as rising interest rates persist, our industry's adaptability and focus on consumer-centric solutions underscore its resilience. As we move into 2025, equity release is poised to become an even more integral component of retirement and financial planning, offering even more flexible solutions for homeowners seeking to unlock their property wealth in a stable, secure, and transparent manner.



Customer Demographics

There are ongoing shifts in the working patterns of the current generation of people approaching retirement, as evidenced by a [report commissioned by Brightwell](#). According to the report, 77.6% of men and 69% of women aged 50-64 are classed as economically active and for people aged 65 and over, 14.9% of men and 8.9% of women. However, the report showed the proportion of women working part-time has been falling, whereas the proportion of men working part-time has been increasing. It found that in 2023, 45.7% of women aged 50 and over worked part-time, compared with 19.3% of men of that age. In 2004, just over half (51.3%) of women aged 50 and over worked part-time, compared with 16% of men.

retirees searching for jobs, up by 300%, 275%, and 150% respectively. On the other end of the scale, Milton Keynes saw the largest overall decrease in pensioners searching for jobs, down by 38% from 2023 to 2024.

[Standard Life's research](#), meanwhile, found that just over two fifths (42%) of workers have reduced their working hours or plan to do so as they approach retirement. Additionally, 75% of people over 50 said using their pension savings to bridge any income gap between retirement and the state pension kicking in was "important" to them, and more than four-fifths (85%) of over-50s expect to use their state pension to fund part of their retirement, despite being unable to access it until they are 66.

This is further complicated among those self-employed, with those questioned [as part of research by Interactive Investor](#) contributing to results that showed that 90% of self-employed workers aged 55 and over are "off track" for a moderately comfortable retirement, with less than £250,000 in their pension. The survey showed that many self-employed workers are "teetering on the brink" of a pension crisis with a "substantial" number lacking the financial means necessary for a basic retirement. Additionally, over 35% of those over 55 planned to continue to work beyond their 70th birthday due to inadequate pension savings.

56%
of respondents regretted not saving enough into their pension when younger

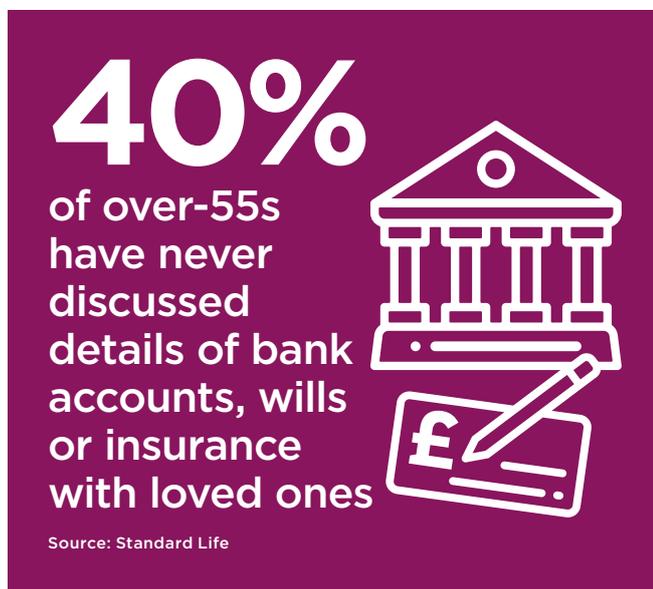


Source: Shepherds Friendly

This has also been reflected in [additional research by Almond Financial](#), which analysed search patterns for post-retirement jobs and found there's been a 16% national increase annually. Oxford saw the largest rise in job-seeking pensioners since last year, up by 900%. This could be a result of the city having the third highest cost of living of all UK cities, at £893.90 for living expenses without rent as a single person. Plymouth follows Oxford recording the second-highest rise, with a 500% increase in searches for post-retirement work. Swindon, Eastbourne, and West Bromwich make up the top five cities with the highest surge of

This comes amid a backdraft where the average amount needed for a basic retirement has increased by 60% in the past three years, with savers becoming increasingly worried about their financial future as a result, [according to research by Shepherds Friendly](#). The survey revealed that 38% of respondents regretted not saving enough into their pension, while 39% regretted not saving into a pension at all. Meanwhile, 56% expressed regrets over not saving when they were younger, while other regrets included not investing money sooner (47%) and not teaching themselves more about money topics (43%).

This undoubtedly plays into the ‘milestone anxiety’ being uncovered [by Compare The Market’s questioning of over 2,000 people](#), and which found that the average Brit has spent or plans to spend around £84,847 to retire. Brighton (£131,946) and Liverpool (£122,270) residents contribute the most to their retirement plans, while Plymouth ranks as the most affordable retirement destination, with an average cost of just £40,680 to retire.



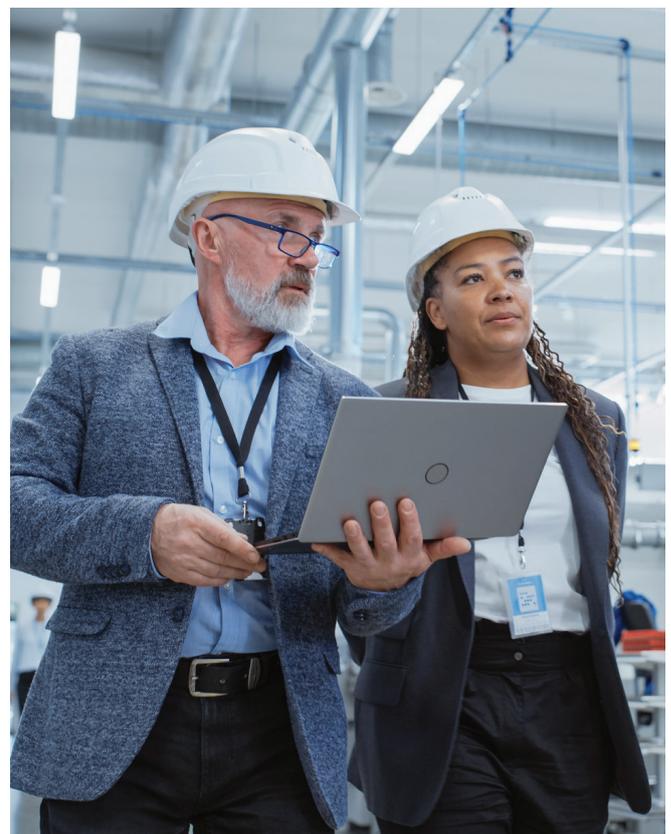
40%
of over-55s
have never
discussed
details of bank
accounts, wills
or insurance
with loved ones

Source: Standard Life

[Research from Standard Life](#) has shown the stark difference in retirement provision that could take place between those with and without children. The calculations showed that someone who began working full-time with a salary of £25,000 per year and paid the minimum auto-enrolment contributions from the age of 22 could amass a total retirement fund of £208,000 at today’s prices by the age of 68, the expected state pension age for people born after 1977. However, assuming an even split across 18 years, the £166,000 cost of raising a child over 18 years works out as £9,222 a year. Assuming someone directed this additional £9,222 a year into their pension for 18 years, Standard Life found that they could add £226,000 to their pension, potentially amassing a total fund of £434,000 – more than double the value.

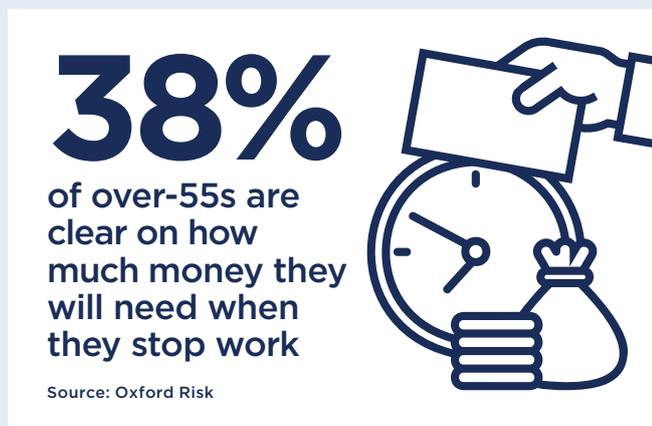
[The lender also examined sentiments regarding open financial dialogue](#), and found that half (50%) of those aged 55 and over have not discussed the sort of lifestyle in retirement they want with a partner or loved one. Additionally, over 40% of over-55s have never discussed details of bank accounts, insurance documents, and wills, or how to find and access important documents, indicating they find conversations with loved ones about key financial information taboo.

On the property front, [our own research](#) found that the average new lifetime mortgage borrower has seen the value of their home increase by more than £122,000 between 2018 and the first half of 2024. In our paper, [The Evolving Lifetime Mortgage Customer: an exploration of changing equity release demographics](#), we found that the average property value of its borrowers in 2018 was £293,680, and by the halfway point of 2024, this had risen 42% to £415,746.



Customer Habits

More than one in five (22%) UK adults wish they had learned to save for retirement earlier, [a report from Aqua has found](#). This was particularly true for those aged 45 to 64, with 27% citing this as their “biggest financial mistake.” The research, which surveyed over 5,000 UK residents, also found that 20% of adults wished they had learned earlier why implementing a pension plan is important, while nearly one in six (14%) admitted to not planning for retirement at all.



These findings are backed up [by additional research by Legal & General](#), which found that three in five retirees (62%) with a pension pot started planning their pension income in the final year before retirement. Additionally, almost one in three retirees (35%) felt financially unprepared for retirement. Nonetheless, around three in four respondents (72%) believe that financial preparation is ‘very important’ for a happy and satisfying retirement.

According to [Oxford Risk’s findings](#), just two out of five (38%) are clear on how much money they will need when they stop work. The study, which surveyed more than 1,000 over-55s, found 27% are not on track to retire at their target age while 35% do not believe they will be able to afford the retirement they want. Around a third who were surveyed (32%) – the equivalent of more than seven million people – say they are dissatisfied with their current financial situation. Women aged 55-plus are more likely to be worried about their retirement finances, with around 31% of women say they are not on track to retire at their target

age compared with 22% of men. Additionally, 40% of women do not believe they will be able to afford to do what they want in retirement compared with 29% of men.

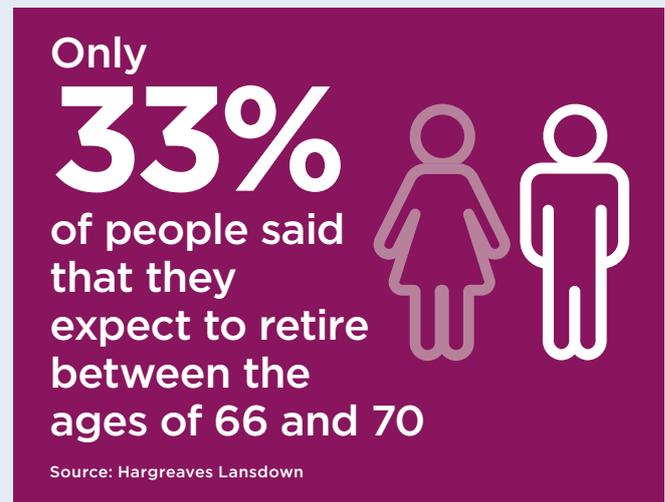
Perhaps unsurprisingly, almost two in 10 (16%) people did not know when they would retire, including 16% of those over 55, [according to research from Hargreaves Lansdown](#). In total, one third of people said that they expect to retire somewhere between the ages of 66 and 70, while almost a quarter (24%) said somewhere between 61 and 65, and 19% thought they would retire before the age of 60. The survey also found that just under a tenth (9%) of those under in the 18-34-year-old cohort had no idea when they would retire.



Changes to inequality and saving patterns should be treated as “early warning signs” that can signal widening differences in living standards ahead, [a report from the Pensions Policy Institute \(PPI\)](#) has warned. The PPI said that the income and employment gaps across the population today would become the pension gaps of tomorrow, with the report suggesting that the UK pension system has reached a “critical juncture”. The report, the fourth edition of the UK Pensions Framework in association with Aviva, examined the link between rising inequality and the UK pension system. It also included evidence of risks that households face to retirement security from rising levels of inequality and persistent gaps in pensions coverage and contributions.

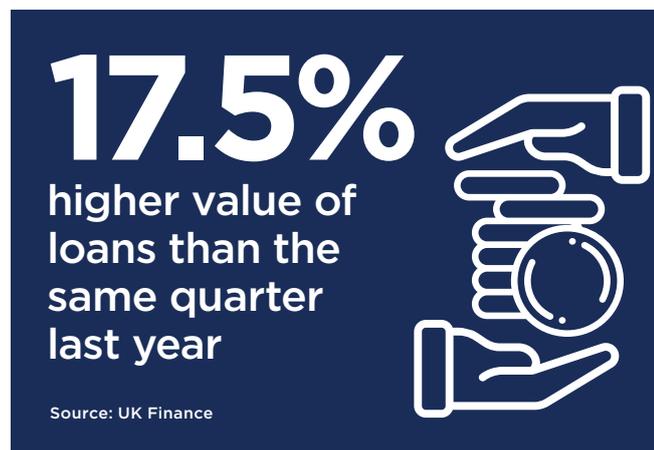
Among equity release customers, [data from the Equity Release Council](#) found that the number of people taking out lifetime mortgages between 2014 and 2023 grew across every UK region apart from the North East. The body's data showed that Wales saw an increase of 44%, while the East Midlands was up 23% and the East of England was up 21%. Comparing the regional spread of those taking out lifetime mortgages to the split of over-55s' property wealth, the South East - with 21% of property wealth versus 12% of completions - and London - 12% versus 9% respectively - are under-indexed, with a lower share of completions than property wealth. Northern Ireland, at 2% versus 1%, is also under-indexed. Of the remaining regions, eight outperformed. The South West - at 18% of equity release cases versus 11% of property

wealth - led the pack, along with the East Midlands - 9% versus 7% - and North West - 10% versus 9%.



Market Update

[Figures from UK Finance](#) have shown that the number of new loans handed to older borrowers was 8.3% higher in the second quarter of 2024 than a year earlier. Some 32,990 new loans were advanced to older borrowers in the second quarter, with a total value of £5 billion, while the value of loans was 17.5% higher than the same quarter a year earlier.



Advisers' confidence in their own businesses fell slightly in the third quarter of the year, despite the outlook for the intermediary mortgage market remaining stable. [According to the Mortgage Market Tracker from the Intermediary Mortgage Lenders Association \(Imla\)](#), the percentage of mortgage brokers who said they felt 'very confident' in their own business fell from 54% in Q2 to 44% in Q3 this year. The proportion of advisers who said they were 'not very confident' in their business prospects grew from 2% to 3%, though the tracker found that those who reported being 'fairly confident' in their business rose from 43% to 51%. Overall, the report found intermediary confidence in the outlook for the industry was steady, having recovered from a slight dip after the July general election. In July, the proportion of advisers who said they felt 'very positive' about their sector fell from 42% in July to 33% in August, before recovering to 44% in September.

House sales were at their highest level since 2020, [according to data from Zoopla](#), as the value of homes under offer grew 30% year-on-year to £113bn. Zoopla estimates that 306,000 homes have had a sale agreed and are working their way through the pipeline towards completion, equating to 62,000 more homes than a year ago. A combination of lower mortgage rates and strong wage inflation is the driving force behind what the housing portal describes as a “bumper” year for sales in its October House Price Index. A larger choice of homes available to buy is holding back house price inflation. The stock of homes available to buy is 11% higher than this time last year, while the flow of new homes being listed for sale is up 13%. Consequently, house prices rose by just 1% month-on-month, on average. In October last year, prices had dipped by 0.9%. Regions and counties seeing above-average house price inflation of between 2% and 2.3% include the North East, Yorkshire and the Humber and the North West.

regions saw a pickup in annual house price growth. Northern Ireland remained the top performer with prices up 8.6% compared with Q3 2023. Scotland saw annual price growth of 4.3% while Wales saw a 2.5% year-on-year rise. Across England overall, prices were up 1.9% compared with Q3 2023.



[According to the latest figures from the Equity Release Council \(ERC\)](#), in Q4 2024, total lending came to £622m, a rise of 16% compared to the same period the year before. The report found that there were around 15,073 plans in Q4, a jump of 10% year-on-year, with around 5,361 being new plans, which is stable year-on-year. Returning drawdowns in the period came to 6,301, up 13% annually, and further advances stood at 1,411. The latter is 35% up on Q4 2023. The ERC said average loan sizes for drawdown and lump sum lifetime mortgages had risen, which was helped by UK house prices climbing 3.3% annually. Over half – 56% – of new plans were for drawdown as opposed to lump sum, which the ERC said showed that “customers are clearly holding out for the potential to make future drawdowns at lower rates if pricing continues to fall”.

30%
growth in
value of homes
under offer
year-on-year
to £113bn

Source: Zoopla

However, conversely the annual rate of UK house price growth went up from 2.4% in August to 3.2% in September, the fastest pace since November 2022, [Nationwide's house price index revealed](#). The data showed that average prices are around 2% below the all-time highs recorded in summer 2022. Nationwide chief economist Robert Gardner said that most

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