

Equity Release Market Insight

Q1 2025



**Special
Edition**

Introduction

Paul Carter, Pure Retirement CEO



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.

Debt and mortgage repayment continues to be the primary reason to release funds among new customers

Nearly three in ten (27%) of new lifetime mortgage customers listed repaying debts and mortgages as the primary reason for taking out lending in Q1 2025, representing an uptick from 21% in Q1 2024, and from 25% in Q4 of last year.

Home improvements have stayed static on a quarterly basis, accounting for the primary reason for borrowing among 22% of new customers in Q1 – a reduction from the 25% seen at the same point in 2024.

Holidays (9%), gifting (8%), and car purchases (7%) round out the top five most common primary reasons for borrowing, shifting little on both a quarterly and annual basis.

Other key demographic trends

The majority of new business remains on a joint lives basis, accounting for 57% of all new business in Q1, although this is the lowest levels seen on both a quarterly and annual basis – albeit by only a couple of percentage points. Customers are evenly split between taking out lumpsum and drawdown plans, marking a slight change from the 51% drawdown preference seen in Q4 of last year.

The proportion of female single applicants are at the highest level seen in a year, representing nearly seven in ten (68%). This has risen from the 63% seen in Q4, and the 66% seen in Q1 of last year.

Additionally on an annual basis the proportion of single applicants who are widowed has reduced by 9% annually, to sit at 29%, while the proportion of single applicants who are unmarried has risen from 21% in Q1 last year, to 35% this year.

Increased activity among owners of high-value homes

In Q1 of this year the proportion of new business coming from high-value homes (i.e. over £850,000) almost doubled compared to the levels seen in Q4 of last year, making up 9% of total new business – an increase from the 5% seen at the end of 2024.

We also found that the bulk of activity continues to come from owners of homes at under £400,000, which represented 64% of new business in Q1 – a 3% annual decrease, though a slight drop from the 65% seen in Q4 2024.

Owners of properties in the £250,000-£399,000 bracket continue to provide the greatest proportion of new business, which sat at 34% over the first quarter of the year.

The average property value among new lifetime mortgage customers continues to sit at over £400,000, with the exact figure – £405,310 – marking a 0.5% annual increase.

2024, and Q1 2025, In Focus: The Key Stories & Headlines

27%

of new lifetime mortgages were taken out to repay debts and mortgages in Q1 2025



57%

of new plans were taken out on a joint lives basis in Q1 2025



9%

of new Q1 business came from owners of properties worth at least £850,000

£413,603

the average property value among new lifetime mortgage customers in 2024



51%

of people preferred lumpsum plans in 2024



50%

of activity in 2024 came from those aged under 70



67%

of single life applicants in 2024 were women



Year in Review

Gareth Ware, Communications Manager



As we look at how the start of the year played out over the course of this edition of our Quarterly Equity Release Market Insight report, it’s also worth examining how the 2024 customer profile has changed annually compared to 2023, and what it tells us about the evolving audience for lifetime mortgages.

Age

Before we get into the specifics of age trends, it ought to be caveated by the fact that age can be quite a difficult metric to quantify as it can be so heavily influenced by product shifts such as LTV changes. It can also be heavily influenced by new products and innovation – this is something we’ve seen first-hand through the introduction of our interest servicing option on our Heritage lifetime mortgages, with an average age tracking slightly lower than normal compared to ‘standard’ non-interest serviced products.

In 2024 50% of new activity came from the under-70s, compared to 41% in 2023, while at the same time activity levels among new lifetime mortgage customers who were 75+ reduced from 35% in 2023, to 24% in 2024. The common age bracket, however, remains 70-74, which accounts for just over a quarter (26%) in new business – a level that remains unchanged on an annual basis.

Property values

The breakdown of property values has remained remarkably static on an annual basis, in most cases down to the exact percentage.

Of note is the fact that nearly four in ten (38%) of new lifetime mortgage plans consistently come from owners of properties valued at between £250,000 and £399,000. However, highlighting the diverse range of demographic touchpoints lifetime mortgages can cater for, one in ten new customers are owners of properties valued at £700,000 and above.

The average property value among new customers rose 2.8% on an annual basis, to sit at £413,603 in 2024 – an increase from the 402,368 seen in 2023.

House price	2024	2023
Under £100k	0.3%	0.4%
£100k-£249k	26%	26%
£250k-£399k	38%	37%
£400k-£549k	17%	18%
£550k-£699k	9%	8%
£700k-£849k	4%	4%
£850k-£999k	2%	2%
£1m+	4%	4%

Other key demographic touchpoints

- While 51% of people preferred lumpsum plans in 2024, it represents a 6% drop from the 57% seen in 2023
- 58% of plans were taken out on a joint lives basis – a 3% increase on an annual basis
- 67% of new single life customers were female, a 3% annual increase
- Primary reasons for releasing funds remained static annually in both reason and percentage – home improvements (24%), debt/mortgage repayments (23%), holidays (11%), gifting (9%), and car purchases (8%)

Product innovation and customer demographics

Scott Burman, Head of Distribution



What effect has product innovation had on the demographic profile of the modern later life lending customer, and how can data help us understand the changing landscape and help deliver best outcomes?

What innovation has taken place in the market recently?

One of the most successful developments in the market has been the introduction of interest serviced lifetime mortgages.

An interest serviced lifetime mortgage offers an interest rate discount if clients choose to make monthly payments of at least 25% of the monthly interest, while allowing them the ability to stop making the monthly payments at any time (at which point the discount ceases to apply and the plan becomes a regular lifetime mortgage with optional repayment facilities).

The interest servicing option on our Heritage range allows up to three monthly payment holidays in a 12-month period before the discount ceases to apply, while also offering interest servicing customers the ability to access this feature on any future cash releases or further borrowing.

How do interest serviced customers differ from those who take out non-interest servicing products?

We analysed customer profiles over the first six months since our Heritage interest servicing option launched last autumn, and found that interest servicing customers were:

- Likely to be younger
- More likely to take out a lump sum plan
- More likely to apply on a joint life basis
- More likely to be a female if applying on a single life basis
- More likely to release funds to repay debts and mortgages
- Average repayment proportion is 82.4% of the monthly interest

Product innovation remains an integral part of market growth, but so does understanding customers and how they're using these products. Effectively doing so can help create sustainable growth in the sector and widen the appeal of future later life lending solutions.

67.6 YEARS
the average age
of ISM customers

34% of ISM customers
released funds to repay
debts and mortgages

£384,806 the average property value
among new ISM customers

Bridging the gap: How insight can drive growth in later life lending

By Jess Trueman, Head of Business Development, Smart Money People



The role of equity release advisers has never been more vital – or complex. At Smart Money People, the findings from our latest Mortgage Lender Benchmark (the industry largest independent broker feedback report) and a recent survey we ran for Pure Retirement offers a timely snapshot of broker sentiment, market pressures, and client expectations in the equity release space.

The overall message is loud and clear. While the market remains resilient, challenges around perception, education, and product innovation are holding back wider adoption.

Strong foundations, but barriers remain

Despite high broker satisfaction and operational efficiency across lifetime mortgage providers, the sector continues to face significant barriers. In our latest Mortgage Lender Benchmark, we asked brokers who don't currently offer later life products what the key barriers are. 78.7% pointed to negative public perception as the top obstacle to growth, followed by a lack of client education (57.4%), high product costs (43.2%), limited product choice (24.5%), and regulatory constraints (20%).

These findings highlight an opportunity for proactive engagement. Advisers are uniquely positioned to change the narrative through clear, ethical communication. If they can find a way to align products more closely with customer needs, advisers can play a central role in driving both trust and uptake.

A changing product profile

The needs and expectations of later life clients are constantly changing. 81.7% of brokers say their clients ask for low interest rates, while 40.5% seek the ability to service monthly interest – suggesting that financial flexibility remains key. Additionally, 39.2% of brokers say clients request a no-negative-equity guarantee, along with fewer early repayment charges and broader acceptance of non-standard properties.

This appetite for flexibility and transparency signals a growing awareness amongst consumers—but also highlights the need for better tools, clearer language, and accessible education to support informed decision-making.

Adviser growth and opportunity

Encouragingly, 80% of brokers plan to expand their equity release offerings in the next 12 months. But to fully realise this ambition, the sector must address knowledge gaps and operational hurdles. Nearly half of brokers noted insufficient product knowledge as a barrier, while 48% pointed to regulatory complexity.

To grow sustainably, advisers must invest in ongoing training and seek out lenders who offer strong broker support. The market also offers opportunities to serve underserved segments, such as clients with non-standard properties or those transitioning from interest-only mortgages.

Final thoughts

The equity release market stands at a pivotal point. With rising consumer interest and a growing adviser base, the opportunity to deliver better outcomes – through clarity, innovation, and trust – has never been greater.

At Smart Money People, we believe the power of insight can help the industry overcome its toughest challenges. Together, we can move beyond perception and unlock the full potential of later life lending.

Our next Mortgage Lender Benchmark – offering valuable insights into how brokers saw the industry in the first half of 2025 – is due to be released in early June.



Customer Demographics

13.8% 

expected rise in the number of people over state pension age by 2032

Source: ONS

9% 

of retirees have unretired or are looking for work

Source: Standard Life

1/3 

of savers expect to continue working past state pension age

Source: Smart Pension

11% 

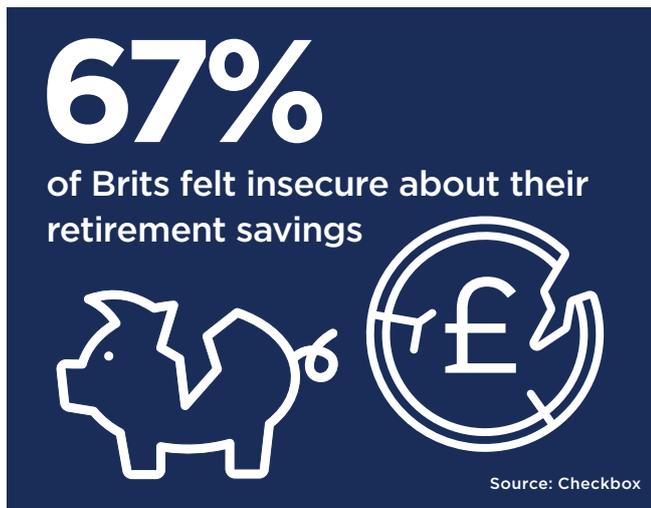
of women feel confident about retirement savings, compared to 25% of men

Source: Schroders Personal Wealth



Customer Demographics

The importance of effective retirement planning has been brought into stark focus, [with figures from the Office for National Statistics \(ONS\)](#) highlighting that the number of people over state pension age (SPA) is projected to rise by 13.8%, from 12 million in 2022 to 13.7 million in 2032, despite the increase in the SPA to 67 from 2028. The data also found that the number of people aged 85 years and over was 1.7 million in 2022 but is predicted to double to 3.3 million by 2047 – making up 4.3% of the population. In addition to this, by mid-2047, the number of people of pensionable age is projected to increase by 25.5%, to 15.1 million. ONS said that the percentage of people of pensionable age is projected to grow the most of any life stage between mid-2022 and mid-2047.



It comes at a time [when PensionBee’s Pension Confidence indicator](#) jumped from -10 in December 2023 to +29 in December 2024 indicating growing optimism, with 65% of those aged 55 and over expressed confidence in their pensions, a 3% increase from September 2024. The proportion of older savers citing state pension concerns dropped from 27% in September 2024 to 24% in December 2024, while those expressing regrets over insufficient savings declined from 29% to 24%.

However, at the same time nearly a third of Brits (32%) do not have a retirement plan, [according](#)

[to research from Checkbox](#). While the research suggested that the UK was in the lead in retirement planning amongst surveyed nations, with 22% of Brits having a detailed retirement plan (the highest rate compared to the US and Australia), 67% still felt insecure about their retirement savings, reflecting broader economic concerns. This figure was highest for people aged 45-54 across the UK.

Perhaps unsurprisingly, half of those [questioned by Oxford Risk](#) admitted to being worried that their retirement savings will not last their lifetime compared to just 27% of those questioned who are not worried about running out of money. Around one in eight (12%) are even worried that they might have to depend on their children for financial support in retirement. The study found that over-55s are waking up to the financial challenges of retirement with around 86% believing it is important to have additional sources of income to fund their desired retirement in addition to the state pension.

For some, this could mean returning to work, [with research by Standard Life](#) revealed 9% of retirees over the age of 55 have unretired or are actively looking for work. Additionally, 34% have gone back to work because of increased living costs, while 27% found their pension was not sufficient to live off of. However, it ought to be noted that the research also found 38% of retirees went back to work because they were bored, while 20% returned due to loneliness.

Additionally, [a nationwide report from Smart Pension](#) has revealed that almost a third of savers expect to continue working once they reach retirement age. The research surveyed over 2,500 Smart Pension members and found that those on lower incomes were most at risk. More people earning between £10,000 and £25,000 (40%) and £25,000 and £50,000 (31%) believed they would need to continue working in retirement, compared to 17% of those earning over £150,000. The report highlighted

the cost-of-living crisis as a key factor in making retirement more difficult, as 49% of respondents believed current economic challenges would make it ‘definitely’ harder to retire comfortably compared to other generations. Women felt this impact more acutely, with 55% expressing concern about financial stability in retirement, compared to 46% of men.

The gender divide when it comes to retirement provision continues to be a major talking point, [with Oxford Risk revealing that women over 55 face a dual challenge in retirement](#) in that they anticipate lower pension incomes and are more likely to experience financial shortfalls compared to men of the same age. On average, male respondents expect to receive £23,700 annually from their pensions, while women anticipate just £18,000 - a £5,700 difference. Despite planning to spend £3,500 less than men, women still face a shortfall of £1,200 per year, whereas men expect a surplus of £1,000. The research also highlights that more than a third (36%) of women over 55 are unsure how much they might receive from their pension each year, compared to just 20% of men. This uncertainty, combined with lower savings, adds to the financial pressures many women face in retirement. In addition to pensions, men over 55 have £209,000 saved in cash and other investments on average, compared to £128,000 for women - a difference of £80,000. These disparities in overall savings further contribute to financial inequality during retirement.

This is further corroborated by a [report by Schroders Personal Wealth](#), which revealed that only 11% of women feel very confident about their retirement savings, compared to 25% of men, highlighting the continued gender gap in retirement savings. The primary concern for women regarding retirement was insufficient savings, cited by 59% of respondents, with inflation and rising healthcare costs also being key worries. A lack of financial knowledge was another challenge, with 25% of women

identifying it as a barrier to retirement planning. Women’s experiences with retirement planning are also shaped by gender-specific factors. 37% believe their savings have been negatively impacted by the gender pay gap and career breaks from caregiving. Additionally, 18% cited differences in financial literacy and confidence, and 15% pointed to limited access to employer-sponsored retirement plans, both of which can make it more challenging for women to plan for a secure retirement.



[We released data highlighting trends among single female applicants](#) in the equity release market. The findings, shared in recognition of International Women’s Day 2025, reveal that women made up 67% of our single life applicants in 2024 – an increase from 64% in 2023. The analysis showed that 38% of new business from single women in 2024 came from homeowners with properties valued between £250,000 and £399,000, while 15% owned homes worth between £400,000 and £549,000. A smaller portion (3%) owned properties valued at £1 million or more. By comparison, 32% of single male applicants owned properties in the £250,000 to £399,000 range, while 14% fell into the £400,000 to £549,000 bracket. Among men, 4% owned properties exceeding £1 million.

Customer Habits

£37,000

needed annually
in retirement
in 2025



Source: Shepherds Friendly

1/5

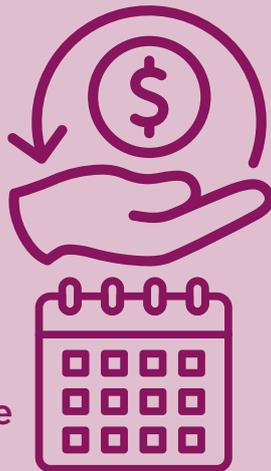
of over-50
homeowners
still have a
mortgage



Source: SunLife

36%

of over-55
homeowners
have more than
10 years of
repayments left
on their mortgage



Source: Regency Living

1 in 5

of people
who accessed
their pension
pot early did
so at age 55



Source: L&G



Customer Habits

[Research from Shepherds Friendly Society](#)

shows that rising living and housing costs mean that average retiree needs an income of £37,000 in 2025 – around £25,000 per year more than they will get from the state pension. When it comes to retirement spending, the biggest costs are predicted to be mortgage repayments (£7,600 on average per year) and additional housing costs, fuel, and power (£3,600 in total), transport (£3,392), and food and drink (£3,530). The figures show that for the coming year retired households are predicted to spend over £3,500 on food and drink and over £1,600 on restaurants and hotels.

£87,500

average in pension pot before people start accessing it



Source: L&G

This is backed up by [similar research from SunLife](#), which surveyed 2000 over-50s and found that, of the 69% that are homeowners, around a fifth still have a mortgage, with the average amount owed coming to £67,478. The majority – around 86% – are still working, but approximately 14% who are paying off mortgages are retired, and are therefore using their pension income. SunLife estimated that around 5% of all pensioners in the UK are making monthly mortgage payments, equal to 494,541 people. The firm said retired mortgage holders owe around £63,643, which comes to an estimated monthly mortgage cost of £767.75. SunLife said that, assuming a pensioner's household income of just over £31,000 per year, around a third of their income is going on housing.

10%

of adults plan to use housing wealth to fund life after work



Source: LV=

Additionally, more than a third of over-50s have more than 10 years left on their mortgage, [research from Regency Living has revealed](#). The survey of over-50s homeowners revealed that 88% are still paying off their mortgage, and 36% have more than 10 years of repayments left before it is fully paid off. With the current average retirement age in the UK currently standing at 66 and expected to hit 67 between 2026 and 2028, this means that a large proportion of homeowners will still be paying off their mortgage well into retirement. Despite this, only 6% of respondents said that they have considered equity release to help pay off their mortgage. Of those, 57% had considered releasing equity through a lifetime mortgage, while 34% considered downsizing their property.

In addition to borrowing into later life, there remains ongoing concern surrounding the levels of early pension withdrawals currently being undertaken by over-50s. Over one in five (21%) of people who withdrew a cash lump sum from their pension pot did so as soon as they turned 55, despite many not understanding the consequences of doing so, [research from L&G has revealed](#). The research found that while some people (32%) accessed their pension to cover essential expenses, a larger proportion (46%) said they took the lump sum because they could. More than a quarter (27%) of UK adults aged 50 or over made decisions about their

pensions without seeking advice or guidance. The research also revealed that 24% of people who had withdrawn a cash lump sum did not realise that taking a lump sum could affect their eligibility for means-tested benefits, with 11% saying it had a direct impact on their entitlement.

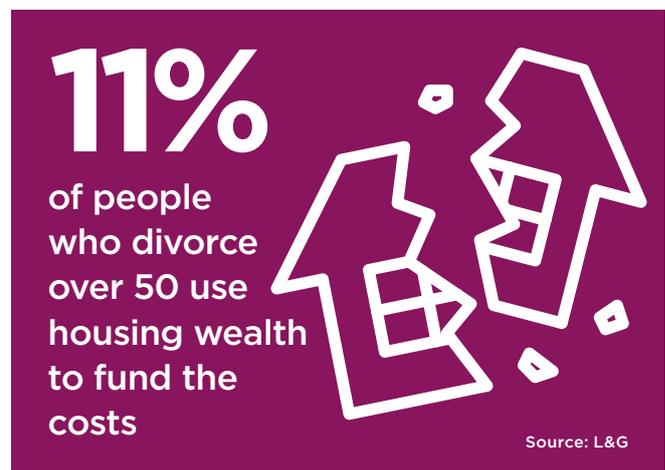


[L&G's research also showed](#) that 15% of savers felt like the cash lump sum from their pension was an unexpected financial bonus, rather than part of their long-term savings plan, while a further 10% said it felt like a payday that they wanted to spend. In addition to this, over a fifth (22%) said they took out a cash lump sum or would consider doing so because they wanted to put it into a current account or cash ISA to keep for a rainy day. L&G also stressed that savers are drawing down at unsustainable rates, noting that, with the average life expectancy of a current 60-year-old in the UK sitting at 86, some retirees could be left with a nine-year shortfall in their retirement savings. Indeed, according to L&G's research, on average, people have £87,500 in their retirement pot before they start accessing it. Just under a third (32%) will take a cash lump sum once they are eligible to do so, on average at age 60.

Among equity release customers, [LV= found that around 10% of adults plan to use the value of their home to help fund life after work](#), and more specifically, 27% of those surveyed are considering equity release as part of their future financial planning, up from 25% in 2023, says the

financial firm's latest Wealth and Wellbeing Research quarterly survey. The research found that women value flexibility, with 35% prioritising the ability to transfer their mortgage to a new property and 37% focusing on protecting inheritance for loved ones. By contrast, men show a preference for choosing a well-known and trusted provider with a good reputation (48%), and high product ratings such as Moneyfacts or Defaqto (31%).

One in 10 (11%) of couples who divorce after the age of 50 use money from their property (e.g. from the sale of a family home or equity release) to fund the cost of their divorce, [according to research from L&G](#). Property wealth is the most important consideration for most couples at the point of divorce as property wealth is their most significant financial asset, with people over 55 holding the majority of housing wealth in the UK, totalling more than £3.5 trillion in property assets alone. Three fifths of all people who divorce over 50 (60%) will discuss the value of their joint home as they prepare to separate. Many over 50s will buy their partner out using savings (18%), with one in 20 couples turning to equity release to stay in their homes. Homeowners in England and Wales could release an average of £69,600 from their homes using equity release; an increase of 20% in just five years. Despite the complexity of dividing finances, only 8% take financial advice about their separation.



Market Update

54%
of advisers expect
an increase in
enquiries about
later life lending



Source: Key

£19.8bn
increase in total
housing costs
for the UK in
Q1 2024



Source: Savills



32%
increase in
total lending
annually



Source: Equity Release Council

£127,414
the average
lifetime mortgage
lumpsum loan
value in Q1 2025



Source: Equity Release Council

Market Update

More than half (54%) of advisers expect a rise in enquiries about later life lending in the next 12 months driven by the launch of new products and increased confidence in the housing market, [according to research from Key Later Life Finance](#). Around a third (35%) expecting a rise in enquiries say part of the reason is the development of new later life lending products for specific customer needs while 34% point to growing confidence in the housing market, Key's study with wealth advisers, over-50s specialists and generalist advisers found.

More than a quarter (27%) say house price rises will drive increased demand over the next 12 months with 26% interviewed pointing to further Bank of England base rate reductions. The optimism about the next 12 months builds on growth in enquiries in the past year with 59% questioned reporting an increase.

Total housing costs for the UK increased by £19.8bn over 2024, [analysis by Savills has revealed](#). The analysis of private and social rents, plus owner-occupier mortgage costs, found the yearly 10 per cent increase led to UK housing costs hitting a "record high", rising to £217bn for the first time. Additionally, total costs were found to be £8.6bn higher than the previous peak in 2016, even on an inflation-adjusted basis, meaning the nation's total housing costs have risen by a total of £41.2bn. In total, the bill for 8.5mn mortgaged

owner-occupiers reached £110bn, meaning the average mortgaged homeowner is paying £12,754 per year, £2,829 more than in 2022. Savills pointed out that an increase in costs was primarily due to mortgage interest repayments, which have increased by 32 per cent over the past two years. In comparison, total costs for renters were £81bn in 2024, meaning the annual bill for the average household renting has reached £14,458, after increasing by £2,195 over the past two years.

[The Equity Release Council's \(ERC's\)](#) latest quarterly market report for Q1 2025 showed that the market had a strong start to the year with £665m worth of housing equity accessed by customers. This marked a 32% increase in total lending when compared to Q1 2024 (£504m) and the fourth successive quarter of growth recorded by this market. Market growth has been driven by a significant increase in new customers (14%) taking lump sums supported by improved product choice and positive annual house price growth (2.8%). The average amount borrowed by the 47% of customers who chose a lump sum product was £127,414. This is up 11% on the previous quarter and up 23% on the same time last year as homeowners chose to access their housing equity to repay mortgages, future proof their homes and improve their standard of living.



Take a look at our full marketing toolkit to see how we can help you better reach your potential customer base.



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