

Equity Release Schemes: Inc Impact of COVID-19 - UK - May 2020

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This report looks at the following areas:

- The impact of COVID-19 on consumer behaviour and market dynamics in the equity release market
- How COVID-19 will change consumer behaviours and attitudes towards equity release
- Interest in equity release and confidence in retirement finances
- Consumer concerns and motivations around using equity release

The equity release market looked set to recover from a slight decline in 2019, with the market showing strong signs of growth in Q1 2020. However, the COVID-19 outbreak and the subsequent lockdown will result in a significant decline in new business during 2020. Only once people have a clearer idea of future prospects for the housing market and the wider economy will growth return to the market. There is also likely to be a shift in the reasons to consider equity release products, with more people facing financial difficulties due to unemployment and a loss of income, and increased caution over more discretionary spending.

COVID-19 is likely to have a real impact on people's finances and their prospects in retirement. This is likely to lead to more people seeking retirement advice, if not specifically related to equity release. Additionally, following the lockdown, there will be a renewed focus on the importance of family and making up for lost time. This could result in more people looking to boost their income in order to go on holiday, or to support other family members. The key issue for providers will be to tackle continuing perceptions that equity release should only be used as a last resort, and instead focus on how it can improve the quality of life in retirement.



"Despite a positive first quarter, the equity release market is forecast to be heavily impacted by the COVID-19 crisis in 2020. Brexit uncertainty disrupted growth in the first half of 2019, and COVID-19 will have the same effect, but to a more significant degree for the duration of the year ahead."

- Douglas Kitchen, Financial Services Analyst

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