

Equity Release Schemes - UK - 2021

Report Price: £2195 | \$2995 | €2600

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This report looks at the following areas:

- Market performance, including the impact of COVID-19 and a five-year market forecast.
- An analysis of competitive strategies and launch activity.
- Confidence in retirement finances and retirement planning.
- Consideration of equity release schemes.
- Barriers to equity release schemes.
- Reasons for considering equity release.

22% of homeowners aged 45+ say they would consider an equity release scheme to fund their retirement, with 6% definitely considering it and 17% saying they might consider using a lifetime mortgage. This is positive for potential growth in the sector but to ensure this translates to more sales providers will have to continue to focus on boosting awareness of equity release schemes and developing products that have a wider appeal.

The pandemic has created challenges for the market, but some of the measures taken to mitigate the economic impact have proved beneficial for the equity release market. Government intervention through the Stamp Duty tax relief led to an increase in house prices, improving homeowners' confidence and making equity release more attractive. While house prices are expected to continue to increase, contributing to the growth of the equity release market, the emergence of the Omicron variant has created additional uncertainty. The full impact of the new variant is still to be determined, but continued disruption combined with a rise in inflation could prove a double-edged sword for the equity release market, with some of those over-55s reluctant to release equity, while others might turn to these products to supplement their income.

64% of homeowners aged 45+ say they wouldn't consider using equity release, including 42% who say they would definitely not consider it. Lifetime mortgages still have limited appeal. While some historic negativity towards this sector



"The pandemic has brought a series of challenges, but it has also proved beneficial for the equity release market. The prospects for further growth are strong as a series of factors, such as the ageing population and rising house prices, are likely to play in favour of the equity release market."

– **Stefania Apostol, Financial Service Analyst**

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continues to play a role, other factors, such as concerns about inheritance and an aversion to debt, remain major barriers.

The proportion of 45-64s who have a mortgage has increased, creating more opportunities for equity release providers. Mintel's research shows equity release schemes are more likely to be considered by mortgage owners than those who own their home outright, with 8% using or expecting to use these products to fund their retirement. As the proportion of people carrying debt into later life continues to grow, later life lending and lifetime mortgages will see increased demand.

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