



2023 Global Equity Release Survey

January 2024



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This report contains the results of the 2023 Global Equity Release Survey, where representatives from various countries contributed to an information request aimed at better understanding the dynamics of equity release markets internationally. The survey covers the professional equity release markets and does not include peer-to-peer transactions. This document offers a concise summary of the survey responses. It is important to note that the responses provided have not been verified by EY professionals and simply represent the views of the responders. The information in this pack should not be regarded as comprehensive or sufficient for making decisions, nor should it be used in place of professional advice. Accordingly, Ernst & Young LLP accepts no responsibility for loss arising from any action taken or not taken by anyone using this pack. If you require any further information or explanations, or specific advice, please contact us and we will be happy to discuss matters further. For further information about the contents of this report, please contact:

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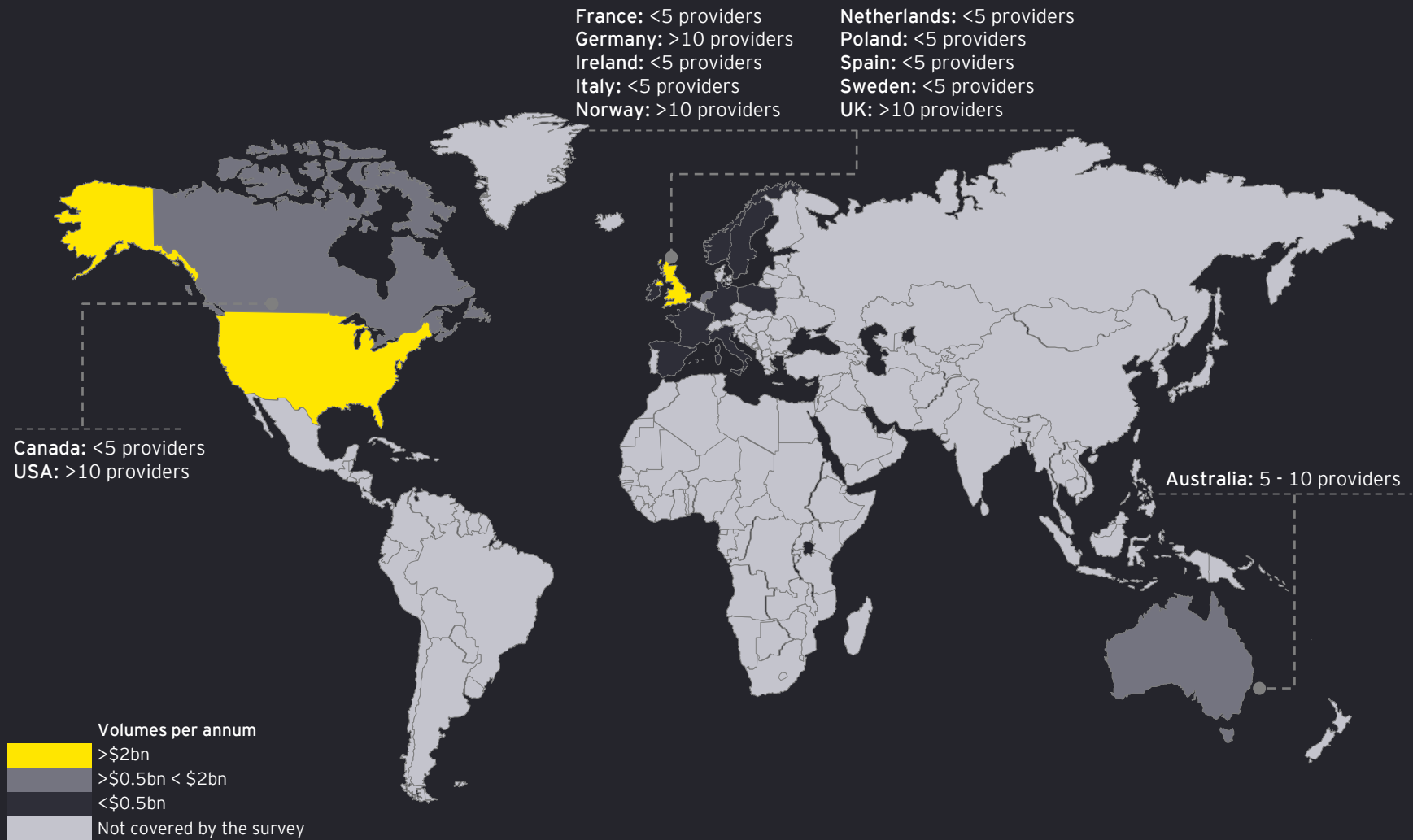
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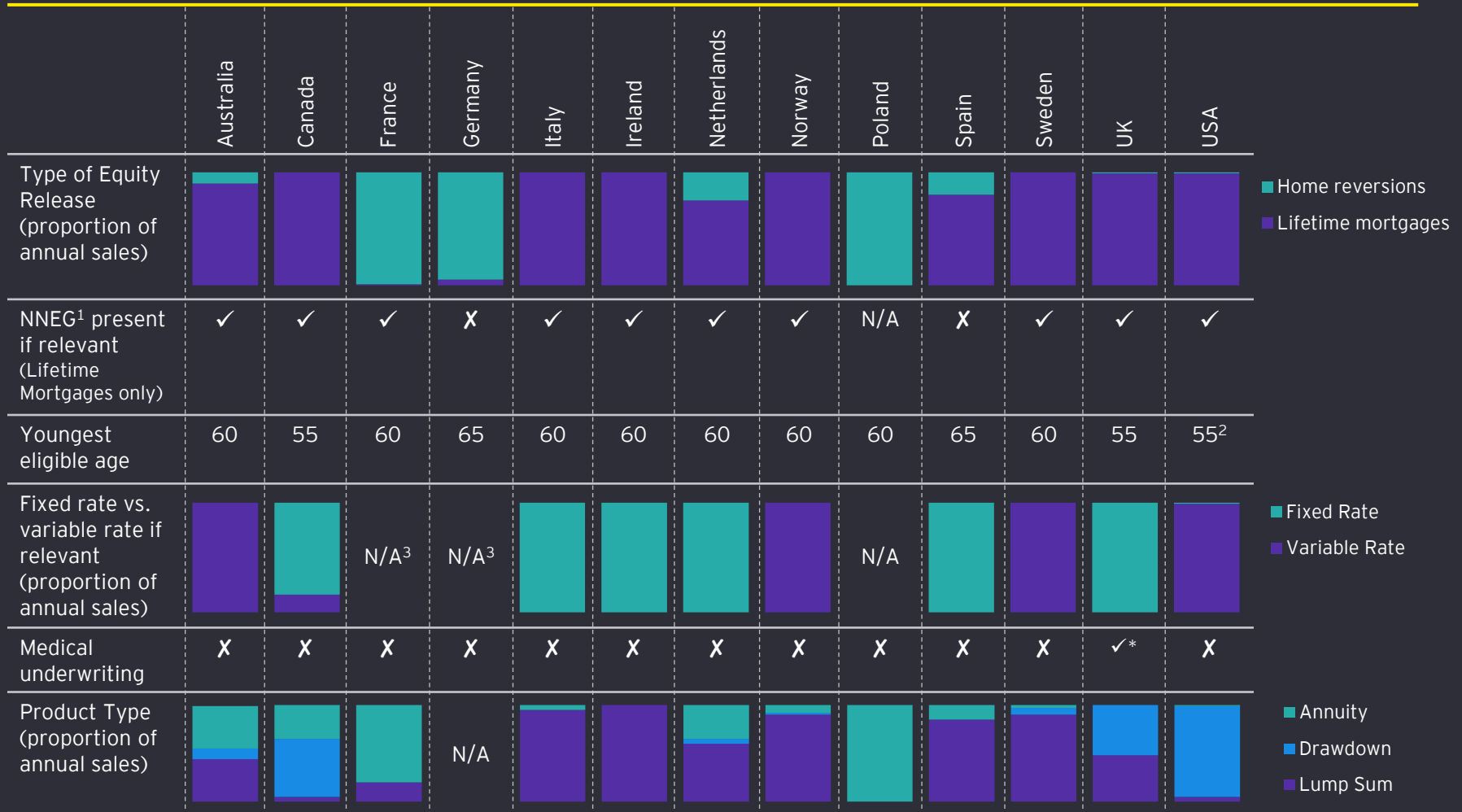
Market Size



Financial Advice and Funding

		Australia	Canada	France	Germany	Italy	Ireland	Netherlands	Norway	Poland	Spain	Sweden	UK	USA
Are equity release customers required to seek financial advice?	Lifetime Mortgages	X	✓	X	X	X	✓	✓	X	N/A	✓	X	✓	✓
	Home Reversions	X	N/A	X	X	X	N/A	N/A	N/A	X	X	N/A	✓	N/A
Main current funding source(s) for equity release	Bank (own balance sheet)		✓		✓	✓		✓	✓		✓	✓		✓*
	Debt	✓			✓							✓		
	Securitization	✓										✓	✓	✓*
	Whole portfolio sales										✓			
	Insurance (own balance sheet)				✓		✓	✓			✓		✓	
	Other	Private Equity	Syndicated Lines of Credit	Underwritten by Banks - purchased by alternative investors / insurers							Provider's own capital			

Product Characteristics



*Some equity release involves medical underwriting and some do not.

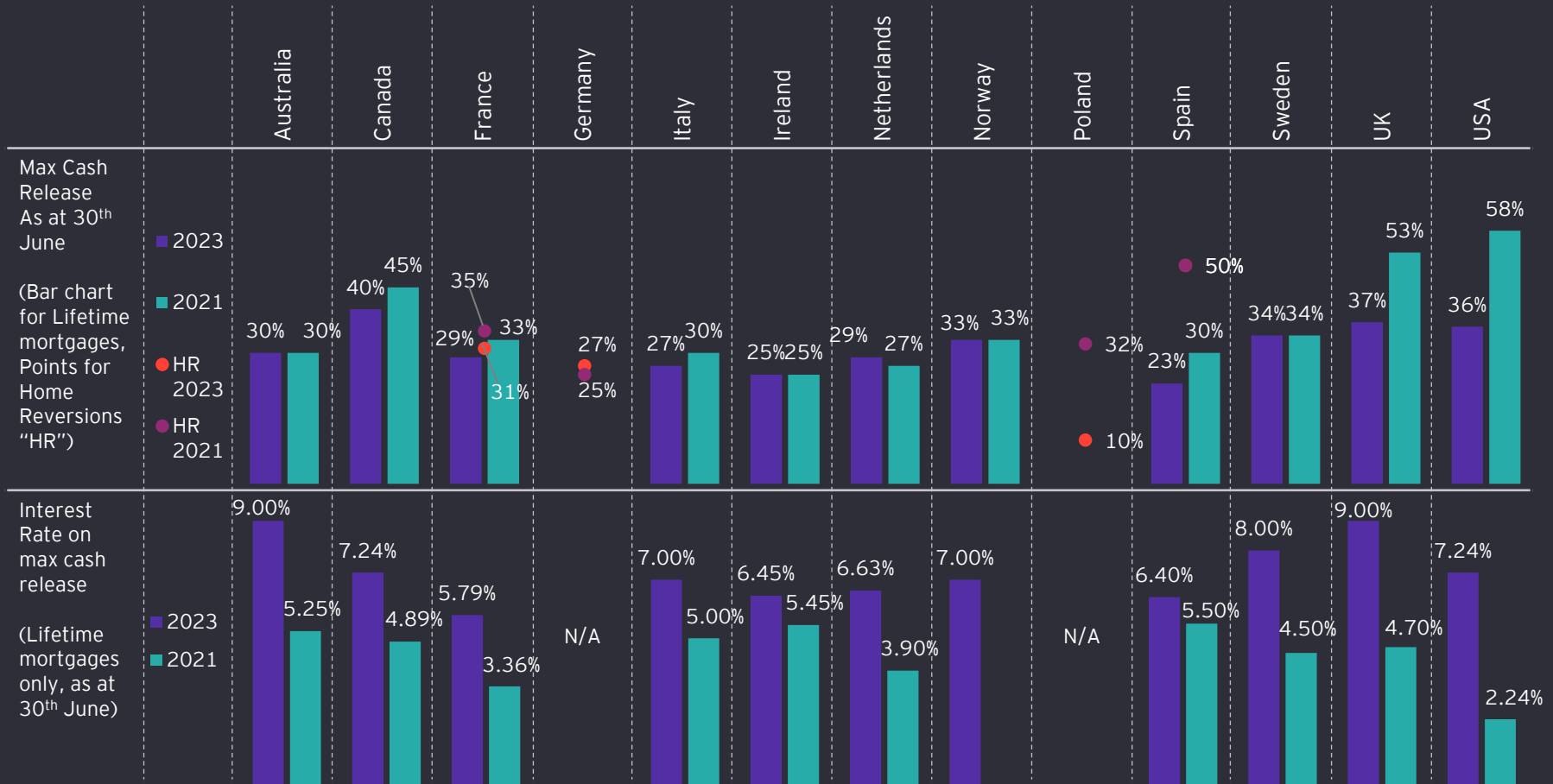
¹No-negative-equity-guarantee

²62 years old for the government insured product

³Interest rate not applicable for Home Reversions - not provided for markets dominated by Home Reversions

Product Characteristics (Max Release and Interest Rate)

► What are the main product characteristics* in each region?



*based on a 70 year old Female customer.

¹ as at October 2023

Product Characteristics and Customer Contact

	Australia	Canada	France	Germany	Italy	Ireland	Netherlands	Norway	Poland	Spain	Sweden	UK	USA
Do you have some face-to-face contact with the customer?	A Little	No	A little	Yes	Yes	Yes	A Little	Yes	Yes	Yes	Yes	Yes	Yes
Under local laws and regulations, are you able to transact without face-to-face contact?	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	No	Yes	No	Yes
Are any Green products being offered?	X	X	X	X	X	✓	X	X	X	X	X	✓	X
						Minimum energy efficiency					Starting in Oct' 23	Discounts for certain EPC standards	
Pre - payment Penalties	X	✓	✓	N/A	✓	✓	✓	X	N/A	✓	✓	✓	X
Lifetime Mortgage													

Pricing Impacts and Remote Benefits

- ▶ What is the most significant factor impacting equity release pricing in your market?

NNEG
Funding Costs / Funding Availability
Interest Rates
Surcharges
Credit Spreads Marketing / Acquisition Costs

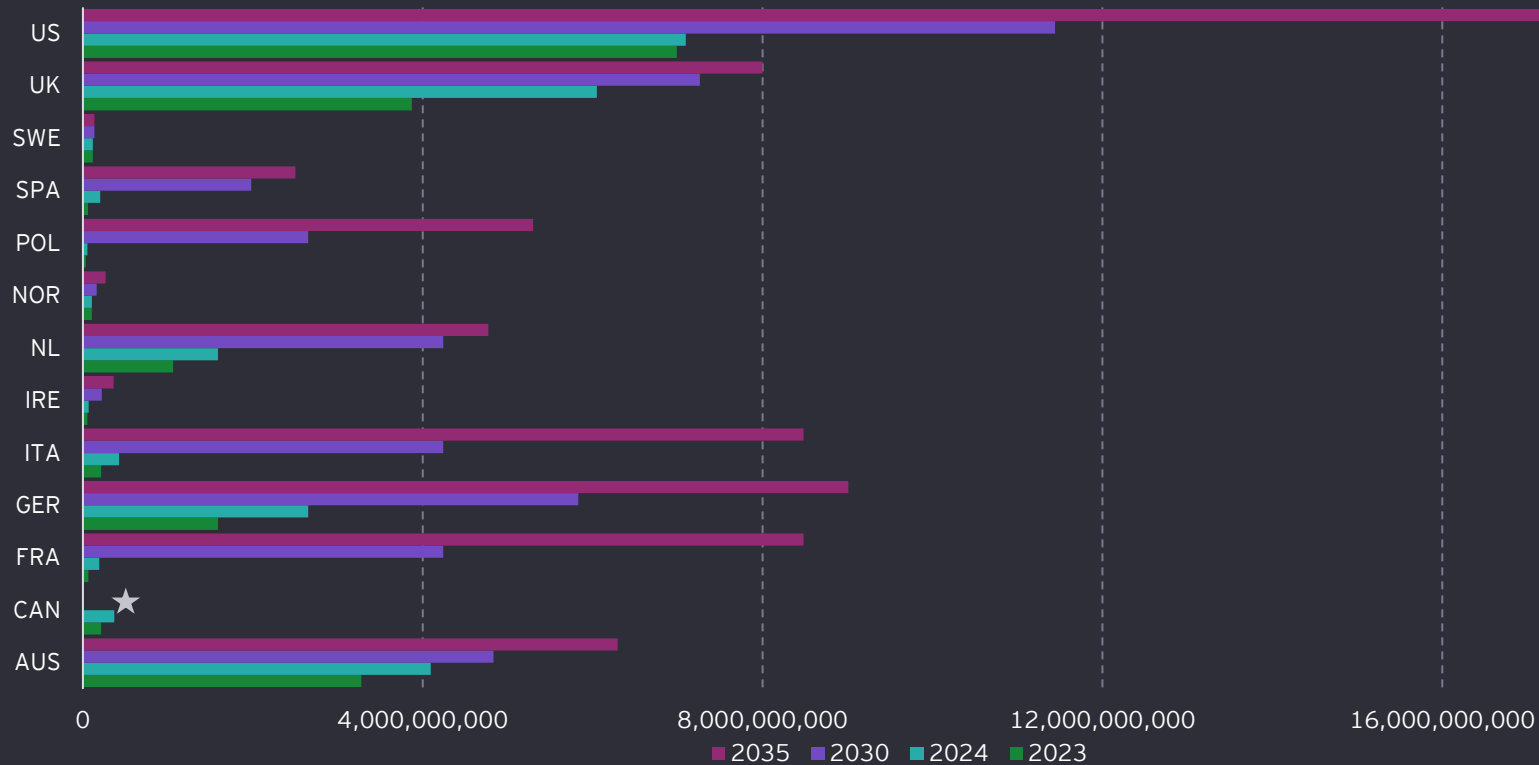
- ▶ If the customer had the option of a fully remote service, what are the benefits of this?

Enhanced speed of completion
Comfort and Convenience
Wider geographical access Access for people with health issues
Easier access for all

Future Growth

	Australia	Canada	France	Germany	Italy	Ireland	Netherlands	Norway	Poland	Spain	Sweden	UK	USA
Predicted annual volumes in 10 years (\$bn)	5-6	★	>8	>8	>8	<1	>5	<1	>5	2-3	<1	>7	>12
Current annual volumes (\$bn)	3	0.3	0.1	1	0.1	0.1	1	0.1	0.1	0.1	0.1	4	7

Market Forecasts by year (presented in USD)



★ Canadian market information for 2030/2035 forecasts not provided

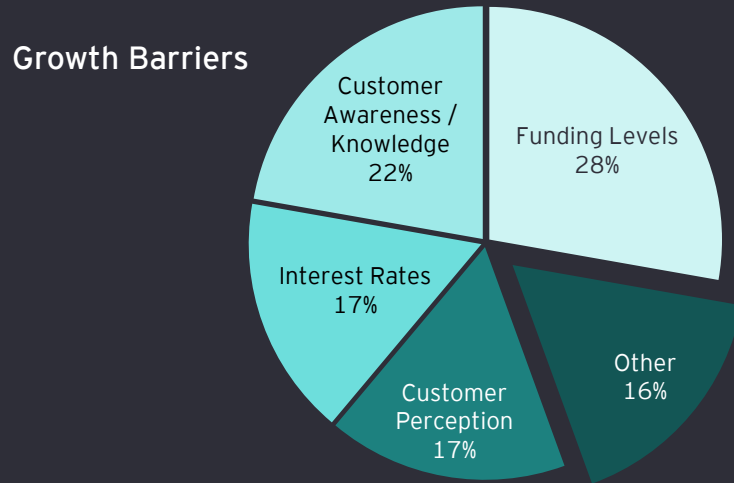
Future Growth

		Australia	Canada	France	Germany	Italy	Ireland	Netherlands	Norway	Poland	Spain	Sweden	UK	USA
Estimated total housing wealth with individuals over 60 (\$tn)	>\$3tn			✓									✓	✓
	\$1tn - \$3tn		✓		✓	✓				✓	✓			
	<\$1tn	✓					✓	✓				✓		
Biggest barrier to growth	Lack of product innovation													
	Lack of customer awareness / opinion	✓	✓	✓	✓			✓			✓		✓	
	Insufficient funding	✓		✓	✓	✓				✓				
	Other		✓				✓		✓	✓		✓		✓

Grey cells indicate where information was not available.

Growth Barriers and Changes

- ▶ What do you believe the main barrier to growth is in your market?



Other barriers include:

- Limited no. of providers
- Strong competition from bank lending
- Cultural barriers

- ▶ If you could change one thing about the equity release market in your country, what would it be?

More lenders
Improved bespoke regulatory landscape
Improving customer perceptions
Availability of funding
Improved Market Awareness
Lower Interest Rates
Creation of industry body

Additional Topics

- ▶ How has the recent macroeconomic environment (higher interest rates, higher inflation, property price uncertainty) impacted equity release products and consumer sentiment:
 - ▶ Key Themes:
 - ▶ An increasing need for the product given the cost of living crisis and higher inflation
 - ▶ Negative impact on customer perception, e.g., a higher proportion of applicants who might not qualify creates a further set of negative impressions
 - ▶ Higher interest rates have lowered available loan amount and LTVs
- ▶ What actions are being taken in your market to grow customer awareness / demand for equity release?
 - ▶ Individual providers performing mainstream media advertising, internet campaigns and webinars.
 - ▶ Government info pages
 - ▶ Trade body established in line with EPPARG standards
 - ▶ Training provided to financial planners to highlight need for equity release in holistic planning
- ▶ How, if at all, is technology being used to develop the equity release industry in your market?
 - ▶ Online applications and pre-approval data collection
 - ▶ Initial remote appraisal of assets
 - ▶ Virtual meetings with consumers interested in the product
 - ▶ Social media advertising
 - ▶ Front end simulation / calculators for consumers
 - ▶ Digital signing of documents where possible
 - ▶ Increased use of technology for loan servicing

Appendix – Definitions

- ▶ **Lifetime mortgage:** Where a home owner borrows using their house as security, and amount borrowed accumulates with interest and is repaid on death, entry into long-term care or voluntary early redemption.
- ▶ **Home reversion:** Customers for the transfer of the ownership of their property, receive payment in the form of a one-off lump sum, a lifetime annuity, or a combination of both, along with a lifelong exclusive right of residence and right of use.
- ▶ **Lumpsum:** Products where customer receives a single instance upfront payment with all future payments subject to further underwriting.
- ▶ **Drawdown:** Products where a borrowing facility is provided to a Lifetime mortgage borrower which can be drawn as funds are required in the future.
- ▶ **Annuity mortgage:** Product where customer receives series of fixed payments in some cases in addition to a lumpsum payment or facility.
- ▶ **NNEG:** No-negative-equity-guarantee which caps the borrower liability under a Lifetime mortgage at the net proceeds from the sale of their house on redemption of the mortgage.

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