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Equity Release Lending Rises 10% as Older Homeowners Unlock £636m in Property Wealth

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The equity release market has recorded a 10% rise in annual growth, with older property owners accessing a total of £636 million in the second quarter of 2025, according to new figures from the Equity Release Council (ERC).

The latest quarterly report shows that 14,404 customers, including both new and returning borrowers, took out equity release loans between April and June. While the broader

mortgage sector faced headwinds from ongoing economic uncertainty, the equity release market remained comparatively steady, driven largely by new lump sum lifetime mortgage customers.

On average, these new borrowers released £126,422 from their homes, up 14% from the same period last year. This figure notably surpasses the £110,969 average in Q2 2024, reflecting the impact of stable property prices and consumer demand to access housing wealth for financial security later in life.

Equity release, a form of later-life lending, enables homeowners aged 55 and over to access the value of their homes without needing to move. According to the ERC, further advances, where existing customers borrow additional funds, rose by 40% year on year. Although these top-ups account for less than 7% of total lending, the spike indicates a growing trend among homeowners looking to capitalise on rising house prices and improved lending flexibility.

Despite the strong year-on-year growth, the market saw a slight 4% dip in lending from the first quarter of 2025, a change partly attributed to seasonal shifts such as the later Easter holiday and adjustments to Stamp Duty. However, new plans still grew by 2% and total plans rose by 1% compared to Q2 2024, signalling sustained consumer interest.

Average Annual Percentage Rates (APRs) reached 7.24% in the second quarter, up from 6.64% a year ago. The ERC points to global economic instability as a key reason for the rise, with investors increasingly drawn to products offering guaranteed returns.

David Burrowes, Chair of the Equity Release Council, said the market's resilience speaks to the growing reliance on housing wealth among older generations:

“Today's figures show a resilient equity release sector, which, despite challenging economic headwinds, has recorded 10% year-on-year growth in borrowing, with the total amount released in Q2 2025 reaching £636m. Growth, which continues to be driven by new borrowers accessing greater amounts of housing equity to manage debt, boost income, and support their wider families.”

He added that equity release products are becoming a more integral part of retirement planning:

“While the equity release market faces some of the same challenges seen in the residential mortgage market, new lump sum and drawdown loans are up as customers take advantage of stable long-term house price growth to support their later life finances. An approach which is only likely to grow in the future, with Fairer Finance predicting that by 2040, over half of UK households (51%) are expected to require housing wealth to support their spending needs in later life and retirement.”

Burrowes concluded by emphasising the importance of product innovation and flexible options for the future:

“The later-life lending market will inevitably grow as more customers look to their housing wealth to boost retirement income and meet care needs. We need to be ready and resilient to build upon strong advice standards, product innovation, and a commitment to support a wider range of customers, as this provides significant opportunities for the market.”

He welcomed the recent Financial Conduct Authority (FCA) discussion paper into the future of the mortgage sector, saying: “We look forward to making the most of the opportunity presented by the recently launched FCA discussion paper into the ‘Future of the Mortgage Market’ which recognises the significant role of housing wealth in paying for retirement and that flexible lifetime mortgage products for older consumers are becoming ‘increasingly mainstream’.”