

## Property wealth used to fund travel boom but more cautious spending looms

- Equity release drawdowns for holidays and travel more than doubled in the first half of 2022 when compared to the same period in 2021, as the UK experienced surges in holiday demand
- However, rising living costs have seen lifetime mortgage customers increasingly turn to property wealth to supplement their income and continue to meet their goals
- Legal & General Home Finance anticipates a rise in family gifting

Equity release drawdown data from Legal & General Home Finance (LGHF) customers has demonstrated a 'shift in spending' over the first half of 2022.

Customers continued the trend of aspirational spending on treats like holidays (25% vs 11% in 2021), perhaps prompted by the surges in travel that have seen UK airports struggling this summer.

However, with inflation the highest it's been in decades, and living costs rising, many homeowners are turning to their property to help bolster their bank balances, with 25% (vs. 19% in 2021) supplementing their income with the value found in their home. LGHF data also shows that some customers are using their property wealth to fund gifts to loved ones (12%). However, this could increase further as financial pressures prompt older generations to provide more support to younger relatives.

Legal & General's recent **Equity Economy** report<sup>1</sup>, conducted with the Centre for Economics and Business Research (CEBR) found that people are increasingly making the most of property wealth. According to the report's findings equity release funds one in every £90 spent by retired people within the UK currently. It also forecasts that the equity release market will surpass £12 billion in 2030, with customers continuing to fund day-to-day spending, such as food, clothes, transport and entertainment, occasional big purchases, such as home improvements, international holidays and financial planning.

**"We are increasingly seeing people turn to their properties to achieve life-long goals, or to improve the standard of their retirement. This is especially true following the pandemic property boom, which has seen people's homes become one of their most powerful assets.**

**"Even as the cost-of-living crisis intensifies, homeowners are using property wealth to fund aspirational spending, amid pent-up demand for holidays. But we're also seeing priorities shifting in response to the cost-of-living crisis. Many homeowners are looking to their property wealth to help bolster their squeezed incomes and build a safety net for both them and their loved ones.**

**"Financial advice is a requirement for equity release customers; this, along with stringent safeguards and new industry standards, has seen it evolve into a solution that should be considered along with other sources of retirement income. Advisers will play an increasingly important role in helping homeowners understand if equity release might be a solution to ease the current pressures placed on their finances, or to help support family members. Where equity release is an appropriate solution, then products such as our Optional Payment Lifetime Mortgage, which allows customers to pay some, or all, of their monthly interest are proving popular."**

**Craig Brown, CEO, Legal & General Home Finance**

**-ENDS-**



## Notes to editors

1. [The Equity Economy](#), Legal & General Home Finance, 2022

### About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with over £1.4 trillion in total assets under management\* of which a third is international. We also provide powerful asset origination capabilities. Together, these underpin our leading retirement and protection solutions: we are a leading international player in pension risk transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Through inclusive capitalism, we aim to build a better society by investing in long-term assets that benefit everyone.

*\* at 31 December 2021*

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As of 1st January 2022, Legal & General Retail Retirement and Legal & General Insurance (our two retail businesses) have been combined into one division, Legal & General Retail, to enable us to better serve the needs of our retail customers.

Legal & General Retail helps protect the lives and futures of our customers; the division covers the savings, protection and retirement needs of our c12 million retail policyholders and workplace members. In 2021, we wrote £957 million of annuity premiums, and issued £848 million of Lifetime Mortgages and Retirement Interest Only Mortgages. Our Workplace pension platform served 4.4 million members, while in the UK we paid out a total of £1,133.8 million in insurance claims.

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