

## £3.8bn boost in GVA to the UK economy as record number of older homeowners turn to equity release

- Legal & General's The Equity Economy report, conducted with the Centre for Economics and Business Research (CEBR), found that cash accessed by equity release supported nearly £3.8 billion in UK gross value added (GVA)
- For every £1 of equity released via a lifetime mortgage, or other equity release product, £2.12 in GVA is supported across the UK economy
- Spending funded by equity release directly supports more than 45,000 jobs in the UK
- Since 2015, Legal & General has helped over 108,000 customers release more than £6 billion in property equity

Older homeowners accessing the value held in their homes via lifetime mortgages and other forms of equity release are directly adding nearly £1.8 billion in GVA across the UK economy, according to a new report from Legal & General and the Centre for Economics and Business Research (CEBR)<sup>1</sup>. Spending funded by equity release is further estimated to support nearly £1.1 billion in 'indirect' effects on GVA, as well as £0.9 billion in 'induced' effects of equity release spending on GVA<sup>2</sup>, bringing the total impacts on UK economic activity to £3.8 billion.

### £4.3 billion released from UK property wealth

The report found that in 2021, a record £4.3 billion was released via lifetime mortgages and other forms of equity release – an 11% annual increase. This money, previously tied up in the significant property wealth held by the UK's over 55s, was then spent across a range of sectors as homeowners supported family members, achieved their goals and boosted their incomes with the extra funding. The wholesale and retail sector benefitted most from the extra cash unlocked (18% - £757 million). A significant share of the equity release funds was spent on the human health and social work sector (12% - £517 million), likely due to the significant care spend of this age group.

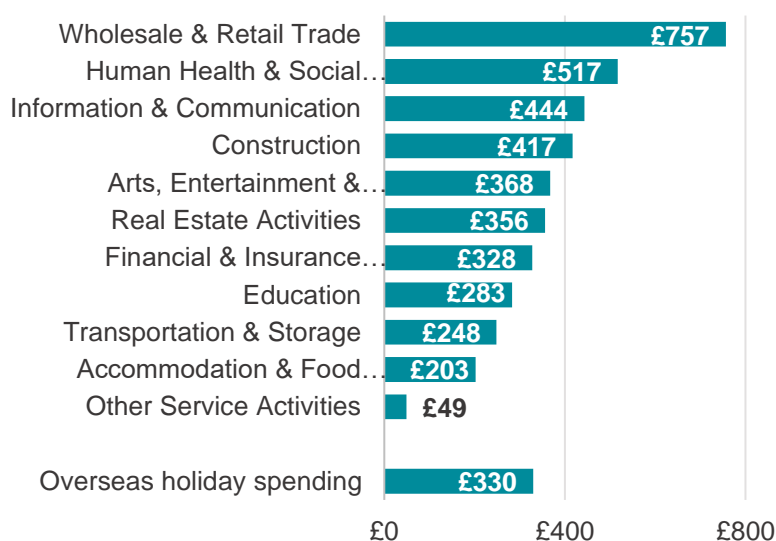


Fig. 1: Estimated total consumer activity funded by equity release in 2021 (£ million), by sector

## The ripple effect of equity release spending

In addition to direct equity release spending across various sectors, the report also reveals the wider economic benefits generated as a result. For example, money spent on home improvements, a common reason for taking out a lifetime mortgage, not only benefits the contractors completing the work but will also benefit their suppliers. The report estimates the positive impact of equity release across supply chains and to employees supported just under £2 billion in GVA in 2021. This means that for every £1 spent as a result of equity release, a total of £2.12 in terms of economic activity is supported across the UK economy.

Through its contribution to the UK economy, equity release spending by homeowners also supports job creation in a range of sectors across the country. Spending funded directly by equity release generated more than 45,000 jobs. A third of this total, equating to 15,300 roles, are found in the health and social work sector, due to the high spend on care costs. Taking into account the indirect supply chain effects, and induced effects of this spending, modelling undertaken by Cebr estimates that an additional 35,000 jobs are supported as a result of equity release's impact on the economy.

**“With the property market continuing to boom, the value held in the homes of the UK’s over 55s is both significant and growing. Complimenting this, over the past decade the later-life lending market has seen improved standards and advice, and a growth in flexible products to meet customer need; giving homeowners confidence and security in making use of this asset. Our research demonstrates that a growing number of people will look to their property wealth to fund their lifestyle, particularly in retirement.**

**“However, as this report demonstrates, the impact of the equity release market is more significant than just the spending power it gives to the individual homeowner: it funds businesses, creates jobs and makes a positive contribution to the UK economy.”**

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

**-ENDS-**

<sup>1</sup>The Equity Economy 2022, Centre for Economics & Business Research (Cebr) report for Legal & General, April 2022. Cebr was commissioned by Legal & General to analyse the equity release market in the UK. As well as drawing on existing data sources from the [Equity Release Council](#) and [the Office for National Statistics](#) this report gains fresh insight from a bespoke survey of more than 2,000 homeowners, of which 339 are equity release customers. Fieldwork for the survey was undertaken between 31st March – 7th April 2022 by Opinium.

<sup>2</sup> The £3.8 billion figure includes the direct, indirect and induced impact on turnover:

- Direct impact: The result of direct spending
- Indirect impact: Any increases in employment and economic activity along supply chains as a result
- Induced impact: Increases in employment and economic activity generated through the increased spending power of any employees

## Notes to editors

### 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

### About Legal & General Retail

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.

## Further information

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