Striving to provide better outcomes in retirement for later life clients

For anyone working in the mortgage lending market – whether that's with clients who are at the first time or last time end of the borrowing spectrum – the last twelve months have arguably been some of the toughest in living memory.

That's not to say we haven't experienced the 'boom and bust' of housing market trends before, far from it. But the sheer scale and speed of the shockwaves that hit the lending industry in September 2022 and reverberated throughout the following months created a craggy and difficult to navigate landscape for even the most experienced and hardy adviser.

This is as true in the later life lending market as it is on the residential side of the mortgage fence. Product culls, rate increases and LTV cuts became the order of the day as later life lenders attempted to keep pace with the wider economic drivers set loose in the swaps and gilt rate market.

So, has the equity release balloon finally burst?

Certainly not when you look at the underlying evidence. The later life lending market, much like the wider residential lending market, has proven time and again to be highly resilient, adaptable and innovative when it comes to responding to market challenges.

The Equity Release Council's latest figures showed that in Q3 the market returned to growth for the first time in 12 months. Total lending grew by 8% to £716 million and the number of new customers grew by 10%.

These figures underpin the general feeling in the industry that the market is coming back after a reset and with product options and availability, stable and lenders striving to innovate to meet the needs of their customers, it looks like the beginnings of a recovery.

And given the high levels of customer searches online, it would seem that equity release remains high on the wish list of later life consumers who are trying to recalibrate their retirement financial plans during this difficult cost-of-living environment.

Many of the customers we deal with at the moment are those looking to repay existing mortgage and other debt in order to improve their overall financial position. The flexibility of modern lifetime mortgages can often provide a solution to clients with mortgage debt who otherwise would be left financially floundering on their existing lender's SVR.

Modern lifetime mortgages have far more adaptability than ever before with mortgages that allow for penalty-free capital as well as interest repayments, fixed Early Repayment Charges and other protections designed to future-proof a client's financial position.

This means that lifetime mortgages are no longer the 'one and done' solution of 30 years ago but a highly adaptable lending option for those looking to leverage the wealth locked up in their bricks and mortar for any number of purposes – from debt mitigation to intergenerational gifting, home improvements and boosting retirement spending. And it is this combination of features and benefits which is driving ongoing and increased demand from consumers, despite the recent headwinds of economic turmoil.

In H2, we've already seen better-then-expected economic news on inflation along with a stabilisation of long-term gilt rates that has brought increased stability and a degree of optimism to the wider mortgage market. And while we cannot expect to see a return to the super-low interest rates of two years ago anytime soon, the green shoots of recovery are showing through and present huge opportunities for advisers and mortgage brokers who are looking to provide an even better outcome in retirement for their later life clients.

more2life remains committed to supporting advisers and their customers. Click here to use our handy tool to find out who your dedicated more2life support team is.

Ben Waugh, Managing Director at more2life