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UK Equity Release Market Monitor 2009 Review

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UK Equity Release Market Monitor

Introduction

Key Retirement Solutions' Market Monitor provides a quarterly review of the equity release market in the UK. The monitor provides journalists and other industry stakeholders with detailed data on the market alongside historical comparisons.

Key Retirement Solutions are **the UK's number 1** equity release specialist adviser, arranging almost 1 in 4 of all SHIP^[1] equity release business in the UK, and over 1 in 3 of all intermediary SHIP equity release business in the UK.

The Monitor uses Key's data to reflect the market as a whole and provides the most detailed analysis of the equity release sector, including:

- **Usage trends**
- **Age Analysis**
- **Regional Analysis based on –**
 - **Plan Numbers**
 - **Plan Values**
 - **Property Prices**

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Equity Release Market Monitor Highlights

2009 Review

- **Market maintains resilience as year on year figures become more stable**
- **Overall lending of £1 billion, down 14%**
- **New plan numbers 21,305, down 17%**

Key Retirement Solutions' equity release market monitor reviewing 2009 shows more stability as the year progressed. Whilst overall results were down on 2008 the gap between business levels stabilised, remaining at 17% for the number of plans, the same position as at the half year stage.

Number of plans

The total number of plans taken out during 2009 was 21,305 (2008 – 25,790) representing a fall of 17%.

Value Released

The total amount released improved in the latter part of 2009 finishing 14% down on the previous year, 2009 new business lending was £1.02 billion (2008 - £1.19 billion). Whilst overall lending figures were down this was largely as a result of reduced average loan values which were £48,212 for 2009 compared to £51,582 for 2008. This reduction is being driven through increased numbers of drawdown plans and also lower property values. The average customer property value during 2009 was £194,000 compared with £230,000 during 2008.

Regional Highlights

Wales was the only region which experienced growth in the number and value of plans with total plan numbers of 1,205 and lending of £50.6m, increases of 1% and 8% respectively. East Anglia experienced an increase in total lending achieving £57.9m against £53.9m for 2008.

The South East retains top spot both for plan numbers and values with 4,574 new plans and total lending of £256.7m. Central London predictably has the highest average property value for those taking out a plan. East Anglia has the highest loan to value ratio at 30% with most other regions averaging typically between 23% and 25%.

Usage Trends

There is one trend which dominates the reasons why many are releasing equity from their homes.

Debt repayment (excluding mortgages) increased from 11% in 2008 to a staggering 35% during 2009. Along with many of the UK population today's retirees are looking to reduce debt and in doing so free up much needed regular income.

Product Mix

Drawdown plans continue to dominate the market due to their prime benefit of reducing the overall cost of borrowing. During 2009 their popularity increased from 60% in 2008 to 64% in 2009. The home reversion market share fell again achieving just a 3% share. Whilst some providers exited the market during the past year there still remains a wide range of product types available.

Dean Mirfin, KRS Group Director, comments on the latest Market Monitor findings:

"2009 has been a challenging year for all sectors of our industry. The equity release sector has not been immune to the effects of the current economic climate as is evident from the results for the year. The main measure for the result is the number of new plans and whilst a 17% fall is considerable, the positive to take from the result is the fact that this level was maintained throughout the year and demand continues to be strong as we enter the first quarter of the new year.

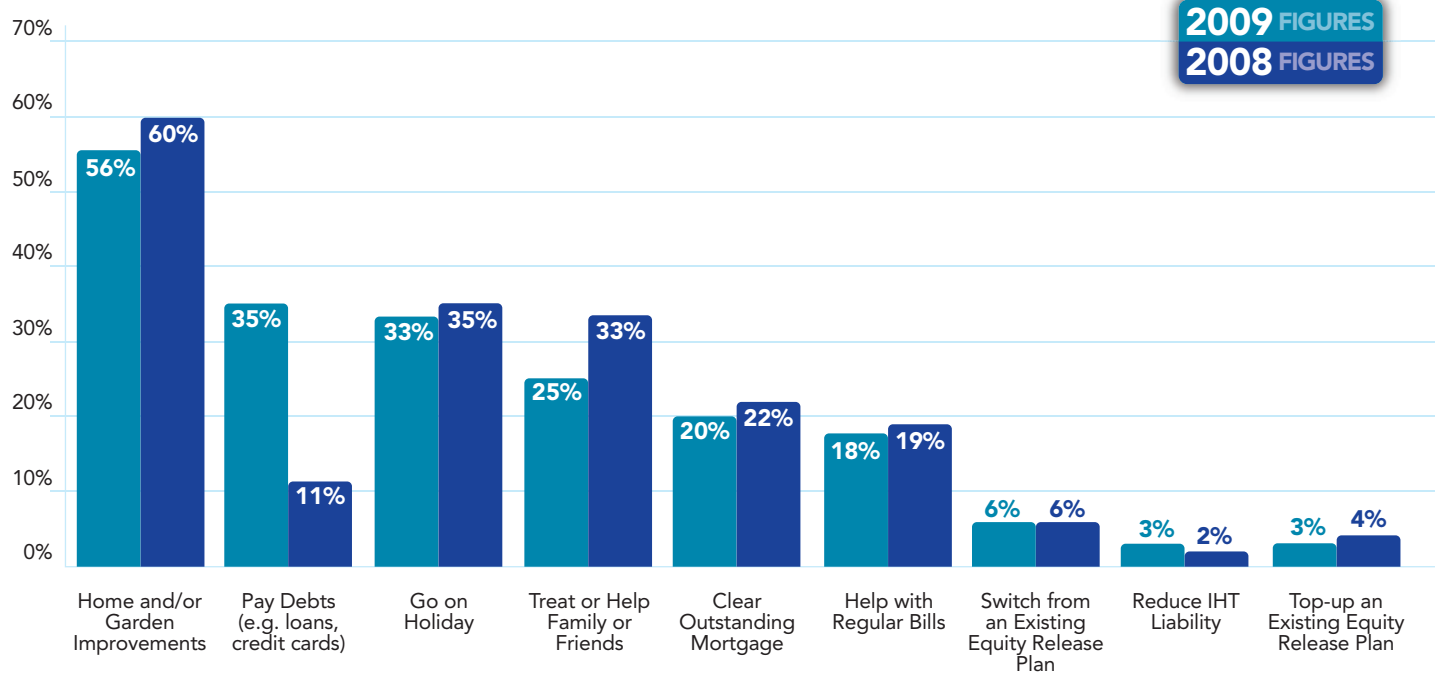
"The uses of equity release continue to be wide-ranging; however, the considerable increase in the use of funds to repay debt is one of the greatest trend changes we have seen. The trend of debt repayment mirrors the trend across all ages in the UK of clearing debt and freeing up more disposable income and no doubt we will see this continue further still in 2010.

"Equity release is still providing a major boost to many retirees who have been hard hit by falling annuity rates and miniscule levels of return on their savings. As property values continue to increase, albeit slowly, this will further add to the attractiveness of releasing the wealth tied up in our homes to better our standard of living."

2009 Review

Equity Release Market Monitor Highlights

Popular Uses of Equity Release



Regional Summary

AREA	Value	Percentage Change 2009 on 2008	Number of Plans	Percentage Change 2009 on 2008	Average Value Released	Average LTV	Average Customer Age
East Anglia	£57.9m	7%	1,126	-13%	£53,144	30%	69
East Midlands	£65.9m	-26%	1,847	-30%	£36,876	23%	69
London	£147.9m	-13%	1,716	-20%	£89,183	25%	70
Northern Ireland	£6.2m	-47%	126	-46%	£50,567	27%	70
North	£26m	-28%	705	-39%	£38,077	25%	68
North West	£108.6m	-12%	2,911	-20%	£38,601	23%	68
Scotland	£30.8m	-38%	874	-30%	£36,441	23%	68
South East	£256.7m	-15%	4,574	-12%	£58,051	24%	70
South West	£127.7m	-13%	2,384	-13%	£55,425	25%	69
Wales	£50.6m	8%	1,205	1%	£43,420	25%	68
West Midlands	£73.7m	-14%	1,779	-18%	£42,840	24%	70
Yorks & H'side	£71.5m	-1%	2,058	-6%	£35,920	23%	69

2009 Review: Number of Equity Release Plans

Regional Highlights

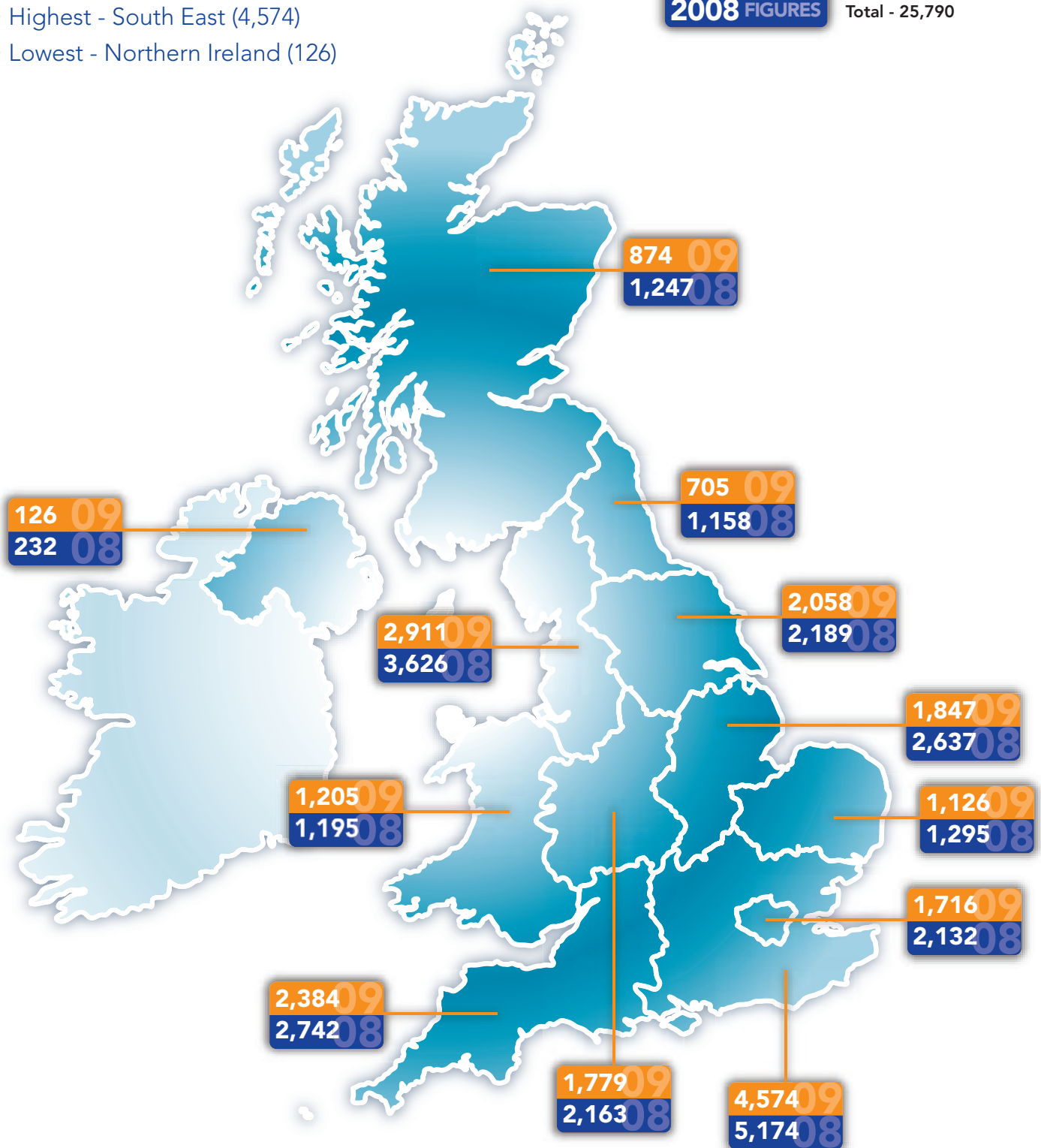
- Highest - South East (4,574)
- Lowest - Northern Ireland (126)

2009 FIGURES

Total - 21,305

2008 FIGURES

Total - 25,790



2009 Review: Value of Equity Release Plans

Regional Highlights

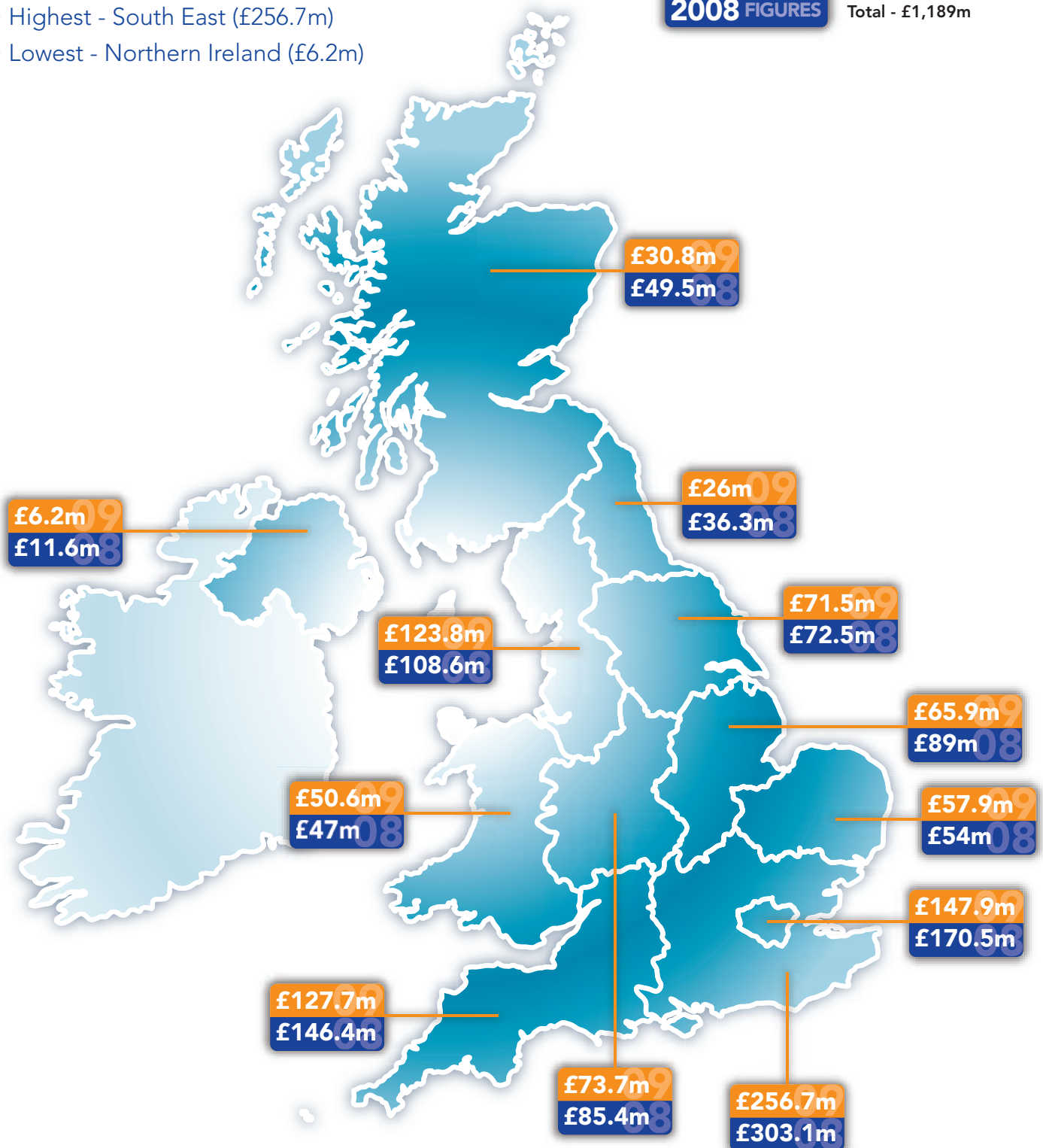
- Highest - South East (£256.7m)
- Lowest - Northern Ireland (£6.2m)

2009 FIGURES

Total - £1,023m

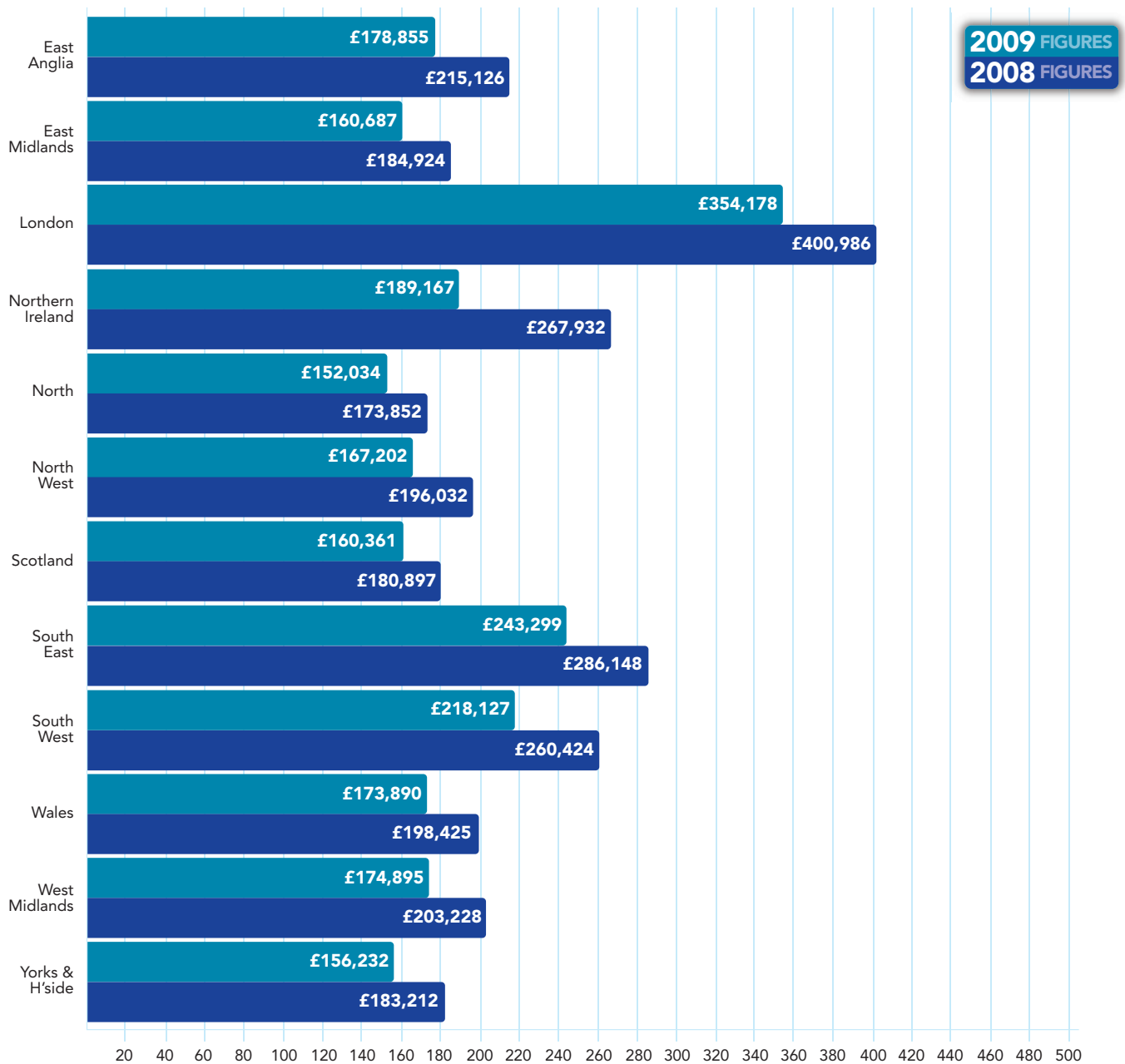
2008 FIGURES

Total - £1,189m



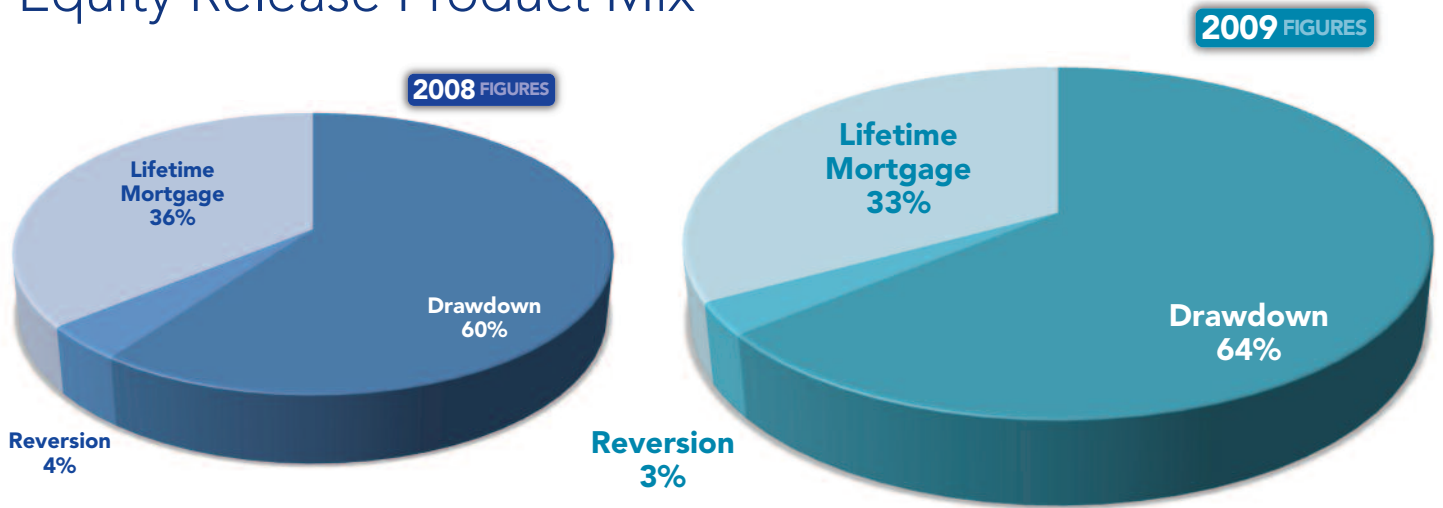
2009 Analysis

Average Customer Property Values



2009 Analysis

Equity Release Product Mix



Customers By Age

