

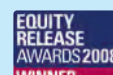


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## UK Equity Release Market Monitor 2009 Quarter 2 and Half Year Review

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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<sup>(1)</sup> 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

## Quarter 2 2009 and Half Year Results

- **Total amount released over £189 million, down 41%**
- **Total number of new plans 5,143, down 24%**
- **Average amount released down 23%**
- **Helping the family more popular than ever**

Key Retirement Solutions' Equity Release Market Monitor for the second quarter of 2009 shows a decrease in the equity release market compared to the second quarter of 2008. The total number of plans taken out during the second quarter of 2009 was 5,143 (2008 Quarter 2 – 6,747) representing a decrease of 24%. The total amount released was £189m (2008 Quarter 2 – £319m). The average amount released decreased by 23% to £40,766 (2008 Quarter 2 - £52,820).

At the half-way point of the year the number of new loans is 9,852, compared to 11,805 for the same period of 2008, a fall of 17%. The total value of new lending is down by 33% to £372m.

In Quarter 2, drawdown plans maintain their popularity accounting for 64% of plans compared to 59% for the same period of 2008. Single advance lifetime mortgage and home reversion plans shared 32% and 4% of the market respectively.

As predicted, the average age of those releasing equity continues to gradually fall. The average age for the period was 67 compared to 68 for the same period of 2008. This continues to follow the trend of the past couple of years as more are turning to equity release at younger ages. The core ages for equity release are 65 to 74.

Whilst the equity release market shows a fall against 2008 the results show a positive result quarter on quarter with the number of new plans increasing by 9% (Quarter 2 2009 - 5,143, Quarter 1 2009 – 4,703) and new lending by over 3% (Quarter 2 2009 - £189m, Quarter 1 2009 – £183m).

The uses of equity release give a feel for the motivations underpinning the consumer decision to release equity. Home improvement (56%) maintains the top position. Interestingly gifts to family, primarily the children (36%), is the second most popular reason. In 2007 25% of consumers release equity gifted the money to family. It has come as no surprise that in the current economic climate that helping the children features so highly.

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

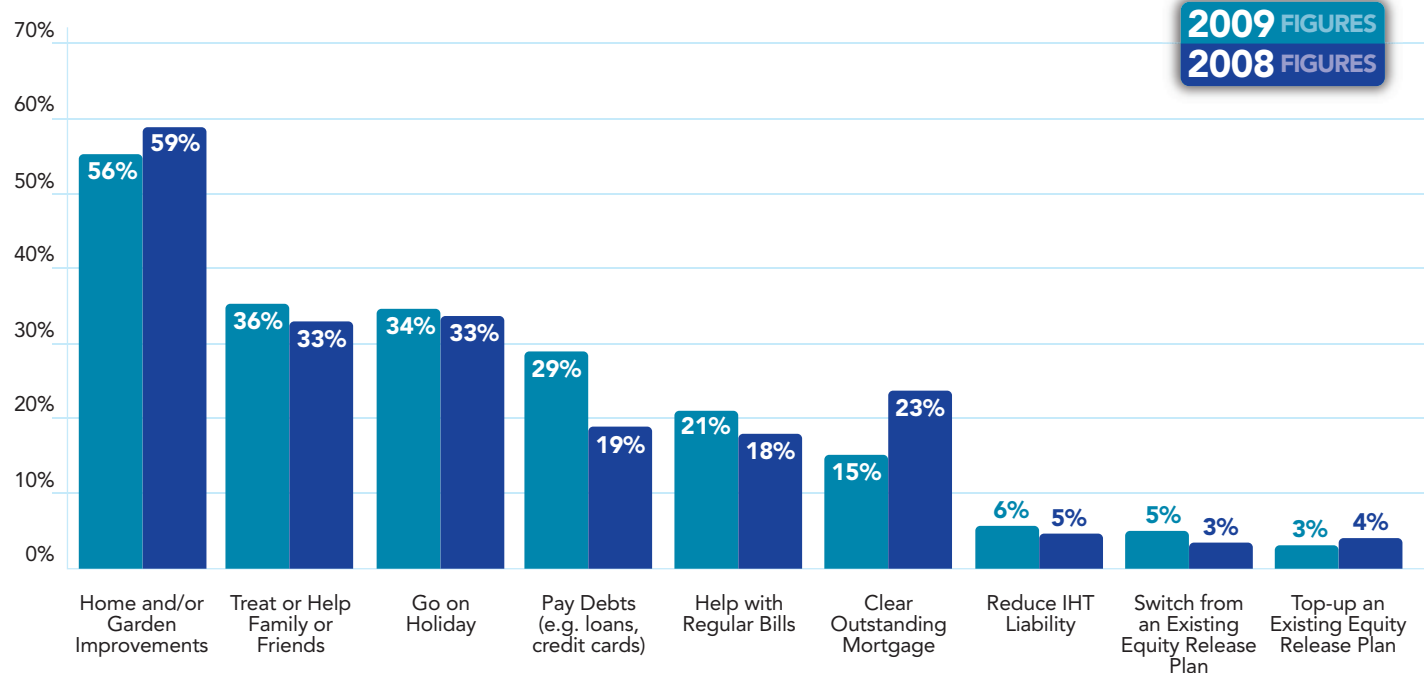
"Whilst the number of new equity release plans arranged is down for quarter 2 year on year, the value of lending has been harder hit as a natural result of lower property values. The average property value for the period this year was £205,675 compared to £224,487 a year ago. The positive is the fact that in part the decline in lending values reflects the sustained uptake of drawdown plans where customers can release a lower amount initially and then return for further funds when needed, this can heavily reduce the cost of borrowing for customers."

"The results for quarter 2 over quarter 1 are encouraging and we believe that the demand for equity release can continue, and following this turbulent period will return to, and then exceed, previous business levels."

# Quarter 2 2009

## Equity Release Market Monitor Highlights

### Popular Uses of Equity Release



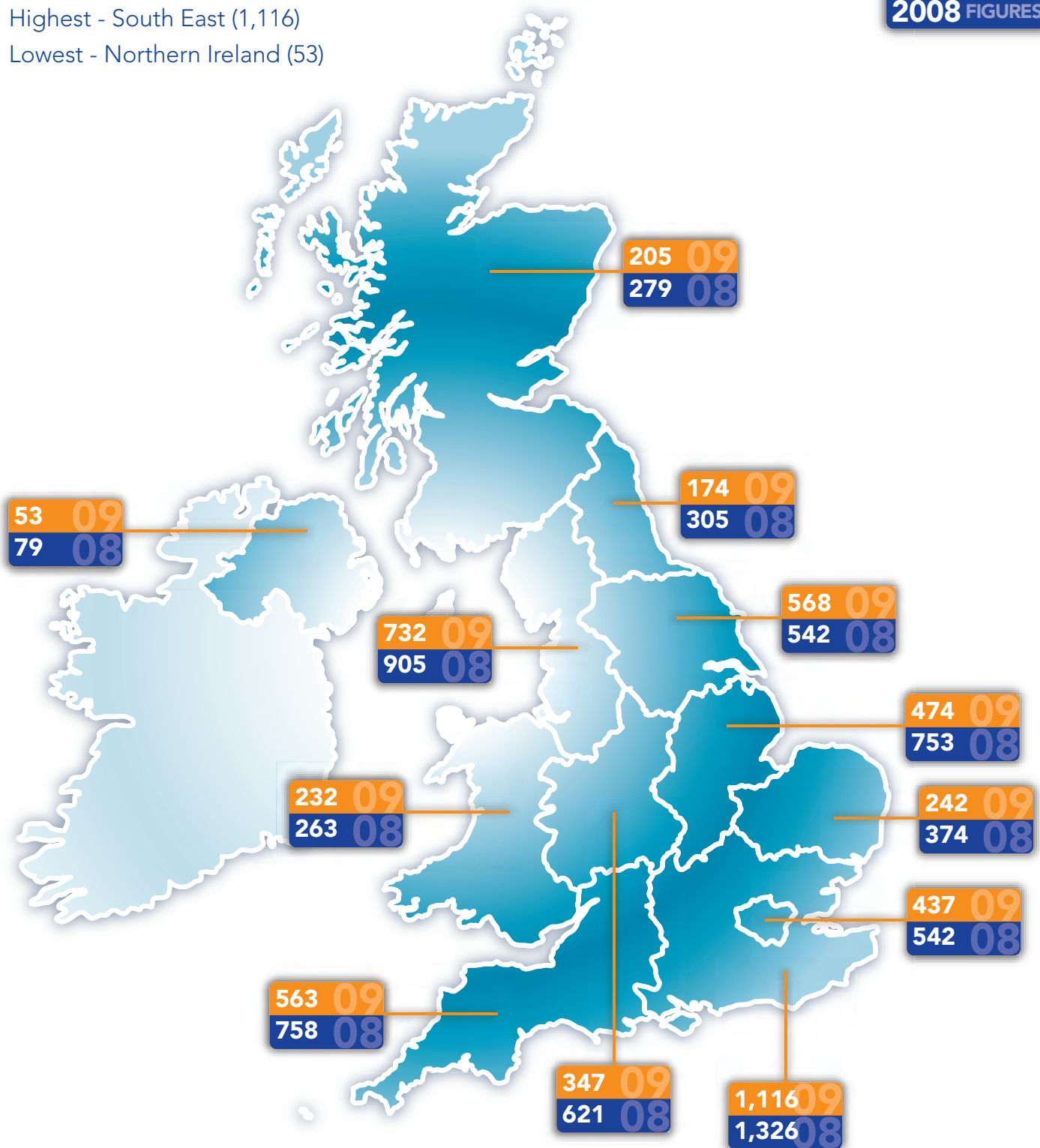
### Regional Summary

AREA	Value	Percentage Change 08 on 09	Number of Plans	Percentage Change 08 on 09	Average Value Released	Average LTV	Average Customer Age
East Anglia	£8.4m	-46%	242	-35%	£40,352	25%	67
East Midlands	£12.1m	-54%	474	-37%	£29,696	19%	67
London	£29.6m	-32%	437	-19%	£78,499	21%	69
Northern Ireland	£1.7m	-61%	53	-33%	£38,162	22%	68
North	£4.8m	-52%	174	-43%	£32,314	22%	66
North West	£22.1m	-22%	732	-19%	£35,012	20%	67
Scotland	£5.1m	-52%	205	-27%	£29,028	19%	67
South East	£46.9m	-44%	1,116	-16%	£48,718	21%	68
South West	£23.9m	-45%	563	-26%	£49,083	24%	67
Wales	£8.1m	-16%	232	-12%	£40,625	23%	66
West Midlands	£11m	-58%	347	-44%	£36,580	21%	68
Yorks & H'side	£15.3m	-11%	568	5%	£31,123	19%	67

# Quarter 2 2009 Results: Number of Equity Release Plans

## Regional Highlights

- Highest - South East (1,116)
- Lowest - Northern Ireland (53)

**2009 FIGURES**  
**2008 FIGURES**


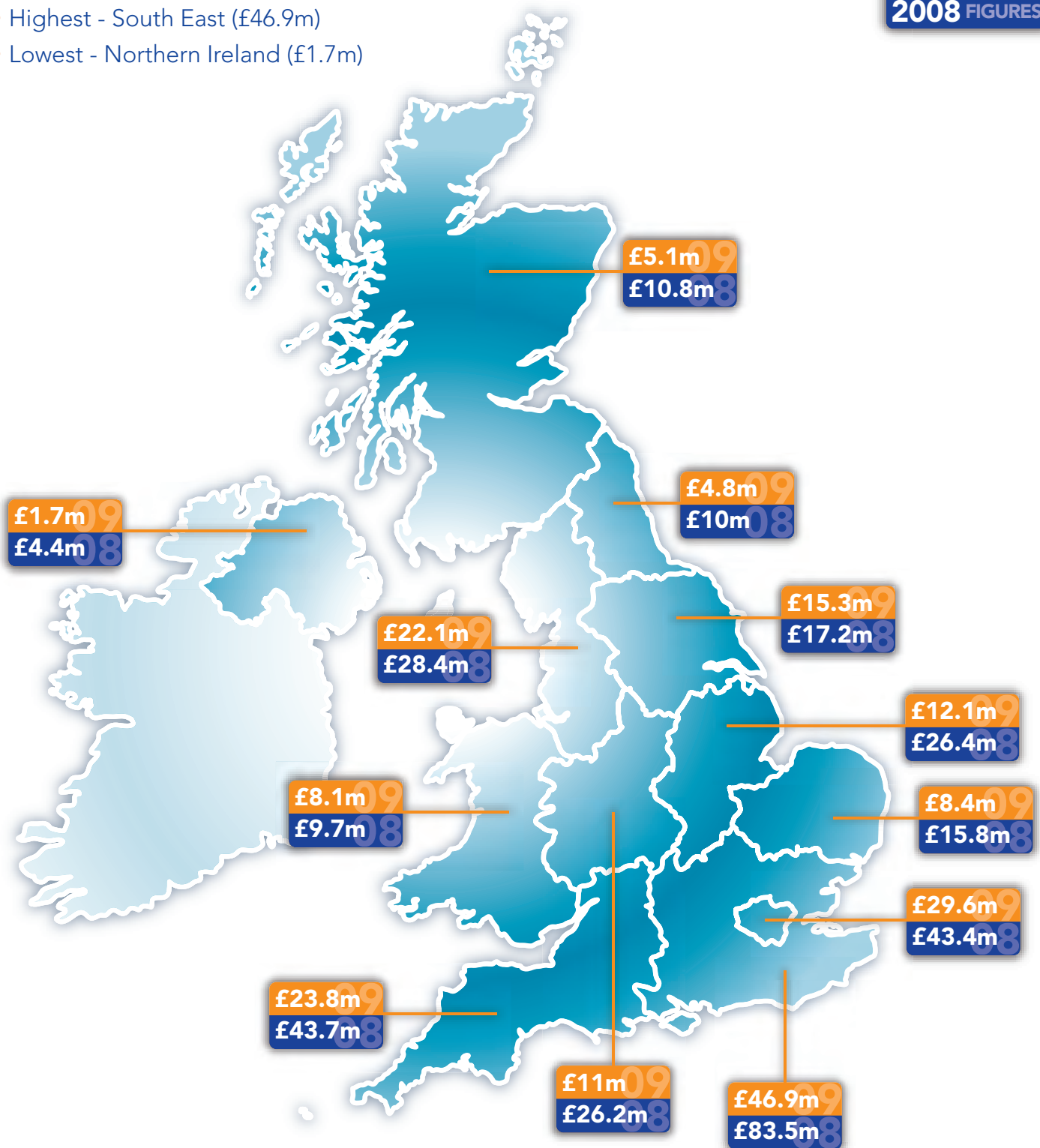


# Quarter 2 2009 Results: Value of Equity Release Plans

## Regional Highlights

- Highest - South East (£46.9m)
- Lowest - Northern Ireland (£1.7m)

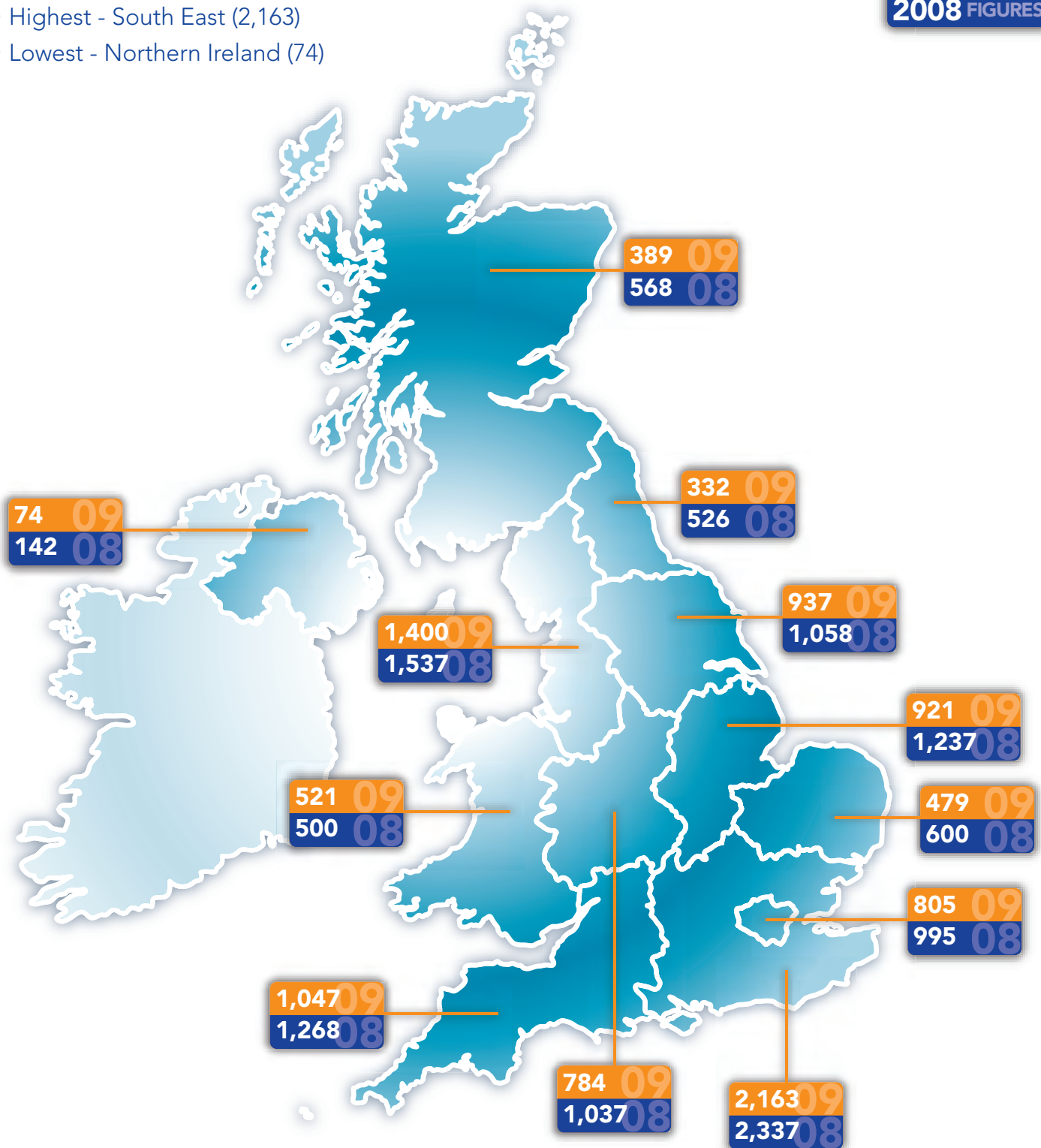
**2009 FIGURES**  
**2008 FIGURES**



# Half Year 2009 Results: Number of Equity Release Plans

## Regional Highlights

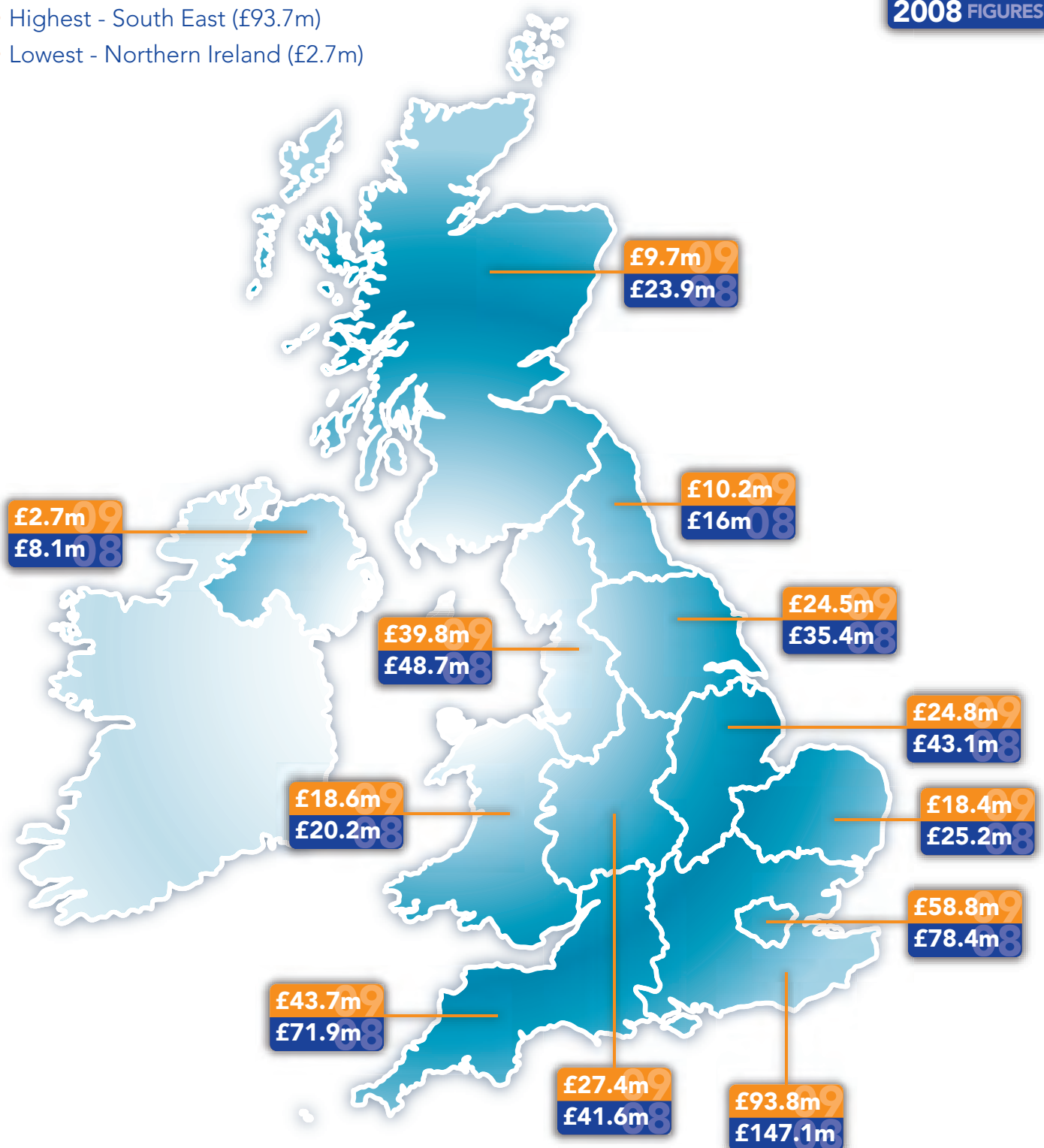
- Highest - South East (2,163)
- Lowest - Northern Ireland (74)

**2009 FIGURES**  
**2008 FIGURES**


# Half Year 2009 Results: Value of Equity Release Plans

## Regional Highlights

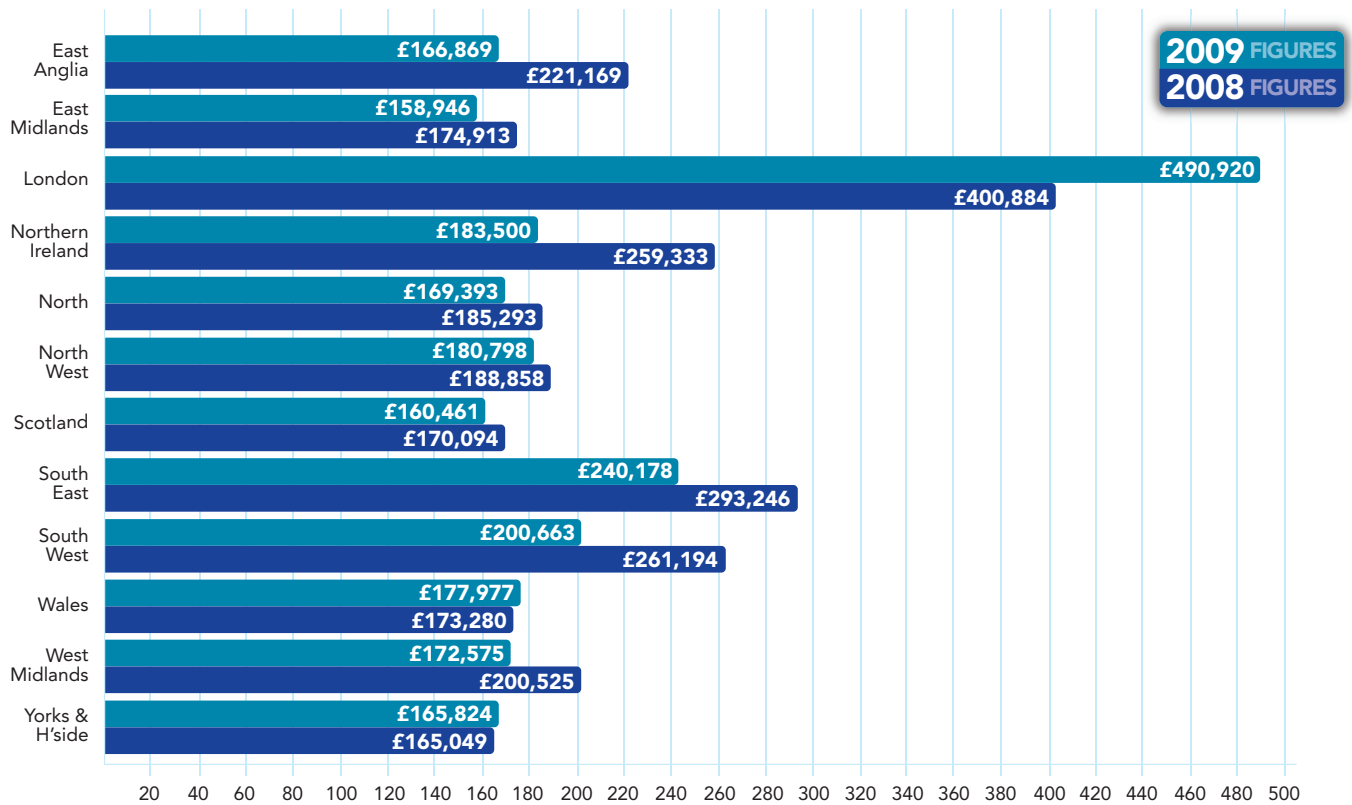
- Highest - South East (£93.7m)
- Lowest - Northern Ireland (£2.7m)

**2009 FIGURES**  
**2008 FIGURES**


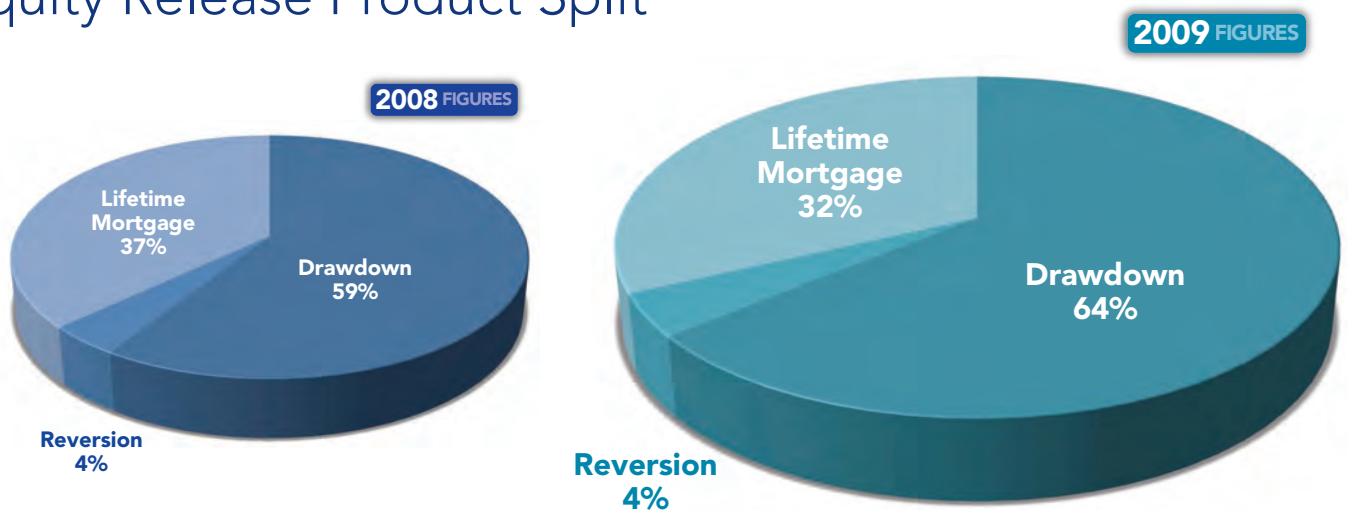


## Quarter 2 2009 Analysis

### Average Customer Property Values



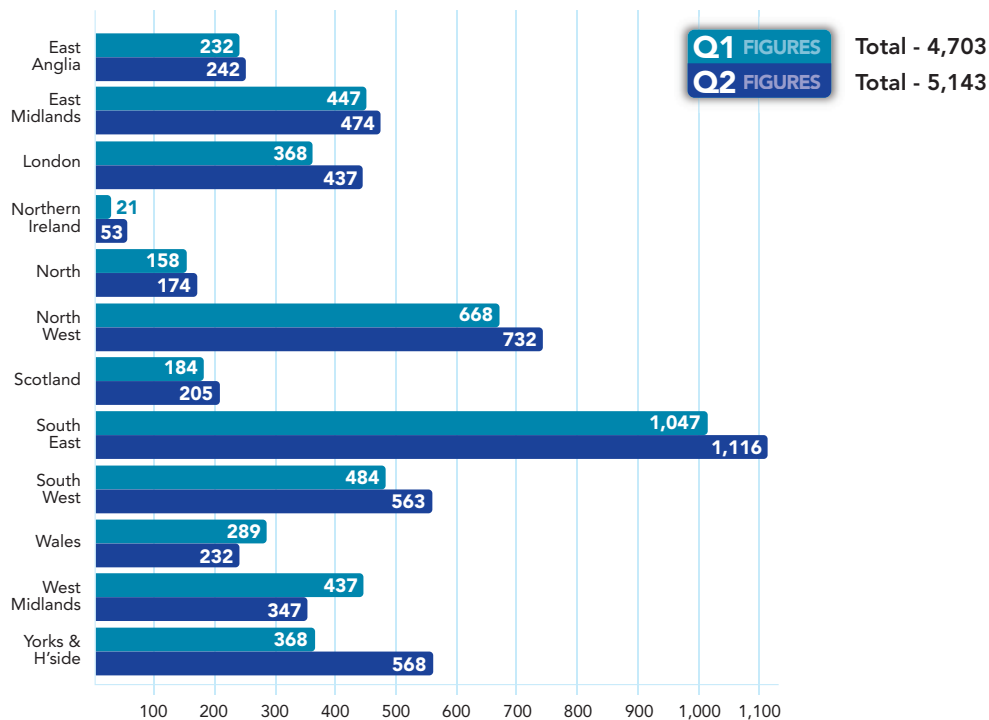
### Equity Release Product Split



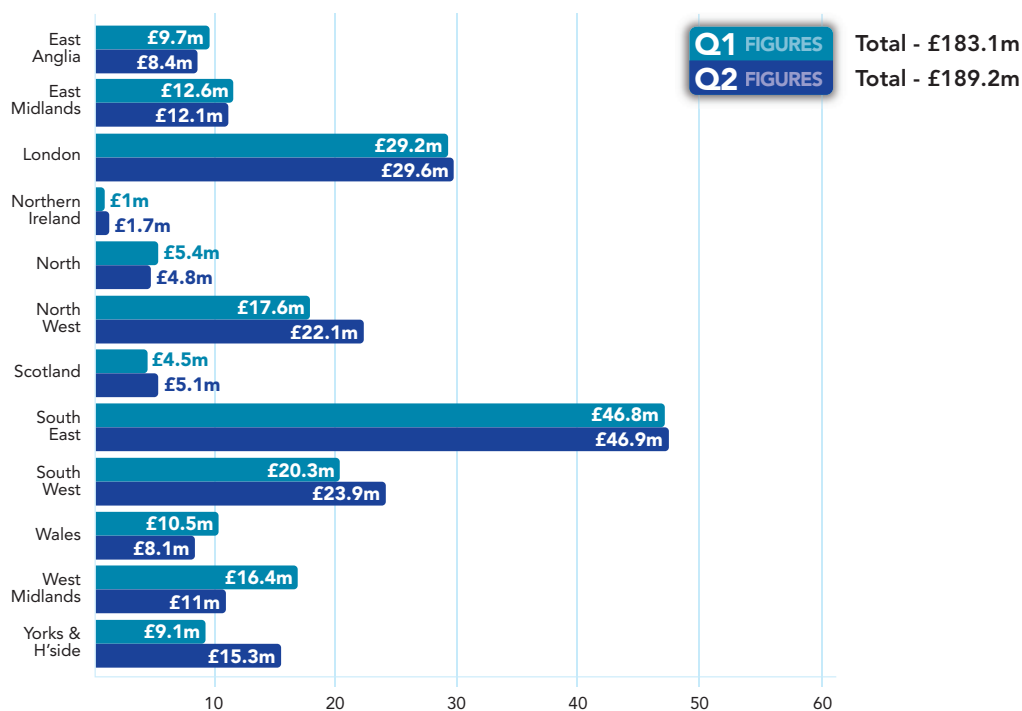
# Year to Date 2009

## Quarter on Quarter Analysis

### Growth in Number of Plans



### Growth in Value of Plans



## Quarter 2 2009 Demographics

### Customers By Age

