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UK Equity Release Market Monitor 2010 Half Year and Quarter 2 Review

01772 508533
www.keyrs.co.uk/press



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

For further details contact:

Dean Mirfin

Group Director
KRS Group

Email: dean.mirfin@keyrs.co.uk

Tel: 07879 678737

Press office: 01772 508533

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Equity Release Market Monitor Highlights

Half Year Results

- **Total amount released £455m up 22%**
- **Improving the home remains top priority**
- **Majority of regions show increased new business levels**

The latest report on the equity release market in the UK shows year on year increases in the number of new plans and also in the levels of borrowing for the first half of 2010. The number of new plans for the half year was 10,318 compared to 9,852 for the same period of 2009 (+4.73%). Overall lending was £454.9 million up 22% from £372.4 million for the same period of 2009. The figures have continued the trend started during Quarter 1 of this year which was also ahead of the same period of 2009 and also continues the trend of quarter on quarter increases in business levels.

Drawdown plans have increased further in popularity accounting for 72% of all plans year to date compared to 61% for the first half of 2009. Single advance lifetime mortgages accounted for 25% of the market with home reversion making up the remaining 3%.

The average age of equity release customers is 69 for the period showing a 2 year increase over the same period of 2009. Whilst equity release is available from the age of 55 the core ages band remains 60 to 74.

Regional Highlights

Scotland (+81%), Yorkshire and Humberside (+58%) and the North (+52%) led the way with the largest increases in overall values of lending. Only two regions, Wales (-49%) and London (-3%) showed a fall in overall lending. Whilst London experienced a fall in the value of lending, the region did however experience a 9% increase in plan numbers.

Uses of Equity Release

Home and/or Garden Improvements retains top spot accounting for the most popular use of equity release with 60% of clients using some or all of the funds released to improve their homes. This tends to range from decoration to more considerable projects. Commonly these include new kitchens, bathrooms and conservatories.

Holidays, repaying debts and helping out the family continue to be priority uses for the equity released.

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

"Housing wealth is an important source of income for pensioners and certain to become even more important as pension income continues to be squeezed. New business growth rates of 22% on 2009 demonstrate that customers are recognising that their housing wealth can be put to good use.

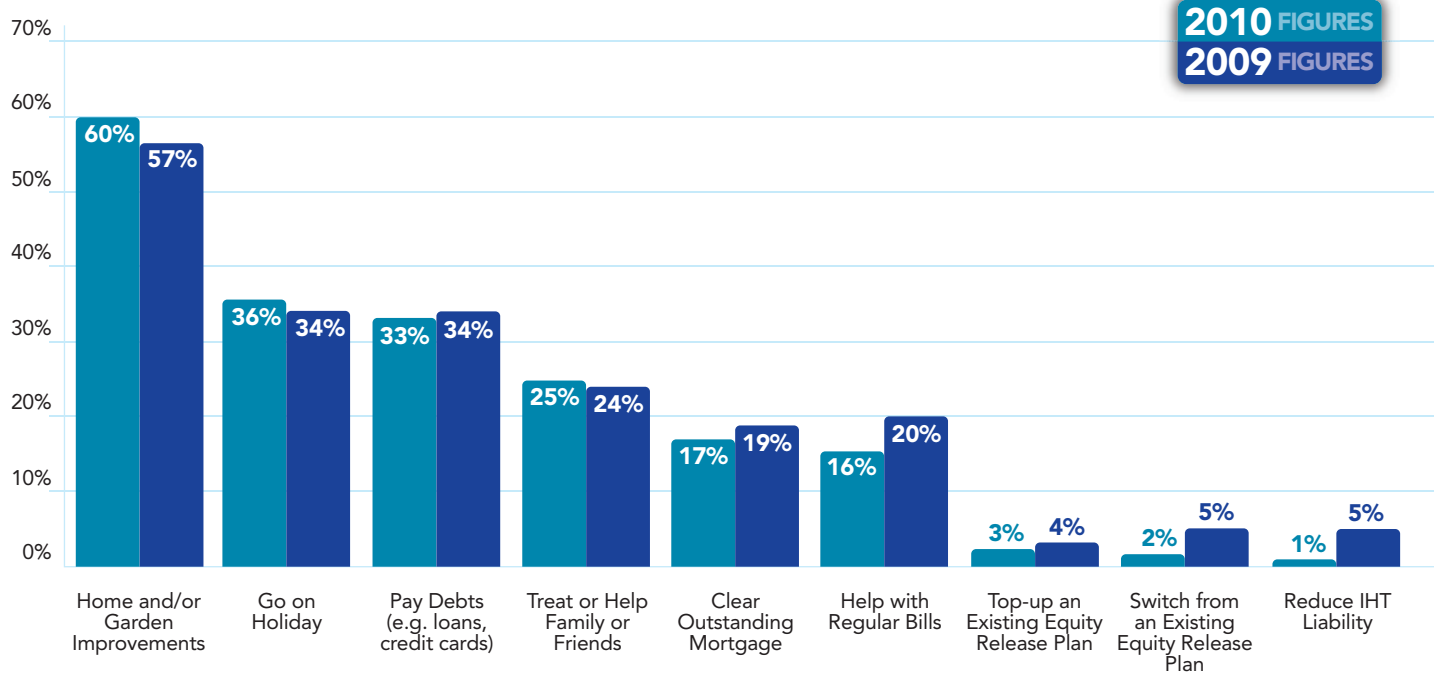
"Importantly during this first half of 2010 we have seen the first new activity from one of the providers who had withdrawn from the market in the last two years. more 2 life re-launched into the equity release sector with a unique lifetime mortgage offering special terms for those with health or lifestyle conditions.

"The strong sales performance is underlined by the fact that the number of firms competing in the market looks to be turning the corner in a positive direction after recent withdrawals and that new plans offering improved terms to people with medical conditions are demonstrating that there is good space in the sector for further innovation."

Half Year 2010

Equity Release Market Monitor Highlights

Popular Uses of Equity Release



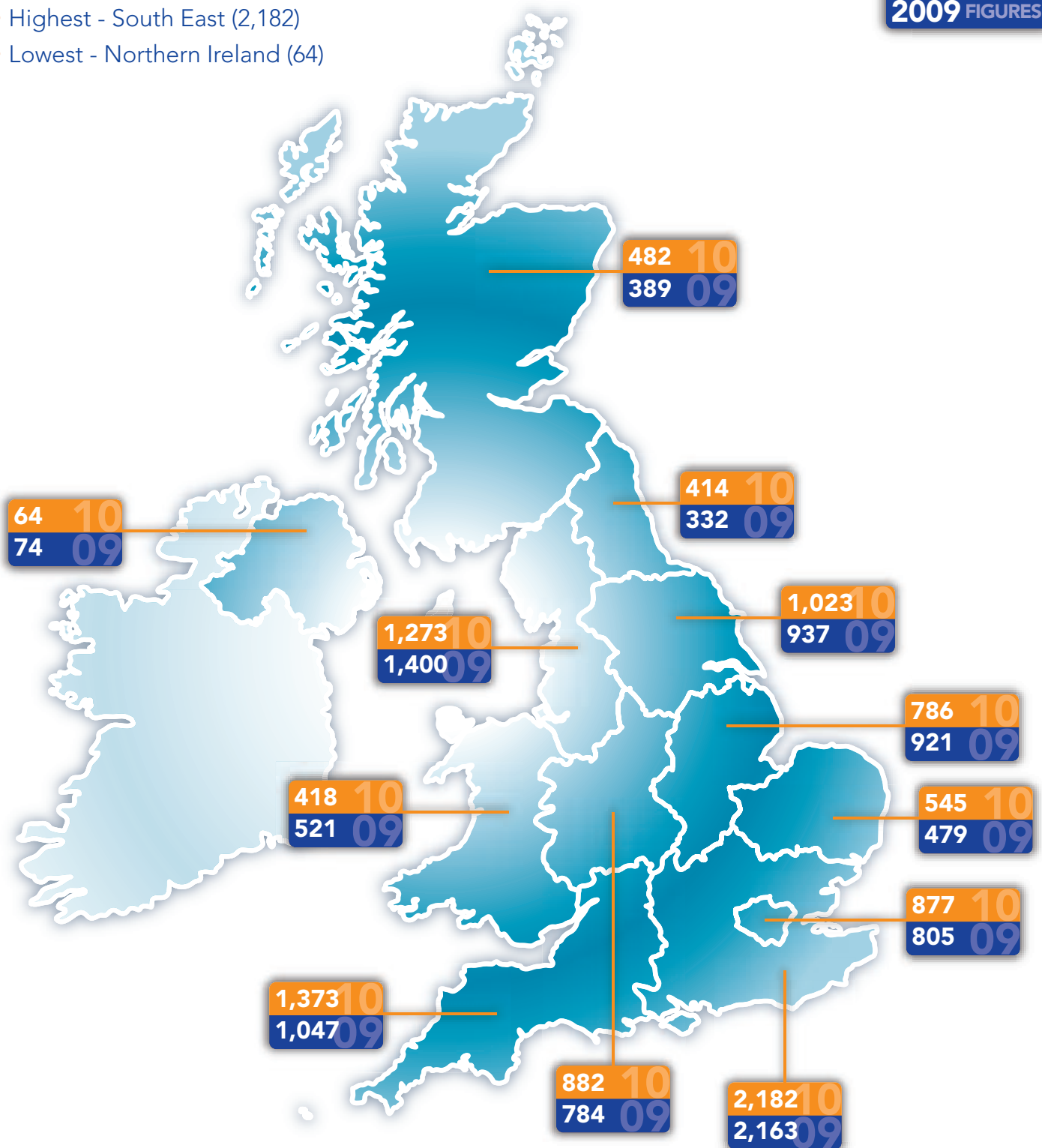
Regional Summary

AREA	Value	Percentage Change 09 on 10	Number of Plans	Percentage Change 09 on 10	Average Value Released	Average LTV	Average Customer Age
East Anglia	£20.6m	12%	545	14%	£36,085	18%	69
East Midlands	£27.3m	10%	786	-15%	£33,168	18%	68
London	£57.2m	-3%	877	9%	£62,202	16%	70
Northern Ireland	£4m	46%	64	-14%	£59,614	24%	69
North	£15.5m	52%	414	25%	£35,797	21%	67
North West	£52.5m	32%	1,273	-9%	£39,397	21%	68
Scotland	£17.5m	81%	482	24%	£34,603	19%	69
South East	£106m	13%	2,182	1%	£46,355	16%	69
South West	£65.4m	50%	1,373	31%	£45,467	18%	70
Wales	£17.8m	-49%	418	-20%	£40,673	21%	69
West Midlands	£32.5m	19%	882	13%	£35,198	18%	69
Yorks & H'side	£38.7m	58%	1,023	9%	£35,087	22%	69

Half Year 2010 Results: Number of Equity Release Plans

Regional Highlights

- Highest - South East (2,182)
- Lowest - Northern Ireland (64)

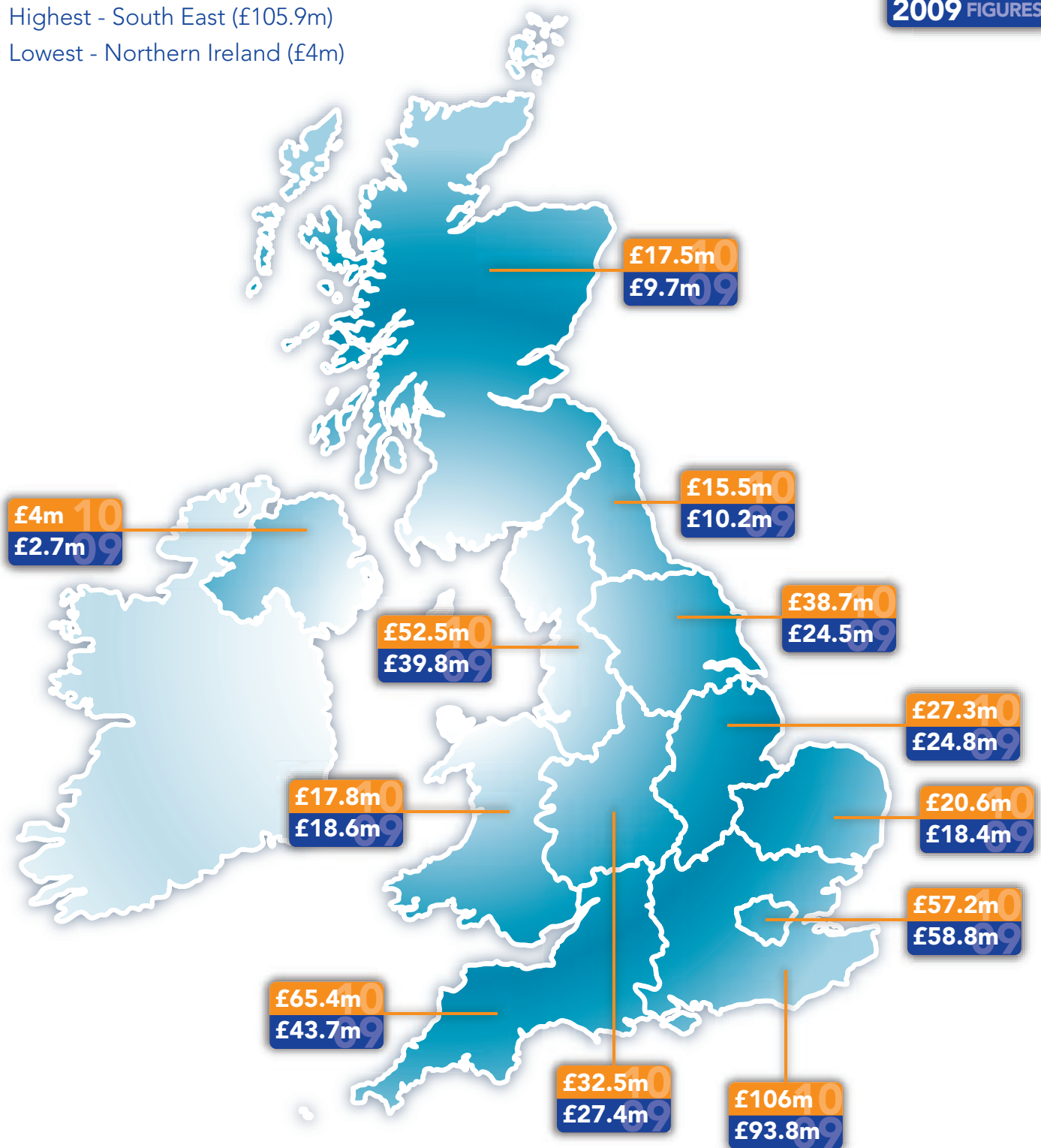
2010 FIGURES
2009 FIGURES


Half Year 2010 Results: Value of Equity Release Plans

Regional Highlights

- Highest - South East (£105.9m)
- Lowest - Northern Ireland (£4m)

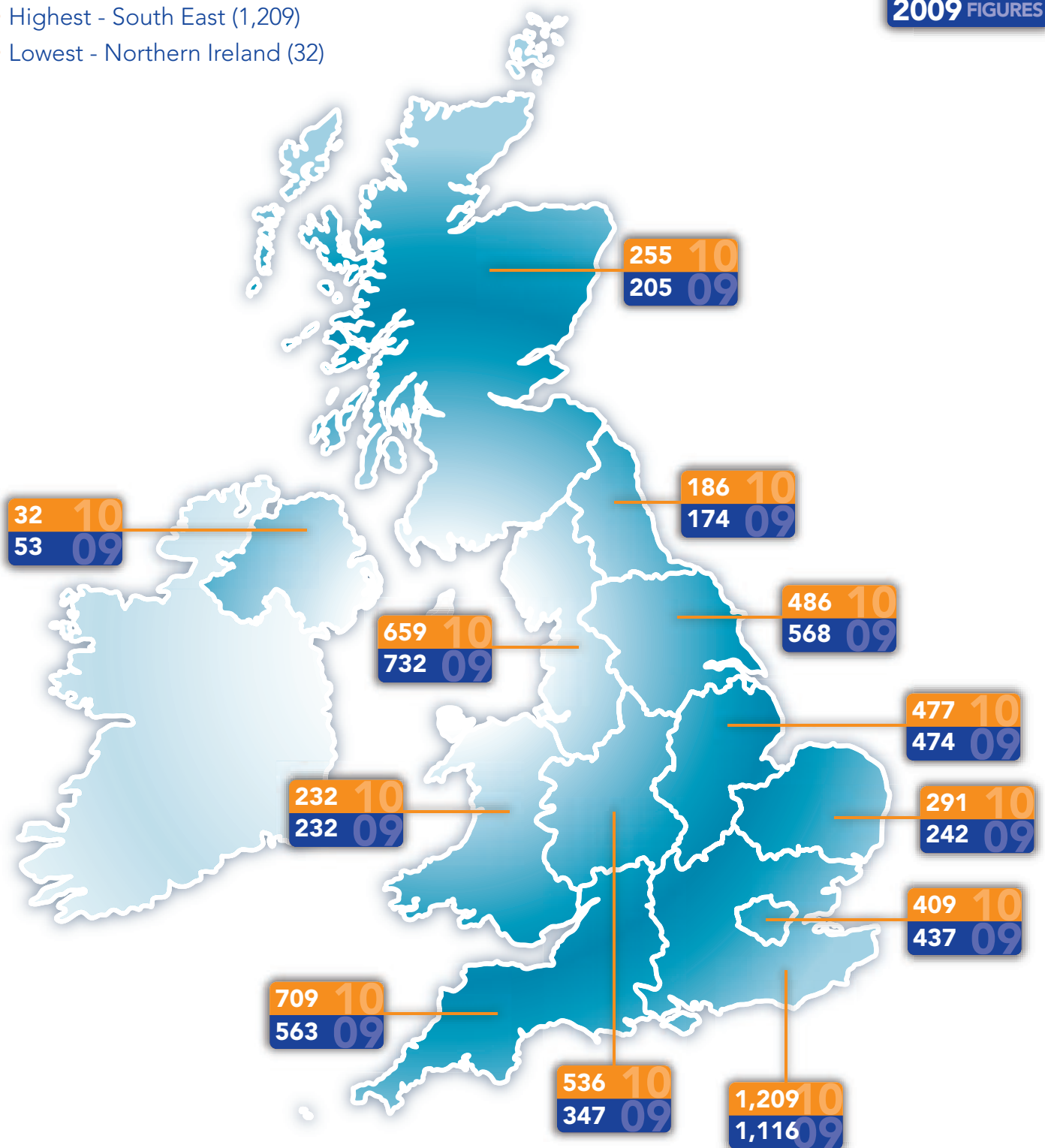
2010 FIGURES
2009 FIGURES



Quarter 2 2010 Results: Number of Equity Release Plans

Regional Highlights

- Highest - South East (1,209)
- Lowest - Northern Ireland (32)

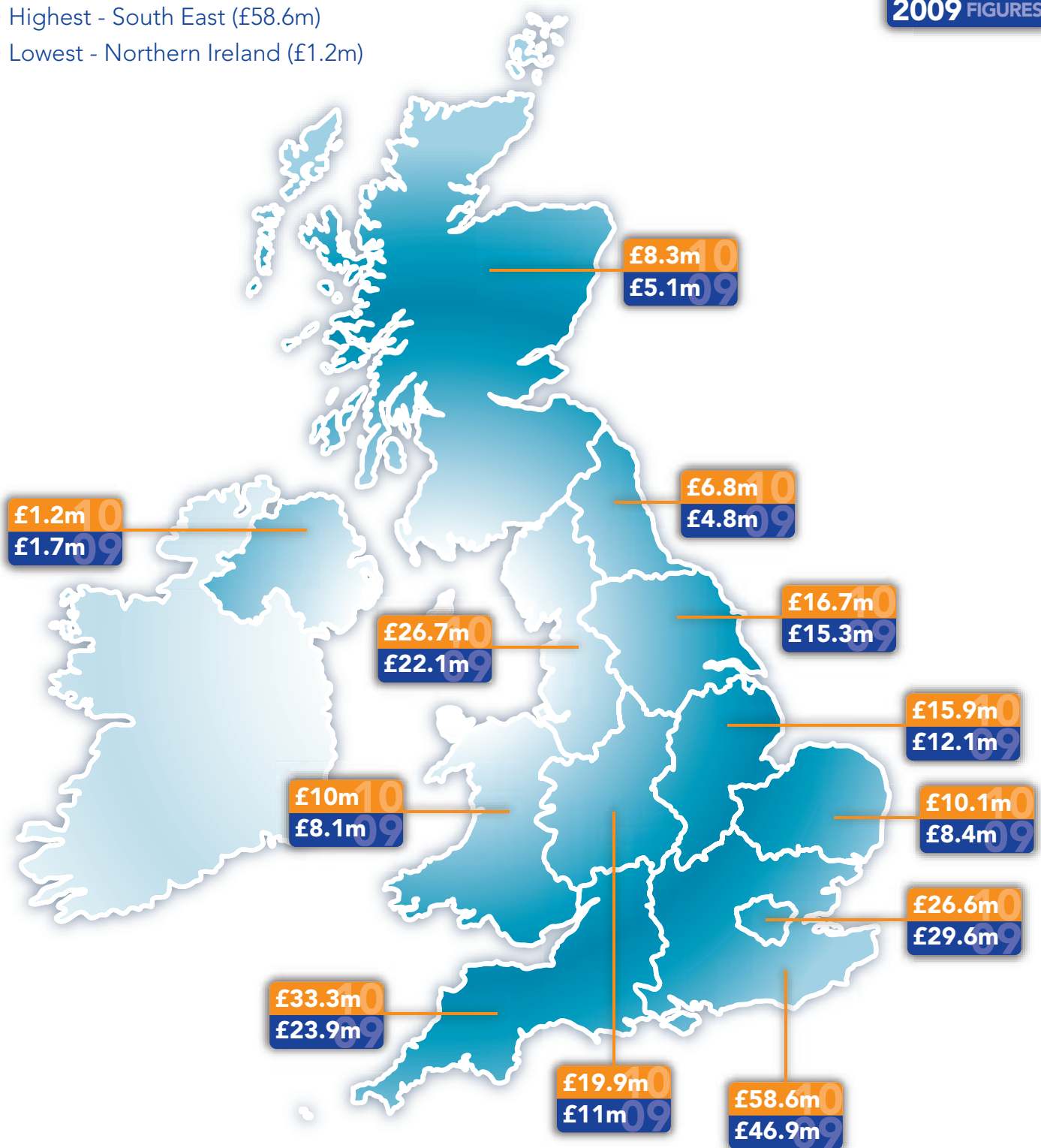
2010 FIGURES
2009 FIGURES


Quarter 2 2010 Results: Value of Equity Release Plans

Regional Highlights

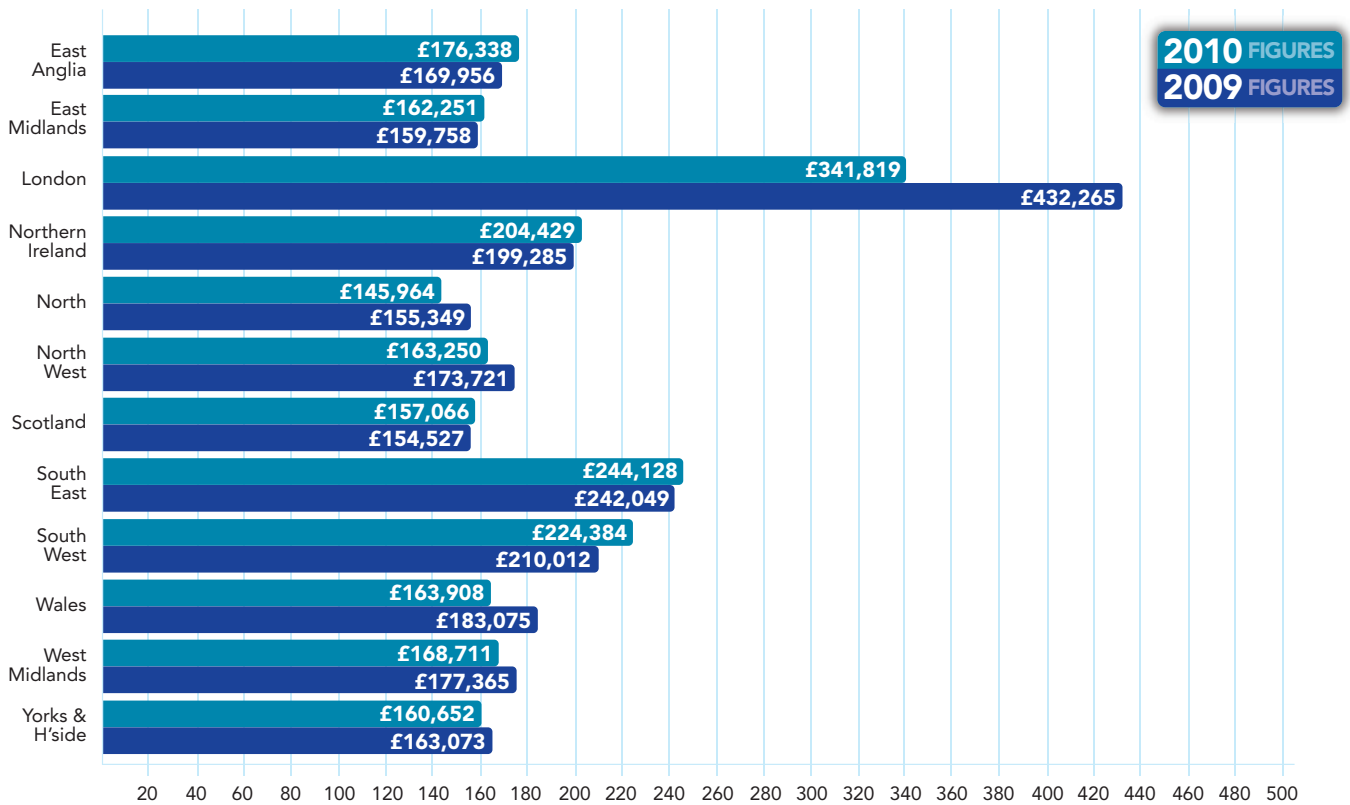
- Highest - South East (£58.6m)
- Lowest - Northern Ireland (£1.2m)

2010 FIGURES
2009 FIGURES

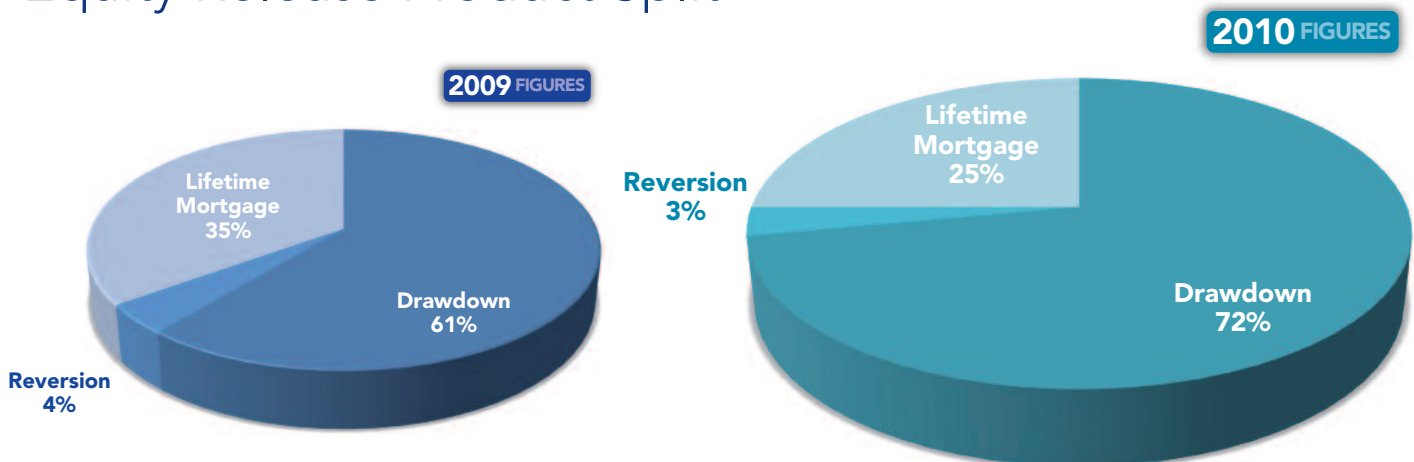


Half Year 2010 Analysis

Average Customer Property Values



Equity Release Product Split



Half Year 2010 Demographics

Customers By Age

