



# UK EQUITY RELEASE MARKET MONITOR 2009 QUARTER 1

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# UK EQUITY RELEASE MARKET MONITOR HIGHLIGHTS

## Q1 2009

- Falling property prices impact equity release lending figures
- Total amount released down 24%
- Average property values down 16%
- Total number of plans down 7%

**Key Retirement Solutions' Equity Release Market Monitor for Quarter 1 of 2009 shows a dramatic decrease in the equity release market when compared to the same period of 2008. Whilst the number of plans fell by 7% the effect of falling property prices has impacted heavily on the overall lending figures. The monitor reports that the combination of a 7% drop in plan numbers and a 16% drop in property prices has resulted in a fall in lending for the sector of almost 24%. This is the largest fall Key have recorded since they began monitoring the sector in 1998. Total Lending has fallen from £240 million to £183 million. As a direct result the average loan amount has fallen by 15.33% to £44,948 (2008 Q1 - £53,084).**

The total number of plans taken out during the first quarter of 2009 was 4,703 (2008 quarter 1 – 5,059) representing a decrease of 7.04%. The total amount released decreased by 23.74% when compared to quarter 1 of 2008. Whilst total lending has reduced, at £183.1 million (2008 quarter 1 - £240 million), the average loan to value stayed level at 23%. The results show that overall lending has reduced directly as a result of reducing property values with all regions showing a reduction. East Anglia has experienced the largest drop in value, experiencing a 26.10% fall, with London suffering least with a 6.03% fall.

Whilst the overall numbers and values reduced there were positive results in a number of regions. Five regions; East Anglia, East Midlands, Wales, South East and the West Midlands, all showed an increase in the total number of new plans with Wales showing an increase of 22%. In addition, four regions; London, East Anglia, West Midlands and the North, showed an increase in average lending, with the North showing an increase of 25%.

Drawdown continues to lead the way in plan popularity accounting for 57% of plans compared to 40% for single advance lifetime mortgages and 3% for home reversions. The average age of people releasing equity from their homes has remained steady at 68.

Again in the monitor we show the most popular uses of equity release. The main uses are home and/or garden improvements 58%, holidays 33%, repay mortgage or repay debts at 23% and 33% respectively. Debt, in the form of mortgage or typically credit card or loans, continues to be a growing concern for many in their retirement with repayments having a considerable impact on disposable income.

## Dean Mirfin, KRS Group Director, comments:

“Whilst the total number of plans fell by just over 7% the dramatic fall in lending figures is impacted most by the fall in property values. The average property value for someone taking out equity release has fallen by over £36,000.

“The results for the first quarter of 2009 show that despite falling property prices the demand to release equity is still strongly evident. Those considering equity release may be waiting for property prices to improve, but this could well prove to be a false economy. We only get one chance at retirement and it is important that those considering equity release do not delay, time is something we can't buy back.”

## GRAPHIC 1: NO. EQUITY RELEASE PLANS Q1 2009 ON Q1 2008

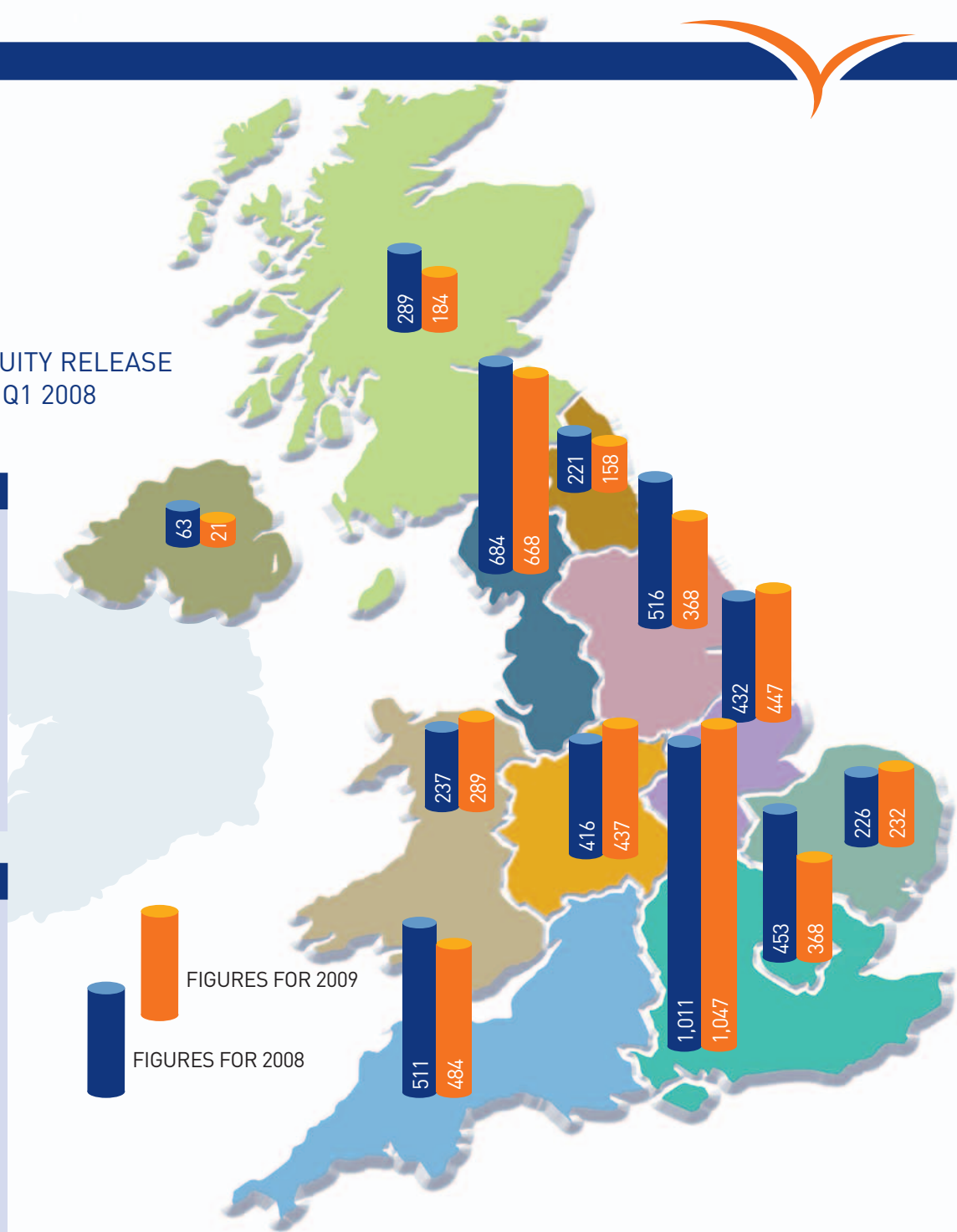
(Source: KRS)

### No. of plans Q1 2009

|                  |       |
|------------------|-------|
| South East       | 1,047 |
| North West       | 668   |
| South West       | 484   |
| East Midlands    | 447   |
| Yorks & H'side   | 368   |
| West Midlands    | 437   |
| London           | 368   |
| East Anglia      | 232   |
| Scotland         | 184   |
| Wales            | 289   |
| North            | 158   |
| Northern Ireland | 21    |

### Average release Q1 2009

|                  |         |
|------------------|---------|
| London           | £91,845 |
| South East       | £51,743 |
| South West       | £48,531 |
| Northern Ireland | £53,850 |
| East Anglia      | £48,461 |
| Scotland         | £28,367 |
| West Midlands    | £43,464 |
| Wales            | £41,930 |
| North West       | £30,572 |
| East Midlands    | £32,675 |
| Yorks & H'side   | £28,538 |
| North            | £39,396 |

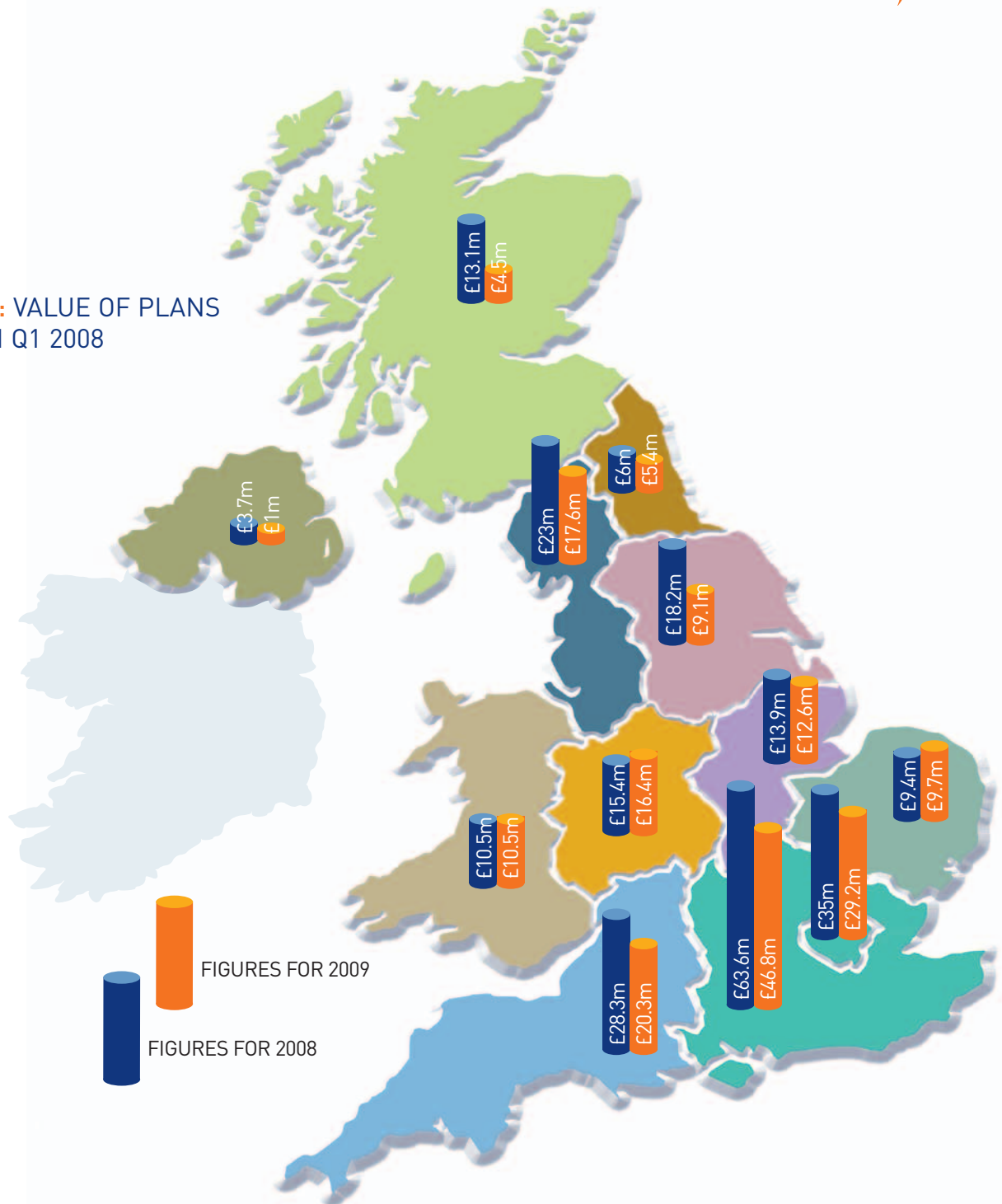


| AREA             | Value  | Percentage change (2008 on 2007) | Number | Percentage change (2008 on 2007) | Average Value Released | Average LTV | Average Customer Age |
|------------------|--------|----------------------------------|--------|----------------------------------|------------------------|-------------|----------------------|
| East Anglia      | £9.7m  | 3%                               | 232    | 3%                               | £48,461                | 28%         | 68                   |
| East Midlands    | £12.6m | -9%                              | 447    | 3%                               | £32,675                | 21%         | 66                   |
| London           | £29.2m | -17%                             | 368    | -19%                             | £91,845                | 24%         | 69                   |
| North            | £5.4m  | -10%                             | 158    | -29%                             | £39,396                | 29%         | 68                   |
| North West       | £17.6m | -23%                             | 668    | -2%                              | £30,572                | 21%         | 67                   |
| Northern Ireland | £1m    | -73%                             | 21     | -66%                             | £53,850                | 23%         | 66                   |
| Scotland         | £4.5m  | -66%                             | 184    | -36%                             | £28,367                | 21%         | 68                   |
| South East       | £46.8m | -26%                             | 1,047  | 4%                               | £51,743                | 23%         | 69                   |
| South West       | £20.3m | -28%                             | 484    | -5%                              | £48,531                | 22%         | 68                   |
| Wales            | £10.5m | -                                | 289    | 22%                              | £41,930                | 25%         | 68                   |
| West Midlands    | £16.4m | 6%                               | 437    | 5%                               | £43,464                | 24%         | 69                   |
| Yorks & H'side   | £9.1m  | -50%                             | 368    | -29%                             | £28,538                | 19%         | 68                   |



**GRAPHIC 2: VALUE OF PLANS**  
Q1 2009 ON Q1 2008

(Source: KRS)



**REGIONAL HIGHLIGHTS**

Regional value of equity release plans sold Q1 2009:

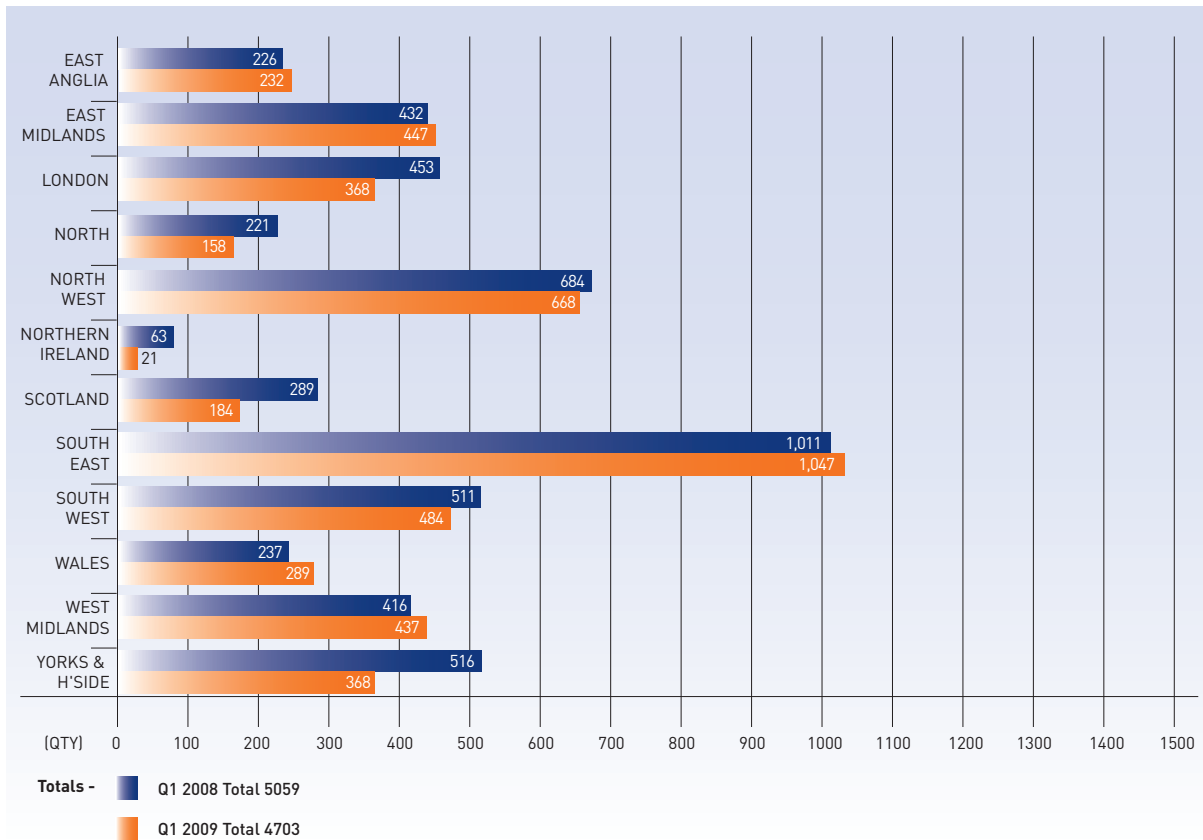
- Highest - £46.8m (South East)  
£29.2m (London)  
£20.3m (South West)
- Lowest - £1m (Northern Ireland)  
£4.5m (Scotland)  
£5.4m (North)

Regional number of equity release plans sold Q1 2009:

- Highest - 1,047 (South East)  
668 (North West)  
484 (South West)
- Lowest - 21 (Northern Ireland)  
158 (North)  
184 (Scotland)

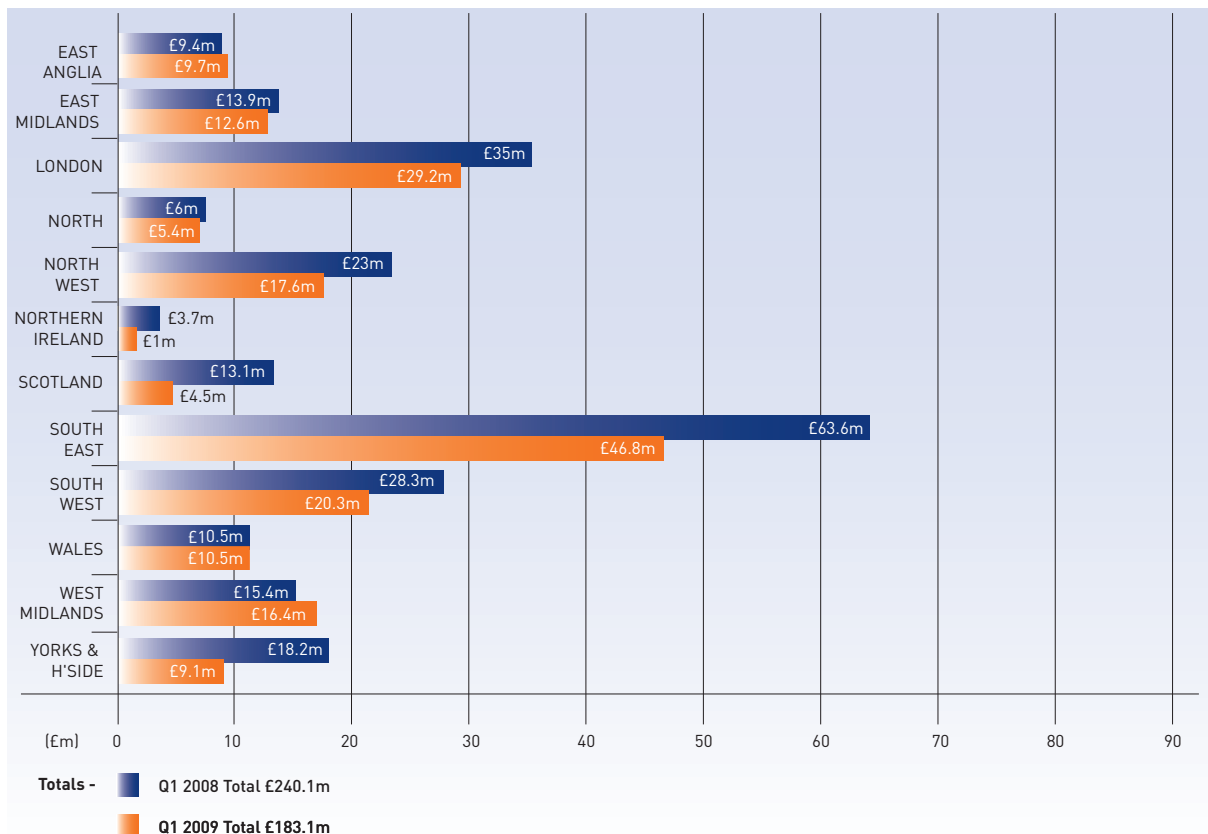
### GRAPHIC 3: NUMBER OF PLANS Q1 2009 ON Q1 2008

(Source: KRS)



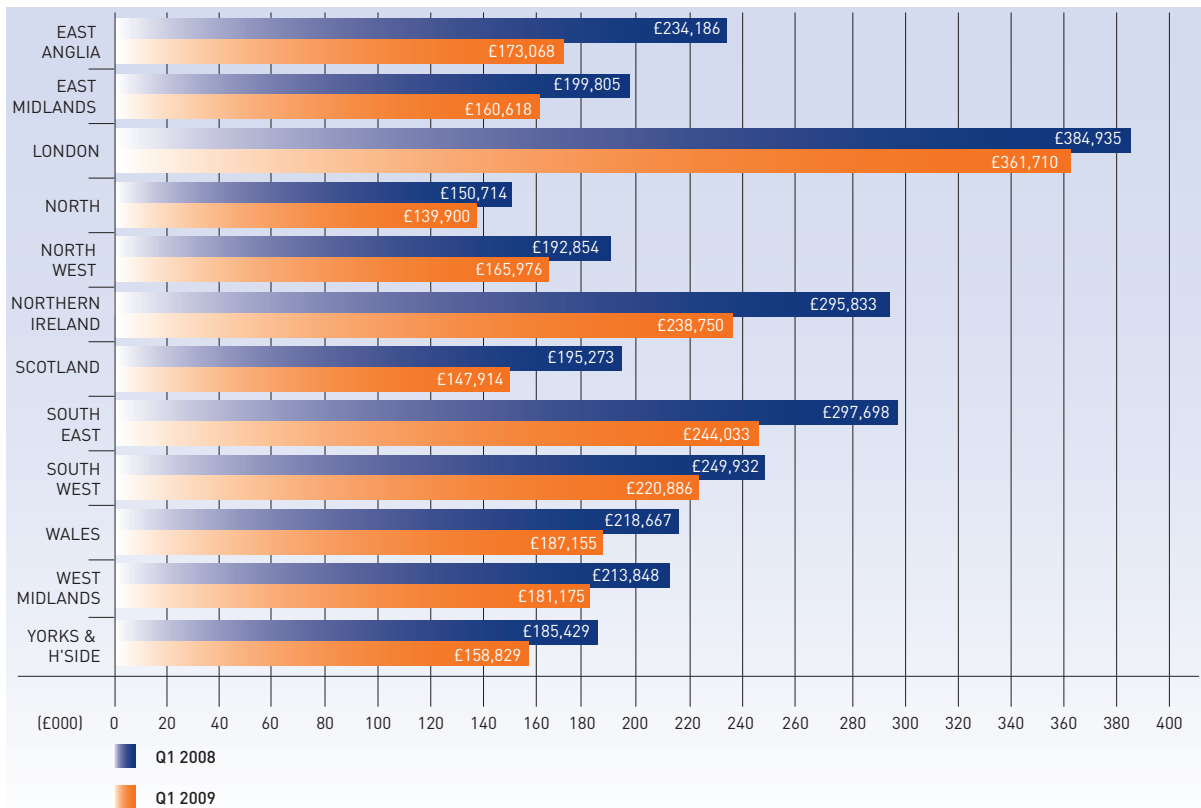
### GRAPHIC 4: VALUE OF PLANS Q1 2009 ON Q1 2008

(Source: KRS)



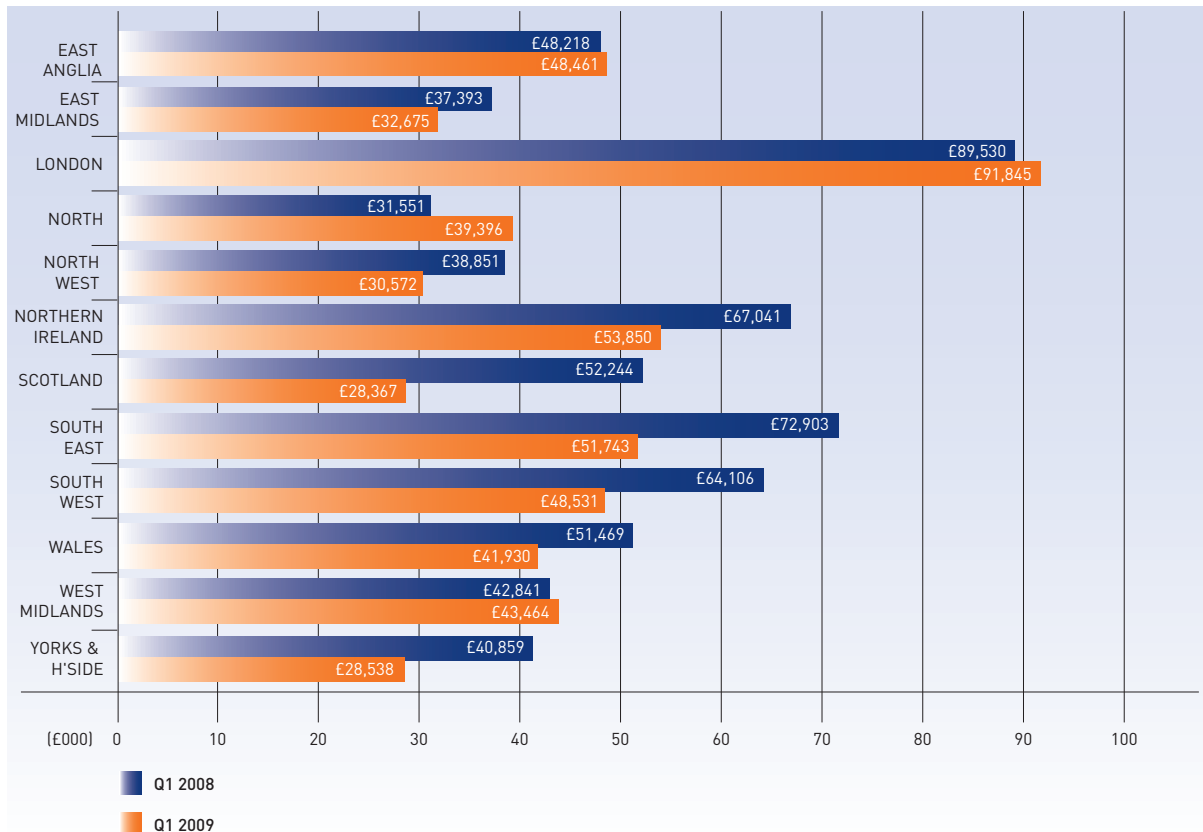
## GRAPHIC 5: AVERAGE CUSTOMER PROPERTY VALUES Q1 2009 ON Q1 2008

(Source: KRS)



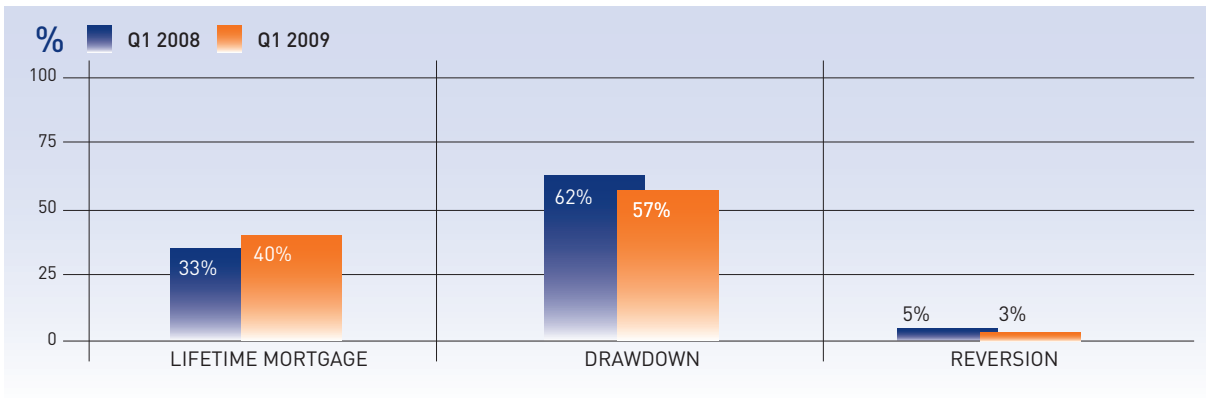
## GRAPHIC 6: AVERAGE AMOUNTS RELEASED Q1 2009 ON Q1 2008

(Source: KRS)



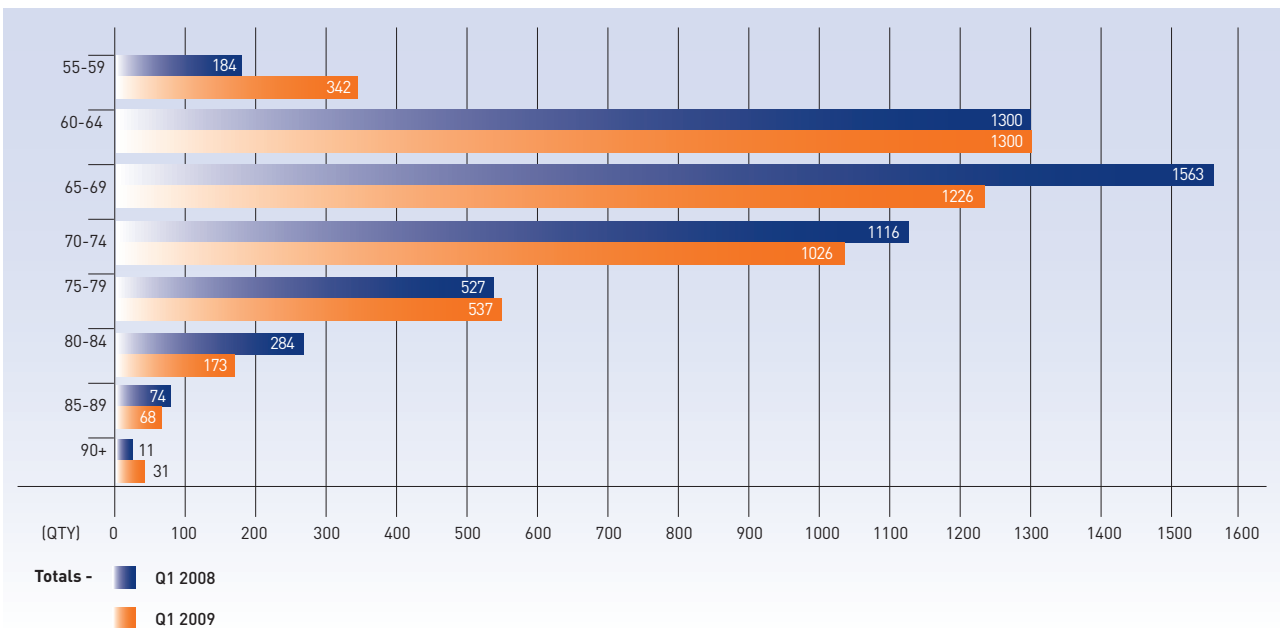


**GRAPHIC 7: EQUITY RELEASE PRODUCT SPLIT Q1 2009 ON Q1 2008**



**GRAPHIC 8: CUSTOMER AGE GROUPS Q1 2009 ON Q1 2008**

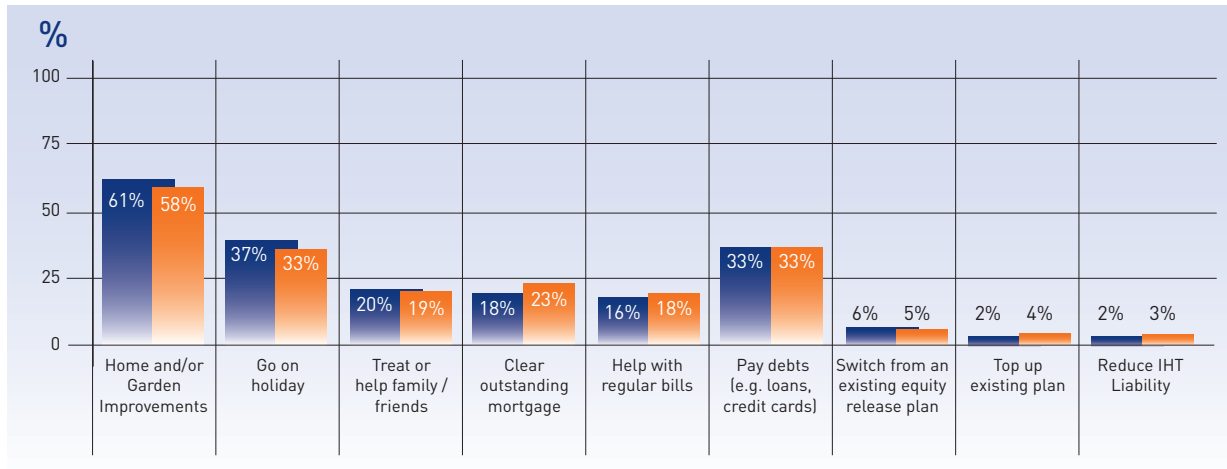
(Source: KRS)





## GRAPHIC 9: USES OF EQUITY RELEASE Q1 2009 ON Q1 2008

[Source: KRS]



Total percentage exceeds 100% due to multiple uses by some customers.

Source of data: Calculations based on published SHIP statistics and Key Retirement Solutions' new business

For comment on this report or any other aspect of the equity release market, please contact:

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