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UK Equity Release Market Monitor 2009 Quarter 3 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

Quarter 3 2009

- **Strong 3rd quarter results as number of plans and values of lending increase**
- **Total number of plans up 19%**
- **Total value of lending up 13%**

Key Retirement Solutions' equity release market monitor for the 3rd quarter of 2009 shows a continued increase in the equity release market compared to the first and second quarters of 2009.

Number of plans

The total number of plans taken out during the third quarter of 2009 was 6,123 (2009 quarter 2 – 5,143, quarter 1 – 4,703,) representing an increase of 19% over quarter 2, which itself exceeded quarter 1 by 9%.

Value Released

The total amount released also increased by 13% to £214.2m (2009 quarter 2 - £188.9m, quarter 1 - £183.1m). Whilst overall lending has increased the average loan has fallen by 4% against quarter 2. Drawdown plans represent 65% of all plans in quarter 3 (quarter 2 - 64%, quarter 1 - 57%).

Regional Highlights

The South East (excluding Greater London) has the highest number of plans for the quarter with 1,311, an increase over quarter 2 of 17%. The greatest quarter on quarter increases in total lending were in Scotland and the West Midlands which both experienced an increase of 43%. The West Midlands also experienced the highest increase in the number of plans with a 55% increase over quarter 2.

Usage Trends

Usage for the money released is an important indicator of the motivator amongst consumers for releasing equity. The marked differences between quarter 3 and quarter 2 are with regard to debt repayment, increasing from 29% to 36% for non-mortgage related debt and from 15% to 23% for mortgage debt. Home improvement remains consistently in top spot accounting for 53%.

Year to Date Trend

The year on year result continues to improve, with the gap between business levels continuing to narrow. The number of new plans is down by 15%. This is compared to being down 17% at the half year stage. Overall lending value is at £587m compared to £900m at the same stage last year. This is a slight increase in fall from that in quarter 2 where the year on year difference was 33% (YTD 35%). Drawdown plans are the key driver for this, which continue to grow in popularity. Drawdown by its very nature, results in lower initial advances, much of the overall lending is re-balanced as further tranches of funds are released over time.

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

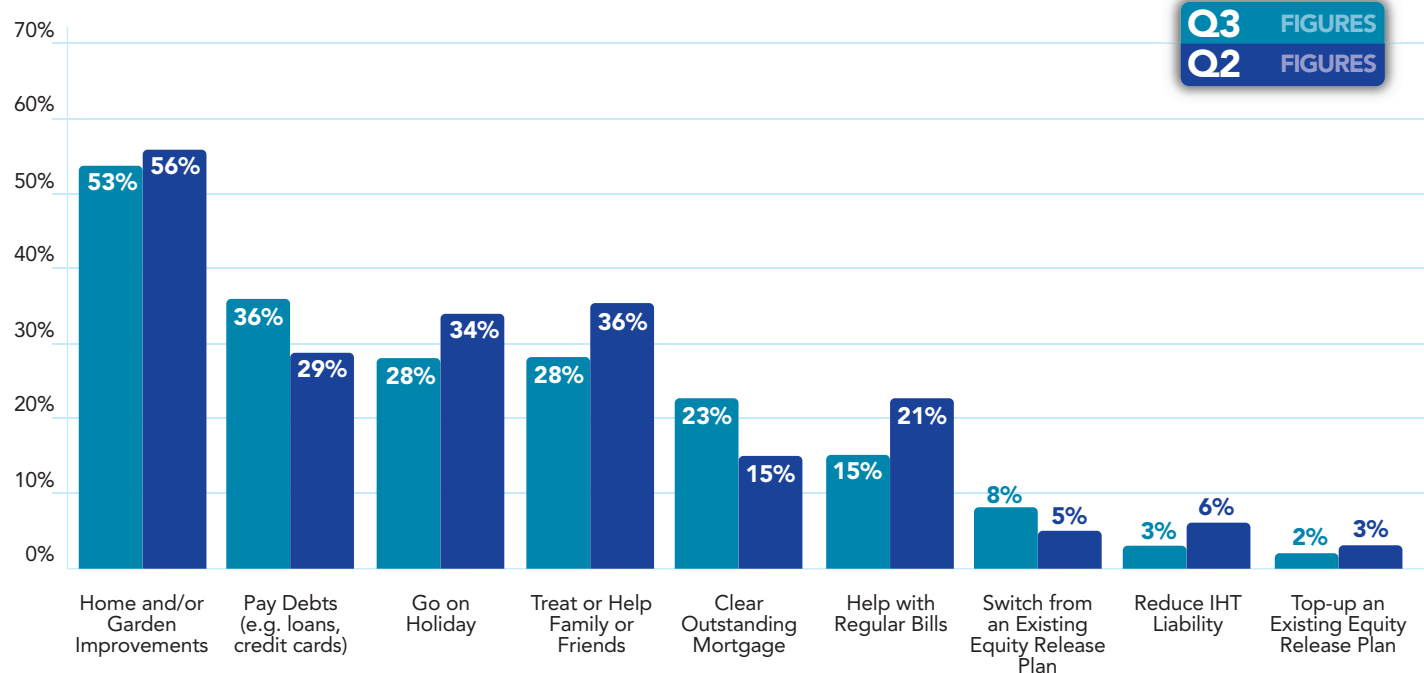
"The continued growth in the number and value of plans throughout 2009 is very encouraging. Pensioners are hard hit by the current climate, experiencing higher rates of inflation and previously unknown low levels of returns on their savings. As a result equity release is providing a strong support for those who want to maintain a good quality of life in retirement. We expect the last quarter of the year to be equally strong as more confidence emerges.

Whilst a number of providers have temporarily had a break from the market of late, we expect that a number will soon return, stronger and wiser. The demand for greater income or capital in retirement is continuing to grow and as a result equity release has to be a serious consideration for anyone who wishes to boost their provision in, or approaching, their retirement."

Quarter 3 2009

Equity Release Market Monitor Highlights

Popular Uses of Equity Release



Regional Summary

AREA	Value	Percentage Change Q2 on Q3	Number of Plans	Percentage Change Q2 on Q3	Average Value Released	Average LTV	Average Customer Age
East Anglia	£11.5m	37%	311	28%	£42,779	23%	69
East Midlands	£13.1m	8%	537	13%	£28,275	18%	67
London	£27.5m	-7%	479	10%	£66,392	21%	69
Northern Ireland	£0.4m	-76%	11	-79%	£42,250	26%	69
North	£4.8m	-	200	15%	£28,104	21%	66
North West	£21.6m	-2%	811	11%	£30,808	20%	67
Scotland	£7.3m	43%	258	26%	£32,610	19%	67
South East	£56m	5%	1,311	17%	£49,475	23%	69
South West	£30.5m	28%	684	21%	£51,546	23%	69
Wales	£10.3m	27%	342	47%	£34,779	21%	67
West Midlands	£15.7m	43%	537	55%	£33,860	20%	69
Yorks & H'side	£15.7m	-	642	13%	£28,262	19%	67

Quarter 3 2009 Results: Number of Equity Release Plans

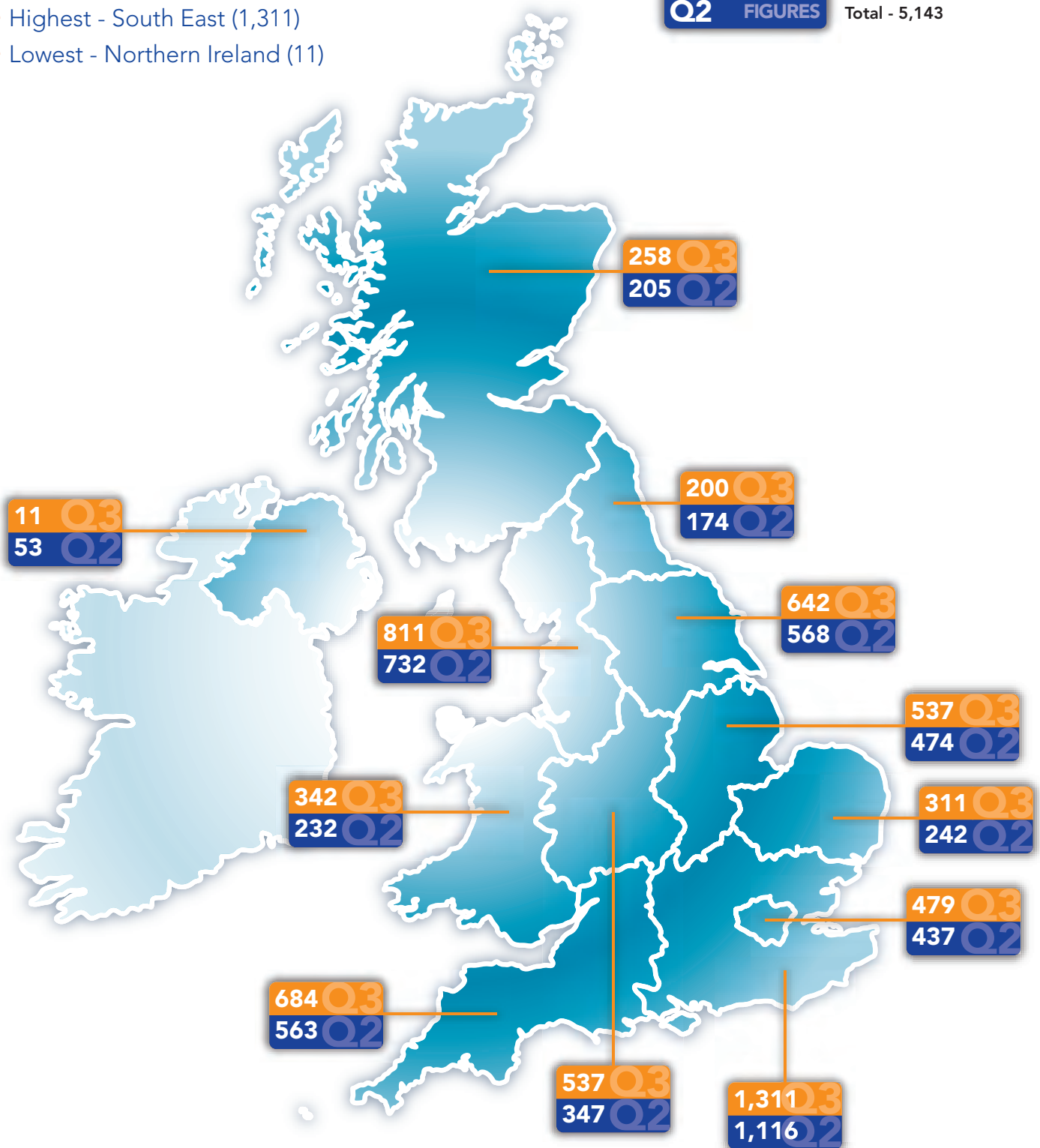
Regional Highlights

- Highest - South East (1,311)
- Lowest - Northern Ireland (11)

Q3 FIGURES
Q2 FIGURES

Total - 6,123

Total - 5,143



Quarter 3 2009 Results: Value of Equity Release Plans

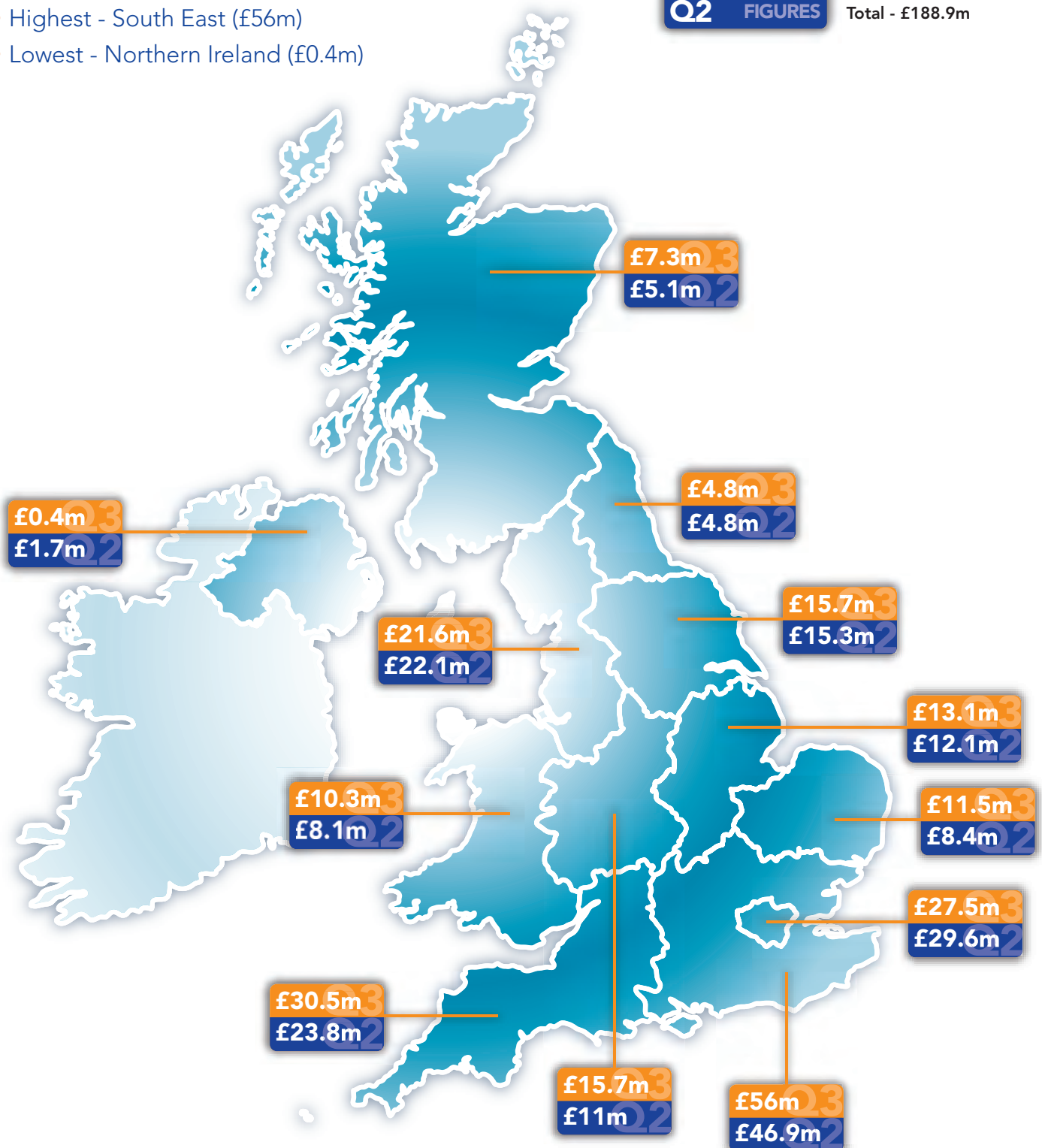
Regional Highlights

- Highest - South East (£56m)
- Lowest - Northern Ireland (£0.4m)

Q3 FIGURES
Q2 FIGURES

Total - £214.4m

Total - £188.9m



Year to Date 2009 Results: Number of Equity Release Plans

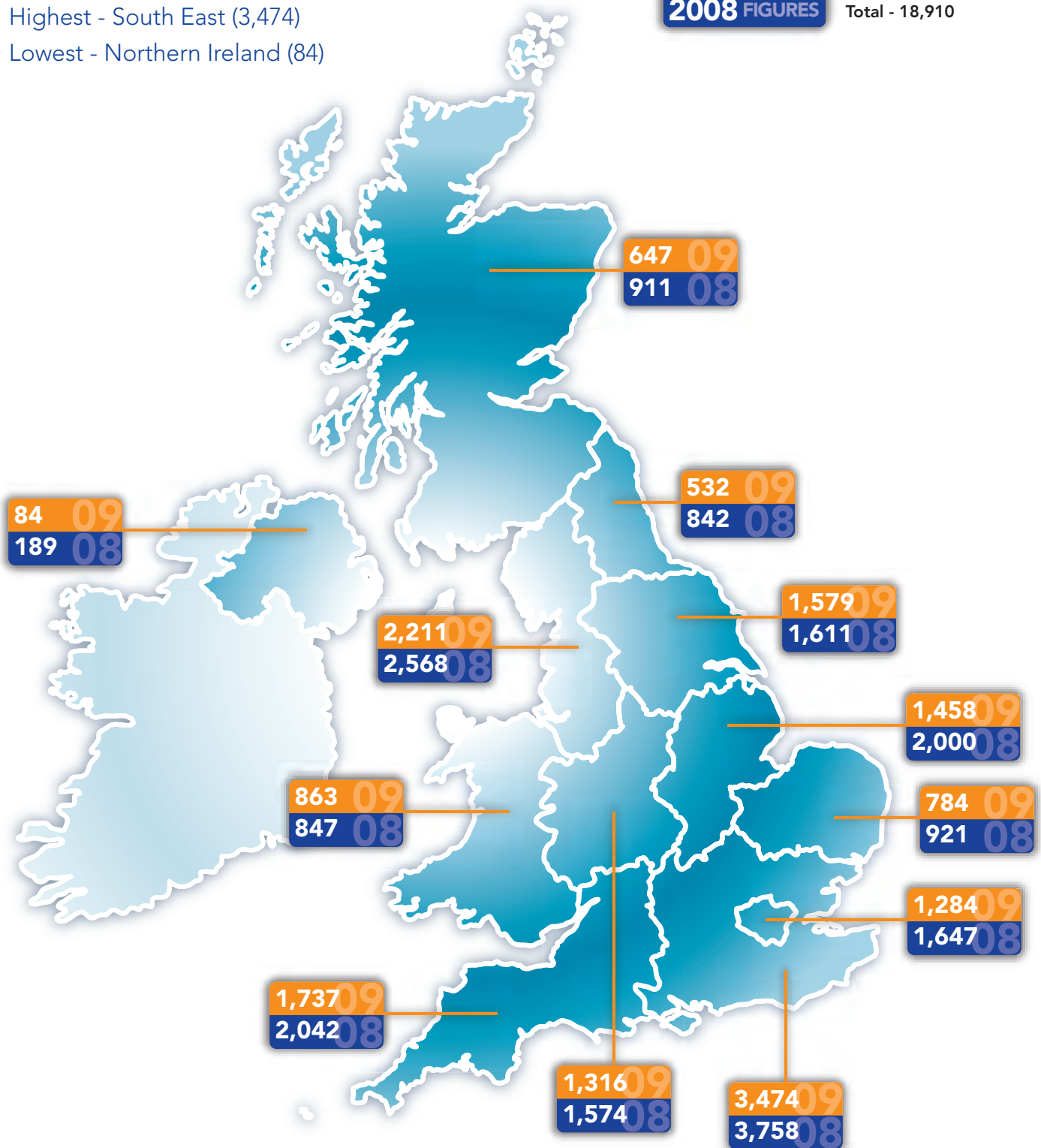
Regional Highlights

- Highest - South East (3,474)
- Lowest - Northern Ireland (84)

2009 FIGURES
2008 FIGURES

Total - 15,969

Total - 18,910



Year to Date 2009 Results: Value of Equity Release Plans

Regional Highlights

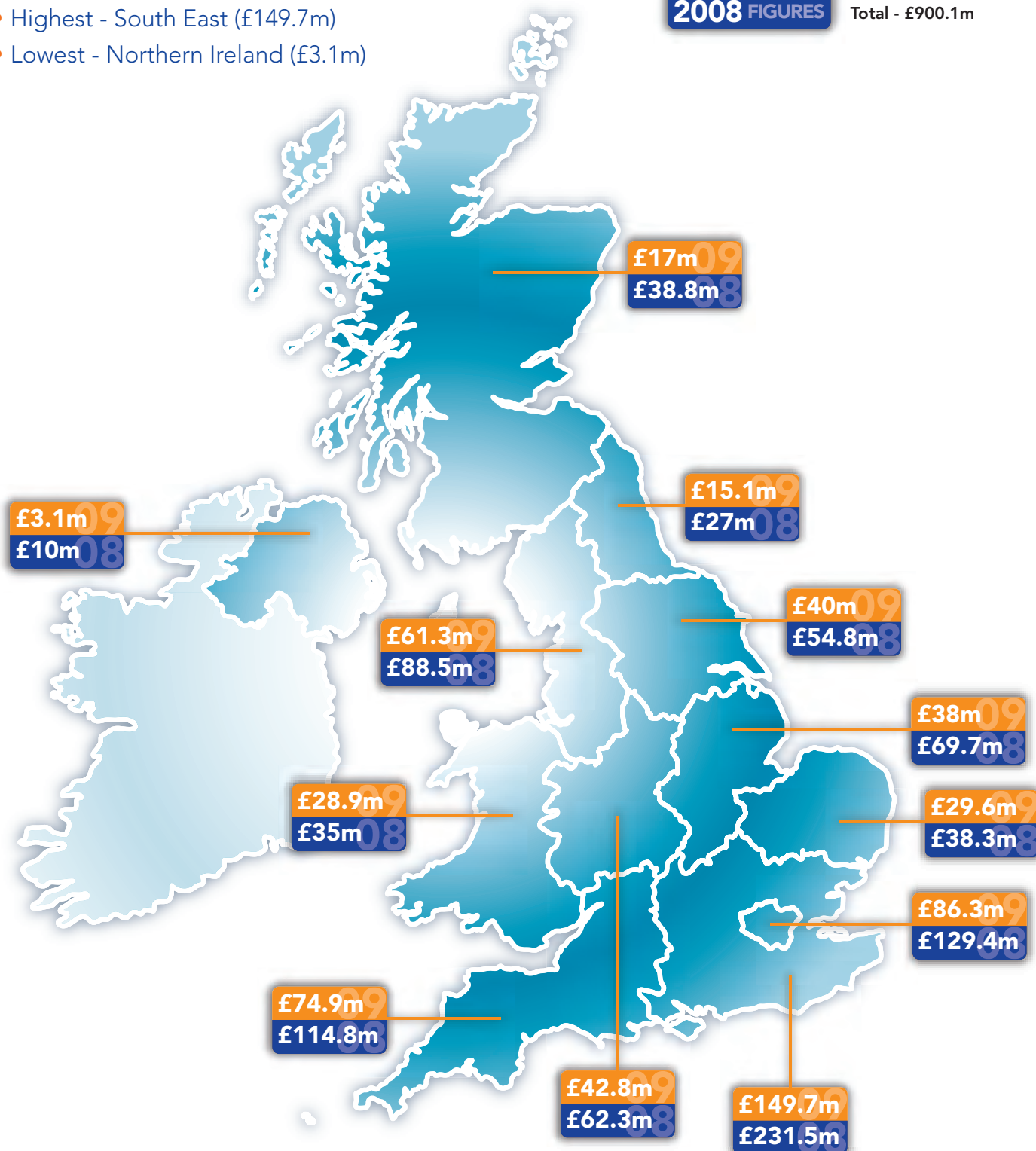
- Highest - South East (£149.7m)
- Lowest - Northern Ireland (£3.1m)

2009 FIGURES

Total - £586.7m

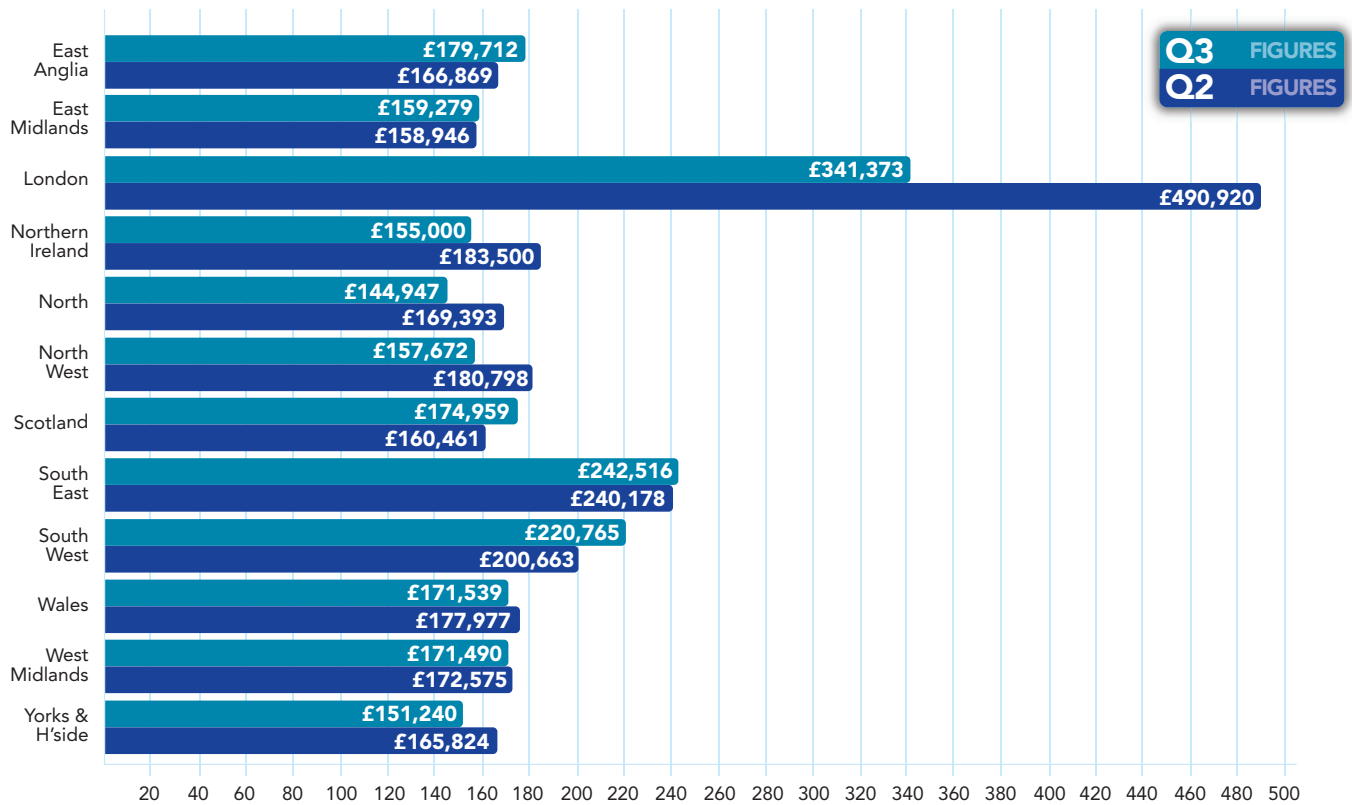
2008 FIGURES

Total - £900.1m

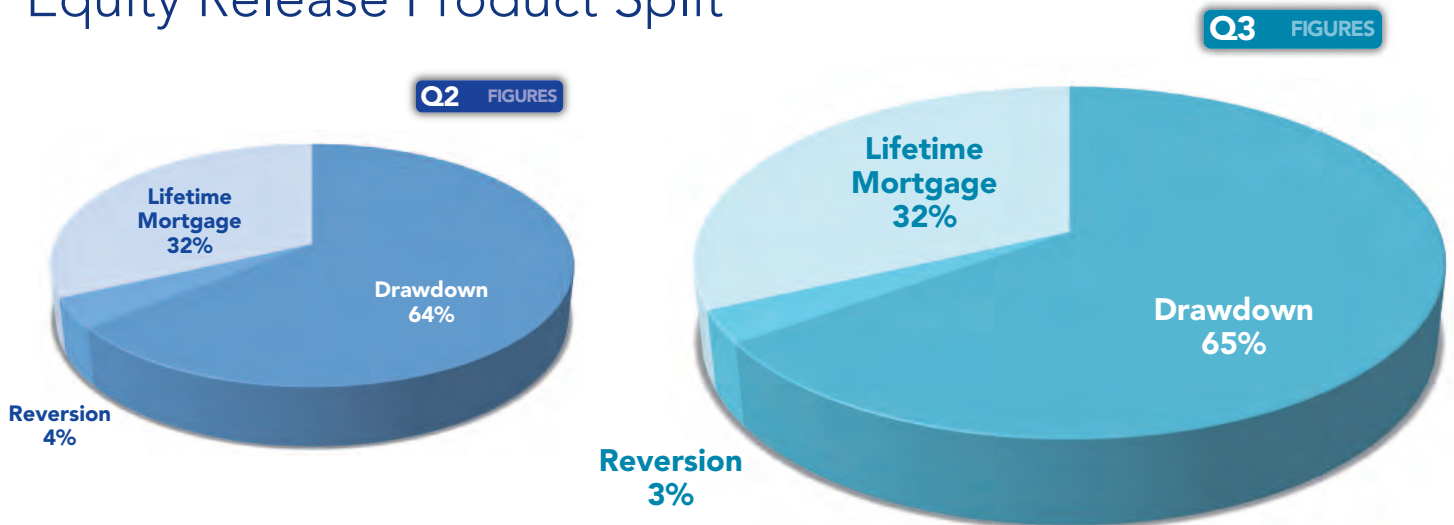


Quarter 3 2009 Analysis

Average Customer Property Values

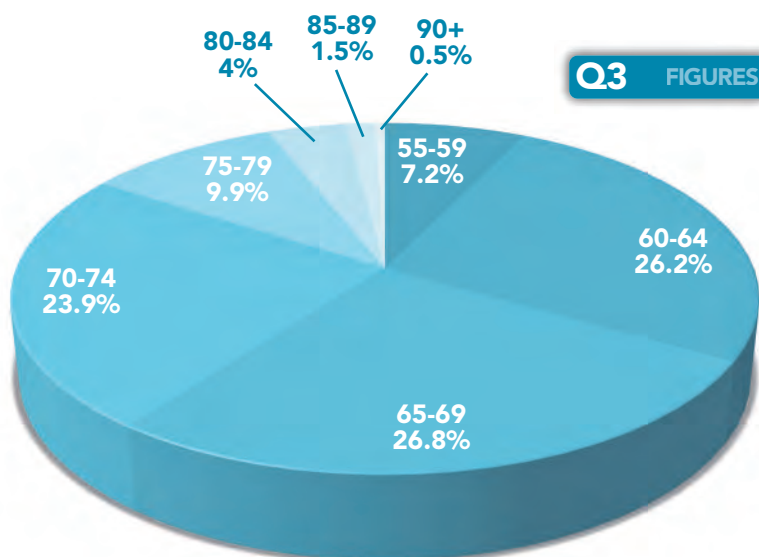
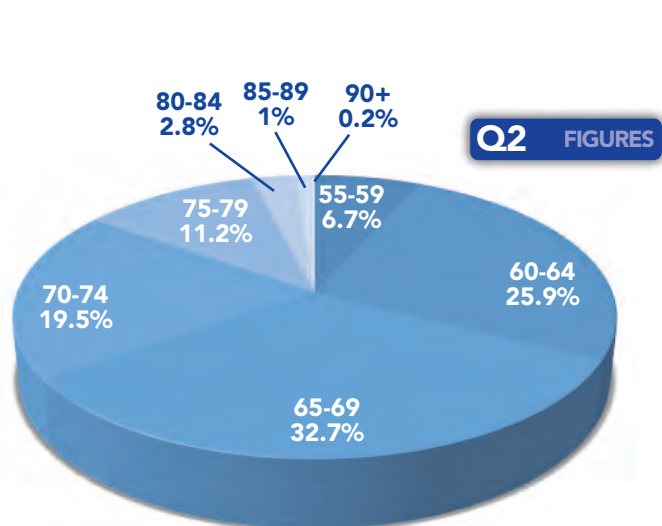


Equity Release Product Split



Demographics

Customers By Age, Quarter



Customers By Age, Year to Date

