



Embargoed until 00:01, Wednesday 3rd November 2010



UK Equity Release Market Monitor 2010 Year to Date and 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

Year to Date Results

- **Total amount released £613m up 4.5%**
- **New plan numbers 17,121 up 7.21%**
- **Home improvement increases in popularity**

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 three quarters of 2010. The number of new plans year to date was 17,121 compared to 15,969 for the same period of 2009 (+7.21%). Overall lending was £613.3 million up 4.53% from £586.7 million for the same period of 2009. The latest figures reveal a strong trend of lending growth throughout the year.

Drawdown plans have increased further in popularity accounting for 74.5% of all plans year to date compared to 63% for the same period of 2009. Single advance lifetime mortgages accounted for 24% of the market with home reversion making up the remaining 1.4%.

The average age of equity release customers is 68 for the period which remains unchanged against the same period of 2009.

Regional Highlights

The majority of regions experienced growth both in lending values and the number of plans. Scotland (+55% value, +41% plans), the North (+29% value, +29% plans), Northern Ireland (+30% value, +19% plans). Wales is the only region to experience falls in both value and plan numbers (-22% Value, -15% plans).

Uses of Equity Release

The most popular use for the funds released is improving the home and garden. In the current climate the majority are opting to invest in their homes where they spend more time in retirement than during their working lives.

Many releasing equity are also not just opting to use the funds for small projects. Commonly funds released are used to purchase new kitchens, bathrooms and conservatories.

The use of equity release to fund holidays remains popular increasing to 36% from 32%, debt repayment continue to be a priority as does helping out the children at a time when they are maybe feeling financial strain.

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

"Housing wealth no doubt will continue to be a major source and barometer of pensioner wealth in the UK. Without doubt the latest Market Monitor shows that as today's retirees continue to live longer and healthier lives their desire to get more from their retirement years continues.

"Total sales of plans and total amount of equity released are both demonstrating strong growth with customers increasingly using the money to improve their homes or gardens.

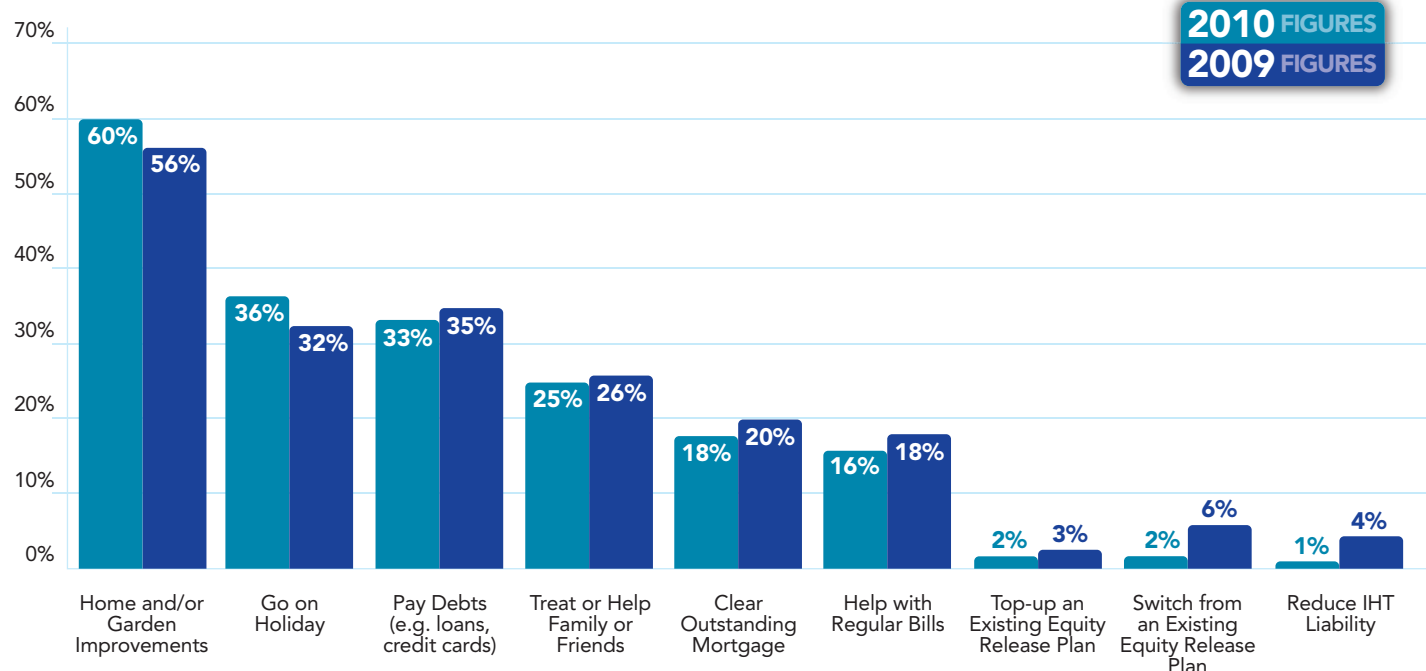
"It's a measure of confidence that customers are using the money for leisure and lifestyle improvements although clearing debts remains a major part of the market.

"Innovation by providers involving the launch of products offering enhanced terms for customers with medical or lifestyle conditions plus increasing use of drawdown all adds to more competition among providers which points to further growth into 2011."

Year to Date 2010

Equity Release Market Monitor Highlights

Popular Uses of Equity Release



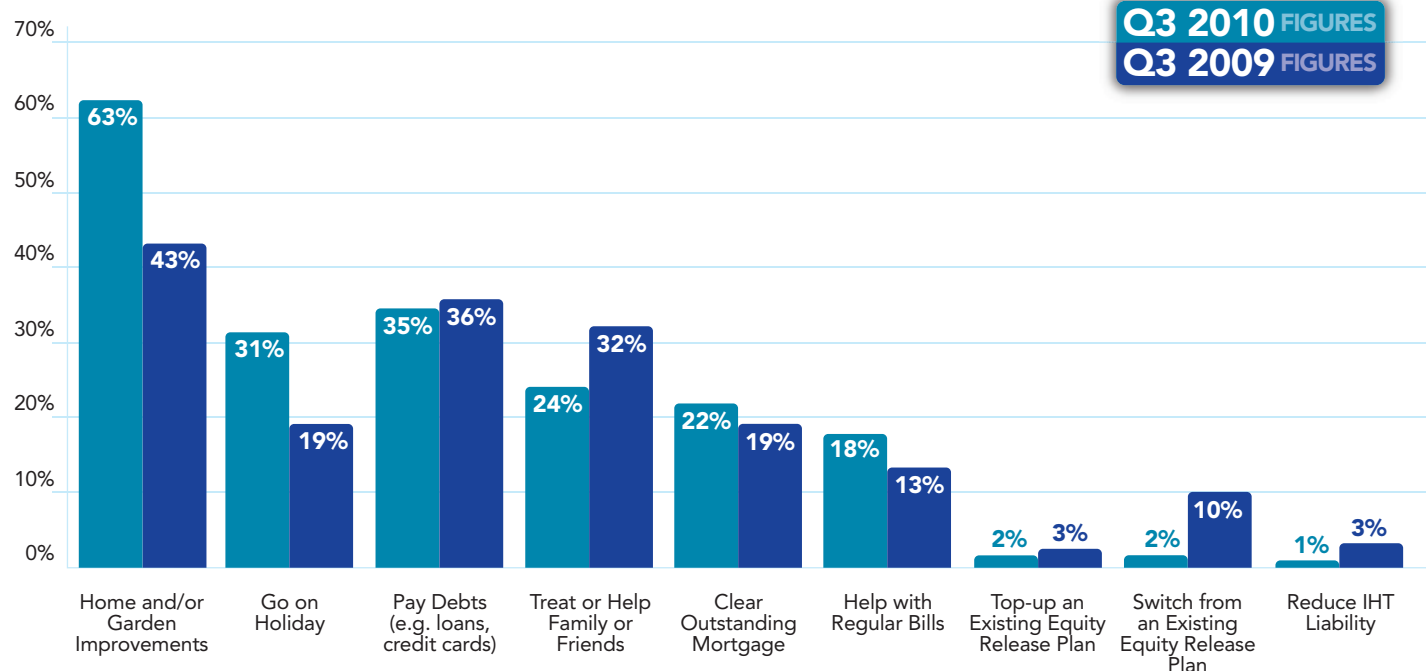
Regional Summary

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	£27.5m	-7%	889	13%	£36,203	20%	69
East Midlands	£38.7m	2%	1,358	-7%	£33,021	20%	67
London	£75.5m	-12%	1,437	12%	£60,833	19%	69
Northern Ireland	£4m	30%	100	19%	£46,736	24%	67
North	£19.4m	29%	684	29%	£32,878	23%	67
North West	£67.7m	10%	2,111	-5%	£37,160	23%	69
Scotland	£26.2m	55%	911	41%	£33,257	21%	68
South East	£155.2m	4%	3,689	6%	£48,693	19%	69
South West	£85.8m	15%	2,142	23%	£46,363	21%	69
Wales	£22.6m	-22%	732	-15%	£35,829	23%	68
West Midlands	£42.8m	-	1,447	10%	£34,218	21%	68
Yorks & H'side	£47.9m	20%	1,621	3%	£34,247	22%	69
Total/Average	£613.3m	4.5%	17,121	7.2%	£39,953	21%	68

Quarter 3 2010

Equity Release Market Monitor Highlights

Popular Uses of Equity Release



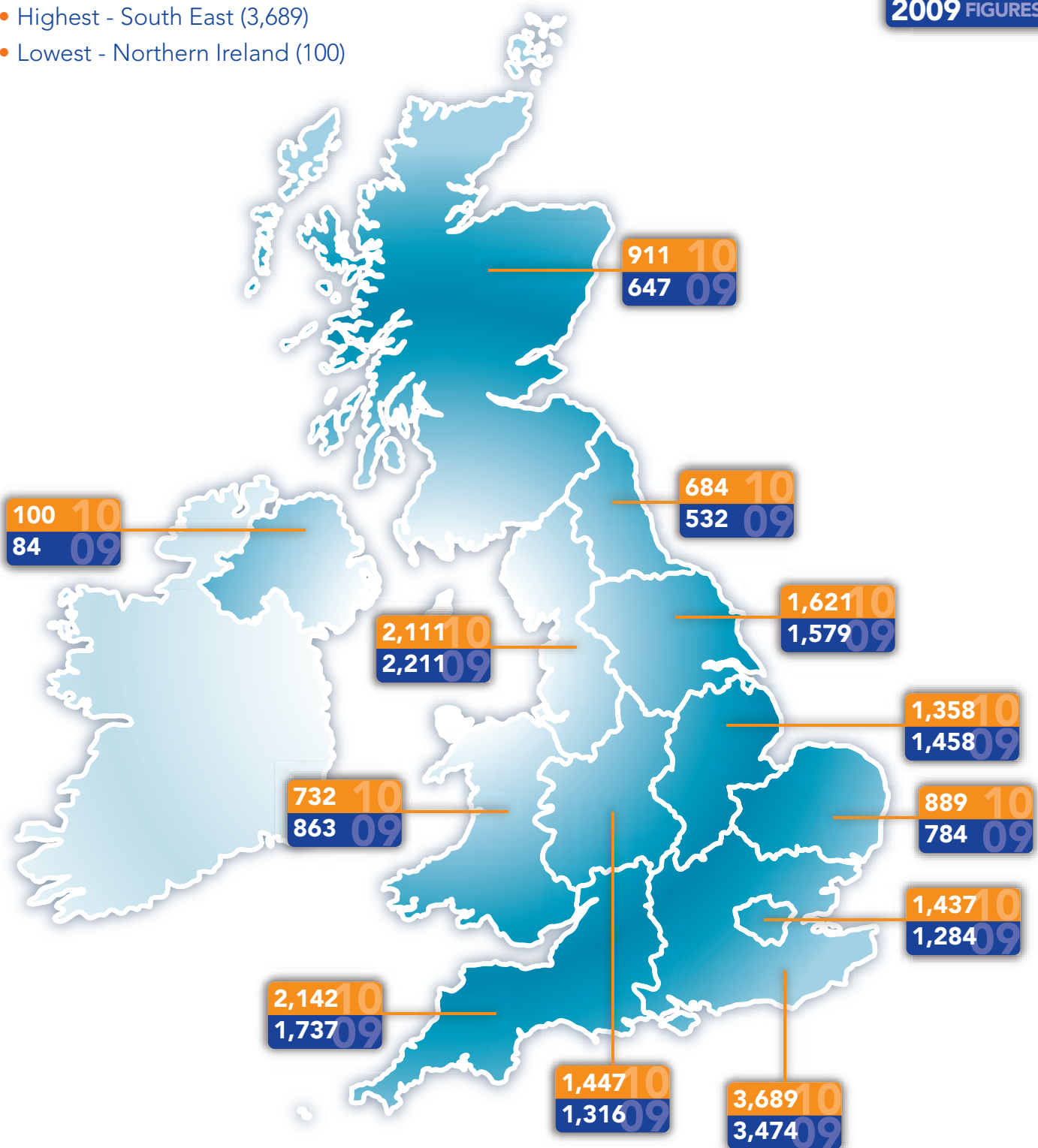
Regional Summary

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	£11.4m	-0.5%	258	-17%	£51,234	27%	69
East Midlands	£17.1m	31%	468	-13%	£42,345	24%	66
London	£30.6m	11%	458	-4%	£77,252	24%	69
Northern Ireland	£0.9m	128%	26	139%	£38,500	22%	62
North	£7.1m	47%	211	5%	£39,139	26%	66
North West	£27.2m	26%	684	-16%	£46,060	27%	70
Scotland	£12.3m	70%	358	39%	£39,846	24%	66
South East	£72m	28%	1,268	-3%	£65,670	24%	69
South West	£34.5m	13%	642	-6%	£62,191	26%	68
Wales	£8.8m	-14%	263	-23%	£38,685	25%	67
West Midlands	£17.5m	12%	479	-11%	£42,392	24%	67
Yorks & H'side	£17.1m	9%	458	-29%	£43,287	26%	67
Total/Average	£256.5m	19.7%	5,574	-9%	£48,884	25%	67

Year to Date 2010 Results: Number of Equity Release Plans

Regional Highlights

- Highest - South East (3,689)
- Lowest - Northern Ireland (100)

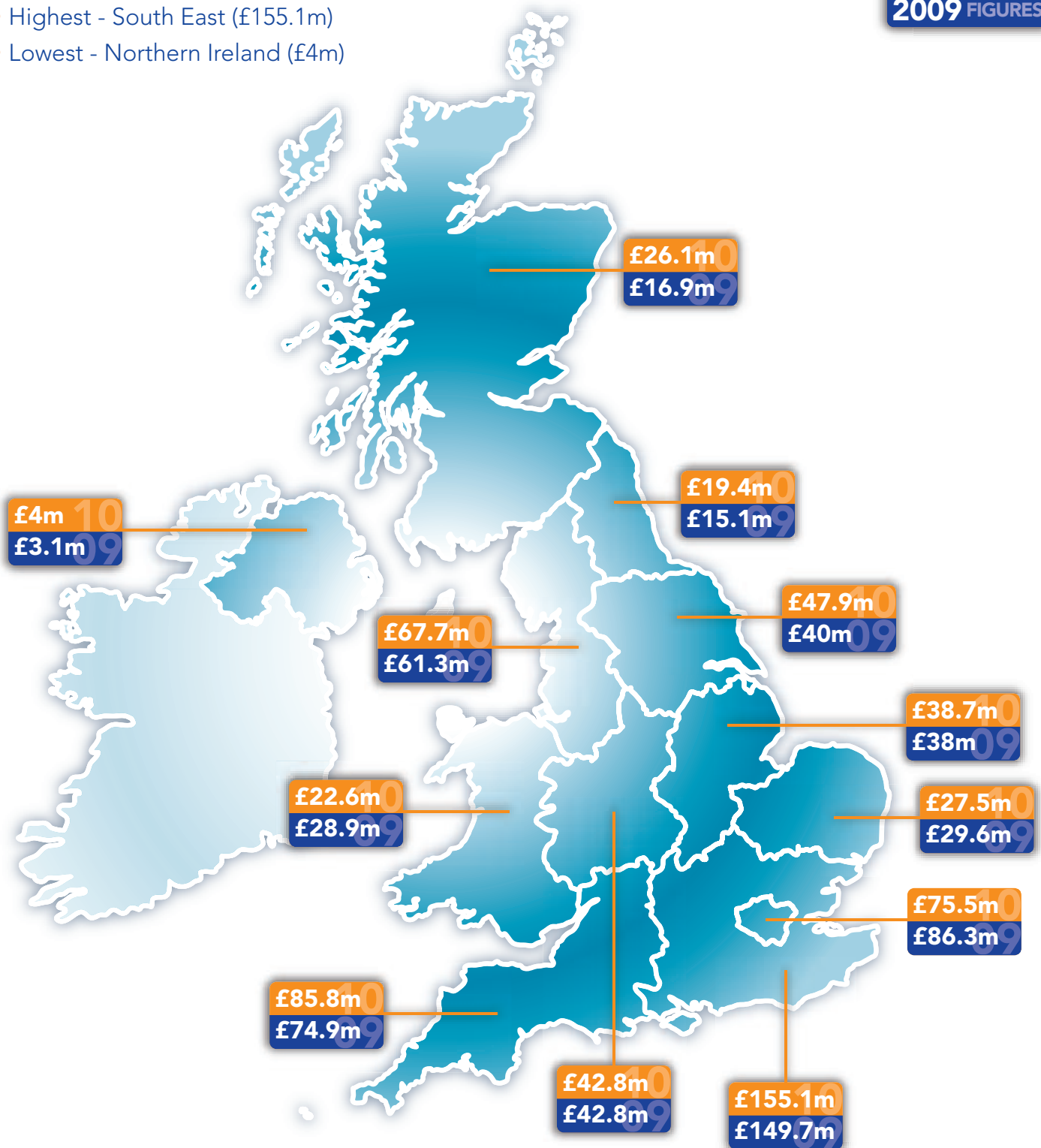
2010 FIGURES
2009 FIGURES


Year to Date 2010 Results: Value of Equity Release Plans

Regional Highlights

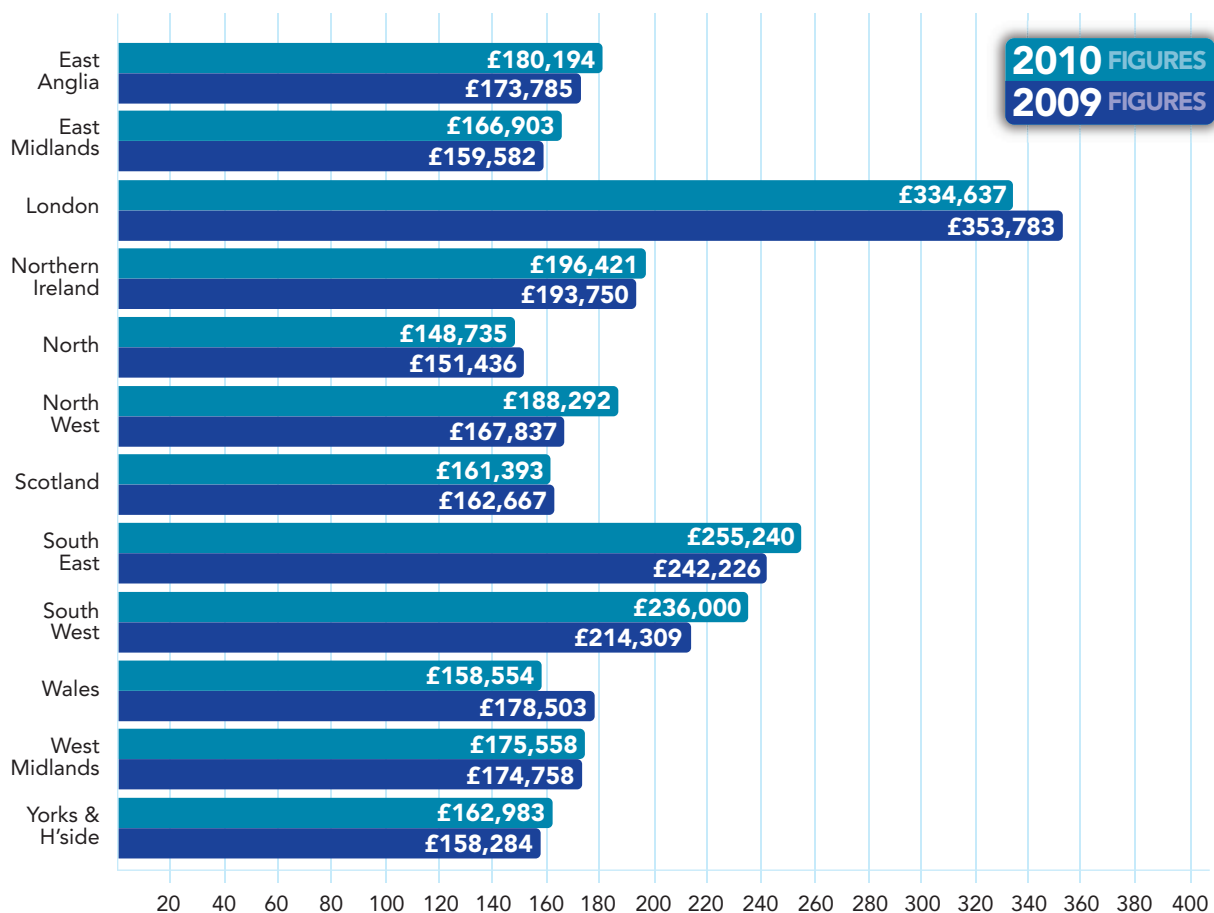
- Highest - South East (£155.1m)
- Lowest - Northern Ireland (£4m)

2010 FIGURES
2009 FIGURES

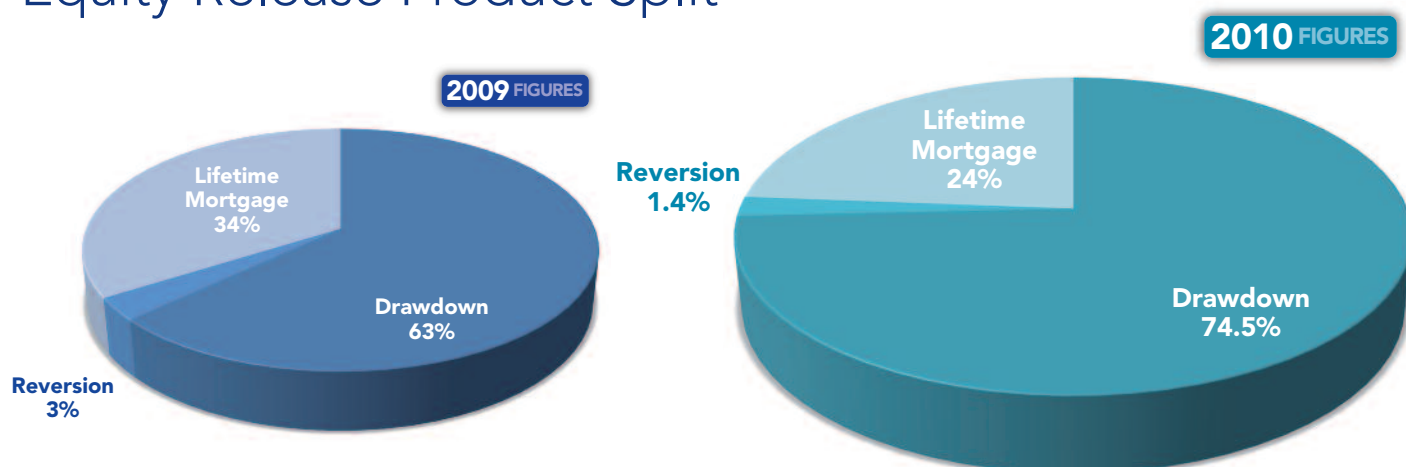


Year to Date 2010 Analysis

Average Customer Property Values



Equity Release Product Split



Year to Date 2010 Demographics

Customers By Age

