



EMBARGOED UNTIL: 00:01am Saturday 8th December 2007

## **SHIP MEMBER SURVEY 2007: CREDIT CRUNCH HAS NOT AFFECTED CONSUMER CONFIDENCE IN EQUITY RELEASE BUT DEMAND FOR BETTER ACCESS TO ADVICE REMAINS**

Recent market events have not damaged consumer confidence among prospective equity release customers, according to research from Safe Homes Income Plans (SHIP)\*, the trade body representing over 90% of the equity release sector. Nearly 60% of all SHIP members surveyed felt that consumer confidence in equity release was unaffected by the present credit crisis and 95% believe there will be a significant growth in the demand for equity release during 2008.

However, while confidence remains strong, just over 60% of SHIP members surveyed felt more could be done to reassure both prospective and existing equity release customers, with 83% of members reporting that the greatest threats felt by consumers are interest rate rises and potential decreases in house prices – neither of which affect SHIP approved products.

Lending for equity release products is based on longer term risk assessment than is the case for mainstream mortgage products. For this reason any immediate changes in the housing market or economic expectations have little effect upon the pricing of equity release.

In addition, products from SHIP members are supported by several guarantees including a “no negative equity guarantee”. This ensures the interest rate of an equity release loan will remain fixed for the life of the loan and will never be more than the value of the customer’s home, even if house prices fall.

Further findings from this year’s SHIP Member Survey also highlight the growing popularity of flexible drawdown products among customers. Drawdown products offer the opportunity for individuals to draw only the amount they require at any given time without paying interest on what they don’t use. These products now account for 51% of all equity release schemes applied for.

Andrea Rozario, Director General of Safe Home Income Plans, commented:

“Equity release is a buoyant market. The total new business figure for SHIP members in 2007 is estimated at £1.279 billion which represents an 11% increase on 2006. It is also a market protected from the current credit crunch felt by many mainstream lenders.

“With increasing life expectancy, equity release is becoming a necessary option of retirement income for many and with complete regulation of the sector, a growth in flexible product options and continued product guarantees by SHIP, 2008 looks set for a year of further growth.”

**-ENDS-**

**Notes to Editors:**

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\* Third Annual SHIP Member Survey conducted among SHIP’s current members during November 2007

**About SHIP:**

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

SHIP's current 19 members (Coventry Building Society will begin its membership in January 2008) are: Bradford & Bingley plc, Bridgewater Equity Release, Bristol & West Mortgages, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, Key Retirement Solutions, National Counties Building Society, New Life Mortgages, Northern Rock, Norwich Union, Partnership Home Loans, Prudential, Retirement Plus, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society, Tomorrow.