



SHIP MEMBER SURVEY:

- **MARKET CONFIDENCE REMAINS AS INTEREST RATE REDUCTIONS DRIVE GROWTH**
- **2009 AN “UNPREDICTABLE YEAR”**

(06 January 2009) Equity Release providers have a measured confidence in the growth of the market for the year ahead according to research from Safe Home Income Plans (SHIP), the trade body representing over 90% of the equity release sector.

Findings from the fourth annual SHIP member survey* show that over 90% of providers think that the volume of new business will increase in the next year. With equity release providers looking to the long term, the general predictions given are that the market will grow by over £200m a year, growing to £1.4bn in 2009 and £1.7bn in 2010. Sixty seven percent of providers predict that a strong driver for this growth will be interest rate reductions on equity release plans in the next quarter.

One major theme to emerge from the research is the strong growth in flexible drawdown options. Providers believe that drawdown will account for 70% of the market by 2010, with 80% of respondents pushing for more providers to offer a drawdown option. 42% of providers think that the lifetime mortgage business will increase in Q1 2009, whilst in a departure from the 2008 predictions, 83% of providers think that the number of home reversions sold will decrease or remain static in Q1 2009.

This predicted market growth offers independent financial advisers real opportunities during 2009. Indeed, 89% of providers have seen the number of referrals from IFAs increase in the past year, compared with a 67% figure in 2008's survey. The majority of providers (58%) felt that in order to bring more IFAs into the market, more training and education needs to be provided by the industry.

Andrea Rozario, Director General of SHIP, commented:

“The wider economic situation means that 2009 will be an unpredictable year. Many repercussions from 2008 will continue to be felt across the industry as a whole. This survey has shown that SHIP members remain confident in the future of the equity release market, as they consider the long term prospects. The jump in the number of IFA referrals to providers shows that although there is still a need to educate IFAs about the benefits of equity release, the industry is coming together to recognise and promote the benefits of equity release.

“The biggest issues facing 2009’s equity release market are predicted to be falling house prices and a lack of consumer understanding of equity release products. The role that SHIP plays in increasing confidence and highlighting the benefits of equity release amongst both IFAs and consumers will therefore prove more important than ever in the coming year.”

- ENDS -

*4th annual SHIP member survey conducted amongst SHIP’s current members during December 2008.

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About SHIP:

Safe Home Income Plans (SHIP) is the UK trade 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.