



Equity Release Market Adapts to New Competitive Landscape

- *Value of equity release advances in Q2 2010 was £196.7m*
- *Intermediary sales now account for 81% of the market*
 - *Clear market share gains for current providers*

21 July 2010: SHIP, the equity release provider trade body, today announces equity release market figures for the second quarter of 2010. Data taken from all members indicates that current providers are gaining the market share abandoned by those who left the market over the last twelve months – providing a real prospect that growth will resume this year.

Rate of decline slows – market share gains by current providers:

The value of the equity release market remained fairly stable in Q2 2010. Total market advances fell by less than 8% to £196.7m in the second quarter compared to £213.4m in the first quarter. While the size of the market fell, the average sum advanced increased from £45,251 (Q1 2010) to £45,702 (Q2 2010).

Although providers have left the market, SHIP believes that those remaining will quickly work to grow their lending volumes and will be ideally placed to help those consumers who wish to take out their equity release products. Indeed, several of SHIP's members have reported strong figures over the first half of 2010.

Intermediaries Distribution Channel Increases:

Over this period direct sales of equity release fell by 29% from over 1,200 (Q1 2010) to 860 (Q2 2010) while intermediary sales fell by just under 2%. These figures show the impact of the withdrawal of a substantial player from the market which ceased writing business by the end of Q4 2009 making their direct sales force redundant.

Indeed, intermediary sales now account for 81% of the market, which is 8% higher than Q2 2009 and a real indication of how this move has affected equity release sales. Drawdown (Q2 2010: 2750) remained the most popular form of equity release, claiming over half of the market share (56%) with £110.7 million worth of advances.



Andrea Rozario, Director General of SHIP said:

“Data from members for the second quarter of 2010 clearly shows that the decline in the market, which started in the final quarter of 2008, has reached its nadir. There are signs that a number of important initiatives spearheaded by SHIP - and its members - are working to grow the market.

“We have consistently and successfully engaged with members of Parliament and relative Government Departments, adding weight to the support we have already received across parties over the last few years. The Joseph Rowntree Foundation’s pilot initiative has provided a welcome boost to both awareness and acceptance of equity release within key consumer media.

“I am pleased to see that the tide of withdrawals from the market may finally be turning with the re-entry of a former provider – More2Life - in recent months. Finally, it is clear that current providers are absorbing the demand which was previously supplied by those exiting the market in the last 12 months. I look forward to seeing reports of strong growth from members over the coming months.”

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About SHIP Equity Release:

Safe Home Income Plans (SHIP) is the UK’s trade body for equity release product providers. Launched in 1991 to promote safe plans, SHIP is dedicated to the protection of the planholder and the safe growth of the industry. SHIP represents approximately 90% of the providers in the UK.