



EQUITY RELEASE MARKET STABILISES IN Q4 2009

- **Total UK equity release market valued at £946m in 2009 despite reduction in number of providers**
- **Fourth quarter total advances fall by less than 2% on previous quarter**
 - **Home reversion plan sales up 28% quarter on quarter**
 - **Drawdown mortgages up 5% quarter on quarter**

The members of SHIP - the UK equity release industry body - that represents approximately 90% of the equity release sector in terms of volume, today reports the official sector Q4 2009 figures (to 31st December 2009).

These show that the number of equity release plans taken out in Q4 2009 was broadly similar to that reported in Q3 2009 with an encouraging 4% increase in the average amount advanced. The fourth quarter is traditionally weaker than the third as a result of seasonal factors. The slight (1.9%) decline in the number of plans should be seen in this context.

On a product basis, the number of drawdown mortgages sold in Q4 increased by 5% to 3,057 in Q3. Drawdown mortgages now account for 54% of the equity release market. This increase can be linked to consumers opting for a more flexible way in which to access their equity. Home reversions increased sales by 28% quarter on quarter. This can be attributed to the fact that home reversions guarantee that only a certain portion of a property has been sold, regardless of any drop in property prices. This guarantee can be attractive to customers at times of uncertain house prices. The decline in the total number of advances is attributed to the 8% fall in the number of lump sum mortgages, a function of the withdrawal of certain providers during the period.



In comparison to overall 2008 figures, the equity release market has fallen 14% in overall value, from £1095.8 million. In 2008, providers sold 28,224 plans, a number which has fallen 27% to 20,492 as liquidity in the market has tightened.

Andrea Rozario, Director General of SHIP, commented:

“The equity release industry- in common with the entire UK financial services industry - has faced a difficult and challenging year. However, there are encouraging signs with both providers and IFAs having recently reported increasing demand from consumers. The funding issues which have constrained some providers and, in certain instances, forced withdrawal, appear to be abating. This is likely to be a function of the apparent stability within the UK general mortgage market, on which the Council of Mortgage Lenders has recently remarked. Finally, SHIP has had a number of positive meetings with key stakeholders and can confidently assert that the reputation of the equity release market is steadily improving.

“This year we will continue our hard work with consumers, government and stakeholders to promote equity release as a viable and safe mainstream retirement option.

“Accordingly, we remain positive in the future growth of the equity release market.”

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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.