



SHIP Q3 RESULTS 2009

- ***Equity release volume remains broadly stable***
- ***Average amount released rises 19% and £7,245 YOY***
- ***10% increase in sales through intermediaries***

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 Q3 2009 figures (to 30 September 2009).

Quarter on Quarter Comparisons:

There was a 1.2% increase in market value (the total amount taken via equity release plans) in this quarter from £233.3m (Q2 2009) to £236.2m (Q3 2009)

The number of new equity release customers (market volume) dropped by 2.5% quarter on quarter from 5333 to 5198. However, this is an increase of 2% on Q1 2009 results (5074).

This quarter showed a 3.9% increase in the average amount released through equity release, rising from £43,746 (Q2 2009) to £45,434 (Q3 2009). This is a move that could be seen to reflect renewed consumer confidence in the stability of house prices.

Year on Year (YOY) Comparisons:

In comparison to the wider remortgage market, which has seen a decline of 63%*, this year has seen a 22% decrease in the value of the equity release market from £303.3m (Q3 2008) to £236.2m (Q3 2009).

However, as the number of customers has fallen by 35%, the average amount released per customer has increased by 19% from £38,189 to £45,434



Developments by Distribution Channel:

74% of all equity release plans were sold through Intermediaries, compared with 26% direct sales. This is a 10% increase on Q2 2009 and in line with the pattern for increased sales through intermediaries that was established in 2007 and 2008. This trend has been accelerated by the reduced number of direct providers and therefore the increased percentage of equity release plans now available through intermediaries.

Increased popularity of drawdown

Drawdown is now the most popular form of equity release, with 52.2% of the market. This is a rise of 4.6% on Q2 2009. Lump Sum plans now make up 46.2% of the market. This leaves Home Reversions to make up the remaining market share of 1.6%.

Andrea Rozario, Director General of SHIP, commented on the figures:

“This has been a challenging quarter in a difficult year. However, it is encouraging to see how well the equity release market is holding up compared to the wider remortgage market.

“The drop in the number of plans sold can be partly attributed to the funding issues that the industry is currently facing. While equity release providers are experiencing high levels of customer demand, a significant impact on the quarter’s business figures has been the lack of liquidity in the overall market which has restricted the lending activity of some providers and resulted in the withdrawal from the market of some others.



“Following on from the launch of our Discussion Paper this summer, SHIP urges the Government to launch a review of equity release, and explore how it can take its appropriate place in the retirement planning sphere. SHIP is working hard to ensure that consumers, government and funders are aware of the need for a retirement planning option based on property wealth, and how equity release can fulfill this need.”

-ENDS-

*CML figures, 12th October 2009

For further information, please contact:

Lee Blackwell/ Beth Murray, The Wriglesworth Consultancy on 020 7427 1400 or email ship@wriglesworth.com

Andrea Rozario on 0753 4401222 or email directorgeneral@ship-ltd.org

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.