



## **SHIP Q2 RESULTS 2009 SHOW EQUITY RELEASE SECTOR CONTINUING TO WEATHER THE STORM**

- NUMBER OF CUSTOMERS UP 5% QUARTER ON QUARTER
- DRAWDOWN SALES INCREASE BY 14% QUARTER ON QUARTER

(16TH JULY) 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 Q2 2009 FIGURES (TO 30 JUNE 2009).

### **Quarter on Quarter Comparisons:**

THE NUMBER OF NEW EQUITY RELEASE CUSTOMERS ROSE BY 5% FROM 5074 (Q1 2009) TO 5328 (Q2 2009) AS MORE CONSUMERS TURNED TO EQUITY RELEASE TO BOOST THEIR PRE AND POST RETIREMENT FINANCES. THE NUMBER OF DRAWDOWN MORTGAGES SALES ALSO INCREASED BY 14% OVER THIS PERIOD FROM 2376 (Q1 2009) TO 2699 (Q2 2009).

HOWEVER, WHILE THE NUMBER OF SALES INCREASED, THE VALUE OF PRODUCTS SOLD OVER THIS PERIOD FELL TO £232.9M (Q2 2009) FROM £245.01M (Q1 2009). WITH DRAWDOWN MORTGAGES - WHICH ARE STRUCTURED TO ALLOW MORE REGULAR WITHDRAWALS OF HOUSING EQUITY - NOW ACCOUNTING FOR 51% (Q2 2009) OF THE MARKET, THE INCREASE IN CUSTOMERS BUT FALL IN VALUE IS UNSURPRISING.

IN LINE WITH THE POPULARITY OF DRAWDOWN MORTGAGES, THE AVERAGE AMOUNT RELEASED FELL FROM A HIGH OF £48,287 (Q1 2009) TO £43,712 (Q2 2009).

### **Year on Year Comparisons:**

WHILE QUARTER ON QUARTER CUSTOMER FIGURES SHOW SOME SIGNS OF RENEWED OPTIMISM, THE MARKET VOLUME WAS DOWN BY 22% FROM THE SAME TIME LAST YEAR - 5328 (Q2 2009) VS. 6864 (Q2 2008).



SHIP BELIEVES THAT IN ORDER FOR THE POTENTIAL OF THE EQUITY RELEASE MARKET TO BE FULLY REALISED, SOME OF THE MAIN ISSUES THAT NEED TO BE TACKLED ARE THE CLARIFICATION OF THE CUSTOMER DEMOGRAPHIC AND EXPANSION OF DISTRIBUTION CHANNELS. SHIP WILL BE LAUNCHING A DEBATE INTO HOW THESE BARRIERS CAN BE OVERCOME IN A DISCUSSION PAPER DUE OUT ON 27 JULY 2009.

### **Developments by Distribution Channel:**

INTERMEDIARIES SOLD 64% OF ALL NEW EQUITY RELEASE PLANS – SLIGHTLY DOWN FROM 65% IN 2009 BUT IN LINE WITH THE DISTRIBUTION TREND (63%) ESTABLISHED IN 2007 AND 2008.

ANDREA ROZARIO, DIRECTOR GENERAL OF SHIP, COMMENTED:

“WHILE THE EQUITY RELEASE MARKET IS STILL SUFFERING ALONG WITH THE MAINSTREAM MORTGAGE MARKET, IT IS ENCOURAGING TO SEE THAT THE EQUITY RELEASE MARKET IS STARTING TO SEE EVIDENCE OF SOME POSITIVE MOVEMENT. THE QUARTER ON QUARTER INCREASE IN THE NUMBER OF PLANS SHOWS THAT CONSUMERS ARE ONCE MORE STARTING TO BELIEVE IN THE UK HOUSING MARKET.”

"WHILE THE MARKET HAS SIGNIFICANT POTENTIAL TO GROW IN THE FUTURE, SHIP BELIEVES THERE ARE CERTAIN BARRIERS THAT NEED TO BE OVERCOME WITH THE ASSISTANCE OF ALL THE RELEVANT KEY STAKEHOLDERS. WE ARE THEREFORE PRODUCING A DISCUSSION PAPER WHICH WILL BE LAUNCHED ON 27 JULY 2009 WHICH WILL LOOK AT HOW THE MARKET WILL GROW AND DEVELOP IN THE FUTURE.

“THERE REMAINS A CLEAR NEED FOR EQUITY RELEASE PRODUCTS – ESPECIALLY IN THE CURRENT ECONOMIC ENVIRONMENT – A FACT THAT MANY STAKEHOLDERS INCLUDING THE GOVERNMENT ARE STARTING TO ACKNOWLEDGE. WE REMAIN REALISTIC YET POSITIVE ABOUT THE NEXT QUARTER’S RESULTS, AND EXPECT TO SEE EXCITING MARKET AND PRODUCT INNOVATIONS AS COMPANIES ADAPT TO MEET THE CHANGING NEEDS OF THEIR CLIENTS.”

**-Ends-**

### **For further information, please contact:**

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### **About SHIP Equity Release:**

SAFE HOME INCOME PLANS (SHIP) IS THE UK’S LEADING PROFESSIONAL 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