

UK EQUITY RELEASE Market Monitor

QUARTER 1 2013

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Key

RETIREMENT
SOLUTIONS

Equity Release

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Introduction

Key Retirement Solutions' Market Monitor provides a quarterly, half yearly and annual review of the equity release market in the UK. The monitor provides journalists and other industry stakeholders with detailed data on the market alongside historical comparisons.

Key Retirement Solutions are the UK's number 1 equity release specialist adviser, arranging 1 in 3 of all intermediary Equity Release Council (ERC) formerly SHIP [1] equity release business in the UK.

The Monitor uses Key's data to reflect the market as a whole and provides the most detailed analysis of the equity release sector, including:

- Usage trends
- Age Analysis
- Regional Analysis based on -
 - Plan Numbers
 - Plan Values
 - Property Prices

The Monitor now provides more detail than ever, focusing in each edition on a particular region and also a specific usage driver for releasing equity.

- Quarter 1 Focus - Gifting
- Regional Focus - Scotland

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^[1] Equity Release Council (ERC) is the equity release trade organisation representing the Equity Release Sector

Q1 2013 Results

- New plan numbers 4,567 up 1.3%
- Total amount released £263.1m up 21.2%
- Drawdown accounts for 66% of all plans
- Single advance lending increases from 22% to 34% share of market
- Home improvement remains top reason for releasing equity

The latest report on the equity release market reveals a continuance of the trends for last year quarters with growth year on year both for plan numbers and for overall lending. Sales of plans during quarter 1 2013 were 4,567 an increase of 1.3% over the same period of 2012. Lending also increased to £263.1 million for the period from £217 million for the same period of 2012, an increase of 21.2%.

Drawdown remains the most popular type of plan accounting for 66% of all new plans. Based on initial lending levels and available facilities, there remains £84 million of funds still to be drawn in addition to these initial advance figures giving a combined total of £347 million for the period.

Single advance mortgages have seen an increase in tandem with an increase in demand for repaying outstanding mortgages.

BIGGEST MOVERS BY REGION

Number of Plans

▲ Scotland	+50.5%
▲ West Midlands	+29.1%
▲ North West	+14.8%
▼ Northern Ireland	-22.87%
▼ South East	-13.71%
▼ East Midlands	-10.5%

Lending

▲ Scotland	+60.4%
▲ Northern Ireland	+58.84%
▲ West Midlands	+55.71%

REGIONAL HIGHLIGHTS

Across the country 5 out of 12 regions experienced growth in the total number of plans, with all 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in Scotland (+50.54%) and the West Midlands (+29.13). Top region for overall lending was the South East (£63.1m) with London (£40.3m) taking second place. No region experienced a drop in overall lending over the period with Scotland experiencing the greatest percentage increase in business up 60.43% over the same period of 2012.

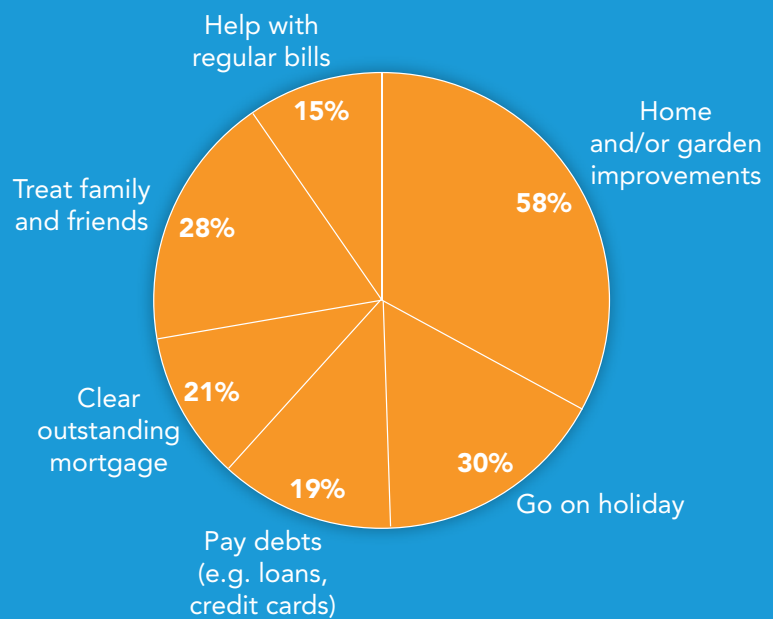
USES OF EQUITY RELEASE

Home and/or garden improvement (58%) retains top spot followed by holidays (30%), closely followed by helping the family (28%). Helping the family increased throughout 2012 and the trend is still continuing into 2013, for the same period of 2012 the figure was 23%.

Highlights

- 22% increase in the number of clients gifting to their family

POPULAR USES OF EQUITY RELEASE



GIFTING

- **Helping the family financially ranks as the 3rd most popular reason for releasing equity**

QUARTER 1 FOCUS - GIFTING

The percentage of those releasing equity specifically to gift some or all of the funds released has increased significantly year on year having risen from 23% at the end of quarter 1 2012 to 28% for the same period of this year. In addition to generally helping children and grandchildren financially there are three distinct purposes for the money.

1. Deposit for property purchase
2. Funding school/university fees
3. Debt repayment

Highlights

REGIONAL SUMMARY

AREA	Value	Percentage Change 2012 on 2011	Number of plans	Percentage Change 2012 on 2011	Average Value Released	Average LTV	Average Customer Age	Average Property Value
East Anglia	£11.9m	30.4%	211	-5.7%	£58,575	27%	68	£215,273
East Midlands	£19m	7.7%	410	-10.5%	£47,850	27%	68	£177,710
London	£40.3m	31%	375	-6.7%	£110,790	26%	70	£434,423
North	£8.2m	7.6%	199	4.9%	£42,515	28%	67	£151,019
North West	£23.5m	24.9%	513	14.8%	£47,385	27%	69	£173,970
Northern Ireland	£1m	58.8%	23	-22.9%	£45,970	27%	66	£167,500
Scotland	£16.2m	60.4%	387	50.5%	£43,186	28%	68	£154,438
South East	£63.1m	9.2%	939	-13.7%	£69,423	23%	69	£303,058
South West	£31.2m	13.6%	529	-2.1%	£60,880	25%	69	£246,134
Wales	£10.7m	27.3%	207	11.1%	£53,317	30%	68	£177,426
West Midlands	£22.2m	55.7%	433	29.1%	£53,052	27%	70	£198,362
Yorks & H'side	£15.7m	8.55%	341	-2.6%	£47,573	26%	70	£183,067

REGIONAL FOCUS - SCOTLAND

Total lending - **£16.2M**

Plans arranged - **387**

Average released - **£43,186**

Average property value - **£154,438**

REGIONAL FOCUS - SCOTLAND

Year on year for the first quarter Scotland is showing strong growth both in terms of plan numbers and overall lending values. By far the two main reasons for equity release being Home Improvement and meeting day to day bills and living expenses. Of less interest appears to holidays and repaying debt, the focus is clearly being placed on improving day to day living above all else, be that in terms of improving the home or meeting those day to day costs.

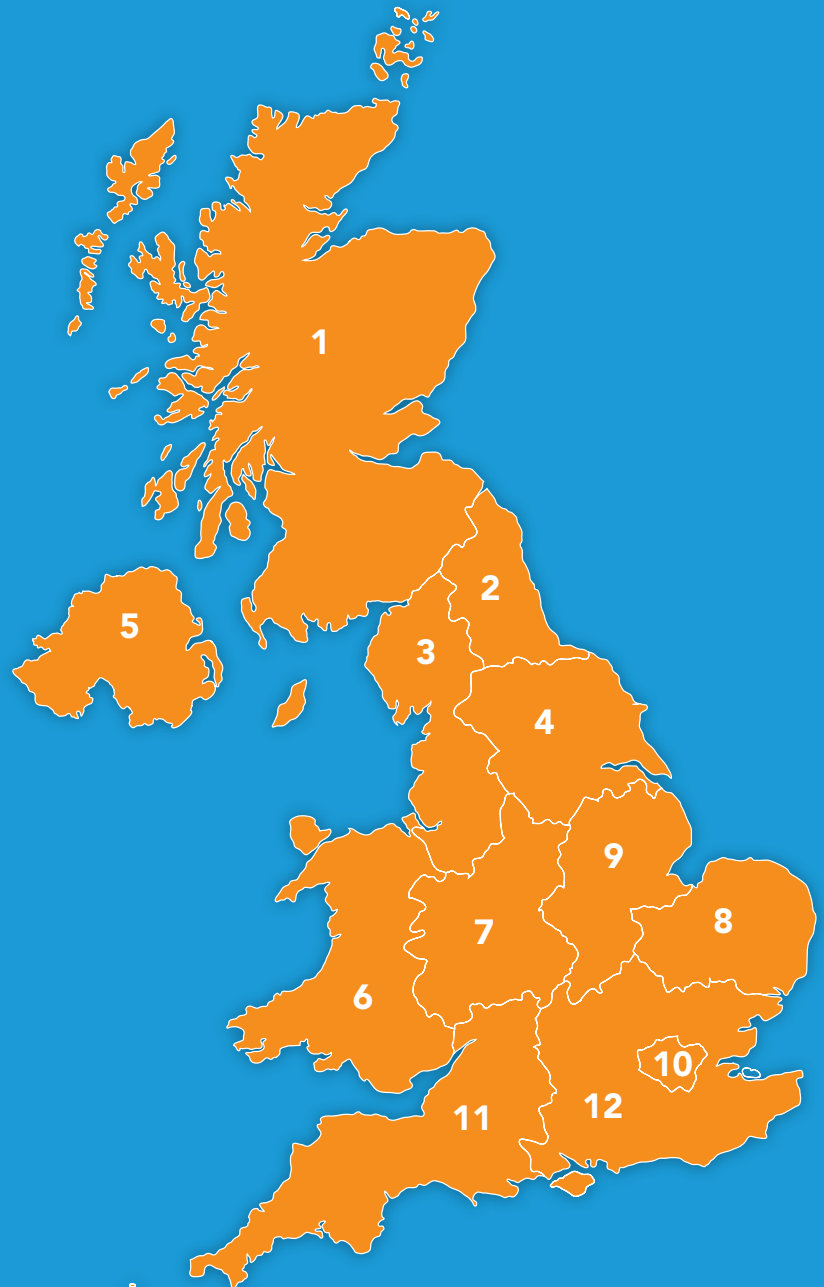
An increase in plan numbers of over 50% is significant and can also be put down to greater promotion of equity release in Scotland as well as increased access to quality advice.

Review

- Highest - South East (939)
- Lowest - Northern Ireland (23)

1 Scotland 387 2012 - 257	2 North 199 2012 - 190
3 North West 513 2012 - 447	4 Yorks & H'side 341 2012 - 350
5 Northern Ireland 23 2012 - 30	6 Wales 207 2012 - 186
7 West Midlands 433 2012 - 335	8 East Anglia 211 2012 - 224
9 East Midlands 410 2012 - 458	10 London 375 2012 - 402
11 South West 529 2012 - 540	12 South East 939 2012 - 1,088

NUMBER OF EQUITY RELEASE PLANS

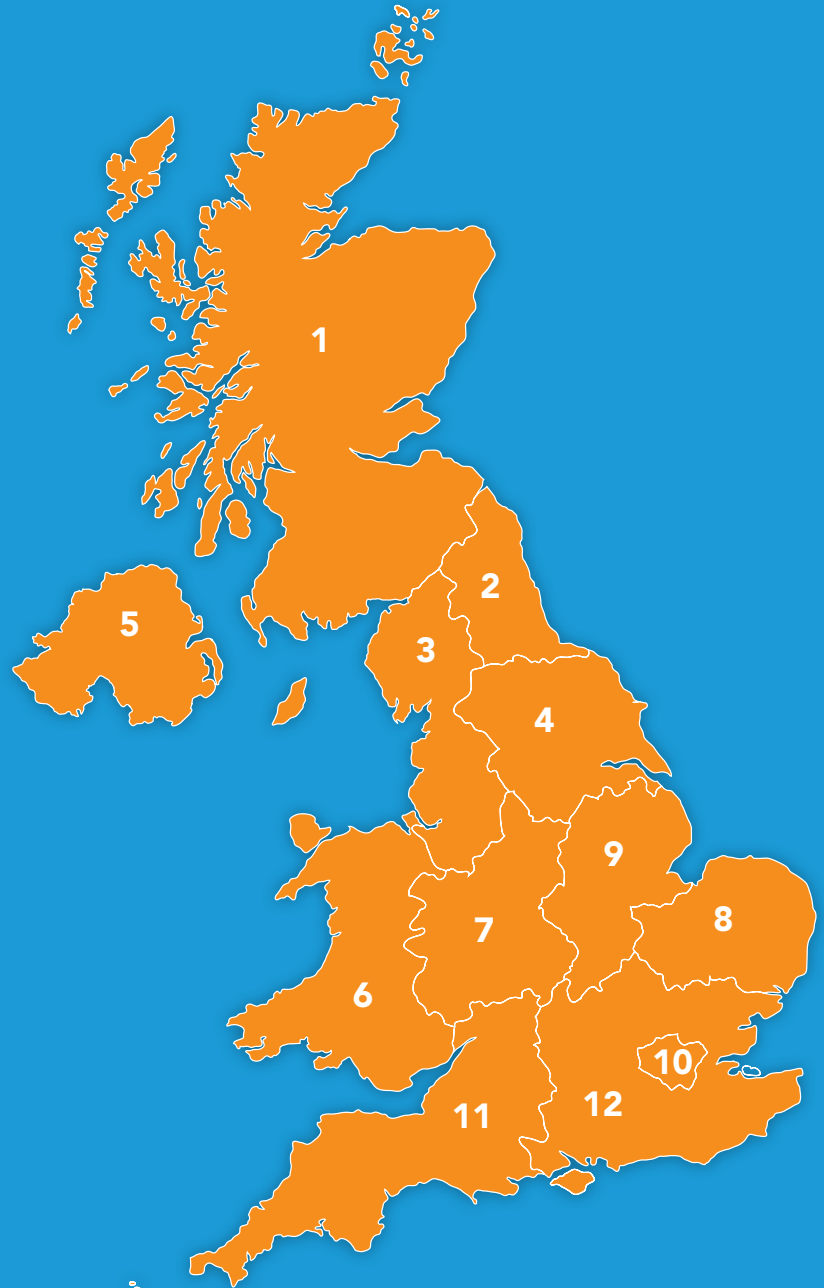


Review

- Highest - South East (£63.1m)
- Lowest - Northern Ireland (£1m)

<p>1 Scotland £16.2m 2012 - £10.1m</p>	<p>2 North £8.2m 2012 - £7.6m</p>
<p>3 North West £23.5m 2012 - £18.9m</p>	<p>4 Yorks & H'side £15.7m 2012 - £14.5m</p>
<p>5 Northern Ireland £1m 2012 - £0.6m</p>	<p>6 Wales £10.7m 2012 - £8.4m</p>
<p>7 West Midlands £22.2m 2012 - £14.3m</p>	<p>8 East Anglia £11.9m 2012 - £9.2m</p>
<p>9 East Midlands £19m 2012 - £17.6m</p>	<p>10 London £40.3m 2012 - £30.7m</p>
<p>11 South West £31.2m 2012 - £27.4m</p>	<p>12 South East £63.1m 2012 - £57.8m</p>

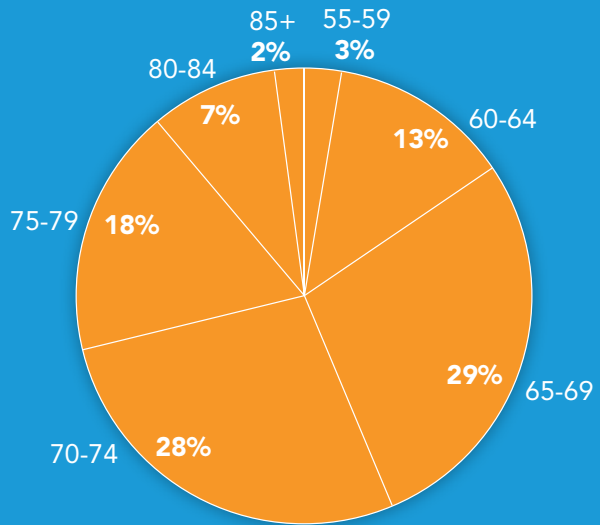
VALUE OF EQUITY RELEASE PLANS



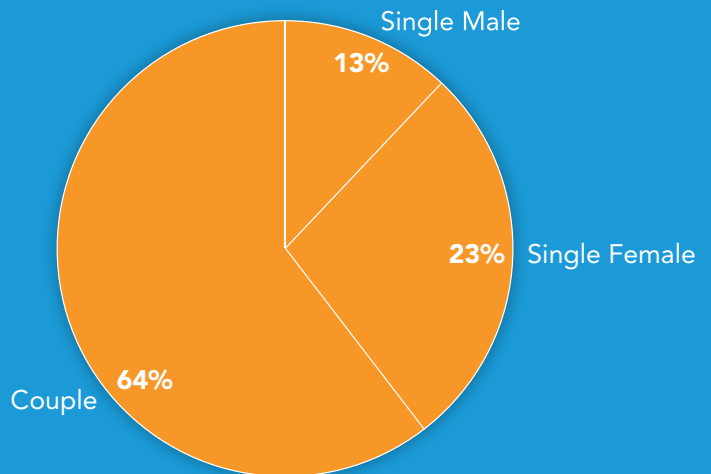
Analysis

- Average age 69
- 64% of those releasing equity are couples
- 77% more single women release equity than single men

CUSTOMERS BY AGE



CUSTOMERS BY STATUS



PRODUCT MIX

