

Key Retirement Solutions report drop in the equity release market for start of 2008



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Industry: [Financial](#)



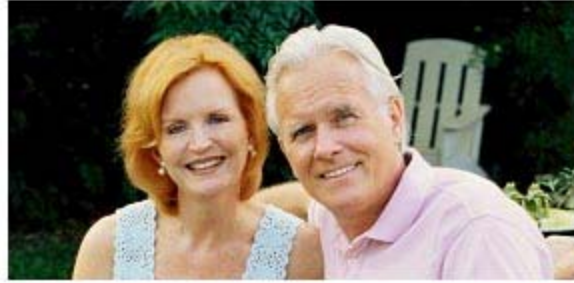
Press Release Summary: Key Retirement Solutions equity release market monitor for Q1 of 2008 shows drop in the equity release market compared to Q1 of 2007 however equity release market expected to remain strong

Press Release Body: Key Retirement Solutions' equity release market monitor for the Q1 of 2008 indicates a drop in the equity release market compared to the first quarter of 2007.

According to the new monitor, the total number of [equity release plans](#) taken out during Q1 of 2008 was 6,009 (2007 Q1 – 7,196) representing a decrease of 16.5%, the total amount released though did not see as high a decline following an increase in average amount released per plan.

Dean Mirfin, Business Development Director at Key Retirement Solutions,

commented, "It has been a difficult start to the year for many people as the fall out of the credit crunch has hit home and we are faced with volatile and uncertain



economic and market conditions. Gross lending on traditional home loans is down 6% year on year in February alone, and it is unsurprising that we have also seen a slight downturn in the number of equity release plans taken out across the whole of the first quarter this year, compared to last year."

Regionally the South East (excluding Greater London) continues to lead the way with the greatest number of plans sold at 1,200 and the highest total lending at £77m. The North West maintains second place in the league table of plans sold with 813. The North of England has seen a consistency of plan numbers year on year with 263 plans for the same periods of 2007 and 2008. Yorkshire and Humberside was the only region to see an increase in plan numbers with a 1.16% rise.



Dean stated that despite the difficult start to the year, *"The equity release market remains strong, with more than £290 million released from UK homes over the last quarter. If there is to be a period of unsettled property prices, those considering equity*

release may well be wise to lock into a deal sooner rather than later. Interest rates are still very competitive with rates as low as 5.99% fixed for life, and arranging the facility now may help reduce disappointment should there be any reduction in property prices."

The trend in the popularity of [drawdown plans](#) continued with a consistent increase in market share throughout last year. Drawdown plans accounted for 62% of all plans for the first quarter of 2008 (2007 Q1 – 40%). This reflects the position of drawdown which for Q4 of last year was again 62%.

Home [reversion plans](#) remain at the same level as they did in 2007 accounting for a 5% share of the



market. Regulation one year on has yet to result in any year on year increase overall in this sector or the market.

Also included in the monitor are the most popular uses of [equity release](#), with home and/or garden improvements at the top of the list at 61%, holidays 35% and repaying debts at 33%. 21% of those taking out plans stated they were going to use some of the money to help out family or friends at a time when they saw this as being more beneficial.

Dean concluded, *"Unlike the mainstream mortgage market we have not seen an upheaval in either rates or the ability of providers to lend. This is testament to the fact lenders are fully committed to the equity release market. We have seen positive increases in the number of enquiries for [equity release schemes](#) as the quarter has progressed which once filtered through to the second quarter should reflect positively in the results at the half way stage of the year."*

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