

Equity Release Schemes - UK - May 2010

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What is this report about?

The various product safeguards – while necessary to protect customers and instil public confidence – have as yet unknown cost implications for providers. Cementing government support and attracting more intermediaries to the market offer further challenges. Mintel's report examines how these issues are shaping the market and assesses its prospects for future growth.

What have we found out?

- There has been an increase in the proportion of people using equity release to repay consumer credit. This hints at a huge shift in mentality among older homeowners, and could have implications that go well beyond the equity release market.
- Some potential customers have been put off taking out an equity release scheme because of a fear that it will interfere with benefits, particularly when it comes to the Pension Credit. Changing legislation should mean that this is much less of an issue going forwards.
- By 2016, the CML predicts that over-60s will have over £1.2 trillion locked away in residential property, meaning that this market has massive potential.
- The UK's demographics also strongly favour this market. The UK has an aging population with huge amounts of property wealth, but relatively little in the way of private pension provision..
- Baby Boomers are more comfortable than their parents were when it comes to using debt as a financial tool. Those approaching retirement no longer live by the maxim 'never a borrower nor a lender be', meaning that they should be more open to the idea of supporting their lifestyle by releasing equity from their home.
- Although the market has been hard-hit by the financial crisis, Mintel forecasts a steady recovery from 2011 as liquidity returns to the mortgage sector.

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EMEA: +44 (0)20 7778 7151
Americas: +1 (312) 932 0600
APAC: +61 (0)2 8284 8100