

## Equity Release - UK - May 2011

Report Price: £1500 / \$2310 / €1793



### What is this report about?

Despite having the potential to offer a large number of older homeowners a viable financial solution to funding their retirement, improving or maintaining living standards and paying for long-term care, the UK equity release market remains relatively small. Furthermore, new business levels have been in decline since 2008. However, Mintel's research finds that much of this decline is directly due to the withdrawal of providers as a result of funding problems following the financial crisis. There remains strong latent demand for equity release solutions among the target age group.

### What have we found out?

- Although the total value of new equity release business by SHIP members declined again in 2010, this was a reflection of the ongoing problems in the wider mortgage and housing markets and the withdrawal of several suppliers, rather than a result of falling consumer demand.
- Indeed, the top three remaining providers – who together accounted for over 90% of new business in 2010 – all reported strong sales growth in 2010.
- Mintel expects the market to begin a steady recovery in 2011, as the tide of market exit turns and supply increases.
- The long-term prospects for this market also remain good. Positive drivers include inadequate pension provision, falling annuity rates, the rising cost of living and long-term care and the gradual erosion of state benefits.
- Raising the product's profile among advisers and consumers and obtaining explicit 'endorsement' from the government would further boost sales over the longer term.
- Further product innovation to meet changing and diverging customer needs will also help to drive this market forward.

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