

## Hypoport Group launches first German House Price Index (HPX), says nationwide new home prices up 5%/y/y in March after strong first quarter

Berlin, 13 April, 2006 – Hypoport AG, one of Germany's leading mortgage and financial services groups, announces the launch of the Hypoport German House Price Index (HPX), the first index aimed at regular tracking nationwide residential property price developments.

The first data showed that the annual rate of price inflation for new homes across Germany was 5% in the year to end-March 2006 and 4.3% over the first three months of 2006, an annual rate of over 17%. On the same comparisons however, existing home and apartment prices fell, showing that there is as yet no clear trend across all residential property classes.

Hypoport Chairman Prof. Dr. Thomas Kretschmar commented: "The launch of HPX fills a gap in measurement data for German home prices that many professionals in the European home loans industry have been pointing to for years. It also brings transparency for their customers, the home buyers, and allows them to follow the housing market much more closely so that they can judge whether or not they wish to make a purchase."

HPX will be released monthly, and constituted in a similar way as measurements of building societies in the UK. It is compiled from neutral data on between 4,000 and 6,000 home sales processed monthly over Hypoport's proprietary EUROPACE platform, which accommodates a share of nearly 10% of the total German home mortgage market. In December, mortgages processed on EUROPACE hit a record €1 billion, as German homebuyers rushed to take advantage of the owned-home premium abolished as of 31 December.

Acceptance of EUROPACE surged dramatically last year, taking processed mortgages from around €200 million per month in January 2005. Monthly new mortgage volume had for the first time exceeded €100 million only 12 months earlier.

"Having this kind of home loan volume now on EUROPACE from across Germany means that our data are not only widely representative of the market nationwide, but are neutral since we only act as an intermediary for brokers, mortgage providers and others who want to access the German market," Prof. Kretschmar said. "We have smoothed the statistics to take into account structural and cyclical changes, and we intend to develop HPX further for the use of our partners, clients and the general public over the next few months."

### Results and commentary

#### Hypoport German Housing Price Index

| <i>Headlines</i>               | <i>Total</i> | <i>New home</i> | <i>Existing home</i> | <i>Apartment</i> |
|--------------------------------|--------------|-----------------|----------------------|------------------|
| <b>March 2006</b>              |              |                 |                      |                  |
| Monthly index                  | 296.0        | 102.4           | 96.8                 | 96.8             |
| Monthly change                 | 0.5%         | 1.6%            | -0.5%                | 0.5%             |
| Monthly change, last month     | 0.2%         | 1.2%            | -0.1%                | -0.5%            |
| 3-monthly change               | 0.7%         | 4.3%            | -0.5%                | -1.7%            |
| 3-monthly change, last month   | -1.2%        | 3.0%            | -1.3%                | -5.1%            |
| Annual change, y/y             | 1.2%         | 5.0%            | -1.9%                | 0.6%             |
| Annual change, y/y, last month | 1.2%         | 4.7%            | -2.7%                | 1.7%             |

“Only new home prices kept the overall market stable in March, with existing home and apartment values in general remaining weak. This was to be expected after the surge in demand in the last few months of 2005 to take advantage of the subsidies inherent in the owned-home premium (Eigenheimzulage) which the federal government abolished at the end of December.

Accordingly, sales volumes have also dropped markedly across all residential property sectors in the first three months of this year. However, we expect a gradual pickup of activity over the course of 2006, as long as financing rates stay at current fairly low levels.

Recent comments from the European Central Bank indicating a slowing in its expected gradient of rate rises this year, plus still-low consumer price inflation, give reason to hope that home financing rates will remain moderate at least until end-2006.”

### **Methodology**

The data are taken from residential sales amounting to around 10% of the German housing market now transacted through the EUROPACE Internet-based platform - a proprietary development fully owned by the Hypoport Group ([http://www.hypoport.com/europace\\_en.html](http://www.hypoport.com/europace_en.html)).

Currently, the EUROPACE database is expanding by between 4,000 and 6,000 properties monthly. The index is derived on the basis of anonymised statistics which are fully representative of the nationwide German market.

Monthly data are smoothed with a 3-month lagging moving average, calculated on the basis of sales expressed in square metre terms, and are based on 100 at August 2005. HPX-newhome is the index for newly-built single and double households, HPX-existinghome tracks prices for existing single and double households, while HPX-apartment assesses prices for existing single apartments. Definition criteria encompass the following:

#### HPX-newhome

- Total construction costs, including building lot
- Living space between 100 and 150 square metres
- Building lot sized between 200 and 700 sq.m.
- Own-use property
- No connected commercial space
- No additional land plot

#### HPX-existinghome

- Purchase price including building lot
- Built since 1950
- Building lot sized between 200 and 700 sq.m.
- Own-use property
- No connected commercial space
- No additional land plot

#### HPX-apartment

- Purchase price
- Built since 1950
- Building lot sized between 70 and 100 sq.m.
- Own- or buy-to-rent property
- No connected commercial space

### **Background for Editors**

The Berlin and Lübeck-based Hypoport AG provides products and services to the European home loan and financial advisory sectors. The group now employs 240 people, and is currently undergoing strong expansion in its domestic network. Its proprietary EUROPACE Internet-based platform serves all customers along the value chain in the residential mortgage process - from the borrower to the mortgage provider and the investor. Via a thoroughly integrated system with a centralised database, all EUROPACE partners communicate and collaborate directly with all other others.

Originally founded in 1999 with the vision of developing a B2B platform to integrate financial service providers and lenders, Hypoport AG was created from the merger of Freie Hypo AG with Dr. Klein & Co. AG in January 2002. Dr. Klein provides mortgage and financial products, but also financial solutions and consultancy to various residential housing sectors, including directly to the consumer. Other Hypoport brands include the Freie Hypo and Quality Pool home loan providers.

In collaboration with Dr. Klein, Hypoport recently started developing systems for bringing non-life insurance products onto the EUROPACE platform, and aims to integrate liability, home contents and property insurances within the next few months. EUROPACE is also being aligned with market requirements in other European countries.

Apart from the Hypoport group's Dr. Klein, Freie Hypo and Qualitypool, home loan brokers using EUROPACE include Alte Leipziger, AWD, Bonnfinanz, Creditweb, Deutscher Ring, FinanceScout24, Gothaer, Haus&Wohnen, Hypothekenbörse, MLP, SEB, SIGNAL IDUNA and Weberbank. Domestic German lenders include Postbank via its DSL Bank and its BHW Bausparkasse subsidiaries, as well as BW-Bank, DBV-winterthur, DG HYP, DKB Deutsche Kreditbank, and Westdeutsche ImmobilienBank. Among the largest foreign-owned EUROPACE lenders are ING-DiBa, GMAC RFC and ABN AMRO.

### **Contact**

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