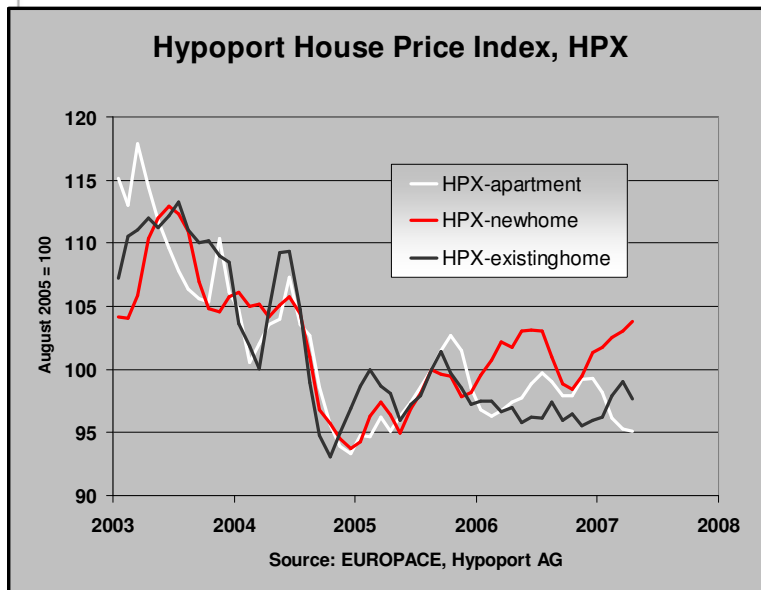




## German house prices fall in April as softer tone in existing homes exacerbates downtrend in apartment costs, Hypoport HPX index shows



Berlin, 18 May, 2007 –

German house prices fell in April as a weaker trend in existing homes added to the already soft trend in apartments to bring the overall index down 0.2% compared with its level in March, the latest monthly Hypoport German House Price Index (HPX) shows. The overall index had shown a more sturdy 0.3% monthly rise in March. On a 12 month comparison, German residential property prices in April were just 0.2% higher than in April 2006, weaker than their comparative level in the prior month.

Existing home prices slipped 1.3%

m/m in April compared with a rise of 1.1% in March. On a yearly comparison they still held at a level of 0.7% above April 2006, but the trend in recent months has indicated a renewed softening of prices in this segment.

### Hypoport German House Price Index, HPX

	Total	New home	Existing home	Apartment
<b>April07</b>				
Monthly index	296,6	103,8	97,7	95,1
Monthly index, last month	297,3	103,0	99,0	95,3
Monthly change	-0,2%	0,8%	-1,3%	-0,2%
Monthly change, last month	0,3%	0,5%	1,1%	-0,8%
3-monthly change	0,1%	2,0%	1,6%	-3,2%
3-monthly change, last month	0,2%	1,7%	3,1%	-4,0%
Annual change, y/y	0,2%	2,0%	0,7%	-2,3%
Annual change, y/y, last month	0,4%	0,6%	2,3%	-1,6%

Nationwide German apartment sales data showed that prices fell 0.2% on the month, extending a softer tone seen over the last few months, in particular since the start of this year. Apartment prices have been undermined by a combination of seasonal cyclical influences - the traditional impact of builders selling new apartment and condominiums at the end of winter - and a longer-term structural shift in supply patterns as investors in large portfolios of German residential flats attempt to privatise individual stock to tie in profits.

Prices of new homes across the nation however continued their sturdier trend and climbed by 0.8% in April on a monthly comparison, the latest monthly Hypoport German House Price Index (HPX)



shows. Over the prior 12 months to April, new single family home prices have risen by 2.0% across the nation. Hypoport Co-CEO Ronald Slabke, also head of the group's Dr. Klein brokerage subsidiary, noted that the spread between the prices of apartments and single family homes in Germany has widened by more than 20% since the 2003 start of the time series on which HPX is based. Supply pressures in the apartment market have weighed heavily on prices. "In terms of property ownership as well, Germany is developing into a two-class society," Slabke said. "Business development in our subsidiary Dr. Klein, which offers homebuyers cost-efficient mortgage financing via the Internet, also clearly reflects this divergence. Those who can afford it, generally choose to buy or build a free-standing single family home rather than move into an apartment."

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### **Methodology**

Monthly data for the Hypoport House Price Index (HPX) 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, EUROPACE is expanding by between 5,000 and 8,000 properties monthly. The index is derived from anonymised statistics 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





## About Hypoport AG

The Hypoport Group situated in Berlin is an internet based one stop financial services provider. The business model of the Hypoport Group comprises of two interdependent units, direct sales of financial products and the maintenance of its in house developed transaction platform for the brokerage of financial products via the internet.

Dr. Klein & Co. AG, Hypoport's wholly owned subsidiary, offers retail clients a comprehensive variety of financial products from giro accounts, insurances to mortgage loans via the internet and, if requested, offers advice both over the telephone or face-to-face. Dr. Klein & Co. AG chooses the most suitable products for the clients from a broad selection of more than 100 well-known banks and insurances, strictly conforming to the best advice principle. The internet driven processes generate cost advantages which are passed on to the retail clients, providing Dr. Klein a significant competitive advantage against local banks and insurance agencies. Furthermore the business division Real Estate Business Clients of Dr. Klein & Co. AG, which has been operating since 1954, is the undisputed market leader in the brokerage of mortgage solutions to the municipal and cooperative housing industry.

The Hypoport Group maintains with its B2B financial marketplace EUROPACE the biggest German web based transaction platform for the clearing of financial products. A fully integrated system links more then 30 banks with over 1.000 brokers and enables immediate and direct placement of financial products. The highly automated processes of the platform result in significant cost advantages. Momentarily over 400 applications are processed via EUROPACE daily. Additionally EUROPACE is the leading source for surveillance, research and analysis of European ABS transactions.

### Contact

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