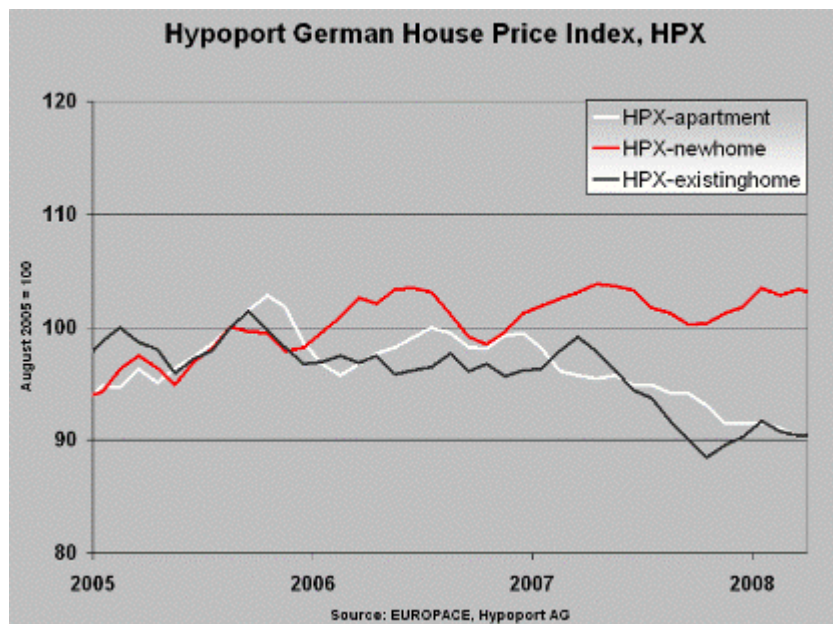




## Hypoport house price index April 2008

### Prices for apartments and houses pick up again slightly



Berlin, 29 May 2008 - The total house price index dipped only slightly in April 2008 - by 0.1% from 284 points to 283.7 points.

As such, house prices across Germany finally seem to be bottoming out. The index for existing apartments has not changed compared with the previous month; the index for existing detached single-family and two-family homes actually picked up slightly.

**Forecast:** House prices will continue to increase slightly over the coming months.

Monthly comparison	Total	Newhome	Existinghome	Apartment
<b>Apr 08</b>				
Monthly index	283.7	102.9	90.5	90.3
Monthly index, last month	284	105.8	90.4	90.3
Monthly change	-0.1056%	-0.3872%	0.1106%	0.0000%
Monthly change, last month	-0.2459%	0.4864%	-0.4405%	-0.8782%
3-monthly change	-1.0464%	-0.5797%	-1.3086%	-1.3115%
3-monthly change, last month	0.1764%	1.5733%	0.1107%	-1.3115%
Annual change, y/y	-4.3493%	-0.8671%	-7.3695%	-5.0473%
Annual change, y/y, last month	-4.4736%	0.2913%	-8.6869%	-5.2466%

#### Stabilised: Existing apartments

The prices for existing apartments (HPX-apartment) have not changed over the period under review. The index remained stable at 90.3 points. The average purchasing price is 135,000 euros (slightly declining), the average living space is 84 square metres, and the price per square metre is 1,608 euros (also declining slightly) on average across Germany. Year-on-year, however, the index has dropped by 5 %.



**Slightly increasing: Existing detached single-family and two-family homes**

Compared with the previous month, the index increased by 0.1 percent for existing houses (HPX-existinghome). It improved from 90.4 points to 90.5 points. Year-on-year, prices have declined by about 7 %.

The average land area is increasing and currently measures 405 square metres. The average purchasing price is 189,900 euros, equivalent to a square metre price of 1,533 euros. The average living space is 124 square metres.

**Declining only slightly: New detached single-family and two-family homes**

Compared with the previous month, the HPX-newhome index dipped only slightly, by 0.4 %, and is currently at 102.9 points. The average land area is 471 square metres, and the average purchasing price has remained stable at 224,500 euros, equivalent to a square metre price of 1,805 euros – for an average living space of 124 square metres.

Overall, the number of loans for new construction projects is continuing to decline.

April 2008									
	Year	Month	Index	Year of construction	Land area	Average purchase price	Living space	Price/sqm	
Existing apartments	2008	4	0.903	1984		135,062	84	1,608	
Existing houses	2008	4	0.905	1985	405	189,939	124	1,533	
New homes	2008	4	1.029	2008	471	224,527	124	1,805	

**Transaction volume reaches a new record high**

**The highest share of mortgage financing in the internet market**

In the first quarter 2008, the financial marketplace of Hypoport AG, Berlin, recorded a transaction volume of 3.4 billion euros, with mortgage financing accounting for the lion's share, at 3.2 billion euros.

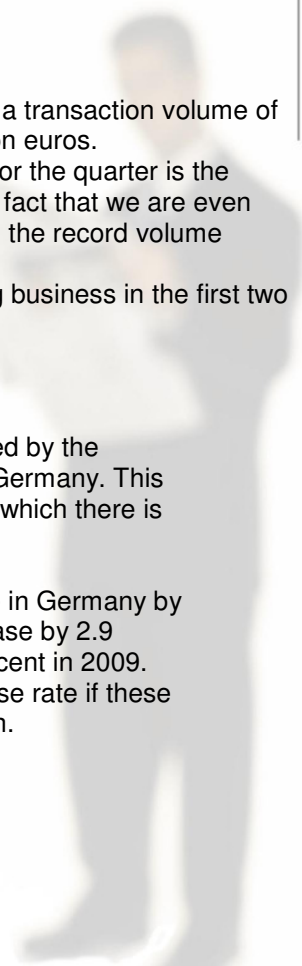
According to Ronald Slabke, spokesman for the Management Board: "The volume for the quarter is the largest ever reported in the history of the company. We are particularly proud of the fact that we are even continuing to grow in a declining market." Compared with the same period last year, the record volume represents an increase of 13 % in a tense financing market environment.

According to statistics published by Deutsche Bundesbank, new mortgage financing business in the first two months 2008 in Germany was 5 % lower than the same period 2007.

**Interest rate commentary**

According to Axel Weber, President of Deutsche Bundesbank, the turbulence caused by the financial crisis in the USA has not left any lasting scars on Europe and, especially, Germany. This would only have been the case if the supply of credit to companies had suffered, of which there is no evidence to date.

In their spring forecasts, the leading economic think tanks expect inflation to decline in Germany by the end of the year. For 2008, the ECB has forecast that consumer prices will increase by 2.9 percent on average over the year before returning to a more normal level of 1.8 percent in 2009. Weber does not exclude the possibility of the European Central Bank raising the base rate if these forecasts should prove to be incorrect and the inflation rate continues to remain high.





### **Impacts on mortgage interest rates**

Mortgage interest rates in Germany continue to remain low compared with other countries. For example, the interest rate for a loan with a fixed term of 15 years is currently about 5.40 percent in the USA and more than 6 percent in Great Britain. Mortgages can currently be agreed with German loan agencies at terms of 4.81 percent (nom.) for a fixed term of 15 years (as of 30.04.08). The primary reasons behind this discrepancy are the differences in structure and refinancing in the German banking industry compared with its Anglo Saxon counterparts.

The anticipated development in interest rates on the part of capital market players is a further important factor. So far, experts have assumed that the money and capital markets will work with further declining interest rates in anticipation of forthcoming reductions in the base rate. Many market players believe that this will not, however, be the case. On the contrary, a renewed increase in interest rates is broadly visible. In light of current inflationary progress, short-term loans are particularly affected by this development. This will cause a very flat progression of the interest rate structure curve.

Klaus Kannen, Member of the Management Board responsible for private client loans at Dr. Klein & Co. AG: "Stop speculating on declining interest rates; over the long term, mortgage interest rates will increase. Long fixed-interest terms and forward loans are definitely the best option. Owner occupiers can, moreover, use KfW funding to optimise their financing structure."

### **Interest rate trend**

Short term: increasing

Long term: increasing

**Details on the method of compiling the index can be found on our website:**

[www.hypoport.de](http://www.hypoport.de)

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