

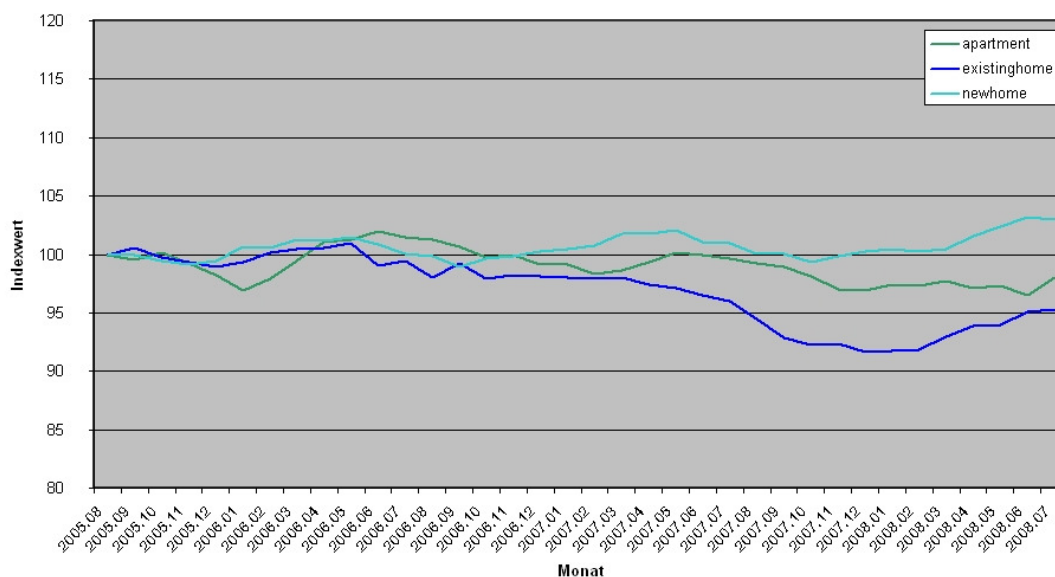


Hedonic house price index: June and July 2008

Upwards trend: Total index regains level last seen in July 2007
Value stability: Regional house price index: Rhine-Main region

Berlin, 22 August 2008. House price developments in the months of June and July 2008 have been measured using the hedonic valuation method. For a detailed explanation of what this entails, please refer to the press release you received some weeks ago; or visit: www.hypoport.com/press.html

HPX-hedonic - Indizes für Deutschland



Quelle: EUROPACE, Hypoport AG

Increasing: Total index hedonic

The total house price index increased further in June and July 2008:

May 293.70	Year-on-year (July 2007) the total index actually shows no change. Back in July 2006, it recorded a level of 300.95 points.
June 294.85	
July 296.26	The total index represents an average across Germany. As residential space becomes increasingly scarce, prices are rising

much more strongly in built-up areas.

Increasing: Existing apartments

Prices for apartments are currently picking up once more. Demand is growing in urban locations. In June, the hedonic index recorded a level of 96.5 points compared with 98.0 points in July. This equates to an increase of 1.6%. By comparison: Back in July 2007, it recorded a level of 96.5 points.



Slightly increasing: Detached single-family and two-family homes

The decline in the value of houses ceased back at the beginning of the year. Existing homes are compensating for the lack of new construction activity. But prices are consistently increasing in small increments. By comparison: May 94 points, June 95 points and July 96.25 points. Currently the index is at the same level as June 2007.

March	100.41	0.15%
April	101.52	1.11%
May	102.39	0.85%
June	103.23	0.82%
July	102.95	0.27%

Stable: New detached single-family and two-family homes

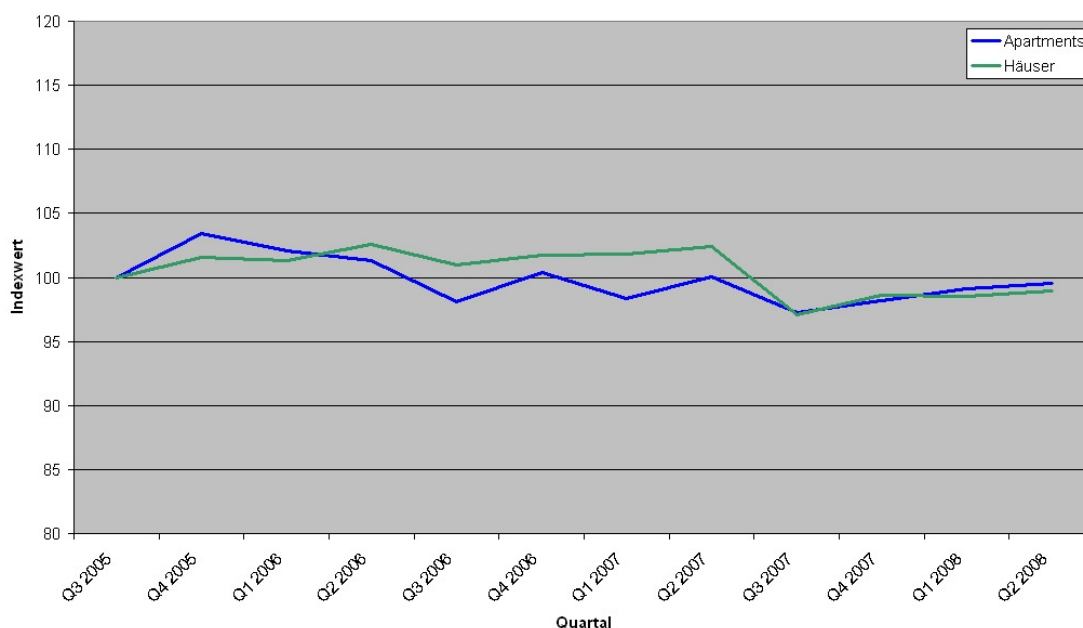
July witnessed a slight decline compared with the moderate increase that had been taking place since March of this year.

Forecast: Prices for existing houses and apartments will continue to increase slightly over the coming months.

The prices for newly built homes will show scarcely any change; with a tendency to decline, if at all.

New homes are mostly being built in the green fields around major cities and medium-sized towns. Demand for these locations is currently declining in light of increasing petrol costs and the abolition of the state commuting subsidy for trips to work of less than 20 km; this is tending to exert pressure on both purchase prices and demand.

HPX-hedonic - Rhein-Main



NEW: HPX-hedonic Regional Rhine-Main

In addition to its monthly publication of the overall index for the country, Hypoport will also issue a regional hedonic house price index calculated on a quarterly basis in the future. Two indices will be compiled: Apartments and houses. Regional indices will be available for apartments (in 7 regions) and houses (in 15 regions). The method of calculating hedonic regression will be adapted to take account of the special characteristics of the relevant region.

Satisfactory stability: House and apartment price developments in the Rhine-Main region

The data captured for the Rhine-Main region cover the towns and cities of Frankfurt am Main, Wiesbaden, Darmstadt, Offenbach, Hanau and Aschaffenburg.





Apartments Rhine-Main

Compared with the first quarter 2008, the index remained unchanged in the second quarter at 99 points. The initial index recorded a level of 100 points back in the third quarter 2005. As such, it has fluctuated only marginally. The biggest increases (by up to 3%) were witnessed back at the end of 2005. By contrast, the third quarters in 2006 and 2007 recorded the most noticeable price declines (2% loss in value).

The balance between supply and demand is ensuring a very stable preservation of value overall.

Houses Rhine-Main

The house indices in the analysed region can even be termed static. The current value of a house in this part of Hessen is virtually identical to that of 3 years ago. Buyers will be delighted. They did not make any mistakes in 2005. Today's sellers have, however, waited in vain for an appreciation in the value of their homes. The index is currently at a level of 98.9. It reached 102 points only twice – in the second quarters 2006 and 2007. The 3rd quarter seems to be the best choice for buyers. Houses are cheapest during the holiday season.

Interest rate trend

Mortgage interest rates are currently witnessing large fluctuations at short intervals. The trend is, however, pointing upwards overall. The progress of interest rates should be tracked closely to ensure favourable interest rates can be agreed on the right day. Forward loans are currently available at favourable terms and conditions. Many of our banking partners are waiving the usual forward surcharges. Currently forward loans are being offered for up to five years prior to the expiry of the fixed interest period, allowing borrowers to hedge against the risk of an expensive extension at a later date. Tip: The longer the financing period, the more advantageous it is.

Trend: Short term: increasing; Long term: increasing

Methodology

The figures are collated from anonymised transactions processed via the EUROPACE platform. Hypoport AG operates the EUROPACE platform as Germany's only independent marketplace. The platform now processes some ten percent of all private mortgage transactions in Germany (www.hypoport.de/europace.html).

Since July 2008, the HPX house price index has been calculated using the hedonic formula.

As was also the case with the former house price index, the HPX-hedonic is based on transaction data relating to private mortgages that are generated by the EUROPACE platform. The HPX-hedonic is, however, calculated using a statistical method. This hedonic regression analysis aims to spotlight the pure price effect for each analysed period.

Contact

Karen Niederstadt
Group Communications Director

Hypoport AG
Klosterstrasse 71
10179 Berlin
Tel. +49 (0)30 42 08 6 - 1930
Fax +49 (0)30 42 08 6 - 1939
Mob. +49 (0)172 30 88 221
karen.niederstadt@hypoport.de
www.hypoport.de/press.html

