



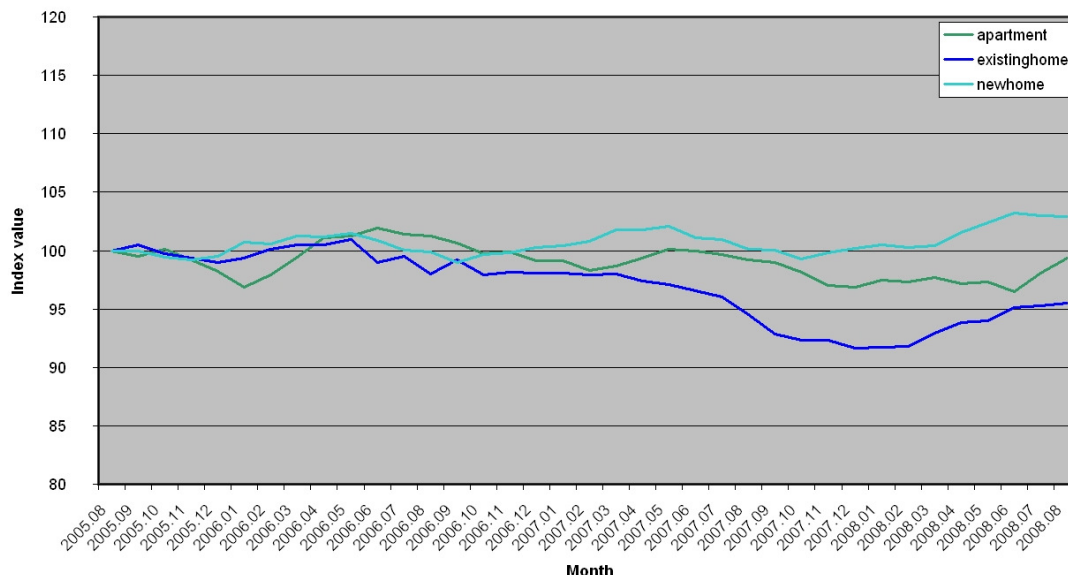
# Hedonic house price index August 2008

**Upwards trend: Total index outperforms the previous year for the first time**

**Recovered: Apartment prices exceed previous year's levels**

Berlin, 19 September 2008 – The following valuation of house price developments was calculated using the hedonic method. A description of this method can be found at: <http://www.hypoport.de/indizes.html>

HPX-hedonic - Indices for Germany



Source: EUROPACE, Hypoport AG

## Increasing: Total index hedonic

The total house price index increased further in August 2008:

June 294.85	Year on year, the total index increased above the previous year's
July 296.26	level (August 2007: 293.78) for the first time in a long time, by
August 297.84	1.4%. This development was driven, above all, by apartment
	prices, which are witnessing a significant recovery at present.

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: Apartments

Apartment prices are continuing to rise. Demand is growing in urban locations. The hedonic index recorded a level of 99.39 points in August equivalent to a renewed increase of 1.3% following the increase of 1.6% already witnessed back in July. By comparison: The apartment index stood at 99.19 points back in August 2007.



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

The decline in the value of houses ceased back at the beginning of the year. Prices for new houses are remaining stable at an index value of 102.94 (last month: 102.95) and, with an increase of 2.8%, are now considerably higher than last year (August 2007: 100.09).

<b>March</b>	92.95
<b>April</b>	93.83
<b>May</b>	94.01
<b>June</b>	95.11
<b>July</b>	95.25
<b>August</b>	95.51

**Upwards: Existing detached single-family and two-family homes**

The demand for existing single-family and two-family homes has increased in light of the lack of housing construction subsidies and the high levels of construction prices. The index has consistently increased each month compared with the previous month since the beginning of the year. Year on the year, the index has increased by a moderate 0.27%.

**Forecast:** Seasonal factors will cause a slight decline in the prices of new houses and apartments over the coming months. Prices for existing homes will continue to increase slightly, thus slowly narrowing the gap separating them from new homes.

**Interest rate trend**

The US Fed and European Central Bank (ECB) are adopting increasingly different approaches to dealing with the global financial crisis. As such, a certain forecast is not possible. Mortgage interest rates witnessed a significant decline in August. The premiums charged on forward loans remain low. Tip: Now is the time to secure favourable interest rates.

Trend: Short term: fluctuating; 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](http://www.hypoport.de/europace.html)).

**The HPX house price index is calculated by applying the hedonic formula retroactively since July 2005**

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 analysis aims to spotlight the pure price effect for each analysed period.

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