

Press release

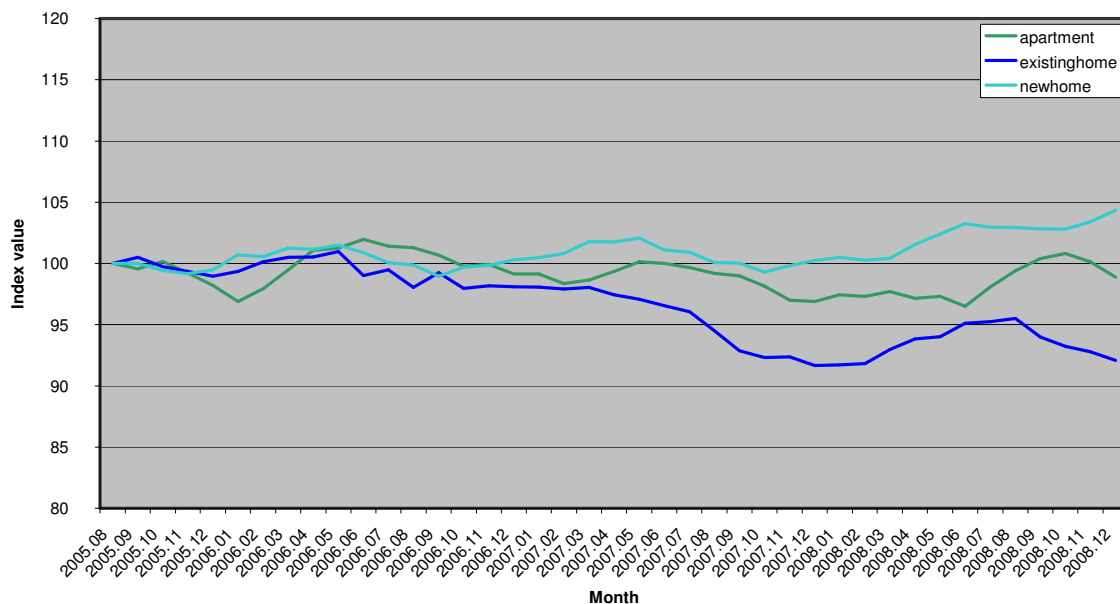
Real estate

Hedonic house price index December 2008, issued by Hypoport AG

Berlin, 8 January 2009: The trend witnessed in November substantially continued in December 2008. Increased caution on the part of buyers caused the total index for house prices in Germany to decline further. Nevertheless, the index is still at a noticeably higher level compared with the previous year. The trends demonstrated by the individual indices also continued. Prices for owner-occupied apartments and existing homes are still declining, whereas the growth trend in new residential construction is continuing.

The HPX indices in summary:

HPX-hedonic - Indices for Germany



Source: EUROPACE, Hypoport AG

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The HPX indices in detail:

Declining: Total index

December 2008	295.28
November 2008	296.28
October 2008	296.83

The total index dropped to 295.28 points in December, equivalent to a decline of 0.34 percent. Seasonal factors caused the total index to decline for the fourth consecutive month. It has now dipped by 0.86 percent since August 2008. But there is no reason to be concerned. Over the same period one year previously (August 2007 to December 2007), the index posted a loss of 1.70 percent - virtually double that witnessed last year. Overall, prices are currently still 2.25 percent higher than they were one year ago.

Strongly declining: Prices for apartments ("apartments")

December 2008	98.87
November 2008	100.13
October 2008	100.82

At -1.26 percent, the index for owner-occupied apartments posted the highest monthly loss since the abolition of the home ownership subsidy. The typical downswing in prices at the onset of winter started one month later than was the case last year. Month on month, prices are still 2.04 percent higher compared with last year.

All-time high: Prices for new single-family and two-family homes ("new homes")

December 2008	104.34
November 2008	103.38
October 2008	102.79

New single-family and two-family homes continued to be the only source of support for the total index, gaining 0.93 percent. At 104.34, this individual index has reached its highest level ever since the inception of the HPX. It has now gained 4.11 percent year on year (December 2007: 100.23).

Declining: Prices for existing single-family and two-family homes ("existing homes")

December 2008	92.07
November 2008	92.77
October 2008	93.22

The index for existing single-family and two-family homes posted its fourth consecutive loss. It declined by 0.75 percent to 92.07 points, more or less equivalent to the loss posted from November 2007 to December 2007 (where it declined by 0.73 percent). Nevertheless, at +0.43 percent, this index is also still slightly ahead year on year (December 2007: 100.23).

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Assessment and forecast:

Institutional (foreign) investors have meanwhile withdrawn virtually in their entirety from the market for portfolio purchases of apartments and existing residential properties. The alternative approach to selling off individual units is exerting pressure on prices. The financial crisis will cause the gap between prices for new residential construction and for existing property to widen further. Although low levels of interest rates and the trend towards material assets will generally push up the demand for real estate, this will not necessarily result in price increases given the free capacities in the construction sector.

In times of uncertainty, existing property tends to lose in popularity in light of the difficulties in calculating the cost of repairs to the individual properties in future years. Renovations that are prompted by a love of the property rather than monetary considerations will decline sharply and have a negative impact on the index for existing homes.

Over the medium term we assume that prices for new single-family and two-family homes will remain at a high level whereas prices for existing single-family and two-family homes will continue to decline. The index for apartments will probably develop more closely in line with the price levels for existing homes.

Method of calculating the hedonic HPX indices

The house price indices are based on actual transaction data obtained from the EUROPACE platform and are compiled by Hypoport AG on a monthly basis. Hypoport AG operates the EUROPACE platform as Germany's only independent marketplace. EUROPACE now processes some ten percent of all private mortgage transactions in Germany. The total index represents the average aggregate of the individual indices. More information on how the hedonic index is calculated can be obtained from <http://www.hypoport.de/indizes.html>

About Hypoport AG

Hypoport Group is an internet-based all-round financial services provider based in Berlin. The Group employs more than 450 people. The company has been listed in the Prime Standard on Deutsche Börse since the end of 2007. Its business model consists of two reciprocally beneficial pillars – the sale of financial products (Dr. Klein & Co. AG) and the provision of a platform for transacting financial products via the internet.



Hypoport operates the EUROPACE B2B financial marketplace, which is the largest German online platform for transacting financing products. A fully integrated system links more than 30 banks with several thousand financial advisors, thus enabling the quick and direct agreement of contracts. The platform's highly automated processes generate considerable cost benefits. Nowadays, EUROPACE processes some 400 financing transactions every day. Hypoport AG publishes the monthly house price index (HPX) based on real transaction data.

A list of the banks and service providers that use the platform can be downloaded from www.hypoport.de, as can the Annual Report 2007.

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