

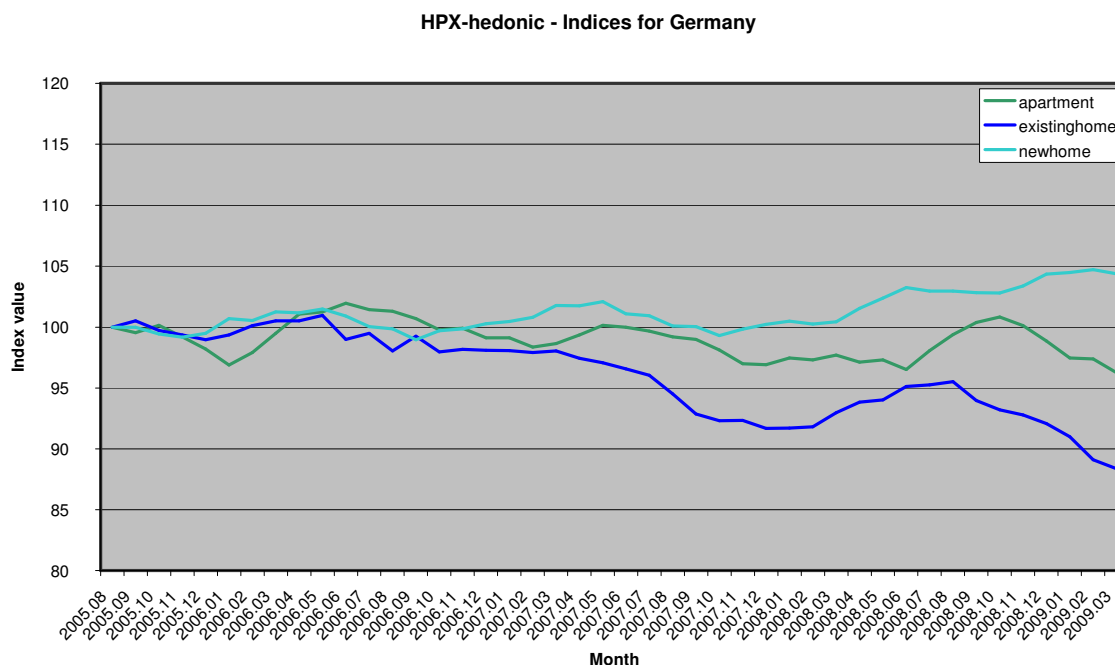
# Press Release

Real estate

## Hedonic house price index March 2009, issued by Hypoport AG

**Berlin, 20 April 2009: The total index again posted a decline in March. The slight decline in prices for new homes is probably only temporary whereas the market for existing homes and apartments is dividing up into different price categories. Future demand will focus on good to excellent locations, where homes will actually be bought. By contrast, prices for B and C locations can be expected to decline, if a market for them exists at all.**

**The HPX indices in summary:**



Source: EUROPACE, Hypoport AG

### Assessment and forecast:

All three indices posted losses in March – thus pulling down the total index. The reasons for these declines differed, however, considerably. In spite of interim fluctuations, prices for new homes are showing an upwards trend. As such, the slight decline in March will probably not be of a lasting nature, especially since the renewed increase in construction volumes will push up wage costs and the overall costs of construction. In the case of apartments and existing houses, a distinction needs to be made between different types of property. Prices are excellent and buyers are becoming more selective. Compared with other countries, the Germans tend to live in rented homes for longer periods. When they finally invest, they are looking to purchase their ideal home. Despite the fact that the population overall is declining in Germany, the share of older and financially solvent citizens is growing, as is the number of single households. Both groups are looking for good, if not excellent, locations for the property they want to spend the rest of their lives in. Accordingly, the market for existing residential property will split into two parts. Top quality properties in good locations are already highly sought

after. There will be little or no demand whatsoever for the remainder for the time being. Irrespective of the individual indices, the question remains as to how the economy in general and unemployment, interest rates, exports and prices in particular will develop. Ultimately this will, however, depend not least on the economic recovery packages, the impacts of which will only become tangible over the coming months.

### **The HPX indices in detail:**

#### **Declining: Total index**

March 2009	288.99
February 2009	291.19
January 2009	292.92

The total index weakened slightly for the sixth consecutive month in March. At its current level of 288.99 points, it is 0.76% below the level recorded in February. The repeated decline is now visible for the first time in the year-on-year comparison: The index has dropped 0.71 percent below its level of March 2008 (291.05 points). New and existing homes only witnessed moderate declines, whereas prices for apartments were largely responsible for pushing down the total index.

#### **Strongly declining: Prices for apartments ("apartments")**

March 2009	96.24
February 2009	97.38
January 2009	97.45

The index for apartments again declined in March and is currently recording a level of 96.24 points. This equates to a month-on-month decline of 1.17 percent (February 2009: 97.38 points). As such, the index has dropped 1.49 percent by year-on-year comparison for the first time since last August.

#### **Slightly declining: Prices for new single-family and two-family homes ("new homes")**

March 2009	104.38
February 2009	104.70
January 2009	104.46

The index for new homes weakened slightly for the first time since last October. At 104.38 points, it is 0.31 percent lower than the level recorded in February. The monthly price fluctuations for new homes have never amounted to more than one percent since the inception of the index. Over this period, the index has posted gains over the course of at least six months each year and only recorded slight losses over a period of six months – usually in late summer and autumn – at the most. On balance, however, the declines are less extensive than the price increases: The trend continues to point upwards. In spite of the slight dip this month, the index is still, as expected, higher than the level recorded this month last year (March 2008: 100.41 points).

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

March 2009	88.37
February 2009	89.11
January 2009	91.01

The index for existing single-family and two-family homes again posted a loss in March. Compared with price developments in February, however, the decline – at 0.83 percent – has halved (decline in February 2009: -2.09 percent). As such, prices for existing homes are currently nearly five percent cheaper than was the case this time last year (March 2008: 92.95 points).

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### 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 found at <http://www.hypoport.de/partner.html>. The Annual Report 2008 is available for download at <http://www.hypoport.de/publikationen.html>.

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