

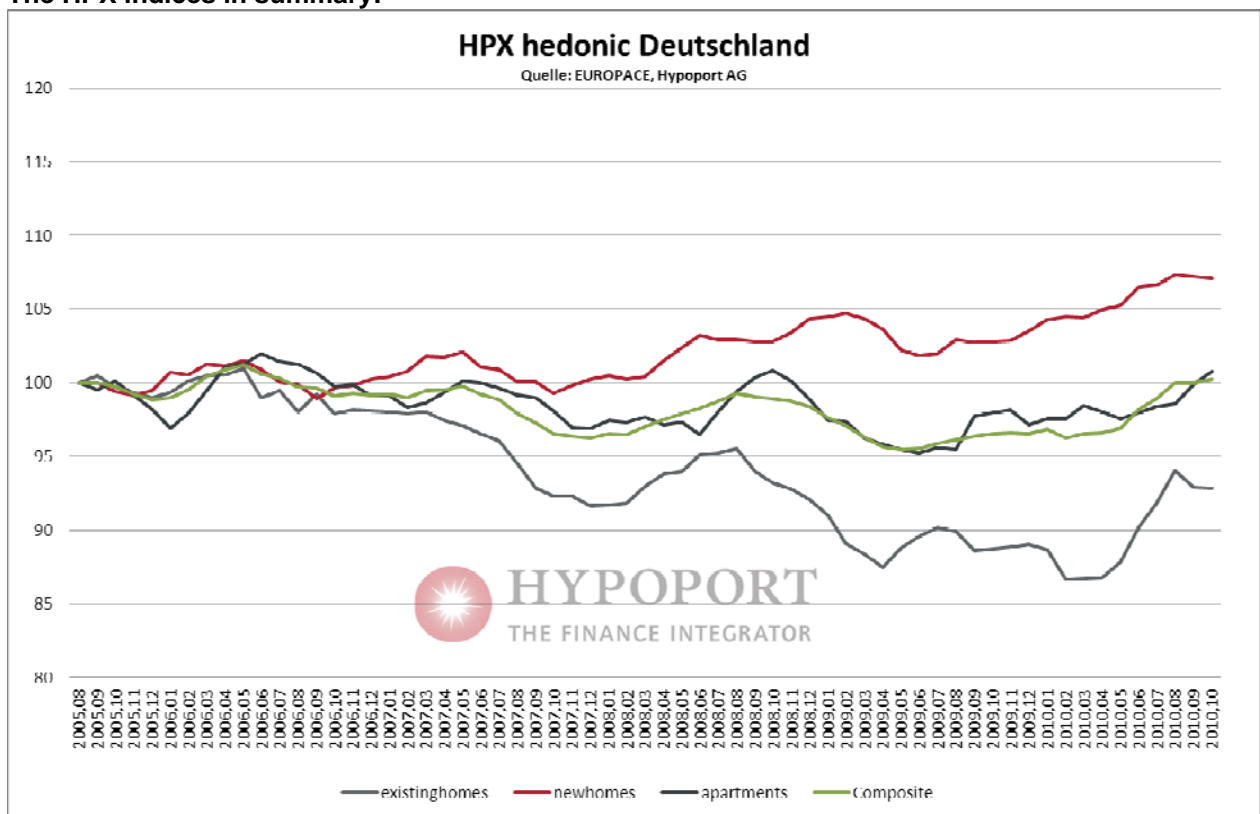
# Press release

Real estate

## Hypoport House Price Index: October 2010

Berlin, 10 November 2010: In October, the total index for German residential property was driven up by further increasing prices for owner-occupied apartments. The indices for new and existing houses both remained stable. Prices can be expected to continue to stabilise over the coming months.

The HPX indices in summary:



**Assessment and forecast:**

Germany is continuing to benefit from growing exports. Domestic demand is, however, also increasingly showing signs of recovery. The economy is growing and the labour market is thriving. The slump on the labour market that many had feared did not materialise. On the contrary, the outlook for employment is continuing to improve. From a global perspective, however, there are signs that the economic upswing may be losing pace. To counteract this loss of momentum, the European Central Bank decided at the beginning of October to again leave interest rates at their historically low level of 1 percent for the time being. Although mortgage financing terms continue to remain favourable, they did nudge up slightly in general during October. Some providers are currently offering 30-year mortgages at the price of 15-year loans. Anyone who ranks owner-occupied properties highly as part of their private pension schemes can be assured of long-term planning certainty at these terms. The individual house indices are demonstrating a lateral trend at present. Over the long term, however, new homes, in particular, will again appreciate in value. Planning certainty and the currently favourable terms are an excellent basis for a solid pension scheme, and maybe even for a high-yield investment.

**The HPX indices in detail:**

**Total index: increasing slightly**

Month	Index value	Month-on-month change
October 2010	100.26	+ 0.25 %
September 2010	100.00	+0.02 %
August 2010	99.98	+ 1.03 %

The total index posted a gain of 0.25 percent in October compared with the previous month. Existing homes and new homes both remained stable whereas the index for apartments pushed up the average total index. By quarterly comparison, the index is currently 1.31 percent higher than the level posted in July 2010 (98.96 points). Year on year, the current index for October is 3.87 percent ahead of the level witnessed in October 2009 (96.52 points).

**Apartments ("apartments"): strongly increasing**

Month	Index value	Month-on-month change
October 2010	100.80	+ 0.93 %
September 2010	99.87	+ 1.32 %
August 2010	98.57	+ 0.17 %

The index for apartments repeated its strong increase of the previous month again in October. It posted a gain of 0.93 percent to its current level of 100.8 points. This equates to a year on year increase of 2.87 percent (October 2009: 97.99 points). As such, the index for apartments is currently only about 1 percent short of the highest level ever recorded since calculations began (June 2006: 101.9 points).

**New single-family and two-family homes ("new homes"): declining slightly**

Month	Index value	Month-on-month change
October 2010	107.11	+ 0.08 %
September 2010	107.20	+ 0.10 %
August 2010	107.31	+ 0.64 %

The index for new homes remained stable, posting a slight drop of 0.08 percent. At 107.11 points, it is 4.17 percent ahead by year on year comparison (October 2009: 102.82 points). By quarterly

comparison, prices for new homes are currently 0.45 percent higher than the level posted in July 2010 (106.63 points).

#### **Existing single-family and two-family homes ("existing homes") Declining**

<b>Month</b>	<b>Index value</b>	<b>Month-on-month change</b>
October 2010	92.86	+ 0.09 %
September 2010	92.94	+ 1.20 %
August 2010	94.07	+ 2.42 %

In October, the index for existing homes remained stable by month on month comparison, at 92.86 points. As such, it is 1.1 percent above the level witnessed in summer (July 2010: 91.85 points) and 4.63 percent ahead by year on year comparison (October 2009: 88.75 points).

#### **Method of calculating the hedonic HPX indices**

Hypoport AG operates the EUROPACE platform, which is the only independent marketplace for mortgage financing transactions in Germany. EUROPACE now processes some ten percent of all private mortgage transactions in Germany. 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. The total index represents the average aggregate of the individual indices. More information on how the hedonic index is calculated is available at <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 some 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 50 product providers 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](http://www.hypoport.de), as can the Annual Report 2009.

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