

Press release

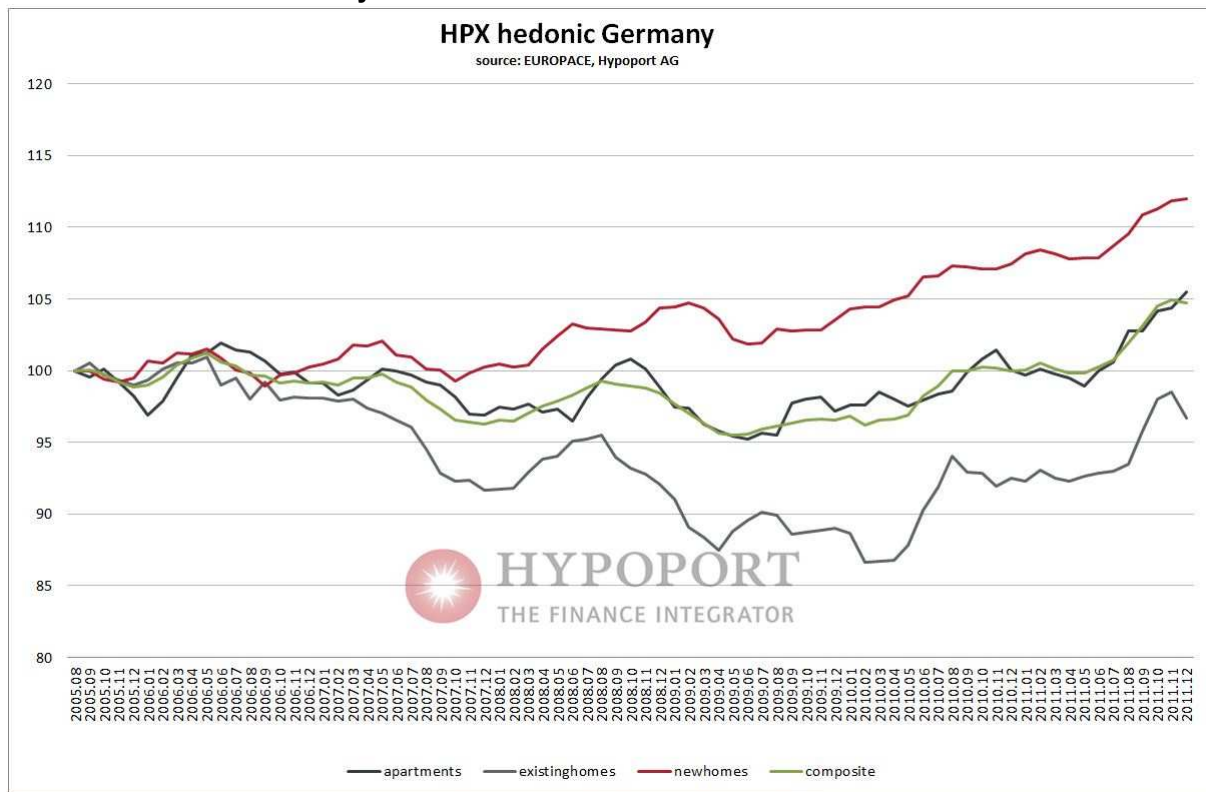
Real estate

Hypoport House Price Index: December 2011

Berlin, 12 January 2012: Following the consistent upward trend witnessed in recent months, one of the three sub-indices of the HPX dropped at year end: Prices for existing single-family and two-family homes dipped sharply by 1.83 percent to 96.70 points, As a result, the total index also posted a slight loss of 0.18 percent to 104.72 points. The index for new single-family and two-family homes climbed to 111.98 points posting its fifth consecutive, albeit weakest, monthly increase to date. By contrast, prices for apartments soared to a new all-time high of 105.48 points.

During the advent season, the persisting high level of demand for new homes and apartments underlined yet again just how central a role property plays as a secure form of investment. Sunny prospects for private house builders: Despite rising prices, the consistently low levels of mortgage rates mean that there has virtually never been a better time to buy property.

The HPX indices in summary:



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Assessment and forecast:

The new year started as the old one had ended: Home-buying loans for politicians are attracting the general public's attention to the issue of mortgages. There is, however, no reason to assume any connection with the property price performance as assessed by the HPX. It is much more likely that the winter months, which are generally quieter, played a certain role, in addition to the strongly declining prices for existing homes and the weaker increase in prices for new homes. Anyone in Schleswig-Holstein who opted to buy property in the last month of the year was able to benefit from the lower rate of property transfer tax until 31.12, before it was raised in January. Tax hikes are also planned in Rhineland-Palatinate in March, and in Berlin in April. To what extent the strongly increasing prices for apartments will continue their upward trend as the new year progresses remains to be seen. In the meantime, Germany is benefiting from the European debt and currency crisis: Demand for German government bonds has become so strong that, for a short while, the yield was negative. Germany was earning money with its debts. Factoring in the German inflation rate of about 2.5 percent shows just how extraordinary the current interest rate situation really is. As a result, mortgage rates continue to remain at very low levels. Together with the generally strong desire for security, this interest rate scenario implies that demand for property will remain high as the year progresses, and that prices will continue to rise as a result. It will be interesting to see just how long the market continues to be surrounded by uncertainty and, as such, how long the generally low levels of interest rates for longer-duration capital market investments persist, thus keeping mortgage rates down.

The HPX indices in detail:

Total index: declining slightly

Month	Index value	Month-on-month change
December 2011	104.72	- 0.18%
November 2011	104.91	+ 0.41%
October 2011	104.48	+ 1.30%

The HPX total index lost ground for the first time in six months: It dipped 0.18 percent to 104.72 points in December (November: 104.91 points), albeit it still remains high. The level witnessed in December constitutes the second-highest ever recorded since calculation of the HPX began.

Apartments ("apartments"): strongly increasing

Month	Index value	Month-on-month change
December 2011	105.48	+ 1.03%
November 2011	104.40	+ 0.23%
October 2011	104.16	+ 1.38%

Prices for apartments continued to increase in December: The current level of 105.48 points, which is equivalent to a gain of 1.03 percent, marks a new all-time high (November: 104.40 points, following an increase of 0.23 percent).

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

Month	Index value	Month-on-month change
December 2011	111.98	+ 0.13%
November 2011	111.83	+ 0.51%
October 2011	111.26	+ 0.33%

Prices for new single-family and two-family homes again climbed to a new record high, following a slight gain of 0.13 percent to 111.98 points. Compared with the price increase for apartments, the increase is comparatively moderate and the smallest in five months.

Existing single-family and two-family homes ("existing homes"): strongly declining

Month	Index value	Month-on-month change
December 2011	96.70	- 1.83%
November 2011	98.50	+ 0.50%
October 2011	98.01	+ 2.33%

Prices for existing single-family and two-family homes dipped sharply in December by 1.83 percent to 96.70 points. Before then, the index had posted gains in seven successive months. The decline in prices is remarkably strong, and constitutes the biggest drop in 22 months (February 2010: minus 2.29 percent).

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 processes about 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

As both an independent vendor of financial products and operator of a B2B financial marketplace, Hypoport is successfully active in two segments that mutually complement each other. Hypoport always offers the simplest means of accessing the best financial services on offer. As a wholly-owned subsidiary of Hypoport, Europace AG develops and operates the web-based EUROPACE financial marketplace, which is Germany's largest platform for mortgages, property acquisition-related savings schemes and personal loans. A fully integrated system brings together more than 160 partners from the fields of banking, insurance and financial service vendors. Several thousand users process some ten thousand financing transactions with a total volume of as much as 2 billion Euros on EUROPACE each month. Dr. Klein & Co. AG, a subsidiary of Hypoport, is an internet-based and independent vendor of financial services. The experts at Dr. Klein provide comprehensive advice on mortgage financing, insurance products and financial investments to private clients. Dr. Klein & Co. AG has been a preferred partner for the provision of financial services to the residential property industry, municipal clients and commercial real estate investors since 1954. The registered office of Hypoport AG is Berlin. The company employs some 500 people and is listed in the Prime Standard on Deutsche Börse, the German stock exchange.

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