

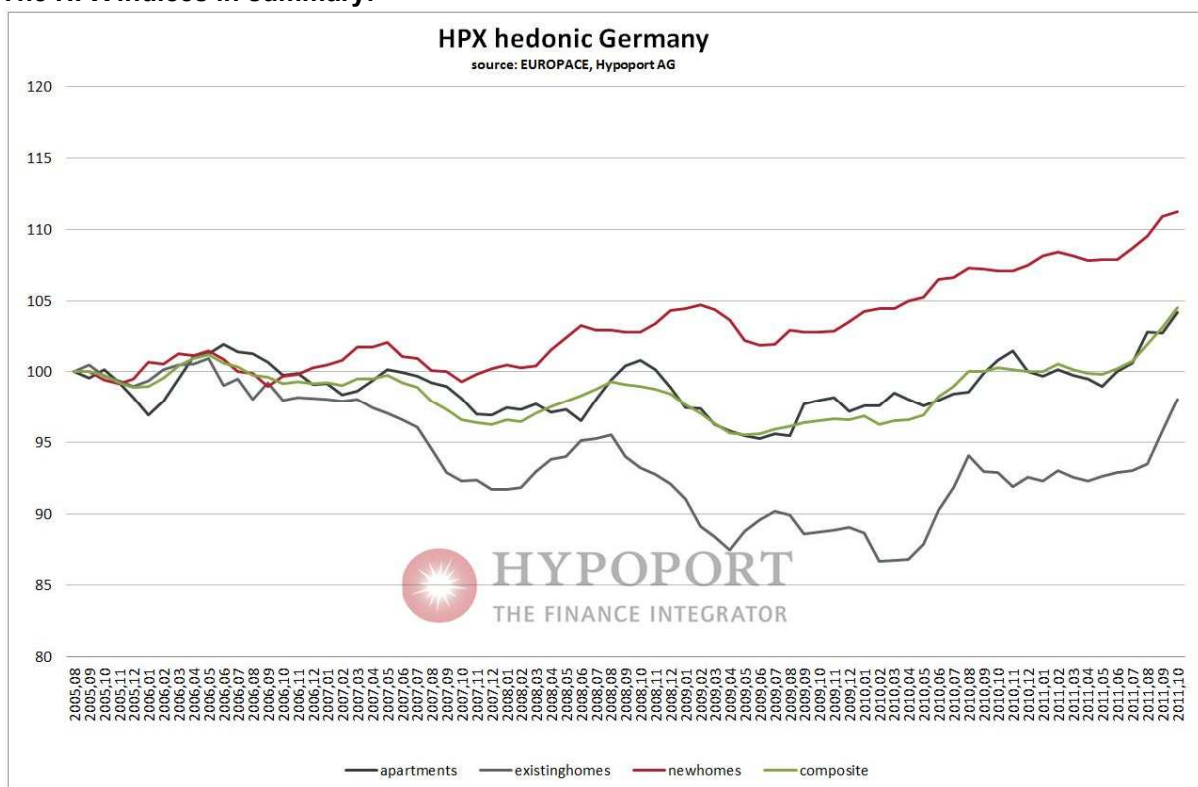
# Press release

Real estate

## Hypoport House Price Index: October 2011

Berlin, 14 November 2011: Property prices continued to rise in October. Apart from the index for existing single-family and two-family homes, all of the HPX indices climbed to new record highs in October. The total index posted a strong gain of 1.30 percent to 104.48 points. Apartment prices rose by 1.38 percent, pushing the index up to 104.16 points. Of all the indices, price levels for new single-family and two-families are the highest, at 111.26 points, albeit the index posted the smallest gain, of 0.33 percent. The index for existing single-family and two-family homes closed out the month of October at 98.01 points. The gains posted by all HPX indices are clear indication of the persisting appeal of property, especially as an investment during times of currency crisis. In light of these developments, there are no signs that the prices of residential property will stagnate, as recently forecast by the economic research institute Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI). The RWI forecast is consistent with property price indices that are based on offer prices, while the HPX index tracks the progression of the prices actually paid for property.

The HPX indices in summary:



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**Assessment and forecast:**

According to Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI), the prices for existing property will largely stagnate across Germany over the coming months. Only new properties can apparently be expected to witness further price increases. This prediction is consistent with property price indices that are based on offer prices. In light of the progression of the prices actually paid for property and which are tracked by the HPX, however, there are no signs of stagnation, let alone declining values.

There are numerous indications that the national debt crisis in Europe and the impacts it is having on the stability of the Euro are raising more widespread awareness of the need to preserve the value of savings. A lead article in German magazine Focus in October was entitled "Property as protection against the crisis", while another German magazine, Wirtschaftswoche, posed the question: "How much Euro does Germany need?" in its first November edition. A widespread public discussion is obviously intimating that property, in particular, could play a leading role in protecting against inflation. Back in summer, however, Stephan Gawarecki, CEO of Dr. Klein & Co. AG, had already warned against buying property too hastily. He stressed the need for qualified advice to ensure the lasting realisation of the dream of becoming a home owner.

The extent to which the demand for property and real estate prices continue to rise in winter will strongly depend on how long the uncertainty prevails in the eurozone. Some towns and cities are already trying to combat the risk of rents rising as a possible consequence of the increased demand for property. Berlin's future government, for example, has announced its intention to build 30,000 new apartments to prevent increases in rents, especially in the inner city. So the property market is growing and is still extremely attractive, especially in the current national debt crisis: not just as a financial investment to preserve value, but also for private house builders who can currently obtain mortgages at uncommonly favourable rates of interest.

**The HPX indices in detail:**

**Total index: strongly increasing**

Month	Index value	Month-on-month change
November 2011	104.48	+ 1.30%
September 2011	103.14	+ 1.16%
August 2011	101.95	+ 1.17%

The HPX total index increased by 1.30 percent to 104.48 points in October. This marks a new record high and the first time the index has topped 104 points. It also constitutes the fifth monthly increase in succession, and – at 1.30 percent – the strongest gain since June.

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

Month	Index value	Month-on-month change
November 2011	104.16	+ 1.38%
September 2011	102.74	- 0.06%
August 2011	102.80	+ 2.17%

After dipping slightly in September, prices for apartments followed the trend demonstrated by all of the HPX indices in October and posted a gain of 1.38 percent to 104.16 points. By topping 104 points, prices for apartments have also reached a new record high. The index is now 3.33 percent ahead by year on year comparison. Prior to the slight decline in September, prices had risen for three consecutive months between June and August.

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

Month	Index value	Month-on-month change
November 2011	111.26	+ 0.33%
September 2011	110.89	+1.22%
August 2011	109.55	+ 0.81%

Prices for new single-family and two-family homes crossed the 111 mark in October and also reached a new highest-ever level of 111.26 points. This equates to an increase of 0.33 percent compared with September, and constitutes the fourth consecutive, albeit weakest, gain since July. Year on year, prices for single-family and two-family homes have increased by 3.87 percent overall.

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

Month	Index value	Month-on-month change
November 2011	98.01	+ 2.33%
September 2011	95.78	+ 2.44%
August 2011	93.50	+ 0.52%

The index for existing single-family and two-family homes climbed 2.33 percent to 98.01 points, posting the sixth monthly increase in succession. The last time prices dropped was back in April. As such, this index is demonstrating the highest annual gain of all HPX indices: 5.55 percent by year on year comparison. Existing homes were the only index that did not reach a new record high in October. The highest level to date was 100.95 points, which was witnessed back in May 2006.

**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. Hypoport develops and operates the web-based EUROPACE financial marketplace, which is Germany's largest platform for mortgage financing, 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 more than 450 people and is listed in the Prime Standard on Deutsche Börse, the German stock exchange.

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**Share information**

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