

The Tradition "Future HPI"

The leading future house price index

Outlook Improves for UK House Prices

The Tradition Future HPIs, which are house prices for a future date derived from the residential property derivatives market, show that the average UK house – currently worth £167,808 - is expected to be worth £170,745 (some 1.75% higher on current value) which is up £3,088 on a similar valuation last month.

In three and five years time respectively that same £167,808 house is expected to be worth £177,037 and £184,589 (or +5.50% and +10% respectively on current value).

UK house price values are proving resilient of late despite a recent increase in houses for sale.

The property derivative market affords qualifying institutions the ability to "trade the house price" to either hedge physical exposure or speculate on the future house price.

Tradition Future HPI* (House Price Index) For March '10 – written 14th April '10

	Feb-10	Mar-10	Change
HPI NSA	£165,997	£167,808	£1,811
1 Year	£167,657	£170,745	£3,088
3 Year	£174,297	£177,037	£2,740
5 year	£182,597	£184,589	£1,992



Note: Figures refer to the future value of the average house price in the UK

“ **Commenting, Peter Sceats, Director of the real estate division of Tradition, said:**
The housing market recovery of the last 12 months has been based on supply and demand imbalance; there has been a scarcity of houses for sale.

But as the bad weather gave way to Spring, the number of homes coming to market has begun to exceed new buyers registering with agents.

However the chances of a major selloff in UK house values in the coming two months are slim while sterling's value on the foreign exchanges attracts overseas investors to the sector and the new-build supply pipeline remains constrained.

The mortgage lending situation is easing, 90% LTV mortgages are now not uncommon and based on their latest credit conditions survey the Bank of England expects demand for mortgages to increase in the second quarter.

It is likely that current UK house values will remain largely static until the new government's first budget, possibly in June 2010 where the next phase for the market, whatever that is, will begin.

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Notes to Editors

The Tradition Future HPI

The Tradition Future HPI is published every month by the Property Derivatives Team at Tradition Financial Services Limited ("Tradition"), a global leader in interdealer broking. The index provides an estimate of the future price of an average UK house. It uses derivative prices quoted in the over-the-counter (OTC) residential property market with Lloyds TSB PLC's Halifax House Price Index as its basis.


The Tradition Future HPIs are not a guarantee of future property returns; rather they illustrate dynamic forward prices which are subject to change. The indices are an economic reference tool representing the changing forward value of UK housing. The OTC market in UK house price derivatives is accessible to suitably authorised banks and institutions via Tradition. For more information on house price derivatives, please call Tradition on +44 (0) 207 796 1510 or e-mail property@tradition.com.

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