

The Tradition "Future HPI"

The leading future house price index

Forward House Prices Continue to Rebuild

The non-seasonally adjusted Halifax HPI for May 2009 was £3,739 up on the month at £160,895, in step with the rise in the physical house price, reflected both in the Nationwide and Land Registry indices.

The Tradition Future HPIs, which are forward prices (prices representing a future date) from the residential property derivatives market expressed in simple average house price terms, show the house price one year hence rising from £137,512 to £148,828 after publication of the May 2009 index and traders' re-adjustment of derivative prices in the market.

Three year forward house prices remain at the low point of the curve but the absolute level rose impressively to £144,806 with five year house prices up £15,283 on last month to £150,437.

Tradition Future HPI* (House Price Index)

May 2009

	Apr-09	May-09	Change
HPI NSA	£157,156	£160,895	£3,739
1 Year	£137,512	£148,828	£11,316
3 Year	£130,439	£144,806	£14,367
5 year	£135,154	£150,437	£15,283



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:

“ House price forward values continue to rally. The recovery in three year house prices is particularly worthy of note having recovered from around £111,000 earlier this year, to nearly £149,000 currently. Sentiment in the property derivative market changed for the better over the last three months as “Doomsday Scenario” fears receded as government and BoFE support of the economy is perceived to have steadied the ship. Although there is a realignment of forward house price estimates, a continued recovery for physical house prices in the face of rising unemployment and limited Loan To Value lending remains uncertain. The forwards have rebuilt impressively but UK house prices are not out of the woods yet.”

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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