

The Tradition "Future HPI"

The leading indices of future average UK house prices

Future House Price Values Fall Again

The three-year forward value of the average UK house price fell £4,367 last month to £163,932 on the futures markets, a £26,687 discount on the current value of an average UK house. The fall compares to a £2,891 drop in the three-year forward value of UK house price contracts in February and indicates a more pessimistic view of the UK housing market among futures traders.

Tradition Future HPI* (House Price Index)

April 2008

	Feb-08	Mar-08	Change
HPI NSA	£193,448	£190,619	-£2,829
3 Year	£168,300	£163,932	-£4,367
5 Year	£176,038	£171,557	-£4,481
15 Year	£234,072	£234,461	£389

*In association with Strutt & Parker Real Estate Financial Services

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



House Prices Below Current Levels for Another 8 Years...

The forward curve of the OTC derivatives market in UK house prices which drives the Tradition Future HPI indices shows prices one year through eight years forward are currently below the HPI benchmark of £190,619.

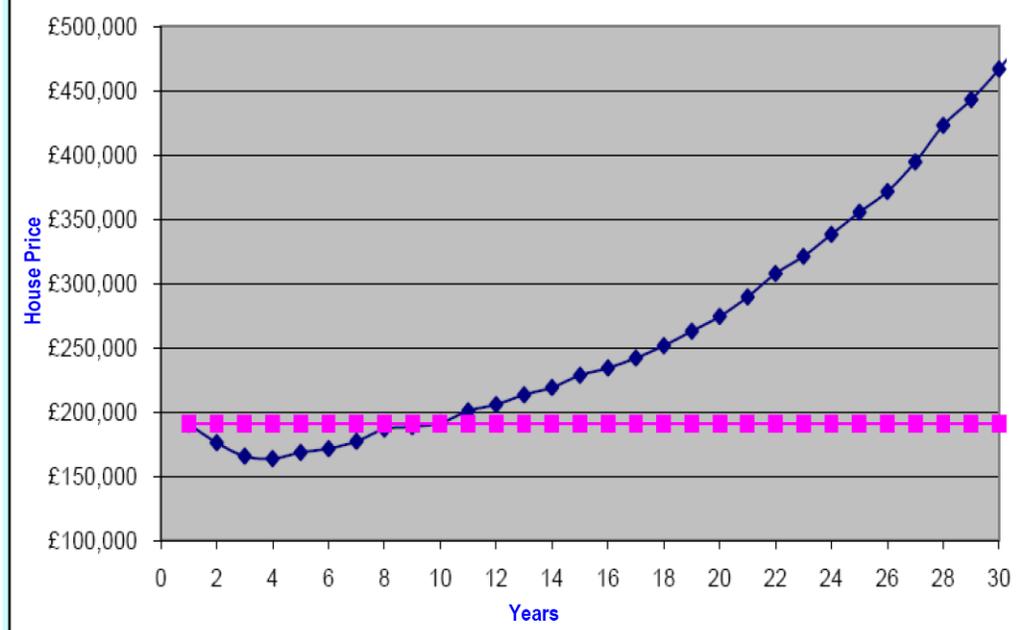
Analysis

Year	Tradition Future HPI
HPI (NSA)	£ 190,619
1 Year	£ 176,323
2 Year	£ 165,839
3 Year	£ 163,932
4 Year	£ 168,698
5 Year	£ 171,557
6 Year	£ 177,276
7 Year	£ 186,807
8 Year	£ 188,713
9 Year	£ 191,572

Commenting, Peter Sceats, Director of the real estate division at Tradition, said:

“ The Tradition Future HPI indices illustrate the pressure UK house prices are under. Those who trade UK house price derivatives fore-see the credit crunch having a longer impact on the housing market than previously predicted. ”

Tradition Future HPI compared with the HBOS HPI for March 2008



Charting a Slow Recovery

The chart above compares the full strip of Tradition Future HPIs with the most recently published non-seasonally adjusted HBOS HPI. In forward years one through eight the average UK house price is currently expected to be below that of the current price. But, from nine years out, the average UK house price is expected to grow steadily to £495,609 in 30 years' time.

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 HBOS 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, institutions, and individuals via Tradition. For more information on house price derivatives, please call Tradition on +44 (0) 207 796 1510 or e-mail property@tradition.com.

Tradition is authorised and regulated by the UK FSA.

HBOS PLC Disclaimer

HBOS PLC have no liability to Tradition or its customers and are not under any obligation to continue to publish HPI data. The data is prepared from information that HBOS PLC believe is collated with care, but the company makes no statement as to its accuracy or completeness. HBOS PLC reserve the right to vary methodology and to edit or discontinue the indices at any time for regulatory or other reasons. Persons seeking to place reliance on the indices for their own or third party commercial purposes do so at their own risk.

Tradition Disclaimer & Trademark Information

The information is not provided as the basis of any professional advice or for transactional use. Tradition makes no warranties or representations about the information contained in this pamphlet whether in relation to its accuracy, completeness or otherwise and shall not be liable to anyone for any claims or losses of any nature howsoever arising out of its use. Should you require information for specific investment purposes, please contact us.

Tradition Future HPI is a trademark of Tradition and  Tradition is a registered trademark of Compagnie Financière Tradition.