

# 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
<b>HPI NSA</b>	£193,448	£190,619	<b>-£2,829</b>
3 Year	£168,300	£163,932	<b>-£4,367</b>
5 Year	£176,038	£171,557	<b>-£4,481</b>
15 Year	£234,072	£234,461	<b>£389</b>

\*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...

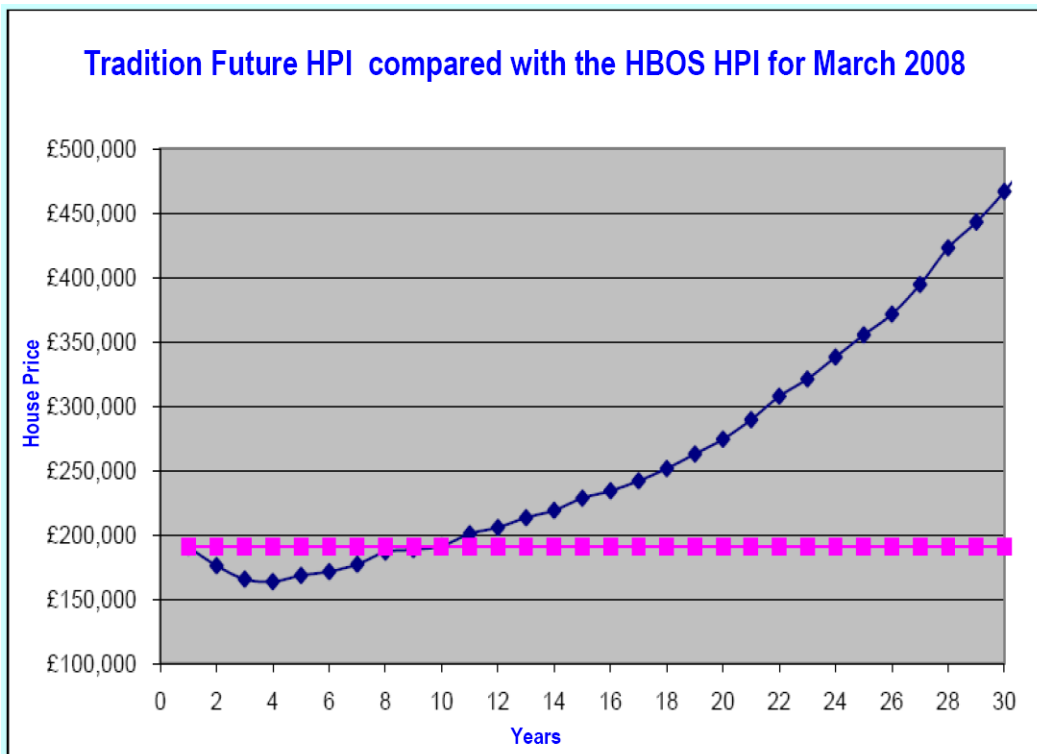
The forward curve of the OTC derivatives market in UK house prices which drives the Tradition Future HPI indices shows prices one year through eight years forward are currently below the HPI benchmark of £190,619.

### 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. ”



## 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](mailto:property@tradition.com).


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