



Technical Forecasts Ltd

Intelligence for decisions

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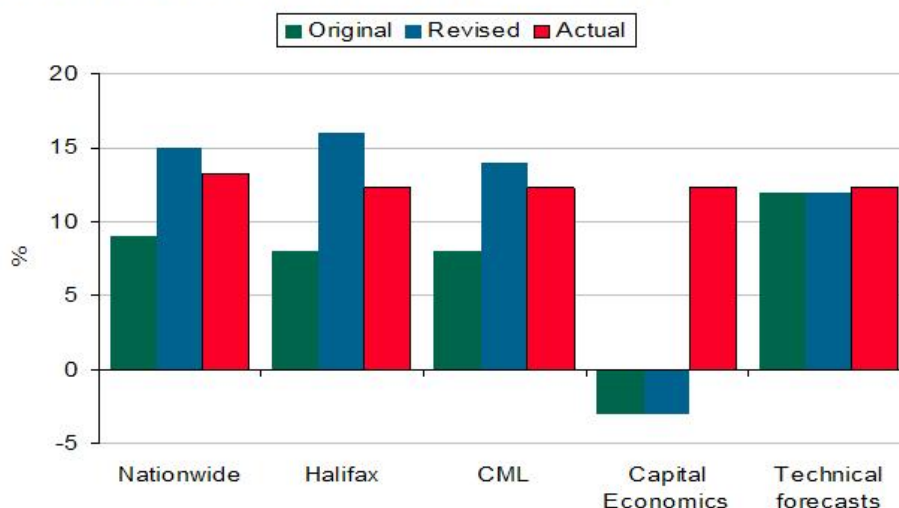
Independent support for TFL's forecasts

At a recent presentation, Jennet Siebrits, Head of Residential Research at the joint venture company CB Richard Ellis Hamptons International, presented her original research on accuracy of forecasts and forecasters in the house-price market. As a premise, she examined forecasts at the start of 2004 for growth in the property market to the end of 2004. She further looked at the same forecasters' amended forecasts taken during 2004 – and then compared all forecasts to the actual growth at the end of 2004 as quoted by Nationwide Building Society and HBoS. Her conclusions are illustrated below.

A Residential Joint Venture

Previous Forecasts...

A selection of house price forecasts from 2004



Source: Nationwide, Halifax, CML, Capital, Technical forecasts

In Jan04, forecasts of house price increases over 2004 from Nationwide, Halifax (HBoS) and Council of Mortgage lenders were 8-9%, amended upwards during 2004 to 14-16%. Capital Economics forecast a fall of around 3%, while TFL forecast an increase of 12%.

The actual increase announced by Nationwide and Halifax at end '04 was 12.6%.

Her original premise was that house-price forecasters generally got it wrong – but TFL proved the exception!

The joint venture CBRE Hamptons International is now subscribing to TFL's property website, www.propertyforecasts.co.uk.

If you too wish to benefit from TFL's expertise, please contact us at the address above.



About Technical Forecasts Limited

TFL, specialists in intelligent non-linear data-led forecasting, here applied to the UK property market, was founded in 1987. Its original focus was on software consultancy related to the aviation, marine and financial industries. In 1992 TFL's CEO Dr. Chris Satchwell sought to commercialise his neural computing research, and from 1994 one of the priorities of the company converged on the property industry.

Since 2001, TFL has used local property price averages from the Land Registry to forecast property prices to neighbourhood level across England & Wales. Due to its care in checking data it uses as a forecasting base, TFL is now seen by the Land Registry as a partner in improving their data accuracy.

Since 2000, TFL has been commissioned by the UK Govt's Valuation Office Agency (an Executive Office of the Inland Revenue) to forecast regional agricultural and residential land prices, as well as regional office rents and office equipment prices. In January 2005 TFL won a competitive tender against major consultancies such as Experian and IPD to provide these forecasts for another three years.

TFL continues to share a close working relationship with researchers at the Neural Computing Research Group (NCRG) at Aston University, Birmingham, UK. The link to Aston allows TFL to keep abreast of the latest research and technology. It also serves to provide a verification of the effectiveness and validity of processes developed by TFL.

Property-related services offered

For residential property, TFL currently provides:

- A graph of history plus one-year forecast, where scientifically valid, for all four property types, to neighbourhood (postcode sector) level, for England & Wales;
- A graph of history plus three- to five-year forecast, where scientifically valid, of each individual property type: detached, semi-detached and terraced houses, and flats & maisonettes, along with quartile and annual percentage growths.
- Town-level graphs of historic average prices plus three- to five-year forecasts of all four property types.

Over the next several months, TFL expects to be adopting technology which permits error-bars to be provided against its forecasts. This should assist buy-to-let investors and their advisors to assess the risk of a potential investment. This technology will not be publicly available on TFL's web-sites, but will be made available for professional use only.

Internally, as a major factor in the residential forecasting process, TFL forecasts many other data series such as commercial property series from the well-respected Investment Property Databank (IPD) series. These are not at present available for wider acquisition.

On the basis of the professional nature of its forecasting methodology, and the high level of care taken in data preparation, we believe that TFL is uniquely placed to provide **intelligence for decisions** on professional property acquisition and disposal.

TFL

<http://www.tfl.biz>

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