





## REAL ESTATE MARKET IN THE UK MARKED BY CONTINUED DECLINE

Brexit only had a negative impact on the British real estate market in a few cases last year. In fact it grew almost constantly until the fourth quarter of 2017. However, it has been contracting ever since. The UK real estate market stood at 211.9 points during the first quarter of 2018, which is roughly the same level as one year ago. The development at quarter level is even more pronounced than a month-on-month comparison. The market registered a decline of 4.2 % between the fourth quarter of 2017 and the first quarter of 2018. As a result, the gains achieved during 2017 as a whole were almost completely obliterated in the first quarter of 2018.

Due to the nature of our Index REECO, the main reason for its lower level was the constant decline of the FTSE 100 and business sentiment in the UK. The closing price on the FTSE 100 on the last day of trading in March indicated a month-on-month drop of 2.4 % to 7,056.6 points. A negative trend is also evident in a quarter-by-quarter comparison. In December 2017, the index stood at 7,687.8 points which equates to a decline of 8.2 %. Furthermore, the negative sentiment as based on the Economic Sentiment Indicator (ESI) has also intensified sharply. It is currently indicating a 3.8 % decline compared to the previous month to 105.3 points. The quarter-on-quarter comparison is much more pronounced – by this measure, sentiment dropped 5.8 %.

## COMMENT ON THE MARKET

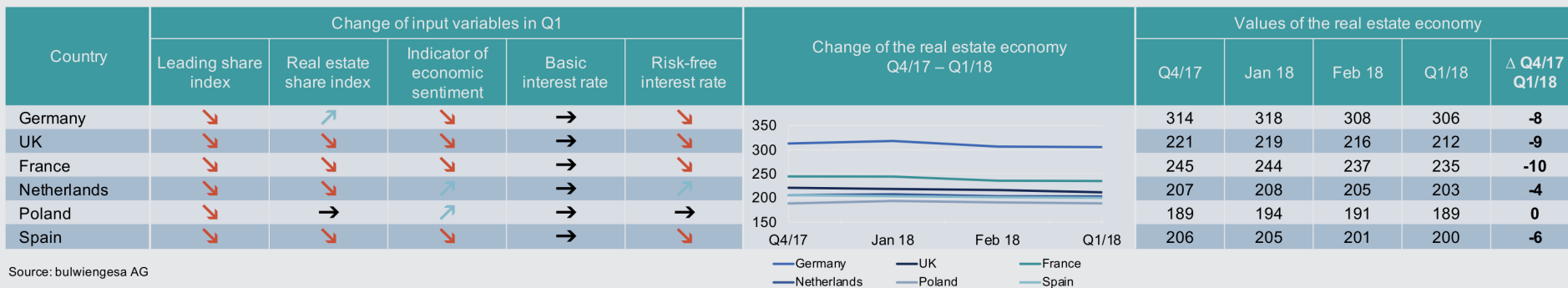


Markus Nitsche,  
General Manager of  
London Branche

“Since the British narrowly voted in favour of leaving the EU just under two years ago, BREXIT remains the predominant issue. However, the actual implications are still not clear, and the negotiations are likely to last another two years. Although the REECO has been subsiding in the UK since the beginning of the year, I do not expect to see any major changes on the market in the short term. Rather, a sideways moving trend has been visible for some time and is likely to continue. Despite the possibility of BREXIT, the UK still ranks among the world’s largest economies and remains a highly attractive investment market, especially for international investors. In view of this, I remain cautiously optimistic.”

*“The UK is and remains a highly attractive investment market.”*

### Key figures of the real estate economies



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