EURO SCORE STAGNATES IN THE THIRD QUARTER

After continuous positive development since mid-2016, the European Real Estate Economy Index (REECOX Euro Score) decreased for the first time in the first quarter of 2018. But the second quarter laid rest to the assumption of a general change in trend in the European real estate sector. There was again no clear trend in the third quarter. While the Euro Score displayed de facto negative development, the slight 0.5 % decrease suggests more of a stagnation than a downward development. Development also varied during the quarter: While the months of July (+0.5 %) and August (+0.5 %) were positive, there was a month-on-month decrease of 1 % in September, representing a comparatively negative trend. The REECOX Euro Score currently stands at 245.4 points. Considering the ambivalent development in the first half of the year, it remains to be seen which direction the REECOX Euro Score will take in the future. Even though there is an increasing number of negative signs, a clear trend cannot be determined. From a historical perspective, the European Real Estate Economy Index continues to maintain a very high level.

With the exception of Germany, the real estate economy indices for the countries included in REECOX displayed de facto negative development compared to the second quarter, although the development of many countries was closer to stagnation. In Spain the decrease of 3.8 % was comparatively significant. However, in September the real estate economy indices of all the countries observed presented a slightly gloomier picture compared to the previous month.

Dear readers,
this year’s EXPO REAL trade fair impressively demonstrated that the real estate sector is performing very well in all of Europe’s core markets. We have recently concluded a large number of transactions, and we had specific discussions about many more in Munich. The continued dynamism of the market is reflected in the development of our REECOX: The Euro Score has decreased by just 0.5 %, meaning it continues to maintain its historic high. Europe currently faces numerous challenges, particularly in the political sphere. However, with regard to the economy, all the signs indicate that Europe does not need to be concerned about the real estate sector at the moment, one of its most important industries. In the six markets we observe, the economic conditions are good to very good. And, following a successful EXPO REAL, we can say that there is a confident mood – in all locations and perhaps more than ever.

Kind regards,
Sabine Barthauer

DEUTSCHE HYPO REECOX-EYE

The Deutsche Hypo REECOX-Eye shows the current value of each real estate market compared to the others (length of iris) and the size of the respective investment market (breadth of iris).
“Ten years have passed since the financial crisis, which peaked with the collapse of the US bank Lehman Brothers. Since then, our industry has professionalised noticeably. Every investment decision is critically evaluated – by both banks and investors. That is also the case in the French real estate market, which has developed extremely positively overall during the last ten years. In the first half of 2018 alone, the transaction volume totalled EUR 12.5 billion – a year-on-year increase of 27 %. It is noteworthy that a total of approximately EUR 3 billion was invested in new buildings. The growing importance of “green properties” on the French real estate market is a significant driver of that development. Investors increasingly want sustainable, green investments – a trend that will become even more important in the future!”

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