DEUTSCHE HYPO REECOX SEES DOWNTURN AT THE END OF THE YEAR

The European Real Estate Economy Index performed negatively over 2018 as a whole, largely as a result of the clear negative trend in the fourth quarter. That makes the renewed positive development in the first quarter of 2019, which resulted in a slight recovery at the start of the year, even more welcome. Following negative development of the Euro-Score over four consecutive months, the trend was finally ended by a slight rise (+1.3%) in January. While that rise was almost completely cancelled out by a further fall in February (-1.1%), the positive trend continued in March (+1.3%). Overall, the first quarter was volatile but ended with an increase of 1.6% in the Euro-Score, leaving it at its current level of 236.8 points.

The positive pan-European trend was generally observed in all the countries included by the Deutsche Hypo REECOX. Developments in France and Spain were particularly positive. Following significant drops in the previous year, they each saw a rise in all three months of the first quarter. Those countries also displayed above-average performance over the first quarter as a whole. In France the Real Estate Economy Index rose by 3.2%, while Spain saw an increase of 3.8%. The other countries saw decreases in individual months of the first quarter but, with the exception of the UK, none of those setbacks exceeded one percentage point.

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).

DEUTSCHE HYPO EURO-SCORE

236.8
The dramatic development of the Spanish Real Estate Economy Index at the end of 2018 was followed by a noticeable recovery in the new year. It made a clear jump in January, followed by a slight positive development in the two months that followed. It ended the first quarter at 199.3 points, an increase of 3.8% compared to the previous quarter. That is even higher than in the third quarter of 2018, and represents a sigh of relief in spring following serious winter blues.

There was uniformly positive development in the input variables. The leading share index IBEX 35 rose sharply. Growth of 8.2% almost completely compensated for the dip in previous quarter. At 9,240 points, the index has almost returned to the level seen in September 2018. The recovery of the real estate index ES BCN 5 Property was even more marked: following a healthy rise of 16.9% to its current 1,064 points, it is approaching the level seen in summer 2018. The business climate as measured by the Economic Sentiment Indicator (ESI) usually moves less dramatically, so a direct comparison with the other input variables makes the increase of 2.3% to 106.7 points look slim. However, historically it represents a major jump: the last time it rose that fast in a single quarter was at the end on 2015.

“Now we have to capitalise on the positive momentum.”

Maite Linares, Managing Director Office Madrid

“We have started 2019 with great optimism. And why not? The real estate sector continues to be extremely stable, and forecast growth of 2.1% in Spain is above the average expected growth in other European countries. The signs are positive. Now we have to capitalise on the positive momentum – among other things to prepare for the end of cycle. I see great potential for the sector, above all with regard to digitalisation and the digital transformation. To ensure that we can fully exploit it, we will need support from the political world. The most important condition is a stable government majority, which will be able to implement long-term, sustainable strategies for our country.”

"Now we have to capitalise on the positive momentum.”

Maite Linares, Managing Director Office Madrid

“Now we have to capitalise on the positive moment...”

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