



# REECOX

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DEUTSCHE HYPO  
REAL ESTATE ECONOMY INDEX

## 01-2019



Dear readers,

*the Euro-Score had a good start to 2019. The positive trend was observed in all six countries covered by the index. This*

*type of almost parallel development has been seen before in the past, and clearly reflects the close relationships between the European countries. We are also aware of those close connections in our day-to-day business: many investors are active across borders and pursue pan-European strategies. The economy as a whole benefits from the advantages of a united Europe. But that has not stopped the voices of Europe's critics becoming louder – a worrying development. That's why it's more important than ever that we stand together for Europe – because it is the only way forward. We need the EU, for our economy and for lasting peace. That's why I hope that we will embody the idea of a united Europe even more strongly after the European elections, and that the countries will move even closer together!*

Kind regards,  
Sabine Barthauer

DEUTSCHE HYPO EURO-SCORE

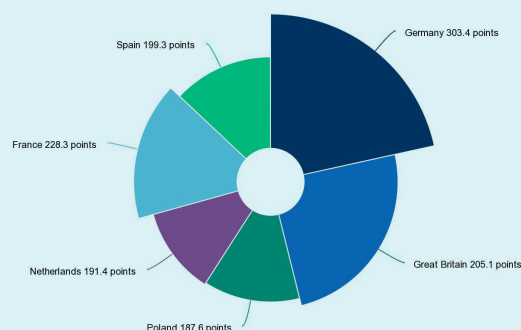
# 236.8

## EURO-SCORE STARTS THE YEAR POSITIVELY

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.

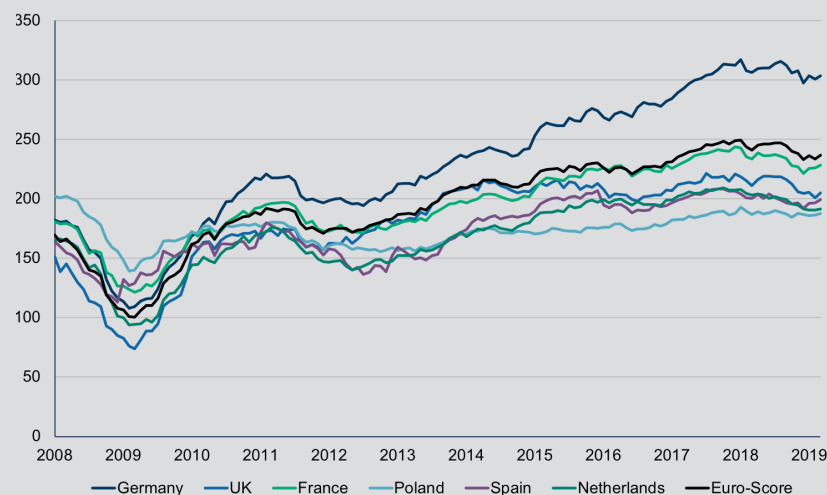
The positive pan-European trend was generally observed in all the countries included by the Deutsche Hypo REECOX. Developments in France and Spain were particularly positive. Following significant drops in the previous year, they each saw a rise in all three months of the first quarter. Those countries 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.

## 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).

## Real estate economy until March 2019





## STAGNATION OF THE DUTCH REAL ESTATE ECONOMY INDEX

The negative trend in the Dutch Real Estate Economy Index at the end of 2018 continued into the new year. However, a decline in the index in January was followed by a slight rise, so that the end of the quarter saw the same levels present in December (191.4 points). That means the Dutch Real Estate Economy Index remains at its lowest level since summer 2015.

The development of the input variables was somewhat contradictory. On the one hand, the stock markets developed very positively. The Dutch leading index AEX 25 recorded double-digit growth of 12.5% to a closing level of 548 points. That compensated for the significant losses in the fourth quarter of 2018. And following its historic collapse in the previous quarter, the real estate share index FTSE EPRA/NAREIT Netherlands recovered slightly, although it remained volatile and stayed below the 900 point mark (898.8 points). Compared to the fourth quarter of 2018, the index rose by 6.4%. On the other hand, the Economic Sentiment Indicator (ESI) remained unaffected by those developments and continued its downward trend in the first quarter of 2019, with the exception of a positive episode in February. Overall, the business climate indicator rose by 2.2% to its current level of 105.2 index points.

## COMMENT ON THE MARKET

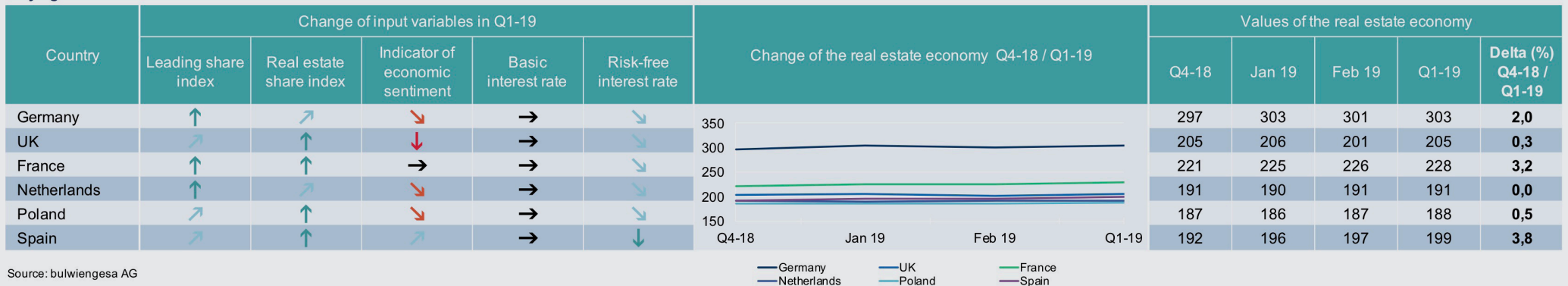


Wouter de Bever,  
Managing Director  
Office Amsterdam

“Sometimes a zero says a lot. The change in the Dutch Real Estate Economy Index in the first quarter of 2019 was exactly 0.0%. You could call it pure stagnation. Or, from another perspective, it could be waiting with bated breath. There is a constant flow of deals and the level of capital in the market remains high. However, considering the continuing pressure on yields, there is a sense of caution on the part of investors in all areas. Many are staying away from new residential investments, while also hesitating to invest in the office sector. Meanwhile, there is now a shortage of office space in the Netherlands. The conversion of office properties into flats and hotels over a number of years means currently increasing demand for premium office space cannot be met. Those factors are compounded by uncertainty concerning Brexit, as it could have a significant impact on the Netherlands, which has strong links to the UK. All in all, the phrase ‘wait and see’ perfectly sums up the current market phase.”

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### Key figures of the real estate economies



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