



# REECOX

www.reecox.co.uk

DEUTSCHE HYPO  
REAL ESTATE ECONOMY INDEX

## 01-2021



Dear readers,

After 26 years at Deutsche Hypo, I am moving on to take on new challenges outside of the NORD/LB Group. I would like to thank you for your

interest in Deutsche Hypo REECOX. Frank Schrader, who is set to head up the bank's real estate business as part of Deutsche Hypo's integration into NORD/LB, will be taking over responsibility for future commentary. All the best for the future!

Kind regards,  
Andreas Rehfus

Dear readers,

I look forward to taking on my new role and providing my commentary for Deutsche Hypo REECOX, which was able to continue its positive development in the first quarter of 2021 with a 6.6 % increase in the Euro Score. It is hoped that the spread of coronavirus infections can be curbed, particularly through a rising vaccination rate, and the European real estate market can continue its recovery.

Kind regards,  
Frank Schrader



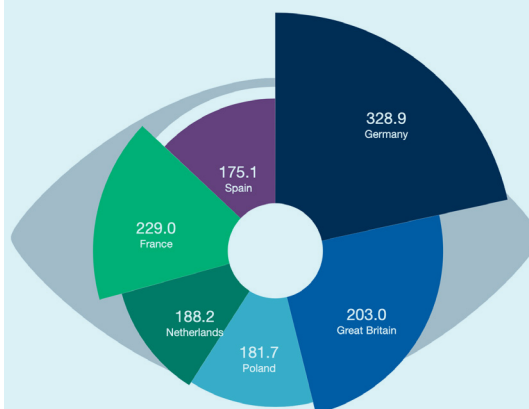
## REECOX EURO SCORE STARTS THE YEAR POSITIVELY

European real estate market activity as measured by Deutsche Hypo REECOX (Euro Score) made a strong start to 2021. The index picked up where it left off in the final quarter of 2020 following a brief interim low at the beginning of the year (January: -1.2 %). In February and March, the index recorded growth of 2.0 % and 5.7 % respectively. Overall, the Euro Score improved by 6.6 % to 241.9 points compared to the previous quarter. Not only has the index returned to its pre-crisis level, it also stands at its highest level since September 2018.

The positive pan-European trend was generally observed in all the countries included by Deutsche Hypo REECOX. The UK performed particularly well during this period, with February and in particular March seeing a significant upturn after a slight dip at the start of the year. All told, REECOX UK rose by 9.6 % to 203.0 points. Germany (+5.8 %

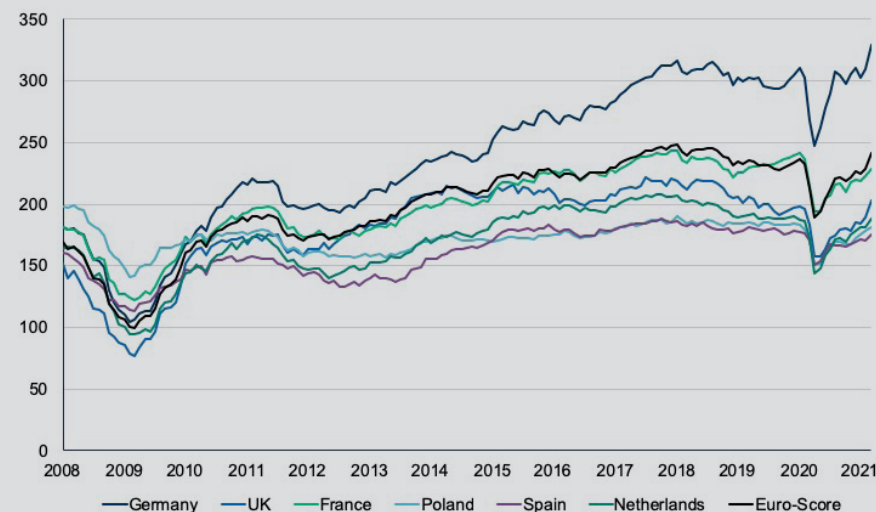
to 328.9 points), the Netherlands (+5.4 % to 188.2 points) and Poland (+5.2 % to 181.7 points) rounded out the midfield. The lowest quarter-on-quarter growth was recorded in France (+4.2 % to 229.0 points) and Spain (+3.2 % to 175.1 points). Compared to all of the countries monitored as part of REECOX, real estate market activity is by far the highest in Germany at the beginning of 2021.

### 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 2021



DEUTSCHE HYPO EURO-SCORE

# 241.9



## REECOX SPAIN NEARING PRE-CRISIS LEVEL

The positive performance of Spanish real estate market activity continued into the first quarter of 2021. Compared to the previous quarter, the REECOX value rose by 3.2 % to its current level of 175.1 points, meaning that the index has now more or less returned to its pre-crisis level.

Following the extremely volatile development of Spanish stock markets since the beginning of last year – at times with double-digit quarterly rates of change – the dynamic performance appears to be cooling off. Spain's leading share index, the IBEX 35, continued to develop positively, rising by 6.3 % to 8,580 points.

Spain's FTSE EPRA NAREIT real estate index also made a significant contribution to the positive overall development. After consistent price rises since November 2020, it is now trading at roughly 23.1 points. This equates to a quarter-on-quarter increase of 7.5 %. The positive development of the stock markets is also reflected in the Spanish business climate as measured by the Economic Sentiment Indicator (ESI). This indicator now stands at 96.9 points, the highest figure recorded since February 2020, following a 6.7 % quarter-on-quarter increase.

## COMMENT ON THE MARKET

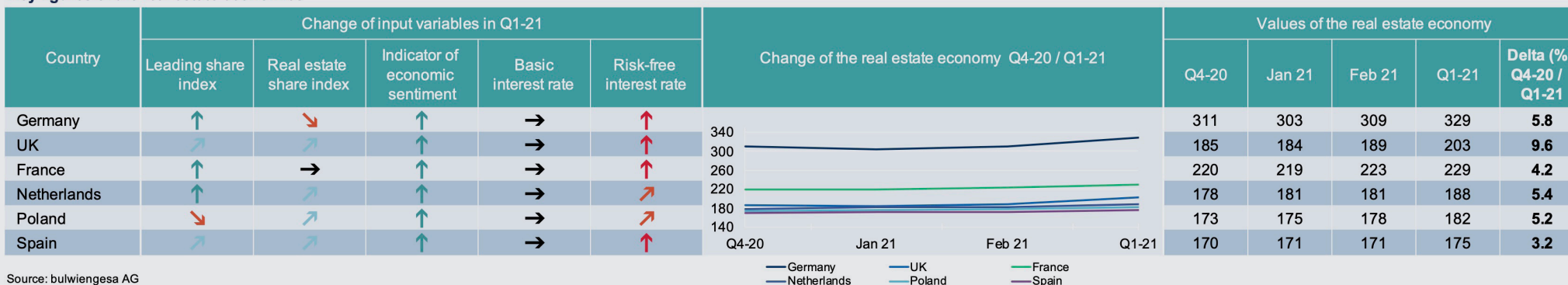


Maite Linares,  
Managing Director  
Office Madrid

"Investment volume in the first quarter of 2021 has fallen compared to the first quarter of 2020. However, it is difficult to compare the two periods as it was believed that we were witnessing the conclusion of a cycle even prior to the onset of the coronavirus pandemic. What's remarkable is that 70 % of investments were made by foreign investors, suggesting that the market remains extremely attractive to them. In addition, there was a shift in demand within the asset classes: demand in residential and logistics properties is particularly high at the moment, but office real estate is also extremely popular and offers larger volumes compared to logistics properties. The hotel and retail segment is suffering, with the exception of food retail and retail parks. Another factor exacerbating the overall situation is that it is proving difficult to finance some properties due to reticence among banks. That being said, overall economic expansion of 6.4 % is expected in 2021 – one of the highest figures forecast in Europe."

*"Demand for residential and logistics properties is particularly high at the moment."*

### Key figures of the real estate economies



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