



# REECOX

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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



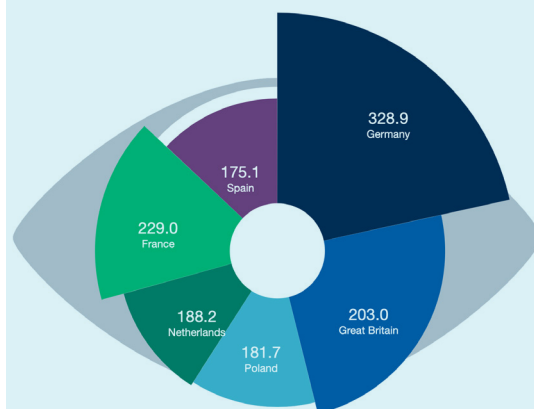
## REECOX EURO SCORE STARTS THE YEAR POSITIVELY

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 %

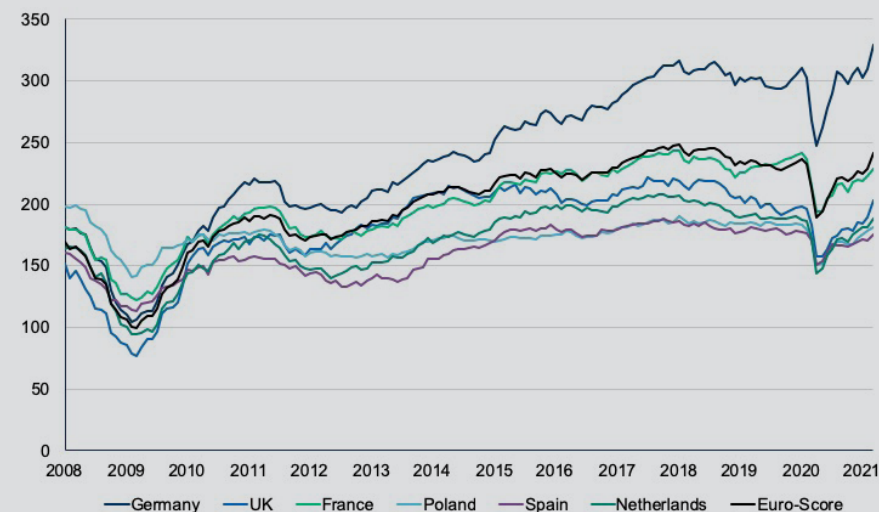
to 328.9 points), the Netherlands (+5.4 % to 188.2 points) and Poland (+5.2 % to 181.7 points) rounded out the midfield. The lowest quarter-on-quarter growth was recorded in France (+4.2 % to 229.0 points) and Spain (+3.2 % to 175.1 points). Compared to all of the countries monitored as part of REECOX, 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 POLAND CONTINUES UPWARD TREND

Poland was the only country monitored as part of REECOX to record positive performance throughout the first quarter of 2021. Overall, REECOX Poland climbed by 5.2 % compared to the previous year and now stands at 181.7 points, the highest value recorded since January 2020.

Poland's benchmark index, the WIG 20, was trending positively at the end of the first quarter, but experienced declines in January (-1.8 %) and February (-2.1 %). As a result, the index closed the quarter down 2.3 % at 1,939 points. The WIG Developers real estate index was somewhat more robust. It rose by 9.3 % compared to the previous quarter to stand at 2,607 points. The positive overall performance in the first quarter was due to increases in January (+3.2 %) and February (+6.3 %). Unlike Polish share indices, the business climate as measured by the Economic Sentiment Indicator (ESI) performed positively throughout the first quarter. The business climate closed the quarter up an impressive 17.9 % compared to the previous quarter and stands at 90.3 points.

## COMMENT ON THE MARKET

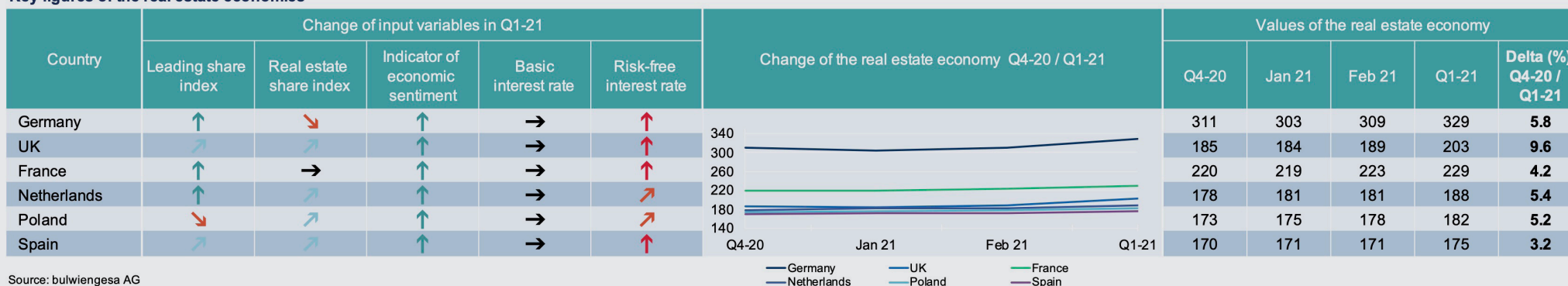


Beata Latoszek,  
Managing Director  
Office Warsaw

"Significant restrictions were imposed in Poland in the first quarter of 2021 due to the corona pandemic, and remain in place at the time of writing. The country is under a hard lockdown due to exploding infection numbers and the overall strain on the healthcare system. It is possible that hotels and retail will be able to open again following the public holiday on 4 May 2021, but this is not set in stone. In spite of the difficulties, prices for residential properties in the major cities of Warsaw, Gdańsk, Kraków, Wrocław and Poznań remain stable. There is a sufficient supply of capital on the lookout for investment opportunities. The ECB's low-interest policy and the high rate of inflation in Poland is driving interest among private investors. Commercial properties are predominantly being sold to foreign investors. Logistics and specialist retailers remain the asset classes of choice. It continues to be difficult to make any reliable forecasts regarding the future development of the Polish real estate market. We can only hope that the pandemic subsides in the second quarter and economic and social activity returns to a semblance of normality. This should see the outlook brighten somewhat."

*"The ECB's low-interest policy and the high rate of inflation in Poland is driving interest among private investors."*

### Key figures of the real estate economies



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