



# 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

## 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.

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.

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 %

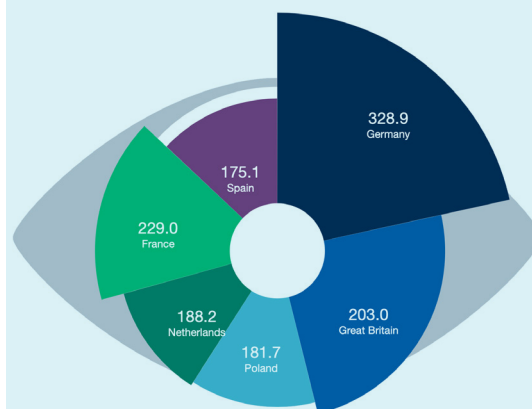
Dear readers,

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.



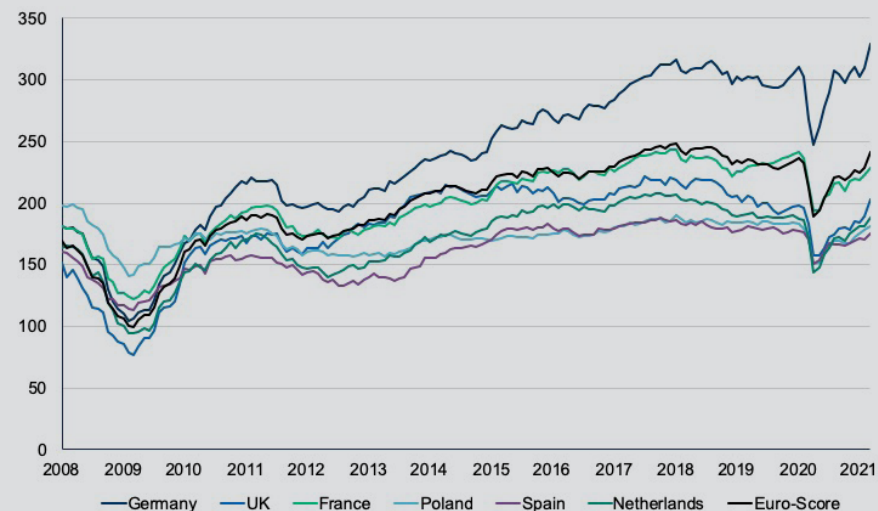
Kind regards,  
Frank Schrader

### 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 UK ACHIEVES THE HIGHEST RATE OF GROWTH IN EUROPE, AT 9.6 %

British real estate market activity continued on its recovery course at the start of the year and reported the highest rate of growth among the European markets monitored as part of REECOX. By the end of the first quarter, the index had almost breached the 200-point mark – the highest it has been since April 2019. The upward trend was fuelled by the positive performance in March (+7.5 %).

Performance on the stock markets is a major factor in the positive overall development. The benchmark index, the FTSE 100, recorded a rise of 3.9 % compared to the fourth quarter of 2020. The index closed the quarter at 6,714 points. The FTSE EPRA/NAREIT UK real estate share index also performed extremely well. Despite a slight decline at the beginning of 2021 (-0.3 %), increases in both February (+4.1 %) and March (+4.9 %) pushed the index to 1,202 points at the close of the first quarter. This equates to a 9.0 % increase compared to the previous quarter. Business sentiment as measured by the Economic Sentiment Indicator (ESI) also developed extremely positively, rising by 9.0 % to 91.9 points.

## COMMENT ON THE MARKET



Markus Nitsche,  
General Manager of  
London Branch

“During the coronavirus pandemic there was a great deal of speculation on how the increase in people working from home would impact the office market, in addition to the challenges posed by digitalisation. According to a year-on-year comparison for the Greater London office market, investment volume in March 2021 fell by 50 % compared to March 2020. Given that deals require three to six months of lead-up time, it is clear that very few investment plans were implemented in September and October last year. This is most likely due to the second lockdown implemented in the autumn following the easing of restrictions in the summer. Investment activity among British investors rose during the reporting period, while the otherwise significantly higher share of foreign investment activities declined substantially. We keep watching, but continue to harbour significant interest in modern and sustainable concepts. Despite the cautious strategy, we enjoyed a profitable first quarter.”

*“Despite the cautious strategy, we enjoyed a profitable first quarter.”*

### Key figures of the real estate economies

Country	Change of input variables in Q1-21					Change of the real estate economy Q4-20 / Q1-21	Values of the real estate economy				
	Leading share index	Real estate share index	Indicator of economic sentiment	Basic interest rate	Risk-free interest rate		Q4-20	Jan 21	Feb 21	Q1-21	Delta (%) Q4-20 / Q1-21
Germany	↑	↓	↑	→	↑		311	303	309	329	5.8
UK	↗	↗	↑	→	↑		185	184	189	203	9.6
France	↑	→	↑	→	↑		220	219	223	229	4.2
Netherlands	↑	↗	↑	→	↗		178	181	181	188	5.4
Poland	↓	↗	↑	→	↗		173	175	178	182	5.2
Spain	↗	↗	↑	→	↑		170	171	171	175	3.2

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