



# REECOX

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DEUTSCHE HYPO  
REAL ESTATE ECONOMY INDEX

## 02-2021



Dear Readers,

*The figures for the second quarter of 2021 give reason for optimism. Having posted considerable growth*

*over the past three quarters, the Euro Score trend continued in the second quarter of 2021, with the indicator rising by a substantial 8.1 % to a new all-time high. All monitored countries are showing increasing recovery. This development is also reflected in the business sentiment. Across all monitored countries, the business sentiment saw double-digit growth again for the first time since tumbling at the beginning of the pandemic, indicating significantly improved economic sentiment and companies' optimistic outlook on their future prospects. The improvement in sentiment is due not least to a sharp fall in COVID-19 infection figures in the second quarter of 2021, rising vaccination rates and associated hopes of a gradual return to normality. Let's hope that the positive trend continues in the coming months.*

Kind regards  
Frank Schrader

DEUTSCHE HYPO EURO-SCORE

# 261.2

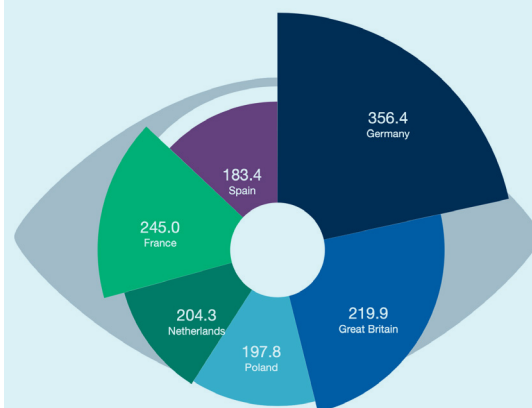
## REECOX EURO SCORE REACHES NEW ALL-TIME HIGH

After performing positively in three successive quarters, the trend in European real estate market activity as measured by the Deutsche Hypo REECOX (Euro Score) continued in the second quarter of 2021. Overall, the Euro Score improved by 8.1 % to 261.2 points compared to the previous quarter. As a result, the index has not only exceeded pre-crisis levels, but has also reached an all-time high (since January 1991).

A look at the individual indicators illustrates that the REECOX was again able to perform positively across all monitored countries in the second quarter, with the only minor differences being in the extent of the quarter-on-quarter uptick. Poland recorded the highest level of growth, of 9.0 % to 197.8 points, just 0.1 % ahead of the Netherlands. Germany (+8.4 % to 356.4 points), the UK (+8.3 % to 219.9 points) and France (+7.4 % to 245.0 points) registered similar rates of growth compared to

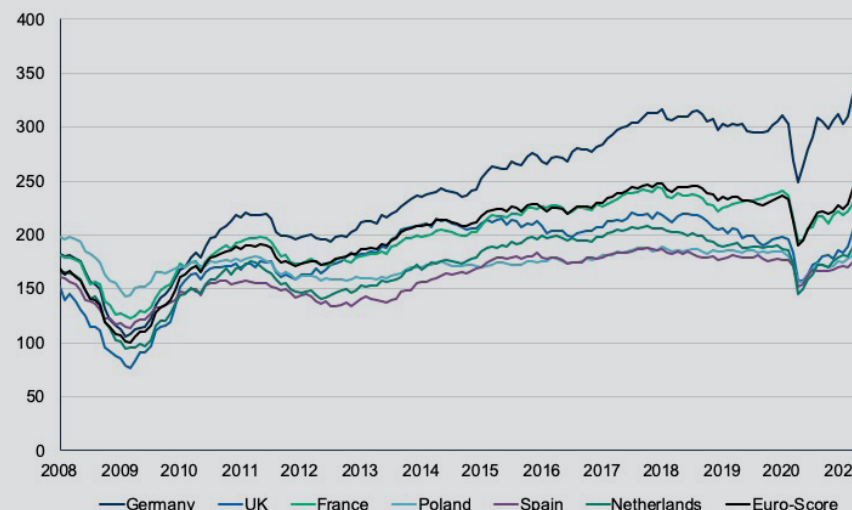
the previous quarter. The REECOX Spain was the worst-performing indicator. It still posted an increase of 4.9 % to 183.4 points, but was the only monitored country in Europe not able to generate growth across all three months of the second quarter.

### 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 June 2021





## REECOX GERMANY REACHES ANOTHER ALL-TIME HIGH

The German real estate sector made considerable gains in the first quarter and continued this trend in the second quarter of the year. All in all, the REECOX Germany climbed by an impressive 8.4 % to 356.4 points, which marks a new all-time high in the history of the REECOX (since January 1991).

The REECOX Germany continues to perform positively across all input variables. The German benchmark index, the DAX, was also continuously positive from April to June and closed the quarter at 15,531 points. The German real estate index, the DIMAX, also made a significant contribution to the positive overall development, recording consistent price gains since March 2021 and closing June at just over 1,000 points. This equates to a quarter-on-quarter increase of 8.1 %. The positive development of the stock markets is also reflected in the German business climate as measured by the European Sentiment Indicator (ESI). Following a double-digit quarter-on-quarter increase of 13.0 %, the indicator closed June at a new all-time high of 117.2 points.

## COMMENT ON THE MARKET

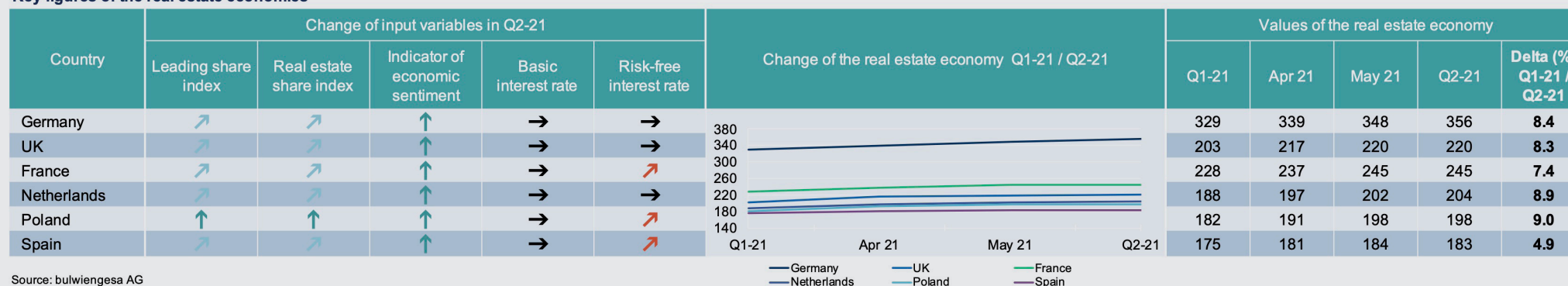


Thomas Hansen,  
Head of Hamburg  
Office

„Demand for real estate remains high, due quite simply to a lack of alternative investments. However, the coronavirus pandemic has caused a shift in demand for the various asset classes – much to the detriment of retail, where investors have shown a cautious approach. Barely any new properties are being financed in this asset class, with market activity mainly focused on extensions. Hamburg has also seen rising vacancies in the retail asset class as many of its smaller shops remain closed after lockdown. The investment market in Hamburg is centred on office properties, with interest remaining high, despite higher levels of remote work. Still, investors in this segment are moving from speculative projects to pre-let properties, preferably with a strong anchor tenant. Vacancy levels are extremely low. Few changes in future demand for space are expected, as interest in larger conference venues and meeting rooms will compensate for declining demand for individual offices. The Hamburg residential and logistics market remains stable.“

*“The investment market in Hamburg is centred on residential and office properties.”*

### Key figures of the real estate economies



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