



# REECOX

www.reecox.co.uk

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

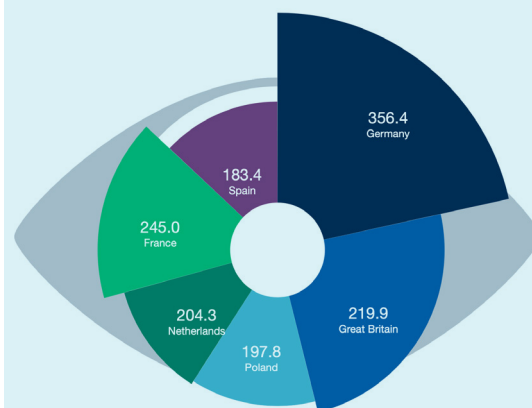
## REECOX EURO SCORE REACHES NEW ALL-TIME HIGH

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

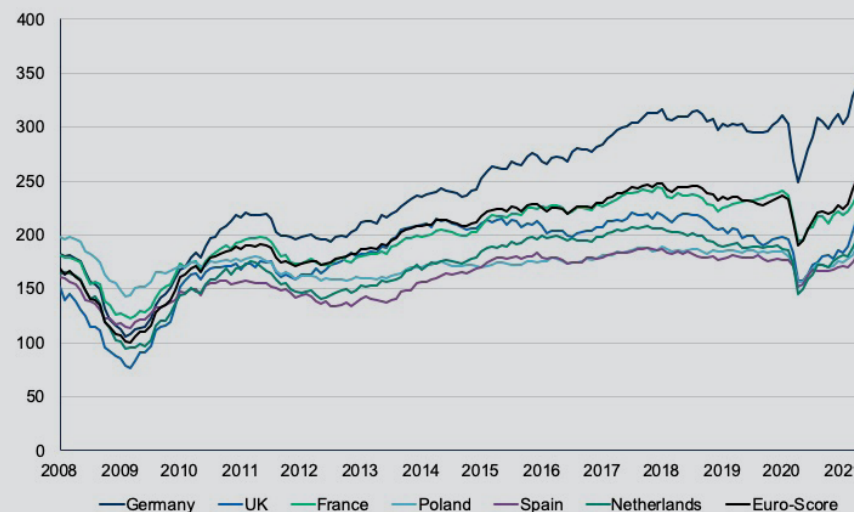
the previous quarter. The REECOX Spain was the worst-performing indicator. It still posted an increase of 4.9 % to 183.4 points, but was the only monitored country in Europe not able to generate growth across all three months of the second quarter.

### 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



DEUTSCHE HYPO EURO-SCORE

# 261.2

## REECOX POLAND ACHIEVES THE HIGHEST RATE OF GROWTH IN EUROPE, AT 9.0 %

Polish real estate market activity continued on its recovery course in the second quarter of the year, reporting the highest rate of growth among the European markets monitored as part of the REECOX (+9.0 %). The quarterly performance was mainly due to growth in April (+5.5 %) and May (+3.2 %), whereas market activity remained relatively stable in June at +0.1 %. The REECOX Poland closed the second quarter at 197.8 points.

The overall positive development of the REECOX Poland was primarily due to the development of real estate equities and the business climate. Following the negative performance in the previous quarter, the Polish benchmark index, the WIG 20, posted strong double-digit growth of 14.4 % in the second quarter to close at 2,218.4 points. The WIG Developers real estate index also reported double-digit growth of 15.6 % and surpassed the 3,000-point mark at the end of June. Growth in April (+9.6 %) and May (+5.0 %) was the main reason for the quarterly performance. Economic expectations, as reflected by the Economic Sentiment Indicator (ESI), remain positive. The indicator rose by 12.5 % at the start of the second quarter, and went on to perform positively throughout May and June. At the end of the quarter, the index had reached a level of 106.9 points, a rise of 18.4 % compared to the previous quarter.

## COMMENT ON THE MARKET

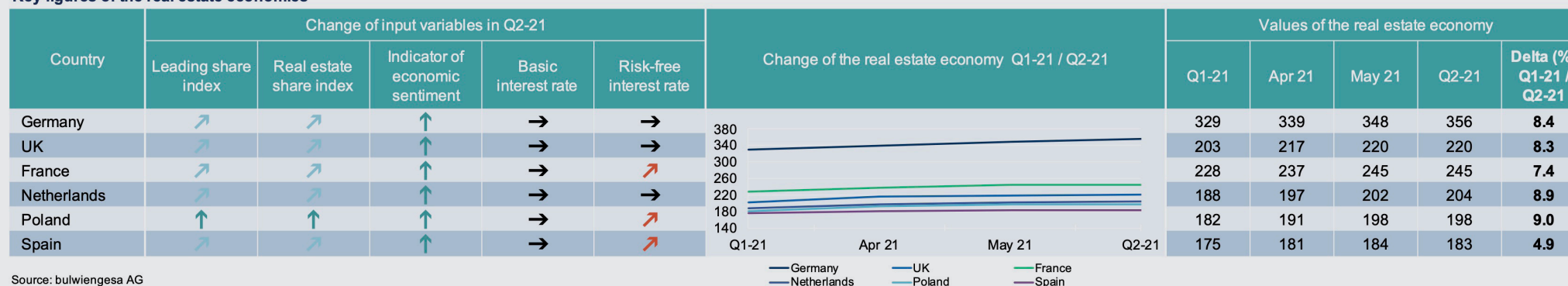


Beata Latoszek,  
Managing Director  
Office Warsaw

“There is marked optimism in the market compared to the first quarter of 2021 after almost all coronavirus restrictions were lifted at the beginning of the second quarter. Demand for financing is extremely high, as is interest in new products with investors on the lookout for alternatives to retail and hotel properties. The residential sector is in a state of flux. Before the pandemic, investors’ attention was focused on owner-occupied apartments, with demand for rental apartments making up only a small share of the market (5 %). Demand for rental apartments among institutional investors, particularly international ones, has risen sharply over the past few months. There is a great deal of liquidity in the market, and private investors are also looking for investment opportunities. The rising number of investment funds is particularly notable in this context. Away from the residential sector, logistics properties are also in high demand and are among the major winners of the coronavirus pandemic. Demand for offices also remains high, even though banks are acting more cautiously. All in all, the market is very interesting and offers a great deal of opportunities, but it remains to be seen whether the confidence can be maintained as the year progresses.”

*“Investors are particularly on the lookout for alternatives to retail and hotel properties.”*

### Key figures of the real estate economies



### PUBLICATION DETAILS

#### Responsible for content:

bulwiengesa AG, Laura Hahn  
Hahn@bulwiengesa.de  
Nymphenburger Straße 5, 80335 München  
Tel.: +49 89 23 23 76-41

#### Responsible for publication:

Norddeutsche Landesbank – Girozentrale  
Deutsche Hypo – NORD/LB Real Estate Finance  
Franziska Pöppel  
Franziska.Poepfel@deutsche-hypo.de  
Osterstraße 31, 30159 Hannover  
Tel.: +49 511 3045-552

**Disclaimer:** The calculations presented in this publication were prepared by bulwiengesa to the best of their knowledge and with due care. Liability is assumed for material correctness within the scope of standard due diligence.

**DEUTSCHE HYPO**  
NORD/LB Real Estate Finance

**NORD/LB**