



# REECOX

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DEUTSCHE HYPO  
REAL ESTATE ECONOMY INDEX

## 01-2022



Dear Readers,

*after many months of recovery, the Euro Score was forced to take a hit at the end of the past year. The negative trend continued at the start of 2022, with the Euro Score down by a substantial 3.5 % and losses on the books in each country monitored by the REECOX. The war in Ukraine – the further course and impact of which are anyone's guess – played a significant role in the downturn, which comes on the heels of a gradual recovery from the effects of the coronavirus pandemic.*

*Shortages of materials and labour are also causing problems. The real estate market is feeling the pinch of the related bottlenecks and is having to delay construction projects in some cases. Rising prices are having an additional effect, and close monitoring of inflation (following its sharp rise in recent months) and interest rate policy will remain essential.*

Kind regards  
Frank Schrader

DEUTSCHE HYPO EURO-SCORE

## 248.0

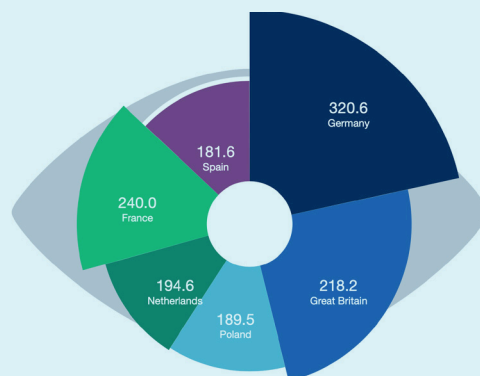
## REECOX EURO SCORE STARTS THE YEAR NEGATIVELY

The European Real Estate Economy Index performed positively in 2021 as a whole, largely as a result of the often significant growth in the first three quarters. In the fourth quarter of 2021, however, the index posted a decline – one that continued in the first months of 2022. After initial stability in January, February saw a loss of 1.2 %, which was followed by a drop of 2.3 % in March. Compared to the previous quarter, the index fell by a substantial 3.5 % to stand at 248.0 points.

Negative pan-European development was generally observed in all the countries included in the Deutsche Hypo REECOX. With a decline of 6.0 %, performance in Germany was particularly discouraging. A downward trend was apparent throughout the first three months of the year, leaving the index to finish the quarter at 320.6 points.

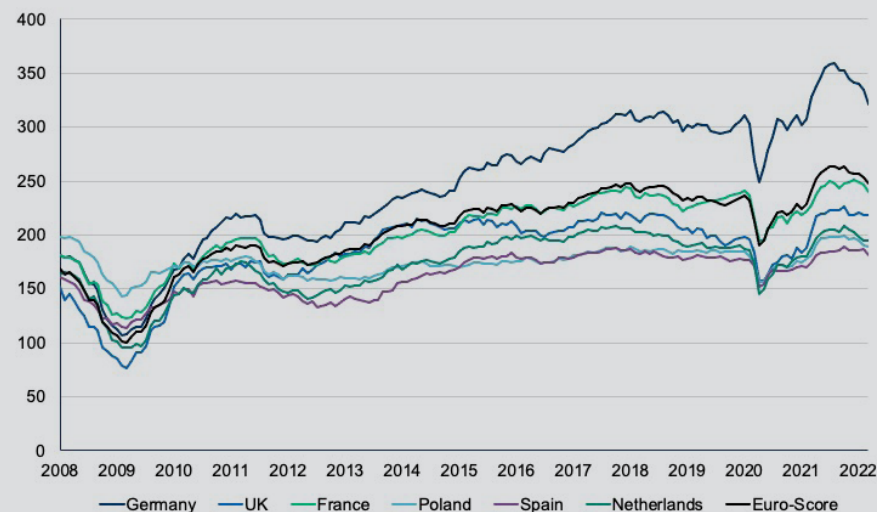
The REECOX France also performed poorly, losing 4.4 % quarter on quarter to stand at 240.0 points. Poland (-3.7 %), the Netherlands (-3.7 %) and Spain (-2.3 %) were in the mid range of the overall negative trend. The REECOX UK was the only index to remain virtually unchanged, ending March at a stagnant 218.2 points.

### 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 2022





## REECOX NETHERLANDS DOWN 3.7 %

The negative development already apparent in the Dutch real estate index in November 2021 continued at the start of the year, with losses amounting to 2.0 % in January and 1.8 % in February. By contrast, March posted a rise of 0.1 %, keeping performance more or less constant. The REECOX Netherlands fell below the 200-point mark as the first quarter drew to a close, losing a total of 3.7 % to stand at 194.6 points.

All input variables were down quarter on quarter. The AEX blue-chip stock market index was negative in each month, with January (-5.4 %) and February (-3.4 %) playing a particularly prominent role in the substantial decline of -9.2 %. The index finished the quarter at 724.2 points, despite a more moderate decrease of 0.8 % in March. The FTSE EPRA/NAREIT Netherlands real estate share index also posted negative development on the whole on account of a steep drop in January (-8.3 %) that the positive performance seen in February (+1.9 %) and March (+3.3 %) was unable to make up for. Sentiment among the experts polled as part of the Economic Sentiment Indicator (ESI) fell for the third quarter in a row to finish March at 103.3 points.

## COMMENT ON THE MARKET



Wouter de Bever,  
Managing Director  
Office Amsterdam

“Lack of housing space is still an issue for the Dutch real estate market. In order to meet demand, 100,000 new homes need to be built every year, but for numerous reasons this number is far from being achieved with the current number of 50,000 to 60,000 homes per year. In addition, the Netherlands applies the strictest standards in Europe in the field of nitrogen, so that without government intervention, a building infarction is imminent. The war in Ukraine is further exacerbating the supply situation, as space is desperately needed for people fleeing the war. The scarce resources and the partial breakdown of supply chains on account of factors such as the renewed lockdowns in China are making the problem worse and resulting in challenges for the overall real estate market. In some cases, we are already seeing new construction projects grind to a halt across all asset classes, coupled with a wait-and-see approach regarding construction costs and material prices. Recalculation is the norm. There is also some uncertainty as to what will follow the ECB's bond purchase programme. Meanwhile, investor appetites for real estate remain high, and the market is flush with funds. The combination of circumstances is reflected in returns, with logistics properties reaching levels otherwise seen in the residential sector – a development that cannot be sustained in the long term.”

*“Lack of housing space is still an issue for the Dutch real estate market.”*

### Key figures of the real estate economies



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