



# REECOX

www.reecox.co.uk

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

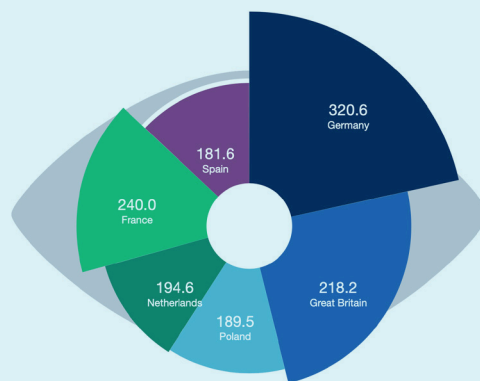
## REECOX EURO SCORE STARTS THE YEAR NEGATIVELY

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.

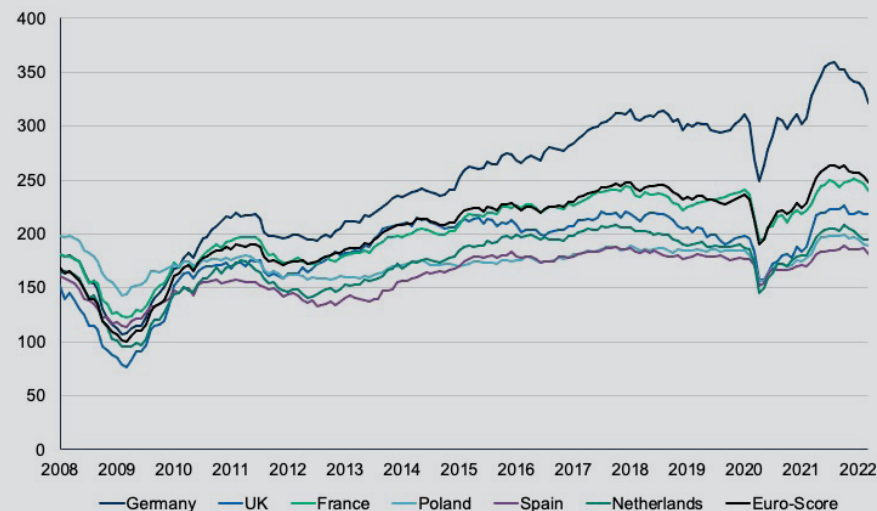
The REECOX France also performed poorly, losing 4.4 % quarter on quarter to stand at 240.0 points. Poland (-3.7 %), the Netherlands (-3.7 %) and Spain (-2.3 %) were in the mid range of the overall negative trend. The REECOX UK was the only index to remain virtually unchanged, ending March at a stagnant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

After ending 2021 on stable footing, developments took a turn for the worse in the first quarter of 2022, with negative development compared to the previous month in January, February and March alike. The end result was a decline of 3.7 %, bringing the index down to 189.5 points.

The latest developments are attributable to the downward trend for all market indices taken into account. The performance of the Economic Sentiment Indicator (ESI) had a particularly marked effect on the negative results, falling continuously to 97.3 points in the first three months of 2022. This remarkable 8.4 % decline brought the ESI down to a level last seen in March 2021. The Polish blue-chip index WIG 20 also posted negative performance, losing 5.9 % quarter on quarter to stand at roughly 2,133 points. Moreover, the WIG Real Estate share index also continued to decline, dropping by 4.7 % compared to the previous quarter to finish March at 2,708.9 points. The downward trend was solely due to the losses seen in February (-8.2 %) despite the positive figures posted in January (+1.4 %) and March (+2.3 %).

## COMMENT ON THE MARKET

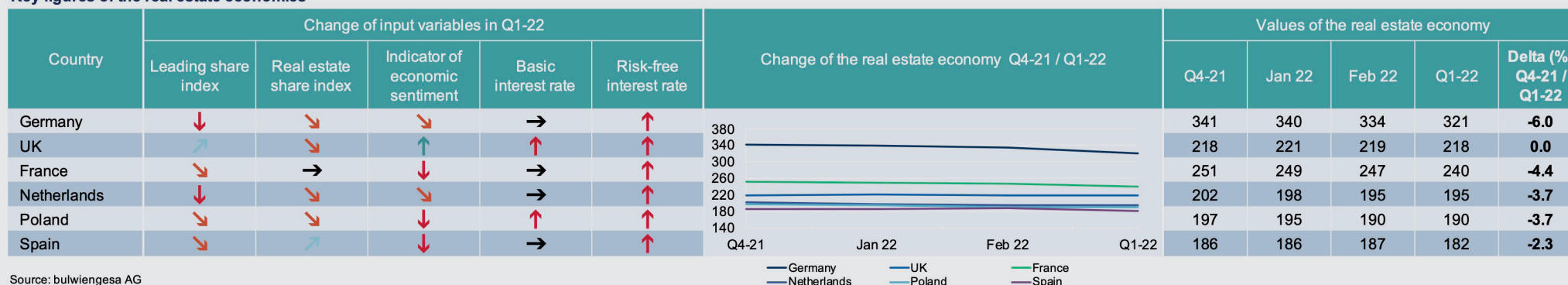


Beata Latoszek,  
Managing Director  
Office Warsaw

“The Polish real estate market is bucking the trend in these turbulent times. Right now, we see no signs of pessimism, with investor demand remaining high. Especially in the rental housing sector there is high activity due to rental housing only accounting for 10 % of the entire Polish housing market. Therefore, the potential in this sector is high. The high inflation rate, along with rising interest, is making it increasingly difficult for young people to buy property. What is more, Poland is seeing a massive wave of refugees from Ukraine, raising the necessity for new residential construction. Foreign investors are focusing on shopping centres in desirable locations in order to use the land to build housing. Astonishingly, they are now tearing down retail properties that are unprofitable despite being new in some cases. The combination of retail spaces on the ground floor and residential units on the floors above results in a good mix of usage types. A change can also be seen among domestic developers, who are undertaking major new construction projects despite the steep cost of zloty-based financing in order to offer housing rentals through their own platforms.”

*“Especially in the rental housing sector there is a high activity.”*

### 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**