



# REECOX

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DEUTSCHE HYPO  
REAL ESTATE ECONOMY INDEX

## 03-2022



Dear Readers,

REECOX continues its downward trajectory in the third quarter. For the third successive time, all the countries monitored by REECOX show a negative trend. At 213.0 points, the Euro Score is also at its lowest level in more than two years. This reflects the ongoing uncertainty facing European real estate markets due to the current economic and geopolitical situation. The unease in the market is plain to see, with all countries suffering significant falls in their share and real estate share indices, as well as in economic sentiment indicators.

This quarterly report for Q3/2022 is our last publication for the Deutsche Hypo REECOX. In future, we will focus on the Deutsche Hypo Immobilienklima, a monthly report that gauges sentiment in the German real estate sector by surveying around 1,200 real estate experts. We will continue to follow developments in the neighbouring European markets, but will present our coverage in a different format. However, our partner bulwiengesa plans to continue REECOX.

Kind regards,  
Frank Schrader

DEUTSCHE HYPO EURO-SCORE

# 213.0

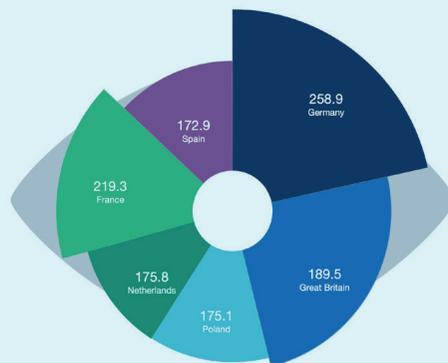
## REECOX EURO SCORE DOWN IN FOUR SUCCESSIVE QUARTERS

The European real estate index of the Deutsche Hypo REECOX (Euro Score) again posted a consistently negative performance in the third quarter of 2022. Following relatively modest losses in July (0.7 %) and August (1.5 %), the downward trend intensified in September in particular, with a decline of 4.9 %. Overall, the index fell by 7.0 % to roughly 213.0 points – a level last seen in July 2020.

REECOX UK suffered the second-highest decline among the European countries, dropping by 6.4 % to 189.5 points.

The downward trajectory of the REECOX index continued for the fourth quarter in a row. The REECOX Germany was once again bottom of the pile, experiencing a double-digit slump of 10.3 % to 258.9 points. Relatively minor losses were posted by the REECOX France (down 2.6 % to 219.3 points) and the REECOX Spain (down 2.9 % to 172.9 points). Poland (down 4.3 % to 175.1 points) and the Netherlands (down 4.7 % to 175.8 points) were in the mid-range of the overall negative trend. The

### 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 September 2022





## RECOX POLAND DOWN 4.3 %

The Polish real estate index recorded a loss of 4.3 % compared to the previous quarter, placing it in the mid-range of the Deutsche Hypo RECOX. A moderate decline in July (0.6 %) and a further drop in August (1.4 %) were followed by a comparatively sharp downturn of 2.4 % in September, which left the index at 175.1 points.

All input variables show a negative trend for the third successive quarter. Poland's blue-chip index WIG 20 continued its downward trajectory and again posted a double-digit loss of 18.8 % as against the previous quarter to stand at around 1,378 points. The key factors here were the losses in August (11.2 %) and September (9.8 %). The WIG Real Estate share index also continued to decline, dropping by 7.5 % compared to the previous quarter to finish Q3 at 2,358 points. Business sentiment in Poland has also displayed a continued downward trend since May. It was negative across all months in the third quarter, leading to a fall of 7.7 % over the quarter as a whole to 88.2 points.

## COMMENT ON THE MARKET

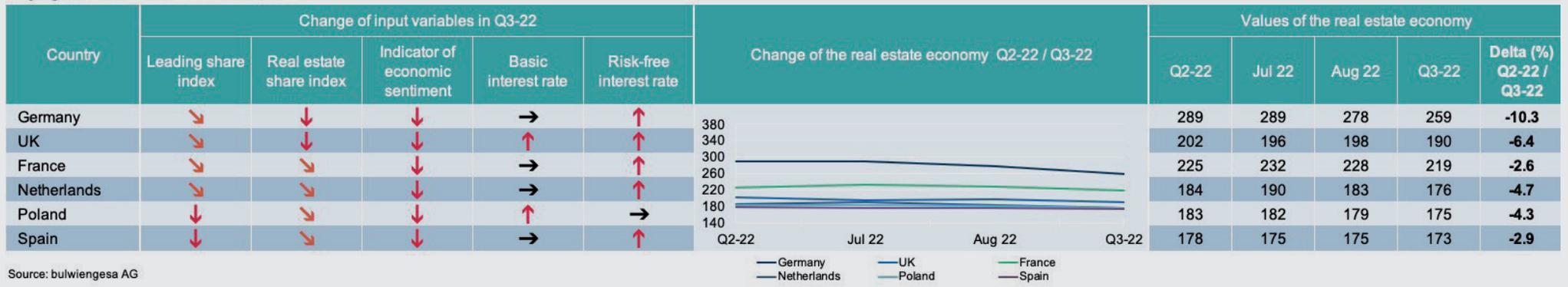


Beata Latoszek,  
Managing Director  
Office Warsaw

“High interest rates have caused demand for residential real estate to plummet, with the focus now shifting more to the rental segment instead. Rents are rocketing due to the low supply of housing. International investment funds see an opportunity here and are investing in ready-to-rent projects, which also represent a chance for developers – whose business has slumped by 40 % – to compensate for the decline in the construction of owner-occupied properties. The office market is proving stable and has seen only a slight increase in vacancy rates. As there are relatively few new builds, international investment funds are increasingly looking for old office properties in need of renovation and are prioritising those in central locations. The hotel sector performed very well in the third quarter. Times are still tough for business hotels, but the booming tourist demand has led to reports of occupancies at pre-pandemic levels. However, the outlook is less favourable due to the rising operating costs. As a result, hotel financing is difficult to obtain. Although the situation is challenging overall, the Polish real estate market remains attractive to foreign investors, and Polish market participants are creative and will overcome the crisis.”

*“The Polish real estate market remains attractive to foreign investors.”*

### Key figures of the real estate economies



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