EPRA
EUROPEAN PUBLIC REAL ESTATE ASSOCIATION

Monthly Market Review and Developers' Research Benchmark

January 2024

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index lost 2.4% compared to gains from both global equities (3.3%) and bonds (1 bps) for the month of January.

In terms of regional performance, all regions posted negative returns for the month: Europe (-2.9%), Asia (-2.0%), North America (-2.4%). Emerging markets (-4.5%) also returned negative.

Focusing on sector performance, all sectors returned negative except data centres (4.95%) as the top performer, followed by lodging/resorts (-19 bps), retail (-1.77%) and residential (-1.9%) with limited negative returns. Meanwhile, self-storage (-6.25%), specialty (-4.9%) and healthcare (-4.4%) were the bottom performers.

At the end of January, the FEN Developed Index totalled 367 constituents, representing a free float market capitalisation of around EUR 1.4 trillion and the FEN Emerging Index totalled 126 constituents, representing a free float market capitalisation of around EUR 117 billion.

EPRA Developers Research Benchmark

The EPRA Developers Research Benchmark is a non-commercial benchmark designed to allow its constituents to assess themselves against each other. The *Developed Europe benchmark* gained 3.2% (m-o-m) compared to a loss of 30 bps from *Developed Europe -ex UK benchmark* in January. The benchmark now has 29 constituents from 12 different countries in Developed Europe (18 out of the UK) representing an aggregated full market cap of EUR 47,741 million (31/01/2024) – *Details on page 5.*

Highlights of the Month

The markets are now aligned with the disinflationary process which is underway, and policy rate cuts over the next 12 months. The markets already reacted stronger than expected in the Q4-2023. The eurozone inflation is expected to be 2.8% in January, down from 2.9% in December and GDP remained stable in Q4-2023, which should ease some key headwinds and allow the ECB to cut interest rates earlier than the Fed and the BoE. The ECB (4.25%) and the BoE (5.25%) kept policy rates unchanged at the last meetings and the market consensus for rate cuts is Q2 for the ECB while late summer for the BoE.

Oxford Economics is expected that the positive interest rate backdrop combined with steep discounts-to-NAV, an attractive spread between implied LRE yields and direct market yields, combined with strong balance sheets, should allow European LRE performance this year to be positive overall (9.5%). The forecast for 5-year average return is 6.6% over 2024-2028.

The FEN Developed Europe Index started 2024 with losing a bit momentum and returned negative (-2.9%) in January. The average P/D to NAV in Europe stood at -31.3%, the lowest for industrial (-2.4%) and the highest for residential (-42.2%).
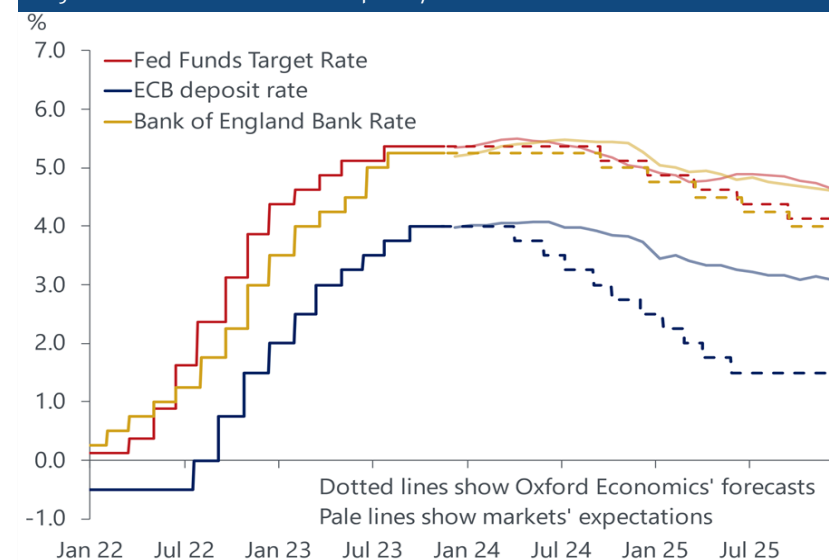
The European average LTV fell slightly from 39.0% to 38.9% in January, and also European companies' debt offering picked up with six new bonds, five of them green bonds (*more info on EPRA Monthly LTV Monitor and also you can read the latest research on 'Estimating a green premium in LRE bonds '*).

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)		Jan-24	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▼	-2.4	-2.4	4.9	2.0	6.4
Global Equities (FTSE)	▲	3.3	16.4	12.5	12.7	9.2
Global Bonds (JP Morgan)	▲	0.0	-0.5	-3.5	-0.8	2.0
Europe Real Estate	▼	-2.9	4.7	-4.2	-2.0	3.9
Europe Equities (FTSE)	▲	1.3	9.5	9.4	8.6	7.2
Europe Bonds (JP Morgan)	▲	1.1	3.2	-2.6	-0.7	3.3
Asia Real Estate	▼	-2.0	-7.6	-0.2	-1.8	3.5
Asia Equities (FTSE)	▲	2.7	9.4	6.5	8.7	9.8
Asia Bonds (JP Morgan)	▲	1.2	0.7	1.7	0.2	3.0
North America Real Estate	▼	-2.4	-2.0	9.3	4.3	8.3
North America Equities (FTSE)	▲	3.6	20.7	14.4	15.3	14.8
North America Bonds (JP Morgan)	▲	1.7	1.5	0.3	1.7	3.5
Emerging Real Estate	▼	-4.5	-11.8	-6.8	-6.6	2.8
Emerging Equities (FTSE)	▼	-1.6	-1.5	-1.8	3.5	6.2
Emerging Bonds (JP Morga	▲	0.8	6.0	0.5	1.9	5.3

(*) Annualised.

Fig. 1. Advanced Economies policy rate forecasts

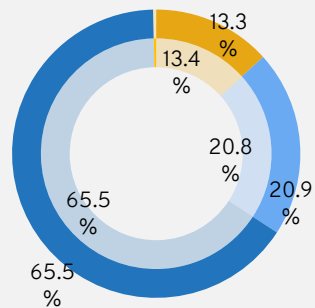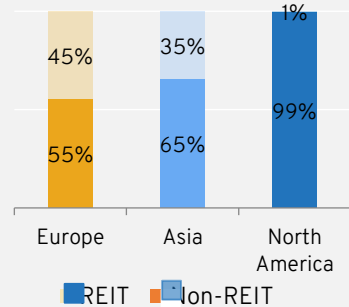Source: Oxford Economics.

Fig. 2. Global Weights (EUR)*

13.3%
13.4%
20.8%
20.9%
65.5%
65.5%

Fig. 3. REIT / Non-REITs

	Europe	Asia	North America
Non-REIT	45%	35%	1%
REIT	55%	65%	99%

Fig. 4. Focus Split

	Europe	Asia	North America
Non-Rental	5%	33%	0%
Rental	95%	67%	100%

Fig. 5. Dividend Yields*

Europe, Asia, North America
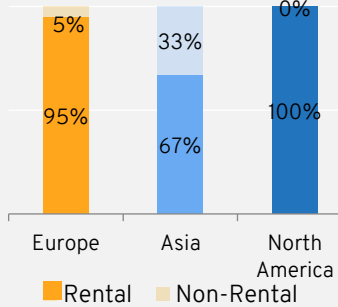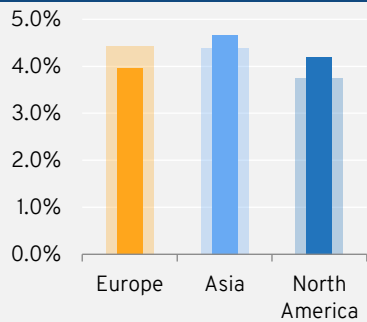
Fig. 6. Volatility (10 yr. & 3 yr.)**

Europe, Asia 11.3%, North America 19.4%

Fig. 7. Correlation (3 yr. rolling)

Real Estate vs Bonds, Real Estate vs Equities, Bonds vs Equities

(*) Shaded bars are last month's (**) Shaded bars are 10 yr.

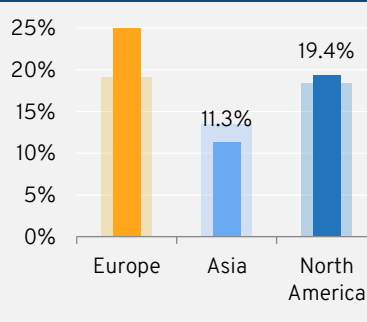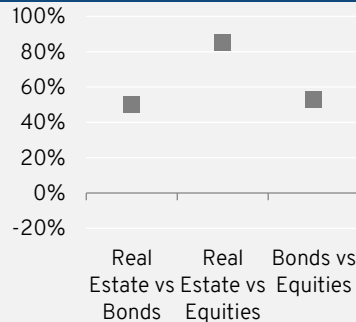| Dev. Europe:Total Return	Weekly Total Return by Sector				Ukraine war	Covid-19
	Jan-24	5-Jan	12-Jan	19-Jan	26-Jan	23-Feb-22	19-Feb-20
Developed Europe	-2.9%	-2.2%	-1.1%	-2.7%	2.5%	-21.4%	-28.0%
Self-Storage	-3.7%	-2.7%	-0.6%	-4.6%	3.9%	-19.0%	4.0%
Industrial	-1.3%	-1.2%	-1.0%	-2.6%	3.1%	-25.7%	2.6%
Diversified	-3.7%	-1.8%	-1.5%	-2.7%	2.0%	-17.4%	-28.8%
Retail	-1.4%	0.0%	-0.5%	-2.8%	1.8%	-2.3%	-31.3%
Residential	-0.6%	-3.4%	0.4%	-2.1%	2.8%	-31.7%	-32.8%
Office	-7.2%	-2.7%	-3.1%	-2.3%	1.6%	-15.9%	-34.8%
Healthcare	-4.4%	-0.9%	-0.3%	-4.9%	1.6%	-23.5%	-35.2%
Lodging/Resorts	-5.5%	-4.3%	-2.3%	-3.0%	3.2%	-1.9%	-37.1%

Source: EPRA Research. Data is compiled from the FEN Index series (as of January 31, 2024)

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country		Total Return
ProLogis USA	Industrial	USA	▼	-5.0%
Equinix Inc	Data Centers	USA	▲	3.0%
Welltower	Healthcare	USA	▼	-4.1%
Realty Income Corp.	Retail	USA	▼	-4.8%
Simon Property Group, Inc.	Retail	USA	▼	-2.8%
Public Storage, Inc.	Self-Storage	USA	▼	-7.2%
Digital Realty Trust	Data Centers	USA	▲	4.4%
Vici Properties Inc	Specialty	USA	▼	-5.5%
Extra Space Storage	Self-Storage	USA	▼	-9.9%
AvalonBay Communities, Inc.	Residential	USA	▼	-4.4%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country		Total Return
Net Lease Office Properties	Office	USA	▲	34.1%
Tricon Residential Inc	Residential	CAN	▲	22.7%
Sumitomo Realty & Dev Co Ltd	Diversified	JA	▲	11.5%
HULIC CO LTD	Diversified	JA	▲	10.9%
Japan Hotel REIT Investment	Lod/Resorts	JA	▲	9.7%
Nomura Real Estate Holdings	Diversified	JA	▲	9.5%
Tokyo Tatemono Co., Ltd.	Diversified	JA	▲	8.4%
Mitsui Fudosan Co., Ltd.	Diversified	JA	▲	7.8%
ESR Kendall Square REIT	Industrial	KOR	▲	6.8%
Mercialys	Retail	FRA	▲	6.3%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country		Total Return
China Resources Land Ltd	Diversified	CHN	▼	-15.7%
SM Prime Holdings	Diversified	PHIL	▲	4.1%
DLF	Diversified	IDA	▲	10.5%
China Overseas Land & Inv. Ltd.	Diversified	CHN	▼	-14.5%
Central Pattana Public Co. Ltd.	Diversified	THAI	▼	-7.5%
ALDAR PROPERTIES PJSC	Diversified	UAE	▼	-4.7%
Fibra Uno Administracion S.A. de C.V.	Diversified	MEX	▼	-4.3%
Ayala Land	Diversified	PHIL	▼	-1.0%
Embassy Office Parks REIT	Office	IDA	▲	10.6%
Corporacion Inmobiliaria Vesta	Industrial	MEX	▼	-2.9%

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index lost 2.9% compared to gains from European equities (1.3%) and bonds (1.1%) during January.

All country indexes returned negative except Ireland index (4.3%). Germany (-1.0%), Netherlands (-1.3%), the UK (-1.7%), France (-3.1%) and Sweden (-6.0%) indexes posted negative monthly returns in Developed Europe region – *in Euros*.
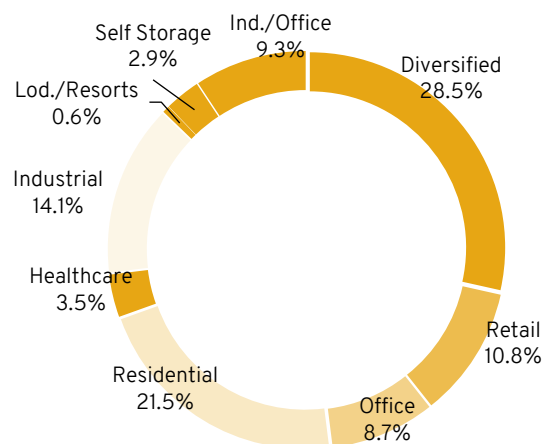
Sector Performance: All sectors returned negative which was limited for residential (-56 bps) as the top performer. Meanwhile office (-7.2%) and lodging/resorts (-5.5%) were the bottom performers.

Performance of Top 3 constituents: Mercialys (6.3%, France. Retail), Carmila SA (5.9%, France, Retail), NSI N.V. (5.5%, Netherlands, Office).

No major corporate actions in Developed Europe region.

Developed Europe representing a free float MCap of around EUR 193 billion with 107 constituents

FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index posted -2.0% for a month. Asian equities (2.7%) and bonds (1.2%) returned positive for the month.

Except Japan index (1.1%), all country indexes returned negative in Asia : Australia (-17 bps), South Korea (2.9%), Singapore (-3.83%) and Hong Kong (-10.16%) – *in Euros*.
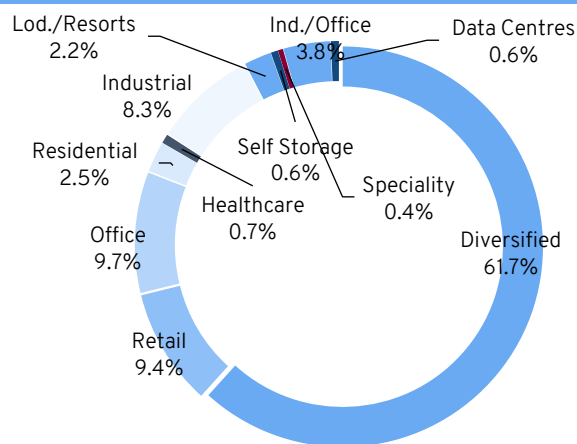
Sector Performance: All sectors returned negative which was limited for residential and retail (-4 bps, for each) as the top performers, while Industrial (-5.1%) and office (-3.9%) were the bottom performers.

Performance of Top 3 constituents: *Sumitomo Realty & Development Co Ltd* (11.5%, Japan, Diversified), *Hulic Co Ltd.* (10.9%, Japan, Diversified), *Japan Hotel REIT Investment* (9.7%, Japan, Lodging/Resorts).

OUE Commercial Real Estate Investment Trust (Singapore) renamed *OUE Real Estate Investment Trust* in Developed Asia region.

Developed Asia representing a free float MCap of around EUR 303 billion with 134 constituents

FTSE EPRA Nareit North America Index

The FEN North America Index returned -2.4% for the month. North American equities (3.6%) and bonds (1.7%) posted positive returns. The Canada index (62 bps) gained compared to a loss from the US index (-2.5%) the month – *in Euros*.

Sector Performance: Data centres (5.25%) outperformed, followed by lodging/resorts (14 bps) and the remaining sectors returned negative which industrial/office (-10.5%) and self-storage (-6.5%) were the bottom performers.
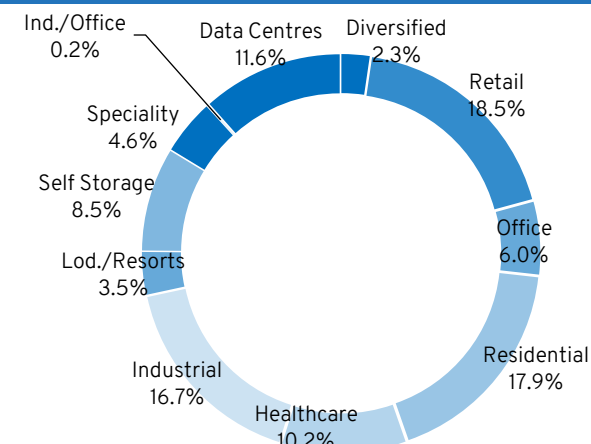
Performance of Top 3 constituents: *Net Lease Office Properties* (34.1%, USA, Office), *Tricon Residential Inc.* (22.7%, Canada, Residential), *Kiliam Apartment REIT* (4.6%, USA, Canada, Residential).

Subject to the completion of the merger between Realty Income (USA, constituents) which remained in the index, *Spirit Realty Capital* (USA) was deleted from the index.

Following the completion of the merger between Kimco Realty CP (USA, constituents) which remained in the index, *RPT Realty* (USA) was deleted from the index.

Developed North America representing a free float MCap of around EUR 949 billion with 123 constituents

Developed Europe Sector Split

- Self Storage 2.9%
- Ind./Office 9.3%
- Lod./Resorts 0.6%
- Diversified 28.5%
- Industrial 14.1%
- Healthcare 3.5%
- Residential 21.5%
- Retail 10.8%
- Office 8.7%

Developed Asia Sector Split

- Lod./Resorts 2.2%
- Ind./Office 3.8%
- Data Centres 0.6%
- Industrial 8.3%
- Residential 2.5%
- Self Storage 0.6%
- Office 9.7%
- Healthcare 0.7%
- Speciality 0.4%
- Retail 9.4%
- Diversified 61.7%

North America Sector Split

- Ind./Office 0.2%
- Data Centres 11.6%
- Diversified 2.3%
- Speciality 4.6%
- Retail 18.5%
- Self Storage 8.5%
- Office 6.0%
- Lod./Resorts 3.5%
- Industrial 16.7%
- Residential 17.9%
- Healthcare 10.2%

EPRA Developers Research Benchmark
Wednesday, 31 January 2024

Source: EPRA

(30/Sep/16 = 1,000)

Legend: EPRA Developers Research Benchmark (blue), EPRA Developers ex UK Research Benchmark (yellow). Values: 1,503.4 and 924.93
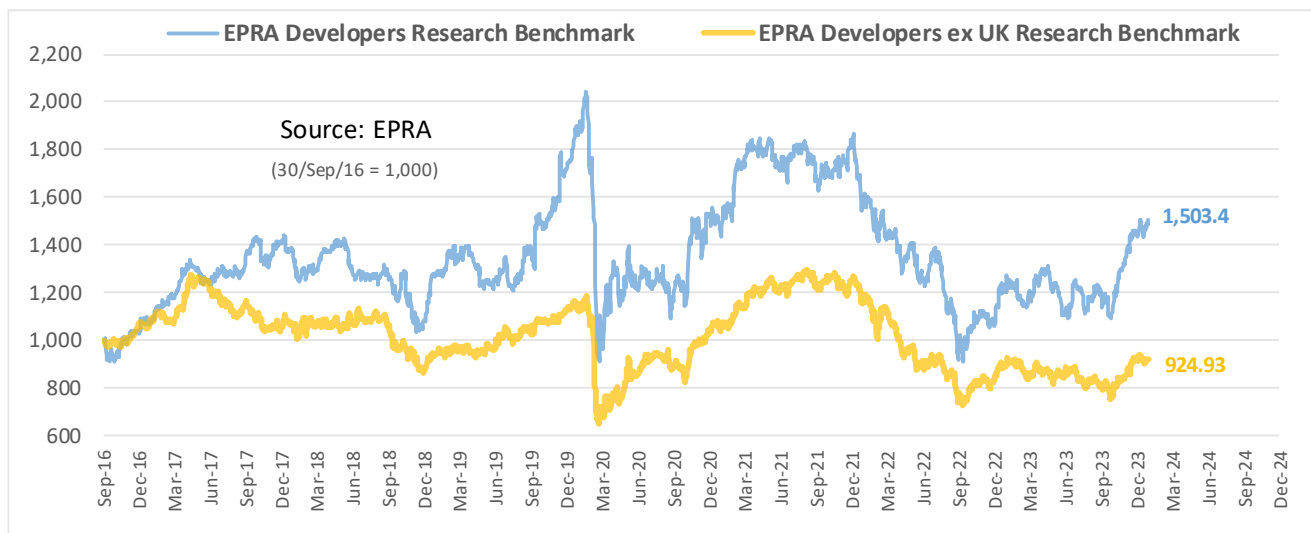
EPRA DEVELOPERS RESEARCH BENCHMARK	Developed Europe			Developed Europe ex UK		
	1M	YTD	1 Year	1M	YTD	1 Year
Total Return	3.2%	3.2%	24.7%	-0.3%	-0.3%	4.1%

Return	YTD	6M	5 Years	YTD	6M	5 Years
Total Return	3.2%	22.3%	16.6%	-0.3%	7.7%	-1.9%
Maximum Return	2.8%	4.9%	11.6%	2.0%	5.6%	5.6%
Minimum Return	-2.6%	-3.7%	-13.2%	-1.8%	-3.4%	-12.5%
Mean Return (Annualized)	70.5%	81.1%	11.9%	-4.0%	25.7%	2.6%
Maximum Drawdown	-4.5%	-11.5%	-55.3%	-3.9%	-11.2%	-45.1%
Maximum Drawdown Length	5	25	690	9	29	22

Risk	YTD	6 Months	5 Years	YTD	6 Months	5 Years
Standard Deviation (Annualized)	22.2%	23.4%	31.5%	13.7%	18.7%	20.8%
Downside Risk (Annualized)	16.0%	15.9%	22.1%	9.7%	12.1%	15.8%
Kurtosis	-0.61	0.69	6.50	0.00	0.04	0.13
Skewness	-0.07	0.30	0.12	0.00	0.01	-0.01
Semivariance (Annualized)	22.6%	21.8%	31.0%	14.3%	16.8%	22.8%
VaR (ex-post)	-2.15	-2.14	-2.98	-1.12	-1.58	-1.94

Risk-Adjusted Performance	YTD	6 Months	5 Years	YTD	6 Months	5 Years
Sharpe Ratio	1.91	2.10	0.25	-0.50	0.75	0.06

The **EPRA Developers Research Benchmark** is an equity index aiming to represent the aggregated performance of the most significant and liquid real estate developers in Europe, including both residential and commercial developers.

This is a benchmark developed for research purposes only, using free float market cap as the main input for computing index weights. The final list of constituents has been filtered applying a comprehensive methodology that combines both market and real estate criteria to determine the best companies to represent the sector. **Two sub-indexes are also computed:** 1) Liquid Developers (FFMC > EUR 500M) and 2) Residential Developers

Key Features

Benchmark Type: Equity Index

Industry: Real Estate Developers

Launch Date: 31/Dec/2021

Geography: Developed Europe

Weights Input: FF Market cap

Base Currency: EUR

Base Date: 30/Sep/2016
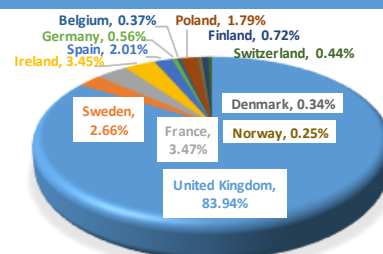
Base Value: 1,000

Review Dates: April, October

EPRA Developers Research Benchmark
Wednesday, 31 January 2024

Constituent	Classification	Weight	Country	TR 1M	TR 1Y	Std.Dev
BARRATT DEV	Residential	14.64%	UK	-2.4%	31.1%	26.5%
TAYLOR WIMPEY PL	Residential	14.30%	UK	2.4%	41.9%	25.9%
BERKELEY GROUP	Residential	13.73%	UK	4.1%	23.7%	21.7%
PERSIMMON	Residential	12.90%	UK	7.0%	14.6%	37.7%
VISTRY GROUP PLC	Residential	10.36%	UK	11.3%	45.3%	36.8%
BELLWAY PLC	Residential	9.76%	UK	9.2%	43.1%	27.9%
REDROW PLC	Residential	5.15%	UK	-0.5%	27.7%	29.2%
CREST NICHOLS	Residential	1.49%	UK	-2.0%	-3.5%	39.9%
HARWORTH GROUP P	Diversified	0.71%	UK	12.5%	21.4%	38.6%
MJ GLEESON PLC	Residential	0.60%	UK	-1.7%	24.5%	32.6%
WATKIN JONES PLC	Residential	0.30%	UK	-13.7%	-52.1%	65.9%
NEXITY	Residential	1.53%	France	-8.1%	-37.6%	39.9%
ALTAREA	Residential	0.96%	France	1.2%	-29.2%	31.0%
KAUFMAN & BROAD	Residential	0.98%	France	-8.8%	3.6%	28.7%
NEINOR HOMES SA	Residential	0.78%	Spain	-1.1%	17.9%	25.3%
METROVACESA SA	Residential	0.80%	Spain	0.1%	28.8%	18.6%
AEDAS HOMES SA	Residential	0.42%	Spain	-3.0%	31.7%	27.7%
IMMOBEL	Diversified	0.29%	Belgium	-6.5%	-37.0%	39.5%
ATENOR	Diversified	0.09%	Belgium	-11.3%	-75.2%	77.8%
GLENVEAGH PROPER	Residential	1.67%	Ireland	0.5%	30.3%	24.5%
CAIRN HOMES	Residential	1.78%	Ireland	6.4%	53.6%	24.6%
DEVELIA SA	Diversified	1.11%	Poland	9.2%	124.2%	35.7%
DOMDEV	Residential	0.68%	Poland	9.5%	97.0%	30.1%
HUSCIET A/S	Residential	0.34%	Denmark	1.1%	4.6%	38.7%
YIT OYJ	Diversified	0.72%	Finland	-0.5%	-20.5%	35.5%
INSTONE REAL EST	Residential	0.56%	Germany	10.1%	-8.5%	39.0%
SELVAAG BOLIG AS	Residential	0.25%	Norway	-5.8%	1.8%	36.7%
JM AB	Residential	2.66%	Sweden	-4.7%	-3.8%	52.0%
CHAM GROUP AG	Diversified	0.44%	Switzerland	-3.2%	4.5%	24.7%

Developers Sub-Indexes: Risk and Return	YTD	6 Months	5 Years	Sharpe	5Y Max. Drawdown	
Liquid Developers: Total Return	3.6%	24.5%	15.9%	0.25	-56.1%	690 Days
Standard Deviation (Annualized)	23.6%	25.0%	32.6%			
Residential Developers: Total Return	3.1%	23.2%	15.6%	0.25	-55.6%	690 Days
Standard Deviation (Annualized)	22.7%	24.0%	32.0%			

Belgium, 0.37%   Poland, 1.79%
Germany, 0.56%   Finland, 0.72%
Spain, 2.01%   Switzerland, 0.44%
Ireland, 3.45%
Sweden, 2.66%   Denmark, 0.34%
France, 3.47%   Norway, 0.25%
United Kingdom, 83.94%

Eligibility Criteria

EBITDA: ≥ 50% from Property Development
EBITDA: ≥ 75% from Real Estate Activities

Size: > 0.30% of the Benchmark size and Minimum of EUR 150 Million in FFMC

Liquidity: ≥ 0.05% of their (FF) shares in issue based on their median daily trading volume per month

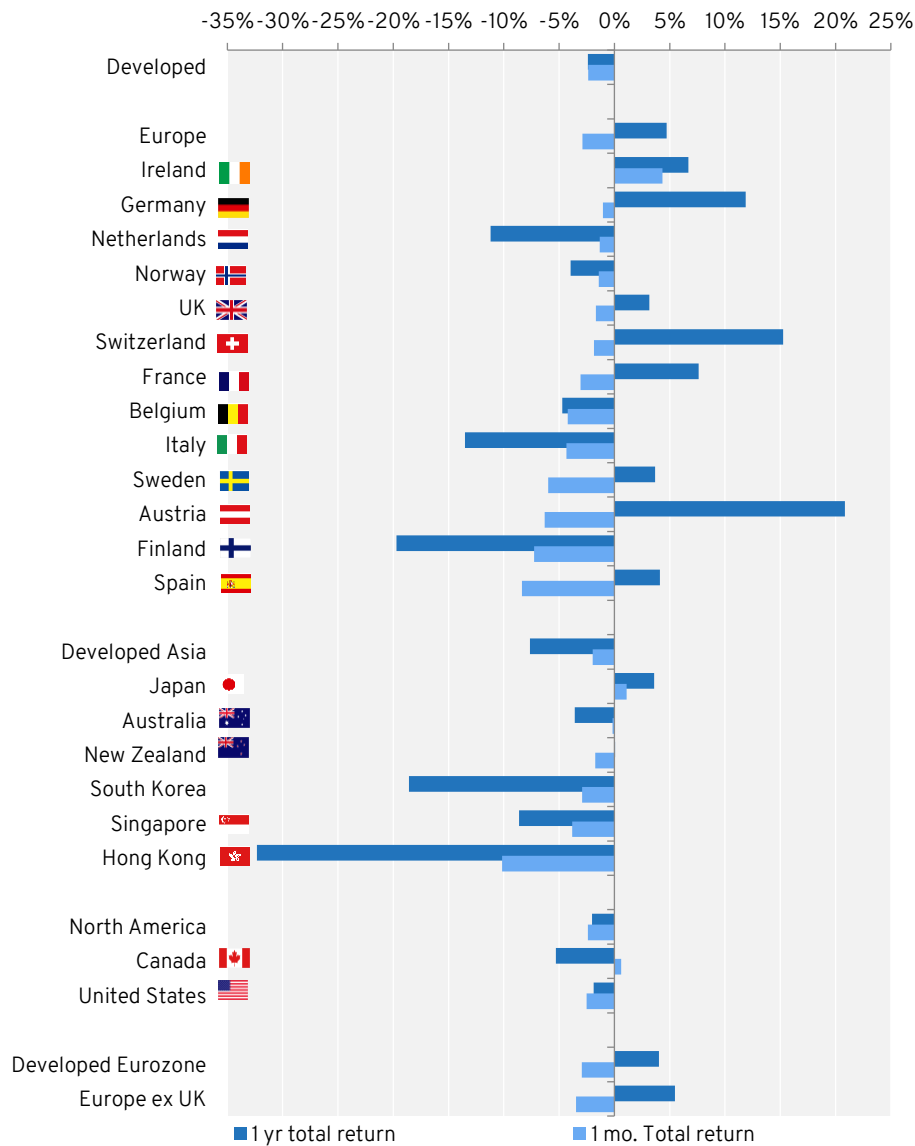**Reporting:** public AR in English (Full set of audited FS, notes and Mgt Report)

Geography: ≥ 75% EBITDA from Developed countries

Assets: ≥ 50% of Total Tangible Assets invested in RE. No Holding structures.

Eligible Markets: Premium and main trading segments of official stock exchanges.

Data Availabilty: Monthly computations. Perfomance figures available on this report. Raw data accessible on demand at research@epra.com

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REAL ESTATE ASSOCIATION

FTSE EPRA Nareit Monthly Index Performances (EUR)

Chart categories (top to bottom): Developed, Europe, Ireland, Germany, Netherlands, Norway, UK, Switzerland, France, Belgium, Italy, Sweden, Austria, Finland, Spain, Developed Asia, Japan, Australia, New Zealand, South Korea, Singapore, Hong Kong, North America, Canada, United States, Developed Eurozone, Europe ex UK

Axis: -35% -30% -25% -20% -15% -10% -5% 0% 5% 10% 15% 20% 25%

Legend: ■ 1 yr total return ■ 1 mo. Total return

Source: FTSE EPRA Nareit (as of January 31, 2024)

Link to Reports & Contacts

Monthly Statistical Bulletin

Monthly Published NAV Bulletin

Monthly LTV Report

Visit our website to read our reports: Monthly Reports

To read articles on the: Blog

Index Ground Rules Version 11.8

Property Portfolio Analysis (end of 2022)

Emerging Markets 2023

Sector Analysis: Office (Aug-21)

Total Markets Table 2023-Q4 (quarterly)

Explore our interactive infographic
Global Real Estate Total Markets Table

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EPRA Education Programmes

For more information about the Education programmes, contact: education@epra.com and follow updates on the website.
EPRA INSEAD Executive Education Programme

Held in partnership with INSEAD, the Executive Programme is a unique, intensive course that covers the latest trends shaping the listed real estate sector, such as e-commerce and logistics, digitalisation and data analytics. The fourth edition will be June 18-20, 2024 at INSEAD Fontainebleau campus.

EPRA Bayes Business School Online Programme, Understanding the REIT price

An online programme dedicated to understanding the listed real estate market, the fourth edition will start in Autumn 2024.

EPRA Research Webinar Series

We are pleased to host three webinars for the EPRA Research Webinar Series dedicated to research papers under EPRA Academic Research Programme 2023. The key findings will be presented by the authors and the implications for LRE will be discussed. Upcoming webinars : you can register via QR codes and follow on the website.

EPRA Research Webinar Series : *2023 Academic Research Papers*

Measuring Connectedness and Systemic Risk in the European Listed Real Estate Sector (Bayes)
February 28, 2024

Varying Interest Rate Sensitivity of Different Real Estate Sectors: Evidence from Global Listed Real Estate (WSU)
March 26, 2024

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