



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

August 2019

September
2019

Overview

During August 2019, the FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 3.1%, resulting in a 22.3% year-to-date (YTD) return. Global bonds posted a 2.9% return compared to a loss of 2.0% from global equities.

Focusing on regional performances, real estate markets in Europe, North America and Asia posted positive returns of 3.3%, 4.1%, and 0.5%, respectively. Meanwhile Emerging markets lost 6.9% for the month.

In terms of sector performance, the FEN Global Developed Self Storage Index recorded the highest return with 9.5%, followed by healthcare and residential indexes with a return of 8.8% and 5.5%, respectively. Focusing on YTD performances, industrial, self-storage and healthcare were the best performers, posted returns of 41.2%, 36.4% and 30.5%, respectively.

Highlights of the Month

August performance in Europe

During August, European lodging/resort sector posted the highest return of 7.8%, followed by healthcare and self-storage with a return of 6.9% and 5.7%, respectively. Both strong demand and supply growth supported European hotel industry. Similarly, healthcare and self-storage sectors were outperformers, linked to positive impact of demographic trends.

European hotel sector

According to STR data, Europe's hotel industry posted positive results in the three key performance metrics; occupancy, average daily rate (ADR) and revenue per available room (RevPAR), during the first seven months. These key performance metrics in the selected major European cities are given in the table. In terms of YTD RevPAR growth; Berlin, Brussels and London were outperformers, posted above European average growth.

Outperforming sectors in Europe (YTD)

Based on YTD returns, industrial/office (34.0%), healthcare (33.7%), industrial (33.4%), self-storage (27.7%), lodging/resort (26.7%), office (25.4%) were the best performers in Europe (Fig.8), where the FEN Developed Europe index increased 13.8% during the same period. The outperformance of the emergent sectors became more apparent, on the other hand, industrial and office sectors were the most appealing traditional sectors providing higher returns.

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Aug-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 3.1	22.3	15.3	5.8	9.8	12.8
Global Equities (FTSE)	▼ -2.0	14.9	1.2	10.3	7.8	10.1
Global Bonds (JP Morgan)	▲ 2.9	8.8	10.4	2.5	3.6	3.8
Europe Real Estate	▲ 3.3	13.8	0.9	4.1	7.5	10.5
Europe Equities (FTSE)	▼ -3.1	11.0	-2.3	7.5	2.5	5.0
Europe Bonds (JP Morgan)	▲ 2.7	10.7	12.0	2.8	4.3	4.9
Asia Real Estate	▲ 0.5	18.0	19.1	7.2	7.7	9.8
Asia Equities (FTSE)	▼ -3.2	6.0	-5.6	7.2	5.2	6.9
Asia Bonds (JP Morgan)	▲ 1.7	5.5	7.2	1.9	3.1	2.9
North America Real Estate	▲ 4.1	26.9	18.1	5.6	11.5	16.0
NA Equities (FTSE)	▼ -1.6	18.3	2.9	12.5	9.6	12.9
NA Bonds (JP Morgan)	▲ 3.6	9.0	10.8	2.6	3.2	3.4
Emerging Real Estate	▼ -6.9	10.7	8.0	9.8	8.9	
Emerging Equities (FTSE)	▼ -4.4	6.5	-0.6	6.4	1.2	
Emerging Bonds (JP Morgan)	▲ 0.5	12.5	13.1	4.1	4.7	

(*) Annualised.

Key performance metrics in major European Cities (YTD as of July '19)*

	Occupancy (%)	ADR (EUR)	RevPAR (EUR)	RevPAR Growth (YTD, %)
Berlin	77.4	97.8	75.7	5.6
Brussels	73.3	119.5	87.5	7.3
Copenhagen	75.5	131.2	99.1	-6.1
Frankfurt	68.6	118.6	81.3	-4.6
Helsinki	66.5	114.1	75.8	0.9
London	82.1	171.2	140.6	4.6
Oslo**	67.0	117.5	79.1	-3.7
Stockholm**	72.0	122.8	88.4	-2.2
EU average	71.1	112.1	79.7	2.2

Source: STR, Nordic Hotel Consulting.

(*) The selected key cities covering Pandox AB (lodging/resort, Sweden) hotel portfolio in Europe.

(**) 2019H1 figures.

Fig. 1. Global Weights (EUR)*

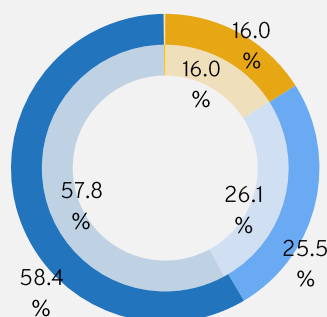


Fig. 2. REIT / Non-REITs

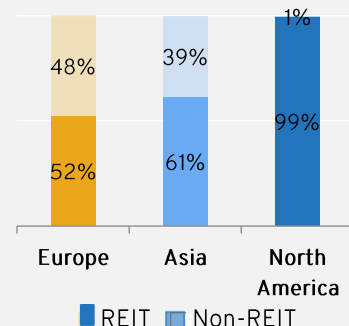


Fig. 3. Focus Split

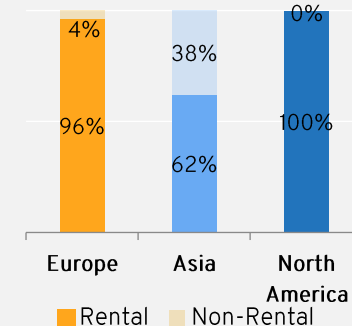


Fig. 4. Index Turnover (EUR, billion)*

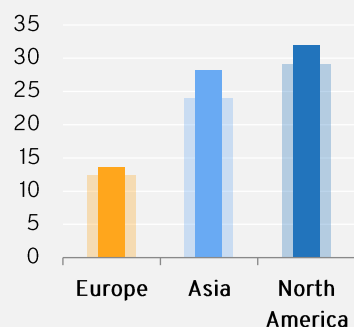


Fig. 5. Dividend Yields*

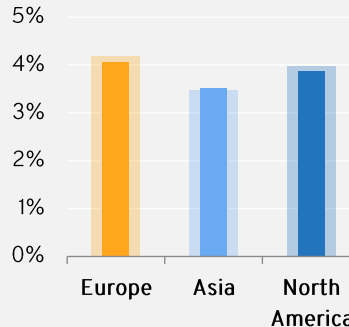


Fig. 6. Volatility (10 yr. & 3 yr.)**

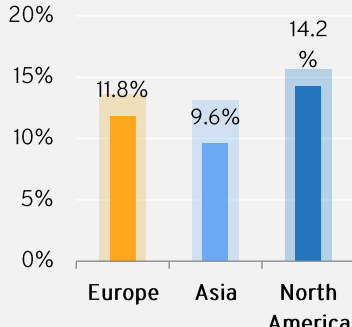


Fig. 7. Correlation (3 yr. rolling)

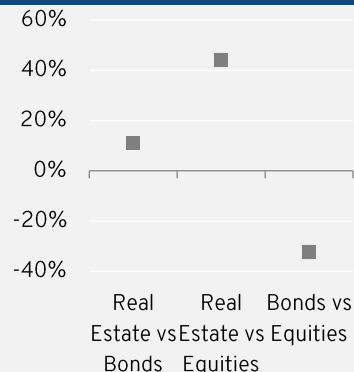
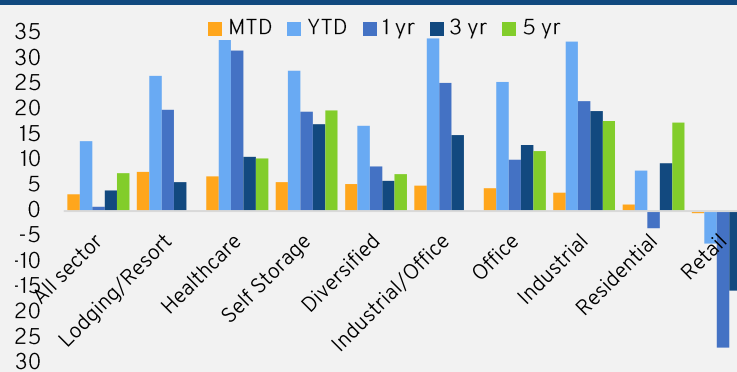


Fig. 8. Developed Europe Return by Sector (%)



FTSE EPRA Nareit Developed Europe - Selected Country Indices

% Total Returns	Aug-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	3.3	13.8	0.9	4.1	7.5	10.5
Europe ex UK (EUR)	3.5	16.0	3.0	5.8	10.6	11.5
UK (GBP)	2.3	8.7	-4.2	1.7	3.1	7.8
France (EUR)	2.9	21.3	0.2	1.3	5.2	9.4
Netherlands (EUR)	-1.3	-6.0	-27.7	-15.3	-5.5	-0.6
Germany (EUR)	1.3	7.3	-3.1	8.5	16.7	15.5

FTSE EPRA Nareit Developed Asia - Selected Country Indices

% Total Returns	Aug-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	0.5	18.0	19.1	7.2	7.7	9.8
Hong Kong (HKD)	-9.4	-0.2	-1.6	6.2	3.6	5.5
Japan (JPY)	3.2	15.6	15.8	7.7	3.2	8.0
Australia (AUD)	0.4	23.2	21.0	9.2	13.4	12.5
Singapore (SGD)	1.1	22.2	17.3	12.4	7.8	7.6

FTSE EPRA Nareit North America - Country Indices

% Total Returns	Aug-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	3.0	22.2	11.8	5.2	7.6	12.9
United States (USD)	3.1	22.2	11.7	5.0	7.8	13.1
Canada (CAD)	3.5	19.7	14.7	10.9	8.9	12.5

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Aug-19	YTD	1 yr	3 yrs*	5 yrs*
Emerging EMEA (EUR)	-10.6	-4.7	-7.9	-5.3	-2.0
Emerging Europe (EUR)	-6.7	14.5	20.4	-19.8	-12.7
Emerging MEA (EUR)	-10.8	-5.2	-8.9	-3.2	-0.5
Emerging Asia Pacific (EUR)	-7.2	10.2	6.0	13.1	14.1
Emerging Americas (EUR)	-2.2	29.6	41.8	5.6	-4.2

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

FTSE EPRA Nareit Developed Index

During August 2019, the FEN Developed Index increased by 3.1%, compared to a gain of 2.9% from global bonds and 2.0% lost from global equities. In terms of regional performances, all real estate markets posted positive monthly returns; North America, Europe and Asia increased by 4.1%, 3.3% and 0.5%, respectively.

Over a one-year period, global real estate investments posted a 15.3% return compared to a gain of 1.2% and 10.4% from global equities and global bonds, respectively. Annualised ten-year rolling returns for real estate investments stand at 12.8%, compared to general equities and bonds returning 10.1% and 3.8% respectively.

The European countries were the top performers in Developed markets; Sweden (8.1%), Switzerland (11.4%) and Finland (7.4%) posted the highest monthly returns in August.

The top performing sectors in Developed markets were self-storage (9.5%), healthcare (8.8%) and residential (5.5%).

At the end of August 2019, the FEN Developed Index counted a total of 334 constituents, representing a free float market capitalisation of around EUR 1,429 billion.

FTSE EPRA Nareit Emerging Index

During August 2019, the FEN Emerging Index lost 6.9%, while emerging equities lost 4.4% and bond markets gained 0.5%.

Over a one-year period, emerging real estate investments posted an 8.0% return, while emerging equities lost 0.6% compared to a gain of 13.1% from emerging bonds.

The top performing countries in Emerging markets were Mexico (6.8%) and Chile (3.7%), while the rest of the emerging countries posted negative returns during August.

The top performing sectors in Emerging markets were lodging/resort (17.0%) and industrial (4.2%).

Aliansce Shopping Centers (Brazil) has been deleted from the index, after the completion of the merger with Sonae Sierra Brasil (Brazil). Sonae Sierra has a name change to Aliansce Sonae.

At the end of August 2019, the FEN Emerging Index counted a total of 142 constituents, representing a free float market capitalisation of over EUR 158 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 3.7%
Simon Property Group, Inc.	Retail	USA	▼ -8.2%
Public Storage, Inc.	Self Storage	USA	▲ 9.1%
Welltower Inc.	Healthcare	USA	▲ 7.8%
Equity Residential Properties Trust	Residential	USA	▲ 7.4%
AvalonBay Communities, Inc.	Residential	USA	▲ 1.8%
Ventas, Inc.	Healthcare	USA	▲ 9.1%
Vonovia SE	Residential	GER	▲ 2.4%
Digital Realty Trust	Diversified	USA	▲ 8.1%
Link REIT	Retail	HK	▼ -3.7%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Investment Ltd.	Residential	CHN	▼ -7.8%
China Resources Land Ltd	Residential	CHN	▼ -5.5%
Country Garden Holdings	Residential	CHN	▼ -8.7%
Sunac China Holdings (P Chip)	Diversified	CHN	▼ -12.3%
Ayala Land	Diversified	PHIL	▼ -5.0%
SM Prime Holdings	Diversified	PHIL	▼ -3.3%
Longfor Properties Co. Ltd.	Diversified	CHN	▼ -4.3%
China Vanke Co., Ltd (H)	Residential	CHN	▼ -8.6%
Central Pattana Public Company Ltd.	Retail	THAI	▼ -8.2%
Evergrande Real Estate Group	Diversified	CHN	▼ -22.3%

FTSE EPRA Nareit Developed Index – Top 10 Performer

Company	Sector	Country	Total Return
CyrusOne	Diversified	USA	▲ 28.0%
Catena AB	Industrial	SWED	▲ 20.8%
DIC Asset AG	Diversified	GER	▲ 20.7%
Hemfosa Fastigheter	Diversified	SWED	▲ 13.6%
Leasinvest Real Estate	Diversified	BELG	▲ 13.3%
Independence Realty Trust	Residential	USA	▲ 12.6%
Swiss Prime Site AG	Diversified	SWIT	▲ 12.5%
WDP	Industrial	BELG	▲ 12.2%
Omega Healthcare Investors, Inc.	Healthcare	USA	▲ 12.1%
Wihlborgs Fastigheter AB	Diversified	SWED	▲ 11.8%

FTSE EPRA Nareit Developed Europe Index

During August 2019, the FEN Developed Europe Index increased by 3.3%, while Europe equities lost 2.0% and bonds gained 2.9%.

The France Index and the UK Index gained 2.9% and 2.3%, respectively; compared to a loss in the Netherlands Index of 1.3%. Meanwhile the Germany Index posted a 2.7% return.

Performance of Top 3 sectors: lodging/resort (7.8%), healthcare (6.9%), self-storage (5.7%).

Performance of Top 3 constituents: Catena AB (20.8%, Sweden), DIC Asset AG (20.7%, Germany), Hemfosa Fastigheter (13.6%, Sweden).

FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index gained 0.5%, while Asia equities lost 3.2% and bonds gained 2.7%.

The Japan Index, the Singapore Index and the Australia Index posted positive returns of 3.2%, 1.1% and 0.4%, respectively. Meanwhile, the Hong Kong Index lost 9.4%.

Hulic (Japan, Non-REIT) acquired Nippon View Hotel (Japan, non-constituent), Hulic remained in the index with an increased shares in issue total from 657,404,510 to 662,752,038 and an increased investability weighting from 53.91% to 54.28%.

Performance of Top 3 sectors: residential (7.4%), industrial (3.1%), office (2.7%).

Performance of Top 3 constituents: Mapletree Commercial Trust (11.3%, Singapore), GLP J-REIT (10.2%, Japan), Nippon Prologis REIT (10.0%, Japan).

FTSE EPRA Nareit North America Index

The FEN North America Index gained 3%, compared to a gain of 3.6% from bonds and a loss of 1.6% from equities, during August 2019.

The U.S. Index and the Canada Index posted positive returns of 3.1% and 3.5%, respectively.

Performance of Top 3 sectors: self-storage (9.8%), healthcare (8.9%), residential (6.9%).

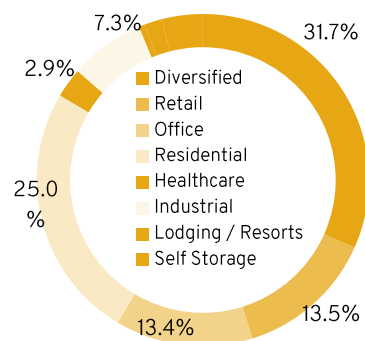
Performance of Top 3 constituents: Cyrus One (28.0%, USA), Independence Realty Trust (12.6%, USA), Omega Healthcare Investors Inc. (12.1%, USA).

Developed Europe representing a free float MCap of over **EUR 229 billion** with **106 constituents**

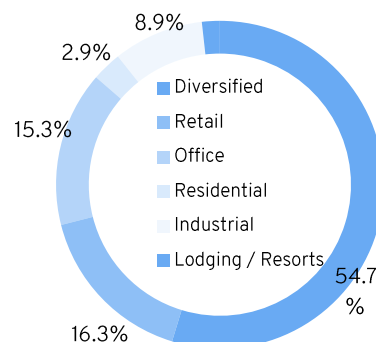
Developed Asia representing a free float MCap of over **EUR 371 billion** with **81 constituents**

Developed North America representing a free float MCap of over **EUR 827 billion** with **146 constituents**

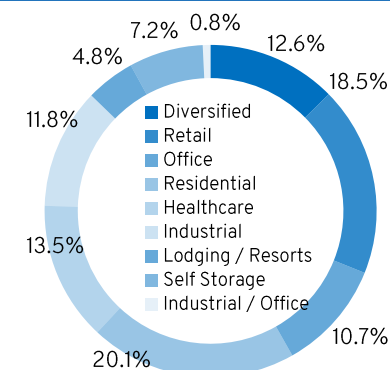
Developed Europe Sector Split



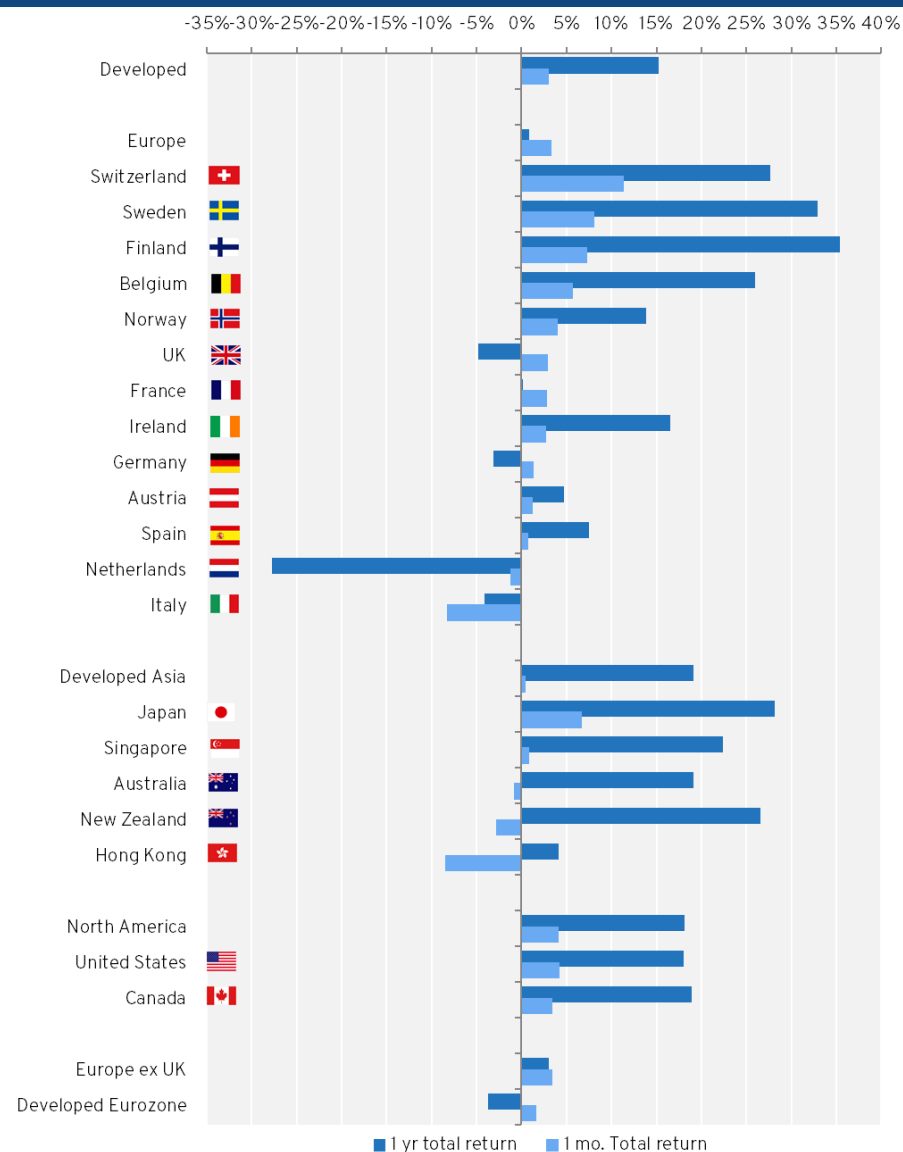
Developed Asia Sector Split



North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of August 30, 2019

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EPRA CONTACTS:

Dilek Pekdemir, PhD.

Research Manager

d.pekdemir@epra.com

Ali Zaidi

Director Research & Indices

a.zaidi@epra.com

Inna Maslova

Senior Analyst Indices & Research

i.maslova@epra.com

David Moreno

Senior Analyst Indices & Research

d.moreno@epra.com



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