



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

September 2019

October
2019

Overview

During September 2019, the FTSE EPRA Nareit (FEN) Global Developed Real Estate Index increased by 3.5%, resulting in a 26.6% year-to-date (YTD) return. Global bonds lost 0.8%, while global equities posted a 2.4% return in September.

Focusing on regional performances, real estate markets in Europe, North America and Asia posted a return of 4.6%, 3.8%, and 2.0%, respectively. Meanwhile Emerging markets gained 2.8% for the month.

In terms of sector performance, the FEN Global Developed lodging/resorts Index recorded the highest return with 6.8%, followed by diversified (5.7%) and industrial/office (3.8%). Focusing on YTD performances, industrial (44.9%), industrial/office (35.3%) and healthcare (34.7%) are the best performers.

Highlights of the Month

Index Highlights : 2019-Q3 Review

During quarterly review in September, nine companies were added, and five companies were deleted from the Developed index, whereby there were seven additions and nine deletions in Emerging index. In addition, one company's nationality was reclassified, moving from Hong Kong to China, therefore it was moved from the Developed Index into the Emerging Index. The Emerging markets exhibited significant changes, including the inclusion of the first Czech constituent (VGP) and two additional Saudi REITs. Saudi Arabia is now represented with six constituents in the index series.

Another major change in the index series was the introduction of two additional categories for the sector classification, 'Data Centers' and 'Specialty'. A total of six North American constituents have been reclassified from Diversified to Data Centres (CyrusOne, Digital Realty Trust, QTS Realty Trust) and to Specialty (EPR Properties, Gaming & Leisure Properties, Vici Properties).

Detailed information on additions and deletions is given in the related sections.

The Sector Performances in Europe

The performance of the retail sector, which suffered losses of 14.8% an annual basis, has reversed by delivering the highest return with 12.3% in September. Other best performers were industrial (4.2%) and diversified (4.0%), the rest of the sector indexes also posted positive returns. Although self-storage sector performed relatively weaker with a return of 0.6%, the YTD return stands at 28.5% (Fig. 1.)

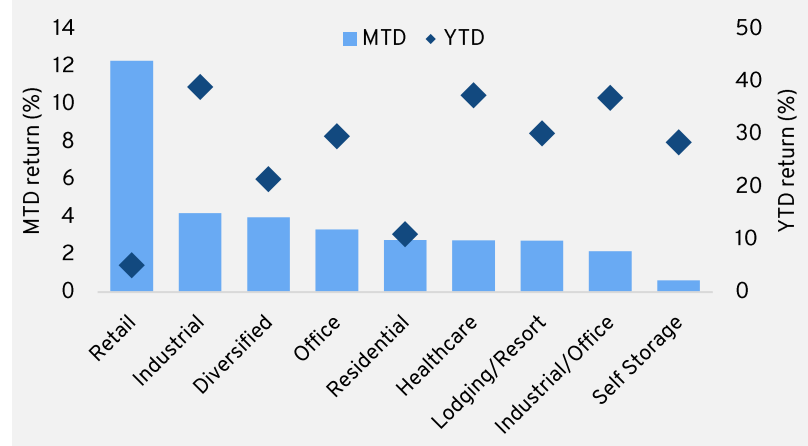
Based on YTD returns, industrial (39.0%), healthcare (37.4%), industrial/office (36.9%) and lodging/resort (30.2%) were the best performers in Europe, where the FEN Developed Europe index increased 19.0% during the same period.

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Sep-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 3.5	26.6	21.6	7.7	11.0	12.8
Global Equities (FTSE)	▼ 2.4	17.6	3.0	11.0	8.6	10.0
Global Bonds (JP Morgan)	▲ -0.8	8.0	10.2	2.3	3.5	3.7
Europe Real Estate	▲ 4.6	19.0	8.7	6.5	8.9	10.8
Europe Equities (FTSE)	▼ 2.3	13.6	-0.6	7.9	3.8	4.6
Europe Bonds (JP Morgan)	▲ -0.2	10.4	12.2	2.8	4.3	4.8
Asia Real Estate	▲ 2.0	20.4	21.4	7.8	8.7	9.7
Asia Equities (FTSE)	▼ 3.3	9.5	-3.9	8.2	6.0	7.1
Asia Bonds (JP Morgan)	▲ -1.3	4.1	6.1	1.4	2.8	2.7
North America Real Estate	▲ 3.8	31.7	25.6	7.9	12.8	15.8
NA Equities (FTSE)	▼ 1.9	20.5	4.4	13.1	10.4	12.7
NA Bonds (JP Morgan)	▲ -0.9	8.0	10.9	2.3	3.1	3.2
Emerging Real Estate	▼ 2.8	13.8	16.8	10.9	10.1	
Emerging Equities (FTSE)	▼ 1.3	7.8	1.2	6.5	2.9	
Emerging Bonds (JP Morgan)	▲ -0.4	12.1	10.7	3.8	5.1	

(*) Annualised.

Fig. 1. Sector Indices Performance in Europe (YTD vs MTD returns)



Source: EPRA.

European Retail Sector

The European retail sector was the outperformer in September, despite its weak performance for a couple of years. In the light of the leading economic indicators; stronger-than-expected economic growth in 2019H1, slight improvement in the consumer spending and sentiment might help to underpin retail market growth.

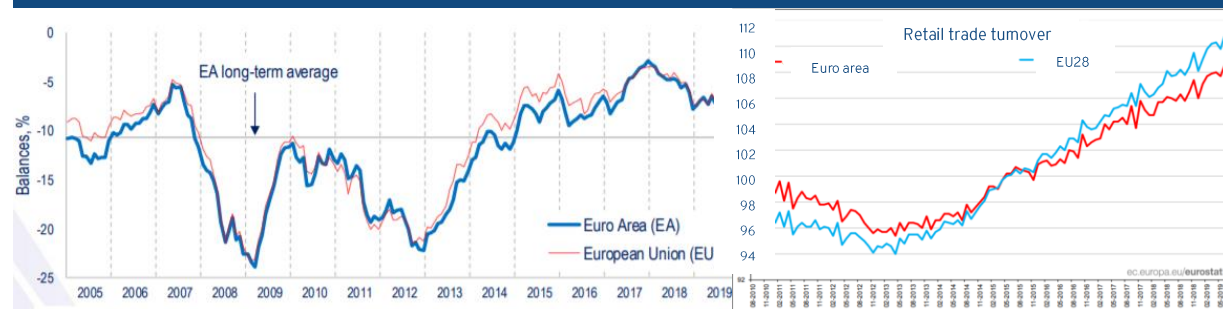
Indeed, the consumer confidence in the EU slightly increased by 0.6 points in September, remained well above its respective long-term averages. Meanwhile, the seasonally adjusted volume of retail trade increased by 0.2% (m-o-m) in the EU28, in August (Fig. 2). European retail sales are expected to remain at a good level in 2019 (+2.4%), stronger growth in the UK (+3.6% vs +2.8%) and in Germany (+2.3% vs +1.6%) compared to the last year (Knight Frank, 2019).

Based on GfK and Union Investment index data, although trade disputes, the Brexit debate and a general economic slowdown have impacted consumer and retailer sentiment, the retail index for the 15 largest European markets held up relatively well in the 2019-Q2 (Fig. 3).

Focusing the performance of the retail constituents in the FEN Developed Europe index, especially the UK, French and Dutch retail specialists performed very well during September, despite their weaker long-term performances (Fig. 4). Besides their trade volume and price significantly grew in the same period (Fig. 5).

Actually, retail market has been experiencing an adjustment period, values and rents have fallen down. Besides, the retail companies have traded at discounted prices, which might offer opportunities for investors. However, uncertainties in economic, politics and business environments (trade war, Brexit talks), still represent a challenging environment for investing.

Fig. 2. European Consumer Confidence and Retail Trades



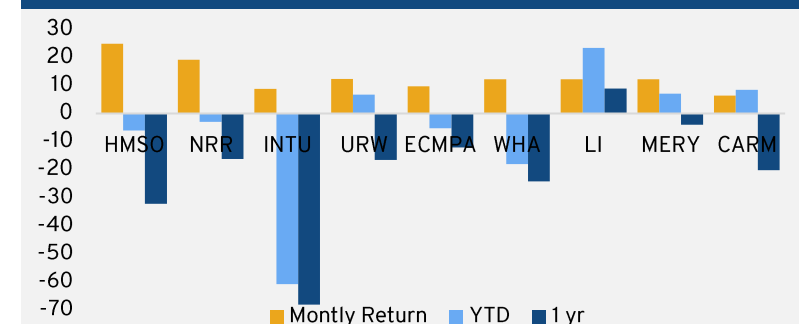
Source: European Commission, Eurostat.

Fig. 3. Global Retail Attractiveness Index (2019-Q2)



Source: Union Investment and GfK.

Fig. 4. Performance of the Retail Constituents



Source: EPRA.

Fig. 5. Trading Volume and Price Growth (Sept. 2019)



Source: EPRA.

Fig. 6. Global Weights (EUR)*

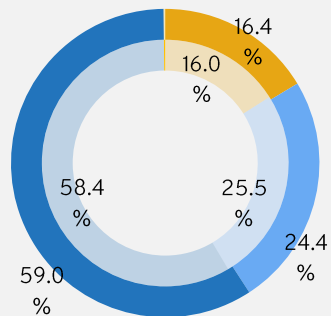


Fig. 7. REIT / Non-REITs

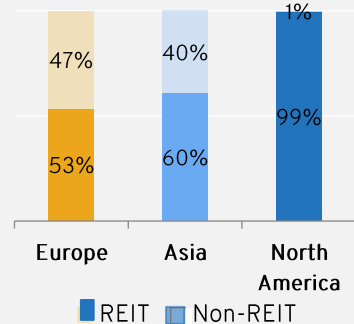


Fig. 8. Focus Split

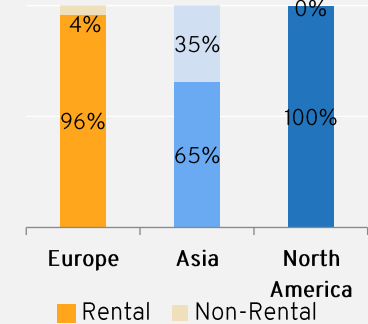


Fig. 9. Index Turnover (EUR, billion)*

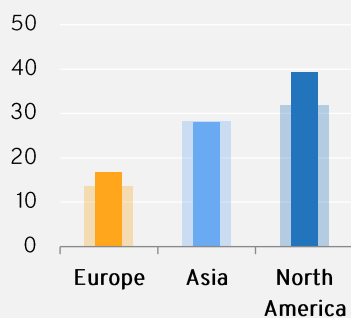


Fig. 10. Dividend Yields*

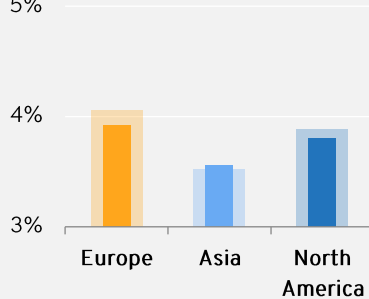


Fig. 11. Volatility (10 yr. & 3 yr.)**

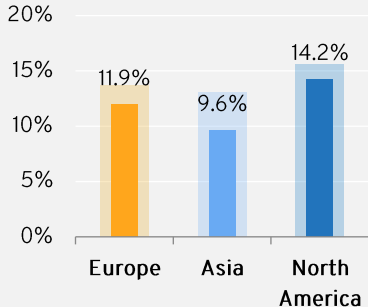


Fig. 12. Correlation (3 yr. rolling)

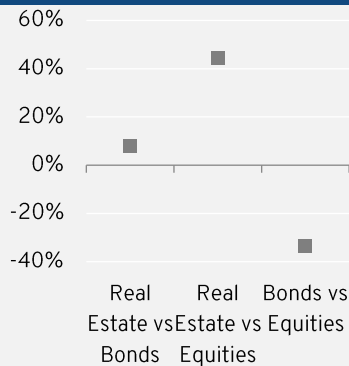
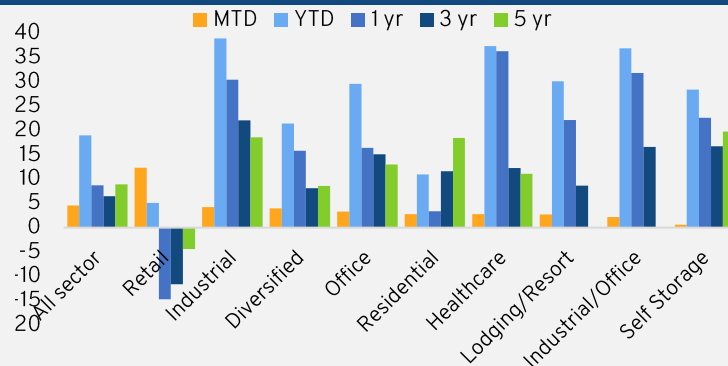


Fig. 13. Developed Europe Return by Sector (%)



FTSE EPRA Nareit Developed Europe - Selected Country Indices

% Total Returns	Sep-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	4.6	19.0	8.7	6.5	8.9	10.8
Europe ex UK (EUR)	3.0	19.4	9.7	7.6	11.9	11.3
UK (GBP)	6.9	16.1	5.3	4.6	5.1	8.6
France (EUR)	4.0	26.1	6.7	3.1	7.2	9.3
Netherlands (EUR)	11.5	4.8	-15.8	-11.6	-3.1	0.1
Germany (EUR)	1.5	8.9	2.6	10.4	17.5	14.4

FTSE EPRA Nareit Developed Asia - Selected Country Indices

% Total Returns	Sep-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	2.0	20.4	21.4	7.8	8.7	9.7
Hong Kong (HKD)	0.6	0.4	-0.4	5.1	5.0	4.7
Japan (JPY)	4.8	21.2	17.8	9.7	3.9	9.6
Australia (AUD)	-3.4	19.0	19.0	9.6	13.9	11.1
Singapore (SGD)	0.9	23.3	18.5	11.6	8.7	7.1

FTSE EPRA Nareit North America - Country Indices

% Total Returns	Sep-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	2.8	25.6	17.9	6.8	9.5	12.4
United States (USD)	2.8	25.5	18.0	6.6	9.7	12.7
Canada (CAD)	2.4	22.6	18.4	12.0	10.2	12.2

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Sep-19	YTD	1 yr	3 yrs*	5 yrs*
Emerging EMEA (EUR)	2.0	-2.8	-5.6	-6.2	-2.4
Emerging Europe (EUR)	16.1	32.9	36.6	-15.9	-9.1
Emerging MEA (EUR)	1.2	-4.0	-7.1	-4.6	-1.4
Emerging Asia Pacific (EUR)	2.7	13.2	16.5	14.5	15.3
Emerging Americas (EUR)	4.0	34.8	43.3	8.1	-1.0

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

FTSE EPRA Nareit Developed Index

During September, the FEN Developed Index increased by 3.5%, compared to a gain of 2.4% from global equities and a loss of 0.8% from global bonds. In terms of regional performances, Europe, North America and Asia posted positive returns of 4.6%, 3.8% and 2.0%, respectively. Over a one-year period, global real estate investments posted a 21.6% return compared to a gain of 3.0% and 10.2% 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 10.0% and 3.7% respectively.

The top performing countries in Developed markets were Netherlands (11.5%), UK (9.2%) and Spain (5.9%), and by sector were lodging/resorts (6.8%), retail (5.7%) and industrial/office (3.8%), during September.

At the end of September 2019, the FEN Developed Index counted a total of 336 constituents, representing a free float market capitalisation of around EUR 1,5 trillion.

FTSE EPRA Nareit Emerging Index

During September 2019, the FEN Emerging Index increased by 2.8%, resulting in a 13.8% year-to-date (YTD) return. Meanwhile, emerging equities gained 1.3% and bond markets lost 0.4% for the month, so the YTD return stands at 12.1% for bond and 7.8% for equities. Over a one-year period, emerging real estate investments gained 16.8% return, while emerging bonds and equities returned 10.7% and 1.2%, respectively.

Two Chinese companies, namely Midea Real Estate Holding (P Chip) and China South City Holdings (P Chip), Stenprop Limited (South Africa), Quality Houses Leasehold Prop (Thailand), and also the first Czech constituent (VGP) have been added to the index. With the inclusion of two Saudi REITs, Riyadh REIT and Sedco Capital REIT, now the country counts with six constituents in our index series. Wharf Holding was reclassified in terms of its nationality, moving from Hong Kong to China, therefore from Developed Index into Emerging Index. Meanwhile, three Malaysian, four South African, one Indian and one Chinese company have been deleted from the index during the quarterly review.

The top performing countries in Emerging markets were Turkey (19.9%), Mexico (6.6%) and Philippines (4.3%), and by sector were lodging/resort (7.4%), office (6.9%) and industrial (5.2%), during September.

At the end of September 2019, the FEN Emerging Index counted a total of 140 constituents, representing a free float market capitalisation of over EUR 165 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 2.5%
Simon Property Group, Inc.	Retail	USA	▲ 4.5%
Welltower Inc.	Healthcare	USA	▲ 1.2%
Public Storage, Inc.	Self Storage	USA	▼ -6.6%
Equity Residential Properties Trust	Residential	USA	▲ 2.4%
AvalonBay Communities, Inc.	Residential	USA	▲ 2.0%
Vonovia SE	Residential	GER	▲ 2.8%
Ventas, Inc.	Healthcare	USA	▲ 0.6%
Digital Realty Trust	Data Centers	USA	▲ 5.9%
Realty Income Corp.	Retail	USA	▲ 4.2%

FTSE EPRA Nareit Developed Index – Top 10 Performer

Company	Sector	Country	Total Return
Colony Capital	Diversified	USA	▲ 36.2%
Washington Prime Group	Retail	USA	▲ 35.9%
Hammerson Plc	Retail	UK	▲ 24.9%
NewRiver REIT plc	Retail	UK	▲ 19.1%
RPT Realty	Retail	USA	▲ 15.7%
Kite Realty Group	Retail	USA	▲ 15.2%
Capital & Counties Properties PLC	Diversified	UK	▲ 14.8%
British land company	Diversified	UK	▲ 14.7%
Dream Global Real Estate Inv. Trust	Industrial/Office M	CAN	▲ 14.6%
Urban Edge Properties	Retail	USA	▲ 14.3%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Investment Ltd.	Residential	CHN	▲ 1.2%
China Resources Land Ltd	Diversified	CHN	▲ 3.4%
Country Garden Holdings	Residential	CHN	▲ 4.2%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 0.3%
Ayala Land	Diversified	PHIL	▲ 4.6%
SM Prime Holdings	Diversified	PHIL	▲ 5.4%
Longfor Properties Co. Ltd.	Diversified	CHN	▲ 4.8%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 0.7%
Central Pattana Public Company Limited	Retail	THAI	▲ 1.1%
Evergrande Real Estate Group	Diversified	CHN	▲ 2.8%

FTSE EPRA Nareit Developed Europe Index

During September 2019, the FEN Developed Europe Index increased by 4.6%, while Europe equities gained 2.3% and bonds lost 0.2%.

The UK Index, the France Index and the Germany Index posted positive returns of 6.9%, 4.0%, and 1.5%, respectively. Meanwhile the Netherlands Index posted a 11.5% return.

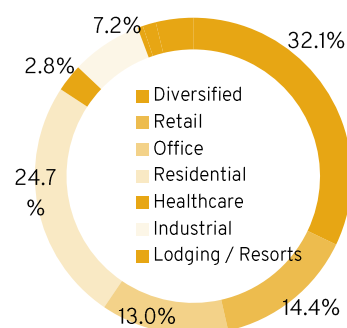
Atrium Ljungberg Class B (Sweden, diversified) has been added to the index, while Daejan Holdings (UK, diversified), DIC Asset (Germany, diversified), Shurgard Self Storage (Belgium, self-storage) have been deleted from the index during quarterly review.

Performance of Top 3 sectors: retail (12.3%), industrial (4.2%), diversified (4.0%).

Performance of Top 3 constituents: Hammerson plc (24.9%, UK), NewRiver REIT plc (19.1%, UK), Capital&Countries (14.8%, UK).

Developed Europe representing a free float MCap of over **EUR 247 billion** with **104 constituents**

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index gained 2.0%, while Asia equities gained 3.3% and bonds lost 1.3%. The Japan Index gained 4.8%, compared to a loss in the Australia Index of 3.4%. The Singapore Index and the Hong Kong Index posted a 0.9% and 0.6% return, respectively.

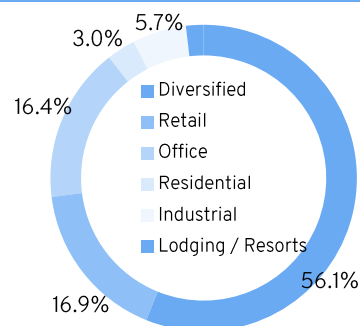
Two Singaporean companies, Frasers Centrepoint Trust (retail) and Keppel DC REIT (data centres); three Japanese companies, Global One Real Estate Inv (office), LaSalle LOGIPOINT REIT (industrial) and Mitsui Fudosan Logistics Park Inc. (industrial) have been added to the index. Goodman Group (Australia) has been deleted from the index during quarterly review.

Performance of Top 3 sectors: industrial/office (4.2%), diversified (2.8%), office (2.4%).

Performance of Top 3 constituents: Invesco Office J-REIT (9.9%, Japan), Tokyo Tatemono Co. Ltd (9.6%, Japan), GLP J-REIT (9.5%, Japan).

Developed Asia representing a free float MCap of over **EUR 368 billion** with **84 constituents**

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index increased by 3.8%, compared to a gain of 1.9% from equities and a loss of 0.9% from bonds. The U.S. Index and the Canada Index posted positive returns of 2.8% and 2.4%, respectively.

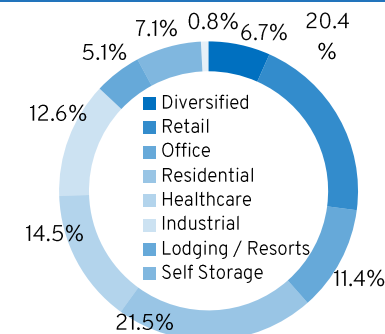
Three USA companies; Essential Properties Realty Trust, Inc. (retail), Innovative Industrial Properties, Inc. (industrial) and American Finance Trust (retail) have been added to the index, while Pennsylvania REIT (USA, retail) has been deleted from the index during September review. Chesapeake Lodging Trust (USA) has been deleted from the index, following the merger with Park Hotels & Resorts (USA) which remained in the index.

Performance of Top 3 sectors: lodging/resorts (7.9%), retail (6.4%), industrial (5.8%).

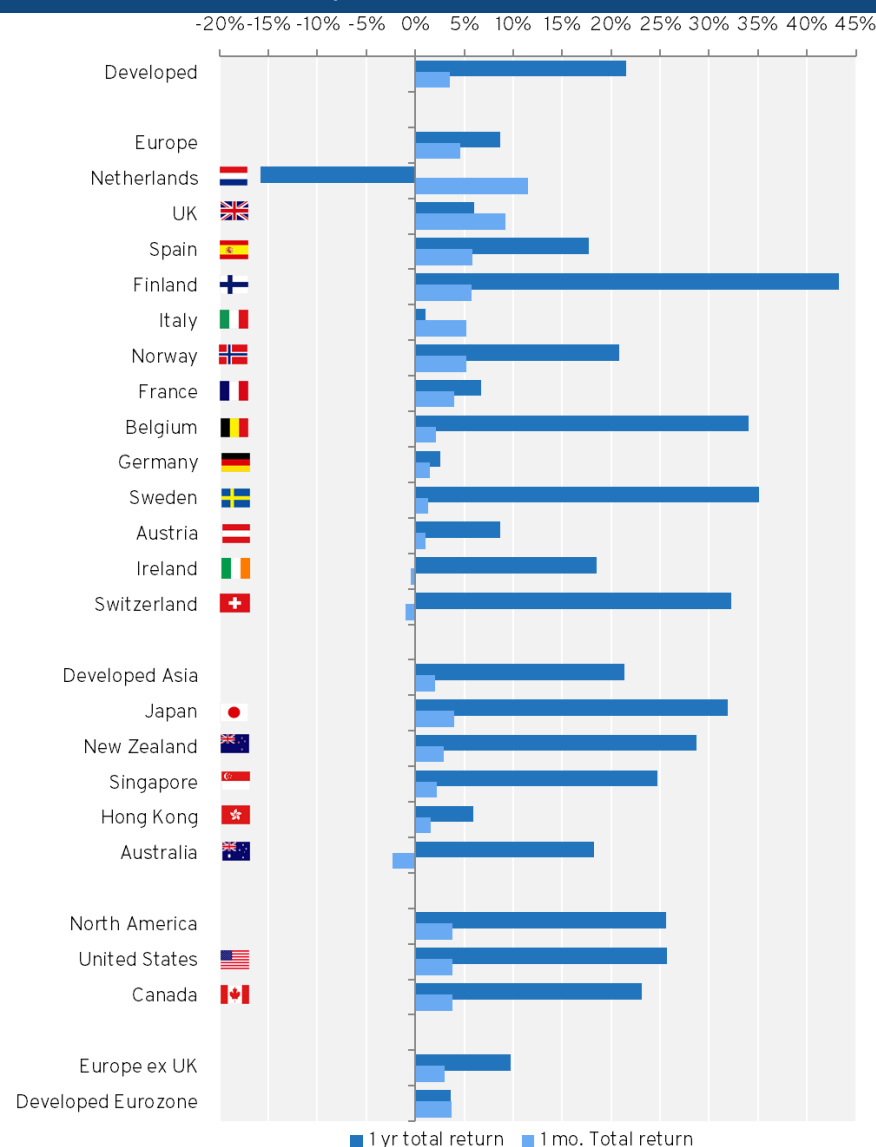
Performance of Top 3 constituents: Colony Capital (36.2%, USA), Washington Prime Group (35.9%, USA), RPT Realty (15.7%, USA).

Developed North America representing a free float MCap of over **EUR 889 billion** with **147 constituents**

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of September 30, 2019

Link to Reports & Contacts

Monthly Statistical Bulletin

Monthly Published NAV Bulletin

Monthly LTV Report

Visit our website to read our reports :

[Monthly Reports](#)

[September 2019 Quarterly Review](#)

[Index Ground Rules Version 9.3](#)

[Emerging Markets](#) (semi-annual)

[Total Markets Table](#) (quarterly)



EPRA CONTACTS:

Dilek Pekdemir, PhD.

Research Manager

d.pekdemir@epra.com

Ali Zaidi

Director Research & Indices

a.zaidi@epra.com

David Moreno

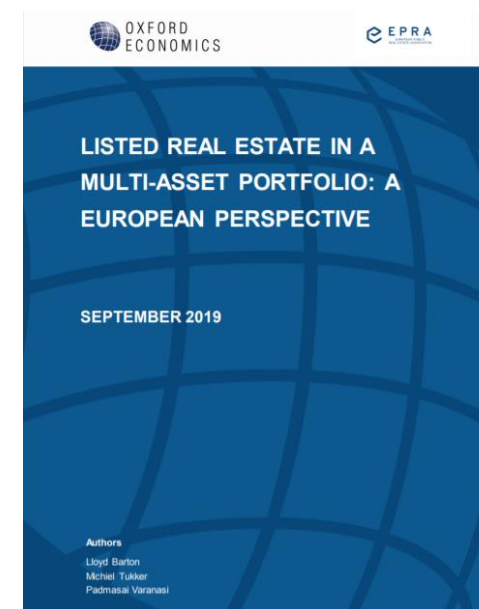
Senior Analyst Indices & Research

d.moreno@epra.com

Lourdes Calderon Ruiz

Senior Analyst Indices & Research

l.calderonruiz@epra.com



Download the latest report by [Oxford Economics / EPRA Market Research Report](#):

Disclaimer

EPRA does not intend this presentation to be a solicitation related to any particular company, nor does it intend to provide investment, legal or tax advice. Investors should consult with their own investment, legal or tax advisers regarding the appropriateness of investing in any of the securities or investment strategies discussed in this presentation. Nothing herein should be construed to be an endorsement by EPRA of any specific company or products or as an offer to sell or a solicitation to buy any security or other financial instrument or to participate in any trading strategy. EPRA expressly disclaims any liability for the accuracy, timeliness or completeness of data in this presentation. Unless otherwise indicated, all data are derived from, and apply only to, publicly traded securities. Any investment returns or performance data (past, hypothetical or otherwise) are not necessarily indicative of future returns or performance.