



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

November 2019

November
2019

Overview

During October 2019, the FTSE EPRA Nareit (FEN) Global Developed Real Estate Index added 20 bps, resulting in a 26.8% return (YTD). Global bonds lost 50 bps, while global equities gained 2.1% return during the same period.

In terms of regional performance, real estate markets in Europe and Asia posted a return of 3.1% and 50 bps, respectively, while North America slipped 70 bps. Meanwhile Emerging markets gained 2.7% for the month.

Focusing on sector performance, the FEN Global Developed Industrial Index recorded the highest return with 2.4%, followed by specialty (1.5%) and diversified (1.4%). The leading performers by YTD returns were industrial (48.5%), industrial/office (34.2%) and healthcare (33.1%).

Highlights of the Month

The Economic Outlook and Performance of the Asset Classes

The economic activities in Europe remained at moderate levels, despite ongoing economic and political challenges. At the same time, real estate markets were resilient. Weak global trade, due to the US-China trade tensions, and the Brexit uncertainty have continued to put pressure on European markets. Thus, weaker economic growth is expected in the forthcoming period, though it might be compensated partially by stable labour markets and low inflation (UBS, Deloitte). The Eurozone GDP and number of employment grew slowly in the Q2-2019, both at 1.2% (y-o-y), based on the latest available data. Meanwhile, the unemployment rate remained the same at 7.5% in September, with no change in the last three months in the Eurozone.

Inflation grew by 0.7% (y-o-y) in October - the lowest inflation since November 2016, which remains below the ECB's target of 2%. The combination of persistent low inflation and weak economic growth may impact on the ECB's monetary policy. For now, the ECB kept interest rates unchanged in the October meeting.

The annual growth of the selected economic indicators, bonds, equities and real estate is displayed in Figure 1. The FEN Developed Europe Index posted the highest annual growth with 15.6%, compared to European bonds and equities, as of end of October.

The shifting economic and financial conditions might have some implications for the performance of European real estate and other asset classes in the forthcoming period. However, listed real estate may continue to outperform and to enhance multi-asset portfolios' performance in the coming years, even if trade tensions will escalate more.

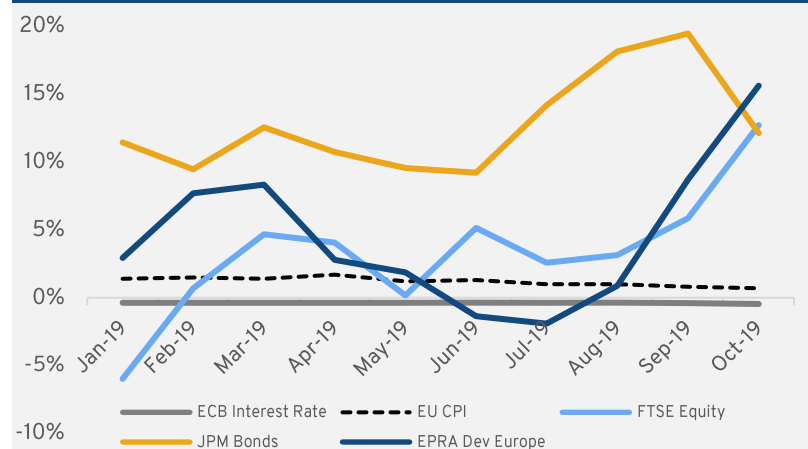
For listed real estate performances, including alternative economic scenarios in the next decade, download the recent research report : [Listed Real Estate in a Multi-Asset Portfolio](#).

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Oct-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 0.2	26.8	23.3	9.0	9.4	13.0
Global Equities (FTSE)	▲ 2.1	20.0	12.9	12.0	8.8	10.5
Global Bonds (JP Morgan)	▼ -0.5	7.4	9.8	2.6	3.2	3.6
Europe Real Estate	▲ 3.1	22.7	15.6	10.2	9.0	11.0
Europe Equities (FTSE)	▲ 2.9	16.9	11.1	9.7	4.9	5.1
Europe Bonds (JP Morgan)	▼ -1.3	9.0	10.5	3.3	3.9	4.6
Asia Real Estate	▲ 0.5	21.0	25.8	8.3	7.7	9.8
Asia Equities (FTSE)	▲ 3.7	13.5	9.7	8.9	6.4	7.6
Asia Bonds (JP Morgan)	▼ -0.6	3.4	5.1	1.4	2.6	2.7
North America Real Estate	▼ -0.7	30.7	24.5	8.9	10.4	16.4
NA Equities (FTSE)	▲ 2.0	23.0	14.3	14.5	10.4	13.2
NA Bonds (JP Morgan)	▲ 0.0	8.1	11.5	2.7	2.9	3.2
Emerging Real Estate	▲ 2.7	16.9	25.6	12.0	9.9	
Emerging Equities (FTSE)	▲ 4.2	12.4	14.0	7.5	3.3	
Emerging Bonds (JP Morgan)	▲ 0.4	12.5	13.7	4.5	4.8	

(*) Annualised.

Fig. 1. The Annual Change in the Selected Economic Indicators, Bonds, Equities and Real Estate (y-o-y growth rate, %)



Source: EPRA. All figures are given for Europe.

Fig. 2. Global Weights (EUR)*

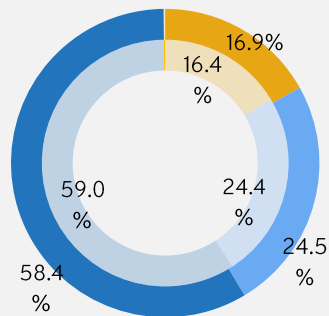


Fig. 3. REIT / Non-REITs

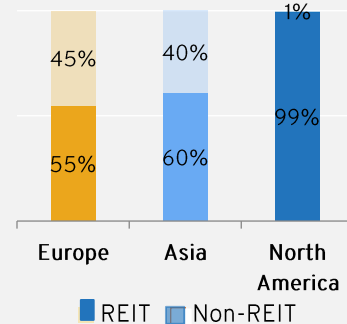


Fig. 4. Focus Split

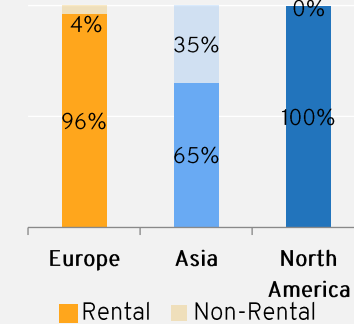


Fig. 5. Index Turnover (EUR, billion)*

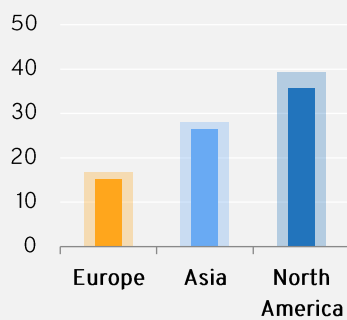


Fig. 6. Dividend Yields*

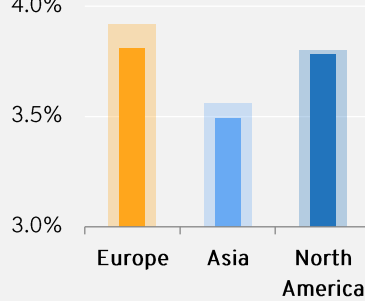


Fig. 7. Volatility (10 yr. & 3 yr.)**

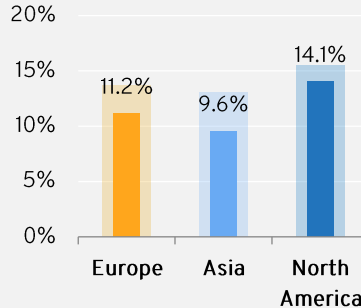


Fig. 8. Correlation (3 yr. rolling)

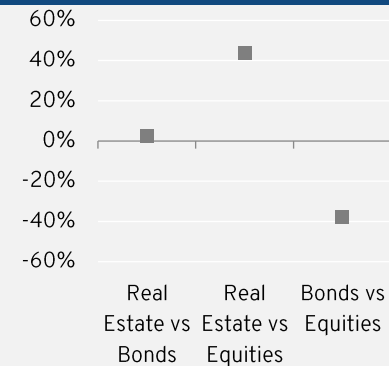
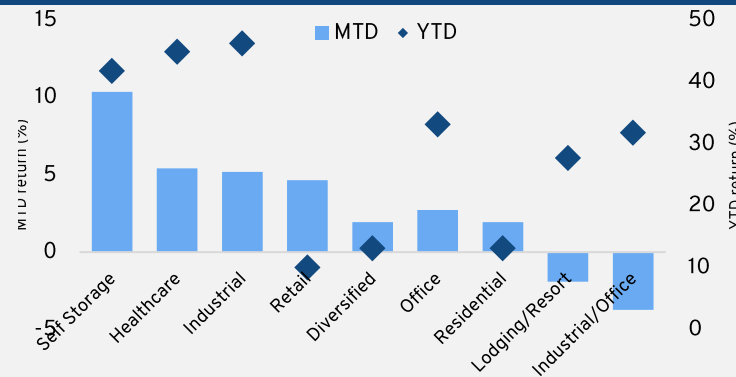


Fig. 9. Developed Europe Return by Sector (%)



FTSE EPRA Nareit Developed Europe - Selected Country Indices

% Total Returns	Oct-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	3.1	22.7	15.6	10.2	9.0	11.0
Europe ex UK (EUR)	1.5	21.2	15.7	10.4	11.9	11.4
UK (GBP)	5.0	22.0	12.4	8.1	5.1	9.1
France (EUR)	6.4	34.2	20.1	7.6	8.4	9.7
Netherlands (EUR)	4.1	9.2	-6.8	-7.6	-2.5	0.4
Germany (EUR)	1.7	10.8	7.7	13.5	17.2	14.9

FTSE EPRA Nareit Developed Asia - Selected Country Indices

% Total Returns	Oct-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	0.5	21.0	25.8	8.3	7.7	9.8
Hong Kong (HKD)	2.6	3.0	12.7	6.4	4.6	4.3
Japan (JPY)	2.7	24.4	24.4	9.8	3.4	10.0
Australia (AUD)	1.4	20.7	23.7	13.1	12.7	12.4
Singapore (SGD)	2.1	25.9	28.6	13.6	8.9	6.9

FTSE EPRA Nareit North America - Country Indices

% Total Returns	Oct-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	1.6	27.6	22.6	9.6	7.9	13.2
United States (USD)	1.6	27.6	22.7	9.4	8.0	13.4
Canada (CAD)	-0.4	22.1	19.9	12.8	9.2	12.5

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Oct-19	YTD	1 yr	3 yrs*	5 yrs*
Emerging EMEA (EUR)	-1.4	-4.2	-4.2	-7.7	-2.8
Emerging Europe (EUR)	-7.0	23.7	27.8	-18.7	-11.8
Emerging MEA (EUR)	-1.0	-4.9	-5.1	-5.9	-1.5
Emerging Asia Pacific (EUR)	3.1	16.7	27.9	16.7	14.8
Emerging Americas (EUR)	3.2	39.1	40.7	6.1	-0.9

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

FTSE EPRA Nareit Developed Index

During October 2019, the FEN Developed Index increased by 20 bps, compared to a gain of 2.1% from global equities and a loss of 50 bps from global bonds. In terms of regional performance, Europe and Asia posted positive returns of 3.1% and 50 bps, respectively. Meanwhile, North America lost 70 bps.

Over a one-year period, global real estate investments posted a 23.3% return compared to a gain of 12.9% and 9.8% from global equities and global bonds, respectively. Annualised ten-year rolling returns for real estate investments stand at 13.0%, while general equities posted a 10.5% return and bonds gained 3.6% during the same period.

The top performing countries in Developed markets were the UK (7.7%), France (6.4%) and Austria (6.3%), while the top performing sectors were industrial (2.4%), specialty (1.5%) and diversified (1.4%).

At the end of October 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 October 2019, the FEN Emerging Index increased by 2.7%, resulting in a 16.9% year-to-date (YTD) return. Meanwhile, emerging equities and bonds gained 4.2% and 0.4% for the month, respectively. As a result, YTD return stands at 12.5% for bond and 12.4% for equities.

Over a one-year period, emerging real estate investments gained 25.6% return, while emerging equities and bonds returned 14.0% and 13.7%, respectively.

The top performing countries in Emerging markets were India (6.8%), Brazil (6.2%) and China (4.8%).

The top performing sectors in Emerging markets were office (4.7%), diversified (3.8%) and industrial (3.3%).

At the end of October 2019, the FEN Emerging Index counted a total of 140 constituents, representing a free float market capitalisation of around EUR 169 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 3.0%
Simon Property Group, Inc.	Retail	USA	▼ -3.2%
Welltower Inc.	Healthcare	USA	▲ 0.0%
Public Storage, Inc.	Self Storage	USA	▼ -9.1%
Equity Residential Properties Trust	Residential	USA	▲ 2.8%
AvalonBay Communities, Inc.	Residential	USA	▲ 1.1%
Vonovia SE	Residential	GER	▲ 2.5%
Digital Realty Trust	Data Centers	USA	▼ -2.1%
Realty Income Corp.	Retail	USA	▲ 7.0%
Ventas, Inc.	Healthcare	USA	▼ -9.8%

FTSE EPRA Nareit Developed Index – Top 10 Performer

Company	Sector	Country	Total Return
RDI REIT P.L.C	Diversified	UK	▲ 18.7%
Universal Health Realty Income Trust	Healthcare	USA	▲ 16.0%
Liberty Property Trust	Industrial	USA	▲ 15.9%
Washington Real Estate Investment Trust	Diversified	USA	▲ 13.4%
Essential Properties Realty Trust, Inc.	Retail	USA	▲ 12.0%
Eurocommercial Properties NV	Retail	NETH	▲ 11.9%
Retail Properties of America	Retail	USA	▲ 11.7%
Japan Hotel REIT Investment	Lodging/Resorts	JA	▲ 11.3%
Hansteen Holding PLC	Industrial	UK	▲ 11.3%
Terreno Realty	Industrial	USA	▲ 10.9%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Investment Ltd.	Residential	CHN	▲ 0.6%
China Resources Land Ltd	Diversified	CHN	▲ 1.8%
Country Garden Holdings	Residential	CHN	▲ 10.0%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 13.3%
SM Prime Holdings	Diversified	PHIL	▲ 4.8%
Longfor Properties Co. Ltd.	Diversified	CHN	▲ 11.3%
Ayala Land	Diversified	PHIL	▼ -1.8%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 5.0%
Evergrande Real Estate Group	Diversified	CHN	▲ 14.6%
Central Pattana Public Company Limited	Retail	THAI	▼ -5.9%

FTSE EPRA Nareit Developed Europe Index

During October 2019, the FEN Developed Europe Index increased by 3.1%, while Europe equities gained 2.9% and bonds lost 1.3%.

The France Index, the UK Index, the Netherlands Index and the Germany Index posted positive returns of 6.4%, 5.0%, 4.1% and 1.7%, respectively.

Performance of Top 3 sectors: self-storage (10.4%), healthcare (5.4%), industrial (5.2%).

Performance of Top 3 constituents: RDI REIT plc (18.7%, UK, Diversified), Eurocommercial Properties NV (11.9%, Netherlands, Retail), Hansteen Holding plc (11.3%, UK, Industrial).

FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index posted 50 bps return, while Asia equities gained 3.7% and bonds lost 60 bps.

The Japan Index, the Hong Kong Index, the Singapore Index and the Australia Index gained 2.7%, 2.6%, 2.1% and 1.4%, respectively.

Performance of Top 3 sectors: lodging/resort (3.9%), industrial/office (1.9%), diversified (1.1%).

Performance of Top 3 constituents: Japan Hotel-REIT Investment (11.3%, Japan, Lodging/Resort), New World Development Company Limited (10.4%, Hong Kong, Diversified), Nomura Real Estate Holding (10.3%, Japan, Diversified).

FTSE EPRA Nareit North America Index

The FEN North America Index lost 70 bps, compared to a gain of 2% from equities and 3 bps from bonds.

The U.S. Index gained 1.6%, while the Canada Index lost 40 bps during the month.

Performance of Top 3 sectors: industrial (2.4), office (1.4%), residential (1.0%).

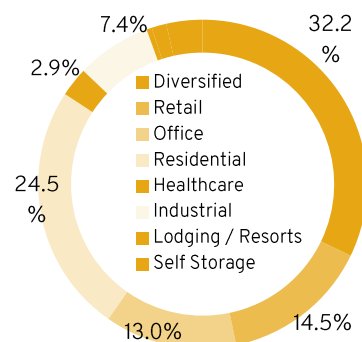
Performance of Top 3 constituents: Universal Health Realty Income Trust (16.0%, USA, Healthcare), Liberty Property Trust (15.9%, USA, Industrial), Washington Real Estate Investment (13.4%, USA, Diversified).

Developed Europe representing a free float MCap of around **EUR 254 billion** with **104 constituents**

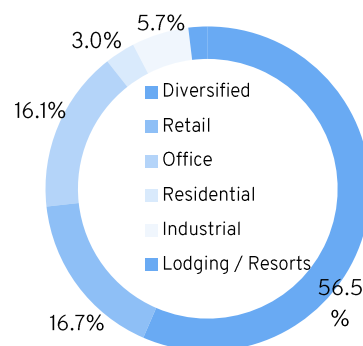
Developed Asia representing a free float MCap of over **EUR 370 billion** with **84 constituents**

Developed North America representing a free float MCap of over **EUR 880 billion** with **147 constituents**

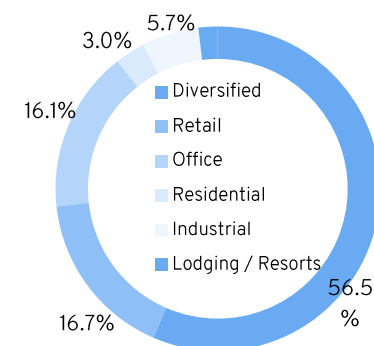
Developed Europe Sector Split



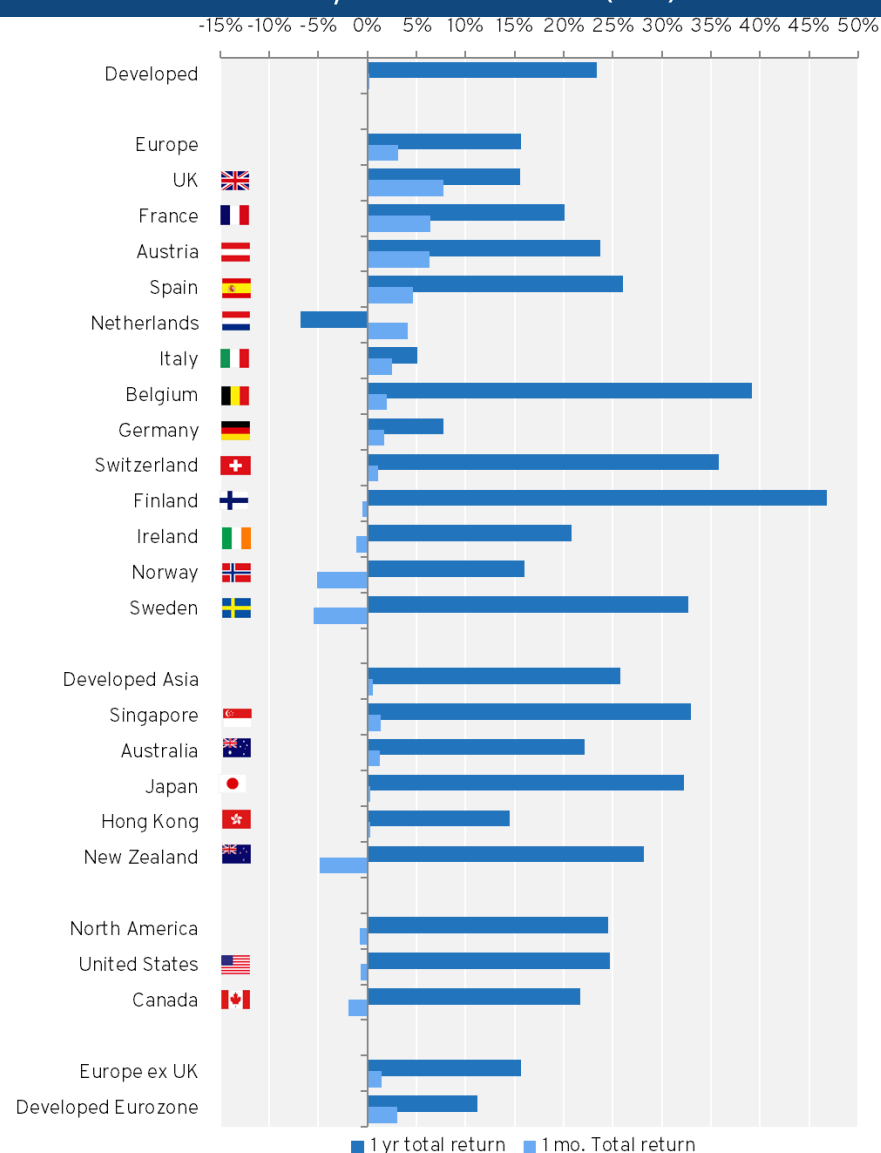
Developed Asia Sector Split



North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of November 31, 2019

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