



# EPRA

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

# Monthly Market Review

November 2019

December  
2019

## Overview

During November 2019, the FTSE EPRA Nareit (FEN) Global Developed Real Estate Index did not change and YTD return stands at 26.8%. Global bonds lost 50 bps, while global equities gained 2.9% return during the same period.

In terms of regional performance, real estate markets in Europe posted a return of 2.6%, while Asia and North America slipped 1.0% and 30 bps, respectively. Meanwhile Emerging markets gained 2.4% for the month.

Focusing on sector performance, the FEN Global Developed Industrial Index recorded the highest return with 3.3%, followed by specialty (2.9%) and industrial/office (2.4%). Focusing on YTD performances, industrial (53.4%), industrial/office (37.5%) and residential (32.8%) provided the highest returns.

## Highlights of the Month

### Turnover vs Return Performance of the Developed Europe Index

The European emergent sectors are still relatively small-sized and niche sectors, although they became more attractive for investors. Indeed, the total market cap of the emergent sectors is around EUR 13 billion representing 5% of the total market cap of the FEN Developed European Index.

As expected, their turnover volumes are also quite low compared to traditional sectors. However, the turnover volume, and therefore the liquidity level of the emergent sectors, has increased during the last year. This becomes more evident when the turnover growth is examined by sector in Europe (Fig 1). Actually, industrial - considering logistics as a sub-sector, self-storage and healthcare sectors recorded the highest turnover growth compared to 2019 YTD figures of the same period in the last year. The FEN Developed Europe Healthcare Index turnover recorded a 79% growth, followed by industrial (43%), residential (16%) and self-storage (10%). On the other hand, retail and diversified sectors displayed decline in turnover volume with 19% and 1%, respectively.

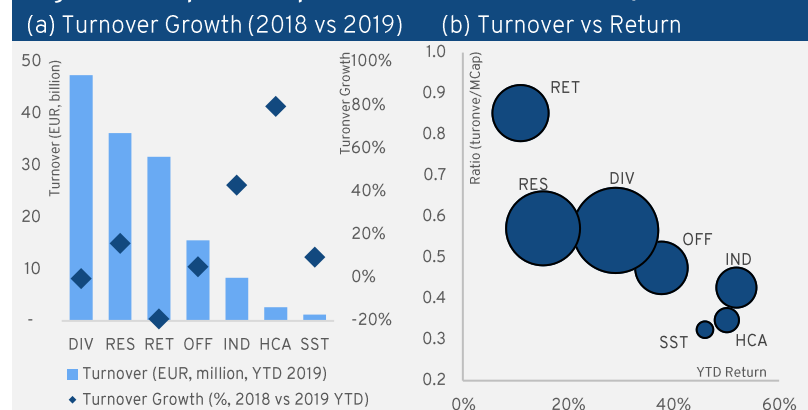
Focusing on return performances, the FEN Developed Europe Industrial Index continued to provide higher return throughout the year, and as a result outperformed with 51.9% YTD return, followed by healthcare (50.1%) and self-storage (45.9%). When we examine the turnover/Mcap ratio (as a liquidity indicator) by sectors, it looks that the liquidity level of the emergent sectors became closer to the traditional sectors (Fig 2). Although the market cap and trade volume of the emergent sectors are still quite lower compared to traditional sectors, they are becoming more liquid and attractive, providing higher returns.

## FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Nov-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
<b>Global Real Estate</b>	0.0	26.8	18.8	8.8	9.1	13.0
Global Equities (FTSE)	2.9	23.5	14.6	12.2	8.8	10.4
Global Bonds (JP Morgan)	-0.5	6.8	8.6	3.1	2.8	3.5
<b>Europe Real Estate</b>	2.6	25.9	19.7	11.5	8.7	11.6
Europe Equities (FTSE)	1.1	18.2	13.4	11.6	4.6	4.8
Europe Bonds (JP Morgan)	-0.9	8.0	9.3	3.5	3.4	4.5
<b>Asia Real Estate</b>	-1.0	19.8	18.3	8.0	7.9	9.9
Asia Equities (FTSE)	1.4	15.1	9.0	8.6	6.1	7.9
Asia Bonds (JP Morgan)	-0.2	3.3	4.3	1.7	2.4	2.6
<b>North America Real Estate</b>	-0.3	30.3	18.5	8.3	9.8	15.8
NA Equities (FTSE)	3.7	27.6	16.3	14.6	10.7	13.0
NA Bonds (JP Morgan)	-0.3	7.7	10.2	3.6	2.6	3.1
<b>Emerging Real Estate</b>	2.4	19.8	18.0	14.1	9.7	
Emerging Equities (FTSE)	0.3	12.7	9.8	9.4	3.6	
Emerging Bonds (JP Morgan)	-0.2	12.3	14.0	5.9	4.9	

(\*) Annualised.

## Fig. 1. Developed Europe: Turnovers and Returns (YTD0



Source: EPRA. The size of the bubbles represents the Mcap.

Diversified (DIV), Residential (RES), Retail (RET), Office (OFF), Industrial (IND), Healthcare (HCA), Self-storage (SST)

Fig. 2. Global Weights (EUR)\*

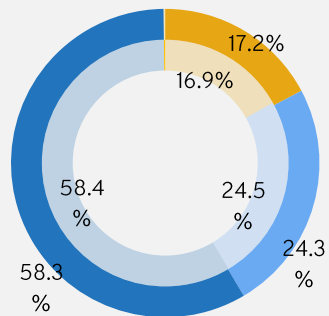


Fig. 3. REIT / Non-REITs

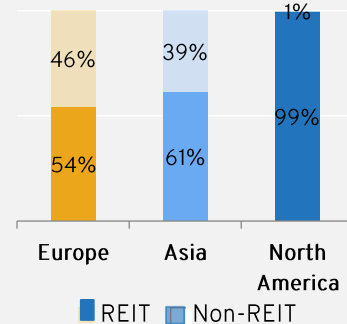


Fig. 4. Focus Split

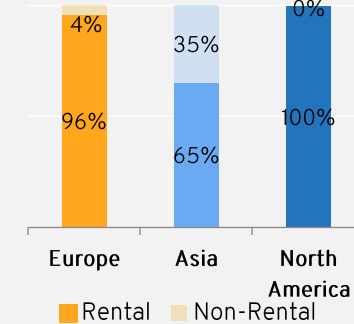


Fig. 5. Index Turnover (EUR, billion)\*

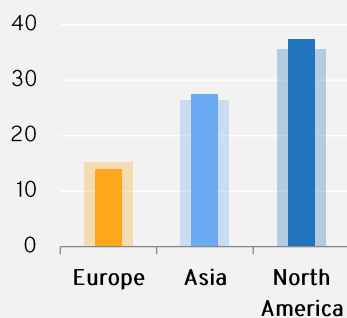


Fig. 6. Dividend Yields\*

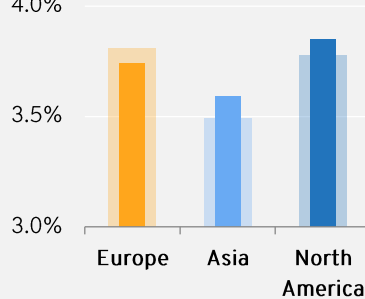


Fig. 7. Volatility (10 yr. & 3 yr.)\*\*

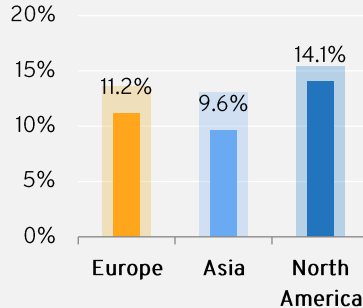


Fig. 8. Correlation (3 yr. rolling)

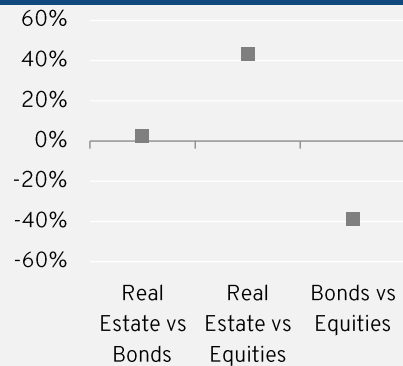
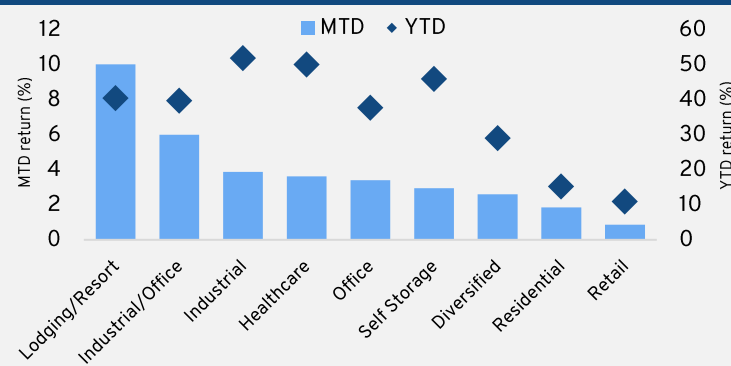


Fig. 9. Developed Europe Return by Sector (%)



FTSE EPRA Nareit Developed Europe - Selected Country Indices

% Total Returns	Nov-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	2.6	25.9	19.7	11.5	8.7	11.6
Europe ex UK (EUR)	2.2	23.8	17.6	12.5	11.6	11.9
UK (GBP)	2.4	24.9	20.5	9.2	4.5	9.6
France (EUR)	0.2	34.5	25.6	9.7	7.8	10.1
Netherlands (EUR)	2.0	11.4	0.1	-5.7	-2.7	0.8
Germany (EUR)	1.1	12.1	4.7	15.7	16.3	15.3

FTSE EPRA Nareit Developed Asia - Selected Country Indices

% Total Returns	Nov-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	-1.0	19.8	18.3	8.0	7.9	9.9
Hong Kong (HKD)	-3.6	-0.7	0.0	7.0	3.7	4.2
Japan (JPY)	-1.3	22.7	17.7	7.5	2.9	10.8
Australia (AUD)	2.5	23.8	26.7	13.7	13.3	12.5
Singapore (SGD)	-0.5	25.3	24.9	14.0	8.3	6.6

FTSE EPRA Nareit North America - Country Indices

% Total Returns	Nov-19	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	-1.5	25.7	15.4	9.7	7.1	12.3
United States (USD)	-1.6	25.6	15.2	9.5	7.2	12.5
Canada (CAD)	1.6	24.0	19.3	13.7	9.5	12.4

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Nov-19	YTD	1 yr	3 yrs*	5 yrs*
Emerging EMEA (EUR)	7.0	2.5	-4.0	-4.0	-2.4
Emerging Europe (EUR)	17.1	44.9	34.9	-10.7	-9.9
Emerging MEA (EUR)	6.2	1.0	-5.4	-2.6	-1.2
Emerging Asia Pacific (EUR)	2.5	19.7	18.0	17.9	14.3
Emerging Americas (EUR)	-1.6	36.8	41.0	10.9	-0.4

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

## FTSE EPRA Nareit Developed Index

During November 2019, the FEN Developed Index did not change compared to the previous month, while global equities gained 2.9% and global bonds lost 50 bps. In terms of regional performance, Europe posted positive returns of 2.6%, meanwhile Asia and North America lost 1.0% and 30 bps, respectively.

Over a one-year period, global real estate investments posted a 18.9% return compared to a gain of 14.6% and 8.6% 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 10.4% return and bonds gained 3.5% during the same period.

The top performing countries in Developed markets were Italy (11.8%), Sweden (8.4%) and Austria (7.7%). However, considering Italy and Austria are represented with one constituent in the FEN index, it is worth to mention that the UK (3.6%), Australia (1.9%) and Canada (1.7%) also performed very well.

The top performing sectors were lodging/resorts (10.0%), industrial/office (6.0%) and industrial (3.9%).

At the end of November 2019, the FEN Developed Index counted a total of 335 constituents, representing a free float market capitalisation of around EUR 1,5 trillion.

## FTSE EPRA Nareit Emerging Index

During November 2019, the FEN Emerging Index increased by 2.4%, resulting in a 19.8% year-to-date (YTD) return. Meanwhile, emerging equities gained 30 bps and bonds lost 20 bps for the month. As a result, YTD return stands at 12.7% for equities and 12.2% for bonds.

Over a one-year period, emerging real estate investments gained 18.0% return, while emerging equities and bonds returned 9.8% and 14.0%, respectively.

After the completion of the demerger of *Times Neighborhood Holdings (P Chip)* (China) from *Times China Holdings (P Chip)* (China, Non-REIT), *Times China Holdings (P Chip)* remained in the index with unchanged shares and investability weighting, while *Times Neighborhood Holdings (P Chip)* has been added to the index with a shares in issue total of 746,852,747 and an investability weighting of 38.46%.

The top performing countries in Emerging markets were Turkey (25.4%), Czech Republic (9.8%) and South Africa (8.9%), while the top performing sectors were lodging/resorts (8.6%), healthcare (3.9%) and residential (3.5%).

At the end of November 2019, the FEN Emerging Index counted a total of 141 constituents, representing a free float market capitalisation of around EUR 172 billion.

## FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 4.3%
Simon Property Group, Inc.	Retail	USA	▲ 1.7%
Welltower Inc.	Healthcare	USA	▼ -5.8%
Public Storage, Inc.	Self Storage	USA	▼ -5.5%
Equity Residential Properties Trust	Residential	USA	▼ -4.0%
AvalonBay Communities, Inc.	Residential	USA	▼ -1.5%
Vonovia SE	Residential	GER	▼ -0.9%
Digital Realty Trust	Data Centers	USA	▼ -4.8%
Realty Income Corp.	Retail	USA	▼ -6.0%
Mitsui Fudosan Co., Ltd.	Diversified	JA	▼ -2.1%

## FTSE EPRA Nareit Developed Index – Top 10 Performer

Company	Sector	Country	Total Return
Hemfosa Fastigheter	Diversified	SWED	▲ 17.5%
Catena AB	Industrial	SWED	▲ 12.2%
Nyfosa AB	Industrial/Office	SWED	▲ 12.1%
Immobiliare Grande Distribuzione SIQ SpA	Retail	ITA	▲ 11.8%
Boardwalk REIT	Residential	CAN	▲ 11.3%
Unite Group Plc	Residential	UK	▲ 11.2%
Kloven B	Diversified	SWED	▲ 10.7%
Grainger Plc	Residential	UK	▲ 10.4%
Sirius Real Estate Limited	Diversified	UK	▲ 10.2%
Wihlborgs Fastigheter AB	Diversified	SWED	▲ 9.9%

## FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Investment Ltd.	Residential	CHN	▲ 5.9%
China Resources Land Ltd	Diversified	CHN	▲ 1.2%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 6.9%
Country Garden Holdings	Residential	CHN	▼ -0.2%
SM Prime Holdings	Diversified	PHIL	▲ 0.0%
Longfor Properties Co. Ltd.	Diversified	CHN	▼ -1.7%
Ayala Land	Diversified	PHIL	▼ -5.8%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 2.3%
Evergrande Real Estate Group	Diversified	CHN	▼ -2.4%
Central Pattana Public Company Limited	Retail	THAI	▼ -2.7%

### FTSE EPRA Nareit Developed Europe Index

During November 2019, the FEN Developed Europe Index increased by 2.6%, while Europe equities gained 1.1% and bonds lost 90 bps.

The UK Index, the Netherlands Index, the Germany Index and the France Index posted positive returns of 2.4%, 2.0%, 1.1% and 20 bps respectively.

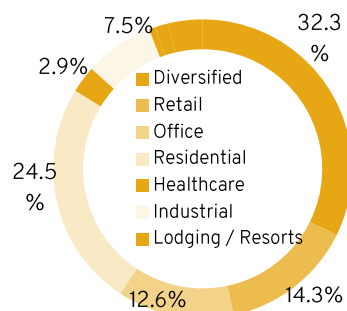
*Green Reit PLC* (Ireland, REIT) has been deleted from the index after acquisition by Henderson Park Funds (non-constituent). Unibail-Rodamco-Westfield has been renamed as *WFD Unibail-Rodamco*.

**Performance of Top 3 sectors:** lodging/resorts (10.0%), industrial/office (6.0%), industrial (3.9%).

**Performance of Top 3 constituents:** Hemfosa Fastigheter (17.5%, Sweden, diversified), Catena AB (12.29%, Sweden, industrial), Nyfosa AB (12.1%, Sweden, industrial/office).

Developed Europe representing a free float MCap of around **EUR 260 billion** with **103 constituents**

### Developed Europe Sector Split



### FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index posted 1.0% return, while Asia equities gained 1.4% and bonds lost 20 bps.

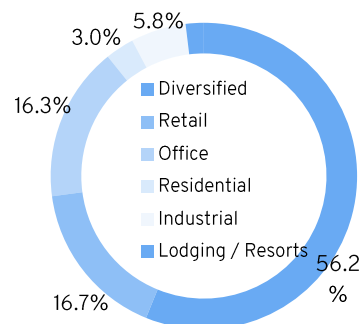
The Australia Index gained 2.5%, while the Hong Kong Index, the Japan Index and the Singapore Index lost 3.6%, 1.3% and 50 bps respectively (in local currencies).

**Performance of Top sector:** industrial (1.6%), the rest of the sectors posted negative returns.

**Performance of Top 3 constituents:** Mitsui Fudosan Logistics Park Inc. (7.8%, Japan, industrial), Tokyo Tatemono Co. Ltd. (6.3%, Japan, office), Hulic (5.8%, Japan, Diversified).

Developed Asia representing a free float MCap of over **EUR 365 billion** with **84 constituents**

### Developed Asia Sector Split



### FTSE EPRA Nareit North America Index

The FEN North America Index lost 30 bps, compared to a gain of 3.7% from equities and a loss of 30 bps from bonds.

The U.S. Index lost 1.6%, while the Canada Index gained 1.6% during the month (in local currencies).

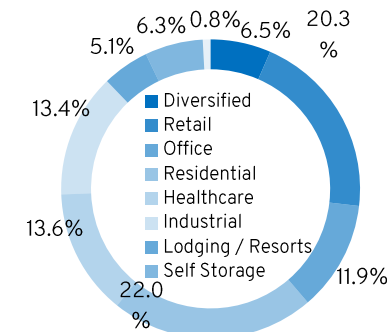
The U.S. constituent HC has been renamed as *Healthpeak Properties Inc.* The investability weighting of *Invitation Homes (USA)* increased from 88.42% to 99.14%.

**Performance of Top 3 sectors:** lodging/resort (3.8%), industrial (3.5%), office (2.4%).

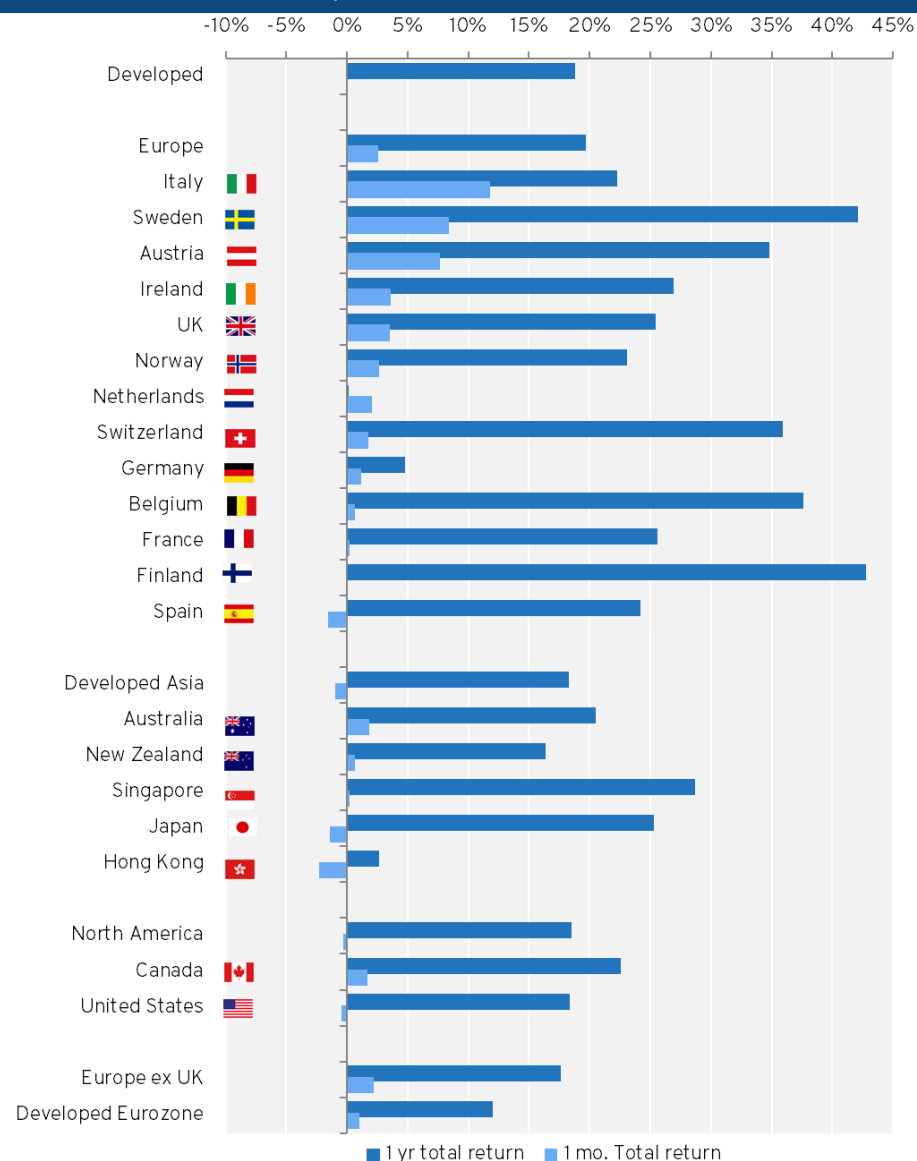
**Performance of Top 3 constituents:** Boardwalk REIT (11.3%, Canada, residential), Kite Realty Group (8.6%, USA, retail), Host Hotels&Resorts Inc. (6.7%, USA, lodging/resorts).

Developed North America representing a free float MCap of around **EUR 878 billion** with **147 constituents**

### North America Sector Split



## FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of November 29, 2019

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