



# EPRA

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

# Monthly Market Review

February 2020

March  
2020

## Overview

During February 2020, the FTSE EPRA Nareit (FEN) Global Developed Real Estate Index slipped 7.4% and resulted in a 6.6% annual return. Global equities lost 6.9 % and global bonds gained 2.1% during the same period, respectively.

In terms of regional performance, real estate markets in Europe and Asia lost 7.5%, while North America slipped 7.3%. Meanwhile emerging markets were down 70 bps during the month.

Focusing on sector performance, all sectors posted negative returns, the bottom performer is the FEN lodging/resorts posting -13.8% return, while data centres index fared better with a loss of 90 bps in February.

## Highlights of the Month

### *The impact of the Coronavirus increasingly dominates global agenda*

The spread of the Coronavirus outside of China had a substantial impact on global economics and on the political agenda. Emerging markets performed relatively better than developed markets during February. The FEN regional real estate indices in developed markets seemed to be falling simultaneously with the equity markets. In line with the increasing number of new cases in Europe and further spreading to more countries, there is now uncertainty in Europe over the potential economic impact for the medium- to long-term. Indeed, European equity market fell 8.1%, while the FEN Europe slipped 7.5% during February (Fig. 1).

The hotel and retail sectors were initially the most negatively affected by the Coronavirus outbreak. However, supply chain and therefore related sectors are expected to be impacted in the forthcoming periods. During February, both global and European lodging/resorts indices were the bottom performers with a return of -13.8% and -17.1%, respectively, followed by retail and industrial indices (Fig. 9).

Some positive impacts in the longer term in certain sectors, such as office and logistics, might be expected as a result of increasing e-commerce and adoption of flexible working to prevent potential spread of the Coronavirus.

From investors' perspective, risk mitigation and a long-term hold strategy are the key issues in asset allocation and diversification. Monetary policies and other measures taken by the authorities to prevent negative impacts of the Coronavirus might help investors to reposition themselves.

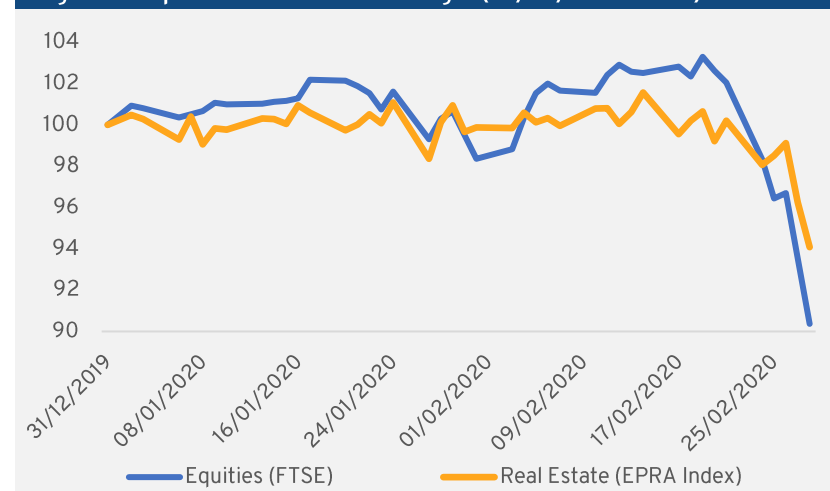
To read previous commentaries, access the [Monthly Market Review January 2020](#).

## FTSE EPRA Nareit Global Index Total Return

	Feb-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
<b>% Total Returns (EUR)</b>						
Global Real Estate	▼ -7.4	-5.4	6.6	4.1	4.5	11.1
Global Equities (FTSE)	▼ -6.9	-6.3	9.2	4.1	4.6	8.6
Global Bonds (JP Morgan)	▲ 2.1	5.3	12.7	8.8	5.8	5.2
<b>Europe Real Estate</b>	▼ -7.5	-5.9	11.9	8.1	3.9	11.0
Europe Equities (FTSE)	▼ -8.1	-9.6	3.3	4.3	3.9	7.1
Europe Bonds (JP Morgan)	▲ 1.4	5.5	13.6	2.9	3.4	6.9
<b>Asia Real Estate</b>	▼ -7.5	-6.0	2.4	3.9	3.6	8.4
Asia Equities (FTSE)	▼ -4.9	-5.8	4.1	3.7	4.1	9.4
Asia Bonds (JP Morgan)	▲ 1.8	3.9	7.4	1.2	2.8	4.9
<b>North America Real Estate</b>	▼ -7.3	-4.9	6.9	3.0	5.0	13.0
NA Equities (FTSE)	▼ -7.4	-5.9	12.1	8.5	9.3	14.6
NA Bonds (JP Morgan)	▲ 3.5	7.6	16.6	3.7	3.7	5.8
<b>Emerging Real Estate</b>	▼ -0.7	-9.5	8.9	9.9	7.7	
Emerging Equities (FTSE)	▼ -4.3	-7.5	3.9	4.0	3.5	
Emerging Bonds (JP Morgan)	-0.1	3.0	13.7	3.9	6.1	

(\*) Annualised.

Fig. 1. Europe : Total Return Change: (31/12/2019=100)



Source: EPRA, Bloomberg. Data is compiled from the FEN Index and FTSE Index series.

Fig. 2. Global Weights (EUR)\*

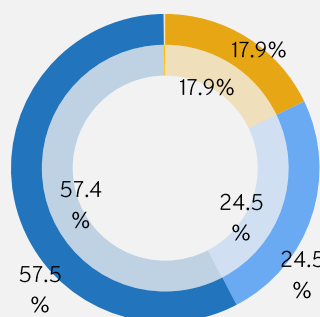


Fig. 3. REIT / Non-REITs

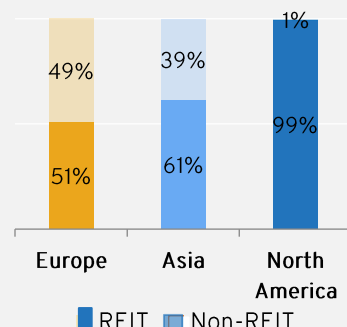


Fig. 4. Focus Split

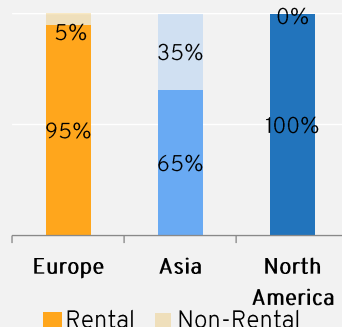


Fig. 5. Index Turnover (EUR, billion)\*

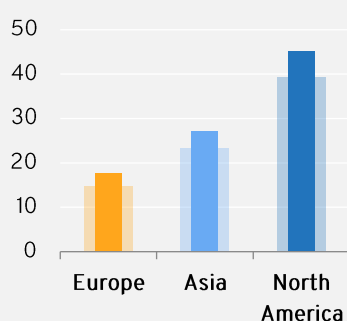


Fig. 6. Dividend Yields\*

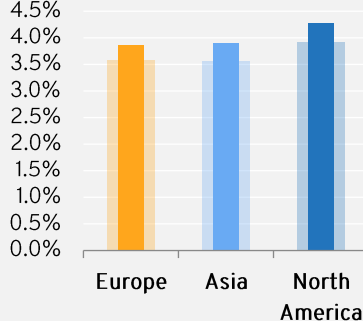


Fig. 7. Volatility (10 yr. & 3 yr.)\*\*

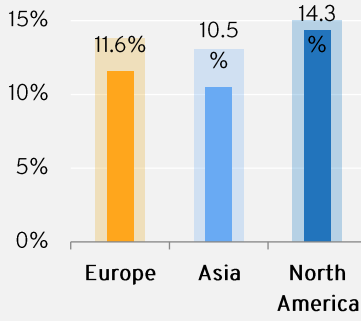


Fig. 8. Correlation (3 yr. rolling)

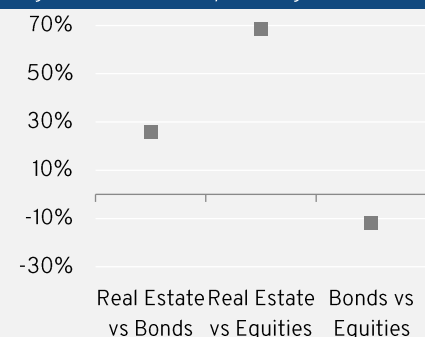
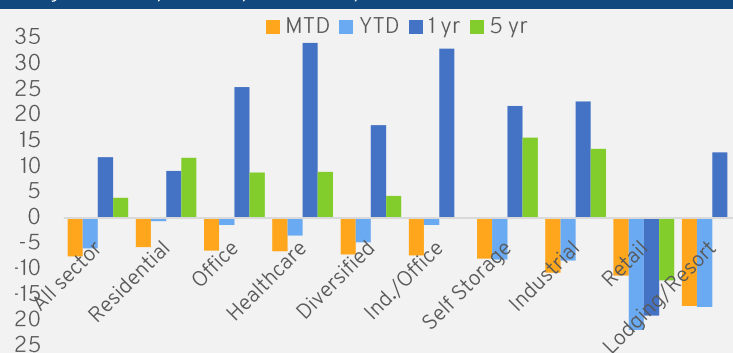


Fig. 9. Developed Europe Return by Sector (%)



FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Feb-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	-7.5	-5.9	11.9	8.1	3.9	11.0
Europe ex UK (EUR)	-6.3	-3.3	15.1	10.1	6.7	11.4
UK (GBP)	-8.7	-11.2	4.4	3.7	1.3	8.9
France (EUR)	-9.0	-8.1	13.5	7.7	3.1	9.4
Netherlands (EUR)	-10.9	-21.4	-16.7	-14.2	-10.8	-2.0
Germany (EUR)	-5.9	-0.2	7.6	12.9	10.7	15.5

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Feb-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	-7.5	-6.0	2.4	3.9	3.6	8.4
Hong Kong (HKD)	-3.6	-11.1	-19.5	2.6	1.6	4.0
Japan (JPY)	-10.7	-6.9	6.1	4.5	0.7	9.2
Australia (AUD)	-6.6	-1.8	8.0	9.5	8.6	11.7
Singapore (SGD)	-4.8	-2.9	12.8	10.4	6.6	6.8

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Feb-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	-8.1	-7.0	3.1	4.1	4.5	10.6
United States (USD)	-8.3	-7.2	2.9	3.8	4.4	10.8
Canada (CAD)	-3.8	0.3	8.9	10.4	7.8	10.7

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Jan-20	YTD	1 yr	3 yrs*	5 yrs*
Emerging (EUR)	-17.0	-21.1	-21.9	-14.4	-8.0
Emerging EMEA (EUR)	-12.0	0.3	30.2	-11.3	-11.2
Emerging Europe (EUR)	-17.6	-23.0	-24.6	-14.2	-7.2
Emerging MEA (EUR)	2.7	-8.3	11.4	14.8	11.7
Emerging APAC (EUR)	-10.6	-10.1	18.6	5.3	0.8
Emerging Americas (EUR)	-17.0	-21.1	-21.9	-14.4	-8.0

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

(\*) Annualised.

## FTSE EPRA Nareit Developed Index

During February 2020, the FEN Developed Index slipped 7.4%, compared to a gain of 2.1% by global bonds and a loss of 6.9% by global equities. In terms of regional performance, Europe, Asia and North America posted negative returns of 7.5%, 7.5% and 7.3%, respectively.

Over a one-year period, global real estate investments posted a 6.6% return, while global equities and global bonds gained 9.2% and 12.7%, respectively. Annualised ten-year rolling returns for real estate investments stand at 11.1%, while general equities posted an 8.6% return and bonds gained 5.2% during the same period.

All countries in developed markets posted negative returns, Finland (-0.6%) and Switzerland (-1.1%) performed relatively better within all regions. Focusing on sector performance, lodging/resorts was the worst performer with a loss of 13.8%, while data centres (-0.9%) was the top performer for the month.

*At the end of February 2020, the FEN Developed Index counted a total of 334 constituents, representing a free float market capitalisation of over EUR 1,4 trillion.*

## FTSE EPRA Nareit Emerging Index

During February 2020, the FEN Emerging Index lost 0.7%, resulting in an 8.9% annual return. Meanwhile, emerging bonds and equities lost 10 bps and 4.3%, respectively. As a result, annual return stands at 13.7% for bonds and 3.9% for equities.

The top performing sectors were residential (2.1%) and diversified (0.6%), while the remaining sectors posted negative returns during February. Lodging/resorts (-15.4%) and retail (-11.95%) were the bottom performers in the emerging markets.

Focusing on country performance, China (5.7%) was the best performer, while the rest of the countries posted negative returns in the region. The Coronavirus' impact on China was evident in the previous month as the bottom performer in the emerging markets, however China's stock exchange markets remained closed until February 3, after the Lunar New Year break, to mitigate the worsening virus crisis on the markets.

*At the end of February 2020, the FEN Emerging Index counted a total of 140 constituents, representing a free float market capitalisation of around EUR 170 billion.*

## FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -9.3%
Simon Property Group, Inc.	Retail	USA	▼ -6.1%
Public Storage, Inc.	Self-Storage	USA	▼ -6.5%
Welltower Inc.	Healthcare	USA	▼ -10.9%
Vonovia SE	Residential	GER	▼ -5.7%
AvalonBay Communities, Inc.	Residential	USA	▼ -7.4%
Equity Residential Properties Trust	Residential	USA	▼ -9.6%
Digital Realty Trust	Data Centers	USA	▼ -2.3%
Realty Income Corp.	Retail	USA	▼ -7.4%
Mitsui Fudosan Co., Ltd.	Industrial	JA	▼ -14.9%

## FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Taubman Centers, Inc.	Retail	USA	▲ 97.1%
Northview Apartment REIT	Residential	CAN	▲ 17.7%
Samhällsbyggnadsbolaget (SBB)	Diversified	SWED	▲ 13.7%
Killam Apartment REIT	Residential	CAN	▲ 6.7%
Shopping Centres Australasia Prop. Gr.	Retail	AU	▲ 4.2%
Hang Lung Properties Ltd.	Diversified	HK	▲ 4.0%
Industrial & Infrastructure Fund (IIF)	Industrial	JA	▲ 3.6%
Keppel DC REIT	Data Centers	SI	▲ 3.5%
Allreal Holding AG	Diversified	SWIT	▲ 3.0%
Keppel REIT	Office	SI	▲ 2.8%

## FTSE EPRA Nareit Emerging – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Investment Ltd.	Residential	CHN	▲ 3.6%
China Resources Land Ltd	Diversified	CHN	▲ 9.9%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 11.8%
Country Garden Holdings	Residential	CHN	▲ 3.6%
Longfor Properties Co. Ltd.	Diversified	CHN	▲ 8.9%
SM Prime Holdings	Diversified	PHIL	▼ -1.5%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 8.7%
Ayala Land	Diversified	PHIL	▼ -6.3%
China Evergrande Group (P Chip)	Diversified	CHN	▲ 0.8%
Shimao Property Holdings	Diversified	CHN	▲ 10.1%



### FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index posted a negative return of 7.4%, while Europe equities lost 6.9% and bonds gained 2.1% during February.

The Germany Index, the UK Index and the France Index lost 5.9%, 8.7% and 9.0%, respectively. The Netherlands Index was the bottom performer with a loss of 10.9%.

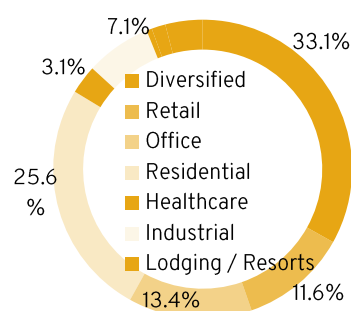
*Hansteen Holding* (UK) has been deleted from the Index due to court sanctioning the scheme of arrangement in relation to the cash offer by Potter UK Bidco (non-constituent).

**Performance of Top 3 sectors:** residential (-5.7%), healthcare (-6.5%), office (-6.4%).

**Performance of Top 3 constituents:** Samhallsbyggnadsbolaget (13.7%, Sweden, diversified), Allreal Holding AG (3.0%, Switzerland, diversified), Kojamo plc (2.3%, Finland, residential).

Developed Europe representing a free float MCap of around EUR 251 billion with 100 constituents

### Developed Europe Sector Split



### FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index slipped 7.5%, while Asia equities lost 4.9% and bonds gained 1.8% for the month.

The Hong Kong Index, the Singapore Index and the Australia Index lost 3.6%, 4.8% and 6.6%, respectively. The Japan Index the lost 10.7%, as the bottom performer in the region (in local currencies).

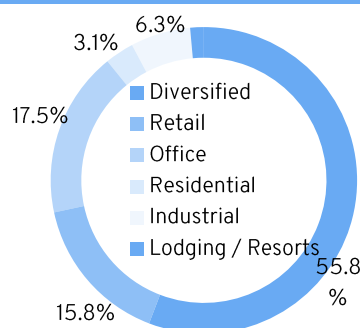
The Developed Asia markets saw no major corporate actions during February.

**Performance of Top sector:** industrial (-3.3%), office (-3.7%), residential (-6.7%).

**Performance of Top 3 constituents:** Shopping Centres Australasia Property Group (4.1%, Australia, retail), Hang Lung Properties Ltd. (4.0%, Hong Kong, diversified), Industrial&Infrastructure Fund 'IIF' (3.6%, Japan, industrial).

Developed Asia representing a free float MCap of around EUR 343 billion with 87 constituents

### Developed Asia Sector Split



### FTSE EPRA Nareit North America Index

The FEN North America Index lost 7.3%, compared to a gain of 3.5% from bonds and a loss of 7.4% from equities.

The Canada Index and the U.S. Index slipped 3.8% and 8.3%, respectively, during the month (in local currencies).

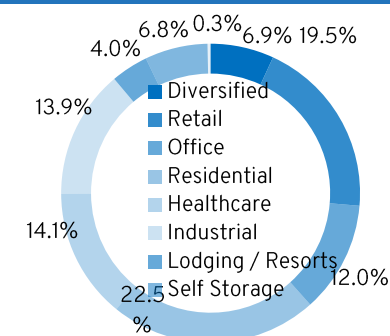
Following the merger with Prologis (USA), *Liberty Property Trust* (USA) has been deleted from the Index. Prologis remained in the Index (with the shares in issue total of 736,279,803 and free float percentage of 99.35%).

**Performance of Top 3 sectors:** industrial/office (-5.7%), self-storage (-5.8%), residential (-6.1%).

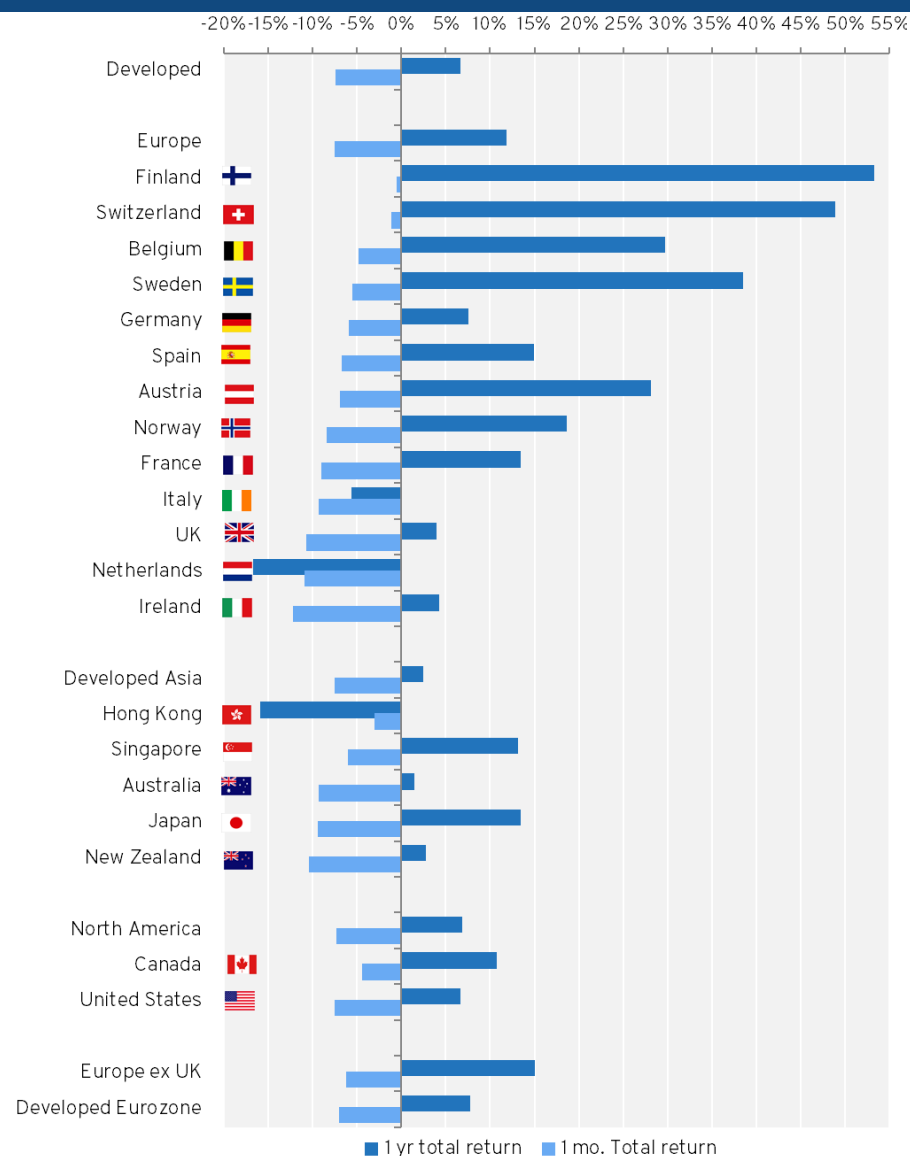
**Performance of Top 3 constituents:** Taubman Centers Inc. (97.0%, USA, retail), Northview Apartment REIT (17.7%, CAN, residential), Killiam Apartment REIT (6.7%, CAN, residential).

Developed North America representing a free float MCap of around EUR 807 billion with 146 constituents

### North America Sector Split



## FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of February 28, 2020

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