



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

April 2020

May
2020

Overview

Almost all markets and sectors started to display a slight recovery during April, following the negative impact of Covid-19 especially during the second half of February and March.

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 7.3% during April, bringing annual return to -14.8% with a slight compensation. Global equities and global bonds also gained 10.6% and 1.2%, respectively. In terms of regional performance, real estate markets in Europe, Asia and North America displayed an improvement posting positive returns of 3.7%, 7.3% and 8.5%, respectively. Meanwhile emerging markets gained 6.2% during the month.

Focusing on sector performances in developed markets, with the exception of self-storage all other sectors posted positive returns. Retail and lodging/resorts, returned the most since the beginning of the pandemic, posting the highest monthly returns of 13.0% and 12.4%, respectively. Also, healthcare (8.9%), data centres (8.5%) and industrial (8.3%) were outperformers with relatively higher returns. On the other hand, self-storage was the bottom performer posting a negative return of 5.4%.

Highlights of the Month

Sign for recovery

The negative impact of Covid-19 became obvious in the second half of February in line with the global outbreak. The FEN Developed Europe sector indices saw the sharpest falls, especially during March. Although all sectors are still performing below year-end levels, they have started to exhibit recovery in April (Fig. 1).

Indeed, almost all sectors have started to compensate for the sharp falls by benefiting from positive returns during April, even the hardest hit sectors – retail and lodging/resorts. Based on the monthly performances, except office (-0.1%) and healthcare (-3.3%), the remaining sectors posted positive returns. Lodging/resorts (27.9%) and self-storage (11.4%) were outperformers (*see Fig. 11 for details*).

Focusing on YTD performances, residential, industrial and healthcare remained relatively resilient compared to other sectors. Lodging/resorts and retail were hit the most with the highest falls. They are still bottom performers, although they posted higher returns during April.

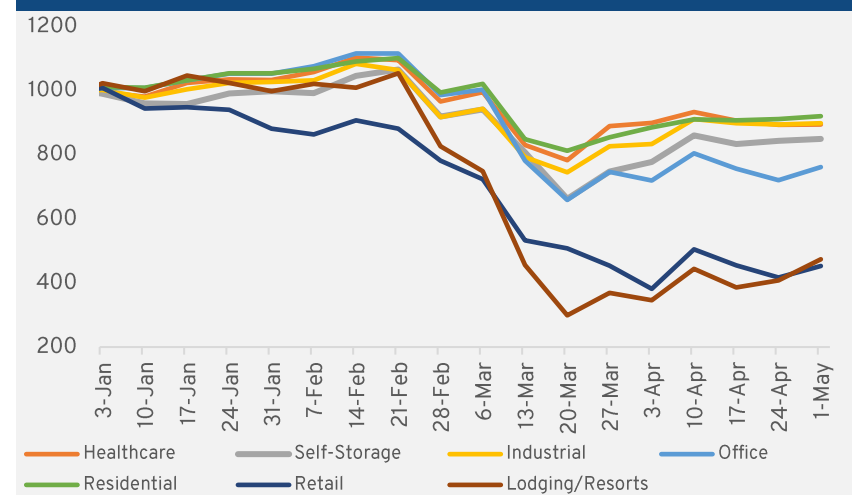
The slight improvements in the markets can be perceived as a positive reaction to governments' stimulus packages to support the private sector, and also company level actions to mitigate the negative impacts on their businesses, as well. Almost all European countries have implemented strict measures and some of them already started to ease them to reactivate economy and business to return to normal. However, it is still unclear as to what the possible economic implications and post-lockdown impacts will be on the business environment.

FTSE EPRA Nareit Global Index Total Return

		Apr-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
% Total Returns (EUR)							
Global Real Estate	▼	7.3	-21.3	-14.8	-1.2	1.0	7.8
Global Equities (FTSE)	▼	10.6	-9.4	-1.3	2.1	3.7	7.5
Global Bonds (JP Morgan)	▲	1.2	6.7	11.6	9.2	6.1	5.2
Europe Real Estate	▼	3.7	-23.1	-11.5	-0.3	0.2	8.4
Europe Equities (FTSE)	▼	5.9	-17.6	-11.3	-0.6	1.6	5.5
Europe Bonds (JP Morgan)	▼	1.4	5.2	9.8	3.7	3.5	6.6
Asia Real Estate	▼	7.3	-19.7	-15.4	-1.0	-0.2	5.8
Asia Equities (FTSE)	▼	7.3	-9.6	-4.5	2.2	2.3	7.9
Asia Bonds (JP Morgan)	▼	0.7	3.1	4.3	1.7	2.6	4.5
North America Real Estate	▼	8.5	-21.5	-15.4	-1.7	1.8	8.9
NA Equities (FTSE)	▼	13.3	-6.8	3.2	8.6	9.3	13.4
NA Bonds (JP Morgan)	▲	0.8	12.3	17.9	5.9	4.6	6.0
Emerging Real Estate	▼	6.2	-22.5	-15.1	3.3	2.0	
Emerging Equities (FTSE)	▼	9.6	-14.9	-9.4	0.7	0.6	
Emerging Bonds (JP Morgan)	▼	2.5	-7.4	-0.8	0.5	3.4	

(*) Annualised.

Fig. 1. Developed Europe : Total Return by Sector: (31/12/2019=1000)



Source: EPRA. Data is compiled from the FEN Index series.

Developed Europe : Performance Analysis by sector

To analyse the impact of Covid-19 by sector in Developed Europe; YTD total return, market cap growth and premium/discount to NAV figures are examined. There is a clear picture for certain sectors which performed relatively better and limited the negative impact of Covid-19 compared to other sectors.

Focusing on YTD returns (Fig. 2), residential (-7.6%), healthcare (-10.0%) and industrial (-8.0%) – considering logistics as a sub-sector within- look resilient with limited falls. It is obvious that retail (-54.6%) and lodging/resort (-52.2%) saw the immediate negative effects which are highly correlated with the direct and related operational impacts of strict measurements. It should be also noted, retail has been experienced the negative impact of e-commerce; in contrast to industrial, therefore logistics benefitting from the growing e-commerce activities.

Although the market cap of all sectors shrank compared to year-end figures (Fig. 2); if we consider discount to NAV figures, emergent sectors -self-storage (54.0%), healthcare (35.0%) and industrial (23.1%) - are still trading at premiums to NAV and above 5-year average level, as well. It might be an indicator for long-term investment strategies in portfolio allocations.

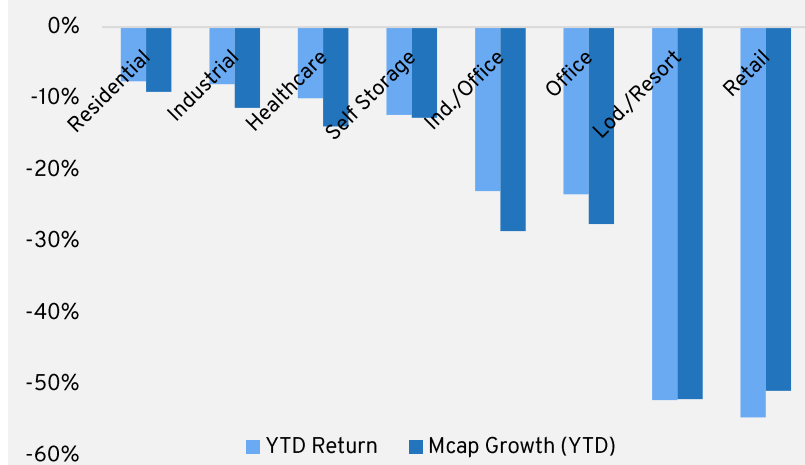
It is also worth mentioning that listed real estate companies in Europe raised EUR 2.7 Billion in new fresh capital in April, reaching EUR 4.87 Billion YTD level. It might be good sign for the sector demonstrating a strong balance sheet which provides a strong position to invest in the sector.

Developed Europe : Total Return by Sector									YTD, as of 30-Apr
	31-Jan	28-Feb	13-Mar	03-Apr	10-Apr	17-Apr	24-Apr	01-May	
Dev. Europe	-1.0%	-11.6%	-20.0%	-1.6%	10.8%	-3.6%	-1.7%	2.7%	-23.1%
Residential	5.4%	-9.8%	-16.9%	3.7%	2.7%	-0.3%	0.4%	1.0%	-7.6%
Industrial	2.7%	-13.8%	-16.0%	0.9%	9.3%	-1.4%	-0.5%	0.5%	-8.0%
Healthcare	3.3%	-11.8%	-16.6%	1.1%	3.8%	-2.9%	-1.4%	0.1%	-10.0%
Self-Storage	-0.2%	-13.8%	-14.2%	4.0%	10.7%	-3.1%	1.2%	0.7%	-12.3%
Office	5.3%	-11.6%	-22.1%	-3.6%	11.9%	-6.0%	-4.8%	5.6%	-23.4%
Lodging/Resorts	-0.2%	-21.6%	-39.1%	-6.3%	28.4%	-13.0%	5.5%	16.4%	-52.2%
Retail	-11.9%	-11.3%	-26.4%	-15.9%	32.3%	-9.9%	-8.3%	8.6%	-54.6%

Source: EPRA. Data is compiled from the FEN Index.

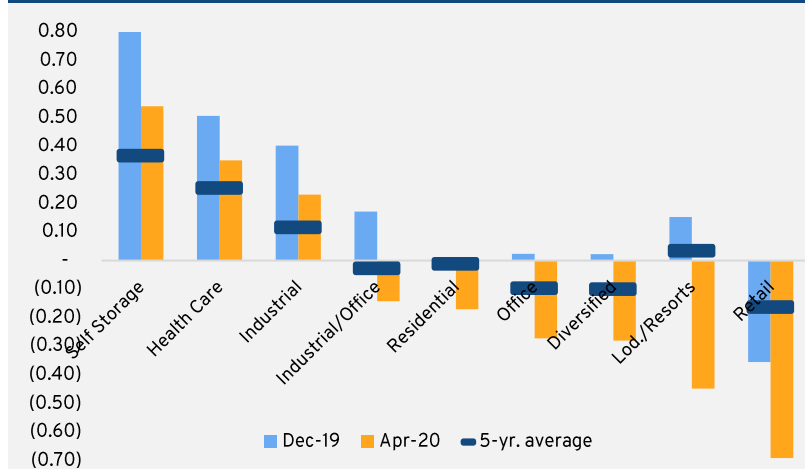
Note: The FEN Lodging/Resorts index has one constituent, therefore it should be considered for comparison.

Fig. 2. Developed Europe : YTD Return and MCap growth by Sector



Source: EPRA. Data is compiled from the FEN Index.

Fig. 3. Developed Europe : Discount to NAV by Sector



Source: EPRA. Data is compiled from the FEN Index.

Fig. 4. Global Weights (EUR)*

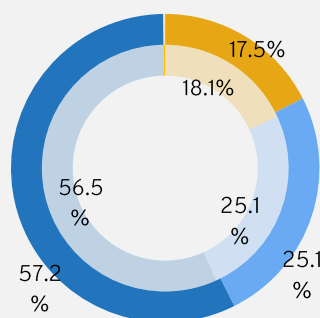


Fig. 5. REIT / Non-REITs

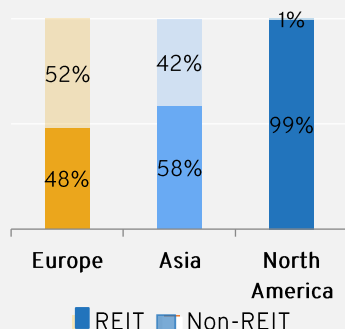


Fig. 6. Focus Split

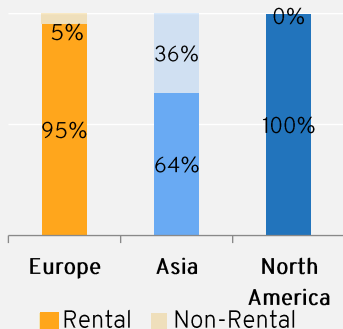


Fig. 7. Index Turnover (EUR, billion)*

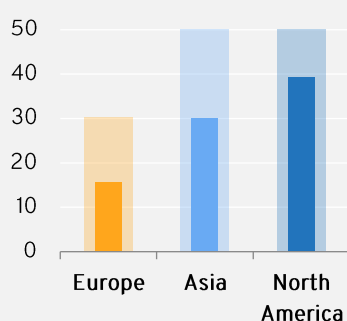


Fig. 8. Dividend Yields*

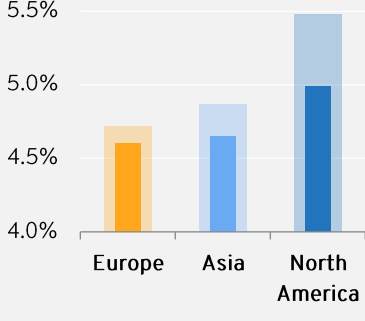


Fig. 9. Volatility (10 yr. & 3 yr.)**

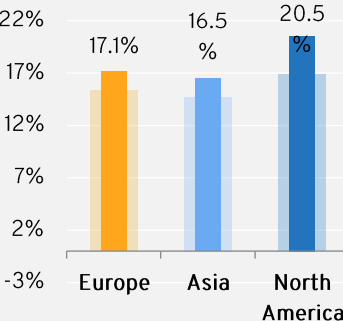


Fig. 10. Correlation (3 yr. rolling)

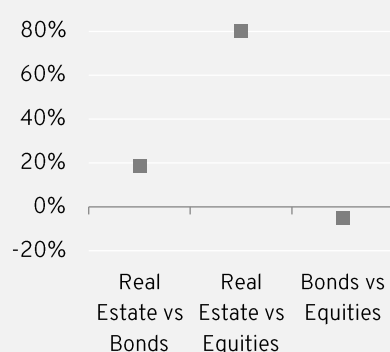
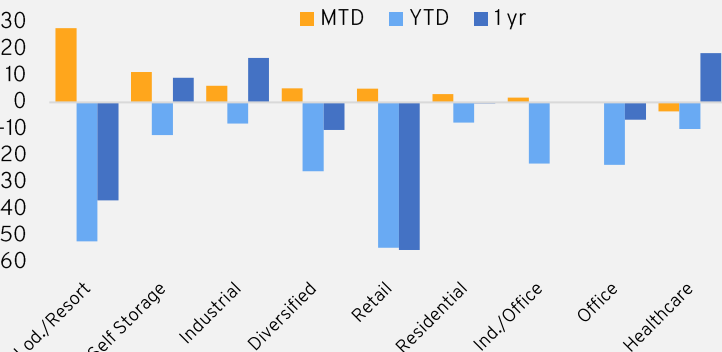


Fig. 11. Developed Europe Return by Sector (%)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Apr-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	3.7	-23.1	-11.5	-0.3	0.2	8.4
Europe ex UK (EUR)	2.6	-22.0	-11.2	1.4	2.9	8.9
UK (GBP)	4.7	-24.0	-11.6	-3.0	-2.0	6.8
France (EUR)	3.6	-33.2	-21.9	-5.7	-3.5	6.0
Netherlands (EUR)	5.4	-56.3	-57.7	-31.0	-20.2	-7.6
Germany (EUR)	3.8	-10.7	-5.3	8.9	9.8	14.5

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Apr-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	7.3	-19.7	-15.4	-1.0	-0.2	5.8
Hong Kong (HKD)	7.7	-13.8	-23.8	-0.4	-0.4	3.6
Japan (JPY)	1.9	-23.9	-14.1	-1.2	-3.8	5.2
Australia (AUD)	15.9	-30.4	-25.5	-3.4	2.0	7.5
Singapore (SGD)	7.0	-13.6	-3.9	4.3	3.7	5.0

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Apr-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	8.3	-23.4	-17.4	-1.5	1.3	6.8
United States (USD)	8.3	-23.1	-17.3	-1.5	1.4	7.0
Canada (CAD)	6.1	-23.4	-17.0	0.4	2.1	7.2

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Apr-20	YTD	1 yr	3 yrs*	5 yrs*
Emerging (EUR)	6.1	-46.5	-47.8	-23.6	-15.3
Emerging EMEA (EUR)	10.0	-2.3	26.3	-11.4	-11.2
Emerging Europe (EUR)	5.4	-50.5	-52.2	-24.8	-15.6
Emerging MEA (EUR)	6.3	-16.4	-9.6	9.4	5.6
Emerging APAC (EUR)	5.1	-45.9	-29.7	-12.0	-7.9
Emerging Americas (EUR)	6.1	-46.5	-47.8	-23.6	-15.3

(*) Annualised.

FTSE EPRA Nareit Developed Index

During April 2020, the FEN Developed Index posted a return of 7.3%, compared to gains of 1.2% and 10.6% from global bonds and global equities, respectively. In terms of regional performance, Europe, Asia and North America recovered with positive returns of 3.7%, 7.3% and 8.5%, respectively.

Over a one-year period, global real estate investments posted a negative return of 14.8% compared to a loss of 1.3% from global equities and a gain of 11.6% from global bonds. Annualised ten-year rolling returns for real estate investments stand at 7.8%, while general equities posted a return of 7.5% and bonds gained 5.2% during the same period.

Most of the countries in developed markets displayed recoveries with positive returns; Australia (24.2%), Spain (10.6%) and Canada (8.9%) were top performers in their regions.

Focusing on sector performances, retail and lodging/resorts outperformed with 13.0% and 12.4% returns, while the remaining sectors posted positive returns, except self-storage (-5.4%), as the bottom performer. Also, healthcare (8.9%), data centres (8.5%), industrial (8.3%) were resilient posting relatively higher returns for the month.

At the end of April 2020, the FEN Developed Index totalled 335 constituents, representing a free float market capitalisation of over EUR 1.2 trillion.

FTSE EPRA Nareit Emerging Index

The FEN Emerging Index gained 6.2% during the month, bringing in a negative annual return of 15.1%, at the end of April 2020. Meanwhile, emerging bonds and equities gained 2.5% and 9.6%, respectively. As a result, annual return stands at -80 bps for bonds and -9.4% for equities.

In terms of sector performance, all sectors posted positive returns during April. Healthcare sector outperformed with a 19.2% return, followed by residential (10.3%) and retail (9.7%). On the other hand, office was the bottom performer with a return of 3.0% in the emerging markets.

Focusing on country performances, Indonesia (23.2%), Chile (19.3%) and Thailand (17.7%) were top performers, the rest of the countries are also posted positive returns.

At the end of April 2020, the FEN Emerging Index totalled 137 constituents, representing a free float market capitalisation of around EUR 149 billion.

You can read recent 2019 H2 updates, access our report [Emerging Market Report 2019 H2](#).

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 11.0%
Digital Realty Trust	Data Centers	USA	▲ 7.6%
Public Storage, Inc.	Self-Storage	USA	▼ -6.6%
Vonovia SE	Residential	GER	▲ 0.4%
Equity Residential Properties Trust	Residential	USA	▲ 5.4%
AvalonBay Communities, Inc.	Residential	USA	▲ 11.8%
Welltower Inc.	Healthcare	USA	▲ 11.9%
Simon Property Group, Inc.	Retail	USA	▲ 21.7%
Sun Hung Kai Properties Limited	Diversified	HK	▲ 4.1%
Mitsubishi Estate Company, Limited	Diversified	USA	▲ 15.3%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Tanger Factory Outlet Centers, Inc.	Retail	USA	▲ 57.3%
Scentre Group	Retail	AUD	▲ 48.9%
Vicinity Centres	Retail	AU	▲ 44.0%
Summit Hotel Properties	Lodg/Resorts	USA	▲ 43.6%
Macerich Company	Retail	USA	▲ 41.0%
Colony Capital	Diversified	USA	▲ 38.0%
Urban Edge Properties	Retail	USA	▲ 30.5%
Service Properties Trust	Diversified	USA	▲ 28.5%
American Campus Communities	Residential	USA	▲ 27.2%
Chatham Lodging Trust	Lodg/Resorts	USA	▲ 26.4%

FTSE EPRA Nareit Emerging – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Invest. Ltd.	Residential	CHN	▲ 18.3%
China Resources Land Ltd	Diversified	CHN	▼ -0.6%
Sunac China Holdings (P Chip)	Diversified	CHN	▼ -4.2%
Country Garden Holdings	Residential	CHN	▲ 6.5%
Longfor Properties Co. Ltd.	Diversified	CHN	▲ 4.0%
Shimao Property Holdings	Diversified	CHN	▲ 14.7%
SM Prime Holdings	Diversified	PHIL	▲ 9.2%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 1.0%
Ayala Land	Diversified	PHIL	▲ 5.8%
China Jinmao Holdings Group	Diversified	CHN	▲ 7.8%

FTSE EPRA Nareit Developed Europe Index

During April, the FEN Developed Europe Index gained 3.7%, compared to a gain of 5.9% from Europe equities and 1.4% from bonds. The Netherlands Index, the UK Index, the Germany Index and the France Index performed better with a return of 5.4%, 4.7%, 3.8% and 3.6%, respectively.

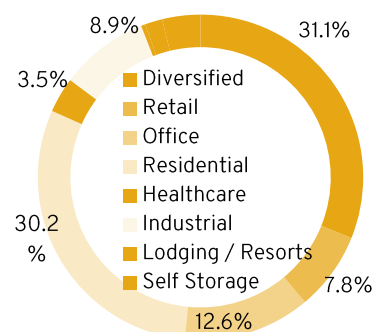
Following the completion of the tender offer for Adler Real Estate (Germany, non-constituent) by ADO Properties (Germany, constituent), ADO Properties SA remained in the index with an increased shares in issue total 72,645,991 and a decreased investability weighting from 66.0% to 60.7%.

Performance of Top 3 sectors: lodging/resort (27.9%), self-storage (11.4%), industrial (6.2%).

Performance of Top 3 constituents: Pandox (25.8%, Sweden, lodging/resorts), Deutsche EuroShop AG (25.8%, Germany, retail), INTU Properties (24.6%, UK, retail).

Developed Europe representing a free float MCap of around EUR 206 billion with 101 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

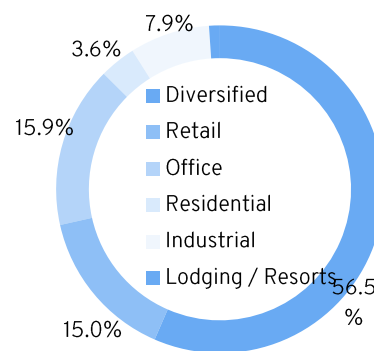
The FEN Developed Asia Index gained 7.3%, while Asia equities and bonds posted 7.3% and 70 bps, respectively. The Australia Index outperformed with a return of 15.9%, while the Hong Kong Index and the Singapore Index posted 7.7% and 7.0%, respectively. The Japan Index was the bottom performer in the region with a return of 1.9% (in local currencies).

Performance of Top sector: lodging/resorts (17.4%), retail (14.0%), industrial (9.9%).

Performance of Top 3 constituents: Scentre Group (48.9%, Australia, retail), Vicinity Centres (44.0%, Australia, retail), CDL Hospitality Trusts (21.9%, Singapore, lodging/resorts).

Developed Asia representing a free float MCap of around EUR 294 billion with 89 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index posted a return of 8.5%, compared to a gain of 13.3% from equities and 80 bps from bonds.

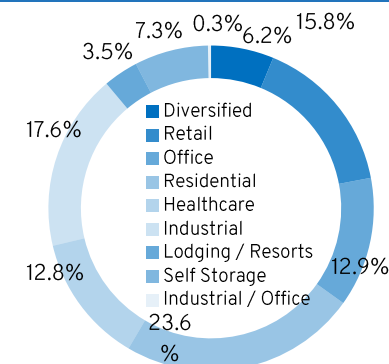
The U.S. Index and the Canada Index posted a return of 8.3% and 6.1%, respectively (in local currencies).

Performance of Top 3 sectors: retail (14.0%), diversified (12.9%), industrial/office (11.8%).

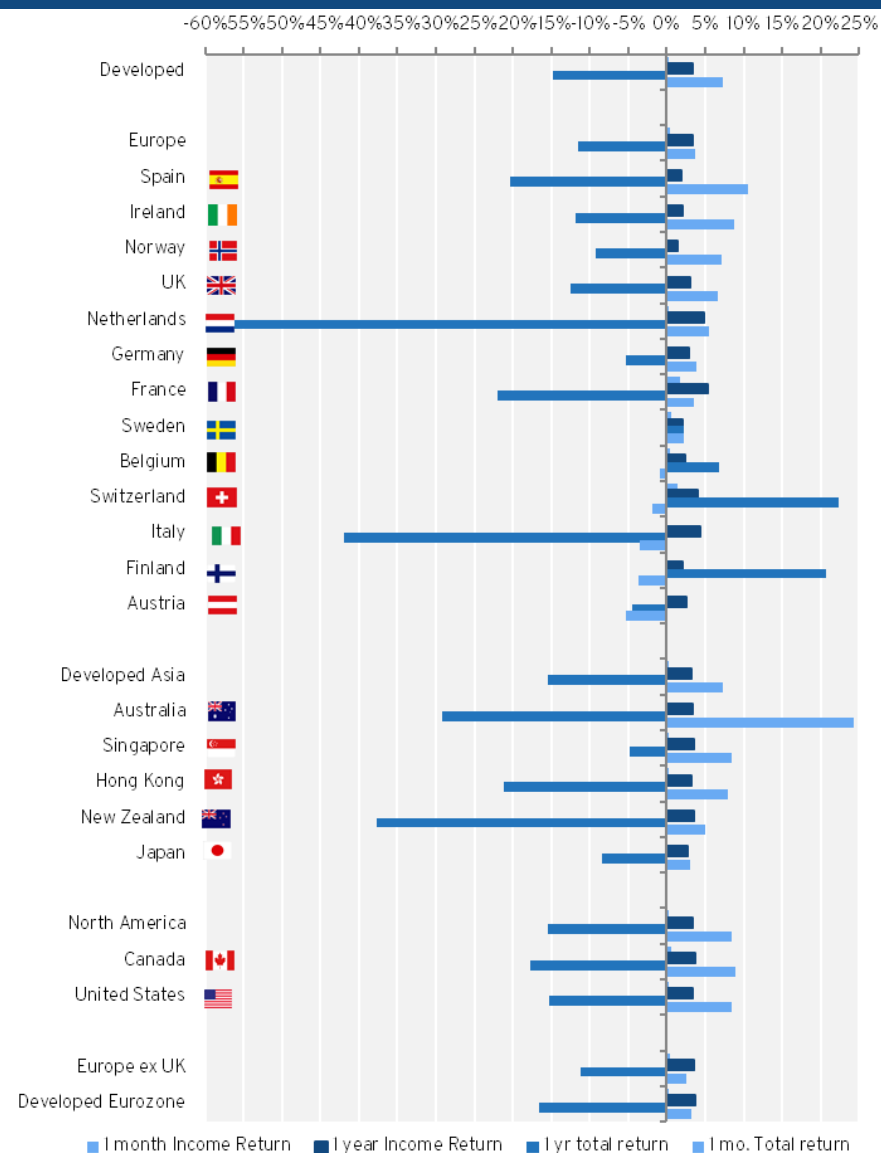
Performance of Top 3 constituents: Tanger Factory Outlet Centres Inc. (57.2%, USA, retail), Summit Hotel Properties (43.6%, USA, lodging/resorts), Macerich Company (41.0%, USA, retail).

Developed North America representing a free float MCap of around EUR 670 billion with 143 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of April 30, 2020

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EPRA CONTACTS:

Dilek Pekdemir, PhD.

Research Manager

d.pekdemir@epra.com

Ali Zaidi

Director Research & Indices

a.zaidi@epra.com

David Moreno, CFA

Senior Analyst Indices & Research

d.moreno@epra.com

Lourdes Calderon Ruiz

Senior Analyst Indices & Research

l.calderonruiz@epra.com



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