



# EPRA

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

# Monthly Market Review

June 2020

July  
2020

## Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 1.7% during June which provided a slight improvement and brought the annual return to -14.3%. Global equities gained 1.5% compared to a loss of 48 bps from global bonds.

In terms of regional performance, all regions displayed slight recoveries by posting positive returns. Europe and North America gained 1.0% and 2.4%, respectively while Asia was stable by adding 77 bps. Meanwhile emerging markets returned 5.6% with positive returns from most of the emerging countries during the month. Focusing on sector performances, retail outperformed with a return of 8.1%, while lodging/resorts was bottom performer (-5.5%). Also, healthcare (2.7%) and industrial (2.7%) kept their resilience posting positive returns during June.

## Highlights of the Month

### Quarterly total return changes : recovery expectations

The FEN Developed Europe Index lost 25.8% in 2020-Q1 due to the negative impact of Covid-19. On the other hand, 2020-Q2 figures look better compared to subsequent impacts of the previous two crises posting a 6.40% quarterly return (Fig. 1). Oxford Economics expects that the FEN Developed Europe Index might return to pre-crisis levels in 1 or 2 years, significantly shorter than the GFC.

(For further reading, full report is available on the website [‘The Impact of the Covid-19 on Listed Real Estate’](#) -EPRA members-only).

### Mixed picture by sectors

During June, the FEN Developed Europe sector indices displayed slight recovery, and started to bounce back after it saw sharp falls in March. Except office (-3.9%) and lodging/resorts (-2.2%), all sectors posted positive monthly returns. Industrial (4.5%), retail (4.5%) and self-storage (4.3%) were top performers. In particular the retail sector benefitted from the easing measures and the re-opening of economic activities. Following the opening of restaurants and shops in most of the European countries, the retail index saw a rebound in the first week of June. Although it dropped in the remaining period of the month, returning 4.5% for the month (Table 1).

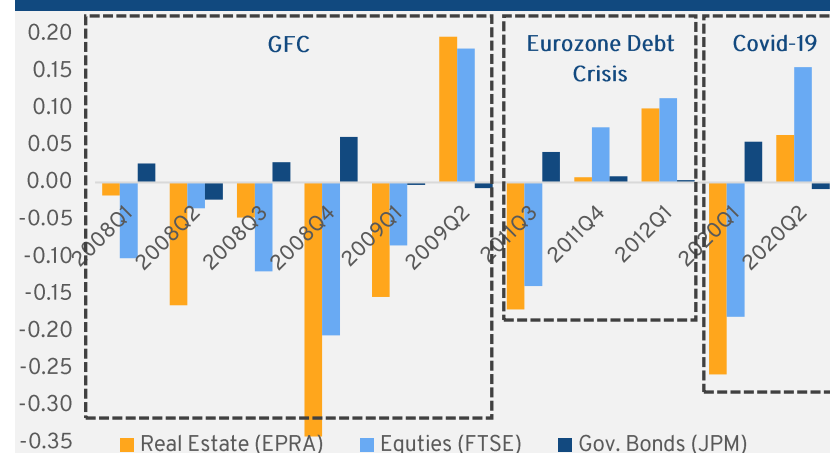
Focusing on YTD returns, residential is still the only sector performing above the year-end figure with a YTD return of 4.6%. Similarly, residential and industrial compensated losses and turned back to year-end MCap levels by growing 7.7% and 1.6%, respectively (Fig. 2).

## FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Jun-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 1.7	-21.0	-14.3	-0.2	2.1	8.1
Global Equities (FTSE)	▲ 1.5	-5.4	-7.8	3.0	5.0	9.2
Global Bonds (JP Morgan)	▼ -0.5	4.5	19.2	8.4	6.1	4.8
Europe Real Estate	▲ 1.0	-21.1	-6.4	0.5	1.7	9.1
Europe Equities (FTSE)	▲ 3.1	-11.3	-5.0	1.7	3.9	7.2
Europe Bonds (JP Morgan)	▼ -0.6	3.2	5.5	4.7	3.7	5.4
Asia Real Estate	▲ 0.8	-20.6	-18.3	0.1	0.6	5.9
Asia Equities (FTSE)	▲ 2.8	-5.8	3.1	3.8	3.4	8.5
Asia Bonds (JP Morgan)	▼ -1.8	-0.5	0.2	2.2	1.9	3.1
North America Real Estate	▲ 2.4	-21.0	-14.6	-0.5	2.8	9.2
NA Equities (FTSE)	▲ 0.9	-2.7	9.0	11.2	10.3	14.5
NA Bonds (JP Morgan)	▼ -1.2	9.0	12.1	6.3	4.1	4.5
Emerging Real Estate	▲ 5.6	-22.2	-14.7	2.5	4.0	
Emerging Equities (FTSE)	▲ 6.0	-10.3	-2.3	3.3	2.8	
Emerging Bonds (JP Morgan)	▲ 1.6	-2.0	2.6	3.8	4.9	

(\*) Annualised.

Fig. 1. Developed Europe : Quarterly change (%)



Source: EPRA. Data is compiled from the FEN Index series (as of 30 June 2020).

## Strong Debt raising in Europe

During the first half of 2020, constituents of the FEN Developed Europe index raised a total of EUR 8.3 billion in debt. Focusing on sectors, residential accounted for 42% of the total debt raised at EUR 3.5 billion, followed by retail at EUR 2.5 billion (31%) and office at EUR 1.4 billion (17%). Companies raised capital for strategic acquisitions and business expansion.

Total debt raising substantially increased compared to the pre-Covid19 level. In addition, it is well the last Eurozone debt crisis in 2011. It indicates that companies' capital structure is still healthy.

## 2020-Q2 Index Review

During 2020-Q2 quarterly review, 7 companies were added, and 3 companies were deleted from the Developed index. Besides, there were 5 additions and 3 deletions in the Emerging Index, and also one company was added to the AIM index. The net added valued added to the global index was almost EUR 2.85 million in free float market cap. Details are given in the related region sections.

*Ascott Residence Trust* was moved from Emerging index to Developed index due to nationality change from China to Singapore. In addition, Swedish *Klovern (B)* has reclassified sector from Diversified to Industrial/Office mixed. *First Capital Realty Inc. (Canada)*, *Capital & Counties Properties (UK)* and *BMO Commercial Property Trust (UK)* were reclassified from Non-REIT to REIT.

All changes became effective as of Monday, 22 June 2020. The next index review will take place at the end of August, and the results will be locked-up on the 4th of September.

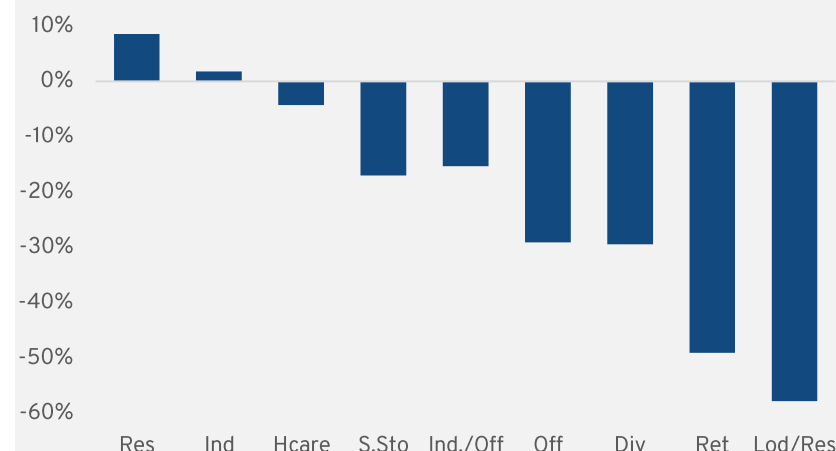
Table 1. The FEN Developed Europe : Weekly and Monthly Total Return by Sector

Developed Europe:	Monthly Total Return by Sector						Weekly Total Return by Sector					YTD, as of
	31-Jan	28-Feb	31-Mar	30-Apr	29-May	30-Jun	05-Jun	12-Jun	19-Jun	26-Jun	30-Jun	
Developed Europe	1.7%	-7.5%	-21.2%	3.7%	1.6%	1.0%	10.2%	-6.5%	1.4%	-3.4%	-21.2%	
Residential	5.4%	-5.7%	-9.8%	3.1%	9.8%	3.2%	5.5%	-3.2%	2.0%	-1.3%	4.6%	
Industrial	2.7%	-10.7%	-5.6%	6.2%	1.1%	4.5%	6.9%	-3.4%	0.8%	0.3%	-2.7%	
Healthcare	3.3%	-6.5%	-3.6%	-3.3%	1.2%	0.6%	4.3%	-2.7%	3.3%	-4.1%	-8.3%	
Self-Storage	-0.2%	-7.9%	-14.3%	11.4%	-10.3%	4.3%	8.7%	-5.6%	3.8%	-2.5%	-17.9%	
Office	5.3%	-6.4%	-22.3%	-0.1%	-3.5%	-3.9%	8.7%	-7.3%	0.3%	-4.0%	-29.0%	
Lodging/Resorts	-0.2%	-17.1%	-54.8%	27.9%	9.0%	-2.2%	19.6%	-16.3%	6.9%	-9.8%	-49.0%	
Retail	-11.9%	-11.3%	-44.8%	5.1%	-6.0%	4.5%	38.1%	-16.7%	-3.0%	-7.9%	-55.4%	

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

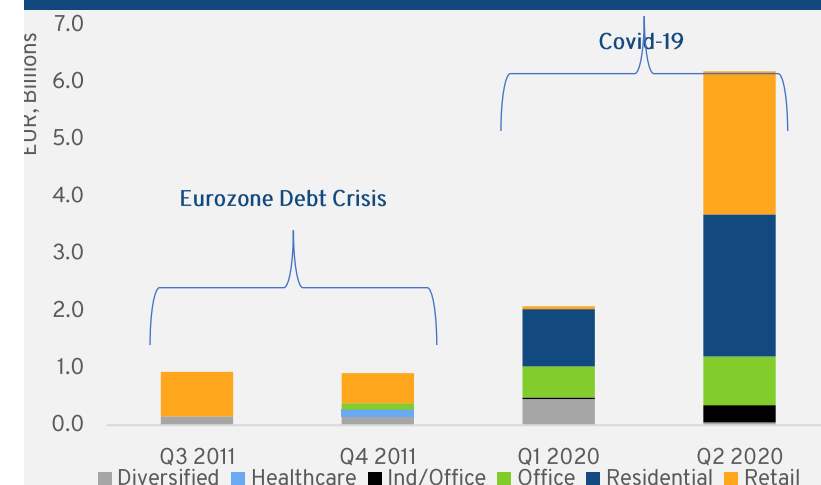
Note: The FEN Lodging/Resorts index has one constituent, therefore it should be considered for comparison.

Fig. 2. Developed Europe : MCap growth by sector (YTD, %)



Source: EPRA. Data is compiled from the FEN Index (as of 30 June 2020).

Fig. 3. Developed Europe : Capital Raisings (Debt)



Source: EPRA. Data is compiled from S&P.

Fig. 4. Global Weights (EUR)\*

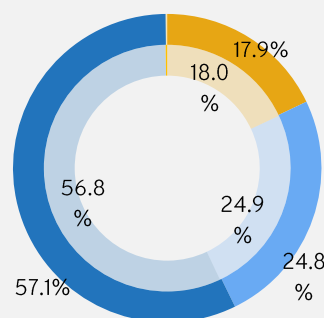


Fig. 5. REIT / Non-REITs

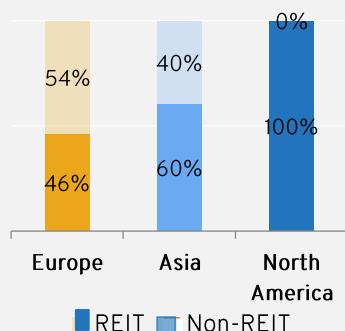


Fig. 6. Focus Split

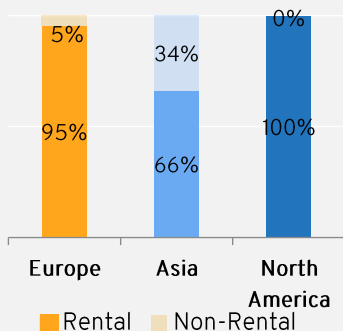


Fig. 7. Index Turnover (EUR, billion)\*

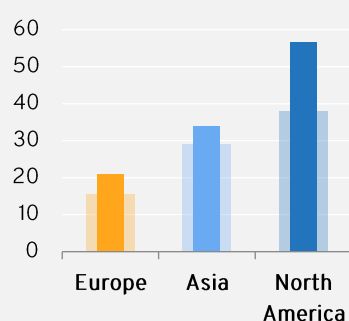


Fig. 8. Dividend Yields\*

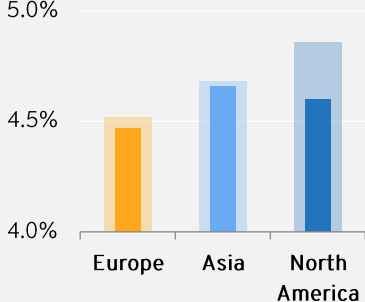


Fig. 9. Volatility (10 yr. & 3 yr.)\*\*

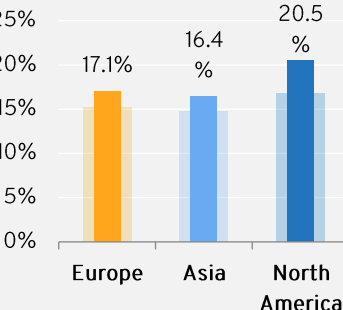


Fig. 10. Correlation (3 yr. rolling)

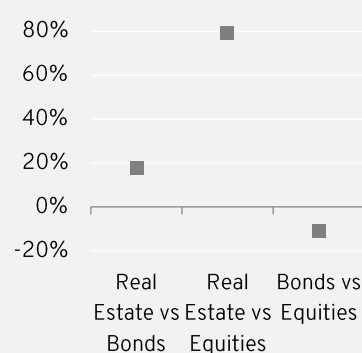
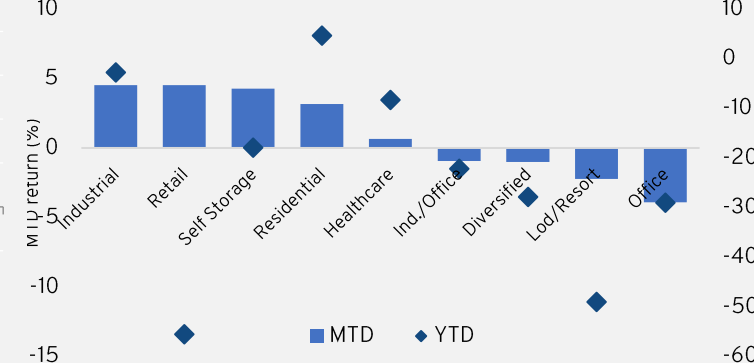


Fig. 11. Developed Europe : Total return by sector



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Jun-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	1.0	-21.1	-6.4	0.5	1.7	9.1
Europe ex UK (EUR)	1.9	-17.9	-4.9	1.9	5.9	9.7
UK (GBP)	-0.4	-24.1	-9.1	-2.3	-1.6	8.0
France (EUR)	2.5	-35.3	-22.9	-7.6	-2.2	5.9
Netherlands (EUR)	4.8	-58.2	-53.8	-31.6	-19.6	-7.3
Germany (EUR)	3.2	0.7	12.5	10.9	14.5	16.0

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Jun-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	0.8	-20.6	-18.3	0.1	0.6	5.9
Hong Kong (HKD)	12.3	-16.6	-25.3	-2.2	-0.2	3.6
Japan (JPY)	-3.1	-22.0	-13.8	-0.9	-2.4	8.2
Australia (AUD)	-1.3	-29.5	-30.1	-1.0	2.5	8.1
Singapore (SGD)	-0.2	-9.7	-5.3	5.2	5.8	5.8

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Jun-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	3.4	-21.0	-15.8	-1.0	3.0	8.3
United States (USD)	3.3	-20.7	-15.5	-1.0	3.1	8.5
Canada (CAD)	3.8	-22.7	-17.8	1.2	3.6	7.6

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Jun-20	YTD	1 yr	3 yrs*	5 yrs*
Emerging (EUR)	5.6	-22.2	-14.7	2.5	4.0
Emerging EMEA (EUR)	12.8	-40.5	-41.5	-19.9	-12.5
Emerging Europe (EUR)	12.0	24.0	62.1	-3.4	-4.1
Emerging MEA (EUR)	13.0	-46.6	-48.2	-21.8	-13.7
Emerging APAC (EUR)	4.9	-17.5	-9.8	7.0	7.6
Emerging Americas (EUR)	7.1	-41.7	-28.6	-7.8	-4.7

(\*) Annualised.

## FTSE EPRA Nareit Developed Index

The FEN Developed Index posted a 1.7% return, compared to a gain of 1.5% from global equities and a loss of 48 bps from global bonds, at the end of June. Over a one-year period, global real estate investments lost 14.3%, compared to gain of 19.2% from global bonds and loss of 7.8% from global equities. Annualised ten-year rolling returns for real estate investments stand at 8.1%, while general equities and bonds gained 9.2% and 4.8% respectively.

In terms of country performances, Italy (8.0%), Ireland (5.1%) and Netherlands (4.8%) were outperformers in Europe. Meanwhile Hong Kong (11.2%) in Asia and Canada (4.3%) in North America were top performers. Focusing on sector performances, retail (8.1%) was the top performer followed by healthcare (2.7%), industrial (2.7%), while lodging/resorts (-5.5%) and self-storage (-4.4%) were bottom performers.

At the end of June 2020, the **FEN Developed Index** totalled 339 constituents, representing a free float market capitalisation of around EUR 1.2 trillion.

## FTSE EPRA Nareit Emerging Index

During June, the FEN Emerging Index gained 5.6% during the month, bringing the annual return to -14.7%. Meanwhile, emerging equities and bonds gained 6.0% and 1.6%, respectively. As a result, annual return stands at 2.6% for bonds and -2.3% for equities.

In terms of sector performance, diversified (7.1%) and residential (4.1%) were outperformers, followed by retail (3.0%). On the other hand, healthcare was the bottom performer with a return of -21.2% in the emerging markets.

Focusing on country performances, Turkey (29.9%), South Africa (21.2%) and Russia (17.7%) were top performers in the emerging markets. Almost all emerging countries posted positive returns, except Czechia (-2.9%), Malaysia (-1.7%) and Mexico (-0.8%) which were bottom performers in emerging markets.

During Q2 quarterly review, three Chinese companies *Zhongliang Holdings Group (P Chip)*, *Sinic Holdings (Group) (P Chip)* and *Redsun Properties Group (P Chip)*, also *Al-Mazaya Holding (Kuwait)* and *AL Maather REIT (Saudi Arabia)* have been added to the emerging index. Meanwhile three constituents have been deleted from the index.

At the end of June 2020, the **FEN Emerging Index** totalled 139 constituents, representing a free float market capitalisation of over EUR 148 billion.

## FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 2.6%
Digital Realty Trust	Data Centers	USA	▼ -0.2%
Vonovia SE	Residential	GER	▲ 5.4%
Public Storage, Inc.	Self-Storage	USA	▼ -4.4%
AvalonBay Communities, Inc.	Residential	USA	▲ 0.1%
Welltower Inc.	Healthcare	USA	▲ 2.1%
Equity Residential Properties Trust	Residential	USA	▼ -1.9%
Simon Property Group, Inc.	Retail	USA	▲ 18.5%
Realty Income Corp.	Retail	USA	▲ 8.0%
Alexandria Real Estate Equities, Inc.	Office	USA	▲ 6.2%

## FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
SITE Centers	Retail	USA	▲ 42.9%
Retail Properties of America	Retail	USA	▲ 35.1%
Macerich Company	Retail	USA	▲ 31.7%
Samhällsbyggnadsbolaget (SBB)	Diversified	SWED	▲ 27.1%
Store Capital REIT	Retail	USA	▲ 24.9%
Spirit Realty Capital	Retail	USA	▲ 24.8%
Wharf Real Estate Investment	Diversified	HK	▲ 24.2%
Diversified Healthcare Trust	Healthcare	USA	▲ 23.6%
Covivio	Diversified	FRA	▲ 22.5%
Urban Edge Properties	Retail	USA	▲ 21.7%

## FTSE EPRA Nareit Emerging – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Inv. Ltd.	Residential	CHN	▲ 1.8%
China Resources Land Ltd	Diversified	CHN	▼ -0.6%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 3.8%
Country Garden Holdings	Residential	CHN	▲ 3.0%
Longfor Group Holdings (P Chip)	Diversified	CHN	▲ 7.4%
China Vanke Co., Ltd (H)	Residential	CHN	▼ -2.6%
Shimao Property Holdings	Diversified	CHN	▲ 4.5%
SM Prime Holdings	Diversified	PHIL	▲ 6.3%
China Evergrande Group (P Chip)	Diversified	CHN	▲ 23.2%
Ayala Land	Diversified	PHIL	▲ 5.6%

### FTSE EPRA Nareit Developed Europe Index

During June, the FEN Developed Europe Index gained 1.0%, while European equities gained 3.1% and bonds lost 48 bps. The Netherlands Index, the German Index and the France Index gained 4.8%, 3.2% and 2.5%, respectively. The UK index was the bottom performer in the region with a loss of 36 pbs (in local currencies).

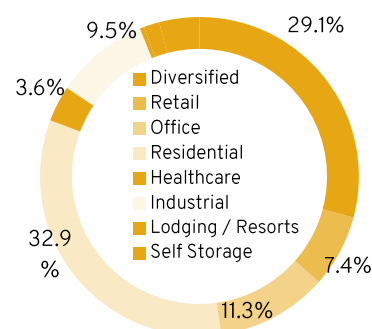
During Q2 index review, *Aberdeen Standard European Logistics* (UK, Non-REIT, Industrial) and *Intershop Holding* (Switzerland, Non-REIT, Diversified), have been added to the index, while *Intu Properties* (UK, Retail) has been deleted from the index.

**Performance of Top 3 sectors:** industrial (4.5%), retail (4.5%), residential (3.2%).

**Performance of Top 3 constituents:** SBB Norden AB (27.1%, Sweden, diversified), Covivio (22.5%, French, diversified), RDI REIT plc (20.1%, UK, diversified).

Developed Europe representing a free float MCap of around EUR 213 billion with 102 constituents

### Developed Europe Sector Split



### FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index gained 77 bps, while Asian equities gained 2.8% and bonds lost 1.8%. The Hong Kong Index (12.3%) was outperformer, followed by the Australia Index (1.3%) and the Singapore Index (19 bps). The Japan Index lost 3.1% (in local currencies).

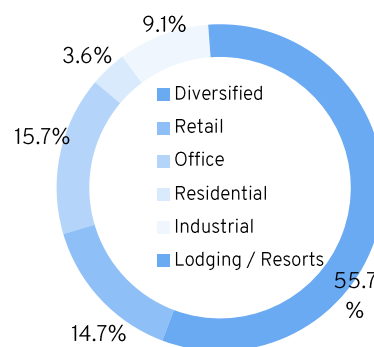
*Mitsubishi Estate Logistics REIT Investment* (Japan, REIT, Industrial), *National Storage REIT* (Australia, REIT, Self-Storage) have been added to the index. *Ascott Residence Trust* (REIT, Diversified) was moved from Emerging index to Developed index due to nationality change from China to Singapore, during quarterly review.

**Performance of Top sector:** industrial/office (3.3%), industrial (2.5%), retail (1.9%).

**Performance of Top 3 constituents:** Wharf Real Estate Investment (24.2%, Hong Kong, Diversified), Hysan Development Company Ltd. (18.3%, Hong Kong, diversified), New World Development Company Ltd. (17.8%, Hong Kong, diversified).

Developed Asia representing a free float MCap of around EUR 296 billion with 92 constituents

### Developed Asia Sector Split



### FTSE EPRA Nareit North America Index

The FEN North America Index returned 2.4%, compared to a gain of 91 pbs from equities and loss of 1.2% from bonds. The U.S. Index and the Canada Index gained 3.3% and 3.8%, respectively (in local currencies).

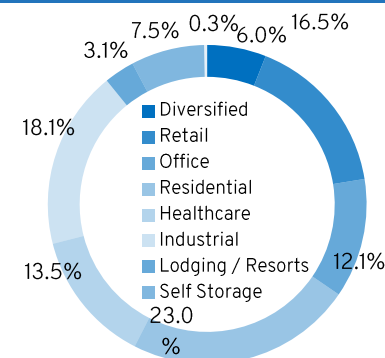
*Community Healthcare Trust, Inc.* (USA, REIT, Healthcare) and *WPT Industrial Real Estate Investment Trust* (USA, REIT, Industrial) have been added to index. Meanwhile, *Chatham Lodging Trust* (USA) and *Seritage Growth Properties* (USA) have been deleted from index, during Q2 index review.

**Performance of Top 3 sectors:** industrial/office (13.8%), retail (11.4%), diversified (8.5%).

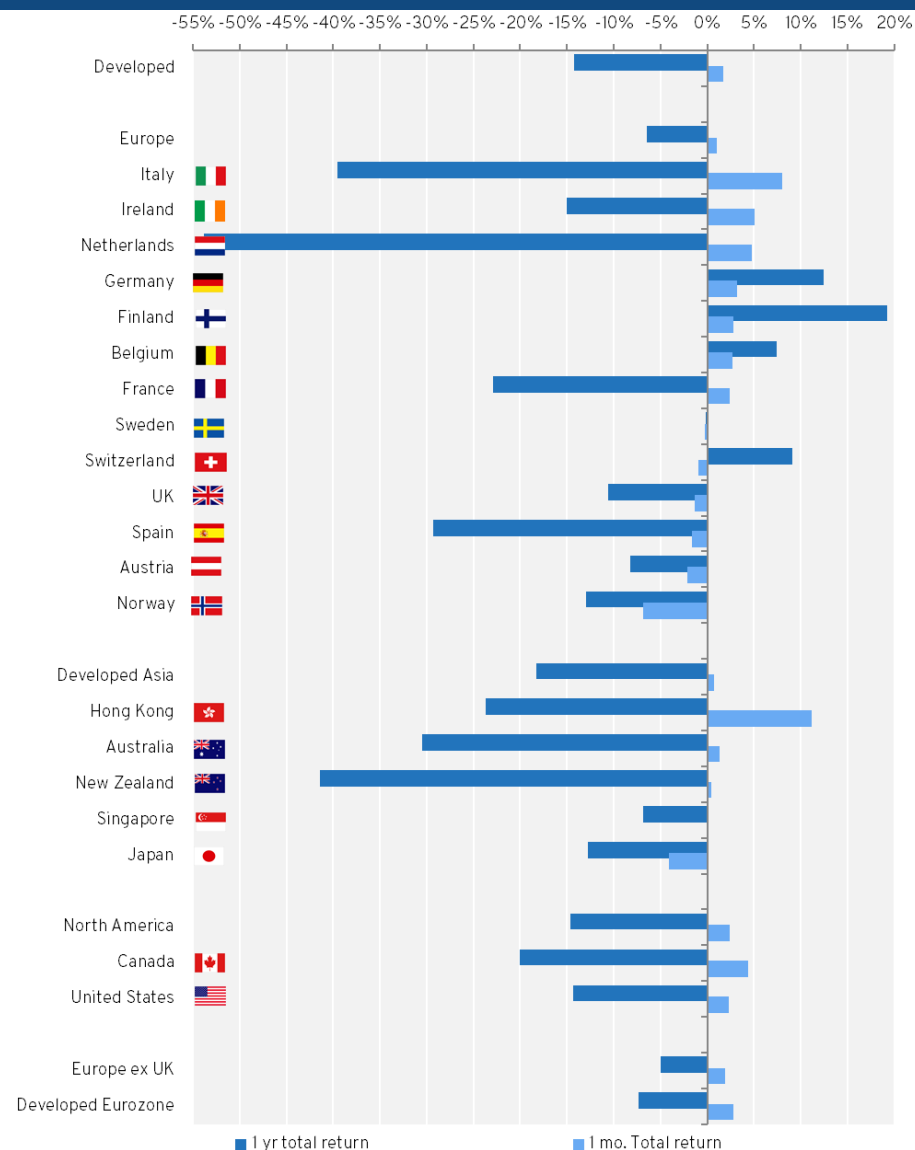
**Performance of Top 3 constituents:** SITE Centers (42.9%, USA, retail), Retail Properties of America (35.1%, USA, retail), Macerich Company (31.7%, USA, retail).

Developed North America representing a free float MCap of around EUR 6801 billion with 143 constituents

### North America Sector Split



## FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of June 30, 2020

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[Total Markets Table 2020-Q1](#) (quarterly)



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