



# EPRA

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

# Monthly Market Review

July 2020

August  
2020

## Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index slipped 2.3%, resulting in a -22.8% return (YTD), at the end of July. Global equities and global bonds lost 1.0% and 1.9%, respectively.

In terms of regional performance, Europe is the only region posting positive returns for the fourth consecutive month, after hit by Covid-19 pandemic in March. Europe gained 1.2%, while Asia and North America lost 6.2% and 1.7%, respectively. Meanwhile emerging markets saw 1.9% fall during July.

Focusing on sector performances, data centres was outperformer with a return of 7.8%, followed by industrial (7.4%) and industrial/office (6.5%). Lodging/resorts was bottom performer (-12.9%) in July.

The pandemic has boosted demand for online services and technologies providing safer solutions and alternatives. Data centres become more attractive since the increasing demand for digital infrastructure platforms. Currently, data centre REITs are more the US-centric, but it is expected to expand globally as the need for digital data storage will grow in the forthcoming periods.

## Highlights of the Month

### Opportunities and challenges during Covid-19 crisis

The impact of Covid-19 crisis on sectors became more evident during Covid-19 lockdown period. There are some opportunities and challenges for certain sectors. Logistics became crucial for not only transporting/storing vital supplies, food, medical equipment and pharmaceuticals, but also increasing online orders by households. On the other hand, retail sector is struggling due to increasing e-commerce and negative effect of social distancing measures on physical stores. Similarly, there are rising concerns on office sector since working from home was largely adopted.

The listed real estate market has faced with similar implications and the speed of the recovery is different across sectors. The FEN Developed Europe sector indices continued to recover, except retail (-9.7%) and office (-35 bps), all sectors posted positive returns during July. Industrial (8.0%), self-storage (4.3%) and residential (4.2%) were top performers. Focusing on YTD returns, industrial (5.0%) and residential (9.0%) are only sectors turned back to the year-end levels. The resilience of these sectors is supported by investor appetite as they represent a safe, stable and attractive asset with more secure income generation.

The EU agreed on a EUR 750 bn recovery package in mid -July, which supports a sustainable and resilient recovery, creating jobs and repairing the immediate damage caused by the COVID-19 pandemic. It expected that more coordinated and effective policy responses in the Eurozone will help boosting recoveries for all sectors in the short to medium term.

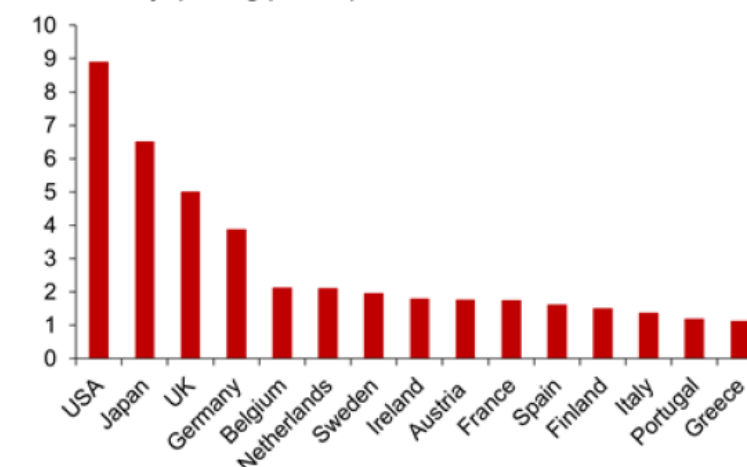
## FTSE EPRA Nareit Global Index Total Return

	Jul-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
<b>% Total Returns (EUR)</b>						
Global Real Estate	▼ -2.3	-22.8	-18.5	-0.4	0.7	7.5
Global Equities (FTSE)	▼ -1.0	-6.3	-9.6	2.0	4.4	8.4
Global Bonds (JP Morgan)	▼ -1.9	2.6	16.2	7.7	5.4	4.5
<b>Europe Real Estate</b>	▲ 1.2	-20.1	-5.9	1.0	0.6	8.5
Europe Equities (FTSE)	▼ -1.2	-12.4	-6.9	1.1	2.8	6.4
Europe Bonds (JP Morgan)	▼ -3.7	-0.6	-2.3	4.5	2.2	5.6
<b>Asia Real Estate</b>	▼ -6.2	-25.5	-24.4	-1.9	-0.6	5.1
Asia Equities (FTSE)	▼ -1.9	-7.6	-0.8	3.6	2.9	8.6
Asia Bonds (JP Morgan)	▼ -4.2	-4.6	-6.4	1.9	0.7	3.3
<b>North America Real Estate</b>	▼ -1.7	-22.4	-19.2	-0.3	1.3	8.7
NA Equities (FTSE)	▲ 0.8	-1.8	6.1	12.1	9.8	14.6
NA Bonds (JP Morgan)	▼ -3.5	5.2	6.1	6.3	2.9	4.7
<b>Emerging Real Estate</b>	▼ -1.9	-23.7	-16.5	-0.2	4.7	
Emerging Equities (FTSE)	▲ 4.0	-6.7	0.0	3.9	4.8	
Emerging Bonds (JP Morgan)	▼ -1.1	-3.1	-1.8	4.4	4.3	

(\*) Annualised.

## Fig 1. Fiscal policy response to Covid-19 crisis

### Discretionary spending (% GDP)



Source: Oxford Economics, Haver Analytics (Impact of the Covid19 Crisis on European Listed Real Estate, May 2020).

Fig. 2. Global Weights (EUR)\*

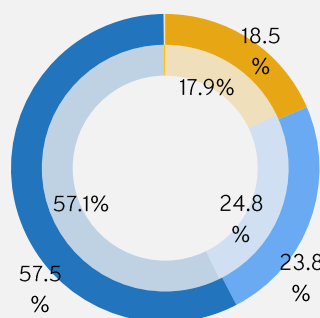


Fig. 3. REIT / Non-REITs

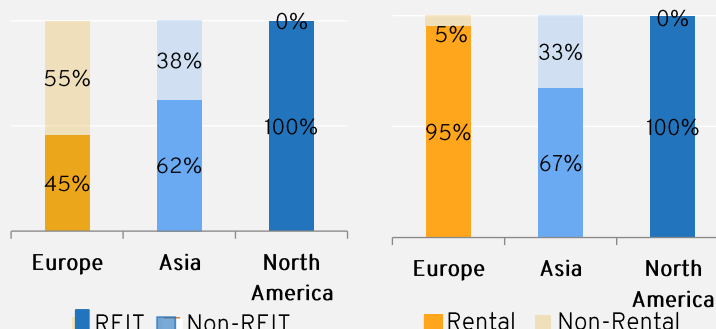


Fig. 4. Focus Split

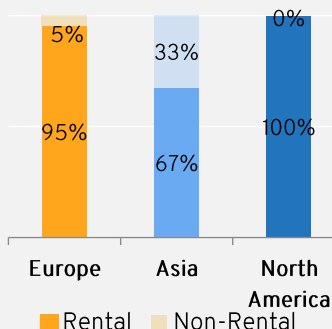


Fig. 5. Index Turnover (EUR, billion)\*

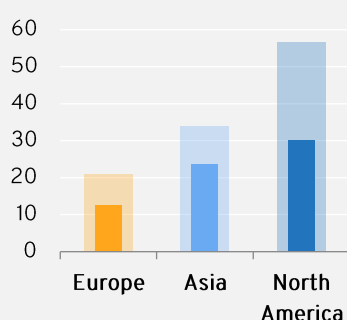


Fig. 6. Dividend Yields\*

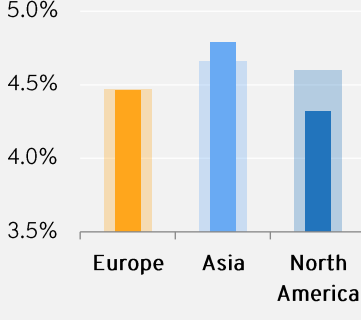


Fig. 7. Volatility (10 yr. & 3 yr.)\*\*

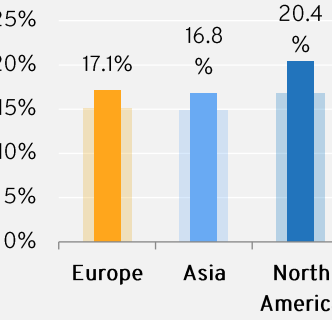


Fig. 8. Correlation (3 yr. rolling)

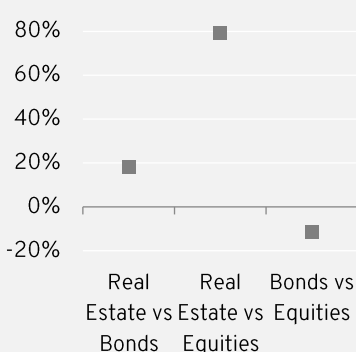


Fig. 9. Developed Europe: Total return by sector

Monthly Total Return by Sector	YTD, as of						
	31-Jan	28-Feb	31-Mar	30-Apr	29-May	30-Jun	31-Jul
Dev. Europe	1.7%	-7.5%	-21.2%	3.7%	1.6%	1.0%	1.2%
Residential	5.4%	-5.7%	-9.8%	3.1%	9.8%	3.2%	4.2%
Industrial	2.7%	-10.7%	-5.6%	6.2%	1.1%	4.5%	8.0%
Healthcare	3.3%	-6.5%	-3.6%	-3.3%	1.2%	0.6%	1.1%
Self-Storage	-0.2%	-7.9%	-14.3%	11.4%	-10.3%	4.3%	4.6%
Office	5.3%	-6.4%	-22.3%	-0.1%	-3.5%	-3.9%	-0.4%
Lodging/Resorts	-0.2%	-17.1%	-54.8%	27.9%	9.0%	-2.2%	3.5%
Retail	-11.9%	-11.3%	-44.8%	5.1%	-6.0%	4.5%	-9.7%

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Jul-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	1.2	-20.1	-5.9	1.0	0.6	8.5
Europe ex UK (EUR)	0.6	-17.4	-6.7	2.2	4.6	9.0
UK (GBP)	2.2	-22.4	-4.6	-2.1	-2.5	7.5
France (EUR)	-4.8	-38.4	-27.7	-8.3	-4.0	4.4
Netherlands (EUR)	-10.0	-62.4	-56.5	-33.6	-22.5	-9.1
Germany (EUR)	3.2	4.0	11.7	12.1	13.3	15.5

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Jul-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	-6.2	-25.5	-24.4	-1.9	-0.6	5.1
Hong Kong (HKD)	-6.3	-21.9	-26.2	-5.7	-0.7	2.1
Japan (JPY)	-2.8	-24.2	-18.2	-1.5	-3.2	7.6
Australia (AUD)	-4.9	-33.0	-35.1	-2.7	0.4	7.5
Singapore (SGD)	3.9	-6.1	-1.3	5.4	7.8	5.3

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Jul-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	3.5	-18.3	-14.2	-0.2	2.7	7.6
United States (USD)	3.5	-17.9	-13.9	-0.2	2.6	7.9
Canada (CAD)	1.2	-21.7	-18.0	1.9	3.7	7.1

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Jul-20	YTD	1 yr	3 yrs*	5 yrs*
Emerging (EUR)	-1.9	-23.7	-16.5	-0.2	4.7
Emerging EMEA (EUR)	-4.4	-43.1	-45.4	-20.8	-13.5
Emerging Europe (EUR)	2.1	26.7	48.6	-3.7	-3.5
Emerging MEA (EUR)	-5.8	-49.7	-52.2	-23.0	-15.0
Emerging APAC (EUR)	-2.3	-19.3	-11.1	3.5	8.7
Emerging Americas (EUR)	3.2	-39.9	-31.0	-8.0	-3.2

(\*) Shaded bars are last month's (\*\*) Shaded bars are 10 yr. Source : EPRA. Data is compiled from the FEN Index series (as of 31 July 2020).

(\*) Annualised.

## FTSE EPRA Nareit Developed Index

The FEN Developed Index slipped 2.3%, compared to losses of 1.0% and 1.9% from global equities and global bonds, at the end of July. Over a one-year period, global real estate investments lost 18.5%, compared to a gain of 16.2% from global bonds and a loss of 9.6% from global equities. Annualised ten-year rolling returns for real estate investments stand at 7.5%, while general equities and bonds gained 8.4% and 4.5% respectively.

In terms of country performances, Finland (10.7%) and Norway (5.3%) were outperformers in Europe., while New Zealand (5.3%) was top performer in Asia. Although, the U.S. and Canada posted negative returns (in Euros) in North America region, the impact of the depreciation of USD against EUR should be mentioned, since both countries posted positive returns in local currencies.

Focusing on sector performances, data centres outperformed with a return of 7.8%, followed by industrial (7.4%), industrial/office (6.53%) and self-storage (1.4%). The remaining sectors posting positive returns for the month. Lodging/resorts (-12.9%) and retail (-8.9%) were bottom performers in the developed markets.

*At the end of July 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 July, the FEN Emerging Index lost 1.9%, bringing the annual return to -16.5%. Meanwhile, emerging equities gained 4.0% compared to a loss of 1.1% from emerging bonds. As a result, annual return stands at -1.8% for bonds and 2 bps for equities.

In terms of sector performance, industrial (1.2%) and office (51 bps) performed relatively better compared to other sectors. Healthcare was the bottom performer with a return of -22.8%, and also the remaining sectors posted negative returns in the emerging markets during July.

Focusing on country performances, Brazil (7.2%), Czechia (3.4%) and Turkey (3.1%) were top performers, while Kuwait (-14.3%), Indonesia (-10.2%) and Philippines (-7.7%) were bottom performers in emerging markets.

*At the end of July 2020, the FEN Emerging Index totalled 139 constituents, representing a free float market capitalisation of over EUR 145 billion.*

## FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 13.0%
Digital Realty Trust	Data Centers	USA	▲ 13.0%
Vonovia SE	Residential	GER	▲ 4.0%
Public Storage, Inc.	Self-Storage	USA	▲ 4.2%
Welltower Inc.	Healthcare	USA	▲ 3.5%
Alexandria Real Estate Equities, Inc.	Office	USA	▲ 9.4%
AvalonBay Communities, Inc.	Residential	USA	▼ -1.0%
Realty Income Corp.	Retail	USA	▲ 1.3%
Equity Residential Properties Trust	Residential	USA	▼ -8.8%
Simon Property Group, Inc.	Retail	USA	▼ -6.9%

## FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Mitsui Fudosan Logistics Park Inc.	Industrial	JA	▲ 21.5%
Mitsubishi Estate Logistics REIT Inv.	Industrial	JA	▲ 21.4%
Keppel DC REIT	Data Centers	SI	▲ 19.0%
Innovative Industrial Properties, Inc.	Industrial	USA	▲ 18.4%
Brookfield Property	Retail	USA	▲ 16.6%
LaSalle LOGIPOINT REIT	Industrial	JA	▲ 15.9%
Schroder Real Estate Invest. Trust	Diversified	UK	▲ 15.8%
Terreno Realty	Industrial	USA	▲ 15.4%
Industrial & Infrastructure Fund (IIF)	Industrial	JA	▲ 15.3%
UK Commercial Property REIT	Diversified	UK	▲ 14.9%

## FTSE EPRA Nareit Emerging – Top 10 Constituents

Company	Sector	Country	Total Return
China Overseas Land & Inv. Ltd.	Residential	CHN	▲ 3.1%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 12.5%
China Resources Land Ltd	Diversified	CHN	▲ 10.1%
Country Garden Holdings	Residential	CHN	▲ 4.5%
Longfor Group Holdings (P Chip)	Diversified	CHN	▲ 3.9%
China Evergrande Group (P Chip)	Diversified	CHN	▲ 12.3%
Shimao Property Holdings	Diversified	CHN	▲ 0.2%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 4.2%
SM Prime Holdings	Diversified	PHIL	▼ -5.8%
Ayala Land	Diversified	PHIL	▼ -1.5%



### FTSE EPRA Nareit Developed Europe Index

During July, the FEN Developed Europe Index gained 1.2%, while European equities and bonds lost 1.2% and 3.7%, respectively.

The German Index and the UK Index gained a return of 3.2% and 2.2%, respectively, compared to a loss of 4.8% by the France index. Meanwhile the Netherlands Index was the bottom performer in the region with a loss of 10%.

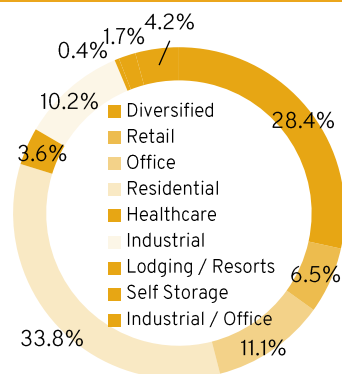
It should be highlighted the outperformance of Nordic countries in Europe. The Finland Index was outperformer with 10.7% monthly return, followed by Norway (4.3%) and Sweden (1.7%) (in local currencies).

**Performance of Top 3 sectors:** industrial (8.0%). Industrial/office (4.8%), self-storage (4.6%).

**Performance of Top 3 constituents:** Schroder Real Estate Investment Trust (15.8%, UK, Diversified), UK Commercial Property REIT (14.9%, UK, Diversified), Vastned Retail NV (12.6%, Netherlands, Retail).

*Developed Europe* representing a free float MCap of around **EUR 215 billion** with **102 constituents**

### Developed Europe Sector Split



### FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index lost 6.2, while Asian equities and bonds lost 1.9% and 4.2%, respectively (in euros).

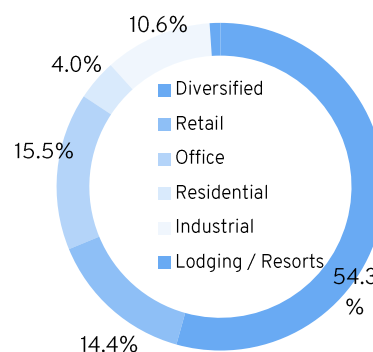
The New Zealand Index was outperformer with a return of 7.1% in Asia region. The Singapore Index also posted 3.9% monthly return. Meanwhile the Australia Index and the Japan Index lost 4.9% and 2.8%, respectively. The Hong Kong Index was the bottom performer with a loss of 6.3% in Asia region (in local currencies).

**Performance of Top sector:** industrial/office (10.0%), industrial (9.7%), residential (3.8%).

**Performance of Top 3 constituents:** Mitsui Fudosan Logistics Park Inc (21.5%, Japan, Industrial), Mitsubishi Estate Logistics REIT (21.4%, Japan, Industrial), Keppel DC REIT (19.0%, Singapore, Data Centres).

*Developed Asia* representing a free float MCap of around **EUR 277 billion** with **92 constituents**

### Developed Asia Sector Split



### FTSE EPRA Nareit North America Index

The FEN North America Index slipped 1.7%, compared to a gain of 84 pbs from equities and loss of 3.5% from bonds (in euros).

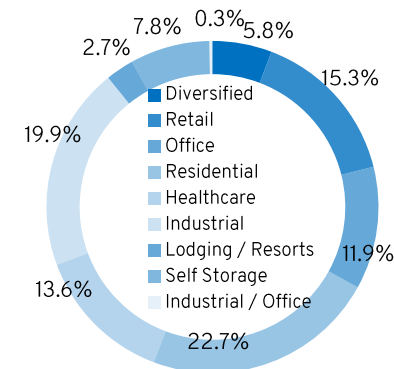
It is worth to mention the impact of the depreciation of USD against EUR. Indeed, the FEN North America Index gained 3.5% -in USD. The U.S. Index and the Canada Index gained 3.5% and 1.2%, respectively (in local currencies).

**Performance of Top sectors:** industrial (6.7%), self-storage (1.3%)

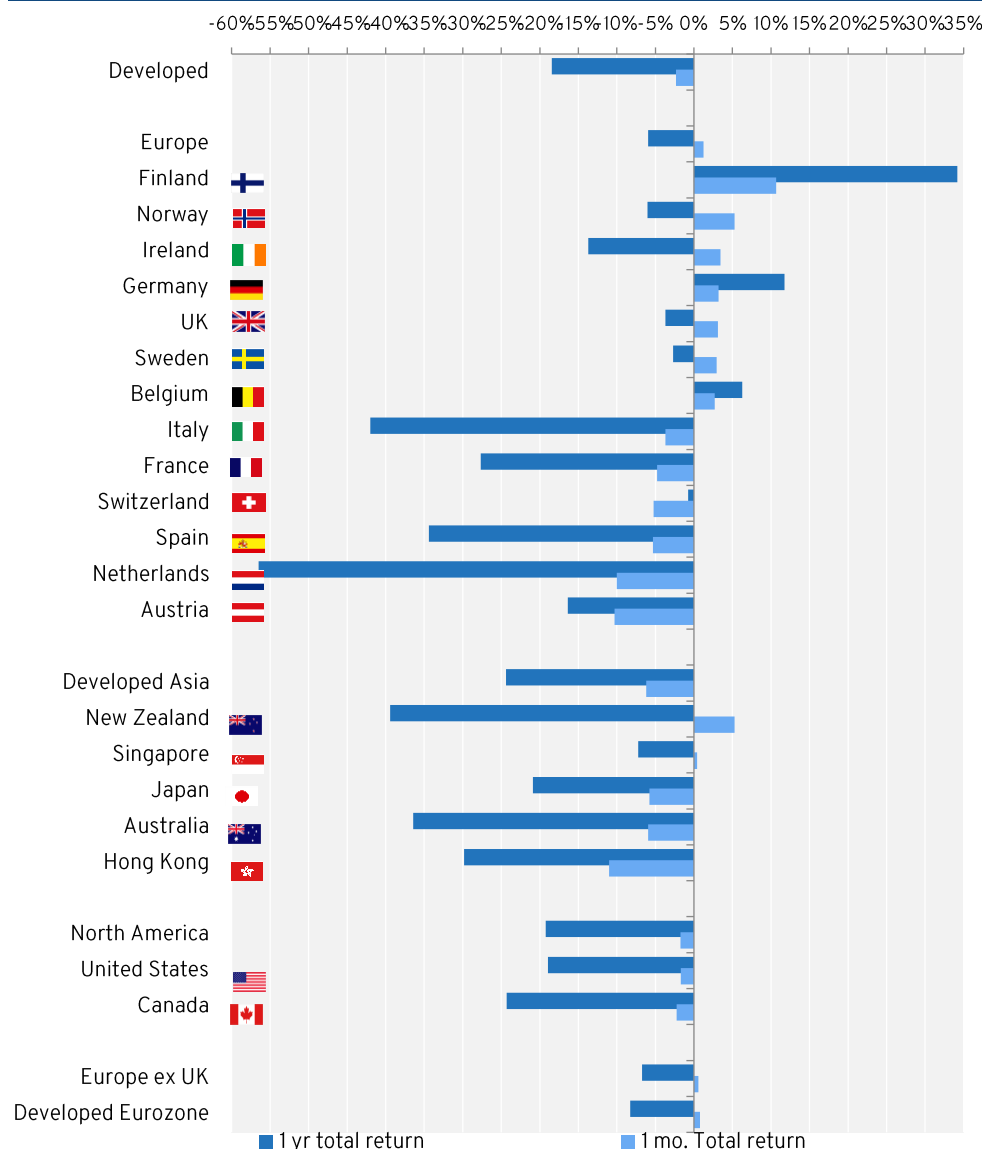
**Performance of Top 3 constituents:** Innovative Industrial Properties, Inc. (18.4%, USA, Industrial), Brookfield Property (16.6%, USA, retail), Terreno Realty (15.4%, USA, Industrial).

*Developed North America* representing a free float MCap of around **EUR 667 billion** with **143 constituents**

### North America Sector Split



## FTSE EPRA Nareit Monthly Index Performances (EUR)



Source : FTSE EPRA Nareit as of July 31, 2020

## Link to Reports & Contacts

Monthly Statistical Bulletin  
Monthly Published NAV Bulletin  
Monthly LTV Report

Visit our website to read our report:  
: [Monthly Reports](#)

[Index Ground Rules Version 9.7](#)  
[Emerging Markets H2 2019](#) (semi-annual)

[Total Markets Table 2020-Q2](#) (quarterly)



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## EPRA 1st vConference (7-11 September)

REthink 2020 :Real estate strategy in the current global context. Accelerated change in the industry  
EPRA Research Insights (9 September, 16:00)

For registration:

Wednesday 9 September  
16:00 CET

## EPRA Research Insights

Discussion with:  
Sabina Kalyan, Global Head of Strategy and Research,  
Global Chief Economist at CBRE Global Investors  
Mahdi Mokrane, Head of Investment Strategy and  
Research at PATRIZIA  
Moderated by Alex Moss, Director Real Estate Research  
Centre at Cass Business School



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