



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

October 2020

November
2020

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index lost 2.6% this month, resulting in a -24.6% YTD return at the end of October. Global bonds gained 38 bps compared to a loss of 1.9% from global equities.

In terms of regional performance, all regions posted negative returns. Europe continued to underperform with -4.2%, which had been performing relatively well during the second and third quarter compared to other regions. Meanwhile Asia and North America lost -3.3% and -1.8%, respectively. Emerging markets slipped 2.1%.

Focusing on sector performances, self-storage outperformed with 5.3%, while the remaining sectors posted negative returns. Industrial/office (-7.6%) and office (-6.2%) were bottom performers in developed markets.

Highlights of the Month

European self-storage sector

In terms of Europe's sector indices, residential and industrial sectors saw a quicker recovery compared to the most hit sectors like retail, lodging/resorts and office which are directly impacted by Covid-19, especially due to social distancing and WFH policies. Residential and industrial are the only sectors to have returned to pre-Covid-19 levels posting 8.3% and 2.9% YTD returns (Table 1).

Although self-storage is still underperforming year-end levels (-9.9%), the negative impact of Covid-19 was relatively limited (Fig. 1). European self-storage index outperformed posting a return of 3.8% during October. It is also traded with the highest premium level among other sectors, providing 46.8% P/D to NAV, as of October, and also it has the highest 5-year average premium level (Fig. 2)*.

A recent study** surveyed how the self-storage sector in Europe has responded to lockdowns and the subsequent slowdown in economic activity. The results are indicated that self-storage remained resilient with higher occupancy rates and rental collections throughout the Covid-19 pandemic. Self-storage is one of the sectors adapting itself an increased integration of technology which helps to remain largely unaffected by the pandemic. It is also highlighted that the number of listed entities in Europe has doubled and improved the transparency of performance, providing greater exposure for investors to the sector where resilient cash flow has been vital. It is expected to be seen that an increasing availability of debt and equity in the next five years which will be accelerated by the comparatively good performance of self-storage relative to other assets classes and the stable performance of listed players will continue to offer opportunities to investors.

(*) It should be considered the inclusion of Shurgard in the FEN Developed index during September review, therefore its weight on the self-storage sector index (as of 31 August 2020, P/D to NAV was 51% and YTD return was -10.0% for FEN self-storage index)

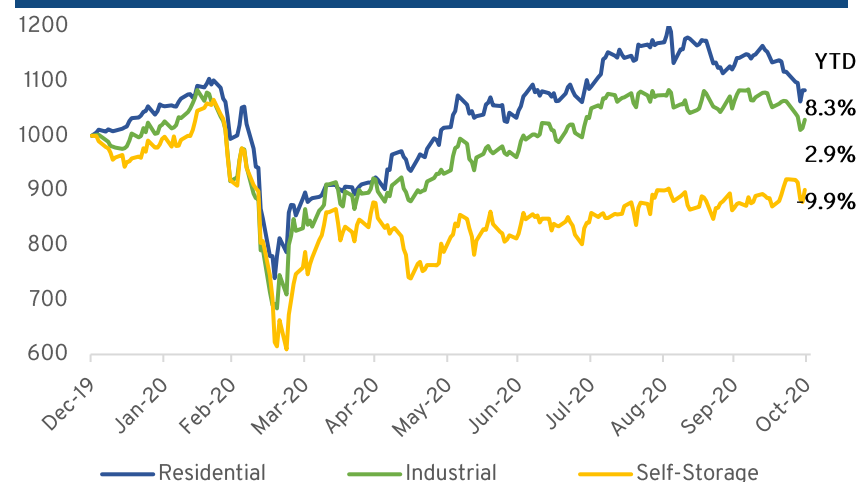
(**) The Federation of European Self Storage Associations (FEDESSA) & JLL

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Oct-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▼ -2.6	-24.6	-25.5	-1.5	0.1	6.7
Global Equities (FTSE)	▼ -1.9	-4.7	0.0	0.8	5.3	7.9
Global Bonds (JP Morgan)	▲ 0.4	3.1	1.4	7.7	5.4	4.5
Europe Real Estate	▼ -4.2	-23.1	-18.7	-1.2	-1.0	6.9
Europe Equities (FTSE)	▼ -6.4	-15.8	-12.2	-1.9	2.9	5.4
Europe Bonds (JP Morgan)	▲ 4.8	1.5	-1.2	4.3	2.4	6.4
Asia Real Estate	▼ -3.3	-24.4	-25.5	-1.9	0.6	4.5
Asia Equities (FTSE)	▲ 2.0	-2.4	1.2	2.6	5.1	9.4
Asia Bonds (JP Morgan)	▲ 2.8	-3.8	-5.1	1.7	0.7	4.0
North America Real Estate	▼ -1.8	-25.1	-27.3	-1.4	0.1	8.1
NA Equities (FTSE)	▼ -4.0	-0.1	5.8	10.5	10.5	14.6
NA Bonds (JP Morgan)	▲ 1.7	4.4	2.6	5.4	2.6	5.1
Emerging Real Estate	▼ -2.1	-27.4	-19.2	-4.1	4.6	
Emerging Equities (FTSE)	▲ 3.0	-3.1	3.2	3.2	7.2	
Emerging Bonds (JP Morgan)	▲ 0.7	-3.3	-2.4	3.2	4.2	

(*) Annualised.

Fig 1. Performance of Top 3 sectors: total return (31/12/2019=1000)

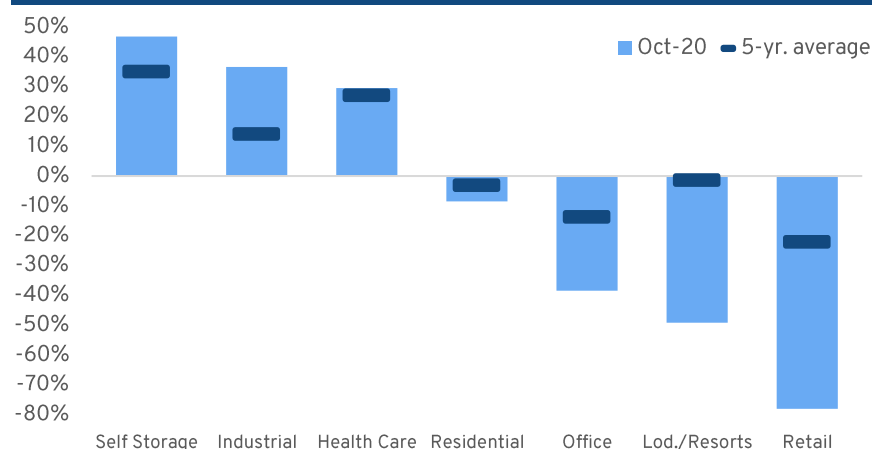


Source: EPRA. Data is compiled from the FEN Index series (as of 30 October 2020).

Capital raising in Europe

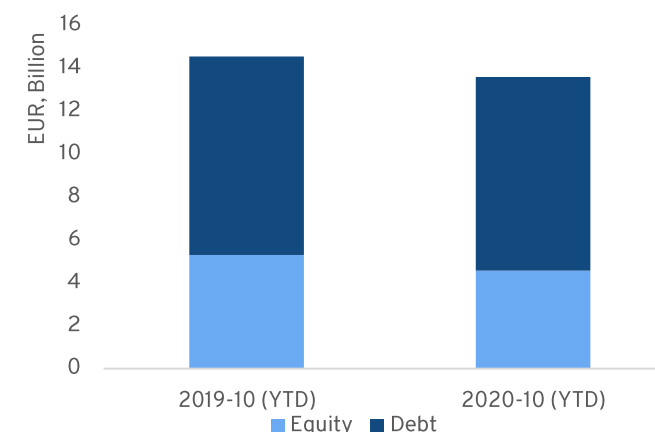
The listed real estate companies in Europe raised EUR 1.6 Billion in new fresh capital in October, reaching EUR 13.7 Billion YTD level (Fig. 3). Compared to the same period of the previous year, it is indicated strong position of companies' capital structure, although the sector have experiencing turbulence due to Covid-19. One of the noteworthy raising was offered by Aedifica -specialized in healthcare, equity raise of EUR 459 Million. It should be noted that the company raised it for new acquisition and developments to continue to expand in Europe.

Fig 2. Developed Europe : P/D to NAV by sector



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

Fig 3. Developed Europe : Capital raising (YTD, 2019 vs 2020)



Source: EPRA. Data is compiled from S&P (as of 30 October 2020).

Table 1 : 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	31-Jul	31-Aug	30-Sep	30-Oct	02-Oct	09-Oct	16-Oct	23-Oct	30-Oct	
Developed Europe	1.7%	-7.5%	-21.2%	3.7%	1.6%	1.0%	1.2%	2.2%	-1.6%	-4.2%	3.6%	1.4%	-2.3%	-0.2%	-4.1%	-23.1%
Residential	5.4%	-5.7%	-9.8%	3.1%	9.8%	3.2%	4.2%	7.4%	-3.6%	-4.1%	2.5%	0.6%	-1.2%	-1.9%	-2.6%	8.3%
Industrial	2.7%	-10.7%	-5.6%	6.2%	1.1%	4.5%	8.0%	2.3%	-1.1%	-3.2%	3.1%	-1.2%	-1.7%	0.5%	-2.7%	2.9%
Self-Storage	-0.2%	-7.9%	-14.3%	11.4%	-10.3%	4.3%	4.6%	4.8%	-3.5%	3.8%	-0.3%	1.4%	-2.1%	5.7%	-2.1%	-9.9%
Healthcare	3.3%	-6.5%	-3.6%	-3.3%	1.2%	0.6%	1.1%	1.3%	-1.2%	-5.5%	1.8%	-1.7%	-4.8%	2.1%	-1.5%	-12.4%
Office	5.3%	-6.4%	-22.3%	-0.1%	-3.5%	-3.9%	-0.4%	0.5%	-1.5%	-4.6%	6.8%	2.2%	-5.0%	1.8%	-4.8%	-33.2%
Lodging/Resorts	-0.2%	-17.1%	-54.8%	27.9%	9.0%	-2.2%	3.5%	-10.2%	3.2%	-12.8%	-1.7%	4.8%	-3.4%	0.3%	-11.1%	-57.4%
Retail	-11.9%	-11.3%	-44.8%	5.1%	-6.0%	4.5%	-9.7%	-7.2%	-15.2%	0.6%	5.2%	8.8%	5.0%	-0.9%	-9.1%	-68.2%

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

Fig. 4. Global Weights (EUR)*

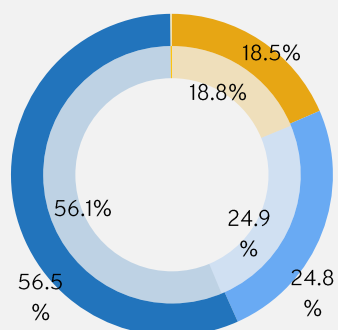


Fig. 5. REIT / Non-REITs

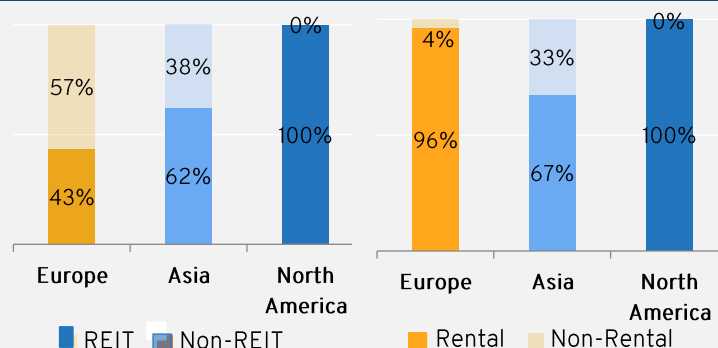


Fig. 6. Focus Split

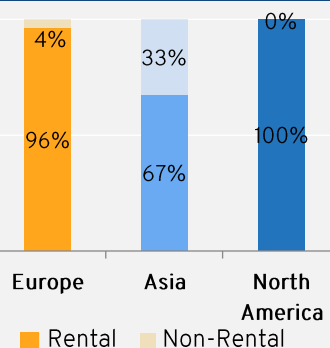


Fig. 7. Index Turnover (EUR, billion)*

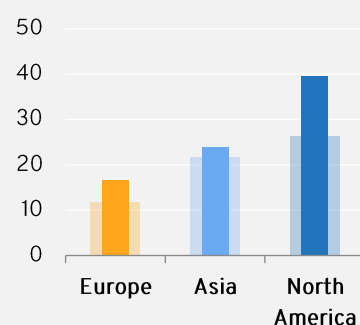


Fig. 8. Dividend Yields*

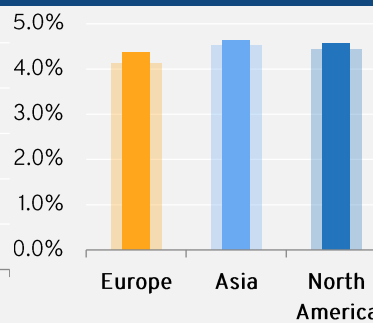


Fig. 9. Volatility (10 yr. & 3 yr.)**

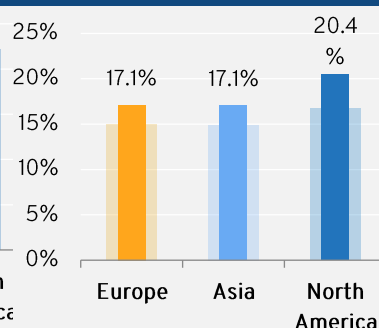


Fig. 10. Correlation (3 yr. rolling)

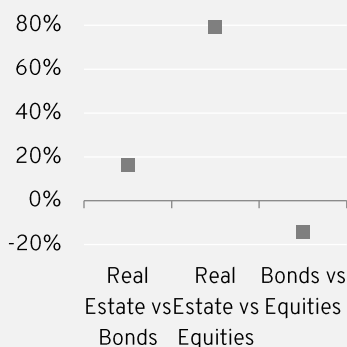
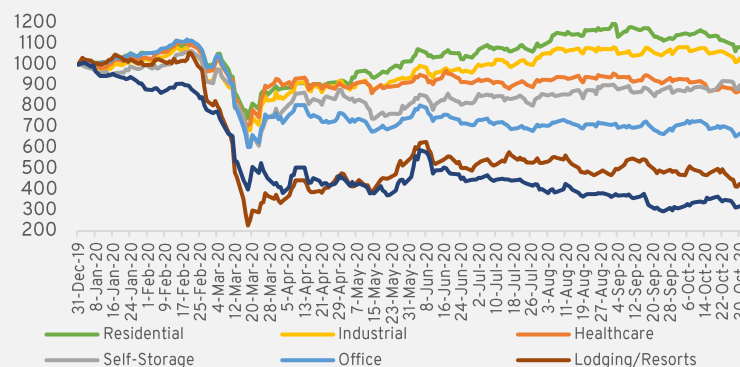


Fig. 11. Developed Europe : Total return by sector (19/2/2020=10000)



FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Oct-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	-4.2	-23.1	-18.7	-1.2	-1.0	6.9
Europe ex UK (EUR)	-5.6	-19.9	-16.4	0.0	2.7	7.2
UK (GBP)	-0.9	-26.8	-21.6	-3.4	-4.2	5.8
France (EUR)	-9.1	-47.4	-45.7	-14.1	-7.6	1.5
Netherlands (EUR)	6.5	-69.0	-68.7	-38.1	-26.2	-12.2
Germany (EUR)	-4.2	2.8	5.7	9.0	11.0	13.8

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Oct-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	-3.3	-24.4	-25.5	-1.9	0.6	4.5
Hong Kong (HKD)	-2.4	-22.6	-21.8	-7.1	1.1	0.6
Japan (JPY)	-4.9	-23.2	-25.4	-1.0	-2.2	6.5
Australia (AUD)	-1.9	-30.0	-31.0	-2.4	1.2	7.7
Singapore (SGD)	-7.6	-14.5	-13.7	0.6	6.2	3.9

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Oct-20	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	-2.5	-22.3	-24.1	-1.4	1.2	6.2
United States (USD)	-2.5	-22.0	-24.0	-1.4	1.1	6.5
Canada (CAD)	-2.5	-25.4	-25.9	-0.8	3.2	5.3

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Oct-20	YTD	1 yr	3 yrs*	5 yrs*
Emerging (EUR)	-2.1	-27.4	-19.2	-4.1	4.6
Emerging EMEA (EUR)	-5.8	-46.1	-42.4	-20.7	-13.5
Emerging Europe (EUR)	-3.6	12.1	30.6	-2.2	-6.5
Emerging MEA (EUR)	-6.2	-51.5	-48.5	-22.8	-14.4
Emerging APAC (EUR)	-1.7	-22.3	-12.9	-1.4	8.5
Emerging Americas (EUR)	-2.7	-48.2	-43.3	-11.3	-3.5

(*) Annualised.

(*) Shaded bars are last month's (**) Shaded bars are 10 yr. Source : EPRA. Data is compiled from the FEN Index series (as of 30 October 2020)

FTSE EPRA Nareit Developed Index

The FEN Developed Index posted a negative return of 2.6% compared to a gain of 38 bps from global bonds and a loss of 1.9% from global equities, at the end of October. Over a one-year period, global real estate investments lost 25.5%, compared to a gain of 1.4% from global bonds and a loss of 3 bps from global equities. Annualised ten-year rolling returns for real estate investments stand at 6.7%, while general equities and bonds are 7.9% and 4.5% respectively.

In terms of country performances, the Netherlands in Europe and New Zealand in Asia were top performers posting a return of 6.5% and 8.9%, respectively, not only in their region but also among all global markets. The remaining countries in all regions posted negative returns during October.

Focusing on sector performances, self-storage was the outperformer with a return of 5.3%. Of those posting negative monthly returns in October, industrial/office (-7.6%) and office (-6.2%) were bottom performers in developed markets.

At the end of October 2020, the FEN Developed Index totalled 342 constituents, representing a free float market capitalisation of around EUR 1.2 trillion.

FTSE EPRA Nareit Emerging Index

During October, the FEN Emerging Index lost 2.1% bringing the annual return to -19.2%. Meanwhile, emerging equities and bonds gained 3% and 74bps, respectively. As a result, annual return stands at -2.4% for bonds and 3.2% for equities.

In terms of sector performance, residential was top performer with a return of 19 bps, however the remaining sectors posted negative returns in October. Healthcare (-7.5%) and retail (-4.6%) were bottom performers in emerging markets.

Focusing on country performances, Indonesia (17.8%), Philippines (12.8%) and Russia (7.2%) outperformed, while the remaining countries posted negative returns except India (24 bps). Kuwait (-9.7%), Saudi Arabia (-8.9%) and Chile (-7.7%) were bottom performers in emerging markets.

At the end of October 2020, the FEN Emerging Index totalled 144 constituents, representing a free float market capitalisation of around EUR 138 billion.

The semi-annual report is now available, for further reading at : [Emerging Markets H1 2020](#)

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -1.4%
Digital Realty Trust	Data Centers	USA	▼ -1.7%
Vonovia SE	Residential	GER	▼ -6.4%
Public Storage, Inc.	Self-Storage	USA	▲ 2.9%
Welltower Inc.	Healthcare	USA	▼ -2.4%
Realty Income Corp.	Retail	USA	▼ -4.4%
AvalonBay Communities, Inc.	Residential	USA	▼ -6.8%
Simon Property Group, Inc.	Retail	USA	▼ -0.9%
Alexandria Real Estate Equities, Inc.	Office	USA	▼ -5.3%
Sun Hung Kai Properties Limited	Diversified	HK	▲ 0.4%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Colony Capital	Diversified	USA	▲ 30.4%
NewRiver REIT plc	Retail	UK	▲ 28.7%
Brookfield Property	Retail	USA	▲ 20.5%
Franklin Street Properties	Office	USA	▲ 17.2%
Kiwi Property Group	Diversified	NZ	▲ 16.0%
Helical plc.	Office	UK	▲ 15.1%
Workspace Group Plc	Office	UK	▲ 14.6%
Standard Life Inv Prop Inc Trust	Ind./Office	UK	▲ 14.1%
Safehold Inc.	Specialty	USA	▲ 10.8%
WFD Unibail-Rodamco	Retail	NETH	▲ 10.8%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▼ -9.6%
China Overseas Land & Invest. Ltd.	Residential	CHN	▲ 0.0%
Longfor Group Holdings (P Chip)	Diversified	CHN	▼ -2.6%
Country Garden Holdings	Residential	CHN	▲ 0.6%
Sunac China Holdings (P Chip)	Diversified	CHN	▼ -5.3%
SM Prime Holdings	Diversified	PHIL	▲ 14.6%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 1.5%
Ayala Land	Diversified	PHIL	▲ 11.1%
Shimao Property Holdings	Diversified	CHN	▼ -14.5%
China Evergrande Group (P Chip)	Diversified	CHN	▼ -21.8%

FTSE EPRA Nareit Developed Europe Index

During October, the FEN Developed Europe Index lost 4.2%, compared to a gain of 4.8% from European bonds and a loss of 6.4% from European equities.

The Netherlands Index outperformed with a return of 6.5%. On the other hand, the France Index (-9.1%), the Germany index (-4.2%) and the UK Index (-89 bps) were underperformed posting negative returns for the month.

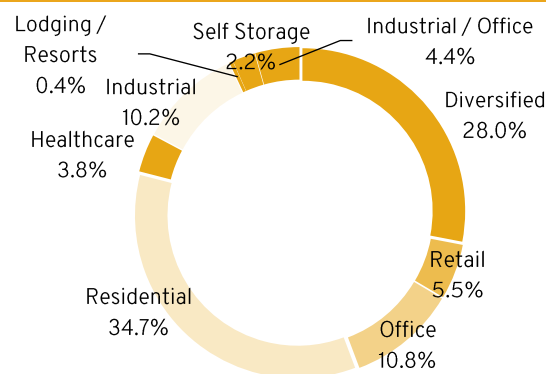
Following the acquisition of Adler Real Estate (Germany, non-constituent) by ADO Properties (Germany, Non-REIT, constituent) which remained in the index in April, now renamed to Adler Group.

Performance of Top 3 sectors: self-storage (3.7%), retail (56 bps).

Performance of Top 3 constituents: NewRiver REIT plc (28.7%, UK Retail), Helical plc (15.1%, UK, Office), Workspace Group plc (14.6%, UK, Office).

Developed Europe representing a free float MCap of around EUR 210 billion with 104 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index slipped 3.3%, compared to gains from Asian equities (2.0%) and bonds (2.8%) (in euros). The Singapore Index (-7.6%), the Japan index (-4.9%), the Hong Kong Index (-2.4%) and the Australia index (-1.9%) posted negative returns. Meanwhile, New Zealand outperformed with 8.2% (in local currencies).

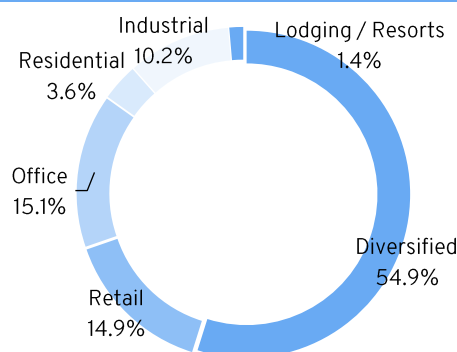
After acquired by CapitaLand Mall Trust (Singapore, REIT, constituent), CapitaLand Commercial Trust (Singapore, REIT, constituent) has been deleted from the index. CapitaLand Mall Trust remained in the index with an unchanged shares in issue and investability weighting.

Performance of Top sectors: lodging/resorts (1.5%), the remaining posted negative.

Performance of Top 3 constituents: Kiwi Property Group (16.0%, New Zealand, Diversified), Aeon Mall Co. Ltd. (10.1%, Japan, Retail), Shopping Centres Australasia Property Group (8.4%, Australia, Retail).

Developed Asia representing a free float MCap of around EUR 281 billion with 93 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index slipped 1.8%, compared to a gain of 1.7% from bonds and loss of 4.0% from equities (in euros).

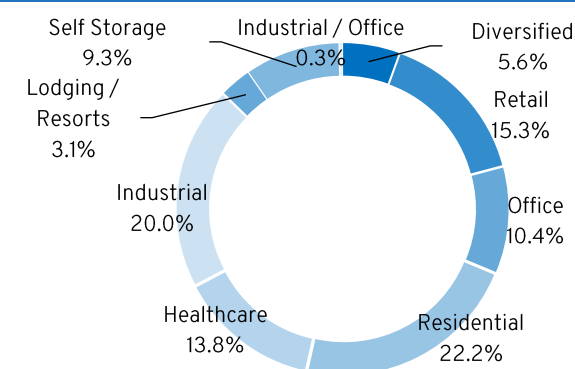
Both the U.S. index and the Canada Index lost 2.5% (in local currencies).

Performance of Top sectors: self-storage (5.6%), industrial (19 bps).

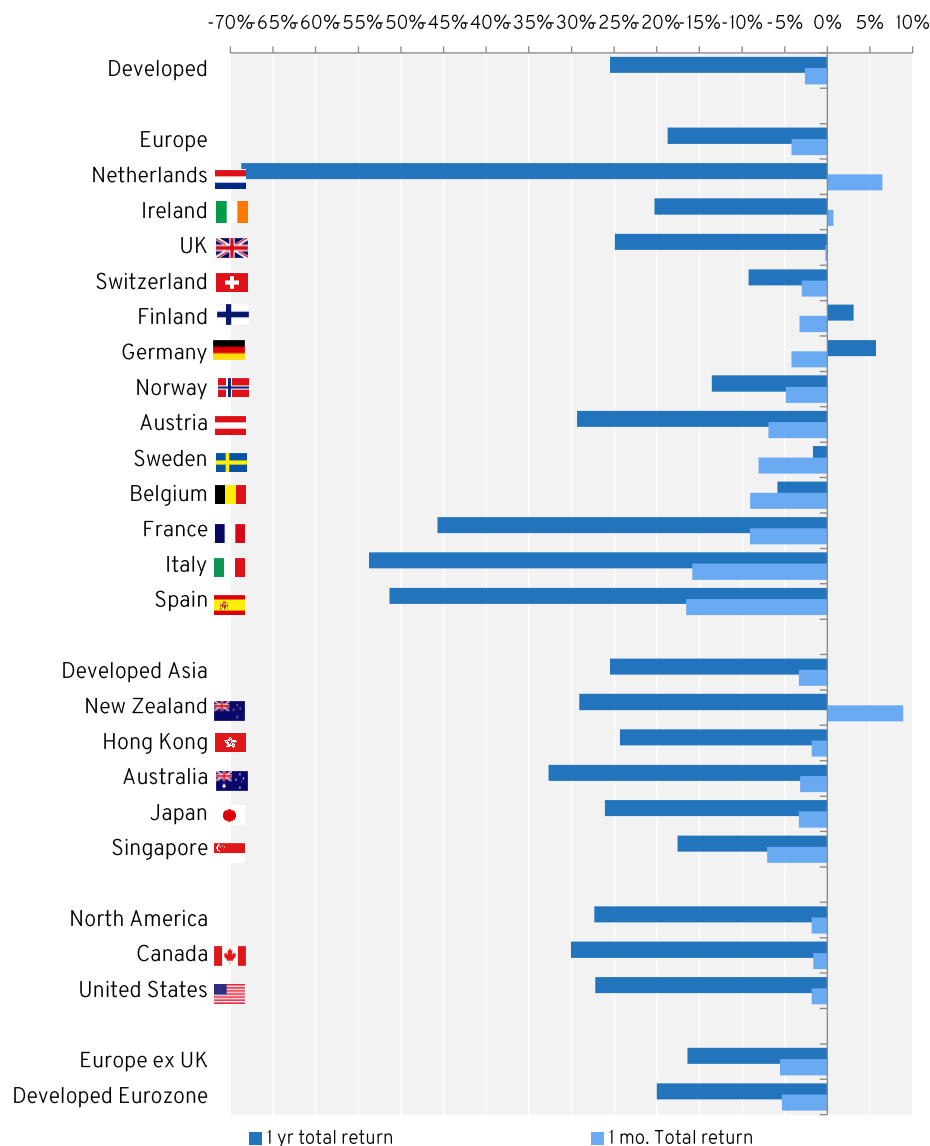
Performance of Top 3 constituents: Colony Capital (30.4%, USA, Diversified), Brookfield Property (20.5%, USA, Retail), Franklin Street Properties (17.2%, USA, Office).

Developed North America representing a free float MCap of around EUR 641 billion with 143 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of October 30, 2020

Link to Reports & Contacts

Monthly Statistical Bulletin

Monthly Published NAV Bulletin

Monthly LTV Report

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[Index Ground Rules Version 9.7](#)

[Emerging Markets H1 2020 \(semi-annual\)](#)

[Total Markets Table 2020-Q3 \(quarterly\)](#)



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EPRA Call for Research Proposals 2021

EPRA welcomes submissions for research proposals for 2021, for more information:



EPRA Research Webinar Series

We are preparing a series of research webinars for you to catch up recent developments in real estate.

More information will be available soon, follow updates on the [link](#).

Save the date for the first webinar:

November 26, 2020, 11:00-11:30.

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