



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

January 2021

February
2021

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index started to 2021 with 7 bps loss, brought annual return to -17.6% at the end of January. Global bonds lost 64 bps compared to a gain of 64 bps from global equities.

In terms of regional performance, Developed Europe lost 2.7%, while Asia and North America performed relatively better although posted lower rates of 93 bps and 41 bps, respectively. Emerging markets lost 2.9% for the month.

Focusing on sector performances, data centres (3.6%), retail (2.2%) and industrial (1.8%) were outperformers, while lodging/resorts (-4.4%), healthcare (-2.4%) and residential (-1.3%) were underperformers in developed markets.

Highlights of the Month

2021 started with the ongoing impact of Covid-19 (spreading of a new virus variant, vaccine rollout, lockdown restrictions) and debates around politics (Brexit, U.S. election). Many European countries prolonged and tightened lockdown measures, including new travel restrictions, to avoid the spread of a new virus variant, which might put pressure on the short-term economic indicators. At the same time, the European vaccine rollout programme has started targeting initially the most vulnerable groups. Although it creates hopes in the markets and impacts public sentiments in a positive way, the current vaccine shortages may have temporary consequences.

Focusing on political developments, the new U.S. presidency might support international trade, while reduced tariffs will help stabilise demand for industrial real estate. A strengthened cooperation will also increase investments and capital flows. On the other hand, the exit settlement of the UK from the EU, therefore possible impacts on various sectors, is still ongoing and is likely to continue for a while. The uncertainty around future demand for UK real estate and possible limitation of exposure to the UK in investment portfolios, may reduce appetite for long-term investments and developments, which might in return cause shifts and an increase inflow of global funds to European markets in the post-Brexit period.

In light of those developments, industrial and logistics are likely to benefit more in the forthcoming period. Indeed, industrial is already performing at pre-crisis level (Fig.8), and industrial (4.2%) is one of the outperforming sectors, together with retail (5.0%) and self-storage (3.2%) in January. Meanwhile lodging/resorts (-13.7%) and residential (-6.4%) were bottom performers for the month. Although it lost some momentum in January, residential is almost at the level of the pre-Covid19 period (Fig. 8).

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Jan-21	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▼ -0.1	-17.6	3.1	3.1	7.4
Global Equities (FTSE)	▲ 0.6	5.1	2.1	9.1	8.4
Global Bonds (JP Morgan)	▼ -0.6	-3.0	6.9	4.3	4.4
Europe Real Estate	▼ -2.7	-13.9	1.9	3.7	8.3
Europe Equities (FTSE)	▼ -1.0	-0.7	2.8	7.5	6.5
Europe Bonds (JP Morgan)	▼ -0.1	-6.8	5.2	0.8	6.1
Asia Real Estate	▲ 0.9	-17.2	0.5	4.0	5.2
Asia Equities (FTSE)	▲ 3.4	11.0	6.8	9.2	10.0
Asia Bonds (JP Morgan)	▲ 0.4	-9.9	2.2	-1.0	3.5
North America Real Estate	▲ 0.4	-18.9	4.7	2.3	8.5
NA Equities (FTSE)	▼ -0.2	8.4	13.0	13.8	14.6
NA Bonds (JP Morgan)	▼ -0.4	-4.6	6.3	0.9	4.6
Emerging Real Estate	▼ -2.9	-18.7	-5.8	7.0	4.4
Emerging Equities (FTSE)	▲ 4.1	14.2	5.5	12.5	5.8
Emerging Bonds (JP Morgan)	▼ -0.5	-6.1	5.4	4.3	7.2

(*) Annualised.

Table 1. Developed Europe : Total return by sector

	Quarterly Total Return by Sector				Annual 2020	Weekly Total Return by Sector				2021 29-Jan
	Q1	Q2	Q3	Q4		08-Jan	15-Jan	22-Jan	29-Jan	
Developed Europe						-1.7%	-0.1%	-1.4%	0.5%	-2.7%
Residential	-10.4%	16.8%	7.9%	3.5%	16.8%	-3.3%	-1.9%	-0.6%	-0.7%	-6.4%
Industrial	-13.4%	12.3%	9.3%	1.3%	7.7%	0.9%	1.3%	2.6%	-0.5%	4.2%
Healthcare	-6.9%	-1.5%	1.2%	2.4%	-5.0%	1.1%	-2.3%	0.7%	-0.5%	-1.0%
Self-Storage	-21.2%	4.2%	5.8%	3.1%	-10.5%	0.3%	4.0%	-0.6%	-0.5%	3.2%
Office	-23.3%	-7.4%	-1.3%	20.0%	-15.9%	-0.7%	1.5%	-2.0%	-0.2%	-1.5%
Diversified	-29.5%	2.3%	-0.7%	15.6%	-17.1%	-1.8%	0.4%	-2.2%	0.1%	-3.5%
Lodging/Resorts	-62.6%	36.3%	-4.2%	46.7%	-28.4%	-3.6%	-1.4%	0.2%	-9.4%	-13.7%
Retail	-56.8%	3.3%	-29.0%	65.5%	-47.6%	-0.5%	0.2%	-7.9%	14.3%	5.0%

Source: EPRA. Data is compiled from the FEN Index series (as of 29 January 2021).

Fig. 1. Global Weights (EUR)*

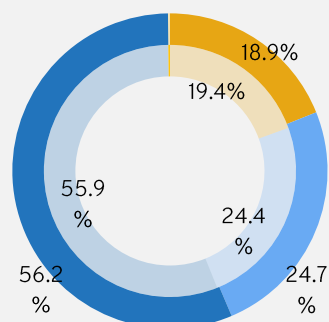


Fig. 2 REIT / Non-REITs

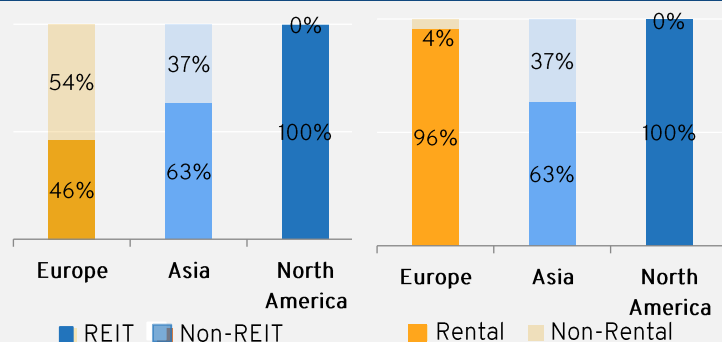


Fig. 3. Focus Split

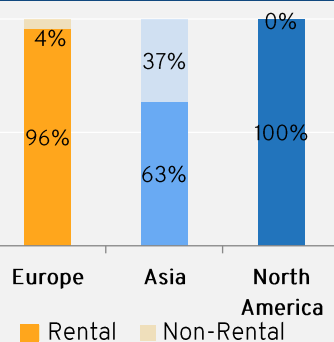


Fig. 4. Index Turnover (EUR, billion)*

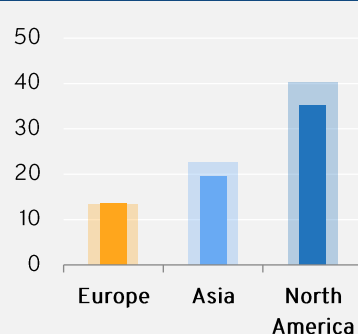


Fig. 5. Dividend Yields*

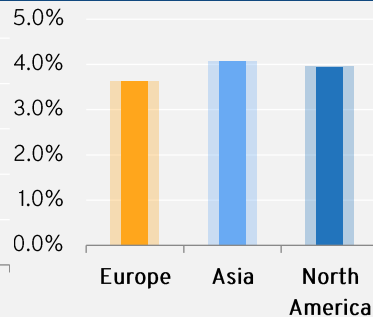


Fig. 6. Volatility (10 yr. & 3 yr.)**

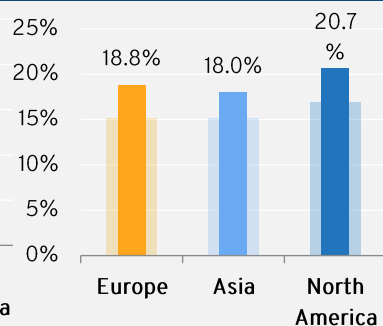


Fig. 7. Correlation (3 yr. rolling)

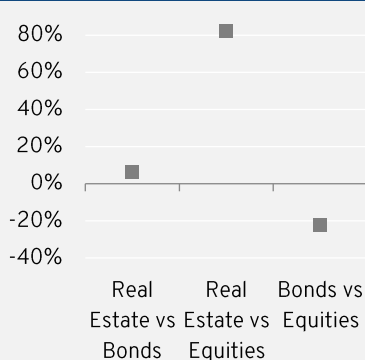
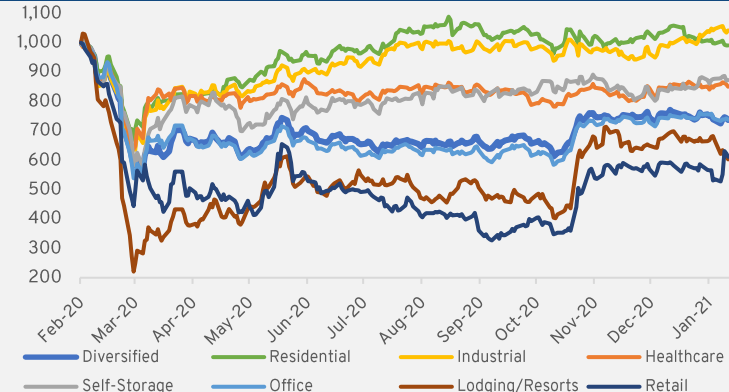


Fig. 8. Developed Europe: Total return by sector (19/02/2020=1000)



FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Jan-21	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	-2.7	-13.9	1.9	3.7	8.3
Europe ex UK (EUR)	-3.5	-11.9	3.2	6.5	8.7
UK (GBP)	-1.53	-14.9	-1.1	0.6	7.0
France (EUR)	-4.0	-30.6	-8.2	-1.1	5.1
Netherlands (EUR)	7.0	-35.7	-23.8	-15.3	-6.3
Germany (EUR)	-6.7	1.2	9.2	13.1	13.2

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Jan-21	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	0.9	-17.2	0.5	4.0	5.2
Hong Kong (HKD)	1.2	-4.1	-6.1	7.8	2.0
Japan (JPY)	2.5	-15.8	0.8	1.5	6.7
Australia (AUD)	-3.0	-23.5	1.4	3.6	9.0
Singapore (SGD)	0.3	-4.1	3.2	9.8	5.9

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Jan-21	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	-0.3	-11.1	3.8	4.7	7.2
United States (USD)	-0.3	-10.9	4.0	4.5	7.4
Canada (CAD)	0.1	-17.8	2.7	6.7	6.6

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Jan-21	1 yr	3 yrs*	5 yrs*	10 yrs*
Emerging (EUR)	-2.9	-18.7	-5.8	7.0	4.4
Emerging EMEA (EUR)	-0.3	-33.9	-20.1	-7.1	-0.9
Emerging Europe (EUR)	6.2	19.1	5.1	0.3	-4.5
Emerging MEA (EUR)	-1.7	-40.1	-22.9	-8.0	0.4
Emerging APAC (EUR)	-2.7	-14.0	-4.3	9.9	10.0
Emerging Americas (EUR)	-6.9	-39.2	-6.1	1.2	-10.5

(*) Annualised.

(*) Shaded bars are last month's (**) Shaded bars are 10 yr. Source : EPRA. Data is compiled from the FEN Index series (as of 29 January 2021)

FTSE EPRA Nareit Developed Index

The FEN Developed Index slipped 7 bps compared to a gain of 64 bps from global equities and a loss of 64 bps from global bonds, at the end of January. Over a one-year period, global real estate investments lost 17.6%, compared to a gain of 5.1% from global equities and a loss of 3.0% from global bonds. Annualised ten-year rolling returns for real estate investments stand at 7.4%, while general equities and bonds are 8.4% and 4.4%, respectively.

In terms of country performances, Austria (13.2%) and the Netherlands (7.0%) in Europe, Hong Kong (1.9%) in Asia and the U.S. (41 bps) in North America were top performers.

Focusing on sector performances, data centres (3.6%) was outperformer, followed by retail (2.2%), industrial (1.8%), specialty (1.3%) and self-storage (49 bps). Meanwhile, lodging/resorts (-4.4%), healthcare (-2.4%) and residential (-1.3%) were underperformers. The remaining sectors in developed markets also posted negative returns.

At the end of January 2021, the FEN Developed Index totalled 340 constituents, representing a free float market capitalisation of around EUR 1.26 trillion.

FTSE EPRA Nareit Emerging Index

During January, the FEN Emerging Index lost 2.9% bringing the annual return to -18.7%. Meanwhile, emerging equities gained 4.1 compared to a loss of 46 bps from emerging bonds. As a result, annual returns stand at -14.2% for equities and -6.1% for bonds. Annualised ten-year rolling returns for real estate investments stand at 4.4%, while general equities and bonds are 5.8% and 7.2%, respectively.

In terms of sector performance, healthcare (2.9%) and office (2.5%) were top performers, while retail (-4.2%) and industrial (-3.6%) were bottom performers in emerging markets. The remaining sectors also posted positive returns in January.

Focusing on country performances, Turkey (10.4%) and Czechia (10.3%) outperformed with the highest monthly returns. Meanwhile, Greece (-10.4%) and Brazil (-10.2%) were underperformers in emerging markets.

At the end of January 2021, the FEN Emerging Index totalled 151 constituents, representing a free float market capitalisation of around EUR 145 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 3.6%
Digital Realty Trust	Data Centers	USA	▲ 3.2%
Vonovia SE	Residential	GER	▼ -7.7%
Public Storage, Inc.	Self-Storage	USA	▼ -1.4%
Simon Property Group, Inc.	Retail	USA	▲ 9.0%
Welltower Inc.	Healthcare	USA	▼ -6.2%
AvalonBay Communities, Inc.	Residential	USA	▲ 3.0%
Equity Residential Properties Trust	Residential	USA	▲ 5.0%
Alexandria Real Estate Equities, Inc.	Office	USA	▼ -5.6%
Realty Income Corp.	Retail	USA	▼ -4.6%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Tanger Factory Outlet Centers, Inc.	Retail	USA	▲ 56.7%
Macerich Company	Retail	USA	▲ 47.1%
EPR Properties	Specialty	USA	▲ 22.0%
BMO Real Estate Investments Limited	Diversified	UK	▲ 16.4%
Brookfield Property	Retail	USA	▲ 16.1%
CA Immobilien Anlagen AG	Office	OEST	▲ 13.2%
Wereldhave NV	Retail	NETH	▲ 12.5%
Hongkong Land Holdings	Office	HK	▲ 12.1%
United Urban Investment	Diversified	JA	▲ 11.6%
SL Green Realty Corp.	Office	USA	▲ 10.8%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▼ -3.4%
Longfor Group Holdings (P Chip)	Diversified	CHN	▼ -3.4%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 1.1%
Country Garden Holdings	Residential	CHN	▼ -12.6%
China Overseas Land&Investment Ltd.	Residential	CHN	▲ 3.7%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 4.1%
SM Prime Holdings	Diversified	PHIL	▼ -8.3%
Ayala Land	Diversified	PHIL	▼ -7.8%
China Evergrande Group (P Chip)	Diversified	CHN	▲ 0.3%
Shimao Property Holdings	Diversified	CHN	▼ -8.7%

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index slipped 2.7%, and also European equities and bonds lost 1% and 14 bps, respectively.

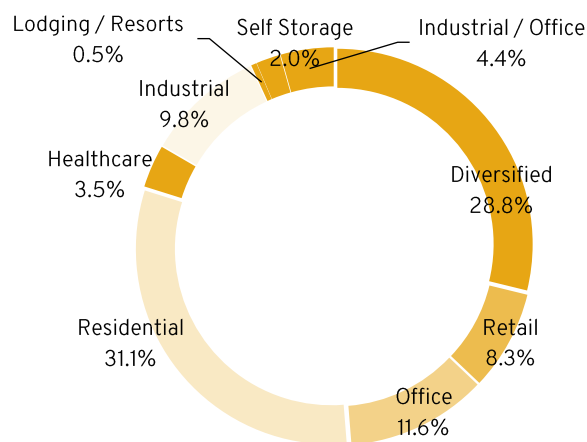
The Netherlands Index outperformed with a return of 7.0%, while the Germany Index underperformed with a loss of 6.7%. The France Index (-4.0%) and the UK Index (-1.5%) also posted negative returns for the month.

Performance of Top 3 sectors: Retail (5.0%), Industrial (4.2%), Self-storage (3.2%).

Performance of Top 3 constituents: BMO Real estate Investments Ltd. (16.4%, UK, Diversified), CA Immobilien Anlagen AG (13.25%, Austria, Office), Wereldhave NV (12.5%, Netherlands, Retail).

Developed Europe representing a free float MCap of around EUR 239 billion with 103 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

During January, the FEN Developed Asia Index posted a return of 93 bps, compared to a gain of 3.4% and 41 bps from Asian equities and bonds, respectively.

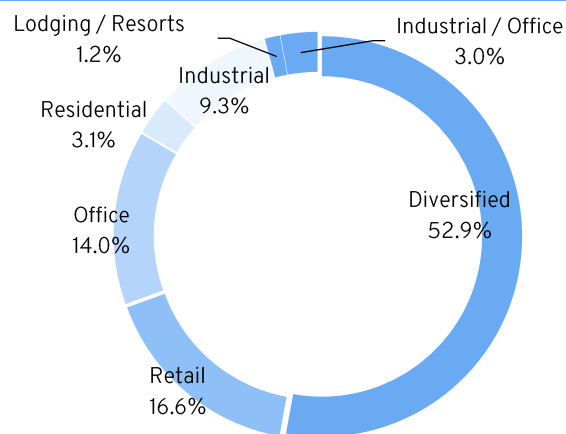
The Japan Index was a top performer with a return of 2.5%, and also the Hong Kong Index (1.2%) and the Singapore Index (28 bps) posted positive returns during January. Meanwhile the Australia Index underperformed posting a negative return of 3.0% (in local currencies).

Performance of Top sectors: Office (3.2%), Industrial/Office (2.3%), Industrial (1.5%).

Performance of Top 3 constituents: Hong Kong Land Holdings (12.1%, Hong Kong, Office), United Urban Investment (11.6%, Japan, Diversified), Japan Prime Realty Investment (10.3%, Japan, Office).

Developed Asia representing a free float MCap of around EUR 312 billion with 93 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index gained 41 bps, compared to a loss of 17 bps and 41 bps from equities and bonds, respectively (in euros).

The U.S. Index lost 30 bps, while the Canada Index gained 12 bps during January (in local currencies).

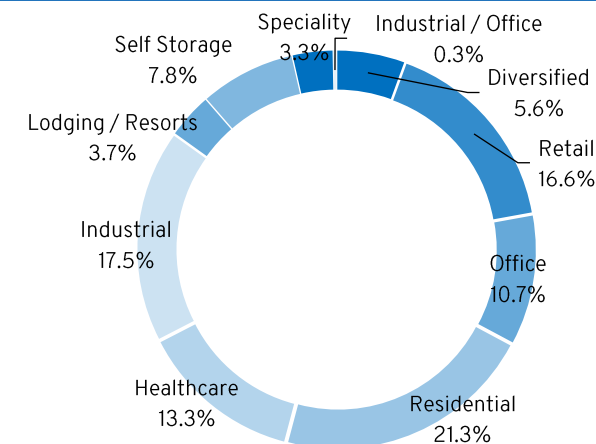
There were no major corporate actions in the markets during January.

Performance of Top sectors: Data Centres (3.5%), Retail (3.4%), Industrial (1.4%).

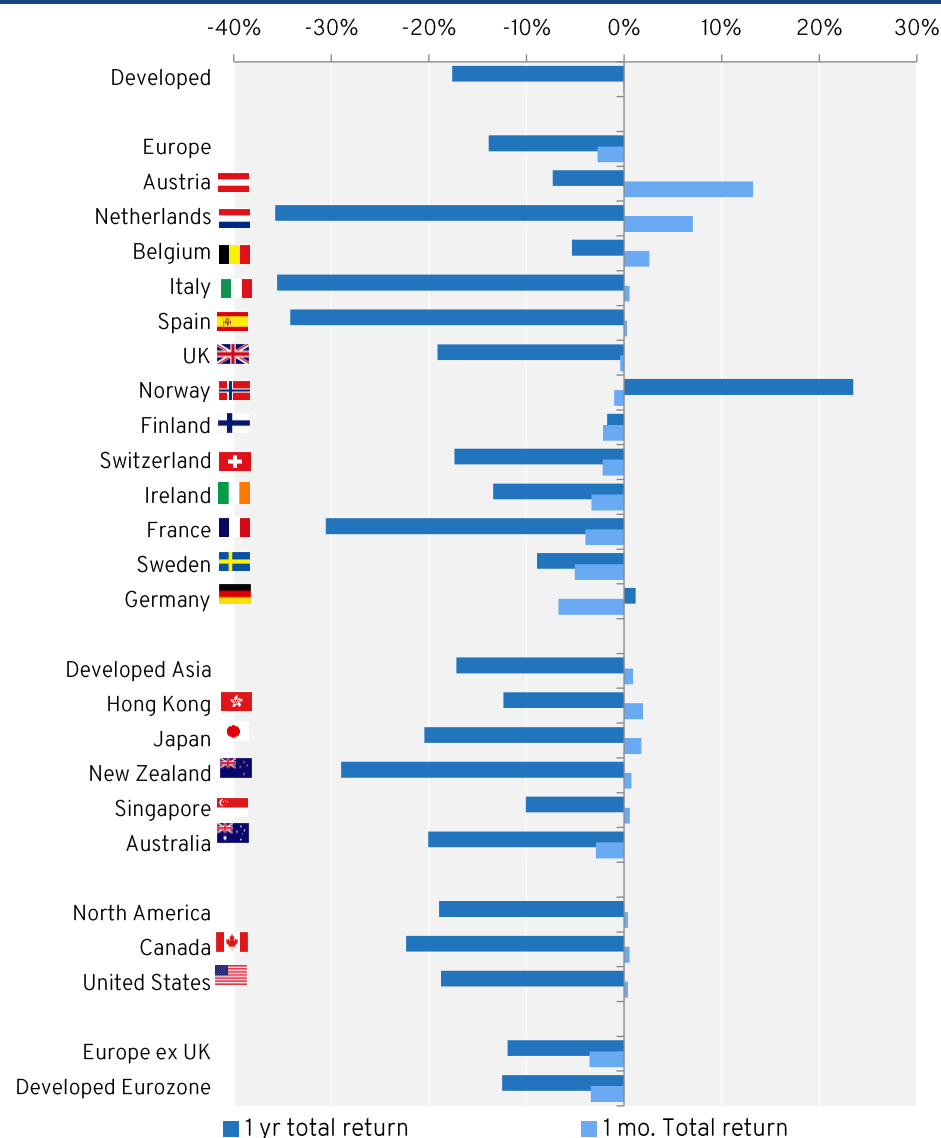
Performance of Top 3 constituents: Tanger Factory Outlet (56.7%, USA, Retail), Macerich Company (47.1%, USA, Retail), EPR Properties (22.0%, USA, Specialty).

Developed North America representing a free float MCap of around EUR 711 billion with 142 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source : FTSE EPRA Nareit as of January 29, 2021

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