



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

February 2021

March
2021

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 3.9%, brought annual return to -7.5% at the end of February. Global bonds lost 2.3% compared to a gain of 2.9% from global equities.

In terms of regional performance, Developed Europe lost 1.2%, while Asia and North America outperformed posting a return of 4.7% and 5.4%, respectively. Emerging markets also gained 7.6% for the month.

Focusing on sector performances, lodging/resorts (20.9%) outperformed, followed by specialty (10.9%), and retail (8.5%). Meanwhile, data centres (-6.8%), industrial (-1.8%) and industrial/office (-1.6%) were underperformers, and the remaining sectors posted positive returns in developed markets.

Highlights of the Month

Markets are monitoring closely economic and vaccine-related news. Indeed, the global equity market saw a rally in February, overpassing bonds (Fig. 1). It is correlated with improving investors' sentiments due to the prospects of a massive U.S. stimulus package, the ECB purchasing programme and the global vaccine rollout which bolstered expectations for a quick economic recovery.

Based on the latest data by Eurostat, in Q4-2020 GDP growth in the EU contracted by 0.4%, which was smaller than anticipated (Fig.2). Most European economies saw a fourth consecutive quarter of GDP losses, with Spain, Italy and France the most affected so far. Second-wave lockdowns are still effective across Europe and it looks like there will not be any easing soon. The ECB is forecasting around 4% economic growth for 2021, with the economic recovery gaining momentum in the second half of the year when lockdowns could be lifted. The potential recovery and growth momentum also depend on the vaccine rollout.

It is expected that the key ECB interest rates will remain at their present or lower levels (Fig.3), offering the advantage of refinancing debt and preferred equity at historically low rates. Besides, the bank will continue the pandemic emergency purchase program, at least until March.

Real estate investment activities have seen some recovery although they remain below pre-Covid19 levels, and investors look out for tactical opportunities arising from the pandemic. The retail and office sectors are still facing headwinds, while logistics remains the main focus for commercial sectors. There is also an interest in niche emerging sectors that are well-positioned to benefit from accelerating demand in post Covid-19 period, such as healthcare, digital technologies and e-commerce.

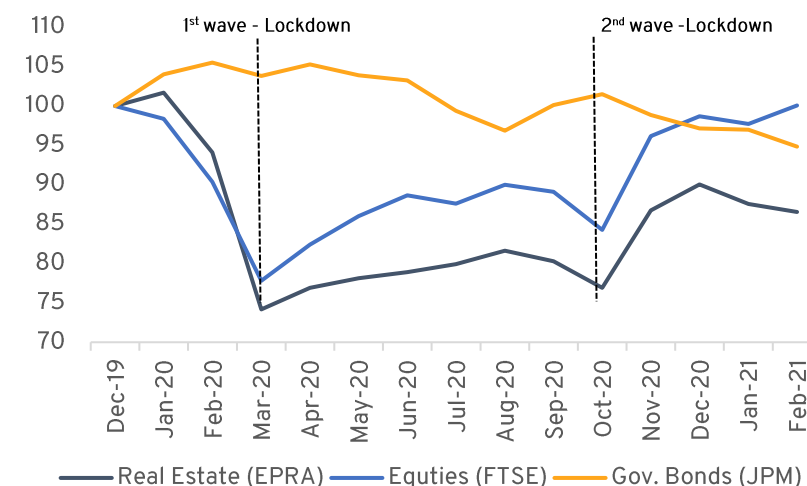
Focusing on the FEN Developed Europe sector index, lodging/resorts (18.0%) was the top performer, followed by healthcare (4.1%) and self-storage (3.7%) in February. Meanwhile residential (-3.9%) and industrial (-2.9%) continued to lose momentum, but industrial is already performing at pre-crisis level with 1.2% YTD return since the same period of the last year (Table 1, Fig. 4).

FTSE EPRA Nareit Global Index Total Return

		Feb-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
% Total Returns (EUR)							
Global Real Estate	▲	3.9	3.9	-7.5	6.0	3.8	7.6
Global Equities (FTSE)	▲	2.9	3.6	16.1	4.3	10.1	8.4
Global Bonds (JP Morgan)	▼	-2.3	-2.9	-7.2	6.1	3.6	4.1
Europe Real Estate	▼	-1.2	-3.9	-8.0	3.5	4.1	7.7
Europe Equities (FTSE)	▲	2.4	1.4	10.7	4.8	8.4	6.5
Europe Bonds (JP Morgan)	▼	-2.2	-2.4	-10.1	3.8	0.2	5.9
Asia Real Estate	▲	4.7	5.7	-6.2	3.1	4.2	5.9
Asia Equities (FTSE)	▲	2.6	6.1	19.8	8.5	10.9	10.3
Asia Bonds (JP Morgan)	▼	-0.9	-0.5	-12.3	1.2	-1.5	3.5
North America Real Estate	▲	5.4	5.8	-7.9	8.5	3.5	8.6
NA Equities (FTSE)	▲	3.2	3.0	20.7	15.0	14.6	14.6
NA Bonds (JP Morgan)	▼	-1.9	-2.3	-9.6	5.3	0.4	4.5
Emerging Real Estate	▲	7.6	4.4	-11.9	-1.6	8.2	5.6
Emerging Equities (FTSE)	▲	1.5	5.7	21.2	7.0	12.9	6.0
Emerging Bonds (JP Morgan)	▼	-2.1	-2.5	-8.0	4.7	3.4	7.0

(*) Annualised.

Fig. 1. Europe: Total returns by real estate, equities, bonds (31/12/2019=100)



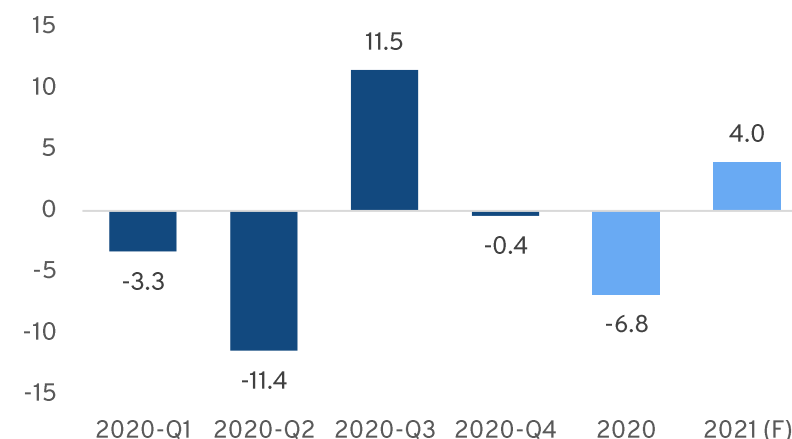
Source: EPRA, Bloomberg. Data is compiled from the FEN Index series (as of 26 February 2021).

Table 1. Developed Europe: Total return by sector

Dev. Europe: Monthly Total Return	2021		Weekly Total Return by Sector					MTD	YTD, since	YTD, since
	31-Mar	31-Dec	29-Jan	05-Feb	12-Feb	19-Feb	26-Feb	Feb-21	Dec-20	19-Feb-20
Developed Europe	-21.2%	3.8%	-2.7%	0.8%	-1.1%	-1.0%	0.2%	-1.2%	-3.9%	-19.1%
Industrial	-5.6%	2.2%	4.2%	0.8%	0.2%	1.3%	-5.0%	-2.9%	1.2%	1.2%
Residential	-9.8%	4.5%	-6.4%	1.0%	-0.8%	-2.3%	-1.8%	-3.9%	-10.0%	-4.8%
Self-Storage	-14.3%	-0.3%	3.2%	2.7%	-2.1%	3.8%	-0.5%	3.7%	7.1%	-9.4%
Healthcare	-3.6%	3.6%	-1.0%	2.1%	-1.1%	2.8%	0.3%	4.1%	3.1%	-11.5%
Office	-22.3%	3.0%	-1.5%	1.0%	-2.0%	-0.8%	0.9%	-0.9%	-2.5%	-26.9%
Diversified	-26.0%	4.3%	-3.5%	1.9%	-1.2%	-0.3%	1.3%	1.7%	-1.9%	-25.1%
Lodging/Resorts	-54.8%	-0.1%	-13.7%	7.3%	-3.9%	0.4%	13.9%	18.0%	1.8%	-28.8%
Retail	-44.8%	5.2%	5.0%	-6.9%	-2.5%	-3.8%	10.5%	-3.6%	1.3%	-41.0%

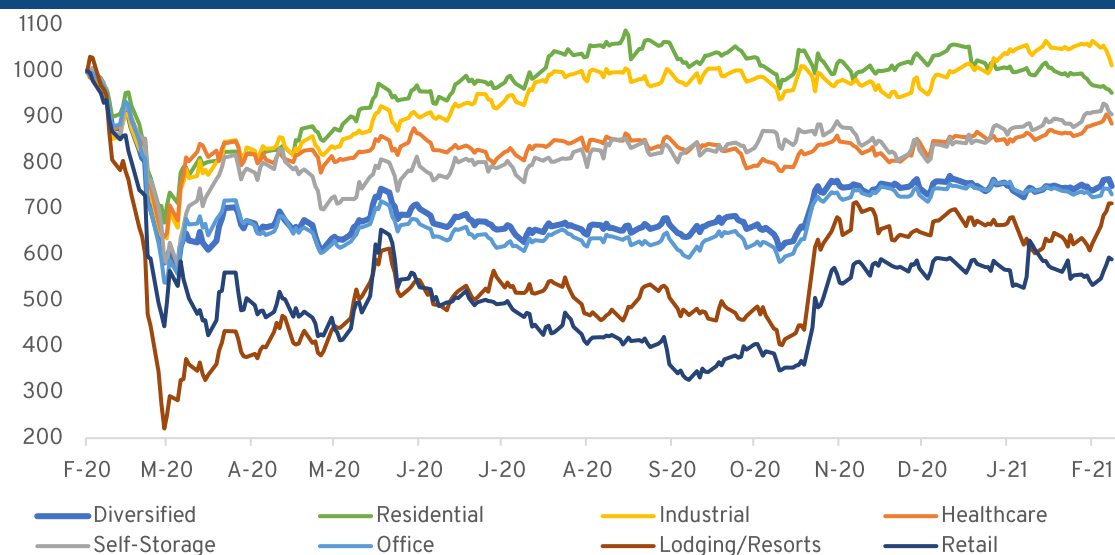
Source: EPRA. Data is compiled from the FEN Index series (as of 26 February 2021)

Fig. 2. EU: Quarterly and annual GDP growth (%)



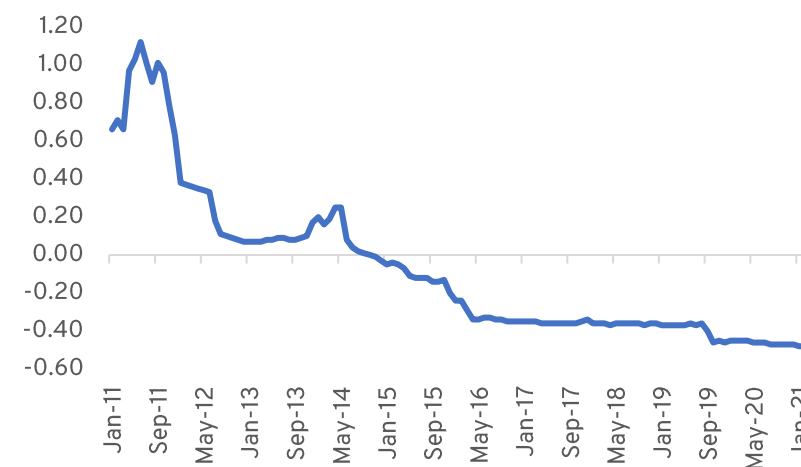
Source: Eurostat, ECB.

Fig. 4. Developed Europe: Total return by sector (19/02/2020=1000)



Source: EPRA. Data is compiled from the FEN Index series (as of 26 February 2021)

Fig. 3. Europe: Interest rate (%)



Source: ECB, Bloomberg.

Fig. 5. Global Weights (EUR)*

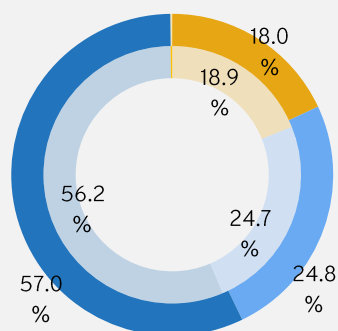


Fig. 6. REIT / Non-REITs

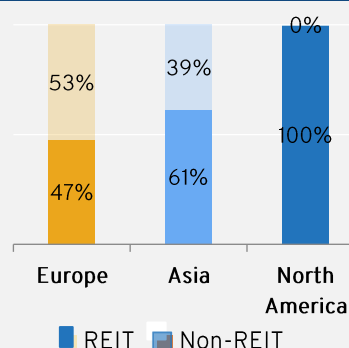


Fig. 7. Focus Split

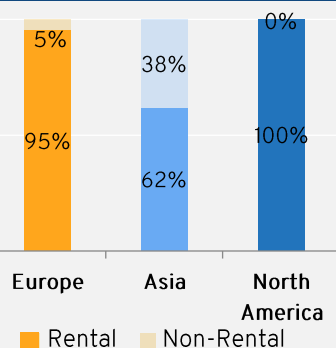


Fig. 8. Index Turnover (EUR, billion)*

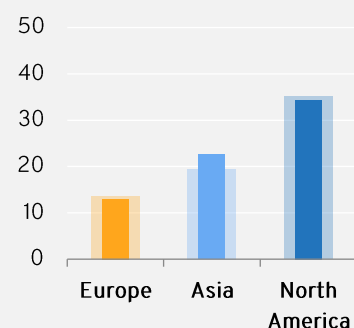


Fig. 9. Dividend Yields*

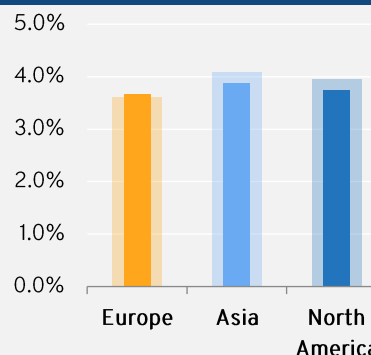


Fig. 10. Volatility (10 yr. & 3 yr.)**

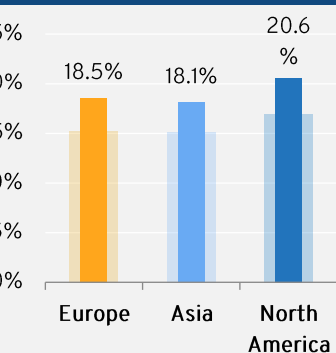


Fig. 11. Correlation (3 yr. rolling)

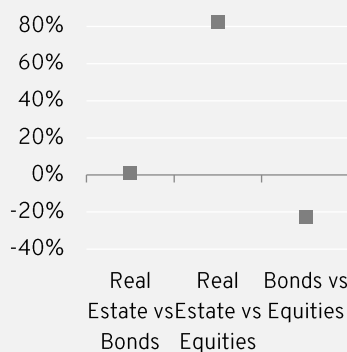
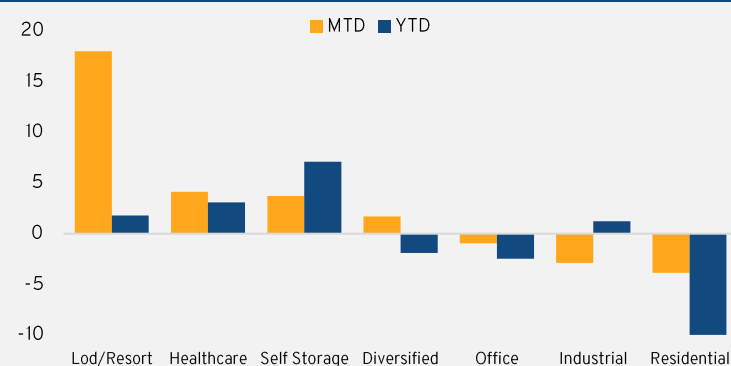


Fig. 12. Developed Europe : Total return by sector (MTD vs YTD)



FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Feb-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	-1.2	-3.9	-8.0	3.5	4.1	7.7
Europe ex UK (EUR)	-3.1	-6.5	-8.9	4.0	5.9	8.1
UK (GBP)	2.21	0.6	-4.7	1.4	2.4	6.4
France (EUR)	0.5	-3.5	-23.4	-5.7	-0.4	4.7
Netherlands (EUR)	-8.7	-2.2	-34.1	-23.9	-16.6	-7.3
Germany (EUR)	-3.4	-9.9	3.8	9.9	12.0	12.1

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Feb-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	4.7	5.7	-6.2	3.1	4.2	5.9
Hong Kong (HKD)	11.3	12.7	10.7	-1.1	10.0	3.7
Japan (JPY)	7.0	9.6	0.9	5.0	3.1	7.0
Australia (AUD)	-0.1	-3.1	-18.2	2.5	3.0	8.7
Singapore (SGD)	-3.1	-2.8	-2.4	4.2	8.2	6.2

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Feb-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	5.3	4.9	1.8	8.3	5.9	7.2
United States (USD)	5.3	4.9	2.2	8.5	5.7	7.5
Canada (CAD)	4.1	4.2	-11.0	4.5	7.0	6.8

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Feb-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Emerging (EUR)	7.6	4.4	-11.9	-1.6	8.2	5.6
Emerging EMEA (EUR)	3.4	3.1	-17.6	-20.1	-7.6	-0.4
Emerging Europe (EUR)	-0.7	5.5	34.4	4.9	-0.5	-4.6
Emerging MEA (EUR)	4.4	2.5	-24.2	-22.7	-8.5	1.0
Emerging APAC (EUR)	9.4	6.4	-8.4	1.2	11.9	11.7
Emerging Americas (EUR)	-3.1	-9.8	-34.1	-5.8	-0.9	-10.4

(*) Annualised.

(*) Shaded bars are last month's (**) Shaded bars are 10 yr. Source: EPRA. Data is compiled from the FEN Index series (as of 26 February 2021)

FTSE EPRA Nareit Developed Index

The FEN Developed Index gained 3.9% compared to a gain of 2.9% from global equities and a loss of 2.3% from global bonds, at the end of February. Over a one-year period, global real estate investments lost 7.5%, compared to a gain of 16.1% from global equities and a loss of 7.2% from global bonds. Annualised ten-year rolling returns for real estate investments stand at 7.6%, while general equities and bonds are 8.4% and 4.1%, respectively.

In terms of country performances, Spain (5.2%) and the UK (4.2%) in Europe, Hong Kong (11.3%) in Asia and the U.S. (5.4%) in North America were top performers.

Focusing on sector performances, lodging/resorts (20.9%), specialty (10.9%), and retail (8.5%) were outperformers, followed by diversified (5.8%), healthcare (5.8%) and self-storage (4.8%). Meanwhile, data centres (-6.8%), industrial (-1.8%) and industrial/office (-1.6%) were underperformers, and the remaining sectors also posted positive returns in developed markets.

At the end of February 2021, the FEN Developed Index totalled 339 constituents, representing a free float market capitalisation of around EUR 1.31 trillion.

FTSE EPRA Nareit Emerging Index

During February, the FEN Emerging Index gained 7.6%, bringing the annual return to -11.9%. Meanwhile, emerging equities gained 1.5% compared to a loss of 2.1% from emerging bonds. As a result, annual returns stand at 21.2% for equities and -8.0% for bonds. Annualised ten-year rolling returns for real estate investments stand at 5.6%, while general equities and bonds are 6.0% and 7.0%, respectively.

In terms of sector performance, diversified (8.9%) and residential (8.7%) were top performers, while healthcare (-4.7%) and office (-4.9%) were bottom performers in emerging markets. The remaining sectors also posted positive returns in February.

Focusing on country performances, Chile (25.0%), South Africa (12.6%) and China (11.4%) outperformed with the highest monthly returns. Meanwhile, Turkey (-10.3%) and Brazil (-11.1%) – last month's top performers, were underperformers in emerging markets.

At the end of February 2021, the FEN Emerging Index totalled 151 constituents, representing a free float market capitalisation of around EUR 156 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -4.0%
Digital Realty Trust	Data Centers	USA	▼ -6.4%
Simon Property Group, Inc.	Retail	USA	▲ 21.5%
Vonovia SE	Residential	GER	▼ -4.4%
Public Storage, Inc.	Self-Storage	USA	▲ 2.8%
Welltower Inc.	Healthcare	USA	▲ 13.0%
AvalonBay Communities, Inc.	Residential	USA	▲ 7.4%
Equity Residential Properties Trust	Residential	USA	▲ 6.1%
Sun Hung Kai Properties Limited	Diversified	HK	▲ 17.6%
Alexandria Real Estate Equities, Inc.	Office	USA	▼ -4.4%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Xenia Hotels & Resorts Inc.	Lodging/Resorts	US	▲ 38.0%
RDI REIT P.L.C	Diversified	UK	▲ 33.9%
Acadia Realty Trust	Retail	USA	▲ 30.4%
Park Hotels & Resorts	Lodging/Resorts	USA	▲ 30.4%
Summit Hotel Properties	Lodging/Resorts	USA	▲ 27.8%
Japan Hotel REIT Investment	Lodging/Resorts	JA	▲ 25.1%
Invincible Investment Corporation	Lodging/Resorts	JA	▲ 24.0%
Sunstone Hotel Investors	Lodging/Resorts	USA	▲ 23.5%
DiamondRock Hospitality	Lodging/Resorts	USA	▲ 23.4%
Pebblebrook Hotel Trust	Lodging/Resorts	USA	▲ 23.3%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▲ 19.3%
Longfor Group Holdings (P Chip)	Diversified	CHN	▲ 4.9%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 14.7%
China Overseas Land & Inv. Ltd.	Residential	CHN	▲ 12.4%
Country Garden Holdings	Residential	CHN	▲ 3.0%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 18.1%
SM Prime Holdings	Diversified	PHIL	▲ 2.4%
Ayala Land	Diversified	PHIL	▲ 3.6%
China Evergrande Group (P Chip)	Diversified	CHN	▲ 6.3%
Shimao Property Holdings	Diversified	CHN	▲ 13.3%

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index slipped 1.2%, compared to a gain of 2.4% from European equities and a loss of 2.2% from European bonds.

The UK Index outperformed with a return of 2.2%, while the Netherlands and Germany Indexes underperformed with a loss of 3.4% and 8.7%, respectively. The France Index returned 49 bps for the month.

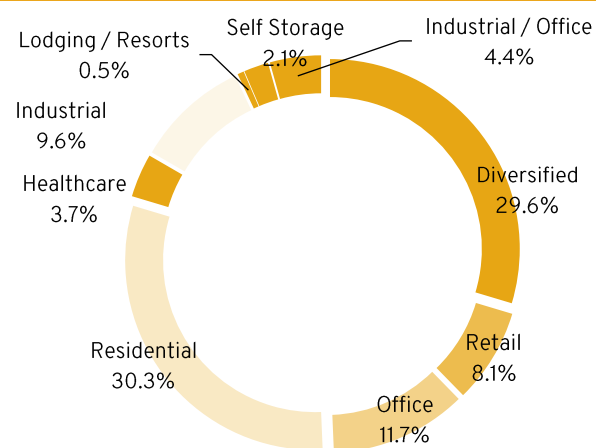
There were no major corporate actions in the European markets during February.

Performance of Top 3 sectors: Lodging/Resorts (18.0%), Healthcare (4.1%), Self-storage (3.7%).

Performance of Top 3 constituents: RDI plc (33.94%, UK, Diversified), Capital&Countries Properties plc (21.2%, UK, Diversified), Mercialis (20.5%, France, Retail).

Developed Europe representing a free float MCap of around EUR 237 billion with 103 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

During January, the FEN Developed Asia Index gained 4.7%, while Asian equities gained 2.6% compared to a loss of 93 bps from Asian bonds.

The Hong Kong (11.3%) and Japan (7.0%) Indexes were top performers, while the Singapore (-3.1%) and the Australia (6 bps) Indexes were underperformers (in local currencies).

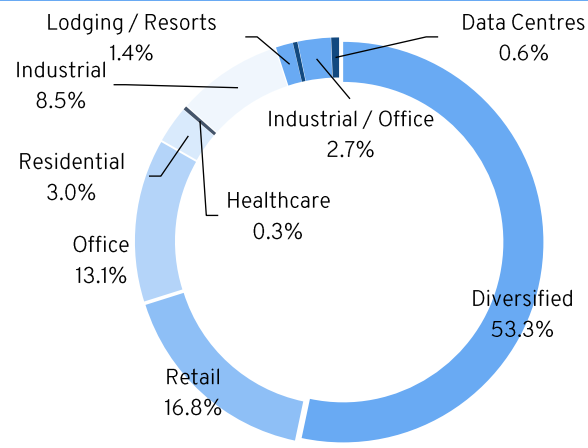
MCUBS MidCity Investment was deleted from the index after being acquired by Japan Retail Fund Investment (Japan, constituent).

Performance of Top sectors: Lodging/resorts (19.1%), Diversified (7.0%), Retail (5.3%).

Performance of Top 3 constituents: Japan Hotel REIT Investment (25.1%, Japan, Lodging/Resorts), Invincible Investment Corporation (24.0%, Lodging/Resorts), Sung Hung Kai Properties Ltd. (17.6%, Hong Kong, Diversified).

Developed Asia representing a free float MCap of around EUR 325 billion with 92 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index posted a return of 5.4%, compared to a loss of 1.95 from bonds and a gain of 3.2% from equities (in euros).

The U.S. Index gained 5.3%, while the Canada Index gained 4.1% during February (in local currencies).

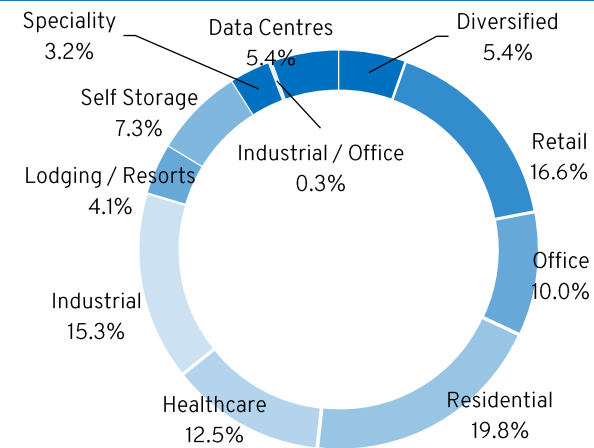
There were no major corporate actions in the North America during February.

Performance of Top sectors: Lodging/Resorts (23.6%), Industrial/Office (13.2%), Retail (12.2%),

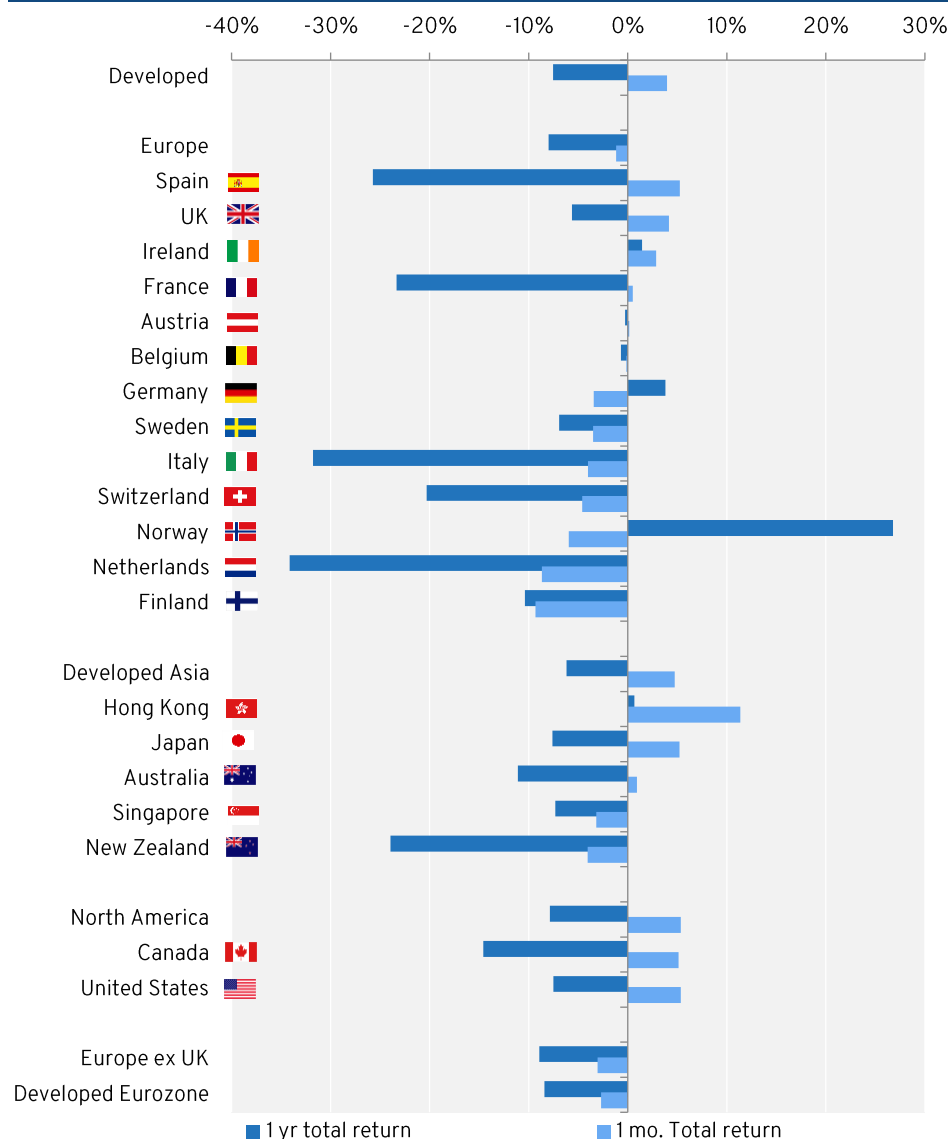
Performance of Top 3 constituents: Xenia Hotels&Resorts Inc (38.0%, USA, Lodging/Resorts), Acadia Realty Trust (30.4%, USA, Retail), Park Hotel Resorts (30.4%, USA, Lodging/Resorts).

Developed North America representing a free float MCap of around EUR 748 billion with 142 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of February 26, 2021.

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