



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

March 2021

April
2021

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 6.3%, bringing the annual return to 26.9% at the end of March - the highest since the beginning of the pandemic. Global bonds and global equities also gained 1.2% and 6.6%, respectively.

In terms of regional performance, Developed Europe returned 3.6%, while Asia and North America outperformed posting a return of 4.7% and 7.9%, respectively. Emerging markets also gained 4.5% for the month. Focusing on sector performances, industrial (8.6%), self-storage (8.4%) and residential (8.1%) outperformed, followed by data centres (7.9%), and healthcare (6.6%). The remaining sectors also posted positive returns in developed markets.

Highlights of the Month

Markets continued to gain momentum during the first quarter of 2021. The global equity markets continued rallying, supported by both fiscal and monetary policies, in particular in the US with the approval of USD 1.9 trillion fiscal package. Similarly, the ECB is likely to continue net asset purchases under its pandemic emergency purchase programme (PEPP) until December 2022. It also kept the key ECB interest rates unchanged at a historical -0.5%.

One year has passed since the markets hit their pandemic low mid-March last year. General equities are now above their pre-pandemic level with a 2.7% YTD return, while real estate is 16.2% lower than its historical peak (Fig.1). Although concerns related to the third wave of the pandemic have put some pressures, progress in vaccination roll-outs - particularly in the US and the UK, is reason enough for optimism in the markets. Indeed, real estate markets in all regions posted the highest monthly returns since the beginning of the year and provided positive YTD returns.

Focusing on the FEN Developed Europe sector index, retail outperformed with a return of 8.2%, bringing YTD to 9.6%, but it is still traded below pre-pandemic levels (-36.2% since 19/02/2020). As the most resilient sectors during 2020, residential (4.0%) and industrial (3.7%) were among the top performers in March, although they lost some momentum at the beginning of this year. On the other hand, healthcare and lodging/resorts were bottom performers, posting negative returns of 1.8% for both, while the remaining sectors posted positive returns during March (Table 1).

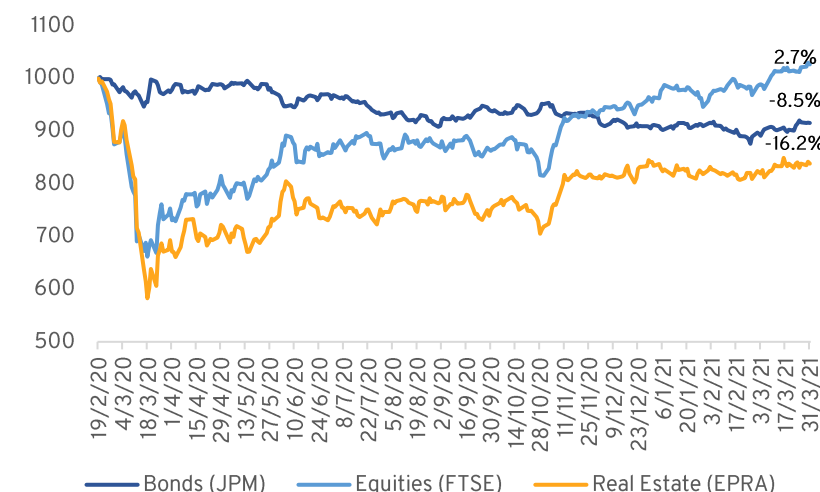
If we look at recovery by sectors in the FEN Developed Europe index as seen in Fig. 2, all sectors compensated losses and turned back to their pre-pandemic MCap levels by growing 25% in total FF MCap size. Based on total returns, industrial (5.0%) is still the only sector performing at pre-crisis level (19/02/2020), while retail (-36.2%) and lodging/resorts (-30.1%) remained bottom performers, even though they gained some ground during the first quarter of this year (Table 1).

FTSE EPRA Nareit Global Index Total Return

	Mar-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
% Total Returns (EUR)						
Global Real Estate	▲ 6.3	10.5	26.9	7.7	4.2	8.7
Global Equities (FTSE)	▲ 6.6	10.5	41.7	7.4	10.2	9.2
Global Bonds (JP Morgan)	▲ 1.2	-1.8	-6.3	6.1	3.7	4.3
Europe Real Estate	▲ 3.6	-0.4	20.9	3.5	3.6	8.1
Europe Equities (FTSE)	▲ 6.0	7.5	36.3	7.6	9.1	7.3
Europe Bonds (JP Morgan)	▲ 2.9	0.5	-6.0	4.5	1.6	6.6
Asia Real Estate	▲ 4.7	10.7	23.4	5.4	4.7	6.9
Asia Equities (FTSE)	▲ 4.0	10.3	39.2	11.1	11.5	11.1
Asia Bonds (JP Morgan)	▲ 3.5	2.9	-8.0	2.6	-0.1	4.1
North America Real Estate	▲ 7.9	14.2	30.6	10.2	4.1	9.8
NA Equities (FTSE)	▲ 6.9	10.1	47.6	18.9	15.7	15.7
NA Bonds (JP Morgan)	▲ 1.5	-0.8	-11.3	5.8	1.6	5.0
Emerging Real Estate	▲ 4.5	9.1	14.0	-0.3	7.6	5.6
Emerging Equities (FTSE)	▲ 1.2	7.0	46.3	8.8	11.3	5.9
Emerging Bonds (JP Morgan)	▲ 1.7	-0.8	6.7	5.4	4.1	7.4

(*) Annualised.

Fig. 1. Europe: Total return - real estate, equities, bonds (19/02/2020=1000)



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

Green agenda

There is an increasing interest in green bonds in the markets. Two German listed companies raised a total of EUR 1.6 billion green bonds in March: Deutsche Wohnen (EUR 1 billion debt with an average 15-year term and an average 0.9% coupon for two green bonds) and Vonovia (EUR 600 million with a 10-year maturity and 0.625% coupon). The success of issuing green bonds, which were significantly oversubscribed, highlights the attractiveness of green products and investors' appetite, supported by the resilience of the residential sector.

The awareness around sustainability and climate change issues has increased with the Covid-19 pandemic. Many real estate companies are considering green bonds to finance sustainable investments, such as investment in climate-neutral buildings either via energy-efficient refurbishments of existing buildings, or via acquisition/construction of climate-friendly buildings.

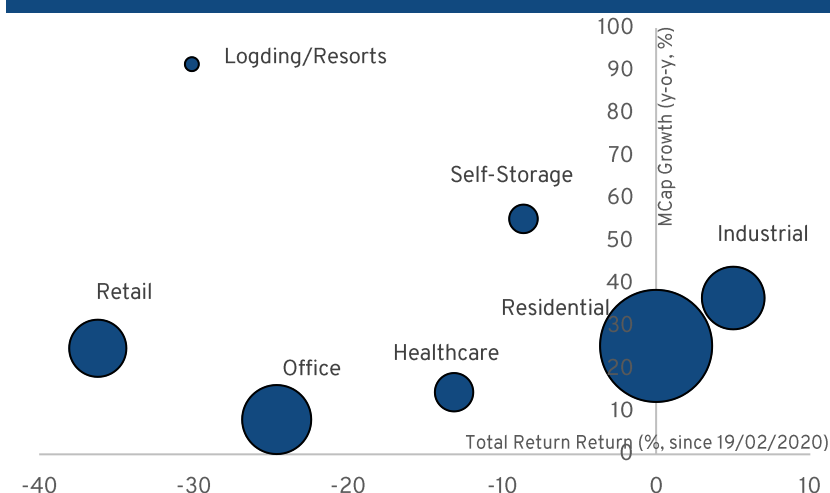
2021-Q1 Index Review

During the first quarterly review of the year, three companies were added in the Developed index, and one company was reclassified. Meanwhile two companies were added in and five companies were deleted from the Emerging index. The details are given in the related sections.

The net added valued to the global index was almost EUR 2.71 million in free float market cap.

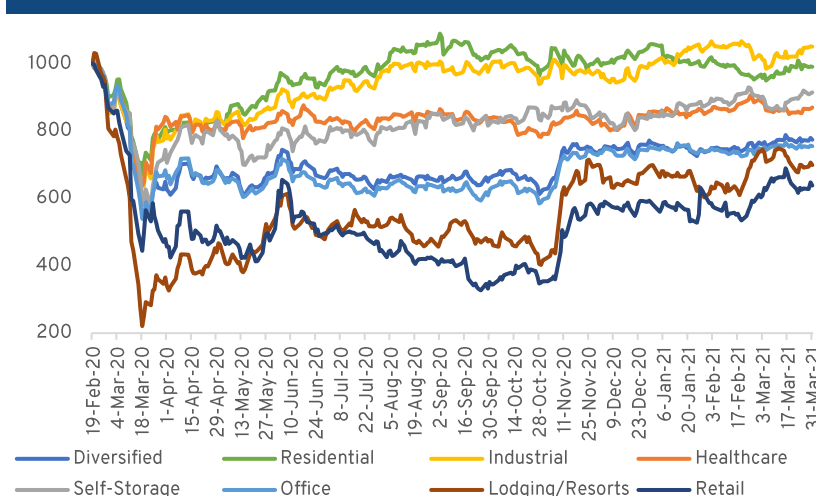
All changes have become effective as of Monday, 22 March 2021. The next index review will take place at the end of May, and the results will be locked-up on 2 June, 2021.

Fig. 2. Developed Europe FF MCap size growth and YTD return (%)



Source: EPRA. Data is compiled from the FEN Index series (as of 31 March 2021). The size of the bubbles is representing FF MCap size as of 31 March 2021.

Fig. 3. Developed Europe: Total returns by sector (19/02/2020=100)



Source: EPRA. Data is compiled from the FEN Index series (as of 31 March 2021).

Table 1. Developed Europe: Total return by sector

Dev. Europe: Monthly Total Return				Weekly Total Return by Sector				YTD	Since
	Jan-21	Feb-21	Mar-21	05-Mar	12-Mar	19-Mar	26-Mar	Dec-20	19-Feb-20
Developed Europe	-2.7%	-1.2%	3.6%	0.4%	2.7%	0.6%	0.0%	-0.4%	-16.2%
Industrial	4.2%	-2.9%	3.7%	-2.8%	3.7%	0.0%	2.5%	5.0%	5.0%
Residential	-6.4%	-3.9%	4.0%	-0.3%	2.1%	2.5%	0.3%	-6.4%	-0.9%
Self-Storage	3.2%	3.7%	0.9%	-3.7%	-0.7%	3.1%	3.0%	8.1%	-8.6%
Healthcare	-1.0%	4.1%	-1.8%	-2.8%	-0.1%	-0.6%	1.4%	1.2%	-13.1%
Diversified	-3.5%	1.7%	3.3%	0.7%	2.6%	0.3%	-0.4%	1.3%	-22.6%
Office	-1.5%	-0.9%	3.1%	1.7%	1.9%	0.1%	-0.5%	0.6%	-24.6%
Lodging/Resorts	-13.7%	18.0%	-1.8%	-0.5%	5.8%	-6.4%	-1.4%	0.0%	-30.1%
Retail	5.0%	-3.6%	8.2%	5.9%	6.1%	-2.7%	-2.4%	9.6%	-36.2%

Source: EPRA. Data is compiled from the FEN Index series (as of 31 March 2021).

Fig. 4. Global Weights (EUR)*

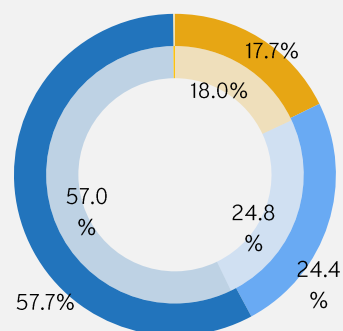


Fig. 5. REIT / Non-REITs

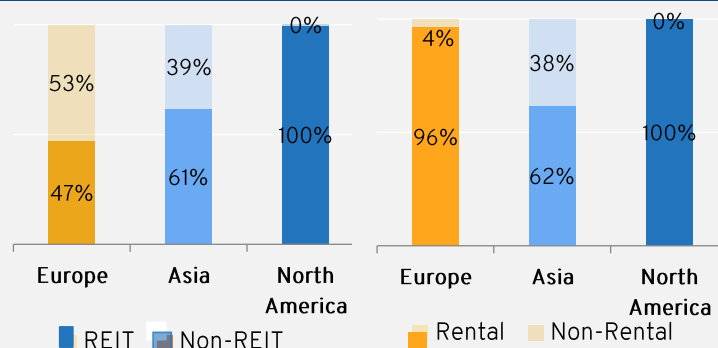


Fig. 6. Focus Split

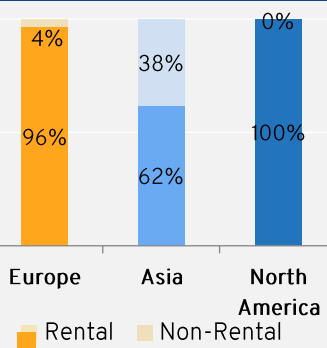


Fig. 7. Index Turnover (EUR, billion)*

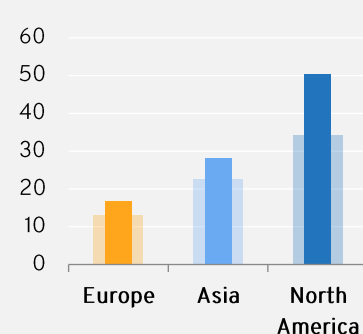


Fig. 8. Dividend Yields*

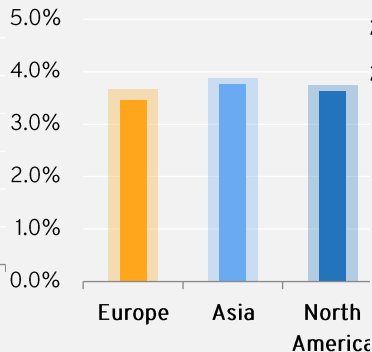


Fig. 9. Volatility (10 yr. & 3 yr.)**

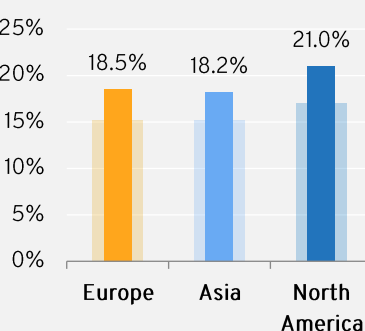
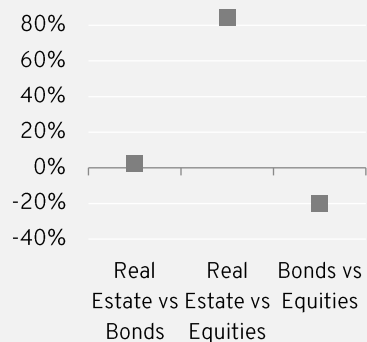


Fig. 10. Correlation (3 yr. rolling)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Mar-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	3.6	-0.4	20.9	3.5	3.6	8.1
Europe ex UK (EUR)	3.3	-3.4	19.6	4.1	5.1	8.2
UK (GBP)	2.52	3.2	19.6	0.8	1.8	6.8
France (EUR)	4.0	0.4	13.7	-4.2	-1.2	4.8
Netherlands (EUR)	10.5	8.0	37.9	-21.3	-16.0	-6.5
Germany (EUR)	3.1	-7.1	24.2	8.5	10.7	13.5

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Mar-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	4.7	10.7	23.4	5.4	4.7	6.9
Hong Kong (HKD)	-1.5	11.0	21.1	-0.6	7.2	3.2
Japan (JPY)	5.4	15.5	32.6	7.1	3.6	9.3
Australia (AUD)	5.1	1.9	40.6	4.2	3.5	9.4
Singapore (SGD)	5.8	2.8	24.2	5.9	9.2	6.6

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Mar-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	4.5	9.7	39.9	8.6	4.8	7.8
United States (USD)	4.4	9.6	39.5	8.7	4.6	8.1
Canada (CAD)	4.9	9.3	29.8	5.4	6.7	6.9

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Mar-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Emerging (EUR)	4.5	9.1	14.0	-0.3	7.6	5.6
Emerging EMEA (EUR)	3.1	6.2	32.8	-19.2	-8.9	-0.4
Emerging Europe (EUR)	-6.8	-1.7	41.5	5.0	-3.1	-5.2
Emerging MEA (EUR)	5.3	8.0	31.0	-21.5	-9.6	1.1
Emerging APAC (EUR)	3.9	10.6	11.0	2.2	11.5	11.2
Emerging Americas (EUR)	10.9	0.1	27.6	-2.5	-1.0	-9.6

(*) Annualised.

FTSE EPRA Nareit Developed Index

The FEN Developed Index gained 6.3% compared to gains of 6.6% from global equities and 1.2% from global bonds, at the end of March. Over a one-year period, global real estate investments returned 26.9%, compared to a gain of 41.7% from global equities and a loss of 6.3% from global bonds. Annualised ten-year rolling returns for real estate investments stand at 8.7%, while general equities and bonds gained 9.2% and 4.3%, respectively.

In terms of country performances, the Netherlands (10.5%) in Europe, Singapore (8.1%) in Asia and Canada (9.1%) in North America were the top performers.

Focusing on sector performances, industrial (8.6%), self-storage (8.4%) and residential (8.1%) were top performers, followed by data centres (7.9%), and healthcare (6.6%). The remaining sectors posted positive returns in developed markets, while specialty (2.4%) and lodging/resorts (2.7%) were bottom performers with relatively lower returns.

At the end of March 2021, the FEN Developed Index totalled 342 constituents, representing a free float market capitalisation of around EUR 1.4 trillion.

FTSE EPRA Nareit Emerging Index

During March, the FEN Emerging Index gained 4.5%, bringing the annual return to 14.0%. Meanwhile, emerging equities and bonds gained 1.2% and 1.7%, respectively. As a result, annual returns stand at 46.3% for equities and 6.7% for bonds. Annualised ten-year rolling returns for real estate investments stand at 5.6%, while general equities and bonds are 5.9% and 7.4%, respectively.

In terms of sector performance, healthcare (14.7%) and retail (11.9%) were outperformers, followed by industrial (7.3%). The remaining sectors also posted positive returns in March. Residential was the bottom performer with a monthly return of 2.4% in emerging markets.

Focusing on country performances, Brazil (12.7%), Thailand (11.8%) and Chile (11.7%) were top performers. Meanwhile Turkey (-17.8%), Czechia (-4.9%), Russia (-4.6%), Philippines (-4.2%), and Taiwan (-3.0%) were bottom performers in emerging markets. The remaining countries posted positive returns.

During the quarterly review, Dexin China Holding P-Chip (China, Non-REIT, Diversified) and Akmerkez GYO (Turkey, REIT, Retail) were added in, while three Chinese, one Malaysian and one Kuwaiti companies were deleted from the Emerging index.

At the end of March 2021, the FEN Emerging Index totalled 148 constituents, representing a free float market capitalisation of around EUR 162 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 7.6%
Digital Realty Trust	Data Centers	USA	▲ 5.4%
Public Storage, Inc.	Self Storage	USA	▲ 6.3%
Simon Property Group, Inc.	Retail	USA	▲ 0.8%
Vonovia SE	Residential	GER	▲ 5.6%
Welltower Inc.	Healthcare	USA	▲ 5.5%
Equity Residential Properties Trust	Residential	USA	▲ 10.4%
AvalonBay Communities, Inc.	Residential	USA	▲ 5.9%
Realty Income Corp.	Retail	USA	▲ 5.8%
Alexandria Real Estate Equities, Inc.	Office	USA	▲ 3.6%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Hammerson Plc	Retail	UK	▲ 34.0%
Apartment Inv Management	Residential	USA	▲ 29.0%
Columbia Property Trust	Office	USA	▲ 22.6%
Klovern B	Industrial/Office	SWED	▲ 20.0%
CapitaLand Limited	Diversified	SI	▲ 18.2%
Nexpoint Residential Trust	Residential	USA	▲ 13.1%
Kenedix Residential Next Investm.	Residential	JA	▲ 13.1%
Nomura Real Estate Holdings	Diversified	JA	▲ 12.8%
WFD Unibail-Rodamco	Retail	NETH	▲ 12.4%
Mirvac Group	Diversified	AU	▲ 12.1%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▲ 2.2%
Longfor Group Holdings (P Chip)	Diversified	CHN	▲ 12.0%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 0.5%
China Overseas Land & Investm. Ltd.	Residential	CHN	▲ 2.9%
Country Garden Holdings	Residential	CHN	▲ 3.4%
China Vanke Co., Ltd (H)	Residential	CHN	▼ -7.5%
SM Prime Holdings	Diversified	PHIL	▼ -3.2%
Ayala Land	Diversified	PHIL	▼ -11.7%
Central Pattana Public Company Ltd.	Retail	THAI	▲ 11.2%
China Evergrande Group (P Chip)	Diversified	CHN	▼ -6.8%

FTSE EPRA Nareit Developed Europe Index

During March, the FEN Developed Europe Index posted a return of 3.6%, while European equities and bonds gained 6.0% and 2.9%, respectively.

The Netherlands Index outperformed with a return of 10.5%. The UK (4.5%), France (4.0%) and Germany Indexes (3.1%) also posted positive returns for the month.

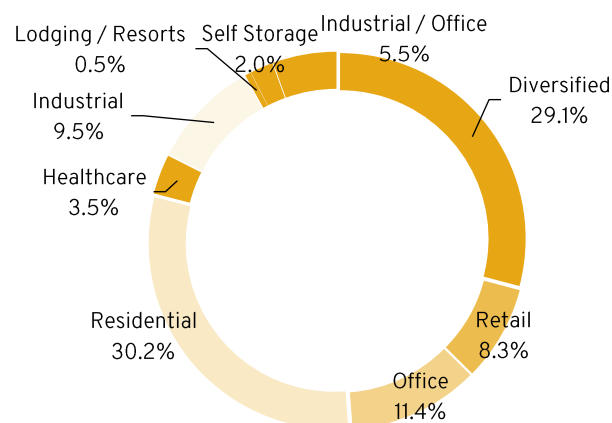
Sagax B (Sweden, Non-REIT, Industrial/Office) and Peach Property Group (Switzerland, Non-REIT, Residential) have been added to the Developed Europe index, during the quarterly review.

Performance of Top 3 sectors: Retail (8.2%), Residential (4.0%), Industrial (3.7%).

Performance of Top 3 constituents: Hammerson plc (34.0%, UK, Retail), Klovern B (20.0%, UK, Industrial/Office), WFD Unibail-Rodamco (12.4%, Netherlands, Retail).

Developed Europe representing a free float MCap of around EUR 248 billion with 105 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index gained 4.7%, while Asian equities and bonds gained 4.0% and 3.5%, respectively.

The Singapore (5.8%), Japan (5.4%) and Australia (5.1%) Indexes outperformed with positive returns, while Hong Kong underperformed with a loss of 1.5% for the month (in local currencies).

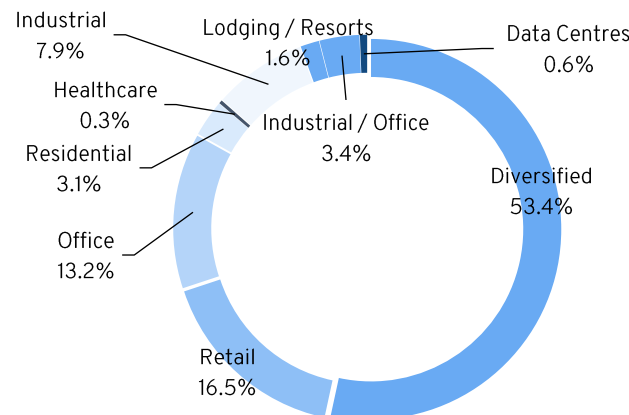
Hoshino Resort REIT (Japan, REIT, Lodging/Resorts) has been added to the Developed Asia index, while Fraser Logistics&Commercial Trust (Singapore) reclassified from industrial to industrial/office.

Performance of Top 3 sectors: Residential (7.8%), Office (5.8%), Industrial (5.7%).

Performance of Top 3 constituents: CapitaLand Limited (18.2%, Singapore, Diversified), Kenedix Residential Next Investment (13.1%, Japan, Residential), Nomura Real Estate Holdings (17.6%, Japan, Diversified).

Developed Asia representing a free float MCap of around EUR 341 billion with 93 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index posted a return of 7.9% for the month. Meanwhile, North America equities and bonds gained 6.9% and 1.5% (in euros), respectively.

The U.S. Index and the Canada Index returned 4.4%, and 4.9%, respectively (in local currencies).

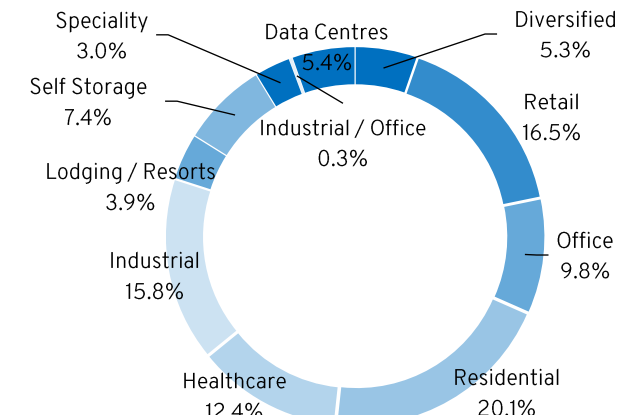
There were no major corporate actions in the North America during March.

Performance of Top 3 sectors: Industrial (10.3%), Residential (10.1%), Self-Storage (9.0%).

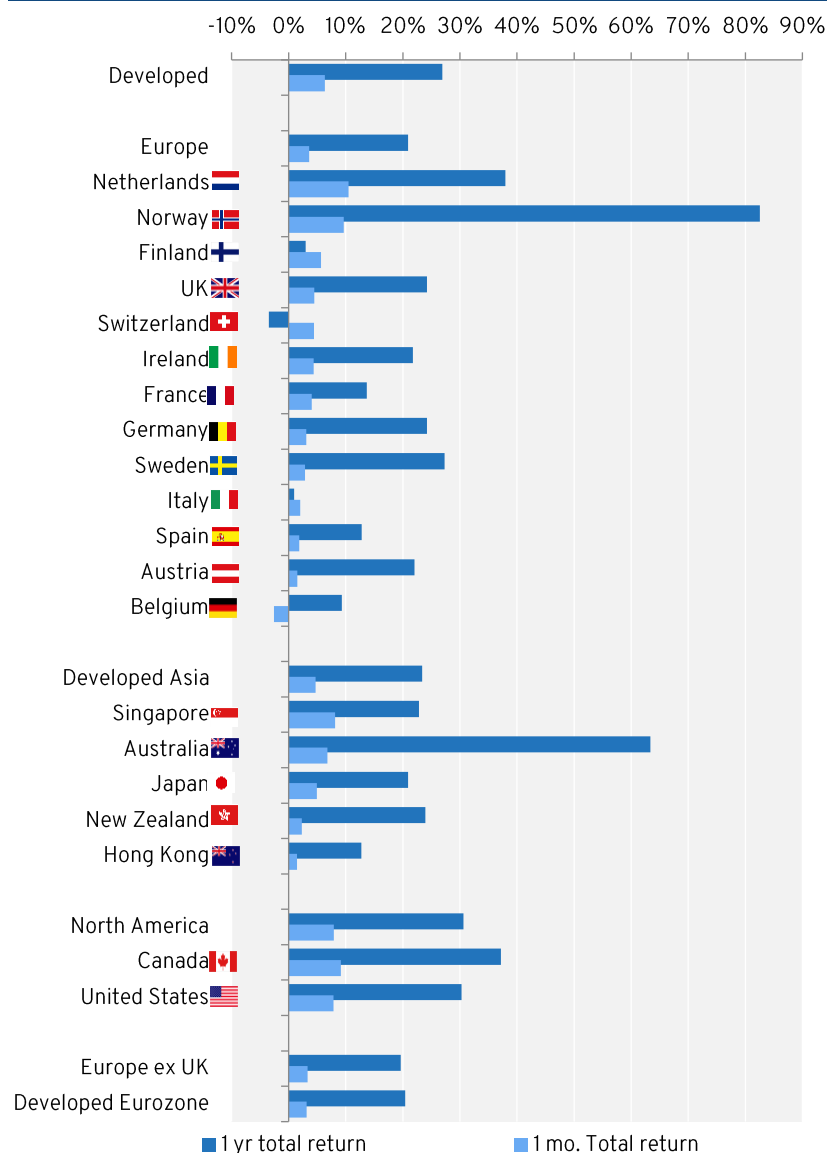
Performance of Top 3 constituents: Apartment Inv Management (29.0%, USA, Residential), Columbia Property Trust (22.6%, USA, Office), Nextpoint Residential Trust (13.1%, USA, Residential).

Developed North America representing a free float MCap of around EUR 808 billion with 142 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of March 31, 2021.

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