



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

April 2021

May
2021

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 4.0%, bringing the annual return to 23.0%, at the end of April. Global equities gained 1.3% compared to a loss of 1.3% from global bonds.

In terms of regional performance, both Developed Europe and North America outperformed with a return of 5.1% and 5.6%, respectively - compared to a loss of 81 bps from Developed Asia. Meanwhile, emerging markets lost 4.8% for the month.

Focusing on sector performances, all sectors posted positive returns in developed markets with outperformance of self-storage (9.8%), specialty (7.1%), industrial/office (6.4%) and data centres (6.1%).

Highlights of the Month

Following discussions on Berlin's rent cap since February 2020, the German Federal Constitutional Court invalidated the law by declaring it unconstitutional (the existence of a federal law regulating rents taking precedent over the state law). It means that many landlords can now demand back payment on discounts handed out over the last year. It also allows to increase rents by a maximum of 10% more than comparable local rent prices. It might be a positive news for German residential companies, in particular Vonovia and Deutsche Wohnen which have the largest exposure to the Berlin market, as rental growth would lead to an increase in cashflow assumptions, thus raising the stock target price. After the decision, Vonovia promised its tenants not to ask for additional payments and Deutsche Wohnen also gave statement to protect tenant rights. There will be some possible implications on rental collection, which might be challenging. In the meantime, the debate on affordable housing is still ongoing.

Indeed, residential market and price growth became key topics in Europe during the Covid-19 crisis. According to Eurostat House Price Index data, house prices increased by 5.7% in the EU in the fourth quarter of 2020, compared with the same quarter of 2019. As seen in Fig.1, the house price growth in Germany (8.1%) is above the EU average and the gap became obvious especially during the Covid-19 period. Quarterly data on house prices and monthly data on rents can give an indication on the impact of the Covid-19 crisis in the EU with the trend of increasing house prices becoming evident as from spring 2020 (Fig.2).

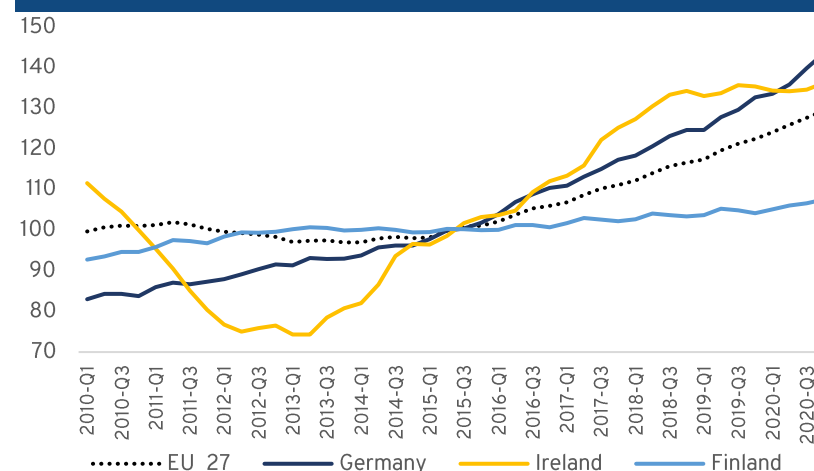
Focusing on the FEN Developed Europe sector index, residential (4.9%) provided higher return in April. As one of the most resilient sectors during 2020, it is also traded above pre-pandemic levels (3.9% since 19/02/2020). Industrial/Office was an outperformer with a return of 11.5%, and industrial also provided a higher return of 5.3% for the month. Retail (5.7%) continued to outperform since the beginning of the year with the highest YTD (15.8%), but remained a bottom performer below pre-pandemic levels (-32.5% since 19/02/2020). The remaining sectors posted positive returns during April (Table 1).

FTSE EPRA Nareit Global Index Total Return

		Apr-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
% Total Returns (EUR)							
Global Real Estate	▲	4.0	14.8	23.0	7.7	5.1	9.0
Global Equities (FTSE)	▲	1.3	11.9	29.8	7.1	10.4	9.1
Global Bonds (JP Morgan)	▼	-1.3	-3.1	-8.6	5.8	3.5	4.1
Europe Real Estate	▲	5.1	4.7	22.6	3.7	4.6	8.3
Europe Equities (FTSE)	▲	2.6	10.2	32.0	6.8	9.3	7.2
Europe Bonds (JP Morgan)	▼	-3.1	-2.6	-10.1	3.0	1.3	6.7
Asia Real Estate	▼	-0.8	9.8	14.1	3.4	3.8	7.0
Asia Equities (FTSE)	▼	-1.8	8.4	27.5	8.8	11.2	11.3
Asia Bonds (JP Morgan)	▼	-2.1	0.8	-10.6	1.3	-0.6	4.3
North America Real Estate	▲	5.6	20.6	27.1	11.1	5.8	10.3
NA Equities (FTSE)	▲	2.8	13.2	34.0	19.1	16.3	16.2
NA Bonds (JP Morgan)	▼	-1.5	-2.3	-13.4	4.9	1.4	5.2
Emerging Real Estate	▼	-4.8	3.9	2.2	-2.4	6.3	5.2
Emerging Equities (FTSE)	▲	0.2	7.2	33.7	8.5	11.3	6.2
Emerging Bonds (JP Morgan)	▼	-0.4	-1.2	3.6	5.3	3.7	7.6

(*) Annualised.

Fig. 1. House price index: EU and the selected countries (2015=100, quarterly)



Source: EPRA. Data is compiled from Eurostat. The selected countries are based on the FEN Developed Europe Residential index constituents, excluding Belgium and the UK due to exposure in student housing and social housing.

Index Ground Rules Update and Sector Classification

FTSE Russell released an update on the FEN Global Real Estate Index Series Ground Rules. Accordingly, Data Center revenues labelled colocation and interconnection will be considered eligible real estate revenues for the purpose of the EBITDA screening, and a further notice providing detailing on the future eligibility of some securities will be announced in due course.

Another change with the following ICB Classifications is that 'Real Estate' industry is now reclassified as individual industry (New ICB Real Estate Industry 35 from old ICB Supersector 8600), and 'REITs' are reclassified as individual sector within. Besides, 'Real Estate Holdings and Developers' are classified as subsector under real estate industry. The Initial Universe of companies also consists of 'Home Construction', but the universe may also include companies which are 'Closed End Investments', if the majority of revenue is derived from Real Estate activities. The summary is given in the table below:

Supersectors	Real Estate		Consumer Products and Services	Financial Services
Sector/Subsector	REITs	Real Estate Holdings and Developers ¹	Home Construction ²	Closed End Investments
Old ICB	8670	8633	3728	8980
New ICB	351020 ³	35101010	40202010	302040

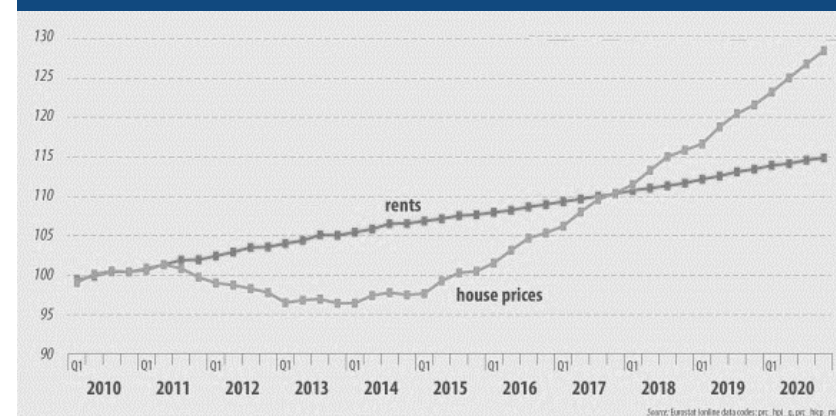
(1) Subsector under 'Real Estate Investment and Services'-351010, (2) Subsector under 'Household Goods and Home Construction'-402020 (3) Diversified, Healthcare, Hotel&Lodging, Industrial, Infrastructure, Office, Residential, Retail, Storage, Timber and Specialty REITs are subsectors with new ICB codes.

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	Apr-21	02-Apr	09-Apr	16-Apr	23-Apr	30-Apr	Dec-20	19-Feb-20
Developed Europe	-2.7%	-1.2%	3.6%	5.1%	1.4%	1.6%	2.4%	-0.4%	0.0%	4.7%	-11.9%
Industrial	4.2%	-2.9%	3.7%	5.3%	1.6%	1.0%	1.7%	0.6%	0.7%	10.6%	10.6%
Residential	-6.4%	-3.9%	4.0%	4.9%	1.0%	1.8%	3.3%	-0.6%	-1.1%	-1.8%	3.9%
Self-Storage	3.2%	3.7%	0.9%	3.9%	0.8%	0.3%	0.7%	1.9%	-0.5%	12.4%	-5.0%
Healthcare	-1.0%	4.1%	-1.8%	2.0%	1.7%	-0.1%	0.2%	0.6%	-0.1%	3.3%	-11.3%
Diversified	-3.5%	1.7%	3.3%	5.1%	1.8%	1.4%	2.1%	-0.5%	0.3%	6.4%	-18.7%
Office	-1.5%	-0.9%	3.1%	3.4%	1.2%	0.8%	1.5%	-0.2%	0.0%	4.0%	-22.0%
Lodging/Resorts	-13.7%	18.0%	-1.8%	0.8%	3.4%	6.2%	0.5%	-1.4%	-6.4%	0.8%	-29.6%
Retail	5.0%	-3.6%	8.2%	5.7%	2.4%	2.2%	1.6%	-3.1%	4.1%	15.8%	-32.5%

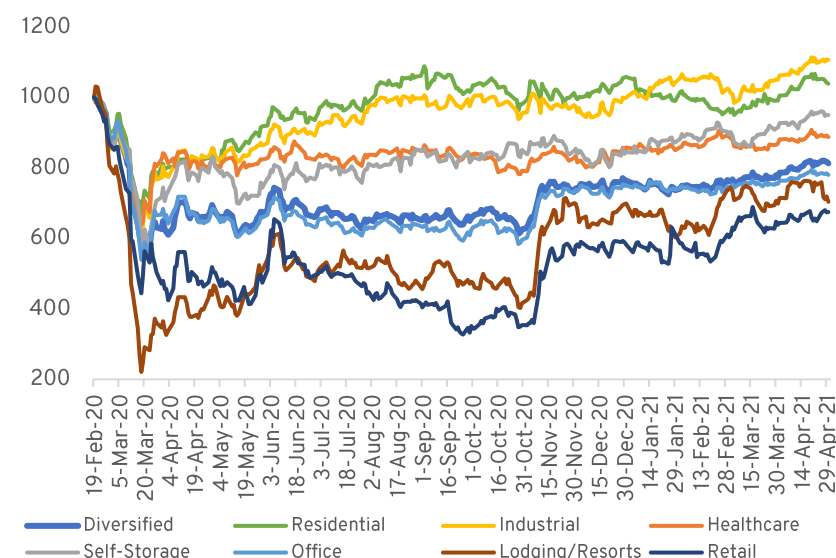
Source : EPRA. Data is compiled from the FEN Index series (as of 30 April 2021)

Fig. 2. Europe: Residential price and rent index (2010=100)



ec.europa.eu/eurostat

Fig. 3. Europe: Total return by sector (19/02/2020=1000)



Source: EPRA. Data is compiled from the FEN Index series (as of 30 April 2021).

Fig. 4. Global Weights (EUR)*

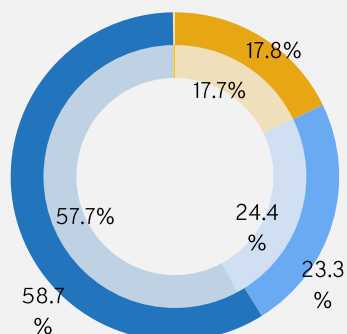


Fig. 5. REIT / Non-REITs

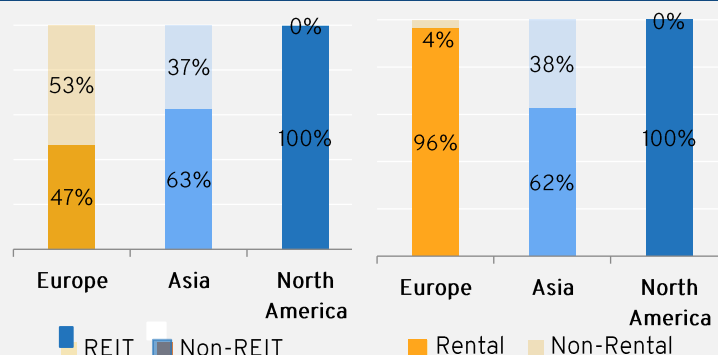


Fig. 6. Focus Split

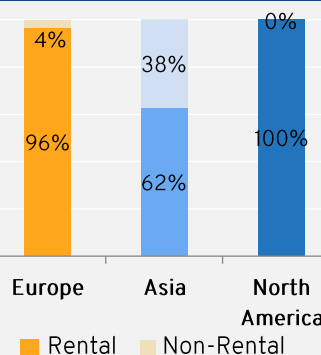


Fig. 7. Index Turnover (EUR, billion)*

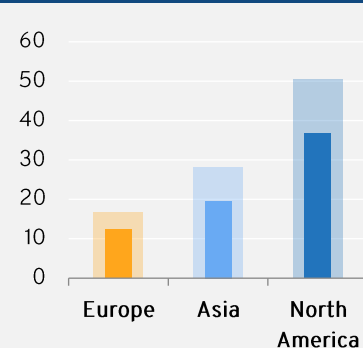


Fig. 8. Dividend Yields*

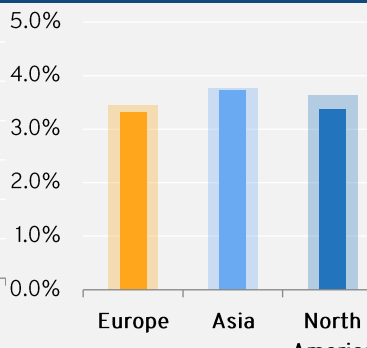


Fig. 9. Volatility (10 yr. & 3 yr.)**

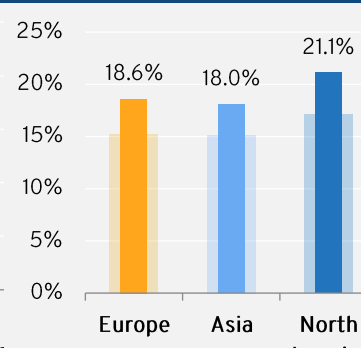


Fig. 10. Correlation (3 yr. rolling)

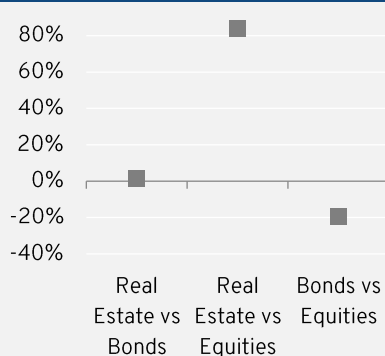
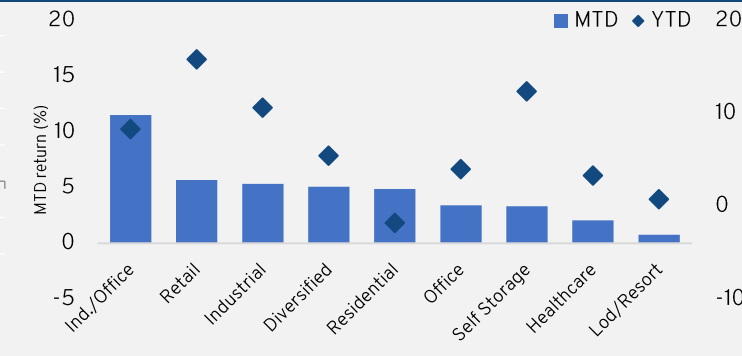


Fig. 11. Europe: Total return by sector (MTD vs YTD)



FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Apr-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	5.1	4.7	22.6	3.7	4.6	8.3
Europe ex UK (EUR)	5.6	2.0	23.1	4.5	6.5	8.5
UK (GBP)	6.1	9.5	21.2	1.2	2.6	6.8
France (EUR)	7.0	7.4	17.4	-3.7	-0.2	5.2
Netherlands (EUR)	1.9	10.1	33.4	-22.6	-15.2	-6.6
Germany (EUR)	4.9	-2.6	25.5	8.9	12.7	13.8

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Apr-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	-0.8	9.8	14.1	3.4	3.8	7.0
Hong Kong (HKD)	2.1	13.3	14.8	-1.4	6.9	3.4
Japan (JPY)	-0.4	15.1	29.6	4.9	3.4	9.1
Australia (AUD)	1.7	3.6	23.4	3.3	3.3	9.6
Singapore (SGD)	0.9	3.7	17.0	5.2	8.7	6.5

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Apr-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	8.2	18.6	39.7	11.0	6.9	8.1
United States (USD)	8.2	18.6	39.4	11.1	6.8	8.4
Canada (CAD)	4.8	14.6	28.1	7.1	7.2	7.2

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Apr-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Emerging (EUR)	-4.8	3.9	2.2	-2.4	6.3	5.2
Emerging EMEA (EUR)	6.1	12.7	32.8	-17.5	-8.8	0.0
Emerging Europe (EUR)	-1.5	-3.1	26.7	5.4	-4.8	-5.5
Emerging MEA (EUR)	8.1	16.8	34.3	-19.3	-9.0	1.7
Emerging APAC (EUR)	-6.3	3.6	-2.1	-0.7	10.1	10.8
Emerging Americas (EUR)	-2.9	-2.9	17.8	-3.2	-2.7	-9.9

(*) Annualised.

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

FTSE EPRA Nareit Developed Index

The FEN Developed Index gained 4.0% compared to a gain of 1.3% from global equities and a loss of 1.3% from global bonds, at the end of April. Over a one-year period, global real estate investments returned 23.0%, compared to a gain of 29.8% from global equities and a loss of 8.6% from global bonds. Annualised ten-year rolling returns for real estate investments stand at 9.0%, while general equities and bonds gained 9.1% and 4.1%, respectively.

In terms of country performances, Sweden (11.4%) in Europe and the US (5.7%) in North America were top performers, while Asian markets returned relatively lower pace for the month.

Focusing on sector performances, self-storage (9.8%), specialty (7.1%), industrial/office (6.4%) and data centres (6.1%) were top performers. The remaining sectors also posted positive returns in developed markets, with diversified (1.1%) and lodging/resorts (1.3%) bottom performers with relatively lower returns.

At the end of April 2021, the FEN Developed Index totalled 341 constituents, representing a free float market capitalisation of around EUR 1.5 trillion.

FTSE EPRA Nareit Emerging Index

During April, the FEN Emerging Index lost 4.8%, bringing the annual return to 2.2%. Meanwhile, emerging equities gained 20 bps compared to a loss of 43 bps from emerging bonds. As a result, annual returns stand at 33.7% for equities and 3.6% for bonds. Annualised ten-year rolling returns for real estate investments stand at 5.2%, while general equities and bonds stand at 6.2% and 7.6%, respectively.

In terms of sector performance, top and bottom performers were the same as the previous month in emerging markets. Healthcare (11.5%) was at the top and residential at the bottom (-6.6%), while the remaining sectors posted negative returns for April.

Focusing on country performances, South Africa (13.8%) was an outperformer, followed by Taiwan (3.7%) and Indonesia (80 bps). The remaining countries posted negative returns, with Chile (-22.3%) and India (-11.3%) bottom performers in emerging markets.

Following the initial public offering for CTP NV (Czechia, Non-REIT, Rental), the company was added (fast entry) to the index with shares in issue total of 397,017,000 and an investability weighting of 15.37%.

At the end of April 2021, the FEN Emerging Index totalled 149 constituents, representing a free float market capitalisation of around EUR 155 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 9.9%
Digital Realty Trust	Data Centers	USA	▲ 9.6%
Public Storage, Inc.	Self-Storage	USA	▲ 13.9%
Simon Property Group, Inc.	Retail	USA	▲ 8.1%
Vonovia SE	Residential	GER	▲ 1.1%
Welltower Inc.	Healthcare	USA	▲ 4.8%
Equity Residential Properties Trust	Residential	USA	▲ 3.6%
AvalonBay Communities, Inc.	Residential	USA	▲ 4.9%
Realty Income Corp.	Retail	USA	▲ 9.3%
Alexandria Real Estate Equities, Inc.	Office	USA	▲ 10.9%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
VEREIT	Diversified	USA	▲ 25.1%
Weingarten Realty Investors	Retail	USA	▲ 20.2%
Standard Life Investment Limited	Industrial/Office	UK	▲ 19.9%
SBB Norden	Diversified	SWED	▲ 19.3%
Amot Investments Ltd	Diversified	ISR	▲ 19.0%
Sagax Ord Shs Class B	Industrial/Office	SWED	▲ 18.6%
Invesco Office J-Reit	Office	JA	▲ 18.1%
Macerich Company	Retail	USA	▲ 17.9%
Mercialys	Retail	FRA	▲ 17.7%
Tanger Factory Outlet Centers Inc.	Retail	USA	▲ 16.5%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▼ -3.2%
Longfor Group Holdings (P Chip)	Diversified	CHN	▼ -5.9%
China Overseas Land & Invest. Ltd.	Residential	CHN	▼ -2.7%
Sunac China Holdings (P Chip)	Diversified	CHN	▼ -9.3%
Country Garden Holdings	Residential	CHN	▼ -7.3%
China Vanke Co., Ltd (H)	Residential	CHN	▼ -10.7%
SM Prime Holdings	Diversified	PHIL	▼ -1.3%
Ayala Land	Diversified	PHIL	▼ -6.3%
Central Pattana Public Company Ltd.	Retail	THAI	▼ -10.3%
Shimao Property Holdings	Diversified	CHN	▼ -8.0%

FTSE EPRA Nareit Developed Europe Index

During April, the FEN Developed Europe Index gained 5.1%, while European equities gained 2.6% compared to a loss of 3.1% from European bonds.

The France (7.0%), the UK (6.1%), the Germany (4.9%) and the Netherlands (1.9%) Indexes posted positive returns in developed Europe for the month.

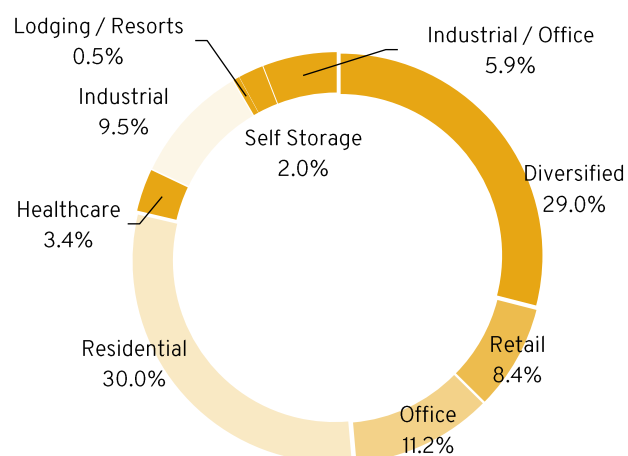
RDI REIT (UK, REIT, Rental) was deleted from the index after being acquired by SOF-12 Cambridge Bidco Ltd (non-constituent).

Performance of Top 3 sectors: Industrial/Office (11.5%), Retail (5.7%), Industrial (5.3%).

Performance of Top 3 constituents: Standard Life Investments Ltd (19.9%, UK, Industrial/Office), SBB Norden (19.3%, Sweden, Diversified), Sagax (18.6%, Sweden, Industrial/Office).

Developed Europe representing a free float MCap of around EUR 259 billion with 104 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index posted a loss of 81 bps and Asian equities and bonds also lost 1.8% and 2.1%, respectively.

The Hong Kong (2.1%), the Australia (1.7%) and the Singapore (89 bps) Indexes posted positive returns, while the Japan index (-38 bps) was an underperformer for the month (in local currencies).

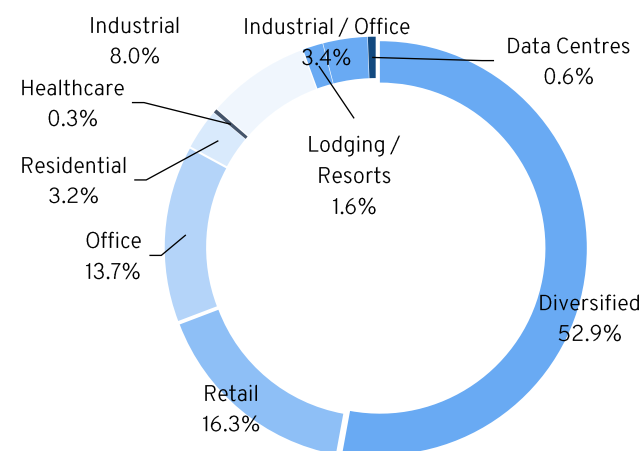
There were no major corporate actions in Asia during April.

Performance of Top 3 sectors: Office (3.2%), Industrial/Office (74 bps), Residential (57 bps).

Performance of Top 3 constituents: Invesco Office J-REIT (18.1%, Japan, Office), Nippon Building Fund (10.3%, Japan, Office), United Urban Investment (10.0%, Japan, Diversified).

Developed Asia representing a free float MCap of around EUR 338 billion with 93 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index posted a return of 5.6% for the month. Meanwhile, North America equities 2.8% and bonds lost 1.5% (in euros).

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

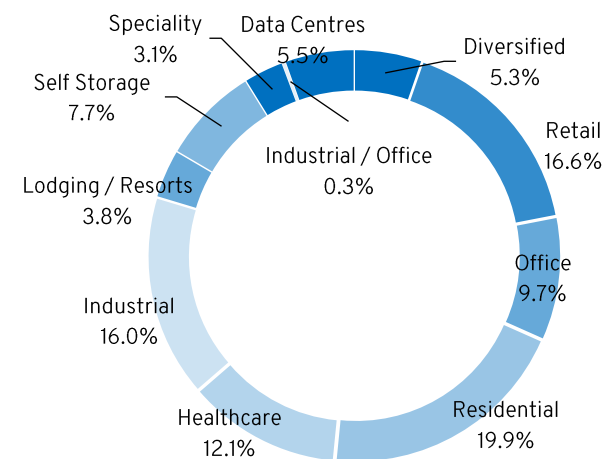
There were no major corporate actions in the North America during April.

Performance of Top 3 sectors: Self-Storage (10.5%), Specialty (7.1%), Retail (7.1%).

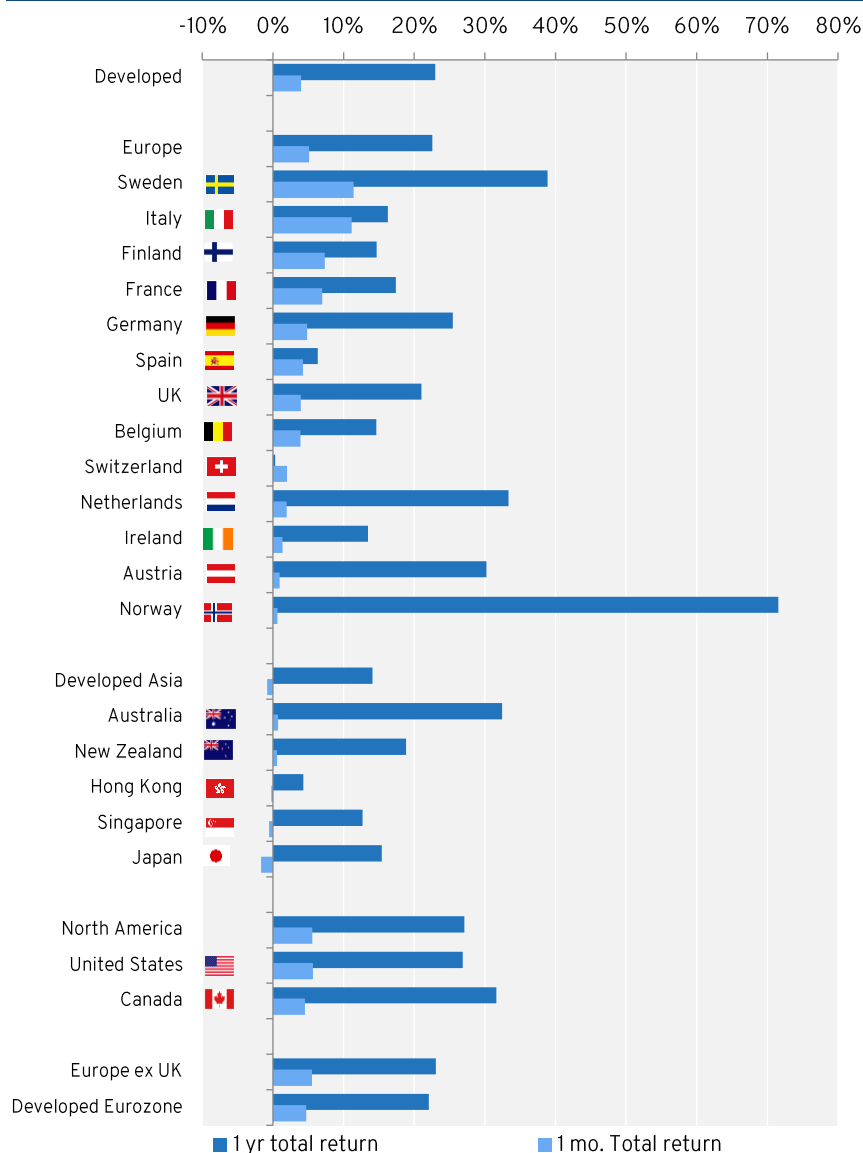
Performance of Top 3 constituents: VEREIT (25.1%, USA, Diversified), Veingarten Realty Investors (20.2%, USA, Retail), Macerich (17.9 Company (17.9%, USA, Retail).

Developed North America representing a free float MCap of around EUR 852 billion with 142 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of April 30, 2021.

Link to Reports & Contacts

Monthly Statistical Bulletin

Monthly Published NAV Bulletin

Monthly LTV Report

Visit our website to read our reports:

[Monthly Reports](#)

[Index Ground Rules Version 10.3](#)

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

[Sector Analysis: Residential](#)

[Total Markets Table 2020-Q4](#) (quarterly)



EPRA CONTACTS:

Dilek Pekdemir, PhD.

Research Manager

d.pekdemir@epra.com

Ali Zaidi

Director Research & Indices

a.zaidi@epra.com

David Moreno, CFA

Senior Analyst Indices & Research

d.moreno@epra.com

Lourdes Calderon Ruiz

Senior Analyst Indices & Research

l.calderonruiz@epra.com

EPRA INSEAD Education Programme

Held in partnership with INSEAD, the Executive Programme is a unique, intensive course that covers the latest trends shaping the listed real estate sector, such as thematic investing, e-commerce and logistics, digitalisation and data analytics.

You can download [the programme brochure](#) to find out more information about the course and fill in [the registration form](#) to secure your place. For more information, you can contact education@epra.com.

EPRA - INSEAD Executive Programme
Strategy for Listed Real Estate. What Good Looks Like
22 - 25 June 2021



EPRA Research Webinar Series IV- forthcoming

We are preparing a series of research webinars for you to catch up on recent developments in listed real estate, in a 30-minute snapshot.

You can watch the recorded past webinars here and more information on the upcoming research events will be available under this [link](#).



Disclaimer

EPRA does not intend this presentation to be a solicitation related to any particular company, nor does it intend to provide investment, legal or tax advice. Investors should consult with their own investment, legal or tax advisers regarding the appropriateness of investing in any of the securities or investment strategies discussed in this presentation. Nothing herein should be construed to be an endorsement by EPRA of any specific company or products or as an offer to sell or a solicitation to buy any security or other financial instrument or to participate in any trading strategy. EPRA expressly disclaims any liability for the accuracy, timeliness or completeness of data in this presentation. Unless otherwise indicated, all data are derived from, and apply only to, publicly traded securities. Any investment returns or performance data (past, hypothetical or otherwise) are not necessarily indicative of future returns or performance.