



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

May 2021

June
2021

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 27 bps, bringing the YTD return to 15.2%, at the end of May. Global equities and bonds lost 49 bps and 75 bps, respectively.

In terms of regional performance, Developed Europe outperformed with a return of 4.1%, compared to losses of 60 bps from North America and 52 bps from Developed Asia. Meanwhile, emerging markets slipped by 64 bps for the month.

Focusing on sector performances, industrial/office (2.2%) and residential (1.9%) were top performers, while lodging/resorts (-4.6%), data centres (-3.1%) and healthcare (-2.9%) were bottom performers.

Highlights of the Month

The sustainability of public finances in the EU is becoming a challenge, considering the demographic trends of the forthcoming decades. According to Eurostat's population projections for the 2019-2070 period, the EU-27's population is projected to shrink by 5%, including a decline of 18% in the working-age population (20-64). Based on this assumptions, the European Commission carried out budgetary projections on four 'age-related public expenditure' items, namely pension, health care, long-term care and education.

The long-term projections are reflected in the economic impact of budgetary pressure of aging population, as the baby-boom generation retires with a longer life expectancy. Hence, the projections are helpful to develop immediate but also future policies to tackle challenges posed by the demographic trends.

It is obvious that demographic changes will have implications on real estate markets - in particular residential and healthcare sectors - but also on the allocations in pension funds' portfolios. As emerging sub-sectors, senior housing and healthcare facilities have already been on the radar of both developers and investors. They are expected to gain further traction in the post-Covid19 period.

Table 1. Projections on economic impact of ageing in the EU

Main demographic assumptions	2019	2050	2070
Population (million)	447.2	440.8	424.0
Working-age population (20-64, million)	265.0	229.1	217.2
Working population (20-64), as % of total population	59.3%	52.0%	51.2%
Elderly population (+65), as % of total population	20.4%	29.6%	30.3%
Very elderly population (80+), as % of working-age population	9.9%	21.9%	25.7%
Macroeconomic & Labour assumptions			
Potential GDP growth rate	1.6%	1.4%	1.4%
Employment growth rate	0.7%	-0.3%	-0.2%

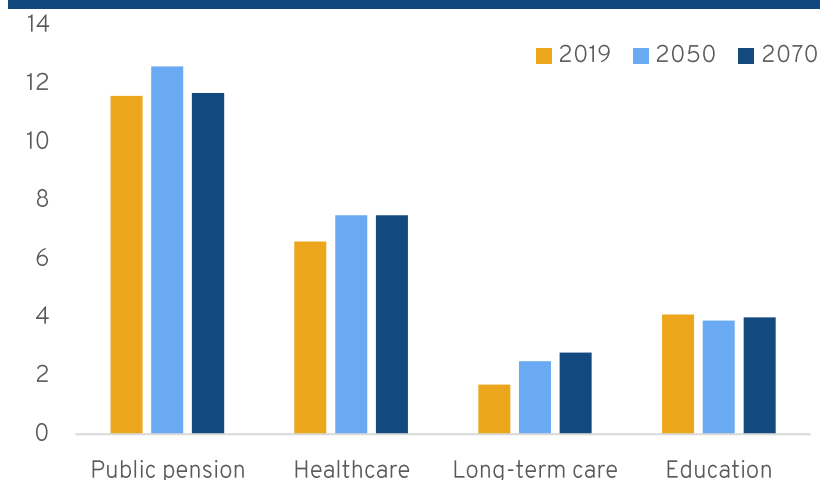
Source EC, The 2021 Ageing Report.

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	May-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 0.3	15.2	24.9	6.0	4.6	8.7
Global Equities (FTSE)	▼ -0.5	11.4	25.6	6.7	9.9	9.3
Global Bonds (JP Morgan)	▼ -0.8	-3.8	-7.8	5.5	3.3	3.9
Europe Real Estate	▲ 4.1	9.0	25.6	4.8	4.7	8.3
Europe Equities (FTSE)	▲ 2.6	13.1	29.8	7.8	9.5	7.7
Europe Bonds (JP Morgan)	▼ -1.6	-4.1	-10.4	1.4	0.2	6.0
Asia Real Estate	▼ -0.5	9.2	15.7	2.1	3.9	6.6
Asia Equities (FTSE)	▼ -0.4	7.9	25.4	7.7	10.1	11.1
Asia Bonds (JP Morgan)	▼ -1.6	-0.9	-10.4	-0.6	-1.5	3.7
North America Real Estate	▼ -0.6	19.8	28.7	8.1	4.7	9.8
NA Equities (FTSE)	▼ -1.0	12.0	28.1	16.3	15.0	15.9
NA Bonds (JP Morgan)	▼ -1.4	-3.6	-13.0	2.9	0.6	4.5
Emerging Real Estate	▼ -0.6	3.2	6.9	-2.5	6.6	5.0
Emerging Equities (FTSE)	▲ 0.9	8.2	35.6	8.9	11.7	6.2
Emerging Bonds (JP Morgan)	▼ -0.4	-1.5	-0.9	4.3	3.1	7.1

(*) Annualised.

Fig. 1.EU : Age-related public expenditure projections (as % of GDP)



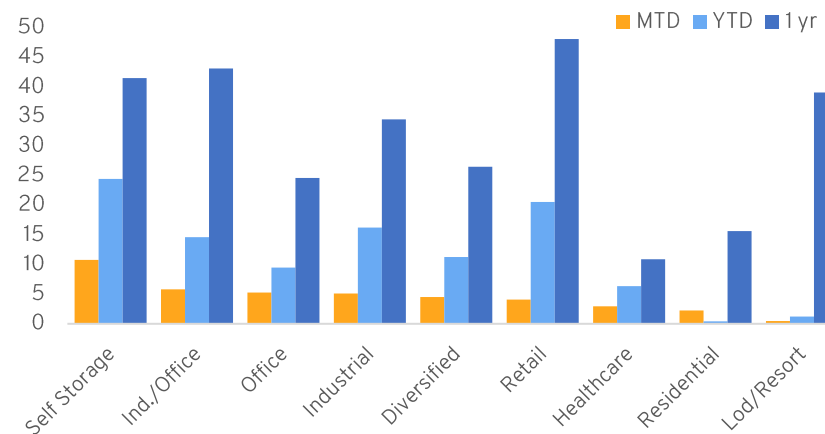
Source : EPRA. Data is compiled from 'The 2021 Ageing Report' by EC.

Focusing on the FEN Developed Europe sector index, all sectors posted positive monthly returns in the second consecutive month of the year, which also brought both YTD and annual returns to positive (Fig. 2).

As the most resilient sectors during the pandemic, industrial (16.3%) and residential (6.3%), and also self-storage (5.3%), with a contribution of its outperformance since the beginning of the year, are traded above pre-pandemic levels (cumulative return since 19/02/2020). Indeed, self-storage provided the highest monthly return of 10.8% for the month and 24.5% of YTD return (Table 2).

Although retail continued to gain momentum with a monthly return of 4.1%, and a higher YTD return at 20.6%, it remains the bottom performer below pre-pandemic levels (-29.8% cumulative return since 19/02/2020). On the other hand, lodging/resorts – another one among the most hit sectors, was a bottom performer with 47 bps monthly return in May and with a relatively lower YTD return at 1.2%.

Fig. 2. Developed Europe: Total return by sector



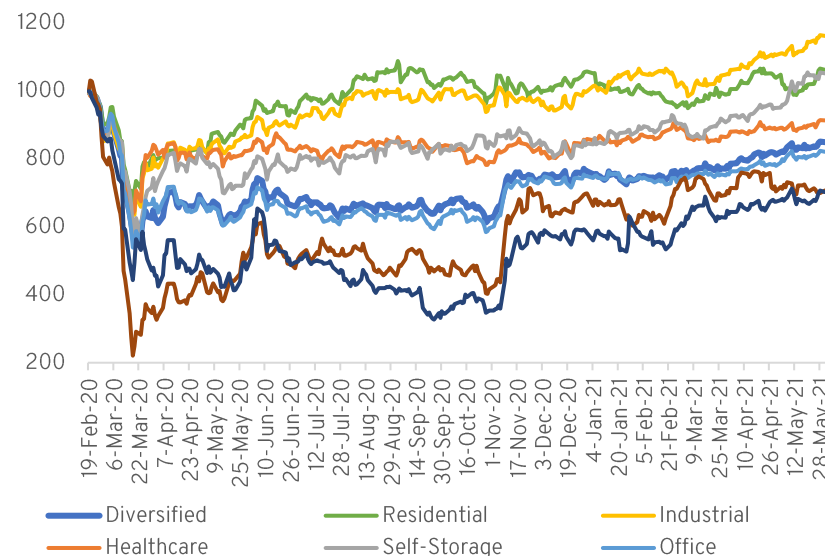
Source: EPRA. Data is compiled from the FEN Index series (as of 31 May 2021)

Table 2. 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	May-21	07-May	14-May	21-May	28-May	Dec-20	19-Feb-20	
Developed Europe	-2.7%	-1.2%	3.6%	5.1%	4.1%	0.8%	-0.3%	0.7%	3.1%	9.0%	-8.3%	
Industrial	4.2%	-2.9%	3.7%	5.3%	5.1%	1.0%	-0.1%	2.5%	1.8%	16.3%	16.3%	
Residential	-6.4%	-3.9%	4.0%	4.9%	2.3%	-2.9%	-1.0%	2.1%	4.6%	0.4%	6.3%	
Self-Storage	3.2%	3.7%	0.9%	3.9%	10.8%	2.2%	5.5%	2.2%	0.8%	24.5%	5.3%	
Healthcare	-1.0%	4.1%	-1.8%	2.0%	3.0%	0.5%	-0.3%	1.1%	1.8%	6.4%	-8.7%	
Diversified	-3.5%	1.7%	3.3%	5.1%	4.5%	2.7%	0.0%	-0.4%	2.3%	11.3%	-15.0%	
Office	-1.5%	-0.9%	3.1%	3.4%	5.3%	3.7%	-0.4%	0.1%	2.2%	9.5%	-17.9%	
Lodging/Resorts	-13.7%	18.0%	-1.8%	0.8%	0.5%	3.9%	-1.3%	-2.4%	-0.7%	1.2%	-29.2%	
Retail	5.0%	-3.6%	8.2%	5.7%	4.1%	1.8%	-0.5%	-2.3%	6.0%	20.6%	-29.8%	

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

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



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

Fig. 4. Global Weights (EUR)*

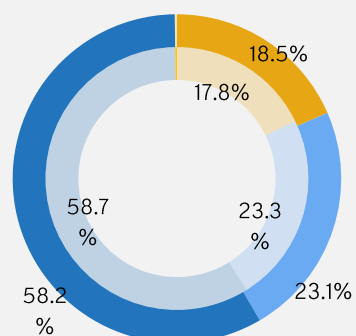


Fig. 5. REIT / Non-REITs

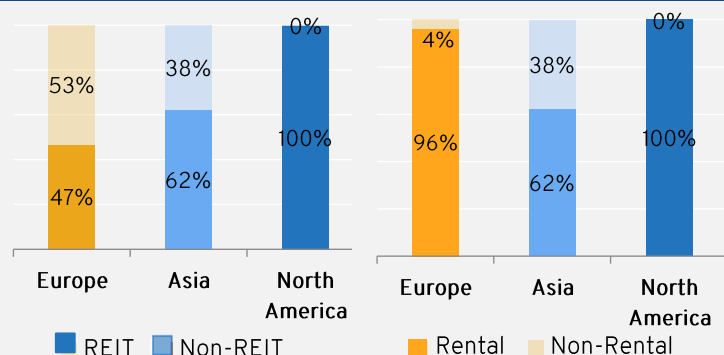


Fig. 6. Focus Split

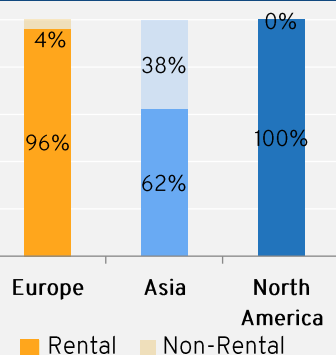


Fig. 7. Index Turnover (EUR, billion)*

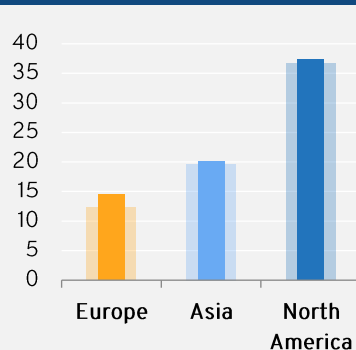


Fig. 8. Dividend Yields*

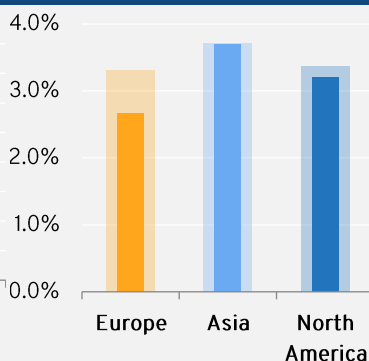


Fig. 9. Volatility (10 yr. & 3 yr.)**

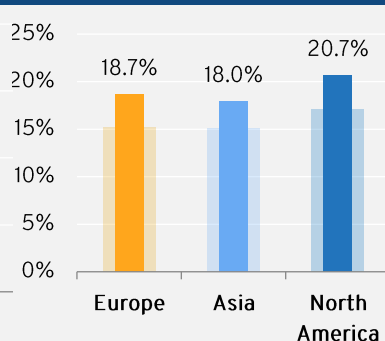
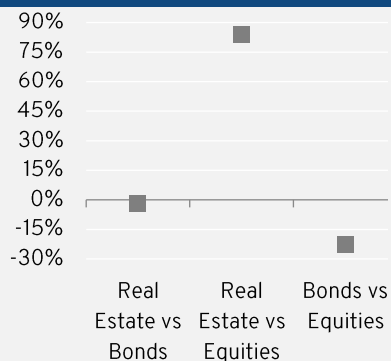


Fig. 10. Correlation (3 yr. rolling)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	May-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	4.1	9.0	25.6	4.8	4.7	8.3
Europe ex UK (EUR)	4.5	6.6	24.5	5.6	6.8	8.7
UK (GBP)	1.77	11.4	23.0	1.9	2.6	6.7
France (EUR)	6.8	14.7	32.7	-1.8	1.0	5.4
Netherlands (EUR)	4.1	14.7	52.2	-21.4	-15.0	-6.3
Germany (EUR)	2.8	0.1	18.0	9.2	12.0	14.0

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	May-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	-0.5	9.2	15.7	2.1	3.9	6.6
Hong Kong (HKD)	2.1	15.7	36.1	-0.7	8.1	3.5
Japan (JPY)	1.2	16.4	24.0	6.0	3.8	9.2
Australia (AUD)	1.0	4.7	21.5	2.6	3.0	9.7
Singapore (SGD)	-1.9	1.7	9.6	6.2	9.0	6.4

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	May-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	1.0	19.7	41.4	9.8	6.7	8.0
United States (USD)	0.8	19.5	40.7	9.8	6.6	8.3
Canada (CAD)	2.9	17.9	35.6	7.2	7.5	7.4

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	May-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Emerging (EUR)	-0.6	3.2	6.9	-2.5	6.6	5.0
Emerging EMEA (EUR)	2.4	15.4	38.1	-15.7	-6.6	0.3
Emerging Europe (EUR)	4.9	1.6	17.3	11.0	-3.2	-4.3
Emerging MEA (EUR)	1.8	18.8	43.0	-17.9	-6.7	1.9
Emerging APAC (EUR)	-1.6	2.0	2.3	-1.7	9.6	10.6
Emerging Americas (EUR)	3.8	0.8	21.6	1.5	-0.3	-9.9

(*) Annualised.

FTSE EPRA Nareit Developed Index

At the end of May, the FEN Developed Index gained 27 bps, compared to losses of 49 bps and 75 bps from global equities and global bonds, respectively. Over a one-year period, global real estate investments returned 24.9%, compared to a gain of 25.6% from global equities and a loss of 7.8% from global bonds. Annualised ten-year rolling returns for real estate investments stand at 8.7%, while general equities and bonds gained 9.3% and 3.9%, respectively.

In terms of country performances, all countries in Europe posted positive returns with outperformances of Sweden (7.5%) and Spain (7.0%). Canada (3.2%) in North America and Hong Kong (59 bps) in Asia were top performers, while the remaining countries posted negative returns for the month.

Focusing on sector performances, industrial/office (2.2%) was the top performer, followed by residential (1.9%), diversified (1.3 %) and office (75 bps). The bottom performer was lodging/resorts (-4.6%), and healthcare (-2.9%), data centres (-3.1%), specialty (-2.3%) and industrial (-39 bps) also underperformed with losses. The remaining sectors posted positive, but relatively lower returns.

At the end of May 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 May, the FEN Emerging Index lost 64 bps bringing the annual return to 6.9%. Meanwhile, emerging equities gained 92 bps compared to a loss of 36 bps from emerging bonds. As a result, annual returns stand at 35.6% for equities and -89 bps for bonds. Annualised ten-year rolling returns for real estate investments stand at 5.0%, while general equities and bonds stand at 6.2% and 7.1%, respectively.

In terms of sector performance, office (3.6%), industrial (3.3%) and retail (1.9%) were top performers. Meanwhile, the remaining sectors posted negative returns, with diversified (-1.4%) as the bottom performer.

Focusing on country performances, the UAE (12.0%), Brazil (10.5%), India (8.0%) and Czechia (8.0%) were top performers, while Taiwan and Malaysia were bottom performers in emerging markets with a loss of 7.3%, for both.

At the end of May 2021, the FEN Emerging Index totalled 150 constituents, representing a free float market capitalisation of around EUR 153 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 1.1%
Public Storage, Inc.	Self-Storage	USA	▲ 0.5%
Digital Realty Trust	Data Centers	USA	▼ -1.8%
Simon Property Group, Inc.	Retail	USA	▲ 5.5%
Vonovia SE	Residential	GER	▼ -6.4%
Welltower Inc.	Healthcare	USA	▲ 0.5%
AvalonBay Communities, Inc.	Residential	USA	▲ 7.8%
Equity Residential Properties Trust	Residential	USA	▲ 4.3%
Realty Income Corp.	Retail	USA	▼ -0.7%
Alexandria Real Estate Equities, Inc.	Office	USA	▼ -1.6%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Macerich Company	Retail	USA	▲ 16.5%
Deutsche Wohnen SE	Residential	GER	▲ 16.0%
Peach Property Group AG	Residential	SWIT	▲ 14.2%
Invincible Investment Corporation	Lod./Resorts	JA	▲ 13.6%
Icade Management	Diversified	FRA	▲ 13.2%
Eurocommercial Properties NV	Retail	NETH	▲ 12.9%
SBB Norden	Diversified	SWED	▲ 12.2%
Dios Fastigheter AB	Diversified	SWED	▲ 12.2%
BMO Commer. Property Trust Ltd.	Diversified	UK	▲ 11.7%
Invesco Office J-Reit	Office	JA	▲ 11.6%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▼ -0.3%
Longfor Group Holdings (P Chip)	Diversified	CHN	▼ -6.3%
Country Garden Holdings	Residential	CHN	▲ 6.3%
China Overseas Land & Inv. Ltd.	Residential	CHN	▼ -5.6%
Sunac China Holdings (P Chip)	Diversified	CHN	▼ -5.3%
SM Prime Holdings	Diversified	PHIL	▲ 4.7%
China Vanke Co., Ltd (H)	Residential	CHN	▼ -1.3%
Ayala Land	Diversified	PHIL	▲ 6.8%
Central Pattana Public Company Ltd.	Retail	THAI	▼ -2.9%
Shimao Property Holdings	Diversified	CHN	▼ -8.0%

FTSE EPRA Nareit Developed Europe Index

During April, the FEN Developed Europe Index gained 4.1%, while European equities gained 2.6% compared to a loss of 1.6% from European bonds.

The France (6.8%), the Netherlands (4.1%), the Germany (2.8%) and the UK (1.8%) Indexes posted positive returns in developed Europe for the month.

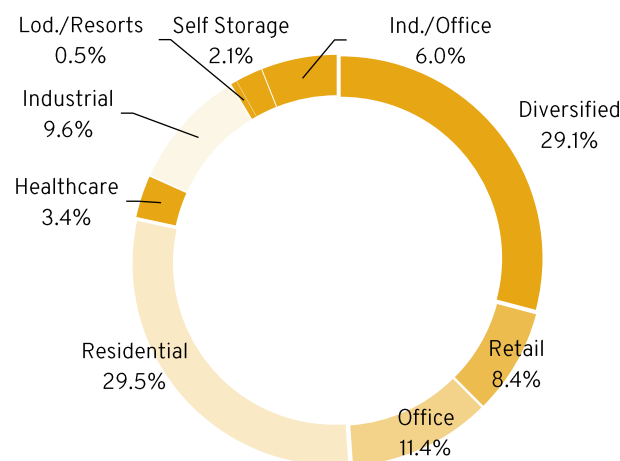
There were no major corporate actions in Europe during May.

Performance of Top 3 sectors: Self-storage (10.8%), Industrial/Office (5.8%), Office (5.3%).

Performance of Top 3 constituents: Deutsche Wohnen SE (16.0%, Germany, Residential), Peach Property Group AG (14.1%, Switzerland, Residential), Icade Management (13.2%, France, Diversified).

Developed Europe representing a free float MCap of around EUR 268 billion with 104 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index lost 52 bps. Asian equities and bonds also lost 39 bps and 1.6%, respectively.

The Hong Kong (2.1%), the Japan (2.1%) and the Australia (1.7%) Indexes posted positive returns, while the Singapore (-1.9%) was an underperformer for the month (in local currencies).

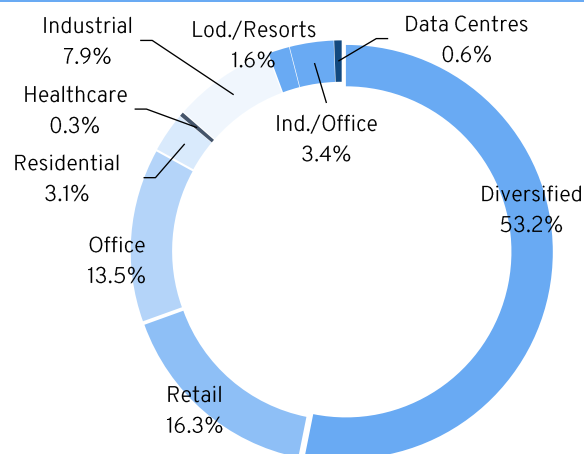
There were no major corporate actions in Asia during May.

Performance of Top sectors: Lodging/Resorts (4.6%), Diversified (19 bps). The remaining sectors posted negative returns.

Performance of Top 3 constituents: Invincible Investment Corporation (13.6%, Japan, Lodging/Resorts), Invesco Office J-Reit (11.6%, Japan, Office), CK Asset Holdings (8.4%, Hong Kong, Diversified).

Developed Asia representing a free float MCap of around EUR 336 billion with 93 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index slipped 60 bps for the month. Also, North America equities and bonds lost 1.0% and 1.4%, respectively (in euros).

The U.S. Index and the Canada Index returned 77 bps and 2.9%, respectively (in local currencies).

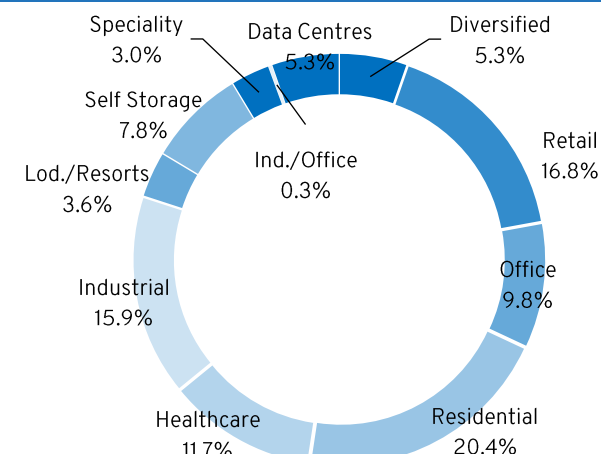
There were no major corporate actions in the North America during May.

Performance of Top 3 sectors: Residential (2.0%), Industrial/Office (1.3%), Office (75 bps).

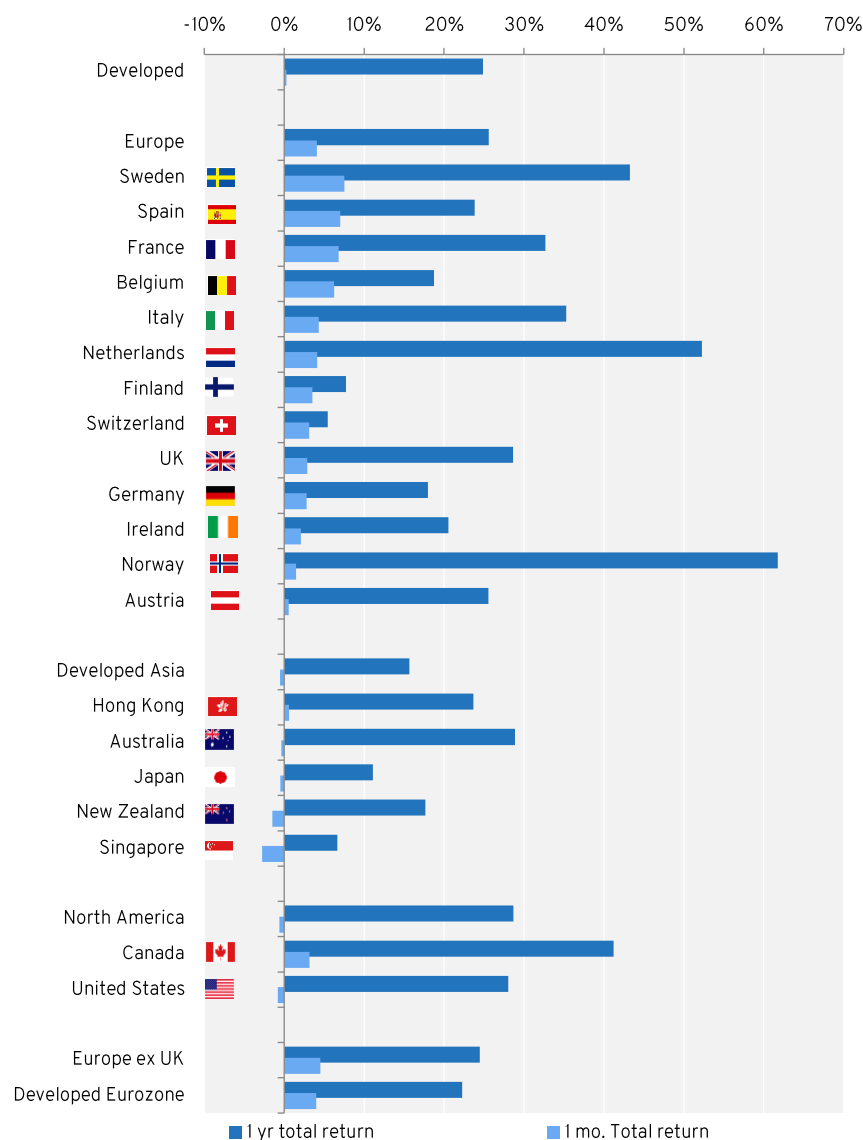
Performance of Top 3 constituents: Macerich Company (16.5%, USA, Retail), AvalonBay Communities, Inc. (7.8%, USA, Residential), Boston Properties, Inc. (7.5%, USA, Office),

Developed North America representing a free float MCap of around EUR 845 billion with 142 constituents

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



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

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[Sector Analysis: Residential](#)

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



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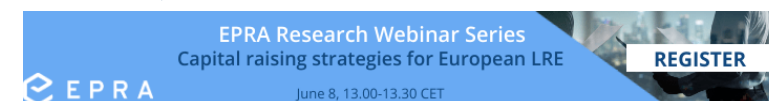
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22 - 25 June 2021



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