



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review

August 2021

September
2021

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index posted a monthly return of 1.8%, bringing the YTD return to 26.7%, at the end of August. Global equities gained 3.1% compared to a loss of 7 bps from global bonds.

In terms of regional performance, Developed Europe and North America sustained the momentum by posting a return of 2.6% and 2.1%, respectively. On the other hand, Developed Asia posted a relatively low return of 24 bps. Meanwhile, emerging markets returned 5.8% for the month.

Focusing on sector performance, self-storage (6.0%) was an outperformer, followed by data centres (5.4%) and industrial (4.7%). The remaining sectors also posted positive returns, except for healthcare (-1.8%) and office (-1.0%), as bottom performers.

Highlights of the Month

What does climate change mean for the industry?

The recent [report](#) by UN Intergovernmental Panel on Climate Change (IPCC) became a critical topic on everyone's agenda. The real estate industry is increasingly taking climate risks and mitigation actions into consideration, as consequences of climate change become clearer with droughts, floods, wildfires and heatwaves more frequent and extreme. The real estate industry is monitoring potential impacts on their portfolio and discussing steps to limit the global temperature increase to 1.5°C and to achieve net zero greenhouse gas emissions.

In fact, real estate developers and investors, in particular REITs, are leading the industry's efforts with their net zero commitments. This requires not only investments in retrofits and the use of renewable energy sources, but also improvements of reporting on energy use and carbon emissions to track achievements of these targets. Despite companies' willingness and tangible progress, there is still a gap between long-term commitments and actions for intermediate targets, which require momentum in both finance and public policies.

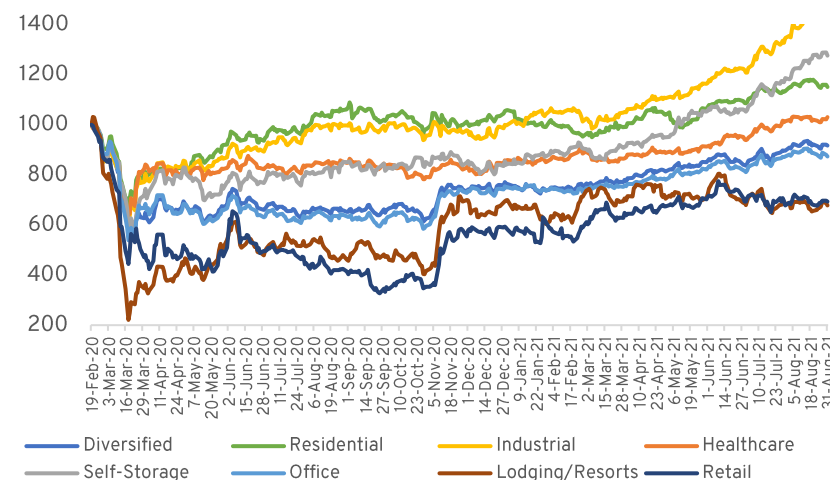
In a recent [strategy review](#), the ECB presented an action plan to include climate change considerations in its monetary policy framework. The ECB will develop new experimental indicators, covering relevant green financial instruments and the carbon footprint of financial institutions, as well as their exposure to climate-related physical risks, in line with the EU policies on environmental sustainability disclosure and reporting.

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Aug-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 1.8	26.7	36.3	8.0	5.3	10.6
Global Equities (FTSE)	▲ 3.1	21.7	30.6	8.4	11.0	11.4
Global Bonds (JP Morgan)	▼ -0.1	-0.1	-0.1	6.9	3.5	4.0
Europe Real Estate	▲ 2.6	19.9	32.2	7.5	6.8	10.7
Europe Equities (FTSE)	▲ 2.3	19.4	30.9	9.6	10.0	10.0
Europe Bonds (JP Morgan)	▼ -0.2	1.1	1.4	3.1	0.5	6.3
Asia Real Estate	▲ 0.2	12.8	19.9	4.2	3.2	7.8
Asia Equities (FTSE)	▲ 2.9	10.5	22.8	8.6	10.0	12.5
Asia Bonds (JP Morgan)	▲ 0.4	3.6	1.5	0.8	-0.6	4.1
North America Real Estate	▲ 2.1	35.0	44.7	9.7	5.7	12.0
NA Equities (FTSE)	▲ 3.3	25.2	32.7	17.6	16.7	18.3
NA Bonds (JP Morgan)	▲ 0.3	1.7	-1.3	4.4	1.3	4.7
Emerging Real Estate	▲ 5.8	-3.0	-1.1	-2.0	2.9	5.2
Emerging Equities (FTSE)	▲ 3.8	8.2	22.0	10.1	9.3	7.3
Emerging Bonds (JP Morgan)	▲ 1.4	4.1	5.4	6.3	2.9	7.4

(*) Annualised.

Fig. 1. Developed Europe: Total return by sector (19/02/2020=1000)



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

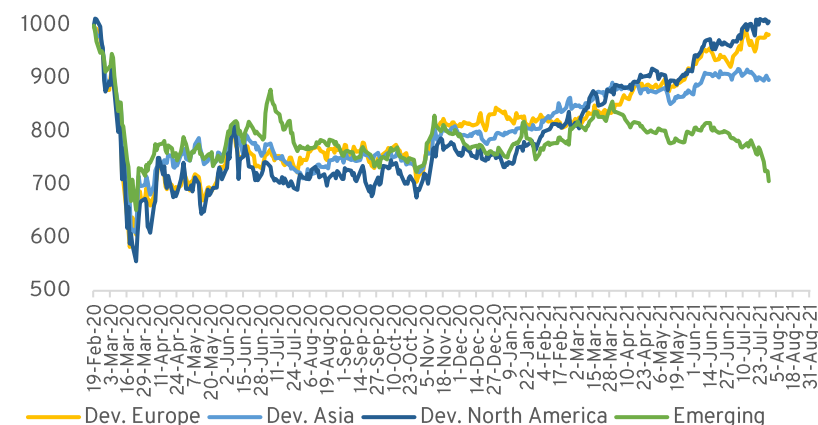
The FEN Developed Europe index :Self-storage

In terms of sector performance, self-storage (7.5%) and industrial (7.1%) continued to outperform in August. The remaining sectors also posted positive returns, except for office (-7 bps) and retail (-78 bps), which were the bottom performers with losses for the month (Table 1).

Indeed, self-storage continued to see exceptionally strong performance through 2021, and as a consequence provided the highest YTD return (50.8%), trading above pre-Covid19 level (27.5%, cumulative return since 19/02/2020). The short-term demand boosted by the pandemic has contributed to its outperformance. Self-storage REITs reported strong second quarters with higher occupancy and rental collection, which gives a promising outlook for the rest of 2021. Still, oversupply risk might be a challenge in the long-term due to a growing pipeline with an increasing interest from developers.

Healthcare (1.6%) and residential (1.5%) also performed better, posting positive but relatively lower returns. Although lodging/resorts provided a 2.3% return, it is still the only underperforming sector with -3.0% YTD.

Fig. 2. Total return by region (19/02/2020=1000)



Source : EPRA. Data is compiled from the FEN Index series (as of 31 August 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	Apr-21	May-21	Jun-21	Jul-21	Aug-21	06-Aug	13-Aug	20-Aug	27-Aug	Dec-20	19-Feb-20
Developed Europe	-2.7%	-1.2%	3.6%	5.1%	4.1%	0.5%	6.6%	2.6%	3.1%	1.1%	-0.7%	-0.4%	19.9%	0.9%
Industrial	4.2%	-2.9%	3.7%	5.3%	5.1%	3.9%	11.4%	7.1%	3.2%	2.4%	1.0%	-0.3%	44.1%	44.1%
Self-Storage	3.2%	3.7%	0.9%	3.9%	10.8%	-0.1%	12.8%	7.5%	3.2%	2.5%	1.8%	0.8%	50.8%	27.5%
Residential	-6.4%	-3.9%	4.0%	4.9%	2.3%	2.2%	4.4%	1.5%	2.7%	1.0%	0.4%	-1.7%	8.8%	15.1%
Healthcare	-1.0%	4.1%	-1.8%	2.0%	3.0%	2.8%	7.9%	1.6%	1.8%	-0.2%	-1.0%	0.3%	19.9%	3.0%
Diversified	-3.5%	1.7%	3.3%	5.1%	4.5%	-1.6%	7.2%	2.3%	2.9%	1.1%	-1.2%	-0.1%	20.0%	-8.3%
Office	-1.5%	-0.9%	3.1%	3.4%	5.3%	-1.4%	7.8%	-0.1%	2.2%	1.2%	-1.8%	0.1%	16.3%	-12.7%
Retail	5.0%	-3.6%	8.2%	5.7%	4.1%	-4.0%	-2.3%	-0.8%	1.2%	0.7%	-5.8%	5.9%	19.0%	-30.7%
Lodging/Resorts	-13.7%	18.0%	-1.8%	0.8%	0.5%	-1.3%	0.6%	2.3%	6.4%	-1.0%	-4.6%	2.4%	-3.0%	-32.2%

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

Fig. 3. Global Weights (EUR)*

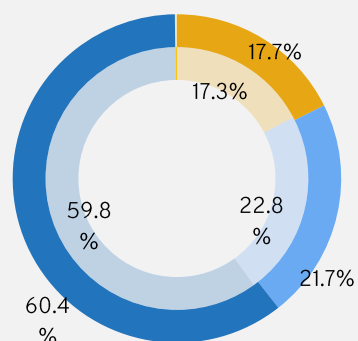


Fig. 4. REIT / Non-REITs

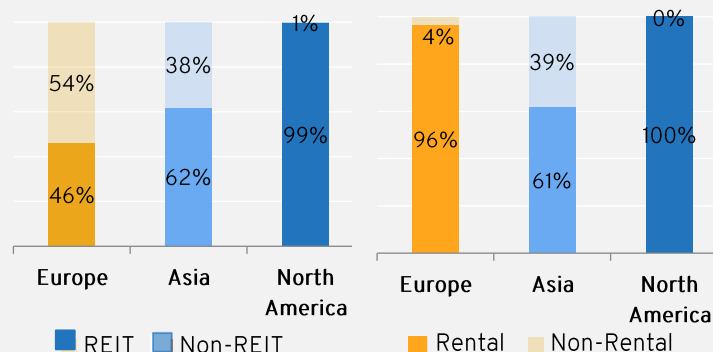


Fig. 5. Focus Split

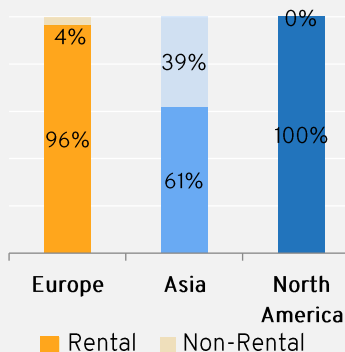


Fig. 6. Index Turnover (EUR, billion)*

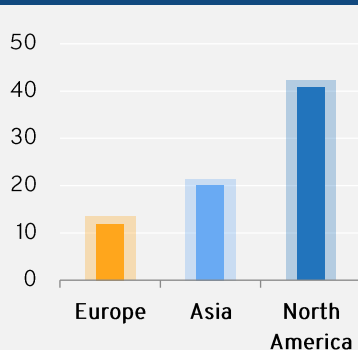


Fig. 7. Dividend Yields*

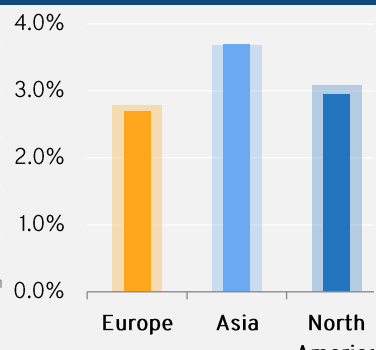


Fig. 8. Volatility (10 yr. & 3 yr.)**

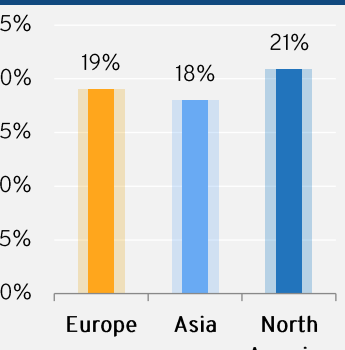
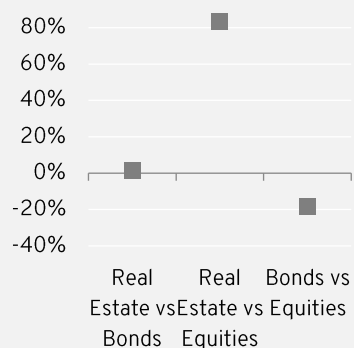


Fig. 9. Correlation (3 yr. rolling)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Aug-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	2.6	19.9	32.2	7.5	6.8	10.7
Europe ex UK (EUR)	2.2	16.4	29.6	7.2	7.2	10.9
UK (GBP)	4.39	24.6	33.9	6.5	5.8	9.4
France (EUR)	-0.9	14.1	34.9	-1.6	-0.2	6.5
Netherlands (EUR)	4.3	17.7	82.4	-19.2	-15.0	-4.5
Germany (EUR)	0.9	7.3	11.7	8.3	10.9	16.6

FTSE EPRA Nareit Asia - Country Indices

% Total Returns	Aug-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Asia (EUR)	0.2	12.8	19.9	4.2	3.2	7.8
Hong Kong (HKD)	-3.8	8.5	14.5	-0.9	3.5	4.0
Japan (JPY)	-0.1	19.3	24.7	7.4	6.0	10.4
Australia (AUD)	7.6	13.2	29.9	3.1	3.4	11.1
Singapore (SGD)	-2.2	3.7	8.6	7.2	8.3	7.9

FTSE EPRA Nareit Developed North America - Country Indices

% Total Returns	Aug-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
North America (USD)	1.6	30.2	42.9	10.2	6.9	9.8
United States (USD)	1.7	30.2	42.6	10.2	6.7	10.1
Canada (CAD)	1.1	28.8	43.1	8.7	8.8	8.8

FTSE EPRA Nareit Emerging - Country Indices

% Total Returns	Aug-21	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Emerging (EUR)	5.8	-3.0	-1.1	-2.0	2.9	5.2
Emerging EMEA (EUR)	6.7	27.7	48.0	-7.3	-6.0	2.2
Emerging Europe (EUR)	10.4	22.1	34.0	33.2	0.2	1.6
Emerging MEA (EUR)	5.9	29.0	50.9	-10.7	-6.7	2.9
Emerging APAC (EUR)	6.7	-7.0	-8.2	-2.6	4.7	9.8
Emerging Americas (EUR)	-2.3	-4.7	13.7	1.3	-2.9	-9.2

(*) Annualised.

FTSE EPRA Nareit Developed Index

At the end of August, the FEN Developed Index posted a return of 1.8%, compared to gains of 3.1% from global equities and a loss of 7 bps from global bonds. Over a one-year period, global real estate investments returned 36.3%, compared to a gain of 30.6% from global equities and a loss of 15 bps from global bonds. Annualised ten-year rolling returns for real estate investments stand at 10.6%, while general equities and bonds gained 11.4% and 4.0%, respectively.

In terms of country performance, Sweden (5.7%) and Belgium (4.4%) in Europe, the US (2.2%) in North America, and Australia (7.5%) in Asia were the top performers.

Focusing on sector performance, self-storage (6.0%), data centres (5.4%) and industrial (4.7%) were the top performers, followed by industrial/office (2.9%) and retails (2.8%). The remaining sectors also posted positive returns, although at lower pace, while healthcare (-1.8%) and office (-1.0%) were the bottom performers.

At the end of August 2021, the FEN Developed Index totalled 349 constituents, representing a free float market capitalisation of around EUR 1.6 trillion.

FTSE EPRA Nareit Emerging Index

During August, the FEN Emerging Index returned 5.8%, bringing the annual return to -1.1%. Meanwhile, emerging equities and bonds gained 3.8% and 1.4%, respectively. As a result, annual returns stand at 22.0% for equities and 5.4% for bonds. Annualised ten-year rolling returns for real estate investments stand at 5.2%, while general equities and bonds stand at 7.3% and 7.4% respectively.

In terms of sector performance, residential (7.8%), industrial (7.1%) and diversified (5.6%) were the top performers. The remaining sectors also posted positive returns, with office (2.8%) and retail (2.1%) being bottom performers posting relatively lower returns.

Focusing on country performance, Czechia (16.0%), Thailand (12.3%) and Indonesia (9.3%) were top performers, while Brazil (-7.6%) and Chili (-7.1%) were bottom performers in emerging markets.

At the end of August 2021, the FEN Emerging Index totalled 152 constituents, representing a free float market capitalisation of around EUR 144 billion.

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 5.2%
Public Storage, Inc.	Self-Storage	USA	▲ 3.6%
Digital Realty Trust	Data Centers	USA	▲ 6.3%
Simon Property Group, Inc.	Retail	USA	▲ 6.3%
Vonovia SE	Residential	GER	▲ 1.7%
Equinix	Data Centers	USA	▲ 3.2%
Welltower Inc.	Healthcare	USA	▲ 1.5%
AvalonBay Communities, Inc.	Residential	USA	▲ 0.8%
Equity Residential Properties Trust	Residential	USA	▼ -0.1%
Alexandria Real Estate Equities, Inc.	Office	USA	▲ 2.5%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Corem Property Group (B)	Ind./Office	SWED	▲ 17.6%
Azrieli Group Ltd	Diversified	ISR	▲ 16.0%
Peach Property Group AG	Residential	SWIT	▲ 15.3%
WPT Industrial Real Estate Inv. Trust	Industrial	CAN	▲ 14.9%
Innovative Industrial Properties, Inc.	Industrial	USA	▲ 14.4%
SBB Norden	Diversified	SWED	▲ 14.3%
Tritax Big Box REIT Plc	Industrial	UK	▲ 13.3%
Summit Industrial Income REIT	Industrial	CAN	▲ 13.1%
Centerspace	Residential	USA	▲ 12.4%
Scentre Group	Retail	AUD	▲ 12.3%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land Ltd	Diversified	CHN	▲ 11.4%
China Overseas Land & Inv. Ltd.	Residential	CHN	▲ 9.8%
Country Garden Holdings	Residential	CHN	▲ 13.2%
Longfor Group Holdings (P Chip)	Diversified	CHN	▼ -7.0%
Sunac China Holdings (P Chip)	Diversified	CHN	▲ 8.7%
SM Prime Holdings	Diversified	PHIL	▲ 8.1%
Ayala Land	Diversified	PHIL	▲ 3.2%
China Vanke Co., Ltd (H)	Residential	CHN	▲ 3.7%
Aldar Properties Ord Shs	Diversified	UAE	▲ 4.5%
Central Pattana Public Company Ltd.	Retail	THAI	▲ 14.4%

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index posted a return of 2.6%, while European equities gained 3.1% compared to a loss of 7 bps from European bonds.

The UK (4.4%), Netherlands (4.3%) and Germany (93) indexes posted positive returns. Meanwhile the France index (-92 bps) was an underperformer in Developed Europe for the month.

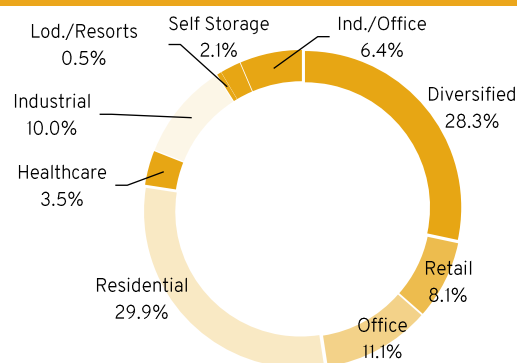
There were no major corporate actions in Europe during August.

Performance of Top 3 sectors: Self-storage (7.5%), Industrial (7.1%), Industrial/Office (6.1%),

Performance of Top 3 constituents: Corem Property Group (17.6%, Sweden, Ind./Office), Peach Property Group (15.3%, Switzerland, Residential), SBB Norden (14.3%, Sweden, Diversified).

Developed Europe representing a free float MCap of around **EUR 294 billion** with **107 constituents**

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index returned 24 bps, while Asian equities and bonds posted a return of 2.86% and 36 bps, respectively.

The Australia index outperformed with a 7.6% monthly return, while the Singapore (-2.2%), Hong Kong (-3.8%) and Japan (-9 bps) indexes were underperformers in Asia.

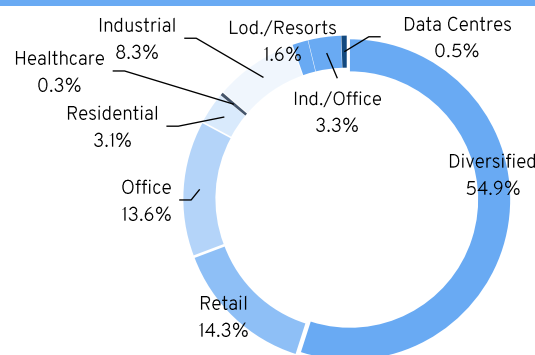
Following the cash tender offer by IRE IOJ GK (unlisted) and MAR IOJ GK (unlisted), *Invesco Office J-Reit* (Japan, REIT) remained in the index with unchanged shares in issue total of 8,802,650, and a decreased investability weighting from 97.52% to 32.46%.

Performance of Top 3 sectors: Industrial (4.2%), Retail (1.3%), Residential (87 bps).

Performance of Top 3 constituents: Scentre Group (12.3%, Australia, Retail), Ingenia Communities Group (12.0%, Australia, Diversified), Vicinity Centres (11.3%, Australia, Retail).

Developed Asia representing a free float MCap of around **EUR 352 billion** with **97 constituents**

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index gained 2.1%. North America equities and bonds returned 3.3% and 30 bps, respectively (in euros). The U.S. and Canada indexes gained 1.1% and 1.7%, respectively (in local currencies).

After an acquisition by Blackstone, *QTS Realty Trust* (USA, constituent) was deleted from the index.

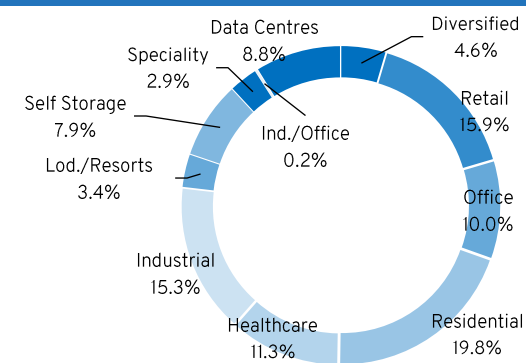
Kimco Realty Cp (USA, constituent) remained in the index with increased shares in issue total of 613,157,696, and a decreased investability weighting from 94.99% to 94.52%, while *Weingarten Realty Investors* (USA, constituent) was deleted from the index after the completion of the merger.

Performance of Top 3 sectors: Self-storage (5.7%), Data centres (5.6%), Industrial (4.4%).

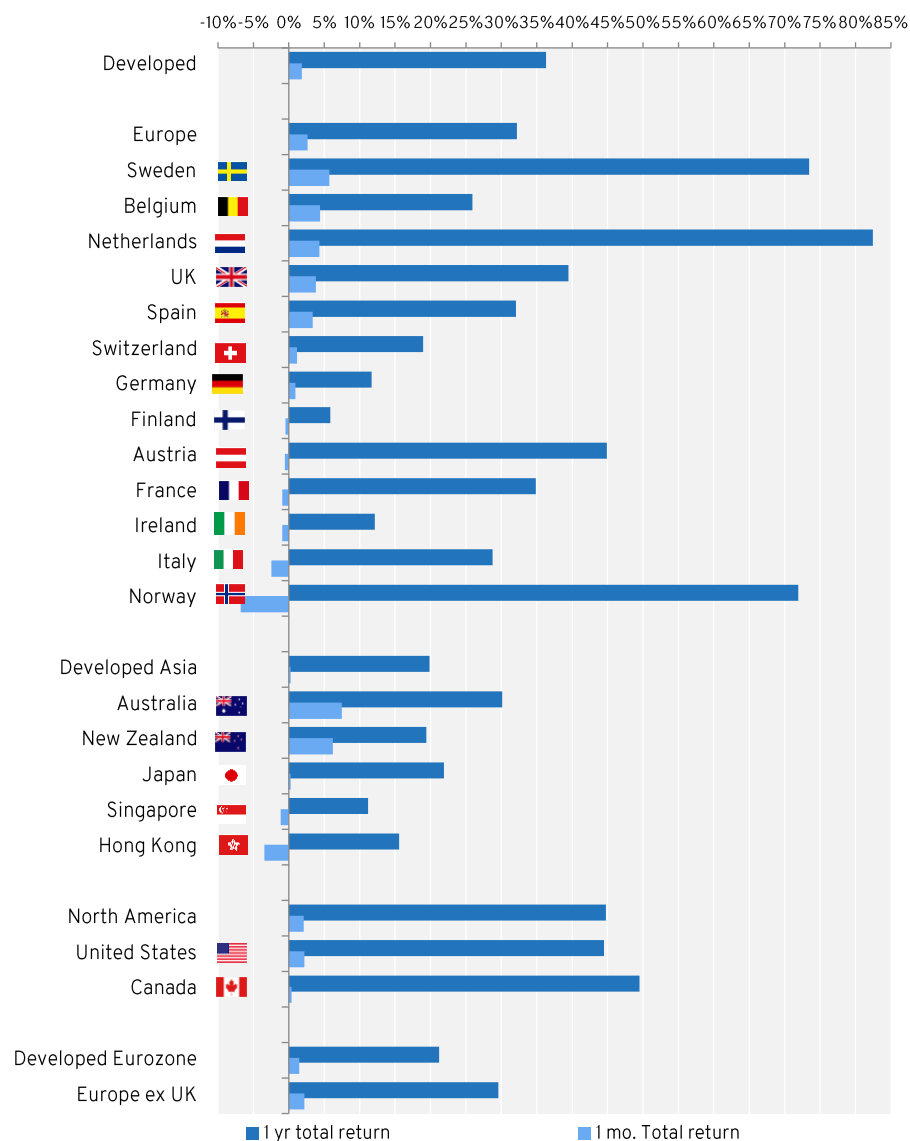
Performance of Top 3 constituents: WPT Industrial Real Estate Investment Trust (14.9%, Canada, Industrial), Innovative Industrial Properties Inc. (14.4%, USA, Industrial), Summit Industrial Income REIT (13.1%, Canada, Industrial).

Developed North America representing a free float MCap of around **EUR 996 billion** with **143 constituents**

North America Sector Split



FTSE EPRA Nareit Monthly Index Performances (EUR)



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

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[Total Markets Table 2021-Q2](#)

(quarterly)



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