



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review and Developers' Research Benchmark

May
2022

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index lost 5.7% in May and YTD now stands at -7.5%. Global equities and bonds also lost 1.9% and 1.5%, respectively.

In terms of regional performance, North America (-7.5%) and Europe (-4.0%) turned negative and also Asia (-1.3%) posted a limited but still negative return. Meanwhile emerging markets slipped 4.8% for the month. Focusing on sector performance, specialty (1.3%) was the top performer with limited but still positive return. The remaining sectors posted negative returns with industrial (-14.5%) and self-storage (-10.6%) as bottom performers.

At the end of May, the FEN Developed Index totalled 379 constituents, representing a free float market capitalisation of around EUR 1.67 trillion and the FEN Emerging Index totalled 133 constituents, representing a free float market capitalisation of around EUR 135 billion.

EPRA Developers Research Benchmark

The EPRA Developers Research Benchmark is a non-commercial benchmark designed to allow its constituents to assess themselves against each other. The EPRA Developers' Benchmark has 28 constituents from 10 different countries in Developed Europe and represents EUR 51,127 million in total market capitalization (31/05/2022). A high-level computation can be found in the relevant section (page 5).

Highlights of the Month

According to the latest Eurostat estimate, annual inflation in the Eurozone is expected to be 8.1% in May, was against 7.5% in April. The ongoing war in Ukraine has continued to exacerbate inflationary pressures, especially on energy prices, and to increase geopolitical risks and related uncertainty.

Even though, the ECB is expected to raise interest rates – linked to inflation, in the third quarter of the year, the ECB projects that inflation will remain high for longer than expected but eventually come down to its 2% target depending on macroeconomic projections. As given in Fig.1, we have seen zero interest rates for a long time, but there is an increasing concern of 'all-time high inflation' pressure especially if accompanied by a slowdown of the economy.

It is clear that current macro-economic environment is changing, and the increasing uncertainty has led to volatility in the bond and equity markets. It is a challenge for the sector with the potential implications for the market and how companies and investors can position themselves. You can read our latest report [Interest rates and inflation : What are the challenges for listed real estate.](#)

The FEN Developed Europe continued to lose momentum with -4.0% and almost all markets posted negative returns. Based on the cumulative returns, the index lost 6.4% since the beginning of the war in Ukraine (since 23/02/2022) and now stands at -14.3% (since 19/02/2020).

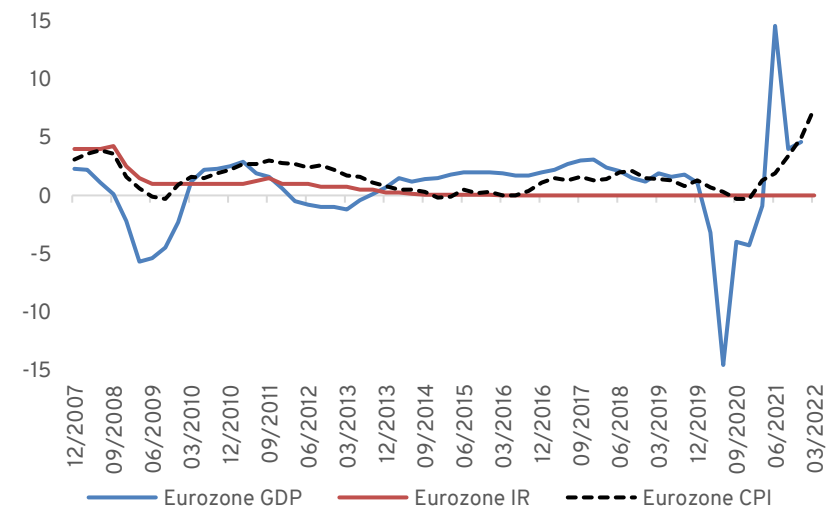
In terms of sector performance in Developed Europe, healthcare (1.3%), retail (84 bps) and office (49 bps) sectors performed relatively better posting limited positive returns, while the remaining sectors returned negative which industrial (-15.1%) and self-storage (-9.1%) were the bottom performers (Table 1).

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	May-22	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▼ -5.7	-7.5	9.9	4.8	6.0	8.8
Global Equities (FTSE)	▼ -1.9	-5.3	10.8	14.2	8.4	11.2
Global Bonds (JP Morgan)	▼ -1.5	-5.9	-1.6	-1.0	2.9	2.9
Europe Real Estate	▼ -4.0	-13.9	-6.5	1.9	3.0	8.8
Europe Equities (FTSE)	▼ -0.2	-8.2	-0.1	7.7	5.3	9.4
Europe Bonds (JP Morgan)	▼ -3.7	-5.4	1.8	-1.0	0.6	3.8
Asia Real Estate	▼ -1.3	0.7	3.5	-0.3	3.0	6.7
Asia Equities (FTSE)	▼ -1.7	-0.3	4.6	10.4	7.4	11.4
Asia Bonds (JP Morgan)	▼ -1.9	2.8	10.4	-0.1	1.0	2.8
North America Real Estate	▼ -7.5	-8.6	17.0	7.5	7.9	9.5
NA Equities (FTSE)	▼ -1.8	-8.1	11.8	17.5	14.1	15.6
NA Bonds (JP Morgan)	▼ -1.5	-2.4	5.9	1.2	1.9	2.6
Emerging Real Estate	▼ -4.8	2.0	-7.9	-5.6	0.2	4.5
Emerging Equities (FTSE)	▼ -1.7	-4.7	-5.3	7.1	5.8	6.4
Emerging Bonds (JP Morgan)	▼ -1.5	-8.8	-1.9	-0.2	1.0	4.5

(* Annualised).

Fig. 1. Eurozone : Key interest rate, GDP growth and inflation (%)



Source: EPRA Research. Compiled from Eurostat. ECB (as of 31/03/2022).

Fig. 2. Global Weights (EUR)*

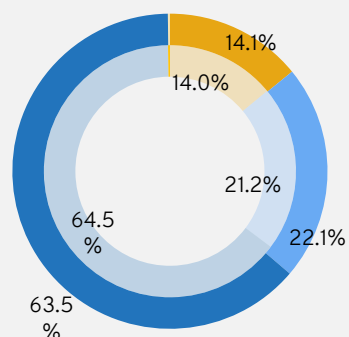


Fig. 3. REIT / Non-REITs

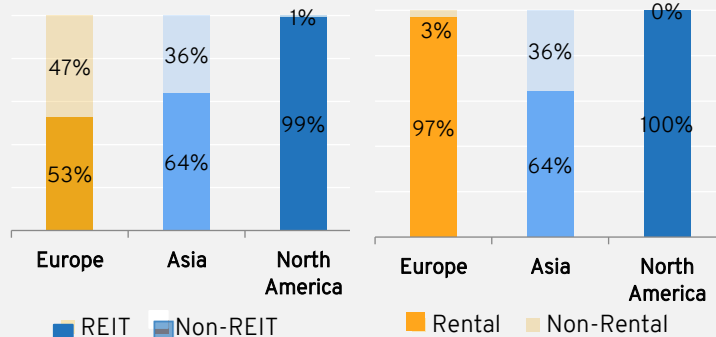


Fig. 4. Focus Split

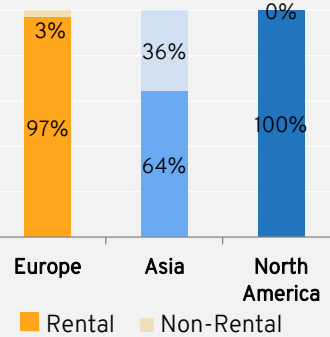


Fig. 5. Dividend Yields*

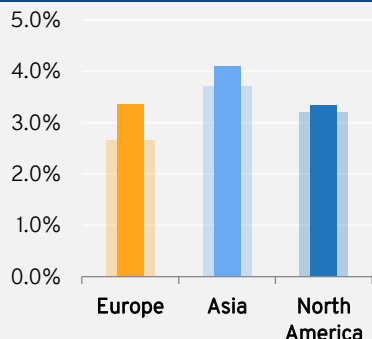


Fig. 6. Volatility (10 yr. & 3 yr.)**

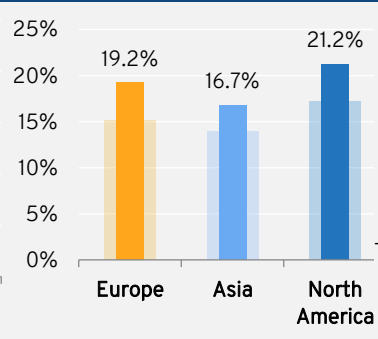
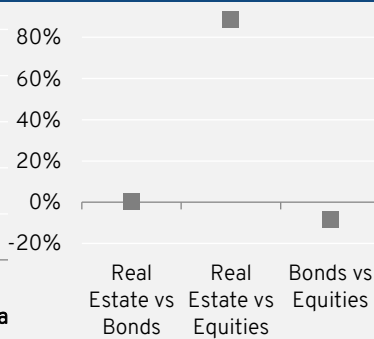


Fig. 7. Correlation (3 yr. rolling)



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

Dev. Europe: Total Return	Weekly Total Return by Sector					YTD Dec-21	Since 19-Feb-20
	May-22	6-May	13-May	20-May	27-May		
Developed Europe	-4.0%	-7.4%	0.9%	2.0%	1.4%	-13.9%	-14.3%
Industrial	-15.1%	-16.5%	1.7%	0.9%	-0.1%	-20.5%	26.7%
Self-Storage	-9.1%	-11.1%	-3.4%	-0.4%	5.3%	-19.4%	22.4%
Healthcare	1.3%	-3.4%	1.9%	1.2%	2.0%	-1.2%	-4.8%
Residential	-2.0%	-5.8%	-1.1%	2.8%	1.9%	-19.5%	-15.5%
Diversified	-3.7%	-6.0%	0.8%	2.7%	0.6%	-12.2%	-18.2%
Office	0.5%	-4.3%	2.1%	1.2%	1.9%	-7.5%	-21.9%
Retail	0.8%	-3.6%	3.5%	-1.7%	3.5%	7.0%	-32.3%
Lodging/Resorts	-4.3%	-7.5%	-2.0%	0.8%	1.7%	-9.8%	-38.1%

Source: EPRA. Data is compiled from the FEN Index series (as of May 31, 2022).

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	May-22	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	-4.0	-13.9	-6.5	1.9	3.0	8.8
Europe ex UK (EUR)	-2.7	-15.3	-11.4	-0.2	2.5	9.0
UK (GBP)	-5.3	-9.6	4.6	5.6	3.4	8.7
France (EUR)	0.7	-1.5	-8.3	-2.8	-1.6	6.1
Netherlands (EUR)	-2.0	10.1	-3.5	-14.0	-15.4	-3.7
Germany (EUR)	-2.5	-22.1	-25.6	-5.2	2.7	11.0

FTSE EPRA Nareit Developed Index - Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -20.5%
Equinix	Data Centers	USA	▼ -4.0%
Public Storage, Inc.	Self-Storage	USA	▼ -11.0%
Digital Realty Trust	Data Centers	USA	▼ -4.5%
Welltower Inc.	Healthcare	USA	▼ -1.2%
Realty Income Corp.	Retail	USA	▼ -1.3%
Simon Property Group, Inc.	Retail	USA	▼ -2.8%
Vonovia SE	Residential	GER	▼ -2.3%
AvalonBay Communities, Inc.	Residential	USA	▼ -8.6%
Equity Residential Properties Trust	Residential	USA	▼ -5.7%

FTSE EPRA Nareit Developed Index - Top 10 Performers

Company	Sector	Country	Total Return
Deutsche EuroShop AG	Retail	GER	▲ 40.3%
Sabra Health Care REIT	Healthcare	USA	▲ 22.8%
Omega Healthcare Investors, Inc.	Healthcare	USA	▲ 19.5%
LTC Properties Inc	Healthcare	USA	▲ 18.0%
CA Immobilien Anlagen AG	Office	OEST	▲ 15.2%
National Health Investors, Inc.	Healthcare	USA	▲ 14.8%
CareTrust REIT	Healthcare	USA	▲ 14.3%
CLS Holdings Plc	Office	UK	▲ 11.7%
Citycon Oyj	Retail	FIN	▲ 10.7%
NewRiver REIT plc	Retail	UK	▲ 10.7%

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index lost 4.0% in May. European bonds and equities also lost 3.7% and 24 bps, respectively.

The France (78 bps) index posted limited but still positive return, while the UK (-5.3%), Germany (-2.5%) the Netherlands (-2.0%) indexes posted negative returns.

Following the completion of the cash and stock scheme of arrangement with McKay Securities (UK, non-constituent), *Workspace Group* (UK, constituent) remained in the index with an increased shares in issue total of 191,496,690 and an increased investability weighting from 73.62% to 74.62%.

Performance of top 3 sectors: Healthcare (1.3%), Retail (84 bps), Office (49 bps).

Performance of top 3 constituents: Deutsche EuroShop AG (40.3%, Germany, Retail), CA Immobilien Anlagen AG (15.2%, Austria, Office), CLS Holdings Plc (11.7%, UK, Office).

FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index posted a negative return of 1.3%, Asian equities and bonds also lost 1.7% and 1.9%, respectively.

The Hong Kong (2.6%) and Japan (1.5%) posted positive returns, while Australia (-5.6%) and Singapore (-3.2%) indexes were bottom performers posting negative returns in Asia (in local currencies).

No major corporate actions in the Asian region.

Performance of top 3 sectors: All sectors posted negative returns except Lodging/Resorts (90 bps) with relatively limited positive return.

Performance of top 3 constituents: CapitaLand Investment (10.5%, Singapore, Diversified), Champion REIT (9.0%, Hong Kong, Diversified), Sino Land (6.5%, Hong Kong, Diversified).

FTSE EPRA Nareit North America Index

The FEN North America Index slipped 7.5% in May. North America bonds and equities lost 1.5% and 1.8%, respectively.

The US index (-6.3%) and Canada (-3.8%) posted negative returns for the month (in local currencies).

Following the completion of the merger with MGM Growth Properties LLC (USA, non-constituent), *VICI Properties* (USA, constituent) remained in the index with an increased shares in issue total of 842,934,856 and a decreased investability weighting from 99.78% to 99.70%.

Performance of top 3 sectors: Specialty (2.0%), Industrial/Office (1.1%).

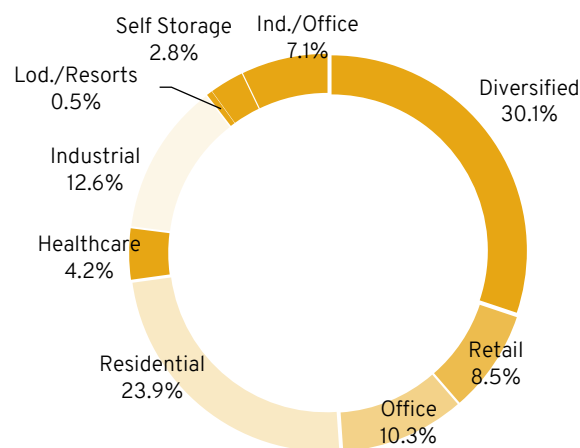
Performance of top 3 constituents: Sabra Health Care REIT (22.8%, USA, Healthcare), Omega Healthcare Investors, Inc. (19.5%, USA, Healthcare), LTC Properties Inc (5.2%, USA, Healthcare).

Developed Europe representing a free float MCap of around **EUR 236 billion** with **107 constituents**

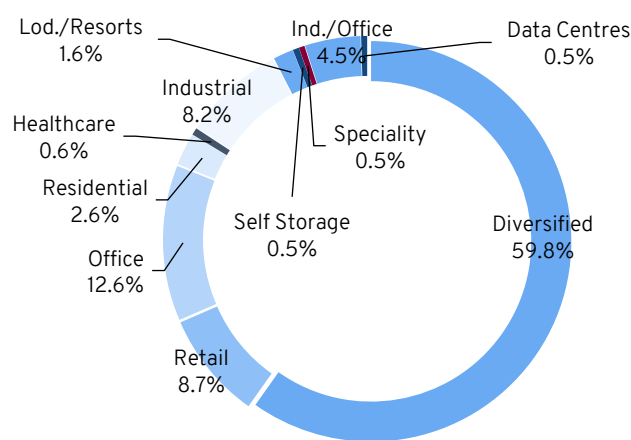
Developed Asia representing a free float MCap of around **EUR 370 billion** with **135 constituents**

Developed North America representing a free float MCap of around **EUR 1,061 billion** with **137 constituents**

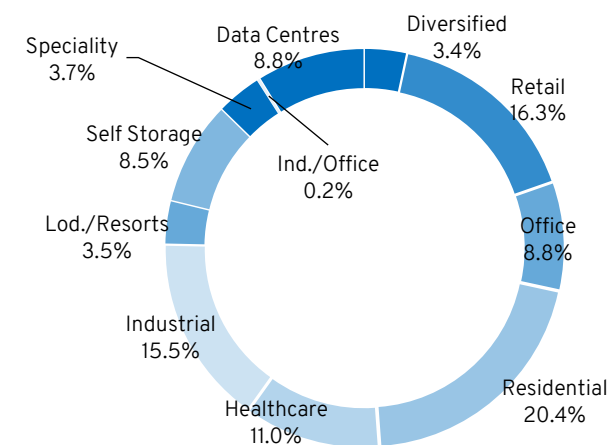
Developed Europe Sector Split



Developed Asia Sector Split

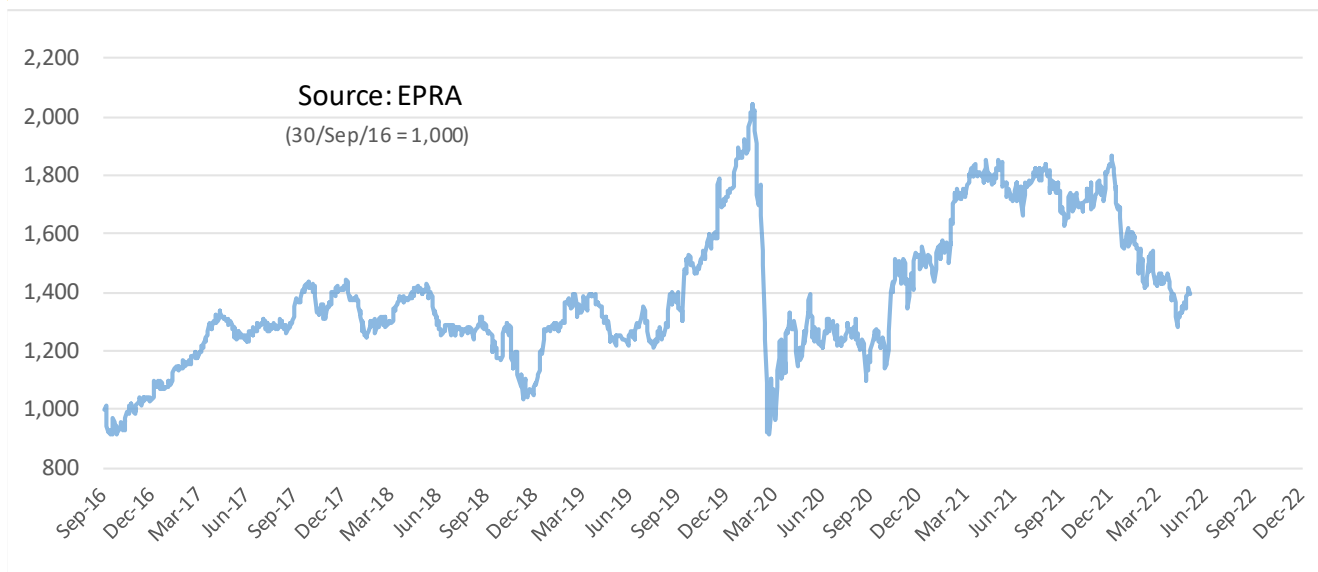


North America Sector Split



EPRA Developers Research Benchmark

Tuesday, 31 May 2022



Historical Performance	Last Month	1 Year	3 Years	5 Years
Total Return	0.2%	-23.5%	11.5%	5.2%
Total Return (Annualized)		-23.5%	3.8%	1.0%

Return	3 Months	6 Months	Year to Date	5 Years
Total Return	-10.2%	-17.6%	-24.0%	5.2%
Maximum Return	3.6%	3.6%	3.6%	11.6%
Minimum Return	-4.6%	-6.1%	-6.1%	-13.2%
Mean Return (Annualized)	-41.9%	-38.9%	-58.5%	7.9%
Maximum Drawdown	-16.8%	-31.3%	-31.3%	-55.2%
Maximum Drawdown Length	34	89	89	23

Risk	3 Months	6 Months	Year to Date	5 Years
Standard Deviation (Annualized)	27.6%	26.7%	27.9%	29.8%
Downside Risk (Annualized)	19.7%	19.9%	20.6%	21.1%
Kurtosis	-0.49	0.80	0.56	8.38
Skewness	-0.07	-0.45	-0.39	0.08
Semivariance (Annualized)	27.6%	28.7%	29.5%	30.0%
VaR (ex-post)	-2.68	-2.64	-2.77	-2.71

Risk-Adjusted Performance	3 Months	6 Months	Year to Date	5 Years
Sharpe Ratio	-1.15	-1.09	-1.65	0.20

The **EPRA Developers Research Benchmark** is an equity index aiming to represent the aggregated performance of the most significant and liquid real estate developers in Europe, including both residential and commercial developers.

This is a benchmark developed for research purposes only, using free float market cap as the main input for computing index weights. The final list of constituents has been filtered applying a comprehensive methodology that combines both market and real estate criteria to determine the best companies to represent the sector. **Two sub-indexes are also computed:** 1) Liquid Developers (FFMC > EUR 500M) and 2) Residential Developers

Key Features

Benchmark Type: Equity Index

Industry: Real Estate Developers

Launch Date: 31/Dec/2021

Geography: Developed Europe

Weights Input: FF Market cap

Base Currency: EUR

Base Date: 30/Sep/2016

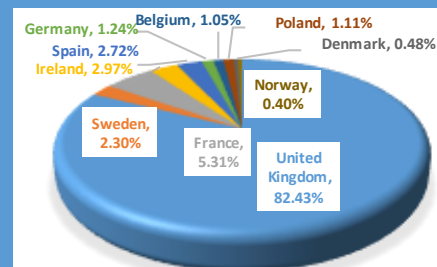
Base Value: 1,000

Review Dates: April, October

EPRA Developers Research Benchmark

Tuesday, 31 May 2022

Constituent	ISIN	Weight	Country	Currency
PERSIMMON	GB0006825383	18.5%	UK	GBp
BARRATT DEV	GB0000811801	13.8%	UK	GBp
TAYLOR WIMPEY PL	GB0008782301	12.2%	UK	GBp
BERKELEY GROUP	GB00BLJNL82	12.0%	UK	GBp
BELLWAY PLC	GB0000904986	7.9%	UK	GBp
VISTRY GROUP PLC	GB0001859296	5.3%	UK	GBp
REDROW PLC	GB00BG11K365	4.7%	UK	GBp
COUNTRYSIDE PART	GB00BYPHNG03	3.6%	UK	GBp
CREST NICHOLS	GB00B8VZXT93	1.7%	UK	GBp
WATKIN JONES PLC	GB00BD6RF223	1.3%	UK	GBp
HARWORTH GROUP P	GB00BYZJ7G42	0.8%	UK	GBp
MJ GLEESON PLC	GB00BRKD9Z53	0.7%	UK	GBp
CAIRN HOMES	IE00BWW4ZF18	1.5%	Ireland	GBp
GLENVEAGH PROPER	IE00BD6JX574	1.5%	Ireland	EUR
NEXITY	FR0010112524	2.9%	France	EUR
ALTAREA	FR0000033219	1.4%	France	EUR
KAUFMAN & BROAD	FR0004007813	1.0%	France	EUR
METROVACESA SA	ES0105122024	1.2%	Spain	EUR
NEINOR HOMES SA	ES0105251005	1.0%	Spain	EUR
AEDAS HOMES SA	ES0105287009	0.6%	Spain	EUR
JM AB	SE0000806994	2.3%	Sweden	SEK
INSTONE REAL EST	DE000A2NBX80	1.2%	Germany	EUR
DEVELIA SA	PLLCCR00017	0.7%	Poland	PLN
DOMDEV	PLDMDVL00012	0.4%	Poland	PLN
IMMOBEL	BE0003599108	0.6%	Belgium	EUR
ATENOR	BE0003837540	0.5%	Belgium	EUR
HUSCIET A/S	DK0061412855	0.5%	Denmark	DKK
SELVAAG BOLIG AS	NO0010612450	0.4%	Norway	NOK



Eligibility Criteria

EBITDA: ≥ 50% from Property Development

EBITDA: ≥ 75% from Real Estate Activities

Size: > 0.30% of the Benchmark size and
Minimum of EUR 150 Million in FFMC

Liquidity: ≥ 0.05% of their (FF) shares in
issue based on their median daily trading
volume per month

Reporting: public AR in English (Full set
of audited FS, notes and Mgt Report)

Geography: ≥ 75% EBITDA from
Developed countries

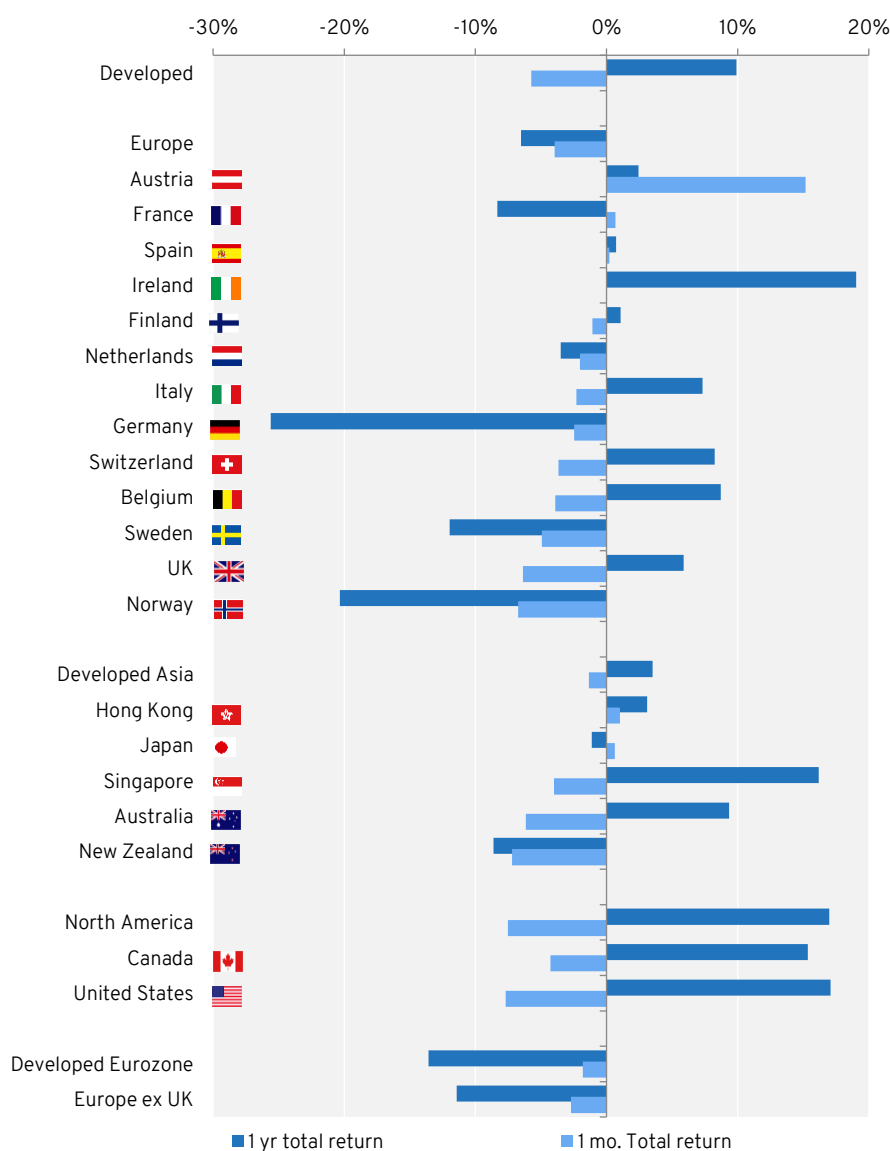
Assets: ≥ 50% of Total Tangible Assets
invested in RE. No Holding structures.

Eligible Markets: Premium and main trading
segments of official stock exchanges.

Data Availability: Monthly computations.
Performance figures available on this
report. Raw data accessible on demand
at research@epra.com

Developers Sub-Indexes: Risk and Return	3 Months	6 Months	Year to Date	5 Years
Residential Developers: Total Return	-10.45%	-18.18%	-24.71%	4.30%
Residential Developers: Standard Deviation (Annualized)	28.88%	27.82%	29.10%	30.69%
Liquid Developers: Total Return	-10.48%	-18.05%	-24.51%	6.92%
Liquid Developers: Standard Deviation (Annualized)	28.11%	27.23%	28.46%	30.32%

FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit as of May 31, 2022

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 10.8](#)
[Emerging Markets 2021](#)
 (special edition)
[Sector Analysis: Residential](#)
[Sector Analysis: Office \(Aug-21\)](#)
[Total Markets Table 2022-Q1](#)
 (quarterly)



EPRA CONTACTS:

Dilek Pekdemir, PhD.
 Research Manager
d.pekdemir@epra.com

David Moreno, CFA
 Indexes Manager, Indices & Research
d.moreno@epra.com

Lourdes Calderon Ruiz
 Senior Analyst Indices & Research
l.calderonruiz@epra.com

Iskren Marinov
 Analyst Indices & Research
i.marinov@epra.com

EPRA INSEAD Education Programme, 2022 Edition (1-3 June, Fontainebleau)

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 e-commerce and logistics, digitalisation and data analytics.

The 2022 edition was held at INSEAD's Fontainebleau campus in June 1-3. For more, you can contact education@epra.com.



EPRA's latest research report

Read the latest EPRA's special report (June 2022) [Interest rates and inflation : What are the challenges for listed real estate?](#)

Download EPRA's special report (February 2022) [Inflation and short-term impact on listed property companies](#)

EPRA Blog

Read articles on the latest trends on our [blog](#)

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.