



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review and Developers' Research Benchmark

October
2022

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 2.1% in October and brought the YTD return to -16.3%. Global equities gained 4.9% compared to a loss of 1.5% from global bonds.

In terms of regional performance, Europe and North America returned positive (3.7% , for each), while Asia slipped 3.0%. In addition, emerging markets lost 10.3%.

Focusing on sector performance, lodging/resorts (15.7%) was an outperformer followed by retail (9.8%), specialty (8.1%) and industrial (5.3%), while residential (-3.0%), healthcare (-1.7%), diversified (-1.6%) and data centres (-68 bps) were bottom performers. The remaining sectors posted positive but relatively limited returns in October.

At the end of October, **the FEN Developed Index** totalled **380** constituents, representing a free float market capitalisation of around **EUR 1.50 trillion** and **the FEN Emerging Index** totalled **126** constituents, representing a free float market capitalisation of around **EUR 108 billion**

EPRA Developers Research Benchmark and 2022-H2 Semi-Annual Review

The **EPRA Developers Research Benchmark** is a non-commercial benchmark designed to allow its constituents to assess themselves against each other. The 2022-H2 review took place in October, presenting no deletion and one addition of *YIT OYJ* (Finland, Diversified). As a result, the benchmark now has a total of 29 constituents from 11 different countries in Developed Europe (17 out of the UK) and an aggregated full market cap of **EUR 37,896 million** (31/10/2022). A high-level computation can be found in the relevant section (page 5).

Highlights of the Month

The FEN Developed Europe Index gained momentum and posted a return of 3.7% during October. Now YTD return stands at -37.1% that the index lost 31.7% since the beginning of the war in Ukraine (cumulative return since 23/02/2022). Focusing on sector performances, all sectors returned positive with lodging/resorts outperforming posting a 13.7% monthly return, followed by office (8.7%), self-storage (8.6%) and retail (7.9%). Meanwhile, residential (18 bps) and healthcare (1.0%) were bottom performers with still positive but relatively lower returns for the month. Even though all sectors performed well this month, they lost momentum since the beginning of the year posting negative YTD returns and trading below their pre-Covid19 (Table 1). Self-storage is now the only sector trading above its pre-Covid19 level with 2.3% cumulative return (since 19/02/2020) and has premium to NAV (9.6%)- [You can read the latest report.](#)

The economic and political turbulence has continued to pressure on markets. Euro area annual inflation is expected to be 10.7% in October 2022, up from 9.9% in September according to Eurostat's estimate. Looking at the main components of inflation, energy has the highest annual rate in October (41.9%), and the geopolitical uncertainty in Europe has been creating more concerns on energy price hike. The ECB raised the three key ECB interest rates by 75 basis points and gave signal for more hikes in the forthcoming periods to bring down inflation, which is expected to remain far too high.

The concerns on moving into a recession even before the end of the year continues to deepen. However, no preliminary data is indicating a recession in Europe yet, with not strong but stable employment and economic growth. According to Eurostat estimation, GDP will rise by 0.2% (q-o-q) and 2.1% (y-o-y) in the euro area in Q3-2022, and employment rate decreased from 7.3% to 6.6% in September (y-o-y).

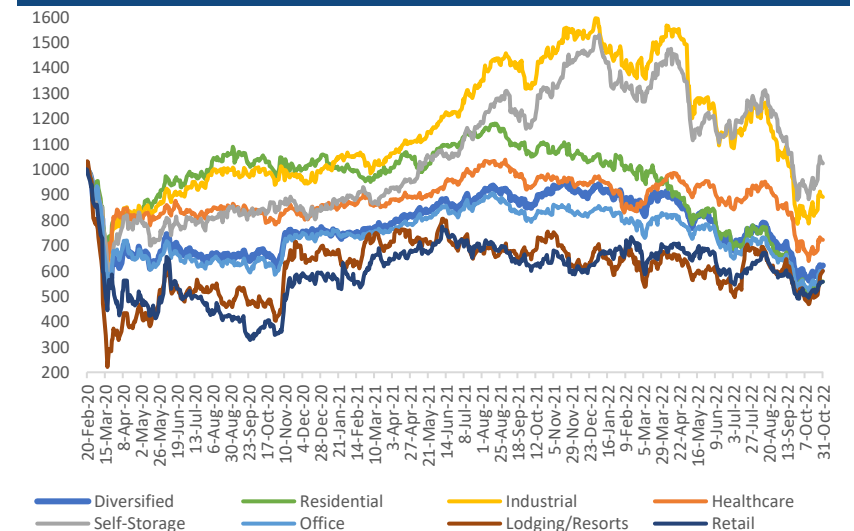
You can read our blog on market performance comparison during challenging times '[Listed Real Estate in context: A sector comparison](#)' and the latest report [Interest rates and inflation : What are the challenges for listed real estate.](#)

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Oct-22	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	▲ 2.1	-16.3	-11.4	-1.6	4.1	6.8
Global Equities (FTSE)	▲ 4.9	-3.8	-0.5	11.4	7.2	10.3
Global Bonds (JP Morgan)	▼ -1.5	-8.8	-7.8	-3.2	2.3	2.5
Europe Real Estate	▲ 3.7	-37.1	-35.8	-10.9	-3.4	4.0
Europe Equities (FTSE)	▲ 6.2	-13.9	-12.0	2.9	3.2	7.3
Europe Bonds (JP Morgan)	▼ -0.3	-5.1	-3.6	-2.5	1.3	4.0
Asia Real Estate	▼ -3.0	-8.1	-9.4	-5.3	1.5	3.9
Asia Equities (FTSE)	▼ -1.5	-2.4	-1.9	6.8	5.4	10.8
Asia Bonds (JP Morgan)	▼ -1.0	9.1	11.0	1.6	3.0	3.8
North America Real Estate	▲ 3.7	-14.1	-5.9	1.9	6.9	8.8
NA Equities (FTSE)	▲ 6.8	-5.8	-1.8	14.5	13.8	15.5
NA Bonds (JP Morgan)	▼ -2.3	-0.6	1.0	0.6	3.0	3.3
Emerging Real Estate	▼ -10.3	-18.7	-18.5	-13.7	-6.8	1.0
Emerging Equities (FTSE)	▼ -5.0	-15.4	-16.1	0.9	1.8	4.5
Emerging Bonds (JP Morgan)	▼ -0.9	-10.4	-9.2	-2.4	0.9	3.7

(* Annualised.

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



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

Fig. 2. Global Weights (EUR)*

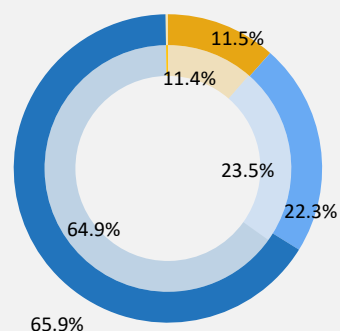


Fig. 3. REIT / Non-REITs

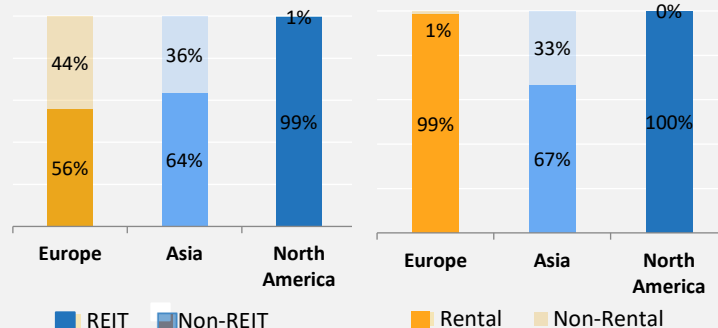


Fig. 4. Focus Split

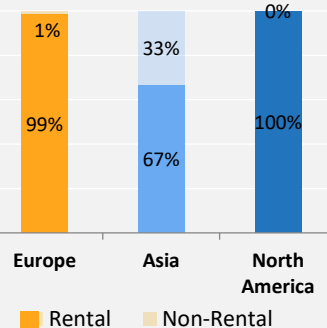


Fig. 5. Dividend Yields*

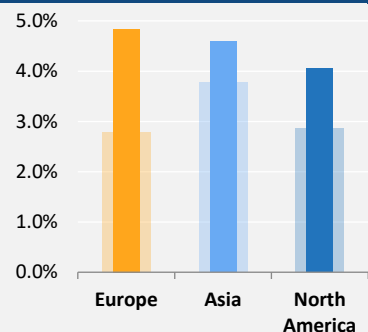


Fig. 6. Volatility (10 yr. & 3 yr.)**

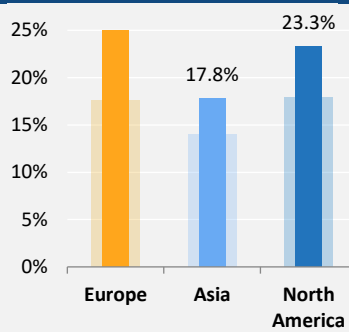
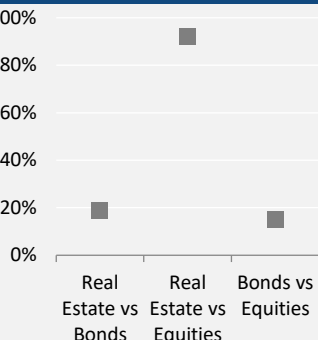


Fig. 7. Correlation (3 yr. rolling)



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

Dev. Europe: Total Return	Weekly Total Return by Sector					YTD	Ukraine war	Covid-19
	Oct-22	7-Oct	14-Oct	21-Oct	28-Oct			
Developed Europe	3.7%	-4.4%	-0.2%	0.7%	7.1%	-37.1%	-31.7%	-37.4%
Self-Storage	8.6%	-0.7%	-1.4%	1.6%	10.6%	-32.7%	-20.4%	2.3%
Industrial	4.1%	-4.1%	1.6%	-0.8%	8.5%	-44.1%	-35.5%	-10.9%
Healthcare	1.0%	-5.1%	-1.4%	0.2%	8.4%	-25.0%	-14.7%	-27.8%
Diversified	3.3%	-4.2%	0.1%	0.5%	6.0%	-33.4%	-28.0%	-38.0%
Office	8.7%	-2.3%	0.4%	1.0%	9.1%	-29.1%	-22.8%	-40.1%
Lodging/Resorts	13.7%	-7.6%	0.5%	1.5%	17.7%	-12.7%	-6.6%	-40.1%
Residential	0.2%	-6.2%	-2.2%	2.6%	5.2%	-46.9%	-43.4%	-44.3%
Retail	7.9%	-0.9%	-0.3%	0.8%	7.9%	-12.1%	-21.0%	-44.4%

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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Oct-22	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Europe (EUR)	3.7	-37.1	-35.8	-10.9	-3.4	4.0
Europe ex UK (EUR)	2.9	-38.3	-38.4	-12.2	-4.2	4.1
UK (GBP)	2.9	-32.9	-28.1	-8.0	-2.2	4.1
France (EUR)	10.1	-15.1	-15.9	-11.9	-4.4	2.3
Netherlands (EUR)	9.6	-15.3	-16.2	-23.1	-19.1	-6.6
Germany (EUR)	-0.3	-51.3	-52.8	-18.0	-7.6	4.4

FTSE EPRA Nareit Developed Index - Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 9.0%
Equinix	Data Centers	USA	▼ -0.4%
Public Storage, Inc.	Self-Storage	USA	▲ 5.8%
Realty Income Corp.	Retail	USA	▲ 7.4%
Simon Property Group, Inc.	Retail	USA	▲ 21.4%
Vici Properties Inc	Specialty	USA	▲ 7.3%
Digital Realty Trust	Data Centers	USA	▲ 1.1%
Welltower Europe	Healthcare	USA	▼ -5.1%
AvalonBay Communities, Inc.	Residential	USA	▼ -4.9%
Alexandria Real Estate Equities, Inc.	Office	USA	▲ 3.7%

FTSE EPRA Nareit Developed Index - Top 10 Performers

Company	Sector	Country	Total Return
Service Properties Trust	Diversified	USA	▲ 60.1%
Macerich Company	Retail	USA	▲ 40.2%
Veris Residential Inc	Residential	USA	▲ 39.2%
Tanger Factory Outlet Centers, Inc.	Retail	USA	▲ 33.3%
Summit Hotel Properties	Lod./Resorts	USA	▲ 28.6%
Samhällsbyggnadsbolaget i Norden AB	Diversified	SWED	▲ 25.7%
DiamondRock Hospitality	Lod./Resorts	USA	▲ 24.4%
Xenia Hotels & Resorts Inc.	Lod./Resorts	US	▲ 23.9%
RPT Realty	Retail	USA	▲ 23.0%
Apple Hospitality REIT Inc.	Lod./Resorts	USA	▲ 22.3%

