



**EPRA**

EUROPEAN PUBLIC  
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

# Monthly Market Review and Developers' Research Benchmark

February  
2023

## Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index lost 2.1% in February and now YTD return stands at 4.9%. Global equities gained 55 bps compared to loss of 86 bps from global bonds.

In terms of regional performance, all regions lost momentum and returned negative: Europe (-1.1%), North America (-2.4%) and Asia (-1.6%). Emerging markets also lost 3.4% for the month.

Focusing on sector performance, self-storage (3.9%) was outperformer and the remaining sectors posted negative monthly returns except specialty (65 bps) with lower but positive return. Lodging/resorts (-5.3%), data centres (-5.2%) and healthcare (-3.9%) were bottom performers in February.

At the end of February, **the FEN Developed Index** totalled **378** constituents, representing a free float market capitalisation of around **EUR 1.49 trillion** and **the FEN Emerging Index** totalled **130** constituents, representing a free float market capitalisation of around **EUR 125 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. As of 28/02/2023, the benchmark posted 3.9% monthly return and brought the YTD return to 17.7%. The benchmark now has a total of 28 constituents from 11 different countries in Developed Europe (17 out of the UK) and an aggregated full market cap of **EUR 41.82 million** (28/02/2023). A high-level computation can be found in the relevant section (page 6).

## Highlights of the Month

The ECB kept a hawkish position in raising interest rates significantly at a steady pace and in keeping them at levels that are sufficiently restrictive to ensure a timely return of inflation to its 2% medium-term target. Accordingly, the three key ECB interest rates were raised by 50 basis points at February meeting and the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility increased to 3.00%, 3.25% and 2.50% respectively. The Governing Council intends to raise interest rates by another 50 basis points at its next monetary policy meeting in March. On the other hand, inflation continued to decrease albeit at a slower pace. Inflation in the Euro area was 8.6% in January, down from 9.2% in December, and it is expected to be 8.5% in February, but still remains too high compared to the target level of 2.0%.

The FEN Developed Europe Index lost some momentum in February and posted a negative return of 1.1%, bringing the YTD return to 7.7%. Focusing on sector performances, retail (2.4%), self-storage (1.9%) and lodging/resorts (1.3%) were top performers while residential (-5.2%), healthcare (-2.6%) and industrial (-51 bps) were bottom performers. The remaining sectors also posted limited but negative returns for the month. In terms of YTD returns, all sectors provided positive returns benefitting from the good performance in January. Based on cumulative returns (since 19/02/2020), self-storage (10.5%) is still the only sector trading above its pre-Covid19 level.

In terms of P/D to NAV figures, self-storage is trading with 12.8% premium to NAV and EU average stands at -38.9% in February. Focusing on 5-yr average, self-storage (36.2%), healthcare (22.9%), industrial (12.9%) and Industrial/office (1.4%) are trading with premiums and EU average stands at -18.1%.

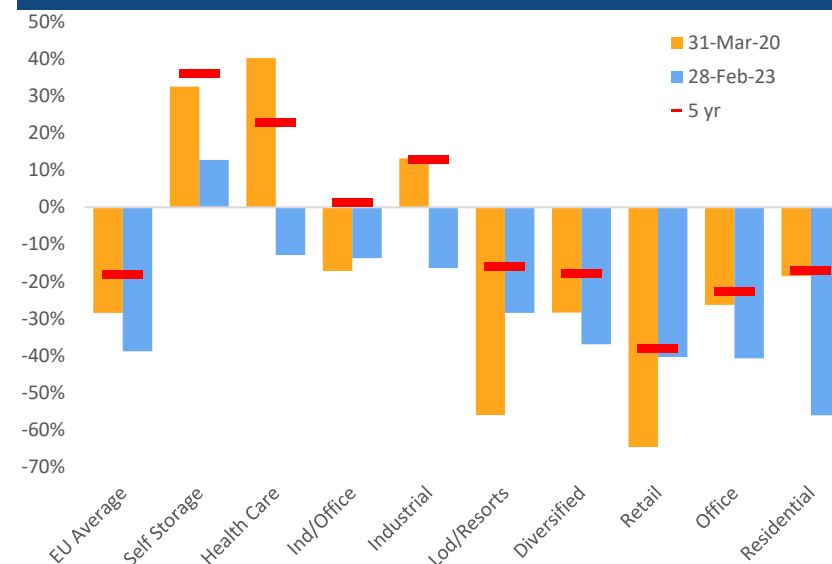
EPRA commissioned a research report to identify success factors and issues for growth in the listed European real estate sector, which might be key takeaways for European players geared towards further growth. [Success factors required for further growth in the European LRE sector.](#)

## FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Feb-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
<b>Global Real Estate</b>	▼ -2.1	4.9	-9.3	1.0	5.8	6.1
Global Equities (FTSE)	▲ 0.5	5.5	0.5	11.6	6.3	9.1
Global Bonds (JP Morgan)	▼ -0.9	0.2	-10.2	-5.3	1.8	2.1
<b>Europe Real Estate</b>	▼ -1.1	7.7	-27.4	-8.2	-1.4	4.6
Europe Equities (FTSE)	▲ 1.5	8.5	5.1	9.4	6.4	7.6
Europe Bonds (JP Morgan)	▼ -0.1	0.9	-11.8	-6.3	0.5	3.0
<b>Asia Real Estate</b>	▼ -1.6	0.3	-2.5	-1.8	2.0	3.1
Asia Equities (FTSE)	▼ -0.4	4.0	3.7	8.7	6.5	9.5
Asia Bonds (JP Morgan)	▲ 3.0	1.9	1.4	-1.6	2.4	3.1
<b>North America Real Estate</b>	▼ -2.4	6.2	-7.1	4.3	9.5	8.0
NA Equities (FTSE)	▼ 0.0	5.1	-2.9	13.2	12.8	14.3
NA Bonds (JP Morgan)	▲ 0.2	1.3	-4.6	-2.9	3.4	2.9
<b>Emerging Real Estate</b>	▼ -3.4	-1.0	-10.5	-10.1	-4.7	0.7
Emerging Equities (FTSE)	▼ -3.9	1.4	-8.9	3.3	2.2	4.6
Emerging Bonds (JP Morgan)	▲ 0.2	1.8	-3.0	-3.3	2.4	3.7

(\* Annualised).

Fig. 1. Europe : P/D to NAV (%)



Source: EPRA Research (as of 28/02/2023).

Fig. 2. Global Weights (EUR)\*

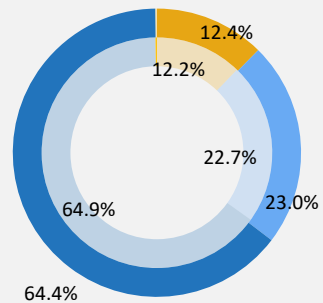


Fig. 3. REIT / Non-REITs

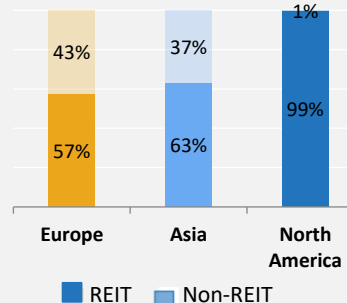


Fig. 4. Focus Split

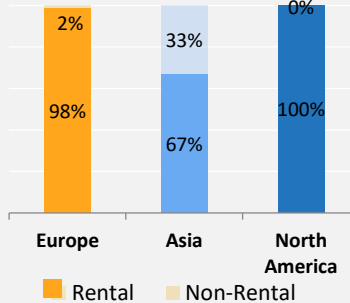


Fig. 5. Dividend Yields\*

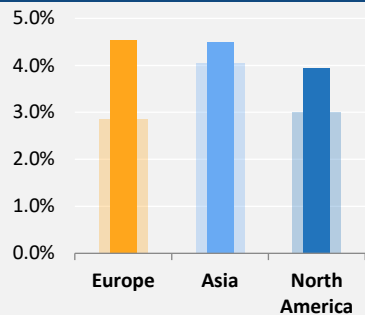


Fig. 6. Volatility (10 yr. & 3 yr.)\*\*

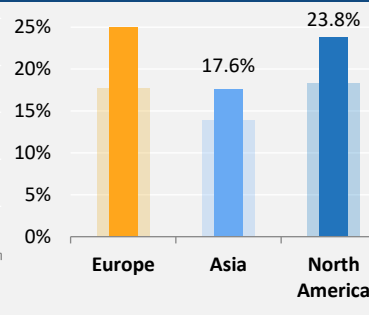
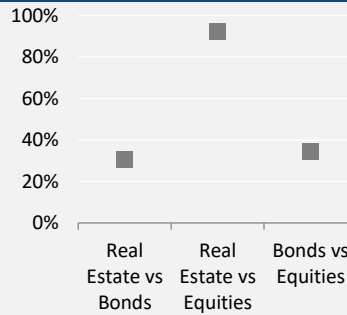


Fig. 7. Correlation (3 yr. rolling)



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

**FTSE EPRA Nareit Developed Europe - Country Indices**

% Total Returns	Jan-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
UK (GBP)	-0.1	7.3	-22.0	-3.7	-0.5	4.2
France (EUR)	1.4	12.3	-2.6	-5.4	-1.5	3.7
Netherlands (EUR)	1.8	18.3	-8.6	-11.8	-14.4	-5.2
Germany (EUR)	-6.1	9.7	-46.7	-16.8	-5.9	5.1
Sweden (SEK)	-4.2	6.1	-29.6	-6.2	8.9	13.1

**FTSE EPRA Nareit Asia - Country Indices**

Hong Kong (HKD)	-6.1	-1.2	3.1	0.5	-2.4	1.0
Japan (JPY)	2.4	0.8	2.6	1.4	3.6	4.2
Australia (AUD)	0.0	5.0	-3.5	-2.4	4.1	7.0
Singapore (SGD)	-2.8	3.3	-1.5	1.0	3.6	4.2
South Korea (KRW)	-1.0	-0.2	-	-	-	-

**FTSE EPRA Nareit Developed North America - Country Indices**

United States (USD)	-4.8	5.3	-12.1	3.3	6.6	6.0
Canada (CAD)	-0.8	9.5	-9.3	1.0	5.7	5.6

**FTSE EPRA Nareit Developed Index – Top 10 Constituents**

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -4.6%
Equinix	Data Centers	USA	▼ -6.8%
Public Storage, Inc.	Self-Storage	USA	▼ -1.8%
Realty Income Corp.	Retail	USA	▼ -5.4%
Simon Property Group, Inc.	Retail	USA	▼ -5.0%
Welltower	Healthcare	USA	▼ -0.4%
Vici Properties Inc	Specialty	USA	▼ -1.9%
Digital Realty Trust	Data Centers	USA	▼ -9.1%
Alexandria Real Estate Equities, Inc.	Office	USA	▼ -6.8%
AvalonBay Communities, Inc.	Residential	USA	▼ -2.8%

**FTSE EPRA Nareit Developed Index – Top 10 Performers**

Company	Sector	Country	Total Return
Service Properties Trust	Diversified	USA	▲ 23.2%
Lar Espana	Retail	SP	▲ 20.5%
ICADE Management	Diversified	FRA	▲ 13.8%
Hammerson Plc	Retail	UK	▲ 13.3%
Civitas Social Housing plc	Residential	UK	▲ 13.2%
Life Storage	Self-Storage	USA	▲ 11.6%
Balanced Commercial Property Trust Ltd	Diversified	UK	▲ 10.7%
Comforia Residential REIT	Residential	JA	▲ 10.3%
Capital & Counties Properties PLC	Diversified	UK	▲ 9.9%
Retail Estates	Retail	BELG	▲ 9.6%

Dev. Europe:Total Return	Weekly Total Return by Sector					YTD	Ukraine war	Covid-19
	Feb-23	3-Feb	10-Feb	17-Feb	24-Feb			
Developed Europe	-1.1%	2.0%	-2.7%	-1.0%	-3.3%	7.7%	-25.7%	-31.94%
Self-Storage	1.90%	2.6%	-0.5%	1.6%	-4.5%	8.7%	-14.0%	10.5%
Industrial	-0.51%	1.5%	-3.8%	2.4%	-4.0%	9.2%	-31.8%	-5.9%
Healthcare	-2.58%	-0.4%	-3.4%	-0.4%	-1.9%	1.4%	-16.4%	-29.2%
Diversified	-0.18%	1.6%	-1.9%	-1.0%	-3.4%	5.9%	-20.3%	-31.4%
Office	-0.50%	1.5%	-2.4%	-1.2%	-2.3%	10.0%	-11.9%	-31.7%
Retail	2.40%	3.1%	-2.0%	0.2%	-2.8%	12.4%	-8.4%	-35.6%
Lodging/Resorts	1.31%	-0.3%	-6.8%	1.6%	1.2%	22.3%	-3.4%	-38.1%
Residential	-5.17%	3.2%	-3.4%	-2.9%	-4.1%	6.7%	-41.3%	-42.3%

Source: EPRA Research. Data is compiled from the FEN Index series (as of February 28, 2023).

**FTSE EPRA Nareit Developed Europe Index**

The FEN Developed Europe Index posted a negative return of 1.1% in February. European equities gained 1.5% compared to loss of 7 bps from bonds.

The Netherlands (1.8%) and France (1.4%) indexes returned positive compared to loss of Germany (-6.1%), Sweden (-4.2%) and the UK (-13 bps) indexes in Developed Europe for the month.

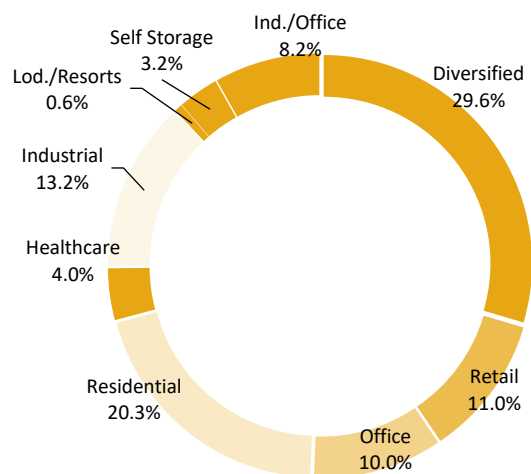
*Neobo Fastigheter* (Sweden, constituent) was deleted from the index, following the listing and commencement of trading on the ineligible Nasdaq First North Premier Growth Market.

**Sector Performance:** Retail (2.4%), self-storage (1.9%) and lodging/resorts (1.3%) were top performers and the remaining sectors returned negative that residential (-5.2%), healthcare (-2.6%) and industrial (-51 bps) were bottom performers.

**Performance of top 3 constituents:** Lar Espana (20.5%, Spain, Retail), Icade Management (13.8%, France, Diversified), Hammerson plc (13.3%, UK, Retail).

*Developed Europe* representing a free float MCap of around **EUR 185 billion** with **110** constituents

**Developed Europe Sector Split**



**FTSE EPRA Nareit Developed Asia Index**

The FEN Developed Asia Index lost 1.6%. Asian bonds gained 3.0% compared to a loss of 36 bps from Asian equities.

Japan (2.4%) index returned positive while Hong Kong (-6.1%), Singapore (-2.8%), South Korea (-1.0%) and Australia (-3 bps) indexes posted negative returns in Asia (in local currencies).

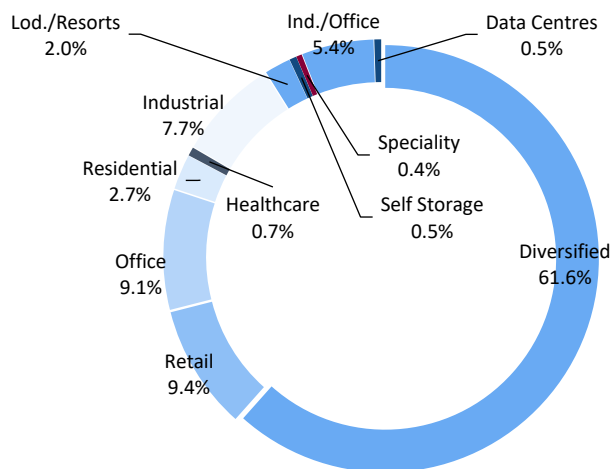
*Mori Trust Sogo REIT* (Japan, REIT, Rental) renamed as MORI TRUST REIT and remained in the index with an increased shares in issue total from 2,640,000 to 3,560,000 and a decreased investability weighting from 75% to 71.17%

**Sector Performance:** Residential (1.3%) was top performer and the remaining sectors returned negative that lodging/resorts (-4.4%), industrial (-2.1%) and diversified (-1.8%) were bottom performers.

**Performance of top 3 constituents:** Comforia Residential REIT (10.3%, Japan, Residential), National Storage REIT (9.1%, Australia, Self-storage), Healthcare & Medical Investment (9.0%, Japan, Healthcare).

*Developed Asia* representing a free float MCap of around **EUR 344 billion** with **136** constituents

**Developed Asia Sector Split**



**FTSE EPRA Nareit North America Index**

The FEN North America Index returned a negative 2.4% while North America bonds gained 18 bps and bonds returned 0.0% for the month. Both the US index (-4.8%) and Canada (-84 bps) indexes returned negative for the month (in local currencies).

*Store Capital REIT* (USA, constituent) was deleted from the index following the completion of the acquisition by GIC and Oak Street (non-constituents).

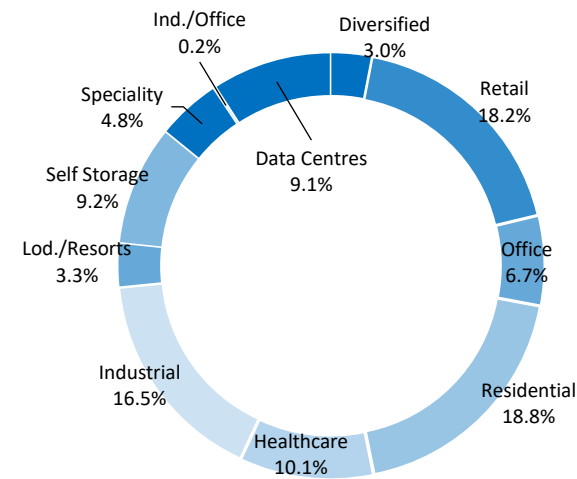
*Summit Industrial Income REIT* (Canada, constituent) was deleted from the index, subject to the completion of the acquisition by GIC and Dream Industrial Real Estate Investment Trust.

**Sector Performance:** Self-storage (4.0%) was outperformer followed by specialty (80 bps) with lower but still positive return. The remaining sectors returned negative that office (8.2%), lodging/resorts (5.7%) and data centres (-5.3%) were bottom performers.

**Performance of top 3 constituents:** Service Properties Trust (23.2%, USA, Diversified), Life Storage (11.6%, USA, Self-storage), Dream Industrial REIT (5.4%, Canada, Industrial).

*Developed North America* representing a free float MCap of around **EUR 964 billion** with **130** constituents

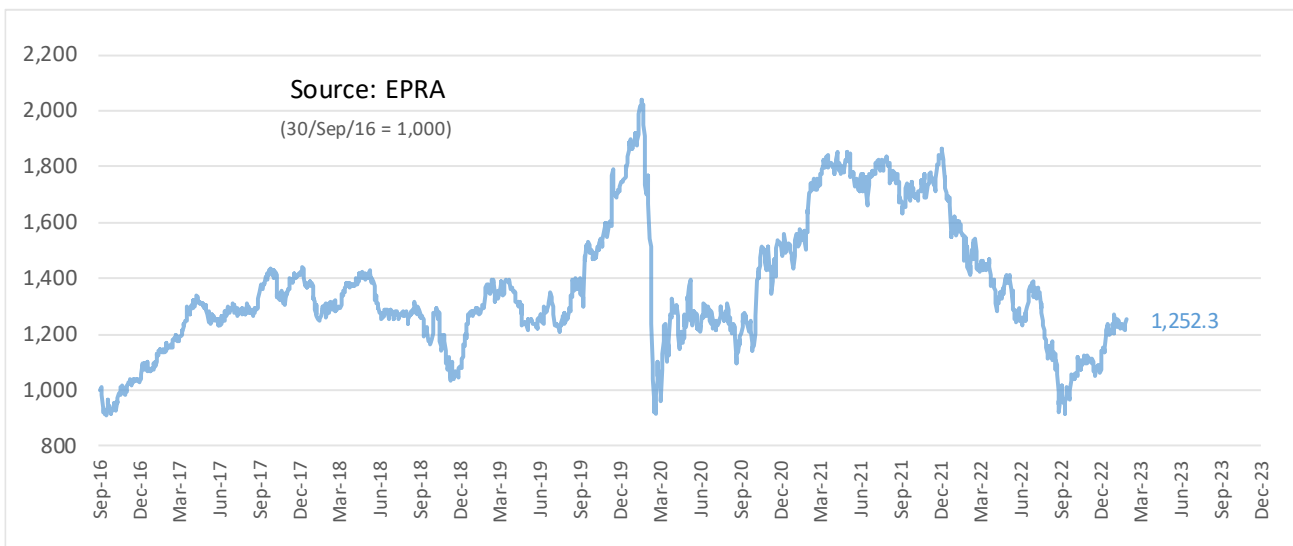
**North America Sector Split**





## EPRA Developers Research Benchmark

Tuesday, 28 February 2023



Historical Performance	Last Month	1 Year	3 Years	5 Years
Total Return	3.9%	-19.2%	-27.7%	-3.8%
Total Return (Annualized)		-19.2%	-9.2%	-0.8%

Return	3 Months	6 Months	Year to Date	5 Years
Total Return	14.0%	5.5%	17.7%	-3.8%
Maximum Return	4.7%	6.3%	4.7%	11.6%
Minimum Return	-3.1%	-5.6%	-3.1%	-13.2%
Mean Return (Annualized)	115.0%	25.3%	332.7%	6.0%
Maximum Drawdown	-6.4%	-22.7%	-4.8%	-55.3%
Maximum Drawdown Length	13	32	16	690

Risk	3 Months	6 Months	Year to Date	5 Years
Standard Deviation (Annualized)	25.0%	33.6%	26.5%	31.4%
Downside Risk (Annualized)	16.1%	23.0%	17.5%	22.2%
Kurtosis	0.72	0.59	0.65	6.68
Skewness	0.59	0.21	0.49	0.09
Semivariance (Annualized)	21.1%	30.8%	25.1%	31.3%
VaR (ex-post)	-2.31	-3.32	-2.35	-2.96

Risk-Adjusted Performance	3 Months	6 Months	Year to Date	5 Years
Sharpe Ratio	2.83	0.47	6.89	0.14

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

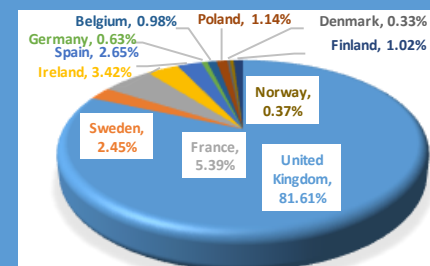
**Base Value:** 1,000

**Review Dates:** April, October

## EPRA Developers Research Benchmark

Tuesday, 28 February 2023

Constituent	ISIN	Weight	Country	Currency
PERSIMMON	GB0006825383	15.07%	UK	GBp
BARRATT DEV	GB0000811801	14.24%	UK	GBp
BERKELEY GROUP	GB00BLJNXL82	13.01%	UK	GBp
TAYLOR WIMPEY PL	GB0008782301	12.31%	UK	GBp
VISTRY GROUP PLC	GB0001859296	9.75%	UK	GBp
BELLWAY PLC	GB0000904986	8.48%	UK	GBp
REDROW PLC	GB00BG11K365	4.79%	UK	GBp
CREST NICHOLS	GB00B8VZXT93	1.70%	UK	GBp
MJ GLEESON PLC	GB00BRKD9Z53	0.77%	UK	GBp
HARWORTH GROUP P	GB00BYZJ7G42	0.75%	UK	GBp
WATKIN JONES PLC	GB00BD6RF223	0.74%	UK	GBp
YIT OYJ	FI0009800643	1.02%	Finland	EUR
CAIRN HOMES	IE00BWY4ZF18	1.64%	Ireland	GBp
GLENVEAGH PROPER	IE00BD6JX574	1.77%	Ireland	EUR
NEXITY	FR0010112524	2.67%	France	EUR
KAUFMAN & BROAD	FR0004007813	1.20%	France	EUR
ALTAREA	FR0000033219	1.52%	France	EUR
NEINOR HOMES SA	ES0105251005	0.80%	Spain	EUR
AEDAS HOMES SA	ES0105287009	0.39%	Spain	EUR
METROVACESA SA	ES0105122024	1.46%	Spain	EUR
JM AB	SE0000806994	2.45%	Sweden	SEK
DEVELIA SA	PLCCRP00017	0.67%	Poland	PLN
DOMDEV	PLDMDVL00012	0.47%	Poland	PLN
IMMOBEL	BE0003599108	0.51%	Belgium	EUR
ATENOR	BE0003837540	0.47%	Belgium	EUR
INSTONE REAL EST	DE000A2NBX80	0.63%	Germany	EUR
SELVAAG BOLIG AS	NO0010612450	0.37%	Norway	NOK
HUSCIET A/S	DK0061412855	0.33%	Denmark	DKK



### 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 FFM

**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

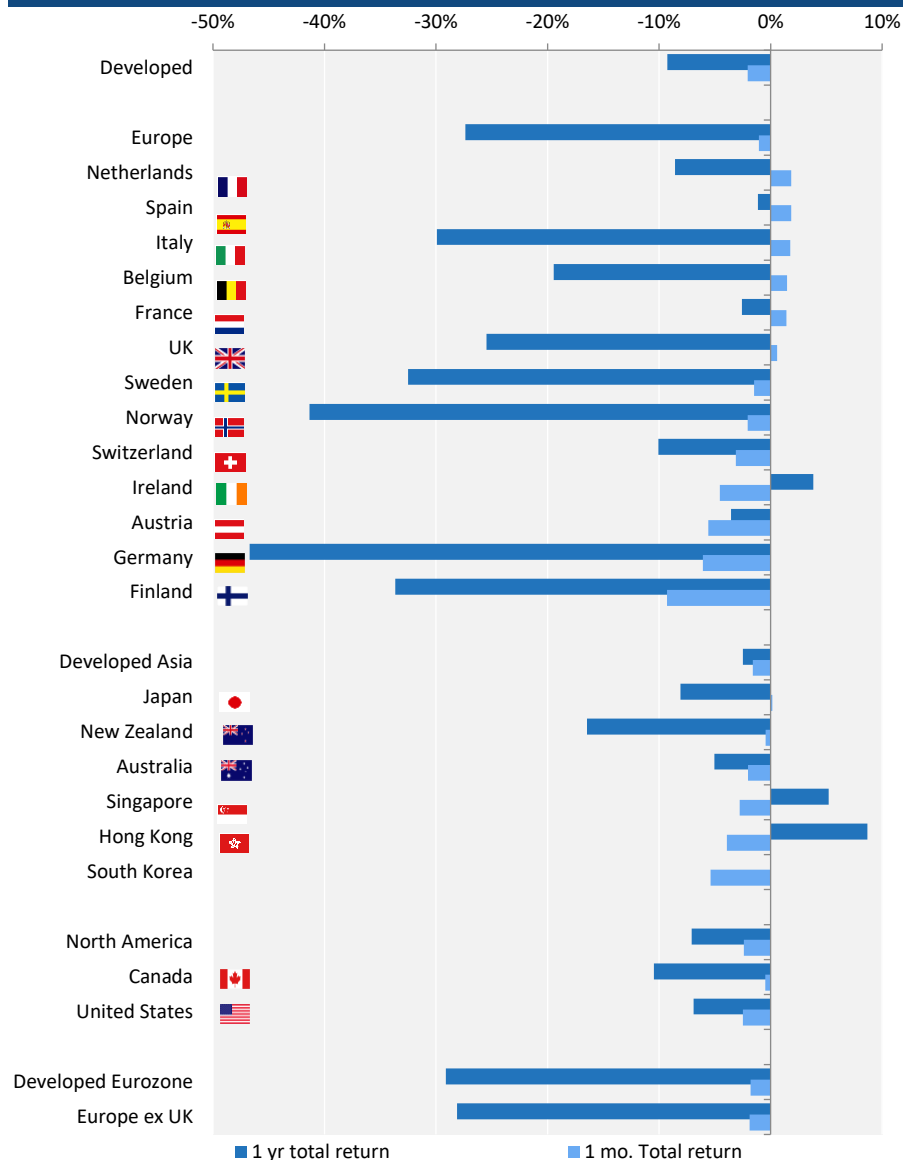
**Assets:** ≥ 50% of Total Tangible Assets  
 invested in RE. No Holding structures.

**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](mailto:research@epra.com)

Developers Sub-Indexes: Risk and Return	3 Months	6 Months	Year to Date	5 Years
Residential Developers: Total Return	14.10%	5.15%	18.50%	-5.08%
Residential Developers: Standard Deviation (Annualized)	25.23%	34.64%	26.92%	32.43%
Liquid Developers: Total Return	14.03%	4.34%	18.70%	-4.35%
Liquid Developers: Standard Deviation (Annualized)	24.43%	33.75%	25.91%	31.95%

### FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit (as of February 28, 2023)

### 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 11.5](#)

[Property Portfolio Analysis \(end of 2021\)](#)

[Emerging Markets 2022](#)

[Sector Analysis: Residential](#)

[Sector Analysis: Office \(Aug-21\)](#)

[Total Markets Table 2022-Q4 \(quarterly\)](#)



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#### [EPRA INSEAD Education Programme, 2023 Edition \(20-22 June, Fontainebleau\)](#)

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.

#### [EPRA Bayes Business School Online Programme, 2023 Edition: Understanding the REIT price \(16 Oct-24 Nov\)](#)

An online programme dedicated to understanding the listed real estate market, the third edition will start in October 2023.

For more information about the Education programmes, contact: [education@epra.com](mailto:education@epra.com).

#### [EPRA's latest research report](#)

[Success factors required for further growth in the European LRE sector](#) (January 2023)

[LRE valuation : A close look at ratios, cash flows and portfolio allocation.](#) (November 2022)

[Interest rates and inflation : What are the challenges for listed real estate?](#)

[Inflation and short-term impact on listed property companies](#)

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