



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review and Developers' Research Benchmark

June
2023

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 82 bps and now YTD return stands at -63 bps. Global equities gained 2.7% compared to a loss of 2.5% from global bonds in June. In terms of regional performance, Europe (-1.3%) and Asia (-3.0%) returned negative, while North America gained 2.6%. Emerging markets also returned 3.2%.

Focusing on sector performance, data centres (4.8%) was top performer followed by healthcare (3.5%), retail (3.4%) and residential (3.2%). Meanwhile, industrial (-3.4%), industrial/office (-2.2%) and diversified (-2.0%) and lodging/resorts (-1.1%) were bottom performers. The remaining sectors returned positive but relatively lower in June.

At the end of June, the FEN Developed Index totalled 370 constituents, representing a free float market capitalisation of around EUR 1.39 trillion and the FEN Emerging Index totalled 129 constituents, representing a free float market capitalisation of around EUR 120 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 30/06/2023, the benchmark lost 6.6% (m-o-m) and brought the YTD return to 5.3%. The benchmark now has 29 constituents from 12 different countries in Developed Europe (18 out of the UK) representing an aggregated full market cap of EUR 38,109 million (30/06/2023). A high-level computation can be found in the relevant section (page 5).

2023-Q2 Quarterly Review

During the Q2-2023 review, there were two additions and five deletions in the Developed index, whereas five companies were added, and five companies were deleted from the Emerging index. The changes were effective on June 19 and represented a net value of EUR -764 million in free float market cap to the global index. The details are given in the related sections. The next index review will take place at the end of August, and the results will be published on September 1.

Highlights of the Month

The Eurozone inflation is expected to come down to 5.5% from 6.1% in June, even though inflation is coming down, it is projected to remain too high for too long. Therefore, the ECB raised the three key ECB interest rates by 25 bps at the latest meeting in June and now the main refinancing operations stands at 4.0%. Although some preliminary indicators show tentative signs of softening, underlying price pressures remain strong. Based on the ECB revised projections, inflation will be 5.1% in 2023, before it declines to 3.0% in 2024 and 2.3% in 2025. The GDP growth is estimated to grow by 0.9% in 2023, 1.5% in 2024 and 1.6% in 2025. The Bank of England (BoE) also delivered another 50 bps rate hike on its June meeting, raising its interest rate to 5%. The UK inflation was flat as 8.7% in May and remained significantly higher than the BoE's target of 2.0%, adding to concerns about its stickiness and placing additional pressure on ongoing tightening campaign.

The past rate increases are gradually having an impact across the economy and financing conditions that borrowing costs have increased steeply and growth in loans is slowing. Tighter financing conditions are expected to increasingly dampen demand in the forthcoming period. Real estate companies are closely monitoring developments, as being dependent on interest rate movement. The European average LTV stands at 37.9% now, with the lowest in the UK and above the EU average in Germany, Italy and the Nordics.

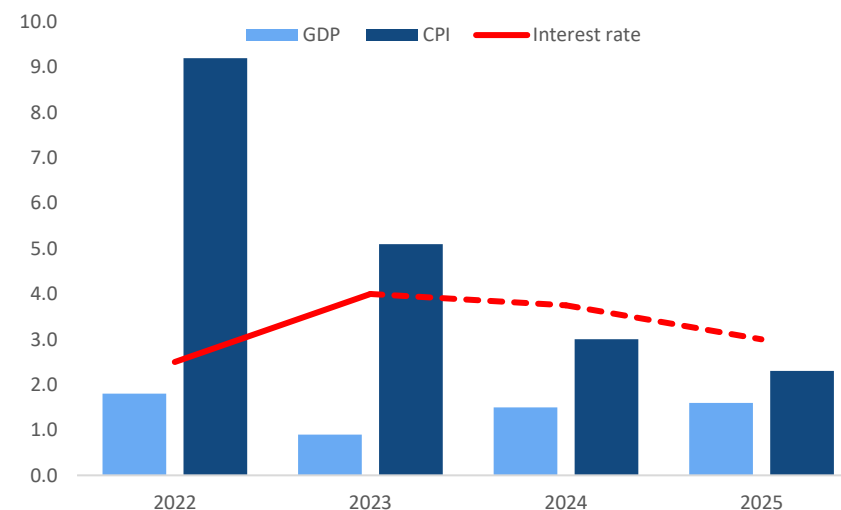
The FEN Developed Europe index posted a negative 1.3% monthly return in June, and YTD stands at -7.5%. Focusing on sector performances, lodging/resorts (10.9%) was top performer followed by retail (5.4%) and residential (2.0%). The remaining sectors returned negative which industrial (-8.1%) and self-storage (-6.7%) were the bottom performers. Lodging/resorts (3.7%) and retail (1.3%) are only sectors providing positive YTD returns.

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Jun-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate	0.8	-0.6	-7.6	5.3	2.2	5.6
Global Equities (FTSE)	2.7	12.0	12.2	13.5	7.5	9.4
Global Bonds (JP Morgan)	-2.5	-1.3	-6.9	-5.6	1.3	2.1
Europe Real Estate	-1.3	-7.5	-19.0	-7.5	-6.1	2.9
Europe Equities (FTSE)	2.6	11.1	18.0	11.0	6.4	7.9
Europe Bonds (JP Morgan)	-2.8	-0.6	-10.3	-6.1	-0.9	2.8
Asia Real Estate	-3.0	-6.7	-9.5	1.5	-0.2	2.8
Asia Equities (FTSE)	1.7	8.3	5.9	10.1	6.9	9.5
Asia Bonds (JP Morgan)	-2.6	0.7	-3.6	-0.6	1.1	2.9
North America Real Estate	2.6	2.9	-4.7	9.9	5.1	7.6
North America Equities (FTSE)	3.7	14.4	14.4	15.1	13.4	14.5
North America Bonds (JP Morgan)	-3.2	-0.2	-5.6	-3.8	2.0	2.9
Emerging Real Estate	3.2	-6.7	-11.7	-7.3	-4.8	1.5
Emerging Equities (FTSE)	1.6	1.9	-2.7	4.6	3.7	5.5
Emerging Bonds (JP Morgan)	-0.7	1.8	2.6	-1.7	2.2	4.4

(*) Annualised.

Fig. 1. The ECB projections on economic indicators (as Q2-2023)



Source: The ECB Staff Projection (June, 2023). The interest rate (main refinancing operations) projection is based on the Survey of Professional Forecasters Q2-2023.

Fig. 2. Global Weights (EUR)*

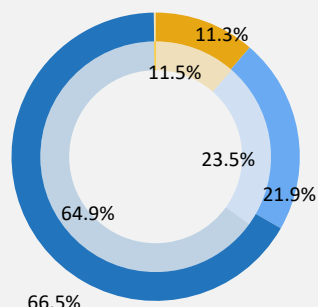


Fig. 3. REIT / Non-REITs

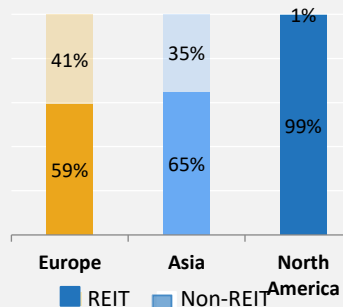


Fig. 4. Focus Split

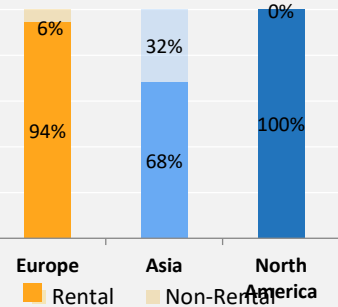


Fig. 5. Dividend Yields*

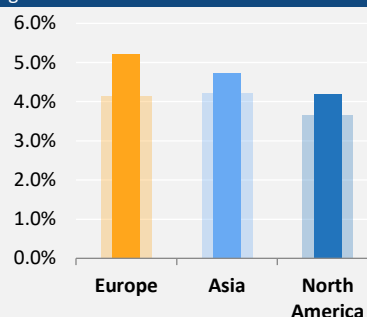


Fig. 6. Volatility (10 yr. & 3 yr.)**

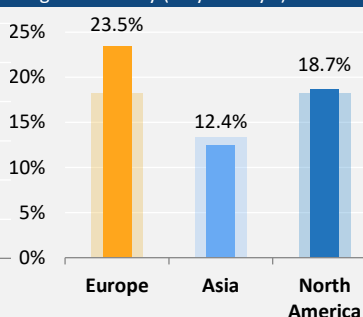


Fig. 7. Correlation (3 yr. rolling)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	June-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
UK (GBP)	-7.0	-8.1	-22.6	-3.7	-5.3	2.0
France (EUR)	4.8	2.6	11.5	3.2	-4.0	2.9
Netherlands (EUR)	2.8	1.5	-0.1	3.5	-17.8	-6.6
Germany (EUR)	5.9	-14.4	-36.0	-23.6	-13.1	3.1
Sweden (SEK)	2.7	-13.5	-7.9	-5.0	2.1	11.1

FTSE EPRA Nareit Asia - Country Indices

Hong Kong (HKD)	-3.0	-6.7	-9.5	1.5	-0.2	2.8
Japan (JPY)	-0.9	-10.3	-10.0	-0.6	-3.7	1.3
Australia (AUD)	1.5	5.3	-0.5	9.1	3.7	3.1
Singapore (SGD)	-1.3	-0.4	6.0	7.1	1.1	6.4
South Korea (KRW)	-4.0	-3.6	-34.5	na	na	na

FTSE EPRA Nareit Developed North America - Country Indices

United States (USD)	5.0	5.3	-0.4	8.8	3.7	5.9
Canada (CAD)	0.3	1.6	0.5	7.5	2.9	5.5

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -0.8%
Equinix Inc	Data Centers	USA	▲ 5.2%
Public Storage, Inc.	Self-Storage	USA	▲ 4.1%
Welltower	Healthcare	USA	▲ 8.4%
Realty Income Corp.	Retail	USA	▲ 1.9%
Simon Property Group, Inc.	Retail	USA	▲ 11.6%
Digital Realty Trust	Data Centers	USA	▲ 12.4%
Vici Properties Inc	Specialty	USA	▲ 2.9%
AvalonBay Communities, Inc.	Residential	USA	▲ 9.8%
Equity Residential Properties Trust	Residential	USA	▲ 9.6%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
Vornado Realty Trust	Office	USA	▲ 33.8%
SL Green Realty Corp.	Office	USA	▲ 33.5%
Samhallsbyggnadsbolaget i Norden AB	Diversified	SWED	▲ 23.9%
Empire State Realty Trust	Office	USA	▲ 22.0%
Boston Properties, Inc.	Office	USA	▲ 20.3%
Brandywine Realty Trust	Office	USA	▲ 19.2%
Phillips Edison & Company	Retail	USA	▲ 17.8%
Urban Edge Properties	Retail	USA	▲ 17.0%
Macerich Company	Retail	USA	▲ 16.9%
Piedmont Office Realty Trust	Office	USA	▲ 16.7%

Dev. Europe:Total Return		Weekly Total Return by Sector						YTD	Ukraine wa	Covid-19
	Jun-23	2-Jun	9-Jun	16-Jun	23-Jun	30-Jun	Jun-23	23-Feb-22	19-Feb-20	
Developed Europe	-1.3%	4.3%	0.9%	-2.0%	-6.5%	2.3%	-7.5%	-36.2%	-41.6%	
Self-Storage	-6.7%	6.4%	-1.2%	-3.0%	-8.4%	2.1%	-2.9%	-23.2%	-1.3%	
Industrial	-8.1%	5.6%	-2.3%	-3.2%	-7.7%	1.1%	-1.7%	-38.6%	-15.3%	
Healthcare	-3.7%	2.5%	0.0%	-1.7%	-9.0%	3.9%	-11.9%	-27.4%	-38.5%	
Office	-0.8%	4.4%	-0.1%	-1.8%	-6.3%	3.3%	-4.7%	-23.7%	-40.8%	
Diversified	-1.2%	3.6%	1.0%	-2.2%	-5.8%	2.0%	-10.1%	-32.4%	-41.7%	
Retail	5.4%	4.9%	2.6%	0.0%	-4.6%	3.5%	1.3%	-17.5%	-41.9%	
Lodging/Resorts	10.9%	4.1%	3.3%	-3.8%	-1.0%	6.9%	3.7%	-18.1%	-47.5%	
Residential	2.0%	2.9%	3.4%	-0.7%	-6.7%	2.5%	-12.0%	-51.6%	-52.4%	

Source: EPRA Research. Data is compiled from the FEN Index series (as of June 30, 2023).

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index lost 1.3% during June. European equities gained 2.6% compared to a loss of 2.8% from European bonds. Germany (5.9%), France (4.8%), Netherlands (2.8%), Sweden (2.7%) indexes returned positive while the UK index (-7.0) posted negative monthly return (in local currencies).

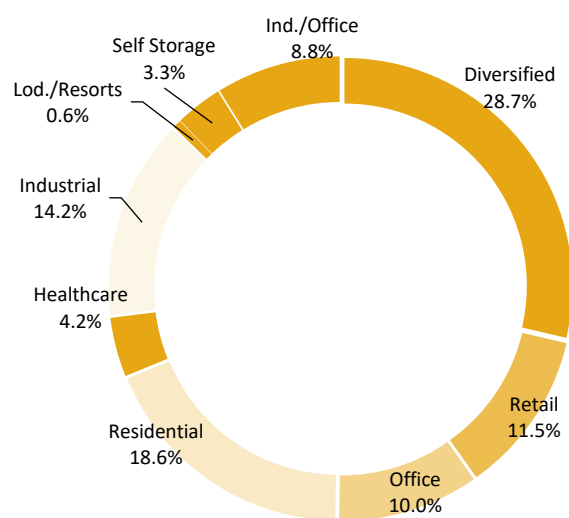
During 2023-Q2 quarterly review, *AEW UK REIT* (UK, REIT, Diversified) was added in and *Adler Group* (Germany) was deleted from the index, in Developed Europe region.

Sector Performance: Lodging/resorts (10.9%), retail (5.4%) and residential (2.0%) were top performers. The remaining sectors returned negative which self-storage (-6.7%) was the bottom performer.

Performance of top 3 constituents: *SBB* (23.9%, Sweden, Diversified), *TAG Immobilien-AG* (15.7%, Germany, Residential), *Deutsche Wohnen SE* (13.7%, Germany, Residential).

Developed Europe representing a free float MCap of around **EUR 158 billion** with **109 constituents**

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index slipped 3.0% compared to a gain of 1.7% from Asian equities and a loss of 2.6% from Asian bonds.

Japan (1.5%) returned positive while South Korea (-4.0%), Australia (-1.5%), Hong Kong (-87 bps) and Singapore (-26 bps) indexes posted negative returns in Asia (in local currencies).

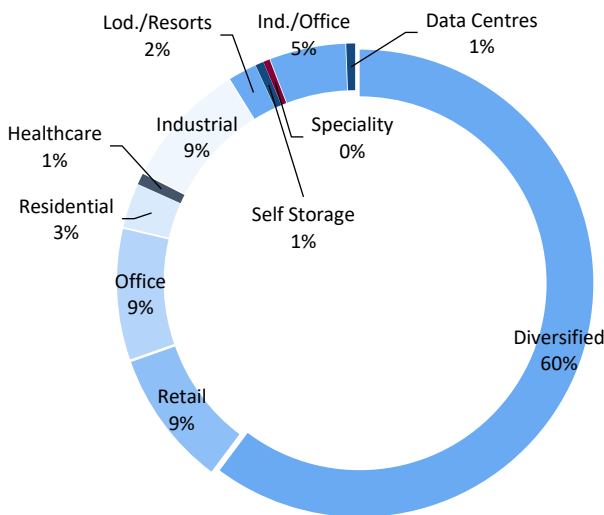
HealthCo Healthcare and Wellness REIT (Australia, REIT, Healthcare) was added in and *Sekisui House* (Japan), Prime US REIT (Singapore) was deleted from the index, during quarterly review.

Sector Performance: All sectors returned negative with limited for retail (-1.7%) as top performer and lodging/resorts (-8.5%) and industrial (-7.1%) as the bottom performers.

Performance of top 3 constituents: *Kenedix Retail REIT* (15.7%, Japan, Retail), *Daiwa Office Investment* (10.4%, Japan, Office), *Kenedix Office Investment Corp* 9.8%, Japan, Office).

Developed Asia representing a free float MCap of around **EUR 305 billion** with **135 constituents**

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index returned 2.6% for the month. North American equities gained 3.7% compared to a loss of 3.2 from bonds. Both the US index (5.0%) and Canada (32 bps) indexes returned positive for the month (in local currencies).

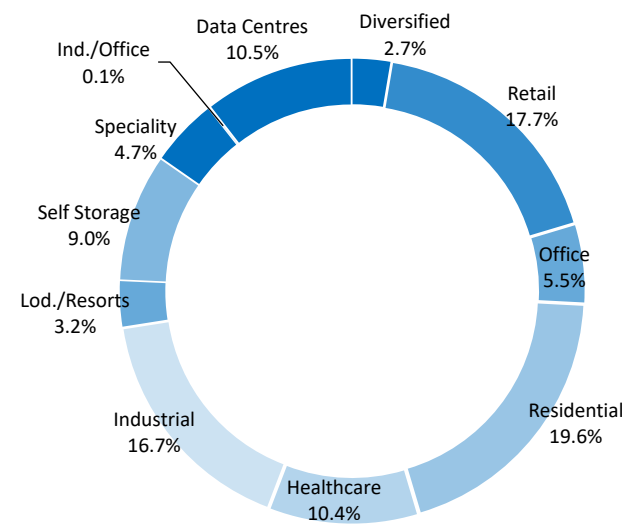
During quarterly review, there was no additions in Developed North America regions, while *Office Properties Income Trust* (USA) and *Artis Real Estate Investment Trust* (Canada) were deleted from the index.

Sector Performance: Office (7.5%) was outperformer followed by data centres (4.9%), retail (4.1%) and healthcare (4.1%), while industrial (-2.0%) and diversified (-63 bps) were bottom performers. The remaining sectors returned positive.

Performance of top 3 constituents: *Vornado Realty Trust*. (33.8%, USA, Office), *SL Green Realty Corp.* (33.5%, USA, Office), *Empire State Realty Trust* (22.0%, USA, Office).

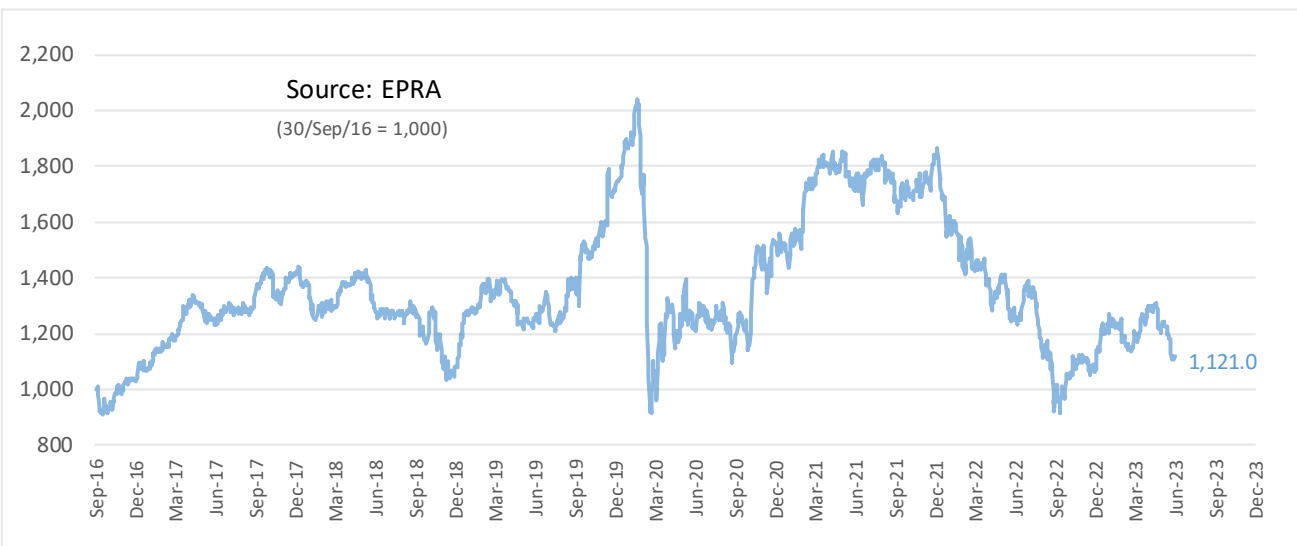
Developed North America representing a free float MCap of around **EUR 927 billion** with **126 constituents**

North America Sector Split



EPRA Developers Research Benchmark

Friday, 30 June 2023



Historical Performance	Last Month	1 Year	3 Years	5 Years
Total Return	-6.6%	-10.4%	-7.8%	-15.1%
Total Return (Annualized)		-10.4%	-2.6%	-3.0%

Return	3 Months	6 Months	Year to Date	5 Years
Total Return	-7.2%	5.3%	5.3%	-15.1%
Maximum Return	2.6%	4.7%	4.7%	11.6%
Minimum Return	-4.2%	-5.4%	-5.4%	-13.1%
Mean Return (Annualized)	-32.0%	20.4%	20.4%	2.4%
Maximum Drawdown	-15.8%	-15.8%	-15.8%	-55.2%
Maximum Drawdown Length	26	26	26	690

Risk	3 Months	6 Months	Year to Date	5 Years
Standard Deviation (Annualized)	19.9%	23.8%	23.8%	31.6%
Downside Risk (Annualized)	14.7%	16.7%	16.7%	22.3%
Kurtosis	0.82	1.90	1.90	6.45
Skewness	-0.45	-0.05	-0.05	0.09
Semivariance (Annualized)	20.6%	22.9%	22.9%	31.4%
VaR (ex-post)	-2.24	-2.32	-2.32	-2.99

Risk-Adjusted Performance	3 Months	6 Months	Year to Date	5 Years
Sharpe Ratio	-1.37	0.48	0.48	0.06

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

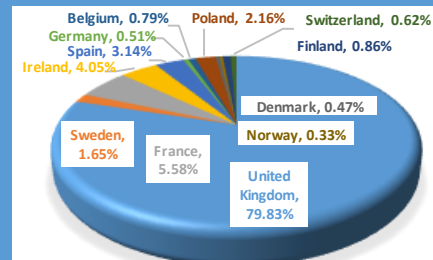
Review Dates: April, October

EPRA Developers Research Benchmark

Friday, 30 June 2023

Constituent	ISIN	Weight	Country	Currency
BERKELEY GROUP	GB00BLJNXL82	14.82%	UK	GBp
BARRATT DEV	GB0000811801	14.58%	UK	GBp
TAYLOR WIMPEY PL	GB0008782301	12.77%	UK	GBp
PERSIMMON	GB0006825383	11.88%	UK	GBp
BELLWAY PLC	GB0000904986	8.97%	UK	GBp
VISTRY GROUP PLC	GB0001859296	8.30%	UK	GBp
REDROW PLC	GB00BG11K365	4.93%	UK	GBp
CREST NICHOLS	GB00B8VZXT93	1.62%	UK	GBp
HARWORTH GROUP P	GB00BYZJ7G42	0.70%	UK	GBp
MJ GLEESON PLC	GB00BRKD9Z53	0.67%	UK	GBp
WATKIN JONES PLC	GB00BD6RF223	0.59%	UK	GBp
NEXITY	FR0010112524	2.71%	France	EUR
KAUFMAN & BROAD	FR0004007813	1.42%	France	EUR
ALTAREA	FR0000033219	1.46%	France	EUR
NEINOR HOMES SA	ES0105251005	0.99%	Spain	EUR
AEDAS HOMES SA	ES0105287009	0.62%	Spain	EUR
METROVACESA SA	ES0105122024	1.54%	Spain	EUR
IMMOBEL	BE0003599108	0.44%	Belgium	EUR
ATENOR	BE0003837540	0.35%	Belgium	EUR
GLENVEAGH PROPER	IE00BD6JX574	1.96%	Ireland	EUR
CAIRN HOMES	IE00BWY4ZF18	2.08%	Ireland	GBp
DEVELIA SA	PLLCCRP00017	1.33%	Poland	PLN
DOMDEV	PLDMDVL00012	0.82%	Poland	PLN
HUSCIET A/S	DK0061412855	0.47%	Denmark	DKK
ATENOR	FI0009800643	0.86%	Finland	EUR
CHAM GROUP AG	CH0001931853	0.62%	Switzerland	CHF
SELVAAG BOLIG AS	NO0010612450	0.33%	Norway	NOK
JM AB	SE0000806994	1.65%	Sweden	SEK
INSTONE REAL EST	DE000A2NBX80	0.51%	Germany	EUR

Developers Sub-Indexes: Risk and Return	3 Months	6 Months	Year to Date	5 Years
Liquid Developers: Total Return	-8.52%	3.81%	3.81%	-17.93%
Liquid Developers: Standard Deviation (Annualized)	21.00%	24.71%	24.71%	32.63%
Residential Developers: Total Return	-7.72%	4.96%	4.96%	-16.83%
Residential Developers: Standard Deviation (Annualized)	20.04%	23.73%	23.73%	32.12%



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)

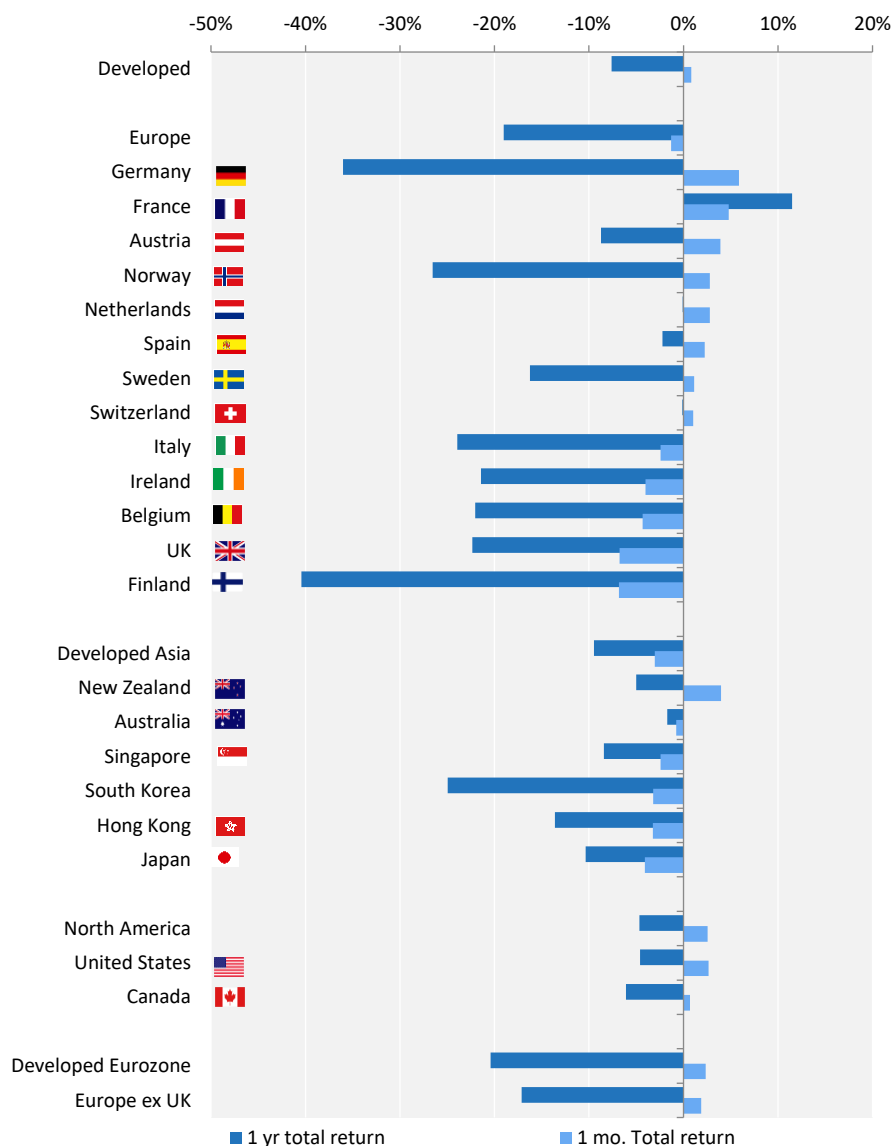
Geography: ≥ 75% EBITDA from Developed
 countries

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

FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit (as of June 30, 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 11.6](#)

[Ground Rule Update \(April-23\)](#)

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

[Emerging Markets 2022](#)

[Sector Analysis: Residential](#)

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

[Total Markets Table 2023-Q1 \(quarterly\)](#)



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EPRA INSEAD Executive Education Programme

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 third edition was held June 20-22 2023 at INSEAD Fontainebleau campus.



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.



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