



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review and Developers' Research Benchmark

July
2023

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index gained 2.7% and now YTD return stands at 2.1%. Global equities gained 2.3% compared to a loss of 89 bps from global bonds in July. In terms of regional performance, all regions posted positive returns for the month : Europe (9.2%), Asia (2.4%), North America (1.7%). Emerging markets also gained 5.9% in July.

Focusing on sector performance, office (7.8%), industrial/office (7.1%), data centres (4.1%) were top performers, the remaining sectors returned positive except self-storage (-4.7%), and specialty (-1.6%) as bottom performers.

At the end of June, **the FEN Developed Index** totalled **368** constituents, representing a free float market capitalisation of around **EUR 1.43 trillion** and **the FEN Emerging Index** totalled **128** constituents, representing a free float market capitalisation of around **EUR 126 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 31/07/2023, the benchmark gained 9.7% (m-o-m) and brought the YTD return to 15.6%.

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 40,964 million** (31/07/2023). A high-level computation can be found in the relevant section (page 5).

Highlights of the Month

The ECB raised the three key ECB interest rates by 25 bps at the latest meeting in July and now the main refinancing operations stands at 4.25%. Since the last meeting, some measures showed signs of easing and inflation dropped further but the expectation stays above target for an extended period. Indeed, the Eurozone inflation is expected to come down to 5.3% from 5.5% in July. The ECB is assessing whether to hike or pause rates in the forthcoming period, it expected that at least one more hike in September or later before pause at the end of the year or beginning of the next year, Similarly, the general consensus on the Bank of England (BoE) action is to continue to hike 50 bps over the next two meetings (now stands at 5.0%).

According to Oxford Economics forecast, European LRE return will improve in the H2-2023, it is expected to return 4.7% p.a. in 2023-end and an average return of 7.5% in the next 5-years. It is supported by inflation expectation which will return to target quicker in Europe than other regions, it should allow the ECB to cut interest rates next year. Meanwhile, any additional intensification of stress in the wider financial system could have severe implications for forecasts, such as tighter credit conditions and slower economic growth may cause prices to remain lower in the near term.

The FEN Developed Europe index gained momentum in July and performed well posting 9.2% monthly return, and YTD now stands at 1.0%. Focusing on sector performances, all sectors posted positive monthly returns, that residential (14.7%) was outperformer and lodging/resorts (42 bps) was the bottom performer with still positive but lower return. In terms of YTD returns, all sectors returned positive except healthcare (-8.1%) and diversified (-1.6%) while retail (8.4%) and lodging/resorts (4.2%) have strong rebound in the first half of the year.

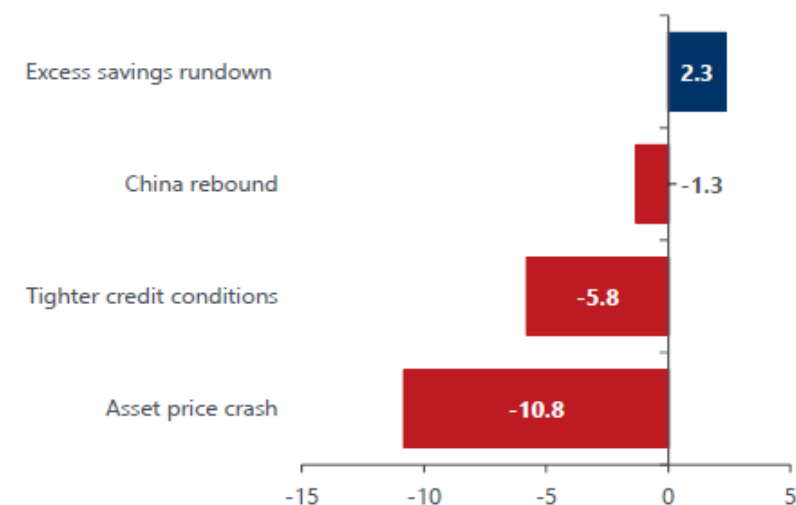
FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Jul-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate ▲	2.7	2.1	-14.3	7.1	2.6	6.0
Global Equities (FTSE) ▲	2.3	14.6	4.5	14.7	7.3	9.2
Global Bonds (JP Morgan) ▼	-0.9	-2.2	-11.7	-5.2	1.2	2.0
Europe Real Estate ▲	9.2	1.0	-21.4	-5.1	-4.6	3.4
Europe Equities (FTSE) ▲	1.8	13.1	13.1	12.1	6.1	7.4
Europe Bonds (JP Morgan) ▼	-0.8	-1.4	-16.5	-5.1	-1.0	2.9
Asia Real Estate ▲	2.4	-4.4	-13.3	4.5	0.2	3.3
Asia Equities (FTSE) ▲	2.9	11.4	4.5	11.9	7.2	9.9
Asia Bonds (JP Morgan) ▼	-2.1	-1.4	-9.4	0.1	0.7	2.9
North America Real Estate ▲	1.7	4.7	-13.1	11.1	5.4	7.9
North America Equities (FTSE) ▲	2.5	17.3	4.7	15.8	13.3	14.5
North America Bonds (JP Morgan) ▼	-1.2	-1.4	-10.9	-3.0	2.0	3.0
Emerging Real Estate ▲	5.9	-1.1	-3.6	-4.9	-3.8	2.4
Emerging Equities (FTSE) ▲	5.4	7.4	0.5	5.0	4.1	6.2
Emerging Bonds (JP Morgan) ▲	0.8	2.6	-2.5	-1.1	2.0	4.6

(* Annualised.)

Fig. 1. Scenario impact on FEN Developed Europe index returns (2023-2024)

All-property returns, difference from baseline 2023-2024, ppts



Source: Oxford Economics. Quarterly EPRA report 2023 Q2.

Fig. 2. Global Weights (EUR)*

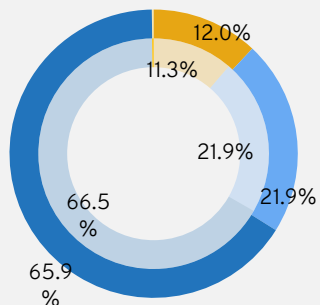


Fig. 3. REIT / Non-REITs

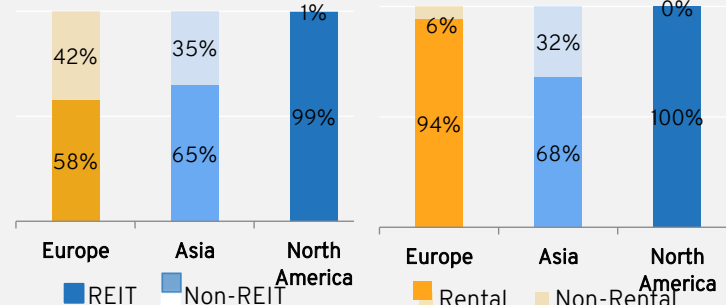


Fig. 4. Focus Split

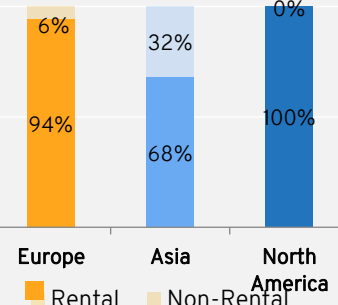


Fig. 5. Dividend Yields*

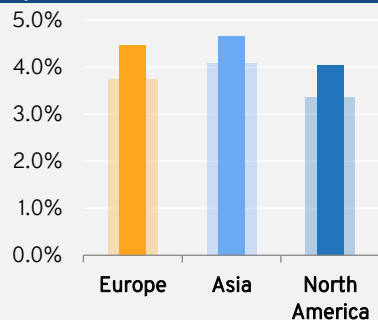


Fig. 6. Volatility (10 yr. & 3 yr.)**

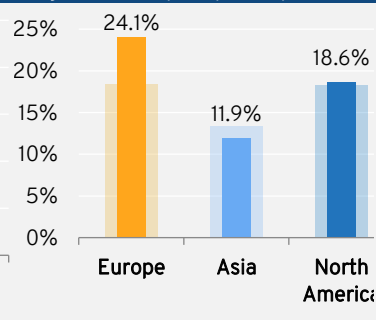
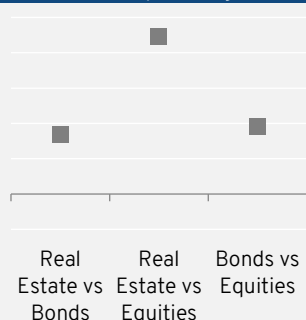


Fig. 7. Correlation (3 yr. rolling)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Jul-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
UK (GBP)	7.3	-1.4	-23.6	-2.1	-3.8	1.9
France (EUR)	5.4	8.1	1.7	6.7	-3.2	2.8
Netherlands (EUR)	7.8	9.4	-2.7	9.9	-16.6	-6.1
Germany (EUR)	17.9	0.9	-30.9	-20.2	-10.4	4.7
Sweden (SEK)	11.8	-3.2	-16.1	-1.9	2.3	11.8

FTSE EPRA Nareit Asia - Country Indices

Hong Kong (HKD)	0.4	-9.9	-9.6	1.7	-4.2	1.2
Japan (JPY)	1.6	7.0	-1.4	10.7	4.1	3.5
Australia (AUD)	4.4	4.0	0.5	10.5	1.8	7.0
Singapore (SGD)	3.0	2.8	-6.7	1.9	4.0	4.8
South Korea (KRW)	-5.7	-9.1	-33.8	na	na	na

FTSE EPRA Nareit Developed North America - Country Indices

United States (USD)	2.8	8.2	-6.1	8.6	4.2	6.0
Canada (CAD)	2.1	3.7	-3.1	7.8	3.1	6.0

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▲ 1.7%
Equinix Inc	Data Centers	USA	▲ 3.3%
Public Storage, Inc.	Self-Storage	USA	▼ -3.5%
Welltower	Healthcare	USA	▲ 1.6%
Simon Property Group, Inc.	Retail	USA	▲ 7.9%
Realty Income Corp.	Retail	USA	▲ 3.7%
Digital Realty Trust	Data Centers	USA	▲ 9.4%
Vici Properties Inc	Specialty	USA	▲ 0.2%
Extra Space Storage	Self-Storage	USA	▼ -4.5%
AvalonBay Communities, Inc.	Residential	USA	▼ -0.3%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
COREM PROPERTY GROUP AB	Ind./Office	SWED	▲ 40.2%
Hudson Pacific Properties	Office	USA	▲ 39.1%
Aroundtown SA	Diversified	GER	▲ 33.5%
SL Green Realty Corp.	Office	USA	▲ 29.1%
Triple Point Social Housing REIT PLC	Residential	UK	▲ 28.6%
Fastighets AB Balder	Diversified	SWED	▲ 24.9%
Vornado Realty Trust	Office	USA	▲ 23.9%
LEG Immobilien SE	Residential	GER	▲ 22.3%
Empire State Realty Trust	Office	USA	▲ 19.5%
Vonovia SE	Residential	GER	▲ 18.7%

Dev. Europe: Total Return	Weekly Total Return by Sector					YTD	Ukraine war	Covid-19
	Jul-23	7-Jul	14-Jul	21-Jul	28-Jul			
Developed Europe	9.2%	0.8%	4.8%	3.7%	-0.7%	1.0%	-30.4%	-36.2%
Self-Storage	3.1%	-0.9%	5.1%	-1.1%	-0.3%	0.1%	-20.9%	1.7%
Industrial	7.0%	0.9%	3.8%	3.7%	-2.1%	5.1%	-34.4%	-9.4%
Healthcare	4.3%	0.3%	5.2%	0.4%	-2.0%	-8.1%	-24.2%	-35.9%
Diversified	9.4%	1.3%	4.2%	3.8%	-0.4%	-1.6%	-26.0%	-36.2%
Office	6.6%	0.3%	3.3%	3.6%	-0.5%	1.6%	-18.7%	-36.9%
Retail	7.0%	1.8%	5.3%	0.5%	-1.6%	8.4%	-11.7%	-37.9%
Residential	14.7%	-0.4%	7.7%	6.3%	0.0%	0.9%	-44.5%	-45.4%
Lodging/Resorts	0.4%	-3.5%	0.7%	4.3%	1.0%	4.2%	-17.7%	-47.2%

Source: EPRA Research. Data is compiled from the FEN Index series (as of July 31, 2023).

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index gained 9.2% during July. European equities gained 1.8% compared to a loss of 79 bps from European bonds.

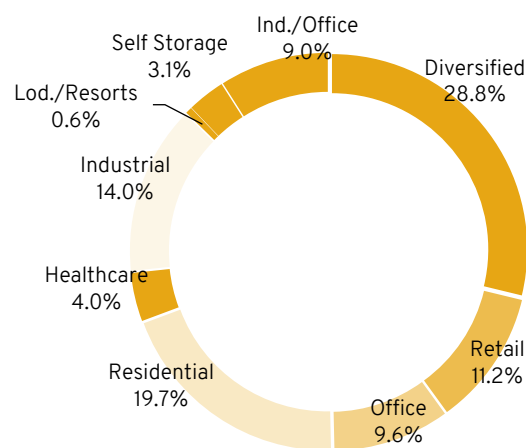
Germany (17.9%) and Sweden (11.8%) indexes outperformed and, Netherlands (7.9%), the UK (7.3%) and France (5.4%) indexes also returned positive monthly return (in local currencies).

Following the cash offer by Wellness Unity Limited (non-constituent), being declared unconditional and the expected cancellation of trading, *Civitas Social Housing* (UK, constituent) was deleted from the index, in Developed Europe region.

Sector Performance: Residential (14.7%) was outperformer followed by diversified (9.4%), industrial and retail (7.0%). The remaining sectors returned positive which lodging/resorts (42 bps) was the bottom performer with positive but lower return.

Performance of top 3 constituents: *Corem Property Group* (40.2%, Sweden, Industrial/Office), *Aroundtown SA* (33.5%, Germany, Diversified), *Triple Point Social Housing REIT plc* (28.6%, UK, Residential).

Developed Europe representing a free float MCap of around **EUR 171 billion** with **108** constituents

Developed Europe Sector Split

FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index posted 2.4% return compared to a gain of 2.9% from Asian equities and a loss of 2.1% from Asian bonds.

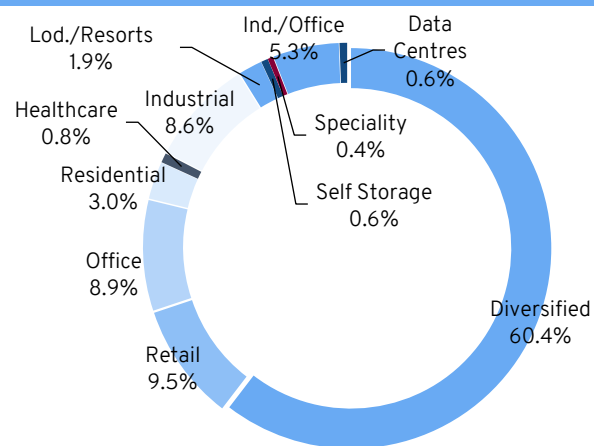
Australia (4.4%), Singapore (3.0), Japan (1.6%) and Hong Kong (41 bps) indexes returned positive while South Korea (-5.7%) index posted negative return in Asia (in local currencies).

Sun Hung Kai Properties (Hong Kong) was renamed as *Sun Hung Kai Props* in Developed Asia region.

Sector Performance: All sectors returned positive, industrial/office (3.7%), retail (3.2%) and diversified (2.6%) were top performers while lodging/resorts (25 bps) posted limited but still positive return as the bottom performer.

Performance of top 3 constituents: *Lifestyle Communities* (10.9%, Australia, Residential), *City Development* (10.0%, Singapore, Diversified), *UOL Group* (9.5%, Singapore, Diversified).

Developed Asia representing a free float MCap of around **EUR 313 billion** with **135** constituents

Developed Asia Sector Split

FTSE EPRA Nareit North America Index

The FEN North America Index returned 1.7% for the month. North American equities gained 2.5% compared to a loss of 1.2 from bonds.

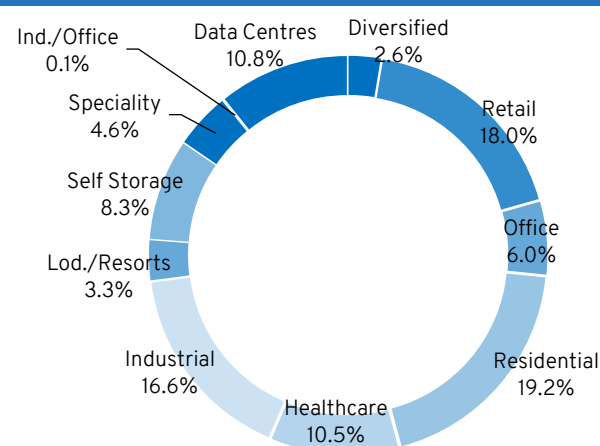
Both the US index (2.8%) and Canada (2.1%) indexes returned positive for the month (in local currencies).

Subject to the completion of the merger, *Life Storage (USA, constituent)* was deleted from the index while *Extra Space Storage (USA, constituent)* remained in the index with an increased shares in issue total of 211,160,95 and an increased investability weighting from 98.45% to 98.86%.

Sector Performance: Office (11.9%) was outperformer followed by industrial/office (6.7%), lodging/resorts (4.6%) and data centres (4.1%) while self-storage (-5.2%), speciality (-1.7%) and residential (-6 bps), were bottom performers. The remaining sectors returned positive for the month.

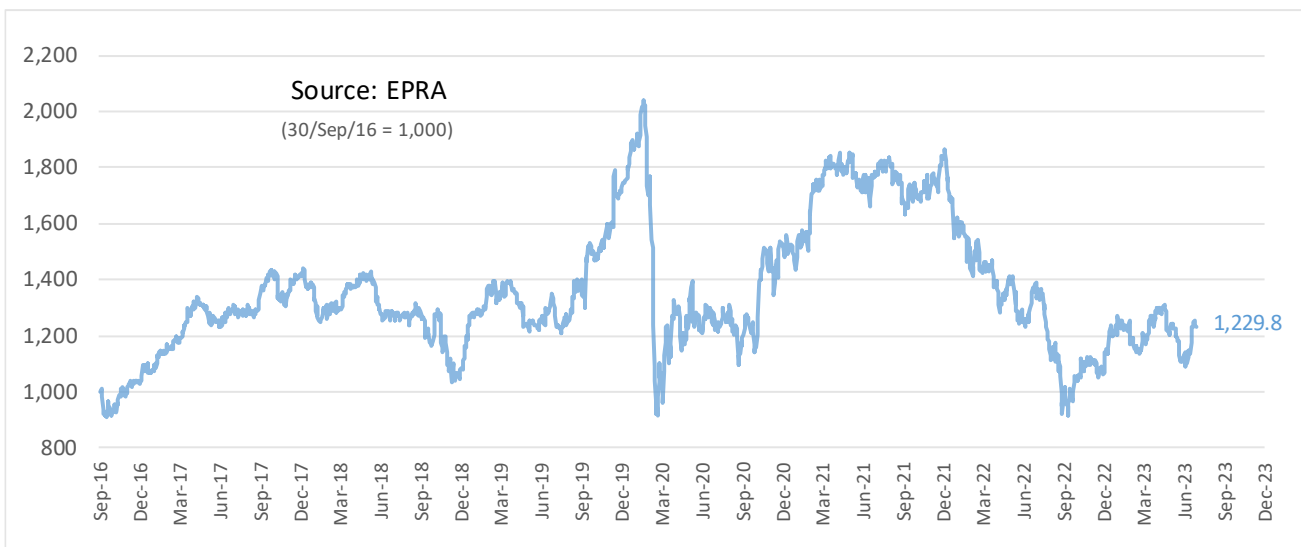
Performance of top 3 constituents: *Hudson Pacific Properties* (39.1%, USA, Office), *SL Green Realty Corp.* (29.1%, USA, Office), *Vornado Realty Trust.* (23.9%, USA, Office).

Developed North America representing a free float MCap of around **EUR 941 billion** with **125** constituents

North America Sector Split


EPRA Developers Research Benchmark

Monday, 31 July 2023



Historical Performance	Last Month	1 Year	3 Years	5 Years
Total Return	9.7%	-11.2%	0.9%	-5.4%
Total Return (Annualized)		-11.1%	0.3%	-1.1%

Return	3 Months	6 Months	Year to Date	5 Years
Total Return	-4.4%	2.0%	15.6%	-5.4%
Maximum Return	4.5%	4.7%	4.7%	11.6%
Minimum Return	-4.2%	-5.4%	-5.4%	-13.1%
Mean Return (Annualized)	-19.2%	9.9%	47.7%	5.6%
Maximum Drawdown	-16.7%	-16.7%	-16.7%	-55.2%
Maximum Drawdown Length	35	35	35	690

Risk	3 Months	6 Months	Year to Date	5 Years
Standard Deviation (Annualized)	22.4%	23.4%	24.2%	31.7%
Downside Risk (Annualized)	15.7%	16.5%	16.8%	22.4%
Kurtosis	1.77	2.05	1.80	6.33
Skewness	0.10	-0.08	0.05	0.09
Semivariance (Annualized)	23.1%	22.9%	23.0%	31.5%
VaR (ex-post)	-2.24	-2.32	-2.31	-3.03

Risk-Adjusted Performance	3 Months	6 Months	Year to Date	5 Years
Sharpe Ratio	-0.78	0.17	1.21	0.12

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

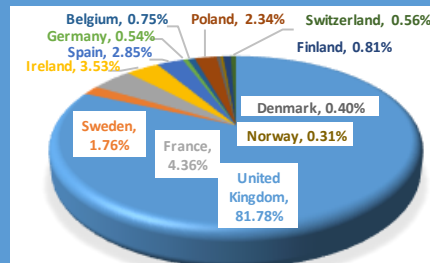
Review Dates: April, October

EPRA Developers Research Benchmark

Monday, 31 July 2023

Constituent	ISIN	Weight	Country	Currency
BERKELEY GROUP	GB00BLJNL82	14.99%	UK	GBp
BARRATT DEV	GB0000811801	14.70%	UK	GBp
TAYLOR WIMPEY PL	GB0008782301	12.97%	UK	GBp
PERSIMMON	GB0006825383	12.26%	UK	GBp
BELLWAY PLC	GB0000904986	9.13%	UK	GBp
VISTRY GROUP PLC	GB0001859296	9.05%	UK	GBp
REDROW PLC	GB00BG11K365	5.27%	UK	GBp
CREST NICHOLS	GB00B8VZXT93	1.68%	UK	GBp
MJ GLEESON PLC	GB00BRKD9Z53	0.68%	UK	GBp
HARWORTH GROUP P	GB00BYZJ7G42	0.68%	UK	GBp
WATKIN JONES PLC	GB00BD6RF223	0.36%	UK	GBp
NEXITY	FR0010112524	2.06%	France	EUR
ALTAREA	FR0000033219	1.11%	France	EUR
KAUFMAN & BROAD	FR0004007813	1.19%	France	EUR
NEINOR HOMES SA	ES0105251005	0.88%	Spain	EUR
AEDAS HOMES SA	ES0105287009	0.54%	Spain	EUR
METROVACESA SA	ES0105122024	1.44%	Spain	EUR
IMMOBEL	BE0003599108	0.42%	Belgium	EUR
ATENOR	BE0003837540	0.34%	Belgium	EUR
GLENVEAGH PROPER	IE00BD6JX574	1.72%	Ireland	EUR
CAIRN HOMES	IE00BWY4ZF18	1.81%	Ireland	GBp
DEVELIA SA	PLLCRP00017	1.53%	Poland	PLN
DOMDEV	PLDMDVL00012	0.81%	Poland	PLN
HUSCIET A/S	DK0061412855	0.40%	Denmark	DKK
ATENOR	FI0009800643	0.81%	Finland	EUR
CHAM GROUP AG	CH0001931853	0.56%	Switzerland	CHF
SELVAAG BOLIG AS	NO0010612450	0.31%	Norway	NOK
JM AB	SE0000806994	1.76%	Sweden	SEK
INSTONE REAL EST	DE000A2NBX80	0.54%	Germany	EUR

Developers Sub-Indexes: Risk and Return	3 Months	6 Months	Year to Date	5 Years
Liquid Developers: Total Return	-4.96%	1.05%	14.88%	-7.72%
Liquid Developers: Standard Deviation (Annualized)	24.57%	24.75%	25.40%	32.80%
Residential Developers: Total Return	-4.57%	1.76%	15.53%	-7.11%
Residential Developers: Standard Deviation (Annualized)	23.31%	23.66%	24.32%	32.26%



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)

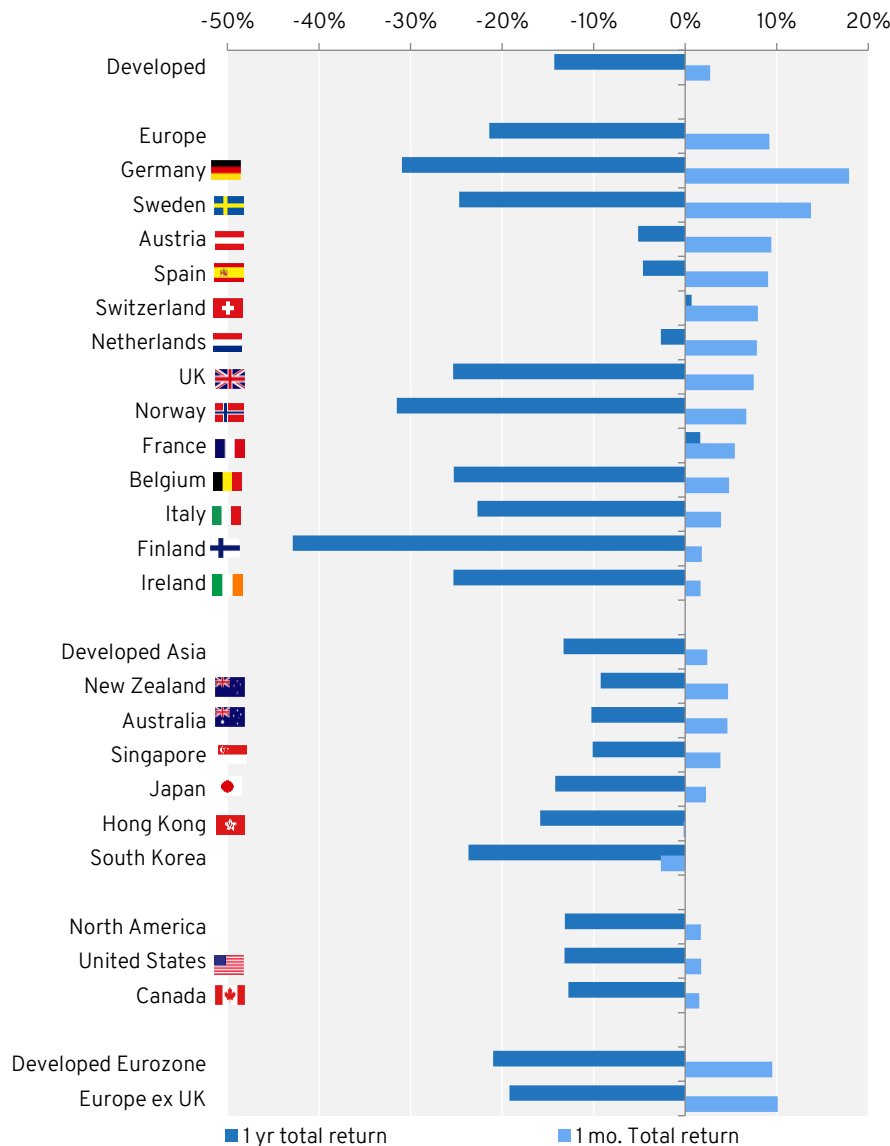
Geography: ≥ 75% EBITDA from Developed
 countries

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 July 31, 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-Q2 \(quarterly\)](#)



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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 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. You can download [brochure](#) and [register](#).

For more information about the Education programmes, contact: education@epra.com.



Disclaimer

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