



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review and Developers' Research Benchmark

August
2023

Overview

The FTSE EPRA Nareit (FEN) Global Developed Real Estate Index lost 1.8% and now YTD return stands at 28 bps. Global equities lost 42 bps compared to a gain of 22 bps from global bonds in August. In terms of regional performance, all regions posted negative returns for the month : Europe (-88 bps), Asia (-2.4%), North America (-1.7%). Emerging markets also slipped 6.1% in August (you can read the latest [Emerging Markets 2023 report](#)). Focusing on sector performance, data centres (1.3%) and industrial (70 bps) were top performers posting lower but positive returns, the remaining sectors returned negative which lodging/resorts (-6.9%) and retail (-4.3%) as bottom performers.

At the end of August, the FEN Developed Index totalled 368 constituents, representing a free float market capitalisation of around EUR 1.4 trillion and the FEN Emerging Index totalled 128 constituents, representing a free float market capitalisation of around EUR 118 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 31/08/2023, the benchmark lost 3.5% (m-o-m) and brought the YTD return to 11.5%.

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 39,575 million (31/08/2023). A high-level computation can be found in the relevant section (page 5).

Highlights of the Month

The Eurozone inflation is expected to be stable at 5.3% in August (came down its peak from 10.6% in October 2022). Following the latest interest rate hike by the ECB in July, it is expected that at least one more hike in the forthcoming period before pause at the end of the year or beginning of the next year (now the main refinancing operations stands at 4.25%).

Oxford Economics expects ECB policy rates to peak in H2-2023 when the high inflation will gradually fall. This stabilisation should allow the property market to find a new equilibrium, but with a delay to the transmission of higher policy rates through to higher debt costs for portfolios as more assets refinance to the market rate. It is also expected that listed real estate (LRE) will perform better than equities and direct real estate (DRE) over the next five years owing to a stronger bounce back as inflation returns towards target and as policy rates peak.

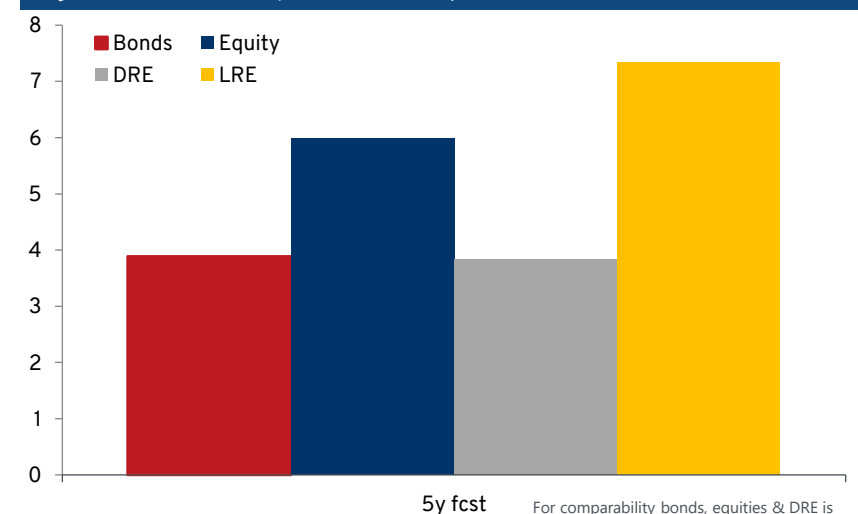
The FEN Developed Europe index slipped 88 bps in August and YTD now stands at 14 bps. Focusing on sector performances, only residential (1.4%) posted positive but lower return as top performer, while the remaining sectors returned negative, lodging/resorts (-4.2%) as the bottom performer. In terms of YTD returns, retail (6.7%), industrial (4.0%) and residential (2.3%) returned positive. On the other hand, self-storage (1.2%) is still the only sector trading above its pre-Covid level (cumulative return since 19/02/2020).

FTSE EPRA Nareit Global Index Total Return

% Total Returns (EUR)	Aug-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
Global Real Estate ▼	-1.8	0.3	-11.2	6.0	1.9	6.2
Global Equities (FTSE) ▼	-0.4	14.1	5.6	12.9	7.0	9.4
Global Bonds (JP Morgan) ▲	0.2	-1.9	-8.8	-4.6	1.2	2.0
Europe Real Estate ▼	-0.9	0.1	-12.6	-6.1	-4.9	3.6
Europe Equities (FTSE) ▼	-2.2	10.6	15.1	10.3	6.2	7.4
Europe Bonds (JP Morgan) ▲	1.7	0.3	-11.4	-3.8	-0.7	3.1
Asia Real Estate ▼	-2.4	-6.7	-13.0	1.9	0.0	3.1
Asia Equities (FTSE) ▼	-1.0	10.2	1.0	10.2	6.9	9.8
Asia Bonds (JP Morgan) ▲	0.9	-0.6	-9.1	1.0	0.8	2.9
North America Real Estate ▼	-1.7	2.9	-10.3	10.7	4.3	8.4
North America Equities (FTSE) ▼	-0.1	17.1	7.2	13.5	12.4	14.7
North America Bonds (JP Morgan) ▲	1.1	-0.3	-8.9	-1.8	1.7	3.2
Emerging Real Estate ▼	-6.1	-7.2	-10.6	-6.3	-4.8	2.2
Emerging Equities (FTSE) ▼	-4.0	3.1	-6.0	3.3	3.8	6.0
Emerging Bonds (JP Morgan) ▲	0.1	2.8	-2.6	-0.7	2.2	4.9

(* Annualised).

Fig. 1. Multi asset class performance (5 yr forecast, annualised returns %)



Source: Oxford Economics/Haver Analytics/MSCI/EPRA

For comparability bonds, equities & DRE is the GDP weighted average of DE, ES, FR, UK, NL. LRE is the EPRA developed Europe index

Source: Oxford Economics EPRA report Q2-2023.

Fig. 2. Global Weights (EUR)*

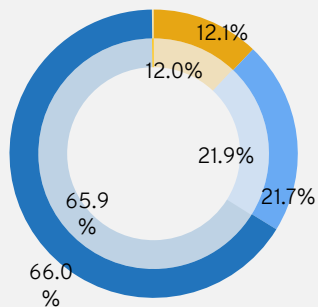


Fig. 3. REIT / Non-REITs

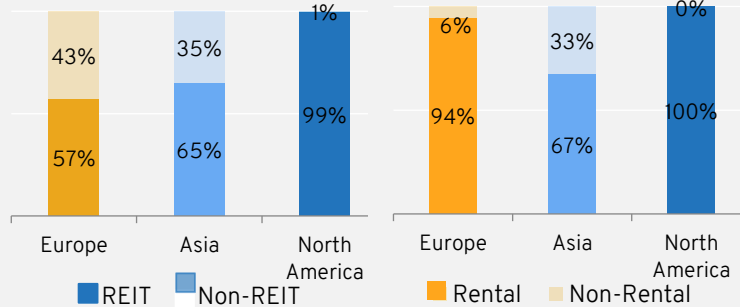


Fig. 4. Focus Split

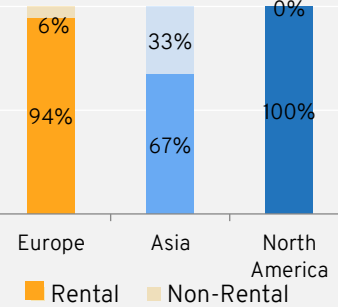


Fig. 5. Dividend Yields*

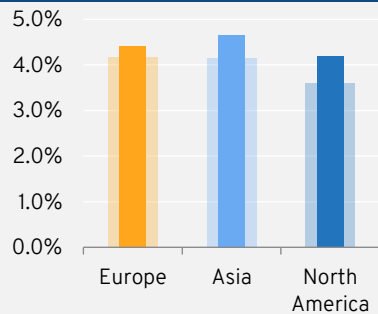


Fig. 6. Volatility (10 yr. & 3 yr.)**

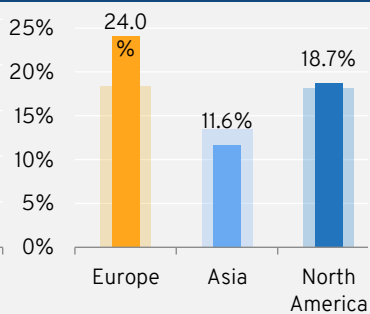
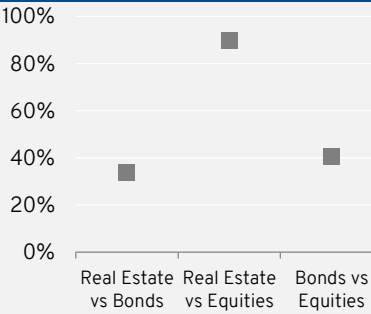


Fig. 7. Correlation (3 yr. rolling)



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

FTSE EPRA Nareit Developed Europe - Country Indices

% Total Returns	Aug-23	YTD	1 yr	3 yrs*	5 yrs*	10 yrs*
UK (GBP)	-2.8	-4.2	-17.4	-3.3	-4.0	2.3
France (EUR)	-0.3	7.8	10.4	6.5	-3.1	3.2
Netherlands (EUR)	-2.2	7.0	1.9	12.7	-16.2	-5.7
Germany (EUR)	4.0	4.9	-15.7	-20.8	-10.8	4.9
Sweden (SEK)	-0.7	-3.9	-9.3	-0.8	1.7	12.1

FTSE EPRA Nareit Developed Asia - Country Indices

Hong Kong (HKD)	-9.7	-18.7	-15.5	-3.6	-5.3	0.4
Japan (JPY)	2.8	10.0	1.9	8.9	5.1	3.5
Australia (AUD)	-1.9	2.0	2.1	7.1	0.7	6.7
Singapore (SGD)	-3.5	-0.8	-7.2	1.0	3.2	5.0
South Korea (KRW)	0.9	-8.2	-35.7	na	na	na

FTSE EPRA Nareit Developed North America - Country Indices

United States (USD)	-3.1	4.8	-3.1	7.2	3.0	6.5
Canada (CAD)	-3.0	0.6	-1.3	7.2	2.0	6.0

FTSE EPRA Nareit Developed Index - Top 10 Constituents

Company	Sector	Country	Total Return
ProLogis USA	Industrial	USA	▼ -0.4%
Equinix Inc	Data Centers	USA	▼ -3.1%
Public Storage, Inc.	Self-Storage	USA	▼ -1.9%
Welltower	Healthcare	USA	▲ 1.6%
Digital Realty Trust	Data Centers	USA	▲ 5.7%
Realty Income Corp.	Retail	USA	▼ -6.4%
Simon Property Group, Inc.	Retail	USA	▼ -8.9%
Vici Properties Inc	Specialty	USA	▼ -2.0%
Extra Space Storage	Self-Storage	USA	▼ -7.8%
AvalonBay Communities, Inc.	Residential	USA	▼ -2.6%

FTSE EPRA Nareit Developed Index - Top 10 Performers

Company	Sector	Country	Total Return
Peach Property Group AG	Residential	SWIT	▲ 21.6%
Aroundtown SA	Diversified	GER	▲ 18.1%
Hudson Pacific Properties	Office	USA	▲ 16.0%
Corem Property Group AB	Ind/Office	SWED	▲ 12.9%
Innovative Industrial Properties, Inc.	Industrial	USA	▲ 10.2%
Grand City Properties S.A.	Residential	GER	▲ 9.9%
Mitsui Fudosan Co., Ltd.	Diversified	JA	▲ 9.4%
Daiwa Office Investment	Office	JP	▲ 9.3%
Mercialys	Retail	FRA	▲ 9.0%
ARGAN	Industrial	FRA	▲ 8.3%

Dev. Europe: Total Return	Weekly Total Return by Sector					YTD Aug-23	Ukraine war 23-Feb-22	Covid-19 19-Feb-20
	Aug-23	4-Aug	11-Aug	18-Aug	25-Aug			
Developed Europe	-0.9%	-1.4%	-0.3%	-4.1%	1.5%	0.1%	-31.0%	-36.7%
Self-Storage	-0.5%	-1.6%	-0.3%	-3.2%	1.2%	-0.4%	-21.3%	1.2%
Industrial	-1.1%	-1.5%	-0.1%	-3.7%	2.2%	4.0%	-35.1%	-10.4%
Healthcare	-1.2%	0.2%	-1.3%	-5.6%	1.8%	-9.2%	-25.1%	-36.6%
Diversified	-1.0%	-1.5%	-0.3%	-3.6%	1.3%	-2.6%	-26.7%	-36.9%
Office	-2.5%	-0.7%	-2.5%	-4.1%	0.7%	-1.0%	-20.7%	-38.5%
Retail	-1.5%	-0.3%	-0.6%	-2.9%	0.5%	6.7%	-13.1%	-38.8%
Residential	1.4%	-2.5%	0.8%	-5.3%	2.7%	2.3%	-43.7%	-44.6%
Lodging/Resorts	-4.2%	-2.7%	0.7%	-6.7%	-0.6%	-0.2%	-21.2%	-49.5%

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

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index lost 88 bps during August. European equities lost 2.2% compared to a gain of 1.7% from European bonds.

Germany index (4.0%) returned positive while the UK (-2.8%), Netherlands (-2.2%), Sweden (-71 bps) and France (-31 bps) indexes returned negative for the moth (in local currencies).

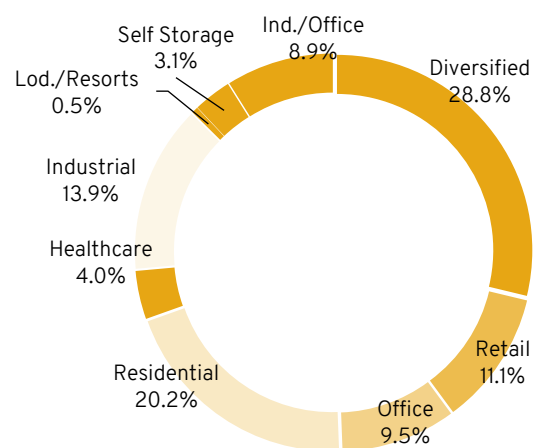
Subject to approval of the stock offer for *CT Property Trust* (UK, constituent) by *LondonMetric Property* (UK, REIT, Rental) which remained in the index with an increased shares in issue total of 1,088,587,859 and an increased investability weighting from 96.69% to 96.97%, *CT Property* was deleted from the index.

Sector Performance: Residential (1.4%) was top performer and the remaining sectors returned negative which lodging/resorts (-4.2%) and office (-2.5%) were the bottom performers.

Performance of top 3 constituents: *Peach Property Group AG* (21.6, Switzerland, Residential), *Aroundtown SA* (18.1%, Germany, Diversified), *Corem Property Group* (12.9%, Sweden, Industrial/Office).

Developed Europe representing a free float MCap of around **EUR 170 billion** with 107 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index slipped 2.4% compared to a gain of 89 bps from Asian bonds and a loss of 1.0% from Asian equities.

Japan (2.8%) and South Korea (92 bps) indexes returned positive while Hong Kong (-9.7%), Singapore (-3.5%) and Australia (-1.9%) indexes posted negative returns in Asia (in local currencies).

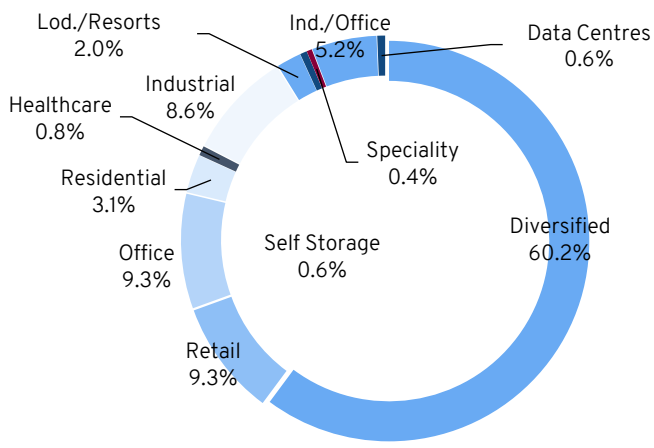
Subject to approval to the de-stapling of *Abacus Storage King* (Australia) from *Abacus Property Group* (Australia, REIT, Rental), *Abacus Storage King* (Australia) was added to the index with a shares in issue total of 893,657,633 and an investability weighting of 56.38%.

Sector Performance: Office (1.3%) and lodging/resorts (49 bps) were top performers while the remaining sectors returned negative with industrial/office (-4.1%) as the bottom performer.

Performance of top 3 constituents: *Mitsui Fudosan Co. Ltd.* (9.4%, Japan, Diversified), *Daiwa Office Investment* (9.3%, Japan, Office), *Hulic Co. Ltd.* (8.1%, Japan, Diversified).

Developed Asia representing a free float MCap of around **EUR 304 billion** with 136 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index lost 1.7% for the month. North American bonds gained 1.1% compared to a loss of 11 bps from equities.

Both the US index (-3.2%) and Canada (-3.0%) indexes returned negative for the month (in local currencies).

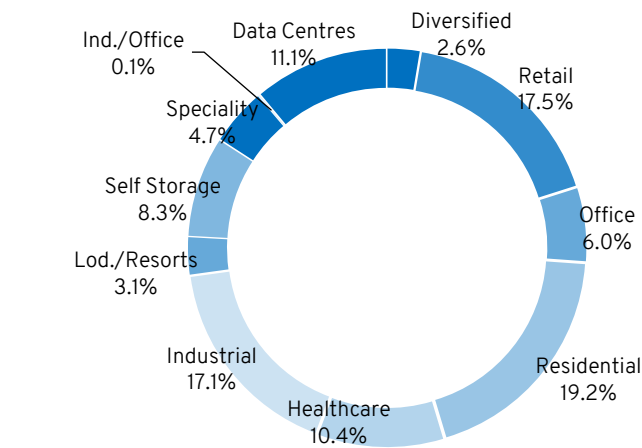
Subject to the completion of the merger between *Regency Centers* (USA, constituent) and *Urstadt Biddle Pptys* (USA, non-constituent), *Regency Centers (USA)* remained in the index with an increased shares in issue total of 184,922,098 and a decreased investability weighting from 99.16% to 97.49%.

Sector Performance: Industrial/office (7.9%) was outperformer followed by industrial, data centres (1.4% for each) and specialty (3 bps), the remaining sectors returned negative which lodging/resorts (-8.4%) was bottom performer.

Performance of top 3 constituents: *Hudson Pacific Properties* (16.0%, USA, Office), *Innovative Industrial Properties Inc.* (10.2%, USA, Industrial), *Vornado Realty Trust* (6.9%, USA, Office).

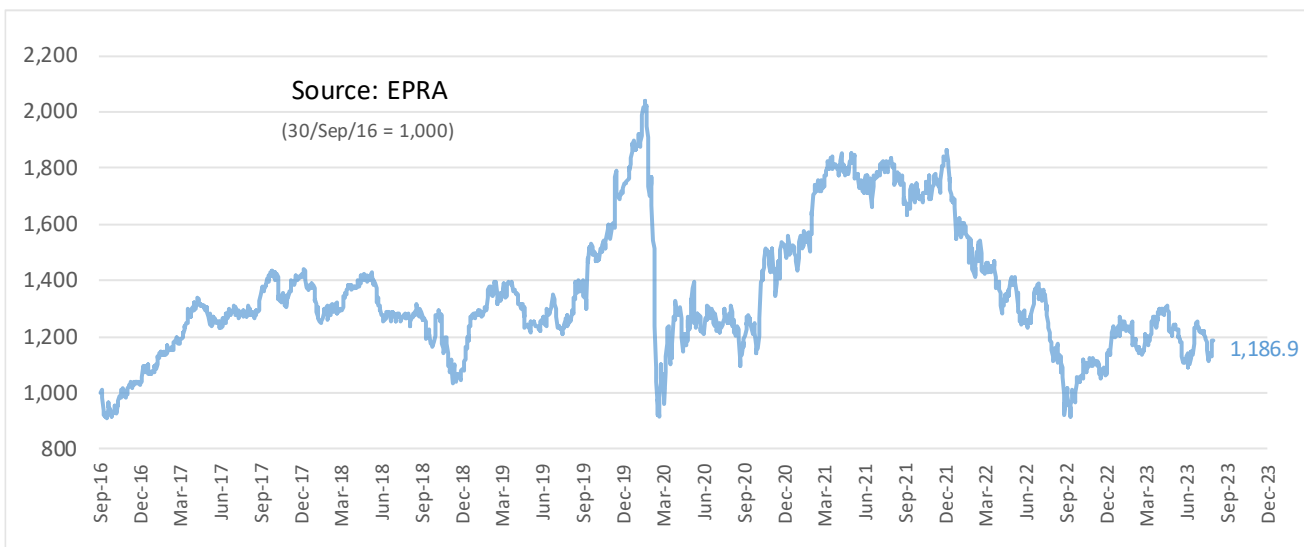
Developed North America representing a free float MCap of around **EUR 924 billion** with 125 constituents

North America Sector Split



EPRA Developers Research Benchmark

Thursday, 31 August 2023



Historical Performance	Last Month	1 Year	3 Years	5 Years
Total Return	-3.5%	2.7%	-7.1%	-8.0%
Total Return (Annualized)		2.7%	-2.4%	-1.6%

Return	3 Months	6 Months	Year to Date	5 Years
Total Return	-1.1%	-5.2%	11.5%	-8.0%
Maximum Return	4.5%	4.5%	4.7%	11.6%
Minimum Return	-3.2%	-5.4%	-5.4%	-13.1%
Mean Return (Annualized)	-2.8%	-10.7%	30.7%	4.8%
Maximum Drawdown	-12.2%	-16.7%	-16.7%	-55.2%
Maximum Drawdown Length	24	35	35	690

Risk	3 Months	6 Months	Year to Date	5 Years
Standard Deviation (Annualized)	22.5%	22.6%	23.7%	31.8%
Downside Risk (Annualized)	15.0%	16.0%	16.4%	22.4%
Kurtosis	1.25	1.94	1.78	6.25
Skewness	0.44	-0.20	0.09	0.09
Semivariance (Annualized)	20.7%	22.3%	22.4%	31.5%
VaR (ex-post)	-2.24	-2.18	-2.31	-3.04

Risk-Adjusted Performance	3 Months	6 Months	Year to Date	5 Years
Sharpe Ratio	-0.25	-0.49	0.76	0.10

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

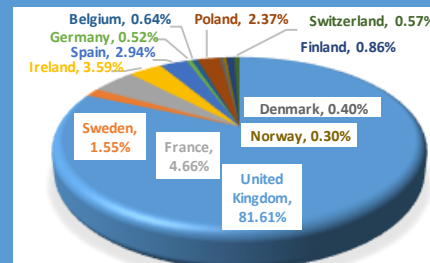
Base Value: 1,000

Review Dates: April, October

EPRA Developers Research Benchmark

Thursday, 31 August 2023

Constituent	ISIN	Weight	Country	Currency
BARRATT DEV	GB0000811801	15.13%	UK	GBp
BERKELEY GROUP	GB00BLJNXL82	14.73%	UK	GBp
TAYLOR WIMPEY PL	GB0008782301	13.44%	UK	GBp
PERSIMMON	GB0006825383	11.69%	UK	GBp
VISTRY GROUP PLC	GB0001859296	9.30%	UK	GBp
BELLWAY PLC	GB0000904986	9.12%	UK	GBp
REDROW PLC	GB00BG11K365	5.03%	UK	GBp
CREST NICHOLS	GB00B8VZXT93	1.47%	UK	GBp
HARWORTH GROUP P	GB00BYZJ7G42	0.68%	UK	GBp
MJ GLEESON PLC	GB00BRKD9Z53	0.66%	UK	GBp
WATKIN JONES PLC	GB00BD6RF223	0.37%	UK	GBp
NEXITY	FR0010112524	2.12%	France	EUR
ALTAREA	FR0000033219	1.23%	France	EUR
KAUFMAN & BROAD	FR0004007813	1.31%	France	EUR
NEINOR HOMES SA	ES0105251005	0.93%	Spain	EUR
AEDAS HOMES SA	ES0105287009	0.54%	Spain	EUR
METROVACESA SA	ES0105122024	1.46%	Spain	EUR
IMMOBEL	BE0003599108	0.40%	Belgium	EUR
ATENOR	BE0003837540	0.24%	Belgium	EUR
GLENVEAGH PROPER	IE00BD6JX574	1.66%	Ireland	EUR
CAIRN HOMES	IE00BWY4ZF18	1.93%	Ireland	GBp
DEVELIA SA	PLCCRP00017	1.51%	Poland	PLN
DOMDEV	PLDMDVL00012	0.86%	Poland	PLN
HUSCIET A/S	DK0061412855	0.40%	Denmark	DKK
ATENOR	FI0009800643	0.86%	Finland	EUR
CHAM GROUP AG	CH0001931853	0.57%	Switzerland	CHF
SELVAAG BOLIG AS	NO0010612450	0.30%	Norway	NOK
JM AB	SE0000806994	1.55%	Sweden	SEK
INSTONE REAL EST	DE000A2NBX80	0.52%	Germany	EUR



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

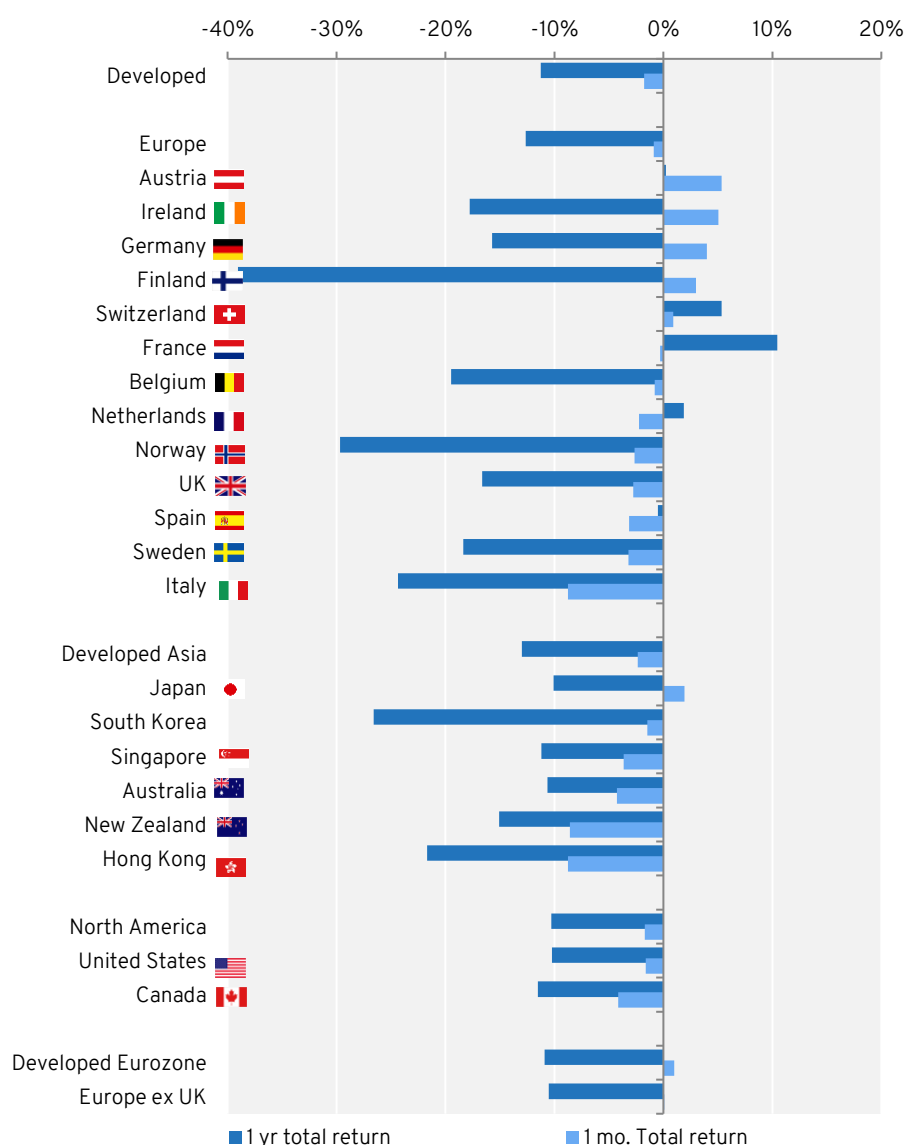
Assets: ≥ 50% of Total Tangible Assets
 invested in RE. No Holding structures.

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
Liquid Developers: Total Return	-1.91%	-6.55%	10.74%	-10.39%
Liquid Developers: Standard Deviation (Annualized)	24.75%	24.22%	25.02%	32.90%
Residential Developers: Total Return	-1.26%	-6.10%	11.45%	-9.57%
Residential Developers: Standard Deviation (Annualized)	23.41%	23.07%	23.93%	32.35%

FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit (as of August 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](#)
[Property Portfolio Analysis \(end of 2021\)](#)
[Emerging Markets 2023](#)
[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.

The next edition will be June 2024.



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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