



EPRA

EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

MONTHLY MARKET REVIEW

Monthly Market Review and Developers' Research Benchmark

May
2024

Overview

The FTSE EPRA Nareit Global Developed Real Estate Index gained 1.9% during May, bringing YTD to -2.0%. Global equities (2.1%) gained compared to a loss from bonds (-47 bps) for the month.

In terms of regional performance: Europe (5.7%) and North America (3.0%) posted positive returns while Asia (-3.0%) saw negative returns. Emerging markets (-87 bps) posted limited but still negative monthly return in May.

Focusing on sector performance, healthcare (7.3%), data centres (5.0%) and industrial (5.0%) were the top performers, while lodging/resorts (-3.8%) and diversified (-1.9%) were the bottom performers. The remaining sectors posted positive monthly returns in May.

At the end of May, the FEN Developed Index totalled 359 constituents, representing a free float market capitalisation of around EUR 1.5 trillion and the FEN Emerging Index totalled 130 constituents, representing a free float market capitalisation of around EUR 121 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. The *Developed Europe benchmark* gained 10.4% (m-o-m) bought YTD return at 10.9% in May. The benchmark now has 28 constituents from 11 different countries in Developed Europe (17 out of the UK) representing an aggregated full market cap of EUR 50,548 million (31/05/2024) – *Details on page 5.*

Highlights of the Month

The eurozone inflation is expected to increase slightly to 2.6% in May (up from 2.4% in April). However, it is projected to stable during the summer, supporting policy rate cuts in the second half of the year. In fact, European central banks have already started the rate cut cycle. Following the unexpected Swiss rate cut by 25 bps (lowering the policy rate to 1.5%), the Riksbank cut its policy rate by 25 bps, bringing it to 3.75% in May. The ECB also signalled the first cut in June while BoE suggested rate cut could occur in summer.

On the other hand, investor sentiment has been relatively mixed but stable, despite elevated geopolitics risks putting pressure on the markets. The latest investor surveys indicate that allocation to real estate remains stable and investor appetite will increase even though the tightening debt lending market poses challenges. The policy rate cuts are expected to have a positive impact on the real estate sector in the second half of the year.

The FTSE EPRA Nareit Developed Europe Index gained momentum (5.7%, m-o-m) in May, and now YTD return stands at 1.1%. The average P/D to NAV in Europe stood at -27.3% which Industrials/Office sector was traded with a premium to NAV (8.4%) and Sweden was the only country with a premium to NAV (2.0%).

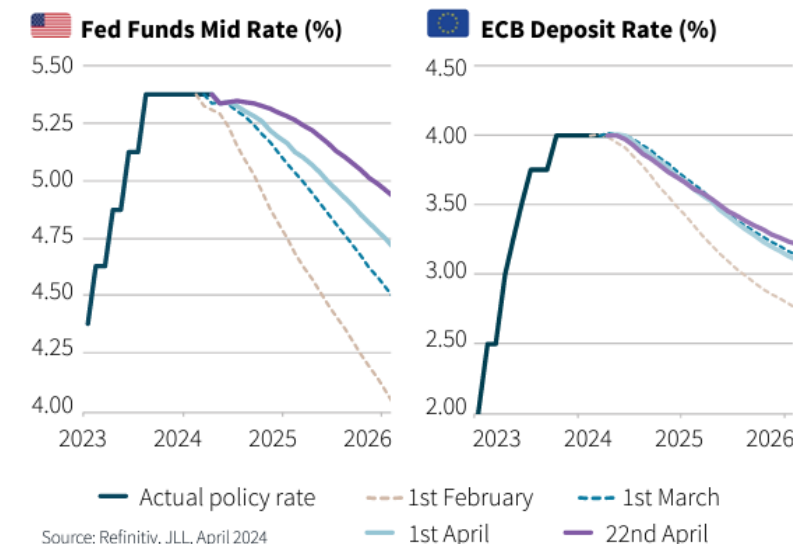
The European average LTV increased slightly to 38.6% in May (up from 38.0% in April). The FTSE EPRA Nareit Developed Europe constituents raised over EUR 1.6 billion in May, of which EUR 800 million was green bonds. A total of EUR 3.6 billion capital has been raised via green bonds since the beginning of the year (more info on [EPRA Monthly LTV Monitor](#)).

FTSE EPRA Nareit Global Index Total Return

	May-24	YTD	1 yr	3 yrs*	5 yrs*
% Total Returns (EUR)					
Global Real Estate ▲	1.9	-2.0	6.5	0.2	1.0
Global Equities (FTSE) ▲	2.1	12.8	22.2	12.0	13.6
Global Bonds (JP Morgan) ▼	-0.5	-2.9	-3.5	-3.4	-2.3
Europe Real Estate ▲	5.7	1.1	26.6	-6.5	-1.6
Europe Equities (FTSE) ▲	3.2	11.3	18.8	8.0	9.5
Europe Bonds (JP Morgan) ▼	-1.5	-0.5	0.3	-1.8	-2.0
Asia Real Estate ▼	-3.0	-4.0	-4.2	-3.5	-3.0
Asia Equities (FTSE) ▼	-0.3	13.5	18.6	8.5	10.4
Asia Bonds (JP Morgan) ▼	-2.7	-1.1	-5.8	1.3	-1.2
North America Real Estate ▲	3.0	-1.8	6.8	3.2	3.2
North America Equities (FTSE) ▲	3.1	13.0	25.4	13.3	16.1
North America Bonds (JP Morgan) ▼	-0.1	0.2	-1.9	0.9	0.1
Emerging Real Estate ▼	-0.9	-2.1	2.5	-7.9	-6.5
Emerging Equities (FTSE) ▼	-0.5	7.3	12.9	-0.2	5.2
Emerging Bonds (JP Morgan) ▲	0.2	3.2	7.6	1.8	1.3

(* Annualised.)

Fig. 1. Market expectations for central bank policy rates



Source: Refinitiv, JLL, April 2024

Source: JLL, Global Real Estate Perspective May 2024.

Fig. 2. Global Weights (EUR)*

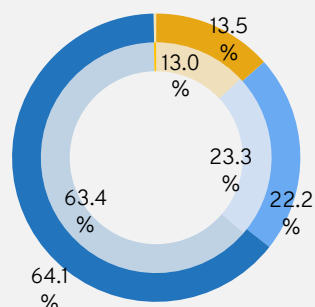


Fig. 3. REIT / Non-REITs

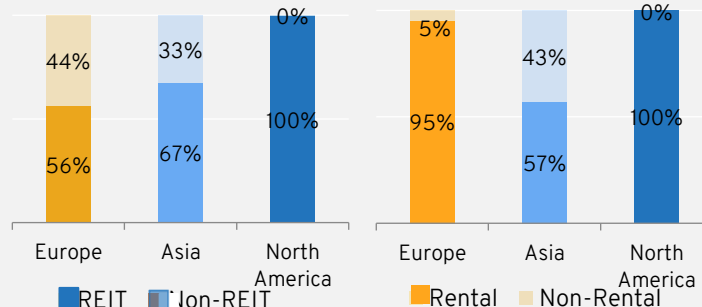


Fig. 4. Focus Split

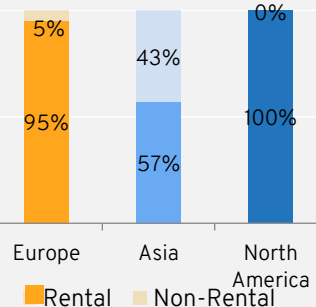


Fig. 5. Dividend Yields*

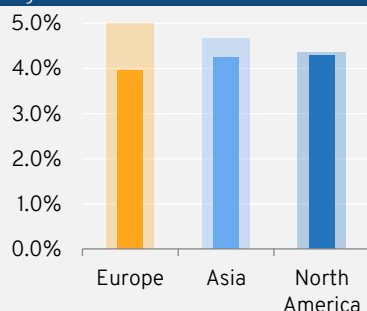


Fig. 6. Volatility (10 yr. & 3 yr.)**

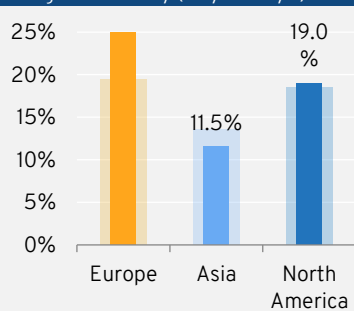
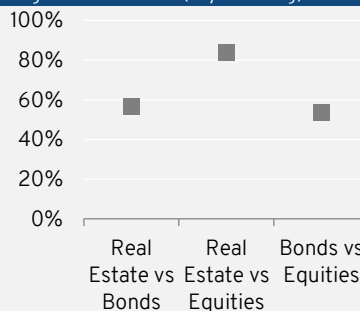


Fig. 7. Correlation (3 yr. rolling)



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

Dev. Europe: Total Return	Weekly Total Return by Sector						YTD	Covid-19
	Apr-24	3-May	10-May	17-May	24-May	31-May	Dec-23	19-Feb-20
Developed Europe	5.7%	3.8%	0.8%	3.1%	-2.2%	1.6%	1.1%	-25.0%
Self-Storage	14.1%	2.9%	1.9%	5.1%	3.7%	0.9%	2.7%	11.0%
Industrial	7.2%	3.8%	0.3%	5.0%	-2.6%	1.2%	2.8%	6.8%
Lodging/Resorts	13.0%	2.9%	2.3%	0.8%	-0.1%	8.4%	25.9%	-16.2%
Retail	6.6%	2.5%	0.4%	2.0%	0.4%	2.0%	14.3%	-20.3%
Diversified	4.1%	2.6%	0.5%	1.5%	-1.9%	2.0%	-1.1%	-26.9%
Residential	5.6%	6.7%	0.7%	5.1%	-5.2%	2.1%	0.9%	-31.9%
Office	7.7%	3.5%	2.4%	2.8%	-1.4%	0.9%	-5.6%	-33.7%
Healthcare	1.9%	2.9%	0.8%	0.8%	-3.3%	0.9%	-5.4%	-35.9%

Source: EPRA Research. Data is compiled from the FEN Index series (as of May 31, 2024)

FTSE EPRA Nareit Developed Index – Top 10 Constituents

Company	Sector	Country	Total Return
Prologis	Industrial	USA	▲ 6.6%
Equinix Inc	Data Centers	USA	▲ 6.2%
Welltower Inc.	Healthcare	USA	▲ 7.8%
Simon Property Group	Retail	USA	▲ 6.0%
Digital Realty Trust	Data Centers	USA	▲ 3.1%
Realty Income	Retail	USA	▼ -2.4%
Public Storage	Self-Storage	USA	▲ 3.9%
Goodman Group	Diversified	AU	▲ 6.6%
Extra Space Storage	Self-Storage	USA	▲ 6.1%
VICI Properties	Specialty	USA	▼ -1.0%

FTSE EPRA Nareit Developed Index – Top 10 Performers

Company	Sector	Country	Total Return
SBB i Norden AB	Diversified	SWED	▲ 30.9%
Home Invest Belgium SA	Residential	BEL	▲ 21.5%
Americold Realty Trust Inc	Industrial	USA	▲ 19.5%
Corem Property Group AB	Ind/Office	SWED	▲ 19.3%
IGD	Retail	ITA	▲ 18.5%
Vastned Retail NV	Retail	NETH	▲ 17.4%
Kennedy-Wilson Holdings Inc	Diversified	USA	▲ 17.1%
Safestore Holdings PLC	Self-Storage	UK	▲ 16.6%
Big Yellow Group PLC	Self-Storage	UK	▲ 15.8%
Medical Properties Trust Inc	Healthcare	USA	▲ 14.7%

FTSE EPRA Nareit Emerging Index – Top 10 Constituents

Company	Sector	Country	Total Return
China Resources Land (Red Chip)	Diversified	CHN	▼ -1.7%
China Overseas Land & Inv (Red Chip)	Diversified	CHN	▼ -0.5%
DLF	Diversified	IDA	▼ -9.9%
Aldar Properties PJSC	Diversified	UAE	▼ -0.8%
SM Prime Hldgs	Diversified	PHIL	▼ -5.1%
Central Pattana	Diversified	THAI	▼ -10.4%
Fibra Uno Administracion S.A. de C.V.	Diversified	MEX	▼ -0.8%
Macrotech Developers	Diversified	IDA	▲ 9.6%
Embassy Office Parks REIT	Office	IDA	▼ -2.8%
Ayala Land	Diversified	PHIL	▼ -11.3%

FTSE EPRA Nareit Developed Europe Index

The FEN Developed Europe Index gained 5.7% in May. European equities gained (3.2%) compared to a loss from bonds (-1.5%) for the month.

The Netherlands (9.5%), Germany (8.0%), Sweden (6.3%), France (5.7%) and the UK (5.7%) indexes returned positive.

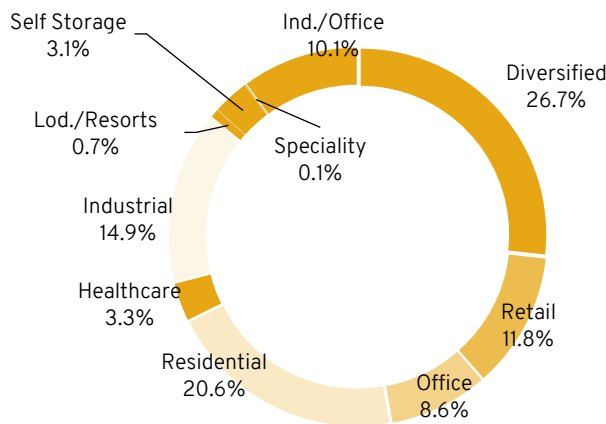
As a result of the scheme of arrangement in relation to the all-share combination, *UK Commercial Property REIT Ltd.* (UK) was deleted from the index, and *Tritax Big Box REIT (UK)* remained in the index with an increased shares in issue total 2,480,677,459 and a decreased investability weighting from 99.88% to 89.81%.

Sector Performance: Self-storage (14.1%) and lodging/resorts (13.0%) were outperformers while healthcare (1.9%) was the bottom performer with a relatively lower but still positive monthly return.

Top 3 constituents: *SBB I Norden AB* (30.9%, Sweden, Diversified), *Home Invest Belgium SA* (21.51%, Belgium, Residential), *Corem Property Group AB* (19.3%, Sweden, Industrial/Office).

Developed Europe representing a free float MCap of around EUR 198 billion with 102 constituents

Developed Europe Sector Split



FTSE EPRA Nareit Developed Asia Index

The FEN Developed Asia Index lost 3.0%. Both Asian equities (-31 bps) and bonds (-2.7%) also returned negative in May.

South Korea (4.3%) and Australia (2.9%) indexes returned positive while Singapore(-58 bps), Hong Kong (-2.7%) and Japan (-7.3%) indexes returned negative in Asia - *in Euros*.

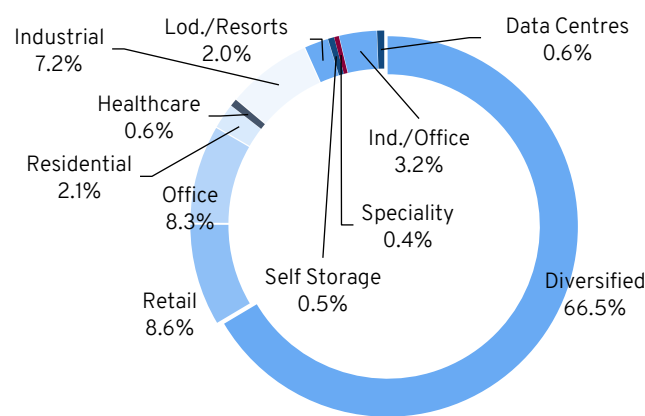
There was no major corporate action in Developed Asia region.

Sector Performance: Data centres (2.2%), industrial/office (34 bps) and retail (19 bps) were the top performers, while lodging/resorts (-5.1%) and residential (-5.0%) were the bottom performers. The remaining sectors posted negative returns for the month.

Top 3 constituents: *Prosperity REIT* (9.5%, Hong Kong, Office/Industrial), *Goodman Group* (6.6%, Australia, Diversified), *Abacus Storage King* (6.1%, Australia, Self-Storage).

Developed Asia representing a free float MCap of around EUR 327 billion with 135 constituents

Developed Asia Sector Split



FTSE EPRA Nareit North America Index

The FEN North America Index posted 3.0% monthly return in May. North American equities gained (3.1%) compared to a loss from bonds (-12 bps) for the month.

The US index (3.1%) returned positive while Canada index (-58 bps) posted limited but negative return for the month - *in Euros*.

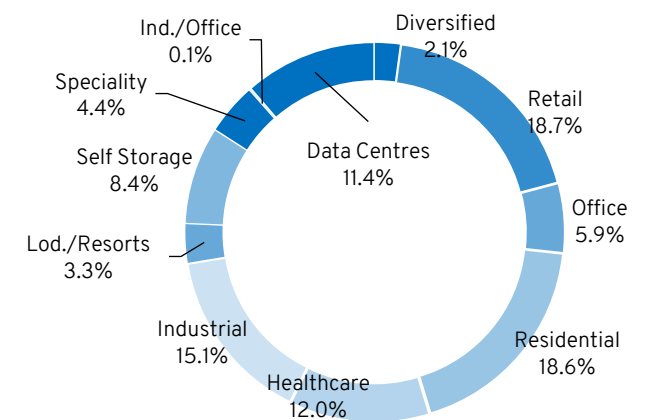
Tricon Residential Inc (Canada) was deleted from the index due to acquisition by Blackstone.

Sector Performance: Except for lodging/resorts (-4.2%) and office (-68 bps) as the bottom performers, all sectors returned positive. Healthcare (7.9%) Industrial/office (6.0%) and industrial (5.9%) were the top performers.

Top 3 constituents: *Americold Realty Trust Inc.* (19.5%, USA, Industrial), *Kennedy-Wilson Holdings Inc.* (17.1%, USA, Diversified), *Medical Properties Trust Inc.* (14.7%, USA, Healthcare).

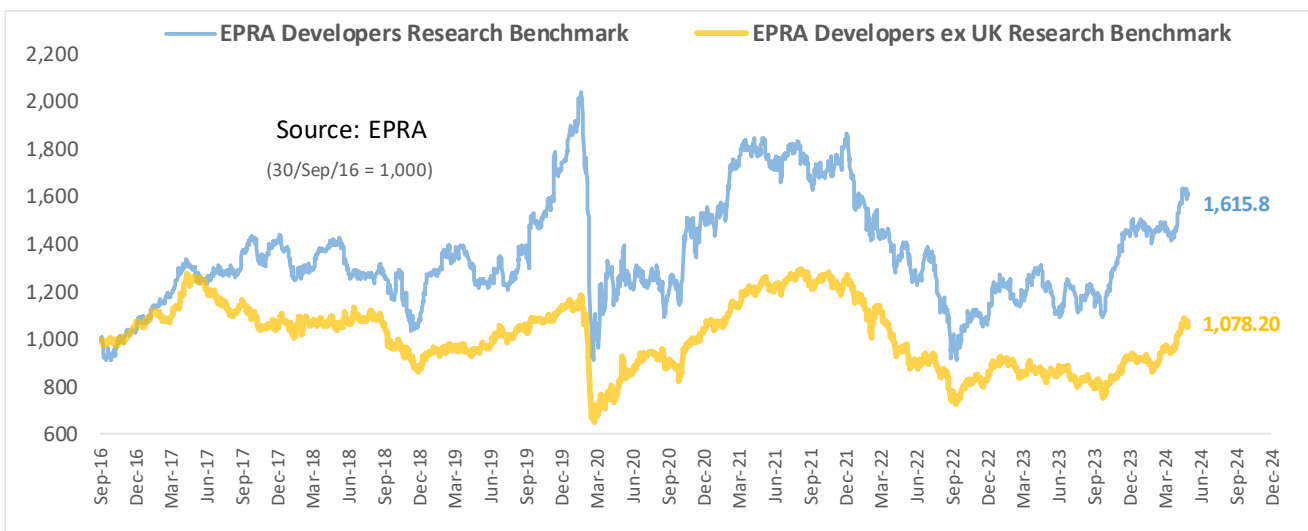
Developed North America representing a free float MCap of around EUR 944 billion with 119 constituents

North America Sector Split



EPRA Developers Research Benchmark

Friday, 31 May 2024



EPRA DEVELOPERS RESEARCH BENCHMARK	Developed Europe			Developed Europe ex UK		
	1M	YTD	1 Year	1M	YTD	1 Year
Total Return	10.4%	10.9%	34.6%	10.0%	16.2%	30.7%
Return	YTD	6M	5 Years	YTD	6M	5 Years
Total Return	10.9%	22.4%	29.5%	16.2%	27.0%	12.6%
Maximum Return	3.5%	4.5%	11.6%	2.3%	5.6%	5.6%
Minimum Return	-3.4%	-3.4%	-13.2%	-2.5%	-2.5%	-12.5%
Mean Return (Annualized)	44.9%	80.5%	15.1%	66.9%	98.3%	6.6%
Maximum Drawdown	-6.6%	-6.6%	-55.3%	-8.4%	-8.4%	-45.1%
Maximum Drawdown Length	35	35	690	38	38	22
Risk	YTD	6 Months	5 Years	YTD	6 Months	5 Years
Standard Deviation (Annualized)	19.6%	19.8%	31.4%	14.4%	16.0%	20.9%
Downside Risk (Annualized)	14.1%	13.9%	22.0%	10.6%	10.7%	15.8%
Kurtosis	0.32	0.96	6.57	0.00	0.06	0.13
Skewness	-0.09	0.16	0.12	0.00	0.01	-0.01
Semivariance (Annualized)	20.2%	19.3%	30.9%	15.2%	15.2%	22.9%
VaR (ex-post)	-2.01	-1.90	-2.93	-1.32	-1.31	-1.93
Risk-Adjusted Performance	YTD	6 Months	5 Years	YTD	6 Months	5 Years
Sharpe Ratio	1.35	2.45	0.31	2.80	3.69	0.19

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-indices 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

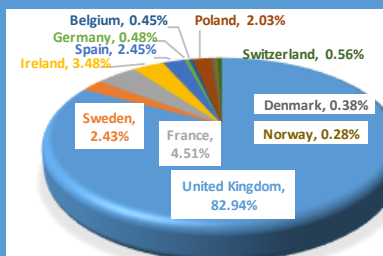
Base Value: 1,000

Review Dates: April, October

EPRA Developers Research Benchmark

Friday, 31 May 2024

Constituent	Classification	Weight	Country	TR 1M	TR 1Y	Std.Dev
BERKELEY GROUP	Residential	15.31%	UK	11.3%	37.6%	20.9%
BARRATT DEV	Residential	14.76%	UK	10.8%	16.8%	26.0%
TAYLOR WIMPEY PL	Residential	13.94%	UK	11.7%	40.4%	25.2%
PERSIMMON	Residential	11.68%	UK	11.0%	23.7%	33.5%
VISTRY GROUP PLC	Residential	9.52%	UK	7.7%	79.7%	36.4%
BELLWAY PLC	Residential	8.93%	UK	6.6%	25.2%	26.2%
REDROW PLC	Residential	5.46%	UK	10.9%	56.0%	31.4%
CREST NICHOLS	Residential	1.72%	UK	27.5%	7.3%	38.8%
HARWORTH GROUP P	Diversified	0.65%	UK	-0.6%	18.9%	35.3%
MJ GLEESON PLC	Residential	0.69%	UK	13.3%	39.6%	30.4%
WATKIN JONES PLC	Residential	0.28%	UK	9.3%	-24.8%	63.9%
NEXITY	Residential	1.92%	France	18.4%	-34.9%	47.2%
KAUFMAN & BROAD	Residential	1.29%	France	18.3%	38.7%	28.3%
ALTAREA	Residential	1.29%	France	31.9%	-0.8%	34.8%
METROVACESA SA	Residential	0.96%	Spain	5.2%	38.8%	20.5%
NEINOR HOMES SA	Residential	1.00%	Spain	11.0%	42.7%	27.1%
AEDAS HOMES SA	Residential	0.49%	Spain	12.9%	89.2%	26.9%
IMMOBEL	Diversified	0.33%	Belgium	-2.5%	-27.6%	38.5%
ATENOR	Diversified	0.12%	Belgium	2.5%	-54.5%	78.1%
CAIRN HOMES	Residential	1.84%	Ireland	7.5%	69.5%	24.0%
GLENVEAGH PROPER	Residential	1.64%	Ireland	8.6%	33.3%	24.1%
DEVELIA SA	Diversified	1.23%	Poland	-6.7%	83.4%	36.8%
DOMDEV	Residential	0.80%	Poland	6.2%	59.2%	31.3%
HUSCIET A/S	Residential	0.38%	Denmark	8.3%	4.6%	33.1%
INSTONE REAL EST	Residential	0.48%	Germany	7.0%	95.9%	38.1%
SELVAAG BOLIG AS	Residential	0.28%	Norway	11.1%	33.7%	36.7%
JM AB	Residential	2.43%	Sweden	9.9%	60.2%	45.9%
CHAM GROUP AG	Diversified	0.56%	Switzerland	2.4%	0.7%	20.0%



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

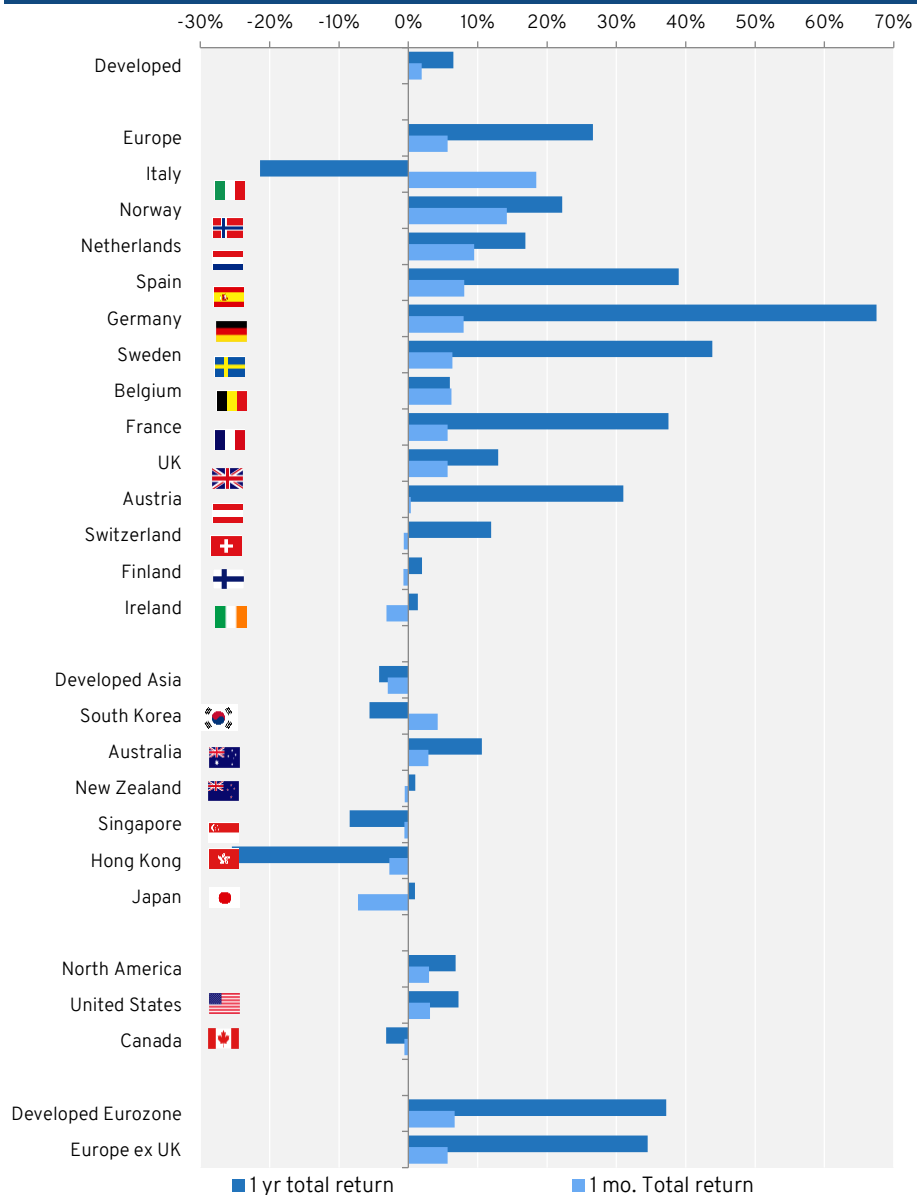
Assets: ≥ 50% of Total Tangible Assets invested in RE. No Holding structures.

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

Developers Sub-Indexes: Risk and Return	YTD	6 Months	5 Years	Sharpe	5Y Max. Drawdown
Liquid Developers: Total Return	9.6%	21.5%	27.3%	0.30	-56.1% 690 Days
Standard Deviation (Annualized)	21.0%	21.1%	32.5%		
Residential Developers: Total Return	10.3%	21.9%	28.1%	0.31	-55.6% 690 Days
Standard Deviation (Annualized)	20.1%	20.3%	31.9%		

FTSE EPRA Nareit Monthly Index Performances (EUR)



Source: FTSE EPRA Nareit (as of May 31, 2024)

Link to Reports & Contacts

Monthly Statistical Bulletin
 Monthly Published NAV Bulletin
 Monthly LTV Report
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[Emerging Markets 2023](#)
[Sector Analysis: Office \(Aug-21\)](#)
[Total Markets Table 2024-Q1 \(quarterly\)](#)



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EPRA Education Programmes

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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 fourth edition will be June 18-20, 2024 at INSEAD Fontainebleau campus.
[EPRA Bayes Business School Online Programme, Understanding the REIT price \(14 October-22 November 2024\)](#)
 An online programme dedicated to understanding the listed real estate market, the fourth edition will start in week of October 14.

EPRA Research Webinar Series

We are pleased to host three webinars dedicated to research papers under EPRA Academic Research Programme 2023. The key findings presented by the authors and the implications for LRE were discussed. You can follow on the [website](#).

Disclaimer

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