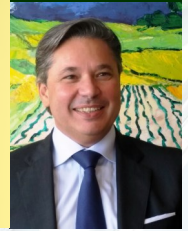


# WEEKLY ANALYSIS

M. Alain Freymond—Associé & CIO



## NEW OPPORTUNITIES FOR GLOBAL REAL ESTATE

The month of January offers new perspectives. US housing market stabilises. Europe can benefit from a repositioning of investors. UK house prices to decelerate in 2022. China's property market still in serious trouble.

### Key Points

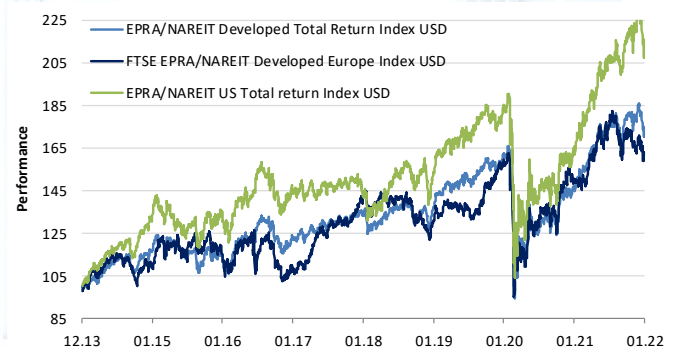
- International securitised real estate outperforms equity markets in 2021 but also suffers in January 2022
- Positive outlook and likely catch-up in 2022 for Europe and Asia
- Eurozone-focused investment strategy
- Swiss real estate companies remain attractive

### International securitised real estate outperforms equity markets in 2021 but also suffers in January 2022

At the beginning of the year, we noted that securitized real estate represented one of the best asset classes in terms of expected returns and risk ratios in a context of global economic recovery and the easing of health measures. During 2021, listed real estate benefited from the return of investors to this asset class, which they had previously partly abandoned in favour of more dynamic assets such as equities. In 2021, the performance of international real estate as measured by the EPRA NAREIT Global Net Index was +22.01%, slightly outperforming the MSCI World, which rose by +21.8% over the same period. The recovery of international real estate markets is therefore well underway, as we expected. Thanks to the +8.98% increase in the last quarter, the global indices have finally erased the brutal losses in value recorded in 2020 (-18.5%) caused by the high level of uncertainty linked to the health crisis. It should be noted, however, that the world index's performance was largely driven by US real estate, as is the case for the MSCI World Index, which was very much driven by the rise in US equities. In 2021, US real estate was clearly the leader, up +42.8%, significantly outperforming US equities, which rose +28.68% over the same period. In the UK, the situation was similar, with listed real estate investments (+28.92%) significantly outperforming UK equities up +18.40%. However, the picture is different in Europe (+4.42%), Asia (+3.86%) and emerging markets

(-7%). Securitised real estate investments underperformed and did not match the gains recorded by equities in these respective regions. Unfortunately, the month of January disturbed this positive phase for international real estate. The new fears of monetary tightening shook all asset classes without sparing them. The overall drop in listed real estate values (-5.04%) in January was similar to that of stocks (-5.29%).

EPRA Nareit - USA, Europe, Global (USD)



Sources: Bloomberg/BBGI Group

### Positive outlook and likely catch-up in 2022 for Europe and Asia

The drop in real estate in January offers new opportunities for investors to diversify and reposition. Securitised real estate in the US has benefited greatly from ultra-accommodative monetary policies and the strong economic recovery, which has outperformed many other regions. The Federal Reserve's policy change will have a moderate indirect impact on the US housing market in our view. Interest rate hikes in the UK, which began in December, will also affect demand. Both markets are likely to continue to benefit from the positioning of domestic investors in 2022 in this asset class with its positive outlook. But we believe that at current levels and despite their more significant