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RESEARCH

# Global

# Listed Real Estate

# Emerging Markets

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# I. Introduction

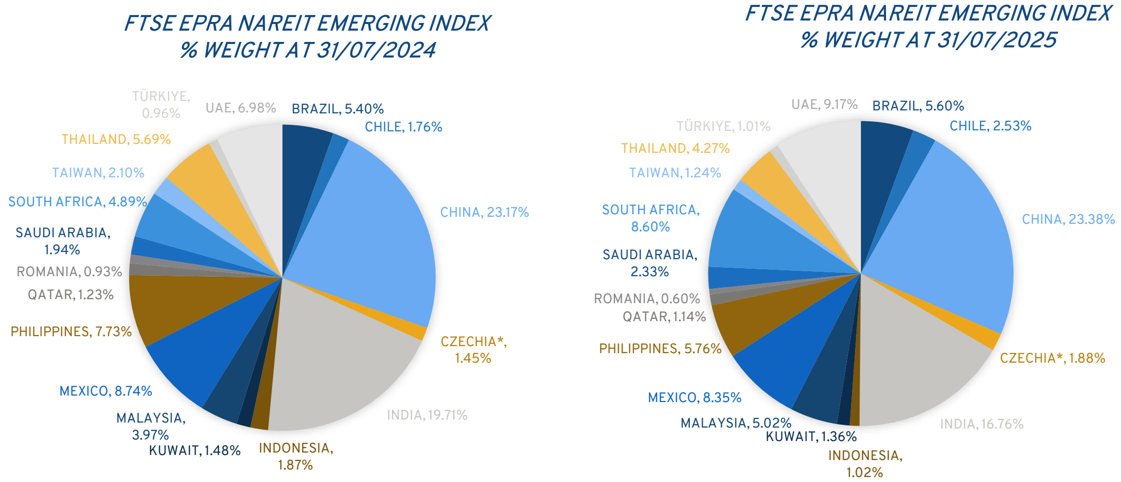
In the newest edition of the Emerging Markets report, we analyse the size and performance of the listed real estate markets in emerging countries, as well as at the key drivers and changes observed in the FTSE EPRA Nareit Emerging Index between end of July 2024 and end of July 2025. This edition covers two case studies: a deep dive on the evolution of Indian REIT market, and an analysis on Volatility and Currency Effects in listed Real Estate in Emerging Markets.

### FTSE EPRA Nareit Emerging Markets Index size and composition

As of July 2025, the FTSE EPRA Nareit Emerging Markets Index (ENEI Index) comprised 121 constituents with a total free float market capitalization of EUR 126,419 million. The Emerging Asia Pacific index had 60 constituents (EUR 72,627 million in free float market capitalization), while the Emerging EMEA Index counted 36 constituents representing a free float market capitalization of EUR 32,976 million. Finally, the Emerging Americas Index consisted of 25 constituents with a free float market capitalization amounting to EUR 20,816 million.

Figure 1 indicates that the weight of the Asia Pacific region declined in the FTSE EPRA Nareit Emerging Index during the last year, moving from 64.24% to 57.45%, while the weight of the EMEA region jumped from 19.87% to 26.08%. South Africa, in particular, was the biggest contributor for this jump, as it went from 4.89% to 8.6% in the index. While capital appreciation of existing constituents played a role, the recent inclusion of NEPI Rockcastle, with a free float market cap of EUR 3.9 bn – nearly 12% of the EMEA Index, made the largest impact. In terms of the composition by countries, India's weight dropped from 19.7% to 16.76%. The decline was largely due to a wider underperformance of Indian markets during the last 12 months, reflecting near-term concerns (for details see Section III Case Study: India). Nevertheless, India remains the second-largest component of the Emerging Index, just behind China. The Chinese market has demonstrated resilience, recovering from the turmoil in the housing market last year. South Africa was the largest gainer as it entered the top five countries list standing at 8.6%. UAE (9.17%) and Mexico (8.35%) complete the rest of the top five.

*Figure 1. FTSE EPRA Nareit Emerging Markets Index: Weights by country*



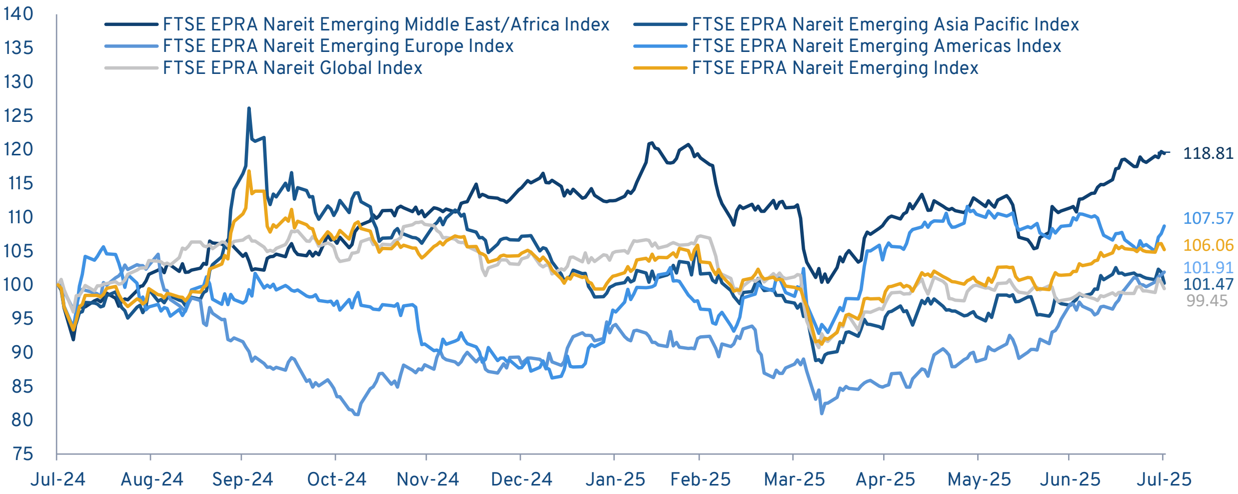

Source: FTSE EPRA Nareit Index

# II. Comparative performance

For the purpose of analysing comparative performance, the currency used for the whole FTSE EPRA Nareit Global Real Estate Index series is the EUR. This means that the performance of indices is affected by the fluctuations of local currencies. The Emerging Markets index is affected even more significantly as currency volatility is traditionally higher than in developed markets (DM), due to less diversified economies and lower liquidity (see detailed analysis on Section IV).

During the last 12 months, the FTSE EPRA Nareit Emerging Index showed a positive annual return of 5.2% and 0.5% YTD return (as of July 2025), recovering after the prolonged higher interest rate environment. Looking at the regional performance on Figure 2, the Middle East & Africa (MEA) region outperformed with an annual return of 18.81% last year, supported by resilient economic growth and optimism of further interest rate cuts expectations which might boost investment in the region, while the Asia Pacific region was the bottom performer with 0.3%, significantly affected by the decline experienced by many of the Asian markets including India, Indonesia, Malaysia, and Thailand. All the FTSE EPRA Nareit Emerging Markets Indices saw positive returns while the Global Index declined by just over 0.5%.

*Figure 2. FTSE EPRA Nareit Emerging Markets Index: Regional performance*




Source: FTSE EPRA Nareit Index

During this year, the effects of currency volatility were much more pronounced for emerging markets. The total currency effect in the FTSE EPRA Nareit Emerging Markets Index, was −8.6% YTD, compared to −1.05% YTD during the same period in 2024 (as of July 2025). All the currencies which are part of FTSE EPRA Nareit Emerging Markets Index depreciated against the EUR YTD, with Czech Koruna (CZK) being the only exception. The Turkish Lira (TRY) was the hardest hit against the EUR (-26.89%), followed by the Indian Rupee (INR) (-13.09%), and the Indonesian Rupiah (IDR) (-13%). On the other hand, two of the three American currencies declined only slightly against the EUR, -0.17% for the Brazilian Real (BRL) and -0.09% for Mexican Peso (MXN).

*Table 1. Emerging markets: Equity markets vs listed RE and currency effects (YTD July 2025)*

| Country * | RETURN FROM DIVIDENDS | PRICE RETURN in EUR FTSE EPRA Nareit EMERGING INDEX | Total Return in EUR FTSE EPRA Nareit EMERGING INDEX | % WEIGHT in the FTSE EPRA Nareit EMERGING INDEX | DIV. YIELD (y/y) at 31/07/2024 | CURRENCY PERFORMANCE VS EUR * | CURRENCY EFFECT ON THE INDEX | YTD TR Equity Market **(Local Ccy) | YTD TR Equity Market in EUR | LRE Outperfomance vs Equity Market |
|---|---|---|---|---|---|---|---|---|---|---|
| BRAZIL | 5.43% | 27.44% | 32.87% | 5.60% | 6.76% | -0.17% | -0.01% | 10.74% | 10.55% | 22.32% |
| CHILE | 1.60% | 14.79% | 16.39% | 2.53% | 3.94% | -8.81% | -0.22% | 22.83% | 12.01% | 4.39% |
| CHINA | 3.26% | 5.38% | 8.65% | 23.38% | 6.14% | -11.60% | -2.64% | 4.75% | -7.40% | 16.05% |
| CZECH REPUBLIC | 2.31% | 25.27% | 27.58% | 1.88% | 3.80% | 2.32% | 0.04% | 43.29% | 46.61% | -19.03% |
| INDIA | 0.86% | -18.46% | -17.61% | 16.76% | 1.74% | -13.09% | -2.20% | 2.56% | -10.87% | -6.73% |
| INDONESIA | 2.06% | -18.94% | -16.88% | 1.02% | 2.46% | -13.00% | -0.13% | 2.94% | -10.45% | -6.43% |
| KUWAIT | 1.86% | 11.11% | 12.97% | 1.36% | 1.62% | -9.71% | -0.13% | 18.12% | 6.65% | 6.32% |
| MALAYSIA | 1.83% | -12.96% | -11.13% | 5.02% | 2.55% | -5.43% | -0.27% | -7.44% | -12.46% | 1.33% |
| MEXICO | 4.00% | 16.23% | 20.23% | 8.35% | 4.77% | -0.09% | -0.01% | 16.64% | 16.54% | 3.70% |
| PHILIPPINES | 1.73% | -14.20% | -12.47% | 5.76% | 2.15% | -11.46% | -0.66% | 3.24% | -8.60% | -3.88% |
| QATAR | 5.93% | -10.20% | -4.27% | 1.14% | 6.36% | -10.53% | -0.12% | 6.98% | -4.29% | 0.02% |
| ROMANIA | 0.49% | 15.54% | 16.03% | 0.60% | 1.85% | -1.88% | -0.01% | 0.00% | -1.88% | 17.92% |
| SAUDI ARABIA | 3.34% | -15.53% | -12.20% | 2.33% | 6.26% | -10.35% | -0.24% | -5.32% | -15.12% | 2.92% |
| SOUTH AFRICA | 4.23% | 0.44% | 4.67% | 8.60% | 7.74% | -5.92% | -0.51% | 20.96% | 13.80% | -9.12% |
| TAIWAN | 0.00% | -6.34% | -6.34% | 1.24% | 1.05% | -0.63% | -0.01% | 0.82% | 0.19% | -6.53% |
| THAILAND | 3.83% | -14.96% | -11.13% | 4.27% | 4.91% | -5.94% | -0.25% | -8.11% | -13.57% | 2.44% |
| TURKEY | 2.21% | -3.02% | -0.82% | 1.01% | 0.21% | -26.89% | -0.27% | 10.68% | -19.08% | 18.26% |
| UAE | 3.39% | 8.42% | 11.81% | 9.17% | 2.67% | -10.53% | -0.97% | 19.51% | 6.92% | 4.88% |
| **FTSE EPRA Nareit Emerging Index** | **2.64%** | **-2.14%** | **0.50%** | **100.0%** | **4.10%** | | **-8.60%** | **8.33%** | **-0.90%** | **3.84%** |
| **Emerging: Weighted Average** | | | | | | | | **8.33%** | **-0.90%** | **3.84%** |

*Currency performance for China combines HKD, SGD and CHN. For India, it combines SGD and INR. For Indonesia, it combines SGD and IDR

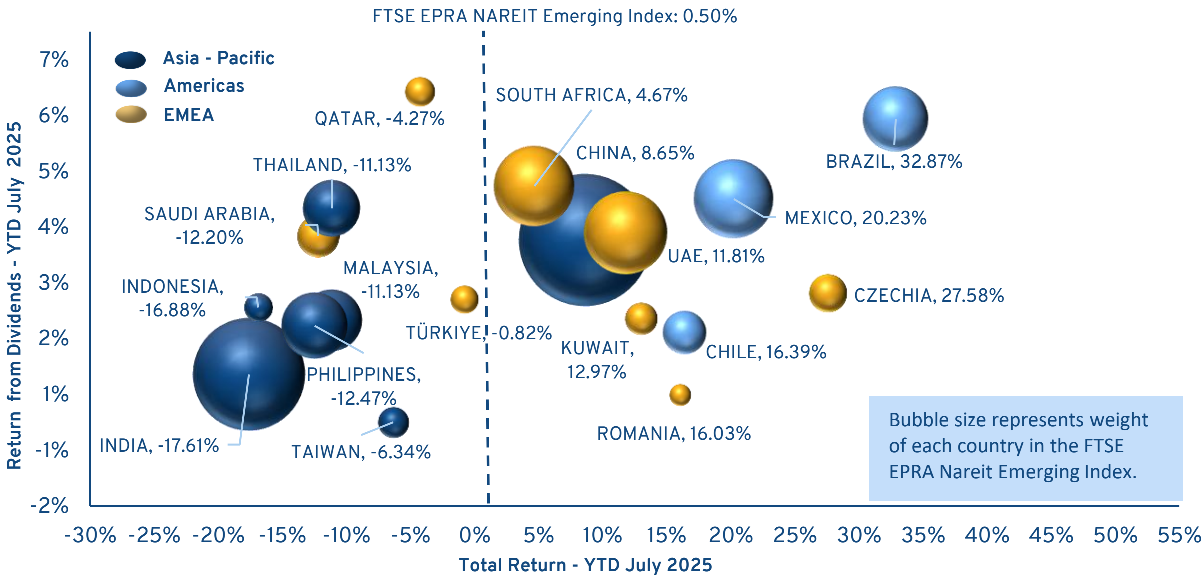
**Equity markets are represented by the Thomson-Reuters TR Index for each country.

Source: EPRA Research

It is worth recalling that the Chinese constituents have exposure to three different currencies (see the table below): the Hong Kong dollar (HKD), the Singapore dollar (SGD), and the Chinese Yuan (CNY). In total, the weight of these three currencies on the FTSE EPRA Nareit Emerging Markets Index amounts to 23.4%, which can be decomposed as follow: 22.2% from the HKD, 0.8% from the SGD, and 0.4% from the CNY. As a consequence, the fluctuations of the Hong Kong dollar have a significant impact on the FTSE EPRA Nareit Emerging Markets Index.

Looking at a country performance on Figure 3, in terms of YTD returns in EUR, the top five performers (as of July 2025) were Brazil (32.87%), Czechia (27.58%), Mexico (23.23%), Chile (16.39%), and Romania (16.03%). On the flip side, the worst performers were India (-17.61%), Indonesia (-16.88%), Philippines (-12.47%), Saudi Arabia (-12.2%), where the currency depreciation played an important role, particularly for APAC countries. In addition, Qatar (5.93%) maintains the top spot for returns from dividends, followed by Brazil (5.43%), and South Africa (4.23%).

*Figure 3. FTSE EPRA Nareit Emerging Index: Country performance*

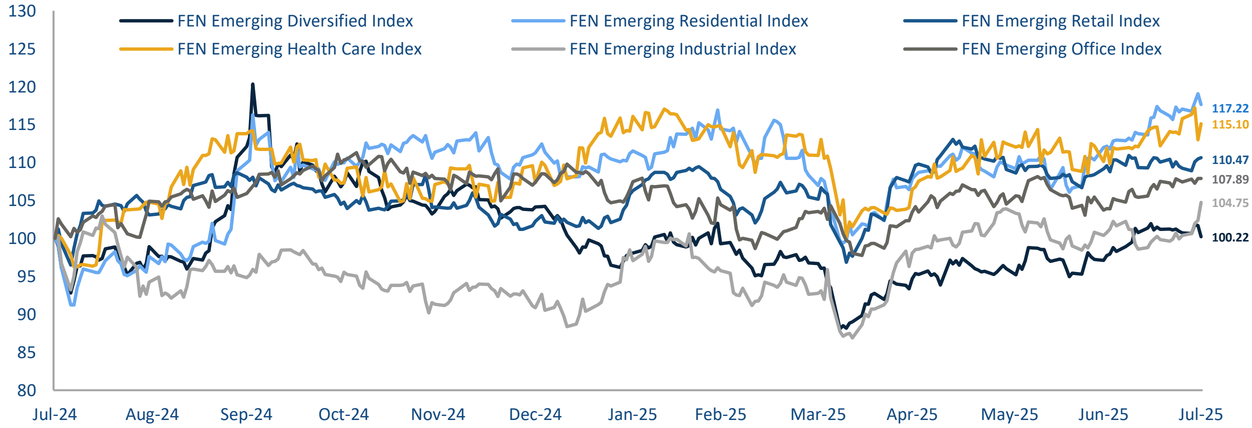



Source: EPRA Research

When comparing the YTD returns in EUR of listed real estate and general equity markets (Table 1), in 12 out of the 18 markets, the listed property companies outperformed the stock markets, with the top three performers being Brazil (22.32%), Turkey (18.26%), and Romania (17.92%). The weighted average outperformance of the Emerging Index over equity markets was 3.86%, with China and India together making up over 40% of the index. While the listed real estate companies in China outperformed the general equity market by 16.13%, the Indian LRE market underperformed equities by 6.73%.

Figure 4 showcases the performance of different sector indices over the past year. The best sector performers in the FTSE EPRA Nareit Emerging Index were Residential (17.22%), Healthcare (15.1%), and Retail (10.47%) from July 2024 to July 2025.

*Figure 4. FTSE EPRA NAREIT Emerging Markets Index: Sector performance*




Source: EPRA Research

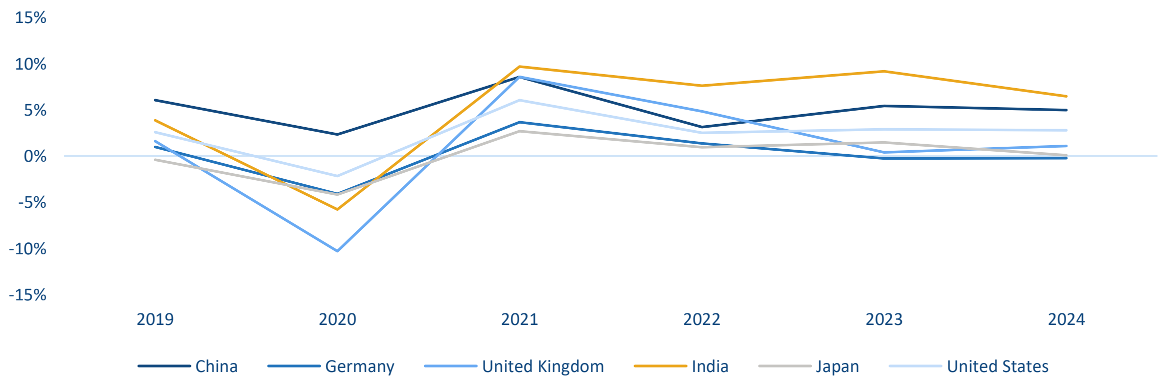
After reviewing the recent performance of FTSE EPRA Nareit Emerging Index, in the following sections two case studies are presented with a country focus on the outlook of the listed real estate sector in India and an analysis of Volatility and Currency effects.

## III. Case study I: Evolution and outlook of India's listed real estate market

### Introduction: Macroeconomic and geopolitical context

India is one of the world's largest and fastest-growing economies, backed by robust fundamentals and a young, expanding population. From ranking 11th in 2009 to 4th by 2025 in GDP terms, India's growth has been structural with strong domestic demand, tech-adaptive workforce and policy reforms. Although persistent shifts in trade dynamics and geopolitical conflicts in the region slowed India's GDP growth to 6.5% in 2024 compared to the 9.2% in 2023. Despite the near-term challenges, the country is expected to continue the upward trajectory at 6.5% between 2025 and 2030 as favourable demographics and steady domestic demand have supported resilient growth even as global inflationary pressures persist.[1]

*Figure 5. Real GDP growth rate of major world economies*




Source: World Bank Group Data

India's push for infrastructure continues to be a defining factor for growth. Over the past few years, the central government has increased capital expenditures (capex) spending to stimulate economic growth and development. According to budget estimates, the central allocation for capex has more than doubled,

[1] Goldman Sachs. (2024, December 10). India's economy is likely to stand firm in an uncertain world. https://www.goldmansachs.com/insights/articles/indias-economy-is-likely-to-stand-firm-in-an-uncertain-world

increasing from 1.6% of GDP in FY19 to a budgeted 3.4% of GDP in FY25.[2] India's sovereign credit ratings have seen several upgrades in 2025 from international agencies, with S&P Global Ratings and DBRS raising India's long-term rating to BBB (Stable).

*Table 2. India sovereign credit ratings*

| Rating Agency | Rating | Outlook | Last Update |
|---|---|---|---|
| S&P | BBB | stable | 14 Aug 2025 |
| Moody's | Baa3 | stable | 5 Oct 2021 |
| Fitch | BBB- | stable | 10 June 2022 |
| DBRS | BBB | stable | 9 May 2025 |

Source: https://www.worldgovernmentbonds.com/credit-rating/india/

Large foreign and domestic investors are taking note as equity investment in real estate grew by nearly 33% Y-o-Y in 2022 to USD 7.8 billion. These inflows were concentrated in the largest cities; Delhi-NCR, Mumbai and Bengaluru together accounted for about 67% of cumulative investments. Institutional investors have consistently financed over half of the recent real estate deals from 2018 onward.[3] A young and urbanising populace is driving demand for residential and commercial spaces alike.

## Overview of India's real estate sector

India's real estate sector is a key contributor to India's GDP and employment, accounting for 18% of the total employment. In terms of the market size, the sector is estimated to be about 7.3% of the country's total economic output and estimated to reach 15.5% by 2047. The size of the market is projected to grow to $1 trillion in value by 2030.[4] The market is largely privately owned and remains untapped by listed players. Improving access to investment hence becomes crucial to drive forward the growth trajectory.

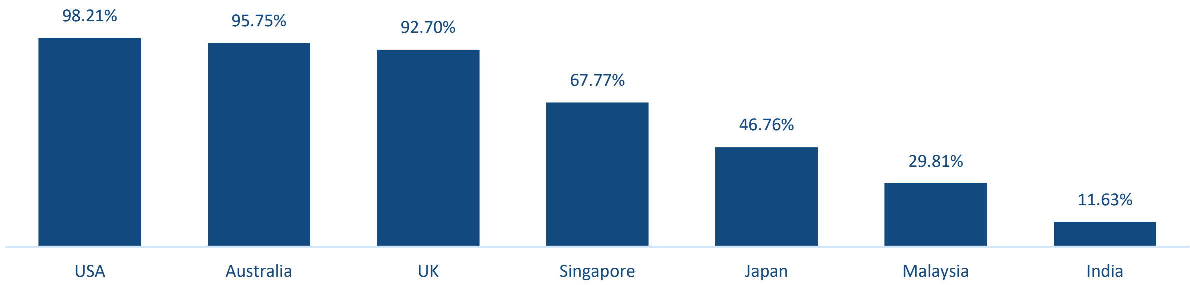
Investors have identified roughly 500 million sq. ft. (msf) of office space assets that meet regulatory and investor standards for inclusion in a REIT. The space was identified in the top seven cities, with a gross asset value of about INR 4.5 tn (EUR 43.26 bn).[5] Office buildings still dominate commercial investments as India's top 10 CRE owners hold about 184 msf generating INR 170 bn (EUR 1.63 bn) in annual rent.

## Evolution of the Indian REITs (2014–present)

India's REIT framework was introduced by Securities and Exchange Board of India (SEBI) in 2014, with detailed regulations finalised by 2019. The first REIT listing was Embassy Office Parks in 2019, raising INR 47.5 bn (EUR 456 mn). Two more office REITs followed in 2020 and 2021: Mindspace Business Parks and Brookfield India Real Estate Trust. In 2022, Nexus Select Trust became India's first retail-focused REIT. The latest entrant to the REIT market is Knowledge Realty Trust, listed in August 2025. Of the five REITs, four focus on offices and one serves retail sector. The global investment firm Blackstone has been at the forefront having co-sponsored four of the five listed REITs. Notably, listed REIT market comprises only about 11.6% of the country's listed real estate market, compared with 98% in the USA and over 50% in many mature markets, which suggests there is big space for market penetration.

[2] CARE Ratings / CareEdge. (2024, November). India's capex story. https://www.careratings.com/upload/video/pdf/1731588730_India%27s%20Capex%20Story%20-%20Nov%202024.pdf
[3] CBRE. (2023, April). Indian Real Estate: Betting on a 'Capital' Future. https://mktgdocs.cbre.com/2299/7b5d022e-a3c6-4648-b6f3-a71f983916e3-1921641200/Indian_20Real_20Estate_20-_20B.pdf
[4] Knight Frank. (2023). India real estate vision 2047: A 25-year roadmap. https://content.knightfrank.com/research/2735/documents/en/india-real-estate-vision-2047-2023-10502.pdf
[5] Vestian. (2024, December). REITs – Reshaping India's commercial space. https://www.vestian.com/market-report/reits-reshaping-indias-commercial-space

*Figure 6. REIT contribution to listed real estate market cap (%)*




Source: EPRA Total Markets Table Q2 2025

The Indian REIT sector has thus grown rapidly in recent years. As of FY 2025, the four listed REITs have combined gross asset value of about INR 1.6 tn (EUR 15.7 bn) and a total market capitalisation just over INR 1 tn (EUR 9.7 bn).[6] Market potential remains vast as CRISIL estimates the country's top 10 CRE landlords alone could unlock up to INR 1.5 tn (EUR 14.4 bn) of value through REITs.[7]

## Policy reforms and initiatives

Indian REITs are governed by the Securities & Exchange Board of India (SEBI) regulations that broadly mirror global best practices. Although leverage is conservatively limited for Indian REITs. The total consolidated debt (on the REIT, sponsor and SPVs combined) cannot exceed 49% of assets, which is often lower in practice given credit ratings. REITs in India enjoy tax-friendly status as trusts pay no tax if they distribute the mandated income, though unit holders bear the tax on distributed income. Further details of India's REIT regime framework can be found on EPRA's Global REIT Survey 2025.

In April 2025, SEBI introduced a significant amendment to the SEBI REIT Regulations expanding the range of asset classes that may be held by a REIT. As per the amendment, REITs can now hold a wider range of assets including data centres, logistics, healthcare, student housing, cold chain facilities in their portfolios. This replicates the practices followed by more advanced REIT markets. As part of most recent amendments to the SEBI (Mutual Funds) Regulations (1996) REITs will now be reclassified as "equity" instruments. This reclassification makes REITs eligible for inclusion in equity indices and opens doors for increased participation of mutual funds, pension funds, and other institutional investors in the segment.

## Small and Medium REITs (SM REITs) and Infrastructure Investment Trusts (InvITs)

Beyond the conventional REITs, India has built separate regimes for fractional real estate and infrastructure investment trusts. In early 2024, SEBI introduced a new Small and Medium REITs (SM REITs) category to govern and support the growing trend of fractional-ownership platforms (FOPs). SM REITs framework aims to regulate fractional ownership platforms that pool capital from individuals to buy parts of properties. These FOPs enable retail investors to co-own commercial assets via SPVs, with relatively small investments. CBRE Research in 2024 estimated that the potential market for SM REITs in India covers about 300 msf of completed commercial office space and an additional 50 msf space to be completed by 2026. This estimates the market size of SM REITs to USD 60 bn.[8]

Parallel to REITs, Infrastructure Investment Trusts (InvITs) have been active since 2014. InvITs pool capital for income-generating infrastructure assets. In terms of structure, InvITs share many rules with REITs such as the 90% cash-flow distribution and 49% leverage cap but also allow some operational differences in terms of tenure and capital-treatment specifics. India now has 17 listed InvITs with a combined AUM of USD 73.3 bn, while AUM for REITs is just over USD 20 bn as of FY2025. InvITs have benefited from

[6] Data based on FY 2025 results
[7] CRISIL Ratings. (2019). India's REIT opportunity. https://www.crisilratings.com/en/home/our-analysis/reports/2019/10/indias-reit-opportunity.html
[8] CBRE. (2024). Navigating the SM REIT landscape – A look at regulations and implications. https://www.cbre.co.in/insights/reports/navigating-the-sm-reit-landscape-a-look-at-regulations-and-implications

government programs such as the National Monetization Pipeline of INR 6 tn asset monetisation and plans another INR 10 tn by 2030. This infrastructure focus has made InvITs one of India's fastest-growing asset classes, projected to reach USD 258 bn market by 2030.[9]

### Recent market trends (2024–25) and potential growth outlook

Indian REITs have faced headwinds in 2024–25, becoming one of the worst performers among the emerging markets. One of the catalysts could be alluded to the changes to tax treatment of REIT units announced in the Union Budget 2024. The holding period for long-term capital gains (LTCG) was cut to 1 year, but tax rates were raised. Short-term Capital Gains (STCG) on REIT units is now 20% vs 15% earlier, and LTCG 12.5% vs 10%. Sentiment was further dampened by global risk-off conditions and concerns over valuations. In the absence of new major listings or inflows, Indian REIT prices lagged global markets.

Institutional investment patterns also constrained REIT performance. Domestic pension and insurance funds have historically been unable to subscribe as "strategic" investors in REIT offerings; their inclusion was under consultation only by 2025. This limited the pool of reliable long-term capital. Nevertheless, market players note that foreign investment interest remains robust and regulatory moves may reopen the taps.

India's REIT market is young and remains promising despite recent challenges. As institutional investors gradually increase their stakes in REITs, they stand to gain from the improved liquidity. With only a fraction of REIT-worthy assets been securitised so far, there is headroom for capital flows. As the government is proactively taking steps to facilitate the market through policy changes, we can expect to see more REIT listings in the coming years. In the near term, investors should expect volatility tied to macro and policy cycles, but the consensus among analysts is that India's REIT sector has strong long-term tailwinds. Its accelerated adoption could transform India's property landscape much as it has in mature markets.

## IV. Case study II: Currency returns and volatility effects in emerging market real estate

### Introduction

Emerging markets are becoming an increasingly important part of global real estate portfolios. They offer investors potential for higher growth and diversification, but they usually carry higher risks, especially from currency swings. Exchange rate movements can quickly alter what international investors earn, and global shocks often amplify these shifts. EPRA (2024) showed how real this risk is: depreciation in the Brazilian real, Turkish lira, and Mexican peso cut emerging market real estate returns by more than 1% in a single year.[10]

This study looks at six EPRA indices across regions to assess how much of their performance is explained by currency moves versus other drivers such as equities, commodities, interest rates, and risk sentiment. The goal is to show to what extent currency volatility can shape real estate returns in emerging markets, and why it remains a critical factor for investor to understand.

### Methodology

The analysis uses monthly data covering the period from January 2009 to August 2025. The focus is on the total returns of six FTSE EPRA Nareit Emerging Market indices: Emerging Market Index, Emerging EMEA Index, Emerging Europe Index, Emerging MEA Index, Emerging Asia Pacific Index, and Emerging Americas Index.

[9] Knight Frank. (2025). Infrastructure investment trusts (InvITs) in India 2025. https://content.knightfrank.com/research/3031/documents/en/infrastructure-investment-trusts-invits-in-india-2025-12372.pdf
[10] EPRA (2024). Emerging markets report 2024. https://www.epra.com/application/files/3217/2605/6892/EPRA_-_Emerging_Markets_Report_-_2024.pdf

To capture currency effects, region-specific baskets were constructed using the underlying index currency composition (weights). Monthly currency basket returns were calculated from exchange rate changes, and a 36-month rolling standard deviation was used to measure volatility. For this analysis EUR was used as a base currency to calculate the exchange rates of the local currencies.

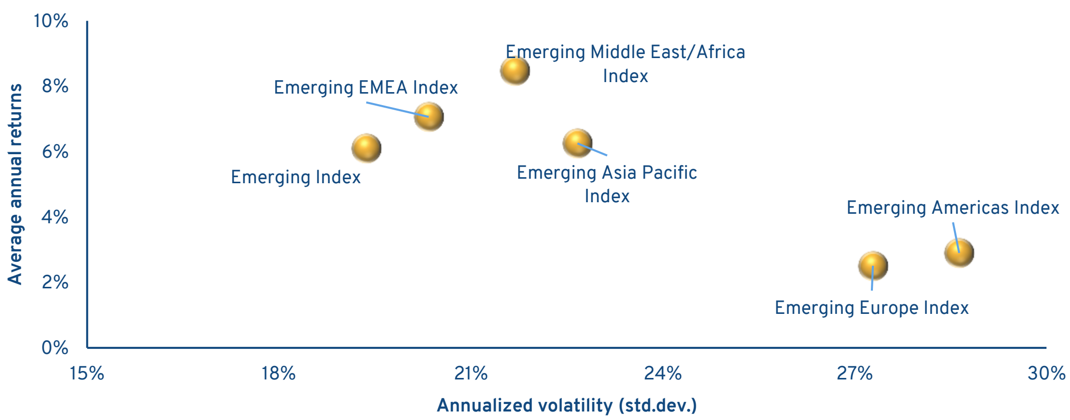
A set of global and macroeconomic variables was also incorporated to capture broader influences on emerging market real estate. These include the MSCI Emerging Markets Index as an equity benchmark, oil and gold futures as indicators of commodity shocks, German 2-year bund rates as risk-free rates, and the VIX Index as a measure of global risk sentiment. As a robustness check, we will also include 10-year German bund rates and the US 3-month T-bill rates in different regressions to check their impact.

For each of the six emerging market indices, a multiple linear regression model was estimated using the above-mentioned explanatory variables. The expected result is that higher currency volatility will weigh negatively on index returns, while global equity returns will contribute positively. The VIX index is expected to have a negative effect, reflecting global risk aversion, while commodity prices may show region-specific patterns of influence.

### Descriptive statistics

Figure 7 shows how compounded annual growth returns (CAGR) and annualized volatility differ across regions. The Middle East/Africa and EMEA indices delivered the strongest growth, while Emerging Europe lagged with the weakest performance. On the volatility side, the broad Emerging Index was the most stable, whereas the Emerging Americas Index showed the largest fluctuations.

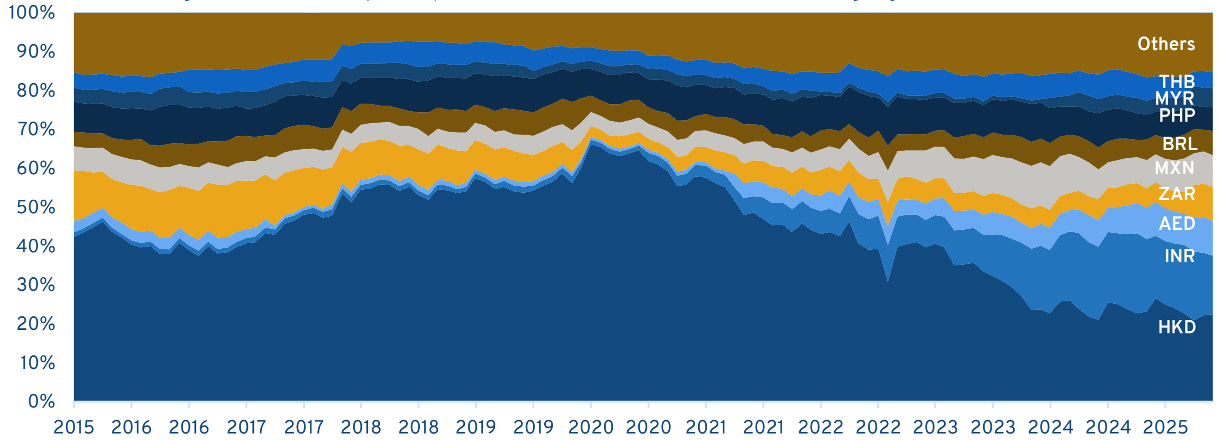
*Figure 7. FTSE EPRA Nareit Emerging Market Indices (2009 - 2025)*




Source: EPRA Research

Figure 8 shows how the currency composition of the FTSE EPRA Nareit Emerging Index has changed between 2015 and 2025. The Hong Kong dollar (HKD) has consistently been the largest share, though its weight dropped after 2022 before settling at a lower level. This mainly reflects the addition of more Indonesian, Chinese, and Singaporean companies listed in HKD. Other currencies – like INR, UAE dirham (AED), South African rand (ZAR), BRL, and MXN – held smaller but steady positions, in the 8-15% range. Stress periods, such as COVID-19 in 2020 and market disruptions in 2022, coincided with sharper changes in the composition.

*Figure 8. Currency composition of FTSE EPRA Nareit Emerging Index (2015-2025)*




Note: Others include CLP, EUR, SAR, SGD, KWF, TWD, QAR, TRY, IDR, CNH, RON, CNY, RUB, USD, EGP, and PLN
Source: EPRA Research

Figures 9 and 10 highlight the role of currencies in shaping the long-term performance of listed real estate companies part of FTSE EPRA Nareit Emerging Index. Figure 9 compares country index returns with local currency moves. It shows that listed real estate delivered strong growth in most markets, even where currencies weakened. India for example, stands out with an impressive 13.5% annualized return, despite the INR depreciating by 3.2%. This can be explained with the fact than many Indian companies' securities are traded in Hong Kong dollars (HKD), shielding them from local currency swings. UAE also performed well, recording a 10.1% annualized return, with currency effects close to neutral (-0.4%) — a sign that property market fundamentals drove performance more than FX moves.

The Figure 10 provides the broader view Over the past decade, the FTSE EPRA Nareit Emerging Index gained approximately 21% (1.92% CAGR), whereas its corresponding currency basket – calculated from monthly currency returns weighted by the index composition – declined by around 14% (1.32% CAGR), therefore, despite their structural depreciation, currencies in the emerging index do not represent the main driver affecting the performance of listed real estate in emerging markets, where hedging strategies and frequent portfolio rebalancing can reduce the risk but no necessary improve the returns.

*Figure 9. FTSE EPRA Nareit Country Index and currency annualized 10y returns*

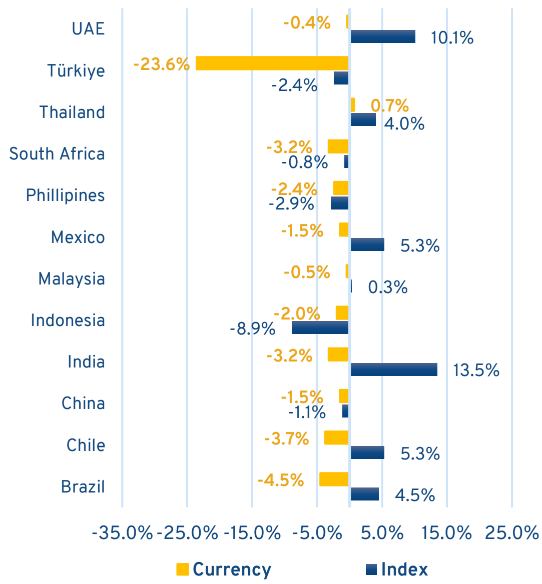
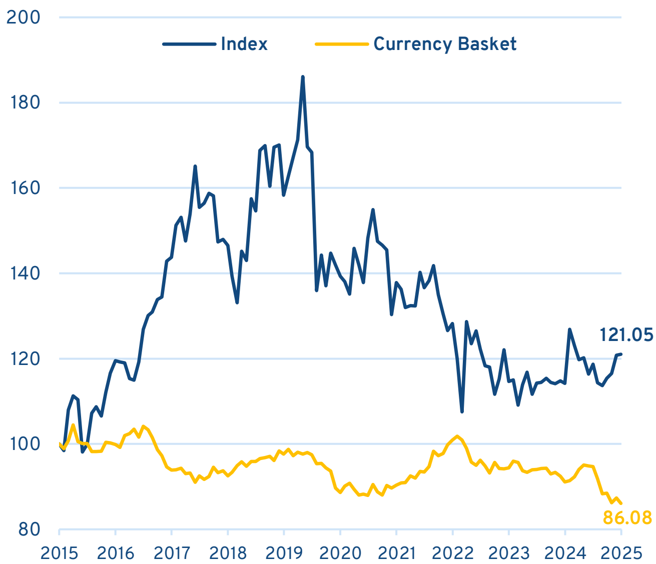



*Figure 10. Cumulative returns: FTSE EPRA Nareit Emerging Index vs currency Basket*

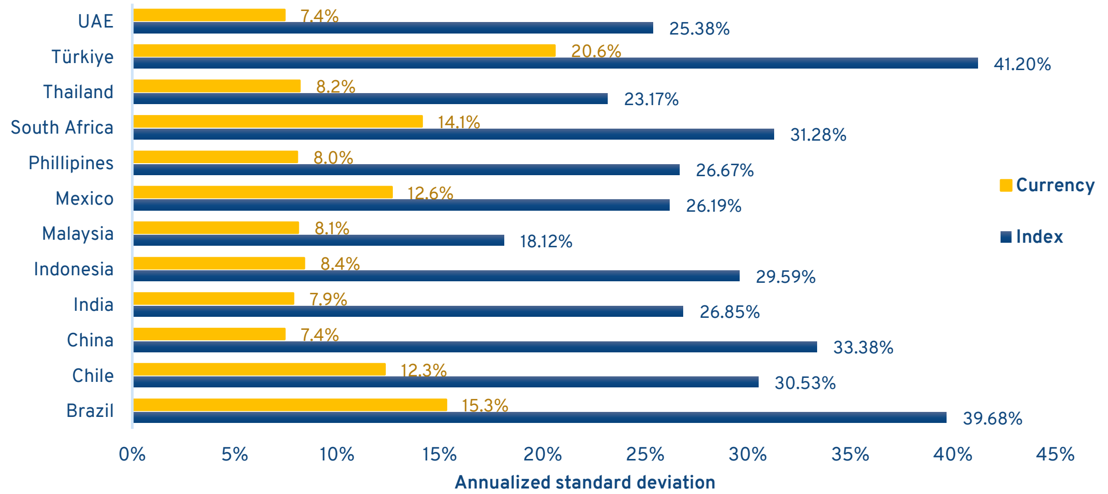



Source: EPRA Research

Finally, *the graphs also show how the underlying value can be protected through currency hedging. Taken together the currency movements (Figure 9) and the currency composition (Figure 8), it is clear that by focusing on just a few key currencies such as INR, BRL, TRY, and CLP, investors can limit the drag from FX and capture the growth potential of listed real estate in emerging markets.*

Figure 11 compares the volatility of real estate indices of the countries with their local currencies over the past 10 years. What stands out is that currency volatility represents less than 50% of the index volatility (average 36%). For example, Brazil and Turkey show significant swings in their indices while their currencies were less volatile. On the other side, Malaysia and the UAE show relatively low index volatility, again not explained by currency moves. This indicates that fluctuations in emerging market real estate are driven more by property market dynamics and broader equity sentiment than by currencies alone.

*Figure 11. FTSE EPRA Nareit Index vs currency annualized std. deviation (10y)*




Source: EPRA Research

Table 3 shows the correlation of the potential drivers of the FTSE EPRA Nareit Emerging Index. Not surprisingly, index returns move closely with broader equity markets, especially MSCI Emerging Markets (0.84). Currency returns also play a moderate role with a correlation of 0.24, while currency volatility seems to be less important (0.11). The index tends to fall when global risk aversion rises, as shown by its negative correlation with the VIX Index (-0.34). Commodities like oil and gold show only weak correlations, and interest rates in developed markets have little impact as well.

*Table 3. Correlation of the FTSE EPRA Nareit Emerging Index and other explanatory variables*

| | FTSE EPRA Nareit Emerging Index | MSCI EM Index | Currency Basket returns | Currency Basket volatility | VIX Index returns | Brent oil Futures | Gold Futures | 2-year German bund yield | 10-year German bund yield | US 3-month T-bill rates |
|---|---|---|---|---|---|---|---|---|---|---|
| **FTSE EPRA Nareit Emerging Index** | 1.00 | 0.84 | 0.24 | 0.11 | -0.34 | 0.21 | 0.01 | 0.00 | 0.06 | -0.06 |
| **MSCI EM Index** | 0.84 | 1.00 | 0.31 | 0.08 | -0.43 | 0.33 | 0.06 | 0.03 | 0.07 | -0.03 |
| **Currency Basket returns** | 0.24 | 0.31 | 1.00 | 0.03 | 0.19 | 0.12 | 0.31 | -0.03 | 0.01 | -0.07 |
| **Currency Basket volatility (36m)** | 0.11 | 0.08 | 0.03 | 1.00 | -0.07 | 0.06 | -0.01 | 0.10 | 0.56 | -0.48 |
| **VIX Index returns** | -0.34 | -0.43 | 0.19 | -0.07 | 1.00 | -0.22 | 0.18 | -0.07 | -0.08 | -0.02 |
| **Brent oil Futures** | 0.21 | 0.33 | 0.12 | 0.06 | -0.22 | 1.00 | 0.00 | -0.04 | 0.00 | -0.10 |
| **Gold Futures** | 0.01 | 0.06 | 0.31 | -0.01 | 0.18 | 0.00 | 1.00 | 0.09 | 0.07 | 0.08 |
| **2-year German bund yield rates** | 0.00 | 0.03 | -0.03 | 0.10 | -0.07 | -0.04 | 0.09 | 1.00 | 0.83 | 0.70 |
| **10-year German bund yield rates** | 0.06 | 0.07 | 0.01 | 0.56 | -0.08 | 0.00 | 0.07 | 0.83 | 1.00 | 0.29 |
| **US 3-month T-bill rates** | -0.06 | -0.03 | -0.07 | -0.48 | -0.02 | -0.10 | 0.08 | 0.70 | 0.29 | 1.00 |

Source: EPRA Research

## Regression and PCA analysis

The analysis of the impact of currency volatility and other market indicators on the FTSE EPRA Nareit Emerging Market Index, as well as on the regional indices, show that the strongest influence comes from the indices themselves (listed real estate) and the broader emerging markets equity benchmark, the MSCI

Emerging Markets Index. Currency returns were an important factor in certain regions – particularly in EMEA, Europe, MEA and the Americas – while currency volatility had a significant impact only on Emerging EMEA index (mostly affected by the high volatility observed in the Turkish Lira). Details available in the appendix. Global risk sentiment, captured by the VIX index, also played a moderate role in the index performance. Its negative impact underlines how fear in developed markets tends to spill over into emerging real estate. Commodities added another layer, with oil futures shaping some part of the index returns in regions such as the Middle East & Africa, and Asia-Pacific.

*Table 4. PCA Analysis - FTSE EPRA Nareit Emerging Market Index volatility source*

| Emerging Market Index | MSCI Emerging Index | Currency basket returns | Currency basket volatility | VIX Index | Oil futures returns | Gold futures returns | 2-yr bond rates | Total PCA | Not-explained |
|---|---|---|---|---|---|---|---|---|---|
| 33.23% | 32.88% | 4.62% | 1.38% | 11.67% | 9.13% | 0.09% | 0.07% | **93.07%** | **6.93%** |

Source: EPRA Research

The PCA analysis (Table 4) further confirmed these findings by quantifying the share of index performance variance attributable to specific factors. The results reaffirmed that the primary driver of the FTSE EPRA Nareit Emerging indexes volatility lies in the indices' own movements and the movements of MSCI Emerging Markets Index. External influences such as the VIX index and oil futures played a moderate but secondary role. For EMEA and Americas regions, currency returns also had a noticeable role in the variance of the index performance. Notably, currency volatility – often regarded as a key risk in emerging market investing – showed little meaningful impact on the Emerging Index performance across both analyses. For investors, this insight is significant: while local FX fluctuations may influence individual countries, movements in currencies from different regions tend to neutralize each other, at least partially, so they do not materially distort returns at the broader level for the global emerging index. As a result, investors can place greater emphasis on capturing the long-term growth opportunities of these real estate markets, without being overly preoccupied by short-term currency fluctuations.

## V. Conclusions

This report reviewed the performance of the listed real estate markets in emerging economies. The FTSE EPRA Nareit Emerging Index now includes 121 companies with a market capitalization of EUR 126 million. During the past year, the index delivered a 5.2% annual return and 0.5% YTD gain, outperforming the Global Index. In terms of country composition changes, India's weight declined from 19.7% to 16.76%, while South Africa surged from 4.89% to 8.6%, with UAE (9.17%) and Mexico (8.35%) also strengthening their positions.

The second part of the report focused on India's real estate market which continues to play an increasingly important role within the emerging market real estate. Contributing over 7% to national GDP, the sector has gained further momentum with the expansion of the REIT framework, including the introduction of small and medium REITs in 2024—an important step toward deeper institutional participation. REITs, in particular, are gaining strong traction and represent a valuable opportunity for all types of investors looking for exposure to listed real estate in the world's third largest economy.

Finally, the analysis of currency volatility effect shows that, while FX swings affect individual markets, their overall impact on the Emerging Index is limited as movements offset each other. Performance is more strongly influenced by global equity trends, risk sentiment, and commodities. For investors, this indicates that emerging market real estate offers meaningful growth potential without excessive exposure to currency risk and targeted currency hedging can further allow investors to capture the true growth potential of listed real estate in emerging markets.

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## VII. Appendix

*Regression Results for FTSE EPRA Nareit Emerging Market Indices (2009 – 2025)*

| | FTSE EPRA/Nareit Emerging Index | FTSE EPRA/Nareit Emerging EMEA Index | FTSE EPRA/Nareit Emerging Europe Index | FTSE EPRA/Nareit Emerging Middle East/Africa Index | FTSE EPRA/Nareit Emerging Asia Pacific Index | FTSE EPRA/Nareit Emerging Americas Index |
|---|---|---|---|---|---|---|
| Intercept | -0.0118 | 0.0309 | 0.0012 | 0.0371 | -0.0184 | 0.0084 |
| MSCI EM returns | 1.1600 | 0.4082 | 0.6693 | 0.3651 | 1.2765 | 0.6623 |
| Currency Basket returns | -0.0570 | 1.1611 | 1.3810 | 1.1584 | -0.1179 | 1.4215 |
| Currency Basket volatility | 0.5135 | -0.8604 | 0.3215 | -0.9367 | 0.8060 | -0.1550 |
| VIX returns | 0.0074 | -0.0274 | -0.0199 | -0.0282 | 0.0299 | -0.0464 |
| Oil Futures returns | -0.0467 | 0.1000 | 0.0487 | 0.0997 | -0.0907 | -0.0256 |
| Gold Futures returns | -0.0509 | -0.0979 | -0.2520 | -0.0895 | -0.1264 | 0.0330 |
| R-square | 0.714 | 0.651 | 0.461 | 0.603 | 0.577 | 0.613 |
| Obs. | 200 | 200 | 200 | 200 | 200 | 200 |
| df | 192 | 192 | 192 | 192 | 192 | 192 |

Note: Blue indicates the 1 % significance; Yellow 5% and Gray 10% significance.
Source: EPRA Research