
In February 2016, the TSE REIT Index (with dividends) rose by 5.6% MoM.

The J-REIT market moved on a downward trend until February 12 as investors took risk off stance amid falling oil prices and appreciating yen. After the mid-month, the market turned to rise on the back of BoJ’s negative interest rates, which reduce interest payments for REIT operating companies. Additionally, expectation for wider yield spreads, which increase attractiveness of J-REIT dividend yields, lifted up the market. Lowering long-term JGB yields toward the month end also contributed to boost the REIT index. Physical property market remained firm as January office vacancy rate in Tokyo 5 central wards declined to 4.01% and rent increase maintained an upward trend.

Purchases of J-REITs by the BoJ decreased to JPY7.2bn in February from JPY10.8bn in the previous month.

2. TSE REIT Index (with dividends)

The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.

3. Top 10 REIT Constituents in J-REIT

4. Tokyo Office Rents and Vacancy Rates

Source: DataStream, compiled by SMAM.

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) lost 7.0% in February. On a local currency basis, REIT return in Asia Pacific showed a gradual rise. Yet, Global REIT return showed a negative performance due to a sharp downturn in Europe and slight fall in North America.

In the first half of the month, each REIT market slid amid growing risk-off mood on concerns over oil price fall and global economic slowdown. The worst performer this month was the European REIT market as investors’ sentiment was dampened by worries about credit risk for European banks. In particular, the UK REIT market plunged reflecting the decision of Brexit referendum to be held in June.

Forex factor was slightly positive to the total performance although GBP dropped against USD.

2. Global REIT Index (in USD)

3. Return Contribution by Factors (Feb ’16)

4. Global % Weight by Markets (Feb ’16)

Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in USD).
(2) Contribution = Composition % weight x Monthly Return
Source: FactSet, compiled by SMAM.