

# THEME IN FOCUS: REAL ESTATE

*“... READY FOR IT?”*

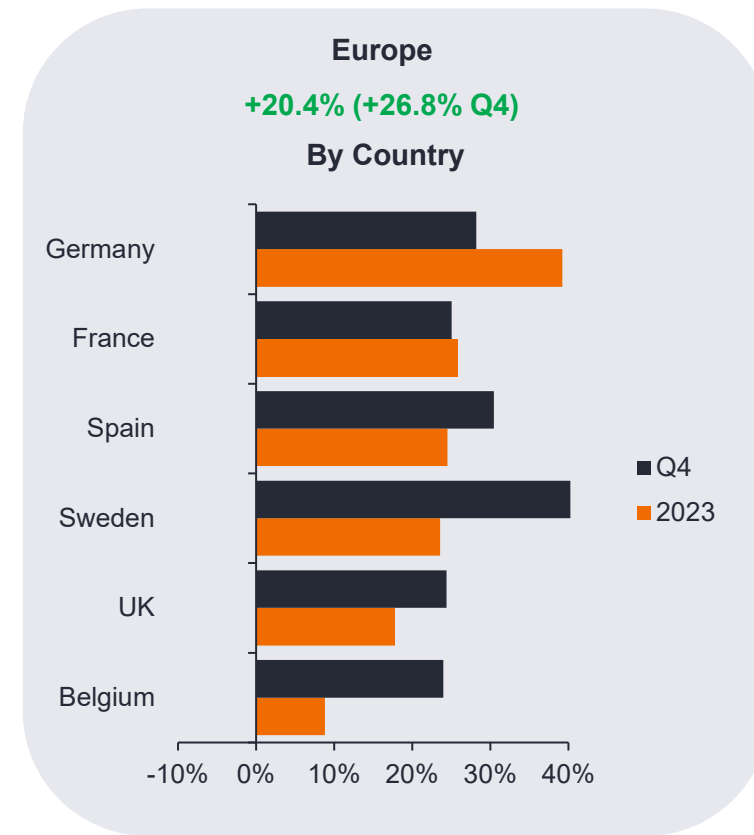
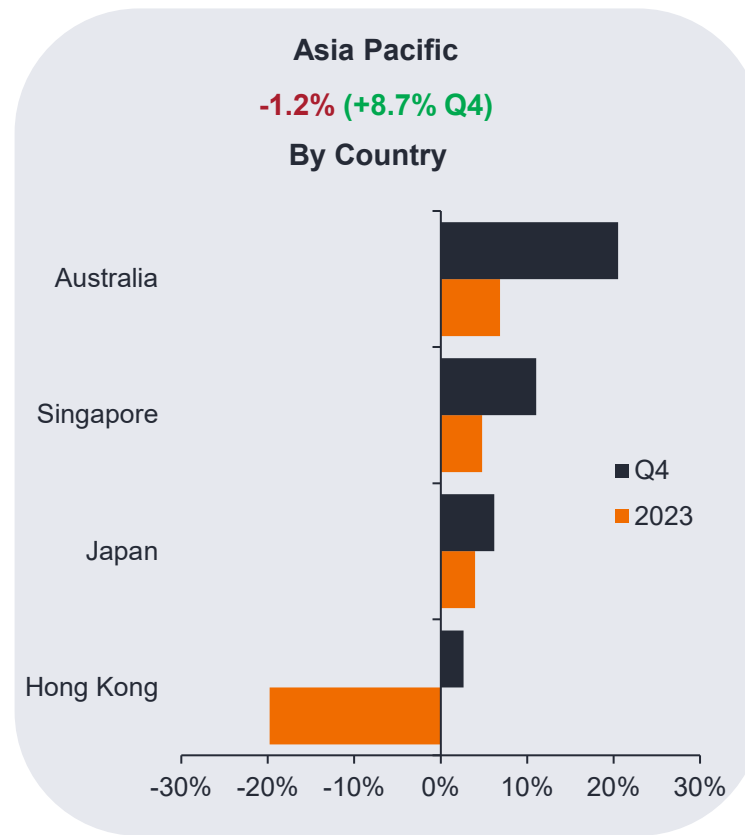
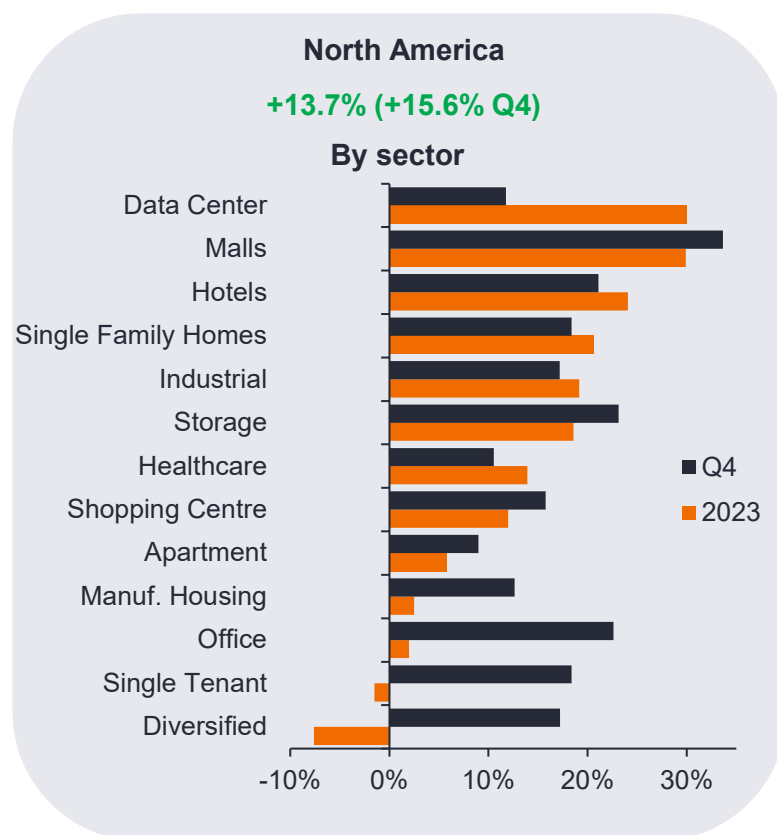
Asia Investment Summit 2024

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Portfolio Manager – Global Property  
Janus Henderson Investors

# A LOOK BACK AT 2023 – “SHAKE IT OFF!””

GRE market +9.7% (\$) in 2023, following a 25% decline in 2022



Source: Janus Henderson Investors, Bloomberg, as at 31 December 2023.

Note: Sector performance for US as defined by FNRE Index.

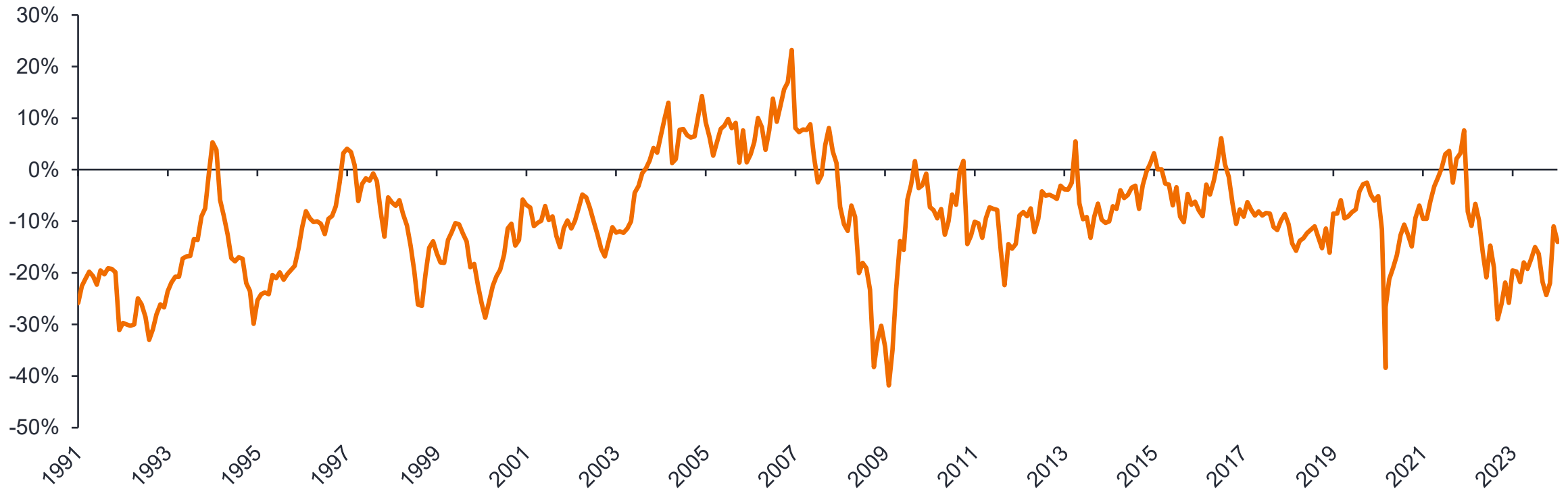
**Past performance does not predict future returns.**

# Listed RE priced in write-downs before private markets

## – “BLANK SPACE”

The same will happen in reverse...REITs recover ahead of the direct market

Global Property Equity markets premium/(discount) to NAV



Source: UBS, Janus Henderson Investors Analysis, as at 31 January 2024.

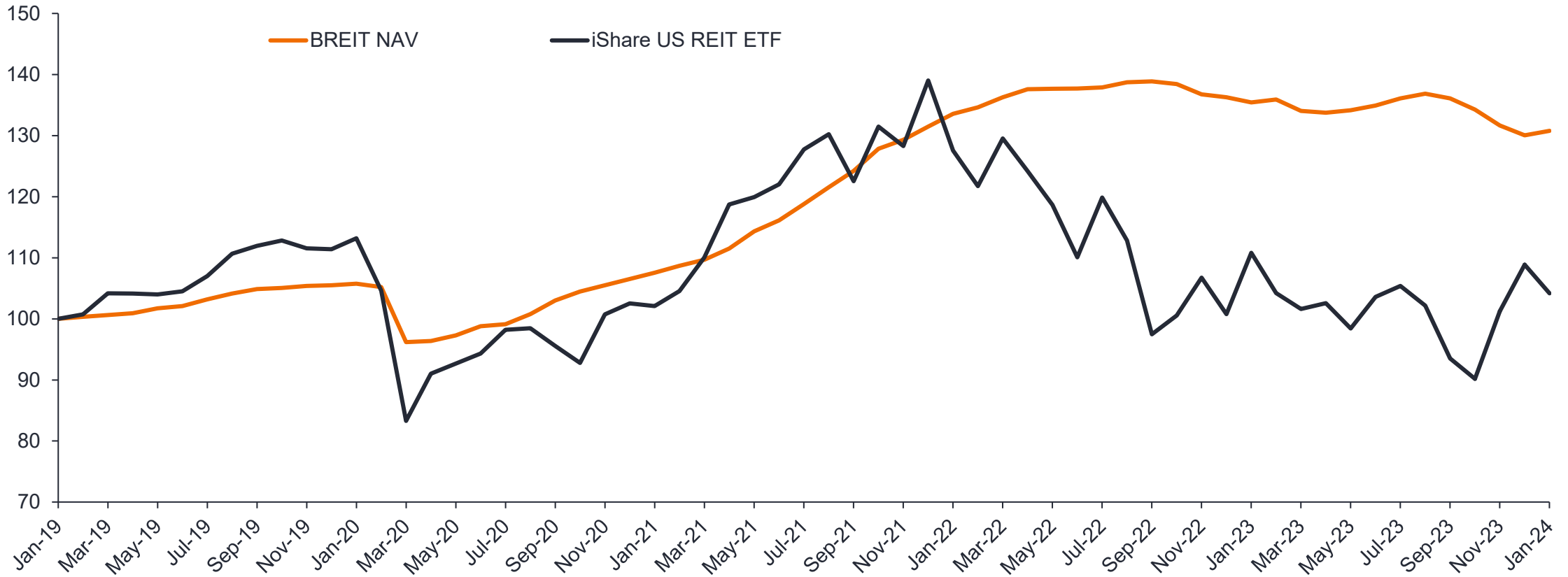
Note: UBS coverage universe.

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# Public versus Private NAV performance – “WILDEST DREAM”

Who is right?

NAV performance (100 as of Jan 2019)



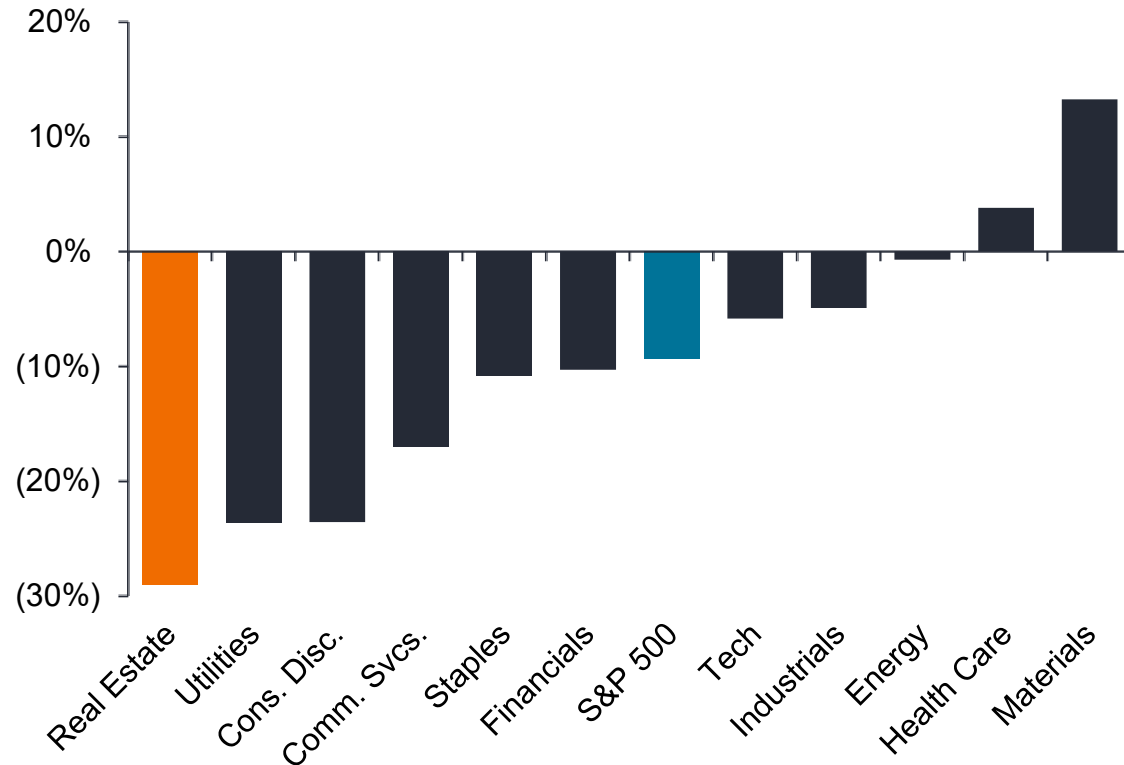
Source: JHG, Blackstone as at 31 January 2024.

# Real estate has de-rated vs broader equities

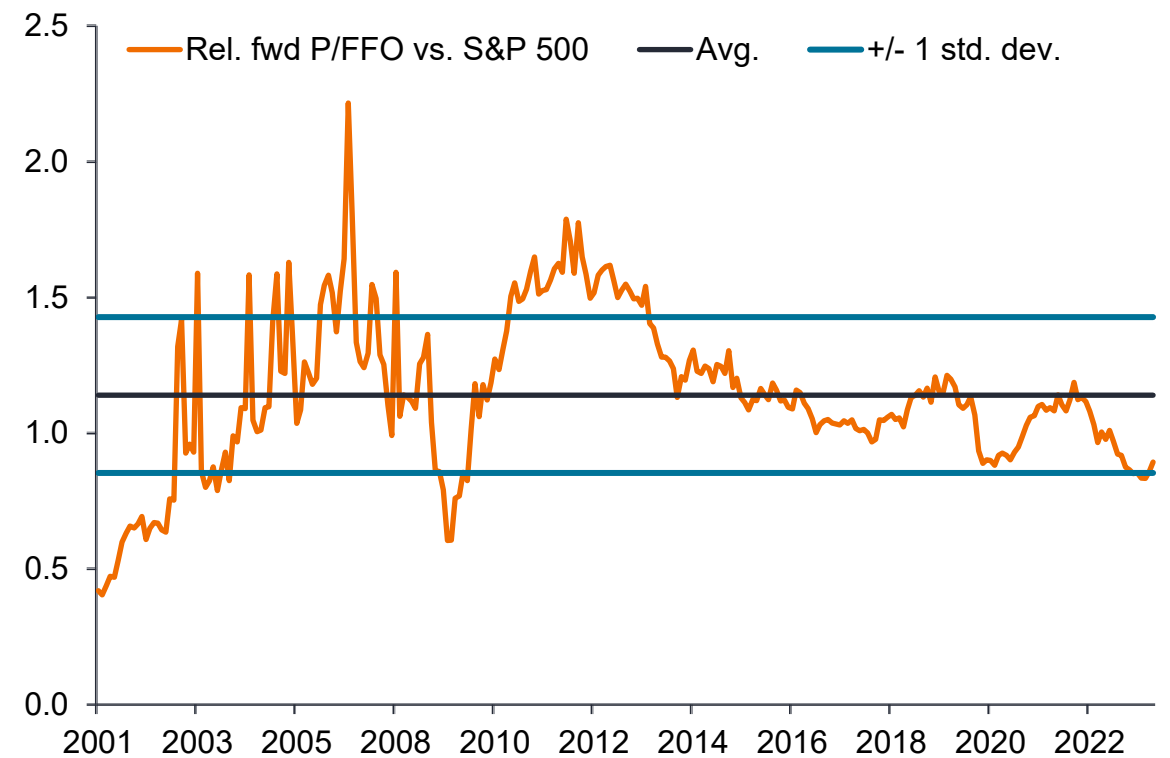
– “*WE ARE NEVER GETTING BACK TOGETHER*”

Global REITs have grown earnings by 13% over the last two years

Change in fwd P/E (P/FFO for REITs) since Dec. 21



S&P 500 Real Estate fwd P/FFO vs. S&P 500's fwd P/E



Source: FactSet, BofA US Equity & Quant Strategy, as at 31 December 2023.

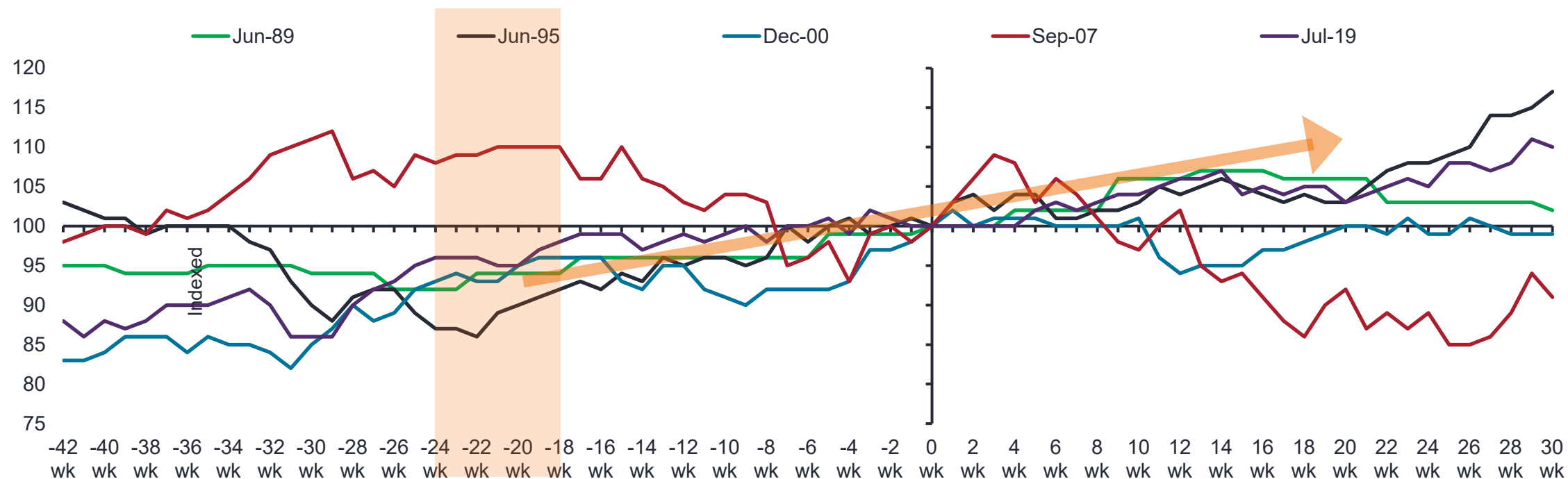
Note: P/FFO = a REIT valuation ratio that compares the market price of a REIT and its funds from operations (FFO).

**Past performance does not predict future returns.**

# When to buy REITs? – “CHAMPAGNE PROBLEMS

Sector has historically started to rally 18 to 24 weeks ahead in anticipation of rate cuts

Global real estate performance weeks prior and after first US Fed rate cut



Source: Refinitiv, UBS, Janus Henderson Investors Analysis, as at 30 November 2022.

Note: UBS coverage universe.

**Past performance does not predict future returns.**

# LOOKING AHEAD: WINNERS & LOSERS

# How themes translate into opportunities

## - “LOOK WHAT YOU MADE ME DO”

Looking beyond the benchmark & core sectors for more diversified real estate opportunities



### DIGITALISATION

- Cell towers
- Data centres
- Operational platforms
  - Self-storage
  - Hotels
  - Apartments



### SHIFTING DEMOGRAPHICS

- Life science lab space
- Student accommodation
- Age-restricted manufactured housing
- Senior housing
- Self-storage



### SUSTAINABILITY

- High-quality, modern office space
- Industrial/logistics



### CONVENIENCE LIFESTYLE

- Industrial/logistics
- Necessity-anchored retail

***Forward-looking approach – Investing in the opportunities of tomorrow***

Source: Janus Henderson Investors, as at 31 December 2023.

Note: Diversification neither assures a profit nor eliminates the risk of experiencing investment losses.

# Summary – “OUT OF THE WOODS”

## Light at the end of the tunnel?

- Private property markets are expected to bottom in 2024, while Public REITs already have
- Discounts can narrow further with uncertainty removed and shifting rate narrative
- Winners & Losers – need to be active
  - Alternative sector that benefit from structural growth, such as AI will be the ‘winners’
  - Long duration real estate assets back in vogue after tough few years.



Sourced: Janus Henderson Investors, as at February 2024.

Note: The above are the Team's views and should not be construed as advice and may not reflect other opinions in the organisation. The views are subject to change without notice. There is no guarantee that past trends will continue, or forecasts will be realised.

Image: Getty Images.

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