# Listed Property – Quarterly Report

JANUARY – MARCH 2010

The expected return on Listed Property investments is generally greater than Fixed Interest or Cash but they are considered more risky as returns can rise and fall substantially. Listed Property securities generally comprise properties such as offices, hotels and shopping centres as they are usually more liquid (i.e. easier to cash in) than residential property, as they're listed on the share market.

## Quarter Review

The S&P/ASX 200 Property Trust Accumulation Index fell 1.5% in the March quarter, underperforming the broader market for the period.

The industrial sector was the best performing sector over the period, underpinned by the strong outperformance of Goodman Group which benefited from investors search for stocks that offered leverage to the economic recovery coinciding with improved equity markets globally.

The retail sector also outperformed for the quarter, with Bunnings Warehouse Property Trust the best performer seeing good support following solid results and the announcement of a number of lease extensions to major tenant, Bunnings. Westfield Group also outperformed for period, with stocks seeing very strong support at the start of the period.

**S&P/ASX 200 Property Trust Accumulation Index**


The diversified sector was the main underperformer for the quarter; with small cap Ardent Leisure the main detractor after delivering a result below market expectations. Of the big names, Mirvac Group, GPT Group and Dexus Property Group all underperformed, while Stocklands outperformed. Charter Hall Group was the standout for the period, seeing strong market support after their acquisition of Macquarie Bank's property management platform.

## Outlook

For the property sector, the underlying strength of the Australian economy and improving sentiment globally has been a positive, reinforcing property values and underpinning cashflow.

That said, while some believe asset values are at or near their cyclical lows, property values are not expected to snap back quickly given the ongoing higher borrowing costs and need by a number of unlisted property owners generally to further de-lever their balance sheets.

With the sector now stabilised, there is increasing speculation that a number of potential IPOs are being considered, which if structured correctly would be a positive for the sector by increasing the investment choices going forward.

With the sector's yield of just over 6% now looking secure given that most of the sector has rebased their earnings, some commentators believe the sector offers a strong platform for sound returns going forward.

## The legal bits.