

“ Total returns for A-REITs in 2020 ”

Figure 1: Total Return for the 12-months ended 31 December 2020

Code	Name	Capital Gain	Distribution Paid	Total Return
GMG	Goodman Group	41.4%	2.2%	43.7%
CHC	Charter Hall Group	32.8%	3.3%	36.1%
CNI	Centuria Capital	16.5%	4.3%	20.8%
BWP	BWP Trust	12.8%	4.7%	17.4%
HMC	Home Consortium ¹	12.2%	3.1%	15.3%
HPI	Hotel Property Investments	2.8%	6.1%	9.0%
WPR	Waypoint REIT	2.6%	5.7%	8.3%
NSR	National Storage REIT	4.1%	4.0%	8.1%
AQR	APN Convenience Retail REIT	1.4%	6.3%	7.7%
PWG	Primewest	3.4%	4.2%	7.6%
RCT	Reef Casino Trust	3.8%	3.2%	7.0%
ARF	Arena REIT	1.1%	5.0%	6.0%
CQE	Charter Hall Social Infrastructure REIT	0.6%	4.7%	5.3%
ADI	APN Industria REIT	-1.4%	5.9%	4.5%
	All Ordinaries	0.7%	2.9%	3.6%
APD	APN Property Group	-5.6%	7.8%	2.2%
	S&P/ASX 300 Index	-1.1%	2.8%	1.7%
	S&P/ASX 200 Index	-1.5%	2.9%	1.4%
INA	Ingenia Group	-0.8%	2.0%	1.2%
AVN	Aventus Group	-3.9%	4.1%	0.2%
CIP	Centuria Industrial REIT	-6.5%	5.4%	-1.2%
SCP	SCA Property Group	-5.6%	4.0%	-1.6%
ERF	Elanor Retail Property Fund	-5.6%	3.6%	-1.9%
	S&P/ASX 300 A-REIT Index	-7.5%	3.6%	-4.0%
	S&P/ASX 200 A-REIT Index	-8.0%	3.4%	-4.6%
SGP	Stockland	-9.5%	4.7%	-4.8%
ECF	Elanor Commercial Property Fund	-14.9%	8.3%	-6.6%
GDF	GARDA Property Group	-12.0%	5.4%	-6.6%
IAP	Irongate Group	-13.9%	5.9%	-8.0%
TOT	360 Capital REIT	-15.2%	7.1%	-8.1%
CQR	Charter Hall Retail REIT	-14.1%	4.8%	-9.2%
CLW	Charter Hall Long WALE REIT	-15.5%	5.2%	-10.2%
GOZ	Growthpoint Property	-15.9%	4.8%	-11.1%
GDI	GDI Property Group	-18.0%	5.3%	-12.7%
LEP	ALE Property Group	-17.8%	3.8%	-14.0%
MGR	Mirvac Group	-17.0%	2.5%	-14.5%
DXS	Dexus	-19.7%	4.5%	-15.2%
TGP	360 Capital Group	-19.8%	3.6%	-16.2%
ABP	Abacus Property Group	-19.4%	2.5%	-16.9%
CDP	Carindale Property	-19.5%	2.0%	-17.5%
GPT	GPT Group	-19.6%	1.7%	-18.0%
CMW	Cromwell Property Group	-26.0%	6.4%	-19.6%
AOF	Australian Unity Office Fund	-25.1%	5.1%	-20.0%
COF	Centuria Office REIT	-26.2%	5.9%	-20.3%
SCG	Scentre Group	-27.4%	3.0%	-24.5%
ENN	Elanor Investors Group	-27.0%	1.8%	-25.2%
VCX	Vicinity Centres	-35.5%	1.4%	-34.2%
URW	Unibail-Rodamco-Westfield	-54.4%	3.1%	-51.3%

Note 1: HMC includes a return of 9.6% as a result of investors receiving shares in HDN in November 2020. Source: IRESS, Core Property

A-REIT's wild ride in 2020

The listed A-REIT sector underperformed against the broader market during 2020, impacted by the uncertainty of COVID-19 on rent collections. The S&P/ASX 300 A-REIT Index delivered a total return of -4.6%, compared to the wider S&P/ASX 300 index which delivered a total return of +1.7%.

Core Property has ranked 43 the key property securities based on their total return for the 12 months to 31 December 2020. The table also shows the capital gain from the security price in addition to the distribution yield for the calendar year.

The table shows the divergence of returns for A-REITs in 2020 with total returns ranging from -51.3% to +43.7%.

Only 17 of the property securities delivered a positive return for investors, with 26 delivering negative returns.

The top performing stocks belonged to fund managers which have a demonstrated track record for growth and were able to continue to do so during 2020 despite the pandemic. Goodman Group (ASX: GMG) delivered a +43.7% return for investors, Charter Hall Group (ASX: CHC) delivered +36.1% and Centuria Capital delivered +20.8%.

Many of the specialist A-REITs also delivered positive returns through the pandemic, a reflection of their resilient income streams. This includes A-REITs tenanted by hardware stores with BWP Trust (ASX: BWP) delivering +17.4%; petrol/convenience retail with Waypoint REIT (ASX: WPR) at +8.3% and APN Convenience Retail REIT (ASX: AQR) at +7.7%; and childcare centres with Arena REIT (ASX: ARF) at +6.0% and Charter Hall Social Infrastructure REIT (ASX: CQE) at +5.3%.

The weaker performing stocks included A-REIT's with a high exposure to discretionary retailing. Unibail-Rodamco-Westfield (ASX: URW) delivered a total return of -51.3%, Vicinity Centres (ASX: VCX) delivered -34.2% and Scentre Group (ASX: SCG) delivered -24.5%.

Non-discretionary retailers fared a bit better, although still delivering negative returns – Charter Hall Retail REIT (ASX: CQR) delivered -9.2% and SCA Property Group (ASX: SCP) delivered -1.6%.

So what does 2021 hold in store for A-REITs?

Core Property expects that an uncertain economic environment will likely drive a continued reweighting into safe haven stocks which have resilient income streams to support distributions.

However, if economic conditions improve in the short term, we may see a widespread recovery across the board - and the possibility for some of 2020's underperforming stocks to stage a strong comeback in 2021.

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