

All not lost for LPTs

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up. Therefore I would expect that LPTs will come back to performing well as expected," said Toll.

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Property is currently the most talked about issue among super funds. Although direct property is smashing its listed counterpart in performance, industry punters caution investors not to discount LPTs as the asset class is expected to bounce back following the repricing of assets.

According to **Ken Atchison**, principle of **Atchison consultants**, Australian Real Estate Investment Trusts (AREITs) loss 30 per cent on average since June, compared with direct property's zero per cent returns.

This is a huge divide - and is a major factor in the close watch by investors on which asset class would come out the victor from the financial crisis. Right now, there's no doubt that direct property appears to be winning.

"It's a huge contrast," said **Atchison**.

"In the LPT market, there's a repricing going on for a variety of reasons. One is gearing. [LPT's] gearing is higher than unlisted property, and interest rate increases and credit squeeze has caused problems.

"The other issue is the business activities in listed property, which had been priced at quite significant premiums. They are now priced on a negative basis," said **Atchison**.

Linden Toll, director marketing and distribution at LMW Invest, said that market sentiment and a global credit crunch meant that the daily priced LPT sector was doomed to be hard hit.

"The direct property sector is in effect muted from market sentiment that's been going on because of the valuation cycles that [pertain to] unlisted property," said Toll.

However, both experts agree an overdue correction in the asset pricing within the LPT sector would mean that there would be cheap buys in the market - and when the turnaround occurs, the sector will begin its climb back to credibility.

"Our analysis shows that over the very long term, you would expect a similar of return after allowing for gearing. That should be the only factor that's material over the long term," said **Atchison**.

"Realistically with the [price] restructuring that's going on, you would anticipate that the only way for them is