



Biggest Losers of the Year

Description

This year, nobody won. When it came to 2020, everyone was a loser. The pandemic closed up the planet.

When it came to finances, it's still a losing game. I know, I know — to look at the stock market you wouldn't think it. Share prices are soaring to and beyond pre-crash levels. It would look as if the pandemic isn't even happening! But there's a warning in there, one you need to pay attention to.

Warren Buffett once say to be "greedy when others are fearful, and fearful when others are greedy." Now is a time to be fearful. Economists have been saying for years that a market crash, if not recession, was coming. That we could see multiple crashes rather than a sustained recession. This seems to be what's happening, and means more crashes are on the way.

So not only are these three industries the losers of this year, watch out for the next few years as well.

Real estate

The market crash may have brought a rebound for many industries, but real estate simply isn't one of them. With multiple cities on lockdown as of writing, and even more in the red zone, it means companies are still having employees work from home. It also means large brick and mortar stores have seen an enormous drop in customers.

What this means is real estate investment trusts have seen an enormous drop in earnings, with occupancy rates declining as well. **RioCan REIT** ([TSX:REI.UN](https://www.scribd.com/document/481111111/TSX-REI-UN)) is s perfect example. Shares are still down 27% as of writing, trading just above crash levels. With revenue continuing to drop, so too has the [dividend](#), once the main reason to buy a REIT. So it might be best to steer clear of companies like RioCan until a sustained rebound is underway.

Airlines

The airline industry saw a bump when the COVID-19 vaccine was created, and yet again as it started to become available throughout the world. The market crash was hard on the airline industry, causing billions in debt on an industry that is already racked with debt to keep ahead of competition.

A clear example is **Air Canada** ([TSX:AC](#)). The company invested [heavily](#) in a fleet of fuel efficient aircraft before the crash, as well as acquiring Air Transat and Aeroplan. But then the pandemic hit, causing Air Canada and other airlines to take on more and more debt.

While a vaccine is promising, there's a warning along with it. The vaccine will be distributed first to those that need it most, then likely those in long-term care homes and care workers. That means it could still be a year or more before everyone has it available. But beyond that? We now have to be prepared for another pandemic, the airline industry especially. These changes will come at a huge cost, so it could be years before Air Canada sees a true rebound as well.

Bottom line

These companies lost a lot this year, but it might not be over yet. The market crash was bad, and another market crash could see the little gains made come crashing down yet again. So be prepared. Ask if you're willing to stick it out for years with these stocks before picking up even a small stake.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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1. Business Insider
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