

Shares give houses a run for the money

ANTHONY KEANE
SMART MONEY EDITOR

SHARES are out-running investments in real estate when it comes to returns.

An *Advertiser* comparison of share market and property market performance since 1980 found shares have increased 1087 per cent, while Adelaide's median house price has climbed 726 per cent.

In other words, \$10,000 invested in 1980 across the All Ordinaries index of 500 listed companies is today worth about \$118,700 while the same investment in a typical Adelaide home would be worth \$82,600.

The share market outperformed property in 14 of the past 27 years but its bad times have been very bad, with falls of up to 23 per cent in a single year.

Investment experts say both asset classes have a solid future, and favour shares despite them being more volatile.

Financial strategist Theo Marinis said the fortunes of property and shares were linked to China, which was keeping the global and Australian economies strong because of its demand for natural resources.

South Australia's fast-growing resources sector is expected to underpin property price rises here.

In resources-rich Western Australia, the Perth median house price is now \$450,000, second only to Sydney, while in Adelaide it is \$300,000.

"If all the expected resources expansion happens it will impact on property prices up north but will also impact here in Adelaide," said Mr Marinis, of Marinis Financial Group.

"My view is in the next 12-18 months we will still get good returns on shares.

"We are living through an unprecedented economic era. I can't see it all going to pot, but like every boom there's going to be a pull-back at some stage.

"The longer the time-frame the greater the probability that a fully diversified

share portfolio will outperform any other investment."

Monitor Money financial planner Rex Whitford said many investors had the flawed perception that property was tangible and shares were not.

"I'm wearing my portfolio - my watch is made by a listed company, I have a Nokia mobile phone, my car is made by a listed company, and steel in the chair I am sitting on came from BHP," he said.

Mr Whitford said people should judge shares and property purely as assets, examining returns, flexibility and liquidity.

He said shares could be valued easily and regularly

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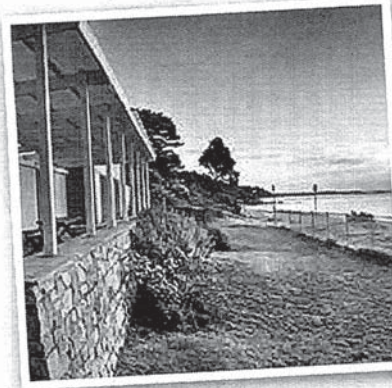
but property could not.

"At an auction people stand around yelling out prices and the person who yells the highest price gets a slap on the back," he said.

Real Estate Institute of South Australia president Mark Sanderson said SA real estate was a sound long-term investment.

"At the end of the day, if you are making an investment it's nice to have something you can touch rather than something that's written on a piece of paper," Mr Sanderson said.

"The future outlook is great for South Australia, especially with the forthcoming mining boom which will bring people to SA to work who will also be looking for property."



PROPERTY VERSUS SHARES

(As at January)	Adelaide Median House Price	Growth	Return	All Ordinaries Index	Growth	Return
1980	\$36,300			532		
1981	\$39,400	9%	9%	735	38%	38%
1982	\$43,600	11%	20%	614	(16%)	15%
1983	\$49,200	13%	36%	511	(17%)	-4%
1984	\$63,200	28%	74%	811	59%	52%
1985	\$75,300	19%	107%	748	(8%)	41%
1986	\$77,700	3%	114%	1042	39%	96%
1987	\$75,800	2%	109%	1549	49%	191%
1988	\$76,000	0%	109%	1362	(12%)	156%
1989	\$92,000	21%	153%	1524	12%	186%
1990	\$103,000	12%	184%	1705	12%	220%
1991	\$110,000	7%	203%	1312	(23%)	147%
1992	\$107,100	3%	195%	1726	32%	224%
1993	\$112,300	5%	209%	1579	(9%)	197%
1994	\$113,400	1%	212%	2176	38%	309%
1995	\$113,800	0%	213%	1883	(13%)	254%
1996	\$110,000	3%	203%	2242	19%	321%
1997	\$112,400	2%	210%	2393	7%	350%
1998	\$117,600	5%	224%	2616	9%	392%
1999	\$123,100	5%	239%	2697	3%	407%
2000	\$130,500	6%	260%	3086	14%	480%
2001	\$142,200	9%	292%	3234	5%	508%
2002	\$168,500	18%	364%	3364	4%	532%
2003	\$201,000	19%	454%	2975	(12%)	459%
2004	\$243,000	21%	569%	3310	11%	522%
2005	\$275,000	13%	658%	4060	23%	663%
2006	\$277,000	1%	663%	4736	17%	790%
2007	\$290,000	5%	699%	5644	19%	961%
2008 (YTD)	\$300,000	3%	726%	6264	11%	1077%

(-) denotes negative growth

Source: Real Estate of Australia, IRESS