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Property is top performer

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RESIDENTIAL property has been the best performing asset class over the past 20 years, producing average annual returns of 12 per cent.

Shares are second with an average return of 11 per cent, global investment firm Whiterock Capital Partners says.

WCP chief executive Andrew Donnelly says Australian residential property has joined gold as a haven for investors who have been disillusioned by shares and other types of investment.

"Residential has become more popular as it retains its value," Donnelly says.

"Speculators consider residential property to be boring, but these days boring is beautiful.

"Capital preservation is imperative and high returns come second."

Fear of losing money is one of the reasons gold has become such a popular investment in recent years. Its price has risen more than 40 per cent in the past year.

Donnelly says residential property is increasingly being viewed as a wise choice by investors looking for diversification.

"We still see a market that is extremely stable, especially when you look at the price falls in the United States and United Kingdom," Donnelly says.

"We have been inundated by global funds and institutions wanting access to Australian residential property assets."

Investment firms across Asia, Europe and the US are under pressure to diversify their portfolios and residential property is a safe port in the financial storm.

"It's back to basics, away from exotic products such as collateralised debt obligations or the securitisation of anything that generates a fee," he says.

"Stock-market investors have a bloody nose.

"Investors want tangible assets like residential property."

Donnelly says investors are looking at properties in areas that have good infrastructure, population growth and employment.

"That's where the safe bet is in the coming years," he says.

"The fundamental case for residential property investment remains strong.


"The rental market has the lowest vacancy rates in more than 20 years and capital appreciation is attractive to investors."

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