

OPINION

with Tyron Hyde

For more **OPINION** pieces visit www.spionline.com.au



Why I like property

Tyron Hyde, of quantity surveying firm Washington Brown, gives seven reasons why property is his preferred investment



Confused by media reports about the property market? One day it's boom, boom, boom; the next it's doom, doom, doom. So, which is it?

While we wait for that crystal ball to arrive, I thought I would share my thoughts with you on why I like property.

REASON 1 - THE VALUE-ADD

You can buy a run-down old property and increase the value of your investment by getting your hands dirty, or paying someone else to get dirty! It's hard to add value to the shares I own in my bank.

REASON 2 - LIMITED SUPPLY

A builder once said to me, "You can't make property from a plastic mould". I like the fact that property takes a while to plan and build because, in my opinion, the supply and demand equation has a lot to do with the price of property.

A development across the road from where I live has been in council for three years

now and will probably take two years to build. That's five long years for the developer.

With shares, however, the company can make a capital raising at any time or issue options to directors or employees. This type of activity can dilute your shareholding making your piece of the pie smaller. It's hard to issue land in Bondi for instance!

REASON 3 - CAPITAL GAINS EXEMPTION

Unlike any of the shares I currently own, the home I live in does not attract capital gains tax. This same situation has been lucrative for many Australians and I can't see the law changing in this regard for a long time.

REASON 4 - KISS (KEEP IT SIMPLE, STUPID)

I like property because it's easier for me to understand than my shares.

Granted, I work in property, but I know that if I buy a property for \$500,000, I can get \$600 a week rent. There will be expenses that I can work out and I can use the Washington

Brown depreciation calculator to work out my depreciation claim. Simple.

REASON 5 - MASTER OF MY DOMAIN

Property allows me to be the master of my own domain. I can be the CEO of my investment property, the CFO of my investment and answerable to the board director that I care about, my wife.

I don't know about you, but I'm pretty sick and tired of golden handshakes for CEOs who have done the wrong thing to their staff or shareholders.

REASON 6 - DON'T REMIND ME

When it comes to property, I'm not reminded every day of how much I have lost or made. I really don't want to wake up and wonder what the NASDAQ did overnight and worry about how that's going to affect my share portfolio here.

It's easy to spend a lot of (wasted) energy clicking 'refresh' on CommSec, wondering if your stocks have gone up or down. Boring!

REASON 7 - MARGIN CALLS STINK

I like property because even if my property has gone down in value, which it hasn't, it's very unlikely a bank will give you a margin call and force you to sell.

The problem with margin calls, in my experience, is that they force you to either come up with cash or sell stocks at a time when you don't want to.

Give me property any day. ■

Tyron Hyde is a director of quantity surveying firm Washington Brown. He has a degree in construction economics and is an associate of the Australian Institute of Quantity Surveyors.