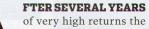
It's an age-old debate - property or shares? Money taps the wisdom and experience of two experts with very different views.



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sharemarket hit the skids last November. Share values have fallen and prices

are volatile - up one day and down the next. Now (early May) the trend is again up but the market is still well below its November 2007 record. Sounds like a mess, but many pundits say it's a good time to buy, particularly if you are selective.

But some are also warning we are in the middle of what will turn out to be a two-phase bear market and prices will fall again.

So what about property? Some experts say house prices are now so unaffordable in most Australian cities that they must fall substantially.

Others point to the growing imbalance in supply and demand due to a lack of new building and a rising population, and say the only medium-term direction for house prices is up.

And of course there is the wide world of commercial property, which marches to a totally different beat.

So where should you put your

money - property or shares? Or, indeed, is cash king?

"There are certain times in the investment cycle where doing very little pays off handsomely," says Greg Hoffman, research director of The Intelligent Investor, a sharemarket research publication.

"Sometimes cash, the lowest-returning asset class over the long term, is the winner over a year or two. It certainly has been for the first part of 2008. Just as shares and property both boomed in the late 1990s, these asset classes may struggle together in the latter part of this decade.

"Over the long haul, shares have provided the highest 'raw return'. But especially since the mid-1990s, Australians have tended to build more wealth in property."

But Hoffman expects property investors to be in for a much tougher decade than the last one, because of higher interest rates and the sharp fall in housing affordability, signalling that the cost of servicing a mortgage is hitting record highs. "That doesn't necessarily mean the sharemarket is the place to be," he says.

So what should you do?

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