VOX POPS

How to get exposure to commercial property

Kate Cowling asks where the best opportunities lie when direct investment is out of reach.

Frank Gelber

CHIEF ECONOMIST AND DIRECTOR, BIS SHRAPNEL

■ Real estate investment trusts have been a mainstay for me for a long time. I still feel comfortable with the filter of what they are invested in. The sectors I am comfortable with now are retail and industrial. Sydney and Melbourne office are terrific, but the other office markets are dreadful. I also think tourism will be strong.

Then there are unlisted property trusts. Their advantage is you can target the investment better. The downside is you're locked in for a period without an easy exit and you can't tell them when to sell it. The trouble with the unlisted trusts is you can get caught in a crisis and not be able to get your money out when you want it. I am not uncomfortable with unlisted trusts, but I am quite careful.

Jason Huljich

CHIEF EXECUTIVE, CENTURIA PROPERTY FUNDS

■ It's good to have a mix of listed and unlisted property trusts. With unlisted trusts, you can get a 7 to 8 per cent return but you're investing for a certain amount of time – often five years. It's a lot closer to buying the asset directly. Unlisted property has a very low correlation to the ASX, but a higher minimum investment. For us it's $50,000. If you are looking at unlisted funds, look at the manager and their experience, the quality of the asset and its location.

Listed property, or real estate investment trusts, are closer to your typical share-style investment and offer the benefit of liquidity, to balance your unlisted side.

Tony Rigby

WEALTH ADVISER, AMP

■ A great starting point is a managed fund. They are accessible for a couple of thousand dollars. You can also get exposure to a wider range of commercial property funds through wrap accounts, which give more diversification, but at a larger minimum investment.

In terms of sectors, broad property trusts cover commercial office, but you've also got retail, commercial and tourism and then some unique sectors you might not initially consider. We use Australian Unity Healthcare Property Trust, which invests in medical centres and private hospitals. Medical centres tend to be recession proof, because even if there's a downturn people will still get sick.

Arthur Naoumidis

CHIEF EXECUTIVE, DOMACOM

■ Crowdfunding platforms such as DomaCom allow people to invest in specific properties, including commercial ones. We've developed a unique retail managed fund that [uses] crowdfunding technology that allows people to invest upwards of $2500 into particular properties. Currently, opportunities range from highway-frontage real estate, like Burson Auto and Captain Snooze to petrol stations and KFCs.

Historically, investing in specific commercial properties had been the preserve of the wealthy and sophisticated investors, with Gen X and Y limited to investing in pooled managed funds containing a broad range of properties. This has changed with property crowdfunding platforms.

Dugald Higgins

SENIOR ANALYST, ZENITH INVESTMENT PARTNERS

■ The most obvious way would be to go through a listed real estate investment trust (REIT). There is that trade-off in that it will trade like ordinary equites – have a high correlation to equities – so you have to accept some volatility, as you would with anything that's priced daily.

Another good way is through a traditional-style property syndicate. They tend to have an investment term of five to seven years. Over that period you will have no liquidity to get out. While that's not everybody's cup of tea, if you want the real benefits of that asset class you've got to accept that it's illiquid.