

# “Now” - Always a Good Time to Buy



By **HAYDEN GROVES**  
REIWA President  
REIA Deputy President



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[hayden@dgre.com.au](mailto:hayden@dgre.com.au) for your free REIWA Suburb Report

Should history be a useful indicator of the future, the value of the property you live in today will be worth at least double that in ten years' time. The quintessential Freo limestone semi will go for around \$1.5 million, an Arundel Court flat will fetch around over \$500,000 and the '80's brick four bedder in Samson will achieve over \$1,000,000.

A property in Stokes Street, White Gum Valley for example, sold two years ago for \$735,000 significantly more than the \$407,500 it achieved 11 years ago and it'd be worth around \$800,000 today. As the selling agent back in 2005, proclaiming the property would be worth about double its current value in about ten years would have been met with scepticism. Yet, on average, when looking historically, Perth's property prices rise by 10 per cent each year and values double every seven years.

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Sure, you need to choose when to buy and, of course, when to sell. A purchase in June 2007 meant paying the median Fremantle house price of \$725,000. Seven years later the median is \$823,500 and well short of the anticipated growth rate if following the “double every seven years” theory. The problem is that growth is not linear. If you had bought a year earlier in 2006, the median price was substantially less at \$530,000. Ten years on, Fremantle's regional



median house price is \$783,750 close to 50 per cent higher.

Putting these specific numbers aside, the point is that buying and selling property historically shows some pretty impressive capital gains across relatively short periods of time. Easy maths shows capital returns looking even better when holding property for fourteen, twenty-one and twenty-eight year periods.

In the current market buyers are faced with expanding choice as supply moves past 15,000 property listings and some commentators are predicting falls in property prices during 2016. First home buyers of established homes are dropping, demand is softening and investors are being cautious. Sales volumes are down by more than double compared to ten years ago.

With some very competitive fixed term interest rates available from money lenders at the moment and with plenty of choice out there, making the decision to buy property now with a view to holding it for at least seven years is probably a good one.

Make sure you contact your local REIWA agent when it is time to sell in 2026, for if history repeats itself you should sell for about double what you pay today.

*These comments are the writer's own and do not necessarily reflect the current opinions and policies of the Real Estate Institute of Western Australia.*