

# Get real, the only way is up

40 Iffla St, South Melbourne

## Price keeps going up and up



This tiny single-fronted miner's cottage in South Melbourne has been sold 10 times since 1986, according to Port Phillip Council. The property value has risen more than 100 per cent since 1998 and more than 1000 per cent in the past 22 years.

### Ten sales since 1986

October 2004	\$550,000
May 7, 2003	\$415,000
December 1, 2002	\$375,000
April 24, 1999	\$236,000
June 11, 1998	\$212,500
March 8, 1996	\$135,000
February 18, 1995	\$125,000
August 9, 1991	\$138,000
January 16, 1989	\$138,000
August 18, 1986	\$59,000



Home buyers should realise paying extra now will be rewarded later, write Craig Binnie and Annie Reid

REAL estate agents are ranked as one of the least trusted of all professions. But when it comes to the slogan "Now is a good time to buy", they might be right and the doubters wrong.

When you take a long-term view, property moves in really only one direction: up.

So it doesn't matter if you pay a few thousand dollars more than a place is worth. Nor does it matter even if you pay \$50,000 more than you think a property is worth.

Because when you look back in 10 years or so, you will be wondering why you didn't buy the house next door, too.

If you are not convinced, ask your parents how much they paid for their first home. Chances are they squabbled over the price they paid and missed out on others because they were not willing to pay the asking price.

Take the tiny South Melbourne miner's-style cottage pictured left. Its price has jumped a whopping 1000 per cent in the past 22 years.

In 1986 it was sold for \$59,000. Yes, that's all. And you can bet the buyers at the time worried about whether they were paying too much.

The house was sold again in 1991, and this time the owners were buying into what became a falling market.

Four years later, when the owners sold the place, they lost \$13,000 on the sale. When it last sold in 2004, it was worth \$550,000.

As you can see, if you are buying a house for the long term it doesn't matter if you overpay.

That doesn't mean you should not negotiate. It means you shouldn't miss out on your dream home because of a little bit of money.

It means as long as you think you would be happy in the property you are looking at, you should probably go for it.

One Footscray real estate remembers houses selling for less than \$50,000 20 years ago.

"In hindsight we should have put down deposits on a dozen and let inflation and the price rises that always happen take care of the rest," he says. "\$50,000 was a lot of money at the time but it's nothing now. We will probably be saying the same thing in another 20 years — that we wish we had bought a bunch of places today when they were so cheap."

Fletcher's Real Estate boss Tim Fletcher says property can be a challenge for buyers who want to finesse their entry into the market and pick the right time to take the plunge.

He says in the long term, property beats all other investments, and though 2007's prices were too high, the market is now ideal for astute first-home buyers and investors.

He says winter is the best time for vendors to sell.

"Conversely, spring is a great time to buy because there are more properties on the market," he says.

"In the past 10 years, the best time to buy has been right now. I'm fairly bullish and believe property is



Challenge: Tim Fletcher

perhaps the best vehicle. Property will lead us out of recession."

When it comes to paying what it takes to secure a property, the Real Estate Institute of Victoria says buyers should bargain hard and buy for the medium to long term.

Chief executive Enzo Raimondo is similarly optimistic: "The evidence suggests that once the market recovers we can expect a year or two of solid capital growth."

Tony Hocking, of Century 21,

says prices have dropped a little but not as much as many buyers would like to believe.

"We think many home buyers are short-sighted about the future," he says. "But real estate fluctuates naturally and still goes up."

According to the REIV, the Melbourne median house price has risen in 12 of the past 15 years. In six of those years, the increase was more than 10 per cent.

Most suburbs that recorded falls or maintained stable prices last year had recorded substantial increases in value in 2006. The median of a house in Mitcham, for example, increased 0.2 per cent last year, but in the past two years it increased 27 per cent.

In Kew the median last year fell 4 per cent but has still increased 41 per cent in the past two years.

Frank Hellier, of Malcolms Real Estate, says: "If you are getting a 12 per cent increase over 10 years, it's a pretty good investment. Every dollar you put into property comes back to you."

"Now is the time to get a foothold on the ladder. Buyers have never had a better time to buy. Over time real estate is the best investment."

44 Swan St, Blackburn South



Sold on May 17, 2008, for \$781,000

Sold on September 9, 2006, for \$660,000

Sold on July 29, 2003, for \$350,000

11 Victoria St, Box Hill

Sold on March 21, 2009, for \$680,000

Sold on July 4, 2005, for \$500,000

Sold on June 3, 2000, for \$288,500

