

“The common belief that expensive inner-city suburbs always out-perform cheaper outer-lying suburbs is the greatest myth in real estate.”

16 October 2008:



The headline is the words of highly respected Australian property researcher Terry Ryder.

And we say “finally, a researcher has come out into the open to verify what we have been saying and our clients have been experiencing, for many years”.

Mr Ryder continued to comment on his research saying that “There's no statistical basis to the claim that the "better suburbs" close to the city are the safest investments and are better at resisting downturns.

In fact, the figures prove it wrong. I call it The Myth of Prime Out-performance. It's a mantra for property professionals, who have repeated it so often it's come to be accepted as truth by many investors.

The myth of prime out-performance has become widespread throughout the real estate industry and subsequently deeply entrenched in investors' minds.

The key thing about the claim of superior performance by prime suburbs is those who make it never support it with figures. They have an attitude but they don't have an argument. The reason they don't back it up with data is that the facts contradict them.

The reality is actually good news for those investors that can see past the hype. Most buyers can't afford the expensive inner-city or waterfront suburbs - but who cares! The less-favoured suburbs are cheaper, have higher income yields and provide higher capital growth. It is a win-win-win situation.

This situation has been repeated in major cities around Australia.

The facts are that in any capital city, the expensive inner suburbs are generally poor long-term performers in terms of capital growth. Above all, their price patterns are volatile roller-coaster rides that can produce sharp declines, contrary to popular claims they always hold their value.”

Thank you Terry and we agree, we love the fact that this is a well kept secret. That is also one of the reasons that we never have vacancies.