SHELLABEARS

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What 50 Years of Perth Property Tells Us About Housing Growth

Perth's residential property market has followed a remarkably consistent pattern over the past five decades showing us that prices rise fastest when demand outstrips supply, credit is accessible, and population is growing. The numbers tell a striking story.

In 1974, Perth's median house price sat at just $18,000. By 2024, it had climbed past $800,000. As of early 2026, it has now breached the $1 million mark for the first time but the trajectory was not smooth. Perth's market has moved through distinct cycles, each shaped by the same recurring forces.

The 1970s and 1980s: inflation, rates, and early growth

Between 1974 and 1978, Perth's median house price rose 112%, even as average home loan rates hovered around 9%. Annual inflation hit 20% in 1978, and property became a hedge against eroding cash values.

The 1980s brought financial deregulation. Home loan rates were deregulated in 1985, the Labour Government introduced the Capital Gains Tax and by 1989 average mortgage rates had peaked at 17%. Despite this, Perth's median price rose 60% in 1988 alone. The lesson: high rates do not always stop prices rising when inflation expectations, wages, and credit availability are supportive.

The 1990s: recession, recovery, and a building boom

The early 1990s delivered the "recession we had to have." Interest rates fell sharply to around 7%, and a three-year building boom from 1992 to 1995 helped stabilise the market. Perth avoided a deep correction, and by the late 1990s prices were climbing again also helped by the Howard Government In 1999 reducing Capital Gains Tax (CGT) liabilities by 50 per cent for individuals.

The 2000s: the resources-led surge

The early 2000s transformed Perth. Between 2001 and 2005, the median house price doubled on the back of the mining boom, with interest rates steady around 6.5%. By 2006, Perth had become Australia's second most expensive capital city.The Global Financial Crisis created volatility from 2007 to 2013, but Perth's market held up better than many expected. Government stimulus and population growth cushioned the downturn.

The 2010s: the long correction

Perth then entered a multi-year correction. Population growth slowed to historic lows of just 0.6%, the mining boom faded, and prices stagnated. From 2014 to 2024, Perth was one of the slowest-growing capital city markets in Australia, even as Sydney and Melbourne surged.

The 2020s: boom returns

That changed dramatically in the 2020s. Cheap money with record-low interest rates, pandemic-era stimulus, and a sharp rebound in migration reignited demand. Supply remained constrained by construction delays, labour shortages, and planning bottlenecks.

Perth house prices rose 15% in 2025 alone - roughly double the national average. WA's population has now exceeded 3 million for the first time and is forecast to reach 3.5 million by 2036.

2026 : Deer in the headlights

With demand high and supply tight, Perth prices are forecast to keep rising through 2026, Sydney and Melbourne have hit a speed bump and a downturn in values. The national press is generated out of the East Coast and focused on that story so will impact Nationally. Proposed Government policy changes are also causing uncertainty for investors and may well see a return of focus to the principal place of residence.

What history teaches us

Perth's 50-year housing story reinforces the same fundamentals that have driven national growth:

- **Interest rates matter, but they are not everything.** Prices rose strongly in high-rate environments when inflation, wages, and demand were supportive.
- **Credit availability amplifies cycles.** Deregulation in the 1980s expanded borrowing power and accelerated price growth.
- **Population growth drives demand.** Perth's strongest booms coincided with migration surges; its weakest periods came when population growth stalled.
- **Supply constraints sustain pressure.** When construction cannot keep pace with demand, prices and rents rise.
- **Cycles are real, but the long-term trend is upward.** Over 50 years, Perth's median house price has grown at roughly **6.7% per annum** on average.

The bottom line

Perth's property market is cyclical, not random. Growth has consistently followed the same pattern: when borrowing power expands, population rises, and supply is constrained, prices go up. When those forces reverse, prices slow or fall - but over the long run, the trajectory has been firmly upward.

For investors, homeowners, and policymakers, the lesson is clear: understand the fundamentals, and you understand where the market is heading.