

Vic's mortgage stress hotspots revealed ahead of RBA meeting



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A total 541,000 Victorians were experiencing mortgage stress and 557,000 experiencing rental stress in March, according to Digital Finance Analytics.

Victoria has been warned to brace for more forced sales and a worsening home price hit if the Reserve Bank continues to hike interest rates.

Already, more than 145,000 Victorian households are experiencing mortgage stress across just 20 of the state's most financially-strained suburbs.

With the RBA considering a potential third interest rate hike for this year on Tuesday, analysis shows Roxburgh Park, Narre Warren, Berwick, Tarneit, Ballarat and Pakenham are already each home to more than 9000 families and individuals doing it tough as the cost-of-living crisis clashes with rising home loan costs and fuel prices.

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Research firm Digital Finance Analytics' (DFA) founding principal Martin North said future interest rate rises could lead to more forced sales and home price decreases in affected areas, with 541,000 Victorians experiencing mortgage stress across the state and 557,000 experiencing rental stress in March.

That includes a whopping 146,334 households across Victoria's top 20 mortgage stress hotspots.

Mr North said further interest rate rises would naturally cause more mortgage stress including among property investors, who would likely raise their rents to cope.

"Renters have few choices, but to pay up to stay or seek cheaper further out but petrol costs rising makes that difficult," he said.



PropTrack figures show that median house prices in Victoria's top 10 mortgage stress areas ranges from \$645,000 in Ballarat to \$911,000 in Berwick.



Digital Financial Analytics founder Martin North says Victoria, especially Greater Melbourne, continues to see a sluggish property market. Picture: Hollie Adams/The Australian.

Mr North noted that reduced economic activity and home price growth was likely for suburbs with a lot of homeowners experiencing mortgage stress.

"If it continues, expect more forced sales and home price falls," he said.

With PropTrack data revealing Melbourne's median house price is retreating again and could dip below the \$1m mark by the end of June, it's particularly dire news for those with more recent loans as they could face a scenario of rising mortgage costs even as

their home's value falls.

DFA conducts monthly surveys of thousands of Australians households to measure mortgage and rental stress.

If households report more financial outgoings than income, excluding one-off discretionary items, they are defined as stressed.



This Roxburgh Park house sold for \$735,100 in 2025. The suburb, which has a \$715,000 median house price, is home to 11,252 households in mortgage stress.



Advantage Properties' buyers' advocate Frank Valentic says he and his colleagues are seeing more people selling up because of mortgage stress.

Melbourne-based Advantage Property Consulting director Frank Valentic said home buyers should be thinking about how they would manage mortgage stress, as most experts expected a number of interest rate hikes in the next six to 12 months.

"I would recommend being more conservative when buying and only going to 70 to 80 per cent of maximum borrowing capacity, so you leave some petrol in the tank and have an extra buffer to take into account future rate rises," the buyers' advocate said.

Mr Valentic added that he and his colleagues were seeing more people selling up due to mortgage stress.

"The Melbourne market has transitioned quickly from a seller's market to a buyer's market so if you are a buyer, be patient as prices will drop further and there will be better buying opportunities," he said.

"If you are selling, I would be trying to sell sooner rather than later."



This Ballarat Central house sold for \$620,000 in April. The regional city has a typical \$645,000 house price and is home to 9165 households suffering mortgage stress.



Young growing families, new migrants and first-home buyers are among those worst hit by cost-of-living and house pressures, Martin North says.

Wealth Effect Mortgage Solutions' finance broker Alex Fletcher said that homebuyers should reflect on their own personal circumstances and what they could afford, rather than making major decisions based on macro-economic indicators such as oil prices and interest rates.

"If the conclusion to that thinking is that they need to reduce how much they're willing to borrow and therefore the outcome of that is they take on a slightly cheaper property, then that absolutely is the right outcome for them," Mr Fletcher said.

He said that a lot of buyers were getting nervous about increasing interest rates and subsequently wondering if they should take on a fixed or variable home loan rate, at first.

Mr Fletcher said that while a fixed rate offered certainty, anyone selecting that option needed to be fully informed – because once it was locked in, they usually had limited opportunity to change it until a few years passed.



This Narre Warren townhouse changed hands for \$755,000 in March. The area in Melbourne's south east has a \$802,000 median house value, and has more than 10,193 households in financial crisis.



MyBudget founder and director Tammy Barton says that while selling the family home is usually a last resort, her company has seen more people getting closer to that point than 12 to 24 months ago. Picture: Supplied.

Budgeting and money management service MyBudget founder and director Tammy Barton said that often, people in mortgage stress had stable, full-time jobs.

“Many of the areas experiencing higher mortgage stress are home to younger families who’ve bought in the past few years, often with larger loan sizes and less time to build financial buffers,” she said.

“These are typically dual-income households, people with stable jobs, doing everything they thought they were supposed to do, but now finding that the margin between income and expenses has disappeared.”

She said another interest rate rise would be the “compounding effect that really hits” for those already under financial pressure.

“What we see is that people start making reactive decisions, cutting back where they can, delaying bills, or relying on short-term fixes just to keep their heads above water,” Ms Barton added.



In Melbourne's outer west, this Tarneit house sold for \$661,500 in April. The suburb, with \$675,000 median house price has more than 9000 households in mortgage stress.

In March, a report from the Consumer Policy Research Centre (CPRC) and Mortgage Stress Victoria (MSV) called on the Australian government to take action to make mortgages cheaper and fairer

Authored by CPRC chief executive Erin Turner along with senior research and policy adviser Sarah Panckridge, the report suggested Australia adopt cheaper 20 to 30 year long-term, fixed-interest home loans, much like South Korea, Canada and Denmark.

"What the federal government needs to do to intervene, in order to offer Australians greater variety and value in the home lending market," Ms Turner said.

"Nothing is likely to change with our home loans unless the federal government gets involved."



Consumer Policy Research Centre chief executive Erin Turner says the Australian government needs to make changes, so that mortgages become cheaper and fairer.

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She said that if they were designed well, long-term fixed rate home loans would do two things for Australians: lower the cost of financing their home and make it easier to predict costs over time.

“There would also be flow on benefits to people who rent as landlords have more predictable and lower finance costs,” Ms Turner said.

“Our research has found that there are many different ways we could create better home loan products for Australians”

Some countries use government-backed finance to create better mortgage products, while others use bonds and others securitisation.



Mortgage Stress Victoria (MSV), funded by then state government, provides free help to Victorians in mortgage stress. In 2024-25, it helped 999 Victorians and prevented 79 home repossessions.

The report also recommended specific industry-wide standards for assistance offered to homeowners in hardship and special protections for vulnerable homeowners, such as family and domestic violence survivors.

This could include temporary arrangements with a lender to allow a customer to stop or reduce their home loan repayments, for a set period.

“Clear rules would help people understand the support they can receive and mean more people can stay in their home, even in tough times,” Ms Turner said.

MSV offers legal, financial and social work counselling to struggling homeowners.

VIC MORTGAGE STRESS HOTSPOTS

Suburb/town	Households in mortgage stress	Median house price
Roxburgh Park	11,252	\$715,000
Narre Warren	10,193	\$802,000
Pakenham	9292	\$710,000
Berwick	9263	\$911,000
Tarneit	9222	\$675,000
Ballarat	9165	\$645,000
Derrimut	8318	\$825,000
Cranbourne	7512	\$715,000
Frankston	7005	\$845,000
Doreen	6525	\$805,000
Sydenham	6263	\$750,500
Melton South	5370	\$570,000
Sunbury	5193	\$715,000
Rowville	5103	\$1.175m
Reservoir	5053	\$946,500
Essendon	4710	\$1,823,500
Glenroy	4693	\$850,000
Pascoe Vale	4534	\$1.11m
South Morang	4477	\$792,000
Preston	4430	\$1.2m
Epping	4423	\$730,500
Wollert	4338	\$710,000

Source: Digital Finance Analytics, PropTrack. Figures from March 2026.



This Pakenham house sold for \$750,000 in March. The suburb has a \$710,000 typical house value, and is also home to 9292 households in mortgage stress.

TIPS FOR STRUGGLING HOUSEHOLDS:

- + Take the time to map out your full financial picture, what's coming in, what's going out, and what's coming up next;
- + Next, prioritise your essentials and build a structure that supports your household, not just week to week, but over the next 12 months;
- + Consider free services, or try budgeting apps or spreadsheets;
- + If you're finding that you're still feeling overwhelmed or falling behind, think about a more structured, hands-on approach that gives you accountability and takes the pressure off managing it all yourself;
- + Having a structured budget plan in place helps you feel more in control, sleep better and you can start thinking about the future again;
- + Aim to have a system that you can actually stick to, and that gets you back on track for your life.

Source: Budgeting and money management service MyBudget founder and director Tammy Barton.

Additional reporting by Tom Bowden

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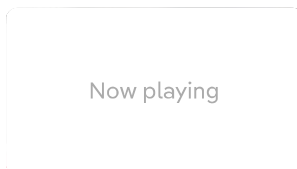
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