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| Press releaseFor immediate release July 20, 2015 | Michelle Hutchison Head of PR & Money Expert  finder.com.au  +61403 192 994  +61 2 9299 7602  Michelle@finder.com.au  @finder\_news |

**City dwellers living on the cusp of mortgage stress**

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| * Capital city dwellers on the mortgage stress borderline * First home buyers more likely to experience mortgage stress but buying with family or friend are worst off * Adelaide city dwellers have highest levels of mortgage stress than other city mortgage holders |

**July 20, 2015, SYDNEY** – Property owners in capital cities are on the tipping point of mortgage stress with, on average, 29 percent of household incomes being used to cover repayments, according to a new survey by one of Australia’s largest comparison websites [finder.com.au](http://www.finder.com.au/)[[1]](#footnote-1).

This falls just within the industry’s recommended maximum proportion of income to repayments of below 30 percent.

The survey of more than 1,100 Australians[[2]](#footnote-2) also found that first home buyers are more likely to experience mortgage stress than seasoned property buyers, with, on average, 30 percent of their incomes going towards mortgage repayments. In comparison, those city dwellers who have bought a property that is not their first home within the last three years, spend on average 25 percent of their income on mortgage repayments.

Michelle Hutchison, Money Expert at [finder.com.au,](http://www.finder.com.au/) said who you buy with may also have an affect on your mortgage stress levels.

“It’s alarming that so many Australians are over-stretching themselves and first home buyers and those buying with others are the worst off.

“In fact, those who are buying with a family member or friend are even more likely to experience mortgage stress, with an average of 35 percent of their income being used towards mortgage repayments.

“Singles, or those buying on their own, are also experiencing mortgage stress with an average of 32 percent of their income being used for repayments.

“Those who are buying with their partner are most likely to come in below the mortgage stress threshold, with an average of 26 percent of their income being used towards mortgage repayments.”

Other insights from [finder.com.au](http://www.finder.com.au/)’s research revealed that while the current average mortgage size in Australia is $334,000[[3]](#footnote-3), the survey showed average mortgage size in capital cities sits over $71,000 higher at $405,031.

City dwellers with a household income of $75,000 or less are most likely to be under mortgage stress, with an average of 38 percent of their income being used for repayments. Those with a household income of $150,000 or below are also likely to be experiencing mortgage stress right now with an average of 32 percent of their incomes being used for mortgage repayments.

Furthermore, Adelaideans seem to have fallen most deeply into the trap compared to other cities, with an average of 34 percent of their incomes contributing to mortgage repayments. Brisbane city dwellers are also in mortgage stress dedicating, on average, 31 percent of their incomes to mortgage repayments. This is followed by Perth (29 percent), Melbourne (28 percent) and Sydney (26 percent) locals, who came in within the recommended threshold.

Mrs Hutchison said city dwellers could face a tougher outlook when interest rates rise.

“While interest rates are currently at historic lows, borrowers must keep in mind that they’re expected to rise next year. For those already borderline in mortgage stress, these higher mortgage repayments are likely to have an adverse affect on your lifestyle and flexibility.

“Step one is taking control of the situation. You can do this by creating a budget, meeting with your bank, and shopping around for a better deal for your personal situation.

“If you’re looking to enter the property market, you need to factor in a buffer of at least 2-3 percent to make sure you can afford the higher repayments when interest rates do rise.

“As our research shows, borderline mortgage stress is one of the side effects of buying property in a capital city in a hotly contested market. They key is to live within your means; take ownership of your finances and think about future rate rises to alleviate mortgage-related pressures now and into the future,” said Mrs Hutchison.

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1. Experian Hitwise since 2013 [↑](#footnote-ref-1)
2. Survey commissioned by finder.com.au, conducted by global research provider pureprofile [↑](#footnote-ref-2)
3. Australian Bureau of Statistics Housing Finance report [↑](#footnote-ref-3)