



Homeowners pushed to edge by interest rate hikes

Stress sales on the rise

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THE number of home repossessions in Brisbane has snowballed in the past two months, new figures indicate.

On the eve of yet another expected hike in interest rates tomorrow, leading property valuer Iain Herriot has warned of a five-fold increase in home repossessions and a tripling in the number of "stress sales".

And he predicted a new wave of mortgage pain ahead for thousands of borrowers coming off fixed term loans this year. Mr Herriot said the sharp spike in repossessions was a particularly alarming indicator. His firm was involved in 46 home

repossessions in January and February, compared with 59 repossession cases for the whole of last year.

And the interest pain could worsen as early as tomorrow if, as is widely expected, the Reserve Bank lifts rates by 0.25 percentage points and lenders follow with a rise of 0.4 percentage points to cover their costs.

While that will immediately hit home buyers on a variable interest rate, Mr Herriot warned it would be even more painful for the swag of borrowers due to come off a fixed rate this year.

He said thousands of families

signed up to three and five-year fixed term loans offering rates well under 6 per cent in 2003 and 2004. And with many of those loans due to roll over this year to a much higher variable rate or a new fixed term, Mr Herriot estimated their repayments could jump by as much as \$600 a month in a single hit.

"The tough job of balancing the budget is about to get a whole lot tougher for thousands of Australians," he said.

That is the case for Brisbane couple Toby and Susannah Van der Venne, who locked into a fixed rate loan about half a dozen interest rises ago.

Now they are looking ahead to two financial shocks — a big jump in their monthly mortgage repayments and the arrival of their first baby.

"We are about to go from two incomes to one. We'll have a baby to provide for and now we have the prospect of paying hundreds of dollars more a month on the mortgage," Mr Van der Venne said.

Mr Herriot also predicted house prices could drop in some areas if interest rates continued to rise, leaving some borrowers with a mortgage burden bigger than the value of their home.



ON a budget ... Toby and Susannah Van der Venne. Picture: David Kapernick