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Victoria's Regional Property Pitfalls Exposed

August 4, 2025

– Categories: Real Estate



Real estate experts are urging caution among prospective homebuyers and investors in Victoria's regional housing market, highlighting concerns about areas with limited infrastructure and economic resilience. New analysis suggests several regional towns may face subdued or declining property values, particularly as post-pandemic demand normalizes and economic fundamentals reassert their influence on property performance.

The warnings come amid a continuing trend of urban residents exploring relocation to regional areas—a pattern that accelerated during the COVID-19 pandemic due to remote work flexibility and rising city housing prices. However, analysts note that not all regional markets have maintained that momentum.

Areas flagged as high-risk are typically characterized by inadequate access to essential services such as healthcare, education, and high-speed internet, as well as a lack of employment diversity. Properties in these locations may appear affordable but may carry elevated long-term risks due to weak local economies and limited government investment. 

According to property data from CoreLogic and commentary from regional market researchers, some towns in Victoria that experienced sharp price increases during 2020–2022 are now seeing values stagnate or decline. Experts attribute this to overreliance on temporary trends and insufficient underlying economic support.

“One of the key issues is that buyers are still relying on data from the pandemic years, which were marked by unusual conditions,” said a Melbourne-based property consultant. “As commuting returns and remote work becomes more centralized or hybrid, demand is naturally shifting closer to regional hubs with better infrastructure.”

Locations with single-industry economies, such as those dependent on agriculture or tourism, are identified as particularly vulnerable. Without economic diversification or planned transport and service upgrades, these areas may struggle to attract sustained buyer interest.

Industry professionals advise prospective buyers to conduct in-depth research before purchasing in regional locations. Key indicators of potential stability include proximity to hospitals, schools, reliable transport, and confirmed government infrastructure spending. Areas like Ballarat, Bendigo, and Geelong—which benefit from stronger local economies and better connectivity—continue to outperform less-developed towns.

As the broader property market cools from its pandemic-driven highs, experts emphasize the importance of long-term planning and a clear understanding of local market conditions. The disparity in regional property performance suggests that not all country towns will benefit equally from ongoing urban migration trends.

