

Tuesday, 25 November 2025

Risk of mortgage stress drops to lowest since February 2023 following RBA interest rate cut in August to 3.6%

New research from Roy Morgan shows 25.3% of mortgage holders 'At Risk' of 'mortgage stress' in the three months to October 2025, down 2.6% points from August 2025.

This is the lowest share of mortgage holders 'At Risk' of 'mortgage stress' since February 2023 the month the share 'At Risk' first rose above one-in-four mortgage holders where it has stayed ever since.

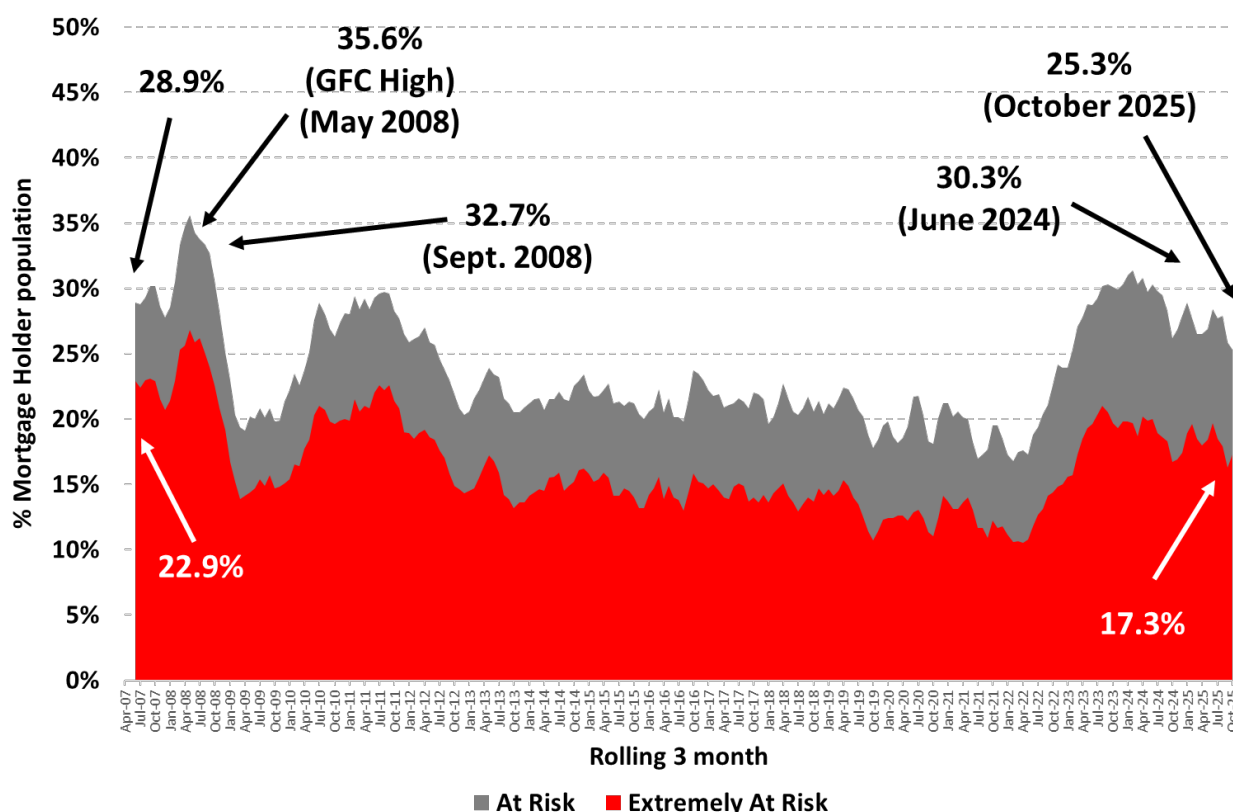
The record high of 35.6% of mortgage holders in mortgage stress was reached way back in mid-2008.

518,000 more 'At Risk' of mortgage stress three years after interest rate increases began

The number of Australians 'At Risk' of mortgage stress has increased by 518,000 since May 2022 when the RBA began a cycle of interest rate increases which lifted official interest rates by a total of 4.25% from 0.1% to a high of 4.35% from November 2023 until February 2025.

The number of Australians considered 'Extremely At Risk', is now numbered at 903,000 (17.3% of mortgage holders) which is 1% point above the long-term average over the last two decades of 16.3%.

Mortgage Stress – % of Owner-Occupied Mortgage-Holders



Source: Roy Morgan Single Source (Australia), average interviews per 3 month period April 2007 – Oct 2025, n=2,879.
Base: Australians 14+ with owner occupied home loan.

Mortgages 'At Risk' is set to drop if the Reserve Bank cuts interest rates to 3.35% in December

The Reserve Bank cut interest rates in February, May and August this year by a total of 0.75% to 3.6% due to lower inflation estimates earlier this year. Although an additional interest rate cut is not expected this year, the chances of an interest rate cut remain slightly more likely than an interest rate increase.

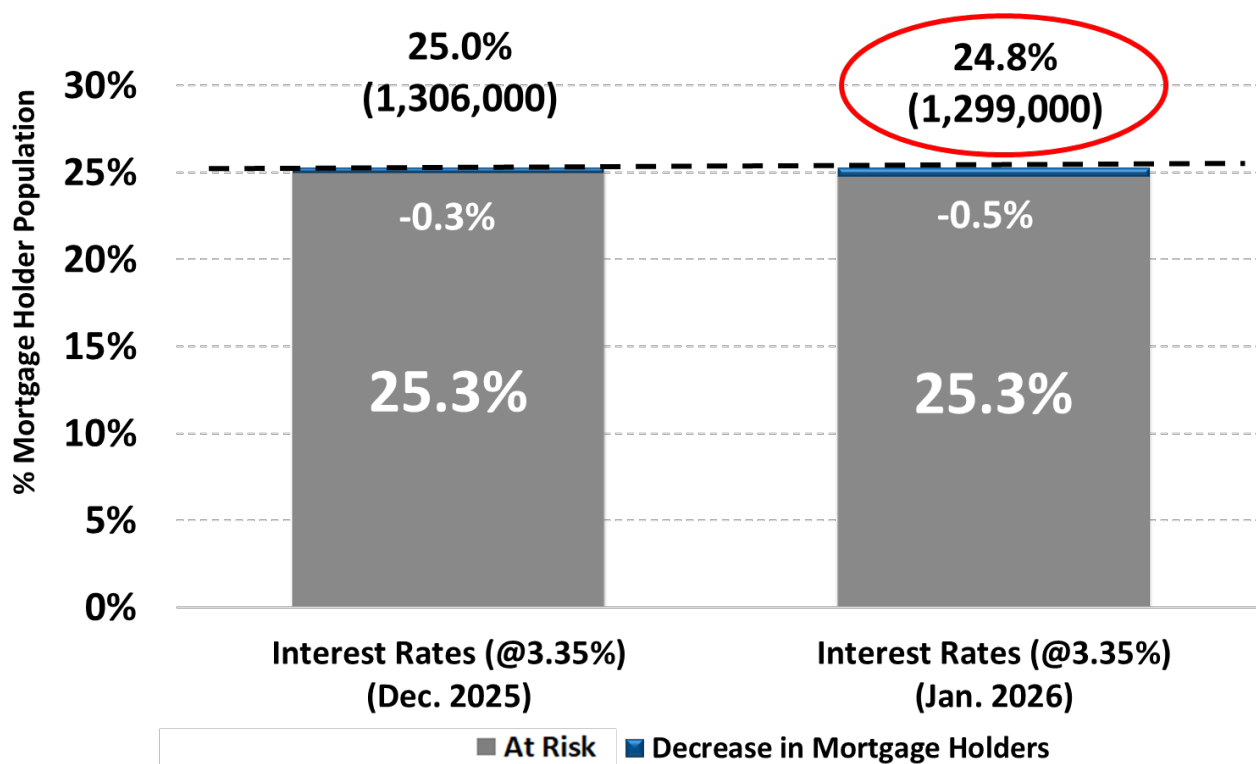
Because this balance of probabilities still slightly favours a potential interest rate cut, Roy Morgan has modelled the impact of an additional RBA interest rate cut in December by another +0.25% to 3.35%.

In October, 25.3% of mortgage holders (1,325,000) were considered 'At Risk'. The decision to leave interest rates on hold in November means the share of mortgage holders 'At Risk' remains unchanged in November.

If the Reserve Bank were to cut interest rates in December by 0.25% to 3.35% the share of mortgage holders 'At Risk' would drop to 25.0% in December 2025 – down 0.3% points from now.

Looking forward, the impact of a prospective interest rate cut in December would lead to the share of mortgage holders 'At Risk' dropping 0.5% points to 24.8% in January 2026 (1,299,000, down 26,000 from now).

Mortgage Risk projections based on interest rate cuts in December and December to 3.35%



Source: Roy Morgan Single Source (Australia), August – October 2025, n=3,456.

Base: Australians 14+ with owner occupied home loan.

How are mortgage holders considered 'At Risk' or 'Extremely At Risk' determined?

Roy Morgan considers the risk of 'mortgage stress' among mortgage holders in two ways:

Mortgage holders are considered 'At Risk'¹ if their mortgage repayments are greater than a certain percentage of household income – depending on income and spending.

Mortgage holders are considered 'Extremely at Risk'² if even the 'interest only' is over a certain proportion of household income.

¹ "At Risk" is based on those paying more than a certain proportion of their after-tax household income (25% to 45% depending on income and spending) into their home loan, based on the appropriate Standard Variable Rate reported by the RBA and the amount they initially borrowed.

² "Extremely at Risk" is also based on those paying more than a certain proportion of their after-tax household income (25% to 45% depending on income and spending) into their home loan, based on the Standard Variable Rate set by the RBA and the amount now outstanding on their home loan.



Unemployment is the key factor which has the largest impact on income and mortgage stress

It is worth understanding that Roy Morgan uses a conservative forecasting model, essentially assuming all other factors apart from interest rates remain the same.

The latest Roy Morgan unemployment estimates show over one-in-five Australian workers are either unemployed or under-employed – 3,283,000 (20.7% of the workforce); ([In October, overall Australian unemployment and under-employment was at 3.28 million – an 11th straight month above 3 million](#)).

Although the Reserve Bank's decision to cut interest rates in February, May and August have had a positive impact and helped marginally lower mortgage stress, the fact remains the greatest impact on an individual, or household's, ability to pay the mortgage is not interest rates, it's if they lose their job or main source of income. In addition, looking forward, the indications are that the Reserve Bank will not be cutting interest rates again any time soon with the resurgence in official estimates of inflation in recent months.

Michele Levine, CEO Roy Morgan, says mortgage stress hit its lowest level since February 2023 in October, however the Reserve Bank's decision to leave interest rates unchanged in November is set to lead to over one-in-four mortgage holders remaining in mortgage stress indefinitely:

"The latest Roy Morgan data shows a reduction in mortgage stress in October 2025 as the Reserve Bank's interest rate cut in mid-August continued to flow through the economy. In October there were 1,325,000 Australians 'At Risk' of mortgage stress – equivalent to 25.3% of mortgage holders – down 0.6% points from September, and down a total of 2.6% points since August 2025.

"However, in recent months inflation has re-accelerated from an annual rate of 1.9% in the year to June 2025 ([ABS annual monthly estimate](#)) to 3.5% in September 2025 ([ABS monthly annual estimate](#)) – an increase of 1.6% points in only three months.

"This rapidly increasing level of official estimated inflation over the last few months has led the Reserve Bank to leave interest rates unchanged in both October and November. These decisions are set to leave over one-in-four mortgage holders in mortgage stress indefinitely.

"Although inflationary pressures have increased rapidly, the balance of probabilities still suggest there may be one additional interest rate cut – perhaps in the first half of next year. If circumstances change quickly in the next few weeks, this potential interest rate cut could be brought forward.

"Because of this possibility, Roy Morgan has modelled a potential (although at this point unlikely), interest rate cut in December of 0.25% to 3.35%. If this interest rate cut were to occur in December, the level of mortgage stress would drop to 1,299,000 (24.8% of mortgage holders) by January 2026 – the first time under one-in-four mortgage holders were 'At Risk' since January 2023.

"Finally, it is important to appreciate that interest rates are only one of the variables that determines whether a mortgage holder is considered 'At Risk' – the largest impact on whether a borrower falls into the 'At Risk' category is related to household income – which is directly related to employment.

"The employment market has been strong over the last three years ([the latest Roy Morgan estimates show nearly 1 million new jobs created since May 2022](#)) and this has provided support to household incomes which have helped to moderate levels of mortgage stress over the last year."

These are the latest findings from Roy Morgan's Single Source Survey, based on in-depth interviews conducted with over 60,000 Australians each year including over 10,000 owner-occupied mortgage-holders.

To learn more about Roy Morgan's mortgage data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com. Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 80 years' experience collecting objective, independent information on consumers.



Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
20,000	±0.7	±0.6	±0.4	±0.3
60,000	±0.4	±0.4	±0.2	±0.2