

Tuesday, 10 March 2026

## Risk of mortgage stress dropped to lowest for three years in January, but is set to increase as interest rates rise in 2026

New research from Roy Morgan shows 23.9% of mortgage holders (1,184,000) 'At Risk' of 'mortgage stress' in January 2026, down 4% points from August 2025.

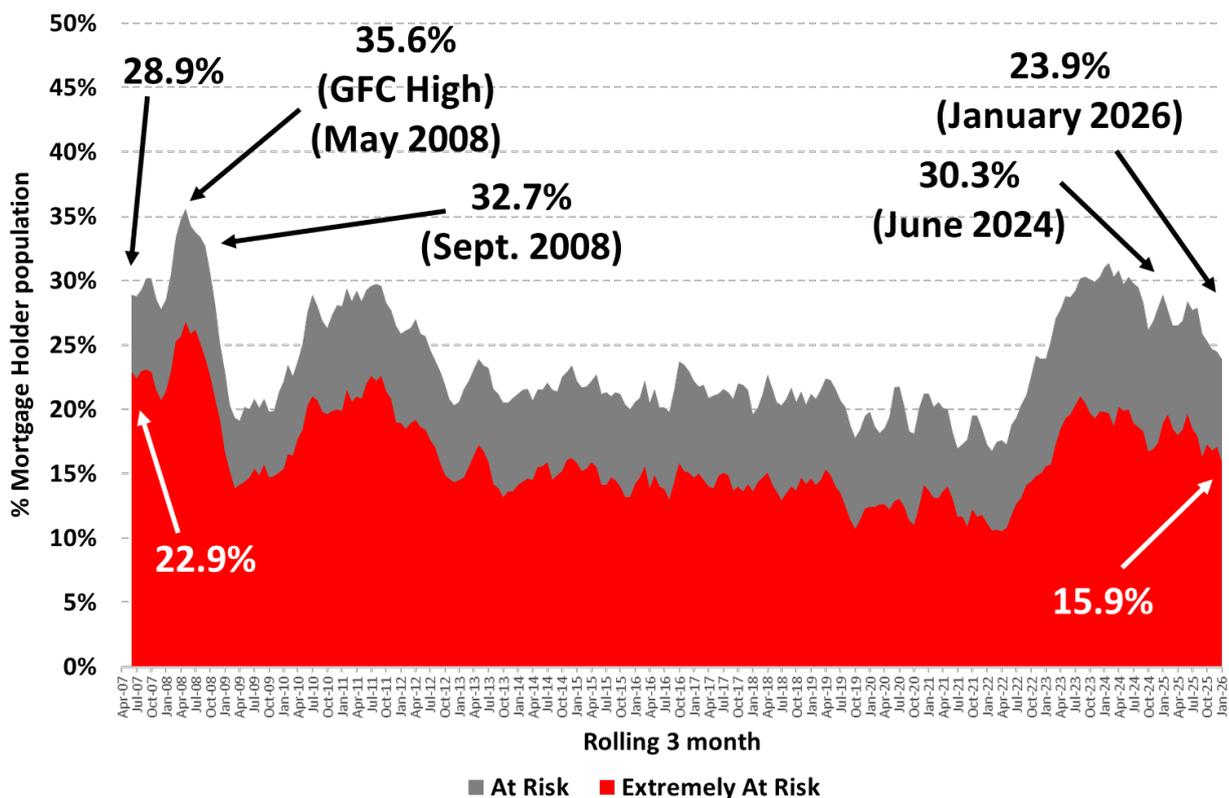
This is the lowest share of mortgage holders 'At Risk' of 'mortgage stress' since January 2023. The record high of 35.6% of mortgage holders in mortgage stress was reached way back in mid-2008.

### 449,000 fewer 'At Risk' of mortgage stress compared to a year ago

The number of Australians 'At Risk' of mortgage stress decreased by 449,000 compared to a year ago when the RBA began a cycle of interest rate cuts, lowering rates by a total of 0.75% (from 4.35% in February 2025 to 3.6% in August 2025).

The number of Australians considered 'Extremely At Risk', is now numbered at 789,000 (15.9% of mortgage holders) which is just below 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 – Jan 2026, n=2,884.

Base: Australians 14+ with owner occupied home loan.

### Mortgages 'At Risk' is set to rise if the Reserve Bank increases interest rates to 4.1% in March

The Reserve Bank raised interest rates for the first time in over two years in February 2026, up +0.25% to 3.85%. This increase was due to a doubling in the official ABS annual inflation which hit a low of 1.9% in the year to June 2025, and has since doubled – the latest figure is [3.8% in the year to January 2026](#).

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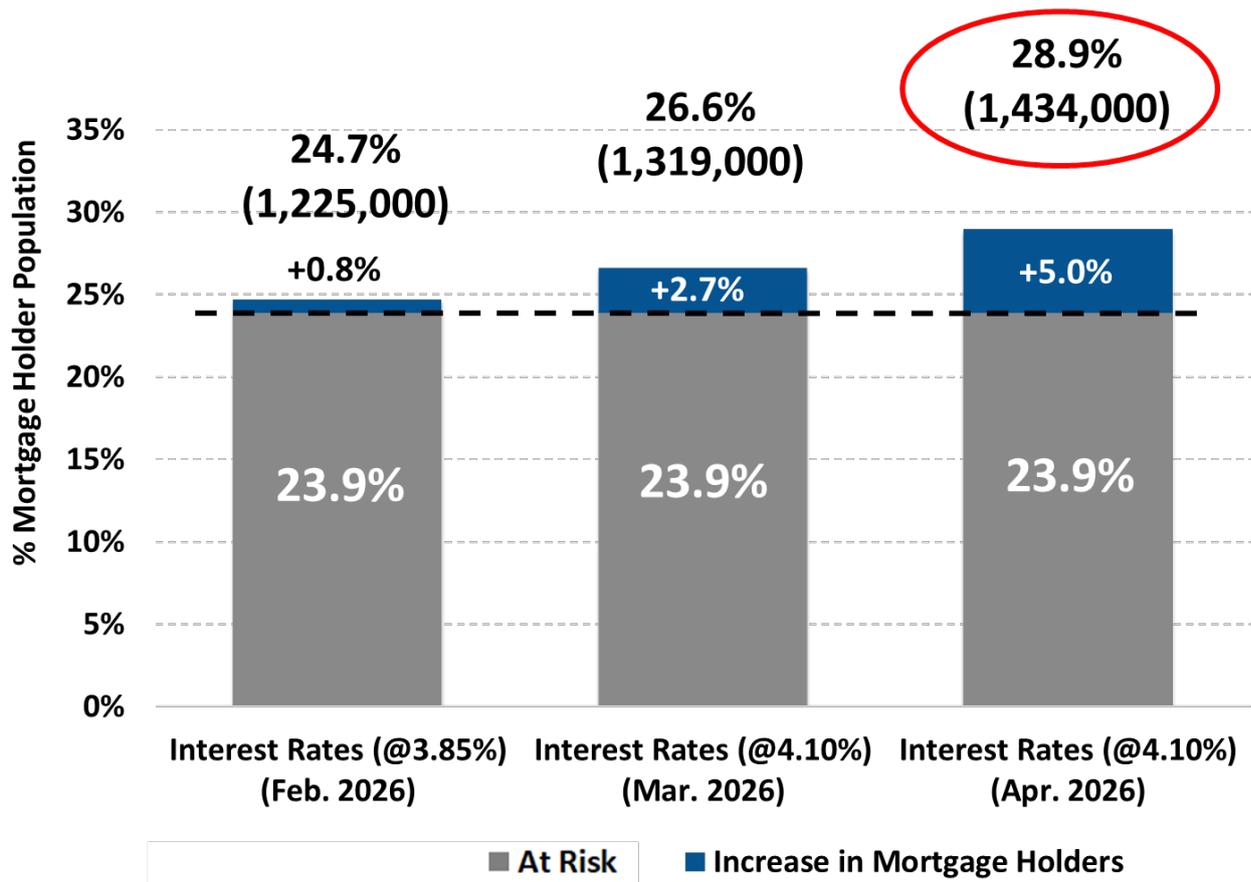
Because of this, Roy Morgan has modelled the impact of the RBA increasing interest rates at its February 2026 meeting (+0.25% to 3.85%) and again if the RBA also increases rates in March 2026 (+0.25% to 4.1%).

In January, 23.9% of mortgage holders (1,184,000) were considered 'At Risk'. The RBA's decision to increase interest rates in February increased the share of mortgage holders 'At Risk' to an estimated 24.7% (up 0.8% points from January) and equivalent to 1,225,000 (up 41,000).

If the RBA raises rates in March by 0.25% to 4.1% the share of mortgage holders 'At Risk' would increase to 26.6% – up 2.7% points from now and equivalent to 1,319,000 mortgage holders, up 135,000 from now.

If the RBA increases interest rates next week, the share of mortgage holders 'At Risk' would increase to 28.9% in April – up 5% points from now and equivalent to 1,434,000 mortgage holders, up 250,000 from now.

**Mortgage Risk projections based on an interest rate increase in March 2026 by 0.25%**



Source: Roy Morgan Single Source (Australia), November 2025 – January 2026, n=3,168.

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'<sup>1</sup> 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'<sup>2</sup> if even the 'interest only' is over a certain proportion of household income.

<sup>1</sup> "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.

<sup>2</sup> "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 – 3,494,000 (21.5% of the workforce); ([In January, overall Australian unemployment and under-employment was at 3.49 million, 'Real unemployment' surges to 1.82 million](#)).

Although the Reserve Bank's decision to cut interest rates three times last year had a positive impact and helped 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 are set to continue increasing interest rates this year following the resurgence in official estimates of inflation in recent months. The renewed conflict in the Middle East is already pushing energy prices higher and will add further pressure to inflation in the months ahead.

**Michele Levine, CEO Roy Morgan, says mortgage stress dropped in January for a seventh straight month, however, the Reserve Bank's decision to raise interest rates in February means the indicator is already on the way back up – and set to increase further – in the near future:**

*"The latest Roy Morgan data shows mortgage stress dropping to a three-year low in January 2026, down 0.6% points from December to 23.9% of mortgage holders (equivalent to 1,184,000) 'At Risk'. Mortgage stress has dropped by a total of 4% points (down by 239,000 mortgage holders) since August 2025, the last month the Reserve Bank (RBA) cut interest rates by 0.25% to 3.6%.*

*"However, in the latter half of 2025 inflation re-accelerated from an annual rate of 1.9% in the year to June 2025 ([ABS annual monthly estimate](#)) to 3.8% in January 2026 ([ABS monthly annual estimate](#)) – doubling, up by 1.9% points, since mid-2025.*

*"The increasing level of inflation during late 2025 led the RBA to leave interest rates unchanged at three consecutive meetings and then raise interest rates for the first time in over two years a month ago in early February 2026 – up +0.25% to 3.85%.*

*"Following on from this interest rate increase Roy Morgan has modelled another potential interest rate increase in March of +0.25% to 4.1%. If the RBA does raise interest rates again the level of mortgage stress would rise to 1,319,000 (26.6% of mortgage holders) by March 2026 and increase even further to 1,434,000 (28.9% of mortgage holders) by April 2026.*

*"The outbreak of conflict in the Middle East in recent weeks, following the Israeli and US attacks on Iran, has introduced a considerable amount of uncertainty into global economic forecasts. Given this uncertainty Australia could face a wave of inflation prompted by soaring energy prices, or an economic slowdown due to rising energy prices impacting demand elsewhere in the economy.*

*"The high degree of uncertainty about the conflict in the Middle East has introduced an additional, and volatile, variable into the decision making of the RBA when it meets next week.*

*"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 four years ([Roy Morgan estimates show over 1.1 million new jobs have been created since the Albanese Government was elected in May 2022](#)) and this has provided support to household incomes which have helped to moderate levels of mortgage stress despite interest rates increasing rapidly since May 2022."*

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](mailto: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