

Tuesday, 28 April 2026

Risk of mortgage stress up 1.9% points in March after the Reserve Bank raised interest rates for second straight month

New research from Roy Morgan shows 26.8% of mortgage holders 'At Risk' of 'mortgage stress' in the three months to March 2026, up 1.9% points from February 2026, after the Reserve Bank raised interest rates for a second straight month in March by +0.25% to 4.1%.

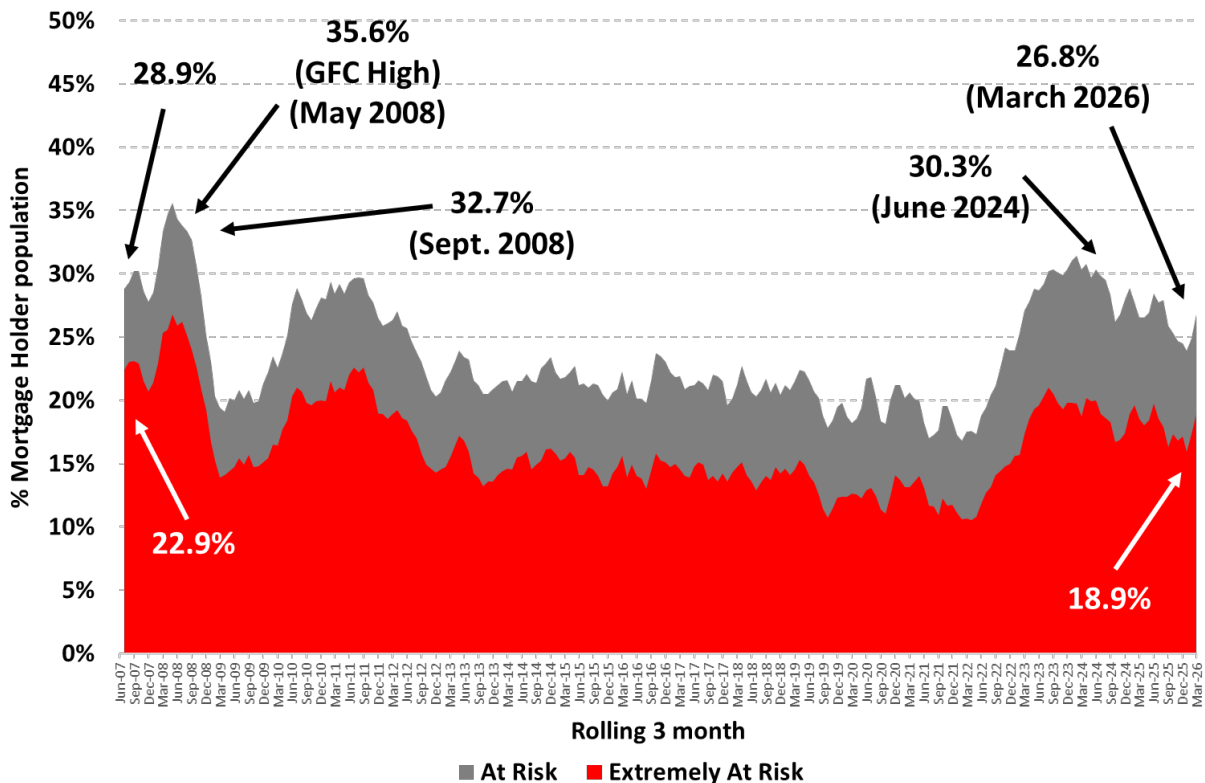
A share of 26.8% of mortgage holders 'At Risk' of mortgage stress is equivalent to 1,447,000 people – up 130,000 on a month ago. The record high of 35.6% of mortgage holders 'At Risk' of mortgage stress was reached back in mid-2008.

The number 'At Risk' of mortgage stress is virtually unchanged on a year ago

The number of Australians 'At Risk' of mortgage stress is virtually unchanged on a year ago after the Reserve Bank cut interest rates in May 2025 (-0.25%) and August 2025 (-0.25%) but then raised them back up in February 2026 (+0.25%) and last month in March 2026 (+0.25%). As a result of these changes, interest rates at 4.1% are identical to a year ago.

The number of Australians considered 'Extremely At Risk', is now numbered at 1,020,000 (18.9% of mortgage holders) which is significantly 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 – Mar 2026, n=2,889.
Base: Australians 14+ with owner occupied home loan.

FOR IMMEDIATE RELEASE

Mortgages ‘At Risk’ is set to rise if the Reserve Bank increases interest rates in May and June

The Reserve Bank raised interest rates in February and March by a total of 0.5% to 4.1%. These increases were 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 almost doubled – the latest figure is [3.7% in the year to February 2026](#).

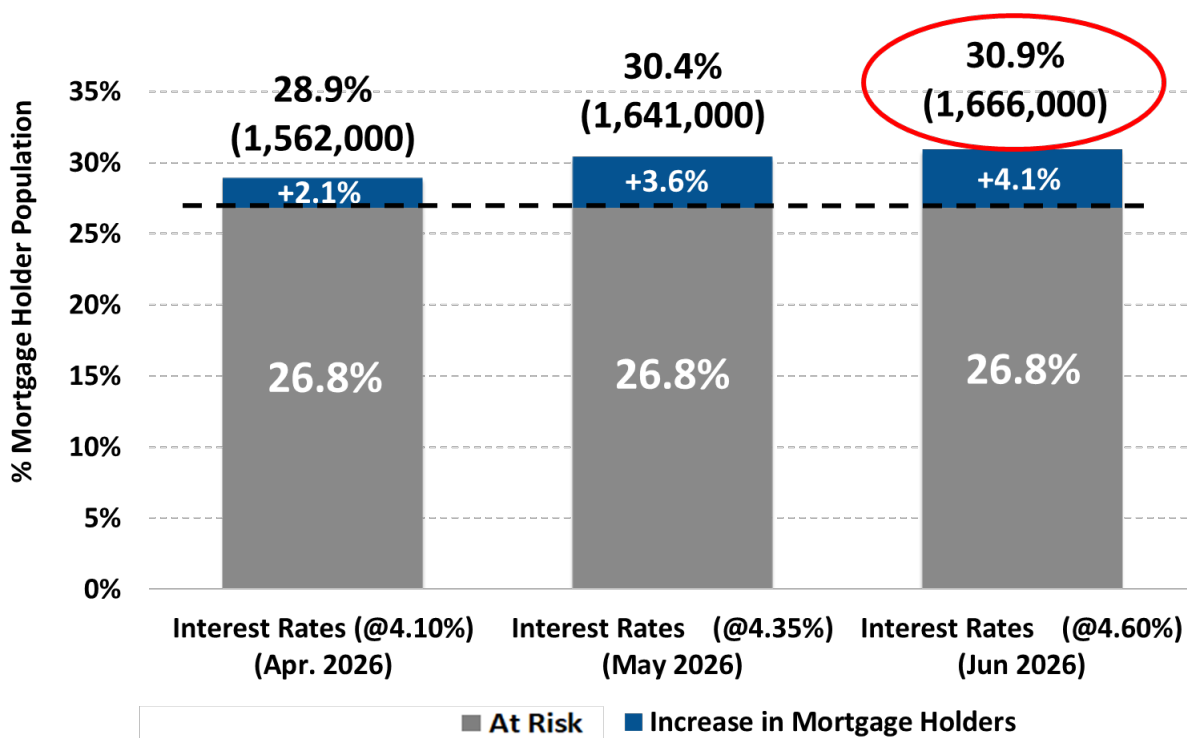
Because of this, Roy Morgan modelled the impact of potential RBA interest rate increases at its May 2026 meeting (+0.25% to 4.35%) and another potential interest rate increase in June 2026 (+0.25% to 4.6%).

In March, 26.8% of mortgage holders (1,447,000) were considered ‘At Risk’. Following the RBA’s decision to increase interest rates in March the share ‘At Risk’ is set to increase to an estimated 28.9% (up 2.1% points from March) in April and equivalent to 1,562,000 mortgage holders (up 115,000).

If the RBA raises rates in May by +0.25% to 4.35%, the share of mortgage holders ‘At Risk’ is forecast to rise to 30.4% (up 3.6% points from now) and equivalent to 1,641,000 mortgage holders, up 194,000 from now.

If the RBA raises rates in June by 0.25% to 4.6% the share of mortgage holders ‘At Risk’ would increase to 30.9% – up 4.1% points from now and equivalent to 1,666,000 mortgage holders, up 219,000 from now.

Mortgage Risk projections based on interest rate increases in May and June 2026 by 0.25% each



Source: Roy Morgan Single Source (Australia), January 2026 – March 2026, n=3,457.

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 – 3,380,000 (20.9% of the workforce); ([In March, overall Australian unemployment and under-employment was at 3.38 million, 'Real unemployment' at 1.69 million](#)).

Although the Reserve Bank's decision to cut interest rates three times last year had a positive impact and helped lower mortgage stress, since the turn of the year the Reserve Bank has reversed course and has now increased interest rates on two occasions already this year.

Despite the actions of the Reserve Bank, 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, the intense economic uncertainty provided by 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 the Reserve Bank's decision to raise interest rates twice so far in 2026 has already wiped out most of the relief given to mortgage holders by the RBA's decision to cut interest rates three times in 2025:

"The latest Roy Morgan data shows mortgage stress in March 2026 rising for a second straight month after hitting a three-year low, up 1.9% points from February to 26.8% of mortgage holders (equivalent to 1,447,000) 'At Risk' – virtually identical to its level a year ago (1,451,000).

"The rise in mortgage stress was caused by the Reserve Bank's decision to raise interest rates by +0.25% in February and by +0.25% in March to a total of 4.1% which followed a near-doubling in the rate of official inflation from 1.9% in the year to [June 2025](#) to 3.7% in the year to [February 2026](#).

"In addition, Roy Morgan has modelled potential interest rate increases in May of +0.25% to 4.35%, and again in June of +0.25% to 4.6% - which would be the highest level of interest rates for nearly 15 years since November 2011. If the RBA does raise interest rates again in each of the next two months the level of mortgage stress would rise to 1,666,000 (30.9% of mortgage holders) by June 2026.

"The conflict in the Middle East which began after Israel and the US attacked Iran and led to the closure of the Strait of Hormuz, through which a large share of the world's energy usually transits, has introduced a considerable amount of uncertainty into global economic forecasts.

"Since the conflict in the Middle East began ANZ-Roy Morgan Inflation Expectations have increased significantly, from 5.2% (February 16-22, 2026), up 2.1% points to a new record high of 7.3% (March 23-29, 2026). At the same time, average retail petrol prices jumped over 80 cents per litre (+52.6%) to a record high of \$2.53 in late March. In good news, both indicators have declined slightly since then.

"However, the high degree of uncertainty about how the Middle Eastern conflict will play out over the next few months has introduced an additional, and volatile, variable into the decision making of the Reserve Bank over the next few months as inflationary pressures are set to build.

"The good news – at least for the short-term – is that the Albanese Government has been quick to assure Australians the country is well supplied with energy over the next four-six weeks at least.

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 1.2 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 being significantly higher than in 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. 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