ROY MORGAN

Tuesday, 21 July 2026

In June risk of mortgage stress up 1.3% points after the Reserve Bank raised interest rates in May to 4.35%

New research from Roy Morgan shows 30.3% of mortgage holders ‘At Risk’ of ‘mortgage stress’ in the three months to June 2026, up 1.3% points from May 2026, after the Reserve Bank raised interest rates in May 2026 (+0.25%) to 4.35%. The Reserve Bank subsequently elected to leave interest rates unchanged at their most recent meeting in mid-June.

A share of 30.3% of mortgage holders ‘At Risk’ of mortgage stress is equivalent to 1,606,000 people – up 68,000 on a month earlier. This is the highest level of mortgage stress since the amended Stage 3 income tax cuts were introduced at the end of June 2024 – just over two years ago.

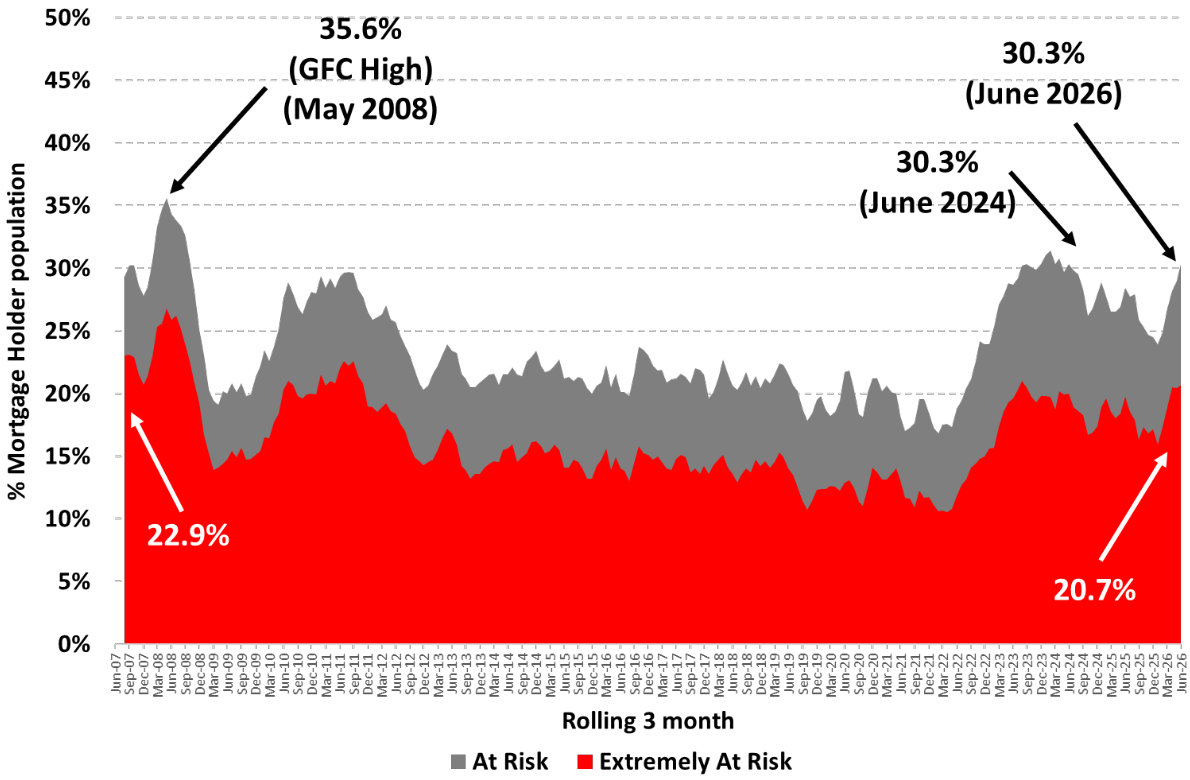
The record high of 35.6% of mortgage holders ‘At Risk’ of mortgage stress was reached back in mid-2008 during the Global Financial Crisis (GFC).

The number of Australians ‘At Risk’ of mortgage stress is up 115,000 on a year ago

The number of Australians ‘At Risk’ of mortgage stress is up by 115,000 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%), March 2026 (+0.25%) and again in May 2026 (+0.25%). As a result of these changes, interest rates were at 4.35% in June 2026, 0.5% higher than a year earlier in June 2025 (3.85%).

The number of Australians considered ‘Extremely At Risk’, is now numbered at 1,096,000 (20.7% of mortgage holders) which is significantly above the long-term average over the last two decades of 16.4%.

Mortgage Stress – % of Owner-Occupied Mortgage-Holders



Source: Roy Morgan Single Source (Australia), average interviews per 3-month period April 2007 – June 2026, n=2,897.
Base: Australians 14+ with owner occupied home loan.

Mortgages 'At Risk' set to rise further if the Reserve Bank increases interest rates again

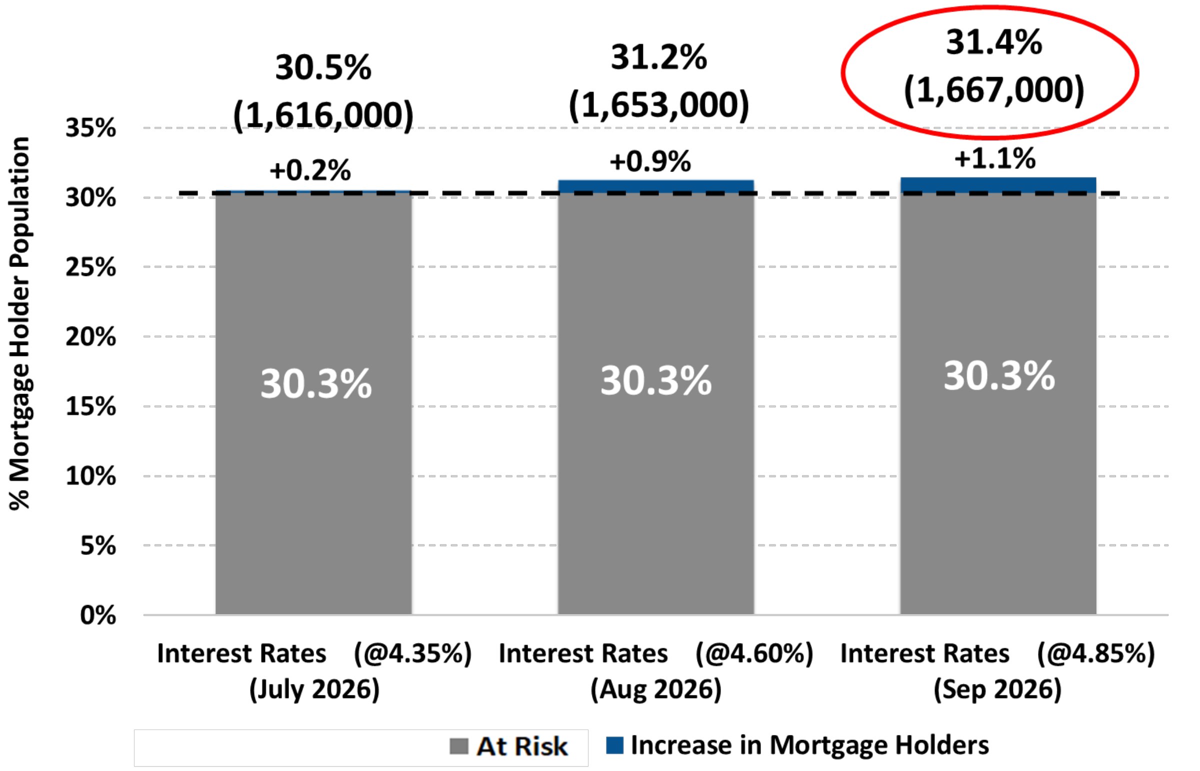
The Reserve Bank (RBA) raised interest rates in February, March and again in May by a total of 0.75% to 4.35%. These increases were due to the official ABS annual inflation rate more than doubling from 1.9% in the year to June 2025 to a high of 4.6% in the year to March 2026.

Because of this, Roy Morgan modelled the impact of potential RBA interest rate increases at their next two meetings in August (+0.25% to 4.6%) and September (+0.25% to 4.85%).

If the RBA increases interest rates in August to 4.6% the share of mortgage holders considered 'At Risk' of mortgage stress would increase to 31.2% (up 0.9% points from now), and equivalent to 1,653,000 mortgage holders, up 47,000 from now.

If the RBA increases interest rates in September to 4.85%, the share of mortgage holders considered 'At Risk' or mortgage stress would increase to 31.4% – up 1.1% points from now and equivalent to 1,667,000 mortgage holders, up 61,000 from now.

Mortgage Risk projections based on interest rate increases in August and September 2026



Source: Roy Morgan Single Source (Australia), April 2026 – June 2026, n=3,504.
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 – 3,348,000 (21.1% of the workforce); (In June 'Real Unemployment' in Australia up 1% to 11.7%).

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 three occasions already this year in February, March, and May.

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.

FOR IMMEDIATE RELEASE

Michele Levine, CEO Roy Morgan, says the Reserve Bank's decision to raise interest rates three times this year reversed the three cuts made last year, although the decision to leave interest rates unchanged in mid-June provided a welcome reprieve for mortgage holders:

> *"Mortgage stress is just one indicator of the pressure Australians are under – mortgage stress is up five months in a row, interest rates have increased three times already this year, housing prices are coming down in key markets, and the Australian workforce has contracted from earlier this year.*
>
> *"The latest Roy Morgan data shows mortgage stress rising for a fifth straight month after hitting a three-year low, up 1.3% points from May to 30.3% of mortgage holders (equivalent to 1,606,000) 'At Risk' – up 68,000 from a month ago. Mortgage stress is now at its highest since June 2024 (also 30.3%) – just before the modified Stage 3 tax cuts boosted household incomes from July 2024.*
>
> *"The continued rise in mortgage stress was caused by the impact of the Reserve Bank's decision to raise interest rates by +0.25% to 4.35% in May which followed two earlier interest rate increases in February and March which have significantly increased mortgage repayments so far this year.*
>
> *"In addition, Roy Morgan has modelled potential interest rate increases in August (+0.25% to 4.6%) and September (+0.25% to 4.85%). If these increases happen official interest rates would be at their highest for nearly 20 years since December 2008.*
>
> *"However, there is potential good news with regards to inflation with the latest ABS Consumer Price Index for the 12 months to May 2026 at 4%, down 0.6% points from March 2026 (4.6%).*
>
> *"Official inflation, as well as the ANZ-Roy Morgan Inflation Expectations, have fallen in recent months as tensions in the Middle East eased. However, the recent signs are that the conflict in the Middle East is resuming and potentially escalating, putting the reduction in inflation at risk.*
>
> *"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 almost 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 lower levels of mortgage stress despite interest rates being significantly higher than in May 2022. However, the latest employment estimates show the workforce contracting in recent months from earlier this 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