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ROY MORGAN

FOR IMMEDIATE RELEASE

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July 2026 mortgage stress up 2.2% points to 18-year high of 32.5%; after three RBA interest rate increases in 2026

New research from Roy Morgan shows 32.5% of mortgage holders 'At Risk' of 'mortgage stress' in July 2026, up 2.2% points from June 2026 and after three interest rate increases from the Reserve Bank (RBA) during the first few months of this year.

The 32.5% of mortgage holders 'At Risk' of mortgage stress is equivalent to 1,786,000 people – up 180,000 on a month earlier – the highest level of mortgage stress for 18 years. The highest level of mortgage stress ever recorded by Roy Morgan is 35.6% reached four months earlier in mid-2008 when official interest rates hit a 30 year high of 7.25% (March – September 2008).

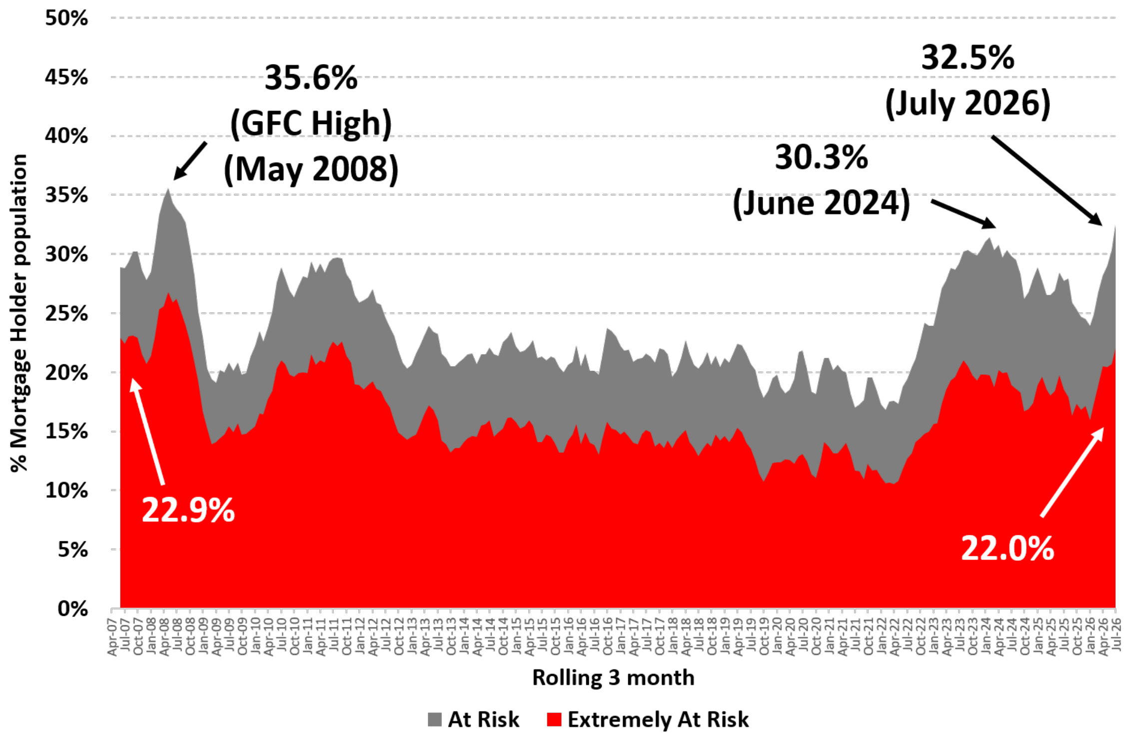
The rising level of mortgage stress is due to a combination of the RBA raising interest rates three times this year (+0.75% to 4.35%), pressure on labour markets. Roy Morgan's July labour market report shows overall employment, and importantly full-time employment, are both down on highs reached earlier in the year, and the negative impacts on household incomes which have softened since earlier in the year.

341,000 more Australians 'At Risk' of mortgage stress than a year ago

Compared to a year ago the number of Australians 'At Risk' of mortgage stress is up 341,000 after the RBA cut interest rates in 2025 (to 3.85% in July 2025) but then raised them back up in 2026 (+0.75% to 4.35%). As a result of these changes, interest rates were at 4.35% in July 2026, 0.5% higher than a year earlier in July 2025 (3.85%).

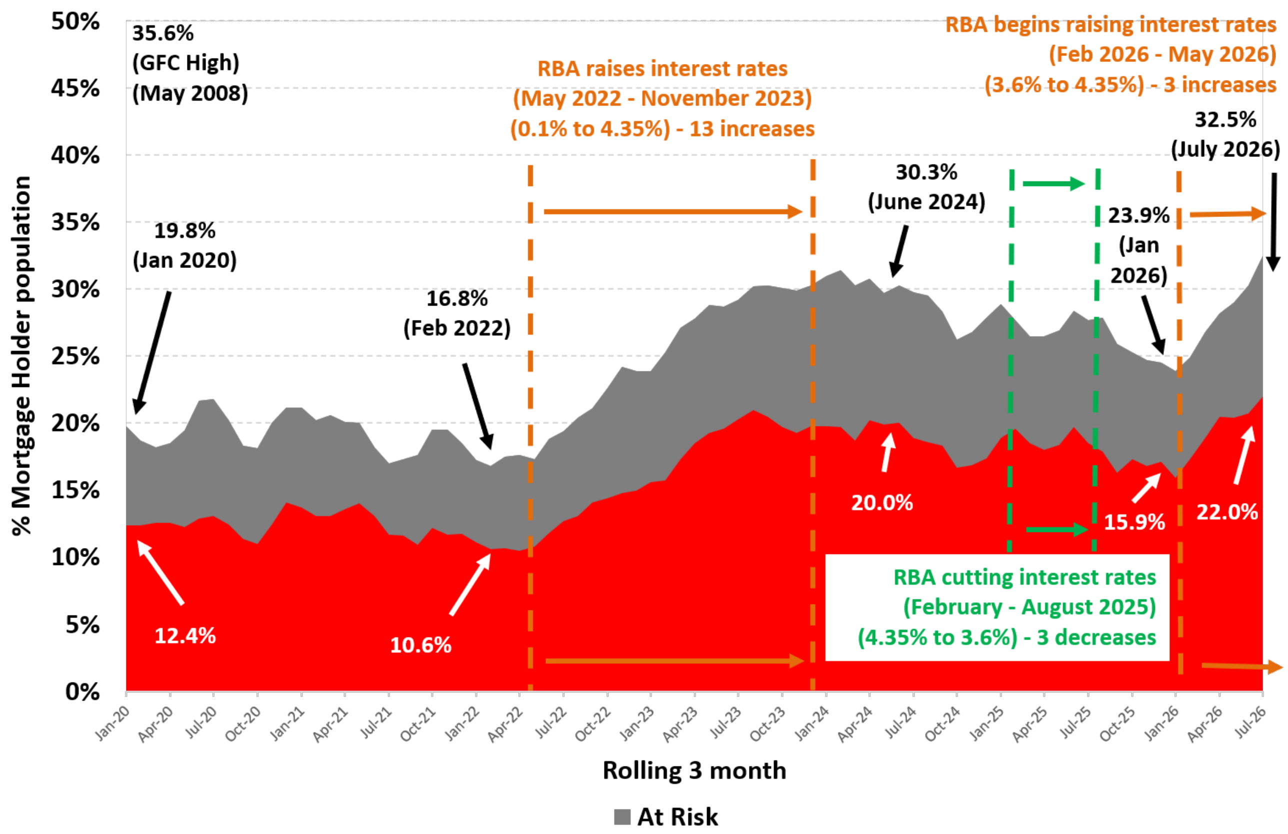
The number of Australians considered 'Extremely At Risk', is now numbered at 1,210,000 (22% of mortgage holders) which is significantly above the long-term average over the last two decades of 16.4%.

Mortgage Stress – % of Owner-Occupied Mortgage-Holders (June 2008 – July 2026)



Source: Roy Morgan Single Source (Australia), average interviews per 3-month period April 2007 – July 2026, n=2,900.
Base: Australians 14+ with owner occupied home loan.

Mortgage Stress – % of Owner-Occupied Mortgage-Holders (January 2020 – July 2026)



Source: Roy Morgan Single Source (Australia), average interviews per 3-month period November 2019 – July 2026, n=3,243.
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.

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 figures on mortgage stress show that weakness in employment markets in the last few months is beginning to negatively impact levels of household income – including Australians with large mortgages.

This impact is supported by an analysis of Roy Morgan's unemployment estimates over the last few months which show weak employment markets with both overall employment, and importantly full-time employment, lower in the last few months than earlier in the year.

The latest Roy Morgan unemployment estimates show over one-in-five Australian workers are either unemployed or under-employed – 3,228,000 (20.4% of the workforce) – [In July Australian 'real unemployment' was virtually unchanged at 11.6%, but workforce and employment both contracted].

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[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.

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

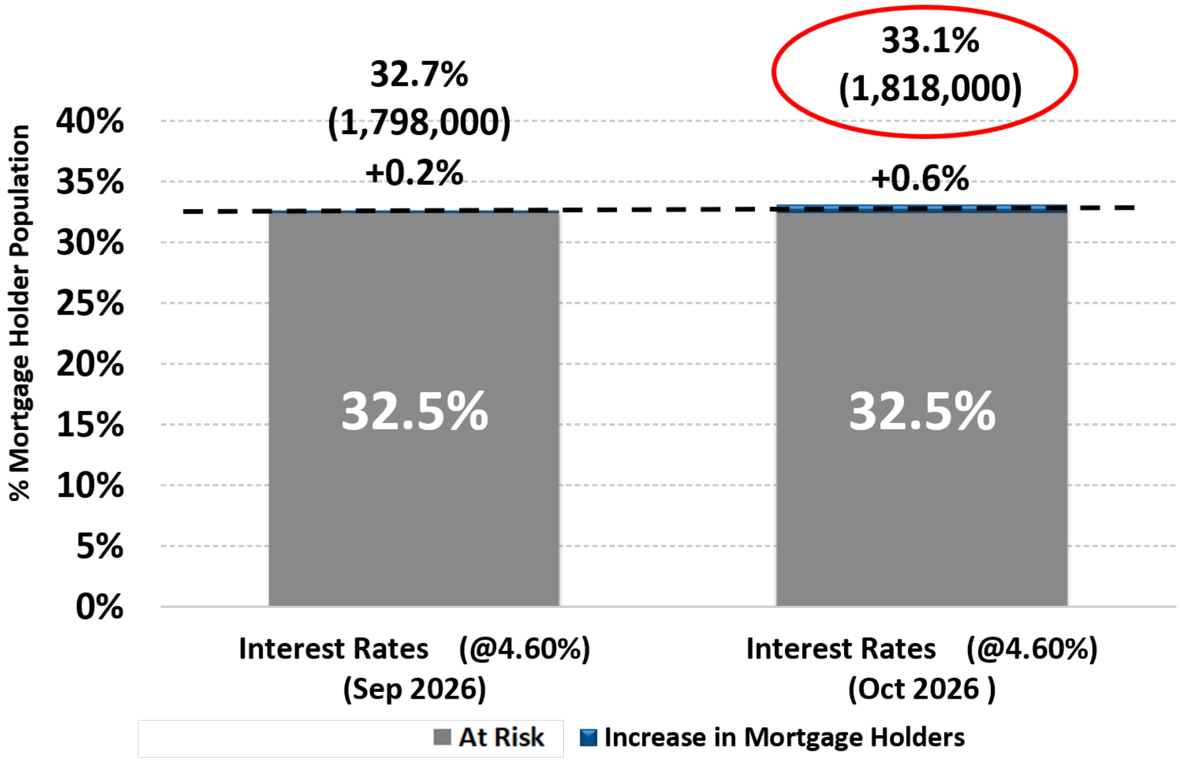
The Reserve Bank (RBA) raised interest rates three times in early 2026 by a total of 0.75% to 4.35%. These increases were due to the official ABS annual inflation rate more than doubling from 1.9% in the year to June 2025 to a high of [4.6% in the year to March 2026]. Official estimates of inflation are now at [3.8% in the year to June 2026] – still above the Reserve Bank’s preferred target range.

Because of this, Roy Morgan modelled the impact of a potential RBA interest rate increase at their next meeting in late September (+0.25% to 4.6%).

If the RBA increases interest rates in September to 4.6% the share of mortgage holders considered ‘At Risk’ of mortgage stress would increase to 32.7% (up 0.2% points from now) – equivalent to 1,798,000 mortgage holders, up 12,000 from now.

Looking forward into October, the share of mortgage holders considered ‘At Risk’ would increase to 33.1%, up 0.6% points from now – equivalent to 1,818,000 mortgage holders, up 32,000 from now.

Mortgage Risk projections based on an interest rate increase in September 2026



Source: Roy Morgan Single Source (Australia), May 2026 – July 2026, n=3,722.
Base: Australians 14+ with owner occupied home loan.

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Michele Levine, CEO Roy Morgan, says the Reserve Bank’s decision to raise interest rates three times this year is pressuring weak labour markets and leading to a softening in household incomes which places further pressure on mortgage holders dealing with increased repayments:

> *“Mortgage stress is just one indicator of the pressure Australians are under – mortgage stress has now increased six months in a row, interest rates have increased three times this year, housing prices are coming down in key markets, and the Australian workforce has contracted from earlier this year with both full-time employment, and overall employment, lower now than at the start of the year.*
>
> *“Given these factors, it is not surprise that the latest Roy Morgan data shows mortgage stress rising for a sixth straight month in July, up 2.2% points from June to 32.5% of mortgage holders (equivalent to 1,786,000) ‘At Risk’. This is up 180,000 from a month ago and mortgage stress is now at its highest for 18 years since September 2008 (32.7%) amidst the Global Financial Crisis.*

"During 2008, official Australian interest rates hit a 30-year high of 7.25% over a six-month period from March – September 2008 which led to record high levels of mortgage stress during this period, peaking at 35.6% in the three months to May 2008.

"The continued rise in mortgage stress this year wasn't helped by 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 a potential interest rate rise in September (+0.25% to 4.6%). If this rate rise happens, official interest rates will be at their highest for nearly 15 years since November 2011 and mortgage stress will be at an estimated 33.1% in October 2026.

"However, there is potential good news with regards to inflation with the latest [ABS Consumer Price Index for the 12 months to July 2026 at 3.5%], down 1.1% points from March 2026 (4.6%).

"Another key factor contributing to rising mortgage stress in the last few months is the changing composition of the workforce. Full-time employment has weakened considerably, and this has a direct, and negative, impact on household incomes. As household incomes come under pressure, this will clearly lead to an increase in mortgage stress. These trends have been seen across home owners, renters, and perhaps most importantly – people paying off a mortgage on their home.

"Until recently the employment market has been strong for several years, but employment growth has stalled during 2026 and gone consistently backwards in the last few months. The latest [Roy Morgan estimates show full-time employment at 9,093,000 in July 2026] – down 228,000 from 9,321,000 in January 2026 – before interest rates, and mortgage stress, began to rise again."

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