October
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RESEARCH REPORT

InfoChoice Real Hardship Survey

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InfoChoice™

Executive Summary

The lifting of Australia's cash rate from 0.10% to 4.10% between May 2022 and June 2023 represented the fastest rise in interest rates in over 30 years. One might assume that such a rapid escalation in the cost of borrowing money would have a significant impact on Australian mortgage-holders - particularly given high levels of household debt.

To assess this impact, we surveyed more than 1,000 mortgage-holders of all ages throughout Australia for the inaugural **InfoChoice Real Hardship Survey**. The results were stark, revealing half (50.0%) are now spending more than 30% of their household income on mortgage repayments. Many have struggled to keep up with their financial commitments over the past year, with 10.1% late on at least one mortgage repayment and 15.8% overdue on other bills.

Higher mortgage repayments also appear to be straining the family dynamic, with most participants (59.7%) saying they had reduced family activities over the past year, while 15.8% have been regularly arguing with family over the mortgage. One in ten (10.0%) resorted to borrowing money from family members. Shockingly, some even admitted their mortgage had driven them to commit a crime in the past year, such as stealing, fraud or financial abuse. The survey also revealed that over one in ten Australians would be unable to make their next mortgage repayment if they lost their job today.

These results are a wake-up call to the fact that the stress from rate rises is really starting to bite, especially among younger home owners - with the results suggesting they've endured the biggest impact of the RBA rate hikes. This reflects the fact young home owners typically have relatively larger mortgages due to the higher cost of housing and low interest rates available up until the start of the current tightening cycle.

The survey shows that a remarkable 7.8% of Gen Z borrowers (1997-2012) have committed a crime to pay their mortgage, 27.5% have borrowed more money to make a payment (including 17.6% from family) while 9.8% have sought help from a charity or their lender. More than a quarter (25.9%) have made a repayment late, compared to less than 10% for other generations.

When it comes to family life, Millennials (1981-1996) have been particularly affected, with 62.7% cutting back on family activities and 17.8% having regular arguments with family about their mortgage.

Gen X (1965-1980) was also experiencing significant stress, with the need to cover mortgage repayments causing 18.3% to pay a bill late, and 13.2% saying they could not afford even one monthly mortgage repayment if they lost their job.

Baby Boomers (1946-1964) have been comparatively less affected.

While it is clear higher interest rates were needed to curb Australia's high inflation, it is important to understand the impacts these are having on indebted households and the increased risks of financial hardship.

This report illustrates some of these impacts on different generations of Australians.

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Survey Methodology
Primary data collected nationally by random survey in June 2023 of 1,067 Australians identified as having a mortgage.

Attribution
All commentary from this report to be attributed to Dominic Beattie, InfoChoice Money Analyst.

InfoChoice
InfoChoice is one of Australia's oldest and most trusted comparison websites. Founded in 1993, our mission is to help consumers make an informed purchasing decision for retail banking and personal finance products. InfoChoice is also a trusted partner for numerous Australian financial institutions.

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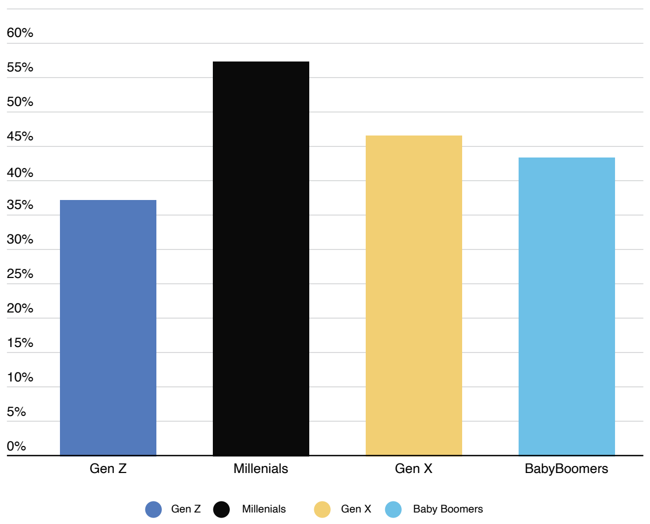
Table 1
What percentage of your monthly household income is spent on mortgage repayments?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
0 - 10%	5.9%	17.0%	5.5%	2.3%	7.4%
11 - 20%	14.8%	14.8%	16.8%	10.6%	27.8%
21 - 30%	29.4%	24.4%	30.7%	29.8%	27.8%
31 - 40%	21.9%	23.0%	20.0%	24.1%	18.5%
41 - 50%	13.8%	11.9%	14.3%	14.5%	9.3%
51 - 60%	8.6%	5.9%	7.0%	11.9%	3.7%
61 - 70%	3.3%	0.7%	3.9%	3.6%	3.7%
71 - 80%	1.5%	1.5%	0.9%	2.3%	0.0%
Over 80%	0.9%	0.7%	0.9%	0.8%	1.9%

How we see this data

50.0% of all participants said they spent over 30% of their monthly household income on mortgage repayments. This is an important threshold, as households in mortgage stress are commonly regarded as those with minimum monthly mortgage repayments that make up more than 30% of the household's gross monthly income. Between the generations, this figure was highest among Millennials (57.3%), followed by Gen X (47.0%) and Baby Boomers (43.7%), while Gen Z had the lowest percentage of households spending over 30% of income on mortgage repayments at 37.0%.

Graph 1
Spending +30% of income on mortgage repayments



Portion of people by generation answering '30% or more' to: What percentage of your monthly household income is spent on mortgage repayments?

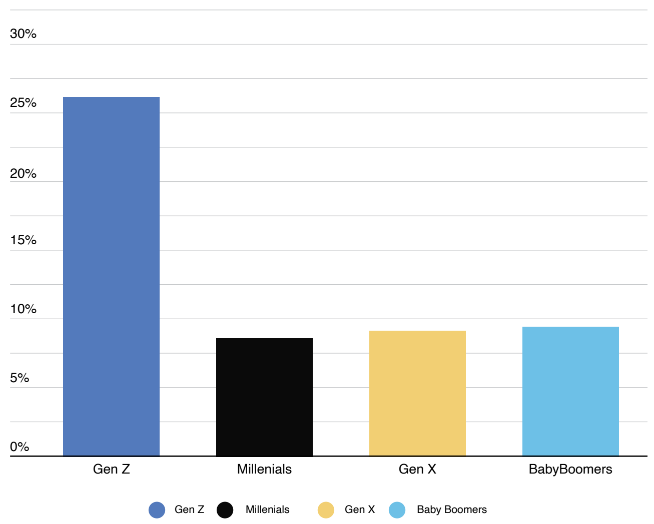
Table 2
In the past year, how many mortgage repayments have you paid late?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
None	89.9%	90.4%	90.7%	90.9%	74.1%
1	3.4%	3.0%	2.5%	3.1%	14.8%
2	2.8%	0.7%	2.7%	3.4%	3.7%
3	0.5%	1.5%	0.5%	0.0%	1.9%
Over 3	3.4%	4.4%	3.6%	2.6%	5.6%

How we see this data

More than one in 10 participants (10.1%) said they had been late on at least one mortgage repayment in the past year. By generation, this was as high as over a quarter of Gen Z households (25.9%), followed by 9.6% of Baby Boomers, 9.3% of Gen X and 9.1% of Millennials.

Graph 2
Late on at least one mortgage repayment



Portion of people by generation answering 'Late on at least one repayment' to: in the past year, how many mortgage repayments have you paid late?

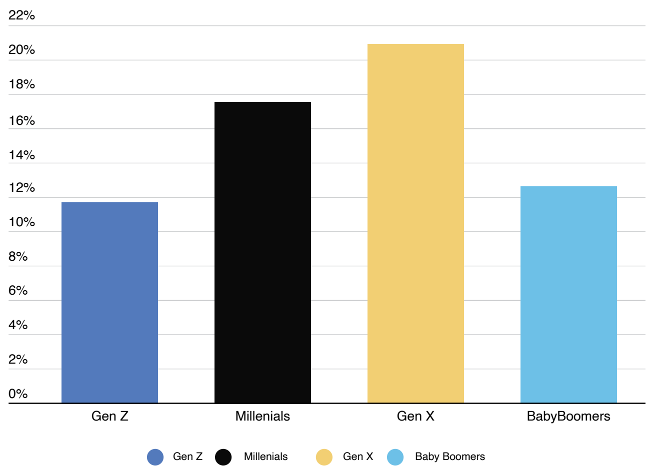
Table 3
How long could you pay your mortgage if you were unemployed?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
Less than a month	11.0%	9.6%	13.2%	9.7%	5.9%
1 month	6.9%	3.0%	7.5%	7.6%	5.9%
2 months	9.9%	3.7%	10.7%	11.3%	7.8%
3 months	13.8%	16.3%	13.0%	13.6%	15.7%
3 - 6 months	18.5%	14.1%	18.3%	18.9%	29.4%
6 - 12 months	17.1%	14.1%	17.1%	18.4%	15.7%
1 - 2 years	9.4%	8.1%	7.5%	11.8%	9.8%
2 - 3 years	2.3%	3.0%	1.8%	2.4%	3.9%
Over 3 years	11.1%	28.1%	10.7%	6.3%	5.9%

How we see this data

The majority of respondents (60.1%) said they could pay their mortgage while unemployed for six months or less. For three months or less, this figure was still pretty high at 41.6%. Gen X households appeared particularly dependent on employment, with over a fifth (20.8%) only affording to pay for one month or less.

Graph 3
Can afford to make mortgage repayments while unemployed for only one month or less



Portion of people by generation answering 'one month' or 'less than one month' to: How long could you pay your mortgage if you were unemployed?

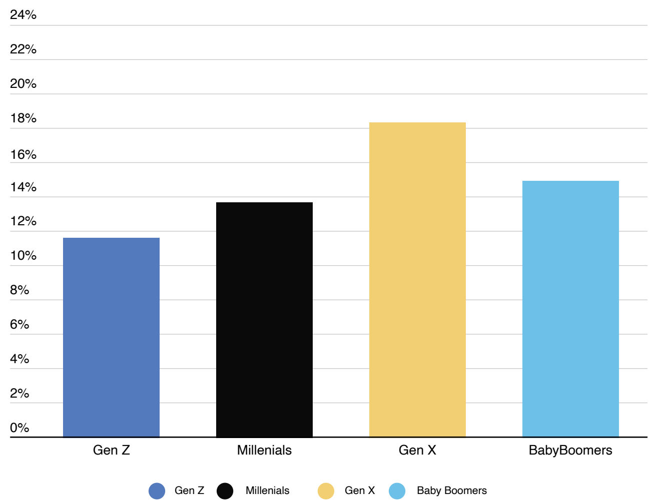
Table 4
In the past year, has repaying your mortgage caused any of your other bills to be overdue?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
No	84.2%	85.2%	81.7%	86.1%	88.2%
Yes, 1 bill	5.7%	5.9%	5.5%	6.0%	3.9%
Yes, 2 bills	5.0%	5.2%	4.6%	5.2%	5.9%
Yes, 3+ bills	5.2%	3.7%	8.2%	2.6%	2.0%

How we see this data

Mortgage repayments caused 15.8% of respondents to be late on at least one other bill over the past year. Gen X households - which are likely to have more dependents than other generations, thus potentially more bills - had the highest rate of late bill payment, with 18.3% late on at least one bill and 8.2% late on three or more bills.

Graph 4
Late on at least one bill in past year



Portion of people by generation answering 'yes' to: In the past year, has repaying your mortgage caused any of your bills to be overdue?.

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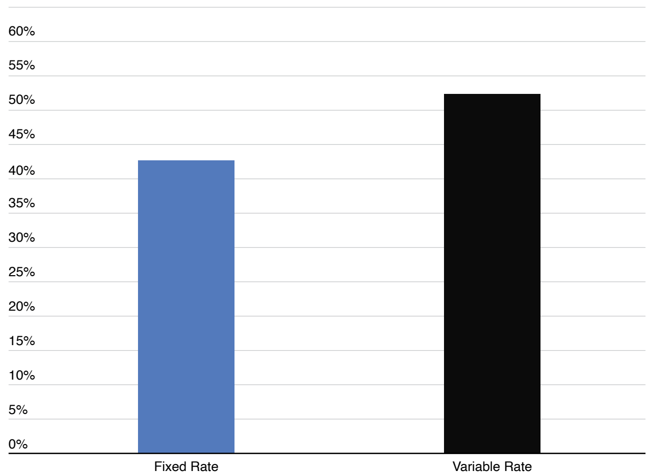
Table 5
Are mortgage repayments driving you or your spouse to seek more income?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
No	50.7%	68.1%	50.5%	43.3%	62.7%
Yes, seeking extra hours	21.8%	11.9%	24.0%	23.1%	19.6%
Yes, seeking a promotion	8.5%	4.4%	5.9%	12.9%	7.8%
Yes, seeking a second job	11.3%	10.4%	11.9%	12.1%	3.9%
Yes, seeking another job	7.7%	5.2%	7.8%	8.7%	5.9%

How we see this data

Almost half of respondents (49.3%) said they were driven to seek more income because of mortgage repayments. Those on fixed rates were less inclined to seek more income than those on variable rates (42.8% vs 51.5%) - as expected, given the average fixed rate on existing home loans was significantly lower than the average variable rate at the time of the survey (see Figure 1).

Graph 5
Seeking more income due to mortgage repayments: Fixed-rate vs Variable-rate borrowers



Portion of people by generation answering 'yes' to: are mortgage repayments driving you or your spouse to seek more income?

Figure 1

Average Fixed Rate	Average Variable Rate
3.59% p.a.	6.24% p.a.

Average fixed vs variable interest rates on existing owner occupier home loans (June 2023). Data source: RBA

Table 6
How stressed are you about [ ]?

	Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
Expenses	**Not at all**	8.2%	10.4%	9.6%	5.2%	11.8%
	Not very	13.1%	16.3%	11.6%	13.4%	15.7%
	Slightly	33.2%	31.9%	31.1%	35.4%	39.2%
	Somewhat	27.7%	29.6%	27.4%	28.1%	21.6%
	Very	17.8%	11.9%	20.3%	17.8%	11.8%
Income	**Not at all**	12.0%	14.8%	12.3%	9.7%	19.6%
	Not very	19.7%	16.3%	18.5%	22.0%	21.6%
	Slightly	27.9%	25.2%	28.3%	27.8%	31.4%
	Somewhat	25.1%	28.9%	25.3%	24.9%	13.7%
	Verr	15.3%	14.8%	15.5%	15.5%	13.7%
Budgeting	**Not at all**	13.4%	17.8%	13.5%	11.8%	13.7%
	Not very	22.9%	30.4%	22.8%	20.7%	19.6%
	Slightly	30.1%	23.0%	30.6%	31.2%	37.3%
	Somewhat	21.8%	20.7%	20.1%	24.7%	17.6%
	Very	11.7%	8.1%	13.0%	11.5%	11.8%
Repayments	**Not at all**	10.2%	13.3%	11.0%	8.4%	9.8%
	Not very	18.7%	20.0%	18.5%	17.1%	29.4%
	Slightly	25.4%	26.7%	25.1%	25.2%	25.5%
	Somewhat	25.6%	23.7%	23.1%	29.4%	23.5%
	Very	20.1%	16.3%	22.4%	19.9%	11.8%

How we see this data

While the majority of respondents expressed various degrees of stress ('slightly', 'somewhat' or 'very') about expenses (78.7%), mortgage payments (71.0%), income (68.3%) and budgeting (63.7%), over two thirds (67.5%) were 'not very' or 'not at all' stressed about family relations. Most respondents were also 'not' very' or 'not at all' stressed about personal debt (62.5%), losing their home (62.4%) or job security (60.9%).

Millennials were the most stressed generation about expenses (81.4% expressing some degree of stress), mortgage payments (74.5%) and budgeting (67.5%). They were the least stressed generation about personal debt (32.0% expressing some degree of stress) and losing the home (33.6%).

Gen Z was the most stressed generation about personal debt (45.1%) and family relations (37.3%). They were the least stressed generation about expenses (72.5%), income (58.8%) and mortgage payments (60.8%).

Gen X was the most stressed generation about income (69.2%) and job security (41.6%). They were not the least stressed generation in any of the other categories.

Baby Boomers were the most stressed generation about losing the home (40.7%). They were the least stressed generation about budgeting (51.9%), job security (29.6%) and family relations (22.2%).

Figure 2 provides a quick insite into the most and least stressed generation for each different stress category.

Figure 2
Most and least stressed generations by stress category

Stress	Most Stressed	Least Stressed
Expenses	Millenials	Gen Z
Income	Gen X	Gen Z
Budgeting	Millenials	Baby Boomers
Mortgage Repayments	Millenials	Gen Z
Losing Home	Baby Boomers	Millenials
Personal Debt	Gen Z	Millenials
Job Security	Gen X	Baby Boomers
Family Relations	Gen Z	Baby Boomers

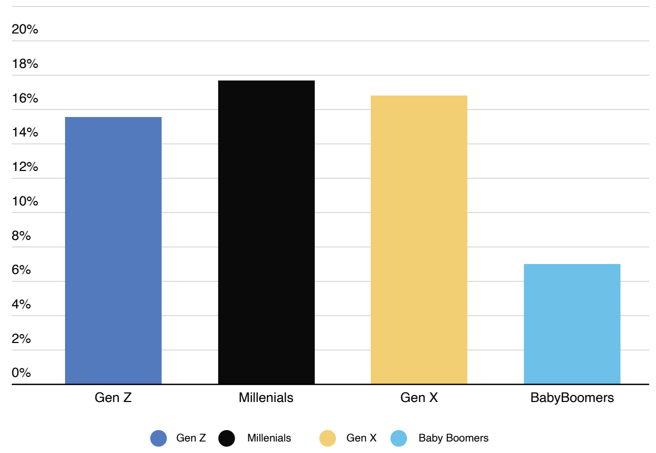
Table 7
In the past year, have you argued with family over your mortgage?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
No	84.2%	93.3%	83.1%	82.2%	84.3%
Monthly	12.3%	5.2%	12.1%	15.0%	13.7%
Weekly	2.8%	1.5%	3.9%	2.1%	2.0%
Daily	0.7%	0.0%	0.9%	0.8%	0.0%

How we see this data

The mortgage was a source of regular family arguments for 15.8% of respondents in the past year. Such arguments were far less prevalent among Baby Boomer households, with only 6.7% having these disputes. Millennials were the most likely to have regular arguments with family over their mortgage, with more than one in six (17.8%) reporting this.

Graph 7
Having regular arguments with family over mortgage in past year



Portion of people by generation answering 'monthly', 'weekly' or 'daily' to: In the past year, have you argued with family over your mortgage?

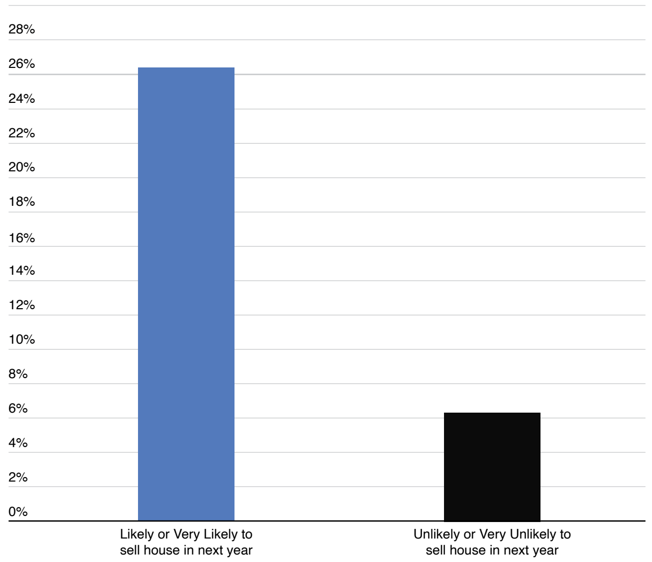
Table 8
In the past year, has your mortgage driven you to seek relief for financial hardship?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
No	90.9%	92.6%	90.6%	90.8%	90.2%
Yes, from a charity	2.5%	1.5%	2.7%	2.1%	5.9%
Yes, from the government	3.4%	2.2%	2.7%	5.0%	0.0%
Yes, from my lender	3.2%	3.7%	3.9%	2.1%	3.9%

How we see this data

Only 9.1% of respondents said they'd been driven to seek relief for financial hardship from a charity, the government, or their lender. Single parents were more likely to have sought relief, with the rate rising to 11.9% among this cohort. Interestingly, financial hardship relief was sought by over a quarter (26.2%) of those who said they were 'likely' or 'very likely' to sell their house in the next year

Graph 8
Sought relief for financial hardship in past year



Portion of people by generation answering 'yes' to: In the past year, has your mortgage driven you to seek relief for financial hardship?

Table 9
In the past year, has your mortgage driven you to commit a crime?

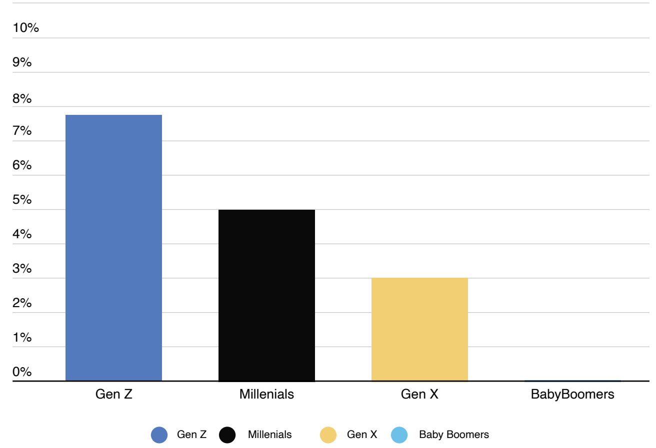
Birth Cohort	1946-1964	1965-1980	1981-1996	1997-2012
No	100.0%	97.0%	95.0%	92.2%
Yes	0.0%	1.1%	2.9%	7.8%
Yes, stolen	0.0%	1.4%	1.3%	0.0%
Yes, fraud	0.0%	0.0%	0.5%	0.0%
Yes, financial abuse	0.0%	0.5%	0.3%	0.0%

How we see this data

Across all respondents, 3.6% said their mortgage had driven them to commit a crime in the past year. Of those that specified their crimes, stealing was the most common. Younger generations were more likely to have committed a crime because of their mortgage, at a rate of 7.8% for Gen Z and 5% for Millennials, falling to 3% for Gen X and 0% for Baby Boomers.

Those who were 'likely' or 'very likely' to sell their home in the next year were also more likely to have committed a crime in the past year because of their mortgage, at over 11%.

Graph 9
Rates of mortgage-driven crime between generations



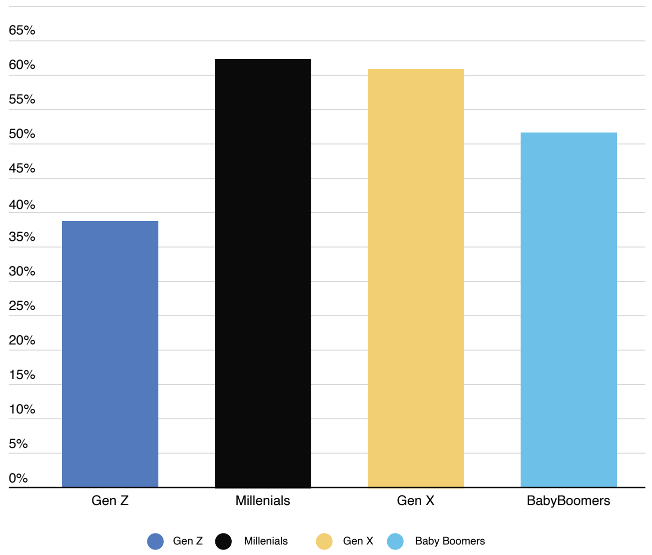
Portion of people by generation answering 'yes' to: In the past year, has your mortgage driven you to commit a crime?

Table 10
In the past year, have you reduced family activities due to your mortgage?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
No	40.3%	47.4%	38.4%	37.3%	60.8%
Sometimes	41.4%	34.8%	40.9%	45.9%	29.4%
Often	18.3%	17.8%	20.8%	16.8%	9.8%

How we see this data
Just under 60% (59.7%) of respondents said that in the past year, they sometimes or often reduced family activities because of the mortgage. As expected, this was higher among Millennial (62.7%) and Gen X (61.6%) respondents, who are more likely to have young children than Baby Boomers (52.6%) and Gen Z (39.2%).

Graph 10
Reduced family activity due to mortgage stress



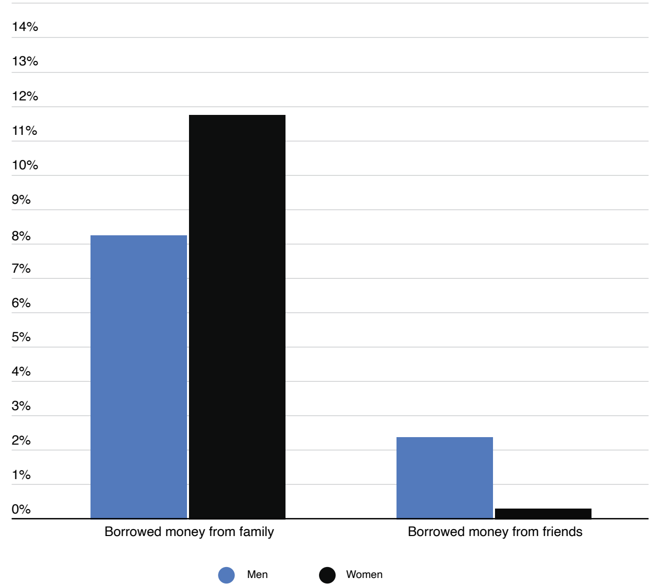
Portion of people by generation answering 'sometimes' or 'often' to: in the past year, have you reduced family activities due to your mortgage?

Table 11
In the past year, has your mortgage driven you to borrow money?

Birth Cohort	All	1946-1964	1965-1980	1981-1996	1997-2012
No	82.3%	85.9%	83.3%	81.1%	72.5%
Yes, from family	10.0%	5.2%	7.5%	13.6%	17.6%
Yes, from friends	1.3%	0.7%	1.4%	1.3%	2.0%
Yes, from payday lenders	1.4%	1.5%	1.4%	1.0%	3.9%
Yes, increased credit card limit	2.2%	5.9%	1.8%	1.6%	0.0%
Yes, got new credit card	1.5%	0.0%	2.5%	0.5%	3.9%
Yes, got personal loan	1.3%	0.7%	2.1%	0.8%	0.0%

How we see this data
Across all respondents, 17.7% said they were driven to borrow more money in the past year because of their mortgage. This rate was notably higher among younger generations - 27.5% among Gen Z and 18.9% among Millennials. 'Family' was the most common source of borrowed funds. Women were more likely to borrow money from family than men at 11.8% versus 8.1%, respectively. Meanwhile, men (2.3%) were more likely to borrow money from 'friends' than women (0.2%).

Graph 11
Borrowed money from family or friends: Men vs Women



Portion of people by gender answering 'yes, from family' or 'yes, from friends' to: In the past year, has your mortgage driven you to borrow money?