



STATISTICS

Quarterly Authorised Deposit-taking Property Exposures

June 2019 (released 11 September 2019)

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Revisions

Future editions of this publication may incorporate revisions to data submitted by entities after publication. APRA regularly analyses past revisions to identify potential improvements to the source data and statistical compilation techniques, in order to minimise the frequency and scale of any future revisions.

Forthcoming issues

This publication will be released according to the timetable published on the APRA website.

Notation

Amounts are expressed in Australian dollars. Both the Australian-dollar denominated transactions and the Australian-dollar equivalent of foreign-currency denominated transactions are included.

The symbol '*' indicates that the data have been masked to maintain confidentiality.

Glossary and explanatory notes

A set of explanatory notes is provided at the end of the publication to assist the reader in understanding the source and definitions of the data. In particular, these notes help explain differences between the data presented and information publicly released by banks in their financial statements and profit announcements.

Enquiries

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Contents

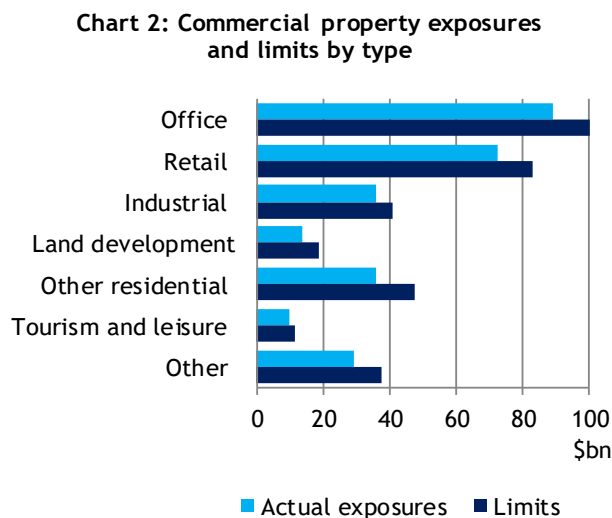
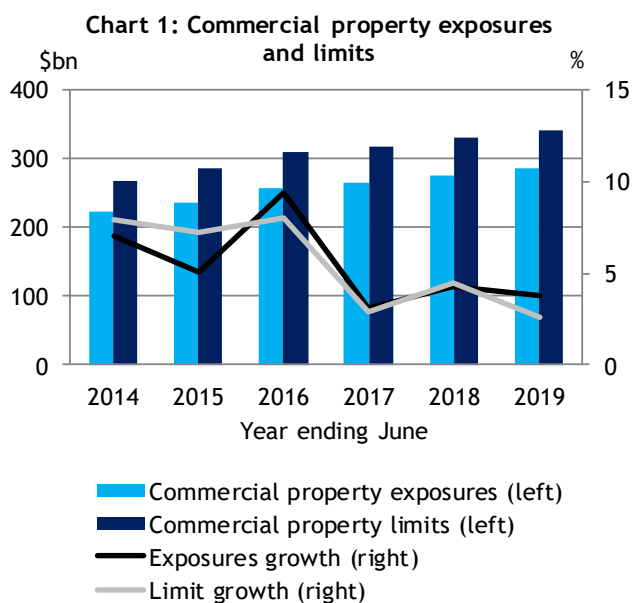
| | | | |
|-------------------|--------------------------------|-----------------------------------|---|
| Highlights | | Highlights | 4 |
| All ADIs | | | |
| ADIs | Commercial property exposures | Table 1a | 6 |
| | Residential property exposures | Table 1b | 7 |
| | New housing loan approvals | Table 1c | 8 |
| Explanatory notes | | Explanatory notes | 9 |

Highlights

Commercial property exposures and limits

Commercial property exposures for all ADIs were \$286.5 billion as at 30 June 2019. Commercial property exposures increased \$10.5 billion (3.8 per cent) compared to 30 June 2018 (chart 1). Commercial property exposures within Australia were \$245.7 billion, 85.8% of all commercial property exposures. Total commercial property exposures represented 84.4% of all commercial property limits.

The largest categories of property exposures were office property (\$89.3 billion) and retail property (\$72.3 billion). These represented 31.1 per cent and 25.2 per cent of all exposures respectively (chart 2). For exposure limits, the largest categories were office property (\$100.4 billion) and retail property (\$83.1 billion). These represented 29.6 per cent and 24.5 per cent of all limits respectively (chart 2).

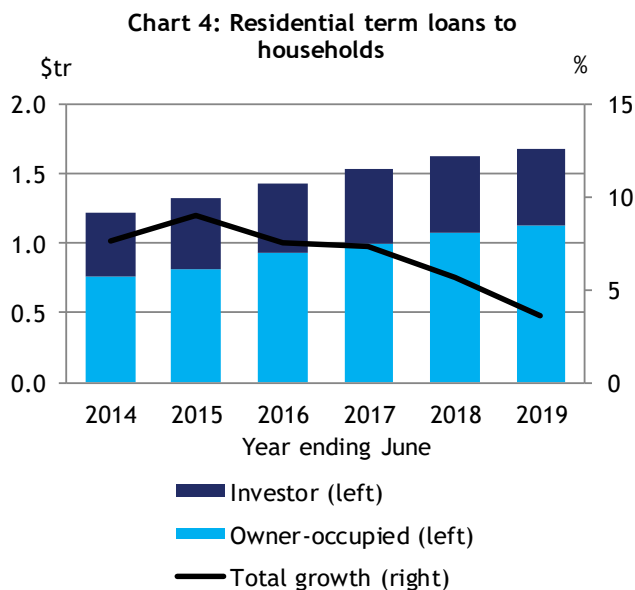
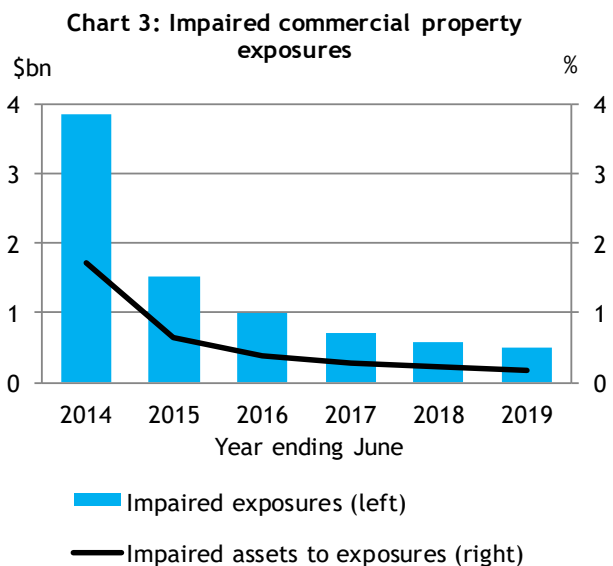


Impaired commercial property exposures were \$0.5 billion at 30 June 2019, a decrease of \$0.1 billion (13.6 per cent) from 30 June 2018 (chart 3), representing 0.2 per cent of total commercial property exposures.

Residential property exposures

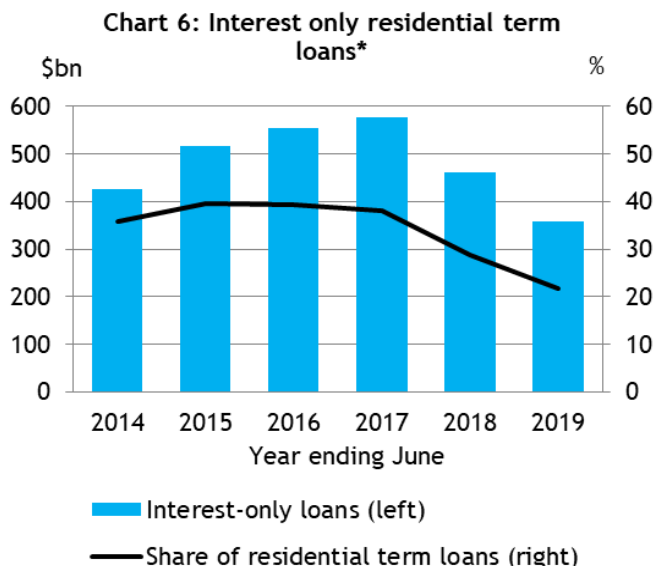
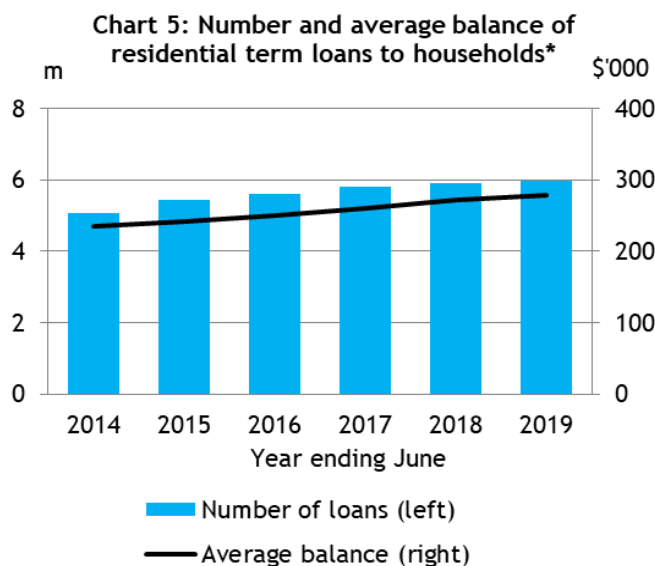
ADIs' residential term loans to households were \$1.68 trillion as at 30 June 2019. This is an increase of \$57.6 billion (3.6 per cent) on 30 June 2018 (chart 4). Of these:

- owner-occupied loans were \$1,131.4 billion (67.4 per cent), an increase of \$55.1 billion (5.1 per cent) from 30 June 2018; and
- investor loans were \$546.5 billion (32.6 per cent), an increase of \$2.5 billion (0.5 per cent) from 30 June 2018.



ADIs with greater than \$1 billion of residential term loans held 99.0 per cent of all such loans as at 30 June 2019. These ADIs reported 6.0 million loans totalling \$1.66 trillion. Of these:

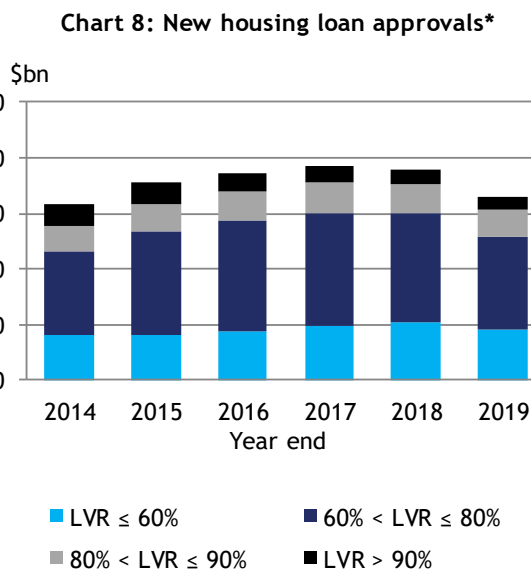
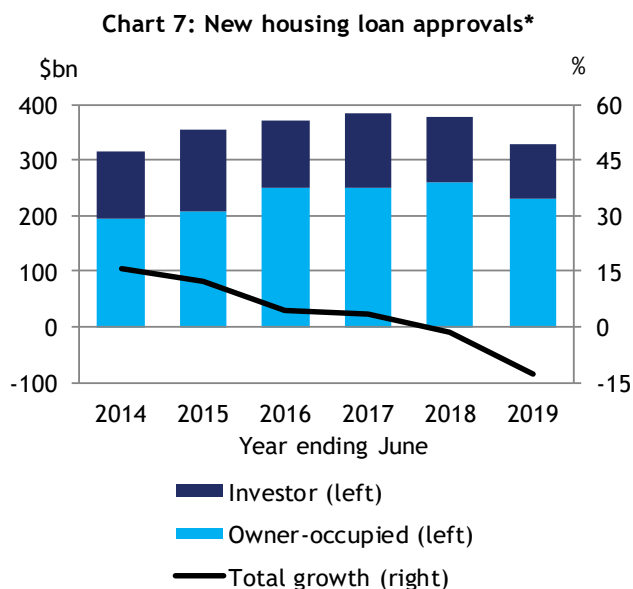
- the average loan size was approximately \$278,000, compared to \$272,000 as at 30 June 2018 (chart 5); and
- \$359.0 billion (21.6 per cent) were interest-only loans (chart 6).



New housing loan approvals

ADIs with greater than \$1 billion of residential term loans approved \$330.4 billion of new loans in the year ending 30 June 2019. This is a decrease of \$47.5 billion (12.6 per cent) on the year ending 30 June 2018 (chart 7). Of these new loan approvals:

- owner-occupied loan approvals were \$231.5 billion (70.1 per cent), a decrease of \$28.9 billion (11.1 per cent) from the year ending 30 June 2018;
- investment loan approvals were \$98.9 billion (29.9 per cent), a decrease of \$18.6 billion (15.8 per cent) from the year ending 30 June 2018;
- \$48.5 billion (14.7 per cent) had a loan-to-valuation ratio (LVR) greater than 80 per cent and less than or equal to 90 per cent, a decrease of \$2.5 billion (4.9 per cent) from the year ending 30 June 2018 (chart 8);
- \$22.7 billion (6.9 per cent) had a LVR greater than 90 per cent, a decrease of \$3.1 billion (12.1 per cent) from the year ending 30 June 2018; and
- \$51.8 billion (15.7 per cent) were interest-only loans, a decrease of \$9.4 billion (15.4 per cent) from the year ending 30 June 2018.



* ADIs with greater than \$1 billion of residential term loans

Note: 'Other ADIs' are excluded from all figures.

Table 1a All ADIs' commercial property exposures
(Excludes 'other ADIs')

(\$ million, consolidated group)

| | Quarter end | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | Jun 2018 | Sep 2018 | Dec 2018 | Mar 2019 | Jun 2019 |
| Commercial property exposure limits | | | | | |
| Office | 94,300 | 95,065 | 95,613 | 98,789 | 100,444 |
| Retail | 76,773 | 78,322 | 79,996 | 81,029 | 83,059 |
| Industrial | 37,655 | 39,004 | 39,716 | 40,116 | 40,838 |
| Land development/subdivisions | 21,415 | 20,273 | 19,301 | 19,027 | 18,773 |
| Other residential | 51,109 | 49,846 | 47,523 | 47,819 | 47,415 |
| Tourism and leisure | 10,527 | 10,978 | 11,431 | 11,400 | 11,338 |
| Other | 39,329 | 38,308 | 37,560 | 38,004 | 37,723 |
| Total commercial property limits | 331,108 | 331,797 | 331,140 | 336,184 | 339,591 |
| <i>of which: Exposure limits in Australia</i> | 286,768 | 287,046 | 286,041 | 289,560 | 293,026 |
| Commercial property actual exposures | | | | | |
| Office | 84,039 | 84,830 | 85,976 | 88,310 | 89,256 |
| Retail | 66,621 | 69,729 | 71,108 | 72,935 | 72,293 |
| Industrial | 33,506 | 34,096 | 35,420 | 35,781 | 35,961 |
| Land development/subdivisions | 15,029 | 14,125 | 13,705 | 13,823 | 13,671 |
| Other residential | 37,723 | 37,543 | 35,485 | 35,957 | 35,936 |
| Tourism and leisure | 9,293 | 9,681 | 9,959 | 9,885 | 9,942 |
| Other | 29,798 | 29,597 | 30,291 | 30,511 | 29,488 |
| Total commercial property exposures | 276,008 | 279,601 | 281,944 | 287,203 | 286,547 |
| <i>of which: Exposures in Australia</i> | 238,265 | 241,336 | 243,002 | 247,105 | 245,728 |
| Impaired Commercial property exposures | 590 | 590 | 559 | 519 | 510 |
| <i>of which: Exposures in Australia</i> | 423 | 445 | 431 | 397 | 383 |
| Specific provisions | 260 | 228 | 237 | 226 | 201 |
| <i>of which: Exposures in Australia</i> | 215 | 196 | 206 | 192 | 174 |
| Specific provisions and security | 570 | 548 | 518 | 500 | 486 |
| <i>of which: Exposures in Australia</i> | 426 | 417 | 403 | 381 | 363 |
| Impaired assets to exposures | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Specific provisions to exposures | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Specific provisions to impaired exposures | 44.1% | 38.6% | 42.4% | 43.6% | 39.3% |
| Specific provisions and security held to impaired exposures | 96.5% | 92.9% | 92.7% | 96.4% | 95.2% |
| Number of entities ^a | 136 | 136 | 137 | 138 | 140 |

^a Domestic subsidiary ADIs are consolidated into their parents

Table 1b ADIs' residential property exposures
(Excludes 'other ADIs')

(domestic or licensed books^a)

| | Quarter end | | | | |
|--|----------------------|------------------|------------------|------------------|------------------|
| | Jun 2018 | Sep 2018 | Dec 2018 | Mar 2019 | Jun 2019 |
| All ADIs | (\$ millions) | | | | |
| Residential term loans to households | | | | | |
| Owner-occupied | 1,076,353 | 1,091,901 | 1,108,111 | 1,120,182 | 1,131,430 |
| Investment | 544,005 | 545,019 | 546,219 | 545,987 | 546,541 |
| Total residential term loans | 1,620,357 | 1,636,921 | 1,654,330 | 1,666,169 | 1,677,971 |
| Number of entities | 137 | 137 | 138 | 139 | 140 |
| ADIs with greater than \$1 bn of term loans | (\$ millions) | | | | |
| Residential term loans to households | | | | | |
| Owner-occupied | 1,062,770 | 1,078,687 | 1,095,300 | 1,107,143 | 1,118,157 |
| Investment | 539,708 | 541,024 | 542,389 | 542,085 | 542,432 |
| Total residential term loans to households | 1,602,478 | 1,619,711 | 1,637,689 | 1,649,228 | 1,660,589 |
| <i>of which:</i> ^b | | | | | |
| Loans with offset facilities | 731,484 | 743,942 | 749,958 | 755,560 | 760,449 |
| Interest-only mortgages | 461,329 | 433,942 | 407,347 | 383,551 | 358,977 |
| Reverse mortgages | 2,500 | 2,508 | 2,329 | 2,327 | 2,302 |
| Low-documentation loans | 19,233 | 17,675 | 16,937 | 16,302 | 15,616 |
| Other non-standard loans | 867 | 986 | 998 | 977 | 811 |
| | (thousands of loans) | | | | |
| Number of residential term loans to households | 5,900 | 5,918 | 5,944 | 5,957 | 5,966 |
| <i>of which:</i> ^b | | | | | |
| Loans with offset facilities | 2,284 | 2,314 | 2,332 | 2,350 | 2,362 |
| Loans with redraw facilities | 4,193 | 4,189 | 4,212 | 4,232 | 4,249 |
| Interest-only mortgages | 1,306 | 1,219 | 1,138 | 1,066 | 989 |
| Reverse mortgages | 23 | 23 | 22 | 21 | 20 |
| Low-documentation loans | 98 | 93 | 90 | 87 | 84 |
| Other non-standard loans | 5 | 5 | 5 | 5 | 4 |
| | (\$ thousands) | | | | |
| Average balance of residential term loans to households | 272 | 274 | 276 | 277 | 278 |
| <i>of which:</i> ^b | | | | | |
| Loans with offset facilities | 320 | 322 | 322 | 322 | 322 |
| Interest-only mortgages | 353 | 356 | 358 | 360 | 363 |
| Reverse mortgages | 107 | 109 | 108 | 111 | 113 |
| Low-documentation loans | 196 | 190 | 189 | 188 | 186 |
| Other non-standard loans | 185 | 194 | 197 | 196 | 192 |
| Number of entities | 34 | 35 | 36 | 36 | 36 |

^a Domestic books for banks, licensed books for credit unions and building societies

^b Loan categories are neither exhaustive nor mutually exclusive

Table 1c ADIs' new housing loan approvals
(Excludes 'other ADIs')

(\$ million, domestic or licensed books^a)

| | Quarter end | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | Jun 2018 | Sep 2018 | Dec 2018 | Mar 2019 | Jun 2019 |
| ADIs with greater than \$1 bn of term loans | | | | | |
| New residential term loans to households approved | | | | | |
| Owner-occupied | 65,247 | 62,538 | 62,033 | 51,095 | 55,837 |
| Investment | 29,396 | 27,149 | 26,193 | 21,301 | 24,243 |
| Total new residential term loans to households approved | 94,642 | 89,687 | 88,226 | 72,395 | 80,079 |
| <i>of which:</i> ^b | | | | | |
| Low-documentation loans approved | 250 | 196 | 171 | 88 | 118 |
| Interest-only loans approved | 15,704 | 14,446 | 13,910 | 10,785 | 12,620 |
| Other non-standard loans approved | 94 | 98 | 125 | 69 | 54 |
| Third-party originated loans approved | 47,197 | 45,047 | 45,177 | 36,259 | 40,228 |
| Loans approved outside serviceability | 5,096 | 4,633 | 4,085 | 3,104 | 3,231 |
| New residential term loan approvals by loan-to-valuation ratio (LVR) | | | | | |
| <i>of which:</i> | | | | | |
| Loans approved LVR≤60% | 25,973 | 24,904 | 24,135 | 19,623 | 21,943 |
| Loans approved 60%<LVR≤80% | 49,972 | 46,103 | 45,255 | 37,000 | 40,196 |
| Loans approved 80%<LVR≤90% | 12,546 | 12,904 | 12,752 | 10,553 | 12,337 |
| Loans approved LVR>90% | 6,152 | 5,777 | 6,084 | 5,219 | 5,603 |
| Number of entities | 34 | 35 | 36 | 36 | 36 |

^a Domestic books for banks, licensed books for credit unions and building societies

^b Loan categories are neither exhaustive nor mutually exclusive

Explanatory notes

ADI Industry Segments

To assist users analyse the ADI industry, the industry is broken down into three industry segments: banks, building societies and credit unions.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

Banks are ADIs that assume or use the term ‘bank’ in relation to their banking business. Data for banks are broken down into four segments: major banks, other domestic banks, foreign subsidiary banks and foreign branch banks.

Major banks comprises the Australia and New Zealand Banking Group Limited, the Commonwealth Bank of Australia, the National Australia Bank Limited, and the Westpac Banking Corporation.

Other domestic banks comprise all locally-owned banks excluding the major banks.

Foreign subsidiary banks are those foreign banks authorised to carry on banking business in Australia through a locally-incorporated subsidiary.

Foreign branch banks are those foreign banks authorised to carry on banking business in Australia through branches and are subject to specific restrictions on their deposit-taking activities.

Building societies are locally-incorporated ADIs that assume or use the expression ‘building society’ in relation to their banking business.

Credit unions are locally-incorporated ADIs that assume or use the expression ‘credit union’ or ‘credit co-operative’ in relation to their banking business.

A list of all ADIs is provided on APRA’s website.

Basis of preparation

The basis of preparation of the statistics in this publication differs between commercial property exposures and residential property exposures. Both types of statistics are sourced from two levels of reporting by ADIs:

- **Consolidated group book** includes the exposures of the global consolidated operations of ADIs (‘consolidated group’). Locally-incorporated ADIs with controlled entities or associates are required to report consolidated group book data in accordance with the Australian accounting standards AASB 127 *Consolidated and Separate Financial Statements* and AASB 3 *Business Combinations*.
- **Licensed or domestic book** includes the business of an ADI on a standalone basis, excluding subsidiaries and associates. The domestic book is the licensed book excluding offshore banking operations such as offshore branches.

Commercial property exposures are sourced from the consolidated group books of the ADIs. Locally incorporated ADIs with controlled entities or associates are required to report consolidated group book data. For other ADIs, licensed and domestic book data are included.

Domestic ADIs which are themselves subsidiaries of a domestic ADI are not included in commercial property exposure statistics; the data for these ADIs are included in the data for the domestic parent ADI.

Residential property exposures are sourced from the domestic books of banks and the licensed books of credit unions and building societies.

Commercial property exposures are facilities provided for the development, acquisition or improvement of real estate, where the servicing of the facility is dependent on cash flows from the property itself through sale or rental income and/or from cash flows generated from other properties owned by the borrower.

Residential property exposures include only term loans to households which are secured by residential property. This is considerably narrower than the scope of commercial property exposures.

Source of statistics

The data in this publication are sourced from the following returns submitted to APRA under the *Financial Sector (Collection of Data) Act 2001* by ADIs.

- ARF 230.0 *Commercial Property (Licensed ADI and Consolidated Group Books)*
- ARF 320.8 *Housing Loan Reconciliation (Domestic or Licensed ADI Books)*
- ARF 320.0 *Statement of Financial Position (Domestic Books)*
- ARF 323.0 *Statement of Financial Position (Licensed ADI)*

Blank copies of returns and associated instructions are available on APRA's website.

Estimation of commercial property statistics

The *Quarterly Authorised Deposit-taking Institution Property Exposures* publication includes commercial property exposure statistics for all ADIs for the March and September quarters only, until September 2008.

From December 2008 onwards, statistics are included on a quarterly basis. In the March and September quarters, all ADIs are required to report their commercial property exposures. Therefore, statistics are available for all ADIs in these quarters. In the June and December quarters, only a sample of banks are required to report their commercial property exposures, with the remaining ADIs' exposures estimated using their previous quarters' exposures. This sample comprises those banks which have the largest commercial property exposures and together they hold approximately 99 per cent of total ADI commercial property exposures.

Comparison to Australian Bureau of Statistics 5609.0 - *Housing Finance*

The *Quarterly Authorised Deposit-taking Institution Property Exposures* publication includes statistics on new residential term loan approvals. A similar source of statistics is Australian Bureau of Statistics (ABS) publication 5609.0 - *Housing Finance*. For ADIs, the primary source of the ABS Housing Finance statistics is APRA's data collections. However, there are small conceptual differences users should be aware of when comparing the two publications.

ABS dwelling commitments in the *Housing Finance* publication exclude land purchases and alterations to property in the key statistics. These are reported by ADIs each month, ten business days after the end of the month.

New residential loan approvals in this publication are for term loans only and include land purchases and alterations. These are reported by ADIs holding a balance of more than \$1 billion in housing term loans at the end of the quarter. The returns are due 15 business days after the end of the quarter for credit unions and building societies and 20 business days after the end of the quarter for banks.

The differences in scope lead to small differences in the value of new loans in each publication.



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