



# STATISTICS


## Quarterly Authorised Deposit-taking Property Exposures

March 2019 (released 19 June 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

Important Notice		<a href="#">Important Notice</a>	4
Highlights		<a href="#">Highlights</a>	5
All ADIs			
ADIs	Commercial property exposures	<a href="#">Table 1a</a>	7
	Residential property exposures	<a href="#">Table 1b</a>	8
	New housing loan approvals	<a href="#">Table 1c</a>	9
Explanatory notes		<a href="#">Explanatory notes</a>	10

## Important notice

This publication is currently available in two versions:

- an Adobe PDF version for printing, containing data for the most recent periods; and
- a Microsoft Excel version, containing a complete time series since 2004 of data.

### Using the statistics to monitor sound residential mortgage practices

APRA recommends that users of the publication exercise caution analysing and interpreting the statistics to monitor sound residential mortgage practices.

APRA initiated additional supervisory measures to reinforce sound residential mortgage lending practices in an environment of heightened risks on 31 March 2017 (<https://www.apra.gov.au/media-centre/media-releases/apra-announces-further-measures-reinforce-sound-residential-mortgage>).

These measures included an expectation that ADIs limit the flow of new interest-only lending to 30 per cent of new residential mortgage lending.

The data used by APRA to monitor ADIs' new interest-only lending is not the same as the source data for the statistics in this publication. First, APRA monitors ADIs' new interest-only lending using data on loans *funded*; statistics in this publication show loans *approved*. Loans approved is a broader definition than loans funded; loans approved may not necessarily be funded. Second, APRA monitors new interest-only loans funded by *all* ADIs; interest-only mortgage statistics in this publication are based on data reported by 36 ADIs with over \$1bn in residential term loans.

APRA currently collects data on ADIs' new interest-only loans funded in an ad-hoc data collection. APRA has recently introduced a new reporting form, Reporting Form ARF 223.0 Residential Mortgage Lending (ARF 223.0) to better enable APRA's supervisory monitoring and oversight of residential mortgage lending, and reduce the reliance on ad hoc information requests (<https://www.apra.gov.au/sites/default/files/170523-Letter-RML-reporting-response-ARS223.pdf>). APRA will consider publishing statistics sourced from ARF 223.0 in the future.

### Revisions

This edition of the Quarterly ADI Property Exposures publication includes revisions to previously published statistics, due to better source data becoming available. For statistics measured in millions, one institution resubmitted data, which changed the statistics by at least 10 per cent and \$100 million.

Table and item	Period(s) impacted	Cause of revision	Entity (where applicable)	Previous Figure (\$ million)	Revised Figure (\$ million)
Table 1c - Total new residential term loans to households approved: of which: loans approved outside serviceability	31/12/2017	Resubmitted data		5,088.7	4,009.4
Table 2c - Total new residential term loans to households approved: of which: loans approved outside serviceability	31/12/2017	Resubmitted data		5,064.8	3,985.5
Table 4c - Total new residential term loans to households approved: of which: loans approved outside serviceability	31/12/2017	Resubmitted data		4,293.7	3,214.4

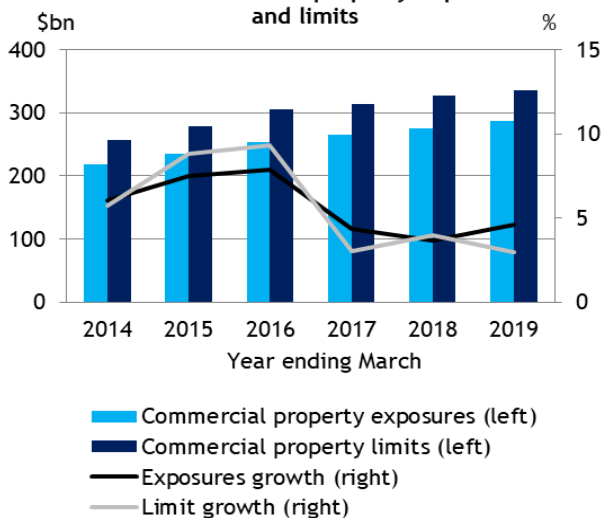
## Highlights

### Commercial property exposures and limits

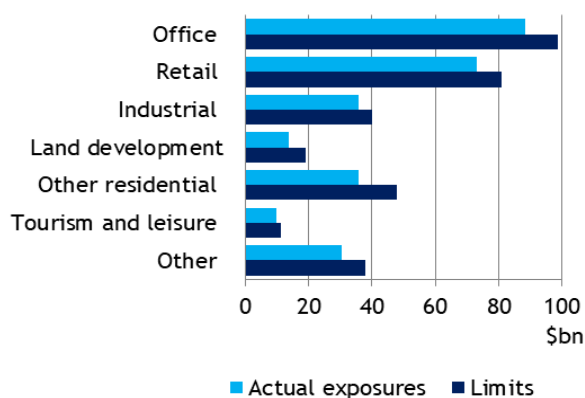
Commercial property exposures for all ADIs were \$287.2 billion as at 31 March 2019. Commercial property exposures increased \$12.6 billion (4.6 per cent) compared to 31 March 2018 (chart 1). Commercial property exposures within Australia were \$247.1 billion, 86.0% of all commercial property exposures. Total commercial property exposures represented 85.4% of all commercial property limits.

The largest categories of property exposures were office property (\$88.3 billion) and retail property (\$72.9 billion). These represented 30.7 per cent and 25.4 per cent of all exposures respectively (chart 2). For exposure limits, the largest categories were office property (\$98.8 billion) and retail property (\$81.0 billion). These represented 29.4 per cent and 24.1 per cent of all limits respectively (chart 2).

**Chart 1: Commercial property exposures and limits**



**Chart 2: Commercial property exposures and limits by type**



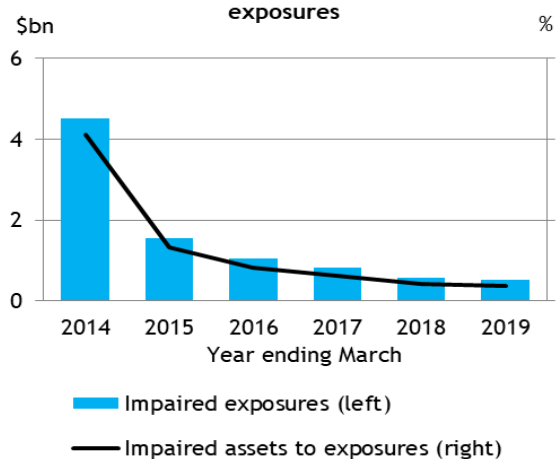
Impaired commercial property exposures were \$519 million at 31 March 2019, a decrease of \$46 million (8.2 per cent) from 31 March 2018 (chart 3). Impaired commercial property exposures were 0.2 per cent of total commercial property exposures.

### Residential property exposures

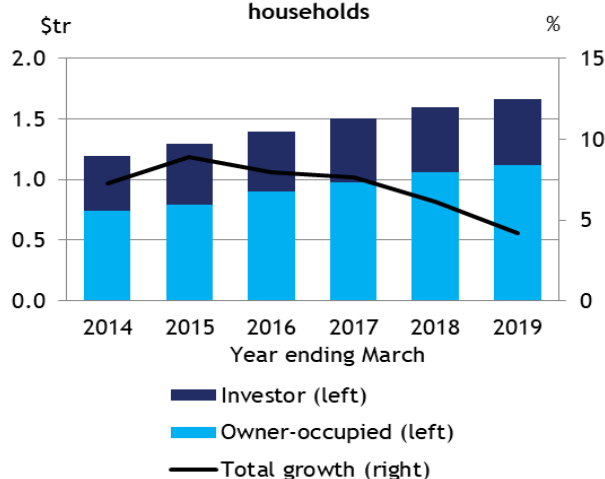
ADIs' residential term loans to households were \$1.67 trillion as at 31 March 2019. This is an increase of \$67.1 billion (4.2 per cent) on 31 March 2018 (chart 4). Of these:

- owner-occupied loans were \$1,120.2 billion (67.2 per cent), an increase of \$63.0 billion (6.0 per cent) from 31 March 2018; and
- investor loans were \$546.0 billion (32.8 per cent), an increase of \$4.1 billion (0.8 per cent) from 31 March 2018.

**Chart 3: Impaired commercial property exposures**



**Chart 4: Residential term loans to households**

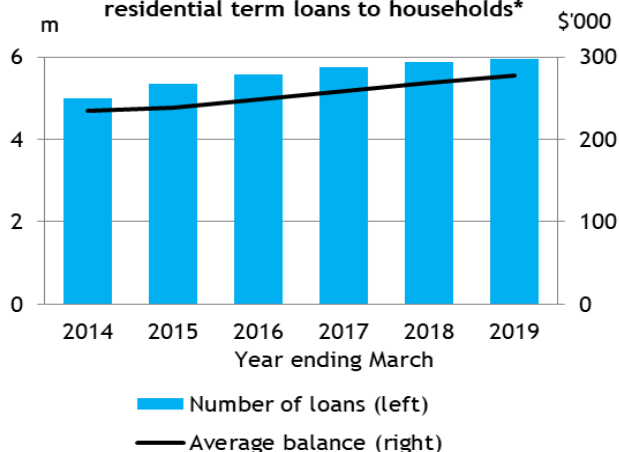


Note: 'Other ADIs' are excluded from all figures.

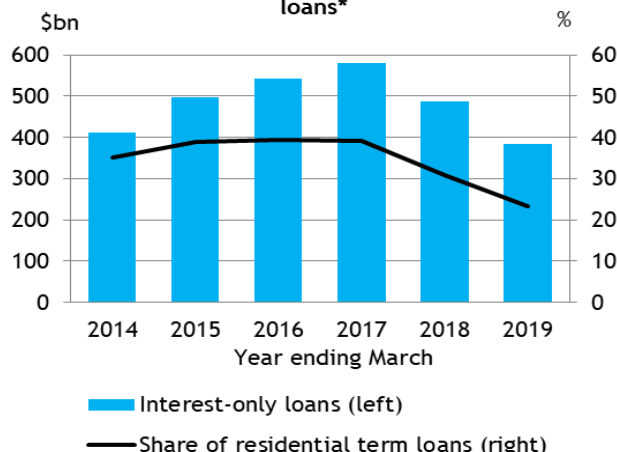
ADIs with greater than \$1 billion of residential term loans held 99.0 per cent of all such loans as at 31 March 2019. These ADIs reported 6.0 million loans totalling \$1.65 trillion. Of these:

- the average loan size was approximately \$277,000, compared to \$269,000 as at 31 March 2018 (chart 5); and
- \$383.6 billion (23.3 per cent) were interest-only loans (chart 6).

**Chart 5: Number and average balance of residential term loans to households\***



**Chart 6: Interest only residential term loans\***

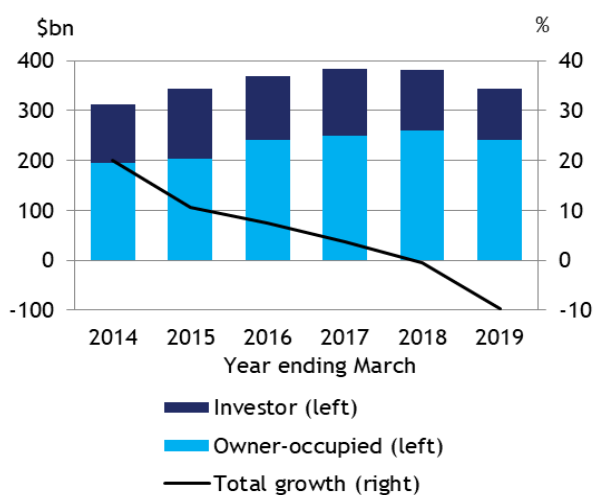


### New housing loan approvals

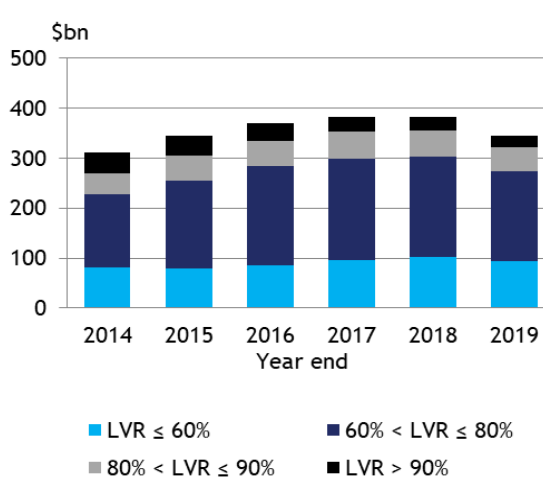
ADIs with greater than \$1 billion of residential term loans approved \$345.0 billion of new loans in the year ending 31 March 2019. This is a decrease of \$37.0 billion (9.7 per cent) on the year ending 31 March 2018 (chart 7). Of these new loan approvals:

- owner-occupied loan approvals were \$240.9 billion (69.8 per cent), a decrease of \$18.8 billion (7.2 per cent) from the year ending 31 March 2018;
- investment loan approvals were \$104.0 billion (30.2 per cent), a decrease of \$18.2 billion (14.9 per cent) from the year ending 31 March 2018;
- \$48.8 billion (14.1 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 \$3.9 billion (7.3 per cent) from the year ending 31 March 2018 (chart 8);
- \$23.2 billion (6.7 per cent) had a LVR greater than 90 per cent, a decrease of \$3.2 billion (12.2 per cent) from the year ending 31 March 2018; and
- \$54.8 billion (15.9 per cent) were interest-only loans, a decrease of \$20.7 billion (27.4 per cent) from the year ending 31 March 2018.

**Chart 7: New housing loan approvals\***



**Chart 8: New housing loan approvals\***



\* 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				
	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019
<b>Commercial property exposure limits</b>					
Office	92,355	94,300	95,065	95,613	98,789
Retail	76,382	76,773	78,322	79,996	81,029
Industrial	37,066	37,655	39,004	39,716	40,116
Land development/subdivisions	22,004	21,415	20,273	19,301	19,027
Other residential	49,265	51,109	49,846	47,523	47,819
Tourism and leisure	10,370	10,527	10,978	11,431	11,400
Other	38,995	39,329	38,308	37,560	38,004
<b>Total commercial property limits</b>	<b>326,436</b>	<b>331,108</b>	<b>331,797</b>	<b>331,140</b>	<b>336,184</b>
<i>of which: Exposure limits in Australia</i>	281,677	286,768	287,046	286,041	289,560
<b>Commercial property actual exposures</b>					
Office	82,837	84,039	84,830	85,976	88,310
Retail	67,536	66,621	69,729	71,108	72,935
Industrial	32,527	33,506	34,096	35,420	35,781
Land development/subdivisions	15,327	15,029	14,125	13,705	13,823
Other residential	36,343	37,723	37,543	35,485	35,957
Tourism and leisure	9,281	9,293	9,681	9,959	9,885
Other	30,704	29,798	29,597	30,291	30,511
<b>Total commercial property exposures</b>	<b>274,554</b>	<b>276,008</b>	<b>279,601</b>	<b>281,944</b>	<b>287,203</b>
<i>of which: Exposures in Australia</i>	236,204	238,265	241,336	243,002	247,105
<b>Impaired Commercial property exposures</b>	<b>565</b>	<b>590</b>	<b>590</b>	<b>559</b>	<b>519</b>
<i>of which: Exposures in Australia</i>	381	423	445	431	397
<b>Specific provisions</b>	<b>250</b>	<b>260</b>	<b>228</b>	<b>237</b>	<b>226</b>
<i>of which: Exposures in Australia</i>	194	215	196	206	192
<b>Specific provisions and security</b>	<b>532</b>	<b>570</b>	<b>548</b>	<b>518</b>	<b>500</b>
<i>of which: Exposures in Australia</i>	369	426	417	403	381
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	44.2%	44.1%	38.6%	42.4%	43.6%
Specific provisions and security held to impaired exposures	94.1%	96.5%	92.9%	92.7%	96.4%
Number of entities <sup>a</sup>	140	136	136	137	138

<sup>a</sup> Domestic subsidiary ADIs are consolidated into their parents

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

(domestic or licensed books<sup>a</sup>)

	Quarter end				
	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019
<b>All ADIs</b>	(\$ millions)				
<b>Residential term loans to households</b>					
Owner-occupied	1,057,165	1,076,353	1,091,901	1,108,111	1,120,182
Investment	541,919	544,005	545,019	546,219	545,987
<b>Total residential term loans</b>	<b>1,599,083</b>	<b>1,620,357</b>	<b>1,636,921</b>	<b>1,654,330</b>	<b>1,666,169</b>
Number of entities	141	137	137	138	139
<b>ADIs with greater than \$1 bn of term loans</b>	(\$ millions)				
<b>Residential term loans to households</b>					
Owner-occupied	1,045,030	1,062,770	1,078,687	1,095,300	1,107,143
Investment	538,059	539,708	541,024	542,389	542,085
<b>Total residential term loans to households</b>	<b>1,583,088</b>	<b>1,602,478</b>	<b>1,619,711</b>	<b>1,637,689</b>	<b>1,649,228</b>
<i>of which:</i> <sup>b</sup>					
Loans with offset facilities	717,120	731,484	743,942	749,958	755,560
Interest-only mortgages	487,235	461,329	433,942	407,347	383,551
Reverse mortgages	2,505	2,500	2,508	2,329	2,327
Low-documentation loans	19,940	19,233	17,675	16,937	16,302
Other non-standard loans	883	867	986	998	977
	(thousands of loans)				
<b>Number of residential term loans to households</b>	<b>5,885</b>	<b>5,900</b>	<b>5,918</b>	<b>5,944</b>	<b>5,957</b>
<i>of which:</i> <sup>b</sup>					
Loans with offset facilities	2,257	2,284	2,314	2,332	2,350
Loans with redraw facilities	4,168	4,193	4,189	4,212	4,232
Interest-only mortgages	1,389	1,306	1,219	1,138	1,066
Reverse mortgages	24	23	23	22	21
Low-documentation loans	101	98	93	90	87
Other non-standard loans	5	5	5	5	5
	(\$ thousands)				
<b>Average balance of residential term loans to households</b>	<b>269</b>	<b>272</b>	<b>274</b>	<b>276</b>	<b>277</b>
<i>of which:</i> <sup>b</sup>					
Loans with offset facilities	318	320	322	322	322
Interest-only mortgages	351	353	356	358	360
Reverse mortgages	105	107	109	108	111
Low-documentation loans	198	196	190	189	188
Other non-standard loans	186	185	194	197	196
Number of entities	34	34	35	36	36

<sup>a</sup> Domestic books for banks, licensed books for credit unions and building societies

<sup>b</sup> Loan categories are neither exhaustive nor mutually exclusive



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

(\$ million, domestic or licensed books<sup>a</sup>)

	Quarter end				
	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019
<b>ADIs with greater than \$1 bn of term loans</b>					
<b>New residential term loans to households approved</b>					
Owner-occupied	60,270	65,247	62,538	62,033	51,095
Investment	26,482	29,396	27,149	26,193	21,301
<b>Total new residential term loans to households approved</b>	<b>86,752</b>	<b>94,642</b>	<b>89,687</b>	<b>88,226</b>	<b>72,395</b>
<i>of which:</i> <sup>b</sup>					
Low-documentation loans approved	225	250	196	171	88
Interest-only loans approved	13,626	15,704	14,446	13,910	10,785
Other non-standard loans approved	114	94	98	125	69
Third-party originated loans approved	43,151	47,197	45,047	45,177	36,259
Loans approved outside serviceability	4,299	5,096	4,633	4,085	3,104
<b>New residential term loan approvals by loan-to-valuation ratio (LVR)</b>					
<i>of which:</i>					
Loans approved LVR≤60%	24,012	25,973	24,904	24,135	19,623
Loans approved 60%<LVR≤80%	45,677	49,972	46,103	45,255	37,000
Loans approved 80%<LVR≤90%	11,278	12,546	12,904	12,752	10,553
Loans approved LVR>90%	5,786	6,152	5,777	6,084	5,219
Number of entities	34	34	35	36	36

<sup>a</sup> Domestic books for banks, licensed books for credit unions and building societies

<sup>b</sup> 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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