STATISTICS

Quarterly authorised deposit-taking institution property exposure statistics - highlights

March 2023 (released 6 June 2023)

Contents

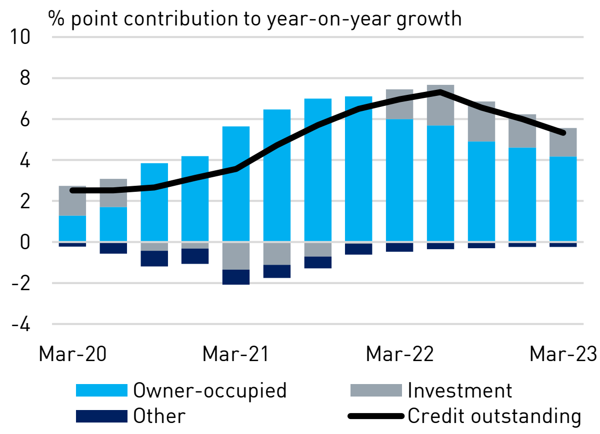
Key messages

- **Housing credit continued to grow** but has moderated year-on-year to March 2023. This was consistent with recent falls in new residential mortgage lending growth.
- There were **no signs of systemic stress in ADIs' mortgage portfolios**, despite headwinds from high inflation and rising interest rates. The proportion of non-performing loans remained well below pre-pandemic levels. There was a marginal increase in the proportion of early arrears, although this also remained well below pre-pandemic levels.
- **New residential mortgage lending activity continued to fall**. Indicators of new higher-risk lending, such as loans with high loan-to-valuation (LVR) and debt-to-income (DTI) ratios, and loans with serviceability exceptions and waivers, remained low.
- **Growth in commercial real estate exposures continued to moderate** over the year to March, driven by a slowing in growth of office, other residential and retail commercial property exposures. Commercial real estate non-performing loans remained low.

Residential mortgages: credit outstanding

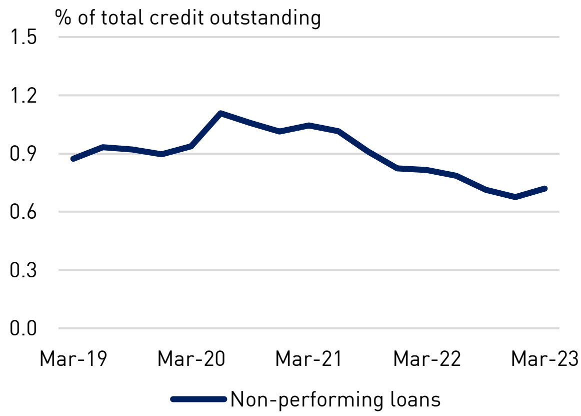
Growth in housing credit has moderated

- Residential mortgage credit outstanding continued to grow, although growth has moderated over three consecutive quarters.
- Total residential mortgage credit outstanding grew by 5.3 per cent year-on-year to March 2023, which was 2.0 percentage points lower than the recent peak growth year-on-year to June 2022.
- The moderation in year-on-year growth was driven by both owner-occupied and investment credit outstanding.



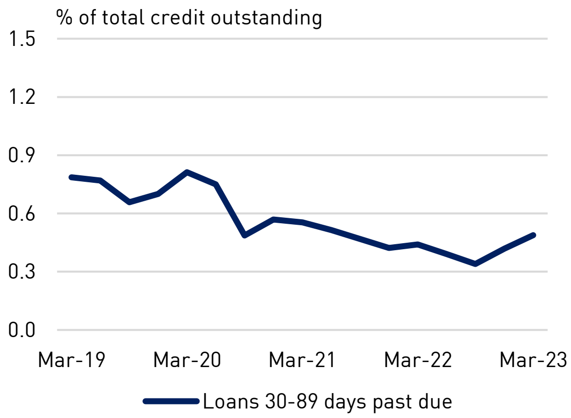
Loan performance continued to be strong

- Loan performance continued to be strong. Non-performing loans (NPLs) remained well below pre-pandemic levels, at 0.72 per cent of total residential mortgage credit outstanding.
- The modest rise in the March quarter followed seven consecutive quarters of declines in the NPL ratio.



Early arrears increased marginally, for the second consecutive quarter

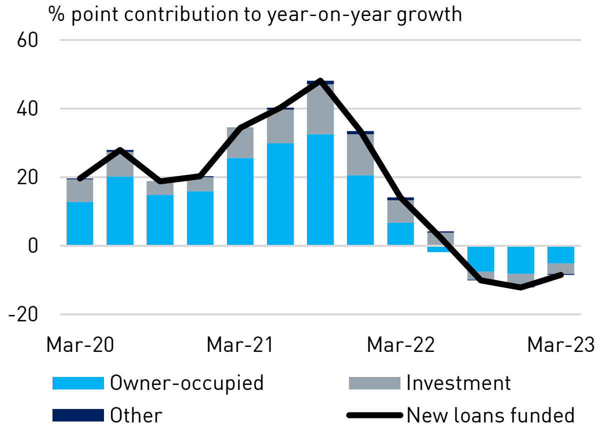
- Early arrears can be a leading indicator of future NPLs; however, not all loans in arrears become non-performing.
- Loans 30-89 days past due increased marginally for the second consecutive quarter to 0.49 per cent of total residential mortgage credit outstanding.
- Early arrears remained below pre-pandemic levels.



Residential mortgages: new lending

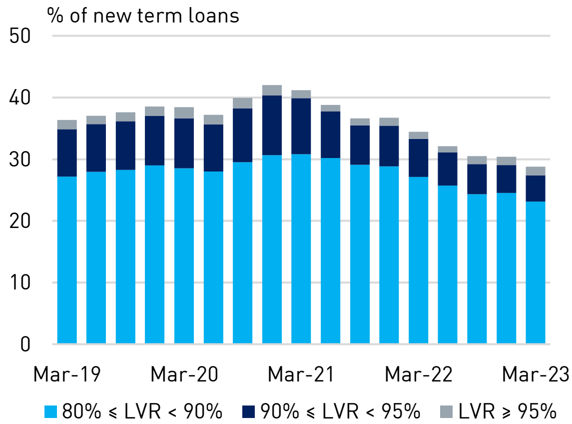
Third consecutive fall in new lending growth

- The total value of new residential mortgage lending fell for the third consecutive quarter, contracting by 8.5 per cent year-on-year to the March quarter.
- The fall was driven by both new owner-occupied and investment loans.
- However, the value of new lending remained materially higher than pre-pandemic levels.



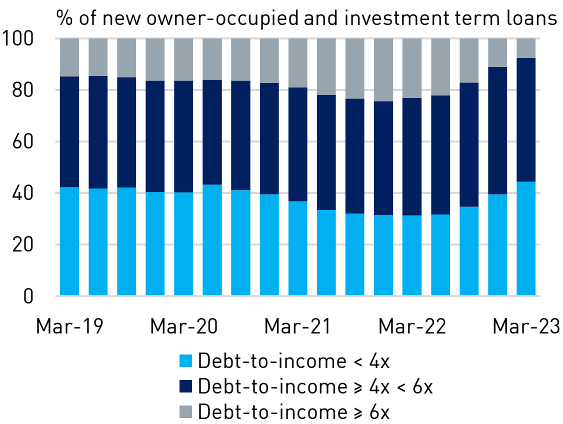
The share of high LVR loans fell below 30 per cent

- High LVR lending (≥ 80 per cent) continued to decline as a share of new lending, falling below 30 per cent for the first time since the current series began in the March 2019 quarter.
- New term loans with high LVR ratios fell 1.6 percentage points in the March quarter to 28.8 per cent.
- The fall was mainly driven by a reduction in new loans with an LVR between 80 and 90 per cent.



High DTI lending continued to decline

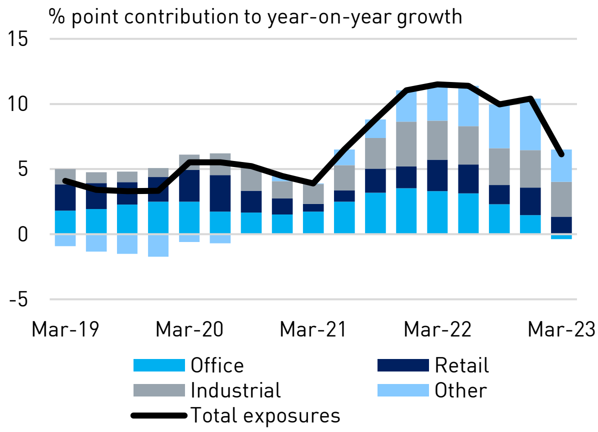
- Loans with high debt-to-income ratios (DTI ≥6 times) made up less than 8 per cent of new loans in the March quarter; the lowest level since the current data series began in the March 2019 quarter.
- The share of new owner-occupied and investment loans with high DTI ratios fell by 3.5 percentage points to 7.5 per cent in the March quarter.
- This share is now significantly below its peak of 24.3 per cent in the December 2021 quarter.



Commercial real estate

Growth in commercial real estate exposures has moderated

- Commercial real estate (CRE) exposures continued to grow year-on-year, but at a slower pace compared to previous quarters.
- Commercial property exposures grew by 6.1 per cent year-on-year to March 2023. Growth in these exposures has fallen from its recent peak of 11.5 per cent year-on-year to March 2022.
- Non-performing commercial property exposures remained low in the March quarter, at 0.54 per cent of total commercial property exposures.



APRA