Monthly Retail Credit Update – June 2024 (April 2024 data, unless otherwise stated)

New lending

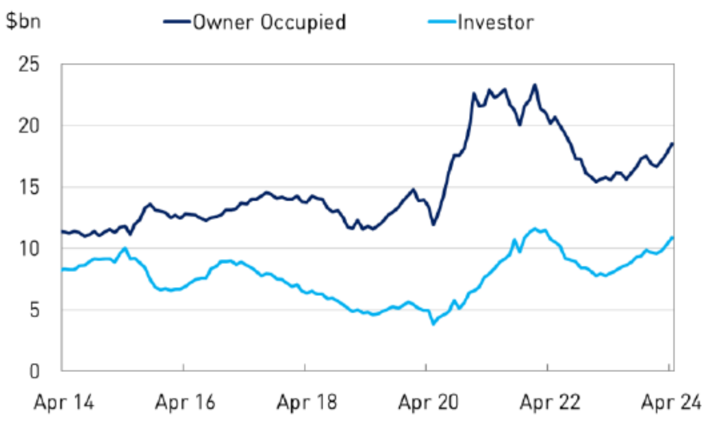
- **Demand for new housing credit is accelerating**, although credit growth is not keeping pace. Commitments for new lending grew by 21 per cent (six-month annualised). Demand for credit is expected to increase over the next 12 months, particularly for investor mortgage products. Credit supply is also expected to increase, although ADIs report this is dependent on their ability to maintain lending margins. More information can be found the [March 2024 Credit Conditions Survey](#).
- **Investors continue to face more favourable conditions.** The additional interest investors pay above owner-occupiers has narrowed to a series-low level in March 2024, potentially indicating lenders have an increasing preference for investment lending or reducing risk premium for lower LVR investment lending.

Existing lending

- **A sustained increase in sales of property with mortgages may be masking borrower stress.** While credit growth remains robust, it is not following the acceleration seen in new commitments. Discharges of loans, excluding those related to refinancing, have remained high. This could be due to several factors, including borrowers choosing to exit loans before they fall behind payments and utilising the equity gained from rising property prices. In contrast, new property listings remain below historic levels, suggesting this volume of sales is eclipsed by a broader shortage of housing.
- **Growth in non-performing loans is increasing,** notably for owner-occupiers, although the level of NPLs is currently in line with historical norms.

New Loan Commitments

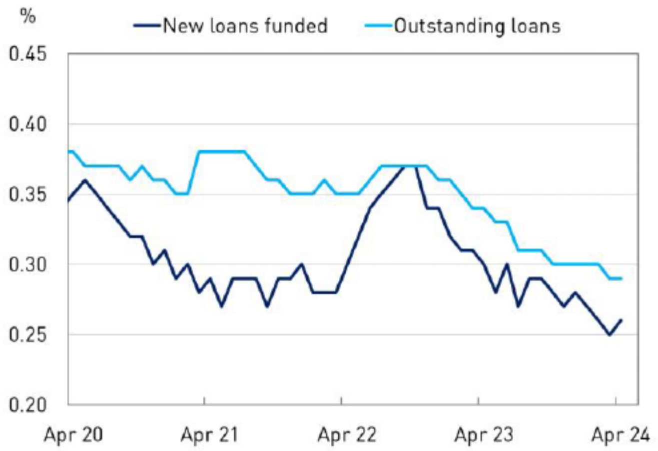
Total housing excluding refinancing



Source: ABS
ADIs and Non-ADI Lenders

Lending rates: Spread between INV and OO

Variable rate loans



Source: RBA. ADIs and Non-ADI Lenders

ADI forecasts for owner-occupied credit demand - next 12 months

Section 38 [redacted]

Source: March 2024 Credit Conditions Survey, 12 ADIs

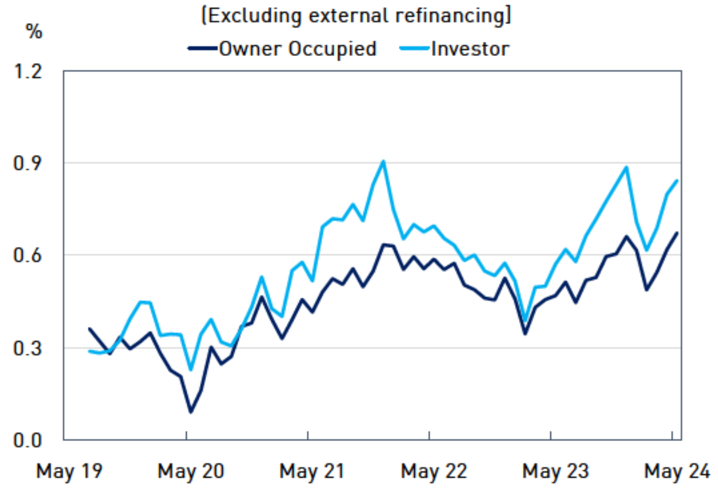
ADI forecasts for investor credit demand - next 12 months

Section 38 [redacted]

Source: March 2024 Credit Conditions Survey, 12 ADIs

Discharges, share of loans outstanding

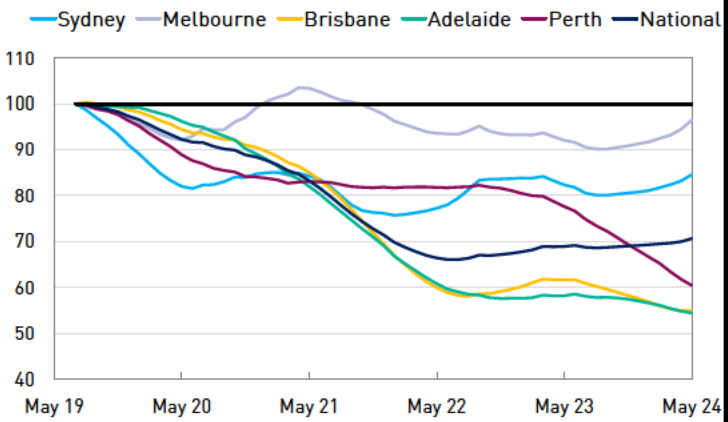
(Excluding external refinancing)



Estimated as excess repayments due to discharge of loan less new loans commitments for external refinancing
Source: ARF743

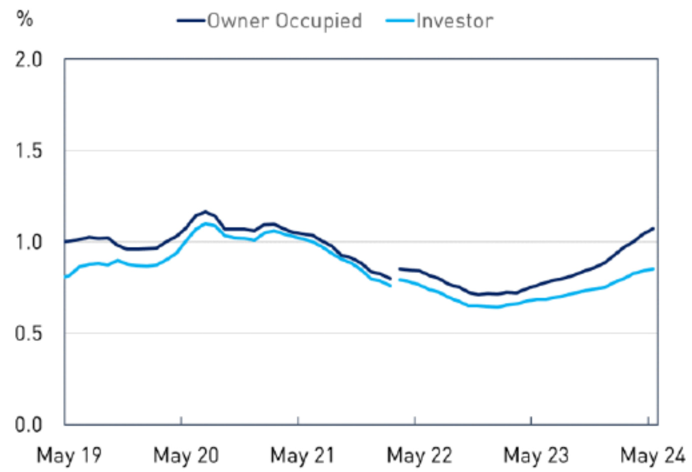
Property Listings

Rolling annual, index (Jul-2019 = 100)



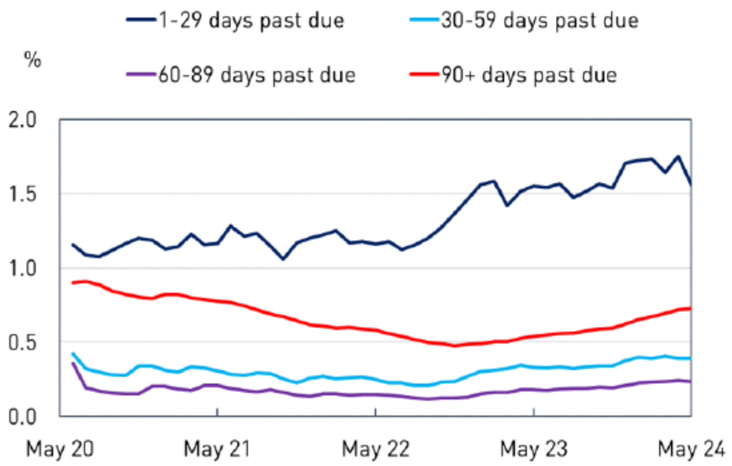
Source: SQM

NPL ratio, by loan purpose



Source: ARF 720_1A, ADIs
Note: series break is due to definitional change

Residential Mortgage Arrears



Source: ARF 923_0
ADIs and Best Endeavour Collection