STATISTICS

Quarterly Authorised Deposit-taking Institution Property Exposure Statistics - Highlights

December 2019 (released 10 March 2020)

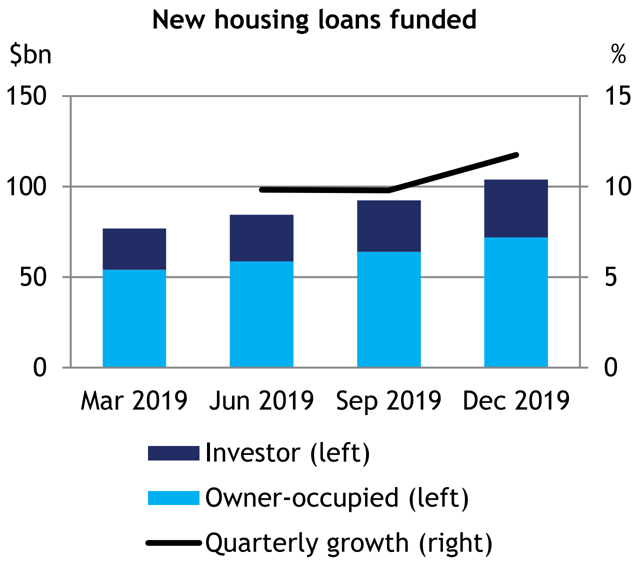
Highlights (Quarterly authorised deposit-taking institution property exposures – December 2019)[1]

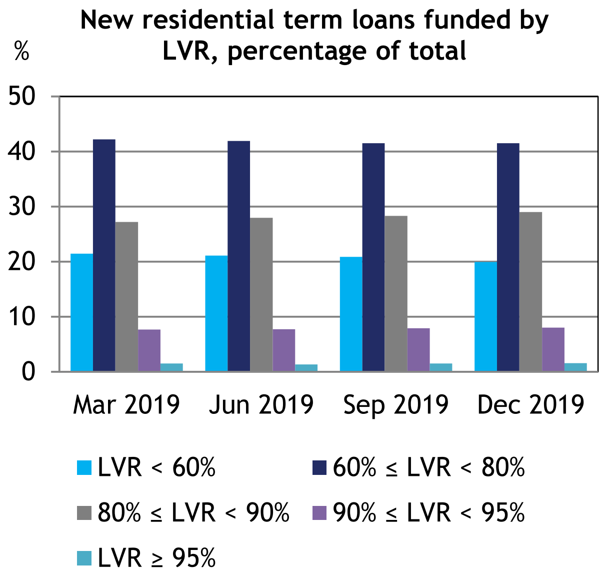
Residential mortgages

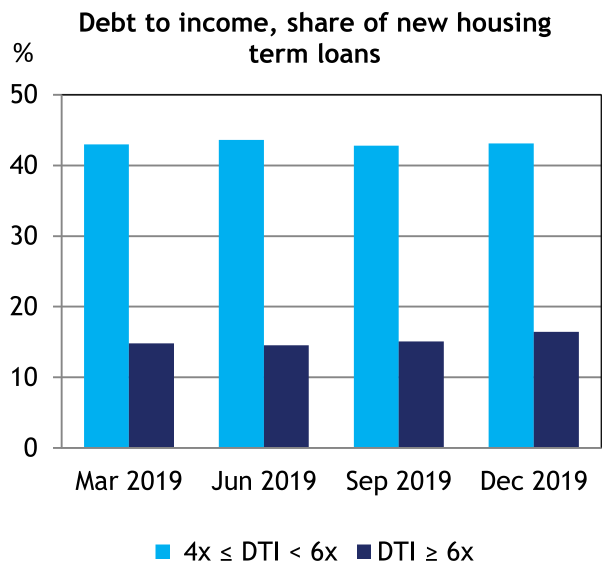
New lending:

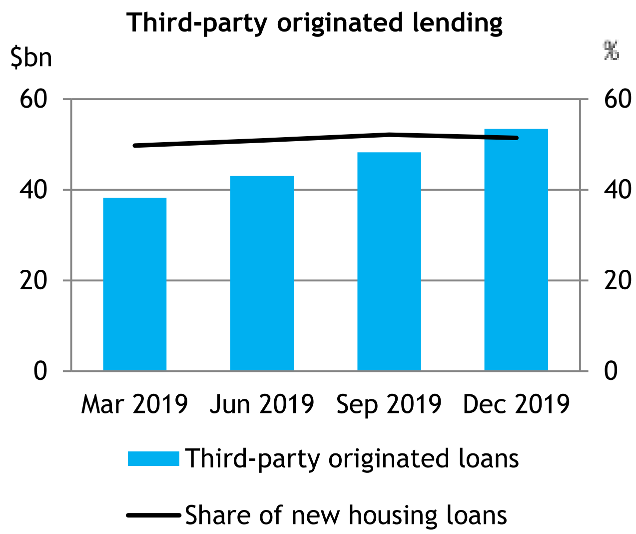
- New residential mortgage lending increased for the third quarter in a row, growing by 12.0 per cent over the December 2019 quarter, partly reflecting the seasonality of the housing market. With regards to loan to valuation ratios (LVRs), the highest growth in percentage terms over the past two quarters is in loans with LVR ≥ 95 per cent, though this remains a very small segment of the market (1.5 per cent of total).

- APRA now publishes data on new lending at high debt-to-income (DTI) ratios, measuring the proportion of lending to borrowers who have debt over four times the value of their gross income. This lending has remained stable over 2019, increasing marginally over the December 2019 quarter by 0.3 percentage points to 43.1 per cent for 4x ≤ DTI < 6x, and 1.3 percentage points to 16.4 per cent for DTI ≥ 6x.







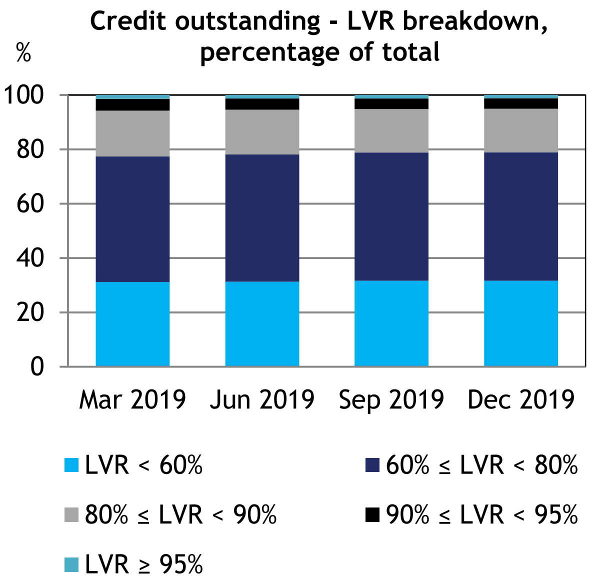


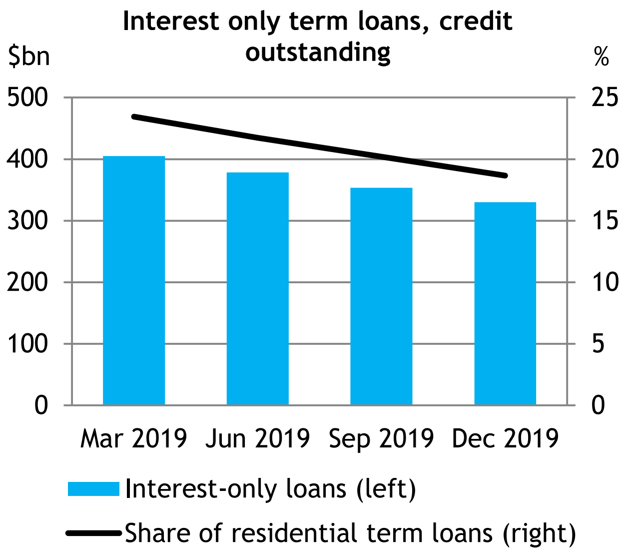
[1] Note: Does not include 'Other ADIs'. Foreign branches are not included in residential mortgage lending data.

Credit outstanding:

- The majority of outstanding housing loans are well covered by collateral. As at 31 December 2019, 78.8 per cent of all loans outstanding had LVRs lower than 80 per cent, with only 5.0 per cent having LVRs greater than or equal to 90 per cent.

- Interest-only lending continues to decrease, falling from 19.5 per cent of new lending in the March 2019 quarter to 17.7 per cent in the December 2019 quarter. The total outstanding interest-only lending share has also fallen over consecutive quarters to 18.7 per cent as borrowers continue to switch to principal and interest loans.

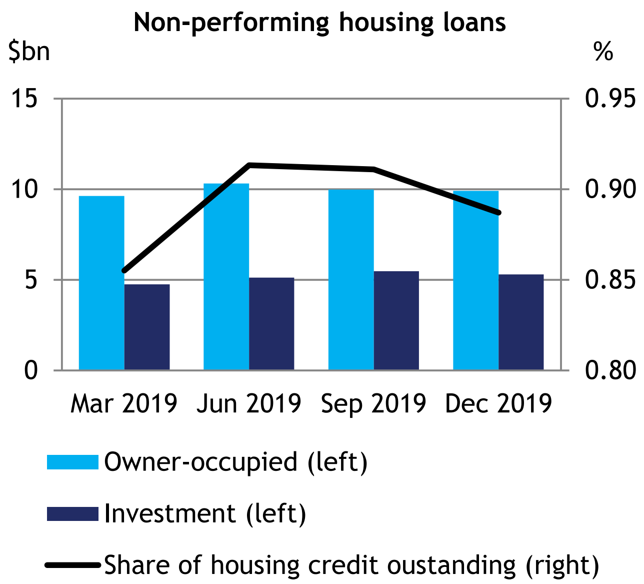


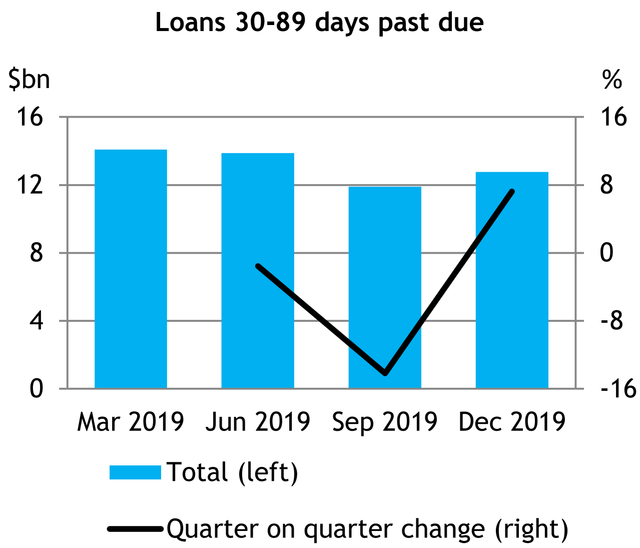


Non-performing loans:

- The housing non-performing loan (NPL) ratio fell over the December 2019 quarter by 24 basis points to 0.89 per cent, with both fewer loans becoming newly impaired or past due and indications that more existing non-performing loans are being rectified. Owner-occupied lending has a higher rate of non-performance compared to investment lending, though this relationship could be challenged in a stressed scenario.

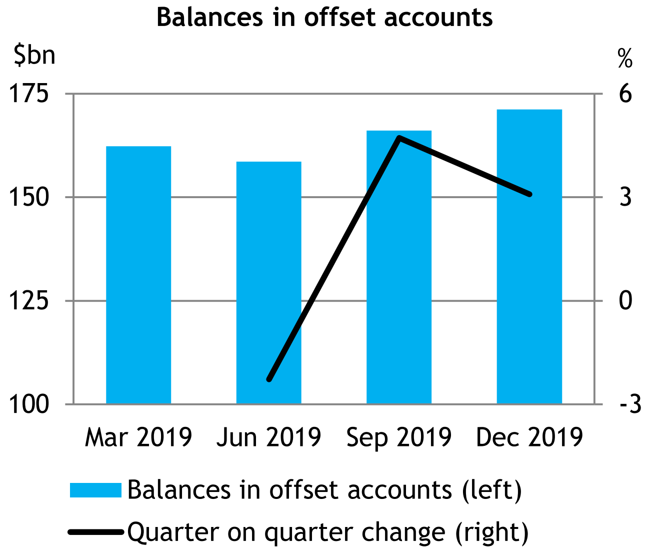
- Despite the overall housing NPL ratio decrease, loans that are 30-89 days past due increased over the quarter to December 2019 (by 7.2 per cent).

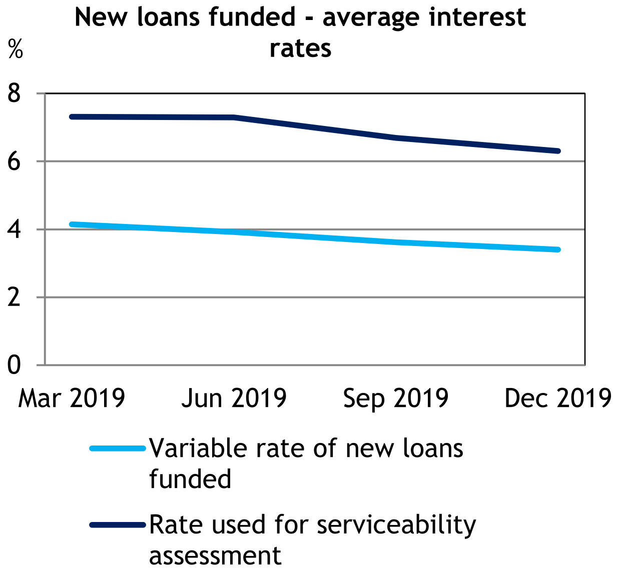




Other residential mortgage indicators:

- Funds in offset accounts have been increasing since the June 2019 quarter, partly a result of decreasing interest rates enabling households to build more of a buffer.
- Interest rates for new loans have fallen and APRA's removal of the serviceability assessment rate floor in early 2019 has had a noticeable impact on the average rates used in serviceability assessments.





Commercial real estate

- The environment for commercial real estate lending remains steady, with limit growth increasing 3.8 per cent over the year to December 2019. The impairment rate remains low at 0.2 per cent, with provisions and security held to impaired exposures at 96.0 per cent.