# STATISTICS

## Quarterly authorised deposit-taking institution property exposure statistics - highlights

June 2020 (released 8 September 2020)

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# Residential mortgages

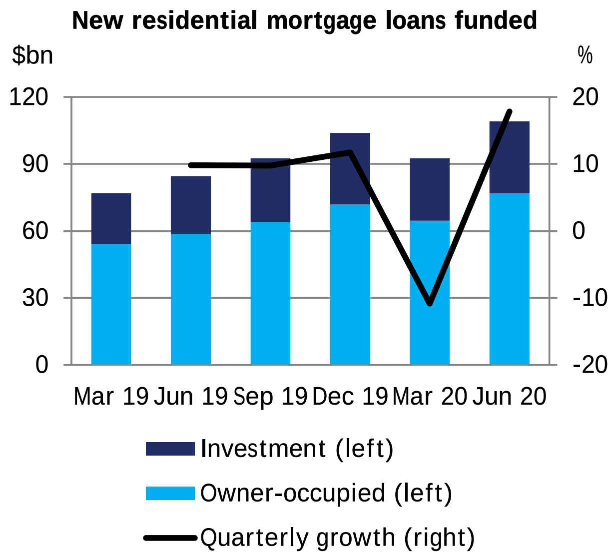
## New lending

New residential mortgage lending totalled $111.9 billion in the June 2020 quarter, an increase of 28.9 per cent on the June 2019 quarter. New term lending for both owner-occupiers and investors increased over the period, by 31.1 per cent and 24.1 percent respectively. This is reflective of strong growth in refinancing activity over the quarter, but is also supported by Government policy measures such as the HomeBuilder grant and the First Home Loan Deposit Scheme.

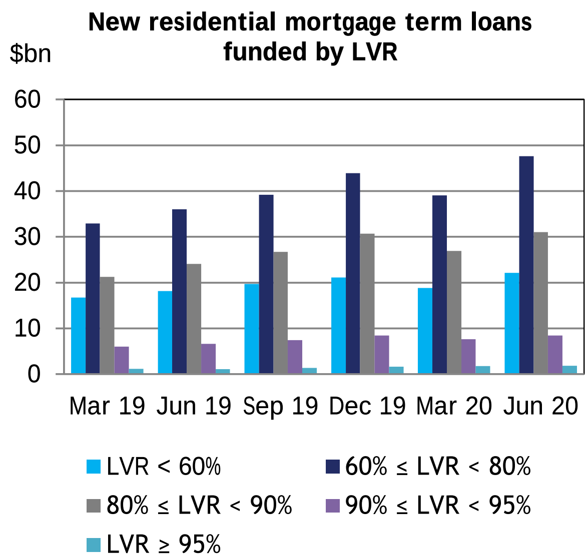
The distribution of loan-to-valuation ratios (LVRs) for new loans remained relatively steady throughout the year to the June 2020 quarter. Over the June 2020 quarter, the highest growth in percentage terms was in loans with 60% ≤ LVR < 80%, which accounted for 42.9 per cent of all new term lending in the quarter.

The proportion of new owner-occupied and investor loans with high debt-to-income (DTI) ratios declined. The share of new loans with 4x ≤ DTI < 6x decreased by 2.6 percentage points over the June 2020 quarter, to 40.5 per cent of new loans. New loans with DTI ≥ 6x fell by 0.4 percentage points to 16.1 per cent, over the same period. The value of new residential mortgage loans funded outside of ADI serviceability policies decreased over the June 2020 quarter, indicating a potential reduction in ADIs' risk appetites.

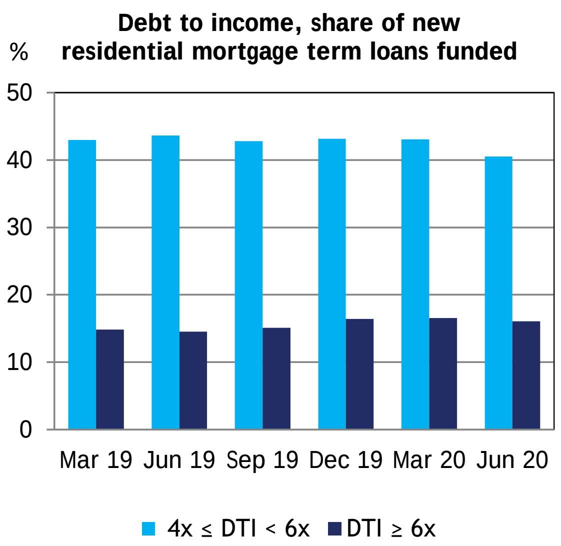
### Figure 1.



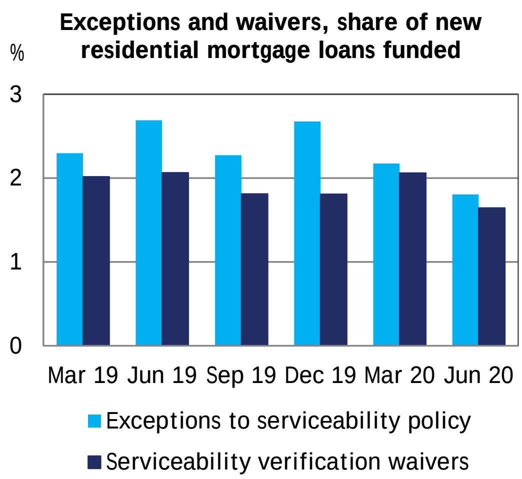

### Figure 2.



## Figure 3.




## Figure 4.

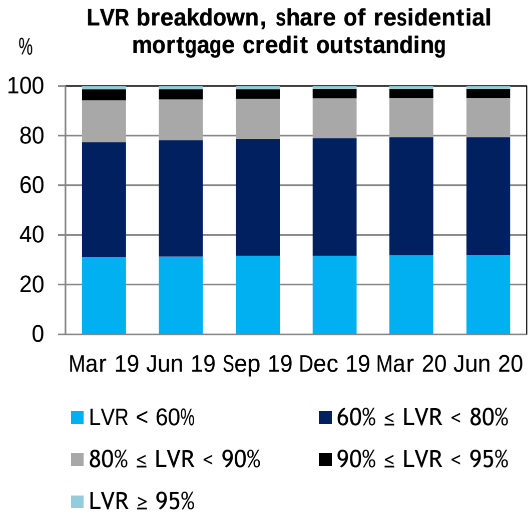



# Credit outstanding

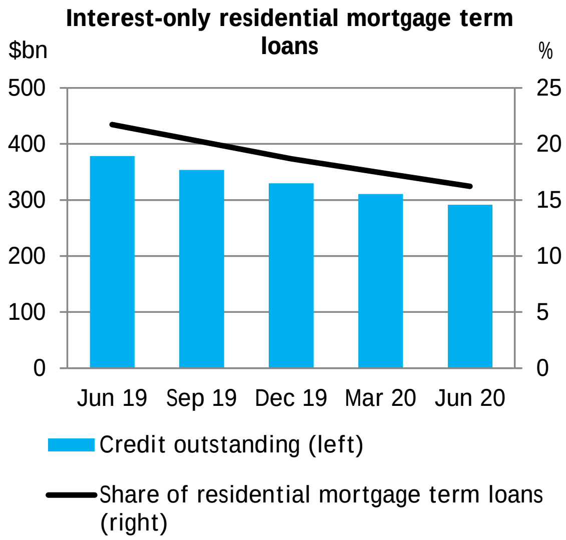
The majority of outstanding housing loans remain well covered by collateral. As at 30 June 2020, loans outstanding with an LVR below 80 per cent remained unchanged from the March quarter, at 79.2 per cent of all loans outstanding. Loans with LVRs greater than or equal to 90 per cent also remained unchanged over the June quarter, at 4.8 per cent.

The interest-only share of outstanding loans continues to decrease, falling from 21.7 per cent of total loans as at 30 June 2019 to 16.2 per cent as at 30 June 2020.

## Figure 5.




## Figure 6.



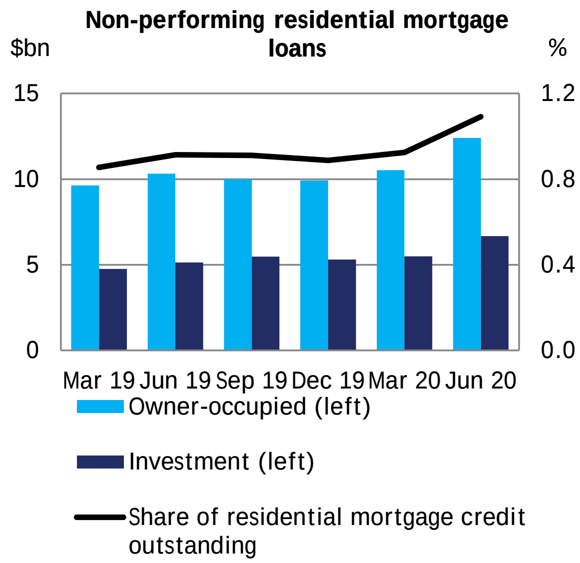
## Non-performing loans

Many ADIs have granted temporary relief to borrowers impacted by COVID-19, allowing them to defer loan repayments for a period of time.[1] APRA has provided guidance that loans that are deferred in this way may be eligible for capital concession whereby the period of deferral need not be treated as a period of arrears for capital adequacy and regulatory reporting purposes.

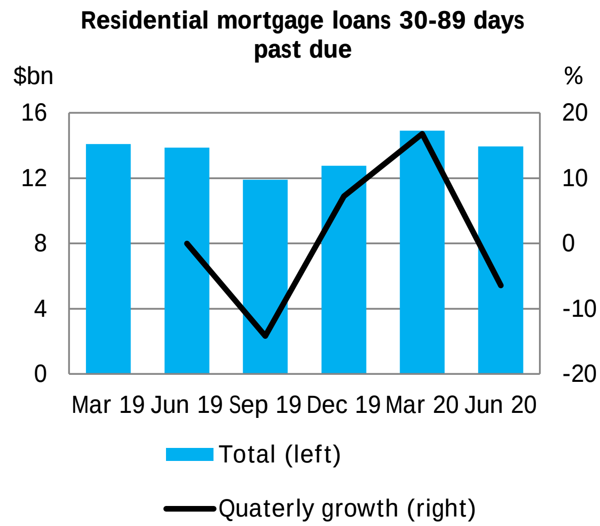
The residential mortgage non-performing loan (NPL) ratio increased by 0.2 percentage points to 1.1 per cent over the June 2020 quarter. Loans 30-89 days past due but not impaired decreased to $13.9 billion in the June 2020 quarter, representing a decline of 6.4 per cent from the March 2020 quarter, though an increase of 0.6 per cent from June 2019.

The rate of non-performance for investment lending increased from 0.89 per cent to 1.1 per cent in the June 2020 quarter, at a faster rate than non-performance in owner-occupied lending, which increased from 0.94 per cent to 1.1 per cent over the same period.

### Figure 7.




### Figure 8.




## Other residential mortgage indicators

Funds in offset accounts continue to increase to $178.2 billion in June 2020, up 12.4 per cent from June 2019 and 2.5 per cent from March 2020. This is likely due to reduced consumer spending and Government measures providing support to household deposit balances.

Average variable interest rates and ADI serviceability assessment interest rates on newly funded loans have continued to fall alongside decreases in the RBA cash rate.

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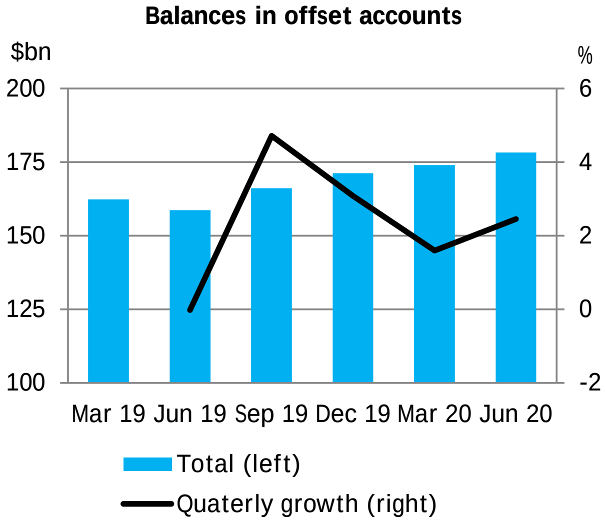
[1] https://www.apra.gov.au/temporary-loan-repayment-deferrals-due-to-covid-19-june-2020

## Figure 9.

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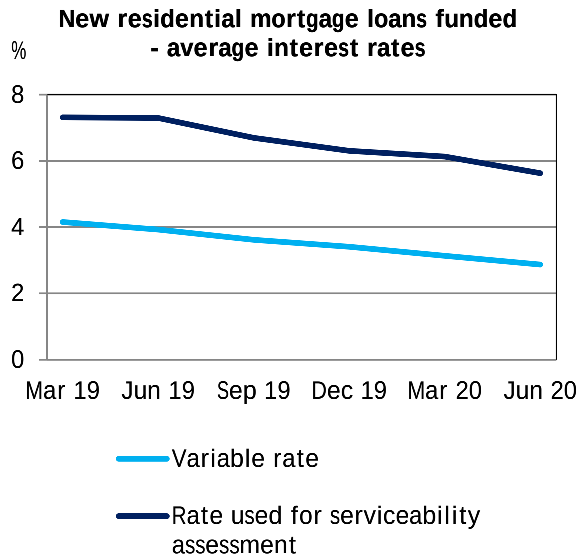
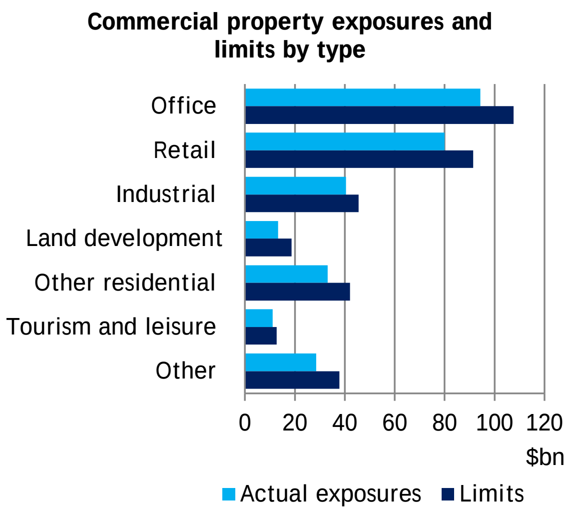


# Commercial real estate

Commercial property exposure limits increased by 5.2 per cent to $355.8 billion over the year to June 2020. The impairment rate remained low at 0.2 per cent, although given the impact of COVID-19 on rental income, commercial property impairment rates will likely increase, particularly for exposures to impacted industries.

## Figure 11.

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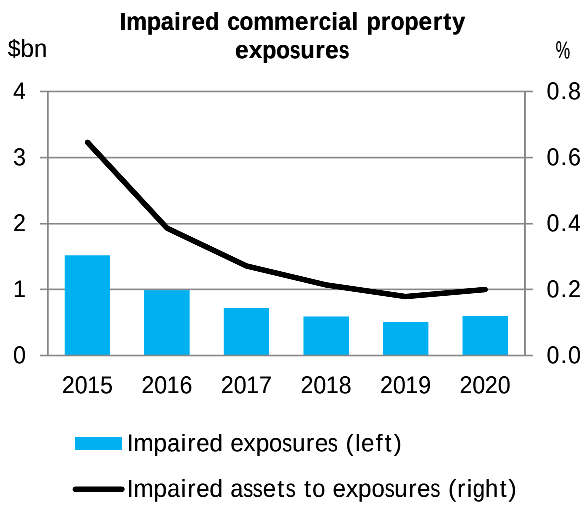

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