



STATISTICS

Quarterly Authorised Deposit-taking Property Exposures

September 2019 (released 12 December 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

Highlights		Highlights	4
All ADIs			
ADIs	Commercial property exposures	Table 1a	6
	Residential property exposures	Table 1b	7
	New housing loan approvals	Table 1c	8
Explanatory notes		Explanatory notes	9

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.

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, no institutions resubmitted data, which changed the statistics by at least 10 per cent and \$100 million. For statistics measured in thousands, no institutions resubmitted data, which changed the statistics by at least 10 per cent and/or \$100 thousand.

New Economic and Financial Statistics Data Collection

APRA is refreshing its authorised deposit-taking institution (ADI) statistical publications, following the introduction of the new Economic and Financial Statistics (EFS) data collection, which modernised the collection of data submitted by ADIs.

For the September 2019 quarter, Quarterly ADI Property Exposures will not contain information from certain reporting by ADIs which has ceased. This impacts tabs 1b, 2b, 3b, 4b, 5b and 6b.

From the December 2019 quarter, APRA will refresh Quarterly ADI Property Exposures to use data sourced from new reporting forms, and will contain more detailed aggregated data on residential property exposures and new housing loan approvals. This new data has differences in scope and definition to the existing data. As an example, the existing data reflects loans based on their security, where the new data reflects loan purpose. This will result in a noticeable change between owner-occupier and investor categories.

The new Monthly ADI Statistics also uses new data sources, and loan data reflects the purpose of the loan rather than the security.

For more information please refer to the APRA consultation on ADI publications refresh here:

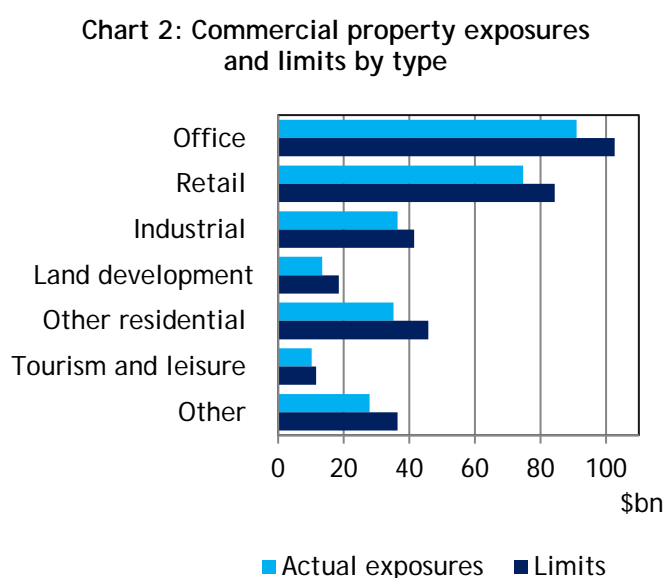
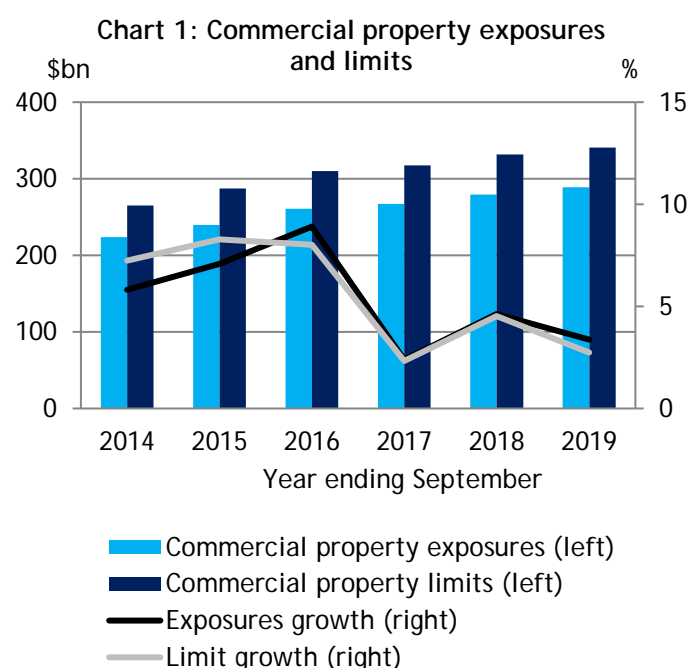
<https://www.apra.gov.au/authorised-deposit-taking-institution-publications-refresh>

Highlights

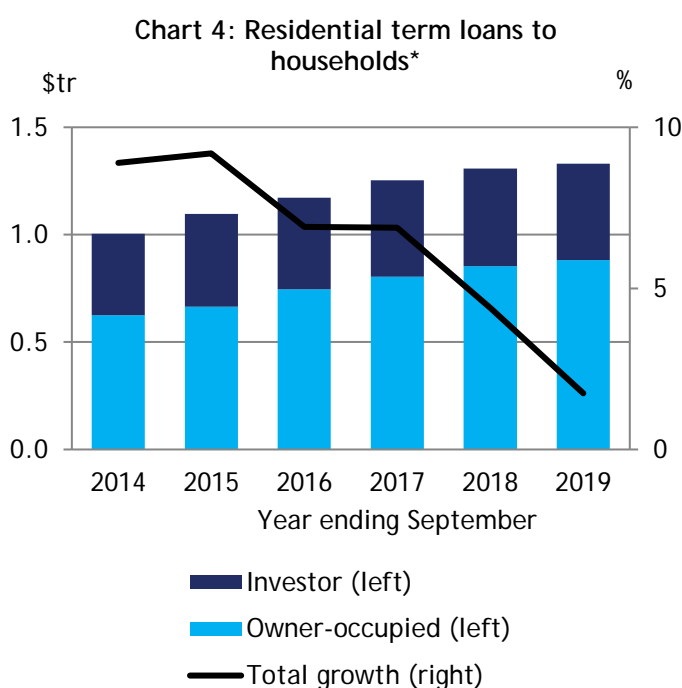
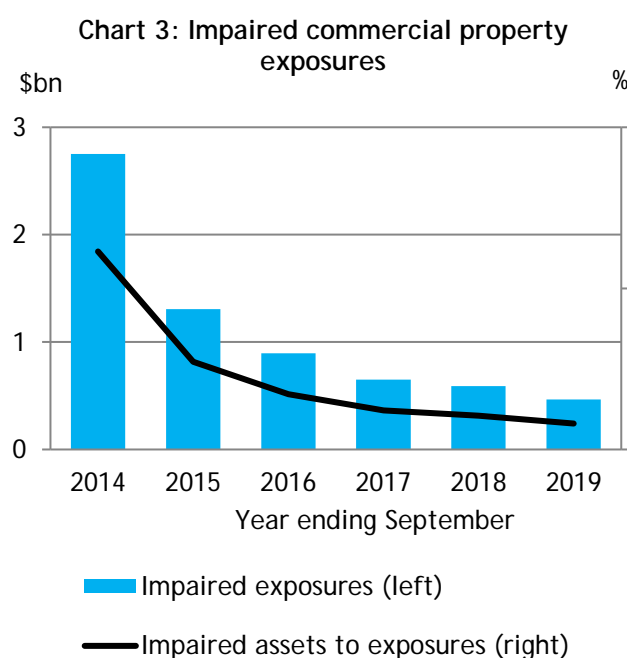
Commercial property exposures and limits

Commercial property exposures for all ADIs were \$289.0 billion as at 30 September 2019. Commercial property exposures increased \$9.4 billion (3.4 per cent) compared to 30 September 2018 (chart 1). Commercial property exposures within Australia were \$247.6 billion, 85.7% of all commercial property exposures. Total commercial property exposures represented 84.8% of all commercial property limits.

The largest categories of property exposures were office property (\$91.1 billion) and retail property (\$74.7 billion). These represented 31.5 per cent and 25.9 per cent of all exposures respectively (chart 2). For exposure limits, the largest categories were office property (\$102.6 billion) and retail property (\$84.4 billion). These represented 30.1 per cent and 24.8 per cent of all limits respectively (chart 2).

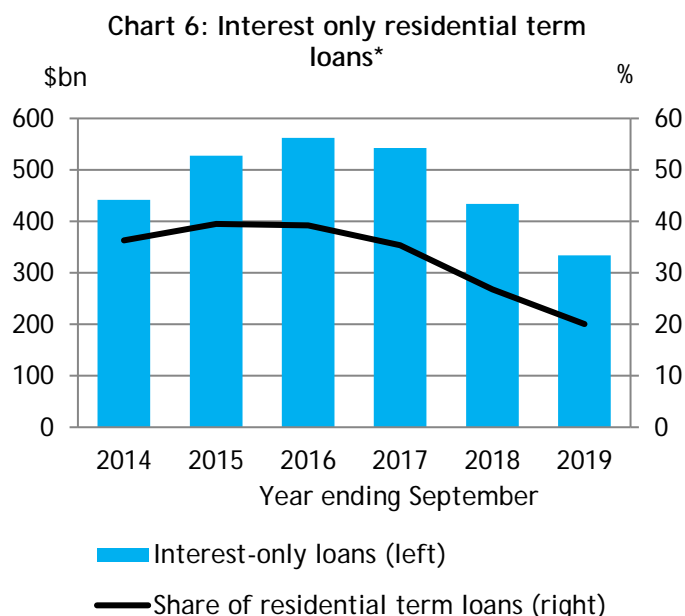
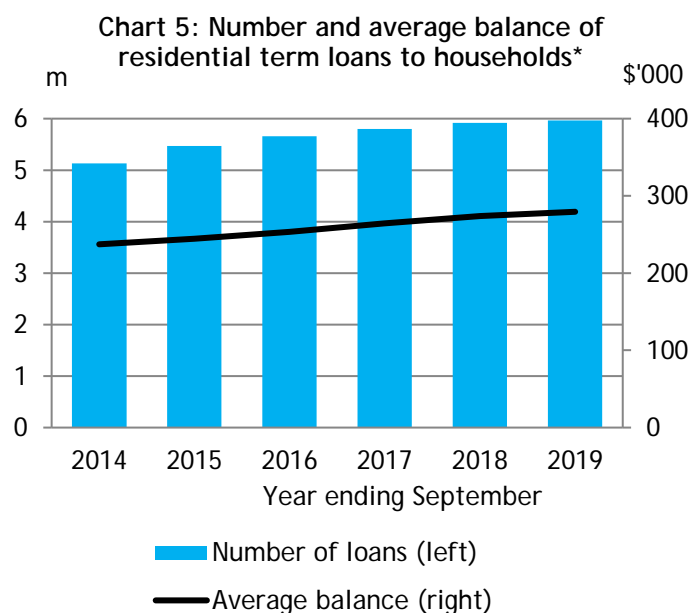


Impaired commercial property exposures were \$0.5 billion at 30 September 2019, a decrease of \$100 million (21.1 per cent) from 30 September 2018 (chart 3). Impaired commercial property exposures were 0.2 per cent of total commercial property exposures.



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

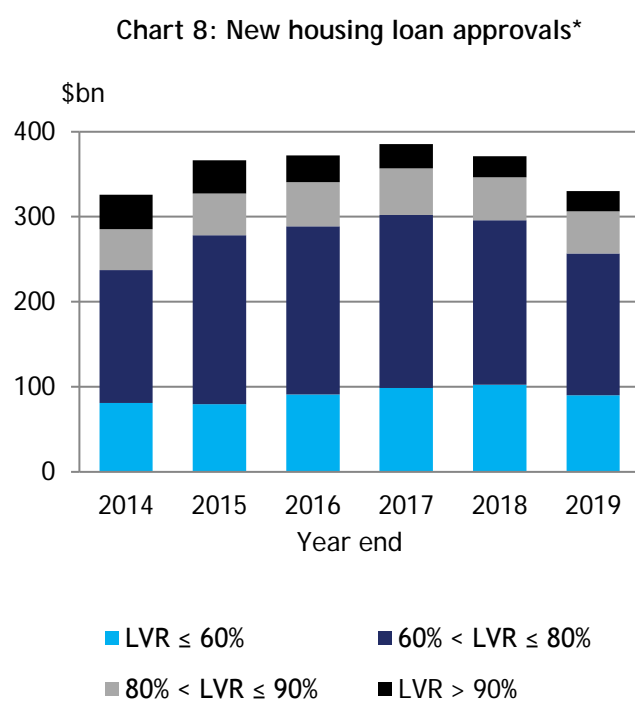
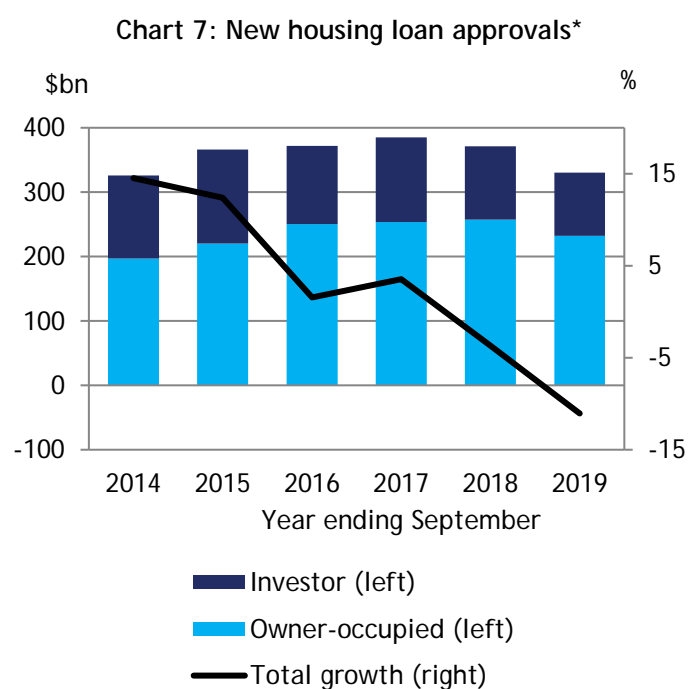
- The average loan size was approximately \$279,000, compared to \$274,000 as at 30 September 2018 (chart 5); and
- \$334.2 billion (20.0 per cent) were interest-only loans (chart 6).



New housing loan approvals

ADIs with greater than \$1 billion of residential term loans approved \$330.1 billion of new loans in the year ending 30

- owner-occupied loan approvals were \$232.3 billion (70.4 per cent), a decrease of \$25.3 billion (9.8 per cent) from the year ending 30 September 2018;
- investment loan approvals were \$97.9 billion (29.6 per cent), a decrease of \$15.8 billion (13.9 per cent) from the year ending 30 September 2018;
- \$49.7 billion (15.1 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 \$700 million (1.3 per cent) from the year ending 30 September 2018 (chart 8);
- \$23.5 billion (7.1 per cent) had a LVR greater than 90 per cent, a decrease of \$1.4 billion (5.5 per cent) from the year ending 30 September 2018;
- \$49.8 billion (15.1 per cent) were interest-only loans, a decrease of \$9.3 billion (15.7 per cent) from the year ending 30 September 2018.



* 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				
	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019
Commercial property exposure limits					
Office	95,065	95,613	98,789	100,829	102,595
Retail	78,322	79,996	81,029	83,059	84,394
Industrial	39,004	39,716	40,116	40,838	41,492
Land development/subdivisions	20,273	19,301	19,027	18,773	18,537
Other residential	49,846	47,523	47,819	47,415	45,859
Tourism and leisure	10,978	11,431	11,400	11,338	11,619
Other	38,308	37,560	38,004	37,723	36,368
Total commercial property limits	331,797	331,140	336,184	339,975	340,863
<i>of which: Exposure limits in Australia</i>	287,046	286,041	289,560	293,411	292,429
Commercial property actual exposures					
Office	84,830	85,976	88,310	89,640	91,067
Retail	69,729	71,108	72,935	72,293	74,730
Industrial	34,096	35,420	35,781	35,961	36,451
Land development/subdivisions	14,125	13,705	13,823	13,671	13,455
Other residential	37,543	35,485	35,957	35,936	35,138
Tourism and leisure	9,681	9,959	9,885	9,942	10,242
Other	29,597	30,291	30,511	29,488	27,947
Total commercial property exposures	279,601	281,944	287,203	286,931	289,031
<i>of which: Exposures in Australia</i>	241,336	243,002	247,105	246,113	247,604
Impaired Commercial property exposures	590	559	519	510	465
<i>of which: Exposures in Australia</i>	445	431	397	383	382
Specific provisions	228	237	226	201	202
<i>of which: Exposures in Australia</i>	196	206	192	174	178
Specific provisions and security	548	518	500	486	451
<i>of which: Exposures in Australia</i>	417	403	381	363	373
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	38.6%	42.4%	43.6%	39.3%	43.3%
Specific provisions and security held to impaired exposures	92.9%	92.7%	96.4%	95.2%	97.0%
Number of entities ^a	136	137	138	139	142

^a Domestic subsidiary ADIs are consolidated into their parents

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

(domestic or licensed books^a)

	Quarter end				
	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019
All ADIs^b	(\$ millions)				
Residential term loans to households					
Owner-occupied	1,091,901	1,108,111	1,120,182	1,131,430	
Investment	545,019	546,219	545,987	546,541	
Total residential term loans	1,636,921	1,654,330	1,666,169	1,677,971	
Number of entities	137	138	139	138	
ADIs with greater than \$1 bn of term loans	(\$ millions)				
Residential term loans to households					
Owner-occupied	1,078,687	1,095,300	1,107,143	1,118,164	1,127,311
Investment	541,024	542,389	542,085	542,433	540,089
Total residential term loans to households	1,619,711	1,637,689	1,649,228	1,660,596	1,667,400
<i>of which:^c</i>					
Loans with offset facilities	743,942	749,958	755,560	760,449	767,679
Interest-only mortgages	433,942	407,347	383,551	358,961	334,241
Reverse mortgages	2,508	2,329	2,327	2,302	2,268
Low-documentation loans	17,675	16,937	16,302	15,616	14,368
Other non-standard loans	986	998	977	811	662
Number of residential term loans to households	5,918	5,944	5,957	5,966	5,968
<i>of which:^c</i>					
Loans with offset facilities	2,314	2,332	2,350	2,362	2,374
Loans with redraw facilities	4,189	4,212	4,232	4,249	4,352
Interest-only mortgages	1,219	1,138	1,066	989	913
Reverse mortgages	23	22	21	20	20
Low-documentation loans	93	90	87	84	78
Other non-standard loans	5	5	5	4	4
Average balance of residential term loans to households	274	276	277	278	279
<i>of which:^c</i>					
Loans with offset facilities	322	322	322	322	323
Interest-only mortgages	356	358	360	363	366
Reverse mortgages	109	108	111	113	114
Low-documentation loans	190	189	188	186	184
Other non-standard loans	194	197	196	192	183
Number of entities	35	36	36	36	36

^a Domestic books for banks, licensed books for credit unions and building societies

^b Refer to the "Important notice" tab for more information on missing data in the Sep-19 quarter

^c Loan categories are neither exhaustive nor mutually exclusive

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

(\$ million, domestic or licensed books^a)

	Quarter end				
	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019
ADIs with greater than \$1 bn of term loans					
New residential term loans to households approved					
Owner-occupied	62,538	62,033	51,095	55,837	63,298
Investment	27,149	26,193	21,301	24,243	26,147
Total new residential term loans to households approved	89,687	88,226	72,395	80,079	89,445
<i>of which:</i> ^b					
Low-documentation loans approved	196	171	88	118	172
Interest-only loans approved	14,446	13,910	10,785	12,624	12,440
Other non-standard loans approved	98	125	69	54	52
Third-party originated loans approved	45,047	45,177	36,259	40,246	44,968
Loans approved outside serviceability	4,633	4,085	3,104	3,231	3,783
New residential term loan approvals by loan-to-valuation ratio (LVR)					
<i>of which:</i>					
Loans approved LVR≤60%	24,904	24,135	19,623	21,838	24,649
Loans approved 60%<LVR≤80%	46,103	45,255	37,000	40,243	44,163
Loans approved 80%<LVR≤90%	12,904	12,752	10,553	12,352	14,058
Loans approved LVR>90%	5,777	6,084	5,219	5,647	6,574
 Number of entities	 35	 36	 36	 36	 36

^a Domestic books for banks, licensed books for credit unions and building societies

^b 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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