



# Property exposures update

December quarter 2015

The Australian Prudential Regulation Authority ('APRA') has recently released its latest quarterly property exposure data for domestic and foreign Authorised Deposit-taking Institutions ('ADI's').

## Key takeaways...

### Overall exposure to property

Quarter-on-Quarter	Year-on-Year
+2.2%	+8.7%

- Growth in overall exposure was almost identical to the September quarter, driven by expanding owner-occupied residential and commercial lending.
- Residential investor exposure contracted further, only the second quarterly contraction since 2008.

### Commercial sector

Quarter-on-Quarter	Year-on-Year
+2.3%	+7.7%

- Office and retail property exposure hit new peaks again this quarter.
- Industrial funding is also just below previous peak exposure (within 1.0%).
- Aggregate commercial exposure is now close to the previous peak exposure in March 2009 (within 2.0%).
- Exposure to land subdivisions grew at 6.3% vs 2.0% for the last quarter, with Y-on-Y growth expanding to 24.7%.
- Growth in exposure to Other Residential contracted (2.8% vs 5.3% for the preceding quarter. Y-on-Y growth was stable at 19.5%.
- Exposure to tourism property again declined markedly (-8.6%).
- Impairments increased for the first time since the September 2011 quarter, based on revised September 2015 quarter data.
- Specific provisioning remains above the long-term average of 27.4%.

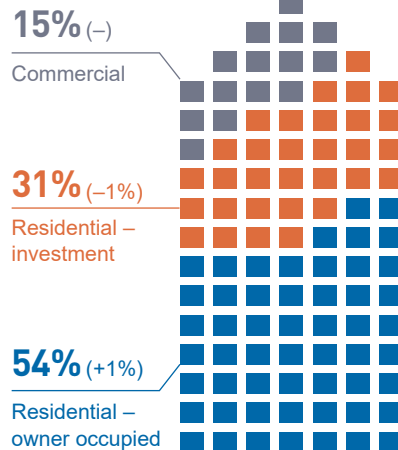
Impaired exposure	% total exposure	Specific provisions
+1.1%	0.5%	+8.7%
Increased	Stable	Increased

### Residential sector

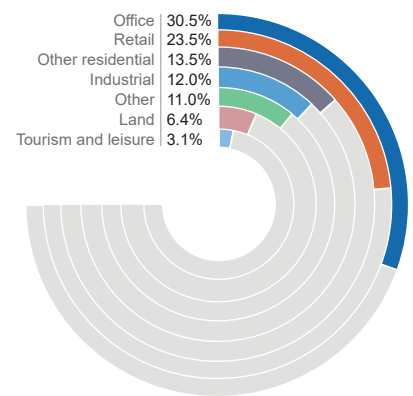
Quarter-on-Quarter	Year-on-Year
+2.2%	+8.9%

- The number of loans held and total exposure to the residential sector continues to increase.
- Loans to owner-occupiers still dominate at 64% of overall residential exposure.
- Recent measures to dampen growth in investor loans continue to bite, with exposure contracting by just under 3%.
- Y-on-Y growth in investor loans has also declined from 18.6% to 9.1% to 2.6% over the last three quarters.

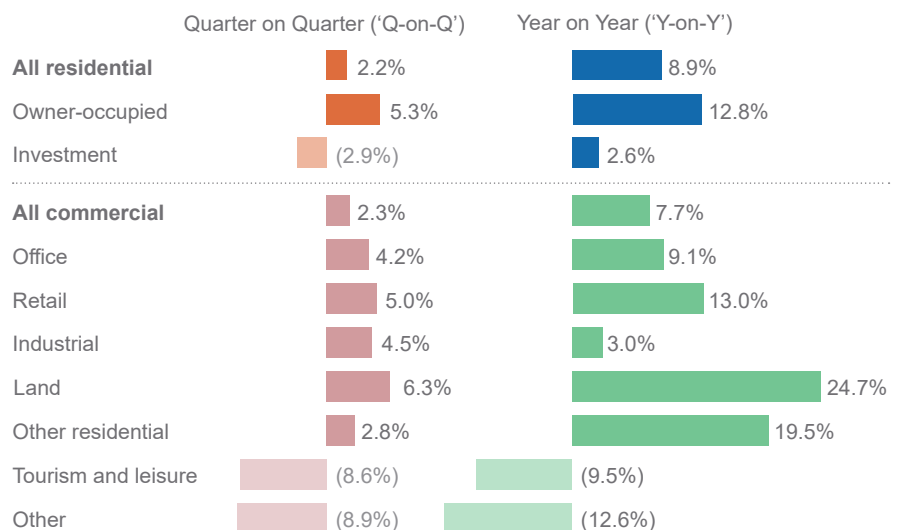
### Aggregate property exposure



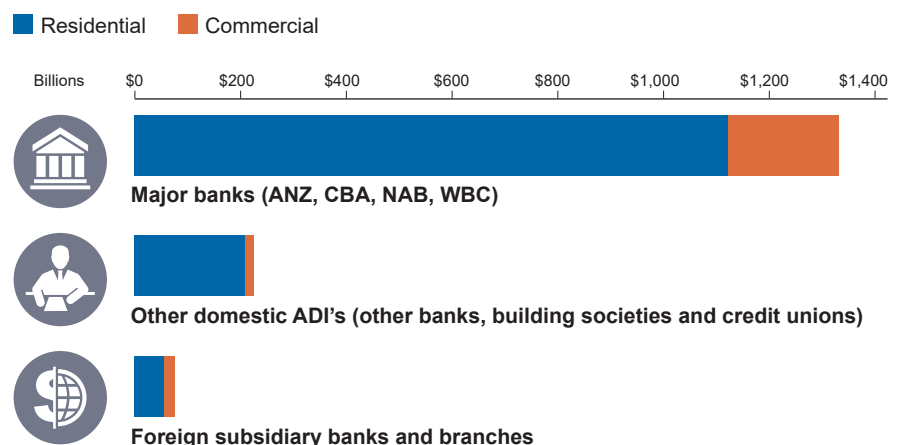
### Commercial property exposure by sector



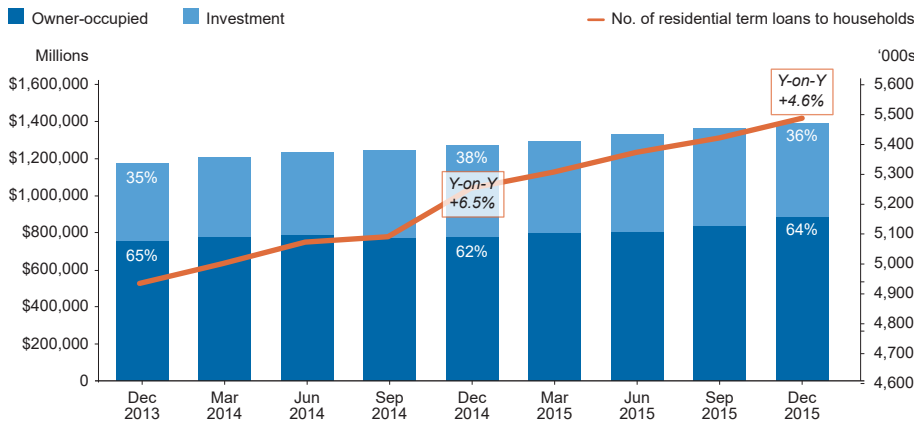
### Change in property exposure by sector



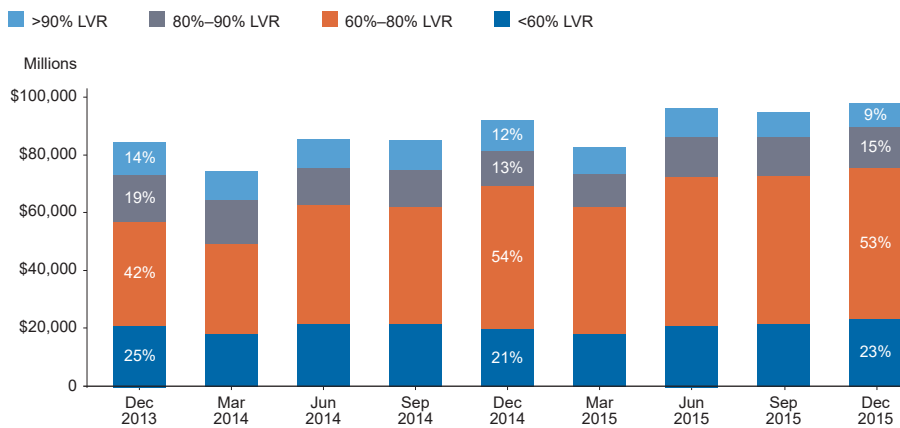
### Property exposure by lender group



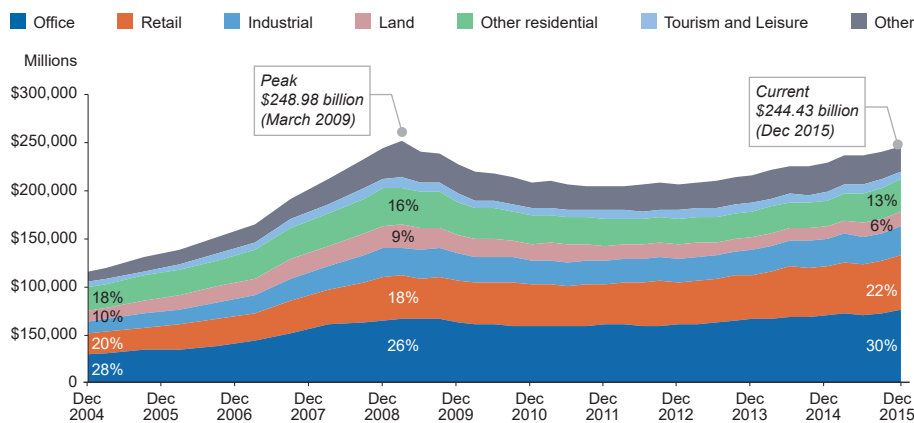
## Aggregate residential property exposure by type



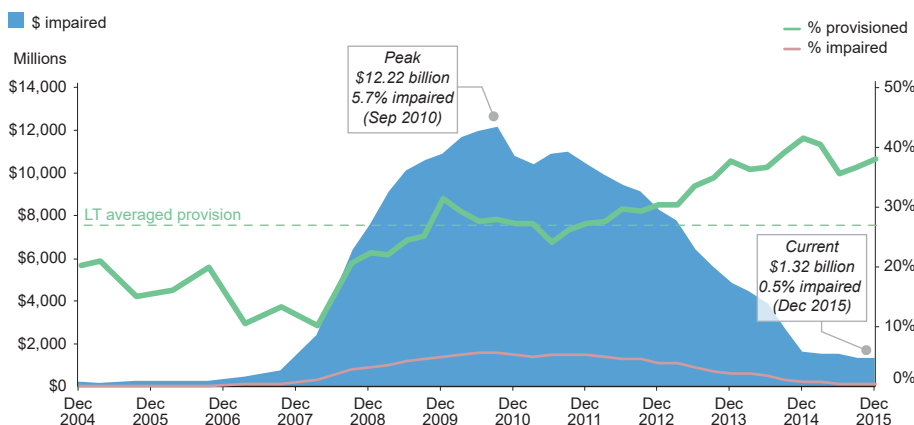
## New residential loans approved per quarter by LVR



## Commercial property exposure by sector



## Commercial property impairment



## Revisions

Three institutions resubmitted data to APRA, each of which changed previous statistics by at least 10% and \$100 million.

## Further information

APRA's "Quarterly ADI Property Exposures" contains information on ADIs' commercial property exposures, residential property exposures and new housing loan approvals.

Further information including explanatory notes and an extended glossary can be found at:

[apra.gov.au](http://apra.gov.au)

## Notes

Commercial property sectors:

### Land

Land development/subdivisions.

### Other residential

Excludes loans to individuals or families, loans to private family companies or trusts for owner-occupation.

### Other

All other loans for the acquisition of commercial property not included in remaining categories.

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