



RBAFOI-262717

An application was received by the Reserve Bank seeking access to documents as detailed below.

Summary of Request	Documents created by or provided to the RBA about private credit, debt and insolvencies in the property and housing construction sector since 1 April 2026.
Notes/context to any specific documents released:	Routine monitoring, briefing and analysis by the Financial Stability Department, to underpin the analysis in the Financial Stability Review and the RBA's ongoing monitoring of financial resilience more generally.

What is Going on with Bathla Group?

Summary

Bathla Group is a major Western Sydney residential developer that entered voluntary administration on 25 August 2026 after experiencing a period of financial difficulties. Media reports suggest that the group's total liabilities exceed \$3.5 billion, with significant exposure to private credit lenders. While higher construction costs and slower pre-sales activity are broader industry-wide challenges, liaison information suggests that Bathla's difficulties are also attributable to the company's excessive risk-taking and leverage in recent years, leaving it less capacity to absorb recent pressures. **s45**

Our overall assessment is that Bathla's financial difficulties do not pose a systemic risk and instead reflect an idiosyncratic debt management issue. Recent liaison with bank and non-bank lenders suggests that despite rising cost pressures, conditions are generally positive in the residential development sector and their asset quality is strong overall (and expected to remain the case); this gives us further comfort that Bathla's situation is more firm-specific. Nevertheless, some lenders, particularly smaller private credit providers with significant exposures to Bathla, could incur losses and this event may also make some lenders more attentive to risks. Relatedly, a small number of private credit providers have restricted redemptions lately in response to some elevated redemption activity.

Who is Bathla Group?

Bathla Group is a large privately-owned residential property developer and builder, primarily focused on Western Sydney areas and specialising in relatively affordable housing. According to their [website](#) and [media reports](#), Bathla has a development pipeline of \$15 billion comprising over 22,000 apartments and 5,000 homes (with 15,000 of these under construction).

What happened?

Yesterday (25 August 2026) Bathla Group's main operating entity, Universal Property Group, entered voluntary administration. The move followed months of financial stress and growing concerns among lenders regarding the group's ability to service its debts. Media reports (e.g. [AFR 1](#), [2](#), [The Australian](#), [ABC](#)) suggest Bathla's total debt obligations exceeds \$3.5 billion, much of it owed to non-bank lenders including private credit funds. Centuria Bass Credit is the only creditor to have made public [comment](#) since yesterday, that this news does not materially impact the group, given cross-collateralisation across the exposures (**s45**).¹ Private credit lender Alceon [reportedly](#) reduced its exposures to Bathla by the end of last year because it became uncomfortable with Bathla's aggressive growth strategy and leverage. [The Australian](#) reports that some of Bathla's lenders are exploring selling their loans at a discount to rivals, and Alceon and other lenders had tried to limit Bathla's further acquisition of land last year.

Bathla's administrator, Teneo, has indicated its immediate priority is to stabilise operations and assess restructuring options while working with lenders and other stakeholders to support the continuation of projects where possible. Lenders to the Bathla Group [reportedly](#) faced an urgent call to provide as much as \$20 million in funding in a call Tuesday night.

What was the cause?

Bathla management has attributed its difficulties to a combination of factors including higher construction costs (most of which it had reportedly absorbed), weaker property demand following higher interest rates and changes to property taxes, and funding pressures. In addition, liaison with non-bank lenders suggests that Bathla's rapid expansion in recent years likely played a role too. Media reports indicate that Bathla has faced difficulties refinancing their large debt obligations (e.g. [The Australian](#)).

¹ Other lenders named in the media including PAG, CVS, Balmain, Ray White Capital, Keyview, Credit Connect and La Trobe Financial.

Related developments

There has been limited market reaction to Bathla entering administration, with the ASX REIT index little changed over the week; though this may reflect the fact that Bathla's debt crisis has been covered in the media over recent months. Additionally, some lenders have responded to Bathla's crisis by suspending redemptions s45

In addition, some have reportedly sought to reduce or exit their exposure to Bathla-related loans ([The Australian](#)). Separately, a large private credit investment manager MA Group [limited](#) redemptions on its secured loan series fund yesterday to 1 per cent of funds under management, reportedly in response to 'current market conditions and elevated redemption activity', to be reviewed on 31 October ([AFR](#)).

Liaison insights

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Overall assessment

At this stage, our overall assessment is that Bathla's financial difficulties do not pose a systemic risk to the broader financial system and reflect a firm-specific debt management issue. It appears that the major banks do not have much exposure to Bathla, and most its debt is reportedly owned by non-bank lenders. However, our visibility over the full extent of lender exposures to the company is limited, and our assessment is therefore informed primarily by liaison information. Some lenders, particularly private credit providers with significant exposures, could incur losses in scenarios where the company is wound up, projects are delayed or if assets had to be sold quickly. While higher construction costs and slower recent pre-sales activity are broader industry-wide challenges³, liaison information suggests that Bathla's difficulties are also partly attributable to the company's excessive risk-taking in recent years and weaker financial management. s45

More broadly, recent liaison with bank and non-bank lenders suggests that despite rising cost pressures, conditions are positive in the residential development sector and their asset quality is strong (and expected to remain the case); this gives us further comfort that Bathla's financial situation is more idiosyncratic.

HBC Business Team

Financial Stability Department / 26 August 2026

s45

³ See June quarter note on company insolvencies [here](#).

From:
To:
Subject: RE: Note FS: What is Going on with Bathla Group? [SEC=OFFICIAL]
Date: Wednesday, 2 September 2026 1:06:56 PM

RESTRICTED

Hi all

Below are the latest developments relating Bathla Group over the past week. Our overall assessment remains that Bathla's financial difficulties do not pose a systemic risk and instead reflect an idiosyncratic debt management issue.

- The group is facing an acute short-term liquidity problem, with a possible wind-down now the key near-term risk.** Over the past week, administrators have been trying to secure around \$20 million from existing lenders to keep construction activity operating in the short term while restructuring options are assessed, with the deadline for this funding now extended to Thursday ([ABC](#), [SMH](#)). Media reporting also suggests the administrators have been preparing to wind-down the business if funding is not secured. The administrators have described the company's financial position as "very dire" ([SMH](#)).
- The NSW Premier has ruled out a government bail-out** ([SMH](#)), while the NSW Treasurer has called on private lenders to support the administrators by providing liquidity.
- Bathla's funding structure appears highly complex.** Media reports suggest representatives of 43 lenders participated in discussions with administrators shortly after the collapse, indicating that a large number of lenders have exposure ([ABC](#)).
- The scale of unfinished activity is becoming clearer.** Administrators told the NSW Supreme Court that Bathla has 219 projects underway, including 45 projects currently in the construction phase, around 2,000 – 2,500 homes under construction (expected to be completed Q1 next year), and a further 13,000 homes in its development pipeline. The group also reportedly employs 349 staff, with some staff reportedly unpaid for several weeks ([ABC](#), [SMH](#)). Media reports suggest Bathla's apartments under construction account for close to 5 per cent of NSW's expected annual home completions ([AFR](#)).
- The precise number of affected households is unclear;** deposits from apartment buyers may not be fully captured in reported creditor debt estimates. The most immediate impacts are likely to arise through project delays and uncertainty around settlement timelines rather than direct losses to all purchasers ([ABC](#)).

- **Some lenders have reportedly intervened to complete projects themselves, including by directly paying subcontractors, consistent with messages from liaison ([AFR](#)).** This suggests some creditors may seek to protect individual project exposures where possible, though the feasibility of this approach is likely to vary across sites depending on project status, funding arrangements and lender coordination.

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- **Recent reporting has largely characterised Bathla as a highly leveraged developer** that pursued rapid growth, ultimately outpacing its operational capacity and leaving the business vulnerable to a combination of softer sales, higher construction costs and tighter financing conditions. While these pressures have affected the broader residential development industry, available information suggests Bathla's extensive use of debt and aggressive expansion strategy amplified these challenges ([ABC](#), [AFR](#)).
- **At this stage, there appears to be little evidence of broader contagion, though the collapse has increased scrutiny of private credit.** Some commentary has characterised Bathla as a first major test case for Australia's private credit sector, but noted limited broader concerns among providers with no exposure to Bathla reflecting sound fundamentals in the residential development sector ([AFR](#)). There have been some signs of stress among exposed funds, including temporary redemption restrictions or trading halts following elevated redemption activity (covered in original briefing), but available public information does not yet point to broad-based spillovers across the residential development sector or the broader financial system. Some lenders have also expressed concern that weaker property market conditions could make it difficult to sell Bathla's large development sites ([AFR](#)).
- **More broadly, liaison information suggests that conditions in the residential development sector remain broadly positive.** Underlying demand for affordable housing remains strong, though presales have softened lately. While elevated construction costs and affordability constraints have affected the feasibility of some projects, lending appetite remains strong for projects that are commercially viable. There are currently no broad signs of stress among lenders with residential development exposures. Asset quality remains generally sound and is expected to remain so, notwithstanding potential losses among some lenders with exposure to Bathla Group.

From:

Sent: Wednesday, 26 August 2026 5:00 PM

To: Notes policy groups <@rba.gov.au>

Cc:

Subject: Note FS: What is Going on with Bathla Group? [SEC=OFFICIAL]

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Bathla Group is a major Western Sydney residential developer that entered voluntary administration on 25 August 2026 after experiencing a period of financial difficulties. Media reports suggest that the group's total liabilities exceed \$3.5 billion, with significant exposure to private credit lenders. While higher construction costs and slower pre-sales activity are broader industry-wide challenges, liaison information suggests that Bathla's difficulties are also attributable to the company's excessive risk-taking and leverage in recent years, leaving it less capacity to absorb recent pressures. s45

Our overall assessment is that Bathla's financial difficulties do not pose a systemic risk and instead reflect an idiosyncratic debt management issue. Recent liaison with bank and non-lenders lenders suggests that despite rising cost pressures, conditions are generally positive in the residential development sector and their asset quality is strong overall (and expected to remain the case); this gives us further comfort that Bathla's situation is more firm-specific. Nevertheless, some lenders, particularly smaller private credit providers with significant exposures to Bathla, could incur losses and this event may also make some lenders more attentive to risks. Relatedly, a small number of private credit providers have restricted redemptions lately in response to some elevated redemption activity.

For more information, please see: [D26/270340](#) (unrestricted) and [D26/270256](#) (restricted).

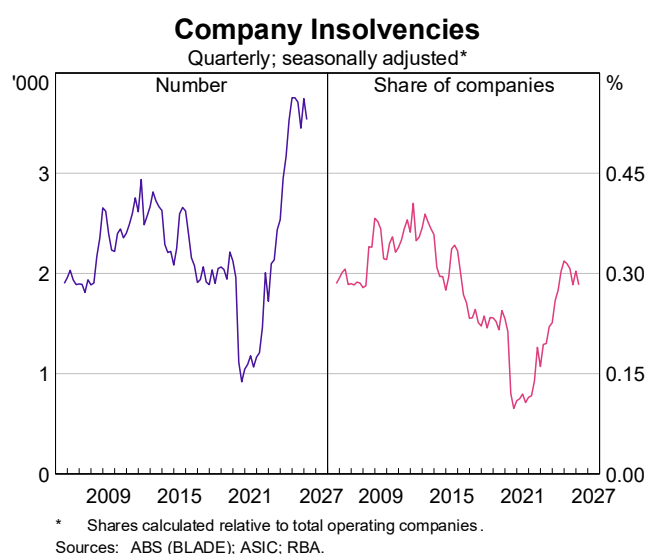
HBC Business Team

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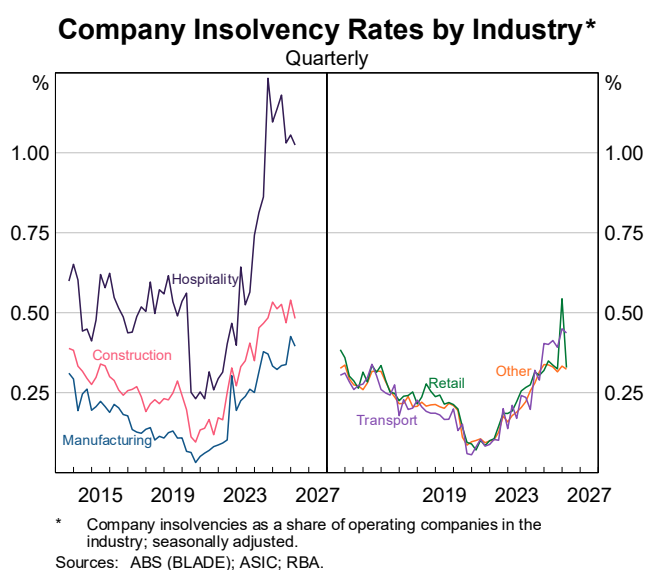
Business and Personal Insolvencies – March Quarter 2026

- The company insolvency rate was little changed over the March quarter, declining slightly but remaining around its longer run average (Graph 1). Around 0.30 per cent of operating companies entered insolvency in seasonally adjusted terms (around 3,500 companies).

Graph 1

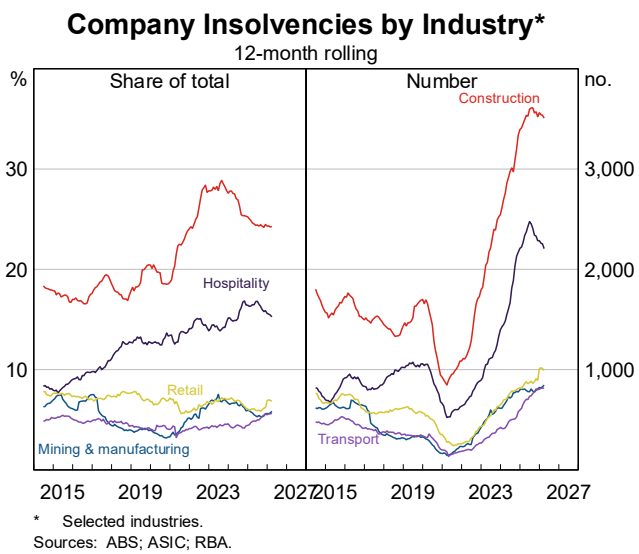


Graph 2

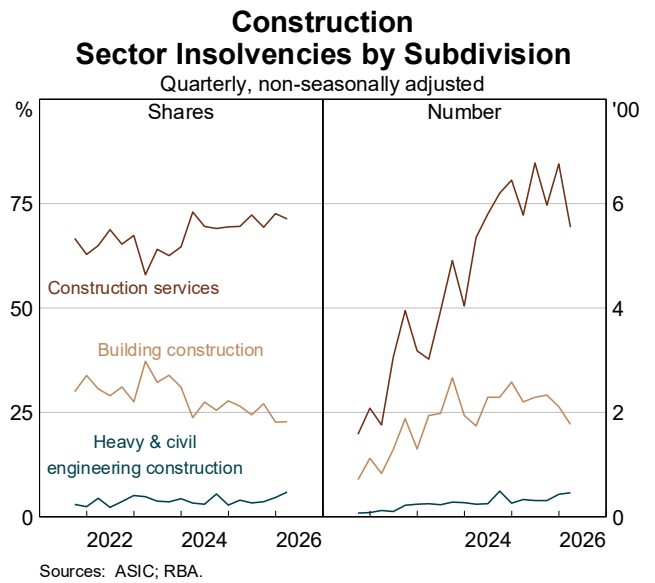


- **Hospitality and construction companies continue to account for the largest share of insolvencies, and rates remain elevated in these sectors** (Graph 3).
 - The share of insolvent construction companies that are construction services firms (likely subcontractors) has remained stable over the past two years at around 70 per cent (Graph 4). A slightly higher share of heavy and civil engineering firms entered insolvency in the March quarter.

Graph 3



Graph 4

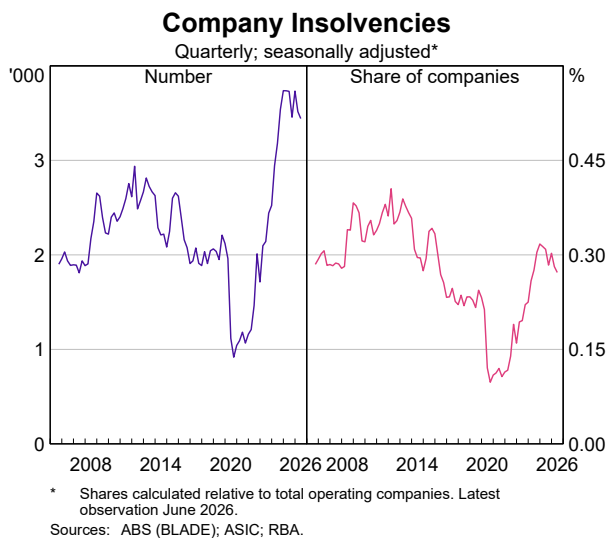


Analyst
Households Businesses & Credit
4 May 2026

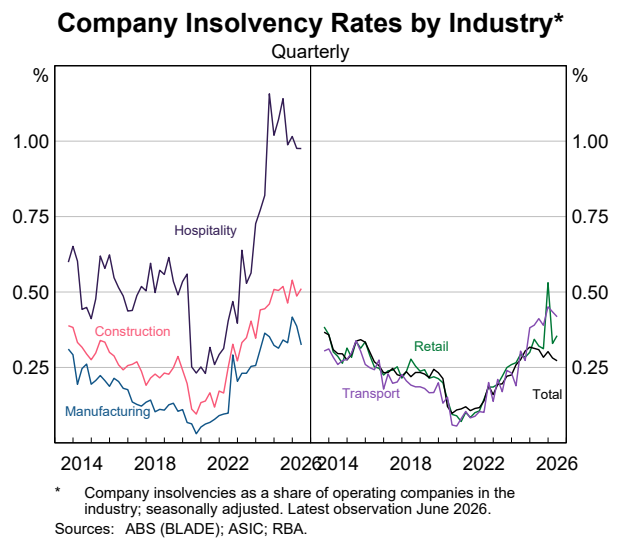
Business and Personal Insolvencies – June Quarter 2026

- **Total company insolvencies as a share of operating companies continued to decline in the June quarter but remained around its longer run average** (Graph 1). Around 0.3 per cent of operating companies entered insolvency in seasonally adjusted terms (around 3,400 companies).
- However, insolvencies are a late-stage indicator of severe financial stress, so more recent pressures are unlikely to be reflected in the near term.
- **Insolvency rates are still elevated in some industries, particularly hospitality and construction, where businesses are more exposed to recent cost pressures** (Graph 2).
- Input and labour cost growth remained elevated above pre-Middle East conflict levels in the June [NAB Monthly Business Survey](#). Business confidence across most industries remained negative, particularly for transport and wholesale trade businesses. Similarly, liaison indicates non-labour cost growth has continued to increase and remained elevated over recent months (see RIA's July [Liaison Messages](#)).
- The Australian Taxation Office (ATO) had provided temporary debt restructuring support for businesses impacted by higher fuel prices from April to June (see [ATO](#) for more details). The more recent increase in ATO debt collections is likely to add further pressure on businesses.

Graph 1

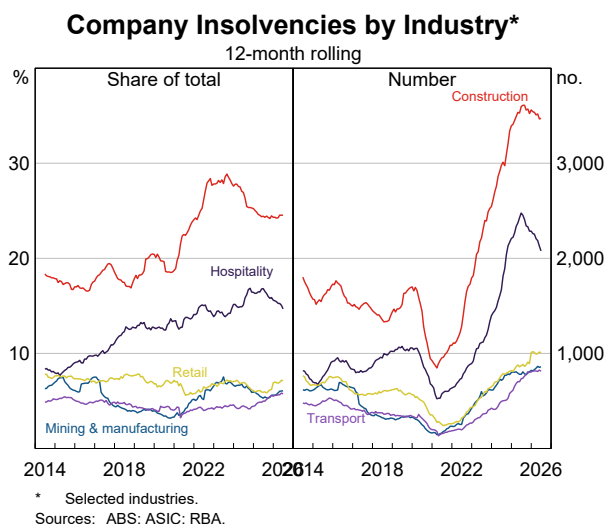


Graph 2



- **Hospitality and construction companies continue to account for the largest share of insolvencies and remained stable in the June quarter** (Graph 3). Liaison indicates the number of businesses seeking guidance from community organisations also remains elevated in these industries.

Graph 3



Analyst
Households Businesses & Credit
10 August 2026

From:
To:
Cc:
Subject: Household and Business Debt Helplines – April 2026 Update [SEC=OFFICIAL]
Date: Tuesday, 26 May 2026 9:45:42 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

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Household and Business Debt Helplines – April 2026 Update

Small Business Debt Helpline

The [Small Business Debt Helpline](#) (SBDH) is a not-for-profit service operated by Financial Counselling Australia that offers confidential advice to small business owners in financial difficulty.^[2]

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- **By industry, construction businesses continue to account for around 20 per cent of cases**, and this share has remained stable over the past six months.
 - Similarly, construction and hospitality companies continue to account for the largest share of company insolvencies (see [Business and Personal Insolvencies – March](#)

[Quarter 2026](#)).

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^[2] For more details, please see [Introducing the Small Business Debt Helpline](#).

From:
To:
Cc:
Subject: Household and Business Debt Helplines – May 2026 Update [SEC=OFFICIAL]
Date: Thursday, 18 June 2026 4:30:24 PM
Attachments: [image001.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)

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Household and Business Debt Helplines – May 2026 Update

Small Business Debt Helpline

The [Small Business Debt Helpline](#) (SBDH) is a not-for-profit service operated by Financial Counselling Australia that offers confidential advice to small business owners in financial difficulty.²

- By industry, **construction businesses account for around one-fifth of cases.**
This level has remained stable over the past six months.

[2] For more details, please see [Introducing the Small Business Debt Helpline](#).

From:
To:
Cc:
Subject: Household and Business Debt Helplines – June 2026 Update [SEC=OFFICIAL]
Date: Monday, 13 July 2026 10:38:09 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

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Household and Business Debt Helplines – June 2026 Update

Small Business Debt Helpline

The [Small Business Debt Helpline](#) (SBDH) is a not-for-profit service operated by Financial Counselling Australia that offers confidential advice to small business owners in financial

difficulty.^[2] *The overall assessment in June was little changed from previous months.*

- **By industry, construction businesses account for around one-fifth of cases.** This level has remained stable over the past six months.

From:
To:
Cc:
Subject: Household and Business Debt Helplines – July 2026 Update [SEC=OFFICIAL]
Date: Monday, 31 August 2026 5:09:24 PM
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RESTRICTED

Household and Business Debt Helplines – July 2026 Update

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Small Business Debt Helpline

The [Small Business Debt Helpline](#) (SBDH) is a not-for-profit service operated by Financial Counselling Australia that offers confidential advice to small business owners in financial difficulty.² This update includes July 2026 and the half-yearly insights report for June 2026.

- **By industry, construction businesses account for around one-fifth of cases.** This level has remained stable over the past six months.

[2] For more details, please see [Introducing the Small Business Debt Helpline](#).

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Note FS: Trade Credit and Financial Stress – April 2026 Update¹

-

Pockets of stress remain, especially for business in the hospitality and recreation sectors.

Around 5 per cent of trade credit in the hospitality and recreational sectors is severely overdue (Graph 7). This is elevated both in comparison to overall aggregates and, more significantly, historical averages for the sectors. These sectors are well known to be more volatile given their smaller size and reliance on discretionary spending, consistent with HBC's other measures of financial stress. The energy intensive construction, mining, and manufacturing sectors do not have elevated levels of severely overdue trade credit, supporting prior HBC analysis that these sectors were relatively resilient leading into the escalation of conflict in the Middle East.

Graph 7

S47

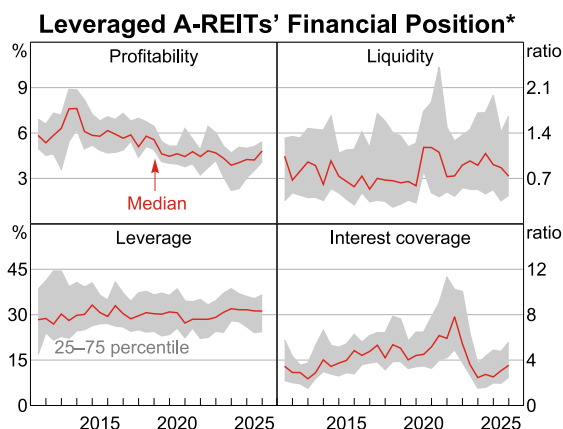
Commercial Property Update – August 2026¹

While visibility is limited, available information suggests that Australian companies that operate data centres have so far mostly relied on both foreign and domestic debt – in particular, syndicated loans involving private equity firms and domestic and foreign banks – to fund the construction of these projects, as has been the case in overseas markets including the US ([2026](#)). Risks from data centre investments to the broader domestic financial system are limited to date; domestically-raised debt related to data centres remains relatively small compared to overall business funding, and liaison suggests Australian lenders have generally remained quite attentive to risk in their approach to lending for the construction of data centres. However, the relatively high reliance on debt and rapidly growing size of this sector could introduce some vulnerability to the broader financial system over time ([BIS 2026](#)).

There has continued to be little evidence of financial stress among owners of Australian CRE.

Liaison with **non-bank lenders** also suggests that their CRE loan performance generally remains sound. While data on non-bank lender loan quality is limited, particularly among lenders with significant exposures to lower quality assets or riskier borrowers. In recent months, there has been media coverage of the Sydney property developer, Bathla Group, experiencing financial difficulties. The group consequently entered voluntary administration on 25 August. Media reports suggest that the group's total liabilities exceed \$3.5 billion, with significant exposure to private credit lenders. Our overall assessment is that Bathla's financial difficulties do not pose a systemic risk and instead reflect an idiosyncratic debt management issue. For a briefing on Bathla Group, see: [D26/270256](#) (restricted) and [D26/270340](#) (unrestricted).

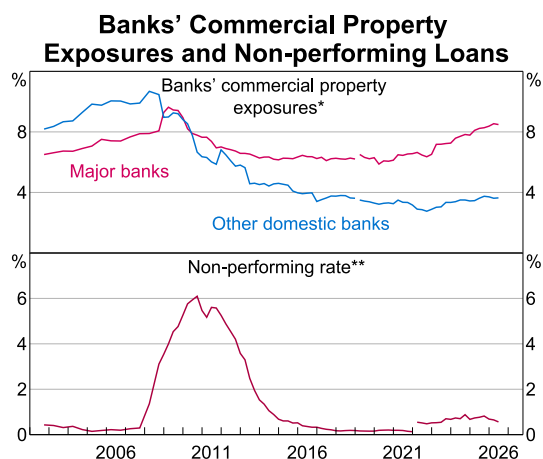
Graph 8



* Profitability measured by annual EBITDA over assets, liquidity by current assets over current liabilities, leverage by debt over assets, and interest coverage by annual EBITDA over annual interest expenses. There is a gradual structural break in ratios in late 2019 to early 2020 due to an accounting change.

Sources: Morningstar; RBA.

Graph 9



* Share of assets. Excludes overseas exposures and foreign banks. Series break in March 2019. Earliest observation September 2002. Latest observation June 2026.

** Share of commercial property exposures. Excludes overseas exposures. Prior to 2022, data reported as impairment rates. Earliest observation September 2002. Latest observation June 2026.

Sources: APRA; RBA.

Lead Analyst
Households Businesses & Credit
Financial Stability Department
28 August 2026

BRIEFING: FSB SCAV MEETING – 8 SEPTEMBER 2026

Briefing on each of the items on the Agenda ([D26/277526](#)) are below.

- A recent high-profile default (Bathla) appears to have reduced investor confidence in the sector and may lead some private credit funds to reduce lending, but private credit in Australia accounts for a small share of credit and does not present a broader risk to the financial system at this time.
- The default was largely related to firm-specific risk taking, and more generally the vulnerabilities here are more cyclical than structural in nature.

