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## Rudd Bank 'a priority'

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ANZ has warned that the freeze in the \$8 billion-plus commercial mortgage-backed securities market represents a bigger threat to the commercial property sector than the possible exit of foreign banks.

In its submission to a Senate review into the Australian Business Investment Partnership, or the so-called "Rudd Bank", ANZ said the lending vehicle should be established as a priority.

ABIP has been proposed as a contingency fund if a foreign bank leaves a syndicate funding a commercial property project yet to be completed.

The Rudd Bank would use some of the \$4 billion in its care to get the project finished.

"The provision of a Commonwealth-sponsored 'backstop' provides a powerful boost to sentiment in the financial markets," ANZ said.

Still, it said a decline in investor appetite for commercial mortgage-backed securities — bonds backed by commercial property assets — was looming as a risk to the sector.

ANZ estimated that more than \$5.3 billion of commercial mortgage-backed securities were due to mature over the next two years, representing significant refinancing needs for the commercial property sector.

"Expectations are that there will be very limited appetite to renew these transactions," ANZ said.

Major property trusts including Centro, Macquarie CountryWide and Dexus Property were among the biggest users of commercial mortgage-backed securities.

*This story was found at: <http://business.theage.com.au/business/rudd-bank-a-priority-20090422-afhc.html>*

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