



RayWhite

RAY WHITE **NOW**

Real time residential market insights
15 June 2020 - New Zealand



Dear Property Owner,

We are proud to present our weekly collection of real-time data that provides validated information to give you an accurate picture of where both buyers and sellers currently sit within the property market.

It has been a time during the past three months that none of us would have been able to predict. The turbulent social and economic pressures that we have been through and continue to navigate has changed and to some degree shaped decision-making for many.

The decision to buy and sell real estate in the current market raises many questions particularly around the consistency of conditions and the variables that may exist around timing within the real estate transaction. There is a lot of speculative reporting in regards to the real estate market generally. This forecasting can be based on past data that may not be an accurate enough statistical platform to be able to make those important decisions when considering your real estate needs.

We have compiled our Ray White Now report which cuts through to the data which matters. It provides accurate information about what is occurring in the market today and allows this information to be translated back by our individual Ray White members to give you the right advice.

Our sales members in New Zealand transact over 15,000 properties per year and we manage a rental portfolio of over 18,000 properties. This is a combined portfolio in our sales and rental divisions of over \$23 billion worth of property.

Our highly skilled team are able to help answer questions of importance at this time. We have a deep understanding of the real estate transaction and can provide you with real-time information and connection to financial needs through our association with the Loan Market group in New Zealand.

We welcome you to talk with any of our team from our 181 community-based Ray White offices.

Regards

A handwritten signature in black ink, appearing to read "Carey Smith", is located below the "Regards" text.

Carey Smith
Ray White New Zealand Chief Executive

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Informed sellers know **now is the time.**

As June results start to emerge it remains clear that the real estate market is continuing to recover in both terms of volume and also turnover and despite the economic changes we are experiencing prices have remained consistent with listed prices increasing.

There has been a clear shift in the way the real estate market is being described by many commentators who have now readjusted their speculative forecasts to balance with real-time information that gives a positive view of the current market.

During the past seven days we have been afforded by sellers to market 321 properties and this includes listings by way of auction, tender and exclusive control marketing. We have achieved strong sales results and this is providing confidence for our clients; while buyers remain positive given the lowest home loan rates on record together with the easing and better entry to home affordability.

Our overall numbers signify strong sales with an increased inventory level that is beginning to balance the choice for buyers. It is expected that more buyers who are pre approved will become more active from new properties being marketed and this will provide confidence to our clients who are considering selling.

Market fundamentals remain strong

Our sales results for May brings more positive news for all New Zealand property owners.

While many are feeling a degree of uncertainty about the real estate market in the broader community for the month of May, Ray White New Zealand sold 1,089 properties valued at NZ\$843 million. This is a remarkable number given it is 76% of the sales that were completed in 2019.

Prices remain strong and well in line with those achieved in 2019, and in some markets they are stronger. Strong buyer activity is best evidenced by the fact the average registered bidders per auction was 3.6 in May, up 1.5 on last year.

It seems that more customers are recognising these fundamentals and that now is a good time to come to the market, as new listings started to build in the latter part of May.

A huge thank you to all our customers who trusted us with the marketing of their property in May, and to all our members who were unyielding in their commitment to overcome any obstacles and create competition for their clients.

As one of the largest real estate groups, selling one in every five properties across New Zealand, we are uniquely placed to provide our clients with the most relevant and timely information and data to assess current market activity and outlook.

As a family-owned and led business with 119 years of experience across Australasia, including operating through two World Wars, the Great Depression and financial recessions, we know that we can deliver you the highest quality outcomes for you in the current market.



First Level 1 in-room auction for Ray White Royal Oak with a full attendance.

Selling in the current environment

Like most property owners, you'll probably have questions about what has and hasn't changed in the way in which properties are being marketed in the current environment. Is now a good time to market my property for sale?

We are concerned that our clients may make decisions to stay out of the real estate market based on speculative media reports that often paint a negative picture about the future on prices without factual information.

Real-time data creates an accurate picture of the balance between buyers and sellers, what makes markets in various areas remain strong, and what is giving buyers continued confidence to purchase property.

We've created this document to provide clarity to all our customers on what is happening in the market now. If you are considering selling we explain how you can take advantage of the current conditions to achieve the best possible sales outcome.



Why are we seeing strong sales results now?

Real Estate markets are driven by a number of factors however the two basic fundamentals of supply (the number of total properties for sale) and demand (the number of buyers active in the marketplace) play a significant role in establishing market conditions that favour sellers or buyers.

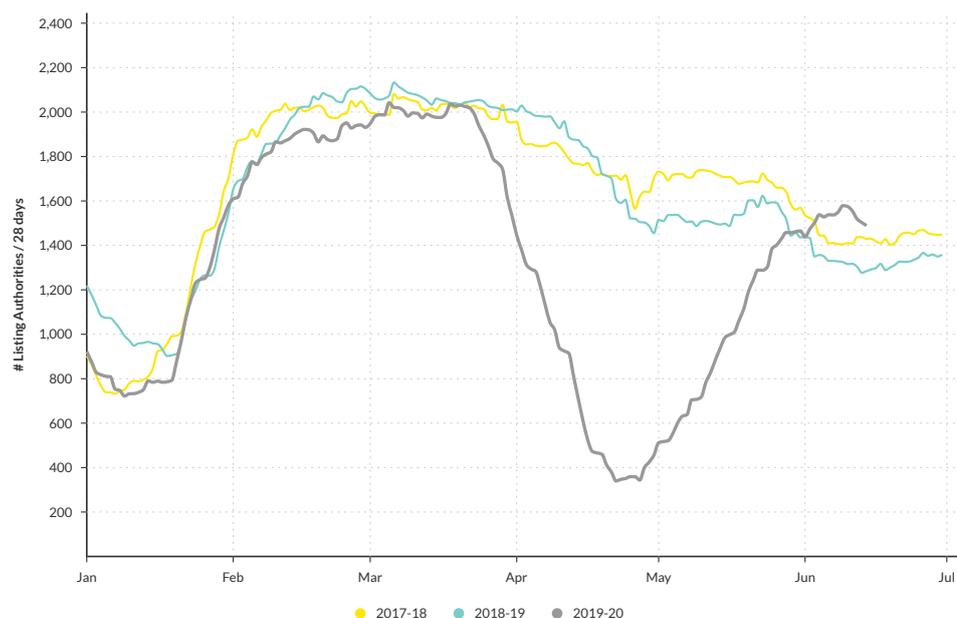
It's been comforting to see the increase of new listings to the market over the past few weeks. This could be due to a number of reasons; the increased number of buyers currently in the market, the sustained auction clearance rates across the country, the lack of current listings available for sale. However, our strong suspicion is that there has been a return of confidence in the market.

Our clients that have come to market in recent weeks have achieved largely great results because of the basics of supply and demand. While the number of new listings has increased as confidence levels return, buyer demand levels continue to move with the high loan pre approval rates to levels that exceed most previous markets we have seen in the past. With more properties for buyers to choose from and increased levels of buyer demand, conditions lean towards our seller obtaining an edge.

Put simply, there are more buyers competing over less properties thus creating conditions that lean towards our sellers obtaining an advantage in achieving better results.

New listings to the market

The chart illustrates the reduced number of new listings that is currently coming onto the market up to 15 June 2020 compared to the two prior years.



Source: Ray White Listings Data

There are a number of considerations we take into account when looking at the number of buyers active in the market. When we look at our auctions in recent weeks, we have seen the average number of bidders per auction exceed the numbers that were achieved for the same period last year. So what factors are contributing to buyer confidence?

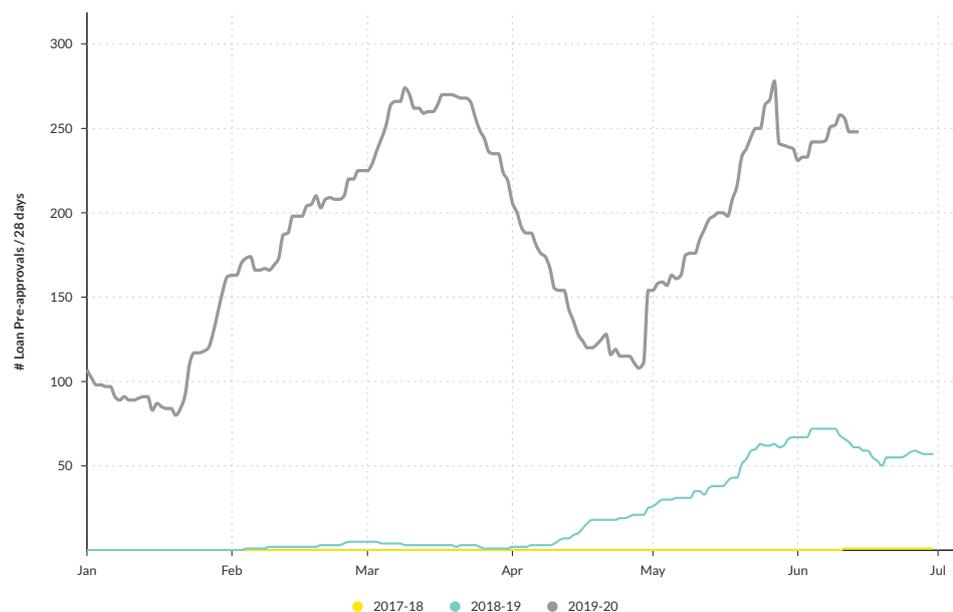
- Interest rates are at record lows - 27% lower than 12 months ago. Importantly, the general consensus among economists is that they will remain at these low levels for the foreseeable future.
- Interest rates are a driver of home affordability and in many areas, while prices have risen in the last 12 months, corresponding interest rates have reduced.

- Banks and lenders remain very supportive of lending for residential property. The chart below shows the monthly home loan pre-approvals recorded by the Loan Market Group, which is our loan brokerage partner and New Zealand's largest independent broker that settles over NZ\$650 million in loans per month. Pre-approvals are indicative loan approvals obtained by buyers before they buy a property to enable them to bid confidently.
- Record levels of government stimulus is part of the supporting reason behind a high proportion of buyer sentiment.

Evidence of the strong demand is illustrated below showing the number of enquiries we have received on our raywhite.co.nz and raywhite.com sites which has seen a significant increase in direct enquiry and search based visitors.

Loan preapprovals

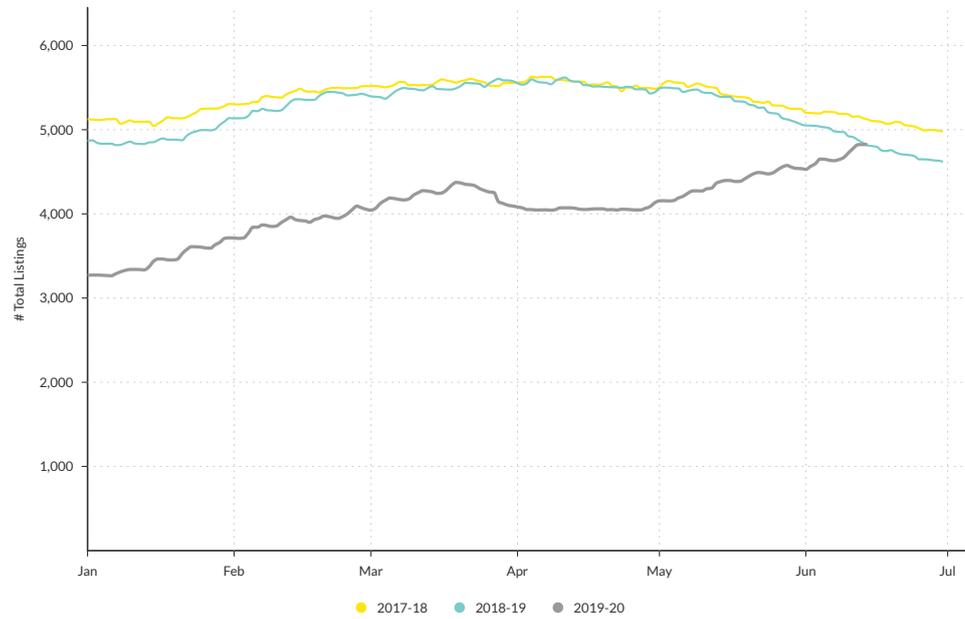
This chart compares the number of loan preapprovals submitted via Loan Market brokers over the 17-18, 18-19, and 19-20 financial years. It shows higher levels of preapprovals now compared to 12 months ago



Source: Loan Market

Total available listings

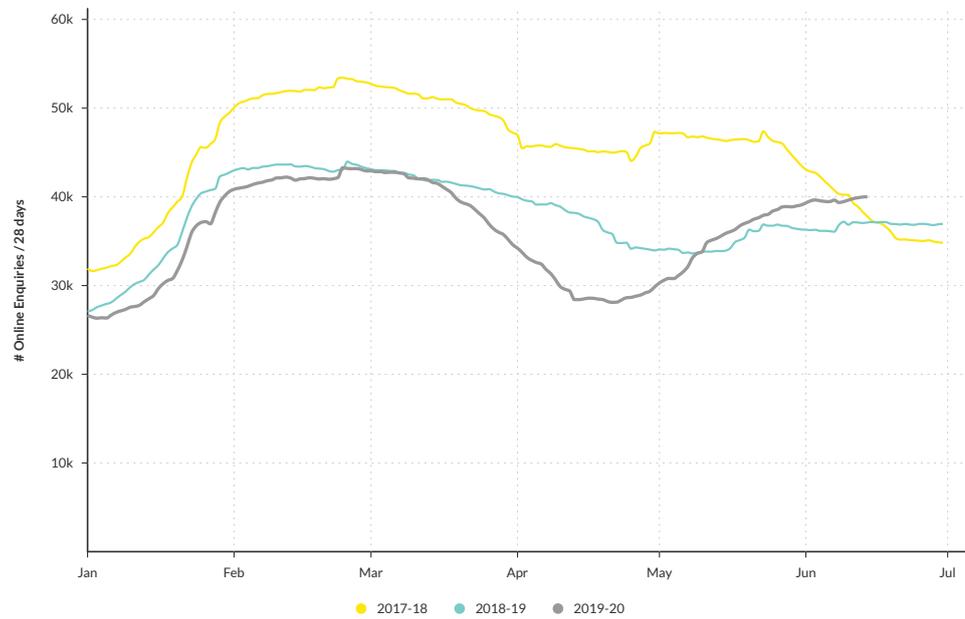
The chart illustrates how the reduced number of new listings to the market combined with a healthy number of sales still taking place up to 15 June 2020 has reduced levels of properties for sale.



Source: Ray White Listings Data

Online enquiries

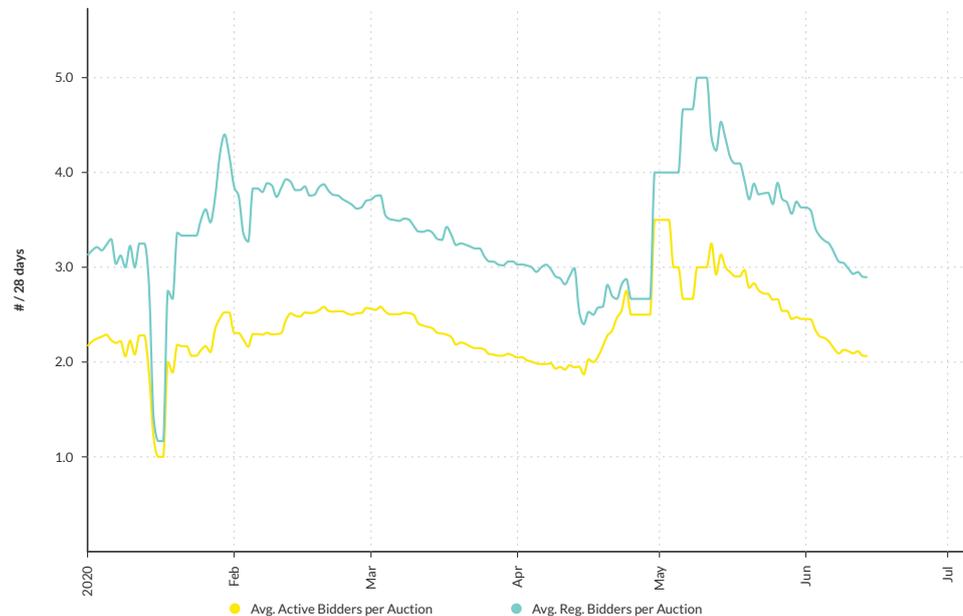
This chart compares the number of online enquiries made through Ray White websites over the 17-18, 18-19, and 19-20 financial years. It shows that there are more online enquiries now than 12 months ago.



Source: Ray White Online Analytics

Bidding by month

The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 as at 15 June 2020. This is certainly an area that is underpinning prices continuing at strong levels.



Source: Ray White EARS Auction Reporting System

In summary, less supply and strong demand create favourable selling conditions. The current conditions enable us to fulfil our fundamental duty to our sellers: to do everything we can to create as much competition for your home as possible and deliver a premium result for you.

If I am considering selling, why should I go to market now?

Whilst the current selling conditions are strong, it remains extremely hard and uncertain to predict what may happen in the property market over the next six months, 12 months and certainly the next few years.

There are many economists predicting that property prices may decline over the next year or so. When you consider the two basic fundamentals that drive property prices - supply and demand - many are suggesting that supply may outweigh the demand in the next six to 12 months and possibly longer, creating conditions less favourable for sellers.

How have these opinions been derived? The key government stimulus package (the Wage Subsidy Scheme) is currently scheduled to end this month, although qualifying businesses are able to apply for a further eight-week extension through to the end of August 2020. Banks have offered a large number of homeowners mortgage deferment support which is scheduled to end in September 2020. Many experts are saying that when these support measures come to an end we will start to see larger volumes of new properties come onto the market, causing a large supply of properties available for purchase.

What many economists are saying that the next 12 months may hold:

- Wage subsidy support finishes;
- Mortgage deferment support ends;
- Significant rise in unemployment; and
- Therefore the number of properties for sale will increase and there will be less buyers looking to purchase property.

Regarding buyers, the withdrawing of government stimulus and the potential for a steep rise in unemployment may result in fewer buyers having an ability to purchase properties. The New Zealand Treasury is forecasting unemployment to peak at 9.2% this year.

Because of the above considerations, the news is full of comments by economists speculating that property owners will not achieve a better result by waiting to sell in six to 12 months, or even longer. In its May New Zealand Property Focus report ANZ economists confirmed their previous forecasts and expect to see house prices to fall 10-15% over the coming year, compared with an 8-10% fall in GDP.

There are some economists that are not as concerned by these potential risks to the economy. They point out that significant low-interest rates will provide a sustainable buffer to home affordability, and that the rise in unemployment is in sectors that will not materially impact buyer activity. However, even these economists acknowledge there could be downward pressure on prices over the medium term.

It is for these reasons that many are saying if you are thinking about selling over the next year or two, now could be the time to achieve the best result.

Selling now takes many of the above risks out of the equation and enables you to sell with maximum certainty. The alternative to avoiding the potential risks ahead is to postpone selling your property for the next few years if you can.

Why is there buyer confidence at the moment?

There are many reasons for the current buyer demand. The most significant of these reasons relate to finance.

With interest rates at all-time lows now at below 2.7% and with banks being supportive of purchasers, we are seeing many buyers wanting to take advantage of these factors. Obtaining secure credit on excellent terms while they are available is certainly influencing demand. This is not only the case with first home buyers but across all sectors of the market.

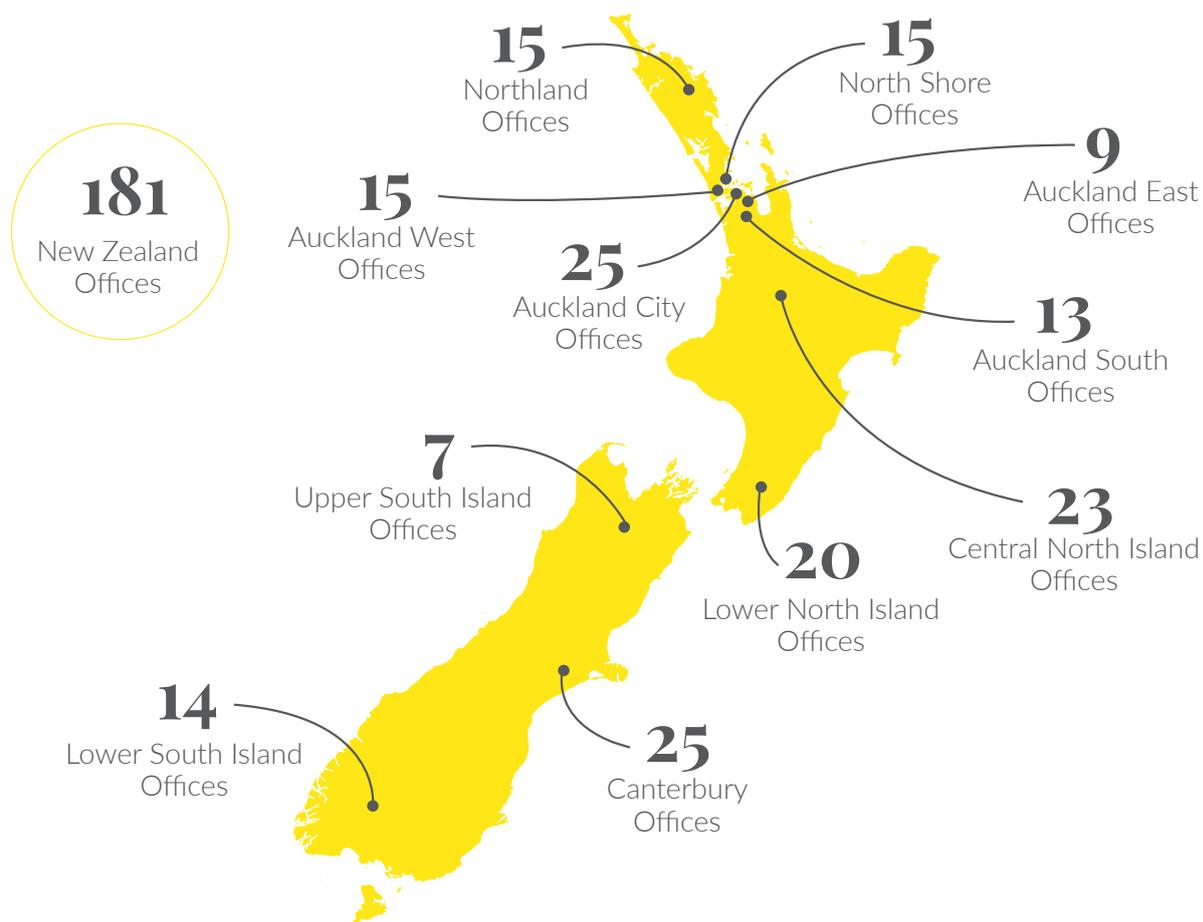
Fortunately, we continue to see confidence in buyers with job security working in industries not materially impacted by the current economic environment.

In any market environment, there remains a significant number of buyers who are looking at buying and selling within the same market. When you consider this, market conditions generally don't weigh in as much on the decision for those looking to upsize, downsize or relocate.



Ray White Chief Auctioneer John Bowring, auctioneering 3 Fernleigh Avenue in Epsom for Ray White Royal Oak Principal Rohan Thompson.

Why is Ray White considered in so many markets to be the leader?



We believe that we are the market leader in many markets because we have built market share during times of uncertainty. Maintaining faith in our ability to create competition for our sellers in all markets with relentless enthusiasm has been our uniqueness.

Our role is to be the "Competition Creators". We understand that once your property has been sold your key question will be, "Have we achieved the very best price possible in today's market?" At Ray White, we do this by creating competition among potential buyers.

In today's market, there is a lot of information readily available to buyers through online research. Buyers assess this information and develop a perceived market value estimate and thereby creating a "ceiling" price.

The only sure thing that can change a potential buyer's mind and increase their offer price is the realisation there are others who desire the property and are prepared and willing to pay more.

Creating competition is the best way to achieve an exceptional result for your property. Through the interplay of competition, it's our aim to achieve a figure which we are happy to present to our sellers - a figure that is a reflection of the buyers competing for the property.

This is what we call creating competition. That is how we profess to bring true value to our clients who are selling their property.

So how do we create the most competition for your property?

1. Marketing exposure



Most innovative auction business in New Zealand

Our enviable position comes from an unwavering commitment to marketing and auctions - whether that be safely on-site or in-room.

Ray White listed 1,506 properties during May, with a sales rate of 85.7%.

In April, Ray White had 37.6% market share in regards to auction listings. That means more than one in three properties listed for auction was with Ray White.

Our national team of auctioneers quickly adapted to our new auction process, using our unique technology that was created by our team of in-house experts.



Tender and Exclusive Listing

Our approach to Tender and Exclusive is aligned with our marketing methods of creating competitive situations between buyers to create the best outcomes for our vendor clients.

We have never lost faith in the value we can bring our vendors in a challenging market through effective marketing. If you choose to sell, we will be suggesting an investment in marketing, as we believe it enables us to maximise competition and clearly illustrate your intent to sell and therefore attract genuine buyers. We appreciate that some people would prefer to sell quietly, or off-market, and while this is not a normal recommendation we welcome discussion on all opportunities to take your property to the market.

2. Generating buyer enquiry

Being one of the largest real estate groups in the country has direct advantages for our sellers. Our ability to target the largest pool of buyers within a campaign is a strength which you can be confident will assist us in delivering the best possible result for you. In the current market conditions, it's critical to target the broadest possible audience and to be as efficient as possible in tailoring appropriate messaging to your potential buyers. After all, our focus is to seek out the buyer for your property that will pay more than everyone else.

We do this by having the greatest number of relationships with buyers in the market today. Combine our relationships with our use of technology, we can engage with buyers on a level that will ensure we can find the premium buyer for your property.

In addition to our ability to target broad audiences, Ray White Concierge, our communication specialists, unique to Ray White, can target one of the most influential audiences, our local communities. Our 119 years of real estate experience has enabled us to understand that a catalyst for creating competition is leveraging the local community and our data shows that in some cases, up to 60 per cent of property purchasers come from neighbours and their friends.

Concierge is able to communicate to property owners in surrounding streets, positioning your property to ensure that it is at the centre of our communities' attention. With our dedicated team of 100+ Ray White Concierge specialists, Concierge in coordination with our appointed agent, can deliver a layered community communication program including telephone calls, SMS and email, ensuring that the most influential people are alerted early to the sale of your property.

3. Unrivalled brand presence and media profile

As Australasia’s most successful real estate group, supported by a dedicated and highly experienced team of newshounds in our PR team, we are able to generate maximum exposure for our customers.

Our media exposure dominates all other brands in terms of publicity - which is the sweet spot.

To put a price on the power of the media coverage we create, it was worth \$15.8 million in May, and \$85 million in April 2020.

We have a dedicated team of highly experienced in-house journalists who can get your property the exposure that money can’t buy.

When a home is listed with Ray White, our clients are introduced to the national public relations service; a team that’s plugged into the New Zealand media and has the sole focus of achieving more exposure for the properties we sell, to the audience that matters most.



Online Stuff Article - Tiny boatshed for sale in Whangarei: Could this be your next bolthole?

4. Deep data set

In times of uncertainty, property sellers need facts, not media speculation, to be able to create informed decisions. Whether that be a decision to list your property on the market or to be in touch with real-time market conditions. The reliance on data and proof points has never been more important for good decision making.

As the most successful real estate group in Australasia, we have access to the largest pool of up to date information available and have the experience to help you analyse relevant data to help you make the right decision.



Ray White's innovative data portal, Ray White Pulse.

About Ray White

Ray White is a fourth-generation family-owned and led business. It was established in 1902 in the small Queensland country town of Crows Nest and has evolved into Australasia's most successful real estate business, with over 1,000 individual offices across Australia, New Zealand, Indonesia and Hong Kong. Last year, Ray White sold over \$40.7 billion worth of property.

Ray White today spans residential, commercial and rural property as well as marine and other specialist businesses. Now more than ever, the depth of experience and the breadth of Australasia's most successful real estate group brings unrivalled value to our customers. A group that has thrived through many periods of volatility, and one that will provide the strongest level of support to enable its customers make the best real estate decisions.



Ray White's first auction house, 'The Shed'.
Crows Nest, Queensland.

Loan Market

Loan Market, New Zealand's multi-awarding winning mortgage group has been helping Kiwi's with their financial goals for over 26 years (and counting). In these trying times, brokers have been supporting clients to understand their options and help navigate the complex banking world and ensure everyone can get access to a more competitive deal when it comes to loans.

While interest rates are at "all-time" lows now at below 3% across all parts of the interest rate curve, access to credit is tight, as such, advice is essential. Loan Market has access to New Zealand's widest range of banks and lenders you know and trust, talking to our Loan Market Advisers will help navigate the options to ensure buyers are approved to their maximum buying power.



raywhite.co.nz



loanmarket.co.nz