

RAY WHITE **NOW**

Real time residential market insights
22 June 2020 - New Zealand

Dear Property Owner,

There continues to be a number of complex data inputs that accurately validate the current market trends for buyers and sellers.

We are proud to present our weekly Ray White Now document, which provides real-time data directly from our members customers and clients.

It continues to be turbulent times, both socially and economically, with various pressures on the market continuing to shape a changing environment and, in turn, the decision-making for many of those who are considering transacting in the current real estate market.

The decision to buy or sell real estate raises many questions, particularly around the consistency of conditions and the variables which may exist in regards to the timing of individual real estate transactions. There continues to be a lot of speculative reporting in regards to the real estate market generally and while this forecasting is mainly based on past data, we believe that having accurate real-time data is a more correct platform for making important decisions when considering your real estate needs.

In compiling the Ray White Now report we provide data which cuts through to the most important matters; including the total listing portfolio, live listings, current sales and also trends involving auctions and pre-approved buyers. These metrics make up important balances in a market that is sometimes predicted via individual biased and single performance indicators.

Our highly skilled team is able to answer your 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 advice through our association with Loan Market group in New Zealand.

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

We welcome you to talk with any of our team through 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. The signature is fluid and cursive.

Carey Smith

Ray White New Zealand Chief Executive

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The real estate market continues to perform well after last week's positive results.

As we move into the third week of June, the real-time statistical data remains clear that the real estate market continues to perform well, both in terms of volume and also turnover. Despite the economic changes that we are experiencing prices have remained consistent, with listed prices increasing over the past four weeks by 6.8% across New Zealand.

As we move further into this economic cycle, there is more data available for real estate commentators to now provide accurate and re-adjusted analysis of the previously speculative forecasts that they were providing to the market.

We welcome the fact that our information has been used widely to inform the marketplace rather than influence.

During the past seven days we have been afforded by sellers to market 351 properties and these include the range of marketing methods through auction, tender and exclusive control marketing. The sales results have reflected a continuous positive buyer response, with consistent bidding at auctions and a high buyer enquiry rate through our marketing channels for all forms of property.

Home loan rates remain at record lows and this is providing an easier entry to home affordability for many purchasers in the market.

Market fundamentals remain strong

Our sales results for the first three weeks in June are positive news for all New Zealand property owners.

While there continues to be an area of uncertainty about the real estate market, and indeed many other financial areas, during the first three weeks of June we sold 1,101 properties valued at NZ\$811 million. This represents 81% of the number of sales that were completed in the same time in 2019. This in itself shows the strong resilience in depth of the buyer pool purchasing property currently.

Prices remain strong and well in line with those achieved in the last 12 months. It is clear that some markets are considerably stronger and buyer activity is best evidenced by the fact that our average number of bidders continues to be higher at 3.6 per auction so far in June, which is up by 25% on the same time last year. We feel that buyers may also be seeking certainty in their purchases and auctions give the transparency that many are looking for to gauge market value.

There are other underlying variables which are assisting the market remaining buoyant and confident for both buyers and sellers.

In Wellington Carl Perkins General Manager of Ray White Wellington said that, "In our region, it is simply a case of supply and demand. With listings across the area being down around 21.9% and the increase from buyers being pre-approved and wanting to purchase it is creating strong sellers advantage now."

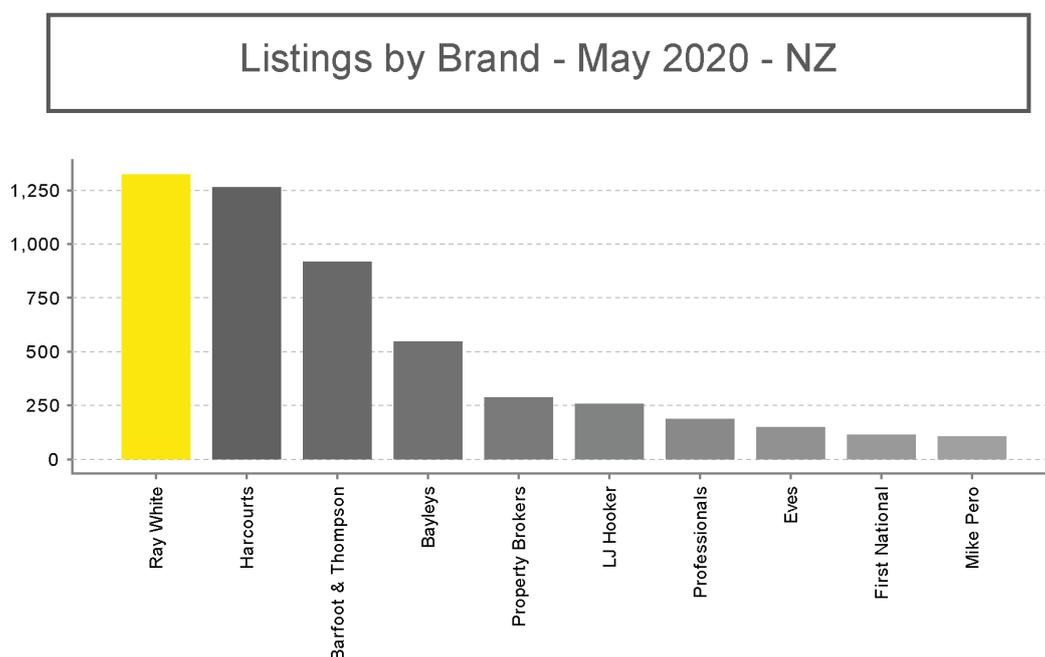
To those clients and customers who have trusted us with their marketing for the property over the last period, and also to all our members who have been unyielding in their commitment to overcome the obstacles and create greater competition for these sellers, we wish to thank all the parties who continue to be involved in ensuring positive outcomes.

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.

Selling in the current environment

During the month of May we were proudly supported by the greatest amount of clients deciding to sell during this period of uncertainty.



Like most property owners, you may 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? Will I achieve a premium price from the current market? What are the different variables which play a role in how many buyers will be interested in my home? These are all very valid questions and ones which we can provide accurate responses to.

We, of course, don't want our clients to make decisions to stay out of the real estate market based on speculative reports or negative stories about the future of prices without actual information.

Our real-time data creates an accurate picture of the balance between buyers and sellers and what makes the market remain strong, together with what is giving buyers continued confidence to purchase properties.

Your location and area will have various aspects that individual team members can have supporting information for you to help with your questions.

On the North Shore of Auckland, General Manager of Ray White Beach Haven, Verrans Corner and Glenfield Lauren Davies commented that, "There is no doubt we are seeing more listings come to the market and while normally this would be advantageous to buyers it seems to be more about providing choice for buyers to buy and in doing so bringing more purchasers to the market."

We have created Ray White Now to provide clarity to all of our customers on what is happening in the market today. If you are considering selling we can explain to you how you can take the best advantage of the current conditions and achieve the best possible outcome for your property sale.

Why are we seeing strong sales results now?

There is no single factor which provides the basic elements of why sales results continue to remain strong. There are however two basic fundamentals of supply, being the number of properties available for sale and the demand which is the number of active buyers in the marketplace, that still plays a significant role in establishing market conditions that remain favourable for sellers and giving buyers confidence to purchase.

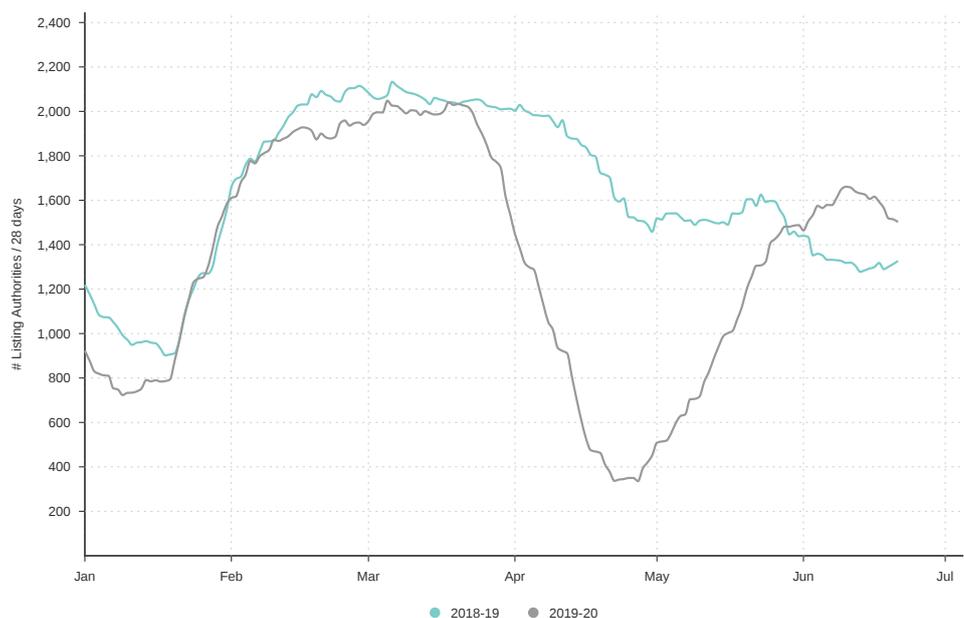
During the month of June we have seen an increase in new listings coming to the market and while this in ordinary terms may mean a greater amount of supply right at the moment, the increased number of buyers in the market that have still not been satisfied gives confidence to sellers to be able to actively market their property given the sustained high auction clearance rate that we have across the country.

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.

Listing authorities

The chart illustrates the reduced number of new listings that is currently coming onto the market up to 22 June 2020.



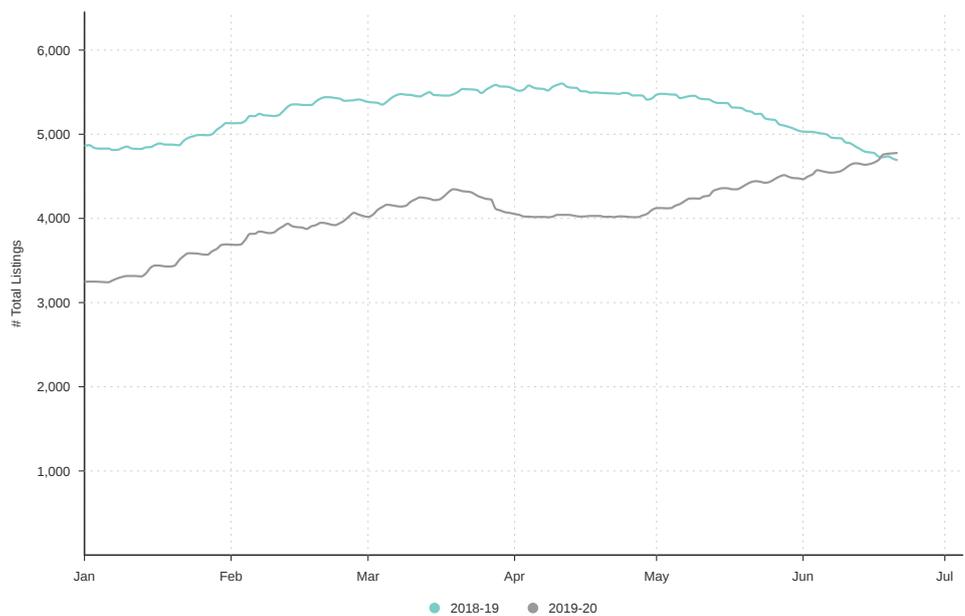
Source: Ray White Listings Data

“The demand from buyers who are pre approved coming to our properties is being converted across into the auction bidding room where we are seeing a continued strong buyer pool compete for properties which are giving strong sales results now.”

Rohan Thompson business owner from Ray White Royal Oak

Total available listings

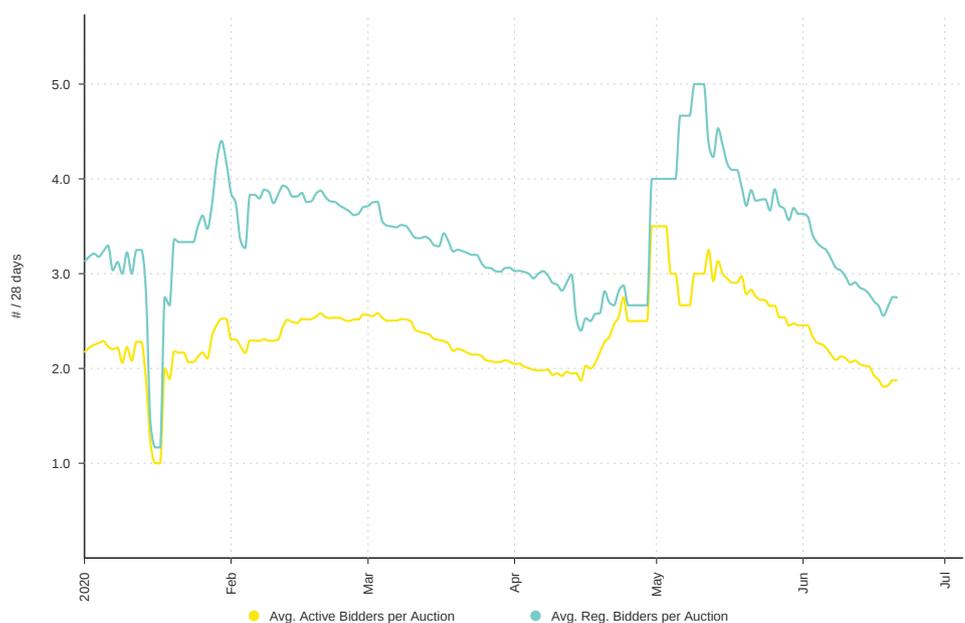
The chart illustrates how the reduced number of new listings to the market combined with a healthy number of sales still taking place up to 22 June 2020 has reduced levels of properties for sale.



Source: Ray White Listings Data

Bidding by month

The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 as at 22 June 2020. This is certainly an area that is underpinning prices continuing at strong levels.



Source: Ray White EARS Auction Reporting System

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 have always been influential on wise decisions particularly around affordability and the general consensus that interest rates will remain low for the foreseeable future.

Today interest rates are at record low levels and are advertised from 2.60% fixed for a one year period.

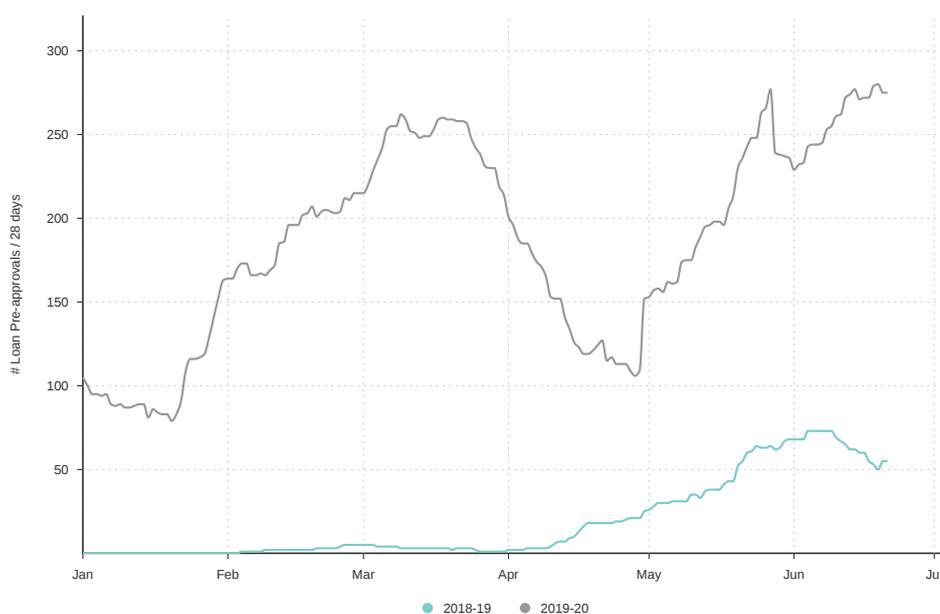
- Importantly, the general consensus among economists is that they will remain at these low levels for the foreseeable future.

- 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

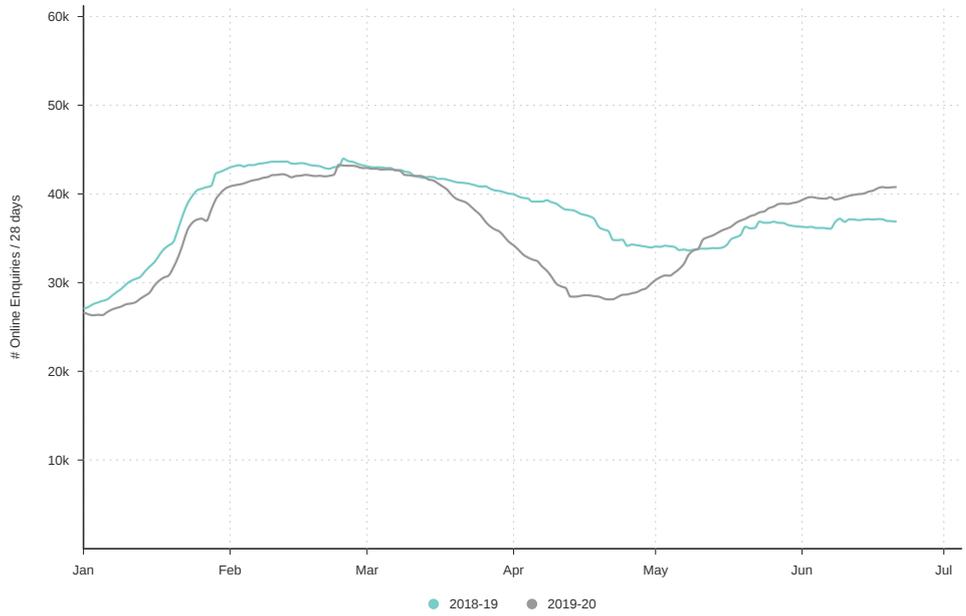
This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the 18-19, and 19-20 financial years. It shows higher levels of pre-approvals now compared to 12 months ago.



Source: Loan Market

Online enquiries

This chart compares the number of online enquiries made through Ray White websites over the 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



If I am considering selling, what are the reasons why I should go to the market now?

In Central Auckland leading business owner Megan Jaffe from Ray White Remuera said, “We have been achieving amazing results at our Ray White office. Results that are beyond last year and continue to support sellers who are choosing to market now. There are great prices and there is a great depth of buyers so we see now is a particularly good time to sell.”

Whilst the current selling conditions are strong, it remains extremely hard and uncertain to predict what may happen in the real estate 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.

Right at the moment these fundamentals are not evident, giving strong reasons to go to market.

Let's have a closer look at why these opinions have been derived by key economists. Firstly the 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 late 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 coming 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 June New Zealand Property Focus Report, ANZ economists confirmed their previous forecasts and expect to see house prices to fall 12% over the coming year, compared with a 6% 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 and in particular interest rates.

Across Canterbury and the Selwyn District, business owner Emma Langton-George said that, “In speaking with a lot of buyers, there is an opportunity to secure lending at such low and affordable rates that have never been available in the past. This is certainly an overriding factor in our area for buyers purchasing at the moment.”

With interest rates at all-time lows now advertised from 2.6% 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.



Listing agent Charlie George of Ray White Whangarei with Hein Van Zyl (right) the lucky purchaser of the small Whangarei boatshed that sold under the hammer last Wednesday night.



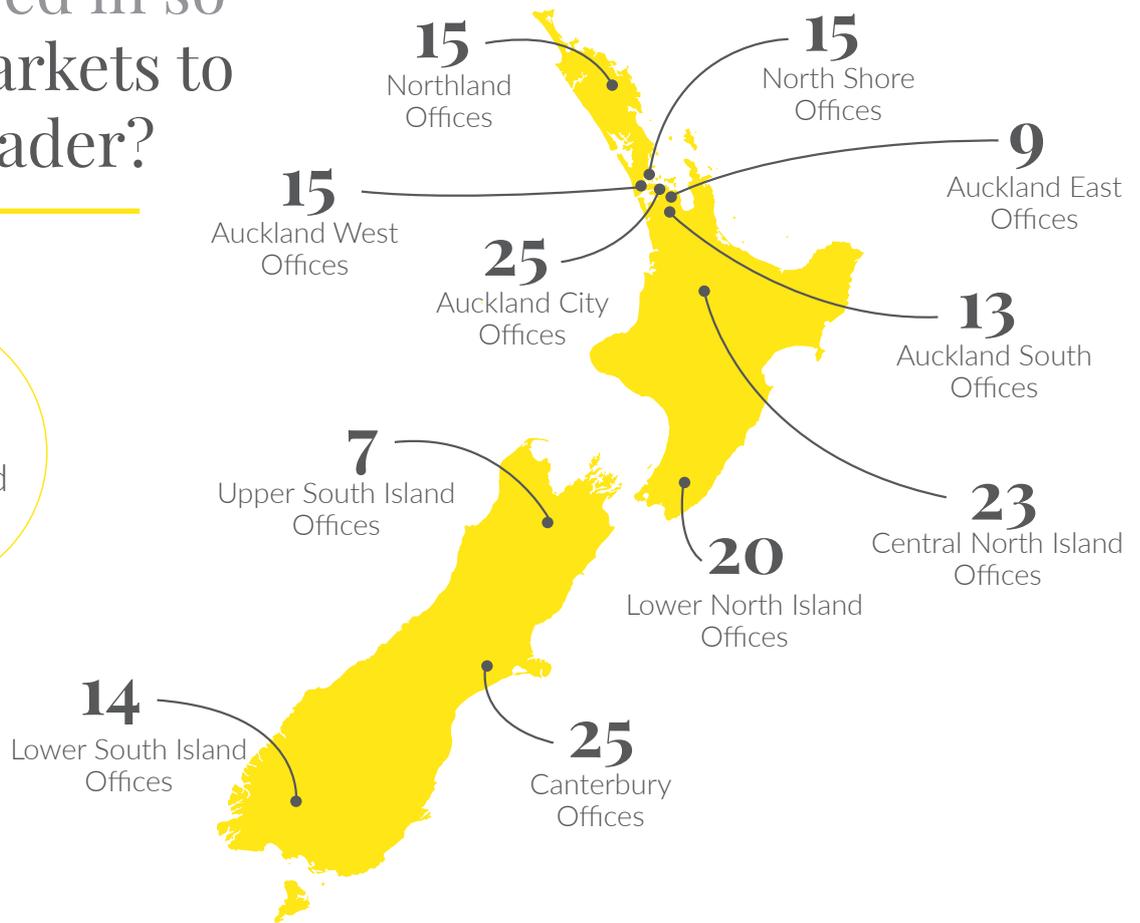
Ray White auctioneer Tim McGoldrick, auctioneering 126 Northcote Road, Christchurch for Ray White Metro salesperson Rebecca Toone.



Ray White auctioneer Ben East, auctioneering 19 Gwilliam Place, Freemans Bay for Ray White Ponsonby salesperson Angela Saunders.

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

181
New Zealand
Offices



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, 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.

In the Northland zone Ray White is the market leader with 13 offices and zone chairperson Gary Steed from Ray White Kaitia said, “Our ability to create competition has never been more important. We have a restless enthusiasm to get great outcomes in our customer satisfaction and our results for clients. That has allowed us to proudly establish ourselves as the market leader in many individual New Zealand locations.”

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 June, Ray White was the highest lister of property across New Zealand.

Last week, Ray White New Zealand had a 55.9% auction day clearance rate (up 2.55% on the previous year) and an auction campaign clearance rate of 72.4%.

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% 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 - Rookie agent, just 21, is already a high achiever with home of her own

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 New Zealand, Australia, 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 to 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



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