

**RayWhite**

# RAY WHITE **NOW**

---

Real-time residential market insights  
6 July 2020 - New Zealand





Dear Property Owner,

As we move into the beginning of July, the property market continues to show positive signs across most areas throughout New Zealand for buyers and sellers. Our latest real-time statistical data gives a clear indication of the success being achieved in the area of property sales and is backed up by the confidence that buyers have with continuing low interest rates and home loan affordability.

During the month of June there was continued confidence from sellers to market property. The overall rate of listing was 36% higher than June last year and this sends a clear signal that the market is not only functioning at positive levels, but also creating choice for buyers at a time when many suggested this would not be the case.

Indicators, including open home attendees, registered auction bidders, pre-approved homebuyers and an increase in sellers, have all shown that within our data there are strong fundamental reasons as to why the market continues to remain positive for those within the real estate transaction.

There is no doubt that there are continuing speculative reports by economists predicting a dire outcome for property owners. This is clearly not the case as we see it now. We would agree it is hard to suggest what might happen in the future and we are not here to give nonfactual reports on what could happen rather than what is happening.

We believe that those who are considering buying and selling today will have many questions based on the activity within the market and what can be actually reported on, which gives the most accurate picture of where the market sits today for those who are considering a property transaction.

We will provide you with confidence from our members who have detailed information that can give you up-to-date data that is aligned with the actual market activity.

Ray White has 182 offices across New Zealand and we welcome your enquiry to assist with your property transaction.

Regards

A handwritten signature in black ink, appearing to read "Carey Smith", is positioned above the printed name.

Carey Smith

Ray White New Zealand Chief Executive

# CONTENTS

# 6

Market fundamentals  
remain strong

# 7

Selling in the  
current environment

# 8

Why are we seeing  
strong sales results now?

# 12

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

# 13

Why is there buyer  
confidence at the moment?

# 14

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

# 15

How do we create the most  
competition for your property?

# 19

About  
Ray White

# MARKET FUNDAMENTALS REMAIN STRONG

**Len Day Ray White Central West**

***“Our group of offices have been experiencing continued high demand from buyers and when we describe market fundamentals we talk about supply and demand which remains still in the seller’s favour. We have a deeper buyer pool that while still seeking choice are making decisions to purchase property. Our auctions continue with a very high success rate and this is positive for both buyers and sellers.”***

As we begin the first week in July we take a positive view from our real-time statistical data which remains clear that the real estate market is continuing to perform well, both in terms of volume of sales and also turnover which has been achieved particularly in the last month of June and has shown a 12.3% increase on the previous June in 2019.

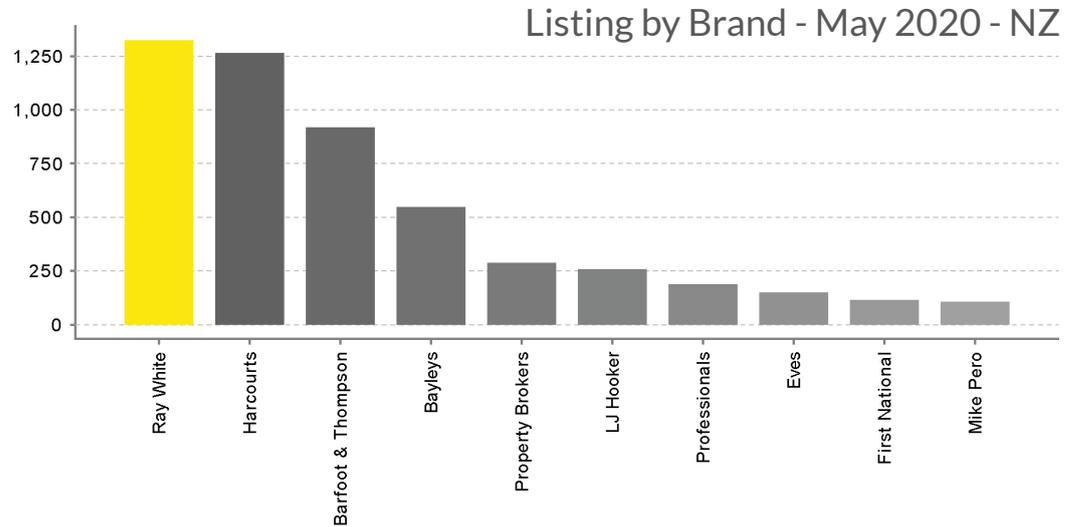
As we move further through the economic cycle there continues to be more data available for real estate commentators to now provide a much more accurate and generally readjusted analysis of the current property market activity. The market fundamentals are important based on real-time informed information rather than the influencing which has been part of the headlines.

During the past seven days we have been afforded more property to market than we have seen at any time in the last 12 months. In itself this is extraordinary, but it shows the value that is being created from the market and how the current market activity is not being slowed by potential influences that have come into the market during the past three months.

There has been a continued positive response from buyers. Low interest rates and home lending affordability are two key measures of the reasons why we are seeing purchasers wanting to move forward with their real estate transaction. It’s important to realise that this is not in every market as an outcome but currently we are getting more property available for sale and this is providing choice for purchasers, and while the buyer pool continues to be at a good depth level, it is important that property is marketed positively and responds to buyer feedback.

# 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.



**Gregg Tickelpenny Ray White Te Awamutu**  
*"The current environment is driven by low interest rates and affordability. Our offices cover South Waikato and King Country. We have had an influx of interest for property in our area. The buyers are seeking value, through choice and they are looking at property that is positively marketed. Selling in the current environment is about matching those buyer requirements to get a great outcome."*

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.

Over the past seven weeks in 'Ray White Now' we have been highlighting the great resilience of the real estate market despite economic uncertainty.

We have advocated the advantage for potential vendors to sell in today's market through our real-time data which 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.

We are now seeing an increase in new listings coming to the market. Fortunately we continue to see strong buyer demand, as illustrated in our online enquiry data and the number of bidders at auction.

Despite the strong results we are seeing, as we have said for some time, there is potential risk in the market later in the year for the important reasons we discuss on the following pages.

By listing now, sellers will have the opportunity to avoid potential future risks in the market and transacting in a well-balanced market that is presently generating strong results for our clients. As you consider any campaign to sell your property, we recommend that you consider how your agent will create competition and achieve the best price in today's 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 explain how you can take advantage of the current conditions to achieve the best possible sales outcome for your property.

# WHY ARE WE SEEING STRONG SALES RESULTS NOW?

**Brad Chittick Ray White Masterton**

*“In June we saw an extraordinary level of interest from buyers which converted into sales. We have also seen a record number of listings which allow buyers choice and in having choice, it has given them a reason to purchase. Historic low interest rates and affordability are other reasons why we are seeing strong sales 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 the confidence to purchase.

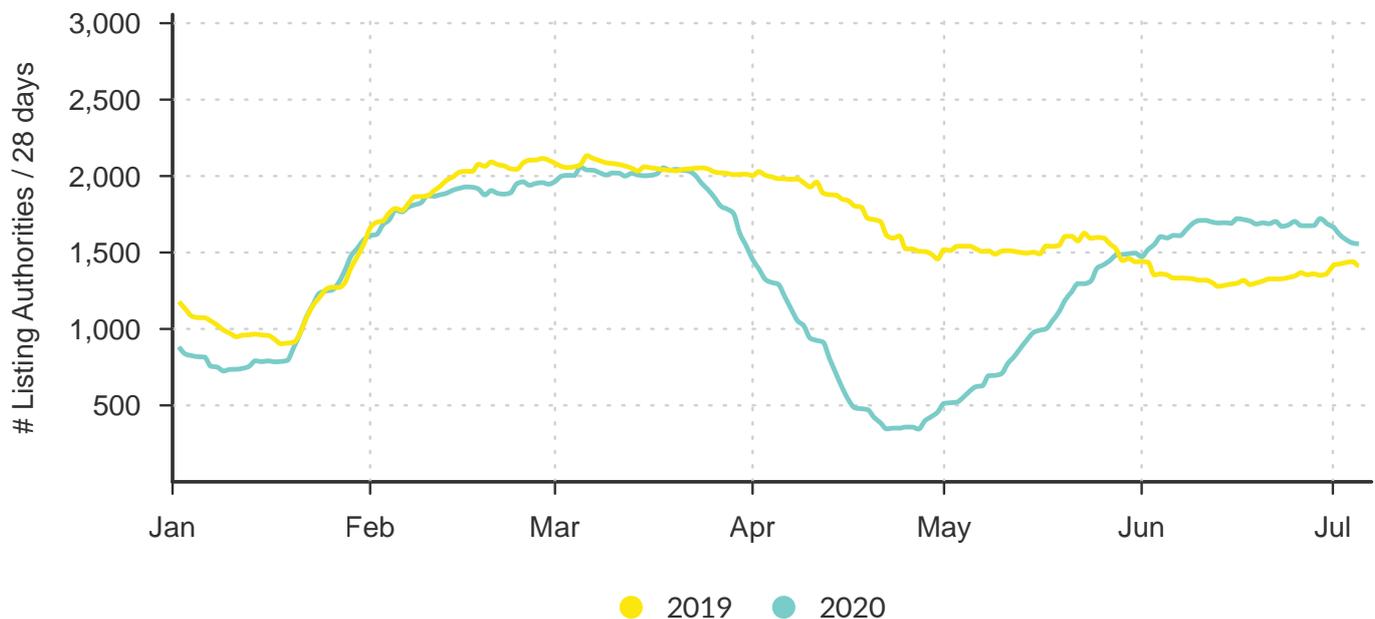
Our clients that have come to market in recent weeks have achieved largely great results because of the basics of supply and demand. While the number of new listings has increased in June this could be due to a number of reasons that gives sellers confidence - the increased demand currently in the market that has still not been satisfied, together with the sustained auction clearance rates across the country. However, our strong suspicion is that there has been a return of confidence in the market.

In the month of June, we saw a major change in the market dynamics from a national perspective. In terms of total listings on the market at the moment, we are above where we were last year. So while there is more supply than in the past few months, the buyer pool is deep.

There are a number of considerations we take into account when looking at the amount of buyers active in the market.

## Listing authorities

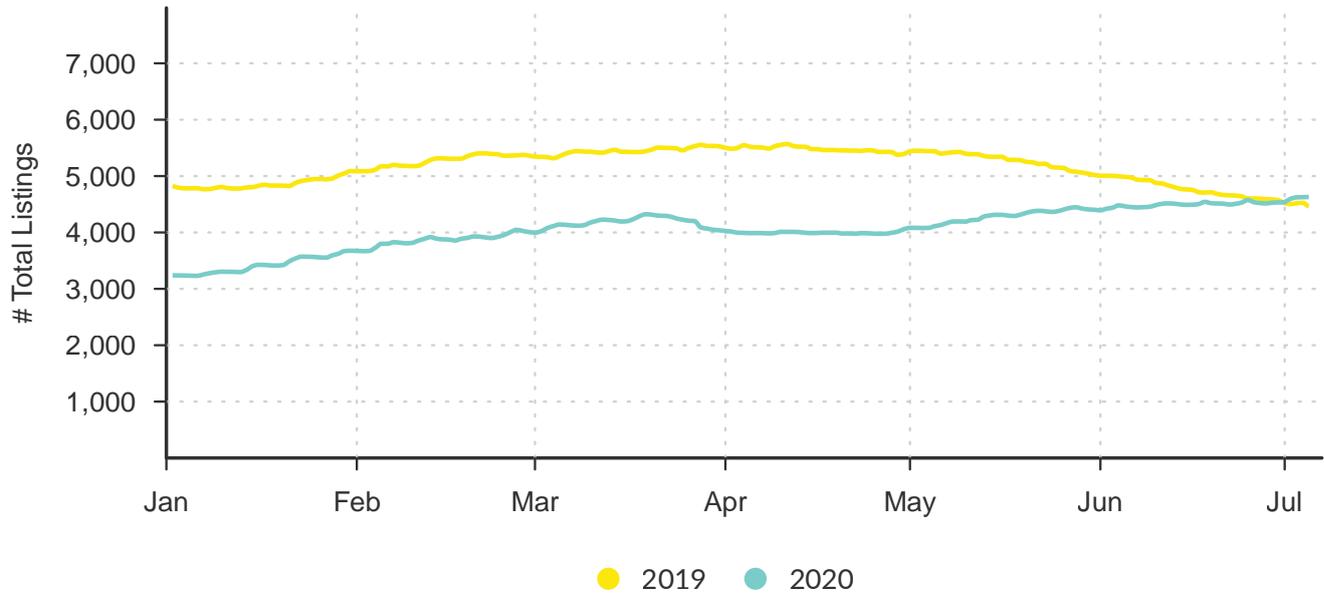
This chart illustrates the reduced number of new listings that is currently coming onto the market up to 6 July 2020.



Source: Ray White Listings Data

### Total available listings

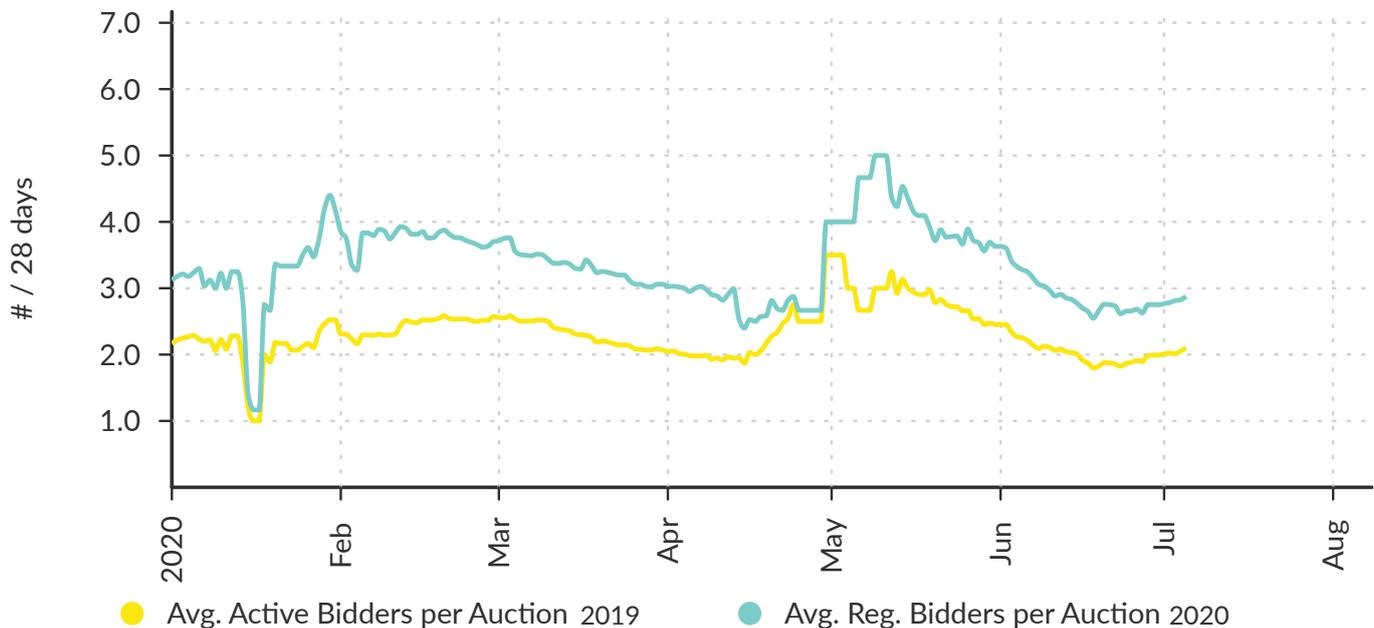
This chart illustrates how the number of new listings to the market has recovered as at 6 July 2020 to be slightly above last year.



Source: Ray White Listings Data

### Bidding by month

This chart illustrates that the average number of bidders per auction has remained consistent through 2020 as at 6 July 2020, which is up on last year. This is certainly an area that is underpinning prices continuing at strong levels.



Source: Ray White EARS Auction Reporting System

Buyers normally start their journey by looking online. Online enquiries show that the number of buyer enquiries on our websites is now up on this time last year. In fact, we are seeing increased levels of online traffic across our Ray White websites. Industry portals like realestate.co.nz and trademe.co.nz/property are also reporting significant increases in buyer enquiry.

The usual next stage in the buyer journey is property inspections followed by offers on property and buyers bidding at auction. This is transparently reported through our auction data. 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 at the same time last year.

In the past quarter household financial choices are now showing a change in banking habits that are seeing households shift away from term deposits and holding ready cash in more flexible savings accounts for quick access to liquidity. Interest earnings on cash have become relatively irrelevant in household decisions as they prepare for both opportunity and crisis with their current funds.

Pre-approvals are a key leading indicator to buyer confidence knowing they have the financial capacity to buy the property. Loan Market, our loan brokerage partner, is currently sitting on over NZ\$1.05 billion of pre-approved buyers across New Zealand. These are buyers ready to make offers with no finance clause required.

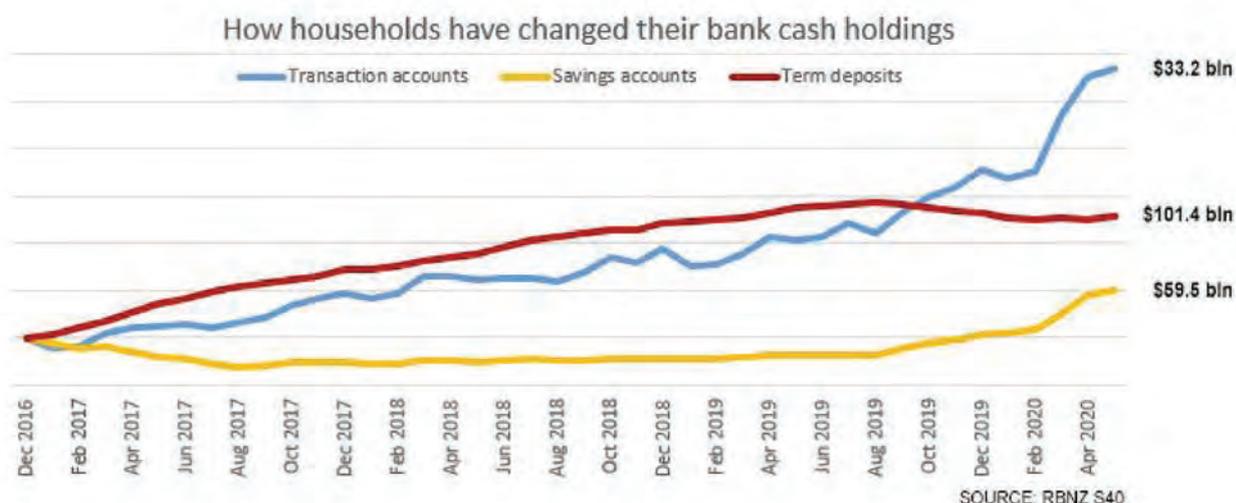
### So what factors are contributing to buyer confidence?

**Gower Buchanan Ray White Ponsonby**

***“For our area it is the transparency of competition - creating competition is what we do and when buyers see other buyers confidence is given from market value. There is, of course, historically low interest rates and this is helping with affordability but, in essence, confidence comes from choice, being able to pay market value and also understand the depth of the competition.”***

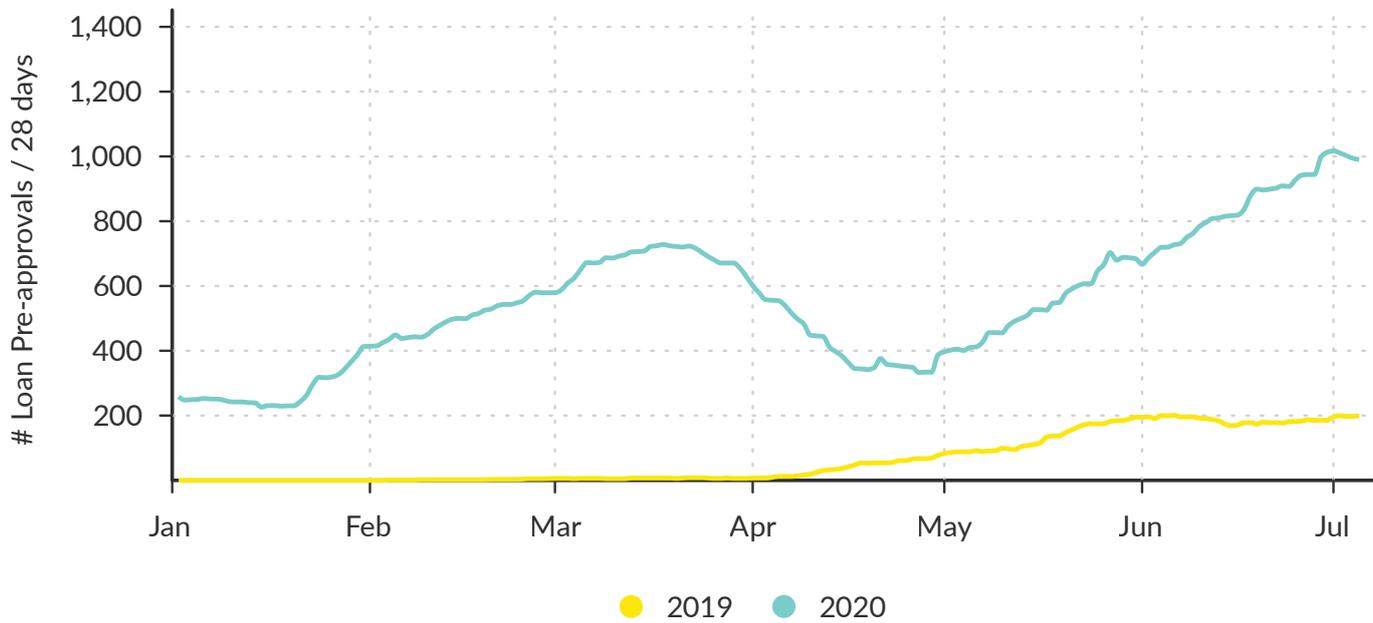
Today interest rates are at record low levels and are advertised from 2.65% fixed for a one year period.

- 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 are part of the supporting reason behind a high proportion of buyer sentiment.



### Loan preapprovals

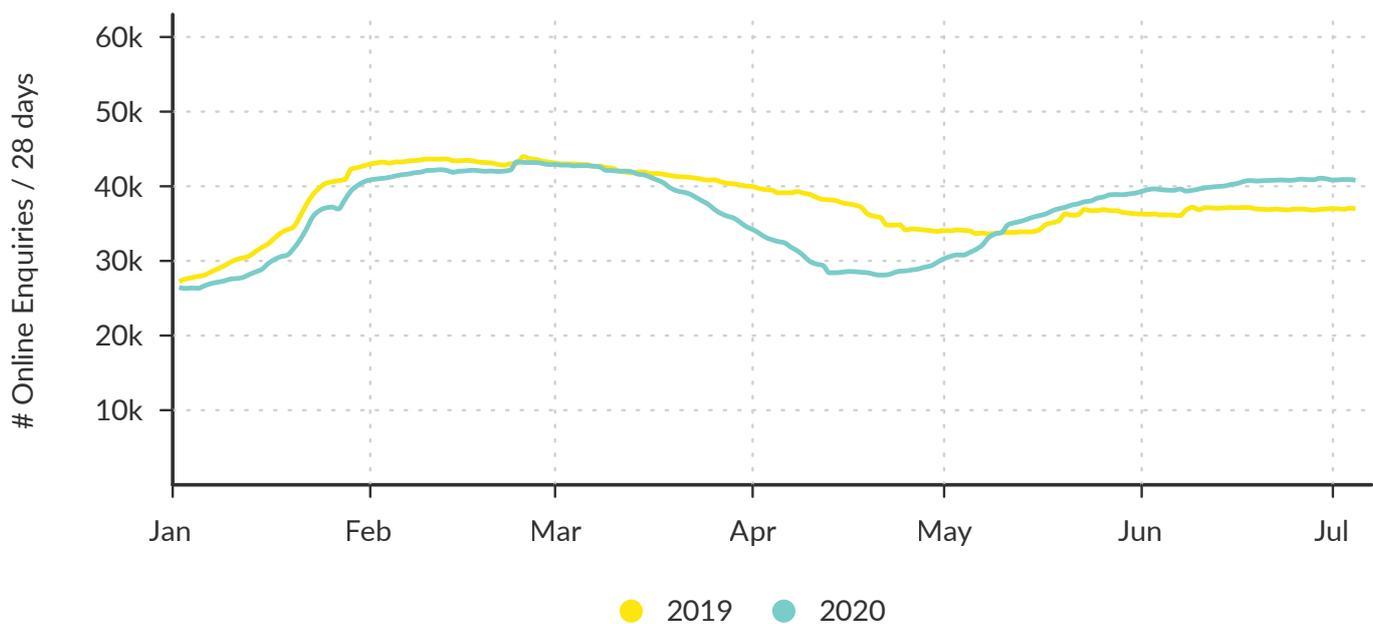
This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the 18-19, and 19-20 financial years. It shows higher levels of pre-approvals now compared to 12 months ago.



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, WHY SHOULD I GO TO MARKET NOW?

This is not a normal year, nor a normal property market cycle. While many people may want to sell in what they perceive as a traditional selling season for example spring, we would urge you to consider listing your property now as it may be the best opportunity you'll have all year given the current market fundamentals.

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. The key reason to list now is to remove as much risk as possible as to what might happen later in the year.

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

Housing market experts have realised that their price forecasts made over the past quarter have largely been incorrect. There has been stronger than expected sales activity and they are now saying it is unlikely that the New Zealand property market is headed for any type of crash. They concede the prevailing market sentiment in the country is not in a bad position and while prices may fall into the future, experts now do certainly not expect them to crash.

Let's have a closer look at why these opinions have been derived by key economists. Firstly, the initial 12-week government stimulus package (the Wage Subsidy Scheme) has now finished, although qualifying businesses have until 1 September to apply for a further eight-week extension. 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.

## **Economists are saying that the next 12 months may hold:**

- Rising unemployment
- The end of the wage subsidy
- The potential of low mortgage rates rising
- A possible recession
- More expats returning home
- Borders remaining closed
- No Trans-Tasman bubble
- 2020 election
- Global economy
- Weakness in particular sectors of the housing market

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 9.8% this year.

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. Dominick Stephens, Westpac Chief Economist, has predicted a 7% decline in house prices from April to December this year. He is saying this on the belief that very low interest rates may not be good for the borrower.

There are other 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 are comfortable to do so. If you need to sell sometime over the next, say, 12 months, because of any financial concerns, or you need to upgrade, or downsize

**12** your property, the current market is active.

# 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.

With interest rates at all-time lows and with banks being supportive of purchases, 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.

If there are future risks in the market, why should buyers enter the market now?

For buyers, to try and 'game the system' and wait to pick the bottom, it's a difficult game to play. Things can move against you, and you risk being able to get the thing you really want, especially if it's a family home. Longer-term, there seems to be broad agreement that New Zealand's fundamentals will remain strong. Property investment has, and will always be a long term investment.

If finance continues to be provided on the current terms, and we have no reason to see why not, the purchasing power of buyers is expected to remain strong and be the main driver of buyer confidence.



Ray White New Zealand Lead Auctioneer John Bowring selling 19 Rose Road, Grey Lynn under the hammer.

# WHY IS RAY WHITE IN SO MANY MARKETS TO BE THE LEADER?

**182**  
New Zealand  
Offices



**Mark Rumsey from Ray White Nelson Group 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 our area and many individual New Zealand locations.”*

We believe that we are the market leader in many markets because we have built market share during many periods 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. 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 1,818 properties during June, with a sales rate of 81.6%.

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

In June, Ray White New Zealand had an auction day clearance rate of 52.5% and an auction campaign clearance rate of 52.1%, both figures an increase on June 2019.

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.

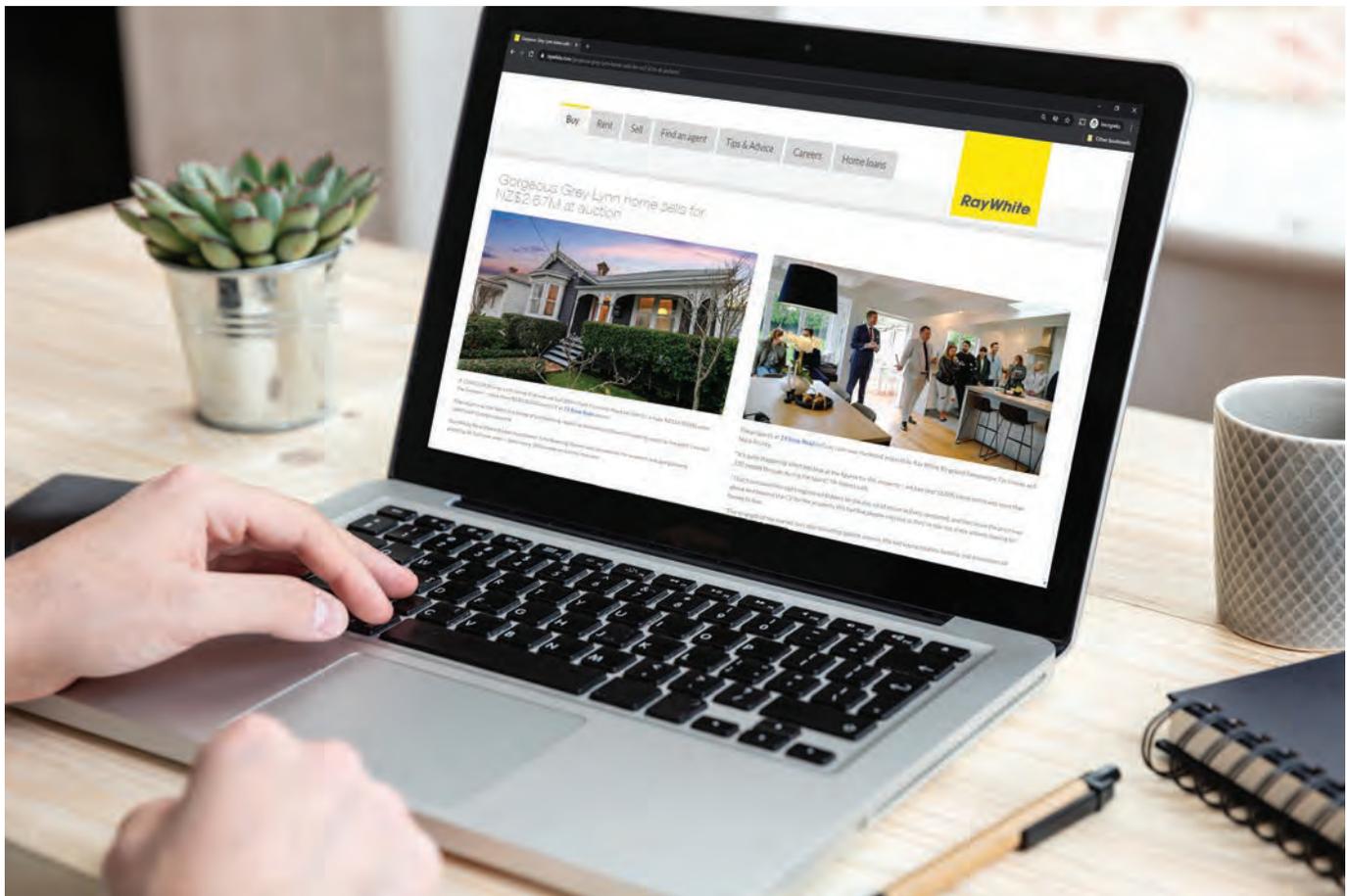
### 3. UNRIVALLED BRAND PRESENCE AND **MEDIA PROFILE**

As Australasia's largest 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. Our profile in newspaper advertising and editorials along with a large number of listings on realestate.co.nz and trademe.co.nz - is huge.

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

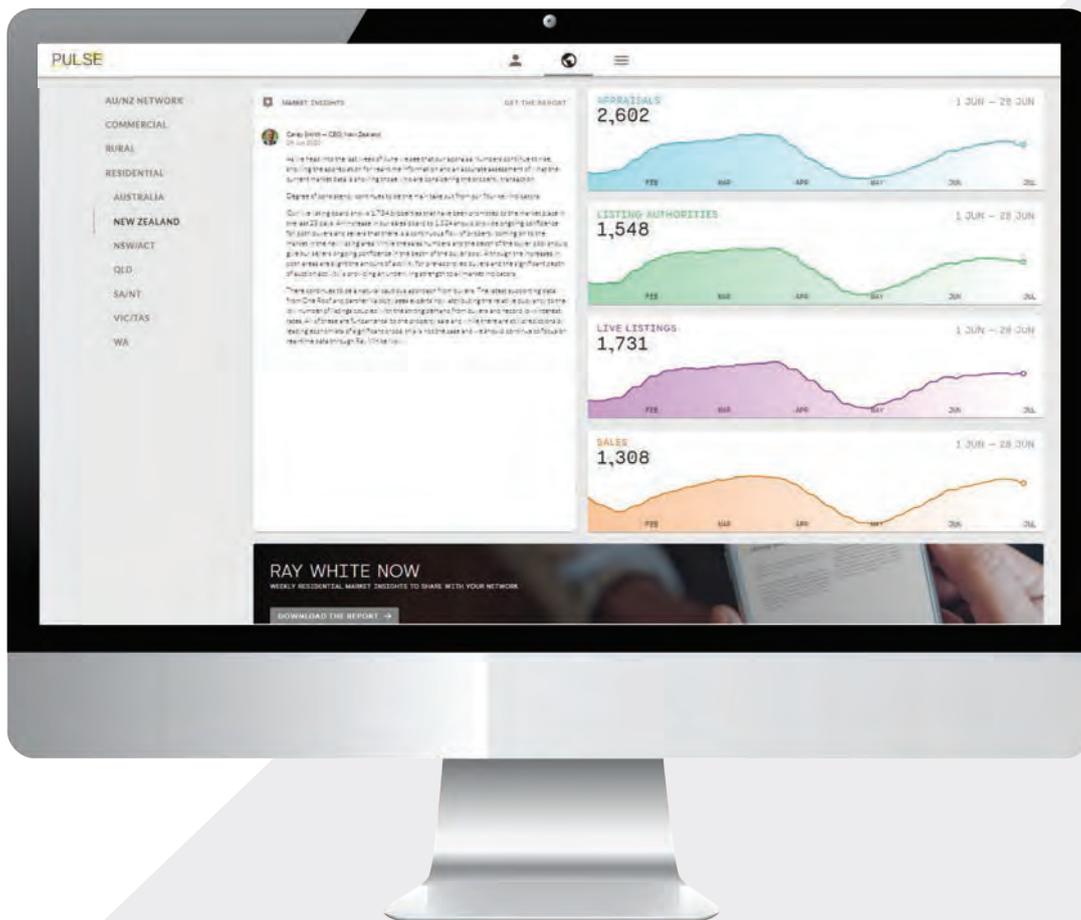


Online media article - raywhite.com "Gorgeous Grey Lynn home sells for NZ\$2.67M at auction".

## 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.

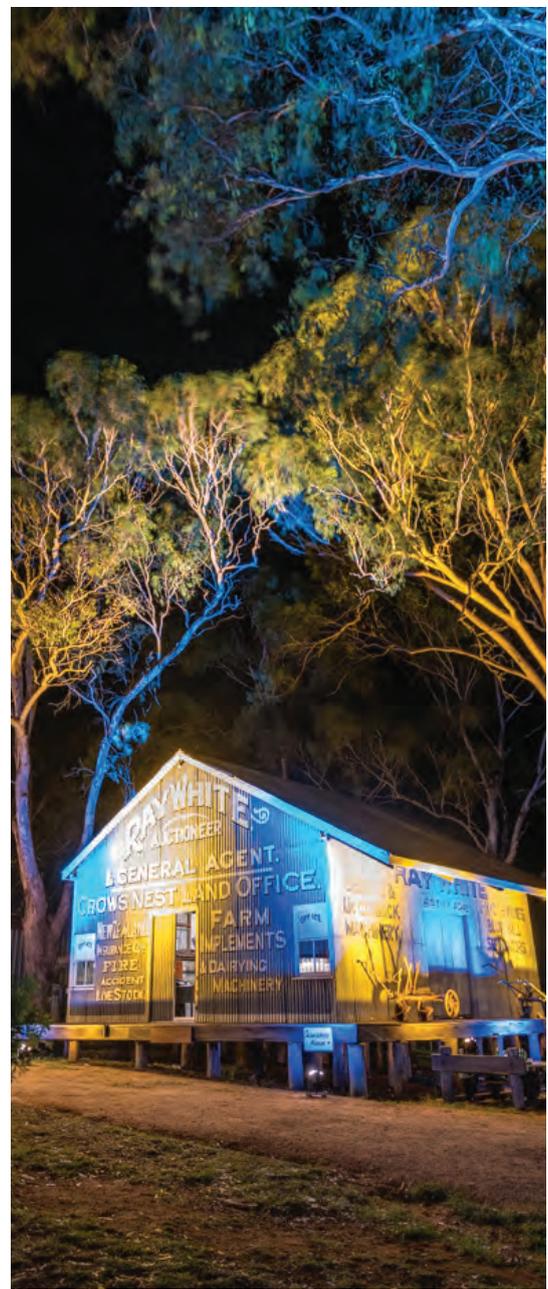


Ray White's innovative data portal, Ray White Pulse.

# 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 largest 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 well 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.

We are currently sitting on over NZ\$1.05 billion of pre-approved buyers across New Zealand. This pool of pre-approved buyers ready to make offers with no finance clause required, speaks to the strength of the market for vendors looking to sell now.



[raywhite.co.nz](https://raywhite.co.nz)



[loanmarket.co.nz](https://loanmarket.co.nz)