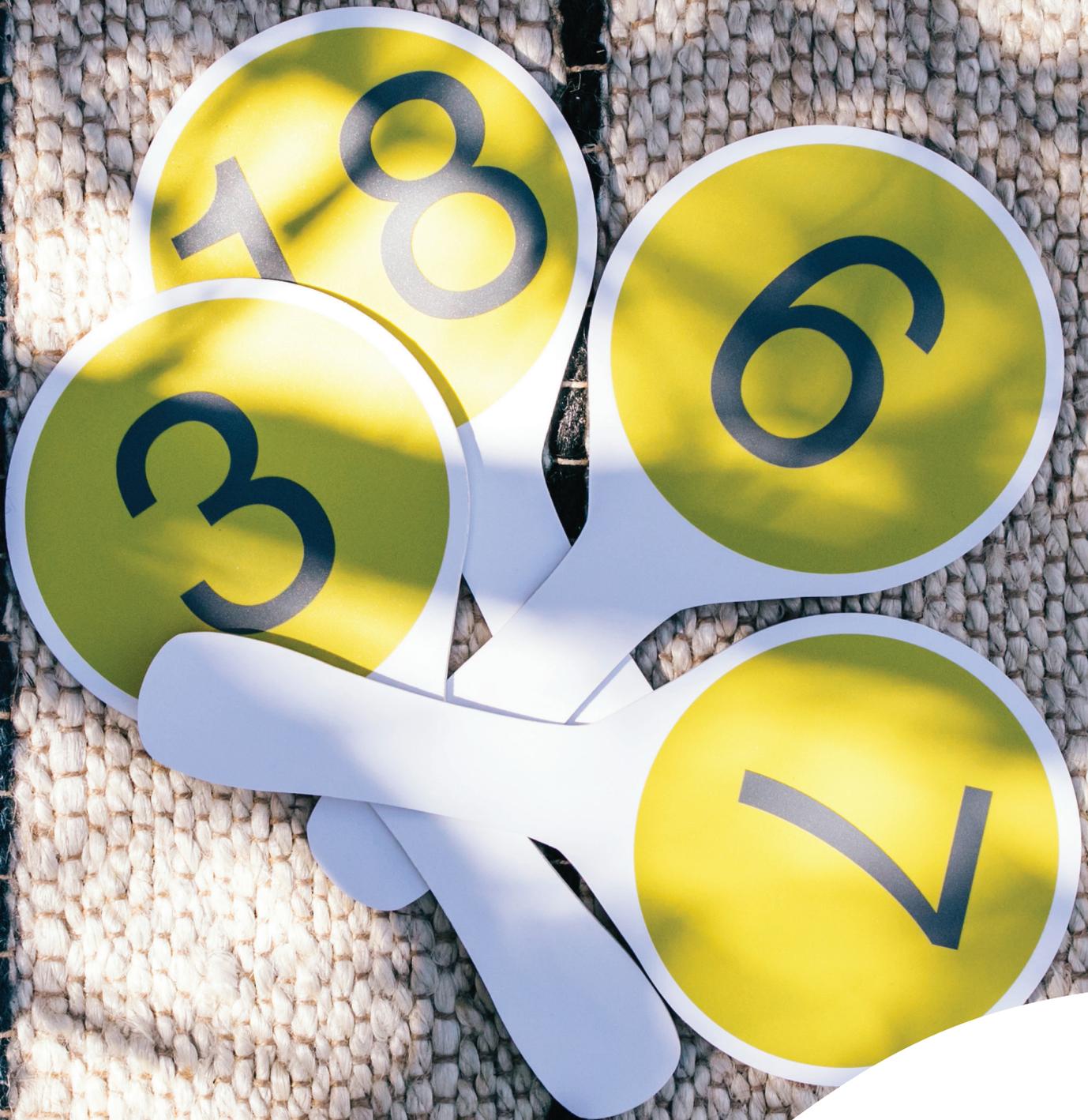


APRIL EDITION



# RAY WHITE **NOW**

REAL-TIME RESIDENTIAL  
MARKET INSIGHTS



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ABOUT RAY WHITE

Dear Property Owner,



Our 41st edition of Ray White Now welcomes the second quarter of 2021, with early trading in April continuing the momentum of the first quarter of 2021.

The month of March has been one where the Government has taken it upon itself to review housing as a broader policy firstly to try and place mechanisms that will see investors review their level of activity in the current real estate market. In addition to this, there were further incentives given to first home buyers who occupy their properties to be purchasing in the current market. While the balance of the market remains particularly active there is a continued level of monitoring by the Government around the number of sales and more importantly in their view, the price increases.

When we look at the month of March it was at this time last year that we were moving into a level 4 lockdown. This was the new language for most across New Zealand and the real estate industry which had come to grips with the online platforms of marketing and selling property. In addition to this, there were extra requirements to assist in the area of rentals and to ensure that the new ways of conducting business were educated in a clear and concise format.

While the March results in 2020 were beginning to gather momentum that quickly halted. We look at March 2021 twelve months on and our Ray White members have achieved record numbers of sales with the value of transactions reaching \$2.249 billion which is 99 per cent up on the same time last year and sales numbers completed were 2,395. This was a company record in value and the number of sales.

### New Zealand - March 2021 at a glance

Sales



2,395

+62.8%

Value

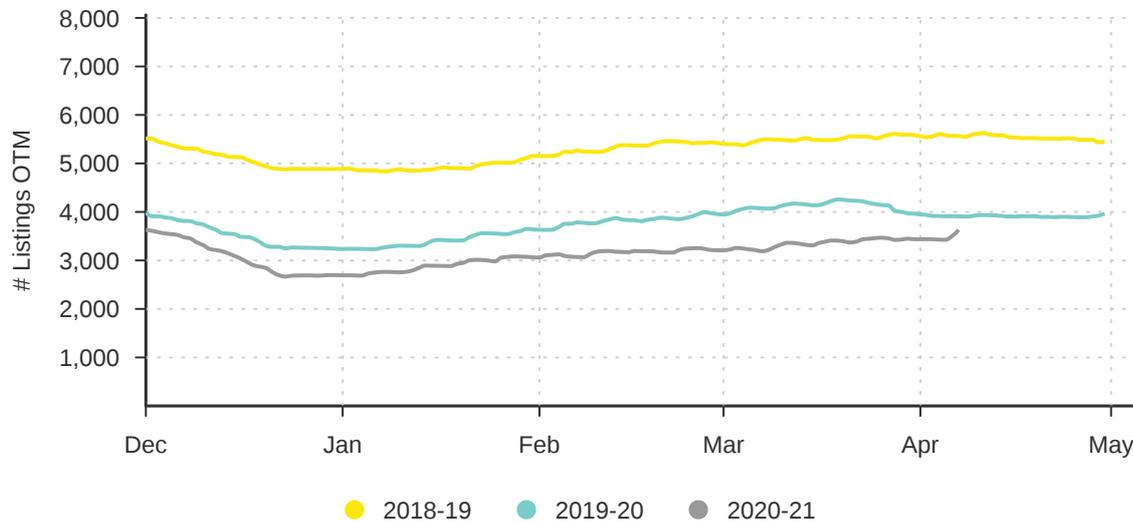


\$2.49B

+99.2%

#### March 2021 Ray White sales in comparison to March 2020 Ray White sales

The effect of the increase in the number of sales saw us oversell our portfolio of listings. While the listing numbers were up by 28.1 per cent, the total number of properties listed was 2,225. This did not cover the total number of sales which saw us oversell our portfolio by 170 sales in total. This reduced our overall listings on the market to 3,556 which is 9.16 per cent down on the same time last year and 29.72 per cent down on 2019. So what we see is supply remaining positive against previous years as it is the demand that continues to put pressure on the overall choice that buyers have available in the market.



Interest rates did not change during the month of March and there is an expected continued levelling approach in the next quarter. Most economists are predicting a consistency in interest rates of 0.25 per cent. This will mean that lending will remain at a similar level which is currently commercially promoted at 2.29 per cent.

There continues to be so many conflicting reports and this is one of the reasons why we believe our real-time data and assessing what is happening now is important to the decision-making of those who are considering real estate in today's environment. What we do know is that interest rates remain at record lows. While we do not discount any change either up or down, it is important to realise what today's borrowing capacity is for the individual homebuyer.

Supply and demand are still a major part of the price stability and our auctions continue to have a strong depth of buyer registration and buyer bidding activity. This is sitting at the highest level it has done over the past 12 months.

There are various markets which continue to show record median prices. As we are in the more seasonally active real estate market, we expect that price increases will be underpinned by the depth of the buyer pool. Investors will now consider the proposed Government housing policy and this will bring stability to the lending aspect of every transaction.

Ray White Now is produced in conjunction with real-time data from our 184 offices across New Zealand.

Ray White, on an average monthly basis, completes \$2.14 billion worth of property transactions and currently manages a portfolio of 19,590 properties through our property management division.

Regards



Carey Smith  
Ray White New Zealand Chief Executive

# GOVERNMENT INTRODUCES PROPOSED HOUSING POLICY PACKAGE

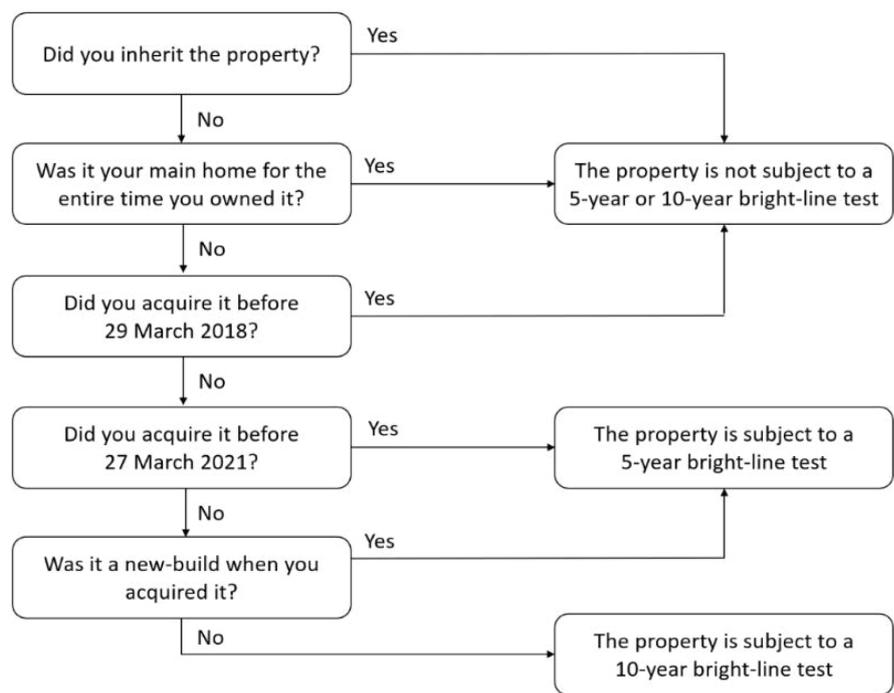
## BRIGHT LINE TEST EXTENDED AND INTEREST DEDUCTIBILITY CHANGED

The Government last week released a range of housing policies on the basis that increasing the supply of houses and limiting the demand by investors would have an impact on the current surge in housing prices.

Here is a summary of the changes:

### Bright-line test extended from five to ten years

The bright-line test means if you sell a residential property within a set period after acquiring it you will be required to pay income tax on any profit made through the property increasing in value. The current bright-line period is 5 years. The Government has announced it intends to extend the bright-line period to 10 years for residential property except newly built houses (new builds). Inherited properties and those which



Source: Inland Revenue - Bright-line test proposed changes - March 2021

have been the owner’s main home for the entire time they owned it will continue to be exempt from all bright-line tests. To determine what length of bright-line test a property is subject to

the following flow-chart can be used. The new rule will apply to property acquired on or after 27 March.

### Remove ability for investors to write off interest expenses

Property investors will no longer be able to offset their interest expenses against their rental income when calculating their tax.

The Government will consult on the details of the proposal Cabinet has agreed to, and legislation will be introduced thereafter.

Consultation will look at an exemption for new builds acquired as a residential investment property, and consider whether all people who are taxed on the sale of a property (for example under the bright-line test) should be able to deduct their interest expense at the time of the sale.

The legislation will apply from 1 October. Interest deductions on residential investment property acquired on or after 27 March will not be allowed from 1 October.

If you acquired a property before 27 March 2021, you can still claim interest (for loans that already existed for that property) as an expense against your residential property income, but this amount will reduce by 25 per cent each income year until the ability to deduct the interest is completely phased-out from the 2025–26 income year. If you have a standard balance date, the proposed change will be phased in as follows:

Income year	Percent of interest you can claim
1 April 2020–31 March 2021	100%
1 April 2021–31 March 2022 (transitional year)	1 April 2021 to 30 September 2021 - 100% 1 October 2021 to 31 March 2022 - 75%
1 April 2022–31 March 2023	75%
1 April 2023–31 March 2024	50%
1 April 2024–31 March 2025	25%
From 1 April 2025 onwards	0%

Source: Inland Revenue - Interest deductions on residential property income - Proposed changes - March 2021

**“The new housing policy package is designed to level the rise of property prices and is aimed at increasing the supply of houses and curbing the demand of investors but there may be an unintended target which is the first home buyer.”**

*Carey Smith, Ray White New Zealand Chief Executive*

**Price and income caps on First Home products lifted**

More first-home buyers will be eligible for the existing First Home Grant and First Home Loan.

The Grant provides eligible first-home buyers with up to \$5,000 for individuals and up to \$10,000 for two or more buyers to put towards the purchase of an existing home.

Buyers of a brand new home can receive up to \$10,000 for individuals and up to \$20,000 for two or more buyers.

Under the First Home Loan, a buyer only needs a 5 per cent deposit. First Home Loans are issued by selected banks, building societies, and credit unions, and underwritten by Kāinga Ora - Homes and Communities.

The maximum income people can earn to receive this assistance will be lifted from \$85,000 to \$95,000 for single buyers, and from \$130,000 to \$150,000 for two or more buyers.

The changes take effect on 1 April.

Price caps on homes that can be purchased using the assistance will be lifted as follows:

House Price Caps For New Properties by Region	New Property House Price Caps		Existing Property House Price Caps		Income Caps	Previous Caps	New Caps
	Previous Caps	New Caps	Previous Caps	New Caps			
<b>Auckland</b>	\$650,000	\$700,000	\$600,000	\$625,000	Individual Buyer	\$85,000	\$95,000
<b>Queenstown-Lakes</b>	\$650,000	\$650,000 (No Change)	\$600,000	\$600,000 (No Change)	Multiple Buyers	\$130,000	\$150,000
<b>Wellington City, Hutt City, Upper Hutt City, Porirua City, Kāpiti Coast District</b>	\$550,000	\$650,000	\$500,000	\$550,000			
<b>Nelson City, Tasman District, Tauranga City, Western Bay of Plenty District, Hamilton City</b>	\$550,000	\$600,000	\$500,000	\$525,000			
<b>Christchurch City, Selwyn District, Waimakariri District</b>	\$550,000	\$550,000 (No Change)	\$500,000	\$500,000 (No Change)			
<b>Waipā District, Hastings District, Napier City</b>	\$500,000	\$600,000	\$400,000	\$525,000			
<b>Waikato District, Dunedin City</b>	\$500,000	\$550,000	\$400,000	\$425,000			
<b>Rest of New Zealand</b>	\$500,000	\$500,000 (No Change)	\$400,000	\$400,000 (No Change)			

Source: Ministry of Housing and Urban Development - Changes to the First Home Loan and Grant - March 2021

While there are other key initiatives by the Government, the major focus on the funding of infrastructure around housing and development, including roads and pipes to homes, has been given a funding acceleration allowance of \$3.8 billion. The key components of the fund are designed to assist Government and private sector developers to grow the housing supply.

- An infrastructure fund to unlock a mix of private sector led and government led developments in locations facing the biggest housing supply and affordability challenges, and
- Additional funding for the Land for Housing Programme to accelerate development of vacant or underutilised Crown owned land, operate in more regions,

and deliver a broader range of affordable housing options for rental and home ownership.

Cabinet will consider the detailed criteria of the fund in June. The Government expects money to start going out the door in the second half of the year.

The Government will also help Kāinga Ora to borrow an additional \$2

billion to “assist in bringing a range of development forward through strategic land purchases”.

All of the measures by the Government are new initiatives to quell the rising housing market and this was at a time when house prices hit a new record high for the end of March.

The average value increased 7.8 per cent nationally over the past three-month period, up from the 6.8 per cent quarterly growth we saw in February, with the national average value now sitting at \$884,447. This represents an increase of 18.2 per cent year-on-year.

The average value in the Auckland region now sits at \$1,268,509, up 7.2 per cent over the last quarter, with

annual growth of 16.1 per cent, up from February’s year-on-year growth of 14.2 per cent.

All the major urban centres are showing strong gains in value, with the twin Hawke’s Bay cities of Napier and Hastings leading the way on 15.2 per cent and 10.6 per cent value growth respectively over the past three months. Palmerston North prices also continue to rise at a rapid rate with quarterly growth of 10.3 per cent.

Time will tell whether the new measures announced by the Government last week will have an impact on rising house prices. Buyers, sellers, politicians and commentators continue to debate the merits of the changes and the likely impacts on house values and rents.

Of the 16 major urban areas reported on by QV, all except Queenstown reached double digit annual growth. But even the Queenstown market, which was forecast to struggle after Covid-19 hit, has increased 9.7 per cent over the past 12 months, which corresponds to the time of our first lockdown.

The biggest mover was Palmerston North with annual value growth of 26.8 per cent, followed by Hastings and Marlborough with 25.9 per cent and 25 per cent respectively. The Wellington region performed best of the main centres with annual growth of 24 per cent.



# REGION-BY-REGION

**This is the region-by-region report put together by Quotable Value**

**looking at the pricing of each of the regions over the March period and**

**also the first quarter of 2021.**

## Auckland

Auckland's residential property market had another big month in March, with prices up across the region by 2.8 per cent.

The average value of a home in the region is now \$1,268,509 – though it's considerably higher in Auckland's central suburbs (\$1,484,797) and on the North Shore (\$1,446,321). Rodney (\$1,156,000), Manukau (\$1,115,176), Waitakere (\$1,019,476), Papakura (\$873,499), and Franklin (\$811,376) all have average house prices below the regional average.

The biggest price gains this quarter were made in Papakura (9.4 per cent), followed by Waitakere (8.6 per cent) and Rodney (7.8 per cent). But even the smallest average house price

increase this quarter – 6.5 per cent on the North Shore – is notable because of how large it was.

QV senior consultant Rupert Yortt commented: "The numbers again show strong growth for the month of March in the Auckland region. Growth of 6-10 per cent in all Auckland sub-areas over the first quarter of the year reflects frenzied behaviour from buyers."

"While it's still much too soon to see the full effect of the recent Government announcements on the market, a drop in demand is expected – especially with a portion of the investor market already trying to make purchases prior to stricter loan-to-value ratios being enforced."

He said townhouses and apartments were increasingly in demand from first-home buyers. "Anything in the first-home buyer bracket will likely continue to be popular following the Government's recent changes to the bright-line test and tax deductions on interest costs for rental properties, as this sector of the market is to be less affected."

Meanwhile, he said development sites – one of the better performing property types over the past year – would also likely see continued demand.

## Northland

The average house value in Whangarei is now \$691,401 – up 8.8 per cent for the quarter and 3.7 per cent in March alone. Prices have risen by an average of 19.1 per cent for the year ending 31 March 2021, with the majority of that growth (15.1 per cent) occurring in the last six months.

Even further north, house prices in the Far North District have increased by 7 per cent in the last three months and by 13.6 per cent in the last 12.

### Tauranga

Last month's prediction of a cooling off in Tauranga may have been somewhat premature, with the average house price rising 3.9 per cent in March alone (up from 0.7 per cent in February). The average

house price is now \$963,026, which is a remarkable 21.4 per cent higher than at the same time last year. The majority of that price growth (17.2 per cent) occurred during the last six months.

### Hamilton & Waikato

Hamilton's average house value has increased by 7.7 per cent this quarter to \$768,379 – 19.6 per cent higher than at the same time last year.

At 9.1 per cent growth for the quarter, house prices in Hamilton's north west have risen the most, followed by the south west (8.4 per cent) and north east (7.7 per cent). The smallest amount of value growth this quarter was in the south east (4.1 per cent) – less than half as much as Hamilton's top two fastest growing areas.

Local QV property consultant Jarrod Hedley commented: "Values continue to increase in the region with agents reporting good turnouts to open homes and multiple offers being tabled on a high majority of properties. Agents also report that there is strong demand for development properties and continued land banking of properties in central locations, particularly those on the fringes of established towns."

As hinted in the last QV House Price Index, Thames-Coromandel has become the first district council in the Waikato to surpass the one-million dollar mark, now having an average median price of \$1,006,031 which is up 19.6 per cent in the last 12 months.

Meanwhile, neighbouring Hauraki District has had the highest 12-month growth in the Waikato, up 26.6 per cent to \$583,154.

### Rotorua

Rotorua's residential property market cooled somewhat in March, with prices rising by an average of 0.9 per cent (down from 2.3 per cent in February). The average price of a

home here is now \$643,155 – 14.6 per cent higher than it was at the same time last year, and 5.3 per cent higher than it was only three months ago.

### New Plymouth

New Plymouth's residential property market remains red hot. Its average house price has gone up 8.3 per cent this quarter (up from 6.5 per cent last month) to \$615,868.

Local QV registered valuer Danny Grace commented: "Although we have seen more properties come to market during the summer months, demand is continuing to outstrip supply. Anecdotal evidence indicates

that the recent announcements by the Government will detract from the appeal of property investment. We'll continue to watch the market closely for any shift in the market."

## Hawke's Bay

Residential property prices continue to grow in Hawke's Bay. Last month, the average home value in Napier increased by 5.2 per cent to \$770,561 (up from 4.8 per cent in February), and in Hastings it increased by 3.8 per cent (the same as last month) to \$753,288. Over the last 12 months, house prices in Napier and Hastings are up 24.4 per cent and 25.9 per cent respectively.

Local QV graduate valuer Damian Hall said FOMO (fear of missing

out) was still a major presence in the local residential property market, but this behaviour may change as a result of the Government's recent announcements. "It is still too early to tell how much these regulations will impact the market," he said.

"The new regulations around tax and bright-line requirements may well open the door for first-home buyers and slow down rising prices. Alternatively these changes may be offset by rising rents from landlords

who will now look to cover the increase in tax expenses, making it harder for people to save for their first home."

He said property prices in the upper quartile (the 25 per cent most expensive houses) were still showing strong movement. However, that part of the market was not as active as the lower quartile (the 25 per cent least expensive houses) due to a lack of quality listings.

## Palmerston North

The average value of a residential property in Palmerston North is now \$661,606 – 10.3 per cent higher than it was three months ago, and 26.8 per cent higher than at the same time last year.

Palmerston North property consultant Olivia Roberts said there was strong competition for residential property across the Manawatu region, with lack of supply causing buyers

to experience FOMO. However, she also warned of increasing levels of uncertainty in her local market, especially following the Government's recent changes.

"There is some uncertainty in the market right now and prices could still be affected by a range of factors – most notably the Government's recent intervention with its new regulations around tax and bright line

requirements. But it's still too early to tell what the full impact of these regulations will be," she said.

"In the meantime we continue to see buyer panic in the market as a direct result of a lack of supply, with real estate agents continuing to report strong interest with multiple offers being received."

## Wellington

The latest QV House Price Index shows the average house price across Wellington increased by 3.6 per cent in March, 8.4 per cent for the quarter, and a massive 24 per cent over the last 12 months – the most of all the main centres.

The smallest increase in average house price this quarter occurred in Wellington's southern suburbs (5.2

per cent) and in the west (6.6 per cent). Everywhere else saw increases of 7 per cent or more, with Hutt City (11.5 per cent) comfortably sitting at the top of the growth charts.

Local QV senior consultant David Cornford said value growth remained strong throughout the Wellington region last month. "There continues to be a lack of supply and plenty of

demand, particularly from first-home buyers," he said.

"With recent announcements by the Government to swing the market in favour of first-home buyers and tougher loan-to-value restrictions coming into effect for investors, we are likely to see value growth start to slow over the rest of 2021.

“At this early stage it appears to be largely business as usual, but agents have reported strong interest for new builds and off-plan purchases as these are not impacted by the changes to interest deductibility.

### Nelson

Residential property values in Nelson have increased by 4.8 per cent this quarter to a new average of \$749,959. That average value is nearly 13 per cent higher than it was at the same time last year.

QV senior property consultant Craig Russell commented: “News that the first-home buyer price cap is increasing from \$500,000 to

### Christchurch & Canterbury

It’s been another busy quarter for Christchurch’s residential property market. The average house price increased by 7.7 per cent in the past three months to \$602,164 – 16.9 per cent higher than at the same point last year.

Despite this level of continued growth, the exponential growth experienced over the summer has started to slow, according to local agents. QV area manager Kris Rodgers said the Government’s recent announcements could potentially help to cool the market further in the coming months.

“We are also aware of landlords who have already issued rent increases to tenants in order to compensate for the loss of interest deductibility. We expect to see more rent increases and investors decide to sell over

\$525,000 for an existing home and from \$550,000 to \$600,000 for a new build will be well received by some, but it’s not expected to have a dramatic effect on the local housing market.”

“Investors will likely be less active in the market as a result of the range of Government measures announced, and in particular the removal of

“First-home buyers are still prevalent at open homes and auction rooms across the greater Christchurch area but it will be interesting to see in the coming months if there is a notable increase in first-home buyers choosing new builds,” he said.

Meanwhile, he said the Selwyn and Waimakariri districts had a “relatively good” supply of residential sections that were “generally being snaffled up as soon as they reached the market”.

“Accelerated population growth is forecast to continue in greater

the coming months, which could put further pressure on an already extremely tight rental market.”

the ability to deduct interest as an expense. This will likely be passed onto tenants in the form of increased rents.”

In the meantime, he said Nelson and the neighbouring Tasman region continued to be a sellers’ market with no-price marketing methods the most popular method of sale.

Christchurch over the coming years. The announcement of a proposed rezoning of 186 hectares of land south of Lincoln will help supply part of the equations as it is anticipated to create a further 2,000 sections in the town.”

## Dunedin

The Dunedin market continues to be characterised by strong demand and a significant shortage of supply, resulting in continued growth in all sectors of the market.

Annual growth to the end of March was 16.1 per cent with the majority of that growth (12.8 per cent) occurring in the last six months. The largest growth has been in the peninsula and coastal areas where values have increased by 11.2 per cent this quarter. The average house price in

Dunedin is now \$643,514, up from \$631,979 last month.

Senior consultant David Paterson said the Government's new housing package had yet to impact the local market. "Investors are a significant part of the Dunedin residential market, with the central and north part of the city surrounding the university and polytechnic a significant residential investment locality. The general consensus is that investors will hold off now until they

know exactly what the new rules are before making any more investment decisions.

"Meanwhile, the caps for the home start assistance to first-home buyers are still too low with too few properties available below a \$425,000 price tag to help a significant number of buyers into the market."

## Queenstown

House prices in Queenstown increased by 7.5 per cent during the March quarter to a new average of \$1,370,118. Annually, prices are 9.7 per cent higher than at the same time last year.

Despite the lingering effects of travel restrictions and border closures on the local economy, local property consultant Greg Simpson said Queenstown's residential property

market remained steady. "Property management firms report that the residential tenancy market has now also stabilised. Rental levels appear to have also found a stable equilibrium," he said.

"The new measures just announced by the Government will eventually impact residential property ownership and accelerate the building of new houses. The likely cumulative effect

is that that the market will reach a new equilibrium in a year or two with steadier house price rise growth and boosted house construction."

## Invercargill

The average house price in New Zealand's southernmost city has increased by 6.8 per cent this quarter to \$423,968. That figure is 12.4 per cent higher than at the end of March 2020.

QV property consultant Andrew Ronald said listings remained low, which was keeping upward pressure on prices. "We've seen continued

strong demand within the Invercargill market with prices continuing to strengthen in March," he said.

"Demand is strongest within the affordable \$300,000 to \$450,000 range where multiple offers are common, often resulting in prices above initial asking price. Purchasers in this price bracket have tended to be a mix of first-home buyers and

investors seeking favourable returns compared to other parts of the country."

### Provincial Centres, North Island

Carterton tops the list of provincial centres in the North Island with value growth of 16.8 per cent over the last three months. It is followed by Stratford (16.5 per cent) and

Whakatane (15.4 per cent).

Over the 12 months ending March 2021, house values in Carterton have increased by almost 40 per cent – the

most nationally by far. Whanganui is second (30.9 per cent) and South Taranaki (30.1 per cent) is third.

### Provincial Centres, South Island

Gore leads all provincial centres (and indeed all urban ones) with 18.1 per cent price growth for the quarter ending 31 March 2021. The next-fastest growing provincial centres

in the South Island over the March quarter are Westland (15 per cent) and Southland (14.2 per cent).

Buller (26.4 per cent) tops the list of

provincial centres on the South Island with the most price growth over the past 12 month period, followed by Gore (26.1 per cent).

### New Zealand

Across New Zealand the change in the last three months has seen the average price rise to \$884,447 which is an increase of 7.82 per cent.

While housing stock in March 2021 was 19,437 across New Zealand this was still down by 6.1 per cent in comparison to March 2020.

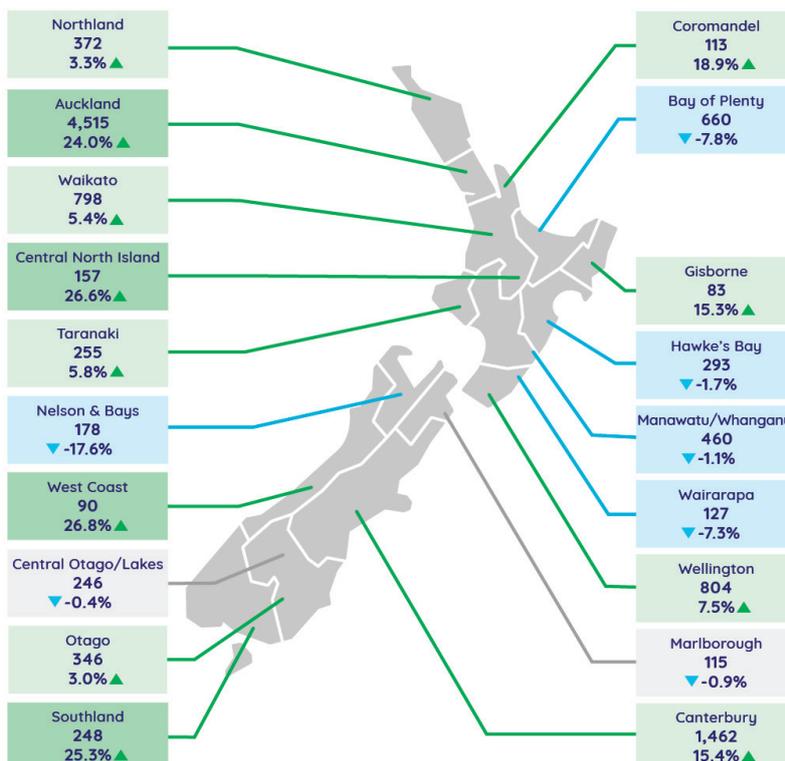
Average price  
**\$884,447**  
 % change in 3 months  
**7.82% ^**

Realestate.co.nz released their data for March 2021 which saw the average asking price across New Zealand rise by 16.9 per cent nationally which was a record for 14 regions. While property prices showed no signs of slowing down during March real-time data pointed to the rise in housing prices within 14 of the 19 regions that are monitored by the website. They did note that there was good news for buyers in regards to the increase of new listings in comparison to the same time last year.

## Property new listings

New property listings for March 2021  
**11,322**  
 Compared to March 2020  
**12.0%**

realestate.co.nz



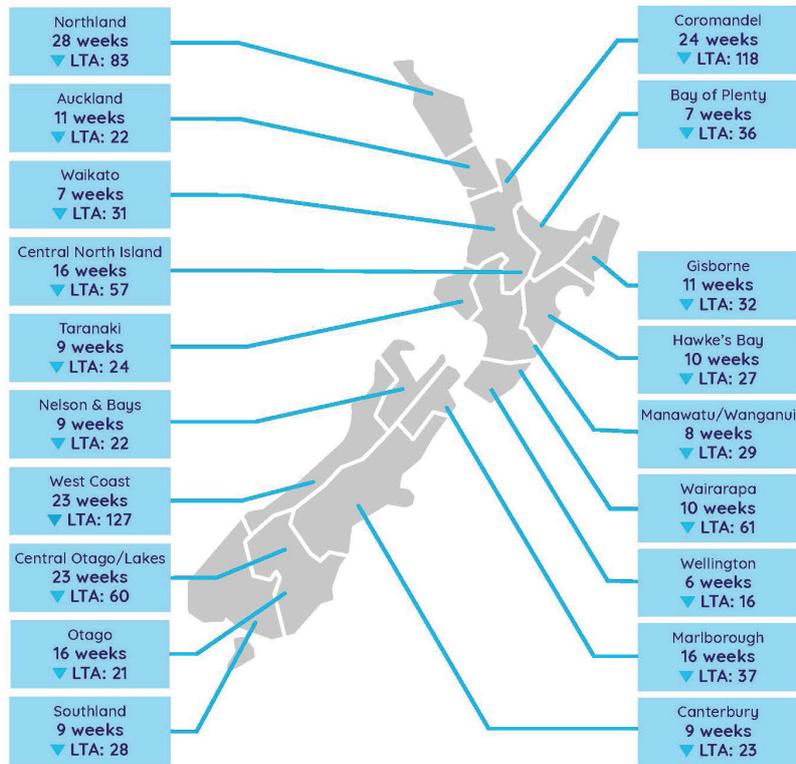
The inventory of listings remains a key to supply and demand with the inventory held across New Zealand averaging 10 weeks currently this is in comparison to a long-term average of 28 weeks. Most markets showed a slight rise during the month of March with several markets now showing a good level of supply and demand with the largest market Auckland being at 11 weeks while Wellington sets at a national low being six weeks in Canterbury holding nine weeks worth of inventory.

While there may be changes and adjustments in regards to the view that the investor has of the current market and the government housing policy the first home buyer together with the private home purchaser is largely unaffected by these new Government initiatives. Home loan interest rates remain at a record low level and this will allow purchasers to buy with confidence and with long-term affordability.

# Inventory of listings

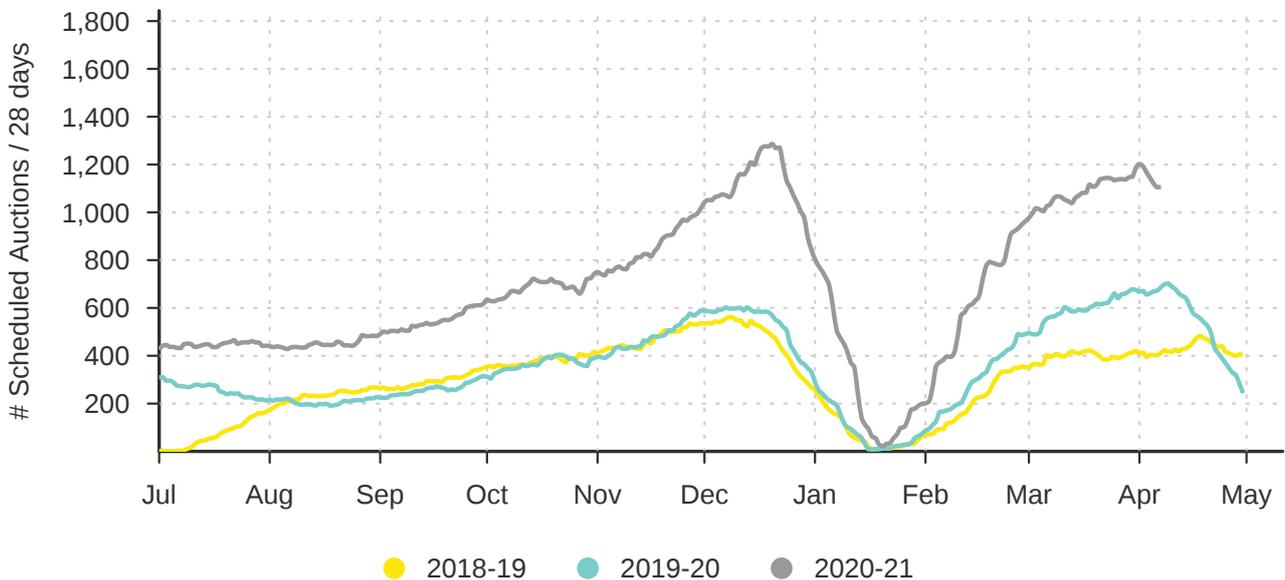


NZ inventory of listings for March 2021  
**10 weeks**  
 Compared to Long Term Average (LTA)  
**28 weeks**



Ray White continues to recommend auction as a preferred method of marketing giving transparency to the buyer and allowing the seller

to consider pricing in an open market that is driven by the various classifications and linked to supply and demand.



In 2020 there were 4,544 auctions put to the marketplace with the success rate of 67 per cent while in 2020/2021 there's been 7,148 auctions with an average success rate of 80.1 per cent with the total value of \$7.750 billion.

In summary despite the market being tipped further in the balance of first home buyers we do not see an exodus of investors. The long term appeal of property investment remains – capital gain, ability to borrow and the alignment with wealth creation

will continue to add value to those purchasing property from all buyer classifications.

# WHY ARE WE SEEING STRONG RESULTS NOW?

**Real estate markets are driven by several 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

## Supply

We can accurately report on the number of new listings coming to the market through our real-time Pulse

## Demand

There are several considerations we take into account when looking at the number of potential buyers in the market. The number of buyers looking online for property, the number of buyers who enquire on properties for sale, the bidding activity we see each week across our auctions, and the number of people actively gaining pre-approval for finance to purchase a property, which for the Loan Market Group is up 61.56 per cent on last year.

The high level of demand is underpinned by the number of active buyers and registered bidders which, when compared to previous years, are at record levels. Our March auction

significant role in establishing market conditions that favour sellers or buyers. In general terms, when supply is low and demand is high conditions are favourable for sellers. Conversely, when supply is high and demand is

data, and as we enter the first week of April, the number of new listings coming to market is up 49.54 per cent

day clearance rate is reported at 76.2 per cent with an average of four registered bidders.

A feature of the auction market at present is the prevalence of auction dates being brought forward. This is a scenario that unfolds when an acceptable unconditional offer is made on a property prior to the auction date. The offer becomes the reserve price which is disclosed at the beginning of the auction and offers above that level are invited. In March 18.74 per cent of property offered for sale by auction with Ray White sold prior to the scheduled auction date.

low, conditions are favourable for buyers.

## So what are we seeing now?

when compared to the same period last year with a total of 1,953 live listings.

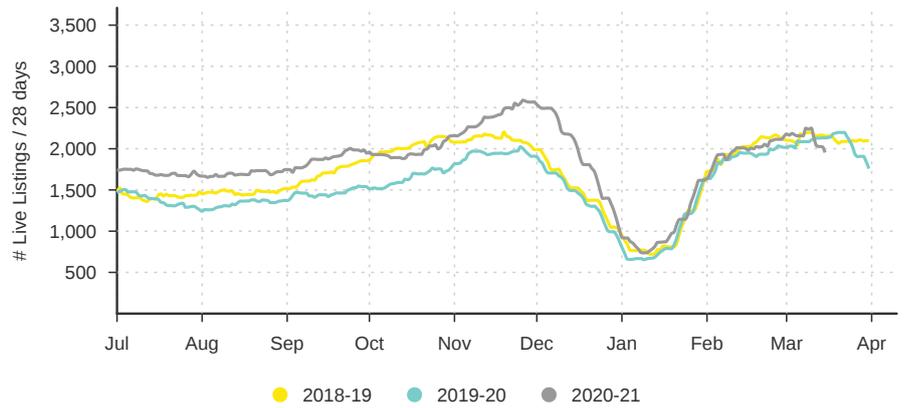
## So what factors are continuing to create confidence in the market?

The long-term forecast of low interest rates and affordability around the purchasing of property.

The number of first home buyers active in the market as they take their opportunity to purchase at interest rates that are the lowest on record, starting from 1.99 per cent and the measures put in place by the Government to restrict investor activity. This, coupled with the fact that banks are now testing serviceability at lower levels, means buyers can stretch further for a home and subsequently vendors are seeing increased levels of competition.

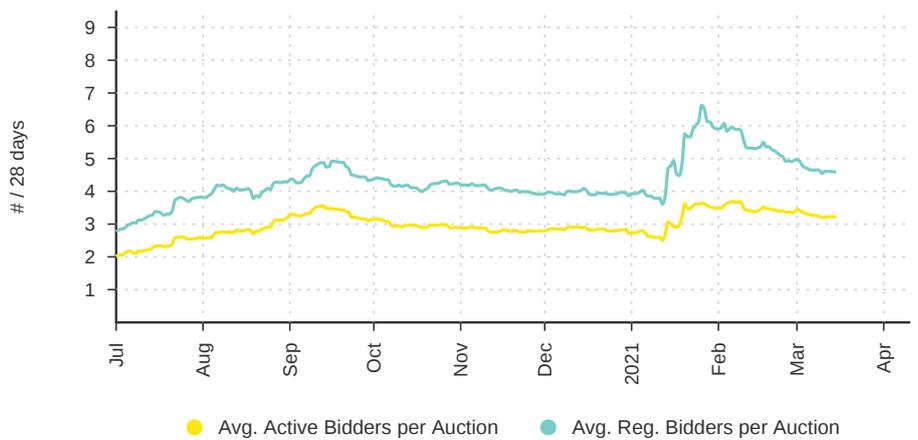
**Chart 1:  
Live listings**

This chart shows the total number of live listings are down -8.31 per cent compared to the same time last year.



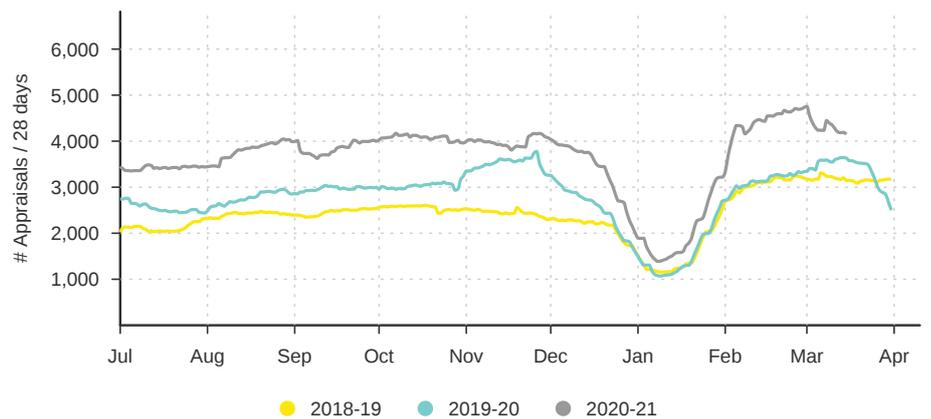
**Chart 2:  
Bidding by month**

This chart illustrates the average number of registered bidders per auction has increased throughout 2020 and continued into 2021.



**Chart 3:  
Appraisals**

This chart compares the number of appraisals Ray White salespeople have made over the 2019, 2020 and 2021 calendar year. Showing a significant lift in appraisals since the beginning of 2021.



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

Interest rates continue to underpin purchasers buying power and today interest rates are at record low levels, advertised from 1.99 per cent fixed for one year with the OCR remaining at 0.25 per cent since 16 March 2020. The next Monetary Policy Review Announcement is set for the 14 April 2021.

- Importantly, the 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 on page 13 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.
- General confidence in a well-performing economy, with the exception of some sectors such as tourism.

### What are LVR restrictions and are we seeing an impact?

Restrictions on loan-to-value ratios (LVRs) are temporary limits on banks to reduce the amount of low-deposit mortgage lending.

#### Investor Loans

LVR lending restrictions are tighter for loans secured by investment property in response to the growing housing market risks in that area. High-LVR loans in this category are those loans that are more than 70 per cent of the property's value (30 per cent deposit). High-LVR loans can make up no more than 5 per cent of a bank's total new lending in this category.

From 1 March 2021 most investor occupiers will need a 30 per cent deposit to secure a property.

#### Owner-Occupier Loans

This is borrowing secured with a mortgage against residential property that the borrower lives in or uses as a holiday house. High-LVR loans are defined as those loans that are more than 80 per cent of the property's value (20 per cent deposit). High-LVR loans can make up no more than 20 per cent of a bank's total new lending in this category.

From 1 March 2021 most owner-occupiers will need a 20 per cent deposit to secure a property.

There are some exemptions that apply:

- New building exemption
- Remediation exemption
- Welcome Home loans
- Bridging loans
- Refinancing

It is likely too early to tell, but we are yet to see any impact of the reintroduction of restrictions on loan-to-value ratios (LVRs) as introduced 1 March 2021 by the Reserve Bank of New Zealand.

LVR restrictions for investors will be further raised to a maximum of 5 per cent of a bank's total new lending in this category, at LVRs above 60 per cent of the property's value (40 per cent deposit).

From 1 May 2021 most investor occupiers will need a 40 per cent deposit to secure a property.

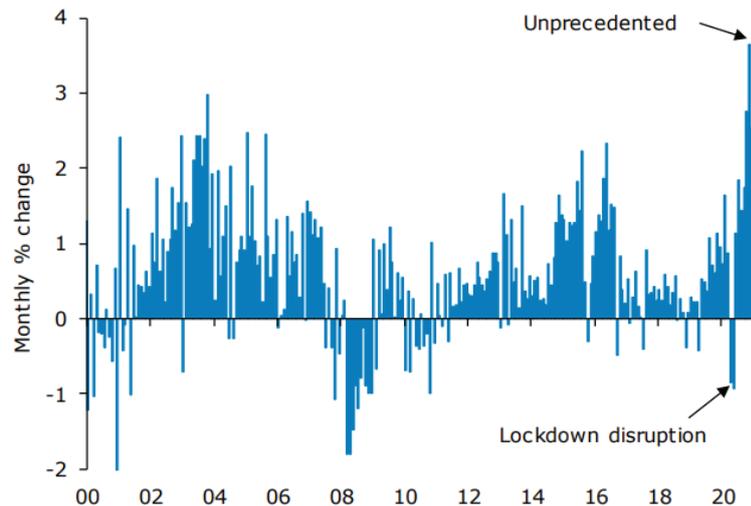
# CONSIDERING SELLING? SHOULD I STAY OR SHOULD I

There has been much commentary of late regarding the buoyancy of the residential real estate market and as is typical after a period of significant growth, predictions of just when these conditions will come to an end are also becoming more prevalent. There are some key fundamentals as to why we have seen the level of price growth that has been experienced in recent times. Firstly, the low cost of borrowing has worked to bolster the demand side of the equation. As well as this, with volatility in many other sectors of the global economy, housing has been seen in many countries as a stable, long-term investment.

ANZ Bank's latest Data Wrap analysis reviews month-on-month house price growth as reported by the REINZ recently. In this report, they state "House prices surged ahead 3.7 per cent m/m, with annual house price inflation now sitting at 19.4 per cent y/y (3mma)." As shown in the graph above, also clear is the impact that continued lockdowns can have on the property market.

The report goes on to say "Notably, average days to sell declined to 26" which is another key indicator around buyer activity to date. The report does caution however that the current conditions being experienced

Figure 1. Monthly house price inflation



Source: REINZ, ANZ Research

Source: ANZ Research  
New Zealand Weekly Data Wrap 12 March 2021

will not go on forever, stating "We expect that unaffordability, high debt levels, the re-imposition of LVRs, credit constraints, and high levels of residential construction activity will see house price inflation cool down over 2021 - but the timing and extent of this is uncertain. In the meantime, the strong domestic housing market continues to support activity in the wider economy."

Other factors contributing to the buoyancy of the market at present are comparatively low supply, demand for rental properties as rental yields increase due to the low cost of borrowing. The factors discussed above are supporting confidence at present, but it is also important to be aware of potential factors that could influence market activity this year.

## Economists believe the next 12 months may hold:

- Shipping difficulties
- Roll-out of COVID-19 vaccine
- Potential further restrictions on residential property
- Rising cost of household goods
- The potential of low mortgage rates rising
- Increasing levels of consents and construction
- More expats returning home
- Borders remaining closed
- Weak global economy
- Potential re-emergence of Covid-19 in the community
- No trans-tasman 'travel bubble'.

It is due to the reasons outlined above that many experts are suggesting that the best opportunity to capitalise on the current conditions could be right now.

# HOW DO WE CREATE THE MOST COMPETITION FOR YOUR PROPERTY?

## 1. MARKETING EXPOSURE

### **The most innovative marketing real estate 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 New Zealand currently has 1,954 live listings, with the number of sales up 26.26 per cent year-on-year.

In January and February 2021, Ray White achieved the highest listing months of property across New Zealand.

In 2020, the Ray White Group passed through 21 per cent market share in New Zealand residential sales.

In February 2021, Ray White achieved record sales volumes in market turnover and record sales volumes in market numbers, a personal best for the month of February.

Last week, Ray White New Zealand had 276 properties scheduled to go to auction (an increase of 76.9 per cent compared to the same dates last year), leading to a strong auction day clearance rate of 80.8 per cent - an increase of 11.69 per cent.

### **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.

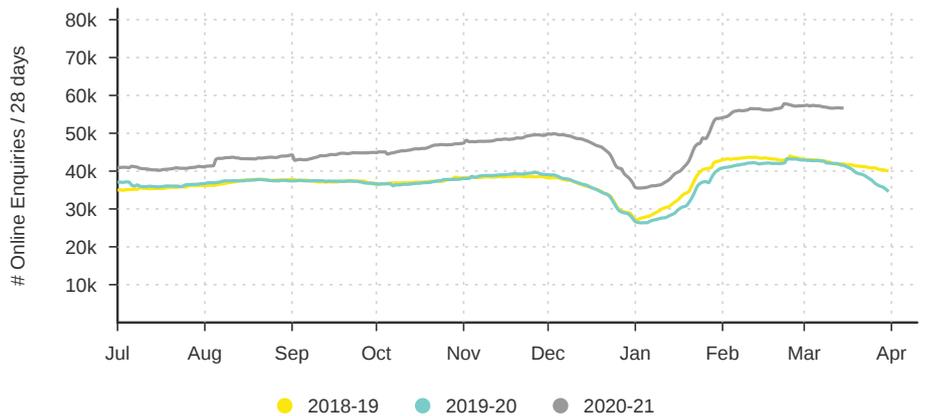
In addition to our ability to target broad audiences, Ray White Concierge, our communication specialists, unique to Ray White, can target one of the most influential audiences, our local communities. Our 119 years of real estate experience has enabled us to understand that a catalyst for creating competition 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.

Ray White Concierge can 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, 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.

**Chart 4:  
Online enquiries**

This chart compares the number of online enquiries made through Ray White websites over the 2019, 2020 and 2021 calendar years.



# 36.42%

Online enquiries

The number of online enquiries made through Ray White websites are 36.42 per cent above levels at the same time last year.

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

**As Australasia's largest real estate group, we are supported by a dedicated and highly experienced team of newshounds in our PR team who work seven days a week.** The team excels at winning "earned media", the exposure that money cannot buy, it must be earned.

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 oneroof.co.nz, realestate.co.nz and trademe.co.nz/property - is also huge.

To put a price on the power of our media coverage, in February, the Ray White Group as a whole achieved more than NZ\$47.097 million worth of earned media mentions in print, online, radio and TV, according to iSentia, our media intelligence agency. That's free publicity for the group and all its members.

Our experienced in-house journalists 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.

### 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.

**In February, the Ray White Group as a whole achieved more than NZ\$47.097 million worth of earned media.**

# FOR THOSE SEEKING MORTGAGE ADVICE

**Loan Market, New Zealand's multi-awarding winning mortgage group, has been helping Kiwis 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 competitive deal when it comes to loans.

While interest rates are at "all-time" lows now well below 2 per cent 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.

Banks are taking the Covid-19 outbreak as an opportunity to dramatically reduce their footprint permanently. Many Kiwis are now finding it very difficult to contact a banker to facilitate mortgage applications.

At Loan Market we are 100 per cent digitally enabled and able to assist right through all levels of lockdown. Covid-19 does not prevent us from providing advice and solutions to the buyers and sellers of real estate at Ray White.

We are currently sitting on over NZ\$2 billion of pre-approved buyers across New Zealand. This pool of pre-approved buyers is ready to make offers with no finance clause required and speaks to the strength of the market for vendors looking to sell now.

Lastly, if you are looking to buy currently you must get your mortgage application into us as soon as possible. The banking system is experiencing lengthy delays as they deploy extra resources into our channel to cope with the volume. Don't sit on your hands, contact your Loan Market adviser now.

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

## 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 Crow's Nest and has grown into Australasia's most successful real estate business, with more than 1,000 franchised offices across New Zealand, Australia, Indonesia, and Hong Kong. Last fiscal year, Ray White sold \$44.22 billion,

up 8.6 per cent year on year, worth of property. Every day, Ray White helps 36 buyers find their home across New Zealand.

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.



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



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