

The RayWhite logo is positioned in the top right corner of the page. It consists of the brand name "RayWhite" in a bold, sans-serif font, with a registered trademark symbol (®) to the right. The text is white and set against a solid yellow rectangular background.

RAY WHITE NOW

A P R I L 2 0 2 2

Proudly presenting New Zealand property market insights in real-time



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DEAR PROPERTY OWNER,

Our 50th edition of Ray White Now is published at a time when we remain in the national framework of a Red Light setting; however, announcements are due soon regarding possible changes to the current settings.

We continue to adapt our practices in support of the Red Light setting framework. Each of our Ray White offices and licensee salespeople are aligned to the industry guidelines through the Real Estate Authority and the Real Estate Institute of New Zealand.

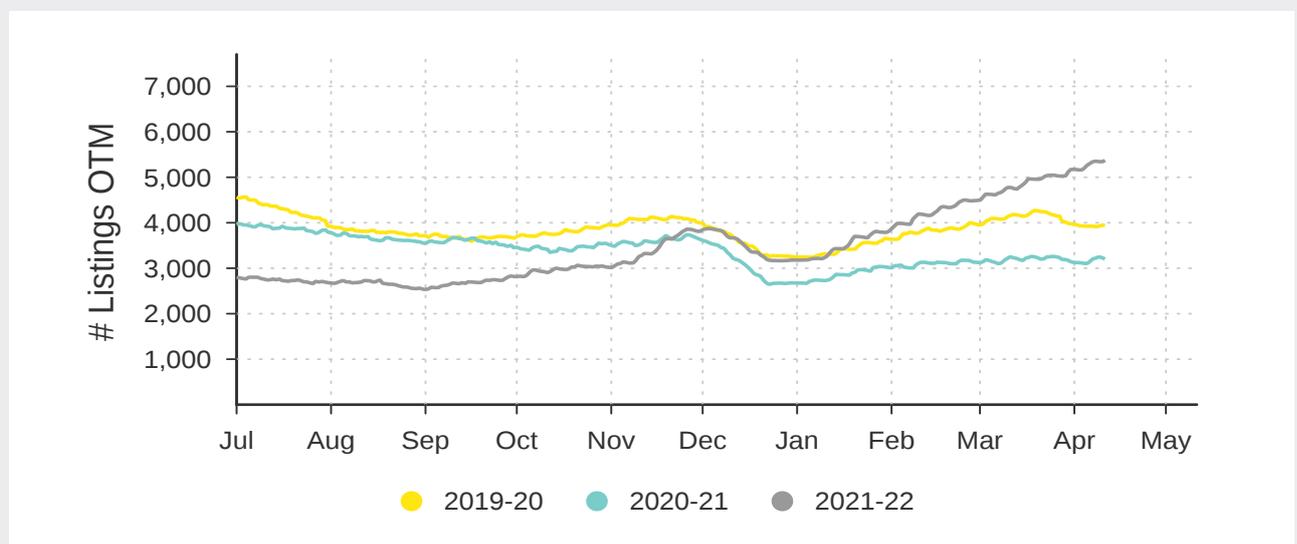
A series of headwinds have come into the real estate market during the first quarter of 2022. This coincides with a considerable rise in listings which allows buyers more choice. The announcement of interest rate rises, and ongoing lending restrictions, have resulted in more value for buyers as inventory levels rise. There are further official interest rate announcements due in mid-April.

Global activity linked with inflation is having an immediate effect on confidence in the general economy, bringing some apprehension from buyers. Although the number of sales is down, listings remain at a good level, and the increase in properties on the market is moving back to a more sustainable level. It will provide some genuine consistency for both buyers and sellers.

Sales numbers in March retracted back on value to \$1.6 billion in unconditional sales. Our sales numbers decreased by 36.6 per cent. This reflects the current buyer activity and the response to the rise in properties available on the market.

The number of new listings entrusted to Ray White during March and early April has increased by 18.6 per cent. Our overall properties on the market has lifted to 5,375 which is a new high and 67.92 per cent higher than March 2021. The overall portfolio provides buyers with more choice and puts some pressure on prices, given that 12 months ago, our company held 3,106 properties.

The below graph shows the grey line of 2021/22. The crossover period that occurred in mid-November has continued to shape upwards, with the blue line the stock indicator from 12 months ago, which remains reasonably flat.



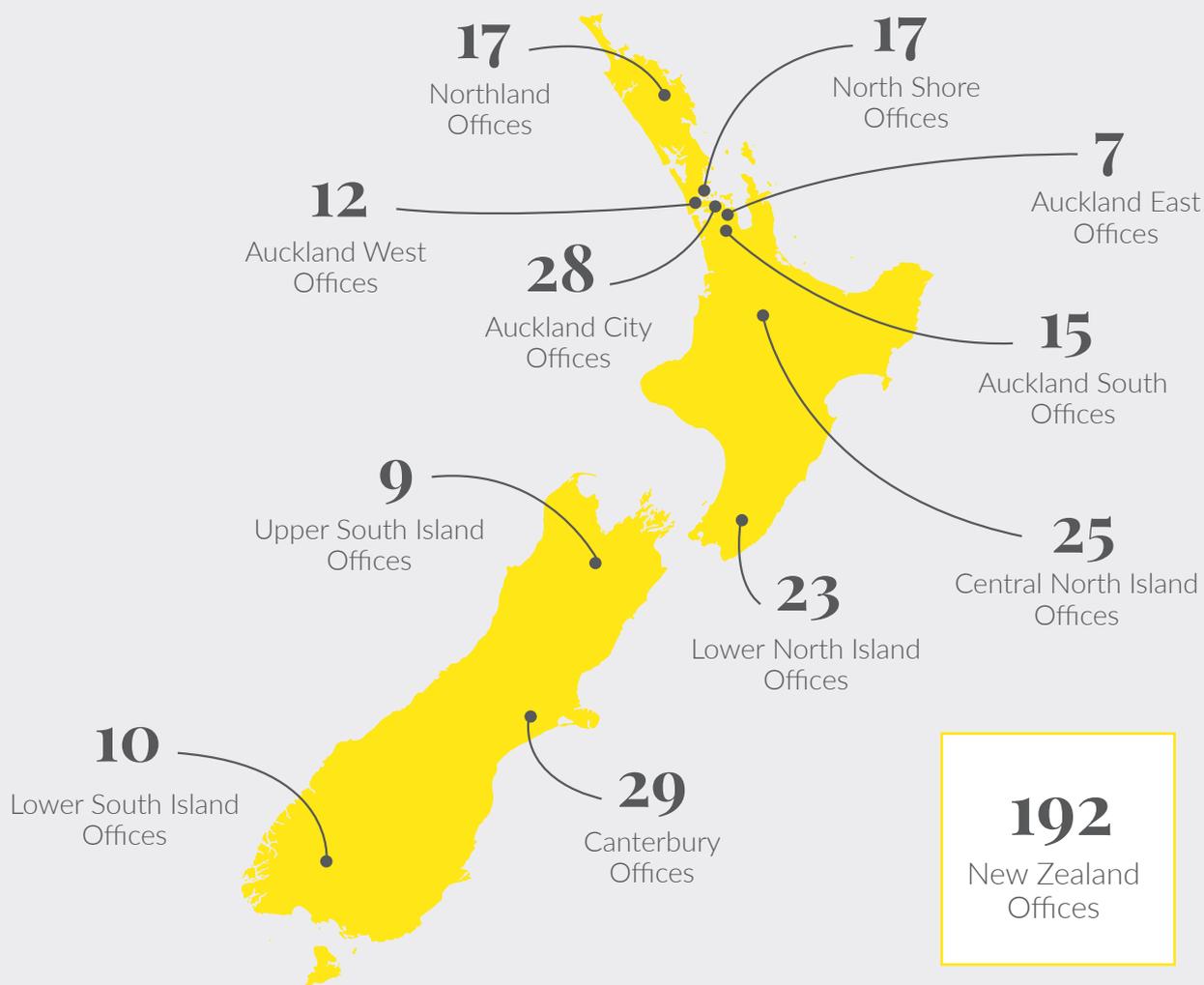
Source: Ray White Online Analytics

Your Ray White agent is highly skilled in facilitating property transactions in the current environment. Our systems and procedures are dynamically linked, and our ability to connect buyers and sellers across all marketplaces has never been greater, with our online marketing strategies enhanced by local print and signage marketing.

Of great importance for the success of your property is our real-time database, which is one of the most active and successful in New Zealand.

Ray White Now is produced in conjunction with real-time data from our 192 offices across New Zealand. On an annual basis, Ray White completes \$22.14 billion worth of property transactions and currently manages a portfolio of 20,291 properties through our property management division.

Carey Smith
Ray White New Zealand Chief Executive







INCREASED
PROPERTIES ON THE
MARKET RISE BY 65%
**BUYERS SEE MORE
VALUE IN THE
MARKET AS PRICES
LEVEL ACROSS THE
COUNTRY.**

"It is a balanced market. The decision to buy and sell in the same market provides consistent value, which buyers have been looking for during the past 12 months. While interest rates are increasing, more properties on the market allow for greater value and buyer confidence."

Fraser Coombes

Business Owner, Ray White Hamilton and Ray White Cambridge.

As New Zealand continues to be in a protective framework known as the Red traffic light system, the country has experienced much higher cases. The new framework provides safety while operating with fewer restrictions, given the vaccination levels across the country.

This month there have been several announcements regarding changes in isolation and the definition of close contacts. The announcements have gone further regarding managed isolation and quarantine facilities with the partial opening of the international borders for Australia and other parts of the world. It is encouraging that there are fewer restrictions; however, remaining safe is a key part of the government's strategy in managing the current surge in case numbers.

For the real estate market, while there are safety protocols in place, there has been a continuance of open homes and safe property viewings. Sales numbers decreased over the same time last year, and property prices flattened in March to only see a small drop of 0.2 per cent. Asking prices have seen a slight reduction, although a considerable percentage of property submitted to auction may not necessarily vindicate the asking price data.

We have seen a noticeable increase in new listing activity, allowing purchasers to come into the market with confidence of choice. This has added to the overall portfolio of properties available on the market.

Data provided by realestate.co.nz shows the increase of new property listings has lifted to 25,659 properties, which is 32 per cent ahead of March 2021. In regard to the last three months, there has been a continued lift in new listings, which has seen the total stock available across New Zealand lift by close to 10,000 properties, or just over 35 per cent, in three months.

25,659 HOUSING STOCK IN MARCH 2022
32.0% COMPARED TO MARCH 2021

Rising property listings can act as a slight headwind for property value growth.

This creates a more balanced market where buyers have more choice and the opportunity to make decisions compared to other properties available on the market.

The Reserve Bank of New Zealand is expected to lift interest rates in their upcoming announcement. This will be the fourth consecutive rise since October 2021. The next monetary statement and official cash rate review is 13 April 2022. While lending barriers have slowed the buyer depth within the property market, the current inflationary effects are having the most impact on the economy and affordability, with the annual inflation rate being 6.9 per cent.

To put this into perspective, during the past 10 years, the inflation rate has averaged at 2.15 per cent, which is in line with the inflation target of 1 – 3 per cent on average over the medium term. It is clear that the rise in inflation impacts

everyday life, and the Reserve Bank will take this into account in its monetary statement.

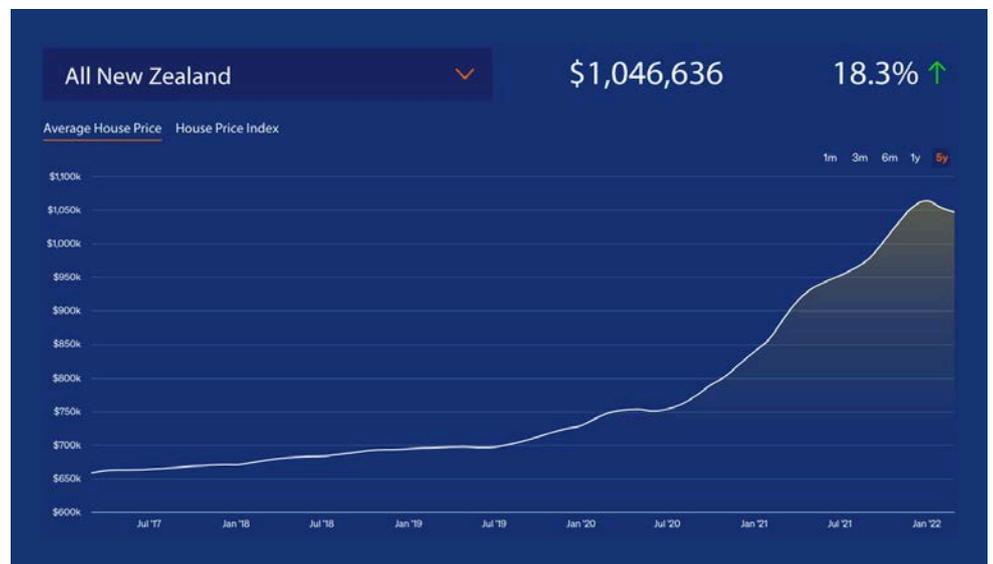
Areas and regions continue to respond differently in the various locations across New Zealand. While the headline numbers are generally provided on the overall sales, the regions with the highest average increase in asking price were the West Coast, Wairarapa, Northland, Southland and Canterbury.

In contrast, the regions with the highest decrease in average asking price were Taranaki, Coromandel, Marlborough and the Central Otago/Lakes region. These graphs, however, can be a blessing for both buyers and sellers. An increasing market can indicate a strengthening of prices because of the value in the average sale price, while potential decreases can be a result of the market that might have been overinflated and the buyers have taken back to levels of pricing to be more realistic.



Source: realestate.co.nz

In the area of sale prices, there has been a reduction in the overall sale price of 0.6 per cent. The average sales price is \$1,046,636. While the change in the last 12 months has seen property increase by 18.3 per cent, you can see on the adjacent graph supplied by QV that there is now a plateau and decline in house prices since February 2022.



Source: qv.co.nz | QV House Price Index

ASB Banking Corporation provides an economic scoreboard that considers the latest quarterly regional statistics and ranks economic performance across New Zealand's 16 regional councils. The fastest-growing regions gain the highest ratings, and good performance by the national economy raises the ratings of all regions. The ratings are measured on employment, construction, retail trade, and house prices.

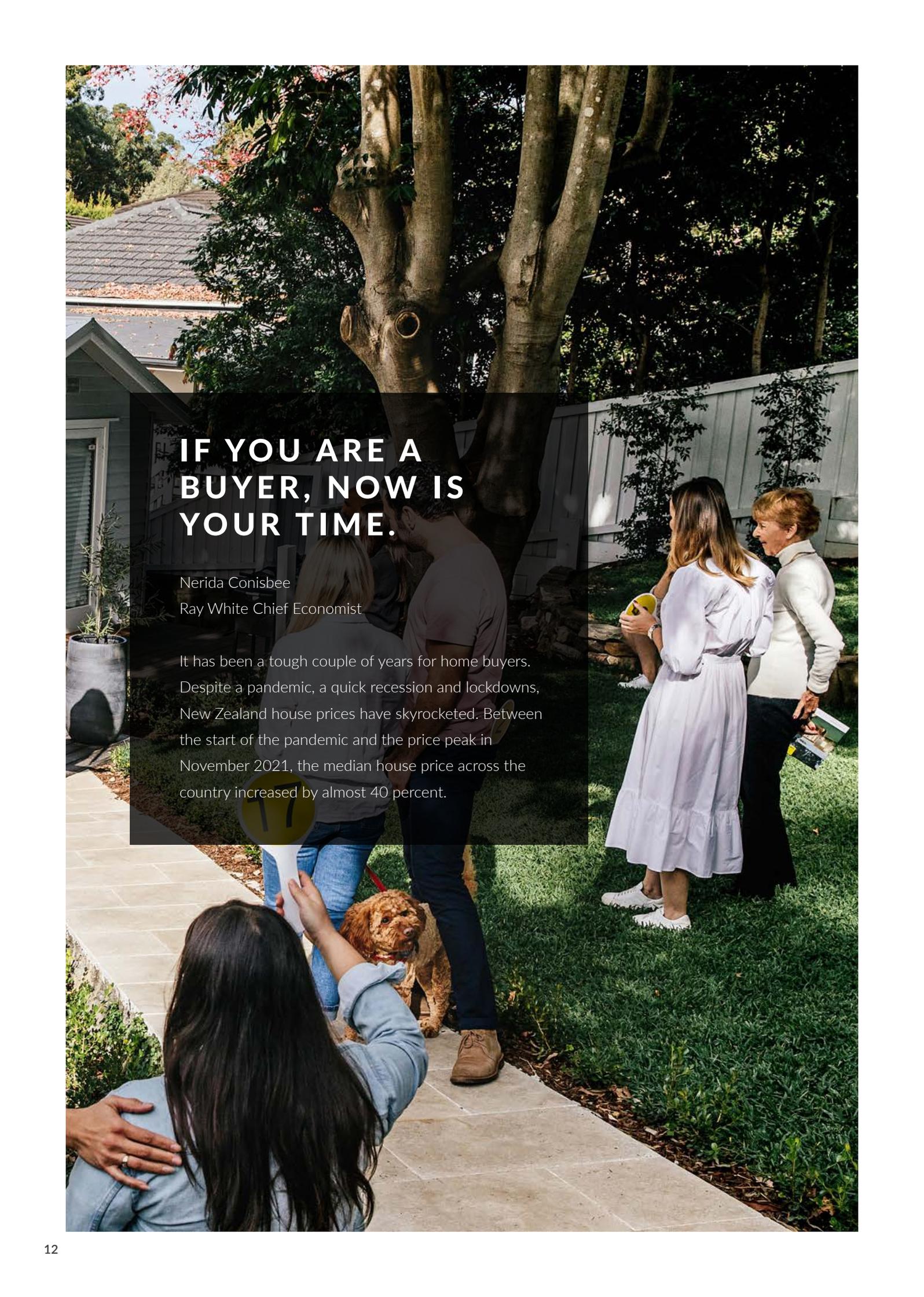
Canterbury continued to be the number one region for economic performance. House prices increased by 36.5%, while Canterbury also had strong construction employment and retail sales.

While the economic scoreboard is a balanced view, areas like the West Coast show a strong housing price factor. Still, the economic scoreboard can give a longer-term indicator of how strong the economy is in these regions.

Economic Scoreboard			
Region	Rank	Previous Rank	Change
Canterbury	1	1	No change
Manawatū -Whanganui	2	2	No change
Northland	3	3	No change
Taranaki	4	13	Up 9
Wellington	5	7	Up 2
Bay of Plenty	6	9	Up 3
Tasman	7	14	Up 7
Auckland	8=	11	Up 3
Hawke's Bay	8=	10	Up 2
Marlborough	10	12	Up 2
Gisborne	11	4	Down 7
Waikato	12	5	Down 7
Otago	13	6	Down 7
West Coast	14	7	Down 7
Nelson	15	15	No change
Southland	16	16	No change

Source: asb.co.nz - ASB Regional Economic Scoreboard | Dec Quarter 2021 Document: Page 1





IF YOU ARE A BUYER, NOW IS YOUR TIME.

Nerida Conisbee
Ray White Chief Economist

It has been a tough couple of years for home buyers. Despite a pandemic, a quick recession and lockdowns, New Zealand house prices have skyrocketed. Between the start of the pandemic and the price peak in November 2021, the median house price across the country increased by almost 40 percent.

In many suburbs however, price growth was even more extreme with many doubling over the same time period. While great news for many sellers, the fast market has been particularly stressful for many people looking to get into the market.

New Zealand median prices are now starting to fall

Median house price, 2019 to 2022



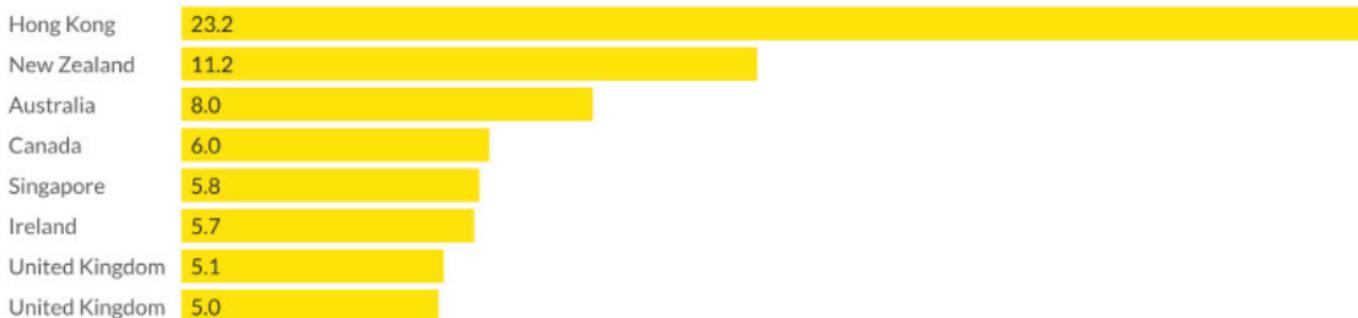
Source: REINZ, Ray White



While price growth is great for consumer confidence, at some point affordability concerns become apparent. According to Demographia, New Zealand is now the second least affordable country to buy a home in the world if you compare incomes to house prices. The average home is 11.2 times household income. Only Hong Kong has a higher multiple. Rapid increases in borrowings also raises financial stability risks, particularly concerning when interest rates start to rise.

Least affordable countries in the world

Multiple of income to house prices, 2021



Source: Demographia, Ray White



It was therefore no surprise that the Reserve Bank of New Zealand put in a large number of finance restrictions during 2021. With rapidly rising inflation also a concern, three interest rate rises are also slowing the market. The price declines we are seeing now are orchestrated by Government policy. The good news from this is that much of that policy, particularly related to finance restrictions can be reversed if it looks like the market is cooling too quickly.

While a slower market is generally preferred by buyers, another piece of good news for buyers is stock availability. Listings have increased and are now up three percent from last year and nine percent from last month. While not a dramatic increase, it does mean that there is more stock available for anyone wanting to buy.

Although we tend to celebrate price growth, there are many people that benefit from a slower market. First home buyers are the obvious ones and this group tends to be far more active when prices are more stable. While investors generally prefer fast moving prices, this year they are well placed given that rental growth will continue to strengthen as migration starts up again. Finally, most sellers are subsequent buyers. Many people looking to upgrade could have been caught up when prices were rising rapidly, selling their home and then finding it difficult to get back into the market.





A photograph of a man in a dark suit and tie standing on a wooden porch, smiling and holding a smartphone. He is talking to another man who is seen from the back, wearing a blue and grey jacket and jeans. The porch is part of a house with white horizontal siding and a white corrugated metal roof. There are potted plants and a wicker chair on the porch.

WHAT ARE WE SEEING IN THE MARKET RIGHT NOW?

Several factors drive real estate markets; however, the two basic fundamentals of supply (the number of total properties for sale) and demand (the number of buyers active in the marketplace) play a significant role in establishing market conditions that favour sellers or buyers. In general terms, when supply is low, and demand is high, conditions are favourable for sellers. Conversely, when supply is high, and demand is low, conditions are favourable for buyers.



SUPPLY

Throughout March, we saw 2,553 'new listings' come onto the market, up marginally year on year by 0.79 per cent. This was met by 1,721 sales for March, a decrease of 39.38 per cent. With a total of 5,171 listings on the market in March for buyers to choose from, this is up a significant 64.73 per cent year on year.

DEMAND

The initial buyer metric we consider is the number of buyers viewing properties online. Throughout March, we saw 4.699 million views across our Ray White websites which resulted in over 49,730 enquiries.

Ray White New Zealand saw 1,126 properties scheduled to go to auction in March, up 5.4 per cent when compared to the same period last year. With 7.6 per cent of these properties sold prior to auction, it still demonstrates the strength of the buyer pool.

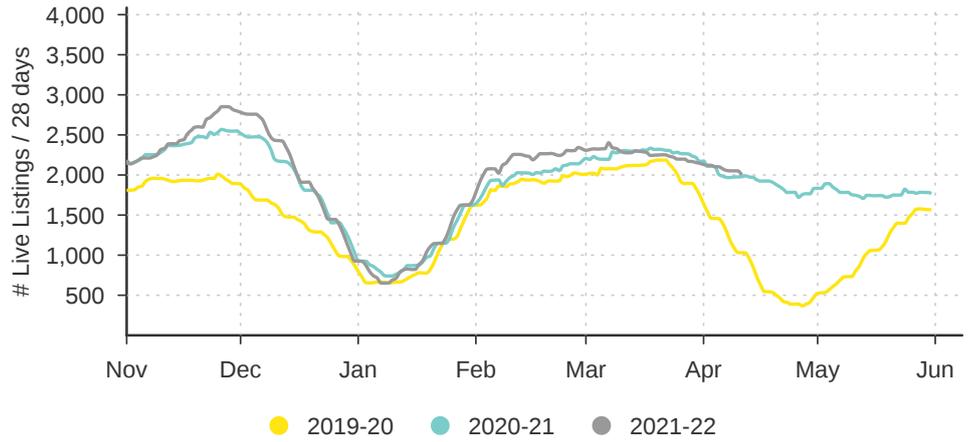
Our auction day clearance rate is sitting at 44.2 per cent. We are seeing quality homes in good locations with multiple bidding registrations and active bidders. Our auction campaign clearance is above 50 per cent.

The final consideration we look at when measuring the volume of demand in the market, and arguably the most significant, is the number of people obtaining pre-approval for finance. Pre-approvals are a key leading indicator of buyer confidence, knowing they have the financial capacity to buy the property. Our partners at Loan Market are still seeing record numbers of pre-approvals across the country, with 23.18 per cent more than this time last year (refer to page 19). This is despite the major changes to the Credit Contracts and Consumer Finance Act (CCCFA) which came into force on 1 December 2021, and rising interest rates.

As we continue to see strong numbers across these buyer metrics, we often ask ourselves why?

LIVE LISTINGS

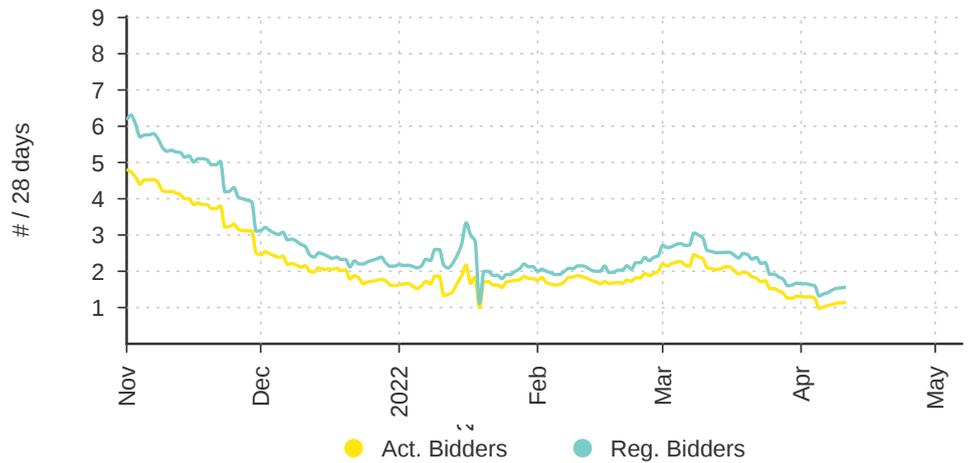
This chart shows the total number of live listings are up for the month of March by 0.79 per cent compared to the same time last year.



Source: Ray White Online Analytics

BIDDING BY MONTH

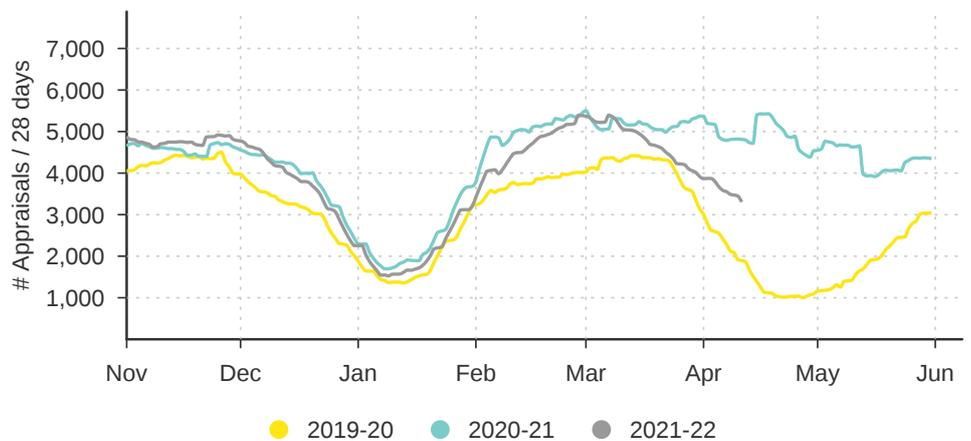
This chart illustrates the average number of registered bidders per auction for the last six months.



Source: Ray White Online Analytics

APPRAISALS

This chart compares the number of appraisals Ray White salespeople have made over the 2019, 2020 and 2021 calendar year.



Source: Ray White Online Analytics

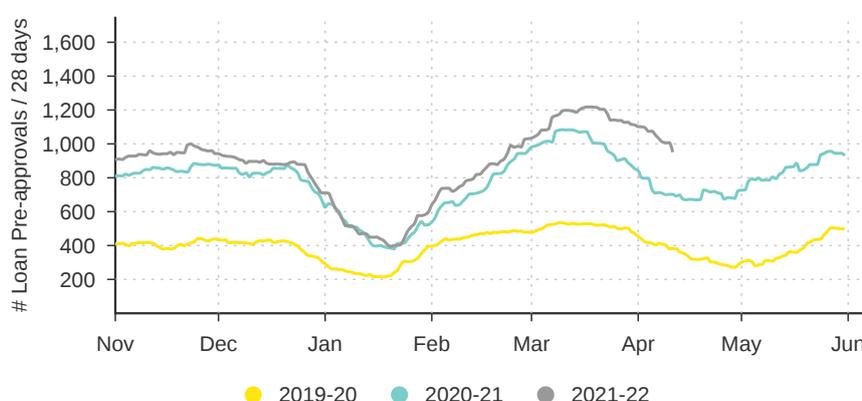
SO WHAT FACTORS CONTRIBUTE TO MARKET SENTIMENT?

Interest rates continue to underpin purchasers buying power. The OCR currently sits at 1.00 per cent, with the next monetary policy review announcement set for 13 April 2022 and a rise predicted offshore during 2022 and 2023, having waited patiently for two years to do so.

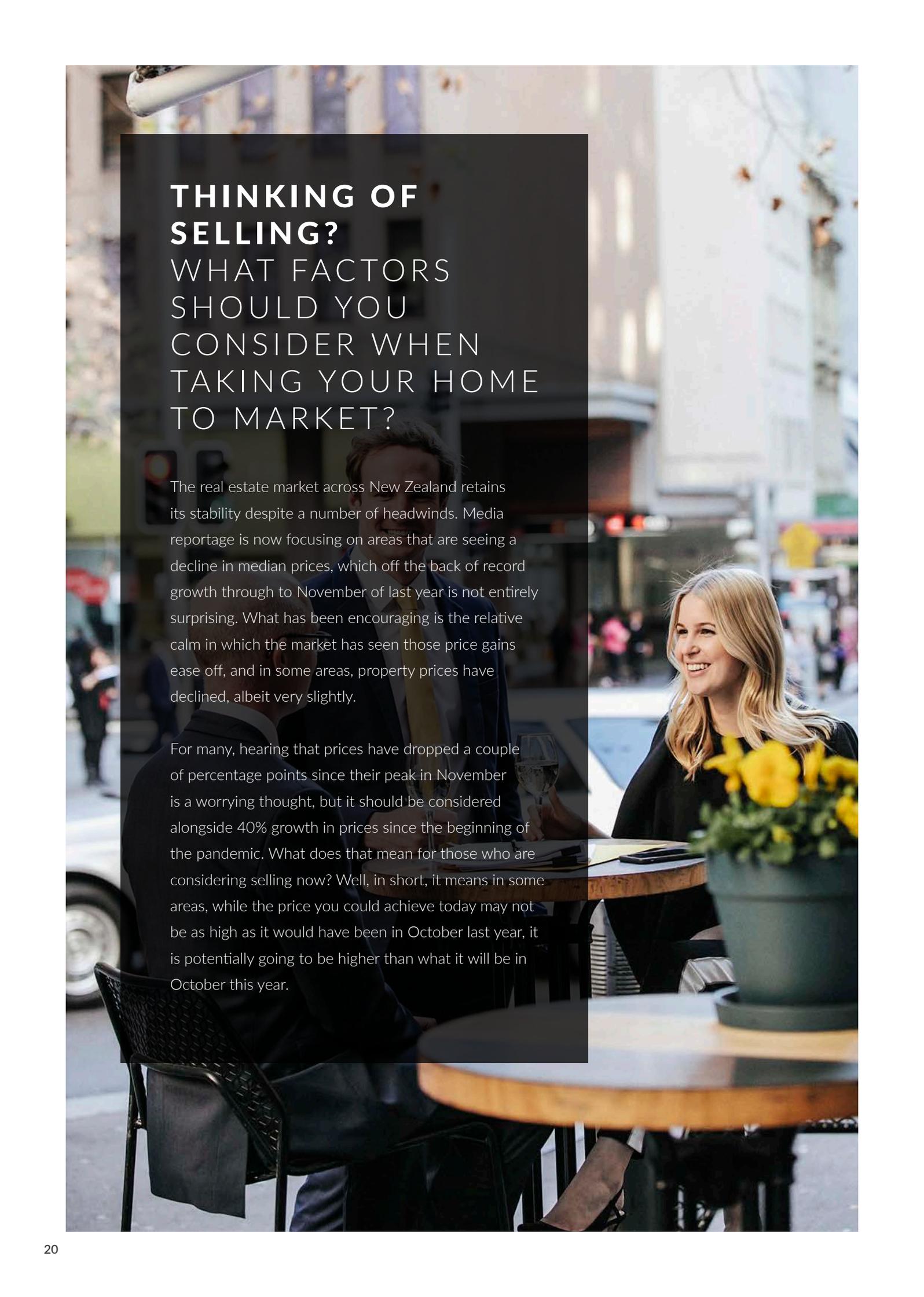
- Interest rates - are a driver of home affordability. Continued rate rises over the next 12 to 18 months are expected. With predictions the 1 year discounted fixed rate will be close to 5 per cent by December 2022. This is a small but meaningful interest rate jump, particularly for those coming off low 2 per cent interest rates.
- Lending environment - a significant market headwind is the changing lending environment. Not only are rates on the rise, but credit availability has also gotten tougher. Loan-to-value ratios have returned, new Credit Contracts and Consumer Finance Act rules - which make accessing lending harder - are in place, and the Reserve Bank is consulting on debt-to-income ratios.
- Affordability - Nationally, average asking prices were up 16.0% year-on-year, with the asking price at \$974,019 in March 2022. However, this is around \$25,000 down from a record high in January this year.
- Housing supply - Year-on-year, total stock levels were up 32.0% nationally, and reflected in most regions across the country during March. This is a telling sign there are more properties on the market for buyers to pursue.
- Net migration - the announcement of reopened borders for New Zealand is likely to allow a resumption in higher levels of migrant arrivals with MIQ virtually obsolete. At the same time, a build-up of New Zealand talent could be looking to move offshore during 2022 and 2023, having waited patiently for two years to do so.

LOAN PRE-APPROVALS

This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the past three years.



Source: Ray White Online Analytics



THINKING OF SELLING? WHAT FACTORS SHOULD YOU CONSIDER WHEN TAKING YOUR HOME TO MARKET?

The real estate market across New Zealand retains its stability despite a number of headwinds. Media reportage is now focusing on areas that are seeing a decline in median prices, which off the back of record growth through to November of last year is not entirely surprising. What has been encouraging is the relative calm in which the market has seen those price gains ease off, and in some areas, property prices have declined, albeit very slightly.

For many, hearing that prices have dropped a couple of percentage points since their peak in November is a worrying thought, but it should be considered alongside 40% growth in prices since the beginning of the pandemic. What does that mean for those who are considering selling now? Well, in short, it means in some areas, while the price you could achieve today may not be as high as it would have been in October last year, it is potentially going to be higher than what it will be in October this year.

The most commonly referenced barrier to further price growth in the short term is access to lending, whether those restrictions are the cost of borrowing or the changes that had been made to the CCCFA, which we have discussed in previous editions of this document. The Consumer Credit and Finance Act amendments are currently out for consultation, which closes on Wednesday, 20 April 2022. Following feedback, the changes are expected to be in force in June, which may see access to funds ease slightly. What has been apparent, however, is many potential home buyers have been hesitant to even apply for a loan due to the media coverage and the perceived difficulties in accessing funding. This has the potential to change come June this year.

When it comes to interest rates, at the time of writing, we are on the eve of the RBNZ announcement around the Official Cash Rate, although almost all commentators and major banks agree we are looking at a rise of 50 basis points. The question for a seller to ask themselves now is if the cost of borrowing continues to increase, what does that do to the affordability of a purchaser to be able to pay more for their home in the future? There is potential that later in the year purchasers will have less buying power than what they do now.

There are a number of other considerations to be taken into account when you decide whether now is the right time to list your property for sale and all of the factors below can combine to influence an outcome.

- Number of properties for sale
- General lending environment and regulatory restrictions
- Method of sale
- Interest rates
- The time it takes to sell a property

On the supply side of the equation, when there are more homes for sale, the more choice there is and, therefore, the less pressure a buyer may feel to compromise if the property doesn't suit their requirements. The fewer properties available for sale have the opposite effect, and buyers are more likely to compromise and compete with other purchasers for a home.

Choosing the most appropriate method of sale for your market conditions and personal needs remains important. We know the most active purchasers in the market typically inquire early on property and are attracted to 'fresh' homes coming onto the market. This means that most properties generate higher levels of interest in the early days of being on the market and over time the level of interest starts to wane.

There has been plenty of commentary around the clearance rates various companies have achieved at auction. Whilst important, this headline data doesn't necessarily give a full view of the market. Over the past month, on average, a property taken to auction by Ray White New Zealand has had a median 'days on market' of 27, which can be compared with a 'median days on market' of 38 for homes marketed by private treaty, which includes methods such as by negotiation or priced properties. So while all property may not be selling on or before auction day, the chances of selling your home, earlier in a marketing program when buyers are potentially more engaged remains higher with auction properties.

HOW DO WE CREATE THE MOST COMPETITION FOR YOUR PROPERTY?

1. MARKETING EXPOSURE

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.

In March, Ray White New Zealand had 2,144 live listings, down 1.11 per cent on last year, while the number of sales was down 35.7 per cent year on year.

Last month, Ray White New Zealand had 1,028 properties scheduled to go to auction, leading to an all sold clearance rate of 50 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 illustrates your intent to sell and therefore attract genuine buyers. We appreciate that some people would prefer to sell quietly or off-market. 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 that 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 120 years of real estate

experience enables us to understand that a catalyst for creating competition is leveraging the local community. Our data shows that up to 60 per cent of property purchasers come from neighbours and their friends in some cases.

Ray White Concierge can communicate to property owners in surrounding streets, positioning your property to ensure it is at the centre of our communities' attention. 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.

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.

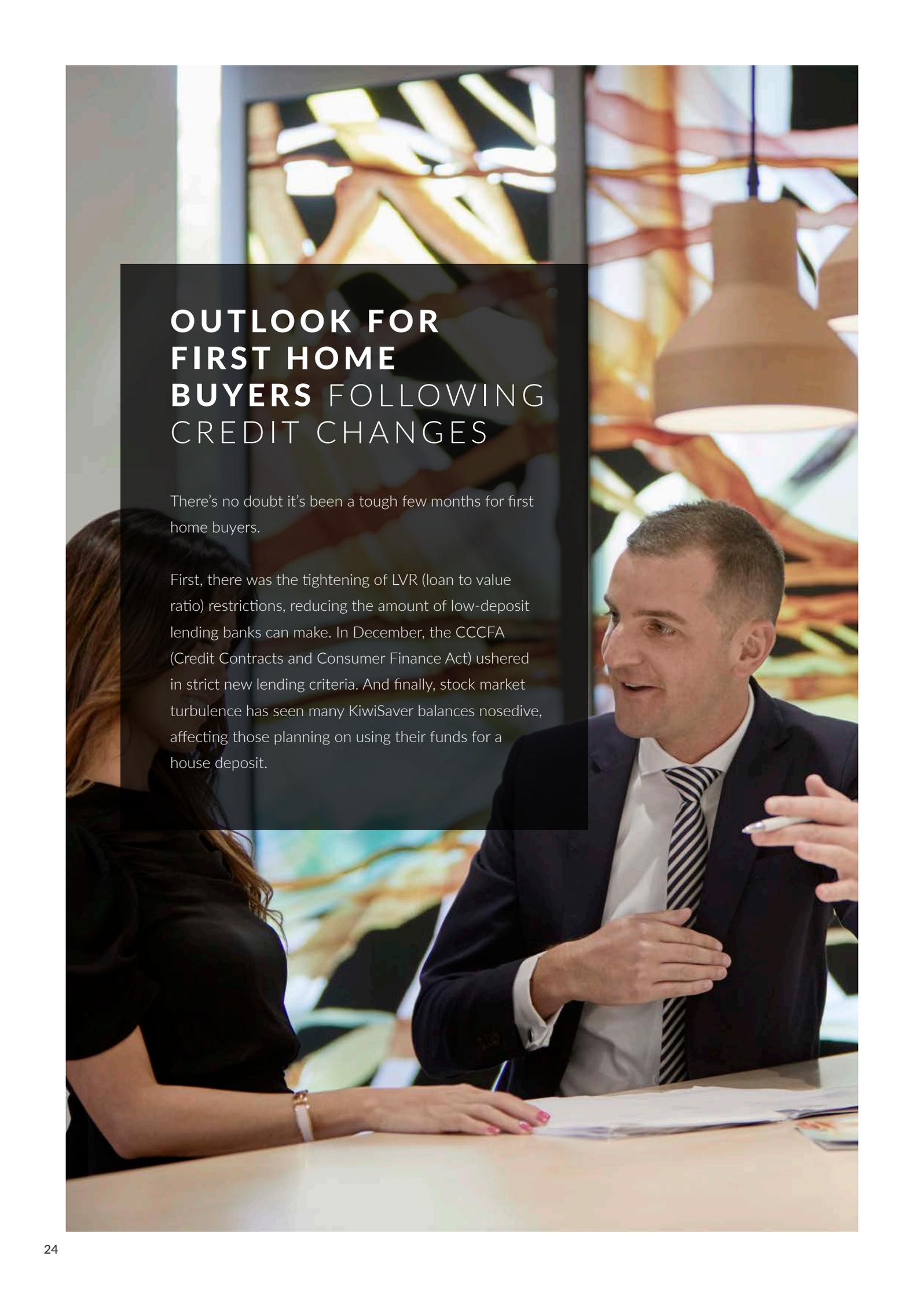
To put a price on the power of our media coverage, in March, Ray White New Zealand achieved more than \$2,118,915 worth of earned media mentions in print, online, radio and TV, according to iSentia, our media intelligence agency, with a potential reach of 8,810,000 people, approximately twice the population of New Zealand. 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.



OUTLOOK FOR FIRST HOME BUYERS FOLLOWING CREDIT CHANGES

There's no doubt it's been a tough few months for first home buyers.

First, there was the tightening of LVR (loan to value ratio) restrictions, reducing the amount of low-deposit lending banks can make. In December, the CCCFA (Credit Contracts and Consumer Finance Act) ushered in strict new lending criteria. And finally, stock market turbulence has seen many KiwiSaver balances nosedive, affecting those planning on using their funds for a house deposit.

CoreLogic's Buyer Classification data shows that these changes are really starting to bite first home buyers. In January, first home buyers made up 24% of purchasers compared to 26% at the same time last year.

Furthermore, data from credit reporting agency Centrix shows the percentage of successful home loan applications dropped from 39% in October to 30% in December. First home buyers likely make up a big chunk of those missing out.

In addition, the cost of living is steadily increasing as inflation continues to rise. And with war in Ukraine, stock market turmoil is guaranteed, at least in the short term.

HOWEVER, IT'S NOT ALL DOOM AND GLOOM.

CoreLogic's data shows some glimpses of light. Although first home buyers' market share dropped in Auckland, Wellington and Christchurch, other parts of the country saw different results. Activity from first home buyers increased in Dunedin and Tauranga, while Hamilton held steady.

Plus, there are definite signs the property market is slowing and house prices are easing. Many real estate agents have reported a slowdown in interest at auctions and a dampening of expectations. Listings are also on the up, increasing choice for all buyers while building consents have reached record highs.

Furthermore, the government has announced a review of the CCCFA to address the 'unintended consequences'. Many would-be borrowers have been turned down for spending too much on the likes of Netflix and UberEats. Initial advice from the review is due out any day, followed by a more comprehensive analysis in April.

Hopefully, the review delivers some good news for borrowers.

However, while the long-term outlook has some encouraging signs, that's of little comfort to Kiwis looking to buy their first home soon. And that's where the expert help of a mortgage adviser can make all the difference.

From navigating the lending landscape to getting your mortgage application shipshape, your Loan Market adviser supports you at every step. Contact us today for personalised expert advice.

ABOUT LOAN MARKET

Naturally, we all want the best when it comes to our home, and the same should apply to our home loan.

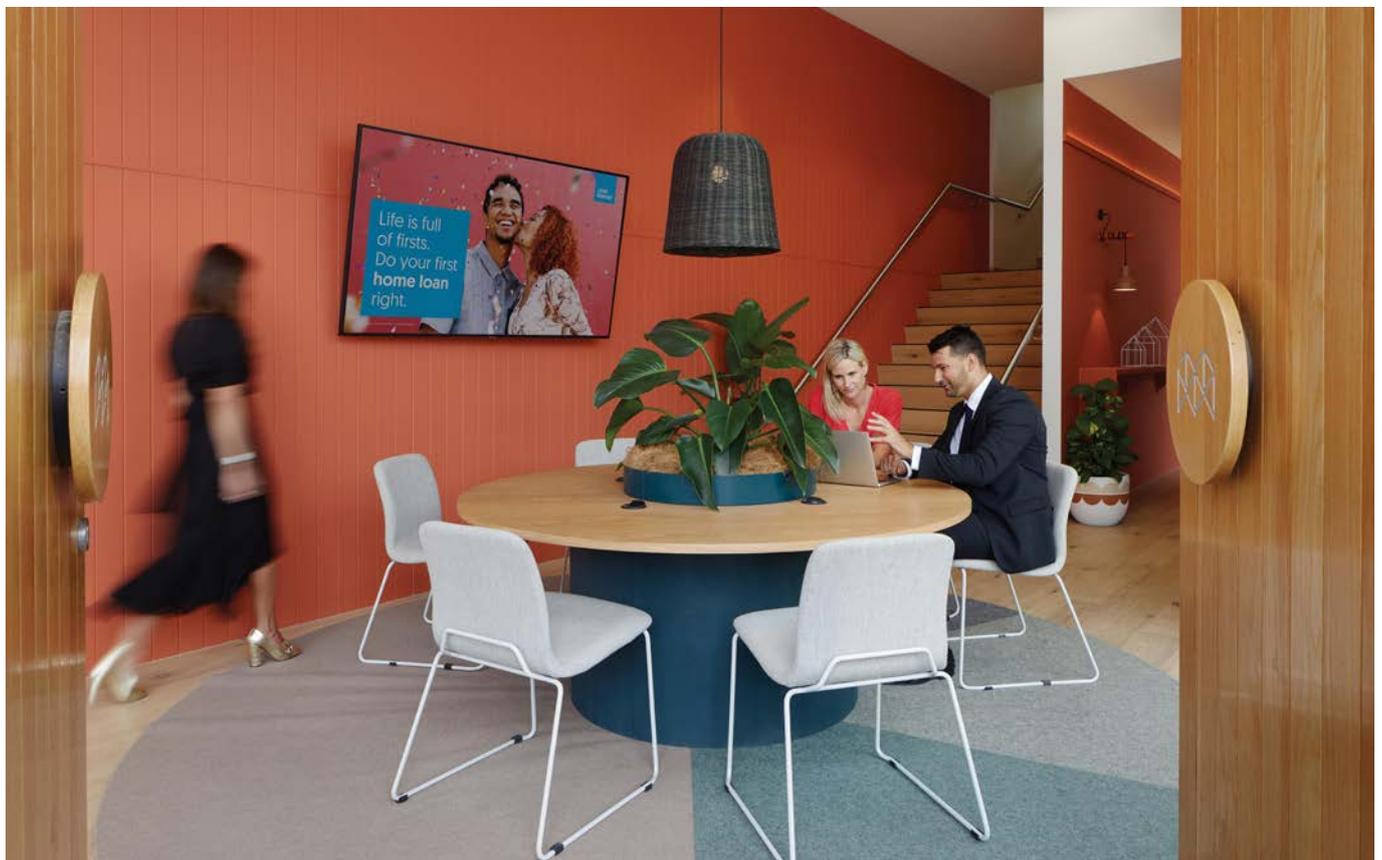
That's where our partners at Loan Market can help. Whether speaking to first home buyers, investors or owner-occupiers, Loan Market advisers can compare rates and features from over 20 banks and lenders to help potential buyers get the right finance in place to secure the property they want.

During the sales process, your Ray White salesperson will introduce potential buyers to their recommended local Loan Market adviser, who will respond quickly to provide them with the information they need to find a home that suits their needs.

Exposing your property to a pool of educated and, where possible, pre-approved purchasers who are ready to make an offer or bid at auction increases the likelihood of getting your home sold and settled on time and at the right price.

Your local Loan Market adviser can even assist you with your own home finance options. As one of Australasia's largest financial adviser networks, Loan Market enjoys industry links and contacts that mean they are better placed to negotiate on your behalf with major banks and secure lenders. They may even be able to find you a better deal with your own bank.

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 Crows Nest, and has grown into Australasia's most successful real estate business, with more than 1,000 franchised offices across Australia, New Zealand, Indonesia and Hong Kong.

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 make the best real estate decisions.

raywhite.co.nz



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



raywhite.co.nz



loanmarket.co.nz