

RAY WHITE **NOW**

Real time residential market insights
16 - 22 June 2020

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THE RISKS OF WAITING UNTIL SPRING

Last week we conducted an online survey of our customers, and the results were very interesting. We found that more than 40 per cent of our customers believe the media coverage on the property market is confusing, and a majority are worried about the impact of the virus on the market and that is holding back so many that have indicated they are looking to sell.

Over the past five weeks in 'Ray White Now', we have been highlighting the great resilience of the real estate network despite all the restrictions and uncertainty imposed by the pandemic. During April and May, we served nearly 9,000 Australian families and businesses representing more than \$4.4 billion of property (only 13 per cent less than the same months last year). We conducted 1,025 auctions, with a better auction day clearance rate than the same months last year. And prices remained strong.

For these reasons, we have advocated the advantage for potential vendors to sell in today's market. We are now seeing more new listings come to the market, and total listings are only marginally down on where we were last year. Fortunately, we continue to see strong buyer demand, as illustrated in our online enquiry data, the number of buyers attending our 'Open for inspections', and our record number of registered bidders at auction. In fact, on Saturday we saw an average of 5.6 registered bidders at our auctions which had a huge impact on our auction clearance rate of 68 per cent. A result which is also well up on the same period last year.

So the market has become a lot larger over the past month. More new listings, and with strong buyer activity, more sales. As more stock comes on the market, the dynamic between seller and buyer is shifting slightly to a more balanced equation. While there is more property on the market to compete with, as the vast majority of our vendor clients are selling in order to buy again soon, they have a better opportunity to find their ideal next property.

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.

It's not surprising to hear people saying "I think I will wait until spring". We are currently seeing the usual seasonal dip in new listing numbers as winter begins, reflecting this sentiment. There are a number of reasons why waiting to list your property until spring may be a poor strategy.

Firstly, there is no historical evidence that waiting to list your property until spring will deliver a better result. Please remember that getting ready to list your property now, will probably result in a sale in late August or even early September. Our data shows that there is no material difference in median price achieved between a sale achieved in August versus one achieved later in the year.

Secondly, by waiting to list in spring will see you competing against more property. Now is an opportunity for sellers to take advantage of this window of lower competition for their property, as we expect new listings to rise in spring.

Thirdly, with few people travelling for holidays this year, we expect to see a continuance of strong buyer presence.

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 aren't economists, no-one has a crystal ball, but we can confidently say we have a deep knowledge of what is happening now... and the market is active now and we see no reason to wait.

SELLING IN THE CURRENT ENVIRONMENT

Like most property owners, you'll probably have questions about what has and hasn't changed in the way in which properties are being marketed in the current environment. Is now a good time to market my property for sale? How can we continue to market and sell property in a safe manner as our communities transition back to normal conditions? And so on.

We are concerned that our clients may make decisions to stay out of the real estate market based on media reports that often paint a negative picture.

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

As Australasia's largest real estate group, selling one in every nine properties across Australia, we are uniquely placed to provide our clients with relevant and timely information and data to assess current market activity. As a family owned and led business with 118 years of experience, we know that we can deliver you the highest quality solutions in today's market.

We have successfully adapted our processes in order to continue to safely fulfil the needs of our customers in the current environment. The process of selling has changed a little, yet our activity over the past two months has shown that these processes are working very effectively.



WELCOME HOME: Smiles all around from our buyers of 266 Beach Road, Black Rock, Victoria on Saturday.

WHY ARE WE SEEING STRONG SALES RESULTS NOW?

Real estate markets are driven by a number of factors however the two basic fundamentals of supply (the number of total properties for sale) and demand (the number of buyers active in the marketplace) play a significant role in establishing market conditions that favour sellers or buyers. In general terms, when supply is low and demand is high, these conditions are favourable for sellers. Conversely, when supply is high and demand is low, these conditions are favourable for buyers. So what are we seeing now?

Over the past two months, supply has been low, in historical terms and we have seen consistent and strong buyer activity (demand). Put simply, there were more buyers competing over less properties, creating conditions that lean towards our sellers obtaining an advantage in achieving better results. Our clients that have come to market over this period have achieved great results because of the basics of supply and demand.

Supply

There has been a change to supply in recent weeks. We have seen an increase in new listings per Chart 1 below. This could be due to a number of reasons - the increased demand currently in the market that is giving sellers confidence, 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.

Over the past few weeks we have seen a major change in the market dynamics from a national perspective. In terms of total listings on the market at the moment, we are only marginally behind where we were last year and about six per cent less than in June 2018. So while there is less supply than in the past few years, this gap is shrinking and we expect it to close fully by spring.

Demand

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

Buyers normally start their journey by looking online. Chart 3 shows that the number of buyer enquiries on our websites dipped about 25 per cent in April, but is now up on this time last year. In fact, we are seeing unprecedented levels of online traffic across our Ray White websites. Industry portals like Domain and REA are also reporting significant increases in buyer enquiry.

The usual next stage in the buyer journey is property inspections. Chart 4 shows the number of potential buyers inspecting properties listed by Ray White since mid- March 2020. After a major fall when inspections needed to be done privately, we have seen a major increase in inspection numbers since restrictions have eased. So much in fact that the number of potential buyers inspecting property now is significantly higher than before COVID-19. About 36 per cent higher.

The next stage is buyers bidding at auction for property. 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 in what many would consider our peak selling season over the spring months, as seen in Chart 5.

Pre-approvals are a key leading indicator to buyer confidence knowing they have the financial capacity to buy the property. Chart 6 shows the monthly home loan pre-approvals recorded by the Loan Market Group have increased by 49 per cent compared to last year and a 98 per cent increase from 2018. Loan Market is our loan brokerage partner and Australia's largest independent broker. Loan Market just posted a record month of settlements with more than \$1 billion in loans, its biggest month ever.

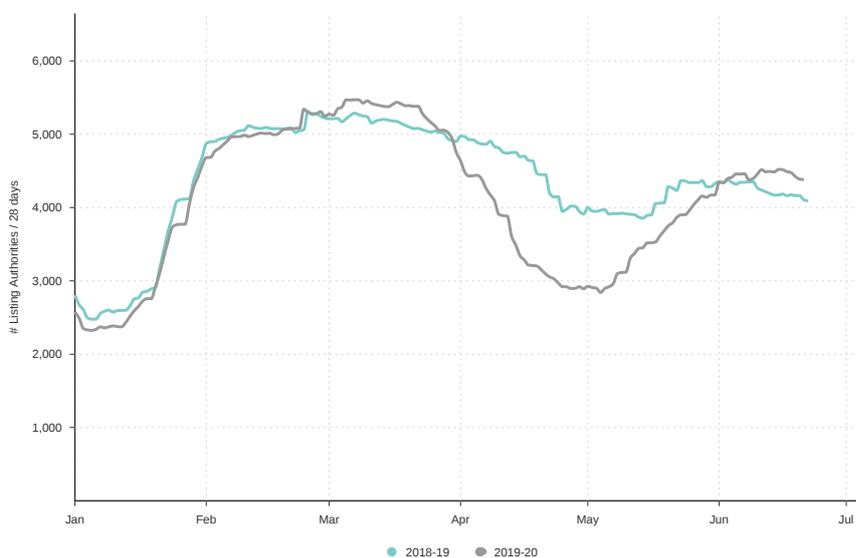
So what factors are contributing to buyer confidence?

- Interest rates are at record lows. Importantly, the general consensus among economists is that they will remain at these low levels for the foreseeable future.
- Banks and lenders remain very supportive of lending for residential property.
- The low Australian dollar is attracting strong overseas buyer interest.
- Record levels of government stimulus are supporting buyer sentiment.

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

Chart 1: Listing authorities

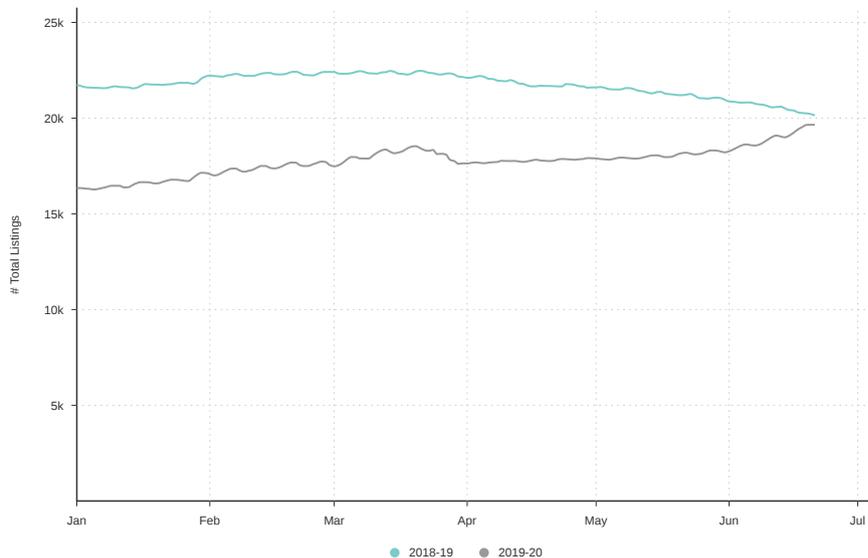
This chart shows the number of new listings have now exceeded levels compared to last year.



Source: Ray White Listings Data

Chart 2: Total available listings

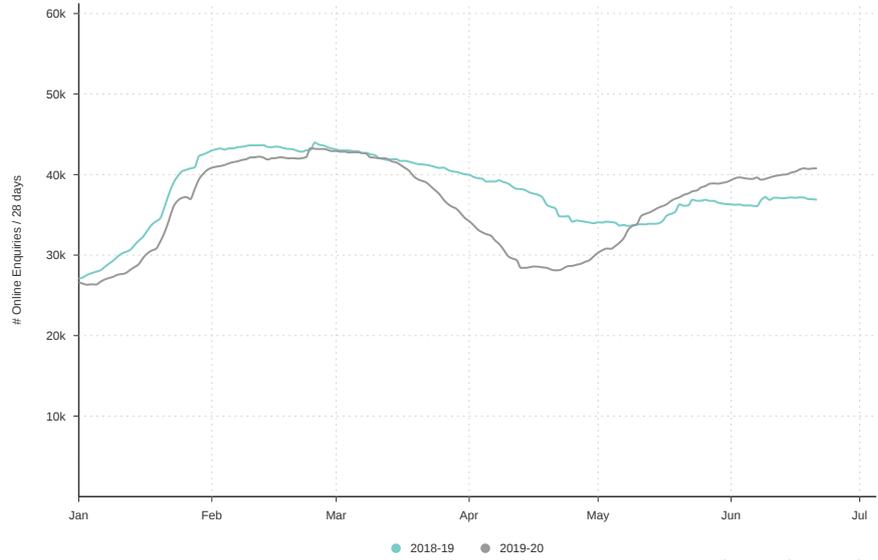
This chart show the total number of listings are only marginally down compared to last year.



Source: Ray White Listings Data

**Chart 3:
Online enquiries**

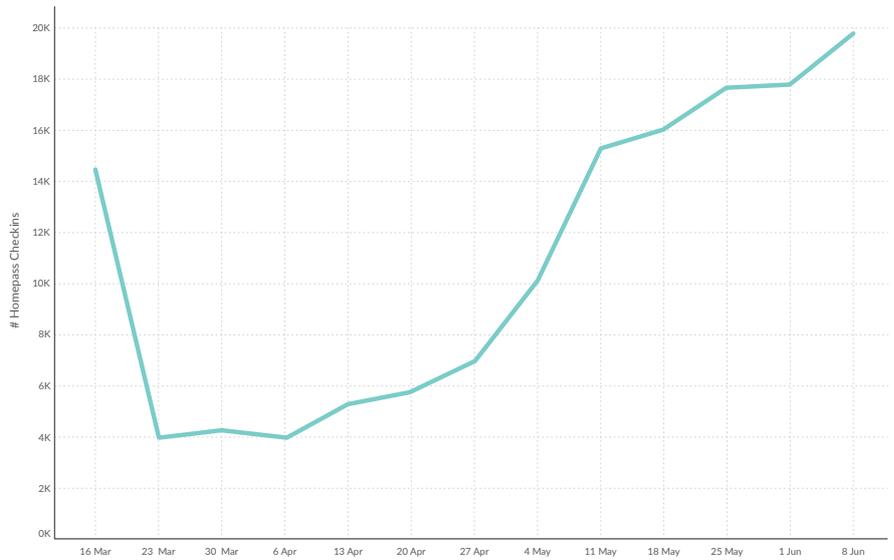
This chart compares the number of online enquiries made through Ray White websites over the 18-19 and 19-20 financial years. It shows that online enquiries are above levels at the same time last year.



Source: Ray White Online Analytics

**Chart 4:
Check-ins at private inspections and open homes**

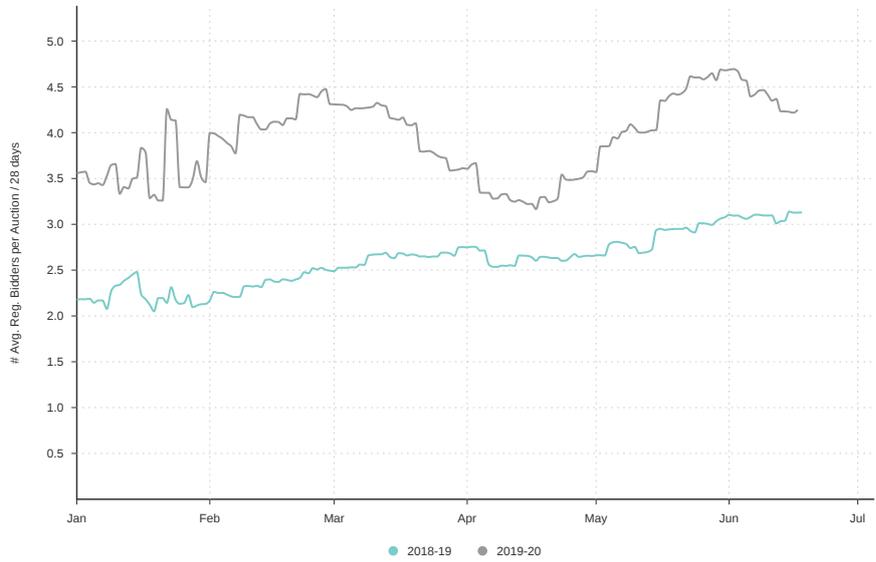
According to HomePass, potential buyers who attend Ray White Group open homes are up dramatically week on week. In fact, current “check in” numbers are 36 per cent higher than pre-COVID times for the leading group.



Source: HomePass

**Chart 5:
Bidding by month**

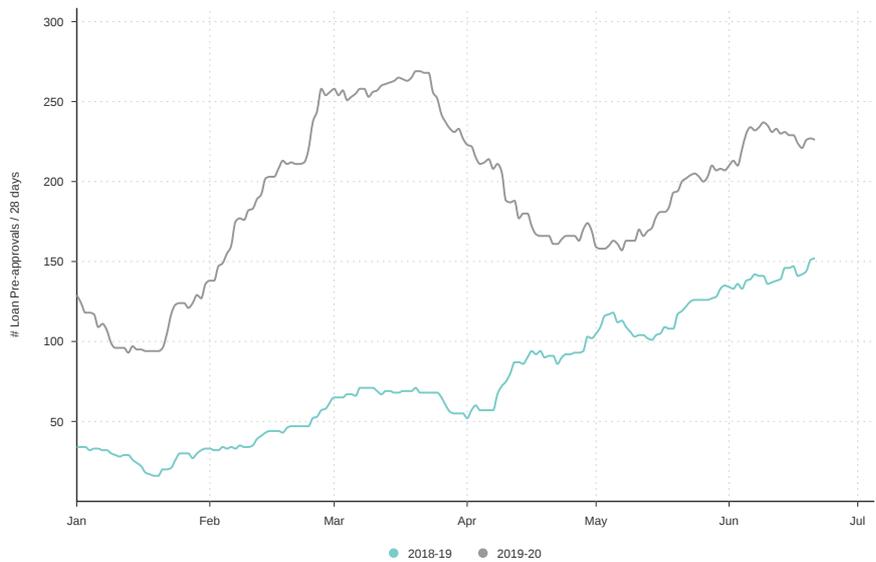
The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 as at 22 June 2020.



Source: Ray White EARS Auction Reporting System

**Chart 6:
Loan pre-approvals**

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

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 the traditional selling season of spring, we would urge you to consider listing your property now as it may be the best opportunity you'll have all year.

The current selling conditions are strong. The market is experiencing its usual dip in new listings, while buyer activity remains strong. By listing your property now, you would most likely achieve a sale in August or early September, which historically has no difference in median price to sales that occur later in the spring and early summer.

The key reason to list it 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 demand in the next six to 12 months and possibly longer, creating conditions less favourable for sellers.

How have these opinions been derived? The key government stimulus packages (JobKeeper and JobSeeker to name the two most significant) are currently scheduled to end in September. Banks have offered a large number of homeowners mortgage deferment support which is also scheduled to end in September. Many economists predict that when these support measures come to an end, we will start to see larger volumes of new properties come onto the market causing a potential over supply of properties available for sale. AMP Capital chief economist Shane Oliver said the full impact from COVID-19's hit to unemployment, rents and immigration on the property market had not yet been realised and was likely to be seen from September onwards.

The worst of the health pandemic may appear to finally be behind Australia but that hasn't stopped concerns that the biggest economic impact could lie ahead.

The factor that is causing most concern is that in September, an unprecedented amount of public and private sector stimulus measured in the hundreds of billions of dollars are due to come to an end. Regarding buyers, the withdrawing of government stimulus and the potential for a steep rise in unemployment may result in less buyers having the ability to purchase properties.

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

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

There are some economists that are not as concerned by these potential risks to the economy. They point out that significantly low interest rates will provide an important 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 the downward pressure on prices over the short-term.

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 your property, the current market is active. The market is having its usual seasonal dip, meaning that there is less competition against your property. Finance for buyers is strong. And with several risks in the months ahead, it's unlikely prices will rise in that period of time, so it's hard to give a reason as to why you would wait.

WHY IS THERE BUYER CONFIDENCE AT THE MOMENT?

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

With interest rates at all time lows and with banks being supportive of purchasers, we are seeing many buyers wanting to take advantage of these factors. Obtaining secure credit on excellent terms while they are available, is certainly influencing demand. This is not only the case with first home buyers, but across all sectors of the market. Fortunately, we continue to see confidence in buyers with job security working in industries not materially impacted by the current economic environment.

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

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

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 that thing that you really want, especially if it's a family home. Longer term, there seems broad agreement that Australia's fundamentals post virus should remain strong. Property investment has, and will always be a long term investment.

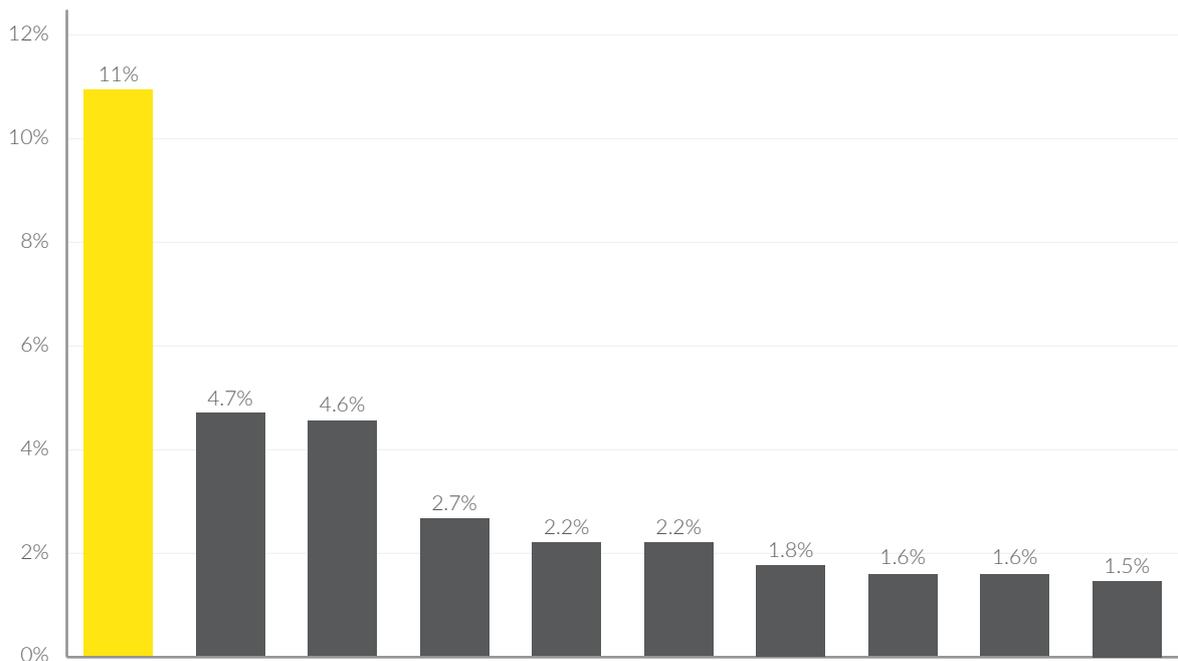
If finance continues to be provided on the current terms, the purchasing power of buyers is expected to remain strong and be the main driver of buyer confidence.



SOLD: Happy buyers at 45 Station Street, Ferntree Gully, Victoria on Saturday.

WHY IS RAY WHITE THE MARKET LEADER?

Top 10 groups - New online listing share
May 2020



Disclaimer: Online listing data based on new listings listed on domain.com.au, developments excluded, house and unit stock only. From January to May 2020 inclusive.

We believe that we are the market leader 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 and thereby creating a "ceiling" price.

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

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

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

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

1. Marketing dominance



Finest auction business in Australia

Our market leading position comes from an unwavering commitment to auctions. Ray White listed 27 per cent of all auctions across the country in the last week. We put this down to our national team of auctioneers who quickly adapted to the new auction environment, using unique technology that's been created by our team of in-house experts.

Our current auction campaign clearance rate was 68 per cent nationally last Saturday.



Private Treaty

Our approach to private treaty is aligned with the auction method of creating competitive situations between buyers to create the best outcomes for our seller clients.

We have never lost faith in the value we can bring our sellers 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 avoid an investment in marketing, but our experience tells us that this most often leads to little competition and therefore you're negotiating from a weak position.

2. Generating buyer enquiry

Being the biggest real estate group 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 118 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 news hounds 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 having the largest number of listings on realestate.com.au and domain.com.au - is huge.

To put a price on the power of the media coverage we create, it was worth \$85 million in April, and \$148 million since March 1, 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 Australian media and has the sole focus of achieving more exposure for the properties we sell, to the audience that matters most.

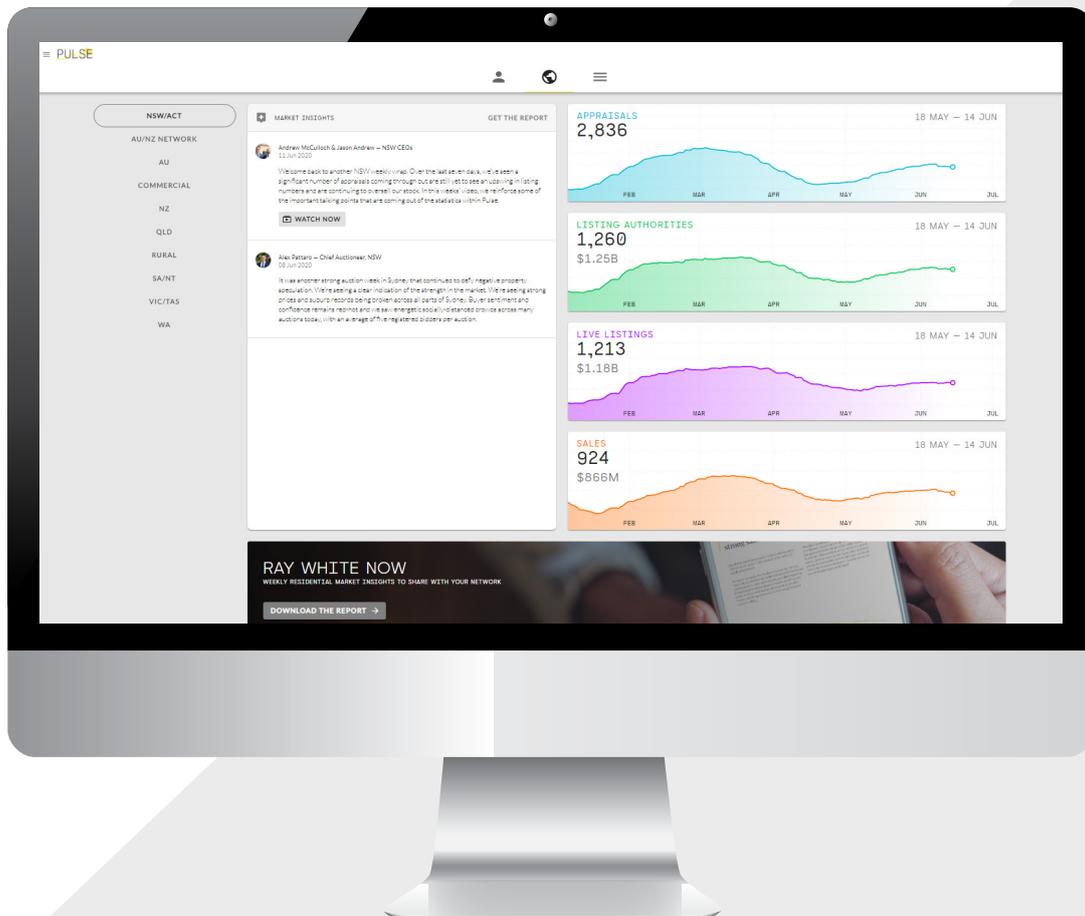


Main: Ray White Auctioneer James Kerley on Channel 7 News. **Left to right:** 1. Print Article - Sun Herald, June 21, 2020. 2. Another sold property on Channel 9 News. 3. Sam Doman on Channel 9 News

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 largest 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.

HOW HAS COVID-19 RESHAPED THE SELLING PROCESS?

Our processes put your safety first. We understand that you may have some concerns for your well being when considering listing your property in the current environment. We remain confident that our members have had the best support to ensure they can market and sell your property in the safest way possible.

It's important to note that some of our members have been so successful with the implementation of technology to support the selling process throughout COVID-19 that many are going to continue to use some of these processes beyond the current environment.

There have been a few changes to the way in which we can go about achieving the best results for our clients. Rest assured, we at Ray White have led the way with

innovation in how we have adapted to these changes while insisting on safety for all of our clients. Whether it's an online auction, online appraisal or private inspection, technology is now a greater part of real estate processes than ever before. Ray White is fortunate to have the scale and ability to leverage technology and tools to attract buyers to listed properties through online and digital processes.

All of our members have been supported to ensure they are practicing physical distancing practices, no touch policies on all surfaces within a property as well as mandatory hand sanitising upon entry. Traditional 'open inspections' have been adjusted to protect you and your family and the health of all prospective buyers.

OUR FULL SAFETY POLICY FOR ARRANGING OR CONDUCTING INSPECTIONS AND AUCTIONS INCLUDES THE FOLLOWING:

- Check the occupants are not ill, self-isolating or under quarantine before arranging and attending.
- Arrange with the owner to prepare the property for contactless inspections. Have key drawers, pantries and wardrobes open and ready to view. Open as many doors and windows as possible to minimise the need for attendees to do the same. Attendees are to be encouraged not to touch.
- We will limit the numbers stipulated as per state requirements.
- We will schedule appropriate numbers and timings for open inspections to ensure limits are adhered to.
- Where required we will enforce the 4 sqm rule and collect details of contacts for tracing purposes.
- Arrange to have all surfaces of the home, including benchtops and door handles, wiped down with cleaning products.
- Have hand sanitiser available at the entry of the property.
- As a condition of entry, require attendees to indicate that they are not ill, self-isolating or under quarantine and have not returned from overseas in the last 14 days.
- Prohibit physical contact, including shaking hands. We will greet you with a wave, bow or another contactless greeting instead!
- Observe 'physical distancing' protocols of staying 1.5 metres away from others wherever possible.
- On completion, arrange to have any surfaces of the home that were touched wiped down with cleaning products.

ABOUT RAY WHITE

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

Ray White today spans residential, commercial and rural property as well as marine and other specialist businesses. Now more than ever, the depth of experience and the breadth of Australasia's 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.



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

**Loan
Market**

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



raywhite.com



loanmarket.com.au