



RAY WHITE **NOW**

REAL-TIME RESIDENTIAL
MARKET INSIGHTS

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ABOUT RAY WHITE

2021 KICKS OFF WITH A BANG

SUMMARY

- Record breaking January results.
- Now is a good time to list given light stock levels.

January is normally one of our quietest months of the year.

It's typically a seasonal time and it's very difficult to put a judgement on supply and demand. But in our first month of 2021, we wrote a total of \$4.15 billion in unconditional sales across Australia and New Zealand, up a staggering 43 per cent on the year prior. In Australia alone, we recorded almost \$3 billion in sales, up 49 per cent. Ray White Group across New Zealand saw a significant rise in property sales for January 2021. The overall volume lifted to just under \$1 billion worth of sales, which is an increase of more than 50 per cent on the same time last year.

This huge increase in sales results in January occurred as the number of new listings eased slightly on the prior year but strong buyer demand resulted in an extremely high proportion of stock continuing to be sold.

Buyer activity has actually increased dramatically over January. Our first real auctions in recent weeks have produced some outstanding results. In January we saw a 50 per cent increase in the number of auctions booked to 625 with a clearance rate of 66 per cent nationally. Prices achieved under the hammer were on average 11.15 per cent higher than the highest offer

pre- auction. We are very proud of that fact our total share of auctions across Australia and New Zealand has reached 25 per cent and we can confidently claim that we are the number one ranked competitor creator in Australasia.

The year 2021 has kicked off with continuing gusto - record-breaking buyer metrics, such as loan pre-approvals, open for inspection numbers, registered auction bidders, online enquiries and so on. These metrics continue to give us confidence the current extraordinary momentum will endure well into 2021, especially as our central bank continues to forecast very low

“The year 2021 has kicked off with continuing gusto - record-breaking buyer metrics.”

interest rates for at least the next three years. Naturally we'll keep a watch on demand given our Federal Treasurer Josh Frydenberg has ruled out the possibility of an extension to JobKeeper beyond the end of March.

Continuing a trend that became evident early in the pandemic, demand for regional housing rose at more than twice the pace of the capital city markets in January. CoreLogic's combined regionals values index was up 1.6 per cent over the month of January, while capital city values were 0.7 per cent higher. Since the onset of COVID-19 in March last year, regional housing values have surged 6.5 per cent higher while capital city housing values are down -0.2 per cent over the same time frame. The divergence between metro and regional housing demand in New South Wales and Victoria is more substantial than in other states. Internal migration data shows more people are leaving

Sydney and Melbourne for regional areas, resulting in a transition of activity from the metro regions to the outer fringe and regional markets. This demographic trend is further compounded by the demand shock of stalled overseas migration.

The latest ABS data in fact shows that all the capital cities had a net loss of 11,200 people from internal migration, the largest quarterly net loss ever on record.

It came as no surprise that demand for units diminished through COVID-19 amid record low levels of investor participation and changing lifestyle choices. With demand and supply imbalanced we may see units continue to underperform relative to housing stock in 2021.

Results from Loan Market in January offer yet another promising sign for 2021. The leading broker network booked \$1.4 billion in lodgements, \$1.2 billion in approvals and a

massive \$1.12 billion in settlements. The insights from Loan Market have been crucial in building our confidence in the underlying strength of our real estate markets, which we communicate in Ray White Now.

The property market's resilience - which surprised every pundit - underpinned much of these results as the housing market once again proved its importance as a crucial asset class in the economy. The greatest surprise, if any, is that we have never seen such coordinated levels of activity across Australia and New Zealand.

Ray White Now is produced monthly in conjunction with real-time data from our 730 offices across Australia. We are the only agency group with local area experts right across the country and we welcome your enquiry to assist with your real estate needs in 2021.

FEBRUARY 2021 AT A GLANCE

Sales



4,116

+26%

Live listings



4,999

+4%

Online inquiries



55,899

+34%

SELLING IN THE CURRENT CLIMATE

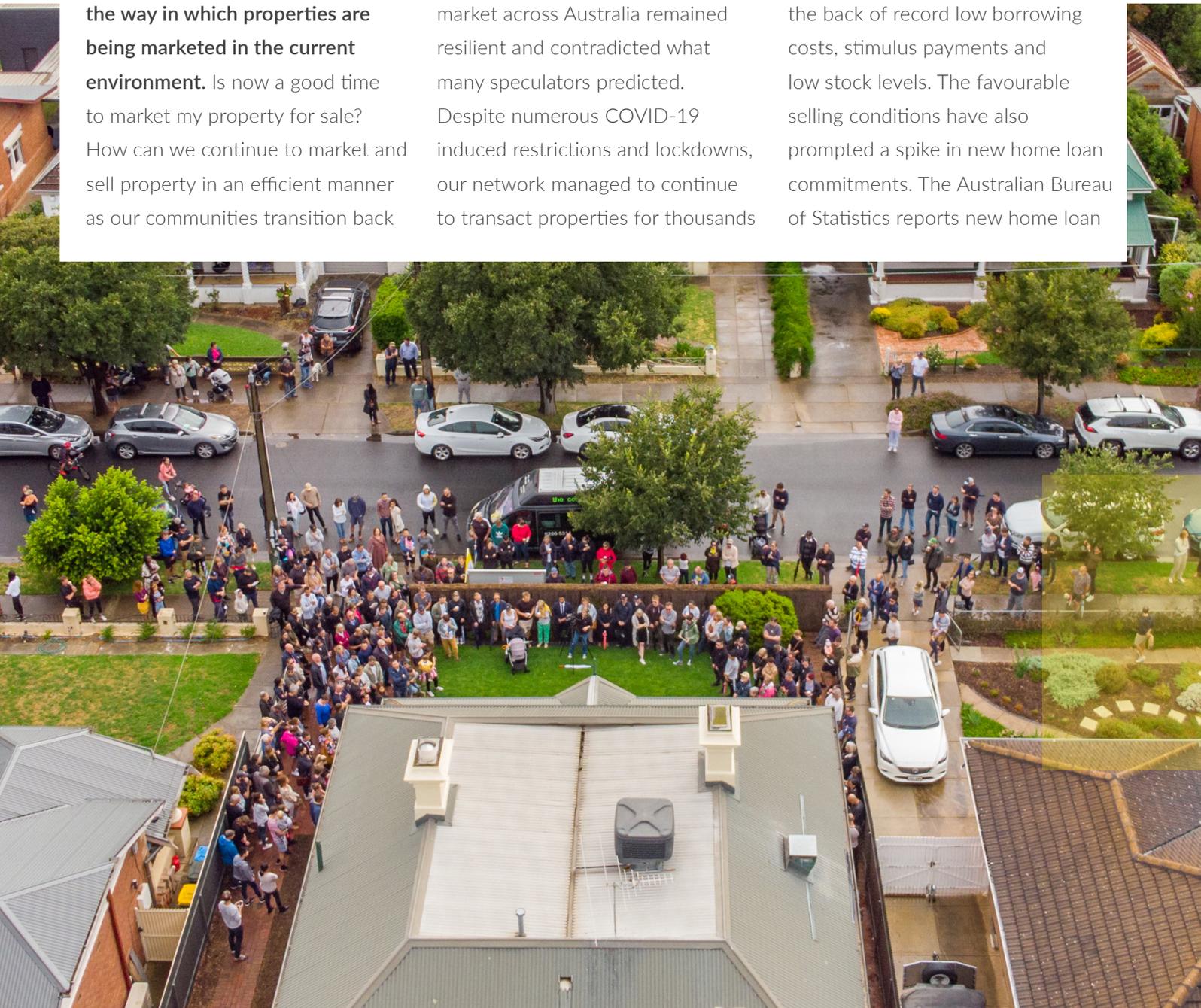
Like most property owners, you'll probably have questions about what has and hasn't changed in the way in which properties are being marketed in the current environment. Is now a good time to market my property for sale? How can we continue to market and sell property in an efficient manner as our communities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

to normal conditions? And so on.

As 2020 showed us, the property market across Australia remained resilient and contradicted what many speculators predicted.

Despite numerous COVID-19 induced restrictions and lockdowns, our network managed to continue to transact properties for thousands

of buyers and sellers in a safe and effective manner. Property values rose to new highs in January on the back of record low borrowing costs, stimulus payments and low stock levels. The favourable selling conditions have also prompted a spike in new home loan commitments. The Australian Bureau of Statistics reports new home loan



SUMMARY

- Australian housing values reach a new record high.
- Houses performed better than units for sellers.
- Despite restrictions, the property market gained momentum.

commitments, excluding refinancing of existing loans, jumped 8.6 per cent in December to \$26 billion, bringing the total for calendar year 2020 to \$246.3 billion – the highest annual total since 2017.

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 119 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 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 few months has shown that these processes are working very effectively.

182,919

Since 1 January we have had a record number of buyers check in across 8,614 listings.

IF I AM CONSIDERING SELLING, WHY GO TO MARKET NOW?

SUMMARY

- FOMO fears among buyers.
- Strong demand but limited supply.

Currently property buyers are heading back into our housing markets in droves, all keen to get a foothold as property values are surging in many regions. You can sense that there's a level of FOMO (fear of missing out) starting to kick in among buyers. But they are finding limited stock, with seven of our eight capital cities having significantly less properties for sale than 12 months ago. Strong demand at a time of limited supply must lead to property price growth.

While we know there are still broad risks to the economy with JobKeeper set to finish at the end of March and wages growth still low, we still believe now is a good time to come to the

market given the basic fundamentals are sound. Buyer demand has never been so strong and all the indicators continue to point to continued growth.

The rise in housing values is occurring against a backdrop of low advertised supply and rising buyer activity.

Inventory levels started 2021 in a tight position. Melbourne and Perth were the only capital city markets to buck the trend, with new listings 20 per cent higher than a year ago in Melbourne and 2.2 per cent higher across Perth. Melbourne vendors may still be playing catch-up from the earlier lockdown period, while in Perth vendors seem to be relishing the best selling conditions seen in many years.

The rental market dynamic has changed substantially through COVID-19 but there are some early signs that weakness across the unit sector is starting to level out, if not turn around. Rental demand has transitioned towards detached and lower density housing markets since the pandemic, partly reflecting the disruption to rental demand from overseas migration, but also the stress of changed working conditions, caused by COVID-19 restrictions, in industry sectors that are traditionally more aligned with rental demand. Additionally, with more people working from home, demand for larger housing options has lifted.

At the moment, despite our expectation of a lift in new listing numbers, buyer demand is still outpacing new stock additions. Demand is expected to remain strongest from first-time buyers and upgraders, many of whom are spending money on a house they might otherwise have used on overseas holidays.

- JobKeeper and JobSeeker support is set to be wound back in March;
- The international border remains shut;

- Unemployment tipped to significantly rise; and
- The number of properties for sale over 2021 will increase and create more choice for buyers.

What we do know is market fundamentals right now are helping our clients who are looking to sell. Our data tells us that our auction clearance rates kicked off 2021 on a high note and we call 25 per cent of all auctions nationally. There's a deep buyer pool for sellers to take advantage of right now. Our question remains, "What are you waiting for?"

“The rise in housing values is occurring against a backdrop of low advertised supply and rising buyer activity.”



WHY ARE WE ARE SEEING STRONG 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?

-2.3%

New listing authorities

New listing authorities over the past 28 days are down by 2.3 per cent compared to this time last year. This clearly shows less new listings came to the market over the holiday period. This is favourable for those looking to sell now.

-6.3%

Total available listings

The total available supply of properties for sale is down by 6.3 per cent. A clear sign that buyers are competing over less properties.

Supply

Throughout January, typically listing numbers increase throughout the month. Over the past 28 days, we can see the usual increase of new property listings hitting the market however there is a 2.3 per

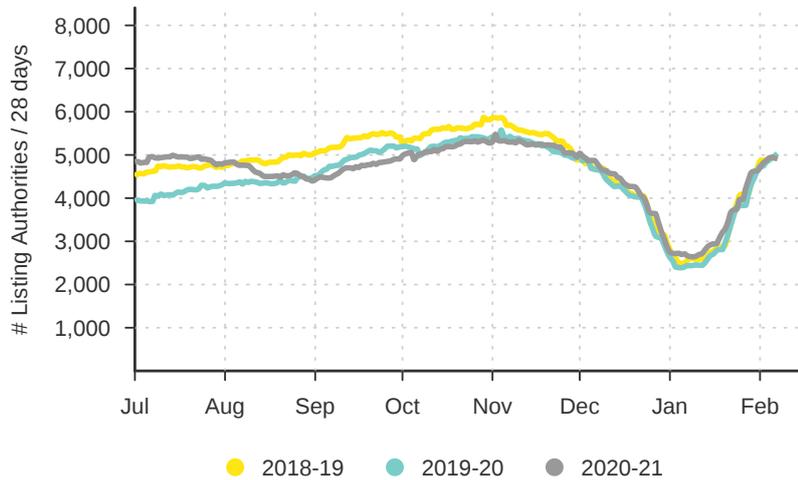
cent decline in listings authorities compared to the same time last year.

The decline in new listing authorities has impacted the 'Total Available Listings' that are currently on the

market for sale. There are currently 15,672 properties for buyers to choose from which is 6.3 per cent less than this time last year and a considerable 27.8 per cent less than the year prior (refer to Chart 2).

**Chart 1:
Listing authorities**

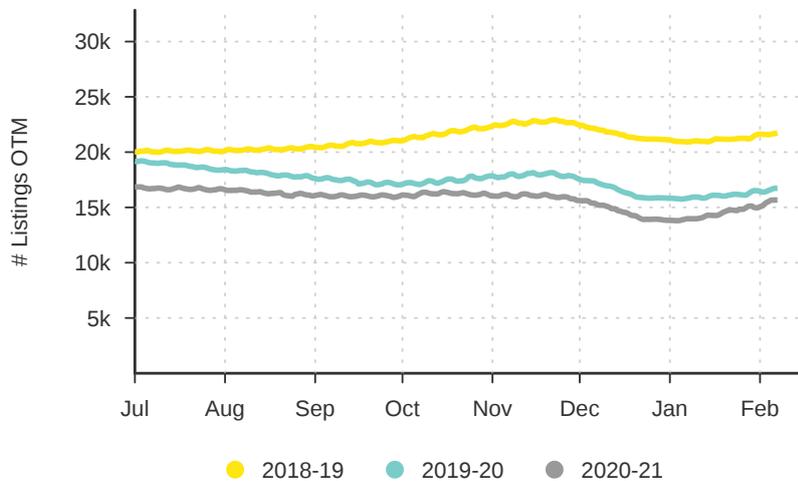
This chart shows that the number of new listings is down by 2.3 per cent compared to this time last year.



Source: Ray White Listings Data

**Chart 2:
Total available listings**

This chart shows that the total number of available listings for sale are down 6.3 per cent compared to this time last year and down 27.8 per cent compared to the year before.



Source: Ray White Listings Data

Demand

Our record result for December was clearly driven by our record volume of buyer demand. Across all of our metrics, demand was up.

The initial buyer metric we take into consideration is the number of buyers viewing properties online. Over the past 28 days (to 8 February,

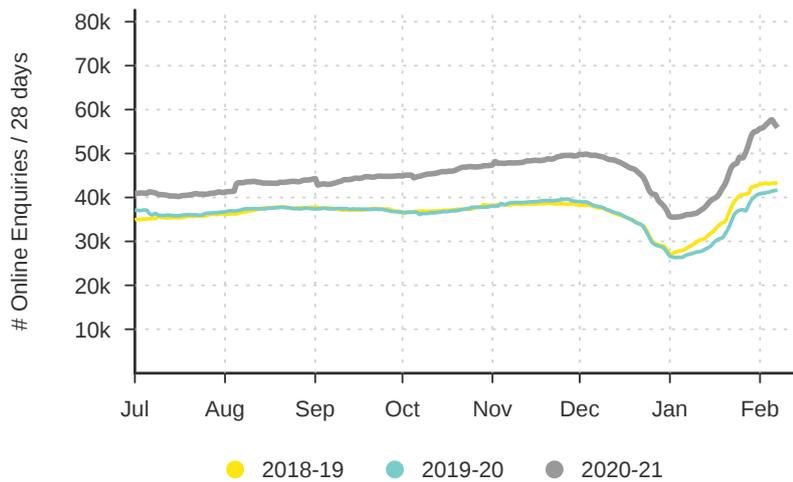
2020) we have seen over 4.27 million views across our Ray White websites. This is 47.7 per cent higher than this time last year. This has resulted in over 55,899 enquiries being sent, a volume which is 34 per cent higher than the same period last year.

The demand hasn't stopped at online

activity. Across our auctions since 1 January, we recorded an average of six registered bidders per auction and of these bidders an average of 3.3 were actively bidding. Vendors who proceeded to auction were rewarded with 11.42 per cent more under the hammer than the highest offer prior (refer to Chart 4).

**Chart 3:
Online enquiries**

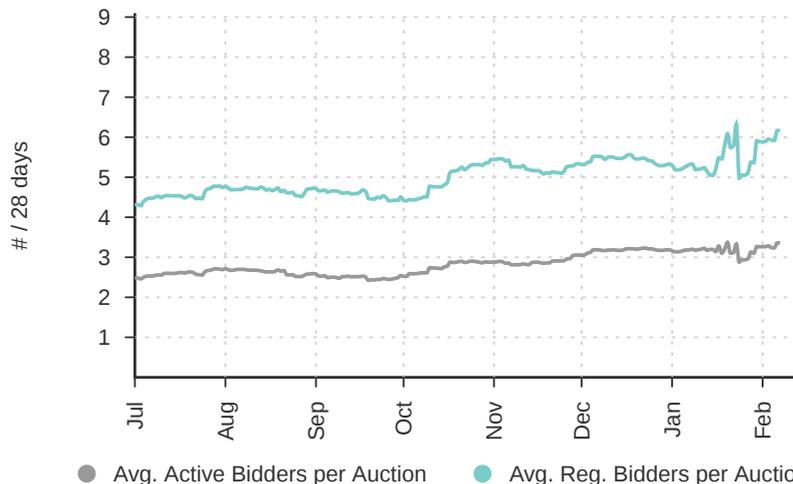
This chart compares the number of online enquiries made through Ray White websites from 2018, 2019 and 2020. It shows online enquiries are 34 per cent above levels at the same time last year.



Source: Ray White Online Analytics

**Chart 4:
Bidding by month**

The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 to 8 February 2021.



Source: Ray White EARS Auction Reporting System

The final consideration that we look at when measuring the volume of demand in the market and arguably the most significant is the number of people obtaining pre-approvals for finance. Pre-approvals are a key leading indicator to buyer confidence knowing they have the financial capacity to buy the property. Our partners at

Loan Market are seeing record numbers of pre-approvals across the country with 33.5 per cent more than this time last year (refer to Chart 5).

As we continue to see strong numbers across these buyer metrics, we often ask ourselves why. 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.
- Record levels of government stimulus continue to support buyer sentiment.

Chart 5:
Loan pre-approvals

This chart compares the number of loan pre-approvals submitted via Loan Market brokers from 2018, 2019 and 2020. It shows lower levels of pre-approvals now compared to previous years.



“This has resulted in over 55,899 enquiries being sent, a volume which is 34 per cent higher than the same period last year.”

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. Last fiscal year, Ray White sold \$44.22 billion, up 8.6 per cent year on year, 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.



raywhite.com



loanmarket.com.au