

RAY WHITE **NOW**

REAL-TIME RESIDENTIAL
MARKET INSIGHTS

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MOMENTUM BUILDS ACROSS AUSTRALIA

SUMMARY

- Unprecedented open home attendance
- Synchronised growth phase

Momentum continues to build across all Australasian property markets, as the collective efforts of our members delivered \$6.1 billion in sales for February, up \$2 billion or 49 per cent in February 2020. This is our best February result recorded, driven largely by a record result in New South Wales and very strong performances across all markets.

In Australia alone, we recorded \$3.35 billion in total sales, up 42 per cent on the prior February. In New Zealand, we transacted \$1.42 billion of property, up 84 per cent in 12 months.

It seems that every community is abuzz with stories of amazing local sales results. Many people seem to think that these results are caused by

a lack of stock available for sale. This is not the case.

It is true that the total number of listings on the market across Australia and New Zealand is down 13 per cent on last year and 32 per cent on two years ago. But total listings aren't that relevant as they include all kinds of old stock. A more relevant question is: how many properties came to market in the past month?

In Australia, in February we listed 5848 properties which was nearly 10 per cent more than we listed in February 2020 and 15 per cent more than 2019. We sold 4,819 properties in the month. So we are listing more property than we have for the past two years, and listing more than we are selling. And there are some early signs in March that listing numbers

are continuing to rise.

So these record sales results are driven by record levels of buyer interest that is fast outpacing increasing levels of stock: Did you know that on average we will have seven registered bidders at a Ray White auction, 2.5 more than we had a year ago? We have never seen national auction clearance rates so high at 83 per cent, with active bidding on 93 per cent of all auctions. Our members met more buyers at open homes than they ever have before, with more than 155,000 check-ins at our opens homes during February.

However, the most important message that we can communicate to our clients this month is the value that is being created by our members

“Did you know that on average we will have seven registered bidders at a Ray White auction, 2.5 more than we had a year ago?”

by taking properties all the way through to auction day rather than selling before auction. In a month in which 43 per cent of all our sales we made via the auction method, our data shows that our clients achieved prices 12 per cent more on average under the hammer than by accepting the highest offer prior. What an incredible statistic!

So 2021 has kicked off strongly as all our buyer metrics, such as loan pre-approvals, open for inspection numbers, registered auction bidders are all up, even online traffic to our websites is up 65 per cent. All these metrics are surging into the stratosphere on the back of ultra low interest rates and the

improving economy. Confidence is also returning with the ongoing rollout of vaccines. The central bank said recently that “the path ahead is likely to remain bumpy and uneven but there are better prospects for a sustained recovery than there were a few months ago”.

The March edition of Ray White Now is written using the real-time insights of our 734 Australian offices.

Our Now publications have been viewed more than 500,000 times since last May and our real-time data insights are even more valuable in 2021. We don't claim to know what the future holds, only what is happening now.

On top of incredible results for February which included \$2.46 billion in lodgements, the Loan Market Group has just welcomed three broker aggregation businesses Choice Aggregation Services, FAST and PLAN Australia to its growing network. The acquisition of the three networks from NAB makes Loan Market now the largest privately-owned aggregator in Australia, with more than 5,000 mortgage brokers. The insights from Loan Market have never been more crucial in cementing our confidence in the underlying strength and direction of our real estate markets.

FEBRUARY 2021 AT A GLANCE

Sales



5,595

+35%

Live listings



5,848

+7%

Online enquiries



5.27M

+65%

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. Australian property values grew at their fastest

rate in 17 years over February, with every capital city rising due to government stimulus, improving economic conditions and the limited number of homes on the market, new data reveals.

National home values surged 2.1 per cent in February to a median of \$598,884 – the largest month-on-month increase since August 2003,



SUMMARY

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

according to CoreLogic's national home value index.

The two biggest capital cities led the way, recording the strongest growth: Sydney's home value rose 2.5 per cent to \$895,933, and Melbourne's rose 2.1 per cent to \$717,767.

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.

339,489

Since 1 January we have had a record number of buyers check in across 13,285 listings.

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

SUMMARY

- Strong growth phase underway now
- Demand far outstripping supply

Australia's housing market is now well entrenched in one of the strongest growth phases on record.

For housing values and activity to be surging during a global pandemic seems counter intuitive, however the factors driving this growth are significant and diverse. Property buyers are looking in the housing markets in unprecedented numbers. Record low mortgage rates look set to remain in

place for a prolonged period of time, providing confidence to buyers and historically low interest payment to income ratios. The economic recovery is feeding into a solid rebound in consumer sentiment and encouraging households to reduce their savings buffer and spend more.

There are some headwinds ahead in the form of a reduction in fiscal

support from the federal government, home loan deferral arrangements expiring and migration remaining stalled. The intensity of these headwinds have lessened over recent months. The economy navigated the earlier fiscal cliff relatively seamlessly, however the wind-up of JobKeeper and the COVID supplement for JobSeeker is likely to cause a temporary slowdown in the economic recovery





which could slow some of the housing market exuberance.

At the moment, despite our expectation of a lift in new listing numbers in March and April, 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.

Both unemployment and underemployment have actually continued their downward trends in further positive signs that Australia's economy is bouncing back quickly

from COVID-19. The official jobless rate dipped again from 6.6 per cent in December to 6.4 per cent in January, with the ABS estimating that 29,100 extra people were employed last month.

As always we remind you the future remains uncertain for many reasons:

- JobKeeper and JobSeeker support winding back this month;
- The international border remains shut;
- The number of properties for sale will increase over 2021 which creates more choice for buyers.

What we do know is that market fundamentals right now are helping our clients who are looking to sell. Our data tells us that our sellers who choose to sell via the auction method are rewarded with a 12 per cent higher price under the hammer than if they'd accepted a prior offer. We cleared 82 per cent of all auction stock last month, with record numbers of registered bidders. There's a deep buyer pool for sellers to take advantage of right now. Our question remains, "What are you waiting for?"

“The economic recovery is feeding into a solid rebound in consumer sentiment.”

WHY ARE WE 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?

0.53%

New listing authorities

The number of new listing authorities over the past 28 days has increased by 0.53 per cent. This shows a steady volume of new stock is now coming onto the market

-8.31%

Total available listings

Although there is a steady supply of new listings coming onto the market, the total available supply of property has declined by 8.31 per cent compared to this time last year. Stock levels at the moment are favouring our sellers.

Supply

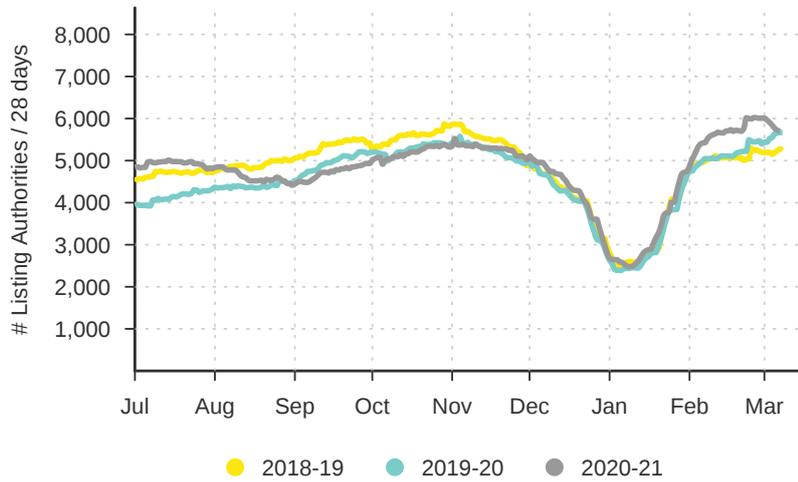
Throughout February we saw an increase in the volume of 'New Listings' coming onto the market. An increase of 10 per cent compared to the same period last year. However in saying this, the volume

of sales are outweighing the volume of 'New Listings' hitting the market. This is having a significant impact on the 'Total Available Listings' that are currently on the market for sale. There are currently 15,750 properties

for sale for buyers to choose from which is 8.31 per cent less compared to this time last year. These stock levels continue to favour our sellers.

Chart 1: Listing authorities

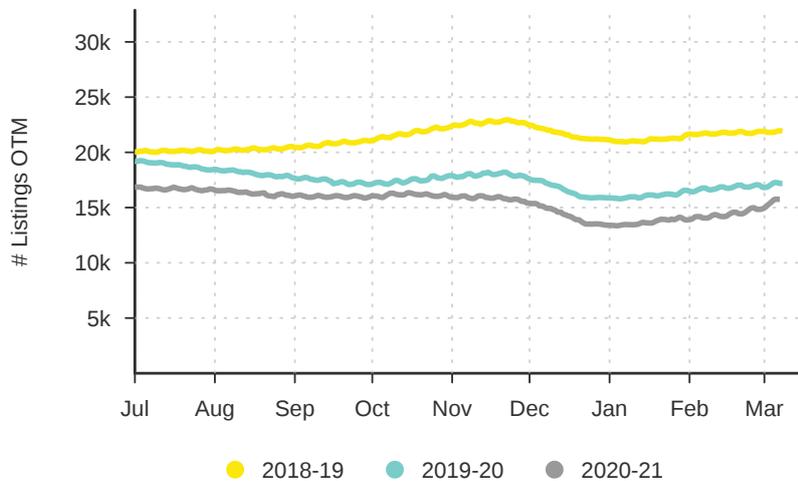
This chart shows that the number of new listings is down by 10 per cent compared to this time last year.



Source: Ray White Listings Data

Chart 2: Total available listings

This chart shows that the total number of available listings for sale are down 8.3 per cent compared to this time last year and down 28.2 per cent compared to the year before.



Source: Ray White Listings Data

Demand

Our record result for February 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 March,

2020) we have seen over 5.27 million views across our Ray White websites. This is 65 per cent higher than this time last year. This has resulted in over 57,691 enquiries being sent, a volume which is 35.1 per cent higher than the same period last year.

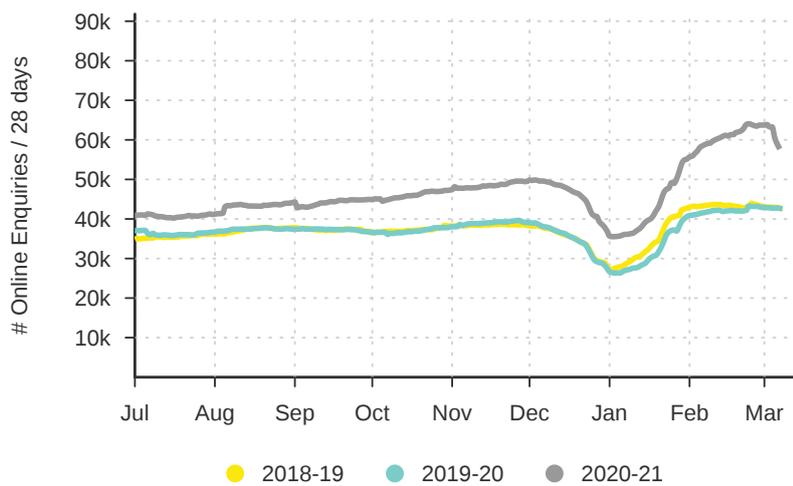
The demand hasn't stopped at online

activity. Across our auctions since 1 January, we recorded an average of 7.1 registered bidders per auction and of these bidders an average of 3.9 were actively bidding.

Vendors who proceeded to auction were rewarded with 11.78 per cent more under the hammer than the highest offer prior (refer to Chart 4).

**Chart 3:
Online enquiries**

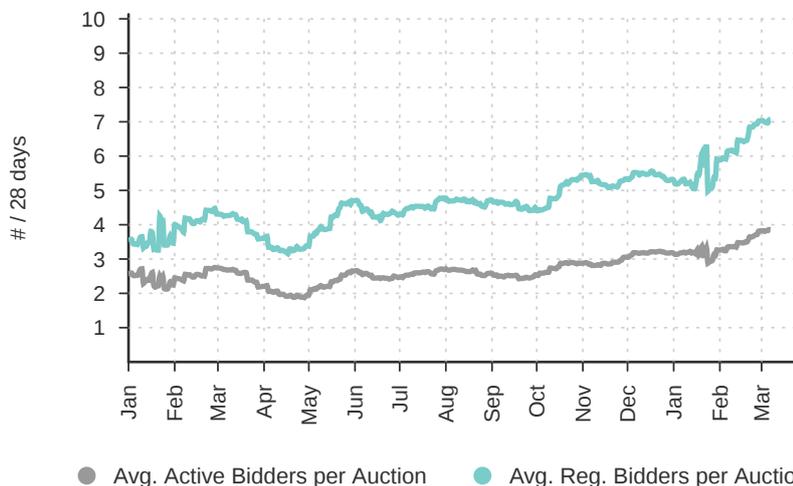
This chart compares the number of online enquiries made through Ray White websites from 2018, 2019 and 2020. It shows online enquiries are 35.1 per cent above levels at the same time last year.



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 53.44 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 57,691 enquiries being sent, a volume which is 35.1 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