

RAY WHITE **NOW**

Real time residential market insights
9 - 15 June 2020

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A resilient market now growing larger, and in line with last year.

Over the past four 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. This resilience is a result of sustained and strong buyer demand, with interest rates at all time lows and the attraction of real estate as a safe haven in times of economic and community uncertainty.

Last week we highlighted that our May 2020 sales results totalled \$2.37 billion, which was only 11 per cent less than May 2019, and in fact 11 per cent more than April 2020. Prices remain strong and well in line with those achieved in 2019.

For these reasons, we have advocated the advantage for potential vendors to sell in today's market. We are now seeing many of our clients doing just that.

New Listing Authorities (the number of agency agreements entered into between our vendor clients and our members) continue to rise strongly from a trough in late April. New Listing Authorities are a lead indicator, as it takes 7-10 days on average for a new listing to be published to the broader community. In fact, our 28 day rolling total of new Listing Authorities is now in line with what it was last year, and our total listings just a few percent less than last year.

Turning to the auction market, which represents up to 15 per cent of our total listings and is an important barometer of the trajectory of market activity, we did more auctions in the past week than we did this time last year. Auction clearance rates increased on the prior week, and

our auction campaign clearance rates are now at 62 per cent which is also well up on the same period last year. However, we must point out that the average number of bidders per auction has eased slightly so far in June to 3.3 from its peak of 4.4 last week.

So the market has become a lot larger over the past month. It's a 'deeper' market than what it was in late April and May. More 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. Whilst 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. And we know that buyers are becoming more active as more stock comes on the market, as evidenced by our record online buyer traffic numbers.

Whilst New Listing Authorities have increased since the trough in late April, over the past week we are seeing the usual seasonal dip in new listing numbers as winter begins. Now is an opportunity for vendors to take advantage of this window of lower competition for their property, as we expect new listings to rise in spring.

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. The current market gives the opportunity for our customers to avoid those risks and to transact in a well-balanced market that is presently generating strong results for our vendor clients.

Image: GOALS: Ray White Mount Waverley Area Manager Jay Warnak's buyers and sellers of 7 Northumberland Crt, Keysborough on Saturday.

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? Can it be marketed safely? How can buyers inspect properties? Can agents still conduct auctions? 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.



HAMMER TIME: A large crowd watches auctioneer Sam Kelso sell 95 Ferndale St, Annerley in Brisbane 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.

Since early April, we saw a very significant reduction in new listing numbers, leading to an under supply of property. However, over the past four weeks, we have seen an increase in new listings per Chart 1 below. This could be due to a number of reasons - the increased number of buyers currently in the market, the sustained auction clearance rates across the country and the lack of current listings available for sale. However, our strong suspicion is that there has been a return of confidence in the market.

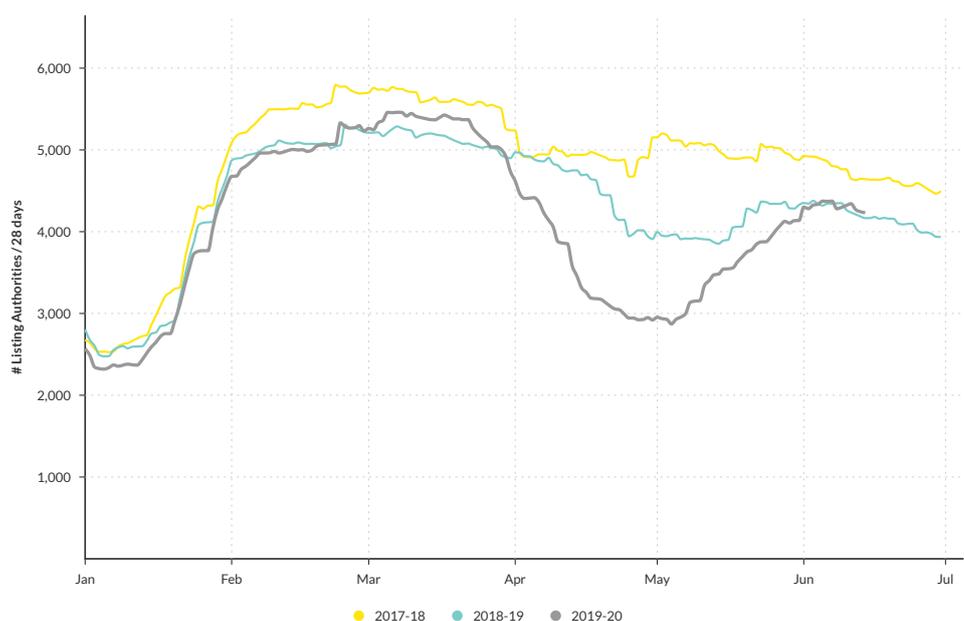
Clients that have come to market in recent weeks have achieved great results because of the basics of supply and demand. While the number of new listings continue to increase as confidence returns, the total available supply of current properties for sale is four per cent down on this time last year and seven per cent down on 2018 levels, as per Chart 2.

Whilst supply has been low, in historical terms, we have seen consistent and strong buyer activity. Put simply, there are more buyers competing over less properties, creating conditions that lean towards our sellers obtaining an advantage in achieving better results.

There are a number of considerations we take in account when looking at the number of buyers active in the market. When we look at our auctions in recent weeks,

**Chart 1:
Listing authorities**

The chart illustrates the reduced number of new listings that are currently coming onto the market up to 15 June 2020 compared to the two prior years.



Source: Ray White Listings Data

we have seen the average number of bidders per auction exceed the numbers that were achieved in what we would consider our peak selling season over the spring months, as seen in Chart 3.

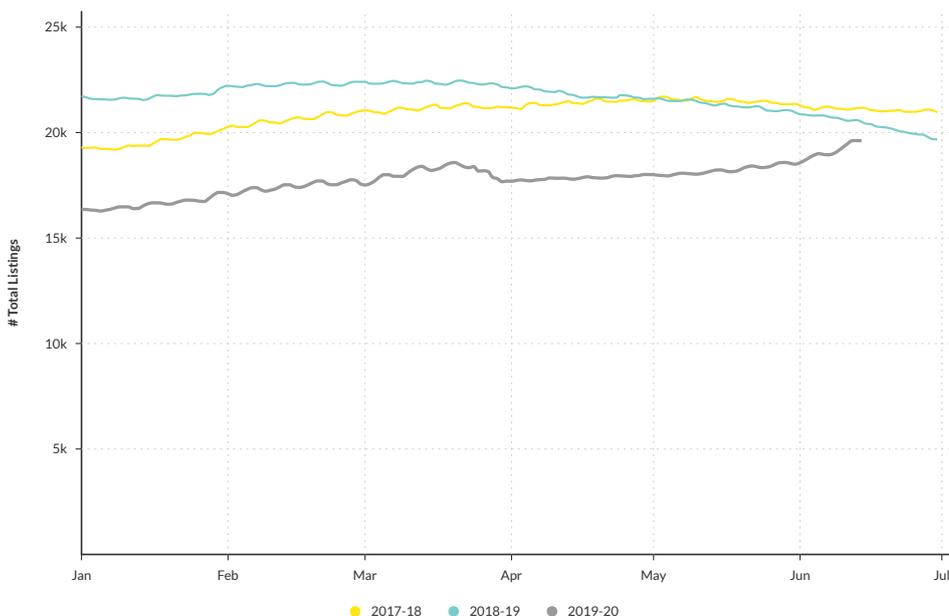
Evidence of the strong buyer demand is illustrated in Chart 5, showing that enquiries on our Ray White websites has exceeded levels of the past 12 months.

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.

**Chart 2:
Total available listings**

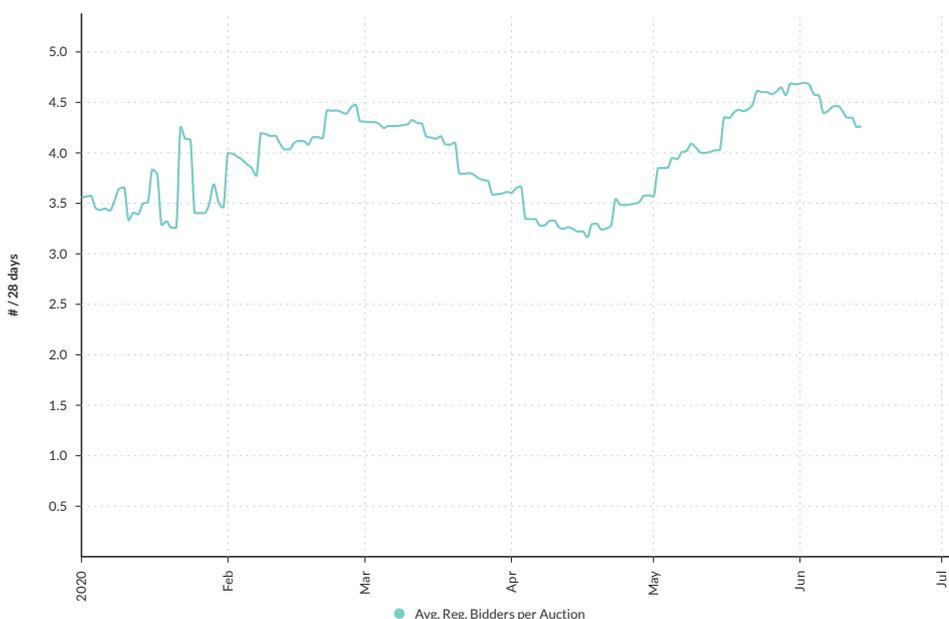
The chart illustrates how the reduced number of new listings to the market combined with a healthy number of sales still taking place up to 15 June 2020 has reduced levels of properties for sale.



Source: Ray White Listings Data

**Chart 3:
Bidding by month**

The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 as at 15 June 2020.



Source: Ray White EARS Auction Reporting System

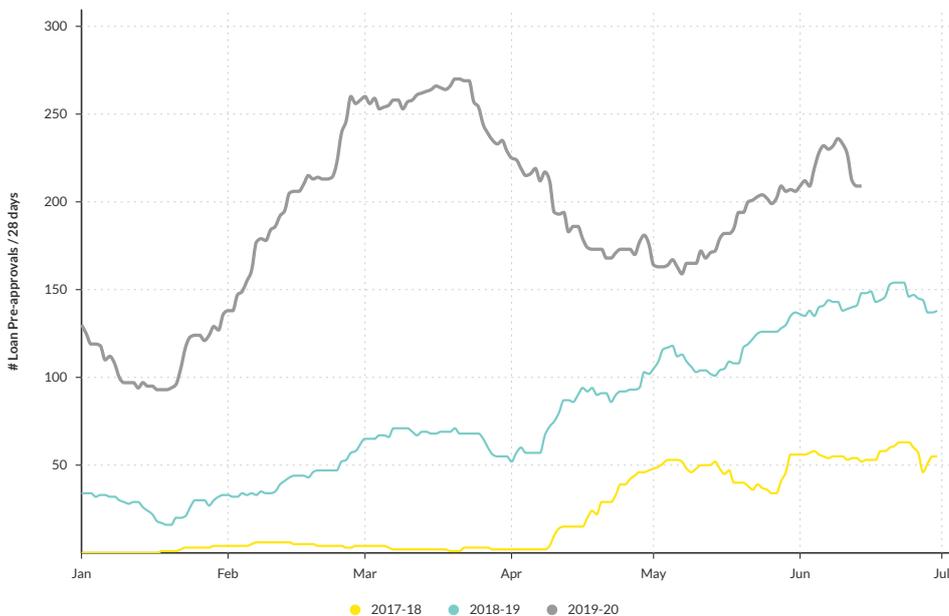
Chart 4 shows the monthly home loan pre-approvals recorded by the Loan Market Group, which is our loan brokerage partner and Australia's largest independent broker. Loan Market just posted a record month of settlements with more than \$1 billion in loans, its biggest month ever. Pre-approvals are a key leading indicator to buyer confidence. A pre-approved loan enables buyers

to bid with confidence knowing they have the financial capacity to buy the property.

- The low Australian dollar is attracting strong overseas buyer interest.
- Record levels of government stimulus are supporting buyer sentiment.

Chart 4: Loan pre-approvals

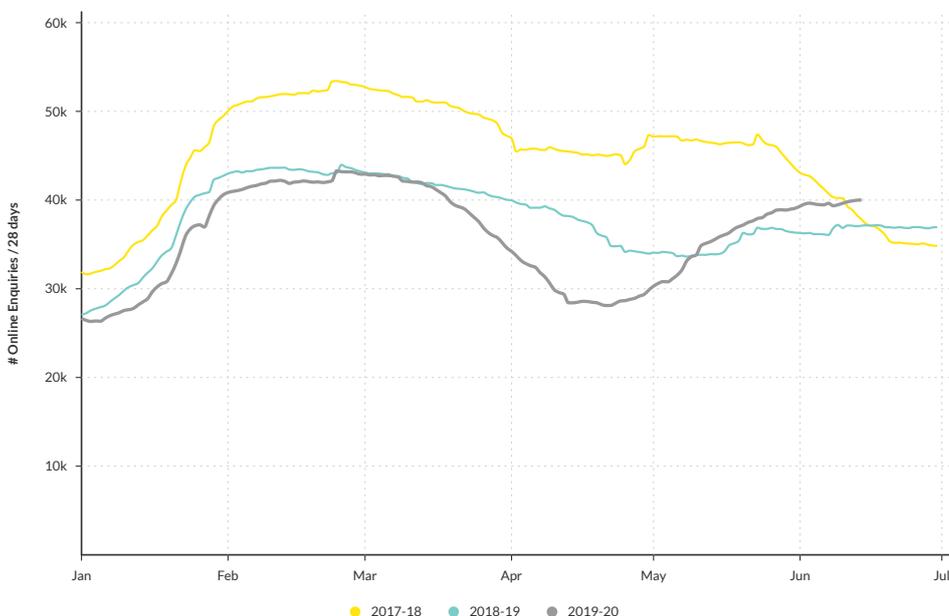
This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the 17-18, 18-19, and 19-20 financial years. It shows higher levels of pre-approvals now compared to 12 months ago.



Source: Loan Market

Chart 5: Online enquiries

This chart compares the number of online enquiries made through Ray White websites over the 17-18, 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

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.

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 selling in winter as it may be the best opportunity you'll have all year. The current selling conditions are strong and it remains extremely hard to predict what may happen in the property market over the rest of 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. An astonishing one-in-14 mortgages were put on hold in mid May – that's 429,000 mortgages worth \$153.5 billion; if you include other deferred loans, it's 703,000 accounts worth \$211 billion.

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.

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.

It's for these reasons that many are saying if you were thinking about selling over the next year or two, now could be the best time to achieve the best result.

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.

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.

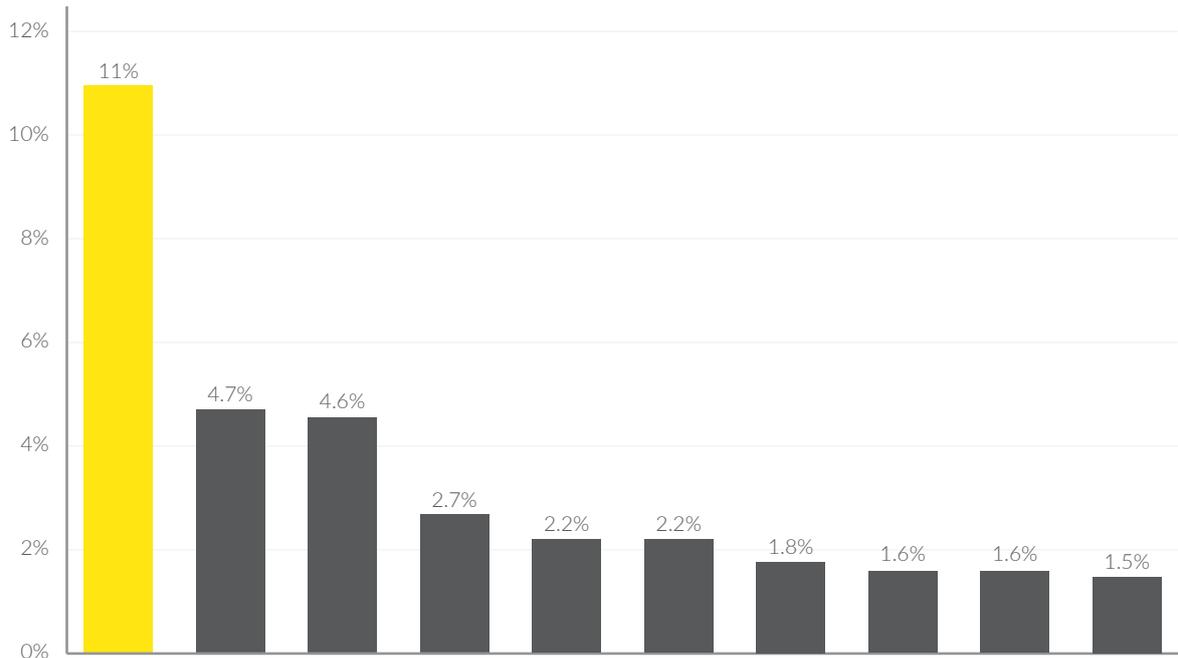
In any market environment, there remains a significant number of buyers who are looking at buying and selling within the same market. When you consider this, market conditions generally don't weigh in as much on the decision for those looking to upsize, downsize or relocate.



Auctioneer Jason Keen sold 68 Richmond Ave, St Ives in Sydney for \$1,687,000 for Ray White Upper North Shore's David Walker and Coco Cui Roskam

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 24 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 day clearance rate is 62 per cent nationally.



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 vendor clients.

We have never lost faith in the value we can bring our vendors in a challenging market through effective marketing. If you choose to sell, we will be suggesting an investment in marketing, as we believe it enables us to maximise competition and clearly illustrate your intent to sell and therefore attract genuine buyers. We appreciate that some people would prefer to sell quietly, or off-market, and 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.

Source: Ray White Auction Data

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 Australia'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 \$120 million in March 2020.

We have a dedicated team of highly experienced in-house journalists who can get your property the exposure that money can't buy.

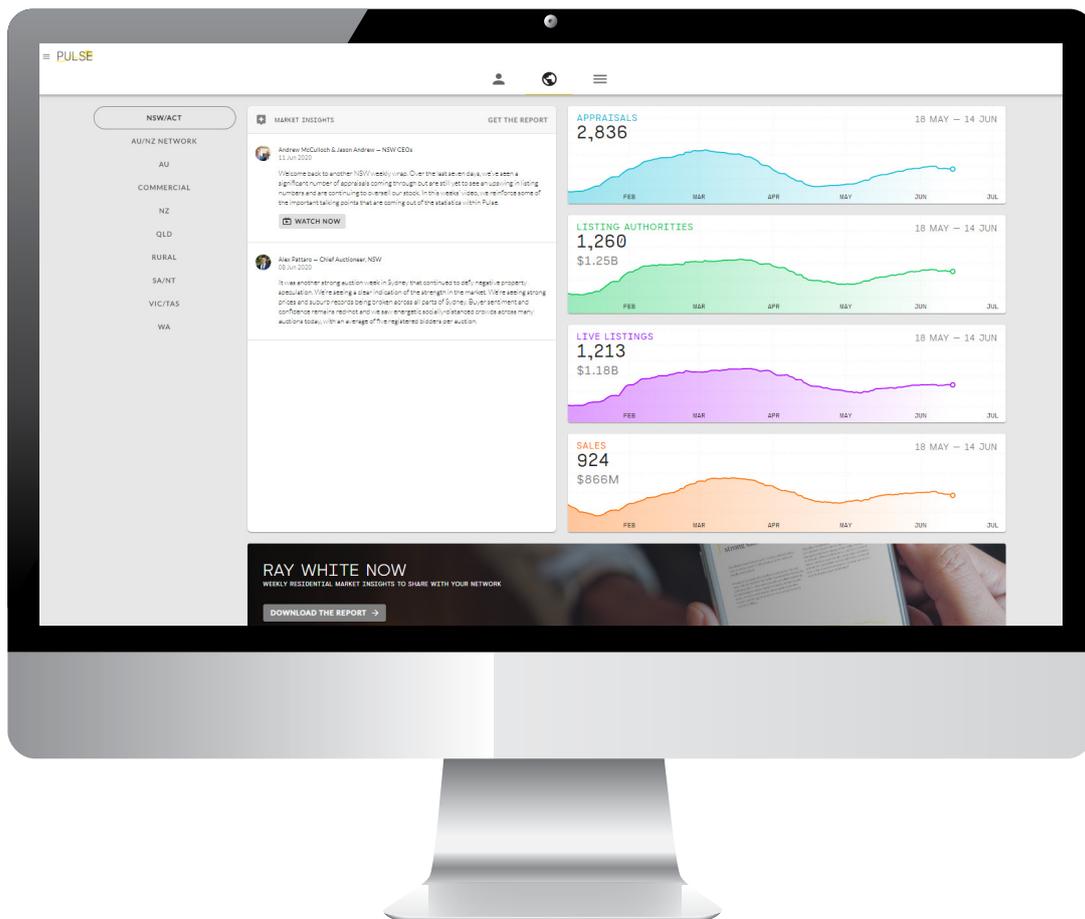
When a home is listed with Ray White, our clients are introduced to the national public relations service; a team that's plugged into the Australian media and has the sole focus of achieving more exposure for the properties we sell, to the audience that matters most.



Main: Ray White Managing Director, Dan White on Channel 9 News. **Top right to bottom:** 1. Auctioneer Mitch Peereboom on Channel 10 News. 2. Print Article - Australian Financial Review, June 2020. 3. Ray White Auctioneer drops the gavel at recent onsite auction on 7 News. 4. Ray White Managing Director, Dan White 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 Australia'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