

RAY WHITE NOW

Real time residential market insights
20 May 2020

Market resilience

The resilience of the Australian housing market has never been more evident than over the past two months. Most Australians would be surprised at the level of activity and prices achieved, even though the market has operated under restrictive operating conditions and amidst extremely negative media commentary.

Despite a level of anxiety in the broader community, in the month of April 2020, we sold 3,012 properties totalling \$2.27 billion in sales across Australia. This is a remarkable number. Considering that much of the economy and community was in lockdown, it is remarkable to note that the total value of sales in the month was only 8.8 per cent less than in the same month in 2019.

When we look at those transactions that successfully settled in April, the value totalled \$3.16 billion which was 10.7 per cent higher than the same month in 2019.

As Australasia's largest real estate group, selling one in every nine homes across Australia, we are uniquely placed to provide our clients with the most relevant and timely information and data to assess current market activity and outlook. And as a family owned and led business with 119 years of experience including operating through two world wars, the Great Depression and recessions, we know that we can deliver you the highest quality solutions in the current market.



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.

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.





Why are we seeing strong sales results now?

Our clients that have come to market in recent weeks have achieved great results because of the basics of supply and demand.

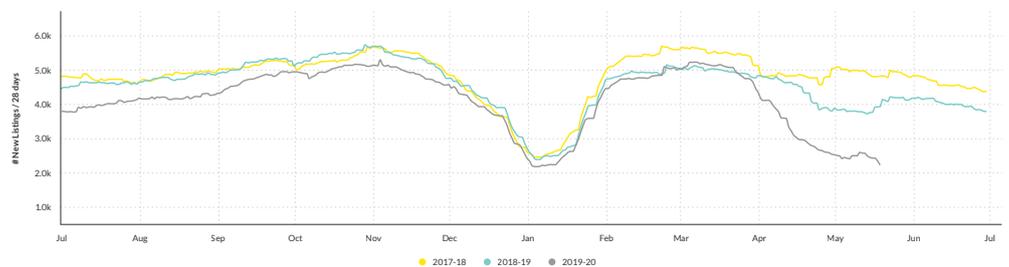
In regards to supply, the number of properties 'for sale' have reduced significantly. With less properties for buyers to choose from - this leans towards our sellers obtaining an advantage in achieving better results. So the buyers active in the current market are competing over less houses, which is great news for every property owner currently selling.

The other fundamental is that of demand, and in the case of real estate, buyers are the demand. We have seen strong demand from buyers active in the market; looking to transact. 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 before the current environment. So 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.

New listings to the market

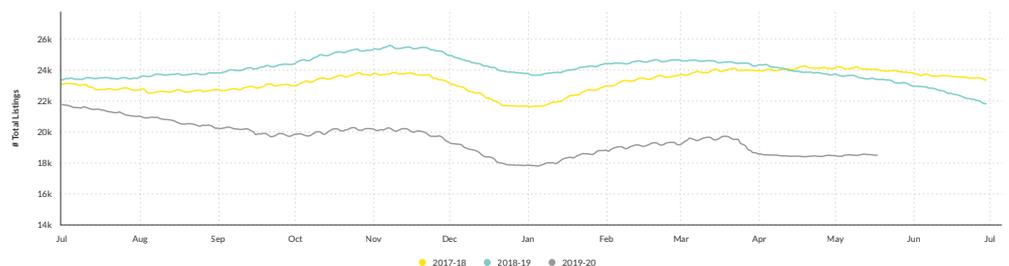
The chart illustrates the reduced number of new listings that is currently coming onto the market up to 20 May 2020 compared to the two prior years.



Source: Ray White Listings Data

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 20 May 2020 has reduced levels of properties for sale.



Source: Ray White Listings Data

- Banks and lenders remain very supportive of lending for residential property.

The chart below 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 that settles over \$830 million in loans per month. Pre-approvals are indicative loan approvals obtained by buyers before they buy or in the case of auctions, a pre-approval enables buyers to bid with confidence knowing they have the financial capacity to buy the property.

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

Evidence of the strong demand is illustrated in this chart showing the number of enquiries received through raywhite.com and other major real estate portals.

Loan approvals

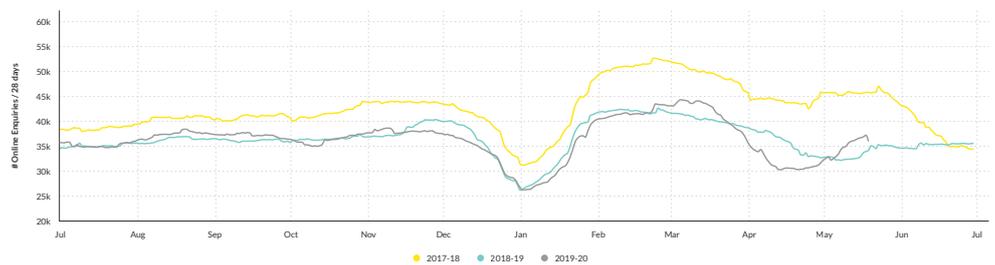
This chart compares the number of loan preapprovals submitted via Loan Market brokers over the 17-18, 18-19, and 19-20 financial years. It shows higher levels of preapprovals now compared to 12 months ago.



Source: Loan Market

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 there are more online enquiries now than 12 months ago.



Source: Ray White Online Analytics

Bidding by month

The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 as at 20 May 2020.



Source: Ray White EARS Auction Reporting System

In summary, less 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?

While the current selling conditions are strong, it remains extremely hard to predict what may happen in the property market over the next 12 months and certainly the next few years.

There are many economists predicting that property prices will decline over the next year or so. When you consider the two basic fundamentals that drive property prices, supply and demand, many are suggesting that supply may 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 2020. Banks have offered a large number of homeowners mortgage deferment support which is also scheduled to end in September 2020. Many experts are saying 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 large supply of properties available for purchase.

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. The Australian Treasury is forecasting unemployment to reach 10 per cent in the months ahead.

Because of the above considerations, the news is full of comments by economists speculating that property owners will not achieve a better result by waiting to sell in six to 12 months or even longer. The Commonwealth

Bank, in its March 2020 quarter trading report, included a range of possible scenarios for house prices based upon various future economic conditions, and its 'Downturn' scenario concludes an 11 per cent fall in house prices over the next few years.

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 is for these reasons that many are saying if you are 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.

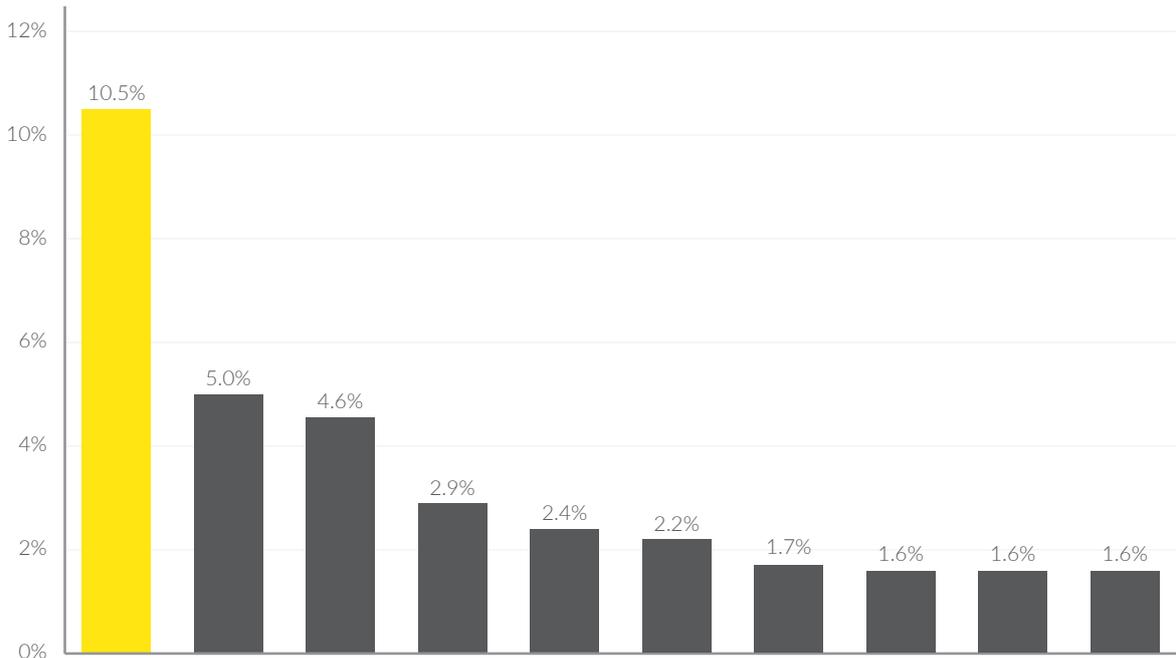
In any market environment, there remains a significant number of buyers who are looking at buying and selling within the same market. When you consider this, market conditions generally don't weigh in as much on the decision for those looking to upsize, downsize or relocate.



Ray White Auctioneer, James Keenan auctioning a parkside property in Marrickville, Sydney with physical distancing in place.

Why is Ray White the market leader?

Top 10 groups - New online listing share
January to April 2020



Disclaimer: Online listing data based on new listings listed on domain.com.au, developments excluded, house and unit stock only. From January to April 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 2019. That's three times more than our nearest competitor. During April, that number has increased, with Ray White listing 28 per cent of all online auctions. We put this down to our national team of auctioneers who have quickly adapted to the new online auction environment, using unique technology that's been created by our team of in-house experts.

Our current auction day clearance rate is 68.8 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.

Disclaimer: Online listing data based on new listings listed on domain.com.au, developments excluded, house and unit stock only. Periods as noted.

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 119 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.

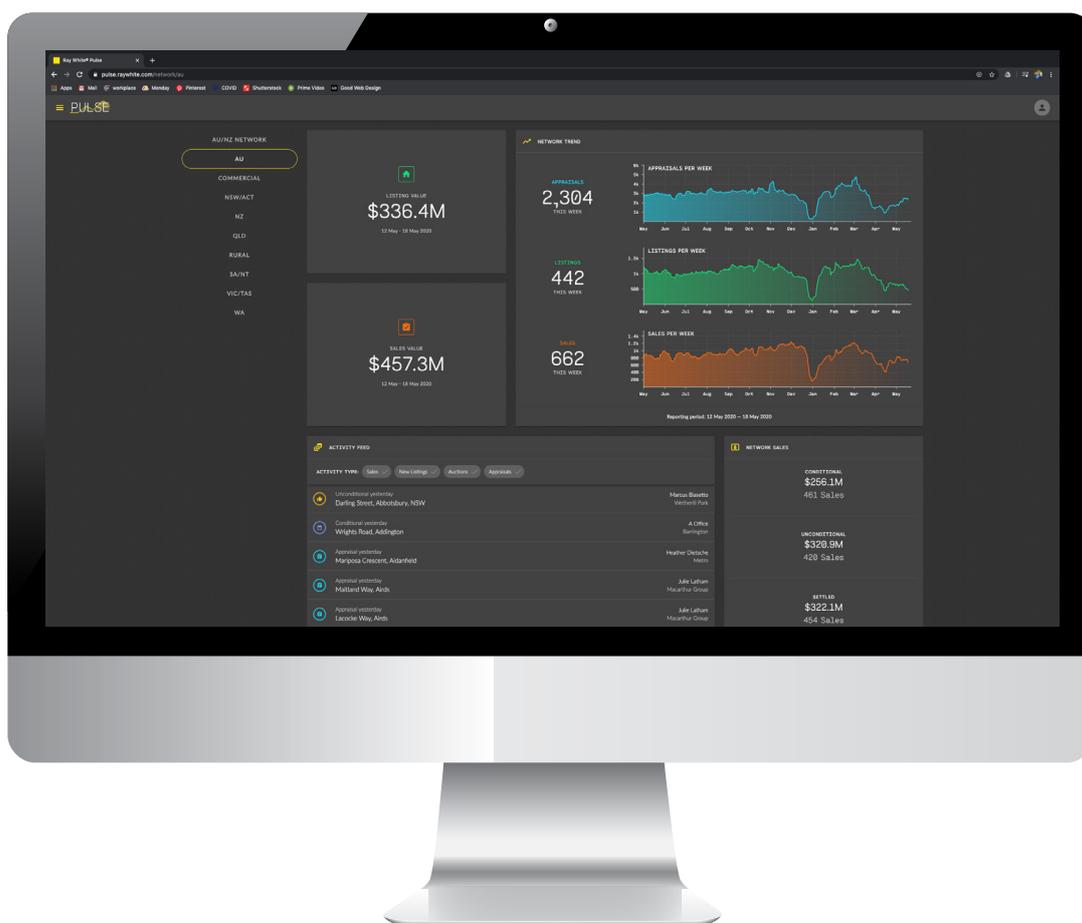
When a home is listed with Ray White, our clients are introduced to the national public relations service; a team that's plugged into the Australian media and has the sole focus of achieving more exposure for the properties we sell, to the audience that matters most.



Main: Ray White Managing Director, Dan White on Today Show. **Top right to bottom:** 1. Online Auction's Return, Channel 9 News. 2. Print Article - The Age, 14 March 2020. 3. Ray White Managing Director, Dan White on 7 News. 4. Ray White Auctioneer drops the gavel at recent onsite auction on 7 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 wellbeing 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.
- Ensure the occupant of the property has vacated the property during the inspection, either for the purpose of a permitted activity (shopping, exercise etc) or where this is not possible, by retreating to the front or backyard.
- Make only single appointments of one attendee (in addition to one agent) who must provide their details at the time of making the appointment.
- 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 or interstate 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.
- Limit appointment times, allowing 15 (and not more than 30) minutes for people to peruse the property.
- 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