



RAY WHITE NOW

REAL-TIME RESIDENTIAL
MARKET INSIGHTS

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ABOUT RAY WHITE

WINTER SELLING SEASON FIRES UP

SUMMARY

- Persistently strong demand for housing
- May sales records tumbled

It's almost unthinkable to remember that this time a year ago we wrote \$2.95 billion last May, and now we have just produced a stunning \$8.05 billion in sales with all markets still firing on all cylinders. We were expecting big things from the month and May certainly disappoint. We are so proud that our members helped almost 16,000 people with their property ambitions. It was another fascinating month. With restrictions pretty well eased in all regions,

except Victoria, we don't want to be lulled into a false sense of security. We know the economy may still have challenges ahead of us but also we know as a group we have what it takes to continue to navigate through whatever comes our way. Despite our consistently strong headline record results, the underlying trends have not shifted over the past year. But what a difference a year makes - this time last year there was much uncertainty around property and the

real estate outlook. Fast forward 12 months and these are some of the best conditions we have ever seen in our 119 year history.

The combination of improving economic conditions and low interest rates has continued to support consumer confidence which, in turn created persistently strong demand for housing. The media keeps reporting that supply remains well below average and this imbalance



between demand and supply is continuing to create urgency among buyers, contributing to the upwards pressure on housing prices. But this is misleading as it's 'all stock on the market'. Our new listing authorities are firmly up on two years ago (up 29 per cent) and on a year ago (up 35 per cent). Our total stock on the market remains down 30 per cent on two years ago but this includes all old stock, a measure we think is misleading to focus on. One metric that has eased slightly is open home attendance from its peak in March when we had more than 80,000 people attend 4,468 open homes, compared to the 75,400 who attended 4,423 listings in May. However we're still recording upwards of 200 attendees at some properties during their campaigns which is incredible heading into the winter selling season.

Our auction markets continue to defy gravity with out of this world results. Across Australia and New Zealand

we had 3,800 auctions booked - an all time result for us! Of those we cleared 74 per cent under the hammer, while 20 per cent sold prior to the auction. Registered bidders remain at five per lot, and we have at least three active bidders at each auction. We are so proud of the fact that we have active bidding on 90 per cent of all auctions and our data shows that our vendors receive on average almost 12 per cent more accepting their highest offer prior by going to auction. That's a consistent figure we have reported all year.

This time a year ago many pundits in the media were making bold predictions about the future of house prices and the industry. It's always been our job to communicate what is happening now and to highlight all the activity taking place.

Of course the relationship between property and finance is a symbiotic relationship and we are so grateful to have insights from our broker friends.

The fastest growing mortgage broker aggregator, Loan Market Group, booked a record May with \$2.46 billion home loan approvals and \$1.88 billion in settlements. Record low mortgage rates, and an expectation interest rates will remain low for an extended period of time, have played a central role in stoking Australia's economic recovery and rebound in housing markets. Although the Australian economic recovery has beaten forecasts and appears to be navigating the exit of fiscal support without much of a hitch so far, the cash rate and short-term mortgage rates are likely to remain at their record lows for an extended period of time. This outlook for persistently low rates is due to an expectation that labour markets won't tighten sufficiently enough to increase wages growth to a level that supports inflation moving back to the target range of 2-3 per cent until at least 2024.

Australia - May 2021 at a glance

Sales



6082

+73%

New listings



5957

+35%

Online viewers



3.58M

+5.9%

SELLING IN THE CURRENT CLIMATE

As the Australian real estate market continues to surge, many property owners have questions about what has and hasn't changed in the way in which properties are being marketed in the current environment.

Without doubt, now is a good time to market your property for sale.

The year 2021 has shown us that our Ray White network has adapted to ever changing conditions and are safely and effectively paving the way for thousands of Australian property

owners to take advantage of some of the strongest selling conditions ever seen in the country.

So what is driving this unprecedented price growth across just about every market in the country? Simply put, we are selling more properties than we are listing. In May, Ray White members listed 5,957 properties, a 35 per cent increase compared to last year. However during May we saw a 73 per cent increase in

the number of sales resulting in 6,082 transactions. This imbalance has created 12 per cent less total available properties for buyers to choose from. What impact does this have? It is taking less time for properties to sell and given the sustained levels of record demand, property prices continue to rise.

The Australian property market continued to surge in May. CoreLogic's national Home Value



SUMMARY

- Home values rose 2.2 per cent in May
- Home values rose 10.6 per cent over the past 12 months
- There are currently more sales than there are listings - creating less stock

Index showed that property values were up 2.2 per cent over the month. This rise was a stronger result compared with April (1.8 per cent), but weaker than the 32-year high recorded in March when values surged 2.8 per cent.

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.

CoreLogic Monthly Change in Dwelling Values (May 2021)

Sydney	3.0%	Canberra	1.7%
Brisbane	2.0%	Hobart	3.2%
Melbourne	1.8%	Adelaide	1.9%
Darwin	2.7%	Perth	1.1%

367,058

Since 1 January we have had a record number of buyers check in across 13,484 listings

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

SUMMARY

- Economy firing on all cylinders
- RBA keeps cash rate on hold

Drum roll please. The economy is back! Australia's economic performance in the March quarter was among the best in the world and the Government has timed the withdrawal of support well.

There's great news all-round - housing prices are rising, private demand accounted for all of the growth in the March quarter, with public final demand flat. Business investment is recovering; household disposable income increased in the March quarter supported by compensation of employees (wages and salaries); and ABS analysis of the

payrolls data shows that termination payments as a per cent of total wages paid look to have peaked in all sectors in the December quarter.

Of course, Victoria's lockdown is a timely reminder not to become complacent. The roll-out of the vaccine remains critical for further easing of social distancing and opening borders, as well as remaining competitive in the global landscape.

Most experts agree the central bank won't move rates higher until at least

the fourth quarter of 2022. While the economic recovery is faster than expected, the RBA's conditions for a rate hike are still far from being met. Australian unemployment is at 5.5 per cent, but Reserve Bank Governor Philip Lowe has said the bank wants to achieve "full employment", or an unemployment rate below five per cent.

"The economic recovery in Australia is stronger than earlier expected and is forecast to continue," Dr Lowe wrote in his monthly statement. "The bank's central scenario is for

"The economic recovery in Australia is stronger than earlier expected and is forecast to continue."

GDP to grow by 4.75 per cent over this year and 3.5 per cent over 2022."

He also referred to Melbourne's latest COVID outbreak, and warned that: "An important ongoing source of uncertainty is the possibility of significant outbreaks of the virus, although this should diminish as more of the population is vaccinated."

Inflation is currently also at 1.1 per cent, well below the 2-3 per cent target. So the jobs market is still a long way from full employment, wages growth at 1.5 per cent is way

below the three per cent plus pace necessary to sustain 2-3 per cent inflation and in any case inflation is still well below its target zone. So a rate hike remains some time off.

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

- The international border still remains shut for the foreseeable future
- The number of properties for sale has been steadily increasing 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 around 12 per cent higher price under the hammer than if they'd accepted a prior offer. We cleared 80 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?"



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?

Simply put, we are selling more than we are listing which is creating an undersupply of stock. Combined with sustained levels of unprecedented demand, the property market is firmly favouring those that are looking to sell.

+35%

New listing authorities (Australia)

The number of new 'Listing Authorities' over the month of May has increased by 35 per cent compared to May 2020.

This shows there is a huge volume of new stock coming onto the market now.

-12%

Total available listings (Australia)

The volume of sales has recently outpaced new listings creating less 'Total available listings' for buyers to choose from. Stock levels at the moment are favouring our sellers.

Supply

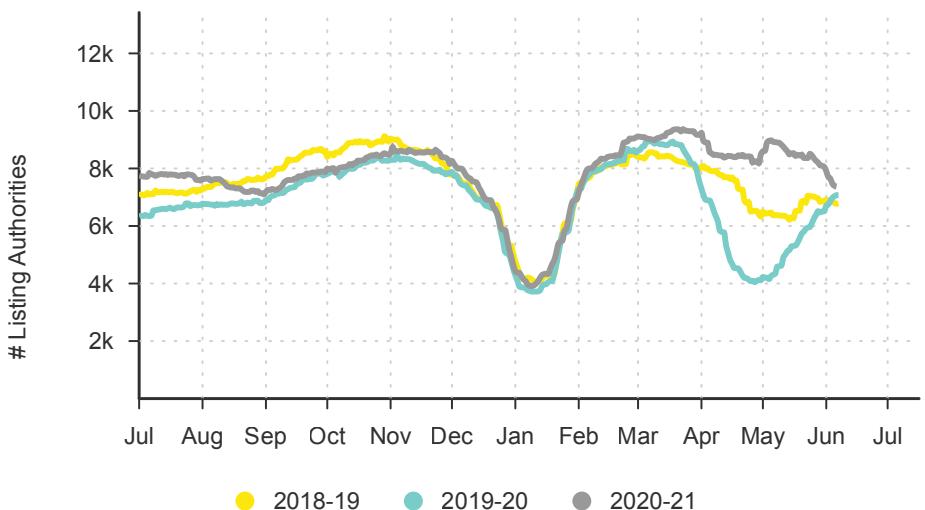
Throughout May we saw 5,957 'New Listings' come onto the market which is a 35 per cent increase compared to the same period last year. The significant increase in 'New Listings' has been met with a 73 per cent

increase in sales over the month of May resulting in 6,082 transactions. Our members are selling more than they are listing which is having an impact on the total available listing supply which is currently 12 per cent

less than this time last year and 29% less than the same period two years ago. With a total of 14,370 available listings for buyers to choose from, these stock levels continue to favour our sellers.

Chart 1: Listing authorities

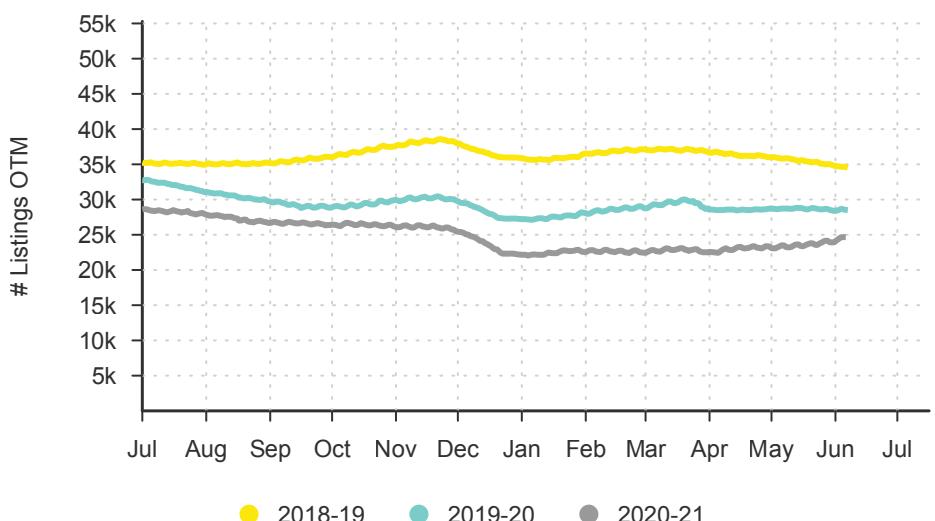
This chart shows that the number of New Listings has increased by 35 per cent compared to this time last year.



Source: Ray White Listings Data

Chart 2: Total available listings

This chart shows that the total number of available listings for sale are down 12 per cent compared to this time last year and down 30 per cent compared to 2019.



Source: Ray White Listings Data

Demand

Our result for May was clearly driven by our strong 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. Throughout May we saw 3.94 millions views across our Ray White websites. This is 8 per

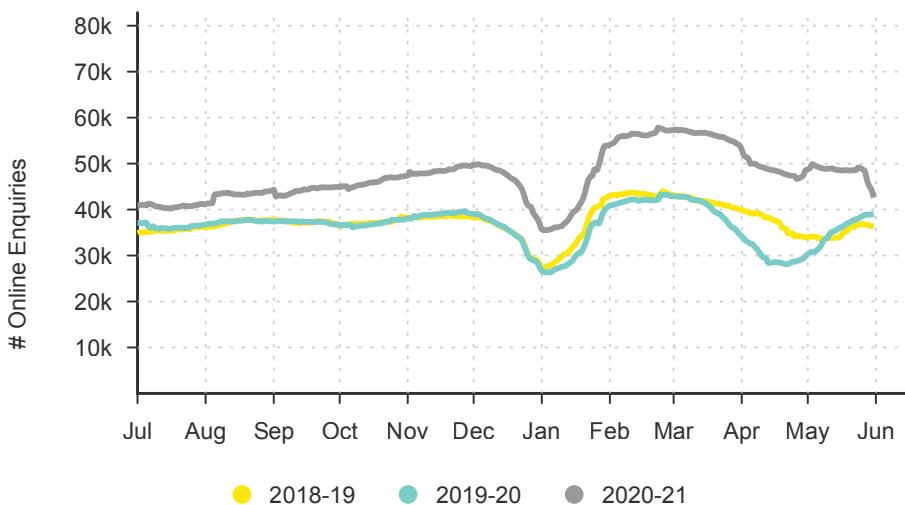
cent higher than this time last year. This has resulted in over 42,590 enquiries being sent, a volume which is nine per cent higher than May last year. The demand hasn't stopped at online activity. Across our auctions in May, we recorded an average of 5.4 registered bidders per auction and of these bidders an average of 3.3

were actively bidding (refer to Chart 4). Sellers who proceeded to auction were rewarded with almost 12 per cent more under the hammer than the highest offer prior.

The final consideration that we look at when measuring the volume of demand in the market and arguably

Chart 3: Online enquiries

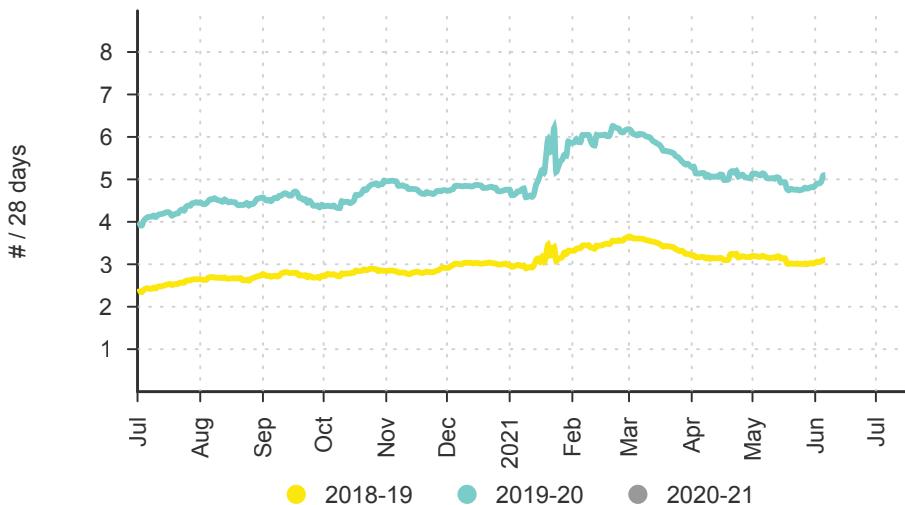
This chart compares the number of online enquiries made through Ray White websites from 2018, 2019 and 2020. It shows online enquiries are 10 per cent above levels at the same time last year.



Source: Ray White Online Analytics

Chart 4: Bidding by month

The chart illustrates that the average number of registered bidders per auction has reached 5.4 throughout May 2021.



Source: Ray White EARS Auction Reporting System

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 64 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? What factors are contributing to buyer confidence?

- Interest rates are at record lows.

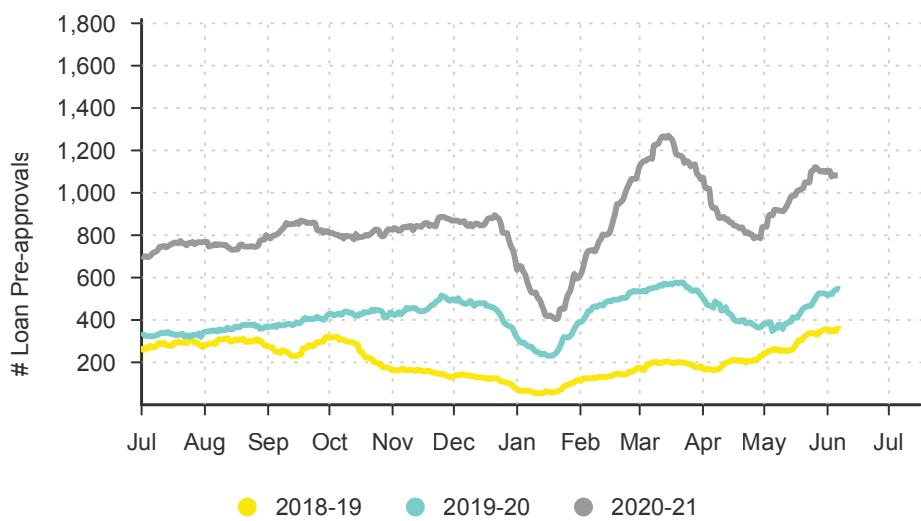
Importantly, the general consensus

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 5: Loan pre-approvals

This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the past three years.



“This has resulted in over 42,590 enquiries being sent, a volume which is nine 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.



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