RAY WHITE **NOW**

OCTOBER 2021

PROUDLY PRESENTING PROPERTY MARKET INSIGHTS IN REAL-TIME


RayWhite.

A MESSAGE FROM OUR **MANAGING DIRECTOR**

Conditions are still far from normal however as vaccination rates climb, there does seem to be a light at the end of the tunnel. Restrictions are starting to moderate and with that the ease with which we can buy and sell property.

While the lockdowns have been challenging, we've continued to provide the best service possible to our customers. Often this has required high levels of resilience and creativity, particularly in markets like Melbourne where for a prolonged period it wasn't even possible to inspect a property. This level of commitment has resulted in strong results.

When we compare the recent results of New South Wales, Victoria and New Zealand to the results obtained during similar lockdown conditions in 2020, they were close to double. Same operating conditions, twice the number of sales. When we look at our combined results for the whole group for July and August, we wrote $13.9 billion in combined sales, up 36 per cent on the same time last year. In September, we helped more than 15,000 buyers and sellers to realise their property dreams and sold more than $6.8 billion worth of property.

The pandemic has changed real estate in so many ways. While the immediate impacts on strong price growth is particularly evident right now, transacting has also changed. Technology improvements such as online auctions and virtual inspections have led to greater transparency when looking to buy or sell. The selling seasons have also changed with this summer set to be strong for properties for sale after a delayed start to the spring selling season. Auctions, which have historically taken place primarily on Saturdays, are now more likely to be held during the week.

As we head to the end of the year, we're continuing to see strong buyer activity. Our auction results continue to show high clearance rates, high levels of active bidding and large gaps between highest prior offer and the price the property sold at auction. It certainly is a great time to come to market.

Dan White
Managing Director
Ray White

THIS MONTH IN **RAY WHITE NOW**

Despite lockdowns and the pandemic, we're still in a seller's market - prices are rising, competition for properties remains strong and finance is very cheap. When will conditions swing to the buyer's favour? This month, we take a look at why there's a growing sense of urgency for sellers, before Australia's rapid price growth comes to an end.

In Sydney and Melbourne, lockdowns are slowly easing; this means more for sale and better buying opportunities. Although other cities have not been locked down, Delta has appeared to have made some impact on seller activity. Meanwhile, buyer activity continues to strengthen. We take a look at what's happening in each capital city around Australia and discuss what the outlook is for the rest of the year.

Since the start of this century, inner urban living has been far more popular than the outer suburbs, as evidenced by stronger price increases over this time. COVID-19 has turned this on its head and we have been seeing a suburban renaissance, driven by people searching for more space and freed up from being close to CBDs. Will this continue in a post-pandemic world?

And finally, we outline how COVID-19 has impacted commercial property with some sectors coming out far better over the past 18 months than they would have without the pandemic.

We hope you enjoy our latest Ray White Now.

Nerida Conisbee
Chief Economist
Ray White

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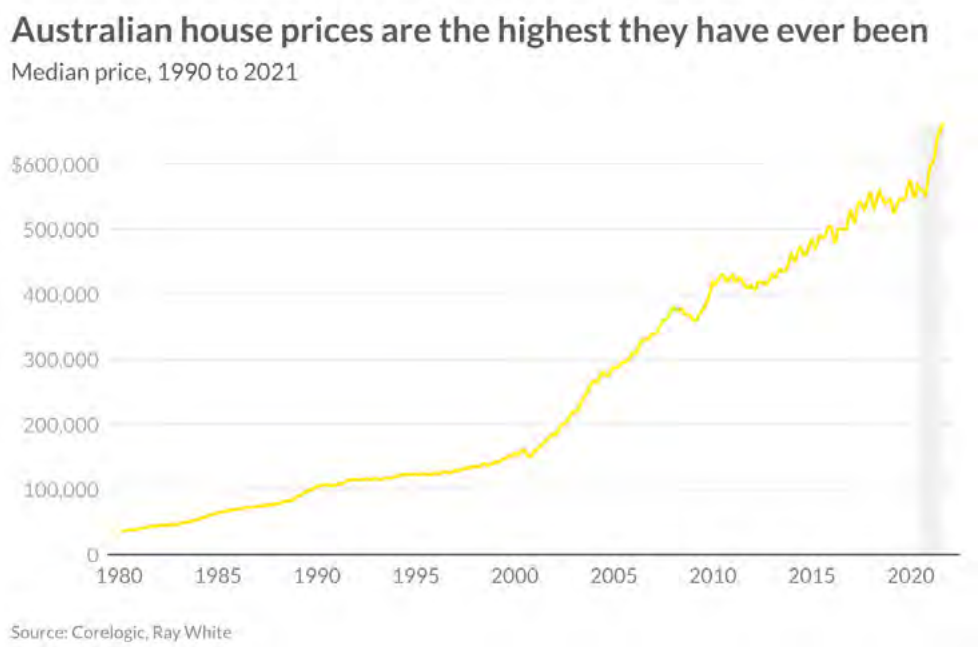
WHY SELL NOW?

As the pandemic continues to accelerate the property market, is now a good time to sell? Or are you better off waiting for more price growth? Picking the exact timing of a downturn or upturn is tricky, even with the best information. Right now, we're continuing to see strong property market conditions, however there is potentially a major change to lending which could slow things down. Here is the latest summary of what's happening with Australian residential property right now.

House prices are at record highs

Australian house prices are on average, the highest they've ever been. And there are few places where this isn't the case. What has been interesting this cycle is how consistent across the country increases have been. Topping the list in dollar terms are Sydney's eastern suburbs where the median has increased by nearly $1 million since the start of the pandemic. However, in percentage terms, the Far West and Orana region of New South Wales, which includes Dubbo and Broken Hill, has achieved the highest increase of 57 per cent. Capital city and regional areas have all seen prices take off.

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Another
SOLD
Auction
3 2 2
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• Living, dining, fire, sunroom or study
• Stone kitchen, self-contained studio
• Workshop, walk to rail, bus, schools
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Onsite
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Wed 10:30am
Sat 1:30pm
David Williamson
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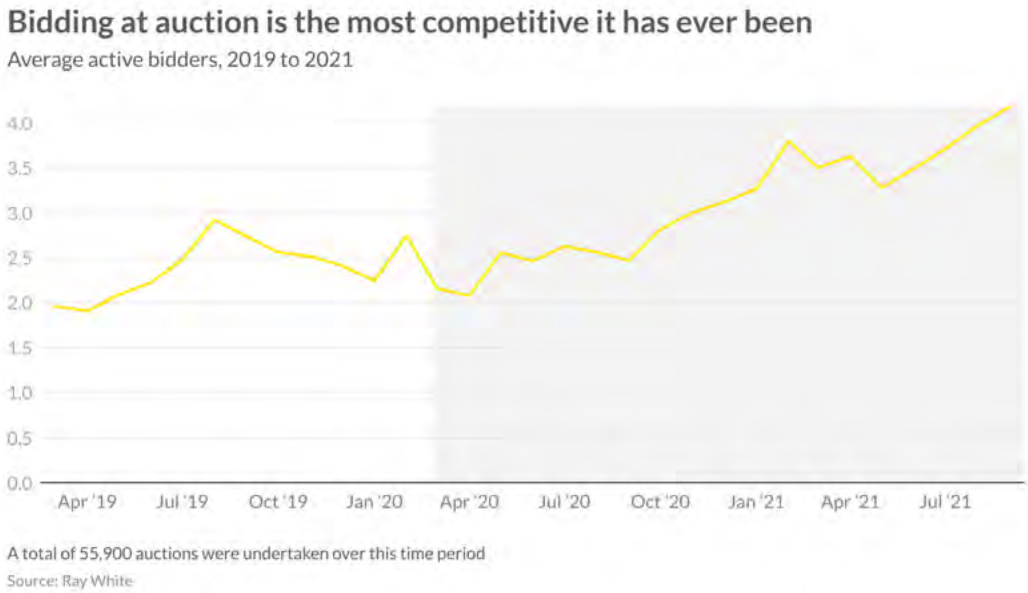
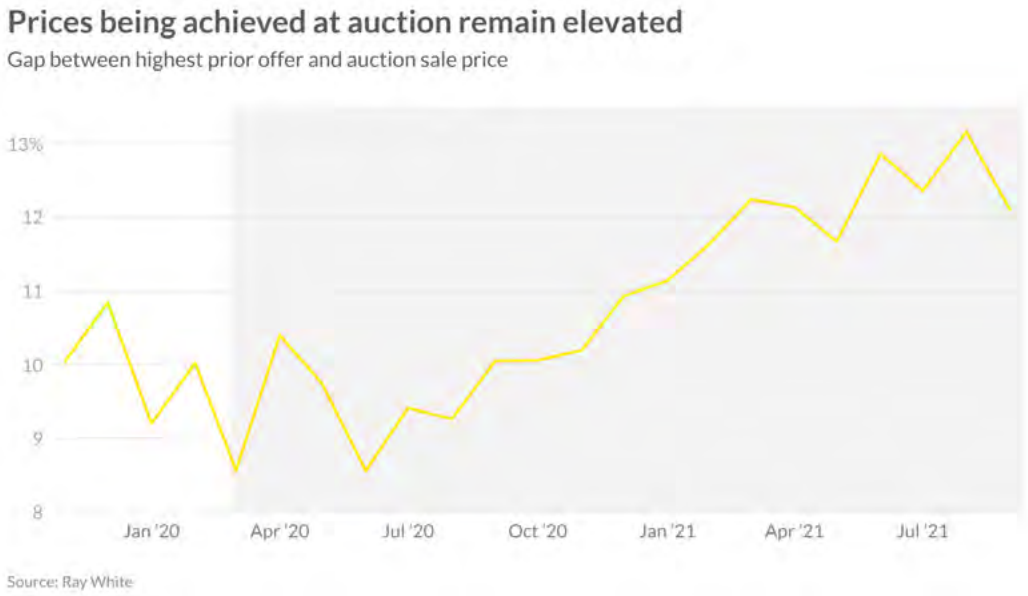
SOLD

Stock levels are low which is creating strong competition

House prices are increasing and are continuing to be supported by strong demand, and relatively few properties for sale. This is showing up in real-time in Ray White auction data where two key metrics remain elevated.

Average active bidders across Australia hit a record high of 4.1 in September, significantly higher than the levels we were seeing prior to the pandemic. Also remaining high is the gap between the highest prior offer and the price the property sold at auction. Although this declined slightly in September from the August record, it remains well above the 11.6 per cent average we've seen since we started collecting this data point in November 2019. It's certainly well above the 8.5 per cent gap we see in weaker markets.





A jump in properties for sale is expected once lockdowns end which is likely to calm price growth

Most sellers are subsequent buyers. Given this is the case, it can be stressful to sell if you're finding it difficult to buy again in a strong market. While listings are down at the moment, we're seeing a decent number of listing authorities (sellers signing up but the property is yet to be marketed). Many sellers are waiting for lockdowns to end to sell their property. This is consistent with what we've seen in previous lockdowns. A big uptick in properties for sale is great news for buyers. As well as giving more choice, it does tend to calm price growth.

Sellers are ready and waiting

Ray White Listing Authorities - 30 August to 26 September (2019/2020/2021)

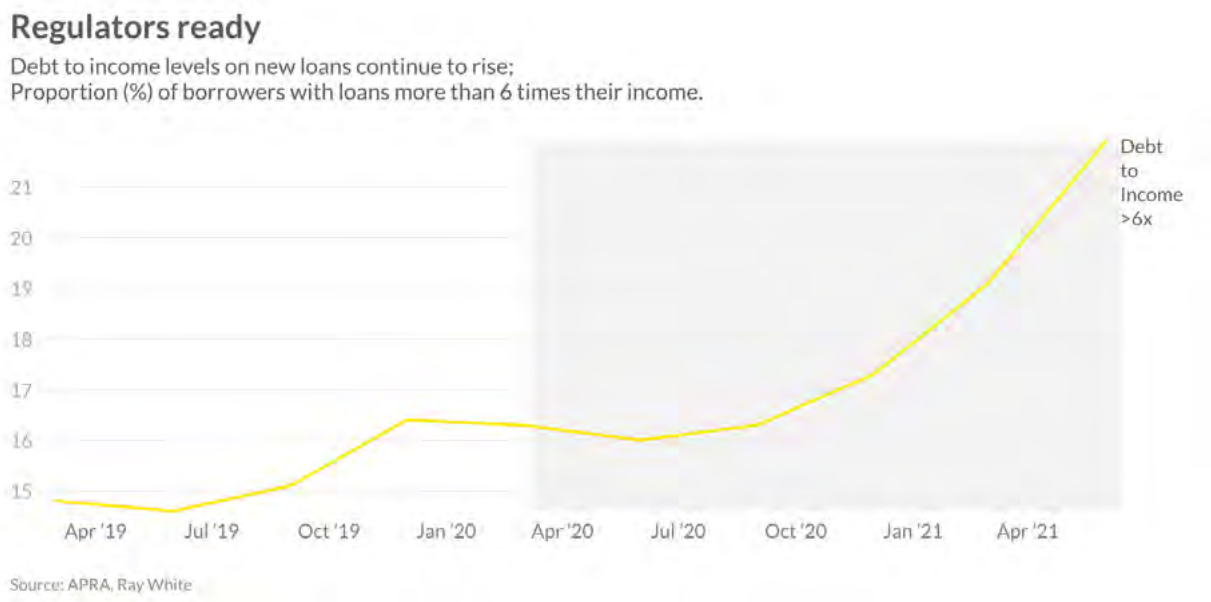
NSW/ACT QLD SA/NT VIC/TAS WA Australia - Total

	2021	2020	2019
NSW/ACT	1,701	1,607	1,647
QLD	2,036	1,863	1,766
SA/NT	643	594	449
VIC/TAS	1,150	765	1,247
WA	493	491	409
Australia - Total	6,023	5,320	5,518

Source: Ray White

Interest rates will remain low but regulators ready to move in

Prices are rising and there's strong competition for properties. While more properties on the market is likely to calm prices down, a much bigger impact would be any restrictions to finance, or alternatively an interest rate increase. House prices aren't specifically what government bodies like the Reserve Bank of Australia (RBA) or the Australian Prudential Regulation Authority (APRA) are concerned about but more specifically very high levels of debt. The amount borrowed to buy homes has doubled since May last year, and is $10 billion more than the previous peak in 2017. The proportion of borrowers taking on debt levels more than six times their annual income has also increased significantly since the start of the pandemic.



For now, interest rates look to remain on hold. It's likely that we will see very low economic growth, or even a contraction in the Australian economy in the September quarter. At this stage, the RBA has stated interest rates are unlikely to increase until 2024.

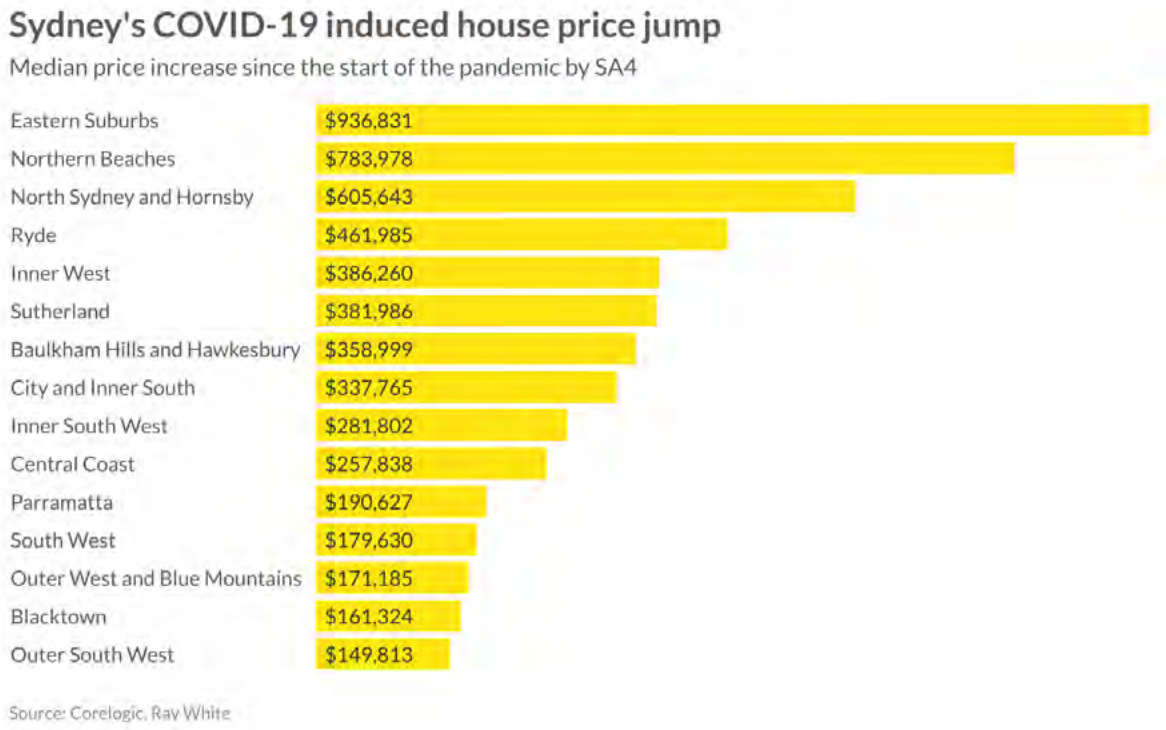
More likely will be some restrictions to finance. Already the RBA has started to wind down quantitative easing (basically the modern day equivalent of printing money) which will mean that there is less money around to lend. While this will have some impact, a greater impact will be any changes that banks are required to do when lending to home buyers. This could include a greater level of stress testing of borrowers, or changes to loan-to-value ratios. Already in New Zealand we've seen a requirement put in place for investors to have a 40 per cent deposit when buying a home. This had an immediate impact on house prices, which were rising rapidly up to that point.

THE STATE OF **THE CITIES**

SYDNEY - THE END OF LOCKDOWN WILL BRING RELIEF TO BUYERS

The end of lockdown is nearly in sight which is good news for the city's 5.4 million residents, and also good news for buyers. The last three months have been great for sellers - very little stock has meant a lot of competition for properties. Meanwhile, buyers have been frustrated by very few listings, more properties being sold off market and prices that just keep on rising.

Since the start of the pandemic, Sydney house prices have increased by $340,000 to hit a median of $1.275 million. The area that has seen the biggest jump has been the eastern suburbs. The average home has increased by over $900,000 since March 2020 with Dover Heights topping the list with an increase of over $1.2 million.



Strong demand conditions continue to mean growth in borrowing and this is showing up in ABS home loan data with total lending at record highs and on track to reach $8 billion. As yet however, speculation remains relatively low by historical standards. Although house flipping can yield good financial results in the market we're seeing now, it's likely that finding properties to buy is problematic for many investors hoping to take advantage of market conditions.

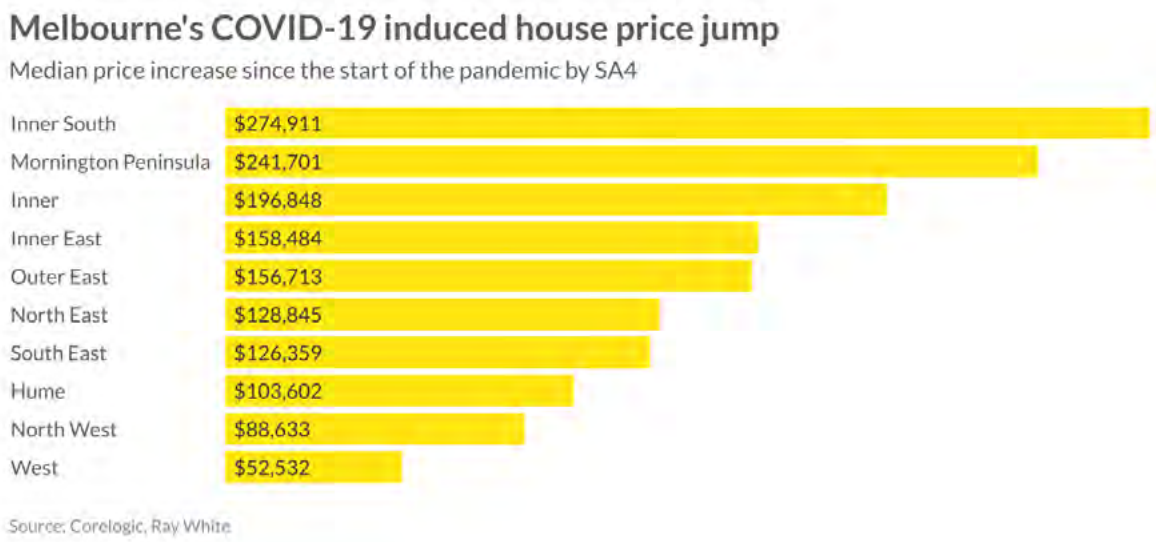
The end of lockdown will mean more properties for sale and already we can see this building. Ray White listing authorities are up five per cent on 2020 and six per cent on 2019. This will mean relief for buyers and a likely calming of price growth. For now however a drop in pricing is not on the cards, unless regulators move in to restrict access to finance.

MELBOURNE - THE END OF UNCERTAINTY IS IN SIGHT

More lockdowns, riots and then an earthquake has meant a pretty tough couple of months for Melbourne residents. Good news however for buyers is that it has become easier to inspect property. This means more properties available for sale.

Melbourne has had the tightest restrictions for real estate of all cities. Banning open for inspections meant a big drop in properties available to buy. Despite this, we did see a rise in properties being purchased sight unseen - over a four week period, Ray White sold more than 400 properties. While the number being purchased this way will now decline, it does show how much buying and selling property has changed during the pandemic. Advances to technology such as digital inspections and online auctions are the main ones that will influence selling activity going forward.

Despite a lot of uncertainty in Melbourne's economy, house prices continue their upward march. Since the start of the pandemic, they've increased $125,000 on average across the city. The biggest increases have not surprisingly been in expensive inner suburbs however more surprising is how strong the Mornington Peninsula continues to be. The town of Flinders this year tops the list for the strongest price growth in Melbourne, increasing by $912,000 over the past 12 months.



As conditions become more normal in Melbourne, this will mean more properties on the market, and prices likely to start to calm down a little. For now a price drop is unlikely although it will depend on how regulators react to the rapid rise in debt levels that COVID-19 has induced.

PERTH - WILL THE IRON ORE PRICE DROP END THE BOOM?

While most capital cities in Australia are heavily influenced by interest rate changes, this is not the case in Perth where iron ore prices play a much greater role. The rapid drop in the iron ore price therefore has been cause for concern, driven by a potential collapse of a major Chinese developer, as well as better production conditions in Brazil.

At this stage it's uncertain how much iron pricing will rally back however it does look like the days of more than $US240 per tonne being achieved in May are likely over. What does this mean for property? It's likely to slow both prices and rents down, which could be a welcome change for buyers and renters looking to get into the Perth market.

Even though the iron ore price drop was only recent, house prices have softened in Perth over the past two months. Nevertheless, some parts of the city have seen particularly large increases and are on average now at their peak. The top performer has been the expensive inner suburbs which have increased by just over $290,000. By suburb, beachside Cottesloe has seen an increase of over $540,000.

Inner Perth has seen the biggest jumps in pricing since the start of the pandemic

Perth's strongest price growth suburbs to August 2021

		2020	2021	Increase
1	Cottesloe	$1,857,500	$2,400,000	$542,500
2	Dalkeith	$2,300,000	$2,807,500	$507,500
3	City Beach	$1,600,000	$2,100,000	$500,000
4	Salter Point	$927,500	$1,355,000	$427,500
5	Claremont	$1,372,000	$1,730,000	$358,000
6	Shenton Park	$1,155,000	$1,460,000	$305,000
7	Bicton	$870,000	$1,140,000	$270,000
8	South Perth	$1,150,000	$1,402,500	$252,500
9	Floreat	$1,340,000	$1,590,000	$250,000
10	Swanbourne	$1,450,000	$1,697,500	$247,500

Source: Corelogic, Ray White

What's the outlook for Perth over the rest of the year? It's unlikely that demand for iron ore will stop completely given how significant infrastructure spending is in China at the moment. Nevertheless, the drop is likely to have some impact on buyer confidence over the coming month.

ADELAIDE - GOOD TIMES CONTINUE IN OUR MOST LIVEABLE CITY

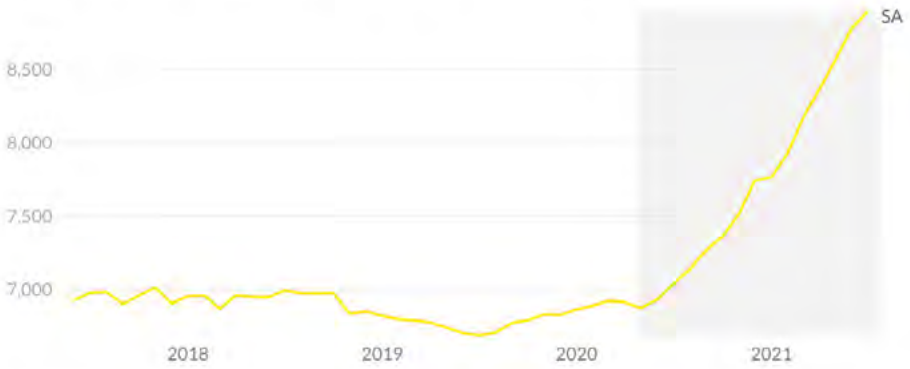
The pandemic has led to particularly strong property market conditions in our most livable city with prices increasing by 16 per cent since March 2020. A lot has to do with conditions that impacted all property in Australia - high savings rates and very cheap finance. However Adelaide has also benefited from population growth. While Melbourne and Sydney lost people to interstate, particularly South East Queensland, Adelaide has seen a net inflow. It has been likely driven by more affordable housing, some jobs growth and of course changes to the way people work.

Overall, the median price of Adelaide houses have increased by $83,000 since the start of the pandemic. The top performing region has been the most expensive parts of the city with Central Adelaide and the Adelaide Hills prices increasing by almost $180,000. St Peters tops the list for house price increases in the city with the median just recently hitting $1.6 million.

Meanwhile, with prices rising, access to finance relatively cheap and easy, and high savings rates, Adelaide residents have embarked on a renovation boom. The total number of renovations approved over the past 12 months has increased to nearly 9,000. The suburbs where the most renovations are occurring are Goodwood and Millswood.

South Australian approvals for renovations

Rolling 12 months approvals for alterations and additions to private homes



Source: ABS, Ray White

Adelaide's top renovating suburbs

Renovations approved by SA2, 12 months to June 2021

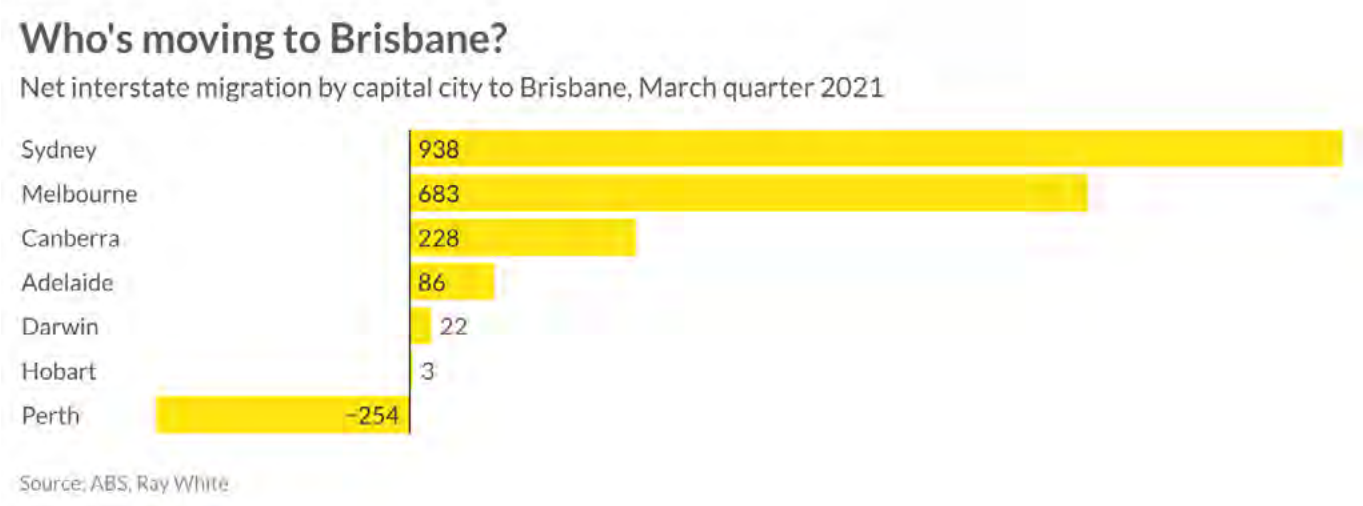
Source: ABS, Ray White

What's the outlook for Adelaide for the rest of the year? For now, it's looking like continued price growth. The main change that could lead to price stabilisation, or even falls, are any changes to lending regulation. Like we are now seeing in overseas housing markets, restrictions to finance, particularly to investors, would slow the market significantly.

BRISBANE - AUSTRALIA'S FAVOURITE CITY

How would you measure Australia's favourite city? If it was based on the number of people that are moving there, it would right now be Brisbane. Brisbane may not be seeing its strongest population growth ever but it's the strongest in Australia, driven by particularly high interstate migration, particularly from Sydney and Melbourne. It's certainly not a bad achievement given that Australia is currently seeing a net loss of people to overseas.

In the March quarter alone, Brisbane saw net migration of 3,274 people from the capital city and regional areas. It gained from every capital city except Perth where the mining boom resulted in a net loss of 254 people. Once lockdowns end in Sydney and Melbourne and it's easier to move, it's highly likely that this will increase again.



With population growth, low interest rates, high savings rates and some Olympic shine driving the property market, it isn't surprising that the city has seen a big jump in its median. Prices are on average up $100,000 however the inner suburbs are leading the charge at almost $300,000. The inner suburb of New Farm has seen an increase of nearly $500,000.

Like the rest of Australia, Brisbane's house prices could slow if lending restrictions are put in place. But for now, house price growth is assured, and could accelerate if Brisbane can maintain its position as where people want to be.

CANBERRA - STILL ON TRACK FOR A $1 MILLION MEDIAN

Canberra's house price acceleration continues with the city hitting a median of $950,000 in August. Since the start of the pandemic, the median has increased by $250,000. It's now the second most expensive city after Sydney, and has experienced the second highest level of pandemic price growth also after Sydney. Not surprisingly, it has also experienced net positive migration as a result of strong government jobs growth.

Although prices are rising across Canberra, it has impacted the top end of the market the most. The number of suburbs with a median greater than $1 million has increased from eight suburbs to 21. Griffith, the suburb that has seen the most price growth, could become Canberra's first $2 million suburb within 12 months, with Deakin and Red Hill following close behind.

Griffith on track to be Canberra's first $2 million suburb

Canberra's strongest price growth suburbs to August 2021

		2020	2021	Increase
1	Griffith	$1,455,000	$1,840,000	$385,000
2	Garran	$1,032,502	$1,410,500	$377,998
3	Campbell	$1,155,000	$1,511,000	$356,000
4	Deakin	$1,347,500	$1,670,000	$322,500
5	Yarralumla	$1,451,278	$1,720,000	$268,723
6	Aranda	$890,000	$1,125,800	$235,800
7	Lyons	$827,500	$1,063,000	$235,500
8	Mawson	$745,000	$975,000	$230,000
9	Pearce	$900,000	$1,125,000	$225,000
10	Curtin	$925,000	$1,150,000	$225,000

Source: Corelogic, Ray White

For now, Canberra's price growth is set to continue. COVID-19 isn't going away any time soon and the pandemic will still require a much larger public sector. One factor that is likely to stabilise pricing are any restrictions to finance. Like the rest of Australia, this could be the trigger to slow down the big jumps in household borrowing.

HOBART AND LAUNCESTON - THE BEST LONG TERM INVESTMENT IN AUSTRALIA

Could Hobart become more expensive than Melbourne? At this stage, it's unlikely given there is still a $200,000 difference between the two cities. Nevertheless, it also seemed highly unlikely Hobart would exceed Adelaide, and more particularly Brisbane, ever. This goes to show how much this city has changed in terms of desirability.

Hobart now has a median of $667,500 while Launceston is now sitting at $408,000. In percentage growth terms, the largest increases have been a mix of expensive and far more affordable suburbs. Topping the list is George Town in Launceston with a median increase of nearly 40 per cent. It's still very affordable which isn't true for the suburb with the second biggest increase, Sandy Bay, sitting at $1.25 million.

Not only does price growth continue to be strong, but so too does rental growth. Rents have increased by 46 per cent over the past five years, the strongest growth rate in Australia. Over the same period the median house price has increased by 83 per cent. Over this time period, this makes Tasmania the best property investment location in Australia.

Hobart and Launceston's top growth suburbs

Median price and growth to August 2021

	Suburb	City	Median	% growth
1	George Town	Greater Launceston	$275,000	38.4
2	Sandy Bay	Greater Hobart	$1,250,000	32.3
3	East Launceston	Greater Launceston	$700,000	28.4
4	Primrose Sands	Greater Hobart	$377,500	25.8
5	Dodges Ferry	Greater Hobart	$496,000	25.6
6	Lauderdale	Greater Hobart	$670,500	25.3
7	Austins Ferry	Greater Hobart	$550,000	25.0
8	South Launceston	Greater Launceston	$435,000	24.0
9	Old Beach	Greater Hobart	$600,501	23.2
10	Launceston	Greater Launceston	$572,500	23.1

Source: Corelogic, Ray White

DARWIN - ARE PRICES AND RENTS FINALLY STABILISING?

Darwin is now the second most expensive capital city to rent a home, coming in after Canberra. It's also the city that has seen the biggest jump in rents over the past 12 months, increasing by almost 30 per cent. Not only that, the median has also jumped and is now sitting at just 3.4 per cent below the 2014 peak. COVID-19 has certainly led to the strongest conditions for the Darwin property market for over seven years.

While rents and prices have surged, there does appear to be a stabilisation occurring. The median for Darwin has remained flat for the past three months, while rental growth has stalled over the past two months. It's likely that the Delta uncertainty that has plagued economic growth is being reflected in Darwin's market conditions. What comes after higher vaccination rates will determine how this market performs in 2022.

For now, it's likely Darwin prices are in a bit of a holding pattern. However like the rest of Australia, any restrictions to finance could have a major impact on this market.

AUSTRALIA'S NEW **SUBURBAN AGE**

I doubt there has been a period in any of our lifetimes that so many of us have stuck so close to home for such a prolonged period since the pandemic started. Forced reduction of mobility, working and studying from home, closed interstate and international borders and a desire for more space have all contributed. All of this has been very bad news for our CBDs but has sparked a new age for our suburbs not seen since inner urban living began to become popular late last century.

The pandemic has had a clear negative impact on our CBDs. Office vacancy rates will continue to climb as the fall out from fewer people in the office continues. Retail vacancy is also increasing, doubling in most cities. Residential rents have also declined, partly because of a lack of foreign students but also because living in a city with closed up shops and very little vibrancy is less appealing. The longer lockdowns and forced working from home continue, the longer it will take for our central areas to recover.

Meanwhile, we've seen very strong conditions in the suburbs, coming at the expense of our CBDs. Many retail strips that were previously seeing low levels of foot traffic have become active again. Suburban office markets have done better in maintaining tenants than CBD office markets. As people are no longer so restricted to live close to where they work and being locked down a lot puts a higher price on space, house prices in outer suburban areas that have typically underperformed inner areas, have accelerated.

To calculate how much COVID-19 has made suburban living more desirable, this month we've taken a look at what has happened to median prices in our capital cities suburban areas compared to inner urban areas. The bands we've compared are between 0-5kms from the CBD, 5-15kms and 15kms plus. The comparison we've made is price growth in the 18 months prior to COVID-19 to the 18 months post pandemic. Consistent with anecdotal changes around higher desirability of outer suburban areas, we've seen a greater pickup in prices outside the 5km radius in our biggest cities.

The cities where we haven't seen such an outer suburban shift are unique in a number of ways. Perth has had relatively few COVID-19 infections and as such, the city has operated more normally over the pandemic. Perth, Darwin and Canberra have all seen price growth because of reasons similar to other cities (low interest rates, high savings rates) but have also had big boosts to their local economies for unique reasons - mining (Darwin and Perth) and government employment (Canberra). These are perhaps some of the reasons why they're seeing different results.

Australia's new suburban age

Median price growth post COVID-19 by distance from CBDs

	0-5 kms	5-15kms	15kms plus
Sydney	17.3%	36.1%	14.5%
Melbourne	13.7%	12.4%	23.1%
Brisbane	5.4%	11.8%	24.4%
Adelaide	7.4%	17.4%	16.9%
Perth	42.0%	28.9%	11.7%
Hobart	11.1%	25.5%	31.8%
Darwin	55.9%	-5.0%	14.8%
Canberra	41.5%	17.3%	24.5%

Source: Corelogic, Ray White

Consistent with this, the top growth suburbs in our capital cities over the past 12 months have also in the majority been far out from our CBDs.

Top growth suburbs by capital city

Distance from CBD, median price and growth to August 2021

	Distance from CBD	Median	% growth
Sydney			
Copacabana	47.1	$1,490,000	70.3%
Sylvania Waters	19.0	$2,800,000	69.7%
Colebee	36.3	$900,000	63.8%
Melbourne			
Somers	66.8	$1,746,000	82.8%
Flinders	72.7	$2,542,500	56.0%
St Andrews Beach	68.3	$1,429,444	52.5%
Brisbane			
Mount Ommaney	12.7	$471,250	40.7%
Norman Park	3.8	$1,200,000	40.2%
Amity	41.7	$1,150,000	35.1%
Adelaide			
Linden Park	4.9	$1,125,945	32.5%
Seaford	31.0	$450,000	27.8%
Kilburn	7.1	$480,000	26.4%
Perth			
Salter Point	7.8	$1,355,000	46.1%
Ascot	6.9	$795,000	36.9%
Medina	31.7	$265,000	32.5%
Hobart			
Sandy Bay	3.2	$1,250,000	32.3%
Primrose Sands	27.7	$377,500	25.8%
Dodges Ferry	23.9	$496,000	25.6%
Darwin			
Rapid Creek	8.9	$675,000	42.1%
Zuccoli	18.8	$520,500	25.4%
Durack	14.1	$520,000	23.8%
Canberra			
Garran	7.3	$1,410,500	36.6%
Palmerston	9.4	$815,000	33.5%
Mawson	9.6	$975,000	30.9%

Source: Corelogic, Ray White

As lockdowns wind down and life returns to a bit more like pre-COVID-19 life, will this suburban renaissance come to end? A lot of what people like about inner urban living has been unavailable for significant periods during the pandemic - restaurants, nightlife, galleries, theatre, sporting events are all examples. As well as looking for more space in the outer suburbs, there has been less to do for inner city dwellers. Once these return, it's likely that the desirability of the inner suburbs will return. Our suburbs have had a COVID-19 induced boost, but it certainly isn't the end of our inner cities.

HOW HAS COVID-19 IMPACTED **COMMERCIAL PROPERTY?**

The COVID-19 pandemic has significantly impacted our economy with various lockdowns and restrictions altering the way we interact with property, notably commercial assets. While interest rates remain low and financing options are greater than ever before given the weight of funds in the market, we've seen some significant results across the commercial investment market. However, some asset classes have fared better than others; here is our guide to how COVID-19 has impacted commercial property:

Industrial property in much higher demand

The Industrial asset class has been the big winner during COVID-19, the increase in online shopping has grown the need for logistic/transport and warehousing assets, this is a combination of larger distribution facilities as well as smaller last mile locations throughout metropolitan areas. Well located assets continue to thrive with vacancy levels falling and rents showing some improvement, currently Industrial is the asset class most in favor with investors contesting for occupied assets resulting in tightening of investment yields.

For some markets such as the Gold Coast and Sunshine Coast which have seen a large population increase due to interstate migration, this sea change has also brought an increase in new business starts. We've seen many of these small businesses borne out of COVID-19 job losses flourish and have also stimulated the smaller end of the industrial market, growing occupancy in the industrial unit market.

Impact of retail is dependent on centre type

As much of the country has come in and out of lockdowns since the pandemic commenced, this has made trade difficult for the retail sector. We've seen several businesses unable to weather the COVID storm and shut up shop leaving large vacancies across retail strips and shopping centres impacting rents. While supermarket and fresh food retailers have enjoyed an increase in custom other food retailers have had to grapple with take away and deliver options to keep the doors open, the ability to online shop across many sectors such as clothing and soft goods has further pressured businesses to close.

Large format retailers have had some surge in activity over this time, a combination of work from home growing electronic sales and rising residential prices seeking furniture, whitegoods, gardening and home improvement still going strong. For some landlords, repositioning assets during this time of high vacancy has been fruitful with industries such as medical and childcare continuing to be active over this time and we have seen some retail assets successfully redevelop, future proofing these assets.

Impact on the office market still to be determined

Working from home has been forced upon many businesses in 2020 as the states moved in and out of lockdown through to today. The high overhead of office accommodation has led to some businesses looking to rationalise their space requirements which has seen sublease vacancies increase over the past year. Across all office markets we've seen vacancies increase which results in pressure on rents down or a growth in incentives on offer.

Major office markets like Sydney and Melbourne CBD's are some of the worst affected, however are expected to rebound given the trophy nature of the city and their assets, while smaller suburban markets may take longer to recover. The onset of the pandemic has changed the way in which many workplaces interact with their office accommodation, which may result in a need for larger/smaller footprints, more flexible spaces, suburban satellite offices or even eliminate a full time location with serviced or shared offerings again growing in popularity. More time is needed to understand the true impacts for the office market however it's encouraging to see take up of stock in overseas locations grow as lockdowns end and vaccination levels increase.

Increasing demand for alternative property

Alternative assets have been growing in popularity over the last 10 years as investors continue to seek out higher yielding investment options, these may include childcare, service stations, data centres, medical and fast food. Over time, this high demand has resulted in substantial decreases in yields, their often long-term, secure lease covenant has only fueled activity notably during this time of low interest rates and high availability of finance.

During COVID-19 these assets have not been substantially impacted, childcare continues to operate even during lockdowns, medical establishments have only increased their need, more of the population is frequenting take away food options and as we spend more time at home our data requirements only increase. Limited travel has seen fuel sales down, however the growth in the new and used car market highlights a longer-term confidence for these assets. Concern regarding electric vehicles has not deterred competitive investment as the Australian Government have not shown any leadership around this, unlike many other parts of the world which have mandated targets to reach regarding electric vehicle sales. However we see many savvy operators and developers of new assets grow their food and other offerings to cater for the future charge market.

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 930 franchised offices across Australia, New Zealand, Indonesia and Hong Kong.

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.

RAY WHITE **ECONOMICS TEAM**

Nerida Conisbee
Chief Economist

Vanessa Rader
Head of Commercial Research

Jordan Tormey
Data Analyst

William Clark
Data Analyst

raywhite.com raywhitecommercial.com loanmarket.com.au