

The RayWhite logo is positioned in the top right corner of the page. It consists of the brand name "RayWhite" in a bold, sans-serif font, with the "R" and "W" being significantly larger than the other letters. The text is white and is set against a solid yellow rectangular background.A decorative geometric pattern is located in the top left corner of the page. It features a repeating motif of interlocking lines that form a series of stylized, rounded square and circular shapes, creating a complex, lattice-like structure. The pattern is rendered in a light gray color.

RAY WHITE **NOW**

Real-time residential market insights
29 June 2020 - New Zealand

A decorative geometric pattern is located in the bottom left corner of the page. It features a repeating motif of interlocking lines that form a series of stylized, rounded square and circular shapes, creating a complex, lattice-like structure. The pattern is rendered in a light gray color.



Dear Property Owner,

As we approach the last week of June, property continues to show positive signs across the majority of the markets for both buyers and sellers. Our latest real-time statistical data gives a clear indication of the success that is being achieved in the area of property sales and this is backed up by the confidence that buyers have with continuing low interest rates and home affordability.

The good news for both buyers and sellers is that the amount of property coming on the market has lifted slightly and this has encouraged buyers to be more active in the market. Several other indicators, including open home attendees, registered auction bidders together with pre-approved home buyers have all increased and we see this within our data that is supplied through our Ray White Now document.

The latest release of data through One Roof and its partner, Valocity, shows New Zealand properties have fallen just a mere 1% since late March despite there being a considerable stalling in prices during the first period.

While there were many speculative reports by economists predicting a dire outcome for property owners, they have now reassessed their position and are attributing the relative buoyancy to the low number of listings coupled with the strong demand from buyers and the record low interest rates.

We believe that those who are considering buying and selling property today will have many questions based on the activity in the market and what can be actually reported on which gives the most accurate picture of where the market sits today for those who are considering a property transaction.

You can take confidence from Ray White that our members have the detailed information to give you up-to-date and detailed data that will align with the market activity.

Ray White has 182 offices across New Zealand and we welcome your enquiry to assist with your property transaction.

Regards



Carey Smith
Ray White New Zealand Chief Executive

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Property continues to show positive signs across the majority of markets for both buyers and sellers during the month of June.

As the month of June draws to a close and the shortest day of the year is behind us, the real-time statistical data remains clear that the real estate market continues to perform well, both in terms of volume and also turnover. Despite the economic changes that we are experiencing, prices have remained consistent, with listed prices increasing over the past four weeks by 6.8% across New Zealand.

As we move further into this economic cycle there is more data available for real estate commentators to now provide accurate and re-adjusted analysis of the previously speculative forecasts that they were providing to the market, providing informed rather than influenced messaging to the marketplace.

During the past seven days we have been afforded by sellers to market 321 properties and these include various methods of marketing through auction, tender and exclusive controlled marketing. The sales results have reflected a continuous positive buyer response, with consistent bidding at auctions and a high buyer enquiry rate through our marketing channels for all forms of property.

Home loan rates remain at record lows and this is providing an easier entry to home affordability for many purchasers in the market, with loan pre-approvals at record numbers.

Market fundamentals remain strong

Our sales results for the four weeks in June are positive news for all New Zealand property owners.

While there continues to be an area of uncertainty about the real estate market, and indeed many other financial areas, during the first four weeks of June we sold 1,308 properties valued at NZ\$1.052 billion. This represents 81.6% of the number of sales that were completed in the same time in 2019. This in itself shows the strong resilience in depth of the buyer pool purchasing property currently.

Prices remain strong and well in line with those achieved in the last 12 months. It is clear that some markets are considerably stronger and buyer activity is best evidenced by the fact that our average number of bidders continues to be higher at 3.3 per auction so far in June, which is up by 25% on the same time last year. We feel that buyers may also be seeking certainty in their purchases and auctions give the transparency that many are looking for to gauge market value.

There are other underlying variables which are assisting the market remaining buoyant and confident for both buyers and sellers.

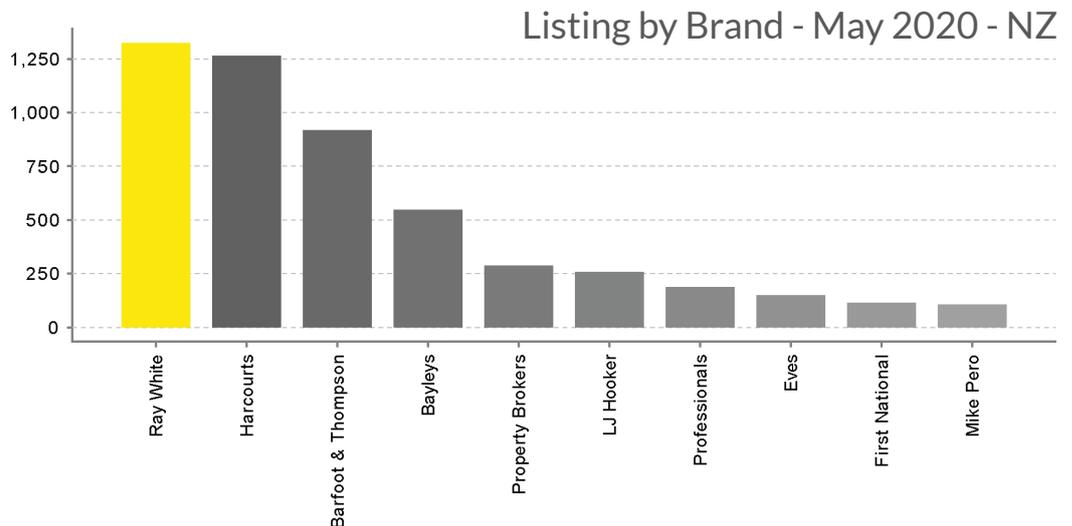
To those clients and customers who have trusted us with their marketing for the property over the last period, and also to all our members who have been unyielding in their commitment to overcome the obstacles and create greater competition for these sellers, we wish to thank all the parties who continue to be involved in ensuring positive outcomes.

As one of the largest real estate groups, selling one in every five properties across New Zealand, we are uniquely placed to provide our clients with the most relevant and timely information and data to assess current market activity and outlook.

As a family-owned and led business with 119 years of experience across Australasia, including operating through two World Wars, the Great Depression and financial recessions, we know that we can deliver the highest quality outcomes for you in the current market.

Selling in the current environment

During the month of May we were proudly supported by the greatest amount of clients deciding to sell during this period of uncertainty.



Like most property owners, you may 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? Will I achieve a premium price from the current market? What are the different variables which play a role in how many buyers will be interested in my home? These are all very valid questions and ones which we can provide accurate responses to.

We, of course, don't want our clients to make decisions to stay out of the real estate market based on speculative reports or negative stories about the future of prices without actual information.

Over the past six weeks in 'Ray White Now', we have been highlighting the great resilience of the real estate market despite economic uncertainty.

We have advocated the advantage for potential vendors to sell in today's market through our real-time data which creates an accurate picture of the balance between buyers and sellers and what makes the market remain strong, together with what is giving buyers continued confidence to purchase properties.

We are now seeing a slight increase in new listings coming to the market. Fortunately we continue to see strong buyer demand, as illustrated in our online enquiry data and the number of bidders at auction.

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.

By listing now, sellers will have the opportunity to avoid potential future risks in the market and transacting in a well-balanced market that is presently generating strong results for our clients. As you consider any campaign to sell your property, we recommend that you consider how your agent will create competition and achieve the best price in today's market.

We have created Ray White Now to provide clarity to all of our customers on what is happening in the market today. If you are considering selling we explain how you can take advantage of the current conditions to achieve the best possible sales outcome for your property.

Why are we seeing strong sales results now?

There is no single factor which provides the basic elements of why sales results continue to remain strong. There are however two basic fundamentals of supply, being the number of properties available for sale and the demand which is the number of active buyers in the marketplace, that still plays a significant role in establishing market conditions that remain favourable for sellers and giving buyers the confidence to purchase.

Our clients that have come to market in recent weeks have achieved largely great results because of the basics of supply and demand. While the number of new listings has increased in June this could be due to a number of reasons that gives sellers confidence - the increased demand currently in the market that have still not been satisfied, together with the sustained auction clearance rates across the country.

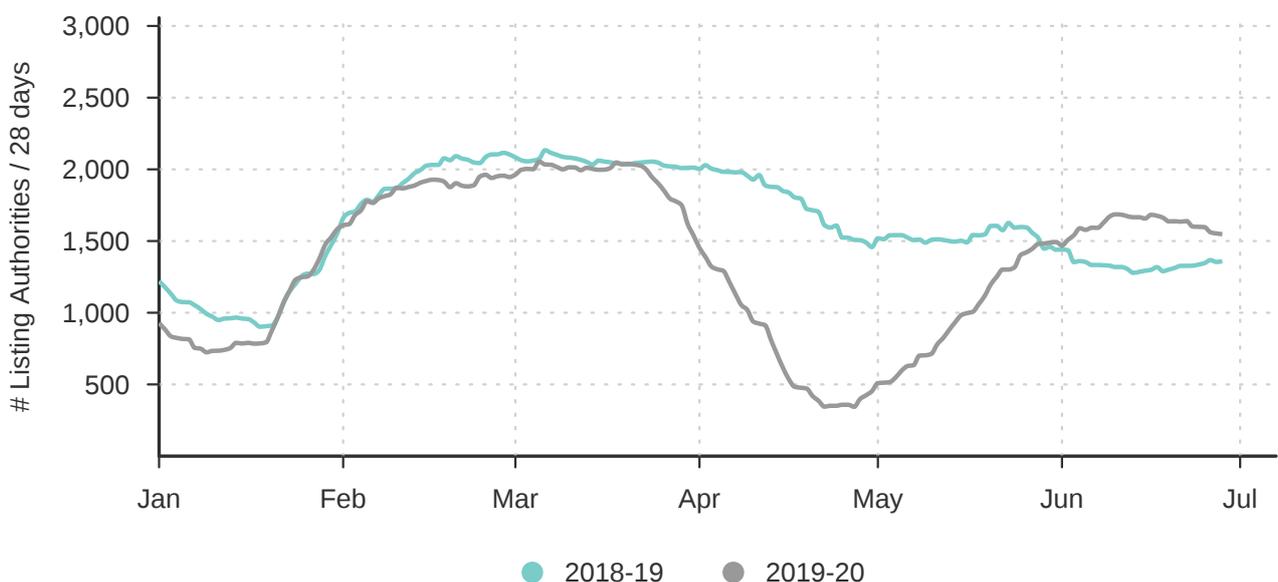
However, our strong suspicion is that there has been a return of confidence in the market.

In the month of June, we have seen a major change in the market dynamics from a national perspective. In terms of total listings on the market at the moment, we are marginally above where we were last year. So while there is more supply than in the past few years, the buyer pool is deep.

There are a number of considerations we take into account when looking at the amount of buyers active in the market.

Listing authorities

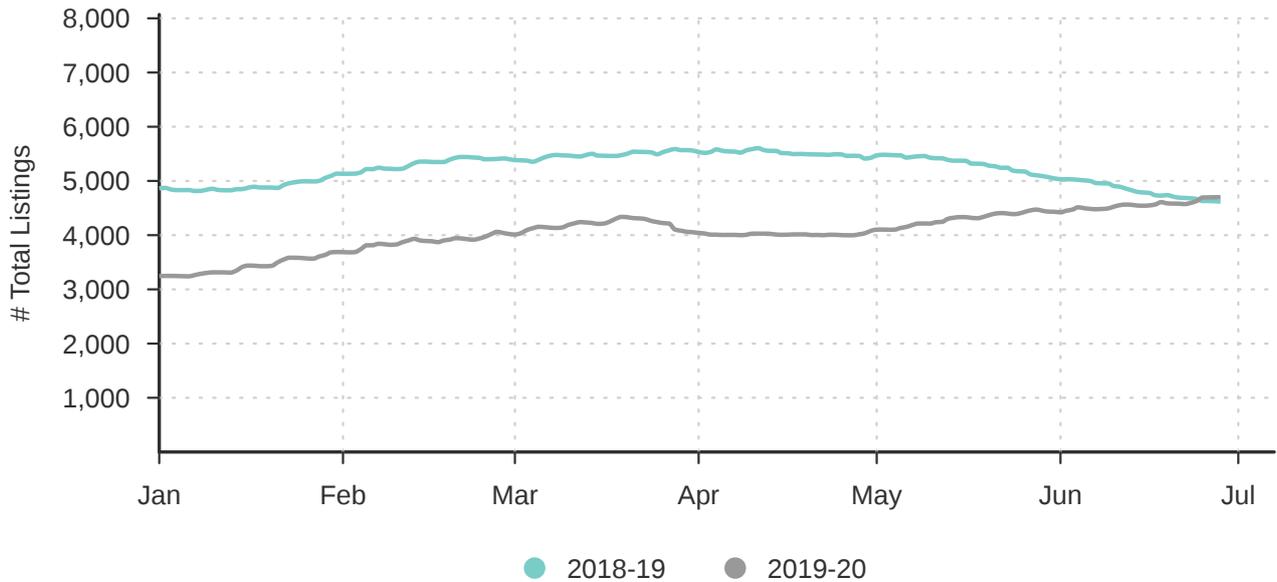
This chart illustrates the reduced number of new listings that is currently coming onto the market up to 29 June 2020.



Source: Ray White Listings Data

Total available listings

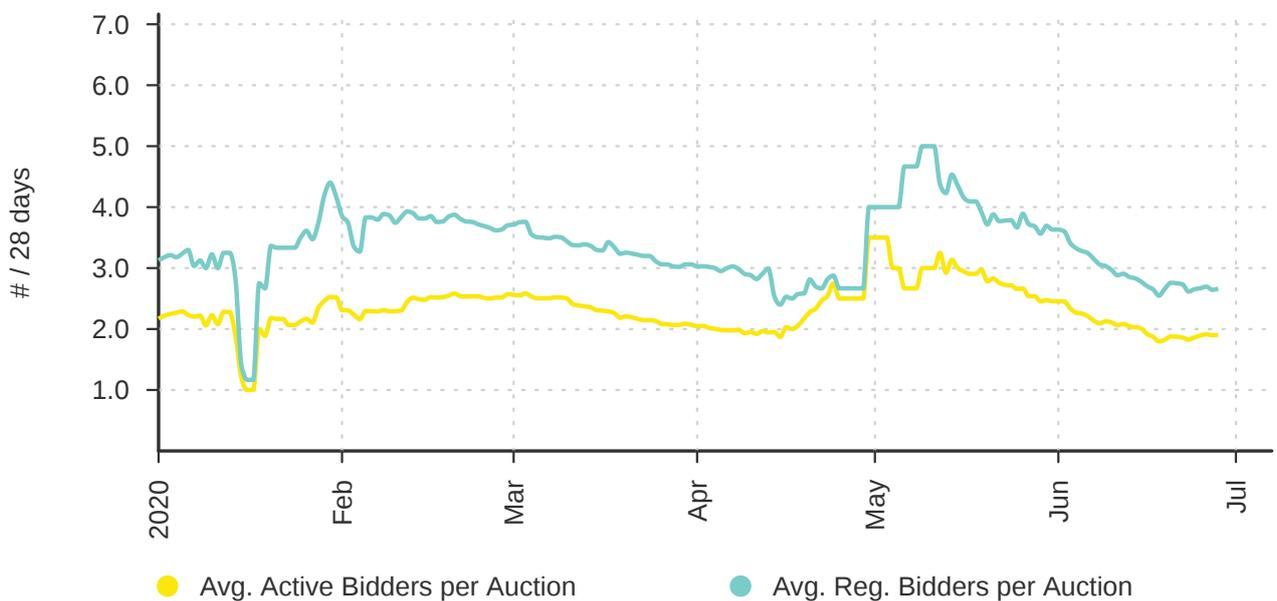
This chart illustrates how the number of new listings to the market has recovered as at 29 June 2020 to be in line with last year.



Source: Ray White Listings Data

Bidding by month

This chart illustrates that the average number of bidders per auction has remained consistent through 2020 as at 29 June 2020, which is up on last year. This is certainly an area that is underpinning prices continuing at strong levels.



Source: Ray White EARS Auction Reporting System

Buyers normally start their journey by looking online. Online enquiries show that the number of buyer enquiries on our websites dipped by 25% in April but is now up on this time last year. In fact, we are seeing unprecedented levels of online traffic across our Ray White websites. Industry portals like realestate.co.nz and trademe.co.nz are also reporting significant increases in buyer enquiry.

The usual stage in the buyer journey is inspections followed by offers and buyers bidding at auction on property. This is transparently reported through our auction data. 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 at the same time last year.

Pre-approvals are a key leading indicator to buyer confidence knowing they have the financial capacity to buy the property. Loan Market our loan brokerage partner is currently sitting on over NZ\$1.2 billion of pre-approved buyers across New Zealand. These are buyers ready to make offers with no finance clause required.

So what factors are contributing to buyer confidence?

Today interest rates are at record low levels and are advertised from 2.60% fixed for a one year period.

- Importantly, the general consensus among economists is that they will remain at these low levels for the foreseeable future.
- Interest rates are a driver of home affordability and in many areas, while prices have risen in the last 12 months, corresponding interest rates have reduced.
- 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 New Zealand's largest independent broker that settles over NZ\$650 million in loans per month. Pre-approvals are indicative loan approvals obtained by buyers before they buy a property to enable them to bid confidently.
- Record levels of government stimulus are part of the supporting reason behind a high proportion of buyer sentiment.

Loan preapprovals

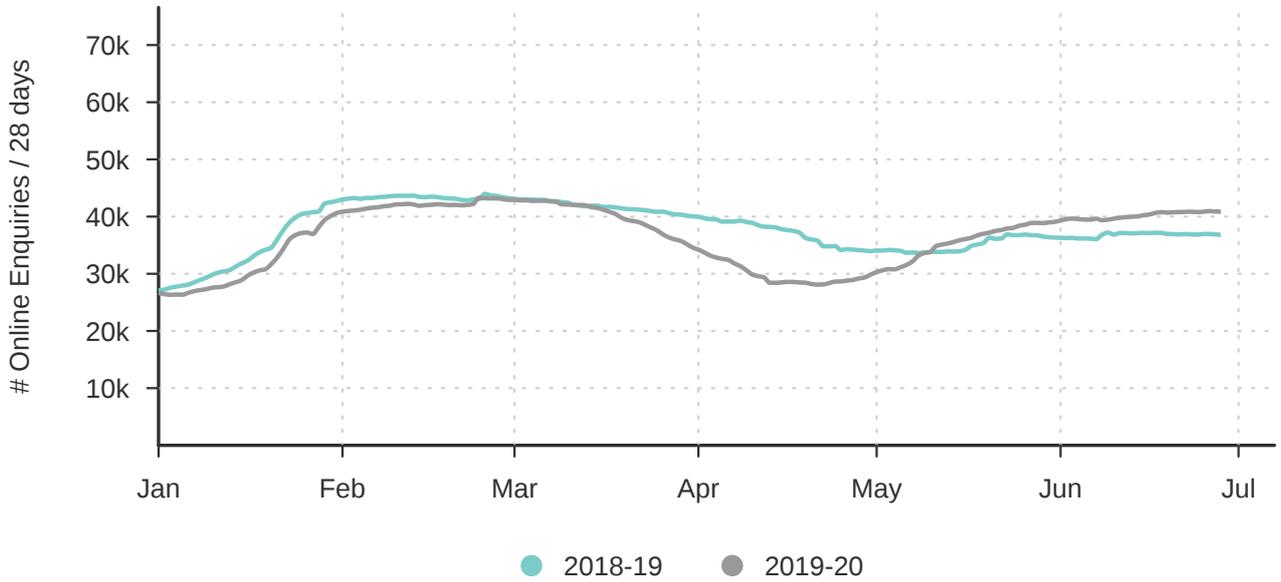
This chart compares the number of loan pre-approvals submitted via Loan Market brokers over the 18-19, and 19-20 financial years. It shows higher levels of pre-approvals now compared to 12 months ago.



Source: Loan Market

Online enquiries

This chart compares the number of online enquiries made through Ray White websites over the 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



Ray White auctioneer Ted Ingram, auctioneering 12A/100 Anzac Avenue, Auckland Central at Ray White City Apartments.

If I am considering selling, what are the reasons why I should go to the 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 a traditional selling season for example spring, we would urge you to consider listing your property now as it may be the best opportunity you'll have all year given the current market fundamentals.

Whilst the current selling conditions are strong, it remains extremely hard and uncertain to predict what may happen in the real estate market over the next six months, 12 months and certainly the next few years. The key reason to list now is to remove as much risk as possible as to what might happen later in 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 the demand in the next six to 12 months and possibly longer, creating conditions less favourable for sellers.

The factor that is causing most concern is that between now and September, an unprecedented amount of public and private sector stimulus is 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.

Let's have a closer look at why these opinions have been derived by key economists. Firstly the initial 12-week government stimulus package (the Wage Subsidy Scheme) has now finished, although qualifying businesses have until 1 September to apply for a further eight-week extension. Banks have offered a large number of homeowners mortgage deferment support which is scheduled to end in late 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 coming onto the market, causing a large supply of properties available

Economists are saying that the next 12 months may hold:

- Wage subsidy 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.

Regarding buyers, the withdrawing of government stimulus and the potential for a steep rise in unemployment may result in fewer buyers having an ability to purchase properties. The New Zealand Treasury is forecasting unemployment to peak at 9.8% this year.

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. In its June New Zealand Property Focus Report, ANZ economists confirmed their previous forecasts and expect to see house prices to fall 12% over the coming year, compared with a 6% fall in GDP.

There are some economists that are not as concerned by these potential risks to the economy. They point out that significant low-interest rates will provide a sustainable 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 there could be downward pressure on prices over the medium 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 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. If you need to sell sometime over the next, say, 12 months, because of any financial concerns, or you need to upgrade, or downsize your property, the current market is active so now may be your best opportunity.

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 and in particular interest rates.

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.

If there are future risks in the market, why should buyers enter the market now?

For buyers, to try and 'game the system' and wait to pick the bottom, it's a difficult game to play. Things can move against you, and you risk being able to get the thing you really want, especially if it's a family home. Longer-term, there seems to be broad agreement that New Zealand's fundamentals will remain strong. Property investment has, and will always be a long term investment.

If finance continues to be provided on the current terms, and we have no reason to see why not, the purchasing power of buyers is expected to remain strong and be the main driver of buyer confidence.



Ray White auctioneer Tim McGoldrick in-rooms at Ray White Metro where four properties successfully sold under the hammer.

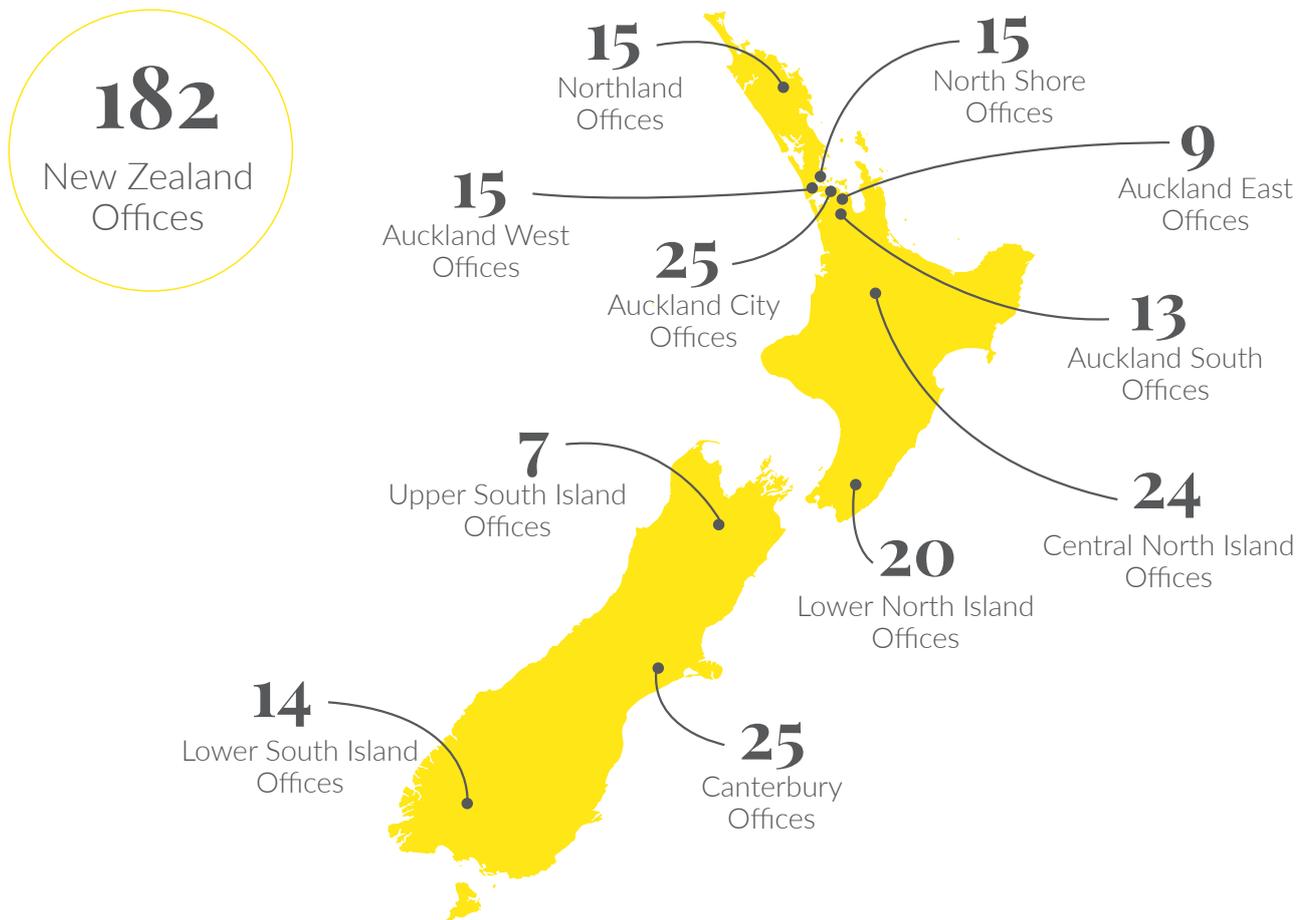


Ray White Whangarei salesperson Rae Dennison applying a sold sticker on 362 Ngunguru Ford Road in Kiripaka.



Ray White Full Circle salespeople Sid Charoenpornsavat and Deepak Gangar attracted six offers in the first three days of 30 Cornwall Street, Christchurch of being on the market.

Why is Ray White considered in so many markets to be the leader?



We believe that we are the market leader in many markets 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, 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 exposure



Most innovative auction business in New Zealand

Our enviable position comes from an unwavering commitment to marketing and auctions - whether that be safely on-site or in-room.

Ray White listed 1,506 properties during May, with a sales rate of 85.7%.

In June, Ray White was the highest lister of property across New Zealand.

Last week, Ray White New Zealand had a 57.4% auction day clearance rate, that was up 8.37% on the previous year.

Our national team of auctioneers quickly adapted to our new auction process, using our unique technology that was created by our team of in-house experts.



Tender and Exclusive Listing

Our approach to tender and exclusive is aligned with our marketing methods 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 while this is not a normal recommendation we welcome discussion on all opportunities to take your property to the market.

2. Generating buyer enquiry

Being one of the largest real estate groups 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 Australasia's largest real estate group, supported by a dedicated and highly experienced team of newshounds 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 a large number of listings on realestate.co.nz and trademe.co.nz - is huge.

To put a price on the power of the media coverage we create, it was worth AUD\$15.8 million in May, and AUD\$85 million in April 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 New Zealand media and has the sole focus of achieving more exposure for the properties we sell, to the audience that matters most.

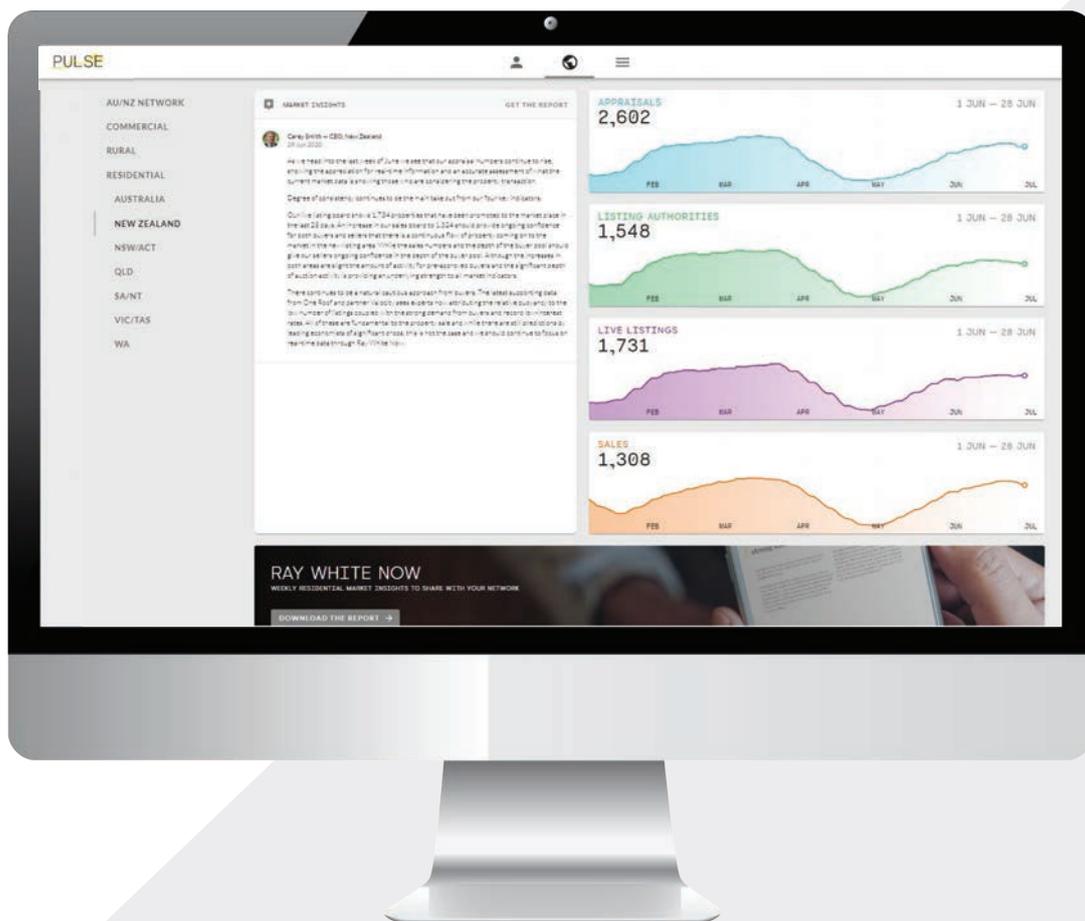


Online Stuff Article - Ray White Full Circle "Rundown Christchurch villa is hot property".

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 most successful 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.

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 New Zealand, Australia, 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 Australasia's most successful 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 to make the best real estate decisions.



Ray White's first auction house, 'The Shed'.
Crows Nest, Queensland.

Loan Market

Loan Market, New Zealand's multi-awarding winning mortgage group has been helping Kiwi's with their financial goals for over 26 years (and counting). In these trying times, brokers have been supporting clients to understand their options and help navigate the complex banking world and ensure everyone can get access to a more competitive deal when it comes to loans.

While interest rates are at "all-time" lows now at below 3% across all parts of the interest rate curve, access to credit is tight, as such, advice is essential. Loan Market has access to New Zealand's widest range of banks and lenders you know and trust, talking to our Loan Market Advisers will help navigate the options to ensure buyers are approved to their maximum buying power.

We are currently sitting on over NZ\$1.2 billion of pre-approved buyers across New Zealand. This pool of pre-approved buyers ready to make offers with no finance clause required, speaks to the strength of the market for vendors looking to sell now.



raywhite.co.nz



loanmarket.co.nz