

JANUARY EDITION

RAY WHITE NOW

REAL-TIME RESIDENTIAL
MARKET INSIGHTS

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ABOUT RAY WHITE

2021 IS PRIMED FOR GROWTH

SUMMARY

- Housing market finished on a high in 2020.
- Now is a good time to list given light stock levels .

After the intense crazy year, record-low borrowing costs and government efforts to stimulate the economy, the Australian housing market finished 2020 on a high and is primed for further growth in 2021. Every market in our network finished the year in record territory, having firmly recovered from any COVID-induced lull triggered by the pandemic in early 2020.

Australia's economy continues to strengthen and shows strong signs of recovery, with the most recent figures showing November retail sales at a record level, a stronger than expected pick-up in growth

in the third quarter and strengthening expectations for key measures such as business investment. All this has given us the confidence that 2021 will continue the same growth path. There remains more certainty now that the economy is entering 2021 with quite a lot of momentum. ANZ Bank economists said last week the risks to their forecasted growth for the year of a nine per cent gain in house prices was firmly "tilted to the upside".

The performance of the housing market is often a tug of war between record low rates – which creates extra savings for homeowners –

and people's sense of confidence about their own financial security in the economy that may still come under pressure as the federal government withdraws stimulus measures such as JobKeeper. Future conditions are always difficult to predict and we have only ever suggested that our members and customers carefully review all activity in the market now. No matter what 2021 throws at us we know we are well placed to tackle any market.

We capped off 2020 with \$6.1 billion in unconditional sales in December, up a staggering 60.7 per cent on the year prior. In Australia alone we

“No matter what 2021 throws at us we know we are well placed to tackle any market.”

recorded almost \$4 billion in sales, up 50 per cent with a new record month in Victoria as the market roared back to life after its extended lockdown. This is an incredible feat and one that every single Ray White member across Australasia can be proud of. Over the 12 months to December 2020, we sold \$53.8 billion worth of property, an increase of \$10 billion or 23 per cent on the prior calendar year.

We have said it before and we'll say it again, there is no other industry we'd rather be in. The property market's resilience - which surprised every pundit - underpinned much of these results as the housing market once again proved its importance as a crucial asset class in the economy. The greatest surprise, if any, is that we have never seen such coordinated levels of activity across Australia and New Zealand.

We know our members

outperformed the industry in 2020 given our sales dominance and geographic spread. We operate in a self-regulated market with enormous government and banking support so we were never as pessimistic unlike most economists who were analysing our industry from the outside looking in. Our listing numbers rose over 2020 (up eight per cent) but were actually dead flat when compared to 2018 and yet our stock was met by a larger number of committed buyers than ever before. Given the expected surge in new listings has not yet hit the market, now remains a great time to list early in 2021 while there remains less stock in the market and hence less competition for sellers.

Our auction data - which has long been seen as a leading indicator - shows our best month was December, a time when many other agencies were winding down for the holidays. Our members achieved an incredible 70.8 per cent auction day

clearance rate in December. We have 549 auctions booked in January, with The Event on the Gold Coast alone showcasing 130 properties for sale on 24 January.

Sentiment has now well and truly shifted in the media - especially on the back of the news by research house CoreLogic that Australian home values finished the year three per cent higher with regional housing values rising by 6.9 per cent, a rate of capital gain that was more than three times higher than the combined capitals, where home values were up two per cent over the year.

Ray White Now is produced monthly in conjunction with real-time data from our 734 offices across Australia. We are the only agency group with local area experts right across the country and we welcome your enquiry to assist with your real estate needs in 2021.

Sales



2,918

+28.4%

Live listings



2,324

-4.7%

Online inquiries



36,367

+32%

SELLING IN THE CURRENT CLIMATE

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? How can we continue to market and sell property in an efficient

manner as our communities transition back to normal conditions? And so on.

As 2020 showed us, the property market across Australia remained resilient and contradicted what many speculators predicted. Despite numerous COVID-19 induced

restrictions and lockdowns, our network managed to continue to transact properties for thousands of buyers and sellers in a safe and effective manner. In fact, according to CoreLogic, property prices in 2020 across the country increased by three per cent. Houses performed slightly



SUMMARY

- Property prices rose across the country in 2020.
- Houses performed better than units for sellers.
- Despite restrictions, the property market gained momentum.

better than units increasing 3.7 per cent and one per cent respectively.

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.

3%

Australia's housing market finished the year on a strong footing with CoreLogic's national home value index showing a three per cent rise in total returns in 2020.

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

SUMMARY

- Residential real estate performed strongly in 2020.
- Treasurer Josh Frydenberg warns the economy is “not out the woods yet”.

Many of our customers want to know what's happening in the Australian property market. While we know there are still broad risks to the economy, we still believe now is a good time to come to the market given the basic fundamentals are sound. Buyer demand has never been so strong and all the indicators continue to point to continued growth.

As it turns out, residential real estate actually beat all other asset classes in 2020. Across all metro and non-metro (regional) markets, Australian home values appreciated three per cent in 2020. If you then add in the national gross rental yield, you get an impressive total return of 6.60

per cent for the year. If you are interested to know the All Ordinaries Index finished up 0.71 per cent over 2020, and the RBA actual cash rate finished at 0.25 per cent. The surge in property values was presumably a huge surprise to all the analysts, economists and fund managers who predicted house prices would fall 10 per cent, 15 per cent, 20 per cent or even 30 per cent.

While 2021 is bound to be bumpy, we are well placed to handle any scenario thrown at us. There are grounds to believe the global economy can embark on a very robust recovery this year. Highly-effective vaccines have started being rolled

out internationally with plans in place for Australia, which should assist in normalising activity and confidence in the world.

The federal government sees housing as an asset class too big to fall and it is hoped that the Federal Treasurer will likely extend the JobKeeper supplement. There's been a chorus of cries from the tourism and retail sectors for ongoing assistance. Treasurer Josh Frydenberg last week said he felt very optimistic about the economy recovering from the pandemic in 2021 but warned Australia is “not out the woods yet”.

Demand is expected to remain strongest from first-time buyers and upgraders, many of whom are spending money on a house they might otherwise have used on overseas holidays. As always we remind you that the future remains uncertain for many reasons:

- JobKeeper and JobSeeker support is set to be wound back by March;
- The international borders remains shut;
- Unemployment tipped to significantly rise; and

- The number of properties for sale over 2021 will increase and create more choice for buyers.

What we do know is market fundamentals right now are helping our clients who are looking to sell. Our data tells us that our auction clearance rates finished 2020 on a high note and we call one in three auctions nationally. So there's a deep buyer pool for sellers to take advantage of right now. Our question remains, "What are you waiting for?"

“Demand is expected to remain strongest from first-time buyers and upgraders.”



WHY ARE WE ARE 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?

-4.7%

New listing authorities

New listing authorities over the past 28 days are down by 4.7 per cent compared to this time last year. This clearly shows less new listings came to the market over the holiday period. This is favourable for those looking to sell now.

-1.5%

Total available listings

The total available supply of properties for sale is down by 1.5 per cent. A clear sign that buyers are competing over less properties.

Supply

Over the past 28 days, we can see the usual decline of new property listings hitting the market over the Christmas holiday period. The trend this year is similar to the previous two years however slightly exacerbated seeing a 4.7 per cent decline in

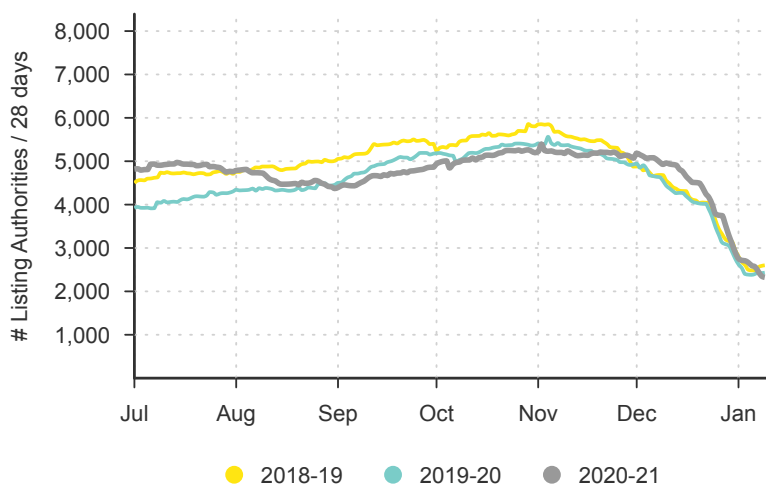
listings authorities compared to the same time last year.

The decline in new listing authorities has impacted the 'Total Available Listings' that are currently on the market for sale. There are currently

15,667 properties for buyers to choose from which is 1.5 per cent less than this time last year and a considerable 25.4 per cent less than the year prior (refer to Chart 2).

Chart 1:
Listing authorities

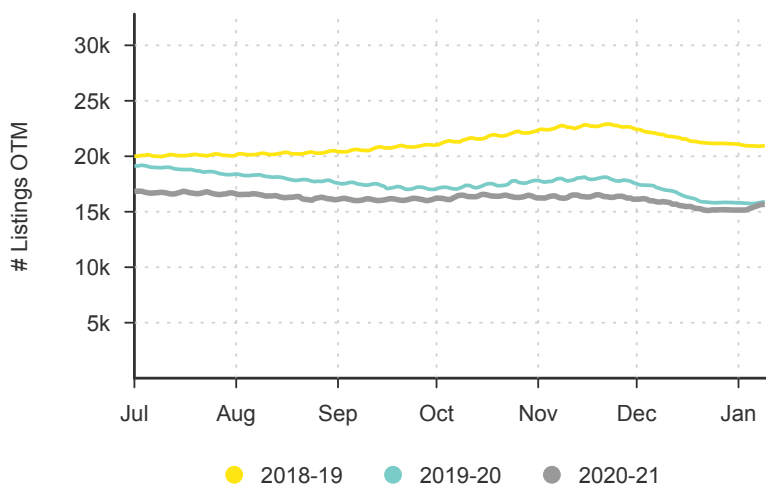
This chart shows that the number of new listings is down by 4.7 per cent compared to this time last year.



Source: Ray White Listings Data

Chart 2:
Total available listings

This chart shows that the total number of available listings for sale are down 1.5 per cent compared to this time last year and down 25.4 per cent compared to the year before.



Source: Ray White Listings Data

Demand

Our record result for December was clearly driven by our record 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. Over the past 28 days (to 10 January,

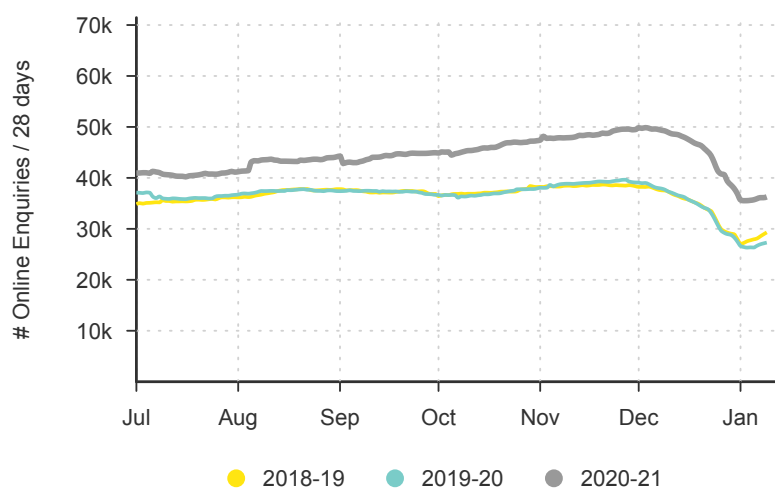
2020) we have seen over 2.81 million views across our Ray White websites. This is 56 per cent higher than this time last year. This has resulted in over 44,726 enquiries being sent, a volume which is 32 per cent higher than the same period last year.

The demand hasn't stopped at online

activity. Across our auctions over December we saw an average of 5.2 registered bidders per auction and of these bidders an average of 3.1 were actively bidding at these auctions. These levels are some of the strongest we have seen all year (refer to Chart 4).

Chart 3:
Online enquiries

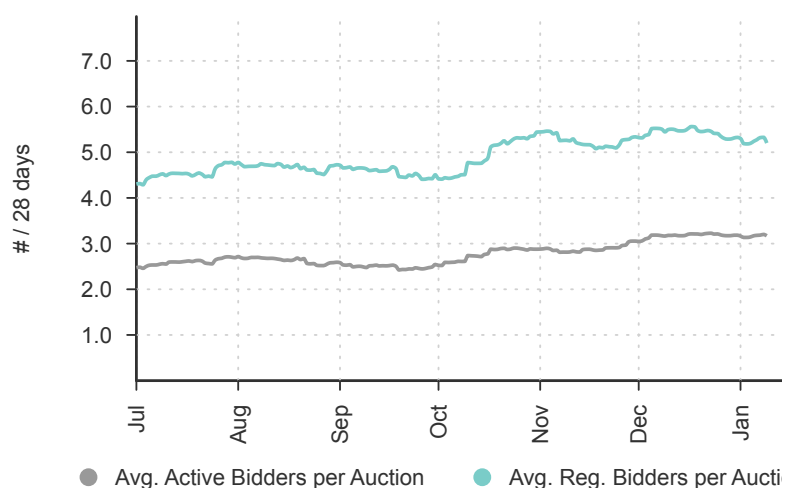
This chart compares the number of online enquiries made through Ray White websites from 2018, 2019 and 2020. It shows online enquiries are 22 per cent above levels at the same time last year.



Source: Ray White Online Analytics

Chart 4:
Bidding by month

The chart illustrates that the average number of registered bidders per auction has been increasing through 2020 to 11 January 2021.



Source: Ray White EARS Auction Reporting System

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

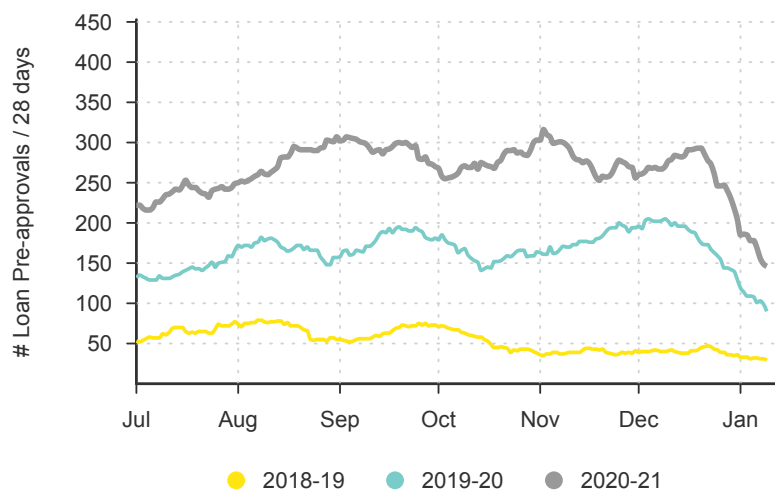
Loan Market are seeing record numbers of pre-approvals across the country with 49 per cent more than this time last year (refer to Chart 5).

As we continue to see strong numbers across these buyer metrics, we often ask ourselves why. So what factors are contributing to buyer confidence?

- Interest rates are at record lows. Importantly, the general consensus among economists is that they will remain at these low levels for the foreseeable future.
- Banks and lenders remain very supportive of lending for residential property.
- Record levels of government stimulus continue to support buyer sentiment.

Chart 5:
Loan pre-approvals

This chart compares the number of loan pre-approvals submitted via Loan Market brokers from 2018, 2019 and 2020. It shows lower levels of pre-approvals now compared to previous years.



“This has resulted in over 36,367 enquiries being sent, a volume which is 32 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.



raywhite.com



loanmarket.com.au