

RAY WHITE NOW

PROUDLY PRESENTING NEW ZEALAND
REAL ESTATE INSIGHTS IN REAL-TIME

OCTOBER 2021



Lot 4

1368 Lavenham Road, Wai

Matt Martin

Alan Thorpe

The image shows a man in a dark suit and light blue shirt speaking at a white podium. He is holding a yellow gavel in his right hand and a white object in his left. Behind him is a large screen displaying a real estate listing. The screen features a photograph of a modern house at night with palm trees and string lights. The text on the screen includes 'Lot 4' in a yellow box, the address '1368 Lavenham Road, Wai', and two circular profile pictures of men, labeled 'Matt Martin' and 'Alan Thorpe'.





CONTENTS

4. Dear Property Owner
6. Cautious activity increases.
Spring trading increases in restrictive trading
18. Auckland's new suburban age
20. Why are we seeing strong results now?
24. Considering selling?
What is really influencing the price growth
26. How do we create the most competition for
your property?
 - Marketing exposure
 - Generating buyer enquiry
 - Unrivalled brand presence and media profile
 - Deep data set
28. About Loan Market
30. About Ray White

DEAR PROPERTY OWNER,

Our 45th edition of Ray White Now welcomes us to uncertain times, given that, as a country, we remain at varied Alert Levels across New Zealand.

While it is difficult to take a read from the September sales volume and sales numbers, there has certainly been a strong rebound in the number of listings and sales that have been conducted since the change of Alert Levels which has allowed safe trading in all marketplaces, although some are more restricted than others.

In isolation, the September numbers saw lower activity across Auckland while the balance of New Zealand started to see an uplift. Compared to September 2020, the average median sale price has increased by 15.4 per cent to \$795,000 in September 2021.

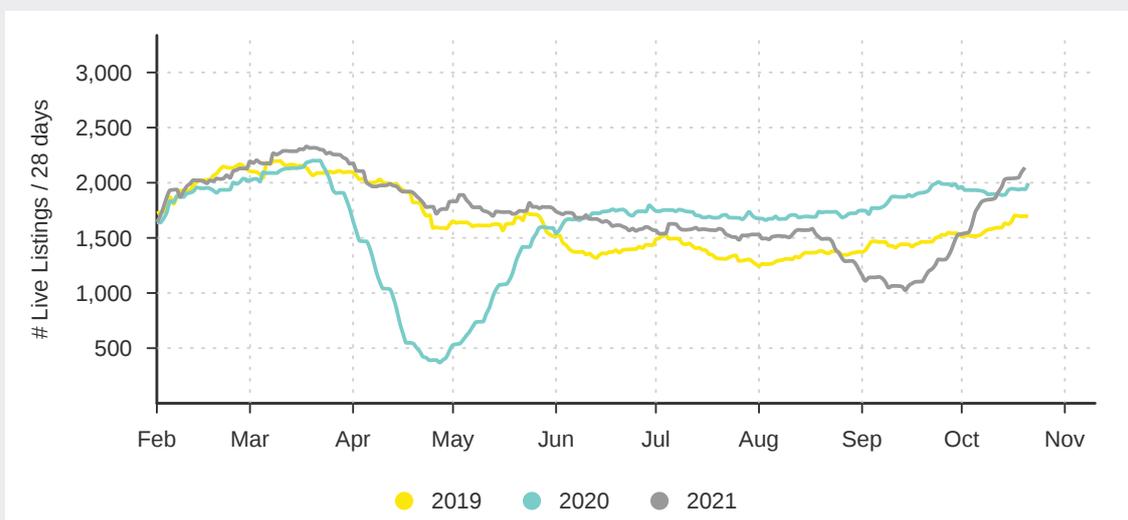
Seven out of the 16 regions measured by the Real Estate Institute of New Zealand saw new record median prices. This was evidenced in the median house price for areas outside of Auckland increasing by 23.1 per cent to a new record of \$720,000.

We look more closely at the regions that reached record median prices in September throughout our report.

It was always going to be the case that sales numbers of residential property were going to be down during September considering the restrictive trading. And that was the case, with sales numbers down 37.9 per cent. Given there was a crossover between August 2021 and September 2021 with level 4 lockdown conditions, the result was only half of what was experienced during the first level 4 lockdown in April 2020.

One of the most important factors in the real estate market is the inventory level, being the number of houses available for sale. Year on year, this has decreased by 23.7 per cent, with the number of properties now available being 13,407 compared to the same time last year of 17,576. This backed onto a decrease in August of 9.5 per cent.

However, it is pleasing to note that during the first weeks of activity out of level 4 lockdown we have seen a substantive rebound in the number of new listings coming to the market. This will give buyers confidence and, in turn, will be able to continue to unlock new properties for sale, which is starting to lift inventory numbers. Our real-time data shows that the number of properties available through Ray White is almost the same as 2020, given the spring lift has occurred, although it is in restrictive trading.



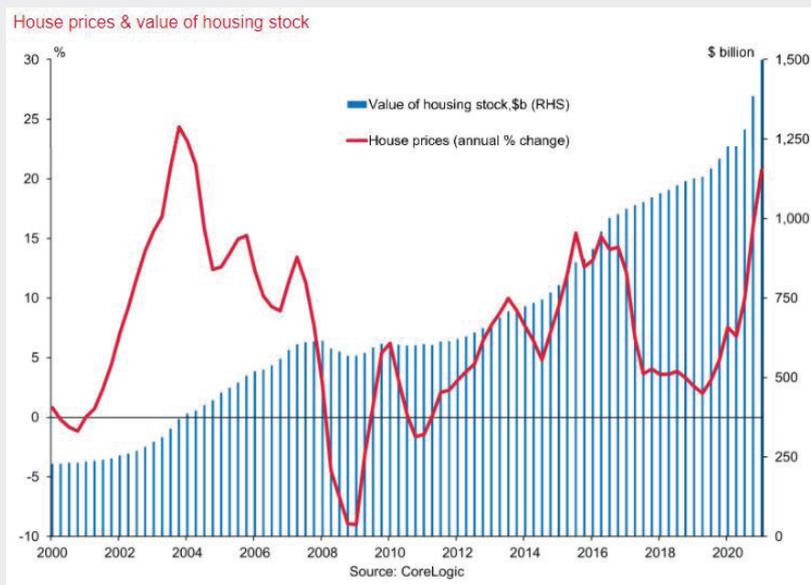
Source: Ray White Online Analytics

On 6 October 2021, the Reserve Bank of New Zealand held their monetary policy committee meeting and agreed to increase the Official Cash Rate 0.5 per cent. This was consistent with their assessment at the time of the August statement, however, given the changes in Alert Levels, this announcement was held over until the latest meeting.

The committee looked at the rising pressures on inflation. They commented that employment is expected to remain at maximum sustainable levels. Although there was comment around rising interest rates constraining house prices, there was also a risk that there would be continued near term price growth for houses given the demand within the market.

This is the first upward change in the official cash interest rate since July 2014 the official cash interest rate was at 3.5 per cent. Today the official cash interest rate is 0.5 per cent. The graph shows housing price data together with the value of housing stock. Today housing represents around half of the assets of all New Zealand households.

In the current conditions it is difficult to make any reasonable prediction other than what we can see on a daily basis. The amount of enquiry we are receiving on property is at an extraordinary level.



Source: rbnz.govt.nz/statistics/key-graphs

There is a good level of listings coming to the market on a daily basis. While trading remains restrictive, we are able to conduct appraisals, property viewings and auctions in a safe environment across the country with respect to the various Alert Levels in place currently.

Your Ray White agent is highly skilled in being able to facilitate property transactions in the current environment. Our systems and procedures are dynamically linked and our ability to connect buyers and sellers across all marketplaces has never been greater with our online strategies enhanced by local print and signage marketing.

Of great importance for the success of your property is our real-time database which is one of the most active and successful in New Zealand.

Ray White Now is produced in conjunction with real-time data from our 189 offices across New Zealand. On an annual basis, Ray White completes \$20.18 billion worth of property transactions and currently manages a portfolio of 20,045 properties through our property management division.

Carey Smith
Ray White New Zealand Chief Executive

CAUTIOUS ACTIVITY INCREASES. SPRING TRADING INCREASES IN RESTRICTIVE TRADING

“While conditions remain restrictive, we have been able to engage our online strategies with our team continuing to be agile and responsive for buyers and sellers. There has been a good increase in the number of new listings coming to the market, and this is giving buyers the confidence to view property in safe conditions. Prices have been excellent, and demand is currently at a very high level.” *Len Day, Ray White Austar Group Director with offices in New Lynn, Green Bay, Blockhouse Bay, Titirangi and Central West.*

The uncertainty of the COVID-19 pandemic and the restrictions in place throughout New Zealand at varying levels has not yet become clear, given that the Delta variant is considered more transmissible and the strategy for the government has moved from elimination to now managing the virus through a high percentage of New Zealanders being vaccinated.

For the real estate market, while restrictive trading has seen sales numbers reflect the limitation of access and the movement to remote auctions, the prices have remained stable, and the buyer depth has continued to be active across all markets.

The Reserve Bank of New Zealand increased the Official Cash Rate by 0.25 basis points, now seeing the official cash rate at 0.5 basis points. There has been much commentary, and now further expectation that there will be continuing interest rate rises given New Zealand's latest inflation figures measured by the consumer price index increased by 4.9 per cent. This is the highest level in the past 10 years.

Looking at the latest QV house price index for September 2021:

The average home value increased 3.6 per cent nationally over the past three-month period to the end of September, up slightly from the 3.3 per cent quarterly growth we saw in August, with the national average value now sitting at \$977,456. This represents an increase of 26.3 per cent year-on-year, down a fraction from 26.6 per cent last month.

Average Price	% Change in 3 Months
\$977,456	3.6% ^

Source: qv.co.nz/price-index/

In going through the regions, the QV report breaks down each of the main locations and reports on the regional areas.



RayWhite.

Another SOLD

Auction 3 2 2

- Cottage charm, recently renovated, a/c
- Living, dining, fire, sunroom or study
- Stone kitchen, self-contained studio
- Workshop, walk to rail, bus, schools

Saturday 15 May, 11am
Onsite

View
Wed 10:30am
Sat 1:30pm

David Williamson
0430 316 989

Simone Barzilay
0432 229 322

raywhite.com

NORTHLAND

House prices continue to rise across the Northland region, with QV's latest figures showing a three-month average growth rate of 3.3 per cent.

The Far North has seen the biggest increase since the end of June at 4.5 per cent, down from the 7.7 per cent we reported last month. Whangarei was not far behind on 3 per cent – up 1 per cent from last month's rolling three-month average – with Kaipara posting an increase of just 1.6 per cent in three months.

Annually, the average price of a home has increased by 26.9 per cent in Whangarei to \$762,213. In the Far North, that figure is \$675,691, which is 26.7 per cent higher than the same time last year. The average price of a home in the Kaipara district is \$795,428 – up 25.3 per cent since the same time last year.

AUCKLAND

Lockdown hasn't stopped house prices in the Auckland region from climbing 1.7 per cent in September to a new average price of \$1,391,598.

Prices have risen 3.3 per cent this quarter – up from the 2.4 per cent rolling three-month average we reported last month, but significantly down on previous highs this year – with Franklin registering the most growth by far (7.6 per cent), followed by Waitakere (4.1 per cent), Rodney (3.9 per cent) and Papakura (3.7 per cent).

Local QV registered valuer Hugh Robson said prices remained stubbornly high throughout Auckland, despite the challenging set of circumstances the region currently found itself in, with the average price of a home in Papakura (\$977,958) and Franklin (\$936,436) continuing to close in on the \$1m mark.

“House prices continue to climb upward in the Auckland region – though at a much-reduced rate compared to earlier this year, and it's likely to continue to slow further as new loan-to-value bank restrictions are introduced, reducing the number of buyers in the market.”

He said Auckland's recent COVID alert level 4 lockdown and its current level 3 restrictions had seen a significant reduction in the number of listings across Auckland. “This situation should improve as Auckland eventually moves down Alert Levels and the spring season brings improved weather, offering more choice to home buyers and investors.”

Meanwhile, he said development land sales continued to be a feature of the Auckland market. “Large sites of 700m² to 1500m² are very sought after by both developers and land bankers. Well presented and renovated homes are selling well, as are properties located close to transport routes and town centres.”



“In West Auckland, Te Atatu Peninsula is currently a very popular location for both home buyers and developers. The suburb is seeing a substantial amount of redevelopment take place. Many bungalows from the 1950s and 1960s are being removed from large sites and replaced with terraced townhouses and apartments.

“In central Auckland, Westmere has seen some high prices paid for character homes that have been completely refurbished.”



TAURANGA

House price growth continues to ease back in Tauranga, slowly but surely.

The city's rolling three-monthly rate of house price growth has edged down from a January peak of 10.5 per cent to just 4.5 per cent in September. There have been growth spurts along the way – including another 10.2 per cent spike in May – but price rises have been trending down for four consecutive months now.

However, house prices in Tauranga still increased by 1.5 per cent last month and remain 32.6 per cent higher than they were 12 months ago, making it “one of New Zealand's leading New Zealand cities for house price inflation”, according to QV property consultant Derek Turnwald.

“After Auckland, Tauranga is now probably the least affordable city in New Zealand for housing. It's become extremely difficult for first-home buyers to get on the ladder here,” he said.

“The main feature of the current market is a lack of listed properties – although this has improved from last month when lockdown impacted upon the market. Suppliers of home renovation supplies report a very strong demand for supplies at the present time. It would seem that much of the money saved during lockdown and deferred from not being able to travel overseas is being put into home renovations and redecoration.”

WAIKATO

Residential property prices increased by an average of 1.2 per cent across the Waikato region in September.

The region's rolling three-monthly average growth rate dropped slightly from 6 per cent in August to 5.1 per cent in September, with the districts of Waikato (7.1 per cent), Taupo (6 per cent), and Waipa (6 per cent) making the greatest gains this quarter.

In Hamilton, property prices have increased by 5.1 per cent over the last three months to reach a new average value of \$862,125. The biggest increase over that time was in the city's northeast (8.1 per cent), which surpassed a \$1m average price tag for the first time in September. The smallest increase was in central Hamilton and the southwest, where values grew by just 0.8 per cent and 2.4 per cent respectively.

Local QV property consultant Tom Schicker commented: “Over the last three months the median house price in nearly all Waikato districts has continued to perform strongly – with the exception of the southern districts of Waitomo, South Waikato, and Otorohanga, which all saw small decreases.

“Small towns in close proximity to Hamilton city continue to perform well and see high demand, including Morrinsville, Te Awamutu, Cambridge and Ngaruawahia, with developers seeing these places as hotspots for development also.”

“Local agents continue to report a shortage of quality listings across the Waikato with a good level of interest in the properties that are on the market, especially ones with any development potential, or that appeal to first-home buyers,” Mr Schicker added.

ROTORUA

Is all the steam coming out of Rotorua’s residential property market?

House prices in the Sulphur City have increased by an average of just 0.8 per cent over the past three months, down from last month’s rolling three-month average of 1.9 per cent, and a significant drop from its peak growth rate of 7.6 per cent back in June.

“House prices are increasing at a decreasing rate month-on-month,” local property consultant Derek Turnwald said. “Although sales remain strong across Rotorua as a whole, much fewer people are attending auctions and open homes, and we’re seeing more properties being passed in at auctions now.”

Mr Turnwald said investor activity had also dropped off in recent months in response to LVR changes, the extension of the brightline test, and tax deductibility law changes. “There hasn’t been a noticeable increase in investors selling properties yet. Some may choose to wait a couple of years to dodge being taxed under the new extended brightline period,” he added.

TARANAKI

House prices remain stubbornly hot in New Plymouth, where they have increased by an average of 4.8 per cent in the three months to the end of September.

South Taranaki District has experienced a similarly rapid rate of growth with house prices rising by an average of 4.4 per cent in three months. That figure is slightly down on last month’s three-monthly figure of 5.9 per cent.

Over the 12 months to the end of September, house prices have increased by 32.5 per cent in South Taranaki, 29.6 per cent in Stratford, and 27.9 per cent in New Plymouth.

HAWKE'S BAY

House prices continue to climb ever higher in the Hawke's Bay region, where the twin cities of Napier and Hastings have experienced growth of 31.6 per cent and 36.3 per cent over the last 12 months respectively.

On a shorter timescale, Napier house prices have increased by 5.2 per cent over the past three months to reach a new average price tag of \$856,260, while house prices in neighbouring Hastings have increased by 4.3 per cent over the same period to reach an average of \$853,554.

QV valuer Damian Hall commented: "Buyers have become much more cautious in anticipation of rising interest rates and also as a result of the recent lockdown, with activity stalling slightly as a result.

"There is also the concern of the increase in the cost of building materials with panic buying evident. The lack of stock and stall in the production and importation of certain materials is putting further pressure on the building and construction sector."

Despite all this, Mr Hall said the region continued to grapple with high demand and a lack of listings. "The Hawke's Bay market remains positive despite recent market implications and government interventions. We suspect it will remain steady leading into Christmas – though a local outbreak of Delta could potentially have major ramifications," he added.

PALMERSTON NORTH

QV house price figures show Palmerston North has experienced slowly but steadily decreasing house price rises since April.

Over five consecutive months, the city's rolling three-monthly rate of house price growth has gradually eased from a 2021 peak of 10.9 per cent in April to 4.3 per cent in September, still comfortably above the national average of 3.6 per cent. The average price tag of a home here is now \$748,579 – a remarkable 35.2 per cent higher than at the same time last year.

QV property consultant Olivia Roberts said the recent outbreak of the Delta variant of COVID-19 had caused significant uncertainty in the economy at large, but they had yet to see any direct impact on the local property market.

"We continue to see growth in property prices around the Manawatu area, but the rate of growth has slowed in recent months," she said. "Real estate agents are reporting good levels of demand in the market with a lack of supply continuing to drive prices upward.

WELLINGTON

Residential house prices increased by 1.5 per cent across the greater Wellington region in September, an increase of 0.8 per cent since August's QV House Price Index.

Only two districts performed better than average in September – the Kapiti Coast, where house prices increased by an average of 2.7 per cent, and Hutt City, which crossed the \$1m average house price threshold for the first time with a monthly rate of growth of 1.8 per cent.

Hutt City is also the district with the biggest annual house price increase at 36.5 per cent, which QV senior consultant David Cornford said can be attributed to Lower Hutt's lower price point, with buyers continuing to be priced out of the central Wellington market.

“Values continued to increase in the Wellington region over September, with the Delta lockdown having little impact on the market,” he said. “While still trending upwards, value growth is slowing generally and anecdotally we have had reports of fewer offers being received and more conditional offers being made.

“But there remains a very healthy level of demand in the market overall, particularly for new builds and we are seeing new developments coming to the market frequently. These have strong appeal to both first-home buyers and investors.”

Mr Cornford said developers were active in the market – particularly in the Hutt Valley – and homes with 700sqm plus of land were being actively sought, particularly if close to a railway station or medium-density zoned.

“While some new stock has come to the market in recent weeks, listings throughout the region remain very low and it's this low level of stock which continues to support value growth in the Wellington region,” he added.



NELSON

Residential property price rises increased by an average of 4.7 per cent over the past three months in Nelson, with the average price of a home increasing by just 0.9 per cent to \$826,983 in September.

Local QV senior property consultant Craig Russell said the majority of that value growth was land value inflation. “Prices for sections in new developments are continuing to creep upwards,” he said. “Interest deductibility on new builds will likely entice investors towards this property type for now.”

However, he warned that rising construction costs and significant delays in awaiting title and construction will also likely dampen demand for new builds to some extent. “A tightening of lending criteria and rising interest rates are also expected to soften property price increases which have been extremely strong to date in 2021,” he added.

In the meantime, he said FOMO (fear of missing out) had re-emerged in the market following lockdown, with pent-up demand and a lack of listings keeping upward pressure on property prices at the time of writing.

CANTERBURY

Christchurch has started spring with significant house price growth.

Prices in Ōtautahi have increased by an average of 7.7 per cent this quarter with a 3.8 per cent increase during the month of September alone, bringing the average value of a home to \$702,215 – crossing the \$700,000 threshold for the very first time.

Local QV property consultant Olivia Brownie said affordability, low interest rates, and supply constraints were still the main drivers in the local housing market, with strong interest from first-home buyers also driving the market upward.

“We expect to see continued upward pressure over the medium term, especially from first-home buyers. However, the long term growth may be influenced by increased interest rates, regulation and a future increase in supply,” she said.

Meanwhile, QV’s latest House Price Index also recorded a significant 11.2 per cent increase in house prices across the Selwyn District this quarter, with the Waimakariri District also registering a double-digit increase of exactly 10 per cent.

“There has been a significant increase in section prices right across the Canterbury region, but especially in the neighbouring Waimakariri and Selwyn Districts. Value for money and growing infrastructure is appealing to buyers in these areas,” Miss Brownie added.

DUNEDIN

House prices continue to grow in Dunedin – albeit at a reduced rate compared to previous highs.

Residential property price rises have been kept to an average of just 2.7 per cent over the past three months in the southern city, with the average price of a home increasing by just 0.6 per cent in September to \$689,582. Annually, house prices are up 20.8 per cent on the same time last year.

QV area manager Tim Gibson said Dunedin’s residential property market had returned to normal quickly post lockdown. “Value levels are still showing positive growth but at a lower rate of increase, especially compared to the first four months of the year when prices were increasing roughly four times faster than they are now,” he said.

“Well presented and well-located properties are selling particularly well right now, with homes at the top of the property ladder currently outpacing the entry-level in terms of value growth by about 2 per cent or more. Given the shortage of supply and high demand, we’re also seeing many more opting to upgrade their existing home, rather than purchasing an upgraded one.”

QUEENSTOWN

House prices continue to zig-zag in Queenstown, rebounding from a 0.7 per cent drop last month and a rolling three-month average growth rate of 2.9 per cent to 6.4 per cent and 9.4 per cent respectively in September.

This is part of a larger trend that also saw house prices all-but level out in June, only to experience a sharp 3.5 per cent rise one month later. Then they dropped slightly in August, before climbing even more sharply in September.

INVERCARGILL

In stark contrast to the volatility seen in Queenstown, residential property prices in Invercargill have remained remarkably consistent for five months in a row now.

Invercargill’s average house value increased by 3.7 per cent this quarter to \$460,389. Prices went up 1 per cent in September, following in the footsteps of similar rises within the range of 0.8-1.4 per cent in May, June, July, and August. Before that, prices increased by 4 per cent and 3 per cent in the months of February and April alone.

Local QV property consultant Andrew Ronald commented: “Favourable borrowing rates are still encouraging purchasers to the market, stimulating market activity. There is limited stock available, which is helping to fuel price increases.

“We continue to see strong demand for most property types. Investor activity has dropped off over recent months, although there is still strong demand from first-home buyers competing for homes within the \$350,000 to \$500,000. There is also strong demand for building sites throughout the wider Invercargill locality with price levels strengthening considerably over recent months.”

PROVINCIAL CENTRES, NORTH ISLAND

The Bay of Plenty town of Kawerau has experienced the most house price growth as a percentage this quarter (14.6 per cent), followed by Central Hawke’s Bay District (7.5 per cent) and last month’s leader, Waikato District (7.1 per cent).

It’s a completely different story in terms of annual house price growth, with Horowhenua (38.6 per cent) leading and Whanganui (37.1 per cent) and Taupo (36.3 per cent) in second and third place respectively.

PROVINCIAL CENTRES, SOUTH ISLAND

In the South Island, Westland is top of the provincial charts with house prices rising by an average of 16.5 per cent this quarter, with the Canterbury districts of Waimate (13.5 per cent), Selwyn (11.2 per cent) and Waimakariri (10 per cent) not far behind.

In terms of annual house price growth, Waimate stands head and shoulders above the rest at 42 per cent, with Selwyn (34.3 per cent) and Grey (33.3 per cent) its nearest competitors.

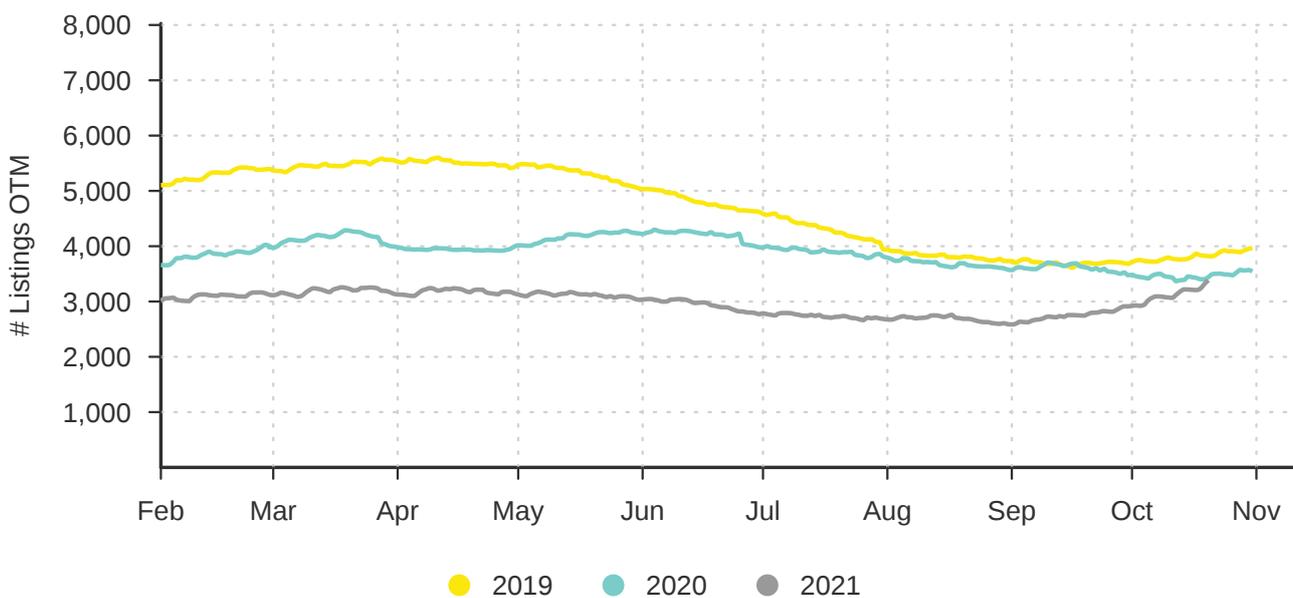
Over the past ten years, the national stock has decreased. While this is more polarised in percentage terms than ever, it has been somewhat of a steady decline in the last ten years that has seen stock decrease from a high of 50,000 properties on the market to today being at a level of 12,600. Sales numbers, however, have not decreased. Given that there are around 8,000 property sales per month, the inventory level and stock availability are at approximately 40 days. This means addressing housing stock challenges and incentivising new builds is a priority of the government.



Source: realestate.co.nz



Our real-time Ray White data across our New Zealand group shows that there has been a strong recovery in the area of new listings coming to the market. This has provided more listings for buyers to choose from. While we are not at the levels that we were this time last year, the steady increase should see listings on the market lift to approximately 3500, which would be the highest level of property available during 2021.



Source: Ray White Online Analytics

AUCKLAND'S NEW SUBURBAN AGE

Nerida Conisbee, Ray White Chief Economist

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 borders and a desire for more space have all contributed. All of this has been very bad news for Auckland's city centre 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 Auckland's city centre. Office vacancy rates in Auckland is now at the highest level in over a decade and will continue to climb as the fall out from fewer people in the office continues. Retail vacancy is also increasing and currently, one in ten shops are vacant. And while residential rents are rising everywhere in New Zealand, it is not the case in Auckland city centre where high levels of building activity and low levels of demand have resulted in falling rents. The longer lockdowns and forced working from home continue, the longer it will take for the city centre to recover.

Meanwhile, we have seen very strong conditions in the suburbs, coming at the expense of our inner urban areas. 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 in the city centre. 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 more quickly than inner areas.

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

Auckland's new suburban age

House price growth by distance from the Auckland City Centre

Distance tier	Median - pre COVID	Median - post COVID	% growth
0-5 kms	\$1,314,952	\$1,561,692	18.8%
5-15 kms	\$1,028,550	\$1,271,455	23.6%
15+ kms	\$889,416	\$1,100,373	23.7%

Source: Ray White



Consistent with this, the top growth suburbs in Auckland since the start of the pandemic have been far out from our city centre.

Auckland's top growth suburb - pre and post COVID

Median price growth and distance from the Auckland City Centre

Suburb	Pre-Covid	Post Covid	% change	Distance from CBD
PENROSE	\$709,971	\$1,351,887	90.4%	7.8
REDALE	\$1,221,083	\$2,310,536	89.2%	20.0
TOTARA PARK	\$661,261	\$1,082,584	63.7%	24.8
NEWMARKET	\$499,751	\$816,537	63.4%	2.4
HUIA	\$609,108	\$981,594	61.2%	27.0
SAINT MARYS BAY	\$1,671,487	\$2,528,738	51.3%	2.4
STANLEY POINT	\$1,683,295	\$2,528,028	50.2%	3.4
WESTGATE	\$800,435	\$1,165,045	45.6%	18.5
LYNFIELD	\$787,130	\$1,144,721	45.4%	10.0
DANNEMORA	\$977,978	\$1,418,684	45.1%	19.7

Median prices are for the 18 months pre and post March 2020. Only suburbs with more than 50 transactions have been included

Source: Ray White



As lockdowns wind down and life returns to a bit more like pre-COVID 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 induced boost, but it certainly isn't the end of our inner cities.

WHY ARE WE CONTINUING TO SEE STRONG RESULTS?

Several factors drive real estate markets; 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, conditions are favourable for sellers. Conversely, when supply is high and demand is low, conditions are favourable for buyers.

Supply

Throughout August, we saw 889 'new listings' come onto the market, a 48.7 per cent decrease compared to the same period last year. The decrease in 'new listings' has been met with an increased number of sales 1,101, meaning we oversold our portfolio in August by 212. Our members are selling more than they are listing, which impacts the total available listing supply, which is currently 20.84 per cent less than this time last year and 24.24 per cent less than the same period two years ago. With a total of 2,837 listings on the market in August for buyers to choose from, these stock levels continue to favour our sellers.

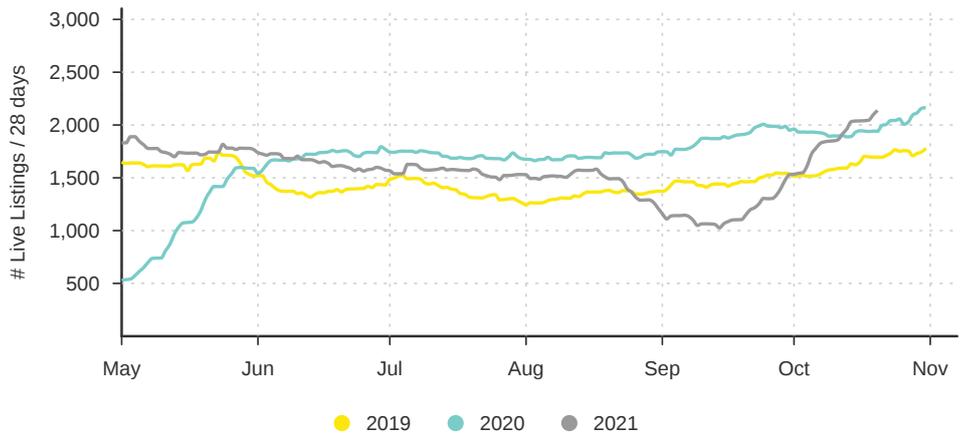
Demand

Our strong volume of buyer demand is clearly continuing to drive our results. Across all of our metrics, September demand was up. The initial buyer metric we take into consideration is the number of buyers viewing properties online. Throughout September, we saw 4.433 million views across our Ray White websites. This is 7.05 per cent higher than this time last year and resulted in over 57,842 enquiries, a volume that is 19.35 per cent higher than September last year. The demand hasn't stopped at online activity. Across our auctions in September, we recorded an average of 5.9 registered bidders per auction. Of these bidders, an average of 4.5 were actively bidding (refer to page 21) with an auction day clearance rate of 84.4 per cent. The final consideration we look at when measuring the volume of demand in the market, and arguably the most significant, is the number of people obtaining pre-approval 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 56.85 per cent more than this time last year (refer to page 22).

As we continue to see strong numbers across these buyer metrics, we often ask ourselves why?

LIVE LISTINGS

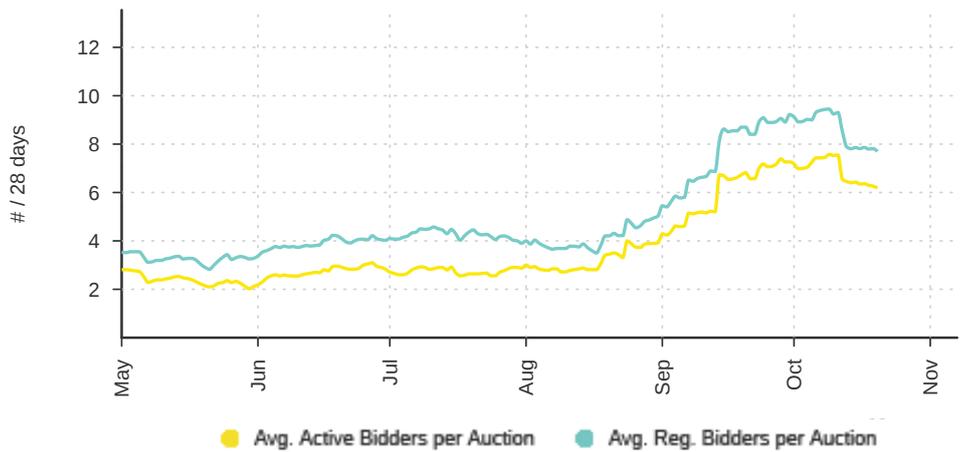
This chart shows the total number of live listings are up 10.35 per cent compared to the same time last year.



Source: Ray White Online Analytics

BIDDING BY MONTH

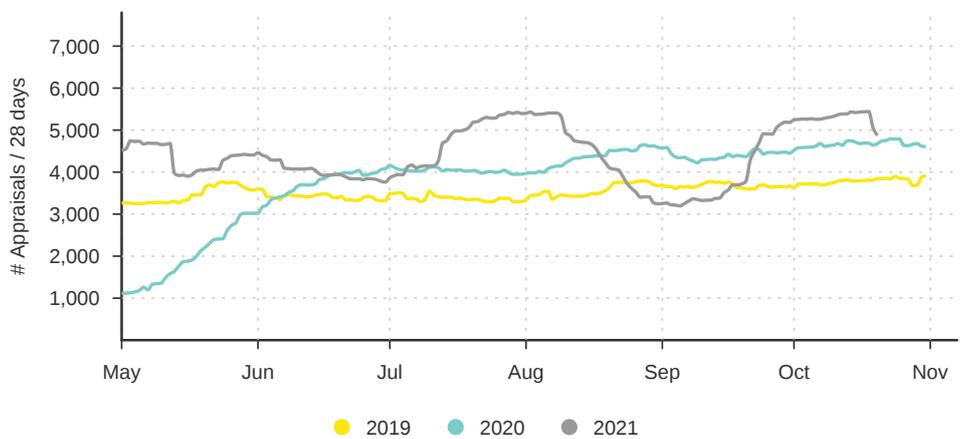
This chart illustrates the average number of registered bidders per auction has increased throughout 2021 and through COVID-19 and respective lockdowns.



Source: Ray White Online Analytics

APPRAISALS

This chart compares the number of appraisals Ray White salespeople have made over the 2019, 2020 and 2021 calendar year.



Source: Ray White Online Analytics

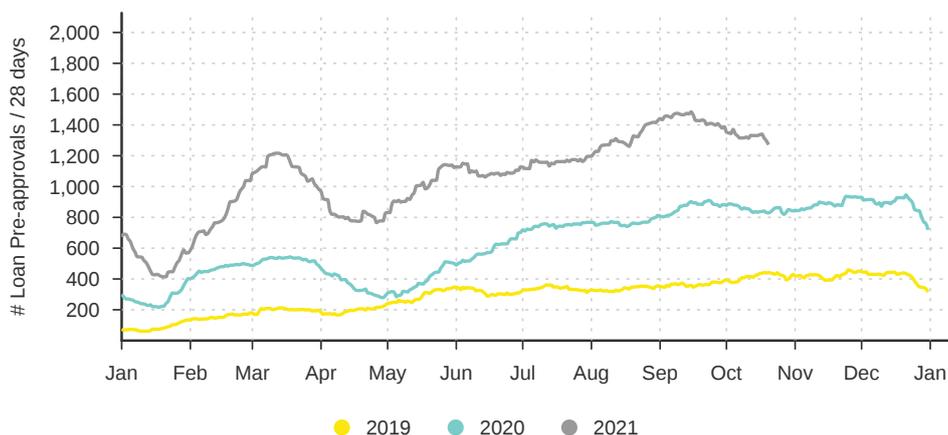
What factors are contributing to buyer confidence?

Interest rates continue to underpin purchasers buying power, and today interest rates remain at low levels, advertised from 2.99 per cent fixed for one year with the OCR currently at 0.50 per cent. The next Monetary Policy Review Announcement is set for 24 November 2021.

- 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.
- Further tightening of loan-to-value restrictions on November 1 is seeing first-home buyers remain active while current lending conditions are supportive.
- The graph below shows the monthly home loan pre-approvals recorded by the Loan Market Group, 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 buying a property to enable them to bid confidently.
- A degree of pent-up demand as COVID Alert Levels lift.

LOAN PRE-APPROVALS

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



Source: Ray White Online Analytics

Order of Sale

Friday 24th September 2021



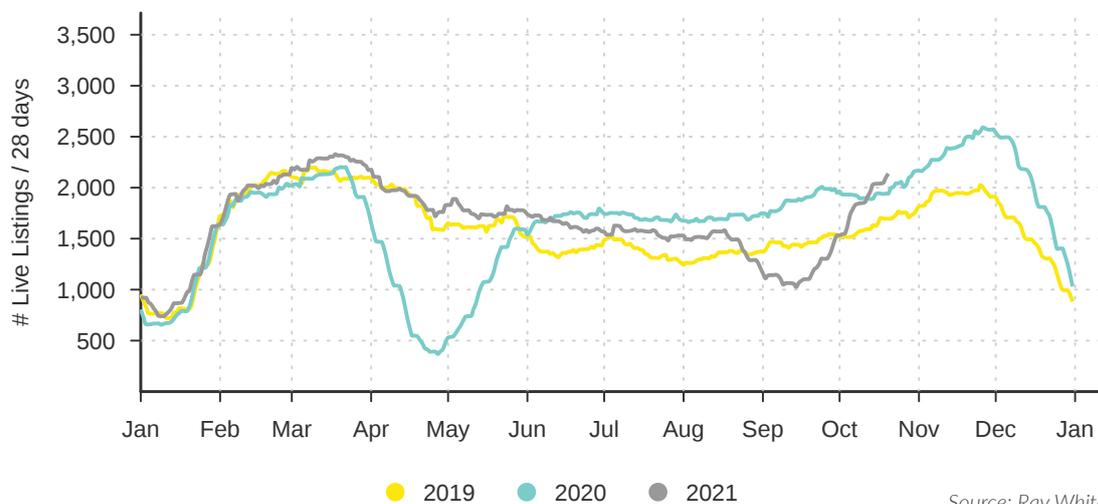
Lot 1.	85 Bilham Road, Patutahi (brought forward)	Tom Harbott
Lot 2.	50 Valley Road, Mangapapa	Dean & Sheree MacFarlane
Lot 3.	18 Salisbury Road, Awapuni	Shelley Donaldson & Tom Harbott
Lot 4.	1368 Lavenham Road, Otara	Alan Thorpe & Matt Martin
Lot 5.	155 Derby Street, Coney Hill	Shelley Donaldson
Lot 6.	20 Lysnar Street, Coney Hill	Tom Harbott & Shelley Donaldson
Lot 7.	35 Main Road, Tolaga Bay	Dean & Sheree MacFarlane
Lot 8.	75 Ormond Road, Waiwaka	Shelley Donaldson



CONSIDERING SELLING? WHAT IS REALLY INFLUENCING THE PRICE GROWTH

With varying levels of restrictions across New Zealand, property inspections are happening in different forms, traditional open homes with health requirements in place where restrictions allow, one on one inspections in other parts and in some cases a virtual inspection (with appropriate due diligence) is all it takes for buyers to commit to a purchase. This gives us some insight as to the demand side of the equation and leads us to ask the question, what really is driving this demand?

Over the last period, listings had seen some respite during the Level 4 restrictions, which has had a lingering effect on properties available for sale. However, indications are that new listings are starting to catch up to the levels seen before the most recent Alert Level 4. With this lower level of new property being available, it has seen a concentrated level of interest from a buyer pool that has not subsided.



Source: Ray White Online Analytics

So listings have started to recover, but demand never really wavered. What has been driving this demand, and will it continue?

Interest Rates

Interest rates were cut to record low levels during 2020 and have remained at these low levels until the most recent rate increase by the RBNZ of 0.25 basis points on 6 October to 0.5 per cent. While this increase has signalled the start of tightening monetary policy, in the closer term, purchasing power from prospective purchasers remains very strong. It should also be noted that banks have been expecting these increases for some time and, in most cases, have been assessing potential lending at higher rates than those that are currently being offered.

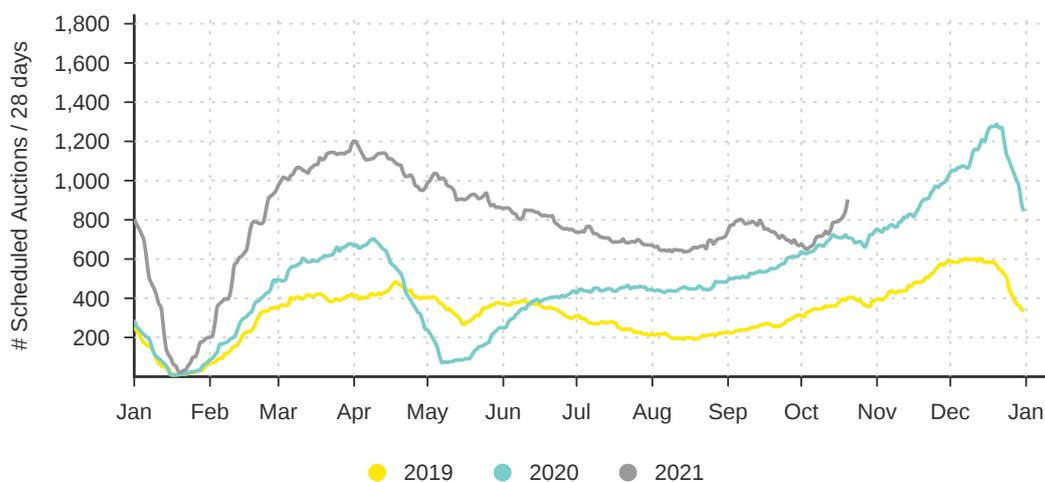
Housing Supply

It has been said for many years that New Zealand simply hasn't been building enough houses. While development has ramped significantly up in recent months, this construction can take many months or years to complete, meaning that the immediate demand remains unsatisfied. Compounding this issue are the delays to construction that COVID related lockdowns have imposed. In addition, any vendor that had delayed putting their property on the market due to the outbreak also added to the shortage of available stock.

Cost of building

Due to many factors, including global supply chain issues, the closing of timber mills, labour shortages, and COVID related building delays, the actual cost of building a home has continued to increase. With the cost of new homes and renovations increasing, existing stock will continue to see upward pressure as it poses an immediately accessible alternative.

Pricing a property remains incredibly difficult at present. The rate of price growth over the last period has been immense. With family homes seeing surging demand, development opportunities being hotly contested and demand for residential rental properties remaining strong, it is no surprise that sellers are not risking underpricing their home when putting it on the market. By listing their property for sale by auction, they remove the price ceiling that could restrict the amount they receive for their home. Data from Ray White Pulse shows that despite prolonged restrictive trading conditions due to the latest COVID-19 outbreak, auction listing levels have remained above those seen last year and significantly above those seen during 2019 as shown below.



Source: Ray White Online Analytics

It does remain difficult to predict what the market may look like in the future. There is no doubt increasing interest rates, prolonged lockdowns, and further economic uncertainty could have an adverse effect on prices in the medium to long term. Many experts say that conditions are very strong for those wishing to take advantage of the lower supply and increased demand right now.

HOW DO WE CREATE THE MOST COMPETITION FOR YOUR PROPERTY?

1. Marketing exposure

Most innovative marketing real estate 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.

In September, Ray White New Zealand had 1,620 live listings, with the number of sales down 34.7 per cent year on year.

Since the beginning of 2021, Ray White New Zealand has listed a record 17,922 properties across the country. In 2021, the Ray White Group passed through 23.3 per cent market share in New Zealand residential sales.

Last month, Ray White New Zealand had 577 properties scheduled to go to auction, leading to a strong all sold clearance rate of 87.9 per cent

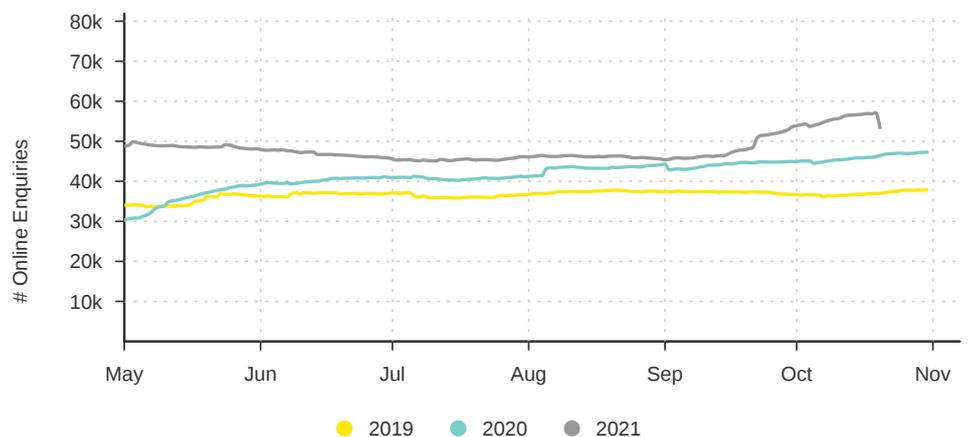
Tender and Exclusive Listing

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 illustrates your intent to sell and therefore attract genuine buyers. We appreciate that some people would prefer to sell quietly or off-market. While this is not a normal recommendation, we welcome discussion on all opportunities to take your property to the market.

ONLINE ENQUIRIES

This chart compares the number of online enquiries made through Ray White websites from 2019, 2020 and 2021. It shows online enquiries are 53.08 per cent above levels at the same time last year.



Source: Ray White Online Analytics

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 that 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 enables us to understand that a catalyst for creating competition is leveraging the local community. Our data shows that up to 60 per cent of property purchasers come from neighbours and their friends in some cases.

Ray White Concierge can communicate to property owners in surrounding streets, positioning your property to ensure it is at the centre of our communities' attention. Our dedicated team of 100+ Ray White Concierge specialists, 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, we are supported by a dedicated and highly experienced team of newshounds in our PR team who work seven days a week. The team excels at winning "earned media", the exposure that money cannot buy; it must be earned.

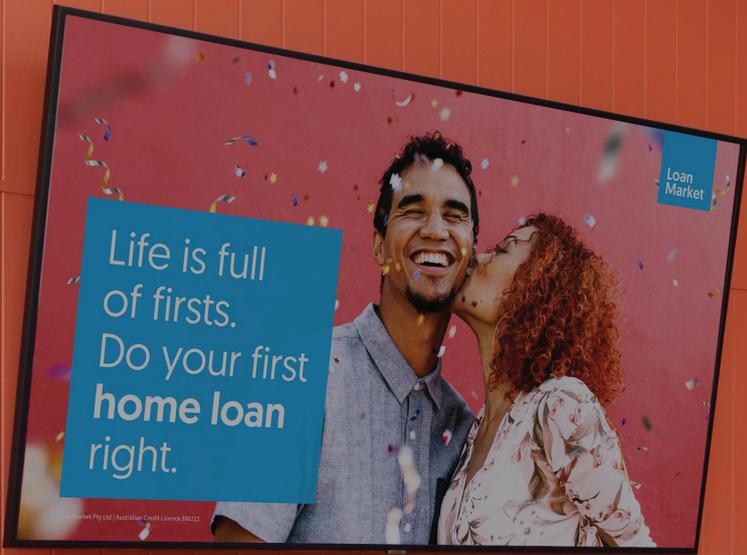
Our media exposure dominates all other brands in terms of publicity - which is the sweet spot. Our profile in newspaper advertising and editorials along with a large number of listings on oneroof.co.nz, realestate.co.nz and trademe.co.nz/property - is also huge.

To put a price on the power of our media coverage, in September, the Ray White Group as a whole achieved more than NZ\$47,702,42 worth of earned media mentions in print, online, radio and TV, according to iSentia, our media intelligence agency, with a potential reach of 41,123,407 people. That's free publicity for the group and all its members.

Our experienced in-house journalists 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.

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.





ABOUT LOAN MARKET

Naturally, we all want the best when it comes to our home, and the same should apply to our home loan.

That's where our partners at Loan Market can help. Whether speaking to first home buyers, investors or owner-occupiers, Loan Market advisers can compare rates and features from over 20 banks and lenders to help potential buyers get the right finance in place to secure the property they want.

During the sales process, your Ray White salesperson will introduce potential buyers to their recommended local Loan Market adviser, who will respond quickly to provide them with the information they need to find a home that suits their needs.

Exposing your property to a pool of educated and, where possible, pre-approved purchasers who are ready to make an offer or bid at auction increases the likelihood of getting your home sold and settled on time and at the right price.

Your local Loan Market adviser can even assist you with your own home finance options. As one of Australasia's largest financial adviser networks, Loan Market enjoys industry links and contacts that mean they are better placed to negotiate on your behalf with major banks and secure lenders. They may even be able to find you a better deal with your own bank.

loanmarket.co.nz

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 New Zealand, Australia, 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 to make the best real estate decisions.

raywhite.co.nz





RAY WHITE
 AUCTIONEER
 & GENERAL AGENT.
 CROW'S NEST LAND OFFICE.
 NEW ZEALAND
 INSURANCE COY
 FIRE
 ACCIDENT
 LIVESTOCK

FARM
 IMPLEMENTS
 & DAIRYING
 MACHINERY

OFFICE

DEERING &
 Mc CORNICK
 MACHINERY

RAY WHITE
 AGENT FOR
 FORD ENGINES
 BLUE BELL
 SEPARATORS

Alan White
 House

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



raywhite.co.nz



loanmarket.co.nz