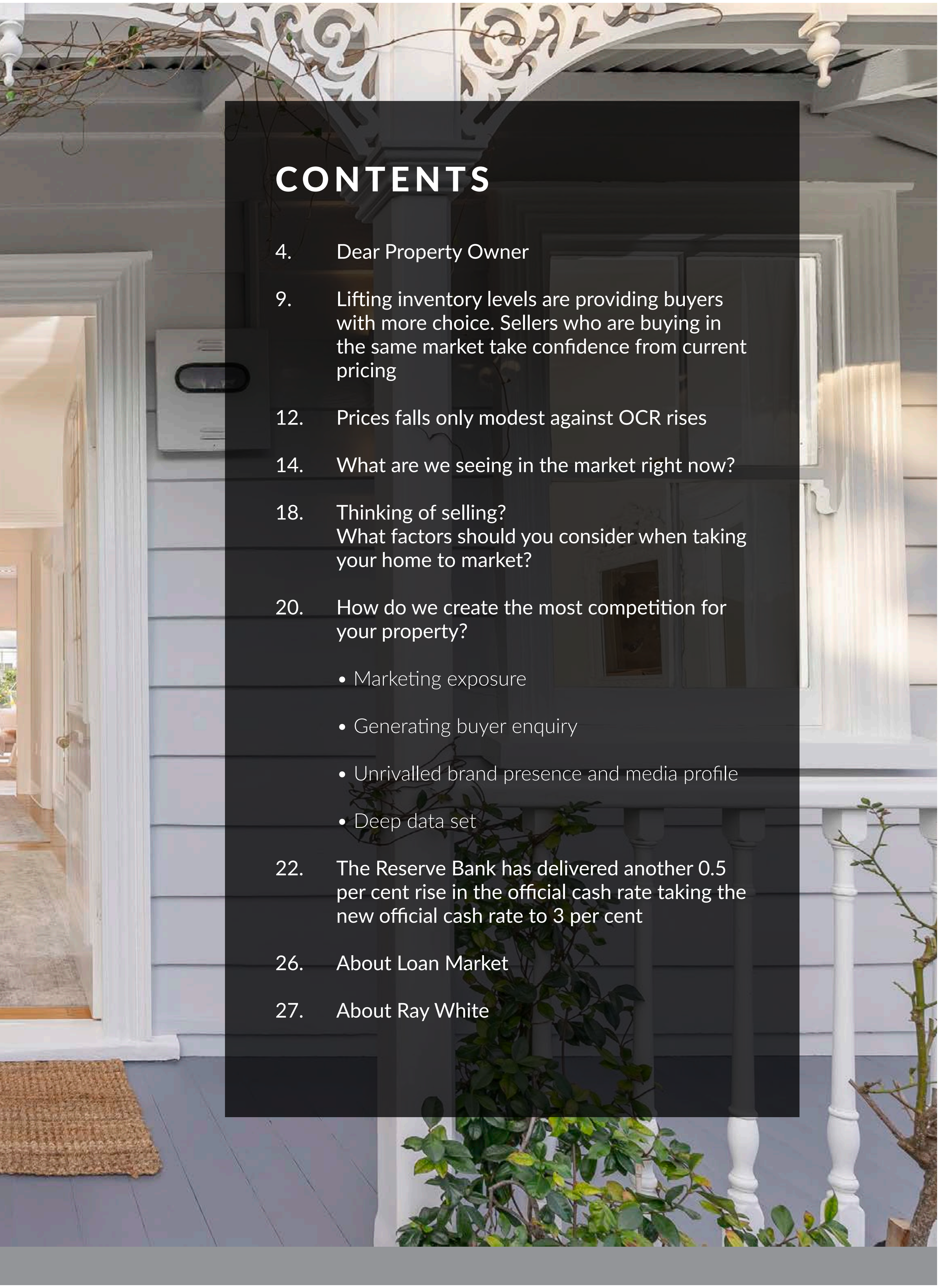
RAY WHITE **NOW**

SEPTEMBER 2022

Proudly presenting New Zealand property market insights in real-time



CONTENTS

DEAR PROPERTY OWNER,

Welcome to our 55th edition of Ray White Now.

We publish Ray White Now every month and have done so since April 2020, when continued messages were being communicated to the market based on broad observations and opinions. This has again become part of the media landscape, and given, at times, the potential lag period, this can be out of alignment with the market in real time.

At Ray White, we sell 23.79 per cent of all residential property across New Zealand. In doing so, our listing volumes across August and September saw Ray White as the year-to-date number one listing agency across New Zealand. This allows us the scope to bring you data in real-time directly from sales we undertake across our 195 offices in New Zealand.

While changes have occurred in the confidence of buyers and sellers to transact real estate across New Zealand, the ability to borrow money has seen a continued lowering of barriers over the past month. Rising interest rates are still on the agenda of the Reserve Bank, as announced in their monetary statement last month.

Looking at where the market has come from, it is not a surprise to many that a slowdown had to occur. Some markets in 2020/21 experienced higher increases, changing the average price considerably. Since COVID-19 and post our first lockdown in April 2020, prices have surged an average of 36 per cent during the past two years across New Zealand, but we are now seeing a clear and quantifiable adjustment.

Since August 2020, the dynamic in housing price increases has never occurred in previous real estate markets in such a short amount of time. Interest rates dropped to record low levels, and borrowing was widely encouraged. This allowed buyers to enter the market and sellers to take a perceived uplift in price. Confidence abounded in the market in New Zealand; property became very much the talking point, and the success of marketing property increased, which delivered higher sale prices and lower days on market.

Fast forward to October 2021, and the Reserve Bank advised the first upward lift in interest rates since 2014. After 25 progressive statements of either stable or lowering interest rates, this was the first time the market had experienced an upward lift. Although this was only 25 basis points, it was enough to indicate that more interest rate rises were expected. Since then, we have experienced seven further interest-rate rises: November 2021, 25 basis points; February 2022, a further 25 basis points; and April, May, July and August 2022, a lift of 50 basis points at each monetary policy statement. This lifted the official cash interest rate to 3.0 basis points from 0.25 basis points only 12 months ago. It may not seem like a high-level increase in terms of quantum, but in real terms, the lift has been tenfold, and further lifts are expected.

RBNZ | OCR Announcements

Date	18.8.21	6.10.21	24.11.21	23.2.22	13.4.24	25.5.22	13.7.22	17.8.22
OCR	*0.25*	*0.50*	*0.75*	*1.00*	*1.50*	*2.00*	*2.50*	*3.00*

Source: RBNZ.govt.nz

Several large banks have indicated they believe there will be further increases of interest rate rises of .5% over the next two monetary statements, which will see the official cash interest rate rise to 4%. More recently, there has been an indication from both the ASB and ANZ banks that they believe there could be further interest rate rises in the first quarter of 2023 up to 4.5%.

Demand in the New Zealand economy has been resilient

- Demand in the New Zealand economy remained resilient to global and domestic headwinds over the first half of 2022.

- Household spending is holding up, despite low consumer confidence and high inflation.
  Overall, household budgets have been bolstered by high levels of employment, savings built up during COVID-19 lockdowns, and government support payments.

- A significant increase in international visitor arrivals following the reopening of our border has likely boosted demand in the tourism and hospitality sectors.

Labour and materials shortages are holding the economy back and adding to inflation

Unemployment rate (%)
(Seasonally adjusted)

Source: RBNZ.govt.nz

- The unemployment rate remains very low at 3.3 percent. The New Zealand economy is being constrained by acute labour shortages. A wide range of indicators continue to point to employment being above its maximum sustainable level.

- Higher-than-usual levels of sickness from COVID-19 and other illnesses, as well as an outflow of New Zealanders heading overseas following the reopening of our border, have made labour shortages worse.

- A very tight labour market is adding to high consumer price index (CPI) inflation, with wage growth continuing to increase as businesses compete to attract or retain staff.

- However, this growth in wages is still being outpaced by the rising cost of living for many New Zealanders.

- Global and local supply-chain bottlenecks are limiting and slowing down production, making goods more expensive and further constraining output. The war in Ukraine and COVID-19-related lockdowns in China are adding to these bottlenecks.

House prices have continued to fall towards more sustainable levels, and the outlook for residential construction has weakened

- House prices have continued to fall towards more sustainable levels. We expect house prices to decline further over coming months.

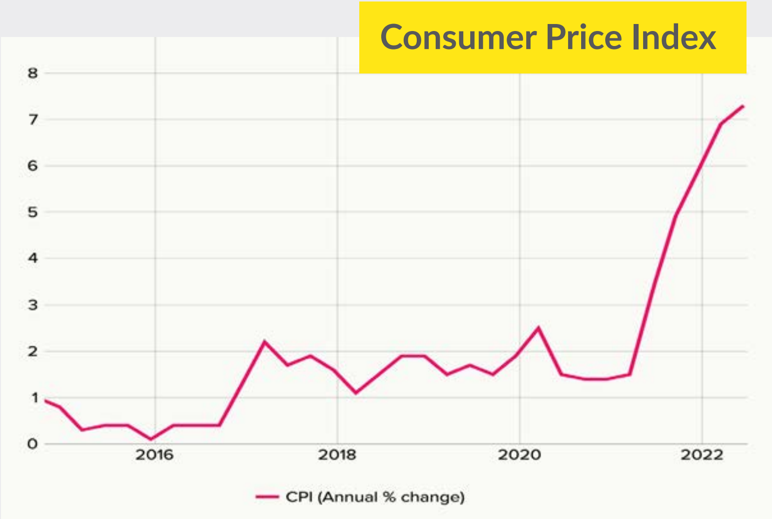
- Construction sector activity has remained at a high level, but the outlook for residential construction has weakened.

- The combination of acute labour and materials shortages in the construction sector has constrained activity and contributed significantly to domestic inflationary pressure. Future work orders have begun to dry up beyond construction firms' existing work pipelines. Higher interest rates, tighter lending conditions, and rising costs are weighing on demand.

Higher interest rates are needed to meet our inflation and employment objectives

- Annual CPI inflation has continued to increase, reaching 7.3 percent in the June 2022 quarter, due to a mixture of domestic and international factors.

- Measures of persistent or 'core' inflation have also increased. Expectations for inflation have eased recently but remain elevated relative to history.



Source: RBNZ.govt.nz

- The MPC expects they will need to increase the OCR by more than expected in May to return inflation to the MPC's 2 percent target midpoint and employment to its maximum sustainable level.

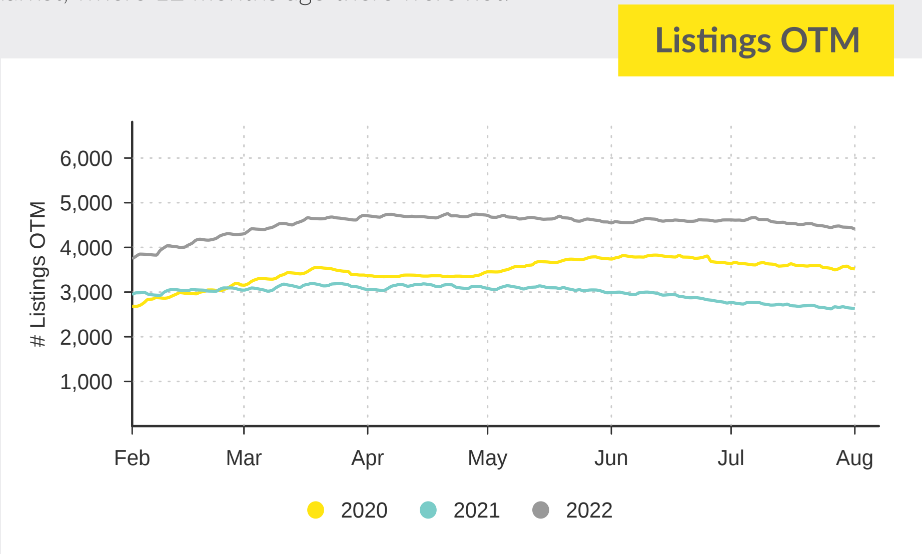
The Committee agreed it remains appropriate to continue to tighten monetary conditions at pace to maintain price stability and contribute to maximum sustainable employment. Core consumer price inflation remains too high and labour resources remain scarce.

Latest key statistics - August 2022

Annual Average Economic Growth	Annual Inflation	Unemployment Rate
5.1% (Q1 2022)	7.3% (Q2 2022)	3.3% (Q2 2022)

Source: RBNZ.govt.nz

The below graph shows the number of properties currently on the market is 4,792, while at the same time last year we had 2,655 properties available. This allows purchasers not only to take their time but also to realise there are value comparisons in the market, where 12 months ago there were not.



Source: Ray White

The market certainly has been different in the last two years. Today we sit in a more normalised market rather than the comparisons of 12 months ago. While it is easy to suggest prices are falling and market supply has increased, pricing prior to the pandemic and stock levels were much more normalised. While prices still have a much higher value than two years ago, the normalisation of stock levels is closer. This is likely to continue across New Zealand; there will be approximately 25,000 properties available for sale with a long-term average inventory of approximately 27 weeks. This would indicate a much more balanced market favouring those seeking value by comparison. Those positively marketing their property can expect reasonable buyer depth to respond to properties considered reasonable value.

How is Ray White New Zealand responding to the market changes? It is more important for us to convey information on the active market and the properties that are in competition to listings coming onto the market. Today, while the buyer is important, most competition comes from similar properties. While factors including location and build quality are high on the preferred wants of buyers, comparison properties and value sit considerably higher given the amount of property on the market.

While auctions continue to be the preferred marketing method, it is more difficult to encourage under-the-hammer sales. We believe that auction provides transparency for buyers to transact, whether before the auction, at the auction, or after. While success rates have changed with under hammer results, the auction marketing method is still the most successful. In market conditions that are potentially declining, it remains relevant for sellers to consider.

So, in a rapidly evolving market, conditions are variable. Your local Ray White office has the information that will give you insights into not only the value of your property but the depth of potential buyer interest linked to the successful marketing of your property.

Regards,

Carey Smith
Ray White New Zealand
Chief Executive

LIFTING INVENTORY LEVELS ARE PROVIDING BUYERS WITH MORE CHOICE

SELLERS WHO ARE BUYING IN THE SAME MARKET TAKE CONFIDENCE FROM CURRENT PRICING

"We continue to see activity where property is marketed positively buyers have confidence particularly around the auction method of marketing in allowing value to be determined between the buyer and the seller in a transparent environment. Our auction marketing continues to have a much greater success than other forms of marketing."

Jared Cooksley
Business Owner, Ray White Mt Eden

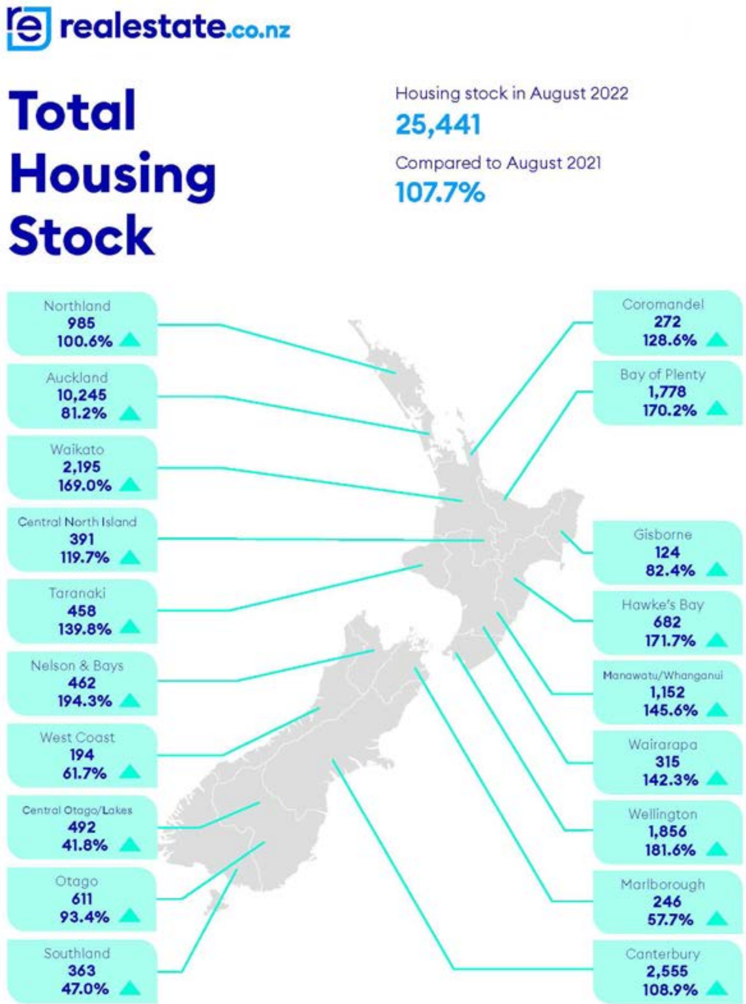
We continue a noticeable increase in new listing activity, allowing purchasers to enter the market with confidence of choice. This has added to the overall portfolio of properties available on the market.

Data provided by realestate.co.nz shows the increase of new property listings has stabilised at approximately 25,441 properties, which is 107.7 per cent ahead of August 2021. In regard to the last three months, there has been a continued lift in new listings, which has seen the total stock available across New Zealand lift by close to 5,000 properties, or just over 25 per cent, in three months.

Rising property listings can act as a slight headwind for property value growth. This creates a more balanced market where buyers have more choice and the opportunity to make decisions compared to other properties available on the market.

The Reserve Bank of New Zealand lifted interest rates in their recent announcement, marking the sixth consecutive rise since October 2021. The next monetary statement and official cash rate review is 5 October 2022. While lending barriers have slowed the buyer depth within the property market, the current inflationary effects are having the most impact on the economy and affordability, with the annual inflation rate being 7.3 per cent.

They commented 'However, headwinds are strong. Heightened global economic uncertainty and higher inflation are dampening global and domestic consumer confidence. Asset prices, in particular house prices, have also declined, reflecting in part higher mortgage interest rates and increased supply of housing.'



Source: realestate.co.nz

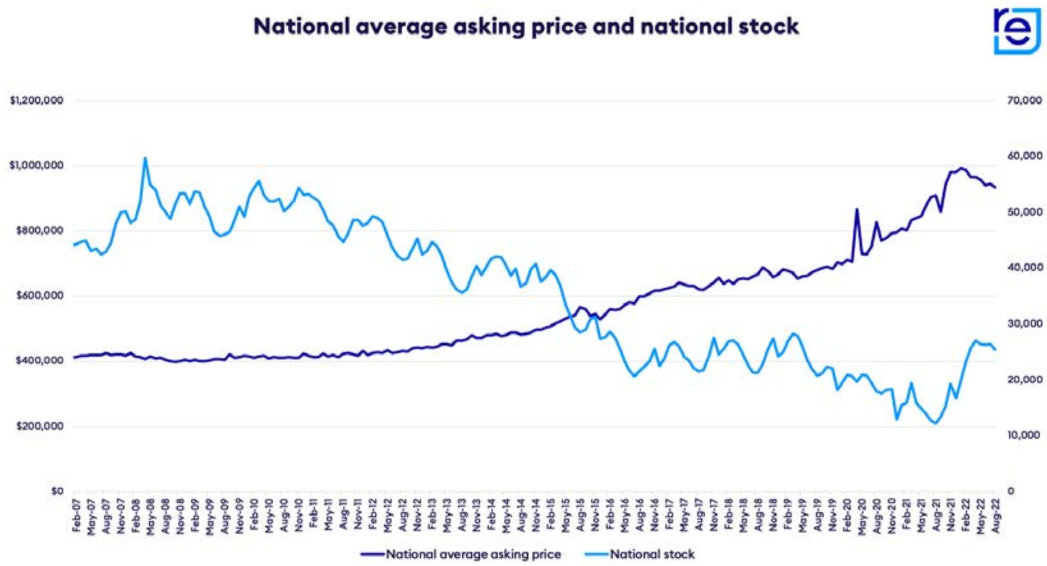
To put this into perspective, during the past 10 years, the inflation rate has averaged 2.15 per cent, which is in line with the inflation target of 1 – 3 per cent on average over the medium term. It is clear that the rise in inflation impacts everyday life, and the Reserve Bank will take this into account in its monetary statement.

Areas and regions continue to respond differently across New Zealand. While the headline numbers are generally provided on the overall sales, the regions with the highest average increase in asking price were Coromandel, West Coast, Gisborne and Northland.

In contrast, the regions with only slight decreases in average asking price were Auckland, Taranaki and the Central North Island. These graphs, however, can be a blessing for both buyers and sellers. An increasing market can indicate a strengthening of prices because of the value in the average sale price. At the same time, potential decreases can result from a market that might have been overinflated, and the buyers have taken pricing levels back to be more realistic.

Many ask the question about when should I buy real estate? What would a property I purchase today look like in five, 10 or 20 years? How many upturns and downturns are there during various cycles, and are there any key underlying trends that show any long-term declines linked to mortgage rates or a more relaxed credit environment? What determines rises in house prices, and what determines falls?

Realestate.co.nz provide a real-time graph which from January 2007 have seen prices more than double over that period of time which shows the long-term prospects of holding property continues to be relevant. CoreLogic provided a recent graph which shows a similar cumulative trend of an average increase of 7.5 per cent over an extended 20 year period. If it is the case that someone is to ask the question when should I purchase property and in what location; while there is some differentiation in the main centres and there are periods where events have occurred which change housing supply across the 20 years, much of the property markets have remained consistent regardless of external factors.



Source: realestate.co.nz

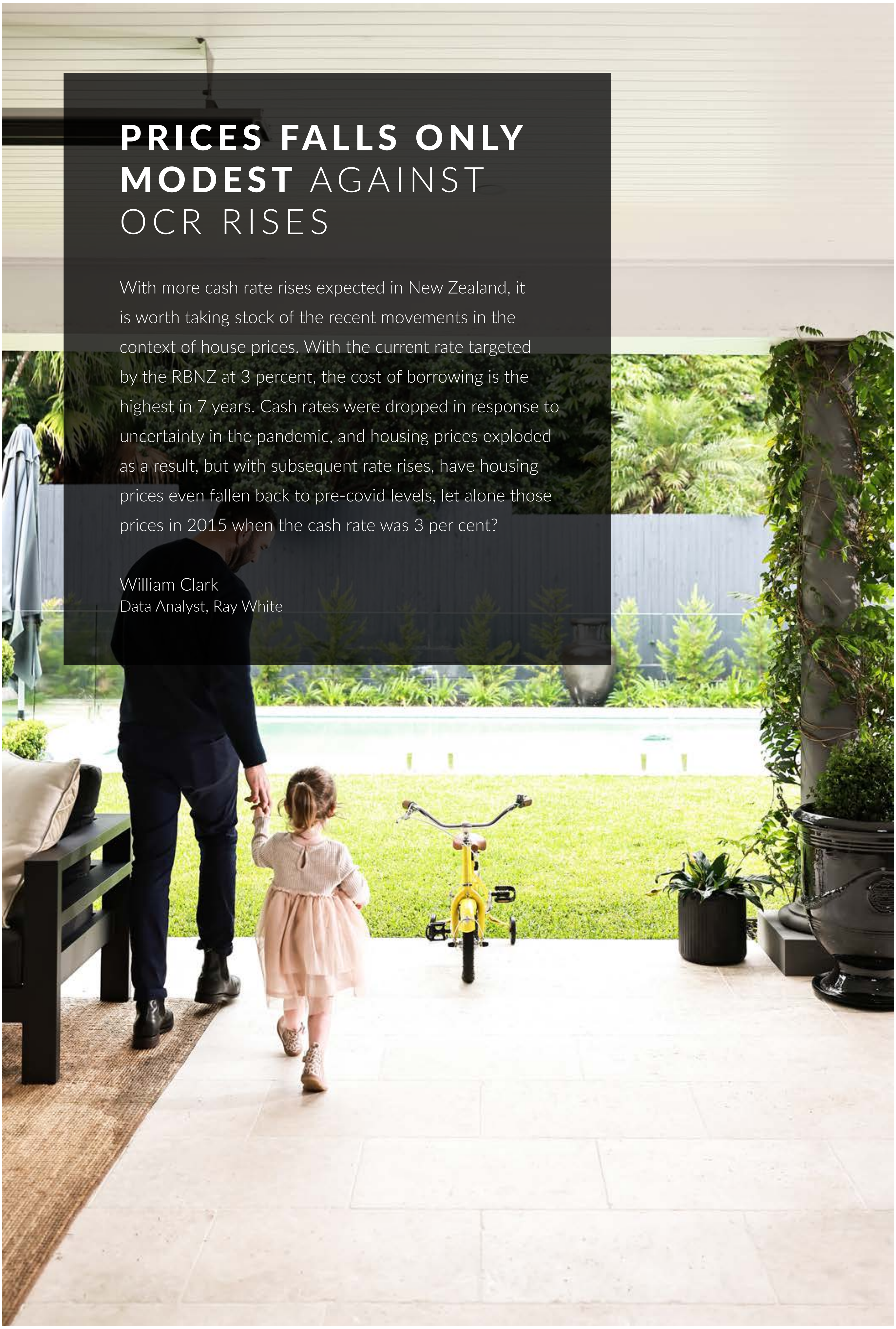
Since 2003, among the main centres, Hamilton has seen the largest increase in average property values, at 330 per cent - followed by Dunedin at 298 per cent, Auckland at 287 per cent, Wellington at 282 per cent, Tauranga at 277 per cent, and Christchurch at 236 per cent. The latter has seen slower growth due to the post-earthquakes surge in new housing supply, but with signs that this supply reaction is slowing down, Christchurch could see outperformance over the coming years (even if that only means smaller falls in the near term).

Another price index guide from CoreLogic shows the annual change in each of the key markets across New Zealand, which at its height is showing Christchurch 16.40 per cent and Dunedin now at negative 2.3 per cent. The monthly change is a reduction of 1.8 per cent across most of the markets, with Wellington showing the greatest fall from August 2021 back -5.2 per cent. These indicators clearly show a change in the fiscal and monetary policy measures, which is a key factor in the market going forward. Timing for selling and purchasing in the same market will be consistent. We can give buyers and sellers confidence in supply and the ability to create demand when value is established.

	Change in property values			Average
TA	Month	Quarter	Annual	Value
Palmerston North	-1.8%	-3.5%	-2.3%	$708,187
Napier	-1.5%	-5.9%	0.0%	$827,311
Nelson	-1.8%	-3.4%	3.8%	$835,191
Hastings	-1.2%	-1.9%	4.7%	$852,784
Whanganui	-1.5%	-1.8%	4.8%	$547,515
Invercargill	-1.0%	-1.1%	6.3%	$469,787
Gisborne	-2.3%	-4.8%	7.7%	$645,075
Rotorua	-1.8%	-3.5%	8.8%	$700,802
Whangārei	-2.6%	-3.6%	11.3%	$813,533
New Plymouth	-1.2%	-2.6%	11.5%	$731,108
Queenstown	0.4%	-1.1%	20.5%	$1,675,541

	Change in property values			Average Value
	Month	Quarter	Annual	
New Zealand	**-1.8%**	**-3.5%**	**5.8%**	**$991,674**
Auckland	-2.0%	-4.6%	5.1%	$1,405,656
Hamilton	-1.4%	-0.3%	10.3%	$863,481
Tauranga	-1.2%	-3.3%	11.6%	$1,139,355
Wellington	-2.6%	-7.6%	-5.2%	$1,009,563
Christchurch	-1.3%	-0.3%	16.4%	$761,131
Dunedin	-2.5%	-5.1%	-2.3%	$656,423

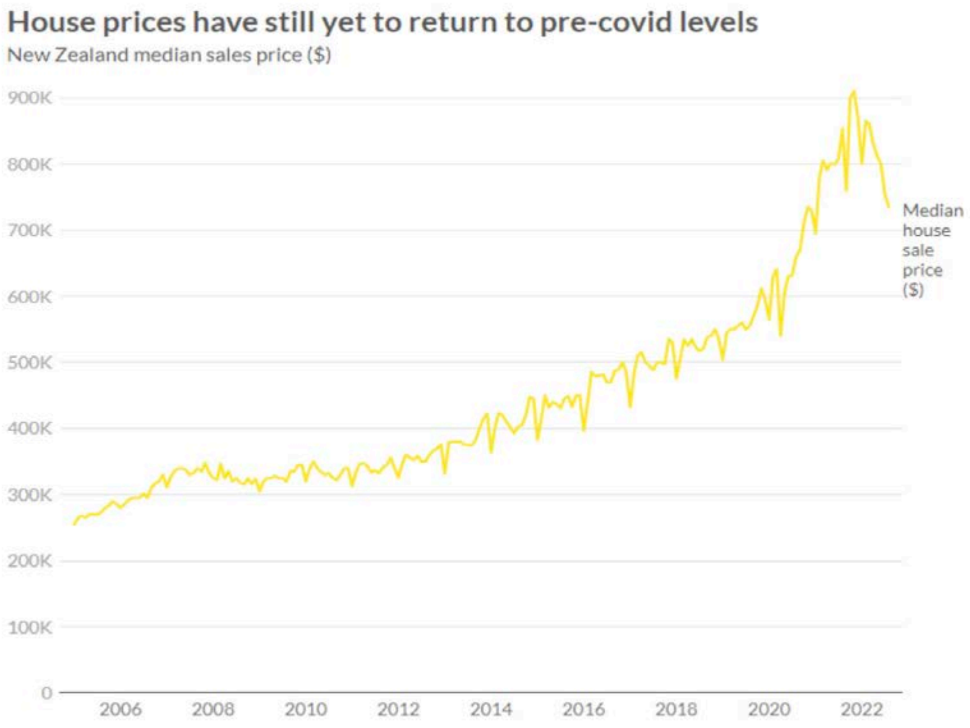
Source: corelogic.co.nz/news



PRICES FALLS ONLY MODEST AGAINST OCR RISES

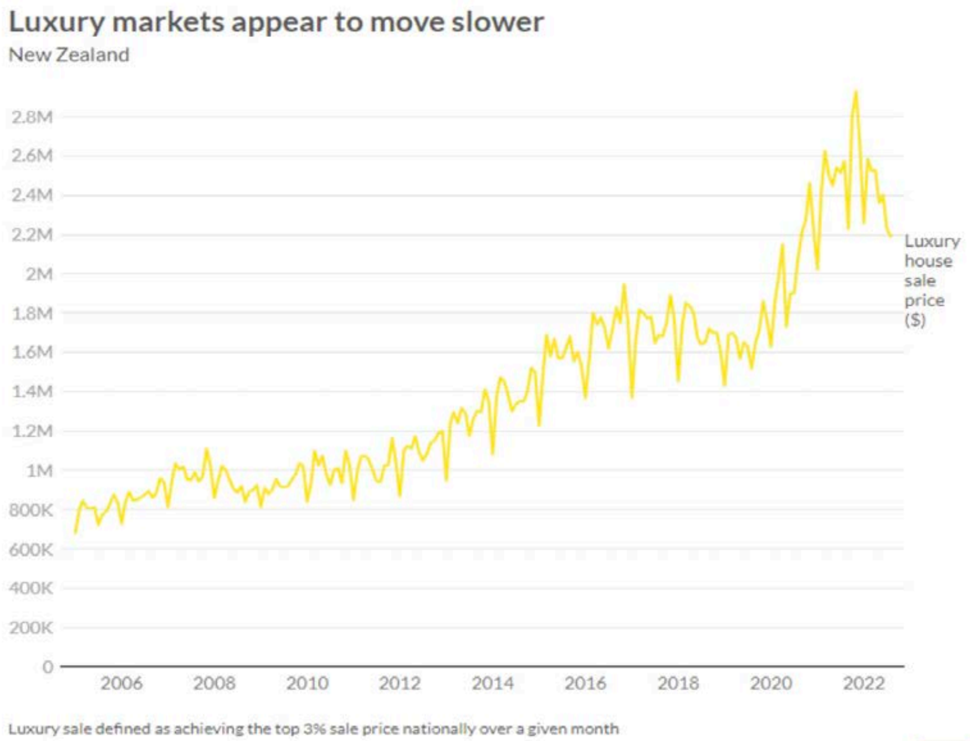
With more cash rate rises expected in New Zealand, it is worth taking stock of the recent movements in the context of house prices. With the current rate targeted by the RBNZ at 3 percent, the cost of borrowing is the highest in 7 years. Cash rates were dropped in response to uncertainty in the pandemic, and housing prices exploded as a result, but with subsequent rate rises, have housing prices even fallen back to pre-covid levels, let alone those prices in 2015 when the cash rate was 3 per cent?

William Clark
Data Analyst, Ray White



Source: Ray White

The answer is an emphatic no. The cash rate, despite huge rises, have only taken prices back 20 per cent off the heady peak seen in December last year. Prices, where they are now, have grown 7.6% annually since the cash rate was last where it is now. While there are a few figures floating around in this analysis, viewed together they show the resilience of housing prices, in the face of increased trouble in other sectors.



Source: Ray White

Luxury markets, representing the top 3% of property sales prices, change much more day to day, representing a more extreme section of the market. On a yearly basis, however, they appear to be stable, at least relative to more moderately priced sales, still well above the $2M sale price at the time of writing. Housing, despite being an asset that most owners will have a significant amount of debt attached to, remains incredibly immune to interest rate shocks. Luxury markets, even more so. While low cash rates presented many locked down households with an attractive opportunity to save for and purchase a house, the conditions now have not returned prices back to pre-covid levels by a long stretch.

WHAT ARE WE SEEING IN THE MARKET RIGHT NOW?

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 buyers or sellers. Generally, conditions are favourable for sellers when supply is low, and demand is high. Conversely, when supply is high and demand is low, conditions are favourable for buyers with more selection and less pressure, availing time to carry out due diligence and make an educated decision on their future property purchase.

SUPPLY

Throughout August, we saw 1,532 'new listings' come onto the market, up year-on-year by 14.24 per cent. This was met by 1,134 sales for August, a decrease of 21.79 per cent. With a total of 4,518 listings on the market in August for buyers to choose from, this is up a significant 80.58 per cent year-on-year.

DEMAND

The initial buyer metric we consider is the number of buyers viewing properties online. Throughout August, we saw 4.296 million views across our Ray White websites, resulting in over 43,342 enquiries up 10.2% on last month.

Ray White New Zealand saw 426 properties scheduled to go to auction in August, down 38.5 per cent when compared to the same period last year. Leading to an all-sold clearance rate of 46.8 per cent with, on average, 2.1 registered bidders and 1.7 active bidders.

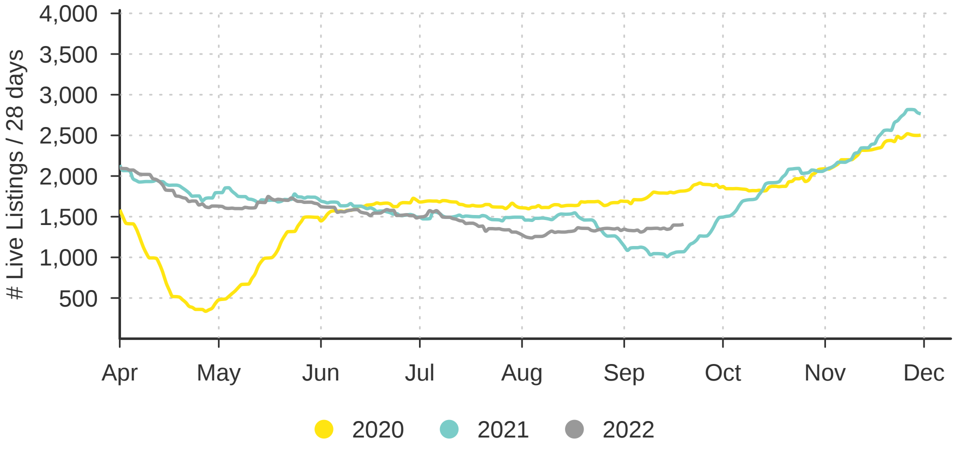
We are seeing quality homes in good locations with multiple bidding registrations and active bidders.

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 indicator of buyer confidence, knowing they have the financial capacity to buy the property. Our partners at Loan Market are still seeing good numbers of pre-approvals across the country, with 6.54 per cent more than this time last year (refer to page 17).

We continue to analyse our numbers across the key buyer metrics, which clearly indicate the market's direction.

LIVE LISTINGS

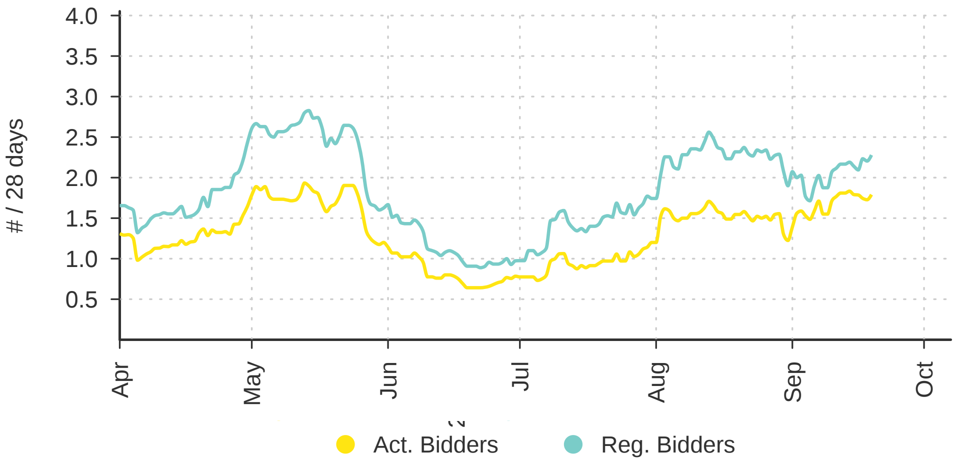
This chart shows the total number of live listings over the 2020, 2021 and 2022 calendar year.



Source: Ray White Online Analytics

BIDDING BY MONTH

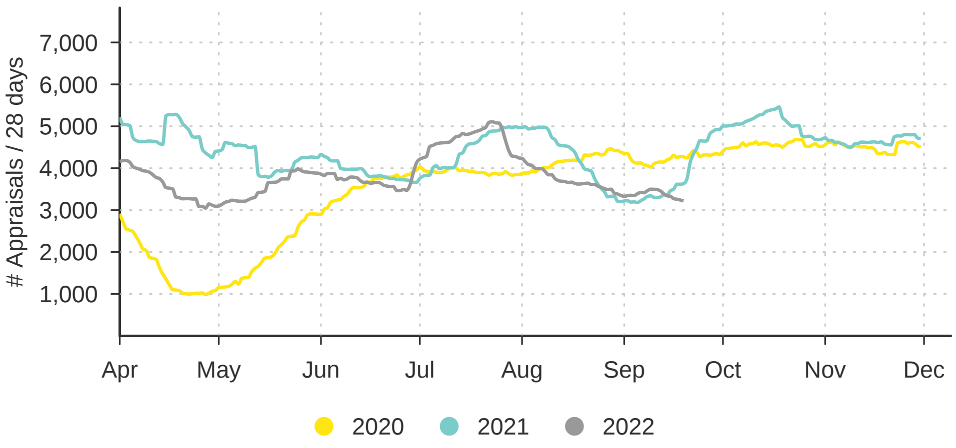
This chart illustrates the average number of registered bidders per auction for the last six months.



Source: Ray White Online Analytics

APPRAISALS

This chart compares the number of appraisals Ray White salespeople have made over the 2020, 2021 and 2022 calendar year.



Source: Ray White Online Analytics

SO WHAT FACTORS CONTRIBUTE TO MARKET SENTIMENT?

Interest rates continue to underpin purchasers' buying power. The OCR currently sits at 3.0 per cent, with the next monetary policy review announcement set for 5 October 2022.

- Interest rates - are a driver of home affordability. Continued rate rises over the next 6 months are expected, with predictions that all mortgage rates will be above 6 per cent over the coming year. This will make rates well over double what they were a year ago.

- Lending environment - a significant market headwind is the changing lending environment. Not only are rates rising, but credit availability has also gotten tougher. Loan-to-value ratios have returned, new Credit Contracts and Consumer Finance Act rules - which make accessing lending harder - are in place, and the Reserve Bank is consulting on debt-to-income ratios.

- Affordability - compared to 2021, the national average asking price is now $934,358 down 0.9%. Month-on-month.

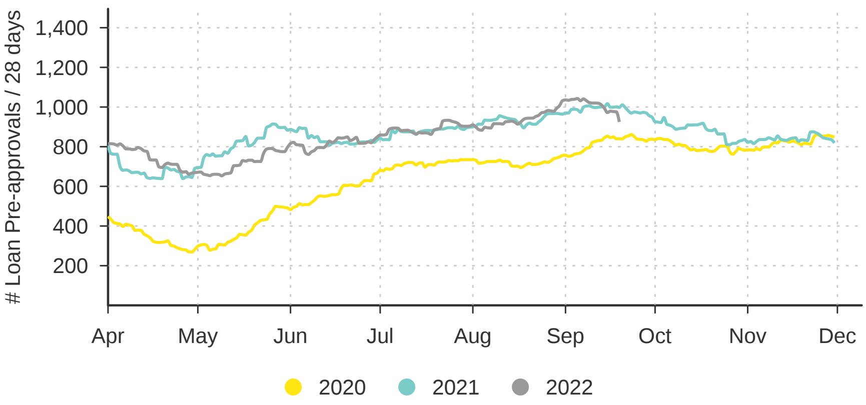
- Housing supply - Year-on-year, total stock levels were up 107.7 per cent nationally across all regions providing more choice for buyers.

- Net migration - the reopening of borders for New Zealand is likely to allow a resumption in higher levels of migrant arrivals. At the same time, a build-up of New Zealand talent could be looking to move offshore to pursue employment opportunities during 2022 and 2023, having waited patiently for two years for the opportunity.

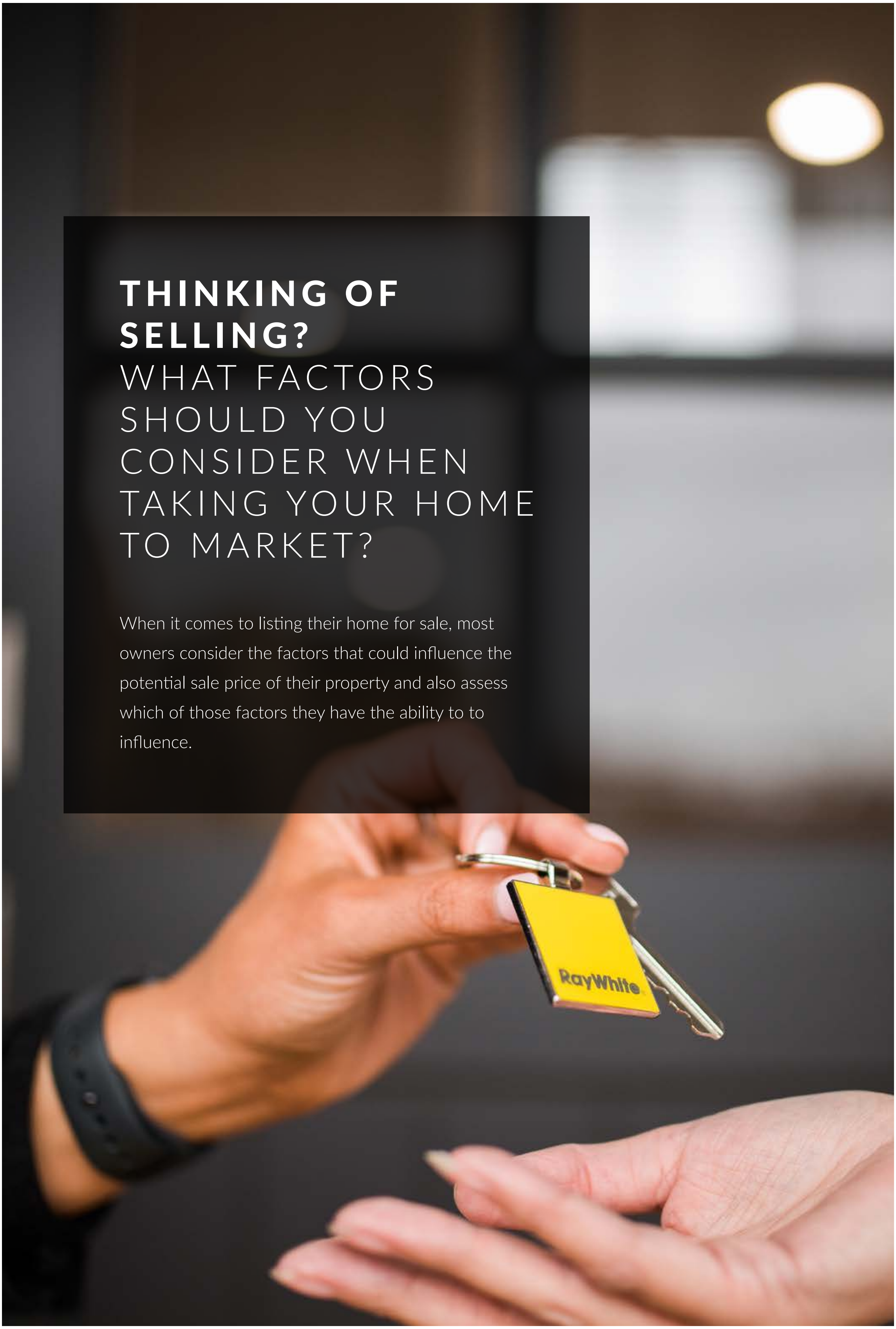
- Inflation - is currently at a 32 year high of 7.3 per cent. In general, inflation occurs when demand for goods and services in the economy is outpacing supply. This leads to widespread shortages of labour and materials. For example, when lots of people want to build a house, it becomes hard to source materials and construction workers, so building costs increase.

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



THINKING OF SELLING?
WHAT FACTORS SHOULD YOU CONSIDER WHEN TAKING YOUR HOME TO MARKET?

When it comes to listing their home for sale, most owners consider the factors that could influence the potential sale price of their property and also assess which of those factors they have the ability to to influence.

In this article we will talk about the current forces at play in the market, those that remain constant and also those that are within the control of a seller.

Many owners consider timing to be the most important factor when it comes to listing their home for sale, but underpinning the question of timing are some main contributing factors. These are:

- Seasonal supply and demand
- Weather
- Interest rates
- Holidays

Typically we see less transactional volume through the winter months, which sees surges in activity in the months prior and post, being March and April as well as October and November. This can be attributed to two main factors - sellers believing their property will be better received in finer weather and buyers preferring the traditional way of inspecting property via open homes during sunny days.

Interest rates typically rise and fall in cycles which means that if afforded with the luxury of time, sellers would prefer to list their property for sale when interest rates are lower, which in turn, all things remaining equal means that a prospective purchaser is able to pay more for a home than they would in a high cost of borrowing environment. Right now, while interest rates have been steadily increasing over recent months, it is predicted that they will continue to rise - this may mean that over the short to medium term that purchasing power steadily decreases and the price that a purchaser may be able to pay today is actually higher than it could be willing or able to pay in six months time.

Many sellers in the main centres believe that avoiding holiday periods will ensure they are able to reach maximum audience levels of people who are willing and able to look at property - this does diverge from the thinking of some sellers in regional or holiday areas which can benefit from an influx of visitors during these periods. More recently, as lives have become busier, holiday periods have also been seen as potentially one of the only opportunities to connect with potential purchasers while they have little else to distract them.

In addition to timing your run to list your home for sale, as a prospective seller, you will also have decisions to make around the presentation of your home, the marketing, the method of sale and the salesperson you engage to represent you. Fortunately, unlike most of the factors above, all of these considerations are well within the control of a homeowner.

Over recent years, the scales have been tipped in favour of the seller, meaning that purchasers were required to compromise when it came to buying a property. These compromises came in the form of property type, condition, location and other items on the buyers wishlist. More recently, sellers have had increased competition which has swayed the need for compromise to the homeowner. Typically, once on the market, a seller can only compromise on two factors - price and terms. Prior to listing their home though, a seller can ensure that a home is presented as well as possible meaning that the buyers that engage with it have less leverage to negotiate on price.

Choosing the most appropriate method of sale for your market conditions and personal needs remains important. We know the most active purchasers in the market typically inquire on property earlier in their listing period and are attracted to ‘fresh’ homes coming to the market. This means that most properties generate higher levels of interest in the early days of being for sale, and over time, the level of interest starts to wane. This means that the method of sale chosen should be one that condenses the process into a finite period of time and potentially minimises the need for compromising as much on the price achieved.

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 August, Ray White New Zealand had 1,532 live listings, up 14.24 per cent on last year, while the number of sales was down 21.79 per cent year on year.

Last month, Ray White New Zealand had 426 properties scheduled to go to auction, leading to an all-sold clearance rate of 46.8 per cent.

AUCTIONS AND EXCLUSIVE LISTINGS

Our approach to the 'method of sale' of your property 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 attracts 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.

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 120 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 August, Ray White New Zealand achieved more than $2,074,880 worth of earned media mentions in print, online, radio and TV, according to iSentia, our media intelligence agency, with a potential reach of 12,029,564 people, more than double the population of New Zealand. That's free publicity for the group and all its members.

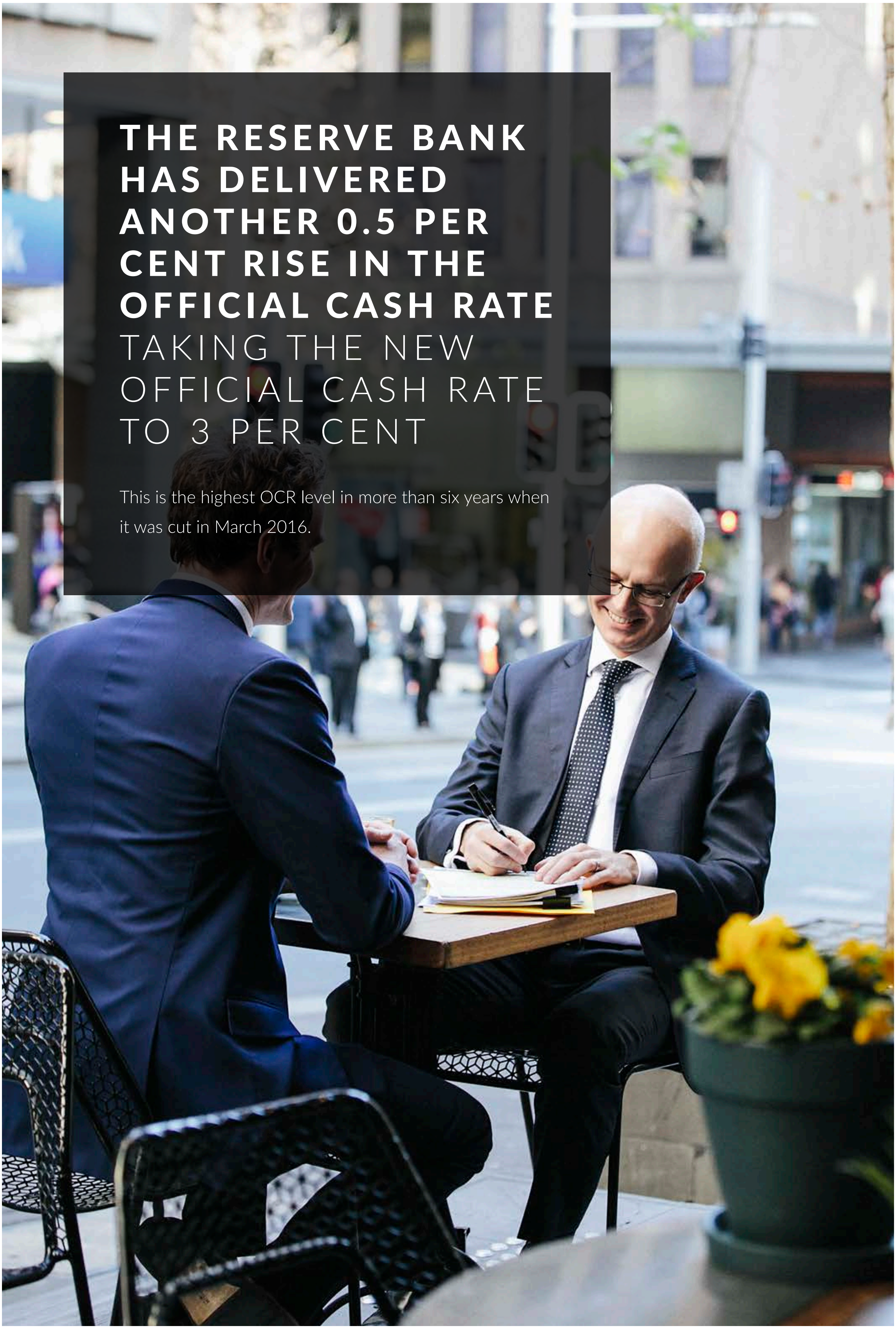
Our experienced in-house journalists can get your property the exposure that money can't buy.

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 create informed decisions. Whether that be a decision to list your property on the market or 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.



THE RESERVE BANK HAS DELIVERED ANOTHER 0.5 PER CENT RISE IN THE OFFICIAL CASH RATE

TAKING THE NEW OFFICIAL CASH RATE TO 3 PER CENT

This is the highest OCR level in more than six years when it was cut in March 2016.

With inflation still causing a watchful eye from the Reserve Bank and employment levels also being considered high it is reasonable to think that the recent move in the OCR to 3.0 per cent will be followed up potentially by a couple more increases in October and November 2022, taking the OCR rate to 4 per cent by the end of the year.

The question remains: could the OCR keep rising next year? This will largely depend on inflation rates reducing and the labour market becoming more flexible with the potential increase in migration.

For those who are borrowing, the affordability equation remains consistent even as incomes rise and house prices decline. There is consideration of increasing mortgages and how that will look over the next year alongside potential house price reductions and income rises. The below graph taken from CoreLogic shows an historical view of affordability dating back 15 years ago looking at the average household income together with value to income ratios and years to save a deposit. Over the last 15 years the average property prices increased by 57% while the average household income has only risen by 27% in comparison.

Some major lenders during the past 12 months have cut mortgage rates, especially two year fixed to specials as global wholesale rates have fallen. Competitive pressures in the overall property market have added to the banks responses in encouraging lending.

		15 years ago (Q2 2007)	10 years ago (Q2 2012)	5 years ago (Q2 2017)	Latest (Q2 2022)
Average property value	$	$404,934	$407,579	$650,660	$1,018,770
	% Change		1%	60%	57%
Average annual household income	$	$66,350	$82,072	$93,771	$119,474
	% Change		24%	14%	27%
Value to income ratio		6.1	5.0	6.9	8.5
Share of income for repayments		50%	29%	39%	53%
Years to save deposit		8.1	6.6	9.3	11.4
Rent to income ratio		21%	20%	22%	22%

Source: corelogic.co.nz/news

What barriers still remain: the question of mortgage rates having peaked on balance is difficult to assume given there may be more increases in the OCR and the overall cycle of inflation globally.

Loan Market brokers are available to discuss all facets of lending and how it will allow you to build wealth.

We're proud to offer more exposure for less this November with our exclusive marketing offers.

Get in touch with your local Ray White property specialist.

WHY **WAIT?**

WE'RE IN YOUR NEIGHBOURHOOD

195
New Zealand Offices

LAST YEAR WE WERE PROUD TO:

- help 22,528 New Zealand families sell their home
- help 1 in 5 New Zealand buyers find their dream home
- have 11,758 local customers rate our service 10/10
- help 61 New Zealanders sell their home every day
- help over 19,600 investors manage their property across New Zealand
- list 1 in every 5 auctions across New Zealand

PROUDLY **RAYWHITE**

Watch this space. New stats coming soon!

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 1,000 franchised offices across Australia, New Zealand, Indonesia and Hong Kong.

Ray White today spans residential, commercial and rural property as well as marine and other specialist businesses. Now more than ever, the depth of experience and the breadth of Australasia's largest real estate group brings unrivalled value to our customers. A group that has thrived through many periods of volatility, and one that will provide the strongest level of support to enable its customers make the best real estate decisions.

raywhite.co.nz

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

raywhite.co.nz

loanmarket.co.nz