

The White Paper

News and views from a real estate agent
June 2014

What happened to the markets in May?

May was memorable.

Based on the swing in informed opinion the Australian and New Zealand property markets had peaked and would likely start experiencing some reverses in value and activity. This perspective was supported by the RPdata report which declared that for the first time for well over a year average prices had eased during the month. All sorts of reasons were put forward suggesting the underlying pressure for this reversal including world economic uncertainty and mineral exporting reverses.

We did not experience this predicted reversal. So how did Ray White experience its May? The Group's results of \$3.3billion took the group to equal its all time record and most significantly, by far its best May ever.

The key strength in May came through in NSW where we are now consistently achieving \$1billion per month in sales, this has never happened before. New Zealand continued to record strong results even after they had their third year in strong property growth performance.

Ray White Hotels sold over \$50million in May including the well known Tea Gardens venue in Bondi Junction. That sale is officially the largest pub hotel sale of 2014 in Australia.

What was remarkable in the Group's results was the strength in the commercial sector with roughly \$400million worth of sales achieved through their specialist activities. This was a personal best for our commercial division.

It is clear that continuing interest

from offshore in the property markets in Australia and New Zealand is continued. This underlying strength is significant and is continuing to give our Group confidence that the markets may well have been over talked into a reversal.

Of particular note in the month was three sales concluded Ray White Commercial Auckland exceeding \$150million. It covered a range of different assets.

What's new at Ray White?

Ten new offices - mostly in Melbourne and Sydney - opened in May. No doubt confidence in recent property markets has encouraged many young practitioners to create their own business. The opening of Ray White Broadway in Sydney with a traditional Chinese dragon ceremony was one to remember.



The Group is anticipating a large number of new business that will be owned and operated by Chinese real estate professionals. This ties in well with the Group's new office in China and its commitment to continuing development of interaction between the two markets.

A special 'China Day' held in Melbourne was completely sold out. This presentation by the Group and its members focussed on how to seize opportunities from the Chinese market. It also touched on the impact

and new skills that are necessary to perform to the highest expectations of our sellers. Increasingly our vendors are keen to know if we have the capacity to present to approved offshore buyers.

Ray White Commercial has released its first research report on the Sydney CBD Strata Office Leasing Market. Read the report here.

As already mentioned, Bruce Whillans, is creating a genuine frontline Commercial operation in New Zealand with outstanding appointments now also being secured. This is being replicated now in Sydney with Jeff Moxham's new commercial business already achieving some significant sales and appointments tying in with the depth of the Ray White operation in Queensland. In fact, that new business achieved \$50million in sales in May. Interestingly, the development site market in Sydney is by far the most active of all of our markets.

Last month we indicated Jason Powell had commenced financial planning - now described as Wealth Market. We've been excited by the initial reception and how this deepens the value of the service offer we make to our clients.

The early winter weather in Australia has been unseasonably warm. This made moot the traditionally winter downturn in activity. Our results in June are going to be eagerly analysed and addressed.

Brian White
Joint Chairman