



News Release

18 May 2017

Rural Market Maintains Autumn Momentum

Summary

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 66 more farm sales (+16.2%) for the three months ended April 2017 than for the three months ended April 2016. Overall, there were 473 farm sales in the three months ended April 2017, compared to 438 farm sales for the three months ended March 2017 (+8.0%), and 407 farm sales for the three months ended April 2016. 1,815 farms were sold in the year to April 2017, 5.0% more than were sold in the year to April 2016, with 20% more dairy farms and 11% fewer grazing farms sold over the same period.

The median price per hectare for all farms sold in the three months to April 2017 was \$28,368 compared to \$30,000 recorded for three months ended April 2016 (-5.4%). The median price per hectare rose 3.1% compared to March.

The REINZ All Farm Price Index rose 1.1% in the three months to April 2017 compared to the three months to March 2017. Compared to April 2016 the REINZ All Farm Price Index rose 5.9%. The REINZ All Farm Price Index adjusts for differences in farm size, location and farming type, unlike the median price per hectare, which does not adjust for these factors.

10 regions recorded increases in sales volume for the three months ended April 2017 compared to the three months ended April 2016. Waikato recorded the largest increase in sales (+29 sales), followed by Otago (+17 sales) and Taranaki (+13 sales). Compared to the three months ended March 2017, eight regions recorded an increase in sales.

"Sales figures for the three month period ending 30 April 2017 confirm confidence in the rural sector, with a significant lift in volumes from 12 months ago", says REINZ Rural Spokesman Brian Peacocke, "The continuation of high rainfall during April has been a major boost for farmers in many regions around the country but has proved to be a problem in other areas with considerable flooding and interruption of seasonal harvesting."

"Dairy sector morale moves in tandem with the strengthening milk price, albeit volatility remains an issue, and beef farmers are experiencing strong results, particularly those selling weaner beef cattle in

sale-yards around the country. The moist autumn has frustrated some in the arable sector as ground conditions for harvesting maize crops, in particular, has been an issue, with heavy rain washing out some recently re-grassed areas. Such conditions have also been an impediment for parts of the horticulture and viticulture sectors.”

Points of Interest around New Zealand include:

- **Northland** – a lift in sales numbers for dairy and finishing units, with an emphasis on quality and location; some lower priced dairy units are moving to dairy support or beef; trading banks appear constrained in low equity situations but are supportive where quality balance sheets exist;
- **Waikato** – steady dairy activity during April with a cluster of sales in the good to medium price range in the Te Awamutu south to Tokoroa districts; reduced activity on finishing and grazing units;
- **Bay of Plenty** – a continuation of strong sales and high value in the kiwifruit sector; some dairy sales at medium to lower values in the Rotorua and Taupo districts, and an upturn in sales of finishing units in the central to eastern Bay of Plenty;
- **Taranaki** – an easing of volumes throughout the region after a strong run of sales over recent months; continuing interest in good dairy support and finishing blocks;
- **Hawke’s Bay** - reasonable activity in the horticulture sector with the inclusion of one reasonable sized vineyard; reduced activity in the other categories;
- **Manawatu / Wanganui** – lower sales volumes of finishing and grazing units in the central region; quiet on the dairy front and very quiet in the Wanganui district;
- **Wellington / Wairarapa** – good demand for finishing and arable units at increased values but results constrained by reduced supply;
- **Nelson / Marlborough** – steady enquiry across the board but limited supply; sales activity registered on finishing, grazing, viticulture and dairy properties, predominantly in the Marlborough district;
- **Canterbury** – several strong dairy farm sales in mid-Canterbury and strong sales activity on multi-purpose finishing units throughout the province; quiet on the West Coast;
- **Otago** – strong sales results for finishing units throughout all districts within the province during April; reasonable activity on grazing properties but quiet in the dairy sector; and
- **Southland** – activity at solid prices in the dairy, finishing and grazing sectors, albeit at reduced volumes; predominantly locally based buyers with a continuation of the trend for neighbours to be active on adjoining properties.

Grazing properties accounted for the largest number of sales with a 31% share of all sales over the three months to April 2017, Dairy properties accounted for 21%, Finishing properties accounted for 26% and Horticulture properties accounted for 13% of all sales. These four property types accounted for 90% of all sales during the three months ended April 2017.

Dairy Farms

For the three months ended April 2017 the median sales price per hectare for dairy farms was \$35,186 (98 properties), compared to \$37,066 for the three months ended March 2017 (99 properties), and \$33,507 (52 properties) for the three months ended April 2016. The median price per hectare for dairy farms has risen 5.1% over the past 12 months. The median dairy farm size for the three months ended April 2017 was 112 hectares.

On a price per kilo of milk solids basis the median sales price was \$34.47 per kg of milk solids for the three months ended April 2017, compared to \$35.26 per kg of milk solids for the three months ended March 2017 (-2.2%), and \$35.00 per kg of milk solids for the three months ended April 2016 (-1.5%).

The REINZ Dairy Farm Price Index rose 0.4% in the three months to April 2017 compared to the three months to March 2017. Compared to April 2016, the REINZ Dairy Farm Price Index rose 10.5%. The REINZ Dairy Farm Price Index adjusts for differences in farm size and location compared to the median price per hectare, which does not adjust for these factors.

Finishing Farms

For the three months ended April 2017 the median sale price per hectare for finishing farms was \$25,585 (122 properties), compared to \$24,584 for the three months ended March 2017 (83 properties), and \$24,657 (80 properties) for the three months ended April 2016. The median price per hectare for finishing farms has risen 3.8% over the past 12 months. The median finishing farm size for the three months ended April 2017 was 51 hectares.

Grazing Farms

For the three months ended April 2017 the median sales price per hectare for grazing farms was \$15,079 (146 properties) compared to \$16,202 for the three months ended March 2017 (158 properties), and \$15,126 (148 properties) for the three months ended April 2016. The median price per hectare for grazing farms has fallen 0.3% over the past 12 months. The median grazing farm size for the three months ended April 2017 was 72 hectares.

Horticulture Farms

For the three months ended April 2017 the median sales price per hectare for horticulture farms was \$278,419 (62 properties) compared to \$317,726 (49 properties) for the three months ended March 2017, and \$244,365 (74 properties) for the three months ended April 2016. The median price per

hectare for horticulture farms has risen 13.9% over the past 12 months. The median horticulture farm size for the three months ended April 2017 was seven hectares.

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Real Estate Institute of New Zealand

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Editor's Note:

The information provided by REINZ in relation to the rural real estate market covers the most recently completed three month period; thus references to April refer to the period from 1 February 2017 to 30 April 2017.

The REINZ Farm Price Indices have been developed in conjunction with the Reserve Bank of New Zealand. It adjusts sale prices for property specific factors such as location, size and farm type which can affect the median \$/hectare calculations and provides a more accurate measure of farm price movements. The REINZ Farm Price Indices has been calculated with a base of 1,000 for the three months ended March 1996. The REINZ Farm Price Indices is best utilised in assessing percentage changes over various time periods rather than trying to apply changes in the REINZ Farm Price Index to specific property transactions.