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For immediate Release

Rural market waits for Spring Sunshine

Data released today by the Real Estate Institute of NZ (REINZ) shows there were 82 fewer farm sales (-20.9%) for the three months ended August 2017 than for the three months ended August 2016. Overall, there were 311 farm sales in the three months ended August 2017, compared to 392 farm sales for the three months ended July 2017 (-20.7%), and 393 farm sales for the three months ended August 2016. 1,707 farms were sold in the year to August 2017, 3.3% fewer than were sold in the year to August 2016, with 46% more finishing farms, 31% more dairy farms and 26% fewer grazing and 26% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to August 2017 was \$27,928 compared to \$27,500 recorded for three months ended August 2016 (+1.6%). The median price per hectare rose 2.8% compared to July.

The REINZ All Farm Price Index fell 1.9% in the three months to August 2017 compared to the three months to July 2017. Compared to August 2016 the REINZ All Farm Price Index rose 8.9%. 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.

Nine of 14 regions recorded decreases in sales volume for the three months ended August 2017 compared to the three months ended August 2016. Auckland recorded the largest decrease in sales (-26 sales) followed by Nelson (-24 sales). Compared to the three months ended July 2017, 12 regions recorded a decrease in sales.

Brian Peacocke, Rural Spokesman, at REINZ says: "Record rainfall is the current frustration for land owners in many regions as they grapple with soggy soil and pastures under pressure. Conditions in such areas are extremely difficult for farmers in the pastoral and arable sectors alike, but especially so for growers of maize, assorted grains, seeds, vegetables, as well as agricultural contractors.

"In this environment, those considering making their properties available for sale simply do not want outsiders in sight, so the reduced volumes of sales for the latest period ending August 2017 is hardly surprising," points out Peacocke.

"In contrast to the above, some South Island districts report conditions for lambing as being very good, with limited impact from snow," he continues.

"The redeeming features to date have been the much-improved payout for the dairy industry, reinforced by very strong prices for butter; strong prices for beef and lamb; and for those in the deer industry, a great recovering in prices for venison and velvet. However, even taking into account the strength of the product prices and the low-interest rate regime, farmers and bankers alike are monitoring overall economic conditions closely," he concludes.

Points of Interest around New Zealand include:

- Dairy – very quiet in most areas with a tippie of activity in the Waikato, Canterbury and Southland at prices related to quality; listings constrained
- Finishing – volumes have held reasonably well in this category with solid activity in Northland, Auckland and Southland, supported by medium results in Canterbury and Otago
- Grazing – a drop in activity across the board with registrations of life in Northland, Auckland and Otago; reduced interest in properties suitable for planting manuka
- Arable – as expected given the conditions and the time of year, negligible trading across the country
- Horticulture – whilst volumes have eased from a national perspective, and listings are limited, still very strong activity in the kiwifruit sector in the Bay of Plenty when opportunities arise; lighter activity keeps Hawke’s Bay on the map
- Forestry – a smattering of activity amid reports of good returns with a solid upturn of sales in Northland, albeit replanting appears to be the focus

Finishing properties accounted for the largest number of sales with a 40% share of all sales over the three months to August 2017, Grazing properties accounted for 22%, Dairy properties accounted for 8% and Horticulture properties accounted for 15% of all sales. These four property types accounted for 85% of all sales during the three months ended August 2017.

Dairy Farms

For the three months ended August 2017 the median sales price per hectare for dairy farms was \$37,842 (26 properties), compared to \$36,332 for the three months ended July 2017 (36 properties), and \$40,469 (14 properties) for the three months ended August 2016. The median price per hectare for dairy farms has dropped 6.5% over the past 12 months. The median dairy farm size for the three months ended August 2017 was 127 hectares.

On a price per kilo of milk solids basis the median sales price was \$34.95 per kg of milk solids for the three months ended August 2017, compared to \$35.97 per kg of milk solids for the three months ended July 2017 (-2.8%), and \$45.51 per kg of milk solids for the three months ended August 2016 (-23.2%).

The REINZ Dairy Farm Price Index rose 2.1% in the three months to August 2017 compared to the three months to July 2017. Compared to August 2016, the REINZ Dairy Farm Price Index fell 5.1%. 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 August 2017 the median sale price per hectare for finishing farms was \$30,566 (124 properties), compared to \$30,882 for the three months ended July 2017 (152 properties), and \$27,208 (75 properties) for the three months ended August 2016. The median price per hectare for finishing farms has risen 12.3% over the past 12 months. The median finishing farm size for the three months ended August 2017 was 44 hectares.

Grazing Farms

For the three months ended August 2017 the median sales price per hectare for grazing farms was \$11,355 (69 properties) compared to \$11,274 for the three months ended July 2017 (105 properties), and \$15,326 (158 properties) for the three months ended August 2016. The median price per hectare for grazing farms has fallen 25.9% over the past 12 months. The median grazing farm size for the three months ended August 2017 was 76 hectares.

Horticulture Farms

For the three months ended August 2017 the median sales price per hectare for horticulture farms was \$158,546 (46 properties) compared to \$149,251 (52 properties) for the three months ended July 2017, and \$190,338 (77 properties) for the three months ended August 2016. The median price per hectare for horticulture farms has fallen 16.7% over the past 12 months. The median horticulture farm size for the three months ended August 2017 was eight 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 August refer to the period from 1 June 2017 to 31 August 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.