



News Release

21 April 2017

Good Autumn Conditions Benefit Rural Real Estate Market

Summary

Data released today by the Real Estate Institute of NZ (“REINZ”) shows there were 55 more farm sales (+14.4%) for the three months ended March 2017 than for the three months ended March 2016. Overall, there were 438 farm sales in the three months ended March 2017, compared to 436 farm sales for the three months ended February 2017 (+0.5%), and 383 farm sales for the three months ended March 2016. 1,797 farms were sold in the year to March 2017, 3.0% more than were sold in the year to March 2016, with 10% more dairy farms and 13% fewer grazing farms sold over the same period.

The median price per hectare for all farms sold in the three months to March 2017 was \$27,509 compared to \$27,202 recorded for three months ended March 2016 (+1.1%). The median price per hectare rose 0.4% compared to February.

The REINZ All Farm Price Index declined 0.2% in the three months to March 2017 compared to the three months to February 2017. Compared to March 2016 the REINZ All Farm Price Index rose 5.5%. 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.

Seven regions recorded increases in sales volume for the three months ended March 2017 compared to the three months ended March 2016. Waikato recorded the largest increase in sales (+36 sales), followed by Taranaki (+23 sales), and Otago (+17 sales). Compared to the three months ended February 2017, seven regions recorded an increase in sales.

“Record rainfall, flooding and lack of sunlight apart, most areas throughout rural New Zealand have experienced very good mid-autumn conditions during the month of March”, says REINZ Rural Spokesman Brian Peacocke, “Feed conditions have been ideal for beef and lamb, maize harvesting has progressed well and the burst of grass growth has stimulated sufficient milk supply to offset the worst spring many can remember.

“Sales volumes for the current period have remained steady compared to recent months, but show solid improvement from the March quarter of 12 months ago. Values of horticultural properties show a significant lift, but prices in other categories reflect a degree of volatility, buyer caution and a hint of easing.”

Points of Interest around New Zealand include:

- **Northland** – Good dairy farms in good locations have sold well, but demand for second tier properties is weak; a shortage of good finishing properties is resulting in some beef farmers looking closely at lower category dairy units; reduced activity on blocks suitable for honey production with less emphasis on planting manuka; strong returns are driving prices for free-draining land suitable for avocado production, particularly in the Kaitaia area;
- **Waikato** – A lift in sales volumes of dairy farms albeit a lower strike rate being achieved at auction; high prices being achieved in the eastern sector where vegetable growing interests are underpinning values on the best quality land;
- **Bay of Plenty** – A continuation of strong activity and strong prices in the horticultural sector but a harder market in the Rotorua / Taupo region where there is a shortage of property and a gap between vendors and purchasers;
- **Taranaki** – Steady on the dairy front but a surge of activity on quality finishing and grazing properties; some second and third tier farms are now selling as purchasers meet the levels set by more realistic vendors;
- **Hawke’s Bay, Manawatu / Wanganui** – Good activity surrounding good dry stock properties throughout the lower North Island but quiet in Hawke’s Bay;
- **Wellington / Wairarapa** – Very good autumn conditions throughout the region with some activity on finishing units but generally a quiet market;
- **Nelson / Marlborough** – Limited sales of dry stock properties, several dairy farm sales and ongoing interest in the horticultural sector constrained by the availability of properties;
- **Canterbury** – A quieter market with fewer properties available; good enquiry for finishing properties with irrigation and evidence of dairy farmers re-emerging in the dairy support market;
- **Otago** – solid demand and a reasonable level of sales of good sheep and beef properties, albeit a harder market where values exceed \$5m; good interest in fine wool properties in Central Otago; and
- **Southland** – Strong activity surrounding quality dry stock units but quiet on the dairy front as vendors and purchasers focus on next season.

Grazing properties accounted for the largest number of sales with a 36% share of all sales over the three months to March 2017, Dairy properties accounted for 23%, Finishing properties accounted for 19% and Horticulture properties accounted for 11% of all sales. These four property types accounted for 89% of all sales during the three months ended March 2017.

Dairy Farms

For the three months ended March 2017 the median sales price per hectare for dairy farms was \$37,066 (99 properties), compared to \$39,642 for the three months ended February 2017 (91 properties), and \$33,897 (48 properties) for the three months ended March 2016. The median price per hectare for dairy farms has risen 9.4% over the past 12 months. The median dairy farm size for the three months ended March 2017 was 98 hectares.

On a price per kilo of milk solids basis the median sales price was \$35.26 per kg of milk solids for the three months ended March 2017, compared to \$35.45 per kg of milk solids for the three months ended February 2017 (-0.5%), and \$34.79 per kg of milk solids for the three months ended March 2016 (+1.3%).

The REINZ Dairy Farm Price Index fell 7.0% in the three months to March 2017 compared to the three months to February 2017. Compared to March 2016, the REINZ Dairy Farm Price Index rose 6.3%. 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 February 2017 the median sale price per hectare for finishing farms was \$24,584 (83 properties), compared to \$27,595 for the three months ended February 2017 (107 properties), and \$21,543 (66 properties) for the three months ended March 2016. The median price per hectare for finishing farms has risen 14% over the past 12 months. The median finishing farm size for the three months ended March 2017 was 53 hectares.

Grazing Farms

For the three months ended March 2017 the median sales price per hectare for grazing farms was \$16,202 (158 properties) compared to \$12,183 for the three months ended February 2017 (139 properties), and \$14,124 (156 properties) for the three months ended March 2016. The median price per hectare for grazing farms has risen 14.7% over the past 12 months. The median grazing farm size for the three months ended March 2017 was 63 hectares.

Horticulture Farms

For the three months ended March 2017 the median sales price per hectare for horticulture farms was \$317,726 (49 properties) compared to \$269,034 (44 properties) for the three months ended February 2017, and \$261,665 (64 properties) for the three months ended March 2016. The median

price per hectare for horticulture farms has risen 21.4% over the past 12 months. The median horticulture farm size for the three months ended March 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 March refer to the period from 1 January 2017 to 31 March 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.