



20 June 2017
For immediate release

Volumes Steady Overall, Prices Variable

Summary

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 25 more farm sales (+5.1%) for the three months ended May 2017 than for the three months ended May 2016. Overall, there were 514 farm sales in the three months ended May 2017, compared to 473 farm sales for the three months ended April 2017 (+8.7%), and 489 farm sales for the three months ended May 2016. 1,790 farms were sold in the year to May 2017, 1.4% more than were sold in the year to May 2016, with 32% more finishing farms, 20% more dairy farms and 20.3% fewer grazing farms sold over the same period.

The median price per hectare for all farms sold in the three months to May 2017 was \$27,212 compared to \$26,683 recorded for three months ended May 2016 (+2.0%). The median price per hectare fell 4.1% compared to April.

The REINZ All Farm Price Index fell 2.4% in the three months to May 2017 compared to the three months to April 2017. Compared to May 2016 the REINZ All Farm Price Index rose 4.6%. 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 regions recorded increases in sales volume for the three months ended May 2017 compared to the three months ended May 2016. Waikato recorded the largest increase in sales (+23 sales), followed by Otago (+16 sales) and Southland (+14 sales). Compared to the three months ended April 2017, 10 regions recorded an increase in sales.

Brian Peacocke, Rural Spokesman, at REINZ says: "Sales figures for the three month period ending May 2017 reflect a steady tone in the rural market as the productive portion of the season tapers off, albeit sales prices are giving mixed signals. In spite of an oversupply of rain and resulting crop and pasture management difficulties in some areas, most regions have benefitted from favourable autumn conditions."

“As early frosts and snowfalls signal the approach of winter, confidence within the rural sector continues to build in anticipation of improving incomes during the forthcoming season. Demand for quality properties and the shortage of supply remains constant,” he concludes.

Points of Interest around New Zealand include:

- **Dairy** – As expected for the period leading into June when the majority of farm settlements take place, volumes across the country have eased. Financier instigated activity, particularly in the north-eastern Waikato, confirms recent comments from the Reserve Bank that some farmers may struggle to cope with the debt levels built up over recent seasons, with selling being the only option in such cases;
- **Finishing** - Confidence in this sector is demonstrated by a healthy level of sales in the Auckland and Waikato regions, with strong volumes and some particularly strong prices in Canterbury and Otago, with performance in Southland close behind;
- **Grazing** – Particularly strong activity in Northland, steady in Hawke’s Bay and Manawatu/Wanganui, with a continuation of the recent solid levels of sales in Canterbury and Otago;
- **Arable** – good demand and good prices for cropping farms in the Waikato, Canterbury and Southland regions, with volumes constrained by supply;
- **Horticulture** – a continuation of solid activity across the board in the Bay of Plenty during May, with a surge of sales in Gisborne; very quiet throughout the other traditional areas of Hawke’s Bay, Nelson and Marlborough; and
- **Forestry** - good returns from woodlots and plantations have resulted in an upturn of interest and sales activity in Nelson, Canterbury and Otago; a quiet month in the North Island with just one forestry sale being registered in Hawke’s Bay.

Finishing properties accounted for the largest number of sales with a 31% share of all sales over the three months to May 2017, Grazing properties accounted for 30%, Dairy properties accounted for 17% and Horticulture properties accounted for 12% of all sales. These four property types accounted for 90% of all sales during the three months ended May 2017.

Dairy Farms

For the three months ended May 2017 the median sales price per hectare for dairy farms was \$34,789 (89 properties), compared to \$35,186 for the three months ended April 2017 (98 properties), and \$33,507 (60 properties) for the three months ended May 2016. The median price per hectare for dairy farms has risen 3.8% over the past 12 months. The median dairy farm size for the three months ended May 2017 was 116 hectares.

On a price per kilo of milk solids basis the median sales price was \$36.26 per kg of milk solids for the three months ended May 2017, compared to \$34.47 per kg of milk solids for the three months ended April 2017 (+5.2%), and \$33.97 per kg of milk solids for the three months ended May 2016 (+6.7%).

The REINZ Dairy Farm Price Index rose 3.7% in the three months to May 2017 compared to the three months to April 2017. Compared to May 2016, the REINZ Dairy Farm Price Index rose 6.8%. 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 May 2017 the median sale price per hectare for finishing farms was \$27,141 (157 properties), compared to \$25,585 for the three months ended April 2017 (122 properties), and \$24,026 (107 properties) for the three months ended May 2016. The median price per hectare for finishing farms has risen 13.0% over the past 12 months. The median finishing farm size for the three months ended May 2017 was 52 hectares.

Grazing Farms

For the three months ended May 2017 the median sales price per hectare for grazing farms was \$14,160 (155 properties) compared to \$15,079 for the three months ended April 2017 (146 properties), and \$16,334 (173 properties) for the three months ended May 2016. The median price per hectare for grazing farms has fallen 13.3% over the past 12 months. The median grazing farm size for the three months ended May 2017 was 75 hectares.

Horticulture Farms

For the three months ended May 2017 the median sales price per hectare for horticulture farms was \$181,427 (64 properties) compared to \$278,419 (62 properties) for the three months ended April 2017, and \$243,942 (81 properties) for the three months ended May 2016. The median price per hectare for horticulture farms has fallen 25.6% over the past 12 months. The median horticulture farm size for the three months ended May 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 May refer to the period from 1 March 2017 to 31 May 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.