

**21 May 2018**

**For immediate release**

### **Good Autumn Conditions Continue**

Data released today by the Real Estate Institute of NZ (REINZ) shows there were 55 fewer farm sales (-11.6%) for the three months ended April 2018 than for the three months ended April 2017. Overall, there were 418 farm sales in the three months ended April 2018, compared to 388 farm sales for the three months ended March 2018 (+7.7%), and 473 farm sales for the three months ended April 2017. 1,468 farms were sold in the year to April 2018, 19.0% fewer than were sold in the year to April 2017, with 10.8% more finishing farms, 2.9% fewer dairy farms and 37.4% fewer grazing and 39.3% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to April 2018 was \$27,309 compared to \$28,368 recorded for three months ended April 2017 (-3.7%). The median price per hectare fell 0.4% compared to March.

The REINZ All Farm Price Index rose 1.5% in the three months to April 2018 compared to the three months to March 2018. Compared to April 2017, the REINZ All Farm Price Index rose 2.0%. 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.

Eight of 14 regions recorded decreases in the number of farm sales for the three months ended April 2018 compared to the three months ended April 2017. Northland recorded the most substantial decline in sales (-20 sales) followed by Otago (-19 sales) and Waikato (-14 sales). Canterbury (+11), West Coast (+10) and Manawatu/Wanganui (+8) were the top three regions to increase the number of farm sales compared to April 2017. Compared to the three months ended March 2018, five regions recorded a decrease in sales with the biggest drop being in Otago (-9 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Sales volumes from the 3 month period ending April 2018 indicate a slight increase from the previous period, but a general easing over the last 12 months. From a month by month perspective and given the time of the year, there is the predictable easing in sales volumes, particularly for the category of finishing units. Conversely, forestry has experienced a lift, albeit sales numbers are relatively small.

"The gain in the All Farm Price Index is balanced by the decrease in the Dairy Farm Price Index, indicating values for land use other than dairy are achieving stronger results," he continues.

"On the farming front for most parts of the country, Autumn 2018 has been one of the best for many years and is a welcome offset to the winter and early spring of 2017 which was one of the worst for many years.

"As referred to in previous reports, the issue of Mycoplasma Bovis has continued to grow exponentially to the point it is the dominant animal health concern throughout the country, in tandem with its devastating financial and social consequences," he concludes.

The allocation of a substantial increase in funding to the Ministry of Primary Industries in the latest budget is an acknowledgment by the Government as to how serious the issue is from a national perspective.

Points of interest around the country include: -

- **Upper North Island** – lower but steady volumes in all categories, with sales of grazing units being the strongest point of focus
- **Waikato** – sales of dairy farms have continued well in the latter part of the season, as has been the case over the last several years; reduced activity in other categories
- **Bay of Plenty/Rotorua/Taupo** – solid sales of horticultural units during April although well down compared to the same month in 2017 and 2016; harder work in the dairy and drystock segments with reports of morale reflecting caution as a result of current government initiatives
- **Taranaki** – sales of dairy units continue but zero results in the other categories
- **Manawatu/Wanganui** – continued activity in all categories but the reduced volumes reflect the later part of the season
- **Gisborne/Hawke's Bay/Wellington/Wairarapa** – lighter sales activity on grazing units throughout the east coast of the North Island with stronger activity on finishing units in the Wairarapa / Wellington districts in particular
- **Nelson/Marlborough** – activity in the finishing, grazing, horticulture and forestry sectors with fewer properties currently available
- **Canterbury** - solid sales achieved in most categories, particularly finishing and grazing properties, with forestry also mentioned in dispatches; a larger number of sheep and beef properties coming to the market in the northern and southern regions of the province indicates a busy spring ahead; increasing concern surrounding Mycoplasma Bovis
- **Otago** – light results indicate winter hibernation is starting to occur, although results over the previous months indicate the region is in good heart
- **Southland** – ongoing solid results for finishing and grazing properties, with the nil result on dairy farm sales suggesting focus is firmly on the sheep and beef sector; major concerns relating to the widespread impact of Mycoplasma Bovis.

Finishing farms accounted for the largest number of sales with a 32% share of all sales over the three months to April 2018, Grazing farms accounted for 26%, Dairy properties accounted for 20%, and Horticulture properties accounted for 12% of all sales. These four property types accounted for 90% of all sales during the three months ended April 2018.

### ***Dairy Farms***

For the three months ended April 2018, the median sales price per hectare for dairy farms was \$36,028 (82 properties), compared to \$33,750 for the three months ended March 2018 (80 properties), and \$35,186 (98 properties) for the three months ended April 2017. The median price per hectare for dairy farms has increased 2.4% over the past 12 months. The median dairy farm size for the three months ended April 2018 was 96 hectares.

On a price per kilo of milk solids basis the median sales price was \$37.38 per kg of milk solids for the three months ended April 2018, compared to \$37.39 per kg of milk solids for the three months ended March 2018 (-0.0%), and \$34.47 per kg of milk solids for the three months ended April 2017 (+8.4%).

The REINZ Dairy Farm Price Index fell 2.0% in the three months to April 2018 compared to the three months to March 2018. Compared to April 2017, the REINZ Dairy Farm Price Index

fell 5.2%. 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 2018, the median sale price per hectare for finishing farms was \$29,427 (134 properties), compared to \$30,044 for the three months ended March 2018 (132 properties) and \$25,585 (122 properties) for the three months ended April 2017. The median price per hectare for finishing farms has risen 15.0% over the past 12 months. The median finishing farm size for the three months ended April 2018 was 41 hectares.

### ***Grazing Farms***

For the three months ended April 2018, the median sales price per hectare for grazing farms was \$10,692 (109 properties) compared to \$10,682 for the three months ended March 2018 (103 properties) and \$15,079 (146 properties) for the three months ended April 2017. The median price per hectare for grazing farms has fallen 29.1% over the past 12 months. The median grazing farm size for the three months ended April 2018 was 99 hectares.

### ***Horticulture Farms***

For the three months ended April 2018, the median sales price per hectare for horticulture farms was \$278,258 (52 properties) compared to \$277,901 (38 properties) for the three months ended March 2018 and \$278,419 (62 properties) for the three months ended April 2017. The median price per hectare for horticulture farms has fallen 0.1% over the past 12 months. The median horticulture farm size for the three months ended April 2018 was seven hectares.

## **ENDS**

### **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 2018 to 30 April 2018.*

*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 April 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.*