

**24 September 2018**  
**For immediate release**

### **Late Winter Suppresses the Market**

Data released today by the Real Estate Institute of NZ (REINZ) shows there were 12 more farm sales (+3.9%) for the three months ended August 2018 than for the three months ended August 2017. Overall, there were 323 farm sales in the three months ended August 2018, compared to 397 farm sales for the three months ended July 2018 (-18.6%) and 311 farm sales for the three months ended August 2017. 1,466 farms were sold in the year to August 2018, 14.2% fewer than were sold in the year to August 2017, with 6.8% less dairy farms, 13.1% fewer grazing farms, 13.9% less finishing farms and 16.7% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to August 2018 was \$19,792 compared to \$27,928 recorded for three months ended August 2017 (-29.1%). The median price per hectare fell 7.1% compared to July.

The REINZ All Farm Price Index fell 1.6% in the three months to August 2018 compared to the three months to July 2018. Compared to August 2017 the REINZ All Farm Price Index rose 4.0%. 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.

Six of 14 regions recorded increases in the number of farm sales for the three months ended August 2018 compared to the three months ended August 2017. Manawatu/Wanganui (+16), Southland (+12) and Otago (+9) were the top three regions to increase the number of farm sales compared to August 2017. Canterbury recorded the most substantial decline in sales (-14 sales) followed by Auckland (-11 sales). Compared to the three months ended July 2018, 12 regions recorded a decrease in sales with the biggest drop being in Waikato (-21 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Sales data for the 3 month period ending August 2018 is similar to the previous release in that sales volumes are reasonably consistent compared to 12 months ago but well down on the equivalent period in 2016. It will be of interest to monitor this trend as we move into the forthcoming spring.

"On-farm conditions during August have been similar to last year, with heavy rainfall creating difficult ground conditions and some pasture damage in the northern regions," he continues.

"Extended wet stormy periods have resulted in heavy losses of new-born lambs in parts of the central to coastal regions of the North Island, and heavy falls of snow have caused considerable disruption to farming and tourism activities in the central to southern areas of the South Island," continues Peacocke.

"On the farming front, focus on the volatility within Fonterra is causing some producers to overlook the fact that the milk price for the current season is better than last year. Beef and sheep farmers are currently benefitting from very strong schedules for beef and lamb; horticultural produce is achieving record prices; interest rates and the exchange rate remain low, albeit the resulting increases in fuel charges are impacting negatively on the rural sector.

“Mycoplasma bovis continues to be the main point of focus for the Ministry of Primary Industries and farmers alike, each with an expectation that the support sectors including transport and stock and station agencies remain vigilant and fulfill their respective biosecurity obligations,” he concludes.

**Points of Interest around New Zealand include:**

- **Dairy** - minimal activity as seasonal activities dominate; 5 transactions only recorded for August
- **Finishing** - relatively quiet in the North Island apart from some smaller blocks on the Kapiti Coast; a similar situation in the Tasman district; solid activity in Canterbury on smaller units; steady sales in Southland
- **Grazing** – consistent sales in Northland; lighter activity in Taranaki, but a reasonable level of sales through Canterbury, Otago and Southland
- **Arable** – quiet throughout most of the country, Canterbury being the exception with a simmering of activity
- **Horticulture** – an unexpected surge of sales in the Bay of Plenty with light activity in the Gisborne and Southland districts
- **Forestry** - 2 sales recorded in the Marlborough region but minimal activity elsewhere.

Grazing farms accounted for the largest number of sales with a 40% share of all sales over the three months to August 2018, Finishing farms accounted for 28%, Horticulture accounted for 12%, and Dairy properties accounted for 7% of all sales. These four property types accounted for 87% of all sales during the three months ended August 2018.

***Dairy Farms***

For the three months ended August 2018, the median sales price per hectare for dairy farms was \$30,830 (24 properties), compared to \$31,881 for the three months ended July 2018 (39 properties), and \$37,842 (26 properties) for the three months ended August 2017. The median price per hectare for dairy farms has decreased 18.5% over the past 12 months. The median dairy farm size for the three months ended August 2018 was 138 hectares.

On a price per kilo of milk solids basis the median sales price was \$31.76 per kg of milk solids for the three months ended August 2018, compared to \$32.01 per kg of milk solids for the three months ended July 2018 (-0.8%), and \$34.95 per kg of milk solids for the three months ended August 2017 (-9.1%).

The REINZ Dairy Farm Price Index increased 3.6% in the three months to August 2018 compared to the three months to July 2018. Compared to August 2017, the REINZ Dairy Farm Price Index fell 13.2%. 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 August 2018, the median sale price per hectare for finishing farms was \$28,011 (89 properties), compared to \$26,531 for the three months ended July

2018 (123 properties), and \$30,566 (124 properties) for the three months ended August 2017. The median price per hectare for finishing farms has fallen 8.4% over the past 12 months. The median finishing farm size for the three months ended August 2018 was 41 hectares.

### ***Grazing Farms***

For the three months ended August 2018, the median sales price per hectare for grazing farms was \$10,168 (130 properties) compared to \$10,196 for the three months ended July 2018 (143 properties) and \$11,355 (69 properties) for the three months ended August 2017. The median price per hectare for grazing farms has fallen 10.5% over the past 12 months. The median grazing farm size for the three months ended August 2018 was 141 hectares.

### ***Horticulture Farms***

For the three months ended August 2018, the median sales price per hectare for horticulture farms was \$255,351 (39 properties) compared to \$281,468 (44 properties) for the three months ended July 2018 and \$158,546 (46 properties) for the three months ended August 2017. The median price per hectare for horticulture farms has risen 61.1% over the past 12 months. The median horticulture farm size for the three months ended August 2018 was nine 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 August refer to the period from 1 June 2018 to 31 August 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 August 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.*