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For immediate release

Winter market remains resilient, says REINZ

Data released today by the Real Estate Institute of NZ (REINZ) shows there were 32 fewer farm sales (-7.0%) for the three months ended June 2018 than for the three months ended June 2017. Overall, there were 427 farm sales in the three months ended June 2018, compared to 443 farm sales for the three months ended May 2018 (-3.6%), and 459 farm sales for the three months ended June 2017. 1,480 farms were sold in the year to June 2018, 17.0% fewer than were sold in the year to June 2017, with 1.2% less dairy farms, 3.2% less finishing farms, 25.0% fewer arable and 28.0% fewer grazing farms sold over the same period.

The median price per hectare for all farms sold in the three months to June 2018 was \$21,745 compared to \$25,993 recorded for three months ended June 2017 (-16.3%). The median price per hectare fell 17.1% compared to May.

The REINZ All Farm Price Index fell 4.4% in the three months to June 2018 compared to the three months to May 2018. Compared to June 2017 the REINZ All Farm Price Index rose 3.7%. 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.

Half of 14 regions recorded increases in the number of farm sales for the three months ended June 2018 compared to the three months ended June 2017. Manawatu/Wanganui (+21), Waikato (+8) and Hawke's Bay (+6) were the top three regions to increase the number of farm sales compared to June 2017. Canterbury and Northland recorded the most substantial decline in sales (-23 sales) followed by Otago (-12 sales). Compared to the three months ended May 2018, eight regions recorded a decrease in sales with the biggest drop being in Bay of Plenty (-12 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Accepting the anticipated easing in volumes during the early winter period of June, sales figures for the most recent 3 month period indicate an encouraging degree of resilience.

"The resilience referred to applies particularly to the drystock sector, with strong performances in the finishing and grazing categories, underpinned by steadiness in the horticulture industry.

"Rural New Zealand has embarked upon the winter in good shape, with solid confidence after a very good autumn, forecasts of a good dairy payout and ongoing optimism for export returns from beef, lamb and horticulture.

"On a precautionary note, the pervading presence of *Mycoplasma bovis* remains the dominant biosecurity issue, with outbreaks continuing to have a devastating impact on those farming and rural businesses affected.

"Early spring 2018, when dairy and beef animals are likely to be under maximum stress, is anticipated to be the real test for the government and industry backed eradication

programme, a period nervously awaited by the farming sector and the wide variety of rural industries providing back-up to the primary industries,” he concludes.

Points of Interest around New Zealand include:

- **Northland** - reports of an abnormally busy June with good activity on beef, dairy and dairy support properties from both local and mid North Island purchasers; increased demand for land suitable for horticulture, stimulated in part by Zespri releasing additional licences for gold kiwifruit; ongoing widespread demand on land suitable for avocados and market gardening; Mycoplasma bovis is impacting on transactions
- **Waikato** - a tailing off on dairy sales activity as calving approaches but offset by solid activity and strong prices on grazing and finishing properties; increased dairy listings anticipated in the spring, albeit much discussion on biosecurity measures to cope with the risk of Mycoplasma bovis
- **Bay of Plenty** - very subdued in most categories apart from the horticulture sector where kiwifruit orchard sales and general activity continue at an exceptional rate; underpinned by strong returns per tray, demand continues unabated for gold and green orchards alike, quality and availability being the major constraints; supply anticipated to be short until the conclusion of pruning and tying down over the next 2/3 months, such supply in turn being dependent upon prices achieved by Zespri for quality fruit
- **Hawke's Bay** - reasonable activity on grazing and finishing properties with values steady; Mycoplasma bovis being monitored carefully; reports of increased activity from forestry interests seeking opportunities for expansion
- **Taranaki** - restrained sales after an active period last month; prospective vendors aware of need to advance collection of farm data prior to the selling period in spring; increased enquiry for dairy support blocks, partly in response to Mycoplasma bovis
- **Manawatu/Wanganui** - strong sales of finishing and grazing properties, with the majority of the activity occurring in the Tararua region between Eketahuna and Dannevirke; one larger property sale in the Hunterville district
- **Wairarapa/Wellington** - subdued activity on the sheep and beef front; an increase in enquiry for dairy support blocks due to dairy farmers moving to being self-contained in response to the Mycoplasma bovis issue; reports of some larger, quality sheep & beef properties being sold to forestry interests
- **Nelson/Marlborough** - strong enquiry at good price levels for pastoral properties where listings are now in short supply; strong interest in the horticulture sector with a particular focus on hops in the Nelson district; activity in viticulture constrained by shortage of supply; optimism for the spring market prevails across the region
- **Canterbury** - light sales activity in the dairy, finishing, grazing and arable sectors where winter conditions now dominate; very few properties currently available
- **Otago** - strong consistent sales activity surrounding grazing and finishing units throughout the province; some enquiry for dairy support blocks as a result of dairy farmers looking towards self-containment as a result of Mycoplasma bovis; healthy

enquiry for cherry orchards in Central Otago where supply is short; increasing enquiry for blocks suitable for planting pine trees

- **Southland** - a simmering of activity surrounding dairy and finishing properties; strong sales activity on grazing units where sheep and beef enquiry is increasing and support blocks are being sought for self-containment purposes by the dairy industry; Mycoplasma bovis continues to be problematic across the board, particularly where transactions have not catered for potential problems; good spring conditions are anticipated.

Grazing farms accounted for the largest number of sales with a 33% share of all sales over the three months to June 2018, Finishing farms accounted for 28%, Dairy properties accounted for 13% and Horticulture properties also accounted for 13% of all sales. These four property types accounted for 87% of all sales during the three months ended June 2018.

Dairy Farms

For the three months ended June 2018, the median sales price per hectare for dairy farms was \$31,881 (57 properties), compared to \$35,901 for the three months ended May 2018 (74 properties) and \$34,789 (59 properties) for the three months ended June 2017. The median price per hectare for dairy farms has decreased 8.4% over the past 12 months. The median dairy farm size for the three months ended June 2018 was 122 hectares.

On a price per kilo of milk solids basis the median sales price was \$33.37 per kg of milk solids for the three months ended June 2018, compared to \$36.45 per kg of milk solids for the three months ended May 2018 (-8.4%), and \$33.45 per kg of milk solids for the three months ended June 2017 (-0.2%).

The REINZ Dairy Farm Price Index decreased 3.4% in the three months to June 2018 compared to the three months to May 2018. Compared to June 2017, the REINZ Dairy Farm Price Index fell 11.5%. 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 June 2018, the median sale price per hectare for finishing farms was \$26,245 (120 properties), compared to \$29,093 for the three months ended May 2018 (145 properties) and \$27,613 (173 properties) for the three months ended June 2017. The median price per hectare for finishing farms has fallen 5.0% over the past 12 months. The median finishing farm size for the three months ended June 2018 was 48 hectares.

Grazing Farms

For the three months ended June 2018, the median sales price per hectare for grazing farms was \$10,113 (143 properties) compared to \$10,687 for the three months ended May 2018 (120 properties) and \$10,093 (121 properties) for the three months ended June 2017. The median price per hectare for grazing farms has risen 0.2% over the past 12 months. The median grazing farm size for the three months ended June 2018 was 125 hectares.

Horticulture Farms

For the three months ended June 2018, the median sales price per hectare for horticulture farms was \$279,543 (57 properties) compared to \$277,842 (60 properties) for the three

months ended May 2018 and \$159,161 (62 properties) for the three months ended June 2017. The median price per hectare for horticulture farms has risen 75.6% over the past 12 months. The median horticulture farm size for the three months ended June 2018 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 June refer to the period from 1 March 2018 to 30 June 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 June 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.