

24 October 2018

For immediate release

Subdued Early Spring

Data released today by the Real Estate Institute of New Zealand (REINZ) shows there were 21 less farm sales (-7.7%) for the three months ended September 2018 than for the three months ended September 2017. Overall, there were 250 farm sales in the three months ended September 2018, compared to 323 farm sales for the three months ended August 2018 (-22.6%), and 271 farm sales for the three months ended September 2017. 1,460 farms were sold in the year to September 2018, 12.4% fewer than were sold in the year to September 2017, with 8.4% less dairy farms, 11.4% fewer grazing farms, 14.9% less finishing farms and 18.8% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to September 2018 was \$25,447 compared to \$27,363 recorded for three months ended September 2017 (-7.0%). The median price per hectare rose 28.6% compared to August 2018.

The REINZ All Farm Price Index rose 4.0% in the three months to September 2018 compared to the three months to August 2018. Compared to September 2017 the REINZ All Farm Price Index rose 9.2%. 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.

Five of 14 regions recorded increases in the number of farm sales for the three months ended September 2018 compared to the three months ended September 2017. Wellington (+10), Southland (+4) and Manawatu/Wanganui (+3) were the top three regions to increase the number of farm sales compared to September 2017. Northland recorded the most substantial decline in sales (-14 sales) followed by Auckland (-9 sales). Compared to the three months ended August 2018, 12 regions recorded a decrease in sales with the biggest drop being in Manawatu/Wanganui (-18 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Farm sale volumes for the 3 month period ending 30 September 2018 continue to ease in comparison to the same period 12 months ago, and are down by a significant 35% compared to 2 years ago.

"However, based on the number of properties currently coming to the market, it is likely the easing trend will be halted over the next 2 months, assuming of course there are sufficient purchasers for the farms available.

"Reflecting on the extremely difficult on-farm conditions experienced 12 months ago, the early spring of 2018 to date has been one of the best for a number of years, with sufficient rain to stimulate grass growth which has resulted in corresponding increases in production.

"Whilst most farmers are enjoying the mild temperatures, and contractors are busy with silage and crop planting activities, the cautious operators are maintaining a close watch on rainfall figures as they factor in the possibility of a dry period ahead.

“Economic issues beyond the farm gate, both political and financial, continue to impact with the positives being offset by the negatives, but the underlying factors of volatility as that relates to the mix of erosion of income, compliance demands and suitable labour are sufficient to keep the rural sector constantly on guard,” he concludes.

Points of Interest around New Zealand include:

- **Dairy** - again, minimal activity with 3 sales only for September and 14 for the last 3 month period
- **Finishing** - solid activity in Waikato, Manawatu/Wanganui and Canterbury, with high prices in the northern province, albeit on smaller properties; quiet in other regions
- **Grazing** - sufficient activity to be recorded in the Northland, Auckland and Wellington districts, as was the case in Canterbury and Otago, with steady sales in Southland
- **Arable** - quiet in most regions, Southland being the exception
- **Horticulture** - a continuation of good sales of mostly smaller orchards in the Bay of Plenty; some activity in Gisborne and Hawke’s Bay and a burst of sales in the Marlborough district.

Grazing farms accounted for the largest number of sales with a 34% share of all sales over the three months to September 2018, Finishing farms accounted for 30%, Horticulture accounted for 17%, and Forestry properties accounted for 6% of all sales. These four property types accounted for 87% of all sales during the three months ended September 2018.

Dairy Farms

For the three months ended September 2018, the median sales price per hectare for dairy farms was \$30,876 (14 properties), compared to \$30,830 for the three months ended August 2018 (24 properties), and \$37,812 (22 properties) for the three months ended September 2017. The median price per hectare for dairy farms has decreased 18.3% over the past 12 months. The median dairy farm size for the three months ended September 2018 was 178 hectares.

On a price per kilo of milk solids basis the median sales price was \$30.65 per kg of milk solids for the three months ended September 2018, compared to \$31.76 per kg of milk solids for the three months ended August 2018 (-3.5%), and \$36.78 per kg of milk solids for the three months ended September 2017 (-16.7%).

The REINZ Dairy Farm Price Index decreased 1.3% in the three months to September 2018 compared to the three months to August 2018. Compared to September 2017, the REINZ Dairy Farm Price Index fell 15.0%. 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 September 2018, the median sale price per hectare for finishing farms was \$32,412 (74 properties), compared to \$28,011 for the three months ended August 2018 (89 properties), and \$30,828 (103 properties) for the three months ended September 2017. The median price per hectare for finishing farms has risen 5.1% over the

past 12 months. The median finishing farm size for the three months ended September 2018 was 37 hectares.

Grazing Farms

For the three months ended September 2018, the median sales price per hectare for grazing farms was \$11,936 (85 properties) compared to \$10,168 for the three months ended August 2018 (130 properties) and \$12,031 (69 properties) for the three months ended September 2017. The median price per hectare for grazing farms has fallen 0.8% over the past 12 months. The median grazing farm size for the three months ended September 2018 was 116 hectares.

Horticulture Farms

For the three months ended September 2018, the median sales price per hectare for horticulture farms was \$193,517 (43 properties) compared to \$255,351 (39 properties) for the three months ended August 2018 and \$189,044 (35 properties) for the three months ended September 2017. The median price per hectare for horticulture farms has risen 2.4% over the past 12 months. The median horticulture farm size for the three months ended September 2018 was nine 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 September refer to the period from 1 July 2018 to 30 September 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 September 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.