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For immediate release

A Promising Start to Summer

Data released today by the Real Estate Institute of New Zealand (REINZ) shows there were 46 more farm sales (+11.7%) for the three months ended December 2018 than for the three months ended December 2017. Overall, there were 440 farm sales in the three months ended December 2018, compared to 336 farm sales for the three months ended November 2018 (+31.0%), and 394 farm sales for the three months ended December 2017. 1,505 farms were sold in the year to December 2018, 3.8% fewer than were sold in the year to December 2017, with 19.0% less dairy farms, 1.3% more grazing farms, 3.9% more finishing farms and 3.1% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to December 2018 was \$27,288 compared to \$29,266 recorded for three months ended December 2017 (-6.8%). The median price per hectare fell 10.3% compared to November 2018.

The REINZ All Farm Price Index rose 0.02% in the three months to December 2018 compared to the three months to November 2018. Compared to December 2017 the REINZ All Farm Price Index fell 0.7%. 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.

Ten of the 14 regions recorded increases in the number of farm sales for the three months ended December 2018 compared to the three months ended December 2017. Northland (+16), Manawatu/Wanganui (+13) and Wellington (+11) were the top regions to increase the number of farm sales compared to December 2017. Bay of Plenty recorded the most substantial decline in sales (-13 sales) followed by Canterbury (-10 sales). Compared to the three months ended November 2018, 13 regions recorded an increase in sales with the biggest increase being in Waikato (+20 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Sales volumes for the 3 month period ending 31 December 2018 were stronger in all categories compared to the previous 3 month period, apart from horticulture sales which eased by 12%.

"Compared to the same period ending December 2016, all categories were down significantly apart from sales of finishing properties which increased over that period by 13%.

"From a climatic perspective, most regions enjoyed more rain than the norm, with resulting benefits to livestock via strong pasture growth and maize crops in particular which have experienced the best growing conditions recorded for some years.

“Of particular note, from one who has farmed within and travelled in and out of Hawke’s Bay for 50 years, are the hills south of Hastings in Hawke’s Bay which were still green in early January whereas they would normally be dry and brown by late October in any given year.

“Weather patterns producing such results are quite extraordinary.

“Morale throughout the rural sector is generally very good, with solid levels of production in the dairy sector, strong prices for sheep and beef, and continuing optimism for output in the horticultural sector.

“The major constraint balancing such optimism is the dramatic shortage of labour throughout the country, a factor which is impacting negatively on all sectors in the rural economy,” he concludes.

Points of Interest around New Zealand include:

- **Dairy** - a significant reduction in sales volumes throughout the upper North, Waikato and Rotorua/Bay of Plenty; holding par in Taranaki and Manawatu/Wanganui; miserable results in central South Island but consistent with previous seasons in Southland
- **Finishing** - steady sales in Northland and Hawke’s Bay; very strong activity throughout the wider Waikato/Northern King Country region although a number of smaller units bolstered sales figures; solid results throughout Nelson/Marlborough, Canterbury and Otago, with a strong upturn in Southland during December, which almost equated to one of their best months as recorded in December 2016
- **Grazing** - reasonable sales success in Northland and Gisborne; consistently solid in the Waikato, Hawke’s Bay and Canterbury, but an extremely good result for the month of December throughout the Manawatu/Wanganui region
- **Arable** - sales numbers are level with the better months in recent years, with Canterbury enjoying one of their stronger outcomes for some time
- **Horticulture** - sales results reflect a healthy industry in cruise mode for December, with Gisborne the clear leader of the regions and comfortably ahead of Bay of Plenty
- **Forestry** - minimal activity in most regions apart from steady sales and an equal sharing of honours between the Marlborough, Tasman and Nelson districts.

Finishing farms accounted for the largest number of sales with a 35% share of all sales over the three months to December 2018, Grazing farms accounted for 29%, Dairy accounted for 13%, and Horticulture properties accounted for 10% of all sales. These four property types accounted for 87% of all sales during the three months ended December 2018.

Dairy Farms

For the three months ended December 2018, the median sales price per hectare for dairy farms was \$40,589 (58 properties), compared to \$50,964 for the three months ended November 2018 (36 properties), and \$40,484 (79 properties) for the three months ended

December 2017. The median price per hectare for dairy farms has increased 0.3% over the past 12 months. The median dairy farm size for the three months ended December 2018 was 97 hectares.

On a price per kilo of milk solids basis the median sales price was \$40.56 per kg of milk solids for the three months ended December 2018, compared to \$43.57 per kg of milk solids for the three months ended November 2018 (-6.9%), and \$36.67 per kg of milk solids for the three months ended December 2017 (+10.6%).

The REINZ Dairy Farm Price Index increased 6.3% in the three months to December 2018 compared to the three months to November 2018. Compared to December 2017, the REINZ Dairy Farm Price Index fell 0.01%. 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 December 2018, the median sale price per hectare for finishing farms was \$31,169 (152 properties), compared to \$32,635 for the three months ended November 2018 (112 properties), and \$32,000 (97 properties) for the three months ended December 2017. The median price per hectare for finishing farms has fallen 2.6% over the past 12 months. The median finishing farm size for the three months ended December 2018 was 40 hectares.

Grazing Farms

For the three months ended December 2018, the median sales price per hectare for grazing farms was \$10,192 (128 properties) compared to \$11,835 for the three months ended November 2018 (93 properties) and \$11,937 (110 properties) for the three months ended December 2017. The median price per hectare for grazing farms has fallen 14.6% over the past 12 months. The median grazing farm size for the three months ended December 2018 was 113 hectares.

Horticulture Farms

For the three months ended December 2018, the median sales price per hectare for horticulture farms was \$164,143 (44 properties) compared to \$196,142 (50 properties) for the three months ended November 2018 and \$242,988 (58 properties) for the three months ended December 2017. The median price per hectare for horticulture farms has dropped 32.4% over the past 12 months. The median horticulture farm size for the three months ended December 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 December refer to the period from 1 October 2018 to 31 December 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 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.