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For immediate release

A Gentle Winter – A Variable Market

Data released today by the Real Estate Institute of New Zealand (REINZ) shows there were 102 less farm sales (-25.7%) for the three months ended July 2019 than for the three months ended July 2018. Overall, there were 295 farm sales in the three months ended July 2019, compared to 397 farm sales for the three months ended June 2019 (-8.4%), and 397 farm sales for the three months ended July 2018. 1,339 farms were sold in the year to July 2019, 9.0% fewer than were sold in the year to July 2018, with 38.4% less Dairy farms, 2.1% more Grazing farms, 12.0% less Finishing farms and 16.0% less Arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to July 2019 was \$23,435 compared to \$21,302 recorded for three months ended July 2018 (+10.0%). The median price per hectare increased 6.3% compared to June 2019.

The REINZ All Farm Price Index rose 1.4% in the three months to July 2019 compared to the three months to June 2019. Compared to July 2018 the REINZ All Farm Price Index rose 3.0%. 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.

Three of the 14 regions recorded an increase in the number of farm sales for the three months ended July 2019 compared to the three months ended July 2018 with the most notable being Nelson (+7). Manawatu-Wanganui recorded the most substantial decline in sales (-22 sales) followed by Waikato and Otago (-16 sales). Compared to the three months ended June 2019, five regions recorded an increase in sales with the biggest increase being in Nelson (+5 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: “Volumes of farm sales for the three month period ending July 2019 reflect the easing trend evident over recent months which at 295 sales in total is a reduction in the order of 25% compared to the same period in 2017 and 2018.

Acknowledging the winter period when activity is generally at its lowest, grazing properties have held reasonably well, dairy farms eased by a quarter but finishing properties dropped by a significant 45% compared to two years ago, influenced to quite a degree by the lack of availability in spite of good demand for such properties.

From a farming perspective, much of New Zealand has enjoyed one of the kindest winters to date for many years, with sufficient rain and temperatures conducive to continuity of grass growth in the North Island, and a reduction of snow and frosts compared to other years in the South.

Such conditions have bolstered morale but an overlay of caution remains, driven by frosty bank conditions and ice-shattering announcements from Fonterra, albeit dairy payout predictions remain solid, as do returns in particular from lamb, beef and horticultural products.

The major “burr under the saddle” remains the heavy intrusion of pine trees into the pastoral sector in eastern districts already at risk from rural depopulation and the collapse of log prices in the China market.

The balancing factors currently are the recent drop in the Official Cash Rate (OCR) which should peg interest rates, and at this stage, it would appear we are heading towards a good productive spring,” he concludes.

Points of Interest around New Zealand include:

- **Upper North** - strong activity at solid prices in the grazing category where, apart from one larger unit in the far north, smaller properties were dominant; minor results in the finishing sector and zero on dairy
- **Waikato/King Country/Taupo** - a good solid level of sales of finishing and grazing properties, again with a predominance of smaller units and two dairy farm sales, one in particular in the higher price category
- **Bay of Plenty** - again, steady sales of finishing and grazing blocks with some strong prices in the Te Puke and Rotorua districts; a marked drop-off in horticultural sales which is as expected for this time of the year
- **Gisborne/Hawke’s Bay** - relatively quiet in Gisborne and modest volumes in the pastoral sector in Hawke’s Bay, notably one larger dairy farm sale in the Patoka district and some strong prices for finishing units in Central Hawke’s Bay
- **Taranaki** - like the mountain, a quiet sleepy period before the spring eruption
- **Manawatu/Wanganui** - a steady level of dry stock sales throughout the region, slower in Tararua, with a particularly strong price for a good, albeit smaller, finishing unit in Horowhenua
- **Wairarapa/Wellington** - quiet in the Wairarapa but a spurt of solid prices for smaller finishing properties on the Kapiti Coast
- **Nelson** - a burst of activity and spectacular prices for viticulture properties in Marlborough, underpinned by solid prices for finishing units in the adjoining Tasman district
- **Canterbury/West Coast** - a stirring of the grazing bones in the Hurunui district but strongly dominated by some great sales of finishing properties at very good prices across the Selwyn, Ashburton and Timaru regions; quiet on the West Coast where West Coast Co-op suppliers are assessing their future options
- **Otago** - consistent sales activity at steady prices on finishing and grazing properties throughout the Waitaki, Central Otago, Dunedin and Clutha districts

- **Southland** - solid prices for good finishing units in the central part of the province; incubation time in the dairy sector.

Grazing farms accounted for the largest number of sales with a 37% share of all sales over the three months to July 2019, Finishing farms accounted for 28%, Horticulture accounted for 15%, and Dairy properties accounted for 8% of all sales. These four property types accounted for 88% of all sales during the three months ended July 2019.

Dairy Farms

For the three months ended July 2019, the median sales price per hectare for dairy farms was \$32,701 (25 properties), compared to \$25,028 (34 properties) for the three months ended June 2019, and \$31,881 (39 properties) for the three months ended July 2018. The median price per hectare for dairy farms has increased 2.6% over the past 12 months. The median dairy farm size for the three months ended July 2019 was 166 hectares.

On a price per kilo of milk solids basis the median sales price was \$33.51 per kg of milk solids for the three months ended July 2019, compared to \$31.76 per kg of milk solids for the three months ended June 2019 (+5.5%), and \$32.01 per kg of milk solids for the three months ended July 2018 (+4.7%).

The REINZ Dairy Farm Price Index rose 17.3% in the three months to July 2019 compared to the three months to June 2019. Compared to July 2018, the REINZ Dairy Farm Price Index rose 15.2%. 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 July 2019, the median sale price per hectare for finishing farms was \$32,423 (83 properties), compared to \$30,920 (84 properties) for the three months ended June 2019, and \$26,531 (123 properties) for the three months ended July 2018. The median price per hectare for finishing farms has risen 22.2% over the past 12 months. The median finishing farm size for the three months ended July 2019 was 34 hectares.

Grazing Farms

For the three months ended July 2019, the median sales price per hectare for grazing farms was \$11,138 (108 properties), compared to \$10,881 (117 properties) for the three months ended June 2019 and \$10,196 (143 properties) for the three months ended July 2018. The median price per hectare for grazing farms has risen 9.2% over the past 12 months. The median grazing farm size for the three months ended July 2019 was 127 hectares.

Horticulture Farms

For the three months ended July 2019, the median sales price per hectare for horticulture farms was \$210,458 (44 properties), compared to \$262,490 (50 properties) for the three months ended June 2019 and \$281,468 (44 properties) for the three months ended July 2018. The median price per hectare for horticulture farms has fallen 25.2% over the past 12 months. The median horticulture farm size for the three months ended July 2019 was 8 hectares.

ENDS

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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 July refer to the period from 1 May 2019 to 31 July 2019.

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.