

15 April 2019

For immediate release

Easing Trend Continues

Data released today by the Real Estate Institute of New Zealand (REINZ) shows there were 57 less farm sales (-14.7%) for the three months ended March 2019 than for the three months ended March 2018. Overall, there were 331 farm sales in the three months ended March 2019, compared to 370 farm sales for the three months ended February 2019 (-10.5%), and 388 farm sales for the three months ended March 2018. 1,448 farms were sold in the year to March 2019, 4.3% fewer than were sold in the year to March 2018, with 28.0% less Dairy farms, 19.3% more Grazing farms, 16.3% less Finishing farms and 4.5% more Arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to March 2019 was \$23,383 compared to \$27,428 recorded for three months ended March 2018 (-14.7%). The median price per hectare increased 4.1% compared to February 2019.

The REINZ All Farm Price Index rose 0.4% in the three months to March 2019 compared to the three months to February 2019. Compared to March 2018 the REINZ All Farm Price Index rose 11.9%. 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 the 14 regions recorded increases in the number of farm sales for the three months ended March 2019 compared to the three months ended March 2018. Taranaki (+8), Hawke's Bay (+7) and Nelson (+5) were the top regions to increase the number of farm sales compared to March 2018. Waikato recorded the most substantial decline in sales (-20 sales) followed by Bay of Plenty (-14 sales). Compared to the three months ended February 2019, three regions recorded an increase in sales with the biggest increase being in Bay of Plenty (+9 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Sales data just released for the 3 month period ending 31 March 2019 confirms a reduction in volume of 57 farm sales (14.7%) compared to the same period 12 months ago, and a reduction of 107 farm sales (24.4%) from the equivalent period 2 years ago.

"Such reductions indicate significant changes are occurring within a number of the land use categories apart from the horticultural sector, which whilst down marginally from the March quarter of 2 years ago, has experienced a 21% lift from the sales volumes recorded for that sector in the March quarter of 2018.

"The drivers for the drop in sales volumes referred to are receiving considerable publicity, such reasons include but are not limited to the following:

- an increasing number of retirements amongst farm owners
- pressure on profitability as a result of increasing costs
- increasing difficulty in obtaining qualified labour

- increasing demands from the wide range of compliance issues
- indications of a lack of empathy from central government
- volatility of income and climate.

“On the flip side of the coin, the encouraging factors include:

- in spite of tightening criteria from the banking sector, interest rates and the exchange rate remain encouraging
- income levels are good for lamb and fine wool, solid for beef, improving for dairy and excellent for some of the horticultural products.

“Currently however, a feeling of caution is evident in the rural sector,” he concludes.

Points of Interest around New Zealand include:

- **Dairy** - a lower level of sales in the Northland, Waikato and Bay of Plenty regions, light activity throughout Taranaki and Manawatu/Wanganui, but minimal sales throughout the South Island where in the last 3 months the dairy farm sales total 8 for the period, 3 of which were registered in Southland
- **Finishing** - reasonable results in Northland, Auckland, Waikato and Taranaki; strong volumes in Manawatu / Wanganui, with good solid activity in the Nelson/Marlborough, Canterbury, Otago and Southland regions
- **Grazing** - Northland, Hawke’s Bay, Taranaki, Manawatu/Wanganui and to a lesser extent Wellington, all feature strongly in the sales results column; modest activity in Nelson/Marlborough and Canterbury with Otago and Southland registering the strongest results for the South Island
- **Horticulture** - steady sales in the Gisborne region but outstanding activity throughout the total Bay of Plenty region, particularly during March, with reports of top quality kiwifruit orchards in the best of the areas achieving record prices (up to \$1.35m/canopy ha for gold, including crop and \$450,000 to \$500,000/canopy ha for green, crop included); reports also confirm that even in the fringe areas, prices for kiwifruit orchards are currently better than the top prices achieved in the good areas 18 months ago. However, activity is expected to tail off as picking progresses and may well be quiet until the spring period when pruning and tying down has been completed, and the new growth emerges.

Grazing farms accounted for the largest number of sales with a 35% share of all sales over the three months to March 2019, Finishing farms accounted for 24%, Horticulture accounted for 14%, and Dairy properties accounted for 13% of all sales. These four property types accounted for 86% of all sales during the three months ended March 2019.

Dairy Farms

For the three months ended March 2019, the median sales price per hectare for dairy farms was \$37,100 (43 properties), compared to \$35,807 (55 properties) for the three months ended February 2019, and \$33,750 (80 properties) for the three months ended March 2018. The median price per hectare for dairy farms has increased 9.9% over the past 12 months. The median dairy farm size for the three months ended March 2019 was 124 hectares.

On a price per kilo of milk solids basis the median sales price was \$30.75 per kg of milk solids for the three months ended March 2019, compared to \$37.87 per kg of milk solids for the three months ended February 2019 (-18.8%), and \$37.39 per kg of milk solids for the three months ended March 2018 (-17.8%).

The REINZ Dairy Farm Price Index decreased 4.6% in the three months to March 2019 compared to the three months to February 2019. Compared to March 2018, the REINZ Dairy Farm Price Index rose 3.2%. 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 March 2019, the median sale price per hectare for finishing farms was \$31,059 (80 properties), compared to \$28,872 (106 properties) for the three months ended February 2019, and \$30,044 (132 properties) for the three months ended March 2018. The median price per hectare for finishing farms has risen 3.4% over the past 12 months. The median finishing farm size for the three months ended March 2019 was 40 hectares.

Grazing Farms

For the three months ended March 2019, the median sales price per hectare for grazing farms was \$10,373 (117 properties) compared to \$9,700 (124 properties) for the three months ended February 2019 and \$10,682 (103 properties) for the three months ended March 2018. The median price per hectare for grazing farms has fallen 2.9% over the past 12 months. The median grazing farm size for the three months ended March 2019 was 155 hectares.

Horticulture Farms

For the three months ended March 2019, the median sales price per hectare for horticulture farms was \$240,064 (46 properties) compared to \$164,176 (36 properties) for the three months ended February 2019 and \$277,901 (38 properties) for the three months ended March 2018. The median price per hectare for horticulture farms has dropped 13.6% over the past 12 months. The median horticulture farm size for the three months ended March 2019 was 8 hectares.

ENDS

Real Estate Institute of New Zealand

For more real estate information and market trends data, visit www.reinz.co.nz. For New Zealand's most comprehensive range of listings for residential, lifestyle, rural, commercial, investment and rental properties, visit www.realestate.co.nz - REINZ's official property directory website.

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 March refer to the period from 1 January 2019 to 31 March 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.