

25 February 2019
For immediate release

A Steady Market in Holiday Mode

Data released today by the Real Estate Institute of New Zealand (REINZ) shows there were 24 more farm sales (+6.1%) for the three months ended January 2019 than for the three months ended January 2018. Overall, there were 420 farm sales in the three months ended January 2019, compared to 440 farm sales for the three months ended December 2018 (-4.5%), and 396 farm sales for the three months ended January 2018. 1,498 farms were sold in the year to January 2019, 1.7% fewer than were sold in the year to January 2018, with 19.3% less dairy farms, 7.2% more grazing farms, 1.3% more finishing farms and 1.1% fewer arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to January 2019 was \$27,087 compared to \$28,257 recorded for three months ended January 2018 (-4.1%). The median price per hectare fell 0.7% compared to December 2018.

The REINZ All Farm Price Index rose 6.4% in the three months to January 2019 compared to the three months to December 2018. Compared to January 2018 the REINZ All Farm Price Index rose 6.2%. 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.

Eight of the 14 regions recorded increases in the number of farm sales for the three months ended January 2019 compared to the three months ended January 2018. Waikato (+18), Manawatu/Wanganui (+10) and Taranaki (+6) were the top regions to increase the number of farm sales compared to January 2018. Southland recorded the most substantial decline in sales (-8 sales) followed by Bay of Plenty (-7 sales). Compared to the three months ended December 2018, five regions recorded an increase in sales with the biggest increase being in Taranaki (+6 sales).

Brian Peacocke, Rural Spokesman, at REINZ says: "Sales volumes for farm sales for the 3-month period ending January 2019 reflect a degree of consistency when compared to 12 months ago and the most recent period ending December 2018. Of interest, however, is those volumes are approximately 25% lower than for the same period in 2017.

"Climatic conditions are the current relevant topic as most of New Zealand experiences an extended dry period and record high temperatures, an absolute contrast to the high rainfall and excellent growing conditions experienced during the spring.

"Good news on the rural front includes an improving price for dairy products, as evidenced by the recent Global Dairy Trade auctions, very good prices for sheep and lamb, good prices for beef and the anticipation of strong prices for horticultural products.

"The continuation of the current low interest rate regime is the reassuring bonus," he concludes.

Points of Interest around New Zealand include:

- **Dairy** - in contrast to the large number of dairy farms on the market during the spring, sale numbers are well down compared to the same period over the last 2 years. Whilst Waikato and Taranaki have had reasonable sales, and some at strong prices, sales activity throughout the South Island remains at very low levels
- **Finishing** - demand for good finishing properties remains strong, with a consistently solid level of sales in the Waikato, Canterbury, Otago and Southland regions. Reports of land use changes continue to emerge, with beef being favoured over dairy in some locations
- **Grazing** - sales of grazing units continue at a steady rate, albeit well down from the equivalent period two years ago. Manawatu/Wanganui and Otago are the standout regions, with Northland and Waikato trailing in third place
- **Horticulture** - a quieter period compared to previous years, with the steady level of sales indicating land owners are keen to hold onto existing stocks. Values for quality kiwifruit orchards remain very strong for both gold and green varieties, with indications some of the major players have completed their plans for expansion
- **Arable** - relatively quiet in the arable sector as would be expected for the current time of the year, with limited activity recorded in Canterbury and Southland
- **Forestry** - reports of very good returns being experienced in the forestry sector, but minimal sales activity around the country.

Finishing farms accounted for the largest number of sales with a 32% share of all sales over the three months to January 2019, Grazing farms accounted for 28%, Dairy accounted for 16%, and Horticulture properties accounted for 10% of all sales. These four property types accounted for 87% of all sales during the three months ended January 2019.

Dairy Farms

For the three months ended January 2019, the median sales price per hectare for dairy farms was \$38,642 (69 properties), compared to \$40,589 for the three months ended December 2018 (58 properties), and \$37,235 (96 properties) for the three months ended January 2018. The median price per hectare for dairy farms has increased 3.8% over the past 12 months. The median dairy farm size for the three months ended January 2019 was 101 hectares.

On a price per kilo of milk solids basis the median sales price was \$40.28 per kg of milk solids for the three months ended January 2019, compared to \$40.56 per kg of milk solids for the three months ended December 2018 (-0.7%), and \$36.91 per kg of milk solids for the three months ended January 2018 (+9.1%).

The REINZ Dairy Farm Price Index increased 11.9% in the three months to January 2019 compared to the three months to December 2018. Compared to January 2018, the REINZ Dairy Farm Price Index rose 10.5%. 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 January 2019, the median sale price per hectare for finishing farms was \$29,587 (136 properties), compared to \$31,169 for the three months ended December 2018 (152 properties), and \$30,328 (100 properties) for the three months ended January 2018. The median price per hectare for finishing farms has fallen 2.4% over the past 12 months. The median finishing farm size for the three months ended January 2019 was 42 hectares.

Grazing Farms

For the three months ended January 2019, the median sales price per hectare for grazing farms was \$10,295 (118 properties) compared to \$10,192 for the three months ended December 2018 (128 properties) and \$11,828 (113 properties) for the three months ended January 2018. The median price per hectare for grazing farms has fallen 13.0% over the past 12 months. The median grazing farm size for the three months ended January 2019 was 140 hectares.

Horticulture Farms

For the three months ended January 2019, the median sales price per hectare for horticulture farms was \$160,618 (41 properties) compared to \$164,143 (44 properties) for the three months ended December 2018 and \$205,807 (47 properties) for the three months ended January 2018. The median price per hectare for horticulture farms has dropped 22.0% over the past 12 months. The median horticulture farm size for the three months ended January 2019 was 10 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 January refer to the period from 1 November 2018 to 31 January 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.