

**24 November 2022**

**For immediate release**

**Tension in the rural sector**

Data released today by the Real Estate Institute of New Zealand (REINZ) shows 97 fewer farm sales (-35.9%) for the three months ended October 2022 than for the three months ended October 2021. Overall, there were 173 farm sales in the three months ended October 2022, the same number as in September 2022; in the three months ended October 2021 there were 270 farm sales.

1,501 farms were sold in the year to October 2022, 284 fewer than were sold in the year to October 2021, with 7.2% fewer Dairy farms, 20.4% fewer Dairy Support, 16.0% fewer Grazing farms, 13.2% fewer Finishing farms and the same number of Arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to October 2022 was $25,270 compared to $31,360 recorded for three months ended October 2021 (-19.4%). The median price per hectare increased by 9.8% compared to September 2022.

The REINZ All Farm Price Index decreased by 1.7% in the three months to October 2022 compared to the three months to September 2022. Compared to the three months ending October 2021, the REINZ All Farm Price Index decreased by 1.6%. 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.

Two regions recorded an increase in farm sales for the three months ended October 2022 compared to the three months ended October 2021, with the most notable being Manawatu/Whanganui (+5 sales) and West Coast (+4 sales). Waikato and Canterbury (-21 sales each) recorded the biggest decreases in sales. Compared to the three months ended September 2022, six regions recorded an increase in sales, the most notable being Gisborne/Hawke’s Bay, Manawatu/Whanganui and Southland (+3 sales each).

Brian Peacocke, Rural Spokesman at REINZ, says: “Sales data for the three months ending 31 October 2022 confirms a levelling out of farm sales after the massive 53% drop last month.

“Of particular interest currently will be the uptake of rural property during the month of November, given reports of the high number of farms currently on the market.

“Just what is triggering this large surge of properties for sale is yet to play out, but this fact — combined with the previously referred to 53% reduction in sales last month compared to similar periods over the last two years — indicates some concerning trends in the rural sector.

“Tension in the farming ranks is palpable; discontent with central Government policies is intense; frustration regarding inexorable cost increases is a dark cloud, and given the recent profits recently announced by the banking sector followed by spiraling interest rates, accusations of price-gouging by the trading banks are now emerging.

“In terms of returns for primary produce, given the market-related signals reflecting an easing in price levels for beef, lamb and dairy products, the mood of caution within the simmering cauldron of the rural sector is sobering, and food for reflection.

“Land values will inevitably come under scrutiny, particularly for the range of properties other than those considered, by virtue of location, contour and a high standard of improvements, to be at the top end of the quality range.

“On the positive side, extended periods of rain over much of the country is providing great conditions for spring grass growth and crop emergence, which is really pleasing for those on the land,” he concludes.

**Points of Interest around New Zealand include the following:**

**Northland/Auckland**A reasonable spread of sales of dairy, arable, finishing and grazing properties at reasonable prices across the Northland region; very light activity in the Auckland district.

**Waikato/King Country/Taupo**

A more subdued outcome compared to previous seasons across the mix of property types throughout the Waikato, albeit some strong prices paid for well-located dairy units; constrained results in the Northern King Country but no activity at all recorded in the Taupo district.

**Bay of Plenty/Rotorua**

Very quiet in the Western Bay of Plenty, with just one smaller kiwifruit property sale; no activity recorded in the Rotorua district.

**Gisborne/Hawke’s Bay**

Rest time in Poverty Bay, but a surprise breakout with a solid run of sales of finishing, grazing, and horticulture properties across the Hastings and Central Hawke’s Bay districts; the sale of a forestry block at inland Puketitiri was the only variation to the pattern.

**Taranaki**

Subdued results confined to the sale of a grazing property and a dairy unit in the New Plymouth district.

**Manawatu/Whanganui/Tararua**

Reasonable activity on finishing and grazing units in the Ruapehu and Rangitikei districts, with ever-reliable Tararua chipping in with solid sales of dairy and dairy support properties.

**Wairarapa/Wellington**

Very subdued across the southern North Island region with a solitary sale of a good-sized grazing unit east of Masterton.

**Nelson/Tasman/Marlborough**

Interesting that the two finishing property sales and the one dairy sale were attributed to the Tasman district: very quiet elsewhere in the region.

**Canterbury/West Coast**

Steady activity in the Ashburton district, with well-priced sales of arable properties and smaller deer units; quiet across the rest of the Canterbury province.

The West Coast was ably represented by the Westland district, with individual sales of a dairy property and a grazing unit.

**Otago**

In tandem with other provinces, a quieter period with sales of two finishing units, one in the Tairei Plain district and the other at Bendigo, a short distance from Cromwell.

**Southland**

In stark contrast to much of the country, an intense period of activity with good prices paid for a great run of sales of finishing and grazing properties spread across the Gore and Southland districts, giving a total of 13 sales for the month: a credit to the hard-working real estate professionals in the southern-most region of New Zealand.

In October 2022, Grazing farms accounted for a 37% share of all sales. Finishing farms accounted for 25% of all sales, Dairy farms accounted for 12% of all sales and Horticulture farms accounted for 10% of all sales. These four property types accounted for 84% of all sales during the three months ended October 2022.

**Dairy Farms**

For the three months ended October 2022, the median sales price per hectare for dairy farms was $49,250 (21 properties), compared to $40,510 (15 properties) for the three months ended September 2022, and $44,740 (34 properties) for the three months ended October 2021. The median price per hectare for dairy farms has increased by 10.1% over the past 12 months. The median dairy farm size for the three months ended October 2022 was 99 hectares.

On a price per kilo of milk solids basis, the median sales price was $38.18 per kg of milk solids for the three months ended October 2022, compared to $38.06 per kg of milk solids for the three months ended September 2022 (+0.3%), and $37.59 per kg of milk solids for the three months ended October 2021 (+1.6%).

The REINZ Dairy Farm Price Index increased 10.8% in the three months to October 2022 compared to the three months to September 2022. Compared to October 2021, the REINZ Dairy Farm Price Index increased by 3.7%. 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 October 2022, the median sale price per hectare for finishing farms was $32,410 (43 properties), compared to $36,430 (53 properties) for the three months ended September 2022, and $34,760 (74 properties) for the three months ended October 2021. The median price per hectare for finishing farms has decreased by -6.8% over the past 12 months. The median finishing farm size for the three months ended October 2022 was 40 hectares.

**Grazing Farms**

For the three months ended October 2022, the median sales price per hectare for grazing farms was $12,820 (64 properties), compared to $13,300 (68 properties) for the three months ended September 2022 and $11,520 (60 properties) for the three months ended October 2021. The median price per hectare for grazing farms has increased by 11.3% over the past 12 months. The median grazing farm size for the three months ended October 2022 was 121 hectares.

**Horticulture Farms**

For the three months ended October 2022, the median sales price per hectare for horticulture farms was $324,815 (18 properties), compared to $362,640 (17 properties) for the three months ended September 2022 and $307,935 (45 properties) for the three months ended October 2021. The median price per hectare for horticulture farms has increased by 5.5% over the past 12 months. The median horticulture farm size for the three months ended October 2022 was 8 hectares.

**ENDS**

**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 October 2022 refer to the period from 1 August 2022 to 31 October 2022.*

*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.*

*From March 2021 there has been a change in the methodology for calculating rural statistics. To date, the rural statistics have referred to a Return Period which is the month in which a sale record was submitted to REINZ. Going forward, the rural statistics will refer to an Unconditional Month i.e., the month in which the sale went unconditional. This change in methodology ensures that sales that took place in April, for instance, are recorded against April even if they were submitted to REINZ late. The change also brings Rural statistics calculation into line with the Residential statistics calculation, where the Unconditional Month approach has been used successfully to calculate Residential Statistics for several years now. The Unconditional Month methodology also ensures that the most up-to-date state of the REINZ database is reported at the time the data is released with revision of prior months statistics often occurring to reflect the submission of late data or sale amendments that took place after the prior statistics release.*

*In addition to the calculation period change there are two additional changes to the data worth noting:*

*1. 12 Districts have been replaced by 13 Regions. These are consistent with the parts of the residential press release and it has been done to be consistent with regional definitions outside REINZ e.g., Statistics NZ*

*2. Dairy Support is a new farm category and we now have the ability to separate Lifestyle Blocks into Bareland and Farmlets.*

*If you have any questions regarding this change in methodology, please email statistics@reinz.co.nz.*