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For immediate release

Sales low yet the market remains strong overall

Data released today by the Real Estate Institute of New Zealand (REINZ) shows there were 129 less farm sales (-37.3%) for the three months ended June 2023 than for the three months ended June 2022. Overall, there were 217 farm sales in the three months ended June 2023, compared to 259 farm sales for the three months ended May 2023 (-16.2%), and 346 farm sales for the three months ended June 2022.

In the year to June 2023, 1,131 farms were sold, 571 less than were sold in the year to June 2022, with 37.5% less Dairy farms, 13.5% less Dairy Support, 22.3% less Grazing farms, 37.4% less Finishing farms and 26.3% less Arable farms sold over the same period.

The median price per hectare for all farms sold in the three months to June 2023 was \$27,760 compared to \$28,815 recorded for three months ended June 2022 (-3.7%). The median price per hectare increased 0% compared to May 2023.

The REINZ All Farm Price Index decreased 3.3% in the three months to June 2023 compared to the three months to May 2023. Compared to the three months ending June 2022 the REINZ All Farm Price Index decreased 8.8%. 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.

One region recorded an increase in the number of farm sales for the three months ended June 2023 compared to the three months ended June 2022, with the most notable being West Coast (+2 sales) and Auckland and Wellington (-3 sales). Southland (-27 sales) and Northland (-24 sales) recorded the biggest decreases in sales. Compared to the three months ended May 2023, four regions recorded an increase in sales, the most notable being Nelson/Marlborough (+3 sales) and Bay of Plenty and Wellington (+1 sales).

Shane O'Brien, Rural Spokesman at REINZ, says, "The sales figures for June 2023 have continued the steady trend that has evolved over much of 2023 with a noticeable decrease in the volume of sales however the median sale prices remaining reasonably consistent with a small 3.7% drop on the previous 12-month period and the same as May 2023."

"The drop in the number of sales of dairy support land is a reflection on the time of year and possibly more importantly the decrease in farm margins from lower milk payout, higher farm expenses and of course interest rate rises. Dairy farmers are focused on calving coming up and as such they are not out making land purchases."

"The reduction in the sale of finishing and grazing farms may also be impacted by the noticeable drop in demand for land for greenfield planting into exotic forestry. The recent drop in the export log prices and NZU for carbon is certainly curtailing demand for forestry land which has been a key driver of the market in the grazing and finishing sectors in recent years."



O'Brien says the impending general election is also at the forefront of people's minds with general uncertainty over government policies directed at farming still being crystalised.

"In over 30 years in the rural real estate profession, I have never seen the election have such a pronounced impact on people's mindsets and decision making."

"It is important to note however amongst this negative sentiment that the market is still fundamentally strong as evidenced by the median sale prices showing little variation over the preceding 12 months. This tells us buyers are still prepared to pay good money for the right property that meets all their requirements."

In June 2023, finishing farms accounted for a 29% share of all sales. Grazing farms accounted for 28% of all sales, dairy farms accounted for 13% of all sales and horticulture farms accounted for 8% of all sales. These four property types accounted for 78% of all sales during the three months ended June 2023.

Dairy Farms

For the three months ended June 2023, the median sales price per hectare for dairy farms was \$38,160 (28 properties), compared to \$35,100 (41 properties) for the three months ended May 2023, and \$37,010 (47 properties) for the three months ended June 2022. The median price per hectare for dairy farms has increased 3.1% over the past 12 months. The median dairy farm size for the three months ended June 2023 was 100 hectares.

On a price per kilo of milk solids basis, the median sales price was \$36.67 per kg of milk solids for the three months ended June 2023, compared to \$36.95 per kg of milk solids for the three months ended May 2023 (-0.8%), and \$35.94 per kg of milk solids for the three months ended June 2022 (+2%).

The REINZ Dairy Farm Price Index decreased 3.3% in the three months to June 2023 compared to the three months to May 2023. Compared to June 2022, the REINZ Dairy Farm Price Index decreased 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 June 2023, the median sale price per hectare for finishing farms was \$36,410 (64 properties), compared to \$37,415 (68 properties) for the three months ended May 2023, and \$38,230 (121 properties) for the three months ended June 2022. The median price per hectare for finishing farms has decreased -4.8% over the past 12 months. The median finishing farm size for the three months ended June 2023 was 31 hectares.

Grazing Farms

For the three months ended June 2023, the median sales price per hectare for grazing farms was \$14,000 (61 properties), compared to \$13,705 (80 properties) for the three months ended May 2023 and \$13,290 (90 properties) for the three months ended June 2022. The median price per hectare for grazing farms has increased 5.3% over the past 12 months. The median grazing farm size for the three months ended June 2023 was 172 hectares.



Horticulture Farms

For the three months ended June 2023, the median sales price per hectare for horticulture farms was \$331,970 (17 properties), compared to \$387,500 (13 properties) for the three months ended May 2023 and \$445,970 (30 properties) for the three months ended June 2022. The median price per hectare for horticulture farms has decreased -25.6% over the past 12 months. The median horticulture farm size for the three months ended June 2023 was 5172 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 June 2023 refer to the period from 1 April 2023 to 30 June 2023.

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.