



News Release

12 August 2011

Rural Sales Volumes Ease Back After Strong Run

Data released today by the Real Estate Institute of NZ ("REINZ") shows there was a pull back in the of number rural sales across New Zealand in three months to July 2011. Overall, there were 301 farm sales in the three months to end of July 2011 compared with 393 sales in the three months to June 2011 and 262 sales in the three months to July 2010.

The median price per hectare for all farms sold in the three months to July 2011 was \$14,649 compared to \$15,568 in the three months to June 2011 and \$17,901 for the three months to July 2010. The median price per hectare is now at its lowest point since September 2003 and continues the downward trend in median prices evident since early 2009.

The drop in the number of sales reverses the trend of the past four months, which has seen sales increase from 190 in the three months ended March 2011 to 393 in the three months ended June 2011. All regions bar one recorded a fall on sales for the three months ended July, with Southland, Canterbury and Otago recording the largest number of falls. However, the number of sales for the three months ended July 2011 was 39 greater than for the three months ended July 2010.

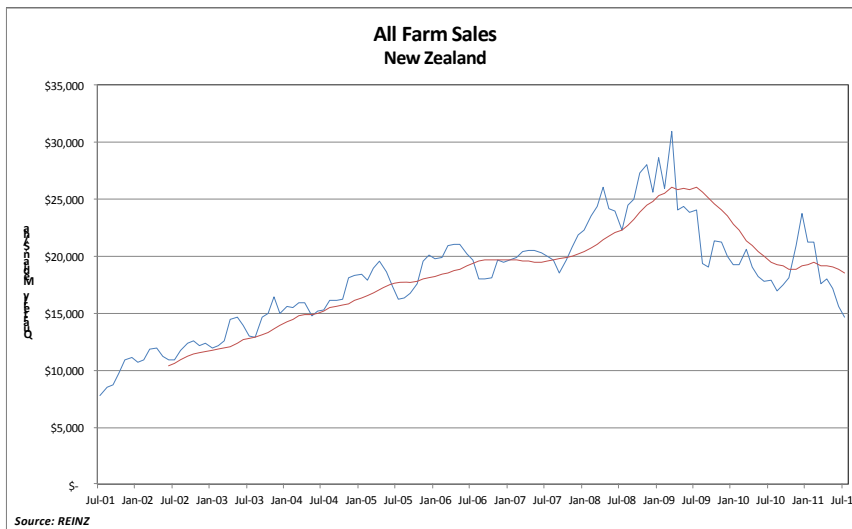
The number of farm sales for the year ended July 2011 was 957, 3 less than the number of farm sales for the year ended June 2011, and up from 942 sales recorded for the year ended July 2010.

"The drop in farm sales for the three months to July reflects the time of year and the focus of famers on seasonal workloads," says REINZ Rural Market Spokesman Brian Peacocke. "Famers are keenly watching events in financial markets and the trend in the New Zealand dollar. The high dollar over the past few weeks is causing some concern, however, the outlook for the currency is difficult to predict and the situation, particularly in respect of the United States remains volatile. Nevertheless, forward enquiry for quality properties remains positive."

"As we have seen in the past few months most of the sales activity was in the grazing, finishing and dairy support properties, with the Canterbury, Otago and Southland once again the most active

regions. Prices for farms sold in July are consistent with values achieved over the past few months. The decline in the median price per hectare reflects the lower number of dairy farms sold over the winter period," said Mr Peacocke.

The easing of farm prices, as shown by the median price data, continues with the quarterly median price below the 12 month moving average (red line on the chart below)..



Included in sales for the month of July were 7 dairy farms at an average sale value of \$27,151 per hectare and \$25 per kg of milk solids (MS). The average farm size was 251 hectares with a range of 50 hectares in Northland to 709 hectares in Otago. The average production per hectare across all dairy farms sold in July 2011 was 1,096 kgs of milk solids.

Grazing properties accounted for the largest number of sales with 51.8% share of all sales over the three months. Dairy properties accounted for 13.6%, Finishing properties 15.9% and Horticulture properties 6.0%. These four property types accounted for 87.3% of all sales during the three months ended July 2011.

For the three months ended July 2011 the median sales price per hectare for dairy farms was up just over \$2,000 per hectare \$32,854 (41 properties) compared to the three months ended June 2011 (58 properties), and \$36,667 (27 properties) for the three months ended July 2010. The median dairy farm size for the three months ended July 2011 was 134 hectares.

For the three months ended July 2011 the median sales price per hectare for finishing farms was \$12,050 (48 properties) compared to \$10,377 for the three months ended June 2011 (59 properties),

and \$8,429 (39 properties) for the three months ended July 2010. The median finishing farm size for the three months ended July 2011 was 155 hectares.

For the three months ended July 2011 the median sales price per hectare for grazing farms was \$10,935 (156 properties) compared to \$12,892 for the three months ended June 2011 (209 properties), and \$13,333 (129 properties) for the three months ended July 2010. The median grazing farm size for the three months ended July 2011 was 101 hectares.

For the three months ended July 2011 the median sales price per hectare for horticulture farms was \$114,794 (18 properties) compared to \$132,401 for the three months ended June 2011 (24 properties), and \$160,268 (42 properties) for the three months ended July 2010. The median horticulture farm size for the three months ended July 2011 was 5 hectares.

The lifestyle property market also saw an easing in the number of sales in the three months to July 2011 compared to the three months to June 2011. 1,367 sales were recorded in the three months to July, down 19 (-1.4%) on the three months to June 2011, but up a strong 279 (+25.6%) compared to the three months to July 2010. Manawatu/Wanganui and Northland saw the largest falls in volumes, with Bay of Plenty and West Coast recording the strongest increases.

The national median price eased \$7,000 from \$460,000 for the three months to June 2011 to \$453,000 for the three months to July. Compared to three months to July 2010 the median price increased by \$5,500.

Commenting on the lifestyle property market statistics Brian Peacocke said, "The lifestyle property market also saw a reduction in volumes albeit quite modest in July compared to June, and the number of sales is up strongly compared to July last year. The median price for lifestyle blocks also pulled back in July compared to June, but is also ahead of the median price compared to July last year."

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Real Estate Institute of New Zealand

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Editors 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 refer to the period from 1 April 2011 to 30 June 2011.

Regional Commentaries – July 2011

The information provided by the Real Estate Institute in relation to the rural and lifestyle real estate market covers a three month period. Therefore references to June results refer to the period from 1 May 2011 – 31 July 2011 and references to May refer to the period from 1 April 2011 – 30 June 2011.

Northland

The median selling price per hectare in Northland eased further to \$6,897 in July 2011 (June 2011: \$11,765; July 2010: \$21,267). 21 farms sold (June 2011: 25; July 2010: 19). The 21 farms sold consisted of 15 grazing properties, three dairy, one finishing, one forestry, and one special.

The median price for a lifestyle block fell to \$295,500, in July, from \$320,000 in June (July 2010: \$350,000). 99 lifestyle blocks sold during the period (June 2011: 111; July 2010: 109).

Auckland

The median selling price per hectare in Auckland fell to \$31,012 in July from \$36,875 in June (July 2010: \$18,230). Because of the small number of sales that are occurring in the Auckland region these figures need to be treated with some caution. 15 farms sold (nine grazing, five horticulture and one dairy (June 2011: 19; July 2010: 19).

The number of lifestyle blocks sold fell by 1 to 266 in July (June 2011: 267; July 2010: 196). The median price eased by \$20,000 to \$700,000 in July (June 2011: \$720,000; July 2010: \$692,500).

Waikato

39 farms (25 grazing, 10 dairy, two arable, one finishing and one special) sold in July, down on the 45 sold in June and the 27 farms sold in July 2010. The median selling price per hectare eased slightly to \$37,423 in July from \$37,658 in June (July 2010: \$37,864).

148 lifestyle blocks sold in July down 3 from the 151 sold in June and up 19 on the 129 sold in July 2010. The median price fell \$20,000 to \$395,000 in June (June 2011: \$415,000, July 2010: \$378,000).

Bay of Plenty

The median selling price per hectare rose to \$95,000 in July (June 2011: \$49,200; July 2010: \$144,709). 13 farms (eight horticulture, four grazing and one dairy) sold in July, compared to 15 sold in June (July 2010: 32).

101 lifestyle blocks sold in July (June 2011: 94; July 2010: 85). The median price rose \$5,500 to \$495,000 in July (June 2011: \$489,500; July 2010: \$520,000).

Gisborne

The median selling price per hectare eased slightly to \$4,682 in July (June 2011: \$4,792; July 2010: \$5,240). 12 farms sold, consisting of six forestry, two grazing, and one each of finishing, horticulture, arable and special (June 2011: 13, July 2010: 5). Care needs to be taken with these figures due to the very low level of sales in this region.

14 lifestyle blocks sold in July (June 2011: 9; July 2010: 10). The median price fell to \$257,500 from June's \$387,000 (July 2010: \$240,000).

Hawkes Bay

The median selling price per hectare recovered to \$9,158 in July from \$8,400 in June (July 2010: \$6,015). 11 farms sold (June 2011: 17; July 2010: 12) consisting of five finishing, four grazing, one arable and one horticulture.

44 lifestyle blocks sold in July, up four on the 40 sold in June, and down eight on the 52 sold in July 2010. The median price decreased by \$37,500 to \$550,000 (June 2011: \$587,500; July 2010 \$422,500).

Taranaki

The median selling price per hectare in Taranaki was \$11,759 in July, down from \$28,947 in June (July 2010: \$36,915). 14 farms (eight grazing, and two each of dairy, finishing and forestry) sold in July (June 2011: 20; July 2010: 11).

61 lifestyle blocks sold in July (June 2011: 55; July 2010: 41). The median price was steady at \$350,000 in July (June 2011: \$350,000; July 2010: \$393,000).

Manawatu/Wanganui

30 farms (18 grazing, six finishing, three dairy, two forestry and one arable) sold in July, down 10 on the 40 sold in June (July 2010: 13). The median selling price per hectare fell to \$8,923 from June's \$13,442 (July 2010: \$12,199).

The median price for lifestyle blocks increased by \$3,000 to \$330,000 in July from \$327,000 in June (July 2010: \$356,000). 87 lifestyle blocks sold, compared to 105 sold in June (July 2010: 84).

Wellington

The median selling price per hectare in Wellington eased slightly to \$5,331 in July (June 2011: \$5,692; July 2010: \$9,627). Six farms sold in June, up one from the five that sold in June (July 2010: seven) consisting of four grazing and two arable.

72 lifestyle blocks sold in July (June 2011: 76; July 2010: 71). The median price fell by \$20,500 to \$377,000 in July from \$397,500 in June (July 2010: \$482,000).

Nelson/Marlborough

The median selling price per hectare rose to \$11,795 in July (June 2011: \$ 9,964; July 2010: \$13,837). The number of farm sold dropped seven to nine (four grazing, three forestry, one dairy, and one horticulture) (July 2010: 12).

77 lifestyle blocks sold in July, down 4 from the 81 sold in June 2011 (July 2010: 49). The median price fell \$40,000 in July to \$505,000 from \$545,000 in June (July 2010: \$525,500).

West Coast

The median selling price per hectare eased back to \$14,982 in July from \$16,183 in June (July 2010: \$7,715). The number of farm sales fell to 10 consisting of five grazing, four dairy and one finishing. (June 2011: 13; July 2010: six).

The median price for lifestyle blocks was \$169,000 in July (June 2011 \$248,750; July 2010: \$319,000). 21 lifestyle blocks sold in July (June 2011: 14; July 2010: 9). Care needs to be exercised when interpreting these figures due to the low number of sales in this region.

Canterbury

42 farms (24 grazing, seven arable, six finishing, two dairy, two horticulture and one forestry) sold in July, down 15 on the 57 sold in June (July 2010: 45). The median selling price per hectare eased slightly to \$15,395 in July from \$15,434 in June (July 2010: \$16,885).

224 lifestyle blocks sold, down slightly the 228 sold in June, and up strongly on the 147 sold in July 2010. The median price increased by \$3,000 to \$452,500 from \$449,500 in June (July 2010: \$464,000).

Otago

The median selling price per hectare fell to \$6,634 in July, from \$6,778 in June (July 2010: \$7,598). 35 farms sold (June 2011: 48; July 2010: 22). The farms sold consisted of 20 grazing, 11 finishing, two arable, one dairy and one horticulture.

87 lifestyle blocks sold in July (June 2011: 88; July 2010: 47). The median price fell to \$400,000 in July from \$460,750 in June (July 2010: \$320,000).

Southland

44 farms sold in Southland in July, once again the most of any region in New Zealand, compared to 60 in June and 32 in July 2010. 14 grazing, 13 dairy, 14 finishing and three special farms sold in July. The median selling price per hectare rose to \$24,692 in July compared to \$21,619 in June (July 2010: \$14,191).

66 lifestyle blocks sold in July, down from 67 sold in June and 59 sold in July 2010. The median price increased to \$357,500 (June 2011: \$350,000; July 2010: \$350,000).