



News Release

16 February 2017

Prices and Sales Volumes Steady Through Summer

Summary

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 11 fewer farm sales (-2.1%) for the three months ended January 2017 than for the three months ended January 2016. Overall, there were 521 farm sales in the three months ended January 2017, compared to 499 farm sales for the three months ended December 2016 (+4.4%), and 532 farm sales for the three months ended January 2016. 1,749 farms were sold in the year to January 2017, 3.2% fewer than were sold in the year to January 2016, with 21% fewer dairy farms and 16% fewer grazing farms sold over the same period.

The median price per hectare for all farms sold in the three months to January 2017 was \$27,058 compared to \$27,395 recorded for three months ended January 2016 (-1.2%). The median price per hectare fell 2.6% compared to December.

The REINZ All Farm Price Index rose 1.6% in the three months to January 2017 compared to the three months to December 2016. Compared to January 2016 the REINZ All Farm Price Index rose 4.1%. 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.

Six regions recorded increases in sales volume for the three months ended January 2017 compared to the three months ended January 2016. Otago recorded the largest increase in sales (+23 sales), followed by Wellington (+13 sales), and Bay of Plenty (+10 sales). Compared to the three months ended December 2016, nine regions recorded an increase in sales.

"Irrespective of the impact on the market over the holiday period, sales volumes for the three month period ending January 2017 in the dairy and grazing categories have been reasonably consistent. Volumes in other categories however, particularly finishing, arable and horticulture, have experienced distinct reductions during the month of January", says REINZ Rural Spokesman Brian Peacocke.

"Current concerns in the rural sector centre on volatility of income, compliance issues and drought conditions in northern and eastern districts of both the North and South Islands.

“Caution and uncertainty continue to be ongoing components of the marketplace. This is causing some frustration with transactions taking longer to come together. Nevertheless, each region has experienced specific highlights during the recent period.”

Reports from around the country include:

- **Northland** – a good level of sales of grazing units, and ongoing demand for land suitable for growing avocados;
- **Auckland** – an easing of activity indicating a shortage of stock;
- **Waikato** – an active dairy market, with some very strong sales where properties adjoin city or industrial boundaries; reasonable sales of smaller grazing properties but insufficient finishing properties available for the demand. Considerable concern regarding Waikato Regional Council’s ‘Healthy Rivers Plan Change 1’ proposal, particularly the potential impact on sheep and beef properties throughout the region;
- **Bay of Plenty / Central Plateau** – solid sales of horticultural properties, albeit most are smaller properties; zero sales in other categories;
- **Hawke’s Bay** - a quieter month in Hawke’s Bay apart from one standout sale of a large, high quality G3 kiwifruit orchard;
- **Taranaki** – reduced sales activity after a busy December; good dairy farms continue to sell strongly with activity stirring amongst lesser quality properties; farms other than dairy are hard to sell and dependent upon the district, stocks vary from reasonable to low;
- **Manawatu / Wanganui** – good sales activity on larger grazing properties; fewer sales of finishing and arable farms and dairy units just register on the scale;
- **Wellington / Wairarapa** – the best growing season for many years in Wairarapa; reasonable activity surrounding grazing properties but a shortage of economic units has been a constraint on sales;
- **Nelson / Marlborough** – limited activity across arable, dairy, grazing and forestry but quiet on the horticultural front;
- **Canterbury** – moderate sales at solid levels for dairy, finishing and grazing properties albeit a shortage of stock; reduced demand and concern regarding environmental issues are points of concern; some comment that banks are adopting a harder line with some transactions not measuring up to the criteria required;
- **Otago** – reports of strong activity surrounding sheep and beef breeding and finishing units

with a number of properties signed up on a conditional basis; sales volumes are reasonable given the time of the year; and

- **Southland** – good level of listings albeit some good properties are getting limited interest; reasonable sales volumes of finishing and grazing properties; lighter on dairy with reports of purchasers being cautious and selective.

Grazing properties accounted for the largest number of sales with a 32% share of all sales over the three months to January 2017, Finishing properties accounted for 26%, Dairy properties accounted for 18% and Horticulture properties accounted for 10% of all sales. These four property types accounted for 86% of all sales during the three months ended January 2017.

Dairy Farms

For the three months ended January 2017, the median sales price per hectare for dairy farms was \$44,322 (94 properties), compared to \$46,397 for the three months ended December 2016 (72 properties), and \$39,367 (90 properties) for the three months ended January 2016. The median price per hectare for dairy farms has risen 13% over the past 12 months. The median dairy farm size for the three months ended January 2017 was 104 hectares.

On a price per kilo of milk solids basis the median sales price was \$39.75 per kg of milk solids for the three months ended January 2017, compared to \$43.55 per kg of milk solids for the three months ended December 2016 (-8.7%), and \$37.42 per kg of milk solids for the three months ended January 2016 (+6.2%).

The REINZ Dairy Farm Price Index rose 5.2% in the three months to January 2017 compared to the three months to December 2016. Compared to January 2016, the REINZ Dairy Farm Price Index rose 8.6%. 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 2017, the median sale price per hectare for finishing farms was \$28,268 (136 properties), compared to \$29,061 for the three months ended December 2016 (134 properties), and \$23,172 (93 properties) for the three months ended January 2016. The median price per hectare for finishing farms has risen 22% over the past 12 months. The median finishing farm size for the three months ended January 2017 was 46 hectares.

Grazing Farms

For the three months ended January 2017, the median sales price per hectare for grazing farms was \$11,102 (166 properties) compared to \$11,290 for the three months ended December 2016 (156 properties), and \$15,890 (224 properties) for the three months ended January 2016. The median

price per hectare for grazing farms has fallen 30% over the past 12 months. The median grazing farm size for the three months ended January 2017 was 116 hectares.

Horticulture Farms

For the three months ended January 2017 the median sales price per hectare for horticulture farms was \$204,281 (53 properties) compared to \$187,185 (59 properties) for the three months ended December 2016, and \$216,000 (61 properties) for the three months ended January 2016. The median price per hectare for horticulture farms has fallen 5% over the past 12 months. The median horticulture farm size for the three months ended January 2017 was seven hectares.

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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 January refer to the period from 1 November 2016 to 31 January 2017.

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.