



News Release

16 July 2015

Market Steady as Winter Chills Arrive

Summary

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 62 fewer farm sales (-11.5%) for the three months ended June 2015 than for the three months ended June 2014. Overall, there were 479 farm sales in the three months to end of June 2015, compared to 502 farm sales for the three months ended May 2015 (-4.6%) and 541 farm sales for the three months to the end of June 2014. 1,737 farms were sold in the year to June 2015, 9% fewer than were sold in the year to June 2014.

The median price per hectare for all farms sold in the three months to June 2015 was \$29,141 compared to \$26,634 recorded for three months ended June 2014 (+9.5%). The median price per hectare rose 2.0% compared to May.

The REINZ All Farm Price Index fell 2.6% in the three months to June compared to the three months to May. Compared to June 2014 the REINZ All Farm Price Index rose by 0.9%. 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.

Three regions recorded increases in sales volume for the three months ended June 2015 compared to the three months ended June 2014. Auckland recorded the largest increase in sales (+19 sales), followed by Bay of Plenty (+11 sales) and Wellington (+2 sales). Compared to the three months ended May 2015, four regions recorded an increase in sales.

"The rural market continues to maintain reasonable momentum as farmers grapple with the volatile mix of winter conditions and tighter cash flows", says REINZ Rural Spokesman Brian Peacocke, "these being dependent upon the regional location and/or the specific form of land use."

"The current level of the New Zealand dollar and the outlook for interest rates are two of the brighter spots on the horizon for farmers."

Highlights include:

- Solid sales activity for grazing properties in Northland, Auckland and Waikato;
- A shortage of supply, but strong dairy farm sales in the Waikato with values fully firm on recent levels; low levels of enquiry on second tier properties;
- Steady horticultural sales in the Auckland and Bay of Plenty regions, with Marlborough experiencing continuing strength in the viticulture sector, this region also fielding good enquiry for good properties;
- A slower market in North Canterbury due to the impact from the autumn drought and the severe winter conditions; and
- Consistent enquiry and sales for good grazing blocks throughout Otago and Southland, albeit there is a shortage of listings. ☐

Grazing properties accounted for the largest number of sales with 42.0% share of all sales over the three months to June 2015, Dairy properties accounted for 13.4%, Finishing properties accounted for 17.3% and Horticulture properties accounted for 15.9% of all sales. These four property types accounted for 88.5% of all sales during the three months ended June 2015.

Dairy Farms

For the three months ended June 2015 the median sales price per hectare for dairy farms was \$35,531 (64 properties), compared to \$35,281 for the three months ended May 2015 (87 properties), and \$33,543 (69 properties) for the three months ended June 2014. The median dairy farm size for the three months ended June 2015 was 110 hectares.

Included in sales for the month of June were 15 dairy farms at a median sale value of \$26,906 per hectare. The median farm size was 108 hectares with a range of 49 hectares in Waikato to 383 hectares in Bay of Plenty. The median production per hectare across all dairy farms sold in June 2015 was 767 kgs of milk solids.

The REINZ Dairy Farm Price Index fell by 5.5% in the three months to June compared to the three months to May. Compared to June 2014, the REINZ Dairy Farm Price Index fell by 0.3%. 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 May 2015 the median sale price per hectare for finishing farms was \$28,542 (83 properties), compared to \$27,534 for the three months ended May 2015 (77 properties), and \$26,694 (115 properties) for the three months ended June 2014. The median finishing farm size for the three months ended June 2015 was 37 hectares.

Grazing Farms

For the three months ended June 2015 the median sales price per hectare for grazing farms was \$17,294 (201 properties) compared to \$16,638 for the three months ended May 2015 (215 properties), and \$15,819 (233 properties) for the three months ended June 2014. The median grazing farm size for the three months ended June 2015 was 54 hectares.

Horticulture Farms

For the three months ended June 2015 the median sales price per hectare for horticulture farms was \$243,515 (76 properties) compared to \$247,549 (70 properties) for the three months ended May 2015, and \$193,745 (57 properties) for the three months ended June 2014. The median horticulture farm size for the three months ended June 2015 was six hectares.

Lifestyle Properties

The lifestyle property market saw a 32.5% lift (+510 sales) in sales volume in the three months to June 2015 compared to June 2014. 2,079 sales were recorded in the three months to June 2015 compared to 1,569 sales in the three months to June 2014; with June 2015 recording the highest number of sales in a three-month period since May 2007. 16 more sales were recorded compared to the three months to May 2015. For the 12 months to June 2015 there were 7,036 unconditional sales of lifestyle properties, an increase of 8.1% (+529 sales) over the 12 months to June 2014. The year to June 2015 also saw the value of sales break through \$5 billion for the first time, with sales of \$5.041 billion in the 12 months to June 2015.

11 regions recorded an increase in sales compared to June 2014 while three recorded decreases in sales. Auckland recorded the largest increase in sales (+191) in the three months to June 2015 compared to June 2014, Waikato saw an increase of 90 sales and Northland saw an increase of 79 sales. Compared to May 2015, six regions recorded an increase in sales with eight regions recording a decrease.

The national median price for lifestyle blocks rose by \$35,000 (+6.8%) from \$515,000 for the three months to June 2014 to \$550,000 for the three months to June 2015. The median price for lifestyle blocks in Auckland rose by \$59,500 (+6.5 %) from \$910,000 for the three months to June 2014 to \$969,500 for the three months to June 2015. Over the same time period, the median price rose by 1.7% in Waikato to \$490,500 and rose by 17.1% in Canterbury to \$600,000. Compared to May 2015, the national median sales price fell by \$10,000 (-1.8%).

The median number of days to sell for lifestyle properties eased by one day, from 66 days for the three months to the end of May to 67 days for the three months to the end of June. Compared to the three months ended June 2014 the median number of days to sell improved by eight days. Gisborne recorded the shortest number of days to sell in June 2015 at 19 days, followed by West Coast at 33 days and Auckland at 48 days. Manawatu/Wanganui recorded the longest number of days to sell at 123 days, followed by Otago at 118 days, and Bay of Plenty at 105 days.

Commenting on the lifestyle property market Brian Peacocke said, "The lifestyle market continues to go from strength to strength in the most heavily populated regions, with record volumes of sales, higher demand placing pressure on prices, and the resulting clearance of longer held stock at very strong values."

Highlights include:

- Strong sales and a shortage of listings around Auckland where additional appraisals are being carried out in anticipation of the spring market;
- A strong selling market in the central Waikato where listings are coming forward, but where the strength of the competition is prompting more rapid decision making;
- A healthy market in the Bay of Plenty which is creating pressure on available stocks;
- Moderate activity in the lower North Island and the upper South; and
- A bounce back in sales volumes from the previous month around Canterbury with strong enquiry due in part to the steady relocation of people back into the region

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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.

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 2015 to 30 June 2015.

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.