

# FINANCIAL REVIEW

Property  
**Tasmania, SA lead 7pc gain in farmland prices**

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529 words

2 May 2018

The Australian Financial Review

AFNR

First

35

English

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Tasmania and South Australia led another strong gain in media farmland prices in 2017, which rose 7.1 per cent per hectare over the calendar year on the back of low interest rates, favourable growing conditions and rising commodity prices, according to Rural Bank's third annual Australian Farmland Values Report.

Growth in 2017 was down from the 9.3 per cent growth achieved in 2016, a year in which the Kidman portfolio sold for a record \$370 million to Gina Rinehart and her Chinese investment partner, but it was still above the average annual growth rate of more than 6.6 per cent achieved since 1998.

Rural Bank's analysis drew on 239,000 transactions, covering 288 million hectares of land with a combined value of \$139.8 billion.

The largest rural market, NSW recorded an annual increase of 8.8 per cent with Victoria up 9.5 per cent.

The strongest gains were in South Australia, with median prices up 17.1 per cent and in a resurgent Tasmania, which had a gain of 19.3 per cent.

Growth was especially strong in the strengthening SA wine regions of the Adelaide Hills (up 46 per cent) and the Barossa (up 18 per cent) where there was also a rapid rise in transactions, up from nine in 2014 to 26 in 2017.

In Tasmania, the report noted: "The strong demand for Tasmanian farmland in 2017 was evident across the state with all regions except King Island recording increases in both median price and number of transactions."

In NSW, where the volume of transactions fell slightly the median price increased across all parcel sizes with prices for farms greater than 500 hectares increasing by 24 per cent.

In Victoria, favourable seasonal conditions in the North West of the state led to an increase in demand for the tightly held regions of the Wimmera and Mallee while the strength of lamb and wool prices contributed to the rise of land values in the state's grazing regions.

The weakest markets were Queensland (down 2.8 per cent) and Western Australia (down 6.5 per cent) with big falls also recorded in the Northern Territory.

"Volatile climate and market conditions characterise farming across the country and as a result, it is inevitable these - alongside many other factors - will contribute to fluctuations in farmland values," said Alexandra Gartmann, Rural Bank managing director and chief executive officer.

"As with all aspects of Australian agriculture, it's important to play the long game. Farmland values are no different. While the long-term median growth in farmland values has outpaced inflation for more than two decades, landowners have a responsibility to systemically and rigorously evaluate their long-term business strategies." Ms Gartmann said.

In Tasmania and South Australia, Ms Gartmann said, year-on-year increases were largely driven by a significant jump in the percentage of high-value transactions completed across both states.

"Overall, buyers in the market exceeded supply in 2017, and with strong commodity prices and record low interest rates expected to continue, it appears demand for Australian farmland will remain strong."

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