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HD COLLIERS LOOKING FOR A SLICE OF FARM SALES

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One of the largest real **estate** companies in the world has extended its reach to Canterbury's rural market.

Colliers International has formed a new rural and agribusiness division led by national director Shane O'Brien, the former Canterbury-Westland Real **Estate** Institute president, and director Ruth Hodges.

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Both agents have handled more than \$200 **million** worth of rural **property** deals in the past.

The **company** was attracted to farming's increasing corporate nature and had previously focussed on **commercial property** in New Zealand, with rural selling restricted to forestry and vineyards.

O'Brien said the rural market had become more sophisticated with a need for **commercial** thinking in farm **transactions** to meet the expectations of buyers and sellers.

He said there was an ongoing appetite for technology, farm production and maximising pasture and genetic performance criteria, but buyers wanted to know more about investment returns and environmental restrictions on properties.

As farming operations grew with **board** of directors and governance structures, rural agents had to change their approach, he said.

"When people go to **buy** and sell land their expectations of the rural agents is far more than 10 years ago and they will be asking performance and environmental questions."

Buyers wanted more information about council and regional council rules, nutrient management, water quality and reliability and the length of water consents when evaluating farmland.

O'Brien said family farming continued to be important, but structures were changing with at least 10 farmers owning or part-owning 10 farms, some of them in Canterbury, and corporates such as MyFarm and overseas investors and pension schemes interested in investing in farmland.

He said overseas investors were likely to continue buying, despite slower expected sales from the lower **dairy** payout following a high payout in the 2013-14 season and nearly three-fold increase in sales.

Sales activity could increase later this season if the **Chinese** restock **dairy** inventories as predicted and overseas interests would remain attracted by New Zealand's processing infrastructure, Fonterra influence and free trade agreement with **China**.

O'Brien said Australian envy of the Fonterra model was obvious at a **dairy** farm investment forum hosted by **Dairy** Australia in Melbourne on Monday and they wanted more overseas investment.

"All throughout the day they made references to New Zealand and the Fonterra model . . . New Zealand land is keenly sought after by overseas investors. Some of them have been buying, but a lot are looking and they are not all **Chinese**."

The attraction was despite Canterbury's more expensive **dairy** farmland of \$55,000 a hectare over Australian values of AU\$15,000/ha. O'Brien said Saturday's election result could change the Overseas Investment Commission process which could impact land values.

Colliers New Zealand chief executive Mark Synnott said the new partnership recognised the increasingly corporate nature of the rural real **estate** market and the need to offer clients expert local service backed by a global **company**. Colliers expects to have rural listings next week.

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