



News Release

19 October 2015

## ***Tentative Start to Spring In Rural Market***

### ***Summary***

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 10 fewer farm sales (-2.9%) for the three months ended September 2015 than for the three months ended September 2014. Overall, there were 337 farm sales in the three months ended September 2015, compared to 387 farm sales for the three months ended August 2015 (-12.9%), and 347 farm sales for the three months ended September 2014. 1,726 farms were sold in the year to September 2015, 10.1% fewer than were sold in the year to September 2014.

The median price per hectare for all farms sold in the three months to September 2015 was \$26,020 compared to \$26,000 recorded for three months ended September 2014 (+0.1%). The median price per hectare fell 6.6% compared to August.

The REINZ All Farm Price Index fell 7.6% in the three months to September compared to the three months to August. Compared to September 2014 the REINZ All Farm Price Index fell by 6.5%. 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 September 2015 compared to the three months ended September 2014. Auckland recorded the largest increase in sales (+19 sales), followed by Hawkes Bay (+10 sales) and Wellington (+9 sales). Compared to the three months ended August 2015, three regions recorded an increase in sales.

"Spring sunshine, warmer temperatures, good prospects for beef and lamb, and the slow turnaround in the dairy industry are combining to lift morale in the rural sector", says REINZ Rural Spokesman Brian Peacocke, "the latest payout price from Fonterra and the lift in the Global Dairy Trade auction prices have stimulated a collective sigh of relief amongst dairy farmers."

"While the problems are not yet solved the signals indicate operational losses for the season may be less than anticipated. The current levels of interest rates and exchange rates are additional positive factors within the mix."

“Items of interest from some of the regions include the following:”

- Strong enquiry for dairy farms in Northland but an acute shortage of listings; steady activity on beef farms up to \$12,500 per hectare;
- Consistent activity in the Auckland region for finishing, grazing and horticultural properties;
- Subdued activity during September in the Waikato, where speculation surrounds values of dairy units, albeit good enquiry exists for quality sheep and beef properties;
- A seasonal easing of sales of horticultural properties in the Bay of Plenty;
- Good levels of buyer enquiry in the Rotorua and Taupo areas where listings are short and some vendor expectations appear to be above the market; dry stock properties, where available, are selling well;
- Good demand and activity around quality sheep and beef finishing farms in Hawkes Bay;
- Improving mood in Taranaki with indications of reasonable levels of listings coming forward;
- Quiet market conditions in the Wairarapa with signs of increasing activity surrounding larger sheep and beef units;
- Continuation of previous activity for finishing and grazing properties in the Nelson / Marlborough region with solid focus on the viticultural sector;
- Harder early spring in Canterbury is reflected by reduced levels of sales;
- Increased focus on arable properties in Otago; and
- A shortage of buyers for dairy farms in Southland where a slight easing of prices is anticipated; consistent prices for dry stock / dairy support properties up to \$27,000 per hectare; banks continuing to be supportive of the genuine operators.

Grazing properties accounted for the largest number of sales with 45.2% share of all sales over the three months to September 2015, Finishing properties accounted for 19.3%, Horticulture properties accounted for 17.2% and Arable properties accounted for 10.1% of all sales. These four property types accounted for 92.0% of all sales during the three months ended September 2015.

### ***Dairy Farms***

For the three months ended September 2015 the median sales price per hectare for dairy farms was \$25,108 (11 properties), compared to \$26,906 for the three months ended August 2015 (21 properties), and \$40,462 (20 properties) for the three months ended September 2014. The median dairy farm size for the three months ended September 2015 was 163 hectares.

Included in sales for the month of August were five dairy farms at a median sale value of \$25,108 per hectare. The median farm size was 139 hectares with a range of 89 hectares in Waikato to 280

hectares in Canterbury. The median production per hectare across all dairy farms sold in September 2015 was 759 kgs of milk solids.

The REINZ Dairy Farm Price Index fell 8.2% in the three months to September compared to the three months to August. Compared to September 2014, the REINZ Dairy Farm Price Index fell by 17.6%. 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. Note also, at this time of year the low number of dairy farm sales does make the median price per hectare and REINZ Dairy Farm Price Index more volatile.

### ***Finishing Farms***

For the three months ended September 2015 the median sale price per hectare for Finishing farms was \$25,414 (65 properties), compared to \$26,038 for the three months ended August 2015 (69 properties), and \$30,437 (48 properties) for the three months ended September 2014. The median finishing farm size for the three months ended September 2015 was 36 hectares.

### ***Grazing Farms***

For the three months ended September 2015 the median sales price per hectare for Grazing farms was \$15,966 (152 properties) compared to \$16,998 for the three months ended August 2015 (175 properties), and \$15,165 (162 properties) for the three months ended September 2014. The median grazing farm size for the three months ended September 2015 was 59 hectares.

### ***Horticulture Farms***

For the three months ended September 2015 the median sales price per hectare for Horticulture farms was \$165,552 (58 properties) compared to \$190,903 (64 properties) for the three months ended August 2015, and \$149,763 (54 properties) for the three months ended September 2014. The median horticulture farm size for the three months ended September 2015 was eight 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](http://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](http://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 July refer to the period from 1 July 2015 to 30 September 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.*