



News Release

16 December 2013

Healthy Spring Market Reflects Positive Rural Economy

Summary

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 133 more farm sales (+47.3%) for the three months ended November 2013 than for the three months ended November 2012. Overall, there were 414 farm sales in the three months to end of November 2013, compared to 349 farm sales for the three months ended October 2013 (+18.6%). 1,674 farms were sold in the year to November 2013, 18.1% more than were sold in the year to November 2012.

The median price per hectare for all farms sold in the three months to November 2013 was \$24,056 compared to \$22,885 recorded for three months ended November 2012 (+5.1%). The median price per hectare fell 2.2% compared to October.

The REINZ All Farm Price Index rose by 5.0% in the three months to November compared to the three months to October, from 3,064.1 to 3,218.3. Compared to November 2012 the REINZ All Farm Price Index rose by 4.8%. The REINZ All Farm Price Index adjusts for differences in farm size, location and farming type compared to the median price per hectare, which does not adjust for these factors.

11 regions recorded increases in sales volume for the three months ended November 2013 compared to the three months ended November 2012. Southland recorded the largest increase in sales (+34 sales), followed by Waikato (+28 sales) and Bay of Plenty (+24 sales). Two regions recorded decreases in sales volume with Nelson recording the largest fall (-14 sales), followed by Gisborne (-4 sales). Compared to the three months ended October 2013 12 regions recorded an increase in sales.

"The conclusion of numerous marketing programmes during the past month has resulted in a significant lift in the volume of farm sales for the November period", says REINZ Rural Spokesman Brian Peacocke, "Prices across the board for dairy properties have firmed, with a clear emphasis on quality and location."

“Demand for properties with mixed contour, a lower standard of improvements or less favourable locations is evident, but at reduced price levels.”

Noteworthy points include: -

- ‘Spectacular’ prices have been paid for select properties in prime locations, particularly in the main dairying areas of Waikato, Taranaki, Canterbury and Southland.
- Price resistance from some purchasers is now an emerging issue at the upper end of the market.
- Areas such as Rotorua/Taupo, Northland and Otago are experiencing a strong increase in activity as those seeking a higher return on investment and first farm buyers focus on regions where lower prices prevail.
- Demand for land suitable for dairy conversion in the South Island continues to put pressure on supply, with dairy support properties being pushed further into fringe areas.
- Demand for good sheep and beef properties is strong in Hawkes Bay, Canterbury, Otago and Southland, particularly in the 5,000 – 10,000 su range. Prices generally range from \$7,000 - \$10,000 per hectare, with values as high as \$15,000 - \$23,000 per hectare at the top end of the finishing/grazing market.
- The horticultural market in Auckland, Bay of Plenty and Marlborough continues at a steady level.

Grazing properties accounted for the largest number of sales with 43.5% share of all sales over the three months to November, Finishing properties accounted for 19.8%, Dairy Properties accounted for 16.7% and Horticulture properties accounted for 9.4% of all sales. These four property types accounted for 89.4% of all sales during the three months ended November 2013.

Dairy Farms

For the three months ended November 2013 the median sales price per hectare for dairy farms was \$40,023 (69 properties), compared to \$32,701, for the three months ended October (37 properties), and \$37,166 (30 properties) for the three months ended November 2012. The median dairy farm size for the three months ended November 2013 was 110 hectares.

Included in sales for the month of November were 40 dairy farms at a median sale value of \$41,012 per hectare. The median farm size was 118 hectares with a range of 51 hectares in Waikato to 428 hectares in Otago. The median production per hectare across all dairy farms sold in November 2013 was 953 kgs of milk solids.

The REINZ Dairy Farm Price Index rose by 4.2% in the three months to November compared to the three months to October, from 1,772.0 to 1,845.9. Compared to November 2012 the REINZ Dairy Farm Price Index rose by 2.6%. 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 November 2013 the median sale price per hectare for finishing farms was \$19,696 (82 properties), compared to \$21,331 for the three months ended October (71 properties), and \$18,950 (44 properties) for the three months ended November 2012. The median finishing farm size for the three months ended November 2013 was 95 hectares.

Grazing Farms

For the three months ended November 2013 the median sales price per hectare for grazing farms was \$17,364 (180 properties) compared to \$18,750 for the three months ended October (157 properties), and \$16,829 (138 properties) for the three months ended November 2012. The median grazing farm size for the three months ended November 2013 was 62 hectares.

Horticulture Farms

For the three months ended November 2013 the median sales price per hectare for horticulture farms was \$142,341 (39 properties) compared to \$143,852 (40 properties) for the three months ended October, and \$88,889 (31 properties) for the three months ended November 2012. The median horticulture farm size for the three months ended November 2013 was six hectares.

Lifestyle Properties

The lifestyle property market saw a 9.2% (+139 sales) increase in sales volume in the three months to November 2013 compared to November 2012. 1,655 sales were recorded in the three months to November 2013 compared to 1,516 sales in the three months to November 2012. 49 more sales were recorded compared to the three months to October 2013 (+3.1%). For the 12 months to November 2013 there were 6,580 unconditional sales of lifestyle properties, an increase of 14.9% (+850 sales) over the 12 months to November 2012.

Nine regions recorded increases in sales compared to November 2012 while five recorded decreases in sales. Auckland recorded the largest increase (+73 sales), followed by Northland (+52 sales) and Wellington (+26 sales). Compared to October 2013, eight regions recorded an increase in sales with six regions recording decreases.

The national median price for lifestyle blocks rose by \$25,000 (+5.3%) from \$475,000 for the three months to November 2012 to \$500,000 for the three months to November 2013. The median price for lifestyle blocks in Auckland rose by 9.4% in the year to November 2013 to \$795,000. The median price rose by 5.8% in Waikato, and by 9.8% in Canterbury to a new record high of \$565,500. Manawatu/Wanganui also reached a new record high of \$380,000 in November. Compared to October 2013 the median price rose by \$10,500 (+2.2%) from \$489,500 in October to \$500,000 in November.

The number of days to sell for lifestyle properties improved by 11 days, from 73 days for the three months to the end of October to 62 days for the three months to the end of November. Compared to the three months ended November 2012 the number of days to sell improved by one day from 63 days to 62 days. Southland recorded the shortest number of days to sell in November at 46 days, followed by Auckland and Canterbury at 49 days and West Coast at 50 days. Nelson recorded the longest number of days to sell at 119 days, followed by Bay of Plenty at 95 days and Otago at 70 days.

Commenting on the lifestyle property market Brian Peacocke said, "The lifestyle market, in tandem with its rural counterpart, has been very solid with most regions experiencing stronger activity during November in the \$600,000 - \$800,000 range. Market momentum decreases as prices exceed \$1 million to \$1.5 million."

"The level of listings available for sale remains reasonable in the South Island, steady in the centre North, but strong activity in the Auckland region is such that in some parts demand exceeds supply."

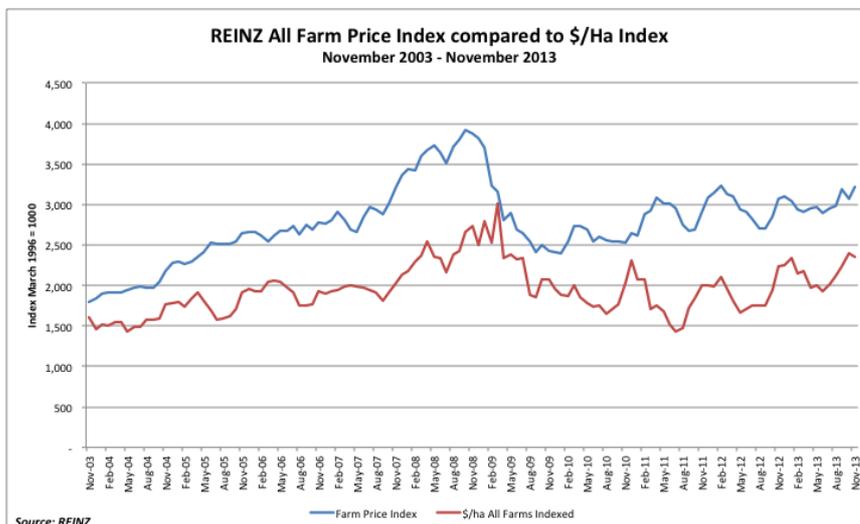
REINZ All Farm Price Index – Additional Data

The table below sets out the returns for the REINZ All Farm Price Index for the three months ending November 2013.

REINZ All Farm Price Index	
Index level	3,218.3
1 Month	5.0%
3 Months	8.0%
1 Year	4.8%
5 Years (CAGR)*	-3.6%
10 Years (CAGR)*	6.0%

* - Compound Annual Growth Rate

The graph below shows the trends in the REINZ All Farm Price Index compared to an index of movements in the \$/hectare measure of farm prices.



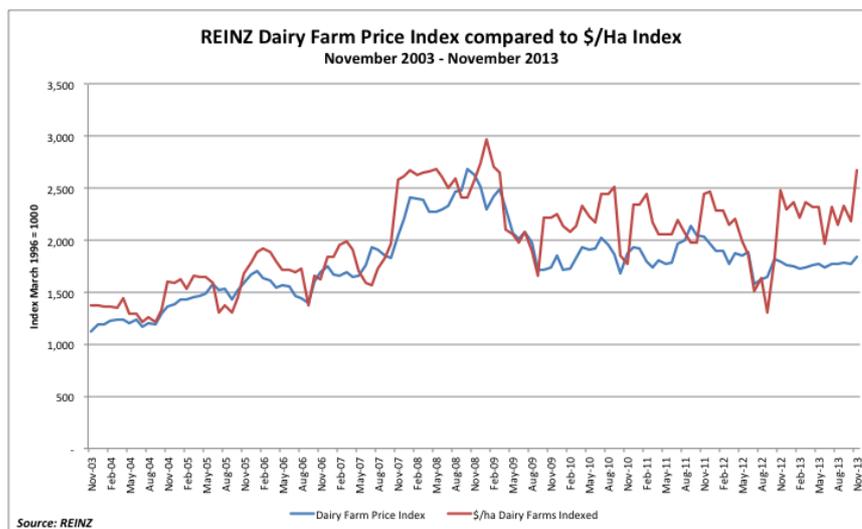
REINZ Dairy Farm Price Index – Additional Data

The table below sets out the returns for the REINZ Dairy Farm Price Index for the three months ending November 2013.

REINZ Dairy Farm Price Index	
Index level	1,845.9
1 Month	4.2%
3 Months	3.9%
1 Year	2.6%
5 Years (CAGR)*	-6.8%
10 Years (CAGR)*	5.1%

* - Compound Annual Growth Rate

The graph below shows the trends in the REINZ Dairy Farm Price Index compared to an index of movements in the \$/hectare measure of farm prices.



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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 July refer to the period from 1 September 2013 to 30 November 2013.

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.