



News Release

20 September 2013

Strong Platform Set for Spring Real Estate Market

Summary

Data released today by the Real Estate Institute of NZ ("REINZ") shows there were 51 more farm sales (+16.0%) for the three months ended August 2013 than for the three months ended August 2012. Overall, there were 369 farm sales in the three months to end of August 2013, compared to 438 farm sales for the three months ended July 2013 (-15.8%). 1,541 farms were sold in the year to August 2013, 6.2% more than were sold in the year to August 2012.

The median price per hectare for all farms sold in the three months to August 2013 was \$21,676; a 20.7% increase on the \$17,955 recorded for three months ended August 2012. The median price per hectare rose 4.9% compared to July.

The REINZ All Farm Price Index rose by 0.9% in the three months to August compared to the three months to July, from 2,953.0 to 2,980.9. Compared to August 2012 the REINZ All Farm Price Index rose by 10.3%. 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.

Eight regions recorded increases in sales volume for the three months ended August 2013 compared to the three months ended August 2012. Bay of Plenty recorded the largest increase in sales (+18 sales), followed by Auckland (+15 sales) and Waikato and Taranaki (+13 sales). Six regions recorded decreases in sales volume with Hawkes Bay recording the largest fall (-9 sales), followed by Wellington and Nelson (-6 sales) and Canterbury (-5 sales). Compared to the three months ended July 2013 one region recorded an increase in sales.

"The relatively constrained sales figures for August are due, in the main, to many farmers still being focussed on peak seasonal workloads as opposed to trading property", says REINZ Rural Spokesman Brian Peacocke, "The combination of the mix of extremely favourable on-farm conditions, kind weather and early grass growth being the best experienced by many, and the prospect of increasing levels of income is being reflected in the mood of optimism prevailing in the rural sector. The

livestock market in saleyards around the country is buoyant and a healthy barometer for the rural environment.”

“Because of those conditions, the majority of farmers are in good spirits and many appear to be happy to retain their properties for now in order to capitalise on the higher returns being predicted by the export sector. The net result across New Zealand is strong demand, particularly for quality, sensibly-priced property, and a current shortage of supply.”

“Whilst sales of dairy farms for the current period eased slightly, sales of finishing and grazing properties have held at steady levels in most regions. Horticultural sales have also been steady, reflecting increasing interest in the kiwifruit market, particularly in the Bay of Plenty district. In summary, the rural sector is in good heart and if the supply / demand situation remains as it is currently, prices will inevitably come under pressure.”

Grazing properties accounted for the largest number of sales with 42.3% share of all sales over the three months to August, Finishing properties accounted for 25.5%, Dairy properties accounted for 9.5% and Horticulture properties accounted for 10.0% of all sales. These four property types accounted for 87.3% of all sales during the three months ended August 2013.

Dairy Farms

For the three months ended August 2013 the median sales price per hectare for dairy farms was \$32,234 (35 properties), compared to \$34,882, for the three months ended July (47 properties), and \$24,492 (21 properties) for the three months ended August 2012. The median dairy farm size for the three months ended July 2013 was 157 hectares.

Included in sales for the month of August were eight dairy farms at a median sale value of \$31,755 per hectare. The median farm size was 130 hectares with a range of 38 hectares in Southland to 454 hectares on the West Coast. The median production per hectare across all dairy farms sold in August 2013 was 725kgs of milk solids.

The REINZ Dairy Farm Price Index eased by 0.1% in the three months to August compared to the three months to July, from 1,777.1 to 1,776.1. Compared to August 2012 the REINZ Dairy Farm Price Index rose by 9.4%. 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 August 2013 the median sale price per hectare for finishing farms was \$26,107 (94 properties), compared to \$22,500 for the three months ended July (109 properties), and

\$20,941 (56 properties) for the three months ended August 2012. The median finishing farm size for the three months ended August 2013 was 46 hectares.

Grazing Farms

For the three months ended August 2013 the median sales price per hectare for grazing farms was \$16,744 (156 properties) compared to \$15,367 for the three months ended July (193 properties), and \$11,297 (159 properties) for the three months ended August 2012. The median grazing farm size for the three months ended August 2013 was 53 hectares.

Horticulture Farms

For the three months ended August 2013 the median sales price per hectare for horticulture farms was \$127,667 (37 properties) compared to \$100,667 (39 properties) for the three months ended July, and \$130,000 (41 properties) for the three months ended August 2012. The median horticulture farm size for the three months ended August 2013 was six hectares.

Lifestyle Properties

The lifestyle property market saw a 21.0% (+289 sales) increase in sales volume in the three months to August 2013 compared to August 2012. 1,676 sales were recorded in the three months to August 2013 compared to 1,387 sales in the three months to August 2012. 114 fewer sales were recorded compared to the three months to July 2013 (-6.3%). For the 12 months to August 2013 there were 6,441 unconditional sales of lifestyle properties, an increase of 18.6% (+1,011 sales) over the 12 months to August 2012.

11 regions recorded increases in sales compared to August 2012 while three recorded decreases in sales. Auckland recorded the largest increase (+88 sales), followed by Canterbury (+58 sales) and Northland (+32 sales). Compared to July 2013, one region recorded an increase in sales with 11 regions recording decreases.

The national median price for lifestyle blocks rose by \$30,000 (+6.6%) from \$455,000 for the three months to August 2012 to \$485,000 for the three months to August 2013. The median price for lifestyle blocks in Auckland rose by 21.5% in the year to August 2013, and rose by 1.4% in Waikato, however, the median price fell by 8.0% in Canterbury. Compared to August 2013 the median price fell by \$3,500 (-0.7%) from \$488,500 in July to \$485,000 in August.

The number of days to sell for lifestyle properties eased by five days, from 72 days for the three months to the end of July to 77 days for the three months to the end of August. Compared to the three months ended August 2012 the number of days to sell improved by 11 days from 88 days to 77 days. Taranaki recorded the shortest number of days to sell in August at 25 days, followed by

Canterbury at 57 days and Auckland at 58 days. West Coast recorded the longest number of days to sell at 184 days, followed by Nelson at 153 days and Northland and Hawkes Bay at 117 days.

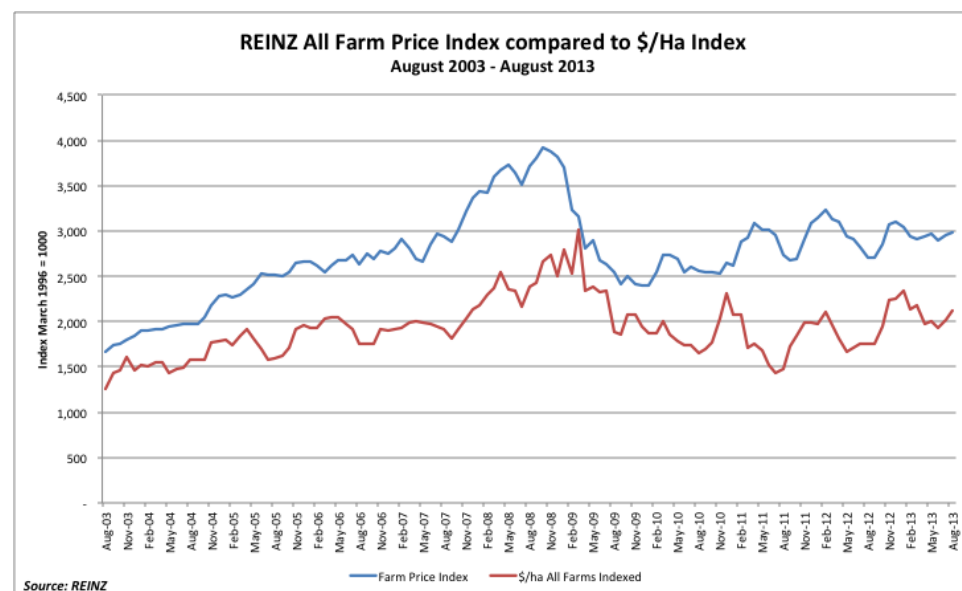
Commenting on the lifestyle property market Brian Peacocke said, “Sales of lifestyle blocks for the current period remain at healthy levels with Auckland, Waikato and Canterbury being the major players. Predominant drivers for the lifestyle market in those regions in particular have been the strength of the residential market in Auckland, the proximity to the major city and the quality of life on offer in the Waikato, and the ongoing impact on the city of Christchurch resulting from the earthquake in Canterbury. The Northland region comes in at a healthy fourth, being a great option for quality living.”

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 August 2013.

REINZ All Farm Price Index	
Index level	2,980.9
1 Month	0.9%
3 Months	0.4%
1 Year	10.3%
5 Years (CAGR)*	-4.3%
10 Years (CAGR)*	6.0%
* - Compounded 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.

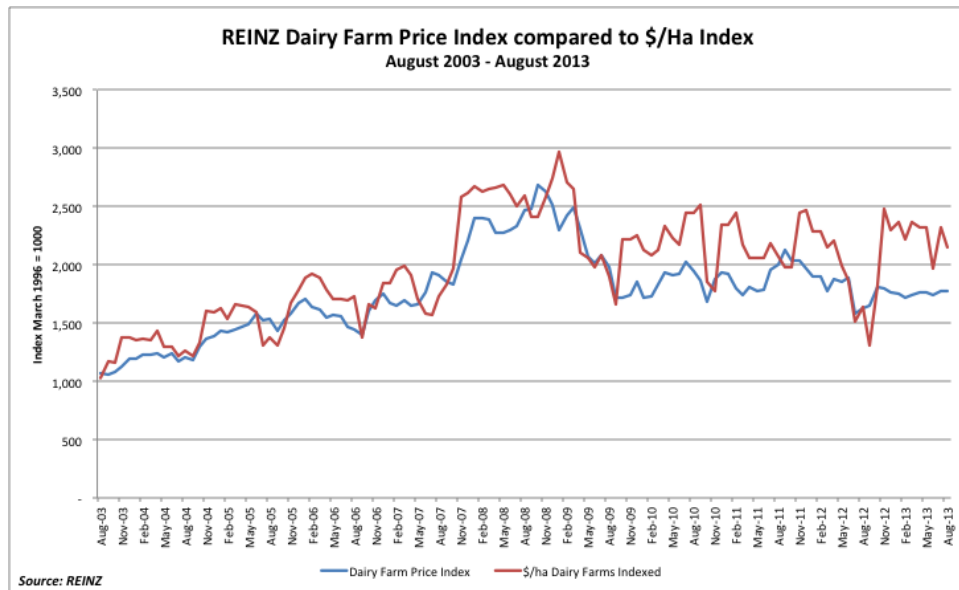


REINZ Dairy Farm Price Index – Additional Data

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

REINZ Dairy Farm Price Index	
Index level	1,776.1
1 Month	-0.1%
3 Months	0.4%
1 Year	9.4%
5 Years (CAGR)*	-6.4%
10 Years (CAGR)*	5.2%
* - 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 June 2013 to 31 August 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.