



News Release

19 January 2011

## DECEMBER DAIRY FARM SALES REVIVE RURAL PROPERTY MARKET

A rush of dairy property transactions in December has helped lift the median farm sale price to the highest level of the year in the latest Real Estate Institute of New Zealand (REINZ) Rural Market statistics released today.

“The 30 dairy farms sold in December is a huge boost for the rural sector and has brought about a significant improvement in the market,” says Real Estate Institute of New Zealand rural market spokesman Peter McDonald. “It marks a return to confidence in dairying which is more than justified by the positive returns being achieved.”

From \$968,500 at the end of November 2010, the national median farm sale price rose to \$1,150,000 for the three months to December 2010. This is a 15 per cent increase on the median of \$1,000,000 for the last three months of 2009, but still below the median of \$1,525,000 for the equivalent period in 2008.

“The price per kilogramme of milkfat solids averaged 41 dollars in December, up 4 dollars per kg on the November figure, but across the country ranged from 29 per kg up to \$63 per kg,” says Peter McDonald. “There was also a huge variance in the price per hectare with two farms in Taranaki selling for approximately \$58,000 per hectare and others for less than \$25,000 per hectare. This wide variation in prices was experienced throughout the country.”

With the highest price paid \$18.2 Million, the average size of the dairy farms sold in December was approximately 146ha, with an average milk solid production of 982kg/ha. The average price per hectare was \$38,479, almost \$5,700 up on the per hectare price for dairy farms in November.

In the last three months of 2010 there were 213 farm sales, an increase on the 170 sold in the three months to the end of November, but still down on the 241 sales in the three months to December 2009.

“The upturn in sales is due to the banks re-entering the market” says Peter McDonald. “However they are showing a strong preference for supporting substantial purchasers at the top end of the market. Vendors leaving in finance has also helped make many of the transactions happen.”



Compared to the last three months of 2009, the dairy farm sales raised median prices in Southland from \$916,594 to \$3,422,125 and in Taranaki from \$2,125,000 to \$2,664,438 for the three months to the end of December 2010. In other districts there have been median price increases on the same period in the previous year from \$491,000 to \$662,500 in Northland, \$812,500 to \$880,000 in Manawatu/Wanganui, \$817,269 to \$1,705,000 in Nelson, \$520,000 to \$2,800,000 in West Coast, \$1,200,000 to \$1,682,750 in Canterbury, and from \$630,000 to \$747,500 in Otago. But compared to December 2009, median farm sale prices at the end of last month were down in Auckland from \$1,110,000 to \$856,2500, Waikato from \$1,550,000 to \$1,500,000, Bay of Plenty from \$997,500 to \$875,000, Gisborne from \$712,500 to \$510,000, Hawkes Bay from \$1,122,500 to \$853,000, and Wellington from \$575,500 to \$525,000.

Purchases of grazing and dairy support blocks were lower than last year but Peter McDonald expects buyer interest to improve as a consequence of the upswing in the market for dairy farms.

The national median selling price for a lifestyle property in the three months to December 2010 was \$445,000, which is up on the median of \$431,750 for the three months to November 2009 but down on the median of \$464,000 for the last three months of 2009. The median prices for lifestyle properties were highest in Auckland at \$720,000, and lowest on the West Coast at \$210,000.

A total of 1,089 lifestyle properties were purchased in the three months to December 2009 which is an increase on 1,076 in the three months to November 2010, but fewer than the 1359 sold in the three months to December 2009.

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***Explanatory Note:***

*The information provided by the Real Estate Institute in relation to the rural real estate market covers a three month period. Therefore references to December results refer to the period from 1 October to 31 December and references to November refer to the period from 1 September to 30 November.*



## **Rural Regional Highlights – December 2010**

### **Northland**

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The median farm price in Northland decreased to \$662,500 in December. (November 2010: \$700,000; December 2009: \$491,000). 16 farms sold (November 2010: 15; December 2009: 18). The 16 farms sold consisted of eight grazing, three horticulture, three forestry, one arable and one dairy.

The median price for a lifestyle block decreased to \$277,500 in December, from \$301,000 in November (December 2009: \$280,000). 90 lifestyle blocks sold during the period (November 2010: 82; December 2009: 109).

### **Auckland**

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The median farm price in Auckland increased to \$856,250 in December (November 2010: \$760,000; December 2009: \$1,110,000). 16 farms sold (seven grazing, six horticulture, two arable and one dairy). (November 2010: 17; December 2009: 25).

The number of lifestyle blocks sold dropped slightly to 191 in December. (November 2010: 221; December 2009: 263). The median price rose slightly to \$720,000 in December (November 2010: \$708,250; December 2009: \$738,000).

### **Waikato**

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23 farms (nine dairy, seven grazing, three each of arable and finishing and one special) sold in December, up on the 19 sold in November (December 2009: 28). The median price was up at \$1,500,000 in December (November 2010: \$1,315,000; December 2009: \$1,550,000).



123 lifestyle blocks sold in December, up from the 113 sold in November. The median price increased to \$420,000 (November 2010: \$390,000). In December 2009, 149 lifestyle blocks sold with a median price of \$405,000.

### **Bay of Plenty**

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The median price for a farm was up slightly at \$875,000 in December (November 2010: \$820,000; December 2009: \$997,500). 25 farms (18 horticulture, four forestry and three dairy) sold in December, up slightly from the 24 sold in November (December 2009: 24).

97 lifestyle blocks sold in December (November 2010: 96; December 2009: 85). The median price dropped slightly to \$480,000 (November 2010: \$486,500; December 2009: \$535,000).

### **Gisborne**

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4 farms (two each of grazing and horticulture) sold in December (November 2010: 5; December 2009: 12). The median price fell to \$510,000 in December, from \$980,000 in November (December 2009: \$712,500).

Lifestyle block sales volume eased up with 14 sold (November 2010: 12; December 2009: 24). The median price also eased up to \$454,810 from November's \$450,810 (December 2009: \$277,500).

### **Hawkes Bay**

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The median farm price increased to \$853,000 in December, from \$826,064 in November (December 2009: \$1,122,500). 12 farms sold (November 2010: 10; December 2009: 18) consisting of 12 grazing.



51 lifestyle blocks sold in December, remaining steady with the 50 sold in November. The median price crept up to \$390,000 from November's \$377,500. In December 2009, 51 lifestyle blocks sold with a median sale price of \$410,000.

### **Taranaki**

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The median farm price in Taranaki was well up at \$2,664,438 in December, from \$702,500 in November (December 2009: \$2,125,000). 16 farms (11 dairy, four grazing, and one horticulture) sold in December. (November 2010: four; December 2009: 10).

35 lifestyle blocks sold in December (November 2010: 31; December 2009: 41). The median price increased to \$351,000 in December (November 2010: \$285,000; December 2009: \$410,000).

### **Manawatu/Wanganui**

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21 farms (10 grazing, three finishing, three dairy, two arable, two forestry and one horticulture) sold in December (November 2010: 18; December 2009: 22). The median price increased to \$880,000 from November's \$837,500 (December 2009: \$812,500).

The median price for a lifestyle block increased to \$320,000 in December (November 2010: \$287,500; December 2009: \$320,000). In total 77 lifestyle blocks sold, down from the 84 sold in November (December 2009: 84).

### **Wellington**

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Three farms (one each of Arable, Forestry and Special) sold in December (November 2010: two; December 2009: 10). The median price dropped to \$525,000 from November's \$762,500 (December 2009: \$575,500).

64 lifestyle blocks sold in December (November 2010: 55; December 2009: 90). The median price increased to \$495,500 from \$445,000 in November (December 2009: \$472,500).

### **Nelson/Marlborough**

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The median farm price dropped to \$1,705,000 in December (November 2010: \$1,805,000; December 2009: 817,269). The number of farm sales crept up to 11 (six grazing, four horticulture and one arable). (November 2010: eight; December 2009: 10).

57 lifestyle blocks sold in December, remaining the same as in November 2010. (December 2009: 76). The median price dropped to \$495,000 (November 2010: \$535,000; December 2009: \$550,000).

### **West Coast**

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Five farms (four dairy and one grazing) sold in December, down on the seven sold in November (December 2009: one). The median price increased to \$2,800,000 (November 2010: \$2,650,000; December 2009: \$520,000).

The median price for a lifestyle block remained the same at \$210,000 (December 2009: \$225,000). 15 lifestyle blocks sold in December. (November 2010: 17; December 2009: 13).

### **Canterbury**

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32 farms (18 grazing, six finishing, three dairy, two each of arable and special and one forestry) sold in December, up on the 22 sold in November (December 2009: 30). The median price increased to \$1,682,750 (November 2010: \$1,192,500; December 2009: \$1,200,000).

159 lifestyle blocks sold, compared with 148 sold in November. The median price increased to \$450,000 from \$434,000 in November. In December 2009, 245 lifestyle blocks sold with a median price of \$438,000.

### **Otago**

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The median farm price fell slightly to \$747,500 in December, from \$750,000 in November (December 2009: \$630,000). 10 farms sold (November 2010: 12; December 2009: 15). The farms sold consisted of two each of grazing, forestry, dairy, and finishing and one each of horticulture and special.

65 lifestyle blocks sold in December (November 2010: 71; December 2009: 81). The median price increased to \$430,000 in December from \$381,000 in November (December 2009: \$475,000).

### **Southland**

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Farm sales increased with 19 farms (10 grazing, six dairy, two finishing and one forestry) sold in December (November 2010: seven; December 2009: 18). The median price rose markedly to \$3,422,125 in December. (November 2010: \$1,250,000; December 2009: \$916,594).

51 lifestyle blocks sold in December, a marked increase from the 39 sold in November. The median price in December remained the same at \$297,000. In December 2009, 48 lifestyle blocks sold with a median price of \$305,000.