

BAYLEYS NORTHLAND COUNTRY NEWS

BAYLEYS

DRYSTOCK – RED MEATS THE FLAVOUR!

15 years ago the sheep farming sector in New Zealand was facing some tough assaults upon its claim as one of the country's most important export sectors.

The strong growth in dairying was knocking sheep farms out from some of the country's most traditional sheep farming areas like King Country and Southland, while exceptionally low returns were threatening the viability of many smaller dry stock units struggling to stay afloat.

Fast forward 10 years and the sector can claim to be one of the most sustainably profitable contributors to the pastoral sector.

Sheep numbers peaked in 1982 with a total of 70 million sheep, but the national flock has been in decline ever since, with today's numbers at 27.8 million.

Productivity gains have been impressive, with the sector generating almost the same tonnage of sheep meat today off that drastically reduced number, thanks to farmers' efforts to lift lambing rates to average 129% this season.

Looking across the red meat sector the growth theme is reoccurring, when compared with 2008.

- Lamb has displayed a 116% increase on an annual per head average
- Steer/Heifer has displayed a 57% increase on an annual average cents per KG
- Bull meat has displayed a 62% increase on an annual average cents per KG

The year on year report detailed on the page over further highlights the growth in demand and land values associated with this sector.



RURAL INSIGHT - INFORMATIVE COUNTRY COMMENTARY

Your go to guide for regular informative commentary on key matters affecting those living and working in rural NZ.

Back catalogue issues on the following subjects are available and will provide informative reading.

- Green field orchard development
- Cherry Blossom
- Golden Shears Wairapa
- High Country
- Pastoral farming
- Succession planning
- Farm Quarry/Contractors
- Women in Ag
- Lifestyle workload
- Irrigation
- Environmental farm awards
- Traditional farming
- Commercial investment

These and many other "Country" topics are addressed in detail in our monthly issue of Bayleys Rural insight. Utilizing some of the most respected writers and commentators in the industry, these articles take a detailed look at the differing aspects and threads of rural life that combine to make the tapestry of rural NZ.

If you want to register to receive these reports on line register at bayleys.co.nz/rural-insight, Or contact one of our specialist country agents, they can supply you with a bound copy of the entire 2018 issues.

INTEREST RATES - GOING NOWHERE FOR NOW

Cameron Bagrie, managing director, Bagrie Economics

"The economy is in reasonable shape, we have a productivity problem, and housing affordability issues, but most fundamentals look sound. Inflation is contained"

"We are seeing a lot of volatility offshore and this is expected to continue as the world navigates some economic and political challenges. Eyes are on China itself, trade tensions with the USA and the Australian property market with the potential for the flow on to the NZ".

"More costs are being put on businesses and wage demands are lifting, Petrol prices are up, as are rates, rents and many everyday items. The dollar is down, and this will mean pressure to lift prices for imported items. How that battle plays out will have a huge say on the direction for inflation and interest rates. Those forces look to be checking each other - so rates are going nowhere for now."

Source - Direct first hand correspondence to Bayleys



Northland Rural Market Report

YEAR ON YEAR

Dairy

Number of Sales



2016 - 19
2017 - 26
2018 - 19

Total Hectare



2016 - 3377 ha
2017 - 4633 ha
2018 - 3094 ha

Total Value



2016 - \$40,000,000
2017 - \$77,000,000
2018 - \$50,000,000

Average Sale Price



2016 - \$2,100,000
2017 - \$3,000,000
2018 - \$2,650,000

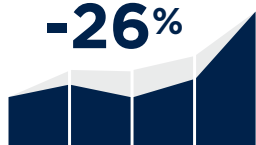
Average Sale Price per Hectare



2016 - \$11,789 per ha
2017 - \$16,689 per ha
2018 - \$15,901 per ha

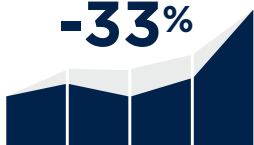
Number of Sales has altered by

-26%



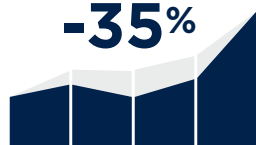
Total Hectare has altered by

-33%



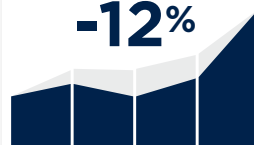
Total Value has altered by

-35%



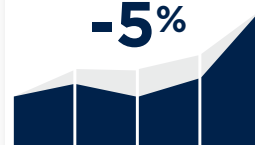
Average Sale Price has altered by

-12%



Average Sale Price per Hectare has altered by

-5%



* Source: REINZ - 1st January to 31st December - All Northland

Drystock -100ha >

Number of Sales



2016 - 38
2017 - 28
2018 - 29

Total Hectare



2016 - 7330 ha
2017 - 5905 ha
2018 - 7869 ha

Total Value



2016 - \$67,800,000
2017 - \$51,600,000
2018 - \$70,530,000

Average Sale Price



2016 - \$1,784,980
2017 - \$1,912,333
2018 - \$2,432,345

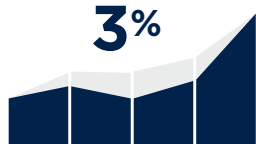
Average Sale Price per Hectare



2016 - \$9,249 per ha
2017 - \$8,738 per ha
2018 - \$8,963 per ha

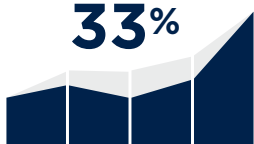
Number of Sales has altered by

3%



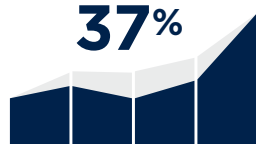
Total Hectare has altered by

33%



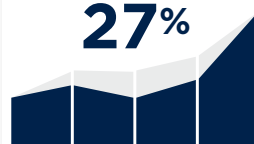
Total Value has altered by

37%



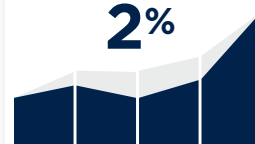
Average Sale Price has altered by

27%



Average Sale Price per Hectare has altered by

2%



* Source: REINZ - 1st January to 31st December - All Northland

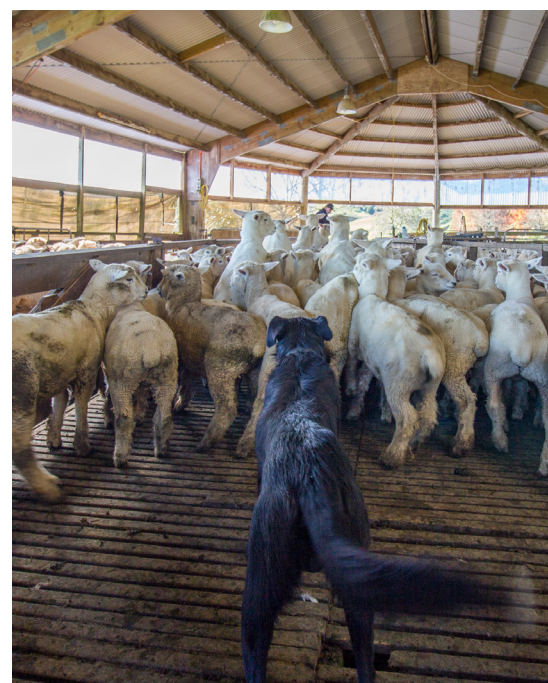
With commodity prices at a heightened level across the industry we are seeing red meat, Forestry and Horticulture interests hold onto assets as a calculated decision to realize some of the strong returns on investment, that are available.

Those in this sector that choose to sell or exit the industry are doing so safe in the knowledge that they are releasing their properties to a receptive market, where strong values and demand help underpin the purchase price. In Northland the total Drystock market has increased a whopping 37% by value with the average sale price having increased 27%. Often and with the uncanny accuracy of hindsight, it is those that take the capital value upon sale at the top of the market that have the windfall, not those that lament a missed opportunity and sell on a depressed or sliding market.

On the dairy front, there is certainly a noticeable flight towards quality. As is evidenced around NZ the top end Tier 1 dairy farms are in demand. With the reduced number of properties currently being marketed, the competition for buyer attention has likewise diminished.

Tony Grindle 021 432 308
Northland General Manager
tony.grindle@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008



Dairy Snapshot

2017 V 2018

DAIRY SNAPSHOT 2017 V 2018

Bayleys Northland General Manager Tony Grindle reports on the state of the market

The stats correlate with the feeling at the coalface. Dairy sales have stagnated as the industry struggles with a lack of confidence, accompanied by increasing on farm costs and compliance. The lack of marginal or tier 3 farm sales has been balanced by a flight to quality and growing demand for top tier dairy farms in good locations that demonstrate financial efficiencies.

Similar sentiments are experienced for dry stock properties, location and quality is increasingly important with more remote properties failing to generate the same buyer enquiry. Due to long awaited elevated commodity prices, the number of drystock properties for sale remain low.

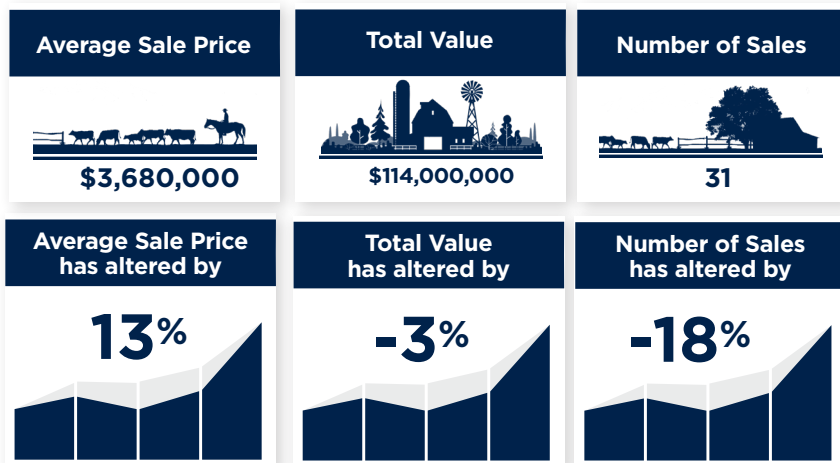
Those buyers that are currently in the market would appear to be eager, considered and well researched, one of the regular conversations with this group of seasoned investors and farmers is based around price or perceived value. While the median price of a dairy farm land in Northland on a 'land-only' basis remains near \$15,500 per hectare, the range of values and property types is so great that it makes the conversation around averages and medians relatively meaningless.

The opinion of value is extremely subjective. It is no longer applicable to talk about dairy farm valuation purely on a per kilogram basis. One of the other main factor's governing price is the introduced supplementary feed that raises the gross production of each farm, so analysts and financial commentaries are all about the grass efficient nature of the farms.

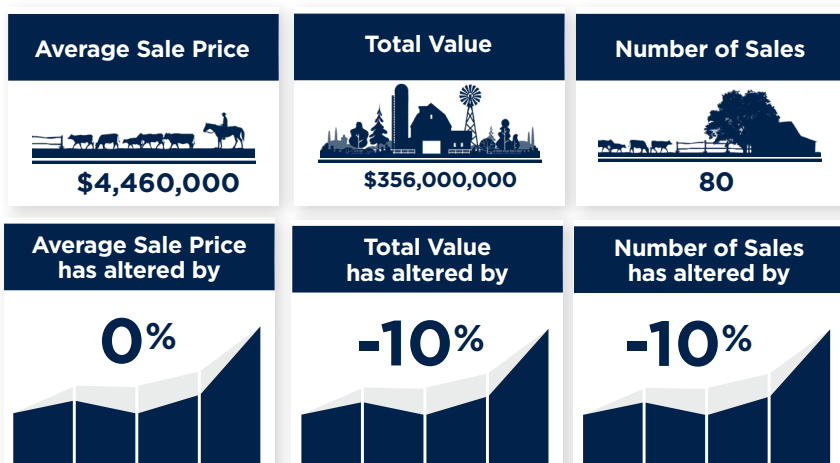
The final factor in arriving at realised farm value is often the most over-looked, it is the method of sale. The farms that are advertised and promoted well, will always out sell those that are listed and just left on the internet to flounder, if you want to sell then take a business approach, put a plan in place and commit to the process.

It appears that Buyers are travelling from all around NZ to inspect our properties, on a comparable \$ per ha basis or cost of production basis our properties remain comparable with other offerings around NZ. Recent unconditional sales of dairy farms in Kaipara and Whangarei indicate another surge of confidence and an Autumn lift in sales activity is occurring.

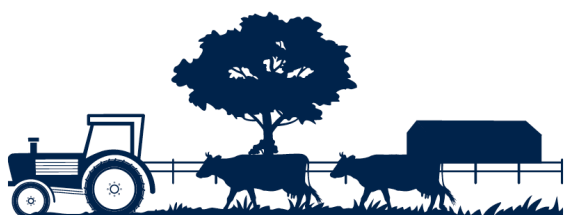
Taranaki



Waikato



Northland



BAYLEYS COUNTRY

#1

RURAL REAL ESTATE
BRAND IN NEW ZEALAND

115

SALESPEOPLE

1,028

SALES AND LEASING
TRANSACTIONS

\$1,438,846,313

OF PROPERTY
SOLD OR LEASED

*For the period 1st April 2017 - 31st March 2018.



ALL OVER NORTHLAND RURAL



INTRODUCING TODD SKUDDER

“A lifetime in the Northland rural sector”

Todd Skudder 027 439 1235
todd.skudder@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008



INTRODUCING TRACY DALZELL

“Communication and negotiation skills using a team approach”

Tracy Dalzell 027 535 9162
tracy.dalzell@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

KNOWLEDGE, SERVICE, COMMUNICATION

Tony Grindle 021 432 308
tony.grindle@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Alex Smits 021 273 6975
alex.smits@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Vinni Bhula 022 632 0630
vinni.bhula@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

John Barnett 021 790 393
john.barnett@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Tracy Dalzell 027 535 9162
tracy.dalzell@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Lin Norris 021 959 166
lin.norris@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Catherine Stewart 027 356 5031
catherine.stewart@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Stewart Ruddell 027 273 6860
stewart.ruddell@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Todd Skudder 027 439 1235
todd.skudder@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

Kelly Kuljish 021 127 1353
kelly.kuljish@bayleys.co.nz

MACKYS REAL ESTATE LTD, BAYLEYS,
LICENSED UNDER THE REA ACT 2008

BAYLEYS

ALTOGETHER BETTER

Residential / Commercial / **Rural** / Property Services