Mid-range pricing per hectare for dairy properties

# $31K - $52K

Mid-range land area for dairy properties sold

# 78ha - 184ha

Total land area of dairy properties sold

# 26,584ha

1 April 2022 - 31 March 2023

Source: Bayleys Insights & Data and REINZ

## The dairy property market in 60 seconds

### Biggest trends

**Margins being squeezed**
The softening farmgate milk price forecast together with operating cost inflation is squeezing margins and has slowed the rate of activity in the market.

**Environmental due diligence the new normal**
Buyers and lenders continue to place high reliance on environmental information to assess the potential impact on future production and/or CapEx required to meet environmental standards.

**Flight to quality**
With a greater selection of properties available providing more options for buyers, naturally they are becoming more selective. Quality and location of the property remain primary drivers of value.

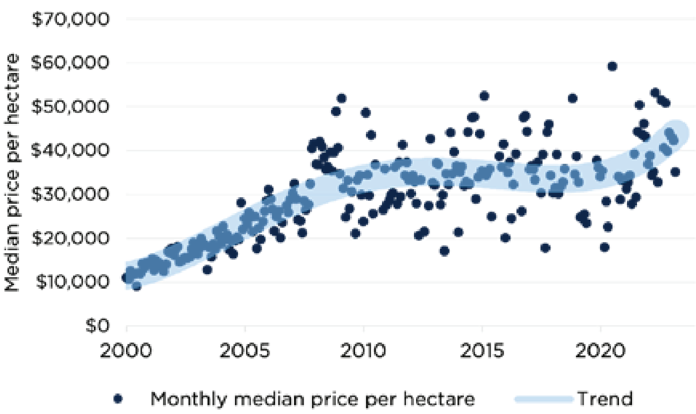
### Outlook for the next 12 months

**Restricted land use drives scarcity**
In the absence of strong motivating factors (such as age, energy, debt, up/downsize), vendors are likely to remain resilient to any price gap. Restrictions on land use will ultimately drive scarcity of the national total productive platform in the longer term.

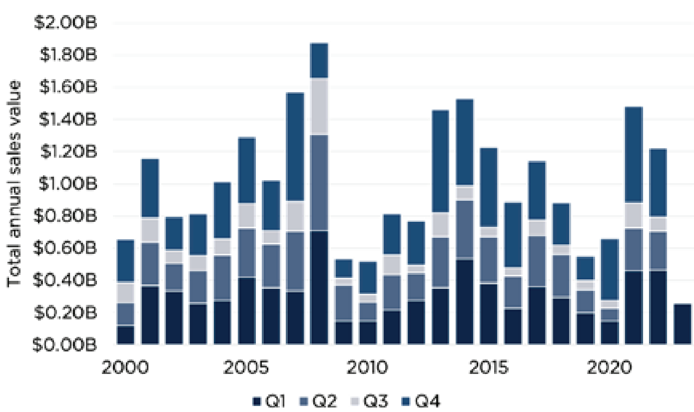
**Declining sales activity expected to continue**
Although confidence in the sector has improved in recent years, investment returns in the immediate term are expected to limit the level of buyer activity. Longer term investment strategies are likely to drive activity along, including decommissioning of smaller dairy farms, given continued demand expected for support land.

**Cost of debt will influence market liquidity**
While well capitalised operators are expected to be able to continue to access debt, the rate of increase in the cost of debt is expected to reduce the level of overall liquidity circulating in the market.

### Median price per hectare



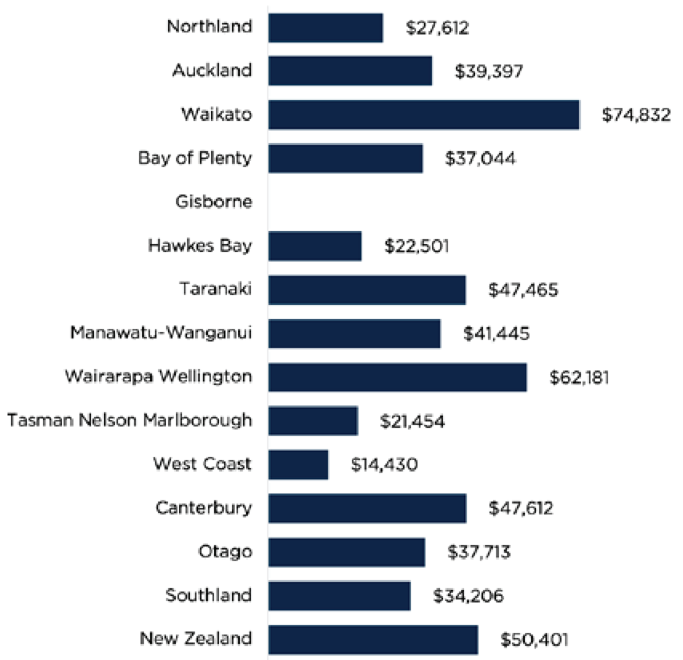

### Annual value of sales



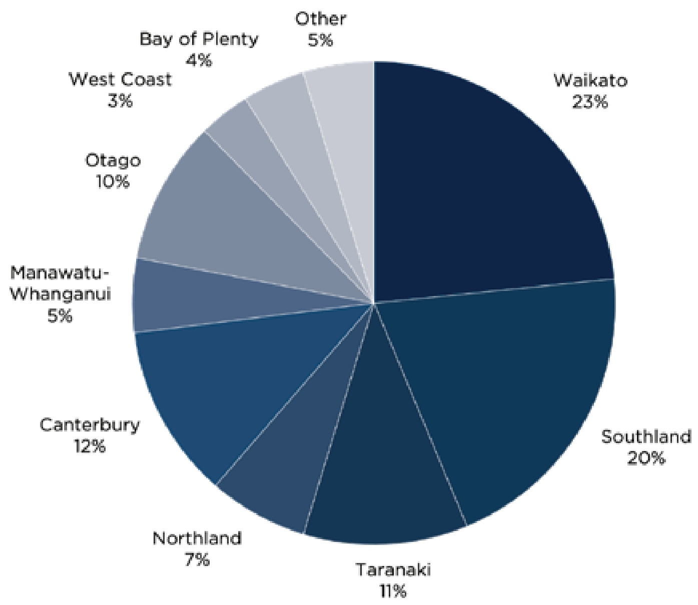

Data: REINZ. Dairy properties (excludes dairy support). “Mid-range” levels based on lower and upper quartiles (middle 50% of the market). They do not represent the minimum or maximum rates in the market, and are based on total land area inclusive of any buildings, improvements and infrastructure.

# Market indicators (2023)

## Average price per hectare by region




## Land area sold by region




## Regional market indicators

| | Mid-range price per hectare | | Total land area sold (hectares) | |
|---|---|---|---|---|
| **Region** | **2022** | **2023** | **2022** | **2023** |
| Northland | $13,782 - $28,630 | $21,711 - $34,382 | 4,694 | 1,771 |
| Auckland | $42,906 - $67,388 | $39,397 - $39,397 | 320 | 186 |
| Waikato | $36,623 - $60,000 | $36,531 - $60,426 | 10,838 | 6,218 |
| Bay of Plenty | $30,327 - $48,582 | $31,533 - $46,444 | 1,426 | 1,114 |
| Gisborne | - | - | - | - |
| Hawkes Bay | $20,908 - $27,671 | $19,850 - $25,152 | 680 | 701 |
| Taranaki | $36,842 - $56,460 | $38,106 - $55,656 | 3,735 | 2,923 |
| Manawatu-Whanganui | $32,574 - $45,334 | $35,474 - $44,737 | 2,887 | 1,321 |
| Wairarapa Wellington | $43,861 - $47,929 | $62,181 - $62,181 | 282 | 98 |
| Tasman Nelson Marlborough | $22,493 - $34,631 | $20,549 - $22,360 | 627 | 278 |
| West Coast | $11,286 - $20,701 | $11,320 - $16,756 | 2,774 | 912 |
| Canterbury | $41,657 - $49,505 | $44,910 - $52,091 | 4,504 | 3,100 |
| Otago | $26,464 - $43,951 | $30,303 - $47,260 | 2,536 | 2,557 |
| Southland | $32,525 - $40,467 | $27,390 - $39,142 | 6,803 | 5,404 |
| **New Zealand** | **$30,198 - $50,666** | **$30,880 - $51,760** | **42,105** | **26,584** |

Data: REINZ. Dairy properties (excludes dairy support and lifestyle properties). "Mid-range price" is based on lower and upper quartiles (middle 50% of the market). They do not represent the minimum or maximum rates in the market. Sales metrics for each year above are for the 12 months to 31 March.

# Notable transactions


### 156 Old Netherton Road, Netherton

| | |
|---|---|
| **Land area** | 50.39ha |
| **Sale price** | $2,200,000 |
| **Price per ha** | $43,663 |
| **Contact** | Karl Davis |


### 130 Chudleigh Road, Waitoa

| | |
|---|---|
| **Land area** | 115.14ha |
| **Sale price** | $8,400,000 |
| **Price per ha** | $72,953 |
| **Contact** | Mike Fraser-Jones |


### 449 Kopuriki Road, Galatea

| | |
|---|---|
| **Land area** | 115.11ha |
| **Sale price** | $2,415,500 |
| **Price per ha** | $20,985 |
| **Contact** | Rhys Mischefski |


### 3088 State Highway 5, Reporoa

| | |
|---|---|
| **Land area** | 160.00ha |
| **Sale price** | $5,370,000 |
| **Price per ha** | $33,563 |
| **Contact** | Stan Sickler |


### 544 Eltham Road, Eltham

| | |
|---|---|
| **Land area** | 78.25ha |
| **Sale price** | $4,800,000 |
| **Price per ha** | $61,341 |
| **Contact** | Brendan Crowley |


### 369 Huiarangi Road, Patoka

| | |
|---|---|
| **Land area** | 287.74ha |
| **Sale price** | $8,000,000 |
| **Price per ha** | $27,802 |
| **Contact** | Tony Rasmussen |


### 14 Leech Road, Waiotira

| | |
|---|---|
| **Land area** | 146.10ha |
| **Sale price** | $3,000,000 |
| **Price per ha** | $20,534 |
| **Contact** | Catherine Stewart |


### 162 Burdons Road, Burnham

| | |
|---|---|
| **Land area** | 278.89ha |
| **Sale price** | $17,000,000 |
| **Price per ha** | $60,957 |
| **Contact** | Ben Turner, Craig Blackburn, Chris Flanagan |

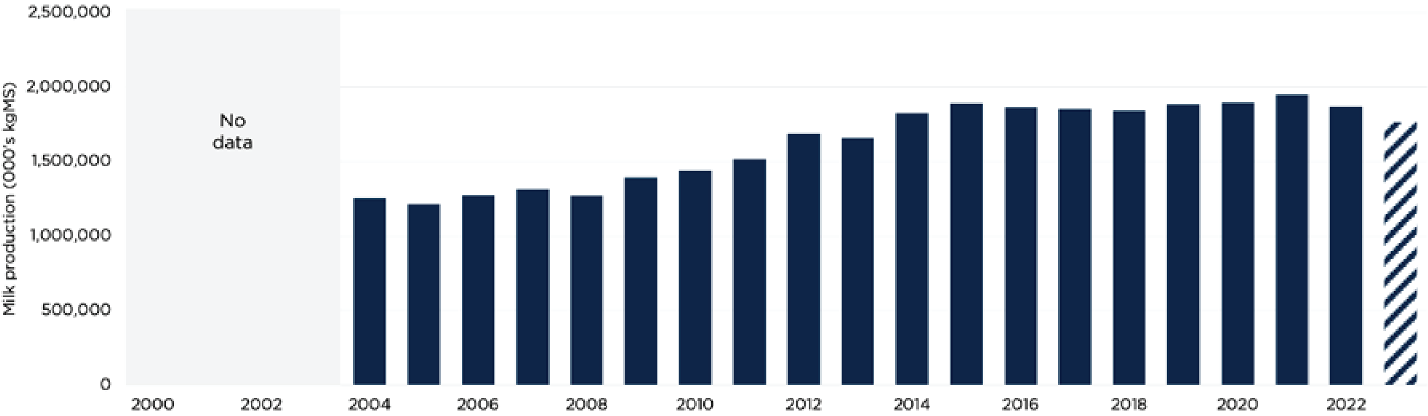

### 870 Waikouro Wairio Road, Woodlaw

| | |
|---|---|
| **Land area** | 222.19ha |
| **Sale price** | $8,200,000 |
| **Price per ha** | $36,905 |
| **Contact** | Pip Ryan, Matthew Harrington, Hayden McCallum |

# Market indicators

## Fonterra Farmgate Milk Price


## Milk production




## Benchmark interest rates


Data: Fonterra, DCANZ, RBNZ, Farm Gate Milk Price forecast is as at 3 April 2023.

**Nick Hawken**
National Director Rural
nick.hawken@bayleys.co.nz

**Chris Farhi**
Head of Insights, Data & Consulting
chris.farhi@bayleys.co.nz

**Eos Li**
Analyst – Insights, Data & Consulting
eos.li@bayleys.co.nz